UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS
SECOND SESSION

APR 10 1979

VOLUME 122—PART 15

JUNE 14, 1976 TO JUNE 17, 1976
(PAGES 17841 TO 19066)

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1976

AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, SECOND SESSION

HOUSE OF REPRESENTATIVES—*Monday, June 14, 1976*

The House met at 10:00 o'clock a.m.

The Chaplain, Reverend Edward G. Latch, D.D., offered the following prayer:

They that wait upon the Lord shall renew their strength.—Isaiah 40: 31.

O God, our Father, we bow our heads and lift our souls to Thee unto whom all hearts are open, all desires known, and from whom no secrets are hid. Cleanse the thoughts of our minds and the emotions of our hearts by the inspiration of Thy Holy Spirit that we may trust Thee more fully, love one another more sincerely, and serve our country more faithfully.

We pray for our divided world, our troubled Nation, and ourselves in the midst of it all that we may not add to the divisions by our pride and prejudice but may ever widen the area of good will where we can get along together amid the differences of color, creed, and culture.

Give us strength and courage to carry on knowing that with Thee all good things are possible.

In the spirit of Christ we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 651. Concurrent resolution expressing the sense of Congress regarding democracy in Italy and participation by Italy in North Atlantic Treaty Organization.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 8532. An act to amend the Clayton Act to permit State attorneys general to bring certain antitrust actions, and for other purposes.

The message also announced that the Vice President, pursuant to Public Law 94-304, appointed Mr. PELL, Mr. CLARK, Mr. STONE, Mr. LEAHY, Mr. CASE, and Mr. BUCKLEY to be members, on the part of the Senate, of the Commission on Security and Cooperation in Europe.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2343. An act to amend the Communications Act of 1934, as amended, with respect to penalties and forfeitures;

S. 2548. An act to revise and extend the authorizations of appropriations in provisions of title XII of the Public Health Service Act relating to emergency medical services systems, and for other purposes;

S. 3281. An act to provide for the efficient and regular distribution of current information on Federal domestic assistance programs;

S. 3437. An act to authorize appropriations for research, development, and demonstration under the Federal Water Pollution Control Act; and

S. 3438. An act to amend the Clean Air Act to authorize appropriations for research, development, and demonstration.

CALL OF THE HOUSE

Mr. DAVIS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 365]

Abzug
Adams
Andrews, N.C.
Armstrong
Ashley
Badillo
Beard, R.I.
Bell
Bergland
Bevill
Biaggi
Biester
Bingham
Blouin
Boggs
Boland
Bolling
Bowen
Brodhead
Brooks
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burke, Calif.
Cederberg
Chappell
Chisholm
Clausen, Don H.
Cochran
Frey
Cohen
Conlan
Conte
Conyers
Cotter
Daniels, N.J.
Danielson
Dellums
Devine
Dickinson
Diggs
Dingell
Dodd
Drinan
Duncan, Oreg.
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Esch
Eshleman
Evans, Ind.
Findley
Fish
Fithian
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Fraser
Fuqua
Giaimo
Gibbons
Gilman
Goodling
Green
Hagedorn
Hanley
Harkin
Harrington
Harsha
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Heinz
Helstoski
Hillis
Hinshaw
Holland
Holtzman
Horton
Howard
Howe
Hyde
Jacobs
Jarman
Karth
Kasten
Kelly
Kemp
Keys
Koch
Krueger
Landrum
Latta
Lent
Litton
Lott
McDade
McDonald
McEwen
McKay
Madden
Madigan
Maguire
Mathis
Matsunaga
Meeds
Melcher
Milford
Mills
Mineta
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Murphy, Ill.
Murphy, N.Y.
Nix
O'Hara
Passman
Paul
Pepper
Peyser
Quie
Quillen
Randall
Rees
Reuss
Rhodes
Riegle
Risenhoover
Robinson
Rodino
Roe
Rogers
Rose
Rostenkowski
Ruppe
Santini
Scheuer
Schneebeli
Sebelius
Seiberling
Shuster
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Staggers
Stanton, James V.
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Symington
Talcott
Teague
Thornton
Traxler
Treen
Udall
Vander Jagt
Waggonner
Walsh
Whalen
Wiggins
Wilson, Bob
Winn
Wolff
Wydler
Wylie
Yatron
Zeferetti

The SPEAKER. On this rollcall 252 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATION BILL, 1977

Mr. STEED. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes, and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from Ohio (Mr. MILLER) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Oklahoma.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14261, with Mr. SISK in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Oklahoma (Mr. STEED) will be recognized for 1 hour, and the gentleman from Ohio (Mr. MILLER) will be recognized for 1 hour.

The Chair now recognizes the gentleman from Oklahoma (Mr. STEED).

MR. STEED. Mr. Chairman, I yield such time as he may consume to the chairman of the Committee on Appropriations, the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Chairman, I thank the distinguished and able chairman of the subcommittee, the gentleman from Oklahoma (Mr. STEED) for yielding to me before he presents to the House the Treasury, Postal Service, and general Government appropriation bill.

Mr. Chairman, we begin consideration today in the House of some $260 billion in Federal spending. During the next 2 weeks the Committee on Appropriations will be presenting 12 of its 13 regular major appropriation bills.

These 12 bills will cover every agency and department of the Federal Government. The decisions we make will directly touch every American and indirectly affect the commerce and welfare of the entire world.

This is the first time in our Nation's history that we have considered all of the appropriation bills in such a manner. Back in 1950, we had a single package appropriation bill in which all of the appropriations for the Government were considered in one bill. That is not what we are doing this year. We are bringing in separate bills, as we nearly always have, with the subcommittee chairmen presenting them, along with the ranking minority members.

The reason we are considering all of the appropriations bills at one time is because of the new Budget Control Act which is now in its first year of full operation.

The timetable of the Budget Act which culminates in the second concurrent budget resolution and which must be completed by September 15 makes it necessary that we accelerate the normal appropriations schedule and procede as we are now doing.

Additionally, consideration of all the bills at one time allows Members a greater opportunity to make the choices and establish the priorities that they desire.

Thus, in 2 weeks time the careful observer of the House of Representatives will have a unique opportunity to learn how and for what the Federal Government spends the people's money.

The Committee on Appropriations has worked since January to bring these bills to the House. Hundreds of hearings, 4,276 witnesses, 64,762 pages of printed hearings in 75 volumes and uncounted hours of work on the part of the members and the staff of the committee have all taken place in order to get to this point.

And I could say, Mr. Chairman, that if one were to take the time to read and absorb all of the hearings that have been developed in regard to this year's appropriations process, that he would probably be the best informed person about the Federal Government in the entire world. The quantity and quality of information in these hearings are staggering. I am sure that there is more spending information publicly available than exists for any other major nation in the world. Perhaps it is too much.

Last Thursday, June 10, the committee issued a report to the House—House Document 94–1248—which showed how the funding of the appropriations bills compared to the recommended funding allocations in the first concurrent budget resolution.

Compared to the budget resolution, the appropriations bills are some $38 billion in budget authority below what was recommended there. While this sounds most impressive, in truth it is a meaningless number when one takes into account funding that was not provided because of lack of authorization and future supplementals such as pay costs which almost certainly will be funded.

Compared to the President's budget, the appropriations bills before us during these 2 weeks are some $489,746,000 above in budget authority.

Mr. Chairman, in these 12 appropriation bills the recommendations of the committee are so many and so varied that probably no Member can support them all. I, myself, feel that the overall level of spending is much too high and in some instances will oppose certain of the committee's recommendations.

But it is here in the spending bills that we have real choices and must make real decisions; the rhetoric fades and we go about the most serious and sacred business of deciding how our citizens' money will be spent.

Mr. Chairman, I must also point out what I consider to be the most spectacular work of the subcommittee chairmen and members of the subcommittees. This year has been a difficult one because of the accelerated schedule and the additional workload associated with the Budget Control Act, but these subcommittees have performed without respite and met a schedule that was most formidable indeed. Mr. Chairman, they have worked steadily since January, holding hundreds of hearings, listening to countless witnesses, and spending innumerable hours developing their recommendations. I certainly think they deserve the commendation of their colleagues.

FLOOR SCHEDULE—1977 APPROPRIATION BILLS

Mr. Chairman, the following schedule shows when the House will consider these 12 appropriation bills:

Monday, June 14: Treasury-Postal Service.

Tuesday, June 15: Public Works; Agriculture.

Wednesday, June 16: Military construction.

Thursday, June 17: Defense.

Friday, June 18: State-Justice.

Tuesday, June 22: HUD-independent agencies.

Wednesday, June 23: Labor-HEW.

Thursday, June 24: Transportation; foreign aid.

Friday, June 25: Interior.

Monday, June 28: Legislative.

Mr. STEED. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, at the outset let me say that we are very happy that our subcommittee has been selected to bring the first of the 1977 appropriation bills to the House for its attention. I want to say that we are here today after the course of some 120 hours of work which we have invested in this bill. I am very pleased and want to compliment and thank the members of the committee for the fine cooperation and help they have given in making this bill possible, and also to say a good word for the staff, because they have had a very unusual, difficult time putting all these items together this year.

We are talking about a bill that, in its essence, is the Federal Government. Most of the appropriation bills have programs in them that affect the international scene or the national scene, but these items here are, by and large, the items that run the Federal Government itself; its own business, its own housekeeping, its own operations. Because of that, it is not as easy to make dramatic cuts in budget proposals here as there might be in other bills, because the work records performed by most of the agencies in this bill are easily identified and easy to determine as to what the manpower and other needs are.

Most of the money in this bill, the part that is under the committee's jurisdiction, goes for manpower costs. Because of that, it not only requires close attention to the workload and to the ongoing impacts of inflation and wages, but also it gives a heavier impact on outlays for the coming fiscal year than would be true with many other appropriations bills.

The total in the bill we are considering today is slightly over $77 billion including items that have permanent obligational authority. Of course, the largest item here is the $45 billion estimated interest on the national debt. I know that the Members will be told that the interest on the national debt is only going to be $42 billion, but that is not truly accurate because after we have fixed the interest on the national debt at $45 billion, that is offset by about $3 billion worth of interest earnings, and other activities, which are dedicated to paying the debt and, therefore, we only have a budget of a treasury impact under this system of $42 billion.

The items that have permanent obligational authority totaling about $68.8 billion are items over which the subcommittee has no control—and include not only the interest on the national debt, but the interest on Internal Revenue Service refunds on overpayment of taxes, the civil service retirement funds and disability funds, the refunds to Puerto Rico and the Virgin Islands for Internal Revenue and Customs collections, and a number of other items all fixed by law.

The amount that we have charge of in

the bill recommended is $8,275,000,000. This goes then to the actual operations of the agencies in the bill. The first is the Treasury Department, and that includes, of course, the handling of all of the Government's fiscal matters. It also deals with all of the Government's fiscal policy matters and, in addition, such things as advice to the committees of Congress in their legislative activities. But it also includes the revenue collecting activities of the Government, the most important of which is Internal Revenue Service. The collections by the U.S. Customs Service and the Alcohol, Tobacco, and Firearms activities also bring sizable amounts into the Treasury.

The manufacture of our paper money and our metal money is contained in the Bureau of Engraving and Printing and the Bureau of the Mint. In that connection, I might say that we now have caught up with the coin shortage, and it looks like the Bureau of the Mint is now at a normal operating level and has been able to reduce some of their activities considerably.

We also have the U.S. Postal Service, which is part of the reason this bill is over the President's budget request. The law that created the postal corporation provides for the appropriation of Federal funds under two authorities to help the postal budget. The first is that we will appropriate 10 percent of the postal budget for the year 1971, the year the postal corporation was founded, which is approximately $920 million. The other item comes under the heading of revenues foregone to help phase out over a longer period of time the raising of rates on second and fourth class mail.

Since Congress has extended the 5- and 10-year phasing periods to 8 and 16 years, the amount of money that will be required to meet the revenue foregone items has gone up.

The Postal Service submitted its findings for the consideration of the Office of Management and Budget, but OMB refused to accept the additional $307 million that the longer phase-in imposed on the postal system. Apparently they were not pleased with the act of Congress and have shown their displeasure by failing to include this amount in the President's budget. They did make as a part of the budget statement the claim of the Postal Service of the need for the additional $307 million.

The subcommittee, in the 1976 budget, in the amount for the transition period and in the supplemental, has already taken cognizance of this act of Congress and has provided these additional amounts in the longer phase-in period of the service. These items have passed Congress and they have been signed by the President, and so we are doing here the very same thing we have been doing since Congress passed this longer phase-in law. We have included the $307 million, which is, of course, the main reason why we are over the President's budget.

There is a lot of criticism of the Postal Service. I do not intend to be the devil's advocate here today, but I think there are certain facts about the Service that we ought to keep in mind. It is true that the Service is running in debt, one of the reasons for which is that in the original act creating the postal corporation Congress took note of the fact that 10 percent of the then postal budget was devoted to service items for which there could be no proper charge levied on the users of the mail. This included the overcost of certain mail routes and rural post offices which the Post Office Department served without remuneration. This was estimated to be 10 percent, and that is why the 10 percent item got into the act.

The unfortunate thing is that although 10 percent or $920 million was paid for these services in 1971, that same identical amount of service in 1977 happens to total about $1.4 billion. But under the law there is no way we can give the Service this additional amount of money to pay for these very same costs that Congress mandated in the act creating the Service. Until Congress makes up an estimate of this growing item, pointing out the difference between what we can appropriate and what the Service will require, this will necessarily continue to be a very serious burden on the Service.

Mr. Chairman, the operation of the Postal Rate Commission has left a lot to be desired, and the delays and the time lags in getting higher postal rates set have also contributed to their problems.

I think the Members ought to realize that the Postal Service has an increasing load every year. They are having to handle about 88 billion pieces of mail this year but they are faced with the problem of delivering this mail to almost 1 million more homes, offices, and stores than they did a year ago. This average goes up year by year, and it is approaching the 17 million mark right now. The Postal Service does 75 percent of its business at 300 major post offices, but it has to carry out the other 25 percent of its business in over 31,000 smaller offices. That is not a situation that lends itself to the kind of efficiency that a lot of us would like to see.

At the end of World War II we used the mail trains of the country to deliver the mail. We had 10,800 passenger trains in this country operating at the end of World War II carrying the mail. Now there are only about half a dozen carrying the mail, and with the volume of mail doubling and the number of places increasing by over a million a year and with the transportation system disappearing into thin air, we can understand that the Postal Service has had a few problems to cope with that cannot be charged alone to mismanagement. I think all these things will have to be taken into account if and when Congress grapples with the serious problem of trying to get our postal service back into some semblance of satisfactory operation.

To raise the rate means that they will lose volume. Unfortunately, the kind of volume they lose only cuts down on the revenues they collect. It does not have an impact on the costs that they have to endure.

Mr. Chairman, 88 percent of the postal budget that we have today goes for wages. Anybody who keeps up with the affairs of the day knows that the most inflationary impact that has been felt in these last few years has been in the field of wages. Therefore, this is another factor they cannot do much about.

They have reduced the impact a lot by using mechanized mail-handling methods, but they have not been able to do too much about how to get the mail delivered to the homes. That is something that, by and large, we must rely on individuals for.

Mr. Chairman, we had a few places in the bill that required some attention, but they have been worked out or amendments probably will be offered to make some adjustments which can be handled in a satisfactory manner.

Although we are over the President's budget, we are under the legislative budget. We have a remaining margin of between $295 million and $300 million at this point. We estimate, with pending actions and unresolved issues, that we will have probably another $75 million added onto the total cost of this bill before the year is out.

Therefore, Mr. Chairman, even with that, this particular bill will be well within the limit set by the Committee on the Budget of the Congress. Consequently, we think that it is sound, that it is the best answer to the problems contained in here that all of us together could devise, and therefore, I heartily recommend its approval by the House.

Mr. Chairman, I reserve the balance of my time.

Mr. MILLER of Ohio. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, today we have a bill appropriating $8.2 billion before us.

It funds the activities of Treasury, Postal Service, and other various agencies, commissions, and boards.

The gentleman from Oklahoma (Mr. STEED), the chairman, and his subcommittee staff have worked very diligently many, many hours. We found the staff, Tex Gunnels and Bill Smith, very helpful in every problem that we had.

However, Mr. Chairman, we still are $292.8 million over the President's request. We have tried to cut in many areas. One of those areas was administratively uncontrollable overtime. OMB had requested a 25-percent reduction in these funds. The subcommittee chose not to approve this reduction.

Mr. Chairman, this is of great concern to me. We have administratively uncontrollable overtime, and we should attempt to control it. I think that instead of increasing overtime at certain levels, we should adjust the base pay so that we would have control of the necessary payment to the individual who is working the additional hours.

Mr. Chairman, I think it is important to stop going on as usual each year and saying that we have overtime that is uncontrollable.

Mr. Chairman, we have several other areas of importance which the gentleman from Oklahoma (Mr. STEED) has already mentioned.

These areas concern the general operation of the Government. In that general operation we need the staff people to do the everyday work. We have been able to make reductions of $14.5 million in certain areas of the President's budget.

The President and the Office of Management and Budget views the overall picture of expenditures that we are making today in all of our appropriation bills. They have seen it necessary to form a budget with a certain limited structure. But, are we doing that?

A prime example of my growing concern is the Postal Service. The gentleman from Oklahoma (Mr. STEED), the chairman, has already told the Members that we have fully funded Public Law 93-328, providing for the phasing out of postal rates for second- and fourth-class mail users. But with the Postal Service, we are not coming up with hard answers and guidelines for a troubled public service. We have rising costs, declining volume and outmoded physical plants. We have had unsuccessful attempts, at the present time, at least, to mechanize. We have work force dissatisfaction. The work force complains of low morale, working conditions and a lack of career opportunities.

I urge my colleagues to enact reform soon or we will find drastic reductions in the Postal Service, huge postal subsidies. It looks, from this point, as though the subsidies will increase in the years ahead. I hope that the authorizing committee will take a good look at the Postal Service and come up with the hard facts that we need in order to attempt to hold down our subsidies.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield at that point?

Mr. MILLER of Ohio. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, I thank the gentleman for yielding. The gentleman's suggestion is that the authorizing committee look at the postal subsidy, but this does not lend itself to an oversimplification. Quite frankly, there are too many Members of this body and in the other body who are offering the public painless cures and they are not possible nor practical. We have to go either one of two ways. The day will come when the Postal Service will be too heavy a burden on the Federal Treasury, or else we will have to say that the mail user has to pay for the costs. We cannot have it both ways.

Unfortunately a year like this lends itself to verbal exaggeration and we find the Post Office to be the whipping boy. We have a lot of complaints about Postal Service. But the fact is that the costs are running higher and higher. The fact is that employee productivity has dropped. The fact is that the last increase in rates has spurred alternative advertising outlay. So the Post Office faces a complicated financial picture. However, I concur with the gentleman from Ohio that the answer is not an automatic and heavier draw on the Federal Treasury.

Mr. MILLER of Ohio. I thank the gentleman from Illinois.

My comments concerning the Postal Service reflect the belief than an answer needs to be found. If we are going to continue subsidization then I believe the American people should be told that we will continue to subsidize. We need to look at the hard facts and see if it is possible to work in such a manner with the Postal Service so that they would be able to establish the revenue to support their own operations. I know there is not an easy answer. I believe this is a place were perhaps we should have an additional study in an attempt to solve the problem. If the problem is not solvable and we then need to continue to have the subsidy then I believe we need to show the American people why.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield further?

Mr. MILLER of Ohio. I yield further to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, I am pleased to report that the Senate committee has reported a bill which contained the very point the gentleman is suggesting. It would create a new study commission and mandate a report by January 15, 1977. The legislation will also include for that period of time a restriction on arbitrary closings of small installations. It will also include a moratorium on a rate increase for that limited period, and it will mandate this Commission to look into every aspect of the financial and operative features of the Postal Service and report back with hard-nosed suggestions that must be made to get this thing on its proper track.

Mr. MILLER of Ohio. I am very happy to hear that this report will be forthcoming. I believe the American people need this type of information in order to help decide what direction we should go concerning the Postal Service.

Mr. CRANE. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Ohio. I yield to the gentleman from Illinois.

Mr. CRANE. I thank my colleague for yielding.

I think my distinguished colleague, Mr. Post Office himself, the gentleman from Illinois (Mr. DERWINSKI), has suggested that the alternatives that are presented to us in this dilemma are either to go into general revenues for increased subsidies as a means of bailing out the post office, or add to the cost of the user. I would suggest that there is a third alternative that I hope and pray will at some time be contemplated, and that is to break up the Post Office monopoly. I think all of us know the inherent inefficiencies of a monopoly, and Government monopolies are the worst. We are not going to find a resolution of the problem until we return to competition. The United Parcel Service has demonstrated that it can carry parcels at less cost and less damage than the post office and simultaneously show a profit and pay taxes. I think competition is the only avenue that we have to turn to if we are going to get out from under this problem.

Mr. ARMSTRONG. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Ohio. I yield to the gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Chairman, I am grateful to my colleague, the gentleman from Ohio, for yielding. I commend him for calling to the attention of the House the serious problem now confronting the Postal Service.

If there is one thing that is clear to me after hearings this year, and also from discussions I have had with postal users and postal workers, it is this: That the common belief that the postal management is incompetent and that postal workers are greedy is greatly exaggerated.

While I am sure there are examples of mismanagement and cases where postal workers have made excessive demands, the crisis in the post office is primarily caused by the Congress of the United States; and if we have the kind of breakdown in the mail service that seems to be ahead, it is going to be the Congress and not the postal workers or the postal management of this country who is going to be chiefly responsible for that catastrophe.

This bill appropriates $1.77 billion for the U.S. Postal Service. This large amount is the forerunner of vastly larger appropriations which will be required in future years unless Congress quickly comes to grips with basic postal problems:

Rising costs.

Declining mail volume.

Antiquated physical plant.

Costly, and reportedly unsuccessful attempts to mechanize.

A work force which, despite improvements in recent years, continues to generate complaints of relatively low pay, adverse working conditions, lack of career opportunities and poor morale.

Management which operates within a legal framework that virtually precludes sound decisionmaking.

Since Congress established the independent postal system—which began operation in July 1971—some progress has been made in some aspects of postal operations. But other problems have intensified. On balance, it appears to us that we are in serious danger of losing what one Postmaster General termed a "race with catastrophe."

To term a breakdown in the Nation's mail system a "catastrophe" is no exaggeration, as Members of the House surely realize. But testimony before the Appropriations Subcommittee on Treasury, Postal Service, and General Government discloses that unless solutions to urgent USPS problems are quickly found, Congress must then face a choice among unacceptable alternatives:

First. Drastic reductions in postal service; or,

Second. The actual collapse of postal service as predicted by some critics and, in fact, as has actually happened in some other countries and, in some isolated instances, here in the United States; or,

Third. Subsidies of several billion dollars per year above current levels, a prospect which we believe neither Congress nor the Nation is prepared to accept.

It is the primary responsibility of the USPS and the House Committee on Post Office and Civil Service to develop administrative and legislative answers to the questions which have been raised by the management of USPS, the Nation's mail users, and post workers. We trust such solutions will be proposed in the near future. But if the Service and the committee are unable or unwilling to do so, then we believe the Appropriations Committee must attempt to resolve the problems through directives in the committee report, restrictions in appropriations bills and/or withholding funds. While this would be a clumsy and undesirable procedure, it would be far worse for the Appropriations Committee to recommend ever larger funding to subsidize an increasingly costly and inefficient postal system. We must have reform.

Mr. MILLER of Ohio. Mr. Chairman, we have a couple of other things that I would like to bring to the attention of the House. One of those is the standard level user charge assessed for office space in the Federal buildings. The committee has found it extremely difficult to analyze space costs and space requirements because of the many cost variables. These include the location of space, the classification of space, and the quality level of space, and so forth. Involved in this are many, many factors, and they come at different costs.

The committee has requested the GSA and OMB to make a study to determine whether or not any real savings have resulted or are likely to result from the standard level user charge concept and report to the committee by December 31 of 1976.

What it appears to be is that we are operating a very expensive system by adding another level of bureaucracy in order to take money out of one Government pocket, because all Government agencies that occupy space are controlled by GSA, and then put it in another Federal pocket operated by GSA.

We need this study in order to truly find whether there is a savings to be made by having the standard level user charge and, if not, it appears that we may have to go back to the original system.

There is another area of importance to me, and that is the Bureau of Public Debt. Yes, we have the administrative cost for the Bureau of Public Debt in the bill before us today. But one of the big items, one of the very big items that we have is the interest on the public debt of $45 billion. We have many programs that the Members here would like to see expanded. If we had the money that is paying this interest on the public debt we would be able to utilize it in such a way other than paying interest. We would be able to use the money for programs that may be necessary.

If we break the $45 billion down we find that at the Federal level we are paying interest at the rate of $123.3 million a day, 7 days a week. We are paying $123 million a day.

That brings up a point, when we are into the amending stage of our bill, I have an amendment I will offer. Many of the Members have heard of the old Bow amendment. On page 30, section 507, we will have something comparable to the Bow amendment. I will request to be recognized for that purpose. That amendment will say of the total budget authority provided for in this act for payments not required by law, 5 percent shall be withheld from obligation and expenditure provided that of the amount provided for appropriation account activity or projects for payments not required by law, the amount withheld shall not exceed 10 percent. That means that no line item would be reduced below 10 percent, but it would be 5 percent overall. All of the fixed charges, the mandatory charges, those that are fixed by law would not be affected.

Mr. Chairman, I reserve the balance of my time.

Mr. STEED. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. ADDABBO).

Mr. ADDABBO. Mr. Chairman, I rise in support of this bill which is the result of intensive hearings by the subcommittee. I compliment the subcommittee chairman, Mr. STEED, for his efforts in producing this measure, as well as the subcommittee ranking minority member, Mr. MILLER of Ohio, and our outstanding staff headed by Tex Gunnels.

There are any number of vital services and functions of the Federal Government covered in this bill. I will confine myself to only a few of these issues since the bulk of the components of the bill have already been discussed by the chairman.

FOREIGN AFFAIRS

One of the most important matters to localities covered by this bill is the inclusion of $2 million to pay for protection of foreign diplomats who must be guarded by State and local governments. As an original sponsor of Public Law 94-196, which authorized the Secretary of the Treasury to reimburse cities for funds expended in the protection of foreign diplomats and missions, I am extremely pleased that the committee has funded the program adequately. As a resident of New York City, I have personal knowledge of how costly these protection services can be to a local government. Implementation of this law rectifies what has long been a gross injustice to the local governments who have cooperated so well in performing difficult and often dangerous tasks.

CUSTOMS SERVICE

I am particularly pleased about the committee action in regard to the U.S. Customs Service. Speaking again as a resident of New York City, I am keenly aware of the need for a strong and viable customs service. My city is one of those ravaged by narcotics, and it is to the customs service that falls the duty of seeking to stem the flow of narcotics to our shores. It is a difficult task at best, and, often, an impossible one. Thankfully, we rejected the administration move to cut the customs service's number of personnel, and, in fact, added an additional 73 positions.

With every evidence that the attempt to smuggle narcotics into this Nation is on the rise, it is my feeling, as I believe it is the feeling of the subcommittee, this is no time to cut back on the unit which has been greatly effective in stemming that tide.

INTERNAL REVENUE SERVICE

I am among those members of the subcommittee who is opposed to the proposed reduction of over 2,400 positions within the Internal Revenue Service.

I quote from the committee report on page 13:

> The Committee has long been concerned with assuring the proper level of compliance with tax laws.

As the report states clearly, the success of our tax system in this Nation depends entirely on the willingness of citizens to cooperate in assessing their liability properly.

My concern is simply that as our tax laws grow ever more complicated, to the point where it is almost impossible for a college graduate to properly fill out his own tax form, it is up to the Federal Government to provide as much assistance as is possible to the taxpayer who requires help. My own view is that the Nation would be better served to simplify the tax laws, but that is not within the jurisdiction of this committee. Until such time as the goal is achieved, I firmly oppose any move to lower the level of services provided by Internal Revenue.

BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

The committee recommends an appropriation of $112,000,000, a reduction of $13,315,000 below the fiscal year 1977 budget request.

The Bureau of Alcohol, Tobacco, and Firearms—ATF—is responsible for the administration and enforcement, both regulatory and criminal, of laws and regulations pertaining to distilled spirits, beer, wine, nonbeverage products with alcohol content, tobacco, wagering, firearms and explosives. The objectives of the Bureau are to: First, achieve maximum voluntary compliance with laws and regulations under ATF jurisdiction; second, assure full collection of revenue due from legal industries and illegal wagering activities; third, detect and neutralize traffic in illicit nontaxpaid distilled spirit; fourth, prevent illegal possession and use of firearms, destructive devices and explosives; fifth, assist State, local and other Federal law enforcement agencies in the reduction of crime and violence; and sixth, assist State, local, and other Federal Government agencies in respect to consumer protection, ecology, and industrial development.

The Bureau requested $13,273,000 for an increase in the Concentrated Urban Enforcement—CUE—program. This program deals with a concentrated program of firearms control in major cities throughout the country. Funds were appropriated for this purpose in the Supplemental Appropriations Act of 1976. At that time, the Bureau was directed to concentrate their activities in three major cities and report the results of the program to the Appropriations Committee by December 31, 1976. The committee believes that it is important that this test be conducted on a limited scale and the results carefully studied before the program is expanded. Therefore, the $13,273,000 increase in CUE and the additional 504 positions were denied at this time.

The committee, of course, strongly supports and encourages the control of firearms used in the commission of crimes as well as all actions necessary to deny weapons to criminals. But the committee is also very concerned about the role that the Bureau should have in our federal system of government.

The committee requests that the Bureau review its programs to insure that it is not expanding its authority beyond its specific statutory jurisdiction. We do not need, nor does the Constitution envision, a Federal police force enforcing State and local laws.

POSTAL SERVICE

The bill provides nearly $1.5 billion for subsidies to the Postal Service, an expenditure which must be made to maintain service at this present level. Which is to say abominable. I am personally very upset about the quality of mail service in this Nation today, and see almost no hope that it will improve in its present from any time in the near future. I will not go beyond that statement at this time, but I believe all of us in this House ought to begin to consider what needs to be done to assure our citizens of a stable and reliable mail service. I urge the passage of this legislation.

Mr. MILLER of Ohio. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. Mr. Chairman, I want to express serious disappointment in the reduction in the requested appropriation for the Bureau of Alcohol, Tobacco, and Firearms, particularly with regard to the proposed concentrated urban enforcement program. The reduction amounts to $13.3 million and involves 504 personnel for the concentrated urban enforcement program, known as operation CUE.

Mr. Chairman, we talk about wanting to reduce crime in America and yet by this refusal to give funding and personnel we deprive an agency of the U.S. Government, which is clothed with the authority to control, execute, and enforce the existing gun legislation that this Congress has enacted and deny to ATF the personnel and the wherewithal necessary to carry out its job.

Mr. Chairman, it seems to me that this is about the height of hypocrisy. We hear the pleas of many of our colleagues that they do not want any new gun control laws, and apparently these proposed laws are dead for this session; but at the same time these same opponents of handgun control legislation do not support enforcement of the existing laws.

Now, when we talk to people who oppose new gun control laws, they say, "Well, why don't they enforce the laws we have on the books now?"

Yes, why do they not? They do not because we do not give them the opportunity. We do not give them the personnel. We do not give them the tools. It seems to me this is the rankest type of false economy with regard to a major area of crime in this Nation: To criticize the rising crime in America and then say, well, the Federal Government has no role in it.

The Federal Government does have a role with regard to guns, with regard to firearms. We have the firearms laws on the books. Control of interestate traffic in firearms is a Federal function. We are not talking about a Federal police force; we are talking about Federal agents to enforce Federal laws. One can go into every one of the major cities of this country, and find that every one of the police chiefs and mayors cannot enforce their own gun laws because there is an interstate traffic in firearms which they cannot control. While denying the opportunity to have new laws to control the firearms traffic, we at the same time, are denying the funds to enforce the existing laws.

Now, how poor a job can we do in controlling crime control in this country? Have we not listened too long and too hard to those law-abiding gun owners who are playing into the hands of the criminal gun owners by denying the opportunity to get off the streets that gun that is most frequently used in connection with crime in our large cities—the Saturday night special? Everybody knows what the Saturday night special is. It is defined in the ATF regulations. We prohibit its importation. But we continue to permit its domestic manufacture and domestic assembly from imported parts.

And now, when the Alcohol, Tobacco, and Firearms Division says that we need this tool in order to enforce the existing laws, the Appropriations Committee undertakes to deny them the funds and the opportunity to enforce such existing laws. I think we have to take a major share of the responsibility here in the Congress of the United States for crime in America when we behave line that.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. McCLORY. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, I thank the gentleman for yielding. I fully agree with most of what the gentleman has stated. The only problem is that we do not know what these funds would be used for. This was the reason we gave them the funds in the supplemental bill. We said, "Here are the funds. Go into the three cities and show us how you are going to use the funds and implement the law."

We do not need a Federal law enforcement or Federal police force going into our cities and working in our cities. We have the LEAA for some of those purposes stated by the gentleman from Illinois.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MILLER of Ohio. Mr. Chairman, I yield 2 additional minutes to the gentleman from Illinois.

Mr. McCLORY. Let me answer the gentleman by saying that Mayor Beame came before the Subcommittee on Crime of the Committee on the Judiciary and said that he was satisfied with the New York State laws and New York City laws, but the problem they have in New York City is that there is such poor enforcement of the Federal gun laws that there is this interstate traffic in guns. The guns they are using in New York City are not manufactured and sold there. They are sold in other States and are brought into the city of New York from other States. What we are trying to do, what the Alcohol, Tobacco, and Firearms Division is trying to do, is cut off this interstate traffic. What we are trying to do in the Committee on the Judiciary with the gun control legislation is to have a greater Federal impact insofar as this particular interstate trafficking is concerned.

So, it seems to me that what we are doing by restricting the CUE program is denying the opportunity of the gentleman's own city to enforce its gun laws by cutting off the opportunity for the Alcohol, Tobacco, and Firearms Division to do their job.

Mr. ADDABBO. Funds have been given to cities and they are making the test. We wish to see what the results of the test are before we implement the program throughout the country.

Mr. McCLORY. Let me answer the gentleman by saying that Rex Davis the Director of the ATF Bureau came before our committee and said that it would take 1 or 2 years to train a man in this field. Are we going to wait 1 or 2 years while people are getting killed and criminals are shooting up the streets until we are no longer able to protect ourselves against crime? Do we wait until the only thing we can do is to enact legislation to compensate victims of crime? I hope not, for that would be irresponsible. Instead we should be doing something to deter crime in this country. That is why I think this denial of funds to ATF is a bad approach and false economy.

Mr. STEED. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas (Mr. ALEXANDER).

Mr. ALEXANDER. Mr. Chairman, I would like to take this opportunity during the debate on the Postal Service appropriation bill to report to my colleagues on the status of the postal reform legislation which the House passed last October and which is now pending before the other body.

Late last week, the Senate Post Office and Civil Service Committee reported its postal reform bill. The Senate version of the House-passed bill calls for an additional authorization of $500 million subsidy for the next 2 fiscal years, establishes a blue ribbon commission to study postal problems, and provides for a moratorium on service cutbacks and a rate increase.

The Senate bill, however, fails to include the accountability amendments overwhelmingly adopted by this House. No one disputes the fact that the Postal Service has been mismanaged since its reorganization. The businesslike efficiency that reorganization promised has simply not been forthcoming. Instead, we have been served up favoritism, waste, inefficiency, all by the top management.

The House adopted two amendments during debate on its postal reform bill which will restore the kind of oversight and accountability that is sadly lacking in the postal establishment. One which I introduced requires the Postal Service to come to Congress annually to justify its budget and to secure appropriations. The second, adopted by a voice vote, provides for a Presidential appointment and Senate confirmation of the Postmaster General and his chief deputy. These amendments are musts, as indicated by the overwhelming support given to these amendments by the House, in my opinion, if we are to achieve any reform in the current postal disservice.

I will be prepared, Mr. Chairman, at the proper time to offer a motion to instruct the House conferees, following Senate action, to insist upon the House position on both of these amendments. I am herewith serving notice on the postal establishment of my intentions.

The American people are demanding improvement of their mail service. They are tired of rate increases that have without fail be accompanied by a further deterioration of that service.

There are those who would open up mail delivery to private enterprise. I am not prepared to advocate that alternative, as I have no doubt that the countryside residents of this Nation would be left out in the cold without mail service if it were adopted. It is simply not profitable to deliver the mail in nonmetropolitan areas.

I believe that as a service, the Postal Service should be subsidized, and I do not quarrel with the gentleman from Ohio. I will support a subsidy for the Postal Service. However, for this Congress to write the Postal Service a virtual blank check year after year, without demanding that the top postal management be made accountable to the people the USPS was created to serve is irresponsible. We can restore this accountability without getting Congress back into the political trappings of the old Post Office Department and without jeopardizing collective bargaining. We can restore accountability by insisting upon an annual authorization and appropriation for the Postal Service and by insisting upon a Postmaster General and chief deputy that are appointed by the President, confirmed by the U.S. Senate, and answerable to the American people.

Mr. STEED. Mr. Chairman, I would like to advise the House that there is an inadvertent error in the printed bill that is now before us. The gentleman from Indiana (Mr. MYERS) offered an amendment in the full committee, which failed by a voice vote. However, in the bill as printed it appears that the amendment was approved.

On page 30, in line 14, the words, "any product," should read "stainless steel flatware"; and on line 17, the last word, "the," and the first word, "product," on line 18 should be stricken and the words, "stainless steel flatware," inserted in lieu thereof.

Mr. Chairman, at the appropriate time I shall ask unanimous consent that these corrections be made in the bill.

Mr. ADAMS. Mr. Chairman, the House today is taking up the first of the regular appropriations bills for fiscal year 1977, the Treasury, Postal Service and General Government Appropriations Act (H.R. 14261).

The appropriations in this bill as reported by the Appropriations Committee are well within the amounts assumed in the first concurrent resolution on the budget for fiscal year 1977, within the allocations made to the Appropriations Committee, and that committee's subdivisions as reported to the House. There are, of course, several differences in details of funding between the President's budget request, the deliberations of the Budget Committee, and the actions of Congress on the first resolution; however, the bill as a whole clearly indicates the desire and intention of the distinguished Appropriations Committee and the House of Representatives to abide by the earlier congressional decisions on the Budget for 1977.

I wish to take this opportunity to support the totals of budget authority and the estimated outlays in the reported bill and to express the hope that we will continue to support the discipline we have established for ourselves in the new congressional budget procedures.

Mr. STEED. Mr. Chairman, I have no further requests for time.

Mr. DON H. CLAUSEN. Mr. Chairman, we have before us today a bill appropriating additional funds to the U.S. Postal Service for fiscal year 1977. This appropriation is to add to total postal service revenues for financial stabilization. I would like to take this opportunity once again to express my deep concerns on this subject.

The first point I would like to make is that the prime responsibility of this essential government service is prompt and efficient mail delivery service. A service which must not be denied a person or community because the cost is prohibitive. The Postal Service plays an important role as a catalyst in communications and in the dissemination of important information to communities all across America. The Postal Service must ensure that services already provided will be maintained and improved. The deficit spending problem must be attacked by increasing efficiency not by decreasing service.

As a Representative of a predominantly rural district, continuance of small rural post offices has been of deep concern to me and to my constituency. I continue to urge support of the moratorium on the closings of small rural post offices.

Second, I feel that we can move forward by supporting and maintaining the role of the Congress to monitor Postal Service policy and direction. Only through the cooperative efforts of all concerned can we reach the goal of prompt, efficient service along with financial stability.

The debate over postal policy must be conducted on a positive and constructive level, but we must make sure the American people are given the kind of mail service they rightfully expect to receive.

Mr. MILLER of Ohio. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

OFFICE OF REVENUE SHARING

SALARIES AND EXPENSES

For necessary expenses in the Office of Revenue Sharing, including the hire of passenger motor vehicles, $3,500,000.

Mr. SYMMS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. SYMMS. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The gentleman from Idaho (Mr. SYMMS) withdraws his point of order.

Mr. ADDABBO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to record their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 366]

Abzug
Andrews, N.C.
Badillo
Bell
Bevill
Biester
Bingham
Blouin
Boggs
Bolling
Brown, Calif.
Brown, Ohio
Broyhill
Buchanan
Burke, Calif.
Cederberg
Chisholm
Cochran
Cohen
Conlan
Conte
Conyers
Coughlin
Daniels, N.J.
Dellums
Dickinson
Diggs
Dodd
Drinan
Eckhardt
Edgar
Edwards, Calif.
Esch
Eshleman
Evins, Tenn.
Fish
Fithian
Flynt
Ford, Mich.
Ford, Tenn.
Frey
Gibbons
Gilman
Goldwater
Gude
Harkin
Harrington
Harsha
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Heinz
Helstoski
Hillis
Hinshaw
Holland
Holtzman
Howard
Howe
Hyde
Jarman
Johnson, Colo.
Karth
Kasten
Kelly
Kemp
Koch
Krueger
LaFalce

Landrum
Latta
Litton
McCormack
McDade
McDonald
McEwen
McKay
Madden
Madigan
Mathis
Matsunaga
Meeds
Milford
Mink
Mitchell, Md.
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Nolan
O'Hara
Passman
Paul
Peyser
Quillen
Randall
Rees
Reuss
Rhodes
Riegle
Rodino
Roe
Rose
Rosenthal
Rostenkowski
Ruppe
Santini
Scheuer
Schneebeli
Sebelius
Seiberling
Sikes
Smith, Iowa
Staggers
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Talcott
Taylor, N.C.
Teague
Thornton
Traxler
Treen
Udall
Vander Jagt
Waggonner
Walsh
Wiggins
Wilson, Bob
Wydler
Young, Alaska

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SISK, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14261, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 296 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

(By unanimous consent Mr. CONTE was allowed to speak out of order.)

REPUBLICANS TOSS NEW PITCH AT DEMOCRATIC HITTERS IN ANNUAL BASEBALL GAME

Mr. CONTE. Mr. Speaker, I want to warn my colleagues from across the aisle that Republicans are coming back and soon will be winners.

Not only am I referring to the coming elections, but I am also speaking about the Republican congressional baseball team. Each morning for the past several weeks, the anxious athletes of the GOP team have been holding our annual early-bird workouts at local ballfields in preparation for the June 21 congressional ball game.

The Republican charges have won 12 of the last 13 games, and, after watching my players tear up the practice field recently, I am ready to predict the beginning of another long winning streak. And this winning streak promises to extend through November.

I am also prepared to reveal that the Republican team has been working on a secret weapon for this year's game. Our star pitcher, BOB MICHEL, who has been mowing down Democrats for years with his "straight Republican pitch," this year will add a new pitch that the Democrats will not be able to touch.

It is called the "X-ray pitch," and it is already known for stripping the power away from the big Democratic hitters.

I urge my colleagues to start making plans now to be in Baltimore Memorial Stadium next Monday for the Bicentennial congressional baseball game.

Mr. DAVIS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from South Carolina.

Mr. DAVIS. Mr. Chairman, I appreciate the gentleman from Massachusetts coming to the well. I know, being a loser and having lost twice last year to this particular coach, it is difficult for the gentleman to come forth.

So far as the X-ray pitch the gentleman is talking about, I would say it will probably be delivered by the gentleman from Maine, but this year we are going to have batting helmets so there will not be any need for X-rays. We do welcome the challenge. We look forward to the losing streak of the gentleman from Massachusetts continuing. The Democrats are ready to continue our winning ways both on the ballfield as well as the ballot box.

Mr. CONTE. Mr. Chairman, I admire the gentleman's courage, and I just hope he shows up next Monday night.

AMENDMENT OFFERED BY MR. ROYBAL

Mr. ROYBAL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROYBAL: On page 2, line 20, strike out "$3,500,000" and insert in lieu thereof "$3,810,000".

PARLIAMENTARY INQUIRY

Mr. McCLORY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McCLORY. Mr. Chairman, have we begun to read the bill, and is title I open for amendment at any point? I am not sure of the parliamentary procedure. I have an amendment to title I, and I want to clarify that.

The CHAIRMAN. The Clerk has read through line 20 on page 2, and we are reading the bill by paragraphs.

Mr. McCLORY. I thank the chairman.

Mr. ROYBAL. Mr. Chairman, the purpose of my amendment is simply to restore the funds requested by the Treasury Department in support of the Office of Revenue Sharing's compliance efforts, and provide for a very modest increase of $310,000 to assure sufficient staff funding. This proposal would place the fiscal year 1977 appropriation level for the Office at $3,810,000, instead of the $3,500,000 currently provided in the appropriations bill, but it would add 21 new positions. Fourteen positions will be for civil rights compliance officers, four auditors, and three clerical positions.

Mr. Chairman, the bill we are considering today would greatly reduce the Department's total request by 75 percent, or 310,000. This decrease would only allow for 6 instead of 21 additional positions; and 5 instead of 14 civil rights specialists. Further, the proposed decrease would result in the elimination of four additional auditors.

It should be pointed out that the Office of Revenue Sharing currently has 10 positions for civil rights specialists who have the enormous responsibility of covering over 39,000 governmental jurisdictions. My amendment would raise the overall staff level for civil rights specialists to 24; while the appropriations bill would increase the level to 15.

I believe that the lower funding recommended in this bill would be detrimental to fulfilling the civil rights and other compliance responsibilities under the Revenue Sharing Act. This act requires the Secretary of the Treasury to insure that all States and local governments do not discriminate on the basis of race, color, national origin, or sex in revenue sharing funded activities. Further, the act requires minimal financial standards, labor requirements, reporting provisions, and citizen participation.

Only last week, the House, by an overwhelming vote, renewed its support for revenue sharing, and broadened the nondiscrimination provisions.

The monitoring of these requirements will be totally meaningless unless we are willing to provide sufficient appropriations for the Office's compliance staff. In a June 11, 1976, letter to the Treasury subcommittee chairman, the Director of the Office of Revenue Sharing called attention to "the urgent need" for the 21 additional positions; and stated that:

> The lack of adequate staff in the compliance function . . . has led to a large and growing backlog of cases which long since should have received full attention.

Further, the Director acknowledged the fact that some cases dated back to 1974, and expected a backlog of unresolved civil rights complaints involving over 300 jurisdictions.

In a November 1975 report to the House, the Subcommittee on Civil and Constitutional Rights recommended as a priority item that the Office's civil rights staff be "substantially increased." Both the General Accounting Office and the Civil Rights Commission also have pointed out the need for added compliance staff.

Further, the GAO, in testimony before the Civil Rights Subcommittee, reported "excessive delays and evidence that the time required to process a complaint is increasing."

My amendment would help to alleviate these backlog problems and sustain an adequate and cost-effective compliance effort under Federal revenue sharing.

Mr. STEED. Mr. Chairman, I rise in lukewarm opposition to the amendment.

I am one of the few Members of the House who voted against revenue sharing in the first place. In light of what has happened, the amendment offered by the gentleman from California (Mr. ROYBAL) is only a drop in the bucket compared to what is going to have to be done in connection with the revenue-sharing program. What the gentleman's amendment does is this: It would bring a total of 129 people in this office into being this coming year. I think that the House ought to recognize that if and when the revenue-sharing bill that the House passed last week becomes law, this agency will require a lot more people than is being asked for here. At the time we marked up this bill the action on the revenue-sharing bill had not been taken, so we were being rather cautious at that time, not knowing what to expect.

Therefore, Mr. Chairman, I do not think that the House is going to benefit very much no matter what it does.

If we approve this amendment, it just

reduces the amount that we will have to do later on. If we disapprove this amendment, it just makes it necessary to do more in the supplemental later on.

Personally, Mr. Chairman, I have no objection to this in view of the fact that I think this is only the beginning of a lot more effort in this direction that we are going to have to exert before we get through with this.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ROYBAL).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

SALARIES AND EXPENSES

For necessary expenses of the Bureau of Alcohol, Tobacco and Firearms including purchase of (not to exceed two hundred and forty of which fifty shall be for replacement only, for police-type use), and hire of passenger motor vehicles; hire of aircraft; and services of expert witnesses at such rates as may be determined by the Director; $112,000,000.

AMENDMENT OFFERED BY MR. M'CLORY

Mr. McCLORY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCLORY:

On page 3, line 18, delete the figure "$112,000,000." and substitute in lieu thereof the figure "$125,300,000".

Mr. McCLORY. Mr. Chairman, this amendment would restore $13.3 million to the Division of Alcohol, Tobacco, and Firearms in order to carry out a concentrated urban enforcement program to try to enforce in better fashion the existing gun-control laws of this Nation.

Mr. Chairman, the Bureau has requested that they have the opportunity to have increased personnel in our major cities. I think there are 11 such major cities, and they have undertaken plans to employ 504 additional personnel to try to do the job of enforcing the existing laws and thereby to cut down on the illicit and illegal trafficking in handguns, which are so prevalent in our large cities, and which guns are being used so much in connection with the commission of crime.

Mr. Chairman, restoring these funds is directly and precisely a crime-control amendment. It will enable the Alcohol, Tobacco, and Firearms Division to do the job that we have charged them with doing, and that is to enforce the existing firearms laws.

There is no new handgun control law involved. We know that we have undertaken to produce some handgun control legislation, to outlaw the Saturday night special and to provide for better control of the gun dealers and that sort of thing. Notwithstanding these efforts, I understand that that legislation will not be scheduled for consideration during this Congress.

However, Mr. Chairman, if we, at the same time, prevent this crime-control program from going forward as outlined in the concentrated urban enforcement—CUE—program, if we deprive the Bureau of the opportunity to do the kind of job that they think they can do, it seems to me that we are playing into the hands of the criminal; and further, we are practicing the kind of hypocrisy which I think is of such great concern to many Members of this body and to the American people.

Mr. Chairman, the committee report specifies precisely what is being done. In other words, what the committee is doing is rejecting what the administration has asked to be done. The administration asked for these additional personnel. What the Bureau is trying to do is to carry out the administration's program. Denying these anticrime funds and personnel is—in my opinion— a repudiation of our responsibilities to deal with gun-related crimes in our Nation.

Mr. Chairman, we know that there is tremendous trafficking in the handgun area, and this is because of the inadequacy of Federal control.

It has been suggested that if we provide these funds, we will be establishing a national police force. Nothing could be further from the truth. What we will be doing, if we provide these additional personnel, Mr. Chairman, is aiding the local police forces and the other local government law enforcement officials.

When our Subcommittee on Crime conducted our handgun control hearings last year, we found in every major city the complaint that they had adequate laws and that they were doing the best job they felt they could do, but that the interstate traffic in firearms was such that they were powerless to prevent handguns from reaching the hands of criminals.

Therefore, Mr. Chairman, what this amendment does is to try to carry out the responsibility of our Federal Government.

So it is my position that we should try to carry out our responsibilities and to provide funds and personnel to enable ATF to perform a function which the Federal Government certainly has an obligation to perform.

I cannot for the life of me understand how these funds could be cut back. It seems to be sort of an attack against those that want some meaningful gun control legislation, or a kind of retribution, because, not only are we not going to provide no new laws affecting handguns but by cutting these funds we are being prevented from enforcing the existing laws.

The law-abiding gun owners certainly should want to support the existing laws and should want to stop the illegal trafficking in handguns. The way to do this is to clothe the Alcohol, Tobacco, and Firearms Division with the tools and the funds they need to carry out and enforce the existing Federal laws.

Mr. STEED. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, let there be no mistake about it, I do not want any Member of the House to believe that this subcommittee or I are any less interested in law enforcement than anyone else could be, but to do what this amendment proposes to do is, in my opinion, a complete waste of money and a disservice to good law enforcement.

Mind you, this agency already has about 2,600 employees on this inter-city traffic in firearms, and already the program is being carried on quite well, and the money referred to here has nothing to do with that. They are only proposing to go into 13 new major communities in this Nation, and if they were to do this, then all that the legal traffickers in handguns would have to do would be to go to an additional 13 cities instead of the proposed ones and work from there.

Let me point out that there are some 300 cities and we have to deal with all of them insofar as enforcement is concerned. We have given them money and the manpower to go into three major communities and put this program into effect and get a track record on it and bring it back and show us what they can do with it. Then if it is a successful weapon against the criminal elements in this country, we would expect they would go into a great many more communities than just the 13 major ones because if this should prove to be the way to stop criminals with firearms, then it ought to be widespread throughout the country and not just confined to 13 communities. What is proposed to be done here is that they are going to offer auxiliary service to the local police departments. Maybe this is a very effective way to get to the bottom of this firearm situation. We do not want them to devote too much manpower to something until they have had a chance to check it out, because there are other problems in the country, and they are making progress in this field. Let us leave it where it is now, give them an opportunity to try this out in three of the cities and see what they can do. We have given them all the money and manpower that they will need to do this. When we find out what they have been able to do then we will know where we should go and we can do this based upon good, sound information. But, to do any more now I think is a waste of money.

We have talked to the people in the department and they tell us that they have what it takes to get going on this and that they will be able to come back a year from now and enable us to make a comprehensive judgment.

We will continue to work very closely with the department on this because I know we all want the same end goal, and that is good and effective ways to combat crime in this country. We are going through a learning process.

Let us leave it the way the committee has set it up. We believe we are on sound ground. We do not want to try to go into too many places all at once and then if it turns out to be a waste of money, it will give the whole purpose a black eye and then we will have difficulty getting a program started in the future.

Mr. ANDERSON of Illinois. Mr. Chairman, would the distinguished chairman yield for a question?

Mr. STEED. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. I thank the gentleman from Illinois for yielding.

I wonder if the distinguished gentleman from Oklahoma would identify for us the three cities that would be funded under the amount of the committee recommendation, and also indicate the other

10 cities apparently the administration has requested funds for in order to include them within this expanded innercity program to control traffic in guns.

Mr. STEED. Basically, we left the selection up to the agency itself, because we thought they would be the best judges of where they would get the best track record.

Mr. MILLER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. STEED. I yield to the gentleman from Ohio.

Mr. MILLER of Ohio. I thank the gentleman for yielding.

There are three cities in operation right now as far as the CUE program is concerned: Washington, D.C., Chicago, and Boston. The program is working now in those three cities.

Mr. ANDERSON of Illinois. If the gentleman will yield further so that the gentleman from Ohio may respond, I would assume that in the testimony that was given before the subcommittee some indication was given as to the cities that might be included in an expanded program. Am I correct in that assumption?

Mr. MILLER of Ohio. If the gentleman will yield further, I would say that some information was given, but by the same token a year ago when it was first discussed, one of the cities was to be on the west coast. It turned out that we had Chicago, Washington, D.C., and Boston instead; so we cannot say for sure exactly where these cities may be.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MILLER of Ohio. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I would refer the committee to page 10 of the report of H.R. 14261, and at the bottom of the page it describes exactly what took place as to why the $13,273,000 is not now in the bill.

> The Bureau requested $13,273,000 for an increase in the Concentrated Urban Enforcement (CUE) program. This program deals with a concentrated program of firearms control in major cities throughout the country. Funds were appropriated for this purpose in the Supplemental Appropriations Act of 1976. At that time the Bureau was directed to concentrate their activities in three major cities—

Those mentioned of Washington, D.C., Chicago, and Boston—

> and report the results of the program to the Appropriations Committee by December 31, 1976. The Committee believes that it is important that this test be conducted on a limited scale and the results carefully studied before the program is expanded. Therefore, the $13,273,000 increase in CUE—

That is in the amendment before us now—

> and the additional 504 positions are denied at this time.

That was the determination of the committee.

Mr. McCLORY. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Ohio. I yield to the gentleman from Illinois.

Mr. McCLORY. I thank the gentleman for yielding.

I merely want to point out that the Alcohol, Tobacco, and Firearms Division made a survey before they made this recommendation that this concentrated program be carried on in these major cities and determined that the program was essential in those cities and, therefore, made that recommendation. It was not just a blind recommendation.

When the President made this recommendation to the Congress, it was because the President recognized that what we needed was stricter enforcement of existing gun control laws, and he wanted to assure that there would not be any efforts to confiscate handguns from law-abiding citizens, and things like that, which is a position that I support.

But it seems to me that what the Committee on Appropriations is doing with this recommendation is not only thwarting the opportunity for additional handgun control laws but is denying the opportunity to provide the kind of enforcement which opponents of gun control legislation say should be the major impact of our gun-related anticrime program. For us to try to second-guess the enforcement agency and tell them how to enforce the laws, when they are the enforcement agency, seems to me to be wrong.

Let me say further that Rex Davis, the head of the ATF, says that it takes 2 years to train a person for this job, and he had already started to employ the personnel, and now this program is out the window. It seems to me we are thwarting a very important anticrime program. That is what bothers me, and I think it bothers the American people.

Mr. MILLER of Ohio. I would say to the gentleman from Illinois that the report, forthcoming December 31, 1976, would tell us whether we should move ahead and have the requested program operating in additional cities. It would be very foolish, without knowing the exact results of the CUE program in the three cities in which it is operating at this time, to spend the money. It would be very foolish.

When it was mentioned that the Bureau of Alcohol, Tobacco, and Firearms is training or hiring people, I can only say they should not be at this time. In this particular budget 504 positions for that purpose if the gentleman's amendment was approved. So they should not be on board yet.

Mr. McCLORY. Mr. Chairman, if the gentleman will yield, the additional personnel are not on board yet. They had made some initial transfers and assignments in order to try to beef up the enforcement programs in some of the major cities, but of course they have had to drop this as I understand it because of the denial of the right to have the personnel.

The thing that bothers me about it is that every mayor of every major city is concerned about the interstate traffic in illegal firearms, and the interstate traffic in firearms is something the Federal Government has to exercise responsibility for, and we are not exercising it. Because of that the local law enforcement officials are being handicapped in their enforcement of the gun laws in their own communities.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. McCLORY).

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

ACCOUNTS, COLLECTION AND TAXPAYER SERVICE

> For necessary expenses of the Internal Revenue Service for processing tax returns, revenue accounting, providing assistance to taxpayers, securing unfiled tax returns, and collecting unpaid taxes; hire of passenger motor vehicles; and services of expect witnesses at such rates as may be determined by the Commissioner; including not to exceed $10,000,000 for employees on temporary appointments and not to exceed $183,000 for salaries of personnel engaged in preemployment training of data transcriber applicants; $795,900,000.

AMENDMENT OFFERED BY MR. SYMMS

Mr. SYMMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. SYMMS: On page 5, line 11, after the figure $795,900,000 insert the following: "*Provided*, That no funds appropriated by this Act shall be used to pay rewards, fees, or other compensation to informers for information leading to the detection of internal revenue law violations."

Mr. SYMMS. Mr. Chairman, the explanation for this amendment is very simple. This amendment will prohibit funds being appropriated by this Act from being used to finance the IRS informer programs. Presently the Commissioner at his discretion can pay rewards, fees, or bounties to those who inform the IRS of suspected tax law violations. It has been averaging in the neighborhood of a half million dollars each year which has been paid out in bounties and fees. Many times it really amounts to neighbors ratting on their neighbors, informing on their neighbors, and so forth. What it amounts to is an Internal Revenue Service "turn in your neighbor" program.

In general rewards are not paid to informers or witnesses for information in crimes such as murder, armed robbery, and so forth, so it seems inconsistent to me to have the Internal Revenue Service pay such fees to informers for information about suspected tax law violators.

Actually, this smacks of a police state informer atmosphere that we do not need in this country. It is customary and commonplace in totalitarian nations, but I believe in this country we would be better off to stop this before it becomes too abusive.

I believe our Members have constituents all across the country who feel the long arm of the law is approaching and interfering with them in one way or another and interfering in their private lives. The IRS has been very abusive in the past few years. For example, if one has to undergo an IRS audit, he is assumed guilty until he has proven himself innocent. I urge support of this amendment.

Mr. SYMMS. Mr. Chairman, this is just one more step to give additional funding and additional abusive power to this agency which skirts upon the liability of having too much power in the hands of Federal Government, anyway. For consistency in this, the precedent was already set this year when the EPA had a hotline informer program and due to congressional complaints by administrative action, the Administrator of the Environmental Protection Agency, Russell Train, suspended the operation of the hotline operation, because they admitted to many of us in the committee that this was starting to become an abusive thing, where people could turn in people without due process of law.

Mr. Chairman, if there are any questions, I would be happy to take them. I think it is self-explanatory. I hope the committee will adopt the amendment.

Mr. STEED. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment could very well be labeled "The Tax Dodger Amendment," because there is no one in the country that can really benefit from such an amendment except those who are trying to evade the payment of their just and fair share of their taxes. Such an amendment has no business in this bill, even if it were a good amendment, because that is in the jurisdiction of the Committee on Ways and Means and the Joint Committee on Internal Revenue Taxation. Any abuses that occur in the Internal Revenue services also come within the jurisdiction of those committees. So the collection of taxes is never a popular business; but in order to have an effective tax system and one that applies to all people alike, we have to have these kinds of tools to do it with. The decision on this was made by those who have the responsibility to bring the legislation concerning the collection of taxes to this Congress and for their approval.

Now, I do not want to condone any abuse by anybody of his tax responsibilities, but the people who are unfairly treated have redress through a number of sources. If this is adopted and becomes effective, then it is an open invitation for anybody and everybody who wants to evade payment of their taxes.

This is one of the most effective tax collection devices they have in the area of catching those who have no intention of paying taxes, if they can evade them.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. STEED. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, just to answer the first question, I have introduced legislation to this effect that would make this law. It has not seen the light of day in the committee.

Mr. STEED. I must say to the gentleman, no wonder he cannot get the bill passed, because no Member in this body is in favor of aiding tax evaders and that is what the amendment does. It benefits only those who try to evade their fair share of taxes. The gentleman can wrap it up in any kind of package the gentleman wants, but these are the only beneficiaries to this amendment.

Mr. SYMMS. Mr. Chairman, will the gentleman yield further?

Mr. STEED. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, why is this precedent not used in other crimes? Is the gentleman saying that Members of Congress can condone bank robberies or condone rape or murder or arson or other felonious types of crimes, but only the IRS is exempted?

Mr. STEED. The American tax system depends on voluntary compliance with the law. I do not know of anything that will destroy the present voluntary compliance with tax laws in this country more than the adoption of this amendment. Besides, it only applies to one section of the Internal Revenue Service and would have no effect on other operations, anyway.

This subcommittee tries very diligently to stay as far away from the legislative process as we can, because we are always being criticized for trying to usurp the legislative authority. If there ever was a case of pure legislative encroachment, the adoption of this amendment would be that. I would think the gentleman fould find himself in very dynamic opposition to all the members of the Committee on Ways and Means, because it is their domain.

Mr. Chairman, I hope the House will help us maintain the proper jurisdictional posture by rejecting this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho (Mr. SYMMS).

The question was taken; and on a division (demanded by Mr. SYMMS) there were—ayes 20, noes 32.

RECORDED VOTE

Mr. SYMMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 160, noes 187, not voting 84, as follows:

[Roll No. 367]

AYES—160

Alexander
Ambro
Annunzio
Archer
Armstrong
Ashbrook
AuCoin
Baucus
Bauman
Beard, Tenn.
Bedell
Bevill
Biaggi
Bonker
Bowen
Brademas
Brinkley
Brooks
Burke, Calif.
Burleson, Tex.
Burton, John
Carney
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Cornell
Cotter
Crane
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Dingell
Downey, N.Y.
Duncan, Oreg.
Duncan, Tenn.
Emery
Evans, Ind.
Fary
Fenwick
Findley
Florio
Flowers
Gaydos
Giaimo
Gilman
Goldwater
Gonzalez
Goodling
Guyer
Hagedorn
Hamilton
Hammerschmidt
Hannaford
Hansen
Harrington
Harris
Harsha
Henderson
Hightower
Horton
Hutchinson
Ichord
Jacobs
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kasten
Kazen
Kemp
Ketchum
Krebs
Latta
Leggett
Lent
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McCloskey
McCollister
McDonald
McKinney
Maguire
Matsunaga
Mazzoli
Melcher
Metcalfe
Mills
Mineta
Montgomery
Moore
Moorhead, Calif.
Moss
Mottl
Murphy, Ill.
Myers, Ind.
Neal
Nichols
Nix
Nolan
Oberstar
Obey
Ottinger
Patterson, Calif.
Pattison, N.Y.
Paul
Pettis
Pickle
Poage
Price
Pritchard
Rangel
Robinson
Roush
Rousselot
Runnels
Russo
Ryan
Santini
Sarasin
Satterfield
Schroeder
Sharp
Shipley
Shriver
Shuster
Skubitz
Smith, Nebr.
Spence
Staggers
Stark
Steiger, Wis.
Stephens
Stokes
Studds
Symms
Taylor, Mo.
Thone
Treen
Waggonner
Weaver
White
Whitten
Wilson, Tex.
Wirth
Wright
Young, Alaska
Zeferetti

NOES—187

Abdnor
Adams
Addabbo
Allen
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Ashley
Aspin
Badillo
Bafalis
Baldus
Beard, R.I.
Bennett
Bergland
Blanchard
Boland
Bolling
Breaux
Breckinridge
Brodhead
Broomfield
Brown, Mich.
Broyhill
Burgener
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Butler
Byron
Carr
Carter
Cederberg
Chappell
Clancy
Conable
Conte
Corman
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Diggs
Dodd
Downing, Va.
du Pont
Early
Edwards, Ala.
Edwards, Calif.
Eilberg
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fascell
Fisher
Flood
Flynt
Foley
Ford, Mich.
Forsythe
Fountain
Fraser
Frenzel
Fuqua
Ginn
Gradison
Grassley
Gude
Haley
Hall
Hanley
Hawkins
Hechler, W. Va.
Hicks
Holt
Holtzman
Hubbard
Hughes
Hungate
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jordan
Kastenmeier
Keys
Kindness
Koch
LaFalce
Lagomarsino
Lehman
Levitas
Long, Md.
Lundine
McClory
McCormack
McFall
McHugh
Madigan
Mahon
Mann
Martin
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Nedzi
Nowak
O'Brien
O'Neill
Patten, N.J.
Pepper
Perkins
Pike
Pressler
Preyer
Quie
Railsback
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Rogers
Roncalio
Rooney
Rosenthal
Roybal
St Germain
Sarbanes
Schulze
Seiberling
Sikes
Simon
Sisk
Slack
Snyder
Solarz
Spellman
Stanton, J. William
Steed
Stratton
Sullivan
Taylor, N.C.
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Wampler
Waxman
Whalen
Whitehurst
Wiggins
Wilson, C. H.
Winn
Wolff
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—84

Abzug
Andrews, N.C.
Bell
Biester
Bingham
Blouin
Boggs
Brown, Calif.
Brown, Ohio
Buchanan
Burton, Phillip
Chisholm
Conlan
Conyers
Daniels, N.J.
Drinan
Eckhardt
Edgar
Esch
Eshleman
Fish
Fithian
Ford, Tenn.
Frey
Gibbons
Green
Harkin
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Heinz
Helstoski
Hillis
Hinshaw
Holland
Howard
Howe
Hyde
Jarman
Karth
Kelly
Krueger
Landrum
Litton
McDade
McEwen
McKay
Madden
Mathis
Meeds
Milford
Mink
Moffett
O'Hara
Passman
Peyser
Quillen
Randall
Riegle
Rodino
Roe
Rose
Rostenkowski
Ruppe
Scheuer
Schneebeli
Sebelius
Smith, Iowa
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey

Symington
Talcott
Teague
Thompson
Thornton
Traxler
Udall
Vander Jagt
Walsh
Wilson, Bob

Mr. CHAPPELL changed his vote from "aye" to "no."

Mr. DELLUMS and Mr. METCALFE changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 102. Motor vehicles for policy-type use by the Treasury Department may be purchased without regard to the general purchase price limitation for the current fiscal year.

AMENDMENT OFFERED BY MR. BURLISON OF MISSOURI

Mr. BURLISON of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BURLISON of Missouri: Page 7, immediately after line 2, add the following new section:

SEC. 103. None of the funds available under this Act shall be available for expenses of the Internal Revenue Service for compiling and making available to the general public records of any contact made by any Member of the Congress, or any employee of any Member or committee of the Congress, with respect to any matter pending before the Internal Revenue Service.

Mr. BURLISON of Missouri. Mr. Chairman, I would like to take this opportunity to commend the chairman of the subcommittee, the gentleman from Oklahoma, Mr. STEED, and the distinguished ranking minority member, the gentleman from Ohio, Mr. MILLER, for the splendid job I think they have done with this appropriations bill.

Mr. Chairman, on May 7, 1976, the Internal Revenue Service announced its intention of adopting a policy of making public all contacts made by Members of Congress regarding matters pending before the Service. Briefly stated, my amendment would prevent the implementation of this policy.

The matter was first brought to my attention by an article in the May 8 Washington Post, which quotes Mr. Meade Emory, Executive Assistant to IRS Commissioner Donald C. Alexander, as saying the action is "designed to throw the pressure off," and that the availability of such information would "result in a diminished number of congressional inquiries."

I submit that the above assessment is probably correct. Any publication to the general public of information concerning congressional inquiries, no matter how innocent or routine, and regardless of the form or the context in which that information might appear, will undoubtedly carry the implication, or at least invite the inference, of improper intercession on the part of a Member of Congress. The Member will be reluctant, hopes the IRS, to be associated with such implications, and thus will refrain from making the inquiry.

The net result, however, will be to diminish the Member's usefulness to his constituency, and consequently, the ability of the Member to do his job.

I need not remind my colleagues of our responsibilities of representing our constituents' interests before the Federal Government. The Congressman indeed serves as ombudsman for the citizens he represents, and he must in no way avoid this duty. For as the Bureaucracy of Government has expanded over the years, so has the need of the people for adequate representation on a personal basis. Under our constitutional form of democracy, this duty can be performed only by the people's chosen representative. There is no one else.

We must not allow the Internal Revenue Service, or any other governmental agency, to become more isolated than it is already. The ultimate loser will surely not be the Congress, but the people we serve.

I believe the question thus goes to the very essence of our representational democracy.

I urge my colleagues to consider the consequences of allowing a Federal agency to remove itself unilaterally from Congressional inquiry and then to vote for this amendment.

I also retain the hope, Mr. Chairman, that the subcommittee chairman and the distinguished gentleman from Ohio might accept my amendment.

Mr. STEED. Mr. Chairman, I move to strike the last word.

First, let it be said that I do not make very many contracts with the Internal Revenue Service. Second, all of those that I have made, I have no objection in the world to having it known by anybody and everybody. But some of the people I have made contact for would probably have some very serious objection if their business with me and through me with the department were to become public property. I just do not believe that this is a proper function for the Internal Revenue Service.

As far as I am concerned, although I still maintain this really belongs in the legislative committee since it is a limitation, I personally have no objection to the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. BURLISON).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

THE WHITE HOUSE OFFICE

SALARIES AND EXPENSES

For expenses necessary for the White House Office as authorized by law, including not to exceed $3,850,000 for services as authorized by 5 U.S.C. 3109, at such per diem rates for individuals as the President may specify and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; hire of passenger motor vehicles, newspapers, periodicals, teletype news service, and travel (not to exceed $100,000 to be accounted for solely on the certificate of the President); and not to exceed $10,000 for official entertainment expenses to be available for allocation within the Executive Office of the President; $16,530,000.

Mr. HARRIS. Mr. Chairman, I reserve a point of order.

Mr. DINGELL. Mr. Chairman, I reserve a point of order.

The CHAIRMAN. The gentleman from Virginia (Mr. HARRIS) and the gentleman from Michigan (Mr. DINGELL) each reserve a point of order against the bill.

Mr. HARRIS. Mr. Chairman, obviously, this appropriation bill has been worked on very hard, but as we look at it, we see about 6 months of the work of the House of Representatives just thrown away. The Members may recall that this provision does not have an authorization bill. This has to do with the complete staffing of the White House. I am not talking about the 3,000 members that are in the Executive Office of the President; I am talking about the 400 or 500 members behind the walls of the White House who are running the Government when we are supposed to have Cabinet Members running the Government.

We went through quite a process last spring. On March 26 the President submitted to the Congress a recommendation for authorization legislation. This Congress referred it to the House Committee on Post Office and Civil Service, and the committee held hearings on April 22. After extensive debate—we had a report out on May 20—this House passed an authorization bill on July 9, 1975. That authorization bill for some strange reason is sitting over in the Senate with nobody taking any action on it and with no urging from the White House to get the authorization bill reported out.

We can forget everything that has happened with regard to the problems of centralizing all the power in the White House where nobody knows who is running the Government, but this is the problem we have had the last 3 or 4 years, and this is what this bill was designed to correct.

This bill was designed to put some parameters on what kind of staff they could have. We understand this bill would authorize $16 million. It is understood there are going to be something like 435 or 475 staff people over there. We do not know what grade levels they are at; we do not know exactly what they are going to be doing; but that is the number that is going to be over there.

The authorization bill was a very broad authorization, but at least it put some parameters on what type of staff and what level of staff are going to be at the White House.

But, Mr. Chairman, we do even have that now. Unless we sit down here today and say we are not going to appropriate for this function until we have the authorization bill passed, then we are not living up to the responsibility that this Congress has.

Now, it is one thing for us to say we did not know what was going on. It is another thing for us to say that it is not our responsibility, but we do have a responsibility to pass an authorization bill. We have not done that. A year has gone by since the House passed the authorization bill. I say we should not appropriate until this authorization bill is enacted. It is a very fundamental question, in my mind. We either have Cabinet Government in this country or we have a palace-guard Government. As long as we provide $16 million for a personal staff at the White House without knowing what that staff is going to be, this Congress is saying that we do not care.

Mr. Chairman, this is why I reserved

the point of order. It seems to me we have time to get that authorization bill out and to put some decent parameters on this type of staffing. I think in the interests of constitutional Government, in the interests of doing something about a government we have seen described as an imperial Presidency, I think we can no longer just sit back and say it is all right. I think we have to do something. That is why I insist on my point of order.

I am greatly concerned that we are being asked today to approve funding for activities for which we do not have authorizing legislation, in violation of our own House rules. Specifically, H.R. 14261 which makes appropriations for the Department of Treasury, Postal Service and General Government and includes 1977 funds for the operations of the White House and several of its activities. Legislation authorizing these activities has not been enacted.

THE HOUSE ACTED

During the last session, the House took the necessary action by approving H.R. 6706, which clarified the authority for employment of personnel in the White House office, the Executive residence at the White House, the Domestic Council and we authorized the employment of personnel by the President to meet unanticipated personnel needs. On March 26, 1975, the President submitted to the Congress a recommendation for this legislation; the President's proposal was then introduced as H.R. 5745 and was sponsored by Mr. HENDERSON, Mr. DERWINSKI, Mr. STEED, and Mr. MILLER of Ohio—the chairman and the ranking minority member of the Post Office and Civil Service Committee, and of the Subcommittee on Treasury, Post Office, General Government of the Committee Appropriations. Hearings were held by the Subcommittee on Manpower and Civil Service on April 22, 1975—committee hearings 94–13. The subcommittee ordered a clean bill, H.R. 6706, reported to the full committee and the full committee ordered H.R. 6706 reported to the House, with amendments by voice vote. The report, House Report 94–232, was filed on May 20, 1975, and the House—after extensive debate—approved H.R. 6706 on July 9, 1975. No action has been taken in the Senate.

The purpose of H.R. 6706 was to establish clear legislative authority for staff support, administrative expenses, maintenance, and operation of the White House Office of the President, the Executive Residence at the White House, the executive duties and responsibilities of the Vice President, and the Domestic Council. Current authority for these purposes is quite limited. For example, sections 105 and 106 of title 3, United States Code, contain permanent legislative authority for the President to fix the compensation of six administrative assistants, and eight other secretaries or other immediate staff assistants in the White House Office, at rates of basic pay not to exceed the rate of Executive Level II.

Section 107 of title 3, United States Code, provides that employees of executive departments and independent establishments may be detailed from time to time to the White House Office for temporary assistance.

Section 3101 of title 5, United States Code, contains permanent legislation with general authorization for all executive agencies to employ such number of employees as the Congress may appropriate for from year to year. Such employees are subject to the provisions of title 5, relating to the classification of positions and the fixing of pay under the General Schedule. These general provisions are a permanent authorization for funds to be appropriated for employees in the White House office and the executive branch employees of the Vice President, subject, of course, to the restrictions of 5 United States Code.

There is no permanent legislation authority for official reception, entertainment, and representation expenses.

Section 103 of title 3, United States Code, authorizes the appropriation of travel expenses for the President "not exceeding $40,000 per annum" to be expended at the discretion of the President and accounted for on his certificate solely.

Part II of Reorganization Plan No. 2 of 1970 established the Domestic Council and provides that the staff of the Council shall be headed by an executive director who shall be an assistant to the President and shall perform such functions as the President may direct.

In committee last year and on the floor, I worked to improve the bill; I supported amendments to "tighten up" the committee bill. I tried, for example, to keep the number of executives at current levels, rather than increase them by 90 percent; to require accounting and reporting of White House expenditures; to require White House reimbursement for employees detailed from other agencies; to limit the time period experts and consultants can be hired; and to place a lid on the President's discretionary "unanticipated needs" funds.

PLACING PARAMETERS ON THE WHITE HOUSE

My efforts then were not to point the finger at the current resident of the White House. My effort was to place into law the same statutory requirements we place on other executive agencies. It is my belief that it is our responsibility to outline in law the parameters of how public funds should be spent; this was my intent. And in my view, the House went part of the way in passing a bill, though not the best possible bill.

Yet, today, we again are being called on to dole out to the White House $16 million for purposes that remain vague and unwritten. Again, as in past years, we are giving the White House a blank check; we are rubberstamping the White House's request without sufficiently "watchdogging" the taxpayer's money. We, the Congress, are ducking our responsibilities if we approve funds without first legislating the purposes for which the funds can be used. We call every other Federal agency to task; we should not except the White House.

I do not know why the Senate has not acted. I do wonder why the White House is not pushing the legislation. This House went on record. Authorizing legislation is necessary for this expenditure. Such legislation was passed by this body almost one year ago—never to be heard from again. Why hasn't the White House urged the Senate committee to act? Where is the White House when it comes to putting its own house in order?

Watergate should have taught us something about power and the inherent dangers of an unelected "palace guard." As I pointed out last year, my effort is not to "get the President" or lay blame for any wrongdoing at the White House door. My goal is to restore Cabinet government to the people to make sure that Government does not slip away from the people again. What I was trying to do was make the point that the policy decisions of Government rest with the President and his Cabinet advisers—not a faceless group of advisers and assistants cloistered behind the walls of the White House. This is a fundamental policy question that this Congress should face. The question then and still today is do we continue to condone this practice or do we reform? I say we reform.

The CHAIRMAN. The gentleman from Virginia insists on his point of order and, therefore, will state his point of order.

POINT OF ORDER

Mr. HARRIS. Mr. Chairman, I make a point of order against lines 19 through 25 on page 7 and lines 1 through 7 on page 8, which is entitled, "The White House Office Salaries and Expenses."

Mr. Chairman, this provision is in violation of clause 2, rule XXI. Clause 2 of rule XXI provides that no appropriation shall be reported in any general appropriation bill, or be in order as an amendment thereto, for any expenditure not previously authorized by law.

The CHAIRMAN. Does the gentleman from Oklahoma (Mr. STEED) care to be heard on the point of order?

Mr. STEED. Mr. Chairman, this subcommittee has had this problem before. We have tried every way to cope with it that we can. We have no other choice. We could have gone to the Committee on Rules and sought a rule to waive points of order; but in fairness to the House, we did not. If this action stands today, if the gentleman insists on the point of order, I am not sure we will let it stand that way and when the new President comes in next year, he may wonder where he will get the help to do his work yet.

Mr. Chairman, we cannot legislate in this bill. I concede the point of order and the responsibility now is in the hands of the gentleman who made the point of order.

The CHAIRMAN. The point of order is conceded and, therefore, sustained.

The Clerk will read.

The Clerk read as follows:

EXECUTIVE RESIDENCE

OPERATING EXPENSES

For the care, maintenance, repair and alteration, refurnishing, improvement, heating and lighting, including electric power and fixtures, of the Executive Residence, to be expended as the President may determine, notwithstanding the provisions of this or any other Act, and official entertainment expenses of the President to be accounted for solely on his certificate, $2,095,000.

POINT OF ORDER

Mr. DINGELL. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. DINGELL. Mr. Chairman, I make a point of order that the language of the bill at page 8, lines 8 through 16, is violative of rule XXI, clause 2.

The CHAIRMAN. Does the gentleman from Oklahoma (Mr. STEED) desire to be heard on the point of order?

Mr. STEED. Mr. Chairman, we concede the point of order and we will do our best to leave the bill finally passed this way.

The CHAIRMAN. The gentleman from Oklahoma (Mr. STEED) concedes the point of order. The point of order is sustained.

The Clerk will read.

The Clerk read as follows:

Official Residence of the Vice President

OPERATING EXPENSES

For the care, maintenance, repair and alteration, furnishing, improvement, heating and lighting, including electric power and fixtures, of the official residence of the Vice President, $61,000: *Provided*, That advances or repayments or transfers from this appropriation may be made to any department or agency for expenses of carrying out such activities.

POINT OF ORDER

Mr. DINGELL. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. DINGELL. Mr. Chairman, I make a point of order against the language of the bill on page 8, lines 17 through 23, and page 9, lines 1 and 2, as violative of rule XXI, clause 2, constituting legislation in an appropriation bill, referring specifically to the words following the word "Provided", at line 22, " *Provided*, That advances or repayments or transfers from this appropriation may be made to any department or agency for expenses of carrying out such activities."

The CHAIRMAN. Does the gentleman from Oklahoma (Mr. STEED) desire to be heard on the point of order?

Mr. STEED. Mr. Chairman, we concede the point of order and again leave the responsibility on the shoulders of the gentleman who raises it and we will try to make the final bill comply therewith.

The CHAIRMAN. The gentleman from Oklahoma (Mr. STEED) concedes the point of order. For that reason the point of order is sustained, and the entire paragraph is stricken.

The Clerk will read.

The Clerk read as follows:

Special Assistance to the President

SALARIES AND EXPENSES

For expenses necessary to enable the Vice President to provide assistance to the President in connection with specially assigned functions, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent of the rate for grade GS-18, compensation for one position at a rate not to exceed the rate of level II of the Executive schedule, and other personal services without regard to the provisions of law regulating the employment and compensation of persons in Government service, including hire of passenger motor vehicles, $1,246,000.

POINT OF ORDER

Mr. DINGELL. Mr. Chairman, I make a point of order with regard to page 9, lines 3 through 14, as violative of the provisions of rule XXI, clause 2.

Mr. STEED. Mr. Chairman, we again concede the point of order and leave the responsibility on the shoulders of the gentleman who raises it.

The CHAIRMAN. The gentleman from Oklahoma concedes the point of order.

The point of order is sustained.

The Clerk will read.

The Clerk read as follows:

Domestic Council

SALARIES AND EXPENSES

For necessary expenses of the Domestic Council, including services as authorized by 5 U.S.C. 3109, but at rates for individuals not exceed the per diem equivalent of the rate for grade GS-18; and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service; $1,700,000.

POINT OF ORDER

Mr. DINGELL. Mr. Chairman, I make a point of order against the language of the bill at page 10, lines 11 through 19, as violative of the provisions of rule XXI, clause 2.

The CHAIRMAN. Does the gentleman from Oklahoma desire to be heard on the point of order?

Mr. STEED. I do, Mr. Chairman.

Mr. Chairman, this act was established by 5 U.S.C. 3109, and I think that the point of order should be overruled.

Mr. DINGELL. Mr. Chairman, I am prepared to be heard on the point of order.

The CHAIRMAN. Would the gentleman from Michigan outline to the Chair the language he feels is subject to a point of order?

Mr. DINGELL. Mr. Chairman, I raise a point of order specifically with regard to lines 16 through 19, wherein appears the words, "and other personal services without regard to the provisions of law regulating the employment and compensation of persons in the government service;"

Mr. STEED. Mr. Chairman, he just got through saying that he strikes out line 19, and that is the line which has the amount of money authorized in the bill. I think it is authorized in the bill. Therefore, the objection does not hold.

The CHAIRMAN. The Chair is prepared to rule.

The language on lines 16, 17, and 18 having been called to the attention of the Chair by the gentleman from Michigan, is evidently legislation, and therefore makes the entire paragraph subject to a point of order.

Therefore, the Chair sustains the point of order.

Mr. STEED. Mr. Chairman, is the Chair sustaining the point of order against the $1,700,000? The gentleman included that in his point of order.

The CHAIRMAN. The Chair has ruled that it is included in that paragraph, and therefore the point of order is sustained against the entire lines 11 through 19, inclusive, in the paragraph.

Mr. STEED. Line 19 is authorized in the act itself.

The CHAIRMAN. By virtue of the fact that the language on lines 16, 17, and 18 is legislation, that makes the entire paragraph subject to a point of order, the Chair would state to the gentleman from Oklahoma.

Therefore, the Chair sustains the point of order.

The Clerk will read.

The Clerk read as follows:

Unanticipated Needs

For expenses necessary to enable the President to meet unanticipated needs, in furtherance of the national interest, security, or defense which may arise at home or abroad during the current fiscal year, and to pay administrative expenses (including personnel, in his discretion and without regard to any provision of law regulating employment and pay of persons in the government service or regulating expenditures of government funds) incurred with respect thereto, $1,000,000.

POINT OF ORDER

Mr. DINGELL. Mr. Chairman, I make a point of order with regard to the language of the bill on page 11, lines 18 through 24, and with regard to the bill at page 12, lines 1 through 3, as violative of rule XXI, clause 2, and I refer the Chair specifically to the language of the bill which appears at page 11, line 23, wherein the language is found, as follows: "In his discretion and without regard to any provision of law regulating employment and pay of persons in the Government service or regulating expenditures of Government funds".

The CHAIRMAN. Does the gentleman from Oklahoma desire to be heard on the point of order?

Mr. STEED. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The gentleman from Oklahoma concedes the point of order. The point of order is sustained.

The Clerk will read.

The Clerk read as follows:

Commission on Executive, Legislative, and Judicial Salaries

SALARIES AND EXPENSES

For necessary expenses of the Commission on Executive, Legislative, and Judicial Salaries, authorized by section 225 of the Postal Revenue and Federal Salary Act of 1967 (81 Stat. 642-645), $100,000, to remain available until expended.

Mr. DINGELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have made several points of order against the language of the bill. I have done so in earlier years. I do not want to have my comments on the point of order to be taken in any fashion as being critical of the distinguished gentleman from Oklahoma (Mr. STEED), the chairman of the subcommittee.

I think the gentleman did what he should have done in bringing the legislation to the floor in the fashion he was directed by the committee, and I would suspect what failure there is in this matter lies in the other body, which has failed to see to it that the necessary authorizations for the pay of salaries of the Executive offices, the President and Vice President and certain other necessary expenses, are properly authorized into law.

I do not want my comments in any fashion to be considered as being in any way derogatory toward the very able gentleman from Oklahoma, who is a very valuable Member and who I think is performing honorably and properly.

Mr. STEED. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the distinguished gentleman from Oklahoma.

Mr. STEED. Mr. Chairman, I thank the gentleman for his remarks.

I might say my attitude is that we have gone through this before and we hoped the other body would act, and they have not, so insofar as I am concerned I am willing to let it stand and let the responsibility lie with the other body until they give us some law we can stand upon. Unless this is changed, we will leave all of these agencies unfunded until somebody can give us some law to authorize it.

Mr. DINGELL. I thank the chairman. I would like to say again that I know the gentleman is a distinguished and able Member of the body, and I regret if I have caused him any inconvenience.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

UNITED STATES TAX COURT

SALARIES AND EXPENSES

For necessary expenses, including contract reporting and other services as authorized by 5 U.S.C. 3109, $7,322,000: *Provided*, That travel expenses of the judges shall be paid upon the written certificate of the judge.

Mr. RONCALIO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I use this device to ask a question or two of my esteemed subcommittee chairman.

Referring to the $7,322,000 reflected in the item beginning on line 5 on page 27, the appropriation for necessary expenses of the U.S. Tax Court, does any line item in there include modification or improvement of facilities or buildings, or the construction of plazas thereon.

Mr. STEED. No. Mr. Chairman, if the gentleman will yield, the money for that purpose is contained in an earlier bill. Since the funds that are involved have already been provided, they do not show in this bill at all.

Mr. RONCALIO. Is the language the gentleman referred to included in the legislation in this present bill?

Mr. STEED. No, that was in the earlier bill.

Mr. RONCALIO. Mr. Chairman, I thank the gentleman very much.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

RESEARCH, SHELTER SURVEY, AND MARKING

For expenses, not otherwise provided for, necessary for studies and research to develop measures and plans for civil defense; continuing shelter surveys, marking, and equipping surveyed spaces; and financial contributions to the States under section 201(i) of the Federal Civil Defense Act, which shall be equally matched for emergency operating centers and civil defense equipment; $6,000,000.

AMENDMENT OFFERED BY MR. CHAPPELL

Mr. CHAPPELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CHAPPELL: Page 27, line 25, after "equipment" strike out "$6,000,000" and insert "$20,000,000".

Mr. CHAPPELL. Mr. Chairman, this amendment seeks to put back into the bill the exact amount which was appropriated last year for civil preparedness. The Defense Civil Preparedness Agency requested $123 million for the forthcoming fiscal year; the Committee on Armed Services recommended $110 million; the administration had requested only $71 million, and that is some $14 million less than was appropriated last year. This will restore the spending level to $85 million.

I think this is no time for us to be cutting back on our civil preparedness. I think we ought to at least hold to the spending level of the present year, and then on the matter of dual purpose which is a matter before the appropriate committees at this time when that matter is settled, we can come back for supplemental appropriations based on new authorizing and clarifying legislation.

However, we must at least increase this amount back to the $20 million necessary to keep us in the status of this year.

Mr. LEGGETT. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Chairman, I want to commend the gentleman on his amendment. I will make some remarks on this a little bit later.

The gentleman in the well indicated some hiatus with respect to the dual use of funds, that is, whether or not funds under this section can be used for nuclear attack or for tornadoes or for hurricanes or for other kinds of natural disasters.

Of course, we have been doing this. We have provided funds under this section from time immemorial or, at least, for the last decade. We have been using them for dual use.

The question only came up this year because a recommendation was made by the Bureau of the Budget and the Secretary of Defense that the funds be limited to a single use, which nobody agrees with, because one hand washes the other.

We did clarify that in the House Armed Services Public Law 412 bill this year, but what we intended to do was to merely restate existing law. We did not intend to pass a law that needed to be passed by the other body. Therefore, we do not need a new loan in order to provide the proper foundation for dual use of expenditures under this law, as I see it.

Mr. CHAPPELL. Mr. Chairman, I appreciate the gentleman's remarks and thank him for his support of this amendment. Let me add further that when Russia is spending $1 billion a year on civil defense, this is hardly the time for us to treat our civil defense as we attempt to treat it in this fashion. The Russions are able to evacuate whole cities, to remove people to safety points far removed from their homes. We are not able to do any of that, and it is important, it seems to me, under the recommendations of former Secretary of Defense Schlesinger, to recognize that this is a vital matter to be taken into consideration when we are negotiating with the Russians on defense or related defense matters.

Mr. Chairman, I think it would be penny wise and pound foolish to strike these moneys from the bill.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I would like to commend the gentleman for his statement, but I would like to ask him this question:

Is it not true that since we do not have the ABM missile defense system, since that time, the Russians have stopped spending their money in that field and they have immediately started spending money on civil defense preparedness so that, in effect, they are more nuclear-proof actually than we are?

Mr. CHAPPELL. That is correct. We must be prepared for both natural and nuclear disasters; and experience in handling natural disasters trains us to better protect ourselves in instances of nuclear disasters if they should occur.

Mr. SYMMS. If the gentleman will yield further, is it not actually possible, in the case of a nuclear explosion, that it would blow down the buildings ordinarily, but not destroy the buildings if the proper sandbagging had been used? Furthermore, of course, if the people were out of the cities, the United States could not be put in the position where we could be blackmailed by our adversaries; is that not correct?

Mr. CHAPPELL. There is no question about that.

In recent times, as the gentleman knows with the continued use of civil defense funds, the State and local agencies will be able to strike the proper balance if those civil defense capabilities are in the forefront of our preparedness, planning, and efficiency.

The CHAIRMAN. The time of the gentleman from Florida (Mr. CHAPPELL) has expired.

(On request of Mr. SYMMS and by unanimous consent, Mr. CHAPPELL was allowed to proceed for 1 additional minute.)

Mr. CHAPPELL. To continue, Mr. Chairman, I would also like to point out that the panel received alarming estimates from Dr. Wigner, who is a nuclear physicist and a civil defense expert, with respect to comparative casualties in the event of nuclear attack if the Soviets had evacuated their people and we were unable to do so.

Mr. Chairman, I think this points up the very keen need, as I have suggested, to put this money back into the bill.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, I would ask the gentleman from Florida whether this is part of the ongoing matching grant program to State and local governments?

Mr. CHAPPELL. That is correct.

Mr. ADDABBO. And there are many applications pending by the State and local governments that would not be funded unless the amendment offered by the gentleman from Florida is adopted; is that correct?

Mr. CHAPPELL. That is correct.

Mr. ADDABBO. The additional amount of $14 million is to bring it up to last year's level and this would be below last year's if we figure in the inflationary impact; is that correct?

Mr. CHAPPELL. That is correct. When one really looks at the total picture there is really another $6 million less than present years spending level because that covers money the Army has been taking care of in the past.

Mr. ANDERSON of California. Mr. Chairman, I rise in support of the gentleman from Florida, Mr. CHAPPELL's amendment to increase the appropriation for the Defense Civil Preparedness Agency—DCPA—from its present $71 million to $85 million. This $85 million figure represents the funding level this body approved last year.

In my own area of southern California, I have been contacted by the Emergency Preparedness Commission for the county and cities of Los Angeles, as well as the city of Carson, Calif.

Both agencies expressed alarm that unless the Congress approves substantial additional appropriations above $71 million, local governments will have to limit their funding to nuclear preparedness, eliminating natural disaster preparedness.

For an area like southern California that lives with the threat of earthquakes, fires, dam failure, and flooding during rains, lack of adequate preparation because of a lack of funding could be a disaster in itself. Bear in mind that 7 million people live in Los Angeles County alone.

Moreover, the Armed Services Committees informed the Congress that the Soviet Union is devoting to civil defense 10 times as much effort—both in budgetary and physical protection terms—as the United States. It is important that we acquire the same options the Soviets have, to evacuate populations in time of crisis, or to afford them shelter in the event of eminent nuclear attack. Without these options we are considerably more vulnerable as a nation. I urge your support for this amendment.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of California. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, I thank the gentleman for yielding to me.

Mr. Chairman, I rise in support of the gentleman from Florida's amendment to increase the appropriation for civil defense.

Our U.S. effort on civil defense lags far behind the Soviet's who are spending nearly a billion dollars each year. That disparity of effort leads the Soviet to adventurism because their attack on the United States would exact a far greater number of casualties than our retaliatory attack would affect them. If that is true, and I believe it is, then the mere threat by the Soviet would lead them to believe that the United States could be blackmailed because of that greater damage suffered by the United States.

The $14 million increase in the appropriation would only return the spending level to the level of the prior fiscal year.

Mr. LEGGETT. Mr. Chairman, I move to strike the last word and I rise in support of the amendment offered by the gentleman from Florida (Mr. CHAPPELL).

Mr. Chairman, this is a matter that really is not something on which this House should divide on the basis of hawk or dove it is just a simple question of what is reasonable. We are expending in fiscal year 1976 $85 million for Federal civil defense. Under the program as recommended by the administration preliminarily, the budget for fiscal year 1977 would have been cut to $40 million. The civil defense community nationwide erupted. I am sure many people in the bureaucracy likewise responded that way. The administration then pumped up their program to approximately $71 million. Unfortunately the $71 million in the administration's program includes $7 million that was formerly included in the Department of Defense Army budget. So really we have a $64 million program approved by the subcommittee which is essentially the revised administration's program and this is some $21 million below what we are spending in the current fiscal year.

In response to this the House Committee on Armed Services, and particularly their investigative subcommittee appointed a panel of which I had the distinguished pleasure of serving as chairman, along with the gentleman from New York (Mr. MITCHELL) and the gentleman from Michigan (Mr. CARR), and we held hearings for 11 days and took testimony from every official in Washington and many exports all over the country. We got the idea that the agency and the country was fairly well unified behind the dual use concept that is that people who were available in New Orleans to fight hurricanes should be available to fight for civil defense in a nuclear-type action. The people in the Twin Cities that were concerned with tornadoes ought to be available for nuclear-type calamities. Likewise, the people who are concerned with earthquakes and fires in California ought to have a dual capability, and that to fund them separately is a waste of the taxpayers' money.

So what our panel did was recommend that if there was any confusion in the law that it be clarified. We made a recommendation that was included in this year's authorization bill that restated existing law. It states that funds under this program can be used for natural as well as manmade disasters. We asked the agency how much money they thought they needed. This is always a prudent thing to do. We recognized the fact that the Soviet Union was spending on the order of a billion dollars, and some say they spend more than that. We cannot spend that kind of money. We spent $200 million back in 1962, but 1962's $200 million is worth about $400 million today.

So the question is why do we spend only $64 million for this program. We do need to provide a balance of power between the United States and the Soviet Union. Obviously, we can have all of the missiles in Christendom and Judadom. If we are in a situation where we can shoot all our missiles and only annihilate, say, 2 or 3 million Soviets because they have taken precautions in the 72-hour warning period either to go underground or to march out of town in an orderly way, and we are sitting there with maybe 50 million people as hostage to Soviet missiles, this really does not make any sense at all.

If we are going to spend this money for strategic warfare, let us spend it in a reasonable way. So we should have a reasonable capacity to match not necessarily missile for missile, but firepower for firepower, accuracy for firepower of missiles, U.S. capability with Soviet capability. To just degrade our total system as the administration program would do does not make any sense.

Ask the folks in one's office; ask some the Members' friends back in their home districts what they would do in the event of a nuclear disaster. They know what they will will do in the event of a natural disaster in these areas that commonly have natural disasters.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. LEGGETT was allowed to proceed for 5 additional minutes.)

Mr. LEGGETT. Most folks will answer they do not know. I never really thought about it. A nuclear war is unthinkable. A nuclear war is unthinkable, but one of the things that is not unthinkable is a radioactive cloud. How do we get a radioactive cloud? By a melt-down. How do we get a melt-down? By a loss of coolant in a domestic reactor. How could that occur? We have heard arguments around the country that that is possible.

If we have a reasonable civil defense program based on reasonable probabilities, and if we get one of these fallacious holocausts from a reactor, which nobody really anticipates but which is possible—and which is subject to national debate today—if we have a civil defense program, we will have no catastrophe as a result of that radioactive cloud. But if people do not know where to go, if they do not have a basic precautionary program, then we can have a catastrophe in the 1980's and 1990's that we do not really want to talk about. It costs a very small amount of money.

Mr. HUGHES. Mr. Chairman, will the gentleman yield?

Mr. LEGGETT. I yield to the gentleman from New Jersey.

Mr. HUGHES. I thank the gentleman for yielding.

First of all, I want to commend my colleague, the chairman of the committee, for his work. But there is some ambiguity in the law apparently as to whether or not funds should be used for both natural disasters and nuclear disasters. I wonder if my colleague can tell me in his judgment is it sufficiently clear that the funds, if the Chappell amendment is agreed to, would be available for both that type of planning for natural disaster as well as nuclear disaster?

Mr. LEGGETT. Yes. They have been available for several decades under existing law. The limitation sought by the administration was not done on the basis of existing law but was done on the basis of discretion of the administration. They sought to delimit expenditure of funds.

We believe that there is no confusion. To clarify in the minds of those who thought there was confusion, we did put a restatement of the law in the armed services authorization bill which has now passed the House, is now in conference, and on this subject there is going to be no dispute.

We clarified the question of dual use in the House Armed Services Public Law 412 bill this year and we restated the law that dual use is authorized.

Mr. Chairman, my formal statement follows including a statement I made to my House Armed Services Committee, a formal statement of my armed services investigation committee, and a budget analysis of how $110 million would be utilized.

I rise in support of the amendment introduced by my distinguished colleague from Florida, an amendment which add critically needed dollars to the 1977 appropriation for our civil defense programs. To my thinking, these moneys directed at protecting American citizens from the threat of nuclear attack and other castastrophes are most vital to our Nation's future, our freedom, and security.

As my fellow colleagues may know, a civil defense panel of the House Armed Service Subcommittee on Investigations, conducted extensive hearings on the U.S. civil defense program during the months of February and March of this year. I was privileged to chair that panel, serving with Congressman DON MITCHELL of New York and Congressman BOB CARR of Michigan. We reviewed the state of our civil defense readiness and the program needs to maintain and sustain a system for the protection of this country's citizenry against the worst possible national catastrophe—an attack on this Nation wherein nuclear weapons are employed. We received testimony from over 40 witnesses, the majority of which were State and community emergency preparedness officials who brought us firsthand information about how well the program really functions to protect lives and property in their locale.

In a nutshell here is what they told us. First, there are problems in the program, particularly in deciding which of several demanding projects should be given priority and, even more important, how best to acquaint citizens with what is being done for them at the Federal, State, and local level to save their lives when disaster strikes. These are critical and demand immediate attention not only by civil defense officials at all levels, but our national leadership.

On the other hand, however, it was clearly the unanimous feeling of all these State and local representatives appearing before us that the administration's proposal to reduce the scope of the program and cut its funding would seriously impair all aspects of preparedness and reduce the chances of citizens to survive an attack on this Nation or a major natural catastrophe in their community. It was obvious that they viewed a Federal civil defense cutback such as suggested to the Congress as a breach of the Federal, State, and local government partnership envisioned in the Federal Civil Defense Act and carried out these last 25 years.

In our report to the Committee on Armed Services we had indicated that the Defense Civil Preparedness Agency—DCPA—submitted a request of $123 million to the Office of Management and Budget. This level not only apparently reflected former Secretary of Defense, James R. Schlesinger's concern about the heavy Soviet investment in civil defense, which is reported to be about $1 billion a year, but also reflected the concern of State and local civil defense organizations.

The OMB, in behalf of the administration, proposed to reduce the amount to $40 million, but then allowed $71 million for civil defense, still representing a substantial cutback from the amount actually appropriated the year before. The OMB-approved amount included $7 million for selected warning and communications functions heretofore funded by the Army. Consequently, the effective request for fiscal year 1977 is $64 million, a reduction of $21 million from the funding made available last year.

This funding level would be the lowest annual funding for civil defense in over two decades and at a time when the capability to strike this country with a nuclear attack is ever increasing while at the same time our major adversary continues to deploy a concentrated program to provide for his citizen's protection should such a nuclear attack occur.

According to the witnesses appearing before the civil defense panel, the OMB budget-cutting action came as a complete surprise to State and local civil defense authorities. Numerous letters of protest were sent to Members of Congress. I am sure many of you were recipients of such letters of protest.

Considering the weight of this protest, and the substantial impairment to State and local preparedness activities threatened by the budget cut, the panel proposed, and the committee approved, a recommendation that the civil defense budget be increased. Such additional funding level is a modest step toward a reasonably adequate civil defense. The annual outlay by the Federal Government for civil defense, at present levels of expenditure, is less than the projected cost of a single B–1 bomber.

In the Secretary of Defense's current posture statement, he alluded to the importance that this Nation's nuclear adversaries give to defending their citizens from attack. The U.S.S.R. places civil defense high on its list of defense priorities and spends what has been estimated by Pentagon officials and other experts at least 12 times the amount this Nation now commits to this critical program. Yet, in the face of this admitted inbalance, the administration has recommended a 25-percent reduction in civil defense funding.

Through the years, civil defense concepts and programs have been influenced by changes in defense strategies, the state of international affairs, and budgetary pressures. In the past, U.S. civil defense measures have been justified mainly by their "war-fighting" value; that is, on the basis of the millions of lives that could be saved in the event of nuclear war. More recently the emphasis has been placed on the "war-preventing" value of civil defense; that is, its role in strategic deterrence and strengthening our stance at the crisis bargaining table. In any case, the United States never has mounted the level of effort in shelter systems and rigorous training disciplines that would maximize the lifesaving potential of civil defense. Cost considerations have been the main obstacle. Whereas billions of dollars are spent each year even for single weapon systems, civil defense counts its appropriations in the tens of millions.

A bit more respect and attention are being paid to civil defense as the crisis evacuation posture of the Soviet Union becomes more pronounced. The panel received truly alarming estimates from Dr. Eugene Wigner, the eminent nuclear physicist and civil defense expert, about the comparative casualties in the event of nuclear attack if the Soviets had evacuated their people during the crisis period and we were unable to do so. The Soviets would lose about 10½ million people; the United States would lose about 90 million people.

We found that the approach being promulgated by the Department of Defense for the civil defense program is valid. The potential threat for attack on the United States is real and the protective measures being employed through the civil defense program are the only reasonable approach available.

The Civil Defense Act of 1950 mandates that the responsibility for civil defense of this Nation be vested jointly in the Federal Government and the States and their local subdivisions. In your consideration of this amendment, we are exercising our responsibilities in this nationwide program as Federal representatives of the people. Each of our 50 States the District of Columbia, U.S. territories and possessions are active participants in the civil defense program. Within the States, over 5,000 counties, cities, towns, and combination of these are active participants. There is not a Representative on the floor of the House today that does not have an interest in or feels he or she does not have a responsibility to their constituents back home to provide adequate preparedness actions. Many of you have been made aware through numerous letters and discussions from and with your constituents of the impact the $71 million budget will have as it relates to the district you represent.

If this budget level is not increased it will mean a loss of the program in some districts represented here today and for those who might be fortunate to continue in the program, a loss of jobs in the local civil defense apparatus as well as a severe curtailment and possibility an elimination of the Federal share of funds to develop and maintain local plans and systems dedicated to saving lives in the event of a nuclear attack. If you are interested in saving the lives of those you represent, you cannot turn aside the responsibility facing you today in your consideration of this amendment. Of the total appropriated for civil defense, regardless of funding level, the bulk is returned to State and local participating organizations to effect lifesaving preparedness programs.

One of the recommendations of the panel subsequently approved by the full House Armed Services Committee was to put the Federal civil defense program on an annual authorization instead of the authorization every 4 years as currently provided. This will give Congress the much needed opportunity to have a look at the effectiveness of the program on a yearly basis and make adjustments where needed to upgrade this Nation's ability to defend its people and survive an attack by an enemy.

Just as important, virtually identical adjustments to the Civil Defense Act are contained in the Senate-passed DOD authorization bill which is now in conference. Thus, it is clear that the Congress has reemphasized its commitment as a body by restoring vitality and responsiveness to the Nation's civil defense program and building up the capability for its citizens to survive any attack by our enemies.

There is the vital need to hold together the network of emergency preparedness structures at the Federal, State, and local level which have grown up in the past 25 years of our civil defense program. There are literally thousands of civil defense workers in communities in every State who devote their time and talent to working out plans and implementing programs to help our citizens survive an attack upon this Nation. Needless to say, these plans and procedures have saved countless lives in times of tornadoes, floods, hurricanes, and other natural disasters.

A great proportion of the men and women making up the civil defense corps are volunteers and part-time workers, not interested in pay, but devoted to doing their part to protect and secure the lives and property of their neighbors.

Under the $71 million ceiling, there will be a totally inadequate funding for the very programs that the Armed Services Committee believes are so badly needed to make civil defense preparedness truly responsive to our citizens' needs.

The most significant advantage of the amendment is that it would preserve an organizational base for future expansion of civil defense, should this be seen as necessary. A $71 million level is subject to decay in ways that are not highly visible but are nonetheless significant. The "standby" nature of the program and the obviously marginal Federal commitment leads all but the more tenacious local and State directors to reduce their work on attack-oriented preparations to a minimum. This in turn leaves them with little in the way of a starting point or know-how for regeneration of essential capabilities should a crisis occur.

Simply stated, Mr. Chairman, unless this amendment is approved, the House will have decided to carry out a vitally needed program designed to assure the security and safety of every citizen of the Nation, without providing adequate resource commitments to fulfill this mission, a decision which must rest on the conscience of every one of us if we do not act now to properly support our civil defense efforts. Quite clearly, Mr. Chairman, this is not the time for the House of Representatives to endorse a clearly inadequate civil defense program with insufficient funding, but instead to meet this crucial need of all Americans with an adequate appropriation of funds.

I am mindful of the overwhelming demands on this Nation's resources and our duty as trustees of the public funds to cut Federal spending whenever it makes sense to do so. But surely, defense and protection of millions of Americans from the threat of nuclear destruction must be given our strongest attention and support.

I urge my colleagues to vote favorably on this amendment.

The material referred to follows:

[HASC No. 94-39]

Civil Defense Review: Report by the Civil Defense Panel of the Subcommittee on Investigations of the Committee on Armed Services, House of Representatives, 94th Congress, 2d Session, April 1, 1976

INTRODUCTION

The Committee on Armed Services is charged with legislative and oversight responsibilities in the matter of civil defense. The Defense Civil Preparedness Agency is a component of the Department of Defense and legislative bills amending the Federal Civil Defense Act are referred to the committee.

The basic legislation was enacted in 1951. Amendments have been made from time to time to extend program authorities which were time-limited and to make more or less substantive changes in the program content. Milestone amendments of 1958 established the concept of Joint Federal-State responsibility for civil defense (in place of the States having primary responsibility), and provision was made for Federal matching grants to help pay for personnel and administrative expenses of State and local civil defense organizations.

In 1963, the Department of Defense proposed to this committee that Federal subsidies be authorized to support a comprehensive fallout shelter program. After very extensive hearings on the subject, the committee decided that the proposal had merit and developed legislation which was passed by the House but was set aside in the Senate because of a then unresolved dispute with the Secretary of Defense over a closely-related subject—ballistic missile defense.

HEARINGS AND TESTIMONY

The 1976 hearings by the Civil Defense Panel represent the first broad-scale review of civil defense by the Committee on Armed Services since the 1963 hearings. In the current series, hearings were held on February 9, 10, 17, 18, 24 and 26, and March 2, 3, 4, 8 and 9, 1976.

The witnesses were in three general categories: (1) Those representing Federal agencies engaged in civil defense, disaster relief, and emergency preparedness activities; (2) those representing outside civil defense organizations and State and local civil defense agencies; and (3) individuals with special knowledge or expertise derived from governmental, academic, or industrial experience. A complete list of witnesses appears in the appendix.

The Federal agency witnesses described the operations and inter-relationships of their agencies. The State and local witnesses emphasized the potentially disastrous impact on their civil defense organizations of a severe budget cut and policy restriction proposed by the Administration, as described later in this report. Witnesses with special expertise discussed the role of civil defense in the national defense posture and the significance of the serious and sustained Russian civil defense effort.

AUTHORIZATION FOR CIVIL DEFENSE

The Federal Civil Defense Act of 1950, as amended, is the general authorizing statute for the Federal civil defense program, largely administered by the Defense Civil Preparedness Agency (DCPA). Although several civil defense programs or activities authorized by that Act are for specified periods only, and their authorizations must be renewed from time to time, the civil defense program as a whole heretofore has not been subject to annual review and authorization by the committee having legislative jurisdiction; that is, the Committee on Armed Services.

A provision has been written into the Department of Defense Appropriation Authorization Bill for fiscal year 1977 which, if enacted into law, will require that in fiscal year 1978 and thereafter all military functions administered by the Department of Defense be authorized on an annual basis. The panel recommended, and the committee approved, conforming amendments to the Federal Civil Defense Act, carried in the authorization bill. Thus, commencing in fiscal year 1978, civil defense as well as all other components of the Department of Defense budget will be annually authorized. As stated in the committee's report on the authorization bill (H.R. 12438), the new requirement will enable the committee to "(1) more closely oversee the activities of the Department of Defense as an integrated whole; (2) develop sounder policy positions as a consequence of the broader approach; and (3) work more effectively with the Committee on the Budget and the Committee on Appropriations in establishing adequate, sustained spending levels for the national defense."

The requirement for annual authorization of the civil defense budget, if enacted as part of the defense authorization bill, will be effective next year in connection with the fiscal year 1978 budget. In the meantime, we are faced with the fact that certain financial assistance programs currently authorized by the Federal Civil Defense Act of 1950, as amended, will expire unless re-authorized by June 30, 1976. These programs cover (1) payments for travel and per diem expenses of trainees at civil defense schools; (2) matching grants for State and local civil defense personnel and administrative expenses; and (3) procurement and maintenance of radiological defense equipment and donation of such equipment by loan or grant.

The Department of Defense has requested legislation to extend the authorization of these programs for another four years, until June 30, 1980; and Chairman Price and Representative Bob Wilson have introduced H.R. 7801, by request, for this purpose. To fill the gap between June 30, 1976 and the time in 1977 when an annual authorization requirement would take effect, stopgap legislation is necessary. The panel recommends that

H.R. 7801 be considered and reported out in an amended form to cover the June 1976–October 1977 interval. If the annual authorization provision is not enacted, then H.R. 7801 could be enacted to provide the customary four-year authorization.

The panel calls attention at this point to another legislative matter. Title III of the Federal Civil Defense Act, dealing with the President's emergency authority in the event of nuclear disaster, expired on June 30, 1974. The panel is advised that legislation to renew the authority may be submitted shortly by the Administration. We recommend its favorable consideration, with such changes as are necessary to reflect contemporary needs and circumstances.

APPROPRIATIONS FOR CIVIL DEFENSE

In the Committee on Appropriations, the civil defense component of the budget is handled by the Subcommittee on Treasury, Postal Service, and General Government. Since the Federal Civil Defense Agency created by the 1951 enabling legislation was, in its first phase of existence, an independent agency, appropriations went through the Subcommittee on Independent Offices. During the 87th Congress, after civil defense functions were transferred to the Department of Defense, the appropriation request was handled by the Subcommittee on Defense. Subsequently, it reverted to the Subcommittee on Independent Offices, and as mentioned above, now reposes in the Subcommittee on Treasury, Postal Service, and General Government.

Appropriations for civil defense reached a high point of $207.6 million in fiscal year 1962 during a time of national concern associated with the 1961 Berlin crisis and President Kennedy's request to the Congress for a stepped-up civil defense program emphasizing fallout shelters. In the next fiscal year, the budget was cut almost in half, and for a number of years thereafter, ranged somewhat above $100 million. In fiscal year 1968, the appropriated amount fell to $86.1 million, and then dropped to a low point of about $70 million in fiscal year 1970. The appropriation for fiscal year 1976 was $85 million. All of these figures are in then-current dollars and do not take account of inflation, which has substantially reduced the value of the Federal program dollar.

For fiscal year 1977, the DCPA submitted a request of $123 million to the Office of Management and Budget (OMB). This requested increase over last year's amount apparently reflected Secretary James R. Schlesinger's concern about the heavy Soviet investment in civil defense (reported to be about $1 billion a year) and the consequent destabilizing effect upon nuclear deterrence.

The OMB, in behalf of the Administration, proposed to reduce the amount to $40 million, but then allowed $71 million for civil defense, still representing a substantial cutback from the amount requested the year before ($88 million) and the amount actually appropriated ($85 million). The OMB-approved amount included $7 million for selected warning and communications functions heretofore funded by the Army. Consequently, the effective request for fiscal year 1977 is $64 million, a reduction of $21 million from the funding made available last year.

According to the testimony, the OMB budget-cutting action came as a complete surpise to State and local civil defense authorities. Numerous letters of protest were sent to Members of Congress. A substantial portion of the testimony was devoted to the budgetary impact.

Considering the weight of this protest, and the substantial impairment to State and local preparedness activities threatened by the budget cut, the panel proposed, and the committee approved, a recommendation that the civil defense budget be increased to $110 million. An explanation of how the increased amount would be allocated is given in the appendix. In the panel's view, a civil defense budget of this amount is fully justified. It is a modest step toward a reasonably adequate civil defense. The question of adequacy is discussed later in this report. We note, for the moment, that the annual outlay by the Federal Government for civil defense, at present levels of expenditure, is less than the projected cost of a single B–1 bomber.

The urgency of the recommendation for increasing the civil defense budget was due to the fact that the committee was required by the Congressional Budget Act to submit a report to the Committee on the Budget by March 15, 1976. This report, giving our committee's views and evaluation of needed budget authority and outlays for the defense function in its entirety for the coming fiscal year, was timely submitted. It included the budgetary recommendations on civil defense. Chairman Leggett and Mr. Mitchell of the Civil Defense Panel also appeared before the Appropriations Subcommittee to explain the actions of the panel and of the Committee on Armed Services, and to urge favorable action on the committee's proposal that $110 million be appropriated for civil defense in fiscal year 1977.

THE DUAL USE CONCEPT

The OMB, in behalf of the Administration, not only cut back the DCPA budget request but directed that Federal matching grant funds to the States be confined to nuclear disaster preparedness activities. This proposed restriction compounded the concern about the budgetary impact, because State and local authorities no longer would be permitted to use such funds jointly for nuclear and natural disaster preparedness.

The witnesses before the panel bore down heavily on the adverse consequences of such a restrictive approach. They pointed out that emergencies and disasters, whether natural or man-made, whether in wartime or peacetime, demand a unified response and use of all available resources by State and local authorities. They simply cannot afford to maintain separate organizations for different kinds of disasters.

The Federal Civil Defense Act, as the organic legislation for civil defense, does not specifically authorize the use of Federal grant funds for natural disaster work. However, State and local civil defense personnel and resources have been used interchangeably, in the past few years, for both purposes. The Committee on Armed Services sought to clarify the authority for dual use of civil defense funds back in 1963, when the civil defense shelter legislation was developed. This legislation specifically would have amended the definition of civil defense in the organic legislation to include natural disasters. However, as noted above, this legislation passed the House but not the Senate.

The Secretary of Defense, in affirmation of the dual role, directed the DCPA, upon its formal establishment in May 1972 (transferring civil defense functions from the Army), to be responsible for providing assistance to State and local governments in the development of natural disaster as well as civil defense (nuclear attack) preparedness plans and programs. In August 1972, Presidential guidance gave increased emphasis to dual-use preparedness plans and procedures within the limitations of existing authority.

The Disaster Relief Act of 1974, handled by the Committee on Public Works, does not address clearly the problem of dual-use authorization. The President is authorized under the Act to provide financial relief to States for use in areas stricken with natural disasters, and to establish a program of disaster preparedness using the services of all appropriate Federal agencies, including specifically the DCPA. The civil defense aspect is mentioned again in a section authorizing the President to make available facilities of the civil defense communication system to State and local agencies for disaster warning purposes. Also, the President is given broad authority to provide to the State technical assistance and advice, supplies and services, Federal emergency support teams, and various other kinds of assistance, including one-time planning grants up to a certain amount, and additional small grants for updating such plans.

However, the Disaster Relief Act does not provide, or at least it has not been construed to provide, for the kind of continuing administrative and personnel funding support that has been available through the civil defense route. The effect of the OMB-directed restriction, in other words, is to throw back on the State and local governments virtually the complete burden of financing natural disaster planning and operations.

The witness before the panel from the Federal Disaster Assistance Administration, in the Department of Housing and Urban Development, which administers the Disaster Relief Act, made plain his belief that this burden properly should be assumed by the State and local governments. His testimony, consistent with the Administration's policy restriction on dual use, was particularly disconcerting in light of a letter from President Ford to the United States Civil Defense Council, which was read into the record by the Council President, Cecil H. Russell. The middle paragraph of the letter, dated March 18, 1975, reads as follows:

"I am particularly pleased that civil defense planning today emphasizes the dual use of resources. Through development of the capability to support and assist our citizens in time of war, we are also improving our ability to respond to humanitarian needs during natural disasters."

The panel can conclude only that the Administration has done a complete about-face on its dual use position, or that the persons responsible for formulating the policy have not kept the President fully informed and were unaware of his position as stated to the Civil Defense Council.

To allay any doubts about the propriety of dual use of Federal grants from DCPA for both nuclear and natural disaster preparedness at the State and local levels, the panel proposed, and the Committee on Armed Services approved, legislative language clarifying the congressional intent. Section 710(a) of the defense authorization bill (H.R. 12438) would amend section 2 of the Federal Civil Defense Act, which is a statement of congressional policy, by adding the following sentence:

"Without in any way modifying the provisions of this Act which would require that assistance provided under this Act be furnished basically for civil defense programs, as herein defined, it is the intent of the Congress that the needs of the States and their political subdivisions in preparing for other than enemy-caused disasters be taken into account in providing the Federal assistance herein authorized."

The panel recommended this formulation, and a change in the policy declaration rather than in the *definition* of civil defense, as was proposed in the 1963 legislation, for reasons now discussed.

The panel recognizes that there have been separate lines of legislative and organizational development at the Federal level with regard to civil defense and natural disaster preparedness. The organizational issue is addressed below. To change the definition of civil defense to include natural disasters would raise new issues without resolving present ones caused by separate laws and organizations. Unless and until the Federal Civil Defense Act and the Disaster Relief Act are assimilated in a more comprehensive, integrated approach to emergency preparedness, these problems are likely to remain unsolved. The panel regards its amendatory language on Congressional intent as an expedient solution to an immediate problem, reflecting the need to maintain the dual-use concept, which has been accepted practice for some years.

The wording of the amendatory language makes it clear, however, that civil defense remains the primary mission of the DCPA, and that civil defense funds for natural disaster preparedness are in the nature of assistance for a secondary or derived mission. There are, of course, common elements in the several kinds of preparedness activities. For example, warning and communications systems can be used for both natural disaster and nuclear attack situations.

Evacuation of people from areas of impending floods or storms offers useful knowledge and disciplines in evacuating people from target areas in the event of possible nuclear attack. Administratively, it is difficult, if not impossible, for State and local authorities to distinguish and separately account for dual-use preparedness functions.

Nevertheless, the dual-use concept poses an awkward dilemma for civil defense. It seems that civil defense organizations on the State and local levels will not flourish unless their people and resources are made available in natural disaster situations. Such disasters are a frequent, random occurrence, causing much destruction of life and property. They are part of the daily hazards of existence, demanding quick responses by governmental bodies. Nuclear attack preparedness, in contrast, is more in the nature of war gaming exercises about an event with low probability. We have lived without nuclear war since Hiroshima and Nagasaki. The American people hope that nuclear bombs never will be used again by any country. However, enduring the hazard of nuclear war and the magnitude of potential destruction, it is difficult to bring to civil defense training and exercises the sense of earthiness and urgency associated with natural disaster operations. Civil defense planning is directed to that ultimate disaster which may never occur. Natural disaster preparedness deals with the here and the now, and what may happen next week.

The other horn of the dilemma is that preoccupation with natural disaster needs and consequent allocation of resources to meet those needs can be carried so far that the civil defense mission dries up. The State or local civil defense organization may derive half of its support funds from the Federal civil defense agency but apply them only incidentally to civil defense purposes. In other words, the primary mission in theory can become secondary in fact. The law does not contemplate such a situation, and the amendatory language proposed by the panel and approved by the committee does not sanction such a reversal. The amended policy declaration makes clear that the basic civil defense mission remains unimpaired.

The panel is aware that the diversion of civil defense funds, if it may be called that, has been regarded as a real problem by the DCPA and other Federal authorities. The panel expects that even with the committee's endorsement of the continued dual use of civil defense funds, the State and local agencies will strike the proper balance and insure that civil defense capabilities are in the forefront of their preparedness planning and operations.

ORGANIZING FOR EMERGENCY PREPAREDNESS

Considerable dissatisfaction was expressed by witnesses with regard to the Federal organization for emergency preparedness. Those in charge of State or local emergency services believe that the Federal functions bearing upon their responsibilities are too fragmented. Several witnesses recommended that civil defense and natural disaster functions at the Federal level be combined in a single agency to conform more closely to the State and local practice and to provide a central source of leadership and policy guidance. The National Governor's Conference, in plenary session of February 24, 1976, endorsed the single-agency approach.

In an organizational sense, civil defense has been moved frequently around the Federal landscape. After the World War II civil defense machinery was disbanded, residual planning and study functions were continued in the War Department, transferred to the National Resources Planning Board in 1949, and absorbed in the independent Federal Civil Defense Agency (FCDA) created first by executive order and then by legislation in 1951. About the same time, an Office of Defense Mobilization (ODM) was created by executive order under the Defense Production Act of 1950.

In 1958, FCDA and ODM were combined and placed in the Executive Office of the President as the Office of Civil and Defense Mobilization (OCDM). In 1961, the functions were split up again. An Office of Civil Defense (OCD) was established within the Department of Defense, headed by an Assistant Secretary; other policy and planning functions in emergency mobilization and nuclear attack preparedness, as well as peacetime disaster relief, remained in the Executive Office of the President, grouped in the Office of Emergency Preparedness (OEP). Still other functions were assigned to several civil departments, and all major departments and agencies, by delegation from the President, were charged with mobilization and preparedness functions within their special areas of competence.

In 1964, OCD functions were transferred to the Army, and in 1972 they came back to the OSD level, headed by a director and known as the Defense Civil Preparedness Agency (DCPA). In 1973 the OEP was abolished and its functions severally distributed to the General Services Administration (GSA), which now maintains a Federal Preparedness Agency; and to the Department of Housing and Urban Development, which maintains the Federal Disaster Assistance Administration.

It is apparent from this organizational rundown that civil defense, or emergency preparedness in a broader concept, has no settled place in the Federal Government. This panel did not have the time nor the jurisdictional scope to examine the organizational problems in all their ramifications. We are aware that studies have been made from time to time, without satisfactory resolution of the problems, and perhaps it is time to try again. Accordingly, we recommend that the President direct the OMB to undertake a comprehensive review of civil defense and emergency preparedness functions in order to establish a sounder organizational base for them in the Federal Government. The recommendations resulting from such a study undoubtedly will, in significant part, require legislation. Consequently, the Congress will have ample opportunity to review and assess, and possibly give effect to, the recommendations.

Although the panel is not prepared to make any definitive findings on the organizational issue, it takes note with approval of testimony which points toward the establishment of a component in the Executive Office of the President to give policy direction and guidance to, and to monitor performance in, the Federal agencies concerned with emergency preparedness in its multiple, interrelated aspects. The panel is aware that the President continually must fight against unwieldiness and the accretion of variegated functions in the Executive Office. Among the stated reasons for relocating civil defense and other emergency preparedness functions from the Executive Office has been the desire to confine it to manageable size by excluding operating-type and other functions more suited for administration elsewhere in the executive branch. At the same time, the panel appreciates that Executive Office embracement confers a special kind of prestige and status associated with the high office of the Presidency.

For purposes of analogy, we may note that an Office of Science and Technology (OST) was established in the Executive Office by a so-called reorganization plan in 1962 to advise the President and provide policy guidance and coordination to the many-faceted scientific activities of the Federal Government. In 1973, President Nixon developed a reorganization plan which abolished the OST and transferred its functions to the National Science Foundation. Now, in 1976, President Ford sponsors legislation to re-establish an OST in the Executive Office, and apparently the Congress will approve legislation to this effect.

In the procurement policy area, also, it has been deemed appropriate to create a new unit in the Executive Office of the President, in this case, the Office of Federal Procurement Policy (OFPP). It was established by law as a sub-unit of the Office of Management and Budget. Both the OST and the OFPP will remain small in size and confine their responsibilities to broad policy matters.

The panel believes that the same considerations should apply to emergency preparedness, which is of a similar order of importance. Coordination of government efforts at the Federal level is badly needed. The Federal Preparedness Agency in GSA, which has inherited more or less the policy planning responsibilities of the former Office of Emergency Preparedness in the Executive Office of the President, does not seem to be very effective, despite the hard work and dedication of its director and staff. It is tucked away in a service agency. It has no visibility. It lacks the prestige and status, even if it has the authority, to provide policy guidance and direction to the affected departments and agencies of the Federal Government.

A small policy and advisory unit for emergency preparedness in the Executive Office of the President is particularly appropriate, considering the fact practically all emergency preparedenss functions now are vested by law directly in the President himself rather than in the heads of subordinate departments and agencies. Although civil defense functions originally were vested in a Federal Civil Defense Administrator by the 1951 legislation, these functions were transferred to the President by Reorganization Plan No. 1 of 1958. Similarly, defense mobilization functions and disaster relief functions are vested in the President under applicable statutes and reorganization plans. This centering of responsibilities, and the importance of disaster preparedness in the American economy and society, both suggest that the President should have a special unit in the Executive Office to assist him in guiding and monitoring the execution of these responsibilities.

CIVIL DEFENSE AND STRATEGIC POSTURE

It is now well known, and ample evidence was presented to the panel, that the Soviet Union maintains a much more rigorous civil defense effort than does the United States. The Soviets emphasize training, indoctrination, dispersal of industry and population, and shelters. The size and reach of the Soviet effort, coupled with its aggressive build-up of arms, raise profound questions about the appropriate defensive counter-actions to be taken by the United States.

When Secretary Schlesinger was before our committee last year, his posture statement called attention to the important role of civil defense in strategic deterrence. He stated the Department's belief that the United States should have the same option as the Soviet leaders either to evacuate cities or to shelter the population in place, depending on the assessment in the particular crisis situation. The rationale for this option is two-fold, Secretary Schlesinger pointed out: To be able to respond in kind if the Soviet Union attempted to intimidate us in time of crisis by evacuating its population from cities, and to reduce fatalities if an attack on our cities appeared imminent.

Donald H. Rumsfeld, in his first appearance before the committee as Secretary of Defense, skipped rather lightly over the strategic aspects of civil defense. His posture statement noted the "assymetry" caused by the Russian civil defense effort, but the remainder of the civil defense section was devoted largely to explain why DCPA funds no longer would be available to State and local agencies for dual-use nuclear and natural disaster preparedness.

We understand the Secretary's preoccupation with the nuclear part, which is more appropriately the business of the Department of Defense than is natural disaster preparedness. On the other hand, as we have explained above, State and local civil defense organizations will not be viable without dual-use authority. In that sense the Secretary's injunction, whether initiated or accepted by him, is self-defeating. And certainly the proposed reduction in the civil defense budget does not conduce toward the level of civil defense effectiveness which the Department professes to believe in, and would like to have.

TOWARD AN ADEQUATE CIVIL DEFENSE

What is an adequate civil defense? Through the years, civil defense concepts and programs have been influenced by changes in defense strategies, the state of international affairs, and budgetary pressures. In the past, U.S. civil defense measures have been justified mainly by their "war-fighting" value; that is, on the basis of the millions of lives that could be saved in the event of nuclear war. More recently, the emphasis has been placed on the "war-preventing" value of civil defense; that is, its role in strategic deterrence and strengthening our stance at the crisis bargaining table. In any case, the United States never has mounted the level of effort in shelter systems and rigorous training disciplines that would maximize the lifesaving potential of civil defense. Cost considerations have been the main obstacle. Whereas billions of dollars are spent each year even for single weapon systems, civil defense counts its appropriations in the tens of millions. Civil defense is the orphan in the Department of Defense.

A bit more respect and attention are being paid to the civil defense orphan as the crisis evacuation posture of the Soviet Union becomes more pronounced. The panel received truly alarming estimates from Dr. Eugene Wigner, the eminent nuclear physicist and civil defense expert, about the comparative casualties in the event of nuclear attack if the Soviets had evacuated their people during the crisis period and we were unable to do so. The Soviets would lose about 10½ million people; the United States would lose about 90 million people.

Not surprisingly, therefore, so-called crisis relocation or evacuation is getting renewed emphasis in civil defense planning.

It assumes that a nuclear attack probably will not come "out of the blue"; there will be a build-up of tensions and a period of crisis, during which time populations can be quickly removed from target areas—provided the necessary planning and preparation have been done. The capability to remove populations is important in deterring an attack as well as in reducing casualties if deterrence fails.

Crisis relocation or evacuation planning is cheap compared to shelter-building in target areas. At least it is relatively cheap to plan and prepare in peacetime, incurring large costs only if the crisis develops and evacuations are carried out. Secretary Rumsfeld put it this way in his posture statement to the committee:

"The current Civil Defense program seems best suited to a posture of planning in peacetime for surging in a crisis. Such a program will keep peacetime Civil Defense costs low, while at the same time providing the basis to permit expanding the peacetime disaster preparedness base to provide an increased capability in times of nuclear crisis."

Means to disperse, communicate with, and maintain the population in a nuclear crisis will be an essential part of an adequate civil defense posture. We note that the $123 million budget originally proposed for DCPA contained funds for planning the relocation of only the relatively small part of the population near counterforce targets. Matching the Soviet city evacuation capability will require a considerable expansion of this planning effort. At the same time, the shelter plans both for a dispersed population, and in the cities if evacuation should not occur, need to be made complete and operational. Expanding the capacity of good below-ground existing shelter with ventilation devices, and completing and updating the stocking of shelters with the minimum essential supplies and equipment appear to be necessary adjuncts of both planning efforts.

The current level of training and education in civil defense is too low and spotty to give confidence that civil defense plans can be understood and carried out in a crisis. Even if it is accepted that a crisis period most likely will precede any imminent attack, the Government's instructions to the public need a broader base of public understanding than exists today. The record of discussions of weapon effects and protective actions in these hearings leads to the conclusion that civil defense is a highly technical program. Although emergency information for the public needs to be as simple as possible, it must be soundly-based, and civil defense personnel must be trained to a far greater degree than the public at large. There is enough uncertainty in this area to indicate that research, development, experimentation, and testing are as important in civil defense as in the armed services. Research, planning, and training do not appear to be getting the attention and resources that they deserve.

Finally, we note with concern that proposed civil defense measures deal almost entirely with survival of the population. Though capabilities to protect the people deserve the highest priority, witnesses have testified that the Soviet effort also includes a substantial program of hardening and dispersing the industrial base. It has been stated that such measures are not as costly or disruptive as they might appear. We conclude that an adequate civil defense posture must include such measures.

The panel appreciates the difficulties—political, financial, and other—in raising the level of civil defense preparedness. Since there seems to be such a wide disparity between the present level of budgetary support and that which would make civil defense a genuine factor in our strategic defense posture, the panel recommends that the President direct the National Security Council to study the strategic significance of civil defense and develop recommendations for program directions and an adequate level of spending effort over a five-year period.

We recall that when President Eisenhower was presented with recommendations from his Federal Civil Defense Administrator for a comprehensive shelter system, he appointed the so-called Gaither Panel to study the problem in a broad defense context. Unfortunately, the report of that group was withheld from the public for many years, although there was much speculation and writing about its contents. We believe the time has come to constitute a new blue ribbon group. Its report, upon completion, should be transmitted to the Congress. It will be particularly helpful to the Committee on Armed Services, which is to be charged with new responsibilities for annual authorization of civil defense and all other national defense programs.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. The civil defense program of the United States does not get enough attention from the Congress. In the interests of developing program adequacy and insuring effective administration, the civil defense program should be subject to annual authorization. Legislative language to this effect is carried in section 710 of H.R. 12438, the defense authorization bill reported by the Committee on Armed Services.

2. The annual authorization requirement in H.R. 12438, if enacted into law, will become effective commencing in fiscal year 1978. Authorization for certain civil defense programs, under the Federal Civil Defense Act of 1950, as amended, will expire on June 30, 1976. Suitable interim legislation should be enacted to extend the authorization for these programs until the annual authorization requirement is in effect.

3. Although judgments differ on what constitutes an adequate civil defense program, it is clear that the program today is underfunded. The panel recommends that, as a first step toward a more adequate civil defense, the Administration's budget request for civil defense be increased from $71 million to $110 million. Recommendations to this effect have been approved by the Committee on Armed Services and have been conveyed to the Committee on the Budget and the Committee on Appropriations.

4. The Administration unwisely placed a restriction on the use of Federal civil defense funds which would preclude State and local agencies from using such funds for natural disaster as well as nuclear-attack preparedness. Most State and local governments cannot afford to maintain separate organizations for peacetime and wartime emergencies, and dual-use preparedness has been an accepted practice for some years. The intent of Congress in the Federal Civil Defense Act should be clarified to comprehend the dual-use concept without impairing the basic civil defense mission. Such clarifying language has been approved by the Committee on Armed Services and is carried in section 710 of H.R. 12438, the defense authorization bill recently reported by the committee.

5. Multiple Federal agencies perform emergency preparedness functions. The shifting around of civil defense, natural disaster, and other preparedness functions suggests that a sounder organizational base needs to be developed. The President should direct the Office of Management and Budget to study this problem area and should then submit recommendations to the Congress. The panel submits for consideration by the study group the establishment of a small unit in the Executive Office of the President to coordinate emergency preparedness (including civil defense) functions and to advise the President in the execution of these several functions, which are vested in him by law.

6. A sounder policy base for the civil defense effort also needs to be developed. Civil defense is important in strategic deterrence but heretofore has not had sufficient attention and support, either by the Congress or the Administration. The President should direct the National Security Council to study the strategic significance of civil defense and develop recommendations for a five-year program of upgrading civil defense. Such recommendations will be helpful to the Committee on Armed Services in undertaking its new responsibilities for annual authorization of all national defense (including civil defense) programs.

APPENDIX—WITNESSES APPEARING BEFORE THE CIVIL DEFENSE PANEL

WITNESSES REPRESENTING FEDERAL AGENCIES ENGAGED IN CIVIL DEFENSE, DISASTER RELIEF AND EMERGENCY PREPAREDNESS ACTIVITIES

The Honorable John E. Davis, Director, Defense Civil Preparedness Agency (DCPA).

John McConnell, Assistant Director for Plans and Operations, DCPA.

Ren F. Read, Assistant Director for Research and Engineering, DCPA.

Jack Raskin, Comptroller, DCPA.

George W. Jett, General Counsel, DCPA.

Leslie W. Bray, Jr., Director, Federal Preparedness Agency, General Services Administration (GSA).

Dr. Robert E. Streicher, Director, Bureau of Medical Services, Health Services Administration, Department of Health, Education and Welfare.

M/Gen. LaVern F. Weber, Chief, National Guard Bureau.

Thomas P. Dunne, Administrator, Federal Disaster Assistance Administration, Department of Housing and Urban Development.

WITNESSES REPRESENTING OUTSIDE CIVIL DEFENSE ORGANIZATIONS AND STATE AND LOCAL CIVIL DEFENSE AGENCIES

Cecil Russell, President, U.S. Civil Defense Council (USCDC).

Lea Kungle, President-Elect (USCDC).

Gilbert Leonard, Past President (USCDC).

Evar P. Peterson, Past President (USCDC).

Walter Halstead, Past President (USCDC).

Herbert Simpson, Past President (USCDC).

George Jones, President-Elect, National Association of State Directors for Disasters Preparedness.

David L. Britt, Secretary and State Director of North Carolina.

Fred Craft, State Director of South Carolina.

Jerry McFarland, State Director of Tennessee.

Bob McFerren, State Director of Kentucky.

George Rodericks, Director for the District of Columbia.

Hayden Haynes, Director, Oklahoma Civil Defense Agency.

Col. Daniel E. Still, Assistant Director, Maryland Civil Defense and Disaster Preparedness.

William L. Altman, County Administrator, Howard County, Maryland.

Richard L. Weekly, Director, Office of Emergency Services, State of West Virginia.

Col. Charles Erdmann, Director of Civil Defense, New Orleans, Louisiana.

Charles T. Johnson, State Council of Civil Defense, Commonwealth of Pennsylvania.

Craig A. Williamson, Acting Director of Civil Defense, State of Pennsylvania.

WITNESSES WITH SPECIAL KNOWLEDGE OR EXPERTISE DERIVED FROM GOVERNMENTAL, ACADEMIC OR INDUSTRIAL EXPERIENCE

Paul H. Nitze, formerly Deputy Secretary of Defense, Secretary of the Navy, and Member of the U.S. Strategic Arms Limitations Talk (SALT) Delegation.

Professor Eugene P. Wigner, Department of Physics, Louisiana State University, former director, Harbor Project on Civil Defense and Recipient, Nobel Prize for Physics, 1963.

Dr. Leon Gouré, Director of Soviet Studies, Center for Advanced International Studies, University of Miami.

Dr. Conrad V. Chester, Chief, Emergency Technology Section, Health, Physics Division, Oak Ridge National Laboratory.

T. K. Jones, Program and Product Evaluation Manager, Boeing Aerospace Company, Seattle, Washington, and former Deputy Director, Office of the Secretary of Defense (OSD) SALT support group and Senior Advisor to the OSD, Member of the U.S. SALT Delegation.

Walter E. Strope, Consultant on Civil Defense, Stanford Research Institute and former Assistant Director for Research, Defense Civil Preparedness Agency.

Michael G. Hansen, Special Projects Coordinator, Institute for Disaster Preparedness, Los Angeles, California.

Col. William H. Pietsch, Jr. (U.S.A.-Ret.)

DEFENSE CIVIL PREPAREDNESS AGENCY—JUSTIFICATION OF INCREASES TO FISCAL YEAR 1977 BUDGET [1]

[In thousands of dollars]

	$71,000,000 level	Increase
Matching funds in support of State and locals	29, 538	23, 942
Personnel and administrative expenses	20, 100	14, 900
Additional funds will enable the continuation of matching funds support of State and local civil defense organizations, including salaries, travel and administrative expenses under a dual-use approach, i.e., natural disaster and nuclear emergency preparedness. The total request of $35,000,000 will substantially meet the requirements submitted to DCPA by the States. It will permit the funding of the current P. & A. organizational base and a small growth of about 148 political subdivisions.		
Emergency operating centers	3, 750	4, 650
The increase will fund for the design, construction and equipping of an additional 82 EOC's at State and local levels which will provide a capability for performing and coordinating essential government functions in event of nuclear or natural disaster. The total request of $8,400,000 is based upon requirements submitted to DCPA by the States.		
Communications equipment and maintenance	2, 321	1, 174
Warning equipment	3, 367	1, 400
The increase will provide for the acquisition and maintenance of additional radio receivers, monitor receivers—antennas, transceivers and antennas, mobile radios, teletypes, sirens, encoder and monitor receivers, AF-air raid timers, voice sound systems, etc. Also will provide for additional leased or rented equipment or facilities for operating civil defense communications and warning systems. The total amount for communications equipment and maintenance and for warning are based upon requirements submitted by the States.		
Emergency services equipment and maintenance	0	1, 818
The addition of these funds to the fiscal year 1977 budget will enable the purchase and maintenance of rescue trucks, rescue trailers, and sets of tools and equipment for rescue work. This equipment will serve the dual purpose of natural and nuclear disaster functions. The additional funds are based upon requirements submitted by the States.		
State and local operational support	10, 185	1, 820
Emergency support services	670	29
The increase will be applied toward the engineering guidance and expertise required for the planning, design and development, and construction of the additional 82 States and local EOC's. The total amount of $699,000 will provide this service to on-going EOC projects, as well as engineering assistance to the broadcast station protection program and to the installation of electromagnetic pulse (EMP) protection.		
Emergency Operations Planning	200	500
The additional funds will be used for analyses to identify the most cost-effective ways to maximize rapid warning capabilities in counterforce areas. These analyses will consist of area-by-area surveys which will furnish a basis for future actions to improve warning. The base of $2,000,000 will provide for plans to relocate people from higher-risk areas to host areas during the time of emergencies.		
Radiological defense	2, 724	145
Of the $145,000 increase, $10,000 will be used for maintenance and improvement of planning, operational, training and exercise guidance and materials of RADEF systems at State and local levels, and $30,000 will increase the level of effort in the application of the principles of dual-use, risk orientation, and crisis augmentation to improve and maintain the state of readiness, reliability and overall effectiveness of civil defense RADEF systems at State and local levels. Another $40,000 will be applied to projects that contribute to the replacement of the present inventory with RADEF instruments which are more reliable, easier to interpret and less expensive to maintain. And $65,000 will be used for procurement of radioactive source sets, and additional batteries and replenishment supplies.		
Communications	3, 322	650
The increase will provide for the operation and maintenance, design of emergency back-up antenna, and hardened microwave system for the continued dual-use operation of the prototype DIDS facility.		
Warning	3, 269	496
The additional funds will provide for the procurement and installation of sirens for the Washington warning system.		
Training	1, 546	7, 421
Radiological defense technical training	1, 071	504
The number of State and local participants in RADEF technical training courses will increase by 2,590 as a result of this increase.		
Emergency services technical training	0	13
Funds requested will provide for the conduct of 90 conferences involving 5,400 participants. Conferences are geared to orient police and fire chiefs to both "in shelter" and "relocation" safety strategies during nuclear crises and attack so they can properly deploy their resources as circumstances require.		
Training of CD professionals and State and local officials	300	5, 766
The increase will reinstate instruction under State contracts. Training activities will provide professional instruction for CD coordinators and their staff in the development and coordination of emergency operations plans, and orient key State and local officials to their emergency responsibilities. Training will encompass both attack-related and peacetime hazards.		
Training materials	175	825
Provides for training materials which are principally required to support civil preparedness training at the local levels of government, and the federally financed contractual programs that are designed to increase the capability of civil preparedness professionals. Additional funds will provide:		
New training materials (317, 400)		
CD–USA Home Study (Revised) (30, 000)		
State NCP Planners and State Staff Manual (6, 000)		
Audio-visual Cassette on NCPP (28, 000)		
Public Officials and Private Sector Leaders Manual (6, 000)		
Shelter Management Instructor's Guide (44, 200)		
Shelter Management Student Manuals—Risk Area (20, 000)		
Fire Training Leader's Guide (38, 000)		
CP Fire Training—Students Manual (35, 000)		
Community Leaders CP Guide (29, 000)		
Training Films and Cassettes (56, 200)		
Operational Exercises Materials (25, 000)		
Reprints and replacements (507, 600)		
Rescue Training Materials (15, 000)		
Government in Emergency (10, 000)		
Games that Teach (15, 000)		
Law and Order Training Package (15, 000)		
Career Development Program Materials (5, 000)		
Civil Preparedness Director/Coordinator Home Study Course (20, 000)		
Instructional Television Casette (Replacements) (10, 000)		

		$71,000,000 level	Increase
Your Chance to Live (Student Manual)	(185, 000)		
Your Chance to Live (Instructor Guide)	(15, 000)		
Environmental Realities K–46	(12, 000)		
Your Chance to Live Films (English)	(56, 000)		
Your Chance to Live Film (Spanish)	(31, 500)		
NPC Conference Guide	(100)		
Shelter Management Student Manuals—Host Areas	(20, 000)		
Police Training Instructional Materials	(73, 000)		
Emergency Operations Simulations Materials	(25, 000)		
Student expense		0	73
Provides for partial reimbursement for travel expenses incurred by local officials in attendance at resident and field courses conducted by DCPA as authorized by the Federal Civil Defense Act of 1950 (Public Law 920). Training will enable local personnel to increase their overall effectiveness and efficiency and enable them to better discharge and perform civil preparedness functions ranging from generalized management responsibilities through specific skills.			
Instructional and personnel development		0	240
The increase provides for the development of (1) a training module covering the planning handbooks and procedures developed for prototype crisis relocation planning for major metropolitan areas ($21,000), (2) a training module which will include the presentation of minimum planning requirements needed to keep essential production and services going, including designation of essential employees of key industries, as well as the means for assigning them to host areas close enough to permit commuting to and from work, and the means to assure effective commuting, ($37,000), (3) a training seminar covering State and State area emergency operating center staffing, organization and procedures ($50,000). Also provides for the development of a computer assisted emergency operating simulation presenting a total system local operational exercise for use in training local personnel. These computer assisted simulations (CAS) permit the control of realtime variables (dynamic response features), tabulating the availability and use of resources and promoting appropriate coordination as these all relate to the decisionmaking process within an emergency operating center. The major objective of the CAS system will be immediate feedback to students on the impact of their operational decisions ($132,000).			
Information and education		300	2, 409
Information on CD program		100	249
Additional funds provide for preparation and dissemination of localized emergency action information to approximately 1,600,000 families residing in counterforce areas. The action information will be based on nuclear civil protection plans for each community. Will also provide for production of 1 film on civil preparedness and associated volunteer services such as volunteer fire departments, rescue squads, Civil Air Patrol, Red Cross workers, Salvation Army, Scouts, and many more who give their time to assist in local emergencies.			
Emergency public information		200	270
Provides for purchase of support materials for radio and television, such as filmstrip and videotape presentations, transfer of videotape recordings to 16 mm kinescopes and purchase of other TV programs or films related to civil preparedness activities. Provides funds for purchase of 400 prints of currently available civil preparedness films. Also provides for a citizen orientation program aimed at involving community leaders in the protective planning process and explaining the local plans, procedures and systems to the citizens of the communities for which plans are being developed.			
Education		0	1, 890
Provides personal and family survival education to students in our country's school system. Efforts are made to:(1) establish civil preparedness instruction as an integral part of the Nation's school systems and (2) to conduct workshops and training sessions for teachers and school officials who will assist in implementing the program. The core of instruction is based on "Your Chance to Live" materials consisting of a textbook, teachers manual, and 16 mm films or filmstrip sets which provide instructions on how to prepare for 10 disaster possibilities including nuclear attack. The materials are designed primarily for use in grades 7 through 9.			
Civil defense management and research and development		18, 100	3, 300
DCPA management		17, 100	2, 700
Provides for continuing support for personnel, travel and housekeeping expenses for DCPA headquarters and field offices.			
Research and development		1, 000	600
Provides for 6 additional research projects related to relocation planning, 8 additional projects for physical protection, an increase of 3 studies related to emergency operations, additional systems analysis projects and an increase of 4 projects in the area of training and education.			
Items for which no increases are requested		11, 331	
Grand total		71, 000, 000	38, 892, 000

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[1] The administration proposed a $71,000,000 civil defense budget for fiscal year 1977. The Committee on Armed Services recommended $110,000,000. This paper explains how the increased amounts would be applied.

STATEMENT OF THE HONORABLE ROBERT L. LEGGETT, CHAIRMAN, CIVIL DEFENSE PANEL SUBCOMMITTEE ON INVESTIGATIONS, MARCH 9, 1976

Mr. Chairman, the Panel on Civil Defense, constituted by Mr. Hébert, Chairman of the Investigations Subcommittee, has completed its hearing program. The other Members of the Panel are Mr. Carr and Mr. Mitchell.

We held 11 days of hearings and heard 22 witnesses. A letter report has been submitted to Mr. Hébert, to be followed by a formal report. Chairman Price has received a copy of the letter report.

The hearings disclosed two immediate issues, which we present for consideration by the full committee.

(1) Whether to recommend upward adjustments in the Administration's budget request for FY 1977, which is substantially below the amount appropriated last year.

(2) Whether to include in the pending procurement authorization bill some clarifying language relative to the use of Federal matching and other grants for dual use civil defense and natural disaster functions.

The Civil Defense Panel recommends a "yes" answer to both questions. I will address them briefly.

IMPACT OF PROPOSED BUDGET CUT

In FY 1976, the Administration requested $88 million for civil defense, and $85 million was appropriated. For FY 1977, the Administration requested $71 million. This amount includes $7 million for selected warning and communications functions heretofore funded by the Army. Consequently, the effective request in new obligational authority for FY 1977 is $64 million, a reduction of $21 million from the amount made available last year.

The Defense Civil Preparedness Agency (DCPA) initially submitted a request of $123 million to the Office of Management and Budget (OMB) for FY 1977. This requested increase over last year apparently reflected Secretary Schlesinger's concern about the heavy Soviet investment in civil defense (reported to be about $1 billion a year) and the consequent destabilizing effect upon nuclear deterrence.

According to the testimony, the OMB budget-cutting action came as a complete surprise to state and local civil defense authorities. Numerous letters of protect were sent to Members of Congress. A substantial portion of the testimony was devoted to the budgetary impact.

Considering the weight of this protest, and the substantial impairment to state and local planning and operations threatened by the budget cut, it would seem appropriate for our committee to recommend an upward adjustment in the civil defense budget. Such a recommendation, if endorsed by the committee, should be included in the March 15 report to the Committee on the Budget required by the Congressional Budget Act. I have good reason to believe that the Committee on Appropriations would welcome a recommendation from us along this line.

Although it may not be practicable at this point to satisfy the DCPA's request of $123 million, as submitted in the first instance to the OMB, our panel believes that a civil defense budget of $110 million is fully justified. This is $39 million more than the Administration requested. We are confident that the House as well as the Committee on Appropriations will be receptive to the increased amount, which can be provided in part by a supplemental appropriation if the full increase is not carried in the regular appropriation bill.

PROPOSED RESTRUCTION ON FUND USE

The OMB not only cut back the DCPA request but directed that Federal matching grant funds to the states be confined to *nuclear* disaster planning and operations. This proposed restruction has compounded concern about the budgetary impact, because state and local authorities no longer would be permitted to use such funds in natural disaster planning and operations.

The organic legislation for civil defense (Public Law 81–920) does not specifically authorize the use of Federal grant funds for natural disaster work. However, state and local civil defense personnel and resources have been used interchangeably in recent years for both nuclear and natural disaster planning and operations.

The witnesses before the panel bore down heavily on the adverse consequences of a restrictive approach to the use of Federal matching grant funds which precludes natural disaster preparedness. They point out that emergencies and disasters, whether natural or man-made, whether in wartime or peacetime, demand a unified response and use of all available resources by state and local authorities. They simply cannot afford to maintain separate organizations for different kinds of disasters.

To allay any doubts about the propriety of dual use of Federal matching grants from DCPA for both nuclear attack and natural disaster preparedness at the state and local levels, the panel proposes that the declaration of Congressional intent in section 2 of the Federal Civil Defense Act be clarified. The amendment would be carried in the general provisions of the pending procurement authorization bill. This is probably the simplest and quickest way to handle the matter. The staff, in consultation with counsel for the Defense Civil Preparedness Agency, has drawn up proposed language.

Mr. Chairman, the panel has one other recommendation at this time; namely, that the civil defense budget be subject to annual authorization. This recommendation is consistent with the proposed requirement for annual authorization of the entire defense budget which, as I understand it, will be before the committee this week. Civil defense will benefit, and be strengthened, by an annual review in this committee.

If an annual authorization requirement is placed upon the entire defense budget, several conforming changes will be necessary in the Federal Civil Defense Act. These, too, can be entered into the general provisions of the pending procurement authorization bill. Again, the staff, in consultation with DCPA counsel, has drawn up proposed amendatory language.

After discussion, I will move the following:

(1) That we recommend to the Committee on the Budget a civil defense budget of $110 million for FY 1977 and inform the Committee on Appropriations of our recommendation.

(2) That we enter into the general provisions of the procurement authorization bill appropriate language amending the Federal Civil Defense Act to (a) clarify the Congressional intent to permit dual use of Federal funds in natural disaster as well as civil defense planning and operations; and (b) require annual authorization of appropriations for civil defense.

Defense Civil Preparedness Agency, Fiscal year 1977

[In thousands of dollars]

President's Budget, $71,000.

Matching Funds in Support of State and Locals, $23,942. Principally provides for an increase in State and local personnel and administrative expenses; construction and equipping of emergency operating centers; communications and warning equipment; and emergency services equipment (i.e., rescue trucks, rescue trailers and sets of tools and equipment for rescue work).

State and Local Operational Support, $1,820. Principally provides for the continued operation of the prototype DIDS system (a rapid, reliable, low frequency radio warning system designed to survive nuclear effects) and for the procurement and installation of sirens for the Washington Metropolitan Area. Further provides for the conduct of additional studies in connection with crisis relocation planning.

Training, $7,421. Provides for the fully federally financed contracts with the States to conduct training of civil defense professionals as well as State and local officials. Also provides for the conduct of emergency operations simulation exercises.

Information and Education, $2,409. Provides for fully federally financed contracts with the States to conduct workshops and training sessions for teachers, school administrators and other school officials that will assist in implementing the Civil Preparedness Education Program in schools. Further provides for the development and publication of films, handbooks, etc. for the dissemination of emergency action information to State and local officials and the general public.

Civil Defense Management and Research and Development, $3,300. Provides for the continued support of civil defense management and research and development.

Total, $109,892.

Mr. HUGHES. Mr. Chairman, will my colleague, the gentleman from California, yield further?

Mr. LEGGETT. I yield to the gentleman from New Jersey.

Mr. HUGHES. Mr. Chairman, as I understand the Chappell amendment, it would put back in an additional $14 million, to a level of funding at $20 million.

Mr. LEGGETT. It will take the figure and put it to $20 million.

Mr. HUGHES. I want to say to my colleague that seems to be a modest increase and inadequate if anything in comparison to the needs in this area. I wonder if my colleague could tell me if we can expect some supplemental appropriations to take the funding back to the level needed?

Mr. LEGGETT. I think that is a very good question and perhaps I would answer that question with a question to the chairman of the committee, because the agency did ask for $123 million. I am going to include that in our report of some 16 pages to justify this $123 million, but included in our authorization suggestion was $110 million and that is justified in this document, too.

Now, I recognize that the $14 million amendment was made in the subcommittee, or the full committee, and that that amendment—we did have a rollcall—but it was ruled that we did not have a majority for the amendment. For that reason, we are now offering the same amendment, the Chappell amendment, at this time.

I think we have to recognize that the $14 million does not bring us back yet up to the current level program and that we will need a supplemental to take care of the current level program and to take care of the modest escalation in the cost of living that has resulted in time.

Mr. CHAPPELL. Mr. Chairman, will the gentleman yield?

Mr. LEGGETT. I yield to the gentleman from Florida.

Mr. CHAPPELL. Mr. Chairman, I just want to state, I believe, knowing the fine legislative committee and the very fine work of the subcommittee chairman that there would be no question when this matter is clarified by the authorizing legislation that the committee would have another look and see if we ought not to have a supplemental.

I feel, for one, we should go all the way to $110 million. At this time, I do think we are not going to be hurt to wait on the authorizing legislation and see if the $110 million is the proper amount.

The CHAIRMAN. The time of the gentleman from California (Mr. LEGGETT) has again expired.

(By unanimous consent, Mr. LEGGETT was allowed to proceed for 1 additional minute.)

Mr. LEGGETT. Mr. Chairman, the chairman of the subcommittee has heard the colloquy and I wonder if the gentleman could just respond and affirm that the statement made by the gentleman from Florida is a general statement of the current situation as the gentleman sees it.

Mr. STEED. Mr. Chairman, if the gentleman will yield, I would say that this has always been a very popular program with the subcommittee and as soon as we get legislative authority and whenever we can get it out of the Office of Management and Budget we will not hesitate at all.

Mr. LEGGETT. I appreciate the gentleman's response.

Mr. Chairman, when we are in the House, I will ask unanimous consent that at this point there are several documents I wish to include in the RECORD.

Mr. MITCHELL of New York. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to formally express my support for the amendment now before the House to increase funding for our civil defense program. I congratulate my distinguished colleague from Florida for his commitment. I wish the sum was much larger, but I'm realistic enough to appreciate this is about all we can hope for at this time.

I would also like to express my gratitude and thanks to my distinguished friend from California, Mr. LEGGETT, for his very able leadership in chairing on the civil defense panel which conducted hearings earlier this year. I was privileged to serve with Mr. LEGGETT. I can state to all of you that I had my eyes opened about the vulnerable state this Nation now finds itself in relation to civil defense preparedness. Some steps have been taken, but compared to the Soviet effort they are small steps indeed. A great deal more is demanded if we are to be able to look our constituents in the eye and know we have done the best possible job to provide a safe and secure place for all of us to live.

I do not view this action as anything like a final step in solving this Nation's need for a good program to protect our citizens from the threat of nuclear attack. Instead, I see it as an interim decision by the Congress "to put its money where its mouth is" so to speak by appropriating sufficient funds to hold the present civil defense program together until the national leadership in the administration and the Congress can come to an agreement on what needs to be done to give us the type of protection we must have in today's nuclear age.

I would like to summarize two of the key findings of our civil defense panel findings which persuaded the Armed Services Committee to unanimously act on revisions to the current civil defense laws to bring them into line with present preparedness policies and, at the same time, set the stage for a more efficient, responsive, and more adequately funded program in years to come. And I would just add that these changes have not only passed the House, but also the Senate and are now part of the DOD authorization conference.

Two of the panel's key findings were these:

First, contrary to what seems to be a widely held view by many, an effective civil defense program, that is understood by the citizens in their communities, would save tens of millions of lives in virtually any kind of nuclear attack on this Nation. Understand me in this, that I realize that a massive nuclear attack on America would be the greatest possible catastrophe to this Nation and must be prevented by the strongest possible deterrence. Yet, should all the threats and counterthreats and balances and counterbalances fail, and through inadvertence or error in judgment, an attack be launched, our people must be provided the best possible means of survival. In fact, a strong civil defense effort, will serve as a powerful deterrent in itself.

Second, that expenditures used to prepare communities to survive an enemy attack pay great dividends in assisting that community to protect the lives and property of its citizens when natural disaster strikes. This has been proven over and over again as communities which have developed emergency disaster plans to warn citizens of impending danger to provide shelter and to evacuate areas before the disaster strikes are able to meet the needs of reducing casualties and loss of property. I know I need not dwell on the point, especially for those of my colleagues representing regions frequently struck by tornadoes, hurricanes, or floods, such as the terrible destruction now experienced in Idaho.

Mr. Chairman, I believe it imperative that the Congress act now to provide sufficient resources to our civil defense program to maintain the preparedness base we have developed to date. I, for one, am hopeful that this base can be used as a foundation for which to build a truly effective emergency preparedness program for all citizens of this Nation in the years ahead.

Mr. STEED. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I imagine this is one of the most popular amendments that can be offered in an appropriation bill this year.

Coming from the part of the country known as "Tornado Alley" myself, I have many reasons to feel I know what national disasters are like. I suppose we receive more communications from more different levels of the local and State communities throughout the country on this one item than anything else in this whole bill.

I thought the Members of the House would like to have a little bit of the background of what we were faced with in the subcommittee when we dealt with these two items. The budget brought forth language which would have combined these two functions into one, and based on that recommendation of the basic change of function of these two programs, they reduced the amount of money from $85 million for the two items down to $71 million for the one item.

Obviously, the suggestion was not popular, and the subcommittee would not agree with it. We restored the language back to the way it has always been. Then, we funded the $71 million in the budget recommendation; we funded the entire amount of one item of $65 million the same level as fiscal year 1976 and took all the cut in the second item of $14 million; from $20 million down to $6 million.

The amendment offered here today will, in effect, restore the moneys to the same level made then, although there will be some shrinkage because of the inflation in the programs. But, it also goes over the budget by $14 million. I thought it was just as well that we pointed out to the Members that the reason the $14 million budget cut was made was not in the sense that both these programs would be carried on as had been, but we thought they were being consolidated. So, it makes good sense, I think, that the whole amount be restored in those items.

An effort was made to do that in subcommittee and failed by a narrow margin, so it is now up to the will of the House as to what we do. I have always been a supporter of this amendment, but at the moment I am supporting the position of the subcommittee as chairman because I think it is my duty to do so, but I know that Members of the House are well aware of the benefits of this program and will know the best decision to make on this item. In a lot of ways it is like fire insurance on a home—the best dividend one gets from that is when one never collects.

Mr. HUGHES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not going to take the full time, but I rise in very strong support of the Chappell amendment. Over the years that I have lived in my own home area, I worked in civil defense, and I am sure that many of my colleagues have either worked in civil defense or know of the work of civil defense agencies. They do outstanding work and deserve our commendation and support.

I want to tell the Members that there is probably no part of the country that has been affected by natural disasters at one time or another. It just seems to me that one of the things we have got to do is to make certain that we have adequate funds to carry on the programs of civil defense to prevent and/or minimize the effect.

I recall the 1962 storm which hit the eastern seaboard and the great work which civil defense did during that natural disaster. It is important that we do provide the kind of funding needed to carry on those programs.

Mr. Chairman, I urge my colleagues to support the Chappell amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. CHAPPELL).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 503. No part of any appropriation made available in this Act shall be used for the purchase or sale of real estate or for the purpose of establishing new offices outside the District of Columbia: *Provided*, That this limitation shall not apply to programs which have been approved by the Congress and appropriations made therefor.

AMENDMENT OFFERED BY MR. RONCALIO

Mr. RONCALIO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RONCALIO: Page 29, line 14, after "offices" strike out "inside or."

Mr. RONCALIO. Mr. Chairman, the inclusion on this line of two words "inside or" merely places the limitation within the District of Columbia. I think it is eminently fair. The District has land that ought to be purchased and will be, such as the Pennsylvania Avenue Corp. and a multitude of matters in the Committee on Public Works. I think we should keep, in the best interest of order, the same limitation within the District of Columbia, as now exists elsewhere.

I urge that my amendment be adopted.

Mr. STEED. Mr. Chairman, I move to strike the last word.

Mr. Chairman, in keeping with the spirit of trying to keep good faith with the legislative committees, and since this amendment would in fact put more responsibility and authority in the legislative committees for the real estate dealings of the Government, I have no objection to this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wyoming (Mr. RONCALIO).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 506. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of any product not produced in the United States or its possessions, except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of the product produced in the United States or its possessions, cannot be procured as and when needed from sources in the United States and its possessions, or except in accordance with procedures provided by section 6–104.4(b) of Armed Services Procurement Regulation, dated January 1, 1969. This section shall be applicable to all solicitations for bids isssued after its enactment.

POINT OF ORDER

Mr. ARMSTRONG. Mr. Chairman, I rise to make a point of order against section 506. It violates rule XXI, clause 2. It is legislation on an appropriation bill.

The CHAIRMAN. Does the gentleman from Oklahoma desire to be heard on the point of order?

Mr. STEED. Mr. Chairman, we concede the point of order.

The CHAIRMAN. The gentleman from Oklahoma concedes the point of order. The point of order is sustained.

Mr. STEED. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

AMENDMENT OFFERED BY MR. STEED

Amendment offered by Mr. STEED: Page 30, after line 24, insert:

SEC. 507. The General Services Administration is authorized to negotiate and accept the conveyance to the United States of approximately 930 acres of land presently owned by Skyward-to-Highway, Inc. adjacent to the West and Northwest boundaries of Dulles International Airport, in exchange for conveyance to Skyway-to-Highway, Inc. of Property of approximately equal value selected by the General Services Administration from any surplus Federal real properties.

Mr. STEED. Mr. Chairman, this is a permissive amendment, and since it involves no commitment on the part of the Government and only extends the authority of the duly constituted agencies of the Government to work on this problem, I recommend that it be adopted.

Mr. MILLER of Ohio. Mr. Chairman,

I move to strike the requisite number of words.

Mr. Chairman, the amendment would not cost the Government anything at this time. There would be a trade of property and a contract drawn. In the meantime, or at least before this all takes place, I understand that several committees would look at the contract. Therefore, it is possible they could not be transacted. It only gives them the authority to draw the contract and, therefore, the minority agrees with the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. STEED).

The amendment was agreed to.

Mr. DENT. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I intended to discuss this subject previous to the time when the gentleman from Oklahoma (Mr. STEED) and the gentleman from Colorado (Mr. ARMSTRONG) made reference to section 506. I did not know that the gentleman from Oklahoma (Mr. STEED) was going to agree to the point of order. In any event, I would like to debate the subject matter on the restriction of stainless steel products produced by companies in the United States.

The point of order was, of course, sustained by the Chairman of the Committee of the Whole. However, considering the position of the House, I would like to call the attention of the Members to a few matters in order that we may have a little time to reflect on just where we are going and where we have been.

I am holding in my hand one of a series of volumes containing the record of hearings held by my subcommittee relative to the impact of imports on the American stainless steel industry and American employment. This is the last volume of hearings, held in May, June, and July of 1967; the other volumes are twice this thick and contain hearings held in 1961 and 1962.

I am taking this time to point out the very great change that compels us to take a closer look at the impact of imports on American employment. I took the opportunity this morning to analyze the employment aspects of the stainless steel industry for the Members of the House to see what would happen if just the GSA was not permitted to buy products containing stainless steel.

We have at least 19 different companies that have been awarded trade adjustment assistance under the Trade Reform Act of 1974. These awards were made for unemployment caused by imports. In this particular group of stainless steel companies, there are approximately 12,000 workers who have been awarded that relief. At the present time there are in process petitions covering 2,200 more workers, and 100 other petitions covering 7,000 workers that have not yet been processed.

What I am talking about is a very serious matter. In 1974, unbeknownst to me—I am very frank about it, and probably most of the Members of the House are not aware of this—the Trade Act was amended so as to shift the burden of payment of trade adjustment assistance claims from the Federal Treasury to the State unemployment compensation funds. I did not look into it because I was opposed to the whole bill and devoted what little time I had to fighting the entire bill. In essence, then, the States must draw from their regular unemployment compensation fund before any trade adjustment assistance benefit is paid by the Treasury.

Let us just take one State in the Union, my own State of Pennsylvania. In that State 7,733 workers were adjudged to have lost their jobs on account of import injury from April 1975 to January 1976. The Treasury paid $2,666,824 to the workers, but the State of Pennsylvania, out of the funds that were contributed by Pennsylvanian employers, paid over $10 million. So we have a ratio of better than 5 to 1 of all the dollars being paid for import injury, and the greater portion is being paid to American workers through payroll taxes charged to them and to the product itself through the employer.

This may come as a surprise to some, but representatives of the steel industry predicted in 1962 that such events would occur if imports were unrestricted. One of the statements made—and I think it was a very appropriate one—was the statement that "the impact of job loss reflected by unemployment data furnished through U.S. unemployment figures will create a demand for job training in the United States unparalleled in the history of this country."

Do you know how many billions of dollars we have spent on job training? Do you know the greater majority of all the jobs lost have been lost to import impact on this particular industry alone?

The argument made by the gentleman from Colorado (Mr. ARMSTRONG) was that this was less than 1 percent of total steel production. However, let us analyze this: In the metallurgical or stainless steel industry it requires 12,000 workers——

Mr. ARMSTRONG. Mr. Chairman, will the gentleman yield briefly?

Mr. DENT. I would like very much to do so, but my time is limited.

Mr. ARMSTRONG. Since the gentleman used my name, I would like an opportunity to respond.

Mr. DENT. The gentleman from Colorado will certainly have the opportunity to respond.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. DENT) has expired.

(On request of Mr. ARMSTRONG and by unanimous consent, Mr. DENT was allowed to proceed for 2 additional minutes.)

Mr. ARMSTRONG. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Colorado.

Mr. ARMSTRONG. Mr. Chairman, I thank the gentleman for yielding.

I merely wanted to make a point to the effect that the burden of my argument was not precisely as the gentleman stated it.

The actual point of the argument which I attempted to make was that the Committee on Appropriations was not the proper committee to resolve this issue and that if there was need for more production in the stainless steel industry, it should be done in the regular way, through the committee having jurisdiction over that, and not in legislation contained in an appropriation bill.

Mr. DENT. Mr. Chairman, I thank the gentleman.

He also went into the details of the stainless steel industry by saying it constituted only 1 percent of steel used in the stainless steel industry. However, in normal high-carbon steel production, it takes around 6,000 men working in the mills to produce 1 million tons of steel. It takes an average of six men behind every worker in the steel mill to produce that. Therefore, it amounts to 6 times 6, or 36,000 workers for every ton of steel in the high-carbon steel industry, but in the stainless and metallurgical the average is 22,000 men for every 1 million tons of steel times 6, so we then get 132,000 workers who have lost their jobs in this industry even though they account for only 1 percent of the total production of steel.

The total flatware stainless steel industry in these United States is practically unable to meet the production needs of this country. There is no way in the world that we can produce at this moment any amount of stainless steel and metallurgical steel in order to keep the proper balance let alone to exist, unless we admit the fact that our trade policies are the seat of our entire unemployment problem.

Mr. Chairman, these men have lost their jobs because of our import policies.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

(By unanimous consent, Mr. DENT was allowed to proceed for 2 additional minutes.)

Mr. DENT. Mr. Chairman, all we are saying is that unemployment compensation is awarded to the end product worker. The end product worker represents one-sixth or one-seventh of the unemployment caused by his unemployment.

Right now 30,000 more automobile workers have been awarded trade adjustment assistance. This brings the total to nearly 60,000. Each one of those workers was in end-product production. Taking 5 times that, we have approximately 300,000 workers in the United States, presumed to be similarly affected. By the way, every one of those workers' jobs were affected because of the Canadian auto pact.

Mr. Chairman, are we going to continue to close our eyes and pay out billions of dollars for job training for jobs that are nonexistent and will not be in existence?

Unemployment compensation funds were not designed for permanent unemployment. It was a temporary measure for unemployment caused by seasonal changes, by temporary jobs, and for reasons of changes in style.

That is all the Unemployment Compensation Act was created for.

As I say, Mr. Chairman, we can pass all the bills we want, but, Mr. Chairman, unless we stop unlimited imports in this country, we will never survive.

Mr. ARMSTRONG. Mr. Chairman, I

move to strike the requisite number of words.

Mr. Chairman, section 506 of the bill attempts to provide protection from foreign competition to domestic makers of stainless flatware—table utensils. Some may think this a worthwhile objective.

If so, I presume the Ways and Means Committee which has jurisdiction over international trade, would see fit to enact such protective legislation after proper hearings. But the Appropriations Committee does not have jurisdiction nor expertise on trade legislation. Nor has the committee held hearings on trade issues. So by attempting to legislate in an area about which the members of the committee know little, we run the risk of setting the stage for similar protective restrictions in other appropriations bills. If such a procedure were frequently used it could seriously disrupt our trade relations with other nations and undermine existing mechanisms for formulating trade policy and providing proper relief to industries adversely affected by foreign competition.

In this particular case, there seems little justification for opening the door to possible future consequences. I therefore believe the bill should be amended to delete section 506. This provision was added during the markup session without hearings. In support of the provision, it was argued that a similar restriction was included in last year's DOD appropriation. But the Department, by going through GSA, was able to avoid the intent of the restriction. Moreover, we are told, the addition of stainless steel flatware to the defense bill was an expansion or clarification of a provision which has been in the bill for several years.

The whole idea of protective language for the stainless steel flatware industry—producers of knives, forks, and spoons—is supposedly justified by the need to maintain a viable domestic stainless steel and specialty metals industry for national defense purposes. Frankly, I am skeptical of this explanation for the following reasons: In the first place, the flatware industry is a very minor part of the stainless steel industry. Of the 757,000 tons shipped in 1975 by domestic mills to all users, 6,000 tons were shipped to flatware firms—less than 1 percent. Second, according to a study by the U.S. International Trade Commission, the domestic flatware producers also import foreign stainless steel to produce their product. Thus I fail to see how section 506 serves any reasonable purpose.

The commissioners on the U.S. International Trade Commission have made a finding that the domestic stainless steel flatware industry is suffering from imports. The commissioners suggested a variety of remedies, some of which the President adopted. Apparently the industry is not satisfied and is seeking remedies elsewhere. I have no quarrel with that but do not think this matter is properly handled in Congress by a last minute addition of language in this bill, nor do I think this action is a credit to the appropriations process.

It was for this reason I recommended deletion of section 506.

Mr. STEIGER of Wisconsin. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I regret that I was not here during the discussion on the so-called Burlison of Missouri amendment, but I would like to see if I can find out either through the distinguished gentleman from Oklahoma, the chairman of the subcommittee, or the distinguished ranking minority member, the gentleman from Ohio (Mr. MILLER), the basis on which this amendment was apparently accepted.

It seems to me, Mr. Chairman, that we are establishing a very far-reaching precedent, and a very far-reaching procedure, if we are to deny the Internal Revenue Service the ability to compile and make available to the public records of any contact made by any Member of the Congress, or any employee of any Member or committee of the Congress, with respect to any matter pending before the Internal Revenue Service.

That is the language of the amendment.

It was not my understanding that the Internal Revenue Service made public the substance of the requests made by the Member.

Is that a correct understanding, I would ask the gentleman from Oklahoma?

Mr. STEED. If the gentleman will yield, may I say that the Internal Revenue Service has done that for a great many years without having to go to this time and trouble and expense, and I know of no reason why they would want to start it now.

I do not happen to belong to the "let everything hang out" group. I think there are some things that are better kept in the proper channels. In my own case, using that as an example, I have contacted the Internal Revenue Service very rarely, and I really do not try to keep that knowledge from anybody. But the people sometimes that I contact the Internal Revenue Service for may have reasons that they want to maintain their own privacy. I do not think I have to be the cause of them having undue publicity or embarrassment. But I do not see where it is something the public wants to know that I might want to take up a case of one of my constituents with the Internal Revenue Service and then have them go to the trouble and expense of broadcasting that.

Mr. STEIGER of Wisconsin. My question is whether or not the Internal Revenue Service makes available the substance of the inquiry. Will the gentleman from Missouri (Mr. BURLISON) the author of the amendment clarify it?

Mr. BURLISON of Missouri. Mr. Chairman, if the gentleman will yield, let me tell the gentleman from Wisconsin that the purpose of the amendment is not to place any new restrictions upon the Internal Revenue Service. The only purpose of the amendment is to keep them under the same restrictions that they and the other agencies of the Government are presently operating.

The precipitation for this amendment was an article in the Washington Post newspaper of a few weeks ago, May 8, 1976, in which the Internal Revenue Service announced that it was instituting a new policy of publicizing congressional inquiries for constituents.

Mr. STEIGER of Wisconsin. I will not yield further. I am asking a question and I want an answer. Does the Internal Revenue Service make public the substance of the request of the Member of Congress?

Mr. BURLISON of Missouri. Let me say to the gentleman from Wisconsin that I am not fully conversant with the present policy. The purpose of this amendment is merely to prevent this new policy that the agency has announced from being implemented.

Mr. STEIGER of Wisconsin. Mr. Chairman, I want to say flat out that it aggravates me, it appalls me, and it deeply disturbs me that we are apparently going to go down the road again of another incumbent protection procedure.

We should have learned our lesson once when we went down the road in the Federal Election Commission Act originally and cut off the data so as to save certain people.

I will be darned if I am going to vote for this amendment. If the gentleman from Illinois does not ask for it, then I will ask for a separate vote on it so that we can put all Members on record as to whether or not they want to prohibit the Internal Revenue Service from making public such an inquiry. It seems to me there is nothing secret about that kind of an inquiry that is a legitimate and proper matter. It disturbs me that we, without debate, without consideration, are going to attempt to overturn what the Internal Revenue Service is now doing. This is especially true because no one here has apparently studied what IRS now proposes to do. If we find that IRS goes too far, if we find they exceed the bounds, fine. Let us begin to properly limit it.

This amendment goes way too far; it was done hastily; it ought not to be agreed to; and I, for one, do not intend to stay here and see the House adopt this amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FINDLEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not question the good motivation of my friend, the gentleman from Missouri, whom I respect very greatly. I am sure it arises from a very justifiable concern that the effect of the new IRS attitude will be to inhibit Members of Congress from trying to make a case where they feel a constituent has been wronged.

But I share the concern of my friend, the gentleman from Wisconsin, that the language of the amendment that has now been accepted by this committee goes much too far. When the time does come for the committee to rise and a vote is taken, I will demand a separate vote on this amendment and, if need be, will request the yeas and nays, because the amendment does read in such a fashion that on its face it could permit the covering up of requests by an individual Member to IRS raising questions about the handling of his own—his own—tax matters.

All of us are aware, I am sure, that a member of the other body has been very much in the news over contacts that he has made to IRS of recent date, and probably there have been other Members of Congress so involved. It would be, I think, a very serious mistake for the House of Representatives to accept this amendment. It may well be that a proper amendment can be constructed that will lead to the result the gentleman from Missouri seeks. We all want to feel free to contact the IRS in regard to constituent matters. For my own part, the policy I have always followed is to ask the constituent if he wishes this intercession even though this may lead to publicity. I seek his clearance for publicity purposes before I even make the initial request.

I always try never to contact an agency with a request that I would not wish to see on the front page of the newspaper the next day. I think it is a good policy on all constituent matters. So I hope this amendment will be stricken.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

I would like to associate myself with the gentleman's remarks. I think that anything that tends to shut off information from the public is a very dangerous move on the part of this House. I voted against it when there was a voice vote, and I was intending myself to bring this up when the committee rose.

Mr. FINDLEY. I know the IRS can both hurt and help individual taxpayers. We have a responsibility where we see unjustified harassment to act in support of the position of our constituents, but there is no need to keep this out of the public domain.

Mrs. FENWICK. If the gentleman will yield further, I have myself intervened on behalf of a small church in my district that I thought had been unfairly treated, and I would be entirely satisfied to see that on the front page of a newspaper.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. I thank the gentleman for yielding.

I think there are provisions under the new Freedom of Information Act, and perhaps some others, which would certainly take care of some of the concern that has been expressed. But the purpose of the IRS action in this instance is to prevent Members of Congress from making inquiries with respect to their constituents in any matters dealing with the IRS. This cuts off our ombudsman function, as it were, and it seems to me that it unfairly and improperly impairs our efforts in representing our constituents.

The gentleman from Wisconsin, I think, inferred that those who may have offered or who may be in favor of this amendment were doing something to cover their own tax matters. I can assure him that that is not true. I can assure him that my concern is that we be able to make inquiries of the IRS on behalf of our constituents, and with this new announced policy that the IRS is going to put into effect, if we do not pass this restrictive amendment, it will in essence prevent us from doing that. I do not think our constituents want that, and I do not think they deserve that.

Mr. FINDLEY. Mr. Chairman, I certainly agree with that point; but after reading the newspaper account to which the gentleman has referred, I did not see in it any announcement that the IRS would go beyond the intent of the Congressional communication itself; so it may well be that even in this stated policy they will preserve the confidentiality of individual tax returns.

AMENDMENT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Miller of Ohio: On page 30, add the following section:

Sec. 507. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity and project, for payments not required by law, the amount withheld shall not exceed ten per centum;

Mr. MILLER of Ohio. Mr. Chairman, many here have read what was known as the Bow amendment. That was intended to reduce the expenditures right off the top by 5 percent. We have in the subcommittee and in the full committee attempted to make reductions in expenditures. We never seemed to have the votes to do the job. My concern is that it will not be very long until we will be requested to approve a debt limitation increase of up to $700 billion. This will require $45 billion interest. As I have stated earlier, that is $123,300,000-a-day interest we are paying on the national debt.

Mr. Chairman, somewhere, somehow, we must find a way to make reductions. As the amendment stands, we would reduce the appropriation for all payments not required by law. That means that we would reduce the total bill some $318 million.

Mr. Chairman, I would hope that this time we could finally have one of what would be known as the Bow amendments approved.

Mr. STEED. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the author of this amendment has been my good, loyal helper all year long on this bill. I am very grateful to the gentleman for the consideration and help the gentleman has given me. I only regret that I am not in a position to agree with the gentleman now on this amendment.

Mr. Chairman, I want to say that the gentleman has been a most conscientious worker and has never let lack of energy stand in the gentleman's way in trying to get a good run for the taxpayer's dollar and to save money where it could be saved.

Mr. Chairman, I think this amendment has come up many times years ago and the Congress, I think, wisely rejected it; but this amendment would do irreparable harm in this particular bill, because this is probably the tightest of all appropriation bills in terms of what the money is appropriated and used for.

Now, the Treasury Department and the agencies in this bill are victims of circumstances beyond their control. They have no control over their workload. They have to perform and they have no control over the impact of inflation. Most of the increases in the bill, in fact, almost all the increases, are to cover just those two items, the workload increase and the impact of inflation. Now, to put a further impact on it of a 5-percent cut would create, I am sure, more harm than good. It is impossible, almost, to stand here and outline all of the potential harm such an amendment would cause. While I am as anxious as anyone to save money where we can, to me that approach is not a good one and I hope the Members will reject the amendment.

Mr. ARMSTRONG. Mr. Chairman, I rise in support of the amendment. I want to join the chairman of the subcommittee in complimenting the gentleman from Ohio (Mr. Miller) on his devotion to the cause of the taxpayers. I rise in support of the amendment offered by the gentleman from Ohio.

It is time for the House to reform itself and pass this amendment, and do the same thing on every appropriation bill that is coming down the pike.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. Miller).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. MILLER of Ohio. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Eighty-two Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Ohio (Mr. Miller) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 159, noes 191, not voting 81, as follows:

[Roll No. 368]

AYES—159

Abdnor
Allen
Ambro
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bedell
Bennett
Bevill
Blanchard
Bowen
Breaux
Brinkley
Broomfield
Brown, Mich.
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Carr
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conable
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Derwinski
Dickinson
Dodd
Duncan, Tenn.
du Pont
Edwards, Ala.
Erlenborn
Evans, Ind.
Fenwick
Findley
Fish
Flowers
Forsythe
Fountain
Frenzel
Fuqua
Gaydos
Gibbons
Gilman
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hansen
Harsha
Hechler, W. Va.
Heinz
Hubbard
Hutchinson
Ichord
Jacobs
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Kasten
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Lent
Levitas
Lloyd, Tenn.
Lott
Lujan
McCloskey
McCollister
McDade
McDonald
Madigan
Maguire
Mann
Martin
Melcher
Michel
Miller, Ohio
Moffett
Montgomery
Moore
Moorhead, Calif.
Mosher
Mottl
Murphy, Ill.
Myers, Ind.
Myers, Pa.
Neal
Nichols
Nix
O'Brien
Paul
Pettis
Pressler
Pritchard
Quie
Regula
Rhodes
Robinson
Rogers
Roush
Rousselot
Runnels
Ruppe
Russo
Ryan
Satterfield
Schroeder
Schulze
Sharp
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steiger, Wis.
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Vigorito
Waggonner
Wampler
Whitehurst
Wiggins
Wilson, Tex.
Winn
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.

NOES—191

Adams
Addabbo
Alexander
Anderson, Calif.
Annunzio
Ashley
Badillo
Baldus
Baucus
Beard, R.I.
Bergland
Biaggi
Bingham
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brooks
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Chappell
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Cornell
Cotter
D'Amours
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Early
Edwards, Calif.
Eilberg
Emery
English
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fisher
Flood
Florio
Flynt
Ford, Mich.
Ford, Tenn.
Fraser
Giaimo
Ginn
Gonzalez
Green
Gude
Hall
Hanley
Hannaford
Harrington
Harris
Hawkins
Heckler, Mass.
Henderson
Hicks
Hightower
Holt
Holtzman
Horton
Hughes
Hungate
Jarman
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
Leggett
Lehman
Lloyd, Calif.
Long, La.
Long, Md.
Lundine
McClory
McCormack
McFall
McHugh
McKinney
Mahon
Matsunaga
Mazzoli
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Moss
Murphy, N.Y.
Murtha
Natcher
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Preyer
Price
Railsback
Rangel
Reuss
Richmond
Rinaldo
Risenhoover
Roberts
Roncalio
Rooney
Rosenthal
Roybal
St Germain
Santini
Sarasin
Sarbanes
Seiberling
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Thompson
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Waxman
Weaver
Whalen
White
Whitten
Wirth
Wolff
Wright
Yates
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—81

Abzug
Andrews, N.C.
Bell
Biester
Blouin
Boggs
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Chisholm
Conlan
Conyers
Corman
Daniels, N.J.
Devine
Drinan
Eckhardt
Edgar
Esch
Eshleman
Fithian
Foley
Frey
Harkin
Hayes, Ind.
Hays, Ohio
Hébert
Hefner
Helstoski
Hillis
Hinshaw
Holland
Howard
Howe
Hyde
Jeffords
Karth
Kelly
Krueger
LaFalce
Landrum
Litton
McEwen
McKay
Madden
Mathis
Meeds
Milford
Mink
Nedzi
O'Hara
Passman
Peyser
Quillen
Randall
Rees
Riegle
Rodino
Roe
Rose
Rostenkowski
Scheuer
Schneebeli
Sebelius
Shipley
Stanton, James V.
Stark
Steelman
Steiger, Ariz.
Stuckey
Symington
Talcott
Teague
Thornton
Traxler
Udall
Vander Jagt
Walsh
Wilson, Bob
Wilson, C. H.

Messrs. YATRON, EDWARDS of Alabama, MELCHER, GILMAN, FORSYTHE, and BEVILL changed their vote from "no" to "aye."

Mr. WOLFF and Mr. FASCELL changed their vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk concluded the reading of the bill.

AMENDMENT OFFERED BY MR. HUGHES

Mr. HUGHES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HUGHES: Page 38, immediately after line 6, add the following new section:

SEC. 615. No part of any appropriation contained in, or funds made available by, this Act shall be available to the United States Postal Service for use in connection with the closing of, or reduction of services provided by, any post office or other postal facility which serves any rural area or any small community or town.

Mr. HUGHES. Mr. Chairman, I spent the better part of the weekend back in my district listening to the complaints of my postmasters and the postal carriers. I just am appalled by what is happening to the Postal Service in this country. The closings of the small, rural post offices are only a small portion of the overall problem. About 3 weeks ago we found that, without notice, without a canvass of patrons as required by the Postal Service, there is a concerted effort to close small post offices in my district alone. One is a post office established in 1840 without any cost basis or justification.

The post office is located in a very rural community. The nearest post office is some 5 miles away. The Postal Service insists that they can sort the mail and deliver it to 143 different postal patrons in that particular area by substitute service. I asked for a cost justification from the Postmaster General. There was no cost data immediately available. However, a week later I received a letter from the Postmaster General in which he stated that by using a rural route out of a post office 5 miles away, the Postal Service could save money—almost $9,000. However, the cost basis is absurd on its face. It shows that they can sort the mail and deliver to 143 rural stops for $2,500 annually—a little over $8 a day. This is the kind of incredible data being furnished by the Postal Service.

Some of my postal carriers were telling me about some of the rules and regulations under which they now operate. Perhaps you have gotten the same complaints. Under present policy a mail carrier cannot forward mail. In fact, the mailman, if one of his patrons on his route locates four doors down the block, cannot deliver that particular letter even though it is still within his route. He has got to send it to a central processing for remarking—an area which may be 30 to 60 miles away. Then the central processing center returns the letter to the same mailman to deliver to his patron. Can you believe that?

They are changing postmasters around, evidently without any rhyme or reason, switching them from one post office to another without any kind of plan or purpose that is discernable. It is distressing because of what is happening to the morale of the dedicated postal employees and postmasters of the country. The service is deteriorating by the day, and they feel helpless as they shoulder the complaints.

I am going to say to my colleague from Oklahoma that I know the problems he has in trying to get together funding for the various agencies and departments covered by H.R. 14261. I mean no criticism of the Appropriations Committee or of the distinguished chairman of the subcommittee; but I want to say to my colleague that we are called upon year after year—and we will be in the years ahead—to furnish subsidies to the Postal Service. Frankly, since I have to vote on billion dollar subsidies for the Postal Service, I want to have something to say about the policy that is being set by the Postal Service. My constituents deserve no less.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Texas.

Mr. KAZEN. Mr. Chairman, I do not know whether the gentleman was here when we passed the so-called Postal Service bill——

Mr. HUGHES. Briefly.

Mr. KAZEN. There were just about 32

of us on this floor who voted against it, and we told the Members exactly what was going to happen. We have got the remedy here if we just go back to what it used to be.

Mr. HUGHES. I thank my colleague. In the brief time I have left, let me say to my colleague from Oklahoma that I am not pressing him to have a moratorium on the closings of post offices, at least at this stage, because I have been assured that a moratorium on postal changes has been worked out by the Postal Committees of the Congress and the administration. I know that my amendment is best handled by the authorizing committee, but I wanted to force the issue and engage in some dialog for the benefit of our friends across town in the policymaking areas of the Postal Service.

Mr. STEED. Mr. Chairman, will the gentleman yield?

Mr. HUGHES. I yield to the gentleman from Oklahoma.

Mr. STEED. I want to congratulate the gentleman on bringing a matter to the attention of the House which has troubled a lot of us. I am happy to be able to tell him that there are some activities in progress now which I think and hope will bring a better solution than we have been able to see heretofore.

Legislation is in the mill and is nearing completion which I think will put the Postmaster General in position to withdraw this fourth class post office action he has been taking. Now, we have an agreement with him that he will hold in abeyance any further action until a decision on this legislation is made. I think the gentleman can hold out now some hope to his constituents that perhaps the situation is going to improve a great deal in the months ahead.

Mr. HUGHES. I thank the Chairman.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. HUGHES was allowed to proceed for 1 additional minute.)

Mr. HUGHES. Mr. Chairman, I just want to say that I am reassured, because JIM HANLEY and his subcommittee are on top of it. I am a cosponsor of a sense of the Congress resolution that would declare a moratorium on post office closings and other changes until we look a little more closely at what the Postal Service intends to do with our mail service.

I am very happy to hear that the Postal Service has apparently accepted the obvious intent of Congress to maintain the status quo as much as possible until we have had an opportunity to review their plans.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there any objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. FLOWERS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to engage in colloquy with the chairman of the subcommittee. If I might follow up on what the gentleman just commented on to the gentleman from New Jersey, did he say that the Postal Service had agreed to hold up on these closing temporarily?

I have about five post offices in my district that have received closing notices in the last 10 days.

Mr. STEED. If the gentleman will yield, within the last few days we have had assurances from the postal management here that there will be a moratorium on these closings until final reading can be had on pending legislation. They have been surveyed, with the probable intent of closing them if conditions warrant. But it is my understanding that recent developments in legislation, which will hopefully solve this, have been all favorable that there will be a delay, at least, in any future action until we can get that accepted. We do have the assurance of the postal management that they will hold off on it.

Mr. FLOWERS. I thank the gentleman for his comments, and I will get the information I have more specifically and furnish it to the staff of the gentleman's subcommittee and see if there need be any followup.

Mr. STEED. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. SISK, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14261) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. FINDLEY. Mr. Speaker, I demand a separate vote on the so-called Burlison of Missouri amendment relating to the Internal Revenue Service.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote has been demanded.

The Clerk read as follows:

Amendment: Page 7, immediately after line 2, add the following new section:

SEC. 103. None of the funds available under this Act shall be available for expenses of the Internal Revenue Service for compiling and making available to the general public records of any contact made by any Member of the Congress, or any employee of any Member or committee of the Congress, with respect to any matter pending before the Internal Revenue Service.

The SPEAKER. The question is on the amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. BURLISON of Missouri. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. BURLISON of Missouri. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 67, nays 291, not voting 73, as follows:

[Roll No. 369]

YEAS—67

Addabbo
Alexander
Annunzio
Biaggi
Brooks
Burke, Mass.
Burlison, Mo.
Clay
Collins, Ill.
Conyers
Cotter
Davis
de la Garza
Delaney
Dingell
Downing, Va.
Evins, Tenn.
Fary
Flowers
Ford, Mich.
Ford, Tenn.
Gaydos
Giaimo
Gonzalez
Haley
Hicks
Hungate
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Leggett
Long, Md.
McDonald
McFall
Matsunaga
Melcher
Metcalfe
Mills
Morgan
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Nedzi
Nix
Price
Rees
Roberts
Runnels
Satterfield
Sikes
Sisk
Smith, Iowa
Steed
Stokes
Sullivan
Taylor, Mo.
Van Deerlin
Vigorito
Waggonner
Wilson, C. H.
Wright
Wydler

NAYS—291

Abdnor
Adams
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Bingham
Blanchard
Blouin
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Mich.
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Cornell
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dodd
Downey, N.Y.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Flood
Florio
Flynt
Foley
Forsythe
Fountain
Fraser
Frenzel
Fuqua
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harrington
Harris
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hightower
Hillis
Holt
Holtzman
Horton
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jenrette
Johnson, Colo.

Johnson, Pa.
Kasten
Kastenmeier
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Lagomarsino
Latta
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McHugh
McKinney
Madigan
Maguire
Mahon
Mann
Martin
Mazzoli
Meyner
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Mosher
Mottl
Murphy, N.Y.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Pritchard
Quie
Railsback
Rangel
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Roe
Rogers
Roncalio
Rooney
Rosenthal
Roush
Rousselot
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Schroeder
Schulze
Seiberling
Sharp
Shipley
Shriver
Shuster
Simon
Skubitz
Slack
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stark
Steiger, Wis.
Stephens
Stratton
Studds
Symms
Taylor, N.C.
Thompson
Thone
Treen
Tsongas
Ullman
Vander Veen
Vanik
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Tex.
Winn
Wirth
Wolff
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—73

Abzug
Andrews, N.C.
Bell
Biester
Boggs
Bonker
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Chisholm
Conlan
Corman
Daniels, N.J.
Drinan
Eckhardt
Edgar
Esch
Eshleman
Fithian
Frey
Harkin
Hayes, Ind.
Hays, Ohio
Hébert
Hefner
Helstoski
Hinshaw
Holland
Howard
Howe
Jeffords
Karth
Kelly
Krueger
LaFalce
Landrum
Litton
McEwen
McKay
Madden
Mathis
Meeds
Mezvinsky
Milford
Mink
Mitchell, Md.
O'Hara
Passman
Peyser
Quillen
Randall
Riegle
Rodino
Rose
Rostenkowski
Scheuer
Schneebeli
Sebelius
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Talcott
Teague
Thornton
Traxler
Udall
Vander Jagt
Walsh
Wilson, Bob
Young, Ga.

The Clerk announced the following pairs:

Mrs. Boggs with Mr. O'Hara.

Mr. Hébert with Mr. James V. Stanton.

Mr. Rostenkowski with Mr. Andrews of North Carolina.

Mr. Symington with Mr. Bonker.

Mr. Krueger with Mr. Corman.

Mr. Holland with Mr. Eckhardt.

Mr. Riegle with Mr. Biester.

Mr. Helstoski with Mr. Bell.

Mr. Passman with Mr. Conlan.

Ms. Abzug with Mrs. Mink.

Mr. Mathis with Mr. Edgar.

Mr. Teague with Mr. Esch.

Mr. Rodino with Mr. Eshleman.

Mr. Dominick V. Daniels with Mr. Jeffords.

Mr. Hays of Ohio with Mr Hayes of Indiana.

Mr. Scheuer with Mr. Brown of Ohio.

Mr. LaFalce with Mr. Kelly.

Mr. Brown of California with Mr. Frey.

Mrs. Burke of California with Mr. Drinan.

Mrs. Chisholm with Mr. Mezvinsky.

Mr. Harkin with Mr. Landrum.

Mr. Howard with Mr. Madden.

Mr. Litton with Mr. Buchanan

Mr. Meeds with Mr. McEwen.

Mr. Rose with Mr. McKay.

Mr. Thornton with Mr. Peyser.

Mr. Young of Georgia with Mr. Fithian.

Mr. Traxler with Mr. Quillen.

Mr. Mitchell of Maryland with Mr. Hefner.

Mr. Randall with Mr. Howe.

Mr. Sebelius with Mr. Karth.

Mr. Stuckey with Mr. Schneebeli.

Mr. Talcott with Mr. Steelman.

Mr. Vander Jagt with Mr. Steiger of Arizona.

Mr. Bob Wilson with Mr. Udall.

Mr. Milford with Mr. Walsh.

Messrs. MARTIN, YATRON, PICKLE, OBERSTAR, and CARNEY changed their vote from "yea" to "nay."

Mrs. COLLINS of Illinois and Mr. BIAGGI changed their vote from "nay" to "yea."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MILLER of Ohio. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. MILLER of Ohio moves to recommit the bill H.R. 14261 to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. MILLER of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 261, nays 99, not voting 71, as follows:

[Roll No. 370]

YEAS—261

Abdnor
Adams
Addabbo
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Baldus
Beard, R.I.
Bergland
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Mich.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Cederberg
Chappell
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Cotter
Coughlin
D'Amours
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fish
Fisher
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Green
Gude
Guyer
Haley
Hall
Hamilton
Hanley
Harrington
Harris
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hicks
Hightower
Hillis
Holtzman
Horton
Hungate
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
Leggett
Lehman
Lent
Lloyd, Calif.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKinney
Madigan
Mahon
Mann
Matsunaga
Mazzoli
Metcalfe
Meyner
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Pressler
Preyer
Price
Railsback
Rangel
Rees
Regula
Reuss
Richmond
Rinaldo
Risenhoover
Roe
Rogers
Roncalio
Rooney
Rosenthal
Roush
Roybal
Ruppe
Ryan
St Germain
Santini
Sarasin
Sarbanes
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Thompson
Thone
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Alaska
Young, Tex.
Zablocki
Zeferetti

NAYS—99

Alexander
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Baucus
Bauman
Beard, Tenn.
Bedell
Bennett
Bonker
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Carr
Carter
Clancy
Clawson, Del
Collins, Tex.
Conable
Cornell
Crane
Daniel, Dan
Daniel, R. W.
Devine
Dickinson
Evans, Ind.
Fenwick
Findley
Fountain
Frenzel
Goldwater
Goodling
Gradison
Grassley
Hagedorn
Hammerschmidt
Hannaford
Hansen
Harsha
Holt
Hubbard
Hughes
Hutchinson
Hyde
Jacobs
Jones, Tenn.
Kasten
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Levitas
Lloyd, Tenn.
Lott
Lujan
McCollister
McDonald
Maguire
Martin
Melcher
Michel
Mikva
Miller, Calif.
Miller, Ohio
Moffett
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Ind.
Neal
Paul
Pettis
Poage
Pritchard

Quie
Roberts
Robinson
Rousselot
Runnels
Russo
Satterfield
Schroeder
Schulze
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Steiger, Wis.
Symms
Taylor, Mo.
Treen
Wylie
Young, Fla.

NOT VOTING—71

Abzug
Andrews, N.C.
Bell
Biester
Boggs
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Carney
Chisholm
Conlan
Corman
Daniels, N.J.
Drinan
Eckhardt
Edgar
Esch
Eshleman
Fithian
Frey
Harkin
Hayes, Ind.
Hays, Ohio
Hefner
Helstoski
Hinshaw
Holland
Howard
Howe
Karth
Kelly
Krueger
LaFalce
Landrum
Litton
McEwen
McKay
Madden
Mathis
Meeds
Mezvinsky
Milford
Mink
O'Hara
Passman
Peyser
Quillen
Randall
Rhodes
Riegle
Rodino
Rose
Rostenkowski
Scheuer
Schneebeli
Sebelius
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Talcott
Teague
Thornton
Traxler
Udall
Vander Jagt
Walsh
Wilson, Bob
Young, Ga.

The Clerk announced the following pairs:

On this vote:

Mrs. Boggs for, with Mr. Steiger of Arizona against.

Mr. Rostenkowski for, with Mr. Bell against.

Mr. Bob Wilson for, with Mr. Conlan against.

Mr. Dominick V. Daniels for, with Mr. Buchanan against.

Mr. Rodino for, with Mr. Kelly against.

Mr. Mezvinsky for, with Mr. Talcott against.

Ms. Abzug for, with Mr. Schneebeli against.

Until further notice:

Mrs. Burke of California with Mr. Andrews of North Carolina.
Mr. Brown of California with Mr. Biester.
Mr. James V. Stanton with Mrs. Mink.
Mr. Stuckey with Mr. Karth.
Mr. Milford with Mr. Riegle.
Mr. Holland with Mr. Edgar.
Mr. Carney with Mr. Brown of Ohio.
Mrs. Chisholm with Mr. Eckhardt.
Mr. Drinan with Mr. Randall.
Mr. Corman with Mr. Hefner.
Mr. Howard with Mr. Walsh.
Mr. Rose with Mr. Peyser.
Mr. Teague with Mr. Landrum.
Mr. Udall with Mr. Litton.
Mr. Young of Georgia with Mr. Howe.
Mr. O'Hara with Mr. Eshleman.
Mr. Passman with Mr. Frey.
Mr. Hays of Ohio with Mr. McEwen.
Mr. Helstoski with Mr. Madden.
Mr. Fithian with Mr. Quillen.
Mr. Harkin with Mr. Hayes of Indiana.
Mr. Meeds with Mr. Riegle.
Mr. Mathis with Mr. McKay.
Mr. Symington with Mr. Scheuer.
Mr. Traxler with Mr. Sebelius.
Mr. LaFalce with Mr. Steelman.
Mr. Krueger with Mr. Thornton.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR CLERK TO MAKE CORRECTIONS IN SECTION NUMBERS IN H.R. 14261

Mr. STEED. Mr. Speaker, I ask unanimous consent that the Clerk may make corrections in the numbering of sections in the enrollment of the bill just passed, H.R. 14261.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

GENERAL LEAVE

Mr. STEED. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous material, on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

REQUEST FOR PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET AT 10 A.M. FOR BALANCE OF THIS WEEK

Mr. GINN. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be permitted to meet at 10 a.m. for the balance of this week in order to conduct scheduled subcommittee hearings before the Subcommittees on Surface Transportation, Aviation, and Public Buildings and Grounds.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

APPOINTMENT OF CONFEREES ON S. 3184, AMENDING THE COMPREHENSIVE ALCOHOL ABUSE AND ALCOHOLISM PREVENTION, TREATMENT, AND REHABILITATION ACT OF 1970

Mr. STAGGERS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3184) to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes, with the House amendments thereto, insist on the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia? The Chair hears none, and appoints the following conferees: Messrs. STAGGERS, ROGERS, SATTERFIELD, PREYER, SYMINGTON, CARTER, and BROYHILL.

INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1279 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1279

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14114) to increase the temporary debt limit, and for other purposes, and all points of order against said bill for failure to comply with the provisions of clause 5, rule XXI are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the five-minute rule. No amendment to section 2 of said bill, and no amendment in the nature of a substitute changing section 2, shall be in order except amendments offered by direction of the Committee on Ways and Means, and except pro forma amendments, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from New York (Mr. DELANEY) is recognized for 1 hour.

Mr. DELANEY. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois (Mr. ANDERSON), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1279 provides for the consideration of H.R. 14114, a bill increasing the temporary debt limit. House Resolution 1279 is a modified open rule, providing 2 hours of general debate and waiving points of order against H.R. 14114 for failure to comply with the provisions of clause 5, rule XXI. The prohibition in clause 5, rule XXI against the inclusion of appropriations in legislative bills, has traditionally been waived to permit consideration of bills increasing the debt limit. While the bill itself does not directly appropriate funds, once the debt limit is increased and additional debts are incurred, existing law authorizes the Secretary of the Treasury to pay interest and expenses connected with the public debt. Since the payment of these new obligations is not subject to the appropriation process, the bill violates clause 5, rule XXI.

As previously stated, House Resolution 1279 is a modified open rule. Section 1 of the bill, which increases the temporary debt limit in three steps, from the present level of $627 billion to a level of $700 billion by the end of fiscal year 1977, is open to amendment. The House will thus have an opportunity to determine the appropriate step increases for the debt limit as well as the appropriate times for the increases to take effect. The rule, however, would prohibit amendments, except amendments offered by the direction of the Committee on Ways and Means and pro forma amendments, to section 2 of the bill. Section 2 increases the limitation from $12 billion to $17 billion on the amount of long term bonds that may be issued bearing interest above the 4¼ percent statutory ceiling.

Mr. Speaker, I urge the adoption of House Resolution 1279 so that we may proceed to the consideration of H.R. 14114.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1279 would make in order House consideration of the bill H.R. 14114 which would increase the temporary limit on the public debt in three stages through September 30, 1977, at which time the limit would be $700 billion. The present temporary limit of $627 billion expires this June 30. The permanent debt limitation would remain at $400 billion. The bill which this rule would make in order also increases the limitation on the amount of long-term bonds that may be issued at 4¼ percent interest rates from $12 billion to $17 billion.

Mr. Speaker, this rule provides for 2 hours of general debate to be equally divided between the chairman and ranking minority member of the Committee on Ways and Means. The rule also contains the customary waiver of clause 5 of rule XXI which prohibits appropriations on an authorization bill. This waiver is necessitated by the appropriation contained in the original Second Liberty Bond Act. Finally, the rule woulld permit amendments to section 1 of the bill which contains the three-stage increase in the temporary debt limit, but section 2 of the bill, which increases the limitation on the amount of long-term bonds which may be issued at above 4¼ percent, will not be subject to amendment.

Mr. Speaker, I appreciate the fact that there is always some opposition to these bills to extend and increase the temporary debt limit based on the assumption that we can somehow control spending and reduce deficits by rejecting such legislation. I am sure today will be no exception. I therefore think it might be useful at this point to quote from a letter from Secrtary Simon to our distinguished minority leader (Mr. RHODES), dated June 7, 1976:

> No one deplores more than I do the pattern of consistent deficit spending which has necessitated continuing growth in our national debt. But, especially in recent years, it has become clear that the debt ceiling is not an effective device for controlling the level of governmental expenditures. There is no indication that debt ceiling considerations have ever deterred Congress from adopting spending programs.

The Secretary goes on to write, and again I quote:

> Like you and all of your colleagues who have fought so long and hard for fiscal restraint, I am deeply troubled by the growth in Federal expenditures proposed in the recent budget actions by the Congress. But as we continue to fight these excessive budget increases, I hope a clear distinction can be made between excessive spending on the one hand, and insuring appropriate legislative authority to finance whatever obligations are incurred on the other. H.R. 14114 is legislation which clearly falls within the latter category, and its adoption is most important if we are to preserve confidence in the integrity of Treasury financing.

Mr. Speaker, I would urge my colleagues to carefully consider those words of Secretary Simon in acting on this rule and the bill it would make in order. We now do have a more appropriate and hopefully more effective mechanism for controlling Federal spending in our new congressional budget process. In this regard, I was interested to read Fed Chairman Burns' remarks in Florida last Friday in which he praised the Congress for acting constructively in trying to limit total spending under our new process. Dr. Burns in quoted as saying that while big government budget deficits "have been directly responsible for a substantial part of the inflation problem," he now saw "some indication that our Government has of late been taking its fiscal responsibilities more seriously," including congressional efforts to check the growth of spending. I would only add that we should not allow our attention to be diverted from the importance of this new spending control mechanism by resorting to political gimmickry on this vital debt limit legislation. I urge adoption of the rule and passage of the bill it makes in order.

Mr. Speaker, I have no further requests for time, and I reserve the balance of my time.

Mr. DELANEY. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. RONCALIO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 295, nays 57, not voting 79, as follows:

[Roll No. 371]

YEAS—295

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bennett
Bergland
Biaggi
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Mich.
Broyhill
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carr
Carter
Cederberg
Chappell
Clausen, Don H.
Clay
Cleveland
Cohen
Collins, Ill.
Conable
Conte
Conyers
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
de la Garza
Delaney
Dellums
Derrick
Derwinski
Devine
Dickinson
Dingell
Dodd
Downing, Va.
Drinan
Duncan, Tenn.
du Pont
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Fuqua
Giaimo
Gibbons
Gilman
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harris
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Hightower
Hillis
Holtzman
Horton
Hubbard
Hughes
Hungate
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kastenmeier
Kazen
Keys
Kindness
Koch
Krebs
Lehman
Lent
Levitas
Long, La.
Long, Md.
Lott
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKinney
Madigan
Maguire
Mahon
Mann
Matsunaga
Mazzoli
Melcher
Metcalfe
Michel
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Roberts
Robinson
Rogers
Roncalio
Rooney
Rosenthal
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Schroeder
Schulze
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Staggers
Stanton, J. William
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Thompson
Thone
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Young, Alaska
Young, Tex.
Zablocki
Zeferetti

NAYS—57

Anderson, Calif.
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bevill
Brinkley
Clancy
Clawson, Del
Cochran
Collins, Tex.
Crane
Davis
Dent
Downey, N.Y.
Early
Emery
English
Flynt
Gaydos
Ginn
Goldwater
Hansen
Harrington
Harsha
Holt
Hutchinson
Jacobs
Jones, Tenn.
Kasten
Kemp
Ketchum
Lagomarsino
Latta
Lloyd, Calif.
Lloyd, Tenn.
Lujan
McCollister
McDonald
Martin
Miller, Ohio
Moorhead, Calif.
Neal
Paul
Poage
Regula
Roe
Rousselot
Runnels
Satterfield
Shuster
Snyder
Spence
Symms
Yatron
Young, Fla.

NOT VOTING—79

Abzug
Andrews, N.C.
Bell
Biester
Boggs
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Carney
Chisholm
Conlan
Corman
Daniels, N.J.
Diggs
Duncan, Oreg.
Eckhardt
Edgar
Esch
Eshleman
Fithian
Frey
Harkin
Hayes, Ind.
Hays, Ohio
Hefner
Helstoski
Henderson
Hinshaw
Holland
Howard
Howe
Karth
Kelly
Krueger
LaFalce
Landrum
Leggett
Litton
Lundine
McEwen
McKay
Madden
Mathis
Meeds
Meyner
Mezvinsky
Milford
Mink
Moakley
O'Hara
Passman
Peyser
Quillen
Randall
Rees
Riegle
Rodino
Rose
Rostenkowski
Scheuer
Schneebeli
Sebelius
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Talcott
Taylor, Mo.
Teague
Thornton
Traxler
Udall
Vander Jagt
Walsh
Waxman
Wilson, Bob
Young, Ga.

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Ms. Abzug.
Mr. Helstoski with Mr. Harkin.
Mrs. Chisholm with Mr. Bell.
Mr. Carney with Mr. Esch.
Mr. Krueger with Mr. Frey.
Mr. LaFalce with Mr. Brown of Ohio.
Mr. Rodino with Mr. Hefner.
Mr. Rostenkowski with Mr. Fithian.
Mr. Symington with Mr. Edgar.
Mr. Teague with Mr. Henderson.
Mr. Waxman with Mr. Hayes of Indiana.
Mr. Young of Georgia with Mr. Kelly.
Mr. Passman with Mr. Biester.
Mr. O'Hara with Mr. Howe.
Mr. Moakley with Mr. McEwen.
Mr. Mezvinsky with Mr. Peyser.
Mrs. Meyner with Mr. Quillen.
Mr. Hays of Ohio with Mr. Buchanan.
Mr. Eckhardt with Mrs. Boggs.
Mr. Duncan of Oregon with Mr. Randall.
Mr. Diggs with Mr. Andrews of North Carolina.
Mr. Corman with Mr. Rose.
Mrs. Burke of California with Mr. Conlan.
Mr. Brown of California with Mr. McKay.
Mr. Howard with Mr. Eshleman.
Mr. Holland with Mr. Landrum.
Mr. Leggett with Mr. Rees.
Mr. Litton with Mr. Scheuer.
Mr. Lundine with Mr. Madden.
Mr. Mathis with Mr. Schneebeli.
Mr. Meeds with Mr. James V. Stanton.
Mr. Milford with Mr. Talcott.
Mr. Traxler with Mr. Taylor of Missouri.
Mr. Thornton with Mr. Sebelius.
Mr. Stuckey with Mr. Steelman.
Mr. Walsh with Mr. Bob Wilson.

Mr. DENT and Mr. McDONALD changed their vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14114) to increase the temporary debt limit, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14114, with Mr. DELANEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Oregon (Mr. ULLMAN) will be recognized for 1 hour, and the gentleman from New York (Mr. CONABLE) will be recognized for 1 hour.

The Chair recognizes the gentleman from Oregon (Mr. ULLMAN).

Mr. ULLMAN. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, H.R. 14114 makes two changes in present law. The first involves a three-stage increase in the present temporary debt limit. The second change increases the exception from the 4¼ percent ceiling on long-term bonds.

DEBT LIMIT

Under present law, the permanent debt limitation is $400 billion. A temporary addition to the permanent limit of $227 billion currently is in effect which makes the total debt limit $627 billion through June 30, 1976. After June 30, the limit on outstanding public debt will fall to the $400 billion permanent limit if no action is taken by Congress.

The bill now before the House provides a three-stage increase in the temporary limit which raises the combined temporary and permanent debt limits to $636 billion through September 30, 1976, $682 billion from October 1, 1976, through March 31, 1977, and $700 billion from April 1 through September 30, 1977. In effect, the bill sets three debt limits. The first one applies to the transition quarter. The second and third limits apply to fiscal year 1977 with the second limit covering the first half of the fiscal year to assure that outlays are properly apportioned through the fiscal year.

The debt limits set in this bill are consistent with the budget and public debt targets in the first budget concurrent resolution for the transition quarter and fiscal year 1977. Table 5 of the committee report shows the monthly breakdown of public debt needs through the 15-month period covered by the bill. The second column contains the monthly projections prepared by the House Budget Committee. The projections conform with the targets set in the resolution, although the total at the end of the fiscal year is lower than the amount set in the resolution. This happens because the starting point for the debt limitation—the outstanding public debt on June 30, 1976—is now expected to be about $616 billion rather than the $627 billion limit that expires then. In effect, the computation of the prospective needs starts at a lower level than previously anticipated.

The committee believes that with the new budget process in effect, it is now appropriate to make the public debt limit extensions on the same time schedule as the congressional budget resolution. On this basis the debt limitation would be carried through the transition quarter or through the entire fiscal year 1977.

If the limit were extended only through September 30, 1976, it would then be necessary to provide another new limit in August or September of this year. Setting another limitation this soon, and probably with little more information than is now available, would be a useless gesture on Congress part. In addition, with the times out for conventions and the desire that Congress adjourn by the end of this September to again consider the debt limit at that time would needlessly crowd the agenda of the House and Senate. However, the open rule which we have adopted on this provision of the bill, makes it possible for the Members of the House to consider a shorter debt limit extension if in the judgment of the House this is desirable.

The provision before you sets a limit for the transition quarter and also for the fiscal year 1977, through September 30, 1977. The limits set are based on the targets set in the first budget resolution. Because the provision before you covers so long a period into the future the committee has followed a three-stage approach. This approach is desirable where a long extension of the limitation is made in order to control the spending throughout the period and prevent overspending in the early part of the period. The first stage covers the transition quarter, through September 30, 1976. The two stages in fiscal year 1977 divide the year evenly and provide control over the budget by allowing only enough margin to meet the debt needs as projected by the House Budget Committee for each half year.

Nevertheless, a major reason for requesting an open rule on the section 1 which amends the public debt limit is to give the Members of the House the opportunity to work their will by changing the size of the increases in the public debt, or by providing for different time periods for the debt limit increases, or by providing one limit for a single period of time.

I believe the committee has provided conservative increases in the limit over short time periods and I believe that the approach we have followed is a responsible approach which I ask the House to adopt.

INTEREST RATE CEILING

Section 2 of this bill increases the exception to the 4¼ percent interest rate ceiling on long-term bonds by $5 billion, from $12 to $17 billion.

Interest rates on long-term bonds for most of the past decade have been considerably higher than 4¼ percent, and there is little likelihood that the rates will fall below the ceiling for a long time to come. Under these conditions, the Treasury would not be able to issue long-term bonds, if the exception were not provided. The small amount of long-term issues has been a modest help in slowing the pace of shortening the average maturity of the outstanding Federal debt.

By having the 4¼ percent interest rate limitation on the issuance of bonds, Congress has been able to limit the sale of bonds with long maturities at high interest rates. Although the Congress believes it would be unwise economic policy to sell many of these long-term bonds at high interest rates, exceptions to this policy are needed in the interest of good debt management, so that most of the debt will not need to be rolled over at short intervals.

The increase of $5 billion which this bill provides will allow the Treasury to plan its program for the next 15 months and set tentative plans for the months after that. This incremental approach is the appropriate way for Congress to proceed in this area.

I urge the House to approve this small addition to the exception to the interest rate ceiling.

Mr. CONABLE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I always wince that this exercise is necessary; however, I feel that it is necessary at this point. As we move toward full implementation of the Budget Reform Act, I hope that we will consolidate this procedure with the work of the Committee on the Budget.

I support H.R. 14114. As the Chairman has pointed out, section 1 of the bill would increase the public debt limitation, which is temporarily set at $627 billion, to $636 billion through September 30, 1976, the end of the transition quarter; $682 billion from October 1, 1976, through March 31, 1977, and $700 billion from April 1, 1977, through September 30, 1977, the end of the fiscal year. I believe this approach, and these dates in particular, offer several advantages.

First, the use of the September 30 expiration dates coordinates consideration of further debt ceiling increases with the calendar requirements of the congressional budget process, a necessary step if further consideration of the debt ceiling is to be at all meaningful and the budget process itself is to be a rational one. Second, establishing limitations on the debt every 6 months during fiscal year 1977 provides guideposts as to the accuracy of our present Federal budgetary forecasts, and will provide opportunities for recomputation as the year proceeds. Third, provision in H.R. 14114 for an increase in the temporary debt limitation through September 30, 1977, approximately 15 months from now, although a large increase, will help to depoliticize the debt ceiling review process, particularly important in this election year.

Section 2 of the bill, which increases the limitation on the amount of long-term Treasury bonds which may be issued bearing interest above the 4¼-percent statutory ceiling from $12 billion to $17 billion, is also important. Indeed, many people consider it the most important part of the bill. That change, although perhaps it sounds insignificant in the context of the overall debt ceiling increase provided by the bill, is a vital one, particularly so if we consider interest rates likely to increase.

A greater ability on the part of the Treasury to enter the capital market in a balanced manner, with a mix of short- and long-term financing dictated by market conditions and not artificial straints on longer term offerings, enables the Federal Government to take maximum advantage of market conditions. That ability can result in very substantial interest savings and a sounder schedule of debt maturities. Particularly at a time when interest rates may rise significantly, it is most desirable for the Treasury to be able to enter the longer term markets in sufficient volume as market conditions warrant.

I see no purpose in providing an expiration of the present temporary debt limit 3 or 4 months from now, necessitating another bill. That approach would place the bill before the Congress shortly before the election and, I believe, put us in a most unfortunate position for consideration of a bill of this type. Experience so far in this Congress with short-lived small increases in the debt limitation has certainly not been one to commend that approach to us.

Admittedly, those of us concerned with the growth in recent years in Federal spending and deficits can only view an increase of the debt of the size contemplated by this bill with grave misgivings. However, as the Secretary of the Treasury said in a letter to the distinguished minority leader with regard to this bill:

> Like you and all of your colleagues who have fought so long and hard for fiscal restraint, I am deeply troubled by the growth in federal expenditures proposed in the recent budget actions by the Congress. But as we continue to fight these excessive budget increases, I hope a clear distinction can be made between excessive spending on the one hand, and insuring appropriate legislative authority to finance whatever obligation are incurred on the other. H.R. 14114 is legislation which clearly falls within the latter category and its adoption is most important if we are to preserve confidence in the integrity of Treasury financing.

Mr. Chairman, I hope this bill, which is a necessary one, will pass, and that my fellow Members will not confuse a "no" vote with a vote for economy in government.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CONABLE. Mr. Chairman, I yield myself one additional minute.

Mr. ULLMAN. Mr. Chairman, will the gentleman yield?

Mr. CONABLE. I yield to the gentleman from Oregon.

Mr. ULLMAN. Mr. Chairman, I want to commend the gentleman from New York for his strong support of this legislation. Particularly, I want to commend him and the gentleman from Wisconsin (Mr. STEIGER) and some of the other Members for making the suggestion that we carry this through the full fiscal year to conform with budget policy. The third stage, I think, is a very excellent idea, and I certainly concur with the gentleman and commend him and the gentleman from Wisconsin (Mr. STEIGER) for their efforts in doing that.

Mr. ULLMAN. Mr. Chairman, I reserve the balance of my time.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Chairman, once again, for the sixth time during the 94th Congress, the Committee on Ways and Means has acted to increase the "temporary" ceiling on the public debt. Once again, we have failed to exhibit any fiscal responsibility. Once again, we have told our colleagues that the sky is the limit for Federal spending, since the Ways and Means Committee will obligingly lift the ceiling to fit the debt.

Since our colleagues seem never to tire of adding to the Federal deficit, we must point out once more the dire consequences of this action. In 1970, just 6 years ago, the public debt subject to limitation was $373 billion. The debt in 1970 took 194 years to accumulate. By June 30, 1976 it is estimated that the public debt will be $616 billion—or a gain of $243 billion in just 6 years.

The bill adopted by this committee adds another $73 billion to the debt ceiling for the 15-month period between June 1976, and September 1977. This brings the grade total to $169 billion in new debt authorized by the Ways and Means Committee in approximately 1 year—or about 25 percent of the total. The folly of this course must be apparent to even the most devoted admirers of deficit spending.

By crowding private borrowers out of the money market to finance this colossal deficit, we will touch off another round of inflation and recession, and foreclose much-needed business expansion. The committee could have taken a firm stand to ward off this danger. Had the majority refused to accommodate the big spenders of Congress, and kept a lid on the debt, Congress would have been forced to come to grips with its own profligacy. As it is, we are not only allowing huge deficits for this year, but encouraging the same throughout 1977 as well.

If any clear message has been received from our citizens this year, it is that the growth of the Federal Government must be curtailed and spending be brought in line with income. We have consistently advocated that course and have opposed the massive deficits of the past several years. We have no obligation to incur more debt for our descendants based on our voting for bills that exceed the budget. We do have an obligation to restore fiscal integrity to Washington, and, therefore, most strenuously oppose this legislation.

Mr. CONABLE. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Chairman, I rise in support of the legislation.

Mr. Chairman, I would like to emphasize some of the points made by my distinguished colleagues on the committee. First, the three-step debt limitation schedule included in this bill is, I think, a valuable way of proceeding. As has been suggested, it will conform the schedule for review of the debt limitation with the congressional budget process. Certainly, if the limitation is to have any meaning and we are to continue to treat the budget process itself in a serious way, the two must be coordinated.

Also, as suggested, establishing limitations in this bill every 6 months through the end of fiscal year 1977 will provide us with benchmarks against which to measure our budgetary forecasts for the year and give us the opportunity to make any necessary adjustments in those forecasts. Third, the extension of the temporary limitation for 15 months is a sound idea.

I believe that a brief extension of the temporary limitation, expiring prior to this November's Presidential and congressional elections, would be a serious mistake. It would put what has been one of the most political of bills before the Congress at the height of the political season and, in my opinion create unreasonable and unnecessary pressures and difficulties for no useful purpose. Clearly, we should avoid that approach.

With regard to section 2 of the bill, which increases from $12 to $17 billion the aggregate amount of long-term bonds which the Treasury may issue without regard to the 4¼-percent statutory interest ceiling. I consider this to be a most important and valuable amendment to the Second Liberty Bond Act. Although the amount of money is small in comparison with our debt, as indicated earlier, this change will give Treasury much greater flexibility in entering the capital markets and can result in both considerably lower interest costs to the Federal Government and greater order in the markets. It is a change which should certainly be adopted.

I urge enactment of the bill.

Mr. CONABLE. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I rise in support of the bill.

Mr. Chairman, I support H.R. 14114, the temporary debt limit increase. I am less enthusiastic about our congressional overspending than most Members, but I think it is responsible and necessary to pay the bill after the debts have been incurred even if I did not agree to all the spending in the first place.

H.R. 14114 is better than the usual debt extension bill. Instead of the usual extension of a couple of months, this bill extends the debt ceiling, in accordance with the congressional budget resolution, and in accordance with administration estimates, to September of 1977. At that time the interim is to extend the limit annually at the time of the final budget resolution.

Eventually, the jurisdiction for this bill should pass to the Budget Committee, but only after all of budget items are included in our budget resolution.

It is never pleasant for those who do not do the spending to have to support legislation to pay the bills. It is time for the House to do its unpleasant duty and pass this bill.

Mr. VANIK. Mr. Chairman, I rise in support of H.R. 14114, legislation to provide for a three-step increase in the public debt limit. It is important to point out that this legislation represents the capstone of the congressional budget process. Our committee has drafted this bill to mirror the estimates of receipts and outlays contained in the first budget concurrent resolution for fiscal year 1977. In addition, this bill changes the effective dates for the debt limit increase to coincide with the congressional budget process.

There are some of my colleagues who oppose this legislation. Their opposition is rooted in a continued reluctance to ratify increased Federal expenditures. Concern over the increased Federal debt is well founded. But opposing this legislation is the wrong way to control Federal expenditures. Indeed, defeat of this legislation will do nothing to save one additional dollar of Federal expenditure or raise one additional dollar in Federal revenue.

If we are really serious about controlling the Federal budget we must strengthen our own congressional budget process. It is through this process that Congress will enforce the discipline needed to reduce waste in Federal programs as well as to increase Federal revenues by enacting comprehensive and fair tax reform. In addition, it is through the budget process that Congress will review and control the enormous contingent liabilities of the Federal Government. I have estimated that these contingent liabilities are over $1.8 trillion. Each time Congress authorizes a Federal agency to, for example, guarantee a loan to the private sector, such a contingent liability is created. Although it is likely only a small fraction of these liabilities will actually be incurred by the Government, these liabilities are real and should be comprehensively reviewed and included in the budget process.

Mr. ROUSSELOT. Mr. Chairman, we are asked today to lend our approval to a measure that would push the debt ceiling to the unprecedented level of $700 billion. I rise in opposition to H.R. 14114.

All too often, in my opinion, the Committee of Ways and Means, which reported this legislation, together with the majority of the Members of this body, have been accustomed to believing that "the sky is the limit" insofar as the U.S. debt limit is concerned. For the sixth time in the 94th Congress, the Ways and Means Committee has asked us to increase this "temporary" debt ceiling. Once again, we are being asked to indulge in fiscal irresponsibility with a brash disregard for the economic consequences of whimsically spending ourselves into the same dire fate of New York City and Great Britain.

Perhaps some perspective would be helpful to appreciate the irresponsibility of the $700 billion ceiling we are being asked to approve. In 1970, just 6 years ago, the public debt subject to limitation was $373 billion. The $373 billion figure took some 194 years to accumulate. By June 30, 1976, it is estimated that the public debt will be $616 billion—a gain of $243 billion in a short 6 years. With this bill before us today, the Ways and Means Committee has authorized $169 billion in new debt—an incredible 25 percent of the total public debt in approximately 1 year. As Shakespeare said in his play Hamlet, I too "am ill at these numbers."

Proponents of this debt increase argue that it is necessary to finance needed programs of the Federal Government and to accelerate economic recovery. They carefully avoid, however, the fact that the increase will grant the U.S. Treasury further permission to go into the private marketplace and borrow funds for economic growth in the private sector—funds that are needed for capital expansion and the creation of permanent and satisfying jobs for the Nation's unemployed.

The proponents also seem to fail to appreciate the debilitating nature of the hidden cost of interest that is connected with any increase in the national debt. The 1977 interest level will be about $15 billion higher—$69 per capita in 1976—that only 4 years earlier. That cost will continue indefinitely until such a time as the debt can be totally paid off.

Even when the debt is not growing its very existence creates problems. In the 12 months from December 1975, nearly $200 billion of debt had to be refinanced; in the first 2 months of 1976 average Treasury borrowings, including rollovers, were $9.5 billion each week.

Mr. Speaker, we all instinctively realize that something is desperately wrong with a system of Federal finances that requires an increase in the public debt to $700 billion, and certainly we have all perceived the public climate in recent months moving toward more frugality in government. Indeed, most all politicians this year are campaigning on a platform of less government and less bureauacy. With this bill we will be given the opportunity to put our vote where our mouth is and truly separate those who believe what they preach from those who pay mere lipservice to the notion of less government spending.

It is time that this body assume its constitutional responsibility to manage the expenditure of public funds more responsibly, and I urge that we begin today to more fully accept this responsibility by defeating the proposed temporary ceiling increase.

Mr. GRASSLEY. Mr. Chairman, the bill which is presently up for consideration by the House of Representatives would increase the national debt to $700 billion through September 30, 1977. This is incredible and yet another example of the fiscal irresponsibility which this Congress has exhibited. What is even more amazing to me is that this $700 billion figure is some $13 billion less than the administration's request.

The record shows that in 1970 the national debt was $373 billion. The passage of this legislation would allow the total national debt to almost double in just 7 years. It should also be noted that even these figures do not accurately reflect the amount of money owed by the Federal Government. Under a different method of accounting, which would take into account funds obligated at present for future expenditure, the size of the national debt would be almost twice that it is reported to be.

I call upon the Members of the House to defeat this measure and return to a balanced budget where Federal expenditures equal Federal income. Abraham Lincoln was of the same opinion and expressed his view more eloquently than I when he said that—

> You cannot keep out of trouble by spending more than your income.

Mr. Lincoln also addressed the matter of public debt when he noted that—

> You cannot establish sound security on borrowed money.

May I respectfully urge my colleagues to vote against H.R. 14114 so that we may begin to put the House, at least with respect to fiscal matters, in order.

Mr. ANDERSON of California. Mr. Chairman, I rise in strong opposition to H.R. 14114, a bill which will allow the Federal Government to borrow an additional $73 billion through September of 1977. The legislation before us would increase the temporary debt ceiling from $627 to $700 billion over the next 15 months.

This marks the fifth time in less than a year and a half that the 94th Congress has raised the debt limit. Let me refresh the memory of my colleagues. On February 5, 1975, this House voted to increase the temporary debt ceiling from $495 to $531 billion. On June 24, 1975, this body voted to increase the debt ceiling from $531 to $577 billion. On November 13, 1975, the House voted to increase the debt ceiling from $577 to $595 billion. And on February 25, 1976, the House of Representatives voted to increase the debt limit from $595 billion to the present limit of $627 billion. Here we are again today and the arguments are sounding rather familiar.

The only difference between this legislation and past so-called temporary debt limit increases is that this legislation is designed to save us time in the future. How? By providing for a three-phase increase in the debt ceiling. H.R. 14114 proposes to increase the debt limit to $636 billion through September 30, 1976; to $682 billion through March 31, 1977; and to a nice round figure of $700 billion through September 30, 1977. I might like the fact that this legislation plans for the future—but I do not like the plans.

Mr. Chairman, I believe that we should carefully examine where we are headed and where we have been in terms of the debt. At the end of fiscal year 1960, the national debt was $296.6 billion, less than half of what it is today. By the end of the decade, the debt had risen to $401.6 billion—an increase of slightly over $100 billion in 10 years. It took 194 years to accumulate that debt of around $400 billion, and during the 94th Congress we have proposed to add over $200 billion to that debt.

Mr. Chairman, I believe that taxation is, or should be, the basis of fiscal discipline in the United States. New social services, programs, and projects must be paid for—either through taxation or borrowing. I believe that the American public wants to know what these Government services cost; after all, they are the ones who must pay for these services. I also believe that this generation is genuinely concerned about passing the costs of this generation's programs onto the next generation. It is inherently unjust. My constituents are concerned about inflation, they have been for years, and they know that an unpaid and ever-increasing debt is continuing to fuel inflation.

I urge my colleagues to vote against this legislation providing for continued borrowing by the Federal Government.

Mr. KEMP. Mr. Chairman, I rise in opposition to the bill before us, a bill to increase the Federal debt ceiling to $700 billion through September 30, 1977.

Unfortunately, this is not the first time this matter has been before us in recent months. It was only on February 25—less than 4 months ago—that the House voted to increase the ceiling to its present level to $627 billion. Now we are asked to increase it by another $73 billion.

Let me address myself for a few moments to several points which have been raised in the course of today's debate.

Proponents of the debt ceiling increase have argued that we have no need to worry about increasing the debt because, they say, the ratio of Federal debt to gross national product is lower today than it has been in the past. I would suggest the ratio of debt to GNP is meaningless as a comparison. What is more meaningful is the ratio of Federal debt plus taxes to GNP in the period of the planned temporary increase. It is this ratio which indicates the share of the economy's real resources which is being appropriated by the Government. And that share is increasing.

In 1950 Federal debt plus taxes was 14.88 percent of GNP. By 1955 it had risen to 17.16 percent, then to 18.33 percent by 1960. By 1970 it was 20.01 percent, and it had grown to 21.65 percent by 1975. Thus, by 1970 $1 out of every $5 in the national economy was in the form of Federal taxes or Federal borrowing, and this does not account, of course, for a sizable additional percentage in the form of State and local taxes and State and local borrowing. The following table reflects this growth with respect to the Federal Government:

PERCENTAGE OF FEDERAL TAXES AND BORROWING TO GROSS NATIONAL PRODUCT, 1950–75[1]

[Dollar amounts in billions of constant dollars]

Year	Federal taxes	Federal borrowing	Federal taxes and borrowing	Gross national product	Percentage Federal taxes and borrowing of GNP
1950	$39.485	$3.112	$42.497	$286.2	14.88
1955	65.469	3.041	68.510	399.3	17.16
1960	92.492	.269	92.761	506.0	18.33
1965	116.833	1.596	118.429	688.1	17.21
1970	193.743	2.845	196.588	982.4	20.01
1975	280.997	43.604	324.601	1,499.0	21.65

[1] Source: "Economic Report of the President," January 1976, pp. 171 and 245.

The reason this share of the gross national product being drained off into Federal taxes and Federal borrowing is disturbing is because it means that the people who produce the goods and services that make up our gross national product are allowed to keep for their own uses a smaller percent of what they produce each year.

That the Congress must so often vote on increasing the debt ceiling is also disturbing because it means that the Government cannot responsibly match its expenditures to its revenues.

When I first came to Congress in 1971 the debt ceiling stood at $377 billion. We are asked today—only 5 years and a few months later—to increase it to $700 billion. This is the sixth increase effort in the past 16 months, too. And, if this bill should become law, it will condone this outrageous $323 billion—86 percent—increase in a little over 5 years.

If that is not bad enough, think about the interest payments alone on the debt in the coming year—more than $41.297 billion—or 41,297 times $1 million. And to those who would argue that we really should not worry all that much about the size of the debt for "after all, we owe it to ourselves," I would remind them that this interest must be paid like any other debt of the Federal Government—out of taxes or from additional borrowing.

These figures and their implications for our fiscal integrity and economic system are resounding. There are two ways we can address them: Directly or indirectly. And there are two places at which the Congress can attack the problem of excessive Government spending directly: First, at the authorization level, and, second, at the appropriations level. Both are an exercise of constitutional authority—as is approving or voting down a debt ceiling increase.

There are two culprits here: The administration when it asks for expenditures in excess of revenues taken in—as it has again this year, and the Congress when it mandates expenditures in excess of revenue taken in—as it too has again this year. Both are at fault. But both have the ability—if they would only exercise it—to bring expenditures down toward the level of income. All the rhetoric downtown and on Capitol Hill notwithstanding, expenditures and the debt continue to go up, because it is so much easier to spend than to hold the line.

I, for one, think the perception that the best way to be liked is to vote for more spending, while it may have been valid for years, is becoming more and more out of step with majority opinion in the United States. I think the people are looking increasingly to their leaders to hold the line of spending and taxes and the inflation which comes from borrowing, and they are willing to live with a decrease in Government services as a result.

There are places at which we can attack this problem of excessive Government spending indirectly too. One such place is through the debates on increases in the debt ceiling. It focuses the debate—as do the debates on the concurrent resolutions establishing limits on total Government spending, taxes, and deficits for each fiscal year—on the totality of our spending, the taxes required to offset most of it, the borrowing required to offset the remainder of it, and the effects of all of that on our economy. Close votes on bills to increase the debt ceiling also send messages to those who would spend more than we have and worry about the risks to the economy later that they must slow down. It helps also to expand awarenesses—in the Congress, in the administration, and among the people—of the disorders caused by rapidly rising public debt.

I think a Member is more apt to vote against an increase in the debt ceiling if he has consistently voted against excessive authorizations and appropriations. I have voted against excessive authorizations and appropriations. I voted, for example, for reductions in authorizations and appropriations of over $21 billion in 1973 and of nearly $19 billion in 1974. I have not yet computed last year's votes—1975—but I am sure it would be at about the same level. Thus, I feel comfortable in voting against this proposed debt limit increase. If a sufficient number of us do, we will be able to reverse the march of recent years toward bankruptcy.

One of our country's leading social commentators, Irving Kristol, has said that this is exactly the question we are facing, that the destiny of any society is determined finally by the capacity of its citizens to control their own demands upon Government and thereby to rightly understand their enduring common interests. I can think of few things more important for special interests in this country to understand today than their capacity, no matter how unintended, to rend asunder the common interests of the people—in other words, to bankrupt our country or to debase our currency as measures are undertaken to increase the money supply to head off such a bankruptcy.

The Committee on Appropriations minority staff has recently prepared a comparison of outlays proposed in the fiscal year 1977 budget with the outlays in 1962—15 years ago. This comparison is informative in a number of respects, not the least of which is the showing, as evidenced by comparisons of percentage increases by functional categories, of congressional spending responses to special interests. It does not take a Ph. D. in political science to appreciate the fact that the size of the increases fairly accurately reflects the intensity of pressures from special interest constituencies. We hear so very much about the national Defense establishment, for example, but this comparison shows that, again for example, the health lobby, the education lobby, and many more have had much more influence and have been rewarded with more dollars. The following chart shows the growth in various functional categories of spending during this 15-year period, from the largest percentage to the smallest:

OUTLAYS PROPOSED IN FISCAL YEAR 1977 BUDGET IN COMPARISON TO OUTLAYS IN FISCAL YEAR 1962[1]

[Dollar amounts in billions of constant dollars]

Functional category	Fiscal year— 1962 outlays	Fiscal year— 1977 outlays	Percentage change, fiscal years 1962–77
Revenue sharing and general purpose fiscal assistance	$0.172	$7.351	4,173.8
Health	1.195	34.393	2,778.1
Education, training, employment and social services	1.241	16.615	1,238.8
Community and regional development	.441	5.532	1,154.4
Law enforcement and justice	.424	3.426	708.0
Income security	22.666	137.115	504.9
Natural resources, environment and energy	2.647	13.772	420.3
Interest on the debt	8.321	41.297	396.3
General government	.982	3.433	249.6
Veterans benefits and services	5.625	17.196	205.7
Commerce and transportation	5.705	16.498	189.2
General science, space and technology	1.722	4.507	161.7
National defense	50.376	101.129	100.7
International affairs	4.264	6.824	60.0
Agriculture	3.557	1.729	−51.4

[1] Source: "Weekly Report for Minority Members," House Committee on Appropriations, June 4, 1976, at p. 11.

The point is not that each of these constitutes a necessarily reckless special interest group out to get everything for itself to the exclusion of others. Rather, the point is that one still must weigh the impact of the totality of these expenditures upon our economy and our way of life, a way of life demonstrably changed in recent decades by a government which has assumed such prominence in our lives that this year government at all levels will take 42.1 percent of total personal income in the United States—over 42 cents out of every dollar will go to government through income taxes, sales taxes, real estate taxes, gas taxes, et cetera.

The recession out of which we are now moving was caused in great part by inflation and some very unwise attempts by Government to deal with it—such as the mandatory wage and price controls which by causing severe shortages and loss of jobs helped to bring about the recession.

Focusing on the impact of Government deficits on jobs creation is central to a debate on economic recovery. What such a debate would show is that deficit financing is not the way in which to provide more real jobs and real higher wages. The facts bear this out. The deficit has grown substantially in recent years, but so too has unemployment. If it were true that deficits create jobs, then employment—not unemployment—would have grown during this period. It is time to create real jobs and to assure real higher wages, and the way to do that is to stop these increases in the debt ceiling.

Mr. ULLMAN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. CONABLE. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. Pursuant to the rule, no amendment to section 2 of the bill, and no amendment in the nature of a substitute changing section 2, shall be in order except amendments offered by direction of the Committee on Ways and Means, and except pro forma amendments, but said amendments shall not be subject to amendment.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased as follows:

(1) for the period beginning on July 1, 1976, and ending on September 30, 1976, by $236,000,000,000,

(2) for the period beginning on October 1, 1976, and ending on March 31, 1977, by $282,000,000,000, and

(3) for the period beginning on April 1, 1977, and ending on September 30, 1977, by $300,000,000,000.

SEC. 2. The last sentence of the second paragraph of the first section of the Second Liberty Bond Act (31 U.S.C. 752) is amended by striking out "$12,000,000,000" and inserting in lieu thereof "$17,000,000,000".

The CHAIRMAN. Are there any amendments to the bill?

If not, under the rule, the Committee rises.

Accordingly the Committee rose, and the Speaker having resumed the Chair, Mr. DELANEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 14114) to increase the temporary debt limit, and for other purposes, pursuant to House Resolution 1279, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. CLANCY

Mr. CLANCY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. CLANCY. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CLANCY moves to recommit the bill H.R. 14114 to the Committee on Ways and Means.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken.

Mr. ULLMAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 184, nays 177, not voting 70, as follows:

[Roll No. 372]

YEAS—184

Adams
Addabbo
Anderson, Ill.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Bingham
Blanchard
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Broomfield
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Carney
Carter
Cederberg
Clay
Cohen
Collins, Ill.
Conable
Conte
Cornell
Cotter
Coughlin
Danielson
Delaney
Derwinski
Dingell
Downing, Va.
Drinan
Duncan, Oreg.
du Pont
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fisher
Flood
Foley
Ford, Mich.
Forsythe
Fraser
Frenzel
Giaimo
Gonzalez
Gude
Hall
Hamilton
Hammerschmidt
Hannaford
Hawkins
Hébert
Heinz
Hicks
Holtzman
Horton
Howard
Hungate
Jarman
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jordan
Koch
Krebs
LaFalce
Leggett
Lehman
Long, La.
Lundine
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Madigan
Mahon
Matsunaga
Melcher
Metcalfe
Meyner
Mikva
Mills
Mineta
Mitchell, Md.
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Preyer
Price
Pritchard
Railsback
Rangel
Rees
Reuss
Rhodes
Richmond
Roncalio
Rooney
Rosenthal
Roush
Roybal
Ruppe
Russo
St Germain
Sarbanes
Seiberling
Sharp
Shipley
Simon
Sisk
Slack
Smith, Iowa
Solarz
Staggers
Stanton, J. William
Stark

Steed
Steiger, Wis.
Stephens
Stratton
Thompson
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Waxman
Weaver
Whalen
Wiggins
Wilson, C. H.
Wirth
Wright
Wydler
Yates
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—177

Abdnor
Alexander
Allen
Ambro
Anderson, Calif.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Biaggi
Blouin
Bowen
Brinkley
Brown, Mich.
Broyhill
Burgener
Burke, Fla.
Burke, Mass.
Burton, John
Butler
Byron
Carr
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conyers
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Dellums
Dent
Derrick
Devine
Dickinson
Dodd
Downey, N.Y.
Duncan, Tenn.
Early
Emery
English
Evans, Ind.
Fish
Florio
Flowers
Flynt
Ford, Tenn.
Fountain
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hanley
Hansen
Harrington
Harris
Harsha
Hechler, W. Va.
Heckler, Mass.
Henderson
Hightower
Hillis
Holt
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kastenmeier
Kazen
Kemp
Ketchum
Keys
Kindness
Lagomarsino
Latta
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Lott
Lujan
McCollister
McDonald
Maguire
Mann
Martin
Mazzoli
Miller, Calif.
Miller, Ohio
Minish
Mitchell, N.Y.
Moakley
Moffett
Montgomery
Moore
Moorhead, Calif.
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Paul
Pettis
Poage
Pressler
Quie
Regula
Rinaldo
Risenhoover
Roberts
Robinson
Roe
Rogers
Rousselot
Runnels
Ryan
Santini
Sarasin
Satterfield
Schroeder
Schulze
Shriver
Shuster
Sikes
Skubitz
Smith, Nebr.
Snyder
Spellman
Spence
Studds
Sullivan
Symms
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Vander Jagt
Wampler
White
Whitten
Wilson, Tex.
Winn
Wolff
Wylie
Yatron
Young, Alaska
Young, Fla.

NOT VOTING—70

Abzug
Andrews, N.C.
Bell
Biester
Boggs
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Chisholm
Conlan
Corman
Daniels, N.J.
Diggs
Eckhardt
Edgar
Esch
Eshleman
Fithian
Frey
Green
Harkin
Hayes, Ind.
Hays, Ohio
Hefner
Helstoski
Hinshaw
Holland
Howe
Karth
Kelly
Krueger
Landrum
Litton
Long, Md.
McClory
McEwen
Madden
Mathis
Meeds
Mezvinsky
Michel
Milford
Mink
O'Hara
Passman
Peyser
Quillen
Randall
Riegle
Rodino
Rose
Rostenkowski
Scheuer
Schneebeli
Sebelius
Stanton, James V.
Steelman
Steiger, Ariz.
Stokes
Stuckey
Symington
Talcott
Teague
Thornton
Traxler
Udall
Walsh
Whitehurst
Wilson, Bob

The Clerk announced the following pairs:

On this vote:

Mrs. Boggs for, with Mr. Holland against.

Mr. Dominick V. Daniels for, with Mr. Riegle against.

Mr. Brown of California for, with Mr. Mathis against.

Ms. Abzug for, with Mr. Howe against.

Mr. Rodino for, with Mr. Stuckey against.

Mr. Rostenkowski for, with Mr. Rose against.

Mr. Passman for, with Mr. Milford against.

Mrs. Chisholm for, with Mr. Randall against.

Mr. McClory for, with Mr. Kelly against.

Mr. Brown of Ohio for, with Mr. Conlan against.

Mr. Biester for, with Mr. Whitehurst against.

Mr. Schneebeli for, with Mr. Buchanan against.

Mr. Bob Wilson for, with Mr. Quillen against.

Mr. Bell for, with Mr. Steiger of Arizona against.

Mr. Teague for, with Mr. Talcott against.

Mr. Diggs for, with Mr. Walsh against.

Mr. Helstoski for, with Mr. Sebelius against.

Mr. McEwen for, with Mr. Eshleman, against.

Mr. Mezvinsky for, with Mr. Steelman against.

Mr. Michel for, with Mr. Edgar against.

Mr. Meeds for, with Mr. Frey against.

Mrs. Burke of California for, with Mr. Landrum against.

Mr. Stokes for, with Mr. Hayes of Indiana against.

Mr. O'Hara for, with Mr. Litton against.

Mr. Corman for, with Mr. Harkin against.

Mrs. Mink for, with Mr. Hefner against.

Until further notice:

Mr. Krueger with Mr. Andrews of North Carolina.

Mr. Symington with Mr. Karth.

Mr. Green with Mr. Long of Maryland.

Mr. Hays of Ohio with Mr. Madden.

Mr. Thornton with Mr. Esch.

Mr. Traxler with Mr. Peyser.

Mr. Udall with Mr. Scheuer.

Mr. Eckhardt with Mr. James V. Stanton.

Mr. MAZZOLI changed his vote from "yea" to "nay."

Mr. RICHMOND changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ULLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON MANPOWER AND HOUSING OF COMMITTEE ON GOVERNMENT OPERATIONS TO SIT DURING 5-MINUTE RULE TOMORROW, JUNE 15, 1976

Mr. HICKS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Manpower and Housing of the Committee on Government Operations be permitted to hold a scheduled hearing tomorrow morning while the House is proceeding under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman repeat his request?

Mr. HICKS. Mr. Speaker, if the gentleman will yield, the Subcommittee on Manpower and Housing of the Committee on Government Operations has for some time had a hearing scheduled on Federal Workmen's Compensation tomorrow morning. I ask unanimous consent that the subcommittee be permitted to sit for that hearing during the 5-minute rule, if there is a 5-minute rule, tomorrow.

Mr. ROUSSELOT. From 10 a.m. to 12 noon?

Mr. HICKS. Yes.

Mr. ROUSSELOT. And there will be no markup; just a hearing?

Mr. HICKS. No markup. It is just a hearing.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman.

I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, the message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 13680. An act to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 13680) entitled "An act to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SPARKMAN, Mr. CHURCH, Mr. MCGEE, Mr. MCGOVERN, Mr. HUMPHREY, Mr. CASE, Mr. JAVITS, and Mr. HUGH SCOTT to be the conferees on the part of the Senate.

OUTER CONTINENTAL SHELF LANDS ACT AMENDMENTS OF 1976

Mr. MURPHY of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6218) to establish a policy for the management of oil and natural gas in the Outer Continental Shelf; to protect the marine and coastal environment; to amend the Outer Continental Shelf Lands Act; and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from New York (Mr. MURPHY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6218), with Mr. Natcher in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Friday, June 11, 1976, title II had been considered as read and was open to amendment at any point. Pending was an amendment which had been offered by the gentleman from New York (Mr. Fish).

Mr. MURPHY of New York. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York (Mr. Fish).

Mr. Chairman, I rise in opposition to the gentleman's amendment. This amendment is substantially the same as the amendment in the nature of a substitute which the minority members introduced at the end of the committee's markup sessions, and which was resoundingly defeated without debate.

This amendment would replace the entire title II of the bill, a section some 80 pages long. During the 13 days of actual markup of the bill, most of the discussion focused on title II, the amendments to the OCS Lands Act. Title II was discussed during 9 of the 13 days, and nearly 150 amendments to that title were introduced and debated. Nearly every single phase of title II came under the careful scrutiny of the members and staff of the committee, as well as legislative counsel.

To replace the most important provisions of the bill, which have been so carefully studied and so thoroughly debated, with a new title II, which was rejected by the committee without the same detailed analysis, is sheer folly.

The minority views in the committee report stated that the minority had taken a progressive approach toward amending the OCS Act, and that the amendment before us now reflects their progressive thinking as well as the best ideas from the committee markup. I would point out to my colleagues that most of the 150 amendments to title II which were taken up by the committee were offered by the minority, and the committee has already taken the best of the ideas from the amendment before us now, and incorporated them into the bill. The remaining discrepancies between the amendment and the bill are those concepts which were debated and rejected by the committee during its lengthy mark-up session this spring.

Without going into too lengthy an analysis of the amendment before us now, I will explain the major differences between title II of H.R. 6218 and this amendment.

A number of differences between the two versions center on the question of competition. The bill contains several provisions which will promote competition in the offshore drilling business. The amendment has removed some of the most important of these measures.

First, under the amendment, the Secretary of the Interior is no longer required to obtain the views of the Attorney General with respect to matters which may affect competition.

Also, under the amendment, the Secretary is no longer required to file an annual report, detailing the various bidding methods used, and stating recommendations for promoting competition in the leasing of OCS lands.

The amendment has also removed the 90-percent limit on the use of the cash bonus bidding method. In the bill, this 90-percent limit had been set because many viewed the cash bonus system as anticompetitive.

Fourth, the amendment before us has no language prohibiting joint bidding among major producers, and no language requiring due diligence by producers.

Finally, the amendment has removed the subsection which called for pre-lease exploratory drilling to be conducted by industry and at industry expense, but under Federal guidance, and with all information being shared with the Federal Government.

A second major set of differences between H.R. 6218 and the amendment deals with the role of States and citizens in raising objections to various aspects of offshore development.

In both versions, Regional OCS Advisory Boards may comment on development and production plans which have been submitted by the offshore operator. In H.R. 6218, the Secretary must accept the recommendations of the Advisory Boards unless he determines they are not consistent with national security or the overriding national interest. In the amendment, the Secretary is required only to fully consider such recommendations.

With respect to the role of citizens, H.R. 6218 has a detailed section on citizen suits, setting out just who may file such suits, and on what matters. In the amendment, there is no provision for citizen suits.

A third major set of differences between the two versions of title II deals with jurisdiction among the various Federal agencies.

H.R. 6218 clearly sets out what agency is responsible for updating and enforcing regulations in what area. It recognizes overlaps among the various Federal agencies and attempts to fill gaps which now exist because of Federal inaction in these overlapping areas.

The amendment, however, fails to recognize these regulatory gaps, and maintains the current, vague, jurisdictional split between the Interior Department and the Coast Guard.

The amendment also sets less strict guidelines for the Coast Guard's enforcement activities.

Finally, the amendment transfers jurisdiction over environmental and baseline studies back from the National Oceanic and Atmospheric Administration to the Interior Department. H.R. 6218 had transferred jurisdiction over to NOAA because they are the agency which has the scientific expertise in this area and have been conducting the studies for the Interior Department in the past.

The final set of differences between H.R. 6218 and this amendment deal with procedures. The two versions call for different procedures to be used in preparing the Secretary's leasing program, in preparing the development and production plans, and in leasing geological traps which lie under both State and Federal lands.

These are the major differences between this amendment and H.R. 6218. Many of the different provisions were debated in committee mark-up and discarded. Some of the best ideas were accepted and are already in the bill as reported out. In general, I would say that the amendment before us is a weaker version of title II, with fewer provisions for the promotion of competition, less strict environmental safeguards, a smaller role for concerned States and citizens, and a failure to resolve jurisdictional disputes and regulatory gaps. I strongly urge my colleagues to defeat this amendment and to maintain the strengths of H.R. 6218 as they now exist in title II.

For the Member's convenience, I have asked staff to prepare a comparison of the minority "substitute" with title II of H.R. 6218 as reported, which I would like to now insert in the Record:

COMPARISON OF MINORITY AMENDMENT WITH H.R. 6218 AS REPORTED

SECTION 201

Section 301 defines twelve terms. Almost all of the definitions are identical to those in Section 201 of H.R. 6218. The differences are as follows:

Affected state—This term is defined in Section 23 of the Amendment. The language is identical except the Minority version allows the Secretary to totally designate what is an "affected state" and allows him to withdraw the designation of "affected state".

Environment—Whereas H.R. 6218 contains three separate definitions for marine, coastal, and human environment, the Amendment has only one general definition: "environment means the marine, coastal or human environment, as appropriate, and includes economic, esthetic, and social factors."

Development—The definitions in both H.R. 6218 and the Amendment refer to "activities which take place following discovery of oil, natural gas, or other minerals in commercial quantities," but the list of included activities differs. H.R. 6218 includes "geophysical activity, drilling, platform construction, and operation of all onshore support facilities", whereas the Amendment includes "drilling, emplacement and outfitting, pipelaying, and platform construction and other onshore support activities".

SECTION 202

Section 202 presents the National Policy for the Outer Continental Shelf. The six paragraphs in the Amendment are either identical or equivalent to the language in Section 202 of H.R. 6218, except that the minerals of the OCS are said to be a vital resources, while in H.R. 6218, the OCS is said to be a vital resource reserve and the Minority draft does not include policies as to a need for impact funds.

SECTION 203

This section contains laws applicable to the Outer Continental Shelf and is identical to Section 203 of H.R. 6218, with one exception. In H.R. 6218, the Coast Guard is required to mark navigational hazards, whereas in the Amendment, the Coast Guard is authorized to mark the hazards.

SECTION 204

Section 204 provides for the administration of leasing of the Outer Continental

Shelf, and corresponds to Section 204 of H.R. 6218, with several differences:

(1) The Minority reincludes the original regulatory authority language of the OCS Act;

(2) H.R. 6218 directs the Secretary to request and give due consideration to the views of the Attorney General with respect to matters which may affect competition. No comparable provision is found in the Amendment.

(3) H.R. 6218 directs the Secretary to issue regulations regarding the suspension and cancellation of leases for environmental reasons. In the Minority Amendment, this is covered in a new Section 21. See discussion below for full comparison of provisions.

(4) H.R. 6218 directs the lessee to produce oil or gas at rates consistent with any rule or order issued by the President, or at rates consistent with regulations issued by the Secretary (Section 5(f) as amended by Section 204). There is no comparable provision in the Minority Amendment.

(5) Section 5(g) as amended by Section 204 of H.R. 6218 prohibits the flaring of natural gas. The similar provision in the Amendment appears in a new Section 31.

(6) H.R. 6218 provides in amended Section 5 specifically for regulators to implement other sections of the Act. The Minority does not.

SECTION 205

This section amends Section 7 of the OCS Lands Act to cover OCS operations which, in the judgment of the Secretary, would result in the drainage of oil or gas from lands of any state. If the state lands have been or are about to be leased, then the Secretary is to seek to establish an agreement for unitary exploration, development and production of the federal and state lands.

If the state has not or is not about to lease the lands, then the Secretary is to include a term in the lease making the lessee a party to any negotiations and any suite for equitable division of the proceeds from the lease among the lessee, the state, and the federal government. Negotiations are to be pursued for six months. If no agreement is reached as to an equitable division of the proceeds, then any party to the negotiations may sue. This negotiation and suit procedure is only to be instituted if the state has a similar procedure for drainage from federal lands.

This differs from the provisions set out in the new subsection (f) of Section 8 of the OCS Lands Act, as amended by Section 205 (b) of H.R. 6218. The language of the bill authorizes joint leasing by the Federal and State governments, and establishes an escrow account for the bonuses, royalties, rents, and net profit shares obtained pursuant to the lease until an equitable distribution of the revenues can be determined.

SECTION 206

Section 206 revises the leasing forms and procedures, and is equivalent to Section 205 of H.R. 6218.

The Minority Amendment does not authorize one of the bidding options authorized by H.R. 6218: Majority option F: cash bonus bid with a fixed royalty and net profit share.

The Amendment sets no upper limit to the area which may be leased using the cash bonus bid method (option A), whereas H.R. 6218 limits this method to 90 percent in the frontier areas during each of the first five years.

The Amendment has no provision comparable to the requirement of an annual report on the use of the various bidding options by the Secretary, as provided in Section 205 of H.R. 6218.

The Amendment requires accounting procedures and standards, rather than just rules, to govern net profit calculation.

There is no provision in the Amendment prohibiting joint bidding among major producers or joint bidding for Phillips Plan shares.

Whereas H.R. 6218 states that a lease shall cover a geological structure or trap, or be comprised of a reasonable, economic production unit, the Amendment states that leases shall be for an area not to exceed 5,760 acres unless a larger area is necessary to comprise a reasonable economic production unit.

H.R. 6218 states that leases shall be for five years and may be extended for five more years to encourage exploration and development in areas of unusually deep water or adverse weather conditions. In the Minority Amendment, leases are for an initial period of five years or for ten years where the Secretary needs to encourage exploration and development in areas of unusually deep water or unusually adverse weather conditions. Both versions extend the life of a lease for as long as production occurs or drilling or well reworking operations are being conducted.

The Minority Amendment mandates no due diligence requirement for the issuance or extension of a lease.

SECTION 207—DISPOSITION OF REVENUES

Section 207 is a minor amendment to Section 9 of the OCS Lands Act. There is no comparable amendment in H.R. 6218.

SECTION 208—REPAYMENT

This section amends Section 10 of the Act. There is no comparable provision in H.R. 6218. This amendment is insignificant.

SECTION 209

This section is identical to the language in Section 11(a) as amended by Section 206 of H.R. 6218. Provisions dealing with the exploration plans, which are also in Section 206 of H.R. 6218, are dealt with in a new Section 19 in the Amendment and will be discussed below.

SECTION 210

This section amends Section 12 of the Act. There is no comparable provision in H.R. 6218. It only needs lease cancellation as a possible emergency power.

SECTION 211

Section 211 provides for one annual report to be submitted to the Congress. The report is equivalent to that report described in paragraph (1) of Section 15 as amended by Section 207 of H.R. 6218. There is no report required by the Minority Amendment dealing with recommendations for promoting competition in the leasing of OCS lands, as described in paragraph (2) of Section 15, as amended by Section 207 of H.R. 6218.

SECTION 212

This section adds several new sections to the OCS Lands Act. It is equivalent to Section 208 of H.R. 6218 with the following exceptions:

SECTION 18. OCS OIL AND GAS LEASING PROGRAM

Under Section 18(a) of H.R. 6218, the leasing program is for a five-year period. In Section 18(a) of the Minority Amendment, the program is to be for five years or longer, as the Secretary may determine.

In paragraph (1) of subsection (a), the Minority Amendment has removed "all of" from the following phrase: "Management of the OCS shall be conducted in a manner which considers all of the economic, social, and environmental values of the renewable and nonrenewable resources contained in the OCS . . ."

Both versions contain a long list of factors to be considered in scheduling the timing and location of OCS development. There are several differences in the two versions of Section 18(a):

(1) H.R. 6218 directs the Secretary to consider the "laws, goals, and policies of affected states", as well as the "policies and plans promulgated by coastal states pursuant to the Coastal Zone Management Act of 1972". The Amendment only directs the Secretary to consider the "laws of adjacent coastal states".

(2) H.R. 6218 directs the Secretary to consider the "recommendations and advice given by any Regional OSC Advisory Board established pursuant to this Act." The Amendment does not refer to these Advisory Boards.

In Section 18(b), both versions direct the Secretary to include in the leasing program estimates of the appropriations and staff required to implement the program and the Act. The Amendment is no more specific than that, whereas H.R. 6218 specifically lists four functions for which funding and manpower requirements are to be estimated and included.

In Section 18 (c), (d) and (e)(1), the Amendment details the procedures to be followed in preparing and approving the leasing program.

In preparing the leasing program, the Secretary is to invite and consider suggestions from the Governors of coastal States and any other person. After preparing the program, and at least sixty days prior to submitting the program to Congress for approval, the Secretary is to publish the proposed program and transmit a copy to the Governors. Governors may submit comments at least fifteen days prior to submission of the program to the Congress. The Secretary may grant, deny, or modify any request, in whole or in part, by replying in writing and stating his reasons.

The Secretary then submits the leasing program, including all correspondence between the Secretary and the Governors, and any environmental impact statement prepared with respect to the program, within one year after the date of enactment of this section. If neither House passes a resolution of disapproval within sixty days setting out the reasons for the disapproval, then the leasing program shall be deemed approved, creating, in effect, a presumption of legal regularity.

These provisions differ from the provisions set out in Section 18(c) and 19 of H.R. 6218. Under Section 18(c) the Secretary has nine months in which to publish a proposed leasing program. The Attorney General and the Governors and Regional Advisory Boards then have ninety days in which to submit comments on the program.

At least sixty days prior to approving a proposed leasing program, the Secretary must submit it to the President and the Congress, together with any comments received and an explanation of why specific recommendations may have been rejected. In H.R. 6218, it is the Secretary who approves his own leasing program, and not the Congress, as in the Amendment.

Both versions provide for the leasing program to be reviewed by the Secretary at least once each year, and for all revisions to be subject to the same approval procedures as the original program. In addition, the Amendment specifies that prior to the date of expiration of any approved program, the Secretary shall prepare a new program covering at least five more years. The amendment also allows the Secretary to make minor changes in an approved program.

Section 18(c)(4) of H.R. 6218 states that the leasing program takes effect when it has been approved or after June 30, 1977, whichever occurs first. Section 18(g) of the Amendment states that the leasing program takes effect when it has been approved or eighteen months after the date of enactment, whichever occurs first.

Section 18 (e), (f), and (g) of H.R. 6218 do not have comparable sections in the Minority Amendment. Subsection (e) requires the Secretary to establish procedures for nominations of areas to be leased, public notice and participation in a leasing program, review by state and local governments, periodic consultation with relevant parties, and coordination with coastal zone management programs. Subsection (f) authorizes the Secretary to obtain or purchase from public or private sources, information which may assist him in preparing any environmental impact statement. The Secretary is directed to maintain the confidentiality of all proprietary information. Subsection (g) directs the heads of all other Federal departments and agencies to assist the Secretary in preparing the leasing program.

SECTION 19. OIL AND GAS EXPLORATION PURSUANT TO LEASES

This section is identical with Section 11 (b), (c), (d), and (f) as amended by Section 206 of H.R. 6218.

In addition, Section 206 of H.R. 6218 adds a new subsection (g) to Section 11 which has no equivalent in the Minority Amendment. This subsection directs the Secretary to seek qualified applicants at least once in every frontier area to conduct on-structure stratigraphic drilling.

SECTION 20. OIL AND GAS DEVELOPMENT AND PRODUCTION ON THE OCS

This section is equivalent to the new Section 25 in H.R. 6218.

Section 20(a) provides for this section to take effect ninety days after the date of enactment, whereas under Section 25(a)(1) of H.R. 6218 it takes effect immediately upon enactment.

Subsection (b) of Section 20 directs the lessee to notify the Secretary when he has made a discovery of oil or gas in commercial quantities. The lessee may then drill such other delineation wells as may be necessary. When the lessee has decided to proceed with development and production, he must submit a development and production plan.

Section 20(c) is equivalent to Section 25 (c) of H.R. 6218.

Section 20(d) and (e) are equivalent to paragraphs (2) and (3) of Section 25(a) of H.R. 6218.

Sections 20(f) and (g) detail the procedure which the Secretary must follow once a development and production plan has been submitted.

The Secretary has thirty days in which to evaluate the proposed plan. He may disapprove, require modification of, or approve a plan. Within those same thirty days he must determine whether the approval of the plan as submitted or modified constitutes a major federal action.

If a plan is disapproved, the Secretary may require or permit the lessee to submit a new plan.

If a modified or submitted plan which is not disapproved is judged not to be a major federal action, then the Secretary must approve the plan. Interested persons then have thirty days in which to submit comments and request modifications of the plan. The Secretary must review these comments and requests, and may require a plan to be modified.

If a modified or submitted plan which is not disapproved is judged to be a major federal action, then the NEPA process goes into effect. Within thirty to sixty days of when the final environmental impact statement is filed, the Secretary must approve, disapprove, or require modification of the plan.

This procedure differs significantly from that established in H.R. 6218. Under Sections 25(d), (e), (f), and (g), the Secretary first determines whether development and production would constitute a major Federal action. Subsection (d) further states that at least once in each frontier area, the Secretary shall declare development and production to be a major Federal action.

If development and production is determined to be a major Federal action, then the draft environmental impact statement is to be transmitted to the Governors of any affected State, any Regional Advisory Board, any appropriate interstate regional entity, and the executive of any affected local government area, for review and comments.

If development and production is not found to be a major Federal action, the Governors, Regional Advisory Boards, and executives of any affected local government area, shall have ninety days to submit comments.

The Secretary then has sixty days after release of the final environmental impact statement or 120 days after the period for Governor review in which to approve, disapprove, or require modification of the plan. If a plan is disapproved because of exceptional geological conditions in the lease area, exceptional resource values in the marine circumstances, and because the proposed plan cannot be modified to insure a safe operation, the lease shall be deemed cancelled, and the lessee shall be entitled to reimbursement by the United States for the cost of the lease, plus interest, and for all direct exploration and development costs incurred after the date of issuance of the lease.

Both versions authorize revisions of development and production plans.

Section 20(k) authorizes the Secretary to require a lessee to obtain a permit prior to drilling any well in accordance with a development and production plan. There is no similar provision in H.R. 6218.

Section 25(i) of H.R. 6218 provides for the forfeiture, cancellation, or termination of a lease if a leasee fails to submit a plan or fails to comply with an approved plan. Termination of a lease because of failure to comply with an approved plan shall not entitle a lessee to any compensation.

SECTION 21. ENVIRONMENTAL SUSPENSION AND CANCELLATION OF LEASES

This section is equivalent to paragraphs (1) and (2) of Section 5(a), as amended by Section 204 of H.R. 6218.

Section 21(a) authorizes the Secretary to suspend or prohibit operations if he determines after a hearing that such operations pose a serious threat of harm or damage to life, property, mineral deposits or the marine or coastal environment. Provisions for emergency suspensions or prohibitions are also made. The suspension or prohibition shall remain in effect until the Secretary determines that the activity no longer poses a serious threat of harm or damage.

Unless the suspension or prohibition was due to the negligence of the lessee or failure or refusal of the lessee to comply with the provisions of this or any other Act, the term of the lease shall be extended by a period equivalent to the period of suspension or prohibition.

In the event that the suspension or prohibition affects all activities on a lease area, no payment of rental or minimum royalty shall be required during the period of suspension, except with respect to amounts accrued to the United States and not yet paid.

Section 21(b) provides for the cancellation of a lease if the threat of damage or harm will not decrease over time; the development of new technology will not lessen the threat within a reasonable time; no portion of the lease area can be safely explored and developed; and the threat outweighs any environmental risks inherent in terminating all operations. A lease will also be cancelled if the Secretary disapproves a development and production plan, unless the Secretary determines that a change in circumstances will occur within a reasonable time which will permit him to approve a new plan.

Section 21(c) provides for compensation to a lessee in the event of a cancellation, except a lessee shall have no remedy or right of recovery if the lease is cancelled due to negligence or failure to comply with the law.

Section 21(d) directs the Secretary to review each regulation issued pursuant to Section 5(a)(1) of the Act, and repeal or modify any regulations which may be inconsistent with this section.

Section 21(e) directs the Secretary to cancel any lease which may be cancelled.

Section 5 as amended by Section 204 is the equivalent section in H.R. 6218. This section provides for suspension or cancellation of leases for environmental reasons. Compensation is not automatically provided for a cancelled lease, but any claim for compensation shall not be foreclosed.

SECTION 22. BASELINE AND MONITORING STUDIES

This section is equivalent to Section 20 of H.R. 6218, with several differences.

H.R. 6218 provides for the baseline studies to be conducted by the Secretary of Commerce, in cooperation with the Secretary of the Interior, whereas the Amendment specifies that the Secretary of the Interior is to conduct the baseline studies, in consultation with the Secretary of Commerce.

The Minority Amendment provides for the studies to establish baseline information concerning only the status of the marine and coastal environments, whereas H.R. 6218 contains, in addition, provisions for the study of the human environment and coastal areas.

H.R. 6218 contains provisions specifying that a baseline study is to be completed prior to approval of a development and production plan covering a lease area, and that, to the extent prcticable, the study is to predict impacts of development both offshore and onshore. The Amendment, however, directs the Secretary to complete the baseline study as promptly as possible after the first lease sale in any area.

SECTION 23. AFFECTED STATES

This section is identical to the definition of affected State in Section 201 of H.R. 6218, except that the Amendment permits the Secretary to designate an "affected state" and to withdraw the designation of "affected state" if he finds that the state no longer meets the criteria.

SECTION 24. OCS OIL AND GAS INFORMATION PROGRAM

This section is identical to Section 26 of H.R. 6218 except for one clause. The Amendment, in subsection (f), directs the Secretary, if he finds that a state cannot or does not comply with the confidentiality regulations, to withhold transmittal "and deny inspection" of privileged information to that state.

SECTION 25. REVIEW OF ENVIRONMENTAL, HEALTH AND SAFETY REGULATIONS

This section is equivalent to Section 21 of H.R. 6218.

In the Amendment, regulatory authority is vested in the Secretary of the Interior, and the Secretary of the Department in which the Coast Guard is operating. No specific guidelines are given as to the jurisdiction of the two Secretaries. In promulgating regulations dealing with occupational safety or health, these two Secretaries are to consult with the Secretary of Labor.

In Section 21 of H.R. 6218, regulations dealing with the protection of the marine and coastal environments are to be promulgated jointly by the Secretary of the Interior and the Administrator of EPA or the Secretary of Commerce, or both. Regulations for the avoidance of navigational hazards are to be issued by the Secretary of the Interior with the Secretary of the Army, or the Secretary of the Department in which the Coast Guard is operating, or both. Regulations dealing with occupational safety and health are under the jurisdiction of the Secretary of the Interior and the Secretary of Labor, or the Secretary of the Department in which the Coast Guard is operating, or both.

Section 21 of H.R. 6218 contains two additional provisions which are not found in the Minority Amendment. One is a requirement that *all new* drilling and production operations, and, *whenever practicable, on existing* operations, the best available and safest technology economically achievable is to be used. The other provision is a study to be conducted by the National Academy of Engineering on the adequacy of existing safety regulations and of technology, equipment and techniques.

SECTION 26. ENFORCEMENT OF ENVIRONMENTAL, HEALTH AND SAFETY REGULATIONS

Section 26 is equivalent to Section 22 of H.R. 6218.

Under the Amendment, the Secretary of the Interior and the Secretary of the Department in which the Coast Guard is operating are charged with enforcing the environmental, safety and health regulations.

Under Section 22(a) of H.R. 6218, the Secretary of the Interior and the Coast Guard share responsibility for enforcing safety and environmental regulations, while the Secretary of Labor enforces occupational and public health regulations.

The Amendment calls for scheduled on-site inspection at least once a year and, whenever practical, testing of all safety equipment.

Section 22(c) of H.R. 6218 calls for physical observation at least twice a year and the testing of all safety equipment.

Both versions call for periodic on-site inspection without advance notice.

H.R. 6218 holds all lease or permit holders jointly responsible with any authorized employer or sub-contractor for compliance with the regulations. There is no comparable provision in the Minority Amendment.

There are several other provisions in Section 22 of H.R. 6218 which are not found in the Amendment:

(1) Responsible federal agencies are directed to consider any allegation of a violation of a safety regulation.

(2) The Secretary of the Interior is to include in his annual report to Congress the number of alleged violations, the investigations undertaken, the results of such investigations, the number of proven violations, the names of the violators, and the action taken with respect to such violators.

(3) If the Secretary finds, after notice and hearing, that the owner or operator of a lease has, by a repeated course of conduct, failed to comply with safety regulations or has established an overall pattern in failing to comply with other regulations dealing with the maximum, efficient, and safe development of leases, he shall cancel any such lease or leases.

Finally, the Amendment directs the Secretary of the Interior or the Coast Guard to conduct investigations on each major fire, major personal injury, or major oil spillage. H.R. 6218 charges the Secretary of Labor with the investigations regarding major personal injury.

SECTION 27. REMEDIES AND PENALTIES

This section is identical to Section 24 of H.R. 6218 except the Amendment refers to the Secretary of the Interior, the Secretary of the Army, and the Coast Guard, whereas H.R. 6218 refers to the Secretary of the Interior, the Secretary of Labor, and the Coast Guard.

SECTION 28. JUDICIAL REVIEW

This section is equivalent to subsection (c) of Section 23 of H.R. 6218. There is no section in the Amendment comparable to subsection (a) of Section 23, providing for citizen suits. The equivalent to subsection (b) is found in Section 23 of the Amendment.

Citizen suits are authorized under H.R. 6218 by anyone having an interest that can be adversely affected against the relevant government agency or Department, or against any other person for a violation of the Act, implementing regulations, or terms of a lease or permit. The head of the affected Agency or Department is allowed to intervene in a suit against a third party, and must receive notice of the citizens suit. Such citizens suits shall have precedence in the courts, and the courts shall be able to award the costs of litigation, including attorneys' fees.

Section 28 of the Amendment and Section 23(c) of H.R. 6218 have only minor differences.

Section 28(a) of the Amendment provides for judicial review of actions by the Secretary regarding exploration plans and development and production plans; actions to suspend or temporarily prohibit any activity or to cancel a lease; and any action by the Secretary to schedule or hold a specific lease sale.

The comparable provision H.R. 6218 refers only to exploration plans and development and production plans, thus allowing citizens suits to other activities and providing district court consideration.

Subsection (c)(1) of section 23 of H.R. 6218 also provides for judicial review of any action of the Secretary to approve a leasing program, in the U.S. Court of Appeals, for the District of Columbia.

The rest of Section 28 of the Amendment and subsection 23(c) of H.R. 6218 are comparable.

SECTION 29. FEDERAL ROYALTY OIL AND GAS

This section is equivalent to Section 27 of H.R. 6218.

H.R. 6218 includes a provision, not contained in the Amendment, for the U.S. to have the right to purchase up to 16⅔ percent of the oil and gas produced pursuant to a lease or permit. Otherwise, the provisions of both versions are comparable.

SECTION 30. LIMITATIONS ON EXPORT

This section is comparable to Section 28 of H.R. 6218 with a few minor differences.

While H.R. 6218 states that the Congress must pass a concurrent resolution if it disapproves of the findings of the President, the Amendment calls for a resolution by either House.

In addition, the Amendment permits the President to amend his findings and re-submit them to the Congress for approval.

SECTION 31. SHUT-IN OR FLARING WELLS

This section is identical with the provisions in section 5(g) as amended by section 204 of H.R. 6218, and in section 501 in title V of H.R. 6218.

SECTION 32. REGIONAL OCS ADVISORY BOARDS

This section is equivalent to Section 19 of H.R. 6218 with one major difference.

In H.R. 6218, the Secretary of the Interior must *accept* the recommendations of the Advisory Boards "unless he determines they are not consistent with national security or the overriding national interest." In the Amendment, the Secretary is required only to "*fully consider* such recommendations."

SECTION 33. COURT JURISDICTION

This section is equivalent to Section 23(b) of H.R. 6218, dealing with court jurisdiction.

Mr. FORSYTHE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the gentleman's amendment.

Long before the introduction of the legislation which we consider today, I introduced one of the first bills which focused attention on the need for updating the Outer Continental Shelf Lands Act. I recognized that the situation in which the people of my district found themselves was the same one confronting the Nation as a whole. We need new domestic sources of oil and natural gas for our industries and for our personal use. At the same time, we value greatly and are determined to protect the natural world from which we draw both pleasure and sustenance.

During committee markup of H.R. 6218, I particularly concerned myself with preserving and protecting the National Environmental Policy Act. NEPA details a flexible process which has proven to be one of our most valuable tools in discovering and then facing up to the environmental consequences of Federal activities. The major threats to NEPA have been removed from the bill but one logical absurdity remains. That is the requirement that a costly and time-consuming environmental impact statement be done prior to development and production on any structure not previously developed even though NEPA says no study is necessary. Considering the amount and quality of information made available to Federal and State officials under the information program I introduced, and through baseline studies, what possible justification is there for the cost in time, money, and diversion of scientific effort? The National Environmental Policy Act created the environmental impact statement and should remain the sole determinant of when such a study is to be done. If consideration of NEPA criteria yields the conclusion that a Federal activity is not a major Federal action or that it would not have any significant impact on man's environment and yet we now act to force a study anyway, it will add fuel to the fire which some hope will consume NEPA and remove the requirement of environmental impact statements from the books. I will not be a party to that and the amendment offered by my colleague from New York (Mr. FISH) will cure this defect.

The gentleman's amendment will also cure the defect in this provision which could require an impact statement on "any structure" where there has been no previous development. There are numerous geological structures which have not yet supported previous development. This could result in numerous, unnecessary, and costly delays in production on new leases even in the Gulf of Mexico. I do not think this is wise policy. I think that this is further reason for my colleagues to support the amendment of the gentleman from New York (Mr. FISH).

The gentleman's amendment makes significant changes in the bill which will have the effect of preserving the proper, constitutional distinction between Federal and State governments. This amendment is one which is likely to avoid the veto which the present bill will bring down on itself. The passage of this amendment would also greatly reduce the time needed for passage of this bill. With the agreements worked out on title III of the bill and the absence of any amendments to title IV, adoption of Mr. FISH's amendment could allow us to finish consideration very quickly. I urge the adoption of the amendment.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. FORSYTHE. I yield to the gentleman from New York.

Mr. FISH. Mr. Chairman, the gentleman was in the Chamber with me a moment ago when the chairman of the committee, speaking in opposition to my amendment, said that it was introduced at the end of the markup. As the gentleman will recall, we had our substitute at the very first day of the markup. We had hoped to improve the committee print number two which was before us at that time. Therefore, we did not undertake the privilege to have ours handled first. In fact, just the opposite turned out to be true, as the gentleman will recall. Rather than the committee print being improved, the major deficiencies we are now trying to overcome are the ones that were added in markup.

I would also like to state the amendment I have offered is not the amendment before the committee. It was rewritten since the markup. It is rewritten, incorporating many of the provisions that the minority thought were good that appeared in the final committee work product.

I think the proof of the pudding that the committee work product is in need of improvement is that the majority themselves have some 20 amendments, I understand, to this particular title that my amendment addresses.

I would like to mention two other matters. That is, the chairman, in his remarks, said that joint bidding was not covered. The reason for that is, it is covered by the Energy Policy and Conservation Act. He mentioned that there was no provision for due diligence. That is because by the very terms of the leases involved, due diligence is required.

Mr. FORSYTHE. I thank the gentleman for his remarks.

AMENDMENT OFFERED BY MR. DU PONT TO THE AMENDMENT OFFERED BY MR. FISH

Mr. du PONT. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. Du Pont to the amendment offered by Mr. Fish:

On page 20, line 4, strike the quotation marks.

On page 20, after line 4, insert a new subparagraph as follows:

"(C) (i) Except as provided in clause (ii), the bidding system authorized by subparagraph (a) of paragraph (1) of this subsection shall not be applied to more than 90 per centum of the total area offered for lease each year, during the five-year period beginning on the date of enactment of this subsection, in each region where there has been no development of oil and gas prior to October 1, 1975, including the outer Continental Shelf region off southern California outside the Santa Barbara Channel.

"(ii) If, in any year following the date of enactment of this subsection, the Secretary finds that compliance with the limitations set forth in clause (i) would unduly delay efficient development of the oil and gas resources of the outer Continental Shelf, result in less than a fair return to the Federal Government, or result in a reduction of competition, he shall submit to the Senate and House of Representatives a report stating his specific findings and detailed reasons therefor. The Secretary may thereafter, for that year, exceed such limitation unless either the Senate or the House of Representatives passes a resolution of disapproval of the Secretary's finding within thirty days after receipt of such report (not including days when Congress is not in session).".

Mr. du PONT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Delaware?

There was no objection.

Mr. du PONT. Mr. Chairman, I am in general support of the amendment offered by the gentleman from New York (Mr. Fish), but I do think some of the criticism leveled against that amendment by the gentleman from New York (Mr. Murphy), the chairman of the committee, are well taken.

I have a series of amendments to correct some of those problems. This first one puts back into the amendment offered by the gentleman from New York (Mr. Fish) the 90-percent bonus bidding requirement, that is, the requirement that the Secretary may only use the front-end bonus bidding system in 90 percent of the tracts offered in the new frontier areas. Frankly, this is one of the things I liked about the committee bill. With one exception, which I will get to in a moment, this amendment puts back into the Fish amendment the identical wording that we have in the existing committee bill.

When the question came up originally in committee, I was one who voted against a series of amendments offered there to require the Secretary to use 30 percent or 50 percent of the tracts leased for one of the other bidding systems. It seemed to me that was too much. But it also seems to me that if we do not do something about the problem, the Secretary is not going to use any other bidding system except the one the big oil companies prefer, the front-end cash bonus system. Therefore, I think he ought to be required to use these new systems in some areas. I like the committee language that he be required to use them in at least 10 percent of the areas, and that is what this amendment does.

The only change that my amendment makes from the original language in committee is a change which I think is a very sensible one, and it deals with the congressional disapproval procedure. Instead of allowing the Secretary to go over that 90 percent if the Congress approves by a two-house approval within 30 days—that is what the committee bill says, and I know that is a practical impossibility and I know the Members will agree with that; we cannot do anything here in 30 days, let alone approve of something in two Houses—my amendment goes back to the tried and true system, that is, the House has time to disapprove the decision of the Secretary to go above the 90 percent in the cash bonus system.

If the Congress fails to disapprove, the Secretary can go ahead, and I think that is a mechanism that has been tried and has worked successfully in a number of areas.

Mr. Chairman, I believe my amendment brings us back to the committee bill and provides this one improvement. It solves the problem that the gentleman from New York (Mr. Fish) has pointed out, and I urge support for my amendment.

Mr. MURPHY of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret that I did not have a copy of this amendment to the amendment prior to its reading at the desk, but a cursory examination of it indicates to me that this is merely an attempt to put a feather on what is generally considered a naked turkey in order to try to give it some flotation. What the gentleman from Delaware (Mr. du Pont) does, is, he tries to hold out the 10-percent language as an inducement. But then he gives the Secretary the discretion to go below the 10-percent figure, so that really is no compromise when he tries to so alter the amendment offered by the gentleman from New York (Mr. Fish).

Mr. CHAIRMAN. I oppose the amendment and ask for its disapproval.

Mr. du PONT. Mr. Chairman, will the gentleman yield?

Mr. MURPHY of New York. I yield to the gentleman from Delaware.

Mr. du PONT. Mr. Chairman, I do not know anything about naked turkeys, I hasten to point out, but am I not correct when I say that with the exception of the disapproval procedure, this language tracks exactly the language in the gentleman's bill? I do not know whose "naked turkey" we are talking about.

Mr. MURPHY of New York. Mr. Chairman, the amendment makes a good attempt to go back to the language that is in H.R. 6218 now. However, that discretionary authority is certainly not warranted, and the intent of the committee was to mandate that the Secretary do utilize at least 10 percent of the new bidding systems provided in H.R. 6218 as opposed to the current system which uses only the cash bonus bid.

Mr. FISH. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the gentleman from Delaware (Mr. du Pont) has just made the essential point here that the 10 percent provision tracks the committee bill. If I could have the attention of the gentleman from Delaware (Mr. du Pont), the difference here is where the committee bill says, "Mr. Secretary, if you wish to exceed 90 percent bonus bidding, you have to come to the Congress and both Houses have to act affirmatively within 30 days and say that your reasons for doing so are correct," the amendment takes a different position. What the gentleman is saying in his amendment is that this is absolutely crazy, that the Congress simply does not act that way, and that it is not even a customary procedure, much less a practical procedure.

What the gentleman is doing is substituting for that a one House disapproval within the prescribed time, which is what we do in many other cases. This gives the authority, it seems to me, to the Congress to review the action of the Secretary without putting such an onerous burden on us that we never would review it.

Mr. du PONT. Mr. Chairman, if the gentleman will yield, that is exactly correct. What we have here is an exact tracking of the committee bill except in this small area of remedy, and it does intend to do just what the gentleman says. It puts back the language that requires 10-percent use of other bidding systems.

Mr. FISH. Mr. Chairman, I thank the gentleman. I think this is a very valuable amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Delaware (Mr. du Pont) to the amendment offered by the gentleman from New York (Mr. Fish).

The question was taken; and on a division (demanded by Mr. du Pont) there were—ayes 17, noes 22.

Mr. du PONT. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment to the amendment was rejected.

AMENDMENTS OFFERED BY MR. FORSYTHE TO THE AMENDMENT OFFERED BY MR. FISH

Mr. FORSYTHE. Mr. Chairman, I offer amendments to the amendment.

The Clerk read as follows:

Amendments offered by Mr. Forsythe to the amendment offered by Mr. Fish: On page 7, line 6, strike "structures", and insert "installations and other devices" in lieu thereof.

On page 7, line 10, strike "structure", and insert "installation or other device" in lieu thereof.

On page 7, line 23, strike "and structures", and insert ", installations, and other devices" in lieu thereof.

On page 9, lines 9 through 19, strike "or structure" each time the words appear, and in each case insert ", installation, or other device" in lieu thereof.

On page 9, line 24, through page 10, line 9, strike "and structures" each time the words appear, and in each case insert ", installations, and other devices" in lieu thereof.

On page 10, lines 14 through 20, strike "or structure" each time the words appear, and in each case insert ", installation, or other device" in lieu thereof.

On page 12, before line 1, add a center heading as follows:

CONTROVERSY OVER JURISDICTION

On page 67, line 1, strike "and", and insert in lieu thereof "or".

Mr. FORSYTHE (during the reading). Mr. Chairman, I ask unanimous consent that the amendments to the amendment be considered as read and printed in the Record, and that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. FORSYTHE. Mr. Chairman, these are really, in a sense, technical amendments and do not really add substance to the bill.

The first amendment merely changes the language in the amendment to conform the language to the 1958 convention on the Continental Shelf with respect to the application of laws and regulations to those activities.

It strikes "structures" and inserts the much broader terminology of "installations and other devices."

The second amendment, on page 12 before line 1, adds a center heading to the section; and the third amendment, on page 67, line 1, strikes "and" and inserts in lieu thereof "or," a much better word in that it conforms the language to the committee bill.

With that, Mr. Chairman, I urge adoption of my amendments, and I yield back the balance of my time.

Mr. MURPHY of New York. Mr. Chairman, I rise in opposition to the amendments.

Mr. Chairman, these amendments are technical amendments which do nothing but water down the intent of the bill.

Mr. FISH. Mr. Chairman, I move to strike the last word.

Mr. Chairman, if I could address a question to the chairman, I am surprised that the committee is in opposition to these amendments.

It was my understanding that these amendments, as the gentleman described them accurately, are perfecting or technical in nature and are identical to the amendments that the chairman has to the committee bill to be offered at a later time.

Why are they so unacceptable?

Mr. MURPHY of New York. If the gentleman will yield, my answer is because they are amendments to the amendment of the gentleman from New York (Mr. Fish), which, in effect, is a substitute. The committee is in disagreement with the substitute language and therefore is not accepting technical amendments to that substitute.

Mr. FISH. The gentleman then does approve the language; it is just that he objects to my amendment.

I find that quite disturbing, Mr. Chairman. Certainly if it is good perfecting language to the committee bill it is good perfecting language to the amendment.

Therefore, Mr. Chairman, I accept these amendments.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New Jersey (Mr. Forsythe) to the amendment offered by the gentleman from New York (Mr. Fish).

The question was taken; and on a division (demanded by Mr. Fish) there were—ayes 15, noes 33.

Mr. MYERS of Pennsylvania. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 373]

Abzug
Anderson, Ill.
Andrews, N.C.
Archer
Aspin
Bell
Biester
Boggs
Broomfield
Brown, Calif.
Buchanan
Burke, Calif.
Burton, John
Byron
Cederberg
Chisholm
Cochran
Conlan
Conyers
Corman
D'Amours
Daniels, N.J.
Derwinski
Diggs
Drinan
Eckhardt
Edgar
Edwards, Calif.
Esch
Eshleman
Evins, Tenn.
Fisher
Fithian
Fraser
Giaimo
Green
Haley
Harkin
Harsha
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Helstoski
Hinshaw
Holland
Holtzman
Howe
Hutchinson
Jarman
Jones, Ala.
Karth
Kemp
Krueger
Landrum
Leggett
Litton
Long, Md.
McClory
McEwen
McKinney
Madden
Mathis
Meeds
Mezvinsky
Michel
Milford
Mink
Mitchell, Md.
Moakley
Morgan
O'Hara
Passman
Peyser
Pike
Quillen
Randall
Riegle
Rodino
Rooney
Rose
Rosenthal
Rostenkowski
Ruppe
Santini
Scheuer
Schneebeli
Sebelius
Seiberling
Shuster
Sikes
Skubitz
Staggers
Stanton,
 James V.
Steelman
Steiger, Ariz.
Stephens
Stuckey
Symington
Symms
Talcott
Teague
Thone
Thornton
Traxler
Tsongas
Udall
Walsh
Whitehurst
Wilson, Bob

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Natcher, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 6218, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 320 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Pennsylvania (Mr. Myers) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 156, noes 201, not voting 74, as follows:

[Roll No. 374]

AYES—156

Abdnor
Alexander
Anderson, Ill.
Andrews,
 N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bedell
Bennett
Bowen
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Carter
Cederberg
Clancy
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Dent
Derwinski
Devine

Dickinson
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
English
Erlenborn
Fenwick
Findley
Fish
Flowers
Flynt
Forsythe
Frenzel
Frey
Fuqua
Gibbons
Gilman
Goldwater
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Hammerschmidt
Hansen
Harsha
Hechler, W. Va.
Heckler, Mass.
Heinz
Hightower
Hillis
Holt
Hungate
Hutchinson
Hyde
Jarman
Jeffords
Johnson, Colo.

Johnson, Pa.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Lent
Levitas
Lott
Lujan
McCloskey
McCollister
McDade
McDonald
McKay
McKinney
Madigan
Mahon
Mann
Martin
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
O'Brien
Paul
Pettis
Pickle
Poage
Pressler
Pritchard
Quie
Railsback
Regula

Rinaldo
Roberts
Robinson
Roe
Roncalio
Rousselot
Runnels
Ruppe
Sarasin
Satterfield
Schulze
Shipley
Shriver
Shuster
Simon
Skubitz
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steiger, Wis.
Symms
Taylor, Mo.
Thone
Treen
Vander Jagt
Waggonner
Wampler
White
Whitten
Wiggins
Wilson, Tex.
Winn
Wolff
Wydler
Wylie
Young, Alaska
Young, Fla.

NOES—201

Adams
Addabbo
Allen
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bergland
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Chappell
Clay
Collins, Ill.
Conte
Conyers
Cornell
Cotter
D'Amours
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Early
Edwards, Calif.
Eilberg
Evans, Colo.
Evans, Ind.
Fary
Fascell

Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Gaydos
Giaimo
Ginn
Gonzalez
Haley
Hall
Hamilton
Hanley
Hannaford
Harrington
Harris
Hawkins
Hayes, Ind.
Henderson
Hicks
Holtzman
Horton
Howard
Hubbard
Hughes
Ichord
Jacobs
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lundine
McCormack
McFall
McHugh
Maguire
Matsunaga
Mazzoli
Melcher
Metcalfe
Meyner
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.

Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pike
Preyer
Price
Rangel
Rees
Reuss
Richmond
Risenhoover
Rogers
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Schroeder
Seiberling
Sharp
Sikes
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Thompson
Tsongas

Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman

Weaver
Whalen
Wilson, C. H.
Wirth
Wright
Yates

Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—74

Abzug
Andrews, N.C.
Bell
Biester
Boggs
Brown, Calif.
Buchanan
Burke, Calif.
Chisholm
Clausen, Don H.
Conlan
Corman
Daniels, N.J.
Diggs
Eckhardt
Edgar
Esch
Eshleman
Evins, Tenn.
Fithian
Fraser
Green
Harkin
Hays, Ohio
Hébert

Hefner
Helstoski
Hinshaw
Holland
Howe
Jones, Ala.
Jones, N.C.
Karth
Krueger
Landrum
Litton
McClory
McEwen
Madden
Mathis
Meeds
Mezvinsky
Michel
Milford
Mink
O'Hara
Passman
Peyser
Quillen
Randall
Rhodes

Riegle
Rodino
Rooney
Rose
Rosenthal
Rostenkowski
Scheuer
Schneebeli
Sebelius
Staggers
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Talcott
Teague
Thornton
Traxler
Udall
Walsh
Whitehurst
Wilson, Bob

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Dominick V. Daniels against.

Mr. Passman for, with Mr. Rodino against.

Mr. Michel for, with Mrs. Boggs against.

Mr. Sebelius for, with Mr. Helstoski against.

Mr. Whitehurst for, with Ms. Abzug against.

Mr. Walsh for, with Mrs. Chisholm against.

Mr. McClory for, with Mr. Rosenthal against.

Mr. McEwen for, with Mr. Rostenkowski against.

Mr. Don H. Clausen for, with Mr. Corman against.

Mr. Buchanan for, with Mr. Brown of California against.

Mr. Conlan for, with Mrs. Burke of California against.

Mr. Quillen for, with Mr. Staggers against.

So the amendments to the amendment were rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. DU PONT TO THE AMENDMENT OFFERED BY MR. FISH

Mr. du PONT. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. du Pont to the amendment offered by Mr. Fish: On page 63, after line 17, insert the following new subsection:

"(g) Notwithstanding any other provision of this section, this section shall not apply to any action which is commenced to require compliance with any provision of the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

Mr. MURPHY of New York. Mr. Chairman, will the gentleman yield?

Mr. du PONT. I yield to the gentleman from New York.

Mr. MURPHY of New York. I would be happy to accept the gentleman's amendment.

Mr. du PONT. I thank the gentleman from New York for accepting the amendment.

So that the Members will know what is happening, this amendment simply makes sure that the National Environmental Policy Act, NEPA, stays intact and all its remedies remain viable for litigants who want to use it, and to make sure that none of what we have done in this substitute by the gentleman from New York (Mr. Fish) will in any way affect NEPA. I will offer an identical amendment when we get to the gentleman from New York's (Mr. Murphy) bill to do the same thing there.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. du PONT. I yield to the gentleman from New York.

Mr. FISH. I thank the gentleman for yielding.

Mr. Chairman, I think this is an important amendment and the minority is happy to accept it.

Mr. du PONT. I thank the gentleman from New York.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Delaware (Mr. du Pont) to the amendment offered by the gentleman from New York (Mr. Fish).

The amendment to the amendment was agreed to.

Amendment offered by Mr. Wiggins to the THE AMENDMENT OFFERED BY MR. FISH

Mr. WIGGINS. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendments offered by Mr. Wiggins to the amendment offered by Mr. Fish: On page 22, line 4, strike "Such" and all that follows down through "laws." on line 9.

Mr. WIGGINS. Mr. Chairman, I am proposing an amendment which is easily understood and which finally ought to be supported, I would think.

The substitute offered by the gentleman from New York (Mr. Fish) and the committee bill as well provide that before a lease of a tract of the Outer Continental Shelf may be issued the Secretary of the Interior must notify the Attorney General and the Federal Trade Commission of the proposed lease issuance. With that provision I have no quarrel.

And then the substitute goes on to say, and these are the words which I strike:

> Such notification shall contain such information as the Attorney General and the Federal Trade Commission may require in order to advise the Secretary as to whether the issuance of such lease would create or maintain a situation inconsistent with the antitrust laws.

Mr. Chairman, this provision is in the bill for the purpose of creating a delay, an unconscionable delay, and provides that the Attorney General will be given what amounts to a veto. This language, innocuous on its face, really is quite far-reaching and will have the effect of delaying lease sales for a considerable period.

It simply says that the Secretary will notify the Attorney General, but the problem, the vice of the language is that the Secretary shall furnish such information as the Attorney General requires in order to determine whether or not the proposed lease is inconsistent with the antitrust laws.

The Secretary of the Interior has a great deal of geological information available to him, but the Secretary of the Interior is unable to provide the information necessary in the hands of the Attorney General in order to make a judgment with respect to anticompetitive practices. What would be required to make that judgment would be marketing data, for example, and price information, for example.

All of these matters are relevant to making an antitrust determination, but the information is not available to the Secretary.

However, the language requires that the Secretary shall furnish the information. Now what are we going to have upon a notification is a long delay while the Secretary of the Interior accumulates marketing data which will logically be demanded by the Attorney General and by the Federal Trade Commission. Once that information is in hand the Attorney General must make a judgment, not whether the proposed lease violates the law but whether it would be inconsistent with the antitrust laws.

I am not sure I know what that means, but I suspect it will permit the Attorney General to impose his notions of policy on whether or not the leasing ought to go forward because it is to him inconsistent with the antitrust laws.

Put these problems together, Mr. Chairman, and what we have is not a brief 30-day interval in which the Attorney General receives information but a long proceeding while information is accumulated with respect to market and pricing, and all of these will be required by the Attorney General in order to make the judgment which this substitute requires that he make.

Now, there is a way to clear up this problem. The right way to deal with this is, of course, the Attorney General ought to be advised and let the Attorney General make such determination as the law permits him to make, but not to hold up the lease sale during his evaluation of a bunch of material as to whether it is inconsistent with the law. If, in fact, he finds the law to have been violated, the Attorney General has remedies which he ought to exploit and the opposing party has their right to be in court and make a contrary argument.

Mr. Chairman, the right solution is to strike the offensive language. The offensive language, to repeat, does not prohibit or discourage the Secretary of the Interior from advising the Attorney General of the proposed lease sale, but it does not require the Secretary of the Interior to furnish information which he does not have nor permit the Attorney General to make a judgment based upon inconsistency with the antitrust law.

Mr. MURPHY of New York. Mr. Chairman, I rise to oppose the amendment offered by the gentleman from California (Mr. WIGGINS).

I want to thank my colleague, the gentleman from California, for offering this amendment, because it clarifies the parliamentary position we are in. This amendment, of course, is to the amendment offered by the gentleman from New York (Mr. FISH) and makes the amendment offered by the gentleman from New York (Mr. FISH) even more untenable, because it would effectively eliminate any antitrust review of lease sales. We certainly would oppose its inclusion in the amendment offered by the gentleman from New York (Mr. FISH), as well as opposing its inclusion later, if it should be offered at that time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. WIGGINS) to the amendment offered by the gentleman from New York (Mr. FISH).

The question was taken; and on a division (demanded by Mr. WIGGINS) there were—ayes 49, noes 64.

RECORDED VOTE

Mr. WIGGINS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 114, noes 231, not voting 86, as follows:

[Roll No. 375]

AYES—114

Abdnor
Alexander
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bauman
Beard, Tenn.
Boggs
Bowen
Breaux
Brown, Mich.
Brown, Ohio
Burgener
Burleson, Tex.
Butler
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conable
Crane
Daniel, Dan
Daniel, R. W.
Devine
Duncan, Tenn.
Edwards, Ala.
English
Erlenborn
Evans, Colo.
Findley
Fish
Flowers
Flynt
Forsythe
Frenzel
Fuqua
Goldwater
Goodling
Gradison
Guyer
Hagedorn
Hansen
Heckler, Mass.
Hillis
Holt
Horton
Hutchinson
Hyde
Johnson, Colo.
Johnson, Pa.
Kasten
Kazen
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Lloyd, Calif.
Long, La.
Lott
Lujan
McCollister
McDonald
McKay
Madigan
Mann
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
Nichols
O'Brien
Paul
Pettis
Pickle
Poage
Quie
Railsback
Regula
Roberts
Robinson
Roncalio
Runnels
Ruppe
Satterfield
Schulze
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Symms
Taylor, Mo.
Thone
Treen
Vander Jagt
Waggonner
Wampler
White
Wiggins
Winn
Wydler
Wylie
Young, Alaska
Young, Tex.

NOES—231

Adams
Addabbo
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bennett
Bergland
Bevill
Biaggi
Blanchard
Blouin
Boland
Bolling
Bonker
Brademas
Breckinridge
Brinkley
Brodhead
Brooks
Broyhill
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Chappell
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Conyers
Cornell
Cotter
Coughlin
D'Amours
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derwinski
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
du Pont
Early
Edwards, Calif.
Eilberg
Emery
Evans, Ind.
Fary
Fascell
Fenwick
Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frey
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Grassley
Gude
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heinz
Henderson
Hicks
Hightower
Holtzman
Howard
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Tenn.
Jordan
Kastenmeier
Kelly
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Lent
Levitas
Lloyd, Tenn.
Long, Md.
Lundine
McCloskey
McCormack
McDade
McFall
McHugh
McKinney
Maguire
Mahon
Martin
Matsunaga
Mazzoli
Melcher
Metcalfe
Meyner
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pike
Pressler
Preyer
Price
Pritchard
Rangel
Rees
Reuss
Richmond
Rinaldo
Risenhoover
Roe
Rogers
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Schroeder
Seiberling
Sharp
Shipley
Sikes
Simon
Sisk
Smith, Iowa
Solarz
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Whalen
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Fla.
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—86

Abzug
Andrews, N.C.
Bell
Biester
Bingham
Broomfield
Brown, Calif.
Buchanan
Burke, Calif.
Chisholm
Conlan
Corman
Daniels, N.J.
Derrick
Dickinson
Diggs
Eckhardt
Edgar
Esch
Eshleman
Evins, Tenn.
Fithian
Green
Harkin
Hays, Ohio
Hébert
Hefner
Helstoski
Hinshaw
Holland
Howe
Jones, Ala.
Jones, Okla.
Karth
Krueger
Landrum
Litton
McClory
McEwen
Madden
Mathis
Meeds
Mezvinsky
Michel
Mikva
Milford
Mink
Neal
O'Hara
Passman
Peyser
Quillen
Randall
Rhodes
Riegle
Rodino
Rooney
Rose
Rosenthal
Rostenkowski
Rousselot
Scheuer
Schneebeli
Sebelius
Slack
Spellman
Staggers
Stanton, James V.
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Symington
Talcott
Teague
Thompson
Thornton
Traxler
Tsongas
Udall
Walsh
Waxman
Weaver
Whitehurst
Whitten
Wilson, Bob

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Dominick V. Daniels against.

Mr. Passman for, with Ms. Abzug against.

Mr. Whitten for, with Mrs. Chisholm against.

Mr. Stuckley for, with Mr. Bingham against.

Mr. Rose for, with Mr. Thompson against.

Mr. MAZZOLI changed his vote from "aye" to "no."

Mr. CARTER changed his vote from "no" to "aye."

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. YOUNG of Alaska. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I know that the hour is getting late. We hope to vote on the substitute as offered by the gentleman from New York (Mr. Fish), and I hope that we adopt that substitute because I think it is a true compromise and will allow this legislation to become law. Without it, I am sure that we will have a veto. I am sure that we will not achieve what we set out to do when we started to work on it in committee and hoped to achieve a good piece of legislation that will allow the States to participate, as they should participate, not only in revenues but in the decisionmaking.

More than that, I believe in the substitute because it has an amendment that I had offered in the subcommittee and will offer if this is not adopted to the bill of the gentleman from New York (Mr. Murphy), that will allow a 10-year lease period in frontier areas.

Mr. Chairman, there is no more oil on the Outer Continental Shelf than there is off the coast of Alaska. However, under the bill in the way it is written now, it is written so that the Secretary actually bids his lease sales for 5 years and then can extend that lease for 10 years; but in a frontier area with adverse climatic conditions, I am sure and confident that the bidding will be of minor consequence.

Beyond that, Mr. Chairman, if they do bid on a 5-year lease and they are required to show effort and production at the end of 5 years, there is a strong possibility of unsound environmental drilling taking place.

Mr. Chairman, we are in an area of a great resource, fish. I want to say that I want to see this drilling done in a way that is as environmentally sound as possible.

When I offered this amendment in committee, the chairman did do his homework. Yet, it was only beaten by one vote because I believe many of the members had not thought about the environmental consequences of an expedient drilling under a 5-year lease at the time.

Also, I think that the adoption of this amendment which is included in the amendment offered by the gentleman from New York (Mr. Fish), as a substitute, will allow, I think, a better return on the dollars from this oil resource on the Outer Continental Shelf.

Mr. Chairman, there are many Members in this room today who have not really understood the consequences of the bill we are dealing with. We are dealing with a bill that has four agencies involved in the production of Outer Continental Shelf oil. We have NEPA; we have Commerce; we have Interior; we have the Justice Department.

Mr. Chairman, what I am saying is that many agencies under the Murphy bill are going to put us in an untenable position of actually producing oil in what I believe is not a sound way.

Mr. Chairman, I strongly support the Fish substitute. I would like to have every Member consider whether we want a bill that will become law, an environmentally sound bill that takes into due consideration all of our different frontier areas. If we want that type of bill, then we should consider the Fish amendment.

Mr. Chairman, I would wish and hope that most of the Members will listen to what the gentleman from New York (Mr. Fish) has been saying. With all due respect to my chairman, I know he has worked very hard, but I hope we will adopt the Fish amendment as the bill in substitute form.

Mr. PRITCHARD. Mr. Chairman, I move to strike the requisite number of words.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. PRITCHARD. I yield to the gentleman from New York.

Mr. FISH. Mr. Chairman, I thank the gentleman from Washington for yielding me this time.

Mr. Chairman, the minority side is not going to offer any further amendments to my amendment and I imagine that the committee will be voting very shortly. I think we have made the point, unfortunately it has been over three separate days instead of in one cohesive time in the Committee of the Whole, that it is the firm belief of the minority that the OCS is indeed in need of amendment.

We also believe we have balanced the very valid interest expressed to us in the months of hearings and in our deliberations between environmental concerns, State concerns, Federal Government concerns and industry concerns.

We also heard from a very authoritative source, from the Secretary of the Interior himself, that there simply are provisions in the committee bill that were adopted in the markup that if they remain in the legislation that he will have to recommend a veto to the President. We do not want to see this happen. Therefore we have fashioned an amendment that is virtually a substitute for title II that takes care of a great many of these matters that we feel are simply not acceptable.

The committee can save itself some 35 amendments that will be offered, many by the majority side themselves, to the majority committee bill, by adopting at this time the amendment that I have offered.

Again I thank the gentleman from Washington (Mr. Pritchard) for yielding to me.

Mr. PRITCHARD. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Fish) as amended.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FISH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 139, noes 209, not voting 83, as follows:

[Roll No. 376]

AYES—139

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bevill
Bowen
Brinkley
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conte
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Derwinski
Devine
Duncan, Tenn.
Edwards, Ala.
English
Erlenborn
Findley
Fish
Flowers
Flynt
Forsythe
Frenzel
Frey
Fuqua
Gibbons
Goldwater
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Henderson
Hightower
Hillis
Holt
Hutchinson
Hyde
Jarman
Johnson, Colo.
Johnson, Pa.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Latta
Long, La.
Lott
Lujan
McCollister
McDade
McDonald
McKay
Madigan
Mahon
Mann
Martin
Melcher
Miller, Ohio
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
Nichols
O'Brien
Paul
Pettis
Pickle
Poage
Pritchard
Railsback
Regula
Risenhoover
Roberts
Robinson
Roncalio
Rousselot
Runnels
Ruppe
Sarasin
Satterfield
Schulze
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steiger, Wis.
Symms
Taylor, Mo.
Thone
Treen
Vander Jagt
Waggonner
Wampler
White
Whitten
Wiggins
Winn
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NOES—209

Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bennett
Bergland
Biaggi
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Clay
Cohen
Collins, Ill.
Conyers
Cornell
Cotter
D'Amours
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
du Pont
Early
Edwards, Calif.
Eilberg
Emery
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Gaydos
Giaimo
Gilman
Ginn
Gonzalez
Gude
Hall
Hamilton
Hanley
Hannaford
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Tenn.
Jordan
Kastenmeier
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lundine
McCloskey
McCormack
McFall
McHugh
McKinney
Maguire
Matsunaga
Mazzoli
Metcalfe
Meyner
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger

Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pike
Pressler
Preyer
Price
Rangel
Rees
Reuss
Richmond
Rinaldo
Roe
Rogers
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Schroeder
Seiberling
Sharp
Shipley
Simon
Sisk
Smith, Iowa
Solarz
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Thompson
Traxler
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Whalen
Wilson, C. H.
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—83

Abzug
Andrews, N.C.
Bell
Biester
Bingham
Broomfield
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Mass.
Carr
Chisholm
Conlan
Corman
Daniels, N.J.
Derrick
Dickinson
Diggs
Eckhardt
Edgar
Esch
Eshleman
Fithian
Goodling
Green
Harkin
Hays, Ohio
Hébert
Hefner
Helstoski
Hinshaw
Holland
Howe
Jones, Ala.
Jones, Okla.
Karth
Landrum
Litton
McClory
McEwen
Madden
Mathis
Meeds
Mezvinsky
Michel
Milford
Mink
Neal
O'Hara
Passman
Peyser
Quie
Quillen
Randall
Rhodes
Riegle
Rodino
Rooney
Rose
Rosenthal
Rostenkowski
Scheuer
Schneebeli
Sebelius
Sikes
Slack
Spellman
Staggers
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Symington
Talcott
Teague
Thornton
Tsongas
Udall
Walsh
Waxman
Weaver
Whitehurst
Wilson, Bob

So the amendment, as amended, was rejected.

The result of the vote was announced as above recorded.

Mr. MURPHY of New York. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Natcher, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6218) to establish a policy for the management of oil and natural gas in the Outer Continental Shelf; to protect the marine and coastal environment; to amend the Outer Continental Shelf Lands Act; and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. MURPHY of New York. Mr. Chairman, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 6218).

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 13680, INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT OF 1976

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 13680) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? The Chair hears none, and appoints the following conferees: Messrs. Morgan, Zablocki, Fascell, Diggs, Hamilton, Broomfield, and Derwinski.

PERMISSION FOR COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO FILE A SUPPLEMENTAL REPORT ON H.R. 7743

Mr. TAYLOR of North Carolina. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs be permitted to file a supplemental report on the bill (H.R. 7743).

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

COMMUNICATION FROM CHAIRMAN OF TASK FORCE ON INFORMATION RESOURCES OF HOUSE COMMISSION ON INFORMATION AND FACILITIES

The SPEAKER laid before the House the following communication from the Chairman of the Task Force on Information Resources of the House Commission on Information and Facilities:

Washington, D.C.,
June 14, 1976.

Hon. Carl Albert,
Speaker of the House of Representatives, Washington, D.C.

Dear Mr. Speaker: This document contains two reports on the information resources and services available to the House of Representatives in the Library of Congress and the Congressional Research Service. These reports were prepared at the direction of the Task Force on Information Resources of the House Commission on Information and Facilities by the Library of Congress and its Congressional Research Service.

Sincerely,

Jack Brooks,
Chairman.

LEGISLATIVE PROGRAM

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, I ask for this time for the purpose of asking the distinguished majority whip the specific program of business for tomorrow.

Mr. McFALL. Mr. Speaker, if the gentleman will yield, I shall be glad to respond.

Mr. BAUMAN. Of course.

Mr. McFALL. The Private Calendar will be the first item of business tomorrow. We will start at 10 o'clock, as the gentleman knows.

The second item will be H.R. 14236, public works appropriations for 1977, as listed on the calendar. Then, we will recess at noon for the Flag Day ceremonies. The next item will be H.R. 14237, agriculture appropriations for fiscal year 1977, which is listed on the calendar.

Following that, assuming that we have some time, the idea being that we would adjourn at approximately 7 o'clock tomorrow night, we would go back on the Outer Continental Shelf Lands Act amendments, the bill we worked on just now.

Assuming that we finish that—although I do not think we would—we would find some other legislation that is on the list which I announced on Friday last. I believe that is very close to exactly the way the program will go tomorrow.

Mr. BAUMAN. I thank the gentleman from California.

COAL SLURRY PIPELINE—10 SLURRY PIPELINES ARE ENVIRONMENTALLY UNSOUND

The SPEAKER pro tempore (Mr. McFall). Under a previous order of the House, the gentleman from Kansas (Mr. Skubitz) is recognized for 5 minutes.

Mr. SKUBITZ. Mr. Speaker, beginning with May 26, I have called attention to the House of a bill, H.R. 1863, the coal slurry pipeline bill, which is now pending before the House Interior Committee. This bill would grant Federal powers of eminent domain to the slurry pipelines.

I have discussed the question of eminent domain, this can be found on page 15521 of the May 26 Record; the fact that this is transportation legislation not energy legislation, page 15878 of the May 27 Record; the railroad capability of handling the increased coal production, page 16078 of the June 1 Record; the effect of coal transportation on railroad economic viability, page 16246 of the June 2 Record; on June 3, I spoke of the railroad industries innovative handling of coal, this is on page 16740; on June 7 I spoke of the slurry pipeline lobby, which is on page 16805, June 8 I spoke on the question of whether a study by the Office of Technology Assessment should precede congressional action on a slurry pipeline bill, this is on page 16902, June 10 I spoke on the fact that railroads can haul coal without the need for new laws, this can be found on page 17594, and on June 11, I spoke on how slurry needlessly exploits valuable water resources, which can be found on page 17795.

Today I intend to discuss the question of whether slurry pipelines are environmentally unsound.

Those who are advocating passage of H.R. 1863, the Coal Slurry Pipeline Act, have made a number of claims as to the environmental desirability of coal pipeline operations.

Those claims become somewhat tenuous when you consider the fact that John L. McCormick of the Environmental Policy Center—an organization that represents a number of environmental and public interest groups, as well as farmers and ranchers—appeared before the Interior Committee in opposition to H.R. 1863.

This would seem to indicate that environmentalists do not agree with pipeline proponents as to the environmental purity of the pipeline.

Of course, one of the biggest environmental problems about the pipelines is their massive water requirement, which I discussed in June 11—but there are other problems.

The pipeline proponents seem to base their claims largely on the fact that a slurry line will be underground in most areas. Therefore, they say, it is out of sight and invisible—not like a coal train.

But, to me—and to others—the underground operation is bothersome.

According to Mr. McCormick on page 852 of the hearings and I quote:

> A pipeline designed to move 25 million tons of coal a year will have a holding capacity of 855,000 tons of coal.

This coal will, of course, be in the form of sludge—pulverized coal mixed with water. However, this is not a solution. It is, rather, a suspension.

This fact is important because if, for any reason, the line is shut down—if the slurry stops moving—the coal will quickly settle out of the water and plug the line.

According to the Hudson Institute Report on page 122, to prevent this from happening, the pipeline operators will have, along the pipeline route, a number of dump ponds into which the slurry can be flushed in case of malfunction. But "pond" is an innocent-sounding word for something designed to hold 3,660,000 acre-feet of coal sludge. These "ponds" would have to be about 10 acres large and about 8½ feet deep.

Questions have been raised about what happens to the sludge once it has been drained into the ponds. Slurry people say they will pump it back into the lines, but it is not clear whether the cost of doing so is a part of their cost estimates. But, whatever happens in these ponds, it is not nearly so devastating as what can happen if the line breaks underground or at a stream. If the line ruptures, 3,660,000 acre-feet of coal sludge could come gushing out—where? In a cornfield? In a pasture? In a running stream or lake?

Certainly, it can be cleaned up—but how long will it take? And what permanent damage might it do to the site of the rupture?

And while we are talking about land, let's consider the physical operation of constructing a slurry pipeline. According to Prof. Iraj Zandi on page 731 of the hearings, while construction is going on, the builders will need access to a strip of land 100 feet wide and more than 1,000 miles long. We do not know precisely what route the pipeline will follow, but it is certain that a lot of land will not get planted that year. And it probably will not get planted for several years, because running heavy machinery over land and digging ditches and filling them back in is not exactly conducive to good soil conditions—unless, of course, the pipeline builders intend to be careful to put the topsoil back on top, just the way it was before they started.

Now, let us see what happens when the sludge reaches its destination. Before it can be burned, the water must be removed and the resulting slurry "cakes" dried somewhat.

According to the report recently released by the Hudson Institute, there are a number of problems with this process which have cropped up in the only operating coal slurry pipeline in this country, the Black Mesa Line. It seems there are jam-ups in the centrifuges and incomplete burning and other problems, including an everpresent danger of fire.

And what about the coal that gets burned? The whole point of a boom in western coal is that it has a low-sulfur content and can produce electric power with less air pollution than other kinds of coal.

But the kind of facility that would use 25 million tons of coal a year would increase air pollution—even with low sulfur coal. There is no such facility now. Middle South Utilities, the potential customer of the ETSI line, wants to build one, but—the hearing record shows—has been forbidden to do so by the Arkansas Public Service Commission.

Electric power—possibly produced by burning coal—would also be used to pump the coal sludge through the pipeline.

And, although there is little to choose between the amount of energy used to move sludge through a pipeline and the amount of energy used by unit coal trains to produce the same number of ton-miles, pipelining involves a dewatering and drying process, which railroads do not. According to a study prepared for the Wyoming Department of Planning and Economic Development, the total pipeline process would consume 750 Btu's per ton-mile, while a unit train operation would consume 300 Btu's per ton-mile.

The point of all this is to demonstrate that coal slurry pipelines would not exercise a beneficial effect on the environment of the West. In fact, they would do the opposite.

I suggest that, in the absence of any demonstrated need for the services of slurry pipelines—and I do not believe that such a need has been demonstrated—the Congress would be making a serious error in passing a law that would result in their proliferation and in the environmental damage they would bring.

BALTIC STATES' GENOCIDE DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. DERWINSKI) is recognized for 5 minutes.

Mr. DERWINSKI. Mr. Speaker, 36 years ago this month, the three small independent Baltic States of Estonia, Latvia, and Lithuania were forcibly incorporated by the Soviet Union into its huge structure. Between June 14 and June 17, 1940, these three nations, which existed for centuries as distinct communities, ceased to exist.

The Soviets' anger over the attempt by the Baltic people to preserve their culture and individuality, prompted the Russians to resort to genocidal operations. Tens of thousands of the Baltic people were killed and about a million were shipped from their homelands like cattle to slave labor camps in Siberia; to be replaced by peoples from other parts of the Soviet Empire. This exchange of population has substantially affected the ethnic composition of the Baltic nations.

Since this tragic episode in history, the Baltic people have suffered from the collectivization of their farms and the nationalization of their industries. They have suffered religious persecution and their children have been subject, through Soviet educational institutions, to Communist brainwashing.

However, I direct your attention to the fact that throughout the free world the peoples of Estonian, Latvian, and Lithuanian nationality maintained their traditional patriotic, cultural, and church organizations and continue their efforts on behalf of their enslaved compatriots held captive within the U.S.S.R.

When the U.S.S.R. illegally incorporated the Baltic nations, the United States strongly opposed this action; and over the past 3½ decades, we have continued a policy of nonrecognition on this illegal annexation.

The courageous people of the Baltic States have waged a continuing battle for world recognition of their rightful place in Europe and of the plight of their people. The spirit of the Baltic people must also remind us of the strivings of all captive people throughout the world. This was the same spirit on which our Nation was founded; let us not now forget there are those, who must still endure persecution.

Mr. Speaker, I believe it is fitting that we pause in this year of our Bicentennial reflections on our rights and liberties, to pay tribute to the indomitable spirit of the Baltic peoples. The cause of freedom for which the Estonians, Latvians, and Lithuanians have so courageously fought these past decades must not be ignored.

The legitimate aspirations and the perseverance of the Baltic peoples for independence and the right to again reside in their historic lands will ultimately triumph over communism. Freedom will someday be restored to these lands.

BALTIC STATES FREEDOM DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, June 14 and 15 is a time of special significance to Americans of Lithuanian, Estonian, and Latvian descent, as well as to all of us who are inspired by the courage and determination of the people of these three nations. During this time, 36 years ago in June 1940, the three Baltic States were brutally occupied by the Red Army and subsequently incorporated into the Soviet Union.

It was only a few months ago, December 2, 1975, that the House passed the resolution I cosponsored, House Resolution 864, by a vote of 407 to 0, putting the House of Representatives on record that there has been no change in the longstanding policy of the United States on nonrecognition of the illegal seizure and annexation by the Soviet Union of the three Baltic nations of Estonia, Latvia, and Lithuania, and that it will continue to be the policy of the United States not to recognize in any way the annexation of the Baltic nations by the Soviet Union.

The Joint Baltic American Committee has issued a statement in commemoration of those who died during those terrible days of invasion and deportation and excerpts from the statement follow:

THIRTY-SIXTH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

This year, about one million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There were 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages of 10 to 18; 3,986 from the ages of 18 to 30 years; 7,778 persons from ages of 30 to 50; 1,681 persons from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman condition of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

Mr. Speaker, the Soviet Union's "russification" policies, abuse of human liberty and dignity, and harassment and intimidation because of religious beliefs continue in the Baltic States to this day. Rev. Janis Smits, a minister to the Baptist parish in Aizpute, Latvia, was driven from his ministry with threats of arrest and other forms of intimidation by Communist authorities, and was left without the means to support his wife and 10 children. Finally, after almost 2 years, Reverend Smits and his family were allowed to leave the country for West Germany a few weeks ago. I was happy to join with other concerned Americans in writing on Pastor Smits' behalf to the Soviet Ambassador urging that he be allowed the right to emigrate.

Mr. Speaker, during this period of solemn remembrance, let us pause to express our admiration for the courageous people of these three nations. Despite the tragedies they have endured, the Baltic peoples throughout the world remain dedicated to the restoration of the independence of their respective fatherlands.

We in the U.S. Congress can do no less than reassure them of our moral support. May the ideals of freedom and democracy be vindicated by the gallant determination of the people of the Baltic States. Their sacrifices should remind us all that we must continue to strive for a world in which all people can have the opportunity to live their lives as they themselves choose.

COMMODITIES MARKET WORRIED OVER FUTURE SOVIET GRAIN BUYS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. COTTER) is recognized for 5 minutes.

Mr. COTTER. Mr. Speaker, for the information of my colleagues, I would like to insert an analysis that appeared in Monday's New York Times. The possibility of a tight squeeze in domestic grain supplies caused by potential Soviet purchases of American wheat and corn has caused widespread concern in the commodities market. A summary of the situation was written by Times correspondent H. J. Maidenberg:

[From the New York Times, June 14, 1976]

COMMODITIES: SOVIET ADDS A NEW UNCERTAINTY

(By H. J. Maidenberg)

Grain producers, brokers, traders and speculators, who must deal constantly with the problems of supply and demand, weather, inflation and the like, are now confronted by a new one:

Will the Soviet Union import more poultry, beef and mutton to fulfill the protein food goals of its 1976–80 consumer plan, or will it continue to cover its grain production shortfalls with imports of corn, wheat, soybeans and sorghums?

The answer not only will determine prices in the commodity futures markets, but it also will tell the ordinary consumer how big a bite inflation will take from the pocketbook later this year.

At present, two facts are known. One is that the Soviet Union will again fall short of producing 205 million metric tons of grain this year because of poor weather, although that goal was considered reasonable by grain specialists last fall.

This was reported by the Agriculture Department last week, which added that Moscow nevertheless could expect a grain crop much larger than the 140 million tons harvested last season.

What is also known is that Moscow has been increasing its imports of meat in recent months. The purchases included 10,000 tons of frozen broilers from the Netherlands, which was asked to supply more but apparently could not do so; 2,000 tons of broilers from Denmark; 10,000 tons of beef and 25,000 tons of mutton from New Zealand and perhaps as much as 100,000 tons of chilled beef from Argentina.

Some brokers, noting the secrecy that clouds all Soviet imports, believe considerably more meat was imported and contracted for since the last deal—for the frozen broilers—was made public two weeks ago.

The first hint of a possible change in Soviet food import plans came early in 1976, when David M. Schoonover, an official of the foreign demand and competition division of the Agriculture Department's Economic Research Service, reported:

"The Soviet Union may boost its livestock product imports in the future—while returning to more normal levels of grain trade, if its 1976–80 five-year plan is realized."

Last week Mr. Schoonover said in a telephone interview from Washington that there was nothing to change that view.

Another early signal of Moscow's intentions was reported not long ago in Milling and Baking News, a leading journal in that field and a monitor of Soviet agricultural developments, when it quoted Lev Voskresensky, an economic specialist for Moscow's Novosti press agency:

"Farming conditions in the U.S.S.R. are more unfavorable than in any of the advanced Western agricultural countries.

"In the United States, 50 percent of the farmland receives the most favorable amount of rainfall—over 27 inches a year. The best granary in the Soviet Union—the Krasnodar region—receives 17.

"The eastern granaries of Siberia and north Kazakhstan are faced with the worst conditions of all grain producing areas of the world, which are compounded by their short vegetation period."

Given this situation, Moscow's latest five-year plan for the production of animal protein products is considered significant by the grain trade. As reported recently by Cargill Investor Services, a major brokerage house, the plan's goals are quite ambitious.

For example, meat output as measured by live weight is expected to rise from 15 million metric tons in 1975 to 19 million by 1980; milk, is expected to rise from 91 million to 114 million metric tons, and the 250 million Soviet citizens should have more eggs, 63 billion by 1980, compared with 57-billion last year.

Because the United States is by far the largest and most dependable exporter of grain, year in and year out, this country is also the most sensitive to supplies in the Soviet Union. That country has been the biggest importer since 1972, when it decided, apparently, to improve protein consumption regardless of crop conditions.

Normally, the United States can comfortably export 70 percent of its wheat, 50 percent of its soybeans, and a fifth of the corn crop each year. These factors have long been part of grain trading calculations.

Whether the Soviet Union decides to import more grain or more wheat is important to the United States. Any increase and decrease in United States grain and soybean exports quickly and sharply affects all food prices, despite the nation's surpluses.

That is why the Government's report on Soviet crop prospects last week sent all grain and soybean futures prices soaring.

And that is why rumors that Moscow had bought large tonnages of frozen broilers here could also fuel further gains in prices. In this country, it takes roughly 2.5 pounds of grain to produce one chicken, 4 pounds to produce a pound of pork and 8 pounds to make a pound of beef.

WAYS AND MEANS OVERSIGHT SUBCOMMITTEE ANNOUNCES SECOND HEARING ON IRS PROCEDURES IN THE COLLECTION OF DELINQUENT TAXES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oklahoma (Mr. JONES), is recognized for 15 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, on June 16, at 9 a.m., in H–208 in the Capitol, the Ways and Means Oversight Subcommittee will hold the second in a series of hearings on the subject of IRS policies in the collection of delinquent taxes. These hearings are being held following the issuance of an extensive study by the Administrative Conference of the United States into problems in IRS procedures in the collection of overdue taxes. The subcommittee is seeking to determine the reaction of the IRS to the various recommendations of the Administrative Conference, what areas may require legislation, and what additional steps need to be taken to improve the equity and efficiency of IRS tax collection procedures.

The witness at Wednesday's hearing will be Mr. Philip Vision, a collection division group manager from the IRS Chicago District Office. Mr. Vision is expected to testify on certain Chicago district management practices which may, on occasion, lead to excessively harsh collection procedures. Mr. Vision's testimony may also indicate that there are production pressures on Revenue officers which may lead IRS employees to place excessive pressure on taxpayers. A staff document summarizing IRS collection problems in recent years will be released at the hearing.

I would also like to report today on some of the IRS responses to questions which the subcommittee has submitted concerning collection procedures.

First of all, I am very concerned about a recent, enormous increase in the size of taxpayer delinquent accounts assigned to IRS field offices for collection action. In 1966, the average account was $583, in 1970, $1,263, and in 1974, $1,678. But between 1974 and 1975, the average delinquent account referred for action increased from $1,678 to $2,082—a jump of over $400 in just 1 year. In a letter to me of June 11, the IRS says:

> The rise is mainly attributable to the higher income levels and thus income taxes of (individual) taxpayers and a corresponding increase in their withholding and social security taxes, which are held in trust by and payable by (business). . . .
>
> To a lesser degree, the gradual upward adjustment of the deferral (accounts below a certain dollar level which are not referred to the field for action) level has effectively increased the average amount shown by omitting the smaller accounts from consideration in computing the "average" TDA.

Whatever the cause—and I suspect that the recession has played a major role in the increased size of delinquent accounts—it is obvious that the delinquent collection problem is becoming more serious and more important to the Treasury and to the taxpayers involved.

Second, the subcommittee has been concerned about the vagueness of certain terms—such as "undue hardship"—in determining when to offer installment payments and in determining when to impose levies and seizures. In response to a question from the subcommittee, the IRS reports that it is making major changes in its approach to first time delinquent taxpayers and is discontinuing the practice of requiring immediate full payment.

In its recent letter to me, the IRS has advised me as follows:

> *We recently decided to reduce the amount of financial data secured from the first delinquent taxpayers.* Although it results in some "slippage" in the protection afforded the Government in case of a future payment default, there are some very positive benefits. First, it should reduce the amount of probing for and recording of financial and personal data which we presently obtain; second, it should improve efficiency and effectiveness by eliminating extended financial interviews on routine cases. (Emphasis added)
>
> In effect, we are now phasing out the guideline of "undue hardship *versus* mere convenience" for *first time* delinquent taxpayers. *The practice of requiring immediate full payment from these taxpayers, as we have in the past, is being discontinued. Collection personnel will be asking first time delinquent taxpayers who request an extension only the name of their employer and bank before extending a reasonable installment agreement.* (Emphasis added)
>
> Taxpayers with a history of tax delinquency, however, will not be eligible for simplified agreements. They will continue to have their accounts and circumstances analyzed on a case-by-case basis before a payment method is determined.
>
> . . . The term "undue hardship" is also used in connection with levy, seizure, and sale activity. We have taken actions to clarify the meaning of "undue hardship" in this area.
>
> The Service is submitting a proposal for legislative change to increase the dollar value of property exempted from levy as stated in Sec. 6334(a), Internal Revenue Code. This proposal would increase the value of the personal property exemption from $500 to $1,500 and would increase the business property exemption from $250 to $1,000.
>
> To further assure that the rights of taxpayers are protected, we are issuing procedures which will:
>
> Require Group Manager review and concurrence before successive levies can be served to attach wages, salary or other income of a taxpayer;
>
> Require Field Branch Chief review and concurrence before levy on all pension plan payments, if the amount is less than $500 a month or $6,000 annually;
>
> Require review and approval of the Chief, Field Branch before levy is made on contributions to qualified pension plan (Keogh or IRA) payments;
>
> Require service verification of the tax balance due before service of a levy of Office Branch personnel; and
>
> Restrict levy on cash deposited as bail during the period that the Court requires that bail be posted.

TRIBUTE TO SPEAKER ALBERT

The SPEAKER pro tempore. Under a previous order of the house, the gentlewoman from New York (Ms. ABZUG) is recognized for 15 minutes.

Ms. ABZUG. Mr. Speaker, it was with great regret and deep admiration that I read last Saturday that you planned to retire from the House of Representatives. During the 6 years that I have been in the House, I have witnessed you serve your constituency, the House of Representatives, and the Nation with great dedication and remarkable skill. It is for these reasons that I take this moment to express my feelings of appreciation and respect on your announced retirement.

After 25 years of distinguished work, when other Members might have considered retirement, CARL ALBERT became the Speaker of the House. During the summer of 1974, when the Nation and the Congress were experiencing tumultuous times, Mr. ALBERT was able to transcend partisan politics and serve the Congress in an unprecedented, admirable, and superior manner. His leadership and courage during this crisis ridden time not only distinguished Speaker ALBERT as a great individual, but gave the Congress some much needed respectability.

In the three terms I have been in the Congress, we have been able to pass some of the most far-reaching and socially creative reforms that the Congress and the people of the United States have ever experienced. I speak specifically of the War Powers Act and the Budget and Impoundment Control Act. I know that these bills would have gone nowhere without his leadership, expertise, and understanding. The reputation as an open and socially aware body that the Congress now holds partly as a result of these reforms, is but one more tribute of CARL ALBERT's success as the Speaker of the House.

While Mr. ALBERT has always placed the work of the House and the Nation above his personal biases, I believe he will be best remembered, both by his colleagues and the Nation, for his dedication and warmth in understanding and trying to find solutions to the intolerable problems faced by peoples throughout the world.

CARL ALBERT's record of service to this House and to the Nation is an example for all who wish to aspire to a life of public service. I want to wish him much happiness in the coming years and to assure him that his service in the House of Representatives will be respectfully remembered.

MEMBERS SHOULD BE COMMENDED FOR WORK ON WATER POLLUTION CONTROL ACT AMENDMENTS OF 1976

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. DODD) is recognized for 5 minutes.

Mr. DODD. Mr. Speaker, on Thursday, June 3, 1976, the House of Representatives voted to pass a bill which is crucial to the future of the Nation's water pollution control programs, the Water Pollution Control Act Amendments of 1976.

I regret that because of official business in my district, I was unable to be present when this vote was taken. Had I been present I would have voted "aye" on H.R. 9560.

I would also like to take this opportunity to commend the members of the House Public Works and Transportation Committee for their work on this very fine piece of legislation. I feel confident that this bill will go a long way in remedying many of the administrative problems which currently surround the water pollution control program, and will give the States the essential funding to participate in this program.

A PROUD COMMEMORATION OF FREEDOM FOR THE BALTIC STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KOCH) is recognized for 10 minutes.

Mr. KOCH. Mr. Speaker, on June 14–16, 1941, the Soviet Union deported thousands of citizens of Estonia, Latvia, and Lithuania in its endeavor to destroy the three Baltic nations which had achieved independence after the First World War. I think it is important for us to take note of these tragic days, and to join Baltic-Americans in paying tribute to those who suffered and died 35 years ago today.

The Lithuanian Red Cross estimates that over 100,000 persons were deported in sum from Latvia, Lithuania, and Estonia. The Joint Baltic American Committee described the scene in a recent article:

> All of these people were loaded into freight cars with 50 to 60 persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.
>
> The long journey from the Baltic states to Sibera killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.
>
> In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhshtan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.
>
> Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

These cruel acts, committed during an illegal annexation of territory by the Soviets, had the purpose of destroying the Baltic culture and heritage—it is the proud achievement of the Baltic people that it failed in that purpose. Today and tomorrow, services will be held in Baltic communities throughout the United States to commemorate the spirit of the ancestors and the fight for freedom which still lives today.

WILBUR TRIMPE CELEBRATES 50TH YEAR IN PUBLIC EDUCATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. PRICE) is recognized for 5 minutes.

Mr. PRICE. Mr. Speaker, I would like to commend and congratulate an old and good friend, Mr. Wilbur R. L. Trimpe, D.P.S. (hon.), for his outstanding achievements as a teacher and school administrator, as he marks his 50th year of service to public education.

I have had the privilege of knowing Mr. Trimpe for some time; so I am personally aware of many of the fine things he has accomplished throughout his long and distinguished career. He has made a remarkable contribution to each school, school district, and college with which he has been associated.

His efforts as chairman of a citizen's steering committee were an important factor in bringing the Lewis and Clark Community College District, of which he is now president, into existence.

Mr. Trimpe's service to education has already been widely acclaimed. His record includes such honors as citations from the Illinois Association of School Administrators and service on the White House Conference on Children and Youth.

Just last month, Mr. Trimpe received an honorary doctorate from Blackburn College, Carlinville, Ill., as further recognition of his service to the public.

Mr. Trimpe and his wife, the former Wanita Schilling, live in Bethalto, Ill.; and I note with great pleasure that their son, Dale, is also involved in public education, as superintendent of schools in Morrison, Ill.

WORRISOME CIA WEATHER REPORT

(Mr. RICHMOND asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RICHMOND. Mr. Speaker, in recent weeks there has been an increased awareness of the crucial role climate and possible climate change will play in our efforts to seek a stable world. This discussion has been carried on at a time when the reports from farm publications from all sections of our country indicate that virtually every sector of our agricultural economy is experiencing "unusual" or "unseasonable" weather conditions.

We also read of droughts in Europe and speculation is again growing that the grain harvest in the Soviet Union will be below their expectations. When we discuss climate, we are discussing far more than the daily "weather reports." These deliberations are dealing with the very future of our organized global community of nations.

We Americans do not often think of ourselves to be at the mercy of the climate. We have built an extremely complex society that has seemingly insulated most of us from the vagaries of day to day weather fluctuations. With approximately 95 percent of all Americans earning their living from nonagricultural pursuits, "bad" weather is usually looked at as an inconvenience when plans to picnic, golf, or just work around the house are canceled.

When we do think about the ramifications of climate change, we tend to think first of the intense human suffering caused by climate changes in sub-Saharan Africa. We recall heart rending pictures of children seeking to find something—anything—to eat, or farmers trying to plow cracked and hardened earth in African nations that have seen their land turn from productive crop and grazing land into uninhabitable desert at a most alarming rate.

What we Americans must understand is that the scope of a climate shift can directly affect us. If—and I stress "if"—the scientific evidence now available is correct and we are indeed entering a new climate era, our good marketplaces are going to look far different in only a few years. Food prices, variety, quantity, and quality will all be adversely affected—higher prices, limited varieties, reduced quantity and poorer quality.

Food costs—the most serious problem in the short run—currently represents an expenditure of approximately 20 percent of the average American's spendable income. Of course, all "average" statistics are themselves extremely misleading. In upper income levels, food costs represent only a negligible percentage of income while, among our Nation's poor, these costs represent the major necessary expense to sustain life. In my district, for example, many families spend over 40 percent of their income on food and a shocking number of family units must spend fully half their money to buy food.

A major climate shift is going to have severe repercussions for us in America as it already has done in other parts of the world.

Every one degree centigrade colder we get is going to mean shorter growing seasons and less yield—meaning higher prices for less food. Every inch of rain we do not get when the crops need it is going to mean less yield and higher food costs. Every single percentage point increase a family must pay for food out of take-home, spendable income means that much less money will be available for other necessities of life—education, housing, clothing, transportation and health care. What we are discussing today affects every segment of our society.

As we celebrate our Nation's Bicentennial, we can reflect on how far we have come in the past 200 years—and how far we yet have to go. Thomas Jefferson bought his first thermometer while he was drafting the Declaration of Independence. He purchased his first barometer a few days after that document was signed.

During the time he served as president of William and Mary College, he took the first known simultaneous weather observations in America and he maintained his "Weather Memorandum Book" until June 29, 1826—6 days before his death.

Now, the ominous indicators of drought in the Midwest are once again present. The patterns of "unusual" weather conditions both here in the United States and abroad have become too "usual" to be ignored.

In order to place this current discussion in perspective, I would like to share with my colleagues two magazine articles and a section of a report prepared by the Central Intelligence Agency outlining the scientific background behind the discussions of climate change.

These articles and inserts include an article from the May 31, 1976, U.S. News and World Report, entitled, "Even U.S. Farms May Be Hit by Cooling Trend," an article from the Eastern Milk Producer, entitled "CIA Report Predicts Climate Changes Will Lead To Mass Starvation" and an outline of the theory of changing weather patterns by Prof. Reid A. Bryson, University of Wisconsin, as stated in the CIA report, "Potential Implications of Trends on World Population, Food Policy and Climate."

Worrisome CIA Report—Even U.S. Farms May Be Hit By Cooling Trend

A gloomy, almost catastrophic view of world weather trends and their impact on food production has just emerged from the Central Intelligence Agency.

The CIA "working paper" contends that the global climate is cooling after 50 years of the most favorable farming weather since the eleventh century. The economic and political impact, the report asserts, "is almost beyond comprehension."

Major points made in the study:

Evidence of the shift has been hidden in the last decade "in those backwashes of the world where death through starvation and disease were already a common occurrence."

Russia, however, has already felt the impact through two crippling failures of its wheat crop in the last five years.

Even such major breadbasket regions as the U.S. and Canada could next fall victim to reduced crop yields by slowly deteriorating weather and shorter growing seasons.

The needed monsoon rains will fail more frequently throughout much of Asia, jeopardizing the critical wheat crop in India and the rice harvests throughout Southeast Asia.

Of particular concern to the CIA is the impact of these changes. Says the report: "The stability of most nations is based upon a dependable source of food, but this stability will not be possible under the new climate era. . . . The politics of food will become the central issue of every government."

A change of just one degree in the mean global temperature can cause a drastic reduction in productivity of farmland, the report says. China, for example, now supports seven persons for every hectare (2.5 acres) of arable land. A one-degree temperature reduction would mean it could support just four persons on the same land.

During the last cool period of 1600 to 1850, says the report, "great segments of the world population were decimated." It adds: "The great plagues of Europe, India, Africa and Russia that occurred during this period could have been the direct result of starvation and malnutrition."

SPUR FOR DECISION MAKERS

The CIA study was released by Representative Frederick Richmond, a New York Democrat on the House Agriculture Committee. It was made public, with CIA permission, to force decision makers in Government to come to grips with what Mr. Richmond feels is a serious problem. In his view:

"We must no longer accept with blind faith the notion that food production will continue to increase and climates will remain stable."

Glenn Van Bramer, a special assistant to the Congressman, said: "We hope the report is wrong, but we just don't know and that's the point. We need to spend the money on research to find out."

Release of the study has touched off a fierce debate in climate and food-forecasting communities. One top Government climatologist, who would not be quoted by name, says the report is filled with "patent nonsense."

The primary objection by many in the field was to what they term the study's inaccuracy on a number of statistical points and to its lack of "qualifiers" when discussing a global cooling trend. The report finds little doubt that the earth is heading into some sort of mini-ice age. This theory is, in reality, one of the most hotly debated in the field.

The experts do seem to agree upon two points:

1. The world is emerging from a period of remarkably stable weather—favorable to farming—that lasted some 40 or 50 years.

2. A slight global cooling trend has been detected in the last decade.

Whether the trend spells the beginning of a slide into a cooler era or whether it merely signals the return to more-variable weather is far from clear.

Murray Mitchell, one of the country's top climate authorities who is on the staff of the National Oceanic and Atmospheric Administration, maintains that the Southern Hemisphere is actually warming and that after a decade of cooling, Northern Hemisphere temperatures appear to be stabilizing.

Mr. Mitchell says the world does seem to be getting back to a more normal kind of climate, one that is likely to be more variable.

THEORY EXPLAINED

The thrust of the CIA report came from the work of Reid Bryson, a climatologist at the University of Wisconsin. His theory, as he explained to *U.S. News & World Report* in an interview:

"If the cooling trend continues—and it probably will—all sorts of things are going to happen that will affect the world food supply."

What the CIA report does, adds Mr. Bryson, is say: "Look, fellows, we've got to think about this if we're going to be properly informed about what the future might hold."

Lester Brown, a food analyst at the Worldwatch Institute, which he heads in Washington, D.C., describes the CIA report as one of the weakest research efforts to emerge from the Government in some time. Says Mr. Brown:

"It's a shame that it was so sloppy because the basic issue that the study embraces is of critical importance to the global community. Alerting decision makers to the problems of diminishing food reserves and the close relationship between climate and food is of vital importance."

So while the CIA does not get high marks for the point-by-point accuracy of its working paper, even the sharpest critics believe the study carries a message that must be seriously explored.

CIA Report Predicts Climate Changes Will Lead to Mass Starvation

Washington, D.C.: "The new climatic era brings a promise of famine and starvation to many areas of the world . . . the economic and political impact of major climatic shift is almost beyond comprehension," so states a recently declassified CIA study on climatological research released by Representative Fred Richmond (D-N.Y.)

The 38-page study further states that long term changes in weather may cause a major drought in India every four years resulting in the starvation of 150 million Indians, a major famine in China every five years and the loss of the Russian wheat fields of Kazakhstan.

The report, "A Study of Climatological Research As It Pertains to Intelligence Problems," was prepared by the CIA in 1974, just before the Rome World Food Conference.

Representative Richmond, a member of the House Agricultural Committee, learned of the document in March, 1976, and was successful in getting the CIA to declassify it.

In another CIA report, "Potential Implications of Trends on World Population, Food Policy and Climate," released last year, the CIA argued that if "climate change caused grave shortages of food despite United States exports, the potential risk to the United States would also rise. There would be increasingly desperate attempts on the part of the powerful, but hungry nations, to get grain anyway they could. Massive migrations, sometimes backed by force, would be a live issue and political and economic instability would be widespread."

"In the poor and powerless areas population would have to drop to levels that could be supported. The population 'problem' would have solved itself in the most unpleasant fashion."

Representative Richmond stated:

"The CIA study of climatological research is a warning to all of us concerned with food production and international stability that changes in climate patterns may result in mass starvation, social unrest and famine.

"It emphasizes in the starkest terms that food, its production and distribution, is going to be the overriding social, economic, political, environmental and moral issue of the next decade. Unless a full scale commitment is made by the United States to develop new techniques for agricultural production in arid climates, and to establish grain reserves, a severe drought or cooling trend in India, China, Canada, Africa and the Soviet Union may lead to famine.

We must no longer accept with blind faith the notion that food production will continue to increase and climates will remain stable. The CIA study forewarns us that world weather patterns are already changing. Witness the drought in the Sahel, the failure of the Russian wheat crop and the drought in California's Sacramento Valley.

The CIA's prediction of global unrest, famine and mass migrations must not become a reality. We can and we must take the initiative in developing a long term program to alter current production and consumption patterns to make more grain available for the affected areas.

In addition, we should encourage climatological analysis by the Federal government to determine precisely which areas of the globe will be faced with changing weather patterns, who those changes will affect, and how those changes will affect the ability of these nations to feed their residents.

Indeed, the loss of the Russian grain fields in Kazakhstan and the decrease of Canada's grain production capability will place greater pressure on the American grain market, forcing prices to increase not only for farmers, but for consumers."

According to the CIA study, the stability of most nations is based upon the dependable resource of food. But this stability will not be possible under the new climatic era.

The CIA adopted the hypothesis of University of Wisconsin Professor, Reid Bryson, who forecasts that the earth's climate is returning to that of the neo-boreal era (1600 to 1850); an era of drought, famine and political unrest in the Western world.

The CIA study stated, "the change of climate is cooling some significant agricultural areas and causing drought in others. If, for example, there is a Northern Hemisphere drop of 1° centigrade it would mean that India will have a major drought every four years and can only support three-fourths of her present population.

The world reserve would have to supply 30 to 50 million metric tons of grain each year to prevent the death of 150 million Indians. China, with a major famine every five years would require a supply of 50 million metric tons of grain. The Soviet Union would lose Kazakhstan for grain production thereby showing a yearly loss of 48 million metric tons of grain. Canada, a major exporter, would lose over 50% of its production capability and 75% of its exporting capabilities. Northern Europe will lose 25–30% of its present production capability while the common market countries would zero their exports."

Representative Richmond stated:

"If the predictions of the CIA report on climatological research, which have been substantiated by the Rockefeller Foundation and a variety of environmental groups, are valid, drought or cooling trends will indeed adversely affect the agricultural output in many areas of the world in the near future. We must realize there is little time left for action.

Time is critical since agricultural research is not only a function of time and money but is based upon the number of growing seasons available for study.

The Congress and the Administration can no longer afford to play Russian Roullette with the lives of millions of people. A full scale commitment must be made immediatey not only to analyze the effects of changing climate patterns, but to a redirection of American agricultural research, production and consumption based on these predictions.

We must develop a system of grain reserves designed to meet the increased demand by these nations which are faced with starvation because of changing climate patterns. These demands can be met without forcing domestic grain prices to increase only if adequate reserves are maintained. We must make a commitment to reducing the current wasteful process of grain feeding of our cattle. Last year alone, out of the estimated two hundred million tons of grain produced in the U.S., more than 150 million tons went to feed animals.

We must increase our agricultural research appropriations to develop foods which can be grown in arid climates and improve the irrigation capabilities of those affected areas.

In order to combat aridity, we must seek plants which use less water and to combat cooling trends, we must seek plants which have a shorter growing season and mature quicker.

In addition, we should adopt a national and international soil conservation program which would return valuable nutrients to the soil and forestall dust bowl effects while maintaining valuable farmland.

Finally, the House Agriculture Committee should initiate hearings into the problem of changing climates in order to bring together experts from around the nation and to develop a comprehensive policy to guarantee sufficient food supply, hopefully preventing the economic and political instability and famine predicted by the Central Intelligence Agency."

Changing Weather Patterns

Theory of changing weather patterns by Professor Reid A. Bryson, University of Wisconsin, as stated in the CIA report, "Potential Implications of Trends on World Population, Food Policy and Climate."

Professor Bryson contends that the world is at the end of a golden era, that of a benign climate and food surpluses. Moreover, climate change has set in, and it will be 40 to 60 years from now at a minimum (possibly centuries) before we can hope for equally benign weather. He reasoned along the following lines:

The earth's atmosphere, hence its weather, is driven by the heat of the sun. Temperature differences—betwen pole and equator and between surface and upper air—constitute the main working parts of this heat engine and are responsible for pressure differences and the consequent flow of air masses.

At the beginning of this century, temperatures were rising and the mound of cold air that covers the pole was contracting. (These phenomena are of greater impact in the northern hemisphere for two reasons: there are many more people and much more land mass in that hemisphere). By about 1940, it had reached a relatively small size and more of the earth was dominated by warm air from tropical regions. But since about 1940, the earth has in fact cooled and the polar air mass has expanded.

Why has the earth cooled? There are three main factors involved affecting how much sunlight reaches the earth and how much is re-radiated into space: volcanic dust, man-made dust, and carbon dioxide. The transparency of the atmosphere to incoming sunlight and heat is affected by dust. The main variable sources of dust are volcanic activity and man-made pollution. In the early part of this century, volcanic activity decreased markedly and this increased transparency; temperatures rose.

Bryson estimates that transparency was little affected by man's activities until about 1930 but that since then, man-caused dust has increased rapidly. (Man-made dust includes wind erosion of soils left unprotected as well as the more familiar industrial pollutants). And, since the mid-1950's, volcanic activity has again become important.

According to his theory, the earth would have cooled due to this dust even more than it has if it had not been for measurable and increasing amounts of carbon dioxide which man has put into the atmosphere by burning fuel (the greenhouse effect).

Temperature changes, though important, are less so than the circulation pattern they help engineer. And here, dust cools the polar regions proportionally more than the tropics. This increases the temperature difference between the two (the temperature gradient). Increased carbon dioxide warms the surface but not the upper atmosphere; this increases the vertical temperature gradient. These two gradients are the main factors that control atmospheric circulation and rainfall.

The net effect is cooler weather in the high latitudes (near the arctic air masses) and a shift southward of the subtropical high pressure areas. The latter control the northward movement of monsoon rain (in the northern hemisphere). This shift, in Bryson's opinion, accounts for the prolonged drought in the African Sahelian region. (The main temperature changes seems to be in the summer, where mean arctic temperatures have dropped 0.5° C. (nearly 1° F) giving an increase pole to equator gradient of .1°C. (almost .2°F) per 1000 kilometers). This would, according to the theory, lower the latitude of the sub-tropic high by more than 30 miles.

North (or poleward) of this sub-tropical high pressure belt, the general effect of temperature gradient changes seems to be that areas dependent on westerlies for rain will have less strong westerlies and hence less rain. Inland on the Eurasian and other large land masses, north-south swings of the polar front (the edge of the great polar air mass) will tend to dominate the weather picture more than in the recent warm period.

Bryson expects a return to something like the climate of the last century, in which case the following tendencies could be expected:

More rain in the northern half of the U.S.; drier in Central Gulf Coast, southwest, and the northern Rockies. The winter wheat area and the range lands of the high plains would be much wetter. On balance, these changes would probably not affect U.S. food production very much.

A higher frequency of drought in India, as the northern limits of the monsoon are pushed southward. Perhaps as much as severe drought every three to four years in northern and northwest India.

Persistent drought in Sahelian Africa as long as the subtropic high pressure area stays where it is.

Shorter growing seasons in Canada, northern Europe, northern Russia and north China and consequently reduction in grain output.

More frequent monsoon failures in South East Asia and the Philippines.

Control over volcanic activity is well beyond human capability. Nor does it seem likely that human societies could change their activity patterns so as to reduce the amount of man-made dust which now accounts for perhaps 20–30% of the total. Thus, if the theory is correct, it is reasonable to assume continued cooling and change in weather patterns unless or until volcanic activity slows again. Even then, man-made dust would remain as an important cooling factor.

MCPL EDUCATION FUND SPEAKER SERIES—TALK OF DR. RICHARD GARWIN ON "THE IMPACT OF NEW TECHNOLOGIES ON U.S. DEFENSE AND ARMS CONTROL POLICY"

(Mr. SEIBERING asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, today I am placing in the Record a summary of the remarks of Dr. Richard Garwin which he presented at a meeting with Members of Congress and their staffs on March 17, 1976. His topic was "The Impact of New Technologies on U.S. Defense and Arms Control Policy."

Dr. Garwin is a scientist who has specialized in defense matters. He served 11 years on the President's Science Advisory Committee and on the Defense Science Board of the Department of Defense, as well as 25 years as a consultant to Government departments and agencies involved in national security questions. He is currently a defense scientist and fellow of the IBM Thomas J. Watson Research Center. He is known for his expertise in defense science matters to all who know the field.

His comments on the impact of new technologies are especially welcome since Congress is too often presented with a fait accompli in weapons development, with too few of us having an appreciation of the impact of such developments until the "genie is out of the bottle." This is especially true of the impact of new military technologies on arms control. It is easier to devise and develop new means of destruction than to establish controls through negotiations. And so the arms race continues to outpace the efforts to control it.

Dr. Garwin spoke on the impact of some new military technologies, and some new applications of old technologies on the structure of the U.S. Armed Forces. He observed that the correct method for formulating defense policy was to define the specific task to be accomplished, and then ascertain the best way to accomplish it. By contrast, he noted that the current Pentagon approach derives from the demands of military operators who tend to want improved versions of existing systems and to resist innovation which would require organizational changes. As a result, he said, the goals to be achieved are structured to fit the system being developed, so that it is even more difficult to propose some alternative system.

While Dr. Garwin's talk contained many striking facts and insights, to me the most striking of all was his comment in response to a question as to the potential effect on the defense budget of adopting all of the innovations which he had described. His response was that their adoption could enable a 40- to 50-percent increase in the military effectiveness of the Armed Forces for the same amount of defense spending or a continuation of the current level of effectiveness at a 40- to 50-percent reduction in defense spending. In other words, translating Dr. Garwin's conclusions in terms of the level of spending in the proposed fiscal year 1977 budget, the technological changes he recommends could make possible a reduction of a staggering $40 to 50 billion a year in defense spending. Obviously, even the possibility of savings approaching that order of magnitude deserves the most serious study by the Congress and the next administration.

Dr. Garwin's talk is one of a series of talks sponsored by the MCPL Education Fund dealing with "New Directions in Foreign Policy, Defense Policy, and Arms Control Policy." In response to request by Members of Congress and the public, I am entering Dr. Garwin's remarks into the Record. The text of his remarks on specific military technologies, including remarks on the B-1 bomber, NAVSTAR satellite systems, Trident, Captor mines, cruise missiles, Minuteman defense, and other military technologies, follows:

DR. GARWIN'S REMARKS

THE B-1

Brookings has just published a book (*Modernizing the Strategic Bomber Force*, A. H. Quanbeck and A. L. Wood) which says that we don't need the B1, that there are better ways of doing the same thing that the B-1 does. The job of the B-1 is fairly simple; it has to fly to the Soviet Union and drop some nuclear bombs. There are some auxiliary constraints; among them that it has to be recallable, and it has to be based on an airfield.

However, a Cruise Missile Carrier (CMC) aircraft is a better way of doing this job. It would launch a cruise missile (not the Air Force's Air-Launched Cruise Missile (ALCM) but a longer-range cruise missile, based on the Navy sub-launched cruise missile) and would be a slight modification of a wide-body jet such as the Boeing 747, be equipped with quick-start engines. It would carry 50–100 long-range cruise missiles which would be launched several hundred miles beyond Soviet air defenses. These missiles would penetrate at comparable speeds and lower altitude than bombers, and in much greater numbers. Instead of having to defend against 200 bombers, the Soviet Union would have to defend against 200 x 50–100—10,000–20,000 cruise missiles. In fact, we don't have to build 200. Since our present retaliatory forces are so capable we can go up to the 200 level quite slowly, and a smaller force would in fact suffice.

A cruise missile carrier is superior to a B-1 in survivability and penetration capability, and also in cost, because it is not necessary to practice flying the airplanes in the low-altitude penetration mode which requires a lot of fuel and very demanding training, as well as stressing the airframes of the bombers. Also, during the vast majority of the time that ICBMs and SLBMs seem invulnerable, the CMC aircraft can serve as tankers or military cargo craft.

TRIDENT

I have always been in favor of the Trident I missile (with a 4,000 mile range) and have always been opposed to the Trident II missile (with 6,000 mile range) and the Trident submarine. The only credible argument in favor of the Trident submarine is that existing Poseidon submarines will get old, but reducing the routine diving depth slightly will result in a great extension of fatigue life of the submarine hull. The Navy has still not presented quantitative data on operational life vs. maintenance cost for Poseidon nor quantified the trade-off between fatigue life and diving depth, although observers have noted these lacks in defense testimony for at least three years.

The Trident program is alleged to have originated in a phone call from President Nixon to the Deputy Secretary of Defense, asking him to initiate a strategic program that could absorb a lot of money fast. More recently, Secretary of Defense Schlesinger apparently favored a smaller strategic submarine, the Narwhal, but could not muster the power within the Defense Department to terminate the Trident submarine and Trident II missile program in order to divert Navy support to the Narwhal.

NAVSTAR (ALSO CALLED THE GLOBAL POSITIONING SYSTEM AND THE DEFENSE NAVIGATION SATELLITE)

This is a satellite-based navigational system that will be tested in prototype this fall and should be in full operation by 1984, which could be accelerated to 1982. It will permit an airplane, ship, or vehicle to locate itself in all three dimensions, with an accuracy of about twenty feet, within one-tenth of a second. Current equipment is accurate to about a hundred feet, but requires several hours.

When we have this, the cost of inertial navigation systems will be reduced by a factor of four to five, and the cost of both navigation and accurate bombing will be reduced dramatically. It can be used to guide bombs all the way to their targets. It will replace a lot of current equipment on ships and aircraft, and its application could replace many things that are not usually regarded of as navigation systems, such as collision avoidance and harbor control radars.

Several years ago, a flag officer couldn't be persuaded to contribute $50 million for NAVSTAR because his shipbuilding budget was already short by $500 million. He missed the point that the $50 million would greatly increase the capacity of the ships he had, while it would not go even part way towards paying for a new destroyer.

CAPTOR

CAPTOR is an unusual mine, an ordinary Mk. 46 12'' diameter anti-submarine torpedo mounted in a 21'' diameter casing so that it can be shot from a submarine torpedo tube, or scattered from aircraft or surface ships. It can be emplaced in the deep ocean, look out for about one mile, and torpedo submarines that come within that radius. If you think that a war at sea is possible and you are worried about Soviet attack submarines, you could build a barrier across the Greenland-Iceland-United Kingdom gap for about $100 million (at $100,000 per mine) and replace $5 billion worth of U.S. attack submarines.

The Navy twisted and turned, trying not to buy CAPTOR, in part apparently because they didn't want their nuclear submarines to appear vulnerable, but the decision has apparently been made, as of December, 1975, to approve CAPTOR for fleet introduction.

CAPTOR is no threat to surface ships, but because it will not launch at them, and because the torpedo will not detonate at the keel depth of a surface ship. You protect your own submarines by being very careful about remembering where we lay these mines. CAPTOR is also very difficult to spoof or jam.

CRUISE MISSILES

The Navy has done a first rate job in demonstrating the technology with its Sea Launched Cruise Missile (SLCM) which can probably achieve an accuracy of 100–200 feet, unconstrained by the location of its launching platform.

Cruise missiles are not really first-strike capable, because of their long flight time, which gives lots of warning. They couldn't be destabilizing unless launched in large numbers, and in such numbers they would be detected. Also, it is easy to defend one of many missile silos against a cruise missile. Since destroying a hardened silo requires a miss distance of 1,000 feet or less, some sort of hardened automatic gun or homing missile located at the silo could detect the cruise missile approaching and destroy it. This system could not be used to defend a city, though.

I do not believe that one can expect the arguments of the Air Force with respect to the B-1 versus a cruise missile. The Air Force had a program for a subsonic Cruise Armed Decoy (SCAD) which they tried to build with both a decoy electronics package and a warhead. though there was no reason to put both on the same airframe. Since the decoy had to fly both slow and fast, carry a warhead, and look like a B-52, it didn't have very much range. Indeed, although Secretary of Defense Laird had specifically promised the Congress that the warhead version would remain in the program, the Air Force did not even mention it in a later selected acquisition report (SAR). When Malcolm Currie came in as Director of Defense Research and Engineering, the SCAD program was cancelled. When the Defense Department hierarchy became interested in cruise missiles, the Air Force proposed the Air-Launched Cruise Missile (ALCM) which was a fairly short range airframe without the decoy electronics package, short-range because it was to be interchangeable with the SRAM. It can be surmised that the Air Force cancelled the armed version of SCAD because it was too good an argument against the B-1. What should be done is to substitute the longer-range Navy SLCM for the ALCM in the strategic role of an air-launched cruise missile for the Cruise Missile Carrier aircraft.

Tactical Air Forces, including Navy carrier air and the Air Force tactical fighter force, should be replaced by a non-nuclear cruise missile, yet to be developed, with a range of less than 600 nautical miles. If these missiles were designed for launch from their packing containers, and to navigate by NAVSTAR or possibly by terrain matching, they could cost about $30–40,000 and could carry about 1,000 lbs. of high explosive. This would be far cheaper than having a conventional tactical air force. This has only become possible in the last five years, because of advances in technology, specifically micro-electronics and the demonstration of low-cost turbojets.

Much of the Air Force, however, regards cruise missiles as small tactical aircraft which go out, drop bombs and return to be reused. This drives up the price, and is a also poor concept because such a missile must have the longevity to fly many missions, and because high attrition rates would wipe out a cruise missile force fairly quickly.

A lot of airplanes in the tactical air force are doing things other than air-to-ground bombing. There are a lot of fighters, a lot of defense suppression aircraft, all of which are needed to hold losses to acceptable levels, but which are subject to loss themselves. When we were bombing North Vietnam, typically only four aircraft out of a flight of eighteen were carrying bombs. Replacing aircraft with cruise missiles is a hard nut for TAC to accept, but it would be the wisest policy.

The arms control implications of cruise missiles are a little more difficult. This is a problem not only for the United States and the Soviet Union, but for the whole world. There are a lot of countries with the capacity to build cruise missiles. You don't really have the choice, as you do with ballistic missiles, of setting a standard to limit U.S. and

Soviet forces and then dissuading the rest of the world from getting such expensive weapons. If you were to have a U.S.-Soviet non-nuclear cruise missile ban, you would have the U.S. and the Soviet Union the only two countries without them.

My proposal would be to ban all ship-based and submarine launched strategic cruise missiles, and also intercontinental range cruise missiles. For the rest, multiple-launcher cruise-missile-carrier aircraft would be counted as MIRVs within the Vladivostok limits. If the Soviet Union were to decide to deploy cruise missiles, they would then have to lessen the number of MIRVs they can deploy, which is desirable.

Verification: Cruise missiles with ranges in excess of the agreement would have to be tested, both in development and operationally. The U.S. and the Soviet Union could agree to test cruise missiles only on agreed coastal ranges, to limit tactical cruise missiles only to bases that have no nuclear handling facilities, and to telemeter key performance parameters to the ground during flight test of cruise missiles so that they could be monitored from ships observing coastal test ranges. If the Russians did not keep to such an agreement, building the thousands of new warheads required—less than thousands would be of no importance—would put a significant drain on their stocks of fissible material which should be detectable.

MINUTEMAN DEFENSE

Here our military leaders have done us a great disservice. Back in 1969 we heard about a MIRVed version of the Soviet SS–9 ICBM, which could deliver three warheads with good accuracy, and this was supposed to threaten our MINUTEMAN missiles. As it turned out, the Soviets never MIRVed the SS–9, and it was never a threat to MINUTEMAN. However, at the time, the Defense Department had studies showing that the HAWK anti-aircraft missile could protect the MINUTEMAN fields against those very SS–9 warheads which were presented as the mid-1970s threat, but not against high beta (that is, the potentially high accuracy) reentry vehicles. This study was not followed up because the Army was pushing a bigger system, and they wanted to be able to defend against future threats.

In 1974, Secretary Schlesinger asserted that the Russians might eventually be able to wipe out the MINUTEMAN force while killing less than a million Americans. But, it is not that easy to destroy MINUTEMAN. They are in hardened silos, and you have to explode a nuclear weapon at ground level less than 1,000 feet away to destroy a silo.

A warhead with that kind of accuracy must be slender in order to maintain high-speed down to ground level and thus be less subject to wind errors. One simple method of defense would be to put an east-west trench perhaps about 2,000 feet north of the silo, and fill it partially with high explosive and the rest of the way with steel pellets. About a mile north of the silo, one can put a short range radar that looks straight up. When it sees this long and narrow re-entry vehicle pass overhead (it sees it side-on, and thus with large radar reflection) the explosives will be detonated, creating a cloud of gravel. Collision of the high-velocity reentry vehicle with these pellets should explode or destroy the warhead safely far from the silo. Multiple trenches can provide protection against multiple shots.

Another possibility is to erect a sort of steel picket fence for some distance around the silo. An array of vertical steel pilings a few feet high could dud many of the attacking re-entry vehicles just before they strike the ground, as a consequence of the high-velocity impact of some part of the re-entry vehicle other than the nose.

These are very specialized approaches. They would not work for defending a city, only a hardened point target. The Defense Department has not been very interested in them, partly because there is as yet no serious threat to the MINUTEMAN silos, and also because it would not work against all future threats, such as the vertically reentering MARV. What we should do is to defend against the presently feasible threat, rather than some hypothetical future threat. If the MINUTEMAN fields are threatened, to the extent that we consider spending vast sums of money on Air-Launch MINUTEMAN or more ballistic missile submarines, they should be defended now. Because of "fratricide" and other effects, they are not in fact significantly vulnerable now.

A program to deploy right now some of these MINUTEMAN—only defenses such as the pellet-laden trenches could serve an important purpose both in dissuading the Soviet Union from building vast numbers of accurate warheads with which to strike MINUTEMAN and also from using such warheads when they do come into existence. If done quickly and inexpensively (not gold plated) such a defensive program entirely unilaterally could serve an important function in controlling the development and deployment of Soviet strategic arms.

SELECTED QUESTIONS AND ANSWERS

All questions and answers are compressed and paraphrased.

Q. The Navy reports that its strategic SLCSM will have a cost of $792,000 and the tactical SLCM $726,000 in FY 1975 dollars. You claim that a tactical cruise missile can be built for $30–40,000. How?

A. The mass-production cruise missile shouldn't be derivative of the SLCM. A strategic missile carries a nuclear warhead which costs a good fraction of a million dollars. The target to be destroyed may be worth billions of dollars. Therefore, it is not unreasonable to spend almost a million dollars on a strategic SLCM, straining technology to obtain low drag, high specific fuel consumption from the engine, high energy propellants and the like. And the requirement for submarine launch runs up the price as well. A tactical missile is different. If you produce tens of thousands, the price goes down. It is a much simpler technical problem to design an airframe and engine to run for an hour, than it is to design one to run for days and weeks, thousands of hours. If you are not going to reuse it, you can make extensive use of plastics and other cheap materials.

Q. The Brookings study on strategic bombers suggested that using a cruise missile carrier aircraft would save $10–15 billion. Is this an accurate estimate?

A. The magnitude of the difference of the costs is more accurate than their estimate of the costs of the two forces. The assumptions of the Brookings study were very conservative, and didn't even take into account the fact that the low-level training of the B–1 and B–52 make it far more expensive than the CMC. Savings would in fact be greater.

Q. Will the improvement of SAM systems, and precision munitions make the penetrating bomber more vulnerable in the future than in the present?

A. Yes. Bomber survivability is crucially dependent on its engine start and response time to surviving an SLBM attack, and the CMC fast engine start kit and rocket assist would promote survivability at least as good as the B–1. The survivability of a penetrating bomber, as attested by the Defense Department, is crucially dependent on Electronic Countermeasures (ECM). It would be unfortunate if we were caught on the down side of an ECM cycle. But the most critical thing about a bomber is that we have at most a couple of hundred of targets penetrating Soviet defense, whereas, with cruise missiles, we could have thousands, and that would be less vulnerable to enemy countermeasures. A bomber shot down in the first few hundred miles of penetration would cost our offensive force the dozens of nuclear warheads carried as ALCMs, SRAMS, and bombs. The same air defense destroying an isolated cruise missile costs our strategic offensive force only a single nuclear warhead. And the cruise missile is far more difficult to detect because of its small size and low engine infrared output than is a big bomber. It has also a smaller vulnerable area to shrapnel and the like.

Q. Would the changes you propose lead to equal cost forces with more capability, or to lower cost forces with the same capability?

A. You could make the trade-off either way. You could get the same effectiveness at half the cost. Half of our airplanes in the Vietnam conflict were busy training pilots, anyway. A cruise-missile-based armed force would be more robust, and less likely to be dependent on what our enemies do or do not do.

MORE ON PARAGUAY

(Mr. **KOCH** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. **KOCH**. Mr. Speaker, on May 25 I placed in the Congressional Record a statement questioning the continuance of U.S. military aid to Paraguay. My concern was, and is, that our military aid program in Paraguay, as in other countries in Latin America, serves mainly to support a repressive military dictatorship to maintain its power at the expense of its people. A particularly ironic fact of our military aid to Paraguay is that it supports a dictatorship which, besides having severely restricted the liberty of its population and having committed numerous human rights violations against its population, has recently imprisoned and tortured members of Project Marandu, a U.S.-funded project to provide medical, economic and legal information and services to Paraguay's Indians.

The latest chapter in Paraguay's history of repression was played out last week in Santiago, Chile, at the meeting of the Organization of American States where discussion of human rights violations was most prominent Paraguayan rights advocates were too frightened to attend.

I enclose for the further information of my colleagues an article which appeared in last Friday's New York Times which reports on the present climate in Paraguay, and I ask again: Why are we assisting this regime with military aid?

The article follows:

[From the New York Times, June 11, 1976]

PARAGUAY'S OPPRESSED SUFFER BEHIND A WALL OF SILENCE

(By Jonathan Kandell)

ASUNCION, PARAGUAY, June 8.—Human rights violations have emerged as the main topic at the meeting of the Organization of American States in Santiago, Chile this week. But rights advocates in Paraguay were too frightened to send a representative.

Their absence underlies the plight of victims of political repression in a small country out of the spotlight of world attention.

In Chile, the interest created abroad by the Marxist coalition Government of the late President Salvador Allende Gossens, and the violence of the right-wing military coup that toppled him, have maintained concern over the human rights issue.

A DURABLE DICTATORSHIP

The political and economic weight of Brazil, the largest country in Latin America, has helped draw attention to human rights violations by the 12-year military Government there. In Argentina, the rise and fall of Peronism and the bloody struggle between right-wing and left-wing terrorists are well known abroad. To some extent, Uruguay's long democratic tradition has helped dramatize human rights violations under the military-controlled Government there in the last three years.

But in Paraguay, political dissidents have almost always suffered repression in anonymity.

Under the 22-year presidency of Gen. Alfredo Strossner, Paraguay remains Latin America's most durable dictatorship—one that has lasted so long that most Paraguayans were not even born when the general took power.

Repression here comes in waves, sometimes reaching high tide, sometimes receding. In recent months, detentions have been numerous and charges of brutality widespread.

The Human Rights Commission and some diplomatic sources estimate that there are now 1,000 political prisoners. Most have not been officially charged and are not permitted lawyers.

In the last six weeks, at least two prisoners were tortured to death; a student, Mario Scherer, and a 65-year-old newspaper vendor, Mario Arzamendia.

The prisoners include peasants, professors, students, workers, shopkeepers, politicians and others who have been caught up in one of the periodic dragnets that the Government decrees to stifle yet another "Communist conspiracy." There is no guerrilla movement in Paraguay, and the tiny Communist Party is virtually inactive, according to diplomatic sources and legislators.

Among the more prominent prisoners are the leaders of a project aimed at providing medical, economic and legal help to Paraguay's 80,000 Indians. The project's leader, Miguel Chase Sardi, a 52-year-old anthropologist, has been tortured and has been in prison since December without charges. His wife's florist shop was closed by the authorities, and his son has been dismissed from his job under Government pressure.

STAFF MEMBERS IMPRISONED

Mr. Chase Sardi's work with the Indians was paid for by a $100,000 grant from the Inter-American Foundation, which in turn is financed by the United States Congress.

Several members of Mr. Chase Sardi's staff are also in prison without charges or access to legal aid.

"These tortures cannot go on," declared Carmen de Lara Castro, the president of the Human Rights Commission in a speech in the legislature last week. "Mothers are being taken prisoners because of allegations against their children. Wives are being imprisoned because they refuse to reveal where their husbands and children are hiding."

Mrs. Lara Castro declined an invitation to attend the O.A.S. meeting in Chile because she feared reprisals from the Paraguayan Government.

President Stroessner, whose strained relations with the Roman Catholic Church have in the past led to the excommunication of members of his Government, is again at odds with the church hierarchy because of the recent repression of Jesuit priests.

At least five Jesuits have been expelled from the country in the last few months. A Jesuit elementary and secondary school was searched for firearms by policemen carrying machine guns last January, and has subsequently been taken over by the Government.

PERSONAL EXPLANATION

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I was unable to be present in the House of Representatives for the session of Friday, June 11, 1976.

Had I been present I would have voted "aye" on rollcalls 360 and 362, the vote on the rule and final passage to H.R. 11804, the Federal Railroad Safety Authorization Act of 1976. I would have voted "no" on rollcall 361, the Skubitz substitute to the Staggers amendment to H.R. 11804.

I would have voted "aye" on rollcall 364, the rule to consider H.R. 9291, the National Traffic and Motor Vehicle Safety Act authorization.

EIGHTH ANNUAL CONGRESSIONAL CLASSROOM SCHOLARSHIP TRIP

(Mr. MANN asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MANN. Mr. Speaker, on this Flag Day in this Bicentennial Year of our great Nation, I am especially pleased and privileged to welcome to Washington the Fourth District Congressional Classroom scholars from Greenville and Spartanburg Counties in South Carolina.

Through the generous financial assistance of local businesses, civic clubs, and service organizations, these 15 rising high school seniors are participating in an on-scene introductory course in Government wherein they are meeting executive and legislative branch officials, discussing policy decisions with Pentagon and State Department spokesmen, touring national landmarks and museums, and discovering first-hand how our laws are enacted.

The nine young men and six young women were selected for outstanding achievement by their high schools to become Congressional Classroom scholars, bringing the total number of participants in the program, which I initiated during my first term in Congress in 1969, up to 126.

Having the opportunity to introduce such fine, inquisitive young people to the day-to-day workings of their Government and to the beauty of their Capital City is one of the highlights of the year for me. I am most grateful for the community support which has made it possible for these youthful citizens to add a new dimension to their growth as citizens and leaders of America's next century.

Mr. Speaker, I am proud to introduce into this Record the names of the 1976 Congressional Classroom scholars, their high schools and their sponsors:

Mark L. Baker, Travelers Rest High School, Greenville Sertoma Club; Vickie M. Bearden, James F. Byrnes High School, Lyman Printing and Finishing Company; Gloria Y. Brackett, Cowpens High School, North Spartanburg Rotary Club; Wm. Charles Butler, Berea High School, Greenville Kiwanis Club.

Phillip E. Foster, Dorman High School, Spartanburg Lions Club; Beatrice Fowler, Chapman High School, Hoechst Fibers Industries; Martha Ann Jackson, Landrum High School, Hillcrest Optimist Club; Armilla Littlejohn, Pacolet High School, Pacolet Lions Club; Pamela A. Reece, Southside High School, The Liberty Corporation.

Andrew W. Smith, Woodruff High School, Jones Tractor Company; J. Timothy Tate, Boiling Springs High School, Hoechst Fibers Industries; Calvin (Buddy) Turner, Wade Hampton High School, Civitan Club of Greenville; Gregory H. Wade, Spartanburg High School, Spartan Radiocasting Company; J. Barry White, Hillcrest High School, Civitan Club of Greenville; and Edmund Woo, Parker High School, Greenville Lions Club.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. Chisholm (at the request of Mr. O'Neill), for today, on account of illness.

Mr. Corman (at the request of Mr. O'Neill), for after 1 p.m. today, on account of official business.

Mr. Helstoski (at the request of Mr. O'Neill), for June 14 and 15, on account of official business.

Mr. Kelly (at the request of Mr. Rhodes), for today, on account of official business.

Mr. Milford (at the request of Mr. O'Neill), for this week, on account of recovery from surgery.

Mr. Whitehurst (at the request of Mr. Rhodes), from 4 p.m. and for the balance of the day, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Pritchard) and to revise and extend their remarks and include extraneous matter:)

Mr. Skubitz, for 5 minutes, on June 14.

Mr. Derwinski, for 5 minutes, on June 14.

(The following Members (at the request of Mrs. Lloyd of Tennessee) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Lundine, for 5 minutes, today.

Mr. Cotter, for 5 minutes, today.

Mr. Jones of Oklahoma, for 15 minutes, today.

Ms. Abzug, for 15 minutes, today.

Mr. Dodd, for 5 minutes, today.

Mr. Roybal, for 5 minutes, today.

Mr. Koch, for 10 minutes, today.

Mr. Rees, for 5 minutes, today.

Mr. Price, for 5 minutes, today.

EXTENSION OF REMARKS

Mr. Richmond, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $715.

Mr. Seiberling and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $715.

(The following Members (at the request of Mr. PRITCHARD) and to include extraneous matter:)

Mr. BELL.

Mr. GRASSLEY.

Mr. MCCLORY.

Mr. SYMMS in three instances.

Mr. WHITEHURST.

Mr. CONABLE.

Mr. ANDERSON of Illinois.

Mr. RHODES.

Mr. YOUNG of Florida.

Mr. DON H. CLAUSEN.

Mr. KEMP in three instances.

Mr. KETCHUM.

Mr. DERWINSKI in three instances.

Mr. WIGGINS.

Mr. COLLINS of Texas in three instances.

Mr. HORTON in three instances.

Mr. ESCH.

Mr. ARMSTRONG.

Mr. FRENZEL in three instances.

Mr. PEYSER in 10 instances.

Mr. PRITCHARD in three instances.

Mr. RINALDO.

Mr. LENT in six instances.

Mr. FINDLEY.

Mr. ASHBROOK in three instances.

(The following Members (at the request of Mrs. LLOYD of Tennessee) and to include extraneous matter:)

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. GONZALEZ in three instances.

Mr. ANDERSON of California in three instances.

Mr. RODINO.

Mr. MOORHEAD of Pennsylvania.

Mrs. KEYS.

Mr. LONG of Maryland in five instances.

Mr. MINISH.

Mr. REES.

Mr. FARY.

Mr. JAMES V. STANTON.

Mr RANGEL in 10 instances.

Mr. COTTER.

Mr. LEVITAS.

Mr. DENT.

Mr. TEAGUE.

Mrs. SCHROEDER.

Mr. MCCORMACK.

Mr. DELANEY.

Mr. WEAVER.

Mrs. MINK.

Mr. VANIK in two instances.

Mr. MOAKLEY.

Mr. DODD in two instances.

Mr. EILBERG.

Mr. BINGHAM in five instances.

Mr. STOKES in two instances.

Mr. GIAIMO in 10 instances.

Mr. NOLAN in two instances.

Mr. PRICE in two instances.

Mr. MOFFETT.

Mr. MAGUIRE.

Mr. ASPIN in 10 instances.

Mr. ROSENTHAL.

Mr. NOWAK.

Mr. HARRIS.

Mr. MCDONALD.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2343. An act to amend the Communications Act of 1934, as amended, with respect to penalties and forfeitures; to the Committee on Interstate and Foreign Commerce.

S. 3281. An act to provide for the efficient and regular distribution of current information on Federal domestic assistance programs; to the Committee on Government Operations.

BILL AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that the committee did on June 11, 1976, present to the President, for his approval, a bill and a joint resolution of the House of the following titles:

H.R. 11559. An act to authorize appropriations for the saline water conversion program for fiscal year 1977; and

H.J. Res. 92. A joint resolution relating to the publications of economic and social statistics for Americans of Spanish origin or descent.

ADJOURNMENT

Mrs. LLOYD of Tennessee. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 50 minutes p.m.), under its previous order, the House adjourned until tomorrow, Tuesday, June 15, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3481. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting notice of the location, nature, and estimated cost of two construction projects proposed to be undertaken for the Air Force Reserve, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

3482. A letter from the Secretary of the Treasury, transmitting a special report of the National Advisory Council on International Monetary and Financial Policies on the proposed increase in the capital resources of the International Finance Corporation (H. Doc. No. 94–526); to the Committee on Banking, Currency and Housing, and ordered to be printed.

3483. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the intention of the the Department of State to consent to a request by the Government of Iran for permission to transfer certain U.S.-origin defense articles to Jordan, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

3484. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to section 112(b) of Public Law 92–403; to the Committee on International Relations.

3485. A letter from the Under Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend Public Law 93–233 to extend certain temporary provisions of law affecting food stamp eligibility of supplemental security income recipients and to amend title XVI of the Social Security Act to make permanent the temporary program of reimbursement to States for interim assistance payments; to the Committee on Ways and Means.

3486. A letter from the Chairman, House Commission on Information and Facilities, transmitting reports prepared at the direction of the Commission by the Library of Congress and the Congressional Research Service on the information resources and services available to the House of Representatives, pursuant to section 204 of House Resolution 988, 93d Congress (H. Doc. No. 94–527); ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HALEY: Committee on Interior and Insular Affairs. Supplemental report on H.R. 7743. A bill to amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92–578), as amended (Rept. No. 94–894, Pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 9689. A bill to amend section 318 of the Communications Act of 1934, as amended, to enable the Federal Communications Commission to authorize translator broadcast stations to originate limited amounts of local programing, and to authorize frequency modulation radio translator stations to operate unattended in the same manner as is now permitted for television broadcast translator stations (Rept. No. 94–1261). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 8125. A bill to amend section 5701(a)(2) of the Internal Revenue Code of 1954 so as to change the bracket tax on cigars to an ad valorem tax; with amendment (Rept. No. 94–1262). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 10051. A bill to amend section 815 of the Internal Revenue Code to allow a life insurance company to disregard (for purposes of that section) a distribution during the last month of its taxable year, determined to have been made out of the policyholders surplus account, if such distribution is returned to the company not later than the due date for filing its income tax return (including extensions thereof) for that year; with amendment (Rept. No. 94–1263) Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 13372. A bill to amend the Wild and Scenic Rivers Act (82 Stat. 906; 16 U.S.C. 1271), and for other purposes; with amendment (Rept. No. 94–1264). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRON:

H.R. 14348. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to grant additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal

Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. COHEN (for himself and Mr. Heinz):

H.R. 14349. A bill to enact the National Schoolage Mother and Child Health Act of 1975; to the Committee on Interstate and Foreign Commerce.

By Mr. DAVIS:

H.R. 14350. A bill to amend the Federal Food, Drug, and Cosmetic Act, as amended, to require that the label of drug containers, as dispensed to the patient, bear the established or trade name, the quantity and strength of the drug dispensed; to the Committee on Interstate and Foreign Commerce.

H.R. 14351. A bill to amend the antitrust laws to provide that the refusal of nonprofit blood banks and of hospitals and physicians to obtain blood and blood plasma from other blood banks shall not be deemed to be acts in restraint of trade, and for other purposes; to the Committee on the Judiciary.

H.R. 14352. A bill to amend the Internal Revenue Code of 1954 to provide that amounts received under certain conditional scholarship or student loan programs will be exempt from taxation; to the Committee on Ways and Means.

By Mr. de LUGO (for himself and Mr. Won Pat):

H.R. 14353. A bill to provide that the judges of the district courts for the Virgin Islands, Guam, and the Canal Zone shall hold office during good behavior; to the Committee on the Judiciary.

By Mr. DOWNEY of New York:

H.R. 14354. A bill to amend title 10, United States Code, to provide for the regionalization and traveling of discharge review panels; to establish guidelines for review and correction of military discharges; to provide for legal counsel for discharge applicants, to provide for the recognition of exemplary post service conduct through the issuance of an honorable discharge (limited); and to otherwise expand and enhance the effectiveness of the Armed Forces discharge review procedures; to the Committee on Armed Services.

By Mr. du PONT:

H.R. 14355. A bill to amend the Federal Water Pollution Control Act to permit protection of natural aquifers; to the Committee on Public Works and Transportation.

By Mr. FORD of Michigan (for himself and Mr. Blanchard):

H.R. 14356. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to grant additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; for the Committee on Interstate and Foreign Commerce.

By Mr. GRASSLEY (for himself, Mr. Paul, Mr. McHugh, Mr. Goodling, Mr. Hughes, Mr. Downey of New York, Mr. Lloyd of California, Mr. J. William Stanton, Mr. Drinan, Mr. Hefner, Mr. Mazzoli, Mrs. Lloyd of Tennessee, Mrs. Meyner, Mr. Steiger of Arizona, Mr. Baucus, Mr. Poage, Mr. Mineta, and Mr. Moffett):

H.R. 14357. A bill to repeal the recently enacted provisions authorizing increases in the salaries of Senators and Representatives; to the Committee on Post Office and Civil Service.

By Mr. HARRIS:

H.R. 14358. A bill to amend the Internal Revenue Code of 1954 to deny certain benefits to taxpayers who make bribes or other illegal payments to foreign government agents or officials; to the Committee on Ways and Means.

By Mr. HEINZ:

H.R. 14359. A bill to provide a special program for financial assistance to Opportunities Industrialization Centers in order to provide 1 million new jobs and job training opportunities, and for other purposes; to the Committee on Education and Labor.

By Mr. JONES of Alabama (for himself, Mr. Harsha, Mr. Ginn, Mr. Walsh, and Mr. Roncalio):

H.R. 14360. A bill to amend the John F. Kennedy Center Act to authorize funds for repair, reconstruction, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. LaFALCE:

H.R. 14361. A bill to establish a commission to investigate the factors contributing to the decline of urban neighborhoods and the factors necessary to neighborhood survival and revitalization, and for the other purposes; to the Committee on Banking, Currency and Housing.

By Mr. MURPHY of New York:

H.R. 14362. A bill to amend title 38, United States Code, to provide for a 12-year delimiting period for a veteran to complete a program of education; to the Committee on Veterans' Affairs.

By Mr. RUPPE:

H.R. 14363. A bill to provide that mining companies may not discharge certain asbestos fibers except on land and in a manner provided by the Secretary of the Interior; to the Committee on Interior and Insular Affairs.

H.R. 14364. A bill to provide that mining companies that discharge asbestos fibers into Lake Superior shall be required to pay for the cost of removal of such fibers from water used for public drinking purposes; to the Committee on Interior and Insular Affairs.

By Mr. SEIBERLING (for himself and Mr. Whalen):

H.R. 14365. A bill to amend the Emergency School Aid Act to provide innovative desegregation programs and procedures, and for other purposes; to the Committee on Education and Labor.

By Mr. SISK:

H.R. 14366. A bill to name the Veterans' Administration hospital at 2615 Clinton Avenue, Fresno, Calif., the B. W. Gearhart Veterans' Hospital; to the Committee on Veterans' Affairs.

By Mr. SYMMS (for himself and Mr. Hansen):

H.R. 14367. A bill to authorize the Secretary of the Interior to make compensation for damages arising out of the failure of the Teton Dam, a feature of the Teton Basin Federal reclamation project in Idaho, and for other purposes; to the Committee on the Judiciary.

By Mr. ANNUNZIO (for himself and Mr. McClory):

H.J. Res. 985. Joint resolution recognizing the State of Illinois and the city of Chicago as hosts in 1992 of the official quincentennial celebration of the discovery of America; to the Committee on Post Office and Civil Service.

By Mr. KETCHUM:

H.J. Res. 986. Joint resolution to designate June 14 of each year as Flag Day, and to make such day a legal public holiday in order to honor the American flag; to the Committee on Post Office and Civil Service.

By Mr. GIAIMO:

H. Res. 1298. Resolution to establish a standing Committee of the House on Intelligence, and for other purposes; to the Committee on Rules.

By Mr. HANLEY (for himself, Ms. Abzug, Mr. Addabbo, Mr. Allen, Mr. Anderson of California, Mr. Aspin, Mr. Badillo, Mr. Beard of Rhode Island, Mr. Bedell, Mr. Biaggi, Mr. Bingham, Mr. Blanchard, Mr. Brinkley, Mrs. Burke of California, Mr. Byron, Mr. Carr, Mr. Derrick, Mr. Chappell, Mr. Cornell, Mr. Cotter, Mr. Dodd, Mr. Downing of Virginia, Mr. Eckhardt, Mr. Eilberg, Mr. Evans of Colorado, and Mr. Fascell):

H. Res. 1299. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

By Mr. HANLEY (for himself, Mr. Gaydos, Mr. Gilman, Mr. Gude, Mr. Hawkins, Mr. Hicks, Mr. Hubbard, Mr. Ichord, Mr. Johnson of Colorado, Mr. Lundine, Mr. McCormack, Mr. McFall, Mr. Madden, Mr. Mazzoli, Mr. Mezvinsky, Mr. Mills, Mr. Murphy of New York, Mr. Moss, Mr. Oberstar, Mr. O'Neill, Mr. Patten, Mr. Preyer, Mr. Rangel, and Mr. Reuss):

H. Res. 1300. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

By Mr. HANLEY (for himself, Mr. McKay, Mr. Richmond, Mr. Rooney, Mr. Roybal, Mr. Rosenthal, Mr. Sarbanes, Mrs. Spellman, Mr. Staggers, Mr. Vigorito, and Mr. Charles Wilson of Texas):

H. Res. 1301. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

403. By the SPEAKER: Memorial of the House of Representatives of the State of South Carolina, relative to full employment; to the Committee on Education and Labor.

404. Also, memorial of the Senate of the State of New York, relative to Hunting and Fishing Day; to the Committee on Post Office and Civil Service.

405. Also, memorial of the Legislature of the State of Arizona, relative to multiple use of national forests; jointly, to the Committees on Agriculture, and Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTONS

Under clause 1 of rule XXII,

Mr. JACOBS introduced a bill (H.R. 14368) for the relief of Charles H. DeBow, Jr., which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

495. By the SPEAKER: Petition of the Ohio River Valley Water Sanitation Commission, Cincinnati, Ohio, relative to areawide waste treatment management under the Federal Water Pollution Control Act; to the Committee on Public Works and Transportation.

496. Also, petition of the Mid-County Republican Club, Columbiana County, Ohio, relative to Representative Wayne L. Hays; to the Committee on Standards of Official Conduct.

AMENDMENTS

Under clause 6 of rule XXII, proposed amendments were submitted as follows:

H.R. 6218

By Mr. DINGELL:

On page 113, after line 5, insert the following new subsection:

"(j) If any development and production plan submitted to the Secretary pursuant to this section provides for the production and transportation of natural gas, the lessee shall contemporaneously submit to the Federal Power Commission that portion of such plan which relates to production of natural gas and the facilities for transportation of natural gas as part of an application for a certificate of public convenience and necessity applicable to such transportation facilities pursuant to section 1 of the Natural Gas Act (15 U.S.C. 717). The Secretary shall cooperate with the Federal Power Commission to minimize duplication of effort and to eliminate delay in connection with the implementation of that portion of such plan. If the Federal Power Commission prepares an environmental impact statement, pursuant to the National Envirommental Policy Act of 1969, applicable to such portion of such plan or studies the effect on the environment of implementation of such portion of such plan, the Secretary shall utilize such environmental impact statement and such studies in preparation of any environmental impact statement, pursuant to the National Environmental Policy Act of 1969, applicable to such development and production plan; and the Secretary shall not independently prepare any such environmental impact statement or duplicate such studies with respect to that portion, of such plan. In reviewing any development and production plan pursuant to this section, the Secretary shall adopt the findings and recommendations of the Federal Power Commission made with respect to such portion, of such plan, and shall not disapprove such plan on the basis of an inadequacy in such portion of such plan, if the Federal Power Commission has issued a certificate of public convenience and necessity applicable to such facilities pursuant to section 7 of the Natural Gas Act. The Secretary, in consultation with the Federal Power Commission, shall promulgate rules to implement this subsection, but the Federal Power Commission shall retain sole authority with respect to rules and procedures applicable to the filing of any application with the Commission and to all aspects of the Commission's review of, and action on, any such application."

By Mr. KETCHUM:

Page 126, immediately after line 19, insert the following new section:

"LOCATION OF HEARINGS

"SEC. 504. (a) Notwithstanding any other provision of law, the Secretary shall, not later than 60 days after the date of the enactment of this Act, prescribe and implement rules to assure that any hearing held pursuant to the Outer Continental Shelf Lands Act, the Outer Continental Shelf Lands Act Amendments of 1976, or the Coastal Zone Management Act of 1972 shall—

"(1) if such hearing concerns a single unit of local government or the residents thereof, be held within the boundaries of such unit;

"(2) if such hearing concerns a single geographic area within a State or the residents thereof, be held within the boundaries of such area; or

"(3) if such hearing concerns a single State or the residents thereof, be held within such State.

(b) For purposes of this section—

"(1) the term "unit of local government" means a county, municipality, town, township, village, or other unit of general government below the State level; and

"(2) the term "geographic area within a State" means a special purpose district or other region (other than a unit of local government) which is recognized for governmental purposes within such State."

Renumber the subsequent section accordingly.

Page 176, immediately after line 19, insert the following new section:

"CONGRESSIONAL REVIEW OF REGULATIONS

"SEC. 504. (a) No rule or regulation proposed by any Federal official after the date of the enactment of this Act pursuant to the provisions of this Act, or pursuant to any provision of law amended by this Act, may take effect except in accordance with the provisions of subsection (b).

"(b)(1) The Federal official proposing any rule or regulation described in subsection (a) shall transmit to each House of the Congress a copy of such proposed rule or regulation, together with a detailed statement justifying such rule or regulation.

"(2) Any such rule or regulation may take effect upon the expiration of a period of 60 legislative days after the date on which such rule or regulation and such statement are transmitted to the Congress under paragraph (1), unless before the expiration of such period the Congress adopts a concurrent resolution disapproving such rule or regulation.

"(c) For purposes of this section, the term 'legislative day' means any day on which either House of the Congress is in session."

Renumber the subsequent section accordingly.

By Mr. CHARLES WILSON of Texas:

Strike page 71, line 15, down through page 72, line 3, and insert in lieu thereof the following:

"(7) The Secretary may, by regulation, permit submission of bids made jointly by or on behalf of two or more persons for an oil and gas lease under this Act unless more than one of the joint bidders, directly or indirectly, controls or is chargeable worldwide with an average daily production of one million six hundred thousand barrels a day or more, or the equivalent, in crude oil, natural gas, and liquified petroleum products."

H.R. 13179

By Ms. ABZUG:

Page 10, after line 9, add the following new section:

"SALARIES OF PERSONS PROVIDING CERTAIN INFORMATION

"SEC. 14. None of the funds authorized to be appropriated by this Act shall be used to pay the salary of any person who, in connection with any application for a visa or other permit to travel to or within any foreign nation—

"(A) provides information as to his or her race, color, religion, sex or national origin, or

"(B) in any way causes or requires any other person to provide such information.".

H.R. 13777

By Mr. HECHLER of West Virginia:

On page 70, between lines 3 and 4, add a new section to read as follows:

"SUNSHINE IN GOVERNMENT

"SEC. 313. (a) Each officer or employee of the Secretary of the Interior and the Bureau of Land Management who—

"(1) performs any function or duty under this Act; and

"(2) has any known financial interest in any person who (A) applies for or receives any permit, lease, or right-of-way under, or (B) applies for or acquires any land or interests therein under, or (C) is otherwise subject to the provisions of, this Act,

shall, beginning on February 1, 1977, annually file with the Secretary of the Interior a written statement concerning all such interests held by such officer or employee during the preceding calendar year. Such statement shall be available to the public.

"(b) The Secretary of the Interior shall—

"(1) act within ninety days after the date of enactment of this Act—

"(A) to define the term 'known financial interests' for the purposes of subsection (a) of this section; and

"(B) to establish the methods by which the requirement to file written statements specified in subsection (a) of this section will be monitored and enforced, including appropriate provisions for the filing by such officers and employees of such statements and the review by the Secretary of such statements; and

"(2) report to the Congress on June 1 of each calendar year with respect to such disclosures and the actions taken in regard thereto during the preceding calendar year.

"(c) In the rules prescribed in subsection (b) of this section, the Secretary may identify specific positions within the Department of the Interior which are of a nonregulatory or nonpolicymaking nature and provide that officers or employees occupying such positions shall be exempt from the requirements of this section.

"(d) Any officer or employee who is subject to, and knowingly violates, this section, shall be fined not more than $2,500 or imprisoned not more than one year, or both."

By Mr. WEAVER:

Page 41, line 8, strike out everything after the word "computed" on line 8 and through line 12 and substitute the following: "as follows:

"The base fee shall be $1.51 per animal unit month. For the fee year 1977 and each year thereafter the fee shall be adjusted according to the percentage increase or decrease in an index of the average of beef prices in the eleven Western States during the preceding two year period as such average of prices relates to the average of such prices for the years 1966 through 1975, inclusive: *Provided*, That the fee for Group I lands, as hereinafter defined, shall be 105 per centum of the adjusted base fee and the fee for Group II lands, as hereinafter defined, shall be 95 per centum of the adjusted base fee."

Also: strike all of Subsection 210(a)(3), page 42, lines 11 through 15.

H.R. 14232

By Mr. MITCHELL of Maryland:

On page 43, after line 14, add a new section as follows:

"MINORITY ENTERPRISE PARTICIPATION

"SEC. 410. With respect to any contract governed by this Act which may exceed $1,000,000, minority business enterprise shall, to the extent practicable, be awarded not less than the greater of—(a) 2 per centum of the total amount of the contract, or (b) 5 per centum of the total amount of subcontracts under such contract."

H.R. 14233

By Mr. MITCHELL of Maryland:

On page 34, after line 24, add a new section as follows:

"MINORITY ENTERPRISE PARTICIPATION

"SEC. 409. With respect to any contract governed by this Act which may exceed $1,000,000, minority business enterprise shall, to the extent practicable, be awarded not less than the greater of—(a) 2 per centum of the total amount of the contract, or (b) 5 per centum of the total amount of subcontracts under such contract."

H.R. 14234

By Mr. MITCHELL of Maryland:

On page 31, after line 23, add a new section as follows:

"MINORITY ENTERPRISE PARTICIPATION

"SEC. 320. With respect to any contract governed by this Act which may exceed $1,000,000, minority business enterprises shall, to the extent practicable, be awarded not less than the greater of—(a) 2 per centum of the total amount of the contract, or (b) 5 per centum of the total amount of subcontracts under such contract."

H.R. 14236

By Mr. EDGAR:

On page 6, in lines 9–10, strike out "$1,417,077,-000" and insert in lieu thereof "$1,396,077,-000".

On page 6, in line 15, after the word "appropriated:" insert the following: "*Provided further*, That no part of this appropriation for the Corps of Engineers under this Act shall be obligated or expended for construction or land acquisition with respect to the Gathright Lake project in Virginia and the Meramec Park Lake project in Missouri:".

By Mr. HECHLER of West Virginia:

On page 2, line 20, strike "$25,000" and insert therein "$10,000".

By Mr. STEELMAN:

Page 6, lines 9 and 10, strike out "$1,417,077,000," and insert in lieu thereof the following: "$1,415,277,000,".

H.R. 14239

By Mr. RUPPE:

Page 27, line 2, strike out "$300,000,000." and insert in lieu thereof: "$329,500,000, of which not less than $77,000,000 shall be used for economic adjustment as authorized by title IX of the Public Works and Economic Development Act of 1965, as amended."

H.R. 14262

By Mr. MITCHELL of Maryland:

On page 49, after line 16, add a new section as follows:

"MINORITY ENTERPRISE PARTICIPATION

"SEC. 749. With respect to any contract governed by this Act which may exceed $1,000,000, minority business enterprise shall, to the extent practicable, be awarded not less than the greater of—(a) 2 per centum of the total amount of the contract, or (b) 5 per centum of the total amount of subcontracts under such contract."

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House Rule X. Previous listing appeared in the CONGRESSIONAL RECORD of June 11, 1976, page 17809:

H.R. 13825. May 17, 1976. Post Office and Civil Service. Permits any frankable Congressional questionnaire to be returned as franked mail to the Member of Congress mailing such questionnaire.

H.R. 13826. May 17, 1976. Ways and Means; Interstate and Foreign Commerce. Amends the Social Security Act to authorize payment under the Medicare program for occupational therapy services.

H.R. 13827. May 17, 1976. Ways and Means. Amends the Tariff Schedules of the United States to revise the classification of wool for purposes of customs duties and to eliminate all import duties on wool of certain classifications.

H.R. 13828. May 17, 1976. Government Operations. Amends the Federal Records Act of 1950 by imposing upon the Administrator of General Services responsibility and authority to promulgate standards and procedures for management of records by Federal agencies and to more closely control such records management.

H.R. 13829. May 17, 1976. Ways and Means. Amends the Internal Revenue Code and the Social Security Act to exclude the service performed by an individual on a vessel used in catching fish or other marine animal life wherein such individual receives as compensation a portion of such vessel's catch, from the definitions of "employment" and "self-employment" for the purposes of deductions, contributions, and benefits under such Acts.

H.R. 13830. May 17, 1976. Ways and Means. Amends the Internal Revenue Code to allow a tax deduction for State and local taxes paid or incurred for the rental of a dwelling unit. Excludes motels and hotels from the provisions of this Act.

H.R. 13831. May 17, 1976. Ways and Means. Amends the Internal Revenue Code to extend the term of office of Tax Court judges in specified instances. Makes enumerated changes in the annuities of survivors of Tax Court judges. Allows the Tax Court to waive its filing fee, and to extend the time for filing a petition. Provides that the Tax Court need not follow civil service laws with regard to the appointment of employees.

H.R. 13832. May 17, 1976. Agriculture. Amends the Forest and Rangeland Renewable Resources Planning Act of 1974 to require that the renewable Resources Assessment include program recommendations reflecting specified policy objectives.

Directs the Secretary of Agriculture to promulgate regulations that set forth the process for the development and revision of national forest land management plans and specify guidelines and standards designed to achieve enumerated goals.

Revises provisions relating to forest roads and the sale of national forest timber. Prohibits the return of national forest lands to the public domain other than by Act of Congress. Establishes procedures for public participation in National Forest System planning and management.

H.R. 13833. May 17, 1976. Judiciary. Authorizes classification of a certain individual as a child for purposes of the Immigration and Nationality Act.

H.R. 13834. May 17, 1976. Judiciary. Authorizes classification of a certain individual as a child for purposes of the Immigration and Nationality Act.

H.R. 13835. May 17, 1976. Judiciary. Authorizes classification of a cetrain individual as a child for purposes of the Immigration and Nationality Act.

H.R. 13836. May 18, 1976. International Relations. Provides that whenever the exportation of any agricultural commodity is prohibited or curtailed by the President or a Federal agency, the exportation of any prime element in the production of such commodity shall also be curtailed or prohibited in the same manner and to the same extent.

H.R. 13837. May 18, 1976. Judiciary. Incorporates the Gold Star Wives of America.

H.R. 13838. May 18, 1976. Ways and Means. Decreases the exercise tax imposed on the net investment income of each private foundations which is exempt from taxation under the Internal Revenue Code.

H.R. 13839. May 18, 1976. Ways and Means. Sets the applicable percentage for determining the minimum investment return for purposes of the Internal Revenue Code tax on failure to distribute income by a private foundation.

H.R. 13840. May 18, 1976. Ways and Means. Amends, under the Internal Revenue Code, the estate tax rates, the estate tax exemption, and the State death taxes credit. Eliminates the aggregate amount limitations on estate tax deductions for bequests to a surviving spouse. Alters the filing requirements for gift tax returns. Allows the estate tax on interests in certain closely held businesses to be deferred and then paid in installments.

H.R. 13841. May 18, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13842. May 18, 1976. Ways and Means. Amends the Internal Revenue Code to exclude from the definition of a "capital asset," property use in, or related to, a taxpayer's trade or business, which was provided to or acquired by him at no cost to him.

H.R. 13843. May 18, 1976. Judiciary. Incorporates the American Blood Commission.

H.R. 13844. May 18, 1976. Armed Services. Amends the Federal Civil Defense Act of 1950 to allow Federal civil defense funds to be used by local civil defense agencies for natural disaster relief.

H.R. 13845. May 18, 1976. Science and Technology. Establishes a National Earthquake Hazards Reduction Conference.

Enumerates the duties of the Conference, including: (1) the formulation of a national program to develop capabilities for earthquake hazards reduction; (2) the establishment of means for disseminating earthquake prediction information and technical assistance; (3) the coordination of earthquake and related hazard research programs; and (4) the establishment of an earthquake prediction board.

Details provisions relating to the powers, composition, structure, and reporting requirements of the Conference.

H.R. 13846. May 18, 1976. Banking, Currency and Housing. Amends the Federal Reserve Act to permit the payment of interest on demand deposits which consist of public funds of the United States or of a State or political subdivision or instrumentality of a State.

H.R. 13847. May 18, 1976. Post Office and Civil Service. Permits an individual who has completed a probationary or trial period as an employee of a Federal agency or the District of Columbia to be subjected to specified adverse actions only for such cause as will promote the efficiency of the civil service.

Entitles any such individual against whom any such adverse action is proposed to receive (1) all relevant evidence; (2) a hearing at which such individual may be represented by counsel, present evidence, and cross-examine witnesses; and (3) a copy of the hearing transcript. Permits review of conclusions of law made at such hearings by appropriate U.S. district courts.

H.R. 13848. May 18, 1976. Ways and Means. Amends the Tariff Schedules of the United States to repeal the duty imposed on (1) articles assembled abroad with components produced in the United States, and (2) certain metal articles manufactured in the United States and exported for further processing.

H.R. 13849. May 18, 1976. Post Office and Civil Service. Directs the Postmaster General to issue a special postage stamp in honor of Dr. Martin Luther King, Jr.

H.R. 13850. May 18, 1976. Post Office and Civil Service. Directs the Postmaster General to issue a special postage stamp in honor of Dr. Martin Luther King, Jr.

SENATE—*Monday, June 14, 1976*

The Senate met at 11 a.m. and was called to order by Hon. DALE BUMPERS, a Senator from the State of Arkansas.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

We thank Thee, O Lord, for the flag of the United States floating in majestic silence over the hosts of this land in peace and in war, in prosperity and in adversity. We thank Thee for this emblem which gathers to it the heritage, the principles and the standards by which the Nation lives. Spare us from any action which blemishes or defames the national ensign. Implant in us an enduring and refined reverence for this flag. May its presence kindle in our lives the way of sacrifice and purity and justice symbolized in the red, the white, and the blue. On this day of days, increase our devotion to all the good the flag represents, and by Thy grace in our lives, may we keep the flag flying in a land of righteousness, justice, and truth.

In Thy holy name we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 14, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. DALE BUMPERS, a Senator from the State of Arkansas, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. BUMPERS thereupon took the chair as Acting President pro tempore.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet until 12:10 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of the legislative day of June 3, 1976, be dispensed with.

Mr. ALLEN. Mr. President, reserving the right to object, may I inquire of the Chair how many calendar days of the session are involved in this request?

The ACTING PRESIDENT pro tempore. Seven calendar days.

Mr. ALLEN. I thank the Chair.

Mr. President, realizing that would take several hours in point of time of the Senate, I will not object at this time.

Mr. MANSFIELD. I thank the Senator.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF CALL OF THE CALENDAR UNDER RULE VIII

Mr. MANSFIELD. Mr. President, I ask unanimous consent to waive the call of the calendar for unobjected-to measures under Senate rule VIII.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Pennsylvania seek recognition?

Mr. HUGH SCOTT. Mr. President, I yield back my time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes each.

QUORUM CALL

Mr. HUGH SCOTT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

HEALTH MAINTENANCE ORGANIZATION AMENDMENTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. 1926, as reported.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1926) to amend title XIII of the Public Health Service Act to revise and extend the program for the establishment and expansion of health maintenance organizations.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Labor and Public Welfare with an amendment to strike out all after the enacting clause and insert:

That (a) this Act may be cited in the "Health Maintenance Organization Amendments of 1976".

(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

SEC. 2. The first sentence of section 1301 (b) (2) is amended by striking out "the organization shall provide" and all that follows in that sentence and inserting in lieu thereof "the organization may provide to each of its members any of the health services which are included in supplemental health services (as defined in section 1302(2))."

SEC. 3. Section 1302(5) is amended by striking "or other legal" and inserting in lieu thereof "an".

SEC. 4. (a) Section 1301(c) is amended by amending paragraph (4) to read as follows:

"(4) have an open enrollment period in accordance with the provisions of subsection (d);"

(b) Section 1301 is amended by adding at the end thereof the following:

"(d) (1) Effective on the date of enactment of this subsection, a health maintenance organization which—

"(A) (i) has been in existence for a period of 5 years or (ii) has an enrollment of 50,000 members, and

"(B) for its most recent fiscal year did not incur a deficit,

shall have an open enrollment period of not less than 30 days at least once during each consecutive 12-month period during which enrollment period it accepts individuals in the order in which they apply for enrollment without regard to preexisting illness, medical condition, or degree of disability.

"(2) A health maintenance organization shall not be required to comply with those provisions of paragraph (1) relating to the length of the enrollment period if it has enrolled a number of individuals during each 12-month period in excess of 4 percent of its total net increase in enrollment during the preceding calendar year. For the purpose of determining the total net increase in enrollment, pursuant to the preceding sentence, there shall not be included any individual who has enrolled in the health maintenance organization through a group which has an existing contract for health care services with the health maintenance organization at the time that such health maintenance organization is determined to be 'qualified' health maintenance organization under section 1310.

"(3) Notwithstanding the requirements of paragraph (1) a health maintenance organization shall not be required to enroll individuals who are, at the time of their application, confined to an institution because of chronic illness, permanent injury, or other infirmity which would cause economic impairment to the health maintenance organization if such individual were enrolled.

"(4) A health maintenance organization may not be required to make the effective date of benefits for individuals enrolled under this subsection less than 90 days after the date of enrollment.

"(5) The Secretary may waive the requirements of this subsection if the health maintenance organization demonstrates that compliance with the provisions of this subsection would jeopardize its economic viability in the service area of the health maintenance organization.".

Sec. 5. (a) Paragraph (1)(H) of section 1302 is amended to read as follows:

"(H) the following preventive health services: (i) Immunizations, (ii) well-child care from birth, (iii) periodic health evaluations for adults, (iv) voluntary family planning services, (v) infertility services, and (vi) children's eye examinations conducted to determine the need for vision correction.",

(4) by striking out "or podiatrist" each place it occurs and inserting in lieu thereof "podiatrists, or other health care personnel".

(b) Paragraph (2) of such section is amended—

(1) by striking out "under paragraph (1)(A) or (1)(H)" in subparagraphs (B) and (C)";

(2) by striking out "and" at the end of subparagraph (E), by striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and", and by adding after subparagraph (F) the following:

"(G) other health services which are not included as basic health services and which have been approved by the Secretary for delivery as supplemental health services.";

(4) by striking out "or podiatrist" each place it occurs and inserting in lieu thereof "podiatrists, or other health care personnel".

Sec. 6. (a)(1) Section 1301(b)(1) is amended by adding at the end thereof the following new sentence: "Any entity which, on the date of enactment of this sentence, is providing comprehensive health services as a prepaid group practice, or otherwise providing comprehensive health services on a prepaid basis, shall not be required to meet the requirements of clause (C) of this paragraph for a period of 36 months after the date of enactment of this sentence.".

(2) Section 1306(b) is amended (A) by striking out "and" at the end of paragraph (6), (B) by redesignating paragraph (7) as paragraph (8), and (C) by inserting after paragraph (6) the following new paragraph:

"(7) the application contains such assurance as the Secretary may require respecting the intent and the ability of the applicant to meet the requirements of paragraphs (1) and (2) of section 1301(b) respecting the fixing of basic health services payments and supplemental health services payments under a community rating system; and".

(b) Section 1302(8)(A) is amended by inserting "differences in marketing costs and" after "reflect".

(c) Paragraph (B) of section 1302(8) is redesignated as paragraph (C) and the following new paragraph is inserted after paragraph (A):

"(B) Nominal differentials in such rates may be established to reflect the distribution or compositing of the rates of payment in a systematic and uniform manner to accommodate group purchasing practices of the various employers."

Sec. 7. (a) Section 1302(4)(C)(i) is amended by striking out "for a health maintenance organization", and insert in lieu thereof "having substantial responsibility for the delivery of medical services to enrollees in a health maintenance organization".

(b) Section 1302(4)(C)(ii) is amended by—

(1) inserting "similar" before "plan"; and

(2) inserting "unrelated to the provision of specific health services" after "plan".

(c) Section 1302(4)(C) is amended by—

(1) striking "and" before "(v)";

(2) striking the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon and the following: "and (w) establish an arrangement whereby an individual's enrollment status is not known to the health professional who provides health services.".

Sec. 8. (a) Section 1304(a)(2) is amended to read as follows:

"(2) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to—

"(A) nonprofit private entities for planning projects for the establishment or expansion of health maintenance organizations, or

"(B) other private entities for such projects for health maintenance organizations to serve medically underserved populations.".

(b) Section 1304(b)(1)(B) is amended to read as follows:

"(B) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to—

"(i) nonprofit private entities for projects for the initial development of health maintenance organizations, or

"(ii) other private entities for such projects for health maintenance organizations which will serve medically underserved populations.".

(c) Section 1305(a)(3) is amended to read as follows:

"(3) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to—

"(A) nonprofit private health maintenance organizations for the amounts referred to in paragraph (1) or (2), or

"(B) other private health maintenance organizations for such amounts but only if such health maintenance organization will serve a medically underserved population.".

(d)(1) Section 1304(d) is amended by adding at the end the following new sentence: "In considering applications for loan guarantees under this section, the Secretary shall give special consideration to applications for projects for health maintenance organizations which will serve medically underserved populations.".

(2) Section 1305 is amended by adding at the end thereof the following new subsection:

"(f) In considering applications for loan guarantees under this section, the Secretary shall give special consideration to applications for health maintenance organizations which will serve medically underserved populations."

(e)(1) Subsection (f)(1)(A) of section 1304 of such Act is amended by striking "$125,000" and by inserting in lieu thereof "$200,000".

(2) Paragraph (2) of subsection (f) of section 1304 is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following:

"(B) $2,000,000 in a case of a project where a health maintenance organization which will provide services to an additional service area (as defined by the Secretary) or which will provide services in one or more areas which are not contiguous, or".

(3) Subsection (e) of section 1303 of such Act is amended by striking "$50,000" and inserting in lieu thereof "$75,000".

(4) Subsection (b)(1) of section 1305 of such Act is amended by striking "$2,500,000" and by inserting in lieu thereof "$5,000,000 during a period not to exceed 5 years".

Sec. 9. (a)(1) Section 1305(a) is amended by striking out "in the period of" in paragraphs (1) and (2) and inserting in lieu thereof "during a period not to exceed".

(2) The last sentence of section 1305(b)(1) is amended to read as follows: "In any fiscal year the amount disbursed to a health maintenance organization under this section (either directly by the Secretary or by an escrow agent under the terms of an escrow agreement or by a lender under a loan guaranteed under this section) may not exceed $1,000,000.".

(3) Subsection (a)(1) of section 1305 is amended by striking "of" after "period" the first time it appears and by inserting in lieu thereof "up to".

(4) Subsection (a)(2) of section 1305 is amended by striking "of" after "period" and by inserting in lieu thereof "up to".

(5) Subsection (d) of section 1305 of such Act is amended by striking "1978" and by inserting in lieu thereof "1980".

(b) Section 1307(e) is amended—

(1) by inserting "for a private health maintenance organization (other than a private nonprofit health maintenance organization)" after "may be made", and

(2) by inserting "for private health maintenance organizations (other than private nonprofit health maintenance organizations)" after "guaranteed".

(c)(1) Section 1308(a)(1)(A) is amended by striking out "for similar loans" and inserting in lieu thereof "for loans with similar maturities, terms, conditions, and security".

(2) Section 1308(b)(2)(D) is amended by striking out "loans guaranteed under this title" and inserting in lieu thereof "marketable obligations of the United States of comparable maturities, adjusted to provide for appropriate administrative charges".

(d)(1) Subsection (i) of section 1303 of such Act is amended by—

(A) striking "the" the first time it appears in the second sentence and by inserting in lieu thereof "any"; and

(B) striking "ending June 30, 1974, or June 30, 1975,".

(2) Subsection (k)(1) of section 1304 of such Act is amended by—

(A) striking "the" the first time it appears in the second sentence and by inserting in lieu thereof "any"; and

(B) striking "ending June 30, 1974, or June 30, 1975,".

(3) Subsection (k)(2) of section 1304 of such Act is amended by—

(A) striking "the" the first time it appears in the second sentence and by inserting in lieu thereof "any"; and

(B) striking "ending June 30, 1974 or in either of the next two fiscal years".

Sec. 10. Section 1310 is amended—

(1) by amending subsection (a) to read as follows:

"(a)(1) Each employer which is now or hereafter required during any calendar quarter to pay its employees the minimum wage specified by section 6 of the Fair Labor Standards Act of 1938 (or would be required to pay its employees such wage but for section 13(a) of such Act), and which during such calendar quarter employed an average number of employees of not less than 25, shall, in accordance with regulations which the Secretary shall prescribe, include in any health benefits plan offered to its employees in the calendar year beginning after such calendar quarter the option of membership in qualified health maintenance organizations which are engaged in the provision of basic or supplemental health services in health maintenance organization service areas in which at least 25 of such employees reside.

"(2) If any of the employees of an employer described in paragraph (1) are represented by a collective-bargaining representative or other employee representative designated or selected under any law, the offer of membership in qualified health maintenance organization required by paragraph (1), shall first be made to such collective-bargaining representative or other employee representative, and if such offer is accepted by such representative, shall then be made to each such employee.

"(3) For purposes of this section, the term 'service area' means a defined geographic area within which those basic health services, included in section 1301 of this Act, are easily and conveniently accessible to each member of a health maintenance organization.".

(2) by striking out the last sentence of subsection (c), and

(3) by adding after subsection (d) the following new subsections:

"(e) (1) Any employer who is found by the Secretary, after written notice and an opportunity for a hearing (a transcript of which shall be maintained) to have failed to comply with one or more of the requirements of subsection (a) shall be liable to the United States for a civil penalty of not more than $10,000 for each violation. After the Secretary has made a finding of noncompliance, each 30-day period of such noncompliance shall constitute a separate violation for which an additional civil penalty may be assessed and collected.

"(2) The amount of such civil penalties shall be determined and assessed by the Secretary, by written notice. In determining the amount of a civil penalty the Secretary shall consider the gravity of the noncompliance and the demonstrated good faith of the employer attempting to achieve rapid compliance after notification by the Secretary of a noncompliance.

"(3) Any person against whom a violation is found and a civil penalty assessed under paragraph (1) of this subsection may obtain review in the court of appeals of the United States for the circuit in which such person resides or has his principal place of business, or in the United States Court of Appeals for the District of Columbia, by filing a notice of appeal in such Court within 30 days from the date of such assessment and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found and such penalty assessed as provided in section 2112 of title 28, United States Code.

"(4) If any person fails to pay an assessment of a civil penalty after it has become final, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

"(f) For purposes of this subsection, the term 'employer' does not include the Government of the United States, the government of the District of Columbia or any territory or possession of the United States, or any agency or instrumentality (including the United States Postal Service and Postal Rate Commission) of any of the foregoing.

"(g) The duties and functions of the Secretary, insofar as they involve making determinations as to whether an organization is a 'qualified health maintenance organization' within the meaning of subsection (d), shall be administered through the Assistant Secretary for Health and in the Office of the Assistant Secretary for Health, and the administration of such duties and functions shall be integrated wih the administration of section 1312(a).".

Sec. 11. (a) Section 1312 is amended by striking all of the section following paragraph (3) of subsection (a) and inserting in lieu thereof the following: "the Secretary may take the action authorized by subsection (b).

(b) Section 1312(b) is amended to read as follows:

"(b) (1) If the Secretary makes, with respect to any entity which provided assurances to the Secretary under section 1310(d) (1), a determination described in subsection (a), the Secretary shall notify the entity in writing of the determination. Such notice shall specify the manner in which the entity has not complied with such assurances and direct that the entity initiate (within 30 days of the date the notice is issued by the Secretary or within such longer period as the Secretary determines is reasonable) such action as may be necessary to bring (within such period as the Secretary shall prescribe) the entity into compliance with the assurances. If the entity fails to initiate corrective action within the period prescribed by the notice or fails to comply with the assurances within such period as the Secretary prescribes (A) the entity shall not be a qualified health maintenance organization for purposes of section 1310 until such date as the Secretary determines that it is in compliance with the assurances, and (B) each employer which has offered membership in the entity in compliance with section 1310, each lawfully recognized collective-bargaining representative or other employee representative which represents the employees of each such employer, and the members of such entity shall be notified by the entity that the entity is not a qualified health maintenance organization for purposes of such section. The notice required by clause (B) of the preceding sentence shall contain, in readily understandable language, the reasons for the determination that the entity is not a qualified health maintenance organization. The Secretary shall publish in the Federal Register each determination referred to in clause (A) of this paragraph.

"(2) If the Secretary makes, with respect to an entity which has received a grant, contract, loan, or loan guarantee under this title, a determination described in subsection (a) the Secretary may, in addition to any other remedies available to him, bring a civil action in the United States district court for the district in which such entity is located to enforce its compliance with the assurances it furnished respecting the provision of basic and supplemental health services or its organization or operation, as the case may be, which assurances were made in connection with its application under this title for the grant, contract, loan, or loan guarantee.".

(c) Section 1312 is further amended by adding at the end thereof the following new subsections:

"(c) An enrollee, may in addition to any other remedies available to him, bring a civil action, notwithstanding the amount in controversy, in the United States district court for the district in which such entity is located to enforce its compliance with any assurances it furnished him, directly or indirectly, respecting the provision of basic and supplemental health services.

"(d) The Secretary, through the Assistant Secretary for Health, shall administer subsections (a) and (b) in the Office of such Assistant Secretary.".

(d) Section 1311 is amended by adding at the end thereof the following new subsections:

"(c) (1) An interested party may bring a civil action (notwithstanding the amount in controversy) in the United States district court for the district court in which such entity is located to enforce the provisions of this section.

"(2) A district court may award reasonable attorney's fees to a plaintiff for an action brought under this section.

"(d) The Secretary shall develop through grants or contracts a digest of State laws and regulations pertaining to development, establishment, and operation of health maintenance organizations which shall be updated at least quarterly and relevant sections of which shall be provided to the Governor of each State annually. The Secretary shall also insure that appropriate legal consultative assistance is available to the States for the purpose of complying with the provisions of this section.".

Sec. 12. Section 1307(d) is amended by adding after and below paragraph (2) the following new sentence: "An entity which provides health services to a defined population on a prepaid basis and which has members who are enrolled under the health benefits' program, authorized by chapter 89 of title 5, United States Code, may be considered as a health maintenance organization for purposes of receiving assistance under this title if with respect to its other members it provides health services in accordance with section 1301(b) and is organized and operated in the manner prescribed by section 1301(c).".

Sec. 13. (a) (1) Subsection (j) of section 1304 is amended (A) by striking out "the fiscal year ending June 30, 1976" and inserting in lieu thereof "fiscal year 1979", and (B) by striking out "the fiscal year ending June 30, 1977" and inserting in lieu thereof "fiscal year 1979".

(2) Subsection (k) (1) of such section is amended by striking out "June 30, 1975" and inserting in lieu thereof "or in either of the next three fiscal years".

(3) Subsection (k) (2) of such section is amended by striking out "two fiscal years" and inserting in lieu thereof "four fiscal years".

(b) Subsection (d) of section 1305 is amended to read as follows:

"(d) No loan may be made or guaranteed under this section after September 30, 1980.".

(c) Subsection (a) of section 1309 of such Act is amended by striking "and $85,000,000 for the fiscal year ending June 30, 1976; and for the purpose of making payments under grants and contracts under section 1304(b) for the fiscal year ending June 30, 1977, there is authorized to be apppropriated $85,000,000." and by inserting in lieu thereof ", and $40,000,000 for the fiscal year ending June 30, 1976, and $55,000,000 for the fiscal year ending September 30, 1977, and $70,000,000 for the fiscal year ending September 30, 1978, and $85,000,000 for the fiscal year ending September 30, 1979.".

Sec. 14. (a) Section 1876(b) of the Social Security Act is amended to read as follows:

"(b) (1) The term 'health maintenance organization' means a legal entity which provides health services to individuals enrolled with such organization and which—

"(A) provides to its enrollees who are insured for benefits under parts A and B of this title all of the services and benefits covered under such parts which are available in the geographic area served by such organization;

"(B) provides such services and benefits in the manner prescribed in section 1301(b) of the Public Health Service Act (except that, solely for purposes of this paragraph, the term 'basic health services' and references thereto, when employed in such section, shall be deemed to refer to the services and benefits included under parts A and B of this title); and

"(C) is organized and operated in the manner prescribed by section 1301(c) of the Public Health Service Act (except that, solely for purposes of this paragraph, the term 'basic health services' and references thereto, when employed in such section, shall be deemed to refer to the services and benefits included under parts A and B of this title).

"(2) (A) The duties and functions of the Secretary, insofar as they involve making determinations as to whether an organization is a 'health maintenance organization' within the meaning of paragraph (1), shall be administered through the Assistant Secretary for Health and in the Office of the Assistant Secretary for Health, and the administration of such duties and functions shall be integrated with the Administration of section 1312 (a) and (b) of the Public Health Service Act.

"(B) Except as provided in subparagraph (A), the Secretary shall administer the provisions of this section through the Commissioner of Social Security.".

(b) Section 1876(h) of such Act is amended to read as follows:

"(h) (1) Except as provided in paragraph (2), each health maintenance organization with which the Secretary enters into a contract under this section shall have an enrolled membership at least half of which consists of individuals who have not attained age 65.

"(2) The Secretary may waive the requirement imposed by paragraph (1) for a period of not more than three years from the date a health maintenance organization first enters into an agreement with the Secretary pursuant to subsection (i), but only for so long as such organization demonstrates to the satisfaction of the Secretary by the submission of its plan for each year that it is making continuous efforts and progress toward compliance with the provisions of paragraph (1) within such three-year period.".

(c) Section 1876 is amended by striking subsection (j) (6) (B). Paragraph (C) is redesignated paragraph (B).

(d) Section 1876 is amended by adding at the end thereof the following—

"(k) Each health maintenance organization with which the Secretary enters into a contract under this section shall have an open enrollment period at least every year under which it accepts up to the limits of its capacity and without restrictions, except as may be authorized in regulations, individuals who are eligible to enroll under subsection (d) in the order in which they apply for enrollment (unless to do so would result in failure to meet the requirements of subsection (h)) or would result in enrollment of enrollees substantially nonrepresentative, as determined in accordance with regulations of the Secretary, of the population in the geographic area served by such health maintenance organization.".

(e) The amendments made by this section shall be effective with respect to contracts entered into between the Secretary and health maintenance organizations under section 1876 of the Social Security Act on and after the first day of the first calendar month which begins more than 30 days after the date of enactment of this Act.

Sec. 15. (a) Section 1903 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(m) (1) The term 'health maintenance organization' means a legal entity which provides health services to individuals enrolled in such organization and which—

"(A) provides to its enrollees who are provided benefits under this title all of the services and benefits covered under such title which are available in the geographic area served by such organization;

"(B) provides such services and benefits in the manner prescribed in section 1301(b) of the Public Health Service Act (except that, solely for purposes of this paragraph, the term 'basic health services' and references thereto, when employed in such section, shall be deemed to refer to the services and benefits described in section 1905(a) (1), (2), (3), (4) (C), and (5); and

"(C) is organized and operated in the manner prescribed by section 1301(c) of the Public Health Service Act (except that solely for purposes of this paragraph, the term 'basic health services' and references thereto, when employed in such section shall be deemed to refer to the services and benefits described in section 1905(a) (1), (2), (3), (4) (C), and (5)).

"(D(i) Except as provided in subparagraph (2), has no more than half of its enrolled members consisting of individuals who are insured under parts A and B of title XVIII or recipients of benefits under title XIX of this Act.

"(ii) The provisions of paragraph (1) shall not apply with respect to any health maintenance organization for such period, not to exceed three years from the date such organization enters into an agreement with the Secretary pursuant to this section, as the Secretary may permit, but only so long as such organization demonstrates to the satisfaction of the Secretary by the submission of its plans for each year it is making continuous efforts and progress toward achieving compliance with the provision of such paragraph within such three-year period.

"(E) The duties and functions of the Secretary, insofar as they involve making determinations as to whether an organization is a 'health maintenance organization' within the meaning of this paragraph, shall be administered through the Assistant Secretary for Health and in the Office of the Assistant Secretary for Health, and the administration of such duties and functions shall be integrated with the administration of section 1312 (a) and (b) of the Public Health Service Act.

"(2) Notwithstanding the preceding provisions of this section, no payment shall be made to a State (except as provided under this subsection) with respect to expenditures incurred by it for payment for services provided by any entity which is responsible for the provision of either (i) hospital and any other service (as provided under section 1905(a) (1), (2), (3), (4), or (5)) or (ii) any other three or more of such services on a prepaid capitation (on other than a costs basis) or other risk basis, which the Secretary has not determined, for purposes of paragraph (1) to be a health maintenance organization as defined in paragraph (1).

"(3) A State may, in the case of an entity which has submitted an application to the Secretary to become a qualified health maintenance organization under section 1310 (d) of the Public Health Service Act and for which no determination has been made within 90 days, make a provisional determination for the purposes of this title that such entity is a health maintenance organization as defined in paragraph (1). Such provisional determination shall remain in force until such time as the Secretary makes a determination regarding the entity's qualification under section 1310(d) of the Public Health Service Act.".

Sec. 16. (a) Paragraph (5) of section 1531 is amended by striking "and health maintenance organizations" and "and organizations".

(b) Section 1532(c) is amended by adding the following sentence at the end thereof: "The criteria established by any health systems agency or State agency under paragraph (8) shall be consistent with the standards and procedures established by the Secretary under section 1306(c) of this Act.".

Sec. 17. So much of section 1314(a) as precedes paragraph (1) thereof is amended to read as follows: "The Comptroller General shall evaluate the operations of at least ten or one-half (whichever is greater) of the health maintenance organizations for which assistance was provided under sections 1303, 1304, and 1305, and which have been designated by the Secretary as qualified health maintenance organizations by December 31, 1976, in the manner prescribed by section 1310(d). The Comptroller General shall report to the Congress the results of the evaluation by June 31, 1978. Such report shall contain findings—

"(1) with respect to the ability of the organizations evaluated to operate on a fiscally sound basis without continued Federal financial assistance,

"(2) with respect to the ability of such organizations to meet the requirements of section 1301(c) respecting their organization and operation,

"(3) with respect to the ability of such organizations to provide basic and supplemental health services in the manner prescribed by section 1301(b),

"(4) with respect to the ability of such organizations to include indigent and high-risk individuals in their membership, and

"(5) with respect to the ability of such organizations to provide services to medically underserved populations.".

Sec. 18. (a) Subsection (6) of section 1302 of such Act is amended to read as follows:

"(6) The term 'health systems agency' means that entity which is designated in accordance with section 1515 of this Act.".

(b) Subsection (7) of section 1302 of such Act is amended by—

(a) striking "section 314(a) State health planning agency whose section 314(a) plan" and by inserting in lieu thereof. "State health planning and development agency which"; and

(b) striking "each section 314(b) areawide health planning agency whose section 314(b) plan" and by inserting in lieu thereof "health systems agency designated in accordance with section 1515 of this Act".

(c) Paragraph (1) of subsection (b) of section 1303 is amended by striking "section 314(b) areawide health planning agency (if any) whose section 314(b) plan" and by inserting in lieu thereof "health system agency".

(d) Paragraph (1) of subsection (b) of section 1303 is amended by striking "section 314(b) areawide health planning agency (if any) whose section 314(b) plan" and by inserting in lieu thereof "health system agency".

(e) Subsection (c) (1) of section 1304 of such Act is amended by striking "section 314(b) areawide health planning agency (if any) whose section 314(b) plan" and by inserting in lieu thereof "health systems agency".

(f) Section (b) (5) of section 1306 of such Act is amended by striking it in its entirety and by inserting in lieu thereof the following:

"(5) The health systems agency which covers (in whole or in part) the area to be served by the health maintenance organization for which such application is submitted;".

(g) Subsection (c) of section 1306 of such Act is amended by striking "section 314(b) areawide health planning agencies and section 314(a) State Health planning agencies" and by inserting in lieu thereof "health system agencies".

Sec. 19. (a) The amendments made by sections 2, 3, 4, 5, and 7 shall (1) apply with respect to grants, contracts, loans, and loan guarantees made under section 1303, 1304, and 1305 of the Public Health Service Act for fiscal years beginning after June 30, 1975, (2) apply with respect to health benefit plans offered under section 1310 of such Act after such date, and (3) for purposes of section 1312 take effect July 1, 1975.

(b) The amendments made by sections 9(a) (1) and 9(c) shall apply with respect to loans and loan guarantees made under section 1305 of the Public Health Service Act after June 30, 1975.

(c) (1) The amendment made by paragraph (1) of section 10 shall apply with respect to calendar quarters which begin after the date of the enactment of this Act.

(2) The amendments made by paragraphs (2) and (3) of section 10 shall apply with

respect to failures of employers to comply with section 1310(a) of the Public Health Service Act after the date of the amendment of this Act.

(d) The amendment made by section 11 shall apply with respect to determinations of the Secretary of Health, Education, and Welfare described in section 1312(a) of the Public Health Service Act and made after the date of the enactment of this Act.

SEC. 20. Title XIII is amended by adding after section 1315 the following new section:

"ADMINISTRATION OF PROGRAM

"SEC. 1316. The Secretary shall administer this title (other than sections 1310 and 1312) through a single identifiable administrative unit of the Department.".

CENTER FOR HEALTH SERVICES POLICY ANALYSIS

SEC. 21. Section 305(d)(1) of the Public Health Service Act is hereby amended by striking out "two national special emphasis centers" and inserting in lieu thereof: "three national special emphasis centers, one of which (to be designated as the Health Services Policy Analysis Center) shall focus on the development and evaluation of national policies with respect to health services, including a development of health maintenance organizations and other forms of group practice, with a view toward improving the efficiencies of the health services delivery system;".

UP AMENDMENTS (EN BLOC) NO. 17

Mr. SCHWEIKER. Mr. President, I send to the desk amendments approved by the committee to the committee substitute bill.

The ACTING PRESIDENT pro tempore. The clerk will state the first amendment.

Mr. SCHWEIKER. I ask unanimous consent that the amendments be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the amendments are considered and agreed to en bloc.

The amendments (UP No. 17) agreed to en bloc are as follows:

On page 16, line 13, insert "(1)" after "(a)".

On page 16, line 21, strike out "(4)" and substitute "(2)".

On page 17, line 11, strike "(4)" and substitute "(3)".

On page 39, line 22, strike out "(a)" and substitute "(1)".

On page 40, line 3, strike out "(b)" and substitute "(2)".

On page 40, strike lines 11 through 14.

On page 40, line 15, strike "(e)" and substitute "(d)".

On page 40, line 19, strike "(f)" and substitute "(e)".

On page 41, line 1, strike "(g)" and substitute "(f)".

On page 37, line 10, insert "(A)" after "entity".

On page 37, line 14, strike the comma and insert in lieu thereof the following: "; or (B)(i) which received (a) a grant either as a community health center under section 330(d)(1) or as a migrant health center under section 319(c)(1)(A) of $100,000 or greater in the fiscal year ending June 30, 1976, and (b) a grant either as a community health center under section 330(d)1) or as a migrant health center under section 319 (c)(1)(A) in each subsequent fiscal year; and (ii) provides to its enrollees who are provided services on a prepaid capitation (on other than a costs basis) or other risk basis under this title all of the services and benefits described in section 1905(a)(1), (2), (3), (4)(C), and (5); and (C)".

On page 42, insert the following at the end thereof:

SEC. 23. Section 1304(b)(2)(D) is amended by—

1. striking "personnel" each time it appears and by inserting in lieu thereof "persons";

2. striking "such an organization" and by inserting in lieu thereof "a health maintenance organization, medical group, or individual practice association who will provide health services through such organization, group, or association".

On page 42, after line 21 add the following:

REGULATIONS

SEC. 22. The Secretary shall promulgate regulations under title XIII of the Public Health Service Act, and amendments made by this Act, not later than 135 days after the date of enactment of this Act.

On page 42, after line 21, add the following:

SEPARABILITY

SEC. 22. If any provision of this Act or the amendments made by this Act or the application thereof to any person or circumstances is held invalid, the remainder of this Act or the amendments made by this Act and the application of such provision to other persons or circumstances shall not be affected thereby.

On page 42, insert the following at the end thereof:

SEC. 22. Title XIV of the Public Health Service Act as amended by adding at the end thereof the following:

"GRANTS FOR WATER TREATMENT PROGRAMS

"SEC. 1451. (a) There are hereby authorized to be appropriated $2,000,000 for the fiscal year ending September 30, 1977; $3,000,000 for the fiscal year ending September 30, 1978; and $4,000,000 for the fiscal year ending September 30, 1979; which shall be used by the Secretary to make grants, only in such instances where the applicant voluntarily requests such assistance, to States, political subdivisions of States, and other public or nonprofit private agencies, organizations, and institutions to assist them in initiating, in communities or in public elementary or secondary schools, water treatment programs designed to reduce the incidence of oral disease or dental defects among residents of such communities or the students in such schools (as the case may be).

"(b) Grants under this section may be utilized for (but are not limited to) the purchase and installation of water treatment equipment.

"(c) Grants under this section shall not exceed 80 per centum of the cost of the treatment program with respect to which such grant under this section is made.

On page 27, line 2, insert "(1)" after "include".

On page 27, line 6, strike the period and insert in lieu thereof the following: "; or (2) a church, convention or association of churches, or an organization operated, supervised, or controlled by a church, convention or association of churches which organization is included within the provisions of Section 501(c)(3) of the Internal Revenue Code (25 U.S.C. 501), (provided however, that such entity may not discriminate (i) in the employment, promotion or termination of employment of any personnel, or (ii) not discriminate in the extension of staff or other privileges to any physician or other health personnel, because such persons seek to obtain or obtain health care, or participate in providing health care through a health maintenance organizational)."

On page 42, after line 21, add the following:

EXTENSION OF REPORTING DATE

SEC. 21. Section 603(b) of Public Law 94–63 (42 United States Code 289k–2) is amended by striking "Within one year" and substituting "Not later than 2 years".

On page 40, between lines 14 and 15, insert the following:

(e) Section 1303 is amended by adding at the end thereof the following new subsection:

"(j)(1) No grant or contract may be made or entered into under this section unless the Secretary has conducted a public hearing within the area proposed to be served by the applicant. Such hearing shall be held within 30 days after the receipt of an application under subsection (b).

"(2) The Secretary shall provide individual written notice of the hearing required under paragraph (a), giving information as to the nature and purpose of said application to all mayors of other appropriate local government officials, hospital administrators, medical societies, and public health planning agencies or councils within the area proposed to be served by the applicant. Such notice shall be given not less than 10 days prior to the date of the hearing and parties so notified shall be requested to submit written or oral recommendations concerning the proposed grant or contract."

(f) Section 1304 of such Act is amended by adding at the end thereof the following new subsection:

"(1)(1) No grant or contract may be made or entered into under this section unless the Secretary has conducted a public hearing within the area proposed to be served by the applicant. Such hearing shall be held within 30 days after the receipt of an application under subsection (c).

"(2) The Secretary shall provide individual written notice of the hearing required under paragraph (1), giving information as to the nature and purpose of said application to all mayors or other appropriate local officials, hospital administrators, medical societies, and public health planning agencies or councils within the area proposed to be served by the applicant. Such notice shall be given not less than 10 days prior to the date of the hearing and parties so notified shall be requested to submit written or oral recommendations concerning the proposed grant or contract."

On page 40, line 15, strike "(e)" and insert in lieu thereof "(g)".

On page 40, line 19, strike "(f)" and insert in lieu thereof "(h)".

On page 41, line 1, strike "(g)" and insert in lieu thereof "(i)".

On page 42, after line 21, add the following:

HOME HEALTH EXTENSION

SEC. 21. (a) Section 602(a)(5) of Public Law 94–63 (89 Stat. 347) is amended by inserting ", $2,000,000 for the period July 1, 1976, through September 30, 1976, and $8,000,000 for the fiscal year ending September 30, 1977" after "1976".

(b) Section 602(b)(4) of Public Law 94–63 (89 Stat. 347) is amended by inserting ", $1,000,000 for the period July 1, 1976, through September 30, 1976, and $4,000,000 for the fiscal year ending September 30, 1977".

Mr. DOLE. Mr. President, I appreciate the committee's having accepted, among the amendments just considered en bloc, one which I offered, to provide additional assurances that all interested parties have the opportunity to be heard before an HMO grant or contract is made by the Secretary.

As presently written, the law provides that applicants must cooperate with the section 314(b) areawide health planning agency—or from now on the health systems agency—in the area to be served by the proposed HMO, as well as notify the appropriate medical society. My amendment would complement those requirements by further stipulating that a public hearing be held, and that all mayors or similar local government officials; hospital administrators; medical societies; and public health planning bodies be invited and requested to submit oral or written testimony regarding a proposed HMO award.

This proposal is consistent with current trends in administrative law to guarantee maximum participation by interested individuals in agency decision-making. It responds to the fact that although grants and contracts may amount to substantial sums, and selection of their recipients can have a significant impact on an area or project, relatively few provisions have been made for formal public comment, such as is required for revenue-sharing expenditures.

This shortcoming was brought to my attention last fall when HEW announced an HMO development grant of some $800,000 to the group health planning council of Greater Kansas City. The regional health administrator approved the proposal on precisely the same day that the Mid-America Regional Council had voted a resolution of nonrecommendation, and numerous Kansas doctors and mayors complained afterward that they had not had sufficient notice or opportunity to make their views known.

As a result, then, of perhaps a less than complete effort to obtain legitimate opposing views, much of the spirit and intent of Public Law 93–222 was not satisfied. The bulk of the area to be served by this particular HMO, for example, was in the more affluent sections of the city—a fact which seemed to many to be contrary to Federal program goals of improving health care in the lower income or underserved areas.

I brought these concerns to the attention of HEW Secretary Mathews in a letter requesting a full explanation of the Kansas City decision. His reply indicated that all legal requirements were met. That being the case, it would appear that current legal requirements are clearly inadequate.

I ask unanimous consent to have printed at this point in the Record my correspondence on this matter.

There being no objection, the letters were ordered to be printed in the Record, as follows:

Overland Park,
Overland Park, Kans., September 22, 1975.
Senator Robert Dole,
U.S. Senate,
Washington, D.C.

Dear Senator Dole: I am sure you are aware of the recent concern of some people in Johnson County and elsewhere in the Kansas City Metropolitan Area concerning a federal grant application which was submitted by the Group Health Planning Council of Greater Kansas City, Missouri to HEW via the Mid-America Health Planning Agency and via the Mid-America Regional Council for some $850,000 in federal funds to subsidize the development of an HMO (Health Maintenance Organization) in the areas of south Kansas City, Missouri and Leawood and Overland Park in Kansas. The attached material gives you the background of the situation why some of us took some leadership in asking for a delay for this grant application.

We were successful at the M.A.R.C. level and M.A.R.C. voted 16 to 11 against favorable comment and review of this application.

Senator Bob, there exists some feeling, however, that we may have won the battle and lost the war. There is some feeling that HEW can and might go ahead and award this grant to this group—M.A.R.C. disapproval notwithstanding.

My request to you is that your office explore this matter with the Regional Health Director of HEW—Dr. Holman Wherritt—to determine what HEW procedure policies are in this situation—and to determine what HEW plans to do with this grant application. If you find that HEW does indeed have the power to go ahead—in spite of M.A.R.C's negative review—and considerable questionable public opinion—then, I would ask that, if possible, you take steps to intervene with HEW to obtain at least a thirty- or sixty-day delay in order that a public hearing can be held on this proposal and that time be allowed for widespread public education concerning this proposal.

With every good wish, I remain,
Very truly yours,
Jack D. Walker,
Mayor.

U.S. Senate,
Washington, D.C., November 7, 1975.
The Hon. F. David Mathews,
Secretary of Health, Education, and Welfare,
Washington, D.C.

Dear Mr. Secretary: I would like to express my personal concern over the Department's judgment in awarding nearly $800,000 in HMO development money to the Group Health Planning Council of Greater Kansas City.

While I am not at all opposed to the HMO concept itself—and in fact recognize that it may be a useful alternative to the delivery of health care—I do question the propriety of subsidizing an operation situated in one of the most affluent areas of a community. The clear intent of Congress with respect to HMO funding has, I believe, been to encourage such facilities in low-income, underserved areas where there is adequate justification for providing "seed money" not otherwise able to be raised from strictly private sources.

A second criticism I would have regarding this project is that a better effort was not made to communicate the time schedule contemplated for final action on the application. Opponents in the matter seemed surprised when the announcement was made, and a member of my own staff—when making an inquiry through the HMO program office here in early September—was left with the distinct impression that nothing would be done before January 6.

Since the file on this nonprofit corporation is overwhelmingly Missouri-oriented with respect to the financial contribution, letters of support, and formal endorsements which it documents, a similar complaint would appear to be in order against the public relations and informational aspects to its promotion. I understand, in fact, that when the two day site visit took place in late August on the proposal, there was "no knowledge" of any opposition, and accordingly, no attempt to interview doctors or public officials who might have deemed the undertaking constroversial

I am not prepared at this point—after the fact—to ask for a suspension of the Community Group Health Plan grant until representative public hearings can be held. I am, however, considering requesting the General Accounting Office to look into the overall handling of this activity—as well as the relationships between "matching funds" donors and the designated officers of the organization, its insurance carriers, accountants, legal counsel, and the like.

For that reason, I would hope you might respond to these concerns by reassuring me that the plan has been federally funded without any question of impropriety or procedural judiciousness. I appreciate your attention to this matter and look forward to receiving your comments.

Sincerely yours,
Bob Dole,
U.S. Senator.

The Secretary of
Health, Education, ane Welfare,
Washington, D.C., December 18, 1975.
Hon. Bob Dole,
U.S. Senate,
Washington, D.C.

Dear Senator Dole: Please accept my apology for the delay in responding to your letter of November 7 about the grant awarded to the Group Health Planning Council of Greater Kansas City (GHPCGKC).

The grant was awarded after a careful review and evaluation was made of the application to assure that all requirements were met as mandated by the Health Maintenance Organization (HMO) Act of 1973.

During this review cycle, however, no applications for funds were received from any organization in the Kansas City area other than from the GHPCGKC.

Community support is a very important part of our review process. It is required that letters of support from the community be included with the application for funds. In this case, there were approximately 25 groups located in both Missouri and Kansas giving financial support to the applicant, as well as several groups giving non-financial support to this initiative. Several groups have agreed to support the grantee for as much as $10.00 each. Financial support includes large and small business firms as well as organized labor.

The GHPCGKC appears to have made every effort to make the entire Kansas City area aware of its activity. Correspondence submitted between GHPCGKC and the Mid-America Comprehensive Health Planning Agency (B Agency), Coordinating Council for Health Planning on Health and the Environment (Kansas "A" Agency), as well as the Office of Comprehensive Health Planning, State of Missouri corroborate this fact. Moreover, Public hearings were held by the Mid-America Comprehensive Health Planning Agency, as well as by the Coordinating Council for Health Planning on Health and the Environment (State of Kansas).

The three organizations mentioned above have physician representatives from the State of Kansas.

Beside the above, the A–95 Agencies—Office of Administration, State of Missouri and the Department of Administration, Division of Planning and Research, State of Kansas—also were contacted and kept abreast of the progress made by the applicant.

Please be assured that the correspondence included with the application, as well as the articles published in the local press, and the public input of both the comprehensive health planning (A) and (B) agencies, and other local health planning groups, indicate that the applicant has made every effort to communicate with appropriate groups in Kansas City, Missouri, as well as in the State of Kansas.

Prior to the funding announcement by the Department's Kansas City Regional Health Administrator on November 3, the local newspapers (Kansas City Star and Kansas City Times) carried a number of articles regarding the progress of the grantee dated as early as July.

A copy of this correspondence is being forwarded to Mr. Max M. Mills, Regional Director in our Kansas City Regional Office, so that he will be aware of your interest in this matter.

Cordially,
David Mathews,
Secretary.

Mr. DOLE. Mr. President, I would just add that less than a week after sending my letter to the Secretary, I heard from the Johnson County, Kans., Medical Society expressing their strong objections to the grant award. If situations such as this are to be avoided in the future, we should institute the type of public comment process which my amendment proposes.

Again, I thank the distinguished Senator from Pennsylvania (Mr. SCHWEIKER) for his cooperation and support on this matter, and am pleased that this important provision has been added to the Senate bill.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The amendment, as amended, was agreed to.

Mr. KENNEDY. Mr. President, the Health Maintenance Organization Amendments of 1976 should help to respond to the critics of the HMO Act of 1973. Unfortunately, I am not convinced that all of these amendments are in the public interest, and am opposed to one—that which limits open enrollment—in particular.

I personally believe that the greatest barrier to success of the HMO program has been the disgracefully slow, disorganized, and fragmented manner in which the law has been implemented by the Department of Health, Education, and Welfare.

Enactment of these amendments should enable those interested in promoting HMO's to focus on that aspect of the Federal HMO effort. The amendments themselves contain references to the administrative organization of the HMO program within the Department of HEW.

I do not believe, though, that in the absence of an aggressive, vigorous, and well-coordinated effort on the part of the Department of HEW, that even a statutory requirement for better organization and administration of the program will make much difference. For a program this type to succeed, a serious commitment to its success at the higher policy levels of the administration is necessary. That commitment has been absent so far.

I hope the administration will take this opportunity to renew their commitment to the HMO concept as one way of solving some of the problems of runaway cost increases and poor access to services in the health care field.

A number of the amendments will make it much easier for potential health maintenance organizations to qualify for Federal assistance. I believe, however, that in amending the law in this way as to increase the interest and activity on the part of potential applicants, the Congress and the administration in seeking Federal assistance have a great obligation to fulfill their oversight responsibilities with respect to the quality and efficiency of these federally qualified health maintenance organizations.

Many unfortunate experiences during recent years in southern California, South Carolina, Florida, and elsewhere should serve as a warning to the Congress and the administration. HMO's, while a sound concept which I continue to fully support, also have the potential for almost unlimited mischief. Health care reimbursement dollars are inadequately regulated and supervised, and could provide a windfall for entrepreneurs, both in the fee-for-service and prepaid fields. The temptation to dip into the very lucrative flow of State and Federal funds, without bringing services commensurate with the costs of the programs, could be very great.

When the Federal Government puts its seal of approval on a health maintenance organization, a responsibility is assumed to insure that quality will be maintained in the health maintenance organization, and that public and private dollars are wisely spent to purchase necessary health services.

I hope the increased activity likely to result from this series of amendments in the Federal HMO program will not result in a repetition of the prepaid health plan experience which we have witnessed in southern California and elsewhere in recent years.

Mr. President, in my opinion one amendment in particular represents a major step backwards in terms of public policy in the health years.

Public Law 93–222, the Health Maintenance Organization Act of 1973, imposes a requirement that qualified HMO's, in exchange for the financial assistance or assistance under employees health benefits plans or preemption or State law provisions, maintain a period of not less than 30 days each year during which they will enroll any individual able to pay the community-rated premium in the order in which they apply, without respect to preexisting illness or medical condition. The Congress included this requirement in recognition that experience rating and "skimming," currently prevalent in the private health insurance industry throughout the United States tends to preclude insurance coverage for certain high-risk population segments. The Congress, at that time, thought that such practices should be prohibited in federally sponsored or endorsed health care programs. I continue to believe that this was a wise and humane course of action.

Furthermore, in recognition of the possibility that such a requirement, unilaterally imposed upon HMO's, would result in the attraction of unfairly large numbers of sick and therefore, expensive-to-care-for patients to HMO membership, because of the unavailability of health insurance from any other source, the conference committee provided for waivers of the open enrollment requirement under certain circumstances, including demonstration by the HMO to the Secretary that continued imposition of the requirement would jeopardize its economic viability.

Due to the inordinate delay in the implementation of the HMO program, the open enrollment provision has never been tested. No HMO, including those which have recently qualified, has to date adequately tested the open enrollment provision.

Despite this fact, a majority of the committee has become convinced that the provisions in existing law would place qualified HMO's at a "competitive disadvantage" with other health insurance programs. Existing HMO's were concerned that the HEW guidelines with respect to the issuance of waivers under the open enrollment provision were insufficiently clear and would be difficult to comply with. In recognition of the validity of this objection, some committee members and staff attempted to develop an arrangement whereby a finite but well-defined requirement would be placed upon HMO's with respect to the open enrollment of individuals.

The Williams' amendment to S. 1926, which carried in committee, reduces the requirement for open enrollment to insignificance, in my view.

It is easy for me to understand how the health insurance industry, which is, to a large extent, profit-oriented, would be pleased with this result. It is more difficult, however, to understand how HMO's which purport to be primarily interested in the delivery of health services, could support the objective of the total elimination of an open enrollment requirement.

A consensus group, representing some of the Nation's largest HMO's, as well as large commercial insurers that are interested in entering the HMO field, supported elimination of the open enrollment requirement.

In my view, unfortunate action of the committee represents a giant step backward in terms of public policy and has once again resulted in an abdication of the congressional responsibility to extend the benefits of public programs to those least able to personally confront the Members of Congress or their staff in the same way that the commercial HMO and insurance industry have been able to. In my view, a limited, but meaningful, open enrollment provision would have been workable, and would not have represented a fatal burden to HMO's.

In testimony before the committee, Dr. Ben Lawton, president of the Marshfield Clinic in Marshfield, Wis., detailed the meaningful and carefully studied 5-year experience of that HMO is open enrollment. The experience is fully documented in the hearing record of Friday, December 12, 1975. The Marshfield Clinic conducts two 30-day open enrollment periods each year, during which it accepts anyone who can afford to pay their community-rated premium as a member. As a result of that policy, individuals with chronic illness who could not otherwise obtain health insurance have been served by the Marshfield plan. The premium level for all Marshfield enrollees over the past 5 years has increased by approximately 8 percent, or $1 per member per month, above what it would have been without open enrollment. The other members of the Marshfield plan apparently are willing to accept this small increase in cost as their contribution toward the welfare of their friends, neighbors, and other members of their community.

That open enrollment policy was implemented 5 years ago, despite objections almost identical to those being voiced today, and from many of the same sources. Yet, it has worked. Because of the actions of the committee, the open enrollment principle will never be tested on a broader scale as a result of Public Law 93–222. It is my view that many chronically ill people who may have received services through these federally supported and endorsed health care plans will not now receive them.

I view the opposition by members of the consensus group to retention of the open enrollment requirement in existing law as a missed opportunity. It raises serious questions in my mind about the motivation and ability of the private sector to deal with pressing and important social needs.

Their response to that opportunity leads us to agree with Dr. Charles Edwards, former Assistant Secretary for Health of the Department of Health, Education, and Welfare under Presidents Nixon and Ford, when he concludes that if the private sector is incapable of adequately dealing with the health care needs of the American people, ever-increasing Federal intervention will be inevitable. I concur in his view, and cite the performance of the private sector with respect to the open enrollment requirements of the HMO Act as an excellent case in point.

If there is any validity to the argument that the unilateral imposition of an open enrollment requirement on HMO's and not other health care insurers places HMO's at a competitive disadvantage, I would have preferred to see it dealt with by imposing open enrollment and community-rating requirements on the entire health insurance industry, including HMO's.

In my view, elimination of the open enrollment provision represents a giant step backwards in terms of social policy in this country. For this reason, I will vote against S. 1926 when the Senate considers this measure later today.

Mr. SCHWEIKER. Mr. President, today we have before us S. 1926, the Health Maintenance Organization Amendments of 1976. The purpose of this legislation is to strengthen the health maintenance organization—HMO—program by making the requirements of HMO's contained in title 13 of the Public Health Service Act more competitive with those of other parts of the health delivery system.

Public Law 93–222, the Health Maintenance Organization Act of 1973, was an attempt to make the health care system more self-regulating with minimal Government oversight.

In its report on the HMO Act the Senate Labor and Public Welfare Committee stated:

> Health maintenance organizations assure the consumer of health services access to a wide range of necessary health services. HMO's, if effectively designed, largely eliminate many of the problems presented by the prevalent fragmented solo practice model. Too often, in the existing system of medical practice, patients must seek uncoordinated care from various specialists who may be scattered over a wide geographic area, necessitating a number of time consuming visits to more than one doctor. Though the committee wishes to strongly emphasize that it does not intend to supplant existing forms of medical delivery such as solo practice, it intends to make available to all Americans a real choice with respect to the form of medical delivery the individual may wish to purchase.

Like any new government program, implementation of the HMO Act encountered difficulties. The committee received testimony from the General Accounting Office indicating that many of the problems were apparently attributable to the way the program has been administered by the Department of Health, Education, and Welfare. The HMO component had assigned to it a total of 125 positions which were dispersed among 21 different offices within HEW. All of these offices are run by different directors. No single person is responsible for the overall implementation of the HMO program who both has command over the 125 positions assigned to the program and is not also responsible for a variety of other programs and activities.

However, it is important to note the problems with the program are not solely administrative. It is clear that some of the actual requirements of the original act are excessively strict and have had the effect of placing developing HMO's at a competitive disadvantage with other parts of the health care system.

Because of the difficulties with the original act, I introduced S. 1926, the health maintenance organization act amendments of 1976. The bill offers a remedy for the major deficiencies of the original act while maintaining the original effort to make the health care system more self-regulating with minimal Government oversight.

The General Accounting office is responsible for conducting initial reviews of health maintenance organizations under section 1314(a) of the Health Maintenance Organization Act of 1973. As a part of its mandated responsibility GAO sent a questionnaire to over 800 organizations and entities. Over 500 of these organizations responded providing data on their experience with the act. The more controversial deficiencies identified by the data in the original act are:

First. The high cost of providing required basic and supplemental health services;

Second. The problem of community rating;

Third. The anticompetitive effects of open enrollment; and

Fourth. The problems with what had to be the principal activity of a medical group.

S. 1926 handles these problems in the following manner:

First. The minimum basic benefit package qualified HMO was required to offer is considerably richer than the average health insurance policy. Since no such minimum benefit provision is imposed on insurers, the HMO was placed at an uncompetitive disadvantage, and in many areas would be unviable. Market experience suggests that price, not benefits, sell health insurance. Hence this provision could well price an HMO out of the lower income market. An insurer, by offering less benefits and by using coinsurance and especially deductibles, could greatly undercut the price of an HMO in the remaining market.

In its original form, S. 1926 removed several of the basic health services which HMO's are required to offer from the basic to the supplemental category, because it was felt the benefits required by the law would price the package beyound the ability of members to pay for it.

The committee did not agree that the removal of alcohol and drug abuse treatment and home health services from the basic benefit package would create any serious cost implications for the HMO. Many HMO's already provide some form of these benefits and the cost increments were shown to be small.

However, the committee did agree that the requirement of preventive dental care for children did create capitalization and operational costs which all HMO's may not be able to afford. Moreover, many State laws have been construed to prohibit HMO's from establishing a dental plan on a prepaid basis. Consequently, preventive dental care for children was removed to the supplemental health services category.

S. 1926 also relieves the HMO of the act's requirement that it provides each of the supplemental services to each of its members who contract for them. The amendment permits the HMO to provide the supplemental services at its option and the HMO may include any of the supplemental services in addition to the basic health services in the benefit package which it requires its members to purchase.

Second. S. 1926, as introduced, proposed to delay for 5 years, the requirement that the rates of an HMO be fixed under the community rating system. It was argued that the community rating, a system of fixing rates based upon the total HMO population experience, would mean higher rates which could be harmful to HMO's in their initial period of operation. Further, many existing prepaid health plans would have difficulty in adapting their rating system to community rating because it would involve negotiation of new rates for some existing groups. Many of these prepaid plans have permitted exceptions or variations to community rating in specific marketing situations or their particular community rating methods did not follow the definition in the act.

The committee modified this proposed amendment to delay community rating only for existing groups under contract with prepaid health plans for a period of 3 years. The committee feels that community rating is an integral part of the HMO structure. Under such a system, rates are fixed without regard to the experience of any group. No useful purpose would be served by relieving newly formed HMO's of this requirement.

The committee does recognize the need for existing prepaid plans which intend to qualify as HMO's to have some time to seek or make adjustments in its rates for existing groups. Because of this, the committee adopted an amendment which would delay application of the community rating provision for a period of 3 years for existing contracts and retain the community rating requirement for all others.

Third. Open enrollment is a desirable policy to prevent discrimination against high-risk persons. However, unilateral imposition of it upon HMO's alone and not on health insurers is highly prejudicial to the HMO. No insurance company, either profitmaking or nonprofit, not any other organized delivery system is required to have an annual open enrollment of not less than 30 days during which it must enroll up to its capacity, individuals in the order in which they apply.

S. 1926, as introduced, eliminated this provision.

Witnesses at the hearings testified that open enrollment would result in enrollment of individuals likely to use the services of the HMO at a very high rate. Because of the community rating requirement, the resultant increased cost would be unfairly assessed in a manner which would hamper the HMO's ability to compete with other health benefit carriers.

The committee in the main agreed with the testimony on the adverse impact of unrestricted enrollment. However, it feels that HMO's with substantial memberships and successful financial status can openly enroll a limited number of individuals, particularly in return for the market advantages given to them by section 1310.

Therefore, the committee adopted an amendment which would exempt HMO's from open enrollment for the 5-year period from commencement of operations or until it has a membership of 50,000 and did not incur a deficit in its most recent fiscal year. This will relieve the newly established and small HMO's of any increased cost due to open enrollment.

HMO's with over 50,000 members which did not incur a deficit in their most recent fiscal year will be required during the open enrollment period to enroll a number of individuals up to 4 percent of new members enrolled in the preceding calendar year in groups contracted with after qualification or after a qualified HMO has 50,000 members and did not show a deficit in its most recent fiscal year. However, in its determination of total net increase in enrollment an HMO shall not include in its determination any individuals who enrolled in a health maintenance organization through a group which had an existing contract for health care services with the HMO at the time the HMO qualified under the requirements of section 1310 of the act.

Fourth. Current law requires members of medical groups to devote more than 50 percent of their professional time to practice for an HMO. The General Accounting Office's survey indicated that there was agreement that this principal professional activity requirement would make HMO's noncompetitive with other health benefit plans. The committee recognized this requirement may work to deter many of our Nation's finest group practices from participating in the HMO program. The committee does favor the principle that a medical group serving HMO's should devote most of its time to providing health services to enrollees of the HMO but was hesitant to apply a 51 percent time percentage requirement to a medical group. The amendment requires the group to have a "substantial responsibility for the delivery of medical services to enrollees in a health maintenance organization."

In making its determination whether a group has a substantial responsibility, the committee felt a base standard is whether the physicians spend 35 percent of their time in the delivery of medical services to enrollees of the HMO. The committee recognized that this standard could not be met in every instance. The Secretary, when applying the substantial criterion, may take into consideration:

First. The group's commitment to the delivery of professional health care service on a prepaid basis viewed in the light of the current prepaid situation in the group and the marketing efforts the group has undertaken;

Second. Factors indicative of the group's ability to attract capitation payments which should include the geography of the area; the organizational level of the labor force; population density; other prepaid plans available in the area; and the size of the medical group.

It is my belief this legislation is a major step forward in our effort to guarantee quality health care at a reasonable cost to all our citizens.

ADDITIONAL STATEMENTS SUBMITTED

Mr. JAVITS. Mr. President, I urge my colleagues to support the HMO Amendments of 1976.

I joined in introducing this bill with Senators SCHWEIKER and MONDALE and, as amended and reported by the Labor and Public Welfare Committee, of which I am ranking minority member, it has been strengthened and improved.

HMO's deserve continuing congressional support and encouragement. They are the cutting edge of innovation in health care delivery, and their many forms—both group and individual practice associations—contain the seeds for fruitful experimentation and for revaluating how best to provide the total range of services that people need. To enable the fledgling HMO movement to become more competitive in the marketplace—which has heretofore been dominated by traditional health insurance systems and delivery system arrangements—it has become essential that we respond to concerns expressed regarding implementation of the HMO law—and that is the purpose of the pending bill.

At present, HMO's have only a very small market share—less than 10 percent—so that I am not persuaded by arguments against vigorous and continuing Federal efforts, that are described by the American Medical Association as "preferential treatment."

However, the results of the program contemplated by the HMO law to date have been disappointing. Only about one-quarter of the existing HMO's have sought financial and technical assistance to become certified under the law; and few of the 157 funded programs have gotten off the ground and into the business of providing care.

We who worked for the enactment of the HMO law must seek to end the restrictive provisions required of HMO's—and not of alternative delivery systems—because these restrictions have not allowed HMO's to prove themselves by fair competition. This is the goal of this bill.

Senator SCHWEIKER, the author of the bill has carefully articulated how the pending bill would amend the existing HMO law and correct the deficiencies that hamstring an excellent concept—and a potentially excellent program—of HMO's.

While sympathetic to the concerns of Senator NELSON—who argues to maintain the HMO open enrollment requirement—I am convinced the fledgling HMO movement cannot be burdened presently with such a requirement. The HMO cannot complete fairly in the medical marketplace for both provider and consumer acceptance if the open enrollment requirement of existing law which does not apply to any other health insurance and delivery system arrangement is maintained.

I believe the reported bill is a reasonable compromise. It amends the open enrollment requirement to provide that HMO's must openly enroll individuals in a number equal to at least 4 percent of the net increase in members during the preceding calendar year.

The amendment does not apply to HMO's with less than 50,000 members, or for a period of 5 years after the commencement of operations, or until the HMO has a membership of 50,000, whichever occurs first, and for its most recent fiscal year, did not incur a deficit. Also, HMO's need not enroll certain individuals who are institutionalized at the time of their application and the HMO may require a waiting period of not more than ninety days from the date of enrollment before the effective date of benefits.

Mr. President, I am pleased that my amendment to authorize Federal funding support for those communities seeking to flouridate their water supplies, $9 million over 3 years to achieve this objective, has been accepted.

The proposed amendment, in identical form, had previously passed the Senate on July 30, 1975 as section 1718 of the National Health Promotion and Disease Prevention Act of 1976 (S. 1466). As my colleagues know, the House passed version of that most multititled bill, without regard to this provision, was faced with a possible veto. Accordingly, after considerable good faith negotiations with representatives of the administration, a clean bill was developed in the form of an amendment which I fully expect the President to sign. However, in an effort to reach such an accord and prompt resolution of the issues respecting the health information and promotion, communicable disease and venereal disease titles of the bill, this provision was not incorporated into the compromise.

I offer this amendment to the pending HMO bill because the proven efficacy of flouridation in significantly reducing both the incidence of dental disease and the cost of its treatment is consistent with the HMO objectives of providing cost effective quality health care.

The need for this amendment is set forth in the committee report in the Senate passed S. 1466.

It states as follows:

> 3. Grants for water treatment programs:
>
> Section 1718 of the Committee's bill provides a modest authorization of $9 million for communities which wish to seek partial Federal assistance in order to treat their water supplies. The Committee is convinced of the safety and effectiveness of fluoridation as a powerful preventive weapon in the battle against dental disease. The efficacy of fluoridation has been widely known for many years, and the Committee has received overwhelming testimony from both scientific and professional groups to this effect.
>
> Dental caries is the most prevalent disease in the United States today and one of the most costly of all chronic diseases. By age two, approximately one-half of the children in this Nation have experienced tooth decay. By age fifteen, the average child has 11 decayed, missing or filled teeth.
>
> Bringing the level of fluoridation in community water supplies to the optimum level is the safest, most effective, and most economical way to prevent tooth decay. Fluoridation prevents 40–60 percent of the dental caries usually experienced by children. The effects of fluoridation have been studied in the United States since 1945 and all communities involved have reported significant reduction in tooth decay as a result of this public health measure.
>
> Fluoride occurs naturally in most water supplies and raising it to the optimum level to prevent tooth decay, usually one part per million, has never been proved to be hazardous to health. Adjusting the fluoride content of the water will not increase the likelihood of cancer, heart disease, kidney disease, allergies, or any other physical or mental illness. Indeed, fluoride is considered an essential trace element vital to proper nutrition, growth, and development.
>
> Adjusting the fluoride level in a community's water supply costs a maximum of 10 or 15 cents per person annually. It results in a 50 percent or more savings in a family's tion, $30–50 can be saved in dental care dential bill. For every dollar spent on fluoridation, $30–$50 can be saved in dental care costs. Other methods for the prophylactic application of fluoride are available, however, none are as effective or as economical as fluoridation of drinking water. Its benefits are conferred on everyone, regardless of socio-economic level. It is effective without the need for any action by the individual.
>
> A report released this year by the Director-General of the World Health Organization renewed that organization's support of water fluoridation and said that "unless there are overriding technical reasons, no nation can afford the luxury of not fluoridating every central water supply system containing less than the optimum concentrations of fluoride." The WHO report affirmed that fluoridation of the water supply should be the cornerstone of any national program of dental caries prevention.
>
> The need for this provision is expressed by the professional organizations concerned with dental health care, as follows:

American Dental Association,
Washington, D.C., July 15, 1975.

Hon. Jacob Javits,
Russell Senate Office Building,
Washington, D.C.

Dear Senator Javits: It is my understanding that you are planning to offer as an amendment to S. 1466, the Disease Control Amendments Act, a provision authorizing grants for water treatment programs which is identical to that contained in section 1702 of S. 2026, the Children's Dental Health Act of 1975. I am writing to express the support of the American Dental Association for this amendment. The preventive benefits of water fluoridation have long been recognized by the dental profession. Water fluoridation programs such as those which would be promoted under your amendment would be extremely helpful in preventing oral disease for the citizens of this nation.

As Senator Magnuson indicated in his introductory remarks on S. 2026 "it has been estimated that at least $2.6 billion could be saved over the first fifteen years of a national health insurance program provided universal fluoridation were in effect at the start of that program." Monetary savings of that magnitude, as well as the potential for improved oral health, are examples of the significant benefits which can be gained from a general water fluoridation program.

On behalf of the American Dental Association, let me again express my support for this amendment which you will be proposing. If I or my Association can provide you with any further information, please do not hesitate to call on us.

Sincerely yours,

Paul W. Kunkel, Jr., D.M.D.,
Chairman, Council on Legislation.

I have also available for my colleagues a comprehensive list of communities currently fluoridating their water supplies. The list was complied by the Department of Health, Education, and Welfare. It is too extensive to place in the Record. Yet at the same time its length and breadth attest to the widespread acceptance of the safety and efficacy of fluoridation.

COMMITTEE ON MENTAL HEALTH AND ILLNESS OF THE ELDERLY

Mr. MUSKIE. Mr. President, I would like to express my appreciation to Senator Schweiker for his assistance in bringing to the Senate floor my amendment to provide an additional year for the completion of the study called for by Congress from the Committee on Mental Health and Illness of the Elderly.

Last July, when Congress overrode the President's veto of the health revenue-sharing bill, the authorization for a nine-member committee was enacted into law. That law, Public Law 94–63, directed that the committee submit a report to Congress within 1 year its study of the adequacy of existing mental health programs and its recommendations on:

First. Appropriate care of the aged in mental institutions;

Second. Future needs for mental facilities, manpower, research, and training, to better meet mental health care needs of the elderly;

Third. Proposals for implementing the recommendations of the 1971 White House Conference on Aging concerning mental health care.

The authorization for this committee expires on July 29, 1976. Unfortunately, it will be impossible for this mandate to be met because the Secretary of HEW has yet to name the members of the committee.

The purpose of the amendment before us is to grant a 1-year extension—until July 29, 1977—for the Committee on Mental Health and Illness of the Elderly to perform its functions.

As the sponsor of the legislation that led to the establishment of this committee, I am deeply disturbed by this delay.

Mr. President, we are faced with a choice of permitting this authorization to expire without hearing the recommendations of this committee, or extending its life to compensate for the inattention of those most responsible in Government for addressing the needs of our elderly.

The committee I proposed was not intended to be a new bureaucracy creating more redtape. Nor was it an entity of Government which would outlive its usefulness. The Committee on Mental Health and Illness of the Elderly was to report within 1 year. But nothing yet has been done.

Although the Department of Health, Education, and Welfare has been remiss in failing to appoint members of the committee, Secretary David Mathews, in a letter seeking to excuse the delay, recognizes the significance of the committee's mandate. He writes:

> I am fully aware that the findings and recommendations of this Committee will be extremely important in helping us develop better ways to meet the needs of the elderly.

The committee's report takes on added meaning because widespread confusion and contradictions now affect public policy concerning mental health care of the elderly.

Many elderly are warehoused in institutions when they could be returned to the community if proper services were available. Some are dumped into communities without adequate facilities and resources to assist them. Still others remain in their homes and apartments, cut off from the help they desperately need.

Mr. President, although I wish this amendment were not necessary, I am pleased to understand that the managers of the pending business are willing to accept my amendment.

And I am gratified that Secretary Mathews recently has promised "that the members will be appointed very shortly."

I realize that mental health and illness is not always a comfortable subject for us to deal with, but our Nation can no longer turn its back on the serious mental health problems of older Americans. The Committee on Mental Health and Illness of the Elderly can provide an important first step for the development of a national policy in this area.

Mr. President, I ask unanimous consent that the full text of Secretary Mathew's letter of May 25, 1976, be included in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., May 25, 1976.
Hon. EDMUND MUSKIE,
Chairman, Subcommittee on Health of the Elderly, Special Committee on Aging, U.S. Senate, Washington, D.C.

DEAR SENATOR MUSKIE: Thank you for your letter of April 29 concerning appointments to the Committee on Mental Health and Illness of the Elderly.

As you may know, there are numerous administrative, legal and financial details to be worked out before any new committee can be established. Following this, the responsible Agency must then solicit and review recommendations from a wide variety of sources in order to locate the best qualified individuals to serve on these committees. The selection of candidates is very time consuming and often causes delays in the staffing process.

Officials at the Alcohol, Drug Abuse and Mental Health Administration, which is responsible for the Committee on Mental Health and Illness of the Eldlerly, did forward their nominations to me recently, but I felt that more minority representation was needed and requested additional recommendations. These will be forthcoming in the next few days.

I am fully aware that the findings and recommendations of this Committee will be extremely important in helping us develop better ways to meet the needs of the elderly, and I can assure you that the members will be appointed very shortly.

Cordially,

DAVID MATHEWS,
Secretary.

HOME HEALTH CARE AMENDMENTS

Mr. CLARK. Mr. President, I wish to express my full support for the Church-Kennedy home health care amendments to S. 1926, the health maintenance organization amendments.

These amendments would do much to assure older Americans greater access to home health care services.

First, the amendments would extend the authorizations to finance the initial costs of new home health agencies and to expand the services of existing agencies.

Second, they would extend the authorization to train professional and paraprofessional personnel for home health agencies.

The expansion of home health care services in this country is necessary to achieve our national objective of allowing senior citizens to live more fulfilling lives, through greater independence and without the need to rely on institutionalization. Home health care provides older citizens with the opportunity to lead happier and more comfortable lives, despite illness or disability.

Dr. Woodrow S. Morris, the chairman of the Iowa State Commission on the Aging, pointed out the benefit of home health care during a Senate Special Committee on Aging hearing last year:

> The availability of such services would allow many elderly persons to remain in their own homes in more comfort and security. It would also keep many from going to nursing homes solely because they have no place else to go when it becomes difficult to remain at home and take care of their own basic needs.

Home health care services are specially crucial in rural areas, as in many parts of Iowa, where even institutional facilities may be limited. A recent study found that 18 of the 20 Iowa counties with the highest proportion of elderly persons have no skilled or extended care beds at all. A large number of older Americans live in small, rural communities such as these, where adequate health services for senior citizens are lacking.

Less than 1 percent of medicare funding is currently used for home health services. These amendments aim at increasing that proportion, so that America's older citizens can have better health care and more fruitful lives. I urge the Senate to enact the Church-Kennedy amendments.

Mr. JAVITS. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the Senator from New Jersey (Mr. WILLIAMS) in connection with this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY MR. WILLIAMS

Three years ago Congress enacted the Health Maintenance Organization Act of 1973 which became Public Law 93-222. Since that time, there has been too little progress in the implementation of this program. Some of these difficulties are apparently attributable to the method by which it was administered by the Department of Health, Education and Welfare. For example, positions authorized for the implementation of the HMO program had been assigned to 11 different HEW offices in Washington and to each of the 10 HEW regional offices. The organization of the HMO program effort has been criticized by the Government Accounting Office, the House Interstate and Foreign Commerce Committee and articles such as that appearing in the National Journal which states, in an article published in December 1974, there were far more HEW staff working full time on HMOs prior to the passage of the Act than after it was passed. Slow progress can also be attributed to the extent to which the HMO program utilized the appropriated funds. Of the funds that were available for fiscal years 1974 and 1975, $18 million were unused and just 2.7 million of the 35 million available to HMO loan funds had been used. The Senate has reviewed and examined the original legislation and S. 1926 as amended and reported by the Labor and Public Welfare Committee is the product of this review. We have intended to correct deficiencies in the law, provide guidelines for improved administration of the program, and generally make HMOs more competitive with the traditional insurance programs and health care delivery systems.

These amendments will make the Health Maintenance Organization Act more workable and more practical. Health Maintenance Organizations as a method of delivering health services to the people of our nation must be given a fair market test. It is to this end, Mr. President, that I urge my colleagues to join with me and the Labor and Public Welfare Committee to swiftly approve S. 1926.

Mr. President, the 21 provisions embodied in these amendments provide three general kinds of reforms for the Health Maintenance Organization Act. First, several legal and technical amendments enable this legislation to fit better with existing health care legislation. Secondly, several administrative provisions will enable the program to be administered with greater efficiency and effectiveness. And third, and most important, provisions have been added which will place Health Maintenance Organizations in a more competitive position in the marketplace of the health care delivery system. Mr. President, I will briefly elaborate on each of these three areas.

Regarding legal and technical provisions, the bill restructures the Individual Practice Association permitting it to be a Health Maintenance Organization by eliminating the requirement for an IPA to be a separate legal entity. Also, the bill amends the Social Security Act to coordinate the definition of an HMO in the HMO Act with the definition of such an entity in the Medicare Act. In this regard, an HMO is required to have an enrolled membership of which at least half are under the age of 65 before the Secretary may enter into a contract with such an organization. The Secretary may waive the requirement for a period of not more than three years if the HMO submits plans each year for continuous efforts and progress towards the requirement. Similar coordination of definitions and benefits has been worked out to fit with the Medicaid program. For example, the bill prohibits payment to a state for Medicaid services on a prepaid or capitation risk basis where the Secretary has determined that the entity is not an HMO as defined in this Act. This permits a state to make a provisional determination that an entity is an HMO where the entity has applied to the Secretary to become a qualified Health Maintenance Organization. These technical amendments will aid in coordinating the HMO Act with the Medicare and Medicaid legislation.

Several administrative measures have been included in these amendments, Mr. President, in order to prevent the fragmentation that we have experienced over the last few years in the Health Maintenance Organization program. The amendments embodied in S. 1926 will require the Secretary of HEW to administer the HMO program through a single identifiable administrative unit. Regarding financial administration, provisions are included in the bill that permit non-profit HMOs to obtain federal loan guarantees for planning and development. Also federal loans are provided to meet the cost of initial operation for a five year period.

Mr. President, the most important aspect of the bill, deals with the problem of making health maintenance organizations more competitive in the marketplace particularly as relates to community rating and open enrollment. S. 1926 waives the community rating requirement for the first 36 months after qualifications for existing HMOs with assurances to the Secretary that health services payments will be under a community rating system after such period. Community rating is an important component of the HMO concept. Using this method of insurance rate setting, the rates are fixed without regard to the experience of any high risk or low risk group. But the Committee recognizes the need for existing prepaid plans who intend to qualify as HMO's to have some time to seek or make adjustments in its rates for existing groups. In addition, we have been able to preserve the principle of open enrollment without unduly handicapping new health maintenance organizations. Under the new amendments, HMOs must openly enroll individuals in a number equal to at least four percent of the net increase in membership during the preceding calendar year. In determining the total net increase in new enrollment, an HMO shall not include individuals who have enrolled through a group who had an existing contract for health care services with the HMO prior to the time the HMO qualified under the requirements of Section 1310 of the Act. The amendment does not apply to HMOs for a period of five years after the commencement of operations or until the HMO has a membership of 50,000 whichever occurs first. Nor does the requirement apply if in the HMO has incurred a deficit. HMOs need not enroll certain individuals who are institutionalized at the time of their application and may require a waiting period of not more than 90 days from the date of enrollment before the date of benefits.

Mr. President, with this approach, I feel we are creating a fair and equitable situation.

Health Maintenance Organizations with substantial memberships and successful financial status will openly enroll a limited number of members. These measures have been carefully fashioned and I believe they represent a best effort to preserve the concept of open enrollment without providing an unnecessary or unfair handicap to Health Maintenance Organizations during the first years of their existence.

Also, Mr. President, the bill provides for an HMO to offer supplemental services at its option in its benefits package, and, in addition, makes preventive dental services a supplemental health benefit. We sincerely understand the need for dental services by the children in many communities and sincerely hope that as many HMOs as possible will find it possible to include preventive dental services in their supplemental health benefits package.

Finally, Mr. President, the marketing of HMO programs will be substantially enhanced by the provisions in the bill that require that the offer of membership in a Health Maintenance Organization be first made to lawful collective bargaining representatives and that such offer be made only in HMO service areas where at least 25 employees reside.

The current legislation applies to employers who have as few as a single employee residing within an HMO service area. I feel, Mr. President, that this is an unfair burden to place on employers.

Mr. President, each of these provisions is a necessary one and the time has come when we must provide the legislative leadership to begin anew with the fair market testing of the concept of Health Maintenance Organizations. The potential that such organizations have for improving the quality of care and providing incentives for the control of escalating costs has never been given a chance to demonstrate itself. We cannot afford to delay any longer.

Mr. PELL. Mr. President, the Health Maintenance Organization Amendments of 1976 represent a combination of approaches to solving a serious and complex problem. I will vote to support this legislation because I believe that the goal of fostering the continued development of HMOs is extremely worthy, but I regret that this goal must be accomplished at the cost of a substantial dilution of one of the most important and singular provisions of the HMO Act, the virtual erasure of the "open enrollment" provisions of that law.

I viewed "open enrollment" as one of the two principal reasons for passage of an HMO Act in the first instance. The ability to open enroll, thereby serving persons who cannot receive medical services under other, conventional insurance plans, is unique to HMOs because of their ability to contain and rationalize health care costs through their comprehensive and preventative health care focus. What HMOs save for their members by their orientaiton on containing improper costs and stopping unnecessary medical services, they in part invest in those members who could not otherwise purchase health insurance because they are, theoretically, "at risk."

The second principal reason for supporting HMOs with Federal assistance is that they serve as our best demonstration and learning model, to teach and display the importance of carefully planned and internally regulated health services.

The legislation before us today helps HMO's and their members be more flexible with regard to the services they purchase and deliver, and that flexibility is sensible because of the differing needs of differing membership groups. But the bill as it now stands strips the "open enrollment" provision of its teeth, by requiring only the most minimal efforts to be made in this direction. In the original act, the Congress wisely provided for waivers of the open enrollment provision in situations where the financial viability of the HMO was threatened, and I do not believe there was any need to extend that waiver in this bill to the point where the original requirement is so minimal. However, on balance, I believe that S. 1926 does improve many other aspects of the act, and should be passed by the Senate.

We have accumulated a great deal of additional and valuable knowledge in the 2 years this law has been in effect. I am very proud to say that the first HMO to become fully qualified under the act, and to fully meet all of its provisions for services, was the Rhode Island Group Health Association in Providence, R.I. One of the lessons we have learned from this experience was that initial development costs for HMO's could be greater than the $1,000,000 we originally established as the ceiling for initial development projects and grants. This is especially the case in a situation such as the one I viewed in Rhode Island, in which a small HMO, in order to attract new members, has to establish satellite locations which really constitute part of their initial development, because such satellite development is necessary to bring them up to working size in terms of membership. For this reason, I was pleased that the committee adopted my amendment to increase to $2,000,000 the total of grants and contracts, or the aggregate amount of loans, in the case of a project where an HMO sets up satellite centers to treat members who reside in communities or townships other than the original location of the first HMO building site.

Mr. President, this is an important measure, which has a great deal of promise for improvement for the health care of millions of Americans. I would hope that after a few more years of experience we could go back to a pattern of full scale open enrollment, but in any case, this measure deserves the support of the Senate.

Mr. TUNNEY. Mr. President, I was pleased today to see the passage of S. 1926, the Health Maintenance Organization amendments, by such a large margin. I cosponsored this bill because I believe prepaid health plans should be a part of the Nation's health policy.

The past inaction and lack of support by the administration for the HMO's has demonstrated that this Government supports a health care delivery system that does not allow a choice for the American public.

I firmly believe that the health maintenance organizations, with the help of this legislation, can become viable alternatives to the problem of rising health costs in this country. Although some very definite steps had to be taken to secure the HMO system, I believe in the long run, some of the provisions we addressed today can be liberalized in the future as the system gains stability. I was pleased, for instance, to see that the Senate version of the bill retained alcohol and drug abuse treatment and home health services as basic HMO benefits. Although the open enrollment requirement has been waived, I am hopeful that in the near future we can again begin to study the possibilities of allowing maximum participation.

I am also pleased, Mr. President, that a prepaid health plan in southern California has alreay earned the Federal Government's stamp of approval as an HMO, thus allowing thousands of families to determine for themselves if they want to participate in a program which requires a flat monthly fee for unlimited health services.

A recent Social Security Administration study compared the HMO's with the fee-for-service system and concluded that the HMO rate of surgery is half that of the fee-for-service: 24 admissions per 1,000 patients as compared to 50 admissions per 1,000. It has also been shown that in most instances, the cost of inpatient care in HMO's has been about one-half of the national average. New data shows that new HMO's are also measuring up to their predecessors in cost savings.

I am indeed hopeful that the enactment of S. 1926 will provide the necessary flexibility so that this demonstration effort will show positive results in the health bills of our citizens.

Mr. MANSFIELD. Mr. President, I renew my request that it be in order for the Senate at this time to turn to the consideration of Calendar No. 840, H.R. 9019, and that the previous order be vitiated, which provided that the vote occur at approximately 2 o'clock this afternoon.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 9019) to amend title 13 of the Public Health Service Act to revise and extend the program for the establishment and expansion of health maintenance organizations.

Mr. MANSFIELD. Mr. President, I move to strike out all after the enacting clause of H.R. 9019, and to substitute therefor the text of S. 1926, as amended.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read the third time.

The bill (H.R. 9019) was read the third time.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that S. 1926 be indefinitely postponed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The **ACTING PRESIDENT** pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 12:50 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has appointed Mr. Fascell, chairman, Mr. Yates, Mr. Bingham, Mr. Simon, Mr. Buchanan, and Mrs. Fenwick as members on the part of the House of the Commission on Security and Cooperation in Europe.

The message also announced that the Speaker has appointed Mr. Sisk, chairman, Mr. Price, Mr. Rooney, Mr. Long of Louisiana, Mr. Fisher, Mr. Mottl, Mr. Zeferetti, Mr. Horton, Mr. Conte, Mr. Derwinski, Mr. Don H. Clausen, Mr. Wydler, and Mr. Gude as members on the part of the House of the Select Committee on Professional Sports.

The message further announced that the House has passed the bill (S. 2184) to authorize appropriations for the winter Olympic games, and for other purposes, with amendments in which it requests the concurrence of the Senate.

The message also announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 9291. An act to amend the National Traffic and Motor Vehicle Safety Act of 1966 to authorize appropriations;

H.R. 11804. An act to amend the Federal Railroad Safety Act of 1970 to authorize additional appropriations, and for other purposes; and

H.R. 13601. An act to amend the Rail Passenger Service Act to authorize additional appropriations, and for other purposes.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The **ACTING PRESIDENT** pro tempore (Mr. Bumpers) laid before the Senate the following letters, which were referred as indicated:

Agricultural Commodity Sales to Egypt

A letter from the Assistant Secretary of State transmitting a Determination signed by the President waiving the exclusion of the Government of Egypt from the definition of "friendly country" for the purpose of agricultural commodity sales (with accompanying papers); to the Committee on Agriculture and Forestry.

Program Review by the Secretary of Defense

A letter from the Deputy Secretary of Defense reporting, pursuant to law, on a program review of the CONDOR weapon system; to the Committee on Appropriations.

Proposed Legislation by the Department of Health, Education, and Welfare

A letter from the Under Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to extend certain temporary provisions of law affecting food stamp eligibility (with accompanying papers); to the Committee on Finance.

International Agreements Other Than Treaties

A letter from the Assistant Legal Adviser of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into within the past sixty days (with accompanying papers); to the Committee on Foreign Relations.

Report of the Administrative Office of the United States Courts

A letter from the Director of the Administrative Office of the United States Courts transmitting, pursuant to law, the annual report of the Director for the fiscal year 1975 (with an accompanying report); to the Committee on the Judiciary.

Proposed Legislation by the Department of the Interior

A letter from the Under Secretary of the Interior transmitting a draft of proposed legislation to guarantee certain obligations of the Guam Power Authority (with accompanying papers); to the Committee on Interior and Insular Affairs.

Reports of the Comptroller General

Three letters from the Comptroller General transmitting, pursuant to law, three reports: one entitled "Problems in Administering Supplemental Security Income for the Aged, Blind, and Disabled"; and two entitled "Improvements Needed To Prevent Unnecessary Construction of Reserve Force Facilities" (with accompanying reports); to the Committee on Government Operations.

Report by the Consumer Product Safety Commission

A letter from the Chairman of the Consumer Product Safety Commission, reporting, pursuant to law, on S. 1466, to amend the Public Health Service Act (with accompanying papers); to the Committee on Labor and Public Welfare.

Reports of the Immigration and Naturalization Service

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, 397 reports covering the period May 3 through 14, 1976, concerning visa petitions (with accompanying papers); to the Committee on the Judiciary.

Report of the Attorney General

A letter from the Attorney General of the United States transmitting, pursuant to law, a report on the intention of the FBI to establish a new system of records (with accompanying report); to the Committee on Government Operations.

PETITIONS

The **ACTING PRESIDENT** pro tempore (Mr. Bumpers) laid before the Senate the following petitions, which were referred as indicated:

Two resolutions adopted by the United Cancer Institute; one calling for a National Cancer Day Program and referred to the Committee on the Judiciary; and one calling for an appropriations bill for the National Cancer Day program, to the Committee on Appropriations.

Senate Resolution No. 68 adopted by the Senate of the State of New York; to the Committee on the Judiciary:

"Senate Resolution No. 68

"Whereas, In the congestion and the complexities, the tensions and frustrations of today's life, the need for outdoor recreation, the opportunity to "get away from it all," has become of crucial importance; and

"Whereas, There are few pursuits providing a better chance to health, exercise, peaceful solitude, and appreciation of the great outdoors than hunting and fishing; and

"Whereas, This is evident in the fact that throughout the country more than three hundred and fifty thousand hunting licenses and seven hundred and twenty-five thousand fishing licenses are issued yearly in New York State; and

"Whereas, The purchase of these licenses brought nearly twelve million dollars into state and local government treasuries, in the State of New York; and

"Whereas, This income provides a rich source of funds for fish and wildlife conservation, and propagation of vanishing species; and

"Whereas, Hunters and anglers traditionally have led in the effort to preserve our natural resources; and

"Whereas, Outdoor sportsmen also have led in the promotion of proper respect for private as well as public property, of courtesy in the field and forest, and in boating and firearm safety programs; and

"Whereas, There is no present statewide recognition of the many and worthwhile contributions of the New York State hunter and angler; now, therefore, be it

"Resolved, That the fourth Saturday of each September be designated and known as 'Hunting and Fishing Day,' to provide that deserved statewide recognition of the ethnic, health, and recreational virtues of hunting and fishing, to dramatize the continued need for gun and boat safety, and to rededicate ourselves to the conservation and respectful use of our wildlife and national resources; and be it further

"Resolved, That the Congress of the United States be and is hereby respectfully memorialized to enact legislation designating the fourth Saturday of each September as 'Hunting and Fishing Day'; and be it further

"Resolved, That copies of this resolution, suitably engrossed, be transmitted to the President of the United States, the President of the Senate, the Speaker of the House of Representatives and to each member of Congress of the United States from the State of New York."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By **Mr. CHILES**, from the Committee on Appropriations, with amendments:

H.R. 13965. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes (Rept. No. 94-943).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By **Mr. PROXMIRE**, from the Committee on Banking, Housing and Urban Affairs:

Wade Choate, of Texas, to be a member of the National Credit Union Board.

C. Austin Montgomery, of Illinois, to be Administrator of the National Credit Union Administration.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By **Mr. SPARKMAN**, from the Committee on Foreign Relations:

Philip C. Habib, of California, to be Under Secretary of State for Political Affairs.

Arthur W. Hummel, Jr., of Maryland, to be an Assistant Secretary of State.

Harry W. Shlaudeman, of California, to be an Assistant Secretary of State.

William D. Rogers, of Virginia, to be Under Secretary of State for Economic Affairs.

Joseph Z. Taylor, of Virginia, to be Deputy Inspector General, Foreign Assistance.

Viron P. Vaky, of Texas, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Venezuela.

POLITICAL CONTRIBUTIONS STATEMENT—NOMINEE: VIRON P. VAKY

Post: Bogota, amount, date, and donee

1. Self, none.
2. Spouse, none.
3. Children—Peter, none; Paul, none; Matthew, $5.00, October 1972; Democratic National Committee.
4. Parents: deceased.
5. Grandparents: deceased.
6. Brother and spouse—Alexander Vaky, none; Anne Vaky, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge the information contained in this report is complete and accurate.

VIRON P. VAKY.

Robert V. Keeley, of Florida, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Mauritius.

POLITICAL CONTRIBUTIONS STATEMENT

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

NOMINEE ROBERT V. KEELEY

Contributions, amount, date, and donee

(If none, write none)

1. Self (See attached sheet).
2. Spouse (See attached sheet).
3. Children and Spouses:
Michael M. Keeley—none.
Christopher J. Keeley—none.
4. Parents:
James H. Keeley—none.
Mathilde V. Keeley—none.
5. Grandparents, none living.
6. Brothers and Spouses:
Hugh M. Keeley—none.
Darlene Y. Keeley—none.
Edmund L. Keeley—see attached sheet.
Mary M. Keeley—none.
7. Sisters and spouses, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

ROBERT V. KEELEY.

Self: Robert V. Keeley:
McGovern for President, 5–10–72, $460.
Kerry for Congress Committee, 10–72, $25.
Abourezk for Senate, 10–72, $20.
McGovern-Shriver 1972, 10–72, $25.
Senator Claiborne Pell, 10–72, $25.
Congressman Nick Galifianakis, 10–72, $25.
McGovern for Senate, 1–74, $25.

Spouse: Louise S. Keeley*:
McGovern for President, 1972, $80.
Committee for 15 Congressional Candidates, 1974, $20.
Ramsey Clark, 1974, $10.

*Based on memory for years 1971, 1972, 1973. Bank records lost in burglary of stored household effects in Uganda.

Brother: Edmund L. Keeley:
McGovern for President, 4–10–72, $111.50.
Bohen for Congress Committee, 5–10–72, $25.
National Friends of John Brademas, 9–72, $15.
Mercer County Citizens for McGovern, 10–72, $12.50.
National Committee for an Effective Congress, 1–74, $10.
Bohen for Congress Committee, 5–10–72, $25.
Congressman John Brademas, 1974, $15.
Ramsey Clark, 4–76, $15.

(The foregoing nominations from the Committee on Foreign Relations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. SPARKMAN. Mr. President, the Foreign Relations Committee today is favorably reporting the nominations of the following:

Philip C. Habib, to be Under Secretary of State for Political Affairs; William D. Rogers, to be Under Secretary of State for Economic Affairs; Arthur W. Hummel, Jr., to be Assistant Secretary of State for East Asian and Pacific Affairs; Harry W. Shlaudeman, to be Assistant Secretary of State for Inter-American Affairs; Viron P. Vaky, to be Ambassador to Venezuela; Robert V. Keeley, to be Ambassador to Mauritius; and Joseph Z. Taylor, to be Deputy Inspector General, Foreign Assistance.

As you know from reports in the press, there were a number of questions which the committee wished to have answered concerning the nomination of Mr. Shlaudeman. We wanted to know more about his activities in Chile in connection with covert activities, especially during the Allende Government, the coup which overthrew the Allende Government and his earlier testimony on these issues; also the reaction of Latin American Governments to his nomination. In addition, Senator KENNEDY had several questions of a similar nature which he suggested the committee consider.

Mr. Shlaudeman appeared before the Foreign Relations Committee in open session on Tuesday, May 25, and in closed session on Friday, June 11. The questions were satisfactorily answered and the committee voted 11 for and 3 present to report the Shlaudeman nomination.

The other nominations were reported by voice votes.

The ACTING PRESIDENT pro tempore. The nominations will be received and placed on the executive calendar.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and by unanimous consent, the second time, and referred as indicated:

By Mr. BROCK:

S. 3559. A bill to amend the Consumer Credit Protection Act to prescribe standards governing the disclosure of information by credit card issuers. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. METCALF, for Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 3560. A bill authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes. Referred to the Committee on Public Works.

By Mr. STONE:

S. 3561. A bill to revise the laws of the United States of America by repealing obsolete or superseded provisions of such laws. Referred to the Committee on Interior and Insular Affairs.

By Mr. HUGH SCOTT:

S. 3562. A bill to amend the Tariff Schedules of the United States to provide that certain netting belts used in connection with the growing and harvesting of mushrooms be admitted free of duty. Referred to the Committee on Finance.

By Mr. HELMS:

S. 3563. A bill to declare the public policy of the United States and to remove all legal obstacles to the use of gold clauses. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. STONE:

S. Res. 200. A joint resolution to review, revise, and repeal existing Federal statutes. Referred to the Committee on Government Operations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. METCALF, for Mr. JACKSON (for himself and Mr. FANNIN) (by request):

S. 3560. A bill authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes. Referred to the Committee on Public Works:

Mr. METCALF. Mr. President, by request, I introduce on behalf of Senators JACKSON and FANNIN a bill authorizing appropriations to the Secretary of the Interior and services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes.

Mr. President, this draft legislation was submitted and recommended by the Department of the Interior, and I ask unanimous consent that the executive communication accompanying the proposal from the Secretary of the Interior be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF THE TREASURY,
Washington, D.C., May 11, 1976.

Hon. NELSON A. ROCKEFELLER,
President of the U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is enclosed a draft bill "Authorizing appropriations to the Secretary of the Interior and services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes."

We recommend that the bill be referred to the appropriate Committee for consideration, and that it be enacted.

Public Law 93-67 of July 10, 1973 (87 Stat. 161) amended Section 6 of the John F. Kennedy Center Act, as amended, to authorize appropriations to carry out the nonperforming arts functions of the Center through the fiscal year ending June 30, 1975. Public Law 94–119 extended the authorization at $3.1 million through fiscal year 1977. The enclosed draft bill would amend the Act to extend the appropriation authorization for carrying out the nonperforming arts functions for the Center through fiscal year 1978 at a level of $4.0 million.

We estimate that in FY 1978 approximately $900,000 will be needed over and above the current authorization for FY 1977. This increase is estimated to be $204,000 for electricity, $303,000 for additional materials, $83,000 for heating and maintenance of the new studio center, and $310,000 as an allowance for contingencies.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sinecerely yours,

DOUGLAS P. WHEELER,
Acting Assistant Secretary of the Interior.

By Mr. STONE:

S. 3561. A bill to revise the laws of the United States of America by repealing obsolete or superseded provisions of such laws. Referred to the Committee on Interior and Insular Affairs; and

S.J. Res. 200. A joint resolution to review, revise, and repeal existing Federal statutes. Referred to the Committee on Government Operations.

Mr. STONE. Mr. President, I share the view of most Americans that government at all levels has grown so fast and furious over the past several decades that we have almost lost the ability to control it and to understand its impact on our economic, social, and political institutions. One measure of the accelerated growth and activity of government is the dramatic increase in legislation considered and enacted into law by the U.S. Congress. While the bulk of Federal legislation has been enacted in a serious effort to solve genuine problems in our country, the programs established and agencies created often seem to contribute very little to solving the problems for which they were designed. Quite often these programs and agencies continue to exist long after their usefulness is gone. Very seldom do Members of Congress and the committees of Congress take the time to review the continued validity and utility of Federal policies and programs once they are established.

There are many reasons why Congress has been rather ineffective in exercising its oversight responsibilities with respect to Federal programs. One of these is the conspicuous absence of a rational and regular mechanism for the review of the existing body of Federal statutes. Congress passes more and more legislation every year with little attention to what it has already done in the past. We rarely take time to look back and determine whether a law is still needed or whether it is no longer necessary and should be repealed. For this reason I am introducing a joint resolution, entitled the public law revision resolution.

The resolution would require each standing committee of the House and the Senate to come up with a plan for a continuing review of all of the existing Federal statutes under their jurisdiction, with a view toward revising and repealing statutes which have become antiquated or unnecessary. The plans, which will be submitted to the Speaker of the House or the President pro tempore of the Senate, shall include provisions for staff support, hearings and any investigations that may be necessary. In addition, each committee shall describe in its plan how it intends to utilize its own staff resources. For example, some committees might want to set up a separate subcommittee to deal with revisions and repealers, some committees may prefer to work with the Library of Congress or the Office of Legislative Counsel.

As an example of some of the laws that are still on the statute books but which no longer have any practical effect, I am also introducing a bill to repeal a few of these laws. These are the kinds of laws which the standing committees of Congress would review if my joint resolution is adopted.

The bill I am introducing today would repeal several laws dealing with Indians and Indian agents. The role of Indian agents has been eliminated since 1908. Therefore, 25 U.S.C. 27, 29, 30, 31, and 32 are no longer necessary. I also urge the repeal of 25 U.S.C. 141 regarding the practice of issuing army rations to Indians. This practice is no longer followed and the law should be repealed. In addition, I urge the repeal of 25 U.S.C. 187. It is dependent upon specifics outlined in section 186 relating to trespassing on lands of civilized Indians which was repealed in 1934. Thus 187 is left without basis; 25 U.S.C. 126, relating to the payment of claims for Indian depredation, is also obsolete and should be repealed.

There are a number of other statutes which I have found to be antiquated and I will introduce repealer bills from time to time to emphasize the need for committees to take responsibility in this area by passing the public law revision resolution.

Mr. President, I ask unanimous consent that the text of the public law revision resolution and the Repealer Act of 1976 be printed in the RECORD.

There being no objection, the bill and joint resolution were ordered to be printed in the RECORD, as follows:

S. 3561

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Repealer Act of 1976".

SEC. 2. The first section of the Act entitled "An Act Making appropriations for the current and contingent expenses of the Indian Department and for fulfilling treaty stipulations with various Indian tribes for the fiscal year ending June thirtieth, eighteen hundred and ninety-nine, and for other purposes.", relating to the appointment of Indian agents, approved July 1, 1898 (30 Stat. 571) is repealed.

SEC. 3. Sections 2062, 2098, 2110 and 2121 of the Revised Statutes are repealed.

S.J. RES. 200

Whereas the Congress finds that there are many existing Federal statutes which are antiquated or anachronistic or no longer serve the purpose for which they were enacted: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That this Joint Resolution may be cited as the "Public Law Revision Resolution".

SEC. 2. Not later than the last day of the first session of the Ninety-fifth Congress of the United States of America, each standing committee of the House of Representatives and each standing committee of the Senate shall submit to the Speaker of the House of Representatives and the President pro tempore of the Senate, respectively, a plan for a comprehensive review of all existing Federal statutes with respect to which any such committee has legislative jurisdiction with a view toward revising and repealing such statutes as may be appropriate.

SEC. 3. The plan required under section 2 shall provide for such hearings, investigations, and committee staff support work as each such committee may deem necessary or appropriate.

SEC. 4. The plan required under section 2 shall specify provisions which, if implemented by law, would specify how each such committee will utilize the resources of its own professional staff, the Library of Congress, the Office of Legislative Counsel and, as may be necessary or useful, the Office of the Law Revision Counsel for purposes of carrying out the provisions of this Act.

By Mr. HUGH SCOTT:

S. 3562. A bill to amend the tariff schedules of the United States to provide that certain netting belts used in connection with the growing and harvesting of mushrooms be admitted free of duty. Referred to the Committee on Finance.

Mr. HUGH SCOTT. Mr. President, our domestic mushroom industry has been under attack for over 10 years as a result of the continued plague of imported mushrooms. The seriousness of this matter was recognized by the U.S. International Trade Commission—ITC—and on March 17, 1976, by a majority vote, recommended to the President that import relief be provided. The Commission determined that mushrooms provided for in item 144.20 of the Tariff Schedules of the United States are being imported in such increased quantities as to be a substantial cause of serious injury or threat thereof to the domestic industry, and recommended the provision of adjustment assistance to remedy that injury. The Pennsylvania congressional delegation voiced its concern earlier this year that adjustment assistance to our domestic canners would not be proximate enough in time to bring relief. By letter dated April 14, 1976, to the President, the congressional delegation urged that the most appropriate remedy should be tariff adjustment in the form of either a tariff-rate quota or an orderly marketing agreement. On May 13, 1976, the decision of the ITC prevailed.

In this atmosphere of domestic strife in our mushroom community, I am introducing a bill to provide a measure of relief to this struggling, yet proud industry. This legislation would amend the Tariff Schedules of the United States to provide that certain netting belts used in connection with the growing and harvesting of mushrooms be admitted free of duty. It is important to note here that this type of netting is not available in this country. I am pleased that Congressman Richard T. Schulze has introduced similar legislation in the House of Representatives.

It is appropriate that we reclassify the synthetic netting from textile to agriculture. This produce is used exclusively in the mushroom growing industry and is an integral part of the mushroom growing process.

In view of the current economic conditions in the mushroom industry, I urge my colleagues, particularly those from the primary mushroom States, Pennsylvania, California, New York, Michigan, Ohio, and Delaware, to join me in support of this legislation. Our domestic mushroom industry deserves our best effort.

Mr. President, I ask unanimous consent that the enclosed letter from Mr. Thomas J. Piacentino, president, Longwood Manufacturing Corp. be printed at this point in the RECORD as well as the text of my legislation.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 3562

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) headnote numbered 1 to Part 4 of Schedule 6 of the Tariff Schedules of the United States is amended by inserting after "textile materials" in clause (iv) a comma and the following: "other than those provided for in item 666.05;".

(b) Subpart C of part 4 of Schedule 5 of the Tariff Schedules of the United States is amended by inserting after item 666.00 the following new item:

"666.05 Netting belts of woven fabric of manmade fiber monofilaments, not over 100 or less than 48 feet in length and of 5½ feet in width suitable for use in the growing and harvesting of mushrooms in connection with electrical pillar machines ---------- Free Free".

SEC. 2. The amendments made by the first section of this Act apply to articles entered, or withdrawn from warehouse, for consumption after the date of enactment of this Act.

LONGWOOD MANUFACTURING CORP.,
Kennett Square, Pa., November 13, 1975.

Mrs. MARY MEALING,
Dundee Place,
Devon, Pa.

DEAR MARY, as per our telecon yesterday, please find enclosed several photographs showing the way the netting is used in conjunction with the Net Puller. *Please note:* This type of netting or its equivalent is not available in this country.

COMPOST REMOVAL

In Photo No. 1, the Net Puller is pulling and winding up the net onto its roller (much like film is wound up in a camera). As the net is rolled, the spent compost (after having grown a crop of mushrooms) drops off the end of the bed onto conveyers which carry the compost out to the trucks.

In Photo No. 2, the clean bare boards are showing after the net and compost have been removed. Incidently, those growers who don't have this system have to shovel the hundreds of tons of compost off the beds by hand. One may readily see the advantage of this system.

REFILLING THE BEDS

In Photo No. 3, the Net Puller is shown in between two tiers of beds. It now employs two rollers and will pull the net in either tier. As the net is pulled on from one end of the 5'-6" wide x 48 to 100 ft long beds (Photo No. 3), it is being loaded at the other end as is shown in Photo No. 4.

Photo No. 5 shows the loaded netting approaching the Net Puller where it will be stopped allowing four feet of loose netting to be tucked under the compost. This is done so that there will be enough load to begin the wrapping at compost removal time.

Generally, there is a three to four month growing period between the filling operation and the clean-out operation. The same net is then used for the next crop. It has been determined that the net can be re-used for at least 10–12 years.

The tariff-price differential to the grower can make the difference of affording or not affording the system. If our U.S. growers cannot afford this system, they will soon fall behind the rest of the world in mushroom growing competition. Growers in Russia, Italy, England, France, and many other countries are currently using this system and it won't be long before they can cut their material handling expenses down to where it will make it difficult for other growers to compete.

Since the netting is used as an intregal part of the mechanism and no part of the system is good without the other, it seems to me our growers are entitled to have this netting tariff free just as they are able to buy other agricultural equipment.

Please do all you can for us as soon as possible. A very large U.S. growing outfit is currently waiting to hear the results. In this case alone we are negotiating for 1.5 million square feet of netting and approximately $80,000.00 worth of pulling and filling equipment to go with it.

Thank you for your cooperation and willingness to help. I eagerly await the results.

Sincerely,

THOMAS J. PIACENTINO,
President, Longwood Manufacturing Corp.

By Mr. HELMS:

S. 3563. A bill to declare the public policy of the United States and to remove all legal obstacles to the use of gold clauses. Referred to the Committee on Banking, Housing and Urban Affairs.

FREEDOM TO USE GOLD CLAUSES IN CONTRACTS

Mr. HELMS. Mr. President, when Congress restored the freedom of Americans to own gold, it neglected to restore the freedom to enter into contracts which require payment in gold or dollars measured in gold. It is time this oversight is rectified.

Contracts containing "gold clauses" have as a basic purpose: to protect the maker of a loan or the seller of merchandise from having to accept a depreciated medium of exchange. In some ways, it is a form of indexing and a way to avoid the effects of inflation. Congress has long recognized the hardships which inflation causes, and it has adopted legislation which increased the incomes of certain groups as inflation increases the cost of living. These groups include social security recipients, civil service employees, military pensioners, and members of the U.S. House of Representatives and Senate.

The pertinent law on the books is the joint resolution of June 5, 1933, 31 U.S.C. 463, which prohibited gold ownership and gold clause contracts, "to assure uniform value to coins and currencies of the United States." Since we have no gold coins or currencies, it is doubly anachronistic to keep this provision on the books.

I have corresponded on this issue with both Secretary of the Treasury, William Simon, and Dr. Arthur Burns, Chairman of the Federal Reserve Board. Chairman Burns has no objection to the repeal. The Secretary, on the other hand, finds his feelings remain unchanged that the gold clause prohibition should not be repealed.

Mr. President, I ask unanimous consent that both responses be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. On August 14, 1974, the President signed into law a bill which contained the repeal of that section of the joint resolution concerning the ownership of gold. In a news release dated December 9, 1974, the Treasury declared that gold clause contracts continued to be prohibited even after repeal of the prohibition against gold ownership.

Mr. President, I ask unanimous consent that the Treasury Department's statement on gold clause resolution be printed in the RECORD at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Secretary Simon states that gold clauses "could call into question the strength of the dollar and undermine our efforts to control inflation and maintain confidence in our currency." Some discussion of his comment is in order.

First, we must assume that the Secretary is referring to international exchange markets when he refers to "the strength of the dollar." But, as most economists agree, the strength or relative value of the dollar in these markets is dependent, in the long run, on the relative rates of inflation in other nations and whether or not the United States is inflating faster or slower—or not inflating at all—compared to other major nations. The strength of the dollar is therefore not related to contracts Americans may enter into, but to relative rates of inflation.

When the Secretary refers to "our efforts to control inflation," he perhaps refers to the administration or the entire Federal Government. In the scheme of things, Congress starts the inflation ball rolling with deficit spending. The Treasury is Congress agent and is responsible for selling Federal securities in order to finance the Federal debt. The Federal Reserve Board then acts to ameliorate the effects massive Treasury borrowing has on the economy and pumps money into the system. This causes inflation. If so, the major forces which can undermine efforts to control inflation are the Federal Reserve Board and the big-spending Congress, which requires the Treasury to finance debt. Inflation is not caused by any sort of contract—be it in gold or any other commodity.

Finally, the Secretary refers to the maintenance of "confidence in our currency." Confidence in the currency is undermined by its debasement. Debasement is caused by too much money pumped out by the Federal Reserve Board, an action initiated by big-spending Congresses. Confidence in the currency is reflected in the ways people use to cushion themselves from the effects of inflation. Various forms of indexing, including the indexing of congressional salaries, are indications that people—including Members of Congress—do not have a lot of confidence in our currency.

Secretary Simon touches on an important issue, however, when he discusses the "confidence in our currency," since gold clauses, along with other inflation-hedging arrangements, provide an indication of the health of our currency. Gold clauses can give a warning signal that can tell us that Government must cut back and restore balance to the budget.

If the Government is inflating, and people seek a refuge, they will adopt this type of device. It is far better to have no inflation and no such devices, but since we have inflation, we should have freedom to cushion its effects.

One of the major indictments against the present prohibition is that it is simply an unreasonable infringement on the rights of Americans. We have been allowed to own gold since 1974, but we are not allowed to use it as we do with other commodities. Anyone can enter into agreements which state that a sum of dollars will be paid on a certain date measured in the value of pork-bellies or any other commodity. But, because of this archaic provision on the books, we could not use gold as a measure of payment.

The contradictory aspects of the present situation has attracted the attention of legal experts. For example, Prof. Gerald Dunne, editor of "The Banking Law Journal," is of the opinion that the present prohibition of gold clause contracts is legally inconsistent with the present right to own gold. In his paper, "Gold Clause Prohibition: Derelict of the Law" Professor Dunne states that a court ruling made in Williams against Standard Oil would require that the gold clause prohibition be declared void. In that case, the court stated:

> The remaining portions of the act, seeming merely to facilitate or contribute to the consummation of that purpose must also fail.

In other words, once Congress repealed the prohibition against gold ownership, gold clauses cannot consistently be prohibited.

Mr. President, I ask unanimous consent that Professor Dunne's paper be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. There are other legal opinions, of course, and litigation on such an issue would be costly as well as time consuming. Congress should remove all doubt about this issue by a simply amendment to the present law. Professor Dunne's arguments and the court's past ruling are clear and their validity should encourage Congress to act.

Another aspect of this issue is that the prohibition against using gold clauses applies only for Americans dealing with Americans. As a result, rich individuals with foreign dealings or multinational corporations can make contracts abroad containing gold clauses, but the average American and the average domestic company cannot. Recently, the Great Western Corp., a Dallas based firm, concluded a long-term contract with a Panamanian firm to pay in gold or silver bullion. The company obtained a $150 million credit arrangement with several financial institutions which will purchase the needed amount of bullion.

According to the Wall Street Journal:

> Great Western said the hard-currency clause provides sugar producers with potential protection from inflation and a decrease in the value of paper currencies.

Mr. President, I ask unanimous consent that the complete article from the Wall Street Journal be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Gold clauses in contracts, bonds, and other loan instruments, would be extremely attractive to some borrowers and lenders. For example, it is fully possible that a bond with a gold clause could be sold at 5-percent interest, while one without would require a 10-percent rate of interest.

If, for example, the U.S. Treasury were to offer notes which were redeemable in dollars, measured by a quantity of gold, it would mean a great savings to the taxpayer. Interest rates on such notes would be far less than presently prevailing rates. Those investors who recognize gold as a standard of value would not demand an inflation cushion in the interest rate they would require for an investment. Next year, debt servicing costs are expected to total $41 billion. If this total could be reduced by only a small percentage, the savings to the taxpayer would be great. Such a savings would result if Treasury bills containing gold clauses were to be issued.

What the Treasury Department appears to object to is the concept that gold represents a standard of value against which the dollar can be measured. Gold has obvious faults in this regard, but many people regard it as a good measure; and it is an arbitrary and excessive exercise of power for our democratic Government to deprive people of the right to such a standard, whatever it might be.

As I mentioned, the Congress itself has adopted legislation which inflation-proofs its own salaries, and thus protects itself in a very concrete way. It seems strangely inconsistent for Congress to deny private individuals a right to avoid the effects of inflation in ways of their own choosing.

Supporters of the gold clause prohibition in the bureaucracy of the Treasury Department seem to forget that our common enemy is inflation—not gold, gold clauses, pork-belly prices, peanut futures, or the price of any other commodity.

What is difficult to determine is whether the bureaucrat and the supporters of the prohibition are afraid of gold, or whether they are afraid of people. Regardless, that fear has only one basis, and that is that a standard of value—be it gold or some other commodity or index—will indicate when the Government is debasing the currency.

Mr. President, I send to the desk a bill proposing to repeal the joint resolution of June 5, 1933, and I ask unanimous consent that the text of the bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3563

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Sec. 1. That the Congress finds and determines that:

(a) the prohibition from entering into contracts requiring payment in currencies of other nations, gold or gold coin, is an unreasonable infringement upon the rights of Americans.

(b) such prohibition inequitably prevents Americans from exercising this right to protect themselves against inflation, and thus:

(1) is inconsistent with Acts of Congress mandating inflation-related income increases for Social Security recipients, Federal employees, Members of Congress, and others;

(2) is inconsistent with the right of Americans to enter into private financial agreements, including labor contracts providing for automatic salary increases;

(c) such prohibition does not significantly affect the stability of the value of the dollar in foreign exchange markets; such value being primarily determined in the long run by domestic fiscal and monetary policies, the financial and monetary conditions within the United States and its major trading partners, and changing patterns of international trade;

(d) such prohibition is inconsistent with the freedom of Americans to hold, sell and deal in gold, as established by Public Law 93-373.

(e) such prohibition, by preventing Americans from exercising the aforementioned rights to protect themselves from the results of imprudent monetary policies, has reduced needed incentives to monetary authorities to adopt policies which would preserve the value of the dollar.

Sec. 2. That the joint resolution of June 5, 1933, entitled "Joint resolution to assure uniform value to coins and currencies of the United States" (31 U.S.C. 463) is hereby repealed.

Federal Reserve System,
Washington, D.C., June 2, 1976.

Hon. Jesse Helms,
U.S. Senate,
Washington, D.C.

Dear Senator Helms: I am pleased to respond further to your letter of March 31, 1976, asking for the Board's views on a paper by Professor Gerald Dunne on gold clause contracts.

In December 1974, I testified on behalf of the Board in favor of a bill that would have postponed the date when U.S. citizens would be permitted to deal in gold without a Treasury license. While the Board favored restoring to U.S. citizens the right to deal in gold, it was concerned that removal of restrictions on private trading in gold at that time might have an adverse impact on an already strained financial situation. Fortunately, this did not happen. In the past year and a half our financial institutions and markets have strengthened markedly, and economic recovery is well under way.

In light of the changed circumstances, I personally would not object to legislative action that would permit private citizens to make contracts containing legally-enforceable gold clauses. However, the Board is split on the advisability of such action. Our discussions have suggested that opinions on this subject may vary widely, and that hearings could be helpful in fully exploring the advantages and disadvantages of permitting the use of gold clauses. The Federal Reserve would be pleased to assist the Congress in this deliberation.

Sincerely yours,

ARTHUR F. BURNS.

THE SECRETARY OF THE TREASURY,
Washington, May 6, 1976.

Hon. JESSE HELMS,
U.S. Senate,
Washington, D.C.

DEAR JESSE: Thank you for your letter of March 30 in which you enclosed a paper by Professor Gerald Dunne on the Joint Resolution of June 5, 1933. I have given considerable thought to the matters raised in your letter and in Professor Dunne's article. My own feeling is that the Joint Resolution is not inconsistent with the legalization of the private ownership of gold.

In recent years, we have taken a series of steps to eliminate gold from the U.S. monetary system and to reduce the role of gold in the international monetary system. Consistent with that policy, U.S. citizens can now purchase, sell, and deal in gold as a commodity. The Joint Resolution by making unenforceable contract provisions for the payment of the obligation in gold or in an amount of dollars measured in gold, helps to assure that gold will not again assume a monetary role through widespread use in private transactions. I am also concerned that the emergence of gold clauses, which might result from repeal of the Joint Resolution, could call into question the strength of the dollar and undermine our efforts to control inflation and maintain confidence in our currency. In my view, the Joint Resolution therefore continues to have a substantial and important rationale, and its repeal at this time would be unwise.

In addition to gold clauses, you mentioned in your letter the removal of legal strictures against multiple currency clauses which would result from repeal of the Joint Resolution. As you pointed out, I have in the past expressed the view that consideration of a change in the law in this regard would be desirable. Multiple currency clauses do not raise the same concerns as gold clauses, and removal of the legal strictures against multiple currency clauses could be accomplished without repealing in full the Joint Resolution.

Although we might approach the subject from different perspectives I'm hopeful that we both can agree that the policy of reducing the monetary role of gold is sound. There are so many areas in which our views are the same because we share a common philosophy. Let's work to maintain our joint views on the subject of gold. Ed Yeo, Under Secretary for Monetary Affairs and his staff are meeting with your staff. I look forward to the results of this conference.

Sincerely yours,

WILLIAM E. SIMON.

DEPARTMENT OF THE TREASURY,
Washington, D.C., December 9, 1974.

STATEMENT ON GOLD CLAUSE RESOLUTION

The repeal of the restrictions on private ownership of gold effective December 31, 1974, has prompted a number of inquiries on the continuing validity of the Gold Clause Joint Resolution enacted by Congress on June 5, 1933. This statement is issued by the Treasury Department, after consultation with other concerned Government agencies, to help clarify the application of this law.

The Gold Clause Joint Resolution (31 U.S.C. 463) provides that "every provision contained in or made with respect to any obligation which purports to give the obligee a right to require payment in gold or a particular kind of coin or currency, or in an amount in money of the United States measured thereby, is declared to be against public policy . . . ." This law mandates that such provisions shall be discharged upon payment, dollar for dollar, in the current legal tender. It is Treasury's view that the Gold Clause Joint Resolution continues to apply after the lifting of restrictions on bullion ownership.

Under the Resolution a contract clause providing for payment in gold, or in United States dollars equivalent to a certain amount of gold, is not enforceable if the subject of the contract is something other than gold, so that gold as a commodity has no relationship to the business being transacted. In such a case, gold would be used solely for the purpose of establishing the value of the obligation. This view is based on judicial decisions which held unenforceable a lease providing for payment in gold bullion as one method of rent settlement, since the intention of the parties by using gold in the contract was solely to stabilize the dollar value of the rent. *Holyoke Water Power Co.* v. *American Writing Paper Co.,* 300 U.S. 324 (1937); *Emery Bird Thayer Dry Goods Co.* v. *Williams,* 107 F. 2d 965 (1939). Similarly, loans or certificates of deposit repayable in gold, or in an amount of dollars measured in terms of gold, would be unenforceable.

In contrast, if gold as a commodity is the subject matter of the contract, then the Resolution would not bar enforcement according to its terms. For example, a present sale of gold bullion or coins and a sale of gold for future delivery (*i.e.,* a gold futures contract) fall outside the Resolution. A similar conclusion has been reached with respect to a contractual provision giving a shareholder, in an organization with assets consisting of gold, the right to redeem his equity, either in those assets, or in an equivalent amount of dollars at the then current market price.

Contracts containing multiple currency clauses, as in the past, are unenforceable under the Resolution. The reason for this is that in the late 1930's the Supreme Court construed the Resolution to prohibit enforcement of multi-currency contracts.

Multi-currency clauses are now common in contracts in international financial markets. For example, bonds are issued and denominated in "Eurcos" which provide for payment in a number of European currencies in an amount measured by an index composed of these currencies. The Secretary of the Treasury has indicated that consideration of a change in the law at the next session of Congress to allow American businessmen to deal in this kind of instrument would be desirable.

The United States law making gold clauses unenforceable has been in effect solely during the period in which private ownership of gold by United States citizens was prohibited. Nonetheless, there is nothing inconsistent between private ownership of gold and the Gold Clause Joint Resolution. Canada, France and Germany, for example, have for some years allowed private ownership of gold while prohibiting gold clauses.

Finally, this area of the law is subject to varying legal interpretations and, as in other cases of statutory construction, the final arbiter must be the courts.

THE GOLD CLAUSE PROHIBITION: DERELICT OF THE LAW?

(By Gerald T. Dunne)

My text is taken from Mr. Justice Douglas; 1949 Cardoza Lecture on *stare decisis* and especially its arresting metaphor to the effect that there are indeed "derelicts" in the stream of the law.[1] While the original reference was to judicial decision, my particular appropriation extends by analogy to statutory law, for legislative enactments no less than the judgement of courts can embody a proposition that is badly out of joint with the dominant public policy of the times, bereft of interior vitality or external relevance and persist as inertial hulks that await, indeed cry out, for some thunderbolt *coup de grace* to demolish the obstruction and clear the stream of the law again. One such statutory derelict of the law, I respectfully submit is the gold clause prohibition as set out in the joint resolution of June 5, 1933.[2]

While the resolution, as the popular label suggests, outlaws any contractual provision which purports to give the obligee a right to require payment in gold, the resolution does more than this. It also purports to bar provisions giving the right to payment in a particular kind of coin or currency. Beyond this, it enjoins that *every* obligation be discharged "open payment dollar for dollar in any . . . currency which at the time of payment is legal tender for public and private debt."[3]

I take my stand with some trepidation for it involves setting my face against that phenomenon of mediocracy which might well be called "The Great Brainwash" of December, 1974, when the intellectual establishment and the basic supervisory bureaucracy united around that hallmark doctrine of liberalism, so well summarized by the longshoreman philosopher, Eric Hofer—that ordinary people are unable to govern themselves—and attempted to undo, at least phychologically, the congressional legitimation of private gold ownership, scheduled for year end of 1974.

While the overture to the effort could be set on December 5, 1974, when the venerable and respected head of the Federal Reserve pleaded for retention of the long-standing ban on private ownership,[4] the first and indeed major movement came at 3:30 p.m. on December 9 when the Treasury issued a "statement on Gold Clause Resolution";[5] the statement was in some respects a lackluster enough document but in other ways quite remarkable. It did assert the Treasury position that the law which it called "The Joint Gold Clause Resolution" continued to apply after the lifting of the restrictions on bullion ownership were lifted. Actually, the release had little to say about conventional gold clauses but exhibited a great deal of concern with multiple currency arrangements, a logical enough emphasis given that Department's longtime interest in exchange controls and fixed exchange rates. On the latter topic the text of the release picked its way warily through the minefield of Supreme Court decisions and came down hard on the side of prohibition. With respect to regular gold clauses, it purported to distinguish between gold as a means of payment and gold as the subject-matter of a contract.

Indeed after noting that the initial gold clause prohibition was part and parcel of the initial apparatus of repression of private gold ownership, the Treasury somewhat later lamely asserted that there was nothing "inconsistent between private ownership of gold and the gold clause resolution (because), Canada, France, and Germany . . . have for some years allowed private ownership of gold while prohibiting gold clauses." A closing *cri de coeur* pleaded to be taken off the book: "Finally, this area of the law is subject to varying legal interpretations, and, as in other cases of statutory construction, the final arbiter must be the courts."[6]

For its part, the Federal Reserve backed its chairman, repeating the bureaucratic insistence on paperwork and then in a particularly mean-spirited thrust added that the safekeeping facilities of Federal Reserve Banks historically available almost as a matter of course for member bank valuables would not be available for gold and in a lending pronouncement outrageously violative of legislative intent, added that gold would not be acceptable as collateral for advances made pursuant to Section 16(b) of the Federal Reserve Act.[7]

Virtually unnoticed was perhaps the largest hazard of all: the fact that notwith-

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Footnotes at end of article.

standing the legitimation of private gold ownership, virtually the entire apparatus of confiscation remained intact with the consequence that gold purchased at $200 an ounce could **be legally sequestered at the** $44+ "official" price, a point given special pertinence by Justice Douglas' landmark and contemporary dissenting protest in the *Conrail* case against uncompensated Federal confiscation and its footnote reminder that sequestration and contract impairment under the rubric of the money power exemplified by "The *Gold Clause* cases are on entirely different footing, for as Chief Justice Hughes wrote . . . the power of Congress to regulate the currency and establish the monetary system was involved."[8]

Categorical assertion comes easy. Denial, distinction, and discrimination is a more complex and subtle business. Nonetheless, I would submit that there is a thoroughly respectable and indeed quite modish calculus to support the propositions first that the recent legitimation of gold left a gaping hole in the joint resolution of June 5, 1933, and second, that the use of gold clauses in their historic mode and sanction is fully consistent with the citizen's right to purchase, sell and hold gold itself.

A pair of recent decisions[9] graphically underscore the inadequacy of the liberalization of gold legislation.

The two decisions held a common thread. Both agreed that if the rate of inflation were rapid enough, a provision in a note adjusting the principal by the increase in the Consumer Price Index (or some other inflation/deflation factor) could involve an incremental additional payment triggering the usury laws. Thus the Pennsylvania controversy involved a time frame in which the Consumer Price Index had soared from 100. to 150.80. By an exquisite perversity, instead of being compensated for the $3,556 demonstrably lost on a $7,000 loan, the lender found himself impaled on the statutory penalties for usury.

One ray of hope emerged but was aborted—the Pennsylvania court conceded, but refused to apply, the "contingency exception" to usury which emerges if the lender has subjected himself to some greater hazard than nonrepayment by the debtor or collateral depreciation, and the apprehended hazard is neither remote nor slight.[10]

Presumably, however, the contingency exception might apply when the inflation rate approached a threshold of 100%. However, even that escape hatch was foreclosed by the Tennessee Court which found, without condition or qualification, that "indexed principal" not only constituted usurious interest once the incremental addition (when aggregated with the stated interest) crossed the critical percentage. Beyond this, however, the Tennessee Court found the "indexed principal" squarely violative of the so-called "Gold Clause" resolution of June 5, 1933, whose core provision read:

> "Every obligation, heretofore or hereafter incurred, whether or not any provision is contained therein or made with respect thereto, shall be discharged upon payment, *dollar for dollar*, in any coin or currently which at the time of payment is legal tender for Public and Private debts."[11]

The Court fortified its conclusion by quoting Justice Black's hardline construction of the resolution in *Guaranty Trust* v. *Henwood* that Congress "unmistakably stamped illegality upon both outstanding and future contractual provisions designed to require payment by debtors in a frozen money value rather than a dollar of legal tender current at the date of payment" *and* "added . . . with studied precision a catchall second sentence sweeping in 'every obligation', existing or future, 'payable in money of the United States', irrespective of whether or not any such provision is contained therein or made with respect thereto."[12]

In view of the appeal to Mr. Justice Black's characteristically categorical absolutes, it is difficult to understand the Tennessee Court's reference to indexing as "current and very legitimate concept" appropriately applicable to future rentals, lease agreements, collective bargaining agreements and other employment contracts, *but not* to a banking institution (or, for that matter, any other lender) lending money to a domestic borrower.

Indeed we need neither Miss Gertrude Stein nor Mr. Justice Black to tell us that "every obligation" means "every obligation", not something less and surely covers every commitment to pay money *in futuro* irrespective of the matrix thereof. Indeed in view of the shadow these recent decisions have necessarily cast over the increasingly popular practice of "indexation".[13]

The manifest step is to repeal the gold clause resolution and thereby to effect a restoration of an element of the status quo ante conspicuously left undone by the recent legislation of gold ownership.[14] In addition to the foregoing judicial decisions, the continuing vitality of the resolution was duty attested by a gaggle of administrative pronouncements at both the state and Federal level.[15]

Notwithstanding the caveat against repeals by implication, a formidable case can be mounted against the viability of the continued constraint. Foremost perhaps would be the equal protection and due process argument implicit in government's own use of a calculus which it denies its own citizens most notably in the recent indexation of congressional salaries. Since sovereign prerogative, however outrageous, is a melancholy fact that the powerless must learn to live with, two secondary lines of attack suggest themselves, both bottomed on the recent congressional legitimation of private gold ownership. One, drawn from the court of the Nine Old Men may be called the "arch" doctrine that the adjuncts fall with the keystone and the suppression of private gold ownership now abandoned "the remaining portions of the act, seeming merely to facilitate or contribute to the consumation of that purpose, must also fail."[16] Another and possibly fatal flaw might be probed via the doctrine of "chilling effect", a phrase which was a virtual epigraph of the heyday of the Warren Court,[17] and which insists that to construe the gold clause constraint with literal severity would "refrigerate the newly granted freedom to purchase, hold, sell or deal (in gold) into unrecognizability."[18]

Index-value clauses are, of course, the analgesic which does render tolerable the pathology of inflation, and as Professor Friedman has noted "it is far better to have no inflation and no escalation clauses."[19] Indeed since removal of the analgesic might force attention to the fundamental malady, judicial and administrative emphasis on the joint resolution might well be a blessing in disguise and recall what has been called one of President Grant's rare aphorisms—that the best remedy for a bad law is enforcement.

FOOTNOTES

[1] Douglas, "Stare Decisis," 49 Columbia L.R. 735, 746 (1949).

[2] 48 Stat. 113 (1933); 31 U.S.C. 463.

[3] *Ibid.*

[4] New York Times, Dec. 6, 1974.

[5] "Statement on Gold Clause Resolution", Dec. 9, 1974.

[6] *Ibid.*

[7] See Federal Reserve Press Release, Dec. 9, 1974.

[8] See Holtzer, "Private Gold Ownership: Right Versus Privilege", 92 Banking L.J. 334 (1975).

[9] Aztec Properties, Inc. v. Union Planters National Bank, (Tenn. Oct 27, 1975), 44 Law Week 2207 (11-11-75). Olwine v. Torrens (Penna. Superior, Oct. Term, 1975 No. 861).

[10] Restatement of Contracts (   ) 527; 14 Williston, Contracts (3rd ed. 1972). § 1692.

[11] 48 Stat. 113 (1933); 31 U.S.C. 463.

[12] 307 U.S. 247, 252 (1939).

[13] See "On the Escalator", *Wall Street Journal*, March 10, 1976; Friedman, "Using Escalators to Fight Inflation," *Fortune*, July, 1974.

[14] P.L. 93-110 (1973) and P.L. 93-373 (1974).

[15] See Dunne, "Gold Clauses: Dead or Well?" 92 *Banking Law Journal*, 929 n. 6 (1975).

[16] William v. Standard Oil Co., 278 U.S. 235 (1929).

[17] Dombrowski v. Pfeister, 380 U.S. 479 (1965).

[18] See Dunne, *op. cit.*, note 7 *supra*, p. 928.

[19] Friedman, *op. cit.*, note 5 *supra*, p. 94.

[From the Wall Street Journal, June 3, 1976]

Great Western To Pay For Sugar With Silver and Gold; Pact Set With Panama Firm; Other Accord Is Signed to Provide Funds for Bullion

Dallas.—Great Western United Corp. said it revised a long-term contract with Azucarera la Victoria de Panama to provide that payment for raw sugar may be made in precious metals bullion, under certain circumstances.

The company also said its Western Investment Corp. subsidiary negotiated a $150 million credit agreement with five financial institutions for funds to buy gold and silver bullion and for expenses incurred in carrying a substantial bullion inventory.

Great Western said the Panamanian concern chose payment in bullion and will receive total payment for all raw sugar it ships during the rest of this year in silver bullion.

Other changes in the sugar contract increase its term to five years from three, boost minimum tonnage of raw sugar to 410,000 tons over five years from 155,000 tons over three years, and restructure the formula determining the final sugar price. Great Western said. The company said the original agreement was negotiated in February.

Great Western said the hard-currency clause provides sugar producers with potential protection from inflation and a decrease in the value of paper currencies.

The $150 million credit agreement was with three domestic and two foreign based financial institutions, the company said. It said it doesn't expect to use the entire amount available to acquire the bullion.

ADDITIONAL COSPONSORS

S. 2913

At the request of Mr. Ribicoff, the Senator from Massachusetts (Mr. Kennedy) was added as a cosponsor of S. 2913, to establish the National Center for Women.

S. 2925

At the request of Mr. Muskie, the Senator from Indiana (Mr. Hartke) was added as a cosponsor of S. 2925, the Government Economy and Spending Reform Act of 1976.

S. 3098

At the request of Mr. Weicker, the Senator from New Mexico (Mr. Domenici) was added as a cosponsor of S. 3098, to amend the Community Services Act.

S. 3227

At the request of Mr. Humphrey, the Senator from Texas (Mr. Tower) and the Senator from New Hampshire (Mr. Durkin) were added as cosponsors of

S. 3227, to accelerate solar energy research and development within ERDA.

S. 3335

At the request of Mr. LAXALT, the Senator from Ohio (Mr. TAFT) was added as a cosponsor of S. 3335, to extend the provisions of Public Law 93-483.

S. 3483

At the request of Mr. LAXALT, the Senator from Georgia (Mr. NUNN) was added as a cosponsor of S. 3483, to amend section 205 of the Federal Power Act.

SENATE RESOLUTION 465—SUBMISSION OF A RESOLUTION TO REVIEW, EVALUATE, AND FURTHER AMEND THE WAGNER-PEYSER ACT

(Referred to the Committee on Labor and Public Welfare.)

Mr. HELMS submitted the following resolution:

S. RES. 465

Resolved, That, in this time of almost unprecedented nationwide unemployment and severe economic uncertainty every agency and avenue available for the placement of the unemployed and the disadvantaged, whether public or private in nature, be utilized to give the highest priority of effort to such purpose; and be it further

Resolved, That, in dedication of its resources to this objective, the United States Employment Service be charged, in its central and State offices, with devoting such resources, in its funding and personnel, wholly and solely to providing assistance exclusively to the unemployed and the disadvantaged until such time as the Congress may otherwise direct; and be it further

Resolved, That, the better to discharge its responsibility to the Nation's unemployed and disadvantaged, the Congress shall review, evaluate, and further amend the Wagner-Peyser Act and subsequent pertinent legislation, certain provisions of which now appear outdated and inhibitory, with the single purpose of bringing into practical, current conformity the Wagner-Peyser Act and all subsequent legislation and statutory regulation pertinent thereto.

U.S. EMPLOYMENT SERVICE SHOULD DO ITS PROPER JOB, NOT USURP ROLE OF PRIVATE SECTOR

Mr. HELMS. Mr. President, there is growing concern that the Federal Government, through the U.S. Employment Service, is not properly fulfilling its legislative mandate to find jobs for the unemployed.

Brought into being by the Wagner-Peyser Act of 1933, the USES funds 28,400 staff positions in 2,400 local employment offices throughout the country, obligating in excess of $500 million for such staff. Yet, today, there are 6.8 million Americans, willing to work, who cannot find jobs. Why?

In some measure, I believe, this is so because the USES is not concentrating its vast funding and its own steadily growing manpower on the Nation's most needful citizens—the unemployed and the disadvantaged. Over the years, the USES has changed direction and priorities. In doing so, it has become increasingly ineffective and costly—another example of a self-perpetuating bureaucracy running out of control.

The Wagner-Peyser Act of 1933 authorized the creation of the USES to match job openings with those in need of jobs: The unemployed and disadvantaged. This service was needed then, as now. Unfortunately, it is not being provided as a first priority by the USES. It should, in fact, be provided as the Employment Services sole priority in these difficult times.

Today, instead of concentrating its funds and its personnel of the jobless, the USES is conducting such inordinate cost-and-time-consuming functions as these: First, spending more than $3 million to enhance its image in a multimedia campaign across the country; second, relocating many of its offices to plush facilities in the suburbs, often remote from the pockets of unemployment; and third, placing expensive newspaper ads offering jobs at salary levels of $20,000 and above.

Mr. President, I ask unanimous consent that copies of some of the ads used in the USES multimedia campaign be inserted in the RECORD as appendix A at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Such practices and expenditures violate the original and continuing intent of the Congress as laid out in the Wagner-Peyser Act. In no way are these practices of help to the hard-core unemployed. And the situation is getting worse.

This story of the abuses and steady decline of the USES is by no means a new one. More than 10 years ago, the late Frank T. Bow, then one of the most senior and respected Members of the House of Representatives, maintained that despite its skyrocketing budget increases—today three times what they then were—there was mounting evidence to support the charge that the USES has "turned its back on the unemployed." He warned that instead of concentrating on helping our jobless, the agency was expanding more and more into fields where it was neither needed nor wanted—and, in the process, making inroads into an area properly the domain of the private sector. He feared that such inroads into the free enterprise system in the long run could only result in absolute governmental control of American manpower and its allocation. His words of warning are even more timely today than they were then.

Hard upon Frank Bow's indictment of the USES, the General Accounting Office published in 1964 a detailed report to the Congress entitled "Unnecessary Costs to the Federal Government as a Result of Supplanting Existing Employment Services by Federally Financed Services." Recent testimony by an official of the General Accounting Office before the Subcommittee on Manpower and Housing of the House Committee on Government Operations details the results of an eight-State investigation of the organization and operations of the USES that is even more revealing of the failure of that agency to do the job assigned to it.

Mr. President, I ask unanimous consent that excerpts of that testimony, delivered on May 24, 1976, be included in the RECORD as appendix B at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Most recently, Congressman KASTEN of Wisconsin reported the existence of an extraordinarily damaging report on the USES prepared within the Department of Labor itself by its own Division of Management Assistance and Manpower Utilization. Others in the Congress have voiced their concern and alarm over the current policies, practices, and excesses of the U.S. Employment Service. A companion measure to the one I introduce today has been sponsored in the House by Mr. SYMMS of Idaho, Mr. HYDE of Illinois, Mr. SCHULZE of Pennsylvania, Mr. FORD of Tennessee, Mr. KETCHUM of California, Mr. McDONALD of Georgia, Mr. TREEN of Louisiana, Mr. KINDNESS of Ohio, Mr. MITCHELL of Maryland, Mr. KEMP of New York, Mr. RINALDO of New Jersey, and Mr. ESHLEMAN of Pennsylvania. And the press, in dozens of States, has joined in protest and in demand that corrective action be taken to confine the U.S. Employment Service to the job assigned it—putting the unemployed and the disadvantaged to work.

Press indignation is boiling up with every day that passes, evidenced in such headlines, editorial titles, and news leads as:

"U.S. Job Service Neglects Unskilled"—Philadelphia Bulletin, June 29, 1975.

"Agency Is Going Too Far"—St. Petersburg Independent, September 22, 1975.

"Another Power Grab"—Peoria Journal Star, September 3, 1975.

"The Government is Killing Us"—Cincinnati Enquirer, August 11, 1975.

"Government is Taking Over"—Greenville News-Piedmont, August 31, 1975.

"48.8 Million Boondoggle"—Editor & Publisher Magazine.

"Growing Bureaucracy"—The Observer-Reporter, Washington, Pa., September 22, 1975.

From the ranks of organized labor as well comes a strong demand for corrective action. In a compelling address before the joint conference of the U.S. Department of Labor Manpower Administration and the Interstate Conference of Employment Security Agencies, Inc., Mr. Jacob Clayman, secretary-treasurer of the Industrial Union Department, AFL–CIO, remarked:

> First and foremost, it is time to revamp the Wagner-Peyser Act. Even the Constitution has needed some changes over the course of our history. Some changes have been necessary even since 1932. Is Wagner-Peyser more sacrosanct than the Constitution? I think not. The law should give the Employment Service the focus it needs and should provide specifically that priority be given to those workers who are most in need of employment assistance: the poor, the unskilled, the under-educated, and those who suffer from discrimination in any form.

Mr. President, the U.S. Employment Service is not adhering to the job description specified for it in the Wagner-Peyser Act. By advertising job openings for individuals who already have jobs, it is moving into an area properly reserved to the private sector. It is, through its costly image-making campaign on television, radio, and in the press, encouraging "jobhopping." The U.S. Employment Service, in a time of

critical national need, is not doing its proper job. Its neglect of the unemployed simply cannot be tolerated any longer.

To that end, Mr. President, today I introduce a measure specifically touching upon this issue—companion legislation identical to that already submitted in the House by Mr. Symms of Idaho and several of his colleagues. This measure, in the form of a Senate resolution, calls upon the Congress to review, evaluate, and further amend the Wagner-Peyser Act so that the USES, in the discharge of its duties shall concentrate solely upon providing assistance to the unemployed and disadvantaged.

It is my strong hope that my colleagues in the Senate will join with me in the cosponsorship of this measure. It is nonpartisan—it crosses all geographical boundaries—it has a single intent: Putting the unemployed to work and, in that process, requiring the U.S. Employment Service to concentrate its funds and its manpower exclusively upon the unemployed. There is, today, no more pressing national concern.

APPENDIX A: SAMPLES OF USES ADVERTISING

I HATE MY JOB

"The pay is okay, the hours are short, and it's a nice, quiet place to work in.

"But I don't belong here.

"I'm a Research Analyst. I could be doing so much more. Earning so much more. But I can't find anything suitable in my field right now.

"So I work in this bookstore part-time. It pays the rent."

The wrong job may be better than no job. But that doesn't make it a good job.

There's a fast modern employment service bringing talented people and good jobs together, Job Service.

We use computers, personal interviews, anything that puts the right person in the right job.

Last year, we filled over four million jobs. In forty years, we've never charged a fee.

It doesn't matter what you do or how much you earn. What matters is finding you a challenging, satisfying, well-paying job.

We're working to get people working. Help us do our job.

Job Service: Minnesota Department of Employment Services. Jobs for poeple. People for jobs.

"Some people used to think the Pennsylvania State Employment Service was mainly for unskilled jobs. We recently asked them to find us skilled office personnel and draftsmen. They sent us well qualified people."—Samuel W. Seenan, Director of Personnel, Penn Central Transportation Co.

If you have a job to fill, call Job Service, the Pennsylvania State Employment Service. Whether you need skilled, unskilled or professional help, we'll send you prescreened, qualified job applicants. Philadelphia areas employers call . . . . 755–9050.

EMPLOYMENT SECURITY COMMISSION: NEVER A FEE AT ESC COME IN—YOU MAY QUALIFY

Vice president—

International marketing (textiles), $35,000/yr.

Design engineer, $15,000–$20,000/yr.

Industrial engineer, $20,000/yr.

Mechanical engineer, $15,000–18,000/yr.

Systems analyst, $15,000/yr.

Secretary, $450/mo.

Clerk-stenographer, $600/mo. +

Bookkeeper, $4.00/hr.

Knitting machine fixer, $3.00/hr.

Spray painter, $4.25/hr.

Sheet metal worker, $3.50/hr. +

Welder, $3.50/hr. +

Maintenance supervisor, $11,000/yr.

Visit YOUR Employment Interviewer, 235 N. Edgeworth Street, Greensboro.

PROGRAMMERS—PROGRAMMER/ANALYSTS

IBM 360/370. OS COBOL, Knowledge of CICS. 3 years plus experience. Salary, $12 to $18,000/yr.

SYSTEMS ANALYSTS

Design & implementation of large scale Systems, Programming background preferred. 5 yrs. plus experience. Salary, $15 to $20,000/yr.

New York State Employment Service, Professional Management Center, 444 Madison Ave., N.Y.C. Never a fee.

APPENDIX B

EXCERPTS FROM STATEMENT OF GREGORY J. AHART, DIRECTOR, MANPOWER AND WELFARE DIVISION, BEFORE THE SUBCOMMITTEE ON MANPOWER AND HOUSING, HOUSE COMMITTEE ON GOVERNMENT OPERATIONS, ON THE OPERATION OF THE FEDERAL-STATE EMPLOYMENT SERVICE SYSTEM, MONDAY, MAY 24, 1976

PERFORMANCE OF THE SERVICE

The Employment Security Automated Reporting System is the Department of Labor prescribed statistics gathering system for the Service. It is designed to provide data on the characteristics of individuals served and on the services provided to them.

National data showed that during fiscal year 1975 about 18.5 million persons applied to the Service for assistance. Our analysis of the data showed that about 10.8 million or 58 percent of the 18.5 million applicants did not receive service of any kind, that is, did not receive job referral, counseling, or testing.

Of the 18.5 million persons registered with the Service, 6.5 million were unemployment insurance claimants. The Service found jobs for only 550,000 or 8.5 percent of the total claimants registered with the Service. The relatively low success rate in placing claimants is evidenced by the fact they comprised 35 percent of the total number of applicants, yet accounted for only about 18 percent of the persons placed in jobs.

Errors in placement data

At each of the eight metropolitan offices we visited, we sent questionnaires to 75 randomly selected applicants who had been recorded by the office as being placed in a job during February 1975. One of the purposes of the questionnaire was to verify that the applicants had found a job through the Service office. Of the 600 questionnaires sent, we received responses from 337 persons. Only 189, or 56 percent, of those responding stated that they had actually been placed in a job by the Service offices. The remaining respondents stated they did not find jobs or found jobs by other means.

A Department study of fiscal year 1974 data in Illinois, New Mexico, North Carolina, and Oregon also identified invalid placements. The study showed that about 5,000, or 15 percent, of 34,000 reported placements in the four States were invalid. The report identified major causes of erroneous placements which were similar to those I just described.

In addition to overstating the number of placements, we found that the data did not always accurately reflect the duration of the jobs filled. The Service categorizes placements by expected duration—1 to 3 days, 4 to 150 days, and over 150 days. The job duration is determined at the time a job order is received from an employer and is based on the employer's opinion as to how long the job will last. The Department considers placements expected to last over 150 days as permanent jobs.

To test the actual duration of permanent placements, we randomly selected 328 reported placements in jobs expected to last over 150 days, and telephoned the employers 30 days after the reported hire date. After one month, only 52 percent of the applicants were still working. The Department's study showed similar results—about 15,600, or 66 percent, of almost 24,000 persons reported placed in permanent jobs were not longer employed at the end of 150 days.

COMPUTERIZED JOB MATCHING

A computerized matching system is basically one of automated file search in which a computer matches a job's requirements with applicants' qualifications. The Department began computer matching experiments in four States—New York, Wisconsin, California, and Utah—in the 1960's. The Department established a 5-year plan starting in fiscal year 1976 to expand computerized matching nationwide at an estimated cost of $100 million.

We found that the effectiveness of computerized job matching, like manual file search, is limited by the volume of applications, time factors, and difficulty in contacting applicants. We included Salt Lake City in our review because the Department considered it to have an excellent computerized matching system. We found that the computer accounted for 29 percent of the job referrals at the Salt Lake City office—a level not substantially different from the levels achieved by offices performing manual file search.

The computer does not guarantee that all possible referrals will be made. We selected 24 jobs which the Salt Lake City office had not filled. Each job had been open for at least 5 days. With the help of Service personnel, we used the computer to match available applicants to the jobs. Twenty-nine suitable applicants were available for 9 of the 24 job openings. The Salt Lake City office had referred only one person to one of the nine jobs.

The Department plans to implement computerized job matching on a nationwide basis, however, this process is subject to many of the same problems associated with manual file research. We suggest that before incurring the cost of implementing the computerized job matching system nationwide, the Department reevaluate the benefits that could be achieved by the system.

In August 1974 the Bureau of Labor Statistics (BLS) reported on its study of how people found employment. The statistical study pertained to 10 million persons who sought and found work during 1972. BLS reported that although a third of the job seekers used the Service, 95 percent of the job placements occurred through other means. The major sources were: applications directly to employers (35 percent), friends and relatives (26 percent), and newspaper ads (14 percent). Private employment agencies and the Service each accounted for about 5 percent of the placements.

SENATE RESOLUTION 466—SUBMISSION OF A RESOLUTION AUTHORIZING ADDITIONAL PRINTING RELATING TO THE PRESENTATION OF THE MAGNA CARTA

(Referred to the Committee on Rules and Administration.)

Mr. MANSFIELD submitted the following resolution:

S. RES. 466

Resolved, that there be printed for the use of the Senate one thousand three hundred additional copies of the program in the Rotunda of the United States Capitol on the occasion of the presentation of the Magna Carta to the American people.

AMENDMENTS SUBMITTED FOR PRINTING

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT—S. 2872

AMENDMENT NO. 1823

(Ordered to be printed and to lie on the table.)

Mr. PERCY (for himself, Mr. Bentsen and Mr. McClellan) submitted an amendment intended to be proposed by them jointly to the bill (S. 2872) to amend the Federal Energy Administration Act of 1964 to extend the expiration date of such law until September 30, 1979, and for other purposes.

AMENDMENTS NOS. 1824 AND 1825

(Ordered to be printed and to lie on the table.)

Mr. PERCY submitted two amendments intended to be proposed by him to the bill (S. 2872), supra.

AMENDMENT NO. 1826

(Ordered to be printed and to lie on the table.)

Mr. MONTOYA (for himself, Mr. Bartlett, Mr. Johnston, Mr. McGee, Mr. Bentsen, Mr. Tower, Mr. McClure, Mr. Fannin, Mr. Domenici, Mr. Hansen, Mr. Dole, and Mr. Helms) submitted an amendment intended to be proposed by them jointly to the bill (S. 2872), supra.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION AUTHORIZATIONS—S. 3105

AMENDMENTS NOS. 1827 AND 1828

(Ordered to be printed and to lie on the table.)

Mr. RANDOLPH submitted two amendments intended to be proposed by him to the bill (S. 3105) to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1829

(Ordered to be printed and to lie on the table.)

Mr. INOUYE. Mr. President, for myself and Senator Goldwater I submit an amendment to section 602 of title VI (H.R. 10612), as reported by the Senate Finance Committee. That section restricts the business and income-producing expense deduction for business or trade-related conventions held outside North America.

Mr. President, the amendment which I offer would amend section 602 of title VI (H.R. 10612), as reported by the Senate Committee on Finance, relating to deductibility of expenses for attending conventions outside of North America.

As reported by the Senate Finance Committee that provision would deny a deduction for travel expenses, including transportation, meals and lodging, incurred in attending conventions held outside North America, which includes the Caribbean, unless it is more reasonable to hold the convention outside the North America area.

Excepted from this provision are conventions conducted by an organization which draws from foreign members—to the extent that the number and location of its foreign meetings are reasonable in view of the number of foreign members and attendees and their geographical dispersion.

An exception is also provided where the subject matter of the convention and purpose of the organization are such that it is more appropriate to hold the convention abroad rather than in the North American area.

Finally, no deductions would be allowed under the provision for expenses incurred in connection with conventions on cruise ships.

The amendment which I am offering would strike the provisions of section 602. In lieu thereof it would add a provision affirming existing law and the regulations of the Internal Revenue Service.

Mr. President, section 602 needlessly restricts the business and income-producing expense deduction for business or trade-related conventions held outside of North America.

It puts a restraint on travel abroad by Americans without any corresponding justification, and raises the probability of serious economic injury to several areas of the American economy.

Most assuredly it would invite retaliation from other countries. To the extent that provision would have a chilling effect on travel to the United States from abroad it is contrary to the expressed policy of our Government to promote tourism to the United States from abroad as embodied in the International Travel Act of 1961, as amended (22 U.S.C. 2121 et seq.).

Mr. President, all of us are aware of some abuse under the present law, however, I have never seen any figures quantifying that abuse.

Nevertheless, we do know conventions are held within and without North America which although ostensibly for business purposes are in reality primarily for recreation and sightseeing.

Where this is the case, the expenses incurred for attending should not be deductible for income tax purposes.

Mr. President, this is the law today. If enforced, it is quite adequate to guard against the abuses which the advocates of section 602 say necessitate enactment of that provision.

In view of its potential for harm, and the availability of a less harsh but equally effective alternative, enactment of section 602 would be a classic example of "overkill."

Before elaborating on the harmful consequences of this section, I would briefly like to restate the provisions of existing law as set out in sections 162, 212, and 274 of the Internal Revenue Code.

Under present law, the deductibility of traveling expense paid for incurred to attend a foreign convention, seminar, or similar meeting while away from home is governed by the ordinary and necessary standard under sections 162 and 212 of the Internal Revenue Code and, in certain cases, the special disallowance rules provided under section 274(c).

Generally, to be deductible, traveling expenses must be reasonable and necessary in the conduct of the taxpayer's business and directly attributable to his trade or business.

If a trip is primarily related to the taxpayer's business and the special foreign travel allocation rules do not apply, the entire traveling expenses, including food and lodging, to and from a destination are deductible. If a trip is primarily personal in nature, the traveling expenses to and from the destination are not deductible even if the taxpayer engages in business activities while at the destination. However, expenses incurred while at the destination which are allocable to the taxpayer's trade or business are deductible even if the transportation expenses are not deductible.

With respect to expenses incurred in attending a convention or other meeting, the test under section 162 is whether there is a sufficient relationship between the taxpayer's trade or business and his attendance so that he is benefiting or advancing the interests of his trade or business. Generally, deductibility depends upon the facts and circumstances of each particular case. (Treasury reg. sec. 1.162–5(e) (1). If the convention is for political, social, or other purposes unrelated to the taxpayer's business, the travel expenses are not deductible. The Internal Revenue Service has ruled that the test for allowance of deductions for convention expenses is met if the agenda of the convention or other meeting is so related to the taxpayer's position as to show that attendance was for business purposes. (Rev. Rul. 63–266, 1963–2 C.B. 88).

If an individual travels away from home primarily to obtain education for which the expenses are deductible as trade or business expenses, the expenses for travel, meals, and lodging incurred while away from home are deductible. However, the portion of the travel expenses attributable to personal activities, such as sightseeing, is treated as a nondeductible personal or living expense. If the travel away from home is primarily personal, only the meals and lodging incurred during the time spent in participating in educational pursuits are deductible. Further, in the case of foreign travel to obtain education, deductions are subject to special allocation rules.

Under section 274(c) of the code, expenses of travel outside the United States are deductible only to the extent allocable to the taxpayer's trade or business or income-producing activities if such travel is for more than 1 week or the time of travel outside the United States which is not attributable to the pursuit of the taxpayer's trade or business is 25 percent or more of the total time on such travel. In the case of foreign travel to which section 274(c) applies, this allocation requirement overrides the general rule that the entire expenses of travel are deductible if the primary purpose of the trip was related to a trade or business.

In its technical information release 1275 of February 14, 1974, the Internal

Revenue Service emphasized that cruises, trips, and conventions where little time is devoted to professional or business activities will be checked carefully by IRS examiners to determine whether the expenses are properly deductible.

At this point I ask unanimous consent that a copy of that technical information release be inserted in the RECORD.

I also ask unanimous consent that a copy of the Treasury Department regulation and interpretive rulings relating to expenses of attending foreign conventions be inserted in the RECORD immediately following that technical information release.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From Internal Revenue Service,
Washington, D.C.]

TECHNICAL INFORMATION RELEASE

Internal Revenue Agents and Tax Auditors have again been instructed to scrutinize deductions for business trips, conventions and cruises which appear to be vacations in disguise, the Internal Revenue Service today announced.

The IRS said a number of professional, business, or trade organizations and associations have been sponsoring cruises, trips and conventions during which only a small portion of the time is devoted to business activity. The practice appears to be growing.

Certain sponsoring organizations send out brochures and other material promoting cruises, trips or conventions to or in popular vacation spots or resort areas emphasizing the recreational advantages of the cruise, trip or convention but also referring to the conduct of professional or business activity, the IRS said. Sometimes the professional or business activity is of minimal relevance to the conduct of the profession or business of those solicited, or is of a nature that its location, content and participants are inconsistent with the requisite primary relationship to the conduct of the profession or business, such as a seminar in a distant foreign vacation spot taught by specialists from the locality of those solicited by the sponsoring organization. Some taxpayers may mistakenly assume that the entire cost of going on the cruise or trip or attending the convention is deductible.

If the primary purpose of the individual in taking the cruise, making the trip or going to the convention is a vacation, the cruise, trip or convention is considered to be personal in nature and the expenses incurred are not deductible. If, however, a taxpayer engages in business activities while he is on such a vacation trip, his expenses, if any, incurred specifically for business activities are deducible. For example, the properly allocable cost of a series of lectures on business or professional subjects actually attended by a cruise participant may be deductible.

Whether a cruise, trip or convention is primarily personal depends upon the facts in each case. An important factor in determining whether the cruise, trip or convention is primarily personal is a comparison of time spent on business affairs and time spent on personal activities.

Deductions claimed for cruises, trips and conventions where little time is devoted to professional or business activities will be checked carefully by IRS examiners to determine whether the expenses are properly deductible. Taxpayers will be required to substantiate the amount of time spent on business activities. Where there are indications of abuse, the IRS will request lists of the names and addresses of the participants on cruises and vacation trips which purport to provide professional or business activities during or in combination with recreation.

TREASURY DEPARTMENT REGULATION RELATING TO EXPENSES OF ATTENDING FOREIGN CONVENTIONS

Reg. § 1.274-4 (TD 6659, filed 6-24-63; amended by TD 6758, filed 9-9-64.) Disallowance of certain foreign travel expenses.

(a) Introductory. Section 274(c) and this section impose certain restrictions on the deductibility of travel expenses incurred in the case of an individual who, while traveling outside the United States away from home in the pursuit of trade or business (hereinafter termed "business activity"), engages in substantial personal activity not attributable to such trade or business (hereinafter termed "nonbusiness activity"). Section 274(c) and this section are limited in their application to individuals (whether or not an employee or other person traveling under a reimbursement or other expense allowance arrangement) who engage in nonbusiness activity while traveling outside the United States away from home, and do not impose restrictions on the deductibility of travel expenses incurred by an employer or client under an advance, reimbursement, or other arrangement with the individual who engages in nonbusiness activity. For purposes of this section, the term "United States" includes only the States and the District of Columbia, and any reference to "trade or business" or "business activity" includes any activity described in section 212. For rules governing the determination of travel outside the United States away from home, see paragraph (e) of this section. For rules governing the disallowance of travel expenses to which this section applies, see paragraph (f) of this section.

(b) Limitations on application of section. The restrictions on deductibility of travel expenses contained in paragraph (f) of this section are applicable only if—

(1) The travel expense is otherwise deductible under section 162 or 212 and the regulations thereunder.

(2) The travel expense is for travel outside the United States away from home which exceeds one week (as determined under paragraph (c) of this section), and

(3) The time outside the United States away from home attributable to nonbusiness activity (as determined under paragraph (d) of this section) constitutes 25 percent or more of the total time on such travel.

(c) Travel in excess of one week. This section does not apply to an expense of travel unless the expense is for travel outside the United States away from home which exceeds one week. For purposes of this section, one week means seven consecutive days. The day in which travel outside the United States away from home begins shall not be considered, but the day in which such travel ends shall be considered, in determining whether a taxpayer is outside the United States away from home for more than seven consecutive days. For example, if a taxpayer departs on travel outside the United States away from home on a Wednesday morning and ends such travel the following Wednesday evening, he shall be considered as being outside the United States away from home only seven consecutive days. In such a case, this section would not apply because the taxpayer was not outside the United States away from home for more than seven consecutive days. However, if the taxpayer travels outside the United States away from home for more than seven consecutive days, both the day such travel begins and the day such travel ends shall be considered a "business day" or a "nonbusiness day", as the case may be, for purposes of determining whether nonbusiness activity constituted 25 percent or more of travel time under paragraph (d) of this section and for purposes of allocating expenses under paragraph (f) of this section. For purposes of determining whether travel is outside the United States away from home, see paragraph (e) of this section.

(d) Nonbusiness activity constituting 25 percent or more of travel time—(1) In general. This section does not apply to any expense of travel outside the United States away from home unless the portion of time outside the United States away from home attributable to nonbusiness activity constitutes 25 percent or more of the total time on such travel.

(2) Allocation on per day basis. The total time traveling outside the United States away from home will be allocated on a day-to-day basis to (i) days of business activity or (ii) days of nonbusiness activity (hereinafter termed "business days" or "nonbusiness days" respectively) unless the taxpayer establishes that a different method of allocation more clearly reflects the portion of time outside the United States away from home which is attributable to nonbusiness activity. For purposes of this section, a day spent outside the United States away from home shall be deemed entirely a business day even though spent only in part on business activity if the taxpayer establishes—

(i) Transportation days. That on such day the taxpayer was traveling to or returning from a destination outside the United States away from home in the pursuit of trade or business. However, if for purposes of engaging in nonbusiness activity, the taxpayer while traveling outside the United States away from home does not travel by a reasonably direct route, only that number of days shall be considered business days as would be required for the taxpayer, using the same mode of transportation, to travel to or return from the same destination by a reasonably direct route. Also if, while so traveling, the taxpayer interrupts the normal course of travel by engaging in substantial diversions for nonbusiness reasons of his own choosing, only that number of days shall be considered business days as equals the number of days required for the taxpayer, using the same mode of transportation, to travel to or return from the same destination without engaging in such diversion. For example, if a taxpayer residing in New York departs on an evening on a direct flight to Quebec for a business meeting to be held in Quebec the next morning, for purposes of determining whether nonbusiness activity constituted 25 percent or more of his travel time, the entire day of his departure shall be considered a business day. On the other hand, if a taxpayer travels by automobile from New York to Quebec to attend a business meeting and while enroute spends two days in Ottawa and one day in Montreal on nonbusiness activities of his personal choice, only that number of days outside the United States shall be considered business days as would have been required for the taxpayer to drive by a reasonably direct route to Quebec, taking into account normal periods for rest and meals.

(ii) Presence required. That on such day his presence outside the United States away from home was required at a particular place for a specific and bona fide business purpose. For example, if a taxpayer is instructed by his employer to attend a specific business meeting, the day of the meeting shall be considered a business day even though, because of the scheduled length of the meeting, the taxpayer spends more time during normal working hours of the day on nonbusiness activity than on business activity.

(iii) Days primarily business. That during hours normally considered to be appropriate for business activity, his principal activity on such day was the pursuit of trade or business.

(iv) Circumstances beyond control. That on such day he was prevented from engaging in the conduct of trade or business as his principal activity due to circumstances beyond his control.

(v) Weekends, holidays, etc. That such day was a Saturday, Sunday, legal holiday, or other reasonably necessary stand-by day which intervened during that course of the taxpayer's trade or business while outside the United States away from home which the taxpayer endeavored to conduct with reasonable dispatch. For example, if a taxpayer travels from New York to London to take part in business negotiations beginning on a Wednesday and concluding on the following Tuesday, the intervening Saturday and Sunday shall be considered business days whether or not business is conducted on either of such days. Similarly, if in the above case the meetings which concluded on Tuesday evening were followed by business meetings with another business group in London on the immediately succeeding Thursday and Friday, the intervening Wednesday will be deemed a business day. However, if at the conclusion of the business meetings on Friday, the taxpayer stays in London for an additional week for personal purposes, the Saturday and Sunday following the conclusion of the business meeting will not be considered business days.

(e) Domestic travel excluded—(1) In general. For purposes of this section, travel outside the United States away from home does not include any travel from one point in the United States to another point in the United States. However, travel which is not from one point in the United States to another point in the United States shall be considered travel outside the United States. If a taxpayer travels from a place within the United States to a place outside the United States, the portion, if any, of such travel which is from one point in the United States to another point in the United States is to be disregarded for purposes of determining—

(i) Whether the taxpayer's travel outside the United States away from home exceeds one week (see paragraph (c) of this section),

(ii) Whether the time outside the United States away from home attributable to nonbusiness activity constitutes 25 percent or more of the total time on such travel (see paragraph (d) of this section), or

(iii) The amount of travel expense subject to the allocation rules of this section (see paragraph (f) of this section).

(2) Determination of travel from one point in the United States to another point in the United States. In the case of the following means of transportation, travel from one point in the United States to another point in the United States shall be determined as follows—

(i) Travel by public transportation. In the case of travel by public transportation, any place in the United States at which the vehicle makes a scheduled stop for the purpose of adding or discharging passengers shall be considered a point in the United States.

(ii) Travel by private automobile. In the case of travel by private automobile, any such travel which is within the United States shall be considered travel from one point in the United States to another point in the United States.

(iii) Travel by private airplane. In the case of travel by private airplane, any flight, whether or not constituting the entire trip, where both the takeoff and the landing are within the United States shall be considered travel from one point in the United States to another point in the United States.

(3) Examples. The provisions of subparagraph (2) may be illustrated by the following examples:

Example (1). Taxpayer A flies from Los Angeles to Puerto Rico with a brief scheduled stop-over in Miami for the purpose of adding and discharging passengers and A returns by airplane nonstop to Los Angeles. The travel from Los Angeles to Miami is considered travel from one point in the United States to another point in the United States. The travel from Miami to Puerto Rico and from Puerto Rico to Los Angeles is not considered travel from one point in the United States to another point in the United States and, thus, is considered to be travel outside the United States away from home.

Example (2). Taxpayer B travels by train from New York to Montreal. The travel from New York to the last place in the United States where the train is stopped for the purpose of adding or discharging passengers is considered to be travel from one point in the United States to another point in the United States.

Example (3). Taxpayer C travels by automobile from Tulsa to Mexico City and back. All travel in the United States is considered to be travel from one point in the United States to another point in the United States.

Example (4). Taxpayer D flies nonstop from Seattle to Juneau. Although the flight passes over Canada, the trip is considered to be travel from one point in the United States to another point in the United States.

Example (5). If in example (4) above, the airplane makes a scheduled landing in Vancouver, the time spent in traveling from Seattle to Juneau is considered to be travel outside the United States away from home. However, the time spent in Juneau is not considered to be travel outside the United States away from home.

(f) Application of disallowance rules—(1) In general. In the case of expense for travel outside the United States away from home by an individual to which this section applies, except as otherwise provided in subparagraph (4) or (5) of this paragraph, no deduction shall be allowed for that amount of travel expense specified in subparagraph (2) or (3) of this paragraph (whichever is applicable) which is obtained by multiplying the total of such travel expense by a fraction—

(i) The numerator of which is the number of nonbusiness days during such travel, and

(ii) The denominator of which is the total number of business days and nonbusiness days during such travel.

For determination of "business days" and "nonbusiness days", see paragraph (d)(2) of this section.

(2) Nonbusiness activity at, near, or beyond business destination. If the place at which the individual engages in nonbusiness activity (hereinafter termed "nonbusiness destination") is at, near, or beyond the place to which he travels in the pursuit of a trade or business (hereinafter termed "business destination"), the amount of travel expense referred to in subparagraph (1) of this paragraph shall be the amount of travel expense, otherwise allowable as a deduction under section 162 or section 212, which would have been incurred in traveling from the place where travel outside the United States away from home begins to the business destination, and returning. Thus, if the individual travels from New York to London on business, and then takes a vacation in Paris before returning to New York, the amount of travel expense subject to allocation is the expense which would have been incurred in traveling from New York to London and returning.

(3) Nonbusiness activity on the route to or from business destination. If the nonbusiness destination is on the route to or from the business destination, the amount of the travel expense referred to in subparagraph (1) of this paragraph shall be the amount of travel expense, otherwise allowable as a deduction under section 162 or 212, which would have been incurred in traveling from the place where travel outside the United States away from home begins to the nonbusiness destination and returning. Thus, if the individual travels on business from Chicago to Rio de Janeiro, Brazil with a scheduled stop in New York for the purpose of adding and discharging passengers, and while enroute stops in Caracas, Venezuela for a vacation and returns to Chicago from Rio de Janiero with another scheduled stop in New York for the purpose of adding and discharging passengers, the amount of travel expense subject to allocation is the expense which would have been incurred in traveling from New York to Caracas and returning.

(4) Other allocation method. If a taxpayer establishes that a method other than allocation on a day-by-day basis (as determined under paragraph (d)(2) of this section) more clearly reflects the portion of time outside the United States away from home which is attributable to nonbusiness activity, the amount of travel expense for which no deduction shall be allowed shall be determined by such other method.

(5) Travel expense deemed entirely allocable to business activity. Expenses of travel shall be considered allocable in full to business activity, and no portion of such expense shall be subject to disallowance under this section, if incurred under circumstances provided for in subdivision (i) or (ii) of this subparagraph.

(i) Lack of control over travel. Expenses of travel otherwise deductible under section 162 or 212 shall be considered fully allocable to business activity if, considering all the facts and circumstances, the individual incurring such expenses did not have substantial control over the arranging of the business trip. A person who is required to travel to a business destination will not be considered to have substantial control over the arranging of the business trip merely because he has control over the timing of the trip. Any individual who travels on behalf of his employer under a reimbursement or other expense allowance arrangement shall be considered not to have had substantial control over the arranging of his business trip, provided the employee is not—

(a) A managing executive of the employer for whom he is traveling (and for this purpose the term "managing executive" includes only an employee who, by reason of his authority and responsibility, is authorized, without effective veto procedures, to decide upon the necessity for his business trip), or

(b) Related to his employer within the meaning of section 267(b) but for this purpose the percentage referred to in section 267(b)(2) shall be 10 percent.

(ii) Lack of major consideration to obtain a vacation. Any expense of travel, which qualifies for deduction under section 162 or 212, shall be considered fully allocable to business activity if the individual incurring such expenses can establish that, considering all the facts and circumstances, he did not have a major consideration, in determining to make the trip, of obtaining a personal vacation or holiday. If such a major consideration were present, the provisions of subparagraphs (1) through (4) of this paragraph shall apply. However, if the trip were primarily personal in nature, the traveling expenses to and from the destination are not deductible even though the taxpayer engages in business activities while at such destination. See paragraph (b) of § 162–2.

(g) Examples. The application of this section may be illustrated by the following examples:

Example (1). Individual A flew from New York to Paris where he conducted business for 1 day. He spent the next 2 days sightseeing in Paris and then flew back to New York. The entire trip, including 2 days for travel enroute, took 5 days. Since the time outside the United States away from home during the trip did not exceed 1 week, the disallowance rules of this section do not apply.

Example (2). Individual B flew from

Tampa to Honolulu (from one point in the United States to another point in the United States) for a business meeting which lasted 3 days and for personal matters which took 10 days. He then flew to Melbourne, Australia where he conducted business for 2 days and went sightseeing for 1 day. Immediately thereafter he flew back to Tampa, with a scheduled landing in Honolulu for purpose of adding and discharging passengers. Although the trip exceeded one week, the time spent outside the United States away from home, including 2 days for traveling from Honolulu to Melbourne and return, was 5 days. Since the time outside the United States away from home during the trip did not exceed 1 week, the disallowance rules of this section do not apply.

Example (3). Individual C flew from Los Angeles to New York where he spent 5 days. He then flew to Brussels where he spent 14 days on business and 5 days on personal matters. He then flew back to Los Angeles by way of New York. The entire trip, including 4 days for travel enroute, took 28 days. However, the two days spent traveling from Los Angeles to New York and return, and the 5 days spent in New York are not considered travel outside the United States away from home and, thus, are disregarded for purposes of this section. Although the time spent outside the United States away from home exceeded one week, the time outside the United States away from home attributable to nonbusiness activities (5 days out of 21) was less than 25 percent of the total time outside the United States away from home during the trip. Therefore, the disallowance rules of this section do not apply.

Example (4). D, an employee of Y company, who is neither a managing executive of, nor related to, Y Company within the meaning of paragraph (f)(5)(i) of this section, traveled outside the United States away from home on behalf of his employer and was reimbursed by Y for his traveling expense to and from the business destination. The trip took more than a week and D, took advantage of the opportunity to enjoy a personal vacation which exceeded 25 percent of the total time on the trip. Since D, traveling under a reimbursement arrangement, is not a managing executive of, or related to, Y Company, he is not considered to have substantial control over the arranging of the business trip, and the travel expenses shall be considered fully allocable to business activity.

Example (5). E, a managing executive and principal shareholder of X Company, travels from New York to Stockholm, Sweden to attend a series of business meetings. At the conclusion of the series of meetings, which last one week, E spends one week on a personal vacation in Stockholm. If E establishes either that he did not have substantial control over the arranging of the trip or that a major consideration in his determining to make the trip was not to provide an opportunity for taking a personal vacation, the entire travel expense to and from Stockholm shall be considered fully allocable to business activity.

Example (6). F, a self-employed professional man, flew from New York to Copenhagen, Denmark, to attend a convention sponsored by a professional society. The trip lasted three weeks, of which two weeks were spent on vacation in Europe. F generally would be regarded as having substantial control over arranging this business trip. Unless F can establish that obtaining a vacation was not a major consideration in determining to make the trip, the disallowance rules of this section apply.

Example (7). Taxpayer G flew from Chicago to New York where he spent 6 days on business. He then flew to London where he conducted business for 2 days. G then flew to Paris for a 5 day vacation after which he flew back to Chicago, with a scheduled landing in New York for the purpose of adding and discharging passengers. G would not have made the trip except for the business he had to conduct in London. The travel outside the United States away from home exceeded a week and the time devoted to nonbusiness activities was not less than 25 percent of the total time on such travel. The two days spent traveling from Chicago to New York and return, and the 6 days spent in New York are disregarded for purposes of determining whether the travel outside the United States away from home exceeded a week and whether the time devoted to nonbusiness activities was less than 25 percent of the total time outside the United States away from home. If G is unable to establish either that he did not have substantial control over the arranging of the business trip or that an opportunity for taking a personal vacation was not a major consideration in his determining to make the trip, 5/9ths (5 days devoted to nonbusiness activities out of a total 9 days outside the United States away from home on the trip) of the expenses attributable to transportation and food from New York to London and from London to New York will be disallowed (unless G establishes that a different method of allocation more clearly reflects the portion of time outside the United States away from home which is attributable to nonbusiness activity).

(h) Cross reference. For rules with respect to whether an expense is travel or entertainment, see paragraph (b)(1)(iii) of § 1.274-2.

Mr. INOUYE. Mr. President, existing law and agency regulations clearly and unequivocably prohibit taxpayers from claiming expenses for trips which are personal in nature. And there are no loopholes!

All the IRS need do is rigorously enforce the Internal Revenue Code and its own regulations to determine whether expenses incurred in attending a meeting or convention qualify as business or income-producing expense deductions.

Indeed, the IRS recognized this in its technical information release I cited previously.

I might add the Internal Revenue Service should be doing this now, if the integrity of our tax system is to be maintained and the United States is to receive the tax revenues to which it is entitled under the law.

The provisions of existing law are clear and relatively precise.

As a consequence the IRS knows its responsibilities, and taxpayers can readily determine before the event whether or not the expenses they incur at a proposed convention will be tax deductible.

In my judgment just the opposite will result if section 602 is enacted.

That section proposes two criteria for determining whether expenses incurred for attending a convention outside of North America would be tax deductible. Those two criteria relate to the residence of the members of the organization sponsoring the convention, and whether it is "more reasonable" to hold the convention outside of the North American area.

Mr. President, both of these criteria are highly subjective and therefore susceptible to many and varied interpretations by the IRS. Organizations wishing to sponsor conventions, and tax paying public who wish to attend these conventions in good faith.

This uncertainty can only lead to chaos, and an unenforced law.

Mr. President, when faced with abuses or problems, the easy answer is to legislate added restrictions. More often than not, this is also the wrong answer.

In the instant case, it is most decidedly the wrong answer, in my judgment.

Should section 602 or a similarly restrictive provision be enacted, most assuredly other nations will enact retaliatory measures, and international tourism which includes convention attendance could be severely inhibited.

Such a result, I must emphasize, would have serious consequences, internationally, after petroleum, tourism is the largest item in world trade.

Canada, Mexico, Japan, United Kingdom, West Germany and France are the greatest suppliers of tourists to the United States.

At my request, the Law Division of the Library of Congress researched the laws of those countries for information concerning income tax deductions for citizens when they attend conventions in the United States.

The results of the Law Division's research indicate that the citizens of every one of these countries may in effect claim a deduction for expenses incurred in attending conventions in the United States when attendance is for business or income producing reasons.

Canada does, however, have a territorial restriction with respect to Canadian national or provincial organizations which hold their conventions in the United States. In those instances, expenses incurred in attending are not tax deductible.

Thus, five of the six countries which supply the major portion of our international tourism have no restrictions similar to those in section 602, and the sixth country has a restriction which is far less stringent.

Mr. President, this information clearly indicates the seriousness of the retaliation we can expect if section 602 is enacted.

Briefly, I would like to suggest what this retaliation could mean to several areas of our economy.

Tourism which includes meetings and conventions is a $70 billion-plus industry in the United States. Of that amount, about $6 billion results from international tourist expenditures.

Convention expenditures within the United States last year amounted to over $3 billion. We do not know precisely how much of that amount is attributable to foreign attendees, but we do know it is substantial.

An independent survey commissioned by the United States Travel Service found the following:

> The United States is the site of only 6.6% of all meetings held (as an average) in 1973 and 1974. Because the attendance at events of this nature is greater in the United States than in many other countries, the "share of market" of the United States in terms of participants is, however, substantially larger: 14.5%.
>
> In the years 1973 and 1974, foreign attendance at domestic meetings in the United States was approximately 225,000 individuals per year.

> Combining both purely international meetings with foreign attendance at national meetings, it is estimated that some 390,000 persons can be "credited" to the positive side of the international ledger for the U.S. market.
>
> The total combined direct value of these two sources of income is thus estimated at something more than $100,000,000 (excluding international air transportation and discretionary spending). With conventional multipliers, this results in a total economic benefit of somewhere between $310,000,000 and $415,000,000 per year (in 1972 dollars) at the present time.

A more recent example of what foreign convention business can mean was the 25th annual conference of the Pacific Area Travel Association which was held in Honolulu. Over 2,000 delegates from countries throughout the Pacific Basin and Europe attended.

And later this year the American Society of Travel Agents will be holding their annual conference in New Orleans. Over 6,000 delegates from 110 countries will attend.

The potential economic loss to the United States if other nations should retaliate is therefore very substantial.

Moreover, it would not be confined to the cities and other convention sites, it would ripple throughout the economy of the country.

Mr. President, there will be other serious economic consequences for our economy if section 602 is enacted, and they will occur independent of any retaliatory measures enacted by other countries.

Participation by U.S. residents in meetings abroad stimulates the sale of U.S. goods and services there.

For example, U.S. delegates attending foreign conventions travel by scheduled or chartered airlines. In a majority of cases, these airlines are American owned. If foreign convention travel is curtailed our airlines will suffer at a time when they can ill afford to do so.

Our hotel industry will also suffer. Many foreign hotels, particularly those specifically designed for the convention trade, represent substantial investments by American hotel firms such as Marriott, Sheraton, Hilton, Intercontinental, Holiday Inns, and Hyatt.

The revenues derived from the convention traffic in these hotels represent a substantial portion of the profits earned by these American hotel companies, and the dividends paid to their American stockholders.

In other instances where the hotels are owned by local (foreign) interests, the revenues and profits will substantially affect the well-being of American management firms, whose total incomes are derived from fees and profit percentages from these hotel operations. Once again, these fees and percentages represent income for American management firms, as well as dividends for their stockholders.

The resultant drop in air traffic could have other far-reaching effects on our economy, with such companies as Boeing, Lockheed, and McDonnell Douglas, who manufacture some of the aircraft used by virtually every airline in the world. The resultant loss of this market for these manufacturers would have a staggering effect on the economy and welfare of the areas in which these companies function.

Mr. President, I have tried to explain why I believe the provisions of section 602 are not only unnecessary, but potentially harmful.

Enactment of that section will most assuredly give rise to serious economic consequences at a time where we can ill afford them as a nation.

Just as importantly adequate means and machinery exist to correct any abuses that now exist.

Before concluding, however, I would briefly like to consider the obverse question.

That is, why is section 602 necessary?

Mr. President, I have researched the hearings in both the House and Senate committees, and there is very little, if any, hard evidence that widespread abuse of our tax laws exists.

Rather, it seems that the proponents of section 602 have seized upon a statement in the IRS technical information release that abusive practices are growing, and the existence of some promotional material advertising some foreign conventions in such terms as a "tax-paid vacation" at a "glorious" location.

I concede there are abuses, but where is the documentation that those abuses are widespread?

Moreover, if there is documentation that widespread abuse does exist, why does the IRS not tighten its regulations and enforcement procedures. The Agency has ample authority under the law to do both.

Significantly, I believe, it has been estimated that enactment of the provisions in section 602 would add less than $5 million to our tax coffers.

Balancing the amount of money the U.S. economy stands to lose if this section becomes law against that amount gives us a good perspective from which to judge the merits of section 602, I believe.

Mr. President, the case for section 602 has not, in my judgment, been made.

On the contrary, the case against it is, in my judgment, overwhelming.

I therefore submit my amendment to strike the provision of that section, and replace it with one affirming existing law.

AMENDMENT NO. 1840

(Ordered to be printed and to lie on the table.)

UTILITY TAX EXEMPTION

Mr. METCALF. Mr. President, the Senate will soon consider H.R. 10612, the Tax Reform Act of 1976. The Finance Committee has included in the bill substantial additional benefits and tax relief for the investor-owned utilities—the I O U's. The sections of the bill benefitting the I O U's are unfortunate and unfair for two basic reasons.

The first is that the I O U's have already been relieved from the responsibility of paying Federal income taxes for all practical purposes. The second reason is that electric utilities are currently doing very well by and large, and do not need relief from the Federal Government.

For these reasons, I am today introducing an amendment to H.R. 10612. It provides that tax benefits and obligations of the I O U's be deleted. The amendment is based upon my bill, S. 2213—the Electric Utility Tax Exemption Act.

Enactment of my amendment will officially exempt electric utilities from the responsibility of paying Federal income taxes. It will achieve openly what has already occurred through abundant hidden tax loopholes which indulgent Congresses have bestowed upon the I O U's.

In addition to exempting electric utilities from Federal income taxes and simplifying the Internal Revenue Code, passage of the language in S. 2213 will put a stop to the substantial abuses of State regulatory law which have occurred because of the present Federal tax laws. These abuses have unnecessarily raised rates for already burdened consumers of electricity.

I believe that concerned Members of Congress, the public, and the electric utility industry will rally to support my proposed amendment once some of the questions surrounding Federal taxation of I O U's are answered. Attempts to further benefit electric utilities through complex additions to the Internal Revenue Code—like those presently contained in the Tax Reform Act of 1975—can only be justified by continuing myths and misconceptions about Federal income taxes paid by electric utilities.

First. Will adoption of my amendment deprive the Treasury of substantial revenues? No, the entire electric utility industry paid only $528 million in Federal income taxes on total operating revenues of $42.2 billion in 1974, according to data complied by the Federal Power Commission. That was a decrease of 48 percent in absolute dollars from the $1 billion paid in Federal income taxes by electric utilities in 1955, 20 years ago.

Of course, service growth and inflation have caused the absolute dollar value of revenues and other expenses to skyrocket from levels of 1955. For instance, operating revenues for I O U's increased over sixfold during the same 20-year period—from $6.9 billion in 1955 to $42.2 billion in 1974.

Since taxes are based on income, it should be noted that investor-owned electric utilities' profitability, as measured by the return on common stock equity, was the same in 1955 and 1974. In both years the I O U's averaged 10.8 percent.

Attempts to aid electric utilities through tax breaks are inherently doomed to fail. Last year, Labor Secretary Dunlop and his Labor-Management Advisory Committee came up with a group of tax recommendations projected to give the I O U's $600 million, but were stymied because the entire industry only paid $528 million in Federal income taxes. With new powerplants costing over $1 billion each, the amount of capital available from further reduced taxes is not sufficient to increase plant construction significantly.

Second. Will adoption of my amendment significantly reduce the number of electric utilities paying Federal income taxes?

Not at all. Data from 1974—the most recent available—shows that 76 of the 215 major electric utilities have already removed themselves from the rolls of taxpayers by using the formidable array of tax loopholes already available. Instead of paying Federal income taxes, those utilities accumulated over $218 million of tax credits. The number of nontaxpayers increased from 50, or 23 percent, of the I O U's in 1973 to 76, which amounted to 35 percent of the major I O U's in 1974.

Of the I O U's which have not managed to remove themselves completely from the tax rolls yet, nearly all are paying minimal amounts of Federal income taxes. Federal income taxes amounted to only 1.3 percent of I O U revenues in 1974, down from 14.7 percent of revenues in 1955.

Third. Will adoption of my amendment greatly simplify the Internal Revenue Code while accomplishing the same goals as the existing tax law and proposed reforms?

Definitely. Application of the present tax laws generally requires two different sets of books with additional accounts and a voluminous bookkeeping burden. The result of all this extra effort enriches accountants and tax lawyers, but only tends to confuse investors, regulators, and ratepayers who must try to decipher the real financial position of utilities.

Adoption of my amendment will do away with the extra set of books and the wasted time and money spent trying to apply and understand the tax laws. Furthermore, it will guarantee the permanent reduction in utility expenses which have resulted from the elaborate tangle of tax benefits passed by Congress, and toss in the last $528 million which the I O U's and tax reformers are still trying to get.

Electric utilities will officially and openly achieve the zero Federal income taxation which they have very nearly accomplished at great expense and abundant confusion under the present tax laws. We in Congress will then have one less continous distraction, and several executive departments and regulatory agencies will have a significant amount of staff and resources available to perform other tasks.

Fourth. Will adoption of my amendment cure tax inequities and lost revenues elsewhere in the Internal Revenue Code?

Yes, it will prevent the spillover to shareholders of tax benefits intended by Congress for the use of electric utilities. One of the side effects of the complexity of the present tax law has been that many IOU's have been able to distribute dividends which are tax free to the shareholders who receive them.

This benefit to shareholders was unintended and Congress has tried to correct it once, but the problem has continued to grow. In 1974, 649 million in tax-free dividends were distributed to shareholders by I O U's. Vast amounts of I O U shares are held by institutions which do not need or deserve this tax-free bonanza.

A description of how this remarkable process works is presented in my remarks in the RECORD on March 4, 1976, page 5461; and on March 23, 1976, page 7553.

Fifth. Will adoption of my amendment benefit consumers as well as utilities, and correct inequities under the existing law?

Yes, one of the major problems of the existing, complex provisions to aid electric utilities is that they do not also benefit consumers hard-pressed by vastly increased electricity rates. Many Members of Congress have mistakenly believed that voting for complicated accelerated depreciation and investment tax credit provisions would reduce rates for consumers.

The present tax benefits for I O U's do not generally pass through to consumers because the I O U's continue to charge customers for Federal income taxes as if the tax benefits did not exist. The I O U's are able to do this with the aid of sophisticated accounting techniques which permit them to keep two sets of books—one showing little or no taxes owed for use by the IRS, and one showing substantial taxes owed for use in setting rates.

The difference can be quite dramatic. For example, a regulatory commission which determines that a utility needs an income increase of $10 million may order a rate increase for customers of almost $20 million. The doubling of the income required to determine the rates charged customers is to permit the I O U to pay Federal income taxes at the theoretical 48 percent on the amount of rate increase, and still have $10 million left for income.

Of course, nearly all I O U's pay little or no Federal income taxes. Instead, they keep the extra money charged for taxes, and customers are left holding the bag for large sums of money because of a fine point of accounting theory.

At the end of 1973, the I O U's were holding $4.2 billion in unpaid Federal taxes which had been collected from customers in this fashion. That figure is undoubtedly much greater by now.

If my amendment is adopted, a regulatory agency would only grant a rate increase for the amount of extra income needed. A decision for $10 million of extra income would result in a total rate increase of $10 million.

A more detailed explanation of the way I O U's keep taxes is contained in my remarks in the RECORD on September 10, 1975, page 28394.

Fourth. Do utilities need an increased and liberalized investment tax credit?

No, the I O U's do not need any investment tax credit at all. When Congress first considered the investment tax credit in 1962 as an incentive for companies to increase capital spending, President Kennedy's Secretary of the Treasury, C. Douglas Dillon, recommended that utilities be excluded from taking the credit since they have a legal duty to make all prudently necessary investment, are guaranteed a fair return on such investment, and thus have no need for any incentive to invest. Nevertheless, Congress included a 3-percent tax credit for utilities when the general 7-percent investment tax credit was passed. In 1964, the law was amended to provide that Federal regulatory agencies could not require utilities under their jurisdiction to pass on to the customers the immediate savings permitted by the 3-percent credit without the unlikely consent of the utility itself.

The 1962 law was repealed in 1969 and the law establishing a 4 percent investment tax credit for utilities was passed in 1971. The present law was written so that no regulatory commission, either State or Federal, can pass the immediate benefit of the tax savings on to the customers. So now customers in every jurisdiction are unjustly required to pay a return on their own money if the utility is to be allowed to qualify for the investment tax credit.

Seven. What effect will my amendment have on Federal revenues during fiscal 1977?

None. The effective date of the changes will be October 1, 1977. Thus adjustment of revenues affected by my amendment in order to meet our fiscal 1977 ceilings will be unnecessary.

The investment tax credit is now 10 percent, and going higher. A more complete description of utilities and the investment tax credit is contained in my remarks in the RECORD on September 11, 1974, page 30756.

Eight. Do electric utilities need any additional aid from the Federal Government?

No, after a constant series of large rate increases over the past few years, the I O U's are doing very well in the profits category. The usual story told by the I O U's to Congress is that they need more money now so they can start building to meet needs for electricity 5 and 10 years from now.

The over estimation of electricity demand by the I O U's in the past has saddled them—and their customers who pay all the bills—with the biggest excess reserve capacity margin since 1939, during the Great Depression. The lights in the United States will not be going out in the foreseeable future. In fact, most utilities have cancelled or slowed down existing projects.

The Library of Congress has compiled data from the Edison Electric Institute—the trade association of I O U's—showing that the excess reserve capacity margin for electricity in the United States was 33.5 percent in 1975, up from 27.2 percent in 1974 and 20.8 percent in 1973. The reserve margin in 1968 was only 15.9 percent. The Federal Power Commission recommends a 15 percent reserve margin above peak demand to allow for maintenance and breakdowns.

The amount of excess idle capacity is startling from looking at the percentage figures, but when the size and cost of utility plants are considered, it boggles the mind. The Federal Government and the customers—who have been asked to obligingly pay for plants whether they are used or not—have denoted more than enough to protect this Nations' supply of electricity.

We simply cannot afford any more of the useless excess capacity which has been constructed by the I O U's. The simple fact is that the I O U's do not presently need more money to build more plants. When they do, they shall be able to draw on the handsome and reliable profits which they have never failed to show.

Mr. President, I ask that the Library of Congress study on excess reserve margins be printed in the RECORD at this point.

There being on objection, the material was ordered to be printed in the RECORD, as follows:

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washintgon, D.C., May 14, 1976.

To: The Senate Reports, Accounting and Management Subcommittee, Attention: Jack Chesson.

From: Economics Division.

Subject: Current information on capacity factors, load factors and reserve margins of the electric utility industry.

This memorandum is in response to your request for current information on capacity factors, load factors and reserve margins of the electric utility industry, especially by region of the country. To review, capacity factors relate average annual load (or total electricity generation expressed in kilowatts) to installed capacity of the system and measures the average usage of the equipment. Load factors are similar, but they relate average annual load to peak demand and measure the maximum usage of the system. Reserve margins are similar to load factors in that they indicate at the time of maximum usage what portion of electricity capability over the peak is being held in reserve.

A report recently released by Edison Electric Institute (EEI) shows preliminary load factors and reserve margins for 1975, and also gives historical data for regions of the country. Data on capacity factors are not yet available.

Table 1 gives annual load factors for the nine Regional Reliability Councils (identified on the attached map) over the 1968–1975 period and shows load factors for the total U.S., excluding Alaska and Hawaii. The 1975 annual load factor for the total industry was 60.9%, a continuation of the decline which began in 1969. Throughout the regions in 1975, load factors generally declined, except for two regions—the Mid-Atlantic Area Council (MAAR) and the Southwest Power Pool (SPP). The load factor for MAAR increased marginally, and for SPP it rose from 51.4% in 1974, the lowest for all regions, to 57.4% in 1975, still below the national average.

Declining load factors are a result of several factors, as can be seen on Table 2. Annual requirements, defined as utility generation plus electricity received from outside sources such as foreign imports and certain industrial generating facilities, have increased each year since 1969, but at a rate consistently lower than the increase in peak demand. One could argue that this demonstrates the price effect on peak demand. That is, especially since 1972, as electricity prices have increased, avreage annual demand has increased at a decreasing rate. Consumers responded to the higher prices by conserving their electricity use, thus growth slowed to below the historical rate of about 7% per year. The increase in peak demand also abated, but not as much as consumption, thus indicating that although peak users did cut back on use (presumably because of higher prices) the slowdowns on peak were not as large as off peak. Since the country is, on average, summer peaking as a result of the air conditioning load, it is not difficult to assume that air conditioning use might be relatively insensitive to price changes.

You also asked for current, regional data on reserve margins. Table 3 shows for Regional Reliability Councils and the contiguous U.S. EEI estimated reserve margins for 1968–1975. Note that these margins include provisions for maintenance, emergency outages and system operating requirements. Any extra, after these needs are met, is for unforeseen loads on the system. As is clear from the table, reserve margins have been increasing to very high levels in the last several years, reaching a recently unprecedented (since 1939) high of 33.5% in 1975 for the nation as a whole.

The primary reason for this increase has been steady growth in capacity installations, averaging about 8% over the past 7 years, coupled with a slowdown in the growth of peak demand (Table 2), usually the precursor for capacity additions. In 1975, summer capabilities rose 7.6% to 478,050 megawatts (Mw) versus 444,400 Mws in Summer 1974. Summer peak demand rose only 2.6% over the same period. Clearly, when the electric utility industry 5 to 10 years ago planned and commenced building the capacity coming on line today, so one expected the sharp price increase in fuel and other generating costs causing the drop in peak demand growth. As a result, today even more unused capacity is on line and in rate base, causing higher prices for electric rate payers. The spiral of high costs-high prices-low demand-unused costly capacity hopefully will abate with more complete projections of future electricity needs.

We trust that this analysis will be useful to you. If you have any additional questions, do not hesitate to contact us.

ANGELA LANCASTER,
Analyst in Utility Economics.

CRS-5

TABLE 1.—ANNUAL LOAD FACTOR

[In percent]

Regions	1968	1969	1970	1971	1972	1973	1974	[1] 1975
NPCC	62.4	64.0	64.1	65.0	64.9	63.3	65.3	62.8
MAAC	60.6	61.0	62.5	60.9	59.4	57.2	59.4	59.7
ECAR	68.3	70.9	69.9	72.8	69.3	67.5	68.7	66.6
SERC	66.2	66.4	65.6	65.7	63.0	64.5	61.7	61.4
MAIN	57.1	58.6	58.1	57.4	56.8	56.3	57.9	55.7
SPP	53.7	54.8	54.6	57.4	56.2	57.6	51.4	57.4
ERCOT	55.4	54.2	55.8	56.6	57.3	57.0	54.7	54.4
MARCA	58.6	60.3	59.1	58.7	57.6	56.5	59.8	59.1
WSCC	64.1	70.5	69.8	68.0	67.0	69.4	67.2	66.8
Survey total for the 9 regions	64.3	64.9	64.7	64.1	63.4	62.9	62.0	61.7
Total electric utility industry of the contiguous United States	63.5	64.1	63.9	63.2	62.5	62.0	61.2	60.9

[1] Preliminary.

Source: Edison Electric Institute, Electric Power Survey Committee, "1975 Year-End Summary of the Electric Power Situation in the United States," Dec. 31, 1975, p. 15.

TABLE 2.—ANNUAL LOAD FACTORS, CONTIGUOUS UNITED STATES 1969–75

	Annual requirements		Peak demand		Load factor (percent)
	Billion kilowatts	Percent increase	Megawatts	Percent increase	
1969	1,446.0		257,650		64.1
1970	1,536.4	6.3	274,650	6.6	63.9
1971	1,617.1	5.3	292,100	6.4	63.2
1972	1,752.2	8.4	319,150	9.3	62.7
1973	1,868.8	6.7	343,900	7.8	62.0
1974	1,871.7	.2	349,250	1.6	61.2
1975	1,913.9	2.3	358,200	2.6	[1] 61.0

[1] Reported load factor was 60.9 percent.

Source: Edison Electric Institute, Electric Power Survey Committee, "1975 Year-End Summary of the Electric Power Situation in the United States," Dec. 31, 1975, pp. 12, 14.

TABLE 3.—ANNUAL RESERVE MARGINS [1]

[In percent]

Regions	1968	1969	1970	1971	1972	1973	1974	1975 [2]
NPCC	[3] 20.4	[3] 24.1	[3] 27.0	23.7	[3] 32.3	22.3	34.8	39.7
MAAC	7.3	7.8	18.3	21.8	21.6	16.7	28.0	38.9
ECAR	9.4	[3] 21.3	17.8	16.6	17.2	20.0	33.5	38.0
SERC	13.8	11.8	12.7	15.9	13.4	16.5	18.1	28.7
MAIN	9.5	14.7	14.6	12.2	8.9	9.6	25.8	27.2
SPP	18.8	15.9	16.3	24.0	20.7	28.3	23.1	32.2
ERCOT	22.9	10.4	16.1	18.1	25.2	22.1	28.6	36.2
MARCA	21.2	23.6	15.7	16.8	14.3	13.6	24.0	26.6

Regions	1968	1969	1970	9171	1972	1973	1974	1975 [2]
WSCC	[3] 23.4	[3] 32.8	[3] 30.8	[3] 31.7	[3] 24.7	31.7	31.1	33.6
Survey total for the 9 regions [4]	17.2	16.6	19.0	20.9	19.6	20.8	27.2	33.5
Total electric utility industry of the contiguous United States	15.9	19.0	19.5	20.7	19.6	20.8	27.2	33.5

[1] Based on either summer or December peak, whichever is higher.
[2] Preliminary.
[3] December peak.
[4] Based on summer peak only.

Source: Edison Electric Institute, Electric Power Survey Committee, "1975 Year-End Summary of the Electric Power Situation in the United States," Dec. 31, 1975, pp. 11–12.

LOBBYING DISCLOSURE ACT OF 1976—S. 2477

AMENDMENT NO. 1830

(Ordered to be printed and to lie on the table.)

Mr. METCALF submitted an amendment intended to be proposed by him to the bill (S. 2477) to provide more effective public disclosure of certain lobbying activities to influence issues before the Congress and the executive branch, and for other purposes.

NATURAL GAS ACT AMENDMENTS OF 1976—S. 3422

AMENDMENTS NOS. 1831 THROUGH 1835

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI submitted five amendments intended to be proposed by him to the bill (S. 3422) to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and for other purposes.

AMENDMENT NO. 1836

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI (for himself, Mr. Johnston, and Mr. Montoya) submitted an amendment intended to be proposed by them jointly to the bill (S. 3422), supra.

AMENDMENTS NOS. 1837, 1838, AND 1839

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI (for himself, Mr. Tower, Mr. Johnston, Mr. Bartlett, Mr. Bentsen, Mr. Dole, Mr. Garn, Mr. Eastland, Mr. McGee, and Mr. Montoya) submitted three amendments intended to be presented by them jointly to the bill (S. 3422), supra.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. MANSFIELD. Mr. President, on behalf of the distinguished chairman of the Committee on the Judiciary, the Senator from Mississippi (Mr. Eastland), I announce that the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Frank S. Spies, of Michigan, to be U.S. attorney for the western district of Michigan for the term of 4 years, vice John P. Milanowski, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Monday, June 21, 1976, any representations or objections they may wish to present concerning the above nomination with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARINGS

Mr. METCALF. Mr. President, since the flooding following the failure of the Teton Dam in Idaho on June 5, 1976 which caused extensive personal injury, loss of life and damage to property, I feel that prompt action on the part of the **Federal Government is essential. In view of the urgency of this situation, I am rescheduling the hearing on this tragedy from Thursday, June 24 to Tuesday, June 15. The Subcommittee on Energy Research and Water Resources of the Senate Interior and Insular Affairs Committee will hold this hearing at 10 a.m. in room 3110, Dirksen Senate Office Building, on S. 3542, a bill which I have introduced** to provide relief for the victims of this unfortunate situation.

NOTICE OF HEARINGS

Mr. METCALF. Mr. President, the Senate Committee on Interior and Insular Affairs will hold a hearing on Tuesday, June 22, at 10 a.m., on H.R. 7792, the "Alpine Lakes Area Management Act of 1976." This bill, which was passed by the House earlier this week, creates a 393,000-acre wilderness area within the Cascade Mountains of Washington State, surrounded by a multiple-use management unit of some 527,000 acres. It provides a time certain and the method for acquisition of private lands, and an authorization of appropriations.

The hearing will be held in room 3110, Dirksen Senate Office Building, and is open to the public. Contact Tom Platt at 202—224-0611 for further information.

NOTICE OF HEARINGS ON PROPOSED NATIONAL FOOD MARKETING STUDY COMMISSIONS

Mr. HUDDLESTON. Mr. President, the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, of which I am chairman, has scheduled hearings on legislation which would create a temporary national commission to study the broad area of food marketing.

The bills are S. 3004, introduced by the Senator from Minnesota (Mr. Humphrey), and S. 3045, introduced by the Senator from South Dakota (Mr. McGovern).

The subcommittee plans 2 days of hearings, beginning each day at 10 a.m., on Wednesday, June 23, and Friday, June 25, in 322 Russell Senate Office Building, the hearing room of the Committee on Agriculture and Forestry.

Those who wish to testify should contact the committee's hearing clerk at 224-2035 before the close of business on Monday, June 21.

NOTICE OF HEARINGS ON REQUIREMENTS FOR IMPORTED TOMATOES

Mr. HUDDLESTON. Mr. President, the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, of which I am chairman, will hear testimony on Thursday, June 17, on S. 2440, a bill introduced by the Senator from Florida (Mr. Chiles), which would require that imported tomatoes meet the same packaging and container standards required of domestic tomatoes under marketing orders.

The hearing will begin at 10 a.m. on Thursday, June 17, in 322 Russell Building, the hearing room of the Committee **on Agriculture and Forestry. Persons who wish to testify should contact the committee's hearing clerk at 224-2035.**

NOTICE OF HEARINGS ON FOOD FOR THE ELDERLY

Mr. McGOVERN. Mr. President, on Thursday, June 17, the Select Committee on Nutrition and Human Needs will conduct a hearing on the need for Federal support of Meals-on-Wheels programs for the homebound elderly. Testimony will be heard concerning both the national and local perspectives on the nutritional problems affecting senior citizens who are severely limited by the infirmities of old age.

The hearings will begin at 10 a.m. in room 1318 of the Dirksen Senate Office Building. Interested persons should contact Greg Ballard of the Committee Staff at 224-7326.

NOTICE OF CANCELLATION OF HEARING ON JURY BILLS

Mr. BURDICK. Mr. President, the leadership has previously stated that the large number of bills on the calendar awaiting disposition prior to the recess scheduled to commence July 2d may require the withholding of permission for committees to meet during sessions of the Senate. For this reason plus the fact that witnesses from Kansas and South Dakota had been scheduled, as chairman of the Subcommittee on Improvements in Judicial Machinery, I announce the cancellation of the hearing previously scheduled on June 17, 1976, on S. 237, S. 430, and S. 2779. Hearings on these bills will be rescheduled at a date to be announced later.

ADDITIONAL STATEMENTS

COMMUNICATIONS IN THE SECOND CENTURY OF THE TELEPHONE

Mr. JAVITS. Mr. President, I ask unanimous consent that an excerpted version of an address by Arthur C. Clark at Convocation on Communications celebrating the centennial of the telephone held at the Massachusetts Institute of Technology, March 9-10, 1976, be printed in the Record. The convocation was sponsored by the American Telephone & Telegraph Co. and MIT. Mr. Clarke is the author of scores of popular science fiction works, was coauthor of the book and movie, "2001: A Space Odyssey," and is credited with having played an important role in the concept of the communications satellite.

There being no objection, the address was ordered to be printed in the Record, as follows:

Excerpts of Address

Man is the communicating animal; he demands news, information, entertainment, almost as much as food. In fact, as a functioning human being, he can survive much longer without food—even without water—than without information, as experiments in sensory deprivation have shown. This is a truly astonishing fact; one could construct a whole philosophy around it.

So any major advance in communications capability comes into widespread use just as soon as it is practicable. Often sooner; the public can't wait for "state of the art" to settle down. Remember the first clumsy phonographs, radios, tape-recorders. And would you believe the date of the first music broadcast? It was barely a year after the invention of the telephone! On 2 April, 1877 a "telegraphic harmony" apparatus in Philadelphia sent "Yankee Doodle" to sixteen loudspeakers—well, softspeakers—in New York's Steinway Hall. Alexander Graham Bell was in the audience, and one would like to know if he complimented the promoter—his now forgotten rival, Elisha Gray, who got to the Patent Office just those fatal few hours too late. . . .

Gray was not the only one to be caught out by the momentum of events. I apologise for quoting the following story for the hundredth time, but it is far too relevant to omit, and there may still be a few people around who haven't heard it.

When news of the telephone reached England, presumably a hundred years ago tomorrow through Cyrus Field's cable, the chief engineer of the Post Office was asked whether this new Yankee invention would be of any practical value. He gave the forthright reply: "No, sir. The Americans have need of the telephone—but we do not. We have plenty of messenger boys."

Before you laugh at this myopic Victorian, please ask yourself this question: would you, exactly a hundred years ago, ever dream that the time would come when this primitive toy would not only be in every home and every office, but would be the essential basis of all social, administrative and business life in the civilised world? Or that one day there would be approximately one instrument for every ten human beings on the planet?

The extraordinary—nay, magical—simplicity of the telephone allowed it to spread over the world with astonishing speed. When we consider the very much more complex devices of the future, is it reasonable to suppose that they too will eventually become features of every home, every office. Well, let me give you another cautionary tale.

In the mid 1940's the late John W. Campbell—editor of *Astounding Stories,* and undoubtedly the most formidable imagination ever to be flunked at MIT—pooh-poohed the idea of home television. He refused to believe that anything as complex as a TV receiver could ever be made cheap and reliable enough for domestic use.

Public demand certainly disposed of that prophecy. Home TV became available in the Early Neo-Electronic Age—that is, even before the solid-state revolution. So let us take it as axiomatic that complexity is no bar to universality.

The basic ingredients of the ideal communications device are already in common use even today. The standard computer console, with key-board and visual display, plus hi-fi sound, and TV camera, will do very nicely. Through such an instrument (for which I've coined the ugly but perhaps unavoidable name "console"—communications console) one could have face-to-face interaction with anyone, anywhere on earth, and send or receive any type of information. I think most of us would settle for this, but there are some other possibilities to consider.

For example: what about verbal inputs? Do we really need a keyboard?

I'm sure the answer is "Yes". We want to be able to type out messages, look at them, and edit them before transmission. We need keyboard inputs for privacy, and quietness. A reliable voice recognition system, capable of coping with accents, hangovers, ill-fitting dentures and the "human error" that my late friend HAL complained about, represents something many orders of magnitude more complex than a simple alpha-numeric keyboard. It would be a device with capabilities, in a limited area, at least as good as those of a human brain.

Yet assuming that the curves of the last few decades can be extrapolated, this will certainly be available sometime in the next century. Though most of us will still be tapping out numbers in 2001, I've little real doubt that well before 2076 you will simply say to your console: "Get me Bill Smith". Or if you do say: "Get me 212-345-5512", it will answer, "Surely you mean 212-345-5521". And it will be quite right.

Now a machine with this sort of capability—a robot secretary, in effect—could be quite expensive. It doesn't matter. We who are living in an economic singularity—if not a fiscal black hole—have forgotten what most of history must be like.

Contrary to the edicts of Madison Avenue, the time will come when it won't be necessary to trade in last year's model. Eventually, everything reaches its technological plateau, and thereafter the only changes are in matters of style. This is obvious when you look at such familiar domestic objects as chairs, beds, tables, knives, forks. Oh, you can make them of plastic or fiberglass or whatever, but the basic design rarely alters.

It took a few thousand years to reach these particular plateaus; things happen more quickly nowadays even for much more complex devices. The bicycle took about a century; radio receivers half that time. This is not to deny that marginal improvements will go on indefinitely, but after a while all further changes are icing on a perfectly palatable cake. You may be surprised to learn that there are electrical devices that have been giving satisfactory services for half a century or more. The other day someone found an Edison carbon filament lamp that has apparently never been switched off since it was installed. And until recently there were sections of Atlantic cable that had been in service for a full century!

Now, it's hard to see how a properly designed and constructed solid-state device can ever wear out. It should have something like the working life of a diamond, which is adequate for most practical purposes. So when we reach this state of affairs, it would be worth investing more in a multi-purpose home communications device than an automobile. It could be handed on from one generation to the next—as was once the case with a good watch.

It has been obvious for a very long time that such audio-visual devices could complete the revolution started by the telephone. We are already approaching the point when it will be feasible—not necessarily desirable—for those engaged in what is quaintly called "white-collar" jobs to do perhaps 95% of their work without leaving home. Of course, few of today's families could survive this, but for the moment let's confine ourselves to electronic, not social, technology.

Many years ago I coined the slogan: "Don't commute—communicate!" Apart from the savings in travel time (the *real* reason I became a writer is that I refuse to spend more than thirty seconds moving from home to office) there would be astronomical economies in power and raw materials. Compare the amount of hardware in communications systems, as opposed to railroads, highways and airlines. And the number of kilowatt hours you expend on the shortest journey would power several lifetimes of chatter, between the remotest ends of the Earth.

Obviously, the home console would handle most of today's first-class mail; messages would be stored in its memory waiting for you to press the playback key whenever you felt like it. Then you would type out the answer—or alternatively call up the other party for a face-to-face chat.

Fine, but at once we have a serious problem—the already annoying matter of time zones. They are going to become quite intolerable in the electronic global village—where we are all neighbors, but a third of us are asleep at any given moment. The other day I was woken up at 4:00 a.m. by the London Daily Express, which had subtracted 5½ hours instead of adding them. I don't know what I said, but I doubt if my views on the Loch Ness Monster were printable.

The railroads and the telegraph made time zones inevitable in the Nineteenth Century; the global telecommunications network of the Twenty-first may abolish them. It's beeen suggested, at least half seriously that we'll have to establish a Common Time over the whole planet—whatever inconvenience this may cause to those old-fashioned enough to gear themselves to the day-night cycle.

During the course of the day—whatever that may be—you will use the home console to call your friends and deal with business, exactly as you use the telephone now—with this difference. You'll be able to exchange any amount of tabular, visual or graphical information. Thus if you're an author, you'll be able to wave that horrid page one type in front of your delinquent editor on Easter Island, or wherever he lives. Instead of spending hours of hunting for non-existent parts numbers, engineers will be able to show their supplier the broken dohickey from the rotary discombobulator. And we'll all be able to see those old friends of a life-time, whom we'll never meet again in the flesh.

Which raises an interesting problem. One of the great advantages of Mr. Bell's invention is that you can converse with people without their seeing you, or knowing where you are, or who is with you. A great many business deals would never be consumated, or even attempted, over a video circuit; but perhaps they are deals that shouldn't be, anyway . . .

I am aware that previous attempts to supply vision—such as the Bell Picturephone—have hardly been a roaring success. But I feel sure that this is due to cost, the small size of the picture, and the limited service available. No one would have predicted much of a future for the very first "Televisors", with their flickering, postage-stamp-sized images. Such technical limitations have a habit of being rather rapidly overcome, and the large screen, high definition Picturephone-Plus is inevitable.

The possibilities of the console as an entertainment and information device are virtually unlimited; some of them, of course, are just becoming available, as an adjunct to the various TV subscription services. At any moment one should be able to call up all the news headlines on the screen, and expand any of particular interest into a complete story at several levels of thoroughness—all the way, let us say, from the Daily News to the New York Times. . . . I have to think of the hours I have wasted, listening to radio news bulletins, for some item that never turned up. Nothing is more frustrating—as will be confirmed by any Englishmen touring the United States during a Test Match, or any American in England during the World Series (how did it get that ridiculous name?). For the first time, it will be possible to have a news service with immediacy, selectivity, and thoroughness.

The electronic newspaper, apart from all its other merits, will also have two gigantic ecologic plusses. It will save whole forests for posterity; and it will halve the cost of garbage collection. This alone might be enough to justify it, and to pay for it.

Like many of my generation, I became a news addict during the Second World War. Even now, it takes a definite effort of will for me not to switch on the hourly news summaries, and with a truly global service one could spend every waking minute monitoring the amusing, crazy, interesting and tragic things that go on around this planet. I can foresee the rise of even more virulent forms of news addiction, resulting in the evolution of a class of people who can't bear to miss anything that's happening, anywhere, and spend their waking hours glued to the console. I've even coined a name for them—Infomaniacs.

With the latest techniques, it would be possible to put the whole of human knowledge into a shoe box. The problem, of course, is to get it out again; anything misfiled would be irretrievably lost. Another problem is to decide whether we mass-produce the shoe-boxes, so that every family has one—or whether we have a central shoe-box linked to the home with wide-band communications.

Probably we'll have both, and there are also some interesting compromises. Years ago I invented something that I christened, believe it or not, the Micropaedia Brittanica (recently I was able to tell Mortimer Adler that I'd thought of the name first). But my Micropaedia would be a box about the size of an ordinary hard-cover book, with a display screen and alpha-numeric keyboard. It would contain, in text and pictures, at least as much material as a large encyclopedia plus dictionary.

However, the main point of the electronic Brittanica would not be its compactness—but the fact that, every few months, you could plug it in, dial a number, and have it up-dated overnight. . . . Think of the saving in woodpulp and transportation that this implies!

It is usually assumed that the console would have a flat TV type screen, which would appear to be all that is necessary for most communications purposes. But the ultimate in face-to-face electronic confrontation would be when you could not tell, without touching, whether or not the other person was physically present; he or she would appear as a perfect 3D projection. This no longer appears fantastic, now that we have seen holographic displays that are quite indistinguishable from reality. So I am sure that this will be achieved some day; I am not sure how badly we need it.

What could be done, even with current techniques, is to provide 3D—or at least widescreen Cinerama-type pictures for a single person at a time. This would need merely a small viewing booth and some clever optics, and it could provide the basis for a valuable educational-entertainment tool, as Dennis Gabor has suggested. But it could also give rise to a new industry—personalised television safaris. When you can have a high-quality cinema display in your own home, there will certainly be global audiences for specialised programs with instant feed-back from viewer to cameraman. How nice to be able to make a trip up the Amazon, with a few dozen unknown friends scattered over the world, with perfect sound and vision, being able to ask your guide questions, suggest detours, request closeups of interesting plants or animals—in fact, sharing everything except the mosquitoes and the heat!

It has been suggested that this sort of technology might ultimately lead to a world in which no-one ever bothered to leave home. The classic treatment of this theme is, of course, E. M. Forster's "The Machine Stops," written 70 years ago as a counterblast to H. G. Wells.

Yet I don't regard this sort of pathological, sedentary society as very likely. "Telesafaris" might have just the opposite effect. The customers would, sooner or later, be inspired to visit the places that really appealed to them . . . mosquitoes notwithstanding. Improved communications will promote travel for pleasure; and the sooner we get rid of the other kind, the better.

So far, I have been talking about the communications devices in the home and in the office. But in the last few decades we have seen the telephone begin to lose its metal umbilical cord, and this process will accelerate. This rise of walkie-talkies and Citizen's Band radio is a portent of the future.

The individual, wrist-watch telephone through which you can contact anyone, anywhere, will be a mixed blessing which, nevertheless, very few will be able to reject. In fact, we may not have a choice; it is all too easy to imagine a society in which it is illegal to switch off your receiver, in case the Chairman of the Peoples' Cooperative wants to summon you in a hurry. . . . But let's not ally ourselves with those reactionaries who look only on the *bad* side of every new development. Alexander Graham Bell cannot be blamed for Stalin, once aptly described as: "Ghenghis Khan with a telephone".

It would be an underestimate to say that the wrist-watch telephone would save tens of thousands of lives a year. Everyone knows of tragedies—car accidents on lonely highways, lost campers, overturned boats, even old people at home—where some means of communication would have made all the difference between life and death. Even a simple emergency SOS system, whereby one pressed a button and sent out a help! signal, would be enough. This is a possibility of the immediate future; the only real problem—and, alas, a serious one—is that of false alarms.

NASA has recently published a most exciting report on the use of the very large (kilometer-square!) antennas we will soon be able to construct in space. These would permit the simultaneous use of myriads of very narrow beams which could be focused on individual subscribers, carrying receivers which could be mass-produced for about ten dollars. I rather suspect that our long-awaited personal transciever will be an adaptive, radio-optical hybrid, actively hunting the electromagnetic spectrum in search of incoming signals addressed to it.

Now, the invariably forgotten accessory of the wrist-watch telephone is the writ-watch telephone directory. Considering the bulk of that volume for even a modest-sized city, this means that our personal transcievers will require some sophisticated information-retrieval circuits, and a memory to hold the few hundred most-used numbers. So we may be forced, rather quickly, to go the whole way, and combine in a single highly portable unit not only communications equipment, plus something like today's pocket calculators, plus data banks, plus information processing circuits. It would be a constant companion, serving much the same purpose as a human secretary. In a recent novel I called it a "Minisec'. In fact, as electronic intelligence develops, it would provide more and more services, finally developing a personality of its own, to a degree which may be unimaginable today.

The marvelous toys that we have been discussing will simply remain toys, unless we use them constructively and creatively. Now, toys are all right in the proper place; in fact they are an essential part of any childhood. But they should not become mere distractions—or ways of drugging the mind to avoid reality.

We have all seen unbuttoned beer-bellies slumped in front of the TV set, and transistorised morons twitching down the street, puppets controlled by invisible disk jockeys. These are not the highest representatives of our culture; but, tragically, they may be typical of the near future. As we evolve a society oriented towards information, and move away from one based primarily on manufacture and transportation, there will be millions who cannot adapt to the change. We may have no alternative but to use the lower electronic arts to keep them in a state of drugged placidity.

For in the world of the future, the sort of mindless labor that has occupied 99 percent of mankind for much more than 99 percent of its existence will of course be largely taken over by machines. Yet most people are bored to death without work—even work that they don't like. In a workless world, therefore, only the highly educated will be able to flourish, or perhaps even to survive. The rest are likely to destroy themselves and their environment out of sheer frustration. This is no vision of the distant future; it is already happening, most of all in the decaying cities.

So perhaps we should not despise TV soap operas if, during the turbulent transition period between our culture and real civilisation, they serve as yet another opium for the masses. This drug, at any rate, is cheap and harmless, serving to kill Time—for those many people who like it better dead.

When we look at the manifold problems of our age, it is clear that the most fundamental one—from which almost all others stem—is that of ignorance. And ignorance can be banished only by communication, in the widest meaning of the word.

The best educational arrangement, someone once remarked, consists of a log with a teacher at one and a pupil at the other. Unfortunately there are no longer enough teachers, and probably not enough logs, to go around.

Now, one thing that electronics can do rather well is to multiply teachers. As you doubtless know, at this very moment a most ambitious and exciting social experiment is taking place in India, where NASA's ATS-6 satellite is broadcasting educational programs to several thousand villages. ATS 6 is the only communications satellite in existence powerful enough to transmit signals that can be picked up on an ordinary TV set, augmented by a simple parabolic dish, like a large umbrella made of wire mesh.

Thanks to the extraordinary generosity of the Indian Space Research Organisation, which flew in six engineers and half a ton of equipment, I have a 5-meter parabolic antenna on the roof of my Colombo house, now re-named Jodrell Bank East. Since the experiment started on 1 August, 1975, I have thus been in the curious position of having the only TV set in the country. It's been fascinating to watch the programmes; even though I don't understand Hindi, the messages of family planning, hygiene, agricultural techniques and national unity come across loud and clear.

Though it is impossible to put a value on such things, I believe that the cost of this experiment will be trivial compared with the benefits. And the ground segment is remarkably cheap, in terms of its coverage. Would you believe four thousand people around one TV set? Or a 3-meter diameter village antenna—made of dried mud?

Of course, there are some critics—as reported recently by Dr. Yash Pal, the able and energetic Director of the Indian Space Application Centre.

"In the drawing rooms of large cities you meet many people who are concerned about the damage one is going to cause to the integrity of rural India by exposing her to the world outside. After they have lectured you about the dangers of corrupting this innocent, beautiful mass of humanity, they usually turn round and ask: "Well, now that we have a satellite, when are we going to see some American programmes?" Of course, they themselves are immune to cultural domination or foreign influences."

I'm afraid that cocktail party intellectuals are the same everywhere. Because we frequently suffer from the modern scourage of information pollution, we find it hard to imagine its even deadlier opposite—information starvation. For any outsider, however well-meaning, to tell an Indian villager that he would be better off without access to the world's news, entertainment and knowledge is an obscene impertinence, like the spectacle of a fat man preaching the virtues of fasting to the hungry.

Unfortunately, on 31 July 1976 the one-year experiment will end; ATS-6 will crawl back along the equator and return to the United States. Originally, it was hoped to launch two satellites; last summer I saw the three-quarters completed ATS-7, sitting moth-balled at the Fairchild plant. No-one could raise the ten million necessary to finish it, or hi-jack one of the Air Force's numerous Titan 3C's to get it into orbit.

And so in a few months' time, millions of people who have had a window opened on marvellous new worlds of culture and education will have it slammed shut in their faces again. There will be some heart-rending scenes in the villages, when the cry goes up however unfairly—"The Americans have stolen our satellite!" Useless to explain, as the frustrated viewers start to refill their 6 to 9 time slot with baby-making, that it was only through the initiative and generosity of the United States that the satellite was loaned in the first place. . . . The Ugly American will have struck again.

Yet I hope that this noble experiment is just the curtain-raiser to a truly global educational satellite system. Its cost would be one or two dollars per student, per year. There could be few better investments in the future health, happiness and peace of mankind.

I don't wish to get too much involved in the potential—still less the politics—of communications satellites, because they can take care of themselves. The world investment in satellites and ground stations now exceeds a billion dollars, and is increasing almost explosively. After years of delay and dithering, the United State is at last establising domestic satellite systems; the USSR has had one for almost a decade. At first, the Soviet network employed nonsynchronous satellites, moving in an elongated orbit that took them high over Russia for a few hours of every day. However, they have now seen the overwhelming advantages of stationary orbits, and several of their comsats are currently fixed above the Indian Ocean. Some are designed for TV relaying to remote parts of the Soviet Union, and I've gently hinted to my friends in Moscow that perhaps they could fill the breach when ATS 6 goes home. . . .

We are now in the early stages of a battle for the mind—or at least the eyes and ears—of the human race, a battle which will be fought 36,000 kilometers above the equator. The preliminary skirmishes have already taken place at the United Nations, where there have been determined attempts by some countries to limit the use of satellites which can beam programs from space directly into the home, thus bypassing the national networks. Guess who is scared. . . .

As a matter of fact, I tried to frighten the United States with satellites myself, back in 1960, when I published a story in "Playboy" about a Chinese plot to brainwash innocent Americans with pornographic TV programs. Perhaps 'frighten' is not the correct verb, and in these permissive days such an idea sounds positively old-fashioned. But in 1960 the first regular comsat service was still five years in the future, and this seemed a good gambit for attracting attention to its possibilities.

Fortunately, in this area there is an excellent record of international co-operation. Even countries who hate each other's guts work together through the International Telecommunications Union, which sets limits to powers and assigns frequencies. Eventually, some kind of consensus will emerge, which will avoid the worst abuses.

A major step towards this was taken on August 20, 1971, when the agreement setting up INTELSAT (the International Telecommunications Satellite Organisation) was signed at the State Department. I would like to quote for the address I gave on that occasion.

I submit that the eventual impact of the communications satellite upon the whole human race will be at least as great as that of the telephone upon the so-called developed societies.

In fact, as far as real communications are concerned, there are as yet no developed societies; we are all still in the semaphore and smoke-signal stage. And we are now about to witness an interesting situation in which many countries, particularly in Asia and Africa, are going to leapfrog a whole era of communications technology and go straight into the space age. They will never know the vast networks of cables and microwave links that this country has built at such enormous cost both in money and in natural resources. The satellites can do far more and at far less expense to the environment.

I believe that the communications satellites can unite mankind. Let me remind you, that, whatever the history books say, this great country was created a little more than a hundred years ago by two inventions. Without them, the United States was impossible; with them, it was inevitable. Those inventions were, of course, the railroad and the electric telegraph.

Today we are seeing on a global scale an almost exact parallel to that situation. What the railroads and the telegraph did here a century ago, the jets and the communications satellites are doing now to all the world.

And the final result—whatever name we actually give to it—will be the United States of Earth.

I would like to end with some thoughts on the wider future of communications—communications beyond the earth. And here we face an extraordinary paradox, which in the centuries to come may have profound political and cultural implications.

For the whole of human history, up to that moment one hundred years ago today, it was impossible for two persons more than a few meters apart to interact in real time. The abolition of that apparently fundamental barrier was one of technology's supreme triumphs; today we take it for granted that men can converse with each other, and even see each other, wherever they may be. Generations will live and die, always with this godlike power at their fingertips.

Yet this superb achievement will be ephemeral; before the next hundred years has passed, our hard-won victory over space will have been lost, never to be regained.

On the Apollo voyages, for the first time, men travelled more than a light-second away from Earth. The resulting 2½-second round-trip delay was surprisingly unobtrusive, but only because of the dramatic nature of the messages—and the discipline of the speakers. I doubt if the average person will have the self-control to talk comfortably with anyone on the Moon.

And beyond the Moon, of course, it will be impossible. We will never to be able to converse with friends on Mars, even though we can easily exchange any amount of information with them. It will take at least three minutes to get there, and another three minutes to receive a reply.

Anyone who considers that this is never likely to be much of practical importance is taking a very short-sighted view. It has now been demonstrated, beyond reasonable doubt, that in the course of the next century, we could occupy the entire Solar System. The resources in energy and material are there; the unknowns are the motivation—and our probability of survival, which may indeed depend upon the rate with which we get our eggs out of this one fragile planetary basket.

We would not be here, talking about the future, unless we were optimists. And in that case we must assume that eventually very large populations will be living far from Earth—light-minutes and light-hours away, even if we only colonise the inner Solar System. However, Freeman Dyson has argued with great eloquence that planets aren't important, and the real action will be in the cloud of comets out beyond Pluto, a light day or more from earth.

And looking further afield, it is now widely realised that there are no fundamental scientific obstacles even to interstellar travel. Though Dr. Purcell once rashly remarked that star-ships should stay on the cereal boxes, where they belonged—that's exactly where moonships were, only thirty years ago . . .

So the finite velocity of light will, inevitably, divide the human race once more into scattered communities, sundered by barriers of space and time. We will be as one with our remote ancestors, who lived in a world of immense and often insuperable distances, for we are moving out into a universe vaster than all their dreams.

But it is, surely, not an empty universe. No discussion of communications and the future would be complete without reference to the most exciting possibility of all—communications with extra-terrestrial intelligence. The Galaxy must be an absolute Babel of conversation, and it is surely only a matter of time before we can hear the neighbours. They already know about us, for our sphere of detectable radio signals is now scores of light-years across. Perhaps even more to the point—and more likely to bring the precinct cops hurrying here as fast as their paddy-wagon can travel—is that fact that several microsecond-thick shells of X-rays are already more than ten light years out from earth, announcing to the universe that, somewhere, juvenile delinquents are detonating atom bombs.

Plausible arguments suggest that our best bet for interstellar eavesdropping would be in the thousand Megahertz, or thirty centimeter, region. The NASA/Stanford/Ames Project Cyclops report, which proposed an array of several hundred large radio telescopes for such a search, recommended a specific band about 200 Megahertz wide—that lying between the hydrogen line (1420 MHz) and the lowest OH line (1662 MHz). Dr. Bernard Oliver, who directed the Cyclops study, has waxed poetic about the appropriateness of our type of life seeking its kind in the band lying between the disassociation products of water—the **"water-hole"**.

Unfortunately, we may be about to pollute the water-hole so badly that it will be useless to radio astronomers. The proposed MARESAT and NAVSTAR satellites will be dunked right in the middle of it radiating so powerfully that they would completely saturate any Cyclops-type array. Barney Oliver tells me: "Since the Cyclops study, additional reasons have become apparent for expecting the water-hole to be our contact with the mainsteam of life in the Galaxy. The thought that we, through our ignorance, may blind ourselves to such contact and condemn the human race to isolation appalls us".

I hope that the next World Administrative Radio Conference, when it meets in 1979, will take a stand on this matter. The conflict of interest between the radio astronomers and the communications engineers will get more and more insoluble until, as I suggested many years ago, we move the astronomers to the quietest place in the Solar System—the center of the lunar Farside, where they will be shielded from the radio racket of earth by thirty five hundred kilometers of solid rock. But that answer will hardly be available before the next century.

Whatever the difficulties and problems, the search for extra-terrestrial signals will continue. Some scientists fear that it will not succeed; others fear that it will. It may already have succeeded, but we don't yet know it. Even if the pulsars are neutron stars—so what? They may still be artificial beacons, all broadcasting essentially the same message: "Last stop for gas this side of Andromeda".

More seriously, if the decades and the centuries pass, with no indication that there is intelligent life elsewhere in the universe, the long-term effects on human philosophy will be profound—and may be disastrous. Better to have neighbors we don't like, than to be utterly alone. For that cosmic loneliness could point to a very depressing conclusion—that intelligence marks an evolutionary dead-end. When we consider how well—and how long—the sharks and the cockroaches have managed without it, and how badly we are managing with it, one cannot help wondering if intelligence is an aberration like the armour or the dinosaurs, dooming its possessors to extinction.

No, I don't really believe this. Even if the computers we carry on our shoulders are evolutionary accidents, they can now generate their own programmes—and set their own goals.

For we can now say, in the widest possible meaning of the phrase, that the purpose of human life is information processing. I have already mentioned the strange fact that men can survive longer without water than without information. . . .

And therefore the real value of all the devices we have been discussing is that they have the potential for immensely enriching and enlarging life, by giving us more information to process—up to the maximum number of bits per second, that the human brain can absorb.

I am happy, therefore, to have solved one of the great problems the philosophers and theologians have been haggling over for several thousand years. You may, perhaps, feel that this is rather a dusty answer, and that not even the most inspired preacher could ever found a religion upon the slogan: "The purpose of life is information processing". Indeed, you may even retort: "Well, what is the purpose of information processing?"

I'm glad you asked me that. . . .

THE DANGER OF LETTING DÉTENTE FADE AWAY

Mr. CRANSTON. Mr. President, I do not agree with those who say that the Nation's foreign policy should be above the give and take of the election-year debate. I can scarcely think of a subject that deserves closer public scrutiny and more vigorous citizen participation.

I am nevertheless greatly disappointed that the level of debate during the recent Presidential primaries obscured the issue of what should be our proper relationship with the Soviet Union. Détente became the nonword of this political season. The process of détente was invested with expectations it could never fulfill, then knocked down in classic strawman fashion.

Détente does not mean universal peace and a state of world bliss. It never did. It does mean that the United States and Soviet Union should regulate their competition and tensions short of blowing one another to bits.

Sanford Gottlieb is executive director of Sane, one of America's highly respected arms control organizations. The Los Angeles Times recently printed a timely and thoughtful article by Mr. Gottlieb entitled, "The Danger of Letting Détente Fade Away." In it he correctly points out that moderating our conflict with the Soviets is not an end in itself. Such a policy—under whatever name—is only the essential first step toward dealing with a host of planetary problems—social, economic, and environmental— in a world relatively safe from the threat of nuclear war.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Los Angeles Times, May 19, 1976]

THE DANGER OF LETTING DÉTENTE FADE AWAY

(By Sanford Gottlieb)

For many Americans, detente is no longer a magic word. Some people, embittered by what they regard as Soviet duplicity, are now openly hostile to any rapprochement. Others, disturbed by the policy's ethical and social implications, are simply uneasy with further bilateral accommodations.

The current presidential campaign's rather sour debate over U.S.-Soviet relations is a manifestation of this widespread disenchantment; so was President Ford's decision to replace the word "detente" with a more reassuring euphemism, "peace through strength."

But political rhetoric and popular unease notwithstanding, detente cannot be allowed to just fade away. Indeed, its problems derive not from what it has actually accomplished but from what it has not been allowed to achieve. Far from shedding light, the present debate obscures the fact that detente has yet to put a brake on the arms race, and that bilateral big power accommodations alone will not solve the global problems of the 1970s and 1980s.

The arms race simply continues, reaching new heights of mindless overkill. In the two years since the so-called agreement in principle at Vladivostok, the United States has added 960 hydrogen bombs to its arsenal and the Soviet Union 900. Both of these increments are several times the size of the nuclear deterrent described as "adequate" by American planners in the late 1950s. When the U.S. arsenal reaches a total of 8,900 hydrogen weapons—as it will in the near future—we will have 41 for every major Soviet city. The Russians' smaller store of 3,500 strategic warheads will retain the potential to make our rubble bounce with rough parity.

Instead of "putting a cap on the arms race," the terms outlined at Vladivostok, which are yet to be formalized in a SALT treaty, will permit America's nuclear arsenal to double and the Russians' to quadruple by 1985. The technology which allows the superpowers to place a cluster of warheads on a single missile punches the Vladivostok "cap" full of holes, since it limits only the number of launchers.

So far, bilateral negotiations have led only to an institutionalized arms spiral.

Now, some critics of detente warn that increased Soviet military spending could make the United States "No. 2" instead of "No. 1." Such estimates are based on highly debatable dollar-ruble comparisons and even if they were valid, an interesting question would remain: If the Russians do not intend to commit national suicide by attacking a country with missile warheads that are both more numerous and more accurate than their own, what advantage do they gain by opening a "dollar gap"?

With hostile Chinese on one side, restive Eastern Europeans and substantial NATO forces on the other, uncertain friends in the Middle East and a navy divided by geography into four segments, one must consider the possibility that the Soviet Union spends more on military hardware because its national security is more expensive to maintain.

On another front, the Ford Administration—and many critics of detente—suggest that Soviet intervention in Angola violated the spirit of detente. What "spirit"? Richard Nixon's bloated claims of "a generation of peace" and similar rhetoric may have persuaded Americans that detente meant across-the-board harmony between the superpowers. But the United States and the Soviet Union have never agreed on their relations with third parties. Soviet leaders obviously want both to avoid nuclear war and to secure American grain and technology. However, despite the 1972 "Declaration of Principles" sometimes cited by U.S. officials—it was signed with much hullabaloo by Nixon and Leonid Brezhnev—the Russians have never believed that detente means that they must reduce support for allies and clients. Neither has the United States, which continues to export arms and "assistance."

Before Angola was freed of Portuguese rule, for example, the United States gave substantial military aid to Portugal and token covert help to one Angola faction. The Russians, meanwhile, supplied another Angolan group with arms throughout the anticolonial struggle. When the Portuguese pulled out, the United States supported two nationalist factions while the Soviet Union and Cuba reinforced a third. Examined in this context, the whole episode reveals a pattern of military involvement by *both* superpowers.

Clearly, detente will become less fragile only when the Soviet Union and the United States agree to restrain their military competition in the Third World. More important, detente should never be perceived as the ultimate goal of U.S. foreign policy.

Properly realized, detente will simply free us to confront such problems as shortages of food, energy and raw materials; the growing income gap between rich and poor countries; population pressures; worldwide inflation and the exploitation of the oceans. (Within a decade there may be 5 billion people on earth—about 750 million of them in developing countries and severely malnourished—and perhaps a dozen states with nuclear arms.

Since these problems tend to be economic, they cannot be solved through military force, nor will big-power deals suffice. Grappling with them will require international cooperation guided by hardheaded common interest.

America's growing dependence on imports illustrates the point. The United States currently imports more than half its supplies of 6 of the 13 raw materials needed to maintain an industrial economy. By 1985, that number will increase to 9. These materials are concentrated in poor countries intent on improving their standards of living. The situation obviously calls for bargaining between the raw-material producers of the Southern Hemisphere and the consumers of the Northern Hemisphere. Everybody, not just the superpowers, must get into the act.

Detente is necessary to end the competition in arms between the great powers. To meet the other problems that threaten a small planet, detente is not enough.

"WHEELING AND DEALING" IN PUBLIC OFFICE

Mr. CASE. Mr. President, I take this opportunity to call to the attention of my colleagues two pending court cases that are illustrative of a principle I have been advocating for many years.

The principle is the use of civil suits to recover money improperly obtained through the prestige of public office and the use of official influence.

In 1964, on the floor of the Senate, I spoke at length on this matter. I said then:

Given the opportunity, I am sure the courts will hold that the influence and power which come to men through the holding of public position is held by them in trust, that it may not be sold or bartered, that it may not be used in any way for personal gain, and that anyone breaching that trust can be held to account and compelled to disgorge every penny of profit.

Since that time, I have continued to urge such suits and have repeatedly made the point that one of the surest ways of ending "wheeling and dealing" and influence peddling is to take the profit out of it.

The two current suits to which I refer were both filed earlier this year. Of course, I take no position on the merits of either one.

The first, filed on January 30, 1976, in the U.S. District Court for the Southern District of New York, is *United States* v. *Bertram L. Podell.* (Docket No. 76 Civ. 509) The complaint alleges that the defendant, while a Member of the House of Representatives, "attempted to use and exploit his official representative capacity and position of trust." The civil suit is to recover from the defendant the sum of $41,350, paid to him by a Florida airline company, according to the complaint, "to obtain information . . . and . . . to influence" Federal officials and agencies to act favorably and to the advantage of the airline company.

The second suit, filed on March 16, 1976, in the Chancery Division, Superior Court of Camden, N.J., is *William F. Hyland and the New Jersey State Department of Environmental Protection* v. *Porter and Ripa Associates and the Camden County Municipal Utilities Authority et al.* (Docket No. C2776–75). The suit accuses the Authority of mismanagement and accuses the Authority's chief consulting engineer, Porter and Ripa Associates, of fraud in its billing procedures. The suit asks that the Attorney General recover excess funds paid by the authority to Porter and Ripa; I am informed by the New Jersey attorney general's office that the amount of money in issue exceeds $1 million.

Mr. President, although I certainly do not make any judgments on the facts of either case, I am encouraged that both the office of the U.S. attorney for the southern district of New York and the office of the attorney general of the State of New Jersey are proceeding along these lines.

I ask unanimous consent to have printed in the RECORD copies of the two news articles to which I referred, as well as a copy of my 1964 remarks and accompanying legal memorandum on this subject.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 3, 1976]

U.S. SUES PODELL OVER $41,350 FEE

(By Arnold H. Lubasch)

An unusual suit has been filed by the Federal Government in an attempt to obtain $41,350 from Bertram L. Podell, the former Brooklyn Representative who is serving a six-month prison sentence for conflict of interest.

The Government contends in the suit that it is entitled to recover this money because Mr. Podell was illegally paid to seek favorable treatment from Federal agencies for a small Florida airline in 1968, while he was a member of Congress.

Mr. Podell, a 50-year-old Democrat, was sentenced to six months and fined $5,000 in Federal District Court here last year, after he had pleaded guilty to conspiracy and conflict of interest for having accepted $41,350, as fees and a campaign contribution from Florida Atlantic Airlines.

The suit was filed in the same court late last Friday to compel Mr. Podell to pay the money, with interest, to the Government as a result of his guilty plea in the conflict-of-interest case.

United States Attorney Thomas J. Cahill said yesterday that it was the first suit of its kind in this district, but that the Government intended to seek the recovery of funds from now on, when the facts warranted it, in cases that involved a public servant who had obtained funds to influence his actions.

In the suit, the Government declared that Mr. Podell had conspired with officers of the airline to defraud Federal agencies and deprive the United States of his "honest, unbiased and unencumbered services" as a Representative.

"He has been unjustly enriched," the suit asserts, adding that Mr. Podell had "exploited his official and representative capacity and position of public trust."

Citing his plea of guilty to conflict of interest, the suit recalls that Mr. Podell received $41,350 from Florida Atlantic Airlines, an air-taxi service that was seeking a regular route between Florida and the Bahamas.

Mr. Podell, who was a lawyer as well as a Representative, dramatically interrupted his bribery trial to admit that he had appeared before the Civil Aeronautics Board and other Federal agencies on behalf of the airline, while it was paying him fees, which violated the law against conflict of interest.

The former Representative made an emotion-filled plea for leniency at his sentencing, telling Judge Robert L. Carter that he had "made a mistake" in helping an airline that paid fees to his law firm.

Last December 22, after his appeal of the sentence had been rejected, Mr. Podell began serving the prison term at an Air Force base in Florida.

The suit notes that he has refused to pay the disputed money to the Government, despite the Government's demand for it, and calls on the court to require the repayment.

[From the Philadelphia Evening Bulletin, Mar. 17, 1976]

HYLAND ASKS 5 TO QUIT POSITIONS ON CCMUA

(By Miles Cunningham)

TRENTON—The five members of the Camden County Municipal Utilities Authority (CCMUA) ought to "seriously consider resigning," state Atty. Gen. William F. Hyland said yesterday.

"It (the CCMUA) doesn't have sufficient credibility at the present time to borrow a dime from anybody."

Hyland made his remarks after his office filed a civil suit against the authority and its chief consulting engineer, Porter and Ripa of Morristown in the Chancery Division, Superior Court Camden.

The suit accused the CCMUA of mismanagement and Porter and Ripa of fraud in its billing procedures. The suit requests that a receiver be appointed to operate the authority from now on, that the CCMUA produce an accounting of how it used its funds and that an injunction be issued to stop the CCMUA from "any further extravagant, unnecessary or wrongful spending."

NO CRIMINAL SUIT

Hyland said his office is in no position to seek criminal indictments now, but did not foreclose on that possibility in the future.

David J. Bardin, commissioner of the state Department of Environmental Protection (DEP), who is a plaintiff in the suit, said "from my point of view, the important thing is to get the show back on the road."

Bardin said a criminal action would serve largely to punish any wrongdoers.

The suit instead asks that authority recover excess funds it paid Porter and Ripa and stop doing business with the engineering firm.

According to Hyland and Bardin, the firm overcharged the CCMUA by at least $1.15 million.

On at least 16 occasions, they allege, Porter and Ripa and Louis C. Ripa, its president, "submitted fraudulent and inflated requests for payment, and received in excess of $400,000 billed on false certifications of hours worked on the CCMUA project . . ."

20,000 HOURS

According to the complaint, this billing for more than 20,000 hours covered work on other projects and activities including:

Morristown Urban Renewal Garage Project.

Somerset County Brookdale Road Bridge Project.

Intrastate I–95.

Alfred E. Driscell Expressway Project.

Newark Church Project.

Preparation of a company newsletter.

Solicitation and preparation of proposals to the Hudson County Municipal Utilities Authority.

Participation in a demonstration of construction workers in Trenton on July 29, 1974 by a "large number of employes."

COVERED RATES

The eight-count complaint also charges that Ripa and his company submitted invoices to the CCMUA from July 31, 1974 to the present in which the terms of compensation were converted from an hourly rate to the "salary cost" of employes.

This resulted in an overpayment of $750,000 by the CCMUA to the company, it is alleged.

Named as defendants, in addition to the firm and Ripa, are Anthony Sousa, vice president and treasurer of Porter and Ripa; Michael J. Dillon, Henry Cornburgh, Ferdinand C. De Phillips and Vincent J. Mameri, vice presidents and stockholders.

Also, authority members John Sherter, Moses Jackson, Thomas Giangiulio, Anthony Le Presti and John J. Nero, chairman.

Nero was not immediately available for comment. A person who answered the phone at his Woodbine Restaurant said, "He stepped out; I don't know when he'll be back."

WON'T QUIT

But Giangiulio, the vice chairman, said he had no intention of stepping down as Hyland suggested. "I am absolutely not going to voluntarily resign because I have done nothing wrong and I'm not going to do anything wrong."

Giangiulio has been a member of the authority for about a year. He is a member of Operating Engineers Local 825, AFL–CIO, heavy equipment operators.

STATEMENT ON THE BOBBY BAKER INVESTIGATION BY SENATOR CLIFFORD P. CASE

JULY 7, 1964.

Almost nine months ago to the day, the United States Senate, its good name and reputation repeatedly assaulted by news stories of reported misconduct by one of its principal officers, agreed to Senate Resolution 212. The author, Senator John J. Williams of Delaware, believed its language was broad enough to authorize the Rules Committee to investigate any such misconduct on the part of Members or former Members of the United States Senate as well as of its employees.

Four months later a question was raised on the Senate floor as to whether Members were included in the purview of the investigation. Numerous Senators, including the Majority Leader, assured the Senate that the Resolution was so intended.

The issue was an important one because

of news accounts by reputable reporters of instances in which Bobby Baker was charged with abusing his office in his relationships with several Members of the Senate. When Bobby Baker was subpoenaed, he declined to testify on Constitutional grounds. Thereafter, I suggested, in an appearance before the Senate Rules Committee, that, despite Baker's refusal to testify, there was another way to get the facts. I suggested that the Committee ask each Senator:

1. Did you ever have any business or financial dealings with Bobby Baker, directly or indirectly? If so, what were they?

2. Did Bobby Baker ever give you, get for you, offer you or offer to get for you: any campaign contributions; any help in making up campaign deficits by gifts, purchase of tickets or otherwise; any retainer or employment; any preferment in committee assignment or otherwise; anything of value?

At least three Members of the Senate present at the Committee hearings immediately volunteered that their answers to these questions were in the negative. But the Committee Chairman told the press the suggestions were "the height of demagoguery" and "would be an insult to a Senator," and raised doubts about whether Senators could be queried, news stories of their dealings with Bobby Baker notwithstanding.

The Committee cannot plead ignorance of these news stories, for I presented them at the Committee hearing, and they are in the record. Nor can the Committee argue that there is no precedent for an inquiry to all Senators, for I called to their attention a specific instance in which precisely this was done in 1894, incidentally, in the wake of press stories suggesting corruption in office.

It seemed to me then, it seems to me now, that as Senators we have direct and primary responsibility to assist a committee of the Senate in carrying out its assignment to make a full and complete study of Bobby Baker's activities.

Subsequently, Senator Williams of Delaware and I attempted to amend the original resolution to include Members of the Senate explicitly, but the issue was not permitted to come to a vote. Instead, the Majority Leader, in an extraordinary show of power, succeeded in tabling our amendment. So the die was cast: Senators were not to be questioned in the Bobby Baker inquiry although several had complained publicly of mistreatment at the hands of Mr. Baker, and he had bragged that on any given issue he had 10 Senators in the palm of his hand.

Last week the Rules Committee released its recommendations in the Baker case. Not unexpectedly, they are narrow and very weak.

The entire effort thus far has the ring of an investigation, handcuffed before it started, kept that way no matter what, and now, hopefully, destined for the category of "File and Forget."

But, inadequate and timid as the Committee's inquiry was, it couldn't avoid the conclusion that the evidence it gathered "proves beyond any doubt that the performance and activities of Robert G. Baker, while serving as a high official of the Senate, form a pattern of conduct and activity inimical to the public welfare."

The Committee Counsel's own findings, reported earlier in the press, concluded that Baker used "the prestige of his official position for his own private gain."

The Committee recommended that the Department of Justice review the evidence to determine whether criminal action is warranted. Of course, this should be done. But apparently the Committee feels there is no way to call Baker to account unless violation of specific criminal statutes can be proved.

There is another way.

Actions can be unlawful without being violations of a criminal statute. I suggest that if Bobby Baker did use his public position and influence for personal gain or that of his family, his friends or his associates, his conduct was unlawful, and a legal remedy exists, apart from criminal action.

Bobby Baker can be compelled in a civil action to pay over to the United States every penny he has made through the use of his influence and the prestige of his office.

Public office is a public trust. Is there anyone who would not agree that membership in the Congress of the United States is not only a high honor but a position of high trust? Surely there is no one in this body who does not regard himself as a fiduciary to the people of the Nation and to the Nation itself. And I am sure that each member of our individual staffs and of the staff of the Senate holds a like position of trust.

The Committee in its recommendations joins me in this conviction:

"There is always a need for any public official—from the highest to the lowest—to conduct himself in a manner beyond question. As Government grows more complicated and more sensitive to the needs of the public, this becomes more and more important and in the case of this investigation, it has been made abundantly clear that those who serve the public must recognize that their office is a public trust and should not be compromised by private interests."

Where does this principle of public trust lead us? For one thing, it means, of course, that a person who sells his vote violates a trust. It has long been the law that a government can recover a bribe paid to an officeholder to influence his official decision.

But public trust means more than that. It means that each of us, in the Congress or of its staff, holds the influence and prestige which goes with his position as a fiduciary. Such influence and prestige is not his personal property. They are not his to sell or barter or otherwise compromise. They are held in trust for the nation and for all the people. And if he breaches that trust and misuses his office, he must account for—that is pay over—all profits to the government.

The accountability of a government official for breach of his fiduciary duty is well recognized by the courts.

In a recently decided case, *U.S.* v. *Drumm*, 329 F. 2d 109 (1st Cir. 964) the Court of Appeals in the First Circuit held that the Federal Government could recover from a poultry inspector of the Department of Agriculture payments made to him as a consultant by a processor whose operations it was his governmental duty to inspect. Whether preference was actually shown or loss to the government in fact occurred was immaterial. The potentiality of preferment existed and was alone sufficient to enable the government to recover. No statute was involved.

Dougherty v. *Aleutian Homes, Inc.* 210 F. Supp. 658 (U.S.D.C. D. Ore. 1962), a case in which the United States intervened, involved contracts under which the Mayor of Kodiak and another were to receive monies from Aleutian Homes in return for the use of their official positions and influence in securing Federal funds for a housing project. In holding the contracts against public policy and void, the court pointed to a line of cases holding "void and illegal contracts for services that involve personal influence on legislators." The court noted that the question was not whether improper influence was actually used but the corrupting nature of the agreement itself.

A classic case for recovery by a government of profit made through the use of public office or position is *Reading* v. *Attorney-General* (1951) A.C. 507. That case involved a British Army sergeant who during the last war had received money from smugglers for escorting their trucks through Cairo, Egypt while in uniform, thus enabling them to pass the civilian police without inspection. The British military authorities got wind of this and took possession of the money. The sergeant brought a suit to recover it. The House of Lords held that the Crown was entitled to the money since the sergeant had gotten it by the use of the uniform of the Crown. It was held immaterial that the sergeant was not acting in the course of his employment and that the Crown had suffered no loss and could not lawfully have made the profit itself.

As the principal opinion in this case put it:

". . . any official position, whether marked by a uniform or not, which enables the holder to earn money by its use gives his master a right to receive the money so earned even though it was earned by a criminal act. 'You have earned,' the master can say, 'money by the use of your position as my servant. It is not for you, who have gained this advantage, to set up your own wrong as a defence to my claim.' "

The Harvard Law Review, in commenting on this case in 1952 (vol. 65 at page 502), states that the principle of the case "might well be applied to the currently notorious 'sales of influence' by public office holders."

The Harvard Law Review is right.

In the second quarter of this century, the courts of this country, both state and Federal, took the lead in establishing and enforcing the fiduciary obligations of individuals holding positions of private trust, notably corporate officers, directors, and even majority stockholders.

The standards set are strict. Because a review of some of the leading cases involving private trust is relevant to consideration of the fiduciary obligations of those occupying positions of public trust, I attach a brief memorandum summarizing several of them.

The whole thrust of these decisions is summed up in a statement in 1961 by the Securities Exchange Commission in Cady Roberts and Company. In this case, the Commission asserted, with great cogency, that it was the purpose of the Exchange Act "to eliminate the idea that the use of inside information for personal advantage was a normal emolument of corporate office."

I suggest that the principle asserted by the Commission is at least equally applicable to public office. The use of inside information obtained through public office, and the use of the prestige and influence pertaining to public office, for personal advantage is not a "normal emolument" of such public office.

Did Bobby Baker, whose highest salary was no more than $20,000 a year, make $2 million on his own or was the money gained because of his office and the influence it carried? The question has been answered for us by the Rules Committee Counsel in his finding that Baker used "the prestige of his official position for his own private gain."

The slightest examination of the Committee's hearings, inadequate as they are, can leave no doubt of the justification for the conclusion in the Rules Committee's recommendations:

"The vast amount of information and data discovered and assembled by the Committee proves beyond doubt that the performance and activities of Robert G. Baker, while serving as a high official of the Senate, form a pattern of conduct and activity inimical to the public welfare."

or for the statements in the Committee Counsel's report, including:

"Baker used his public office in the Capitol as if it were a private business office. He entertained numerous visitors who were there for private business purposes. From this same office, he communicated with various business associates throughout the United States and even in Puerto Rico. The available records indicate that some of his personal calls were at Government expense."

"The volume of business and financial activities of Baker was so great and had such ramifications that its magnitude is completely inconsistent with his official duties and responsibilities."

"Baker used his acquaintance with numerous individuals and the prestige of his official position to obtain participation in many business ventures."

or for the Counsel's over-all conclusion, already mentioned, that Baker used "the prestige of his official position for his own private gain."

The next step here is, of course, for the Attorney General of the United States. Surely we can assume he will follow the matter wherever it may lead and whomever it may involve. Given the opportunity, I am sure the courts will hold that the influence and power which come to men through the holding of public position is held by them in trust, that it may not be sold or bartered, that it may not be used in any way for personal gain, and that anyone breaching that trust can be held to account and compelled to disgorge every penny of profit.

The time has come in the field of public affairs, as it came in the past few decades in the field of private corporate affairs, to put an end to all short cuts to big loot, to easy money, to the "fast buck." Can there be any surer way of ending wheeling and dealing and influence peddling than by taking the profit out of it?

The doctrine that a public officer or employee is liable to pay over to his employment any profit derived from the use of his official position is, of course, applicable not only to Members of Congress and its employees. It is equally applicable to all office holders and employees of all governments—Federal, state and local.

The vigorous enforcement of this doctrine could open the way to a great cleansing of public life in America at every level.

Memorandum of Cases Involving the Fiduciary Obligations of Individuals Holding Positions of Private Trust

In Irving Trust Co. v. Deutsch. 73 F 2d 121 (1934) rev'g 2 F. Supp. 971, directors and their associates were held liable for profits realized through the acquisition of another company which had patent licenses needed by their corporation, even though there was no intention to defraud and their corporation could not get the necessary funds on account of its impending bankruptcy. A similar holding was made by the Delaware courts in Loft Inc. v. Guth, 23 Del. Ch. 138, aff'd. 23 Del. Ch. 255 (1939).

In Brophy v. Cities Service Co. 70 A 2d 5 (Del. Sup. Ct. 1949), the Court held that a corporation could recover profits made by the confidential secretary to a director. The secretary was told by the director that the corporation was about to enter a program of buying its own stock. The secretary bought the stock before the corporate purchases and sold after they ceased. The secretary's purchases and sales were on the New York Stock Exchange and not to or from the corporation. Despite the fact that the director's secretary was not himself an employee of the corporation and had not dealt with the corporation, and though the corporation itself had suffered no loss or damage, nevertheless, the corporation's recovery of the secretary's profit was ordered.

In Mosser v. Darrow 341 U.S. 267 (1951), the Court surcharged a Trustee in Reorganization for all profits realized by employees of the Trustee on their trading in Securities of the corporation; some of these profits had been made on resale to the Trustee and others on purchases and sales on the open market. The Trustee himself had made no profits. The Court held it was irrelevant whether the trust estate had been injured or even benefited. It is interesting here that the trustee was held liable for permitting his employees to do what was forbidden to him; that is, trade on the company's securities on the basis of their inside information. Query: might the members of the Senate be responsible for profits made by their employee, Bobby Baker—might we individually be liable for profits made by our individual staffs?

In *Berner* v. *Equitable Office Building Corp.* 175 F 2d 218 (1949), the Court penalized (by reducing his fee) a lawyer involved in reorganization proceedings who suggested the purchase of securities to his brother-in-law. (Obviously one in a position of trust cannot escape liability by having the fruits of his breach of trust placed in the hands of a member of his family rather than taking them himself.)

The Securities Exchange Commission held, in Cady Roberts & Co., Securities Exchange Act Release No. 6668 (Nov. 8, 1961), that the anti-fraud provisions of the Securities Exchange Act were violated when a registered broker-dealer had gotten from his partner, a director of a corporation, inside information not yet made public of an impending dividend reduction and thereupon caused shares of stock of the corporation owned by his customers in discretionary accounts to be sold on the stock exchange without waiting for public announcement of the dividend reduction. The Commission held that the broker-dealer's fiduciary duty to his customers was overridden by the impropriety of his use of inside information obtained from his partner, a director of the corporation. In this case the Commission asserted that it was the purpose of the Exchange Act to "eliminate the idea that the use of inside information for personal advantage was a normal emolument of corporate office."

SENATOR McINTYRE ON SOLAR ENERGY

Mr. HATHAWAY. Mr. President, this past Saturday night, June 12, at the annual convention of the Solar Energy Industries Association here in Washington, Senator Thomas J. McIntyre of New Hampshire, gave the major address. This speech by Senator McIntyre, drawn from the work he began through the Select Committee on Small Business which I joined in with him, provides us all with a good overview of what we should be considering for solar energy.

For instance, Senator McIntyre notes that the people of the United States are well ahead of the Government in pressing for rapid development of solar energy. We truly, as Senator McIntyre notes, have had to become visionaries about solar energy. I fully agree with my good friend from New Hampshire when he says:

> To realize this truth and to act sensibly on funding for solar energy, we in Congress have had to temper our short-term expectations. We have had to become visionaries and dreamers.

Further, he says in this address that—

> You and I know that unlike fossil or nuclear fuel, the cost of providing solar energy is going down. Unlike fossil fuel or uranium, solar energy is abundant the world over. In the short run, solar energy can provide a modest but important contribution to the nation's total energy needs by heating and cooling some homes and public and private buildings, but in the long run, solar energy is potentially—no, let me change that to likely—a major source of our nation's energy supply.

Senator McIntyre knows that the people who want solar energy are prepared to go out and look for it. And look hard. Two thousand people showed up at a conference that he held in Manchester, N.H., looking for solar energy.

I ask unanimous consent that Senator McIntyre's address to the Solar Energy Industries Association be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address by U.S. Senator Thomas J. McIntyre

Mr. Chairman, officers and members of the Solar Energy Industries Association, special guests and friends:

I'm delighted to be here tonight, because it's always a source of personal pleasure and encouragement to be in the company of people who believe as I do.

As many of you know, I share your faith in solar energy. And I'm as certain as I've ever been certain that the nation will soon share my appreciation for your commitment to making the most promising of all sources of energy a practical reality.

You know, there's one sure-fire indicator of an idea whose time has come. And that indicator is humor. When jokes start circulating about an issue, you can be absolutely certain that this particular issue has begun to capture the public imagination.

The other day my neighbor walked over, and we began talking about the energy crisis, conventional fuels and alternative sources. All at once he surprised me by saying:

"You know, Tom, I had a solar home once."

"You did?" I asked in astonishment.

"Yup," he said, "but I had to get rid of it."

"Why?" I asked, in obvious disappointment.

"Vandals," he said. "Vandals kept spreading Coppertone on my roof."

(Pause)

Yeah, I groaned, too.

But at least I knew my neighbor had begun to think about solar energy . . . . and that's what we've got to get everybody to do.

Now I know from personal experience, that this won't be easy to accomplish. Most Americans, I suspect, think of themselves as I think of myself—more the practical man than the dreamer . . . more the immediate can-do type than the visionary. So my own self-image has been one of living and acting in today's world, on today's matters.

As a United States Senator, I look at issues the same way—asking myself, more often than not, what I can do today for the unemployed breadwinner, for the elderly citizen faced with a high electric bill and a late social security check, for the family overwhelmed by the rising cost of everything essential from food to fuel.

Now there are times, of course, when human problems can be solved, or at least eased, by quick and immediate action. But just as often we come hard up against problems which do not yield to the quick-fix. Indeed, I sense in America a growing recognition that there are a great many such questions and this realization was bound to contribute to the present crisis in confidence, the suspicion that we are losing our self-determination, because our problems have become so complex that our institutions seem paralyzed and incapable of solving them.

In part, this is because as a nation we have lived for so long—and so confidently—with a philosophy of growth. It was a national article of faith that a growing Gross National Product would always meet our employment needs and provide every citizen with the opportunity for upward mobility.

Only in very recent times have we begun to face up to the sobering realities of limited resources and limits to growth. Yet the poor still clamor for the better life they deserve, and each disadvantaged group demands a greater share of creature comforts and of the power that people want to regulate their own lives . . . Commodities that seem to be in ever rarer supply as time goes on.

The issue of energy supplies and prices is but one example of this underlying crisis. The oil embargo was a serious shock to our economy, but in a more important way it was a shock to our very system of values, a shock much like we sustained in the Vietnam War or the Watergate scandal.

Our collective faith in public and private institutions, in the wisdom and competence of public and private leadership, was severely strained by this succession of disenchantments, and so now, in our Bicentennial year, many Americans wonder whether we are a nation in decline, a nation without firm and lasting values *or* a special destiny.

Many signs indicate that the American spirit is adrift. And surely this is a situation made to order for the demagogue as well as the statesman.

Some candidates for high office, for instance, insist, upon mis-reading the lesson of Vietnam. Instead of seeing it for what it was, a tragic but overdue insistence that there is, indeed, a limit to our power, a limit to our insight and understanding of foreign cultures and conflicts, they play upon a misplaced sense of humiliation by talking tough, rattling sabres, oversimplifying very complex issues like the Panama Canal . . . and thus risking *another* agonizing misadventure.

In the aftermath of Watergate, the same image of a nation adrift can also be seen in the widespread distrust and disaffection for government and all things Washingtonian.

And in the wake of the Arab embargo and the huge increases in oil prices, it can be seen in the fact that we cannot agree on a national energy policy—or even upon the purposes of such a policy.

In our customary American way, the public expected—and the Congress sought—to come up with quick and easy solutions to the energy crisis. But no one came up with any.

And I confess that when I first got interested in solar energy early in 1975, I thought *it* held promise for a simple and easy solution to the energy dilemma.

But as all of you know, and as I quickly learned, the benefits were not that imminent. Solar energy is still a relatively expensive way to heat or cool a home—at this point in time.

But you and I know that unlike fossil or nuclear fuel, the cost of providing solar energy is going down. Unlike fossil fuel or uranium, solar energy is abundant the world over. In the short run, solar energy can provide a modest but important contribution to the Nation's total energy needs by heating and cooling some homes and public and private buildings. But in the long run, solar energy is potentially—no, let me change that to likely—a major source of our nation's energy supply.

To realize this truth, and to act sensibly on funding for solar energy, we in Congress have had to temper our short-term expectations. We have had to become visionaries and dreamers.

As politicians accustomed to acting quickly on short-term objectives, this has been a difficult adjustment. We have had to envision what can be, what can happen, ten or twenty or fifty years hence if we act now. This adjustment to long-term thinking has been no easier for government bureaucrats, as many of you are well aware.

But forced by the oil embargo and by high energy prices to think about alternatives, I have begun to dream of a day when we as a nation will waste far less energy, when we will guard our national resources more carefully from wanton exploitation to meet immediate desires, when we will use much more of the abundant, naturally renewable sources of energy that come directly and indirectly from the sun, and when we realize that the cost of any fossil fuel must include the environmental price paid for extracting and burning it.

We can broaden this new American dream and look forward to a new and more satisfying way of life. In part, we must turn our vision backward, to certain things we had in the past—the pristine cleanliness of our air, our lakes and streams, our shorelines, for example. We can recapture as well our pride in ourselves as a nation, our self-reliance and the sense of community that made us the great nation we still are, despite the recent faltering of our dreams.

I hope we can look forward to a future of less distrust between consumers and businesses, and I look forward to an ending of disrespect for, and distrust of, Washington, and to the beginning of an era in which we lead the world by moral example and achievement . . . rather than by military might.

As the solar energy industry, you are a vital part of this new America.

You are proving that solar energy is already commercially practical for some uses, and can in time become a practical source of energy for many purposes.

I know that there are many who say that the broad use of solar energy is still a long way off, especially for generating electricity. And I am equally aware that there are those who—for selfish reason—want solar energy to be thought of this way—as something distant and futuristic.

But the breakthroughs and the rapid development of ideas into working devices cannot be suppressed, and one is forced by this rapid pace of technological development to ask whether solar energy is really that far off?

Just last Saturday, for example, the Washington Post carried a story about engineers at the Massachusetts Institute of Technology who have developed a new solar energy collector system using both solar mirrors and photovoltaic cells.

A private company plans to use the system in new homes next year, and officials of that company predict that the collectors will supply up to 80 percent of the heat and 50 percent of the electricity for an average home in Washington—at an installation cost of less than $5,000 per home. I know that you are all aware of the significance of these figures, if they work out.

I mention this as only one example. Many of us in Congress recognize that your industry, though small today by the scale of American industrial giants, is a growing, important part of this new American dream. Most of us don't expect to see this dream fulfilled in our lifetimes. Frankly, I don't. But as practical people, some of us in Congress know that there are many steps we can take now to help make your part of the new American future come true.

We have already made some progress, starting with the passage of solar energy legislation in 1974. Last year, together with Senators Gaylord Nelson of Wisconsin and William Hathaway of Maine, I held hearings on the problems that small companies are having in getting solar energy research funds. Those hearings resulted in a number of plans and actions:

The Energy Research and Development Free Enterprise Act, S. 2845, which I sponsored, would set aside half of ERDA's solar energy research budget for small businesses. It probably will not be acted on this year, but I am considering including a set-aside for small businesses in next year's ERDA solar energy budget. And on its own, ERDA has privately expressed its willingness to try to grant half its solar energy research contracts and awards to small businesses.

At my request, the Department of Housing and Urban Development has developed interim standards for solar hot water and heating systems in homes purchased with Federally insured mortgages. This will clear away the red tape that has prevented people from buying solar-equipped homes with federally-insured mortgages.

In addition, my office encouraged the New England Fuel Institute to start a program of installing solar hot water heaters to work in conjunction with oil heat in the home, and cut down the consumer's bill for imported oil. Charles Burkhardt, executive vice president of the Fuel Institute, predicts that this pilot program can eventually lead to the installation of 600,000 solar water heaters in New England.

I think this is an entirely realistic expectation, because I know public interest in solar energy—in New England at least—is growing and growing fast.

Just eight weeks ago, I held an all-day symposium on solar energy in my home state of New Hampshire. The symposium was intended to give the people of New Hampshire a chance to see the state of solar energy technology for themselves. I expected 400 to 600 people but to my surprise and delight more than 2,000 turned out for the event.

And just last week, I took further action. This time I proposed in a letter to ERDA that the agency create a solar energy advisory committee. Let me quote a paragraph from that letter.

"The purpose of such an advisory committee would be to bring to ERDA the benefit of information straight from the people who are involved in developing solar energy in the field. Further, such a committee would bring in a diversity of opinion and viewpoints regarding ERDA's future solar energy policies . . ."

I anticipate a response from Dr. Seamans fairly soon.

Next week, or soon thereafter, I plan to introduce a floor amendment to S. 2657, a bill extending the Higher Education and Vocational Education Acts. The amendment would provide funds for training high school graduates in the crafts necessary to install solar energy equipment. A vocational school in my home state is already planning to add solar energy panel installation to its curriculum. And the New England Fuel Institute has just received a $50,000 grant from ERDA to add solar installation to the curriculum of NEFI's fuel oil technician school.

Beyond this, my staff is also working on legislation intended to help bring solar energy over the last hill from the development stage to public use by creating incentives for commercialization.

Now let me add at this point that many *other* senators and congressmen are working on solar energy legislation of their own, and I have every intention of supporting whatever feasible proposals are made, while continuing to pursue my own initiatives.

For example, Senators Edward Kennedy and Ernest Hollings are the prime movers behind a bill that would provide solar energy loans to homeowners and small businesses, with the government paying 25 percent of the principal of the loans.

I am a cosponsor of that bill, and I'm

working to have it reported out of the Senate Banking Committee, its last hurdle before floor action. This bill is similar in purposes to a solar energy tax credit bill that I introduced earlier this year.

But now to the big issue—how much will ERDA have to spend on solar energy development in fiscal 1977? That decision will be made soon, as you know, and it's not just a question of money, but of energy priorities and commitment to more than just a token budget for solar energy.

The Federal budget for solar energy has grown in recent years—and yet the industry has shown itself capable of effectively using far more money for important research and development projects.

For the coming fiscal year, the White House Office of Management and Budget held ERDA's solar energy budget request to $110 million, an increase, but only a modest one, over this year's budget of $86 million.

But it is time to stop being modest. It is time for a larger commitment to developing solar energy. The House has authorized ERDA to spend up to $345 million next year, but appropriated $204 million. This appropriation is the more relevant figure, and Congressman Jeffords of Vermont is trying to have it raised, I understand, to about $250 million.

In the Senate, I gave testimony urging Senator Church's Water and Energy Resources Subcommittee to increase ERDA's solar energy budget. A number of other Senators, including Senator Humphrey, also pressed for big increases in solar energy budgeting for next year.

As a result, the Senate will probably authorize a ceiling of $224 million for ERDA in 1977. Senator Robert Byrd of West Virginia is making a strong effort in his subcommittee of the Appropriations Committee to ensure that all of this authorization is actually appropriated and put to use next year.

What all this boils down to is a declaration by Congress that we want to accelerate the development of solar energy.

And we in Congress want to hear more from you in the industry about what you need, and what you would like to see us do.

And now, in closing, I ask you in your own self-interest as an industry, to keep your sights on the dream of a better, less wasteful America while you set your practical sights on business ends and the responsible promotion of your industry.

I leave you with that plea and with a quotation from a column written by John Cole, Editor of the Maine Times, after he participated in my solar energy symposium on April 10th. Here is part of what Mr. Cole had to say:

" . . . solar energy is no longer a dream for a few idealists; it's a reality that has captured the imagination of senators, engineers, industrialists, entrepreneurs, executives, movie stars, activists and hard workers like Lola Redford. More important, the thought of getting some practical information about the sun as an energy supplement was enough to bring 2,000 every day citizens of Manchester and New Hampshire to a stuffy high school gym on a fine spring Saturday morning. That more than any other fact, let me know that it is time to quit wondering if the people support the solar energy idea.

"They do. They surely do."

EMERGENCY MEDICAL SERVICES AMENDMENTS OF 1976—S. 2548

Mr. **SCHWEIKER**. Mr. President, as the ranking minority member of the Health Subcommittee which carefully considered and recommended S. 2548, the Emergency Medical Services Amendments of 1976, I am pleased that the Senate acted to approve this much-needed measure to allow the continuation, expansion, and improvement of an excellent program. Since its enactment in 1973, Emergency Medical Services legislation has provided communities throughout the Nation, both urban and rural, with the impetus and technical guidance needed to develop total, well-planned emergency medical systems tailored to meet local area needs and problems. This is the best and most productive kind of Federal and local partnership, in my view.

This important legislation serves to fill one of the major service gaps in the Nation's medical care system by laying the groundwork for effective programs to combat the problem nationwide. The fruits of the original authorizing legislation have already been amply demonstrated. These amendments build on that record of success, permit the program to grow, strengthen our ability to learn from program achievements and to disseminate them and add an important new burn treatment program to the full range of emergency services that the American people need.

DRUG PRICES

Mr. PACKWOOD. Mr. President, I shall ask unanimous consent to have printed in the Record a long list of drug prices. This list was compiled by the Department of Health, Education, and Welfare for use by each individual State in determining the reimbursement that local pharmacies should receive when they fill a medicaid, medicare, or other federally-financed prescription. The individual State is not bound by this list but it is intended as a close approximation of the actual acquisition cost of the drugs.

The reason I am entering this list into the Record is to provide each Senator with access to it. I feel my colleagues should be aware of the list and discuss with the pharmacists in their own States whether the list accurately reflects the prices at which they can acquire the drugs. If the pharmacist cannot acquire these specific drugs at these prices then the list should be changed. Also, each State agency responsible for administering the actual reimbursement levels should be aware of any discrepancies between the list and the actual acquisition cost of the drugs in their particular State. Once they are thus aware, appropriate measures can be taken to bring the pharmacists' reimbursement up to the full measure of their costs, plus whatever dispensing fee is allowed.

All of this is important because we cannot, through our neglect, allow the pharmacists to bear the brunt of the cost-saving measures to be implemented by the Department of Health, Education, and Welfare.

Mr. President, I ask unanimous consent that a short description of the use to which the list is to be put and then the actual list of drug prices be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Drug Prices

Maximum Allowable Cost (MAC) regulations published on August 15, 1975, require that the upper limits for payment for prescribed drugs be limited to the lower of acquisition cost plus a dispensing fee established by the State program agency, or the provider's usual and customary charge to the general public.

The regulations require that the acquisition cost of the drug product not exceed that established by the State program agency or the Maximum Allowable Cost (MAC) set by the Department's Pharmaceutical Reimbursement Board. Each State shall establish an estimated acquisition cost (EAC) for each drug product. The EAC shall be the State's closest estimate of the price generally and currently paid by providers and shall be based on the package size of drugs most frequently purchased by providers. The attached list of invoice level drug prices is the second in a series to be provided by the Medical Services Administration to aid the States in establishing the acquisition cost for each drug product. The list, reporting national drug prices, is advisory only. Actual prices paid by pharmacies may vary from those reported in this list due to regional price differences, prescription volume, price changes, and other factors. Some companies have increased prices since these data were gathered while others have made price reductions. The final determination of estimated acquisition cost to be paid for pharmacy reimbursements should be made by each State based upon the best information available to it.

Prices in this list are based on a survey of all invoices for prescribed drugs received by 1,400 pharmacies throughout the United States during the quarter ending March 31, 1976. Significant changes have been made in procedures used to gather, analyze, and report the price data. These changes include the following:

1. Development of a data screening process to eliminate extreme values.

2. Change in definition of the most frequent price from that at which the largest number of packages were sold to the price at which the largest number of transactions occurred.

3. Organization of drugs alphabetically by chemical entity. This permits comparison of prices among manufacturers for the same produce, dosage form, strength, and package size.

4. The list has been expanded to include products from more producers and more dosage forms and strengths of products.

A second criterion, in addition to the modal price, was used in the preparation of this list to assist in determining the cost estimates. Where the modal price (the price most frequently paid) is less than the median price, the median price was used. Thus, at least 50 percent of the purchases were made at or below the prices given in this list.

Additional price information will be distributed as it becomes available. Monthly updates will report only price changes of 5 percent or more from the prices listed in this report. The entire list will be revised periodically. Further refinements in techniques for collecting data and for data analyses will continue. By the next update list the data will be current within sixty days from the time the list is published, and efforts to lessen this time lag will continue. In addition, prices by census region and by volume of prescription sales will be made available shortly.

INVOICE LEVEL DRUG PRICES—1ST QUARTER 1976

Chemical entity	Brand	Manufacturer	Quantity base	Unit price
Acetaminophen with codeine:				
Tablet, No. 3	Tylenol with codeine	McNeil	100	$0.0838
Tablet, No. 4			100	.1360
Tablet, No. 2			100	.0525
Acetazolamide:				
Tablet, 250 mg	Diamox	Lederle	100	.0940
Sequel 500 mg			100	.1650
Tablet, 125 mg			100	.0400
Acetohex amide:				
Tablet, 500 mg	Dymelor	Lilly	50	.0968
Tablet, 250 mg			200	.0516
Allopurinol:				
Tablet, 100 mg	Zyloprim	Burroughs, Wellco	100	.0660
Tablet, 300 mg			100	.1730
Amantadine HCL: Capsule, 100 mg.	Symmetrel	Endo	100	.1485
Aminacrine/allantoin/sulfanilamide: Suppository 16 with inserter.	AVC	Merrell-National	16 with inserter.	4.6500
Amitriptyline HCL:				
Tablet, 25 mg	Elavil	M. S. & D	100	.0865
Tablet, 50 mg			100	.1521
Tablet, 10 mg			100	.0427
Amoxicillin:				
Capsule, 250 mg	Larotid	Roche	100	.3100
	Polymox	Bristol		.3112
	Amoxil	Beecham Labs		.3250
Suspension 125 mg/5 ml.	Larotid	Roche	80 ml	4.090
	Amoxil	Beecham Labs		4.000
Suspension 250 mg/5 cc.	do	do	80 cc	6.8500
	Larotid	Roche		6.4400
Amphetamine-dextro-amphetamine resin complex:				
Capsule, 20 mg	Biphetamine	Pennwalt Rx Products.	100	.1374
Capsule, 12.5 mg			100	.1202
Capsule, 7.5 mg			100	.1041
Ampicillin:				
Capsule, 250 mg	Polycillin	Bristol	100	.1874
	Pen-A	Pfipharmecs		.0990
	Amcill	Parke, Davis		.1293
	Omnipen	Wyeth		.0957
	Principen	Squibb		.1490
	Penbritin	Ayerst		.1454
	SK-Ampicillin	Smith Kline Corp		.0725
	Pensyn	Upjohn		.0806
	Alpen	Lederle		.1385
Capsule, 500 mg	Pen-A	Pfipharmecs	100	.1497
	Polycillin	Bristol		.3620
	Omnipen	Wyeth		.1869
	Amcill	Parke, Davis		.2497
	Principen	Squibb		.1249
	SK-Ampicillin	Smith Kline Corp		.1390
	Alpen	Lederle		.2724
	Pensyn	Upjohn		.1308
Suspension, 250 mg/5 cc, 100 cc.	Principen	Squibb	100 cc	2.560
	Omnipen	Wyeth		1.930
	Polycillin	Bristol		3.910
	Amcill	Parke, Davis		2.010
APC with/codeine:				
Tablet, No. 3 ½ gr	Empirin with codeine	Burroughs Wellco	500	.0700
Tablet, No. 4 1 gr	do	do	100	.1405
Tablet, No. 2 ¼ gr	do	do	100	.0405
Aspirin/phenacetin/hyoscyamine/phenobarb with codeine:				
Capsule, No. 3	Phenaphen with codeine.	Robins	100	.0790
Capsule, No. 4			100	.1350
Capsule, No. 2			100	.0520
Bacitracin-neomycin-polymixin B:				
Top ointment	Neosporin	Burroughs, Wellco	½ oz	1.100
	Mycitracin	Upjohn		1.0700
Opthh sol/OCC	Neosporin	Burroughs, Wellco	Drop-Dose 1	1.6500
Opth ointment	do	do	⅛ oz	.8500
	Neopolycin	Dow Pharmaceutic		.9900
Bellafoline/ergotamine tartr/phenobarbital:				
Space tablets	Bellergal	Dorsey	100	.1154
Bendroflumethiazide:				
Tablet, 5 mg	Naturetin	Squibb	100	.0785
Tablet, 10 mg				.1210
Tablet, 2.5 mg				.0517
Bendroflumethiazide with rauwolfia serpentina: Tablet	Rauzide	Squibb	100	.0933
Benzphetamine HCL:				
Tablet, 50 mg	Didrex	Upjohn	100	.0738
Tablet, 25 mg	do	do	100	.0377
Benztropine mesylate:				
Tablet, 2 mg	Cogentin	M.S. & D	100	.0385
Table, 1 mg			100	.0306
Tablet, 0.5 mg			100	.0267
Betamethasone:				
Tablet, .6 mg	Celestone	Schering	100	.1775
Soluspan, 6 mg/cc			5 cc	10.1500
Syrup, .6 mg/5 cc			4 oz	4.6400
Betamethasone dipropionate: cream	Diprosone	Schering	15 gm	2.7500
Betamethasone valerate:				
Cream, 0.1 percent	Valisone	Schering	45 gm	$5.1000
Ointment, 0.1 percent.			45 gm	5.1000
Lotion, 0.1 percent			60 cc	6.6500
Bethanechol chloride:				
Tablet, 25 mg	Urecholine	M.S. & D	100	.1503
Tablet, 10 mg			100	.0992
Tablet, 5 mg			100	.0541
Brompheniramine maleate:				
Extentab, 12 mg	Dimetane	Robins	100	.0660
Extentab, 8 mg			100	.0475
Elixier			16 oz	.2031
Brompheniramine/phenylephrine/phenylpropanolamine:				
Extentab	Dimetapp	Robins	500	.0843
Elixir			16 oz	.2813
Butararbital sodium:				
Tablet, regular, 30 mg.	Butisol, Sodium	McNeil	100	.0248
Tablet, regular, 15 mg.			100	.0187
Elixir			16 oz	.2200
Butalbital With APC:				
Tablet	Fiorinal	Sandoz	100	.0402
Capsule			100	.0498
Butalbital With APC and Codeine:				
Capsule No. 3	Fiorinal with codeine	Sandoz	100	.1269
Capsule No. 2			100	.0894
Capsule No. 1			100	.0706
Caramiphen edisylate/chlorpheniramine/phenylpropanolamine/isopropamide:				
Spans	Tuss-Ornade	Smith Kline Corp	50	.1370
Liquid			16 oz	.4531
Carbamazepine: Tablet, 200 mg.	Tegretol	Geigy	100	.1082
Carbenicillin indanyl sodium: Tablet.	Geocillin	Roerig	100	.3800
Carbidopa/Levodopa:				
Tablet, 25/250	Sinemet	M.S. & D	100	.1625
Tablet, 10/100			100	.0975
Carisoprodol:				
Tablet, 350 mg	Soma	Wallace	100	.1092
Capsule, 250 mg			100	.0900
Carisoprodol/Acetophenetidin/caffeine: Tab.	Soma compound	do	100	.1080
Cephalexin:				
Pulv, 250 mg	Keflex	Lilly	100	.3052
Pulv, 500 mg			100	.5996
Suspension, 250 mg			100 cc	6.6700
Cephradine:				
Capsule, 250 mg	Anspor	Smith Kline Corp	100	.2840
	Velosef	Squibb		.2840
Capsule, 500 mg	do	do	24	.6675
Suspension 250 mg/5 ml.			100 ml	6.3900
Chloral Hydrate:				
Capsule 7½ g	Noctec	do	100	.0443
	Chloral hydrate	Alliance Pharmautical		.0227
	Chloral hydrate	American Pharmaceutical.		.0280
	Kessodrate	McKesson		.0255
Syrup	Noctec	Squibb	16 oz	.1657
Chloramphenicol:				
Capsule, 250 mg	Chloromycetin	Parke, Davis	100	.2970
Suspension, 125 mg/4 cc.			60 cc	4.7400
Ophth Ointment			⅛ oz	1.4200
Chlordiazepoxide, HCL:				
Capsule, 10 mg	Librium	Roche	500	.0639
Capsule, 25 mg			100	.1126
Capsule, 5 mg			500	.0450
Chlordiazepoxide with clidinium bromide: Capsule.	Librax Retd	Roche	500	.0721
Chlorothiazide:				
Tablet, 500 mg	Diuril	M.S. & D	100	.0600
Tablet, 250 mg			100	.0323
Chlorothiazide with reserpine:				
Tablet, 500 mg	Diupres	M.S. & D	100	.0820
Tablet, 250 mg			100	.0525
Chlorpheniramine maleate:				
Spansules, 12 mg	Teldrin	Smith Kline Corp	50	.0800
Tablet, 4 mg	Chlortrimeton	Schering	24	.0371
Repetabs, 12 mg	do	do	100	.0767
Chlorpheniramine/phenylephrine/acetaminophen: Tablet.	Singlet	Dow Pharmaceutic	100	.1090
Chlorphnrmine/phnylephrne/phnylpropanolamine/phnyltoloxamine:				
Tablet	Naldecon	Bristol	100	.0985
Ped. syrup			16 oz	.3413
Syrup			16 oz	.3669

INVOICE LEVEL DRUG PRICES—1ST QUARTER 1976—Continued

Chemical entity	Brand	Manufacturer	Quantity base	Unit price
Chlorpromazine HCL:				
Tablet, 25 mg	Thorazine	Smith Kline Corp	100	$0.0380
Tablet, 50 mg			100	.0440
Tablet, 100 mg			100	.0540
Chlorpropamide:				
Tablet, 250 mg	Diabinese	Pfizer	1,000	.0982
Tablet, 100 mg			100	.0484
Chlorthalidone:				
Tablet, 100 mg	Hygroton	USV Pharmaceutic	100	.0938
Tablet, 50 mg			100	.0770
Chlorthalidone with reserpine: Tablet.	Regroton	USV Pharmaceutic	100	.1182
Chlorzoxazone with/ acetaminophen:				
Tablets	Parafon	McNeil	100	.0893
Cholestyramine:				
Powdered packet 4 gm	Questran	Mead Johnson	50	.2540
Clindamycin:				
Capsule, 150 mg	Cleocin	Upjohn	100	.2449
Capsule, 75 mg			100	.1326
Clofibrate: Capsule, 500 mg	Atromid-S	Ayerst	100	.0623
Clomiphene citrate:				
Tablet, 50 mg	Clomid	Merrell-National	3×10	.8333
Clonidine HCL:				
Tablet, 0.1 mg	Catapres	Boehringer Ing L	100	.0714
Tablet, 0.2 mg			100	.0936
Clorazepate dipotassium:				
Capsule, 7.5 mg	Tranxene	Abbott	100	.0800
Capsule, 3.75 mg			100	.0590
Capsule, 15 mg			100	.1250
Clotrimazole:				
Cream 1 percent	Lotrimin	Delbay	15 gm	2.7300
Solution 1 percent			10 ml	2.3900
Cloxacillin sodium:				
Capsule, 250 mg	Tegopen	Bristol	100	.2187
Solution, 125 mg/ 5 cc			80	2.4100
Capsule, 500 mg			100	.4344
Colistin sulfate with/ neomycin and hydrocortisone:				
Dropotic	Colymycin-S	Warner-Chilcott	5 cc	2.6000
Cromolyn sodium:				
Capsule, 20 mg	Aarane	Syntex	60	.1790
Capsule, 20 mg	Intal	Fisons	60	.1783
Inhaler	Aarane	Syntex		3.000
Cyclandelate:				
Capsule, 200 mg	Cyclospasmol	Ives Labs	100	.0840
Capsule, 400 mg			60	.1518
Tablet, 100 mg			100	.0420
Cyclophosphamide:				
Tablet, 50 mg	Cytoxan	Mead Johnson	100	.1873
Vial, 500 mg			12	5.9983
Dantrolene sodium:				
Capsule, 25 mg	Dantrium	Eaton	50	.0924
Capsule, 100 mg			50	.1788
Demeclocycline HCL:				
Tablet, 300 mg	Declomycin	Lederle	48	.3783
Demeclocyline HCL: Capsule, 150 mg.	Declomycin	Lederle	100	.2080
Desipramine HCL:				
Tablet, 50 mg	Norpramin	Merrell-National	100	.1610
Tablet, 25 mg			100	.0960
Capsule, 25 mg	Pertofrane	USV Pharmaceutic	100	.0996
Dexamethasone sodium phosphate:				
Turbinair, 12.6 gm	Decadron	M.S. & D	1	4.5100
Vials, 4 mg/cc			5 cc	7.1300
Ophth solution, 1 percent.			5 cc	2.5600
Dexamethasone with neomycin:				
Ophth solution, 1 percent.	Neo-Decadron	M.S. & D	5 cc	2.7300
Ophth solution, Ocumeter solution, 0.1 percent.			5 cc	2.3600
Cream, 0.1 percent			15 gm	1.9500
Dexamethasone, neomycin, polymixin B:				
Ophth suspension	Maxitrol	Alcon	5 cc	3.000
Ophth ointment			3.5 gm	2.1100
Dexbrompheniramine maleate with D-isoephedrine sulfate:	Drixoral	Schering	60	.1035
Tablet	Drixoral	Schering	60	.1035
Chronotabs	Disophrol		100	.1035
Tablet			100	.0571
Dexchlorpheniramine maleate:				
Repetabs, 6 mg	Polaramine	Schering	100	.0783
Repetabs, 4 mg			100	.0547
Tablet, 2 mg			100	.0318
Dextroamphetamine sulfate:				
Spansules, 15 mg	Dexedrine	Smith Kline Corp	50	.0910
Tablet, 5 mg			100	.0266
Spansules, 10 mg			50	.0710
Dextroamphetamine sulfate with amobarbital:				
Spansules, No. 2	Dexamyl	Smith Kline Corp	50	.0960
Tablet			100	.0276
Spansules, No. 1			50	.0760
Dextroamphetamine sulfate with prochlorperazine maleate: Spansule.	Eskatrol	Smith Kline	50	$0.1110
Dextrothyroxine:				
Tablet, 2 mg	Choloxin	Flint Labs	100	.1374
Tablet, 4 mg			100	.1759
Tablet, 1 mg			30	.1393
Diazepam:				
Tablet, 5 mg	Valium	Roche	500	.0838
Tablet, 10 mg		500		.1120
Tablet, 2 mg			500	.0585
Dicyclomine HCL:				
Tablet, 20 mg	Bentyl	Merrell-National	100	.0660
Capsule, 10 mg			100	.0465
Syrup			16 oz	.3219
Dicyclomine HCL with phenobarbital:				
Capsule	Bentyl with Phb	Merrell-National	100	.0515
Tablet, 20 mg			100	.0700
Syrup			16 oz	.3500
Dicyclomine/doxylamine/pyridoxine: Tablet.	Bendectin	Merrell-National	100	.1135
Dienestrol cream:				
Cream with applicator.	Dienlestrol	Ortho	23/4 oz	3.4500
Cream without applicator.	do	do		2.8800
Diethylpropion, HCL:				
Dospan tablet, 75 mg.	Tenuate	Merrell-National	100	.1670
	Tepanil	Riker		.1626
Digoxin:				
Tablet, 25 mg	Lanoxin	Burroughs, Wellco	1,000	.0079
	Digoxin	American Pharmaceutical.		.0055
Tablet, 125 mg	Lanoxin	Burroughs Wellco	100	.0095
Elixir Ped	do	do	1	1.30
Dihydroergocornine,-cristine,-kryptine:				
Subling. tablet, 0.5 mg.	Hydergine	Sandox	1,000	.0855
Subling, tablet 1.0 mg.			100	.1710
Dimethisterone and ethinyl estradiol: Packette.	Oracon	Mead Johnson	6 × 21	2.0500
Diphenhydramine HCL:				
Kap, 50 mg	Benadryl	Parke, Davis	100	.0400
Capsule, 25 mg			100	.0230
Elixir			4 oz	.6000
Diphenoxylate with atropine sulfate:				
Tablet, 2.5 mg	Lomotil	Searle	500	.0881
Liquid, 2.4 mg/5 cc			2 oz	2.2400
Diphylline with guaiphenesin:				
Tablet	Lufyllin-GG	Mallinckrodt	100	.0953
Elixir			16 oz	.3175
Dipyridamole: Tablet, 25 mg.	Persantin	Boehringer Ing L	100	.0912
Doxepin HCL:				
Capsule, 25 mg	Sinequan	Pfizer	100	.1283
	Adapin	Pennwalt Rx Products.		.1150
Capsule, 50 mg	Sinequan	Pfizer	100	.1806
	Adapin	Pennwalt Rx		.1765
	Adapin	Pennwalt Rx Products.		.1765
Capsule, 10 mg	Sinequan	Pfizer	100	.0995
	Adapin	Pennwalt Rx Products.	100	.0940
Doxorubicin HCL:				
Vial 50 mg	Adriamycin	Adria Labs	1	66.5000
Vial 10 mg			1	16.3100
Doxycycline:				
Capsule, 100 mg	Vibramycin	Pfizer	50	.6506
	Doxy II	USV Pharmaceutic		.5358
Capsule, 50 mg	Vibramycin	Pfizer	50	.3620
	Doxy II	USV Pharmaceutic		.3596
Dyphyline:				
Tablet, 200 mg	Lufyllin	Mallinckrodt	100	.0669
Elixis, 100 mg/15 cc			16 oz	.2344
Ergotamine tart/ caffeine/bellafoline/ pentobarbitol SOD:				
Supository	Cafergot-PB	Sandoz	12	.5050
Tablet			100	.1446
Ergotamine tartrate with caffeine:				
Tablet	Cafergot	Sandoz	100	.1242
Suppositary			12	.4200
Erythromycin:				
Tablet, 250 mg	E-Mycin	Upjohn	100	.1298
	Robimycin	Robins		.1000
Tablet, 250 mg	Ilotycin	Dista	100	.1000
Topical ointment			15 gm	1.2100
Erythromycin estolate:				
Pulv, 250 mg	Ilosone	Dista	100	.2079
Suspension, 250 mg/5cc.			16 oz	1.4512
Suspension, 125 mg/5cc.			16 oz	.8063

INVOICE LEVEL DRUG PRICES—1ST QUARTER 1976—Continued

Chemical entity	Brand	Manufacturer	Quantity base	Unit price
Erythromycin ethylsuccinate:				
Granules for Suspension, 200 mg	Erythrocin ethylsuccinate.	Abbott	100 cc	$3.2700
Liquid, 200 mg			Pint	.8925
Liquid, 400 mg			Pint	1.6630
Erythromycin sterate:				
Filmtab, 250	Erythrocin sterate	Abbott	100	.1250
Tablet, 250 mg	Pfizer-E	Pfipharmecs	100	.0692
	Erypar	Parke, Davis		.0695
	SK-erythromycin	Smith Kline Corp		.0910
	Erythromycin sterate	Wyeth	100	.07500
Esythromycin sterate: Filmtab, 500 mg.	Erythrocin sterate	Abbott	100	.1950
Estrogens esterified:				
Tablet, 1.25 mg	Menest	Beecham Laboratories.	100	.0720
Tablet, .625 mg			100	.0423
Tablet, 2.5 mg			50	.1326
Estrogens, conjugated:				
Tablet, 1.25 mg	Premarin	Ayerst	1000	.0600
Tablet, .625 mg			100	.0434
Tablet, 2.5 mg			100	.1355
Ethaverine:				
Tablet, 100 mg	Ethaquin	Ascher	100	.0990
	Ethatab	Meyer Laboratories		.0820
Capsule	Isovex-100	Medics Pharmaceutical.	100	.0972
Ethchlorvynol:				
Capsule, 500 mg	Placidyl	Abbott	100	.0737
Capsule, 750 mg			100	.0979
Capsule, 200 mg			100	.0411
Ethynodiol diacetate with ethinyl estradiol:				
Tablet, refill, 21s	Demulen	Searle	12	2.1208
Tablet, Triopack			1	6.4900
Tablet, Compak			6	2.2250
Ethynodiol with mestranol:				
Tablet, refills	Ovulen-21	Searle	12	2.1208
Tablet, Compaks			6 compaks	2.1500
Fenfluramine HCL: Tablet, 20 mg.	Pondimin	Robins	100	.0750
Fluocinolone acetonide:				
Cream, 0.025 percent.	Synalar	Syntex	15 g	2.2800
Cream, 0.01 percent,			15 g	1.5800
Solution, 0.01 percent.			60 c	4.9660
Fluocinonide:				
Cream 0.05 percent	Lidex	Syntex	15 g	2.6300
Ointment, 0.05 percent.			60 g	6.8000
Fluoxymesterone:				
Tablet, 10 mg	Halotestin	Upjohn	50	.2964
Tablet, 5 mg			50	.1998
Tablet, 2 mg			100	.0807
Fluphenazine HCL:				
Tablet, 1 mg	Prolixin	Squibb	50	.0852
Tablet, 5 mg			50	.1480
Tablet, 2.5 mg			50	.1156
Flurandrenolide:				
Cream, .05 percent	Cordran	Dista	15 g	2.4000
Cream, .025 percent.			30 g	2.4500
Lotion, .05 percent			60 c	7.2600
Flurazepam HCL:				
Capsule, 30 mg	Dalmane	Roche	100	.0749
Capsule, 15 mg			100	.0599
Furosemide:				
Tablet, 40 mg	Lasix	Hoechst-Roussel	500	.0832
Tablet, 20 mg			100	.0660
Ampule, 10 mg/M1, 2 M1.			5	1.1000
Gamma benzene hexachloride:				
Lotion	Kwell	Reed & Carnrick	2 oz	2.0100
Shampoo			2 oz	2.0400
Cream			2 oz	2.0900
Gentamicin sulfate:				
Vial 80 mg, 2 cc	Garamycin	Schering	1	5.1600
Ointment 0.1 percent, 15 gm.	do	do	1	2.0200
Cream 0.1 percent, 15 gm.	do	do	1	2.0200
Glutethimide:				
Tablet, 0.5 gm	Doriden	USV Pharmaceutic	100	.0778
Capsule, 0.5 gm	do	do	100	.0778
Tablet, 0.25 gm	do	do	100	.0633
Griseofulvin microcrystalline:				
Tablet, 500 mg	Fulvicin-UF	Schering	60	.2665
Capsule, 500 mg	Grisactin	Ayerst	60	.2268
Tablet 250 mg	Fulvicin-UF	Schering	60	.1400
Guanethidine sulfate:				
Tablet, 10 mg	Ismelin	Ciba	100	.0915
Tablet, 25 mg	do	do	100	.1350
Halcinonide: Cream, 0.1 percent 15 gm.	Halog	Squibb	1	2.8200
Haloperidol:				
Tablet, 5 mg	Haldol	McNeil	100	.2099
Tablet, 2 mg	do	do	100	.1498
Tablet, 1 mg	do	do	100	.0998
Haloprogin:				
Cream, 30 gm	Halotex	Westwood	1	$4.5000
Solution, 30 cc	do	do	1	4.5000
Hexachlorophene: Liquid, 5 oz.	Phisohex	Withrop	1	1.5800
Hydralazine:				
Tablet, 25 mg	Apresoline	Ciba	100	.0475
Tablet, 50 mg	do	do	100	.0690
Tablet, 10 mg	do	do	100	.0310
Hydrochlorothiazide:				
Tablet, 50 mg	Esidrix	do	100	.0600
Do	Hydrodiuril	M.S. & D	100	.0600
Do	Thinretic	Parke Davis	100	.0208
Do	Oretic	Abbott	100	.0485
Do	Hydrochlorothiazide	American Quinine	100	.0495
Tablet, 25 mg	Hydrodiuril	M.S. & D	100	.0323
Do	Esidrix	Ciba	100	.0380
Do	Thiuretic	Parke Davis	100	.0310
Do	Oretic	Abbott	100	.0366
Tablet, 100 mg	Hydrodiuril	M.S. & D	100	.0918
Hydrochlorothiazide with reserpine:				
Tablet, 50 mg	Hydropres	M.S. & D	100	.0820
Tablet, 25 mg	do	M.S. & D	100	.0525
Hydrochlorothiazide with guanethidine Sulfate: Tablet.	Esimil	Ciba	100	.1235
Hydrochlorothiazide with methydlopa:				
Tablet, 25	Aldoril	M.S. & D	100	.0900
Tablet, 15	do	M.S. & D	100	.0795
Hydrochlorothiazide with spironolactone: Tablet	Aldactazide	Searle	100	.1204
Hydrochlorothiazide with triamterene: Capsule.	Dyazide	Smith Kline Corp	100	.0785
Hydrocodone with phenyltoloxamine citrate:				
Liquid	Tussionex	Pennwalt Rx Products.	16 oz	.7875
Tablet	do	do	100	.1592
Capsule	do	do	50	.1531
Hydrocortisone:				
Creme ⅕ percent, ½ oz.	Cort-Dome	Dome	1	1.7100
Creme ¼ percent, 1 oz.	do	do	1	1.7100
Creme 1 percent, 1 oz.	do	do	1	5.1900
Hydroflumethiazide with Reserpine: Tablet.	Salutensin	Bristol	100	1.216
Hydroxyzine:				
Tablet, 25 mg	Atarax	Roerig	100	.1126
Tablet, 10 mg	do	do	100	.0768
Tablet, 50 mg	do	do	100	.1373
Hydroxyzine pamoate:				
Capsule, 25 mg	Vistaril	Pfizer	100	.1013
Capsule, 50 mg	do	do	100	.1373
Capsule, 100 mg	do	do	100	.1420
Hydroxyzine/theophylline/ephedrine:				
Tablet	Marax	Roerig	100	.0654
Syrup	do	do	16 oz	.2875
Hyoscyamine/hyoscine/atropine with phenobarbital:				
Tablet, regular	Donnatal	Robins	1,000	.0165
Elixir	do	do	16 oz	.2063
Capsule	do	do	100	.0250
Hyoscyamn/hyoscn/atropine/phenobarb/pepsin/pancrtn/bile salts: Tablet	Donnazyme	do	100	.0500
Hysuprofen:				
Tablet, 400 mg	Motrin	Upjohn	60	.0990
Tablet, 300 mg	do	do	60	.0825
Imipramine HCL:				
Tablet, 25 mg	Tofranil	Geigy	100	.0972
Do	Imavate	Robins	100	.0750
Do	SK-Pramine	Smith Kline & French	100	.0560
Do	Presamine	USV Pharmaceutic	100	.0879
Do	Janimine	Abbott	100	.0511
Tablet, 50 mg	Tofranil	Geigy	100	.0193
Do	Imavate	Robins	100	.1360
Do	SK-Pramine	Smith Kline & French	100	.1020
Do	Janimine	Abbott	100	.0960
Tablet, 10 mg	Tofranil	Geigy	100	.0622
Do	Imavate	Robins	100	.0480
Do	SK-Pramine	Smith Kline & French	100	.0360
Imipramine pamoate:				
Capsule, 75 mg	Tofranil-PM	Geigy	30	.2947
Capsule, 150 mg	do	do	30	.5827
Capsule, 10 mg	do	do	30	.3907
Indomethacin:				
Capsule, 25 mg	Indocin	M.S. & D	1,000	.0807
Capsule, 50 mg	do	M.S. & D	100	.1331
Influenza virus vaccine:				
Vial 5 cc	Fluogen	Parke Davis	1	10.0000
Do	Fluogen-B	do	1	10.0000

INVOICE LEVEL DRUG PRICES—1ST QUARTER 1976—Continued

Chemical entity	Brand	Manufacturer	Quantity base	Unit price
Iodochlorhydroxyquin with hydrocortisone:				
Cream, 20 gm	Vioform HC	Ciba	1	$4.000
Ointment, 20 gm	do	do	1	4.0000
Lotion, 15 ml	do	do	1	3.4000
Isoetharine HCL with phenylephrine HCL: Solution, 10 cc.	Bronkosol	Breon	1	2.6400
Isoetharine mesylate with phenylephrine: 20 cc with nebulizer.	Bronkometer-II	do	1	4.2000
Isometheptine mucate/acetamineophen/dichloralantipyrine: Capsule.	Midrin	Carnrick, G. W	50	.1280
Isopropamide/chlorphniramne/propanolamine: Spansule.	Ornade	Smith Kline Corp	50	.1250
Isoproterenol HCL:				
Mistometer, 15 ml	Isuprel	Winthrop	1	3.4700
Solution 1–200, 10 ml.	do	do	1	2.6500
Solution 1–100, 10 ml.	do	do	1	2.7800
Isoproterenol HCl with phenylephrine bitartrate:				
Refill, 15 cc	Duo-medihaler	Riker	1	3.6000
Duo-medihaler with adapter, 15 cc.	do	do	1	4.200
Isoproterenol sulfate:				
Refill, 15 cc	Medihaler-Iso	do	1	2.8800
Medihaler-Iso with adapter, 15 cc.	do	do	1	3.4800
Isosorbide dinitrate:				
Tablet, regular 10 mg.	Isordil	Ives Labs	100	.0456
Do	Sorbitrate	Stuart Pharmacy Division.	100	.0470
Tablet, sublor 5 mg	Isordil	Ives Labs	100	.0397
Do	Sorbitrate	Stuart Pharmacy Division.	100	.0410
Isoxuprine:				
Tablet, 20 mg	Vasodilan	Mead Johnson	1,000	.1280
Tablet, 10 mg	do	do	100	.0745
Levodopa:				
Capsule, 500 mg	Dopar	Eaton	100	.0708
Capsule, 250 mg	do	do	100	.0408
Capsule, 100 mg	do	do	100	.0252
Levothyroxine sodium:				
Tablet, 0.1 mg	Synthroid	Flint Labs	100	.0185
Tablet, 0.2 mg	do	do	100	.0251
Tablet, 0.3 mg	do	do	100	.0393
Liothyronine sodium:				
Tablet, 25 mcg	Cytomel	Smith Kline Corp	100	.0270
Tablet, 50 mcg	do	do	100	.0410
Tablet, 5 mcg	do	do	100	.0180
Liotrix: Tablet, 1 gr	Thyrolar	Armour	100	.0285
Miotrix:				
Tablet 1 g	Euthroid	Warner Chilcott	100	.0285
Tablet, 2 g	Thyrolar	Armour	100	.0345
Mazindol:				
Tablet, 2 mg	Sanorex	Sandoz	100	.1680
Tablet, 1 mg	do	do	100	.1080
Measles, mumps, rubella vaccine: dispenser syringe.	M–M–R	M.S. & D	10	5.8100
Meclizine with nicotinic acid:				
Tablet, 25 mg	Antivert	Roerig	100	.1029
Tablet, 12.5 mg	do	do	500	.0460
Tablet, chew 25 mg	do	do	100	.1029
Medroxyprogesterone acetate:				
Tablet, 10 mg	Provera	Upjohn	100	.1662
Tablet, 2.5 mg	do	do	25	.0820
Meperidine HCL:				
Tablet, 50 mg	Demerol	Winthrop	100	.0633
Tablet, 100 mg	do	do	100	.1133
Vial, 50 mg/cc 30 cc	do	do	1	2.7200
Meprobamate:				
Tablet, 400 mg	Miltown	Wallace	100	.0650
Tablet, 400 mg	Equanil	Wyeth	100	.0706
Tablet, 400 mg	Tranmep	Reid-Provident	100	.0635
Tablet, 400 mg	Kesso Bamate	McKesson	100	.0149
Tablet, 400 mg	Meprobamate	Aberdeen	100	.0150
Meprobamate:				
Tablet, 400 mg	Meprobamate	Alliance Pharmaceutical.	100	.0187
Tablet, 200 mg	Equanil	Wyeth	100	.0511
Do	Miltown	Wallace	100	.0520
Do	Meprobamate	Aberdeen	100	.0104
Do	do	Purepac	100	.0090
Do	Kesso Bamate	McKesson	100	.0107
Tablet, 600 mg	Miltown	Wallace	100	.0875
Meprobamate with benactyzine HCL: Tablet, 400 mg.	Deprol	Wallace	100	.1116
Meprobamate with tridihexethyl chloride:				
Tablet, 400	Pathibamate	Lederle	100	.0980
Do	Milpath	Wallace	100	.1074
Tablet, 200	Pathibamate	Lederle	100	.0926
Do	Milpath	Wallace	100	.0960
Meprobamate/aspirin/ethoheptazine citrate: Tablet.	Equagesic 1960	Wyeth	50	.0818
Metaproterenol sulfate:				
Tablet, 20 mg	Alupent	Boehringer Ing L	100	$0.0708
MDI refill 15 cc	do	do	1	3.0100
Syrup	do	do	16 oz	.3812
Methacycline HCL:				
Capsule, 300 mg	Rondomycin	Wallace	50	.4116
Capsule, 150 mg	do	do	100	.2286
Syrup, 2 oz	do	do	1	1.8400
Methamphetamine HCL:				
Gradumet, 15 mg	Desoxyn	Abbott	100	.2067
Gradumet, 10 mg	do	do	100	.1619
Gradumet, 5 mg	do	do	100	.0482
Methaqualone:				
Tablet	Quaalude-300	Rorer	100	.0694
Capsule, 400 mg	Parest	Parke, Davis	100	.0917
Capsule, 200 mg	do	do	100	.0643
Methenamine hippurate:				
Tablet, 1 g	Hiprex	Merrell National	100	.1225
Methenamine mandelate:				
Tablet 1 g	Mandelamine	Warner Chilcott	100	.0705
Tablet, 0.5 g	do	do	100	.0440
Suspension, Forte	do	do	16 oz	.8000
Methenamine/atropine/hyoscyamine/mthylene blue/salol/benzoic acid: Tablet.	Urised	Alcon Special Products.	100	.0595
Methocarbamol:				
Tablet, 750 mg	Robaxin	Robins	100	.1175
Tablet, 500 mg	do	do	100	.0785
Vial, 1 gm, 10 cc	do	do	5	1.2000
Methocarbamol with aspirin: Tablet	Robaxisal	do	100	.0680
Methyclothiazide:				
Tablet, 5 mg	Enduron	Abbott	100	.0695
Tablet, 2.5 mg	do	do	100	.0513
Methyclothiazide with reserpine: Tablet.	Diutensen-R	Mallinckrodt	100	.1069
Methyclothiazide with cryptenamine tannates: Tablet.	Diutensen	do	100	.1149
Methyclothiazide with deserpidine:				
Tablet	Enduronyl	Abbott	100	.1032
Do	Enduronyl Forte	do	100	.1200
Methyl testosterone/ethinyl estradiol/calcium: Tablet.	Os-Cal-Mone	Marion	100	.0532
Methyldopa:				
Tablet, 250 mg	Aldomet	M.S. & D	1,000	.0617
Tablet, 500 mg	do	M.S. & D	100	.1145
Tablet, 125 mg	do	M.S. & D	100	.0450
Methyldopa with chlorothiazide: Tablet.	Aldoclor 250	M.S. & D	100	.0900
Methylphenidate:				
Tablet, 10 mg	Ritalin	Ciba	100	.0770
Tablet, 20 mg	do	do	100	.1020
Tablet, 5 mg	do	do	100	.0540
Methylprednisolone:				
Tablet, dosepak, 4 mg.	Medrol	Upjohn	1	3.89
Medules, 4 mg	do	do	100	.1722
Tablet, 16 mg	do	do	50	.5040
Methyprylon:				
Capsule, 300 mg	Nolundar	Roche	100	.0714
Tablet, 200 mg	do	do	100	.0563
Tablet, 50 mg	do	do	100	.0197
Methysergide maleate: Tablet, 2 mg.	Sansert	Sandoz	100	.1920
Metolazone:				
Tablet, 5 mg	Zaroxolyn	Pennwalt	100	.0765
Tablet, 2.5 mg	do	do	100	.0647
Tablet, 10 mg	do	do	100	.0882
Metronidazole:				
Tablet, 250 mg	Flagyl	Searle	100	.1571
Insert, 500 mg	do	do	10	.3880
Miconazole nitrate: Cream 2 percent, 3 oz with applicator.	Monistat	Ortho		5.4000
Minocycline:				
Capsule, 100 mg	Minocin	Lederle	50	.3964
Do	Vectrin	Parke Davis	50	.3956*
Capsule, 50 mg	Minocin	Lederle	100	.2379
Syrup, 50 mg/5 cc, 2 oz.	do	do		2.3700
Syrup, 50 mg/5 cc, 2 oz.	Vectrin	Parke Davis	100	2.3500
Multivitamins with iron: tablet.	Theragran Hematinic	Squibb	90	.073)
Nalidixic acid:				
Caplet, 500 mg	Neggram	Winthrop	56	.1945
Caplet, 250 mg	do	do	56	.1175
Niacin:				
Tempule, 250 mg	Nicobid	Armour	100	.0686
Tempule, 125 mg	do	do	100	.0555
Tablet, 100 mg	Niacin	Squibb	100	.0066
Do	Nicotinic Acid	Lilly	100	.0081
Nitrofurantoin:				
Tablet, 50 mg	Furadantin	Eaton	100	.1026
Tablet, 100 mg	do	do	100	.2052
Suspension, 60 cc	do	do		2.0000
Nitrofurantoin macrocrystalline:				
Capsule, 50 mg	Macrodantin	do	100	.1350
Capsule, 100 mg	do	do	100	.2700
Capsule, 25 mg	do	do	100	.1000

INVOICE LEVEL DRUG PRICES—1ST QUARTER 1976—Continued

Chemical entity	Brand	Manufacturer	Quantity base	Unit price
Nitroglycerin:				
Capsule, plateau, 2.5 mg.	Nitrobid	Marion	100	$0.0719
Do	Nitrospan	USV Pharmaceutic	100	.0758
Capsule, plateau, 6.5 mg.	Nitrobid	Marion	100	.0994
Subling, 1/150 gr	Nitroglycerin	Lilly	100	.0099
Do	Nitrostat	Parke Davis	100	.0135
Do	Nitroglycerin	M.S. & D	100	.0099
Norethindrone acetate and ethinyl estradiol:				
Tablet, 1.0 mg petipac refills, 21.	Norlestring	Parke Davis	5	1.9500
Tablet, 2.5 mg petipac refills, 21.	do	do	5	1.9400
Tablet, 1.0 mg petipac, 21.	do	do	5	2.0600
Norethindrone acetate/ethinyl estradiol/ferrous fumarate:				
Refill, 1 mg, 28	Norlestrin-FE	do	5	1.9500
Do	Losetrin 1/20	do	5	1.8800
Petipac, 1 mg, 28	Norlestrin-FE	do	5	1.9500
Do	Loestrin 1/20	do	5	1.9200
Tablet, refill, 28	Losetrin 1.5/30	do	5	1.8800
Norethindrone with mestranol:				
Tablet, 1/50, D1 pack.	Ortho-Novum	Ortho	12	2.0400
Dialpak, 12	Ortho-Novum 1/80	do	12	2.0400
Tablet, 2 mg, dialpack, 21.	Ortho-Novum	do	12	2.1200
Norethynodrel with mestranol:				
Compak, 21	Enovid-E 21	Searle	6	2.1600
Tablet, 2.5 mg, compack refill, 20.	Enovid-E	do	12	2.1100
Tablet, 5 mg, cal pack 5 mg 20.	Enovid 1957	do	6	2.3100
Norgestryl with ethinyl estradiol:				
Pilpak tablet, 21	Ovral	Wyeth	3	2.1000
Tablet, 21 pilpak	Lo/Ovral	do	6	2.1400
Nortriptyline HCL:				
Pulverized 25 mg	Aventyl	Lilly	100	.1058
Pulverized 10 mg	do	do	100	.0529
Liquid, 16 oz	do	do		.3800
Nylidrin HCL:				
Tablet, 6 mg	Arlidin	USV Pharmaceutic	100	.0708
Tablet, 12 mg	do	do	100	.1308
Nestatin:				
Vag tablet	Mycostatin	Squibb		.1400
Oral, suspension, 60 cc.	do	do		4.2900
Tablet	do	do	100	.1115
Nephenadrine citrate:				
Tablet	Norflex	Riker	100	.1908
Ampule, 2 cc	do	do	6	1.2700
Orphenadrine citrate with APC:				
Tablet	Norgesic	Riker	100	.0918
Tablet	Norgesic Forte	do	100	.1740
Oxacillin sodium:				
Capsule, 500 mg	Prostaphlin	Bristol	48	.3721
Capsule, 250 mg	do	do	48	.2004
Susp. 250 mg/5cc, 100cc.	do	do	1	4.1700
Oxazepam:				
Capsule, 15 mg	Serax	Wyeth	100	.0704
Capsule, 30 mg	do	do	100	.1025
Capsule, 10 mg	do	do	100	.0583
Oxtriphylline with guaiphenesin:				
Tablet	Brondecon	Warner, Chilcott	100	.0720
Elixir 8 oz	do	do	1	3.9500
Oxtriphylline/Choline theophyllinate:				
Table, 200 mg	Choledyl	do	100	.0520
Tablet 100 mg	do	do	100	.0390
Elixir, 16 oz	do	do	16 oz	.3000
Oxycodone with APC:				
Capsule, FS	Percodan	Endo	100	.0775
Capsule, Demi	do	do	1000	.0737
Oxyphenbutazone:				
Tablet 100 mg	Tandearil	Geigy	100	.1015
Oxytetracycline HCL:				
Capsule, 250 mg	Terramycin	Pfizer	100	.2258
Syrup, 2 oz	do	do	1	2.0300
IM Amps, 50 mg/cc 10 cc.	do	do	5	2.2620
Oxytetracycline HCL/sulfamethizole/phenazopyridine HCL:				
Capsule, 250 mg	Urobiotic	do	50	.3528
Capsule, 125 mg	do	do	50	.2322
Papaverine HCL:				
Capsule, 150 mg	Cerespan	USV Pharmaceutic	100	.1163
Do	Pavabid Plateau	Marion	100	.1038
Do	Pavacap	Reid Provident	100	.0975
Do	Pavacen	Central Pharmaceutical.	100	.0701
Do	Cerebid	Saron	100	.0825
Do	Myobid	Laser Inc	100	.0995
Do	Vasal	Tutag	100	.0950
Do	Pavakey	Key Pharmaceutic	100	.0824
Tablet, 1⅙ g	Papaverine HCL	Lilly	100	.0448
Capsule, 150 mg	Kavrin	Key Pharmacal Co	100	.0850
Penicillin G, potassium:				
Tablet, buffered 400 mu.	Pentids	Squibb	100	$0.0845
Syrup, 400 mu, 100 - cc.	do	do	1	1.6800
Tablet, buffered 800 mu.	do	do	100	.1268
Penicillin VK:				
Pediatric liquid, 250 mg/5cc, 100 cc.	V-Cillin-K	Lilly	1	2.2900
Pediatric liquid, 250 mg/5cc, 100 cc.	Pen-Vee-K	Wyeth	1	2.4800
Do	Ledercillin VK	Lederle	1	1.9800
Do	Compocillin VK	Ross	1	2.1000
Do	Robicillin V-K	Robins	1	1.6500
Do	Pfizerpen-VK	Pfipharmecs	1	1.9000
Do	SK-Penicillin-VK	Smith Kline Corp	1	1.6000
Do	Betapen-VK	Bristol	1	2.4300
Tablet, 250 mg	V-Cillin-K	Lilly	100	.0913
Do	Compocillin VK	Ross	100	.0895
Do	Pen-Vee-K	Wyeth	100	.0890
Do	Robicillin V-K	Robins	100	.0660
Do	Pfizerpen-VK	Pfipharmecs	100	.0464
Do	Ledercillin VK	Lederle	100	.0898
Do	Betapen-VK	Bristol	100	.0886
Do	Uticillin VK	Upjohn	100	.0599
Do	SK-Penicillin-VK	Smith Kline Corp	100	.0535
Do	Penapar VK	Parke Davis	100	.0300
Pentaerythritol tetranitrate:				
Tablet, Sa 80 mg	Peritrate	Warner Chilcott	100	.1085
Tablet, reg 20 mg	do	do	100	.0455
Tablet, reg 10 mg	do	do	100	.0340
Pentaerythritol tetranitrate with phenobarbital:				
Tablet, Sa 80 mg	Peritrate W/PHB	do	100	.1225
Tablet, reg 20 mg	do	do	100	.0510
Tablet, reg 10 mg	do	do	100	.0380
Pentazocine:				
Tablet, 50 mg	Talwin	Winthrop	100	.1058
Vial, 30 mg/cc, 10 cc	do	do	1	2.4200
Pentobarbital sodium:				
Capsule, 100 mg	Nembutal	Abbott	100	.0393
Capsule, 50 mg			100	.0278
Suppository, 200 mg			12	.4041
Perphenazine:				
Tablet, 4 mg	Trilafon	Schering	50	.0842
Tablet, 8 mg			50	.1022
Tablet, 2 mg			50	.0612
Perphenazine with amitriptyline:				
Tablet, 2-25	Triavil	MS & D	500	.1057
Tablet, 2-10			100	.0872
Tablet, 4-25			100	.1206
Phenazopyridine HCL:				
200 mg	Pyridium	Warner-Chilcott	100	.1295
100 mg			100	.0715
Phenformin HCL:				
Capsule, TD, 50 mg.	DBI	Geigy	100	.1172
	Meltrol	USV Pharmaceutic	50	.2100
Capsule, TD, 100 mg.	DBI	Geigy	100	.2227
	Meltrol	USV Pharmaceutic	100	.1784
Phenmatrazine HCL:				
Endurets, 75 mg	Preludin	Boheringer Ing L	100	.1698
Tablet, 25 mg			100	.0654
Endurets, 50 mg			100	.1567
Phenobarbital:				
Tablet, ½ gr	Phenobarbital	Parke, Davis	1,000	.0039
Do	do	Lilly	1,000	.0026
Tablet, ¼ gr	do	Parke, Davis	1,000	.0016
Do	do	Lilly	1,000	.0016
Do	do	Alliance Pharmacy	1,000	.0403
Elixir	do	Lilly	16 oz	.1456
Do	do	Purepac	16 oz	.1068
Phentermine:				
Capsule, 30 mg	Ionamin	Penwalt Rx Prod	100	.1455
Do	Fastin	Beecham Labs	100	.1320
Capsule, 15 mg	Ionamin	Pennwalt Rx Prod	100	.1319
Phenylbutazone: Tablet, 100 mg.	Butazolidin	Geigy	100	.0860
Phenylbutazone with Al. hydrox. and mag. Trisilicate: Capsule, 100 mg. $	Butazolidin Alka	do	100	.0971
Penylbutazone/al. hydrox./mag. trisilicate/prednisone: Capsule, 100 mg.	Sterazolidin	do	100	.0962
Phenytoin:				
Kap, 100 mg	Dilantin	Parke, Davis	1,000	.0190
Infatabs, 50 mg			100	.0180
Kap, 30 mg			100	.0167
Pilocarpine HCL:				
Drop-tainer, 2 percent.	Isopto Carpine	Alcon	15 cc	2.0000
	Pilocar Opth	Smith, Miller & PA		1.9600
	Pilomiotin	Cooper Labs, Inc		1.9300
	Mistura P	Lederle		2.1100
	Almocarpine	Ayerst		1.3000
Drop-tainer, 4 percent.	Isopto Carpine	Alcon	15 cc	2.2000
	Pilocar Ophth	Smith, Miller & PA		2.2100
	Mistura P	Lederle		2.4500
	Pilomiotin	Cooper Labs, Inc	15 cc	2.2200
	Almocarpine	Ayerst		1.6100

INVOICE LEVEL DRUG PRICES—1ST QUARTER 1976—Continued

Chemical entity	Brand	Manufacturer	Quantity base	Unit price
Pilocarpine HCL—Continued				
Drop-tainer, 1 percent.	Isopto Carpine	Alcon	15 cc	$1.9000
	Pilocar Ophth	Smith, Miller & PA	15 cc	1.8800
	Mistura P	Lederle		2.1000
Polymyxin-B/neomycin with hydrocortisone:				
Drop otic	Cortisporin	Burroughs Wellco	10 cc	3.0000
Ophth suspension			5 cc	2.1000
Polythiazide:				
Tablet, 2 mg	Renese	Pfizer	100	.0750
Tablet, 4 mg			100	.1234
Tablet, 1 mg			100	.0614
Polythiazide with reserpine: Tablet.	Renese R	Pfizer	100	.1117
Prednisone:				
Tablet, 5 mg	Deltasone	Upjohn	500	.0178
Tablet, 50 mg			100	.1547
Tablet, 20 mg			100	.0625
Primidone:				
Tablet, 250 mg	Mysoline	Ayerst	100	.0598
Tablet, 50 mg			100	.0170
Suspension, .25 gm/5 cc, 8 oz.			1	3.500
Probenecid: Tablet, 0.5 gm.	Benemid	M.S. & D	100	.0562
Probenecid with colchicine: Tablet.	Colbenemid	M.S. & D	100	.0655
Procainamide HCL:				
Capsule, 0.25 gm	Pronestyl	Squibb	100	.0613
Capsule, 5. gm			100	.1104
Capsule, 375 mg			100	.0851
Prochlorperazine:				
Suppository, 25 mg	Compazine	Smith Kline Corp	12	.3458
Tablet, 5 mg			100	.0835
Tablet, 10 mg			100	.1085
Prochlorperazine mal. with isopropamide iodide: Capsule.	Combid	Smith Kline Corp	50	.1600
Promethazine expectorant with codeine: Liquid, 4 oz.	Phenergan expectorant with codeine.	Wyeth	1	1.69
Promethazine expectorant with phenylephrine and codeine: Liquid, 4 oz.	Phenergan VC expectorant with codeine.	do	1	1.82
Promethazine HCL:				
Tablet, 25 mg	Phenergan	do	100	.0727
Suppository, 25 mg			12	.2575
Suppository, 50 mg			12	.3425
Promethazine with APC and hydrocodone bitartrate: Capsule.	Synalgos DC	Ives Lab	100	.0820
Propantheline bromide:				
Tablet, 15 mg	Pro-Banthine	Sarle	100	.0620
Tablet, 7.5 mg			100	.0404
Propantheline bromide with phenobarbital: Tablet.	Pro-Banthine with phenobarbital.	do	100	.0660
Propoxyphene HCL:				
Pulvules, 65 mg	Darvon	Lilly	500	.0667
Pulvules, 32 mg			500	.0353
Propoxyphene HCL with acetaminophen: Tablet.	Wygesic	Wyeth	100	.0818
Propoxyphene HCL with APC:				
Pulvules, 65 mg	Darvon compound	Lilly	500	.0695
Pulvules, 32 mg			500	.0382
Propoxyphene napsylate:				
Tablet, 100 mg	Darvon-N	Lilly	500	.0717
Suspension, 50 mg/5 cc.			16 oz	.3218
Propoxyphene napsylate with acetaminophen:				
Tablet, 100 mg	Darvocet-N 100	Lilly	500	.0791
Tablet, 50 mg	Darvocet-N		500	.0418
Propranolol HCL:				
Tablet, 10 mg	Inderal	Ayerst	100	.0366
Tablet, 40 mg			100	.0672
Tablet, 80 mg			100	.1100
Pseudoephedrine HCL:				
Tablet, 30 mg	Sudafed	Burroughs Wellco	24	.0437
Syrup, 4 oz			1	1.05
Tablet, 60 mg			100	.0395
Pyrrobutamine PO4/methapyrtlene HCL/cyclopentamine HCL:				
Pulv	Co-Pyronil	Dista	100	.0576
Suspension	do	do	16 oz	.3075
Pulv ped	do	do	100	.0360
Pyrvinium pamoate:				
Tablet, Filmseal, 50 mg.	Povan	Parke Davis	50	.1992
Suspension, 2 oz	do	do	1	2.5900
Quinidine gluconate: Dutatab, 5 gr.	Quinagulte	Cooper Labs, Inc	100	.2388
Quinidine sulfate:				
Tablet	Quinidex Extentabs	Robins	100	.1980
Capsule, 3 gr	Quinidine sulfate	American Quinine	1,000	.0798
Quinine sulfate with aminophylline: Tablet.	Quinamm	Merell National	100	.1240
Rauwolfia serpentina:				
Tablet, 100 mg	Raudixin	Squibb	100	$0.0728
Tablet, 50 mg	do	do	100	.0437
Reserpine:				
Tablet, 25 mg	Serpasil	Ciba	100	.4550
Tablet, 0.1 mg	do	do	100	.0267
Tablet, 0.25 mg	Reserpine	American Pharmacy	1,000	.0021
Do	do	Alliance Pharmacy	1,000	.0021
Reserpine:				
Tablet, 0.25 mg	Reserpine	McKesson	1,000	.0031
Tablet, 0.25 mg	do	Aberdeen	1,000	.0025
Reserpine/hydralazine/hydrochlorothiazide: Tablet.	Ser-Ap-Es	Ciba	100	.0855
Salicylazosulfapyridine:				
Tablet, .5 g	Azulfidine	Pharmacia	100	.0527
En-Tab, .5 g	do	do	100	.0902
Secobarbital sod. with amobarbital sod.:				
Pulv, 3 g	Tuinal	Lilly	100	.0528
Pulv, 1.5 g	do	do	100	.0395
Pulv, ¾ g	do	do	100	.0395
Secobarbital sodium:				
Pulv, 1.5 g	Seconal Sodium	Lilly	100	.0319
Pulv, ¾ g	do	do	100	.0219
Spironolactone: Tablet, 25 mg.	Aldactone	Searle	100	.1098
Sulfacetamide Sod./phenylephrine HCL/prednisolone acetate:				
Solution, 5 cc	Blephamide	Allergan	1	2.9000
Oph Ointment 3.5 g.	do	do	1	2.0000
Sulfamethoxazole:				
Tablet, 0.5 g	Gantanol	Roche	100	.0732
Suspension, .5 g/5 cc.	do	do	16 oz	.6144
Sulfamethoxazole and phenazopyridine HCL: Tablet.	Azo Gantanol	Roche	100	.1040
Sulfisoxazole:				
Tablet .5 g	Gantrisin	do	100	.3533
Vaginal cream, with applicator 3 oz.	do	do	1	2.3300
Sulfisoxazole acetyl: Oral Liquid, Suspped.	do	do	16 oz	.3844
Sulfisoxazole with phenazopyridine: Tablet.	Axo Gantrisin	do	100	.0490
Terbutaline sulfate: Tablet.	Brethine	Geigy	100	.0939
Tetracycline HCL:				
Capsule, 250 mg	Sumycin	Squibb	100	.0425
Do	Achromycin V	Lederle	100	.0463
Do	Panmycin	Upjohn	100	.0363
Do	Tetracyn	Pfipharmecs	100	.0349
Do	Robitet	Robins	100	.0325
Do	SK-Tetracycline	Smith-Kline Corp	100	.0250
Do	Retet	Reid-Provident	100	.0425
Do	Amtet	Amid	100	.0450
Capsule, 500 mg	Sumycin	Squibb	100	.0825
Do	Achromycin V	Lederle	100	.0650
Do	Robitet	Robins	100	.0650
Do	Tetracyn	Pfipharmecs	100	.0528
Do	SK-Tetracycline	Smith Kline Corp	100	.0465
Tetracycline HCL:				
Capsule, 500 mg	Amtet	Amid	100	.0650
Syrup, 125 mg, 2 oz	Achromycin V	Lederle	1	1.40
Do	Panmycin	Upjohn	1	.3700
Tetracycline phosphate complex:				
Capsule, 250 mg	Tetrex	Bristol	100	.2048
Bidcap, 500 mg	do	do	50	.4056
Tetracycline phosphate complex with amphotericin B:				
Capsule, full strength, 250 mg.	Mysteclin F	Squibb	100	.1998
Syrup, 8 oz	do	do	1	7.87
Theophylline:				
Liquid	Elixophylline	Cooper Labs, Inc	16 oz	.2200
Capsule	do	do	100	.0756
Theophylline calc. salicylate/ephedrne/phenobarb./potass. iodide:				
Tablet, 7.75 gr	Quadrinal	Knoll	100	.0588
Suspension	do	do	16 oz	.3088
Theophylline with guaiphenesin:				
Capsule	Quibron	Mead Johnson	100	.0725
Elixir	do	do	16 oz	6.7400
Theophylline, ephedrine, phenobarbital:				
Tablet, regular	Tedral	Warner Chilcott	100	.0475
Tablet, sa	do	do	100	.0985
Suspension, ped 8 oz.	do	do	1	2.60
Thioridazine HCL:				
Tablet, 25 mg	Mellaril	Sandoz	100	.0954
Tablet, 50 mg	do	do	100	.1038
Tablet, 10 mg	do	do	100	.0702
Thiothixene:				
Capsule, 10 mg	Navane	Roerig	100	.1875
Capsule, 5 mg	do	do	100	.1197
Capsule, 2 mg	do	do	100	.0945

INVOICE LEVEL DRUG PRICES—1ST QUARTER 1976—Continued

Chemical entity	Brand	Manufacturer	Quantity base	Unit price
Thyroid:				
Tablet, 1 gr	Thyroid	Armour	100	$0.0084
Do	do	Lilly	100	.0085
Do	do	Parke Davis	100	.0075
Tablet, 2 gr	do	Armour	100	.0160
Do	do	Lilly	100	.0145
Tablet, 3 gr	do	Armour	100	.0240
Thyroid globulin extract:				
Tablet, 1 gr	Proloid	Warner Chilcott	100	.0130
Tablet, 3 gr	do	do	100	.0320
Tablet, ½ gr	do	do	100	.0110
Tolazamide:				
Tablet, 250 mg	Tolinase	Upjohn	100	.1098
Tablet, 500 mg	do	do	50	.2196
Tablet, 100 mg	do	do	100	.0516
Tolbutamide: Tablet, 0.5 gm.	Orinase	do	1,000	.0762
Tretinoin:				
Cream, 0.05 percent, 20 gm.	Retin-A	J. & J. Derm Division.	1	4.0000
Swabs, 30	do	do	1	4.0000
Triamcinolone:				
Tablet, 4 mg	Aristocort	Lederle	100	.1645
Cream 0.1 percent, R 15 gm.	do	do	1	2.1800
Cream 0.5 percent, HP 15 gm.	do	do	1	5.0900
Triamcinolone acet./neomycin/gramicidin/nystatin:				
Cream, 15 gm	Mycolog	Squibb	1	3.2000
Ointment, 15 gm	do	do	1	3.2500
Triamcinolone acetonide:				
Vial, 40 mg.cc 5cc	Kenalog	do	1	9.5000
Cream, 0.1 percent, 15 gm.	do	do	1	1.9600
Cream, 0.025 percent, 15 gm.	do	do	1	1.3700
Triamterene:				
Capsule, 100 mg	Dyrenium	Smith Kline Corp	100	.0750
Capsule, 50 mg	do	do	100	.0595
Trifluoperazine HCL:				
Tablet, 2 mg	Stelazine	Smith Kline Corp	100	.1010
Tablet, 5 mg	do	do	100	.1125
Tablet, 10 mg	do	do	100	.1410
Trihexyphenidyl HCL:				
Tablet, 2 mg	Artane	Lederle	100	$0.0213
Tablet, 5 mg	do	do	100	.0423
Sequel, 5 mg	do	do	30	.0550
Trimethobenzamide HCL:				
Suppository, 200 mg.	Tigan	Beecham Laboratories.	10	.3670
Capsules, 250 mg	do	do	100	.0870
Suppository, 100 mg, pediatric.	do	do	10	.3230
Trimethoprim with sulfamethoxazole:				
Tablet	Septra	Burroughs, Wellco	100	.2100
Do	Bactrim	Roche	100	.2098
Suspension, 16 oz	do	do	16 oz	.8088
Tripelennamine HCL:				
Tablet, 50 mg	Pyribenzamine	Ciba	100	.0320
Lontab, 100 mg	do	do	100	.0450
Cream 2 percent, 1 oz.	do	do	1	1.1000
Triple sulfas, vaginal:				
Vaginal cream with applicator 78 gm.	Sultrin	Ortho	1	3.6900
Vaginal tablet with applicator, 20 tablets.	do	do	1	3.8400
Triprolidine HCL with pseudoephedrine:				
Tablets	Actifed	Burroughs, Wellco	100	.0475
Syrup	do	do	16 oz	.2688
Vincristine sulfate:				
Amp 1 mg	Oncovin	Lilly	1	10.4800
Amp 5 mg	do	do	1	46.4900
Vitamins, prenatal, with minerals: Tablets.	Stuartnatal 1+1	Stuart Pharmaceutical Division.	100	.0480
Warfarin sodium:				
Tablet, 5 mg	Coumadin sodium	Endo	100	.0515
Do	Panwarfin	Abbott	100	.0489
Tablet 2.5 mg	Coumadin sodium	Endo	100	.0460
Do	Panwarfin	Abbott	100	.0387
Tablet 10 mg	Coumadin sodium	Endo	100	.0745
Do	Panwarfin	Abbott	100	.0629

GOVERNMENT OVERREGULATION AND REDTAPE

Mr. FANNIN. Mr. President, the complaint I hear most frequently concerning Government regulation is that it has created an impossible paperwork burden and endless redtape for the average consumer and small businessman. Clearly the antipathy toward bureaucratic officiousness and regulatory overkill is running high, especially in this election year.

The antigovernment, antiregulation backlash is widespread, as shown in an article which appeared in U.S. News & World Report describing the situation facing small businessmen in Kingsport, Tenn. The prevailing view in this small manufacturing town in southern Appalachia is one shared by my own constituents, as exemplified by a bumper sticker an Arizonan sent me recently which read, "Get Government Off Our Backs and Out of Our Pockets."

Mr. President, citizens of Kingsport engaged in manufacturing, mining, retailing, banking, and other local businesses were interviewed by the magazine to measure their attitudes toward Government regulation. Although most indicated support for the goals of regulation, such as improved mine safety, to a man, the businessmen expressed anger and frustration with unnecessary, costly and time-consuming Federal report-filing and recordkeeping requirements. Clearly, the small businessman in Kingsport, like the manufacturer, retailer, and banker in Phoenix or Flagstaff, is fed up with bureaucratic insensitivity to his needs and interests and Federal intervention and control over his daily business decisions.

The complaints in Kingsport are the same ones I have heard in Arizona, with most of the criticism aimed at OSHA. Regulation is blamed for the rise in prices of goods and services. Many businessmen fear that "the growing controls will not only place a greater burden on their own operations but will limit the kinds of products that they can offer to consumers." They blame regulation for a waste of energy, a loss of profits, and shortage of industrial capital to support economic growth.

One businessman blamed the growth of Government on other businessmen who fear increased competition. In his view, "businessmen too often use Government at all levels as a scapegoat for their own shortcomings." The attitude of small-town businessmen is summed up by the angry statement of one man interviewed who stated: "What we have in Washington are unqualified agency people playing God and ignoring the facts in the name of protecting the consumer."

Mr. President, U.S. News & World Report has done an excellent job in this special report on businessmen and citizens in small-town America whose lives and fortunes are being threatened by Government overregulation. It is to the hard-working small entrepreneur and the taxpaying consumer represented in this article that the Congress must direct its regulatory reform efforts.

In this same issue, U.S. News & World Report has published an informative interview with Murray L. Weidenbaum, director of the Center for the Study of American Business at Washington University, a leading critic of Government regulation. Dr. Weidenbaum has written many scholarly articles on this subject and has testified in strong support of regulatory reform.

Reading this interview with Dr. Weidenbaum, I noted several points. First, Weidenbaum does not oppose all regulation per se, as he believes some regulatory activity is necessary to attain certain positive social and economic benefits; he criticizes Government overregulation which is having disastrous effects on the economy and on regulated businesses. Second, he perceives big business as being one of the principal obstacles to deregulation efforts. Third, he believes that health and safety regulation can be just as harmful and costly as traditional economic regulation. Fourth, he recommends as a more sensible approach to regulation, without sacrificing desirable results, a requirement that there be a balancing of anticipated costs against benefits of proposed regulation. Finally, he views the prospects for some reform of the regulatory system as being extremely favorable.

Mr. President, I hope that my colleagues will read this important interview with Murray Weidenbaum as well as the special report on local attitudes toward Government regulation. I ask unanimous consent that the complete texts of these articles from the June 14 issue of U.S. News & World Report be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

A CITY SPEAKS ITS MIND ABOUT FEDERAL REDTAPE

KINGSPORT, TENN.—In this northeastern Tennessee city of 32,000, people have a reputation for "going it alone."

So it's not surprising that they're particularly enthusiastic about one campaign issue that nearly every major candidate is stressing this year: the need to halt the growth of Government regulations and red tape.

People in this southern Appalachia region have never enjoyed being told what to do—especially by outsiders. In 1784, the area's pioneers set up the independent State of Franklin and governed themselves for four years. Later, as part of Tennessee, the region refused to join the Confederacy along with the rest of the State.

In this century, too, the area has been sensitive to Government controls. Kingsport grew up as a planned industrial city, largely with the help of private funds. And when other cities rushed to cash in on the "Great Society" programs of the 1960s, the community turned away from most of that aid. To this day, says one observer, city leaders continue to look on federal funds with a "jaundiced eye."

Now, this same "backlash" against big government is sweeping much of the country. To find out what's behind it, U.S. News & World Report visited Kingsport and talked to a variety of businessmen.

Their observations provide one measure for gauging the impact of a growing State and federal bureaucracy on local economies—

MANUFACTURING

"Unless they threaten to fine us or put us in jail, I won't fill out a form."

Visitors to Kingsport can't miss the Mead Corporation paper plant. The sprawling bulidings, steep smokestacks and piles of logs waiting for processing are only a couple of blocks from the heart of downtown.

Certainly, few Government inspectors have bypassed the mill, and their visits have brought some big changes to the 55-year-old plant that employs 1,150 area residents.

For the most part, Foster Park, industrial-relations director and a veteran of 35 years with the company, sees the merits of many of the changes. Yet he observes:

"It's the uncertainty about the investigations and the extent to which Government inspectors can apply the edictorial aspect of the law that bothers me. You develop a complex about Big Brother in trying to prove you're not guilty."

One of the biggest turnabouts has been in hiring practices. Feeling pressure from the Equal Employment Opportunity Commission (EEOC), the plant has opened up more jobs to minorities and hired women at about the same pace as men since 1973.

The problem, according to Mr. Park, is that the union seniority system prevents promoting such employes at a fast enough pace to please EEOC.

It takes three full-time people, plus a part-timer, about three weeks to prepare the annual affirmative-action plan that EEOC requires. That wouldn't be so bad, says Mr. Park, but the company must reassemble the employment information in an entirely different form for the General Services Administration, which also reviews Mead's hiring record because the company sells to a prime Government contractor.

Probably the biggest worry over Government rules concerns a new proposal by the Occupational Safety and Health Administration (OSHA) that would force companies to lower the maximum noise level in factories to 85 decibels.

For the Mead plant in Kingsport, that measure would mean an added investment of more than half a million dollars. Just recently, the mill sank 6 million dollars into two precipitators to cut down on air pollution.

Despite all the effort, Paul Lacy, the plant's health and benefits specialist, contends that it's almost impossible to comply with all of the Government standards, especially the "hundreds and hundreds" of OSHA rules.

In fact, there are 4,400 safety rules, covering 800 pages in the Code of Federal Regulations.

Says Mr. Lacy: "We had one OSHA inspector here for five days and he found 42 violations. We corrected these, but I'm sure he could come back next week and find 42 more."

Across town, at the Kingsport Foundry, many of the same frustrations exist, but the small family-owned company has fewer people to contend with them.

William E. Ring III, president, figures it would take him about an hour and a half each day to fill out all of the Government forms sent to him.

"I've just about given up," he says. "Unless they threaten to fine us or put us in jail, I won't fill out a form."

The foundry had to drop a training program for veterans in January because employes refused to provide the information needed for Veterans Administration forms.

There have been no problems with the 1974 federal pension law which has dramatically increased the reporting requirements for business. The company retirement plan is administered by an insurance company. Says Mr. Ring: "If we had to handle the pension plan ourselves, we'd probably be like the many companies that dropped the plan after the federal law was passed."

Gardner Hammond, company treasurer, is annoyed by many of the forms sent to manufacturers by the Commerce Department, most of them seeking information on materials used and the items produced. He notes that such forms are constantly changing and that the custom products that his firm produces don't fit neatly into Government categories. He adds: "If everyone has the same trouble we do, the statistics gathered from these forms aren't worth the paper they're written on."

The foundry also has had its problems with safety and environmental rules. It recently spent $150,000 on special booths to cut down on the noise in its grinding operation. Another $250,000 has been spent on a device to catch fly ash from the melting furnace. For that installation, the company had to spend an extra $5,000 to get early delivery on structural steel in time to meet a State deadline for air quality, a fruitless investment because delivery of the pollution-control device was delayed.

What bothers Mr. Ring is that, after all the effort to comply with federal and State standards, the company's accident rate has actually increased since 1970. There have been some problems with employe morale, too, because the company has had to threaten people with dismissal for not complying with new safety rules. It's OSHA's normal practice to fine an employer, even if a worker willfully violates a rule.

As for the future, Mr. Ring sees "little hope" for putting a lid on the growth of regulation—"not unless Congress passes some wild law that would force agencies to justify their existence."

MINING

"Our safety record is worse now than before all the new standards."

Getting mine operators from coal fields in the Kingsport area to talk frankly about Government regulation isn't easy. Barely 50 miles to the north, in Letcher County, Ky., 26 men were killed in two March explosions at mines operated by the Scotia Coal Company.

The memory of that disaster is still fresh in people's minds, and because mine safety is such an emotional issue, operators know that most complaints they voice will fall on deaf ears.

William Thomas, a health and safety director for the Westmoreland Coal Company, which operates 10 mines in nearby southwestern Virginia, insists that he's "100 per cent" behind most of the provisions of the 1969 federal law, which set up the Mining Enforcement and Safety Administration. He contends that the law's requirement of tougher standards on roof support, dust control and ventilation was sorely needed.

Cost of "safety"

Still, he estimates that the many new rules have cut per-hour coal production by at least 25 per cent and added "tremendously" to the price of coal.

Charles Tosh, mine superintendent for the Apache Coal Company, a small Kingsport-based firm that sells coal to Westmoreland, believes that prices may have tripled because of regulation. Yet he, too, refuses to condemn the new standards. He adds: "Sure, we could probably boost production by 50 per cent, if we went in there and mined it any way we could get it. But we'd also have a lot of people killed or maimed."

One of his men, Lacy Wineberger, a miner for 36 years, affirms that the mines are "much safer than they used to be." He adds:

"I really don't know what else they could do."

Privately, however, companies complain that some of the regulations offer no real protection to miners and merely add to costs. They say that the 1969 act was "hastily formed" and that many mine inspectors are less knowledgeable than the operators they're supposed to be monitoring.

There's a feeling, too, that the emphasis on combing mines for violations takes away time that inspectors used to give to training—something that operators say is needed badly today when so many young men are taking mine jobs.

Says one operations chief: "Our safety record is worse now than it was prior to the act."

Mr. Thomas of Westmoreland asserts that a few of the new rules have added to injuries. He points to the metal-roofed canopies required in many mines. The canopies, which cover the continuous-mining machines and the shuttles that transport the men, are supposed to protect miners from cave-ins. However, the height of many shafts is less than 3 feet, and the men sometimes strike their heads on the canopies as they ride along the bumpy mine floor or, in trying to avoid that, they will move their heads to the side of the car and be injured by mine walls.

Mr. Tosh of Apache says that his company was required to spend $50,000 to construct a banked berm along a dirt road leading down from one of its mines. The purpose is to stop a runaway coal truck, yet the mine superintendent contends that the berms are useless.

"You couldn't get a driver to take a truck up against that berm for anything," he says.

Others are upset by a new federal proposal, already passed by the House, that would award automatic black-lung benefits to miners with long years of service, even if medical evidence shows no trace of that respiratory disease.

Blocking the goal?

Criticism is also leveled at the string of permits and environmental standards that operators believe make the nation's goal of doubling coal production by 1985 "almost impossible to meet."

Virginia operators don't face as much paper work as companies in States such as West Virginia and Pennsylvania, which have long-established mining departments. One Pennsylvania operator, complaining of overlapping State and federal standards, says that he had to get 40 permits to open one major mine.

Still, there's the feeling that the State of Virginia is requiring more and more reports, and that the tougher standards are discouraging people from getting into the business.

One Westmoreland engineer, who specializes in quality control, complains that the Environmental Protection Agency, which prescribes pollution controls, and the Federal Energy Administration, which has been urging more use of coal, "seem to be working for two different countries."

He argues that federal air-quality standards should be modified until more economical technology can be developed to cut down on sulphur dioxide emitted from coal-burning power plants.

Mr. Tosh agrees that more coal has to be burned to save on gas and oil. But he sees a good deal of inconsistency in public attitudes.

"The government worries about the levels of sulphur in the air," he says, "but people do more harm to themselves when they smoke a cigarette."

RETAILING

"Regulation is behind much of the rise in prices."

To a great extent, retailers here have learned to live with the long agenda of Government-related tasks that they're required to perform. Among them: the collection of State sales taxes, the withholding of employe wages for Social Security and income taxes, and the parade of reports on taxes, unemployment compensation, safety and other matters.

It's the future that they're really worried about. There are fears that the growing controls will not only place a greater burden on their own operations but will limit the kinds of products that they can offer to consumers.

Wallace Alley, owner of a Plymouth dealership on the outskirts of the city, believes that rising prices, resulting from more regulations, will force many car buyers to settle for models that they really don't want.

He claims that federal standards have increased the cost of the average car by at least $700 over the last five years and that another $800 will be tacked on by 1978 with the addition of more sophisticated pollution-control devices.

It's his feeling that too many of the safety devices added to cars in recent years have been adopted without proper testing. He cites the seat-belt interlock system, which has been discontinued because of large public protest.

The heavier bumper and door-frame systems, also required in the name of safety, have not only added to costs but have hurt fuel economy, Mr. Alley asserts. He insists, too, that parts and maintenance costs are up, because of engine modifications brought on by tougher federal standards on air quality.

"What we have in Washington are unqualified agency people playing God and ignoring the facts in the name of protecting the consumer," he says.

Wasting energy?

More low-keyed in his criticism of the bureaucracy is the owner of Sobel's men's store, a fixture in downtown Kingsport for 53 years. Says Norman Sobel: "Regulation costs us a tremendous amount of energy, and that's disturbing, because we could be doing other things. But we have to remember that we created the monster in the first place."

It's his view that businessmen too often use government at all levels as a scapegoat for their own shortcomings.

Still, even Mr. Sobel worries that a continuing growth in Government rules could "cut into profits."

He's upset, too, with some specific standards, such as the minimum-wage requirement, which keeps him from hiring more young people "because they're not going to pay their way at first." He'd also like to add a pension plan for his employees, but remains "totally confused" by the federal pension laws.

Pharmacist Carl Marcum, who owns a small drugstore that sits in the shadow of the community hospital, has hired an accountant to handle most of the paper work in his business. However, he can't farm out the many Government forms connected with the dispensing of drugs. A pharmacist has to handle that.

With the passage of the Controlled Substances Act of 1970, prescription drugs were classified under several schedules, each with specific regulations on record keeping and labeling, as well as on the number of refills permitted.

As a result, Mr. Marcum estimates that he spends about 15 per cent of his time with paper work relating to federal drug controls. He adds that the Substances Act not only has boosted the price of drugs but also has clamped controls on many medicines that have no possibility of being abused.

"When a woman calls me up at midnight and wants some paregoric for a sick baby, I'm now not allow to give it to her, unless she has a prescription," he observes.

Marcum's Medical Arts Pharmacy is typical of the traditional corner drugstore. People come in and greet Mr. Marcum by his first name and ask what to buy for a cold or a fever blister.

Mr. Marcum wonders how long his kind of small, personal establishment can stay in business. He's worried that even more small druggists will be undercut by the chain stores and will "fall by the wayside" if the Federal Trade Commission forces pharmacists to post their prices. The Supreme Court recently ruled that drug prices can be advertised.

In his way of thinking, the consumer would be the loser because the chain stores are not prepared to give enough personal service. He points out that Marcum's offers 24-hour service, delivers free and keeps a record on drugs dispensed to each family to help them with tax and insurance forms.

Asks Mr. Marcum: "What price can you put on all that?"

BANKING

"The Government has set up financial institutions as policing agents."

Cham Percer and Bill Greene are the president and the chairman of the two-year-old Bank of Tennessee, now operating in temporary quarters while work goes on next door on a new building.

What they're finding is that government rules are one of the biggest roadblocks in making a fledgling bank grow. One Tennessee law, passed in 1907, taxes banks on capital raised from stockholders. For a new facility, like the Bank of Tennessee, that tax is particularly burdensome. Much of its assets are from stock, since there has been little time to raise money from loans and deposits.

Says Mr. Percer: "You've got federal and State laws requiring banks to have strong capitalization in order to grow. Then they tax it away from you."

The bank officers are upset, too, with another Tennessee statute—this one passed in 1870—that limits bank interest rates to a maximum of 10 per cent. In the credit crunch of 1974 and early 1975, when the new bank was just getting on its feet, the interest ceiling had the effect of forcing large depositors to take their money out of State to places where they could get higher yields.

Federal laws prompt other objections. A prime target is the Real Estate Settlement Procedures Act, a measure that is designed to give consumers specific information on the closing costs that go along with the purchase of a home. The law proved so confusing and caused so many delays that many of its provisions were dropped or amended. Mr. Greene, who is also president of the nearby Carter County Bank, blames RESPA's problems on a lack of planning and foresight. He adds: "We attended seminars and ordered $8,000 worth of forms that we can't even use."

Mr. Greene says the paper-work burden is "astronomical."

"For every 10 million dollars in deposits, we need another two people just to handle all the State and federal forms," he says, "and that eats up our capital. Much of this information could be gathered by government bank examiners."

Mr. Percer adds that, when the Bank of Tennessee was first formed, a veteran of 30 years in the industry was called in to serve as president. He left after one year, saying he was "too old" to keep up with the changes, particularly the government rules.

Says Mr. Percer: "The Government has set up federally insured financial institutions as policing agents, and we don't feel that is our role."

Credit risks

He's particularly disturbed about a new Federal Trade Commission rule that could leave lenders holding the bag when there are defects in products bought under installment contracts covering purchases from car dealers, appliance stores and other retailers. He believes the measure may lead to a tightening of credit.

Mr. Greene points to other problems caused by mushrooming safety and environmental requirements. He explains that a bank, after lending a company money initially, sometimes feels compelled later to make additional loans for the purchase of safety or pollution-control equipment—even though the company may be having a tough time just paying off the first loan. The alternative is that a firm might be shut down by the Government, depriving people of jobs and jeopardizing the original loan.

"It used to be that when a company came to a bank for a loan, you would look at its cash flow and track record," he recalls. "Now we have to say, 'Has EPA been to see you yet and what's the price tag?'"

The bankers have no arguments with the system for examining banks. They find the federal and State inspections valuable, and they're opposed to current proposals to consolidate the agencies that supervise banking. Says Mr. Greene: "That idea is typical of the feeling that Washington can do it all."

They insist, however, that many of the regulations on banking should not be applied uniformly across the nation but to specific areas where most of the abuses take place.

Notes Mr. Greene: "Someone up there in big Government thinks banks are making a lot of money. But if they keep encroaching on this industry, there's no way we'll have enough capital to support the nation's growth."

CHANGE AHEAD IN WASHINGTON?

There is plenty of evidence that the protests over growing Government controls are being heard in Washington.

President Ford recently unveiled a plan that would lock the Administration and Congress into a four-year strategy for revamping federal agencies.

In January of each year, beginning in 1977, the President would submit to Congress his proposals for changing agencies that oversee certain sectors of the economy.

THE TIMETABLE

In that first year, agriculture and transportation would be the priorities. The remaining timetable would set the reform of mining, manufacturing and utility regulations for 1978, construction for 1979, and communications, finance and real estate for 1980.

Under the legislation, lawmakers would have to vote on the President's January proposals by November 15 of each year, or else his suggestions would immediately become the pending business.

The key to this legislation is that the President's proposals are supposed to be based largely on the experiences and opinions of consumers and local businesses around the country, with special emphasis on the effect of Government regulation on prices.

The President's bill is similar to a measure introduced by Senators Charles Percy (Rep.), of Illinois, and Robert Byrd (Dem.), of West Virginia. Under that bill, a federal agency could be abolished by the vote of either house of Congress.

Other reform measures have also been advanced, such as a "sunset" bill by Senator Edmund Muskie (Dem.), of Maine, which would require an agency to justify its role every four years or else go out of existence.

All of these measures reflect rising disillusionment with the piecemeal attempts at reform tried in the past. However, because of the elections, no real progress is expected until next year.

COST OF REGULATIONS: "BILLIONS OF DOLLARS A YEAR"

Interview With Murray L. Weidenbaum, Director, Center for the Study of American Business, Washington University

Q. Professor Weinenbaum, how much federal regulation of business is really necessary?

A. An awful lot less than we have today. That's the heart of the matter: We've got overregulation.

Q. Would you do away with regulation altogether?

A. Of course not. Unless you're an anarchist, you believe that there's a role for Government in setting rules. The question is: What are the legitimate limits?

Should the Federal Government be concerned about the cleanliness of our environment, about safety in workplaces, about eliminating discrimination, about the safety of products? Those are the principal areas affected by what I call the new wave of regulation.

In a complicated modern society, there is an important role for Government in these areas. But in each of them, Congress has enacted an excess of regulation, and the agencies in charge have promulgated an excess of rules, with the result that the basic objectives of the laws are not achieved in many instances.

Q. Why do you say that?

A. When the Occupational Safety and Health Administration issues regulations on how often a company has to clean spittons, how big is a hole, when is a roof a floor, and other nonsense like that, it doesn't have enough manpower to deal with truly lethal hazards. And given the tremendous array of regulations, it's very difficult for an inspector from OSHA to focus on the serious hazards.

Q. Just how much does the Federal Government spend in regulating business?

A. In the current fiscal year, there are about 75,000 full-time Government regulators on the U.S. payroll. It costs the taxpayers about 3 billion dollars a year to keep them going.

Two years ago the cost was about 2 billion dollars. So there's been an increase of 48 per cent in just 24 months.

In other words, regulation is now a major growth industry in this country. That's scary.

Q. Is there any way to measure what effect regulation has on the cost of doing business?

Studies have been made of the impact of the occupational-safety rules, environmental-protection regulations, the requirements laid down for the automobile industry, and such old-line agencies as the Interstate Commerce Commission and the Civil Aeronautics Board. In each case, we're talking about a price tag to consumers of billions of dollars a year as a result of higher costs of production and reduced competition in many industries.

Q. How much do safety and pollution-control devices add to the cost of automobiles?

A. I estimate that the cost for Government-mandated features was 3 billion dollars on the 1974-model cars. That was the year when the manufacturers were required to wire the cars so that the motor could not be started unless seat belts were fastened. According to the National Safety Council, more than 2 out of every 5 motorists disconnected this interlock or paid to have it disconnected. I can't think of anything more wasteful than the Government requiring Detroit to put the gadget on and then consumers paying someone else to disconnect them. All costs and no benefits.

Q. Didn't Congress pass legislation to eliminate the seatbelt interlock?

A. Yes, and during the debates, there was a lot of consideration given to eliminating any requirement for air bags and all sorts of other safety devices.

And that indicates another danger from overregulation: If the pendulum swings to one extreme, there is a danger that it will swing back to the other extreme.

Q. Do most of the regulations that you find objectionable grow out of abuses or shortcomings on the part of the industry?

A. Yes—and that's why I don't advocate eliminating all regulations. To an economist, there is a simple answer: Measure the benefits of each regulation against the costs. If the benefits exceed the costs, go ahead. If the costs exceed the benefits, reject the proposed regulations. Go back to the drawing board and seek a more efficient way to achieve the same objectives.

Q. You indicated that regulation sometimes reduces competition. How does that come about?

A. If you want to open up a grocery store, you raise the necessary capital, rent a place, get a few routine local permits, and you're in business. But if you want to set up a trucking company to haul freight between Chicago and St. Louis, you have to convince the Interstate Commerce Commission that they should franchise yet another company to compete in this area. Any benefit of the doubt is in favor of the companies already in business and against you.

The entrenched company benefits and the newcomer is hurt, and that may include young people and blacks who want to break into the trucking business.

I'm not saying that the ICC is racist, but the law and the regulations can unwittingly serve as a barrier to the entry of new firms.

Q. Is that one of the reasons why many industries oppose efforts to reduce regulation?

A. Sure. Labor and industry in the trucking industry are united in favor of keeping the ICC as is. I tell my students we sometimes have to protect the private-enterprise system from individual entrepreneurs.

Q. Many businessmen complain about the paper work required to comply with regulations. Is that a really serious problem?

A. Yes indeed. One oil company that I know of is required to file about a thousand reports each year to 35 federal agencies.

In just the first half of last year, the Standard Oil Company of Indiana had to begin filing 16 new reports. It takes 636 miles of computer tape to store data the company has to keep for the Federal Energy Administration alone.

Companies that have had safely programs in operation for many years have another big gripe: They have had to shift a lot of their safety people from training workers on safe operating procedures to filling out forms, posting notices and other unproductive overhead. So it's not just that the paper work is costly. It diverts resources and keeps people from doing the basic job of reducing accidents.

Finally, the regulations are also reducing the flow of new and better products. And this is one of the things that really worries me.

Q. Where do you see that slowdown occurring?

A. Especially in the pharmaceutical area. Unsafe drugs are to be kept off the market. That sounds fine, and I agree with it. Ineffective drugs are also to be kept off the market, and I guess that's O.K., too. But the corollary is that it takes longer for safe and effective drugs to get onto the market.

Q. But how can that be avoided without running the risk of inflicting dangerous products on an unsuspecting public?

A. The answer is to test carefully—but with a certain amount of judgment. The way the Government agencies work, if a bureaucrat says "No" and delays the introduction of a drug, he won't get into trouble. If he says "Yes," he's sticking his neck out and may get into trouble.

Sir Alexander Fleming was quoted as saying that he probably wouldn't have gone ahead with penicillin if current drug-testing rules had been in effect. Why? Because it is necessary now to test first on animals, and it turns out that if you test penicillin on dogs, you get far more adverse reactions than you do in humans. If he had had to perform the animal tests, Fleming said, he would have seen a tremendous adverse reaction and would have been scared off, and we wouldn't have penicillin.

Q. Do you know of any safe and effective drugs that have been held off the market?

A. Yes. There is an anti-asthma drug—beclomethasome dipropionate—that has been used in millions of doses in the United Kingdom without reported adverse side effects, according to the New England Journal of Medicine. Until recently, this drug could not be used here, and the Journal points out that other drugs being used in this country have all sorts of adverse side effects—facial disfigurations because the patient retains more water, as well as other bad side effects.

Q. If regulation is such a problem for industry, why is it that so many companies oppose deregulation?

A. You have to distinguish between the old type of regulation and the new type.

In the first group we have the ICC, the CAB, the Federal Power Commission and the Federal Communications Commission. Economists agree that in these agencies the regulators often tend to become the captives of the industries they regulate, so that they become more interested in protecting them than in looking after the consumer.

But now we have a whole new set of agencies that are not regulating any specific industry but cut across virtually every business in America. The big four are the Equal Employment Opportunity Commission, the Environmental Protection Agency, the Occupational Safety and Health Administration, and the Consumer Product Safety Commission.

There's no single industry that can capture EEOC or EPA or that has any incentive to do so. Instead, there are the so-called public-interest groups—they're really a new breed of special-interest groups—that have a peculiar stake in the agencies involved. For EEOC, it's the civil-rights people. For CPSC, the consumer-action groups. For OSHA, the unions. For EPA, the ecologists.

They pay little attention to the costs the regulations are imposing at a time when inflation is the No. 1 problem on the mind of the American consumer. Yet, they claim to represent the consumer.

Q. Do you see any evidence that people are beginning to question the value of regulation?

A. Yes, there is a growing minority. On the college campuses, people are beginning to associate a legitimate concern for civil liberties in social and private affairs with civil liberties in economic activities.

Q. Do you mean that business is being treated unfairly?

A. Let me mention the obvious: "no-knock power."

When the FBI and the CIA enter people's homes and offices without warrants, the typical student or professor gets outraged. They're now learning that other Government agencies have no-knock powers that, until recently, went unchallenged.

Take OSHA, for example. Until it was challenged in the courts, this agency could send an inspector into your factory or offices at any time without a search warrant. In fact, if someone tipped the company off to the fact that OSHA was going to make a raid, he or she could be fined. That's Big Brother.

Q. Is the desire to protect labor from unfair treatment by business behind a lot of regulation?

A. Sure—for example, the minimum-wage law. There's a classic example of the difference between heart and head. "Pay people a 'living' wage." That sounds good. But an analysis by James Ragan, published by the Center for the Study of American Business, indicates that the last increase in the minimum wage eliminated over 300,000 jobs for teen-agers. It literally priced them out of the labor market, and a disproportionate share of those were black teen-agers.

Q. Didn't the increase also benefit a lot of other people who got higher wages as a result?

A. The increase in the number of jobs for people above the minimum wage was much less than the 300,000 who lost out entirely.

We did not determine the impact of the change on the wage rates of other workers. But we do know that in the construction industry, the effect of the Davis-Bacon Act has been to put upward pressure on wages, and help to price new houses beyond the reach of the average family. So in that area, too, wage regulation has been bad for employment.

Q. What's the background of that regulation?

A. The Davis-Bacon Act was enacted in the Depression of the 1930s to counteract contractors who maintained sweatshop conditions with low pay. The law requires the Secretary of Labor to set prevailing wages on any construction that is done with federal support. In practice, the prevailing wage determined by the Secretary is at least equal to the union wage, if not higher.

Now, if there is anything that does not characterize the construction trades in the 1970s, it's sweatshops and low wages. But once you get a law on the books, it stays.

Q. Do many companies resort to bribes in order to escape from regulation?

A. Remember CREEP, the committee to re-elect President Nixon? Maurice Stans and his associates apparently raised large amounts of money from the corporate sector of the economy in the form of contributions that were illegal.

As I read about those cases, it seemed to me that the incentive of the people who made those contributions was neither to line their own pockets nor to curry favor. My interpretation is that they were paying protection money.

Q. What do you mean by that?

A. They were afraid of what the Government might do to them if they didn't pay. Look at the companies involved. Typically, they were large Government contractors, or companies closely controlled by the Government. Airlines, for instance. If the CAB takes away their franchise to operate on profitable routes, they've had it.

The fact that we have given Government such leverage over the private sector is scary. Now, I'm not pleading for leniency for people who break the law, but I think there is some value in going beyond mere punishment to look at the underlying causes of this particular type of white-collar crime.

REFORM HAS A REAL HEAD OF STEAM

Q. Do you see any hope for reducing federal regulation?

A. I do. I think that for the first time in modern history, the notion of regulatory reform has a real head of steam.

The President is pressing for changes, doing as much as he can under existing law. But the heart of the matter is Congress. After all, it's the Congress that set up each of these agencies.

It's good to see the vast array of Representatives and Senators who have introduced and are pushing legislation to reform Government regulation.

The Perry-Byrd bill, for example, would require the President and the Congress over a five-year cycle to review every regulatory agency. And the Fannin bill would require every agency, before it issues a regulation, to show that the benefits exceed the costs.

I think those bills are very helpful, and the prospect that something will be enacted is quite good.

Q. Isn't it very difficult to foresee what the costs and benefits are going to be?

A. The Office of Management and Budget or the General Accounting Office would have to set some ground rules to prevent the bureaucrats from playing games with the numbers. Those regulatory agencies whose activities are generating more costs than benefits—cut back their budgets. Those whose activities generate more benefits than costs—give them budget increases. Be selective.

Q. Are there any steps that could be taken to improve regulation?

A. Yes. We could do a better job of fighting pollution if we simply made it more expensive to pollute by selling discharge permits. Now, that sounds like I'm saying that a company should be allowed to buy a license to pollute. But the fees could be set like a protective tariff. If the tariff is high enough, it keeps out a lot of imports. If the discharge permits cost enough, they will encourage enough companies to switch to less-polluting ways.

Which companies will switch? Those where it's least costly to switch. The companies that find it most costly to eliminate pollution will not do so. And that means we will get a cleaner environment at the least cost to society. Unfortunately, that's not the kind of thinking that lawyers are comfortable with.

OLD-FASHIONED RIDICULE CAN HELP

Q. Why not give tax subsidies to help industry pay for pollution-control devices?

A. If you subsidize the cleanup, you do not provide incentives to minimize pollution in the first place. The key point is that you want to make polluting more expensive than it now is so that people will be motivated to change to less-polluting ways of doing things. You don't need to punish them. You provide market incentives.

Another thing that will help to eliminate unnecessary regulation is old-fashioned ridicule.

Q. What do you have in mind there?

A. Subjecting overregulation to public ridicule is a deterrent. OSHA used to have a rule that spittoons had to be cleaned every day. That's been knocked out. And the Consumer Product Safety Commission had a proposal to ban mistletoe as a hazardous product because the berries are poisonous. I would guess that one of the reasons the agency did not take that step is that it knew it would be subjected to great public ridicule.

Q. Professor, is there really any way to provide complete safety for the public?

A. No. If safety were the only objective, we would reduce the speed limit on the highways from 55 miles an hour to 40. And if we limited take-offs and landings at the airports to one every half hour, there would be fewer air crashes. But we're not willing to pay such costs.

A housewife in New York who wants to wash her kids pajamas without washing away the fire-retardant property that the Government requires has to import a detergent from New Jersey that is now illegal in New York under State law. And to make matters worse, there are now some reports that the chemicals they use on the pajamas may cause skin cancer.

We have to be willing to balance the costs and the benefits. Today, we've got such a mass of regulation that the Government can't enforce its own rules effectively, and the regulators are getting in each other's way.

THE PASSIVE COMMUNICATIONS COMMISSION

Mr. METCALF. Mr. President, the Federal Communications Commission this week announced its decisions in two proceedings dealing with ownership and control of broadcast corporations. The Commission backed away from most of its own recommendations. It postponed a decision on major issues. In those instances where it did order changes, the Commission generally put its stamp of approval on recommendations to it by broadcast companies and institutional investors.

This action by the Commission is a keen disappointment to me, and to others who have encouraged regulatory commissions to use their substantial authority and resources to track and regulate the increasing concentration of power over broadcast corporations by bank trust departments, mutual funds, and insurance companies.

Both of these rulemaking proceedings were instituted on June 11, 1975. I shall first discuss docket No. 20520. It proposed raising to 5 percent the upper limit on shareholdings by an institutional investor in a broadcast or cable television company.

For many years the FCC has required broadcast and cable companies to report who held 1 percent or more of their voting stock. The reports collected by the FCC are not easy to decipher: The Commission, unfortunately, spends its money on consultant studies of industry reporting requirements rather than on improving the accuracy of ownership data in its files. But the Commission policy, no matter how poorly administered, was based upon its own stated belief that "owners of 1 percent of the stock may have considerable voice in the control and management" of a broadcast corporation.

Commission rules restrict ownership of broadcast companies in certain ways. One rule permits single ownership of up to 21 stations—seven AM, seven FM, and seven TV, provided that not more than five of the latter are VHF stations. Another rule prohibits ownership of two AM, FM, or TV stations which serve the same area. Beyond those exceedingly liberal provisions, no one—until 8 years ago—was permitted to own more than 1 percent of the stock of other broadcast companies with 50 or more stockholders. In 1968, the Commission raised this 1 percent limit to 3 percent, for mutual funds.

In 1972, the Commission raised the limit to 5 percent, for banks. The distinguished senior Senator from Maine (Mr. MUSKIE) and I told how and why the Commission did this in our introduction to "Disclosure of Corporate Ownership"—Senate Document 93–62:

> (The FCC) raised the limit because so many banks were in violation of the Commission's one per cent regulation that, to comply with it, 19 banks would have had to divest themselves of $976 million in stock in 25 companies. The FCC did not know that the banks were in gross violation of regulations until the banks told the Commission about it. The data submitted by the banks were based on a survey conducted among the 19 largest banks in April, 1969. It took 3 years to get that material to and considered by the Commission. Then the Commission gave the banks 3 years more to get in compliance with the more lenient rules . . ."

The Commission, despite its admitted want of knowledge regarding ownership matters, proposed a year ago to accord mutual funds and insurance companies the 5-percent ownership limit it had given the banks. I then asked the Commission for information on the ownership by institutions of 1 percent or more of broadcast company stock.

That information would have shown all parties two things. One would have been the extent of violations of the then existing 1 percent rule. The other would have been the need—if existing—for the proposed increase. Alas, the Commission could not provide this vital data.

Wrote Chairman Wiley:

> Much of the ownership information filed by the Commission's licensees varies in the form and manner submitted.

My request, he said, would "involve a tremendous expenditure of manpower." And so the Commission continued to fumble in the darkness.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the exchange of correspondence referred to above.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

JUNE 26, 1975.

Re Docket 20520.
Hon. RICHARD E. WILEY,
Chairman, Federal Communications Commission, Washington, D.C.

DEAR MR. CHAIRMAN: I should like to comment in this docket which would set a five per cent limit on institutional ownership of broadcast and cable television companies. However, it would be most useful to know before submitting comments what the present levels of ownership are within broadcast companies by institutional owners. I note that comments are due by 11 August. Could you provide me by mid-July with data showing the ownership by institutions of one per cent or more of a broadcast company's stock in each of the broadcast companies listed in the enclosure.

Very truly yours,
Senator LEE METCALF.

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., July 23, 1975.
Hon. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: This letter is in response to your letter of June 26, 1975, concerning the proceedings in Docket No. 20520, dealing with the permissible benchmark for holdings by institutional owners in broadcast and cable television companies.

You state that you would like to file comments in the proceeding. I am fully aware of your continuing interest in the area of institutional ownership of regulated industries, and we welcome any comments that you desire to file in this docketed proceeding.

To assist you in filing comments, you have asked that the Commission furnish you "by mid-July with data showing the ownership by institutions of one per cent or more of a broadcast company's stock in each of the broadcast companies listed in the enclosure."

In October, 1972, we submitted to you this type of information relating to bank ownership of various broadcast companies. That material was manually compiled because of the different manner and form in which licensees had submitted the information.

Much of the ownership information filed by the Commission's licensees varies in the form and manner submitted. Therefore, the management and analysis of such data to put it into a compilation that would meet your request would involve a tremendous expenditure of manpower. We are especially reluctant to devote manpower to that task in the light of the Commission's intention to adopt the principles set forth in the Model Corporate Disclosure Regulations which will supply us with a complete annual submission of ownership data for each public company.

However, as required by section 1.615 of the rules, a complete record of ownership is filed at the time a broadcast station files its renewal application for its "key-call" station. We are enclosing this ownership data for 50 of the most actively traded companies as of the most recent renewal date. While some of the data may be up to three years old, the enclosed information should give you a realistic basis for determining the levels of institutional holdings in the major broadcast companies.

Sincerely yours,
RICHARD E. WILEY,
Chairman.

Mr. METCALF. Mr. President, oddly enough, despite its manpower problem, the Commission has during the past year had about a quarter of a million dollars for financing consultant studies regarding industry reporting requirements. I ask unanimous consent to have printed at this point in the RECORD my exchange of pertinent correspondence with Chairman Wiley.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *May 14, 1976.*
Hon. RICHARD E. WILEY,
Chairman, Federal Communications Commission, Washington, D.C.

DEAR CHAIRMAN WILEY: On March 7 Director Monte Canfield, of the General Accounting Office's Office of Special Programs, wrote to you regarding the Commission's information gathering processes. He states on page three that "Several (FCC) bureaus have awarded contracts to outside firms for review of their reporting requirements."

Please provide me with details regarding these contracts. To whom were they awarded? What is their cost? What are their objectives? What recommendations have they provided the FCC? What is the Commission doing to increase its own staff competence in this area?

Very truly yours,
Senator LEE METCALF.

FEDERAL COMMUNICATIONS COMMISSION,
Washington, D.C., June 3, 1976.
Hon. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR SENATOR METCALF: This letter is in response to your inquiry of May 14, 1976 concerning contract studies of industry reporting requirements. The Commission is currently funding three such studies.

The first contract was a study of the need for and feasibility of adopting a uniform system of accounts for purposes of reporting annual financial information of cable television systems. This study was recently completed by the accounting firm of Price-Waterhouse at a cost of $57,000.

The second contract is being conducted by Mathematica, Inc. and it is scheduled for completion in August of this year. The objective of this $125,000 contract is to analyze and review the types of detailed cost information the Commission needs in order to effectively regulate the interstate communications common carrier industry. The current Uniform System of Accounts stems from procedures adopted many years ago and they are generally regarded as being inadequate in today's regulatory and technical environment. This study will lead to recommendations for up-dating the system.

The third contract is in the final stages of negotiation and an award amounting to about $70,000 is expected momentarily. The purpose of this study is to review and evaluate the financial reporting requirements that the Commission imposes on its broadcast licensees. Alternative reporting methods will be developed if the existing ones are found to be inadequate or over burdensome to our licensees.

All of the above contracts were awarded on a competitive basis. We would be happy to supply you with any additional information you may require.

Sincerely,
RICHARD E. WILEY,
Chairman.

Mr. METCALF. Mr. President, after the FCC told me that it could not provide relevant ownership information I formally suggested to the Commission that it defer action on its proposed increase in concentration of ownership until it had the ownership information, which it was seeking in the companion docket, H.R. 20521. That proceeding had also been initiated on June 11, 1975. That is the other docket on which the Commission announced action this week, and on which I shall comment shortly. I also provided the Commission with examples of violations of then existing regulations by institutional investors and incomplete reporting to the Commission.

The FCC, however, has now hastened to throw a mantle of legality upon the infractions of institutional investors. The order of the FCC raises the ownership benchmark of mutual funds and insurance companies to the 5 percent now applicable to the banks.

Furthermore, the FCC paved the way for a further increase in concentration of ownership. A year ago, when it initiated this proceeding, the FCC said:

> It saw no circumstances that would cause it to adopt any standard higher than five percent or grant waivers of that limit.

But that was last year. This year—this week—the Commission said:

> . . . Although not written into the amended rules adopted today, we shall upon application temporarily waive the five percent ownership benchmark for banks when they involuntarily receive a large block of stock placing them above the benchmark provided that the banks inform the Commission of this situation and submit a reasonable plan for speedy divestiture.

Speedy divestiture at the FCC, as we have seen by its previous decisions, means about 3 years, during which time the Commission makes no real effort to find out for itself who owns what. And intervals such as that provide plenty of time for the big investors to continue to come to the Commission with new escalation proposals—1 percent, 3 percent, 5 percent—on to 10 and upward, as the corporations upon which the Nation depends for its news and entertainment grow ever closer to the major banks, funds, and insurance companies.

One of the remarkable features of last week's decision by the FCC is its assertion that institution investors are "passive." Either the FCC is naive or it believes the public is.

The Commission accepted industry arguments that—

> Banks, insurance companies and investment companies are "passive" investors who cannot exercise managerial influence over their portfolio companies.

After all, exclaimed the Commission, primly:

> The commenting parties have offered no actual cases of institutional investors using thier minority interest in widely-held cable or broadcast companies to exert influence on the management of such companies.

Did the Commission really suppose that the institutional investors would volunteer information about such things?

It is the FCC, not the institutional investors, which is "passive." Webster's lexicographers must have had the FCC in mind when they defined "passive" as "not active, but acted upon; receiving or enduring without resistance or emotional reaction, submissive."

The FCC could have looked at evidence on the public record that some investment companies band together to urge mergers, that they place their selectees as officers or directors of portfolio companies.

They could not of course have gone to the Securities and Exchange Commission to see the information that the Commission told Congress it proposed to get regarding mutual fund policies of involvement in the affairs of their portfolio companies. That is because the SEC quietly quashed its own proposal—SEC file S7-415—last month. But the FCC could have found its own broadcast conglomerate study—docket 18449—nearly 300 instances of interlocks between 31 broadcasting companies and banks, investment companies and other financial institutions, even though the FCC quietly quashed that investigation last year.

That docket showed, for example, as Howard Trickey wrote in the October 6, 1977 issue of Access, that 11 officers and directors of RCA held positions as directors or partners in lending institutions or institutional investors, and that the chairman of the executive committee of the RCA board of directors was also a director of Prudential, which held stock in RCA and 11 other licensees.

An the FCC could have found in docket 20520 and its own files the evidence that RCA chose to name only one of the Chase Manhattan nominees which holds stock in NBC's parent RCA. RCA said it had asked three major stockholders whether any of their underlying accounts amounted to more than 1 percent of RCA's stock. RCA promised the FCC, in January of 1975, to provide the information. Seven month later RCA had not provided the information. And the FCC does not go after it. Instead of telling a $25,000-a-year inquiring bureaucrat to obtain responses to reasonable questions the Commission invests $250,000 in consulting firms to produce reports about industry reporting requirements.

The second order which the FCC issued last week is more in the nature of a mouselike squeak. In this docket, No. 20521, the Commission proposed to obtain accurate information regarding corporate ownership reporting and disclosure by broadcast licensees. The Commission offered for public comment the model corporate disclosure requirements—MCDR—developed by the interagency Steering Committee on Uniform Corporate Reporting. This model dealt with reports on stockholdings and voting rights, debtholdings, affiliations of officers and directors and corporate structure. Promulgation of such reporting requirements would have permitted the Commission to ascertain the violations and positions of institutional investors, had the Commission chosen to make an informed decision regarding maximum holdings of institutional investors.

In this second docket the FCC also invited comment on its own modified version of the MCDR. Actually I should say it invited comment on one of its own modified versions. The FCC is so passive that it could not even get two bureaus—broadcast and common carrier—to agree on the same form; the FCC has not acted in the common carrier docket, which is No. 20522. But after hearing from broadcast corporations the Commission decided to duck the whole issue.

Said the Commission:

> We believe in line with the suggestion of many commenting parties in this proceeding (NBC, ABC, WGN Continental Broadcasting, Rust Craft, American Bankers Association, G.E. Broadcasting, and Federal Communications Bar Association) that most of the issues should be the subject of future Commission action so that the Commission may avail itself of and consider the findings and conclusions reached by the Securities and Exchange Commission's "beneficial ownership" proceeding (File S7-580), which was begun on Aug. 25, 1975.

And so the FCC order in this docket consists of one change, a commonsense rule to which, I believe, no one objected. Widely held licensees will no longer be required to file supplemental ownership reports within 30 days after any change in the reported information.

This means that the Commission and the public, instead of being confused as much as 12 times a year trying to decipher an FCC report, will be confused only once a year, in the annual reports.

Conceivably, President Ford's formfighters will construe this as a reduction of 11 reporting requirements, to be duly charted by OMB, evaluated by GAO, applauded by Broadcasting magazine and pridefully pointed to from Washington to Kansas City as another glowing example of regulatory reform.

Meanwhile, the large questions originally addressed in these dockets go unanswered. The merry-go-round continues. The Congress gives a commission authority to collect information, impose sanctions, issue subpenas. The Commission eventually squeaks out an order that no one disagrees with, and which has some public relations and political potential. The main issue is bucked to another commission, the SEC. It will probably want to wait for more fresh legislation, even though it is not yet using the additional authority we gave it in this area more than a year ago.

This is a shameful scenario, a direct consequence of the massive—not passive—influence of institutional investors and broadcast conglomerates alike on the commissions, the Presidents who appoint the commissioners, the Congress which busies itself with new legislation instead of trying to obtain enforcement of the old, and the public, glassy-eyed from watching the television programs which do not dare to discuss these basic issues of democracy.

Members of the Federal regulatory commissions are well aware of the support and encouragement which they have received many times from this Senator, along with occasional expressions of disagreement and concern. The commissions and their staffs, along with the GAO and my Subcommittee on Reports, Accounting and Management, have spent a great deal of time during the past 2 years dealing with the issue of improving the accuracy and availability of data collected by commissions, and doing this through use of uniform reporting requirements which will reduce burden on reporting firms. The FCC is the first Commission to issue an order based upon consideration of the model corporate disclosure regulations. The response does not befit a Federal commission with the responsibilities it has to the public and the statutes.

NATIVE AMERICAN ENGINEERING PROGRAM AT THE UNIVERSITY OF NEW MEXICO

Mr. DOMENICI. Mr. President, 18 months ago the University of New Mexico instituted the Native American program, College of Engineering—NAPCOE—to meet the needs of ill-prepared students who come from Indian tribes. During that time, NAPCOE has met with great success in both encouraging and providing for a quality education in engineering for Native Americans.

This program, under the supervision of Dr. W. A. Gross, is the first Native American engineering program in the United States primarily for tribal reservation people. Since its institution in early 1975, over 300 potential students have contacted this program and nearly half of them have formally applied for acceptance in the program. However, only 47 have been accepted, due partly to the lack of funds. Out of the students only six have dropped the program, most for financial reasons.

As for curriculum for NAPCOE, the regular freshman and sophomore engineering classes are stretched over a 3-year period. The students receive an associate of science degree and then continue for 2 additional years to obtain the B.S. degree in engineering. This extra year allows for the student to take additional courses, especially in math and English, to fill in the educational gaps in subjects for which they were inadequately prepared before entering college.

The average students enrolled in the NAPCOE program are mature, married individuals already experienced in technology. The cost of supporting entire families is enormously higher than the cost of supporting the usual single college student. Existing funding sources are not set up to do this. The BIA does not ordinarily fund family men to enroll in universities and, so far, it has not concentrated on special funding for technical or scientific programs.

Professional Native American engineers are urgently needed in the Southwest to address serious problems of water allotment and development, land use, road construction, electric powerplants, strip mining and coal gasification, air and water pollution that directly affects the tribal Indians. The NAPCOE has high potential for even greater success judging by progress to date. The major problems are the students' lack of precollege preparation in math and sciences, and the scarcity of living stipends for family people. If these problems can be overcome, more students can take advantage of the program, thereby making way for more Native American professional engineers. These new professionals can interpret the technical language of private and Federal contracts for the tribes. They can serve as technical consultants to tribal councils—advising on difficult choices to be made and can stand as examples of achievement in a difficult field. The real goal of this program is not just to educate a small group of professional engineers but to provide for a trained corps of people who can help save the Indian way of life.

Mr. President, I commend those people who have generated, organized, and implemented this program which serves as an example of the kind of educational approach designed to overcome some of the existing problems encountered by Native Americans in the field of technical education.

THE GENOCIDE CONVENTION: A STAND FOR HUMAN RIGHTS

Mr. PROXMIRE. Mr. President, once again today I remind the Senate that after over a quarter century the Genocide Convention had yet to be ratified. There is not a single proposal before the Senate that has been before it as long as the Genocide Convention. This is particularly disturbing, because it presents no threat to our constitutional liberties. Rather, I submit that it serves as an outstanding symbol of an international agreement with the most fundamental principle upon which our Nation was founded, the right of every individual to life, liberty, and the pursuit of happiness.

We may sometimes fail to apprecaite just what a privilege this is. Perhaps we have heard the phrase too many times to appreciate the fundamental hope which it embraces and which is not realized by the majority of our brothers in humanity. Some of us have lived with these freedoms so long that we forget that there are others who do not have this hope.

The Genocide Convention is an international agreement which addresses itself to the very substance of this hope: The right to live. Without life there is no chance for freedom or happiness. Yet in the recent past there have been countless instances of the extermination of human potential through the deliberate extermination of entire groups of people—who are guilty of no crime save their religious, ethnic, or national heritage. The death of 6 million Jews in Nazi Germany is only the most outstanding example.

Mr. President, I urge that the Senate delay no longer in considering the convention. For a quarter century the world has wondered at our refusal to even bring the treaty up for a vote. Surely, during our Bicentennial celebration would be a fitting time to dispel all doubts the world has about America by ratifying the Genocide Convention.

"AFFIRMATIVE ACTION" NEGATES ACTUAL BLACK ACHIEVEMENTS

Mr. BROCK. Mr. President, Prof. Thomas Sowell, of UCLA, has written a very interesting article " 'Affirmative Action' Negates Actual Black Achievements." The article, as the title implies, deals with the so-called affirmative action programs and I think takes a very pertinent viewpoint which Congress should examine. I ask unanimous consent that Professor Sowell's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"AFFIRMATIVE ACTION" NEGATES ACTUAL BLACK ACHIEVEMENTS

(By Thomas Sowell)

If the "affirmative action" program were merely inane, futile, and costly, it might deserve no more attention than other government programs of the same description. But it has side effects which are negative in the short run and perhaps poisonous in the long run.

While doing little or nothing to advance the position of minorities and females, it creates the impression that the hard-won achievements of these groups are conferred benefits. Especially in the case of blacks, this means perpetuating racism instead of allowing it to die a natural death or to fall before the march of millions of people advancing on all economic fronts in the wake of "equal opportunity" laws and changing public opinion.

During the 1960s—before "affirmative action"—black incomes in the U.S. rose at a higher rate than white incomes. So, too, did the proportion of blacks in college and in skilled and professional occupations—and along with this came a faster decline in the proportion of black families below the poverty line or living in substandard housing.

When people ask why blacks cannot pull themselves up the way other oppressed minorities did in the past, many white liberals and black "spokesmen" fall right into the trap and rush in to offer sociological "explanations." But there is nothing to explain. The fact is that blacks have pulled themselves up—from further down, against stronger opposition—and show every indication of continuing to advance.

While this advance is the product of generations of struggle, it accelerated at an unprecedented pace in the 1960s, once the worst forms of discrimination had been outlawed and stigmatized.

Black income as a percentage of white income reached its peak in 1970—this year before numerical "goals and timetables." That percentage has gone down since.

What "affirmative action" has done is to destroy the legitimacy of what had already been achieved, by making all black achievements look like questionable accomplishments, or even outright gifts.

The case of women is different in many factual respects, but the principle is the same. Unfortunately, there is much fictious "history" used to apply the "minority" concept to women. The fact is that women were a higher proportion of college faculty, PhDs, MDs, people in "Who's Who," etc., generations ago than they are today—and female incomes in the nation as a whole were a higher percentage of male incomes then than they are now.

While many factors may have influenced their relative decline over the decades, that long decline paralleled a rise in marriage rates among educated women and a rising birthrate among women in general—the "population explosion"—and the recent upturn for women has followed a reversal in these trends that had tied them to domesticity.

In the case of women, as in the case of minorities, this all happened before "affirmative action" and its numerical goals and timetables. Their achievements were also made to look like the government's gift.

Who were the gainers from "affirmative action" quotas? Politically, the Nixon administration, which introduced the program, gained by splitting the ethnic coalition which had elected liberal Democrats for decades.

Certainly, the clearest continuing beneficiaries are the bureaucrats who acquired power, appropriations, and publicity from their activities, and who have stretched the law far beyond any congressional intent. Nothing in the Civil Rights Acts or the Executive Orders authorizes quotas by any name, and both the congressional debates and the specific language of the law forbid them.

But the boldness of the various agencies who interpret and administer "affirmative action," and the reluctance of courts to overrule administrative agencies, have permitted the growth of an administrative empire serving itself in the name of serving the disadvantaged.

CONNECTICUT PROFESSOR'S VACCINE USED IN NATIONWIDE IMMUNIZATION

Mr. RIBICOFF. Mr. President, I have previously reported to this body the outstanding achievements of a research team which has developed an important vaccine used against meningococcal meningitis. This team includes Dr. Irving Goldschneider, an associate professor of pathology at the University of Connecticut's Health Center. I am pleased to note that he and his colleagues have made further progress with their vital research for their vaccine has recently been used in a nationwide immunization program in Finland.

Dr. Goldschneider and the other members of this research team are deserving of our most genuine tribute. Their untiring efforts will make it possible for the youth of Finland to live without fear of meningitis, a crippling and frequently fatal disease. As more nations utilize this new vaccine, the danger of this disease and the epidemics which can attend it will be gradually lifted. Future generations, thanks to this research, will not have to experience the dreaded effects of this strain of meningitis.

Such an accomplishment deserves our recognition, and I am sure my colleagues join me in saluting Dr. Goldschneider for his life-saving work.

I ask unanimous consent that a press release describing this latest achievement be printed in the Record.

There being no objection, the press release was ordered to be printed in the Record, as follows:

Using a new vaccine developed by a team which included a faculty member at the University of Health Center, Finland has become the first country to undertake a nationwide immunization program against a key strain of meningitis.

According to Hakan Hellberg, chief of the office of hygiene and consumer protection of Finland's National Board of Health, the following action has been taken in his country:

In mid-November, health officials there began a program aimed at inoculating all Finnish young people from two and one-half months to 18 years of age with type A meningitis vaccine. The vaccine is manufactured by U.S. and French companies and based on the original formula developed in 1968 by a U.S. Army research team.

The target group, he said, numbers some 1.4 million. This is about 30 percent of Finland's 4.7 million people, and covers the age group considered most susceptible to meningitis.

Mr. Hellberg said early indications are that about 90 percent of the target age group was covered during the immunization program, now largely completed.

A fast moving inflammation of the brain covering, meningococcal meningitis kills about one in four victims and leaves roughly three in 10 of the survivors with permanent brain and nervous system damage, such as deafness, blindness, paralysis and mental retardation.

In the U.S., with 4,000 cases reported annually, it is the 10th leading infectious killer of children. But epidemics occur about every 15 to 20 years in this country. The last resulted in 80,000 known cases, primarily of the A strain.

Members of the team which developed the vaccine—and a similar vaccine against type C meningitis—are:

Dr. Irving Goldschneider, who joined the U. of C. medical and dental faculties here in 1969 and is now an associate professor of pathology; Dr. Malcolm S. Artenstein, chief of the Walter Reed Army Institute of Research, and Dr. Emil C. Gotschlich, now an associate professor at Rockefeller University in New York City.

In early 1973, Finland was struck by an epidemic of meningitis, largely type A, a rarity up to that time in that country. The epidemic peaked in 1974 when 686 cases were reported. Most victims were young children.

Reporting on those events earlier this year, P. Helena Makela, of Finland's Central Public Health Laboratory, said, "Understandably, the health authorities in Finland were exploring possibilities" for prevention of the disease.

Previously, these events had taken place:

In the late 1960s, after initial field trials proved the safety and efficiency of the new vaccine, the U.S. Army adopted it for routine use with young adult recruits. An estimated 700,000 have now received it and the Army found it prevents up to 95 per cent of the meningitis which would otherwise occur.

In 1970, Dr. Goldschneider and two others at the UofC School of Medicine—Drs. Martha Lepow, a professor, and Ronald Gold, an associate professor, both of pediatrics—began field trials in Connectitcut of the vaccine in children.

(Army results are not applicable to civilians and children's reactions could be different from those of young adults.)

These proved successful and the vaccine was then successfully field-tested in Egypt, the Sudan, and Braizil, quelling epidemics there at the same time.

Then, in late 1974 and in the grip of an epidemic. Finland undertook a large scale trial of the meningitis vaccine, with Dr. Gold and others acting as consultants.

At that point, more than 98,000 children, aged there months to five years, were inoculated with two vaccines, double blind style—either recipients nor inoculators knowing which was administered.

Half received type A vaccine. Half received a similar vaccine developed by others against Haemophilus influenzae type b, another important strain of meningitis, as a control group.

Asked if the successful results of these Finnish trials were what convinced health officials there to proceed with the 1975–76 full-scale immunization program against type A meningococcal meningitis, Mr. Hellberg answered, "Yes."

Results in all the field trials have been similar with the A and C vaccines developed by the Goldschneider-Artenstein—Gotschlich team:

They act to prevent about 95 per cent of those strains of meningitis and recipients have no serious side effects from the inoculations. With very young children, a booster shot has to be given to maintain immunity.

Both of these vaccines are extracts of a pure "sugar"—a polysaccaride—extracted from the coating of the bacterium which causes the disease. Injection of the sugar alone is enough to stimulate the growth of protective antibodies.

Thus, they do not present the potential hazards of vaccines based on weakened live or killed viruses or bacteria.

Two U.S. manufacturers were licensed in 1975 to produce types A and C vaccines commercially for use in the U.S. during local outbreaks and epidemics of meningitis.

They are Merrell-National Laboratories of Cincinnati, and Merck & Co., Inc. of Rahway, N.J.

Under regulations governing use of the vaccines, type A may be used in the U.S. in children six years of age and over, and type C in adults.

ADDITIONAL BACKGROUND

The type A vaccine used in the 1975–76 national immunization program in Finland is manufactured by Merrell-National Laboratories of Cincinnati and Institut Merieux, Lyon, France.

The cost of the Finnish 1975–76 immunization program was about $1 million (in U.S. dollars), over and above the regular health budget costs for personnel, etc.

Most areas received vaccine from one source or the other; some used vaccine from both sources.

Results of the immunization program are being followed and will be published later.

The meningococcus type A polysaccharide used in the late 1974 field trial with more than 98,000 children in Finland was donated by Merck, Sharp & Dome Research Laboratories of Rahway, N.J.; the Haemophilus influenzae type b polysaccharide vaccine was prepared by Dr. Porter Anderson of Boston Children's Hospital and supplied by the (U.S.) National Institute of Allergy and Infectious Diseases. (Half received A half received type b.)

Authoritative estimates are that more than 100 million people, worldwide, have received the type A and/or type C vaccines.

Health authorities say most strains of meningococcal disease have now become resistant to sulfa and antibiotics, heightening the need for other approaches to control of this serious disease, such as the vaccines.

NOTICE OF STAFF PARTICIPATION IN EDUCATIONAL EXCHANGE PROGRAM

Mr. FANNIN. Mr. President, I ask unanimous consent to have printed in the Record a statement by the distinguished Senator from Arizona (Mr. Goldwater).

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR GOLDWATER

In accordance with the procedure announced by the Senate leadership on July 16, 1974, and published in the Congressional Record at page 23548, I am giving notice of the participation by Mr. J. Terry Emerson of my staff in an educational exchange program between the United States and the European Community-European Parliament.

Mr. Emerson has been selected to participate in a study program on European Economic Community affairs and on activities of the European Parliament, during the period from June 27 to July 7.

This is a reciprocal program to U.S. programs for bringing foreign officials and civil servants to this country. In fact, well over 4,000 Europeans have visited the United States under our State Department's equivalent "leader grant program" since its inception. At least half of the participants in our nation's program have been officials of national governments in Europe and some 130 were officials of the European Community.

The Department of State advises me that it believes the European Community's reciprocal program "should have beneficial and positive effect on trans-Atlantic understanding," and I share this view. In addition, I believe the program will serve to enhance the capacity of my assistant to perform his duties as a member of my staff.

As an attorney, he has assisted me in several matters of great concern to Arizona and the United States in the field of international trade. His work has included the preparation of legal briefs presented for me before hearings of the U.S. International Trade Commission and the Trade Policy Staff Committee, relating to the multilateral trade negotiations now being held in Europe. Mr. Emer-

son will be taking up these same matters during his meetings and discussions with Europeans. Accordingly, his participation in the study program is directly related to the duties he is performing on my staff.

EXPORT-IMPORT BANK ANNOUNCES NEW LENDING GUIDELINES

Mr. PROXMIRE. Mr. President, the Chairman of the U.S. Export-Import Bank, Mr. Stephen M. DuBrul, announced Wednesday that the Bank is adopting new export lending guidelines, to be implemented on a trial basis starting on July 1 and running through June 30, 1977. The objective of these guidelines is to bring the Federal Government's export financing practices more into line with those prevailing in the private market and thus to lessen international competition in export promotion. To quote from Mr. DuBrul's prepared statement:

> The guidelines I have mentioned are designed to bring official export financing practices closer to standards determined by the market. This means that the concessional element derived from government support will be reduced, so that products traded in world markets can compete more on the basis of their inherent qualities, rather than on the basis of artificial incentives, which can be a burden to all taxpayers.

Mr. President, I should point out that Eximbank is taking these actions unilaterally, although it is anticipated that the other industrial countries with official export lending programs will follow suit shortly. Acknowledging the failure thus far to reach a comprehensive international agreement, Mr. DuBrul expresses the hope that the U.S. initiative will get the negotiations off dead center and be a first step toward such an agreement.

As chairman of the Senate Committee on Banking, Housing and Urban Affairs, which has jurisdiction over the Export-Import Bank, I have long urged that the Bank charge market interest rates and cut out backdoor subsidies for export loans. It is my firm belief that international competition in export subsidies is counterproductive and ultimately self-defeating. Because of this, I supported language in the last Export-Import Bank extension requiring the Bank to "seek to minimize competition in Government-supported export financing" in cooperation with other governments that have export financing agencies. In addition, I led a successful effort to put the Bank's lending activities back in the Federal budget, in order to cut down on the subsidy element in export loans and place them in competition with other demands in Federal credit, such as housing and small business.

Now I must commend Mr. DuBrul and the other officials of the Export-Import Bank for paying attention to the intent of Congress and taking a step in the right direction. I recognize that this is a very limited step. It makes only minor changes in the Eximbank's current practices, and it contains some gaping loopholes, such as exemption for aircraft and nuclear powerplants. It would be most unfortunate if this action did not lead to further—and still more significant—changes in U.S. and international export financing practices.

As Mr. DuBrul puts it in his statement, "We must walk before we run." I am glad to see that the Export-Import Bank is off and walking, and I hope it will soon be running faster toward the goal of greater cooperation rather than competition in export financing.

Mr. President, I ask unanimous consent that Mr. DuBrul's letter and supporting statements be printed in the RECORD.

There being no objection, the letter and statements were ordered to be printed in the RECORD, as follows:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., June 9, 1976.

Hon. WILLIAM PROXMIRE,
Chairman, Senate Committee on Banking, Housing and Urban Affairs, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In view of your continuing close interest in our discussions over the past two and one-half years regarding international efforts to reduce international official export credit competition, I am enclosing for your information a copy of the texts of the "U.S. Declaration on Official Support for Export Credits" and Eximbank's "Declaration on Official Support for Export Credits." I am making these available at a news conference this morning at which I am announcing the Bank's implementation, on a trial basis through June 30, 1977, of the guidelines and procedures for officially supported export credits.

To assist you in putting our Declaration in context, I am including a talking paper used in connection with my announcement to the press.

I would be pleased to further discuss our Declaration with you at your convenience.

Sincerely,

STEPHEN M. DUBRUL, JR.

U.S. DECLARATION ON OFFICIAL SUPPORT FOR EXPORT CREDITS

At the end of their economic conference in November 1975, at Rambouillet, France, the Heads of State and Governments of France, Germany, Italy, Japan, the United Kingdom and the United States declared that their Governments would intensify efforts to achieve a prompt conclusion of discussions then underway, among themselves and Canada, concerning export credits. Renewed discussions among these Governments have resulted in a consensus that counterproductive competition must be avoided with respect to government-supported export credits.

Recognizing this consensus, the United States Government wishes to declare that it fully supports the principle of cooperation in order to reduce counterproductive competition in government-supported export credits. The guidelines for Eximbank-supported credits for civilian goods and services will be set forth in a Declaration by the Export-Import Bank of the United States under its statutory authority. The United States Government intends to apply the same guidelines to any other official export credit support program for similar goods and services.

The United States Government invites other Governments to apply similar guidelines so as to broaden the attempt to reduce counterproductive competition in government-supported export credits.

DECLARATION ON OFFICIAL SUPPORT FOR EXPORT CREDITS BY THE EXPORT-IMPORT BANK OF THE UNITED STATES

The Export-Import Bank of the United States is adjusting its policies for export credits of two years and over in an attempt to reduce counterproductive official financing practices in international trade. These adjustments respond to the Declaration by the Heads of State and Government who met at Rambouillet, France, in November 1975, that their Governments would intensify efforts to achieve a prompt conclusion of discussions concerning export credits, as well as to the directive in the Bank's statute that it will seek to minimize competition in government-supported export financing. From these discussions a number of guidelines have emerged which could be observed unilaterally and which generally would result in somewhat higher minimum interest rates on officially-supported credits fom competitors and shorter terms on some credits from Eximbank. When individual authorizations exceed the guidelines, Eximbank intends to provide information in advance to and, at times, to have discussions with other export financing agencies.

For a period through June 30, 1977, Eximbank intends to apply the following measures to export credits, including leasing, on a trial basis, in the expectation that the official export financing agencies of the major trading nations will do the same. Other exporting countries also are invited to apply comparable measures.

(1) Cash payments will be a minimum of 15 percent of the export contract value.

(2) Eximbank's interest rates will continue as at present, ranging from 8¼ percent to 9½ percent on direct loans with flexibility to meet competition in certain transactions. However, the minimum blended competitive interest rates will not be less than 8 percent for credits over 5 years to highly-developed countries, 7¾ percent to intermediate countries, and 7½ percent to the less-developed countries. For two-to-five year credits, the minimum blended interest rates will be 7¾ percent to highly-developed countries and 7¼ percent to all others.

(3) Maximum repayment terms will be 10 years to less-developed countries and 8½ years to other countries. When credit authorizations to highly-developed countries have repayment terms of more than 5 years, information will be given 7 days in advance to other export financing agencies.

(4) If Eximbank intends to exceed the guidelines described above, it will so inform other agencies 7 days in advance, with an additional 9 days allowed for discussion, upon request. In addition, prompt information will be exchanged: (a) where credits are entered into under existing commitments; and (b) where credit terms have been set to meet the terms offered by other countries.

(5) These guidelines will not apply to agricultural commodities, aircraft (including helicopters), and nuclear power plants. The guidelines for downpayments and maturities will not apply to satellite ground stations. Additionally, conventional power plants and steel mills will be exempt from maturity guidelines up to maximum present practices, with 7 days advance information to other countries for transactions exceeding 5-year repayment terms to highly-developed countries, 8½ years to intermediate countries, and 10 years to less-developed countries.

(6) Any credit which has a grant element of 25 percent or more of the value of the goods and services exported, as already defined by the Development Assistance Committee of the OECD, is exempt from the guidelines. Any mixed credit having a grant element of less than 15 percent would result in 7 days advance information. Credits having a grant element of at least 15 percent but less than 25 percent would result in prompt information.

These guidelines and procedures will become effective on July 1, 1976.

Eximbank Declaration: Talking Points for Press Conference

I. INTRODUCTION

Thank you for coming.

My purpose in scheduling this news conference is to inform you of some new practices we intend to put into effect on July first. In essence, what we plan to do is to set out several guidelines covering various aspects of Eximbank financing, together with certain new procedures. It is our intention to apply these guidelines to the maximum extent possible. However, when we feel that there is good reason to go beyond the guidelines, we shall do so, utilizing the new procedures as called for. I shall describe both shortly.

The guidelines I have mentioned are designed to bring official export financing practices closer to standards determined by the market.[1] This means that the concessional element derived from government support will be reduced, so that products traded in world markets can compete more on the basis on their inherent qualities, rather than on the basis of artificial incentives, which can be a burden to all taxpayers.

Why are we planning to introduce these new practices?

I already have mentioned our desire to reduce Government interference in trade. This is a primary reason. In addition, we see a useful opportunity to exert leadership in discouraging tendencies toward an international export credit race. There has been a tendency in recent years to increase government support for exports. In order to avoid any worsening of conditions—and hopefully to improve them—the Export-Import Bank has decided to announce what it would be willing to do unilaterally. We expect that other major competitor countries will follow our example.

Underlying the Bank's decision are several important factors. First, is the expression by Congress—which was added to our legislation last year—that the Bank should "seek to minimize competition in government-supported export financing" in cooperation with the export financing agencies of other governments. Second, the Heads of State and Government, who met at Rambouillet, France, last November, agreed that their governments would intensify efforts to achieve a prompt conclusion of discussions concerning export credit restraints that were then underway. Eximbank's decision reflects confidence in the basic competitiveness of American exports, and the belief that reducing artificial export props is logical and beneficial.

For several years you've heard a lot about a Gentlemen's Agreement. Our announcement today encompasses some of the general objectives of the Gentlemen's Agreement; but it is *not* an agreement. Our efforts, to reach agreement, which started over two years ago, unfortunately could not be completed at this time. And it is for this reason that we are now acting unilaterally in making this announcement.

In my opinion, the reason we failed to reach a comprehensive international agreement is because countries are not yet ready to make the major changes in their operations that would be required for major progress. Substantial differences exist between official export financing systems which are founded in tradition and represent important differences in the composition, direction and significance of trade, as well as in the structure of each country's commercial and financial systems. Too little has been known about each others' practices; and there has been more experience in competing than in cooperating. It is my hope—and my belief—that through continuing the effort started, the conditions for an eventual agreement can be built up. To use a phrase I have become fond of quoting, "We must walk before we run."

Now for some specifics.

II. GUIDELINES

Beginning July 1, 1976, we intend, as a rule, to observe the following guidelines in certain of our export financing activities. I say "certain" because the guidelines, which I will outline, will provide specific exemptions and flexibility for certain product categories and projects: Aircraft, conventional and nuclear power plants, satellite ground stations, steel mills, agricultural commodities, and military hardware. These are treated specially because many already are covered by existing agreements and understandings affecting official export financing.

In the case of other products and projects, the guidelines for cash payments will be 15 percent. This represents an increase from the 10 percent we have generally required, but is not exceptional. All major competitor nations normally require 15 percent now, and a number require 20 percent. This change reflects a basic purpose of Eximbank, which is to use its limited resources to encourage greater private sector participation in financing exports. It also will help a larger portion of the payment for exports back to the U.S. earlier.

The guidelines for interest rates will not change our present practice. Our interest rate scale for direct credits remains 8¼ percent to 9½ percent, depending on the length of the repayment term; and the rates under our guarantee and insurance programs are, in any case, market rates. However, the new minimum interest rate guidelines will set higher standards for most competitor countries. The proposed guidelines represent an advance over the 7.5 percent floor accepted by the major trading nations in 1974; and also reflect an improvement over the rates currently being offered by several major competitors.

The third major element in export financing is the repayment term, and here again the new guidelines are quite consistent with our present practice. In our statement, we expressed our intention to limit repayment terms—that is the period during which a loan is repaid *after* the project financed is completed and in operation—to 10 years for developing countries, and 8½ years for all others.

III. PROCEDURES

The second part of the new measures involves some new procedures. I said that we intended to apply the guidelines, but that when we felt there were good reasons for deviating from these standards, we would do so. Let me spell out some of these reasons.

First, and most important, would be to meet competition. The purpose of our guidelines is to *limit* competition among official export financing institutions. However, if any other country should choose not to apply them for any reason, then we would be free to meet the competition.

Second, while we will seek to bring new commitments into line with the guidelines, we will honor existing commitments which might not conform.

There may be other cases where we believe that there are good reasons for veering from the guidelines. Our experience has indicated that such cases will be rare. But where some special factor, such as large size, or new technology, or our analysis of the economics of a particular project, would in our opinion cause the guidelines to be inappropriate, we would relax them as necessary. In such cases, we would inform the appropriate authorities in other countries applying similar guidelines, of our intention to make an exception. There would be opportunity for interested countries to discuss our planned action with us within a reasonable time period.

The procedures we will observe for notifying others and for providing opportunity for discussion extend to certain other instances as well. One that we would expect would be useful to us would provide information on competitor country transactions where commercial-type export financing is mixed with aid-type financing—what we call "mixed credits." We do not provide such credits; but several major competitor countries do, and we would expect to get new information from them when mixed credits are used to support exports.

Finally, I would like to emphasize that our new practices will be on a trial basis. We intend to apply them through June 30, 1977—assuming other major trading countries will cooperate. But, like anything on trial, we could discontinue our new practices should serious, unexpected difficulties arise. I do not anticipate such difficulties. Instead, I look on this trial period as a time when we can test to what degree we can effectively and equitably govern official export financing. For if any system is to endure, it must be fair and even-handed.

IV. CONCLUSION

In concluding, let me say that this announcement has particular significance for me because this was the first major business I dealt with upon joining the Bank last January. It has continued to be a priority item, and one where by continuing exposure has led to an even keener appreciation, not only of the difficulties and complications involved, but also of the importance of avoiding an export credit race.

What we are announcing today is important as a step, and as a basis for further progress. It is not, however, a comprehensive program; nor is it a solution. What we set out to do was to develop a program that would benefit everyone willing to participate in it, and that was possible to attain; and to use this program as a framework for gathering the experience and building the confidence needed to move forward to a fuller, formal agreement. I think we are taking a useful and practical step to benefit the American exporter.

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[1] The guidelines fall within the range which the Directors had determined at the start of the process to be acceptable to the Bank.

THE WEST GIVES EVERYTHING AWAY

Mr. BROCK. Mr. President, Alexander Solzhenitsyn has become a voice which cannot be stilled. In his article, "The West Gives Everything Away," he points to a continued weakening of the West. His thoughts should be considered. Therefore, I ask unanimous consent that his article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From News & World Report, March 15, 1976]

Solzhenitsyn on Détente—"The West Gives Everything Away"

NOTE.—Ever since he was forced into exile by Soviet authorities two years ago, Alexander Solzhenitsyn has been living in Switzerland and traveling extensively throughout the West. The Russian author, on his first visit to England in February, summed up his impressions of the West, his feelings about détente, and his latest views of the Soviet Union in an interview on BBC television. What follows are excerpts, in Mr. Solzhenitsyn's own words.

Over the last two years, terrible things have happened. The West has given up not only four, five, six countries—the West has given up all its world positions.

The West has given everything away so impetuously, has done so much to strengthen tyranny in our country, that today all these questions [about the future of the U.S.S.R.] are no longer relevant in the Soviet Union.

Opposition has remained, but I have already said . . . that our movement of opposition and spiritual revival, like any spiritual process, is a slow process.

But your capitulations, like all political processes, move very quickly. The speed of your capitulations has so rapidly overtaken the pace of our regeneration that, at the moment, the Soviet Union can only move along one path: the flourishing of totalitarianism.

At the moment, the question is not how the Soviet Union will find a way out of totalitarianism, but how the West will be able to avoid the same fate.

I wouldn't be surprised at the sudden and imminent fall of the West. I would like to make myself clear: The situation at the moment is such—the Soviet Union's economy is on such a war footing—that even if it were the unanimous opinion of all the members of the Politburo not to start a war, this would no longer be in their power. To avoid this would require an agonizing change from a monstrous war economy to a normal peace economy.

The situation now is such that one must think not of what might happen unexpectedly in the Soviet Union, because in the Soviet Union nothing will happen unexpectedly. . . . The West is on the verge of a collapse created by its own hands.

There was a time, at the beginning of the '50s, when this nuclear threat hung over the world. But the attitude of the West was like granite and the West did not yield. Today this nuclear threat still hangs over both sides, but the West has chosen the wrong path of making concessions. . . .

The most important aspect of détente today is that there is no ideological détente. You Western people simply can't grasp the power of Soviet propaganda. . . .

What does the spirit of Helsinki and the spirit of détente mean for us within the Soviet Union? The strengthening of totalitarianism. What seems to you to be a milder atmosphere . . . is for us the strengthening of totalitarianism.

I would like to emphasize. . . . You think that this is a respite, but it is an imaginary respite. It's a respite before destruction. As for us, we have no respite at all. We are being strangled even more, with greater determination. . . .

You recall the tension of the '50s, but, despite that tension, you conceded nothing. But today you don't have to be a strategist to understand why Angola is being taken. . . .

You may call this détente if you like, but after Angola, I just can't understand how one's tongue can utter this word. . . . Détente is necessary, but détente with open hands: Show there is no stone in your hands. But your partners with whom you are conducting détente have a stone in their hands, and it is so heavy that it could kill you with one single blow. Détente becomes self-deception. That's what it is all about.

Before I was exiled, I already had strong doubts whether it was realistic to look to the West for help. . . . And when I came here my doubts unfortunately increased very rapidly. . . . During these two years, the West has become much weaker in relation to the East. The West has made so many concessions that now a repetition of the angry campaign to get me out of prison is practically impossible.

I would say that the campaign to get Sakharov [Russia's Nobel Prize winning scientist Andrei Sakharov] to Stockholm was almost as strong, but it didn't help because the West itself has become weak over this period. Its position has become weaker. Moscow now take infinitely less note of the West.

Tyrants, bandits, puppets have come to power and pragmatic philosophy says: That doesn't matter, we have to recognize them. And what is more, one should not consider that the great principles of freedom finish at your own frontiers, that as long as you have freedom, let the rest have pragmatism. No. Freedom is indivisible, and one has to take a moral attitude toward it.

All my life and the life of my generation, the life of those who share my views, we all have one standpoint: better to be dead than a scoundrel. In this horrible expression of Bertrand Russell ["better Red than dead"] there is an absence of all moral criteria.

Looked at from a short distance, these words allow one to maneuver and to continue to enjoy life. But from a long-term point of view, it will undoubtedly destroy those people who think like that. It is a terrible thought.

1975 FEDERAL INCOME TAX RETURN OF SENATOR JOHNSTON

Mr. JOHNSTON. Mr. President, I hereby ask unanimous consent that my 1975 Federal income tax return be printed in full in the Record.

There being no objection, the return was ordered to be printed in the Record, as follows:

U.S. Individual Income Tax Return of J. Johnston

J. Bennett Jr. and Mary G. Johnston, 730 Chinguopin, Shreveport, La. 71106.

Occupation: U.S. Senator. Spouse's: Housewife.

Income:

Wages, $43,025.

Dividends, $882 less exclusion $200, balance $682.

Interest income, $345.

Income other than wages, dividends, and interest, $15,904.

Total, $59,956.

Adjustments to income, $3,300.

Adjusted gross income, $56,656.

Tax: $12,041.

Credit for personal exemptions, $180.

Balance, $11,861.

Credits, $14.

Balance, $11,847.

Other taxes, $796.

Total, $12,643.

Total Federal income tax withheld, $9,888.

1975 estimated tax payments, $1,000.

Other payments, $29.

Total, $10,917.

Balance due IRS, $1,726.

Net gain or (loss) from sale or exchange of capital assets attach Schedule D, —$1,000.

Pensions, annuities, rents, royalties, partnerships, estates or trusts, etc. (attach Schedule E) $9,704.

Other (state nature and source), per attached, $7,200.

Total, $15,904.

ADJUSTMENTS TO INCOME

Employee business expense (attach Form 2106 or statement), $3,300.

Total, $3,300.

TAX COMPUTATION

Adjusted gross income, $56,656.

Itemize deductions, $12,375.

Exemptions, $4,500.

Taxable income, $39,781.

Investment credit, $14.

Self-employment tax, (attach Schedule SE), $796.

Credit for Federal tax on special fuels, nonhighway gasoline and lubricating oil (attach Form 4136), $29.

ITEMIZED DEDUCTIONS AND DIVIDEND AND INTEREST INCOME

Medical and dental expenses; 50% medical insurance premiums, $150.

Taxes:

State and local income tax paid in 1975, $643.

Real estate, $1,918.

State and local gasoline, $129.

General sales, $487.

Sales tax, vehicles, $235.

Total, $3,412.

Interest expense:

Home mortgage, $7,671.

Other, see data sheet No. 2, $271.

Total, $7,942.

Contributions: $621.

Miscellaneous deductions: see data sheet No. 2, $250.

Itemized deductions, $12,375.

Dividend income: see data sheet No. 1, $882.

Interest income: See data sheet No. 1, $345.

Short-term capital gains and losses—assets held not more than 6 months, see statement, —$2,500.

Long-term capital gains and losses—assets held more than 6 months, see statement, —$1,132.

Summary, combined amounts, —$3,632.

Taxable income, as adjusted —$1,000.

Rent and royalty income, per attached, total amount of rents, $16,082.

Total amount of royalties, $3,175.

Depreciation or depletion, $8,144.

Other expenses, $8,557.

Net income or (loss) from rents and royalties, (column (b) plus column (c) less columns (d) and e)), $2,556.

Income or losses from partnerships, estates or trusts, small business corporations, per attached.

Income or (loss) $7,148.

Total of parts I, II, and III, $9,704.

COMPUTATION OF SOCIAL SECURITY SELF-EMPLOYMENT TAX

J. Bennett Johnston, Jr.

Computation of net earnings from nonfarm self-employment, $7,200.

Nonfarm optional method: Maximum amount reportable, under both optional methods combined (farm and nonfarm), $1,600.

Computation of social security self-employment tax:

From nonfarm, $7,200.

The largest amount of combined wages and self-employment earnings subject to social security tax for 1975 is $14,100.

Self-employment income—whichever is smaller, $7,200.

Self-employment tax, $569.

Mary G. Johnston

Computation of net earnings from farm self-employment, $2,875.

Nonfarm optional method, $1,600.

Computation of Social Security self-employment tax:

Total earnings or (loss) from self-employment, $2,875.

The largest amount of combined wages and self-employment earnings subject to social security tax for 1975 is $14,100.

Self-employment tax, $227.

COMPUTATION OF INVESTMENT CREDIT

Total, lines 14A and 14B, $11,861.

Investment credit, $14.

Credit for tax on gasoline, special fuels and lube oil, 1975: Total income tax credit claimed, $28.56.

LOUISIANA AND FEDERAL 1975 DATA SHEET NO. 1

Dependent children: John B., III, Norman H., Sarah, Mary L., total 4.

Dividend income: M.L.P.F. & S., $370.

Waters, Porkerson & Co., $512.

Totals, $882.

Interest income: M.L.P.F. & S., $346.

Miscellaneous income: honoraria, $7,200.

Explanation or continuation of income items: Tax-Free bonds:

Interest in Lowell, Mass., $1,415.

E. Baton Rouge, $263.

Pennington City, $564.

LOUISIANA AND FEDERAL DATA SHEET NO. 2

Contributions, house of worship, $500.

Misc. organized charities, $49.

Wash. & Lee, $50.

American Legion, $10.

El Kornbah, $5.

Herzog Ptn., $7.

Total contributions, $621.

Miscellaneous:

Tax service fee, $50.

Professional and technical societies, $50.

Investment expense, $150.

Total, $250.

Kind of property and description; date acquired; date sold; gross sales price; cost or other basis, as adjusted; gain or loss:

400sh West Gear, 7-10-75, 12-10-75, $5,245, $7,770, —$2,525.

300sh Republic Steel, 3-18-75, 7-10-75, $9,659, $9,757, —$698.

3,000 Salt Lake City Id., 9-12-75, 11-13-75, $3,026, $3,018, $8.

10,000 Pennington City, 3-16-75, 7-14-75, $10,126, $10,011, $115.

Enter net gain or (loss)—$2,500.

Long-term capital gains and losses

10,000 Texaco, Inc., 9-73, 3-27-75, $8,775, $9,907, —$1,132.

Summary of parts I and II: Combine the amounts, if a gain, —$3,066.

RENT AND ROYALTY INCOME

Kind and location of property; total amount of rents; total amount of royalties; depreciation; other expenses:

AMOCO, $1,633, $359, $99, $1,175.

Maurice L. Brown, $1,542, $339, $256, $947.

House Chinquapin, $5,450, $2,160, $1,610, $1,680.

Miss. property, $10,632, $5,286, $6,592, $1,246.

Net income, $2,556.

Sealy WFW Ltd., 72-6077888, $1,137.

Johnston, Thomton, Pringle & Greer, 72-0649292, $5,400. Est of Sarah Jane Herzog, 72-0423752, $2,885.

Totals $7,148.

Total of parts I, II, and III, $9,704.

"10-2," C. W. McCALL, AND EUGENE F. BROWN

Mr. HRUSKA. Mr. President, citizen's band, or CB, radios, have become a very popular topic of discussion throughout the whole country, and they are being used by more and more Americans. My home city of Omaha can lay claim as the home base of two persons who had much to do with the popularization of the CB radio.

One, Bill Fries, or C. W. McCall, as he is known professionally, is famous all over the United States for his hit recording, "Convoy," about truckers and their CB radios.

The other, Eugene F. Brown, is not so well known. But it was he who devised the "10 signals" familiar to law enforcement agencies, CB buffs, and other two-way radio users nationwide.

Their stories are well told in Omaha World-Herald articles of April 26, May 14, May 15, and May 17. So that my colleagues and others interested in the CB radio "cult" may know more about them, I ask unanimous consent that these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Omaha World-Herald, Apr. 26, 1976]

Mercy Sakes Alive

There's a scene in the musical play, "Music Man," in which the rascally Prof. Harold Hill asks parents in River City, Ia., whether degeneracy and depravity are afflicting their children.

Are certain words creeping into their vocabulary? Words like "geez whiz?" Are they smoking Cubebs, using Sen-Sen and reading "Captain Billy's Whiz-Bang"?

We got to thinking about that gentle spoof the other day after hearing a bunch of youngsters of first-grade age whooping it up in a game of simulated Citizens Band radio.

Their chatter may have been letter-perfect CB lingo. We didn't recognize much except an occasional "ten-four" and "breaker breaker."

What stopped us short was a childish voice saying "mercy sakes alive."

Suddenly we felt a bucketfull of gratitude to Bill Fries who started it all and who is now better known as C. W. McCall.

"Mercy sakes alive" is straight out of his hit record, "Convoy." We wouldn't be surprised if it is also straight out of his Audubon, Ia., boyhood and stems from a grandmotherly type who, lady though she was, had to have some release for strong emotion.

We don't know why Bill put the words into his song. High camp? Funny understatement? Contrast that with what the public usually associates with trucker talk? It doesn't really matter.

The words are there and they stick in memory. No mother has to worry about a little kid running around the house yelling "mercy sakes alive." She knows where he got it. She knows he isn't being effeminate, although a phrase like that might have worried a macho male parent until a few months ago.

Now its good clean fun, a whiff of nostalgia, an expletive that will never have to be deleted.

Here is one return to the past that we favor and wouldn't mind being made permanent. Who knows? Maybe the tide will roll us back to the "geez whiz" of Prof. Harold Hill or even beyond. Wouldn't that be something? Goodness gracious.

[From the Omaho World-Herald, May 14, 1976]

10-4, C.W.

The following may sound like a free plug. It is.

It's a plug for the C. W. McCall concert tonight at the City Auditorium Music Hall, sponsored by the Student Program Organization at UNO. Also on the 7:30 p.m. bill will be the Manheim Steamroller.

It will be the first major appearance in his hometown for C.W. (whom we used to know as Bill Fries) since he made it big with "Wolf Creek Pass," "Convoy" and other records.

We don't suppose the plug is necessary for such solid gold attraction as the real McCall, but it gives us a chance to say congratulations and, in a sense, "welcome home" to an entertainer Omaha can be proud of who is proud of his Omaha connections.

C.W./Bill has resisted temptations to move his highly successful operations from Omaha to a more seemingly attractive entertainment center such as Nashville or Los Angeles. He likes it here, and he and his associates at Sound Recorders, such as music-master Chip Davis, have shown that talent is first and location is marginal.

It couldn't happen to a nicer bunch of people.

[From the Omaha World-Herald, May 15, 1976]

C. W.-Fries Is Hit With Homefolks

(By Peter Citron)

C. W. McCall is not one man.

He's the voice of Bill Fries, a mesmerizing, monotone deeptalk. And he's the words of Bill Fries, a monotone of mountain talk.

He's the music of Chip Davis, a hard-driving inventive drummer and songwriter.

And he's the sound of a talented, diversified group of studio musicians who are equally at home with bluegrass and Bach rock.

The sum of those parts is a new sound, not Nashville, but Omaha, and C. W. McCall played his first concert date on home turf Friday.

The turnout of 885 in the City Auditorium Music Hall was disappointing, but the two standing ovations proved the audience was not disappointed.

Those who know C. W. McCall only from the smash hit "Convoy" probably were surprised that the trucker song is atypical of the body of C. W. McCall's music.

Most of the songs are talked, as is "Convoy," but most deal with Rocky Mountain highs, ecology, moody moments under the stars and witty recall of Bill Fries' experiences, anecdoted to thrilling background music.

Fries is more like the strolling minstrel of yore, singing his tales.

And his wit is as keen as the eyesight on a birddog. (Sloan made a surprise guest appearance.)

What's more, Fries is learning to relax on stage and to get a little movement into his presentation.

Until he does, there's a wealth of perpetual motion from three back-up singers, strobe lights and slides on three screens to capture the eye.

For the ear, the sound is as rich as Oriental tapestry, with eight musicians on stage using everything from grand piano to synthesizer.

If Fries' soliloquies are one-tracked, the musical backings are so varied they keep the pace frenetic.

The first half-hour of the concert featured Mannheim Steamroller, a quartet augmented by tape, that is nothing short of exciting.

Jackson Berkey on piano, Eric Hansen on bass and Chip Davis on drums played both halves of the concert. As Mannheim, they were joined by Almeda Berkey on synthesizer and percussion.

With full use of the screens-and-slides backing and strictly business on the music side, Mannheim steamrolled with classical gas, jazz rock and hard-hitting numbers that sounded like movie soundtracks.

At times, the quartet went for baroque, at times for musical paintings that matched the slides perfectly.

The fantastic musical changes of pace continued with C. W. on stage, with a frantic banjo picking session by Steven Hansen and a sassy high-flying soulful ballad by Carol Rogers.

The "Convoy" followers may have been confused by all that high-style music, showing the depth and superiority of the group from Sound Recorders Studio in Omaha.

But the C. W. McCall following that knows there's more there than a voice on a C.B. radio was dazzled by the event.

[From the Omaha World-Herald, May 17, 1976]

Omahan Pioneered CB "10-Talk"

(By Larry King)

As he hears C. W. McCall and other citizen band radio good buddies communicating in cryptic "10-4s" and "10-20s," Eugene F. Brown sometimes indulges in a bit of wishful hindsight.

"I guess I should have copyrighted those little numbers," said Brown, 612 North 116th Street.

But in 1937 there was no CB radio, no C. W. McCall. That's when Brown, then superintendent of the Iowa State Police Radio System, and some colleagues devised the "10 signals" familiar to law enforcement agencies, CB buffs and other two-way radio users nationwide.

PART NOTED

Brown's contribution was noted last year in an article in the Journal of Public Safety Communications, published by the Association of Public Safety Commnications Officers, Inc. According to the story, Brown and officials of the Illinois and Missouri state police radio systems met in Springfield, Ill., to discuss problems in interstate radio communication.

Brown, 71, said the 10 signals were worked out at the meeting and adopted by the three states. There were 40 signals, each standing for a different common message.

The message, "Your signal in good," became "10–2;" "return to base" became "10–19;" "emergency" became "10–33" and so on.

"And 10–4 was just the signal for message received," Brown said. "We didn't know we'd created a monster."

"10" HAD PURPOSE

Brown said the "10" was put in front of all the code numbers to "slow down" the transmissions. If a radio operator started talking a split second before pushing the transmission button on his microphone, Brown said, only the "ten" would be cut off and the remainder of the message still could be understood.

In 1932, Brown recalled, he was a recent engineering graduate of the now-defunct Des Moines University and a ham radio operator when the Iowa attorney general offered him the job of setting up a police radio network, one of the first of its kind in the United States.

Law enforcement agencies, the military and private companies now have elaborate communication systems, Brown said. "But when Iowa started its system back in 1932, the idea was revolutionary."

Brown said the Iowa radio system was initiated and financed by the Iowa State Bankers Association.

"The Barrows (Bonnie and Clyde and company) and other gangs were killing the banks," Brown said. "The bankers wanted something to combat this."

FINGERED GANG

Brown said a broadcast he made from a one-room facility in Des Moines on July 24, 1933, helped in the capture of Clyde's brother, Marvin, and Marvin's wife, Blanche, which led to the breakup of the Barrow gang.

Brown said he broadcast that the Barrow gang was outside the town of Dexter, Ia. A posse was formed and the gang was attacked, he said. Bonnie and Clyde escaped, he said.

When the system was set up in 1932, Brown said, it was one-way. "We'd just broadcast and hope the officers heard us on their receivers."

Brown said police radio systems are now regarded as necessities. Forty years ago, however, it was an effort to gain acceptance, he said.

"Those rural county supervisors didn't want to spend a nickel for some far-fetched radio idea," he said.

HELPED NEBRASKA

In 1935, the Iowa system became two-way, he said. A few years later he went into the Army and worked with its radio system. After the war, he said, he went to work for Motorola and in 1945 helped set up Nebraska's statewide police radio system.

Brown, president of Dodge Engineering Co., 2205 Military Avenue, said he is delighted and a little surprised with the citizen's band radio fad that makes such heavy use of some of the 10 signals.

"It's great people are taking advantage of their air waves," he said. "I've got a CB in my car, 10–4."

WELFARE REFORM AND FULL EMPLOYMENT

Mr. HUMPHREY. Mr. President, last month I had the privilege of addressing the National Leadership Conference on Welfare Reform, sponsored by The Institute for Socioeconomic Studies.

Despite sincere efforts to devise a fair, efficient and compassionate system of support for the poor and the needy, we have not done so. And the well-known deficiencies in our current patchwork of Federal and State income support programs have been severely worsened by 5 years of poor management of the economy, which has brought us an average annual inflation rate of 6.8 percent and two devastating recessions.

Many people therefore are expressing grave doubts about our Nation's ability to finance adequate assistance for all families in need. If we continue to pursue policies that leave us with unemployment rates of 6 to 8 percent, these critics are correct. But with the help of legislation such as the Full Employment and Balanced Growth Act of 1976, whose aim is to reduce unemployment to 3 percent, the problems of financing of our welfare system would be reduced to more manageable proportions.

The bill, S. 50, is based upon the premise, confirmed during many hearings I have held throughout the country, that most Americans who are able to work would rather have a paycheck than a welfare check. It is no coincidence that the number of Americans living in poverty was reduced by 14 million from 1961 to 1968 while the unemployment rate dropped from an average of 6.7 to 3.6 percent. By contrast, in 1974 the number of individuals living in poverty increased by 1.3 million, and the figures for 1975 will be even worse.

The Joint Economic Committee staff has estimated that each 1 percent reduction in the unemployment rate would reduce Federal welfare costs by $1.5 to $2 billion and would have $2.5 to $3 billion in unemployment compensation benefits. Tax receipts would also rise significantly.

Moving to full employment, however, will not be enough. We must take steps to correct several basic shortcomings in our current welfare programs:

The wide disparities among income support levels in various States have encouraged movements of the welfare population, often to areas where future job prospects are no better or are actually worse;

Intact families are penalized relative to those in which one parent has abandoned the family;

In some places the combination of cash benefits exceed the after-tax income of working families, thus creating severe disincentives for welfare recipients to return to work;

Some programs fail to target our limited resources on those most in need, while at the same time creating a bureaucratic nightmare for those who need help.

To correct the disincentives to work and family unity, we can reduce the income loss by cutting benefits as little as 50 percent for any wages earned over a certain amount. Changing this provision is the key to integrating full employment and welfare reform.

The recent fiscal crisis of State and municipal governments has highlighted the need for greater Federal financial support of our welfare programs. One of of the most creative and comprehensive proposals for welfare reform, advocated by my former colleague, Martha Griffiths, calls for the Federal assumption of welfare costs. I am, however, concerned with the substantial reduction in benefits some families would be forced to endure in some States under this proposal. We must develop an equitable way of maintaining income standards in all States during a transition period.

Mr. President, I ask unanimous consent, that the full text of my remarks before the National Leadership Conference on Welfare Reform be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks of Senator Hubert H. Humphrey, National Leadership Conference on Welfare Reform, Washington, D.C., May 25, 1976

Welfare reform—the subject of this conference—remains one of the most difficult and controversial issues facing our nation and all levels of government today.

Despite the sincere efforts of the past to devise a fair, efficient and compassionate system of support for the poor and the needy we have not done so. And well known deficiencies in our current patchwork of Federal and State income support programs have been severely worsened by poor management of the economy in the last 5 years.

In the last five years inflation averaged 6.8 percent and we have suffered two devastating recessions. This disastrous economic performance sharply increased the number of families requiring welfare, raised the cost of providing families with welfare, and drastically reduced the ability of state and local governments to meet these increased demands.

The Department of Health, Education and Welfare recently reported that in 1975, welfare costs rose by more than 20 percent. In New York City, and elsewhere, rising income support payments, directly attributable to the recession, were a key factor in bringing on state and local government budget crises.

While we must focus more explicitly on the impact of the general economy on our income support system we cannot ignore the basic shortcomings of our current programs.

The wide disparities among income support levels in various States have encouraged the movement of the welfare population, often to areas where future job prospects are no better or are actually worse than in their home state.

This continuing movement threatens financial collapse in progressive states and inner cities and is beyond their ability to control without betraying their citizens.

Intact famlies are penalized compared to those in which one parent has abandoned the family. The ways in which our income support system encourages the break-up of low-income families was well documented in the studies conducted by the Joint Economic Committee under Martha Griffith's very capable leadership.

In some parts of the country, the combination of cash and in-kind benefits to some families exceed the after-tax income of working families. This, combined with the sharp benefit reduction generally for any earned income, creates severe disincentives for welfare recipients to return to work.

Some programs fail to target our limited resources on those most in need and, at the same time create a bureaucratic nightmare for those who need help.

High unemployment over a prolonged period has increased the number of individuals and families in need of income support. As a result, we have had to lengthen and broaden the coverage of Unemployment Insurance making the U.I. system as much a welfare program as an insurance system against short spells of unemployment.

Welfare reform and full employment are closely dependent on each other and must be considered as such. I have recently introduced with Congressman Augustus Hawkins and many other cosponsors in the House and Senate, the Full Employment and Balanced Growth Act of 1976. While the achievement of full employment, defined in S. 50 as 3 percent of the adult labor force, will not elimiate all of the problems I mentioned earlier, it will reduce them to more manageable proportions.

One tragic effect of our most recent recession, is that it has so magnified many social and economic problems that it has left many people believing that the situation is hopeless.

We can make the reform of income support much more manageable if we undertake it in a climate of full employment. Since I have devoted a great deal of time and effort to this subject, I will share some observations with you.

The Joint Economic Committee staff has estimated that each one percent reduction in the unemployment rate would reduce welfare cost at the Federal level by $1.5 to $2 billion and save $2.5 to $3 billion in unemployment compensation benefits. This means that moving from an unemployment level of 7.5 percent to even 4 percent would reduce these expenditures by as much as $17 billion at the Federal level alone. The expenditure saving is only half the story. Tax receipts would also rise significantly.

It is no mere coincidence that the number of Americans living in poverty in the 1960's was reduced by 14 million while the unemployment rate dropped from an average of 6.7 percent in 1961 to 3.6 percent in 1968. In 1974 the number of individuals living in poverty increased by 1.3 million. Figures for 1975 will show a continued worsening of the situation, as unemployment jumped upward to 9 percent.

The goals of full employment as expressed in S. 50 would be achieved first by better management of fiscal and monetary policy, and then, if necessary through a variety of programs to attack specific stubborn pockets of unemployment. These would include a youth training and employment program, a regional economic development program, expanded adult job training and counter-cyclical grants to state and local governments. For those unable to find employment through any of these means, there would be a job reservoir, administered by the Department of Labor, which would create a limited number of federal jobs.

The Full Employment and Balanced Growth Act is based on the premise that most Americans who are able to work would rather have a paycheck than a welfare check. The many hearings which I have held across the country in the last year, convince me that the great majority of our citizens want to work.

The Humphrey-Hawkins Bill specifies that work shall be substituted for income maintenance "to the maximum extent practicable." Although the bill does not include any programmatic details, one way to implement this section would be to change the structure of benefit reductions that occur when a welfare recipient goes to work, even at low wages. If we were able to slow the income loss and not penalize those who return to work, I believe that the availability of jobs would in itself encourage the able-bodied currently on welfare to seek work.

Moving to full employment, however, will not be enough. The income support disparities between cities and rural areas, between regions, between working and non-working families and between one-parent and two-parent families, would remain.

The recent fiscal year crisis of state and municipal governments has highlighted the need for greater federal financial support of our welfare programs.

One of the most creative and comprehensive proposals for welfare reform, advocated by my former colleague Martha Griffiths, calls for federal assumption of welfare costs. A recent letter to the President from a group of distinguished economists, including James Tobin, Herbert Stein, Joe Pechman and others, endorses the principles of the Griffiths' proposal.

While I am impressed with this proposal and the growing and diverse sources of support for it, I do have some concerns.

I believe we must focus very carefully on the reduction in benefits that some families would be forced to endure in some states under this proposal. Yet I realize the dilemma and sympathize with the authors. If benefit levels were adjusted to support income at the highest level prevailing in any state or municipality, the increased costs to the federal government would be enormous, particularly at today's unemployment level. As this proposal is considered in Congress, I believe that we must develop, in consultation with state and local governments, an equitable way for maintaining income standards in all states during a transitional period.

We must correct the disincentives to work and to family unity wherever they exist in present programs. Now most programs have a two for one reduction in benefits for any earned income above a certain level. We can reduce this income loss by cutting benefits as little as 50 percent for any wages earned over a certain amount; changing this provision is, I think, the key to integrating full employment and welfare reform.

Finally, we can and must restore the dignity of those, who through no fault of their own, are unable to support themselves.

These are broad outlines of what I would like to see us accomplish as we restructure our welfare system. There are other problems I haven't dealt with, such as inefficient administration of programs and the abuses that exist. But I see here in the audience today many of you who have more expertise to recommend how we should go about this—obviously it deserves high priority.

Many people have expressed grave doubts about our nation's ability to finance a broad income maintenance program and comprehensive health insurance. If we continue to pursue policies that leave us with unemployment at 6, 7 or 8 percent, these critics are correct. But with the realization of full employment our economy can generate most of the revenues needed to meet these vital human needs of the American people.

BUSINESS ETHICS AND MORALITY

Mr. CURTIS. Mr. President, as is happening with Congress, the business community in this country is being called to account by an increasingly distrustful public for questionable practices in business dealings at home and abroad.

I know that the honest men and women who make up the vast majority of the American business community are concerned about this overall lack of confidence and are making a determined effort to win back the public's trust in their endeavors.

In a recent report of the National Association of Manufacturers, I read an encouraging letter from the chairman of the board, Richard C. Kautz, to his executives which I ask unanimous consent to have printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

An Open Letter From NAM's Chairman on Business Ethics and Morality

(By Richard C. Kautz)

To NAM Member Company Executives:

The decline in public confidence that has affected virtually all American institutions in recent years has recently been intensified in regard to the business community through press disclosures of questionable practices here and abroad.

I address this message to you because I share your concern over the gravity of this problem and seek your help in dealing forthrightly and promptly with the issue in all aspects of your individual business operations.

While bribery, kickbacks, illegal political contributions and similar practices are abhorrent to most businessmen, the business community generally has been stigmatized by public disclosures of violations of certain U.S. laws and other practices that may be acceptable in many places abroad but which are morally unacceptable here at home.

I realize that this latter problem is an especially difficult one to deal with because of the highly competitive international marketing environment—but perhaps this is all the more reason why businessmen must face up squarely to its challenges. Business leaders, as the focal point of large numbers of employes, stockholders, suppliers and customers, as well as of the public generally, occupy a unique position of trust and responsibility in our society. They must, therefore, set exemplary, high standards, throughout their business operations—and maintain vigilance in helping assure that their associates also live up to these principles.

The need for this renewed dedication is overriding not just to set a better tone in the society we live in but for many practical reasons. I believe that the declines we suffer in public confidence severely handicap business in making an effective contribution to resume solid, long term economic growth, effective business participation is critical. The views of knowledgeable business leaders must be respected and acted upon if the nation is to succeed in combating inflation, high unemployment and other economic ills.

We've all expended great effort in trying to persuade government to lighten the burden imposed on business operations by excessive regulations and outmoded tax policies. To get relief from such impediments and play our needed role in creating an improved climate for economic growth, we in business must demonstrate to the public that we are worthy of confidence and support.

A determined and continuing effort to remove doubts about the moral commitment of American business is of paramount importance—and never more so than at this time in history. The task is up to you, me and other business leaders to implement, company by company.

You will recall that the Board of Directors of the National Association of Manufacturers at our Feb. 18 meeting urged all member companies to adopt individual codes of conduct and to adhere to the highest standards of business practice. The board felt that adoption of individual codes of good business conduct by member companies represents by far the most practical and viable approach to effective enforcement. Individual company managements are in the best position to take the leadership in making commitments, defining derelictions and applying censure to those who may violate standards.

It is worthy of note that the preamble to our NAM Code of Business Practices has stated for many years, "While there can be no question as to the right of American citizens to engage in private business under our Constitution and form of government, this right like all rights has accompanying responsibilities. Business organizations must serve the public interest, as separate entities and in the overall sense, if this right is to be respected and maintained."

The code, to which all NAM members are urged to subscribe, goes on to include statements that "We will strive at all times to conduct the affairs of this company to merit public confidence in American business and industry" and that "We will compete vigorously to serve our customers and expand our business, but we will avoid unfair or unethical practices."

The NAM Code of Business Practices is as sound today as when it was written—and in today's environment is, I believe, more significant than ever. The American public looks to—and depends on—all business managements for guidance and leadership in setting the finest example we can attain within our own firms. We must not fail in this historic undertaking and opportunity.

POTENTIAL MEDICAL BENEFITS FROM SPACE

Mr. MOSS. Mr. President, the advent of the Space Shuttle in 1980 will create many opportunities for research in a wide variety of scientific areas. One of the more interesting and potentially fruitful of these areas is medicine.

Scientists working in space medicine tell me that the unique zero-gravity environment to be made available by the shuttle will help alleviate illness here on Earth. All the potential medical benefits depend on the absence of gravity in space. The scientists tell me there are three basic ways these benefits can be derived. In order of probable realization, they are:

Production of biological materials and medicines in space to a level of purity not possible on Earth.

Basic research into cause of diseases whose symptoms are induced or altered by the lack of gravity.

Treatment of patients in space.

Scientists have given me some details of the benefits we can expect from medical research in space, and I would like to share these with my colleagues.

In the area of space processing, we should be able to use the absence of gravity to produce substances much purer than we can obtain on Earth. The reason is that separation and purification processes involve solutions or suspensions in a liquid. On Earth, gravity prevents the complete separation of a solution or suspension. In space, the absence of gravity in a proper facility should enable separation and purification to a degree not attainable on Earth.

One of the first applications should be in the production of a substance produced by special human kidney cells, urokinase, that can quickly dissolve blood clots. A major cause of some kinds of heart attacks and strokes is a clot that blocks the flow of blood to part of the heart or brain.

Urokinase is difficult to concentrate and purify on Earth. One treatment costs about $2,000, and total annual production is sufficient for only about 200 patients. The Apollo-Soyuz test project mission of last summer showed that the urokinase-producing cells can be enriched six times and possibly separated from non-producing cells in space. Regular separation of urokinase-producing cells in space could lead both to a drop in the price of a treatment and an increase in the number of patients treated.

Separation in space also could be useful in treatment of hemophilia and anemia. These diseases can be alleviated by treatment with a protein-like substance found in normal blood, the antihemophilia factor—AMF—and erythropoientin, respectively. AHF initiates normal blood clotting, and erythropoiethin stimulates the bone marrow to produce more red blood cells. Hower, it is difficult to separate these two substances from other closely similar proteins that could cause allergenic and other adverse side reactions. Scientists tell me they believe pure AHF and erythropoietin could be produced in space.

Purification in space would be very useful in production of a vaccine against adenovirus, which causes an illness similar to very severe influenza. The vaccine produced on Earth contains minute amounts of impurities that could be removed by processing in space. The amount of vaccine involved is very small—a few pounds is sufficient for several million doses.

In several types of cancer, the affected organ very early begins to produce abnormal amounts of isoenzymes. If these could be detected early, the cancer also could be detected earlier and treatment begun sooner than is possible now. The necessary tests, however, require very pure isoenzymes to produce the needed antibodies. So far it has not been possible to produce such pure isoenzymes on Earth, but it should be relatively easy in space.

It also should be possible in space to identify the various subgroups of a special class of white blood cells. Doing so is important because a mismatch between different subgroups in a donor and recipient can cause the body to reject a transplanted organ. Currently, only about 45 percent of kidney transplants are successful; this rate could improve to 80 percent if better matching between donors and recipients were possible. The economic benefits could be great. The savings in the federally-supported kidney-dialysis treatment program alone could reach $400 million a year.

Basic medical research in space is the direct outgrowth of the observation that distinct changes can be observed in astronauts after prolonged periods of weightlessness and that many of these changes are similar to the symptoms of serious diseases. Thus, we should be able to learn more about certain diseases by studying in detail what happens to a variety of humans and small animals when they go into space.

Another possibility is that by placing a centrifuge in the space shuttle, we will be able to study small animals as they move quickly between the zero gravity of space and the 1 g of Earth.

Scientists tell me they have already identified the following diseases and conditions as being suitable for research in space:

Osteoporosis. This is the most common bone disease. It usually occurs in later life and is responsible for bones becoming more brittle. It thus is the main cause of most fractures suffered by the elderly. About 14 million Americans are estimated to have osteoporosis, which is primarily a loss of calcium from bones.

Astronauts have suffered a similar loss of calcium during the longer space missions and then recovered after returning to earth's gravity. Scientists tell me that by studying in detail what happens to persons in space, they may be able to learn what triggers the loss of calcium in the elderly. If we can do that, we should be able to develop treatment to prevent or counteract osteoporosis.

Anemia. In addition to developing pure compounds to treat anemia, space research may give us more insight into the nature of the disease. Previous flights have shown that astronauts suffered a loss of red blood cells in the early stages of a mission. Clearly, the absence of gravity interferes with a step in production of red blood cells. This same step may be involved in ordinary anemia. If so, research in space may lead to development of a more effective treatment for anemia.

Cell biology. Numerous studies could be made on what happens to cells in the absence of gravity. Scientists tell me, for example, that we do not know what role, if any, gravity plays in cell division or in communication between cells. Most forms of cancer involve uncontrolled cell division. Communication between cells controls the body's immune response, which is key to understanding arthritis and transplant rejection.

The last area of medical research in space, Mr. President, is treatment of patients. It is the area that probably is the furtherest from realization, but it offers some unique potentials. Treatment in orbit could be particularly advantageous for burn victims. They could be suspended so that nothing would touch the painful burned areas, and the controlled environment could be kept sterile to reduce the possibility of infection through the open burns.

In summary, Mr. President, the unique gravity-free environment of space holds exceptional promise for obtaining significant medical benefits that will improve our lives on Earth. It is too early to say specifically what these benefits will be, but I am confident that the Space Shuttle will bring about a new era in medical research and treatment.

SHORTAGE OF ARMY TANKS

Mr. BARTLETT. Mr. President, today is the U.S. Army's 201st birthday. In these past 200 years the Army has come a long way, from foot soldiers with little mobility, to the modern day Army with mobility and an emphasis on armor.

In the past 2 years the Army has, for a variety of reasons, suffered from a shortage of tanks, and as a result, the Army has directed a frontal assault on this problem in order to build up the tank inventory to its required level.

I ask unanimous consent to have printed in the Record a few remarks relating to the Army's response to the shortage of tanks over the past 2 years.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Production Acceleration of Prime Fighting Tanks

Approximately two years ago, the Army became aware that this nation was acutely short of prime fighting tanks. Once this most serious problem was realized, the Army, with the responsive cooperation of American industry, quickly moved to eliminate the shortage and thereby strengthen our national defense posture.

Achievements in the past two years have been remarkable. Since mid-1974, the Army team has produced almost 1250 new prime M60A1 fighting tanks at Michigan's US Army Tank Plant. During this period, the Army has met or exceeded all tank production goals. In January 1975 only 43 tanks were produced at the tank plant. In January 1976 over 70 tanks were produced and this rate has been sustained for the last five months. Throughout 1976 the Army will continue to produce from 70-80 new M60A1 tanks per month and then in 1977 will increase production to over 100 per month reaching a plateau of 120 in January 1978.

Realizing that there was also an urgent near term need to build up its prime fighting tank inventory, a plan was developed for Alabama's Anniston Army Depot to convert obsolete M48 model tanks into diesel-engined M48A5's equipped with the latest 105mm gun. Anniston began producing M48A5's in late 1975 and is now up to a 40-per-month conversion rate. To date 308 M48A5's have been reworked. These tanks are now being delivered to Reserve Component units across the country and will significantly increase their combat readiness.

This rapid expansion of tank production has had a significant impact on the production base. In the beginning, acceleration plans were hampered by the lack of adequate armor casting sources for hulls and turrets for the M60A1 tank. However, through intensive management, the Army has been able to expand the output of the existing foundry as well as build up a second casting plant which, when it comes on line in the fall of 1977, will raise the production capacity to 120 sets per month. In addition, the Army has initiated the use of large multi-year contract for optical fire control items which guarantees fire control availability to meet contemplated program needs. Impacts of technical production line problems and vendor strikes have been minimized through expansion and dual sourcing to achieve a 60-day stockpile of components. Intensive Army management at the highest, as well as the lowest, levels has put tank production and conversion schedules ahead of the original, ambitious, self-imposed target schedule.

Further, this production acceleration has not been achieved at the expense of lower quality control. During the past year, quality defects have been reduced by approximately one-third. Intensive control of costs has also driven vehicle price below program estimates. Another 66 tanks over and above the original budget quantity are now being procured with the funds approved for 1976 and 197T tank procurement.

In summary, what is so extraordinary is that during these past two years of production of prime M60A1 and M48A5 tanks, the Army—with the full aid and support of the Congress—has achieved or exceeded all program milestones thereby increasing the Free World's tank inventory by almost five armored divisions.

LAWRENCE ROBERT, JR.

Mr. HUMPHREY. Mr. President, it was with deep sadness that I learned of the death of Lawrence Wood Robert, Jr., on June 9 in Atlanta, Ga. The Nation has lost a distinguished citizen and a versatile public figure, and I have lost a good and dear friend.

By the time that America was entering the age of specialization, Chip Robert had already succeeded at a number of careers. Athlete, scholar and gentleman, Chip Robert was trained to be an engineer at his beloved Georgia Tech. But he could not have known then that he would become one of the principal architects of the New Deal.

He must have known, however, that he would become an outstanding Democrat. Indeed, as early as 1930, he raised $27,000 in Georgia for Roosevelt's gubernatorial campaign in New York—an event without parallel in its time, and probably never duplicated.

From there, Chip Robert went in to become a close friend and confidant of FDR, and served as Assistant Secretary of the Treasury. He also served with distinction as the Secretary of the Democratic Party during the great days when Jim Farley was Chairman.

Yet for all his national prominence, Chip Robert never lost his love for the South. As the head of Robert & Co., the noted engineering and architectural firm, he was a tireless advocate for his native region, and convinced many businesses to locate there. For that reason, among many others, I was both pleased and honored when he agreed to manage my Presidential compaign in Georgia in 1968.

In all the years that I knew him, Chip Robert was always a man of much wisdom and unfailing charm. I am proud to have had him as a fellow Democrat and a personal friend, and I am sure that the State of Georgia and the Nation as a whole will miss him greatly.

PROTEST AGAINST BURDENSOME AGENCY REGULATIONS

Mr. LAXALT. Mr. President, the vast number of regulations being issued by the various administrative agencies have become a harassment to those they are designed to aid, rather than the help they should be. Agencies are using their power to subsidize to dictate tyrannically to their people.

Mr. Frank F. Dixon, director of the Federal and special programs of the Clark County School District of Nevada, expressed this frustration, shared by many Americans, in a recent letter.

I ask unanimous consent that the body of this letter be printed in the Record as a protest against unnecessary and burdensome agency regulations.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Clark County School District,
Las Vegas, Nevada, May 5, 1976.

Dear Dr. Harlan: The Washington Monitor recently solicited responses to a question which was attributed to you. The question being, "If you had the power to change three HEW regulations, which would they be?" There are several areas of grave concern which administrators, board members and teachers have expressed regarding regulations coming from the Department of Health, Education, and Welfare.

One general concern, which seems to lack any degree of resolution, is the "tail wagging the dog" syndrome in which local boards and administrators are finding themselves. This district has a budget of local and state funds of over one hundred million dollars. Our federal funds, including P.L. 874, amount to about five million. It is inconceivable to many because the district utilizes such a comparably small amount of federal funds that such major items as staffing patterns, enrollment patterns, spending patterns, hiring practices and employment practices for the entire district are so drastically influenced and controlled by the federal government. This is viewed as a serious encroachment upon local needs and the stripping of local power and control by those few in Washington who claim to understand every local educational need.

ESEA Title I regulations are a good example of inconsistent rulemaking and vague interpretations by program officers and others in Washington. The new Title I regulations under 93–380 have not even been published, yet we are getting program officers' interpretations which are being disseminated as absolute rulings. The law obviously allows districts to serve schools for a three-year period once the school has established eligibility.

However, the interpretors are saying that the "new regulations" (not yet published) prohibit skipping schools. If this is true, there is no way to serve children for a three-year period if eligible schools change from year to year. Funds do not increase and districts are forced to never have any longitudinal effect on the learning of children. Consequently, any possible impact of the millions of Title I dollars is generally lost.

Title I regulations, requiring identification of eligible schools based upon economic factors, make assumptions which have never been fully substantiated. The educational achievement factor should be a more valid criteria for placement and utilization of funds. A school may have a high concentration of low income children yet may very well have a high achievement profile. Money is often misplaced because of this factor.

ESAA is probably the classic example of federally imposed requirements on a total district for the benefit of being eligible for a small grant. In order to be eligible for ESAA funds, the total district would need to comply with the dictates of the Office of Civil Rights in every educational endeavor, most of which is unrelated to what would be proposed for the ESAA funds. The Office of Civil Rights uses the regulations, by imposing their own interpretations upon districts, to control special education enrollment, to dictate staffing and enrollment patterns, and to control general spending patterns of districts.

The above two programs are only two of many. EPDA, Teacher Corps, Vocational Education Grants, Title IX, Affirmative Action, the Buckley Amendment, are among others. Regulations upon regulations, but no increase in funds to support the tremendous effort required to write, conduct, and evaluate a federal program or to implement regulations to which no funds are connected. The "red tape" is to the ridiculous stage. Some regulations such as the new Handicapped Children's Bill, have been categorized as "difficult to administer" by the U.S. Commissioner of Education. Need regulations be made to be difficult?

Property control and management regulations are extremely vague and lack substance. In order to implement the specific regulations in this area, this district would need to add staff, largely at their own expense, to maintain the system. The regulations describing disposition of equipment items after a project ends are very vague and consequently threaten the status of a district's federal funds if found in non-compliance.

There are many other like items which could be mentioned. All are leading school board members and administrators to seriously consider curtailing efforts to obtain federal funds. The continual federal harrassment of local schools through federal regulations is getting very nauseous. It should become evident to those in Washington that this kind of "help" is not needed or desired at the local education level.

Sincerely,

FRANK F. DIXON,
Director, Federal and Special Programs.

ADVERTISING REGULATION

Mr. MOSS. Mr. President, last week, the Honorable Calvin J. Collier, Chairman of the Federal Trade Commission, delivered an address to the annual meeting of the American Advertising Federation on the scope of the Supreme Court's decision in Virginia State Board of Pharmacy against Virginia Citizens Consumer Council. Many who have read the Supreme Court's decision have attempted to put a gloss on the decision and suggest that the decision will limit the Federal Trade Commision's power to police advertising.

This would be an ironic turn of events, and I believe that this kind of self-serving reading is not in the best interests of the advertising community or the public. After all, the Court upheld the very same objective which the Federal Trade Commission was pursuing through rulemaking.

Chairman Collier's speech poses a number of rhetorical questions which should be studied by all advertisers prior to embarking on campaigns which attempt to stretch the truth. It is an important speech and I suggest that we all closely consider Chairman Collier's comments.

Mr. President: I ask unanimous consent that the speech of FTC Chairman Calvin J. Collier be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF CALVIN J. COLLIER

Two weeks ago, the Supreme Court, in a 7–1 decision, held that there is a First Amendment Constitutional right to truthfully advertise the price of precription drugs. The Court, in *Virginia State Board of Pharmacy* v. *Virginia Citizens Consumer Council,* upheld a lower court decision outlawing state advertising bans and overturned what most observers felt was the well-settled doctrine that purely commercial advertising enjoys no constitutional protection.

The timing of the Court's action and my choice of it as a topic for today are ironic. For the most recent past "important policy announcement" made to this group by an FTC Chairman was the announcement, made at this time last year by Lew Engman, that the FTC was initiating a rulemaking proceeding to overturn advertising bans such as the one the Court outlawed in the Virginia case.

The Commission at that time was suggesting that the public's interest in knowing the price of drugs outweighed the argument that publication of those prices would lead to deterioration in the services provided by pharmacists.

What the *Virginia Pharmacy Board* case does is to say that what looked before like a common sense reading of the public interest is now a Constitutional imperative.

But by now, I suspect, many of you may know the Court's opinion better than I. Your lawyers have probably analyzed it for you, underscored its uncertainties and cautioned against precipitous changes in the conduct of your businesses.

If that indeed is the advice you've received, I would encourage you to heed it. In my view, it may be some time before all of the implications of this case for the advertising community are fully understood.

But, with that preamble, let me share with you some of my own tentative reactions which are—at this stage—more in the nature of questions than final conclusions.

Despite some foreshadowing, most observers have felt for decades that commercial advertising was fair game for regulation. Constitutional defenses in advertising cases have been uniformly dismissed and usually regarded as frivolous.

The so-called "commercial speech" exception to the First Amendment guarantee was articulated by the Supreme Court 34 years ago. This earlier pronouncement came on the heels of increased regulation at the Federal level over the content of commercial statements. The 1930s saw both the creation of the Securities and Exchange Commission to regulate statements made in connection with the sale of securities, and the expansion of FTC jurisdiction through the 1938 Wheeler Lea Amendments.

Even before the Wheeler Lea Act, the FTC had turned its attention to the key role that advertising plays in our competitive economy. Its principal emphasis, however, had been with the effect advertising had on competitors. Under prevailing judicial interpretations, the Commission had to establish that false advertisers gained unfair advantages over their truthful competitors.

Wheeler Lea shifted the emphasis from competitor injury to consumer protection.

But deception of consumers is often subtle and elusive. The courts accordingly crafted flexible legal rules to permit the Commission to pursue deception with the same creativity that spawns it.

Under these rules, which are the bedrock of modern advertising law, the Commission does not have to prove actual deception, but merely that the ads have a propensity to deceive. The FTC is charged with protecting not only reasonable consumers but gullible ones as well. It may rely heavily on its own expertise in construing the meaning of ads and in assessing their effects on consumers of different age, experience, and intellect. Equally important, where a violation is found, Commission has broad authority to fashion cease and desist orders that fence in the violator to protect the public against future deceptions.

These rules—giving the FTC broad powers to define and check deception—evolved largely against the background of judicial doctrine that commercial speech enjoyed no Constitutional protection.

To the extent that reasons were offered for the commercial speech exception, most observers felt that—since the government was free to regulate or even prohibit commercial activity—it was equally free to control advertising. Like those who shout fire in a crowded theater, it was felt that advertisers could be fairly presumed to have an influence on the conduct of consumers.

Certainly that's the indisputable purpose of advertising and most of you hope that it's the effect as well. In the Virginia Pharmacy Board case, the Supreme Court conceded that effect, but went on to turn the old approach on its head. It concluded that *because* consumers could be influenced by price advertising to make marketplace decisions, advertising deserved Constitutional protection.

In the Court's words, marketplace information, including commercial advertising, is entitled to protection because it concerns matters of public interest.

Several observations on this holding are worth making:

First, it would appear that the Constitutional protection, whatever it is, is not limited to price advertising. Advertising about other product characteristics would seem to be entitled to similar treatment.

Second, there was no controversy about truth. The ads in question were straight price advertising and everyone agreed they were truthful.

Third, the Court carefully considered the Pharmacy Board's argument that the advertising would lead to increased consumption and be the cause of drug abuse. The clear implication is that—if such an effect could have been proved—even truthful advertising would not have been protected.

Fourth, the Court's opinion did not attempt to define what restrictions might be imposed on the time, place, and manner of commercial speech. But it did imply that there might be some limitations.

Fifth, the Court left the clear impression that the result might have been different if television were the medium rather than print.

Finally, it would appear from the opinion that a finding of constitutional protection begins the inquiry and does not end it. The key question after the *Virginia Pharmacy Board* case is: What is the scope of that protection?

The Court went out of its way to state that the government could continue to regulate untruths. In carving out this exception, it relied upon the "false, deceptive and misleading" vocabulary of Sections 5, 12 and 15 and cited with approval previous FTC cases. Thus, it is possible that the FTC Act, as amended by Wheeler Lea, defines the Constitutional limits of government power.

The possibility has interesting implications. If an ad offends our statute, it may be regulated. If it doesn't, it may be immune. So if the case means nothing else, it at least means that the stakes are much higher than we thought they were. When we at the FTC make a mistake, we run the risk of stepping on Constitutional toes.

More interesting than the guidance that the Court has provided are the questions that the opinion may raise. Let me share with you the questions that have occurred to me.

In other cases, not involving commercial advertising, the Supreme Court has laid down broad rules to protect free speech. For example, the government cannot ordinarily get an injunction to prevent speech from occurring. This is the rule against prior restraints. Similarly, Government regulation of noncommercial speech cannot be unduly vague or overly broad because this type of regulation could have a "chilling effect" on robust debate. The Court has insisted that speech needs "breathing room" to remain free.

It is at least doubtful that these rules will apply to commercial advertising. The

Court expressly tells us that the prohibition against prior restraints may not apply. Thus, the Commission's power to issue cease and desist orders in the form of injunctions is preserved.

Although the "breathing room" test and the "chilling effects" concern are not mentioned, the Court's reasoning casts doubt on their applicability to commercial advertising cases. It emphasized that commercial speech is more objective and hardier than news reporting or political commentary, making it, in the Court's words, "less necessary to tolerate inaccurate statements for fear of silencing the speaker."

If my hunch on these issues is correct, there will be no pronounced effects on the Commission's authority to design broad orders that fence in violators. In particular, I foresee no change in our policy to enjoin not only the particular deception that occurred, but also similar types of deception. Similarly, our policy to cover claims for products and services other than those expressly mentioned in the ad will most likely continue.

In stating that "false and misleading" commercial ads may be regulated, the Court stressed that advertisers "presumably know" the facts and can "more easily" verify the truth of their claims. Is this presumption—as it seems—conclusive? Is verification of the truth an advertiser's duty? Or is blissful ignorance a defense?

And can't the same be said for advertising agencies? Certainly they can—with diligence—verify ad claims more easily than consumers can.

If it is true that the First Amendment's zone of protection has been moved closer to the bounds of our statute, will the courts continue to place great reliance on agency expertise in construing the meaning of ads and their effects on consumers? Or, now that constitutional rights may be at stake, will the judges make these determinations on their own? Since our expertise is based in large part on the statutory fabric of administrative law, it is difficult to see how the courts could reject our findings without overturning these laws.

The Supreme Court expressly indicated that commercial speech might be subject to restrictions on the time, place, and manner of delivery. But it did not elaborate on what kind of restrictions might be constitutional. Nor did it establish any criteria for judging their constitutionality. It limited itself to holding that the Virginia statute which in its words, "singled out speech of a particular content and prevented its dissemination entirely" did not pass First Amendment muster.

Another issue on which the opinion is silent is "unfairness." Can the Commission continue to regulate unfair ads even though they are neither false nor misleading? It seems to me that the Court's failure to volunteer an expression on this issue is not conclusive, one way or the other. For example, can we require, based on an unfairness theory, that advertisers have a reasonable basis for their claims at the time they are made? In fact, the Court's reasoning tends to support the view that unfairness can be prohibited. For example, it implied that truthful claims could be prohibited to protect public health, and, even, perhaps, professional ethics. And its references to the advertisers' superior vantage point to get the facts has not escaped our attention.

Finally, the Supreme Court's opinion establishes the right of a listener or potential listener to challenge a restriction on free speech. Is the right to hear any greater than the right to speak? Probably not. If, and to the extent that the Government may regulate the speaker, it would seem that the Government may regulate what the listener hears to the same extent. Listeners' rights are derivative: They are not entitled to hear deceptive or unfair claims even though they are not themselves deceived or injured.

SUPPORT FOR ADMINISTRATION'S REGULATORY REFORM BILL

Mr. FANNIN. Mr. President, I am pleased to be a cosponsor of the administration's regulatory reform legislation, S. 3428. This bill known as the Agenda for Government Reform Act, would establish a 4-year program for action on regulatory reform on the part of the executive and legislative branches of Government. Over each of the next 4 years, the President would be required to submit reform plans for congressional consideration, each plan focusing on a different segment of the economy regulated by the Federal Government.

The editorial comment concerning this legislation has been overwhelmingly favorable. On May 21, 1976 the Christian Science Monitor stated:

> President Ford's proposed structure for reforming regulatory agencies is a good first step toward a much-needed reexamination of the government's role in essentially private economic affairs. . . . An economy as massive and complex as that of the United States cannot operate smoothly and fairly without some amount of government regulation. It seems obvious that the system has gotten out of hand in some areas, however. President Ford's outline for reform will help straighten it out.

On June 1, 1976, the Washington Star editorialized:

> President Ford's proposal to reform the regulatory agencies was submerged in the to-do over the presidential primaries. We hope the plan he sent to Congress several days ago doesn't get lost in Capital Hill's legislative shuffle.
>
> The national mood, in the presidential campaigning and voter response to it, seems to favor reducing government. This makes the time appropriate for an assault on outmoded, competition-stifling reglations and for streamlining the agencies that do the regulating—or non-regulating, as the case may be. No doubt some agencies that are given more to paper shuffling than to any substantive work could be put out of existence.
>
> The trend for several decades has been to call on the federal government to solve more and more problems. The result, as President Ford pointed out, has been an enormous increase in the size and power of the federal bureaucracy and in government's instrusion into the lives and work of the people.
>
> The goals would be to increase competition and freedom of choice in the marketplace, to reduce costs, to insure that government policies and programs benefit the public rather than special interests, and to assure that regulatory policies are fairly and equitably enforced.
>
> President Ford's plan takes its place beside similar bi-partisan legislation sponsored by Sens. Charles Percy and Robert Byrd and Reps. John Anderson and Barbara Jordan, and the "sunset" bill proposed by Sen. Edmund Muskie that would require Congress to review all federal programs—not just regulatory programs—every five years and either reauthorize them or let them go out of existence.
>
> Out of these and perhaps other measures that will be offered, surely Congress can fashion an acceptable compromise. It won't though, if too many on Capitol Hill take the attitude displayed by Rep. John Moss of California, who described Mr. Ford's plan as a "campaign gimmick."
>
> Mr. Moss's characterization is unfair; Mr. Ford has been urging regulatory reform ever since he became President and, in fact, has submitted to Congress several proposals for changes in specific areas.
>
> Regulatory reform may be a "campaign gimmick" to Mr. Moss but it is serious business to a lot of other people.

Mr. President, the Ford plan for a 4-year effort to reform Government regulatory agencies cannot be dismissed as campaign rhetoric or shooting from the hip. In fact, the President has been speaking out on this subject from almost the moment he took office. Clearly, by the actions of the executive branch and the reforms that many agencies have thus far instituted, this administration has made deregulation a priority matter of serious national concern.

The President's proposals have won the support of Arizonans, particularly small business chafing under the heavy burden of Federal paperwork. Among the Arizona Newspapers that have expressed support for the President's regulatory reform plan, I call the attention of my colleagues to an editorial published on June 10 by the Tempe Daily News. I ask unanimous consent that the complete text of this article, "Time to Deregulate," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TIME TO DEREGULATE

> President Ford is asking Congress to commit itself to a four-year program of doing away with needless government regulations. He has sketched out a timetable for tackling the job one step at a time, starting in 1977 with a review of regulations convering the transportation and agricultural industries, and winding up in 1980 with regulations covering communications, finance, insurance and service industries.
>
> Meanwhile, a federal version of the Sunset law recently adopted in Colorado and being considered in other states is beginning to move through Congress with bipartisan support. This bill would abolish almost all federal agencies every five years unless Congress specifically votes to keep them in existence.
>
> Mr. Ford wants Congress to act this year on a measure that would establish deadlines in the 1977–80 period for congressional action on his department-by-department deregulation plan. That proposal and the federal Sunset law are giving Congress a golden opportunity to show that the "big government" issue which is occupying candidates on the political hustings this year is being taken seriously in Washington.
>
> Big government and nuisance-level bureaucracy are not really oratory. What seems to be new this year is a public feeling that it is time to stop talking about it and do something. We're waiting.

MAGGIE WALKER

Mr. HARRY F. BYRD, Jr. Mr. President, the Virginia Historical Society notes in its Bulletin of April, 1976, that it has acquired a bust of Maggie Walker, a distinguished black Virginian who became the first woman bank president in the United States.

Born in servants' quarters at a Richmond home in 1867, Mrs. Walker secured an education and served for several years as a teacher and fraternal association director before founding, in 1903, the Saint Luke Penny Savings Bank.

This bank was eminently successful and survives today under the name of Consolidated Bank and Trust Company.

Mrs. Walker was honored in Virginia and elsewhere during her lifetime for her accomplishments and her philanthropy.

The acquisition of a bust of Maggie Walker by the Virginia Historical Society offers another fitting occasion to honor the memory of a Virginia woman who is an inspiration to Americans of all races.

I ask unanimous consent that the text of the notice of the acquisition of the Maggie Walker bust, published in the Virginia Historical Society Bulletin, be printed in the Record.

Their being no objection the article was ordered to be printed in the Record, as follows:

MAGGIE WALKER

The smaller than life-size plaster bust shown in the accompanying illustration, recently acquired by the Society, depicts Maggie Lena (Mitchell) Walker (1867–1934). It was apparently modelled just prior to Mrs. Walker's death by P. Beneduce of New York. The subject, born in servants' quarters attached to the residence of the celebrated Miss Elizabeth Van Lew on Richmond's Church Hill, graduated from the local "Valley Public School" in 1883 and for the succeeding several years taught in that institution. But in 1889, after taking a business course, she assumed the position of executive secretary of the Independent Order of Saint Luke, a fraternal organization dedicated to systematizing ministration to the sick and the burial of the dead in the black community throughout the state. Eminently successful in that capacity, she launced in 1903 the Saint Luke Penny Savings Bank which later became the Saint Luke Bank and Trust Company. As president, she enjoyed the distinction of being the first woman bank president in the country. The bank was by merger subsequently reconstituted into the present Consolidated Bank & Trust Company, which, in point of origin is the oldest Negro banking facility still functioning in the United States. Mrs. Walker was noted for her philanthropic interest in the advancement of her race and, happily, during her lifetime was honored both in Virginia and elsewhere for her accomplishments.

ECONOMIC IMPACT OF S. 3422

Mr. DURKIN. Mr. President, when S. 3422, the Natural Gas Act Amendments of 1976, comes to the floor, I intend to move to recommit the bill to the Committee on Commerce for further consideration.

S. 3422 is a complex and far-reaching piece of legislation that will have a profound adverse effect not only on consumers and businesses using natural gas, but on the economy of New Hampshire, New England, and the entire United States.

Since the committee vote, three studies have been performed on the cost impact to the consumer of the bill. The first study, done by the Library of Congress, estimated that S. 3422 would cost the consumer $17.5 billion in natural gas costs by 1979. The second study, performed by a former chief economist for the Federal Power Commission, estimated the cost to consumers would be between $8.9 and $12.5 billion a year. And I have recently received another Library of Congress study analyzing the macroeconomic impact of S. 3422 through the first quarter of 1978. I ask unanimous consent that the complete report be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DURKIN. Mr. President, basically, this latest report estimates that the economic impact of S. 3422 may be to slow down the current economic recovery. By the first quarter of 1978, there will be about 300,000 more unemployed workers.

Mr. President, it is clear that the three studies I have mentioned cast doubts about the effects of the Natural Gas Acts Amendments of 1976.

New Hampshire and the rest of New England is already at the end of the expensive energy pipeline, and it would be unfair to the citizens of my State and to the citizens of New England to be the victims of legislation that has not been entirely or fairly researched.

I am asking for further hearings on this important bill. I am asking that we subject S. 3422 to the same rigorous tests we would to any other major piece of legislation. I am asking that consumers be given an adequate chance to fully comprehend the effects of this bill, and to have the chance to present their views.

[Exhibit 1]

[From the Library of Congress Congressional Research Service, Washington, D.C., June 7, 1976]

To: The Honorable John A. Durkin. Attention: Sam Simon.

From: Economics Division.

Subject: Economic Impact of S. 3422: "A bill to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and other purposes."

At the present time it is possible to analyze the macroeconomic impact of S. 3422 only, through the first quarter of 1978, since the analysis is based on the Wharton Econometric Forecasting Associates, Inc. (WEFA) short-term model. The short-term Wharton model rather than long-term annual model is used for several reasons. Most importantly, the short-term model is quarterly, and therefore, better able to capture the effect of the relatively fast increases in natural gas prices assumed. Furthermore, the structure of the long-term model is such that it would not properly account for the long-term substitution and shifting of resources that would result from deregulation without substantial adjustments. (These potential problems with the long-term model are attenuated if the price increases are assumed to be inconsequential and drawn out over a long-term period.) It would, however, remain a major problem, both theoretically and empirically, to estimate the most probable directions resource reallocation would take through use of an input-output table. Work, however, is continuing to extend the analysis through 1981 by using an alternative model. The following discussion of economic variables is cast in terms of differences from a base forecast to focus attention on the effects of S. 3422, rather than on the economic forecast. The base forecast is the WEFA "control" forecast of May 3, 1976. This forecast represents WEFA's best judgment as the future path of the U.S. economy.

For purposes of this analysis, it is assumed that the only shocks to the economy would be from the rise in natural gas prices. There would be no fiscal policy actions not would there be any changes in projected monetary policy. While it is impossible to forecast what the Federal Reserve response to S. 3422 would be, it is unlikely that a change in monetary policy would result from this bill. Monetary policy is assumed to continue to view inflation as the primary economic problem, although some additional monetary growth is permitted to accommodate the current economic expansion.

ASSUMPTIONS

As a result of S. 3422 it is assumed that expenditures on natural gas would rise over time as an increasing share of total production is derived from "new" sources. The assumed pattern of expenditure increases is as follows:

Additional expenditure for natural gas

[billions]

1976:III	2.6
1976:IV	5.5
1977:I	7.0
1977:II	8.5
1977:III	10.4
1977:IV	11.9
1978:I	13.9

The provision of the legislation providing "old" gas to be allocated to the household sector first would delay the impact on consumer expeditures. It is assumed that household consumption of natural gas would be first affected in the second quarter of 1977 and would not be purchasing all "new" natural gas until the first quarter of 1978.

GROSS NATIONAL PRODUCT AND EMPLOYMENT

Overall, the increase in natural gas prices would have the effect of slowing down the current economic expansion. By the first quarter of 1978 real GNP is estimated to be about $10 billion lower (less than one percent) than the control forecast. More importantly, however, the economy would be expanding at a rate of 2.7 percent per year in contrast to a rate of 3.2 percent annually in the control forecast. Unemployment would also be affected, declining less rapidly than forecast in the control. By the first quarter of 1978 it is likely that the unemployment rate would be almost 3 tenths of one percent higher. This means there would be about 300,000 more unemployed workers than projected by the control.

In terms of inflation as measured by the GNP deflator—the most general price index available—the impact of S. 3422 would diminish over time. Initially, in the third quarter of 1976, the currently projected decline in the rate of inflation would be stopped. During this period the deflator would probably increase at a rate more than one-half of one percent higher than would otherwise be the case. By the beginning of 1977, the rate of increase is likely to be about one-half of one percentage point higher. As the initial price effects work their way through the economy, however, the increase in the rate of inflation moderates so that by the first quarter of 1978 the rate of increase would be only about 2 tenths of one percentage point higher than the control. The cumulative effect, therefore, would be to increase this price index by less than one percent by the end of the period.

Overall, in terms of current dollars, the increase in inflation would offset most of the decline in real GNP, leaving the current dollar GNP at about the control levels. It is also true that the factors summarized in Table 1 will continue to affect the economy beyond 1978, but analysis of these long-range effects is beyond the scope of this study.

Warren E. Farb,
Specialist in Macroeconomics.
Douglas Bendt,
Economic Analyst.

TABLE 1.—*Summary of selected economic indicators, difference from WEFA "Control"*

	1976: III	*1978: I*
GNP (billions of 1972 dollars)	$ .8	$10
Unemployment rate—less than	.1	.25
Inflation rate (GNP deflator)	.5	.2

SOURCE.—CRS—Economic Division, WEFA.

FACING THE DEMANDS OF THE FUTURE—LESSONS FROM AMERICA'S HISTORY

Mr. HUMPHREY. Mr. President, recently I was privileged to deliver the commencement address at the College of St. Thomas in St. Paul, Minn.

My remarks addressed the rights and freedoms to which each American is entitled, with particular emphasis on the dignity and rights of man outlined in our two most prestigous documents, the Declaration of Independence and the Constitution.

I mentioned the ideals of freedom and the ensuing 200 year quest toward achieving these goals—pointing not only to the successes of the greatest democracy in the world, but also the failures and flaws by which history has given us instruction. Further, I stressed the necessity to insure freedom for each and every individual regardless of race, wealth, sex, or religion.

I discussed the many challenges and problems facing the coming generations. I noted that these challenges can be met only by restoring a sense of community, by caring for each other and working together, by individual responsibility and involvement. These are all characteristics of America's greatest virtues and the source of much of our strengths and successes.

In conclusion, I issued the challenge for our Bicentennial Year to the 1976 graduates—to continue to chart our progress by the liberation of the human spirit and to work for its fulfillment.

Mr. President, I ask unanimous consent that the text of my remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY SENATOR HUBERT H. HUMPHREY AT THE COLLEGE OF ST. THOMAS, ST. PAUL, MINN., MAY 22, 1976

The great scientist, Albert Einstein, once observed that we as a people are "always becoming, never being"—always dynamic, never static. His remarks might be taken as an appropriate motto for your commencement in this Bicentennial era.

We Americans have always had our eyes fixed on the future. The most distinguishing mark of American character since the first colonists arrived on this continent has been a profound faith in progress, in our ability to create a better life for ourselves and for future generations. Our progress as a Nation has been a constant process of becoming, of constant motion and growth, of evolving aspirations and ideals.

What was declared in 1776 was not the fullness of American freedom, but the common privilege of laboring for its fulfillment—and that task will never be finished. Each generation has its own summons to the cause of life, liberty and the pursuit of happiness.

The record of America in the last 200 years reflects the gradual evolution of individual liberty, an ideal that was revolutionary at its birth and remains so today. Our Bicentennial calls us to study that record; to focus our thoughts on our past heritage, our present prospects, and our hopes for the future.

The American Dream is simply a metaphor for the creation of a truly open society.

Such a society is one in which men and women are free to develop their talents, to pursue their dreams.

It is one that is free of the specters that have haunted generations of mankind—hunger, disease, ignorance, fear, racial prejudice, slavery and serfdom, political oppression and religious persecution.

Instead, the Open Society is based on the idea, set forth in our Declaration of Independence, of the inherent dignity of man, endowed by our creator with a soul and with certain rights that cannot be taken away.

This emphasis on the dignity and rights of man is what gives sense and reason to the system of government we call democracy. Without it, men become things to be manipulated and controlled, rather than respected as democracy requires.

Respect for the dignity and rights of all men—the notion that "all men are created equal" and are thus entitled to equal treatment under the law—is a very recent develpment in the history of the human race. Even in this, the greatest of all democracies, the ideals stated in the Declaration of Independence are not yet fully reflected in our social, economic and political system.

In the last 200 years we have only gradually extended the franchise and other civil rights and liberties to include the poor and women, as well as racial and ethnic minorities. Yet painfully slow as our progress might appear in hindsight, we have come a long way in these 200 years. And we can do even better if we can overcome some of the flaws, some of the all too human frailties, that have plagued the great American experiment.

Most of our flaws and failures have arisen as natural consequences of freedom, just as have those things that are best about America.

Our treatment of the Indians, and of racial, ethnic and religious minorities; our often wasteful and destructive use of natural resources; our exploitation of the immigrant's labor and his vote; our periodic abridgments of constitutional rights; our reverence for wealth, power and speed;—these less admirable aspects of our national character are as much a part of the development of freedom in America as the great achievements in which we take so much pride. Acknowledging them and understanding the consequences they have had for our society today is essential for future progress.

I cite these blots on the national conscience not to discredit our society, but rather so we can make a clear-sighted evaluation of how far we have come, especially during the last 50 years. Time after time, the ideals expressed in the Declaration of Independence and the Constitution have overcome oppression and injustice. Invariably, it has been the people of America who have come together and demanded that our ideals be carried out in practice—that the human rights and national goals we have affirmed must become realities.

At the same time, the expansion of opportunity and the incredible productivity of our agriculture an industry, have liberated millions of ordinary citizens from the shackles of poverty and ignorance. The record of our first 200 years shows that the expansion of economic opportunity and civil liberties are very closely related.

Gradually, over these two centuries, we have learned that it is just as important to develop our human resources as it is to develop our natural resources.

Gradually we have learned that the rights guaranted by our Constitution are meaningless unless they apply to all the people—the poor as well as the rich, to women as well as men, to the illiterate as well as the educated.

Gradually we have extended the concept of equal justice under the law so that it applies to every citizen, not just to an elite minority.

Ultimately, it was our belief in the ideals in the Declaration of Independence and the Constitution that enabled us to endure through the dark days of the Great Depression and World War II while other nations lost their freedom or embraced totalitarian governments voluntarily.

Our experience during those terrible years of the Great Depression and World War II had a strong impact on our image of ourselves as a people and the role of our nation in the world.

Poverty and hunger and unemployment cast dark shadows over the growing-up years of a whole generation of Americans. On top of that, there was World War II, to show us how fragile are the bonds of civilization against the lust for power that sometimes seizes individuals and nations.

When the was was over, we were determined that it would not happen again. We were determined that our children would never have to go through what we went through.

We were determined to eliminate poverty at home and to protect our allies against totalitarian aggression abroad.

In those years just after World War II, the United States was the hero of the world. We had destroyed fascism. Technologically, militarily and economically we were the strongest nation on earth. We gave our wealth generously to rebuild a devastated Europe. We helped establish democratic governments in Germany and Japan that have flourished for 30 years, so that today our former enemies are among our strongest and most important allies.

At home, we provided for veterans' benefits that enabled hundreds of thousands of returning veterans to get a college education—something many of them would never have dreamed possible otherwise.

It was only natural that these experiences would color our view of ourselves and the world. We had saved civilization from fascist aggression, and we were determined to protect it against communist aggression. Our technological prowess and supplies of cheap energy enabled us to achieve the highest standard of living in the history of the world. And this high standard of living was not limited to just a privileged few, but was enjoyed by a majority of Americans. From the Depression-era promise of a "chicken in every pot," we went to "two cars in every garage."

We shared our wealth generously with poorer nations and gave away surplus food to help prevent starvation around the world.

We made tremendous progress in wiping out dread diseases and improving housing, health care, education and other public services for all our citizens.

I don't have to list all our successes for you; everybody knows what they are. Looking back on them, they seem almost miraculous. Human nature being what it is, it is not surprising that we came to look at ourselves as heroes. We were the good guys, the guys in the white hats whose motives were always pure; the ones who protected the weak and helpless from the wicked evil-doer; the ones who always fought for the right and emerged the triumphant victors in the last frame.

But while we were busy congratulating ourselves on our successes, the currents of change were sweeping our society and the world, and our institutions were found to be sadly unequipped to cope with new realities.

Events of the last decade or so have forced us to re-examine some of our most cherished assumptions about ourselves, our lifestyle, and our role in the world.

The civil rights movement of the mid-1960's made us see that prejudice and discrimination had denied large groups of people the constitutional protections and economic opportunities to which they were entitled as American citizens.

The tragic experience in Vietnam divided us as a people, called into question the foundations of our foreign policy since World War II, and forced us to evaluate carefully the limits of our power and of our knowledge of the world. We have been called to a new role in world leadership as new nations, although crippled by poverty, struggle to achieve independence with majority governments.

The energy crisis forced us to recognize how dangerously dependent we are upon an uninterrupted, abundant supply of cheap energy for our economy, our lifestyle and our national security.

We became deeply concerned over the degradation of our environment and the exploitation and depletion of our natural resources.

We have confronted a totally unique phenomenon in economic history, of simultaneous inflation and recession, while the tension and tragedy of unemployment have entered the homes of countless American families.

We have watched major cities falling into decay. We have seen too many of our people denied adequate health care because they cannot afford it or there is no clinic or hospital nearby.

The list of major problems could go on.

But the point is that human beings, even with the very best of intentions, are far from infallible. Our intelligence and creativity, magnificent as they are, are frequently matched by our capacity for self-delusion. Our most generous and worthy impulses are often marred by the sins of pride and condescension. Our institutions have not kept pace with changing needs in a changing world.

We Americans face tremendous challenges today. We must learn to conserve our natural resources, so that there will be something left for our children and our children's children.

We must stop the terrible waste of human resources in rural areas and in the inner city, where poverty, illiteracy, and unemployment blight lives and breed crime.

We must find and support leaders with imagination and integrity; men and women who have both ideas and ideals; and we must demand that they tell the American people the truth.

Most of all, we must restore the sense of community, of caring for each other and working together, of individual responsibility and involvement, that has always been one of America's greatest virtues and the source of much of our strength and success as a Nation and a people.

This is not something that the government can do for us. The government can provide leadership, with our support. It can provide money, with our tax dollars. But in our democratic society it cannot force us to be wise or virtuous citizens.

The problems we face are not abstract: they affect your lives directly. To take just one example, some of you are about to confront the cruel reality of unemployment. Some of you are going on to graduate school. Some will be very lucky, and find jobs in their chosen fields almost immediately. But for others of you, the struggle to get the job you want may take months or even years. In the meantime, you will have to endure frustration, discouragement, and economic hardship.

Because you have the advantage of an outstanding education here at the College of St. Thomas, and because many of you have sufficient resources of your own and the help of your families to back you up, most of you will eventually find good jobs.

But I would urge you, in the years to come, never to forget what it is like to be willing to work, to want desperately to work, when there are no jobs available and when no one seems to want or need the skills you have to offer.

There are millions of people in America today whose lives are being blighted and even destroyed because they can't find jobs. They have families to support, but they cannot support them. They lose their homes, because they cannot afford to make the mortgage payments. Eventually many give up even trying to find a job.

Our Nation cannot afford these stark consequences of unemployment. We must ensure a decent job at a decent wage to every youth and adult who desires it.

The issue is whether or not we are prepared to accept responsibility as individuals and as a society—whether or not we have the will and the determination to keep equal employment opportunity and the open society from becoming a bitter joke to large portions of our population.

As a United States Senator, I feel this responsibility very heavily. I have introduced legislation, the Full Employment and Balanced Growth Act, which establishes national planning and decision-making processes to enable us to achieve the goal, primarily through the private sector, of providing the opportunity of a job at a decent wage to every American who is able and wants to work.

But that legislation, if enacted, will not be worth the paper it's written on without the dedication and support and involvement of millions of private citizens. It will require planning and initiative in every community, and cooperation from all levels of government—local, state, and national. It will require all our efforts, working together, to make full employment a reality.

Our generation, too, has been summoned to the cause of "life, liberty and the pursuit of happiness." Like our forebearers, we must be willing to experiment, to risk failure and to bear the consequences of our mistakes, both past and yet to come.

We must be prepared to do the things we ought to do, because they are right.

We must be willing to make some sacrifices now in order to protect and preserve what we most cherish in American life for the benefit of future generations.

We must accept the burdens of leadership as the strongest nation of the free world and set a good example by adhering to our principles both at home and abroad.

We must accept responsibility for our actions, both as individuals and as a Nation.

This is the challenge of our Bicentennial year: to continue to chart our progress by the liberation of the human spirit and to work for its fulfillment. As the great author Thomas Wolfe put it: "To every man his chance, to every man his shining golden opportunity—to every man the right to live, to work, to be himself, and to become whatever thing his manhood and vision can combine to make him—this is the promise of America."

TAX REFORM AND TAX SHELTERS: LAL AND THE JOBS ARGUMENT

Mr. KENNEDY. Mr. President, as with virtually every tax reform measure proposed this year, the Finance Committee rejected the antitax shelter mechanism adopted by the House because of its feared—although unsubstantiated—effect on jobs.

I am convinced that the limitation on artificial losses—LAL—provision can be an effective tool in bringing the tax shelter abuse under control. And I am equally convinced that if this Congress permits this tax avoidance by the wealthy to go unchecked, the confidence of low- and middle-income taxpayers in the integrity and fairness of our income tax system will be seriously eroded.

But with an unemployment rate hovering around 7 percent, it is important that the Senate have the best information available concerning the impact proposed tax reforms might have on jobs in the industries affected. Therefore, I requested the Library of Congress Congressional Research Service to undertake a study of the estimated effects of LAL on investment and jobs in the real estate industry.

The conclusions reached by the study strongly support the two-pronged approach to tax reform that I have been advocating:

First. Adopt LAL to reduce the tax escapes permitted by tax shelters.

Second. Provide appropriate across-the-board tax cuts to insure no adverse impact on employment.

The CRS study concluded:

> Impacts of LAL on the construction industry and on the major components of the industry would be quite small on the long-run in aggregate terms. And, like many changes of small magnitude, the effects as far as employment in the construction industry is concerned would be more likely to be reflected in a slowing of the growth rate in employment (i.e. reduced job opportunities) rather than any actual reduction in jobs. The aggregate effect on employment in the economy would of course be much smaller, assuming that the tax increases are compensated for by tax cuts in other areas. If appropriate fiscal and monetary policy is followed, no long effect on employment would be expected.

Even if no tax cuts were adopted by the Senate to offset LAL—an extremely unlikely assumption—the CRS study found that adoption of LAL might cause a decline in investment and employment in the construction industry of between one-tenth and two-tenths of 1 percent. But even this minuscule change need not occur if the Senate adopts—as I have recommended—the Budget Committee recommendation to extend its full $17.3 billion in tax cuts for another year.

Seventeen of the Nation's most distinguished economists, who have endorsed LAL as an appropriate response to the tax shelter abuse, have reached the same conclusions:

> We are convinced, moreover, that . . . recovery of the economy and reform of the tax system go hand in hand. Additional federal revenues raised from tax reform can be appropriately re-allocated to the economy, either through general tax reductions or strengthening high priority federal programs. By eliminating inefficient tax expenditures . . . such a reallocation of federal resources could actually increase overall employment, production and purchasing power in the economy, in line with the goals of the Employment Act of 1946.
>
> In particular, we offer this professional judgment after having examined various arguments that have been set forth in support of the economic stimulus of tax shelters. These shelters operate as indirect, roundabout subsidies for special types of invest-

> ment activity, in special forms available only to persons in the highest income brackets.
>
> Such tax shelters are an inherently inefficient technique for stimulating investment. Better uses can be found for these tax subsidies, either in promoting investment or achieving other national goals.

A similar view was expressed in the "Compendium of Papers on Federal Tax Reform," that Dr. Joseph Peckman and Prof. Stanley Surrey prepared at the request of several Senators:

> A major impediment to tax reform has always been the fallacious argument that the elimination of loopholes in the tax law would reduce employment, investment, or exports and would, therefore, hurt the economy. This year is no exception. Even though it is universally acknowledged that the tax structure is urgently in need of repair, beneficiaries of the tax preferences—who strongly resist revision at any time—are now arguing that the "feedback effect" of tax reform would retard economic recovery. Loophole closing is self-defeating—according to this argument—and must be resisted in the interest of protecting jobs for workers as well as profits for business.
>
> ### THE JOBS ARGUMENT
>
> The feedback argument cannot be used to justify every single loophole in the tax law. It is a wrong argument because it assumes that the federal government will not adopt the overall fiscal and monetary policies needed to keep the economic recovery moving. If taxes are raised and nothing else is done, unemployment will increase and investment will decline, but there is no reason to assume that nothing else will be done. Offsetting tax reductions or expenditure increases can maintain the growth of total demand in the economy and ensure that closing of tax loopholes will not cost jobs.

The compendium has been made available in full to all Senators.

The CRS study also illuminates the tax equity issue in an interesting fashion. The study shows that investment in a tax shelter scheme is even better than the purchase of a tax exempt bond. The leveraged tax shelter on real estate can actually produce a negative income tax for the rich. This result occurs because deductions created by nonrecourse financing can be used to offset unrelated income of the investor.

The CRS study states:

> In a "negatively taxed" investment the after-tax return exceeds the pre-tax return because deductions are used to offset other income. Such negatively taxed investments make use of highly leveraged (a high proportion of borrowed funds are used) investments in property where the tax law allows the equity investor to depreciate property where the tax law allows the equity investor to depreciate property based on the total investment rather than only equity investment.

It is more than a little ironic that the Finance Committee, which has for years vigorously rejected any suggestions of a negative income tax for the poor, has resoundingly endorsed the continuation of a negative income tax for the 1 percent of individuals in the country who have the highest incomes.

The CRS study provides convincing evidence that the jobs argument is a red herring insofar as LAL is concerned. Tax reform and tax reduction can insure both a healthy and vigorous economy and a fairer tax system. To help achieve these goals, the Senate should adopt LAL and provide the full $17.3 billion in individual income tax cuts called for by the first concurrent budget resolution.

Mr. President, I ask unanimous consent that the CRS study, the statement of the distinguished economists, and the compendium paper referred to above may be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Library of Congress Congressional Research Service, Washington, D.C., June 8, 1976]

The Limitation on Artificial Losses and Its Effect on Real Estate Investment

(By Jane G. Gravelle, Analyst in taxation and fiscal policy, economics division)

H.R. 10612, the Tax Reform Act of 1975, contains a provision for a limitation on artificial accounting losses to apply to certain types of investments. This provision would prohibit the offsetting of certain tax deductions against unrelated income. The provision would apply to investments in various types of tax shelters—real estate, oil and gas drilling, farming, equipment leasing and some minor areas. Although this report deals primarily with the effect on real estate investment, the application of the LAL provision to other types of investments will be of significance in determining the impact of the LAL provision on real estate.

The following analysis will explain how a tax shelter operates and how the LAL provision would affect such tax shelters. Then the report will examine the possible impact of the provision on real estate investment.

I. OPERATION OF A REAL ESTATE TAX SHELTER

It may be useful to examine the impact of an income tax by dividing investments into three categories—those which are taxed, those which are tax exempt and those which are "negatively taxed" (that is where the investment yields a benefit beyond the actual return because of tax provisions).[1] In a taxed investment such as interest on a savings account the pre-tax return is higher than the after-tax return since it would be reduced by taxes. For example, a 6 percent pre-tax return to an individual in the 50 percent bracket would yield an after-tax return of 3 percent. Some investments may be taxed at lower rates than others (such as a capital gains where taxes are deferred and also imposed at a lower rate).

In a tax exempt investment, such as a municipal bond, the pretax return would equal the after-tax return.

In a "negatively taxed" investment the after-tax return exceeds the pre-tax return because deductions are used to offset other income. Such negatively taxed investments make use of highly leveraged (a high proportion of borrowed funds are used) investments in property where the tax law allows the equity investor to depreciate property based on the total investment rather than only equity investment.

A simple example will clarify how this procedure works. Assume an investor makes an investment in rental apartments at a total cost of $10 million, borrowing $9 million from the bank and using $1 million of his own money. His concern is what sort of return he will get on his $1 million. Assume that the income from the property is just sufficient to cover operating costs and payment of the mortgage, so that the investor gets no cash return. The mortgage and useful life of the property are thirty years.

Under the tax law the principal amount of the mortgage repaid (about $62,000 in the first year under a 30-year amortized mortgage at 9%) would be counted as taxable income from the property. However, the investor can take depreciation under the tax law on the entire amount of the investment at a double declining balance rate. This amount would be $666,666. Thus he would have a loss for tax purposes of $604,666. If he has no other income then his return is 0. However, if he is in the 50 percent bracket he can deduct his losses against other income and save $302,333 in taxes. Thus his rate of return in the first year is 30.2 percent. This is an after-tax return which is higher than his pretax return.

Under the double declining balance system, the amount of the deduction would decline over time while the mortgage principal payment would increase so that the rate of return would decline over time. For example in the second year, the depreciation deduction would be applied to the reduced balance and the deduction would be $622,221. In the second year around $68,000 would be repaid in principal so that the tax loss is $554,221 and the tax saving $277,110. This results in a rate of return of 27.7 percent after tax.

This tax advantage may be offset by the fact that when he sells the property he would be liable for capital gains taxes. If he sells relatively early, depreciation in excess of straight line would be taxed at his 50 percent rate. Other gain would be taxed at the 25 percent capital gains rates. However, he still retains two advantages: First taxes would be deferred which results in a savings because of the time value of money. Second, like other depreciable property part of his deductions are converted into capital gains taxed at the lower capital gains rate.

The example shows the internal rate of return on the investment assuming that the taxpayer holds the property for six years and sells it in the seventh year for an amount equal to the original price minus the mortgage principal repaid. He receives sufficient money from the sale to pay the mortgage and get his $1,000,000 investment back. Thus in this example the return of 15 percent shown is from the tax laws rather than an actual return (other than an amount sufficient to pay interest on the mortgage).

The major features of the tax shelter are therefore high leverage, a high marginal tax rate on other income and ability to take large tax deductions. Of course changes in the assumptions would affect the rate of return. If there is a time delay in construction where no income is earned and the entire equity amount is borrowed at the beginning of the period the rate of return will fall. The smaller (larger) the equity portion the higher (lower) the rate of return. The higher the marginal tax rate the higher the rate of return.

Another factor not reflected in the example is the deduction of construction period interest and taxes in the year incurred. For example, if part of the $10 million total includes interest and taxes during construction this amount can be deducted even though no income is received.

EXAMPLE OF A PROPERTY WITH A 30 YEAR USEFUL LIFE HELD FOR SIX YEARS

Assumptions:

(1) $10 million investment, $1 million in equity,

(2) 30-year mortgage and useful life,

(3) Double declining balance depreciation,

(4) No cash receipts from property (income sufficient to cover operating costs and mortgage)

(5) Sale in 7th year with no gain,

(6) 50 percent marginal tax rate.

Footnotes at end of article.

Year	Depreciation [1]	Repayment of principal	Tax loss [2]	Cash flow [3]
1	666, 666	62, 000	604, 666	302, 333
2	622, 221	68, 000	554, 221	277, 110
3	580, 740	74, 000	506, 740	253, 370
4	542, 024	81, 000	461, 024	230, 512
5	505, 889	89, 000	416, 889	208, 444
6	472, 163	97, 000	375, 163	187, 581
7				(77, 101)
Internal rate of return				[4] 6. 15

[1] Double declining balance depreciation is computed by applying a double rate (0.06⅔) to the remaining undepreciated balance.

[2] Depreciation minus repayment of principal.

[3] Cash flow for years 1 to 6 is computed by multiplying tax loss by 0.5. Cash flow for year 7 is as follows:

Sales price ($10,000,000 minus amount of mortgage repaid)	$9, 529, 000
Depreciation taken	3, 389, 703
Taxpayers basis ($10,000,000 minus depreciation taken)	6, 610, 297
Capital gain (sales price minus basis)	2, 918, 703
Amount taxed at ordinary rates (depreciation taken minus depreciation at straight line rate of $333,333 per year	1, 389, 705
Tax at 50 percent	694, 852
Remaining gain taxed at capital gains rate	1, 528, 998
Tax at 25 percent	382, 249
Total tax	1, 077, 101
Minus $1,000,000 in equity return	1, 000, 000
Net negative cash flow	77, 101

[4] Computed by a discounted cash flow where:
A_0=cash flow 1st yr
A_1=cash flow 2d yr
i=rate of return

$$1,000,000=\frac{A_0}{(1+i)^{0.5}}+\frac{A_1}{(1+i)^{1.5}}+\frac{A_2}{(1+1)^{2.5}}\cdot\cdot\cdot\frac{A_n}{1+i)^{6.5}}$$

Discounting on a quarterly basis would yield a slightly lower rate of return.

The amounts involved are actually too large to remain in the 25 percent bracket for capital gain. However, tax shelters are commonly comprised of a number of investors who would have a small share of the total gains and losses and gain would be taxed at 25 percent. In this case the investment is being made over time with no return but this is partially offset by tax savings.

Basically, the important feature of a tax shelter is that it may convert an investment which has no actual economic return and which would not be undertaken in a non-tax world into one which has a return or converts a small return to a large one. The result is an altered allocation of resources and increased rate of return to the various factors involved (landowners, developers, investors and tax syndicators) as well as reduction in housing prices.

The purpose of the provisions in the tax law is presumably to encourage the building of housing, particularly for low and moderate income families. It may be useful to examine the types of real estate investment which are involved, to see how closely the tax incentives deal with this more narrow purpose.

There are a number of federally subsidized housing programs which receive the benefit of tax incentives and the sheltering features. One such housing program is Section 236, under which the Federal Government subsidizes the interest rate and in turn limits the return on equity investment to 6 percent. Since this rate is too low to attract investors, the tax features constitute the primary return in such investment. However, the tax loss to the Federal Government may be quite large compared to the size of equity investment involved.

While it may seem appropriate as a government priority to provide housing for the low income households, the tax provisions also apply to residential and commercial property such as shopping centers and apartment buildings of many types. They also benefit those who purchase presently existing structures for rental purposes although depreciation is limited for used residential real estate.

Therefore questions may be raised about the cost effectiveness of such tax provisions as means of accomplishing the goal of subsidizing low and moderate income housing. A larger amount of revenue loss through the provision to build a given amount of housing may occur than if such housing were built through direct spending programs.

II. PROPOSED CHANGES IN THE TAX LAW

It is in response to these types of concerns that many proposals have been made to limit the tax shelter operations in real estate and in other types of investment as well. These include requiring straight line depreciation, limiting deductions to equity investment or providing a limitaton on deducting certain items against other income. The latter proposal, the limitation on artificial losses (LAL) has been adopted by the House but was not included in the Senate Finance Committee version of the Tax Reform Act of 1975.

The LAL provision would apply to all property held for sale to customers in the ordinary course of a trade or business or held for rental. (Thus it would not apply to property used by the taxpayer in his business, such as a store used by a merchant.) It would apply only to individuals and would have no effect on corporations. Basically LAL would disallow the deduction of depreciation in excess of straight line and interest and taxes during construction against unrelated income. In determining related income, a taxpayer could aggregate all of his income from real property so that losses from one investment in real property could be used to offset income from investment in other real property. In the case of nonresidential property, the provision would be applicable to all property where construction begins after 1975. In the case of residential property, the provision is to apply only to buildings where construction begins after 1976. However, the provision also would not apply to property where construction begins in 1977 if there was a binding contract for financing or land purchase, or where land was already acquired. The provision would not apply to government subsidized housing until 1981.

It is important to note that this change does not necessarily convert a "negatively taxed" investment into a taxable one or even a tax exempt one. In our previous example if straight line depreciation is used there is still a positive interest rate of around 8 percent. In addition, the allowance of deductions against other properties would retain the tax shelter intact for those investors who have substantial real estate income.

An amendment was proposed on the House floor to require the LAL to be applied on a property by property basis, but was defeated. This change would significantly increase the revenue gain.

According to the Ways and Means Committee report the LAL provision on real estate would raise $84 million in 1976, $100 million in 1977, $196 million in 1978, $227 million in 1979, $256 million in 1980, and $289 million in 1981.

LAL provisions were also applied in the areas of lease property, farm property, film property, oil and gas property and sports franchise property.

III. EFFECT OF LAL ON REAL ESTATE INVESTMENT

The major argument advanced against LAL provisions is that they would result in substantial reductions in investment, particularly in housing. Concern has been particularly focused on federally subsidized housing. In addition, opponents of LAL have argued that it would result in considerable complexity in the tax law. This latter argument seems somewhat questionable since tax shelters are sophisticated instruments whose participants should be able to readily comprehend the LAL provision. In addition, any complexity can be avoided by using straight line depreciation and capitalizing construction period interest and taxes, a relatively simple procedure.

A more serious question is the prospective effect on real estate investment which has implications for employment in the construction industry and for the supply of housing. Since there are no data on the rate of return earned in such investments, analysis of the possible effect of LAL and the role of tax-shelter induced investments in overall investment is necessarily speculative in nature. However, it may be possible to develop some idea of the magnitude of impact involved.

One such way of examining this question may be to examine the revenue loss in comparison with overall investment in real estate.

Such an analysis which would be relevant to the impact of LAL on the construction industry is severely limited because the tax changes would have a differential effect on the rate of return, and cannot be measured on an aggregate basis. However, it may be useful to compare the prospective revenue loss from LAL (as reported in the Ways and Means Committee report) with investment in structures and to the magnitude of the current values of accelerated depreciation and expensing of construction period interests and taxes.

According to the Ways and Means Committee Report, the LAL provision will result in revenue losses of $84 million in 1976, $100 million in 1977, $195 million in 1978, $227 million in 1979, $256 million in 1980 and $289 million in 1981.

These amounts can be contrasted to investment in business structures and residential construction forecast by Data Resources Inc. and based on data in the National Income and Product Accounts. Investment in nonresidential structures, at an actual level of $52.7 billion in 1975 is estimated at $57.3 billion in 1976, $63.5 billion in 1977, and $68.2 billion in 1978. Investment in residential structures at actual levels of $47.4 billion in 1975, is estimated at $63.4 billion in 1976, $79.5 billion in 1977 and $81.1 billion in 1978. The rapid rise in this latter category reflects its sensitivity to economic conditions.

Obviously calculations are of little value in determining the actual impact of the change since some taxpayers might have very large effects from the change while others will not be affected at all. In addition total investment includes debt as well as equity investment and the revenue estimate itself is subject to some uncertainty. However, these numbers are useful in examining the relative magnitudes involved in the LAL provision.

These numbers can also be compared with the current items in the tax expenditure budget which affect real estate. These items include accelerated depreciation on structures and expensing of taxes and interest during construction. The total of these provisions in the tax expenditure budget it $2.7 billion for 1977 and $2.9 billion for 1978. The revenue gains indicated would reduce these amounts by 4 percent in 1977 and 7 percent in 1978.

Although the numbers cited above suggest that the impact of LAL is small in relation to the value of investment or in terms of an overall rate of return on the stock of buildings, it would be useful to try to measure what the expected impact on investment would be.

The adoption of a provision like LAL which reduces the rate of return on certain types of investment would be expected to have a number of interrelated effects which would determine the eventual impact on investment. One question is how much LAL might reduce the rate of return. In our example, using straight line depreciation had a substantial effect on the rate of return as it might be expected to when tax provisions constitute most of the value of the investment—however the rate of return was still positive and high for an after-tax return (i.e. similar to the rate of return on municipal bonds.) There is very little data on actual rates of return realized in these investments but prospectuses presented in testimony suggest rates of return in many cases substantially above "normal" rates. One prospectus presented in testimony on federally subsidized housing for example showed projected rates of return of 20.2 percent for a 50 percent bracket taxpayer and 27.5 percent for a 70 percent bracket taxpayer.[2] Another showed an estimate of 22 percent using straight line depreciation.[3] These estimates were highly leveraged but indicated small positive returns. An estimate with a small positive rate of return but with 25 percent equity showed a rate of return of 9.7 percent after adjustment for risk.[4] The example also estimated an 8.5 percent rate of return with straight line depreciation and a 7.5 percent return if the only change were capitalizing construction period interest and taxes.

These examples suggest that a range of returns are being earned by taxpayers and that the effect of tax provisions depends on a variety of factors. In the face of changes in the rate of return[5] only certain investors might be expected to react to the changes.

Some taxpayers might seek higher returns elsewhere, but failing to find them do not change their behavior. This may be particularly true if other investments are subject to LAL. The marginal investors however would not purchase tax shelter investments or only be willing to purchase them at a lower price.

This initial reaction would be expected however to set in motion a chain of events which would offset the initial reduction. A typical real estate shelter might involve a developer "selling" tax shelters at whatever rate the market would bear. If his own return is sufficiently high, he would lower the price for his product, the "tax shelter," which would offset in part the initial exodus of investors. Then faced with a lower sales price for his "tax shelters" the developer would reduce his demand for the various inputs to construction—thus one might expect that the interest rate might fall, prices offered for suitable sites fall and demand for labor fall.

The overall effect of these actions would be expected to reduce the supply of buildings. However, since demand is unchanged the price of housing would rise and supply increase, but probably not to its original level.

In summary the effects of such a provision would be expected to be diffuse—somewhat lower rates of return for investors, lower profits for developers, lower prices for land, lower interest rates, and higher rents—as well as reductions in total investment in structures. Reactions also might take the form of less costly units or an increase in the economic life of buildings (buildings would not be demolished as quickly because the investment in a new building is less attractive), further offsetting the total decline in housing stock. Such an effect would probably be small.

One way of approximating the size of the magnitude might be to extrapolate from studies of the effect of tax changes on stocks of buildings. Such a study was prepared for the Joint Economic Committee by Taubman and Rausch[6] who, using an economic model, estimated the impact of requiring straight line depreciation on real estate. The model took into account some of the variables mentioned above. Based on their model the allowance of straight line depreciation only would result in the long run in a reduction of the stock (and therefore investment) in buildings of .75 percent and of the stock and investment in apartments of 3 percent.[7]

Taubman and Rausch note that these estimates should be viewed as maximum estimates since their analysis was a partial equilibrium one which held factors such as mortgage terms, and land and labor costs constant. Since all of these variables would be expected to move in directions which would offset the initial reduction the actual effect would be expected to be less.

To use these results to examine the effect of LAL requires an admittedly crude method but one which may be of some use. First, it is generally argued that LAL would have more of an effect on residential rental property than on business structures. The first year revenue estimates suggest however, that at least one third of the revenue loss is on commercial properties since the loss is $84 million in the first year when only business structures are affected. Taking 1981 as the latest year for which revenue estimates are available and revenue impact seems to be reflecting the complete implementation of LAL, an estimate of $300 million (rounded) for LAL can be divided into $100 million for business structures and $200 million for residential real estate.

The tax expenditure budget estimates for the revenue loss from accelerated depreciation for rental housing for 1981 is $750 million. Since $200 million is a 26 percent reduction in this revenue loss, if removal of the entire provision reduces the residential investment by 3 percent, LAL might be expected to reduce it by .78 percent (i.e. less than one percent). Similarly for business structures the estimated revenue loss is $675 million in 1981 and the LAL provision reduces this by $100 million or 15 percent. If the removal of the entire provision reduces the investment by .75 percent, the effect of LAL might be expected to reduce investment by .11 percent (around one tenth of one percent).

These changes can be translated into dollar terms. For example, in 1978 estimated investment in residential properties is $81.1 billion. About one third of this amount might be expected to be apartments. Therefore, to estimate the total dollar amount $27 billion (one third of $81 billion) is multiplied by .78% to yield a decline in investment of $210 million. Similarly, investment in commercial structures would be estimated at $68.2 billion which multiplied by .11 percent yields a dollar decline of $75 million. The total ($285 million) is consistent with assumptions made by the Joint Committee on Internal Revenue Taxation which indicated that their estimates assumed a $300 million decline in construction from LAL and some other minor provisions affecting real estate.[8]

To convert this into changes affecting the construction industry we can divide the total decline of $285 million by total investment of $149.3 billion which results in a decline in construction of two-tenths of one percent. If the capital-labor ratio in the construction industry is unchanged, we might similarly expect employment in the construction industry to decline by two-tenths of one percent.

These amounts do not reflect actual estimated impacts in 1978 but rather what the impact would have been in 1978 if the provision had been in effect for a substantial amount of time in order to reach long run equilibrium.

Such numbers must be viewed with caution. However, they do suggest that impacts of LAL on the construction industry and on the major components of the industry would be quite small in the long run in aggregate terms. And, like many changes of small magnitude the effects as far as employment in the construction industry is concerned would be more likely to be reflected in a slowing of the growth rate in employment (i.e. reduced job opportunities) rather than any actual reduction in jobs. The aggregate effect on employment in the economy would of course be much smaller, assuming that the tax increases are compensated for by tax cuts in other areas. If appropriate fiscal and monetary policy is followed no long run effect on employment would be expected.

IV. THE SPECIAL PROBLEMS OF FEDERALLY SUBSIDIZED HOUSING

The possibility that LAL would have substantial adverse effects on government subsidized housing for the low and moderate income since the rate of return is limited to low levels requires special consideration. The LAL Provision as currently written would not apply to such housing until 1981 under a transitional rule and thus the provision allows a substantial amount of time for consideration of alternative policies in this area or of the desirability of the present tax incentives. If the purpose of the tax provisions are to subsidize such housing, granting across the board tax incentives to all types of real estate investment seems an inefficient method of accomplishing this purpose.

Several alternatives in this area might be considered. For example, tax incentives might be retained for these programs but not for real estate in general. However, retaining the tax incentives also retains the basic problem in such an approach such as above normal returns for taxpayers with marginal tax rates above the rate for which such shelters are designed as well as possible waste (e.g. syndication costs, early demolition).

An alternative approach which might also deal with some of the recent problems experienced in the public housing sector might be to develop a more flexible program with more reasonable rates of return (for example, by direct payments to the owner for families whose income does not enable them to pay rents necessary to yield a competitive rate of return). Indeed, the present low rates of cash return are undoubtedly influenced by the knowledge of the existence of tax provisions which increase the rate of return.

Another approach might be to restructure Federal housing programs so that equity investment is not needed. In view of the relatively large amount of tax subsidies to induce a very small amount of equity capital such an approach may be more cost effective for the government.

Such non-tax approaches might avoid some of the inefficiencies and windfalls to the wealthy which are likely to occur with tax incentives, although government programs may involve inefficiencies as well.

FOOTNOTES

[1] The "pre-tax" and "after-tax" returns discussed here refer only to the *Federal* income tax.

[2] Surrey, Warren, McDaniel and Ault, Federal Income Taxes Cases and Materials, Mineola, New York, the Foundation Press, 1972, p. 425–440.

[3] James E. Wallace. Federal Income Tax Incentives for Low- and Moderate-Income Rental Housing. U.S. Congress, Joint Economic Committee. The Economics of Federal Subsidy Programs, October 9, 1972.

[4] Keith V. Smith. The Impact of Tax Reform on Apartment House Investments. Real Estate Review, Spring, 1974. p. 37–42.

[5] For example, under LAL as now written there would be little effect on those who have numerous real estate properties which are producing a return.

[6] Paul Taubman and Robert Rausch. Subsidies, Tax Law and Real Estate Investment. *In* U.S. Congress. Joint Economic Committee. The Economics of Federal Subsidy Programs. Part 3—Tax Subsidies. July 15, 1972.

[7] The effect on investment for business structures would be slightly greater than the effect on stocks since the economic life increases by 5 years (buildings are not scrapped as quickly). This effect does not occur in any measurable degree for rental residential property.

[8] As reported in the Bureau of National Affairs Daily Tax Report, April 27, 1976, p. G–5.

STATEMENT OF ECONOMISTS ON TAX REFORM

As citizens and economists, our top priority goal for economic policy today is a reduction of the unacceptable level of unemployment and a return to non-inflationary prosperity that would enhance both living standards and investment throughout the economy. At the same time, we strongly believe that the nation's tax system should be improved by eliminating or reducing some of the most inequitable and inefficient tax expenditures.

We are convinced, moreover, that these two objectives—recovery of the economy and reform of the tax system—go hand in hand. Additional federal revenues raised from tax reform can be appropriately re-allocated to the economy, either through general tax reductions or strengthening high priority federal programs. By eliminating inefficient tax expenditures like DISC and tax deferral for multinational corporations such a re-allocation of federal resources could actually increase overall employment, production and purchasing power in the economy, in line with the goals of the Employment Act of 1946.

In particular, we offer this professional judgment after having examined various arguments that have been set forth in support of the economic stimulus of tax shelters. These shelters operate as indirect, roundabout subsidies for special types of investment activity, in special forms available only to persons in the highest income brackets.

Such tax shelters are an inherently inefficient technique for stimulating investment. Better uses can be found for these tax subsidies, either in promoting investment or achieving other national goals.

Congress made a wise decision in adopting a budget resolution that envisioned $2 billion of revenues to be raised in fiscal year 1977 from reduction in tax expenditures. These reductions are an important component of the overall decisions in the budget resolution on the extension of the general tax cuts and the appropriate level of total Federal expenditures. We believe that the resolution is well designed to reduce unemployment and promote the nation's economic recovery, and we hope that Congress will follow through on this essential fiscal policy.

To this end, we are pleased to endorse the package of tax reform proposals that we understand will soon be offered by a number of Senators to strengthen the minimum tax, limit tax shelters, reduce the benefits of DISC, repeal the deferral of taxes on foreign income of U.S. corporations operating overseas, and reduce the foreign tax credit for oil.

Gardner Ackley, University of Michigan.
Harvey Brazer, University of Michigan.
George F. Break, University of California, Berkeley.
Wilbur J. Cohen, University of Michigan.
Otto Eckstein, Harvard University.
Robert Eisner, Northwestern University.
R. A. Gordon, University of California, Berkeley.
Walter W. Heller, University of Minnesota.
Lawrence R. Klein, University of Pennsylvania.
Robert Lekachman, Lehman College, CUNY.
Richard A. Musgrave, Harvard University.
Arthur M. Okun, Brookings Institution.
Joseph A. Pechman, Brookings Institution.
George L. Perry, Brookings Institution.
Paul A. Samuelson, Massachusetts Institute of Technology.
Charles L. Schultze, Brooking Institution.
James Tobin, Yale University.

[From Compendium of Papers on Federal Tax Reform, Joseph A. Peckman and Stanley S. Surrey, Editors, June 7, 1976, pp. 2–12]

TAX REFORM AND THE ECONOMY

A major impediment to tax reform has always been the fallacious argument that the elimination of loopholes in the tax law would reduce employment, investment, or exports and would, therefore, hurt the economy. This year is no exception. Even though it is universally acknowledged that the tax structure is urgently in need of repair, beneficiaries of the tax preferences—who strongly resist revision at any time—are now arguing that the "feedback effect" of tax reform would retard economic recovery. Loophole closing is self-defeating—according to this argument—and must be resisted in the interest of protecting jobs for workers as well as profits for business.

THE JOBS ARGUMENT

The feedback argument cannot be used to justify every single loophole in the tax law. It is a wrong argument because it assumes that the federal government will not adopt the overall fiscal and monetary policies needed to keep the economic recovery moving. If taxes are raised and nothing else is done, unemployment will increase and investment will decline, but there is no reason to assume that nothing else will be done. Offsetting tax reductions or expenditure increases can maintain the growth of total demand in the economy and insure that closing of tax loopholes will not cost jobs.

For a reason not explained by opponents of tax reform, the additional tax receipts that would be obtained through tax reform are presumed to be sterilized and the government is expected to sit idly by as the fiscal noose is tightened. This was never a realistic possibility, and it is impossible under present congressional budget procedures.

This year, Congress has already adopted the first concurrent budget resolution which provides for levels of expenditures and tax receipts that are consistent with continued growth of the economy at satisfactory rates through fiscal year 1977. The revenue figure in this budget resolution envisages a $17.3 billion tax reduction in overall individual and corporate tax liabilities. The revenue figure also assumes through reduction in net tax expenditures that tax reform will raise tax collections by $2 billion. If this $2 billion of tax reform is rejected, the deficit will be higher by that amount and the fiscal stimulus to the economy will be increased. It may be that more fiscal stimulus would be desirable in the presently foreseeable circumstances. But opponents of tax reform have not been conspicuous in their support of a larger deficit, nor have they explained why the larger deficit should be generated by saving money for those who enjoy tax preferences. If jobs creation is the goal, individual income tax cuts across the board are superior to the continuation of the special business tax preferences involved in the above $2 billion figure, because the individual income tax cuts would be translated into additional spending with shorter time lags and less leakage into savings. Thus, equity and good economics would be better served by allocating the $2 billion to those who are already paying their fair share of taxes. Essentially this is what the budget resolution does.

Nor is there any reason why tax reform should be limited to the $2 billion envisaged in the budget resolution. The papers in this compendium suggest tax revisions that, in the aggregate, could raise tax receipts by some $6 billion in a full year. But clearly, rather than just raising taxes, the additional $4 billion would be available for increasing urgently needed expenditures, for tax reduction, or for a combination of both. In this way, the proposed deficit would remain the same and fiscal stimulus would also be unchanged. The economy would, in fact, be better off because the economic distortions created by the loopholes would have been removed.

EXPORTS AND BALANCE OF PAYMENTS

Somewhat the same fallacious arguments as "feedback effects" are used to justify the tax preferences that are intended to promote exports and improve the balance of trade and payments. Repeal of the $1.5 billion DISC provision, it is said, would force our exporters to raise their prices, weaken their competitive position, lower their sales, and force them to cut employment. Again this argument is valid only if the value of the dollar remained unchanged as a result of the reduction in exports.

The argument that tax subsidies help the balance of payments assumes that we are still living in a world of fixed exchange rates. In such a world, tax on other subsidies for exports—if tolerated by other countries—help to maintatin or raise the value of the dollar. With the exchange rate fixed and the dollar overvalued (as it was before 1971), it might have been worthwhile to spend $1.25 to get a dollar's worth of foreign exchange.

However, since 1971, there has been a great change in the international monetary system. The dollar was devalued in December, 1971, and again in February, 1973. Since March 1973, the dollar and most other strong currencies have been allowed to "float," i.e., exchange rates are set by the supply and demand for the various currencies and not by an arbitrary decision of each government. Imbalances in the U.S. external accounts are now adjusted by changes in the exchange rates of the dollar with other currencies, not by large currency flows under the previous system of fixed exchange rates. As a result, the U.S. no longer has a chronic balance of payments problem. In fact, the Commerce Department is not publishing the surplus or deficit figure for the balance of payments, because it has no economic meaning.

Thus, in today's world, there is no reason to spend more than a dollar to get a dollar's worth of foreign exchange. If a tax subsidy helps to lower export prices—a strong assumption to begin with—the increased receipts from abroad will strengthen the dollar and increase its price in terms of other currencies. This will make U.S. exports of goods and services more expensive, reduce the competitiveness of our exporters, and reduce the prices of our imports. The exchange rate of the dollar will decline to its old level, and the effect of the subsidy will be nullified.

It follows that export tax subsidies do not have a lasting effect on employment. It may be that industries that are the direct beneficiaries of the subsidies will wind up with larger output and more employment. But, since total exports will be the same after the exchange rates have adjusted themselves, exports in other industries will decline and this will force them to reduce output and employment. The net effect will be small, but the result will be that the U.S. will be producing less in its more productive industries and more in its less productive industries. The tax subsidy is thus converted into lower productivity and a lower standard of living for the nation as a whole, rather than increased exports and higher employment.

INVESTMENT

Tax shelters and other business tax concessions are defended as essential to promote investment. Each and every industry or activity that benefits from a tax preference tells Congress that the repeal of the preference will have dire consequences on employment and investment in industry or activity. Again, the argument would have some merit if the tax expenditures were to be repealed without any offsetting direct expenditure or tax changes. In practice, the funds would be used for other purposes—either through direct expenditures or tax reductions—and there is no reason why total employment or investment should be affected.

Thus, narrow tax incentives for investment do little to increase total investment. Instead, they direct scarce capital from efficient uses to less efficient uses. Furthermore, tax shelter deals in real estate, oil, cattle, etc. involve substantial costs paid to middlemen (i.e., brokers, financial operators and lawyers) who spend their time making shelter arrangements rather than in more productive activities. To the extent that tax revision will help allocate capital and managerial ability to more efficient uses, the nation gets the same benefit as if it were increasing its total investment. In this particular instance, however, it achieves the benefits of more investment without sacrificing any current consumption.

The problem of the so-called "capital shortage" has also been used to justify the present inefficient tax shelters and other investment incentives. The fear of a capital shortage when industry was operating at low levels of capital utilization has already been shown to be misplaced. The federal deficit, which was supposed to be crowding out private investment, has helped to increase employment and incomes. As the recovery proceeds, it will be necessary to reduce the deficit, so that there will be more room for private investment. But this is a problem for the future, not for the next year or two.

If our economic policies are successful, we will have to face the question of whether there will be enough investment to produce the goods and services needed to reach full employment. That problem would not be handled very efficiently either by keeping present tax loopholes or creating new ones. The appropriate policy is to move toward a surplus in the federal budget and pursue as easy a monetary policy as possible so as to hold down interest rates. Investment would be allocated in accordance with the dictates of the market, rather than in the much less efficient manner dictated by the present tax laws.

CONCLUSION

Every single tax preference cannot be defended as if it is crucial to the continuation of the current economic recovery and to the maintenance of a high rate of economic growth when full employment is reached. The fallacy in this argument is that it is only a partial analysis. It assumes that the increased taxes on the tax sheltered industries will not be offset by other fiscal changes. In fact, closing loopholes and reducing tax rates on the general taxpayer (or increasing federal expenditures) would offset any depressing effect of the tax revision, and also help to increase the efficiency of resource use for the country as a whole.

Contrary to the protests of all the special interest groups, tax reform will be good for the economy, for employment, for investment, and for foreign trade. It will also help to simplify the tax laws and greatly improve the morale of the average taxpayer who has been forced to pay his share of taxes, and more, while others have been able to live lavishly in the tax-sheltered world.

THE "JOBS, INVESTMENT, AND THE BALANCE OF PAYMENTS" DEFENSE AGAINST TAX REFORM PROPOSALS

JOBS

The current rage among defenders of tax preferences and against almost any tax reform proposal is "feedback" effects. The argument made under this defense is that elimination of any business-oriented tax preference will reduce employment and the Gross National Product. Tax reform is thus self-defeating, or so the argument goes. But:

If you increase taxes and do nothing else, unemployment will of course increase and investment will decline. There is no reason, however, to assume that nothing else is done.

Offsetting tax reductions or expenditure increases can maintain total demand in the economy and insure that the ending of tax preferences does not cost jobs.

If jobs creation is the goal, individual tax cuts across the board are superior to business tax cuts because the individual cuts are translated into additional spending with shorter time lags and less leakage into savings.

Business tax preferences, such as DISC, which inefficiently direct resources cannot be justified by their employment creating effects.

One should beware of proposals to feed the birds by first feeding the horses. Such proposals are usually titled towards the horses.

INVESTMENT

Business tax preferences, such as tax shelters, are defended on the ground that their elimination would reduce investment. But:

Narrow tax incentives for investment do little to increase total investment. Instead, they direct scarce capital into inefficient uses.

Tax shelter deals in real estate, oil, cattle, etc. involve the obvious leakage of "middlemen" costs (i.e., the costs of brokers, financial operators, lawyers).

To the extent that existing capital stock can be used more efficiently, we achieve much the same result from such more efficient use as we would from additional investment. It is not even necessary to give up current consumption to get this beneficial result.

The problem of getting an economy to full employment should be separated from the problem of what can be done to tilt the output mix of a fully employed economy towards investment instead of consumption.

The combination of tight fiscal policy (tax increases or government expenditure decreases) and loose monetary policy to hold down interest rates can be more effective at increasing investment than tax incentives directed at investment or savings.

EXPORTS, BALANCE OF TRADE, AND BALANCE OF PAYMENTS

Proponents of business tax preferences often assume that we are still living in a world of fixed exchange rates. Subsidies for exports are justified as necessary to defend the value of the dollar:

If exchange rates are fixed and the dollar overvalued, one may want to spend $1.25 to get a dollar's worth of foreign exchange.

In such a world, subsidies for exports or duties on imports can be justified on the ground that they are necessary to defend the dollar.

However, since 1971 the international monetary system has been overhauled. The dollar was devalued in December 1971 and again in February 1973. Since March 1973 flexibility in exchange rates has been relied upon to adjust any imbalance in our external accounts. The U.S. no longer has a chronic balance of payments problem. The Commerce Department in fact is no longer publishing the balance of payments statistic.

In today's world there is no reason to spend more than a dollar to get a dollar's worth of foreign exchange.

Subsidies for exports are inherently less beneficial to the American economy than general tax incentives because a major portion of the benefits of those subsidies must go to foreign consumers.

Subsidies which increase exports will induce an appreciation of the dollar relative to other currencies. This appreciation will increase imports and reduce the growth of exports. The impact on the balance of trade (exports less imports) is clearly less than the impact on exports alone.

Appreciation of the dollar induced by export subsidies will also affect the capital account. With flexibility in exchange rates, there is no reason to believe that export subsidies have any impact on the overall balance of payments (that is, on both the trade and capital accounts taken together).

CIVIL WAR IN LEBANON

Mr. ABOUREZK. Mr. President, I ask unanimous consent to print a statement in the Record by the National Association of Arab Americans which outlines that organization's position on the tragic civil war in Lebanon. The statement reflects a desire on the part of American Arabs to avoid the same divisions within that community which have created the conflict within Lebanon itself.

There being no objection, the Statement was ordered to be printed in the Record, as follows:

STATEMENT ON LEBANON

The Executive Committee of the National Association of Arab Americans meeting in Washington, D.C., on June 9, 1976 issued a unanimous statement urging an immediate cease-fire in Lebanon, and expressing the hope that the formation of a united Arab force with Syria and the Palestine Liberation Organization included, would bring it about and would safeguard the peace.

N.A.A.A., a national organization of American citizens of Arabic speaking extraction, is committed to American interests and the cause of justice and peace, and believes that these vital interests are best served by the implementation of an "evenhanded" policy toward all the countries and peoples of the Middle East.

On the issues of Lebanon, N.A.A.A. has always stood for the independence, unity, and integrity of a soverign Lebanon, has consistently opposed any partition of Lebanon, and has repeatedly called for the ending of hostilities and the re-establishment of peace and co-existence based on the principles of democracy and brotherhood; positions which co-incide with those taken by the U.S. Government. N.A.A.A. also has vigorously sought to maintain Arab American unity on the issue of Lebanon and has urgently appealed to the American government and the American people for humanitarian aid to the people of Lebanon.

N.A.A.A. views the tragedy of Lebanon as related in large part to the failure of the U.S. Government since 1973 to help bring about a speedy, just and comprehensive solution to the chronic Arab/Israeli conflict, and calls upon the U.S. Government to move swiftly to resolve the fundamental conflict on the basis of United Nations Resolutions to which the U.S. is committed.

ANNIVERSARY OF THE GREAT TRAGEDY OF THE BALTIC STATES

Mr. HUGH SCOTT. Mr. President, June 14 and 15 of this year commemorate the 35th anniversary of a time of great tragedy and despair recalled by my many Baltic-American constituents. During those 2 days, many thousands of persons from Lithuania, Latvia and Estonia were arrested and deported to Siberia.

Nearly 123,000 persons of all ages were forcibly taken from their homes and herded into crowded cattle cars for the long journey to Siberia. Many did not survive that journey of horror; unknown numbers of the weak, the elderly, the ill and children perished from lack of food and water. Of those who did survive, many more died as slave laborers or succumbed to cold, starvation or disease.

This year, 1 million Americans of Baltic descent are joining in the sad commemoration of those inhumanities of 1941. As a cosponsor of the Baltic

States resolution, Senate Joint Resolution 319, I join them in their hope for peace and freedom for their people and assure them that America, the land of the free, will never forget the yearning for freedom among those many peoples of the world who do not have that most precious of gifts.

RETIRING EDUCATOR J. O. WILLIS HONORED

Mr. THURMOND. Mr. President, the field of education can be one of the most rewarding in life because of the opportunity it provides to invest time and talent in succeeding generations. In my hometown of Aiken, S.C., a man who has proved this theory time and again for four decades has retired with the affection and esteem of everyone whose life he has touched.

This man, J. O. Willis, came to Aiken High Echool as principal 29 years ago and served with distinction in that capacity until this month. Even before beginning his outstanding tenure at Aiken, Mr. Willis had already established an enviable record for 11 years as principal of Bishopville High School in Bishopville, S.C., and as a teacher at Pinewood High School near Sumter, S.C.

Mr. President, the thousands of young people who have benefited by his guidance can attest to the wisdom of his academic and administrative directions. Throughout the Aiken area today and, indeed, across the land are people whose early lives were enriched by the generous influences of this dedicated man. As a result, the subsequent contributions to society made by all of these former students serve to improve the quality of life for everyone.

Mr. Willis has never lost the essential trait of communication with the younger generations. As a school administrator and executive this has been invaluable. While steering his school and its students through the years of their secondary education, he has demonstrated consistently the value of his counsel and the confidence of his friendship.

Students who have trod the halls of Aiken High, as well as those of the other communities where he served, know him as a man of both vision and accomplishment. Furthermore, his respect and high regard for the students in his charge have been reciprocated in full measure. Perhaps, the best example of this mutual esteem between principal and pupil was demonstrated recently when a large group of current Aiken High students gave a farewell party for their departing leader. The expression of genuine fondness at that occasion left no doubt of the good feeling between J. O. Willis and the students whom he has led and served so well.

Although his rapport with the students was unquestioned, Mr. Willis also maintained a complete contact and support from the entire community. In addition to the education of the young, his interests run deep in the activities of those around him. As a devoted member of St. John's United Methodist Church in Aiken, he has combined his faith with his educational talents by teaching a Sunday School class. Additionally, he applied his administrative abilities to his church by serving on the Official Board at St. John's.

Mr. Willis served as principal at Aiken High during a period of thorough transition. When he came to that post, Aiken was a quiet community, much as it had been for many years. Shortly afterward, the nearby development of the Savannah River Plant of the Atomic Energy Commission brought a substantial population growth and an infusion of economic growth. Later, he guided the school through the changing conditions of racial integration and the resulting reassignment of pupils. His handling of all these changes was accomplished with skill while maintaining the steady progress of this fine school. Today, in recognition of the invaluable services he rendered, a wing of Aiken High School bears the name of this man who guided the school for nearly 30 years.

Needless to say, Mr. President, the graduates of Aiken High have reaped the greatest rewards of Mr. Willis' years of service. Yet as ripples from a pebble skim the surface of a pond, the good works of a good man go far beyond his reach. So it has been with J. O. Willis and his life's work.

Mr. President, at the time of Mr. Willis' retirement a number of articles and editorials about his life and career appeared in newspapers of the area. I ask unanimous consent that five such representative accounts be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From the Augusta (Ga.) Chronicle, May 18, 1976]

Youth Group Honors Aiken County Educator

(By Kay Lawrence)

Aiken.—J. O. Willis, long time principal of Aiken High School, learned of the warm regard his students feel for him in a surprise ceremony here Monday night.

Lured to a gathering at Ramada Inn—announced as a meeting to honor teachers—he was confronted by about 150 students along with faculty members who had worked with him through the years.

The young program chairman, Donnie Simmons, presented him with a bronze plaque in appreciation for his constant interest and concern for those under his supervision.

Aiken Junior Miss, Susan New, came forth with a beautifully decorated cake. Simmons warned the principal, "She baked it herself—but I wouldn't worry."

Student Body president, Kathy Wooley, described Aiken High as "one of the luckiest schools in the state—to have a principal sensitive to the needs of students.

Also participating in the program were District Superintendent Ted Willis and Area Superintendent P. E. Beasley. Willis, who laughingly assured the audience he was not related to the principal, said he was a man "who is constantly seeking ways to better prepare young people for the future."

Topping off the program, young Simmons led a chorus of about 25 high school girls in popular and patriotic songs "We've been practicing daily with Mr. Willis' permission," he told the audience. "He thought it was a performance for the nursing home."

The tribute was totally unexpected by Willis. He had been asked by students to participate in "Educator Appreciation Night," knowing only that a number of teachers in the county had been involved.

Plans were formulated by the Key Club, a youth organization affiliated with Kiwanis. Generously the young men invited "all the students who wanted to come" and extended the invitation to teachers who had worked with the principal.

The group, which has confidently tackled other large-scale projects, picked up the tab for dessert and coffee for all the guests.

Willis, a native of McCormick, S.C., began his career as a teacher and coach in Sumter County, and came to Aiken High as principal in 1947. Over 27 years he has seen enrollment grow from about 300 to the present 2,751 who attend classes on two campuses.

During the years the kindly, soft-spoken man has weathered the influx of the Savannah River Plant, with thousands of new families taxing the educational facilities and the total integration of schools with its many adjustments.

He is a past head of the Aiken County Education Association of the High School League, and currently is on the State Executive Commission of Secondary Schools. He has also served on the High School Standards Committee.

About four years ago he was named as "Outstanding Educator" by Leaders of American Secondary Education, and is listed in "Who's Who in American Education."

[From the Aiken (S.C.) Standard, May 19, 1976]

Friends, Former Students Honor Retiring Principal

A retirement dinner at the Owens-Corning Clubhouse last night honored J. O. Willis, retiring principal of Aiken High School.

The dinner was sponsored by the faculty and was attended by more than 200 former student council presidents, former senior class presidents, fellow educators and persons from the community.

B. Henderson Johnson, Jr., Chairman of the Aiken Advisory Council, announced that the new vocational wing at Aiken High will be named the J. O. Willis Vocational Wing, an action presented by the council and approved by the County Board of Education.

Margaret Cato, an AHS teacher, presented contributions to be used to honor Mr. Willis. The contributions were made by former student council or senior class presidents who were unable to attend the dinner and will be used to start a J. O. Willis Scholarship Fund.

Willis is a native of McCormick and attended public schools there. He received his bachelor's and master's degrees from the University of South Carolina and did further graduate work at Duke University.

For the past 40 years, Willis has worked in education. The past 29 years have been spent as principal of Aiken High, but he has been principal of Bishopville High School and a teacher at Pinewood High School in Sumter.

He has served as officer of many local and state education societies and in 1969 was listed in "Who's Who". In 1971, he was selected to appear in the edition of "Leaders of American Secondary Education" and has been listed in "Who's Who in American Education."

Besides his work in education, Willis has been active in many other organizations. He is a charter member of the Bishopville Kiwanis Club. Willis is also a member and Sunday School teacher of St. John's United Methodist Church and is a member of the church's Official Board.

Willis is married to the former Jennie Lee Stack of Sumter. They have a son, James O. Willis Jr., of Boston, Mass., a daughter, Mrs. Fred Williams of North Augusta and two grandsons.

[From the Augusta (Ga.) Chronicle, May 19, 1976]

Willis Is Honored by Aiken Faculty

(By Becky Henshaw)

Aiken.—The Aiken High School Faculty honored retiring principal J. O. Willis Tuesday night with a dinner laced with both sentiment and humor that included salutes from fellow educators, former students and citizens of the community.

More than 200 persons gathered at Owens-Corning Clubhouse for the event which marked the completion of 40 years of service in education—and 29 of those years as principal of Aiken High School.

Three of the four superintendents Willis has worked under were on hand for the occasion. They are A. J. Turland, P. E. Beasley and Dr. Beecher Morton. L. K. Hagood sent regrets that he was unable to attend.

Also present were a number of former student council presidents including James Kitchings, Aiken High's first student council president, and Robert M. Cook, the 1948 student officer who told an anecdote about Willis's connection with the birth of the school's Hornet symbol and the first school annual.

Frank Galardi, saluting Willis in behalf of the community told the retiring educator, "you have made an indelible mark on hundreds of young people—this is your real reward."

Galardi, a past president of American Legion Post 25 presented Willis with state and local Legion citations, certificates and a medal in recognition of "outstanding citizenship and service."

Later, in an acceptance speech Willis launched into a humorous account of "the agony and ecstasy of retirement" and then, becoming serious, said:

"I've had the opportunity to work with the finest people you can find anywhere. Anyone who is not a teacher has missed something because to share in the lives of young people is the most rewarding thing that can come to anyone."

Ted B. Willis, director superintendent, saluted Willis on behalf of fellow educators with many comments he had gathered from teachers, administrators, students and other school personnel citing him for "fairness to students and teachers" and for carrying out his duties in a manner "truly professional."

B. Henderson Johnson Jr., chairman of the Aiken Area Advisory Council, announced that the new vocational wing would be named the J. C. Willis Vocational Wing in honor of the retiring educator.

A J. O. Willis Scholarship fund was announced by Margaret Cato, teacher at Aiken High School. Miss Cato said former student council presidents and senior class presidents, now located too far away to attend the dinner had sent contributions which will be used to start the fund.

Miss Cato said contributions to the new scholarship fund may be sent to Aiken High School.

Willis began his teaching career as principal of Pinewood High School in Sumter, S.C. Prior to coming to Aiken in 1947, he had served as principal of Bishopville High School for five years.

A native of McCormick, S.C., he received his AB and MA degrees from the University of South Carolina. While attending USC, he was awarded the Snowden Scholarship Award and was on the Dean's Honor List. He did further graduate work at Duke University.

Willis guided Aiken High School through the transitional years of integration when the school campus was divided and paired with Schofield Campus. For many years Aiken High held a position of state-wide superiority in academic achievement, averaging from eight to 12 National Merit Finalists each year.

Willis and his wife, Jennie Lee, have a son who resides in Boston, Mass., and a daughter who lives in North Augsuta. They have two grandsons.

Special entertainment for the program was provided by Jane Duckett, a former Aiken High student and now a teacher, who sang "Thanks for the Memories." Nan Jones played a medley of piano selections.

[From the Augusta (Ga.) Herald, May 19, 1976]

Educators Salute Retiring Principal

(By Becky Henshaw)

Aiken—The new vocational wing at Aiken High School will be named for J. O. Willis, retiring principal, it was announced at a retirement dinner in his honor Tuesday night.

Willis who has been principal at Aiken High for 29 of his 40 years spent in the service of education, was saluted by more than 200 fellow educators, former students and community citizens at the event arranged by the Aiken High School faculty.

Margaret Cato, a teacher at Aiken High School announced a J. O. Willis scholarship fund had been started with contributions sent by former student school officers who were not able to attend.

B. Henderson Johnson, chairman of the Aiken Area Advisory Council, said the naming of the vocational wing would be a "living tribute" to Willis who had helped "make Aiken High one of the best secondary schools in the southeast."

Frank Galardi a past president of American Legion Post 26, presented the retiring educator with state and local legion citations certificates and a citizenship medal. He cited Willis for "molding a lot of young people."

The sentimental sendoff by the faculty was punctuated with moments of high humor and Willis delighted those in attendance with anecdotes about "the agony and ecstacy of retirement," including his overhearing one teacher say as she passed him in the hall before the dinner—"My, he certainly looks natural, doesn't he?"

Concerning his long career, Willis said: "I've had the opportunity to work with the finest people you can find anywhere. Anyone who is not a teacher has missed something, because to share in the lives of young people is the most rewarding thing that can come to anyone."

Faculty member Bertha Williams announced that the faculty was presenting Willis and Mrs. Willis with a wrought iron patio set and Ben Talbert, president of the student council said a greenhouse complete with heater would be delivered as a gift from the student body.

Three of the four superintendents Willis has worked under attended the dinner. They were A. J. Rutland, P. E. Beasley and Dr. Beecher Morton. L. K. Hagood sent regrets that he was unable to attend.

Also present were a number of former student council presidents and former students.

[From the Aiken (S.C.) Standard, April 26, 1976]

A Witness to Drastic Changes

Several student generations in Aiken have come to know the influences on their lives from acquaintance with J. O. Willis, who soon will retire after 40 years as a teacher and school administrator.

Nearly three decades of his life have been devoted to various school assignments in Aiken. After receiving his college degree in 1936, he began his career in education in Sumter County. Next he went to Bishopville High School. He came to Aiken on July 1, 1947, just in time to experience the relative tranquility of small town life before change hit Aiken like an explosion—an explosion of population, and an explosion of new procedures in just about every phase of life. Hardly had the community and the schools adjusted, than new and even more drastic changes, brought about by integration, were to begin.

Mr. Willis has experienced, has been part of, one of the most tumultuous eras of Aiken's history.

Following retirement, he plans to continue living here. We join his numerous friends in wishing him a happy and rewarding life.

BASIN CHIEF LAUDS DAM BILL

Mr. MONDALE. Mr. President, this morning's St. Paul Pioneer Press contained an article by Virginia Rybin concerning my proposal for replacement of outmoded facilities at lock and dam 26. Entitle "Basin Chief Lauds Mondale Dam Bill," the article discusses the reaction of the chairman of the Upper Mississippi River Basin Commission to congressional proposals concerning management of the river system.

The Commission includes representatives of the States as well as all of the Federal agencies that have direct jurisdictional responsibilities affecting the Mississippi River. It helps to coordinate governmental polices and planning for the river basin area.

The importance of the decision concerning lock and dam 26 to the Upper Mississippi River Basin cannot be overestimated. Since the Senate Public Works Committee will soon be holding public hearings on this question I believe it would be useful for my colleagues to review the remarks of the Commissioner.

Mr. President, I ask unanimous consent that the full text of the article from the St. Paul Pioneer Press be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Basin Chief Lauds Mondale Dam Bill

(By Virginia Rybin)

The chairman of the Upper Mississippi River Basin Commission has praised Sen. Walter Mondale's bill authorizing construction of a new lock and dam on the Mississippi River at Alton, Ill.

George Griebe, now declined to make a direct endorsement of the proposal by the Minnesota Democrat over the bill backed by Sen. Gaylord Nelson, D-Wis. The Nelson bill is more palatable to environmentalists.

Griebenow, whose federal agency conducted hearings on the proposal to replace Lock and Dam 26 at Alton, commented on the two bills during a press conference at Fort Snelling.

He said the Mondale bill has merit and is specific. Elaborating on his remarks following the press conference, he said it recognizes the permanent need for a navigation channel along the river and allows for funding of environmentally advantageous programs.

The U.S. Army Corps of Engineers and the states along the river, agree that something has to be done to replace the antiquated locks at Alton, Griebenow added. The present 38-year-old locks often result in long waits by barge traffic.

The corps proposal to replace the locks has resulted in lawsuits by environmentalists and railroads. While the railroads oppose the aid to their competition in the river traffic industry, the environmentalists view the plan as a step toward a channel deeper than the current nine feet, and increased commercial traffic on the river to the detriment of recreational uses and wildlife habitat.

The Nelson bill would rehabilitate the present locks, rather than build a new one as Mondale proposes. It calls for extensive environmental monitoring before construction.

Griebenow said the Mondale bill deals in specifics with environmental questions while work is being done, and the Nelson bill calls for further studies.

He said both bills prohibit deepening of the channel to 12 feet as feared by environmentalists. Opponents say the Mondale bill is what the Corps and the barge interests want, and they fear it will be the first step toward increased river traffic.

A major purpose of the press conference was to annouce the availability of a book containing the proceedings of the commission's hearing at La Crosse, Wis., and St. Paul on the Alton replacement proposal. Copies of the bulletin can be obtained from the commission at Fort Snelling.

A NEW APPROACH TO TAX REFORM

Mr. BROOKE. Mr. President, over the last few years there has been a good deal of talk about "tax reform" and it seems that every year legislation which is characterized as "reform" legislation is proposed either by the administration or Members of Congress.

Of course, any talk about tax reform presumes an underlying conception of the proper distribution of the burden of paying for the cost of Government. Dr. Martin S. Feldstein of Harvard University has written a thoughtful article which provides an interesting theoretical framework on which to build a tax reform program, and I think that his ideas deserve consideration. I ask unanimous consent that Dr. Feldstein's article be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BROOKE. Mr. President, what Dr. Feldstein proposes is a rethinking of the purpose and method of taxation. Obviously, any decision to embark on the course suggested by Feldstein would require considerable discussion and education of the public. However, as the Senate proceeds to the consideration of another tax bill, with the attendant deadline pressures which usually accompany such legislation, it might be worthwhile to pause to reconsider the underlying economic theory of our tax system. I commend Dr. Feldstein's article to my colleagues for their consideration.

EXHIBIT 1

A NEW ROUTE TO REFORM: TAXING CONSUMPTION

(By Martin S. Feldstein)

Despite the continual effort of tax reformers for more than two decades, our income tax law still permits some of those who enjoy the most affluent consumption to pay little or no tax. Through capital gains, tax exempt municipal bond interest and "paper" losses on tax shelter activities, the rich are able to reduce their taxable income and increase their personal consumption. And the inequities of our current tax system will continue until the goal of tax reform is redefined.

A growing number of economists now favor substituting a progressive tax on personal consumption for the current income tax. Although such a change would have little effect on taxes paid by most families, it would force all of those who enjoy a high standard of consumption to pay their fair share of taxes. It would also eliminate many anomalies in the current tax law while encouraging certain forms of saving. Moreover, administering a progressive consumption tax such as the one described below would be easier than operating our current income tax. While the switch to tax consumption would not be without problems, it is time to refocus the energies of tax reform on this new goal.

When the basic structure of our current income tax law was designed more than 60 years ago, it was intended to raise a very limited amount of revenue. The maximum rate of tax was seven percent and was applicable only to very high incomes. With such low rates there was little incentive to rearrange income in order to reduce taxes and little scope for serious inequities. Even during the decade before World War II only about four percent of families paid any income tax at all and the median tax rate for these high income families was less than five percent! Today nearly 500,000 taxpayers pay marginal tax rates of 50 percent or more. These high rates are incentive enough for people to manipulate economic activities in order to substitute untaxed income for taxed income and thus give rise to inequities.

The basic problems with the current tax system arise in the taxation of capital income and in the treatment of capital gains is the most important way in which tax law reduces the obligation of the wealthy. When stocks or other assets are sold, the gain is taxed at half of the usual tax rate or less. Anyone who finances his consumption primarily by selling assets, as many of the rich do, will pay much lower taxes than someone who finances that same standard of living out of ordinary income. The low rate of tax on capital gains is only part of the favorable treatment of capital gains. Because no tax is due on an appreciating stock or other asset until it is sold, the wealthy pay no tax on this form of saving. In contrast, those whose income consists only of wages or salary save out of after-tax dollars (except for limited employer pension contributions) and pay tax on each year's interest. The deferral of the tax on capital gains until the asset is sold substantially raises the net rate of return that asset holders can earn. It has been estimated that deferral reduces the effective tax rate on capital gains to less than 10 percent.

The tax wise investor can do even better by borrowing to finance his consumption while holding appreciating assets with which ultimately to repay the debt. The interest that he pays is a tax deduction that immediately reduces the tax that he must pay on his other income. In contrast, the taxes on his capital gains are due only when the assets are sold. Moreover, no tax is due on any gain if the individual dies before selling the asset. If his estate sells the asset and pays his debt, the individual and his estate completely escape all tax on the consumption that he enjoyed.

An example will show how the powerful subsidy of leveraged investment works in practice. Consider a man with a $50,000 salary, common stock worth $500,000 and a bank loan of $200,000 secured by the stock. The stock will produce dividends of about $20,000, approximately equal to the interest on the loan; as a result, there is no tax on the dividends. Although the change in share prices varies from year to year, the average experience of the past 25 years suggests a gain of 5 percent or $25,000 on his $500,000 of stock. No tax is due on this gain unless the shares are sold. By borrowing an additional $25,000 from the bank, the individual can consume his gains without any increase in tax.

Real estate investments are another important device for financing consumption without paying tax. In a typical real estate investment, the accounting depreciation allows the investor to receive his net rental income untaxed and to offset some of the tax liability on his other income. This accounting depreciation is allowed as a tax deduction even if the property is actually increasing in value. When and if the property is sold, the capital gain is taxed at a favorable low rate. And the investor can avoid even this tax by refinancing his mortgage instead of selling his property.

This combination of borrowing, artificial accounting losses and untaxed capital appreciation is the common feature of tax shelters in such diverse activities as oil drilling, cattle feeding and low-income housing. In every case, the investor seeks to reduce his total tax bill and increase his own consumption.

Why have obviously unfair features of our tax system been allowed to persist? Certainly not because tax reformers have failed to make Congress aware of them. Inequities survive in part because it is difficult, if not impossible, to eliminate them within the framework of our current income tax without at the same time creating new and equally serious problems. For example the low rate of tax on capital gains is retained because it provides an incentive to socially productive portfolio investment, because it is at least a crude adjustment for inflation, and because the proceeds of such sales are generally reinvested. The deferred taxation on capital gains until assets are sold is required by the practical difficulty of revaluing all capital assets each year. The abuses that result from borrowing are difficult to stop in our tax system because borrowing does not give rise to income even when it finances consumption. Although piecemeal solutions for some of the current problems could be developed within the existing tax system, doing so would only complicate tax laws even further and might introduce new sources of inequity.

The proper remedy lies in a more general reform of the tax system to base tax liabilities directly on consumption so that the intractable problems of measuring income are effectively avoided. Under a consumption tax there would also be no rationale for special tax rates for capital gains, for the exemption of consumption financed by municipal bond interest, or for any of the myriad of other provisions that currently favor wealthy taxpayers.

The idea that everyone's tax should depend on how much he consumes, regardless of how that consumption is financed, appeals strongly to our sense of fairness. Although this principle has not been fully incorporated into our tax law, it is honored in part by the special treatment of pensions: current income that is contributed to a pension plan by an employer is specifically excluded from taxable income. By exempting pension saving, and what is saved when the value of assets increases, our tax law goes part way toward the goal of taxing only consumption. But the system exempts only part of the savings from wage and salary income and fails to tax the consumption financed by borrowing and capital appreciation.

A progressive consumption tax would be surprisingly easy to implement. To calculate "taxable consumption," the taxpayer would add all of his receipts and subtract his additions to saving and investment. In addition, his business expenses and certain personal deductions that are not regarded as ordinary consumption (like the current deductions for casualty losses and medical expenses) would be subtracted. For households that currently use the standard deduction and the simplified "short form," no change would be required. Wealthy households would however be forced to pay tax on the receipts from borrowing and from the sale of assets if they are used to finance consumption. Only when such funds are reinvested would they be subtracted in calculating taxable consumption. Moreover, the accounting losses like accelerated depreciation and depletion that currently reduce taxable income but not the cash flow available for consumption would not be deductible.

The switch to such a cash-flow consumption tax would thus eliminate the fundamental inequity in our current tax system. By basing taxes on consumption, everyone who enjoys a high standard of living would pay a correspondingly high tax. Any two taxpayers with the same spending on personal consumption would pay the same tax, regardless of the way in which that income was financed.

Economists have long favored the consumption tax for another reason as well. Our current income tax lowers the rate of return on savings and thus distorts everyone's choice between consuming today and saving for a higher level of consumption in the future. Because the income tax takes away some of the potential reward for saving, everyone is made worse off. The consumption tax would eliminate this wasteful distortion.

A switch to a consumption tax is likely to increase the nation's rate of saving. With more saving available, our rate of investment would rise and our capital stock would grow larger. This increase in the amount of capital per worker would increase productivity and therefore raise real wage rates. Workers as a whole would therefore gain indirectly as well as directly from this tax reform.

Inflation increases the attractiveness of the consumption tax. Inflation is the source of a great many problems and inequities in our current income tax because inflation makes it difficult to measure the real income earned on savings and investments. Consider for example what happens to the interest on savings deposits. Interest rates have risen substantially in the past decade as a result of the accelerating rate of inflation. The higher interest rate compensates depositors for the loss in purchasing power of the money they have on deposit. However, the compensation is not complete because part of this inflation premium is taxed away. Even the lucky saver who has been able to earn an interest rate equal to the seven percent average inflation during the past five years will have seen the real value of his savings decline because he has paid a tax even though he has had no real income. The effect of inflation on the taxation of capital gains and business profits is even more complex. The relation between taxes and real income (*i.e.*, income after adjusting for the effects of inflation on money assets and liabilities) differs greatly from what Congress intended when it wrote the tax law. Individuals with the same real income can pay vastly different income taxes in an inflationary economy. None of the ambiguity of evaluating income carries over to measuring consumption. The consumption tax thus eleminates the problems and inequities that inflation brings to our current income tax.

A consumption tax would also be a more effective instrument of macro-economic policy than our current income tax. A temporary cut in the consumption tax would stimulate demand in two ways. A fall in tax collections increases disposable income and thus increases consumption. (This is the mechanism by which our current income tax cuts are intended to operate.) In addition, a temporary cut in the rate of consumption tax would lower the net cost of current purchases relative to future purchases. This would tend to speed up the purchase of consumer durables, thus helping the consumption goods industries that are usually hardest hit in a recession and that income tax cuts are least effective in helping.

The consumption tax has been rapidly gaining supporters among economists and tax experts. But there are still some who fear a consumption tax would be insufficiently progressive or would fail to provide an adequate check on the accumulation and enjoyment of wealth. I think these fears are not jutified. Consider first the concern that the consumption tax will not be adequately progressive. This view reflects in part a confusion between a progressive consumption tax collected from individuals and a proportional excise tax on consumer goods. Historically, the only consumption taxes in the United States have been proportional excise taxes; the value added tax now used as a major source of revenue by most European countries is also an excise tax. But the individual consumption tax can be every bit as progressive as the current income tax and even more progressive.

Changing the tax base from the current taxable income to cash flow net of savings without changing tax rates would affect individual tax liabilities in two countervailing ways. By closing many of the current loopholes, the switch to a consumption tax would increase tax liabilities. The deduction for saving would however lower taxes. Both effects would be relatively larger at high incomes than at low incomes. The current progressivity could probably be maintained with relatively small changes in the current tax rates at each income level.

The consumption tax can do more than match the average rate of progressivity of the current income tax. As I emphasized above, our current tax law allows some of those with the highest standard of living to pay little or no tax. In contrast, a progressive consumption tax would eliminate these opportunities and force those with high levels of personal consumption to pay a correspondingly high personal tax.

The consumption tax would also be an implicit tax on current wealth. Nicholas Kaldor, a distinguished British economist and a leading economic adviser of the Labour party, has urged Britain to adopt a consumption tax as an effective way of taxing those who support a high lifestyle on the basis of inherited wealth. Wealthy taxpayers in America who finance extravagant spending by capital gains on accumulated wealth, by investing in tax exempt municipal bonds, by borrowing against their wealth, or by investments that yield tax-sheltered income would find that these tax privileges now conferred by wealth would be eliminated by a consumption tax.

Some critics of the consumption tax dislike the deduction of savings because it allows individuals to accumulate wealth more easily. But why is this a problem? The accumulated wealth will be taxed whenever it is used to finance personal consumption. Moreover, if it is given or bequeathed to others, it will also be subject to the gift and estate taxes and then, when it is spent, to a further tax consumption. I find it difficult to understand why the critics are worried more about the accumulation of new wealth within individual lifetimes under a consumption tax than about the untaxed consumption supported by inherited wealth under the current income tax.

The concern about the accumulation of substantial wealth reflects the fact that money confers power in our society. This concern with the accumulation of power is no doubt the primary reason why many supporters of the consumption tax also favor introducing a progressive tax on wealth above a very high exclusion like $500,000 or one million dollars. The current income tax attempts to tax wealth indirectly by taxing the income from wealth, but it is clearly a very poor substitute for a tax aimed at the power conveyed by wealth: the tax rate on capital income depends on the amount of wage and salary income, there is no exclusion to focus the tax on the power conveyed by large fortunes, and there are ample opportunities to avoid the tax. Indeed, many of the devices for reducing income tax liabilities are available only to those with sufficient wealth! By contrast, the consumption tax effectively reduces the real value of wealth by requiring that a tax be paid whenever the wealth is spent. If a more direct limit on the accumulation and transmission of large fortunes is desired, the solution lies not in the income tax but in the reform of the estate and gift taxes and in the introduction of a tax on wealth.

The switch to a consumption tax would not eliminate all of the problems of our current law. An ambiguous line between personal consumption and business expense—entertainment, travel, the company car, etc.—will be the same source of abuse under the consumption tax as it is under the income tax. A subsidy to homeowners is also likely to continue under a consumption tax. The process of transition from the income tax to the consumption tax would involve additional difficulties. But it would be worth grappling with them to achieve the advantages of a consumption tax. The redirection of tax reform will require widespread public and political debate and careful legal analysis. The universal discontent with our current tax law should provide the necessary impetus. An election year is a good time to begin.

SECRETARY RUMSFELD ADDRESSES THE SOUTH CAROLINA TEXTILE MANUFACTURERS ASSOCIATION

Mr. THURMOND. Mr. President, on May 22, 1976, the Honorable Donald H. Rumsfeld, Secretary of Defense, addressed the South Carolina Textile Manufacturers Association at Sea Island, Ga. Normally, one would expect a meeting of textile executives to have as their principal speaker one who is an expert in the fields of economics, marketing, environment, or some textile related matter. However, the membership of this fine association is interested not only in the progress of their business but also in the safety and security of this Nation. I commend these men and women for their interest on such a vital and timely subject.

Mr. President, the address by Secretary Rumsfeld was excellent. He made observations which were as relevant today as they were 200 years ago when our forefathers fought for independence and liberty. He spoke of freedom as a rare and precious treasure which once obtained, should be vigilantly guarded. He also spoke of the challenges that free people and free systems are experiencing everywhere in the world. The fact that this Nation is enjoying a period of peace and stability is no reason to relax this necessary vigilance and awareness.

Mr. President, I believe my colleagues will benefit from the informative and thought-provoking remarks by Secretary Rumsfeld; therefore, I ask unanimous consent that his address before the South Carolina Textile Manufacturers Association be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address by Honorable Donald H. Rumsfeld

Mr. Wellman, Governor McNair, Ladies and Gentlemen, it's a pleasure to be here. I brought my swimming suit—it appears I'll not be able to use it, but it's still a pleasure.

Lew Beasley came down from Senator Strom Thurmond's office and is here and I certainly want to thank him for coming. Senator Thurmond, of course, is an individual who has contributed a tremendous amount to the Senate Armed Services Committee and to the Defense Establishment in terms of energy and brainpower and contribution and dedication.

I got a call yesterday from a friend of yours, Fred Dent. He said, "Don, I understand you're going to go down to Sea Island and visit with some of my friends." I said, "I have a feeling that you might want to visit with me a little bit about textiles." So I listened and he talked and I listened and he talked and then he sent me a lengthy brief on textiles and I finally said to Fred, "you know, I don't think they invited me down to talk about textiles. I think if they wanted a talk about that they would have invited somebody else." So it's my intention to visit with you a little bit about the world and about the Defense Establishment and at the conclusion of my remarks I'd be delighted to respond to questions if that's your wish.

Getting myself all prepared on textiles with a whole set of words and phrases in my mind and not much beyond that reminds me of that wonderful story about a Senator. One of the people who kind of helped me when I was getting started in politics was Everett Dirksen and he used to enjoy telling the story. It was about a Senator from the Southwest who actually was a candidate first and he really wasn't much of a person—down deep inside there wasn't much there but he had a fantastic speech writer and the speechwriter would write these wonderful words and the Senator would get up and give his speeches and somehow or another he got elected to the United States Senate. He was there about a year and the speechwriter went in and said, "look, you're doing very well and I'm still getting paid exactly what I was getting paid when you were nothing and it strikes me that I deserve a raise." The Senator looked down at him and he said, "young man, you're so fortunate to be working for such a distinguished American that we'll leave your salary exactly where it is." The Senator raced past his secretary's desk, grabbed his briefcase, got on a plane like I did this morning, came rushing down—walked up, people stood, applauded; he took out his remarks and he said, "Ladies and Gentlemen, today I'm going to tell you how the United States of America can build more highways; clean up the air and water; increase unemployment compensation and assistance for the poor; maintain a strong national defense and cut taxes at the same time." He turned the page and there was a small handwritten note that said, "Okay you jackass, you're on your own."

I kind of felt that way when I had those four or five paragraphs from Fred Dent on textiles and then I could see someone asking me, now what's that mean, exactly how are we going to do that.

It's difficult to talk about our national security without first taking a look at our world. It strikes me that we do that too seldom, really. I don't know that what I will say about the world will startle anyone but I think it's worth reminding ourselves as a setting to a discussion of our national defense and our circumstance in the world. So first, just a few observations.

One is that our system is unique; our political, economic and social systems are unique. That's important. It's important to realize it and appreciate it. Together they comprise a rare treasure to be cherished. That's important to think about during our Bicentennial Year; it's important to know all the time. That is to say, that freedom is very precious. That freedom is in fact the genius of our success as a people. That freedom is not universal nor is its preservation automatic. In fact, free people and free systems are under challenge everywhere in the world, from within and externally. Country after country we read about in the paper of free people with difficulties. If one thinks back over the last two decades, the number of people and the number of nations with free systems are fewer today. The difficulties within, it strikes me—do digress just for a moment—is that we forgot from time to time that that free system is the single most effective way of ordering things that man has ever devised. It can be untidy, it can be imperfect, but it's more perfect and at the heart of that is the individual and incentives.

A second observation is the truth that our world today is one where nations are increasingly interdependent. The idea that the United States of America bounded by two oceans, with some 41 of our 43 Allies overseas, one of our States, our possessions, our trading partners; the idea that we could go about our business here as before World War II, is flawed. Communications, transportation, technology generally, have moved too far and it's still advancing at an accelerating rate. What happens elsewhere in the world is too far important to the people here, in Cleveland, Chicago, San Diego, Oklahoma City. It's too important to our security and our economic well-being to think that we can ignore it or to think that we could even stay aloof for periods and then come rushing in to help the world sort out its problems at the last minute.

A third observation is the truth that the problems we face in the world simply are not problems that lend themselves to instantaneous solutions. Further, that the United States is not as it was immediately after World War II the only power—politically, economically, militarily—in the world. At that point where so many nations were devastated from the war it is true that we were. But it's also true that while problems cannot be solved instantaneously, we can make a contribution to peace and to stability and to our security and economic well-being by sound, steady, thoughtful leadership.

Next, a historical observation. Free people throughout history have had a tendency to relax during periods of peace and stability and the history books are speckled with free people who were busy with themselves, their businesses, their families, their churches—worthwhile goals and objectives at home—and through wistful thinking felt that because there was peace and because there was reasonable stability, because a threat was not imminent, that they could therefore relax their vigilance. The results have been unhappy for a great many.

Another important fact, it seems to me, is that the world is at peace today. It's not a tidy world, it's not a friendly world, but we are at peace. We're at peace not because there is no danger, because there is; not because threats to freedom have suddenly disappeared, they have not; and certainly not because others in the world are assuring our security, because there is no other nation, indeed no combination of nations, that can do that for us. Rather, we're at peace because we are strong; because we've had the courage to defend liberty and to deter those who would deny it. We're at peace because of the wisdom of our people over a period of time in recognizing that peaceful progress in the world is assured not by weakness but by preparedness and because of a willingness, however reluctant, to devote the necessary resources.

Finally by way of observations, two things: First, we err as a people fundamentally if we grant moral parity to systems that don't believe in freedom. We err fundamentally if we undervalue the importance of freedom. This tends not to be done directly, really, but we seem to slip into it. I hear people talk and they say to me, well, oh, we have a democracy and we have a private enterprise system in this country and Europe has a socialist system and the Soviet Union has a communist system and the implication being they're all just a little bit different and it really doesn't make all that much difference; it's just a different way of arranging yourself and organizing yourself. It's an easy thing to have happen. We see it written that way, we talk about it that way. I think the important thing to know is that kind of cavalier attitude about these distinctions is contributing to a rising acceptability of communism, of an absence of freedom in the world. We have as our basic documents the assertion that there are certain God-given rights and that freedom is in fact the natural state of man. It is not common in this world; indeed, there are many who have arranged themselves in a way that deny exactly that.

And finally, by way of observation, there is a necessity that freedom be for something and not purposeless freedom, not freedom of the swimmer to change his mind fifteen or twenty times in terms of which direction he's swimming and never reach shore; it means debate, it means discussion, it means consideration but it also means that at some point individuals have to recognize that our country can't function with 435 economic policies, one for each Congressman; or 100 foreign policies, one for each Senator; or even two national defense policies, one for the Congress and one for the Executive Branch. We need one economic policy; we need one national energy policy; we need a foreign policy or defense policy for our country. What that means is that while we are a free people, we've arranged ourselves so that there must be, at some point, after debate, after discussion, a willingness to each of us, 215 million Americans, to submerge our individual view into a broader view, a view that is pointed generally in the direction we agree, because it is only when people work together, when there is that kind of cooperation, when there is that kind of understanding that we must be something more than a Tower of Babel, that great things are accomplished. It's kind of the difference between giving our leaders a car and saying drive that car from point A to point B, obey the speed limits and we'll hold you accountable for your performance. That's one way of approaching it; indeed that's the way our system is arranged. The other way is for the 215 million Americans to say: there is a car, there are the speed limits and, by the way, all 215 million of us are going to sit on your back seat and grab the wheel and tell you when to turn left and when to turn right. That isn't quite as successful a way of approaching it.

Now what about national defense, and why do I begin with those observations? There are certain things that I think I can and should say. The first is that the Armed Forces of the United States are today capable of fulfilling their assigned missions and there should be no doubt about it. That is to say, when one looks at the strategic nuclear balance, we have the capabilities to survive a strike and have sufficient survivable systems to inflict a level of damage that's unacceptable and therefore deters others from using those weapons. It is a healthy deterrent.

A second observation is that the Soviet Union exists, it's there, it's been attentive to its military capabilities. It does not believe what we believe. They have been steadily expanding their capabilities over the past decade and a half; they have moved from an oxcart society in the post World War II period to a major military power.

A third fact is that the United States has relaxed. Over that 10 to 15 year period where we have seen the Congress of the United States cut in the last 10 years alone some $48 billion from defense budgets; in the last six years alone some $38 billion from defense budgets; last year—7½, eight months ago, $7 billion roughly was cut from the fiscal year 1976 Defense budget. The result is that while it is accurate and I can say that the Armed Forces of the United States are today capable of doing their job, it is also accurate to say that the trends have been adverse for the last 10 to 15 years—sufficiently adverse that President Ford made a judgment that we could not wait a year to arrest those adverse trends, or two or three. That indeed were to allow that steady expansion on the part of the Soviet Union, and that relaxed attitude of cutting budgets by sizable amounts year after year after year, we would find ourselves in a position at some point in the future where a Secretary of Defense could not stand before a group such as this and say that we do in fact have the capabilities to do the job. We've arrived at a point today where the Defense Establishment is taking a smaller percentage of the gross national product; a smaller percentage of the net public spending; a smaller percentage of the labor force; a smaller percentage of the Federal budget than at any time since before the Korean war or before World War II, depending on which one of those statistics you cite.

How does it happen that this shift in power takes place? Well, it happens, I think, kind of like this. You hear people go around and say, "I'm for a strong national defense, but" and then right after the "but" comes something. You hear people say "well, I'm for a strong national defense but we need more funds on the domestic side." Well, there's been a massive reordering of priorities in this country. The Defense budget has gone from roughly half of the Federal budget down to 25 percent of the Federal budget. The growth in the Federal budget in the last 10 to 15 years has been in the domestic side. The idea that you can continue to cut into the Defense Establishment of the United States to fund domestic programs is nonsense. If you wanted to increase non-Defense spending in the Federal budget today by say 10 percent, it would take $30 billion out of the Defense budget—you could do that three times and you could close up the Pentagon.

That idea, that mentality, that suggestion is one that's a legacy from a period when the Defense Establishment dominated the Federal budget, which is not true today. You hear people say, "I'm for a strong national defense but the Pentagon should get more efficient, shouldn't have so many cost overruns and waste." That's right, we shouldn't. We're breaking our necks to be more efficient. We're not a perfect model of efficiency in the Defense Establishment of the United States. Probably more efficient than any other department of government, mind you, but not perfect efficiency, that's true. We're human beings—will there ever be perfect efficiency? I doubt it. I checked some cost overruns the other day; I find that Bay Area Transit had a 73 percent cost growth; the Washington Metro, 86 percent; the John Hancock Building, 100 percent; the Federal Highway Administration, 100 percent; and the Defense Department's averaging 33 percent cost growth. Do I like the 33 percent? No. Are we trying to improve it? Yes. But should we keep cavalierly saying "I'm for a strong national defense but they can get more efficient and we can keep cutting the budget $7, $38, $48 billion and have it adversely affect our national security?" No.

I hear people say, "I'm for a strong national defense but we've got overkill, there's an arms race, we can kill the world 20 times over." That's like bean counting. Take the strategic nuclear balance; that is true that we have a very healthy strategic nuclear capability. Why is that? Because of the principle of deterrance. If one simply sits down and counts all the elements of the strategic nuclear capability of the United States, that's when they come up with these figures that we've got the power to do all that damage and we don't need anymore. The way one calculates and determines deterrence is to sit down carefully, thoughtfully, know that the principle of deterrence depends on the ability to have survivable systems; knowing some will be destroyed in an attack; and calculate with certainty that you have a sufficient survivable capability; that you know and your adversary knows that you could impose such damage on him that that level of damage would be unacceptable and that therefore he would be deterred. That's what it's about. This idea of counting up the numbers and suggesting to people that we can relax and not worry about it, is simply not logical.

There are those who say "we're for a strong national defense but we're negotiating with the Soviet Union in SALT or MBFR or we're at peace and we really don't have to worry." I think anyone who knows the Soviet Union knows that there would not even be a negotiating table were we weak; because just as belligerency can be seen as being provocative, so too weakness is provocative and can entice people into adventures that they otherwise would avoid.

I hear people say we're for strong national defense but it costs too much money for the volunteer army, the implication being we should go back to the draft—take one out of every three young men and tell them that they're going to serve, the other two can go about their business, and besides that, young fellow, you're going to get paid about 50 or 60 percent of what you'd be making in the civilian manpower market. Now it strikes me that this country has had a volunteer military throughout our entire history except for a few times during wartime. That in fact we can see that we do not in effect tax those people who serve in the Armed Services by paying them 50 percent of what they'd be making elsewhere and that the idea that we should rush back to the draft is a crutch for poor pay, lousy management, lousy personnel policies, is an approach to our problem that I'm not inclined to pursue.

Finally, I hear people say, "I'm for a strong national defense but we just can't afford any more money." Well, if you look back just before the Korean war there was a big debate in the country whether we should have a $13 billion defense budget or $16 billion defense budget. The $13 billion won and it won on that issue: We can't afford a $16 billion defense budget. Six months later a $48 billion defense budget; one year later a $60 billion defense budget and we could afford it just fine. Why? Because at that point where our country makes a judgment that freedom is in jeopardy, where in fact we require for our national security certain capabilities, we find that we can in fact afford them because we establish different priorities, arrange ourselves and see that we do it.

I'm not saying that Russians are 10 feet tall; I'm saying they used to be about 5′3″, they're now about 5′10″ and your're not going to like them when they're 6′5″. I'm not saying the Russians are coming, I'm saying the trends are here and it's a fact and people behave not only on the basis of what is, they behave on the basis of what will be. The world is not stupid, just as the American people are not stupid. They see this upward trend on Soviet capabilities not only in missiles and planes and tanks and guns, but in terms of a dramatically expanded institutional capability to produce weapons in the future, not only quantitatively but qualitatively; and not in some abnormal burst of activity, but steadily over a period, year after year after year. When that is compared with our momentum and our trend line of each year, the Congress, when a Secretary of Defense goes up there, keeps saying "Where can we cut- the budget, what should we cut, where is it too high," rather than "is this budget sufficient?" You compare those two trend lines and you ask yourself what other countries in the world think and how they behave.

I was Ambassador to NATO for a couple of years and, for example, take a young Belgian politican or an Italian politician making a judgment: he looks at what the world is like today, he looks at what he thinks it will be like tomorrow, next year, the year after. Here you have a group of small to medium size countries in Europe, countries that are intimately linked to our economic and security interests; medium size countries, most of them with minority governments, coalition governments, very small margins in their parliaments. How many people have to make judgments that are on one side rather than on the other side for a government to fall, for a policy to shift? Not many. And as a young person, politician, looks at the world, kind of suggests to himself what might be the case one, two, three, four, five years down the road, he's going to be less vigorous unless this country demonstrates a steadiness of purpose. To the extent we conduct ourselves in a way that the people in this world are persuaded that those trend lines are going to cross and that in fact we're comfortable slipping down that slope to a position of inferiority, their behavior will be accordingly. The effect would be that we would have injected a fundamental instability into the world and we would be living in a world that would be unlike any we've known during our lifetime.

I get asked in the press, "If all that's so, what's going to happen?" My answer is quite simple. What's going to happen is the United States of America is going to stop going down that slope. They say, "Well, how can you say that? The Congress has cut $5, 6, 7 billion out of the defense budgets every year for the last five to ten years, how can you say that?" My answer is, it's no accident that this country's celebrating its 200th birthday. We made a truly magnificent gamble, we said that given sufficient information, the American people can find their way to right decisions. That we won't be wrong on big issues for very long, and this is a big issue. That the American people have some way of sifting, some sort of inner gyro that tells them what makes sense and what doesn't make sense. I'm telling you the way we've been going doesn't make sense. I tell the members of the press that there's just not a doubt in my mind but that either this year or next year the United States will make that choice, that choice between accepting the idea of sliding down that slope or conversely taking the kind of determined action over a period of a number of years to demonstrate a steadiness of purpose, an unwillingness to allow that instability to be injected into the world and that that'll occur.

We're now about 10 or 15 paces down that legislative road of 40 or 50 paces; there are a lot of potholes in the road, it's kind of quadruple jeopardy. You get through one budget resolution and then the other budget resolution and then the Armed Services Committee in the House and then in the Senate and then the Appropriations Committee; it's not going perfectly. The country isn't swinging around in five minutes or 10 minutes or a day or a month, but it's shifting. I can feel it shifting and I personally believe that the American people will reflect to their Congressmen and Senators the kind of judgment that I've suggested. That magnificent gamble of having the people participate in guiding and directing the country has worked, not perfectly, but it's worked rather well.

I look over the coming period and I think probably that the biggest task the American people have is to prove that we, of all free people in the world, are the ones who are going to demonstrate over a sustained period of time that we're wise enough to know that peace and stability are goals, are achieved not through relaxation but through vigilance, and that because the world is not at war is not a reason to think that it can't be, and that we'll in fact demonstrate those qualities that have moved us from 200 years ago to today. Thank you very much.

NATIONAL FILM DAY

Mr. TUNNEY. Mr. President, on Monday, July 12, the motion picture industry will celebrate National Film Day to recognize the important role which film has played in the cultural heritage of America. Participating film companies and theaters in every State will donate half their box office revenues on National Film Day to the American Film Institute.

The film industry has organized and sponsored National Film Day to help support AFI activities in preserving America's film heritage and advancing the art of film in our Nation. Motion pictures, an indigenous American art form, have been a major source of entertainment and a vital force in communications and education.

The American Film Institute was created by the National Endowment for the Arts to research and protect our Nation's film history and to broaden the appreciation and art of filmmaking by encouraging education and training in the film arts. In its 8 years of existence, AFI has preserved more than 13,000 films—including important classics of the first half of this century—which otherwise might have been lost for forever.

AFI also conducts several important programs to encourage the development of new filmmakers. It operates the Nation's leading independent film conservatory, where each year scores of young filmmaking students are trained in the art of film and are supervised and guided by the Nation's finest film talent. AFI administers a national program which has since 1968 awarded nearly 200 grants to underwrite the production of experimental and innovative independent films. During the past 2 years, AFI created a program to encourage and train women to become film directors. AFI has also coordinated a national effort to enhance film education programs and to help colleges and universities develop such programs—which are highly sought by students who recognize film as a creative and provocative medium.

With all these activities, and despite the fact that AFI was created by the Federal Government, less than half of the institute's budget comes from Federal funds. The balance is private funds which match in part the assistance AFI receives from the National Endowment for the Arts. National Film Day is one of the sources for these private funds.

Another important source of funds is the annual AFI Life Achievement Award, which has been presented in the past 4 years to outstanding filmmakers John Ford, James Cagney, Orson Welles, and William Wyler. The New York Times this year said that in its brief existence, the AFI Life Achievement Award has become one of Hollywood's most prestigious honors.

Yet another symbol of AFI's growing support from the private sector is the remarkable growth of its national membership, which has more than tripled since its 1974 levels. Much of this growth can be traced to the introduction last year of American Film, a handsome and literate journal of the film and television arts.

Through these and other activities AFI has raised well over $10 million in private funds to support its activities during the past 8 years.

The American motion picture industry is to be commended for its support of AFI and for its organization of National Film Day. The American Film Institute needs and deserves support as it fulfills its mission of maintaining and enhancing this unique American art form, the movies.

The American public can show its support of the American Film Institute and its work by the appropriate means of going to a movie theater on National Film Day, July 12, 1976. Half of the price of a ticket at participating theaters on that day will go directly to the American Film Institute and its projects, and that is a worthwhile activity.

THE RETIREMENT OF JAMES DOW, DEPUTY ADMINISTRATOR OF THE FEDERAL AVIATION ADMINISTRATION

Mr. ROBERT C. BYRD. Mr. President, after more than 32 years of devoted service to his Government and to our Nation's aviation industry, James E. Dow of the Federal Aviation Administration retired on March 31. This was done without the usual fanfare attendant to such an occasion.

I do not believe that we should let this distinguished gentleman's career in air transportation pass without acknowledgement on our part of the exceptional service of James Dow, Deputy Administrator of the Federal Aviation Administration. Our country owes a debt of gratitude to men like him who do so much to promote the best interests of the Nation. Accordingly, I join with the aviation community, and all of the general public who are so dependent on this Nation's aviation industry, in saluting him for his dedicated service to America.

A career public servant, Mr. Dow began working for the old Civil Aeronautics Administration at the Cleveland, Ohio, Airport, fresh out of the University of Maine, as an air traffic controller in December 1943. This was back in the days when the DC-3 was queen of the airways.

After 13 years in the CAA's central region, he was transferred in 1956 to the Air Traffic Service in the FAA headquarters as a supervisory air traffic control specialist.

Over the next several years, his duties were expanded to cover planning, research, and development efforts dealing with expansion and modernization of the air traffic control system and in February 1965, he organized and served as Director of the National Airspace System Special Projects Office. In 1967, Mr. Dow was appointed Director of Budget and later in August 1972, was named as the agency's Associate Administrator for Administration.

Mr. Dow has served as FAA's Deputy Administrator since August 1974, having held that post as a collateral duty from July 1973. In 1975, he served as Acting Administrator for almost 8 months until President Ford named an Administrator.

During the more than 30 years with the FAA and its predecessor agencies, Mr. Dow received many awards and honors. In 1966, he was given the FAA's Meritorious Service Award for his management of the en route air traffic control automation program. In 1968, he was presented with the Transportation Department's Meritorious Achievement Award by the Secretary for outstanding performance of duties while serving as Director of Budget. He also received this award from the Secretary again in 1973 and achieved the distinction of being the only person since the Department was formed to receive the honor more than once.

Jim Dow is highly admired by his opposite numbers in industry for his deep knowledge of all facets of aviation, his patience and his practical approach to administrative and financial matters. These factors have been the keys to his success. For his long years of productive service to the U.S. aviation transportation system, Mr. James E. Dow richly deserves recognition before this body.

I know, Mr. President, that all of us in this body share President Ford's final words to Mr. Dow in accepting his resignation, "Warmest good wishes for every future happiness and success." He was a good friend and I personally will miss him.

RED CROSS RELIEF EFFORT IN LEBANON

Mr. KENNEDY. Mr. President, I would like to draw to the attention of the Senate a serious situation developing regarding the administration's failure these past several months to fully support emergency relief efforts of the International Red Cross in Lebanon.

Reports I have received from the field, and which the Subcommittee on Refugees has learned from officials in the Department of State, suggest that there has been inexcusable weeks of bureaucratic delay and foot-dragging by officials in the Agency for International Development—AID—in releasing available U.S. funds for Red Cross relief programs in Lebanon.

Only after many months of desperate appeals from the field—indicating that the Red Cross would have to cease operations this month unless funds were received—did AID obligate a second $500,000 last Friday, bringing the total U.S. contribution to $1 million. This is a paltry sum, and totally inadequate to meet emergency needs.

And this despite the immediate availability of some $5 million in AID relief funds set aside for Lebanon. In addition, some $20 million more will shortly be available for humanitarian purposes in Lebanon following the passage of an amendment I introduced with Senator ABOUREZK in the pending foreign assistance bill for fiscal year 1977.

Mr. President, I fail to understand why officials in AID do not speedily use available funds to respond to the urgent appeals of the International Committee of the Red Cross—one of the world's most respected and effective humanitarian organizations.

Furthermore, the Red Cross is the only functioning international humanitarian agency providing basic medical and food relief to the escalating number of civilian victims of the raging Lebanese civil war.

The time is long overdue for the administration to approach the obligation of humanitarian funds to the International Red Cross with the same sense of urgency and concern that Congress has shown in authorizing them. Bureaucratic delay by AID in responding to Red Cross appeals for Lebanon—especially when funds are immediately available—makes the United States a party to the mounting human suffering.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Under the previous order, the time for morning business has expired.

ELECTRIC AND HYBRID VEHICLE RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1976

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of S. 1632, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (S. 1632) to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed with the consideration.

The Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976."

SEC. 2. DECLARATION OF POLICY.

(a) FINDINGS.—The Congress finds and declares the following:

(1) The Nation's use of petroleum supplies must be reduced, because the growing dependence of the United States on foreign sources of such supplies jeopardizes national security, inhibits foreign policy, and undermines economic well-being.

(2) The single largest use of petroleum supplies is in the field of transportation, for gasoline and diesel-powered motor vehicles.

(3) The expeditious introduction of electric and hybrid vehicles into the Nation's transportation fleet would substantially reduce such use and dependence.

(4) Such introduction is practicable and would be advantageous because—

(A) most urban driving consists of short trips, which are within the capability of electric and hybrid vehicles;

(B) much rural and agricultural driving of automobiles, tractors, and trucks is within the capability of such vehicles;

(C) electric and hybrid vehicles are more reliable and practical than in the past because of improvements in propulsion, control, and battery technologies. Further significant breakthroughs in such technologies are possible in the near term;

(D) such vehicles use little or no energy while idling, thereby permitting the conservation of energy currently wasted by conventional automobiles and trucks;

(E) the power requirements of such vehicles could be satisfied by charging them during off-peak periods when the capacity of existing electric generating plants is underutilized, thereby permitting more efficient use of existing generating capacity;

(F) such vehicles do not emit any significant pollutants and are quiet; and

(G) it is environmentally more desirable for transportation systems to be powered from central sources, because pollutants emitted from stationary sources (such as electric generating plants) are potentially easier to control than pollutants emitted from moving vehicles.

(5) Such introduction would be facilitated by the establishment of a Federal program of research, development, and demonstration with respect to electric and hybrid vehicle technologies.

(b) PURPOSE.—It is therefore declared to be the purpose of the Congress in this Act to—

(1) encourage and support accelerated research into, and development of, electric and hybrid vehicle technoogies;

(2) demonstrate economic and technological practicability of electric and hybrid vehicles for personal and commercial use in urban areas and for agricultural and personal use in rural areas; and

(3) facilitate, and remove barriers to, the use of electric and hybrid vehicles in lieu of gasoline- and diesel-powered motor vehicles, where practicable.

SEC. 3. DEFINITIONS.

As used in this Act, the term—

(1) "Administrator" means the Administrator of the Energy Research and Development Administration;

(2) "advanced electric or hybrid vehicle" means a vehicle which—

(A) minimizes the total amount of energy to be consumed with respect to its fabrication, operation, and disposal, and which represents a substantial improvement over existing electric and hybrid vehicles with respect to the total amount of energy so consumed;

(B) is capable of being mass-produced and operated at a cost and in a manner which is sufficiently competitive to enable it to be produced and sold in numbers representing a reasonable portion of the market;

(C) is safe, damage-resistant, easy to repair, durable, and operates with sufficient performance with respect to acceleration, cold-weather starting, cruising speed, and other performance factors; and

(D) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any applicable requirements of Federal law;

(3) "commercial electric or hybrid vehicle" includes any electric or hybrid vehicle which can be used (A) for business or agricultural production purposes on farms (e.g. tractors and trucks), and (B) for commercial purposes in urban areas;

(4) "electric vehicle" means a vehicle which is powered by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electrical current, and which may include a nonelectrical source of power designed to charge batteries and components thereof;

(5) "hybrid vehicle" means a vehicle propelled by a combination of an electric motor and an internal combustion engine or other power source and components thereof;

(6) "program" means the Electric and Hybrid Vehicle Research, Development, and Demonstration Program established under section 4(a); and

(7) "Secretary" means the Secretary of Transportation.

SEC. 4. ELECTRIC AND HYBRID VEHICLE PROGRAM

(a) The Administrator shall promptly establish, as an organizational entity within the Energy Research and Development Administration, the Electric and Hybrid Vehicle Research, Development, and Demonstration Program.

(b) The Administrator shall have the responsibility for the overall management of the program. The Administrator may enter into any agreement or other arrangement with the National Aeronautics and Space Administration, the Department of Transportation, the National Science Foundation, the Environmental Protection Agency, the Department of Housing and Urban Development, or any other Federal agency, pursuant to which such agency shall conduct such specified parts or aspects of the program as the Administrator deems necessary or appropriate and within the particular competence of such agency, to the extent that such agency has capabilities which would enable it to contribute to the success of the program and the attainment of the purposes of this Act.

(c)(1) Section 102 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2451) is amended (A) by redesignating subsection (d) thereof as subsection (e) thereof; and (B) by inserting immediately after subsection (c) thereof the following new subsection:

"(d) The Congress declares that the general welfare of the United States requires that the unique competence in scientific and engineering systems of the National Aeronautics and Space Administration also be directed toward ground propulsion systems research and development. Such development shall be conducted so as to contribute to the objectives of developing energy- and petroleum-conserving ground propulsion systems, and of minimizing the environmental degradation caused by such systems.".

(2) Section 102(e) of such Act, as redesignated by paragraph (1) of this subsection, is amended by striking out "and (c)" and inserting in lieu thereof "(c), and (d)".

(3) Section 203 of such Act (42 U.S.C. 2473) is amended (A) by redesignating subsection (b) thereof as subsection (c) thereof, and (B) by inserting immediately after subsection (a) thereof the following new subsection:

"(b) The Administration shall, to the extent of appropriated funds, initiate, support, and carry out such research, development, demonstration, and other related activities in ground propulsion technologies as are provided for in sections 4 through 8 of the Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976."

(d) In providing for the effective management of the program, the Administrator shall have specific responsibility for—

(1) promoting basic and applied research on electric and hybrid vehicle batteries, controls, and motors;

(2) determining optimum overall electric and hybrid vehicle design;

(3) conducting demonstration projects with respect to the feasibility of commercial electric and hybrid vehicles (A) by contracting for the manufacture of electric and hybrid vehicles for practical use, and (B) by

entering into arrangements, with other governmental entities and with nongovernmental entities, for the operation of such vehicles;

(4) ascertaining consumer needs and desires so as to match the design of electric and hybrid vehicles to their potential market; and

(5) ascertaining the long-term changes in road design, urban planning, traffic management, maintenance facilities, utility rate structures, and tax policies which are needed to facilitate the manufacture and use of electric and hybrid vehicles in accordance with sections 11 and 12.

Sec. 5. Coordination Between the Administrator and Other Agencies

(a) In carrying out the program established under section 4(a), the Administrator shall, to the maximum extent practicable, consult and coordinate with the Secretary, with respect to any functions of the Administrator under this Act which relate to regulatory or other responsibilities of the Secretary, including safety and damageability programs.

(b) Each department, agency, and instrumentality of the executive branch of the Federal Government is authorized and shall give careful consideration to a request to furnish the Administrator, or any agency to which the Administrator has delegated responsibility for specified parts or aspects of the program, upon written request by the Administrator or the head of such agency, on a reimbursable basis or otherwise, such assistance as the Administrator or such head deems necessary to carry out the program and achieve the purpose of this Act. Such assistance includes transfer of personnel with their consent and without prejudice to their position and rating.

Sec. 6. Demonstrations.

(a) Within 12 months after the date of enactment of this Act, the Administrator shall develop data characterizing the present state of the art with respect to electric and hybrid vehicles. The data so developed shall serve as baseline data to be utilized in order (1) to compare improvements in electric and hybrid vehicle technologies, (2) to establish the performance standards under subsection (b)(1), and (3) otherwise to assist in carrying out the purposes of this section. In developing any such data, the Administrator may purchase or lease a reasonable number of such vehicles or enter into such other arrangements as the Administrator deems necessary to carry out the purposes of this subsection.

(b)(1) Within 18 month after the date of enactment of this Act, the Administrator shall promulgate rules establishing performance standards for electric and hybrid vehicles to be purchased or leased pursuant to subsection (c)(1).

(2) Rules promulgated under paragraph (1) shall be amended, not later than 6 months prior to the effective date of the purchase or lease requirement specified in subsection (c)(2), but in no event shall such rules be amended for such purpose later than 54 months after the date of enactment of this Act.

(3) Separate performance standards shall be established under paragraph (1) with respect to (A) electric or hybrid vehicles for personal use, and (B) commercial electric or hybrid vehicles. Such performance standards shall represent the minimum level of performance which is required with respect to any vehicles purchased or leased pursuant to subsection (c), and they shall be set at such levels as the Administrator determines are necessary to promote the acquisition and use of such vehicles for transportation purposes which are within the capability (as determined by the Administrator) of electric and hybrid vehicles.

(c)(1) The Administrator shall, within 6 months after the date of promulgation of performance standards under subsection (b)(1), contract for the purchase or lease of at least 2,500 electric or hybrid vehicles (or such other number as the Administrator determines is appropriate for the adequate demonstration of such vehicles) which satisfy the performance standards promulgated under subsection (b)(1). To the extent practicable, vehicles purchased or leased under such contracts should represent a cross section of the available technologies and types of uses of such vehicles.

(2) The Administrator shall, within 5 years after the date of enactment of this Act, contract for the purchase or lease of at least 5,000 advanced electric or hybrid vehicles (or such other number as the Administrator determines is appropriate for the adequate demonstration of such vehicles) which satisfy the performance standards promulgated under subsection (b)(2). If no such vehicles satisfy such performance standards within such 5-year period, such contracts shall be entered into as soon as practicable thereafter, except that no such contract shall be entered into more than 7 years after the date of enactment of this Act. To the extent practicable, vehicles purchased or leased under such contracts should represent a cross section of the applicable available technologies and types of uses of such vehicles.

(d) The Administrator, in supervising the demonstration of vehicles acquired under subsection (c), shall make such arrangements as may be necessary or appropriate—

(1)(A) to make such vehicles available to Federal agencies and to State or local governments and for individual or business use (including farms). The individuals and businesses involved shall be selected by an equitable process which assures that the Administrator will receive accurate and adequate data on vehicle performance, including representative geographical and climatological information and data on user reaction to the utilization of electric and hybrid vehicles, and

(B) to pay the operating costs of such vehicles, to the extent necessary to assure the adequate demonstration of such vehicles;

(2) for demonstration maintenance projects, including maintenance organization and equipment needs and model training projects with respect to maintenance procedures; and

(3) for the dissemination of data on electric and hybrid vehicle safety and operating characteristics (including nontechnical descriptive data which shall be made available by the Government Printing Office) (A) to Federal, State, and local consumer affairs agencies and groups; (B) to Federal, State, and local agricultural and rural agencies and groups; and (C) to the public.

Sec. 7. Contracts.

(a) The Administrator shall provide funds, by contract, to initiate, continue, supplement, and maintain research, development, and demonstration programs for activities which are necessary to carry out the purposes of the program. The Administrator may enter into such contracts with any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership or individual.

(b) In addition to the requirements of sections 4 and 5, the Administrator, in the exercise of duties and responsibilities under this section, shall consult with the Department of Transportation, the Environmental Protection Agency, the Federal Energy Administration, the National Aeronautics and Space Administration, and representatives of other appropriate Federal agencies, and shall establish procedures for periodic consultation with representatives of science, industry, and such other groups as may have special expertise with respect to electric and hybrid vehicle research, development, and demonstration.

(c) Each contract under this section shall be entered into in accordance with such rules as the Administrator shall prescribe in accordance with the provisions of this section. Each application for funding shall be made in writing in such form and with such content and other submissions as the Administrator shall require. The Administrator may enter into contracts under this section without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(d)(1) The Administrator shall take such steps as are feasbile to assure that small business concerns, as defined by the Administrator of the Small Business Administration, shall have realistic and adequate opportunity to participate in approval programs under this Act.

(2) To assist in accomplishing the objectives of paragraph (1), the Administrator shall reserve, for contracts with small business concerns, a reasonable portion of the funds made available pursuant to this Act for research, development, or demonstration of electric or hybrid vehicles.

(3) The Administrator shall, in addition to the requirements set forth in paragraphs (1) and (2)—

(A) include in all contracts for research, development, or demonstration of electric or hybrid vehicles such terms, conditions, and payment schedules as may assist in meeting the needs of small business concerns, and shall take steps to avoid the inclusion in such contracts of any terms, conditions, or penalties which would tend to prevent such concerns from participating in the program under this Act; and

(B) make planning grants available to qualified small business concerns which require assistance in developing, submitting, and entering into such contracts.

Sec. 8. Obligational Guarantees.

(a)(1) It is the policy of the Congress to assist in the introduction into the Nation's transportation fleet of commercial electric and hybrid vehicles and to assure that qualified small business concerns, as defined by the Administrator of the Small Business Administration, and other qualified borrowers are not excluded from participation in such development due to lack of adequate capital. The Administration may, in accordance with the provisions of this section and such rules and regulations as the Administrator shall prescribe, guarantee, and make commitments to guarantee, the payment of interest on, and the principal balance of, loans and other obligations, if the obligation involved is, or will be, entered into in order to initiate, continue, supplement, and maintain research or development of electric or hybrid vehicles. Each application for such an obligation guarantee shall be made in writing to the Administrator in such form and content and with other submissions as the Administrator shall require in order reasonably to protect the interests of the United States. Each guarantee and commitment to guarantee shall be extended in such form, and under such terms and conditions and pursuant to such regulations as the Administrator deems appropriate. Each guarantee and each commitment to guarantee shall inure to the benefit of the holder of the obligation to which the guarantee or commitment applies. The Administrator may approve any modification of any provision of a guarantee or commitment, including the rate of interest, time of payment of interest or principal, security, or any other terms or conditions, upon a finding by the Administrator that such modification is equitable, not prejudicial to the interests of the United States, and has been consented to by the holder of such obligation.

(2) The Administrator is authorized to so guarantee and to make such commitments to any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution,

organization, corporation, partnership, or individual.

(3) All guarantees issued by the Administrator under this section shall constitute general obligations of the United States backed by the full faith and credit of the United States.

(b) No obligation shall be guaranteed by the Administrator under subsection (a) unless the Administrator finds that no other reasonable means of financing or refinancing is reasonably available to the applicant.

(c)(1) The Administrator shall charge and collect such amounts as the Administrator may deem reasonable for the investigation of applications for the guarantee of an obligation, for the appraisal of properties offered as security for such a guarantee, or for the issuance of commitments to guarantee.

(2) The Administrator shall set a premium charge of not more than 1 percent per year for a loan or other obligation guaranteed under this section.

(d) No guarantee or commitment to guarantee an obligation entered into by the Administrator shall be terminated, canceled, or otherwise revoked, except in accordance with reasonable terms and conditions prescribed by the Administrator and in effect at the time such guarantee or commitment was entered into.

(e)(1) If there is a default in any payment by the obligor of interest or principal due under an obligation guaranteed by the Administrator under this section, and if such default has continued for 60 days, the holder of such obligation shall have the right to demand payment by the Administrator of such unpaid amount. Within such period as may be specified in the guarantee or related agreements, but not later than 45 days from the date of such demand, the Administrator shall promptly pay to such obligee the unpaid interest in, and the unpaid principal of, the obligation guaranteed by the Administrator as to which the obligor has defaulted, unless the Administrator finds that there was no default by the obligor in the payment of interest or principal or that such default has been remedied.

(2) If a payment is made by the Administrator under paragraph (1), the Administrator shall have all rights specified in the guarantee or related agreements with respect to any security which the Administrator held with respect to the guarantee of such obligation, including, but not limtied to, the authority to complete, maintain, operate, lease, sell, or otherwise dispose of any property acquired pursuant to such guarantee or related agreements.

(3) If there is a default under any guarantee or commitment to guarantee an obligation, the Administrator shall notify the Attorney General who shall take such action against the obligor or any other parties liable thereunder as is necessary to protect the interests of the United States. The holder of such obligation shall make available to the United States all records and evidence necessary to prosecute any such action.

(f) There are authorized to be appropriated to the Administrator such sums as are necessary, not to exceed $60,000,000, to pay the interest on, and the principal balance of, any obligation guaranteed by the Administrator as to which the obligor has defaulted: *Provided*, That the outstanding indebtedness guaranteed under this section shall not exceed $60,000,000. No obligational guarantees shall be made or interest assistance contracts entered into pursuant to this section after January 1, 1982.

SEC. 9. PATENTS.

(a) Whenever an invention is made or conceived during, or in the course of, or as a consequence of, activity conducted in accordance with or related to a contract made or entered into under this Act, title to such invention shall vest in the United States, if the Administrator determines that—

(1) the person who made the invention was employed or assigned to perform research or development work, and that the invention is related to the work such person was employed or assigned to perform, or that it was within the scope of such person's employment duties, whether or not the invention was made during working hours and whether or not the invention was made with a contribution from the Government; or

(2) the invention is related to the contract, or to the work or duties which the person who made the invention was employed or assigned to perform, even though such person was not employed or assigned to perform research or development work, if the invention was made during working hours, or if it was made with a contribution from the Government.

As used in this subsection, the term "contribution from the Government" includes the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or any services during working hours of Government employees. If patents are issued on such an invention, the patents shall be issued to the United States, unless the Administrator, in particular circumstances in accordance with this section, waives all or any part of the rights of the United States.

(b) Each contract entered into by the Administrator with any person under this Act shall contain effective provisions requiring such person to furnish a prompt and written report to the Administrator with respect to any invention, discovery, improvement, or innovation which may be made in the course of, or as a consequence of, activity conducted in accordance with or related to such contract. Each such report shall contain accurate and complete technical information, in accordance with specifications of the Administrator.

(c) The Administrator may waive all or any part of the rights of the United States with respect to any invention or class of inventions which is made, or which may be made, by any person or class of persons in the course of, or as a consequence of, activity conducted in accordance with, or related to, any contract under this Act, pursuant to regulations prescribed by the Administrator in conformity with the provisions of this section, if the Administrator determines that the interests of the United States and of the general public would best be served by such a waiver. The Administrator shall maintain and periodically update a publicly available record of waiver determination. In making such determinations the Administrator shall strive to—

(1) make the benefits of the electric and hybrid vehicle research and development program widely available to the public in the shortest practicable time;

(2) promote the commercial utilization of such inventions;

(3) encourage participation by private persons in the Administrator's electric and hybrid research and development program; and

(4) foster competition and prevent undue market concentration, or the creation or maintenance of other situations inconsistent with the antitrust laws.

(d) In determining whether it would best serve the interests of the United States and of the general public to grant a waiver under subsection (c) to a contractor at the time a contract is entered into, the Administrator shall take into account—

(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

(3) the extent to which the contractor's commercial position may expedite utilization of the research and development program results;

(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

(5) the purpose and nature of the contract, including the intended use of the results developed thereunder;

(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

(8) the extent to which the Government intends to further develop, to the point of commercial utilization, the results of the contract effort;

(9) the extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

(10) the likely effect of the waiver on competition and market concentration; and

(11) the extent to which a contractor, which is a nonprofit educational institution, has a technology transfer capability and program which is approved by the Administrator as being consistent with the applicable policies of this subsection.

(e) In determining whether it would best serve the interests of the United States and of the general public to grant a waiver under subsection (c) at a subsequent date to a contractor or to an inventor, with respect to an identified invention, the Administrator shall specifically consider—

(1) paragraphs (4) through (11) of subsection (d), as applied to such invention;

(2) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercial distribution of such invention; and

(3) the extent to which the plans, intentions, and ability of the contractor or inventor are likely to result in expeditious commercial distribution of such invention.

(f) Whenever title to an invention is vested in the United States, a revocable or irrevocable, nonexclusive, and paid-up license for the practice of such invention throughout the world may be reserved to the contractor or to the inventor thereof. The rights to such an invention may be similarly reserved in any foreign country in which the United States has elected not to secure patent rights and in which such contractor or inventor elects to secure a patent, subject to the rights described in subsections (h) (2), (3), (6), and (7); except that each such contractor or inventor shall, 3 years after the date of issuance of such a patent, and at any time upon the specific request of the Administrator, submit the report specified in subsection (h)(1).

(g)(1) Subject to subsection (g)(2), the Administrator shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

(2) Pursuant to subsection (g)(1), and after notice and an opportunity for a hearing, the Administrator may grant exclusive or partially exclusive licenses in any invention, only if the Administrator determines that—

(A) the proposed license would best serve the interests of the United States and of the general public, in light of the applicant's intentions, plans, and capacity to bring such invention to practical or commercial applications;

(B) the desired practical or commercial applications of such invention have not been achieved, or are not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on such invention;

(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to make available the risk capital and other financing necessary to bring the invention to the point of practical or commercial applications; and

(D) the terms and scope of exclusivity of the proposed license are not substantially greater than are necessary to provide sufficient incentive for bringing such invention to the point of practical or commercial applications, and to provide the licensee with sufficient opportunity to recoup its costs and to earn a reasonable profit thereon. Notwithstanding the foregoing, the Administrator shall not grant such an exclusive or partially exclusive license if the Administrator determines that the grant of such a license will tend substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Administrator shall maintain and periodically update a publicly available record of determinations concerning applications for and the grant of such licenses.

(h) Any waiver of rights, and any grant of any exclusive or partially exclusive license, under this section shall contain such terms and conditions as the Administrator may determine to be appropriate for the protection of the interests of the United States and of the general public. Such terms and conditions may include, but need not be limited to—

(1) periodic written reports, at reasonable intervals and at any time when specifically requested by the Administrator, on the commercial use that is being made or that is intended to be made of the invention involved;

(2) the right, at a minimum, of an irrevocable, nonexclusive, and paid-up license to make, use, and sell the invention involved throughout the world, by or on behalf of the United States (including any Government agency), and by or on behalf of the States and their political subdivisons, unless the Administrator determines that it would not be in the public interest to acquire such a license for the States and their political subdivisions;

(3) the right in the United States to sublicense any foreign government to make, use, and sell the invention involved, pursuant to any existing or future treaty or agreement, if the Administrator determines it would be in the national interest to acquire this right;

(4) the reservation in the United States of the rights to the invention involved in any country in which the contractor does not file an application for a patent within such time as the Administrator shall determine;

(5) the right in the Administrator to require the granting of a nonexclusive, exclusive, or partially exclusive licenses to a responsible applicant or applicants, upon terms reasonable under the circumstances (A) to the extent that the invention involved, or an application thereof, is required for public use by governmental regulations; (B) to the extent that it may be necessary to fulfill health, safety, or energy needs; or (C) for such other purposes as may be stipulated in the applicable agreement;

(6) the right in the Administrator to terminate the waiver or license involved, in whole or in part, unless the person who receives such a waiver of rights or who is granted such license demonstrates to the satisfaction of the Administrator that such person has taken, or that such person will take within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved;

(7) the right in the Administrator, commencing 3 years after the grant of a license and 4 years after the effective date of a waiver of rights to an invention, to require the granting of a nonexclusive or partially exclusive license to any responsible applicant upon terms reasonable under the circumstances, and the right in the Administrator, under appropriate circumstances, to terminate such a waiver or license, in whole or in part, following the filing of a petition with the Administrator, by an interested person, and after notice and an opportunity for a hearing—

(A) if the Administrator determines, after providing the recipient of such a waiver of rights or license and any other interested person, a reasonable time to submit appropriate relevant and material information and after reviewing such information, that such waiver or license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates; or

(B) unless the recipient of such waiver or license demonstrates to the satisfaction of the Administrator at such hearing that such recipient has taken, or that such recipient will take, within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved.

(i) The Administrator shall cause a notice to be published periodically, not less than once each year, in the Federal Register and in other appropriate publications, including the electronic media, advising the public of the right to have a hearing, as provided in subsection (h)(7), and of the availability of the records of determinations under this section.

(j) If the applicant for a waiver of rights to an invention or for a license is a small business concern, as defined by regulations of the Small Business Administration, the Administrator shall consider and accord weight to such factor.

(k) Whenever the Administrator, pursuant to such regulations as the Administrator shall prescribe, and upon application by any person, determines that—

(1) a right under any patent, which is not otherwise reasonably available, is reasonably necessary to the development, demonstration, or commercial application of any electric or hybrid vehicle, process, or system, in furtherance of the policy of fostering expeditious commercial application of electric and hybrid vehicles; and

(2) there are no other reasonable methods to achieve such development, demonstration, or commercial application,

the Administrator shall so certify to an appropriate district court of the United States. The Administrator shall petition such court to order the owner and/or the exclusive licensee of such patent to grant a license thereunder at such reasonable royalty and on such reasonable and nondiscriminatory terms and conditions as the court shall determine. The court shall provide such patentee or exclusive licensee, or both, as appropriate, an opportunity for a hearing, including a de novo review of the determination of the Administrator. The appropriate district court shall be the district court for the judicial district in which the patentee or the exclusive licensee of such patent resides, does business, or is found.

(l) The administrator may take all necessary and appropriate steps, which are suitable, to protect any invention or discovery to which the United States holds title. The Administrator shall require that any contractor or other person, who acquires rights to an invention under this section, protect such invention.

(m) As used in this section, the term—

(1) "contract" means any contract or obligation guarantee, which involves any research, development, or demonstration under this Act; the term includes any assignment, substitution of parties, or subsequent thereunder;

(2) "contractor" means any person who has a contract with, or on behalf of, the Administrator under this Act;

(3) "invention" means any invention or discovery, whether patented or unpatented; and

(4) "made", when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

Sec. 10. Use of Electric and Hybrid Vehicles by Federal Agencies.

The Postmaster General of the United States Postal Service, the Administrator of the General Services Administration, the Secretary of Defense, and the heads of other Federal agencies shall carry out a study of the practicability of using electric and hybrid vehicles in the performance of some or all of their functions of their agencies, and they shall arrange for the introduction of electric and hybrid vehicles into their fleets to the maximum extent practicable. For competitive procurement purposes in purchasing such vehicles, life-cycle costing and any beneficial air pollution control characteristics of electric and hybrid vehicles shall be fully taken into account. If the head of the agency involved determines that electric or hybrid vehicles are practicable, but that they are not completely economically competitive with conventional vehicles, the Administrator may, for purposes of the demonstration program described in section 6, pay to such agency (under section 7) the incremental costs of the electric or hybrid vehicles, including operating costs.

Sec. 11. Studies.

(a) The Administrator shall conduct a study to determine the existence of any tax, regulatory, traffic, urban design, rural electrical, and other institutional factors which tend or may tend to bias surface transportation systems toward vehicles of particular characteristics. The Administrator shall submit a report to the Congress on the findings and conclusions of such study, within 1 year after the date of the enactment of this Act. The report shall include any legislative or other recommendations the Administrator may have.

(b) The Administrator shall conduct a continuing assessment of the long-range materials, demand, and pollution effects which may result from, or in connection with, the electrification of urban traffic. Such assessment shall include a statement of the Administrator's current findings in each report submitted under section 12. Any environmental impact statement which may be filed under a Federal law with respect to research, development, or demonstration activities under this Act shall include reference to the matters which are subject to assessment under this subsection.

(c) The Administrator shall perform, or cause to be performed, studies and research on incentives to promote broader utilization and consumer acceptance of electric and hybrid vehicle technologies. A description of such activities and a statement of the findings thereunder shall be included in each report submitted under section 12.

(d) The Secretary shall conduct a study on the current and future applicability of safety standards and regulations to electric and hybrid vehicles and shall report the results of such study to the Congress within 1 year after the date of enactment of this Act.

Sec. 12. Report to Congress.

The Administrator shall submit to the Congress annually a report on all activities being undertaken or carried out pursuant to the provisions of this Act, including—

(1) such projections and estimates as may be necessary to evaluate the progress of the program under this Act and to indicate the extent to which, and the pace at which, the objectives of this Act are being achieved; and

(2) a statement of the extent to which imported automobile chassis or components are being used, or are desirable, for the production of vehicles under section 6, and of the extent to which restrictions imposed by

law or regulation upon the importation or use of such chassis or components are impeding the achievement of the purposes of this Act.

Each such report shall also include any recommendations which the Administrator may deem appropriate for legislation or related action which might further the purposes of this Act.

SEC. 13. AUTHORIZATION FOR APPROPRIATIONS.

There are authorized to be appropriated to the Administrator, for purposes of carrying out this Act, not to exceed $10,000,000 for the fiscal year ending September 30, 1977, not to exceed $40,000,000 for the fiscal year ending September 30, 1978, not to exceed $25,000,000 for the fiscal year ending September 30, 1979, not to exceed $25,000,000 for the fiscal year ending September 30, 1980, and not to exceed $60,000,000 for the fiscal year ending September 30, 1981. Any amount appropriated pursuant to this section shall remain available until expended, and any amount authorized for any fiscal year (or period) prior to the fiscal year ending September 30, 1981, but not appropriated, may be appropriated for any succeeding fiscal year through the fiscal year ending September 30, 1983.

(b) Any moneys received by the Administrator from vehicle sales or leases or other activities under this Act may be retained and used for purposes of carrying out this Act, notwithstanding the provisions of section 3617 of the Revised Statutes (31 U.S.C. 484), and may remain available until expended; but the amount authorized to be appropriated for any fiscal year (or period) under subsection (a) shall be reduced by the amount of the moneys so received in that year (or period).

The ACTING PRESIDENT pro tempore. Under the previous order, the time for debate on this bill is limited to 1 hour, to be equally divided between and controlled by the majority leader and the minority leader or their designees, with 30 minutes on any amendment and 20 minutes on any debatable motion, appeal, or point of order.

AUTOMOTIVE TRANSPORT RESEARCH AND DEVELOPMENT ACT OF 1976

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar Order No. 793, S. 3267.

The ACTING PRESIDENT pro tempore. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 3267) to amend the Motor Vehicle Information and Cost Savings Act.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Commerce with amendments.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, pending the arrival of various Senators.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The asssistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ELECTRIC AND HYBRID VEHICLE RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1976

Mr. MANSFIELD. Mr. President, I ask unanimous consent that S. 1632 be returned to the calendar, and that the unfinished business be laid before the Senate.

The ACTING PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (S. 1632) to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles.

Mr. MANSFIELD. Mr. President, what is the pending business?

The ACTING PRESIDENT pro tempore. The pending business is S. 1632.

Mr. MOSS. Mr. President, the United States faces a severe crisis due to our growing dependence on imported oil. We now import approximately 40 percent of our oil—more than 30 percent of it from the Middle East. Furthermore, it has been projected that our dependence on foreign oil could reach 50 percent as early as 1977.

Transportation is clearly a critical sector if we wish to combat this growing dependence. The automobile is this Nation's single largest enduser of petroleum accounting for nearly 40 percent of present petroleum consumption in the United States. This amounts to approximately 6.3 million barrels of oil a day, almost equalling the amount of oil we presently import.

Research, development, and demonstration of electric and hybrid vehicles can assist us in meeting this challenge. Electric vehicles can provide the public with an adaptable, quiet, and nonpolluting vehicle, which is not dependent on petroleum fuels. The electric vehicle which can utilize more abundant and virtually inexhaustable domestic supplies of energy including solar, hydro, coal, geothermal, nuclear, wind, and tidal power to generate its electricity, offers the potential of reducing our transportation fleet's petroleum dependency by hundreds of millions of barrels a year. Reducing the amount of petroleum consumed by our motor vehicle fleet would limit the need to import petroleum from overseas. This would lessen the significant drain on our balance of payments and would allow a greater freedom of action for our foreign policy.

The potential savings in foreign payments are quite significant. A study by the Argonne National Laboratory conservatively estimated that—

> The development of economically competitive electric automobiles would reduce the demand for oil and, thus the need for oil imports. Introduction of electric cars by about 1985 and the gradual build up to a total of 18 million cars on the road by the year 2000 would result in a cumulative saving of petroleum of 1.3 billion barrels.

Even at today's price of $13 per barrel of imported oil, such a reduction corresponds to a cumulative saving in foreign payments of $16.9 billion.

If we act forcefully, electric and hybrid vehicle technology can begin to have an impact, not in the distant future, but within the next few years. A 1975 study carried out by the General Research Corporation for the Environmental Protection Agency on potential electric vehicle use in the Los Angeles region, for example, concluded:

> Electric car range and performance can be adequate for substantial urban use. Even limited range, lead-acid battery cars could replace a million second cars in the Los Angeles area in 1980 (17% of all area cars) at little sacrifice in typical driving patterns.

Furthermore, if adequate emphasis is given to battery research, development, and improvement in electric and hybrid vehicle configurations, it has been estimated that the range and performance of electric vehicles could be doubled or tripled in the next few years.

It is important to note that S. 1632 is primarily focused on the development of electric and hybrid vehicles that will be able to capture a significant portion of the so-called second car and short-haul commercial vehicle market. This fleet, however, is a major part of our transportation system. It has been estimated, for example, that more than 28 percent of all households in the United States own two or more cars. More than 5 percent of such households own three or more cars. Thus, almost 28 million cars on the road today fall within the second or third car category. Milk vans, post office delivery trucks, and many other short-haul commercial fleet vehicles also could successfully utilize electric and hybrid vehicle technology.

S. 1632 provides a two-part program to facilitate the development and demonstration of such vehicles. The first part of this program will comprise a major research and development program within the Energy Research and Development Administration primarily focused on advanced battery development and improvements in vehicle design. Dr. Austin Heller, Assistant Administrator for Conservation of the Energy Research and Development Administration in hearings on S. 1632 estimated that up to "$150 million" in battery research and development could meaningfully be expended over a 5-year period by ERDA. As stated earlier an advanced battery development program could significantly improve the range and performance of electric vehicles.

The second part of the program is a three-step demonstration of electric and hybrid vehicles. This demonstration program will provide the Government, the public, and industry necessary baseline data to evaluate electric vehicles. It will also demonstrate present state-of-the-art vehicles and in the concluding step of the program demonstrate advanced electric and hybrid vehicle technologies.

Since the original introduction of S. 1632, this legislation has been significantly strengthened. Additional time and greater flexibility has been provided the Administrator of ERDA in order to assure that the demonstration program will provide the Government, industry, and the public the best possible data to evaluate the potential of electric and hybrid vehicles.

Mr. President, it is my strong conviction that only such a program of Federal research, development, and demonstration has any hope of rapidly accelerating acceptance of this useful technology, and I strongly urge my colleagues to join me in support of this legislation.

As I pointed out in the beginning of my statement, as our domestic reserves of petroleum continue to decline and our imports continue to increase, we are becoming daily more dependent on an uncertain source of supply. Moreover, the cost of petroleum continues to climb. Although OPEC recently agreed to maintain the present price of oil, I noticed that predictions are now being made in the press and elsewhere that once our election is over OPEC will meet again, and we can expect a very significant increase in price.

Mr. President, before I yield the floor, I ask unanimous consent for the following staff to be accorded the privilege of the floor during the debate and vote on this bill: Dan Jaffe, Mike Brownlee, Craig Peterson, and Lynn Sutcliffe.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that Gill Clark of my staff be accorded the privilege of the floor during debate and vote on this bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, automobile transportation in the United States today accounts for the consumption of approximately 6.3 million barrels of oil per day—an amount which nearly equals the amount of oil we are importing from other countries. If we were to find a way of reducing the amount of gasoline or other petroleum product consumed by the transportation sector of our economy, this would indeed make a major contribution to minimizing our dependence on foreign sources of energy. It is with this objective in mind that the Senate Commerce Committee has favorably reported S. 1632, the Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976. Specifically, electrically powered vehicles are capable of utilizing our abundant domestic energy supplies such as solar, hydro, coal, geothermal, nuclear, and tidal power to generate electricity for vehicle recharging.

Accordingly, S. 1632 directs the Administrator of the Energy Research and Development Administration—ERDA—to establish an electric vehicle research, development and demonstration project for the purpose of conducting research on electric vehicle batteries, overall vehicle design, and demonstrating their commercial feasibility. The Administrator of ERDA has overall management responsibility for the program, but must consult and coordinate his activities with the Secretary of Transportation or other Federal agency which may contribute to attaining the project goals.

Of particular importance is the three-stage demonstration program. Stage one requires the development of baseline data representing current state-of-the-art electric vehicle technology, against which progress can be compared. Second, ERDA is directed to purchase or lease 2,500 electric vehicles of presently available technology, or such number as the Administrator feels appropriate. The third and last demonstration stage requires a similar purchase or leasing program for 5,000 advanced electric vehicles, or such number as the Administrator feels appropriate.

The ERDA Administrator may guarantee the payment of interest and principal on obligations involving electric vehicle R. & D., for which $60 million is authorized.

If an invention is conceived during any activity conducted pursuant to this act, the title to such inventions will vest in the United States. This provision represents an application of the Federal Non-Nuclear Energy Research and Development Act of 1974 with the addition of mandatory licensing of background necessary to conduct the research, and commercialization of the technology developed under this Act.

The sum of $160 million is authorized to be appropriated over a 5-year period to carry out the activities mandated by this bill.

Mr. President, I believe this legislation will provide a valuable contribution to our national goals of energy independence and, on behalf of my colleagues on the Commerce Committee, urge that it receive favorable consideration.

Mr. GRIFFIN. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, will the Senator from Utah yield me a few minutes?

Mr. MOSS. Mr. President, I am happy to yield to the Senator from California such time as he needs, not to exceed 10 minutes.

Mr. TUNNEY. Mr. President, the measure before us, which has been offered by the distinguished Senator from Utah, is excellent legislation. It faces up to the reality that this country is becoming energy dependent on countries in the Middle East and throughout the world. If it should be decided by certain sheiks or kings in the Middle East to cut off our supply of oil, it could put this country into a very deep depression.

One of the major uses of oil is for transportation. Of course, what is envisioned in the measure before us, S. 1632, is that we would develop a propulsion system that would be energy efficient and would be smog free.

After S. 1632 is passed, as I am sure it will be in the next couple of hours, I shall offer S. 3267. This legislation will provide for the development of an advanced automotive system. It goes a little further in its scope than the legislation of the Senator from Utah, but the two bills are complementary.

I think that if we are going to be able to achieve in this country a technology for an electric car, not only will it be beneficial in the sense of reducing our dependency on foreign sources of energy, because I imagine that most of the electricity that will be used for the car will be generated from hydroelectric plants, from coal-burning powerplants, and from nuclear powerplants, but also, it will mean that we are going to be able essentially to eliminate the tremendous amounts of smog and air pollutants that are created as a result of combustion in the internal combustion engine.

There are some parts of this country, such as the Los Angeles basin in California, New York City, and the Chicago area, which are heavily impacted by the emissions from automobiles. Experts have estimated that many thousands of people die each year as a result of air pollution, and that does not take into consideration the many additional thousands who die from pulmonary conditions that are indirectly impacted by air pollution.

The number one air polluter in the country, of course, is the automobile, the internal combustion engine. The automobile is responsible for probably 80 percent to 90 percent of the air pollution in most parts of the country.

As a Californian, I can attest to the fact that estimates run as high as 10,000 to 15,000 people being forced to leave the Los Angeles basin every year on doctor's orders because of the air pollution, and 90 percent of that air pollution in the basin is caused by emissions from the internal combustion engine.

So this legislation will give us an electric car which, hopefully, will be energy efficient; but clearly it will be a clean car, in the sense that it will not produce smog, and this cannot help but be of tremendous benefit to society as a whole.

I cannot understand why it has taken us so long to get to the stage that we are prepared to use the research and development capability of the U.S. Government in order to produce an energy efficient clean car. We recognized in other areas that Federal dollars could be used to produce new technologies in order to achieve a goal that the country felt was desirable. The most obvious example, of course, was the desire we had to get to the Moon. We expended substantial billions of dollars in order to develop that technology. It did not only get us to the Moon. There was a tremendous spinoff effect on the other technologies which were utilized.

The latest information I read indicates that 2,500 patents were a direct outgrowth of the decision to go to the Moon. It has been a tremendous benefit to the people of this country. Examples of this are dehydrated foods, the development of materials that are heat resistant, and modern medical techniques. All have resulted as a consequence of our space efforts.

We also have developed new computers. We have miniaturization of electric wares which have brought many spinoff benefits to our society.

The 707 aircraft, which was the first jet transportation system we have used in the commercial sense in this country, was an outgrowth of a military program to build a transport which would be of benefit to our national defense. The Boeing Co. not only used the technology for the purpose of transporting military personnel and military fuel and equipment but also developed the 707 and made it a commercial airliner, and that was for many years the backbone of the jet commercial transport in this country.

So we have had many examples in which the Federal Government has utilized its dollars for research and development purposes and then has gone on and allowed civilian commercialization of the technology in a way that has brought tremendous ancillary benefits to everyone who lives in this country.

Mr. President, I commend the Senator from Utah for the work he has done in developing this legislation. The expertise he has gained as the chairman of the Committee on Aeronautical and Space Sciences has given him an opportunity to recognize how this type of funding by the Federal Government for research and development can produce in civilian transportation systems the kind of vehicle which can bring the benefits I have suggested.

I compliment him because this electric car is something which I feel is long overdue. The technology can be developed with a modest amount of effort, but, unfortunately, the automobile industry has been wedded to the concept of the internal combustion engine for the past 75 years. They just have not been prepared to spend sufficient money on such technologies.

I will say that I am a strong supporter of this legislation. I think it will bring about tremendous advantages to our country. As I say, I hope that we can get this through soon and get the money to be spent soon so those benefits will accrue before we all choke to death on our own pollutants.

Mr. MOSS. I thank the Senator from California for his remarks. I acknowledge the great service that he has contributed, not only to this bill but the one to follow, of which he is the author, and the work he has done as chairman of the Science Technology and Commerce Subcommittee of the Committee on Commerce. I appreciate his support.

I understand the Senator from Ohio may have an amendment.

UP AMENDMENT NO. 18

Mr. GLENN. I thank the Senator from Utah. I do have an unprinted amendment at the desk.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Ohio (Mr. GLENN) proposed unprinted amendment No. 18. On page 43, between lines 13 and 14 insert the following new subsection:

"(e) The Administrator shall conduct a study to determine the overall effectivenss and feasibility of including regenerative braking systems on electric and other automobiles in order to recover energy. In such study the Administrator shall review the history of regenerative braking devices, list experimental test data and theoretical calculations with respect to such devices, assess the net energy impacts and cost effectiveness of such devices, review present patents and patent policy regarding such devices, and determine whether regenerative braking should be used on some of the advanced electric or hybrid vehicles to be purchased in the third stage of this Act. The Administrator shall submit a report to the Congress on the findings and conclusions of such study within 1 year after the date of enactment of this Act."

Mr. GLENN. Mr. President, I am fully behind the purpose of this bill. I think it sets up a very realistic time schedule in its three-stage approach; the first year being for base line data, establishing standards for the state of the art electric automobiles by 18 months, and with a commitment to buy up to 2,500 automobiles by the 24-month period. At the 54-month period, the bill will set standards for advanced electric vehicles. At the end of a 5-year period, we would purchase or lease 5,000 vehicles to help get this type of technology under way.

Mr. President, there is one particular aspect of automobiles on which I think we have not concentrated adequate means—energy recovery; that is, regenerative braking systems on automobiles. They are particularly applicable to the electric automobile.

Let us think about how we use the power sources on our cars, we put anywhere from a 100- to a 300-horsepower engine in our cars that weigh 2 to 3 tons. We need that high horsepower to accelerate those cars up to their cruising speed; but once they reach that cruising speed, we only need about 30 horsepower to keep them under way.

Then what do we do? We have all this mass, all this momentum going down the highway at, hopefully, the legal speed. Then we waste it all. We dissipate all this energy into heat on brake drums and pay engineers to figure out how to dissipate all this energy. This entails millions upon millions of gallons a day, imports from abroad, to keep our use of the automobile up to what we want it to be. We use all this energy and make no effort whatsoever to recover it. To me, this just does not make sense.

In some ways, the Europeans have been way ahead of us. They have used regenerative braking on cog railways and cable car systems for many years in Europe. A car coming down generates electricity back into that system to recover some of the energy needed to send other cars up that same hill. There are systems of regenerative braking that could be used. An electrical automobile, with its electrical drive, will give us an opportunity to try out electrical regenerative braking systems. If we have an electric drive on a car, all we need to generate electricity is to use the motor as a generator. It can become a generator to store energy just as it is a motor to drive the vehicle in the first instance.

Regenerative braking systems can store energy back in the batteries, on fast-charge batteries. Electrical regeneration for braking can also be used with flywheels, to store energy, which some buses are currently experimenting with. A little further in the future, perhaps, regenerative braking can be used to break water down into its hydrogen-oxygen components so that the hydrogen can be used to recelerate this mass again.

There may also be applications to the present internal-combustion-engine-driven car that we now have if we can somehow get hydrogen developed, stored and fed back into the engine.

Mr. President, the electrical automobile is particularly good for most of what we use automobiles for in his country. It has been estimated that 54 percent of our automotive trips are for short trips of under 5 miles, and 74 percent of our trips are for trips under 10 miles. In other words, lots of starting and stopping. Every time we stop we heat our brake drums with our present systems; we are doing nothing but wasting gasoline beyond imagination.

The purpose of my amendment to this bill, then, is to call for a study to determine the overall effectiveness and feasibility of including regenerative braking systems on electric and other automobiles. In this study, we would call for a review of the history of these devices, listing experimental test data and theoretical calculations, assessing the net energy impacts and cost effectivenesses, reviewing present patent policy, because we do not know what impact that might have, and finally determining whether regenerative braking should be called for and used on some of the advanced electric or hybrid vehicles to be purchased in the third stage of this act.

Mr. President, I think this could help us in the future to get control over the energy needs in this country since about 40 percent of the crude oil in this country is for just our personal mobility. This could have a very large impact on savings and on conservation that we are concerned about. I hope the floor manager of this bill will be willing to accept this as an amendment. I shall be quite happy with a voice vote.

Mr. MOSS. I thank the Senator from Ohio. Indeed, I think he has made a great contribution to the bill. To listen to his discussion, it is readily apparent that he knows a great deal about energy and its uses, and obviously, his background has fitted him to think of this particular addition to S. 1632. I have been told that some of the trains in Europe are beginning to use this regenerative energy system and certainly, we ought to be looking at such technologies in order to save and recover, as the Senator from Ohio rightly points out, an enormous amount of energy that we presently simply waste.

There is just one brief question I would like to ask. In his amendment the Senator from Ohio uses the words "review present patents and patent policy regarding such devices."

I wonder if the Senator could inform me what he means by this review.

Mr. GLENN. The purpose of that requirement was to determine how applicable all of these new concepts might be. In other words, are there old patents that preempt mass application of regenerative braking techniques if we wanted to use them and if we wanted to require them on some of these future vehicles.

We would not want, for instance, to mandate the purchase or lease at the end of a 5-year period of some 5,000 vehicles with regenerative braking if we found that there was a patent that was going to cost us $10,000 per vehicle.

I would also want to know, after their look at this, how generic are some of these things, how generic are their applications. Are they readily available, and can we apply them to all automobiles as well as the electrically driven automobiles that the bill is trying to foster?

This was not meant to try to raise any question of what patent rights would be guaranteed to people developing new vehicles. This would not interfere with the formal application for patents of someone developing new techniques as a result of this emphasis on regenerative braking, but would rather just review the present status so we would know how applicable this would be to all vehicles and, in particular, to electrical vehicles in the future.

Mr. MOSS. I appreciate that explanation. As I understand it, it is really to examine, not review in the sense that you are going to change any of the patent laws, but simply to examine, what the laws are and what patents have been established under the current law. Perhaps the Senator would not object to changing "review" to the word "examine." Would that clarify its meaning?

Mr. GLENN. It would not change the meaning at all and I would be happy to accept that.

Mr. MOSS. I would appreciate that because then I think it is very clear that it simply means we are going to act after examining what is already patented and determine what guidance that gives us.

Mr. GLENN. It was not the intent of this amendment to try to rewrite patent law or to direct this study into those fields whatsoever. Examining the current status and determining its applicability is what was intended.

Mr. MOSS. I thank the Senator. The Senator then modifies his amendment to say "examine"?

Mr. GLENN. I do, that is correct, and I would request that modification.

The PRESIDING OFFICER (Mr. FORD). The Chair would like to ask the Senator from Ohio if he would restate his modification.

Mr. GLENN. The modification would be in line 7 in the amendment as sent to the desk. At the end of the seventh line where it says "review present patents" change "review" to "examine."

Mr. MOSS. I thank the Senator.

I think the Senator from New Mexico is asking for recognition. I want to say I am fully prepared to accept the amendment.

The PRESIDING OFFICER. The amendment is so modified.

Is there further discussion on the amendment? The Senator from New Mexico.

Mr. DOMENICI. Parliamentary inquiry, Mr. President. Is there time remaining on the amendment of the Senator from Ohio?

The PRESIDING OFFICER. There is time.

Mr. DOMENICI. I would like to share a few views with the Senator from Ohio, if he would allow me, on this matter.

Mr. GLENN. All right.

Mr. DOMENICI. First, I want to commend the Senator from Ohio for adding this provision to the bill. I think it rounds out a much needed research project with reference to automobility in general, and I commend him for applying it to this bill.

I would like to ask the Senator from Ohio, as one who is very familiar with the various departments of Government that have something to do with new techology in the automotive field, I assume the Senator concurs that the principal thrust in this particular bill is properly vested with ERDA, would that be correct, as the lead agency?

Mr. GLENN. I think that is correct because ERDA, of course, has the responsibility for energy research and development. They are already involved in some areas of this. I believe they have a previous contract with the Garrett Corp. at the present time for some $150,000 for fiscal 1976 and 1977 to cover some preliminary looks at electric automobiles which do include some aspects of the regenerative braking problem that I brought up today. So ERDA is already working to some degree in this area.

Mr. DOMENICI. I assume the Senator from Ohio generally agrees that the thrust of this bill which vests ERDA with basic applied R. & D. rather than building prototype electric cars, I assume the Senator from Ohio thinks that is a good approach to getting this technology developed quickly, and that the Senator would agree that the provision of the bill which then says the Government may buy some of the products that the private sector might develop in this R. & D., that he considers that to be a good thrust in stimulating the application of this research and development?

Mr. GLENN. I do agree with that. I do not eliminate the possibility, however, at a later time, once the techniques are developed and once the technology is developed to allow this responsibility flowing to other departments. I do not think we want to forever make ERDA our buyer and contractor, for vehicles for the Federal Government which may some day widely use electric automobiles. At some point beyond the experimenting and research phase, it would seem to me that we probably should then phase this responsibility away from ERDA. But at the present time when we are talking about basic concepts of electrical generation, battery storage, fast charge batteries, flywheel use and development, and hydrogen generation, it seems to me that the responsibility should be centered in the agency that has the prime responsibility for development of science and technology in those broad areas.

Mr. DOMENICI. Mr. President, I wish to take just a couple more minutes to commend the distinguished chairman and the ranking Member who are handling this particular bill for the foresight they have shown here and, in particular, for understanding that ERDA ought to be the lead agency to develop this basic research and technology.

They have adopted a rather exciting approach, and that is as this technology develops we want those in America with the imagination and the ability to construct these vehicles to feel that there might be a market, and that the agency provides for experimentation, and that the Postal Service, for example, might buy some of this finished product.

I think this is the kind of enticement that is consistent with causing a broad spectrum of people in engineering and development to not only be enthused about the R. & D., but who feel if they do it well they might very well have a good chance to sell their product.

As the Senator from Utah knows, I support this bill wholeheartedly.

I am somewhat concerned that we are fractionalizing the R. & D. effort in automobility and new sources for automobility and in engines, and we have another bill, S. 3267, that will follow this afternoon trying to find a new internal combustion engine concept, and we have not vested that in ERDA. I wanted to make the point here that I think, after much discussion, this particular bill vested responsibility in ERDA, and even though ultimately it might produce a car, we do not charge ERDA with building one. But we hope a car will evolve from it, with all of the safety requirements and the feasibility of production, but we must develop other cars that are not going to be run by electricity. I think you properly vested the principal, the major, thrust for America in this particular bill in ERDA causing them to cooperate with the other agencies, including the Department of Transportation and, in that respect, I think we are going to get an excellent program with reference to the introduction of batteries and electricity and the enhancement of the mobility that we so much cherish in our country called automobility or individual automobility.

Mr. GLENN. Mr. President, will the Senator yield? One further comment as to why I feel this should come under ERDA is its applicability to energy storage in other areas. ERDA is looking at energy storage, for instance, in hydroelectric power, where there is a large generating capability which just goes over the dam, the water that is not used during certain periods of the day. Perhaps we could use some of these same techniques that regenerative braking would develop. ERDA also may be able to use the stored energy in either batteries or flywheels or hydrogenerators, that I mentioned, on a much larger scale and in a much larger context in hydroelectric power or utility electrical generating plant capability from 2 to 4 in the morning when their use is down to a low ebb. It could be stored from other sources such as solar. So ERDA is looking into some of these other areas and some of the same techniques we are talking about in regenerative braking in automobiles may also be applicable for storage in other areas. I think in this stage of development it is particularly appropriate that these activities be centered in the one agency, ERDA.

Mr. DOMENICI. I thank the Senator from Ohio.

The PRESIDING OFFICER. The time of the Senator from Ohio has expired.

The Senator from Utah.

Mr. MOSS. Mr. President, as I indicated earlier, I think this is an excellent amendment. I am very pleased on behalf of the committee and as manager of the bill to accept the amendment as modified, and I am prepared to submit it at this point.

I yield back all my time.

The PRESIDING OFFICER. All time has been yielded back. The question now is on agreeing to the amendment of the Senator from Ohio as modified.

The amendment, as modified, was agreed to.

Mr. BUMPERS addressed the chair.

The PRESIDING OFFICER. Who yields time to the Senator from Arkansas?

Mr. MOSS. I am happy to yield.

Mr. STEVENS. I yield to the Senator.

The PRESIDING OFFICER. The Senator from Alaska yields time.

Mr. MANSFIELD. How much time, because in 3 minutes we have to start a vote?

The PRESIDING OFFICER. That will be automatic.

Mr. MANSFIELD. I thank the Chair.

Mr. BUMPERS. Mr. President, I am opposed to this bill. I am certainly not opposed to more energy-saving devices, but this is a bill which over a 4-year period appropriates and authorizes to be appropriated $160 million for the building of electric and hybrid vehicles.

I have read the committee report on this. I cannot find we are going to get any increased technology. As a matter of fact, for the first 12 months the Secretary is only authorized to develop baseline data. At the end of that and over the next 18-month period, the United States is going to buy 2,500 electric vehicles.

Under a separate bill that is going to be considered by the Senate when the ERDA authorization bill is brought up, we are going to find in excess of $30 million—the precise figure is $33.920 million—which we are giving ERDA for research and development of energy storage systems.

That deals with electrochemical storage, chemical storage, thermal storage, mechanical storage and magnetic storage.

I agree wholeheartedly with the amendment of the Senator from Ohio dealing with conservation of energy.

As a matter of fact, the New York subway system has a prototype right now by which they use the braking system that is estimated to save 70 percent of energy used in the subway system now.

But why on Earth is this body authorizing to appropriate $160 million for an electric vehicle, the technology for which is already well known?

We cannot possibly suggest here we are going to develop some kind of new technology in the next 12 months, that the United States will buy 2,500 vehicles over the succeeding 18 months, and accomplish anything so far as energy conservation is concerned.

What we are doing is going backward. We are buying 2,500 vehicles, there is nothing of any energy economy as to that, and without having proved a better energy storage system through batteries.

For those reasons, I intend to oppose this. I recognize that energy is a very sexy subject and I recognize that some of it can be sought by throwing money at it. But for this body to appropriate $160 million over a 4-year period and literally demand we buy 2,500 of whatever the product may be, in my opinion, would be extremely foolish.

We are appropriating an adequate amount under the ERDA bill this body will be voting on in the next 30 days.

For those reasons, I shall oppose this bill. I shall also oppose the one following it which is being offered.

ADDITIONAL STATEMENTS SUBMITTED

Mr. McINTYRE. Mr. President, development of electric vehicles in the United States has lagged behind other countries and has been moribund since the turn of the century when our great aunts drove in stately quiet in small electric cars. This bill, S. 1632, the Electric and Hybrid Vehicle Research, Development and Demonstration Act should help to end that situation.

Part of the problem concerns the fact that we have never developed proper storage batteries for cars that allow us to drive more than 100 miles on a single charge. Secondarily, we have never developed batteries that are light enough or small enough.

Many of you have seen electric vehicles on the road. I have ridden both in a battery-powered car and a battery-powered van around the Capitol Plaza. Both those vehicles made no smell, put out no fumes and were very quiet.

These are immediate environmental benefits that our citizens see.

But there are other benefits. High efficiency electric vehicles can be charged at night from electricty produced from baseline electric generating plants.

Another concerns small business. This is very important to me as a member of the Small Business Committee and chairman of that committee's Subcommittee on Government Regulation. These vehicles can be produced by small businesses who can compete with the giant auto manufacturers.

I hope that the Energy Research and Development Administration takes to heart the part of the legislation that directs it to make sure that small business receives an appropriate part of the funding this bill provides.

This type of legislation, providing ways for us to use existing resources more efficiently, cut down pollution from auto vehicles, and bring competition shows that the Federal Government can move positively. The bill should mean a decreasing reliance on some fossil fuels, particularly imported petroleum for transportation, now consuming one-third of our energy production. This is legislation whose time has come.

Mr. BUCKLEY. Mr. President, it seems to me this is precisely the kind of area that is best left to private research and development. The Federal Government is already involved in research on improving the efficiency of batteries under different programs. The benefits to be derived from any breakthroughs in this area will be available to firms attempting to develop a marketable electric car.

Government research ought to concentrate on longer range projects that are less likely to attract private investment. Federal investment in short-term projects can actually have the effect of discouraging independent programs in private industry, thereby reducing the amount of research actually devoted to a particular problem.

Mr. MOSS. Third reading, Mr. President.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that immediately upon third reading of S. 1632, the Committee on Commerce be discharged from further consideration of H.R. 8800—the House passed companion bill; that H.R. 8800 be immediately laid before the Senate; that the test of S. 1632 as it will be progressed to third reading be substituted therefor, and that the vote occur immediately on H.R. 8800 as amended.

The PRESIDING OFFICER. Without objection, it is ordered.

The question is on agreeing to the committee amendment in the nature of the substitute, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The Chair lays before the Senate H.R. 8800, which will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 8800) to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles.

The PRESIDING OFFICER. In accordance with the request of the Senator from Montana, the Committee on Commerce is discharged from further consideration of H.R. 8800, the text of S. 1632 as it progressed to third reading is substituted therefor, and the vote will occur immediately on H.R. 8800, as amended.

Mr. BUMPERS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on the pending bill occur immediately after the vote on the HMO bill, which will occur around 2 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask unanimous consent that Philip Grill of the staff be granted privilege of the floor on this bill and the R. & D.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. Did I understand the

distinguished majority leader to request that the vote on H.R. 8800 follow the HMO rollcall vote at 2 p.m.?

The PRESIDING OFFICER. The Senator is correct.

INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORTS CONTROL ACT OF 1976–1977

The PRESIDING OFFICER. Under the previous order, the hour of 12:15 having arrived, the Senate will proceed to the vote on H.R. 13680, which the clerk will state by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 13680) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes.

Mr. DOLE. Mr. President, for the second time this year, the Senate is considering the Foreign Security Assistance and Arms Export Control Act. One month ago, the President chose to veto S. 2662, which would have authorized our foreign economic aid program for fiscal year 1976 at the same time it altered certain U.S. policies regarding foreign military grant assistance and military sales and exports. With respect to the provisions of that earlier legislation, the President specifically objected to the imposition of an arbitrary arms sale ceiling; the removal of current restrictions on trade with North and South Vietnam; required compliance with certain human rights standards by recipient countries; and the mandatory termination of grant military assistance and U.S. military assistance advisory groups after fiscal year 1977 unless specifically authorized.

The measure currently before us, S. 3439, is a revised version of that earlier legislation. The Senate Foreign Relations Committee has made several important alterations in the legislation, which now includes authorizations for U.S. military assistance for both fiscal years 1976 and 1977. Besides eliminating those provisions for an arms sale ceiling and for opening trade with North and South Vietnam, which were objectionable to the President, the committee has also recommended that a declaration of any government's ineligibility for U.S. assistance on the basis of human rights violations must be accomplished by a joint resolution rather than by a concurrent resolution, as earlier drafted. A joint resolution, of course, would require the signature of the President before having the force of law. This latter provision will probably ameliorate the President's objections to the human rights compliance provisions, to a certain extent.

Thus, the committee has taken some positive steps to satisfy several of the President's major objections to the earlier measure.

AUTHORIZATION OF APPROPRIATIONS

This measure would authorize appropriations to fill the administration's request for funding of its security assistance and related programs for fiscal years 1976 and 1977, and for the intervening interim quarter. The measure before us today will authorize both military assistance and foreign sales credit assistance. I am pleased to see that the Senate Foreign Relations Committee has set forth spending authority recommendations for fiscal year 1976 which are within the guidelines of the second concurrent budget resolution approved last year. The authorizations for fiscal year 1977 are slightly higher than the levels contained in the international affairs functional category of the first concurrent resolution approved last month.

Adjustments for this excess can probably be made later on by shifting levels within this budget function area, or by slight adjustments in the total authority recommended by the second concurrent budget resolution.

With regard to the American economic assistance program funded by this legislation, it is worthwhile to note that priorities in American foreign aid have shifted significantly during the last several years, from providing money for fighting wars, to providing money for buying peace, aid for peace may, indeed, turn out to be at least as expensive as aid for war.

CONGRESSIONAL OVERSIGHT OF ARMS SALES

There are a number of provisions in this bill, as there were in the earlier measure, which would shift a good deal of responsibility in military sales decisions from the President to Congress. As I understand it, it is the intention of the Senate Foreign Relations Committee to place more emphasis on public disclosure of arms sales matters and to encourage consistency and coherence in American arms sales policy. I do not object to a fair and reasonable extent of congressional oversight for arms transactions that might affect the delicate balances of power in several volatile spots throughout the world.

On the other hand, I do feel that it is very important that the health of the American arms industry not be impaired, and that an adequate volume of U.S. arms sales abroad should be sustained. Congress should take particular care not to impair the ability of commercial U.S. firms to sustain good production activity or to compete with the international market in arms sales abroad. This industry provides a major source of jobs in this country, and our Nation's role as a supplier enables us to maintain some control and influence over the distribution and use of those arms.

Government supervision is already in effect for several aspects of commercial military sales abroad, in order to insure that such transactions are in line with general U.S. foreign policy objectives. There are a large number of primary contractors and subcontractors throughout this country, including some in my own State of Kansas, whose manufacturing industries could be affected by these proposed revisions in armament control policies. Care must be taken to insure that congressional interference in commercial arms sales does not have a negative impact on the now-favorable balance of trade for the United States. Steady improvement in this balance over the last several months has enhanced the economic well-being of our Nation as a whole. If that balance were to be shifted substantially in the other direction by reckless or short-sighted legislative vetoes, it could result in a serious loss of jobs and be a severe blow to our national economy. I intend to do what I can to insure that Federal interference in private commercial sales of defense equipment under $25 million is at an absolute minimum, as provided in this bill.

CHANGES IN COMMITTEE BILL

On Friday, several floor amendments to this bill were adopted by unanimous consent. I am in general agreement with the changes they make. A limited amount of economic assistance for Chile has been approved, with an even larger amount contingent upon active efforts of the Chilean Government to end political repressions and to advance the cause of human rights within that country.

An administration request for a $25 million contingency fund for the governments of South Africa has been rejected. The request has been extremely controversial in the wake of Secretary Kissinger's earlier proposal to aid movements for majority rule in Africa, and to aid in strengthening sanctions against trade with Rhodesia. While Congress should avoid denying the executive branch the flexibility it needs to deal with the unpredictabe chain of events in African politics, further discussion is in order regarding our foreign policy objectives on that continent. The growing significance of Africa with respect to the international balance of power requires a carefully thought out policy that is coherent, coordinated, and consistent with our international objectives. Congress should be kept informed, and consulted to the extent possible, with respect to any dramatic changes in U.S. policy toward Africa that may involve sizable commitments of economic aid.

CONCLUSION

With these thoughts in mind, I am prepared to support S. 3439. In many respects, it represents a gradual shift toward a new perspective on American assistance abroad, and on the role of Congress in approving that assistance. The principal merit of this transition may well be the expressed determination that U.S. foreign aid is not an unlimited resource, but that those amounts which can be made available must be utilized in the most efficient manner for protecting our own security interests while furthering international development and stability.

FOREIGN MILITARY AID AND CHILE

Mr. KENNEDY. Mr. President, I rise to express my support for the International Security Assistance and Arms Exports Control Act of 1976–77 which the Senate approved today.

There are several key areas of change in policy and concept contained in this legislation which I believe deserve special note. Although, the legislation has been modified after the Presidential veto of the original version of the bill, a veto which was both unfortunate and ill-conceived in terms of our national interest, it still marks a sharp break with past practice.

The legislation attempts to prescribe a new concern for arms control in the entire field of conventional arms transfer instead of the free-wheeling uncontrolled policy previously in existence. Congress will have full information on the objectives of arms transfers and will be assured of an opportunity to check particularly unworthy proposals.

In addition, there will be a new standard of human rights considerations which will require the executive branch, basing its information in part on international documentation, to inform the Congress on the human rights conditions in countries proposed to be recipients of military assistance. A gross voilation of human rights will be cause for the denial of that assistance.

The legislation also provides for the phasing out of the military missions overseas and also for the phasing out of the military aid grant programs.

CHILE

And in two specifics, the bill attempts to establish with regard to Chile, an appropriate U.S. Government reaction to the now-internationally recognized gross violation of human rights practiced by the junta.

MILITARY AID CUT OFF

The bill contains the amendment I had offered, an amendment previously adopted in the Senate as well, to halt all military transfers of equipment and training for Chile. The amendment prohibits, from the date of enactment, all transfers whether by grant, sales, guarantees, cash sales or approval of commercial licenses of military equipment, either through new agreements or under past agreements.

The continuing violation of human rights in that country is such to make it unacceptable for the United States to grant, sell or authorize the provision of weapons for the Chilean Junta to continue its repression.

I am pleased the committee approved my amendment in its inclusion of section 406. It is a replica of the amendment previously adopted by the Senate by a rollcall vote on February 18.

Although unfortunately modified in conference, the Senate and the House both approved the subsequent conference report restricting military assistance to Chile in the fiscal year 1976 bill which was vetoed.

I believe the current provision which the Senate adopted is both more appropriate and more in keeping with our desire to state clearly to the junta that we will no longer send weapons to repress the Chilean people.

In recent weeks, we have learned of the arrest of the daughter of a former Senator, two architects, the former vice president of a major labor union, two attorneys, an engineer and others. These individuals we have the names of because their relatives specifically have contacted either our Embassy, volunteer groups, or friends and relatives outside Chile and we have their names. But there are many more we still have no detailed knowledge of. We do know in Santiago alone, 133 men and women were imprisoned in May under the state of seige—and even that number only represents the ones reported to the Catholic Church.

The point is that the arrests continue, the repression continues.

For 10½ hours while the Secretary of Treasury was there it may have appeared different, but behind diplomatic curtains the repression was continuing.

While the junta was releasing some, it was arresting others to take their places in jails.

And they did not even have the courtesy to release all of those named on the release list, nor could they. Three of them were already in the United States. Another two had been released before he arrived. And another half dozen had been on a release list announced in February. And some 4,000 political prisoners remain, 700–1,000 of them without charge.

Where are the 1,000 men and women who have disappeared in the night, documented by the Chilean church committee, arrested by members of the DINA who never appear again?

Their families saw them being arrested but now file habeus corpus petitions fruitlessly; the church files petitions fruitlessly on their behalf and yet the government continues to deny knowledge of their whereabouts.

There are four questions one can ask to determine the situation in Chile:

First, can the junta order the arrest of anyone it wants without any cause? The answer is "Yes."

Second, can it keep him indefinitely imprisoned without charge, totally isolated? The answer is "Yes."

Third, can it abuse him and torture him without effective recourse? The answer is "Yes."

Fourth, can any public objection be raised to that conduct? The answer is "No."

That is the reality in Chile today.

The most recent events in Chile continue to demonstrate the pattern of gross violations of human rights which exist in that country.

The most recent events have been the continued arrests of Chilean citizens, without charge, without reason, all for political motives.

The most shocking arrest was that of a distinguished lawyer, Hernan Montealegre, the attorney for the Catholic Church's human rights organizations, the vicariate of solidarity.

The effort to terrorize all who have any concern for human freedom and dignity is clear when within 5 weeks the two attorneys for this human rights organization are arrested. The church committee was created by the cardinal of Chile to provide some relief to the families of political prisoners and to try and provide them with some help when their husbands or wives or children are suddenly whisked off in the middle of the night by the DINA, the Chilean secret police.

One attorney, Jose Zalaquett, was arrested, held incommunicado for 18 days and then released 2½ months later—all without charge, all without trial. Then in late March, he met with three U.S. Congressmen. Within days after they left he was ordered expelled, rearrested, and finally deported.

The very act of talking honestly to a U.S. Congressman was cause for arbitrary arrest, imprisonment, and expulsion.

I find it incredible that with this record before us, anyone would suggest sending weapons to that government.

The Government of Chile will of course accept U.S. arms but it will not permit a Chilean lawyer to talk freely with U.S. Congressmen.

Now we see another effort to put pressure on the church in Chile by arresting the remaining attorney who provided counsel to the vicariate.

These are not terrorists or bomb throwers, they are lawyers and even the State Department has chastised the junta for these violations. Unfortunately, the Department still seeks $20 million in military FMS cash sales for Chile this year and the provision of nearly $120 million in weapons in the pipeline. The amendment adopted today will prevent those transfers.

The reports of continued arbitrary arrests, arbitrary firings, exile within the country and torture during interrogation persist. Every international human rights group that has investigated Chile has found a gross pattern of human rights violations, including a system of torture. And inquiry has found a violation of political freedom as well.

The Congress remains closed.

Political parties—in a country which once was the symbol of democracy in the hemisphere—remain outlawed. A state of seige continues in effect.

And the military junta which came to power in a bloody coup remains in power, pointing to the example of Franco as their model.

We owe it to the Chilean people not to be participants through the grant of arms, in that repression but we owe it even more to ourselves. This Nation began with the Declaration of Independence and the statement that the founders acted "out of a decent respect to the opinions of mankind." I can think of no more blatant violation of that tradition than to provide arms to the Chilean junta.

Section 406 should be supported, fought for in conference, and enacted into law.

ECONOMIC AID RESTRICTIONS

With regard to economic assistance, I am pleased the Senate has agreed to place some limitation on the level of aid going to the junta. However, even the level adopted, $30 million plus $38 million more, if the President certifies that the Government of Chile no longer is engaged in violating human rights, if it permits investigating groups to enter, and if it discloses conditions and charges of all prisoners, is too high.

Chile is not on the United Nations "Most Seriously Affected" list of developing nations with special needs, yet the administration provided 85 percent of all title I, Public Law 480 food in Latin America in fiscal year 1976 to Chile and proposed to provide that country with 69 percent of all Latin American aid in fiscal year 1977 as well.

Chile has Latin America's third largest per capita income of more than $760 per year and it is not even listed by AID as one of the six countries with greatest needs in the hemisphere, yet the administration would provide it with the lion's share of our assistance.

For these reasons, it seems clear that even if the junta begins to respect international standards of basic human rights it should not be getting more than other countries with greater economic needs. It is ironic that we are being asked to pay Chile to live up to its own international standards of conduct. Yet that is the only lesson that can be drawn.

Hopefully, in conference, the amendment on economic aid ceilings which is adopted by the conference will reflect a level more consistent with the House-approved level of $25 million. Surely, there should be no more than a total of $50 million, as the Senate adopted last November.

The recognition of Chile's continuing violations of human rights comes not only from the recent OAS conference where the Inter-American Commission on Human Rights found gross violations of human rights including torture continuing.

The reports also come from the victims themselves, smuggled out of the country frequently.

Let me quote from some of those documents to indicate the character of treatment under the junta:

> In Villa Grimaldi, the present general headquarters of the DINA, the agents of Pinochet are devising much more sophisticated torture. The hundreds of detained persons who arrive there each week are kept blindfolded or hooded so that they can not identify their torturers. Chains and balls are secured to their feet and their hands tied to prevent any resistance to the torture. The interrogations can last as much as 60 days.
>
> The first step in the interrogation consists of a beating and kicking by a circle of five or six individuals armed with iron fists, handcuffs, blackjacks, and clubs. They beat without letup until the prisoner is in danger of dying. It is supervised by a doctor of the DINA who determines medically the resistance to the torture.
>
> The prisoner might have a rest of two or three hours, or simply continue with the treatment in the following phases: electric shocks on a metal bed spring to which the interrogated person is tied by the hands and feet facing upward to facilitate the application of electric current . . .
>
> The interrogated, with a rope secured to his arms tied behind his back, is suspended from a high post and is left to hang there for three or four hours, losing all sensation.

Also, only yesterday, we saw another indication of the internal criticism of the junta, criticism which has occurred for the first time only because the signatories, leading lawyers and former high elected officials of the regime, believe that direct repression could not occur while the OAS was meeting in Santiago.

While Secretary Kissinger recognized the deplorable level of respect for human rights under the junta and spoke against that practice at the OAS meeting, the Secretary has not taken the next step and that is to announce publicly that we will not permit the transfer of military weapons to the junta. Nor has he attempted in any way thus far to lower the level of economic support for the junta. Until those actions are taken, the Secretary's words are going to be suspect throughout the hemisphere.

Congress by enacting these two provisions, halting all military aid and severely limiting economic assistance, can help bring our Nation's actions into balance with the professed concern for human rights in the rhetoric of our policymakers.

I ask unanimous consent that recent articles on Chile be printed in the RECORD.

There being no objections, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, June 13, 1976]

Chilean Lawyers' Charge of Repression Causes a Furor at O.A.S. Rights Parley

(By Juan De Onis)

SANTIAGO, CHILE, June 12.—A public attack by five Chilean lawyers on the repressive methods of the state security police here has caused a furor in the debate on human rights by the general assembly of the Organization of American States.

A 6,000 word declaration by the lawyers, circulated to the American foreign ministers here, said the supreme court and the Ministry of Interior exercised no control over the agents of the National Intelligence Directorate, which answers directly to President Augusto Pinochet.

The declaration provoked angry retorts from all the spokesmen of the military government and a reply from Jaime Eyzaguirre, president of the supreme court, who said that there was no control over the security agency or military courts but who felt that was the way things should be under a state of siege.

"AN ACT OF TREASON"

Ricardo Claro, the Chilean coordinator of the conference, said the declaration constituted "an unspeakable act of treason" by the five lawyers, who include a former dean of law at the University of Chile, a former president of the chamber of deputies and a former representative of Chile to the United Nations Human Rights Commission.

The leading figure among the lawyers was Jaime Castillo Velasco, a former minister of justice in the Christian Democratic government of President Eduardo Frei Montalva. He has been a persistent critic of the repression under the military regime and is a director of the magazine Politics and Spirit, which the Government closed in November.

The debate over the declaration by the lawyers, which has filled the local press, has focused more attention than has ever been the case here in print on the Intelligence Directorate, the security agency made up of at least 12,000 military and civilian employees.

Designed originally to coordinate the work of the various military intelligence services with the police, the agency has become the most powerful governmental base of support for General Pinochet. It is led by Col. Manuel Contreras, a close army associate of the President.

CHARGES OF SECRET DETENTION

The agency operates the three legal detention centers for persons arrested under the state of siege that has been in force since the military overthrew the government of President Salvador Allende Gossens on Sept. 11, 1973. It also has many secret places of detention, where torture is frequently employed in interrogations, according to the lawyers' report.

With a secret budget, the full extent of the agency's operations is only vaguely known. It includes control of the public administration, of the armed forces, of means of information and of economic policy, according to diplomatic sources.

The lawyer's declaration focused on the methods of arrests and detention and the lack of control over these activities.

"Personnel are prohibited from appearing in court, even when summoned, according to the express order of the director of the organization, the declaration said. "The supreme court and court of appeals must always close the case involving homicide, kidnapping, disappearances and violations resulting from arrests because no witnesses from the organization ever appear," it continued.

The judicial commission of the O.A.S. general assembly is now debating a resolution that would order the Human Rights Commission of the organization to continue reporting on the situation in Chile.

The United States delegation, on orders from Secretary of State Henry A. Kissinger, is pushing for a broader mandate and increased funds for the Human Rights Commission. A Chilean resolution, which is backed by many of the right-wing military regimes, would define the "right of action," of the commission in restrictive terms.

For instance, this would mean that commission investigators, when studying human rights conditions in any country, would have to work through the government's representatives.

The report on human rights in Chile submitted to the general assembly said that "arbitrary arrests, torture and persecutions" continued, but it reported that some measures by the Chilean Government to regulate arrests and provide medical control over prisoners had shown an improvement.

Chile Study Says Torture Goes On

(By Juan de Onis)

SANTIAGO, CHILE, June 7.—The Inter-American Human Rights Commission has accused Chile's military Government of continuing "arbitrary jailings, persecutions and touture" while issuing decrees and statements to "tranquilize or confuse" world opinion.

A 191-page report on human rights in Chile, circulated by the commission at the annual meeting of American foreign ministers here, contained many specific charges of killings and torture of prisoners.

Secretary of State Henry A. Kissinger arrived here today, after stopovers in the Dominican Republic and Bolivia, to join the deliberations of the general assembly of the Organization of American States that began Friday. He is expected to remain until Thursday. The conference is scheduled to last until June 19.

The seven-member human rights commission, a permanent organ of the Organization of American States, said its work, which included a visit to Chile, had been "seriously perturbed" by the refusal of the Chilean Government to reply to written requests for information.

A 162-page statement by the Chilean Foreign Minister, Patricio Carvajal, was attached to the report.

Mr. Carvajal said that the state of siege imposed in September 1973, when President Salvador Allende Gossens was overthrown, and the security measures adopted later were needed to "protect the population" against an international campaign of subversion aimed at overthrowing the military junta.

He maintained that Chileans here, linked to "those who fight against Chile from abroad," had presented distorted information to international agencies as part of an effort to "isolate the military junta and apply moral and economic sanctions."

Mr. Carvajal specifically attacked the Committee for Peace, an ecumenical group of clergymen, lawyers and social workers that provided legal aid to prisoners and their families. It was dissolved last year under Government pressure.

The work of the committee, whose principal legal figure, Jose Zalaquet, was sent into exile, has been continued by a Roman Catholic "Vicarage of Solidarity" which provides legal aid and economic assistance to the needy.

A lawyer belonging to the Vicarage, Hernan Montealegre, was arrested May 12 and has been held without specific charges at the Tres Alamos detention center near this capital.

A government decree issued in May 1975 to regulate arrests under the state of siege, sets a five-day limit on detentions before a prisoner must be submitted to a court or be held by the Minister of Interior.

Another decree issued Jan. 28 states that no arrest or search can be made without a written order from the chief of a security agency. It also requires that prisoners be examined by a physician, with a written report, before entering a detention center.

The Human Rights commission's report, commenting on the application of these and other decrees, said that many provisions were ignored or violated by the security forces.

"Practically all persons who are detained remain for a specific length of the time without the members of their families knowing their whereabouts or their condition, with the Government denying the very fact of their detention," the report said. It added:

"The standards issued by the Chilean Government more or less recently on this subject seem to be intended more to serve as instruments of propaganda rather than as effective measures for the protection on human rights."

The report was drafted in March before President Augusto Pinochet began a policy of accelerating the release of persons held under the state of siege. The releases began during a visit by the United States Secretary of the Treasury William E. Simon, last month, today 60 people were released, bringing the total to 362.

But church sources said that in this capital alone there were 133 new arrests in April and May, including those of 20 persons, mostly Communist Party members on April 29, before Mr. Simon's visit.

The commission's report concluded that "legal provisions have not produced appreciable beneficial effects" and that this was due, in part, to the maintenance of "standards that totally prohibit the activity of political parties" and that substantially restrict liberty of expression.

Anibal Aguilar, a Venezuelan lawyer who is the chairman of the commission, is expected to be present when the foreign ministers debate the report. Some countries represented here, notably Venezuela, Jamaica and Costa Rica are pushing for a resolution condemning Chile for violations of human rights.

A Chilean member of the commission, Manuel Bianchi, dissented from the majority report.

More than 20 cases of alleged killing of prisoners are contained in the report. Among them is that of Oscar Arrow Yanez, a lathe operator in Concepcion, who was arrested Sept. 26.

According to a statement by his wife, he was brought to his home the next day by the security forces.

"My husband was emaciated, pale, talking incoherently," she was quoted as saying. "I helped him wash, he could not do it by himself, and I saw his beaten body. I asked him why it was that way and he said they had hit him a lot."

The report then added: "Arrow Yanez was put in the auto again. He was able to say goodbye to his son, and that was the last time they saw him alive."

The report said his body was found on Sept. 28 in a street at Alto Lota, a coal town near Concepcion. The death certificate issued at the morgue said the cause of death was "acute anemia" as result of bullet wounds.

[From the Washington Post, June 8, 1976]

OAS Body Hits Chile on Rights

Santiago, June 7—Arbitrary jailings, persecution and torture continue in Chile despite international pressure for a halt to the practices, according to a secret report prepared for hemispheric foreign ministers meeting here.

Secretary of State Henry A. Kissinger, who arrived in Chile today for a three-day visit, was reported to be preparing to press for respect for human rights in private talks with officials of Chile's ruling military junta.

A few hours before Kissinger's arrival, Gen. Augusto Pinochet, president of the junta, announced the release of 60 more political prisoners.

The secret report was prepared by the human rights commission of the Organization of American States, which opened its annual General Assembly here Friday.

More than a score of hemispheric nations are participating in the meetings. Mexico is boycotting it to protest the Chilean junta's policies.

The 109-page report was distributed to delegations before the OAS meeting began and was made available to a reporter by delegation sources. It said the commission was "seriously perturbed" by the Chilean government's response to requests for information. "Some requests—a minority of them—have received incomplete replies. The majority of them, and very important ones, have received no reply whatsoever," it said.

The OAS commission criticized recent junta decrees to improve the human rights situation as "intended more as instruments of propaganda rather than as effective measures for the protection of human rights."

It went on: "While decrees are being issued for the purpose of tranquilizing or confusing world opinion, the practice of arbitrary jailings, persecution and tortures continued up to the present."

The government of Chile issued a 162-page reply saying the report serves to "prove the falseness of claims that unscrupulous or badly informed persons have made available to the human rights commission."

The reply said the Chilean government has confiscated 97,590 weapons since Sept. 11, 1973, when the armed forces took power in a coup against the late President Salvador Allende, a Marxist.

Regarding prisoners, the government said: "Ninety per cent of persons put on trial by military tribunals have been accused of illegal possession of arms and thus can be described as common delinquents and not as 'political prisoners.' "

Before flying to Chile, Kissinger met with Bolivian President Hugo Banzer Suarez in Santa Cruz, a city in eastern Bolivia.

At a breakfast meeting, Banzer and Kissinger discussed the need to intensify efforts to cut off the flow of cocaine from Bolivia.

Before leaving Bolivia, Kissinger told reporters that the United States supports talks the landlocked country is holding with Chile and Peru in its quest for access to the sea.

He also indicated that he would make proposals on the enforcement of human rights at the OAS meeting.

Asked about negotiations with Panama, recently criticized by Republican presidential candidate Ronald Reagan, Kissinger said: "We believe we are acting in the national interest and in the Western Hemisphere's interest, and we are proceeding with the negotiations."

[From the Washington Post]

Torture Ship Coming

(By Jack Anderson and Les Whitten)

Chile's military dictatorship is sending a torture ship to participate in the U.S. Bicentennial.

The Esmeralda will be one of more than 200 handsome sailing vessels from 35 nations that will participate in Operation Sail, a seagoing salute in New York Harbor on the Fourth of July.

President Ford may even be among the 3,000 dignitaries who will review the waterborne parade from the deck of the aircraft carrier Forrestal.

Hundreds of Chileans were tortured aboard the Esmeralda following the military coup in September, 1973, in which Marxist President Salvador Allende was overthrown.

Spokesman for the dictatorship denied to us that the Esmeralda was a torture ship. The evidence to the contrary however, is overwhelming.

In the fall of 1974, for example, the Organization of American States sent a team to Chile to investigate the status of human rights there. The team was not permitted to see the Esmeralda, according to the OAS report, on the grounds it was a "military area." The team interrogated many prisoners, however, who testified with "significant unanimity" that the ship was a torture site.

"I was stripped to my shorts and my hands were handcuffed behind me," swore one prisoner who was aboard the ship. "They applied electric shock on my skin, on my testicles, on my chest and back. Also the officers who were interrogating me hit me 50 times . . . with their fists. All of this left me black and blue, as the Red Cross verified when they came . . ."

Another man testified that he was beaten with a rifle butt until "I began to urinate blood." One prisoner was taken on the Esmeralda to an island concentration camp and "arrived with a piece burned out of his tongue."

Luis Vega Contreras, a Chilean lawyer now living in Israel, has signed a sworn statement attesting to his treatment aboard the Esmeralda. Contreras, once an attorney for the Chilean Ministry of the Interior, said he was beaten with a rifle, kicked, put under a high pressure jet of sea water and given electric shocks on his tooth fillings.

The ship, Contreras concluded, "had been for me and for 10,000,000 Chileans, the White Lady, the National Pride," he wrote in his statement. "It represented Chilean democracy, manhood, the chivalry of Chilean officers and sailors. Today it is a torture chamber, a flagellation chamber, a floating jail of horror, death, and fear to Chilean men and women under the hands of soldiers and officers who . . . belong to an occupation army . . ."

[From the New York Times, June 13, 1976]

Mr. Kissinger on Human Rights

Secretary of State Henry A. Kissinger has used the General Assembly meeting of the Organization of American States in Chile as an opportunity to chastise Chile by name and many other Latin American governments by implication for alleged violations of human rights. But Mr. Kissinger's criticisms were widely considered as being tepid—the violations had "impaired our relations with Chile," he said—probably reflecting the delicacy of the human rights issue among the Latin countries. Many of them are under military regimes that are in practice police states.

Violation of human and political rights was the major topic at the organization's foreign ministers' meeting last week, and the host country was the central point of discussion. A report issued by the organization's Inter-American Human Rights Commission accused Chile's military junta of "arbitrary jailings, persecutions and torture" and characterized the country's recent human rights decrees as being designed to "tranquilize or confuse" world opinion.

Still, the fact that the organization agreed to meet there, and that Mr. Kissinger attended, may have ameliorated the criticisms. One former Chilean official said: "The 'blessing' given by Mr. Kissinger to the regime by his presence here was 'well worth a few criticisms on human rights.' "

In his remarks, Mr. Kissinger suggested that the human rights commission be given a stronger mandate and an enlarged staff and budget. But there is doubt that that will happen, because a large and solid bloc of countries, including Brazil, Argentina, Uruguay, Bolivia, Paraguay and many Central American states, are under military rule. (Bolivia last week imposed a new state of siege to suppress student and labor unrest.) A smaller bloc, including Costa Rica, Colombia, Venezuela, Jamaica and Mexico, would favor strengthening the commission. Mexico boycotted the Chile meeting to protest alleged human rights violations in Chile.

The **PRESIDING OFFICER**. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. **CURTIS** (after having voted in the negative). Mr. President, on this vote I have a pair with the distinguished Senator from Ohio (Mr. TAFT). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withdraw my vote.

Mr. **MANSFIELD** (when his name was called). Mr. President, on this vote I have a pair with the Senator from Washington (Mr. JACKSON). If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. **ROBERT C. BYRD**. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Indiana (Mr. HARTKE), the Senator from Maine (Mr. HATHAWAY), the Senator from Washington (Mr. JACKSON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Washington (Mr. MAGNUSON), the Senator from Wisconsin (Mr. NELSON), the Senator from Rhode Island (Mr. PELL), the Senator from Illinois (Mr. STEVENSON), the Senator from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON) would vote "yea."

Mr. **GRIFFIN**. I announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Massachusetts (Mr. BROOKE), the Senator from New York (Mr. BUCKLEY), the Senator from Arizona (Mr. GOLDWATER), the Senator from Kansas (Mr. PEARSON), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The result was announced—yeas 62, nays 18, as follows:

[Rollcall Vote No. 279 Leg.]

YEAS—62

Baker
Bartlett
Beall
Bentsen
Biden
Brock
Bumpers
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Durkin
Eagleton
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hart, Gary
Hart, Philip A.
Haskell
Hollings
Huddleston
Humphrey
Inouye
Javits
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Taft
Williams

So the bill (H.R. 13680), as amended, was passed, as follows:

That this Act may be cited as the "International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977".

TITLE I—MILITARY ASSISTANCE PROGRAM

AUTHORIZATION

SEC. 101. Section 504(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a) (1) There is authorized to be appropriated to the President to carry out the purposes of this chapter $196,700,000 for the fiscal year 1976 and $75,300,000 for the fiscal year 1977. Not more than the following amounts of funds available for carrying out this chapter may be allocated and made available to each of the following countries for such fiscal years:

Country	*Fiscal year amount*	*Fiscal year amount*
Greece	$31, 000. 000	----------
Indonesia	13, 000, 000	$13, 000, 000
Jordan	50, 000, 000	40, 000, 000
Republic of Korea	55, 000, 000	8, 300, 000
Philippines	17, 000, 000	17, 000, 000
Thailand	16, 000, 000	15, 000, 000
Turkey	31, 000. 000	----------
Ethiopia	6, 000 000	5, 000, 000

The amount specified in this paragraph for military assistance to any such country for fiscal year 1976 or 1977 may be increased by not more than 10 per centum of such amount if the President deems such increase necessary for the purposes of this chapter.

"(2) Not to exceed $6,000,000 of the funds made available for fiscal year 1976 to carry out the purposes of this chapter, and not to exceed $3,700,000 of the funds made available for fiscal year 1977 to carry out the purposes of this chapter, may be used to provide assistance to international organizations and, subject to the limitations contained in paragraph (3), to countries which are not designated in paragraph (1).

"(3) Funds made available for assistance under this chapter may not be used to furnish assistance to more than 20 countries in fiscal year 1976 and to not more than 12 countries during the fiscal year 1977 (including those countries designated in paragraph (1)).

"(4) The authority of section 610(a) and of section 614(a) may not be used to increase any amount specified in paragraph (1) or (2). The limitations contained in paragraphs (1), (2), and (3) shall not apply to emergency assistance furnished under section 506(a).

"(5) There is authorized to be appropriated to the President, for administrative and other related expenses incurred in carrying out the purposes of this chapter, $32,000,000 for the fiscal year 1976 and $70,000,000 for the fiscal year 1977.

"(6) None of the funds appropriated under this subsection shall be used to furnish sophisticated weapons systems, such as missile systems or jet aircraft for military purposes, to any less developed country not specified in paragraph (1) unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress.

"(7) Amounts appropriated under this subsection are authorized to remain available until expended.

"(8) Assistance for Turkey under this chapter shall be subject to the requirements of section 620(x) of this Act.".

SPECIAL AUTHORITY

SEC. 102. Section 506(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a) (1) If the President first determines and reports to Congress in accordance with section 652 of this Act—

"(A) that an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization;

"(B) that a failure to respond immediately to that emergency will result in serious harm to vital United States security interests; and

"(C) that the emergency requirement cannot be met under authority of the Arms Export Control Act or any other law except this section;

he may order defense articles from the stocks of the Department of Defense and defense services for the purposes of this part, subject to reimbursement from subsequent appropriations made specifically therefor under subsection (b).

"(2) The total value of defense articles and defense services ordered under this subsection in any fiscal year may not exceed $67,500,000. The authority contained in this subsection shall be effective in any fiscal year only to the extent provided in an appropriation Act.

"(3) The President shall keep the Congress fully and currently informed of all defense articles and defense services ordered under this subsection."

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

SEC. 103. Section 514 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 514. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—(a) No defense article in the inventory of the Department of Defense which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country may be made available to or for use by any foreign country unless such transfer is authorized under this Act or the Arms Export Control Act, or any subsequent corresponding legislation, and the value of such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred. For purposes of this subsection, 'value' means the acquisition cost plus crating, packing, handling, and transportation costs incurred in carrynig out this section.

"(b) (1) The value of defense articles to be set aside, earmarked, reserved, or intended for use as war reserve stocks for allied or other foreign countries (other than for purposes of the North Atlantic Treaty Organization) in stockpiles located in foreign countries may not exceed in any fiscal year an amount greater than is specified in security assistance authorizing legislation for that fiscal year.

"(2) The value of such additions to stockpiles in foreign countries shall not exceed $75,000,000 for the fiscal year 1976, $18,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and $50,000,000 for the fiscal year 1977.

"(c) Except for stockpiles in existence on the date of enactment of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977 and for stockpiles located in countries which are members of the North Atlantic Treaty Organization, no stockpile may be located outside the boundaries of a United States military base or a military base used primarily by the United States.

"(d) No defense article transferred from any stockpile which is made available to or for use by any foreign country may be considered an excess defense article for the purpose of determining the value thereof.

"(e) The President shall promptly report to the Congress each new stockpile, or addition to an existing stockpile, described in this section of defense articles valued in excess of $10,000,000 in any fiscal year.".

TERMINATION OF MILITARY ASSISTANCE ADVISORY GROUPS AND MISSIONS

SEC. 104. Section 515 of the Foreign Assistance Act of 1961 is amended—

(1) by striking out "Effective July 1, 1976," and inserting in lieu thereof "(a) During the period beginning July 1, 1976, and ending September 30, 1977,"; and

(2) by adding at the end therof the following new subsection:

"(b) (1) After September 30, 1977, no military assistance advisory group, military mission, or other organization of United States military personnel performing similar military advisory functions under this Act may operate in any foreign country unless specifically authorized by the Congress.

"(2) The President may assign not more than three members of the Armed Forces of the United States to the Chief of each United States Diplomatic Mission to perform such functions as such Chief of Mission determines necessary with respect to international military education and training provided under chapter 5 of this part, to sales of defense articles and services under the Arms Export Control Act, or to such other international security assistance programs as the President may designate. After September 30, 1977, no such functions or related activities may be performed by any defense attachés assigned, detailed, or attached to the United States Diplomatic Mission in any foreign country.

"(c) After September 30, 1976, the number of military missions, groups, and similar organizations may not exceed 34.

"(d) As used in this section, the term 'military assistance advisory group, military mission, or other organization of United States military personnel performing similar military advisory functions under this Act' does not include regular units of the Armed Forces of the United States engaged in routine functions designed to bring about the standardization of military operations and procedures between the Armed Forces of the United States and allies of the United States.".

TERMINATION OF AUTHORITY TO FURNISH GRANT MILITARY ASSISTANCE

SEC. 105. Chapter 2 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 516. TERMINATION OF AUTHORITY.—(a) Except to the extent that the Congress may, subsequent to the enactment of this section, authorize the furnishing of military assistance in accordance with this chapter to specified countries in specified amounts, the authorities contained in this chapter (other than the authorities contained in sections 506, 514, and 515(b) (2)) may not be exercised after September 30, 1977, except that such authorities shall remain available until September 30, 1980, to the extent necessary to carry out obligations incurred under this chapter on or before September 30, 1977.

"(b) Funds avaliable to carry out this chapter shall be avaliable notwithstanding the limitations contained in paragraphs (2) and (3) of section 504(a) of this Act—

"(1) for the winding up of military assistance programs under this chapter, including payment of the costs of packing, crating, handling, and transporting defense articles furnished under this chapter and of related administrative costs; and

"(2) for costs incurred under section 503 (c) with respect to defense articles on loan to countries no longer eligible under section 504(a) for military assistance.".

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 106. (a) Part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new chapter:

"CHAPTER 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

"SEC. 541. GENERAL AUTHORITY.—The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine (but whenever feasible on a reimbursable basis), military education and training to military and related civilian personnel of foreign countries. Such training and education may be provided through—

"(1) attendance at military educational and training facilities in the United States (other than Service academies) and abroad;

"(2) attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and

"(3) observation and orientation visits to military facilities and related activities in the United States and abroad.

"SEC. 542. AUTHORIZATION.—There are authorized to be appropriated to the President to carry out the purposes of this chapter $27,000,000 for the fiscal year 1976 and $30,200,000 for the fiscal year 1977. After June 30, 1976, no training under this section may be conducted outside the United States unless the President has reported and justified such training to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

"SEC. 543. PURPOSES.—Education and training activities conducted under this chapter shall be designed—

"(1) to encourage effective and mutually beneficial relations and increased understanding between the United States and foreign countries in furtherance of the goals of international peace and security; and

"(2) to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries.".

(b) The Foreign Assistance Act of 1961 is amended as follows:

(1) Section 510 is repealed.

(2) Section 622 is amended—

(A) in subsection (b) by inserting "and military education and training" immediately after "(including civic action)"; and

(B) by amending subsection (c) to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance, military assistance, and military education and training programs, including but not limited to determining whether there shall be a military education and training program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.".

(3) Section 623 is amended—

(A) in subsection (a) (4) by inserting "and related civilian" immediately after "military"; and

(B) in subsection (a) (6) by inserting ", education and training" immediately after "assistance".

(4) Section 632 is amended—

(A) in subsections (a) and (e) by inserting ", military education and training" immediately after "articles" wherever it appears; and

(B) in subsection (b) by striking out "and defense articles" and inserting in lieu thereof ", defense articles, or military education and training".

(5) Section 636 is amended—

(A) in subsection (g) (1) by inserting ", military education and training" immediately after "articles"; and

(B) in subsection (g) (2) and in subsection (g) (3) by striking out "personnel" and inserting in lieu thereof "and related civilian personnel".

(6) Section 644 is amended—

(A) by amending subsection (f) to read as follows:

"(f) 'Defense service' includes any service, test, inspection, repair, publication, or technical or other assistance or defense information used for the purposes of furnishing military assistance, but does not include military educational and training activities under chapter 5 of part II."; and

(B) by adding at the end thereof the following new subsection:

"(n) 'Military education and training' includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aids, orientation, and military advice to foreign military units and forces.".

(c) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law amended or repealed by this section shall continue in full force and effect until modified, revoked or superseded by appropriate authority.

(d) Funds made available pursuant to other provisions of law for foreign military educational and training activities shall remain available for obligation and expenditure for their original purposes in accordance with the provisions of law originally applicable to those purposes or in accordance with the provisions of law currently applicable to those purposes.

TITLE II—ARMS EXPORT CONTROLS

CHANGE IN TITLE

Sec. 201. (a) The first section of the Foreign Military Sales Act is amended by striking out "'The Foreign Military Sales Act'" and inserting in lieu thereof "the 'Arms Export Control Act'".

(b) Any reference to the Foreign Military Sales Act shall be deemed to be a reference to the Arms Export Control Act.

ARMS SALES POLICY

Sec. 202. (a) Section 1 of the Foreign Military Sales Act is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:

"It shall be the policy of the United States to exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war and to lessen the danger of outbreak of regional conflict and the burdens of armaments. United States programs for or procedures governing the export, sale, and grant of defense articles and defense services to foreign countries and international organizations shall be administered in a manner which will carry out this policy.

"It is the sense of the Congress that the President should seek to initiate multilateral discussions for the purpose of reaching agreements among the principal arms suppliers and arms purchasers and other countries with respect to the control of the international trade in armaments. It is further the sense of Congress that the President should work actively with all nations to check and control the international sale and distribution of conventional weapons of death and destruction and to encourage regional arms control arrangements. In furtherance of this policy, the President should undertake a concerted effort to convene an international conference of major arms-supplying and arms-purchasing nations which shall consider measures to limit conventional arms transfers in the interest of international peace and stability.".

(b)(1) The President shall conduct a comprehensive study of the arms sales policies and practices of the United States Government, including policies and practices with respect to comercial arms sales, in order to determine whether such policies and practices should be changed. Such study shall examine the rationale for arms sales to foreign countries, the benefits to the United States of such arms sales, the risks to world peace as a result of such arms sales, trends in arms sales by the United States and other countries, and steps which might be taken by the United States to provide for limitations on arms sales. In addition, such study shall include an evaluation of the impact of United States arms sales policies on the economic and social development of foreign countries and consideration of steps which might be taken by the United States to encourage the maximum use of the resources of the developing countries for economic and social development purposes.

(2) Not later than the end of the one-year period beginning on the date of enactment of this section, the President shall submit to the Congress a report setting forth in detail (A) the findings made and conclusions reached as a result of the study conducted pursuant to paragraph (1) of this subsection, together with such recommendations for legislation as the President deems appropriate, (B) the efforts made by the United States during the five years immediately preceding the submission of such report to initiate and otherwise encourage arms sales limitations, and (C) the efforts being made by the United States at the time of the submission of such report to initiate and otherwise encourage arms sales limitations in accordance with the policies stated in the amendment made by subsection (a) of this section.

TRANSFER OF DEFENSE SERVICES

Sec. 203. (a) Section 3(a)(2) of the Foreign Military Sales Act is amended, effective July 1, 1976, by inserting immediately after "article" each time it appears "or related training or other defense service".

(b) Section 505(a) of the Foreign Assistance Act of 1961 is amended, effective July 1, 1976, by inserting immediately after "articles" each time it appears "or related training or other defense service".

APPROVAL FOR TRANSFER OF DEFENSE ARTICLES

Sec. 204. (a) Section 3 of the Foreign Military Sales Act is amended by adding at the end thereof the following new subsections:

"(e) The President may not give his consent under paragraph (2) of subsection (a) or under the third sentence of such subsection to a transfer of a defense article, or related training or other defense service, sold under this Act and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961 unless the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate, thirty days prior to giving such consent, a written certification with respect to such proposed transfer containing—

"(1) the name of the country or international organization proposing to make such transfer;

"(2) a description of the defense article or related training or other defense service proposed to be transferred, including the original acquisition cost of such defense article or related training or other defense service;

"(3) the name of the proposed recipient of such defense article or related training or other defense service;

"(4) the reason for such proposed transfer; and

"(5) the date on which such transfer is proposed to be made.

"(f) If the President receives any information that a transfer of any defense article, or related training or other defense service, has been made without his consent as required under this section or under section 505 of the Foreign Assistance Act of 1961, he shall report such information immediately to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.".

(b)(1) The second sentence of subsection (a) of section 3 of the Foreign Military Sales Act is amended by striking out ", and prior" and all that follows thereafter through "transferred" the second time it appears.

(2) The first sentence of section 505(e) of the Foreign Assistance Act of 1961 is amended by striking out ", and prior" and all that follows thereafter through "transferred" the second time it appears.

SALES FROM STOCKS

Sec. 205. Section 21 of the Foreign Military Sales Act is amended to read as follows:

"Sec. 21. Sales From Stocks.—(a) The President may sell defense articles and defense services from the stocks of the Department of Defense to any eligible country or international organization if such country or international organization agrees to pay in United States dollars—

"(1) in the case of a defense article not intended to be replaced at the time such agreement is entered into, not less than the actual value thereof;

"(2) in the case of a defense article intended to be replaced at the time such agreement is entered into, the estimated cost of replacement of such article, including the contract or production cost less any depreciation in the value of such article; or

"(3) in the case of the sale of a defense service, the full cost to the United States Government of furnishing such service.

"(b) Except as provided by subsection (d) of this subsection, payment shall be made in advance or, if the President determines it to be in the national interest, upon delivery of the defense article or rendering of the defense service.

"(c) Personnel performing defense services sold under this Act may not perform any duties of a combatant nature, including any duties related to training, advising, or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of those defense services.

"(d) If the President determines it to be in the national interest pursuant to subsection (b) of this section, billing for sales made under letters of offer issued under this section after the enactment of this subsection may be dated and issued upon delivery of the defense article or rendering of the defense service and shall be due and payable upon receipt thereof by the purchasing country or international organization. Interest shall be charged on any net amount due and payable which is not paid within sixty days after the date of such billing. The rate of interest charged shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the United States as of the last day of the month preceding the billing and shall be computed from the date of billing. The President may extend such sixty-day period to one hundred and twenty days if he determines that emergency requirements of the purchaser for acquisition of such defense articles or defense services exceed the ready availability to the purchaser of funds sufficient to pay the United States in full for them within such sixty-day period and submits that determination to the Congress together with a special emergency request for the authorization and appropriation of additional funds to finance such purchases under this Act.

"(e)(1) After September 30, 1976, letters of offer for the sale of defense articles or for the sale of defense services that are issued pursuant to this section or pursuant to section 22 of this Act shall include appropriate charges for—

"(A) administrative services, calculated on an average percentage basis to recover the full estimated costs of administration of sales made under this Act to all purchasers of such articles and services;

"(B) any use of plant and production equipment in connection with such defense articles; and

"(C) a proportionate amount of any nonrecurring costs of research, development, and production of major defense equipment.

"(2) The President may reduce or waive the charge or charges which would otherwise be considered appropriate under subparagraphs (1)(B) and (1)(C) for particular sales that would, if made, significantly advance United States Government interests in North Atlantic Treaty Organization standardization, or foreign procurement in the United States under coproduction arrangements.

"(f) Any contracts entered into between the United States and a foreign country under the authority of this section or section 22 of this Act shall be prepared in a manner which will permit them to be made available for public inspection to the fullest extent possible consistent with the national security of the United States.

"(g) In carrying out section 814 of the Act of October 7, 1975 (Public Law 94–106), the President may enter into North Atlantic Treaty Organization standardization agreements for the cooperative furnishing of training on a bilateral or multilateral basis, if the financial principles of such agreements are based on reciprocity. Such agreements shall include reimbursement for all direct costs but may exclude reimbursement for indirect costs, administrative surcharges, and costs of billeting of trainees (except to the extent that members of the United States Armed Forces occupying comparable accommodations are charged for such accommodations by the United States). Each such agreement shall be transmitted promptly to the Speaker of the House of Representatives and the Committees on Appropriations, Armed Services, and Foreign Relations of the Senate.".

SALES FROM STOCK AFFECTING UNITED STATES COMBAT READINESS

SEC. 206. Section 21 of the Foreign Military Sales Act, as amended by section 205 of this Act, is further amended by adding at the end thereof the following new subsection:

"(h) (1) Sales of defense articles and defense services which could have significant adverse effect on the combat readiness of the Armed Forces of the United States shall be kept to an absolute minimum. The President shall transmit to the Speaker of the House of Representatives and the Committees on Armed Services and Foreign Relations of the Senate on the same day a written statement giving a complete explanation with respect to any proposal to sell, under this section, any defense articles or defense services if such sale could have a significant adverse effect on the combat readiness of the Armed Forces of the United States. Each such statement shall be unclassified except to the extent that public disclosure of any item of information contained therein would be clearly detrimental to the security of the United States. Any necessarily classified information shall be confined to a supplemental report. Each such statement shall include an explanation relating to only one such proposal to sell and shall set forth—

"(A) the country or international organization to which the sale is proposed to be made;

"(B) the amount of the proposed sale;

"(C) a description of the defense article or service proposed to be sold;

"(D) a full description of the impact which the proposed sale will have on the Armed Forces of the United States; and

"(E) a justification for such proposed sale, including a certification that such sale is important to the security of the United States.

A certification described in subparagraph (E) shall take effect on the date on which such certification is transmitted and shall remain in effect for not to exceed one year.

"(2) No delivery may be made under any sale which is required to be reported under paragraph (1) of this subsection unless the certification required to be transmitted by subparagraph (E) of paragraph (1) is in effect.".

PROCUREMENT FOR CASH SALES

SEC. 207. (a) Section 22(a) of the Foreign Military Sales Act is amended by adding at the end thereof the following: "Interest shall be charged on any net amount by which any such country or international organization is in arrears under all of its outstanding unliquidated dependable undertakings, considered collectively. The rate of interest charged shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the United States as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.".

(b) Section 22(b) of the Foreign Military Sales Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The President may, if he determines it to be in the national interest, issue letters of offer under this section which provide for billing upon delivery of the defense article or rendering of the defense service and for payment within one hundred and twenty days after the date of billing. This authority may be exercised, however, only if the President also determines that the emergency requirements of the purchaser for acquisition of such defense articles and services exceed the ready availability to the purchaser of funds sufficient to make payments on a dependable undertaking basis and submits both determinations to the Congress together with a special emergency request for authorization and appropriation of additional funds to finance such purchases under this Act.".

EXTENSION OF PAYMENT PERIOD FOR CREDIT SALES

SEC. 208. (a) Paragraph (1) of section 23 of the Foreign Military Sales Act is amended by striking out "ten years" and inserting in lieu thereof "twelve years".

(b) The amendment made by subsection (a) shall apply with respect to financing under agreements entered into on or after the date of enactment of this Act for the procurement of defense articles to be delivered, or defense services to be rendered, after such date.

ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM

SEC. 209. (a) Immediately after section 24 of the Foreign Military Sales Act, add the following new section:

"SEC. 25. ANNUAL ESTIMATE AND JUSTIFICATION FOR SALES PROGRAM.—(a) The President shall transmit to the Congress, as a part of the presentation materials for security assistance programs proposed for each fiscal year, a report which set forth—

"(1) an estimate of the amount of sales expected to be made to each country under sections 21 and 22 of this Act, including a detailed explanation of the foreign policy and United States national security considerations involved in expected sales to each country;

"(2) an estimate of the amount of credits and guaranties expected to be expended to each country under sections 23 and 24 of this Act;

"(3) a list of all findings which are in effect on the date of such transmission made by the President pursuant to section 3(a)(1) of this Act, together with a full and complete justification for each such finding, explaining how sales to each country with respect to which such finding has been made will strengthen the security of the United States and promote world peace; and

"(4) an arms control impact statement for each purchasing country, including (A) an analysis of the relationship between expected sales to each country and arms control efforts relating to that country, and (B) the impact of such expected sales on the stability of the region that includes the purchasing country.

"(b) Not later than thirty days following the receipt of a request made by the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives for additional information with respect to any estimate submitted pursuant to subsection (a), the President shall submit such information to such committee.

"(c) The President shall make every effort to submit all of the information required by this section wholly in unclassified form. In the event the President submits any such information in classified form, he shall submit such classified information in an addendum and shall also submit simultaneously a detailed summary, in unclassified form, of such classified information.".

(b) Section 634(d) of the Foreign Assistance Act of 1961 is amended by striking out "and military sales under this or any other Act" in the fourth sentence.

MILITARY SALES AUTHORIZATION

SEC. 210. (a) Section 31(a) of the Foreign Military Sales Act is amended by striking out "not to exceed $405,000,000 for the fiscal year 1975" and inserting in lieu thereof "not to exceed $1,039,000,000 for the fiscal year 1976 and not to exceed $680,000,000 for the fiscal year 1977".

(b) Section 31(b) of such Act is amended to read as follows:

"(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed $2,374,700,000 for the fiscal year 1976, of which not less than $1,500,000,000 shall be available only for Israel, and shall not exceed $1,732,600,000 for the fiscal year 1977, of which not less than $1,000,000,000 shall be available only for Israel.".

(c) (1) Section 31 of such Act is further amended by adding at the end thereof the following new subsections:

"(c) Funds made available under subsection (a) of this section shall be obligated to finance the procurement of defense articles and defense services by Israel on a long-term repayment basis either by the extension of credits, without regard to the limitations contained in section 23, or by the issuance of guaranties under section 24. Repayment shall be in not less than twenty years, following a grace period of ten years on repayment of principal. Israel shall be released from one-half of its contractual liability to repay the United States Government with respect to defense articles and defense services so financed in each fiscal year.

"(d) The aggregate acquisition cost to the United States of excess defense articles ordered by the President in any fiscal year after fiscal year 1976 for delivery to foreign countries or international organizations under the authority of chapter 2 of part II of the Foreign Assistance Act of 1961 or pursuant to sales under this Act may not exceed $100,000,000 (exclusive of ships and their on-board stores and supplies transferred in accordance with law).".

(2) Subsections (a), (b), (c), and (e) of section 8 of the Act entitled "An Act to amend the Foreign Military Sales Act and for other purposes", approved January 12, 1971 (Public Law 91–672; 84 Stat. 2053), are repealed effective July 1, 1976. All funds in the suspense account referred to in subsection (a) of such section on July 1, 1976, shall be transferred to the general fund of the Treasury.

REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS; CONGRESSIONAL ACTION

SEC. 211. (a) Section 36 of the Foreign Military Sales Act is amended to read as follows:

"SEC. 36. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS; CONGRESSIONAL ACTION.—(a) The President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate not more than thirty days after the end of each quarter an unclassified report (except that any material which was transmitted in classified form under subsection (b)(1) or (c)(1) of this section may be contained in a classified addendum to such report, and any letter of offer referred to in paragraph

(1) of this subsection may be listed in such addendum unless such letter of offer has been the subject of an unclassified certification pursuant to subsection (b)(1) of this section) containing—

"(1) a listing of all letters of offer to sell any major defense equipment to be sold for $1,000,000 or more under this Act to each foreign country and international organization, by category, if such letters of offer have not been accepted or canceled;

"(2) a listing of all such letters of offer that have been accepted during the fiscal year in which such report is submitted, together with the total value of all defense articles and defense services sold to each foreign country and international organization during such fiscal year;

"(3) the cumulative dollar amounts, by foreign country and international organization, of sales credit agreements under section 23 and guaranty agreements under section 24 made during the fiscal year in which such report is submitted;

"(4) a numbered listing of all licenses and approvals for the export to each foreign country and international organization during such fiscal year of commercially sold major defense equipment, by category, sold for $1,000,000 or more, together with the total value of all defense articles and defense services so licensed for each foreign country and international organization, setting forth with respect to the listed major defense equipment—

"(A) the items to be exported under the license,

"(B) the quantity and contract price of each such item to be furnished, and

"(C) the name and address of the ultimate user of each such item;

"(5) projections of the dollar amounts, by foreign country and international organization, of cash sales expected to be made under section 21 and 22, credits to be extended under section 23, and guaranty agreements to be made under section 24 in the quarter of the fiscal year immediately following the quarter for which such report is submitted;

"(6) a projection with respect to all cash sales expected to be made and credits expected to be extended to each country and organization for the remainder of the fiscal year in which such report is transmitted;

"(7) an estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel present in each such country at the end of that quarter for assignments in implementation of sales and commercial exports under this Act; and

"(8) an analysis and description of the services being performed by officers and employees of the United States Government under section 21(a) of this Act, including the number of personnel so employed.

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (i) the foreign country or international organization to which the defense article or service is offered or was sold, as the case may be; (ii) the dollar amount of the offer to sell or the sale and the number of defense articles offered or sold, as the case may be; (iii) a description of the defense article or service offered or sold, as the case may be; and (iv) the United States Armed Force and other agency of the United States which is making the offer to sell or the sale, as the case may be.

"(b)(1) In the case of any letter of offer to sell any defense articles or services under this Act for $25,000,000 or more, or any major defense equipment for $7,000,000 or more, before such letter of offer is issued, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect to such offer to sell containing the information specified in clauses (i) through (iv) of subsection (a). In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request—

"(A) a detailed description of the defense articles or services to be offered, including a brief description of the capabilities of any defense article to be offered;

"(B) an estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale;

"(C) the name of each contractor expected to provide the defense article or defense service proposed to be sold (if known on the date of transmittal of such report);

"(D) an analysis of the arms control impact pertinent to such offer to sell, prepared in consultation with the Secretary of Defense;

"(E) the reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles or services which are the subject of such sale and a description of how such country or organization intends to use such defense articles or services;

"(F) an analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States;

"(G) the reasons why the proposed sale is in the national interest of the United States;

"(H) an analysis by the President of the impact of the proposed sale of the military capabilities of the foreign country or international organization to which such sale would be made;

"(I) an analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles or services;

"(J) an estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles or services proposed to be sold;

"(K) an analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries;

"(L) an analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles or services which are the subject of such sale would be delivered; and

"(M) a detailed description of any agreement proposed to be entered into by the United States for the purchase of acquisition by the United States of defense articles, services, or equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such letter of offer, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement.

A certification transmitted pursuant to this subsection shall be unclassified, except that the information specified in clause (ii) and the details of the description specified in clause (iii) of subsection (a) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States. The letter of offer shall not be issued if the Congress, within thirty calendar days after receiving such certification, adopts a concurrent resolution stating that it objects to the proposed sale, unless the President states in his certification that an emergency exists which requires such sale in the national security interests of the United States.

"(2) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977.

"(3) For the purpose of expediting the consideration and adoption of concurrent resolutions under this subsection, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(c)(1) In the case of an application by a person (other than with regard to a sale under section 21 or section 22 of this Act) for a license for the export of any major defense equipment sold under a contract in the amount of $7,000,000 or more or of defense articles or defense services sold under a contract in the amount of $25,000,000 or more, before issuing such license the President shall transmit to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations of the Senate an unclassified numbered certification with respect to such application specifying (A) the foreign country or international organization to which such export will be made, (B) the dollar amount of the items to be exported, and (C) a description of the items to be exported. In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request, a description of the capabilities of the items to be exported, an estimate of the total number of United States personnel expected to be needed in the foreign country concerned in connection with the items to be exported and an analysis of the arms control impact pertinent to such application, prepared in consultation with the Secretary of Defense. A certification transmitted pursuant to this subsection shall be unclassified, except that the information specified in subparagraph (B) and the details of the description specified in subparagraph (C) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States. No license for the export of any major defense equipment sold for $7,000,000 or more may be issued if the Congress within 30 calendar days after receiving the certification with respect to such license, adopts a concurrent resolution stating that it objects to the issuance of such license, unless the President states in his certification that an emergency exists which requires the issuance of such license in the national security interests of the United States.

"(2) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977.

"(3) For the purpose of expediting the consideration and adoption of concurrent resolutions under this section, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(d) In the case of an approval under section 38 of this Act of a United States commercial technical assistance or manufacturing licensing agreement for or in a country not a member of the North Atlantic Treaty Organization which involves the manufacture abroad of any item of significant combat equipment on the United States Munitions Lists, before such approval is given, the President shall submit a certification with respect to such proposed commercial agreement in a manner similar to the certification required under paragraph (1) of subsection (c) containing comparable information.".

(b) The amendment made by subsection (a) of this section shall apply with respect to letters of offer for which a certification is transmitted pursuant to section 36(b) of the Arms Export Control Act on or after the date of enactment of this Act and to export licenses for which an application is filed under section 38 of such Act on or after such date.

CONTROL OF LICENSES WITH RESPECT TO ARMS EXPORTS AND IMPORTS

Sec. 212. (a) (1) Chapter 3 of the Foreign Military Sales Act is amended by adding at the end thereof the following new section:

"Sec. 38. Control of Arms Exports and Imports.—(a) (1) In furtherance of world peace and the security and foreign policy of the United States, the President is authorized to control the import and export of defense articles and defense services and to provide foreign policy guidance to persons of the United States involved in the export and import of such articles and services. The President is authorized to designate those items which shall be considered as defense articles and defense services for the purposes of this section and to promulgate regulations for the import and export of such articles and services. The items so designated shall constitute the United States Munitions List.

"(2) Decisions on issuing export licenses under this section shall be made in coordination with the Director of the United States Arms Control and Disarmament Agency and shall take into account the Director's opinion as to whether the export of an article will contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

"(b) (1) As prescribed in regulations issued under this section, every person (other than an officer or employee of the United States Government acting in an official capacity) who engages in the business of manufacturing, exporting, or importing any defense articles or defense services designated by the President under subsection (a) (1) shall register with the United States Government agency charged with the administration of this section, and shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies or for any State or local law enforcement agency) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance or sales program of the United States, whether or not enhanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

"(2) Except as otherwise specifically provided in regulations issued under subsection (a) (1), no defense articles or defense services designated by the President under subsection (a) (1) may be exported or imported without a license for such export or import, issued in accordance with this Act, and regulations issued under this Act, except that no license shall be required for exports made by or for an agency of the United States Government (A) for official use by a department or agency of the United States Government, or (B) for carrying out any foreign assistance or sales program authorized by law and subject to the control of the President by other means.

"(3) No license may be issued under this Act for the export of any major defense equipment sold under a contract in the amount of $25,000,000 or more to any foreign country which is not a member of the North Atlantic Treaty Organization unless such major defense equipment was sold under this Act.

"(c) Any person who willfully violates any provision of this section or section 36(f), or any rule or regulation issued under either section, or who willfully, in a registration or license application or required report, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein misleading, shall upon conviction be fined not more than $100,000 or imprisoned not more than two years, or both.

"(d) This section applies to and within the Canal Zone.

"(e) In carrying out functions under this section with respect to the export of defense articles and defense services, the President is authorized to exercise the same powers concerning violations and enforcement which are conferred upon departments, agencies and officials by sections 6 (c), (d), (e), and (f) and 7 (a) and (c) of the Export Administration Act of 1969, subject to the same terms and conditions as are applicable to such powers under such Act. Nothing in this subsection shall be construed as authorizing the withholding of information from the Congress.".

(2) Section 2(b) of the Foreign Military Sales Act is amended—

(A) by inserting "and exports" immediately after "sales" both times it appears; and

(B) by inserting "and whether there shall be delivery or other performance under such sale or export," immediately after "thereof,".

(b) (1) Section 414 of the Mutual Security Act of 1954 is repealed. Any reference to such section shall be deemed to be a reference to section 38 of the Arms Export Control Act and any reference to licenses issued under section 38 of the Arms Export Control Act shall de deemed to include a reference to licenses issued under section 414 of the Mutual Security Act of 1954.

(2) All determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under section 414 of the Mutual Security Act of 1954 shall continue in full force and effect until modified, revoked, or superseded by appropriate authority.

CANCELLATION AND SUSPENSION OF LICENSES AND CONTRACTS

Sec. 213. Section 42 of the Foreign Military Sales Act is amended by adding at the end thereof the following new subsection:

"(e) (1) Each contract for sale entered into under sections 21 and 22 of this Act shall provide that such contract may be canceled in whole or in part, or its execution suspended, by the United States at any time under unusual or compelling circumstances if the national interest so requires.

"(2) (A) Each export license issued under section 38 of this Act shall provide that such license may be revoked, suspended, or amended by the Secretary of State, without prior notice, whenever the Secretary deems such action to be advisable.

"(B) Nothing in this paragraph may be construed as limiting the regulatory authority of the President under this Act.

"(3) There are authorized to be appropriated from time to time such sums as may be necessary (A) to refund moneys received from purchasers under contracts of sale entered into under sections 21 and 22 of this Act that are canceled or suspended under this subsection to the extent such moneys have previously been disbursed to private contractors and United States Government agencies for work in progress, and (B) to pay such damages and costs that accrue from the corresponding cancellation or suspension of the existing procurement contracts or United States Government agency work orders involved.".

ADMINISTRATIVE EXPENSES

Sec. 214. Section 43 of the Foreign Military Sales Act is amended by designating the present section as subsection (a) and by adding at the end thereof the following new subsection:

"(b) Administrative expenses incurred by any department or agency of the United States Government (including any mission or group) in carrying out functions under this Act which are primarily for the benefit of any foreign country shall be fully reimbursed from amounts received for sales under sections 21 and 22.".

DEFINITIONS

Sec. 215. Section 47 of the Foreign Military Sales Act is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon; and

(3) by adding immediately after paragraph (2) the following new paragraphs:

"(3) 'defense article', except as provided in paragraph (7) of this section, includes—

"(A) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war,

"(B) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of making military sales,

"(C) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this paragraph, and

"(D) any component or part of any article listed in this paragraph,

but does not include merchant vessels or (as defined by the Atomic Energy Act of 1954) source material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data;

"(4) 'defense service', except as provided in paragraph (7) of this section, includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information (as defined in section 644 (e) of the Foreign Assistance Act of 1961), used for the purposes of making military sales;

"(5) 'training' includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, or contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces;

"(6) 'major defense equipment' means any item of significant combat equipment on the United States Munitions List having a nonrecurring research and development cost of more than $50,000,000 or a total production cost of more than $200,000,000; and

"(7) 'defense articles and defense services' means, with respect to commercial exports subject to the provisions of section 38 of this Act, those items designated by the President pursuant to subsection (a)(1) of such section.".

ANNUAL FOREIGN SALES REPORT

Sec. 216. Section 657 of the Foreign Assistance Act of 1961 is amended as follows:

(1) The section caption is amended by inserting "AND MILITARY EXPORTS" after "FOREIGN ASSISTANCE".

(2) Paragraph (1) of subsection (a) is amended to read as follows:

"(1) the aggregate dollar value of all foreign assistance (including military education and training), foreign military sales, sales credits, and guaranties provided or made by the United States Government by any means to all foreign countries and international organizations, and the aggregate dollar value of such assistance sales, sales credits, and guaranties, by category, provided or made by the United States Government to or for each country or organization during that fiscal year;".

(3) Paragraph (3) of subsection (a) is amended to read as follows:

"(3) the aggregate dollar value and quantity of defense articles and defense services, and of military education and training, exported to each foreign country and international organization, by category, specifying whether the export was made by grant under chapter 2 or chapter 5 of part II of this Act, by sale under chapter 2 of the Arms Export Control Act by commercial sale licensed under chapter 3 of that Act, or by other authority; and".

(4) Paragraph (4) of subsection (a) is repealed.

(5) Paragraph (5) of subsection (a) is amended—

(A) by redesignating such paragraph as paragraph (4), and

(B) by striking out "(4)" and inserting in lieu thereof "(3)".

REPORT OF SALES OF EXCESS DEFENSE ARTICLES

Sec. 217. Not later than February 28, 1977, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a full and complete report regarding all sales made under the Arms Export Control Act during the period July 1, 1976, through December 31, 1976, of excess defense articles to foreign governments and international organizations (other than any such article sold solely for scrap). Such report shall set forth—

(1) the number of such sales;

(2) the total acquisition costs of the articles sold;

(3) the total gross price paid for such articles exclusive of administrative surcharges and costs of repairing, rehabilitation, or modifying such articles;

(4) the data set forth under paragraphs (1), (2), and (3) totaled separately for those sales made at less than 33⅓ per centum of the acquisition costs thereof; and

(5) the estimated total proceeds of sales of articles included under paragraph (4) if such articles had been sold instead through United States Government surplus property disposal operations and the percentage thereof that would have been paid out of such proceeds to meet direct expenses incurred in connection with such dispositions pursuant to law.

STUDY OF THE EFFECTS OF ARMS EXPORT CONTROL PROVISIONS IN TITLE II OF THIS ACT

Sec. 218. (a) The Secretary of State, in consultation with the Secretary of Defense, shall conduct a comprehensive study of the effects of the enactment of the arms export control provisions contained in title II of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977 with a view to determining the consequences of such provisions on (1) the foreign policy of the United States, (2) the balance of payments of the United States, (3) the trade with foreign countries, (4) unemployment in the United States and (5) weapons procurement by the Department of Defense.

(b) The Secretary of State shall submit the results of such study to the President and the Congress within one year after the date of enactment of this section together with such comments and recommendations for legislation as he deems appropriate.

TITLE III—GENERAL LIMITATIONS

HUMAN RIGHTS

Sec. 301. (a) Section 502B of the Foreign Assistance Act of 1961 is amended to read as follows:

"Sec. 502B. Human Rights.—(a)(1) It is the police of the United States, in accordance with its international obligations as set forth in the Charter of the United Nations and in keeping with the constitutional heritage and traditions of the United States, to promote and encourage increased respect for human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion. To this end, a principal goal of the foreign policy of the United States is to promote the increased observance of internationally recognized human rights by all countries.

"(2) It is further the policy of the United States that, except under circumstances specified in this section, no security assistance may be provided to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights.

"(3) In furtherance of the foregoing policy the President is directed to formulate and conduct international security assistance programs of the United States in a manner which will promote and advance human rights and avoid identification of the United States, through such programs, with governments which deny to their people internationally recognized human rights and fundamental freedoms, in violation of international law or in contravention of the policy of the United States as expressed in this section or otherwise.

"(b) The Secretary of State shall transmit to the Congress, as part of the presentation materials for security assistance programs proposed for each fiscal year, a full and complete report, prepared with the assistance of the Coordinator for Human Rights, with respect to practices regarding the observance of and respect for internationally recognized human rights in each country proposed as a recipient of security assistance. In determining whether a government falls within the provisions of subsection (a)(3) and in the preparation of any report or statement required under this section, consideration shall be given to—

"(1) the relevant findings of appropriate international organizations, including nongovernmental organizations, such as the International Committee of the Red Cross; and

"(2) the extent of cooperation by such government in permitting an unimpeded investigation by any such organization of alleged violations of internationally recognized human rights.

"(c)(1) Upon the request of the Senate or the House of Representatives by resolution of either such House, or upon the request of the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives, the Secretary of State shall, within thirty days after receipt of such request, transmit to both such committees a statement, prepared with the assistance of the Coordinator for Human Rights and Humanitarian Affairs, with respect to the country designated in such request, setting forth—

"(A) all the available information about observance of and respect for human rights and fundamental freedom in that country, and a detailed description of practices by the recipient government with respect thereto;

"(B) the steps the United States has taken to—

"(i) promote respect for and observance of human rights in that country and discourage any practices which are inimical to internationally recognized human rights, and

"(ii) publicly or privately call attention to, disassociate the United States and any security assistance provided for such country from, such practices;

"(C) whether, in the opinion of the Secretary of State, notwithstanding any such practices—

"(i) extraordinary circumstances exist which necessitate a continuation of security assistance for such country, and, if so, a description of such circumstances and the extent to which such assistance should be continued (subject to such conditions as Congress may impose under this section), and

"(ii) on all the facts it is in the national interest of the United States to provide such assistance; and

"(D) such other information as such committee or such House may request.

"(2)(A) A resolution of request under paragraph (1) of this subsection shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977.

"(B) The term 'certification', as used in section 601 of such Act, means, for the purposes of this subsection, a resolution of request of the Senate under paragraph (1) of this subsection.

"(3) In the event a statement with respect to a country is requested pursuant to paragraph (1) of this subsection but is not transmitted in accordance therewith within thirty days after receipt of such request, no security assistance shall be delivered to such country except as may thereafter be specifically authorized by law from such country unless and until such statement is transmitted.

"(4)(A) In the event a statement with respect to a country is transmitted under paragraph (1) of this subsection, the Congress may at any time thereafter adopt a joint resolution terminating, restricting, or continuing security assistance for such country. In the event such a joint resolution is adopted, such assistance shall be so terminated, so restricted, or so continued, as the case may be.

"(B) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977.

"(C) The term 'certification', as used in section 601 of such Act, means, for the purposes of this paragraph, a statement transmitted under paragraph (1) of this subsection.

"(d) For the purposes of this section—

"(1) the term 'gross violations of internationally recognized human rights' includes torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges and trial, and other flagrant denial of the right to life, liberty, or the security of person; and

"(2) the term 'security assistance', means—

"(A) assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) or chapter 5 (military education and training) of this part or part VI (assistance to the Middle East) of this Act;

"(B) sales of defense articles or services, extensions of credits (including participations in credits, and guaranties of loans under the Arms Export Control Act; or

"(C) any license in effect with respect to the export of defense articles or defense services to or for the armed forces, police, intelligence, or other internal security forces of a foreign country under section 38 of the Arms Export Control Act.".

(b) Section 624 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(f) (1) There is established in the Department of State a Coordinator for Human Rights and Humanitarian Affairs. The Coordinator shall be appointed by the President with the advice and consent of the Senate. He shall be responsible to the Secretary of State for matters pertaining to human rights and humanitarian affairs (including matters relating to refugees, prisoners of war, and members of the United States Armed Forces missing in action) in the conduct of foreign policy. The Secretary of State shall carry out his responsibility under section 502B of this Act through the Coordinator for Human Rights.

"(2) The Coordinator for Human Rights and Humanitarian Affairs shall maintain continuous observation and review of all matters pertaining to human rights and humanitarian affairs (including matters relating to refugees, prisoners of war, and members of the United States Armed Forces missing in action) in the conduct of foreign policy including—

"(A) gathering detailed information regarding humanitarian affairs and the observance of and respect for internationally recognized human rights in each country to which requirements of sections 116 and 502B of this Act are relevant;

"(B) preparing the statements and reports to Congress required under section 502B of this Act;

"(C) making recommendations to the Secretary of State and the Administrator of the Agency for International Development regarding compliance with sections 116 and 502B of this Act; and

"(D) performing other responsibilities which serve to promote increased observance of internationally recognized human rights by all countries.".

PROHIBITION AGAINST DISCRIMINATION

SEC. 302. (a) Section 505 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(g) (1) It is the policy of the United States that no assistance under this chapter should be furnished to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States person (as defined in section 7701(a) (30) of the Internal Revenue Code of 1954) from participating in the furnishing of defense articles or defense services under this chapter on the basis of race, religion, national origin, or sex.

"(2) (A) No agency performing functions under this chapter shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(B) Each contract entered into by any such agency for the performance of any function under this chapter shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin. or sex.

"(3) The President shall promptly transmit reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate concerning any transaction in which any United States person (as defined in section 7701(a) (30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the furnishing of assistance under this chapter, or education and training under chapter 5, to any foreign country. Such reports shall include (A) a description of the facts and circumstances of any such discrimination, (B) the response thereto on the part of the United States or any agency or employee thereof, and (C) the result of such response, if any.

"(4) (A) Upon—

"(i) the receipt of reliable information that discrimination by a foreign government reported pursuant to paragraph (3) of this subsection continues so that such person would be prevented from participating in the furnishing of such military assistance transaction, or military education or training transaction, under the provisions of this Act on account of the race, religion, national origin, or sex of such person (or, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof); or

"(ii) the request of the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives;

the President shall immediately transmit to such committees a report recommending such action as he deems appropriate.

"(B) In the event a report is requested pursuant to subparagraph (A) (ii) of this paragraph but is not transmitted in accordance therewith within sixty days after receipt of such request, then the President shall immediately terminate such assistance or training transaction, as the case may be.

"(C) (i) In the event a report is transmitted pursuant to subparagraph (A) of this paragraph, the Congress may at any time thereafter by joint resolution, terminate such transaction, or take any other action with respect to such assistance or training transaction that it deems appropriate.

"(ii) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977.

"(iii) The term 'certification', as used in section 601 of such Act, means, for the purposes of this subparagraph, a report transmitted under subparagraph (A) of this paragraph.".

(b) Chapter 1 of the Foreign Military Sales Act is amended by adding at the end thereof the following new section:

"SEC. 5. PROHIBITION AGAINST DISCRIMINATION.—(a) It is the policy of the United States that no sales should be made, and no credits (including participations in credits) or guaranties extended to or for any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States person (as defined in section 7701(a) (30) of the Internal Revenue Code of 1954) from participating in the furnishing of defense articles or defense services under this Act on the basis of race, religion, national origin, or sex.

"(b) (1) No agency performing functions under this Act shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(2) Each contract entered into by any such agency for the performance of any function under this Act shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(c) The President shall promptly transmit reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate concerning any instance in which any United States person (as defined in section 7701(a) (30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the performance of any sale or licensed transaction under this Act. Such reports shall include (1) a description of the facts and circumstances of any such discrimination, (2) the response thereto on the part of the United States or any agency or employee thereof, and (3) the result of such response, if any.

"(d) (1) Upon—

"(A) the receipt of reliable information that discrimination by a foreign government reported pursuant to subsection (c) of this subsection continues so that such person would be prevented from participating in the performance of any sale or licensed transaction, under the provisions of this Act on account of the race, religion, national origin, or sex of such person (or, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof); or

"(B) the request of the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives;

the President shall immediately transmit to such committees a report recommending such action as he deems appropriate.

"(2) In the event a report is requested pursuant to subparagraph (B) of paragraph (1) but is not transmitted in accordance therewith within sixty days after receipt of such request, then the President shall immediately cancel such sale or suspend such license, as the case may be.

"(3) (A) In the event a report is transmitted pursuant to paragraph (1) of this subsection, the Congress may at any time thereafter by joint resolution cancel such sale, suspend such license, or take any other action with respect to such sale or licensed transaction that it deems appropriate.

"(B) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977.

"(C) The term 'certification', as used in section 601 of such Act, means, for the purposes of this paragraph, a report transmitted under paragraph (1) of this subsection.".

INELIGIBILITY

SEC. 303. (a) Section 505(d) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(d) (1) Assistance and deliveries of assistance under this chapter to any country shall be terminated as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, the Mutual Security Act of 1954, or any predecessor Foreign Assistance Act, in substantial violation (either in terms of quantities regardless of the quantities involved) of any agreement entered into pursuant to any such Act (A) by using such articles or services for a purpose not authorized under section 502 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 502, for a purpose not authorized under such agreement; (B) by transferring such articles or services to, or permitting any use of such articles or services by, anyone not an officer, employee, or agent of the recipient country without the consent of the President; or (C) by failing to maintain the security of such articles or services.

"(2) (A) Assistance and deliveries of assistance shall be terminated pursuant to paragraph (1) of this subsection if the President so determines and so states in writing to the Congress, or if the Congress so finds by joint resolution.

"(B) The President shall report to the Congress promptly upon the receipt of information that a violation described in paragraph (1) of this subsection may have occurred.

"(3) Assistance to a country shall remain terminated in accordance with paragraph (1) of this subsection until such time as—

"(A) the President determines that the violation has ceased; and

"(B) the country concerned has given assurances satisfactory to the President that such violation will not recur.

"(4) The authority contained in section 614(a) of this Act may not be used to waive the provisions of this section with respect to further assistance under this chapter.".

(b) (1) Section 3(c) of the Foreign Military Sales Act is amended to read as follows:

"(c) (1) (A) No credits (including participations in credits) may be issued and no guaranties may be extended for any foreign country under this Act as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, or any predecessor Act, in substantial violation (either in terms of quantities or in terms of the gravity of the consequences regardless of the quantities involved) of any agreement entered into pursuant to any such Act (i) by using such articles or services for a purpose not authorized under section 4 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 4, for a purpose not authorized under such agreement; (ii) by transferring such articles or services to, or permitting any use of such articles or services by, anyone not an officer, employee, or agent of the recipient country without the consent of the President; or (iii) by failing to maintain the security of such articles or services.

"(B) No cash sales or deliveries pursuant to previous sales may be made with respect to any foreign country under this Act as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, or any predecessor Act, in substantial violation (either in terms of quantity or in terms of the gravity of the consequences regardless of the quantities involved) of any agreement entered into pursuant to any such Act by using such articles or services for a purpose not authorized under section 4 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 4, for a purpose not authorized under such agreement.

"(2) The President shall report to the Congress promptly upon the receipt of information that a violation described in paragraph (1) of this subsection may have occurred.

"(3) (A) A country shall be deemed to be ineligible under subparagraph (A) of paragraph (1) of this subsection, or both subparagraphs (A) and (B) of such paragraph in the case of a violation described in both such paragraphs, if the President so determines and so reports in writing to the Congress, or if the Congress so determines by joint resolution.

"(B) Notwithstanding a determination by the President of ineligibility under subparagraph (B) of paragraph (1) of this subsection, cash sales and deliveries pursuant to previous sales may be made if the President certifies in writing to the Congress that a termination thereof would have significant adverse impact on United States security, unless the Congress adopts or has adopted a joint resolution pursuant to subparagraph (A) of this paragraph with respect to such ineligibility.

"(4) A country shall remain ineligible in accordance with paragraph (1) of this subsection until such time as—

"(A) the President determines that the violation has ceased; and

"(B) the country concerned has given assurances satisfactory to the President that such violation will not recur.".

(2) Section 3(d) of the Foreign Military Sales Act is repealed and subsection (e) of such section, as added by section 204 of this Act, is redesignated as subsection (d).

PROHIBITION OF ASSISTANCE TO COUNTRIES GRANTING SANCTUARY TO INTERNATIONAL TERRORISTS

Sec. 304. Chapter 1 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 620A. Prohibition Against Furnishing Assistance to Countries Which Grant Sanctuary to International Terrorists.—(a) Except where the President finds national security to require otherwise, the President shall terminate all assistance under this Act to any government which aids or abets, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism and the President may not thereafter furnish assistance to such government until the end of the one-year period beginning on the date of such termination, except that if during its period of ineligibility for assistance under this section such government aids or abets, by granting sanctuary from prosecution to, any other individual or group which has committed an act of international terrorism, such government's period of ineligibility shall be extended for an additional year for each such individual or group.

"(b) If the President finds that national security justifies a continuation of assistance to any government described in subsection (a), he shall report such finding promptly to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.".

NUCLEAR TRANSFERS

Sec. 305. Chapter 3 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 669. Nuclear Transfers.—No funds authorized or appropriated under this Act, the Arms Export Control Act, or any other Act (other than title II of the Agricultural Trade Development and Assistance Act of 1954 for disasters, famine, or other urgent or extraordinary relief requirements) may be used for the purpose of—

"(1) providing economic assistance;

"(2) providing military or security supporting assistance or grant military education and training; or

"(3) extending military credits or making guarantees;

to any country which—

"(A) delivers nuclear reprocessing or enrichment equipment, materials, or technology to any other country; or

"(B) receives such equipment, materials, or technology from any other country;

unless before such delivery—

"(i) the supplying country and receiving country have reached agreement to place all such equipment, materials, and technology, upon delivery, under multilateral auspices and management when available; and

"(ii) the recipient country has entered into an agreement with the International Atomic Energy Agency to place all such equipment, materials, technology, and all nuclear fuel and facilities in such country under the safeguards system of such Agency.".

TITLE IV—PROVISIONS RELATING TO SPECIFIC REGIONS OR COUNTRIES

MIDDLE EAST POLICY STATEMENT

Sec. 401. Section 901 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

"It is the sense of Congress that the United States will continue to determine Middle East Policy as circumstances may require and that the authority contained in the joint resolution entitled 'Joint resolution to implement the United States proposal for the early-warning system in Sinai', approved October 13, 1975 (Public Law 94-110), and the authorizations contained in the amendments made by the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977 do not, and shall not in any way be construed to, constitute congressional approval, acceptance, or endorsement (1) of any oral or written commitment, understanding, assurance, promise, or agreement, whether expressed or implied, or any other expression, oral or written (other than the 'United States Proposal for the Early Warning System in Sinai'), made by any official of the United States which Israel, Egypt, or any other nation or organization might construe or interpret as a basis on which it could rely or act, or (2) of any characterization of any such commitment, understanding, assurance, promise, or agreement, or other expression, as constituting a 'codification' of existing, congressionally approved United States policy.".

AID FOR CYPRIOT REFUGEES

Sec. 402. Section 495 of the Foreign Assistance Act of 1961 is amended by striking out the period immediately after "$30,000,000" and inserting in lieu thereof a comma and the following: "and for the fiscal year 1977, $20,000,000.".

ASSISTANCE TO TURKEY

Sec. 403. Section 620(x) (1) of the Foreign Assistance Act of 1961, as amended by section 2(c) of the Act of October 6, 1975 (Public Law 94–104), is amended by striking out "Provided," and all that follows through the end of paragraph (1) and inserting in lieu thereof the following: "*Provided*, That for the fiscal year 1976 and the period beginning July 1, 1976, and ending September 30, 1976, the President may suspend the provisions of this subsection and of section 3(c) of the Arms Export Control Act with respect to cash sales and extensions of credits and guaranties under such Act for the procurement of such defense articles and defense services as the President determines are necessary to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization, except that during the fiscal year 1976 and the period beginning July 1, 1976, and ending September 30, 1976, the total value of defense articles and defense services sold to Turkey under such Act, either for cash or financed by credits and guaranties, shall not exceed $125,000,000. Any such suspension shall be effective only so long as Turkey observes the cease-fire on Cyprus, does not increase its military forces or its civilian population on Cyprus, and does not transfer to Cyprus any United States supplied arms, ammunition, or implements of war. The determination required by the proviso in the first sentence of this paragraph shall be made, on a case-by-case basis, with respect to each cash sale, each approval for use of credits, and each approval for use of a guaranty for Turkey. Each such determination shall be reported to the Congress and shall be accompanied by a full and complete statement of the reasons supporting the President's determination and a statement containing the information specified in clauses (A) through (D) of section 2(c)(4) of the Act of October 6, 1975 (Public Law 94–104). In any case involving the sale of significant combat equipment on the United States Munitions List in which the congressional review provisions of section 36(b) of the Arms Export Control Act do not apply, the President may not issue the letter to offer or approve the use of the credits or guaranty, as the case may be, until the end of the thirty-day period, beginning on the date on which the report required by the preceding sentence is submitted to the Congress.".

LIMITATION ON CERTAIN ASSISTANCE TO AND ACTIVITIES IN ANGOLA

SEC. 404. (a) It is the sense of Congress that—

(1) the people of Angola should be allowed to determine their own political future without military interference from any foreign country;

(2) the Congress supports efforts by the Organization of African Unity to achieve a settlement of the conflict in Angola and calls upon all countries to terminate any military assistance such countries may be giving to any group, organization, movement, or individual in Angola;

(3) a disengagement by such countries would be a welcome reaffirmation of the spirit of détente, both throughout the world and in Africa; and

(4) the President should do his utmost to seek an agreement among the various parties involved in hostilities or in the support of such hostilities in Angola to terminate such hostilities or such support.

(b)(1) Notwithstanding any other provision of law, no assistance of any kind may be provided for the purpose, or which would have the effect, of promoting or augmenting, directly or indirectly, the capacity of any nation, group, organization, movement, or individual to conduct military or paramilitary operations in Angola unless and until the Congress expressly authorizes such assistance by law enacted after the date of enactment of this section.

(2) If the President determines that assistance prohibited by paragraph (1) of this subsection should be furnished in the national security interests of the United States, he shall submit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report containing—

(A) a statement by the President that his efforts to obtain the agreement described in paragraph (4) of subsection (a) have not been successful.

(B) a description of the amounts and categories of assistance which he recommends to be authorized and the identity of the proposed recipients of such assistance; and

(C) a certification that he has determined that the furnishing of such assistance is important to the national security interests of the United States and a detailed statement, in unclassified form, of the reasons supporting such determination.

(3) The prohibition contained in paragraph (1) does not apply with respect to assistance which is furnished solely for humanitarian purposes.

(4) The provisions of this section may not be waived under any other provision of law.

(5) The President shall report to the Congress on the implementation of this section within sixty days after the date of enactment of this section and every thirty days hereafter until such time as both the Committee on International Relations of the House of Representatives and the Committee on Foreign Relations of the Senate have adopted resolutions stating that such reports are no longer necessary.

SOVIET INTERVENTION IN ANGOLA

SEC. 405. The Congress views the large-scale and continuing Soviet intervention in Angola, including active sponsorship and support of Cuban armed forces in Angola, as being completely inconsistent with any reasonably defined policy of détente, as well as with articles 1 and 2 of the United Nations Charter, the principle of noninterference in the affairs of other countries agreed to at Helsinki in 1975, and with the spirit of recent bilateral agreements between the United States and the Union of Soviet Socialist Republics. Such intervention should be taken explicitly into account in United States foreign policy planning and negotiations.

PROHIBITION AGAINST ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, SALES, AND SALES CREDITS TO CHILE

SEC. 406. (a) No military or security supporting assistance (including military education and training) may be furnished under the Foreign Assistance Act of 1961; no sales (including cash sales) may be made and no license may be effective; and no credits (including participations in credits) may be extended, and no loan may be guaranteed, under the Arms Export Control Act with respect to Chile.

(b) No deliveries of any such assistance, and no deliveries pursuant to previous sales and licenses, may be made to Chile on and after the date of enactment of this section.

(c)(1) Notwithstanding any other provision of law, the total amount of economic assistance that may be made available to Chile may not exceed $30,000,000 during the combined periods of the transitional quarter and the fiscal year 1977. For the purposes of this section, economic assistance shall include, but not be limited to, grants, housing guaranties, other forms of guaranties, insurance, loans, credits, or other assistance by the Agency for International Development, the Overseas Private Investment Corporation, the Export-Import Bank, and any other agency of the United States, and sales or other assistance under title I of the Agricultural Trade Development and Assistance Act of 1954. This section shall not be construed to authorize the furnishing of assistance to Chile which is prohibited by any other provision of law.

(2) The $30,000,000 limit set forth in paragraph (1) of this subsection may be increased by not to exceed $38,000,000 if the President certifies in writing to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that the Government of Chile—

(A) does not engage in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges or trial, or other flagrant denials of the right to life, liberty, or the security of person;

(B) has permitted the unimpeded investigation, by internationally recognized commissions on human rights (including the United Nations Commission on Human Rights and the Inter-American Commission on Human Rights of the Organization of American States) of alleged violations of internationally recognized human rights (as defined in subparagraph (A) of this paragraph); and

(C) has taken steps to inform the families of prisoners of the condition and charges against such prisoners.

CONTROL OF MILITARY FORCES IN THE INDIAN OCEAN

SEC. 407. (a) It is the sense of Congress that the President should undertake to enter into negotiations with the Soviet Union intended to achieve an agreement limiting the deployment of naval, air, and land forces of the Soviet Union and the United States in the Indian Ocean and littoral countries. Such negotiations should be convened as soon as possible and should consider, among other things, limitations with respect to—

(1) the establishment or use of facilities for naval, air, or land forces in the Indian Ocean and littoral countries;

(2) the number of naval vessels which may be deployed in the Indian Ocean, or the number of "shipdays" allowed therein; and

(3) the type and number of military forces and facilities allowed therein.

(b) Not later than December 1, 1976, the President shall transmit a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate with respect to steps he has taken to carry out the provisions of this section.

UNITED STATES CITIZENS IMPRISONED IN MEXICO

SEC. 408. (a) The Congress, while sharing the concern of the President over the urgent need for international cooperation to restrict traffic in dangerous drugs, is convinced that such efforts must be consistent with respect for fundamental human rights. The Congress, therefore, calls upon the President to take steps to insure that United States efforts to secure stringent international law enforcement measures are combined with efforts to secure fair and humane treatment for citizens of all countries.

(b)(1) The Congress requests that the President communicate directly to the President and Government of the Republic of Mexico, a nation with which we have friendly and cooperative relations, the continuing desire of the United States for such relations between our two countries and the concern of the United States over treatment of United States citizens arrested in Mexico.

(2) The Secretary of State shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one hundred and twenty days after the date of enactment of this section, and every one hundred and twenty days thereafter, on progress toward full respect for the human and legal rights of all United States citizens detained in Mexico.

EMERGENCY FOOD NEEDS OF PORTUGAL

SEC. 409. It is the sense of the Congress that the President should undertake immediately an evaluation of the emergency food needs of Portugal. It is further the sense of the Congress that the President should take timely action to alleviate such emergency by providing Portugal with food commodities under the provisions of pertinent statutes.

STRIFE IN LEBANON

SEC. 410. It is the sense of the Congress that the situation in Lebanon, a nation traditionally friendly to the United States, poses a danger to peace in the Middle East. The Congress deplores the armed civil strife and the continuing erosion of national institutions which threaten to destroy the political and economic fabric of Lebanon with such tragic impact on all its people. The Congress views with grave concern any outside efforts to exploit the current strife with the purpose of transforming Lebanon into a radical state in confrontation with Israel. The Congress requests that the President use his good offices to secure an end to the civil strife and national discord in Lebanon and to preserve the traditional friendly attitude of Lebanon toward the United States.

SPECIAL LEBANON RELIEF ACT

SEC. 411. (a) This section may be cited as the "Special Lebanon Relief Act".

(b) LEBANON RELIEF AND REHABILITATION.—The Foreign Assistance Act of 1961, as amended, is further amended by adding at the end of chapter 9 of part I, relating to international disaster assistance, a new section as follows:

"SEC. 495C. LEBANON RELIEF AND REHABILITATION.—(a) The Congress, recognizing that prompt United States assistance is necessary to alleviate the human suffering arising from civil strife in Lebanon and to restore the confidence of the people of Lebanon, hereby authorizes the President to furnish assistance, on such terms and conditions as he may determine including the issuance of housing guaranties in accordance with the authority and within the limitation of section 221 of this Act, for the relief and rehabilitation of refugees and other needy people in Lebanon.

"(b) There is authorized to be appropriated to the President for the purposes of this section, in addition to amounts otherwise available for such purposes, $20,000,000, which amount is authorized to remain available until expended.

"(c) Assistance under this section shall be provided in accordance with the policies and general authority contained in section 491.

"(d) Obligations incurred prior to the date of enactment of this section against other appropriations or accounts for the purpose of providing relief and rehabilitation assistance to the people of Lebanon may be charged to the appropriations authorized under this section.

"(e) Not later than sixty days after the date of enactment of appropriations to carry out this section, and on a quarterly basis thereafter, the President shall transmit reports to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives regarding the programing and obligation of funds under this section.".

REPORT ON KOREA

SEC. 412. Chapter 3 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 668. REPORT ON KOREA.—Within ninety days after the enactment of this section, and at least once during each of the next five years, the President shall transmit to the Speaker of the House of Representatives and to the Committees on Foreign Relations and Armed Services of the Senate a report which (1) reviews the progress made under the announced program of the Republic of Korea to modernize its armed forces so as to achieve military self-sufficiency by 1980, (2) reports on the role of the United States in mutual security efforts in the Republic of Korea, and (3) reports on the prospects for or implementation of phased reduction of United States Armed Forces assigned to duty in the Republic of Korea, in coordination with the timetable of the Republic of Korea for military self-sufficiency.".

REPEAL OF INDOCHINA ASSISTANCE

SEC. 413. (a) Part V of the Foreign Assistance Act of 1961 and sections 34, 35, 36, 37, 38, 39, and 40 of the Foreign Assistance Act of 1974 are repealed. All determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this section shall continue in full force and effect until modified, revoked, or superseded by appropriate authority.

(b) Subject to the availability of appropriations therefor, the President is authorized to adopt as a contract of the United States Government, and assume any liabilities arising thereunder (in whole or in part), any contract which had been funded or approved for funding by the Agency for International Development prior to June 30, 1975, for financing with funds made available under the Foreign Assistance Act of 1961 or the Foreign Assistance Act of 1974, or any equitable claim based upon a letter of intent issued prior to April 30, 1975, in which the Agency had expressed its intention to finance a transaction subject to the availability of funds, between the former Governments of Vietnam or Cambodia (including any of their agencies) or the Government of Laos (or any of its agencies) and any person and to apply with respect to any such contract the authorities of the Foreign Assistance Act of 1961.

(c) Funds made available for the purposes of part V of the Foreign Assistance Act of 1961 and of section 36 of the Foreign Assistance Act of 1974 (including amounts certified pursuant to section 1311 of the Supplemental Appropriation Act, 1955 (31 U.S.C. 200), as having been obligated against appropriations heretofore made) are authorized to be appropriated, and thereafter, to remain available until expended, to meet necessary expenses arising from the actions authorized by subsection (b) of this section and such funds are authorized to remain available until expended to meet necessary expenses arising from termination of assistance programs authorized by such part and such section 36, which expenses may include but need not be limited to the settlement of claims and associated personnel costs.

TITLE V—MISCELLANEOUS AUTHORIZATIONS

SECURITY SUPPORTING ASSISTANCE

SEC. 501. Section 532 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 532. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1976 $1,756,200,000, of which not less than $65,000,000 shall be available only for Greece, $730,000,000 shall be available only for Israel, and $705,000,000 shall be available only for Egypt, and for the fiscal year 1977 not to exceed $1,826,500,000, of which not less than $785,000,000 shall be available only for Israel, $750,000,000 shall be available only for Egypt, $25,000,000 shall be available only for Zaire, and $25,000,00 shall be available only for Zambia: *Provided*, That none of the funds authorized to be appropriated to this section for Zaire and Zambia may be used for military guerrilla, or paramilitary activities in either of such countries or any other country. Amounts appropriated under this section are authorized to remain available until expended.".

MIDDLE EAST SPECIAL REQUIREMENT FUND

SEC. 502. Section 903 of the Foreign Assistance Act of 1961 is amended—

(1) in subsection (a), by striking out "for the fiscal year 1975 not to exceed $100,000,000" and inserting in lieu thereof "for the fiscal year 1976 not to exceed $50,000,000 and for the fiscal year 1977 not to exced $35,000,000"; and

(2) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) Funds appropriated under subsection (a) shall be available to assist the Governments of Egypt and Israel in carrying out activities under the Agreement of October 10, 1975, and to pay the costs of implementing the United States proposal for the early warning system in Sinai. Such funds may be obligated without regard to the provisions of subsection (b) of this section to the extent that the proposed obligation has been justified to the Congress prior to the enactment of this subsection.

"(d) Of the amount authorized to be appropriated in subsection (a) for the fiscal year 1976, not less than $12,000,000 shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the International Security Assistance and Arms Export Control Act, Fiscal Years 1976–1977. In determining such fair share, the President shall take into consideration the economic position of each country. Such $12,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law.

"(e) Funds made available under this section may be obligated without regard to the provisions of subsection (b) of this section for programs contained in the presentation materials submitted to Congress for the fiscal year 1977.",

CONTINGENCY FUND

SEC. 503. Chapter 5 of part I of the Foreign Assistance Act of 1961 is amended—

(1) in the chapter heading, by striking out "DISASTER RELIEF" and inserting in lieu thereof "CONTINGENCY FUND"; and

(2) in section 451(a)—

(A) by striking out "for the fiscal year 1975 not to exceed $5,000,000," and inserting in lieu thereof "for the fiscal year 1976 not to exceed $5,000,000 and for the fiscal year 1977 not to exceed $5,000,000";

(B) by striking out "or by section 639"; and

(C) by adding at the end thereof the following new sentence: "Amounts appropriated under this section are authorized to remain available until expended.".

INTERNATIONAL NARCOTICS CONTROL

SEC. 504. (a) Section 482 of the Foreign Assistance Act of 1961 is amended by inserting immediately before the period at the end of the first sentence "$40,000,000 for the fiscal year 1976 and $34,000,000 for the fiscal year 1977, no part of which may be obligated for or on behalf of any country where illegal traffic in opiates has been a significant problem unless and until the President determines and certifies in writing to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate that assistance furnished to such country pursuant to the authority in this chapter is significantly reducing the amount of illegal opiates entering the international market".

(b) Section 481 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(c)(1) Notwithstanding any other provision of law, no officer or employee of the United States may engage or participate in any direct police arrest action in any foreign country with respect to narcotics control efforts.

"(2) The President shall carry out a study with respect to methods through which United States narcotics control programs in foreign countries might be placed under the auspices of international or regional organizations. The results of such study shall be transmitted to the Speaker of the House of Representatives and the President of the Senate not later than June 30, 1977.".

AUTHORIZATION FOR INTERNATIONAL ATOMIC ENERGY AGENCY

SEC. 505. Section 302 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(i) In addition to amounts otherwise available under this section, there are authorized to be appropriated for fiscal year 1976, $1,000,000, and for the fiscal year 1977, $1,000,000, to be available only for the International Atomic Energy Agency to be used for the purpose of strengthening safeguards and inspections relating to nuclear fissile facilities and materials. Such sums are authorized to remain available until expended.".

INTERIM QUARTER AUTHORIZATIONS

SEC. 506. (a) Any authorization of appropriations in this Act, or in any amendment to any other law made by this Act, for the fiscal year 1976, shall be deemed to include an additional authorization of appropriations for the period beginning July 1, 1976, and ending September 30, 1976, in amounts which equal one-fourth of any amount authorized for the fiscal year 1976 and in accordance with the authorities applicable to operations and activities authorized under this Act or such other law, unless appropriations for the same purpose are specifically authorized in a law hereinafter enacted.

(b) The aggregate total of credits, including participations in credits, extended pursuant to the Arms Export Control Act and of the principal amount of loans guaranteed pursuant to section 24(a) of such Act during the period beginning July 1, 1976, and ending September 30, 1976, may not exceed an amount equal to one-fourth of the amount authorized by section 31(b) of such Act to be extended and guaranteed for the fiscal year 1976.

TITLE VI—MISCELLANEOUS PROVISIONS

EXPEDITED PROCEDURE IN THE SENATE

SEC. 601. (a) (1) The provisions of subsection (b) of this section shall apply with respect to the consideration in the Senate of any resolution required by law to be considered in accordance with such provisions.

(2) Any such law shall—

(A) state whether the term "resolution" as used in subsection (b) of this section, means, for the purposes of such law—

(i) a joint resolution; or

(ii) a resolution of either House of Congress;

(iii) a concurrent resolution; and

(B) specify the certification to which such resolution shall apply.

(b) (1) For purposes of any such law, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the period indicated.

(2) Paragraphs (3) and (4) of this subsection are enacted—

(A) as an exercise of the rulemaking power of the Senate and as such they are deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of resolutions described by subsection (a) (1) of this section; and they supersede other rules of the Senate only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of the Senate to change such rules at any time, in the same manner and to the same extent as in the case of any other rule of the Senate.

(3) (A) If the committee of the Senate to which has been referred a resolution relating to a certification has not reported such resolution at the end of ten calendar days after its introduction, not counting any day which is excluded under paragraph (1) of this subsection, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same certification which has been referred to the committee, except that no motion to discharge shall be in order after the committee has reported a resolution with respect to the same certification.

(B) A motion to discharge under subparagraph (A) of this paragraph may be made only by a Senator favoring the resolution, is privileged, and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution, the time to be divided equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(4) (A) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(B) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(C) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than one hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either by them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(D) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

PROCUREMENT FROM SMALL BUSINESSES

SEC. 602. In order to encourage procurements from small business concerns under chapter 4 of the Foreign Assistance Act of 1961, the Administrator of the Agency for International Development shall report to the Congress every six months on the extent to which small businesses have participated in procurements under such chapter and on what efforts the Agency has made to foster such procurements from small business concerns. The Small Business Administration shall lend all available assistance to the Agency for the purposes of carrying out this section.

PAYMENT OF CONSULTANTS

SEC. 603. Section 626(a) of the Foreign Assistance Act of 1961 is amended by striking out "$100 per diem" and inserting in lieu thereof "the daily equivalent of the highest rate which may be paid to an employee under the General Schedule established by section 5332 of title 5, United States Code".

FEES OF MILITARY SALES AGENTS AND OTHER PAYMENTS

SEC. 604. (a) Section 36 of the Foreign Military Sales Act, as amended by section 211 of this Act, is further amended as follows:

(1) In subsection (a)—

(A) strike out "and" at the end of paragraph (7);

(B) redesignate paragraph (8) as paragraph (9); and

(C) insert the following new paragraph immediately after paragraph (7):

"(8) a description of such payment, contribution, gift, commission or fee reported to the Secretary of State under subsection (e), including (A) the name of the person who made such payment, contribution, gift, commission or fee; (B) the name of any sales agent or other person to whom such payment, contribution, gift, commission or fee was paid; (C) the date and amount of such payment, contribution, gift, commission or fee; (D) a description of the sale in connection with which such payment, contribution, gift, commission or fee was paid; and (E) the identification of any business information considered confidential by the person submitting it which is included in the report; and".

(2) In the first sentence of subsection (b), insert immediately before the period "and a description, containing the information specified in paragraph (8) of subsection (a), of any contribution, gift, commission or fee paid or offered or agreed to be paid in order to solicit, promote or otherwise to secure such letter of offer".

(3) Add the following new subsection at the end of such section:

"(e) (1) In accordance with such regulations as he may prescribe, the Secretary of State shall require adequate and timely reporting on political contributions, gifts, commissions, and fees paid, or offered or agreed to be paid, by any person in connection with—

services under section 22 of this Act; or

"(A) sales of defense articles or defense

"(B) commercial sales of defense articles or defense services licensed or approved under section 38 of this Act;

to or for the armed forces of a foreign country or international organization in order to solicit, promote, or otherwise to secure the conclusion of such sales. Such regulations shall specify the amounts and the kinds of payments, offers, and agreements to be reported, and the form and timing of reports, and shall require reports on the names of sales agents and other persons receiving such payments. The Secretary of State shall by regulation require such recordkeeping as he determines is necessary.

"(2) The President may, by regulation, prohibit, limit, or prescribe conditions with respect to such contributions, gifts, commissions, and fees as he determines will be in furtherance of the purposes of this Act.

"(3) No such contribution, gift, commission, or fee may be included, in whole or in part, in the amount paid under any procurement contract entered into under section 22 of this Act, unless the amount thereof is reasonable, allocable to such contract, and not made to a person who has solicited, promoted, or otherwise secured such sale, or has held himself out as being able to do so, through improper influence. For the purposes of this subsection, 'improper influence' means influence, direct or indirect, which induces or attempts to induce consideration or action by any employee or officer of a purchasing foreign government or international organization with respect to such purchase on any basis other than such considerations of merit as are involved in comparable United States procurements.

"(4) (A) All information reported to the Secretary of State and all records maintained by any person pursuant to regulations prescribed under this subsection shall be available, upon request, to any standing committee of the Congress or any subcommittee thereof and to any agency of the United States Government authorized by law to have access to the books and records of the person required to submit reports or to maintain records under this subsection.

"(B) Access by an agency of the United States Government to records maintained under this subsection shall be on the same terms and conditions which govern the access by such agency to the books and records of the person concerned.".

(b) The amendments made by this section shall take effect sixty days after the date of enactment of this Act.

USE OF PERSONNEL

SEC. 605. (a) Nothing in this Act is intended to authorize any additional military or civilian personnel for the Department of Defense for the purposes of this or any other Act. Personnel levels authorized in statutes authorizing appropriations for military and civilian personnel of the Department of Defense assigned to carry out functions under the Arms Export Control Act and the Foreign Assistance Act of 1961.

(b) Section 42 of the Foreign Military Sales Act, as amended by section 214 of this Act, is further amended by adding at the end thereof the following new subsection:

"(f) The President shall, ot the maximum extent possible and consistent with the purposes of this Act, use civilian contract personnel in any foreign country to perform defense services sold under this Act.".

ASSISTANCE FOR PRODUCTIVE ENTERPRISES

Sec. 606. Section 620(k) of the Foreign Assistance Act of 1961 is amended in the second sentence—

(1) by inserting a period after "$100,000,000"; and

(2) by striking out "unless such program" and inserting in lieu thereof "This subsection shall not apply with respect to a project for the construction of a productive enterprise (except such a project to which the aggregate value of assistance furnished by the United States exceeds $110,000,000 as the result of inflation or of cost overruns) or to a program of military assistance which".

ASSISTANCE TO ECONOMICALLY DEVELOPED COUNTRIES

Sec. 607. Section 620(m) of the Foreign Assistance Act of 1961 is amended by striking out "or (2)" and inserting in lieu thereof "(2) to carry out programs of assistance under part II of this Act which are contained in the annual presentation materials justifying such programs to the Congress, or (3)".

EXTENSION OF AIRPORT AT PINECREEK, MINNESOTA

Sec. 608. The consent of Congress is hereby granted for the State of Minnesota or a subdivision or instrumentality thereof to enter into an agreement with the Government of Canada, a Candian Province, or a subdivision or instrumentality of either, providing for the etxension of the Pinecreek Airport at Pinecreek, Minnesota, into the Province of Manitoba, Canada, and the operation of the airport by a joint Canadian-American airport authority. The effectiveness of such agreement shall be conditioned on its approval by the Secretary of State.

EXPENDITURES OF CONGRESSIONAL COMMITTEES IN CONNECTION WITH FOREIGN TRAVEL

Sec. 609. The last sentence of 22 U.S.C., section 1754(b) is amended to read as follows: "Within sixty days after the beginning of each regular session of Congress, each member and employee of such committees shall prepare a report itemizing the amounts and dollar equivalent values of foreign currencies expended and the amounts of dollar expenditures from appropriated funds in connection with travel outside the United States during the preceding calendar year, together with the purposes of the expenditure, including per diem (lodging and meals), transportation and other purposes and shall forward such report to the Committee on House Administration of the House of Representatives (if a member of a House committee or a joint committee whose funds are disbursed by the Clerk of the House) or to the Secretary of the Senate (if a member of a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Such report shall be open to public inspection."

INTERNATIONAL AGREEMENTS

Sec. 610. Section 112b of title 1, United States Code, is amended by adding at the end thereof the following: "Any department or agency of the United States Government which enters into any international agreement on behalf of the United States shall trasmit to the Treaty Office, Department of State, the text of such agreement not later than 20 days after such agreement has entered into force.".

MOZAMBIQUE: RELEASE OF REVEREND ARMAND DOLL

Sec. 611. Limitation.—No funds authorized by this Act or any other Act shall be made available to the Government of Mozambique until the Government of Mozambique shall have released into custory of the Government of the United States and shall have thereafter permitted to depart Mozambique the following citizen of the United States presently interned in Mozambique: Reverned Armand Doll of the State of Pennsylvania.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. Sparkman, Mr. Church, Mr. McGee, Mr. McGovern, Mr. Humphrey, Mr. Case, Mr. Javits, and Mr. Hugh Scott conferees on the part of the Senate.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that H.R. 13680 be printed showing the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that S. 3439 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. MOSS. Mr. President, I ask unanimous consent that Bernard Nash of the Commerce Committee staff have the privilege of the floor during the consideration of the next bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

J. ALLEN FREAR BUILDING

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar Order No. 470, S. 999.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (S. 999) to designate the Federal office building located in Dover, Delaware, as the "J. Allen Frear Building".

The motion was agreed to and the Senate proceeded to consider the bill.

Mr. ROTH. Mr. President, by voting today to designate the Federal office building in Dover, Del., as the J. Allen Frear Building, this body has given us the opportunity of honoring a distinguished former U.S. Senator and a distinguished living Delawarean.

Former Senator Frear's life is characterized by community and national service. During this exemplary career, he has distinguished himself by his patriotism, integrity, and judgment and good sense. When you tie these attributes to his humaness and his deep interest and concern for his fellow man you have all the ingredients for an ideal public servant. And Senator Frear has been just that both as a national figure and as a Delawarean. Consequently, it logically follows that we should honor him by designating this building as the J. Allen Frear Building.

Allen Frear served in the Senate from 1949 to 1961. His life represents the finest aspects of American life—filled with those old fashioned virtues which made this country great. It is fitting that the Congress take steps during our country's Bicentennial to name this building after an American of his character and background—a man whose life is so typical of those lives which have over these past 2 centuries contributed so much to making this Nation, despite its faults, the greatest collection of free and enterprising men and women the world has even known.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Federal office building located in Dover, Delaware, is designated as the "J. Allen Frear Building", in honor of Senator J. Allen Frear.

Sec. 2. Any reference to such building in any law, rule, document, map, or other record of the United States is deemed to be a reference to such building by the name designated for such building by the first section of this Act.

AUTOMOTIVE TRANSPORT RESEARCH AND DEVELOPMENT ACT OF 1976

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 793, S. 3267.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3267) to amend the Motor Vehicle Information and Cost Savings Act.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

There being no objection, the Senate proceeded to the consideration of the bill, which had been reported from the Committee on Commerce with amendments as follows:

On page 8, beginning at line 20, strike out:

"Sec. 605. The Secretary shall not make contracts, grants or obligations guarantees for, or conduct or accelerate, any research and development which may duplicate, in whole or in substantial part, any project (1) that has been sponsored by the Administrator, under the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5901) or any other Federal law; or (2) that will be or is likely to be so sponsored within the reasonably foreseeable future. The Secretary and the Administrator shall consult and cooperate with respect to their respective duties and responsibilities, and they shall coordinate their respective activities, in areas of shared concern, to the extent practicable, in order that the duties and responsibilities of both officers may be performed in a way that will lead to the accomplishment of the policy of this title in the shortest time and in the most efficient and cost-effective manner possible. The Administrator shall assist the Secretary to the extent of the lawful authority of, and funds appropriated to, the Administrator, in the carrying out of any duties described in section 604 of this title.

and insert in lieu thereof:

"Sec. 605. (a) The Secretary shall have overall management responsibility for carrying out the program under this title. In carrying out such program, the Secretary, consistent with such overall management responsibility—

"(1) shall utilize the Energy Research and Development Administration, to the maximum extent practicable and in accordance with subsection (c), in carrying out any activities under this title with respect to advanced propulsion systems; and

"(2) may utilize the Energy Research and Development Administration or any other Federal agency (except as provided in paragraph (1)), in accordance with subsection (c), in carrying out any duties under this title, to the extent that the Secretary determines that any such agency has capabilities which would allow such agency to contribute to the attainment of the purposes of this title.

"(b) The Energy Research and Development Administration Administrator, whenever the Energy Research and Development Administration is utilized under subsection (a), may exercise the powers granted to the Secretary under subsection (c) and under sections 606, 607, and 608, subject to the overall management responsibility of the Secretary.

"(c) In addition to the powers specifically enumerated in any other provision of this title, the Secretary may, in order to carry out this title, obtain the assistance of any department, agency, or instrumentality of the executive branch of the Federal Government upon written request, on a reimbursable basis or otherwise, and with the consent of such department, agency, or instrumentality, identifying the assistance the Secretary deems necessary to carry out any duty under this title.

On page 11, beginning at line 10, strike out:

"(3) obtain the assistance of any department, agency, or instrumentality of the executive branch of the Federal Government upon written request, on a reimbursable basis or otherwise, identifying the assistance the Secretary deems necessary to carry out any duty under this title. Such assistance shall include, but is not limited to, the transfer of personnel with their consent and without prejudice to their position and rating;

On page 11, in line 18, strike out "(4)" and insert in lieu thereof "(3)".

On page 11, in line 24, strike out "(5)" and insert in lieu thereof "(4)".

On page 14, in line 5, strike out "appropriate." and insert in lieu thereof "appropriate in order to reasonably protect the interests of the United States.".

On page 14, beginning at line 22, insert:

"(3) All guarantees issued by the Secretary under this section shall constitute general obligations of the United States backed by the full faith and credit of the United States Government.

On page 15, in line 18, strike out "Secretary." and insert in lieu thereof "Secretary and in effect at the time such guarantee or commitment was entered into.".

On page 15, beginning in line 19, strike out:

Such a guarantee or commitment to guarantee shall be conclusive evidence that the underlying obligation is in compliance with the provisions of this section and that such obligation has been approved and is legal as to principal, interest, and other terms. Such a guarantee or commitment shall be valid and incontestable in the hands of a holder as of the date when the Secretary entered into the contract of guarantee or commitment to guarantee, except as to fraud, duress, mutual mistake of fact, or material misrepresentation by or involving such holder.

On page 16, in line 14, strike out "obligee" and insert in lieu thereof "holder".

On page 17, in line 10, strike out "suit" and insert in lieu thereof "action"

so as to make the bill read:

That the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) is amended by adding at the end thereof the following new title:

"TITLE VI—RESEARCH AND DEVELOPMENT

"SHORT TITLE

"Sec. 601. This title may be cited as the 'Automotive Transport Research and Development Act of 1976'.

"FINDINGS AND PURPOSES

"Sec. 602. (a) Findings.—The Congress finds that—

"(1) Existing automobiles, on the average, fall short of meeting the long-term goals of the Nation with respect to safety, environmental protection, and energy conservation.

"(2) Advanced alternatives to existing automobiles could, with sufficient research and development effort, meet these long-term goals, and have the potential to be mass produced at reasonable cost. Such advanced automobiles could be operated with significantly less adverse environmental impact and fuel consumption than existing automobiles, while meeting all of the other requirements of Federal law.

"(3) Insufficient resources are being devoted, both by the Federal Government and by the private sector, to research and development of advanced automobiles and automobile components.

"(4) An expanded research and development effort by the Federal Government into advanced automobiles and automobile components would complement and stimulate corresponding efforts by the private sector and would encourage automobile manufacturers to consider seriously the substitution of such advanced alternatives for existing automobiles and automobile components.

"(5) The Nation's energy, safety, and environmental problems are urgent, and therefore advanced automobiles and automobile components should be developed, tested, and prepared for manufacture within the shortest practicable time.

"(b) Purposes.—It is therefore the purpose of the Congress in this title—

"(1) to make contracts and grants for, and support through obligation guarantees, research and development leading to production prototypes of advanced automobiles within 4 years from the date of enactment of this title, or within the shortest practicable time consistent with appropriate research and development techniques, and to secure the certification after testing of those prototypes which are likely to meet the Nation's long-term goals with respect to fuel economy, safety, environmental protection, and other objectives; and

"(2) to preserve, enhance, and facilitate competition in research, development, and production of existing and alternative automobiles and automobile components.

"DEFINITIONS

"Sec. 603. As used in this title, the term—

"(1) 'Administrator' means the Administrator of the Energy Research and Development Administration;

"(2) 'advanced automobile' means a personal use transportation vehicle propelled by fuel, which is energy-efficient, safe, damage-resistant, and environmentally sound and which—

"(A) requires, consistent with environmental requirements, the least total amount of energy to be consumed with respect to its fabrication, operation, and disposal, and represents a substantial improvement over existing automobiles with respect to such factors;

"(B) can be mass produced at the lowest possible cost consistent with the requirements of this title;

"(C) operates safely and with sufficient performance with respect to acceleration, cold weather starting, cruising speed, and other performance factors;

"(D) to the extent practicable, is capable of intermodal adaptability; and

"(E) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any requirement of Federal law, including, but not limited to, requirements with respect to fuel economy, exhaust emissions, noise control, safety, and damage resistance;

"(3) 'damage resistance' refers to the ability of an automobile to withstand physical damage when involved in an accident;

"(4) 'developer' means any person engaged in whole or in part in research or other efforts directed toward the development of production prototypes of an advanced automobile or automobiles;

"(5) 'fuel' means any energy source capable of propelling an automobile;

"(6) 'fuel economy' refers to the average number of miles traveled in representative driving conditions by an automobile per gallon of fuel consumed, as determined by the Administrator of the Environmental Protection Agency, in accordance with test procedures established by rule. Such procedures shall require that fuel economy tests be conducted in conjunction with emissions tests mandated by section 206 of the Clean Air Act (42 U.S.C. 1857f–5);

"(7) 'intermodal adaptability' refers to any characteristic of an automobile which enables it to be operated or carried, or which facilitates such operation or carriage, by or on an alternate mode or other system of transportation;

"(8) 'production prototype' means an automobile which is in its final stage of development and which is capable of being placed into production, for sale at retail, in quantities exceeding 10,000 automobiles per year;

"(9) 'reliability' refers to the average time and distance over which normal automobile operation can be expected without repair or replacement of parts, and to the ease of diagnosis and repair of an automobile and of its systems and parts which fail during use or which are damaged in an accident;

"(10) 'safety' refers to the performance of an automobile or automobile equipment in such a manner that the public is protected against unreasonable risk or accident and against unreasonable risk of death or bodily injury in case of accident;

"(11) 'Secretary' means the Secretary of Transportation;

"(12) 'State' means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or any other territory or possession of the United States; and

"(13) 'Vehicle Certification Board' means the Low-Emission Vehicle Certification Board established pursuant to section 212 of the Clean Air Act (42 U.S.C. 1857f–6e).

"DUTIES OF THE SECRETARY

"Sec. 604. The Secretary shall establish, within the Department of Transportation, a program to insure the development of one or more production prototypes of an advanced automobile or advanced automobiles within 4 years after the date of enactment of this title, or within the shortest practicable time consistent with appropriate research and development techniques and which utilizes, to the maximum extent practicable, nonpetroleum base fuels. In furtherance of the purposes of this title, and in order to stimulate such development of an advanced automobile by private interests, the Secretary shall—

"(1) make contracts and grants for research and development efforts which are likely to lead or contribute to the development of an advanced automobile or advanced automobiles in accordance with the provisions of section 607 of this title;

"(2) make obligation guarantees for research and development efforts which show promise of leading or contributing to the development of an advanced automobile or advanced automobiles, in accordance with the provisions of section 608 of this title;

"(3) establish and conduct new projects and accelerate existing projects within the Department of Transportation which may contribute to the development of production prototypes of an advanced automobile or advanced automobiles;

"(4) test or direct the testing of production prototypes, and secure certification as advanced automobiles for those which meet the applicable requirements, in accordance with section 609 of this title;

"(5) collect, analyze, and disseminate to developers information, data, and materials that may be relevant to the development of an advanced automobile or advanced automobiles;

"(6) prepare and submit studies, as required under section 612 of this title; and

"(7) evaluate any reasonable new or improved technology, a description of which is submitted to the Secretary in writing, which could lead or contribute to the development of an advanced automobile.

"COORDINATION BETWEEN THE SECRETARY AND THE ADMINISTRATOR

"Sec. 605. (a) The Secretary shall have overall management responsibility for carrying out the program under this title. In carrying out such program, the Secretary, consistent with such overall management responsibility—

"(1) shall utilize the Energy Research and Development Administration, to the maximum extent practicable and in accordance with subsection (c), in carrying out any activities under this title with respect to advanced propulsion systems; and

"(2) may utilize the Energy Research and Development Administration or any other Federal agency (except as provided in paragraph (1)), in accordance with subsection (c), in carrying out any duties under this title, to the extent that the Secretary determines that any such agency has capabilities which would allow such agency to contribute to the attainment of the purposes of this title.

"(b) The Energy Research and Development Administration Administrator, whenever the Energy Research and Development Administration is utilized under subsection (a), may exercise the powers granted to the Secretary under subsection (c) and under sections 606, 607, and 608, subject to the overall management responsibility of the Secretary.

"(c) In addition to the powers specifically enumerated in any other provision of this title, the Secretary may, in order to carry out this title, obtain the assistance of any department, agency, or instrumentality of the executive branch of the Federal Government upon written request, on a reimbursable basis or otherwise, and with the consent of such department, agency, or instrumentality, identifying the assistance the Secretary deems necessary to carry out any duty under this title.

"POWERS OF THE SECRETARY

"Sec. 606. In addition to the powers specifically enumerated in any other provision of this title, the Secretary is authorized to—

"(1) appoint such attorneys, employees, agents, consultants, and other personnel as the Secretary deems necessary, define the duties of such personnel, determine the amount of compensation and other benefits for the services of such personnel and pay them accordingly;

"(2) procure temporary and intermittent services to the same extent as is authorized under section 3109 of title 5, United States Code, but at rates not to exceed $150 a day for qualified experts;

(3) enter into, without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of duties under this title, with any government agency or any person; and

(4) purchase, lease, or otherwise acquire, improve, use, or deal in and with any property; sell, mortgage, lease, exchange, or otherwise dispose of any property or other assets; and accept gifts or donations of any property or services in aid of any purpose of this title.

"CONTRACTS AND GRANTS

"Sec. 607. (a) General.—(1) The Secretary shall provide funds, by contract and grant, to initiate, continue, supplement, and maintain research and development programs or activities which, in the Secretary's judgment, appear likely to lead or contribute to the development, in production prototype form, of an advanced automobile or advanced automobiles.

"(2) The Secretary is authorized to make such contracts and grants with any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(b) Consultation.—In addition to the requirements of section 605 of this title, the Secretary, in the exercise of duties and responsibilities under this section, shall consult with the Administrator of the Environmental Protection Agency and shall establish procedures for periodic consultation with representatives of science, industry, and such other groups as may have special expertise in the areas of automobile research, development, and technology. The Secretary may establish an advisory panel or panels to review and to make recommendations with respect to applications for funding under this section.

"(c) Procedure.—Each contract and grant under this section shall be made in accordance with such rules and regulations as the Secretary shall prescribe in accordance with the provisions of this section and of section 602 of this title. Each application for funding shall be made in writing in such form and with such content and other submissions as the Secretary shall require.

"OBLIGATION GUARANTEES

"Sec. 608. (a) General.—The Secretary is authorized, in accordance with the provisions of this section and such rules and regulations as the Secretary shall prescribe, to guarantee, and to make commitments to guarantee, the payment of interest on, and the principal balance of, loans and other obligations, if the obligation involved is, or will be, entered into in order to initiate, continue, supplement, and maintain research and development programs or activities which, in the Secretary's judgment, appear likely to lead to the development, in production prototype form, and to the availability of an advanced automobile or advanced automobiles. Each application for such an obligation guarantee shall be made in writing to the Secretary in such form and with such content and other submissions as the Secretary shall require, in order reasonably to protect the interests of the United States. Each guarantee and commitment to guarantee shall be extended in such form, under such terms and conditions, and pursuant to such regulations as the Secretary deems appropriate in order to reasonably protect the interests of the United States. Each guarantee and commitment to guarantee shall inure to the benefit of the holder of the obligation to which such guarantee or commitment applies. The Secretary is authorized to approve any modification of any provision of a guarantee or a commitment to guarantee such an obligation, including the rate of interest, time of payment of interest or principal, security, or any other terms or conditions, upon a finding by the Secretary that such modification is equitable, not prejudicial to the interests of the United States, and has been consented to by the holder of such obligation.

"(2) The Secretary is authorized to so guarantee and to make such commitments to any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(3) All guarantees issued by the Secretary under this section shall constitute general obligations of the United States backed by the full faith and credit of the United States Government.

"(b) Exception.—No obligation shall be guaranteed by the Secretary under subsection (a) of this section unless the Secretary finds that no other reasonable means of financing or refinancing is reasonably available to the applicant.

"(c) Charges.—(1) The Secretary shall charge and collect such amounts as the Secretary may deem reasonable for the investigation of applications for the guarantee of an obligation, for the appraisal of properties offered as security for such a guarantee, or for the issuance of commitments to guarantee.

"(2) The Secretary shall set a premium charge of not more than 1 percent per year for a loan or other obligation guaranteed under this section.

"(d) Validity.—No guarantee or commitment to guarantee an obligation entered into by the Secretary shall be terminated, canceled, or otherwise revoked, except in accordance with reasonable terms and conditions prescribed by the Secretary and in effect at the time such guarantee or commitment was entered into.

"(e) Default and Recovery.—(1) If there is a default in any payment by the obligor of interest or principal due under an obligation guaranteed by the Secretary under this section, and such default has continued for 60 days, the holder of such obligation shall have the right to demand payment by the Secretary of such unpaid amount. Within such period as may be specified in the guarantee or related agreements, but not later than 45 days from the date of such demand, the Secretary shall promptly pay to such holder the unpaid interest on, and unpaid principal of, the obligation guaranteed by the Secretary as to which the obligor has defaulted, unless the Secretary finds that there was no default by the obligor in the payment of interest or principal or that such default has been remedied.

"(2) If a payment is made by the Secretary under paragraph (1) of this subsection, the Secretary shall have all rights specified in the guarantee or related agreements with respect to any security which the Secretary held with respect to the guarantee of such obligation, including, but not limited to, the authority to complete, maintain, operate, lease, sell or otherwise dispose of any property acquired pursuant to such guarantee or related agreements.

"(3) If there is a default under any guarantee or commitment to guarantee an obligation, the Secretary shall notify the Attorney General who shall take such action against the obligor or any other parties liable thereunder as is necessary to protect the interests of the United States. The holder of such obligation shall make available to the United States all records and evidence necessary to prosecute any such action.

"(f) Authorization for Appropriations.—There are authorized to be appropriated to the Secretary such sums as are necessary, not to exceed $175,000,000, to pay the interest on, and the principal balance of, any obligation guaranteed by the Secretary as to which the obligor has defaulted: *Provided*, That the outstanding indebtedness guaranteed under this section shall not exceed $175,000,000.

"TESTING AND CERTIFICATION

"Sec. 609. (a) Environmental Protection Agency.—The Administrator of the Environmental Protection Agency shall test, or cause to be tested, in a facility subject to Environmental Protection Agency supervision, each production prototype of an automobile developed in whole or in part with Federal financial assistance under this title, or referred to the Environmental Protection Agency for such purpose by the Secretary, to determine whether such production prototype complies with any exhaust emission standards or any other requirements promulgated or reasonably expected to be promulgated under any provision of the Clean Air Act (42 U.S.C. 1857 et seq.), the Noise Control Act of 1972 (42 U.S.C. 4901), or any other provision of Federal law administered by the Administrator of the Environmental Protection Agency. In conjunction with any test for compliance with exhaust emission standards under this section, the Administrator of the Environmental Protection Agency shall also conduct tests to determine the fuel economy of such prototype automobile. Such Administrator shall submit all test data and the results of such tests to the Vehicle Certification Board.

"(b) Secretary.—The Secretary shall test, or shall cause to be tested in a facility subject to supervision by the Secretary, all production prototypes of advanced automobiles which the Secretary or a developer may submit to the Vehicle Certification Board for certification under subsection (c) of this section. Such tests shall be conducted, according to testing procedures to be developed by the Secretary, to determine whether each such automobile complies with any standards promulgated as of the date of such testing or reasonably expected to be promulgated prior to the sale at retail of such automobile, under any provision of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381), the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.), the Automobile Information Disclosure Act (15 U.S.C. 1232), and any other statute enacted by Congress and applicable to automobiles. The Secretary shall also refer any such automobile to the Administrator of the Environmental Protection Agency for testing pursuant to the provisions of subsection (a) of this section. All production prototypes of advanced automobiles may be submitted to the Secretary for testing under this subsection, including vehicles developed without any Federal financial assistance under this title. All test data and the results of all tests conducted by the Secretary, or subject to the Secretary's supervision, shall be submitted to the Vehicle Certification Board, together with all conclusions, and reasons therefor, with respect to whether the automobile tested merits certification as an advanced automobile. The Secretary, or the Administrator of the Environmental Protection Agency, if appropriate, shall conduct, or cause to be conducted, any additional tests which are requested by the Vehicle Certification Board and shall furnish to such Board any other information which requests or which is deemed to be necessary or appropriate.

"(c) Vehicle Certification Board.—Upon application by a developer or by the Secretary, with respect to a production prototype of a particular automobile or automobiles, and upon the receipt of all required and revelant test data and test results pursuant to subsections (a) and (b) of this section, the Vehicle Certification Board shall certify such automobile as an advanced automobile or shall issue a denial of such certification with reasons therefor. Each application for certification shall be made to the Vehicle Certification Board in writing, in such form and with such content and other submissions as such Board may require. Each determination as to certification shall be made in accordance with such reasonable rules and regulations as such Board shall prescribe.

"PATENTS

"Sec. 610. (a) Title to Inventions.—Whether an invention is made or conceived during, or in the course of, or as a consequence of, activity conducted in accordance with or related to a contract made or entered into under this title, title to such invention shall vest in the United States, if the Secretary determines that—

"(1) the person who made the invention was employed or assigned to perform research or development work, and that the invention is related to the work such person was employed or assigned to perform, or that it was within the scope of such person's employment duties, whether or not the invention was made during working hours and whether or not the invention was made with a contribution from the Government; or

"(2) the invention is related to the contract, or to the work or duties which the person who made the invention was employed or assigned to perform, even though such person was not employed or assigned to perform research or development work, if the invention was made during working hours, or if it was made with a contribution from the Government.

As used in this subsection, the term 'contribution from the Government' includes the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or any services during working hours of Government employees. If patents are issued on such an invention the patents shall be issued to the United States, unless in particular circumstances the Secretary, in accordance with this section, waives all or any part of the rights of the United States.

"(b) Report.—Each contract entered into by the Secretary under this title with any person shall contain effective provisions requiring such person to furnish a prompt and written report to the Secretary with respect to any invention, discovery, improvement, or innovation which may be made in the course of, or as a consequence of, activity conducted in accordance with or related to such contract. Each such report shall contain accurate and complete technical information, in accordance with specifications of the Secretary.

"(c) Waiver.—The Secretary may waive all or any part of the rights of the United States with respect to any invention or class of inventions which is made, or which may be made, by any person or class of persons in the course of, or as a consequence of, activity conducted in accordance with, or related to, any contract under this title, pursuant to regulations prescribed by the Secretary in conformity with the provisions of this section, if the Secretary determines that the interests of the United States and of the general public would best be served by such a waiver. The Secretary shall maintain and periodically update a publicly available record of waiver determinations. In making such determinations, the Secretary shall strive to—

"(1) make the benefits of the advanced automobile research and development program widely available to the public in the shortest practicable time;

"(2) promote the commercial utilization of such inventions;

"(3) encourage participation by private persons in the Secretary's advanced automobile research and development program; and

"(4) foster competition and prevent undue market concentration, or the creation or maintenance of other situations inconsistent with the antitrust laws.

"(d) Contract Waivers.—In determining whether it would best serve the interests of the United States and of the general public to grant such a waiver to a contractor at the time a contract is entered into the Secretary shall include as considerations—

"(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

"(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

"(3) the extent to which the contractor's commercial position may expedite utilization of the research and development program results;

"(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

"(5) the purpose and nature of the contract, including the intended use of the results developed thereunder;

"(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

"(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

"(8) the extent to which the Government intends to further develop, to the point of commercial utilization, the results of the contract effort;

"(9) the extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

"(10) the likely effect of the waiver on competition and market concentration; and

"(11) the extent to which a contractor, which is a nonprofit educational institution, has a technology transfer capability and program which is approved by the Secretary as being consistent with the applicable policies of this subsection.

"(e) Subsequent Waivers.—In determining whether it would best serve the interests of the United States and of the general public to grant such a waiver at a subsequent date to a contractor or to an inventor, with respect to an identified invention, the Secretary shall specifically consider (1) paragraphs (4) through (11) of subsection (d), as applied to such invention; (2) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercial distribution of such invention; and (3) the extent to which the plans, intentions, and ability of the contractor or inventor are likely to result in expeditious commercial distribution of such invention.

"(f) Reservations.—Whenever title to an invention is vested in the United States, a revocable or irrevocable, nonexclusive, and paid-up license for the practice of such invention throughout the world may be reserved to the contractor or to the inventor thereof. The rights to such an invention may be similarly reserved in any foreign country in which the United States has elected not to secure patent rights and in which such contractor or inventor elects to secure a patent, subject to the rights described in subsections (h)(2), (h)(3), (h)(6), and (h)(7) of this section: *Provided*, That such a contractor or inventor shall 3 years after the date of issuance of such a patent, and at any time upon the specific request of the Secretary, submit the report specified in subsection (h)(1) of this section.

"(g) Licenses.—(1) Subject to subsection (g)(2) of this section, the Secretary shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

"(2) Pursuant to subsection (g)(1) of this section and after notice and an opportunity for a hearing, the Secretary may grant exclusive or partially exclusive licenses in any invention, only if the Secretary determines that—

"(A) the proposed license would best serve the interests of the United States and of the general public, in light of the applicant's intentions, plans, and capacity to bring such invention to practical or commercial applications;

"(B) the desired practical or commercial applications of such invention have not been achieved, or are not likely expeditiously to be achieved, under any non-exclusive license which has been granted, or which may be granted, on such invention;

"(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to make available the risk capital and other financing necessary to bring the invention to the point of practical or commercial applications; and

"(D) the terms and scope of exclusivity of the proposed license are not substantially greater than are necessary to provide sufficient incentive for bringing such invention to the point of practical or commercial applications, and to provide the licensee with sufficient opportunity to recoup its costs and to earn a reasonable profit thereon: *Provided*, That the Secretary shall not grant such an exclusive or partially exclusive license if the Secretary determines that the grant of such a license will tend substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Secretary shall maintain and periodically update a publicly available record of determinations concerning applications for and the grant of such licenses.

"(h) Terms and Conditions.—Any waiver of rights and any grant of an exclusive or partially exclusive license, shall contain such terms and conditions as the Secretary may determine to be appropriate for the protection of the interests of the United States and of the general public. Such terms and conditions may include, but need not be limited to—

"(1) periodic written reports, at reasonable intervals and at any time when specifically requested by the Secretary, on the commercial use that is being made or is intended to be made of the invention involved;

"(2) the right, at a minimum, of an irrevocable, nonexclusive, and paid-up license to make, use, and sell the invention involved throughout the world, by or on behalf of the United States (including any Government agency) and by or on behalf of the States and their political subdivisions, unless the Secretary determines that it would not be in the public interest to acquire such a license for the States and their political subdivisions;

"(3) the right in the United States to sublicense any foreign government to make, use, and sell the invention involved, pursuant to any existing or future treaty or agreement, if the Secretary determines it would be in the national interest to acquire this right;

"(4) the reservation in the United States of the rights to the invention involved in any country in which the contractor does not file an application for a patent within such time as the Secretary shall determine;

"(5) the right in the Secretary to require the granting of a nonexclusive, exclusive, or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances (A) to the extent that the invention involved, or an application thereof, is required for public use by governmental regulations; (B) to the extent that it may be necessary to fulfill health, safety, or energy needs; or (C) for such other purposes as may be stipulated in the applicable agreement;

"(6) the right in the Secretary to terminate the waiver or license involved, in whole or in part, unless the person who receives such waiver of rights or who is granted such license demonstrates to the satisfaction of the Secretary that such person has taken, or that such person will take within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved;

"(7) the right in the Secretary, commencing 3 years after the grant of a license and 4 years after the effective date of a waiver of rights to an invention, to require the granting of a nonexclusive or partially exclusive license to any responsible applicant, upon terms reasonable under the circumstances, and the right in the Secretary, under appropriate circumstances, to terminate such a waiver or license, in whole or in part, following the filing of a petition with the Secretary, by an interested person, and after notice and an opportunity for a hearing—

"(A) if the Secretary after providing an opportunity to the recipient of such waiver or license, and to any other interested person, to submit such relevant and material information as may be appropriate and after reviewing such information, determines that such waiver or license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates; or

"(B) unless the recipient of such waiver or license demonstrates to the satisfaction of the Secretary at such hearing that such recipient has taken, or that such recipient will take, within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved.

"(i) Notice.—The Secretary shall cause a notice to be published periodically, not less than once each year, in the Federal Register and in other appropriate publications, including the electronic media, advising the public of the right to have a hearing, as provided in subsection (h)(7) of this section, and of the availability of the records of determinations under this section.

"(j) Small Business.—If the applicant for a waiver of rights to an invention or for a license is a small business, as defined by regulations of the Small Business Administration, the Secretary shall consider and accord weight to such factor.

"(k) Other Licenses.—Whenever the Secretary, pursuant to such regulations as the Secretary shall prescribe, and upon the application by any person, determines that—

"(1) a right under any patent, which is not otherwise reasonably available, is reasonably necessary, in furtherance of the policy of fostering expeditous commercial application of advanced automotive technologies, to the development, demonstration, or commercial application of any advanced automotive invention, process, or system; and

"(2) there are no other reasonable methods to achieve such development, demonstration, or commercial application,

the Secretary shall so certify to an appropriate district court of the United States. The Secretary shall petition such court to order the owner and/or the exclusive licensee of such patent to grant a license thereunder at such reasonable royalty and on such reasonable and nondiscriminatory terms and conditions as the court shall determine. The court shall provide such patentee or exclusive licensee, or both, as appropriate, an opportunity for a hearing, including a de novo review of the determination of the Secretary. The appropriate district court shall be the district court for the judicial district in which the patentee or the exclusive licensee of such patent resides, does business, or is found.

"(l) Protection.—The Secretary is authorized to take all necessary and appropriate steps, which are suitable, to protect any invention or discovery to which the United States holds title. The Secretary shall require that any contractor or other person, who acquires rights to an invention under this section, protect such invention.

"(m) Definitions.—As used in this section, the term—

"(1) 'contract' means any contract, grant, agreement, understanding, obligation guarantee, or other arrangement which involves any research and development work; the term includes any assignment, substitution of parties, or subcontract thereunder;

"(2) 'contractor' means any person who has a contract with, or on behalf of, the Secretary under this title;

"(3) 'invention' means any invention or discovery, whether patented or unpatented; and

"(4) 'made', when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"RECORDS, AUDIT, AND EXAMINATION

"Sec. 611. (a) Records.—Each recipient of financial assistance or guarantees under this title, whether in the form of grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements, shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of such total cost which was supplied by other sources, and such other records as will facilitate an effective audit.

"(b) Audit and Examination.—The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after completion of the project or undertaking referred to in subsection (a) of this section, have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which in the opinion of the Secretary or the Comptroller General may be related or pertinent to the grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements referred to in such subsection.

"REPORTS

"Sec. 612. On or before July 1 of each year, the Secretary shall submit to Congress an annual report of activities under this title. Such report shall include, but need not be limited to—

"(1) an account of the state of automobile research and development in the United States;

"(2) the number and amount of contracts and grants made and of obligations guaranteed;

"(3) the progress made in developing production prototypes of advanced automobiles within the shortest practicable time after the date of enactment of this title; and

"(4) suggestions for improvements in advanced automobile research and development, including recommendations for legislation.

"GOVERNMENT PROCEDURE

"SEC. 613. The Administrator of General Services shall consult periodically with the Vehicle Certification Board to determine when production prototypes of an advanced automobile are likely to be available. After a production prototype has been certified, under section 609(c) of this title, as an advanced automobile, the Vehicle Certification Board, in conjunction with the Administrator of General Services, shall prescribe such regulations as are necessary to require all Federal agencies to procure and to use such advanced automobiles to the maximum extent feasible. Such Administrator shall, with the assistance of such Board, provide technical specifications and other information with respect to automobiles certified under this title as advanced automobiles. Such Administrator, and all other appropriate officers of the United States shall take all steps which are necessary or appropriate to comply with and to implement such regulations, with respect to all Federally owned motor vehicles, by the earliest practicable date.

"RELATIONSHIP TO ANTITRUST LAWS

"SEC. 614. (a) DISCLAIMER.—Nothing in this title shall be deemed to convey to any person any immunity from civil or criminal liability, or to create any defenses to actions, under the antitrust laws.

"(b) ANTITRUST LAWS DEFINED.—As used in this section, the term 'antitrust laws' means the Act of July 2, 1890 (15 U.S.C. 1 et seq.), as amended; the Act of October 15, 1914 (15 U.S.C. 12 et seq.), as amended; the Federal Trade Commission Act (15 U.S.C. 41 et seq.) sections 73 and 74 of the Act of August 27, 1894 (15 U.S.C. 8 and 9), as amended; and the Act of June 19, 1936, ch. 592 (15 U.S.C. 13, 13a, and 212), as amended.

"AUTHORIZATION FOR APPROPRIATION

"SEC. 615. There are authorized to be appropriated to carry out the purposes of this title, other than section 608 of this title, funds not to exceed $55,000,000 for the fiscal year ending September 1977, and not to exceed $100,000,000 for the fiscal year ending September 30, 1978.".

The **PRESIDING OFFICER**. The Senator from California may proceed.

Mr. **DOMENICI**. Mr. President, will the Senator yield?

Mr. **TUNNEY**. I yield.

Mr. **DOMENICI**. Mr. President, I ask unanimous consent that Lee Rawls of my staff be accorded the privilege of the floor.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **TUNNEY**. Mr. President, the Senate has a long history in promoting the development of advanced automotive technology in order to meet the Nation's needs concerning fuel economy, safety, and environmental pollution. Purchasing incentives, for example, were provided under section 212 of the Clean Air Act as a Senate initiative.

More recently, the Senate has repeatedly acted to establish a program of research and development with respect to advanced automobiles. Beginning in the 93d Congress, the Senate passed as a part of S. 2176, the National Fuels and Energy Conservation Act, an aggressive program of automobile research and development very similar to that before the Senate today. Unfortunately, the House of Representatives did not act on S. 2176 and the provision did not become law during that Congress.

In the first session of this Congress, the Senate passed S. 1893, the Automobile Fuel Economy and Research and Development Act of 1975. Title II of that legislation provided for automotive R. & D. and formed the pattern for the legislation before us today. Title II of S. 1883 ultimately was incorporated in S. 622, the Energy Policy and Conservation Act. Although the provision was adopted by the conference committee, it was deleted from the conference report on that bill due to a jurisdictional dispute on the House floor.

Thus, the Senate is not tackling a new, unfamiliar issue in considering automotive R. & D.

The need for a strong Federal R. & D. program has never been greater. As the essential national goals regarding automotive fuel economy, air pollution control, safety and damageability, and performance have become more and more stringent, we have also seen an increasing resistance on the part of the major auto makers to provide the technology to meet those goals. It is clear that we cannot fully rely on them to provide the full complement of research and development necessary to meet national goals.

And while the debate rages over whether conventional automobiles may comply with these requirements, a number of alternatives to conventional automobiles are just over the horizon which could dramatically reduce fuel consumption, exhaust emissions, and save consumers hundreds of dollars over the lifetime of an automobile. One of the most recent studies which illustrates their potential was conducted by the jet propulsion laboratory of the California Institute of Technology. That study found, for example, that four different alternatives to conventional internal combustion engines could provide increased fuel economy and lower cost savings over the lifetime of an automobile. For example, based on known technology, but that which needs additional research and development to fully exploit, Stirling cycle engines could increase the miles per gallon over conventional internal combustion engines by 47 percent. If 60 percent of the automobiles on the road by the year 2000 would adopt Stirling cycle propulsion systems, this would amount to a savings of 1 million barrels of crude oil per day.

Moreover, the life cycle cost savings of a conventional internal combustion engine would amount to $600 for Stirling cycle engines, $850 for turbine engines, and $150 for diesels.

In the area of emission controls, three alternative engines—turbines, Stirling cycle, and Rankine cycle, have all been shown to fully meet all of the original emissions control requirements contained in the 1970 Clean Air Act Amendments.

Despite the great promise of these engine technologies, none, with the exception of certain diesel applications, have advanced to the point of commercial viability under current R. & D. efforts.

Several studies have clearly documented the need for increased Federal research and development to fully develop these alternatives. Included is a study by the Federal Energy Administration, the Advisory Committee on Alternative Automotive Power Systems, and the jet propulsion laboratory. They estimate that from $100 million to $150 million per year is required to appropriately develop alternative power systems.

The major automobile makers are simply unable or unwilling to make the needed commitment of R. & D. dollars for this task. The automobile makers have been locked in to the internal combustion engine system for the past 60 years. They are familiar with it and they are obviously reluctant to change. Yet, this engine system has severe tradeoffs in terms of energy efficiency, pollution control, and cost. As FEA has stated:

> The integration of the national objectives of energy efficiency, alternatives to petroleum, and minimum environmental impact into a coherent long-term program in R&D requires perspectives and responsibilities well beyond those of the private automobile companies whose objectives are rooted in the marketplace. Consequently, we perceive a major government role in automotive R&D.

The three major auto makers in this country spend approximately $2 billion per year in research and development. Of this $2 billion, less than $50 million goes to alternative powerplant research and development. Approximately $300 million is spent on emissions control for internal combustion engines alone.

Mr. President, there is little chance that the automobile industry will take up the slack between what is now being spent on auto R. & D. and what is needed. The automobile is the single largest end user of petroleum in this country, accounting for nearly 40 percent of present consumption. It is the dominant source of pollution in our cities, and over 45,000 people are killed each year in traffic accidents. It is imperative that we aggressively pursue all reasonable alternatives to current automobiles.

Mr. President, this legislation is the way to do it and I urge its adoption.

Mr. President, I ask unanimous consent that floor privileges be granted during the debate on S. 3267 to Mike Brownlee, Dan Jaffe, Lynn Sutcliffe, Bernard Nash, Mal Sterrett, Phil Grill, and Dave Clanton.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Who yields time?

UP AMENDMENT NO. 19

Mr. **DOMENICI**. Mr. President, I send to the desk an unprinted amendment numbered 19, and ask that it be stated.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from New Mexico (Mr. DOMENICI) proposes unprinted amendment No. 19.

Mr. **DOMENICI**. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 1, strike out all through the end of the bill and insert in lieu thereof the following:

"FINDINGS AND PURPOSES

"Sec. 602. (a) Findings.—The Congress finds that—

"(1) Existing automobiles, on the average, fall short of meeting the long-term goals of the Nation with respect to safety, environmental protection, and energy conservation.

"(2) Advanced alternatives to existing automobile propulsion systems could, with sufficient research and development effort, meet these long-term goals, and have the potential to be mass produced at reasonable cost. Such advanced automobile propulsion systems could be operated with significantly less adverse environmental impact and fuel consumption than existing systems, while meeting all of the other requirements of Federal law.

"(3) Insufficient resources are being devoted, both by the Federal Government and by the private sector, to research and development of advanced automobile propulsion systems and other automobile components.

"(4) An expanded research and development effort by the Federal Government into advanced automobile propulsion systems and other automobile components would complement and stimulate corresponding efforts by the private sector and would encourage automobile manufacturers to consider seriously the substitution of such advanced alternatives for existing automobile propulsion systems and other automobile components.

"(5) The Nation's energy, safety, and environmental problems are urgent, and therefore advanced automobile propulsion systems and automobile components should be developed, tested, and prepared for manufacture within the shortest practicable time.

"(b) Purposes.—It is therefore the purpose of the Congress in this title—

"(1) to develop ground propulsion systems which are energy conserving, have clean emission characteristics, and are capable of being produced in large numbers at reasonable mass production per unit costs, such systems to meet or better all air quality standards set by or under the Clean Air Act;

"(2) to develop alternative energy sources for use in ground propulsion systems; and

"(3) to preserve, enhance, and facilitate competition in research, development, and production of existing and alternative automobiles and automobile components.

"DEFINITIONS

Sec. 63. As used in this title, the term—

"(1) 'Administrator' means the Administrator of the Energy Research and Development Administration;

"(2) 'developer' means any person engaged in whole or in part in research or other efforts directed toward the development of prototypes of an advanced automobile propulsion system, automobile components, or automobile;

"(3) 'fuel' means any energy source capable of propelling an automobile;

"(4) 'fuel economy' refers to the average number of miles traveled in representative driving conditions by an automobile per gallon of fuel consumed, as determined by the Administrator of the Environmental Protection Agency, in accordance with test procedures established by rule. Such procedures shall require that fuel economy tests be conducted in conjunction with emissions tests mandated by section 206 of the Clean Air Act (42 U.S.C. 1857f–5);

"(5) 'ground propulsion systems' means the engine, transmission, or drive, and associated controls, necessary to power automobiles, trucks, trains, buses, and selected light marine vehicles;

"(6) 'reliability' refers to the average time and distance over which normal automobile operation can be expected without repair or replacement of parts, and to the ease of diagnosis and repair of an automobile and of its systems and parts which fail during use or which are damaged in an accident; and

"(7) 'safety' refers to the performance of an automobile or automobile equipment in such a manner that the public is protected against unreasonable risk or accident and against unreasonable risk of death or bodily injury in case of accident.

"DIVISION OF ADVANCED GROUND PROPULSION SYSTEMS

"Sec. 604. (a) There is established within the Energy Research and Development Administration a Division of Advanced Ground Propulsion Systems and the Administrator shall carry out his functions pursuant to this title, through such Division.

"(b) The Administrator shall carry out a program of research, development, and demonstration of ground propulsion systems, including alternative energy sources for use therein, so as to contribute among others, to the following objectives—

"(1) the improvement and verifying of ground propulsion systems with emphasis on efficiency, performance, and usefulness;

"(2) the development of energy conserving ground propulsion systems;

"(3) the development of ground propulsion systems with clean emission characteristics, economical per unit cost, and low per mile energy consumption; and

"(4) the most effective utilization in such program of the scientific and engineering resources of the United States already in existence, with close cooperation among all interested agencies of the United States in order to avoid unnecessary duplication and waste of effort, facilities, and equipment.

"(c) In carrying out his functions under this section the Administrator shall evaluate and make a continuing comparative assessment of all ground propulsion systems presently in use, or in a conceptual or development stage.

"(d) The Administrator is authorized to enter into contracts and other agreements or arrangements, and to make such grants, as he may determine necessary and appropriate in carrying out his functions under this section. The Administrator shall, in carrying out such functions, utilize, to the maximum extent, the resources and cooperation of the private sector.

"(e) The Administrator, shall establish an advisory board for the purposes, among others, of encouraging the private sector to participate in the research, development, and demonstration carried out pursuant to this section, and to advise with and make recommendations to the Administrator on legislation, policies, administration, research, and other matters affecting this section.

"(f) The Administrator shall consult and cooperate with the heads of other Federal agencies with respect to their respective duties and responsibilities which relate to this title, and the Administrator and such heads of other agencies shall coordinate their respective activities, in areas of shared concern, to the extent practicable, in order that the duties and responsibilities of all may be performed in a way that will lead to the accomplishment of the policy of this title in the shortest time and in the most efficient and cost-effective manner possible.

"(g) There is authorized to be appropriated for the purposes of this section and not to exceed $20,000,000 for the fiscal year ending September 30, 1977, not to exceed $40,000,000 for the fiscal year ending September 30, 1978, and not to exceed $75,000,000 for each of the three succeeding fiscal years.

"ASSISTANCE IN THE DEVELOPMENT OF ADVANCED AUTOMOBILES

"Sec. 605. (a) (1) The Administrator shall provide funds, by contract, to initiate, continue, supplement, and maintain research and development programs or activities which, in the Administrator's judgment, appear likely to lead or contribute to the development of an advanced automobile or advanced automobiles.

"(2) The Administrator is authorized to make such contracts with any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(b) The Administrator, in the exercise of duties and responsibilities under this section shall consult with the Administrator of the Environmental Protection Agency and shall establish procedures for periodic consultation with representatives of science, industry, and such other groups as may have special expertise in the areas of automobile research, development, and technology. The Administrator may establish an advisory panel or panels to review and to make recommendations with respect to applications for funding under this section.

"(c) Each contract under this section shall be made in accordance with such rules and regulations as the Administrator shall prescribe in accordance with the provisions of this section and of section 602 of this title. Each application for funding shall be made in writing in such form and with such content and other submissions as the Administrator shall require.

"(d) There is authorized to be appropriated not to exceed $50,000,000 to carry out the provisions of this section.

"TESTING

"Sec. 606. (a) The Administrator of the Environmental Protection Agency shall test, or cause to be tested, in a facility subject to Environmental Protection Agency supervision, any automobile, or automobile component, developed in whole or in part with Federal financial assistance under this title, or any ground propulsion system referred to the Environmental Protection Agency for such purpose by the Administrator, to determine whether such system complies with any exhaust emission standards or any other requirements promulgated or reasonably expected to be promulgated under any provision of the Clean Air Act (42 U.S.C. 1857 et seq.), the Noise Control Act of 1972 (42 U.S.C. 4901), or any other provision of Federal law administered by the Administrator of the Environmental Protection Agency. In conjunction with any test for compliance with exhaust emission standards under this section, the Administrator of the Environmental Protection Agency shall also conduct tests in conjunction with the Administrator to determine the fuel economy of such prototype automobile.

"(b) The Administrator shall test, or shall cause to be tested in a facility subject to supervision by the Administrator, advanced automobiles developed with assistance pursuant to this title. Such tests shall be conducted, according to testing procedures to be developed by the Administrator, to determine whether each such automobile complies with any standards promulgated as of the date of such testing or reasonably expected to be promulgated prior to the sale at retail of such automobile, under any provision of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381), the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.), the Automobile Information Disclosure Act (15 U.S.C. 1232), and any other statute enacted by Congress and applicable to automobiles.

"(c) The Administrator of the Environmental Protection Agency and the Administrator may at the request of a developer and payment of costs test any advanced ground propulsion system, component, or advanced automobile, pursuant to the provisions of this section. Such tests by the Administrator of the Environmental Protection Agency may also be provided for determination of future compliance with provisions of law referred to in subsection (a).

"(d) The Administrator of the Environmental Protection Agency is authorized during the 5-year period following the date of enactment of this title to evaluate and assess technology which he feels will lead to the meeting of automobile emission standards pursuant to the Clean Air Act and fuel economy standards pursuant to this Act.

"(e) There is authorized to be appropriated not to exceed $20,000,000 to carry out the provisions of subsection (d) of this section. Such amount shall be equally divided over the 5-year program provided for in such subsection.

"RECORDS, AUDIT, AND EXAMINATION

"SEC. 607. (a) Each recipient of financial assistance or guarantees under this title, whether in the form of grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements, shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of such total cost which was supplied by other sources, and such other records as will facilitate an effective audit.

"(b) The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after completion of the project or undertaking referred to in subsection (a) of this section, have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which in the opinion of the Administrator or the Comptroller General may be related or pertinent to the grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements referred to in such subsection.

"REPORTS

"SEC. 608. (a) On or before July 1 of each year, the Administrator shall submit to Congress an annual report of activities under this title. Such report shall include, but need not be limited to—

"(1) an account of the state of automobile research and development in the United States;

"(2) the number and amount of grants made and of obligations guaranteed;

"(3) the progress made in developing alternate ground propulsion systems within the shortest practicable time after the date of enactment of this title;

"(4) suggestions for improvements in advanced automobile research and development, including recommendations for legislation; and

"(5) the progress made by the private sector in implementing alternate ground propulsion systems in future production prototypes.

"(b) On or before July 1 of each year the Administrator of the Environmental Protection Agency shall submit to Congress an annual report of activities under this title. Such report shall include, but need not be limited to—

"(1) an account of the state of the automobile industry in meeting the emission standards pursuant to the Clean Air Act and the fuel economy standards pursuant to this Act;

"(2) the development of new or improved technology that has the capability to meet such emission standards;

"(3) the failure of the automobile industry to fully utilize existing technology for future production; and

"(4) the need for Government research and development in certain areas dealing with such emission standards.

"(c) Reports pursuant to this section shall be made directly to Congress without submission to or clearance of any other Federal agency.

"(d) There is authorized to be appropriated not to exceed $1,000,000 in each fiscal year to carry out the provisions of this section.

"GOVERNMENT PROCUREMENT

"SEC. 609. At any time the Administrator informs the Administrator of General Services that advanced propulsion system or automobile has been tested pursuant to section 606 and found to meet all the requirements under such section the Administrator of General Services shall prescribe such regulations as are necessary to require all Federal agencies to procure and to use such advanced propulsion systems or automobiles to the maximum extent feasible. Such Administrator shall also provide technical specifications and other information with respect to such advanced propulsion systems or automobiles. Such Administrator, and all other appropriate officers of the United States, shall take all steps which are necessary or appropriate to comply with and to implement such regulations, with respect to all federally owned motor vehicles, by the earliest practicable date.

"RELATIONSHIP TO ANTITRUST LAWS

"SEC. 610. (a) Nothing in this title shall be deemed to convey to any person any immunity from civil or criminal liability, or to create any defenses to actions, under the antitrust laws.

"(b) As used in this section, the term 'antitrust laws' means the Act of July 2, 1890 (15 U.S.C. 1 et seq.), as amended; the Act of October 15, 1914 (15 U.S.C. 12 et seq.), as amended; the Federal Trade Commission Act (15 U.S.C. 41 et seq.) sections 73 and 74 of the Act of August 27, 1894 (15 U.S.C. 8 and 9), as amended; and the Act of June 19, 1936, ch. 592 (15 U.S.C. 13, 13a, and 212), as amended.".

Mr. DOMENICI. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays on the Domenici unprinted amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, let me first ask my good friend from California if he has a copy of the intended amendment which I am now proposing?

Mr. TUNNEY. Yes.

Mr. DOMENICI. I thank the Senator from California.

First, Mr. President, let me make my position known on this subject. I am not offering an amendment here because I object to the Federal Government being in the field of research and development, investing a substantial amount of tax dollars in basic research and development to improve upon, modify, change, and bring into existence a new kind of engine to take the place of the internal combustion engine. Not at all. There are many who think this is not our responsibility and we should stay out of it. I am not among those.

I have read with extreme interest the $500,000 study that the Jet Propulsion Laboratory in California did as an independent project funded by Ford Motor Co. I trust their judgment implicitly.

They indicate that they took the grant and proceeded to do a thorough, independent evaluation of where the United States stood with reference to the possibility that we would have within the next 10 years one or more totally new engines to take the place of the present internal combustion engine. For those who are interested in whether or not we can solve the problem of pollution or reliance upon gasoline as the principal source of energizing individual automobility, that report ought to put to rest the proposition that we cannot make the transition toward a clean engine and one that has much flexibility in terms of what kind of fuel is used to energize it.

When I read that report, I am convinced that there is no better use of American tax dollars than to promote basic research and development, new thrusts toward different metals, and different kinds of engines, so we may preserve for Americans the freedom and social advantages of the individual mobility that comes with automobility.

But I am firmly convinced that, without some real push by the U.S. Government with some use of its management skills in terms of laboratories and basic research, we will not make this transition for many, many years to come.

The distinguished Senator from California, borrowing from that Jet Propulsion Laboratory and other technical experts, has clearly indicated why research and development in this area is indeed a proper research function in this particular era when we are looking for energy conservation.

In fact, the Jet Propulsion Laboratory makes the rather bold statement that, if the United States as a people were to expend as much as $8 billion in the next 10 years, it could produce one or two new engines to take the place of the present internal combustion engine; if they would indeed run on some fuel that does not have its base as petroleum; and if they were as clean as the Stirling and a few others, that, even an $8 billion resource investment by the American people, private and public, would be the most economical investment of American dollars in energy conservation.

When I have that basic background, I can do nothing but support a proposition that is well thought out and that will indeed move us in that direction.

Mr. President, with those general introductory remarks, I should like to offer several comments, some in support of S. 3267 and some that indicate the reason for my amendment.

This bill is virtually identical to title II of S. 1883 which the Senate passed last year. The basic thrust of S. 3267 is to provide for an expanded Federal effort in automobile research and development.

I fully support this basic thrust. Last fall, I wrote President Ford urging him to embark on a $1 billion effort over the next decade to accelerate the development of new automobile propulsion systems that offer greater fuel economy. Mr. President, I ask unanimous consent that a copy of this letter be printed as exhibit 1 at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMENICI. Mr. President, I consider a national effort analogous to that of S. 3267 a major priority. The automobile has given the American people unparalled personal mobility, a mobility the courts have repeatedly given constitutional protection. It is because such mobility is a cornerstone of the American lifestyle that I believe the Federal Government must expand its efforts to save it. For too long, we have ignored the adverse environmental and energy consequences of the automobile. I shall not try to improve on the Commerce Committee report in this regard. The case it makes I find overwhelming. Moreover, as a member of the Public Works Committee which has been laboring for over 15 months on the Clean Air Act amendment, I can assure my colleagues that the automobile companies have committed such a large portion of their engineering resources to meeting the short-term requirements of the Clean Air Act that they have little in the way of resources to systematically plan for 10 years down the road. There is clearly the need for an aggressive Federal effort in automobile research and development. Accordingly I commend my colleague from California for again bringing this issue before the Senate.

Despite my support for the basic purposes of S. 3267, I must disagree with the specifics. Senator TUNNEY will remember that last year I also objected to several portions of S. 1883. My rationale remains the same. I hope he will bear with me while I list my objections.

For the benefit of Members of the Senate, I call their attention to the fact that even though we passed S. 1883 and it went to conference as part of the basic energy bill, on the House side it was completely eliminated from the bill; and I understand that some of the basic objections on the floor, although not all, had to do with the thrusts that are now before us in this bill.

First, I disagree with placing the program in the Department of Transportation. In 1974, Congress explicitly addressed the issue of where responsibility for research in advanced automotive systems should lie. The congressional answer was the Energy Research and Development Administration. Both the Energy Research and Development Act—Public Law 93–577—clearly placed principal responsibility for automotive research in ERDA.

I recognize that merely because responsibility is placed within a particular box in an organizational chart, discussion on the matter should not come to an end. If the responsibility is not being discharged, it should be moved. This however, is not the case.

I bring to my colleagues' attention pages 133 and 134 of the Senate report on the ERDA authorization (Senate Report 94–879). I request unanimous consent that this be printed as exhibit 2 at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. DOMENICI. Mr. President, on page 133 we learn that in fiscal year 1977, ERDA will road test three vehicles powered by the Brayton engine. Expectations are that the engine will meet the original Clean Air Act standards, including 0.4 NOx, will achieve superior fuel economy to its internal combustion counterpart and, most important, can burn anything that is combustible. In fact, fuels used in the test include hydrogen, gasoline, diesel fuel, and vegetable oil. I repeat, vegetable oil. Imagine the mighty OPEC cartel brought to its knees by vegetable oil.

The real importance of this capability to burn a wide variety of fuels, is that methanol or synthetic gasoline, both from coal, can power the Brayton. In short, along with superior fuel economy, and lower emissions, it is a major step in the direction of energy independence.

It is my understanding that the fiscal year 1977 program for the Brayton outlined in the ERDA authorization, is a culmination of 4 years of prior effort. In fact, this month, as a prelude to road testing, the Brayton will undergo preliminary dynometer testing in Michigan.

I realize that S. 3267 has a savings provision that is supposed to prevent duplication of effort between ERDA and DOT. As a legal nicety, I am sure it is appropriate. But programmatically, I do not see how it is possible for DOT to now start work on a production prototype without either duplicating or fragmenting what ERDA is already doing. I believe S. 3267's insistence in placing this program in DOT is an administrative mistake of the highest order. I believe it should be corrected.

My second major objection to this bill is that it insists on the Federal Government building a production prototype. This raises questions on several grounds. One source of concern is the consequences of failure. The regulatory structure that oversees the automobile industry has as its major premise that it is Government's role to define certain social objectives in terms of energy consumption, emissions, and safety, and then it is up to the industry to meet these objectives. Generally, these objectives become engineering constraints that the automobile industry must meet as a precondition to selling its cars.

Such a regulatory strategy assumes that the industry because of its expertise, experience, and vast resources, is better equipped to come up with solutions than the Federal Government. S. 3267 would undermine this regulatory premise by having the Federal Government build cars. This may prove successful beyond anyone's hopes. It also may prove a disaster. And if it is a disaster, I do not think the auto industry will ever let us hear the last of it.

There are several other grounds for objecting to construction of a prototype. First, as noted at several junctures in the committee's own report, the real need and payoff lies in new propulsion systems. At page 2, for example, the report says:

> The dominant feature of the automobile system is, of course, the powerplant.

The literature cited by the committee report repeatedly identifies the propulsion system as the key target of opportunity. Yet, the bill ignores this fundamental insight and concludes we need to build an entire car. I do not pretend to be as well versed in the literature as my colleague from California for he has worked on this a long time, but I have yet to see any statement from Government, industry, or the technical community which states that the Federal Government should be in the car building business.

I believe it also merits noting that we are not just concerned with cars. Basic research into propulsion systems offers us options that can be employed in trucks, and buses which can be particularly obnoxious in an urban setting.

By way of support of my amendments, I ask that a joint letter from the Secretary of Transportation, Mr. Coleman, and Administrator of ERDA, Mr. Seamans, be printed as exhibit 3 at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. DOMENICI. Mr. President, this letter details the administration's objections to any attempt to place such a program in DOT, or to have the Federal Government build production prototypes.

By way of closing, I should like to offer as an appropriate model for Federal automotive research S. 1632, the Electric and Hybrid Vehicle Research Development and Demonstration Act of 1976, which I am sure the Senate will pass this afternoon by an overwhelming majority.

This bill, also reported out by the Senate Commerce Committee, and passed earlier today, demonstrates a careful, analytic approach as to how Federal automobile research and development should be conducted. Most importantly, from my perspective, Senate bill 1632, the one I have just referred to, lodges responsibility in ERDA. Moreover, the bill has the Federal Government concentrating on basic and applied research and does not have the Federal Government building prototype automobiles. Since my amendments closely parallel the model in S. 1632 and since the Senate has already adopted, or shortly will adopt S. 1362, I urge that my amendments be adopted. I believe that there should be consistency; on the other hand, I think there is merit on its own for the position I am taking here.

I also call to the attention of the Senate that the House has recently passed—although they took out of the basic energy bill that went to conference last year, the provisions of our bill, which we passed last year, which I objected to; they took it out then—they have now passed one and it does what I am saying here. It basically vests the authority and the expenditure of funds with ERDA for research and development of a basic nature in new kinds of propulsion for automobility.

It eliminates the responsibility on any Federal agency to build, during any given period of time, prototype automobiles. I suggest that that means that there is a real chance that we will pass a bill of this type and that the House, even though it removed it from the basic energy bill, is indeed interested in this thrust. If we amend ours as I suggest, we will probably have a bill in the near future.

In conclusion, Mr. President—I do not see the Senator from Michigan (Mr. Griffin) here; there is, at the desk of each Senator, a letter from the Senator objecting to this basic bill. I might not share the same concerns that he shares. Perhaps he does not want the bill at all. But I think it is important that Senators take cognizance of my letter explaining why I not only want the bill to be passed, but amended in these two significant ways: To vest management authority for the funding of R. & D. projects with ERDA; second, not to build prototype cars, but rather, to use their best judgment on how to get this R. & D. out into the marketplace. These are my two distinctions.

As Senator Griffin says in his letter, if we want to talk about the jet propulsion study, the eminent scholar and engineer who wrote that, Dr. Stephenson, clearly indicates that he does not think Government should get involved in the production, engineering, tooling, or actual production.

If we want to talk about the distinguished environmentalist, and consumer advocate, Mr. Ralph Nader, he once observed:

> If there is one thing worse than GM producing cars, it would be for the United States Government to produce them.

I believe that on that point, he is absolutely right.

Mr. President, I reserve the remainder of my time. Before doing that, I want once again to commend the distinguished Senator from California (Mr. Tunney) for his persistence in trying to bring forth a bill which will generate money and interest in new kinds of propulsion for automobility.

EXHIBIT 1

U.S. SENATE,
Washington, D.C., September 16, 1975.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I am writing to urge you to embark on one of the most important domestic initiatives of the decade: the development of a fuel efficient, virtually pollution-free automobile engine.

As you have repeatedly noted, the tighter emission standards required of the internal combustion engine to protect the public health have come into conflict with our national energy policy of maximizing automobile fuel economy. In fact, difficulty in controlling automotive pollution has led many to consider permanently abandoning the nitrogen of oxides standard presently called for in the Clean Air Act. Such difficulties have even led some to despair whether we can achieve clean air in our cities anytime in the twentieth century.

It has been obvious to those of us working in this area that the ideal solution to our problems lies in developing a new pollution-free engine capable of greater fuel economy. Proposals for such a development, however, have consistently elicited a skeptical response from professionals both within industry and the federal government, on the theory that a quantum breakthrough is required to produce a significantly cleaner engine which uses less fuel.

There is no evidence that such professional skepticism may have been overly pessimistic. A recent report from the California Institute of Technology's respected Jet Propulsion Laboratory indicates that a fuel efficient engine capable of emissions well below the statutory standards is within reach.

The report I refer to is entitled, "Should We Have A New Engine?: An Automobile Power Systems Evaluation." It was produced as the result of a grant from Ford Motor Co., and presents an independent assessment of the longer term powerplant options available in this highly complex and controversial area of overriding national importance.

I have studied the report and I am convinced that its conclusions fully justify a careful examination of the course of our present efforts to deal with automobile pollution and fuel conservation. I say this because, after carefully sifting through available technical data, the report identifies two engines, the Stirling and Brayton, that possess exciting potential as alternative engines superior to the present internal combustion engine.

The primary recommendation of the report, as I see it, is contained in the following statement taken from page 3:

"Begin immediately the rapid implementation of design changes to the car itself which can significantly reduce fuel consumption, independent of the kind of engine uses. Concurrently, accelerate and direct the development of two particularly promising alternate engines—the Brayton and Stirling engines—until one or both can be mass-produced, with introduction in the improved cars targeted for 1985 or sooner. In the interim, press the development of the conventional Otto engine to its limits."

The developmental price tag for such an alternative engine is estimated to be approximately $1 billion over the next decade; a small price for public health, energy independence, and a livable urban environment. When the potential benefits of the use of one or both of these engines is considered, that developmental cost is put more into its proper perspective. For instance, the report, on page 82, indicates that "introduction of the Stirling engine alone, at a net cost of about $8 billion, will save over 2 million bbl/day by the end of the century. A comparable increase of petroleum supply would require a capital investment of at least $20 billion." As the report further points out on page 86:

"Expenditures of $150 million per year for 5 to 10 years is well within the historical R&D funding capability of the industry (albeit with some changes in priority) and very small compared to contemplated budgets for developing some new sources of energy. It is also a small *total* price to pay, compared to an *annual* petroleum cost saving on the order of $10 billion (at $11 per barrel) which would result after total conversion to the alternate engine. The industry could pay for this development program and, from an analysis of the potential for increased profits, this level of expenditure seems warranted. However, it is not at all obvious that they *will* do so—given sales slumps, reduced budgets, and their historical interest in short-term-payoff R&D. It is in the national interest that these alternate engine development programs be successfully completed. Thus, government should provide incentives and/or share in the funding to ensure that this program *will* be accomplished. Ongoing automotive programs, sponsored by DOT and ERDA, provide ample precedent for governmental involvement. An appropriate government laboratory should monitor progress and participate in program direction at key decision points."

The other obvious offset against developmental costs is the real possibility that, as indicated by the report on page 59, these engines "would relegate the automobile to a secondary place in the list of major polluters." Given the immense social and environmental dividends that such a happy circumstance would bring to a wide range of air pollution related problems, we cannot fail to evaluate, carefully and thoroughly, the opportunities suggested by this report.

For these reasons, and others, Mr. President, I strongly urge you to take the lead and marshal the full resources of the federal government and, acting in concert with private industry, to initiate a sustained effort to develop a new automobile engine. I have communicated these same thoughts to Senator Muskie as Chairman of the Subcommittee on Environmental Pollution of the Senate Public Works Committee in the hope that effective and coordinated Congressional action can be taken.

I recognize that fiscal restraint is essential in face of the innumerable competing demands made on the federal budget. Nevertheless, I can imagine few national initiatives which promise greater social, energy, and environmental dividends than the development of a truly fuel efficient, low pollution automobile, I would respectfully urge your immediate and favorable consideration of such an initiative.

Sincerely,

PETE V. DOMENICI,
U.S. Senator.

EXHIBIT 2

b. Heat engine highway systems

This category is oriented toward developing new energy saving technologies for autos, trucks and buses which use combustion processes on the vehicle as the primary source of energy, such as the conventional internal combustion engine (ICE), the gas turbine, and those employing the Stirling cycle. The work in this category focuses on projects which complement the work of industry, and which offer the potential of appreciable energy savings if development and commercialization is successful.

Heat Engine Systems.—Hardware development of the most promising alternative engine system is one important aspect of work in this category. Specifically, the two engine systems receiving primary emphasis in development are the gas turbine and the Stirling cycle system. The current gas turbine work is building on the engine development funded by the U.S. auto industry in the 50's and 60's and turbine developments of the NASA for aircraft applications. The fundamental problems with past attempts to produce a gas turbine for the automotive application have been its poor fuel economy, relatively high nitrogen oxide emissions and high cost; the latter caused by the need for expensive high temperature metal throughout the engine. The concept of a Stirling cycle uses a low molecular weight gas (hydrogen or helium) which is alternately heated and expanded to move pistons and therefore do work. Although the concept is not new, its application to an automobile is relatively new. The work on both engine systems focuses on development for a compact size auto (3000 lb. or less). These two engine systems were selected over all new and competing systems because they offer the potential of being virtually pollution free (meeting original Clean Air Act Standards), of being very efficient (40–50% improvement in fuel economy compared to the ICE), and each has the capability of using any combustible gas or liquid as fuel.

Specific objectives for fiscal year 1977 relating to heat engine systems developments include:

Complete engine testing of the new gas turbine and proceed to road test three vehicles powered by the engine. Fuel economy better than current ICE, better road performance (acceleration, etc.) and emissions which meet the original Clean Air Act Standards are expected from these tests. Fuels to be consumed in the tests include hydrogen, gasoline, Diesel fuel and vegetable oil.

Complete system and component designs for improved Stirling cycle engine; initiate hardware development of key components.

Initiate technology development in important areas of ceramics for the gas turbine and Stirling cycle engines.

By the end of fiscal year 1977 it is expected that the mostly metallic gas turbine will be at the point where it will have been proven to be energy efficient (6 percent better than ICE), clean, and durable. The need for continued development lies in fulfilling its potential for up to 50 percent improvement in fuel economy compared to the ICE, and this will come mainly with use of ceramics to replace the metal in the high temperature rotating machinery. The task is to learn how to design reliable components such as turbine wheels which rotate at high speed (60,000 rpm), while at high temperature (2300° F) out of ceramic materials.

Current plans call for cost-sharing the development work with industry on both engine systems. Further, the needed technologies for each engine are expected to be in a state of readiness by the early 1980's to permit initiation of mass production of either engine by industry by the mid 1980's.

Vehicular Systems.—The development of more efficient propulsion system components is a second important aspect of work in this category. Included is work on new transmissions, accessory drive systems, and waste heat utilization for autos and trucks. This work has two important characteristics: (1) component improvements offer the potential of being produced and introduced to the marketplace early relative to production of a completely different engine, and (2) successful development efforts will be applicable to any auto engine produced whether it be the ICE, the Diesel, the gas turbine, or Stirling.

Specific objectives for fiscal year 1977 include:

Test accessory drive system in autos to verify estimated efficiency improvements.

Test continuously variable transmission in autos to vertify estimated efficiency improvements.

Complete improved design of waste heat utilization system and test on engine dynamometers and on the road in a truck to verify estimated efficiency improvements.

All of the developed hardware will be integrated into autos and trucks for road testing, as opposed to testing of each individual component separately.

Alternative Fuels.—Alternative fuels are those which are not derived from petroleum. The purposes of work in this area is to solve the practical problems associated with use of these in highway vehicles. Past studies indicate that the most promising fuels are: methanol from coal, synthetic gasoline and distillate from coal and shale, and hydrogen. Priorities have been placed on work with the fuels in the order presented. The ranking is based on estimates of the state of technologies relating to their production, costs, and time when available in the marketplace. These alternative fuels are inherently compatible with the gas turbine and Stirling cycle systems.

Specific objectives for fiscal year 1977 include:

Complete testing of methanol/gasoline blends.

Initiate testing of synthetic gasoline and distillates.

EXHIBIT 3

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., November 6, 1975.

HON. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: It is our understanding that S. 1883 is among the pieces of legislation currently being considered with H.R. 7014 by the conference meeting at this time. Title II of S. 1883, "The Automotive Transport Research and Development Act of 1975", would require the Department of Transportation to develop production prototypes of advanced automobiles which are likely to meet the Nation's long term goals with respect to energy efficiency, safety and emissions. The Department of Transportation is actively engaged in programs to enhance the fuel efficiency of automobiles, Energy Research and Development Administration is already authorized to investigate and develop more efficient propulsion systems for automobiles. But neither Agency believes that the development of production prototype vehicles is an appropriate federal role. Moreover, Title II in other respects is unnecessary in view of the R&D work now in progress in the Department of Transportation and the Energy Research and Development Administration and it may disrupt ongoing programs and relationships.

It is our joint recommendation, therefore, that Title II of S. 1883 not be incorporated into the Conference Report.

WILLIAM T. COLEMAN, Jr.,
Secretary, Department of Transportation.
ROBERT C. SEAMANS, Jr.,
Administrator, Energy Research and Development Administration.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the Committee on Commerce be discharged from further consideration of H.R. 13655. I ask unanimous consent that all after the enacting clause of such bill be stricken and the text of S. 3267 be inserted in its stead.

Mr. DOMENICI. Reserving the right to object, I did not hear the request.

Mr. TUNNEY. What I am simply doing is substituting S. 3267 language for the text of the House bill. I am asking that the Committee on Commerce be discharged from further consideration of the House bill so that we can be working on the House number with the Senate text.

The PRESIDING OFFICER (Mr. CULVER). If the Senator will yield, the Chair suggests that the appropriate time to make such a request would be after the third reading of S. 3267.

Mr. TUNNEY. I ask unanimous consent that the Committee on Commerce be discharged from further consideration of H.R. 13655.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Nothing is changed now with respect to any amendment that is pending on the bill proper, is that correct?

Mr. MOSS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, I would like to say that I have great respect for the Senator from New Mexico and for the goals he articulates in offering this amendment. I, however, strongly disagree with the methodology he is following as it relates to the development of an advanced automobile.

To begin with, the Senator's amendment is directed only toward the propulsion system. It does not deal with such things as brakes, safety, durability, tires, noise, aerodynamics, all of which are a goal of the legislation which was reported from the Commerce Committee.

What we have attempted to do in the Commerce Committee, in fashioning this bill, is to attempt to get some degree of interdisciplinary control over the development of an automobile that will not only move them from one part of the country to another part of the country, but will also be assured that that vehicle is not going to be energy-consumptive, is going to be able to meet clean air standards and, therefore, benefit the health and the welfare of the public.

We also want to be sure that that transportation system is safe, that it has aerodynamic characteristics that will reduce drag, that it will be able to stop quickly and safely if danger approaches. In other words, the purpose of establishing a program under the Department of Transportation, is to take a look at a transportation system in its entirety, with all its components, so that we would not have a situation where we would spend millions of dollars or billions of dollars solving one part of the problem but leave other parts of the problem unattended to.

One of the reasons why we were so successful in going to the moon in 10 years after President Kennedy established that as a goal was that we had a clear-cut goal, and we had one agency that was responsible for developing a total system in order to achieve that goal.

I represent a State which has the largest aerospace industry of any State in the country, and I have had an opportunity to speak to many, many engineers, members of the aerospace community, who have told me that if NASA had not had control over the entire system it would have been impossible to have achieved the goal in the time it was achieved, and it may never have been achieved.

If you had had one agency that was responsible for propulsion, another agency responsible for testing metals and metal fatigue, another agency responsible for electronics and communications, you just could never have wrapped the thing up into a package and developed the overall systems to have achieved that goal.

What we have attempted to do is to borrow, with this legislation, from the NASA experience, to develop a total system for research and development.

Now, the Senator from Michigan (Mr. GRIFFIN) has indicated in a letter that he sent to all Senators that—

> Ralph Nader once observed if there is one thing worse than GM producing cars, it would be the U.S. Government producing them. On that point he was absolutely right.

Well, I think that he is absolutely right, but it begs the point. There is nothing in this legislation that requires the Federal Government to produce cars. This quotation from Ralph Nader is out of place. He is just not talking about this bill.

I would oppose any suggestion that the Federal Government become involved in the production of automobiles. I think it would be wrong. I am an opponent of the Federal Government intruding into the private sector for the production of goods and services. If anyone suggested such a bill in a wild fantasy on the floor I would be one of those who would most strongly argue against it.

But this comment of the Senator from Michigan that the Government somehow is going to be involved in producing cars is a discussion in the abstract. It has absolutely nothing to do with this legislation, and the Senator from Michigan knows it, and I would be happy to have his comments on it after I get through my remarks.

The Senator from Michigan states, in his memorandum to the Senate:

> The bill authorizes $330 million for the Government to build an advanced automobile, whatever that is.

Well, there is a very clear definition of what an advanced automobile is, and it is contained in section 603(2) and I would be happy to quote to the Senator exactly what that definition is:

> An advanced automobile means a personal use transportation vehicle propelled by fuel which is energy-efficient, safe, damage-resistant, environmentally sound * * *

And then it goes on to state what the other requirements are, and I would ask unanimous consent to incorporate the entire definition in the RECORD.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

> (2) "advanced electric or hybrid vehicle" means a vehicle which—
>
> (A) minimizes the total amount of energy to be consumed with respect to its fabrication, operation, and disposal, and which represents a substantial improvement over existing electric and hybrid vehicles with respect to the total amount of energy so consumed;
>
> (B) is capable of being mass-produced and operated at a cost and in a manner which is sufficiently competitive to enable it to be produced and sold in numbers representing a reasonable portion of the market;
>
> (C) is safe, damage-resistant, easy to repair, durable, and operates with sufficient performance with respect to acceleration, cold-weather starting, cruising speed, and other performance factors; and
>
> (D) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any applicable requirements of Federal law;

Mr. TUNNEY. It is very clear what is intended.

The Senator from Michigan goes on to state:

> Under the bill, the Secretary of Transportation is directed to develop production of types of such a supercar within four years.

The Senator knows there is flexibility in this. In the bill it states that the goal will be to produce—

> . . . production prototypes within four years after the date of enactment of this title, or within the shortest practicable time consistent with the appropriate research and development techniques and which utilizes to the maximum extent practicable nonpetroleum fuel bases.

In other words, it is the shortest practicable time consistent with appropriate R. & D. techniques, which is the operative phrase there.

Four years is a goal, and I think it is a good goal. But I just say to my friend, the Senator from Michigan, it does not do the Senate any good to bring up red herrings which have no purpose other than to divert attention from what the main thrust of the bill is.

I can understand any Senator saying that we do not want to have the Federal Government involved in R. & D., to develop efficient energy, or to develop a clean engine, or we do not want R. & D. money spent for safety. We want to leave that to the automotive industry.

That may be an arguable point. I disagree with it based on history, but I think it may be an arguable point.

But I strongly disagree with any attempt to make this legislation something that it is not.

We do not intend to have the Federal Government produce automobiles. We simply want the Federal Government to give R. & D. funds to help develop a prototype car which will then enable this country to cut back on fuel and will enable the citizens of this country to be protected from pollutants which are killing, according to the National Institutes of Health, 25,000 people a year—and probably 80 percent of the pollution is caused by the automobile.

Just one final point. I feel it is important that we recognize the bill does not intend for the Government to produce a production prototype if, in fact, Detroit is doing it itself.

I intend to offer an amendment to clarify the language in the bill. My amendment, assuming that the Domenici amendment fails, will make it clear that the Federal Government should not get involved in the production of a production prototype if Detroit is capable and is doing it itself. I think we should limit the Federal role simply to R. & D.

But the Domenici amendment goes a long way toward gutting the purpose of this legislation. It deals with a very narrow focus, just the propulsion system, and I do not think that it takes into account that an automobile of the future is a total design which involves safety and durability and all these other factors.

Mr. MOSS. My question to the Senator has been largely answered in the last sentence.

The bill, as I understand it, does not deal just with research in the propulsion in the vehicle, as we were talking about in a previous bill discussed on the floor, but all the other factors including safety and comfort, as well. Therefore, to vest all of this in one agency would not get for us the type of expertise in R. & D. we need, is that correct?

Mr. TUNNEY. That is exactly right, the Senator hit it right on the nose.

This legislation looks at the automobile as a total system and it envisions that we are going to have research and development on not just propulsion, but on all the other factors I mentioned, durability, safety, et cetera.

One of the bad aspects of the amendment that is being offered by the Senator from New Mexico is that he knocks out all the loan guarantees. The loan guaranty is a good way of encouraging the private sector to do the job of putting up the money on research and development by committing Federal credit, but not committing Federal dollars. We have language in the legislation also that makes it very clear that the Federal credit cannot be extended without an assurance that the Federal position is going to be protected. In other words, it is not just giving a blank check to the private sector, to the private financial institutions, to loan money to any fly-by-night that comes along.

There are very substantial protections built in that the money is going to be repaid.

Mr. MOSS. Is it not true that the automobile has really changed very little since the Model T Ford?

It is bigger, longer, has more power, things of that sort, but the basic things we had in an automobile, essentially, are the same today, are they not?

Mr. TUNNEY. Exactly. We are using the same internal combustion engine. It has become more sophisticated, but we did not have a problem, even in 1952, with oil. We were a net exporter of oil in 1952. We are now importing over 45 percent of the oil we use in this country.

King Khalid of Saudi Arabia could decide to turn off the spigot, and if he did, he could put this country into the deepest depression we have ever been in. We could have 25-percent unemployment. And this would be created by the absolute monarch of a kingdom of 5 million people.

When are we going to learn in this country that we no longer are as self-sufficient with our minerals, with our fossil fuels, as once we were?

I recognize because the change has taken place so dramatically that it is hard to catch up with it. I think all of us were schooled in high school and college in a tradition that the United States was a vast cornucopia of mineral and resource riches.

Well, we are no longer that rich because our consumption has gone way up, plus the fact that on a consumer basis many of our best mineral fields and our fossil fuel resources have been used up and we are now going overseas because commercially that is where we can get energy at the cheapest price.

I just cannot understand why it takes so long to drive home the point to people in this country that we have got to make some very substantial changes in the way we do business.

Mr. MOSS. I commend the Senator for that because I read the magazines, the reports, and it shows that we are buying a lot of new automobiles, but it is tending back toward the big, heavy, gasoline-consuming automobiles, and that the little ones, the more economical ones, are becoming surplus.

What a great turnaround. It just shows that we are not applying ourselves, or not getting the message through to our people.

Unless we do get Government stimulation of research and development that brings out these other qualities people want, then we will stumble along until, as the Senator says, we come against the day when another embargo hits us.

Then the lines we had last time at the gas pump will look very short indeed compared to what the turnout would be if another embargo came.

I pointed out earlier when I was speaking that nearly 50 percent of our petroleum is imported, and next year, or very shortly, it will be more than 50 percent.

We are that much dependent on petroleum not only for gasoline for automobiles, although gasoline is the biggest consumer of petroleum, but everything else would feel the impact as well including oil, oil derivatives, and plastics. Oil is touching nearly everything we now have in our economy.

So I think this Congress, which is sometimes criticized in the press for not being urgent enough about energy problems and getting down to passing an overall energy policy, could not afford to accept this amendment, because it is so narrow and takes out the other desirable portions of the bill.

Mr. TUNNEY. I could not agree more with my friend and distinguished colleague from Utah. I just want to point out one additional matter which I think is evident but perhaps has not been fully expressed in the Chamber. That is the automotive manufacturers have no responsibility when it comes to the availability of petroleum supplies; when it comes to the question of national security as it relates to petroleum supplies.

The automotive industry does not have any direct responsibility to maintain the health and the welfare of the people of this country. We would hope that they would take that responsibility into their own hands when they develop automotive systems, but they do not.

The U.S. Government and the people of the United States do not charge them with that responsibility. That is the responsibility of the Federal Government and, in the case of health and welfare, it is the responsibility of the Federal, State, and local governments.

We are dealing now with a situation in which our national security is threatened because of petroleum supplies, and, therefore, there have to be certain standards established by the Federal Government as relates to the energy efficiency. In order to avoid handcuffing the industry with all kinds of rules and regulations, what we are attempting to do with this legislation is to provide some research and some prototypes of automobiles which will enable that energy efficiency to be realized in the automobiles which are produced by Detroit.

Mr. MOSS. Is not that a good example of that when we passed the Bumpers Standard Act in order to make sure a vehicle could absorb impact without being damaged? Many in the automobile industry, in complying with that added a vast amount of weight to the vehicle which, in turn, impinged upon the fuel economy because the vehicle was heavier. What the Senator is saying, as I undertand him, is that all of these factors should be looked at together, and the automobile manufacturers themselves will be involved in setting standards which meet all the criteria we want rather than looking at them in watertight compartments of various kinds, some for safety, some for economy, and some for other factors.

The PRESIDING OFFICER. The Senator's 30 minutes have expired. The Senator from New Mexico has 12 minutes. He is now recognized.

Mr. TUNNEY. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. TUNNEY. Has the 30 minutes expired on the bill or on the amendment?

The PRESIDING OFFICER. On the Domenici amendment.

Mr. TUNNEY. Do I have the right to use some time on the bill?

The PRESIDING OFFICER. Yes.

Mr. TUNNEY. How much time have I remaining on the bill?

The PRESIDING OFFICER. The Senator has 25 minutes remaining on the bill.

Mr. TUNNEY. I will just finish off this point and then I will terminate my remarks.

I would just point out that if one has had the experience of importing a car from overseas, say a 1969 or 1968 model, he realizes there have been tremendous changes in the law as it relates to safety, emissions, et cetera. This was done on a piecemeal basis. The regulation of the various components is, however, in many ways inseparable.

So what we need now is, through research and development, money being spent by the Federal Government under this bill to develop that kind of a transportation vehicle, an advanced vehicle, which will obviate, which will negate, the need for all this regulation and all this intrusion.

Once that technology is developed, then we are not going to need the regulations in the same way, and we are not going to be dictating on a piecemeal basis to the automotive companies how they should produce a car.

Mr. DOMENICI. Mr. President, let me first address a few of the points raised by the Senator from California and also the Senator from Utah.

First of all, to my good friend from Utah, I appreciate his observations with reference to this bill, but I do suggest that an argument that this particular thrust belongs in the Department of Transportation, while maintaining that the bill that the distinguished Senator from Utah has with reference to new ways to energize an automobile with the use of electricity and batteries belongs in ERDA is rather inconsistent to the Senator from New Mexico.

Certainly, the Senator has plenty of time to discuss this issue with me, and I will do that at a later time.

However, I refer to the experts in this field, including those who wrote the jet propulsion study. I suggest if this bill is supposed to have a big thrust in producing new kinds of fenders for aerodynamics, new kinds of brakes and new kinds of tires, let me assure the Members of the Senate that the issue with reference to a new engine to mobilize America's individual transportation is not considered in those prior terms of accessories by experts who are concerned with the dilemma that we are in with reference to petroleum products.

I could not concur more with the Senator from California that for the United States to be moving toward 45 and 50 percent dependency on petroleum from overseas is a disaster. However, the experts are adamant and decisive in their remarks that the principal ingredient that we need is a new engine. They are not talking about new aerodynamics and new brakes. In fact, the jet propulsion study, which is about the best current evaluation as to our dilemma of not having a clean, nongasoline-burning engine, states, on page 3, those other things will be developed, aerodynamics and brakes, the comfort, how the radio works, what kind of metals we use in the fenders, and so on.

That has nothing whatsoever to do with the dilemma we find ourselves in, which is the undue reliance upon an internal combustion engine.

When the Senator uses the words that my amendment guts this, the only way it guts it is if someone believes the Department of Transportation, which does not want this job, according to the Secretary and Mr. Seamans, the head of ERDA, if they really do not want us to make any headway, when they are saying it does not belong in the Department of Transportation. One might agree with giving it to ERDA, which I want Senators to understand I am doing. I am not opposed to a major American injection of tax resources in an R. & D. program to find a new engine that will run on something other than a product of gasoline, and that will have a chance of being cleaner.

Mr. TUNNEY. Will the Senator yield for a question?

Mr. DOMENICI. Before I yield, let me make this last point: The jet propulsion study clearly indicates, and I submit this as a relevant issue, that if we were to put $8 billion into public and private resources in two engines which may get us the new engine; what can make it more important than that is the issue? The issue is to concentrate the scientific and engineering genius of this country, which we have developed in the Federal Government through NASA and through various laboratories that belong to ERDA, in a major R. & D. program to develop the basic shortcomings of a new engine.

It is metal development. It is a new kind of chamber. I propose that we spend a substantial amount of money there.

I am not gutting anything. I am merely saying it is pure folly to put this in the Department of Transportation and say, "We want you to develop the instruments to get a new prototype automobile." We do not need a new prototype automobile.

I do not say the Senator is charging that we are building one for sale, but the thrust of his argument is that it must go in Transportation because we need a whole car, that we need the concept of a whole car.

Those who believe the principal scientific breakthrough needed is a new engine will support my amendment to put it in ERDA, where we are already spending $15 million a year in doing just that. If Senators heard my introductory remarks on my amendment, they will recall I stated that they are already well down the line in their development work.

I am not saying in my bill that I do not think we need loan guarantees at this point. I am not sure about that. But I am saying that organizing under ERDA, which has conservation as its prime function, makes as much sense as placing responsibility for development of the electric car in ERDA, which we are going to vote on this afternoon. The Department of Transportation, which is more a regulatory agency for existing cars, which checks bumpers and safety mechanism, and so on, but DOT is not suitable for the principal American problem today, which is what will take the place of the internal combustion engine.

The Senator is not alone in his praise of NASA as a management goal-oriented entity. I, too, join in praising them. But there is a huge difference between using NASA as a goal-oriented public research institution that got us to the Moon, and equating it with the Department of Transportation, as the Senator proposes. We did not have any rockets built in the private sector, nor were Americans driving around in them. We have 10 million Americans cars built a year, and we do not need somebody producing all of the little ingredients that go in the car. What we need is a new engine.

That is the basic difference in our thrust. I do not think one Government agency can do it, but I think charging them with building an entire car is pure folly.

In conclusion, I do not think this measure will become law, because obviously the House does not see it that way. They took it out of their bill. They are moving in the direction of giving ERDA the thrust now. Mr. Seamans thinks it belongs in ERDA, and Mr. Coleman thinks it belongs in ERDA. I think the difference between Senator TUNNEY and myself can be characterized as a different apprehension of where the emphasis ought to be.

Mr. TUNNEY. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. I would be delighted.

Mr. TUNNEY. I think the Senator will agree that the bill before us makes it very clear that the Energy Research and Development Administration is going to have the primary responsibility for developing a propulsion system. Will the Senator agree with that?

Mr. DOMENICI. I agree they may have. There is nothing in the Senator's bill that will preclude them from being assigned that job, and there is some language that DOT must work with them.

Mr. TUNNEY. The language is that in carrying out such programs, the Secretary, consistant with his overall management responsibility, shall use the Energy Research and Development Administration to the maximum extent practicable in carrying out any activities under this title with respect to fuel propulsion systems.

That is a clear mandate that the Energy Research and Development Administration must be used for the purpose of developing a propulsion system. Will the Senator agree?

Mr. DOMENICI. I do not necessarily agree. It just appears to me that the principal disagreement between the Senator from California and myself is as to what is the thing we need most in order to preserve individual mobility through automobility today, from all the scientific information.

I happen to think it is an engine. The Senator thinks it is an overall car, including an engine. I say if we can get the engine, the rest of the things that go into the car will come naturally.

If that is true, I do not see why the Department of Transportation, a line operational entity in charge of roads and safety, ought to be given the major American R. & D. thrust for a new engine. It is that simple.

Mr. TUNNEY. The problem is that in the past we have gone about regulating the automobile in a piecemeal way. We have wanted to have better safety, so we passed a safety bill, which resulted in the cars being much heavier and more fuel consumptive. We have wanted to have people protected from pollutants that come out of the tailpipe, so we passed a clean air bill that provides certain standards. We now find that the catalytic converter strategy for automobile engines is more energy-consumptive. We also find, instead of having the air cleaned up in a correct sense, the catalytic converter throws more sulphates into the air, and the ultimate damage to health may be just as great as existed prior to the time the converters went into the cars.

The whole point I am trying to make is that you cannot separate out one element of a transportation system from another. The major element is clearly the engine, no doubt about it. That was the heart of my bill which I introduced 3 years ago. This had nothing to do with the basic automobile; but as I began to study it, and after hours and hours of hearings, I began to realize that the only way we could really attack the problem was on a total system basis.

We give to ERDA the responsibility under this legislation; it is a very clear mandate to DOT that ERDA is responsible for doing the research and development for propulsion systems. But we have to take a look at the automobile of the future as an integrated whole, that requires an interdisciplinary approach.

Mr. DOMENICI. I thank the Senator for his comments. I could not agree more, and since I agree with his last statement, it seems to me that the path in terms of automobility for the United States in the future is the engine.

I think I have quoted the eminent scientists and engineers in our country saying that is the target for a breakthrough. If that is the breakthrough that we need, then I think the cart goes before the horse, and in this instance ERDA ought to have the prime responsibility; and if they want to do some checking on whether we need a new braking system to go with this new engine, let them do that. But I submit that to put the major R. & D. thrust for a new engine, which is really what is necessary, into the Department of Transportation, because we need to do research on the incidentals that go with it, is a mistake. If we spend $10 billion, we might not make it with any new kind of pollution free, nonpetroleum-burning engine.

The other things are incidental. Aerodynamic safety and other things will come, because the marketplace is relevant to the capacity to develop those things. So if we really want to become self-sufficient, we ought to give the principal responsibility to ERDA, and it will take a long time. In the Department of Transportation, I believe it will take them a year to find out where to put the money. ERDA has started down the line, including some great laboratories that can do the basic research, including work in new engines.

Mr. TUNNEY. I have no question about ERDA's capability for research and development. That is why we created it, and I think that is why ERDA ought to be protected from getting involved in a program that is going to go far beyond just the development of the engine.

As far as the development is concerned, ERDA ought to have that responsibility. I do not question that. But I think it ought to be under the overall management and control of the department which is responsible for giving us a transportation system in this country that is going to work.

And I think that DOT not only has a capacity but has a mandate to go to ERDA, and say to ERDA:

> Develop us an energy-efficient clean engine and we are going to take that energy efficiency clean engine when you develop it and we are going to place it in an advanced automotive prototype which is going to then be able to provide transportation for Americans in the years to come.

I thank my colleague for his statements because, as I said at the beginning, I admire very much the work that he has done in this area. I admire his ability to identify some of the most persistent problems facing us in trying to get the automotive industry to move in this area and the need for Federal funds to be spent on R. & D. I just disagree with his approach.

The PRESIDING OFFICER. The question is on agreeing to the amendment. Who yields time?

Mr. TUNNEY. I do not have any Senator who wants any more time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. DOMENICI. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. The yeas and nays have been ordered on my amendment?

The PRESIDING OFFICER. That is correct.

Mr. DOMENICI. I ask the Chair: Is it in order that I ask that we vote at a time certain?

The PRESIDING OFFICER. It will take unanimous-consent agreement.

Mr. DOMENICI. Mr. President, will the Chair advise me as to what the votes are to be on now?

The **PRESDING OFFICER.** There are two votes scheduled at 2 o'clock p.m.

Mr. **TUNNEY.** Mr. President, reserving the right to object, I think that the majority leader ought to be the one who makes that decision. He is in the Chamber.

Mr. DOMENICI. I suggest the absence of a quorum.

Mr. PHILIP A. HART. Mr. President, will the Senator withhold it?

Mr. DOMENICI. Yes.

Mr. PHILIP A. HART. May I address a question to the manager on the bill, not the amendment?

Mr. TUNNEY. Yes.

Mr. PHILIP A. HART. Lest there be any misunderstanding about the reason for my question, as a member of the Committee on Commerce, I have supported the Senator from California over the years as he sought to bring this matter to a head and intend to vote, of course, for the bill. But I think there is a question that occurs to one immediately when we are presented with a proposition that the Government shall go into the business of building an automobile. We are told that there are so many significant factors related to the automobile as a source of energy consumption, as a user and perhaps a wasteful user of natural resources, its effect on safety, and its implications for the environment. All of these things combined we are told do justify an R. & D. and a production prototype of an automobile.

What do we say to the fellow who says if that is true there are some other segments of our American life where the very same arguments could be used to justify our going into the construction of homes? Shelter for American citizens is beyond the price of a great many American citizens. It affects our health and the quality of our life. It involves the use of raw materials. Improperly designed, I am sure it then has an adverse effect on the environment. So, too, with respect to food. Our nutritional intake, we are told, is unsatisfactory. That affects the vitality of our citizenry. Why do we not have an R. & D. program and produce some extraordinarily fine combination of food products that will respond to these problems?

Why is it, I ask the Senator from California, that we propose to move with respect to the automobile in dollar amount of several hundred millions? Are we establishing a precedent which will make it very dificult for us to resist the fellow who comes in next and says, "Ah, let's build some houses; ah, let's make some foods?" And as we know we get down to lightbulbs and radio sets pretty soon.

Mr. TUNNEY. I think the Senator raises a very important point, and I am glad to have the opportunity to clarify my thinking on this matter. I think that the automotive industry is uniquely concentrated. We have basically 4 domestic automobile companies that are responsible for 80 percent, maybe 82 percent of the production of cars which are purchased in this country. It used to be more than that. We have one automotive company, General Motors, that is responsible for 50 percent of the domestic production.

I have sat through many hours of hearings, not nearly as many as my distinguished friend from Michigan, the chairman of the Antitrust Subcommittee, but many hours of hearings in which we listened to witnesses talk about the concentration in the automotive industry and the fact that there really is no competition in the true sense of the word. I hate to use this phrase because apparently it is only known to people who are recent students of antitrust law, but the automotive industry is a oligopoly. We have a few companies basically controlling production, and Ford and American Motors essentially are really small brothers compared to General Motors when it comes to being able to compete effectively for American markets. I think that the automotive industry was extremely competitive in the twenties and thirties and maybe even in the forties, but it no longer is competitive. They have a substantial concentration of capital. It is nearly impossible to break into the automotive industry, if one has a new idea, as Kaiser found out when he tried.

I think it is this unique concentration coupled with the national security elements that are involved in oil and the importation of oil from overseas and the fact that the automobile is responsible for consuming 50 percent of the oil that we use in this country that makes this a unique situation. I think that in agriculture it is highly competitive. I mean, although there is much greater concentration now than there was in the past, still agriculture is much more competitive than the automotive industry. I do not wish at this point, off the cuff, to identify other industries which are equally noncompetitive with the automotive industry. I think that there are perhaps some that are, but I do not think that there is any other industry which has at one and the same time the concentration and the monopolistic aspects to it, whereas it is producing a product that is needed by the citizens to the degree that the automobile is needed.

As I understand it, 15 percent of the gross national product of our country is tied up with the automobile one way or the other. It is by far the most important employer in the country, directly and indirectly.

So I think that with those facts being what they are we need to look at the automobile and the research and development that the Federal Government should do with regard to the advanced propulsion system—advanced automobile—different than we would look at the manufacturer of widgets, light bulbs, or something else.

Mr. PHILIP A. HART. I thank the Senator.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. TUNNEY. I yield.

ORDER FOR VOTE ON DOMENICI UP AMENDMENT NO. 19 TO OCCUR AFTER VOTES PREVIOUSLY SCHEDULED

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on the pending amendment occur after the two votes already scheduled and that the first vote at 2 o'clock take 15 minutes and the two following, they being back to back, 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent when we dispose of the Domenici amendment the Senate then go to final passage on the pending business.

The PRESIDING OFFICER. Is there objection?

Mr. TUNNEY. Mr. President, reserving the right to object, does that mean we would then be having a vote on the Domenici amendment at approximately 20 minutes to 3?

Mr. MANSFIELD. Somewhere around that.

Mr. MOSS. Yes.

Mr. MANSFIELD. Does the Senator want the yeas and nays on final passage?

Mr. MOSS. On final passage.

Mr. MANSFIELD. I ask that be a 10-minute vote so what we have are four votes back to back beginning at 2 o'clock p.m.

The PRESIDING OFFICER. The Chair, inquires, does the Senator wish the final vote on the pending bill to be on H.R. 13655, the House version?

Mr. TUNNEY. Mr. President, reserving the right to object, if the Domenici amendment carries, there are a couple of amendments that I might want to offer to it. So I object to that portion of the request that refers to four votes back to back.

Mr. MANSFIELD. I withdraw my last request, so there will be three votes back to back.

The PRESIDING OFFICER. Three votes will take place back to back.

Does the Senator wish the yeas and nays transferred to the House bill?

Mr. TUNNEY. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

HEALTH MAINTENANCE ORGANIZATION AMENDMENTS

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, in accordance with the previous order, the question is on H.R. 9019, as amended. On this question the yeas and nays have been ordered, and the clerk will call the roll.

Mr. MANSFIELD. Mr. President, will the clerk read the title?

The PRESIDING OFFICER. The title will be stated.

The second assistant legislative clerk read as follows:

> A bill (H.R. 9019) to amend title VIII of the Public Health Service Act, to revise and extend the program for the establishment and expansion of health maintenance organizations.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Indiana (Mr. HARTKE), the Senator from Washington (Mr. JACKSON), the Senator from Washington (Mr. MAGNUSON), the Senator from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Illinois (Mr. Bayh) is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. Jackson), and the Senator from Washington (Mr. Magnuson) would each vote "yea".

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. Beall), the Senator from Massachusetts (Mr. Brooke), the Senator from Arizona (Mr. Goldwater), the Senator from Kansas (Mr. Pearson), and the Senator from Ohio (Mr. Taft) are necessarily absent.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "yea."

The result was announced—yeas **80**, nays 8, as follows:

[Rollcall Vote No. 280 Leg.]

YEAS—80

Abourezk
Allen
Baker
Bellmon
Bentsen
Biden
Brock
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary
Hart, Philip A.
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Javits
Johnston
Laxalt
Leahy
Long
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Talmadge
Tower
Tunney
Weicker
Young

NAYS—8

Bartlett
Curtis
Helms
Hruska
Kennedy
Nelson
Scott, William L.
Thurmond

NOT VOTING—12

Bayh
Beall
Brooke
Eastland
Goldwater
Hartke
Jackson
Magnuson
Pearson
Symington
Taft
Williams

So the bill (H.R. 9019), as amended, was passed, as follows:

That (a) this Act may be cited as the "Health Maintenance Organization Amendments of 1976".

(b) Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

Sec. 2. The first sentence of section 1301(b)(2) is amended by striking out "the organization shall provide" and all that follows in that sentence and inserting in lieu thereof "the organization may provide to each of its members any of the health services which are included in supplemental health services (as defined in section 1302(2)).".

Sec. 3. Section 1302(5) is amended by striking "or other legal" and inserting in lieu thereof "an".

Sec. 4. (a) Section 1301(c) is amended by amending paragraph (4) to read as follows:

"(4) have an open enrollment period in accordance with the provisions of subsection (d);"

(b) Section 1301 is amended by adding at the end thereof the following:

"(d)(1) Effective on the date of enactment of this subsection, a health maintenance organization which—

"(A)(i) has been in existence for a period of 5 years or (ii) has an enrollment of 50,000 members, and

"(B) for its most recent year did not incur a deficit,

shall have an open enrollment period of not less than 30 days at least once during each consecutive 12-month period during which enrollment period it accepts individuals in the order in which they apply for enrollment without regard to preexisting illness, medical condition, or degree of disability.

"(2) A health maintenance organization shall not be required to comply with those provisions of paragraph (1) relating to the length of the enrollment period if it has enrolled a number of individuals during each 12-month period in excess of 4 percent of its total net increase in enrollment during the preceding calendar year. For the purpose of determining the total net increase in enrollment, pursuant to the preceding sentence, there shall not be included any individual who has enrolled in the health maintenance organization through a group which has an existing contract for health care services with the health maintenance organization at the time that such health maintenance organization is determined to be 'qualified' health maintenance organization under section 1310.

"(3) Notwithstanding the requirements of paragraph (1) a health maintenance organization shall not be required to enroll individuals who are, at the time of their application, confined to an institution because of chronic illness, permanent injury, or other infirmity which would cause economic impairment to the health maintenance organization if such individual were enrolled.

"(4) A health maintenance organization may not be required to make the effective date of benefits for individuals enrolled under this subsection less than 90 days after the date of enrollment.

"(5) The Secretary may waive the requirements of this subsection if the health maintenance organization demonstrates that compliance with the provisions of this subsection would jeopardize its economic viability in the service area of the health maintenance organization.".

Sec. 5. (1)(a) Paragraph (1)(H) of section 1302 is amended to read as follows:

"(H) the following preventive health services: (i) Immunizations, (ii) well-child care from birth, (iii) periodic health evaluations for adults, (iv) voluntary family planning services, (v) infertility services, and (vi) children's eye examinations conducted to determine the need for vision correction.",

(2) by striking out "or podiatrist" each place it occurs and inserting in lieu thereof "podiatrists, or other health care personnel".

(b) Paragraph (2) of such section is amended—

(1) by striking out "under paragraph (1)(A) or (1)(H)" in subparagraphs (B) and (C)";

(2) by striking out "and" at the end of subparagraph (E), by striking out the period at the end of subparagraph (F) and inserting in lieu thereof "; and ", and by adding after subparagraph (F) the following:

"(G) other health services which are not included as basic health services and which have been approved by the Secretary for delivery as supplemental health services.";

(3) by striking out "or podiatrist" each place it occurs and inserting in lieu thereof "podiatrists, or other health care personnel".

Sec. 6. (a)(1) Section 1301(b)(1) is amended by adding at the end thereof the following new sentence: "Any entity which, on the date of enactment of this sentence, is providing comprehensive health services as a prepaid group practice, or otherwise providing comprehensive health services on a prepaid basis, shall not be required to meet the requirements of clause (C) of this paragraph for a period of 36 months after the date of enactment of this sentence.".

(2) Section 1306(b) is amended (A) by striking out "and" at the end of paragraph (6), (B) by redesignating paragraph (7) as paragraph (8), and (C) by inserting after paragraph (6) the following new paragraph:

"(7) the application contains such assurance as the Secretary may require respecting the intent and the ability of the applicant to meet the requirements of paragraphs (1) and (2) of section 1301(b) respecting the fixing of basic health services payments and supplemental health services payments under a community rating system; and".

(b) Section 1302(8)(A) is amended by inserting "differences in marketing costs and" after "reflect".

(c) Paragraph (B) of section 1302(8) is redesignated as paragraph (C) and the following new paragraph is inserted after paragraph (A):

"(B) Nominal differentials in such rates may be established to reflect the distribution or compositing of the rates of payment in a systematic and uniform manner to accommodate group purchasing practices of the various employers."

Sec. 7. (a) Section 1302(4)(C)(i) is amended by striking out "for a health maintenance organization", and insert in lieu thereof "having substantial responsibility for the delivery of medical services to enrollees in a health maintenance organization".

(b) Section 1302(4)(C)(ii) is amended by—

(1) inserting "similar" before "plan"; and

(2) inserting "unrelated to the provision of specific health services" after "plan".

(c) Section 1302(4)(C) is amended by—

(1) striking "and" before "(v)";

(2) striking the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon and the following: "and (w) establish an arrangement whereby an individual's enrollment status is not known to the health professional who provides health services.".

Sec. 8. (a) Section 1304(a)(2) is amended to read as follows:

"(2) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to—

"(A) nonprofit private entities for planning projects for the establishment or expansion of health maintenance organizations, or

"(B) other private entities for such projects for health maintenance organizations to serve medically underserved populations.".

(b) Section 1304(b)(1)(B) is amended to read as follows:

"(B) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to—

"(i) nonprofit entities for projects for the initial development of health maintenance organizations, or

"(ii) other private entities for such projects for health maintenance organizations which will serve medically underserved populations.".

(c) Section 1305(a)(3) is amended to read as follows:

"(3) guarantee to non-Federal lenders payment of the principal of and the interest on loans made to—

"(A) nonprofit private health maintenance organizations for the amounts referred to in paragraph (1) or (2), or

"(B) other private health maintenance organizations for such amounts but only if such health maintenance organization will serve a medically underserved population.".

(d)(1) Section 1304(d) is amended by adding at the end the following new sentence: "In considering applications for loan guarantees under this section, the Secretary shall give special consideration to applications for projects for health maintenance organizations which will serve medically underserved populations.".

(2) Section 1305 is amended by adding at the end thereof the following new subsection:

"(f) In considering applications for loan guarantees under this section, the Secretary shall give special consideration to applications for health maintenance organizations which will serve medically underserved populations.".

(e)(1) Subsection (f)(1)(A) of section 1304 of such Act is amended by striking "$125,000" and by inserting in lieu thereof "$200,000".

(2) Paragraph (2) of subsection (f) of section 1304 is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following:

"(B) $2,000,000 in a case of a project where a health maintenance organization which will provide services to an additional service area (as defined by the Secretary) or which will provide services in one or more areas which are not contiguous, or".

(3) Subsection (e) of section 1303 of such Act is amended by striking "$50,000" and inserting in lieu thereof "$75,000".

(4) Subsection (b)(1) of section 1305 of such Act is amended by striking "$2,500,000" and by inserting in lieu thereof "$5,000,000 during a period not to exceed 5 years";

SEC. 9. (a)(1) Section 1305(a) is amended by striking out "in the period of" in paragraphs (1) and (2) and inserting in lieu thereof "during a period not to exceed".

(2) The last sentence of 1305(b)(1) is amended to read as follows: "In any fiscal year the amount disbursed to a health maintenance organization under this section (either directly by the Secretary or by an escrow agent under the terms of an escrow agreement or by a lender under a loan guaranteed under this section) may not exceed $1,000,000.".

(3) Subsection (a)(1) of section 1305 is amended by striking "of" after "period" the first time it appears and by inserting in lieu thereof "up to".

(4) Subsection (a)(2) of section 1305 is amended by striking "of" after "period" and by inserting in lieu thereof "up to".

(5) Subsection (d) of section 1305 of such Act is amended by striking "1978" and by inserting in lieu thereof "1980".

(b) Section 1307(e) is amended—

(1) by inserting "for a private health maintenance organization (other than a private nonprofit health maintenance organization)" after "may be made", and

(2) by inserting "for private health maintenance organizations (other than private nonprofit health maintenance organizations)" after "guaranteed".

(c)(1) Section 1308(a)(1)(A) is amended by striking out "for similar loans" and inserting in lieu thereof "for loans with similar maturities, terms, conditions, and security".

(2) Section 1308(b)(2)(D) is amended by striking out "loans guaranteed under this title" and inserting in lieu thereof "marketable obligations of the United States of comparable maturities, adjusted to provide for appropriate administrative charges".

(d)(1) Subsection (i) of section 1303 of such Act is amended by—

(A) striking "the" the first time it appears in the second sentence and by inserting in lieu thereof "any"; and

(B) striking "ending June 30, 1974, or June 30, 1975,".

(2) Subsection (k)(1) of section 1304 of such Act is amended by—

(A) striking "the" the first time it appears in the second sentence and by inserting in lieu thereof "any"; and

(B) striking "ending June 30, 1974, or June 30, 1975,".

(3) Subsection (k)(2) of section 1304 of such Act is amended by—

(A) striking "the" the first time it appears in the second sentence and by inserting in lieu thereof "any"; and

(B) striking "ending June 30, 1974 or in either of the next two fiscal years".

SEC. 10. Section 1310 is amended—

(1) by amending subsection (a) to read as follows:

"(a)(1) Each employer which is now or hereafter required during any calendar quarter to pay its employees the minimum wage specified by section 6 of the Fair Labor Standards Act of 1938 (or would be required to pay its employees such wage but for section 13(a) of such Act), and which during such calendar quarter employed an average number of employees of not less than 25, shall, in accordance with regulations which the Secretary shall prescribe, include in any health benefits plan offered to its employees in the calendar year beginning after such calendar quarter the option of membership in qualified health maintenance organizations which are engaged in the provision of basic or supplemental health services in health maintenance organization service areas in which at least 25 of such employees reside.

"(2) If any of the employees of an employer described in paragraph (1) are represented by a collective-bargaining representative or other employee representative designated or selected under any law, the offer of membership in a qualified health maintenance organization required by paragraph (1), shall first be made to such collective-bargaining representative or other employee representative, and if such offer is accepted by such representative, shall then be made to each such employee.

"(3) For purposes of this section, the term 'service area' means a defined geographic area within which those basic health services, included in section 1301 of the Act, are easily and conveniently accessible to each member of a health maintenance organization.".

(2) by striking out the last sentence of subsection (c), and

(3) by adding after subsection (d) the following new subsections:

"(e)(1) Any employer who is found by the Secretary, after written notice and an opportunity for a hearing (a transcript of which shall be maintained) to have failed to comply with one or more of the requirements of subsection (a) shall be liable to the United States for a civil penalty of not more than $10,000 for each violation. After the Secretary has made a finding of noncompliance, each 30-day period of such noncompliance shall constitute a separate violation for which an additional civil penalty may be assessed and collected.

"(2) The amount of such civil penalties shall be determined and assessed by the Secretary, by written notice. In determining the amount of a civil penalty the Secretary shall consider the gravity of the noncompliance and the demonstrated good faith of the employer attempting to achieve rapid compliance after notification by the Secretary of a noncompliance.

"(3) Any person against whom a violation is found and a civil penalty assessed under paragraph (1) of this subsection may obtain review in the court of appeals of the United States for the circuit in which such person resides or has his principal place of business or in the United States Court of Appeals for the District of Columbia, by filing a notice of appeal in such Court within 30 days from the date of such assessment and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found and such penalty assessed as provided in section 2112 of title 28, United States Code.

"(4) If any person fails to pay an assessment of a civil penalty after it has become final, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

"(f) For purposes of this subsection, the term 'employer' does not include (1) the Government of the United States, the government of the District of Columbia or any territory or possession of the United States, or any agency or instrumentality (including the United States Postal Service and Postal Rate Commission) of any of the foregoing; or (2) a church, convention or association of churches, or an organization operated, supervised, or controlled by a church, convention or association of churches which organization is included within the provisions of section 501(a)(3) of the Internal Revenue Code (25 U.S.C. 501): *Provided however*, That such entity may not discriminate (i) in the employment, promotion or termination of employment of any personnel, or (ii) not discriminate in the extension of staff or other privileges to any physician or other health personnel, because such persons seek to obtain or obtain health care, or participate in providing health care through a health maintenance organization.

"(g) The duties and functions of the Secretary, insofar as they involve making determinations as to whether an organization is a 'qualified health maintenance organization' within the meaning of subsection (d), shall be administered through the Assistant Secretary of Health and in the Office of the Assistant Secretary for Health, and the administration of such duties and functions shall be integrated with the administration of section 1312(a).".

SEC. 11. (a) Section 1312 is amended by striking all of the section following paragraph (3) of subsection (a) and inserting in lieu thereof the following: "The Secretary may take the action authorized by subsection (b).

(b) Section 1312(b) is amended to read as follows:

"(b)(1) If the Secretary makes, with respect to any entity which provided assurances to the Secretary under section 1310 (d)(1), a determination described in subsection (a), the Secretary shall notify the entity in writing of the determination. Such notice shall specify the manner in which the entity has not complied with such assurances and direct that the entity initiate (within 30 days of the date the notice is issued by the Secretary or within such longer period as the Secretary determines is reasonable) such action as may be necessary to bring (within such period as the Secretary shall prescribe) the entity in compliance with the assurances. If the entity fails to initiate corrective action within the period prescribed by the notice or fails to comply with the assurances within such period as the Secretary prescribes (A) the entity shall not be a qualified health maintenance organization for purposes of section 1310 until such date as the Secretary determines that it is in compliance with the assurances, and (B) each employer which has offered membership in the entity in compliance with section 1310, each lawfully recognized collective-bargaining representative or other employee representative which represents the employees of each such employer, and the members of such entity shall be notified by the entity that the entity is not a qualified health maintenance organization for purposes of such section. The notice required by clause (B) of the preceding sentence shall contain, in readily understandable language, the reasons for the determination that the entity is not a qualified health maintenance organization. The Secretary shall publish in the Federal Register each determination referred to in clause (A) of this paragraph.

"(2) If the Secretary makes, with respect to an entity which has received a grant, contract, loan, or loan guarantee under this title, a determination described in subsection (a) the Secretary may, in addition to any other remedies available to him, bring a civil action in the United States district court for the district in which such entity is located to enforce its compliance with the assurances it furnished respecting the provision of basic and supplemental health services or its organization or operation, as the case may be, which assurances were made in connection with its application under this title for the grant, contract, loan, or loan guarantee.".

(c) Section 1312 is further amended by adding at the end thereof the following new subsections:

"(c) An enrollee, may in addition to any other remedies available to him, bring a civil action, notwithstanding the amount in controversy, in the United States district court for the district in which such entity is located to enforce its compliance with any assurances it furnished him, directly or indirectly, respecting the provision of basic and supplemental health services.

"(d) The Secretary, through the Assistant Secretary for Health, shall administer subsections (a) and (b) in the Office of such Assistant Secretary.".

(d) Section 1311 is amended by adding at the end thereof the following new subsections:

"(c)(1) An interested party may bring a civil action (notwithstanding the amount in controversy) in the United States district court for the district court in which such entity is located to enforce the provisions of this section.

"(2) A district court may award reasonable attorney's fees to a plaintiff for an action brought under this section.

"(d) The Secretary shall develop through grants or contracts a digest of State laws and regulations pertaining to development, establishment, and operation of health maintenance organizations which shall be updated at least quarterly and relevant sections of which shall be provided to the Governor of each State annually. The Secretary shall also insure that appropriate legal consultative assistance is available to the States for the purpose of complying with the provisions of this section.".

Sec. 12. Section 1307(d) is amended by adding after and below paragraph (2) the following new sentence: "An entity which provides health services to a defined population on a prepaid basis and which has members who are enrolled under the health benefits program authorized by chapter 89 of title 5, United States Code, may be considered as a health maintenance organization for purposes of receiving assistance under this title if with respect to its other members it provides health services in accordance with section 1301(b) and is organized and operated in the manner prescribed by section 1301(c).".

Sec. 13. (a)(1) Subsection (j) of section 1304 is amended (A) by striking out "the fiscal year ending June 30, 1976" and inserting in lieu thereof "fiscal year 1979", and (B) by striking out "the fiscal year ending June 30, 1977" and inserting in lieu thereof "fiscal year 1979".

(2) Subsection (k)(1) of such section is amended by striking out "June 30, 1975" and inserting in lieu thereof "or in either of the next three fiscal years".

(3) Subsection (k)(2) of such section is amended by striking out "two fiscal years" and inserting in lieu thereof "four fiscal years".

(b) Subsection (d) of section 1305 is amended to read as follows:

"(d) No loan may be made or guaranteed under this section after September 30, 1980.".

(c) Subsection (a) of section 1309 of such Act is amended by striking "and $85,000,000 for the fiscal year ending June 30, 1976; and for the purpose of making payments under grants and contracts under section 1304 (b) for the fiscal year ending June 30, 1977, there is authorized to be appropriated $85,000,000." and by inserting in lieu thereof ", and $40,000,000 for the fiscal year ending June 30, 1976, and $55,000,000 for the fiscal year ending September 3, 1977, and $70,000,000 for the fiscal year ending September 30, 1978, and $85,000,000 for the fiscal year ending September 30, 1979.".

Sec. 14. (a) Section 1876(b) of the Social Security Act is amended to read as follows:

"(b)(1) The term 'health maintenance organization' means a legal entity which provides health services to individuals enrolled with such organization and which—

"(A) provides to its enrollees who are insured for benefits under parts A and B of this title all of the services and benefits covered under such parts which are available in the geographic area served by such organization;

"(B) provides such services and benefits in the manner prescribed in section 1301(b) of the Public Health Service Act (except that, solely for purposes of this paragraph, the term 'basic health services' and references thereto, when employed in such section, shall be deemed to refer to the services and benefits included under parts A and B of this title); and

"(C) is organized and operated in the manner prescribed by section 1301(c) of the Public Health Service Act (except that, solely for purposes of this paragraph, the term 'basic health services' and references thereto, when employed in such section, shall be deemed to refer to the services and benefits included under parts A and B of this title).

"(2)(A) The duties and functions of the Secretary, insofar as they involve making determinations as to whether an organization is a 'health maintenance organization' within the meaning of paragraph (1), shall be administered through the Assistant Secretary for Health and in the Office of the Assistant Secretary for Health, and the administration of such duties and functions shall be integrated with the administration of section 1312 (a) and (b) of the Public Health Service Act.

"(B) Except as provided in subparagraph (A), the Secretary shall administer the provisions of this section through the Commissioner of Social Security.".

(b) Section 1876(h) of such Act is amended to read as follows:

"(h)(1) Except as provided in paragraph (2), each health maintenance organization with which the Secretary enters into a contract under this section shall have an enrolled membership at least half of which consists of individuals who have not attained age 65.

"(2) The Secretary may waive the requirement imposed by paragraph (1) for a period of not more than three years from the date a health maintenance organization first enters into an agreement with the Secretary pursuant to subsection (i), but only for as long as such organization demonstrates to the satisfaction of the Secretary by the submission of its plan for each year that it is making continuous efforts and progress toward compliance with the provisions of paragraph (1) within such three-year period.".

(c) Section 1876 is amended by striking subsection (j)(6)(B). Paragraph (C) is redesignated paragraph (B).

(d) Section 1876 is amended by adding at the end thereof the following—

"(k) Each health maintenance organization with which the Secretary enters into a contract under this section shall have an open enrollment period at least every year under which it accepts up to the limits of its capacity and without restrictions, except as may be authorized in regulations, individuals who are eligible to enroll under subsection (d) in the order in which they apply for enrollment (unless to do so would result in failure to meet the requirements of subsection (h)) or would result in enrollment of enrollees substantially nonrepresentative, as determined in accordance with regulations of the Secretary, of the population in the geographic area served by such health maintenance organization.".

(e) The amendments made by this section shall be effective with respect to contracts entered into between the Secretary and health maintenance organizations under section 1876 of the Social Security Act on and after the first day of the first calendar month which begins more than 30 days after the date of enactment of this Act.

Sec. 15. (a) Section 1903 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(m)(1) The term 'health maintenance organization' means a legal entity which provides health services to individuals enrolled in such organization and which—

"(A) provides to its enrollees who are provided benefits under this title all of the services and benefits covered under such title which are available in the geographic area served by such organization;

"(B) provides such services and benefits in the manner prescribed in section 1301(b) of the Public Health Service Act (except that, solely for purposes of this paragraph, the term 'basic health services' and references thereto, when employed in such section, shall be deemed to refer to the services and benefits described in section 1905(a) (1), (2), (3), (4)(C), and (5); and

"(C) is organized and operated in the manner prescribed by section 1301(c), of the Public Health Service Act (except that solely for purposes of this paragraph, the term 'basic health services' and references thereto, when employed in such section shall be deemed to refer to the services and benefits described in section 1905(a)(1), (2), (3), (4)(C), and (5)).

"(D)(i) Except as provided in subparagraph (2), has no more than half of its enrolled members consisting of individuals who are insured under parts A and B of title XVIII or recipients of benefits under title XIX of this Act.

"(ii) The provisions of paragraph (1) shall not apply with respect to any health maintenance organization for such period, not to exceed three years from the date such organization enters into an agreement with the Secretary pursuant to this section, as the Secretary may permit, but only so long as such organization demonstrates to the satisfaction of the Secretary by the submission of its plans for each year it is making continuous efforts and progress toward achieving compliance with the provision of such paragraph within such three-year period.

"(E) The duties and functions of the Secretary, insofar as they involve making determinations as to whether an organization is a 'health maintenance organization' within the meaning of this paragraph, shall be administered through the Assistant Secretary for Health and in the Office of the Assistant Secretary for Health, and the administration of such duties and functions shall be integrated with the administration of section 1312 (a) and (b) of the Public Health Service Act.

"(2) **Notwithstanding the preceding provisions of this section, no payment shall be made to a State (except as provided under this subsection) with respect to expenditures incurred by it for payment for services provided by any entity (A) which is responsible** for the provision of either (i) hospital and any other service (as provided under section 1905(a) (1), (2), (3), (4), or (5)) or (ii) any other three or more of such services on a prepaid capitation (on other than a costs basis or other risk basis; or (B) (i) which received (a) a grant either as a community health center under section 330(d) (1) or as a migrant health center under section 319 (c) (1) (A) of $100,000 or greater in the fiscal year ending June 30, 1976, and (b) a grant either as a community health center under section 330(d) (1) or as a migrant health center under section 319(c) (1) (A) in each subsequent fiscal year; and (ii) provides to its enrollees who are provided services on a prepaid capitation (on other than a costs basis) or other risk basis under this title all of the services and benefits described in section 1905(a) (1), (2), (3), (4) (C), and (5); and (C) which the Secretary has not determined, for purposes of paragraph (1) to be a health maintenance organization as defined in paragraph (1).

"(3) A State may, in the case of an entity which has submitted an application to the Secretary to become a qualified health maintenance organization under section 1310(d) of the Public Health Service Act and for which no determination has been made within 90 days, make a provisional determination for the purposes of this title that such entity is a health maintenance organization as defined in paragraph (1). Such provisional determination shall remain in force until such time as the Secretary makes a determination regarding the entity's qualification under section 1310(a) of the Public Health Service Act.".

Sec. 16. (a) Paragraph (5) of section 1531 is amended by striking "and health maintenance organizations" and "and organizations".

(b) Section 1532(c) is amended by adding the following sentence at the end thereof: "The criteria established by any health systems agency or State agency under paragraph (8) shall be consistent with the standards and procedures established by the Secretary under section 1306(c) of this Act.".

Sec. 17. So much of section 1314(a) as precedes paragraph (1) thereof is amended to read as follows: "The Comptroller General shall evaluate the operations of at least ten or one-half (whichever is greater) of the health maintenance organizations for which assistance was provided under sections 1303, 1304, and 1305, and which have been designated by the Secretary as qualified health maintenance organizations by December 31, 1976, in the manner prescribed by section 1310(d). The Comptroller General shall report to the Congress the results of the evaluation by June 31, 1978. Such report shall contain findings—

"(1) with respect to the ability of the organizations evaluated to operate on a fiscally sound basis without continued Federal financial assistance,

"(2) with respect to the ability of such organizations to meet the requirements of section 1301(c) respecting their organization and operation,

"(3) with respect to the ability of such organizations to provide basic and supplemental health services in the manner prescribed by section 1301(b),

"(4) with respect to the ability of such organizations to include indigent and high-risk individuals in their membership, and

"(5) with respect to the ability of such organizations to provide services to medically underserved populations.".

Sec. 18. (a) Subsection (6) of section 1302 of such Act is amended to read as follows:

"(6) The term 'health systems agency' means that entity which is designated in accordance with section 1515 of this Act.".

(b) Subsection (7) of section 1302 of such Act is amended by—

(1) striking "section 314(a) State health planning agency whose section 314(a) plan" and by inserting in lieu thereof "State health planning and development agency which"; and

(2) striking "each section 314(b) areawide health planning agency whose section 314 (b) plan" and by inserting in lieu thereof "health systems agency designated in accordance with section 1515 of this Act".

(c) Paragraph (1) of subsection (b) of section 1303 is amended by striking "section 314(b) areawide health planning agency (if any) whose section 314(b) plan" and by inserting in lieu thereof "health system agency".

(d) Section 1303 is amended by adding at the end thereof the following new subsection:

"(j) (1) No grant or contract may be made or entered into under this section unless the Secretary has conducted a public hearing within the area proposed to be served by the applicant. Such hearing shall be held within 30 days after the receipt of an application under subsection (b).

"(2) The Secretary shall provide individual written notice of the hearing required under paragraph (a), giving information as to the nature and purpose of said application to all mayors or other appropriate local government officials, hospital administrators, medical societies, and public health planning agencies or councils within the area proposed to be served by the applicant. Such notice shall be given not less than 10 days prior to the date of the hearing and parties so notified shall be requested to submit written or oral recommendations concerning the proposed grant or contract.".

(e) Section 1304 of such Act is amended by adding at the end thereof the following new subsection:

"(i) (1) No grant or contract may be made or entered into under this section unless the Secretary has conducted a public hearing within the area proposed to be served by the applicant. Such hearing shall be held within 30 days after the receipt of an application under subsection (c).

"(2) The Secretary shall provide individual written notice of the hearing required under paragraph (1), giving information as to the nature and purpose of said application to all mayors or other appropriate local officials, hospital administrators, medical societies, and public health planning agencies or councils within the area proposed to be served by the applicant. Such notice shall be given not less than 10 days prior to the date of the hearing and parties so notified shall be requested to submit written or oral recommendations concerning the proposed grant or contract.".

(f) Subsection (c) (1) of section 1304 of such Act is amended by striking "section 314 (b) areawide health planning agency (if any) whose section 314(b) plan" and by inserting in lieu thereof "health systems agency".

(g) Section (b) (5) of section 1306 of such Act is amended by striking it in its entirety and by inserting in lieu thereof the following:

"(5) The health systems agency which covers (in whole or in part) the area to be served by the health maintenance organization for which such application is submitted;".

(h) Subsection (c) of section 1306 of such Act is amended by striking "section 314(b) areawide health planning agencies and section 314(a) State health planning agencies" and by inserting in lieu thereof "health system agencies".

Sec. 19. (a) The amendments made by sections 2, 3, 4, 5, and 7 shall (1) apply with respect to grants, contracts, loans, and loan guarantees made under sections 1303, 1304, and 1305 of the Public Health Service Act for fiscal years beginning after June 30, 1975, (2) apply with respect to health benefit plans offered under section 1310 of such Act after such date, and (3) for purposes of section 1312 take effect July 1, 1975.

(b) The amendments made by sections 9 (a) (1) and 9(c) shall apply with respect to loans and loan guarantees made under section 1305 of the Public Health Service Act after June 30, 1975.

(c) (1) The amendment made by paragraph (1) of section 10 shall apply with respect to calendar quarters which begin after the date of the enactment of this Act.

(2) The amendments made by paragraphs (2) and (3) of section 10 shall apply with respect to failures of employers to comply with section 1310(a) of the Public Health Service Act after the date of the enactment of this Act.

(d) The amendment made by section 11 shall apply with respect to determinations of the Secretary of Health, Education, and Welfare described in section 1312(a) of the Public Health Service Act and made after the date of the enactment of this Act.

Sec. 20. Title XIII is amended by adding after section 1315 the following new section:

"ADMINISTRATION OF PROGRAM

"Sec. 1316. The Secretary shall administer this title (other than sections 1310 and 1312) through a single identifiable administrative unit of the Department.".

CENTER FOR HEALTH SERVICES POLICY ANALYSIS

Sec. 21. Section 305(d) (1) of the Public Health Service Act is hereby amended by striking out "two national special emphasis centers" and inserting in lieu thereof: "three national special emphasis centers, one of which (to be designated as the Health Services Policy Analysis Center) shall focus on the development and evaluation of national policies with respect to health services, including a development of health maintenance organizations and other forms of group practice, with a view toward improving the efficiencies of the health services delivery system;".

Sec. 22. Section 1304(b) (2) (D) is amended by—

(1) striking "personnel" each time it appears and by inserting in lieu thereof "persons";

(2) striking "such an organization" and by inserting in lieu thereof "a health maintenance organization, medical group, or individual practice association who will provide health services through such organization, group, or association".

HOME HEALTH EXTENSION

Sec. 23. (a) Section 602(a) (5) of Public Law 94–63 (89 Stat. 347) is amended by inserting ", $2,000,000 for the period July 1, 1976, through September 30, 1976, and $8,000,000 for the fiscal year ending September 30, 1977" and "1976".

(b) Section 602(b) (4) of Public Law 94–63 (89 Stat. 347) is amended by inserting ", $1,000,000 for the period July 1, 1976, through September 30, 1976, and $4,000,000 for the fiscal year ending September 30, 1977".

REGULATIONS

Sec. 24. The Secretary shall promulgate regulations under title XIII of the Public Health Service Act, and amendments made by this Act, not later than 135 days after the date of enactment of this Act.

SEPARABILITY

Sec. 25. If any provision of this Act or the amendments made by this Act or the application thereof to any person or circumstances is held invalid, the remainder of this Act or the amendments made by this Act and the application of such provision to other persons or circumstances shall not be affected thereby.

GRANTS FOR WATER TREATMENT PROGRAMS

SEC. 26. Title XIV of the Public Health Service Act is amended by adding at the end thereof the following:

"GRANTS FOR WATER TREATMENT PROGRAMS

"SEC. 1451. (a) There are hereby authorized to be appropriated $2,000,000 for the fiscal year ending September 30, 1977; $3,000,000 for the fiscal year ending September 30, 1978; and $4,000,000 for the fiscal year ending September 30, 1979; which shall be used by the Secretary to make grants, only in such instances where the applicant voluntarily requests such assistance, to States, political subdivisions of State, and other public or nonprofit private agencies, organizations, and institutions to assist them in initiating, in communities or in public elementary or secondary schools, water treatment programs designed to reduce the incidence of oral disease or dental defects among residents of such communities or the students in such schools (as the case may be).

"(b) Grants under this section may be utilized for (but are not limited to) the purchase and installation of water treatment equipment.

"(c) Grants under this section shall not exceed 80 per centum of the cost of the treatment program with respect to which such grant under this section is made.".

EXTENSION OF REPORTING DATE

SEC. 27. Section 603(b) of Public Law 94-63 (42 U.S.C. 289k-2) is amended by striking "Within one year" and substituting "Not later than 2 years".

ELECTRIC AND HYBRID VEHICLE RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1976

The PRESIDING OFFICER. Pursuant to the previous order, the Senate will now proceed to vote on H.R. 8800. The question is, Shall the bill, as amended, pass?

The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Indiana (Mr. HARTKE), the Senator from Washington (Mr. JACKSON), the Senator from Washington (Mr. MAGNUSON), the Senator from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON), and the Senator from Washington (Mr. JACKSON) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. BEALL), the Senator from Massachusetts (Mr. BROOKE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Kansas (Mr. PEARSON), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

The result was announced—yeas 72, nays 16, as follows:

[Rollcall Vote No. 281 Leg.]

YEAS—72

Abourezk
Allen
Baker
Bartlett
Bellmon
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Gravel
Hansen
Hart, Philip A.
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Talmadge
Tunney
Weicker

NAYS—16

Bentsen
Biden
Brock
Buckley
Bumpers
Byrd, Harry F., Jr.
Curtis
Durkin
Griffin
Hart, Gary
Helms
Hruska
Scott, William L.
Thurmond
Tower
Young

NOT VOTING—12

Bayh
Beall
Brooke
Eastland
Goldwater
Hartke
Jackson
Magnuson
Pearson
Symington
Taft
Williams

So the bill (H.R. 8800), as amended, was passed, as follows:

That this Act may be cited as the "Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976."

SEC. 2. DECLARATION OF POLICY.

(a) FINDINGS.—The Congress finds and declares the following:

(1) The Nation's use of petroleum supplies must be reduced, because the growing dependence of the United States on foreign sources of such supplies jeopardizes national security, inhibits foreign policy, and undermines economic well-being.

(2) The single largest use of petroleum supplies is in the field of transportation, for gasoline and diesel-powered motor vehicles.

(3) The expeditious introduction of electric and hybrid vehicles into the Nation's transportation fleet would substantially reduce such use and dependence.

(4) Such introduction is practicable and would be advantageous because—

(A) most urban driving consists of short trips, which are within the capability of electric and hybrid vehicles;

(B) much rural and agricultural driving of automobiles, tractors, and trucks is within the capability of such vehicles;

(C) electric and hybrid vehicles are more reliable and practical than in the past because of improvements in propulsion, control, and battery technologies. Further significant breakthroughs in such technologies are possible in the near term;

(D) such vehicles use little or no energy while idling, thereby permitting the conservation of energy currently wasted by conventional automobiles and trucks;

(E) the power requirements of such vehicles could be satisfied by charging them during off-peak periods when the capacity of existing electric generating plants is underutilized, thereby permitting more efficient use of existing generating capacity;

(F) such vehicles do not emit any significant pollutants and are quiet; and

(G) it is environmentally more desirable for transportation systems to be powered from central sources, because pollutants emitted from stationary sources (such as electric generating plants) are potentially easier to control than pollutants emitted from moving vehicles.

(5) Such introduction would be facilitated by the establishment of a Federal program of research, development, and demonstration with respect to electric and hybrid vehicle technologies.

(b) PURPOSE.—It is therefore declared to be the purpose of the Congress in this Act to—

(1) encourage and support accelerated research into, and development of, electric and hybrid vehicle technologies;

(2) demonstrate the economic and technological practicability of electric and hybrid vehicles for personal and commercial use in urban areas and for agricultural and personal use in rural areas; and

(3) facilitate, and remove barriers to, the use of electric and hybrid vehicles in lieu of gasoline- and diesel-powered motor vehicles, where practicable.

SEC. 3. DEFINITIONS.

As used in this Act, the term—

(1) "Administrator" means the Administrator of the Energy Research and Development Administration;

(2) "advanced electric or hybrid vehicle" means a vehicle which—

(A) minimizes the total amount of energy to be consumed with respect to its fabrication, operation, and disposal, and which represents a substantial improvement over existing electric and hybrid vehicles with respect to the total amount of energy so consumed;

(B) is capable of being mass-produced and operated at a cost and in a manner which is sufficiently competitive to enable it to be produced and sold in numbers representing a reasonable portion of the market;

(C) is safe, damage-resistant, easy to repair, durable, and operates with sufficient performance with respect to acceleration, cold-weather starting, crusing speed, and other performance factors; and

(D) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any applicable requirements of Federal law;

(3) "commercial electric or hybrid vehicle" includes any electric or hybrid vehicle which can be used (A) for business or agricultural production purposes on farms (e.g. tractors and trucks), and (B) for commercial purposes in urban areas;

(4) "electric vehicle" means a vehicle which is powered by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electrical current, and which may include a nonelectrical source of power designed to charge batteries and components thereof;

(5) "hybrid vehicle" means a vehicle propelled by a combination of an electric motor and an internal combustion engine or other power source and components thereof;

(6) "program" means the Electric and Hybrid Vehicle Research, Development, and Demonstration Program established under section 4(a); and

(7) "Secretary" means the Secretary of Transportation.

SEC. 4. ELECTRIC AND HYBRID VEHICLE PROGRAM.

(a) The Administrator shall promptly establish, as an organizational entity within the Energy Research and Development Administration, the Electric and Hybrid Vehicle Research, Development, and Demonstration Program.

(b) The Administrator shall have the responsibility for the overall management of the program. The Administrator may enter into any agreement or other arrangement with the National Aeronautics and Space Administration, the Department of Transportation, the National Science Foundation, the

Environmental Protection Agency, the Department of Housing and Urban Development, or any other Federal agency, pursuant to which such agency shall conduct such specified parts or aspects of the program as the Administrator deems necessary or appropriate and within the particular competence of such agency, to the extent that such agency has capabilities which would enable it to contribute to the success of the program and the attainment of the purposes of this Act.

(c) (1) Section 102 of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2451) is amended (A) by redesignating subsection (d) thereof as subsection (e) thereof; and (B) by inserting immediately after subsection (c) thereof the following new subsection:

"(d) The Congress declares that the general welfare of the United States requires that the unique competence in scientific and engineering systems of the National Aeronautics and Space Administration also be directed toward ground propulsion systems research and development. Such development shall be conducted so as to contribute to the objectives of developing energy- and petroleum-conserving ground propulsion systems, and of minimizing the environmental degradation caused by such systems.".

(2) Section 102(e) of such Act, as redesignated by paragraph (1) of this subsection, is amended by striking out "and (c)" and inserting in lieu thereof "(c), and (d)".

(3) Section 203 of such Act (42 U.S.C. 2473) is amended (A) by redesignating subsection (b) thereof as subsection (c) thereof, and (B) by inserting immediately after subsection (a) thereof the following new subection:

"(b) The Administration shall, to the extent of appropriated funds, initiate, support, and carry out such research, development, demonstration, and other related activities in ground propulsion technologies as are provided for in sections 4 through 8 of the Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976.".

(d) In providing for the effective management of the program, the Administrator shall have specific responsibility for—

(1) promoting basic and applied research on electric and hybrid vehicle batteries, controls, and motors;

(2) determining optimum overall electric and hybrid vehicle design;

(3) conducting demonstration projects with respect to the feasibility of commercial electric and hybrid vehicles (A) by contracting for the manufacture of electric and hybrid vehicles for practical use, and (B) by entering into arrangements, with other governmental entities and with nongovernmental entities, for the operation for such vehicles;

(4) ascertaining consumer needs and desires so as to match the design of electric and hybrid vehicles to their potential market; and

(5) ascertaining the long-term changes in road design, urban planning, traffic management, maintenance facilities, utility rate structures, and tax policies which are needed to facilitate the manufacture and use of electric and hybrid vehicles in accordance with sections 11 and 12.

Sec. 5. Coordination Between the Administrator and Other Agencies.

(a) In carrying out the program established under section 4(a), the Administrator shall, to the maximum extent practicable, consult and coordinate with the Secretary, with respect to any functions of the Administrator under this Act which relate to regulatory or other responsibilities of the Secretary, including safety and damageability programs.

(b) Each department, agency, and instrumentality of the executive branch of the Federal Government is authorized and shall give careful consideration to a request to furnish the Administrator, or any agency to which the Administrator has delegated responsibility for specified parts or aspects of the program, upon written request by the Administrator or the head of such agency, on a reimbursable basis or otherwise, such assistance as the Administrator or such head deems necessary to carry out the program and achieve the purpose of this Act. Such assistance includes transfer of personnel with their consent and without prejudice to their position and rating.

Sec. 6. Demonstrations.

(a) Within 12 months after the date of enactment of this Act, the Administrator shall develop data characterizing the present state of the art with respect to electric and hybrid vehicles. The data so developed shall serve as baseline data to be utilized in order (1) to compare improvements in electric and hybrid vehicle technologies, (2) to establish the performance standards under subsection (b) (1), and (3) otherwise to assist in carrying out the purposes of this section. In developing any such data, the Administrator may purchase or lease a reasonable number of such vehicles or enter into such other arrangements as the Administrator deems necessary to carry out the purposes of this subsection.

(b) (1) Within 18 months after the date of enactment of this Act, the Administrator shall promulgate rules establishing performance standards for electric and hybrid vehicles to be purchased or leased pursuant to subsection (c) (1).

(2) Rules promulgated under paragraph (1) shall be amended, not later than 6 months prior to the effective date of the purchase or lease requirement specified in subsection (c) (2), but in no event shall such rules be amended for such purpose later than 54 months after the date of enactment of this Act.

(3) Separate performance standards shall be established under paragraph (1) with respect to (A) electric or hybrid vehicles for personal use, and (B) commercial electric or hybrid vehicles. Such performance standards shall represent the minimum level of performance which is required with respect to any vehicles purchased or leased pursuant to subsection (c), and they shall be set at such levels as the Administrator determines are necessary to promote the acquisition and use of such vehicles for transportation purposes which are within the capability (as determined by the Administrator) of electric and hybrid vehicles.

(c) (1) The Administrator shall, within 6 months after the date of promulgation of performance standards under subsection (b) (1), contract for the purchase or lease of at least 2,500 electric or hybrid vehicles (or such other number as the Administrator determines is appropriate for the adequate demonstration of such vehicles) which satisfy the performance standards promulgated under subsection (b) (1). To the extent practicable, vehicles purchased or leased under such contracts should represent a cross section of the available technologies and types of uses of such vehicles.

(2) The Administrator shall, within 5 years after the date of enactment of this Act, contract for the purchase or lease of at least 5,000 advanced electric or hybrid vehicles (or such other number as the Administrator determines as appropriate for the adequate demonstration of such vehicles) which satisfy the performance standards promulgated under subsection (b) (2). If no such vehicles satisfy such performance standards within such 5-year period, such contracts shall be entered into as soon as practicable thereafter, except that no such contract shall be entered into more than 7 years after the date of enactment of this Act. To the extent practicable, vehicles purchased or leased under such contracts should represent a cross section of the applicable available technologies and types of uses of such vehicles.

(d) The Administrator, in supervising the demonstration of vehicles acquired under subsection (c), shall make such arrangements as may be necessary or appropriate—

(1) (A) to make such vehicles available to Federal agencies and to State or local governments and for individual or business use (including farms). The individuals and businesses involved shall be selected by an equitable process which assures that the Administrator will receive accurate and adequate data on vehicle performance, including representative geographical and climatological information and data on user reaction to the utilization of electric and hybrid vehicles, and

(B) to pay the operating costs of such vehicles, to the extent necessary to assure the adequate demonstration of such vehicles;

(2) for demonstration maintenance projects, including maintenance organization and equipment needs and model training projects with respect to maintenance procedures; and

(3) for the dissemination of data on electric and hybrid vehicle safety and operating characteristics (including nontechnical descriptive data which shall be made available by the Government Printing Office) (A) to Federal, State, and local consumer affairs agencies and groups; (B) to Federal, State, and local agricultural and rural agencies and groups; and (C) to the public.

Sec. 7. Contracts.

(a) The Administrator shall provide funds, by contract, to initiate, continue, supplement, and maintain research, development, and demonstration programs for activities which are necessary to carry out the purposes of the program. The Administrator may enter into such contracts with any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

(b) In addition to the requirements of sections 4 and 5, the Administrator, in the exercise of duties and responsibilities under this section, shall consult with the Department of Transportation, the Environmental Protection Agency, the Federal Energy Administration, the National Aeronautics and Space Administration, and representatives of other appropriate Federal agencies, and shall establish procedures for periodic consultation with representatives of science, industry, and such other groups as may have special expertise with respect to electric and hybrid vehicle research, development, and demonstration.

(c) Each contract under this section shall be entered into in accordance with such rules as the Administrator shall prescribe in accordance with the provisions of this section. Each application for funding shall be made in writing in such form and with such content and other submissions as the Administrator shall require. The Administrator may enter into contracts under this section without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(d) (1) The Administrator shall take such steps as are feasible to assure that small business concerns, as defined by the Administrator of the Small Business Administration, shall have realistic and adequate opportunity to participate in approved programs under this Act.

(2) To assist in accomplishing the objectives of paragraph (1), the Administrator shall reserve, for contracts with small business concerns, a reasonable portion of the funds made available pursuant to this Act for research, development, or demonstration of electric or hybrid vehicles.

(3) The Administrator shall, in addition to the requirements set forth in paragraphs (1) and (2)—

(A) include in all contracts for research, development, or demonstration of electric or hybrid vehicles such terms, conditions, and payment schedules as may assist in meeting the needs of small business concerns, and shall take steps to avoid the inclusion in such contracts of any terms, conditions, or penalties which would tend to prevent such concerns from participating in the program under this Act; and

(B) make planning grants available to qualified small business concerns which require assistance in developing, submitting, and entering into such contracts.

SEC. 8. OBLIGATIONAL GUARANTEES.

(a) (1) It is the policy of the Congress to assist in the introduction into the Nation's transportation fleet of commercial electric and hybrid vehicles and to assure that qualified small business concerns, as defined by the Administrator of the Small Business Administration, and other qualified borrowers are not excluded from participation in such development due to lack of adequate capital. The Administrator may, in accordance with the provisions of this section and such rules and regulations as the Administrator shall prescribe, guarantee, and make commitments to guarantee, the payment of interest on, and the principal balance of, loans and other obligations, if the obligation involved is, or will be, entered into in order to initiate, continue, supplement, and maintain research or development of electric or hybrid vehicles. Each application for such an obligation guarantee shall be made in writing to the Administrator in such form and content and with other submissions as the Administrator shall require in order reasonably to protect the interests of the United States. Each guarantee and commitment to guarantee shall be extended in such form, and under such terms and conditions and pursuant to such regulations as the Administrator deems appropriate. Each guarantee and each commitment to guarantee shall inure to the benefit of the holder of the obligation to which the guarantee or commitment applies. The Administrator may approve any modification of any provision of a guarantee or commitment, including the rate of interest, time of payment of interest or principal, security, or any other terms or conditions, upon a finding by the Administrator that such modification is equitable, not prejudicial to the interests of the United States, and has been consented to by the holder of such obligation.

(2) The Administrator is authorized to so guarantee and to make such commitments to any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

(3) All guarantees issued by the Administrator under this section shall constitute general obligations of the United States backed by the full faith and credit of the United States.

(b) No obligation shall be guaranteed by the Administration under subsection (a) unless the Administrator finds that no other reasonable means of financing or refinancing is reasonably available to the applicant.

(c) (1) The Administrator shall charge and collect such amounts as the Administrator may deem reasonable for the investigation of applications for the guarantee of an obligation, for the appraisal of properties offered as security for such a guarantee, or for the issuance of commitments to guarantee.

(2) The Administrator shall set a premium charge of not more than 1 percent per year for a loan or other obligation guaranteed under this section.

(d) No guarantee or commitment to guarantee an obligation entered into by the Administrator shall be terminated, canceled, or otherwise revoked, except in accordance with reasonable terms and conditions prescribed by the Administrator and in effect at the time such guarantee or commitment was entered into.

(e) (1) If there is a default in any payment by the obligor of interest or principal due under an obligation guaranteed by the Administrator under this section, and if such default has continued for 60 days, the holder of such obligation shall have the right to demand payment by the Administrator of such unpaid amount. Within such period as may be specified in the guarantee or related agreements, but not later than 45 days from the date of such demand, the Administrator shall promptly pay to such obligee the unpaid interest on, and the unpaid principal of, the obligation guaranteed by the Administrator as to which the obligor has defaulted, unless the Administrator finds that there was no default by the obligor in the payment of interest or principal or that such default has been remedied.

(2) If a payment is made by the Administrator under paragraph (1), the Administrator shall have all rights specified in the guarantee or related agreements with respect to any security which the Administrator held with respect to the guarantee of such obligation, including, but not limited to, the authority to complete, maintain, operate, lease, sell, or otherwise dispose of any property acquired pursuant to such guarantee or related agreements.

(3) If there is a default under any guarantee or commitment to guarantee an obligation, the Administrator shall notify the Attorney General who shall take such action against the obligor or any other parties liable thereunder as is necessary to protect the interests of the United States. The holder of such obligation shall make available to the United States all records and evidence necessary to prosecute any such action.

(f) There are authorized to be appropriated to the Administrator such sums as are necessary, not to exceed $60,000,000, to pay the interest on, and the principal balance of, any obligation guaranteed by the Administrator as to which the obligor has defaulted: *Provided*, That the outstanding indebtedness guaranteed under this section shall not exceed $60,000,000. No obligational guarantees shall be made or interest assistance contracts entered into pursuant to this section after January 1, 1982.

SEC. 9 PATENTS.

(a) Whenever an invention is made or conceived during, or in the course of, or as a consequence of, activity conducted in accordance with or related to a contract made or entered into under this Act, title to such invention shall vest in the United States, if the Administrator determines that—

(1) the person who made the invention was employed or assigned to perform research or development work, and that the invention is related to the work such person was employed or assigned to perform, or that it was within the scope of such person's employment duties, whether or not the invention was made during working hours and whether or not the invention was made with a contribution from the Government; or

(2) the invention is related to the contract, or to the work or duties which the person who made the invention was employed or assigned to perform, even though such person was not employed or assigned to perform research or development work, if the invention was made during working hours, or if it was made with a contribution from the Government.

As used in this subsection, the term "contribution from the Government" includes the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or any services during working hours of Government employees. If patents are issued on such an invention, the patents shall be issued to the United States, unless the Administrator, in particular circumstances in accordance with this section, in particular circumstances in accordance with this section, waives all or any part of the rights of the United States.

(b) Each contract entered into by the Administrator with any person under this Act shall contain effective provisions requiring such person to furnish a prompt and written report to the administrator with respect to any invention, discovery, improvement, or innovation which may be made in the course of, or as a consequence of, activity conducted in accordance with or related to such contract. Each such report shall contain accurate and complete technical information, in accordance with specifications of the Administrator.

(c) The Administrator may waive all or any part of the rights of the United States with respect to any invention or class of inventions which is made, or which may be made, by any person or class of persons in the course of, or as a consequence of, activity conducted in accordance with, or related to, any contract under this Act, pursuant to regulations prescribed by the Administrator in conformity with the provisions of this section, if the Administrator determies that the interests of the United States and of the general public would best be served by such a waiver. The Administrator shall maintain and periodically update a publicly available record of waiver determinations. In making such determinations the Administrator shall strive to—

(1) make the benefits of the electric and hybrid vehicle research and development program widely available to the public in the shortest practicable time;

(2) promote the commercial utilization of such inventions;

(3) encourage participation by private persons in the Administrator's electric and hybrid research and development program; and

(4) foster competition and prevent undue market concentration, or the creation or maintenance of other situations inconsistent with the antitrust laws.

(d) In determining whether it would best serve the interests of the United States and of the general public to grant a waiver under subsection (c) to a contractor at the time a contract is entered into, the Administrator shall take into account—

(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

(3) the extent to which the contractor's commercial position may expedite utilization of the research and development program results;

(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

(5) the purpose and nature of the contract, including the intended use of the results developed thereunder;

(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

(8) the extent to which the Government intends to further develop, to the point of commercial utilization, the results of the contract effort;

(9) the extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

(10) the likely effect of the waiver on competition and market concentration; and

(11) the extent to which a contractor, which is a nonprofit educational institution, has a technology transfer capability and program which is approved by the Administrator as being consistent with the applicable policies of this subsection.

(e) In determining whether it would best serve the interests of the United States and of the general public to grant a waiver under subsection (c) at a subsequent date to a contractor or to an inventor, with respect to an identified invention, the Administrator shall specifically consider—

(1) paragraphs (4) through (11) of subsection (d), as applied to such invention;

(2) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercial distribution of such invention; and

(3) the extent to which the plans, intentions, and ability of the contractor or inventor are likely to result in expeditious commercial distribution of such invention.

(f) Whenever title to an invention is vested in the United States, a revocable or irrevocable, nonexclusive, and paid-up license for the practice of such invention throughout the world may be reserved to the contractor or to the inventor thereof. The rights to such an invention may be similarly reserved in any foreign country in which the United States has elected not to secure patent rights and in which such contractor or inventor elects to secure a patent, subject to the rights described in subsections (h) (2), (3), (6), and (7); except that each such contractor or inventor shall, 3 years after the date of issuance of such a patent, and at any time upon the specific request of the Administrator, submit the report specified in subsection (h) (1).

(g) (1) Subject to subsection (g) (2), the Administrator shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

(2) Pursuant to subsection (g) (1), and after notice and an opportunity for a hearing, the Administrator may grant exclusive or partially exclusive licenses in any invention, only if the Administrator determines that—

(A) the proposed license would best serve the interests of the United States and of the general public, in light of the applicant's intentions, plans, and capacity to bring such invention to practical or commercial applications;

(B) the desired practical or commercial applications of such invention have not been achieved, or are not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on such invention;

(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to make available the risk capital and other financing necessary to bring the invention to the point of practical or commercial applications; and

(D) the terms and scope of exclusivity of the proposed license are not substantially greater than are necessary to provide sufficient incentive for bringing such invention to the point of practical or commercial applications, and to provide the licensee with sufficient opportunity to recoup its costs and to earn a reasonable profit thereon. Notwithstanding the foregoing, the Administrator shall not grant such an exclusive or partially exclusive license if the Administrator determines that the grant of such a license will tend substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Administrator shall maintain and periodically update a publicly available record of determinations concerning applications for and the grant of such licenses.

(h) Any waiver of rights, and any grant of an exclusive or partially exclusive license, under this section shall contain such terms and conditions as the Administrator may determine to be appropriate for the protection of the interests of the United States and of the general public. Such terms and conditions may include, but need not be limited to—

(1) periodic written reports, at reasonable intervals and at any time when specifically requested by the Administrator, on the commercial use that is being made or that is intended to be made of the invention involved;

(2) the right, at a minimum, of an irrevocable, nonexclusive, and paid-up license to make, use, and sell the invention involved throughout the world, by or on behalf of the United States (including any Government agency), and by or on behalf of the States and their political subdivisions, unless the Administrator determines that it would not be in the public interest to acquire such a license for the States and their political subdivisions;

(3) the right in the United States to sublicense any foreign government to make, use, and sell the invention involved, pursuant to any existing or future treaty or agreement, if the Administrator determines it would be in the national interest to acquire this right;

(4) the reservation in the United States of the rights to the invention involved in any country in which the contractor does not file an application for a patent within such time as the Administrator shall determine;

(5) the right in the Administrator to require the granting of a nonexclusive, exclusive, or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances (A) to the extent that the invention involved, or an application thereof, is required for public use by governmental regulations; (B) to the extent that it may be necessary to fulfill health, safety, or energy needs; or (C) for such other purposes as may be stipulated in the applicable agreement;

(6) the right in the Administrator to terminate the waiver or license involved, in whole or in part, unless the person who receives such a waiver of rights or who is granted such license demonstrates to the satisfaction of the Administrator that such person has taken, or that such person will take within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved;

(7) the right in the Administrator, commencing 3 years after the grant of a license and 4 years after the effective date of a waiver of rights to an invention to require the granting of a nonexclusive or partially exclusive license to any responsible applicant, upon terms reasonable under the circumstances, and the right in the Administrator, under appropriate circumstances, to terminate such a waiver or license, in whole or in part, following the filing of a petition with the Administrator, by an interested person, and after notice and an opportunity for a hearing—

(A) if the Administrator determines, after providing the recipient of such a waiver of rights or license and any other interested person, a reasonable time to submit appropriate relevant and material information and after reviewing such information, that such waiver or license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates; or

(B) unless the recipient of such waiver or license demonstrates to the satisfaction of the Administrator at such hearing that such recipient has taken, or that such recipient will take, within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved.

(i) The Administrator shall cause a notice to be published periodically, not less than once each year, in the Federal Register and in other appropriate publications, including the electronic media, advising the public of the right to have a hearing, as provided in subsection (h) (7), and of the availability of the records of determinations under this section.

(j) If the applicant for a waiver of rights to an invention or for a license is a small business concern, as defined by regulations of the Small Business Administration, the Administrator shall consider and accord weight to such factor.

(k) Whenever the Administrator, pursuant to such regulations as the Administrator shall prescribe, and upon application by any person, determines that—

(1) a right under any patent, which is not otherwise reasonably available, is reasonably necessary to the development, demonstration, or commercial application of any electric or hybrid vehicle, process, or system, in furtherance of the policy of fostering expeditious commercial application of electric and hybrid vehicles; and

(2) there are no other reasonable methods to achieve such development, demonstration, or commercial application,

the Administrator shall so certify to an appropriate district court of the United States. The Administrator shall petition such court to order the owner and/or the exclusive licensee of such patent to grant a license thereunder at such reasonable royalty and on such reasonable and nondiscriminatory terms and conditions as the court shall determine. The court shall provide such patentee or exclusive licensee, or both, as appropriate, an opportunity for a hearing, including a de novo review of the determination of the Administrator. The appropriate district court shall be the district court for the judicial district in which the patentee or the exclusive licensee of such patent resides, does business, or is found.

(l) The Administrator may take all necessary and appropriate steps, which are suitable, to protect any invention or discovery to which the United States hold title. The Administrator shall require that any contractor or other person, who acquires rights to an invention under this section, protect such invention.

(m) As used in this section, the term—

(1) "contract" means any contract or obligation guarantee, which involves any research, development, or demonstration under this Act; the term includes any assignment, substitution of parties, or subcontract thereunder;

(2) "contractor" means any person who has a contract with, or on behalf of, the the Administrator under this Act;

(3) "invention" means any invention or discovery, whether patented or unpatented; and

(4) "made", when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

SEC. 10. USE OF ELECTRIC AND HYBRID VEHICLES BY FEDERAL AGENCIES.

The Postmaster General of the United States Postal Service, the Administrator of the General Services Administration, the Secretary of Defense, and the heads of other Federal agencies shall carry out a study of the practicability of using electric and hybrid vehicles in the performance of some or all of their functions of their agencies, and they shall arrange for the introduction of electric and hybrid vehicles into their fleets to the maximum extent practicable. For competitive procurement purposes in purchasing such vehicles, life-cycle costing and any beneficial air pollution control characteristics of electric and hybrid vehicles shall be fully taken into account. If the head of the agency involved determines that electric or hybrid vehicles are practicable, but that they are not completely economically competitive with conventional vehicles, the Administrator may, for purposes of the demonstration program described in section 6, pay to such agency (under section 7) the incremental costs of the electric or hybrid vehicles, including operating costs.

SEC. 11. STUDIES.

(a) The Administrator shall conduct a study to determine the existence of any tax, regulatory, traffic, urban design, rural electrical, and other institutional factors which tend or may tend to bias surface transportation systems toward vehicles of particular characteristics. The Administrator shall submit a report to the Congress on the findings and conclusions of such study, within 1 year after the date of the enactment of this Act. The report shall include any legislative or other recommendations the Administrator may have.

(b) The Administrator shall conduct a continuing assessment of the long-range materials, demand, and pollution effects which may result from, or in connection with, the electrification of urban traffic. Such assessment shall include a statement of the Administrator's current findings in each report submitted under section 12. Any environmental impact statement which may be filed under a Federal law with respect to research, development, or demonstration activities under this Act shall include reference to the matters which are subject to assessment under this subsection.

(c) The Administrator shall perform, or cause to be performed, studies and research on incentives to promote broader utilization and consumer acceptance of electric and hybrid vehicle technologies. A description of such activities and a statement of the findings thereunder shall be included in each report submitted under section 12.

(d) The Secretary shall conduct a study on the current and future applicability of safety standards and regulations to electric and hybrid vehicles and shall report the results of such study to the Congress within 1 year after the date of enactment of this Act.

(e) The Administrator shall conduct a study to determine the overall effectiveness and feasibility of including regenerative braking systems on electric and other automobiles in order to recover energy. In such study the Administrator shall review the history of regenerative braking devices, list experimental test data and theoretical calculations with respect to such devices, assess the net energy impacts and cost effectiveness of such devices, examine present patents and patent policy regarding such devices, and determine whether regenerative braking should be used on some of the advanced electric or hybrid vehicles to be purchased in the third stage of this Act. The Administrator shall submit a report to the Congress on the findings and conclusions of such study within 1 year after the date of enactment of this Act.

SEC. 12 REPORT TO CONGRESS

The Administrator shall submit to the Congress annually a report on all activities being undertaken or carried out pursuant to the provisions of this Act, including—

(1) such projections and estimates as may be necessary to evaluate the progress of the program under this Act and to indicate the extent to which, and the pace at which, the objectives of this Act are being achieved; and

(2) a statement of the extent to which imported automobile chassis or components are being used, or are desirable, for the production of vehicles under section 6, and of the extent to which restrictions imposed by law or regulation upon the importation or use of such chassis or components are impeding the achievement of the purposes of this Act.

Each such report shall also include any recommendations which the Administrator may deem appropriate for legislation or related action which might further the purposes of this Act.

SEC. 13. AUTHORIZATION FOR APPROPRIATIONS

(a) There are authorized to be appropriated to the Administartor, for purposes of carrying out this Act, not to exceed $10,000,000 for the fiscal year ending September 30, 1977, not to exceed $40,000,000 for the fiscal year ending September 30, 1978, not to exceed $25,000,000 for the fiscal year ending September 30, 1979, not to exceed $25,000,000 for the fiscal year ending September 30, 1980, and not to exceed $60,000,000 for the fiscal year ending September 30, 1981. Any amount appropriated pursuant to this section shall remain available until expended, and any amount authorized for any fiscal year (or period) prior to the fiscal year ending September 30, 1981, but not appropriated, may be appropriated for any succeeding fiscal year through the fiscal year ending September 30, 1983.

(b) Any moneys received by the Administrator from vehicle sales or leases or other activities under this Act may be retained and used for purposes of carrying out this Act, notwithstanding the provisions of section 3617 of the Revised Statutes (31 U.S.C. 484), and may remain available until expended; but the amount authorized to be appropriated for any fiscal year (or period) under subsection (a) shall be reduced by the amount of the moneys so received in that year (or period).

AUTOMOTIVE TRANSPORT RESEARCH AND DEVELOPMENT ACT OF 1976

Mr. TUNNEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TUNNEY. Mr. President, is the vote now coming up on the Domenici amendment to S. 3267?

The PRESIDING OFFICER. The Senator is correct. It is the Domenici unprinted amendment, No. 19.

Mr. TUNNEY. Unprinted amendment?

The PRESIDING OFFICER. Unprinted.

The question is on agreeing to the amendment of the Senator from New Mexico. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Indiana (Mr. HARTKE), the Senator from Washington (Mr. JACKSON), the Senator from Washington (Mr. MAGNUSON), the Senator from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH), is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. JACKSON), and the Senator from Washington (Mr. MAGNUSON) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Massachusetts (Mr. BROOKE), the Senator from Arizona (Mr. GOLDWATER), the Senator from Kansas (Mr. PEARSON), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

The result was announced—yeas 46, nays 43, as follows:

[Rollcall Vote No. 282 Leg.]

YEAS—46

Allen
Bartlett
Beall
Bellmon
Bentsen
Biden
Brock
Buckley
Bumpers
Byrd, Harry F., Jr.
Chiles
Church
Curtis
Dole
Domenici
Durkin
Fannin
Fong
Garn
Glenn
Griffin
Hansen
Haskell
Hatfield
Helms
Hruska
Javits
Laxalt
McClure
Montoya
Nunn
Packwood
Percy
Proxmire
Randolph
Roth
Schweiker
Scott, William L.
Stafford
Stennis
Stone
Talmadge
Thurmond
Tower
Weicker
Young

NAYS—43

Abourezk
Baker
Burdick
Byrd, Robert C.
Cannon
Case
Clark
Cranston
Culver
Eagleton
Ford
Gravel
Hart, Gary
Hart, Philip A.
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Johnston
Kennedy
Leahy
Long
Mansfield
Mathias
McClellan
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pell
Ribicoff
Scott, Hugh
Sparkman
Stevens
Stevenson
Tunney

NOT VOTING—11

Bayh
Brooke
Eastland
Goldwater
Hartke
Jackson
Magnuson
Pearson
Symington
Taft
Williams

So the amendment was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WEICKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TUNNEY. Mr. President, I believe there was a great deal of misinformation as to what the Domenici amendment was intended to do.

I would just like to point out to my colleagues, while some are still in the Chamber, it is clear to me that the Senate would like to have ERDA be the lead agency instead of the Department of Transportation. But one thing which is clear is that the Domenici amendment eliminated much of the language that was contained in the Commerce Committee bill.

What we were trying to do with that bill was to develop the same kind of systems approach with regard to an advanced automobile—may we have order. Mr. President?

The PRESIDING OFFICER. May we have order? The Senate will be in order.

Mr. TUNNEY. We wanted to develop the same kind of systems approach to the development of the advanced automobile NASA used when they decided they were going to go to the moon.

We cannot have one agency in charge of safety, another agency in charge of noise, and another agency in charge of a propulsion system.

That is what we are left with now that the Domenici amendment has been agreed to.

Contrary to what a lot of people thought on the Senate floor we were not moving all the R. & D. over to ERDA. We were only having the propulsion system in ERDA.

What the initial bill did was to give DOT the overall responsibility, with ERDA having the responsibility for developing the propulsion system.

What I am going to do now is to propose an amendment which put all R. & D. under this authority into ERDA. This will take it all out of DOT. We need to have one agency that is the lead agency in charge.

I would point out to my colleagues that, by voting for the Domenici amendment, they have voted to leave automobile advanced technology fragmented, fragmented through a number of different agencies. I am afraid many people did not realize that or were not aware of it.

UP AMENDMENT NO. 20

Mr. **TUNNEY**. Mr. President, I send to the desk an unprinted amendment which is the text of the bill that was reported by the Commerce Committee. The exception is that we put ERDA in place of DOT and we have used the word "Administrator" instead of "Secretary." So we give ERDA the entire responsibility, which is what the Senate thought it was voting for, when they voted for the Domenici amendment. I send the amendment to the desk.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from California (Mr. TUNNEY) proposes an unprinted amendment No. 20.

The amendment is as follows:

Strike all after the enacting clause and insert in lieu thereof the following:

That the Motor Vehicle Information and Cost saving Act (15 U.S.C. 1901 et seq.) is amended by adding at the end thereof the following new title:

"TITLE VI—RESEARCH AND DEVELOPMENT

"SHORT TITLE

"SEC. 601. This title may be cited as the 'Automotive Transport Research and Development Act of 1976'.

"FINDINGS AND PURPOSES

"SEC. 602. (a) FINDINGS.—The Congress finds that—

"(1) Existing automobiles, on the average, fall short of meeting the long-term goals of the Nation with respect to safety, environmental protection, and energy conservation.

"(2) Advanced alternatives to existing automobiles could, with sufficient research and development effort, meet these long-term goals, and have the potential to be mass produced at reasonable cost. Such advanced automobiles could be operated with significantly less adverse environmental impact and fuel consumption than existing automobiles, while meeting all of the other requirements of Federal law.

"(3) Insufficient resources are being devoted, both by the Federal Government and by the private sector, to research and development of advanced automobiles and automobile components.

"(4) An expanded research and development effort by the Federal Government into advanced automobiles and automobile components would complement and stimulate corresponding efforts by the private sector and would encourage automobile manufacturers to consider seriously the substitution of such advanced alternatives for existing automobiles and automobile components.

"(5) The Nation's energy, safety, and environmental problems are urgent, and therefore advanced automobiles and automobile components should be developed, tested, and prepared for manufacture within the shortest practicable time.

"(b) PURPOSES.—It is therefore the purpose of the Congress in this title—

"(1) to make contracts and grants for, and support through obligation guarantees, research and development leading to production prototypes of advanced automobiles within 4 years from the date of enactment of this title, or within the shortest practicable time consistent with appropriate research and development techniques, and to secure the certification after testing of those prototypes which are likely to meet the Nation's long-term goals with respect to fuel economy, safety, environmental protection, and other objectives; and

"(2) to preserve, enhance, and facilitate competition in research, development, and production of existing and alternative automobiles and automobile components.

"DEFINITIONS

"SEC. 603. As used in this title, the term—

"(1) 'Administrator' means the Administrator of the Energy Research and Development Administration;

"(2) 'advanced automobile' means a personal use transportation vehicle propelled by fuel, which is energy-efficient, safe, damage-resistant, and environmentally sound and which—

"(A) requires, consistent with environmental requirements, the least total amount of energy to be consumed with respect to its fabrication, operation, and disposal, and represents a substantial improvement over existing automobiles with respect to such factors;

"(B) can be mass produced at the lowest possible cost consistent with the requirements of this title;

"(C) operates safely and with sufficient performance with respect to acceleration, cold weather starting, cruising speed, and other performance factors;

"(D) to the extent practicable, is capable of intermodal adaptability; and

"(E) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any requirement of Federal law, including, but not limited to, requirements with respect to fuel economy, exhaust emissions, noise control, safety, and damage resistance;

"(3) 'damage resistance' refers to the ability of an automobile to withstand physical damage when involved in an accident;

"(4) 'developer' means any person engaged in whole or in part in research or other efforts directed toward the development of production prototypes of an advanced automobile or automobiles;

"(5) 'fuel' means any energy source capable of propelling an automobile;

"(6) 'fuel economy' refers to the average number of miles traveled in representative driving conditions by an automobile per gallon of fuel consumed, as determined by the Administrator of the Environmental Protection Agency, in accordance with test procedures established by rule. Such procedures shall require that fuel economy tests be conducted in conjunction with emissions tests mandated by section 206 of the Clean Air Act (42 U.S.C. 1857f–5);

"(7) 'intermodal adaptability' refers to any characteristic of an automobile which enables it to be operated or carried, or which facilitates such operation or carriage, by or on an alternate mode or other system of transportation;

"(8) 'production prototype' means an automobile which is in its final stage of development and which is capable of being placed into production, for sale at retail, in quantities exceeding 10,000 automobiles per year;

"(9) 'reliability' refers to the average time and distance over which normal automobile operation can be expected without repair or replacement of parts, and to the ease of diagnosis and repair of an automobile and of its systems and parts which fail during use or which are damaged in an accident;

"(10) 'safety' refers to the performance of an automobile or automobile equipment in such a manner that the public is protected against unreasonable risk or accident and against unreasonable risk of death or bodily injury in case of accident;

"(11) 'Secretary' means the Secretary of Transportation;

"(12) 'State' means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or any other territory or possession of the United States; and

"(13) 'Vehicle Certification Board' means the Low-Emission Vehicle Certification Board established pursuant to section 212 of the Clean Air Act (42 U.S.C. 1857f–6e).

"DUTIES OF THE ADMINISTRATOR

"SEC. 604. (a) GENERAL. The Administrator shall establish a program to insure the development of one or more production prototypes of an advanced automobile or advanced automobiles within 4 years after the date of enactment of this title, or within the shortest practicable time consistent with appropriate research and development techniques and which utilizes, to the maximum extent practicable, nonpetroleum base fuels. In furtherance of the purposes of this title, and in order to stimulate such development of an advanced automobile by private interests, the Administrator shall—

"(1) make contracts and grants for research and development efforts which are likely to lead or contribute to the development of an advanced automobile or advanced automobiles in accordance with the provisions of section 607 of this title;

"(2) make obligation guarantees for research and development efforts which show promise of leading or contributing to the development of an advanced automobile or advanced automobiles, in accordance with the provisions of section 608 of this title;

"(3) establish and conduct new projects and accelerate existing projects which may contribute to the development of production prototypes of an advanced automobile or advanced automobiles;

"(4) test or direct the testing of production prototypes, and secure certification as advanced automobiles for those which meet the applicable requirements, in accordance with section 609 of this title;

"(5) collect, analyze, and disseminate to developers information, data, and materials that may be relevant to the development of an advanced automobile or advanced automobiles;

"(6) prepare and submit studies, as required under section 612 of this title; and

"(7) evaluate any reasonable new or improved technology, a description of which is submitted to the Secretary in writing, which could lead or contribute to the development of an advanced automobile.

"(b) LIMITATION.—Nothing contained in this section shall require the Secretary to utilize the authority contained in this title for the purpose of constructing any production prototype of an advanced automobile if the Secretary finds that such efforts would duplicate efforts outside the Federal Government. Any such finding by the Secretary under this subsection shall be transmitted to the relevant Committees of Congress when made along with a statement of basis and justification in support of such finding. Nothing contained in this subsection shall affect the responsibility of the Secretary to insure the development of one or more prototypes of an advanced automobile or automobiles other than production prototypes of such automobile or automobiles."

"COORDINATION BETWEEN THE SECRETARY AND THE ADMINISTRATOR

"Sec. 605. (a) The Administrator shall have overall management responsibility for carrying out the program under this title. In carrying out such program, the Administrator, consistent with such overall management responsibility—

"(1) shall utilize the Department of Transportation, to the maximum extent practicable and in accordance with subsection (c), in carrying out any activities under this title; and

"(2) may utilize any other Federal agency (except as provided in paragraph (1)), in accordance with subsection (c), in carrying out any duties under this title, to the extent that the Administrator determines that any such agency has capabilities which would allow such agency to contribute to the attainment of the purposes of this title.

"(b) The Secretary of Transportation, whenever the Department of Transportation is utilized under subsection (a), may exercise the powers granted to the Administrator under subsection (c) and under sections 606, 607, and 608, subject to the overall management responsibility of the Administrator.

"(c) In addition to the powers specifically enumerated in any other provisions of this title, the Administrator may, in order to carry out this title, obtain the assistance of any department, agency, or instrumentality of the executive branch of the Federal Government upon written request, on a reimbursable basis or otherwise, and with the consent of such department, agency, or instrumentality, identifying the assistance the Administrator deems necessary to carry out any duty under this title.

"POWERS OF THE ADMINISTRATOR

"Sec. 606. In addition to the powers specifically enumerated in any other provision of this title, the Administrator is authorized to—

"(1) appoint such attorneys, employees, agents, consultants, and other personnel as the Administrator deems necessary, define the duties of such personnel, determine the amount of compensation and other benefits for the services of such personnel and pay them accordingly;

"(2) procure temporary and intermittent services to the same extent as is authorized under section 3109 of title 5, United States Code, but at rates not to exceed $150 a day for qualified experts;

"(3) enter into, without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of duties under this title, with any government agency or any person; and

"(4) purchase, lease, or otherwise acquire, improve, use, or deal in and with any property; sell, mortgage, lease, exchange, or otherwise dispose of any property or other assets; and accept gifts or donations of any property or services in aid of any purpose of this title.

"CONTRACTS AND GRANTS

"Sec. 607. (a) General.—(1) The Administrator shall provide funds, by contract and grant, to initiate, continue, supplement, and maintain research and development programs or activities which, in the Administrator's judgment, appear likely to lead or contribute to the development, in production prototype form, of an advanced automobile or advanced automobiles.

"(2) The Administrator is authorized to make such contracts and grants with any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(b) Consultation.—In addition to the requirements of section 605 of this title, the Administrator, in the exercise of duties and responsibilities under this section, shall consult with the Administrator of the Environmental Protection Agency and the Secretary of Transportation and shall establish procedures for periodic consultation with representatives of science, industry, and such other groups as may have special expertise in the areas of automobile research, development, and technology. The Administrator may establish an advisory panel or panels to review and to make recommendations with respect to applications for funding under this section.

"(c) Procedure.—Each contract and grant under this section shall be made in accordance with such rules and regulations as the Administrator shall prescribe in accordance with the provisions of this section and of section 602 of this title. Each application for funding shall be made in writing in such form and with such content and other submissions as the Administrator shall require.

"OBLIGATION GUARANTEES

"Sec. 608. (a) General.—(1) The Administrator is authorized, in accordance with the provisions of this section and such rules and regulations as the Administrators shall prescribe, to guarantee, and to make commitments to guarantee, the payment of interest on, and the principal balance of, loans and other obligations, if the obligation involved is, or will be, entered into in order to initiate, continue, supplement, and maintain research and development programs or activities which, in the Administrator's judgment, appear likely to lead to the development, in production prototype form, and to the availability of an advanced automobile or advanced automobiles. Each application for such an obligation guarantee shall be made in writing to the Administrator in such form and with such content and other submissions as the Administrator shall require, in order reasonably to protect the interests of the United States. Each guarantee and commitment to guarantee shall be extended in such form, under such terms and conditions, and pursuant to such regulations as the Administractor deems appropriate in order to reasonably protect the interests of the United States. Each guarantee and commitment to guarantee shall inure to the benefit of the holder of the obligation to which such guarantee or commitment applies. The Administrator is authorized to approve any modification of any provision of a guarantee or a commitment to guarantee such an obligation, including the rate of interest, time of payment of interest or principal, security, or any other terms or conditions, upon a finding by the Administrator that such modification is equitable, not prejudicial to the interests of the United States, and has been consented to by the holder of such obligation.

"(2) The Administrator is authorized to so guarantee and to make such commitments to any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(3) All guarantees issued by the Administrator under this section shall constitute general obligations of the United States backed by the full faith and credit of the United States Government.

"(b) Exception.—No obligation shall be guaranteed by the Administrator under subsection (a) of this section unless the Administrator finds that no other reasonable means of financing or refinancing is reasonably available to the applicant.

"(c) Charges.—(1) The Administrator shall charge and collect such amounts as the Administrator may deem reasonable for the investigation of applications for the guarantee of an obligation, for the appraisal of properties offered as security for such a guarantee, or for the issuance of commitments to guarantee.

"(2) The Administrator shall set a premium charge of not more than 1 percent per year for a loan or other obligation guaranteed under this section.

"(d) Validity.—No guarantee or commitment to guarantee an obligation entered into by the Administrator shall be terminated, canceled, or otherwise revoked, except in accordance with reasonable terms and conditions prescribed by the Administrator and in effect at the time such guarantee or commitment was entered into.

"(e) Default and Recovery.—(1) If there is a default in any payment by the obligor of interest or principal due under an obligation guaranteed by the Administrator under this section, and such default has continued for 60 days, the holder of such obligation shall have the right to demand payment by the Administrator of such unpaid amount. Within such period as may be specified in the guarantee or related agreements, but not later than 45 days from the date of such demand, the Administrator shall promptly pay to such holder the unpaid interest on, and unpaid principal of, the obligation guaranteed by the Administrator as to which the obligor has defaulted, unless the Administrator finds that there was no default by the obligor in the payment of interest or principal or that such default has been remedied.

"(2) If a payment is made by the Administrator under paragraph (1) of this subsection, the Administrator shall have all rights specified in the guarantee or related agreements with respect to any security which the Administrator held with respect to the guarantee of such obligation, including, but not limited to, the authority to complete, maintain, operate, lease, sell or otherwise dispose of any property acquired pursuant to such guarantee or related agreements.

"(3) If there is a default under any guarantee or commitment to guarantee an obligation, the Administrator shall notify the Attorney General who shall take such action against the obligator or any other parties liable thereunder as is necessary to protect the interests of the United States. The holder of such obligation shall make available to the United States all records and evience necessary to prosecute any such action.

"(f) Authorization for Appropriations.—There are authorized to be appropriated to the Administrators such sums as are necessary, not to exceed $175,000,000 to pay the interest on, and the principal balance of any obligation guaranteed by the Administrator as to which the obligor has defaulted: *Provided*, That the outstanding indebtedness guaranteed under this section shall not exceed $175,000,000.

"TESTING AND CERTIFICATION

"Sec. 609. (a) Environmental Protection Agency.—The Administrator of the Environmental Protection Agency shall test, or cause to be tested, in a facility subject to Environmental Protection Agency supervision, each production prototype of an automobile developed in whole or in part with Federal financial assistance under this title, or referred to the Environmental Protection Agency for such purpose by the Administrator, to determine whether such production prototype complies with any exhaust emission standard or any other requirements promulgated or reasonably expected to be promulgated under any provision of the Clean Air Act (42 U.S.C. 1857 et seq.), the Noise Control Act of 1972 (42 U.S.C. 4901), or any other provision of Federal law administered by the Administrator of the Environmental Protection Agency. In conjunction with any test for compliance with exhaust emission standards under this section, the Administrator of the Environmental Protection Agency shall also conduct tests to determine the fuel economy and such prototype automobile. Such Administrator shall submit all test data and the results of such tests to the Vehicle Certification Board.

"(b) Administrator.—The Administrator shall test, or shall cause to be tested in a facility subject to supervision by the Administrator, all production prototypes of advanced automobiles which the Administrator or a developer may submit to the Vehicle Certification Board for certification under subsection (c) of this section. Such tests shall be conducted, according to testing procedures to be developed by the Administrator, to determine whether each such automobile complies with any standards promulgated as of the date of such testing or reasonably expected to be promulgated prior to the sale at retail of such automobile, under any provision of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381), the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.), the Automobile Information Disclosure Act (15 U.S.C. 1232), and any other statute enacted by Congress and applicable to automobiles. The Administrator shall also refer any such automobile to the Administrator of the Environmental Protection Agency for testing pursuant to the provisions of subsection (a) of this section. All production prototypes of advanced automobiles may be submitted to the Administrator for testing under this subsection, including vehicles developed without any Federal financial assistance under this title. All test data and the results of all tests conducted by the Administrator, or subject to the Administrator's supervision, shall be submitted to the Vehicle Certification Board, together with all conclusions, and reasons therefor, with respect to whether the automobile tested merits certification as an advanced automobile. The Administrator, or the Administrator of the Environmental Protection Agency, if appropriate, shall conduct, or cause to be conducted, any additional tests which are requested by the Vehicle Certification Board and shall furnish to such Board any other information which it requests or which is deemed to be necessary or appropriate.

"(c) Vehicle Certification Board.—Upon application by a developer or by the Administrator, with respect to a production prototype of a particular automobile or automobiles, and upon the receipt of all required and relevant test data and test results pursuant to subsections (a) and (b) of this section, the Vehicle Certification Board shall issue a denial of such certification with reasons therefor. Each application for certification shall be made to the Vehicle Certification Board in writing, in such form and with such content and other submissions as such Board may require. Each determination as to certification shall be made in accordance with such reasonable rules and regulations as such Board shall prescribe.

"PATENTS

"Sec. 610. (a) Title to Inventions.—Whether an invention is made or conceived during, or in the course of, or as a consequence of, activity conducted in accordance with or related to a contract made or entered into under this title, title to such invention shall vest in the United States, if the Administrator determines that—

"(1) the person who made the invention was employed or assigned to perform research or development work, and that the invention is related to the work such person was employed or assigned to perform, or that it was within the scope of such person's employment duties, whether or not the invention was made during working hours and whether or not the invention was made with a contribution from the Government; or

"(2) the invention is related to the contract, or to the work or duties which the person who made the invention was employed or assigned to perform, even though such person was not employed or assigned to perform research or development work, if the invention was made during working hours, or if it was made with a contribution from the Government.

As used in this subsection, the term 'contribution from the Government' includes the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or any services during working hours of Government employees. If patents are issued on such an invention the patents shall be issued to the United States, unless in particular circumstances the Administrator, in accordance with this section, waives all or any part of the rights of the United States.

"(b) Report.—Each contract entered into by the Administrator under this title with any person shall contain effective provisions requiring such person to furnish a prompt and written report to the Administrator with respect to any invention, discovery, improvement, or innovation which may be made in the course of, or as a consequence of, activity conducted in accordance with or related to such contract. Each such report shall contain accurate and complete technical information, in accordance with specifications of the Administrator.

"(c) Waiver.—The Administrator may waive all or any part of the rights of the United States with respect to any invention or class of inventions which is made, or which may be made, by any person or class of persons in the course of, or as a consequence of, activity conducted in accordance with, or related to, any contract under this title, pursuant to regulations prescribed by the Administrator in conformity with the provisions of this section, if the Administrator determines that the interests of the United States and of the general public would best be served by such a waiver. The Administrator shall maintain and periodically update a publicly available record of waiver determinations. In making such determinations, the Administrator shall strive to—

"(1) make the benefits of the advanced automobile research and development program widely available to the public in the shortest practicable time;

"(2) promote the commercial utilization of such inventions;

"(3) encourage participation by private persons in the Administrator's advanced automobile research and development program; and

"(4) foster competition and prevent undue market concentration, or the creation or maintenance of other situations inconsistent with the antitrust laws.

"(d) Contract Waivers.—In determining whether it would best serve the interests of the United States and of the general public to grant such a waiver to a contractor at the time a contract is entered into, the Administrator shall include as considerations—

"(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

"(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

"(3) the extent to which the contractor's commercial position may expedite utilization of the research and development program results;

"(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

"(5) the purpose and nature of the contract, including the intended use of the results developed thereunder;

"(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

"(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

"(8) the extent to which the Government intends to further develop, to the point of commercial utilization, the results of the contract effort;

"(9) the extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

"(10) the likely effect of the waiver on competition and market concentration; and

"(11) the extent to which a contractor, which is a nonprofit educational institution, has a technology transfer capability and program which is approved by the Administrator as being consistent with the applicable policies of this subsection.

"(e) Subsequent Waivers.—In determining whether it would best serve the interests of the United States and of the general public to grant such a waiver at a subsequent date to a contractor or to an inventor with respect to an identified invention, the Administrator shall specifically consider (1) paragraphs (4) through (11) of subsection (d), as applied to such invention; (2) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercial distribution of such invention; and (3) the extent to which the plans, intentions, and ability of the contractor or inventor are likely to result in expeditious commercial distribution of such invention.

"(f) Reservations.—Whenever title to an invention is vested in the United States, a revocable or irrevocable, nonexclusive, and paid-up license for the practice of such invention throughout the world may be reserved to the contractor or to the inventor thereof. The rights to such an invention may be similarly reserved in any foreign country in which the United States has elected not to secure patent rights and in which such contractor or inventor elects to secure a patent, subject to the rights described in subsections (h)(2), (h)(3), (h)(6), and (h)(7) of this section: *Provided*, That such a contractor or inventor shall 3 years after the date of issuance of such a patent, and at any time upon the specific request of the Administrator, submit the report specified in subsection (h)(1) of this section.

"(g) Licenses.—(1) Subject to subsection (g)(2) of this section, the Administrator shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

"(2) Pursuant to subsection (g)(1) of this section and after notice and an opportunity for a hearing, the Administrator may grant exclusive or partially exclusive licenses in any invention, only if the Administrator determines that—

"(A) the proposed license would best serve the interests of the United States and of the general public, in light of the applicant's intentions, plans, and capacity to bring such invention to practical or commercial applications;

"(B) the desired practical or commercial applications of such invention have not been achieved, or are not likely expeditiously to be achieved, under any non-exclusive license which has been granted, or which may be granted, on such invention;

"(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to make available the risk capital and other financing necessary to bring the invention to the point of practical or commercial applications; and

"(D) the terms and scope of exclusivity of the proposed license are not substantially greater than are necessary to provide sufficient incentive for bringing such invention to the point of practical or commercial applications, and to provide the licensee with sufficient opportunity to recoup its costs and to earn a reasonable profit thereon: *Provided*, That the Administrator shall not grant such an exclusive or partially exclusive license if the Administrator determines that the grant of such a license will tend substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Administrator shall maintain and periodically update a publicly available record of determinations concerning applications for and the grant of such licenses.

"(h) TERMS AND CONDITIONS.—Any waiver of rights, and any grant of an exclusive or partially exclusive license shall contain such terms and conditions as the Administrator may determine to be appropriate for the protection of the interests of the United States and of the general public. Such terms and conditions may include, but need not be limited to—

"(1) periodic written reports, at reasonable intervals and at any time when specifically requested by the Administrator, on the commercial use that is being made or is intended to be made of the invention involved;

"(2) the right, at a minimum, of an irrevocable, nonexclusive, and paid-up license to make, use, and sell the invention involved throughout the world, by or on behalf of the United States (including any Government agency) and by or on behalf of the States and their political subdivisions, unless the Administrator determines that it would not be in the public interest to acquire such a license for the States and their political subdivisions;

"(3) the right in the United States to sublicense any foreign government to make, use, and sell the invention involved, pursuant to any existing or future treaty or agreement, if the Administrator determines it would be in the national interest to acquire the right;

"(4) the reservation in the United States of the rights to the invention involved in any country in which the contractor does not file an application for a patent within such time as the Administrator shall determine;

"(5) the right in the Administrator to require the granting of a nonexclusive, exclusive, or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances (A) to the extent that the invention involved, or an application thereof, is required for public use by governmental regulations; (B) to the extent that it may be necessary to fulfill health, safety, or energy needs; or (C) for such other purposes as may be stipulated in the applicable agreement;

"(6) the right in the Administrator to terminate the waiver or license involved, in whole or in part, unless the person who receives such waiver or rights or who is granted such license demonstrates to the satisfaction of the Administrator that such person has taken, or that such person will take within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved;

"(7) the right in the Administrator, commencing 3 years after the grant of a license and 4 years after the effective date of a waiver of rights to an invention, to require the granting of a nonexclusive or partially exclusive license to any responsible applicant, upon terms reasonable under the circumstances, and the right in the Secretary, under appropriate circumstances, to terminate such a waiver or license, in whole or in part, following the filing of a petition with the Administrator, by an interested person, and after notice and an opportunity for a hearing—

"(A) if the Administrator after providing an opportunity to the recipient of such waiver or license, and to any other interested person, to submit such relevant and material information as may be appropriate and after reviewing such information, determines that such waiver or license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates; or

"(B) unless the recipient of such waiver or license demonstrates to the satisfaction of the Administrator at such hearing that such recipient has taken, or that such recipient will take, within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved.

"(i) NOTICE.—The Administrator shall cause a notice to be published periodically, not less than one each year, in the Federal Register and in other appropriate publications, including the electronic media, advising the public of the right to have a hearing, as provided in subsection (h) (7) of this section, and of the availability of the records of determinations under this section.

"(j) SMALL BUSINESS.—If the applicant for a waiver of rights to an invention or for a license is a small business, as defined by regulations of the Small Business Administration, the Secretary shall consider and accord weight to such factor.

"(k) OTHER LICENSES.—Whenever the Administrator, pursuant to such regulations as the Administrator shall prescribe, and upon the application by any person, determines that—

"(1) a right under any patent, which is not otherwise reasonably available, is reasonably necessary, in furtherance of the policy of fostering expeditious commercial application of advanced automotive technologies, to the development, demonstration, or commercial application of any advanced automotive invention, process, or system; and

"(2) there are no other reasonable methods to achieve such development, demonstration, or commercal application,

the Administrator shall so certify to an appropriate district court of the United States. The Administrator shall petition such court to order the owner and/or the exclusive licensee of such patent to grant a license thereunder at such reasonable royalty and on such reasonable and nondiscriminatory terms and conditions as the court shall determine. The court shall provide such patentee or exclusive licensee, or both, as appropriate, an opportunity for a hearing, including a de novo review of the determination of the Administrator. The appropriate district court shall be the district court for the judicial district in which the patentee or the exclusive licensee of such patent resides, does business, or is found.

"(l) PROTECTION.—The Administrator is authorized to take all necessary and appropriate steps, which are suitable, to protect any invention or discovery to which the United States holds title. The Administrator shall require that any contractor or other person, who acquires rights to an invention under this section, protect such invention.

"(m) DEFINITIONS.—As used in this section, the term—

"(1) 'contract' means any contract, grant, agreement, understanding, obligation guarantee, or other arrangement which involves any research and development work; the term includes any assignment, substitution of parties, or subcontract thereunder;

"(2) 'contractor' means any person who has a contract with, or on behalf of, the Administrator under this title;

"(3) 'invention' means any invention or discovery, whether patented or unpatented; and

"(4) 'made' when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"RECORDS, AUDIT, AND EXAMINATION

"SEC. 611. (a) RECORDS.—Each recipient of financial assistance or guarantees under this title, whether in the form of grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements, shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of such total cost which was supplied by other sources, and such other records as will facilitate an effective audit.

"(b) AUDIT AND EXAMINATION.—The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after completion of the project or undertaking referred to in subsection (a) of this section, have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which in the opinion of the Administrator or the Comptroller General may be related or pertinent to the grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements referred to in such subsection.

"REPORTS

"SEC. 612. On or before July 1 of each year, the Administrator shall submit to Congress an annual report of activities under this title. Such report shall include, but need not be limited to—

"(1) an account of the state of automobile research and development in the United States;

"(2) the number and amount of contracts and grants made and of obligations guaranteed;

"(3) the progress made in developing production prototypes of advanced automobiles within the shortest practicable time after the date of enactment of this title; and

"(4) suggestions for improvements in advanced automobile research and development, including recommendations for legislation.

"GOVERNMENT PROCEDURE

"SEC. 613. The Administrator of General Services shall consult periodically with the Vehicle Certification Board to determine when production prototypes of an advanced automobile are likely to be available. After a production prototype has been certified, under section 609(c) of this title, as an advanced automobile, the Vehicle Certification Board, in conjunction with the Administrator of General Services, shall prescribe such regulations as are necessary to require all Federal agencies to procure and to use such advanced automobiles to the maximum extent feasible. Such Administrator shall, with the assistance of such Board, provide technical specifications and other information with respect to automobiles certified under this title as advanced automobiles. Such Administrator, and all other appropriate officers of the United States shall take all steps which are necessary or appropriate to comply with and to implement such regulations, with respect to all federally owned motor vehicles, by the earliest practicable date.

"RELATIONSHIP TO ANTITRUST LAWS

"SEC. 614. (a) DISCLAIMER.—Nothing in this title shall be deemed to convey to any person any immunity from civil or criminal liability, or to create any defenses to actions, under the antitrust laws.

"(b) ANTITRUST LAWS DEFINED,—As used in this section, the term 'antitrust laws' means the Act of July 2, 1890 (15 U.S.C. 1 et seq.), as amended; the Act of October 15, 1914 (15 U.S.C. 12 et seq.), as amended; the Federal Trade Commission Act (15 U.S.C. 41 et seq.) sections 73 and 74 of the Act of August 27, 1894 (15 U.S.C. 8 and 9), as amended; and the Act of June 19, 1936, ch. 592 (15 U.S.C. 13, 13a, and 212), as amended.

"AUTHORIZATION FOR APPROPRIATION

"SEC. 615. There are authorized to be appropriated to carry out the purposes of this title, other than section 608 of this title, funds not to exceed $55,000,000 for the fiscal year ending September 1977, and not to exceed $100,000,000 for the fiscal year ending September 30, 1978.".

Mr. DOMENICI. Mr. President, may I ask the Senator from California a question? What did the Senator do with the section of the original bill as it concerns prototype automobiles?

Mr. TUNNEY. I have an amendment to the initial bill which makes it very clear that there is a limitation on the production of the prototype. I will read what the amendment says. It is short.

Mr. DOMENICI. Mr. President, is the Senator reading the amendment that is pending?

Mr. TUNNEY. In my amendment, I have added an additional change which deals with prototypes.

Mr. DOMENICI. In the amendment that is pending?

Mr. TUNNEY. The amendment that is pending. It says:

> Nothing contained in this section shall require the Administrator to utilize the authority contained in this title for the purpose of constructing any production prototype of an advanced automobile if the Administrator finds that such efforts would duplicate efforts outside the Federal Government. Any such finding by the Administrator under this subsection shall be transmitted to the relevant Committee of Congress when made along with a statement of basis and justification in support of such finding. Nothing contained in this subsection shall affect the responsibility of the Administrator to insure the development of one or more prototypes of an advanced automobile or automobiles other than production prototypes of such automobile or automobiles.

In other words, we make it very clear that the Administrator should not require a production prototype if the automotive industry is doing it itself.

Mr. DOMENICI. I know that the Senator can have a vote on his amendment. I would like to discuss it a little further. I will do it on our time.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. How much time do we have in opposition to the amendment?

The PRESIDING OFFICER. There are 15 minutes to a side on the amendment.

Mr. DOMENICI. I will discuss this on my own time.

First let me say that I do not believe there was as much misunderstanding about the vote as the Senator from California indicates. Everyone should know that on July 15 of last year, this exact bill came before the Senate, and there were 37 Senators who voted no, and some 15 or 18 who were absent.

As I understand it, many of them understand the basic ingredients of the Domenici amendment. First of all, I left in the major automobile R. & D. in ERDA, rather than in the Department of Transportation; and I left out what I would consider to be a mandate that the Department of Transportation build within 4 years a prototype new automobile, including a new engine.

It was my firm belief that what we really needed to do was spend money on a new engine, and that those things that go with it, aerodynamics, brakes, and other things, would either be taken care of in the market place or elsewhere.

If the Senator from California wants to vest all of the automobile R. & D. in ERDA now, and can give me some assurance we are not mandating a prototype automobile on the administrator for ERDA, I will not argue with the amendment; I personally will accept it. Will the Senator address that issue with me? Can the Senator from California tell me what his amendment does with reference to a prototype automobile? I do not understand it even after the Senator reads what its provisions would do.

Mr. TUNNEY. The amendment is responsive to those who fear that the Administrator would be required to build production prototypes of advanced automobiles even though private sources would be willing to take on the task. It insures that there is no requirement to utilize the authority in this program for the purpose of constructing production prototypes if the Administrator finds that the efforts would duplicate efforts outside the Federal Government. Any such finding by the Administrator is to be transmitted to the relevant committees of Congress along with a statement of basis and justification. Of course, nothing contained in the amendment is to affect the responsibility of the Administrator to insure the development of prototypes other than production prototypes of advanced automobiles.

I would like to clarify that my amendment substitutes essentially the language of the bill which came out of the Commerce Committee, with the exception that we put all R. & D. under ERDA and not DOT.

Mr. DOMENICI. Might I ask the Senator, with reference to the amendment limiting prototype development, the Senator indicates this will not occur if the Secretary finds that such efforts duplicate the efforts of others outside the Federal Government?

Mr. TUNNEY. Right.

Mr. DOMENICI. Are we speaking of a total automobile, or parts that go into the so-called prototype?

Mr. TUNNEY. We are talking about an entire automobile. But if the production prototype is being constructed by outside sources, namely, the major automobile companies, then the Administrator would not require that the Federal Government produce that production prototype, which makes sense.

Mr. DOMENICI. Well, what kind of prototype are we going to build? Is it a mythical one, or do we fund something and build that? Are we talking about a new engine, or just some parts?

Mr. TUNNEY. We are taking about an advanced automotive system, as defined in the bill.

Mr. DOMENICI. One that will set out a new engine, or just a prototype body, et cetera?

Mr. TUNNEY. It will have a new engine, and also things that will be taken into consideration in the production of a prototype, which would be safety, noise, and other facets of the automobile—things are now split through various agencies of the Government.

This is a part of the problem. The reason that we produced this bill was to try to unify the responsibility for R. & D. in one agency.

So what we do under this substitute amendment of mine is simply give total authority under this bill to ERDA, which is clearly what the Senate wanted when they voted for the Senator's amendment.

But I will say to my friend that there were many Senators I talked to, at least four or five Senators, who voted for the Senator's amendment because they thought they were bringing all research under ERDA, when that is not the case. The Senator's amendment relates only to a propulsion system.

So we are giving you what you asked for. All research and development under this authority under ERDA.

Mr. DOMENICI. Mr. President, I have not had an opportunity to look into the amendment. A parliamentary inquiry.

The PRESIDING OFFICER (Mr. HANSEN). The Senator will state it.

Mr. DOMENICI. How much time do we have on the bill, and how much do I have on the amendment?

The PRESIDING OFFICER. The Senator has 9 minutes on the amendment. The opposition to the bill still has 30 minutes left.

Mr. DOMENICI. I suggest the absence of a quorum, and——

Mr. TUNNEY. Mr. President, I ask for the yeas and nays on my substitute.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. I suggest the absence of a quorum, with the understanding that the time be charged on the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 21 (MODIFICATION OF UP AMENDMENT NO. 20)

Mr. TUNNEY. Mr. President, I ask unanimous consent to modify my substitute amendment.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Will the Senator please send the modification to the desk?

Mr. TUNNEY. I want to read it first, and then I will send it to the desk.

On page 12 of the substitute, section 607(a), following "automobiles" on line 12, add

> The administrator shall give priority to the development of advanced propulsion systems for advanced automobiles.

On the insert to section 604, which is at the desk make it read as follows:

> "(b) LIMITATION.—Nothing contained in this section shall permit the Secretary to utilize the authority contained in this title for the purpose of constructing any production prototype of an advanced automobile if the Secretary finds that such efforts would duplicate efforts outside the Federal Government. Prior to the commencement of any program to insure the development of a production prototype. Any such finding by the Secretary under this subsection shall be transmitted to the relevant Committees of Congress 60 days prior to making such a finding along with a statement of basis and justification in support of such proposed finding. Nothing contained in this subsection shall affect the responsibility of the Secretary to insure the development of one or more prototypes of an advanced automobile or automobiles other than production prototypes of such automobile or automobiles."

What we are attempting to do, Mr. President, is recognize the sincere concern that some have, including myself, that the Administrator should not foster the development of production prototypes if the automotive industry is prepared to utilize the technology and produce the production prototypes themselves. I do not want the Federal Government getting involved in the production of automobiles; neither does my good friend from New Mexico, nor anyone else that I know of on the Senate floor. We are just assuring that, prior to the time the Administrator makes the decision to go ahead with the production of such prototypes, assuming that he has determined that the outside sources are not going to produce the production prototypes he must transmit to the relevant committees of Congress, 60 days in advance, notice of his decision to enable the Federal Government to go ahead and produce these production prototypes. But even if the Administrator should make a decision to produce production prototypes, I would like to make it absolutely clear that this does not involve the commercial production of automobiles. It involves the production of prototypes which is very different from the production of commercial automobiles.

We are trying, also, to make it clear with this amendment, that we do not want the Administrator to produce production prototypes if the private sector is going to do it once the technology has been developed. In the modification of the language that I have just proposed, we do not permit the Administrator to produce production prototypes if the private sector is doing it. The decision as to whether or not the private sector is doing it is a decision that is made by the Administrator. He must, however, notify Congress 60 days in advance of the development of production prototypes in regard to his decision which gives Congress an opportunity to evaluate whether the decision of the Administrator was a correct one or not. That will give us plenty of time to hold an oversight hearing to evaluate the Administrator's decision.

Mr. DOMENICI. Mr. President, I have seen the proposed substitute and participated in its preparation. I should like to put into perspective what I think it does. Obviously, the Senate was somewhat concerned about a number of things, but a couple that are very clear in the last vote is that they did not want this program, a program of research and development with reference to new engines for cars and, possibly, a new prototype, vested in the Department of Transportation. To that extent, this substitute takes care of that.

The Administrator of ERDA, not the Secretary of Transportation, is the one who is principally in charge of administering this program. That is No. 1.

Second, we have tried to make it extremely clear that the highest priority is the establishment of a research program that deals with a new propulsion system. That is the major priority under the substitute that we have worked out.

Third, it limits prototype development as follows: That it can only be built after a finding by the ERDA Administrator that the work is not being done by private and prior prototype work, and that such a finding has to be reported to the committees of the Congress 60 days prior to any affirmative or negative action in that regard. With that language, what I principally sought to do today will be done.

I repeat that I support the proposition of basic research and development in an orderly manner, directed at improving the automobile with reference to its engine, attempting to get one that will burn other than petroleum products, and certainly that would be clean, thus protecting automobility for Americans.

I think it is appropriate. There may be some who think we ought not to be in this, but I think in the compromise, we have protected those who voted on the last amendment and, certainly, the sponsor, the good Senator from California. We have protected his concern to have a little broader sphere of activity than just the engine.

With that, Mr. President, if the Senator from California wishes to withdraw the yeas and nays, I would have no objection to a voice vote.

Mr. TUNNEY. Fine.

Mr. President, I ask unanimous consent that the order for the yeas and nays be withdrawn.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Do Senators yield back their time?

Mr. TUNNEY. I am prepared to yield back my time.

Mr. DOMENICI. I yield back my time on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. TUNNEY. Does the Senator from New Mexico have anything more that he wants to say on the bill?

Mr. DOMENICI. I do not believe I do at this point.

Mr. TUNNEY. Before I yield back all our time and get a final vote—we have the yeas and nays on final passage, do we not, Mr. President?

The PRESIDING OFFICER. That is correct.

Mr. TUNNEY. I thank my friend from New Mexico for the willingness that he has shown in establishing a total research and development effort in ERDA for the development of an advanced automobile prototype. The Senator from New Mexico has no peer on the Senate floor insofar as interest in developing an energy-efficient engine and a clean, smog-free engine. He has worked on this proposal for a number of years, now, that I am aware of, since he has been on the Committee on Public Works. He has demonstrated not only knowledge, but also considerable legislative skill. He proved that point today with his 46 to 42 victory on his amendment.

So I should like to say I appreciate the fact that the Senator from New Mexico understands the desire that those of us on the Committee on Commerce to place under one roof the R. & D. effort to develop advanced automotive systems.

There are, at the moment, a number of different agencies that have regulatory authority over the automobile and are exercising that regulatory authority. There is a good deal of research and development that is ongoing in each of these agencies for the purposes of effectuating their regulatory responsibility. What we now have, if this bill passes and becomes the law, is a program whereby ERDA will be in charge of all the R. & D. focused on the development of an advanced automotive system. The regulatory groups will of course continue their programs. I think that is what the Senator from New Mexico wanted. We had, of course, a disagreement as to who should be the lead agency. We never had a disagreement as to who should be the lead agency with respect to the propulsion system, because ERDA clearly has that capacity and DOT does not.

We had a disagreement as to who should be the lead agency as it related to the total advanced automotive system, but the Senator won his vote on the Senate floor, and now I wish to express to him my appreciation that he understands my desire to have one agency responsible for all research and development on advanced vehicle systems. By the acceptance of my amendment we have done that, and it would not have been possible without his cooperation and his contribution. I want to thank him for it.

Mr. DOMENICI. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. Is all time yielded back?

Mr. DOMENICI. No; I yielded some time back on the amendment, but not on the bill.

Is there any time remaining on the bill?

The PRESIDING OFFICER. There is.

Mr. DOMENICI. I will not take much time. I wonder if the Senator from Michigan wanted to speak before we yield back all the time?

Mr. GRIFFIN. I thank the Senator from New Mexico. I would like to ask a question about the substitute which has been adopted, as I understand it. Is that correct?

Mr. DOMENICI. That is correct.

Mr. GRIFFIN. Unless the automobile companies in the private sector see fit to design and build a prototype of an "advanced automobile," as defined in this bill, it is my understanding that the Government would go forward with the design of a so-called advanced automobile just as though the substitute had not been adopted. Is that correct?

Mr. DOMENICI. Not entirely. I would say to my good friend from Michigan we have attempted to make the principal thrust of the research and development new engines, and then we have had, with reference to an overall prototype, that the administrator will determine whether or not he is to proceed, and will report 60 days prior to making such a decision in detail to the appropriate committees of the Senate.

Mr. TUNNEY. Committees of Congress.

Mr. GRIFFIN. But if the Administrator finds that an advanced automobile is not being developed—and after reading the definition of "advanced automobile" I am still unable to determine what it means—then the Government will go into the business of designing automobiles.

I will ask the Senator from California; is that correct?

Mr. TUNNEY. Well, the Senator from Michigan is correct to this extent: that if the technology which has been developed by ERDA is not utilized by the automotive industry, if they refuse to utilize it, then he can make a decision to go ahead and produce such a production prototype using Federal funds.

I might point out that there is no ability on the part of the Administrator to produce a commercial automobile, just a production prototype, and that can only be permitted if he decides, if he makes a determination, that the automobile industry is not utilizing the technology that ERDA has already developed. That is the whole point, I might say to the Senator from Michigan. If we are going to spend hundreds of millions of dollars or even tens of millions of dollars developing an advanced propulsion system and it works, and it is energy-deficient and it is smog-free then we are going to have some way of making sure that that technology works in an automobile.

It does no good to produce the technology and not have it work in an automobile.

Mr. GRIFFIN. Would the Senator yield back to me?

Mr. TUNNEY. Yes.

Mr. GRIFFIN. I thank the Senator very much.

I just close by saying that this is a ridiculous bill. The earlier amendment of the Senator from New Mexico made some improvement but the substitute just adopted would restore the authority for the Government to produce production prototypes of an advanced automobile.

I believe the senior Senator from Michigan earlier made a very valid point that if we are going to get the Government into the business of designing automobiles what else will be next. The day is not far off when we will have them designing vacuum cleaners, can openers, and who knows what else.

It might be better to have a bill which advocates in a straightforward manner the nationalization of the automobile industry, because if you are going to have the Government design cars that isn't a long way down the road.

We have passed many laws dealing with auto safety, auto emissions, and so forth, and in every instance it was always spelled out in the legislation or the legislative history that the Government would not design the automobile.

Now, the Senator from California is saying, "We do not have the Government producing the automobiles," but in this bill we are saying that the Government will design them.

Mr. TUNNEY. Not necessarily.

Mr. GRIFFIN. We are certainly not going to design an automobile without thereafter mandating that that Government-designed automobile will be the one the industry will have to produce.

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. GRIFFIN. I rest my case and I am ready to vote, Mr. President.

Mr. TUNNEY. The Government is not going to design the automobile unless the private sector does not want to utilize the technology developed by ERDA. If they do not want to utilize the technology developed by ERDA then the Government will design a production prototype.

I just point out to my dear friend from Michigan, who represents the great automobile industry in this country, that Detroit has not had any trouble at all producing tanks, planes, and other things for the Federal Government. That has not resulted in nationalization, and it is not going to result in nationalization to do a little bit of research and development on the automobile.

I am sick and tired of hearing the red herring of nationalization thrown out every time the Federal Government gets involved in a research and development operation that is designed to save energy and protect the health and welfare of the people.

It is all right for the Federal Government to do millions and millions of dollars of research and development when it is in the military sector, but when we are talking about it saving energy and protecting human lives, somehow that is nationalization, and that is poppycock.

Mr. GRIFFIN. Mr. President, so those who happen to read this debate will know what is meant by an "advanced automobile," I ask unanimous consent that the definition contained in the bill be printed at this point in the RECORD.

There being no objection, the section was ordered to be printed in the RECORD, as follows:

"(2) 'advanced automobile' means a personal use transportation vehicle propelled by fuel, which is energy-efficient, safe, damage-resistant, and environmentally sound and which—

"(A) requires, consistent with environmental requirements, the least total amount of energy to be consumed with respect to its fabrication, operation, and disposal, and represents a substantial improvement over existing automobiles with respect to such factors;

"(B) can be mass produced at the lowest possible cost consistent with the requirements of this title;

"(C) operates safely and with sufficient performance with respect to acceleration, cold weather starting, cruising speed, and other performance factors;

"(D) to the extent practicable, is capable of intermodal adaptability; and

"(E) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any requirement of Federal law, including, but not limited to, requirements with respect to fuel economy, exhaust emissions, noise control, safety, and damage resistance;

Mr. GRIFFIN. Although Congress has already imposed Federal regulations on virtually every aspect of private sector design and production of the automobile, this bill would carry the process to the extreme: it would put the Federal Government into the business of designing automobiles.

The bill authorizes $330 million for the Government to build an "advanced automobile"—whatever that is—which would be "energy-efficient, safe, damage resistant, and environmentally sound * * *."

Under the bill, the Secretary of Transportation is directed to develop production prototypes of such a "supercar" within 4 years. A production prototype is described as an automobile in its final development stage that can be produced commercially in volumes of more than 10,000 per year.

Ralph Nader once observed, "If there is one thing worse than GM producing cars, it would be the U.S. Government producing them." On that point, he was absolutely right.

Perhaps some Federal R. & D. to improve engine fuel efficiency and safety technology can be justified. Indeed, both the Department of Transportation and the Energy Research and Development Administration have active auto R. & D. programs already underway. Additional funds to speed up such efforts could be defended.

But it is wasteful and foolhardy in the extreme to move Government into the business of designing automobiles—or for that matter dishwashers, television sets, or vacuum cleaners. During hearings before the committee last year, Dr. James Kane, Acting Deputy Assistant Administrator of ERDA for Conservation, emphasized that:

> The Government does not have, and in my opinion, should not seek to develop, capabilities in engineering development and product improvement. In other words, the final phase, manufacturing, is an area in which industry has superior capabilities *and Government has almost none*. (emphasis added)

More recently, in March of this year, Dr. R. Rhoads Stephenson of the Jet Propulsion Laboratory at the California Institute of Technology strongly counseled the House Science and Technology Committee against "Government involvement in the production, engineering, tooling, or actual production."

Similar advice was given to the House Committee by Dr. Lawrence H. Linden of the Energy Laboratory at the Massachusetts Institute of Technology, who recommended that the Government should not "commence an Apollo-style crash program for the development of production prototypes * * *"

Those who genuinely seek to help consumers by holding down prices will resist this ridiculous, extravagant thrust toward more—not less—Government intervention. This legislation represents an unwise abandonment of the very economic system that has made our country great.

Mr. TUNNEY. Mr. President, I am prepared to yield back my time.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the bill, H.R. 13655, be considered immediately, and that all after the enacting clause of such bill be stricken, and the text of S. 3267, as amended, be inserted in its stead.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 13655) to establish a five-year research and development program leading to advanced automobile propulsion systems, and for other purposes.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. TUNNEY. Mr. President, I ask unanimous consent to indefinitely postpone consideration of S. 3267.

The PRESIDING OFFICER. Without ojection, it is so ordered.

The question is, Shall the bill (H.R. 13655), as amended, pass? The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. Eastland), the Senator from Indiana (Mr. Hartke), the Senator from Washington (Mr. Jackson), the Senator from Washington (Mr. Magnuson), the Senator from Missouri (Mr. Symington), and the Senator from New Jersey (Mr. Williams), are necessarily absent.

I also announce that the Senator from Indiana (Mr. Bayh), is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. Jackson), and the Senator from Washington (Mr. Magnuson), would each vote "yea".

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Kansas (Mr. Pearson), and the Senator from Ohio (Mr. Taft), are necessarily absent.

The result was announced—yeas 63, nays 27, as follows:

[Rollcall Vote No. 283 Leg.]

YEAS—63

Abourezk
Baker
Beall
Bentsen
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Domenici
Eagleton
Ford
Glenn
Gravel
Hart, Philip A.
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Mansfield
Mathias
McClellan
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevens
Stevenson
Stone
Tunney
Weicker

NAYS—27

Allen
Bartlett
Bellmon
Biden
Brock
Buckley
Bumpers
Byrd, Harry F., Jr.
Curtis
Dole
Durkin
Fannin
Fong
Garn
Griffin
Hansen
Hart, Gary
Helms
Hruska
McClure
Proxmire
Scott, William L.
Stennis
Talmadge
Thurmond
Tower
Young

NOT VOTING—10

Bayh
Eastland
Goldwater
Hartke
Jackson
Magnuson
Pearson
Symington
Taft
Williams

So the bill (H.R. 13655), as amended, was passed.

That the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.) is amended by adding at the end thereof the following new title:

"TITLE VI—RESEARCH AND DEVELOPMENT

"SHORT TITLE

"Sec. 601. This title may be cited as the 'Automotive Transport Research and Development Act of 1976'.

"FINDINGS AND PURPOSES

"Sec. 602. (a) Findings.—The Congress finds that—

"(1) Existing automobiles, on the average, fall short of meeting the long-term goals of the Nation with respect to safety, environmental protection, and energy conservation.

"(2) Advanced alternatives to existing automobiles could, with sufficient research and development effort, meet these long-term goals, and have the potential to be mass produced at reasonable cost. Such advanced automobiles could be operated with significantly less adverse environmental impact and fuel consumption than existing automobiles, while meeting all of the other requirements of Federal law.

"(3) Insufficient resources are being devoted, both by the Federal Government and by the private sector, to research and development of advanced automobiles and automobile components.

"(4) An expanded research and development effort by the Federal Government into advanced automobiles and automobile components would complement and stimulate corresponding efforts by the private sector and would encourage automobile manufacturers to consider seriously the substitution of such advanced alternatives for existing automobiles and automobile components.

"(5) The Nation's energy, safety, and environmental problems are urgent, and therefore advanced automobiles and automobile components should be developed, tested, and prepared for manufacture within the shortest practicable time.

"(b) Purposes.—It is therefore the purpose of the Congress in this title—

"(1) to make contracts and grants for, and support through obligation guarantees, research and development leading to production prototypes of advanced automobiles within 4 years from the date of enactment of this title, or within the shortest practicable time consistent with appropriate research and development techniques, and to secure the certification after testing of those prototypes which are likely to meet the Nation's long-term goals with respect to fuel economy, safety, environmental protection, and other objectives; and

"(2) to preserve, enhance, and facilitate competition in research, development, and production of existing and alternative automobiles and automobile components.

"DEFINITIONS

"Sec. 603. As used in this title, the term—

"(1) 'Administrator' means the Administrator of the Energy Research and Development Administration;

"(2) 'advanced automobile' means a personal use transportation vehicle propelled by fuel, which is energy-efficient safe, damage-resistant, and environmentally sound and which—

"(A) requires, consistent with environmental requirements, the least total amount of energy to be consumed with respect to its fabrication, operation, and disposal, and represents a substantial improvement over existing automobiles with respect to such factors;

"(B) can be mass produced at the lowest possible cost consistent with the requirements of this title;

"(C) operates safely and wtih sufficient performance with respect to acceleration, cold weather starting, cruising speed, and other performance factors;

"(D) to the extent practicable, is capable of intermodal adaptability; and

"(E) at a minimum, can be produced, distributed, operated, and disposed of in compliance with any requirement of Federal law, including, but not limited to, requirements with respect to fuel economy, exhaust emissions, noise control, safety, and damage resistance;

"(3) 'damage resistance' refers to the ability of an automobile to withstand physical damage when involved in an accident;

"(4) 'developer' means any person engaged in whole or in part in research or other efforts directed toward the development of **production prototypes** of an advanced automobile or automobiles;

"(5) 'fuel' means any energy source capable of propelling an automobile;

"(6) 'fuel economy' refers to the average number of miles traveled in representative driving conditions by an automobile per gallon of fuel consumed, as determined by the Administrator of the Environmental Protection Agency, in accordance with test procedures established by rule. Such procedures shall require that fuel economy tests be conducted in conjunction with emissions tests mandated by section 206 of the Clean Air Act (42 U.S.C. 1857f–5);

"(7) 'intermodal adaptability' refers to any characteristic of an automobile which enables it to be operated or carried, or which facilitates such operation or carriage, by or on an alternate mode or other system of transportation;

"(8) 'production prototype' means an automobile which is in its final stage of development and which is capable of being placed into production, for sale at retail, in quantities exceeding 10,000 automobiles per year;

"(9) 'reliability' refers to the average time and distance over which normal automobile operation can be expected without repair or replacement of parts, and to be ease of diagnosis and repair of an automobile and of its systems and parts which fail during use or which are damaged in an accident;

"(10) 'safety' refers to the performance of an automobile or automobile equipment in such a manner that the public is protected against unreasonable risk or accident and against unreasonable risk of death or bodily injury in case of accident;

"(11) 'Secretary' means the Secretary of Transportation;

"(12) 'State' means any State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or any other territory or possession of the United States; and

"(13) 'Vehicle Certification Board' means the Low-Emission Vehicle Certification Board established pursuant to section 212 of the Clean Air Act (42 U.S.C. 1857f-6e).

"DUTIES OF THE ADMINISTRATOR

"SEC. 604. (a) GENERAL.—The Administrator shall establish a program to insure the development of one or more production prototypes of an advanced automobile or advanced automobiles within 4 years after the date of enactment of this title, or within the shortest practicable time consistent with appropriate research and development techniques and which utilizes, to the maximum extent practicable, nonpetroleum base fuels. In furtherance of the purposes of this title, and in order to stimulate such development of an advanced automobile by private interests, the Administrator shall—

"(1) make contracts and grants for research and development efforts which are likely to lead or contribute to the development of an advanced automobile or advanced automobiles in accordance with the provisions of section 607 of this title;

"(2) make obligation guarantees for research and development efforts which show promise of leading or contributing to the development of an advanced automobile or advanced automobiles, in accordance with the provisions of section 608 of this title;

"(3) establish and conduct new projects and accelerate existing projects which may contribute to the development of production prototypes of an advanced automobile or advanced automobiles;

"(4) test or direct the testing of production prototypes, and secure certification as advanced automobiles for those which meet the applicable requirements, in accordance with section 609 of this title;

"(5) collect, analyze, and disseminate to developers information, data, and materials that may be relevant to the development of an advanced automobile or advanced automobiles;

"(6) prepare and submit studies, as required under section 612 of this title; and

"(7) evaluate any reasonable new or improved technology, a description of which is submitted to the Administrator in writing, which could lead or contribute to the development of an advanced automobile.

"(b) LIMITATION.—Nothing contained in this section shall permit the Administrator to utilize the authority contained in this title for the purpose of constructing any production protoype of an advanced automobile if the Administrator finds that such efforts would duplicate efforts outside the Federal Government. Such finding by the Administrator under this subsection shall be transmitted to the relevant committees of Congress along with a statement of basis and justification in support of such proposed finding. Nothing contained in this subsection shall affect the responsibility of the Administrator to insure the development of one or more prototypes of an advanced automobile or automobiles other than production prototypes of such automobile or automobiles.

Prior to the commencement of any program to insure the development of a production prototype, 60 days prior to making such finding.

"COORDINATION BETWEEN THE ADMINISTRATOR AND THE SECRETARY

"SEC. 605. (a) The Administrator shall have overall management responsibility for carrying out the program under this title. In carrying out such program, the Administrator, consistent with such overall management responsibility—

"(1) shall utilize the Department of Transportation, to the maximum extent practicable and in accordance with subsection (c), in carrying out any activities under this title; and

"(2) may utilize any other Federal agency (except as provided in paragraph (1)), in accordance with subsection (c), in carrying out any duties under this title, to the extent that the Administrator determines that any such agency has capabilities which would allow such agency to contribute to the attainment of the purposes of this title.

"(b) The Secretary of Transportation, whenever the Department of Transportation is utilized under subsection (a), may exercise the powers granted to the Administrator under subsection (c) and under sections 606, 607, and 608, subject to the overall management responsbility of the Administrator.

"(c) In addition to the powers specifically enumerated in any other provision of this title, the Administrator may, in order to carry out this title, obtain the assistance of any department, agency, or instrumentality of the executive branch of the Federal Government upon written request, on a reimbursable basis or otherwise, and with the consent of such department, agency, or instrumentality, identifying the assistance the Administrator deems necessary to carry out any duty under this title.

"POWERS OF THE ADMINISTRATOR

"SEC. 606. In addition to the powers specifically enumerated in any other provision of this title, the Administrator is authorized to—

"(1) appoint such attorneys, employees, agents, consultants, and other personnel as the Administrator deems necessary, define the duties of such personnel, determine the amount of compensation and other benefits for the services of such personnel and pay them accordingly;

"(2) procure temporary and intermittent services to the same extent as is authorized under section 3109 of title 5, United States Code, but at rates not to exceed $150 a day for qualified experts;

"(3) enter into, without regard to section 3709 of the Revised Statutes, as amended (41 U.S.C. 5), such contracts, leases, cooperative agreements, or other transactions as may be necessary in the conduct of duties under this title, with any government agency or any person; and

"(4) purchase, lease, or otherwise acquire, improve, use, or deal in and with any property; sell, mortgage, lease, exchange, or otherwise dispose of any property or other assets; and accept gifts or donations of any property or services in aid of any purpose of this title.

"CONTRACTS AND GRANTS

"SEC. 607. (a) GENERAL.—(1) The Administrator shall provide funds, by contract and grant, to initiate, continue, supplement, and maintain research and development programs or activities which, in the Administrator's judgment, appear likely to lead or contribute to the development, in production prototype form, of an advanced automobile or advanced automobiles.

The Administrator shall give priority to the development of advanced propulsion systems for advanced automobiles.

"(2) The Administrator is authorized to make such contracts and grants with any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(b) CONSULTATION.—In addition to the requirements of section 605 of this title, the Administrator, in the exercise of duties and responsibilities under this section, shall consult with the Administrator of the Environmental Protection Agency, the Secretary of Transportation, and shall establish procedures for periodic consultation with representatives of science, industry, and such other groups as may have special expertise in the areas of automobile research, development, and technology. The Administrator may establish an advisory panel or panels to review and to make recommendations with respect to applications for funding under this section.

"(c) PROCEDURE.—Each contract and grant under this section shall be made in accordance with such rules and regulations as the Administrator shall prescribe in accordance with the provisions of this section and of section 602 of this title. Each application for funding shall be made in writing in such form and with such content and other submissions as the Administrator shall require.

"OBLIGATION GUARANTEES

"SEC. 608. (a) GENERAL.—(1) The Administrator is authorized, in accordance with the provisions of this section and such rules and regulations as the Administrator shall prescribe, to guarantee, and to make commitments to guarantee, the payment of interest on, and the principal balance of, loans and other obligations, if the obligation involved is, or will be, entered into in order to initiate, continue, supplement, and maintain research and development programs or activities which, in the Administrator's judgment, appear likely to lead to the development, in production prototype form, and to the availability of an advanced automobile or advanced automobiles. Each application for such an obligation guarantee shall be made in writing to the Administrator in such form and with such content and other submissions as the Administrator shall require, in order reasonably to protect the interests of the United States. Each guarantee and commitment to guarantee shall be exended in such form, under such terms and conditions, and pursuant to such regulations as the Administrator deems appropriate in order to reasonably protect the interests of the United States. Each guarantee and commitment to guarantee shall inure to the benefit of the holder of the obligation to which such guarantee or commitment applies. The Administrator is authorized to approve any modification of any provision of a guarantee or a commitment to guarantee such an obligation, including the rate of interest, time of payment of interest or principal, security, or any other terms or conditions, upon a finding by the Administrator that such modification is equitable, not prejudicial to the interests of the United States, and has been consented to by the holder of such obligation.

"(2) The Administrator is authorized to so guarantee and to make such commitments to any Federal agency, laboratory, university, nonprofit organization, industrial organization, public or private agency, institution, organization, corporation, partnership, or individual.

"(3) All guarantees issued by the Administrator under this section shall constitute general obligations of the United States backed by the full faith and credit of the United States Government.

"(b) EXCEPTION.—No obligation shall be guaranteed by the Administrator under subsection (a) of this section unless the Administrator finds that no other reasonable means of financing or refinancing is reasonably available to the applicant.

"(c) Charges.—(1) The Administrator shall charge and collect such amounts as the Administrator may deem reasonable for the investigation of applications for the guarantee of an obligation, for the appraisal of properties offered as security for such a guarantee, or for the issuance of commitments to guarantee.

"(2) The Administrator shall set a premium charge of not more than 1 percent per year for a loan or other obligation guaranteed under this section.

"(d) Validity.—No guarantee or commitment to guarantee an obligation entered into by the Administrator shall be terminated, canceled, or otherwise revoked, except in accordance with reasonable terms and conditions prescribed by the Administrator and in effect at the time such guarantee or commitment was entered into.

"(e) Default and Recovery.—(1) If there is a default in any payment by the obligor of interest or principal due under an obligation guaranteed by the Administrator under this section, and such default has continued for 60 days, the holder of such obligation shall have the right to demand payment by the Administrator of such unpaid amount. Within such period as may be specified in the guarantee or related agreements, but not later than 45 days from the date of such demand, the Administrator shall promptly pay to such holder the unpaid interest on, and unpaid principal of, the obligation guaranteed by the Administrator as to which the obligor has defaulted, unless the Administrator finds that there was no default by the obligor in the payment of interest or principal or that such default has been remedied.

"(2) If a payment is made by the Administrator under paragraph (1) of this subsection, the Administrator shall have all rights specified in the guarantee or related agreements with respect to any security which the Administrator held with respect to the guarantee of such obligation, including, but not limited to, the authority to complete, maintain, operate, lease, sell or otherwise dispose of any property acquired pursuant to such guarantee or related agreements.

"(3) If there is a default under any guarantee or commitment to guarantee an obligation, the Administrator shall notify the Attorney General who shall take such action against the obligor or any other parties liable thereunder as is necessary to protect the interests of the United States. The holder of such obligation shall make available to the United States all records and evidence necessary to prosecute any such action.

"(f) Authorization for Appropriations.—There are authorized to be appropriated to the Administrator such sums as are necessary, not to exceed $175,000,000, to pay the interest on, and the principal balance of, any obligation guaranteed by the Administrator as to which the obligor has defaulted: *Provided,* That the outstanding indebtedness guaranteed under this section shall not exceed $175,000,000.

"TESTING AND CERTIFICATION

"Sec. 609. (a) Environmental Protection Agency.—The Administrator of the Environmental Protection Agency shall test, or cause to be tested, in a facility subject to Environmental Protection Agency supervision, each production prototype of an automobile developed in whole or in part with Federal financial assistance under this title, or referred to the Environmental Protection Agency for such purpose by the Administrator, to determine whether such production prototype complies with any exhaust emission standards or any other requirements promulgated or reasonably expected to be promulgated under any provision of the Clean Air Act (42 U.S.C. 1857 et seq.), the Noise Control Act of 1972 (42 U.S.C. 4901), or any other provision of Federal law administered by the Administrator of the Environmental Protection Agency. In conjunction with any test for compliance with exhaust emission standards under this section, the Administrator of the Environmental Protection Agency shall also conduct tests to determine the fuel economy of such prototype automobile. Such Administrator shall submit all test data and the results of such tests to the Vehicle Certification Board.

"(b) Administrator.—The Administrator shall test, or shall cause to be tested in a facility subject to supervision by the Administrator, all production prototype of advanced automobiles which the Administrator or a developer may submit to the Vehicle Certification Board for certification under subsection (c) of this section. Such tests shall be conducted, according to testing procedures to be developed by the Administrator, to determine whether each such automobile complies with any standards promulgated as of the date of such testing or reasonably expected to be promulgated prior to the sale at retail of such automobile, under any provision of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1381), the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 1901 et seq.), the Automobile Information Disclosure Act (15 U.S.C. 1232), and any other statute enacted by Congress and applicable to automobiles. The Administrator shall also refer any such automobile to the Administrator of the Environmental Protection Agency for testing pursuant to the provisions of subsection (a) of this section. All production prototypes of advanced automobiles may be submitted to the Administrator for testing under this subsection, including vehicles developed without any Federal financial assistance under this title. All test data and the results of all tests conducted by the Administrator, or subject to the Administrator's supervision, shall be submitted to the Vehicle Certification Board, together with all conclusions, and reasons therefor, with respect to whether the automobile tested merits certification as an advanced automobile. The Administrator, or the Administrator of the Environmental Protection Agency, if appropriate, shall conduct, or cause to be conducted, any additional tests which are requested by the Vehicle Certification Board and shall furnish to such Board any other information which it requests or which is deemed to be necessary or appropriate.

"(c) Vehicle Certification Board.—Upon application by a developer or by the Administrator, with respect to a production prototype of a particular automobile or automobiles, and upon the receipt of all required and relevant test data and test results pursuant to subsection (a) and (b) of this section, the Vehicle Certification Board shall certify such automobile as an advanced automobile or shall issue a denial of such certification with reasons therefor. Each application for certification shall be made to the Vehicle Certification Board in writing, in such form and with such content and other submissions as such Board may require. Each determination as to certification shall be made in accordance with such reasonable rules and regulations as such Board shall prescribe.

"PATENTS

"Sec. 610. (a) Title to Inventions.—Whether an invention is made or conceived during, or in the course of, or as a consequence of, activity conducted in accordance with or related to a contract made or entered into under this title, title to such invention shall vest in the United States, if the Administrator determines that—

"(1) the person who made the invention was employed or assigned to perform research or development work, and that the invention is related to the work such person was employed or assigned to perform, or that it was within the scope of such person's employment duties, whether or not the invention was made during working hours and whether or not the invention was made with a contribution from the Government; or

"(2) the invention is related to the contract, or to the work or duties which the person who made the invention was employed or assigned to perform, even though such person was not employed or assigned to perform research or development work, if the invention was made during working hours, or if it was made with a contribution from the Government.

As used in this subsection, the term 'contribution from the Government' includes the use of Government facilities, equipment, materials, allocated funds, information proprietary to the Government, or any services during working hours of Government employees. If patents are issued on such an invention the patents shall be issued to the United States, unless in particular circumstances the Administrator, in accordance with this section, waives all or any part of the rights of the United States.

"(b) Report.—Each contract entered into by the Administrator under this title with any person shall contain effective provisions requiring such person to furnish a prompt and written report to the Administrator with respect to any invention, discovery, improvement, or innovation which may be made in the course of, or as a consequence of, activity conducted in accordance with or related to such contract. Each such report shall contain accurate and complete technical information, in accordance with specifications of the Administrator.

"(c) Waiver.—The Administrator may waive all or any part of the rights of the United States with respect to any invention or class of inventions which is made, or which may be made, by any person or class or persons in the course of, or as a consequence of, activity conducted in accordance with, or related to, any contract under this title, pursuant to regulations prescribed by the Administrator in conformity with the provisions of this section, if the Administrator determines that the interests of the United States and of the general public would best be served by such a waiver. The Administrator shall maintain and periodically update a publicly available record of waiver determinations. In making such determinations, the Administrator shall strive to—

"(1) make the benefits of the advanced automobile research and development program widely available to the public in the shortest practicable time;

"(2) promote the commercial utilization of such inventions;

"(3) encourage participation by private persons in the Administrator's advanced automobile research and development program; and

"(4) foster competition and prevent undue market concentration, or the creation or maintenance of other situations inconsistent with the antitrust laws.

"(d) Contract Waivers.—In determining whether it would best serve the interests of the United States and of the general public to grant such a waiver to a contractor at the time a contract is entered into, the Administrator shall include as considerations—

"(1) the extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

"(2) the extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

"(3) the extent to which the contractor's commercial position may expedite utilization of the research and development program results;

"(4) the extent to which the Government has contributed to the field of technology to be funded under the contract;

"(5) the purpose and nature of the contract, including the intended use of the results developed thereunder;

"(6) the extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

"(7) the extent to which the field of technology to be funded under the contract has been developed at the contractor's private expense;

"(8) the extent to which the Government intends to further develop, to the point of commercial utilization, the results of the contract effort;

"(9) the extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

"(10) the likely effect of the waiver on competition and market concentration; and

"(11) the extent to which a contractor, which is a nonprofit educational institution, has a technology transfer capability and program which is approved by the Administrator as being consistent with the applicable policies of this subsection.

"(e) Subsequent Waivers.—In determining whether it would best serve the interests of the United States and of the general public to grant such a waiver at a subsequent date to a contractor or to an inventor, with respect to an identified invention, the Administrator shall specifically consider (1) paragraphs (4) through (11) of subsection (d), as applied to such invention; (2) the extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercial distribution of such invention; and (3) the extent to which the plans, intentions, and ability of the contractor or inventor are likely to result in expeditious commercial distribution of such invention.

"(f) Reservations.—Whenever title to an invention is vested in the United States, a revocable or irrevocable, nonexclusive, and paid-up license for the practice of such invention throughout the world may be reserved to the contractor or to the inventor thereof. The rights to such an invention may be similarly reserved in any foreign country in which the United States has elected not to secure patent rights and in which such contractor or inventor elects to secure a patent, subject to the rights described in subsections (h) (2), (h) (3), (h) (6), and (h) (7) of this section: *Provided*, That such a contractor or inventor shall 3 years after the date of issuance of such a patent, and at any time upon the specific request of the Administrator, submit the report specified in subsection (h) (1) of this section.

"(g) Licenses.—(1) Subject to subsection (g) (2) of this section, the Administrator shall determine and promulgate regulations specifying the terms and conditions upon which licenses may be granted in any invention to which title is vested in the United States.

"(2) Pursuant to subsection (g) (1) of this section and after notice and an opportunity for a hearing, the Administrator may grant exclusive or partially exclusive licenses in any invention, only if the Administrator determines that—

"(A) the proposed license would best serve the interests of the United States and of the general public, in light of the applicant's intentions, plans, and capacity to bring such invention to practical or commercial applications;

"(B) the desired practical or commercial applications of such invention have not been achieved, or are not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on such invention;

"(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to make available the risk capital and other financing necessary to bring the invention to the point of practical or commercial applications; and

"(D) the terms and scope of exclusivity of the proposed license are not substantially greater than are necessary to provide sufficient incentive for bringing such invention to the point of practical or commercial applications, and to provide the licensee with sufficient opportunity to recoup its costs and to earn a reasonable profit thereon: *Provided*, That the Administrator shall not grant such an exclusive or partially exclusive license if the Administrator determines that the grant of such a license will tend substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates. The Administrator shall maintain and periodically update a publicly available record of determinations concerning applications for and the grant of such licenses.

"(h) Terms and Conditions.—Any waiver of rights, and any grant of an exclusive or partially exclusive license, shall contain such terms and conditions as the Administrator may determine to be appropriate for the protection of the interests of the United States and of the general public. Such terms and conditions may include, but need not be limited to—

"(1) periodic written reports, at reasonable intervals and at any time when specifically requested by the Administrator, on the commercial use that is being made or is intended to be made of the invention involved;

"(2) the right, at a minimum, of an irrevocable, nonexclusive, and paid-up license to make, use, and sell the invention involved throughout the world, by or on behalf of the United States (including any Government agency) and by or on behalf of the States and their political subdivisions, unless the Administrator determines that it would not be in the public interest to acquire such a license for the States and their political subdivisions;

"(3) the right in the United States to sublicense any foreign government to make, use, and sell the invention involved, pursuant to any existing or future treaty or agreement, if the Administrator determines it would be in the national interest to acquire this right;

"(4) the reservation in the United States of the rights to the invention involved in any country in which the contractor does not file an application for a patent within such time as the Administrator shall determine;

"(5) the right in the Administrator to require the granting of a nonexclusive, exclusive, or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances (A) to the extent that the invention involved, or an application thereof, is required for public use by governmental regulations; (B) to the extent that it may be necessary to fulfill health, safety, or energy needs; or (C) for such other purposes as may be stipulated in the applicable agreement;

"(6) the right in the Administrator to terminate the waiver or license involved, in whole or in part, unless the person who receives such waiver of rights or who is granted such license demonstrates to the satisfaction of the Administrator that such person has taken, or that such person will take within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved;

"(7) the right in the Administrator, commencing 3 years after the grant of a license and 4 years after the effective date of a waiver of rights to an invention, to require the granting of a nonexclusive or partially exclusive license to any responsible applicant, upon terms reasonable under the circumstances, and the right in the Administrator under appropriate circumstances, to terminate such a waiver or license, in whole or in part, following the filing of a petition with the Administrator, by an interested person, and after notice and an opportunity for a hearing—

"(A) if the Administrator after providing an opportunity to the recipient of such waiver or license, and to any other interested person, to submit such relevant and material information as may be appropriate and after reviewing such information, determines that such waiver or license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates; or

"(B) unless the recipient of such waiver or license demonstrates to the satisfaction of the Administrator at such hearing that such recipient has taken, or that such recipient will take, within a reasonable time thereafter, effective steps to accomplish substantial utilization of the invention involved.

"(i) Notice.—The Administrator shall cause a notice to be published periodically, not less than once each year, in the Federal Register and in other appropriate publications, including the electronic media, advising the public of the right to have a hearing, as provided in subsection (h) (7) of this section, and of the availability of the records of determinations under this section.

"(j) Small Business.—If the applicant for a waiver of rights to an invention or for a license is a small business, as defined by regulations of the Small Business Administration, the Secretary shall consider and accord weight to such factor.

"(k) Other Licenses.—Whenever the Administrator, pursuant to such regulations as the Administrator shall prescribe, and upon the application by any person, determines that—

"(1) a right under any patent, which is not otherwise reasonably available, is reasonably necessary, in furtherance of the policy of fostering expeditious commercial application of advanced automotive technologies, to the development, demonstration, or commercial application of any advanced automotive invention, process, or system; and

"(2) there are no other reasonable methods to achieve such development, demonstration, or commercial application,

the Administrator shall so certify to an appropriate district court of the United States. The Administrator shall petition such court to order the owner and/or the exclusive licensee of such patent to grant a license thereunder at such reasonable royalty and on such reasonable and nondiscriminatory terms and conditions as the court shall determine. The court shall provide such patentee or exclusive licensee, or both, as appropriate, an opportunity for a hearing, including a de novo review of the determination of the Administrator. The appropriate district court shall be the district court for the judicial district in which the patentee or the exclusive licensee of such patent resides, does business, or is found.

"(l) Protection.—The Administrator is authorized to take all necessary and appropriate steps, which are suitable, to protect any invention or discovery to which the United States holds title. The Administrator shall require that any contractor or other person, who acquires rights to an invention under this section, protect such invention.

"(m) Definitions.—As used in this section, the term—

"(1) 'contract' means any contract, grant, agreement, understanding, obligation guarantee, or other arrangement which involves any research and development work; the term includes any assignment, substitution of parties, or subcontract thereunder;

"(2) 'contractor' means any person who has a contract with, or on behalf of, the Administrator under this title;

"(3) 'invention' means any invention or discovery, whether patented or unpatented; and

"(4) 'made', when used in relation to any invention, means the conception or first actual reduction to practice of such invention.

"RECORDS, AUDIT, AND EXAMINATION

"SEC. 611. (a) RECORDS.—Each recipient of financial assistance or guarantees under this title, whether in the form of grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements, shall keep such records as the Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of such total cost which was supplied by other sources, and such other records as will facilitate an effective audit.

"(b) AUDIT AND EXAMINATION.—The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after completion of the project or undertaking referred to in subsection (a) of this section, have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which in the opinion of the Administrator or the Comptroller General may be related or pertinent to the grants, subgrants, contracts, subcontracts, obligation guarantees, or other arrangements referred to in such subsection.

"REPORTS

"SEC. 612. On or before July 1 of each year, the Administrator shall submit to Congress an annual report of activities under this title. Such report shall include, but need not be limited to—

"(1) an account of the state of automobile research and development in the United States;

"(2) the number and amount of contracts and grants made and of obligations guaranteed;

"(3) the progress made in developing production prototypes of advanced automobiles within the shortest practicable time after the date of enactment of this title; and

"(4) suggestions for improvements in advanced automobile research and development, including recommendations for legislation.

"GOVERNMENT PROCEDURE

"SEC. 613. The Administrator of General Services shall consult periodically with the Vehicle Certification Board to determine when production prototypes of an advanced automobile are likely to be available. After a production prototype has been certified, under section 609(c) of this title, as an advanced automobile, the Vehicle Certification Board, in conjunction with the Administrator of General Services, shall prescribe such regulations as are necessary to require all Federal agencies to procure and to use such advanced automobiles to the maximum extent feasible. Such Administrator shall, with the assistance of such Board, provide technical specifications and other information with respect to automobiles certified under this title as advanced automobiles. Such Administrator, and all other appropriate officers of the United States shall take all steps which are necessary or appropriate to comply with and to implement such regulations, with respect to all Federally owned motor vehicles, by the earliest practicable date.

"RELATIONSHIP TO ANTITRUST LAWS

"SEC. 614. (a) DISCLAIMER.—Nothing in this title shall be deemed to convey to any person any immunity from civil or criminal liability, or to create any defenses to actions, under the antitrust laws.

"(b) ANTITRUST LAWS DEFINED.—As used in this section, the term 'antitrust laws' means the Act of July 2, 1890 (15 U.S.C. 1 et seq.), as amended; the Act of October 15, 1914 (15 U.S.C. 12 et seq.), as amended; the Federal Trade Commission Act (15 U.S.C. 41 et seq.) sections 73 and 74 of the Act of August 27, 1894 (15 U.S.C. 8 and 9), as amended; and the Act of June 19, 1936, ch. 592 (15 U.S.C. 13, 13a, and 212), as amended.

"AUTHORIZATION FOR APPROPRIATION

"SEC. 615. There are authorized to be appropriated to carry out the purposes of this title, other than section 608 of this title, funds not to exceed $55,000,000 for the fiscal year ending September 1977, and not to exceed $100,000,000 for the fiscal year ending September 30, 1978.".

Mr. TUNNEY. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MANSFIELD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to H.R. 13655.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER TO INDEFINITELY POSTPONE S. 3267 AND S. 1632

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Calendar No. 793, S. 3267, a bill to amend the Motor Vehicle Information and Cost Savings Act, and Calendar No. 794, S. 1632, a bill to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

SEA GRANT PROGRAM IMPROVEMENT ACT OF 1976

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 806, S. 3165, and that it be laid down and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

> A bill (S. 3165) to establish a national marine science and technology policy for the United States, to extend the national sea grant program, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committees on Labor and Public Welfare and Commerce, with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Sea Grant Program Improvement Act of 1976".

SEC. 2. DECLARATION OF POLICY.

(a) FINDINGS.—The Congress finds and declares that the program and activities initiated and conducted under the authority of the National Sea Grant College and Program Act of 1966 (33 U.S.C. 1122 et seq.), have made significant, visible, and long-lasting contributions to the well-being of the Nation and have served to focus national attention on, and to improve the Nation's capabilities with respect to, the ocean and coastal resources of the United States.

(b) PURPOSE.—It is the purpose of the Congress in this Act to (1) extend the national sea grant program, and (2) broaden and strengthen the national sea grant program—

(A) by authorizing sea grant colleges and other institutions to join in sea grant regional consortia; by establishing a sea grant review panel of outside experts; by creating a sea grant fellowship program; and by providing for coordination with related ocean and coastal resource activities; and

(B) by providing a coordination and planning mechanism for such program within the National Oceanic and Atmospheric Administration, in the form of an Office of Marine Resources, Science, and Technology.

TITLE I

SEC. 101. AMENDMENT TO THE NATIONAL SEA GRANT COLLEGE AND PROGRAM ACT OF 1966.

The National Sea Grant College and Program Act of 1966 (33 U.S.C. 1122 et seq.) is amended to read as follows:

"SEC. 101. SHORT TITLE.

"This title may be cited as the 'National Sea Grant Act'.

"SEC. 102. DECLARATION OF POLICY.

"(a) FINDINGS.—The Congress finds and declares the following:

"(1) The vitality of the Nation and the quality of life of its citizens depend increasingly on the understanding, assessment, development, utilization and conservation of ocean and coastal resources and the marine environment. These resources can supply food, energy, and minerals and can contribute to human health, the quality of the environment, national security, and the enhancement of commerce.

"(2) A strong educational base, responsive research and training activities, and broad and prompt dissemination of knowledge and techniques (backed by a successful marine resources, science, and technology program), are essential prerequisites to such understanding, assessment, development, utilization, and conservation.

"(3) These national objectives require, for their continuing and increasing realization, a broad commitment and an intense involvement on the part of the Federal Government in continuing partnership with State and local governments, private industry, universities, organizations and individuals concerned with or affected by ocean and coastal resources and the marine environment.

"(4) The National Oceanic and Atmospheric Administration, through the Office of Marine Resources, Science, and Technology and the national sea grant program, offers the most suitable locus and focus to promote and maintain such activities. Continued and increased Federal support of the establishment, development, and operation of programs by sea grant colleges and regional consortia, institutions of higher education, institutes, laboratories, and public or private entities is the most cost-effective way to satisfy these national needs.

"(b) PURPOSE.—It is therefore declared to be the purpose of the Congress in this Act to extend and strengthen the national sea

grant program, initially established in 1966, to promote research, education, training, and advisory service activities in fields related to ocean and coastal resources.

"SEC. 103. DEFINITIONS.

"As used in this Act, unless the context otherwise requires:

"(1) The term 'Administration' means the National Oceanic and Atmospheric Administration.

"(2) The term 'Administrator' means the Administrator of the National Oceanic and Atmospheric Administration.

"(3) The term 'Associate Administrator' means the Associate Administrator who directs and supervises the activities of the Office.

"(4) The term 'coastal environment' means the coastal zone, as defined in section 304(2) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(a)).

"(5) The term 'coastal resource' means any living, nonliving, or manmade resource of, or any other tangible or intangible, actual or potential, resource located in, derived from, or traceable to, the coastal environment. Such term includes the habitat of any such living resources, the coastal space, the ecosystems, the nutrient-rich areas, and the other components of the coastal environment which contribute to or provide (or which are capable of contributing to or providing) recreational, scenic, esthetic, biological, habitational, commercial, economic, or conservation values. Living resources include natural and cultured plant life, fish, shellfish, marine mammals, and wildlife. Nonliving resources include energy sources, minerals, and chemical substances.

"(6) The term 'Director of the program' means the Director of the national sea grant program, appointed pursuant to section 104 (b) of this Act.

"(7) The term 'fields related to ocean and coastal resources' means any discipline or field which is concerned with, or likely to improve, the Nation's understanding, assessment, development, utilization, and conservation of ocean and coastal resources. The fields involved include marine science and technology (and the physical, natural, and biological sciences, and engineering, included therein) as well as education, economics, sociology, communications, planning, law and international affairs, and public administration.

"(8) The term 'includes' and variants thereof should be read as if the phrase 'but is not limited to' were also set forth.

"(9) The term 'marine environment' means the coastal environment; the seabed, subsoil, and waters of the territorial sea of the United States; the waters of the fisheries conservation zone of the United States; the waters of the high seas; and the seabed and subsoil of and beyond the Outer Continental Shelf.

"(10) The term 'ocean resource' means the marine environment and any living, nonliving, or manmade resource of, or any other tangible or intangible, actual or potential, resource located in, derived from, or traceable to the marine environment. Such term includes the habitat of any such living resources, the coastal space, the ecosystems, the nutrient-rich areas, and the other components of the marine environment which contribute to or provide (or which are capable of contributing to or providing) recreational, scenic, esthetic, biological, habitational, commercial, economic, or conservation values. Living resources include natural and cultured plant life, fish, shellfish, marine mammals, and wildlife. Nonliving resources include energy sources, minerals, and chemical substances.

"(11) The term 'Office' means the Office of Marine Resources, Science, and Technology of the Administration.

"(12) The term 'panel' means the sea grant review panel established under section 108 of this Act.

"(13) The term 'sea grant college' means any public or private institution of higher education which (A) conducts sea grant programs, (B) meets specified criteria, and (C) is designated as such by the Secretary.

"(14) The term 'sea grant program' means a program of research, education, training, and advisory service activities in fields related to ocean and coastal resources, and which are supported by contracts with, or grants from, the Federal Government pursuant to the provisions of this Act.

"(15) The term 'sea grant regional consortium' means a combination or other association of two or more sea grant colleges, institutions of higher education, institutes, laboratories, and/or other public or private entities, which (A) is established for the purpose of sharing expertise, research, educational, and/or training facilities, and other capabilities, in order to facilitate research, education, training, and/or advisory service activities in fields related to ocean and coastal resources; (B) meets specified criteria; and (C) is designated as such by the Secretary.

"(16) The term 'Secretary' means the Secretary of Commerce.

"(17) The term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Mariana Islands, or any other territory or possession of the United States.

"SEC. 104. NATIONAL SEA GRANT PROGRAM.

"(a) IN GENERAL.—There shall be maintained, within the Administration, a program to be known as the national sea grant program. The national sea grant program shall include, and it shall promote, research, education, training, and information dissemination and other advisory services (such as publications, practical demonstrations, instruction, and otherwise) in fields related to ocean and coastal resources. Such program shall include the making of contracts and grants under subsection (c).

"(b) DIRECTOR.—The national sea grant program shall be administered by a Director. The Director of the program shall be appointed by the Administrator, and shall be an individual who is especially qualified, by reason of knowledge, training, or experience, to direct an ocean and coastal resources program of the nature of the national sea grant program. The Director of the program shall be appointed and compensated, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, at a rate not in excess of the maximum rate for GS-18 of the General Schedule under section 5332 of such title.

"(c) CONTRACTS AND GRANTS.—(1) The Secretary shall, to the extent of appropriated funds and subject to subsection (d), enter into contracts and make grants to meet the needs and problems of individual States and regions. The total amount paid pursuant to any such grant or contract shall not exceed 66⅔ percent of the total cost of the program, project, or activity involved. The Secretary may enter into contracts under this subsection without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

"(2) Any sea grant college; sea grant regional consortium; State or local sea grant program; and any other institution of higher education, institute, laboratory, person, and/or public or private entity engaged in, or capable of engaging in, research, education, training, or advisory service activities in fields related to ocean and coastal resources may, in accordance with regulations promulgated by the Secretary, apply for financial assistance in the form of grants or contracts under this subsection. Any such application shall be made in writing in such form and with such content and other submissions as may be required.

"(d) LIMITATIONS ON CONTRACTS AND GRANTS.—(1) No payment may be made, in whole or in part, under any grant or contract awarded or entered into pursuant to subsection (c) if such payment is or will be applied to—

"(A) the purchase or lease of any land; or

"(B) the purchase, lease, construction, preservation, or repair of any building, dock, or vessel, except as otherwise provided in this paragraph.

Such payments may, if approved by the Director of the program, be applied to the purchase, lease, construction, preservation, or repair of stationary habitats, buoys, platforms, and other such devices or structures, or to the lease of any research vessel which is used in direct support of activities specifically provided for under this Act.

"(2) The total amount which may be provided to meet the needs and problems of any one State or which may be expended within such State, during any particular fiscal year, shall not exceed 15 percent of the total funds appropriated for such purpose for such year.

"SEC. 105. DUTIES OF THE DIRECTOR OF THE PROGRAM.

"The Director of the program shall have the following responsibilities:

"(1) Establish and apply long-range planning guidelines for the administration of the national sea grant program. Such guidelines shall be consonant with the 6-year plan prepared under section 204(d) of the Ocean and Coastal Resources Act of 1976.

"(2) Establish and implement priorities for the national sea grant program. Such priorities shall be consonant with the priorities established by the Associate Administrator under section 204(c) of the Ocean and Coastal Resources Act of 1976.

"(3) Advise the Administrator as to the expertise and capabilities which are available within or through the national sea grant program, and provide (as directed by the Administrator) those which are or could be of use to other offices and activities within the Administration.

"(4) Administer and evaluate programs and activities conducted under grants and contracts with sea grant colleges and regional consortia, other suitable public or private institutions of higher education, institutes, laboratories, persons, and other public or private entities which are engaged in, or concerned with, the understanding, assessment, development, utilization, and conservation of ocean and coastal resources.

"(5) Encourage other Federal departments, agencies, and instrumentalities to use and take advantage of the expertise and capabilities which are available through the national sea grant program on a cooperative or other basis.

"(6) Advise the Secretary on the designation of sea grant colleges and sea grant regional consortia and, in appropriate cases, if any, on the termination or suspenson of any such designation.

"(7) Provide, through institutions of higher education, support for sea grant fellowships for educational and training assistance to persons in fields related to the understanding, assessment, development, utilization, and conservation of ocean and coastal resources.

"(8) Encourage the formation and growth of State and local sea grant programs.

"(9) Serve as a nonvoting member of the sea grant review panel.

"SEC. 106. SEA GRANT COLLEGES and REGIONAL CONSORTIA.

"(a) DESIGNATION.—The Secretary is authorized to designate, through the national sea grant program, sea grant colleges and, where appropriate, sea grant regional consortia. The Secretary may, for cause, and after notice and an opportunity for an agency hearing, suspend, or terminate any such designation.

"(b) Programs.—Each designated sea grant college and regional consortium shall initiate, conduct, and support programs of research, education, and training, and/or advisory services in disciplines and fields that are relevant to the understanding, assessment, development, utilization, and conservation of ocean and coastal resources. Each sea grant regional consortium shall focus upon ocean and costal resource needs of a regional character and shall encourage a regional approach to problem solving, in cooperation with any sea grant colleges and programs in the region served by such consortium.

"(c) Guidelines.—The Secretary shall, in accordance with section 553 of title 5, United States Code, issue guidelines with respect to the responsibilities of sea grant colleges and regional consortia.

"Sec. 107. Fellowships.

"(a) In General.—The Director of the program shall support a sea grant fellowship program to provide educational and training assistance to qualified individuals at the undergraduate and graduate levels of education in fields related to ocean and coastal resources. Such fellowships shall be awarded, pursuant to guidelines established by the Director of the program, by sea grant colleges and regional consortia, and other suitable institutions of higher education and institutes, both public and private.

"(b) Limitation on Total Fellowship Grants.—The total amount which may be provided for grants under the sea grant fellowship program, during any particular fiscal year, shall not exceed 5 percent of the total funds appropriated for carrying out all of the purposes of this Act for such year.

"Sec. 108. Sea Grant Review Panel.

"(a) Establishment.—There is established an independent committee to be known as the sea grant review panel. The panel shall supersede the sea grant advisory panel chartered pursuant to the Federal Advisory Committee Act (5 U.S.C. App. I).

"(b) Duties.—The panel shall function solely as an advisory body to the Director of the program. The panel shall review and advise on—

"(1) applications, proposals for, and performance under, national sea grant program grants and contracts, under section 104(c), and with respect to the fellowship program, under section 107;

"(2) the establishment and operation (including review of the curricula, programs, and performance) of sea grant colleges and regional consortia, and make comments and recommendations to the Director of the program regarding the operation of any such college or consortium and improvements which the panel deems appropriate;

"(3) the formulation and application or implementation of the planning guidelines and priorities required by section 105 (1) and (2);

"(4) the effectiveness of the advisory services provided through the national sea grant program; and

"(5) such other matters as the Director finds appropriate and refers to the panel for review and advice.

The Director of the program shall make available to the panel such information, personnel, and administrative services and assistance as it may reasonably require to carry out its duties.

"(c) Membership, Terms, and Powers.—(1) The panel shall consist of 15 voting members who shall be appointed by the Secretary upon the recommendation of the Administrator. The Director of the program shall serve as a nonvoting member of the panel. Not to exceed seven of the voting members of the panel shall be individuals who, by reason of knowledge, experience, or training, are especially qualified in one or more of the disciplines and fields included in marine science and technology. The remaining voting members of the panel shall be individuals who, by reason of knowledge, experience, or training, are especially qualified in, or representative of, education, advisory services, State government, industry, economics, planning, or any other area which is appropriate to, and important for, any effort to enhance the Nation's understanding, assessment, development, utilization, or conservation of ocean and coastal resources. No voting member of the panel may be concurrently (A) the director of a sea grant college, regional consortium, or State or local sea grant program, (B) the recipient of a grant or contract under this Act, or (C) a full-time officer or employee of the United States.

"(2) The term of office of a voting member of the panel shall be 3 years, except that of the original appointees, five shall be appointed for a term of 1 year, five shall be appointed for a term of 2 years, and five shall be appointed for a term of 3 years.

"(3) Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his term until his successor has taken office or until 90 days after such expiration, whichever is earlier.

"(4) The panel shall select one voting member to serve as the Chairman and another voting member to serve as the Vice Chairman. The Vice Chairman shall act as Chairman in the absence or incapacity of the Chairman.

"(5) Members of the panel, who are not employed by the Federal Government or any State or local government, shall receive compensation at the daily rate for GS–18 of the General Schedule when actually engaged in the performance of duties for such panel. Voting members shall be reimbursed for actual expenses incurred in the performance of such duties.

"(6) The members of the panel shall meet on a quarterly basis, and at the call of the Chairman or upon the request of a majority of the voting members or of the Director of the program.

"(7) The panel is authorized to exercise such powers as are reasonably necessary in order to carry out its duties under subsection (b).

"Sec. 109. Authorization for Appropriations.

"There is authorized to be appropriated to the Secretary for purposes of carrying out the provisions of this Act not to exceed $50,000,000 for the fiscal year ending September 30, 1977; not to exceed $50,000,000 for the fiscal year ending September 30, 1978; and not to exceed $50,000,000 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this section shall remain available until expended.".

TITLE II

Sec. 201. Short title.

This title may be cited as the "Ocean and Coastal Resources Act of 1976".

Sec. 202. Declaration of policy and national principles.

(a) Findings.—The Congress finds and declares the following:

(1) The resources of the oceans and of the coastal zone would, through the development and wise application of marine resources, science, and technology, satisfy many human needs and contribute to the achievement of national and international objectives.

(2) A successful marine resources, science, and technology program for the United States requires (A) the establishment and maintenance of a strong research capability in government, industry, and the universities; (B) systematic assessment and forecasting of needs, capabilities, and consequences and the setting of research priorities; (C) a continuing partnership between the Federal Government and State and local governments, private industry, universities, scientists, and individuals and groups concerned with and affected by ocean and coastal resources and the marine environment; (D) prompt dissemination and ready availability to potential users of the knowledge gained through research; (E) international communication and cooperation in scientific and technological ventures; (F) the investment and efficient expenditure of public funds; (G) coordination of effort to avoid duplication, waste, and delay; (H) encouragement and leadership from the Federal Government; and (I) the establishment, within the Federal Government, of a central focus for the implementation of policy and the promotion of marine science and technology activities.

(3) A successful marine resources, science, and technology program is needed, would produce enormous benefits, and is feasible.

(b) Purposes.—It is therefore declared to be the purpose of the Congress in this Act to improve the understanding, assessment, development, utilization, and conservation of ocean and coastal resources and the marine environment—

(1) through (A) the encouragement and support of marine science and technology which is directed toward the wise development and conservation of such resources, (B) the development of long-range planning capability and a 6-year plan, (C) the training of skilled manpower, and (D) the dissemination and application of the knowledge and techniques so developed;

(2) by recognizing the National Oceanic and Atmospheric Administration as the lead agency for the planning, development, and implementation of a successful marine resources, science, and technology program for the United States; and

(3) by establishing an Office of Marine Resources, Science, and Technology within the Administration to assist with respect to such a program, in accordance with the national principles set forth in subsection (c).

(c) National Principles.—(1) Effective and proper management, conservation, protection, and utilization of the Nation's ocean and coastal resources require coordinated planning, the setting of priorities, and continuing assessment of national needs. Basic research; applied research; technological development, application, and transfer; and education and training programs are all prerequisites for the achievement of these objectives.

(2) Basic research in marine science adds to mankind's understanding and knowledge of ocean and coastal resources and processes and is an essential prerequisite for future development. Such basic research should be fostered by the Federal Government through the encouragement and support of theoretical and empirical efforts in the traditional scientific disciplines, and through the promotion of interdisciplinary research activities which seek to integrate and advance the knowledge gained by disparate disciplines.

(3) Applied research in marine science and technology utilizes this understanding and knowledge and should receive continuing support from the Federal Government in order to meet national needs and to achieve national objectives, including—

(A) the strengthening of national well-being and security;

(B) the enhanced management, conservation, protection, development and utilization of ocean and coastal resources,

(C) the discovery and utilization of renewable energy resources;

(D) the prevention, control, and elimination of pollution; and

(E) the monitoring and predicting of conditions of the global environment.

(4) Technological development, application, and transfer should be advanced through Federal programs of engineering development and technological innovation, encouragement of private investment in technological development, and public participation in the decisionmaking processes relating to technological development, application, and transfer.

(5) Education and training programs in marine resources, science, and technology, including interdisciplinary programs, should be encouraged and supported by the Federal Government.

SEC. 203. DEFINITIONS.

As used in this Act, unless the context otherwise requires:

(1) The term "Administration" means the National Oceanic and Atmospheric Administration.

(2) The term "Administrator" means the Administrator of the National Oceanic and Atmospheric Administration.

(3) The term "annual report" means the annual report required under section 206.

(4) The term "Associate Administrator" means the Associate Administrator who directs and supervises the activities of the Office.

(5) The term "coastal resource" has the meaning prescribed for such term in section 103 of the National Sea Grant Act.

(6) The term "includes" and variants thereof should be read as if the phrase "but is not limited to" were also set forth.

(7) The term "national principles" means those principles set forth in section 202(c).

(8) The term "ocean resource" has the meaning prescribed for such term in section 103 of the National Sea Grant Act.

(9) The term "Office" means the Office of Marine Resources, Science, and Technology of the Administration established under section 204(a).

(10) The term "6-year plan" means the plan to be prepared pursuant to section 204(d).

(11) The term "Secretary" means the Secretary of Commerce.

SEC. 204. OFFICE OF MARINE RESOURCES, SCIENCE, AND TECHNOLOGY.

(a) ESTABLISHMENT.—There shall be established within 60 days after the date of enactment of this Act, a new Office in the Administration to be known as the Office of Marine Resources, Science, and Technology. The Office shall function continuously pursuant to the provisions of this Act.

(b) ASSOCIATE ADMINISTRATOR.—The Office shall be directed by one of the Associate Administrators of the Administration provided for in section (2) (e) of Reorganization Plan Numbered 4 of 1970, as amended by section 208 (c) of this Act.

(c) DUTIES.—The Associate Administrator, through the Office, and in accordance with the national principles and the 6-year plan—

(1) shall develop and implement a program for marine resources, science, and technology within the Administration;

(2) shall coordinate marine research, technology development, and demonstration programs and projects within the Administration;

(3) shall (A) conduct planning activities, including the identification of national goals and international objectives and human needs and problems which may be satisfied through marine science and technology; (B) undertake technology assessment; and (C) establish a means for determining, and determine, priorities for research and technological development, application, and transfer;

(4) shall provide financial assistance for research and development projects pursuant to subsection (e); and may initiate and promote, in accordance with such subsection, cooperative research and development projects and programs involving the Administration, State and local governments, private industry, universities, and individual qualified persons;

(5) shall review and make recommendations to the Administrator on the budgetary requests of the various ocean and coastal programs in the Administration to the extent that such requests pertain to marine resources, science, and technology;

(6) shall identify and may participate in and cooperate with marine resources, science, and technology programs conducted by other agencies and entities;

(7) shall assist the Administrator in the establishment and maintenance of an information service and exchange or other facility, for the prompt and timely dissemination to potential users and interested persons, of the results of marine research;

(8) shall develop measures for evaluating, and shall evaluate, to the fullest extent practicable, the impacts of marine science and technology activities carried on by the Administration in relation to the amount of Federal investment therein;

(9) shall assist the Administrator in the preparation of the annual report;

(10) shall consider and, through the Administrator, advise the Secretary on ways in which other administrations, bureaus, services, offices, and programs subject to the control of the Secretary could assist in implementing the national principles and the declaration of policy of this Act, including the National Bureau of Standards; and

(11) shall report on the activities of the Office to, and shall carry out such additional functions and responsibilities as may be assigned by, the Administrator.

(d) SIX-YEAR PLAN.—(1) The Administrator, with the assistance of the Associate Administrator, through the Office, shall prepare a 6-year plan with respect to the Administration—

(A) for marine resources, science, and technology research, development, and demonstration; and

(B) for the practical application, dissemination, and implementation of the knowledge and techniques gained through or derived from such research, development, and demonstration.

The 6-year plan shall include an assessment of the potential benefits and estimated costs thereof, and it shall establish requirements and conditions for successful implementation. Such plan shall reflect the priorities determined under subsection (c) (3). In developing this plan, the Administrator shall seek the cooperation of, and assistance from, the National Academies of Sciences and Engineering, the National Advisory Committee on Oceans and Atmosphere, the academic community, industry, State and local governments, and other interested parties. Such plan shall be revised from time to time to reflect new data, and information.

(2) Within 1 year after the date of establishment of the Office, the Secretary shall submit the 6-year plan to the Congress and the President and shall cause it to be published and made available to interested persons.

(e) RESEARCH AND DEVELOPMENT ASSISTANCE.—(1) The Associate Administrator shall, on the basis of the actions taken under subsection (c) (3), identify specific national needs and problems in fields related to ocean and coastal resources. The Associate Administrator shall provide financial assistance in the form of grants or contracts with respect to such needs and problems.

(2) Any person (including a governmental entity) may apply for financial assistance under this subsection for the conduct of research and development projects, and, in addition, specific proposals may be invited. Each grant or conrtact under this subsection shall be made pursuant to such rules as the Administrator, after consultation with the Secretary, shall prescribe, and in accordance with the national principles and the 6-year plan. Each application for funding shall be made in writing in such form and with such content and other submissions as may be required. The Associate Administrator is authorized to enter into contracts under this subsection without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(3) The activities supported by grants or contracts under this subsection shall, to the extent praticable, be interdisciplinary in nature, and shall, where appropriate, be administered through existing Administration programs, including the national sea grant program, to the maximum extent practicable. The total amount paid pursuant to any such grant or contract may, in the discretion of the Associate Administrator, be up to 100 percent of the total cost of the program, project, or activity involved.

(4) The Associate Administrator shall act upon each such application within 6 months after the date on which all required information is received.

(5) Each recipient of financial assistance under this subsection shall keep such records as the Associate Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of the cost of the project which was supplied by other sources, and such other records as will facilitate an effective audit. Such records shall be maintained for 3 years after the completion of such a project or undertaking. The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of receipts which, in the opinion of the Administrator or of the Comptroller General, may be related or pertinent to such financial assistance.

(6) There is authorized to be appropriated to the Secretary for the purposes of this subsection not to exceed $3,750,000 for the transitional fiscal quarter ending September 30, 1976; not to exceed $15,000,000 for the fiscal year ending September 30, 1977; not to exceed $15,000,000 for the fiscal year ending September 30, 1978; and not to exceed $15,000,000 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this paragraph shall remain available until expended.

SEC. 205. ANNUAL REPORT AND EVALUATION.

(a) ANNUAL REPORT ON MARKET RESOURCES, SCIENCE AND TECHNOLOGY.—The Secretary shall submit to the Congress and the President, not later than February 15 of each year, a report on the status and prospects for marine resources science, and technology within the Administration. Each such report shall include—

(1) a general description of the marine resources, science, and technology projects and programs conducted or assisted by the Administration;

(2) an analysis of such projects and programs in terms of the national principles;

(3) an evaluation of the Administration's marine science and technology capability, including the status of personnel, vessels, facilities, and equipment;

(4) a statement of the efforts undertaken to promote the application and utilization of the knowledge gained through marine resources, science, and technology research;

(5) a survey of professional opportunities for individuals in marine resources, science, and technology; and

(6) a summary of the efforts undertaken and planned to coordinate marine resources, science, and technology activities of the Administration with those of other Federal entities, State and local governments, private industry, and the scientific and university communities.

(b) EVALUATION BY NACOA.—The National Advisory Committee on Oceans and Atmosphere shall, in accordance with the Act of August 16, 1971 (33 U.S.C. 857-6 et. seq.), have the opportunity to review each report prepared pursuant to subsection (a). Such advisory committee shall be invited to submit, for inclusion in such report, comments and recommendations and its own independent evaluation of the Administration's marine resources, science, and technology program, including the matters set forth in such subsection (a). Such material shall be transmitted to the Secretary not later than February 1 of each year, and the Secretary shall cause it to be published as a separate section in the annual report submitted to the Congress pursuant to subsection (a).

SEC. 206. DISTINGUISHED RESEARCH AWARDS.

(a) ESTABLISHMENT AND SELECTION.—There is established a National Oceanic and Atmospheric Administration distinguished research award for outstanding achievements and contributions in problem-oriented research related to ocean and coastal resources which meets international, national, and/or regional needs. One such award shall be made not less than every 3 years from the date of enactment of this Act by the Secretary with the advice of the Administrator and the National Advisory Committee on Oceans and Atmosphere. Each such award shall consist of a citation and a cash honorarium in the amount of $10,000.

(b) NOMINATIONS.—Any citizen or national of the United States, or group thereof, is eligible for nomination. Such a nomination may be made by any person (including a governmental entity), with the exception of the National Advisory Committee on Oceans and Atmosphere and Federal employees. In submitting a nomination, the following shall be included: a description of the research and its importance; letters of support from other researchers in such field or fields; and letters of support from those affected or benefited by such research.

(c) TAX EXEMPTION.—Any amount received as an award under this section shall be exempt from any Federal, State, or local income tax.

SEC. 207. RELATIONSHIP WITH OTHER FEDERAL AGENCIES AND ENTITIES.

(a) IN GENERAL.—Each department, agency, or other instrumentality of the Federal Government which is engaged in or concerned with, or which has authority over, matters relating to ocean and coastal resources—

(1) may, upon a written request from the Secretary or the Administrator, make available to the Secretary, or the Administrator, on a reimbursable basis or otherwise, such personnel (with their consent and without prejudice to their position and rating), service, and facilities as may be necessary to assist the Secretary or the Administrator to achieve the purposes of this Act;

(2) shall, upon such a written request, furnish such data or other information as the Secretary or the Administrator deems necessary to fulfill the purposes of this Act; and

(3) shall cooperate with the Administration and duly authorized officials thereof.

(b) WITHIN THE DEPARTMENT OF COMMERCE.—The Secretary shall take such steps as are necessary to assure that each administration, bureau, service, office, and program which is within the jurisdiction and subject to the control of the Secretary cooperates with the Administration and duly authorized officials thereof and assists the Administration in the implementation of the national principles and the declaration of policy of this Act.

SEC. 208. CONFORMING AND MISCELLANEOUS PROVISIONS

(a) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(22) Administrator, National Oceanic and Atmospheric Administration.".

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraphs:

"(98) Deputy Administrator, National Oceanic and Atmospheric Administration.".

"(99) Associate Administrator, National Oceanic and Atmospheric Administration.".

(c)(1) Section 2(e) of Reorganization Plan Numbered 4 of 1970 is amended to read as follows:

"(e) In addition, there shall be in the Administration three Associate Administrators who shall perform such functions as the Administrator shall from time to time assign or delegate. Such Associate Administrators shall be appointed by the President, by and with the advice and consent of the Senate. The President shall appoint such Associate Administrators from among individuals who by reason of knowledge, experience, and/or training are especially qualified in the areas of marine resources, marine science or technology, the atmospheric sciences, or other areas of particular interest to the Administration. Such Associate Administrators shall receive compensation at the rate now or hereafter provided for level V of the Executive Pay Rates (5 U.S.C. 5316).".

(2) Persons appointed by the Secretary as additional officers in the Administration pursuant to section 2(e) of Reorganization Plan Numbered 4 of 1970 and serving in that capacity on the effective date of this Act, shall continue as Associate Administrators, notwithstanding the provisions of paragraph (1).

(3) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(135) Associate Administrators, National Oceanic and Atmospheric Administration (3).".

SEC. 209. AUTHORIZATION FOR APPROPRIATIONS.

There are authorized to be appropriated to the Secretary for purposes of carrying out the provisions of this Act, other than section 204(e), not to exceed $3,330,000 for the transitional fiscal quarter ending September 30, 1976; not to exceed $10,000,000 for the fiscal year ending September 30, 1977; not to exceed $10,000,000 for the fiscal year ending September 30, 1978; and not to exceed $10,000,000 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this section shall remain available until expended.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a 20-minute time limitation on the pending business, the time to be equally divided between the distinguished Senator from Rhode Island and the distinguished Sentor from South Carolina, and on the other side by the minority leader or whomever he may designate.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Who yields time?

Mr. FORD. Mr. President, may we have order? Senators will have a very brief period of time in which to present their legislation. I would like to hear it.

The PRESIDING OFFICER. The Senate will be in order. Senators will take their seats.

Mr. HOLLINGS. Mr. President, we are considering today the amendment to S. 3165, reported favorably by the Committee on Labor and Public Welfare and the Committee on Commerce, entitled the "Sea Grant Improvement Act." The bill has been developed in cooperation between the two committees. The purpose of the bill is to broaden and strengthen the sea grant program.

This unique program, which ties together applied research, education, training, and advisory services, is marking its 10th anniversary this year. A decade ago, the first sea grant legislation was developed and passed the Senate through efforts of the distinguished Senator from Rhode Island. Through this forward-looking legislation, the sea grant program has enabled our coastal universities and colleges to assess and meet many of the needs of our coastal States and regions during this decade. But the development pressures and population stresses upon our coastal zone, and ocean and coastal resources, have increased dramatically over just the last few years. This is placing new demands on our coastal States, and many of these demands are coming so fast that there is difficulty in keeping up with them. Sea grant can and should play a greater role in all of this, and S. 3165 will enable this program to do so.

Title I of the amendment extends the sea grant authorization for 3 years. The authorization period has been limited to enable the Congress to exercise its oversight responsibility in a timely fashion. The bill also amends the current Sea Grant Act to—

First, define with specificity the duties of the director of the sea grant program:

Second, reflect the relationship and coordination which is necessary between the sea grant program, the National Oceanic and Atmospheric Administration, and the other elements within NOAA;

Third, provide for payments for the services of research vessels and other ocean facilities which directly support specific sea grant sponsored activities;

Fourth, establish a Sea Grant Review Panel of outside experts to advise the director of the program on applications for grants, contracts, and sea grant college and regional consortium designation;

Fifth, authorize and encourage public and private institutions and other entities to join together to pool their talents, capabilities, and facilities, in the form of sea grant regional consortia; and

Sixth, create a sea grant fellowship program to provide for Federal grants to institutions of higher education for undergraduate and graduate students in fields related to ocean and coastal resource understanding, utilization, and conservation.

Title II of the bill provides for the creation of an "Office of Marine Resources, Science, and Technology," headed by an Associate Administrator of NOAA, to serve as a coordinating and planning mechanism for the sea grant program and other related activities within NOAA.

Title II also:

First, defines with specificity the responsibilities of the new Office and of the Associate Administrator;

Second, sets forth "national principles" which should guide marine resources, science, and technology efforts;

Third, provides for the preparation, and submission to Congress—within 1 year after enactment—of a "6-year plan" for research, development, and implementation in marine resources, science, and technology;

Fourth, provides for Federal financial assistance for marine research and development projects which are responsive to national needs;

Fifth, provides for the recognition of superior achievement through the creation of "Distinguished Research Awards;" and

Sixth, makes certain technical amendments to title 5 of the United States Code.

A thorough examination of the program was undertaken in developing this legislation, culminating in 2 days of joint hearings by the Commerce Committee and the Labor and Public Welfare Committee. In the course of this examination, a major problem was identified.

The sea grant program has suffered from low-level funding. For the last several years, in fact, this program has been level-funded by the administration, without even an increase to offset inflation, and this has happened again this year. I and several of my colleagues have written to the Appropriations Committee, asking that an additional $6 million be designated for the program. But this funding problem goes deeper than that. The Office of Management and Budget stated in its comments on S. 3165 that sea grant needed to be better coordinated with the other programs in NOAA. After looking at the matter carefully, we agreed.

NOAA was established by Executive Reorganization Plan No. 4 in 1970, and sea grant, already existing in the National Science Foundation, was transferred to NOAA by that plan. But the plan could not amend the Sea Grant Act to define the new relationships that would be necessary within NOAA between sea grant and the other NOAA programs. Both title I and title II of the bill speak to this, and title II provides for the needed coordination and planning to take place through the Office of Marine Resources, Science, and Technology.

We must begin to look ahead to anticipate and take a broad view of our ocean and coastal problems. To do so we need ocean and coastal programs that have the proper planning and coordination tools. I feel that the bill will provide this for the sea grant program, and I am pleased today to join my distinguished colleague from Rhode Island in seeking support for the committees' amendment to S. 3165.

Mr. President, I ask unanimous consent that Miss Deborah Stirling be granted the privilege of the floor during the consideration of S. 3165.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PELL. Will the Senator yield for a unanimous-consent request?

Mr. HOLLINGS. I yield.

Mr. PELL. Mr. President, I ask unanimous consent that William Young, of my staff, be granted the privilege of the floor during the consideration of S. 3165.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, the Sea Grant bill which is presently before the body has two titles. In the main, what we are doing is trying to institute the Office of Marine Resources, Science, and Technology within the National Oceanic and Atmospheric Administration. Funding of the sea grant program by the administration has been very slight in the last several years because there has been a lack of confidence in the coordination and the comprehensiveness of the program.

Those who have worked in the field, as the distinguished Senator from Rhode Island and I have, agree that we could have a little bit more projection over all, a little bit more guidance, a little bit more direction, and a little bit more participation by the National Oceanic and Atmospheric Administration. Thus, this bill establishes the Office of Marine Resources, Science, and Technology, and gives this Office responsibilities for seeing that this is accomplished. By doing so, it also establishes an oceans program in NOAA as best we can under the present law, and provides for responsibilities to be carried out that are similar to some of those formerly fulfilled by the Marine Resources and Engineering Council which was last headed up by our distinguished colleague and former Vice President, the Senator from Minnesota (Mr. HUMPHREY).

Senator HUMPHREY was very active as Vice President and the Chairman of that Council. But under the subsequent Vice Presidents, there has been little participation or interest. The Council was finally abandoned, and unfortunately the effort went down the drain.

I will be glad to answer any questions before I yield to the distinguished Senator from Rhode Island as to what is the real thrust of his amendment. We had two complete days of hearings. I find it very noteworthy that in fact our bill was handled not only by Commerce but by Labor and Public Welfare, and the Senator from Rhode Island (Mr. PELL) has been heading up that movement under his committee. We are fully cognizant of the leadership given by the Senator from Rhode Island in international affairs and academic matters. My colleague's amendment would have been included, but extra time was required to develop it carefully. The Senator from Washington (Mr. MAGNUSON), the chairman of our committee, has wanted to make certain, of course, that we did not reduce the sea grant effort financially by establishing this international effort.

With these opening remarks, then, due to the limitation of time, I will now yield to the Senator from Rhode Island.

Mr. PELL. I thank my friend from South Carolina, and thank him for the leadership he has provided in the oceans, and for all that he has done to help bring the sea grant college program to maturity. We still have a long way to go, but we would not have gone this far without his help and assistance.

Mr. President, it was 10 years ago that the Congress enacted the Pell-Rogers Act establishing the national sea grant college program. The objective was to provide an effective mechanism to increase practical knowledge and productive use of our Nation's marine resources.

Now, with the benefit of a decade of experience with the national sea grant college program, we have before us legislation (S. 3165) to strengthen the program and to authorize appropriations for it for an additional 3 years.

It should be emphasized that this is not a routine reauthorization of an existing program. During the past year, the sea grant college program has been subjected to a detailed, thorough review and analysis by the Senate national ocean policy study—NOPS—under the leadership of the distinguished Senator from South Carolina, Senator HOLLINGS.

As a member of NOPS, I participated in its study of the national sea grant college program, and I can assure my colleagues that it was a thorough and objective study. NOPS, and the Committees on Commerce and Labor and Public Welfare, which share legislative jurisdiction over the program, heard and considered many suggestions for strengthening the program.

In the course of the study, NOPS invited comments and suggestions from a broad cross-section of the marine science community, including spokesmen for Government, business and the academic community.

The record of that study demonstrates that the sea grant program during its first decade has built a solid base of accomplishment. The record shows, I believe, that the sea grant college program has become a vital part of our national oceans program.

Through its selective and competitive system of matching grants, the sea grant college program has harnessed the energies of colleges and universities, State and local governments and other institutions, to produce effective programs of marine education, applied research on the problems of ocean resource development, and highly successful advisory services that reach out to all who are interested in the use and preservation of our coastal resources.

Because it is a matching grant program, the sea grant program has had an impact far greater than would be expected from its modest budget. And, because local interests share in the funding of sea grant programs, local sponsors have had a strong interest in seeing that the programs are directed to priority needs and are efficient and productive.

The sea grant bill before us today would make several changes designed to strengthen the program further.

The bill would give statutory authority to a new Sea Grant Review Panel, replacing the existing Sea Grant Advisory Panel, to review and provide advice on programs and projects and proposals.

The bill also provides specific authorization for a sea grant fellowship program to be administered by the participating educational institutions, and specific authority for regional sea grant consortia to deal with regional marine resource problems.

These, I believe, are constructive additions to the authorizing legislation that will strengthen the sea grant program.

This bill, however, continues the basic, strong structure of the sea grant program. The program director will continue to report directly to the Administration—NOAA—and the Sea Grant Advisory Services will continue to be an integral component of sea grant.

In my view, the basic conclusions to be drawn from the thorough review of the sea grant program are, first, that the program has been underfunded, and second, that as with many of the Federal ocean and marine resource programs, sea grant would be even more productive if there were greater planning coordination with other programs.

In terms of funding, S. 3165 would authorize $50,000,000 a year for the sea grant program for the next 3 fiscal years. This is the same amount authorized for fiscal year 1976, but double the fiscal year 1976 appropriation. This authorization represents a conviction on the part of the committees that increased funding for sea grant is indeed justified.

In terms of planning coordination, title II of this bill establishes within NOAA a new Office of Marine Resources, Science and Technology with a responsibility to develop comprehensive plans for all NOAA marine resources, science and technology programs, to identify national goals and international objectives in this area, and to coordinate NOAA programs in marine resources, science and technology.

This new office, I believe, will permit all NOAA programs, including sea grant, to operate more effectively in the context of a comprehensive plan.

I strongly support passage of this legislation. Mr. President, I want to express my appreciation and admiration for the leadership and the cooperation demonstrated in the consideration of this legislation by the senior Senator from Washington, Senator Magnuson, chairman of the Commerce Committee, and the senior Senator from South Carolina, Senator Hollings, chairman of the Subcommittee on Oceans and Environment, both of whom have given strong and consistent support to sea grant and to our entire national oceans program.

I would also commend the staff of the National Ocean Policy Study for their hard work and constructive and cooperative assistance in the handling of this legislation.

Mr. President, I urge passage of S. 3165.

UP AMENDMENT NO. 22

Mr. President, I send to the desk an amendment to the committee amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

Page 64, after line 2, add the following new subsection—

Mr. PELL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. Pell's amendment is as follows:

On page 64, after line 2, add the following new subsection:

"(f) International cooperation.—(1) The Administrator, with the assistance of the Associate Administrator, may provide financial assistance in the form of grants or contracts for the purpose of supporting programs (A) to enhance the marine science and technology capability of any foreign nation, and (B) to encourage international sharing and exchange of information with regard to marine science and technology.

"(2) Any person (including any government entity, Sea Grant college, sea grant regional consortium, institution of higher learning, laboratory, institute, or other public or private entity) may apply for financial assistance under this subsection. Each grant or contract under this subsection shall be made pursuant to such rules as the Administrator, after consultation with the Secretary, shall prescribe. Each application for funding shall be made in writing in such form and with such content and other submissions as may be required. Before approving any application for a grant or contract under this subsection, the Administrator shall consult with the appropriate officials of the Department of State.

"(3) There is authorized to be appropriated to the Secretary for the purposes of this subsection not to exceed $3,000,000 for the fiscal year ending September 30, 1977; not to exceed $3,000,000 for the fiscal year ending September 30, 1978; and not to exceed $3,000,000 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this subsection shall remain available until expended."

Mr. PELL. Mr. President, this amendment is one that has been discussed at length with the manager of the bill, and on which I believe there is general agreement.

The amendment would authorize an appropriation of $3 million a year for the next 3 fiscal years for a program of international cooperation in marine sciences and technology to be conducted by the Administrator of the National Oceanic and Atmospheric Organization—NOAA—of the Department of Commerce.

This would continue the general concept we had several years ago when we advanced the idea of an international sea grant college, as an international balance or complement to the sea grant college program in the United States.

I hope very much that this amendment, which has, I believe, been cleared with the manager of the bill, will be acceptable.

Mr. HOLLINGS. As I remember, the amendment calls for a separate authorization.

Mr. PELL. A separate authorization.

Mr. HOLLINGS. With a limit of $3 million.

Mr. PELL. That is outside the provisions of the sea grant college bill.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that Tony Bevinetto be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I concur in the amendment and ask for its passage.

Mr. BARTLETT. Mr. President, if the Senator from South Carolina will yield for a moment, I am trying to locate two Senators. If I have contact with either of them I think it will be fine.

Mr. HOLLINGS. Mr. President, I believe the Senator from Alaska (Mr. Stevens) or the Senator from Connecticut (Mr. Weicker), on the other side of the aisle, should be present when we pass this measure. I thought they were on the floor, and I thought the distinguished majority leader referred to them.

I think we ought to hold up a minute. Does the distinguished Senator from Rhode Island have any further comments?

Mr. PELL. No futher comment. Instead of inserting my statement in the record, if the Senator would like, I could go on with the reading.

Mr. HOLLINGS. Please.

Mr. PELL. I thank the Senator.

Grants made under this program would be limited to programs to enhance the marine science and technology capability of other nations and to encourage international sharing and exchange of information with regard to marine science and technology.

Grants or contracts would not be made directly with a foreign government or institution. Those eligible to apply would be Government entities, sea grant colleges, sea grant regional consortia, institutions of higher learning, laboratories, institutes, or other public or private entities of the United States.

Before making grants or awarding contracts, the Administrator of NOAA would be required to consult with appropriate officials of the Department of State.

Mr. President, there is an acknowledged need for an effort to improve international sharing and exchange of information in regard to marine science and technology. The United States is the world's leader in marine science and technology, and conducts marine and ocean research throughout the world.

However, the ability of U.S. scientists to conduct research in the world's oceans is increasingly dependent on the cooperation and good will of other nations, many of which have very limited marine science and technology capabilities.

One of the major issues at the United Nations Law of the Sea Conference is the question of freedom of research. There is grave concern among U.S. scientists that our research, particularly within 200 miles of the coasts of other nations, may be seriously circumscribed and limited. Nation's with limited marine research and technology capabilities are understandably suspicious of the objectives of research conducted off of their coasts by more advanced nations such as the United States.

I believe it is vital, if we are to preserve substantial freedom of research in the world's oceans, that international sharing and exchange of information on marine science and technology be encouraged, and that the United States cooperate in the enhancement of the capabilities of other nations having limited marine science and technology abilities.

Mr. President, in July of 1973, the Congress approved an extension of the Sea Grant College Act (Public Law 93-73) which included authorization for a study of international cooperation in marine science and technology by the national sea grant college program.

That study has been completed, although not yet formally transmitted to the Congress. That report concluded that the United States should initiate an international marine science and technology sharing program.

The report stated that—

> Such an initiative would place the United States in a position to learn from developing as well as other developed nations; strengthen informal and formal contacts between this country and others, open new markets abroad and, in general, increase possibilities for international cooperation.

In summary, Mr. President, I believe the international cooperation program proposed by this amendment would be very much in our national interests, and I urge its adoption.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PELL. I yield.

Mr. JAVITS. I would like to ask the majority leader, as a matter of courtesy, to allow us to call for a quorum, because neither the Committee on Labor and Public Welfare, of which I am a member, nor the Committee on Commerce seems to have been advised so that we could get a minority representative on the floor.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. JAVITS. We simply have to have a minute to do it before we actually lock this up. Would the majority leader have any objection to having a brief quorum call for that purpose?

Mr. HOLLINGS. Senator Stevens is on his way to the floor. We can put in a brief quorum call.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. I yield to the Senator from Alaska.

Mr. STEVENS. Mr. President, in 1966, Congress enacted Public Law 69-688, the National Sea Grant College and Program Act. The intent of the original act was to bring to bear on our Nation's rich ocean resources the same mechanisms that our system of land-grant colleges applied to the development of our Nation's agricultural resources.

To achieve this objective, the Sea Grant Act authorized matching grants to colleges, universities, and other institutions for educational programs designed to solve national needs related to marine resources and to educate marine policy and resource specialists. Assigned originally to the National Science Foundation, the program became a part of the National Oceanic and Atmospheric Administration in October 1970, under the President's Reorganization Plan No. 4.

Currently, upward of 125 educational institutions are participating in the program and over 400 governmental agencies and private companies are involved in various sea-grant programs. Grants issued under sea grant are currently averaging about 60 percent Federal funding—the Federal maximum allowable level under the act is 66⅔ percent. Eleven State legislatures appropriate matching funds as explicit items in their State budgets. Over 3,500 individuals are directly involved in sea-grant sponsored activities.

In the 10 years of its existence, the sea-grant program, given the funding limitations imposed on its operation, has proved to be a much needed component in the educational system. Experience in administering the basic act, however, has indicated that the program needs to be updated to meet the needs of the future.

Existing authorization for the sea grant program expires on June 30, 1976. Title I of S. 3165, a bill that I have cosponsored, extends the appropriations authorization for the national sea grant program for an additional 3-year period. At a time when the importance of the oceans to our national welfare increases almost daily, I feel it is critical to the long-range interests of this Nation that a vital and responsive sea grant program is at work to educate and train those individuals who will be responsible for maintaining U.S. leadership in ocean activities.

In addition to simply reauthorizing sea grant program funding, S. 3165 amends the basic Sea Grant Act to, among other things:

First. Provide increased coordination between the Office of Sea Grant and the other constituent elements within NOAA;

Second. Provide for payments for the services of research vessels and other facilities that directly support specific sea grant funded activities;

Third. Establish a Sea Grant Review Panel composed of outside experts who will advise the Director of the sea grant program on requests for grants, contracts, and sea grant college and regional consortium designation; and

Fourth. Create a fellowship program to provide Federal grants for undergraduate and graduate students in fields related to ocean and coastal resource issues.

These changes are needed to insure that the program is well equipped to meet ever expanding U.S. ocean needs.

In addition, Mr President, S. 3165 would create a new Office of Marine Resources, Science, and Technology within NOAA that would serve as a coordinating and planning mechanism for the sea grant program and other NOAA related activities. This new office would also be responsible for coordinating and establishing research needs and priorities within NOAA for marine resources, science, and technology. This marine science and technology planning process, so critical to achieving an effective and coordinated national ocean policy program, is a much needed addition to the NOAA program.

The State of Alaska has, over the past 10 years, made substantial use of the sea grant program. Sea grant has significantly contributed to the advancement of marine science in the areas of fisheries, Outer Continental Shelf oil and gas development, and oceanography.

Mr. President, with the advent of 200-mile jurisdiction, however, the United States takes on the additional responsibility of managing the living marine resources off the coasts of this Nation out to 200 nautical miles. No nation in the world has ever attempted to undertake such a comprehensive marine management program. This bill will make clear congressional intent that sea grant play an integral part in the legal and scientific research needed to accomplish this national goal.

Mr. President, S. 3165 would serve to both update the mandate of the national sea grant program and for the first time require the development and implementation of a long-range marine resources, science, and technology program within NOAA. Coming at a time when the needs, and opportunities, to wisely and effectively manage, develop, and conserve the resources of the oceans and the adjacent coastal areas have never been greater, this legislation is critical to the continued maintenance of U.S. ocean leadership and the development of a truly comprehensive U.S. oceans policy. I strongly urge my colleagues to join with me in support of S. 3165.

Mr. President, I have no objection to the adoption of the amendment so long as the moneys are independent from the sea grant program. Mr. President, I understand that is the understanding that has been reached.

Mr. HOLLINGS. Yes; we are assured of that.

The Senator from Rhode Island and I checked it out, and, of course, that is one of the desires and interests of Senator MAGNUSON, the chairman of our committee. It calls for a separate authorization limited to $3 million which will be handled by the Administrator of NOAA. The amendment should not in its administration detract in any way from the amounts appropriated for sea grant. The whole thrust of this bill is to get additional amounts for the sea grant program generally.

Mr. HOLLINGS. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

ADDITIONAL STATEMENTS SUBMITTED

Mr. CRANSTON. Mr. President, I strongly support S. 3165, legislation to extend the fine work of the sea grant program for 3 years. I am proud to be a cosponsor of this bill. Our lakes and oceans are a valuable resource with enormous potential. The sea grant program has assisted us to make better use of this resource.

California receives a larger share—11.3 percent—of sea grant dollars than any other State. In the current fiscal year, California's sea grant programs are receiving $2.6 million in Federal funds, to be matched by $2 million in State and private funds. This $2 million match demonstrates the popularity of sea grant, which requires only a one-third match from non-Federal sources.

With 1,100 miles of coastline, stretching approximately the distance between Marblehead, Mass., and Savannah, Ga., California is in a unique position to make use of the sea grant program and, in turn, to contribute to our understanding of the marine environment. The original sea grant project awarded to Scripps Institution of Oceanography in 1968 has grown into a program encompassing six campuses of the University of California—Berkeley, Davis, Los Angeles, San Diego, Santa Barbara, Santa Cruz—the University of Southern California, Humboldt State University, San Diego State, Long Beach State, CSU-Northridge, the California Institute of Technology, Stanford, the University of San Diego, the California Academy of Sciences, the Moss Landing Marine Laboratories Consortium—CSUC—Sacramento San Francisco, San Jose, Stanislaus, Hayward, Fresno, and several community colleges.

The involvement of so many colleges and universities has enabled the California sea grant program to cover a broad range of activities. This diversity has proved to be one of the great strengths of the program. Sea grant funds enable the academic community to work with State and local governments, commercial users and consumers. Research findings and expertise are shared through townhall meetings, workshops, and training sessions. Campus coordinators and subject area coordinators insure good management of individual projects and act as catalysts to develop new programs statewide involving various disciplines. At the present time, 429 persons representing 185 full-time equivalent staff are involved in sea grant projects in the State.

Mr. President, the sea grant program in California has a record to be proud of. I ask unanimous consent that a brief progress report on this program, compiled by the University of California's Institute of Marine Resources, be printed in the Record, followed by an editorial from the San Diego Evening Tribune, entitled "Sea Grant Pays Off."

There being no objection, the material was ordered to be printed in the Record, as follows:

Progress Report—University of California Sea Grant College Program—April 2, 1976

EDUCATION

The Applied Ocean Science Curriculum, developed from 1968 through 1974 with Sea Grant funding, has experienced a total enrollment of one hundred seventy-three graduate students to date. A total of twenty-nine advanced degrees have been awarded: eighteen M.S.'s and eleven Ph.D's.

The experimental undergraduate technician training program conducted by SDSU and SIO was concluded in 1975. Thirty-six students received training in the program during its several years of operation. Twelve currently are employed in technical or professional marine or related occupations, sixteen are continuing their educations, and two are employed elsewhere.

Since 1975–76, the Trainee program has continued to provide financial assistance to sixty qualified California graduate students and the opportunity to conduct practical marine research in association with approved Sea Grant projects. This style of education has proved over the years to be quite effective and flexible in providing well-trained manpower. As societal needs or problems change, research efforts are initiated in new areas, and the Trainees who participate gain experience and knowledge in new problem areas.

In addition, support was provided for twenty-eight graduate students in the form of Research Assistantships. General assistance support provided financial assistance for twenty-one undergraduate students.

MARINE ADVISORY SERVICES

In 1975–76, a major expansion of the statewide Marine Advisory Service Program occurred. Three new local marine advisors were hired to complement the two already serving the San Diego and the Marin-Mendocino coastal areas. The new advisors are located in the Ventura-San Luis Obispo, Monterey Bay, and San Francisco Bay areas.

These five advisors are the points of contact for the public on the coast and work through the University of California Cooperative Extension Offices. They are assisted by consumer advisors, home economists, and county directors, located in all coastal counties. The Coordinator of the statewide Marine Advisory Program and two statewide marine specialists are located at UC-Davis. This expansion is in line with the planned growth of the advisory program and reflects the needs identified in the California Marine Advisory Service Plan currently under revision.

The advisory publications project has continued to provide services to all projects to assist in the preparation of materials for dissemination. In 1972–73, 74 publications were issued by the program, and in 1973–74, 84 publications were issued, and in 1974–75, 115 publications were issued. These publications range from newsletters and reports prepared by the program staff to scientific journal articles authored by the project leaders and Trainees.

The public advisory program of the Scripps Aquarium-Museum has continued to provide instruction and a marine experience for nearly 60,000 students a year. These students participate in the organized marine education activities developed and conducted by the Aquarium staff and Docents with Sea Grant funding. The outreach program, which takes slide-illustrated lectures to schools unable to visit the Aquarium, has been expanded.

COASTAL RESOURCES RESEARCH

With the delivery of the California Coastal Plan to the Legislature, a major new effort to provide independent advice and assistance to the Legislature in its deliberations of the coastal plan is underway. In response to a request for assistance by the leadership of the Legislature, President Saxon has designated the Sea Grant Program as the vehicle to coordinate the University's efforts. Advice and assistance to the California Coastal Zone Conservation Commission will continue as an important program activity.

The coastal resources research has evolved over time. Originally, projects were established at UC-Berkeley and UC-Santa Cruz to investigate new and useful alternative organizational arrangements and alternative legal mechanisms necessary to establish a coastal management structure. Currently, two research projects are underway to develop methods to measure the cumulative impacts of coastal development and to assess the issues involved in extended jurisdiction for coastal planning. Emphasis has shifted from on-going research activities to assist the Coastal Commission to rapid response, short-term activities to address important issues and questions as they arise in the deliberations of the plan by the Legislature. However, the scientific and engineering studies that provide the solid foundation for rational coastal planning have continued over these several years as a major program activity and will continue to do so.

The efforts to aid the Legislature in the deliberations of the coastal plan include "Rapid Response" research and a new coastal management advisory activity at UC-Berkeley. The "Rapid Response" research activities are discussed below.

In 1975, a major five year program that selected biological communities within the nearshore environment of southern California came to a conclusion. Twenty-five publications and eight doctoral dissertations have resulted from this SIO project to date. The data and ecological expertise developed have been shared with national, state, and local government agencies involved in the nearshore zone.

A major complementary effort over the the same period of time has been extended for one year to allow the development to be completed and the documentation, demonstration, and publication of the results to be made. This SIO project is designed to develop a better understanding of the processes that move sand, control nearshore water movement, and disperse pollutants near the coast. This large-scale development and monitoring effort is the core of a newly developing "sand management" program. Two complementary studies were started last year to broaden the scope of this research activity. At CSU-Northridge, a two-year study to assess offshore sand and gravel deposits and to determine which deposits feed the beaches was initiated. The UC-Davis project is investigating the use of plants to prevent sand erosion.

The UC-Los Angeles diving safety research project has continued to assess both the safety of diving equipment and the learning time of divers in the natural environment. Considerable cooperation has been provided by the equipment-manufacturing industry and the County of Los Angeles.

A project at the California Academy of Sciences has taken the development of monitoring methodologies another step. More accurate techniques ("keys") for the identification and referencing of marine organisms are being developed.

AQUACULTURE RESEARCH AND DEVELOPMENT

The main efforts in aquaculture have continued to be the development of mass culturing systems using the American lobster as the experimental animal and the algae work. Several small experimental efforts investigating the mass culture potential of selected marine organisms with commercial possibilities are also currently underway. The goal of the aquaculture activities continues to be the development of scientific and technical information that can be utilized to develop commercially viable new industries and to provide management agencies with the necesssary scientific information for rational marine resourecs management.

The UC-Davis/Bodega Marine Leboratory project has continued investigation of all factors affecting the mass culture of the American lobster. At SDSU and Encina, the emphasis has been on evaluating alternative production-facilities designs utilizing coastal power plant thermal discharge. Important to the success of both efforts is the research carried out at San Diego State University, in cooperation with and in support of these projects, to identify shellfish diseases and to develop methods for control and immunization. At UC-Davis the economic modeling and evaluation of alternative production systems continues.

From this research on the American lobster, a core staff with considerable expertise of crustacean culture has emerged. The problems and progress with culturing the Amercan lobster have led to spin-off benefits for culture of *Macrobrachium*, the California spot prawn, and the Dungeness crab.

The initial efforts of researchers at UC-Santa Barbara and UC-Santa Cruz to develop baseline information and to understand the kelp-forest ecology of the southern and central California coasts, including the assessment of seaweed resources, were successfully concluded last year. As a result, an intercampus kelp-bed mariculture and resource management program has been established in the current year. This major new effort is directed toward the wise use of California's algal resources and their proper management based on ecological data.

A project at UC-Davis is directed toward the study of commercially important domesticated plants to determine their growth potential in saline environments. This year genetically selected laboratory strains of barley are being field tested with seawater irrigation at Bodega Bay, and tomatoes will be field tested in the spring.

The national Scientific/Technical Aquaculture Panel which was established in 1974—75, issued the first of three reports. Recommendations were made with respect to short-term goals of the UC Sea Grant sponsored animal aquaculture research programs. The remaining two reports will consider short-term plant aquaculture goals, and the final report will concern itself with long-term aquaculture goals of the UC Sea Grant College Program.

FISHERIES RESEARCH AND DEVELOPMENT

Two completed projects, one at SIO and one at UC-Berkeley have developed a chemical assay for saxitoxin and applied it to clams and mussels. It is a thirty-minute assay method almost one-hundred times more sensitive than the mouse assay and is completely reliable at low levels of toxin.

The Moss Landing Marine Laboratories California squid fishery development and management project is in its second year and continues to be funded by the Marine Research Committee, California Department of Fish and Game, state matching funds, and Sea Grant. Two exploratory fishing cruises have been completed resulting in the identification of three new potential squid fishing grounds. Also, the existence of localized populations of central and southern California have been discovered.

In 1975–76, the sea urchin fishery projects at UC-Santa Barbara and SIO were combined to facilitate better communication and coordination of efforts. This intercampus study continues to develop the information necessary for the optimal management of the rapidly developing sea urchin fishery.

The UC-Davis projects to develop new antioxidants in order to prevent deterioration of fish lipids which depreciate the value of canned fish and to investigate the natural fermentation of marine products have been completed. Another UC-Davis project to analyze protein changes in canned and preserved fish and problems of discoloration in the drying of frozen fish products has continued efforts to develop better handling methods.

In 1975–1976, two investigators at UC-Berkeley have joined with the staff of the Institute of Marine Resources, UC-Davis branch, to conduct joint seafood technology and processing research. This is an intercampus project to understand the causes of "scombroid poisoning" and to develop better methods of catch, handling, and processing to eliminate chemical changes that result in illness. A small companion project at UC-Berkeley is investigating new approaches to quality assessment of fishery products. This set of projects has as its goal the development of methods to better utilize the current fisheries catch.

The two social science projects that were undertaken in cooperation with the National Marine Fisheries Service, Southwest Fisheries Center, have been successfully completed. The experimental marine resource management-intern program at UC-San Diego has resulted in the completion of theses which studied the economics of the tuna industry and the relationship between social customs and economics in California fishing industries. The data and results of the SDSU project to develop alternative management techniques for regulation of the Eastern Pacific yellowfin tuna resources for currently being utilized by the regulatory agencies.

In the current year, we establish a project that seeks to develop alternative management strategies for the California abalone fishery. This UC-Santa Barbara project is conducted in cooperation with the California Department of Fish and Game.

NEW MARINE PROJECTS RESEARCH AND DEVELOPMENT

The results of two completed projects at SIO identified a great number of naturally occurring halogenated hydrocarbon compounds in many marine organisms. Also, they have shown that some naturally occurring halogenated compounds do interfere with pesticide and PCB residual analysis placing most existing marine analyses for the presence of these man-made pollutants in question.

A project initiated last year seeks to develop industrial products for the control of marine and terrestrial pests by utilizing toxic marine substances. This SIO activity is complemented by another this year that is attempting to develop products that can control marine fouling organisms and bacteria-caused diseases in mariculture.

A new effort this year has been undertaken at UC-Berkeley to assay for the presence of recently discovered antiviral compounds in three species of marine algae and to determine their harvest potential. These compounds should contribute to the development of therapeutic agents useful in the treatment of herpes simplex virus diseases in humans.

ENERGY RESOURCE RESEARCH AND DEVELOPMENT

The main impetus of projects in the energy research section of the program is the development of useful information and innovative techniques to resolve the exploration, transportation, distribution, and storage problems associated with the extraction and utilization of energy resources in the marine environment.

The SIO wave climate modification (dynamic breakwater) project will be completed this year in cooperation with the U.S. Navy and the California Department of Navigation and Ocean Development. New monitoring techniques have been developed to collect performance data of the dynamic breakwater undergoing field tests in San Diego Bay. These techniques may have important applications for other nearshore monitoring problems, and the network is currently being expanded as development and field testing lead to the demonstration phase.

The UC-Berkeley study to determine the effects of waste heat from coastal power plants on the reproduction of mussels and anemones will be completed this year. This study is complemented by a project at UC-Santa Barbara designed to determine the effects of thermal effluent discharges from coastal power plants on the incidence of fish parasitism. The UC-Santa Barbara project is conducted in cooperation with the Department of Fish and Game's preoperational marine environmental study at Diablo Cove.

A project at UC-Berkeley is investigating the effects of stray electrical currents on seawater immersed, prestressed concrete such as offshore terminals, harbor facilities, tubes, and offshore oil platforms.

RAPID RESPONSE RESEARCH

The Rapid Response capability provides support for short-term responses to unanticipated marine and coastal problems or opportunities without the usual long-lead time required in the annual proposal.

Rapid Response has undertaken research of coastal planning problems. These projects are assisting the California Coastal Zone Conservation Commission, the Legislature, and other appropriate governmental bodies to effectively meet their responsibilities relating to the planning and management of California's coastal resources. Contributions to the Plan have been made by establishing a direct liaison with the legislative committees, identifying appropriate university staff to serve in advisory capacities, assessing the socioeconomic impacts of coastal planning policies, and by using care-study methods to analyze policy implications. Studies include development of a methodology to assess economic impacts of using coastal lands for parks, identification of the inland boundary of coastal lands that have a significant ocean viewshed, as well as estimating the local fiscal impacts of several potential land uses in the Half Moon Bay area.

Small experimental investigation of potential aquaculture possibilities have been undertaken. Culture of an exotic crab, *Scylla serrata*; of the surfperch, *Embiotoca jacksoni*; of the purple hinge rock scallop, *Hinnites multirugosus*; and of abalone, *Haliotis rufecens* are underway.

The chronic problem of fouling by *Sargassum muticum* is being researched to understand and reduce the problem. Assessment of the sand bottom community ecology and the environmental effects of artificial reefs has been undertaken in connection with a current research project.

Analysis of histamine toxicity from fish products was initially begun at the request of the seafood industry in response to a severe spoilage problem.

A new technique for rapid identification of the source of petroleum seepage so that it may be differentiated from spilled oil is being researched. Neutron activation analysis for characteristic concentrations of elements will assist public agencies in identifying the sources of oil slicks.

Rapid Response activities continue to be one of our best received efforts by users. With this capability, we are able to respond in a timely fashion to important short-range needs of government and industry.

FUTURE PROGRAM PLANS

In the coming year, we propose forty-nine research projects, one educational project, four advisory services projects, and three program management and development projects. Of the proposed research projects, nineteen are continuing, two are one-year extensions, and the remaining twenty-seven are new projects.

Sea Grant Pays Off

Pressures for budget austerity increase during periods of economic stumbling, but some federal programs promise such a high return to more than justify the investment.

The Sea Grant Program administered

statewide by the Scripps Institution of Oceanography is an example of research that has found prompt practical solutions to immediate problems.

And program performance in California justifies the recent plea of Dr. William D. McElroy, chancellor of the University of California at San Diego, for funds to expand the effort.

The world food supply has become an issue of international concern. Sea Grant has funded aquaculture activities to increase the potential harvest of marine animals and plants. Coastal engineering projects have brought answers to beach erosion problems and increased security for ships moored in less-than-adequate harbors.

As McElroy testified before a House subcommittee, "For a relatively small investment, we extend . . . research in a way which grapples with specific, pragmatic coastal and marine resource problems of our citizens."

Most natural programs cost. Sea Grant pays.

Mr. CRANSTON. I would also like to take this opportunity to commend Senators PELL and HOLLINGS for their fine work on S. 3165 and for their leadership in recognizing the potential of our oceans and lakes. The sea grant program has proved to be a wise investment of Federal funds.

Mr. HATHAWAY. Mr. President, on June 30, 1976, the National Sea Grant College and Program Act of 1966 is scheduled to expire. The sea grant program, despite limited funding, has been demonstrated to be highly effective and stimulating in the areas of resources management and research. The study undertaken by the Senate national ocean policy study recommended that this program be extended for another 3 years.

S. 3165, as reported, extends, strengthens, and expands the sea grant program. The Sea Grant Act authorizes matching grants to colleges, universities, and other institutions for programs of education, and provides the scientific, engineering, and technical skills required for marine resource development. The program further enhances applied research, to help find ways to improve the utilization of marine resources, and the use of advisory and extension services to make certain that the educational research programs involved have their results disseminated appropriately.

This bill, as amended, would help coordinate the implementation of the management of coastal resources provisions of the 200-mile limit legislation, provide increased incentives for research grants, fellowships—both undergraduate and graduate, and a distinguished research award—$10,000 at least every 3 years—in the area of interdisciplinary and problem-oriented research, an area rarely recognized by educational institutions.

Grants under the regular sea grant program will be financed up to 66⅔ percent. Those grants under title II, intended to help strengthen NOAA's capabilities for policy planning, research, technology assessment, and management of ocean and coastal resources, may be funded up to 100 percent. Administration of title II will be through the newly established Office of Marine Resources, Science, and Technology headed by an Associate Administrator of NOAA.

In keeping with the goal of long-range management of our resources, S. 3165 calls for a 6-year plan to establish and apply long-range planning guidelines for the administration of the national sea grant program. Full coordination with other research departments within NOAA will be enhanced through the newly created position of Associate Administrator.

I urge that my colleagues vote favorably on this bill as an indication of strong support for increased research opportunities toward an efficient management of our coastal resources.

Mr. FONG. Mr. President, the national sea grant program came into being a decade ago with the enactment of the National Sea Grant College and Program Act. Its sponsors had a most ambitious goal: to develop a solid base of practical knowledge at colleges and universities throughout the Nation by drawing on scientists and engineers who were committed to the ocean and its resources, and by directing all other available disciplines toward a better understanding, utilization, management, and protection of the resources of the oceans and the Great Lakes. By any standard of measurement, the national sea grant program has already made impressive progress toward that goal.

Close to 700 individual projects are underway at scores of institutions and laboratories in Hawaii and throughout the coastal and Great Lakes States as well as in several U.S. territories. The potential and actual beneficiaries of these projects number literally in the millions. They include legislators and coastal zone planners, fishermen and seafood processors, teachers and scientists, marina operators and beach strollers—in short, all those whose jobs or leisure time brings them into contact, directly or indirectly, with the oceans or the Great Lakes.

The University of Hawaii, for example, one of the first of what are now 10 Sea Grant Colleges, has been receiving support from the Office of Sea Grant since 1968. During this period some remarkable projects have been initiated in research, advisory services, and education. The university's unique marine option program continues to attract more students than enrollment will permit at both the Manoa and Hilo campuses. A large number of students, as a result of the program, have become active in university, public, and privately sponsored marine activities. Most recently, students in the program have conducted site surveys for potential marine parks and sand mining deposits. These projects serve not only as learning tools but also help supply valuable information to public and private decisionmakers.

Moreover, sea grant-sponsored research at the University of Hawaii continues to make an important and measurable contribution to the commerce of the islands. Perhaps best known is the growth and development of the precious coral industry in Hawaii. During the past 5 years, due in large part to sea grant support for research, the gross retail sales of the Hawaiian precious coral industry have grown from $2.6 to $11.4 million. In the same period, the number of persons employed by the industry has increased from 100 to 500.

The economic benefits of such research are most gratifying. For example, last year alone, the precious coral industry generated more than half a million dollars in State and Federal taxes. This compares with a total cost of less than $150,000 received from the sea grant program over a 5-year period.

But no Federal program can long survive unless it grows and develops at least as rapidly and aggressively as the persons involved in it. It is the intent of the Sea Grant Program Improvement Act of 1976 (S. 3165) to help foster that growth and development. As the preamble to the bill makes clear, it is the intention of Congress, through this legislation, to extend and strengthen the existing national sea grant program. In addition, the level of authorization for carrying out the provisions of title I of the act—$50 million for the fiscal year ending September 30, 1977—is a signal for action in the marine-related fields of applied research, education, and advisory service.

Such funding, modest as it may be, should not be looked upon as a "Federal giveaway," however. As the example of the growth of the Hawaiian precious coral industry indicates, both the Federal and the required non-Federal matching dollars applied to sea grant-sponsored projects are in most cases returned many times in the form of increased tax revenues, jobs and scientific knowledge as well as measurable decreases in the costs of marine resource development, seafood processing, and seafood waste management.

Specifically, S. 3165 is designed to expand on the existing strengths of the original act by, among other things, enlarging the educational aspect of the national sea grant program through the creation of special graduate and undergraduate fellowships, and by authorizing the designation of sea grant consortia to focus on ocean and coastal needs of a regional character and by encouraging cooperative, multidisciplinary problem solving through a regional approach.

The unique network of marine-oriented persons who make up the sea grant program—researchers, teachers, marine advisory agents, and students—is a truly valuable resource to the Nation. It will continue to be an asset as we become increasingly aware of the potential of the oceans and the Great Lakes to improve the quality of life of our citizens.

As a cosponsor of the original Sea Grant Act and a consistent supporter of the sea grant program ever since, I urge the extension of the program as embodied in S. 3165.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill (S. 3165) was ordered to be engrossed for a third reading and was read the third time.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 13035.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 13035), an act to amend the National Sea Grant College and Program Act of 1966.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the bill.

There being no objection, the Senate proceeded to consider the bill.

Mr. HOLLINGS. Mr. President, I ask unanimous consent to strike all after the enacting clause of H.R. 13035 and substitute in lieu thereof the text of S. 3165.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent to amend the title of H.R. 13035 to read as follows:

An act to improve the National Sea Grant Program, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 13035), as amended, was passed, as follows:

That this Act may be cited as the "Sea Grant Program Improvement Act of 1976".

Sec. 2. Declaration of Policy.

(a) Findings.—The Congress finds and declares that the program and activities initiated and conducted under the authority of the National Sea Grant College and Program Act of 1966 (33 U.S.C. 1122 et seq.), have made significant, visible, and long-lasting contributions to the well-being of the Nation and have served to focus national attention on, and to improve the Nation's capabilities with respect to, the ocean and coastal resources of the United States.

(b) Purpose.—It is the purpose of the Congress in this Act to (1) extend the national sea grant program, and (2) broaden and strengthen the national sea grant program—

(A) by authorizing sea grant colleges and other institutions to join in sea grant regional consortia; by establishing a sea grant review panel of outside experts; by creating a sea grant fellowship program; and by providing for coordination with related ocean and coastal resource activities; and

(B) by providing a coordination and planning mechanism for such program within the National Oceanic and Atmospheric Administration, in the form of an Office of Marine Resources, Science, and Technology.

TITLE I

Sec. 101. Amendment to the National Sea Grant College and Program Act of 1966.

The National Sea Grant College and Program Act of 1966 (33 U.S.C. 1122 et seq.) is amended to read as follows:

"Sec. 101. Short Title.

"This title may be cited as the 'National Sea Grant Act'.

"Sec. 102. Declaration of Policy.

"(a) Findings.—The Congress finds and declares the following:

"(1) The vitality of the Nation and the quality of life of its citizens depend increasingly on the understanding, assessment, development, utilization, and conservation of ocean and coastal resources and the marine environment. These resources can supply food, energy, and minerals and can contribute to human health, the quality of the environment, national security, and the enhancement of commerce.

"(2) A strong educational base, responsive research and training activities, and broad and prompt dissemination of knowledge and techniques (backed by a successful marine resources, science, and technology program), are essential prerequisites to such understanding, assessment, development, utilization, and conservation.

"(3) These national objectives require, for their continuing and increasing realization, a broad commitment and an intense involvement on the part of the Federal Government in continuing partnership with State and local governments, private industry, universities, organizations, and individuals concerned with or affected by ocean and coastal resources and the marine environment.

"(4) The National Oceanic and Atmospheric Administration, through the Office of Marine Resources, Science, and Technology and the national sea grant program, offers the most suitable locus and focus to promote and maintain such activities. Continued and increased Federal support of the establishment, development, and operation of programs by sea grant colleges and regional consortia, institutions of higher education, institutes, laboratories, and public or private entities is the most cost-effective way to satisfy these national needs.

"(b) Purpose.—It is therefore declared to be the purpose of the Congress in this Act to extend and strengthen the national sea grant program, initially established in 1966, to promote research, education, training, and advisory services activities in fields related to ocean and coastal resources.

"Sec. 103. Definitions.

"As used in this Act, unless the context otherwise requires:

"(1) The term 'Administration' means the National Oceanic and Atmospheric Administration.

"(2) The term 'Administrator' means the Administrator of the National Oceanic and Atmospheric Administration.

"(3) The term 'Associate Administrator' means the Associate Administrator who directs and supervises the activities of the Office.

"(4) The term 'coastal environment' means the coastal zone, as defined in section 304(2) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(a)).

"(5) The term 'coastal resource' means any living, nonliving, or manmade resource of, or any other tangible or intangible, actual or potential, resource located in, derived from, or traceable to, the coastal environment. Such term includes the habitat of any such living resources, the coastal space, the ecosystems, the nutrient-rich areas, and the other components of the coastal environment which contribute to or provide (or which are capable of contributing to or providing) recreation, scenic, esthetic, biological, habitational, commercial, economic, or conservation values. Living resources include natural and cultured plant life, fish, shellfish, marine mammals, and wildlife. Nonliving resources include energy sources, minerals, and chemical substances.

"(6) The term 'Director of the program' means the Director of the national sea grant program, appointed pursuant to section 104 (b) of this Act.

"(7) The term 'fields related to ocean and coastal resources' means any discipline or field which is concerned with, or likely to improve, the Nation's understanding, assessment, development, utilization, and conservation of ocean and coastal resources. The fields involved include marine science and technology (and the physical, natural, and biological sciences, and engineering, included therein) as well as education, economics, sociology, communications, planning, law and international affairs, and public administration.

"(8) The term 'includes' and variants thereof should be read as if the phrase 'but is not limited to' were also set forth.

"(9) The term 'marine environment' means the coastal environment; the seabed, subsoil, and waters of the territorial sea of the United States; the waters of the fisheries conservation zone of the United States; the waters of the high seas; and the seabed and subsoil of and beyond the Outer Continental Shelf.

"(10) The term 'ocean resource' means the marine environment and any living, nonliving, or manmade resource of, or any other tangible or intangible, actual or potential, resource located in, derived from, or traceable to the marine environment. Such term includes the habitat of any such living resources, the coastal space, the ecosystems, the nutrient-rich areas, and the other components of the marine environment which contribute to or provide (or which are capable of contributing to or providing) recreational, scenic, esthetic, biological, habitational, commercial, economic, or conservation values. Living resources include natural and cultured plant life, fish, shellfish, marine mammals, and wildlife. Nonliving resources include energy sources, minerals, and chemical substances.

"(11) The term 'Office' means the Office of Marine Resources, Science, and Technology of the Administration.

"(12) The term 'panel' means the sea grant review panel established under section 108 of this Act.

"(13) The term 'sea grant college' means any public or private institution of higher education which (A) conducts sea grant programs, (B) meets specified criteria, and (C) is designated as such by the Secretary.

"(14) The term 'sea grant program' means a program of research, education, training, and advisory service activities in fields related to ocean and coastal resources, and which are supported by contracts with, or grants from, the Federal Government pursuant to the provisions of this Act.

"(15) The term 'sea grant regional consortium' means a combination or other association of two or more sea grant colleges, institutions of higher education, institutes, laboratories, and/or other public or private entities, which (A) is established for the purpose of sharing expertise, research, educational, and/or training facilities, and other capabilities, in order to facilitate research, education, training, and/or advisory service activities in fields related to ocean and coastal resources; (B) meets specified criteria; and (C) is designated as such by the Secretary.

"(16) The term 'Secretary' means the Secretary of Commerce.

"(17) The term 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Mariana Islands, or any other territory or possession of the United States.

"Sec. 104. National Sea Grant Program.

"(a) In General.—There shall be maintained, within the Administration, a program to be known as the national sea grant program. The national sea grant program shall include, and it shall promote, research, education, training, and information dissemination and other advisory services (such as publications, practical demonstrations, instruction, and otherwise) in fields related to ocean and coastal resources. Such program shall include the making of contracts and grants under subsection (c).

"(b) Director.—The national sea grant program shall be administered by a Director. The Director of the program shall be appointed by the Administrator, and shall be an individual who is especially qualified, by reason of knowledge, training, or experience, to direct an ocean and coastal resources program of the nature of the national sea grant program. The Director of the program shall be appointed and compensated, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, at a rate not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of such title.

"(c) CONTRACTS AND GRANTS.—(1) The Secretary shall, to the extent of appropriated funds and subject to subsection (d), enter into contracts and make grants to meet the needs and problems of individual States and regions. The total amount paid pursuant to any such grant or contract shall not exceed 66⅔ percent of the total cost of the program, project, or activity involved. The Secretary may enter into contracts under this subsection without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

"(2) Any sea grant college; sea grant regional consortium; State or local sea grant program; and any other institution of higher education, institute, laboratory, person, and/or public or private entity engaged in, or capable of engaging in, research, education, training, or advisory service activities in fields related to ocean and coastal resources may, in accordance with regulations promulgated by the Secretary, apply for financial assistance in the form of grants or contracts under this subsection. Any such application shall be made in writing in such form and with such content and other submissions as may be required.

"(d) LIMITATIONS ON CONTRACTS AND GRANTS.—(1) No payment may be made, in whole or in part, under any grant or contract awarded or entered into pursuant to subsection (c) if such payment is or will be applied to—

"(A) the purchase or lease of any land; or

"(B) the purchase, lease, construction, preservation, or repair of any building, dock, or vessel, except as otherwise provided in this paragraph.

Such payments may, if approved by the Director of the program, be applied to the purchase, lease, construction, preservation, or repair of stationary habitats, buoys, platforms, and other such devices or structures, or to the lease of any research vessel which is used in direct support of activities specifically provided for under this Act.

"(2) The total amount which may be provided to meet the needs and problems of any one State or which may be expended within such State, during any particular fiscal year, shall not exceed 15 percent of the total funds appropriated for such purpose for such year.

"SEC. 105. DUTIES OF THE DIRECTOR OF THE PROGRAM.

"The Director of the program shall have the following responsibilities:

"(1) Establish and apply long-range planning guidelines for the administration of the national sea grant program. Such guidelines shall be consonant with the 6-year plan prepared under section 204(d) of the Ocean and Coastal Resources Act of 1976.

"(2) Establish and implement priorities for the national sea grant program. Such priorities shall be consonant with the priorities established by the Associate Administrator under section 204(c) of the Ocean and Coastal Resources Act of 1976.

"(3) Advise the Administrator as to the expertise and capabilities which are available within or through the national sea grant program, and provide (as directed by the Administrator) those which are or could be of use to other offices and activities within the Administration.

"(4) Administer and evaluate programs and activities conducted under grants and contracts with sea grant colleges and regional consortia, other suitable public or private institutions of higher education, institutes, laboratories, persons, and other public or private entities which are engaged in, or concerned with, the understanding, assessment, development, utilization, and conservation of ocean and coastal resources.

"(5) Encourage other Federal departments, agencies, and instrumentalities to use and take advantage of the expertise and capabilities which are available through the national sea grant program on a cooperative or other basis.

"(6) Advise the Secretary on the designation of sea grant colleges and sea grant regional consortia and, in appropriate cases, if any, on the termination or suspension of any such designation.

"(7) Provide, through institutions of higher education, support for sea grant fellowships for educational and training assistance to persons in fields related to the understanding, assessment, development, utilization, and conservation of ocean and coastal resources.

"(8) Encourage the formation and growth of State and local sea grant programs.

"(9) Serve as a nonvoting member of the sea grant review panel.

"SEC. 106. SEA GRANT COLLEGES AND REGIONAL CONSORTIA.

"(a) DESIGNATION.—The Secretary is authorized to designate, through the national sea grant program, sea grant colleges and, where appropriate, sea grant regional consortia. The Secretary may, for cause, and after notice and an opportunity for an agency hearing, suspend or terminate any such designation.

"(b) PROGRAMS.—Each designated sea grant college and regional consortium shall initiate, conduct, and support programs of research, education, and training, and/or advisory services in disciplines and fields that are relevant to the understanding, assessment, development, utilization, and conservation of ocean and coastal resources. Each sea grant regional consortium shall focus upon ocean and coastal resource needs of a regional character and shall encourage a regional approach to problem solving, in cooperation with any sea grant colleges and programs in the region served by such consortium.

"(c) GUIDELINES.—The Secretary shall, in accordance with section 553 of title 5, United States Code, issue guidelines with respect to the responsibilities of sea grant colleges and regional consortia.

"SEC. 107. FELLOWSHIPS.

"(a) IN GENERAL.—The Director of the program shall support a sea grant fellowship program to provide educational and training assistance to qualified individuals at the undergraduate and graduate levels of education in fields related to ocean and coastal resources. Such fellowships shall be awarded, pursuant to guidelines established by the Director of the program, by sea grant colleges and regional consortia, and other suitable institutions of higher education and institutes, both public and private.

"(b) LIMITATION ON TOTAL FELLOWSHIP GRANTS.—The total amount which may be provided for grants under the sea grant fellowship program, during any particular fiscal year, shall not exceed 5 percent of the total funds appropriated for carrying out all of the purposes of this Act for such year.

"SEC. 108. SEA GRANT REVIEW PANEL

"(a) ESTABLISHMENT.—There is established an independent committee to be known as the sea grant review panel. The panel shall supersede the sea grant advisory panel chartered pursuant to the Federal Advisory Committee Act (5 U.S.C. App. I).

"(b) DUTIES.—The panel shall function solely as an advisory body to the Director of the program. The panel shall review and advise on—

"(1) applications, proposals for, and performance under, national sea grant program grants and contracts, under section 104(c), and with respect to the fellowship program, under section 107;

"(2) the establishment and operation (including review of the curricula, programs, and performance) of sea grant colleges and regional consortia, and make comments and recommendations to the Director of the program regarding the operation of any such college or consortium and improvements which the panel deems appropriate;

"(3) the formulation and application or implementation of the planning guidelines and priorities required by section 105 (1) and (2);

(4) the effectiveness of the advisory services provided through the national sea grant program; and

(5) such other matters as the Director finds appropriate and refers to the panel for review and advice.

The Director of the program shall make available to the panel such information, personnel and administrative services and assistance as it may reasonably require to carry out its duties.

(c) MEMBERSHIP, TERMS, AND POWERS.—(1) The panel shall consist of 15 voting members who shall be appointed by the Secretary upon the recommendation of the Administrator. The Director of the program shall serve as a nonvoting member of the panel. Not to exceed seven of the voting members of the panel shall be individuals who, by reason of knowledge, experience, or training, are especially qualified in one or more of the disciplines and fields included in marine science and technology. The remaining voting members of the panel shall be individuals who, by reason of knowledge, experience, or training, are especially qualified in, or representative of, education, advisory services, State government, industry, economics, planning, or any other area which is appropriate to, and important for, any effort to enhance the Nation's understanding assessment, development, utilization, or conservation of ocean and coastal resources. No voting member of the panel may be concurrently (A) the director of a sea grant college, regional consortium or State or local sea grant program, (B) the recipient of a grant or contract under this Act, or (C) a full-time officer or employee of the United States.

"(2) The term of office of a voting member of the panel shall be 3 years, except that of the original appointees, five shall be appointed for a term of 1 year, five shall be appointed for a term of 2 years, and five shall be appointed for a term of 3 years.

"(3) Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. A member may serve after the expiration of his term until his successor has taken office or until 90 days after such expiration, whichever is earlier.

"(4) The panel shall select one voting member to serve as the Chairman and another voting member to serve as the Vice Chairman. The Vice Chairman shall act as Chairman in the absence or incapacity of the Chairman.

"(5) Members of the panel, who are not employed by the Federal Government or any State or local government, shall receive compensation at the daily rate for GS–18 of the General Schedule when actually engaged in the performance of duties for such panel. Voting members shall be reimbursed for actual expenses incurred in the performance of such duties.

"(6) The members of the panel shall meet on a quarterly basis, and at the call of the Chairman or upon the request of a majority of the voting members or of the Director of the program.

"(7) The panel is authorized to exercise such powers as are reasonably necessary in order to carry out its duties under subsection (b).

"SEC. 109. AUTHORIZATION FOR APPROPRIATIONS.

"There is authorized to be appropriated to the Secretary for purposes of carrying out the provisions of this Act not to exceed $50,000,000 for the fiscal year ending September 30, 1977; not to exceed $50,000,000 for the fiscal year ending September 30, 1978; and not to exceed $50,000,000 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this section shall remain available until expended.".

TITLE II

SEC. 201. SHORT TITLE.

This title may be cited as the "Ocean and Coastal Resources Act of 1976".

SEC. 202. DECLARATION OF POLICY AND NATIONAL PRINCIPLES.

(a) FINDINGS.—The Congress finds and declares the following:

(1) The resources of the oceans and of the coastal zone would, through the development and wise application of marine resources, science, and technology, satisfy many human needs and contribute to the achievement of national and international objectives.

(2) A successful marine resources, science, and technology program for the United States requires (A) the establishment and maintenance of a strong research capability in government, industry, and the universities; (B) systematic assessment and forecasting of needs, capabilities, and consequences and the setting of research priorities; (C) a continuing partnership between the Federal Government and State and local governments, private industry, universities, scientists, and individuals and groups concerned with and affected by ocean and coastal resources and the marine environment; (D) prompt dissemination and ready availability to potential users of the knowledge gained through research; (E) international communication and cooperation in scientific and technological ventures; (F) the investment and efficient expenditure of public funds; (G) coordination of effort to avoid duplication, waste, and delay; (H) encouragement and leadership from the Federal Government; and (I) the establishment, within the Federal Government, of a central focus for the implementation of policy and the promotion of marine science and technology activities.

(3) A successful marine resources, science, and technology program is needed, would produce enormous benefit, and is feasible.

(b) PURPOSES.—It is therefore declared to be the purpose of the Congress in this Act to improve the understanding, assessment, development, utilization, and conservation of ocean and coastal resources and the marine environment—

(1) through (A) the encouragement and support of marine science and technology which is directed toward the wise development and conservation of such resources, (B) the development of long-range planning capability and a 6-year plan, (C) the training of skilled manpower, and (D) the dissemination and application of the knowledge and techniques so developed;

(2) by recognizing the National Oceanic and Atmospheric Administration as the lead agency for the planning, development, and implementation of a successful marine resources, science, and technology program for the United States; and

(3) by establishing an Office of Marine Resources, Science, and Technology within the Administration to assist with respect to such program, in accordance with the national principles set forth in subsection (c).

(c) NATIONAL PRINCIPLES.—(1) Effective and proper management, conservation, protection, and utilization of the Nation's ocean and coastal resources require coordinated planning, the setting of priorities, and continuing assessment of national needs. Basic research; applied research; technological development, application, and transfer; and education and training programs are all prerequisites for the achievement of these objectives.

(2) Basic research in marine science adds to mankind's understanding and knowledge of ocean and coastal resources and processes and is an essential prerequisite for future development. Such basic research should be fostered by the Federal Government through the encouragement and support of theoretical and empirical efforts in the traditional scientific disciplines, and through the promotion of interdisciplinary research activities which seek to integrate and advance the knowledge gained by disparate disciplines.

(3) Applied research in marine science and technology utilizes this understanding and knowledge and should receive continuing support from the Federal Government in order to meet national needs and to achieve national objectives, including—

(A) the strengthening of national well-being and security;

(B) the enhanced management, conservation, protection, development and utilization of ocean and coastal resources,

(C) the discovery and utilization of renewable energy resources;

(D) the prevention, control, and elimination of pollution; and

(E) the monitoring and predicting of conditions of the global environment.

(4) Technological development, application, and transfer should be advanced through Federal programs of engineering development and technological innovation, encouragement of private investment in technological development, and public participation in the decisionmaking processes relating to technological development, application, and transfer.

(5) Education and training programs in marine resources, science, and technology, including interdisciplinary programs, should be encouraged and supported by the Federal Government.

SEC. 203. DEFINITIONS.

As used in this Act, unless the context otherwise requires:

(1) The term "Administration" means the National Oceanic and Atmospheric Administration.

(2) The term "Administrator" means the Administrator of the National Oceanic and Atmospheric Administration.

(3) The term "annual report" means the annual report required under section 206.

(4) The term "Associate Administrator" means the Associate Administrator who directs and supervises the activities of the Office.

(5) The term "coastal resource" has the meaning prescribed for such term in section 103 of the National Sea Grant Act.

(6) The term "includes" and variants thereof should be read as if the phrase "but is not limited to" were also set forth.

(7) The term "national principles" means those principles set forth in section 202(c).

(8) The term "ocean resource" has the meaning prescribed for such term in section 103 of the National Sea Grant Act.

(9) The term "Office" means the Office of Marine Resources, Science, and Technology of the Administration established under section 204(a).

(10) The term "6-year plan" means the plan to be prepared pursuant to section 204(d).

(11) The term "Secretary" means the Secretary of Commerce.

SEC. 204. OFFICE OF MARINE RESOURCES, SCIENCE, AND TECHNOLOGY.

(a) ESTABLISHMENT.—There shall be established within 60 days after the date of enactment of this Act, a new Office in the Administration to be known as the Office of Marine Resources, Science, and Technology. The Office shall function continuously pursuant to the provisions of this Act.

(b) ASSOCIATE ADMINISTRATOR.—The Office shall be directed by one of the Associate Administrators of the Administration provided for in section (2)(e) of Reorganization Plan Numbered 4 of 1970, as amended by section 208(c) of this Act.

(c) DUTIES.—The Associate Administrator, through the Office, and in accordance with the national principles and the 6-year plan—

(1) shall develop and implement a program for marine resources, science, and technology within the Administration;

(2) shall coordinate marine research, technology development, and demonstration programs and projects within the Administration;

(3) shall (A) conduct planning activities including the identification of national goals and international objectives and human needs and problems which may be satisfied through marine science and technology; (B) undertake technology assessment; and (C) establish a means for determining, and determine, priorities for research and technological development, application, and transfer;

(4) shall provide financial assistance for research and development projects pursuant to subsection (e); and may initiate and promote, in accordance with such subsection, cooperative research and development projects and programs involving the Administration, State and local governments, private industry, universities, and individual qualified persons;

(5) shall review and make recommendations to the Administrator on the budgetary requests of the various ocean and coastal programs in the Administration to the extent that such requests pertain to marine resources, science, and technology;

(6) shall identify and may participate in and cooperate with marine resources, science, and technology programs conducted by other agencies and entities;

(7) shall assist the Administrator in the establishment and maintenance of an information service and exchange or other facility, for the prompt and timely dissemination to potential users and interested persons, of the results of marine research;

(8) shall develop measures for evaluating, and shall evaluate, to the fullest extent practicable, the impacts of marine science and technology activities carried on by the Administration in relation to the amount of Federal investment therein;

(9) shall assist the Administrator in the preparation of the annual report;

(10) shall consider and, through the Administrator, advise the Secretary on ways in which other administrations, bureaus, services, offices, and programs subject to the control of the Secretary could assist in implementing the national principles and the declaration of policy of this Act, including the National Bureau of Standards; and

(11) shall report on the activities of the Office to, and shall carry out such additional functions and responsibilities as may be assigned by, the Administrator.

(d) SIX-YEAR PLAN.—(1) The Administrator, with the assistance of the Associate Administrator, through the Office, shall prepare a 6-year plan with respect to the Administration—

(A) for marine resources, science, and technology research, development, and demonstration; and

(B) for the practical application, dissemination, and implementation of the knowledge and techniques gained through or derived from such research, development, and demonstration.

The 6-year plan shall include an assessment of the potential benefits and estimated costs thereof, and it shall establish requirements and conditions for successful implementation. Such plan shall reflect the priorities determined under subsection (c)(3). In developing this plan, the Administrator shall seek the cooperation of, and assistance from, the National Academies of Sciences and Engineering, the National Advisory Committee on Oceans and Atmosphere, the academic community, industry, State and local governments, and other interested parties. Such plan shall be revised from time to time to reflect new data, and information.

(2) Within 1 year after the data of establishment of the Office, the Secretary shall submit the 6-year plan to the Congress and the President and shall cause it to be published and made available to interested persons.

(e) RESEARCH AND DEVELOPMENT ASSISTANCE.—(1) The Associate Administrator shall, on the basis of the actions taken under subsection (c)(3), identify specific national needs and problems in fields related to ocean and coastal resources. The Associate Administrator shall provide financial assistance in the form of grants or contracts with respect to such needs and problems.

(2) Any person (including a governmental entity) may apply for financial assistance under this subsection for the conduct of research and development projects, and, in addition, specific proposals may be invited. Each grant or contract under this subsection shall be made pursuant to such rules as the Administrator, after consultation with the Secretary, shall prescribe, and in accordance with the national principles and the 6-year plan. Each application for funding shall be made in writing in such form and with such content and other submissions as may be required. The Associate Administrator is authorized to enter into contracts under this subsection without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(3) The activities supported by grants or contracts under this subsection shall, to the extent practicable, be interdisciplinary in nature, and shall, where appropriate, be administered through existing Administration programs, including the national sea grant program, to the maximum extent practicable. The total amount paid pursuant to any such grant or contract may, in the discretion of the Associate Administrator, be up to 100 percent of the total cost of the program, project, or activity involved.

(4) The Associate Administrator shall act upon each such application within 6 months after the date on which all required information is received.

(5) Each recipient of financial assistance under this subsection shall keep such records as the Associate Administrator shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of the cost of the project which was supplied by other sources, and such other records as will facilitate an effective audit. Such records shall be maintained for 3 years after the completion of such a project or undertaking. The Administrator and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of receipts which, in the opinion of the Administrator or of the Comptroller General, may be related or pertinent to such financial assistance.

(6) There is authorized to be appropriated to the Secretary for the purposes of this subsection not to exceed $3,750,000 for the transitional fiscal quarter ending September 30, 1976; not to exceed $15,000,000 for the fiscal year ending September 30, 1977; not to exceed $15,000,000 for the fiscal year ending September 30, 1978; and not to exceed $15,000,000 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this paragraph shall remain available until expended.

(f) INTERNATIONAL COOPERATION.—(1) The Administrator, with the assistance of the Associate Administrator, may provide financial assistance in the form of grants or contracts for the purpose of supporting programs (A) to enhance the marine science and technology capability of any foreign nation, and (B) to encourage international sharing and exchange of information with regard to marine science and technology.

(2) Any person (including any government entity, sea grant college, sea grant regional consortium, institution of higher learning, laboratory, institute, or other public or private entity) may apply for financial assistance under this subsection. Each grant or contract under this subsection shall be made pursuant to such rules as the Administrator, after consultation with the Secretary, shall prescribe. Each application for funding shall be made in writing in such form and with such content and other submissions as may be required. Before approving any application for a grant or contract under this subsection, the Administrator shall consult with the appropriate officials of the Department of State.

(3) There is authorized to be appropriated to the Secretary for the purposes of this subsection not to exceed $3,000,000 for the fiscal year ending September 30, 1977; not to exceed $3,000,000 for the fiscal year ending September 30, 1978; and not to exceed $3,000,000 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this subsection shall remain available until expended.

SEC. 205. ANNUAL REPORT AND EVALUATION

(a) ANNUAL REPORT ON MARINE RESOURCES, SCIENCE, AND TECHNOLOGY.—The Secretary shall submit to the Congress and the President, not later than February 15 of each year, a report on the status and prospects for marine resources science, and technology within the Administration. Each such report shall include—

(1) a general description of the marine resources, science, and technology projects and programs conducted or assisted by the Administration;

(2) an analysis of such projects and programs in terms of the national principles;

(3) an evaluation of the Administration's marine science and technology capability, including the status of personnel, vessels, facilities, and equipment;

(4) a statement of the efforts undertaken to promote the application and utilization of the knowledge granted through marine resources, science, and technology research;

(5) a survey of professional opportunities for individuals in marine resources, science, and technology; and

(6) a summary of the efforts undertaken and planned to coordinate marine resources, science, and technology activities of the Administration with those of other Federal entities, State and local governments, private industry, and the scientific and university communities.

(b) EVALUATION BY NACOA.—The National Advisory Committee on Oceans and Atmosphere shall, in accordance with the Act of August 16, 1971 (33 U.S.C. 857-6 et seq.), have the opportunity to review each report prepared pursuant to subsection (a). Such advisory committee shall be invited to submit, for inclusion in such report, comments and recommendations and its own independent evaluation of the Administration's marine resources, science, and technology program, including the matters set forth in such subsection (a). Such material shall be transmitted to the Secretary not later than February 1 of each year, and the Secretary shall cause it to be published as a separate section in the annual report submitted to the Congress pursuant to subsection (a).

SEC. 206. DISTINGUISHED RESEARCH AWARDS.

(a) ESTABLISHMENT AND SELECTION.—There is established a National Oceanic and Atmospheric Administration distinguished research award for outstanding achievements and contributions in problem-oriented research related to ocean and coastal resources which meets international, national, and/or regional needs. One such award shall be made not less than every 3 years from the date of enactment of this Act by the Secretary with the advice of the Administrator and the National Advisory Committee on Oceans and Atmosphere. Each such award shall consist of a citation and a cash honorarium in the amount of $10,000.

(b) NOMINATIONS.—Any citizen or national of the United States, or group thereof, is eligible for nomination. Such a nomination may be made by any person (including a governmental entity), with the exception of the National Advisory Committee on Oceans and Atmosphere and Federal employees. In submitting a nomination, the following shall be included: a description of the research and its importance; letters of support from other researchers in such field or fields; and letters of support from these affected or benefited by such research.

(c) TAX EXEMPTION.—Any amount received as an award under this section shall be exempt from any Federal, State, or local income tax.

SEC. 207. RELATIONSHIP WITH OTHER FEDERAL AGENCIES AND ENTITIES.

(a) IN GENERAL.—Each department, agency, or other instrumentality of the Federal Government which is engaged in or concerned with, or which has authority over, matters relating to ocean and coastal resources—

(1) may, upon a written request from the Secretary or the Administrator, make available to the Secretary or the Administrator, on a reimbursable basis or otherwise, such personnel (with their consent and without prejudice to their position and rating), service, and facilities as may be necessary to assist the Secretary or the Administrator to achieve the purposes of this Act;

(2) shall, upon such a written request, furnish such data or other information as the Secretary or the Administrator deems necessary to fulfill the purposes of this Act; and

(3) shall cooperate with the Administration and duly authorized officials thereof.

(b) WITHIN THE DEPARTMENT OF COMMERCE.—The Secretary shall take such steps as are necessary to assure that each administration, bureau, service, office, and program which is within the jurisdiction and subject to the control of the Secretary cooperates with the Administration and duly authorized officials thereof and assists the Administration in the implementation of the national principles and the declaration of policy of this Act.

SEC. 208. CONFORMING AND MISCELLANEOUS PROVISIONS.

(a) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(22) Administrator, National Oceanic and Atmospheric Administration.".

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof the following new paragraphs:

"(98) Deputy Administrator, National Oceanic and Atmospheric Administration.".

"(99) Associate Administrator, National Oceanic and Atmospheric Administration.".

(c)(1) Section 2(e) of Reorganization Plan Numbered 4 of 1970 is amended to read as follows:

"(e) In addition, there shall be in the Administration three Associate Administrators who shall perform such functions as the Administrator shall from time to time assign or delegate. Such Associate Administrators shall be appointed by the President, by and with the advice and consent of the Senate. The President shall appoint such Associate Administrators from among individuals who by reason of knowledge, experience, and/or training are especially qualified in the areas of marine resources, marine science or technology, the atmospheric sciences, or other areas of particular interest to the Administration. Such Associate Administrators shall receive compensation at the rate now or hereafter provided for level V of the Executive Pay Rates (5 U.S.C. 5316).".

(2) Persons appointed by the Secretary as additional officers in the Administration pursuant to section 2(e) of Reorganization Plan Numbered 4 of 1970 and serving in that capacity on the effective date of this Act, shall continue as Associate Administrators, notwithstanding the provisions of paragraph (1).

(3) Section 5316 of title 5, United States Code, is amended by adding at the end thereof the following new paragraph:

"(135) Associate Administrators, National Oceanic and Atmospheric Administration (3).".

SEC. 209. AUTHORIZATION FOR APPROPRIATIONS.

There are authorized to be appropriated to the Secretary for purposes of carrying out the provisions of this Act, other than section 204(e), not to exceed $3,330,000 for the transitional fiscal quarter ending September 30, 1976; not to exceed $10,000,000 for the fiscal year ending September 30, 1977; not to exceed $10,000,000 for the fiscal year ending September 30, 1978; and not to exceed $10,000,000 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this section shall remain available until expended.

Amend the title so as to read: "An Act to improve the national sea grant program and for other purposes."

Mr. HOLLINGS. Mr. President, I ask unanimous consent to indefinitely postpone consideration of S. 3165.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the bill (H.R. 13035) was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tonight it stand in adjournment until the hour of 9 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

LOBBYING DISCLOSURE ACT OF 1976

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 722, S. 2477, and that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 2477) to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes,

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2477) which had been reported from the Committee on Government Operations with an amendment to strike all after the enacting clause and insert the following:

That this Act may be cited as the "Lobbying Disclosure Act of 1976".

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds—

(1) that the enhancement of responsible representative government requires that the fullest opportunity be afforded to the people of the United States to exercise their constitutional right to petition their Government for a redress of grievances, to express their opinions freely to their Government, and to provide information to their Government; and

(2) that the identity and extent of the activities of organizations which pay others, or engage on their own behalf, in certain efforts to influence an issue before Congress should be publicly and timely disclosed in order to provide the Congress and all members of the public with a fuller understanding of the nature and source of such activities.

(b) It is the purpose of this Act to provide for the disclosure to the Congress and to all members of the public of such efforts without interfering with the right to petition the Government for a redress of grievances, and with other constitutional rights.

DEFINITION OF A LOBBYIST

SEC. 3. (a) As used in this Act, the term "lobbyist" means—

(1) an organization which pays any legislative agent an income of $250 or more in any quarterly period, other than payment or reimbursement for personal travel expenses, to engage in one or more lobbying communications; or

(2) an organization which engages on its own behalf, or on behalf of its members, in twelve or more oral lobbying communications in any quarterly period, acting through its own paid officers, paid directors, or paid employees. For purposes of determining whether any organization is a lobbyist under this paragraph, there shall be excluded any communication with a Member of Congress, or an individual on the personal staff of such Member, representing the State, or the congressional district within the State, in which such organization has its principal place of business, and, further, there shall be excluded any communication initiated by Congress whereby the organization provides information or opinion to Congress solely at the request of Congress; or

(3) an organization which, in any quarterly period, engages directly or through a legislative agent in any lobbying solicitations where the total direct expenses of such solicitations is $7,500 or more.

(b) Except as provided in subsection (d), as used in this Act, the term "lobbying communication" means—

(1) a communication with Congress which is intended to influence an issue before the Congress; and

(2) a communication with the executive branch urging or requesting any officer or employee of the executive branch to act or not to act, or to act in a certain manner, concerning the approval of any legislation passed by Congress, any nominations, any expression of views to Congress concerning an issue before Congress, or any other communication to, or testimony before, Congress.

(c) Except as provided in subsection (d), as used in this Act, the term, "lobbying solicitation" means a solicitation which is intended to influence an issue before the Congress by urging, requesting, or requiring one or more persons to communicate with Congress with respect to any such issue, or to solicit another person to make such a communication.

(d) As used in this Act, the terms "lobbying communication" and "lobbying solicitation" do not include—

(1) a communication or solicitation by an individual, acting solely on his own behalf, for redress of his personnel grievance or to express his own personal opinion;

(2) a communication which deals only with the existence or status of any issue, or which seeks only to determine the subject matter of an issue;

(3) testimony given before a committee or office of the Congress or submitted to a committee or office of the Congress for inclusion in the record of a hearing conducted by such committee or office;

(4) a communication or solicitation made by an officer or employee of the executive branch, acting in his official capacity, or a communication or solicitation by a Member, officer, or employee of the Congress, acting in his official capacity;

(5) a communication or solicitation made by an individual directly employed by a State or local government, acting in his official capacity;

(6) a communication or solicitation made through the instrumentality of a newspaper, book, periodical, magazine, or other publication of general distribution, or through a radio or a television broadcast: *Provided, however,* That this exception shall not apply (a) to a communication or solicitation made through the publication of a voluntary membership organization which is not customarily distributed outside the scope of the membership of such organization, or (b) to an organization responsible for the purchase of a paid advertisement in a newspaper, magazine, book, periodical, or other publication of general distribution, or through a paid radio or television advertisement;

(7) a communication or solicitation by, or on behalf of, a candidate, as defined in section 431(b) of title 2, United States Code, or by, or on behalf of, a candidate for a State or local office, made in his capacity as a candidate for Federal, State, or local office, including a communication or solicitation by, or on behalf of, an organization in its capacity as a political committee, as defined in section 431(d) of title 2, United States Code.

(8) a communication or solicitation by, or on behalf of—

(A) a political party, as defined in section 431(m) of title 2, United States Code, or a National, State, or local committee or other organizational unit of such a political party, regarding its activities, undertakings, policies, statements, programs, or platforms; or

(B) a political party recognized as such under the laws of a State, the District of Columbia, the Commonwealth of Puerto Rico, or a territory or possession of the United States, or a committee or other organizational unit of such a political party, regarding its activities, undertakings, policies, statements, programs, or platforms.

(e) For purposes of this Act an oral lobbying communication which is made simultaneously to more than one individual shall be treated as a single oral lobbying communication.

REGISTRATION OF LOBBYISTS

SEC. 4. (a) Each organization shall register with the Comptroller General within fifteen days after initially becoming a lobbyist. Each registration shall contain—

(1) an identification of the lobbyist;

(2) in the case of a voluntary membership organization, the approximate number of individuals who are members of the organization; the approximate number of organizations which are members of the organization, and a description of the type of such organizations; a general description of the procedures by which the organization establishes its position with respect to issues before Congress; and a general description of the geographic distribution and common interests of the persons who are members thereof; and

(3) the number of organizations and the number of individuals from whom the lobbyist received income during the year preceding the year in which the registration is filed where such income was expended in whole or in part for lobbying; an identification of each organization from which the lobbyist received income during such period where the income was expended in whole or in part for lobbying if the amount of income received from the organization constituted 1 per centum or more of the total income received by the lobbyist during such period; and an identification of each individual from whom the lobbyist received income during such period where the income was expended in whole or in part for lobbying if the total amount of income received from the individual and his immediate family was $1,000 or more in amount or value and constituted 5 per centum or more of the total income received by the lobbyist during such period. This paragraph shall not apply to any income received by the lobbyist in the form of a return on an investment by the lobbyist, or a return on the capital of the lobbyist.

(b) The registration filed under subsection (a) by an organization which is a lobbyist under section 3(a)(1) shall also include—

(1) a general description of the subject matter of each category of issues which the lobbyist, as of the date of filing, intends to influence by its legislative agent engaging in one or more lobbying communications; and

(2) an identification of the legislative agent which the lobbyist has retained, including an identification of each officer, director, or employee of the legislative agent, and of any other person to whom the legislative agent expects to provide income, other than personal travel expenses, where the legislative agent expects such officer, director, employee or other person will have responsibility for engaging in lobbying communications on behalf of the lobbyist.

(c) The registration filed under subsection (a) by an organization which is a lobbyist under section 3(a)(2) shall also include—

(1) a general description of the subject matter of each category of issues which the lobbyist, as of the date of filing, intends to influence by engaging in lobbying communications;

(2) an identification of each paid officer, paid director, and paid employee of the lobbyist whom, as of the date of filing, the lobbyist expects will have responsibility for engaging in oral lobbying communications on behalf of the organization, excluding any lobbying communications engaged in as a direct consequence of a solicitation described in subsection 6(d).

(d) The registration filed under subsection (a) by an organization which is a lobbyist under section 3(a)(3) shall also include—

(1) a general description of the subject matter of each category of issues which the lobbyist, as of the date of filing, intends to influence by engaging, either directly or through a legislative agent, in any lobbying solicitation which refers to the same issue or issues and which is intended to reach, or could reasonably be expected to reach, in identical or similar form, five hundred or more persons; twenty-five or more officers or directors, or one hundred or more employees, of the lobbyist, other than officers, directors, or employees identified pursuant to subsection (c) of this section; or twelve or more affiliates; and

(2) the identification of any legislative agent through whom the lobbyist expects to make any solicitation described in paragraph (1).

(e) In the event of any change in the information filed under subsection (a), the lobbyist shall amend the registration required by this section not later than thirty days after the close of the next quarterly period, or a such longer intervals of time as the Comptroller General determines are adequate to disclose the current identity and activities of the lobbyist, except that in the event that any organization retains any new legislative agent after filing a registration under subsection (a), the lobbyist shall amend the registration in compliance with subsection (b) or subsection (d) of this section within fifteen days of the time such legislative agent is retained.

(f) A registration filed under subsection (a) shall be effective until the first day of January immediately following the date upon which the initial registration is filed. Each lobbyist shall file a new registration under subsection (a) within thirty days after the first day of January of each year, except that a person whose registration has expired and who has ceased to be a lobbyist shall register under subsection (a) not later than fifteen days after again becoming a lobbyist.

RECORDS

SEC. 5. Each lobbyist and each person whom the lobbyist retains as a legislative agent shall maintain records relating to the registrations and reports required to be filed under this Act as the Comptroller General determines by reguluation are necessary for the effective implementation of this Act. Such financial records shall be kept in accordance with generally accepted accounting principles. All records required to be maintained by this section shall be preserved for a period of five years.

REPORTS BY LOBBYISTS

SEC. 6. (a) Each organization shall, not later than thirty days after the close of each quarterly period in which it is a lobbyist pursuant to section 3(a), file a report with the Comptroller General covering the organization's lobbying activities during the quarterly period. Each report shall identify the lobbyist, and shall contain the additional information required by the remainder of this section.

(b) In each instance where the lobbyist retains a legislative agent to engage in lobbying in the manner described in section 3(a)(1), the report shall identify the legislative agent and shall also include the following information with respect to each issue which was the subject of one or more lobbying communications by the legislative agent—

(1) a description of each such issue;

(2) the amount of income the lobbyist paid the legislative agent during the period in connection with each such issue;

(3) an identification of each officer, director, or employee of the legislative agent, and of any other person, who received income from the legislative agent, other than personal travel expenses, to engage in one or more lobbying communications during the period on behalf of the lobbyist, and a description of each issue with respect to which the officer, director, employee or other person engaged in such lobbying. In the case of any such person who engaged in lobbying communications with respect to more than ten issues, the lobbyist shall be required by this paragraph to describe only those ten issues which such person estimates accounted for the greatest proportion of the lobbying communications in which he engaged.

(c) In each instance where the organization is a lobbyist pursuant to section 3(a)(2), the report shall also include the following information—

(1) a description of each issue which was the subject of one or more lobbying communications by its paid officers, paid directors, or paid employees;

(2) an identification of each paid officer, paid director, or paid employee of the lobbyist who made one or more oral lobbying communications on behalf of the organization, and a description of the issues with respect to which such lobbying communications were made. In the case of any such person who engaged in oral lobbying communications with respect to more than ten issues, the lobbyist shall be required by this paragraph to describe only those ten issues which such person estimates accounted for the greatest proportion of the oral lobbying communications in which he engaged. This paragraph shall not apply to any lobbying communication which a paid officer, paid director, or paid employee of the lobbyist engaged in as a direct consequence of a solicitation described in subsection (d);

(3) an identification of any chief executive officer, or any principal operating officer, of the lobbyist, or of an affiliated organization, who made twenty-five or more oral lobbying communications on behalf of the lobbyist, and a description of each issue with respect to which such lobbying communications were made. This paragraph shall not apply to any individual identified by the lobbyist pursuant to paragraph (2). In the case of any such person who engaged in oral lobbying communications with respect to more than ten issues, the lobbyist shall be required by this paragraph to describe only those ten issues which such person estimates accounted for the greatest proportion of the oral lobbying communications in which he engaged.

(4) an estimate of the total expenses incurred by the lobbyist during the period in connection with all the issues with respect to which the organization engaged in lobbying including an estimate of the total portion expended on lobbying communications, and the total portion expended on lobbying solicitations.

(d) The report shall also contain the following information about any solicitation made by a lobbyist during the period, either directly or through a legislative agent, which referred to the same issue or issues and which was intended to reach, or could reasonably be expected to reach, in identical or similar form, five hundred or more persons; twenty-five or more officers or directors, or one hundred or more employees, of the lobbyist, other than officers, directors, or employees identified pursuant to subsection (c) of this section; or twelve or more affiliates—

(1) either a description of each issue with respect to which such solicitation was made, or a representative sample of the lobbying solicitation;

(2) a general description of the oral or written means employed to make such lobbying solicitation, including the identification of any legislative agent through whom the solicitation was made, and an indication whether other persons were requested by the lobbyist to in turn solicit;

(3) an estimate of the total number of persons, including an estimate of the number of affiliates and an estimate of the number of officers, directors, or employees of the lobbyist, directly solicited by the lobbyist; an estimate of the number of States in which persons were directly solicited; and an identification of any State which received, or was intended to receive, 10 per centum or more of the total number of written solicitations made by the lobbyist if such State received, or was intended to receive, five hundred or more written solicitations;

(4) the direct expenses incurred by the lobbyist in making any lobbying solicitation where such expenses exceeded $7,500; and

(5) in any case in which the lobbyist requests, urges, or requires one or more affiliates to in turn solicit, either—

(A) the identification of any such affiliate and, in any case in which the affiliate is a voluntary membership organization, either the approximate number of persons who are members of the affiliate, or an estimate of the number of persons the lobbyist expects the affiliate to solicit; or

(B) an indication of each State in which one or more of such affiliates is located, the total number of such affiliates in each State, and, in any case in which the affiliate is a voluntary membership organization, either the approximate number of persons who are members of all such affiliates in each State, or an estimate of the total number of persons the lobbyist expects all such affiliates in each State to solicit.

REPORT OF GIFTS

SEC. 7. (a) Each report filed pursuant to section 6 shall include a list of any gifts, loans, or honorariums described in subsection (b) or subsection (c) which are made directly or indirectly to any individual Member, officer, or employee of the Congress. Such list shall include an identification of the individuals making and receiving each such gift, loan, or honorarium and a description of the gift, loan, or honorarium and its amount or value.

(b) The requirements of this section shall apply—

(1) to any gift or loan of money, or any honorarium, made during the quarterly period by the lobbyist, by any officer, director, or employee of the lobbyist, or by any legislative agent on behalf of the lobbyist, which exceeds $10 in amount;

(2) to any gift or loan of any goods, services, or any other thing of value made during the quarterly period, by the lobbyist, or by a legislative agent on behalf of the lobbyist, including food, lodging, transportation or entertainment, which exceeds $10 in value;

(3) to any gift or loan of any goods, services, or any other thing of value made during the quarterly period by any officer, director, or employee of the lobbyist or by a legislative agent on behalf of the lobbyist, which exceeds $10 in value and which the officer, director, employee, or legislative agent has taken or will take, in whole or in part, as a deduction under section 162 or 212 of the Internal Revenue Code;

where the aggregate value of all the gifts, loans, or honorariums described in paragraphs (1), (2), and (3) made by the lobbyist, or by the officers, directors, employees, or legislative agents of the lobbyist, to any individual Member, officer, or employee of Congress exceeds $50 in amount or value.

(c) The requirements of this section shall also apply to any gift or loan of any goods, services, or any other thing of value, including food, lodging, transportation, or entertainment, made during the quarterly period by an officer, director or employee of the lobbyist, or by a legislative agent on behalf of the lobbyist, which exceeds $100 in value.

(d) This section shall not apply to any loan made on terms and conditions that are no more favorable than available generally, or to any gift or loan to any individual who is an immediate member of the family of the donor or lender, or to any contribution to a candidate as defined in section 431(e) of title 2, United States Code.

PROCEDURES FOR PREPARING REGISTRATIONS AND REPORTS

SEC. 8. (a) The Comptroller General shall withhold from public disclosure, upon petition by any person, any information otherwise required to be disclosed to the public pursuant to this Act, upon a showing that disclosure of the information may reasonably be expected to lead to the harassment of any person, or lead to threats or reprisals against any person.

(b) If the expenses or income which a lobbyist must report under section 6 or section 7 are included in an item partly attributable to other purposes, such expenses or income may be reported, in conformity with regulations issued by the Comptroller General, by a good faith allocation which sets forth with reasonable accuracy that portion of the item expended or received for the lobbying activity concerned, and the basis on which the allocation is made.

(c) Wherever a lobbyist is required under section 6 to describe an issue before Congress the description shall include, where applicable, the bill or other identifying number, and, in the case of any issue involving communications with the executive branch, the agency wtih which the lobbyist communicated, and shall be made in such detail as shall disclose the general subject matter which is of interest to the lobbyist and the general position of the lobbyist on such matter.

(d) Each registration filed pursuant to section 4 and each report filed pursuant to section 6 shall be signed by an officer or director of the organization who shall certify that the information certified therein is accurate and complete to the best of his knowldege and belief.

(e) Each person whom a lobbyist retains as a legislative agent, and each officer, director, and employee of a lobbyist, shall furnish to the lobbyist such information as is necessary to enable the lobbyist to comply with the provisions of sections 4, 5, 6, and 7.

DUTIES OF THE COMPTROLLER GENERAL

SEC. 9. It shall be the duty of the Comptroller General—

(1) to develop a filing, coding, and cross-indexing system to carry out the purposes of this Act, which shall contain an index of all persons identified in reports or registrations filed under this Act, including each legislative agent and each lobbyist that retained such legislative agent; and, in cooperation with the Federal Election Commission, to develop a cross-indexing system of persons identified in registrations and reports filed by lobbyists under this Act with persons identified in information filed under section 434 of title 2, United States Code;

(2) except in the case of any information any person has requested be withheld from public disclosure pursuant to section 8(a), to make copies of registrations and reports filed with him under this Act available for public inspection and copying, commencing as soon as practicable, but not later than the end of the second day following the day of receipt, and to permit copying of any such registration or report by hand or by copying machine or, at the request of any person, to furnish a copy of any such registration or report upon payment of a fee which shall be limited to reasonable standard charges for the direct cost of a document search and duplication. Documents shall be furnished without charge or at a reduced charge where the Comptroller General determines that waiver or reduction of the fee is in the public interest;

(3) to preserve the originals of the registrations and reports for a period of not less than five years from the day of receipt;

(4) to compile and summarize, with respect to each quarterly period, the information contained in the registrations and reports in a manner which facilitates the disclosure of lobbying activities. To the extent the Comptroller General determines that it is meaningful and practicable to do so, the compilation and summary shall include information on—

(A) all lobbying activities pertaining to a particular issue; and

(B) the total lobbying activities of lobbyists who share an economic, business, or other common interest;

(5) to make the information compiled and summarized under paragraph (4) available to the public within sixty days after the close of each quarterly period, and to publish such information in the Federal Register at the earliest practicable opportunity;

(6) to employ his powers under this Act to ensure compliance with the Act;

(7) to conduct investigations in compliance with the provisions of chapter 5 of title 5, United States Code, with respect to any violations of this Act;

(8) not later than ninety days after the date of the enactment of this Act and at any time thereafter, to propose such rules, regulations, and forms, in compliance with the provisions of chapter 5 of title 5, United States Code, as the Comptroller General determines are necessary to carry out the provisions of this Act in the most effective and efficient manner possible, and to prevent the evasion of the requirements of this Act; and

(9) to furnish assistance, to the extent practicable, to any person who requests assistance in the development of appropriate accounting procedures and practices to meet the recordkeeping and reporting requirements of this Act.

ADVISORY OPINIONS

SEC. 10. (a) Upon written request to the Comptroller General by any person, the Comptroller General, after consultation with the Attorney General, shall render an advisory opinion, in writing, within a reasonable time with respect to the applicability of the recordkeeping, registration, or reporting requirements of this Act to any specific set of facts involving such person.

(b) Notwithstanding any other provision of law, any person with respect to whom an advisory opinion is rendered under subsection (a) who acts in good faith in accordance with the provisions and findings of such advisory opinion shall be presumed to be in compliance with the provisions of this Act to which such advisory opinion relates. Any such advisory opinion may be modified or revoked, but any modification or revocation shall be effective only with respect to action taken or things done after such person has been notified, in writing, of such modification or revocation.

(c) Any request made under subsection (a), and any advisory opinion rendered by the Comptroller General, shall be made public by the Comptroller General in such form as the Comptroller General deems appropriate, except that upon request of any person seeking the advisory opinion, the identity of such person shall not be disclosed in any information made public by the Comptroller General pursuant to this subsection. Unless the Comptroller General determines that such request must be answered immediately, he shall, before rendering an advisory opinion, provide any interested person with an opportunity to submit written comments to the Comptroller General within such period of time as he shall provide.

(d) Any person who receives an advisory opinion under this section adverse to his interests may file a declaratory judgment action in the United States district court wherein that person resides or maintains his principal place of business.

ENFORCEMENT

SEC. 11. (a) The Comptroller General shall investigate violations of this Act. Any such investigation shall be conducted expeditiously, and in compliance with subsection 9(7) of this Act.

(b) If, as a result of an investigation under subsection (a), the Comptroller General determines that the acts or practices of any person constitute a civil violation of this Act, he shall endeavor to correct the matter by informal methods of conference and conciliation and, if such methods are unsuccessful, he shall refer the matter to the Attorney General.

(c) The Comptroller General shall refer apparent criminal violations of this Act to the Attorney General.

(d) The Attorney General, on behalf of the United States, may institute a criminal action in the district court of the United States for the district where any violation of this Act occurs, or a civil action in the district court of the United States for the district in which the person violating this Act is found, resides, or transacts business. In the case of any civil action, relief may include a permanent or temporary injunction, restraining order, or any other appropriate order.

(e) In any case in which the Comptroller General refers a civil or criminal violation to the Attorney General, the Attorney General shall act upon such referral in as expeditious manner as possible, and shall respond by report to the Comptroller General with respect to any action taken by the Attorney General regarding such violation. A report shall be transmitted no later than sixty days after the date the Comptroller General refers such violation, and at the close of every ninety-day period thereafter, until there is final disposition of the case. The Comptroller General may from time to time prepare and publish reports on the status of such referrals.

INCIDENTAL POWERS OF THE COMPTROLLER GENERAL

SEC. 12. (a) Where necessary for the proper execution of his duties and functions under this Act, the Comptroller General shall have the power, pursuant to rules issued by the Comptroller General—

(1) to require by subpena any person (a) to permit representatives of the Comptroller General to examine records required to be maintained by this Act; (b) to require the attendance and testimony of witnesses; and (c) to require the production of documentary evidence relating to the execution of his duties and functions;

(2) to administer oaths or affirmations;

(3) to obtain through written interrogatories the answers to questions, which answers shall be made within such a reasonable period of time and under oath or otherwise as the Comptroller General may order;

(4) in any proceeding or investigation, to order testimony to be taken by deposition before any person who is designated by the Comptroller General and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (1);

(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States.

(b) In cases of refusal to obey a subpena or order issued by the Comptroller General under subsection (a), any United States district court within the jurisdiction of which any inquiry is carried on may, on a petition on behalf of the Comptroller General, issue an order requiring compliance therewith.

SANCTIONS

SEC. 13. (a) **Any person who fails to comply with section 4, 5, 6, 7, or 8 of this Act shall be subject to a civil penalty of not more than $10,000.**

(b) No information contained in any registration or report filed under this Act shall be sold or utilized by any person for the purpose of soliciting contributions or for any commercial purpose. Any person who fails to comply with this subsection shall be subject to a civil penalty of not more than $10,000.

(c) In any action brought under this section, the United States district courts are empowered to grant mandatory injunctions and such other and further equitable relief as they deem appropriate to require the defendant to comply fully and retroactively with subsection (b) of this section and with the registration, reporting, and recordkeeping requirements of this Act and any order issued under it. In determining the amount of civil penalty in any action under this Act, the court shall take into account the degree of culpability, any history of prior failure to comply with section 4, 5, 6, 7, 8, or subsection (b) of this section, and such other matters as justice may require.

(d) Any person required to file a registration under section 4, keep any record under section 5, file any report under section 6, 7, or 8, or furnish any information under section 8(e), who knowingly and willfully—

(1) fails to file such registration, keep such record, file such report, or furnish such information, or

(2) in connection with any such registration, record, or report, or with the furnishing of any such information, falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious, or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry,

shall be fined not more than $10,000 or imprisoned not more than five years, or both.

REPORTS BY THE COMPTROLLER GENERAL

SEC. 14. The Comptroller General shall transmit a report to the President of the United States and to each House of the Congress no later than March 31 of each year. Each such report shall contain a detailed statement with respect to the activities of the Comptroller General in carrying out his duties and functions under this Act, together with recommendations for such legislation or other action as the Comptroller General considers appropriate.

GENERAL DEFINITIONS

SEC. 15. As used in this Act, the term—

(1) "affiliates" includes organizations or other groups of person which are associated with each other through any type of formal relationship, such as through ownership, the election of officers or directors, through franchise agreements, through common funding, or through common adherence to a charter or organizational bylaws, whether or not one such person controls the policies or actions of the other. The term shall not include an informal or ad hoc alliance or coalition. For purposes of this Act, a communication or solicitation addressed to any individual in his capacity as an officer, director, or employee of an affiliate shall be considered a communication or solicitation addressed to the affiliate;

(2) "Comptroller General" means the Comptroller General of the United States;

(3) "Congress" means (a) any Member, officer, or employee of Congress; (b) the Senate, or the House of Representatives; (c) any committee of the Senate or House of Representatives, including any standing, special, or select committee of the Senate or the House of Representatives, any joint committee of the Congress, any subcommittee of any such committee or joint committee, and any conference committee of the Congress; (d) any office of the Senate or the House of Representatives; (e) any office of the Congress; and (f) the Office of Technology Assessment, including the Technology Assessment Board;

(4) "director" means, with respect to an organization other than a partnership, an individual who is a member of a body containing fewer members than the organization itself which constitutes the governing board of such organization, and, with respect to a partnership, an individual who is a partner;

(5) "direct expenses" means expenses such as the cost of mailing, printing, advertising, telephones, consultant fees, or the like that are not included in an item partly attributable to other purposes, or which are included in an item partly attributable to other purposes, but which may, with reasonable preciseness and ease, be directly allocated in whole or in part to a particular lobbying activity;

(6) "employee" includes an individual performing personal services as an expert or consultant under contract with the Government;

(7) "executive branch" includes any agency as defined in section 552(e) of title 5, United States Code, and any officer or employee of such agency, except such term shall not include the General Accounting Office;

(8) "expenses" includes—

(A) a payment, distribution, loan, advance, deposit, or gift of money or anything of value made, disbursed, or furnished, and

(B) a promise, contract, or agreement, whether or not legally enforceable, to make, disburse, or furnish any item referred to in subparagraph (A);

(9) "identification" includes, in the case of an individual, the name of the individual and his occupation, business address, and position held in the lobbying organization; and, in the case of an organization, the name of the organization and its address, principal place of business, nature of its business or activities, chief executive officer, and directors;

(10) "income" includes—

(A) a gift, donation, contribution, payment, loan, advance, service, salary, or other thing of value received, and

(B) a contract, promise, or agreement, whether or not legally enforceable, to receive any item referred to in subparagraph (A);

(11) "influence" means to affect, or attempt to affect, the disposition of any issue, whether by initiating, promoting, opposing, effectuating, delaying, altering, amending, withdrawing from consideration, or otherwise;

(12) "issue before the Congress" means the totality of all matters, both substantive and procedural, relating to any pending or proposed bill, resolution, report, nomination, treaty, hearing, investigation, or other similar matter in Congress, including any action or proposed action by a Member, officer, or employee of the Congress to influence, or attempt to influence, any action or proposed action by any officer or employee of the executive branch;

(13) "legislative agent" means any person who receives income from a lobbyist to engage in lobbying for the lobbyist, other than income received as an officer, director, or employee of the lobbyist. Any reference to such term shall include the officers, directors, or employees of a legislative agent. The term shall not include any person who only prepares material for the use of another person who in turn engages in lobbying in his own name;

(14) "lobbying" means engaging in lobbying communications, or lobbying solicitations, or **both;**

(15) "Member, officer, or employee of the

Congress" means a Member of the Senate or the House of Representatives, a Delegate to the House of Representatives, the Resident Commissioner from Puerto Rico, and an officer or employee of the Senate or the House of Representatives or of any Member, committee, or office of the Congress;

(16) "organization" includes a corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, group of organizations, or group of individuals, except that it shall not include any organization which does not have one or more paid officers, paid directors, or paid employees;

(17) "paid officer, paid director, or paid employee" means an officer, director, or employee who receives income for his services, other than personal travel expenses, at a rate in excess of $100 a week. An officer, director, or employee who is not employed on a full-time basis is included within this definition if the effective hourly rate at which such individual is compensated exceeds the effective hourly rate of a full-time employee who receives income at a rate in excess of $100 a week;

(18) "person" includes an individual and an organization, whether or not it has paid officers, paid directors, or paid employees;

(19) "personal travel expenses" means expenses for travel but only if (a) the amount paid or received as reimbursement for such expenses does not exceed the actual cost of the transportation involved plus a per diem allowance for other actual expenses in an amount not in excess of the maximum applicable allowance payable under section 5702(c)(1) of title 5, United States Code, for Government employees, and (b) such allowance is received for no more than ten days in any quarterly period;

(20) "voluntary membership organization" means an organization composed of persons who are members thereof on a voluntary basis, and who, as a condition of membership, pay regular dues, subscribe to one or more publications, or make contributions to such organization.

REPEAL OF FEDERAL REGULATION OF LOBBYING ACT

Sec. 16. (a) The Federal Regulation of Lobbying Act (60 Stat. 839; 2 U.S.C. 261 et seq.) is repealed.

(b) All documents, papers, and other information in the custody or control of the Clerk of the House of Representatives or the Secretary of the Senate obtained or prepared pursuant to the provisions of the Federal Regulation of Lobbying Act are hereby transferred to the custody and control of the Comptroller General. The Senate and the House of Representatives consent to the transfer of such documents, papers, or other information.

EFFECT ON OTHER LAWS

Sec. 17. (a) An organization shall not be denied an exemption under section 501(a) of the Internal Revenue Code of 1954 as an organization described in section 501(c) of such Code, and shall not be denied status as an organization described in sections 170 (c)(2), 2055(a)(2), 2106 (a)(2), and 2522 of Such Code, solely because such organization complies with the requirements of sections 4, 5, 6, 7, and 8 of this Act.

(b) The registration, reporting, and recordkeeping requirements of the Act shall not relieve any person from the registration, reporting, recordkeeping, or similar obligations of any other Act.

SEPARABILITY

Sec. 18. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

Sec. 19. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

EFFECTIVE DATES

Sec. 20. (a) Except as provided in subsection (b), the provisions of this Act shall take effect on the first day of the first calendar quarter which begins more than one hundred and eighty days after enactment of this Act.

(b) The provisions of this Act requiring the issuance of regulations to implement this Act shall become effective upon enactment.

The PRESIDING OFFICER. Who yields time?

Mr. MANSFIELD and Mr. METCALF addressed the Chair.

Mr. MANSFIELD. Mr. President, will a Senator yield me about 2 minutes?

Mr. RIBICOFF. Mr. President, I yield 2 minutes to the majority leader.

Mr. MANSFIELD. Mr. President, for the information of the Senate, it appears we will be in fairly late tonight to consider the pending business. It is necessary that we do this because we have for tomorrow Calendar No. 831, having to do with the Federal Energy Administration, which expires the end of this month if not continued; Calendar No. 791, the maritime programs; and Calendar No. 822, having to do with the authorization for the Coast Guard; and then, in keeping with the promise of the leadership, it is anticipated that at a later hour tomorrow the Senate will turn to the consideration of the Tax Reform Act.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the following staff members be given floor privileges during consideration of and votes on S. 2477, the Lobbying Act of 1975:

Richard Wegman, Paul Hoff, Marilyn Harris, Paul Rosenthal, Connie Evans, Joan Childers, Brian Conboy, Claudia Ingram, Win Turner, Jim Davidson, and Ron Chiodo of the Government Operations Committee; Don Tacheron of Senator Metcalf's staff; Andy Lowei of Senator Clark's staff; Vic Maerki of Senator Stafford's staff; Carey Parker of Senator Kennedy's staff; and Tom Sussman of the Judiciary Committee staff; Charles Morrison of Senator Roth's staff, and Les Doran of Senator Brock's staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STONE. Mr. President, I ask unanimous consent that Pam Weller may have the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER (Mr. Domenici). Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I ask unanimous consent that Bob Brown and Mike Barry, of my staff, may have the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, the Lobbying Disclosure Act of 1976, S. 2477, will at last give this country a lobbying disclosure act worthy of its name. It will give the Congress and the country for the first time a lobbying law that is both fair, reasonable, and workable. It will replace a law which was inadequate when it was first passed 30 years ago and inadequate today.

The failures of the present lobbying law have been so well documented that Congress simply cannot ignore the problem any longer.

The 1946 act fails to give any accurate indication of even the number of persons who lobby as part of their job. The Government Operations Committee received testimony at its hearings suggesting that as many as 10,000 people may be paid at any one time to engage in lobbying efforts. But under 2,000 of these lobbyists are now actually registered.

The 1946 act fails to give any clear picture of the amount of money spent of lobbying each year by lobbyists. Over 25 years ago a select House committee on lobbying activities concluded, on the basis of its own research, that if all the truth was known about lobbying "it would prove to be a billion dollar business." Yet 10 years ago, a major congressional report on congressional reform which investigated lobbying practices concluded that the current lobbying registrations "reveal only a small fraction of the money paid and received for lobbying activities." For example, one major industry, represented by over 250 lobbyists, recently reported spending half of what Common Cause with just 14 lobbyists, reported spending in the same period. In fact, the total amount reported spent on lobbying last quarter was approximately $3½ million—and Common Cause reports accounted for almost 10 percent of that total figure. Although Common Cause lobbies extensively, we all know that its activities do not constitute 10 percent of all lobbying that is actually engaged in. What is more likely is that most lobbying expenditures are unreported. One estimate provided the committee suggests not more than one-tenth of 1 percent of the total amount spent on lobbying is now actually reported.

The 1946 act is totally unenforced. A report by the General Accounting Office prepared for me found enforcement of the act to be practically nonexistent. The report stated that in one recent reporting period 48 percent of the lobbying reports filed were incomplete and 61 percent were received late. Yet, the Justice Department has investigated only five complaints of violations of the law since 1972. In the whole history of the act, there has been only one successful prosecution for violation of the law.

The failure of the present law derives from a number of basic flaws in the way it was drafted.

It does not require an organization to report its lobbying activities if it utilizes its own resources to lobby. To be a lobbyist an organization must receive contributions from others for the specific purpose of lobbying.

It does not apply to organizations or individuals unless lobbying is their principal purpose. These is wide disparity in the way this very vague term is interpreted.

The present law does not cover lobbying efforts which do not involve direct contact with Congress. Lobbyists who attempt to influence Congress by soliciting others to communicate with Congress do not have to report their grassroots lobbying efforts.

The present law does not include lobbying communications with staff employees of Senators or Congressmen. A substantial portion of the lobbying process is consequently outside the scope of the act's coverage.

The present law's reporting requirements are so vague and ambiguous that the lobbyists who do report often file incomplete information or interpret the requirements very differently.

No agency of the Federal Government has clear responsibility and adequate investigatory powers to enforce compliance with the act.

Mr. President, I believe Congress has two choices. It can recognize the present law's failure by repealing the 1946 act, and permit lobbying to go on without any disclosure. Or it can replace the present law with an effective and reasonable lobbying disclosure law. The very clear, compelling, and widely accepted need to have an effective lobbying law makes it clear Congress must choose the latter course.

The business of seeking to influence Congress is now big business. It involves lobbying organizations which may have the active support of 47,000 other organizations, or as many as 1 million individuals. When an organization spends three-quarters of a million dollars, or more, on a letter writing campaign to defeat or pass a single bill, Congress and the public have a right to know this.

Lobbying has an important role in the legislative process. But it must be brought into the open so that the voice of the few, and the money of the few, do not make it impossible to hear the voice of the many.

Senate bill No. 2477 does not regulate or limit lobbying in any way. It places no limits on the amount of money which may be spent or the campaigns that may be conducted. But it does turn the healthy light of disclosure on lobbying and so discourage any lobbying practices which cannot withstand the light of day. It is crucial that a lobbying law do so, for our system of government is based on the consent of the public. It cannot operate fully or fairly if it is distorted by lobbying practices which the lobbyist feels he must hide from the public.

Disclosure will enable Members of Congress, as they consider an issue before Congress, to understand more fully the actual nature and source of the lobbying on that issue. Lobby legislation insures disclosure of the identity and nature of those persons that lobby. Members of Congress should be able to judge with confidence, for example, whether the communications it receives are the spontaneous expression of the public's feelings, or whether they have been generated by the lobbying efforts of a particular interest.

Disclosure will help insure public confidence in the integrity of the government. Americans are concerned about their governmental institutions. Americans are concerned about Government responsiveness to the interests of the average citizen. A Harris poll conducted in 1975 revealed that a lopsided 72 percent to 9 percent of the public feels that "Congress is still too much under the influence of special-interest lobbies." Removing the cloak of secrecy from efforts to influence issues before Congress will help reinforce the public's confidence in Congress.

Disclosure will enable Congress and the general public to tell which views are most represented before Congress and how much money is spent by lobbyists to influence the outcome of which issues.

Disclosure will enhance the lobbying profession by removing the secrecy surrounding its activities. The American people will better understand the nature of lobbying and the role it plays in legislative decisions.

The Lobbying Disclosure Act of 1976 will achieve these goals. It will tell the Congress and the public, for the first time, what organizations are making significant efforts to influence the legislative process, what issues they are attempting to influence, and how much money they have spent in the effort to do so. It will give a comprehensive picture of an organization's efforts to influence an issue before Congress, including its efforts to generate grassroots support for a particular position.

At the same time, it insures that no one will be deterred from fully participating in the public debate on any matter by unnecessarily broad or detailed reporting requirements. The bill will not restrict anyone's right to petition the Government. It will not impose burdensome reporting requirements. It will not discourage members of the general public from talking to their Senator or Representative.

The bill ordered reported unanimously by the Government Operations Committee on March 23 is based on a few fundamental principles.

Individuals that express their own personal views to Congress should never have to register or report as a lobbyist.

Careful distinctions should be made between organizations that do their own lobbying and organizations which hire outside persons to do their lobbying for them.

The registration and reporting requirements should be placed only on organizations who pay employees or agents to lobby for them.

Only organizations that do a significant amount of lobbying should have to register and report.

All groups that lobby should be treated fairly and equally. One interest group should not be exempted or forced to bear a disproportionate burden.

The registration and reporting requirement should be carefully tailored to fit each particular kind of lobbying activity involved. An organization that does its own direct lobbying should have to estimate the total amount of money spent on its lobbying efforts, but it should not have to itemize in detail the amount of money spent in its efforts.

The proper Government agencies should be accorded full authority, and the clear mandate, to administer the new law.

I ask unanimous consent that a summary of the bill's major provisions be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIBICOFF. Mr. President, S. 2477 is the product of 6 days of committee hearings and many months of study by the committee. It represents a practical and balanced approach to a very difficult problem which has been too long neglected by Congress.

I urge the Senate to act promptly on this legislation.

EXHIBIT 1

SUMMARY AND NATURE OF LOBBYING DISCLOSURE ACT OF 1976

S. 2477 replaces the present lobbying law with a comprehensive new statute that specifies who must register as a lobbyist and what information they must publicly disclose. There is no restriction or prohibition on lobbying activities.

I. *Registration:*

A. Requirements for registration as a lobbyist: Only an *organization* with one or more paid officers, paid directors or paid employees must register, and then only if it meets one of three criteria:

(1) it retains a law firm or other agent to lobby for it in Congress and pays the agent *more than $250 in a quarter* for its lobbying work; or

(2) its own paid officers, directors, or employees *directly engage on behalf of the organization in 12 or more oral lobbying communications with Congress during a quarter;* or

(3) it *spends a total of $7500 or more in a quarter on lobbying solicitation campaigns* (*Direct expenses*) urging or requesting others to get in touch with Congress on a particular issue.

B. Those *not* required to register: Individuals, ad hoc volunteer groups, and organizations which do not have any paid officers, directors, or employees are not required to register or report—regardless of the extent of their lobbying activities. In addition, any organization which *only* contacts the 2 Senators and 1 Congressman who represent the State and district where the organization maintains its principal place of business are *not* required to register as a lobbyist. Finally the bill exempts contacts by Federal, State, and local officials and by political parties and candidates, and certain types of contacts such as official testimony and requests about the status of a bill.

C. Information required when an organization registers as a lobbyist:

If an organization meets the bill's definition of a lobbyist it must register with the Comptroller General once a year. The registration must give basic information about the identity and nature of the organization, the identity of those individuals who will actually be paid to do the lobbying, and the category of issues on which they will work. In the case of voluntary membership organizations, such as trade associations, the registration will also describe the size and nature of the organization's membership and contain a general description of the internal procedure it follows when deciding what position to take on issues. If another organization has contributed to the organization's lobbying effort, the lobbyist would have to identify that organization if the organization contributed at least 1 percent of the organization's total budget. A lobbyist would need to identify an *individual* who contributed to it only if that individual contributed $1,000 or more and the contribution was at least 5 percent of the lobbyist total budget.

II. *Reporting:*

A. Time period for filing reports: Any organization that is a lobbyist must file a report for each 3-month period in which its lobbying activities exceed at least one of the minimum threshold levels established in the bill's definitions of a lobbyist. If a registered lobbyist's activities in a quarter do not exceed any of these minimum levels, the organization will not have to file a report for that quarter.

B. Information required: The quarterly reports will identify the issue on which the organization actually lobbied, and the identity of those who did the lobbying. Additional information is tailored to fit the particular type of lobbying involved in order to disclose the nature and extent of the organization's lobbying effort without requiring the organization to keep additional detailed records of its activities.

C. Reporting requirements for information on direct lobbying:

If the lobbying organization retains a lawyer or other legislative agent to engage in direct lobbying, the report asks for an estimate of the amount of money the lobbying organization expended on each issue and an identity of the person who lobbied on the issue.

If the organization does its own lobbying, it must provide only a general estimate of the total amount spent in the quarter in connection with its direct lobbying effort. This provision does *not* require an itemized breakdown of the lobbyist's expenditures. The organization's lobbying report must also indicate which of its paid officers, paid directors, or paid employees lobbied, and describe briefly up to 10 issues on which each of them lobbied. The lobbying activities of a chief executive officer who is not paid by the organization must be disclosed only if the officer engaged in 25 or more oral lobbying communications during the quarter.

If the organization qualifies as a lobbyist *only* because of its solicitation efforts, no information on any direct lobbying is required.

D. Reporting requirements for information on solicitations:

Organizations which meet the $7,500 solicitation threshold must provide information on any particular solicitation which was intended to reach 500 or more members of the general public, 25 or more of the organization's own officers or directors, 100 or more of its own employees, or 12 or more of its affiliates. The report must describe the issue involved, the general size of the campaign, whether it was conducted by phone, through the mail, or otherwise, and the extent that the lobbyist requested any of its affiliates to in turn solicit others. The cost of any specific lobbying solicitation campaign must be given only when the effort is a major one involving at least $7,500 in direct expenses in a quarter—such as for advertising, printing, postage, or the like.

Organizations which qualify as a lobbyist as a result of direct lobbying efforts, but which also engage in lobbying solicitations, must report the same information about any particular solicitation which meets the criteria noted above for an organization that only solicits. In addition, such groups must provide a general estimate of their total expenses in the quarter on lobbying solicitation efforts.

E. Reporting requirements for information on gifts: The requirement to report gifts to Congress applies to all lobbying organizations. The lobbyist must provide information on the nature and value of all gifts to Members, officers, and employees of Congress if during the quarter the lobbyist gives that particular individual at least $50 worth of gifts each valued at $10 or more or if during the same period an employee of the lobbyist makes such gifts and takes them as business deductions for tax purposes. In addition, any gift worth at least $100 made by an employee of the lobbyist must be reported whether or not the employee takes the gift as a business deduction. "Gifts" is defined to include in-kind gifts such as food, lodging, transportation, and entertainment, as well as cash gifts.

III. *Administration and Enforcement:*

A. Administration of the law: The General Accounting Office will have administrative responsibility for implementing the new law. It will have rule-making authority and investigative powers subject to the procedural safeguards of the Administrative Procedure Act. The Comptroller General will also have the authority to issue advisory opinions in consultation with the Attorney General.

B. Penalties for violations of the law: Violations of the law will be subject to civil fines assessed through enforcement suits in Federal district court. Willful and knowing violations of the Act, including the filing of fraudulent reports, will be subject to criminal penalties. All litigation in Federal court to enforce the new law will be the responsibility of the Department of Justice.

EXAMPLES OF WHO WOULD BE A LOBBYIST

The following are examples of who would be a lobbyist and who would not be a lobbyist under the bill's provisions:

(1) An individual citizen, concerned about the safety of children's toys, journeys to Washington and talks on his own behalf to staff assistants in the offices of 80 different Congressmen or Senators. The citizen *is not* a lobbyist because he is simply expressing, on his own behalf, his personal concern about a matter.

(2) A lawyer is retained by a company to obtain an amendment to a tax bill pending in Congress. In connection with the services provided his client, the lawyer drafts proposed wording, and discusses the wording with the staff of the appropriate committee. The company *is* a lobbyist so long as it pays the lawyer more than $250 a quarter for his work, and the lawyer communicates orally or in writing with Congress on one or more occasions.

(3) An organization with no paid employees except for one full-time administrator engages in lobbying through members who volunteer their time. The volunteers talk to Congress a total of more than 12 times in a quarter. The organization *is not* a lobbyist since its lobbying is all done by volunteers.

(4) Paid employees of a national company call the staff of Congressional committees on 20 occasions during a quarterly filing period in order to determine whether the committee has scheduled hearings on certain bills, and whether the committee has reported other measures out of committee. In addition, the company president testifies before the committee on a particular bill and also writes two letters to the chairmen of two committees on particular legislation. The company engages in no other communications with Congress. The company *is not* a lobbyist since the bill, in determining whether an organization is a lobbyist, excludes written communications made on the organization's own behalf, and oral communications which only seek information about the status of certain bills or which only involve testimony before a committee.

(5) The president of an organization which is concerned about the possible effect of a pending bill on its business speaks in person or on the telephone with his two Senators and the Congressman representing the district in which his business is located. He talks about the bill a total of 15 times to his representatives or their personal staff assistants but otherwise does no lobbying on the matter. Since the businessman only speaks to his own Senators and his Congressman he *is not* a lobbyist.

(6) Three paid employees of an organization call committee staff aides a total of 20 times during a quarterly filing period in an attempt to secure passage of amendments to three diferent bills. On a fourth issue the president writes the chairman of two committees urging passage of the legislation and speaks in person with the Senators and Congressman representing the state or district in which the business is located a total of 10 times. While none of the individuals would be a lobbyist, the organization *is* a lobbyist since together its three paid employees engage in over 12 *oral* lobbying communications in connection with the first three issues. The organization's activities in connection with the fourth issue would not in itself make the organization a lobbyist because written communications, and communications with the Senators and Congressman representing the district in which the organization is headquartered can not make an organization a lobbyist. Because it is a lobbyist for other reasons, however, the organization's quarterly report must include, in addition to a description of the first three issues, reference to the fourth issue.

(7) Paid employees of an organization engage in frequent conversations with executive branch agencies about regulations the agencies have proposed, but they engage in conversations with Congressmen or their staff less than 12 times in a quarter. The organization *is not* a lobbyist that must register and file a report, since the bill focuses on lobbying done on issues before Congress.

(8) Paid employees of an organization urge various executive branch officials on 10 different occasions to give testimony before Congress supporting particular legislation of interest to the organization. The company also talks on 10 different occasions during the same three month period with members of the appropriate congressional committees or their staff. Since the communications with the executive branch specifically urge officials to communicate with Congress about pending legislation, they are lobbying communications for purposes of determining whether the company is a lobbyist. Since the total of all oral lobbying communicatons before the exectuive branch and Congress exceeded in this case 12 the company *is* a lobbyist.

(9) A voluntary membership organization that is a lobbyist because its paid employees engage in over 12 oral lobbying communications in a quarter solicits the president of its 50 affiliated organizations to communicate with Congress about pending legislation. The member organizations in turn each talk to Congressmen about the issue, but none of them engage in 12 or more oral communications during the period. The member organization *is not* a lobbyist. The organization that solicited its affiliates must include in its report, however, that as part of its lobbying activities it solicited these organizations on a particular issue.

(10) A large national company that is a lobbyist because its Washington office engages in over 12 oral lobbying communications in a quarter sends a letter out to all 2,000 of its paid employees throughout the country urging them to communicate with their own Congressman about a bill directly affecting the company, 100 of them do so. However, because the communications were the direct consequence of a lobbying solicitation campaign, the employees who talk to their own Congressman in response to the solicitation do not have to be individually identified on the company's lobbying report. Rather the organization's report must describe the nature and extent of the solicitation campaign.

(11) Several individuals who are personally concerned about an environmental issue buy with their own personal funds an advertisement in the newspaper costing $10,000 urging the public to write Congress in support of a particular environmental bill. The individuals do not act on the behalf of any

organization. The individuals *are not* lobbyists since they are using their own money to express their own personal views on an issue before Congress.

(12) An organization that favors a certain energy policy spends $15,000 on newspaper advertisements opposing a particular bill and urging the public to write their Congressman on this legislation. The organization *is* a lobbyist even if it does not engage in any direct lobbying of its own since it has spent more than $7,500 in a quarter in direct costs associated with lobbying solicitations.

Mr. PERCY. Mr. President, once again I look forward to working with our distinguished chairman, Senator RIBICOFF. Again, he has, in a highly controversial matter, involving many factions in our American political system, with considerable patience and wisdom, through the extended hearings we have held, has helped guide our committee to a bill, S. 2477, that I think represents the very best we could come up with and that balances the various forces.

We appreciate very much the cooperation of every member of the committee, particularly Senator JAVITS, who used to be the ranking minority member and who continues to have a keen influence and insight into the problems brought before the Committee on Government Operations.

Mr. President, Congress does not need to be protected from lobbying through extensive regulation and restriction of lobbying activities. Such an effort would gravely endanger the basic constitutional rights of the people to free speech, association, and a redress of grievances. In addition, it would seriously hamper the vital flow of information and access to a variety of viewpoints which Congress must have if it is to legislate effectively.

What is necessary, and what S. 2477 would accomplish, is for Congress to have access through disclosure to the information it needs to evaluate attempts to influence the course of legislation. As Chief Justice Warren stated in reference to the 1946 Lobbying Act:

> Present day legislative complexities are such that individual Members of Congress cannot be expected to explore the myriad pressures to which they are regularly subjected. Yet full realization of the American ideal of government by elected representatives depends to no small extent on their ability to properly evaluate such pressures. Otherwise, the voice of the people may all too easily be drowned out by the voice of special-interest groups seeking favored treatment while masquerading as proponents of the public weal. This is the evil which the Lobbying Act was designed to help prevent.

The business of lobbying has indeed become complex. As the Government has expanded, efforts to communicate with Congress have increasingly been channeled through organized lobbying efforts. It has been estimated that there are as many as 10,000 paid lobbyists, representing hundreds of thousands of organizations and millions of individuals.

In 1950, it was estimated that lobbying was a billion-dollar industry. That was over 25 years ago. One can imagine how much money is spent on lobbying today.

Moreover, the tools of the lobbying trade have become incredibly sophisticated. With access to vast research organizations, lobbyists can marshal highly specialized information. And with the help of computers, a lobbying organization can easily target key individuals and organizations to solicit particularly influential or undecided Senators and Congressmen. We are all familiar with such efforts, often costing hundreds of thousands of dollars and stimulating an enormous volume of mail.

In order to properly evaluate these pressures, Congress must have adequate information about the nature, source, and magnitude of lobbying efforts. Congress must know what interests are behind a lobbyist, whether he represents just a few or many, and how much money is being spent. In addition, it is important to know whether constituent mail has been generated by a well-orchestrated lobbyisg campaign—not that these letters are any less valid because they have been stimulated, but in order to determine whether the communications represent a spontaneous expression of the public as a whole or the concerns of a particular organized interest.

Of equal importance, the public has a right and a need to know about efforts to influence their elected representatives. In this presidential campaign year, we are all well aware of the lack of public trust in government that is pervading this country. Indeed, a 1975 Harris poll revealed that 72 percent of the public feels that "Congress is still too much under the influence of special interest lobbies."

In order to restore a sense of faith in our governing institutions, it is particularly important to insure that the public has all of the information it needs to understand the legislative process. Lobbying disclosure is an important step toward that goal.

It will dispel many of the unjustified suspicions of improper influence. In addition, it will encourage greater public participation in the legislative process by revealing what interests are adequately represented, and which need a stronger voice.

Finally, Mr. President, disclosure of lobbying activities is an important means of discouraging improper efforts to influence Congress without treading on constitutional rights. As Justice Louis Brandeis noted:

> Sunlight is said to be the best disinfectant.

For all of these reasons, it is vital for Congress to enact comprehensive lobbying disclosure legislation. The need for such a strong, workable statute was expressed overwhelmingly by witnesses before the Government Operations Committee.

Legislation was enacted in 1946 in an attempt to achieve comprehensive disclosure. However, as Chairman RIBICOFF has described in detail in his opening remarks, the 1946 act has proven to be vague, ineffectual, and unenforceable. Not only does it ignore two of the most important types of lobbying—contacts with congressional staff and well-orchestrated solicitation campaigns—it is so vaguely worded that compliance with the law has become a laughing matter. Only about 20 percent of all working lobbyists are registered under the existing law, and it has been estimated that only one-tenth of 1 percent of all money spent on lobbying is reported.

Mr. President, every State has a lobbying law, and since 1972, more than half of those laws have been strengthened. It is high time for the Federal Government to get its own house in order and replace the very weak, counterproductive 1946 statute with a strong, reasonable, and workable lobbying disclosure law.

The only other logical alternative is to wipe lobbying disclosure requirements off the statute books altogether. I submit that this really is no alternative at all.

Once we accept the responsibility to provide for comprehensive disclosure of lobbying activities, the obvious question is what criteria should be used to judge various competing proposals.

First and foremost, the bill must not tread on the basic rights guaranteed by the first amendment. S. 2477 has been painstakingly drafted to avoid this pitfall, with equal attention to the danger of having a chilling effect on the exercise of these rights as well as the need to avoid any outright restrictions.

In addition, the bill must require the disclosure of enough basic information to enable Congress and the public to assess lobbying efforts. Too weak a bill will impose reporting costs without any offsetting benefits. Yet on the other hand, the bill must not seek information which is so costly to obtain that compliance would be unreasonably burdensome. Thus provisions requiring extensive recordkeeping of a lobbyist's contacts or detailed itemization of expenditures—even though this information might be useful—must not be imposed. The Committee on Government Operations has labored for many months and considered over twenty drafts in order to arrive at this extremely delicate balance.

A third criterion, one which I find to be particularly important, is that the bill must be absolutely evenhanded. It would be unconscionable to give preferential treatment to one interest over another—be it a business, labor, environmental, church, or public interest group. Any organization which engages in a significant amount of lobbying should be required to disclose basic information about its activities.

I think here, Mr. President, it might be well to take into account that when we use the term "lobbying," many times it has an onerous connotation. I have spent many, many hours trying to explain to my constituents in the State of Illinois that were it not for lobbyists, we would have to have staffs and research and money and facilities in the Congress of the United States double, triple, or quadruple what we have now. The fact is that every single time, virtually without exception, that we have a major issue before Congress—whether it is a defense bill, whether it is an agriculture bill, whether it is a public works bill—you have opposing lobbyists. You have environmentalists on one side and you have those who believe in economic growth without regard to the environment on the other; or you have labor and you have management; you have consumer interest and producer interest; you have those who believe in a strong defense and those who think you should put domestic priorities ahead of it. It is possible for us to go to each of these groups—the most articulate, the best groups on both sides—and have them prepare the best research that they can. Every Member of Congress, probably, does this. Then, final judgments can be made. We can do this in almost every field. We encourage lobbying. We encourage that process.

As a matter of fact, if any of us would reread Federalist Paper No. 10, done by Madison, we would see the intricate structure of factions built in this country—one interest against another—which, when they are brought together, generally bring out the best policy. What we are simply trying to do is say, lobbying is not bad, but we want it out in the open. There should be no one ashamed of what they do. They should take the time and be willing to take the time to say what they are doing—how much they are spending, how they are directing their effort—so we can tell what the effect of lobbying is and what forces are involved in lobbying. By no means are we trying to have it go further underground. We want it brought out in the open. For the most part, I would say most of what we see is going to be good and in the interest of arriving at logical, sound conclusions.

Fourth, the definition of a lobbyist must reflect the actual effort to influence Congress. After serious consideration, the Committee has determined that simply measuring how much an organization spends on lobbying is not enough. Many of the public interest groups lobby just as actively as labor or business, yet spend substantially less on salaries and general overhead than their colleagues with greater resources. Instead, the principal emphasis should be on the number of contacts a lobbyist has with Members of Congress and their staffs. The threshold provisions of S. 2477 reflect these findings.

Finally, clear provision must be made for enforcement of the law. No statute requiring disclosure of lobbying activities will be easy to enforce. However, unlike its 1946 predecessor, S. 2477 contains a clear and workable mandate for enforcement of the law, while protecting those who are ignorant of its provisions from blind punishment.

There are a vast number of other factors which must be considered in drafting lobbying disclosure legislation, factors which have been weighed carefully during the development of S. 2477.

I am confident that this bill is worthy of prompt Senate passage. We have shirked this responsibility too long already.

Certainly, by the time the day closes, I think we will have considered carefully every amendment. There will be time to consider it and debate them, but I trust that we will move forward with our usual dispatch and complete this bill today.

Mr. JAVITS. Mr. President, the legislation which we begin debating today seeks to implement important reforms in a fundamental aspect of the legislative process. S. 2477 would allow the Congress and the American people a better chance to identify the forces which daily shape and direct the work of the legislative branch.

This bill is the product of more than a year of work by the Committee on Government Operations and its chairman, Senator RIBICOFF and Senator PERCY, our ranking minority member. The earlier legislation introduced by Senators KENNEDY and STAFFORD contributed significantly to the reasonable and creative resolution of an extremely complex range of issues. S. 2167 introduced by myself and Senator MUSKIE also contained ideas which hopefully facilitated the development of the bill before us today.

Any reform of the 1946 Federal Regulation of Lobbying Act must start from the premise that the right to petition the legislative and executive branches is protected by the first amendment. Also, constitutional concepts of privacy emanating from the fourth and ninth amendments must be reconciled with any new lobbying legislation. Governmental and public interests sought to be protected and promoted by lobbying disclosure requirements must be compelling.

In *United States* v. *Harriss*, 347 U.S. 612 (1954), the Supreme Court found that disclosure of lobbying activities was a compelling governmental interest sufficient to meet first amendments objections:

> Present-day legislative complexities are such that individual members of Congress cannot be expected to explore the myriad pressures to which they are regularly subjected. Yet full realization of the American ideal of government by elected representatives depends to no small extent on their ability to properly evaluate such pressures. Otherwise the voice of the people may all too easily be drowned out by the voice of special interest groups seeking favored treatment while masquerading as proponents of the public weal. This is the evil which the Lobbying Act was designed to help prevent.

In recognition of the individual's constitutional rights involving access to the Congress, S. 2477 does not require any "individual" to register and file reports. Our bill limits the definition of "lobbyists" to organizations, which acting through paid employees, attempt to influence policy decisions. The bill specifically excludes from the definition of lobbying, requests for information, hearing testimony, and communications from State and local employees acting in their official capacities.

A painstaking effort has been made to strike a delicate balance between the desirability of public disclosure of such information and the undesirability of requiring persons to report every effort to encourage others to communicate with Congress. Major widespread and well financed lobbying solicitations will be reported. Ad hoc or local grassroots efforts which do not exceed the bill's substantial financial threshold will not be covered.

As important as it is for this bill to preserve that delicate balance, it is equally important that it be evenhanded in its applicability to business, labor and public interest organizations. In developing S. 2477 we recognize not only that lobbyists should be required to work openly and visibly, but also that they must not be overburdened with needless clerical and administrative record keeping requirements which could restrict their effectiveness and their unquestioned right to communicate. We seek only to provide for the public disclosure of lobbying activities by organizations. The bill in no way seeks to regulate the content or extent of the lobbying activities themselves.

Mr. President, the relative ineffectiveness of the present law has been established beyond a doubt. The testimony of Deputy Attorney General Harold R. Tyler and other witnesses before our committee, as well as other commentators conclude that the reason why the 1946 act has been relatively ineffective is because of its narrow application. In this connection, the Harriss case has enabled many to escape from the act's provisions because: First, their lobbying activities were not their principal activity; second, their communications were with congressional staff members rather than with Congressmen; or third, they did not receive contributions for the primary purpose of influencing legislation. The act thus covers only a lesser portion of all lobbying activity.

A second reason for the act's problems is its enforcement provisions. The required registration and reports must be filed with the Clerk of the House and the Secretary of the Senate. However, these officers have served merely as repositories of the records without any affirmative responsibility to investigate possible violations of the act or to refer complaints to the Department of Justice. The Department of Justice is authorized to enforce the act's criminal sanctions, but lacks specific authority to monitor lobbying activities. Instead, as in the case of many Federal criminal statutes, the Department's involvement begins once complaints have been filed or referrals have been made. Since neither the Clerk of the House nor the Secretary of the Senate may monitor violations of the act, they make few referrals to the Department of Justice. Consequently, relatively few prosecutions have been brought. Finally, the act provides only for criminal sanctions, clearly inappropriate for minor or unintentional violations.

Under the present law monitoring of lobbying is restricted to recordkeeping in the offices of the Secretary of the Senate and the Clerk of the House. These registration statements and quarterly reports are inadequate and in view of some observers useless. The GAO testified before the Government Operations Committee that almost 50 percent of the reports were incomplete and 60 percent were received late. The Senate must either significantly strengthen these deadletter provisions or wipe them off the books.

In the more than 25 years during which I have been a Member of Congress, I have witnessed vast changes in the way that lobbyists operate to influence the public business. However, there have been no changes in the law designed to keep up with the changing times. In the era of the computer, and the mass organization of grassroots lobbying we need a law designed with as high a level of sophistication as the methods of the profession itself.

It has been asserted that the registration and reporting requirements of the bill are unnecessarily burdensome. In my view, they have been designed to elicit the necessary information without unnecessary or duplicate filings. Rather than requiring both the organization that hires a legislative agent, and the legislative agent himself to register and file a report, the bill imposes all registration and reporting requirements on the organization alone.

The reporting requirements do not impose unnecessary detail on the lobbying organizations. Lobbyists will not have to report on every solicitation, only those that are large enough to be influential. Logs of individual contacts will not be required. In other words, reports are not required on the nature or substance of individual conversations, or the names of people with whom the lobbyist communicated. Detailed financial reports are avoided. For example, the reporting requirements do not require information on hte amount of money received in salaries by each individual who lobbies for an organization. Nor do they require the burdensome and unworkable itemization of expenditures required under the present act. On the other hand, the total expenditures of the organization is meaningful and relatively easy to ascertain. The lobbyist will be required to estimate the amount of these total expenditures in its report.

In another important provision, the bill imposes clear administrative responsibility for its enforcement on the Comptroller General. The Comptroller General will possess the administrative and investigative tools he must have to do an effective job. He will be able to conduct the necessary investigation, issue the necessary regulations and rules, and adopt necessary forms and procedures required to carry out the bill's purposes. He will have the authority to issue advisory opinions so that any person in doubt about the effect of the law will be able to obtain a speedy and definitive ruling. I am considering an amendment also to enable the Comptroller General to go into court in this field.

Mr. President, the erosion of public confidence in the political process has been fully documented. Since the impact of private expenditures in order to influence the legislative process affects the public interest, lawmakers and citizens must be allowed to know the facts so that they may draw their own conclusions and pass their own judgments. There is virtually no public scrutiny of the interaction between public officials and outside persons who seek to influence them. Neither does the public have ready access to documents reflecting the nature and extent of these activities. It is essential that the Senate pass S. 2477 and that this be accomplished expeditiously in order to insure its enactment in the 94th Congress.

Mr. President, organizations can lobby for anything they please, within the Constitution and the laws, whether it is conservative or liberal, and the same rules go for everybody. Liberals do not have to feel that conservative lobbying is iniquitous; therefore, it has to be more carefully scrutinized, and vice versa. That, I think, is the greatest strength of this measure.

This very delicate balance has been struck in respect of this act by the way it has been drafted, and both my colleagues are entitled to enormous credit for the way in which they have carried it through.

In addition, we are very deeply concerned about paperwork, and a great effort has been made to cut down the amount of paperwork and unnecessary detail, and it is streamlined, so that we get the information which has a direct bearing upon the issue to be decided in terms of the weight of the effort, in a lobbying sense, which has gone into the persuasion which is exerted upon all of us.

We do not know all that much about every particular issue; and, like judges, we need the best-informed and most passionately made case on both sides, pro and con. As I say, I believe that the bill strikes that very delicate balance.

I shall have probably one amendment, and that is to give the power to the Comptroller General to go into court. He is going to have the responsibility to receive these documents, these reports, and monitor them and to enforce the law which has been long lacking, without any faultfinding with the Clerk of the House and the Secretary of the Senate. The fact is that this is hardly in their line—the monitoring of activities of this character.

Now the GAO will do it, and the Comptroller General should have the authority to go into court if need be—that is, if the Department of Justice will not act reasonably. I believe we can have enough confidence in the Comptroller General so that if he makes a judgment that court action is necessary, at least a prima facie case will have been made, so that if the Attorney General does not act, the Comptroller General should be in a position to act.

We will have a large number of amendments. We will consider them objectively and with the skill we all have acquired in the course of considering this measure; but I believe that the measure is sound, properly balanced, and I commend it to the Senate.

Mr. CLARK. Will the Senator yield?

Mr. RIBICOFF. I yield 5 minutes to the distinguished senior Senator from Iowa.

Mr. CLARK. Mr. President, I, too, join in extending my congratulations to Chairman RIBICOFF and the members and staff of the Government Operations Committee for the outstanding work they have done over the past year in developing S. 2477, the Lobbying Disclosure Act of 1976. S. 2477 is another vitally important step in the effort to restore trust and confidence in the Federal Government, and because of its great importance it is critical that the Senate act on this legislation without delay. During the course of this debate, Senator KENNEDY, Senator STAFFORD, and I will be offering a series of four amendments designed to strengthen the provisions of the bill as reported. However, we are hopeful that accommodations can be reached on these amendments and that they can be disposed of expeditiously.

Mr. President, the tragic events of the last 3 years have made the American people aware of the dangers of Government secrecy as never before. Fortunnately, Congress has not been blind to the distrust and apathy bred by closed-door government. We have moved effectively in the area of campaign reform, with strict requirements for the disclosure of campaign contributions and expenditures. Both Houses have moved to conduct their committee meetings in full public view. Legislation is now well under way to open the meetings of executive branch agencies, and to require personal financial disclosure by Members of Congress and high-ranking Government employees.

Progress had been made toward ending Government secrecy in just about every way imaginable. Except one, one which Common Cause chairman John Gardner has listed as among the "most secretive and potentially corrupting ingredients in American politics"—lobbying.

Congress has done nothing about lobbying since the Regulation of Lobbying Act of 1946. If that legislation had any value when it was enacted, it has little now. The act's deficiencies are almost too numerous to mention. By covering only those individuals whose "principal" purpose is lobbying, its provisions fail to reach many people and organizations devoting much time, money, and effort to influencing Government actions. By referring only to lobbying aimed at Congress, it ignores the extensive lobbying campaigns aimed at the executive branch. By failing to provide adequate enforcement, the law almost encourages its own violation.

Even the title of the Regulation of Lobbying Act is unfortunate, lobbying after all is not something to regulate—it is a basic constitutional right, guaranteed by the first amendment; the right to "petition the government for a redress of grievances."

The Regulation of Lobbying Act is antiquated and ineffective, we should tear it up and throw it away—as many of Washington's biggest lobbyings did years ago. In its place, Congress must now enact a comprehensive measure designed to ensure complete disclosure of lobbying activities.

Certainly, S. 2477 is a step in the right direction. It provides for an effective definition of who lobbyists really are, so that organizations engaged in lobbying activity will no longer be able to evade the law, as they have under the 1946 act. It provides significant registration and reporting requirements for lobbyists, so that the Government and the people will be given a clear picture of who is attempting to influence Government decisions, how they are doing so, and why. And, it provides for effective administration and enforcement of lobbying statutes by the General Accounting Office and the Department of Justice, so that the law in this area finally will be given some meaning.

But, in my judgment, S. 2477 is not without its shortcomings. First, it fails to provide for effective disclosure of lobbying activities aimed at the executive branch, where so many important decisions are made every day. Second, the bill fails to provide adequate information about whom in Congress lobbyists' activities were designed to influence. In that respect, it resembles a hypothetical campaign disclosure law which called for revealing contributions without revealing the recipients, and, finally, it fails to provide adequate information on the financing of lobbying organizations.

I believe that the amendments which Senator KENNEDY, Senator STAFFORD, and I will offer will help to correct those deficiencies.

In any event, Mr. President, S. 2477 will represent a vast improvement and a truly significant reform in the area of lobbying disclosure, and I think it is very, very important that, after all we have seen now over the last several years, we be prepared to stand in this body and correct what remains as the most outstanding reform area yet to be dealt with.

I thank the chairman of the committee for yielding me this time.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that William Goodman of Senator NUNN's staff have the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. RIBICOFF. I yield the Senator from Massachusetts 3 minutes.

Mr. KENNEDY. Mr. President, I, too, join my colleague from Iowa, Senator CLARK, and the other Members of this body in commending the chairman of the Government Operations Committee, Senator RIBICOFF, for bringing this measure to the floor at this time.

I feel that in many respects this will be one of the most important and significant pieces of legislation to insure to the American people that laws being fashioned here in the Congress of the United States are going to be in their interest. If there are going to be special interests at work that are going to influence that legislation, the American people should be guaranteed to know fully what those interests are and how they are being exercised on legislation.

Mr. President, I also commend the involvement of my colleague and fellow New Englander, the Senator from Vermont, Senator STAFFORD. As one who has worked in this area and introduced legislation for 6 years, I am very much aware of the efforts of Senator STAFFORD in the whole lobbying issue. He has been deeply involved here in the Senate and also in the House of Representatives before that.

This bill reflects a strong bipartisan effort. I know Senator PERCY and Senator JAVITS have been interested in this issue on the Republican side as the leaders in this.

More than 25 years have now passed since Congress last acted to require information about lobbying pressures. In the intervening years, there has been a revolution in the role of Congress and in the way lobbyists operate, and it is time to meet the modern challenge of reform. Congress and the American people are entitled to know the ways our laws are made.

In recent years, Congress has taken a number of far-reaching steps to improve the institutions of Government and to make both Congress and the executive branch more open and responsive to the people. Among the most important milestones have been the Election Reform Acts of 1972 and 1974, the Budget Reform Act, and the Freedom of Information Act. This committee has been a pioneer of many of these reforms in the past, and its leadership is continuing today—we think particularly of the major consumer protection legislation now awaiting action on the Senate floor.

Although much has been accomplished in the past, much more remains to be done. Now, the time is ripe to achieve another major goal in improving the responsiveness of Congress and the executive branch, by enacting comprehensive reform of the Federal lobbying laws. I believe that such reform is the most effective single step that Congress can now take to improve the functions of the Federal Government.

The existing disclosure law, the Federal Lobbying Act of 1946, is an empty sieve. Written for another and quieter era of our national life, it is a generation out of date. It has now become a scandal and a national disgrace.

Day after day, lobbyists spend vast amounts of influence money in secret ways and for secret purposes. They stalk the halls of Congress and the executive branch with their bankrolls and identities undetected. The interests they represent are rich and powerful. Their operations can easily thwart the people's will and corrupt the public purpose.

Whatever impact the 1946 act may have had when it was originally enacted, it is virtually insignificant today, and Congress cannot allow the problem to fester any longer.

Over the past three Congresses I have introduced legislation to bring about substantial reform of our lobbying laws, the special interests have swarmed over Capitol Hill to obtain legislation favorable to their pocketbooks. And frequently, the public has been the loser.

An April 4 article in the Detroit Free Press discussed "a lobbying blitz by corporate executives and their business trade associations" which reflects a growing corporate involvement in American public affairs. Let me quote some specific examples from that article:

The American Petroleum Institute, shocked by the near-success of a Senate move last year to break up the oil companies, is spending more than $1 million in a lobbying-public relations drive to defeat the bill. Oil industry executives are spending more on top of that.

The American Bankers Association, fighting a bill to make savings and loan associations financial institutions resembling banks, entertains members of the Banking Committees, contributes to their campaigns, and marshals hometown bankers to come to Washington and oppose the bill.

The Business Roundtable, composed of executives from the National's 157 largest corporations, led an offensive against the first major attempt in 25 years to revise the antitrust laws. As a result, President Ford dropped his support for the bill and it now faces a rockier time in Congress.

The real estate industry, faced with losing lucrative tax shelters in the tax-reform bill, mounted a campaign similar to the bankers' effort and largely has succeeded in gutting the bill to close these loopholes.

The natural gas industry, sniffing the best chance for price deregulation in decades, established a Washington-based natural gas supply committee, an annual budget of nearly $1 million, to try to achieve its goal. It has succeeded partially, and is still putting on pressure.

The Government Operations Committee, under the able leadership of Senator RIBICOFF and Senator PERCY, has developed a comprehensive and sophisticated bill which is worthy of its title as a "Lobbying Reform Act." Its enactment by the 94th Congress will go far toward restoring the confidence of the American people in the integrity of their Government.

I again commend those who have brought this measure to the floor, and indicate, as Senator CLARK has indicated, that there will be some amendments which, hopefully, will be accepted by the committee which will be offered to try to strengthen the legislation. But the Government Operations Committee has my commendation and support for bringing the measure to the floor at this time.

The PRESIDING OFFICER. Who yields time?

Mr. KENNEDY. Mr. President, I am prepared to offer an amendment, but I know the Senator from Montana has a comment to make on the legislation.

Whenever the Senator feels appropriate, I will be glad to call one up.

The PRESIDING OFFICER. Who yields time?

Mr. METCALF. Mr. President, I am prepared to offer an amendment at the present time.

Mr. RIBICOFF. The Senator is certainly privileged to do so.

Mr. METCALF. Very well.

AMENDMENT NO. 1651

Mr. METCALF. Mr. President, I call up amendment No. 1651.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. METCALF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with and I shall explain it.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 38, line 22, after "by" insert "expressly".

On page 38, line 23, after "Congress" insert the following: "a specific or general position".

On page 40, line 2, strike out "(a)" through "(b)" on page 40, line 6.

Mr. METCALF. Mr. President, under the unanimous-consent agreement entered into previously, the Senator from Montana was to have 30 minutes. There would be an hour on each one of the Senator's amendments.

I had four amendments more at that time and notified the leadership and notified the distinguished Senator from Connecticut that I would put in a fifth amendment. I will send that to the desk in a few minutes.

Mr. President, I ask unanimous consent that I be allowed to have 2½ hours on all of my amendments, to be distributed as necessary, as I need to argue those amendments, because my final amendment may take more than 30 minutes.

Mr. RIBICOFF. The manager of the bill has no objection, but I think in all due respect to the majority leader, before that request is granted, it should be cleared with the Senator from Montana (Mr. Mansfield).

So if the Senator will proceed and I suggest he hold up that request until Senator Mansfield comes to the Chamber.

Mr. METCALF. I am delighted to do so.

Mr. PERCY. Will the Senator yield for a question?

Mr. METCALF. Certainly.

Mr. PERCY. Is that 2½ hours on both sides, a total of 2½ hours to be equally divided?

Mr. METCALF. No, it is an hour on each amendment. So there would be 5 hours on the five amendments I have submitted. I have five amendments and I will need all of the 2½ hours.

I rather reluctantly agreed to the 2½ hours, but I was anxious to bring this bill, as the Senator from Illinois knows, to final conclusion. But some of my amendments are considerably more important than others.

I call attention, Mr. President, to this unanimous-consent agreement:

> Ordered further, that on the question of the final passage of the bill, debate shall be limited to 1 hour, to be equally divided and controlled respectively by the Senator from Connecticut (Mr. Ribicoff), the Senator from New York (Mr. Javits), and the Senator from Illinois (Mr. Percy).

I call attention to the sponsors: Mr. Ribicoff, Mr. Kennedy, Mr. Percy, Mr. Javits, and others.

Now, if that is not a sweetheart agreement, I have never seen one. We are going to go back and forth across the aisle tossing compliments back and forth all the time respecting the bill.

I did not ask for any time.

All I am asking for is that in the tradition of the Senate I be allowed some time to make an opening statement, and that will come out of the time of one of my amendments. Then, that I be able to switch the time around as it is needed in the course of the debate.

I renew my unanimous-consent request.

Mr. PERCY addressed the Chair.

Mr. RIBICOFF. Mr. President, I have just talked to the distinguished Senator from Illinois.

I did not originally make this unanimous-consent request on this bill. It was propounded by the majority leader.

I am certain that the Senator from Illinois will yield his portion of the allocated time to the Senator from Montana who is in opposition. Consequently, I have to object to granting additional time because I think that granting additional time does not comply with the intention of the majority leader when he worked it out with the minority leader as to allocation of time.

Mr. METCALF. The Senator from Montana is not asking for additional time. Under the unanimous-consent agreement that was entered into—and the Senator from Montana was not on the floor, either——

Mr. RIBICOFF. The Senator from Connecticut was not on the floor, either.

Mr. METCALF. The Senator from Montana had informed them that he had five amendments. I told the staff that I had five. They said, "Well, we will give you an hour on each amendment." That is a half-hour for the Senator from Montana and a half-hour for the Senator from Connecticut.

All I am asking is that I be able to use whatever part of that 2½ hours I need on my final and principal amendment, without relinquishing time each half-hour period.

Mr. RIBICOFF. As far as the Senator from Connecticut is concerned, the Senator from Montana may have the remainder of the time I have for the opening statement to use for his opening statement.

But, again, I think in all due respect to the majority leader, the decision on additional time should be made by the majority leader and not by me. He was the one that made the unanimous-consent request.

I hope the Senator from Montana will take the balance of the time that the manager of the bill may have for his opening statement. We will try to get the majority leader to come to the Chamber and then make the request when he arrives.

Mr. METCALF. Very well.

A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. METCALF. How much time have the Senator from Connecticut and the Senator from Illinois, remaining?

The PRESIDING OFFICER. There are 29 minutes on the bill remaining, that is, for both of the Senators.

Mr. METCALF. Very well.

How much time will the Senator yield me?

Mr. RIBICOFF. As much of the 29 minutes as the Senator would like.

Mr. METCALF. I thank the Senator very much.

The PRESIDING OFFICER. The Senator from Montana.

Mr. METCALF. Mr. President, I ask that my amendment No. 1651 be temporarily withdrawn, that I be allowed to make my preliminary opening statement, and then I will yield to the Senator from Massachusetts to lead off with the first amendment.

Mr. KENNEDY. I thank the Senator.

The PRESIDING OFFICER. The Senator does not have to withdraw the amendment to speak on the bill.

Mr. METCALF. Very well.

But I think the Senator from Massachusetts, who graciously let me lead off as a result of my desire to make an opening statement on my first amendment, should have an opportunity to offer the first amendment.

So I ask unanimous consent that I may withdraw it.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. METCALF. Mr. President, as originally introduced, this was an act to provide for more effective public disclosure of certain lobbying activities to influence issues before Congress and the executive branch. This has finally become the Lobbying Disclosure Act of 1976.

The simplification of title illustrates the refinement and improvement that has taken place in this legislation since its first introduction.

S. 2477 is a new bill, different in many respects from the original legislation introduced by the Senator from Connecticut, the Senator from Iowa, the Senator from Massachusetts, the Senator from New Hampshire, and others. The simplification of this title illustrates the refinement and improvement that has taken place in this legislation since its first introduction. Indeed, this is the most significant improvement that we have made in it.

There is virtually unanimous agreement that the Federal Lobbying Act of 1946 should be repealed and replaced. It has been variously designated as an "antiquity," an "anomaly," as "superannuated." And it has been described as having more loopholes than the Internal Revenue Code.

These things are all correct. It is time that the Lobbying Act of 1946 is overhauled—or better yet, repealed and replaced by new legislation that will provide for disclosure of lobbying activities and at the same time protect essential rights of the citizens to appeal to their elected representatives, to discuss the impact of legislation with them and to do these things without burdensome reporting requirements or inhibition of the free exercise of basic constitutional rights.

The first amendment to the Constitution says:

> Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

We have just experienced a great celebration of a historic event, centuries ago when a petition was presented to the King to redress grievances. The result was the Magna Carta. Another such example of petition for redress of grievances was the Declaration of Independence. But the first amendment refers not only to petition from large groups on matters of national consideration, it refers to the petition of a single individual whose business might be affected by a piece of legislation, who believes his liberties might be curtailed. That person or a group of such persons have the same standing under the Bill of Rights as the most awesome group of governors, corporation presidents, labor leaders, and public interest representatives all banded together to petition Congress. It is the responsibility of Congress to protect those rights. The statement of Mr. Justice Jackson in his dissenting opinion in *U.S.* v. *Harriss*, 347 U.S. 635 is pertinent:

> The First Amendment forbids Congress to abridge the right of the people "to petition the Government for a redress of grievances." If this right is to have an interpretation consistent with that given to other First Amendment rights, it confers a large immunity upon activities of persons, organizations, groups and classes to obtain what they think is due them from the government . . . but we may not forget that our constitutional system is to allow the greatest freedom of access to Congress, so that the people may press for their selfish interests, with Congress acting as arbiter of their demands and conflicts. 347 U.S. 635.

Lobbying is a necessary and important ingredient in the legislative process. The information supplied by the lobbyist is essential in considering legislation. Larger corporate lobbyists, groups such as the Sierra Club or Friends of Earth, public interest groups such as those headed by Ralph Nader, have supplied information to Members of Congress and described the impact of legislation in ways that improve the legislation or dramatically change it. This Senator has requested the National Chamber of Commerce and the AFL–CIO for facts and—while the Senator from Montana does not always agree with the conclusions these or other such organizations draw from these facts—the accuracy of the facts supplied has seldom been questioned.

I agree with the Senator from Illinois. We would have to multiply our staffs fourfold or fivefold if it were not for the information that the lobbyists give us, supply us, and the reliable information that is given to all of us upon which we can act.

But the smaller groups, the local farmers' organizations, the small business groups, also must be accorded a hearing. This is in the public interest and is in accord with the highest traditions of our Nation. To discourage this type of citizen participation is to do a great disservice to the Congress and restrain our fellow Americans in the exercise of basic constitutional rights.

I am in accord with the principle of lobby disclosure. I applaud Senator RIBICOFF, Senator PERCY, Senator KENNEDY, Senator BROCK, Senator STAFFORD, and others in their efforts to get this legislation enacted. I have supported them a great deal of the time. But with all due humility, I find myself in the same quandary that confronted the great George Mason of Virginia.

George Mason of Virginia was described by historians as an aristocratic democrat, a signer of the Declaration of Independence and the author of Virginia's great Bill of Rights, who might be termed godfather of the first amendment.

In those hot days in Philadelphia, when delegates were deserting in droves, Mason said he "would bury his bones in this city rather than expose his country to the consequences of a dissolution of the convention without anything being done."

It was Mason who led the struggle to have the House of Representatives elected by the people.

I started to count how many times George Mason was heard in the Constitutional Convention. When I got to over 100 I quit counting. He was on the floor on many of these important matters.

Yet George Mason, along with his Virginia colleague Elbridge Gerry, refused to sign the Constitution because he did not believe it sufficiently protected the rights of the people and it was not until the Bill of Rights and particularly the first amendment was added that he campaigned in Virginia for its ratification.

Mr. STONE assumed the Chair at this point.

Mr. PASTORE. Will the Senator yield for a moment?

Mr. METCALF. I will be delighted to yield.

Mr. PASTORE. A matter has come to my attention which causes me great concern with reference to the bill. May I give the Senator a hypothetical question to make my point?

If the bishop of my diocese should send a pastoral letter to all pastors urging them to announce from the pulpit to write to their Senator, me, for instance, to appropriate more money for housing for the elderly, what is the responsibility of my bishop?

Mr. METCALF. As I interpret the matter, that bishop, if he were a lobbyist, would have to report it.

Mr. PASTORE. Is he a lobbyist in the sense of this bill? That is what I am trying to determine.

Mr. METCALF. This is one of the complexities, may I say to the Senator from Rhode Island. No individual is a lobbyist under this bill.

I call the Senator's attention to page 8. Individuals can never be lobbyists, only organizations. But the national Catholic Church might be a lobbyist.

Mr. PASTORE. He represents the diocese of Rhode Island.

Mr. METCALF. That is right.

Mr. PASTORE. Is that not going a little too far?

Mr. RIBICOFF. May I respond to the distinguished Senator?

Mr. PASTORE. I would like to get the answer.

Mr. RIBICOFF. May I respond? In other words, no letter that is written makes a person a lobbyist. It is an oral contact. That is No. 1. No. 2, the bill specifically provides that any communication from an organization to their own Senators or Congressman is not covered by any provision in this act. In other words, any organization in the State of Rhode Island could write to their Congressmen or Senators soliciting any position and it is not covered by lobbying.

We were very, very careful to write that provision into this law to show that people from the Senator's State and organizations from his State have a right to communicate with their own Senators and their own Congressmen.

Mr. PASTORE. So there would be no responsibility in my hypothetical question?

Mr. RIBICOFF. No responsibility at all in the hypothetical question put by the distinguished Senator from Rhode Island.

Mr. METCALF. May I qualify that?

Mr. PASTORE. I do not care who will qualify what. I would like to know the answer.

Mr. METCALF. The answer to the hypothetical question the Senator from Rhode Island has propounded is "no" but when the Senator from Connecticut talks about the home State provisions, he is talking about either the home district of a Congressman or the home State of a Senator. He is talking about the principal place where this organization has its home, such as the State in which an organization is incorporated.

Now, I do not know what would happen, and I do not believe the Senator from Connecticut knows what would happen, if a bishop of the Catholic church sent out an appeal to all the parish priests all over the United States and asked them to write such a letter. It would seem to me that his organization might have to register and qualify as lobbyists.

Mr. RIBICOFF. Mr President, may I reply to the distinguished Senator?

We were careful to insert, at my request, and the committee backed up that position, language to assure communication by citizens with their own Senators and Representatives. As a matter of fact, the distinguished Senator from Montana has an amendment, and the distinguished Senator from Maine (Mr. HATHAWAY) has an amendment, to take away that exemption, which we will oppose very strongly.

I have received many communications from bishops and priests, as I have from rabbis and ministers, from my own State, and I want to assure them that they, or any insurance company, any manufacturing company, or any chamber of commerce or labor organization headquartered in the State of Connecticut can talk to me as their Senator and tell me their point of view. Any organization in the State of Rhode Island can write to Senator PELL or talk to him or Senator PASTORE as many times as they wish, to make their position clear, without becoming thereby a lobbyist. That exemption is nailed down tight in this bill.

Mr. PASTORE. As long as it is confined to the State itself?

Mr. RIBICOFF. That is right.

Mr. PASTORE. Or, as to the leave to write to the Senator, in the States involved, or districts, if you like, within the State?

Mr. RIBICOFF. You are exempt; you have an absolute exemption.

Mr. METCALF. Mr. President, I would like to correct the Senator from Connecticut. The Senator from Maine has an amendment to eliminate the home State exemption. As the Senator from Connecticut well knows, the Senator from Montana does support, in part, an exemption for small, locally based groups. He is trying to close an obvious loophole in the home State exemption that I will take up when I offer an appropriate amendment.

Mr. PERCY. Mr. President, will the Senator yield?

Mr. METCALF. I yield.

Mr. PERCY. The Senator from Illinois strongly supports that home State exemption. I think it would be a travesty for a constituent of your own to be required to register as a lobbyist.

But if they start going to other States and congressional districts, expanding their operations and information beyond their home State or district, then clearly they are in the business of lobbying.

Mr. RIBICOFF. May I say this amendment 1657 would strike that exemption, and of course I will oppose amendment 1657 of the Senator from Montana, because we are insistent that under no circumstances will we close out the right of communication for any person or any organization whatsoever from the State or district represented by the Senators or Representative.

Mr. PASTORE. Let me ask another hypothetical question. The International Paper Co. owns Davol Rubber Co., which is in my State. But the International Paper Co. is interested very much in how many trees to cut down and where they are cut down.

They own a subsidiary in my State, the Davol Rubber Co. In that case, if International Paper, knowing they have a branch in the State of Rhode Island, the Davol Rubber Co., come to see Senator Pastore in his office, are they allowed?

Mr. RIBICOFF. I would say that if Davol talked to the distinguished Senator from Rhode Island, Davol would be exempt. If the International Paper Co., located in Chicago or Portland, Oreg., talked to the Senator enough times, they would be a lobbyist.

Under those circumstances, if International Paper had 12 oral communications with 12 Senators, or they spent $250 in a quarter to hire a legislative agent to do it for them, or if they spent $7,500 in a quarter for lobbying solicitation material, then they would be lobbyists.

We want to make sure that if General Motors or General Electric, who have subsidiaries all over the United States, should start a major campaign and they could start a campaign—at least they would have to register as lobbyists and say what they were doing.

But the Davol Co. in Rhode Island, if they talked to the distinguished Senator from Rhode Island, Davol would not have to register.

Mr. PASTORE. No, but the representatives of the International Paper, if they came to my office only because they had the Davol Rubber Co. in my State, would be a lobbyist?

Mr. RIBICOFF. Yes, assuming of course, International Paper's principal place of business is not Rhode Island. If the Senator were the only one they spoke to in a quarter, they could speak to him 11 times, and would not have to register. But if they spoke 12 times to Senators or staff members in a quarter, they would have to register as a lobbyist.

Mr. METCALF. Mr. President, does the Senator from Connecticut continue to yield to me?

Mr. RIBICOFF. I have yielded the floor. The Senator can have the remainder of my time on the bill.

Mr. METCALF. Mr. President, we are going to take this very complex and complicated matter up subsequently on amendments offered by both the Senator from Maine and the Senator from Montana. It is a part of a separate amendment I have offered, and will be incorporated in a compendium of amendments supported by broad coalition groups which have been interested and concerned.

The PRESIDING OFFICER. All the time of the majority on the bill has expired. The Senator from Illinois still has 15 minutes remaining for the minority.

Mr. METCALF. Mr. President, may I have 5 additional minutes? If I could use time on my amendments, and use them back and forth, I could use the time that way.

Mr. KENNEDY. Mr. President, if the Senator wishes, I will put my amendment in and he can take 5 minutes of my time.

Mr. RIBICOFF. The majority leader is in the Chamber, so the Senator from Montana can make his unanimous-consent request.

Mr. METCALF. Mr. President, the request I made was that in accordance with the unanimous-consent agreement, the Senator from Montana was to have 30 minutes on each of the amendments that he was going to propound. Four amendments were in, and, as I informed the leadership, I am going to introduce another, which I shall submit shortly. That is 2½ hours.

I ask unanimous consent that I may use some of my time from one amendment and shift it to another, so that I can have a complete 2½ hours of time.

Mr. RIBICOFF. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METCALF. Very well. I again renew amendment No. 1651. It has been stated. I ask unanimous consent that it not be stated again.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METCALF. I yield myself 5 minutes on this amendment.

The PRESIDING OFFICER. The Senator is recognized.

Mr. METCALF. Mr. President, as I have already said I submitted four amendments. I put them in the Record a couple of days apart. I have given an explanation of them.

This bill, which has been worked out after days and days of hearings and many hours of consideration—Mr. President, I participated in most of them—is a very complicated piece of legislation, as has already been demonstrated by the questions propounded by the Senator from Rhode Island.

As a result of the discussions that I have opened up and as a result of those four amendments, a group of people have joined in a consensus on a comprehensive single amendment.

This amendment would probably take care of all of the amendments that I have suggested and several others.

AMENDMENT NO. 1830

Mr. President, I send this amendment to the desk and ask that it be printed and, if we go over until tomorrow, to lie on the table. I am informed that if we go over until tomorrow that it will have No. 1830.

The PRESIDING OFFICER. The amendment will be received.

Mr. METCALF. If we do not go over until tomorrow, it will have an unprinted number.

The PRESIDING OFFICER. The Senator is correct.

Mr. METCALF. I yield to the Senator from Massachusetts. I shall renew amendment No. 1651 at some subsequent time. I shall also explain my other amendments before the evening is over.

Mr. KENNEDY. I thank the Senator from Montana and I appreciate his willingness to yield for the opportunity for the Senate to act on two measures about which I have talked to the chairman of the Committee on Government Operations, and I believe the minority members have been informed as to the substance of the amendments as well.

Mr. President, I intend to call up amendment No. 1822 and ask that it be stated.

The PRESIDING OFFICER. Does the Senator ask unanimous consent that the pending amendment be temporarily set aside?

Mr. KENNEDY. I ask unanimous consent that the pending amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1822

Mr. KENNEDY. Mr. President, I call up amendment No. 1822 and ask for it to be stated.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

> The Senator from Massachusetts (Mr. Kennedy) for himself, Mr. Clark, and Mr. Stafford, proposes an amendment No. 1822.

Mr. KENNEDY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 36, strike out lines 7 and 8 and insert the following:

"TITLE I—LOBBYING DISCLOSURE ACT OF 1976

"SHORT TITLE

"Section 1. This title may be cited as the 'Lobbying Disclosure Act of 1976'.".

Strike out "Act" each place it appears and insert "title".

At the end of the bill insert the following:

"TITLE II—OPEN COMMUNICATIONS ACT OF 1976

"Sec. 201. This title may be cited as the 'Open Communications Act of 1976'.

"Sec. 202. Subchapter II of title 5, United States Code, is amended by adding at the end thereof the following:

"§ 560. Maintenance of records of communications

"(a)(1) For the purpose of this section, the term—

"(A) 'agency' means agency as defined in section 552(e) of this title;

"(B) 'agency official' means, pursuant to regulations prescribed under paragraph (2) of this subsection, any appointed officer or employee of the executive branch who exercises authority of the kind and scope normally exercised by individuals who are compensated in excess of the rate prescribed for Grade GS–14 under the General Schedule under section 5332 of this title, or comparable officers of the uniformed services as defined in section 101(3) of title 37, United States Code, or any officer serving in an equivalent position with comparable responsibilities in any Federal service.

"(C) 'person' includes an individual, partnership, corporation, association, firm, society, joint stock company, Member of Congress, officer or employee of the executive branch, or any party to a proceeding.

"(2) Each agency shall within one hundred and twenty days after the date of enactment of this section publish in the Federal Register a complete list of all positions within that agency to which clause (1)(B) of this subsection applies, and shall publish a revised list of such positions in the Federal Register not less frequently than annually. Any individual serving in a position named in such list shall thereafter be presumed to be subject to the provisions of this section so long as he continues in that position.

"(b)(1) Each agency official shall prepare a record of each oral or written communication received by such official, except written communications routinely available for public inspection, initiated by persons outside the agency (A) pertaining to an agency proceeding as defined in section 551(12) of this title, (B) seeking to influence agency action as defined in section 551(13) of this title, (C) that is the subject of litigation involving the agency, or (D) seeking to influence any agency position on legislation. Each such record shall contain—

"(i) the name and position of the official who received the communication;

"(ii) the date upon which the communication was received;

"(iii) an identification, so far as possible, of the person from whom the communication was received and of the person on whose behalf such person was acting in making the communication; and

"(iv) a brief summary of the subject matter or matters of the communication, including relevant docket numbers if known, which summary shall not contain information required to be withheld from the public by any statute establishing particular criteria or referring to particular types of information, or trade secrets or commercial or financial information which is privileged or confidential.

Whenever any written communication is provided in conjunction with an oral communication, a brief description of the document shall be noted in such record.

"(2) This section shall not apply to—

"(A) any communication of an officer or employee of an agency to another agency if the receiving agency—

"(i) is part of the first agency or subject to review by the first agency, or

"(ii) includes the first agency or reviews the decisions of the first agency;

"(B) requests for information by members of the press; or

"(C) any communication relating to a military or foreign affairs function of the United States.

"(c)(1) Each agency shall assure that records of communications required to be prepared under subsection (b) of this section shall be prepared and, unless excluded under clause (2) of this subsection, furnished for inclusion in a public file within ten working days after receipt of the communication. Such records for which no public file exists at the time the communication is received shall be placed in public files appropriately indexed. All public files shall be maintained for public inspection and copying. Any document referred to in such records shall be available in accordance with the provisions of section 552 of this title.

"(2) Records of communications prepared under subsection (b) of this section shall not be subject to the automatic disclosure requirements of paragraph (1) of this subsection if the communication is made by—

"(A) any person who provides information under an assurance of confidentiality, or under circumstances from which such an assurance can reasonably be implied, to the agency official for use in a civil or criminal enforcement investigation or in an administrative or judicial enforcement proceeding;

"(B) any person who is the subject of a civil or criminal enforcement investigation, or is a party in litigation with the agency, or the counsel for such person;

"(C) an employee of another agency where the record of the communication would not be available to the public under section 552(b)(5) of this title.

Each agency shall assure that records of communications subject to the provisions of this clause shall be furnished for inclusion in a case or other appropriate file within the agency.

"(d) Each agency official who is compensated under the Executive Schedule under this title shall provide for the maintenance for public inspection of a retrospective calendar of meetings and communications relating to his official actions or responsibilities or to other matters within the jurisdiction of the agency. Such calendar shall contain a notation for each meeting or communication which shall include—

"(1) the name and affiliation of participants or person from whom the communication was received;

"(2) the date of meeting or communication;

"(3) location of meeting;

"(4) a brief summary of the subjects discussed.

Each such calendar shall be prepared the first working day of each week. Such calendar shall not include any meeting involving communications which are not required to be recorded under subsection (b) of this section or the records of which are not required to be publicly disclosed under subsection (c) of this section.

"(e) Each agency may by regulation issued pursuant to section 553 of this title (notwithstanding the third sentence of subsection (b) of that section)—

"(1) apply the requirements of this subsection to agency employees other than an agency official described in subsection (a)(1) of this section whenever such employees participate in the formulation of policy or in the making of decisions affecting the public;

"(2) provide clarification and guidance with respect to the meaning of agency proceeding and agency action as used in subsection (b) of this section;

"(3) designate an agency employee to monitor compliance with this section by agency officials; and

"(4) apply the requirements of subsection (d) to agency employees other than an agency official prescribed in subsection (d) whenever such employees participate in the formulation of policy or in the making of decisions affecting the public.

"(f)(1) Any agency official who knowingly falsifies or fails to prepare or file any record required by this section shall be subject to disciplinary action prescribed by the President.

"(2) Any agency official who knowingly and willfully falsifies, forges, or fails to prepare or file any record required by this section with intent to deceive the public regarding the existence or content of communications shall be fined not more than $1,000 or imprisoned not more than one year or both.

"(3) The District Court of the United States for the District of Columbia shall have jurisdiction to enforce the requirements of this section by declaratory judgment, injunctive relief, or such other relief as may be appropriate. Civil actions may be brought under this section by any person against an agency or an agency official. No civil action may be commenced under this section prior to thirty days after notice has been given to the agency of the alleged violation of this section.".

(b) The analysis of chapter 5 of title 5, United States Code, is amended by adding after item 55 the following new item:

"560. Maintenance of records of communications.".

SEC. 203. The Administrative Conference of the United States shall conduct a study of the procedures established under section 560 of title 5, United States Code (as added by section 202), and two years after the effective date of this title shall furnish each agency and the Congress the findings of the study, together with such recommendations as the Conference deems appropriate.

SEC. 204. The amendments made by section 202 of this title shall take effect ninety days after the date of its enactment.

Mr. KENNEDY. Mr. President, the thrust of the lobbying legislation which we are now considering is primarily targeted towards the lobbying of Congress.

This amendment, which is introduced by myself, Senator CLARK, and Senator STAFFORD, is to provide for the logging within the executive branch of communications by various interested parties who are attempting to influence administrative decisionmaking. This is incorporated in legislation, S. 1289. The Administrative Practice and Procedure Subcommittee, which I chair, had 2 days of hearings on that bill and reported it to the Committee on the Judiciary where it is at the present time.

Mr. President, the sense and thrust of this legislation, is currently reflected in regulations of at least three governmental agencies at the present time: the Consumer Product Safety Commission, the Food and Drug Administration, and the Federal Energy Administration.

The open communications act of 1976, being offered today as title II of S. 2477, would provide the public with information regarding lobbying activities in the executive branch. The bill would amend the administrative procedure act, 5 U.S.C. 550 et seq., by adding a section which would require high-level agency officials to keep public calendars and to record routinely and disclose most communications they receive from outside persons regarding official agency business.

The sponsors of this amendment believe that it represents a reasonable approach to the problem of special interest lobbying in the executive branch. Its modest recording requirements attempt to strike a balance between the public's interest in knowing what kind of influence Government officials are subjected to, and the Government's interest in carrying out its business efficiently and effectively. While it cannot by itself insure honestly or morality in Government, its procedures will open agency activities to public scrutiny, help discourage improper conduct, and clear the air for the vast majority of honest agency officials and persons who deal with them.

The subject matter of our amendment—executive branch logging—is intimately related to the subject of the underlying bill. It was considered by the Committee on Government Operations during its hearings on the various lobbying reform bills. The amendment covers the disclosure of executive branch lobbying contacts: Communications from persons outside a Federal agency to any high-level official within the agency.

A provision covering lobbying of agency officials was included in S. 774, introduced by Senator PERCY and considered by the Government Operations Committee. Chairman RIBICOFF, who is a cosponsor of S. 1289, has indicated that he would defer to the Administrative Practice and Procedure Subcommittee, which has conducted hearings specifically on logging, to develop legislation on this particular matter.

The "open communications" policy included in this amendment is intended to serve as a simple and efficient means of discouraging the exercise of secret, improper influence in the executive branch. Agency officials need only keep a brief summary record of communications they receive from outside persons regarding official business. The summary record provided for public inspection will serve as a key to pinpoint more specific requests for Government information and as a tool to allow monitoring of lobbying influences in the executive branch. The need for such a policy governed by uniform procedures emerges clearly from our hearings and is consistent with congressional efforts to provide open Government, eliminates ex parte influence, and regulate special-interest lobbying.

The positive experience of Federal agencies utilizing recording and disclosure procedures similar to those required by this amendment demonstrates that such procedures are practical, effective, and not costly. The Consumer Product Safety Commission has for the past few years adhered to regulations requiring the publication of calendars and maintenance of logs that go beyond those required by this amendment. The Food and Drug Administration has likewise adopted logging regulations, as has the Federal Energy Administration. Testimony from Federal officials and others indicate that these procedures do not inhibit legitimate communications and, in fact, are useful in educating the public concerning the agency's decisionmaking activities.

I was interested to note, Mr. President, that the Internal Revenue Service announced just last month that it is developing and would implement "a procedure whereby certain information regarding contacts made by Federal departments and agencies and Members of Congress regarding matters pending before the Service will be made public."

In its press release, the IRS stated:

> It believed sound tax administration will be aided by making a public record of outside contacts regarding specific cases.

So the IRS agrees now that the publication of lobbying contacts—albeit involving a narrow class of persons—will serve the cause of sound tax administration.

The Securities and Exchange Commission, which is involved in important enforcement and rulemaking activities and which is involved in most sensitive commercial and financial matters, called S. 1289, from which this amendment is drawn as "the most balanced approach" to achieving "public disclosure of the activities of persons seeking to influence significant executive policymaking decisions." Let me quote from a letter from SEC Chairman Hills to Judiciary Committee Chairman EASTLAND on March 12, 1976:

> Assuming that Congress determines generally that the existing protections should be supplemented by additional agency reporting requirements, however the Commission considers the selective approach of S. 1289 to be preferable to the approaches of other, similar bills. It seems appropriate that some attempt be made, as does this bill, to limit the burden imposed without compromising the basic attempt to monitor private effort to influence significant governmental policy determinations. Moreover, in distinguishing between records of contacts that should publicly be disclosed and those that should be maintained only within an agency, S. 1289 minimizes the potential for disruption of efficient agency operations and important communication channels.

Support for the legislation which is embodied in this amendment has also been voiced by lawyers and lobbyists who spend much of their time dealing with Federal agencies. The Pharmaceutical Association, for example, whose members are closely regulated and overseen by various Federal agencies, indicated support for the objectives and approach reflected in this amendment. The hearing record of the Administrative Practice Subcommittee contains substantial testimony from both the business and consumer sectors favoring the Open Communications Act.

The amendment would serve to standardize and regularize the various approaches of the Federal agencies to this problem: It will provide a uniform statutory standard that will also allow agencies to make adjustments in accordance with their own specific needs. The amendments procedures are designed to avoid adding to the workload of Government officials, and any minimal burdens will be more than offset by its salutory effect. In total, title II will be a sensible method of opening agency activities to public view and checking the abuses caused by ex parte influence and lobbying abuses. According to former Product Safety Commission Chairman Richard Simpson:

> I believe that what industry really wants from a Government agency is predictability, honesty, consistency, competency, and integrity. I do not believe industry wants a regulatory agency which is susceptible to either political or public interest pressures. If one honestly weighs the advantages and disadvantages of an open agency, I believe one will conclude, as we did, that openness is the only effective way to operate in today's world.

So, Mr. President, I hope that this amendment is accepted. I do think that we have very extensive testimony with which we would be glad to supplement and augment these comments, but it does seem to me to be desirable and useful and certainly carries forward the various thrusts of this legislation.

Mr. METCALF. Mr. President, before the Senator from Connecticut accepts the amendment, will the Senator from Massachusetts yield me a couple of minutes?

Mr. KENNEDY. I yield.

Mr. METCALF. Mr. President, I am opposed to these logging requirements. I feel that it is an added unnecessary burden upon not only the people who are trying to lobby out also upon the people who are the recipients of the communications.

This is executive lobbying. This is down in executive department. I recognize that, as a result of our experience with Watergate, we have to have greater disclosure than we have had. If the Senator from Connecticut accepts the amendment, I want merely to make it clear that I am opposed to it. I am not going to ask for a rollcall. I am not going to resist very much, although I will resist logging as far as the Members of Congress are concerned. I merely wished to say I want to be consistent in my resistance to these logging requirements.

I thank the Senator from Massachusetts.

Mr. RIBICOFF. Mr. President, I shall respond. I am sympathetic to what the distinguished Senator from Massachusetts, and the Senators from Iowa and Vermont are trying to achieve. It is only fair to state that the committee held no hearings concerning lobbying in the executive branch. We recognize that the issues are complicated. This proposal may be treated differently in the other body. This I do not know. So, while I am willing to accept the amendment, I think I should call to the attention of the distinguished Senator from Massachusetts prospective resistence and difficulty in the executive branch and in the other body which we would have to take into account in conference. I think, in all fairness, I should tell that to the distinguished Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I appreciate the comments of the Senator from Connecticut. I hope that the members of the conference will support this provision if it is adopted. The Senator from Illinois included in his legislation much broader requirements for agencies in terms of logging. The Committee on Interior and Insular Affairs, on which the Senator from Montana served, indicated during the course of the consideration of Mr. HATHAWAY's nomination that they recommended that the nominee adopt the logging device for that department because of the suggestions of impropriety within that agency. The IRS in the past few weeks, because of the allegations of outside influence, has issued a press release saying it will use logging to clear the air.

The Consumer Product Safety Agency has gone ahead with this and has been very successful. It has not been an undue burden. The Chairman of that commission came up and urged us to move ahead on it. The Food and Drug Administration is doing it at the present time because of allegations and charges of various kinds of influence.

So I submit that this is an important provision. I understand full well what the Senator from Connecticut is stating. They have not had the hearings on it. That is why we would like to make our hearings available to the committee. I think there is very substantial information from a variety of different groups in support of our amendment.

I appreciate the willingness of the Senator from Connecticut to accept the amendment.

Mr. McINTYRE. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. I yield.

Mr. McINTYRE. It is my understanding that Representatives and Senators would have to keep a log on conversations.

Mr. KENNEDY. The Senator is not correct. This does not apply to any Members of Congress; only administrative agencies.

Mr. McINTYRE. If I ask a member of my staff to make an inquiry of FEA concerning something, they have to make a record of it at FEA? Is the Federal Energy Administration going to make a record of that, that they were contacted by Mr. Jones of Senator McINTYRE's staff.

Mr. KENNEDY. Not at all, if it was purely a question, inquiring about the status of a particular case or an issue that is before an administrative agency.

Mr. McINTYRE. That is some solace, Mr. President.

I must say that I am negligent in not knowing when these things come down the pike as fast as they do. If the Senator from Montana (Mr. METCALF) has some amendments, one thing about this that is very disturbing is that regulations are being imposed, meaning more things that somebody down at the low end of the pole has to fill out.

Mr. President, Congress should be aware of the fact that all this reporting and regulating is absolutely driving the common citizen of this country right out of his mind.

Mr. ALLEN. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PERCY. Mr. President, I can understand why the Senator from Massachusetts is offering this amendment. It is one of the areas that I think we will be looking into as we undertake this joint study by the Committee on Government Operations and the Committee on Commerce with respect to regulatory reform, to see what can and should be done to improve our procedures.

I am concerned that as we set up a commission on paperwork, to cut down the amount of paperwork, we are not establishing procedures—without hearings at least in the Government Operations Committee—on what their impact would be.

I am concerned that the executive branch of Government, as I understand it, would oppose this being a part of this bill. My understanding also is that the House of Representatives would oppose it. I believe we would have a tremendously difficult task carrying it in conference.

I would like to try something like this in my own office before imposing this kind of burden on the executive branch of Government, to see whether it would make sense, and whether or not, at the end of a couple of weeks of doing this, we had anything that was valuable.

The Senator from Illinois would be very reluctant, indeed, to indicate at this time that he supported this concept, even though he would be in sympathy with what would be the overall purpose and objective trying to be served. The tendency of the Senator from Illinois would be to accept it on the floor and take it to conference for discussion and, in the meantime, to analyze thoroughly the hearings by a subcommittee of the Committee on the Judiciary, in order to secure more facts.

But, in view of the fact that a rollcall vote has been requested on this amendment, the Senator from Illinois intends to vote against the provision.

Mr. KENNEDY. Mr. President, I regret that the Senator intends to do that. He had logging provisions in his own legislation.

With all due respect to the efforts of the Committee on Government Operations, this is an amendment to the Administrative Procedure Act, which is handled by the Committee on the Judiciary. It is supported by the Pharmaceutical Manufacturers Association, whose representative testified before us. They said they were tired of the allegations and the charges about their interference in the Food and Drug Administration. I think it was a very commendable position of one of the organizations of which I have been critical at various times precisely because of the improper kind of influence that industry sometimes wields on regulatory agencies. They said they wanted this to protect their own integrity, and the Food and Drug Administration now is implementing its own logging regulations. The Consumer Products Safety Agency is going ahead with it; the Internal Revenue Service is going ahead with it.

It seems to me that to protect these various agencies, the amendment should be accepted.

I am prepared to yield back the remainder of my time.

Mr. RIBICOFF. I yield back the remainder of my time, unless someone else wishes to speak in opposition.

Mr. ALLEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLEN. In view of the fact that this amendment does amend the Administrative Procedure Act, I inquire of the Chair if the amendment is in fact germane, as required by the unanimous-consent agreement.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. Will the Senator withhold for a moment, please?

Mr. KENNEDY. I just wanted to make a point of interest to the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Massachusetts while the Chair considers the parliamentary inquiry.

Mr. KENNEDY. I wish to point this out, if I may have the attention of the Parliamentarian as well: As a point of information, I would mention that the title of the bill is "to provide more public disclosure of lobbying activities to influence issues before Congress and the executive branch, and for other purposes."

Mr. RIBICOFF. I believe it does relate to lobbying, even though it might involve the Administrative Procedure Act. Under those circumstances, I do believe the amendment is germane.

The PRESIDING OFFICER. In the opinion of the Chair, the amendment is germane.

The question is on agreeing to the amendment. On this question the yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Mississippi (Mr. EASTLAND), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Hawaii (Mr. INOUYE), the Senator from Washington (Mr. JACKSON), the Senator from Washington (Mr. MAGNUSON), the Senator from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. MAGNUSON) and the Senator from Washington (Mr. JACKSON) would each vote "aye."

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Maryland (Mr. BEALL), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Kansas (Mr. PEARSON), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

The result was announced—yeas 35, nays 50, as follows:

[Rollcall Vote No. 284 Leg.]

YEAS—35

Abourezk
Bentsen
Biden
Brooke
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Clark
Cranston
Culver
Eagleton
Glenn
Hart, Gary
Haskell
Hathaway
Huddleston
Humphrey
Kennedy
Leahy
Mansfield
Mathias
McGovern
Mondale
Morgan
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Stafford
Stone
Tunney
Weicker

NAYS—50

Allen
Bartlett
Bellmon
Brock
Buckley
Bumpers
Cannon
Church
Curtis
Dole
Domenici
Durkin

Fannin
Fong
Ford
Garn
Gravel
Hansen
Hatfield
Helms
Hollings
Hruska
Javits
Johnston
Laxalt
Long
McClellan
McClure
McGee
McIntyre
Metcalf
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Percy
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stevenson
Talmadge
Thurmond
Tower
Young

NOT VOTING—15

Baker
Bayh
Beall
Eastland
Goldwater
Griffin
Hart, Philip A.
Hartke
Inouye
Jackson
Magnuson
Pearson
Symington
Taft
Williams

So Mr. Kennedy's amendment was rejected.

UNPRINTED AMENDMENT NO. 24

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Does the Senator ask unanimous consent that the Metcalf amendment be further temporarily laid aside?

Mr. KENNEDY. With the understanding of the Senator from Montana that he wants to press his amendment tomorrow, so with his understanding——

Mr. METCALF. Mr. President, it is my understanding that my amendment will be set aside and deferred to the amendment of the Senator from Massachusetts. That was the unanimous-consent agreement, and I renew my unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will state the amendment of the Senator from Massachusetts.

The second assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. Kennedy), on behalf of himself, Mr. Clark and Mr. Stafford proposes an unprinted amendment No. 24.

The amendment is as follows:

On page 36, line 22, before "should" insert "or the Executive Branch".

On page 36, line 23, after "Congress" insert ", or the Executive Branch,".

On page 32, line 2, after "Congress" insert ", the Executive Branch,."

On page 37, line 25, after "Congress" insert "or the Executive Branch".

On page 38, line 2, after "Congress" both times it appears, insert "or the Executive Branch".

On page 38, line 10, strike out "and".

On page 38, line 18, strike out the period and insert in lieu thereof a semicolon and "and".

On page 38, between lines 18 and 19, insert the following new paragraph:

"(3) a communication with the executive branch urging or requesting any officer or employee of the executive branch to act or not to act, or to act in a certain manner, concerning—

(A) any contract to which the Federal Government is or may become a party, or

(B) any grant, award, or other benefit which is or may be awarded, given, or otherwise bestowed upon any person by the Federal Government,

where such contract, grant, award, or other benefit involves an obligation incurred by the Federal Government of $250,000 or more."

On page 38, line 21, after "Congress" insert "or the Executive Branch".

On page 38, line 23, after "Congress" insert "or the Executive Branch".

On page 39, line 11, after "Congress" insert "or the Executive Branch".

On page 39, line 12, before "record" insert "public".

On page 42, line 2, after "Congress" insert "or the Executive Branch".

On page 51, line 3, after "Congress" insert "or the Executive Branch".

On page 52, line 5, after "Congress" insert "or the Executive Branch".

On page 53, line 12, after "Congress" insert "or the Executive Branch".

Mr. KENNEDY addressed the Chair.

Mr. PASTORE. Mr. President, may we have order, please.

The PRESIDING OFFICER. Will Senators kindly take their seats. The Senate will be in order. The Senator will withhold momentarily.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, the thrust of the legislation is to focus on lobbying activities within the legislation branch, that is the bill that we have before us. In the previous amendment we tried to extend a logging provision to apply to executive branch activities, and that was defeated.

This amendment is targeted on a very limited area of executive activities, and that is any lobbying activity to secure a favorable contract or grant outside of the exemptions that are included in the current legislation which, obviously, include municipalities, mayors, and civic or governmental figure, but for any private intervention to secure contracts in excess of $250,000. They would have to comply with the lobbying provisions of this particular legislation.

It seems to me that in those particular areas, with that size as a minimum, $250,000, that it would be useful and valuable to apply the other registration and recording provisions which are included in the legislation.

The chairman of the committee is familiar with the thrust of this legislation. I have had a chance to talk with him about it, and I hope he will be willing to accept this particular amendment.

Mr. RIBICOFF. Mr. President, as manager of the bill I am willing to accept the amendment of the Senator from Massachusetts.

Mr. PASTORE. Now, may I ask the question? May we have order, please.

I do not think I get the full meaning of this. If a proposal is submitted by a contractor in Rhode Island, who is looking for a Federal contract, and he writes to me, and it is over $250,000, what is his obligation?

Mr. RIBICOFF. Speaking for the Senator from Massachusetts, if a contractor from Rhode Island wrote to the Senator, neither he nor the contractor has to list this. But if the contractor or an agent of the contractor goes to a Federal agency and seeks that contract, and makes 12 or more oral lobbying communications concerning that contract, the contractor would have to register as a lobbyist.

Mr. PASTORE. Does the Senator mean that if someone from the State of Rhode Island wrote to me and I called up a department and made an appointment for that person to go down there and talk over a contract—what is the obligation?

Mr. RIBICOFF. No obligation for the Senator and no obligation for the lobbyist if that is all the contractor did.

Mr. KENNEDY. If there was a contractor in Rhode Island who was interested in a contract, a defense contract that was worth $250,000, he can still go to the Defense Department 11 times and not have to register. It would only apply as a triggering aspect of the legislation.

Twelve oral contracts, not written, but 12 oral communications, or the payment to an individual more than the minimum, which is the $250 per quarter.

So all it does is make the lobbying by the executive branch for large contracts fall within the purview of this legislation.

It would never apply if it was written, or for only 11 oral communications but, really, in connection with the major contractors, to find out what their activities are.

Mr. PASTORE. What would the obligation be then?

Mr. KENNEDY. Just to comply with the other provisions of the legislation which are included in the bill. Just the same kind of things which would apply to any other lobbyist.

Mr. PASTORE. In other words, if he did it 11 times, he was immune, but the 12th time he is not.

Mr. KENNEDY. Just the way it is drafted.

Mr. STEVENS. Will the Senator from Massachusetts answer a question?

Mr. KENNEDY. Surely.

Mr. STEVENS. Does this cover grants, does this mean if one of our Alaskan groups wanted a grant, $3 or $400,000 in educational grant funds, the various grant funds available through a myriad of programs, that they first have to come in and register?

Why should grants be treated the same as contracts?

Mr. KENNEDY. The answer is that a number of agency grants and contracts are almost interchangeable.

Primarily, we are interested in the contract matters. Of course, it does not apply to any State or local governments, or where there are other exemptions included in the legislation. It only affects the large contractor or the contractor's lobbyist.

Mr. RIBICOFF. Just to clarify this, any governmental agency would be exempt. A State or county or municipality is not subject to any registration requirements under the lobbying bill.

Mr. STEVENS. I understand that.

Mr. RIBICOFF. If it were a private corporation or a charitable foundation, then it would be subject to the lobbying provisions.

Mr. STEVENS. What about the millions of dollars we are putting out every year in cancer research, and other funds, to every doctor's corporation that wants to participate in these research funds available for medical purposes, do they have to comply with this?

Mr. KENNEDY. Only if it meets the other provisions of this legislation.

They would be exempt if they do not fall within it, but if they would if the subject involved legislation before Congress, then they would fall in it if they were seeking a contract above $250,000 from the agencies.

Mr. STEVENS. I say to the Senator from Massachusetts and the manager of the bill, I could support the contracts and awards provision. I think the money amount is quite low, and a million dollars would be much more realistic.

But I cannot support putting all this paperwork burden on people who come in to seek to participate in these grant funds.

It will increase the cost of getting the job done and decrease the effectiveness of the Federal dollar that goes out in grants.

I do not think we ought to increase the paperwork at the very time we are trying to do our best to cut it down. If we want to put that burden on the private sector, on the people who make a profit of doing business with the Government, that is one thing. But in seeking grants that are very limited at this time, I think this is going too far. I think if the sponsor does not agree to delete the grants, I would ask for the yeas and nays.

Mr. KENNEDY. I would be glad to follow that.

We are trying to get started in this area, in drawing the figure of $250,000. I have no reluctance to raise that to $1 million. I think that is not an unreasonable request. I think what we are trying to do is get started in this area.

I move to raise the figure up to $1 million and eliminate the grants, just include the contracts.

Mr. STEVENS. I thank the Senator.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

UNPRINTED AMENDMENT NO. 25

(MODIFICATION OF UNPRINTED AMENDMENT NO. 24)

On page 36, line 22, before "should" insert "or the Executive Branch".

On page 36, line 23, after "Congress" insert ", the Executive Branch,".

On page 37, line 2 after "Congress" insert ", the Executive Branch,".

On page 37, line 25, after Congress" insert "or the Executive Branch".

On page 38, line 2, after "Congress" both times it appears, insert "or the Executive Branch".

On page 38, line 10, strike out "and".

On page 38, line 18, strike out the period and insert in lieu thereof a semicolon and "and".

On page 38, between lines 18 and 19, insert the following new paragraph:

"(3) a communication with the executive branch urging or requesting any officer or employee of the executive branch to act or not to act, or to act in a certain manner, concerning

"(A) any contract to which the Federal Government is or may become a party, or

(B) any award or other benefit which is or may be awarded, given, or otherwise bestowed upon any person by the Federal Government, where such contract, award, or other benefit involves an obligation incurred by the Federal Government of $1,000,000 or more.

On page 38, line 21, after "Congress" insert "or the Executive Branch".

On page 38, line 23, after "Congress" insert "or the Executive Branch".

On page 39, line 11, after "Congress" insert "or the Executive Branch".

On page 39, line 12, before "record" insert "public".

On page 42, line 2, after "Congress" insert "or the Executive Branch".

On page 51, line 3, after "Congress" insert "or the Executive Branch".

On page 52, line 5, after "Congress" insert "or the Executive Branch".

On page 53, line 12, after "Congress" insert "or the Executive Branch".

Mr. BURDICK. Will the Senator yield?

Mr. KENNEDY. Yes.

Mr. BURDICK. Would the Indian tribes be an exempt category?

Mr. KENNEDY. This amendment does not deal with the Indians.

Mr. BURDICK. The Senator said municipal corporations. Would they have the same footing as a city or county?

Mr. KENNEDY. As I understand it, they would not be exempt. I have an intention to offer an amendment that would make them exempt.

Mr. RIBICOFF. In fairness, they would not be exempt.

Mr. KENNEDY. I want to indicate that I will offer an amendment later on and I hope the Senator from North Dakota will join me.

Mr. BUMPERS. Will the Senator yield for a couple of questions?

Mr. KENNEDY. Yes.

Mr. BUMPERS. First of all, I assume that the homestate exemption would not apply in this case.

In other words, any person from any State in the country, to come here to lobby, would not be covered?

Mr. KENNEDY. Correct.

Mr. BUMPERS. Second, for example, if the Chamber of Commerce organization from the State of Arkansas came here to lobby the Department of Defense to give a contract for some industry in their community because it was the primary source of payroll in that community, which is not too uncommon in many communities in my State where there is large industry and which the community is almost totally dependent upon, but rather than the industry itself coming, the chamber of commerce, who has a very vital interest in it, came and lobbied the Defense Department on behalf of the contractor, would that be subject?

Mr. KENNEDY. That would not be subject to our requirement if they are not being paid to do the lobbying. But the particular group, if they are doing it as volunteer chamber activities, which would be the normal approach, is not covered.

Mr. BUMPERS. It would only be if the contractor himself came that it would apply?

Mr. KENNEDY. The Senator is correct, or hired a lobbyist.

The PRESIDING OFFICER. The Senator from New York.

Mr. JAVITS. I think we ought to be conscious of the fact that this is the first amendment that would deal with the executive department, that the bill otherwise deals with the legislative department, and this bill would deal with the executive department.

Now, the executive department has opposed it and there has not been very elaborate testimony on what it would mean. Personally, I am not doctrinaire about it. I am perfectly willing to take the amendment to conference. But I do think the Senate should be advised that, in all fairness, we would have to know from the administration what its reasons are and how it feels about it and why, and that this could or might not have an effect on the conferees.

I certainly would not, as a prospective conferee, wish to be locked in concrete on this matter, though I am perfectly willing to take it to conference.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. I will not repeat all I said about the last amendment, which I voted against, but I would be prepared to accept it with the qualification that in taking it to conference it would give us time to get reactions back from the executive branch on this specific amendment. It does establish for the first time a requirement in this bill for executive branch contracts to be reported.

But I think to take it to conference with the feeling we could then have the time to get reactions back and get more information, if we can, it would be perfectly acceptable to the Senator from Illinois.

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified, of the Senator from Massachusetts.

The amendment as modified, was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment of the Senator from Montana, amendment No. 1651.

Mr. METCALF. Mr. President, I would be delighted to yield and ask unanimous consent that I might yield to the Senator from Vermont.

The PRESIDING OFFICER. Does the Senator ask unanimous consent to yield for the purpose of calling up an amendment?

Mr. METCALF. Mr. President, I yield myself [illegible] minutes on amendment No. 1652.

I offered my amendment in order to have time to finish a prepared statement. I had exhausted all the time the Senator from Connecticut had yielded to me. I would like to withdraw my amendment at this time and permit the Senator from Iowa, the Senator from Vermont, and the Senator from Massachusetts if he has further amendments, to proceed before I proceed with a series of five amendments for which I have special time. I ask unanimous consent that I may withdraw consideration of amendment No. 1651 at this time.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

The Senator from Vermont.

UNPRINTED AMENDMENT NO. 26

Mr. STAFFORD. Mr. President, I have an unprinted amendment at the desk for which I ask immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Vermont (Mr. STAFFORD) for himself, Mr. Kennedy, and Mr. Clark proposes unprinted amendment No. 26.

The amendment is as follows:

On page 47, line 3, after "lobbyist," insert "the name and position of each individual receiving a lobbying communication from the officer, director, employee, or other person,".

On page 47, line 20, after "organization," insert "the name of each Member of the Senate or the House of Representatives receiving such communications by telephone or in his office,".

On page 48, at the end of line 10, insert "the name of each Member of the Senate or the House of Representatives receiving such communications by telephone or in his office,".

Mr. STAFFORD. Mr. President, I yield 30 seconds to the distinguished Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that George Shanks of my staff be granted the privilege of the floor during the consideration of S. 2477.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STAFFORD. Mr. President, first I want to say how grateful I am to the distinguished Senator from Connecticut (Mr. RIBICOFF) and the distinguished Senator from Illinois (Mr. PERCY) for all of the work they have done and the long hearings they have held in bringing the basic bill before the Senate at this time.

It has long been the hope of this Senator that such legislation would come to this Chamber and be enacted here.

Mr. President, the Lobbying Reform Act, S. 2477, as reported by the Committee on Government Operations requires no disclosure of any kind of the identity of Senators or Representatives who are lobbied, either personally, or through their staffs. Such an omission may be compared to requiring disclosure of campaign contributions without requiring the disclosure of the identities of the recipients of the contributions.

It is important that, as we seek to achieve reform in this area of lobbying, that we establish a clearly-marked path from those who do the lobbying to those who are lobbied. The committee bill starts us down that path—indeed, it goes a long way down that path. But, it does not get us to the final destination: the identification of the Senator or Representative who is the target of the lobbying effort.

The amendment offered by Senator KENNEDY, Senator CLARK and myself would require disclosure of Senators and Representatives in certain cases, as well as of staff members in certain cases. The amendment has the two aspects:

First. In cases where the lobbying organization retains an outside legislative agent to make the communications, the amendment would require the reports that are filed to identify the recipients of both written and oral communications. Such records are likely to be kept in any event by the legislative agent for purposes of billing the client, and no substantial additional burden is involved in requiring this disclosure.

Second. In cases where employees of the lobbying organization make the contact, disclosure would be required only for oral communications directly with a Senator or a Representative, and then only for communications by telephone or in the office of the Senator or Representative. In this way, the recordkeeping burden would be minimized, and social or insignificant lobbying contacts would not be subjected to the reporting requirements. In keeping with the other provisions of the committee bill, the burden for reporting would rest with the individual doing the lobbying. There would be no burden on the Senator or Representative.

This amendment is drawn narrowly to keep reporting requirements to a minimum while requiring disclosure of the identity of the Senator or Representative in the most obvious lobbying situations. Failure to identify Senators and Representatives in these situations would be a serious flaw in this reform effort.

Failure to include these minimal disclosure requirements in this bill will, Mr. President, in effect, be to provide Senators and Representatives with an exemption from this reform legislation.

Mr. HUMPHREY. Will the Senator yield?

Mr. STAFFORD. I would be glad to yield.

Mr. HUMPHREY. Do I understand the amendment places the burden for the reporting of the contact, the personal visit or telephone call, upon the organization or the individual lobbyist?

Mr. STAFFORD. The Senator is exactly right.

Mr. HUMPHREY. May I ask if a lobbyist comes to the office and does not get to see the Senator—he may see somebody who is in charge of a piece of legislation, the administrative assistant or some assistant who is working on a bill—is that reported as having seen the Senator?

Mr. STAFFORD. Will the Senator give me just a moment?

Mr. HUMPHREY. I said let us assume that a lobbyist comes to the office and does not see the Senator and does not even see the administrative assistant, but sees someone down the line who is working on legislation. For example, the person in my office who has been working with me on this legislation is a rather new employee. In fact, he is not even an employee. He is a congressional fellow. That particular person will not be with my office for more than a couple of more weeks. I doubt if that particular individual would have a commanding influence over this Senator or the office.

Does the lobbyist's report state that they spoke to the Senator?

Mr. STAFFORD. It is the understanding of this Senator that the amendment would not require the lobbyist to report his contacts with the Member's staff or the House Member's staff.

Mr. HUMPHREY. Is that a weakness? I am trying to get at it. The Senator said something a moment ago where a lobbyist reports to his client or to his principal that, "I have seen" so and so. I know we have had people stop by the office who want to have 2 or 3 minutes with the Senator, and I am sure that what they want to do is to say to the people they are working for, "Today I had a 1 hour talk with Senator" so and so. Maybe they came with a suggestion of discussing the drought in the Midwest. "How are things, Hubert?" The next next thing you know the party is billed, company X or organization X, saying, "I spent 1 hour today with Senator" so and so "in his office discussing this report and legislation."

What do we have to verify that this has all taken place except the word of the lobbyist who is trying to bill his benefactor?

Mr. RIBICOFF. If the Senator will yield, that is one of the reasons I am opposed to this amendment, because it is subject to such misinterpretation. All of us know that people do come into our office and they talk to us. Many times we say no to their requests. But then they could list they have visited us and it is open to an interpretation that they have influenced our action.

Take a time such as this with the tax bill coming up on the floor tomorrow. All of us are inundated with every type of lobbyist for a special cause.

Mr. HUMPHREY. That is exactly right.

Mr. RIBICOFF. In my office, you cannot move out of the office without being approached. My response to 99 out of 100 of their requests have been no. Yet they could list that 99 men came in to see Senator RIBICOFF, Senator LONG, or Senator HUMPHREY and someone could get the idea that we are subject in our votes to the will of the lobbyists.

I think the amendment is very unrealistic and misinterprets the entire posture of a U.S. Senator.

Under the circumstances I am opposed to the Stafford amendment.

Mr. HUMPHREY. Let me say that I voted for the first Kennedy amendment and I voted for the second Kennedy amendment, because I thought they were worthwhile, and I am not opposed to having logs involved and all of that sort of business. All I am trying to find out is, whom does the lobbyist lobby?

I happen to have a high regard for my staff, but I try to make up my own mind, and if some lobbyist is coming in there to lobby someone who is there as an intern, for example, I do not consider that would have any great impact upon my view of the legislation. Obviously, Senators do not have time to see everyone who wants to see them.

I just wonder what it is all about. What is going on? Is it a good thing to have the lobbyist there to say, "I have it in my log that I just saw Senator HUMPHREY," when what he perhaps saw was someone who just stopped in from St. Olaf's College, who is working for me for 2 months free of charge, trying to learn something about the legislative functions? Do not misunderstand me; that person may be very, very helpful. I have had some who are exceedingly helpful.

Mr. RIBICOFF. The Senator or Representative, to protect himself, would also have to have a log to refute the lobbyist's contention, and Heaven knows, we have enough burdens to keep our records and our mail straight, attend our committee meetings, and to come to the Senate floor, without keeping a log on everyone who comes to see us.

Even though that is not intended by the Stafford amendment, if a lobbyist is keeping a log and reporting, for self-protection, Senators are going to have to keep a log themselves, with somebody in their office backing us up.

Mr. HUMPHREY. That is what I wanted to mention. If a lobbyist is going to come in and say he saw someone in my office, I want someone in my office to have a log showing that he was not there, and I would expect to request a staff member for that purpose.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. TALMADGE. Does not the Constitution of this country specifically state that citizens of the country have a right to petition their Government for redress of grievances?

Mr. RIBICOFF. It certainly does. In this basic lobbying bill individuals are exempted; the bill applies only to organizations who expend money to lobby. We have also exempted any communication from an organization to their own Senators and Representative.

It is when an organization pays a legislative agent, or has paid officers, directors, or employees lobbying for them, that there is disclosure. These organizations have a right to do so, but they must register as a lobbyist.

I do not think there is any constitutional infirmity in requiring disclosure. I think we have been very careful to protect, under the first amendment, the right of any person to petition the Members of Congress, and especially to protect him in petitioning his own Senators and Representatives.

Mr. TALMADGE. The Senator feels confident that the committee bill, then, does not fly in the teeth of the constitutional provision that all citizens have the right to petition their Government for redress of grievances?

Mr. RIBICOFF. The 1946 Lobbying Act was interpreted by the Supreme Court of the United States and upheld as constitutional. The Supreme Court has held that Congress can take action regulating the activities of lobbyists.

But in the basic bill, we have been very careful to protect first amendment guarantees in the bill as a whole.

Mr. TALMADGE. I thank the Senator.

Mr. NELSON. Mr. President, will the Senator yield?

Mr. RIBICOFF. I yield.

Mr. NELSON. Do I correctly understand that if a lobbyist requests an appointment to see any Member of Congress on any subject matter, that lobbyist must make out a report of some kind as to whom he saw, when, where, what about, and then must send it someplace?

Mr. RIBICOFF. That is true under the Stafford proposal.

Mr. NELSON. That is what I am talking about.

Mr. RIBICOFF. Which I am opposing. The Stafford proposal would require, as I understand it—the Senator from Vermont can speak for himself—that if a lobbyist went in to see a Member of Congress, he would have to log the visit with Senator NELSON or Senator RIBICOFF, and report it to the Comptroller General every quarter when he makes up his lobbying reports.

Mr. NELSON. Is that correct, I ask the Senator from Vermont?

Mr. STAFFORD. The Senator from Vermont would say that under our amendment, no new burden is placed on anyone, but if a lobbyist otherwise qualifies under the basic bill before the Senate, and visits or calls on the phone a Senator or a Member of the House of Representatives, then, under the amendment this Senator has offered, he would be required to log the name of the Senator or the Representative that he had contacted. I repeat, if he otherwise qualified under the bill as a lobbyist, or lobbyist's agent.

Mr. NELSON. Let me ask a further question. I have not finished reading the committee report. There are certain standards defined in the committee as to whether an individual or a corporation or something else qualifies to be a lobbyist; is that right?

Mr. RIBICOFF. Individuals are exempt. It is organizations.

Mr. NELSON. All right. Now, is it correct that if any organization, on behalf of some proposal, contacts 12 people——

Mr. RIBICOFF. In a quarter.

Mr. NELSON. In a quarter, that they then must register, and they are lobbyists; is that correct?

Mr. RIBICOFF. Or they pay someone $250 or more in a quarter to do it for them, or they expend $7,500 in solicitations in a quarter. Then, under those circumstances, they would be required to file a report every quarter with the Comptroller General.

Mr. NELSON. I would just like to have the Senator's view on this: This amendment might be very helpful to all of us, because I think I could immediately and justifiably institute a rule in which I will see no lobbyists—not a single one. So all these people who come in, in connection with the Finance Committee issues, with questions or proposals who say, "I want to see you, because the proposal coming over from the House of Representatives is going to drive us out of business, and we are a poor little business that no one thought of; we have 25 employees," I am going to say, "Wait a minute, I am sorry; after you have gone out of business and are not representing anyone, come in and explain what your problem was."

Because I am not going to see them.

We have a big fight going on about Locks and Dam 26. I happen to be against them. Now, there are all kinds of individuals, environmentalists, and others against that lock and dam.

I have all kinds of communications from them, and I have been fair enough to listen to a couple of lobbyists on the other side, though I do not agree with them, and I am going to vote against them. But where are those other 100 people who came in to see me regarding my position on Lock and Dam 26 going to be listed?

I think this amendment would create an absolute monster, but it is all right with me, because I would serve notice to my staff that we will hear from no lobbyist under any circumstance, no matter how worthy the cause, because we are not going to be involved with them in any way.

I think it is pretty stupid, but it will rid me of talking to people who think a U.S. Senator ought to listen to the various individuals, economic interest groups and concerned groups all over this country.

Furthermore, I wish I had had time to check it with the paperwork commission. I think we can abolish the paperwork commission, because we are gaining on them so fast they cannot catch up anyway. About two more bills like this, and we will sink the Federal Government.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. PERCY. Mr. President, before I comment on the pending amendment, I would like to pay special tribute to the long time the Senator from Vermont has spent in discussing lobbying and trying to develop an orderly procedure with adequate support for the control of lobbying functions to have adequate reporting of the lobbying function.

The PRESIDING OFFICER. Who yields time?

Mr. STAFFORD. I yield time to the distinguished Senator from Illinois.

Mr. PERCY. I think the contribution has been valuable as has the contribution of the distinguished Senator from Massachusetts who has worked together with Senator STAFFORD.

Mr. KENNEDY. Mr. President, will the Senator from Vermont withhold maybe 3 or 4 minutes so I can speak? I do not know what time there is available.

Mr. STAFFORD. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. STAFFORD. How much time remains to the Senator from Vermont?

The PRESIDING OFFICER. Nine minutes.

Mr. PERCY. Mr. President, will the Senator yield me 2 minutes?

Mr. STAFFORD. I reserve 4 minutes to the distinguished Senator from Massachusetts.

Mr. PERCY. Before commenting on the amendment, I wish to say without any question we are all deeply indebted to the contribution that has been made by the Senator from Vermont. However, in looking at this amendment I think, first of all, it is really impossible at this stage to estimate the amount of hundreds of thousands, maybe millions of man-hours this would require.

It requires a recordkeeping that is entirely different than most organizations now keep.

The intent and purpose of the Committee on Government Operations in reporting out this bill was to try to design a reporting procedure that would be closely parallel to records that are kept anyway, keeping in mind the desire of the Federal Government to cut down the amount of paperwork. We have tried to design it so that it would not add a great deal of burden. It is difficult to estimate how much added burden would be caused by this amendment.

Second, the Senator from Illinois would oppose this amendment because it is really not known what would be accomplished. We have not had adequate testimony or hearings. It is not known what would be accomplished by the amendment and what the disadvantages would be. I think even in our short colloquy the pitfalls seem to be very great indeed.

So the Senator from Illinois, despite his great admiration for the work of the Senator from Vermont in these pioneering efforts, as well as the pioneering efforts of our distinguished colleague from Massachusetts in the area of lobbying reporting, would oppose this amendment.

Mr. STEVENS and Mr. STAFFORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. STAFFORD. Mr. President, I shall reply very briefly to the distinguished Senator from Illinois and just point out that this amendment does not require any paperwork on the part of any Members of the House of Representatives or Senate. What logs might be kept would be kept by those lobbyists who otherwise are qualified as lobbyists or legislative agents under the definition in the bill.

Mr. President, at this point I will yield to the distinguished Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I support the amendment of the Senator from Vermont. The points that have been raised during the debate are really not new issues or new questions.

The fact is that under the existing legislation we are providing for disclosure of lobbyists, issues, and expenses. What we are not providing is who has been lobbied.

As to the argument over what are we going to do when a major company or corporation or interest says that they have spoken to Senator X—we already reached that issue in the Campaign Finance Act. We require the disclosure of who contributes, and to whom. So any time that we have a campaign disclosure, we are going to have the same kind of questions to answer. Company X, Y, or Z gives you *x* dollars and you may vote for them or vote against them. Nonetheless, they are going to go list an individual or a Member of Congress on that particular contribution.

I simply wonder what is all the reluctance about it. After all, we are public servants. We are being paid by the public. We are not just out there representing only a private interest or a private group. We are supposed to be public officials. Why should not the public have some kind of idea or awareness as to whom is speaking to us?

The point is made it does not happen to the little guy. We cannot have it both ways. We eliminate the little guy in this so they are not going to be wrapped up in paperwork. So we are not going to put undue burden or a chilling effect on the small person in terms of lobbying.

When we find out they are not going to have to register or be listed, we say we cannot list the big boys in here because we will never know whether the little people have actually spoken to us. You cannot have it both ways, and both the bill and this amendment strike reasonable balances.

Mr. President, I think this amendment is a tough, hard one, and every Senator understands it. But it does seem to me we are involved in the public's business. The public has a right to know; the public is paying us; and I think we have reached that particular issue in question when we voted in terms of the Campaign Financing Act, when we said who contributes, the amount that they contribute, and to whom they contribute. I think we ought to do the same thing with regard to interests that meet this particular criteria under the lobbying bill which is extremely restricted as stated by the managers of the bill.

Mr. STEVENS. Mr. President, will the manager of the bill respond to a question?

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. I do not have any time. I would like to ask him a question. I have a copy of Mr. STAFFORD's statement.

The PRESIDING OFFICER. Who yields time?

Mr. STEVENS. Page 47, line 3. Will the Senator respond to a question? He has time, I believe.

Mr. RIBICOFF. I think it preferable if the Senator asks the author of the amendment.

Mr. STAFFORD. How much time remains to the Senator from Vermont?

The PRESIDING OFFICER. Each side has 4 minutes remaining.

Mr. STEVENS. I shall take 1 minute.

Mr. STAFFORD. I am glad to yield 2 minutes to the Senator from Alaska.

Mr. STEVENS. The first portion of this amendment states the "name and position of each individual receiving a lobbying communication from the officer, director, employee, or other person * * *" that would appear at page 47, line 3. I take it that means a written communication.

I do not want to get too much levity in here. The first letter on top of my file when I came back after a trip home this weekend was a letter from the "Hooker's Lobby." They wanted to invite me to some meeting. I take it that is a communication to me, and it means if this passes my name is going to be listed as having a communication from the "Hooker's Lobby." Is that right?

Mr. STAFFORD. If the distinguished Senator would yield, I will say that it depended on whether or not the lobbyist qualifying under this bill would so lobby.

Mr. STEVENS. It is ludicrous, you know.

Mr. KENNEDY. The answer is no. The answer is no, negative.

Mr. STEVENS. Why?

Mr. KENNEDY. Because it is only oral communication.

Mr. STEVENS. It does not say "oral communication." It says "receiving a lobbying communication."

Mr. KENNEDY. It falls within the other purview of the legislation which provides for it.

Mr. PERCY. If the Senator will yield, the amendment says "a lobbying communication"; it does not say "oral".

Mr. STEVENS. It does not say "oral."

Mr. STAFFORD. Mr. President, I ask for the yeas and nays.

Mr. HUMPHREY. Mr. President, I have a question.

Mr. STAFFORD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, I seek some explanation as to definition.

The amendment says the name of each Member of the Senate or the House of Representatives receiving such communications by telephone or in his office. Does this apply only to the Senator or does it apply to the Senator's office? For example, as to most of the people whom we hear from, one of our top people in the office hears from them. The lobbying is done in most offices to people that work in a particular area. For example, in my office we do a lot of work in the Committee on Agriculture and Forestry. Nine out of ten people who come into my office to talk about agricultural policy talk to my agricultural specialist in the office. They do not get to me. He in turn says, "Today I met with the President of the Farmers Union," or, "Today I met with the Midwest Farmers Organization." Fine. I am delighted they came in to see me. But they did not get to see me.

They came in to see the man who works for me. For all practical purposes if they convince him, he is the man on whom I have to rely a great deal on legislative matters and other matters relating to agriculture. That man in my office then conveys the message to me.

My point is—and I am not trying to be contentious, I am trying to get specific—does the log that is kept mean that that lobbyist has to speak to the Senator himself? Or does it mean that he speaks to someone representing the Senator?

Mr. STAFFORD. If the Senator will yield, it is the understanding and intention on offering the amendment that the lobbyist would have to communicate directly with the Senator if a log of the incidents were to be kept and the lobbyist would have to be a qualified lobbyist under the other provisions of the bill.

Mr. HUMPHREY. Yes, I understand the qualifications. Would the Senator accept an amendment saying that, if the lobbyist must keep a log as to communication with the Senator himself, the Senator also keep a log that he received a communication from a lobbyist? I am not being facetious. I am trying to be very sincere about it. I think the purpose of the Senator is commendable, and I think it is right that we as public officials have an accountability.

The PRESIDING OFFICER. If the Senator would suspend momentarily, each side has 2 minutes remaining. Who yields time?

Mr. RIBICOFF. I yield 2 minutes to the distinguished Senator.

Mr. HUMPHREY. I ask this question: Will the Senator accept an amendment that says that the logs be kept by both parties, since it is restricted only to the Senator and not to his aides?

Mr. STAFFORD. This Senator would accept such an amendment. This Senator did not write into the amendment the necessity for a log by Senators or

House Members for the purpose of making it as restrictive as possible and causing as little paperwork as possible.

Mr. HUMPHREY. I understand that, and I think the Senator's purpose is commendable. What I am worrying about is that somebody says they saw us and they did not see us. I just want to be sure that we see the party.

Mr. LONG. Mr. President, if the Senator will yield, would it be appropriate to say that we have to have the Senator sign a receipt that he did see the man, so that at some future date if some lobbyist gets himself in trouble and they spread it across the record that he came to Senator Humphrey and Senator Long and Senator Ribicoff and Senator Church and Senator Bentsen, he has our name written down there, so that it can be checked by forgery experts that he did talk to us?

It bothers me to have Common Cause go through my campaign contributions. Here is their letter, and they say that any time I vote contrary to their views, they point out somebody whose economic interest was on the side I voted with, and they say this fellow contributed to Senator Long's campaign. There is a payoff right there. If you vote the other way, they find somebody on the other side, and they say you voted that way.

I am going to avoid anybody buying me a meal. I do not accept an honorariums now.

Just to protect oneself, this amendment should require that the Senator sign a receipt, so that one would know that he saw the Senator, that he is not just bragging and trying to get people to pay something.

Mr. HUMPHREY. That is right.

Mr. LONG. Obviously, he wants to go back and tell people, "Don't you worry. I am just as close to Humphrey as two peas in a pod. He would not do anything without talking to me. And Long knows me. Old Russell is a bosom buddy I have known for many years."

So when they are going back to represent how much influence they have on us and if they get in trouble, I would like to have it established that that is exactly how it is and have us sign a receipt that we talked to the man.

Mr. HUMPHREY. Offer the amendment.

Mr. LONG. If I can get it prepared, I will—to have him sign a receipt.

Mr. KENNEDY. Mr. President, will the Senator from Vermont yield me 1 minute?

The PRESIDING OFFICER. The time of the Senator from Connecticut on the amendment has expired.

The Senator from Vermont has 2 minutes.

Mr. STAFFORD. I yield 2 minutes to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, in the bill it is clear that if there are going to be statements which are false, fictitious, or fraudulent, by various lobbyists, there are penalties written into the measure already which would apply—if a group would misrepresent or distort or provide fraudulent statements.

Although I would support the amendment of the Senator from Minnesota, I think it would sink the amendment. I do not think it has much of a chance, in any event. [Laughter.] I am sure that would do it.

The final point I make is this: Just read through Fortune's "Company Man in Washington." They list how to go to work on Members of Congress. At the bottom, they say, "Keep good records." All the major lobbyists already keep complete records down here.

If we are prepared to require that they file those statements about campaign contributions, and Members of Congress already have bitten the bullet—they already say that they have a campaign contribution from X, Y, and Z interests—why are we reluctant to permit them to say that X, Y, and Z are also talking to the Members of Congress?

The PRESIDING OFFICER. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Delaware (Mr. Biden), the Senator from Mississippi (Mr. Eastland), the Senator from Michigan (Mr. Philip A. Hart), the Senator from Indiana (Mr. Hartke), the Senator from Colorado (Mr. Haskell), the Senator from Washington (Mr. Jackson), the Senator from Washington (Mr. Magnuson), the Senator from Arkansas (Mr. McClellan), the Senator from Mississippi (Mr. Stennis), the Senator from Missouri (Mr. Symington), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

I also announce that the Senator from Indiana (Mr. Bayh) is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. Jackson) would vote "nay."

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Kansas (Mr. Pearson), and the Senator from Ohio (Mr. Taft) are necessarily absent.

The result was announced—yeas 23, nays 61, as follows:

[Rollcall Vote No. 285 Leg.]

YEAS—23

Abourezk
Beall
Bentsen
Buckley
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Clark
Culver
Eagleton
Hathaway
Helms
Humphrey
Kennedy
Leahy
Mansfield
Mathias
McGovern
Mondale
Proxmire
Schweiker
Stafford
Stone

NAYS—61

Allen
Baker
Bartlett
Bellmon
Brock
Brooke
Bumpers
Burdick
Cannon
Chiles
Church
Cranston
Curtis
Dole
Domenici
Durkin
Fannin
Fong
Ford
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hatfield
Hollings
Hruska
Huddleston
Inouye
Javits
Johnston
Laxalt
Long
McClure
McGee
McIntyre
Metcalf
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Randolph
Ribicoff
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stevens
Stevenson
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NOT VOTING—16

Bayh
Biden
Eastland
Goldwater
Griffin
Hart, Philip A.
Hartke
Haskell
Jackson
Magnuson
McClellan
Pearson
Stennis
Symington
Taft
Williams

So Mr. Stafford's amendment was rejected.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. BROCK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CLARK and Mr. ALLEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

UP AMENDMENT NO. 27

Mr. CLARK. Mr. President, I send an unprinted amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Iowa (Mr. Clark), for himself, Mr. Kennedy and Mr. Stafford proposes an unprinted amendment No. 27.

Mr. CLARK. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 42, line 11 insert between "riod" and "where" the following: "including the amount of income provided by the organization".

On page 42, lines 13 and 14, strike out "constituted 1 per centum or more of the total income received by the lobbyist" and insert in lieu thereof "was $2,500 or more in amount or value".

On page 42, line 16 insert between "period" and "where" the following: "including the amount of income provided by the individual".

On page 42, line 19, strike out "$1,000" and insert in lieu thereof "$2,000".

On page 42, lines 20 and 21, strike out "and constituted 5 per centum or more of the total income received by the lobbyist".

Mr. CLARK. Mr. President, this is a very simple amendment, and I think I can explain it in less than a minute.

It would establish a flat $2,500 threshold for disclosure of contributions to lobbying organizations; that is all it does. In other words, if an individual or a group contributes $2,500 or more to a lobbying group it is simply disclosed, meaning it is simply sent to the Comptroller General.

There is a disclosure requirement in the bill now based on percentages which differ for individuals and groups. This is an attempt to simplify that. It is not an onerous requirement, obviously; $2,500 is a great deal of money to spend for the purpose of influencing Government decisionmaking, and I would simply point out that the disclosure threshold in the campaign finance law is only $100. Surely the public has a right to know when individuals and organizations are contributing such large sums to affect how our laws are being executed.

Our amendment would institute a reasonable disclosure threshold in a nondiscriminatory way for all lobbying organizations.

I reserve the remainder of my time.

Mr. RIBICOFF. Mr. President, as manager of the bill I accept the amendment of the Senator from Iowa.

Mr. PERCY. I think this amendment not only simplifies the bill and is an improvement but, I think, strengthens the bill. Certainly anything in that direction I would approve, and the Senator from Illinois would support the amendment.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. CLARK. Yes, I yield.

Mr. BROCK. Is this in addition to the language of the bill or in place of the other requirements?

Mr. CLARK. No, it is a substitution for the percentage requirement and the dollar amount. The bill itself calls for disclosure if an individual contributes 5 percent of the total income of an organization in a quarter, provided it exceeds $1,000. It also provides that if a group contributes more than 1 percent of the total for an organization or—again, more than $1,000—that they have to report. This would substitute for all that language and simply say that any individual or group which contributes $2,500 will disclose.

Mr. BROCK. If I remember correctly, when we were debating the campaign reform bill in the Senate we put a $100 reporting requirement on. I thought that was an adequate figure, and I thought anything beyond that would constitute a tangible loophole.

I wonder why the Senator chose $2,500 instead of $100?

Mr. CLARK. We chose $2,500 because, in talking with the people on the staff and on the committee, we felt that was a more practical level than going down to $100, because a campaign contribution, of course, has a much more direct, presumably much more direct, effect on someone than simply an organization that contributes to another organization for lobbying. But it is an arbitrary figure, the $2,500.

Needless to say, I started out in my amendment for $500. I felt that was a better level, but I think that the majority——

Mr. BROCK. I would be willing to live with $500, but I do point out that $2,500 is a pretty high figure. It seems to me to extend this would go far beyond what the bill had originally established as a criterion.

Mr. CLARK. I might say to the Senator that the other consideration is that it does tighten up, in our judgment, the bill itself in that the bill said that you had to contribute as an individual more than 5 percent of the total money they received for lobbying and more than $1,000—I should say $1,000 if it was in excess of 5 percent, and in terms of a group if they contributed more than 1 percent or $1,000 that they had to disclose. In this case all disclosures, regardless of percentage, are included. It does have that advantage in terms of tightening up that section.

Mr. BROCK. I appreciate that part of it. I wish the Senator would consider at least reducing the threshold figure to something a little bit more realistic. I would say this is an awfully high threshold. What the Senator has done is establish a $2,500 campaign target for the solicitation of donors as the giveaway figure.

Mr. CLARK. Yes.

Mr. BROCK. I personally think that disclosure is a fundamental part of our objective in this bill, and I think it is important.

Mr. CLARK. I thank the Senator.

I might just say, in passing, why we thought going to this figure would be somewhat better and not allow what we consider to be somewhat of a loophole. Under the committee bill if you do not contribute more than 5 percent you do not have to disclose. In that case, just to take Common Cause, you would have to contribute in excess of $260,000 to have contributed more than 5 percent of the total lobbying funds, so you can contribute that amount, $260,000, without having to disclose.

Therefore, we felt by taking an exact figure, a flat figure, of $2,500, it would be more inclusive and easy to administer.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time? Is all time yielded back?

Mr. RIBICOFF. I yield back the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. CLARK. Yes.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Iowa.

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Alabama has been seeking recognition, and I know the Senator from New York also has been seeking recognition.

Mr. ALLEN. Mr. President, I merely wanted to move that the bill be recommitted to the Government Operations Committee, and I call for the yeas and nays.

Mr. JAVITS. Mr. President, will the Senator withhold that so I can deal with an amendment?

Mr. ALLEN. Yes.

Mr. JAVITS. Mr. President, I ask unanimous consent that Senator Allen may yield to me for 5 minutes without losing his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNPRINTED AMENDMENT NO. 28

Mr. JAVITS. Mr. President, I call up an amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

The second assistant legislative clerk read as follows:

The Senator from New York (Mr. Javits) proposes an unprinted amendment No. 28:

On page 60, after line 25, add the following:

(c) Whenever the Comptroller General requests the Attorney General to bring a civil action under subsection 11(d) or subsection 12(b), and the Attorney General fails to bring such an action within sixty or ten days, respectively, of the date that the Comptroller General formally notifies the Attorney General of his intention to bring suit through his own attorneys, the Comptroller General may thereafter bring such suit in his own name through his own attorneys.

Mr. JAVITS. Mr. President, this amendment is intended to deal with the problem which we have been trying to correct by this bill of both authority and responsibility. The Attorney General must handle—a criminal action—because we cannot do anything about that.

But if he will not bring a civil action, and he has 60 days in which to do it, and the Comptroller General feels he should bring it, then the Comptroller General should be so empowered. The 10-day provision relates to the enforcement of a subpena. Obviously, that has to be a much shorter time.

Second, Mr. President, we have opinions from the Library of Congress which indicate this would be a constitutional provision. It differs from the Buckley case as the Comptroller General is not an official in the executive department of the President and, therefore, is differentiated from the members of the Federal Election Commission.

We also have an opinion from the Comptroller General in which he would like this amendment much wider. He simply wants the jurisdiction, period. But we think—that is Senator Ribicoff, Senator Percy, and I think—this is more advisable to give the Attorney General the opportunity to continue his jurisdiction. But if he does not continue it in time then the Comptroller General may proceed.

Mr. RIBICOFF. Mr. President, as the manager of the bill I accept the amendment of the distinguished Senator from New York.

Mr. PERCY. Mr. President, the Senator from Illinois accepts the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York. Is all time yielded back? All time is yielded back.

The amendment was ageed to.

Mr. JAVITS. I thank the Senator.

The PRESIDING OFFICER. The Senator from Alabama had unanimous consent to retain the floor after 5 minutes yielded to the Senator from New York.

Mr. KENNEDY. Will the Senator yield to me to submit an amendment which I think will be acceptable with the understanding it does not go more than 2 or 3 minutes?

Mr. ALLEN. Yes.

The PRESIDING OFFICER. The Senator from Massachusetts.

UNPRINTED AMENDMENT NO. 29

Mr. KENNEDY. With that understanding, I submit an amendment for myself, Mr. Abourezk, Mr. Burdick, and Mr. Metcalf.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. Kennedy), for himself, Mr. Abourezk, Mr. Burdick, and Mr. Metcalf, proposes an unprinted amendment No. 29:

On page 39, line 21, after "ment," insert the following: "or Indian tribe,".

Mr. KENNEDY. Mr. President, this language is added on page 39, line 21. The particular fifth paragraph says:

> The communication or solicitation made by an individual directly employed by a State or local government.

Then we add:

> or Indian tribe acting in his official capacity.

It just makes the provisions applicable not only to representatives of local or State municipal government, but also to Indian tribes.

Mr. RIBICOFF. Mr. President, the amendment is acceptable.

Mr. PERCY. Mr. President, the Senator from Illinois finds it acceptable.

Mr. KENNEDY. I yield back my time.

Mr. PERCY. We express our appreciation to the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

Mr. ALLEN. Mr. President, I renew my motion to recommit the bill to the Government Operations Committee for further study. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. RIBICOFF. Mr. President, I hope that the Senate will reject the motion to recommit.

I point out to the Senate that we held 6 days of hearings, and we had over 25 witnesses. The witnesses were U.S. Senators, the Comptroller General, representatives of labor, industry, business. The Department of Justice, the American Civil Liberties Union, charitable organizations, public interest groups, leagues of cities, and the Sierra Club all testified. There was full discussion. The Department of Justice supports the bill.

May I add, the distinguished Senator from Alabama who moves to recommit voted in favor of this legislation as it was reported.

There have been efforts for many years to adopt a lobbying law that means something. The 1946 law, which is still in effect, is full of loopholes. It is on the books, but it has not been enforced.

I hope that the Senate will reject the motion to recommit.

Mr. KENNEDY. May I ask a question? Looking over the matter, is the Senator from Alabama a cosponsor of this legislation?

Mr. RIBICOFF. Yes, he is.

Mr. KENNEDY. And he is the one that made the motion to recommit.

Mr. RIBICOFF. It came out of Government Operations unanimously.

Mr. ALLEN. I think it has been demonstrated on the floor that the bill does need amendment, and I think that will be demonstrated further as other amendments are offered.

I think, too, that the limitation on time should be considered. Already, practically all of the time, if not all of the time, for discussion of the bill itself has expired.

I do feel that it has been pointed out by the various amendments that have been offered and the amendments that are in the wings that the bill could stand further study in the committee.

I feel that it would be in order, and a constructive action by the Senate, if it sent this bill back to committee and went on to more important legislation.

Mr. RIBICOFF addressed the Chair.

Mr. PERCY. Mr. President, I ask unanimous consent that a letter dated March 16, from the Department of Justice, signed by the Assistant Attorney General, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
Washington, D.C., March 16, 1976.

Hon. ABRAHAM A. RIBICOFF,
Chairman, Committee on Government Operations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Justice on Committee Draft Number One, modifying S. 2477, which is presently before your committee.

The proposed legislation would repeal the 1946 Regulation of Lobbying Act, and replace it with far more comprehensive provisions governing public disclosures by those who seek to influence the Legislative process. As you know, representatives from this Department testified on this bill, before your Committee on September 12, 1975. At that time, we recommended that S. 2477 be enacted and noted five features upon which we felt there could be some improvement.

It is our view that Committee Draft Number One rectifies most of these deficiences. By exempting from coverage only lobbying communications made directly to the Congress by State and/or municipal employees, the Draft should resolve the problem in the present Lobbying Act created by *Bradley* v. *Saxbe*, 388 F. Supp. 53 (D.C.D.C., 1974). Moreover, the Draft modifies the subsection of S. 2477 which purported to extend its coverage to certain types of lobbying solicitations directed at Executive Branch decision making, an area to which we had directed strong objections during our September testimony. Lastly, the Draft attempts to resolve the textual difficulties in the coverage sections which we noted previously.

We should note further that the Draft does not incorporate our recommendations with respect to the recordkeeping section and, in this regard, we urge the Committee to give additional study to the special investigatory problems which result from the invocation of the attorney-client privilege in cases of this kind. Since most of the individuals engaged in activities that would be covered, it seems, are attorneys, the privilege presents possible problems in effecting the expeditious civil and criminal enforcement of lobbying disclosure legislation.

Further, we strongly object to the vesting of civil litigative authority of any kind in the Comptroller General, even if this Department is given what amounts to a "right of first refusal" with respect to those matters as is the case with Committee Draft Number One. The exercise of litigative authority by the Comptroller General offends the separation of power doctrine as articulated in *Buckley* v. *Valeo*, No. 75-436, decided January 30, 1976.

On balance, therefore, we still believe that S. 2477, as modified by the Committee in its Draft Number One, is an effective legislative proposal to rectify the glaring deficiencies in the 1946 Lobbying Act. With these reservations, we continue to recommend enactment of S. 2477.

Sincerely,

MICHAEL M. UHLMANN,
Assistant Attorney General.

Mr. PERCY. Mr. President, I would like to read only one sentence from that letter. The letter said:

> On balance, herefore, we still believe that S. 2477, as modified by the Committee in its Draft Number One, is an effective legislative proposal to rectify the glaring deficiencies in the 1946 Lobbying Act. With these reservations, we continue to recommend enactment of S. 2477.

To the best of the knowledge of the Senator from Illinois, the only reservations the Justice Department has had are taken care of in the bill that is before the Senate.

Having had the hearings that have been enunciated by Senator RIBICOFF, having the support of the Department of Justice, having dealt effectively with the amendments so far and voted them up or down, the floor managers are willing to vote up or down any other amendments anyone wishes to put forward. I do not see anything can be gained by further hearings or study. I certainly trust Senators will vote not to send this back.

Mr. ALLEN. I yield to the distinguished Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

Mr. METCALF. Mr. President, the Senator from Connecticut enumerated many of the organizations that testified on this bill, but some of the organizations, the national organizations he listed, have just reached consensus on a coalition amendment that I was unable to introduce until a few minutes ago.

Despite the 6 days of hearings and despite the markup—and as I said to the Senator from Connecticut, I attended most of the markup and participated in it and was outvoted almost every time—I want to call the Senator's attention to some of the comments of some of these organizations.

For instance, a letter from James L. Robinson, director of the U.S. Catholic Conference, who says that he supports my amendment. The U.S. Catholic Conference is not required to register under the present law, nor are other church agencies:

> While we would not object to reasonable registration and reporting requirements for the U.S. Catholic Conference, the committee's bill is not reasonable either as to which organizations must register or as to the reporting requirements.

Then he goes on to say that their organization is for my amendment, and they would prefer to have a more reasonable bill.

The Sierra Club has written a letter, and I will put it in the RECORD, that is on every Senator's desk today.

The Sierra Club says that they cannot survive if this bill is passed, that it will cost them twice as much to conduct the same lobbying activities.

The AFL–CIO says that while they are for lobbying disclosure, they are opposed to this legislation.

I have another one here, stating the need to revise the laws governing lobbyists cannot alone justify the passage of this antidemocratic bill. That is from Congress Watch.

Mr. PERCY. If the Senator will yield for just a correction, the Senator commented on the letter from the Sierra Club. Something in that letter reads:

> S. 2477 could require our Controller to annually attempt to collect and report as many as 50,000 lobbying transactions directed at Congress by private citizens.

This is an absolutely false statement. The Sierra Club has announced since this letter that the statement is incorrect.

I remind the distinguished Senator, who is a very outstanding member of our own committee, that we held hearings a year ago April—that was April 1975. This bill has been on the calendar since April 26 of 1976, and for the Senator from Montana to just receive an amendment a few minutes ago from some organization, that organization has been sound asleep if they have not known that this bill has been under consideration for a long time by the Senate.

Mr. METCALF. If the Senator from Illinois will let the Senator from Montana get the floor back, the Senator from Montana has, almost every day, placed statements in the RECORD regarding some of the weaknesses in this bill. The Senator from Illinois knows, and the Senator from Connecticut knows, that the Senator from Montana has labored just as valiantly as anyone to try to get a lobbying disclosure bill, one that would be reasonable, that could provide for meaningful reporting by the various lobbying groups, and at the same time would not deprive people of their 1st, 4th, or 14th amendment rights.

Let me read another communication from the Environmental Policy Center, which includes such organizations as the Sierra Club, the Friends of the Earth, and so forth:

> The legislation has been drafted with contempt for the small and independent interests that most deserve the respect of Congress. After months of negotiation with a reluctant committee staff, most public interest organizations were led to believe that even though the sponsors of the legislation insist on retaining S. 2477's scurrilous political concepts, the bill was not amended in committee to correct the flagrant bias in favor of corporate-style lobbyists.

I do not completely agree with that because the Senator from Connecticut did give all an opportunity to participate in the markup of the bill. But all of these great organizations—Congress Watch, headed by Ralph Nader; the National Association for the Advancement of Colored People, the Catholic Conference; the American Civil Liberties Union, the League of Women Voters, the United Auto Workers, the AFL–CIO, and the National Chamber of Commerce—all convinced that this bill needs considerably more work and considerably more attention than has been given it by the committee or can be given it by the Senate in the limited time that we have under the unanimous-consent agreement.

Mr. RIBICOFF. May I respond by stating first that the distinguished Senator from Montana will have an opportunity to present his amendment. He has asked the majority leader to defer the vote on his amendment until tomorrow.

Further, it should be pointed out that what we have here is a question of the self-respect of the Senate. Mr. Nader, who is probably the most effective lobbyist in this country, wants exemptions. The AFL–CIO wants exemptions. As far as this Senator is concerned, I have no apologies to make for my voting record concerning labor. What we have tried to do in this bill is to be evenhanded, to make sure that we treat everybody in this country the same, be it the Manufacturers Association, the Chamber of Commerce, the AFL–CIO, or public interest groups.

As far as I am concerned, Ralph Nader is a lobbyist, some of the organizations that work with him are lobbyists, and they should be required to register the same way the Manufacturers Association or the Chamber of Commerce would register. We should not exempt Ralph Nader or AFL–CIO groups, or public interest groups who are lobbyist. They have a right to make their position known. Everybody has a right to make their position known. They need not apologize for this.

But this bill is an evenhanded bill.

I think in the shown down we will reject the proposed exception for AFL–CIO and Ralph Nader.

Mr. METCALF. Mr. President, if the Senator from Alabama will yield further——

Mr. ALLEN. I yield.

Mr. METCALF. The AFL–CIO is not opposed to this legislation insofar as the registration for their parent organization is concerned.

They say, "the AFL–CIO, as well as these other groups, is convinced that organizations carrying on substantial lobbying activities should be required to register and file reports that give a fair picture of the extent and nature of their lobbying."

What the AFL–CIO is concerned about is that these affiliates in the various States will also be covered by all of this blizzard of paperwork; will be covered with the burdensome reporting requirements. The same is true of Mr. Nader's public interest groups.

The Senator from Connecticut has consistently said that the Senator from Montana is only concerned with the public interest lobby. That is just not the fact, as has been brought out by the various amendments I have offered.

I have offered amendments largely to protect the rank and file groups, the small groups, the farmer groups, the people who come in and talk about small business legislation, and try to see their Senators and other Senators with a like interest.

When the AFL–CIO, the National Association of Manufacturers, Ralph Nader's group, and the National Chamber of Commerce all get together and complain about this bill, then there is something very, very wrong about it.

Mr. RIBICOFF. There is nothing wrong about it. The special interest groups say, "Let us make others register, but leave us alone."

I am so pleased that there are so many Members in the Chamber because there will not be very many at 9 o'clock tomorrow morning.

The amendment that will be offered by the distinguished Senator from Montana, which I have not yet seen, provides that the law will primarily affect only those organizations which are based in the greater Washington area. So if there is an organization that is affiliated with a lobbyist and it is located in Chicago, New York, Baltimore, or Columbia, Md., they are not subject to this lobbying law unless they lobby in Washington on 5 or more days in a quarter.

The Senator would exempt those affiliated organizations, even though they come from Chicago, New York, or Baltimore to Washington and spend 4 days lobbying, and they will be exempt.

So the question we are going to face, and this is basic is: are we going to say that we are going to pass a law that makes fish of one and fowl of another?

Are we going to pass a law in the Senate in response to groups which say the law exempts us but does not exempt others.

Ralph Nader feels that his organization has a right to lobby all of us and tell us that some of the organizations Ralph Nader works with should not register. The AFL–CIO feels affiliates should be exempt.

I hope we reject the motion of the Senator from Alabama to recommit this bill.

Mr. METCALF. Mr. President, the Senator from Connecticut has told us that he has not read the amendment. He obviously does not know what is in my amendment because he is making statements about it that are completely erroneous. We will debate that tomorrow, I hope on the basis of rationality.

The thing I was pointing out in support of the motion of the Senator from Alabama was that many of these organizations that feel they should be covered, that feel they want to report, believe that in order to protect some of their affiliates we have to have a different type of legislation than has been brought to us today by the Government Operations Committee.

I am going to offer some amendments immediately. I have refrained from offering a series of amendments until these other amendments have been considered. I have five amendments. I have 2 hours and 25 minutes remaining to debate those five amendments. So has the Senator from Connecticut. I hope we do not debate them on the basis of whether or not the AFL–CIO is covered by an amendment when the Senator from Connecticut has not read it. It certainly is covered by the amendment I am going to propose.

Mr. PERCY. Mr. President, will the Senator yield?

Mr. METCALF. I am delighted to yield to the Senator from Illinois.

Mr. PERCY. Is the Senator from Montana for or against the pending motion to recommit?

Mr. METCALF. I am going to vote to recommit. I am going to vote to recommit in order that, in a different atmosphere, I can submit in the committee some of the amendments that have been prefected since this bill came up, and we can bring it back, rather than have to take up the time of the entire Senate in this debate.

The PRESIDING OFFICER. The time for proponents of the motion has expired.

Mr. KENNEDY. Mr. President, will the Senator yield? Does the Senator have 1 minute?

Mr. RIBICOFF. Do I have any time left?

The PRESIDING OFFICER. One minute.

Mr. KENNEDY. Mr. President, I would just say that I would hope that the motion to recommit would not be successful this evening. I am not sure about how I will vote on the various Metcalf amendments. I might vote for some, or offer some other amendments to those; but it does seem to me to be premature, at this time, to vote to recommit this legislation.

I think if such a motion is to be considered—I would hope it would not be, but if it is, I would hope it would be after the Senate has an opportunity to work its will on the Metcalf amendments. He has given a great deal of time to this measure, and I think the Senate would benefit from further discussion and debate. I agree with the Senator from Connecticut that this is a very important measure, and ought not to be recommitted at this time.

Mr. DURKIN. Mr. President, I detect here an effort to take the politics out of government. The supporters of this bill seem to be arguing that we should all put on white robes and somehow remain aloof from the dirty task of give and take which is really what politics is all about in a diverse democracy such as we have in America.

That is not to say that I do not think large corporations and large labor unions and other special interests do not have influence over the Congress, over the White House and administrative agencies, over the supposedly independent regulatory authorities. I could not agree more that we need reform in this area—reform that opens up the entire process to the little guy as well as the rich and powerful, the weekend activist as well as the paid lobbyist, so the full play of forces can replace the otherwise limited competition for influence and power.

The public has the right to know who is doing the lobbying, where they are getting their money, and what they are pushing for.

But I am also concerned that we do not pass legislation which would unduly restrict and discourage the first amendment right of any citizen or group of citizens to communicate on behalf of any proposal, as guaranteed by the Constitution. If a disclosure law is too broad or too restrictive—as I think this one is—we may find that only big business and big labor are able to afford lobbying activities.

The whole purpose of my short tenure as a Senator, Mr. President, has been to open up lines of communication between the ordinary citizens of New Hampshire and the U.S. Senate. That has meant putting in a toll-free citizen hot line direct to my office, and reading all the New Hampshire mail as it comes in and goes out. And it has meant dispatching a mobile office to parts of New Hampshire which in the past have seen signs of the U.S. Senate only every 6 years or so.

In that background, I think it would be a shame to pass legislation which might impair the willingness or the ease with which my constituents communicate with me. If a citizen wants to write me every day or week, or call the hot line every day or week, or visit me or my staff in the mobile office once every day, I think that is great. And I would not want to impose upon that citizen any requirement to register as a lobbyist, disclose personal financial data or publish the purpose of any communications.

Let us face it. Nothing we can do here today is going to really reduce the interest or the ability of Exxon, the AFL–CIO, or the Business Roundtable or the Chamber of Commerce to contact Members of Congress to attempt to influence votes, either through sheer force of logic or sheer force. But if we are not careful, we make it very difficult for the Right to Lifers or the antiwar activists and many other less well organized and well financed groups from marshalling their forces through letters, phone calls and demonstrations on the Capitol steps, et cetera. And that, I am afraid, is what we are being asked to do today.

In a democratic society, government is the translation of political sentiment into public policy. One way to diminish that democracy is to limit which political sentiments can be translated in the process—an approach taken by the committee draft. To my mind the better approach is to make sure that the full range of political sentiment is added into the equation, so that the translation is an accurate reflection of the will of all the voters, not just the vested interests.

This bill as reported would send us in the wrong direction at the wrong time. I would much rather see a proposal to install, a toll-free citizen hot line in every Senate office, so every citizen, rich or poor, young or old, influential or not, could contact every Senate office at any time and on any point without triggering an avalanch of regulations and paperwork.

If S. 2477 is going to pass as reported, we should at least require the multitude of reports be printed on recycled paper. At least then we can save some of our trees.

The PRESIDING OFFICER. All time having expired, the question is on agreeing to the motion of the Senator from Alabama to recommit the bill. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Washington (Mr. JACKSON), the Senator from Washington (Mr. MAGNUSON), the Senator from Arkansas (Mr. MCCLELLAN), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Mississippi (Mr. STENNIS), the Senator from Missouri (Mr. SYMINGTON), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH) is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. JACKSON) would vote "nay."

Mr. HUGH SCOTT. I announce that the Senator from Nebraska (Mr. CURTIS), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), the Senator from Kansas (Mr. PEARSON), and the Senator from Ohio (Mr. TAFT) are necessarily absent.

The result was announced—yeas 21, nays 60, as follows:

[Rollcall Vote No. 286 Leg.]

YEAS—21

Allen
Bartlett
Buckley
Dole
Durkin
Fannin
Fong
Garn
Hansen
Helms
Hruska
Johnston
McClure
McIntyre
Metcalf
Scott, William L.
Sparkman
Talmadge
Thurmond
Tower
Young

NAYS—60

Abourezk
Baker
Beall
Bellmon
Bentsen
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Domenici
Eagleton
Ford
Glenn
Gravel
Hart, Gary
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Javits
Kennedy
Laxalt
Leahy
Long
Mansfield
Mathias
McGee
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevens
Stevenson
Stone
Tunney
Weicker

NOT VOTING—19

Bayh
Biden
Church
Curtis
Eastland
Goldwater
Griffin
Hart, Philip A.
Hartke
Haskell
Jackson
Magnuson
McClellan
McGovern
Pearson
Stennis
Symington
Taft
Williams

So the motion to recommit was rejected.

ORDER FOR ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tonight, it stand in adjournment until 8:30 tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on tomorrow, the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) be recognized for not to exceed 15 minutes, after the two leaders have been recognized.

The PRESIDING OFFICER. Without objection, it is so ordered.

LOBBYING DISCLOSURE ACT OF 1976

The Senate continued with the consideration of the bill (S. 2477) to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at approximately a quarter to 9 or 10 to 9, the distinguished Senator from Maine (Mr. HATHAWAY) call up one of his amendments. I understand that there may be a compromise as to the other amendment. Also, I ask unanimous consent that on the Hathaway amendment there be one-half hour, the time to be equally divided between the Senator from Maine and the Senator from Connecticut, the manager of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that following disposal of the Hathaway amendment, the amendment of my distinguished colleague, the Senator from Montana (Mr. METCALF), which I understand will be called up tonight, with accompanying data, become the pending business; that there be 2 hours on the major Metcalf amendment, with 1½ hours to the Senator from Montana and one-half hour to the Senator from Connecticut, the manager of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. When we reach that point—I would hazard a guess that it would be somewhere around noon—I hope we could approach final passage.

LEGISLATIVE PROGRAM

Mr. MANSFIELD. I remind the Senate that we have the Federal Energy Administration extension bill coming up tomorrow. It is very important to dispose of it, because the Federal Energy Administration goes out of existence, I believe, at the end of this month.

We have several other bills having to do with maritime authorization, Coast Guard authorization, and the like, which we had hoped to be able to complete tomorrow, and then, finally, to take up the tax reform bill.

It is the intention of the leadership, in view of developments, to ask permission of the Senate that we not take up the tax reform bill until Wednesday, so that we might be able to clear the calendar as much as possible.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may have until 11 o'clock tomorrow morning to meet during the session of the Senate.

Mr. KENNEDY. Mr. President, I have no intention of objecting——

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METCALF addressed the Chair.

The PRESIDING OFFICER. The Chair withholds its ruling.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the order for the recognition of the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Chair lay before the Senate the unfinished business.

Mr. CANNON. Reserving the right to object, Mr. President, the Aviation Subcommittee has set hearings on the issue of regulatory reform for a long period of time. We have scheduled witnesses. The Aviation Subcommittee has set hearings on the issue of regulatory reform, particularly of the Civil Aeronautics Board, in the aviation field, for a long period of time. We have scheduled witnesses in advance. We have worked out the arrangement on the understanding that we could go until 1 o'clock every day. We have witnesses here on that basis. We went until 1 o'clock today, and I hope we will have permission to go from 9:30 in the morning until 1 o'clock without disrupting our schedule. We expect to do that every day this week.

Mr. MANSFIELD. The Senator is aware of the schedule that confronts the Senate. If the committee met beyond 12:10 today, it was not meeting legally, because the Senate only granted permission for committees to meet until 12:10.

I suggest to the Senator that, insofar as he can, he set his committee meetings a little bit earlier, and I will change my unanimous-consent request, which will hold unless modified, to allow all committees to meet until 12 o'clock.

Mr. TOWER. I object.

Mr. MANSFIELD. On Tuesday, Wednesday, Thursday, and Friday of this week.

The PRESIDING OFFICER. Is there objection?

Mr. TOWER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. What we are trying to do is to get some order and to give some assurance.

Mr. TOWER. If the majority leader will yield, I think that if we could do this on a selective basis, I would not mind accommodating the Senator from Nevada. Some people on our side of the aisle would not like to give permission for all committees to meet beyond the time in the original agreement.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that in view of the long-time commitments made by the Senator from Nevada, his subcommittee be allowed to meet until 1 o'clock tomorrow afternoon.

Mr. CASE. Mr. President, reserving the right to object, will the Senator broaden that to include the Committee on Foreign Relations, until 12?

Mr. MANSFIELD. Is there an overriding reason?

Mr. CASE. Yes, there is. We have a request from the administraion to consider appointments that are very important.

Mr. PASTORE. Mr. President, will the majority leader yield for a question?

Mr. MANSFIELD. Let me state this first.

In view of the questions raised, I include the Committee on Foreign Relations in that category.

Mr. KENNEDY. Mr. President, I know that the majority leader does not want to extend it, but the President's Panel on Biomedical Research, which was appointed by the President of the United States, has had hearings in the Health Committee, which we have set for 8 weeks, for Wednesday and Thursday of this week. It is with the request of the administration. Some of the witnesses are coming from across the country. That is the only point I would like to raise.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may meet until 1 p.m. tomorrow.

I put the Senate on notice that it will be very doubtful that any committees will meet for the remainder of this week, unless for extraordinary reasons.

Mr. TOWER. Reserving the right to object, Mr. President, and I dislike to object, I think I must defend certain people on my side of the aisle. Therefore, I feel constrained to object. If these unanimous-consent requests were propounded on a committee-by-committee basis, I think we could make some accommodations.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Senator KENNEDY's committee, the Committee on Foreign Relations, and Senator CANNON's Subcommittee of the Committee on Commerce be allowed to meet, despite the session of the Senate, until 1 o'clock tomorrow afternoon.

Mr. PROXMIRE. How about the Committee on Banking, Housing and Urban Affairs?

Mr. PASTORE. Hallelujah.

Mr. TOWER. That I will object to.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. I yield.

Mr. PASTORE. Will there be any more votes tonight?

Mr. MANSFIELD. No.

LOBBYING DISCLOSURE ACT OF 1976

The Senate continued with the consideration of the bill (S. 2477) to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes.

Mr. METCALF. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. METCALF. As I understand the unanimous-consent agreement promulgated by the distinguished majority leader, in spite of the fact that the Senator from Maine is going to have an opportunity to present his amendment, I am going to call up tonight, as the unfinished business, amendment No. 1830. That is the so-called coalition amendment. That will be debated after the amendment of the Senator from Maine.

Mr. MANSFIELD. That is correct.

Mr. METCALF. And I will have an opportunity later tonight to put in the RECORD various material pertinent to that amendment.

Mr. MANSFIELD. Yes. Is the Senator correct in his assumption that this will be the remaining amendment of the Senator from Montana and the other will be withdrawn?

Mr. METCALF. Yes.

If I may have attention of the Senator from Connecticut, we have an agreement on amendment No. 1651, which I understand he will accept. I would like to offer it and have the Senator from Connecticut accept it, and then I will withdraw my other amendment.

Mr. RIBICOFF. We cannot accept amendment 1651 as it now stands. There is a possibility of working it out. At this time, I cannot agree to accept it as it is now at the desk. But I think that the Senator's staff and my staff and Senator PERCY's staff could probably work it out between now and tomorrow morning.

Mr. METCALF. Mr. President, I ask unanimous consent that after I am recognized tomorrow to present amendment No. 1830, I may have 5 minutes to present amendment No. 1651 in advance.

The PRESIDING OFFICER (Mr. FORD). Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that David Moran of my staff be granted floor privileges during consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, on my amendment, which is the first one up tomorrow morning, there undoubtedly will be a rollcall vote. It probably will occur about 9:15 a.m.

Mr. MANSFIELD. I am glad the Senator said that. The Senate is now on notice.

ORDER FOR TECHNICAL AND CLERICAL CORRECTIONS IN ENGROSSMENT OF H.R. 9019

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of Senate amendments to H.R. 9019, the Health Maintenance Organization Amendments of 1975.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE CONSIDERATION OF UNFINISHED BUSINESS TOMORROW

Mr. MANSFIELD. I renew my request that after the order for recognition of Senator HARRY F. BYRD, JR. of Virginia, the Senate proceed to the unfinished business.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETINGS TOMORROW

Mr. MANSFIELD. Mr. President, it is my understanding that the Senate has agreed to the unanimous-consent request that the Committee on Foreign Relations, the Kennedy committee, and the Cannon committee be allowed to meet until 1 o'clock tomorrow.

The PRESIDING OFFICER. The Senator is correct.

Mr. MANSFIELD. The Kennedy committee will be Wednesday and Thursday instead of tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR YEAS AND NAYS—S. 2477

Mr. METCALF. Mr. President, I ask unanimous consent that it be in order to ask for the yeas and nays on the amendment of the Senator from Maine and on my amendment No. 1830, and on passage of the legislation. I ask for one show of hands.

The PRESIDING OFFICER. Is there an objection to the order for the yeas and nays on two amendments that have not been offered?

Mr. METCALF. 1830 has been offered.

The PRESIDING OFFICER. Without objection, it is so ordered. Is there a sufficient second? There is a sufficient second. The yeas and nays were ordered.

The PRESIDING OFFICER. Will the Senate give the Chair its attention, please?

Will the Senator from Montana again recite those amendments on which he ordered the yeas and nays?

Mr. METCALF. The amendment of the Senator from Maine (Mr. HATHAWAY), which is the first amendment tomorrow.

The PRESIDING OFFICER. The yeas and nays of the Senator from Maine.

Mr. METCALF. My amendment No. 1830, which would be the order of business tomorrow.

The PRESIDING OFFICER. Amendment 1830.

Mr. METCALF. And passage on the bill, S. 2477.

The PRESIDING OFFICER. On passage.

The Chair thanks the Senator.

AUTHORIZATION FOR COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO MEET UNTIL 12 NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be allowed to meet until 12 noon tomorrow because of the urgency of the flood caused by the breaking of the Teton Dam in southern Idaho.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, will the Senator from Montana allow me to put in a brief quorum call so we may work out something?

Mr. METCALF. Of course.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION FOR ALL COMMITTEES EXCEPT THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS TO MEET UNTIL 1 P.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees except the Committee on Banking and Currency be permitted to meet while the Senate is in session tomorrow until the hour of 1 p.m.

The PRESIDING OFFICER. Is there objection?

Mr. TOWER. Reserving the right to object, that will be the Committee on Banking, Housing and Urban Affairs?

Mr. MANSFIELD. That is correct.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Without objection, it is so ordered.

Mr. MANSFIELD. I thank my colleague.

LOBBYING DISCLOSURE ACT OF 1976

The Senate continued with the consideration of the bill (S. 2477) to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes.

AMENDMENT NO. 1830

Mr. METCALF. Mr. President, I now call up my amendment No. 1830.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Montana (Mr. METCALF) proposes an amendment No. 1830.

On page 37, beginning with line 14, strike out all through page 38, line 6 and insert in lieu thereof the following:

(2)(A) an organization which engages on its own behalf, or on behalf of its members, in 25 or more oral lobbying communications in any quarterly period, acting through its own paid officers, paid directors, or paid employees. For purposes of determining whether an organization is a lobbyist under this subparagraph, there shall be excluded—

(i) for any organization which maintains its principal place of business in the Washington, D.C. metropolitan statistical area, any communication with Congress with respect to municipal governance of the District of Columbia; and

(ii) any communication initiated by Congress whereby the organization provides information or opinions to Congress solely at the request of Congress.

(b) Nothwithstanding the provisions of subparagraph (A), no organization shall be a lobbyist if it—

(i) does not maintain an office within the Washington, D.C. standard metropolitan statistical area;

(ii) does not engage on five or more separate days in any quarterly period in one or more personal lobbying communications within such Washington, D.C. area acting through its own paid officers, paid directors or paid employees; and

(iii) is either (a) an affiliate of an organization which is itself a lobbyist, or (b) an organization whose income did not in the preceding year, nor can reasonably be expected in the present year, to exceed $250,000; or

(3) an organization which, in any quarterly period, engages directly or through a legislative agent in lobbying solicitations where the total direct expenses of such solicitations is $5,000 or more with respect to any issue before the Congress.

On page 41, line 12, immediately before "shall" insert the following: "in the course of a single meeting or conversation".

On page 41, between lines 13 and 14, insert the following new subsection:

(f) For purposes of this Act, a communication or solicitation addressed to any individual in his capacity as an officer, director, or employee of a related organization shall be considered a communication or solicitation addressed to the related organization.

On page 42, line 4, strike out "and".

On page 42, line 25, strike out the period and insert in lieu thereof a semicolon and "and".

On page 42, after line 25, insert the following new paragraph:

(4) an identification of the organization's affiliates, and in the case of each affiliate that is a voluntary membership organization, the approximate number of individuals who are members of that affiliate, and the approximate number of organizations which are members of that affiliate.

On page 44, line 19, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 47, beginning with line 14, strike out all through page 48, line 26, and insert in lieu thereof the following:

(1) a description of the twenty-five issues which accounted for the greatest proportion of the lobbying activities of the organization;

(2) an identification of each paid officer, paid director, or paid employee of the lobbyist who made one or more lobbying communications on behalf of the organization;

(3) an estimate of (a) the total direct expenses incurred by the lobbyist during the period in connection with all the issues with respect to which the organization engaged in lobbying, and

(b) the portion of the salary of any paid officer, said director, or paid employee attributable to such person's activities related to lobbying if such portion exceeds 10 percent of his activities on behalf of the organization; and

(4) an estimate of the portion of the total expenses reportable under subparagraph (3) expended on lobbying communications and the portion expended on lobbying solicitations.

On page 49, line 10, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 8, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 9, strike out "affiliate" and insert in lieu thereof "related organization".

On page 50, line 10, strike out "affiliate" and insert in lieu thereof "related organization".

On page 50, line 12, strike out "affiliate" and insert in lieu thereof "related organization".

On page 50, line 14, strike out "affiliate" and insert in lieu thereof "related organization".

On page 50, line 16, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 17, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 18, strike out "affiliate" and insert in lieu thereof "related organizations".

On page 50, line 20, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 22, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, between lines 23 and 24, insert the following new sentence: This subsection shall not apply to any organization which is a lobbyist solely pursuant to Section 3(a)(1) and which is an affiliate of an organization which is a lobbyist pursuant to either 3(a)(2) or 3(a)(3).

On page 50, line 26, strike out ", loans, or honorariums".

On page 51, line 4, strike out ", loans, or".

On page 51 beginning with line 5, strike out all through page 52, line 18, and insert in lieu thereof the following: and a description of the gift and its amount of value, except that in the case of a gift described in subsection (c)(1) the recipients need not be named individually, but may be described by appropriate categories.

(b) The requirements of this section apply to—

(1) any gift in the amount or value of $10 or more made by the lobbyist;

(2) any gift in the amount or value of $10 or more made by any officer, director, employee or legislative agent of the lobbyist if the person making the gift has been or will be reimbursed by the lobbyist, in whole or in part, for such gift;

(3) any gift in the amount or value of $10 or more made by any officer, director, employee, or lgislative agent of the lobbyist if the person making the gift has taken or will take, in whole or in part, the amount or value of the gift as a deduction under section 161 or 212 of the Internal Revenue Code,

where the aggregate amount or value of all such gifts under (1), (2) and (3) made to any individual Member, officer or employee of Congress during the quarterly period equals $50.

(c) The requirements of this section shall also apply to—

(1) any reception, dinner, or other similar event paid for, in whole or in part, by the lobbyist for Members, officers, or employees of Congress, regardless of the number of persons invited or in attendance, where the total cost of the event exceeds $500;

(2) any gift by an officer, director, employee or legislative agent of the lobbyist not covered by section (b)(3), which, either by itself or together with other gifts to the same individuals, exceeds $100 in amount or value during the quarterly period.

(d) Any organization that is not a lobbyist but which makes reportable gifts of the kind described in subsections (b)(1) and (b)(2) hereof shall file with the Comptroller General a gifts report within the time provided in subsection 6(a), if the total of such reportable gifts equal $250 in a quarterly period. Such report shall identify the organization and shall provide the other information required by this section with respect to gifts described in subsections (b)(1) and (b)(2).

On page 51, line 20, strike out "section 6" and insert in lieu thereof "sections 6 and 7".

On page 51, line 21, after "organization" insert the following "or by the individual responsible for day-to-day supervision of the organization's lobbying activities".

On page 61, line 4, strike out "$10,000" and insert in lieu thereof "$2,500".

On page 61, line 8, strike out "Any person who fails to comply with this subsection shall be subject to a civil penalty of not more than $10,000." and insert in lieu thereof the following: "Any person who violates this subsection shall be subject to a civil penalty of not more than the greater of $2,500 or an amount equal to 300 percent of the amount realized by reason of the violation.".

On page 63, beginning with line 3, strike out all through line 15, and insert in lieu thereof the following:

(1) "affiliates" includes—

(A) organizations which are associated with each other through a formal relationship based on ownership or an agreement (including a charter, franchise agreement, or bylaws) under which one of the organizations maintains actual control or has the right of potential control of all or a part of the activities of the other organization;

(B) units of a particular denomination of a church or of a convention or association of churches;

(C) national membership organizations and their state and local membership organizations, including but not limited to, national trade associations and their state and local trade associations; national business leagues and their state and local business leagues; national federations of labor organizations and their state and local federations; and national labor organizations and the activities of the other organization;

On page 64, beginning with line 13, strike out all through line 20, and insert in lieu thereof the following:

(5) "direct expenses" means expenses such as the cost of mailing, printing, advertising, telephones, consultant fees, or the like included in an item which is attributable to a lobbying activity, and which is not attributable, to any substantial extent, to any activity other than lobbying. The term also means expenses included in an item partly attributable to activities other than lobbying, where such item may, with reasonable preciseness and ease, be directly allocated in part to lobbying, except that this sentence shall not apply to a regular publication of a voluntary membership organization published in substantial part for purposes unrelated to lobbying;

On page 65, between lines 9 and 10, insert the following:

(9) "Gifts" includes a donation, contribution, payment for services rendered, honorarium, loan, advance, salary or other thing of value, including food, beverages, lodging, transportation and entertainment. It does not include—

(A) any loan made on terms and conditions that are no more favorable than available generally;

(B) any gift where the parties are members of the same immediate family; and

(C) a contribution to a candidate as defined in section 431(e) of title 2, United States Code;

On page 65, line 10, strike out "(9)" and insert in lieu thereof "(10)".

On page 65, line 17, strike out "(10)" and insert in lieu thereof "(11)".

On page 65, line 24, strike out "(11)" and insert in lieu thereof "(12)".

On page 66, line 5, strike out "(12)" and insert in lieu thereof "(13)".

On page 66, beginning with line 9, strike out all through line 13 and insert in lieu thereof "matter in Congress;".

On page 66, line 14, strike out "(13)" and insert in lieu thereof "(14)".

On page 66, line 23, strike out "(14)" and insert in lieu thereof "(15)".

On page 67, line 1, strike out "(15)" and insert in lieu thereof "(16)".

On page 67, line 8, strike out "(16)" and insert in lieu thereof "(17)".

On page 67, line 14, strike out "(17)" and insert in lieu thereof "(18)".

On page 67, line 24, strike out "(18)" and insert in lieu thereof "(19)".

On page 68, line 3, strike out "(19)" and insert in lieu thereof "(20)".

On page 68, between lines 12 and 13, insert the following:

(21) "related organizations" includes (a) affiliates and (b) organizations which are associated with each other through any type of formal relationship other than affiliation (including the election of officers or directors, common funding, a charter or bylaws). The term does not include an informal or ad hoc alliance or coalition.

On page 68, line 13, strike out "(20)" and insert in lieu thereof "(22)".

The PRESIDING OFFICER. Is this the amendment on which there is a 2-hour limitation?

Mr. METCALF. Yes, that is the amendment on which the Senator from Montana has an hour and a half of debate and an amendment on which I previously asked for a rollcall.

The PRESIDING OFFICER. The Senator may proceed.

Mr. METCALF. Mr. President, over the past weeks, I have introduced four amendments to point up—and to correct—a series of critical flaws in S. 2477, the Lobbying Disclosure Act of 1976.

I am introducing another amendment incorporating many of the changes I have previously proposed into a comprehensive approach suggested by a broad coalition of groups who have joined in seeking remedies for the defects in this legislation.

Composed of religious, civic, public interest, and labor organizations, the coalition—coalition is the term used in the bill for an informal or ad hoc alliance of groups for a single purpose, section 15, and hence seemed an appropriate description for this group has reached a consensus on language to improve the bill in three key areas. Briefly stated, the amendment deals with—

First, the extent of coverage of organizations which engage in lobbying activities through their own employees;

Second, the amount of information to be reported lobbying organizations; and

Third, the reporting of gifts.

Let me describe the most important of this amendment's provisions, Mr. President, along with changes it will make in each area, beginning with the threshold test which determines when organizations must register and report as lobbyists.

Under section 3(a)(2) of S. 2477, as reported, any organization which engages in 12 or more oral lobbying communications to any Member of Congress, his staff aide, or committee staff personnel would have to register if the communications were made by the organization's paid employees. The only exceptions of any significance are for communications initiated by Congress and communications with the two Senators and Representative of the district in which the organization has its principal place of business—commonly referred to as the "home State" exemption.

The scope of this coverage is far too broad and will have a chilling effect on local civil groups, local labor unions, churches, and small businesses. It will have particularly harmful effects on marginal groups which often attempt to make their views known to Congress at the behest of others. For such groups, detailed reporting and recordkeeping requirements will simply eliminate the possibility of participating in the processes of Government—which is in the interest of no one.

The purpose of lobbying disclosure is to provide the public—and the Congress—with relevant information about the major lobbying organizations which are capable of influencing decisions. To exert significant influence, a lobbying organization must have a Washington presence, either a Washington office or through frequent visits here by its representatives. It is simply not possible to conduct major lobbying campaigns from afar.

To reduce the scope of the coverage of section 3(a)(2)—in an apparent effort to screen out some local groups—the home State exemption was written into S. 2477. But this device creates serious inequities in the bill's coverage.

In short, Mr. President, what the coalition has sought to devise is a threshold test which would cover only significant lobbying activities, without opening loopholes or placing artificial and unequal constraints on the ability of some groups to get their messages across in Congress.

As incorporated into this amendment, the solution is to strike the home State exemption and, instead, to provide exceptions for organizations which meet three tests. In order to qualify for exemption under the proposed new language of section 3(a)(2), an organization—

First, must be either an affiliate of an organization which is already registered as a lobbyist, or an organization which has an annual income—as defined in S. 2477—of less than $250,000; and

Second, must not maintain an office in the metropolitan Washington, D.C. area, as defined by the Bureau of the Census; and

Third, must not engage in direct lobbying activities through its own paid employees in Washington, D.C. on 5 or more days in any quarterly period.

The exemption for small organizations is designed to insure that the reporting requirements envisioned in the bill apply only to those groups which can afford to comply. Certainly, the activities of any organization which has income of less than $250,000 yearly—and which maintains no Washington office and sends its representatives here infrequently if at all—are not of any real concern to the public or the Congress.

The alternative qualification, by which a larger non-Washington based organization can be exempt, is limited to affiliates, because such organizations customarily lobby on national issues, at the behest of their Washington office. Thus, coverage of both the national and local branches of the AFL–CIO, for example, or the American Civil Liberties Union, is unnecessary. By reading the reports of the Washington based organization, the public can readily determine what the State and local affiliates' lobbying efforts are directed toward here.

What is needed, however, is information about the extent of the resources available when a lobbying organization calls on its affiliates for support. Accordingly, this amendment provides, in a new section 4(a)(4) that at the time of registration: an organization must identify its affiliates and indicate, in the case of voluntary membership organizations, the number of individuals, and other organizations that are members of each affiliate.

Further, the amendment narrows the definition of "affiliate" contained in S. 2477, to include only those organizations which are actually controlled by, or subject to the control of the lobbying organization. And this redefinition also takes into account the fact that certain organizations—local churches and chambers of commerce, for example, are not formally subject to such control, making it clear that those which are under the practical, if not legal, control of a Washington-based lobbying organization are to be considered as affiliates for purposes of this act.

An organization cannot become an affiliate, of course, by virtue of its membership in a trade association or business league. For example, under the proposed new language, the local and State chambers of commerce and the local and State AFL–CIO chapters will be treated as affiliates. But separate organizations such as General Motors and Exxon, or the steelworkers and laborers, will not be treated as affiliates, respectively, of the chamber of the AFL–CIO.

Moreover, to insure disclosure of requests soliciting such "nonaffiliated" organizations to make lobbying communications, the amendment adds a new definition of "related organizations." This term includes all affiliates—plus all of the other organizations which would have been considered to be affiliates under section 15(1) of S. 2477—thereby preserving intact the bill's coverage of lobbying solicitations.

The amendment does modify the extent of the bill's coverage in two other respects, however.

The first relates to organizations with their principal place of business in the District of Columbia. Because Congress still serves as the City Council for the District for some purposes—and since the bill's purpose is disclosure of major lobbying influences of concern to the American people as a whole—communications relating to the municipal governance of Washington and the metropolitan region are not covered.

Second, the number of oral lobbying communications required before any organization, whether Washington based or not, must register and report is increased from 12 to 25 per quarter. This higher threshold will eliminate coverage of most smaller businesses and other independent groups which could not otherwise claim an exemption because of their inability to come in under the $250,000 test of section 3(a)(2), as revised. Thus, the change is a further effort to limit the coverage of S. 2477 to the larger, more active lobbying organizations, and to screen out those whose communications with Congress are relatively few and far between.

And third, the coverage is limited to communications directed to Congress to influence decisions on issues within Congress. The amendment strikes that per-tion of section 15(12) relating to actions by Members and employees of Congress "to influence, or attempt to influence, any action or proposed action" by any executive branch officer or employee. Otherwise, the definition of "issue before the Congress" remains the same as that contained in S. 2477, as reported.

Mr. President, I now want to turn to the question of what the information lobbyists must report, another area which the language of this amendment will modify—and improve—substantially.

Section 6(c) of S. 2477, as reported, would require the lobbying organization to describe every issue on which it engaged in lobbying communications, written or oral, as well as the 10 most significant issues on which its paid officers, paid directors and paid employees spoke during each reporting period. As a practical matter, despite the "10-issue limitation," this means that all employees would have to keep records in all of the issues on which they lobby, so that their sponsoring organization does not miss a single issue in its reporting. And, quite apart from the burden of such recordkeeping, the result will be to obscure—rather than disclose—the issues which are of primary concern to those organizations which engage in lobbying activities on the full range of issues before Congress.

In the case of the AFL–CIO or the chamber of commerce, for example, the quarterly reports may contain more than 100 issues. The pubic will have no conceivable way of determining which of these were considered to be critically important to the lobbying organization.

Under provisions of this amendment, the requirement for describing every issue is eliminated. Instead, an organization will report on only the 25 most significant issues on which it lobbies. If an organization cannot in good faith determine precisely where the cutoff point should be, it may report several additional issues. But it should not be permitted to list every issue and thereby submerge what it is actually lobbying hard to achieve in a flood of essentially meaningless—and perhaps even casual—lobbying communications on matters of little import. Similarly, if an organization lobbies on fewer than 25 issues, it would have to list and describe only the actual issues on which it lobbied.

Further, this amendment eliminates reporting of issues by each individual officer, director, or employee, although those who are paid employees and who engage in lobbying will have to be identified in their sponsoring organization's report.

The proposed new language also modifies section 6(c)(4), which as presently written would require computation of the total dollar amounts spent in connection with all lobbying activities. Such a requirement would not be unduly burdensome if organizations could always isolate all of their lobbying efforts in a separate department. Unfortunately, however, this neat division of labor is seldom achieved.

Where the computation becomes most difficult to make is in the case of the employee who spends only part time on lobbying activity, but for whom all expenses must be broken down and records kept on a detailed basis in order to make necessary overall cost estimates. Moreover, much of the cost information that apparently would be required, such as overhead, is by no means clearly relevant to a determination of how much of an organization's resources are being devoted to lobbying activities.

What counts are the direct expenses of the lobbying organization, and, under provisions of this amendment, only the reporting of such expenses, as presently defined in S. 2477, will be required. In addition, the new language specifically requires inclusion of the portion of the salary paid any employee for time devoted to lobbying activities, except for the amounts paid those who spend only 10 percent or less of their time on such activities.

Another important provision of this amendment eliminates reporting requirements for lobbying solicitations contained in organizations' regular publications. Because of S. 2477's broad definition of solicitation, there will be situations in which articles relating to legislation could be construed to constitute lobbying solicitations in a publication which is otherwise devoted primarily to activities unrelated to lobbying. This means that for each edition of a union's monthly newspaper, for example, it would be necessary to determine which articles constituted solicitations—and then to attempt to estimate the direct expenses attributable to them.

To eliminate this accounting burden—the results of which obviously would be of doubtful validity—the amendment redefines the term direct expenses, to make it clear that the costs associated with publishing a house organ need not be included in reporting lobbying expenses. Nor will such costs be applicable in determining whether an organization has crossed the threshold and become a lobbyist under section 3(a)(3), which covers lobbying solicitation.

Finally, Mr. President, this amendment clarifies and simplifies the provisions of section 7 pertaining to the reporting of gifts.

While the basic approach of the committee reported bill is retained, the proposed language includes a new provision for reporting major entertainment expenditures, such as congressional receptions, if the direct expenses involved exceed $500. And in another new provision organizations which are not registered lobbyists but which nonetheless spend significant amounts for gifts to Members of Congress and their staff personnel will be required to report such expenditures if they amount to $250 or more in any quarterly period. Receptions are not included as reportable gifts under this provision. Only gifts made directly from the funds of an organization, or for which the organization provides reimbursement, are included.

Mr. President, as I stated earlier, a broad coalition of concerned groups has joined to suggest the changes incorporated into this comprehensive amendment to S. 2477.

In my judgment the case for careful consideration of its provisions—and for adoption of the concepts it contains—is compelling.

I hope every Senator will have an opportunity to review the arguments for this amendment prior to final action on the Lobbying Disclosure Act of 1976.

I have a series of letters to which I referred earlier today from the AFL–CIO and the National Association for the Advancement of Colored People, the Congress Watch, and so forth. I ask unanimous consent that these letters be printed in the Record immediately after my statement on amendment No. 1830.

There being no objection, the letters were ordered to be printed in the Record, as follows:

American Federation of Labor
and Congress of Industrial
Organizations,
Washington, D.C., June 14, 1976.

The AFL–CIO is strongly opposed to many of the provisions of S. 2477, the Lobbying Disclosure Act of 1976, as reported by the Government Operations Committee.

Along with religious, civil rights, civil liberties, consumer, public interest groups, and other labor organizations, we are convinced that S. 2477 seriously jeopardizes grassroots lobbying. In its present form, this legislation would have a "chilling effect" on the ability of local organizations to communicate effectively with the Congress and thus participate in their government.

The AFL–CIO, as well as these other groups, is convinced that organizations carrying on substantial lobbying activities should be required to register and file reports that give a fair picture of the extent and nature of their lobbying.

During the last few weeks, the AFL–CIO has worked with other organizations to reach agreement on proposals that will close loopholes in existing law while—at the same time—protect the right of grassroots organizations to be heard on Capitol Hill.

It is our understanding that Senator Metcalf will offer 4 separate amendments that form a "package" dealing with the concerns of the AFL–CIO and the other groups. These amendments protect legitimate grassroots communication with Congress while requiring full disclosure by national organizations and eliminating the burden of unnecessary paper work included within S. 2477.

The AFL–CIO hopes you will have the time to carefully study the "package" of amendments to be offered by Senator Metcalf. We strongly urge you to support this "package."

If these amendments fail, the AFL–CIO urges you to oppose the bill since—in the name of "reform"—it would cripple legitimate grassroots communication with Congress.

Sincerely,

Andrew J. Biemiller,
Director, Department of Legislation.

June 8, 1976.

Mr. David Cohen,
President, Common Cause, 2030 M Street, N.W., Washington, D.C.

Dear Dave: I am writing on behalf of the Leadership Conference on Civil Rights to express our grave concern at the chilling effect that we believe the Lobby Disclosure Act. (S. 2477) will have upon the grass roots participation in the democratic process.

The organizations in the Conference—135 of the major civil rights, labor, religious and civic groups in the country—support reforms in the present lobbying law; but we believe reform legislation ought to be directed primarily at Washington-based individuals and organizations, not at local groups expressing their views on national affairs.

Our concern is with those provisions of S. 2477 that will place unnecessary burdens on public-spirited citizens back home who supplement our legislative efforts in Washington with their own local approaches to members of Congress. Most of the organizations in the Leadership Conference have active chapters and local groups in communities throughout the country. These local-based groups routinely make calls to members of Congress and members of Congressional committees on behalf of the goals of the LCCR.

We fear that such useful and essential activity will be greatly curtailed if local groups and public-minded citizens become intimidated by the onerous reporting requirements of the present bill and the severe penalties it would impose for violations.

We would hope that Common Cause is as committed as we are to encouraging grass roots political activity. We urge you, therefore, to join us in seeing that nothing in the lobbying reform legislation will discourage and lessen communication between the people and their elected representatives.

Sincerely,

CLARENCE MITCHELL,
Chairman, Legislative Committee.

PUBLIC CITIZEN,
June 14, 1976.

DEAR SENATOR: The Senate unexpectedly gave unanimous consent on Friday to Senator Ribicoff's request that the Lobbying Disclosure Act, S. 2477, be brought to the floor for immediate consideration with a limitation on debate of one hour for each amendment. Hasty consideration of this complex piece of legislation will not serve either the interest of good lobby disclosure or the interest of responsible lawmaking. As Senator Ribicoff knows well, a broad coalition of civic, labor, religious, environmental, and public interest organizations has been working diligently for several weeks to prepare amendments to focus the bill on those lobbying activities that truly have an impact on Congress—that is, those of large, usually Washington based organizations and specially retained lawyers or public relations firms. These amendments also seek to modify the bill's reporting requirements to lessen the burden on reporting organizations while assuring all the information elicited is useful and legitimately requested. This broad-based coalition was prompted to propose these revisions by a recognition that hundreds of organizations around the country—town churches, small citizen groups, local labor organizations, voluntary organizations with a single paid staffer—would be swept up in the overbroad net of S. 2477. Faced with the onerous reporting, record keeping, and registration requirements under penalty of severe criminal sanctions, many of these organizations would decide to cease contacting members of Congress and their staff rather than be subject to the bill's provisions. This chilling effect will clearly stifle grass roots democracy.

The lobbying law adopted in 1946 is shamefully inadequate and sorely in need of revision. Early in this Congress, a number of bills to amend this law were introduced. After extensive hearings before the Senate Government Operations Committee, these bills were found to be deficient in many major respects and, as a result, a new bill, S. 2477, was introduced. After more hearings and a number of changes, S. 2477 was reported out of committee on April 26, 1976.

While an improvement over prior versions, S. 2477 remains fraught with problems. The attached memorandum outlines the amendments drafted by the coalition to ameliorate some of the bill's most egregious deficiencies. With these amendments, S. 2477 would be an acceptable lobbying disclosure reform. Without these amendments, however, we believe that no new legislation would be better than enactment of the reported bill.

The dire need to revise the laws governing lobbyists cannot justify the passage of this anti-democratic bill.

Sincerely yours,

JOAN CLAYBROOK.

AMENDMENTS TO THE LOBBYING DISCLOSURE ACT OF 1976 S. 2477

I. COVERAGE OF ORGANIZATIONS LOBBYING THROUGH THEIR OWN EMPLOYEES

Under S. 2477, any organization which engages in twelve or more oral lobbying communications to any Member of Congress or Congressional staff would be required to register as a lobbyist if that communications were made by the organization's paid staff. Section 3(a)(2). The only exemptions of any significance are for communications initiated by Congress and communications with the two Senators and single Representative of the district in which the organization has its principal place of business (commonly referred to as the "home state" exemption). The difficulty with the present coverage is that it is far too sweeping and will have a significant chilling effect on citizen groups, local labor unions, churches, and small businesses. It will have particularly harmful effects on marginal lobbyists who are often attempting to join with other like-minded groups in communicating with Members of Congress and who will discontinue their participation in the democratic processes of government if they must comply with detailed reporting on record keeping requirements. This is in the interest of no one.

The purpose of lobbying disclosure is to place on the public record relevant information about the major lobbying organizations which influence the decision-making in Congress. To be a significant lobbyist, it is necessary to have a Washington presence, either in the form of a Washington office, or through frequent visits to Congress; it is simply not possible to conduct major lobbying campaigns from far away. The "home state" exemption was devised to narrow the coverage of section 3(a)(2), but the device utilized is too crude and will result in significant misdirection of communications. The problem is how to write a provision that requires registration only by significant lobbying organizations, while not at the same time creating a major loophole in the bill.

The proposed solution amends section 3(a)(2) excepting organizations which meet all three of the tests of new subparagraph B. To be *exempt*, an organization

1. Must not maintain an office in the metropolitan Washington, DC statistical area, as defined by the Bureau of the Census;

2. Cannot engage in lobbying activities in person in Washington on more than five days in any quarterly period; *and*

3. Must be either an affiliate of an organization which is itself registered as a lobbyist, or, if it is not an affiliate, it may not have income, as defined in S. 2477, in excess of 250,000 a year.

The exemption for small organizations was designed to insure that the reporting requirements apply only to those groups that can afford to comply. In addition, an organization with income of less than $250,000 is not likely to be a significant lobbying factor and hence reports of its activities are unlikely to be of any real value to the public or the Congress.

The alternative test by which a non-Washington based organization can be exempt is limited to affiliates because these organizations are almost always lobbying at the behest of their Washington based affiliate. Hence, little new information need be provided in order for the public to have a meaningful understanding of the lobbying efforts of, for example, both the national and local branches of the AFL–CIO or the American Civil Liberties Union. To provide this limited additional information, the amendments include a new section 4(a)(4), which requires that the registration statement include an identification of the organization's affiliates and, for voluntary membership organizations, the approximate number of individuals and organizations that are members of each affiliate. In this way the public will have an estimate of the resources available when a lobbyist calls on its affiliates to support its lobbying efforts.

In connection with these amendments, it was necessary to narrow the definition of an affiliate in S. 2477 to include only those organizations which are actually controlled by, or subject to the control of the lobbyist. However, certain organizations—such as churches and the Chamber of Commerce—lack the legal controls and thus the definition based upon control would not be sufficient. Accordingly, the definition was further supplemented to make clear that organizations which are under the practical, if not legal, control of a Washington based lobbyist, would also come within the definition of affiliate. In these cases, only the Washington lobbyist would be required to register if the affiliate lacked a Washington presence.

Once the definition of affiliate was narrowed from that in S. 2477, it was nonetheless considered desirable to retain the concepts in the current definition for use in certain of the reporting provisions. For example, although the local and state Chambers of Commerce, and the local and state AFL–CIO chapters are to be treated as affiliates under these amendments, separate organizations, such as General Motors and Exxon in the case of the Chamber of Commerce, and the steelworkers in the case of the AFL–CIO, would not be affiliates. However, when requests to those non-affiliated organizations are made for the purpose of soliciting lobbying communications, that fact should be disclosed as part of the quarterly report. Accordingly, a new term, "related organizations," was added and it includes all affiliates, as now defined, plus all of the other organizations that would have been affiliates under S. 2477's definition in section 15(1).

Even with this significant modification, two other adjustments were necessary. The first relates to organizations with their principal place of business in the District of Columbia. Although Congress has passed a home rule law, the District of Columbia is not yet fully self governing, and Congress still serves as the "City Council" of the District for many purposes. Since the lobbying bill is intended to report the disclosure of major lobbying influences of concern to the American people as a whole, an exclusion has been written in for communications relating to the municipal governance of the District of Columbia, which are essentially local matters. This provision is also intended to reach communications relating to matters of interest to the metropolitan region of which the District of Columbia is a part. See 40 U.S.C. § 135.

Finally, the number of lobbying communications required before any organization, whether Washington based or not, is treated as a lobbyist, has been increased from 12 to 25. In part this is intended to aid the small businesses which could not meet the $250,000 test of paragraph 3(a)(2)(B) since income is not a profit and loss figure but in essence a gross receipts figure. It is also intended as a greater liberalization, and a further attempt to bring within the coverage of S. 2477 only the most significant lobbying organizations.

II. COVERAGE OF ORGANIZATIONS BY VIRTUE OF THEIR SOLICITATIONS

Section 3(a)(3) has also been amended to change the test of registration from a total of $7,500 on all lobbying solicitations, to $5,000 direct expenses on a single issue. The purpose of this change was to insure that only significant lobbying *solicitations* would give rise to registration. This eliminates the need to keep detailed records of telephone calls and letters to insure that there is no cumulative crossing of the threshold through a series of small leaflets and telephone campaigns, etc., which on their own are not significant but might reach a total of $7,500. Once again, this amendment is in keeping with the attempt to limit lobbying registration to significant lobbyists.

III. MODIFICATIONS RELATING TO INFORMATION REQUIRED TO BE REPORTED

Although pared down considerably from the earlier bills, S. 2477 still has certain excessive reporting requirements. *Reporting of Issues,* Section 6(c) requires an organization to report every issue on which it engaged in lobbying communications, and the ten most significant issues for each of its paid officers, paid directors and paid employees. Although the limitation to ten issues is of some use in protecting an individual from punishment for unintended errors, it still means as a practical matter that each employee must keep records of every issue on which he or she lobbies, so that the organization does not miss a single issue. Not only does this result in burdensome record keeping, but for organizations which engage in a broad range of lobbying activities, such as the AFL–CIO or the Chamber of Commerce, the resulting figures may show more than 100 issues—so many that the public would have no way of determining which of those issues are the most important.

The amendments would eliminate the requirement to report every issue and instead require that an organization report the 25 most significant issues. It is understood that if an organization in good faith cannot determine exactly where the cut off is, it could report a few additional issues, but it could not list every issue on which it engaged in any lobbying communications. Similarly, if it had fewer than 25 issues, it would only have to report the number of issues on which it lobbied. There would no longer be any reporting of issues on which each individual lobbyist worked, although the names of each individual who engaged in lobbying will have to be reported. The information now required by sections 6(c)(2) and 6(c)(3) is essentially unnecessary since it makes little difference who in the organization engaged in what activities.

Reporting of Expenses

The computation of the total dollar amounts expended in connection with all lobbying activities, Section 6(c)(4), is amended. Little problem exists where there is a separate legislation department within an organization. Unfortunately, so neat a dividing line is rare. Hence the computations become difficult, particularly for those individuals who spend only part time on lobbying, but Section 6(c)(4) requires that expenses must be broken down and records kept on a detailed basis in order to make the necessary estimates. Moreover, much of the information that would have to be reported, such as overhead, is essentially irrelevant to a determination of how much an organization is spending in its lobbying activities. And if it is not irrelevant, it is nearly impossible to show the benefit of the information in light of the burdens involved in obtaining it.

What is important are the direct expenses of the lobbyist, and hence the amendments require only the reporting of direct expenses as defined in S. 2477. In addition, the amendments require specific reporting of salaries, except for the salaries of those employees who do not spend 10% of their time on lobbying activities. This *de minimus* exemption for cost reporting is proposed because the costs involved in making the computations for those who spend less than 10% of their time in lobbying related activities is far in excess of the benefits derived.

Regular publications or organizations

The bill's broad definition of solicitations could include very general articles relating to legislation in a publication of an organization, which is otherwise primarily directed to nonlobbying related activities. Thus, it would be necessary in each edition of an organization's monthly newspaper to determine which articles constituted solicitations, and then to attempt an estimate of the direct expenses relating to them. Because the only difficulty in this area is related to the inclusion of expense estimates, the definition of direct expenses of a house organ need not be reported under these provisions. All of the other information required by section 6(d) must still be reported. Since the definition of direct expenses was changed, the triggering mechanism for lobbying solicitation in section 3(a)(3) is altered.

Gifts

The amendments to this section are less significant than the others, as the basic approach adopted by the Committee has been retained. The dollar figures in section 7 of S. 2477 (gifts must be itemized only if they are $10 or more and only if the recipient receives a total of $50 in gifts during the quarter) have been maintained.

The basic purposes of the proposed gift amendment is to clarify and simplify section 7. The principal means by which this would be accomplished is through a comprehensive definition of "gift" so that the various similar terms need not be repeated throughout the section. The second change is the inclusion of the requirement that major entertainment expenditures, such as Congressional receptions, be reported if the direct expenses involved exceed $500. The information about any such reception required to be reported includes a general description of invitees, such as all Members of the House, or all Senate Democrats. It will not be necessary to list the name of each Member of Congress or staff who attends.

Third, because fewer organizations will now be required to register under section 3(a)(2), there was concern that organizations which might not be registered as lobbyists would nonetheless engage in significant expenditures of money to Members of Congress and their staffs and that these expenditures would not be reported. Therefore, it was decided that although such organizations would not be lobbyists, they would be required to report their gift expenditures if they equalled $250 in any quarter. Receptions are not included as reportable gifts. The only gifts which are included for purposes of this additional reporting requirement are those made directly from the funds of the organization or those for which the organization provides reimbursement. This additional report for non-lobbyists was considered a less restrictive alternative to requiring organizations making such gifts to become lobbyists because of that fact alone, and thus subject to much greater reporting requirements.

Sierra Club,
Washington, D.C., June 4, 1976.

Dear Senator: The Lobby Disclosure Act of 1976 (S. 2477) will soon come before the full Senate, in an effort to provide more information to the Congress and the public on certain lobbying activities to influence issues before the Congress. After extensive analysis of the bill, we are compelled to urge you to disapprove of this legislation because of its potential to curtail the essential lobbying activities of the Sierra Club and all other similar citizens' organizations. We are opposed to S. 2477 because its exceedingly burdensome reporting requirements would have a "chilling effect" on the Sierra Club.

The Sierra Club is a grass-roots, voluntary organization of over 160,000 members with the public interest purpose "to restore the quality of the natural environment and to maintain the integrity of its ecosystems." We are engaged in a very broad range of environmental issues through a diversity of educational, research, publication, outdoor and public-policy-influencing programs.

Membership in the Sierra Club means membership in our structure of 286 affiliated chapters, groups and sections as a vehicle for direct participation in a democratic process, within our own ranks, to produce environmental policy positions as the basis of grass-roots citizen action. In this decentralized process we would have difficulty complying with the very broad definitions in S. 2477.

These 286 affiliated entities have independent volunteer citizen management of both their limited finances and their environmental actions within the broad policy framework established by the elected Board of Directors of the Sierra Club. The Controller of the Sierra Club manages its finances and reporting, but not those of our 286 affiliated volunteer entities, except at fiscal year end when his office files a consolidated tax return for the Sierra Club. The volunteer citizen component of our organization presents an almost impossible reporting problem.

To comply with S. 2477 could cost us at least $250,000 annually to systematize, report and control, since neither we nor our 286 affiliates are equipped to handle it. In short, it would cost the Sierra Club about 5% of its annual budget and could budgetarily freeze us out and prevent us from participating as a public interest group in the legislative process.

S. 2477 could require our Controller to annually attempt to collect and report as many as 50,000 lobbying transactions directed at Congress by private citizens. However, those same citizens could choose not to organize as the Sierra Club, but rather to exercise their "private citizen" prerogatives under S. 2477, and they would be exempt from reporting at all.

We firmly believe that this bill would infringe upon our Constitutionally guaranteed right to freedom of speech, in effect directing us to purchase that right, mandating the installation and operation of costly reporting systems before permitting us to participate in the deliberations of Congress.

The Sierra Club agrees with the Committee on Government Operations that reform of the inoperative Federal Regulation of Lobbying Act of 1946 is essential. We agree that the abuses of the lobbying process should be eliminated, and we support reasonable disclosure requirements as a mechanism to that end.

However, we are troubled by the fact that S. 2477 does not define lobbying abuses, nor does it spell out the means for correcting those abuses. The bill appears to be a very complicated effort to create a very detailed public record of all possible lobbying transactions through a burdensome manner of reporting.

In summary, we oppose the registration and reporting burdens, and their resultant restriction of Constitutional rights, that S. 2477 would place on voluntary citizens' organizations such as the Sierra Club. Therefore, we urge you to vote against S. 2477. After 30 years' experience with problematic legislation on lobbying, the Congress and the people need a workable law that is readily understandable, which wouldn't entail such high costs to comply, and which would define lobbying abuses and an appropriate mechanism for correcting them.

Thank you for considering our views.

Sincerely,

Rhea L. Cohen,
Washington Representative.

Environmental Policy Center,
Washington, D.C., June 14, 1976.

S. 2477, on the floor this afternoon.

Dear Senator: We respectfully ask you to vote against S. 2477, the Lobbying Disclosure Act of 1976. If enacted, S. 2477 would actually increase the political influence of well-financed special interests, while denying to most Americans the right to effectively take part in debates about the kind of public policy being made in Washington.

While corporate lobbyists have joined most public interest lobbyists in opposing many of the basic concepts of S. 2477, one important distinction should be kept in mind: if the bill becomes law, Mobil Oil or El Paso Natural Gas won't like it, but they can live with it—while independent community groups lobbying for a good offshore oil production or strip mine reclamation bill, or independent agricultural and Indian organizations trying to save their land and water, will not have the money required to comply with the bill. The legislation has been drafted with contempt for the small and independent interests that most deserve the respect of Congress. After months of negotiation with a reluctant Committee staff, most public interest organizations were led to believe that, even though the sponsors of the legislation insist on retaining S. 2477's curious political concepts, the bill would be amended in Committee to correct its flagrant bias in favor of corporate-style lobbyists. The surprising move to the floor without Committee action on the amendments is consistent with the sponsors' general disregard for S. 2477's damaging impact on the political rights of independent farm, community, and environmental organizations.

If pressure from Common Cause makes it impossible for you to vote against this so-called reform, then we would urge you to at least vote for the Metcalf Amendments to S. 2477. Senator Metcalf's amendments can't correct the basic anti-democratic nature of the bill, but do refine the bill's definitions and procedures to make it possible for citizens' groups to continue working in Washington.

Sincerely,

JOE BROWDER,
Executive Vice President.

THE LEAGUE OF WOMEN VOTERS OF THE UNITED STATES,
June 14, 1976.

To: All Members of the United States Senate.
From: Ruth C. Clusen, President.
Re: Senate Action on S. 2477, the Lobby Disclosure Act of 1976.

Today the Senate is scheduled to consider S. 2477, the Lobby Disclosure Act of 1976 reported by the Government Operations Committee.

The League of Women Voters of the United States is pleased to see the Senate taking action now to reform a very ineffective statute—the Lobby Disclosure Law of 1946. There is virtual unanimity of opinion that the present law on the books provides little useful information as to the extent of lobbying activities brought to bear on the U.S. Congress. If there is to be useful information in this area, the law must be changed.

It is important to keep in mind that the purpose of a lobby disclosure law is not to restrict or regulate lobbying activities. It is to provide a reliable assessment of when and how organizations seek to influence the legislative process. This is needed so that members of Congress and the public may know the source of pressures exerted on an issue or a particular piece of legislation.

As S. 2477 entered final markup in the Government Operations Committee, the League endorsed the way in which the committee bill sought to achieve the above objectives. We urged the committee members to continue their deliberations on the bill in a manner which would insure that the bill did not unduly burden, and therefore restrict, the lobbying activities of grassroots citizens' organizations.

The League of Women Voters has a rather unique organizational structure. Due to this structure, provisions of S. 2477 do not present a serious obstacle to our organization's efforts to influence the legislative process.

Since the League's structure is unique, however, provisions that are non-punitive to our organization are not necessarily so to others which have different structures. Therefore, every effort must be made to see that the Senate passes a bill that achieves its purpose—to provide useful information—without unduly burdening *any* organization.

In the interest of the public and other vital grassroots organizations, the League urges you to support a series of amendments to be offered from the floor by Senator Metcalf. These amendments, the League believes, will be helpful in clarifying and tightening the basic provisions of S. 2477.

OFFICE OF GOVERNMENT LIAISON,
Washington, D.C., June 14, 1976.

DEAR SENATOR: The Senate is scheduled to act this week on S. 2477, a Bill to amend the Lobbying Registration Act. As reported, the Bill is much too broad in its requirements for registration for an untold number of organizations throughout the nation who engage in insignificant amounts of communication with their elected Representatives and Senators. It must be substantially changed to avoid repressive and unnecessary interference with the rights of citizens to petition their government.

The United States Catholic Conference is not required to register under the present law because it is not primarily engaged in influencing legislation. Nor are other church agencies, particularly local dioceses or parishes, required to register. While we would not object to reasonable registration and reporting requirements for the U.S.C.C., the Committee's Bill is not reasonable either as to which organizations must register, or as to the reporting requirements.

Under S. 2477, an untold number—hundreds, perhaps thousands—of church organizations would be threatened with severe penalties for failure to register, even though they may engage in miniscule lobbying efforts. We believe this is unreasonable and that the Bill should be amended to remove such local affiliates of national organizations.

I am advised that Senator Metcalf will offer a package of amendments which will exempt "affiliates" of national organizations unless such affiliates maintain a lobbying operation in Washington. This would greatly improve the Bill and I urge that you support these amendments.

We are not seeking a complete exemption of religious organizations, but we believe no useful purpose is served by legislation which, in effect if not intent, represents governmental harassment. For this reason, we oppose S. 2477 as reported by the Committee and urge that the Metcalf amendment be adopted.

Sincerely,

JAMES L. ROBINSON,
Director.

The PRESIDING OFFICER. Who yields time?

Mr. TOWER. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be charged to neither side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS SUBMITTED FOR PRINTING

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT—S. 2872

AMENDMENTS NOS. 1841 AND 1842

(Ordered to be printed and to lie on the table.)

Mr. BARTLETT (for himself, Mr. RANDOLPH, Mr. BUMPERS, Mr. FORD, Mr. FANNIN, Mr. HUGH SCOTT, Mr. TOWER, Mr. DOMENICI, Mr. MONTOYA, Mr. HANSEN, Mr. BENTSEN, Mr. JOHNSTON, Mr. EASTLAND, Mr. MCGEE, Mr. GARN, Mr. MCCLELLAN, Mr. MCCLURE, Mr. HUDDLESTON, Mr. HATFIELD, Mr. BELLMON, Mr. STENNIS, Mr. YOUNG, Mr. DOLE, Mr. HELMS, Mr. HRUSKA, Mr. BURDICK, and Mr. CURTIS) submitted an amendment intended to be proposed by them jointly to the bill (S. 2872) to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1979, and for other purposes.

ADJOURNMENT TO 8:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 8:30 a.m. tomorrow.

The motion was agreed to, and at 8:11 p.m., the Senate adjourned until Tuesday, June 15, 1976, at 8:30 a.m.

EXTENSIONS OF REMARKS

FORTY THOUSAND SOUTH VIETNAMESE TO BE BROUGHT TO TRIAL

HON. STROM THURMOND

OF SOUTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Monday, June 14, 1976

Mr. THURMOND. Mr. President, recent reports have been received that the Communists will bring 40,000 South Vietnamese to trial because they worked for the Americans during the war in Vietnam.

Official confirmation of these reports by the U.S. Government is very limited, since the intelligence capability in Vietnam probably does not exist. Our State Department depends on monitoring of the Communists' radio broadcasts to confirm these reports.

It does not require any stretch of the imagination to know what this means. Hanoi purposely evaded the condemnation of world opinion when the wholesale massacre did not follow the final collapse of South Vietnam. It is a fair assessment that the Communists delayed their large scale retaliation since a bloodbath, as predicted by the United States and other nations, would have brought more wrath of world opinion down upon them in the aftermath of senseless killing of refugees.

Mr. President, the report that 40,000 Vietnamese will be brought to trial is nothing more than a disguise behind which Hanoi will direct the delayed massacre of political opposition and the Vietnamese who worked for the United States during the war. The United States and other nations should be alerted to focus attention by intelligence sources and other means on these trials. Hanoi is not likely to have any mercy, nor to change their past inhumane policies of murder and wholesale executions.

These inhumane policies against their Vietnamese brethren were commonplace throughout the war. Some of these mass-murder incidents and systematic elimination of South Vietnam Government cadres went almost unnoticed in the press when Hanoi's armies were rapidly advancing down the peninsula in the final stages of the war. In Da Nang and Ban Me Thuot alone the Communists deliberately engineered the massacre of thousands of refugees and Government policemen.

Mr. President, in view of the overwhelming evidence of massacre throughout the war and the torture of the American prisoners of war, it is folly to believe that these reported trials for 40,000 Vietnamese will have any semblance of a court of law. It is my opinion that the Provisional Revolutionary Government in Vietnam will resume its inhumane policies and gradually eliminate those South Vietnamese who were loyal to the United States and others who were military and civilian leaders in the Thieu government.

News of these trials is beginning to appear in the American press, soon after foreign journalists were ordered out of Saigon. The source of the information on the trials was monitored radio broadcasts from Saigon and Hanoi. The State Department confirmed this source of information. The Washington Star and the Washington Post published accounts of these reports on June 10 and 11, 1976. Our Government should closely watch further developments and use every means available to prevent another massacre.

Mr. President, I ask unanimous consent for the news articles from the Washington Star and the Washington Post to be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Star, June 10, 1976]

Some Vietnamese Face Trial

Bangkok.—South Vietnam said today it will bring to trial some of the 40,000 Vietnamese, now held in reeducation camps, who fought against the Communists during the Vietnam war.

Hanoi Radio said punishment would be handed out to "those who stubbornly refuse to re-educate themselves" and "those who have actively served the U.S. imperialists owing blood debts to the people."

The broadcast, monitored in Bangkok, was the first time since the end of the war that any official Communist statement had spoken of punishment for pro-American Vietnamese.

[From the Washington Star, June 11, 1976]

Hanoi Tightens Screws After Curtaining Off South

(By Henry S. Bradsher)

A month after ordering diplomatic and foreign journalist witnesses out of Saigon, Communist authorities there have tightened the screws on South Vietnam.

The Provisional Revolutionary Government has issued a policy statement redefining how members of the defeated Nguyen Van Thieu regime will be treated, with some ordered to "attend collective re-education courses for three years," and has established special tribunals to try persons accused of harmful economic activities.

These recent actions are part of a gradual enforcement of more rigid controls since the Communist victory on April 30, 1975.

Re-education courses were first established last year.

This tightening control comes as the Communists develop their administrative machinery and become more confident of their ability to manage any reaction from a possibly recalcitrant population.

It parallels the Vietnamese Communist experience in the North. About a year after the victory there in 1954, the Communists began redefining who was considered a loyal and trustworthy citizen.

Thousands of persons who had assumed they had been accepted by the new regime suddenly found themselves defined as its enemies. This brought various social and economic sanctions against them, and blocked careers for them and their children.

The combination of this and other measures, including restrictions on Catholics, led to resistance in the North. It reached a violent peak in 1956 and was repressed. There is no official figure of how many persons were killed, but several independent scholars have accepted an estimate of about 70,000.

The same people who were responsible officials in the North at that time, are now making policy from Hanoi for remolding South Vietnam preparatory to formal unification of the country.

That unification might come late this month when the national assembly recently elected in the first nation-wide balloting holds its opening session in Hanoi.

These officials are presumed by analysts here to want to avoid the mistake of stirring up violent resistance in the South, but at the same time to be determined to remold southern society to a rigidly disciplined Communist pattern.

Varying levels of re-education were established last year, ranging from neighborhood meetings for lectures and discussions of proper attitude toward the new regime to special indoctrination camps.

Although reports are sketchy, information reaching American analysts suggests that at least 50,000 persons have been assigned indefinitely to hard labor as a reform program. Many more have been sent out of Saigon for special indoctrination, but these are persons whose roles in the Thieu regime make the Communists think they are potentially dangerous to their rule and must be kept out of circulation.

It is unclear exactly what has become of those people. But they are presumed to be building roads in remote areas and doing similar labor.

The new policy statement established three categories for "all people working . . . (for) the old regime."

The first was those who had earned some merit by revolutionary work, the second those who had made satisfactory progress toward reform in the past year, and the third, those who need further reform or even legal prosecution.

The categories sounded fairly subjective, with judgments of a person's attitude to be made by Communist officials supervising him. Those formerly in such work as intelligence, security, psychological warfare and some other key fields of the Thieu regime who did not qualify by subjective judgment for category two are to be given three years reeducation.

The shortages of consumer goods in the first months of Communist rule were blamed on American-inspired sabotage and on "comprador bourgeoisie," meaning Vietnam's merchants, many of whom are of Chinese racial origin.

In the past year, the definition of merchants has been tightened and efforts to restrict private business stepped up. The decision was announced last week to set up "special people's tribunals" to try those "guilty of monopoly, speculative hoarding and market disruption."

Some businessmen "are still continuing to collude with the U.S. reactionary henchmen to sabotage international construction and to try to hamper the progress of the revolution," the announcement said.

Some analysts here had speculated that this move, and recently reported restrictions on the Chinese community in Hanoi, might be only partly economic in origin. They have suggested that it could be related to Vietnam's increasingly tense relations with China.

[From the Washington Post, June 11, 1976]

Vietnam Says Former Foes Will Be Tried

Bangkok, June 10.—South Vietnam will bring to trial "lackeys for the U.S. imperialists" and other past and present enemies of the Communist government, official Vietnamese reports said today.

Hanoi and Saigon Radios and the two official press agencies of Vietnam spoke for the first time of retaliation against opponents.

A policy statement signed by South Vietnamese President Huynh Tan Phat on May 25 pledged that those convicted "will be severely punished."

The broadcasts said that 95 per cent of former soldiers and civil servants who had reported for re-education have been released from the camps and have recovered full citizenship rights, although many will be subjected to surveillance for six months and more.

Some 40,000 still in the camps will have to remain there for at least three years, according to the announcement.

At least 32 former generals are known to be in the camps, along with senior civil servants and senior and junior officers who performed intelligence, propaganda and infantry duties against the Communists during the war. Describing those who will be tried, the statement said:

"These people deliberately served as lackeys for the U.S. imperialists, opposed the revolution and relied on the power of reactionaries to exploit, plunder, oppress and kill people and enrich themselves on the blood and bones of our compatriots."

The statement said they include:

Those in re-education camps who served with pro-American governments and who do not repent their anti-Communist feelings.

Former Communist troops and officials who had defected to the Americans or the Saigon government.

"Those who committed many crimes against the people and dangerous chief evildoers who incurred many blood debts."

Persons still involved in the anti-Communist resistance.

Anti-Communist refugees who fled in the American evacuation and who return to Vietnam.

This last category apparently includes at least some of the 1,531 Vietnamese who returned to Vietnam last October from Guam.

It excludes "those who went astray (or) became panicky," left Vietnam and who now wish to return, the statement said.

Also slated to undergo "appropriate punishment" are Vietnamese who are caught trying to flee the Communist nation.

Until now, government officials had stressed forgiveness toward those who had worked for the pro-American government.

Reporters in South Vietnam, who were ordered to leave just a month ago, had been unable to document any case of revenge killing by the new authorities during their first year in power in Saigon.

Meanwhile, 19 Vietnamese rescued from a sinking fishing boat in the South China Sea May 28, arrived in Hong Kong today and the immigration department granted them a one-month stay "on humanitarian grounds." Seven claimed to have friends or relatives in the United States and three said they had relatives in Hong Kong.

FLAG DAY 1976

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. FARY. Mr. Speaker, while passing the time on a flight from Chicago to Washington, last evening, my mind kept flashing back to a Flag Day ceremony I had attended over the weekend.

I could not help but conclude that of all emotions experienced by Americans on seeing the American flag unfurled or waving in the breeze during a parade, the most universal I suspect, is the overwhelming sense of pride accompanying participation in a patriotic ceremony.

As a case in point, I should like to quote from a recent magazine article, describing the Army's traditional retreat ceremony, from the point of view of a young veteran, who wrote:

> You're all in it together, company commander and private, as the last light leaves the sky. The company is brought to Parade Rest, the bugles call To the Colors, the band strikes up our anthem, and the troops present arms and officers salute, the Flag is lowered and caught in the color sergeant's hands so that it never touches the earth. To the rookie, Retreat may be the one uplifting moment in a day of grind and homesickness. But I've seen old Army men with tears in their eyes, as if they'd never before seen the Flag come home for the night.

While few civilians observe the retreat ceremony with any regularity, there are, nonetheless, other occasions of similar nature with which all of us are amply familiar. Practically everyone has attended athletic events at one time or another, and there experienced the sudden and impressive hush of thousands of spectators, in anticipation of the Star Spangled Banner; or stood silent on the sidewalk as the flag passed in parade, again amidst a throng of suddenly quiet onlookers; or participated in the modest, yet ever-powerful, flag-salute ceremonies at school.

All such occasions provide an unexplainable sense of drama, and the results, I suspect, are more far-reaching than is generally realized.

Of course, there are those who think along different lines; those who determine America's national strength in so-called practical terms, such as manpower, mechanized equipment, and natural resources. Yet, how often I have wondered if their theorizing is not overinclined toward practical considerations. Judging from the reaction of the average American to his flag, can it not be safely presumed that its energy-giving qualities are, in effect, as vital as the productivity of an industrial center, such as Detroit?

We have no choice, I think, but to recognize as valid the belief that there is, in fact, a moving force inherent in our flag; a democratic force that cannot be denied.

And in view of that validity we must hail this occasion—Flag Day 1976—as a moment of the greatest consequence; for it is now that we honor not merely a symbol, but a people and a popular will, as well as our historic past and our hope for tomorrow.

Few occasions throughout the year concern so many issues worthy of such consideration, and hope, and prayer. I believe my dear friend, the late Mr. James Metcalfe, poet laureate, expressed my feelings so beautifully:

> FLAG OF FREEDOM
>
> The mighty flag of freedom is—The flag that flies today. For every citizen and home. Throughout the U.S.A. With stars that represent the states. And all their liberties. And thirteen stripes in honor of—The gallant colonies. We bare our heads and we salute—Old Glory on the mast. And we are justly glad and proud—Of our victorious past—For enemies have come and gone. And while we paid the cost—There has not been a single war—That we have ever lost—And though the world may challenge us. We will be stanch and true—To every star and every stripe—Of our red, white, and blue.

FLAG DAY

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. KETCHUM. Mr. Speaker, earlier this year I introduced legislation to return our national holidays to their originally designated dates, reversing the dictate of the Monday Holidays Act. I did so because I firmly believe that our national heritage is far too precious and sacred to be sacrificed in the name of 3-day weekends. Only a handful of days have been selected for national observance in this manner, and each of them bears a special significance. Each marks in time a key event in our history which has brought us to the point we are at today. The birth of our Founding Father; the discovery of our great Nation, and a day to remember those who gave their lives to keep our Nation free are all occasions which deserve proper observance—not simply an extra day of frivolous activity. As I stated when I introduced that legislation, moving such observances around to suit our vacation and travel needs strips them of any significance at all; we might just as well number them holidays one through three.

Today, I have introduced another piece of legislation, which goes one step further toward assuring that important national days are properly honored. The resolution in question amends the United States Code, so that Flag Day, June 16, is added to the roster of occasions for appropriate tribute. Around the world, I doubt there is a flag more readily recognized than is our own. On June 14 next year, the flag of our Nation will celebrate its own Bicentennial; I feel that such an occasion should be observed with all due respect. The American flag stands as the identification of the American people, and all that they believe in. It embodies the spirit and heritage of liberty, freedom, national sovereignty, and constitutional government. In 1777, the Continental Congress adopted the Star Spangled Banner as our Nation's flag, and the symbol of our independence, telling the story of Thirteen Colonies which grew into a free Nation. In our own lifetimes, we have seen added to that flag the new stars indicative of new people who had elected to become not only Americans, but American States.

In short, I believe that not only should our national holidays be revered and maintained on their appropriately designated dates, but that Flag Day mandates a place among them. It must not be forgotten that, in essence, we celebrate one thing with all our other holidays: the quest for, and protection of, our great flag.

MRS. NANCY PREUSS, PRESIDENT OF THE AMERICAN SOCIETY FOR MEDICAL TECHNOLOGY

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. RHODES. Mr. Speaker, I am very proud to call your attention to the fact that one of my constituents, Mrs. Nancy Preuss from Phoenix, Ariz., has served with distinction as 1975–76 president of the American Society for Medical Technology—ASMT.

ASMT is a national, professional organization representing over 27,000 individuals engaged in the practice of clinical laboratory science. The society has had a year marked with tremendous progress and achievement under the leadership of Mrs. Preuss. She will next serve ASMT for 1 year as past president.

Climaxing her year in office, Mrs. Preuss will preside over the annual meeting in Chicago, Ill., June 29–25. The theme for this year's annual meeting, "One Out of Many," is most appropriate for in this Bicentennial Year, ASMT's meeting will be held in conjunction with the International Association of Medical Laboratory Technologists—IAMLT. Close to 1,000 international guests are anticipated which will bring total attendance to some 7,000 laboratory professionals.

Mrs. Preuss began her year as president with many achievements behind her. She served as director of Home

Health Care Planning for the Comprehensive Health Planning Council of Phoenix. She also served as a noted academician with the Maricopa Technical College, Arizona State University, and two of Phoenix's finest health care institutions—the Good Samaritan and St. Joseph's hospitals.

Her dedicated service in the interests of the public health is commendable. Mrs. Preuss has been a member of the Arizona State Department of Health's Advisory Committee on Training and Education in Clinical Laboratories; a member of the State's Department of Vocational Education Committee on Health Career Planning; a member of the Comprehensive Health Planning Council's Health Manpower task force, its Ambulatory Care Committee, and chairman of its Educational Subcommittee; and, a member of the Arizona Vocational Research Council and its Curriculum Subcommittee.

A past member of the American Society of Training and Development, Mrs. Preuss has also been a member of the Arizona Hospital Association's Educational Coordinating Committee and Patient Care Subcommittee, as well as an invited speaker at their 1969 State convention.

She has served with dedication her professional society as a member of the board of directors, president-elect, member of their peer review and certification task forces, coordinator of their self-assessment program, and delegate to the annual house of delegates. Currently, Mrs. Preuss serves ASMT in the demanding capacity of acting executive vice president.

Mrs. Preuss holds a B.S. degree in medical technology from the University of Minnesota, has done graduate work in business administration at the University of Arizona, and has been a certified MT ASCP since 1959. In addition, the Arizona State Society for Medical Technology, of which Mrs. Preuss has twice been president, has conferred upon her the professional distinction of 1969–70's outstanding technologist.

Mr. Speaker, I know that all of my colleagues will want to join with me in commending Mrs. Preuss for the outstanding leadership which she has demonstrated to both her profession and the entire field of allied health during her term as president of ASMT, and trust she will continue to play an important role in the future.

NO. 1 HIGH SCHOOL HOCKEY TEAM

HON. ROBERT N. GIAIMO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. GIAIMO. Mr. Speaker, I am pleased to report that the Hamden High School varsity hockey team, which is located in my home district in Connecticut, has been ranked the No. 1 scholastic hockey team in the Nation on the basis of its superlative performance during the 1975–76 season. In that period, the team compiled a 21 to 2 record while going undefeated against Connecticut schools and playing the very best in other New England States.

The No. 1 national ranking for the Hamden High School hockey squad is both appropriate and timely, following the attainment of four consecutive State championships amidst intense rivalry. Under Coach Lou Astorino, in fact, school teams have won 10 State championships in the last 12 years, compiling an impressive record of 230 wins against 85 losses and two ties.

It is fitting, Mr. Speaker, to list here the names of the players who achieved that coveted national award: Cocaptains Charles Molloy and Harry Scoble, Don Weinbach, Tony Della Rocca, Vin Pantera, Jim DelGreco, Mark Wimmer, Joe Gagliardi, Bill Ford, Andy Dorman, Mike Brodeur, Ken Sutfin, Otto Marenholz, Mike Ryan, Milt Leaf, Chris Smith, Sandy Oakes, Bill Verneris, Mike Cappiello, and Jeff Oakes; also, coaches Lou Astorino and John Albinger; athletic director Joe Bruno; business manager Andy DeLorenzo; and principal Rolf Wenner.

Public tribute to the achievement of the young men whose skills and competitive spirit are responsible for bringing honor to their school, community, and State, as well as to themselves, was expressed in editorials published by the New Haven (Conn.) Register and the Hamden (Conn.) Chronicle. I insert reprint copies of those editorials with these remarks:

[From the New Haven (Conn.) Register, May 10, 1976]

HIGH HONOR FOR HAMDEN TEAM

The Hamden High School hockey team has capped four consecutive state championships by attaining number one rank in the nation, in an honor bestowed by a respected rating service. This rare achievement evokes a feeling of pride on the part of New Haven area residents. It also should make members of the area teams beaten by Hamden feel a bit better. It's no disgrace to lose to the best in the nation.

To win the national honor, the Hamden team had to go out and take on the best. Had the school played it safe and steered clear of the toughest competition, it might not have been chosen for the national honor. As it was, the Hamden lads sought out the top teams around, defeating several Massachusetts schools to compile a 21–2 record on its way to top billing in the U.S.

This marks the second time in two years that a high school team from the New Haven area has been ranked first in America. The other national champions were the Cross High basketball stars of 1974. That's concentrated accomplishment!

To garner a best-in-the-nation title, a team has to have more than talent. It takes superlative spirit and inspiring teamwork to perform that well, to say nothing of hard work and fine leadership. Congratulations are in order for Coach Lou Astorino, who has been at the helm during the four state championships.

One satisfying aspect of the honor is noted by Astorino. For a Connecticut team to win the national honor is doubly satisfying because Massachusetts and Minnesota have had the reputation for turning out the hockey teams in the U.S. Hamden has raised the quality of hockey playing in Connecticut while giving us much to cheer about.

[From the Hamden (Conn.) Chronicle, May 13, 1976]

A HARD ACT TO FOLLOW

Hamden High School has had the proudest of traditions in scholastic hockey from the day the school opened its doors in 1935. As a matter of fact, many Hamdenites—the legendary Hugh (Red) Young among them—were schoolboy hockey stars for New Haven schools in the years before Hamden had a high school of its own.

The late David Wyllie, later to become Hamden's superintendent of schools, instilled the hockey accomplishment tradition at Hamden High School as its first coach in that sport. Later, Gillie Ames succeeded him for a short time before the late Don McNeil came to Hamden from Springfield, Mass.

Under McNeil, Hamden's hockey tradition blossomed as New England championships were garnered in since-discontinued six-state competition first at Boston and later at Providence, R.I. Now, under the present coach, Lou Astorino, Hamden High School hockey has reached a new pinnacle. The 1975–76 state championship squad, which went undefeated in Connecticut competition, during the past week was ranked as the best high school hockey team in the entire United States.

That is going to be a hard act to follow.

RETIREMENT OF HON. CARL ALBERT

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 7, 1976

Mr. RODINO. Mr. Speaker, CARL ALBERT has presided over this House during some of the most difficult times in the history of our Republic, compiling a record of achievement that will rank among the greatest of any Speaker. His has been an enlightened and progressive speakership—distinguished by the fact that when emotions and tempers were at their highest, his quiet and reasonable voice could always be heard.

It has been my honor and privilege to serve with CARL ALBERT, and to join with him in the great legislative struggles that advanced the causes of civil rights, promoted equality for all our people, attacked the terrible problems of unemployment and poverty and promoted peace for the people of the world.

These were great accomplishments and history will so record them. The strength of his character and the excellence of his leadership were best demonstrated when the first resolutions of impeachment against President Nixon were introduced in October 1973. There were no precedents for him to follow—no clear rules or guidelines. I know how CARL ALBERT agonized over his difficult decision.

But he did not avoid his obligation—he met it, with decency and honesty to do what was best for this Nation. It was his decision that the resolutions of impeachment be referred to the Committee on the Judiciary. And it was his decision that the impeachment inquiry, once begun, would continue until a final determination was made. Throughout the long months that followed those fateful choices, CARL ALBERT stood firmly, insisting always that the constitutional mandate be fulfilled with integrity and fairness.

For his great service he commands the respect and admiration of his colleagues, and the gratitude of this Nation.

OLYMPIC WINTER GAMES

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. COLLINS of Texas, Mr. Speaker, last Friday the House passed H.R. 13490, which is the authorization bill for the winter Olympic games to be held at Lake Placid, N.Y., in 1980. This bill provided for an authorization of $49 million which is $21 million more than that requested by the President and approved by the Senate last Thursday, June 10, 1976.

Because of the differences in the bill passed by the House and the one passed by the Senate, a conference committee will in all likelihood be required. I would, therefore, like to call to the attention of my colleagues, as well as the prospective conferees from both bodies, certain facts which I feel are especially relevant in considering this legislation.

Before I address myself to those facts, however, I wish to preface my remarks by making it abundantly clear that I am very proud that this country will be the host for the 1980 winter Olympic games. I also realize that it is important for this country in carrying out its functions and responsibilities as host to make adequate arrrangements for the athletes, officials, guests, and spectators who will be in attendance at these games. My fundamental apprehension is, however, over the increase from $28 million to $49 million and the purposes for which the additional $21 million will be utilized.

The House bill (H.R. 13490), for instance, provides for the sum of $15 million to be used for housing the 1,500 athletes and officials who will be in attendance for a period of 10 days. This represents approximately $10,000 per person or $1,000 per day. This is a fairly large amount of money to spend to construct housing for the Olympic participants, especially when at this point in time it appears that there will be no useful purpose for this housing after the winter games. Lake Placid evidently has no need for public housing nor I am informed is there a need or a market for any additional resort housing.

In lieu of spending $15 million to construct housing for the participants, Lake Placid has hotel accommodations for 5,000 persons. This hotel space could be utilized to house the athletes and officials. When this point has been raised in the past, the issue of security comes to the forefront with those opposing the utilization of the hotels indicating that there would be a problem in providing the requisite security under these circumstances. I do not believe that any of us want a reoccurrence of the tragedy that marred the 1972 summer games in Munich, and I believe strongly that every effort should be made to insure the safety and well-being of all of the participants. My point is, however, that we could provide the necessary security for considerably less than the $15 million it will take to construct housing which may never again be utilized. I must also point out that the cost of this new housing will be borne exclusively by the Federal Government without any State or local government contributions.

Additionally, the House bill (H.R. 13490) provides $1 million to remodel the present city hall for offices, $750,000 for additional temporary seating in the existing ice arena, approximately $1.2 million for a television center, over $1 million for temporary parking lots and sanitary facilities, and $3 million for such items as scoreboards and judges stands. These items total then approximately $7 million. My concern over expenditures of this type is that they should, to the maximum extent possible, be funded by ticket sales and the sale of television rights thus minimizing requirements for any special appropriations by the Congress.

A point that all of us must bear carefully in mind, with respect to this legislation, is that we are establishing a precedent by such funding. We must try to keep expenditures of this type under tight control for many reasons, not the least of which is that our Federal budget is continuing to pile up huge deficits with all of the concomitant problems that develop from such unsound fiscal policy. Additionally, Los Angeles is making a strong bid for the 1980 summer Olympic games which, as we all know, are considerably more expensive than the winter games as anyone who has followed the events in Montreal can tell you. If we established a precedent in this current legislation of approving additional authorizations for things that could be otherwise financed, the Federal Government, you can rest assured, will be called upon to appropriate not tens or millions but hundreds of millions for the summer games should Los Angeles be selected as the site.

Again, I support the Olympics and all that they have come to represent. I honor their traditions, and I am immensely proud to have the winter games in this country. I hope Los Angeles is selected as the site for the 1980 summer games, but let us bear in mind that we are the public trustees of the taxpayer's money, and we should act accordingly.

CLEVELAND IMMIGRATION OFFICIAL ANNOUNCES RETIREMENT

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. STOKES. Mr. Speaker. I would like to take this occasion to call to the attention of my colleagues in the U.S. House of Representatives the outstanding work of Stanley F. Perryman, District Director of the U.S. Immigration and Naturalization Service in Cleveland, Ohio. After 36 years of distinguished and dedicated service, Mr. Perryman will retire on July 2, 1976.

Mr. Speaker, the position of District Director is a monumental task. Mr. Perryman's jurisdiction encompasses the States of Ohio and Kentucky and represents a large population density of various ethnic origins. Through his office are funneled visa petitions, investigations of illegal aliens, adjustments of citizen status applications and other extremely important naturalization procedures.

Mr. Perryman entered this profession as a patrol inspector at the Immigration and Naturalization Service at Ogdensburg, N.Y. He also served in this same capacity in Clayton, N.Y., Grand Forks, N. Dak., and St. Paul, Minn.

He was promoted to the position of Investigator in Chicago, Ill. in 1950. While still in Chicago he received two more important promotions: Chief of Investigations and in 1959, Assistant District Director for Investigations.

In 1970, Mr. Perryman came to Cleveland, Ohio as Deputy District Director and on September 2, 1973, he became the District Director.

Mr. Speaker, I am sure that my colleagues in the House will join me in congratulating Mr. Perryman and his wife, Bernadine, on the occasion of his retirement from Government service. His years of fruitful and faithful service to benefit his fellow man will not be forgotten.

COL. WILLIAM J. HEALY

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. BYRON. Mr. Speaker, with the passing on June 7 of Col. William J. Healy, Howard County, Md., lost one of its most distinguished citizens.

It was my pleasure to have met Colonel Healy on several occasions. He was a man dedicated to the preservation of our system of Government and to the improvement of the military services. He was retired from the U.S. Army in 1971 and lived in Howard County since 1962. He had served on active duty during World War II and in Korea. While in the Army, he served at Fort Belvoir, Va., Fort Meade, Md., Fort Eustis, Va., Jones Point, Va., Aberdeen Proving Grounds, and in Washington, D.C.

Colonel Healy spent much of his time in his retirement years working actively in recruiting outstanding candidates for the U.S. Military Academy at West Point. He served as a regional representative of the Academy in Maryland and was honored with a citation from the West Point Superintendent for "outstanding service." Through Bill Healy's efforts, many fine young men entered the academy and dedicated their lives to a lifetime of service as a professional military officer.

He was also active in community organizations such as the Red Cross, the Optimist Club, and the American Legion. In 1973, he served as program director for Howard County's 4th of July celebration. He was also active in the Fifth District Democratic Club. Colonel Healy also took an active part in coaching various sports and youth programs.

I know that Bill Healy will be missed. He was the kind of citizen who always had time for another community activity or a program of assistance to his fellow citizens. His life serves as an example for his family and his many friends to follow.

A JOBS BILL—OR A BOONDOGGLE?

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. ESCH. Mr. Speaker, the May 31 issue of Newsweek carried a very interesting and fairly thorough article about the Humphrey-Hawkins Full Employment and Balanced Growth Act. Given Newsweek's extensive readership, I am sure that several Members of the House have seen this article. It should be read closely by all Members. Several of the important economic aspects of the bill are given close attention. I want to emphasize the very first point made in the article, that is, the bill's political purpose in attempting to falsely picture President Ford as unconcerned about the welfare of the Nation's unemployed. One staff member for the majority was honest enough to sum it up: "Let him veto it and show how callous he is. That's its only purpose." One wonders about the double standard and cheap-shot politics used by some of the bill's sponsors who know better. President Ford would veto this bill precisely because he is trying to do the best job possible to put the unemployed back to work and the country on sound economic ground. I trust that the Congress will reject attempts to use the plight of the Nation's unemployed for base political purposes which simultaneously worsen the situation of those for whom they profess to have sympathy.

The article is herewith inserted for the benefit and consideration of all members.

[From Newsweek, May 31, 1976]

A JOBS BILL—OR A BOONDOGGLE?

Democratic strategists once took it as an item of faith: the economy would be a Democratic issue, and maybe the chief issue, in the 1976 election. A year of brisk recovery has blighted that prospect, but the party still has one of its traditional rallying cries in an unemployment rate running at 7.5 per cent. To ride the issue, Congressional Democrats have chosen as their vehicle the Humphrey-Hawkins bill, originally designed to guarantee all adult Americans the right to a job—but now also a device to put Gerald Ford on the spot. "Let him veto it and show how callous he is," says a top Congressional staffer. "That's its only purpose."

Almost surely, the bill will be passed before Election Day. It is being used as a litmus test of Democratic credentials—"the centerpiece of our party's 1976 platform," says House Majority Leader Tip O'Neill—and all the Democratic Presidential hopefuls have endorsed it, with varying degrees of enthusiasm. Even a few Republicans are expected to break ranks for the bill.

But Ford has denounced it as "a vast election-year boondoggle," and even liberal Democratic economists warn that its passage would be inflationary. There seems no chance to muster enough votes to override the promised veto, and there is at least some prospect that the Democratic strategy could backfire. Unemployment will almost surely keep falling in the months ahead. And with rising prices still the principal economic worry of most voters, Ford himself might be able to exploit the bill by stressing its inflationary impact.

The bill itself is an ambitious attempt to deal with an old problem, and it plays well to the party's traditional coalition of urban blue-collar workers and minorities. Sponsored by Sen. Hubert Humphrey and California Rep. Augustus Hawkins, the Full Employment and Balanced Growth Act of 1976 would require the President to design a plan to reduce unemployment to 3 per cent among adult Americans by 1980. If conventional fiscal and monetary policy doesn't do the trick, the Labor Department would set up public-employment programs, paying the $2.30 per hour minimum wage or "prevailing rates of pay" for similar employment in the private sector.

Planning: These proposals are considerably toned down from those in an earlier version. Originally, the bill called for the 3 per cent rate within a mere eighteen months. But even as it now stands, the legislation would thrust the government deeper into economic planning, with the President, Congress and the Federal Reserve all expected to report ways to meet the stated goals. A new Full Employment Office would run the public-jobs program and a twelve-member Advisory Committee on Full Employment and Balanced Growth would be set up "to furnish advice and assistance" to the President's Council of Economic Advisers. And every existing governmental department and agency would have to report any actions that could conceivably affect the full-employment plan.

Republican critics have attacked the bill as an expensive intrusion into the private sector—and although Humphrey has asserted that "this is not a costly enterprise," his economies come high. By his own estimate, the tab would run to $12 billion even after savings from lower welfare payments and unemployment benefits were counted. Another major problem, detractors argue, is the tricky definition of just who qualifies as an "adult" under the terms of the bill. If teen-agers are eliminated, the 3 per cent target for adults is much easier to hit; the permissible over-all unemployment rate would be about 4.5 per cent, not much different from the Administration's projection of 4.9 per cent by 1981.

If the age cutoff is set at 16, as in the House version, even Democrats concede that the bill would almost certainly be inflationary. "We are not sure where the danger point is," says director Alice Rivlin of the Congressional Budget Office, "but clearly a goal of 3 per cent [unemployment] carries significant risk." Democrat Arthur Okun of the Brookings Institution dismisses the bill in its present form as "beautiful poetry," and Harvard's Otto Eckstein says flatly that he would not endorse it. John Kenneth Galbraith and other liberals advocate stand-by wage-price controls, to blunt inflation pressures as unemployment comes down.

Testifying before a House subcommittee in hearings on the bill last month, Rivlin also conceded another Republican worry: that setting wages for public employment at "prevailing" rates would force business to compete with government, thus inflating wages and leading to lower capital investment. A temporary public-service employment program, she said, "should not offer options that are more attractive than the private sector."

To soften the inflationary impact, the Democrats will probably modify the bill. Senate Banking Committee chairman William Proxmire, for one, suggests that wages for the new public jobs could be set only slightly above the unemployment-benefit level or close to existing wages for entry-level jobs in industry. Even that could prove inflationary, however, and thus other Democrats favor Galbraith's stand-by wage-and-price controls.

Rebels: Still other Congressional Democrats have already begun a budding revolt against the bill. Given its obvious economic risks and the anti-government mood in the nation, Humphrey-Hawkins "is almost an ideal bill to bolt on," says a staffer to the "New Member Caucus" of freshman Democrats. Twenty-one members of the causus have already voted against initial funding for the bill in the fiscal 1977 budget—and the list of discontented Democrats seems to be growing. New York freshman Edward Pattison, for instance, now intends to vote nay on Humphrey-Hawkins when it comes to the House floor next month. "We make these promises and then we fail to keep them," he says, "and nobody believes we will do anything that we say."

The betting remains that Congress will pass Humphrey-Hawkins. But both sides concede, as Michigan Republican Marvin L. Esch puts it, that "the real vote on this bill won't come on the floor of the House or Senate, but rather in the first week in November." For good or ill, that's when the Democratic strategists will reap their reward.—Michael Ruby with Elaine Shannon, Henry W. Hubbard and Jeff B. Copeland in Washington.

TRIBUTE TO FREEDOM FIGHT OF BALTIC STATES

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. McCLORY. Mr. Speaker, today, June 14, is Flag Day, a day of special rejoicing for us during our Bicentennial Year. But today and tomorrow also are very special days for those hundreds of thousands of Americans who trace their ancestral roots to Estonia, Latvia, and Lithuania.

On June 14 and 15 in 1941, in the most cruel and despotic fashion, the Soviet Union began deporting some 100,000 persons of all ages from these three once independent Baltic nations.

They were wrested from their homes and often loaded into boxcars for the terrible journey into Siberia. Many perished en route.

The Joint Baltic-American Committee, citing Liuthuanian Red Cross figures, reports that more than 34,000 were deported from Lithuania; over 35,000 from Latvia, and 33,500 from Estonia.

Other deportations took place later. In all of them the anti-Soviet suspects—young and old, parents and children, husbands and wives—were forced to resettle in the most inhospitable parts of the Soviet Union, working, and, yes, dying, under slave labor conditions.

I am told there are about one million Americans of Baltic descent. A number live in my 13th Congressional District of Illinois. They are hard-working people. They are good Americans. They enrich those areas where they live.

Mr. Speaker, I join them today in their grief as they pay tribute to those lives were sacrificed for freedoms sought. The loss was not alone to those whose relatives and friends and homelands disappeared, but to all of us everywhere who believe that only under freedom can men and women flourish and become creative and truly live.

TRIBUTE WELL DESERVED

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. MINISH. Mr. Speaker, I rise today to join my friends in Verona, N.J., in paying tribute to Paul "Doc" Goeltz, the former coach and teacher who was a part of the local school system for 37 years.

Last month, the high school athletic field in Verona was dedicated in his honor and, now, officially bears his name.

Paul Goeltz joined the Verona school system in 1920 as director of physical education and held that position until his retirement in 1957. Doc is credited with having expanded a minimal sports program at the high school where he organized the first baseball team, coached the basketball team and inaugurated a soccer squad and a golf team. He also organized field day events held each year at Verona Park with students from all schools participating.

Goeltz was honored with a dinner also, and hundreds of people had to be turned away. The program expressed the esteem and affection with which he is regarded, by those whose lives he touched.

As the Verona-Cedar Grove Times so aptly put it:

> Doc Goeltz taught the children of Verona not just how to play the game, but also instilled in the youngsters the principles of good citizenship and respect for themselves and others. The public expressions of admiration for the popular coach and teacher are a reflection of the qualities he possesses as a person, and make the tributes paid him well deserved.

At this point in the RECORD, I include the entire text of the Verona-Cedar Grove Times' editorial:

TRIBUTE WELL DESERVED

With the dedication, last week, of the high school athletic field to Paul "Doc" Goeltz, the Verona community has paid a lasting tribute to the former coach and teacher who was a part of the local school system for 37 years.

The permanent tribute was made possible by a resolution of the Board of Education, last Fall. In response to a request from the 1931 Class of the Whitehorne High School, initiated by the late Elmer Williams, the board agreed to name the field for Goeltz who is credited with having expanded a minimal sports program at the high school where he organized the first baseball team, coached the basketball team and inaugurated a soccer squad and golf team.

Doc Goeltz, who has been retired since 1957, was honored with a dinner, also, for which the guest list was limited only by the size of the hall. The program, arranged by a committee of some of the people who knew "Doc" best, expressed the esteem and affection with which he is regarded, by those whose lives he touched.

In Verona for the festivities, the 85-year-old retired coach demonstrated an amazing ability for connecting names with events long past. Without any coaching, he was able to greet former students with comments which testified to his powers of recall, even after so many years.

The presentations to Goeltz, which were numerous, will serve to remind him of the occasion which obviously gave him great pleasure. Members of the committee responsible for the events which took place in his honor have reported a great sense of satisfaction in carrying out their project, and extreme pleasure at the response of the community.

Some of the fondest memories local residents associate with the former physical education teacher are the field day activities he organized. The annual events, held in Verona Park, involved all of the school children in town and were reported to have been gala celebrations.

Those who knew "Doc" Goeltz before last week, say that he taught the children of Verona "not just how to play the game," but also instilled in the youngsters the principles of good citizenship and respect for themselves and others. The public expressions of admiration for the popular coach and teacher are a reflection of the qualities he possesses as a person, and make the tributes paid him well deserved.

BILL WOULD REPEAL THE CONGRESSIONAL PAY RAISE MECHANISM

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. GRASSLEY. Mr. Speaker, on this date I have reintroduced a bill which would repeal the congressional pay raise mechanism enacted by this body last July. It pleases me to report that additional Members have joined me in this effort. The number of cosponsors now totals 76 which demonstrates that this measure has broad support which transcends partisan political considerations.

During the debate on the legislation which took place last July I vowed that I did not intend to let the taxpayer forget what was accomplished. I stated that I would not pretend to not notice that Congress is once again trying to sneak itself another increase. That was almost 1 year ago.

May I again remind my colleagues that if some action is not taken by the Congress the next automatic cost-of-living pay increase will take effect this coming October. That will be approximately 1 month before the November election. What are the citizens we represent going to think as they cast their ballots?

All of the identical bills to repeal the congressional pay raise are currently bottled up in the Committee on Post Office and Civil Service. Discharge petition 7 is on file with the clerk and would allow for consideration of this matter to go forward. Additional signatures are needed. Cosponsoring this legislation is simply not enough.

Let me urge my colleagues to support this effort to repeal the automatic pay raise mechanism. Perhaps we can in some small way rectify the violation of trust which the American people gave us when they sent us here to Washington. We can undo that which was accomplished by sleight of hand maneuvering on July 30, 1975.

DEPORTATION OF BALTIC PEOPLES TO SIBERIA

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. LONG of Maryland. Mr. Speaker, on June 14–15, Baltic communities throughout the United States will commemorate the anniversary of the deportations of Lithuanians, Latvians, and Estonians to Siberia in 1941. In recognition of this, as one means of making sure we do not forget this horrifving episode, I should like to insert in the RECORD a statement provided by the Joint Baltic American Committee.

The statement follows:

THIRTY-FIFTH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

This year, about one million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There were 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages of 10 to 18; 3,986 from the ages of 18 to 30 years; 7,778 persons from the ages of 30 to 50; 1,681 from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enoromus grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

Four young Lithuanian girls, who were deported to Siberia, have secretly written a prayerbook, which through underground channels, has been smuggled to the western world. It was published in English, and titled: "Mary Save Us."

These young girls wrote: "The day has closed its eyes. Fatigue closes my eyes. My feelings have dried up, my strength has left me . . . with icy lips, with tear-filled eyes, tormented by despair, we fly to your straw-covered crib, o Holy Babe . . . We are drained of strength, our feelings have faded away, our hearts are benumbed thoughts we cannot control . . . Jesus help those who die in foreign lands without consolation of the Church or their dear ones, without the comfort and aid of their friends."

The Soviet Union also deported people from the Baltic States in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the USA. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow".

"About four o'clock in the morning of May 22nd (1948), I heard a knock on my door . . . I opened the door and froze with fear . . . There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport . . . He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet States . . . I had only a half hour to prepare myself for the deportation journey. Awakened by the noise, my son started to cry . . . I was told that I could take no suitcases, but must pack everything into a potato sack . . .

"When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village . . . Some twenty-five families had been collected . . . Each family sat on their sacks in a group. No one talked.

"Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment . . . At first, I thought all Lithuanians were being deported . . . The village of Aukstuoliai was left completely empty . . .

"At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food . . . Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons . . . The feelings of human beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected . . . In one car, a woman with two small children whose husband was in prison, went mad, jumped from the moving train, and was killed . . . The biggest problem in our car was an 83 year-old paralyzed lady . . .

"After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia . . . We were ordered to get out . . . We stood there for about four hours in a cold rain mixed with snow. The children cried all the time . . ."

The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes: "It was clear to everyone that we had been sent here to die."

On starvation rations, they were forced to cut trees in the forests five miles away from the barracks. The work norms were very high, and they had only primitive tools. The regime for prisoners was severe. Mrs. Armonas writes: "I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on the beds."

Fortunately for Mrs. Armonas, Khrushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

JUST 1 OUT OF 50

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. ARMSTRONG. Mr. Speaker, Colorado's Littleton Independent, in one of their excellent weekly editorials, spotlighted the depth of political apathy among American businessmen. The article pointedly reminds each American of their responsibility to become involved in the political process so their Government will better represent their views—a point I think too many businessmen ignore.

I commend this editorial to my colleagues in the House:

JUST 1 OUT OF 50

Prof. Edward Rozek, who teaches political science at the University of Colorado, put some businessmen on the spot the other day.

He asked a group of 50 business people at the Boulder country club, "How many of you participated in the recent county conventions of the Republican and Democratic parties?"

One man—just one—raised his hand.

"Successful men waste their time in country clubs," Rozek chided them. "You should reduce your participation in the country club by 25% and spend that time participating in citizenship, or contribute money to those who do."

Most of the small businessmen we know don't spend a lot of time at the country club. Most don't even belong. Their time must be taken up in other ways—probably mostly at the office or the store. But that 1-in-50 ratio probably would hold true here also.

Anytime we hear people say, "The teachers have too much power at the legislature," or that some other group is too powerful, we want to remind them that the people who have influence in politics are those who take the time and effort to become personally involved.

Small businessmen are notoriously poor about this. It hurts all of us that this is true, because their viewpoint—and the viewpoints of others who can't or won't find time for grass-roots politics—don't get a good hearing at the legislature or in Congress.

1976 is an election year. The next stop for most of us will be the primary elections in the fall. But the registration deadline is long before September. Citizens who want to play a meaningful part in the political process should start this month by calling the Arapahoe county courthouse to make sure they are registered to vote in the primary election.

A COMMEMORATION OF THE EMMY AWARD WINNING BIG BLUE MARBLE

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. RANGEL. Mr. Speaker, the Big Blue Marble along with its audience, our children, are to receive a special congratulation. The Big Blue Marble, a worldwide television program for children, recently won the Emmy Award in the category of Children's Series Entertainment from the National Academy of Television Arts and Sciences.

This international program is to be commended for providing an exciting and adventurous alternative to the often complained about nonbeneficial programs for young children. The television show visits three countries each series in an effort to show how children from other cultures work, play, and grow. The children have responded to the show with enthusiasm, thus making it a large success. One special feature of the show is "Pen Pals" which has started one half a million children writing to one another among the various countries. Reflective of its growing popularity after only 3 years on the air is the fact that it is now being shown in 22 foreign countries and more than 140 television stations across America.

The Big Blue Marble is highly deserving of its newly received award given its success in promoting international brotherhood among our world's young. For that reason, I would like to share with my colleagues the following news articles on the series:

"BIG BLUE MARBLE" WINS EMMY

"Big Blue Marble", the award-winning children's television series won the Emmy Award in the category of Children's Series Entertainment as the National Academy of Television Arts and Sciences announced its daytime award winners on Tuesday.

Presented as a public service by International Telephone and Telegraph Corporation (ITT), "Big Blue Marble" is a worldwide show for children that visits three countries each series, showing how children there work, play and grow. The United States is included in each series.

To win this year, "Big Blue Marble", beat out such programs on the ballot as Bill Cosby's "Fat Albert", "Zoom", and "Captain Kangaroo."

"Big Blue Marble" is now being carried by more than 140 commercial and educational stations in the United States. It is also being shown in 22 foreign countries. The show is produced by Alphaventure and the producers say it will probably be seen "in at least 40 countries by the end of the 1976 season."

One of the show's most popular features is a segment called "Pen Pals." During this portion of the show, children are invited to write to "Marble" headquarters, P.O. Box 4654, Santa Barbara, Calif., 93103, where their names will be computer-matched with children in other parts of the United States or the world who have similar interests.

ITT presents the show each week without any commercial interruptions.

The show also won the Peabody Award this year and a year ago the National Association for Better Broadcasting named "Big Blue Marble" as the season's most outstanding entertainment series for children.

"Big Blue Marble" Kid's Show With Class

(By Ron Wells)

Hollywood.—One of television's most maligned programming areas is children's shows.

Most of them do little to inspire, educate or pique the curiosity of the wee folks.

Let's face it, if you tell a child something is good for him, the chances are he isn't going to go for it.

But not always. Take the case of a rather unique syndicated half-hour children's show called "The Big Blue Marble."

It aired for the first time 18 months ago, dedicated to "children all over the world."

"Its aim is to help children develop a fuller appreciation of the global community in which they live against a backdrop of entertainment."

Presented as a public service by International Telephone and Telegraph, "The Big Blue Marble" is now being carried by more than 135 commercial and educational stations in the United States.

It is also being shown in 22 foreign countries, and according to Bob Garrison, coproducer of the show, that number is growing.

The show, geared for children in the 10- to 12-year old range, is aired once a week, usually on the weekend, and follows a magazine format. Each program is made up of a series of features which vary widely in length, subject and treatment.

These features include brief visits with children in other countries, animated folktales and arts and crafts projects which children can do themselves.

"So far we've filmed children in 70 countries," said Garrison, "including five segments in Russia. We have hopes that 'Marble' will be aired in Russia next season.

Garrison noted that both the U.S. and Russian governments were pleased with the five segments shot in Russia.

Perhaps the most popular segment of "Big Blue Marble" though is "Pen Pals." During this portion of the show children are invited to write to "Marble" headquarters, P.O. Box 4054, Santa Barbara, Calif. 93103, where their names will be computer-matched with children in other parts of the United States or the world who have similar interests.

"So far we've processed more than 400,000 letters," said Garrison. "We're averaging 6,000 letters a week from American children and about 3,000 from foreign children."

The only requirement for children wishing to become "Marble" pen pals is that they be able to write in English.

"We do hear from children whose letters are written in other languages," he said.

"These we have translated by people over at University of California at Santa Barbara. Then they're matched with other children and hopefully they'll write in English."

Among the foreign language letters received by "Marble's" Pen Pals staff have been letters in Hebrew, Arabic and French.

"We have a good English response from African children," said Garrison. "And recently a whole Russian school wrote to us."

A TRIBUTE TO GORDON DILLON

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. WHITEHURST. Mr. Speaker, I would like to take this occasion to call attention to the efforts of Mr. Gordon Dillon, publisher and editor of the Virginia Observer in Norfolk, Va.

Mr. Dillon has been a tireless crusader on behalf of the laboring man, and in particular he has fought to expose the attempts of organized crime to infiltrate the labor movement in America. We have seen examples of journalists who have incurred the wrath of Mafia types and have suffered injury and even loss of life, but Gordon Dillon refuses to be intimidated, and through his weekly newspaper, he continues to strike at the insidious efforts of criminals who are leeches on legitimate union operations.

All of us can be proud of the courage of a man like Gordon Dillon.

WHAT'S RIGHT WITH AMERICA?

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mrs. MINK. Mr. Speaker, in the year of our country's Bicentennial, the Knights of Columbus have seen fit to sponsor an essay contest, "What's Right With America?" I am happy and proud to announce that the winner of this contest in Hawaii is an eighth grader from St. Joseph's School on the Island of Hawaii, Gary Perreira.

Many words have been written about our country, especially in this Bicentennial Year, but I strongly feel that this very moving essay by young Gary Perreira is one of the most eloquent compositions I have read about the beauty and greatness of our country. His parents, Mr. and Mrs. Herbert Perreira, as well as his teacher, Sister Stephen Marie Serrao, and all at St. Joseph's School can be proud of Gary's accomplished expressions concerning his spirited feeling about our Nation.

I would like to take this opportunity to share with my colleagues the contents of Gary's inspiring work:

What Is Right With America

My birth certificate is the Declaration of Independence. I was born on July 4, 1776. I am a fabulous country with fabulous people. I house 200 million people and the ghost of the courageous people who fought for my freedom.

I am Washington, Hale, Jefferson and Patrick Henry. Bunker Hill, Valley Forge and Yorktown are a part of my heritage. I am Davy Crockett, Daniel Boone and John Paul Jones. I am Generals Lee, Grant and MacArthur. I am Abraham Lincoln and his Gettysburg Address.

I remember the Alamo, Lusitania, Pearl Harbor and Iwo Jima. Whenever freedom calls, I answer. I have left my heroic dead in the Argonne Forest; Flanders Field and on the bleak slopes of Korea and Vietnam.

I am the wheatlands of Kansas, farmlands of Idaho and the forests of the Northwest.

My capital, Washington, D.C., is like no other of my cities. If you look to the north you see the White House, to the east is the Capitol, to the west the Lincoln Memorial, and to the south the Jefferson Memorial.

I am a religious nation founded upon religious principles. My people recognize God's power, authority and responsibility to Him. I am a nation that believes in the worth and dignity of the individual.

I am a government that is a true democracy. I am a Republican kind of government with the Constitution as my cornerstone. I am a government that is responsible to God and country. I guarantee life, liberty and freedom.

I am big. I sprawl from the Atlantic to the Pacific, covering more than three and one-half million square miles.

I am America: Yes, I am the United States of America. I was conceived in freedom and in freedom I will spend the rest of my days.

I am all fifty states with snowcapped mountains, green plains and sunny valleys. All these I offer to you.

I am heir to a brave and godly heritage. I must care for myself without and within. I must live up to the best that I know. I must work and dream big and keep the torch of freedom burning. I am this land.

May I always possess the hope, the strength and the integrity to remain strong. This is my prayer and may God be with me.

LEGISLATION INTRODUCED TO AMEND THE JENKINS ACT—H.R. 14159

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. EILBERG. Mr. Speaker, I recently introduced legislation to amend the Jenkins Act, H.R. 14159, to extend its benefits into areas presently neglected and which will cure a festering sore on the body of interstate trade and commerce.

The proposed amendment has two purposes:

One. To eliminate the ever-widening diversion of taxes and the gaining of unfair competitive advantage in the sale and distribution of cigarettes, and

Two. To facilitate more effective enforcement of State and local cigarette tax laws and thus to help strengthen State and local tax systems.

It should be made perfectly clear that the proposed amendment will not harm the cigarette industry or the tobacco growing States. it will merely help assure that profits from the sale of cigarettes go into legitimate channels of trade and prevent ever-growing and widespread tax avoidance.

The sale and transport of cigarettes in avoidance of State cigarette tax laws has grown by leaps and bounds. It is no longer limited to interstate mail-order sales.

Every day, more than 1 million packs of cigarettes are smuggled into New York City alone—approximately 50 percent of all cigarettes sold in that city are bootlegged.

The following are the total cigarette bootlegging losses in the Northeastern States. The figures are calculated from the inception of bootlegging in each State:

New York, 1965; New Jersey, 1966; Pennsylvania, 1967; Connecticut, 1968; Massachusetts, 1964; Rhode Island, 1975; Maryland, 1975; Delaware, 1968.

	Totals			
	Packs bootlegged	Lost taxes	Loss to tobacco industry	Organized crime profit
New York City and New York State	3,358,281,000	$617,100,695	$2,014,868,000	$419,785,000
New Jersey	786,700,000	119,124,000	472,020,000	98,337,300
Pennsylvania	1,064,374,000	176,251,745	548,347,000	133,046,725
Connecticut	491,000,000	87,777,000	294,600,000	61,375,000
Massachusetts	269,100,000	33,059,000	148,000,000	33,000,000
Delaware	43,000,000	5,442,000	21,750,000	4,350,000
Total	6,013,455,000	1,038,754,440	3,499,515,000	749,894,025

Meanwhile, the State and city share of previously imposed taxes has declined dramatically in proportion to the national increase in cigarette sales.

Cigarette bootlegging costs New York taxpayers $85 million annualy in lost tax revenues from legitimate sales. It puts small, honest storekeepers out of business and costs people their jobs. It diverts cigarette business from trade channels and promotes ever-greater tax evasions. And it adds significantly to the financial plight of the city and the State of New York, as well as all other States and localities.

The recent report of the New York State Department of Taxation and Finance on Cigarette Bootlegging and the cigarette tax includes the following assertion:

> Contraband cigarettes in the past have been retailed mainly through businesses which don't normally deal in tobacco products, such as beauty parlors, barber shops, and other such business places, as a convenience to their customers and an added source of revenue for themselves—and even, as another example, from the back of a station wagon at a construction site. In recent months, however, the State has discovered that these untaxed cigarettes are being increasingly sold in legitimate retail outlets. In other words, more and more business men and women, who are law-abiding in other respects, have become law-violators by evading the cigarette tax. Moreover, they are assisting in robbing the State of much needed revenue at the same time that they are becoming accomplices of big-time racketeers and small-time hoodlums. Perhaps most tragic the legitimate retailers who have become tax-evaders by selling contraband are subjecting themselves to arrest and criminal prosecution with resultant disgrace to their families as well as themselves.

Some of the manufacturers' trucks have been hijacked, which results in heavy losses to them and has an impact on their insurance rates. These hijacks are professional in nature and are believed to be the efforts of organized crime. Organized crime does not care whether the cigarette packs are stamped or without tax indicia, as they have the outlets to dispose of them.

Because of the increase in hijacking and wholesale thefts, to maximize the illicit profits in the high-tax rate States, motor carriers are turning down legitimate cigarette shipments and insurance rates of licensed cigarette warehouses are skyrocketing.

There is no doubt that the States with higher cigarette taxes are subject to smuggling. The violators have ready sources to dispose of cigarettes in these States, as they can sell at lower prices than the legitimate outlets.

Investigations, surveillances, and informants have resulted in bringing to the attention of the States that the violators are becoming more sophisticated and move their operations frequently. Their sources of supply, routes of travel, places of reloading, storage warehouses, and sources of disposing of cigarettes are constantly changing, which makes for more difficult investigations and apprehensions.

In rendering sentences in cases, judges have been somewhat lenient and, as a result, it gives the opportunity to these violators to be "back on the street" operating as they did in the past as it is the only type of work that they know and it is easy money.

It has been indicated that illicit distributors constitute, in effect, the largest wholesaler in New York City with an average of 125,000 cartons transported in daily by trailer, truck, van, or car. The contraband is stored in mobile homes, houses, and warehouses owned or rented by the illicit distributors. The cigarettes are transported to outlets; that is, construction sites, apartments, factories, discount stores, hotels, office buildings, bars, gas stations, vending machines, and so forth. The illicit distributor purchases cigarettes for $2.65 a carton and sells for $3.75 a carton, which results in a sizable profit being made.

The major violators have a large number of drivers and peddlers at their disposal. Therefore, due to the tremendous profits realized from the operations, they usually assume legal expenses, and so forth, whenever their "runners" are apprehended. The drivers are professional, and they know the best times and routes to travel, even if longer mileagewise. These drivers are judgment proof—nothing to be attached. Further, they use rented cars, citizen band radios—that is, communication between conveyances carrying the contraband—and "shotgun" vehicles.

Information received from the States listed the following methods employed by smugglers to avoid detection, some of which are new and others which are known to enforcement personnel:

Switch license plates;

Change the loads from a large to many small vehicles;

Change tractors attached to vehicles;

Drivers sleep over if they feel that they are under observation and wait until the chase "cools";

Use secondary roads;

Issue false invoices and bills of lading;

Camouflage their cigarette dropoff points; and

Hide the cigarettes in the trucks in different boxes (false bottoms and backs).

What therapy can be applied to alleviate this ill?

While various solutions to ameliorate this problem have been proposed from time to time, I am convinced that society has at hand an acid tested weapon which can be effectuated with a modicum of cost. When the U.S. mails were used over two decades ago for the interstate shipment of untaxed cigarettes, the Congress enacted a law—known as the Jenkins Act—which, in short order, eliminated such unconscionable shipments.

The proposed amendment harnesses the sucessful benefits of that law by rendering it applicable to the sale in commercial quantities of cigarettes by distributors and to the interstate transportation of cigarettes destined for unlicensed distributors. The gratifying feature of the Jenkins Act is that anyone mailing cigarettes in interstate commerce is mandated to furnish the names and addresses of the recipients to the tax commissioner in the receiving State. By the same token, the proposed amendment requires that the seller of commercial quantities of cigarettes for delivery into another State furnish the tax commissioner of the receiving State with the name, address, and destination of such cigarettes.

The proposed amendment has two additional provisions aimed to meet the present enlarged dimensions of cigarette tax avoidance: A provision requires anyone transporting a commercial quantity of cigarettes into or through a taxing State to have, and to show on request, documents naming the person responsible for payment of the State tax; the other prohibits, as a Federal offense, the transportation of a commercial quantity of cigarettes into a State in violation of State tax laws. Nothing in the statute, as proposed, would preempt the State or local municipalities from enforcing their respective State laws, ordinances, or regulations concerning cigarette taxes. The new amendment is indeed an effective and simple catalyst in checkmating the untoward elements now enjoying a field day at the expense of legitimate business.

PROTECTIONISM: THE GAME NOBODY WINS

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. FRENZEL. Mr. Speaker, today the distinguished gentleman from Colorado (Mr. ARMSTRONG) raised a point of order against section 506 in H.R. 14261, the Treasury-Post Office appropriation. His point of order was sustained and section 506 was therefore removed from the bill.

Section 506 was a piece of pure protectionism, directly contrary to U.S. trade policy, and contrary to the conclusions reached under the processes established by the Trade Reform Act of 1974. It would have required the Federal Government to purchase only American flatware.

So-called buy American amendments are often proposed and do sometimes enjoy temporary popularity until the results are felt. The inevitable result of restrictive laws is to encourage other nations to reciprocate. As soon as we lock other countries out of our markets, they lock us out of theirs. Protectionism is a destructive game in which no country can win.

The one aspect of section 506 which was most offensive was the fact that the matter of cutlery and flatware had already been through the processes required by the Trade Reform Act of 1974. The decision reached under those processes was a sound one. If American producers had been receiving unfair treatment, the result would have been otherwise.

I congratulate the distinguished gentleman from Colorado for being both perspicacious and alert. His contribution has been extremely important.

SPEECH BY LT. GEN. DANIEL O. GRAHAM

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. DENT. Mr. Speaker, I am privileged today to introduce into the RECORD the remarks of Lt. Gen. Daniel O. Graham, U.S. Army, retired, at the Westmoreland County annual Memorial Day services at Mammoth Park.

General Graham has had a lifetime of experience and activity in America's Armed Forces. He is currently a research professor at the Center for Advanced International Studies at the University of Miami, Fla. He was the Deputy Director of the CIA until 1974 when he was named Director of the Defense Intelligence Community, a post he held until he requested relief from his duties in protest of the discharge of Secretary of Defense James Schlesinger and CIA Director William Colby.

General Graham's remarks were warmly received by the many citizens who gathered at Mammoth Park to honor the hundreds of thousands of Americans who have given their lives in service to our country. The following are the orders of Gen. John A. Logan establishing the Memorial Day services and the text of General Graham's statement on this solemn occasion:

GENERAL ORDERS

NO. II

I. The 30th day of May 1868, is designed for the purpose of strewing with flowers or otherwise decorating the graves of comrades who died in defense of their country during the late rebellion, and whose bodies now lie in almost every city, village, and hamlet churchyard in the land. In this observance, no form of ceremony is prescribed, but posts and comrades will, in their own way arrange such fitting services and testimonials of respect as circumstances may permit.

We are organized, comrades, as our regulations tell us, for the purpose, among other things, "of preserving and strengthening those kind and fraternal feelings which have bound together the soldiers, sailors, and marines who united to suppress the late rebellion." What can aid more to assure this result than by cherishing tenderly the memory of our heroic dead, who made their breasts a barricade between our country and its foes? Their soldier lives were the reveille of freedom to a race in chains, and their deaths the tatoo of rebellious tyranny in arms. We should guard their graves with sacred vigilance. All that the consecrated wealth and taste of the nation can add to their adornment and security but a fitting tribute to the memory of her slain defenders. Let no wanton foe tread rudely on such hallowed grounds. Let pleasant paths invite the coming and going of reverent visitors and mourners. Let no vandalism or avarice or neglect, no ravages of time testify to the present or to the coming generations that we have forgotten as a people the cost of a true and undivided Republic.

If other eyes grow dull and other hands slack and other hearts cold in the solemn trust, ours shall keep it well as long as the light and warmth of life remain in us.

Let us, then, at the time appointed, gather around their sacred remains and garland the passionless mounds above them with the choicest flowers of springtime, let us raise above them the dear old flag they saved from dishonor, let us in this solemn presence renew our pledges to aid and assist those whom they have left among us, a sacred charge upon a nation's gratitude—the soldier's and sailor's widow and orphan.

II. It is the purpose of the Commander-in-Chief to innaugurate this observance with the hope that it will be kept up from year to year while a survivor of the war remains to honor the memory of his departed comrades. He earnestly desires the public press to call attention to this order and lend its friendly aid in bringing it to the notice of comrades in all parts of the country in time for spontaneous compliance therewith.

III. Department Commanders will use every effort to make this order effective.

By order of John A. Logan, Commander-in-Chief.

REMARKS OF LT. GEN. DANIEL O. GRAHAM

It has always seemed to me a pity that the second stanza of our national anthem, the Star Spangled Banner, is so rarely sung, it starts out "O thus be it ever when free men shall stand between their loved homes and the war's desolation." We gather here today to honor those who have so stood, armed with anything from pikestaffs to nuclear cannon; from wooden sailing ships to aircraft carriers and supersonic warplanes.

The long line of American fighting men from your community buried in this county stretches from Christopher Ackerman who crossed the Delaware with General George Washington, to Marine Pfc. William Geo. Wilkins who served in Vietnam. These men you honor here did not shrink back when called to defend their homeland and their loved homes from the war's desolation.

Further, these men and their fellow Americans knew it was better to stop the march of hostile powers far from their own doorsteps. And thus most of them fought in faraway places—in France, Italy, Germany, Africa, the South Pacific, Korea, and Vietnam. Few of them were statesmen or philosophers, but all knew deep in their hearts that the fall of free men anywhere to totalitarians of any stripe diminished the security of America and shortened the distance between the hostile power and their own loved homes.

Nor did they trust in scraps of paper, however cunningly pasted together and signed by foreign leaders of dubious reputation, to form any trustworthy defense of their loved homes. Rather they trusted in their own strength, the fidelity of their fellow Americans under arms, and the faithful moral and material support of the people back home. No American worthy of the name ever let them down. Certainly the good people of Westmoreland County, Pennsylvania demonstrate today that they have not and will not let their fighting men down.

On 1 January this year I completed thirty-two and a half years of military services. I am intensely proud of that service and of the fine men and women of the Army, Navy, Air Force and Marine Corps with whom I served. No carping anti-military clacque in the press or elsewhere can diminish that pride—the pride in those who went before us and those who serve today.

I am pleased, as I am sure many of you are, to see in our country, in this bicentennial year, a new resurgence of faith. It is no longer fashionable to sneer at patriotism, to wear the flag on the seat of your pants, or denigrate your own country. Rather, we see a new recognition of the value of our basic American traditions—no compromise with the enemies of liberty, foreign or domestic; a willingness to lend a hand to other countries struggling to become or to remain free; and a pride in the accomplishments and sacrifices of Americans who came before us. The men and women we honor today held these values dear and made the sacrifices required of them to protect those values for us. It behooves us, then, to protect these values for Americans of today and of the future.

Our task will not be easy. Our world has entered a period of considerable danger to our American values. Freedom is threatened by the growing power of the Soviet Union led by men implacably hostile to our free economic and political institutions. Moscow sees our willingness to pursue détente with the USSR as forced upon us by Soviet power and as a signal to pursue their goal of a socialist world hegemony more vigorously. In their jargon, détente is "evidence of the deepening crisis of capitalism." It means to them that now is the time for Communists in Western Europe to assert themselves, time to push into the Third World with more Cubas, Angolas, and Somalias, time to wreck Western economies by cutting off their access to raw materials.

The Soviets see opportunities arising from the coming death of Tito in Yugoslavia to seize parts of that country and to gain access to naval bases on the Mediterranean; they see in the coming death of Mao Tse Tung chances to settle the score with China; they hope that the military balance with the West will be sufficiently favorable to them that their adventures will be free of risk.

But even without the ambitions of Moscow, the next few decades would have been full of perils for free men everywhere. Our fond hope that the numerous new countries emerging from the end of the colonial era would adopt democratic systems has not come true. The list of countries in the world who even begin to qualify as democracies has shrunken drastically. The United Nations today contains an overwhelming majority representing large and small tyrannies; they generally march to the beat of the Soviet drum, but they are contemptuous of Western freedoms and would represent a source of trouble to the Western world in any case. Further, the genie of nuclear proliferation came out of the bottle with the entry of India into the nuclear club. Seven countries now have the one-time secret of nuclear weapons, and over the next decade that number will almost certainly double. Add to this the specter of famine in some parts of the world, racial wars in Africa and quarrels over rights to exploit the resources of the sea, and one cannot escape the conclusion that the next decade or two will be dangerous for us.

So these are not days for America to let down her guard. America must stand as she has in the past, as a pillar of strength, will, and stability, encouraging by her example all people determined to stay free or break free from tyranny. An America, confident in herself and inspiring confidence in others, must never be in a position where any power on earth can threaten the security of her people or her vital interests abroad with military force. It is a sad truth that there is no absolute guarantee that Americans will never have to fight again, but the best guarantee is unchallengeable U.S. military power backing Allies willing and able to defend themselves. And we must remember that the prime social benefit that any government can bestow upon the people is to keep them alive and free.

I have painted a somber picture here today. Let me not leave you disposed to pessimism. There are still more men in this world that cherish freedom than men who welcome tyrants. Even within the closely guarded frontiers of the Soviet Union there are people who not only long to be free but some who risk the wrath of an all-powerful state to struggle for their God-given rights. Our solemn covenants should be with them and not with the leaders who oppress them. Our task is to keep the United States and the Free World acting as that powerful magnet attracting the hearts and minds of men everywhere.

Ours is the best system because it is right. If we have flaws, and fall short of perfect justice, it is because we are governed by men who strive only to be men. The flaws of the communist system and its nearly perfect injustice are those created by men who would be gods. If only we do not by imitation or through blindness make the rulers of the Kremlin look good in the eyes of their own people, we will surely prevail in this historic systemic struggle. If I read correctly the mood of Americans all over the country and that of you good citizens here today, we will not falter. We will be true to those we honor today and to another part of the second stanza of our national anthem:

"Then conquer we must for our cause it is just and this be our motto in God is our trust."

THE 35TH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. YOUNG of Florida. Mr. Speaker, on June 14 and 15, the Joint Baltic American Committee will be holding memorial services for the thousands of Estonians, Latvians, and Lithuanians who were deported to Siberian slave labor camps 35 years ago.

I join with many other Members of Congress both in honoring those who died during the tragedy, and in paying tribute to the courage of those who are still imprisoned. At the request of the Joint Baltic American Committee, I would like to include the following commemoration in the CONGRESSIONAL RECORD:

THE 35TH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

This year, about one million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There was 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages of 10 to 18; 3,986 from the ages of 18 to 30 years; 7,778 persons from the ages of 30 to 50; 1,681 from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

Four young Lithuanian girls, who were deported to Siberia, have secretly written a prayerbook, which through underground channels, has been smuggled to the western world. It was published in English, and titled: "Mary Save Us."

These young girls wrote: "The day has closed its eyes. Fatigue closes my eyes. My feelings have dried up, my strength has left me . . . with icy lips, with tear-filled eyes, tormented by despair, we fly to your straw-covered crib, o Holy Babe. We are drained of strength, our feelings have faded away, our hearts are benumbed thoughts we cannot control. Jesus help those who die in foreign lands without consolation of the Church or their dear ones, without the comfort and aid of their friends."

The Soviet Union also deported people from the Baltic States in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the USA. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow".

"About four o'clock in the morning of May 22nd (1948), I heard a knock on my door. I opened the door and froze with fear. There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport. He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet states. I had only a half hour to prepare myself for the deportation journey. Awakened by the noise, my son started to cry. I was told that I could take no suitcases, but must pack everything into a potato sack.

"When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village. Some twenty-five families had been collected. Each family sat on their sacks in a group. No one talked.

"Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment. At first, I thought all Lithuanians were being deported. The village of Aukstuoliai was left completely empty.

"At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food. Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons. The feelings of human beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected. In one car, a woman with two small children whose husband was in prison, went mad, jumped from the moving train, and was killed. The biggest problem in our car was an 83-year-old paralyzed lady.

"After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia . . . We were ordered to get out. We stood there for about four hours in a cold rain mixed with snow. The children cried all the time."

The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes: "It was clear to everyone that we had been sent here to die."

On starvation rations, they were forced to cut trees in the forests five miles away from the barracks. The work norms were very high, and they had only primitive tools. The regime for prisoners were severe. Mrs. Armmonas writes: "I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on beds."

Fortunately for Mrs. Armonas, Khrushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

NEW PUBLICATION ON WORLD POPULATION GROWTH AND RESPONSE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mrs. SCHROEDER. Mr. Speaker, I would like to bring to my colleagues' attention a report recently published by the Population Reference Bureau. The bureau is a private nonprofit educational organization that gathers, interprets, and publishes information about population trends and their economic, environmental, and social effects.

Their most recent report, titled "World Population Growth and Response, 1965–75, a Decade of Global Action," is a comprehensive study of population developments throughout the world, with a discussion of these developments for each nation. The report also describes the sources of financial support for population efforts throughout the world.

I commend the bureau for this excellent source book of information on international population efforts. I think anyone involved in population affairs will find this report a useful reference.

AMERICA'S BICENTENNIAL YEAR MARKS THE UKRAINIAN CENTENNIAL ALSO

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. DODD. Mr. Speaker, as we approach the exact date of our American Bicentennial, I would like to take this opportunity to remind my colleagues that many of our Nation's citizens also are celebrating another event of great significance to this country—the 100th anniversary of the settlement in the United States of immigrants from the Ukraine.

Today is a very appropriate time for us to reflect that this "melting pot" which we call "America" is that much more enriched, that much more complete, because in 1876, Ukrainians came to these shores to settle and contribute to the building of a great Nation.

Throughout this country this year, Ukrainian-Americans, who now number approximately 800,000 strong, are celebrating the historic birth of our Nation, and their arrival in the land of liberty.

Just last week, Mr. Speaker, on June 6, 1976, I had the honor and extreme pleasure to participate in just such a celebration in my own State of Connecticut. On that day, we gathered in Hartford for a Bicentennial concert sponsored by the Connecticut Committee for the Commemoration of the American Bicentennial and of the Centennial of Ukrainian Settlement in America.

It was a profound experience for me, because this commemoration made clear to me just how much this country owes to its citizens of foreign descent.

Our history is replete with the contributions of emigrant Americans, Mr. Speaker, and high among the ranks of contributors are the Ukrainian-Americans. Certainly their presence has added greatly to the development of "the good life" not only in Connecticut, where many settled, but throughout the Nation.

Let us reflect on the contributions of our Ukrainian-Americans. They have made significant gifts to all areas of American life and culture, and I shall highlight some of them.

Ukrainian-Americans have strongly influenced American music and choreography with their songs and folk dances. Prof. Alexander Koshetz, who lived in New York until his death in 1944, was a famous composer of Ukrainian songs for American choruses.

Contributions in the arts and education also have been made by Ukrainian-Americans. I need only mention Volodymyr Timoshenko, a recognized authority on the economies of the Ukraine and Russia and who became a professor at Stanford University in California; and Alexander Archipenko, the world-famous sculptor, to underscore this.

In addition to giving America their talents, Ukrainian-Americans have contributed their strong love of freedom. Through firsthand experience with political oppression in their own native homeland, many Ukrainian-Americans have witnessed the ruthlessness of totalitarianism.

Ukrainian-Americans have banded together to give the United States a renewed consciousness of the struggle for human rights for all peoples in this world.

Unfortunately, today, there are many Ukrainians in the Soviet Union who do not enjoy the same freedoms as their American brothers and sisters. This is a great tragedy. There are many political prisoners and prisoners who have sought to maintain Ukrainian cultural independence.

Their names are an "Honor Roll" of freedom-fighters to whom we should pay due respect. I can only mention a few of them here—Vyacheslav Chornovil, Yury Shukhevych, Ivan Hel, Vasyl Stus, Danylo Shumuk, Iryna Senyk and Nadya Svitlychna—but there are many, many more.

Of course, many of us in the Congress are aware of the struggle and plight of Valentyn Moroz, the Ukrainian historian who only recently was transferred to a criminal psychiatric institute after spending 6 years in a Soviet prison.

Valentyn Moroz is not criminally insane, Mr. Speaker. His only "crime" is to love freedom and Ukrainian cultural liberty. I am pleased to say that 77 other House colleagues already have joined me in a letter to Soviet leaders protesting the transfer of this Ukrainian patriot and urging his release.

So, Mr. Speaker, as we rededicate our Nation to the principles of human rights which gave birth to its independence 200 years ago, we must also mark the centennial of Ukrainian settlement in America.

I think we can do this best by telling our captive brethren in the Ukraine that they are not alone in their human rights struggle, and that we are with them. As we approach our own Bicentennial, we can do no less.

PORT OF BOSTON HANDLES LARGEST LUMBER SHIP ON EAST COAST

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. MOAKLEY. Mr. Speaker, the Port of Boston has served thousands of pleasure boats and commercial ships since the days of the Boston Tea Party. The facilities and trained crew available to service seagoing vessels are unrivaled anywhere in the world.

Just recently, the largest lumber ship to ever call on an east coast port docked in Boston Harbor, showing once again that Boston's excellent harbor and shore facilities can handle any ship that sails the seas.

Mr. Richard W. Riley, a resident of Needham, Mass., executive vice president of the Furman Lumber Co. in Boston, played a major role in arranging the visit of the MV *Ponderosa*, which can carry enough lumber to frame 3,000 residential homes.

The arrival of the ship—carrying 30 million board feet of lumber—is representative of the renewed building industry activity in New England and the improved conditions for lumber importing into the Port of Boston.

Among those on hand to meet the MV *Ponderosa* were Mr. Riley, John R. Furman, president of the Furman Lumber Co., Lt. Gov. Thomas P. O'Neill, and David W. Dennis, executive director of the Massachusetts Port Authority, which dredged berths at the Castle Island Terminal to accommodate the vessel.

THE 35TH ANNIVERSARY OF BALTIC DEPORTATIONS TO SIBERIA

HON. ALPHONZO BELL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. BELL. Mr. Speaker, this year about 1 million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941.

During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done by the Soviets as part of a campaign to subdue the Baltic States, which had been occupied by the Soviet Union in 1940.

Today and tomorrow, services will be held in Baltic communities throughout the United States in memory of the thousands who died during this tragic period.

In connection with these commemorations, I wish to call to the attention of my colleagues the following statement, which was provided to me by the Joint Baltic American Committee:

The 35th Anniversary of the Deportation of Baltic Peoples to Siberia

The Soviet government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

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The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

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The Soviet Union also deported people from the Baltic States in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the USA. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow".

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The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes, "It was clear to everyone that we had been sent here to die."

On starvation rations, they were forced to cut trees in the forests five miles away from the barracks. The work norms were very high, and they had only primitive tools. The regime for prisoners was severe. Mrs. Armonas writes: "I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on the beds."

Fortunately for Mrs. Armonas, Khrushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

AMERICAN SOCIETY OF SAFETY ENGINEERS

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. LEVITAS. Mr. Speaker, the American Society of Safety Engineers today begins a professional development conference in Atlanta. Because this conference is being held in a great city which I have the honor to represent, I believe it is important for my colleagues to take note of the work of this 14,000-member organization, whose members are dedicated to reducing accidents, combatting occupational injuries, and promoting safety in all areas of life.

Since its inception in 1911, ASSE has been battling to lower the unnecessary and unacceptably high injury rates connected with on- and off-the-job situations. Through continuous efforts, many important advances have been made as concerns safety for our citizens, but a continuing effort and professional diligence are vital for the necessary changes still to come.

In March of this year, the American Society of Safety Engineers coordinated "A Bicentennial Look at Safety," in Washington, D.C., where 11 participating safety, health, and engineering societies representing more than a half million members compiled a "statement of findings" plus specific recommendations for the Nation. The statement traces the history of safety in the United States, and identifies current and future potential problems, in addition to making responsible recommendations for a safer America.

The results were presented to President Ford's staff, and the presentation was made to business, congressional, and media representatives. Representing the "reduction, control and elimination, of all hazardous conditions, including fire and health-oriented hazards as they relate to people." This statement is currently under consideration by executive and department leaders.

This month, a broad spectrum of most important subjects will be covered at the society's annually professional development conference, "Safety Horizons '76—Toward Excellence in Professional Safety." Being conducted June 14–16 in Atlanta, health and noise standards, OSHA, fire prevention and general and other safety subjects will be among the issues explored by more than 500 of the Nation's leading safety professionals. In other recent professional development conference programs, the society has covered such subjects as: The role of the professional in litigation arising from OSHA, labor relations as it relates to today's safety professional, stress and its impact on workers, occupational health research, research and application, low cost analysis and control, safety motivation, and accident phenomena.

Mr. Speaker, these and other efforts pursued by the society and its individual members must continue to aid in lowering the drastically high death and injury rate suffered by workers and others. Since 1945, on-the-job and off-the-job accidents have soared 60 percent. Consumer products alone are held responsible for more than 20 million injuries each year, and more than 30,000 product-related incidents result in death.

According to the U.S. Bureau of Statistics, more than 13,000 persons were killed and 2.3 million were injured while on the job in 1974, while 39,000 deaths and 3.2 million injuries occurred away from work. And, home accidents remain the second largest killer in the United States today.

The dollar costs of these accidents are correspondingly high. Consumer product-related injuries cost the United States more than $6 billion annually, while occupational accidents cost the economy $15.3 billion in 1974. In addition, the time lost each year on occupational accidents is the same as if all industry shut down for a full week per year. I submit that this and the hidden costs are a tremendous burden to the Nation.

Mr. Speaker, the professional development of its members has been ASSE's objective since its founding. And, it is my understanding that these professionals have been in the forefront of essentially all safety advances in the United States during the past two-thirds of a century.

In 1969, ASSE conceived and established the separate and independent board of certified safety professionals, which now has certified more than 4,000 safety professionals. The designation of certified safety professional is granted to only those individuals whose professional safety experience meets a high level of established criteria, and who pass a rigid written examination.

In the past several years, ASSE has filed a number of official position statements, and made several appearances before House and Senate committees on significant aspects in these subject areas. Also, workman's compensation, fire safety, transportation safety, and other significant safety areas have received concentrated attention from the society.

Mr. Speaker, I am most pleased and honored to salute the American Society of Safety Engineers on its achievements and on the occasion of its professional development conference. To its officers and members, I send my warmest congratulations and best wishes for continued success.

ITALIAN REDS SHOW TRUE COLORS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. BIAGGI. I wish to call to the attention of my colleagues an article which appeared on the front page of this morning's Washington Post entitled "Reds Bar Joint Rule in Italy."

This development, coming just 1 week before the all-important general elections, gives the Italian electorate an opportunity to see exactly how false the promises which the Italian Communists were making relative to coalition rule were.

This change in policy by the Communists makes the choice next week all that much clearer. The only concern which I and others fear is the potential for violence in the coming week as the rival forces in the election square off against one another.

I remain confident that the Italian electorate will beat back the challenge of the Communists and vote for continued democratic rule in Italy. It should be obvious that the Italian Communists can by no means be trusted, and do not belong at the head of the Italian Government.

The Post article follows:

REDS BAR JOINT RULE IN ITALY

(By Jim Hoagland)

ROME, June 13.—Italy's Communist Party has dropped its innovative "historic compromise" proposal for joint Communist-Christian Democrat national rule as a strident parliamentary election campaign has sharpened the conflict between the country's two largest parties.

Instead, the Communists, who trail the Christian Democrats by less than three percentage points in some recent national polls, are seeking what could be a dominant and formal governing role in a broader coalition after the June 20 elections.

In an interview here with The Washington Post and Newsweek, senior party official Giorgia Napolitano confirmed that the decision to abandon the historic compromise plan had resulted partly from doubts within Communist ranks about the idea and the sharp anti-Communist campaign that rightist Christian Democrats have launched.

In contrast to previous party declarations that the decision is a temporary one for this election, the statements by Napolitano, a key figure on the party's nine-member governing secretariat, were vague on the future of the historic compromise proposal.

He would say only that "we will discuss it again after we draw a conclusion from at least two to three years" of coalition government by all of Italy's political parties except the neo-Fascists.

The dropping of the historic compromise has turned the election campaign into more of a head-on clash between the only two parties that have a wide popular following in Italy. This in turn could affect the possibilities of cooperation that both sides say is needed to pull Italy out of its crisis after the elections.

On other points covered in the interview, Napolitano:

Gave perhaps the most detailed view yet delivered of specific Communist proposals for their role in the broader coalition. He suggested the Communists would back controls on meat and oil imports, help negotiate wage freezes and seek a major reorganization of the government.

Asserted that a Socialist Party leader recently in Washington had relayed signals that the Ford administration could live with an important Communist role in determining government policy, as long as it was kept informal and discreet.

Said that the role reportedly suggested by Washington was no longer possible, and that Communist participation either in the Cabinet that carries out Parliament's decisions or in a formal governing majority "are the only necessary and correct possible results of the elections."

The party switched from the long-term compromise coalition of Italy's two largest parties, proposed by Communist leader Enrico Berlinguer in 1973, to a wider coalition because "a broad consensus is needed to carry out a severe policy" of austerity, recovery and reorganization, Napolitano said.

Berlinguer argued that the Catholic-supported Christian Democrats and the Communists had to join together to avoid intense and possibly violent conflicts in this increasingly divided society.

The Christian Democrats repeatedly have rejected any kind of formal cooperation with the Communists and the two parties have been hammering each other relentlessly in the campaign, the first national elections since the Communists increased their share of the vote to 33 per cent in municipal and regional elections last June.

Progressive Christian Democrats whom the Communists evidently hoped would be friendly to the "historic compromise" have disappeared in this campaign, which has been taken over by party regulars who have been warning that votes for the Communists will bring economic ruin and totalitarianism to Italy.

The Communists, who assert their ideological independence from Moscow and their adherence to the rules of Western Democracy, have countered by blaming the country's economic and political disorder on 30 years of Christian Democratic rule.

In shelving the compromise idea, the Communists "took into account some doubts, or objections" by the Socialist Party, Napolitano said.

The Socialists' projected 12 to 15 per cent of the vote is likely to hold the balance of power in the new Parliament, but they would be shut out by a coalition limited to the two major parties.

There also were "doubts and discussions about the historic compromise" inside the Communist Party, Napolitano conceded, "but not opposition."

Despite international "opposition and threats," he indicated that the Communists are no longer satisfied with the informal consultations in Parliament that have given them an effective veto over major parliamentary actions in the past year. They now want to be in the Cabinet.

"The Parliament did not work badly during the past year," he said. "But the Cabinet did not fully carry out the laws the Parliament passed. You never knew how much of the money Parliament appropriated for new investments would actually get spent. The administration is a great mess."

The Socialists are suggesting that the Communists should limit themselves to supporting a new Christian Democrat-Socialist coalition that would give the Communists a right to control case-by-case decisions in a common, pre-arranged legislative program, Napolitano said.

Socialist Party foreign policy expert Antonio Gioletti "said to us when he came from Washington that the United States would accept such a situation," Napolitano added. He said that he had no direct evidence of Washington's attitude. Socialist Party sources confirmed that Gioletti said he had picked up such signals during high-level contacts in Washington in May.

In return for a formal governing role, Napolitano suggested that the Communists would use their strong influence in trade unions to help bring the soaring government deficit and balance of payments gap under control.

Communist presence in the government would "Guarantee that sacrifices are divided in a socially just way," the Communist leader said, adding that his party would back laws to end tax evasion, tax the affluent more heavily, and curb real estate speculation. It would urge the population to reduce sharply personal consumption of import items such as meat and oil, and Napolitano did not exclude the possibility of rationing.

While opposing price controls, he said the party would help get trade unions to agree "not to seek higher wages" and to give up a part of their automatic cost-of-living increases in return for increased private and public investment in job-producing areas.

He also called for a reorganization of the government's treasury, finance, industry and budget ministries, which he said had overlapping and often undefined responsibilities.

"In the first 20 days of the campaign only the Communist Party spoke about the sacrifices the country must make. Our opponents spoke of Prague," Napolitano said.

ISRAEL: STATE OF SIEGE

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. LONG of Maryland. Mr. Speaker, I should like to share with my colleagues an article appearing in the June 14 issue of Newsweek. In "Israel: State of Siege," George F. Will helps us to focus on the desperate situation in which Israel finds itself:

ISRAEL: STATE OF SIEGE

JERUSALEM.—A small glass case in a museum here contains only a child's dusty, crushed shoe. Found at Treblinka death camp, the shoe reminds: no calamity is unthinkable. That is the premise of Israel's statecraft.

As prosecuter of Eichmann, Gideon Hausner was attorney general for 6 million victims. Today he ticks off statistics. One-third of all Jews died. Today there are 20 million more Japanese than before the war, 15 million more Germans, but fewer Jews. Like

most Israelis of governing age, Hausner is haunted by the fact that Goethe's nation became Göring's nation, and no other nation acted to save the Jews. When Coventry Cathedral was bombed, reprisal raids were visited upon Germany. When Jews begged that Auschwitz be bombed they were told that bombs were needed for "essential" operations.

Since the Holocaust there have been four wars (five, counting the 1969–70 "war of attrition") against Israel, the survivors' haven. The Arab warmakers have half a point when they say Israel is an "outpost of the West." They are wrong in suggesting that most Israelis are Westerners; most Israeli Jews are from families of immigrants from Arab nations. But Israel is an enclave of Western democratic values in a region where the only other nation even tolerant of such values (Lebanon) is bleeding to death. In Israel these values, like the orchards, are prospering against high odds.

"BEING BEFORE WELL-BEING"

The 3.4 million Israelis (less than 3 million Jews) pay the world's heaviest taxes. Taxes take 71 per cent of national income. The inflation rate is 30 percent. No wonder emigration and immigration rates are converging. Israel's economic policy is, tersely put, "being comes before well-being." Thirty-five per cent of GNP goes for defense. The 1973 war cost a year's GNP.

Statistically, but not psychologically, Israel is a "garrison state." Israelis insist that theirs is not a "real" army, that it is just society in khaki. Arabs would not agree. But the full-time professional army is small. There is universal conscription for both sexes and reserve duty through age 55. The deputy general of the Bank of Israel glances at his watch and excuses himself from the lunch table. He must, in the constantly heard phrase, "go to the army." He will be in uniform in an hour. When virtually everyone is in uniform, or soon will be again, there is no military caste insulated from democratic values.

Israel's values are being tested in its occupation of the Jordanian West Bank. Israel has made only three significance changes in local law. There is no longer capital punishment, or property qualifications for voting, and women can vote. West Bank residents elect local officials and publish anti-Israeli newspapers. In Arab countries only the latter is permitted.

Israel has been an occupying power for nearly a third of its 28 years of national existence. It has had "Kent States." Violent demonstrations have panicked Israeli soldiers. There have been fatalities. But the occupation administrators think the demonstrations may be a part of a new and yeasty political process that will produce an indigenous West Bank Arab leadership, independent of the Palestinian radicals in Beirut and willing to work and eventually negotiate with Israel. At least leaders of stonethrowing mobs cannot easily be dismissed as quislings.

IN RANGE OF VIOLENCE

A few Israelis hope that occupation will become annexation. They are not facing demographic facts. There are 700,000 Arabs on the West Bank, where the average age is under 30 and the birth rate is high. Annexation might eventually produce an Arab majority in expanded Israel. Such a state could not be both democratic and Jewish.

The occupied territories in Egypt, Jordan and Syria were conquered during the 1967 war. That war came at Israel from across the Sinai wastes, across the Jordan River, and down from Syria's Golan Heights. For nineteen years, from 1948, most Israelis were in range of random violence launched from territory now occupied, as any Israeli will tell you at the drop of a map.

Israelis are map junkies. They have maps on their walls, in their pockets, in their heads. They draw maps in the desert dust. In the vicinity of a map an Israeli's index finger is drawn to the spot where prior to 1967, Israel's waist was 10 miles across. There an Arab armored column could have sliced Israel in half in an hour. The combination of 1967 weapons and 1967 borders was intolerable. Israel's military leaders insist that more powerful 1976 weapons (especially anti-aircraft missiles) at the 1967 borders would be fatal.

The dialectic of changing Arab weaponry and changing Israeli perceptions of defensible borders complicates the pursuit of peace. But that is less important than the fact that key Israeli leaders are mildly optimistic about the possibility of pursuing peace. They have adopted a determinedly hopeful evaluation of the events set in train by the 1973 Yom Kippur war.

Syria and Egypt attacked on Oct. 6. After several desperate days Israel turned the tide. Concerned for his Arab clients, Brezhnev summoned Kissinger. They promptly imposed a cease-fire in time to save an Egyptian Army, and Egyptian President Sadat's skin.

The cease-fire turned a military shambles into a success, of sorts, for Egypt.

The Arabs launched their surprise attack with a tank advantage better than Montgomery's advantage over Rommel at El Alamein. But Egypt's meager prize, salvaged in Moscow, was a tiny strip of sand on the east side of the Suez Canal. That was enough. It removed the pressure on Sadat to do something violent to Israel.

Israel gave up some strategically significant Sinai terrain, and its only energy source, the Abu Rudeis oil fields that were providing 60 per cent of its oil consumption. Israel got nothing tangible from Egypt, but not generous aid agreements from the U.S. In effect, the U.S. bought some of the Sinai for Sadat.

Today President Ford is urging Israel to "dare the exchange of the tangible for the intangible." Israel just might dare because it thinks the interim agreement, and exercise in trading tangibles for intangibles, marginally improved Israel's long-term political hopes and decreased the short-term military threat. The Israelis believe it drove a wedge between Egypt and Syria. And they see the agreement as part of the process of weaning Egypt away from Soviet military aid to a U.S. diet that emphasizes economic aid. In their muted, guarded optimism Israeli leaders reason as follows:

As a nation's middle class grows, the nation is apt to become less bellicose. Egypt is a far cry from a bourgeois society, but development is an irresistible Egyptian aspiration.

THE TRAGEDY OF POVERTY

Egypt is one of the world's poorest nations. It is the most urbanized Arab nation, and public services are groaning under the strain. Egypt has a GNP the size of Israel's but a population eleven times larger.

The tragedy of the Middle East is captured in this fact: Egypt's per capita income is $280 a year, less than the price of two tank shells. The hope for the Middle East may be in the movement of many hundreds of thousands of Egyptians into the Suez Canal cities Sadat is rebuilding. Sadat is putting people and precious resources smack in the probable path of any future war.

Obviously this Israeli optimism is fragile. It rests on one man. Regarding Sadat's putative new priorities, the evidence is meager. Besides, Sadat is mortal, and has a heart condition. Anyway, in this region regimes sometimes change with unseemly speed. And then there is Syria, another nettle to seize. As always, making peace will be like making whole eggs from an omelette.

At the moment, Israel is like the man who, having been convicted of a grave crime, was told by the king: "I intend to sentence you to death, but not for two years, and I will reconsider if by then you have taught my horse to talk" Later, to puzzled friends the man explained his optimism: "In these two years I may die a natural death. Or the king may die. Or the horse may talk."

But Arabian stallions don't talk, least of all to utter the words that could change everything: "Israel has a right to exist." So because a dialectic of ideas is impossible for now, Israel will try for a dialectic of actions. It will consider major concessions on all three fronts in exchange for progress toward a peace that is more than merely an absence of violence, a peace of normalized relations, involving freer movement of goods ideas and people between nations.

In Israel's eyes, the principal obstacle to peace is the Arabs' position on Israel's right to exist, not Israel's position on a "national entity" for Palestinians. In 1948 Israel was created from one-sixth of 1 per cent of lands inhabited by Arabs. Between 1948 and 1969 when Arabs spoke of "occupied territory" they meant Israel. No Arab nation has disavowed that notion.

Today most Palestinians live in either occupied and unoccupied Jordan, which is, historically and geographically and ethnically, part of Palestine.

The Israeli Government put the "Palestinian question" at the bottom, not the top, of a three-item Middle East agenda. A Palestinian entity must link the West and East banks, and must be negotiated between Israel and the regime in Amman, Jordan. That regime probably will be too timid to negotiate unless Cairo and Damascus have already come to terms with Israel.

A place to ponder Israel's situation, absent peace, is in the ruins of Belvoir, a twelfth-century Crusader castle.

Various Arab leaders have said that Israel is like the Crusades, a short-lived instrusion by people who never belonged in the region. Belvoir is on a promontory in lower Galilee. To the north, across the Sea of Galilee, are the Syrian hills from which so much trouble has come. To the south runs the Jordan valley, across which tanks have driven toward Jerusalem. Belvoir is on a sparsely populated line that runs from Syria's Mount Hermon south to Sharm el Sheikh, where in 1967 Nasser blocked Israel's access to the Red Sea, thereby causing the war that produced the current borders.

"CONFRONTATION COUNTRIES"

A chain of Israeli settlements stretches along this line. These settlements are a terrible idea. They stimulate the fantasies of Israeli expansionists, including (but not confined to) those fanatics who find in the Bible divine injunctions to expand Israel. Fortunately, today's Israeli Government will not let the settlement stand in the way of peace. But pending peace, a mixture of settlements and military posts along the occupation borders are Israel's way of providing the "defensive depth" it thinks it needs.

The "confrontation countries" surrounding Israel have standing armies that can be on the move six hours after receiving marching orders. Israel's reserve-based army requires 36 hours to mobilize. In a surprise attack, as in 1973, territory is time: "defensive depth" must provide the 36 hours that are Israel's life.

On the stony ground beneath the blazing Mediterranean sky, with one's back to the sea, life is real, life is earnest. Born from ashes it shall return, Israel understands what Stephen Crane meant:

> A man said to the universe
> "Sir, I exist!"
> "However," replied the universe,
> "the fact has not created in me
> A sense of obligation."

The poem contains the premise of Israel's statecraft.

ANYTHING, MR. MAJORITY LEADER?

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. ANDERSON of Illinois. Mr. Speaker, yesterday's Washington Post carried an article by Mary Russell on the heir-apparent to the speakership, our present majority leader, Mr. O'NEILL. I was particularly interested in the last two paragraphs of that article which read as follows:

> O'Neill is concerned with the depressed mood of the country in its Bicentennial and the low public image of Congress.
>
> One promise he makes is that when he is speaker, "I'll go on TV. I'll talk to reporters or I'll do whatever it takes to help improve the image of Congress."

Mr. Speaker, I think it is most gratifying that our distinguished majority leader is willing to make the supreme sacrifice of going on TV and even of talking to reporters to help improve the image of Congress. But I would caution the majority leader that this will not be enough. He is not the Congress, cannot possibly speak for the entire Congress, and the image he projects through the media is not necessarily the publicly held image of the Congress. While I commend the majority leader on his individual efforts to help improve the image of the Congress, I would suggest that only the Congress can speak for itself through its collective actions and words. And I would further suggest that the best way the Congress can project its true image to the American people is by permitting the broadcast media to cover its committee meetings and floor debates. The polls indicate that most Americans rely on the broadcast media, particularly TV, as their principal source for news and information about government and politics. Moreover, 68 percent of the American people favor the broadcast coverage of congressional floor proceedings. A recent poll of House Members reveals that 69 percent favor permitting broadcast coverage of our floor deliberations. The majority leader is well aware that the public image of Congress received a substantial, albeit temporary, boost when we allowed the broadcast coverage of the Judiciary Committee's impeachment deliberations.

Mr. Speaker, I am disturbed by earlier reports in the press that the majority leader is opposed to televising the House sessions on the grounds that it will further lower the public image of Congress by focusing on Members napping. I am further disturbed by quotes attributed to him that he does not feel there is sufficient news value in our proceeding to warrant the gavel-to-gavel coverage of our sessions, and that he would only favor permitting such coverage when there is an important measure on the floor such as the budget resolution. Nobody is seriously suggesting that the media would actually broadcast everything. But the proposal of our ad hoc Subcommittee on Broadcasting for gavel-to-gavel coverage would permit various networks and individual stations to select what they, and not the House leadership, considers newsworthy for their news and documentary broadcast purposes. For the leadership to determine when the cameras should be turned on and off would be comparable to asking newspaper reporters to stop taking notes and to leave the press benches during certain debates. This is basically a matter of equity, and I think the broadcast media should have the same right of full access with their reportorial tools, microphones and cameras, as the print media now enjoy.

Mr. Speaker, if the majority leader is truly interested in doing "whatever it takes to help improve the image of Congress," I would recommend he begin by throwing the full weight of his support behind the broadcast resolution now pending in the Rules Committee so that Members may have a chance to vote on it.

At this point in the RECORD I include the Post article:

O'NEILL SILENT ON SPEAKERSHIP, ACTIONS SPEAK FOR MAJORITY LEADER'S ABILITIES

(By Mary Russell)

The man who is almost assured of being the next Speaker of the House—Majority Leader Thomas P. O'Neill—doesn't want to talk about what kind of Speaker he will be.

That would be discourteous to retiring Speaker Carl Albert. "He's the Speaker for the next six months and as far as I'm concerned that's that," O'Neill (D-Mass.) said.

But if O'Neill isn't talking about it, he lost no time during the current Wayne Hays episode demonstrating that he could be a strong and decisive leader.

Both O'Neill and Albert were in England accepting an original copy of the Magna Carta when House Administration Committee Chairman Hays (D-Ohio) was accused of having a mistress on his payroll. Hays admitted a "relationship" with the woman, Elizabeth Ray, but denied he hired her to be his mistress.

When they returned from England, Albert vacillated on the question of what to do about Hays, but O'Neill moved in, and came down hard and fast in support of Hays' removal as chairman of the Democratic National Congressional Committee and the House Administration Committee.

Hays agreed to give up the campaign committee, but has yet to agree to give up the Administration Committee post.

Despite bargaining by Hays (he is reported to have offered to step aside but not down if he could name his successor), despite pleas by emissaries on Hays' behalf, O'Neill has remained adamant: Hays must step down until he is vindicated or be deposed by the House Democratic Caucus, the organization of all House Democrats.

Wednesday night Hays took an overdose of sleeping pills, and while caucus action on Hays scheduled for this week will be postponed, sources say it still will take place if he does not resign his Administration chairmanship.

O'Neill admitted some of his colleagues feel his stand is "harsh." "I know a man is innocent until proven guilty and I hope for his sake Hays is vindicated. But a man in public office must be like Caesar's wife, above suspicion. There is a double standard for public officials, and in this goldfish bowl we live in we have to adhere to it," O'Neill said.

"There's not a vindictive bone in my body. But I'm the leader of the party, that's my problem. I have to protect the other 286 Democrats in the House. This has received such national prominence that in fairness to his colleagues, and for the decency and dignity of the House, he must step aside."

O'Neill also is sensitive to charges that the House leadership has been weak, and aware that his colleagues have not elected him yet and are watching and judging his behavior.

O'Neill is sending them an unmistakable signal that he knows how to lead and will.

"There is no way he is going to be a vacillator or indecisive," a source close to O'Neill said.

"When I make a decision I stick with it," O'Neill said. "That doesn't mean I never had a change of policy when I think I'm wrong. I changed my policy on the [Vietnam] war when I thought I was wrong in my hawk position, but I've never been pushed around."

The 63-year-old Massachusetts Democrat was raised on Irish ward politics in Boston. In his upcoming book, "The Futile System," House Minority Leader John J. Rhodes (R-Ariz.) calls O'Neill "the most partisan man I've ever known," and adds O'Neill "would much rather deliver a partisan attack . . . than sit down with the [Republican] President and avoid a veto."

"I am a partisan sort of fellow," O'Neill said. "When I was speaker of the House of Massachusetts, I never compromised. If I don't succeed, then it's time to compromise, but not before."

O'Neill was speaker of the Massachusetts House from 1948 until 1952, when John F. Kennedy was elected to the U.S. Senate and O'Neill won his House seat.

A big, bear-like man with a baggy white mane, O'Neill comes from the "Last Hurrah" school of politics but is sympathetic to the new breed.

He has campaigned for freshmen House members all over the country and says that while the 75 new members were critical of House procedure at first, "They're more appreciative of what is happening now. Most of them never held public office before. Now they know the wheels of government just don't move as fast as they might like."

O'Neill also is ready to work with Democratic presidential front-runner Jimmy Carter. "Carter will come in and he'll say, 'Look, I've been critical of Washington. But now I'm going to work with you to restore faith in government' and working together we can set guidelines to clean up the bureaucracy."

O'Neill is concerned with the depressed mood of the country in its Bicentennial and the low public image of Congress.

One promise he makes is that when he is speaker, "I'll go on TV. I'll talk to reporters or I'll do whatever it takes to help improve the image of Congress."

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago today, on June 14, 1776, the Continental Congress recommended to the New York Convention that it "make provision for detecting, restraining, and punishing disaffected and dangerous persons in that colony, and—prevent all persons from having any intercourse or correspondence with the enemy." Congress acted after receipt of a letter from Washington warning the failure by New York authorities to detain suspected and dangerous loyalists could lead to serious internal security problems for the colony.

There were approximately 500,000 loyalists—20 percent of the population—in the Colonies during the Revolutionary War. New York furnished approximately 15,000 men to the British Army and over 8,000 men to the Loyalist Militia.

AID, NASA PLAN ATS-6 PROJECT TO ASSIST DEVELOPING COUNTRIES

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. TEAGUE. Mr. Speaker, a demonstration of how space and other advanced technologies can be used to benefit the people of developing countries will be undertaken jointly this summer by the Agency for International Development—AID, and NASA. I am including in the RECORD the text of a NASA news release so that my colleagues can be aware of yet another payoff from our space program:

ANOTHER PAYOFF FROM OUR SPACE PROGRAM

The programs in the demonstration project will consist of both filmed and live portions. The live segment will consist of a two-way discussion between U.S. personalities and representatives of the countries receiving the demonstration. There will also be a local program which will be developed largely in the host country and will feature the communications abilities of the satellite.

The filmed portion will begin with a bicentennial greeting from the U.S. and will be followed by three distinct segments featuring communications technologies, remote sensing satellite capabilities and high resolution aerial photography. Various applications of these capabilities in association with other technologies will be featured to indicate the applications of these resources to the problems of the poor.

The demonstration program also will show films illustrating how the NASA remote sensing satellite, Landsat, is being used in developing countries to facilitate range management in Africa's Sahel, location of pure water in Kenya, forest inventories in Thailand, identification of new land formation in Bangladesh, location of iron ore deposits in Egypt and better planning of highway routes in Iran and Bolivia.

ATS-6 was launched May 30, 1974, and is currently on loan from NASA to the Government of India, which is using it to transmit information on family planning, farming, nutrition and health measures into remote villages. When this one-year satellite instructional television experiment is completed July 31, NASA will move the satellite westward in its geosynchronous orbit to a location over the Western Hemisphere. During transit from an altitude of 36,380 kilometers (22,300 miles) above the Earth, it will beam audio or audio-visual presentations in black and white or color to special receivers on the ground.

A major feature of the satellite is the ability of small highly portable transmitters and receivers to use its capabilities which include a direct broadcast capacity of high-quality television, as well as sound, to remote areas. AID officials and NASA specialists plan to set up one transmitter/receiver unit in the capital of each participating country and up to five receivers in outlying locations. Color television monitors will be provided for each receiver terminal site.

Plans for the demonstration, employing NASA's most advanced communications satellite—ATS-6, otherwise known as the "Teacher in the Sky"—were announced today by AID Administrator Daniel Parker and NASA Administrator James C. Fletcher.

The three-month demonstration, beginning Aug. 1, will illustrate how the application of space communications, remote sensing from the Landsat Earth resources satellites, and high-resolution aerial photography can help some of the world's poorest people boost food production, improve their health and nutrition, expand family planning and raise income levels. As many as 30 developing countries in Asia, Africa and Latin America are expected to participate in the project. AID is providing $3 million to finance the demonstration.

The project is the first step in fulfilling a pledge made by the United States Government to help developing countries improve their economies with advanced technology.

Secretary of State Henry A. Kissinger, addressing the U.N. Conference on Trade and Development in Nairobi, Kenya, May 6, emphasized the use of satellite technology to improve cooperation between industrialized and developing nations. Parker said that, depending on the response to the demonstration, AID would be prepared to propose a long-range follow-up technology program to Congress.

The program will demonstrate how aerial photography can be used in disaster relief, disaster assessment and prediction of certain kinds of catastrophes such as earthquakes, volcanic eruptions and severe storms.

Under its contract from AID, NASA will move the transmitter and receiver equipment associated with the satellite demonstration from country to country. NASA technicians will also be responsible for the operation of the satellite and associated equipment.

FLAWS IDENTIFIED IN ECOLOGY SCARE TALK

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. SYMMS. Mr. Speaker, it seems like any argument is fair game in the effort to close down American productivity and strangle our economy in the name of environment. What is especially disgruntling in Washington, D.C., is our lack of access to any balanced press coverage of this continuing struggle.

The Elko Daily Free Press carried an excellent article in March, quoting the findings of Dr. John J. McKetta of the University of Texas, a man whom I know and admire greatly.

I would like to enter those remarks at this point in the RECORD:

[From the Elko (Nev.) Daily Free Press, Mar. 2, 1976]

EDITORIAL: FLAWS IDENTIFIED IN ECOLOGY SCARE TALK

Two speakers at a recent San Diego conference on the failures of land use planning effectively zeroed in on the flaws of the spurious "environmental protection" smokescreen which has been employed so effectively during the past decade by those who advocate the error of centralized planning.

The first of the speakers was John J. McKetta, a professor of chemical engineering at the University of Texas; and the second was Carl Savit, a geophysicist with impressive credentials as a genuine ecologist—which means he is honestly interested in measuring environmental impacts, as a contrast to those who exaggerate environmental fears for the purpose of political trickery.

Today we will discuss some of the points made by McKetta; and tomorrow we intend to pass along some of Savit's observations.

McKetta built his presentation around a series of environmental "surprises" which illustrated how ecology nuts and their political accomplices and stooges have been lying to the American public.

Among those "surprises" was his claim that DDT "is the greatest and most beneficial chemical ever compounded by man," surpassing penicillin, which he says ranks in second place. He pointed out DDT has had a miraculous impact on arresting insect-borne diseases and on increasing grain production from fields previously ravaged by insects.

He reported DDT has saved more human lives in a direct manner from such diseases as malaria than has penicillin; and in a more indirect way has saved additional millions of humans from starvation by killing the insects that were devastating food crops. He quoted Dr. Norman E. Borlaug (who won a Nobel prize for developing a new strain of wheat that can double the food production per acre anywhere in the world that it is grown) as declaring: "If DDT is banned by the United States, I have wasted my life's work. I have dedicated myself to finding a better method of feeding the world's starving population. Without DDT and other important agricultural chemicals, our goals are simply unattainable."

McKetta reported recent scare talk about the ozone layer above the earth is not substantiated by factual evidence. Estimates on the amount of ozone have been shown to be in error by as much as 300 percent, he noted, and some studies contend the amount of ozone has increased rather than decreased, in the past several years.

Moving to the antics of the governmental agencies tangled up in the environmental mess, McKetta reported federal agents have reached the point where they demand that noncancerous tumors caused by injecting various foreign materials into laboratory animals must be regarded as evidence that such materials are "carcinogenic." He noted that both aspirin and table salt will cause tumors in laboratory rats, but observed "Congress doesn't have enough guts" to ban those.

He also pointed out penicillin, widely regarded as beneficial, is fatal to one person in 10,000 because of allergic reactions—and he noted many of the targets of fanatic scare talk have lower "kill ratios" than that.

McKetta declared that, except for localized conditions, the environment in the United States is better right now than at any time during the lifetime of any person now alive.

He attacked the pretense advanced by ecology extremists that man is the great polluter by pointing out three volcanoes have produced more air pollution than all the pollution generated by man during his entire history. The three volcanoes were Krakatoa, near Java, in 1883; Mt. Katmai, in Alaska, in 1912; and Hekla, Iceland, in 1947. A large percentage of pollution comes from nature, he said, and will be present regardless of what man does.

McKetta also disputed other aspects of the contentions of those who say they would like to return to the "good old days." In the first place, he pointed out, 2,000 years ago 97 out of every 100 people would be slaves; and secondly, in more recent times, Americans only 150 years ago faced a life expectancy of only 38 years, with an average work week of 72 hours. Those Americans of 150 years ago survived without pesticides and without fresh vegetables during the winter, which caused real problems of vitamin deficiency; were faced with epidemics every year that took literally millions of lives; and were forced to contend with water pollution that was more than unpleasant, it was deadly—in 1793 one person in every five in the city of Philadelphia died in a single epidemic of typhoid as a result of polluted water.

He also derided the fear mongers for practicing witchcraft with modern themes in their opposition to such needed improvements as nuclear power generation, oil pipelines and petroleum refineries.

McKetta reported nuclear power plants are the most efficient, cleanest and safest means of generating electricity—the history of such plants to date has provided a remarkable record of zero deaths and zero over-radiation—and yet the builders of nuclear plants must prove they are not witches before they can proceed with construction.

Pursuing this topic, McKetta pointed out Thomas Alva Edison declared at one time that alternating current electricity was too dangerous for general public use. McKetta observed that American technology had overcome the hazards involved with electricity, as it has overcome the obvious hazards involved with gasoline—and it will overcome the hazards involved with nuclear power plants.

"We are not on the brink of environmental disaster," McKetta said; and proponents of beneficial development and activity should be allowed to operate without the detractions of the witchhunters who are fronting for the centralized planners—who are strangling the American economy.

RESIDENCY REQUIREMENT

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. DERWINSKI. Mr. Speaker, WMAQ-TV in Chicago broadcast an editorial on June 4 opposing the proposal now being considered by the Chicago Board of Education to require Chicago public schoolteachers to live within the Chicago city limits. Reasons why such a rule should not be instituted are cogently presented in the editorial, and I insert it in the Record. The recent Supreme Court ruling making a residency requirement constitutional for local Government employees can lead to a serious mistake not only for the Chicago school system but for other cities throughout the country.

The article follows:

[From WMAQ-TV, June 4, 1976]

Editorial 5

Today's question: Should Chicago public school teachers be required to live inside the Chicago city limits? Our answer is no.

The Chicago Board of Education is considering a proposal by Mrs. William Rohter that would require people hired by the board—teachers and other personnel—to live in Chicago. Present employees who live in the suburbs would not have to move, but they would not be eligible for promotion unless they did.

The school board is separate from Chicago city government which already has a residency requirement. According to a recent U.S. Supreme Court decision that kind of law is constitutional.

We do not think it is a good idea for teachers, however. If Chicago wants to require police officers and firemen to live in the city, that's one thing. But teachers are not law enforcement officials. They are not on duty or on call 24 hours a day. Where they choose to live is essentially irrelevant to the job they do.

Mrs. Rohter thinks school board employees should live in the city from which they earn their money.

We think employees should live in the city from which they earn their money. We think employees should be judged on the quality of their work, not on whether they have a zip code with the numbers 606.

This is a big city. Very few of the 29,000 teachers are assigned to the school nearest their homes—not much chance of that with some 600 schools in Chicago.

The most significant argument against a residency requirement is that it could be harmful to the quality of education in Chicago. We don't think anyone will quarrel with the idea that Chicago needs the best teachers it can hire.

If the school board starts telling people where they have to live, many excellent teachers may simply decide that they will work somewhere else.

It is all very well for Mayor Daley and others to campaign for people living in Chicago, but our school system cannot afford to turn away good teachers who believe they should be allowed to live wherever they choose.

ELIMINATE TOBACCO UNDER FOOD FOR PEACE

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. PEYSER. Mr. Speaker, tomorrow the appropriations bill for agriculture and related agencies programs for the fiscal year ending September 30, 1977 will be considered on the floor. I will be offering an amendment to prohibit the exportation of tobacco under the food for peace program.

The Public Law 480 program, since its inception 20 years ago, has aided poor and starving people throughout the world by providing them with the basic food commodities they need to survive during times of major food shortages. In this light, our food for peace program has greatly contributed to our international reputation of providing food to needy people everywhere.

However, there is one aspect of the current program which not only threatens our credibility but, I feel, discredits the program as a whole. That is: The exportation of tobacco.

Tobacco is the only nonessential agricultural commodity exported as part of the food for peace program. In the last 20 years, over $600,000,000 worth of tobacco has been exported under the guise of the Public Law 480 program. And, if the proposed legislation is passed, another $15 million will be spent in 1976.

At a time when we are faced with increasing world hunger, when the health hazards of cigarette smoking are widely recognized, and when all Government programs are being closely examined as to their need and cost effectiveness, I can see no reason for continuing this outrageous program of providing tobacco to developing nations in the name of food for peace. It is for these reasons that I will offer the following amendment to H.R. 14237:

On page 39, line 18 after the number "$488,790" delete the period and insert instead thereof a colon and add the following: "*Provided,* That none of the funds contained in this appropriation shall be made available to purchase or export tobacco."

OLD GLORY

HON. DON H. CLAUSEN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. DON H. CLAUSEN. Mr. Speaker, during our Bicentennial, each of our national holidays acquires a special significance. On June 14, as we celebrate Flag Day, it is appropriate to pause and reflect on what our flag represents.

"Old Glory" or the "Stars and Stripes" has a particular meaning during our Bicentennial Year. During the past 200 years the Star-Spangled Banner, like our great Nation, has changed while it has remained constant. The alternate red and white stripes represent our steadfast adherence to our concept of one Nation under God, with liberty and justice for all, while the ever-increasing number of stars represents the assimilation of peoples, ideas, and cultures which developed the United States from a tiny confederation of colonies to our present position as leader of the free world.

I was recently privileged to address an old fashioned patriotic rally sponsored by the city of Ukiah in the beautiful Redwood Empire of California. Having been a member of the B.P.O. Elks for 33 years I was particularly pleased to participate in that portion of the ceremony conducted by the Ukiah Lodge. It is tremendously encouraging to see manifestations of the genuine "spirit of America" at these times when that spirit is so badly needed.

I would like to share with my colleagues some Bicentennial observations which I made at the Ukiah ceremony:

The American Bicentennial is a celebration of the American Revolution. But the American Revolution was not simply an event that took place in July 4, 1776. The American Revolution was not even the summation of a series of events, but rather was a venture into the unknown, the culmination of ideals, creativity, and commonsense that found expression in both the words and deeds of our ancestors.

Nor did the Revolution end in 1789 with the Ratification of the Constitution of the United States. Its spirit and its principles have remained with us right up through the present.

The motivating concept behind the Bicentennial celebration of the American Revolution should then be the reaffirmation of this spirit and these principles upon which this Nation was founded.

Two hundred years ago, the founding fathers came together to form a more perfect union. They took a risk never before taken in the history of mankind.

This was not the risk of rebellion, for rebellions reoccur constantly through history. Rather it was the risk of forming a government under which the people would be both sovereign and subject, the rulers and the ruled. It was the risk of uniting persons of diverse races and religions and of unequal education, wealth, intellect, and background under a common Republican form of government.

Two hundred years later, our vast continent settled, our visions turned to the limits of the universe, we can be proud of the successes in our experiment, and the fact that we Americans are in a position of leadership in the world. But more importantly, we can be proud that we have an enduring system of government which has guided this Nation through two hundred years of extraordinary growth, challenge, and change. Functioning democracy in our Republican form of government has given us an unparalleled political stability in the world of nations—even though subjected to the challenges of constitutional, economic and security crises.

The strength and resilience of our Government can be traced directly to the men and women who founded this country. They were truly remarkable, not only for their expression of high ideals but also for their ability to translate those ideals into action. They were extremely practical, but their practicability dealt not so much with the specifics of their time as with the implementation of concepts applicable to any time.

Today as we prepare to celebrate our two hundredth anniversary as a Nation, America's genius and common sense are again tested. We again struggle to define who we are and what our real purpose is. The Bicentennial presents us with an unparalleled opportunity to reexamine the origins of our laws, the foundations of our institutions, and the achievements of our forebears. For only if we fully understand our past can we intelligently understand our future.

The Bicentennial is an occasion to press forward in our continuing search to form that more perfect union.

Our nation has always been heralded as "the land of the free and the home of the brave", with "liberty and justice for all."

1976 presents a greater challenge to every individual, group, and organization. All Americans must set goals which would improve the quality of life for ourselves and future generations.

If it can be said that the ferment and uncertainty and adversity of today are in many ways reminiscent of the America of 200 years ago, indeed even of the America of 100 years ago, then the Bicentennial could be a rallying ground for diverse points of view. It could help generate the spirit of renewal and rededication that can be a positive and constructive force for the improvement of our society.

Americans living today are extremely fortunate to have this opportunity to play such a vital role in the Bicentennial Year of our country. We share a rare moment in our history. The challenges are great, but so are the people.

Two hundred years ago we dreamed of a system of laws that would be equitable for all. We dreamed of insuring a body of rights to ourselves and our posterity.

One hundred years ago we dreamed of new horizons of invention. We dreamed of achieving affluence, and we dreamed of being a leader among nations.

Thirty-two years ago today—D-Day for those of you old enough to remember—we dreamed of victory as our troops stormed the Normandy beaches in the largest amphibious invasion the world had even seen—the first successful invasion across the English Channel since William the Conqueror.

Our goal then was a world made safe for democracy; a world in which we would experience a freedom from want and a freedom from fear.

Many cynics will tell you that the days of dreaming are over. But they cast their eyes downward, searching for a defect, a flaw, the clay feet of the idol rather than looking up toward distant horizons to discover the unknown, to find new solutions to old problems, and to make a better world for ourselves and our children.

During the past 200 years Americans have consistently dreamed of and worked for a better future, a better way of life, a world with more justice, more peace with freedom, more brotherhood, and more liberty for all.

Let us, during this Bicentennial observation of our Nation's birth, rededicate ourselves to the attainment of these goals.

This is one Nation, under God.

It is our Nation—to defend, to enhance and to protect.

We must be willing to pay a price for freedom, for no price that is ever asked for it is half the cost of doing without it.

NEW SOVIET RESTRICTIONS ON MAIL WILL FURTHER ISOLATE THE RUSSIAN PEOPLE

HON. JAMES V. STANTON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. JAMES V. STANTON. Mr. Speaker, I deeply regret that the Soviet Union has chosen to erect a new barrier to communication between its citizens and the West by establishing severe restrictions on the mailing of packages into the country. The burden of these restrictions falls most heavily upon those who are in disfavor with the Government—particularly those who are seeking to emigrate—and thus have been denied gainful employment.

Upon learning of the new restrictions, I immediately wrote to the Soviet Ambassador, the Secretary of State, and the Postmaster General seeking an explanation. I am also joining with my colleague from New York, Congressman NORMAN LENT, in cosponsoring a resolution condemning the Soviet action and calling on the U.S. Government to protest it formally.

For the information of my colleagues, I would now like to insert into the RECORD copies of newspaper articles on the matter which appeared in the Cleveland Plain Dealer and the Cleveland Jewish News, copies of the letters I sent, and a copy of the interim reply I received from the State Department:

[From the Cleveland Jewish News, May 28, 1976]

SOVIETS TO PLACE NEW RESTRICTIONS ON MAILING PACKAGES

(By Vivian Witt)

The link between Westerners and Soviet Union citizens—always fragile—is even more tenuous now, with new, unexplained restrictions on packages slated for the USSR to go into effect June 15.

The Soviet government will hike the duty on packages to the Soviet Union by at least 50%, while cutting down on the amount allowed to be shipped.

The new restrictions are being probed by Rep. James V. Stanton (D. 20) whose office was informed of this through several constituents, both Jews and non-Jews, who frequently send packages to the Ukraine.

In a statement to The Jewish News, Stanton said, "I would hope that this is not still another attempt by the Soviet Union to interfere with contacts between the peoples of our two countries. I am communicating with authorities in both countries to determine whether this is the case."

The congresman has written to the U.S. State Department, the Soviet Ambassador, the U.S. Post Office, and has called the Soviet Embassy on the matter. His office received a curt and abrupt reply from the Embassy, and was told to call back the next day.

Stanton's spokesman told The Jewish News that whether the new restrictions are directed specifically to Jews "is a matter of interpretation."

Mrs. Morris Mandel, an active member of the Cleveland Council on Soviet Anti-Semitism, pointed out that Soviet citizens have not been receiving packages at all since September 1.

"We also have lots of difficulty with letters. They're not getting through, and we are not getting receipts back." The information on packages is relayed through tourists who have visited behind the Iron Curtain.

Mrs. Mandel said that groups and individuals sending packages to Russia through the two offices of the authorized agent in this area always prepay the duty.

"As an example of the new restrictions, the prepaid duty on a scarf will go to 4 rubles—it has been 2.25 rubles. The duty often exceeds the cost of the item," she explained. "We'll only be able to send 12 yards of material to Russia, where formerly we could send 42."

Mrs. Mandel said that yard goods and clothing are the most common items that are shipped.

Certain appliances that are manufactured in Russia could at one time be paid for here for delivery there. As of Dec. 1, this was no longer possible, she said.

"We don't know the reason behind any of this, although there is a lot of speculation. We don't think it's a dollars and cents question, but rather yet another measure taken by the Soviet government to limit contacts with the West," she concluded.

[From the Cleveland Plain Dealer, June 2, 1976]

SOVIETS SKYROCKET DUTIES ON PARCELS

(By Darrell Holland)

In a major policy change, the Soviet Union will make it more difficult later this month for Americans to send packages behind the Iron Curtain.

Duties will be increased an average of 50% June 15. The amount allowed in a package will be cut. And, according to a Parma parcel service that sends hundreds of packages to the Soviet Union annually, goods shipped last September are only now arriving at their destination.

Rep. James V. Stanton, D-20, said he has asked the State Department the reason for the change in Russian policy, but got no comment.

But Ihor Rudenskyj, a Ukrainian who operates the Globe Parcel Service, 5432 State Rd., Parma, said he suspects it is "to hurt the Soviet relatives of Americans."

Rudenskyj operates one of three firms licensed to ship goods to the Soviet Union. He said most of the packages contain clothing sent by Americans of Soviet descent to relatives unable to find necessary clothing at home.

"The Soviet government does not want the people to have American goods," he said, "because it hates us for having come to America."

He said that former Soviet citizens in Greater Cleveland send about 40 packages worth about $8,000 to their kin each month.

Duty for a $30 winter coat is $27.32, but it will increase to $172, Rudenskyj said. Other increases are shirts from $2.35 to $4, trousers from $1.62 to $13.80, and sleeveless sweaters from $2.48 to $13.60.

Rudenskyj confirmed also that the size of shipments will be reduced. Now it is possible to send 40 yards of cloth, but it will be cut to 17 yards, he said. Other reductions are five scarves to three and four blouses to two.

In a May 26 letter, Stanton told Rudenskyj the delay in delivery was caused by slow Soviet boats to which the U.S. Postal Service agreed to transfer the packages for shipment.

Rudenskyj said the new policy will create hardships for many Soviet families. "Our relatives depended on us for help, but now that is almost impossible," he said sadly.

At his store last week, a middle aged woman was sending a box containing $120 in American goods to her aged mother, nieces and nephews. The duty was $89.82, but after June 15 it will more than double, Rudenskyj said.

The woman would not identify herself or permit her picture to be taken. She did not speak English, but Rudenskyj explained that she feared for the safety of her relatives in the Soviet Union.

Stanton said the Soviet government has offered no explanation for the increase in duty costs and reduced size of shipments.

He said he called the Soviet embassy in Washington, D.C., and has written Ambassador Anatoly F. Dobrynin asking for an explanation, but he has received no reply.

A spokesman for Stanton said the State Department said it is a Soviet internal matter and implied that the United States could not interfere.

Stanton also wrote Secretary of State Henry A. Kissinger asking if these developments "are evidence of a desire on the part of the Soviet Union to discourage peaceful contacts between the peoples of the two countries."

[From the Cleveland Plain Dealer, June 5, 1976]

SOVIET HARSHNESS

The Soviet Union's new schedule of import duties and size limits on packages sent by Americans to friends and relatives behind the Iron Curtain is as cruel as it is shocking.

It is inconceivable that the amount of traffic in packages from the United States would pose any real threat to Soviet home industry. Increasing the duty, for example, on a $30 coat from $27.32 to $172 should indicate to the rest of the world that the intention is either to halt the package flow entirely or penalize senders and recipients alike.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 26, 1976.
His Excellency ANATOLY F. DOBRYNING,
Ambassador Extraordinary and Plenipotentiary, Union of Soviet Socialist Republics, Washington, D.C.

DEAR MR. AMBASSADOR: I am informed that your government has increased duties on packages being sent to the Soviet Union by United States citizens—and that the increase averages some 50%. I am also told that your government has cut back drastically on the quantities of materials that may be sent in ordinary packages to the Soviet Union by United States citizens. Further, I am advised that a large number of packages—ranging into the thousands—that were sent to the Soviet Union from various places in the United States last September have yet to be delivered to intended recipients in the Soviet Union.

I would greatly appreciate your confirming this information, and—if it is correct—your furnishing me with an explanation of the actions taken by your government.

Sincerely,

JAMES V. STANTON,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 26, 1976.
BENJAMIN F. BAILAR,
Postmaster General, U.S. Postal Service, Washington, D.C.

DEAR POSTMASTER BAILAR: I am informed that some thousands of packages that were sent to the Soviet Union last September from various points in the United States have yet to be delivered to the intended recipients in the Soviet Union.

I am also informed that this failure to deliver the packages somehow stems from an agreement between the United States Postal Service and the Soviet government, which resulted in the Soviets using their own ships to deliver the packages, and that these ships apparently were detoured on their voyages to the Soviet Union.

I would greatly appreciate your advising me of the extent to which the above statements are true, and to the extent that they are, your explaining the actions of the United States Postal Service in this context.

Sincerely,

JAMES V. STANTON,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 26, 1976.
Hon. HENRY A. KISSINGER,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: I am enclosing two letters I have written today, the first to the Ambassador of the Union of Soviet Socialist Republics and the second to the United States Postal Service.

I would appreciate any information which the Department of State could furnish me on the matters about which I have inquired.

Further, I would be interested in knowing what, in the judgment of the Department of State, has prompted the Soviet Union to take these actions. Do you, Mr. Secretary, see these developments as evidence of a desire on the part of the Soviet Union to discourage contacts between the citizens of the two countries?

Sincerely,

JAMES V. STANTON,
Member of Congress.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 27, 1976.
Hon. HENRY A. KISSINGER,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: With respect to my letter to you of May 26, regarding the Soviet Union, I would appreciate hearing from you as to whether any other communist nations have also increased their duties on packages received from the United States, or have otherwise taken other actions similar to those of the Soviet Union.

Sincerely,

JAMES V. STANTON,
Member of Congress.

DEPARTMENT OF STATE,
Washington, D.C., June 8, 1976.
Hon. JAMES V. STANTON,
House of Representatives.

DEAR MR. STANTON: Secretary Kissinger has asked that I thank you for your letter of May 26 concerning the impending increase in Soviet duty on gift merchandise sent to Soviet citizens.

Under the new duty schedule which goes into effect June 15 the duty on a number of items has been increased very significantly. For example, under the old schedule in effect since October 1, 1969, the duty on a women's fur or artificial fur coat was 19.80 rubles; under the new schedule the duty on a rabbit, sheepskin or beaver coat is 40 rubles; the duty on a coat of any other fur is 125 rubles, and on an imitation fur coat, 40 rubles. The increases in the new duty schedule vary by item and do not reflect any across-the-board percentage increase.

We learned about this impending increase on May 25, and we have asked our Embassy in Moscow to seek details and an explanation of this measure from the Soviet authorities. We will be glad to inform you when we have further information.

Sincerely yours,

ROBERT J. MCCLOSKEY,
Assistant Secretary for Congressional Relations.

TRIBUTE TO MYRTLE "PAT" VANBUREN SYKES

HON. JAMES WEAVER

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. WEAVER. Mr. Speaker, I would like to take this opportunity to say a few words on behalf of a friend of mine, Myrtle "Pat" VanBuren Sykes, of Gardiner, Oreg., who died June 6, 1976. She was known to many as "Ms. Grassroots Democrat," not only of the Fourth Congressional District, but of the State of Oregon.

Myrtle Sykes, born May 29, 1920, in San Francisco, Calif., was an extremely active participant in all levels of politics. A patriotic, straightforward and independent thinker, Myrtle was an original member of the Woman's Army Corps. She was long active in local politics in the city of Reedsport and Douglas County, and exercised her strong environmental views and humanitarian concerns.

She was elected in 1974, in Coos Bay, Oreg., as an alternate to the Democratic "Mini" Convention. Later, she became a full delegate replacing the late Senator Wayne Morse. Parenthetically, Myrtle had already made hotel and flight reservations to work as a member of the Oregon press at the 1976 Democratic Convention in New York City.

Myrtle maintained a deep belief that if Government was not responsive, it was because people were not responsive to Government—this motivated her constant supportive and active role in the politics in Oregon. She shared none of the alienation, cynicism, or apathy that appears to be in vogue today.

There is great irony in the fact that Myrtle died, June 6, 1976, at Timberline Lodge in Oregon. She was attending the annual meeting of the Oregon Democratic Party, referred to as Demoforum. Earl, her husband, stated that—

> She died where she would have liked to have died, attending a Democratic Party meeting.

Myrtle offered the party great dedication and support, working as co-editor of the Democratic Party Newsletter and active in all party functions. Her goal was to see that there was "grassroots" participation in the party.

Myrtle and Earl Sykes, co-owners and co-editors of the Reedsport Courier, shared many good times in party politics. Myrtle was always quick to note that it was a bipartisan effort, her husband is a Republican, for the 17 years they shared the joys and burdens of running a progressive and crusading weekly newspaper. Independent, honest, and original, Myrtle's journalistic talents will be missed.

Mr. Speaker, if everyone assumed his or her citizen responsibility in the manner of Myrtle Sykes, we would never have to worry about unresponsive government and an apathetic citizenry. Myrtle never lost the faith in the democratic process and believed that citizens can and should make the difference.

Mr. Speaker, Myrtle Sykes, who I feel honored to have known, will be sorely missed and is irreplaceable. I offer my condolences to her husband, Earl, and her children, Ardeen, David, Victoria, and Charles.

AMERICAN LEGION SUPPORTS INCREASED ADOPTION OPPORTUNITIES FOR CHILDREN

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. BIAGGI. Mr. Speaker, I am pleased to insert into the RECORD a letter I recently received from the American Legion as well as a copy of a resolution recently adopted by their national executive committee relative to promoting increased adoption opportunities for children.

As the letter indicates, their resolution closely resembles H.R. 11185 legislation I have introduced to promote increased adoption opportunities for children. My bill seeks to establish a national registry of adoptable children containing statistics and information on the numbers, location and special characteristics of adoptable children. My bill will also establish a national data bank of adoption information and resources to assist individuals wishing to adopt children. Finally, H.R. 11185 would obligate States to review, evaluate, and audit child care agencies, license foster care homes, and to develop programs to promote adoptions.

I am pleased to have the support of the American Legion as well as more than 30 of my colleagues in the House who have joined as cosponsors of my legislation.. I am hopeful for swift congressional action on this legislation.

The material follows:

THE AMERICAN LEGION,
Washington, D.C., June 1, 1976.

Hon. MARIO BIAGGI,
U.S. House of Representatives,
Cannon House Office Building,
Washington, D.C.

DEAR CONGRESSMAN BIAGGI: The National Executive Committee of The American Legion met in executive session on May 5–6 at our National Headquarters in Indianapolis, Indiana and adopted Resolution No. 36 (copy enclosed) for the purpose of recommending improvements in interstate adoption procedures.

The intent of our resolution closely parallels H.R. 11185, a bill you introduced on December 16, 1975. Representatives of our organization will be prepared to testify in support of this similar legislation when hearings are scheduled by the committee or committees having jurisdiction over these matters.

Your assistance in causing these hearings to be scheduled will be deeply appreciated by the Legion.

Sincerely,

MYLIO S. KRAJA,
Director, National Legislative Commission.

RESOLUTION No. 36

Whereas, More than 350,000 children are in foster care today and there are probably an equal number in need of such service, and

Whereas, Many thousands of children from birth through adolescence remain in institutions or foster homes because of the legal and other obstacles to their placement in permanent adoptive homes, and

Whereas, Foster care is more conducive to the health and welfare of such children than institutional care, and

Whereas, Many persons are seeking to adopt children but are unable to locate locally a suitable child because of the scarcity of adoptable children and other obstalces. Now, therefore, be it

Resolved, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on May 5–6, 1976, That we recommend the Office of Child Development of the Department of Heatlh, Education, and Welfare creat a clearinghouse for the purpose of expediting interstate adoption procedures, and, be it further

Resolved, That each state be informed of this service and requested to submit pertinent information of each child to the clearinghouse, and, be it finally

Resolved, That this national clearinghouse be requested to submit periodic listings of these adoptable children to all state agencies.

STOP DOUBLE-DIP COTTON PAYMENTS

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. FINDLEY. Mr. Speaker, Members of Congress can help prevent a $19 million outrage against the U.S. Treasury by supporting my anti-double-dip amendment to the agricultural appropriation bill, H.R. 14237, tomorrow.

Basic law approves payments to farmers who are prevented by disaster conditions from planting cotton, wheat, and feed grains.

The law, however, was intended to prohibit such payments if the farmer is able to plant another nonconserving crop like soybeans.

Unfortunately, key words that appear in the wheat and feed grains sections of the law are missing from the cotton section. This flaw permitted cotton farmers each of the last 2 years to collect over $19 million annually in disaster payments even though they harvested crops of soybeans or other commodities from the land in question.

Several farmers received payments up to $20,000 for not planting cotton at the same time that they also earned cash from growing an alternative crop on the same land.

My amendment will correct this flaw in the operation of the program next year. It will keep cotton farmers from making a double-dip into the U.S. Treasury and it will save about $19 million.

I will need 19 Members to stand with me to get a record vote. To taxpayers, that comes to a million-dollar saving for each Member who stands.

PROBLEMS IDENTIFIED IN ENVIRONMENT LAWS

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. SYMMS. Mr. Speaker, the environmental extremists talk in terms of "catastrophes" but some of the real disasters in the ecology movement have been the "thou shall not's" issued by the government on the heels of these isolated incidents.

For an excellent discussion of this situation, I would like to refer my colleagues to the following article from the Elko Daily Free Press:

PROBLEMS IDENTIFIED IN ENVIRONMENT LAWS

Carl H. Savits is a geophysicist who presently serves as chairman of the board for National Ocean Industries. In past years he has inquired into such so-called "ecological disasters" as the Santa Barbara oil spill of 1969 with a scientist's dedication to determine actual facts—as contrasted to those who investigate such events with an eye to identifying emotionally oriented half-truths which can serve as sophistry for various political schemes.

Savits appeared before a conference on land use errors last month in San Diego to share some of the wisdom he has gained during his years of watching environmental tricksters at work.

In the case of the Santa Barbara oil spill, he noted the general public had been led to believe the incident amounted to a great environmental catastrophe. The impression was so firmly implanted by the published exaggerations of the ecology nuts that many people still believe it was a serious disaster.

Savits explained, however, such an impression has no basis in actual fact. He declared: "No objective evidence of any substantive ecological impact could be found in the seven years since the spill. Damage claims in the billions of dollars have quietly faded in the face of requirements of the rules of evidence (in court)."

He added: "Indirect damage suffered by the nation has, however, been incalculable, since oil exploration and production activities off our coasts were set back at least five to seven years as a consequence of government response to public clamor. We would today probably be importing half as much oil as we are if the spill had not occurred."

Savits also discussed the DDT situation, explaining how manipulators of public opinion had prompted a ban of this pesticide on the basis of some hoopla about brown pelicans facing extinction because DDT had somehow caused the birds to lay eggs with thin shells (another speaker at the San Diego session reported recent scientific indication is that the thinning of bird egg shells—of whatever consequence—was more likely caused by mercury compounds, rather than DDT).

But Savits pointed out one of the severe consequences of the DDT ban was that 100 million people in tropical areas of the world contracted malaria as a direct result of the ban. He noted that in the country of Sri Lanka officials of the nation restored the use of DDT after one million residents died from malaria; after those one million deaths; the people of Sri Lanka decided they didn't care all that much about the brown pelicans and their thin egg shells.

On the topic of endangered species, Savits argued that species of animals come and go—as they have throughout the history of the world—and man has remarkably little influence over the process. As a matter of fact, he noted mankind is currently celebrating the intentional elimination of a natural living species that represents a unique case in which man can factually demonstrate an influence on the disappearance. The organism is the smallpox virus (and the departure will not be lamented, despite what the preservationists might say about protecting ALL species).

Savits also commented on the recent furor over Red Dye No. 2 and pointed out the substance had been banned by government edict even though the purported data to back up the prohibition was obtained from experiments with laboratory rats that became mixed up as a result of a blunder in the laboratory. Savits said the experiment was completely botched by the mix-up, but government agents went doggedly ahead on the basis of "mix-ratios" that were statistically calculated on assumptions and probabilities. He flatly declared that Red Dye No. 2 is not a serious health threat, and the ban was imposed without factual foundation.

He cautioned against the activities of such extremist groups as the Sierra Club and the Wilderness Society, which will not concede that any development is appropriate, especially in so-called "natural areas"—but are careful not to admit that is their position.

Savits joined with other speakers at the San Diego conference in the contention that much of the environmental legislation of recent years has done more harm than good. Here is the way he explained the situation: "Most environmentally oriented statutes enacted over the past decade contain one or more serious defects. Some attempt to legislate the impossible, nearly all produce unintended effects, and on occasion the consequences are more deleterious to the environment than is the ill which the legislation intended to cure."

PERSONAL ANNOUNCEMENT

HON. MARTHA KEYS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mrs. KEYS. Mr. Speaker, on Friday, June 11, 1976, I was unavoidably absent for two rollcall votes. Had I been present, I would have voted on matters coming before the House as follows:

Nay on rollcall No. 363, final passage of H.R. 13490, the Olympic Winter Games Authorization Act.

Yea on rollcall No. 364, House Resolution 1277, the rule providing for the consideration of H.R. 9291, the National Traffic and Motor Vehicle Safety Act Authorization.

DENIAL OF FOREIGN TAX CREDIT FOR BRIBE-PRODUCED INCOME

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. HARRIS. Mr. Speaker, I am dismayed by recent reports that Lockheed, Gulf, and a number of other American corporations have systematically tried to corrupt the governments of our neighbors and allies with bribes and other illegal payments. Such activity endangers harmonious relations with foreign powers and threatens to disrupt the world trade markets.

Ostensibly, this corruptive behavior is predicated on the desire to increase foreign sales and thus corporate profits. This is not good business practice—sales should be won on the quality of the product and not on gifts to high-ranking officials of foreign governments.

My constituents have made it clear to me that they do not want American firms engaging in this type of activity. While in the short run a few corporations might benefit by a few well-placed bribes in the long run corporate corruption might force a change of governmental systems abroad and thus restrict trade markets. At the very least, foreign governments will be fearful of making trade agreements for fear that their own people will infer that some illegal activity occurred.

In order to deter this unfortunate corporate activity abroad, today, I am introducing a bill to amend the Internal Revenue Code of 1954 to deny certain benefits to taxpayers who make bribes or other illegal payments to officials or agents of foreign governments. Specifically, corporations that earn bribe-produced income are denied foreign tax credits, deferrals, and DISC benefits under the bill.

Further, my bill requires taxpayers with foreign source income derived directly or indirectly as a result of payment to an official, employee, or agent of a foreign government to report to the Secretary of Treasury the amount of such payment by the corporation and the amount of income received as a result of the payment. The Secretary is directed to determine whether this income should be designated as "bribe-produced income" Willful failure to make such a report is punishable by a fine of not more than $25,000 or imprisonment of not more than 1 year, or both.

Of course, Mr. Speaker, I believe that we should do away with the foreign tax credit altogether. In my opinion, the foreign tax credit is a loophole that allows corporations to avoid paying their fair share of taxes. In essence, foreign taxes are business expenses and should be considered as a business expense for domestic tax purposes. Federal taxes should be levied on the net income of corporations—that is, upon income minus business expenses—the profit of the firm.

I offer this proposal because we should close this tax loophole, at least to firms engaging in activity that is counter to our national interest.

REPRESENTATIVE JACK KEMP SALUTES BUFFALO EVENING NEWS-AMERICAN LEGION ESSAY CONTESTANTS

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. KEMP. Mr. Speaker, a few weeks ago in Erie County, N.Y., there were many inspiring and patriotic thoughts about our great Nation which were written by elementary and high school students who participated in the 47th Annual American Essay Contest.

Hundreds of young ladies and young men in public, parochial, and private schools expressed their heartfelt feelings in response to the question "Why We Should Celebrate the Bicentennial."

Not long ago, it was my great privilege to present $200 U.S. Savings Bonds to each of the winners in six categories ranging from contestants in the sixth grade to students in senior high school. In my judgment, every contestant was a winner. And so are the people of not only our western New York community but all the people of the United States where these students will become adults, pursue their various careers, and help lead their fellow citizens in the challenging third century of America.

With your permission, Mr. Speaker, I should like to publicly cite the sponsors of this outstanding contest, the Buffalo Evening News, the American Legion of Erie County, N.Y., and the Legion Auxiliary, and to add the essays of the winners to my remarks as a part of the RECORD:

JAMES M. WORLD: WINNER, DIVISION A—BOYS

The reason we are celebrating America's birthday with more enthusiasm in this year than in any other may not be clear to everyone. Could it stem from man's affinity for round numbers? Might it be something created to take our minds off of our economic woes? Was it a plan conceived by commercialists, whose eyes would bulge at the thought of the money to be made on the idea? I don't believe so. There are deeper reasons that come to mind. Along the way, however, some of thoughts may have crept into the picture. This picture may appear unclear to some, but this is only a result of their failure to look below the surface.

The Bicentennial recaptures two hundred years of events that have shaped our country into its present state. These events at the time may have appeared to be small, but their cumulative (overall) effect surfaced in the formation of a nation that was labeled the land of opportunities. America attracted freedom seekers from all over the globe until its population consisted of races from all walks of life. The United States can be likened to a huge melting pot, with a mixing of cultures that slowly combined to form a new culture. Today we can take comfort in the fact that we belong to this rich and proud history. If we take time to look in retrospect we can see how much progress we have made.

Celebrate.

"Celebrate?" Some people will say, thinking of our men lost to war. There is, however, a cause to celebrate and this cause is a cause. Yes, the men who died in battle had a cause. They did not lose their lives in vain. Rather they sacrificed all they had—body, heart and soul, for their country. We, as their benefactors, should be proud.

You want to know why you should celebrate? Look down at the ground on which you stand, breathe the air, feel the sunshine on your back and think of those who have secured our place in the sun. Celebrate your inheritance of this legacy called America.

Pamela A. Brigman: Winner, Division A—Girls

With the signing of the Declaration of Independence, the United States of America was born two hundred years ago. Today the United States is a single nation—a strong, united nation with a powerful central government. The observance of the bicentennial of our nation presents us with the opportunity to reflect on the courageous action of those men who boldly declared before the World their dedication to the ideals of liberty and justice. It is a time to recall with pride the bitter struggle in which our forefathers engaged in order to secure for us the legacy of personal freedoms which we take so much for granted today.

Caught up in the ever-changing and fast-moving pace of our modern society, many Americans have grown indifferent to the ideals which our forefathers gave so much of themselves to establish, in spite of the fact that they are an ever-present facet of our daily lives. An example of this is our freedom of choice. We are blessed with the freedom to choose an occupation, a religion, and a government. We have the chance to make our lives what we will, not what we are ordered to. The bicentennial celebration invites us to give fresh consideration to this sacred freedom which influences the lives we live every day. It is a part of us, and in this way, America's birthday takes on a great importance.

At this special time in our history, we Americans should remember our irrevocable freedoms and our inalienable rights. We must reaffirm our respect for the wisdom of the men who founded this country. They knew in their hearts that freedom was both priceless and fragile. They were so confirmed in this belief, that they gave their lives in order to establish the atmosphere of liberty which envelopes our lives. All they ask in return is that we treat this freedom with great care and preserve it for future generations. This is America's heritage.

The bicentennial year is also a time to look forward and to plan the way to an even greater America.

Thaddeus Sluberski: Winner, Division B—Boys

Happy Birthday, America, and many, many more. Your right to celebrate is unique, your heritage is incomparable, your people deserving, so, celebrate America like you have never done before!

Two hundred years have marked a progress that is resplendant. Your people have striven for decades to uphold your freedom and unity. When faced with perilous times of war and depression your populace united, and their unity was their strength. There is no way to measure just how much was sacrificed for your cause nor is there a way to repay you for your unending generosity to those less fortunate.

Celebrate the thousands of victories won by your people. Victories not only won on battlefields but in courts of law, in research laboratories, in hospitals and in countless other places where the war against injustice, inequality and disease is still being waged every hour of every day. We Americans will never settle for less than what is right and just.

But if this is not reason enough to celebrate then let it be to honor your patriots. The fathers, mothers, sons and daughters of both centuries who gave unselfishly to make you what you are.

Our pride in you, America will be united with the steadfast pride of our forefathers bridging these two hundred years to become a foundation for centuries to come.

Waste not a minute, we've no time to lose, polish the bandstands, hang the bunting, unfurl your flags, let the church bells extoll your glories. Celebrate America now and forever more.

Penny Sue Leatherbarrow: Winner, Division B—Girls

Old Glory ripples in the breeze. The sound of the fife and drum seems to ride the west wind. Even the fire hydrants are painted red, white, and blue. The United States of America will be two hundred years old on July 4, 1976, and a grateful people is saying, "Happy birthday, America."

We thank you, America, for teaching us that true loyalty is not blind, that the people can rule themselves, that a diversity of peoples can come together to form one nation, and that not all those who dare to believe differently from others are wrong. We thank you, America, for being what we made you: a nation where anyone can do anything if he has the ability.

We celebrate the Bicentennial to show our pride in our country. For two hundred years she has been the land of the free. For two hundred years she has sheltered outcasts, malcontents, and seekers of truth. For two hundred years she has been growing, maturing into the world power she is today.

In the short space of two centuries a loosely-knit group of rebel colonies has become a great nation held together with ties more lasting than those of fear and blood which have in the past kept nations together. As the years progress, the ties of liberty, justice, and equality become stronger. "You cannot conquer America", said William Pitt and he was right. Even if the North American continent were dashed to pieces, America would remain intact because she is more than mountains, rivers, and plains. America is people. As long as one American is alive, the nation itself will survive.

Because of this we should celebrate the Bicentennial, and we should celebrate it with all our hearts. There is no nation quite like the United States, and there is no human being quite like an American. So rejoice, Americans, and let us all wish our country many more centuries of happiness and freedom.

Richard Ferguson: Winner, Division C—Boys

The Bicentennial! How exciting it is to be in this country at this time in history!

Two hundred years of freedom, of being the champion of the oppressed, the leader of nations!

Our Declaration of Independence has long been a world-wide model for human equality. Our forefathers would look upon us with pride if they witnessed the assimilation of many people—Americans—under one flag; if they saw their declaration of freedom being exercised for two centuries, not only as a right, but as a duty of all men who would be free. And free we are—to speak, assemble, vote, work, worship.

They would have cheered a judicial system which would free the guilty rather than risk imprisoning the innocent.

Those who declared our independence would have been saddened over our fallen soldiers, but would have rejoiced at the heroism of a nation which gave her sons to the cause of life, liberty and the pursuit of happiness.

Never would our forefathers, masterminds of their time, have dreamt that one could light a candle by flicking a switch, speak with a friend across the ocean, watch presidential inaugurations at home, or expect to live past the age of sixty. These wonderful accomplishments are the results of the creativity of ingenious Americans who have given this country the highest standard of living found anywhere in the world.

All our achievements over the past two hundred years have been shared by those who came to our shores in search of the American Dream. Many found that dream a reality. All were free to pursue it, for America is a land of hope.

This is the America—her people and her ideals—we celebrate this bicentennial year, hopeful that her future holds even greater promise.

Elizabeth Klump: Winner, Division C—Girls

Leafing through the pages of history, one is amazed by the number of significant scientific, artistic, literary, and human rights contributions made by Americans. Such names as Benjamin Franklin, Jonas Salk, Thomas Edison, Walt Whitman, and Helen Keller are only a few of the famous men and women without whose contributions the world would be much less rich.

With the United States celebrating its Bicentennial, it is only fitting that we remember those people who made our country what it is today, a country which, despite its flaws, is the finest in the world.

But it is important that while we are celebrating this anniversary we do it in a dignified manner. Those who just exploit our anniversary from a commercial standpoint are degrading the event and missing its real meaning.

There are, of course, meaningful ways to commemorate the two hundredth year of our independence. Schools and institutions that put on programs honoring our country and its leaders are reminding people of what America should mean to them. Those who decorate houses with tri-colored flags, and those who organize parades are honoring this nation in the proper manner.

It isn't enough, however, to hang flags and decorate houses. We must know what these things symbolize. Our flag with its beautiful red, white, and blue colors represents fifty free and independent states. When we admire this flag, we should remember those who have fought, not to preserve a piece of cloth, but to preserve the principles it represents. Remembering the full meaning of what we are saying when we repeat the words "I pledge allegiance to the Flag . . ." will make 1976 worthwhile.

For the American Bicentennial is not truly represented by firecrackers, cap guns, and parades, but by the thoughts and actions of America's people, still her greatest natural resource.

COMPETITION IN THE OIL BUSINESS

HON. CHARLES WILSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. CHARLES WILSON of Texas. Mr. Speaker, do we want competition in the oil business? While the Senate Judiciary Committee prepares to vote on a divestiture bill—whose purpose is to promote competition—the House will soon consider H.R. 6218, the Outer Continental Shelf Lands Act Amendments of 1976,

which contains a serious anticompetitive provision: an excellent example of the right hand not knowing what the left hand is doing.

Several times in the past year, the House has indicated its desire to maintain the competition in the petroleum industry provided by independent producers. In its approval of the House-Senate compromise on a modified depletion allowance; in its passage of H.R. 7014 with higher price provisions for stripper oil—although that was later lost in conference—and most recently in its support for the Neal Smith bill to deregulate natural gas from properties owned by independent producers, the House established firm legislative history.

When we begin consideration of H.R. 6218, I will ask you to follow the precedent we have established by supporting an amendment to permit small companies to bid jointly for certain leases under the act. The amendment follows:

Amendment to H.R. 6218 Offered by Charles Wilson of Texas

Strike page 71, line 15, down through page 72, line 3, and insert in lieu thereof the following:

"(7) The Secretary may, by regulation, permit submission of bids made jointly by or on behalf of two or more persons for an oil and gas lease under this Act unless more than one of the joint bidders, directly or indirectly, controls or is chargeable worldwide with an average daily production of one million six hundred thousand barrels a day or more, or the equivalent, in crude oil, natural gas, and liquified petroleum products."

The exorbitantly high costs associated with Outer Continental Shelf activity have been demonstrated directly on many occasions, and are indirectly discernible in the two-tier pricing system for natural gas proposed under the recent Senate compromise gas bill, S. 3422. A lower price for offshore gas is politically attractive because currently most offshore work is done by major oil companies, which are in great disfavor with the American public and Congress at the moment.

Independents cannot afford to "go it alone" offshore in the vast majority of cases, and often even a consortium of independents would be unable to afford the cost of 1 percent of a lease, when that share might amount to tens of millions of dollars. This amendment would encourage the entry of independents into offshore exploration and production.

One of the purposes of the act is "to preserve and maintain free enterprise competition." This amendment would insure that the act complies with its stated goals.

PSYCHOSURGERY STUDIED BY SPECIAL COMMISSION

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. **STOKES**. Mr. Speaker, on Friday, June 11, 1976, I had the occasion to testify before the National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research at the National Institutes of Health in Bethesda, Md. The topic of my testimony was psychosurgery, a highly experimental form of brain surgery used to alter or modify thoughts, feelings and aberrant behavior.

In light of the inherent social and medical dangers in this intrusive form of brain surgery, I have introduced a bill (H.R. 10699) which would prohibit the practice of psychosurgery in federally-connected health care facilities—hospitals, prisons, mental institutions, and so forth. The bill is currently pending before the Interstate and Foreign Commerce Committee.

The 11-member Commission for the Protection of Human Subjects will submit their findings to Congress once all testimony and research is complete. I therefore call upon my colleagues in the House to read my testimony and to make further inquiries into this highly controversial issue:

Testimony on Psychosurgery

(By Honorable Louis Stokes)

Members of the National Commission for the Protection of Human Subjects, distinguished guests, ladies and gentlemen, I deem it a significant honor to have been invited to testify before the Commission. Though I have an interest in all aspects of legislation to increase the protection of persons who are the subjects of biomedical experimentation, I am confining my comments to my proposal for a Federal prohibition against psychosurgery. The bill that I have introduced goes significantly beyond any present state or federal legislation in definitely proscribing any psychosurgery whatsoever. It would ban psychosurgery entirely in federally connected health care facilities. It also goes a further step in opening the federal court system to the enforcement of this prohibition, providing civil penalties of up to $10,000 in fines and specific injunctive recourse. The bill similarly allows civil recourse to the federal courts for the subjects of psychosurgery. Finally, the bill establishes a nine-member commission which is empowered to enforce the bill's provisions either through unilateral or judicial action.

My decision to sponsor legislation prohibiting psychosurgery has been based on three major premises;

1. Psychosurgery has no therapeutic value;
2. It is impossible to give informed consent to psychosurgery because of the experimental nature of the procedure, and;
3. Psychosurgery has awesome potential as a tool for the social and political repression of minority groups, political dissenters and the poor.

LACK OF THERAPEUTIC VALUE

A January 21, 1974 report from the National Institute of Mental Health to the Department of Health, Education and Welfare stated that psychosurgery is experimental. According to the Director of the Institute, Dr. Bertram S. Brown, "Psychosurgery should be regarded as an experimental therapy . . ." Indeed, psychosurgery is a highly experimental surgical procedure. Unlike other surgical procedures it has no inherent validity for there is no apparent disease present in the brain tissue. In other words, this procedure is performed even though the brain is healthy and free from disease. Because psychosurgery involves delving and digging deeply into the human brain, healthy tissues are destroyed in the process. Tragically, since brain cells do not regenerate, the function which they govern is also obliterated forever. Consequently, the risks involved in this procedure are high. According to the record in *Kaimowitz* v. *Department of Mental Health* (Cir. Ct. Wayne Co., Mich., July 10, 1973), "Psychosurgery . . . poses a substantial danger to research subjects, and carries unknown risks". Moreover, "psychosurgery flattens emotional responses, leads to lack of abstract reasoning ability, leads to a loss of capacity for new learning and causes general sedation and apathy. It can lead to impairment of memory, and in some instances unexpected response to psychosurgery are observed. It has been found, for example, that heightened rage reaction can follow surgical intervention on the amygdala, just as placidity can."

In short there are no "successful" psychosurgery operations. However, there are examples of failures. There is the 1968 case of the California prison system's operation on three (3) prisoners. These prisoners were severely damaged by the operations. And there is the case of the thirteen mental patients confined in state institutions in Michigan who were lobotomized. The federally funded State Department of Mental Health financed these experiments sometime between 1968 and 1972. Though the fate of ten of the patients remains under investigation, three of these persons operated on remain at Northville State Hospital as examples of the failure of the experiments.

There is also the example of Morris N. Kallen, Jr., who underwent psychosurgery in Philadelphia's Hahnemann Hospital in 1971. Kallen had undergone psychosurgery under the assumption that he would overcome his heroin addiction. The surgery was a failure and he died a year later.

These examples of the failures of psychosurgery lend credence to the growing belief that the reports on the successes of this procedure are fallacious. According to Dr. Peter Breggin, psychosurgery is no more ". . . a medical procedure than mutilation of an arm as punishment of a crime is a medical procedure." Thus, it should follow that informed consent cannot be given to the intrusive and permanently damaging experimental procedure now known as "psychosurgery."

IMPOSSIBILITY OF CONSENTING TO PSYCHOSURGERY

In the *Kaimowitz* case, the court addressed the question of institutionalized patients giving consent to psychosurgery. The Court held that the inherently coercive atmosphere of a lengthy institutionalization so greatly diminishes an individual's capacity to give informed consent reasonably and voluntarily that it was *legally impossible* to give consent to psychosurgery. Although this lower court decision had no binding precedential effect in Michigan or any other state, it was the first judicial pronouncement on psychosurgery. Because of the importance of this case, the court's rationale deserves further discussion. The ruling raised very significant constitutional issues. It made the major point that institutionalization *per se* erodes the ability of an involuntarily confined person to render informed consent. Moreover, the pressure upon a patient to conform, to cooperate and to consent in order to placate his supervisors or the parole board, vitiates the possibility of ever obtaining truly voluntary consent.

An excerpt from a January 17, 1973 letter written by the persons chosen as subjects of the experiment in *Kaimowitz* illustrates the coercive impact of institutionalization. The inmates wrote the following letter to Attorney Gabe Kaimowitz:

"We the remaining C.S.P.'s, all undersigned, are very much interested in the job you've undertaken in the case of Louis Smith.

"We've been following the Free Press coverage on the case quite closely since it concerns us all.

"We are all, very possibly, being held unlawfully and have been since 1968. In some cases, there may be other additional grounds for legal action. There are among us a couple of other guinea pigs, those asked to take the medicine mentioned in the newapaper article as the way out. The rest of us are potential guinea pigs if the Department of Mental Health is allowed to get away with such things as they are trying.

"We all want out, and want to stay out, to be cured or at least to be able to control our acts. Becoming guinea pigs is a lot to ask though. We don't want to be vegetables, or incapable of reproducing in the future, or dead. Most of us are young men and have a long life ahead of us. Our freedom is important to us, [out] we want to be free men, young men not too old to enjoy, and not "an it" that can't enjoy."

This letter appeared as an exhibit in the *Kaimowitz* case and is a good example of why physician controlled consent standards should be viewed skeptically. As a lawyer who has argued before the Supreme Court in support of constitutional rights my belief is that the reasoning of the *Kaimowitz* opinion, though commendable, should be taken a step further. I agree with the opinion that an individual can *never* give truly informed consent to psychosurgery because of the unpredictableness of the procedure. Thus, it is impossible for an individual to possess the competency, knowledge and voluntariness necessary to waive his or her constitutional right of consent. Moreover, because of the potential psychosurgery has to docilize its victims, it violates the patient's right to freedom of speech. For as the *Waimowitz* case reported "the freedom to express is freedom to generate . . ." I would add the additional free speech argument not mentioned by the Court; namely, that once psychosurgery is performed the patient loses his ability to personally gain redress.

As a result, all suits are brought on an aggrieved party's behalf. The result is that the victims of psychosurgery are relegated to the status of subcitizens.

In sum, my position is that no one can give informed consent to psychosurgery. This includes not only involuntarily but voluntarily confined mental patients, as well as, children and persons incarcerated in penal institutions.

PSYCHOSURGERY AS A TOOL OF SOCIAL AND POLITICAL REPRESSION

The number of psychosurgery operations performed today does not compare in epidemic proportion to the 40,000 lobotomies performed between 1940 and 1955, yet the 500 to 600 operations performed each year are no less dangerous. While it appears that the majority of recent psychosurgery operations have been performed on middle-class women, there today remains a politically inspired move to employ psychosurgery to "rehabilitate" prisoners, "cure" sexual deviants, detoxify drug addicts, quiet unruly children and generally silence political dissenters.

In 1967, two very disturbing letters were published in the journal of the American Medical Association which dealt with the correlation between urban "rioters" and possible brain "dysfunction". The letters were written by three (3) Boston physicians, Dr. Vernon Mark, Director of Neurosurgery at Boston City Hospital, Dr. William Sweet, Chief of Neurosurgery at Massachusetts General Hospital, and Dr. Fran Ervin, a Psychiatrist at Harvard Medical School.

The Physicians wrote:

"That poverty, unemployment, slum housing and inadequate education underlie the nation's urban riots is well known, but the obviousness of these causes may have blinded us to the more subtle role of other possible factors, including brain dysfunction in the rioters who engaged in arson, sniping, and physical assault.

"The real lesson of the urban rioting is that, besides the need to study the social fabric that creates the riot atmosphere, we need intensive research and clinical studies of the individuals committing the violence. The goal of such studies would be to pinpoint, diagnose, and treat those people with low violence thresholds before they contribute to further tragedies."

Mark, Sweet, and Ervin were awarded grants totalling more than $600,000 from the National Institute of Mental Health and the Law Enforcement Assistance Administration to continue their studies on violence control.

Unfortunately, the award of these grants gave financial and moral encouragement to the medical community to use psychosurgery. The most flagrant examples of abuse occured in settings in which those least able to object to the psychosurgical procedures were housed. For example, in 1972, the California Prison system was formulating an elaborate program of psychosurgery on prisoners. Correspondence between prison officials and a local hospital discussed the funding of the first dozen operations, planned at San Francisco's Langley Porter Neuropsychiatric Institute, following the initial workup at the Vacaville Prison. Fortunately, public opinion and media opposition terminated these projects.

As previously mentioned, there were the unwitting participants in the *Kaimowitz* case. In that case, Louis Smith alias "John Doe" and twenty-three (23) patients in Michigan public institutions were to have undergone psychosurgery in a state funded study on "uncontrollable aggression". The purpose of the study was to make a comparison between a drug that would check the flow of male hormones and psychosurgical operation on the amygdaloid portion of the limbic system of the brain. Luckily, the Circuit Court for Wayne County, Michigan freed Smith from the threat of psychosurgery.

Neither the black man operated on at Michigan's Northville State Hospital nor Morris N. Kallen, Jr., who was operated on at Hahnemann's Hospital in Philadelphia, were so fortunate. According to officials, psychosurgery was performed on the black man to "cure" him of injuries which resulted from beatings sustained after his arrest by police during the Detroit riots of 1967. He now sits at Northville State Hospital like a vegetable. Kallen's "cure" for heroin addiction failed and he died a year later.

In the March 14, 1972 issue of the "Philadelphia Daily News", Dr. M. Hunter Brown of Santa Monica, California voiced approval of the operations done at Hahnemann. In fact, Dr. Brown conceded that he had ". . . performed the operation 267 times . . .".

Dr. Brown is joined by his colleague from Mississippi Dr. Orlando Andy in support of psychosurgery. Both advocate that violence can be controlled through surgery and that psychosurgery should be used on selected incarcerated criminals. Dr. Brown has even volunteered his services to the prison system, while Dr. Andy has suggested operating on "violent" and "disturbed" children. In fact, Dr. Andy has operated on 13 or 14 children ranging in age from six to nineteen. Interestingly these physicians are presently seeking to minimize the political designs of psychosurgery, and yet it is clear that psychosurgery has received considerable encouragement from reactionary politicians.

In 1973, California Governor Ronald Reagan, who is currently campaigning to become the President of the United States, announced the formation of a new Biomedical Center at UCLA's Brain Research Institute and Department of Psychiatry called the Center for the Reduction of Life-Threatening Behavior. The purpose of the center was to explore the causes of "life threatening behavior" which may or may not exist within the brain. Two of the target groups were to be youths and rioters.

The Center was scheduled to receive almost one million dollars in state funds and federal LEAA allocations. However, due to a variety of reasons, including the collapse of the Nixon Administration, the LEAA made the decision not to fund the research center.

NEED FOR BAN

If psychosurgery is not banned, blacks, the poor, the young, and the social and political activists are likely to be its victims. The only reasons why these groups have been relatively spared from psychosurgery in recent years is because of pressure from reform groups; the *Kaimowitz* decision; the cut-off of federal funds; the moral importance of the establishment of this Commission, and my proposed legislation. Collectively, they have dissuaded psychosurgery's widespread use. However, psychosurgery remains a threat because a few physicians have encouraged patients in private institutions to "consent" to this procedure. Moreover, existing federal regulation does not effectively control the practice of psychosurgery. I submit that the practice of psychosurgery is not amenable to effective regulation by either the public or private sector, and thus it must be totally banned.

The task of this Commission as mandated by Title II of the National Research Service Award Act of 1974, should be to distinguish between research aimed at controlling behavior through psychosurgery and the valid practice of medicine. I strongly recommend that this distinction should result in guidelines which prohibit the pernicious practice of psychosurgery.

CUTTING BACK ON PEANUT PRICE SUPPORTS

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. PEYSER. Mr. Speaker, tomorrow the appropriations bill for Agriculture and related agencies programs for the fiscal year ending September 30, 1977 (H.R. 14237) will be considered on the floor. I will be offering an amendment to limit to $59 million the appropriations to carry out the price support program for the 1976 crop of peanuts as the first step toward cutting back on one of the biggest wastes of the taxpayers' money I know: the peanut subsidy program.

Buying and selling or giving away surplus peanuts will cost taxpayers $163 million this year alone. Already the Government buys some 600,000 tons of peanuts a year, about one-third of the crop. And most of these peanuts merely sit in warehouses since the artifically high support price has priced U.S. peanuts out of the world market. It is expected that this year's price will be $415 a ton, compared with a world price of $250 a ton.

Just how many peanuts can the Government afford to buy and at what cost to the American taxpayer?

Now is the time for Congress to act. It is for this reason that I will offer the following amendment:

AMENDMENT TO 14237

On page 17, line 22 delete period and insert instead thereof a colon and add the following: "Provided further that no more than $59,000,000 of this appropriation shall be made available under this act to formulate or carry out a price support program for the 1976 crop of peanuts."

TRIBUTE TO JIM HENSON

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. REES. Mr. Speaker, I wish to take this opportunity to pay tribute to a most imaginative American, Jim Henson, creator of one of the Nation's best known television shows, "The Muppets." Mr. Henson, a designer, producer, director, writer and performer, coined the term "muppet" from a combination of two words—marionette and puppet.

Jim Henson and his muppets have for years brought to television shows combining education, enjoyment, and entertainment for millions of Americans. Mr. Henson's delightful creations such as Kermit the Frog; Rowlf, the world's most lovable mongrel; and Fozzie Bear, to name just a few, are among the best known characters on television. They are uniquely able to communicate every range of human emotion to their audiences.

Although Jim Henson continues to contribute his own and his associates' talents to "Sesame Street," he has long believed that the Muppets should not belong primarily to young children but should be granted the opportunity to be adopted and enjoyed by the entire family in the evenings.

This belief was confirmed not long ago by the five television stations owned and operated by the Columbia Broadcasting System. This quintet agreed to televise each week during the prime family viewing time 24 new, one-half hour programs titled "The Muppet Show," now being produced and directed by Mr. Henson.

Since then, an additional 120 stations have scheduled the program to go on the air in September, giving viewers an opportunity to enjoy Jim Henson's creations.

It is interesting to note that Mr. Henson began his career here in our Nation's Capital, where he joined a puppet club while in high school. Soon after, having discovered how to create and build his muppets, he and his retinue began appearing on local television programs. This led to appearances on all the major television variety programs. Further luster was added through "Sesame Street" and many other network specials.

Jim Henson's talent is a national asset, one to be cherished and enjoyed by Americans of every age for years to come.

GARRISON PROJECT NEEDS SOME RESTRAINT

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. SIMON. Mr. Speaker, the House will soon consider H.R. 14236, the public works appropriation for fiscal year 1977. Hidden among the many worthwhile projects funded by this legislation, with the thousands of jobs it will create, lies one project I hope this body will closely examine, the Garrison diversion project in North Dakota.

During floor debate I hope my colleagues will keep in mind some of these facts:

Using the Bureau of Reclamation's own figures, a maximum of 1,500 farms will be irrigated, at a cost of approximately $300,000 per farm.

The House Committee on Government Operations reported in February of this year that its studies indicate the Garrison diversion project has exceeded its cost ceiling by over $46 million and yet the project is only 20 percent completed. The project's total Federal obligation is placed at $496 million.

The Canadian Government has officially requested a moratorium on the project because of the fear that irrigation return flows will cause serious pollution in rivers that flow from North Dakota into Canada. Such pollution would be in violation of the Boundary Waters Treaty between our nations. A joint United States-Canada study group is expected to issue its report on this problem in late October.

Both the Environmental Protection Agency and the President's Council on Environmental Quality have requested a halt to new construction until the entire project is reassessed.

The Garrison diversion project will bring irrigation water to lands that are already productive, at a cost of $1,762 per acre, according to Bureau of Reclamation figures. The diversion will require the acquisition of 220,000 acres—much of it productive—so that 250,000 acres of already productive land can be irrigated.

Fifty to 80 thousand acres of wetlands would be destroyed, seven national wildlife refuges would be damaged, and, according to the Institute of Ecology, the potential loss in waterfowl and other marsh birds will be half a million per year.

These are the more easily measurable impacts the Garrison diversion project would have. More difficult to measure is the human impact and the costs this project extracts from the people of North Dakota. The following article from the North Dakota newspaper, the McLean County Independent of February 27, 1975, shows some of the human problems:

MUST PAY COURT COSTS: LAND WORTH $59,280 BUT GRABINGERS NET $45,000

Kenneth Grabinger, 37, is an articulate farmer who has seen the diversion project ruining his farming unit five miles southwest of Turtle Lake.

Grabinger and his wife Donna have lived on their 480-acre farm since they were married in 1963. Grabinger also owns 320 acres about eight miles north of his farm.

The "home place," the 480-acre farm, was a good unit for the Grabingers which supported 55 head of stock cows. That was until the federal government indicated it would need some of Grabinger's land for the diversion project.

Although the canal cut just a corner of Grabinger's land (amounting to only eight acres), the federal government has acquired that eight acres plus nearly 200 more (for wildlife).

The land which the government acquired by condemnation was the finest land in the unit. Low land (some of it Turtle Creek bottomland), the land is as good as high land which is irrigated, Grabinger feels.

It was impossible to find land in the area to replace that lost to the diversion project, and Grabinger said no offer of assistance (to aid in finding land) was ever given by the Bureau of Reclamation or the Garrison Diversion Conservancy District. (A proposed state law would require the district to provide such assistance; see article concerning Klain).

Land that Grabinger found (and which he "just acquired") to replace his lost acreage is not nearby . . . unless one can say 15 miles is nearby. One tract of land, 80 acres, is 15 miles west of his "home place"; the other, 160 acres of pastureland, is 15 miles north.

"It's not going to be the same," Grabinger says. "While I've been able to look at the cows behind the barn, now I'll have to truck them up to the pasture and back. And who's going to watch them?" he asks, knowing there's no answer.

Grabinger's experiences with the Bureau of Reclamation began in December 1970 when an appraiser first visited the Grabinger farm.

"I always knew I would be affected, but I just never felt it would be so much." Grabinger explained he has known that the diversion project would affect his life since he was a youngster "when surveyors would tramp through mother's garden" (the garden of his mother, Mrs. Alvin Grabinger, six miles northwest of Turtle Lake).

And when Kenny became aware that he was going to lose a good part (and the best part) of his farming unit, he couldn't do anything about finding replacement acreage. Why? For two reasons: 1) federal income tax laws make it unwise to buy replacement land before the forced sale of other land and 2) young farmers particularly are unable to get financing because all they own is already mortgaged.

In the spring of 1971, a Bureau of Reclamation negotiator arrived on the Grabinger farm and advised Kenny to "sign here." The government's offer was $23,500 for the approximately 200 acres.

Grabinger refused, and in the succeeding months the negotiator returned a couple of times.

Grabinger's counter offer was $58,000 although later, during the period of negotiation, Kenny said he would settle for $32,000, an offer which was also refused.

In February 1972, Grabinger's land was condemned. More than two years later, in May 1974, the court made its award—$59,280, the true value of the land (when it was condemned in February 1972.)

But Grabinger never received the "true value" of the land. Because federal law requires private persons to pay for their court costs, Grabinger wound up with $45,000 . . . his attorney and the appraisers he had retained cost him the difference.

And, in addition, Grabinger incurred considerable personal expenses and inconveniences while fighting his government for what he feels was rightfully his. Part of the expense and inconveniences was the loss of two weeks of spring's work when he felt he had to be in Bismarck to hear the condemnation cases in federal court.

"Why should a person be forced to pay 'just compensation' for his 'just compensation'?" Grabinger asks.

Grabinger is also critical of the Bureau of Reclamation in the way in which it proceeds against single farmers while keeping others in doubt.

He asked that he be allowed to retain ownership of about 140 acres of wildlife habitat land in the Bureau's "Turtle Creek Area." Grabinger's land is the only segment acquired in that area which stretches for nine miles in a north-south direction along the creek and which includes about 12,000 acres. (See stories about Addison Parks and Morris E. Miller).

While Grabinger's request to retain ownership of the Turtle Creek land was turned down, he is leasing the area now (Grabinger has been advised the lease arrangement will end after 1976).

When Grabinger was told that he could lease the Turtle Creek land, he was informed the price would be $500 a year. Grabinger's counter offer of $400 was rejected . . . but after a couple of weeks Grabinger received a telephone call, advising him the price would be $319.

"While that price was okay for Kenny, it shows how they (the Bureau of Reclamation) operate," Grabinger said.

The court decision awarding Grabinger $59,280 for his land (less the costs he incurred in seeking the judgment) was appealed when the government moved for a mistrial, but U.S. District Judge Bruce Van Sickle ruled against the government.

Grabinger said he understood that three other condemnation cases of area residents were being appealed by the Bureau. The cases reportedly involved Albert and Pearl Wall, Charles Schlichenmayer and John Reiser Sr.

Kenny and Donna Grabinger also express disgust with the way the Bureau has allowed contractors to "root up" roads in the area with their heavy equipment and to commit other abuses. The Bureau is responsible because its men are supposed to supervise the job, they said.

ONE SMALL STEP FORWARD

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. DERWINSKI. Mr. Speaker, the Chicago Daily News, in their May 29–30 edition, analyzed the recently signed nuclear test treaty between the United States and the U.S.S.R. in what I consider to be a very accurate and objective fashion. The editorial very logically makes its point, and I insert it in the RECORD:

ONE SMALL STEP FORWARD

From a practical standpoint, the nuclear-test treaty signed on Friday by President Ford and Soviet leader Leonid Brezhnev may not amount to much. It applies only to underground tests for peaceful purposes such as diverting rivers or excavating minerals, and the United States has not even conducted such tests for years.

But the new treaty makes one very important point. For the first time ever, the Soviets are agreeing to on-site inspection. This means that American technicians will be allowed to observe Russian testing, and Russians to observe U.S. tests if there are any.

Testing of nuclear weapons would remain off limits, so there has been no immediate or direct gain in the crucial area of arms control. What remains, though, is a breakthrough in principle, and in a principle the Soviets have been exceedingly hard-nosed about: on-site inspection. For years, the United States has urged opening up nuclear testing of all kinds to on-site inspection as a road that could lead to arms control and eventual disarmament. The secretive Soviets always said no, until now.

The treaty looks to be a step forward on the long and rocky road toward a world less shadowed by nuclear peril. A small step, perhaps, but in the current climate of national and international distrust, even a small step is more than welcome.

BALTIC FREEDOM DAY

HON. JAMES J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. DELANEY. Mr. Speaker, in a 50th anniversary speech before the United Nations General Assembly on June 19, 1967, Premier Aleksei N. Kosygin of the Soviet Union actually declared:

> We have regarded all peoples, large or small, with respect. Every people enjoys the right to establish an independent national state of its own. This constitutes one of the fundamental principles of the policy of the Soviet Union. . . . While upholding the rights of peoples to self-determination, the Soviet Union just as resolutely condemns the attempts by any state to conduct an aggressive policy towards other countries, a policy of seizure of foreign lands and subjugation of the people living there.

Brazen hypocrisy. My congressional district has a large number of citizens who are of Estonian, Latvian, and Lithuanian descent and many of them have families, relatives and friends still living in the Baltic countries. Nothing highlights Russian hypocrisy more than the double anniversary this month of the loss of Baltic freedom and forceable annexation of these States by the Kremlin.

By secret protocols attached to the Molotov-Ribbentrop Agreement of 1939, the Baltic States had been left in the Soviet sphere of influence. Between June 14 and June 17, 1940, Moscow presented Estonia, Latvia, and Lithuania with ultimata, then invaded and occupied them. A year later, around June 14, 1941, thousands of Estonians, Latvians, and Lithuanias were deported to remote parts of the U.S.S.R. in a calculated campaign of terror. Some 10,000 Estonians were exiled from their homeland in one night; in the months that followed, 33,000 more were deported. Fifteen thousand Latvians were sent into Siberia on June 13–14 and some 34,000 Lithuanians were removed to the Soviet Far East. By 1959 the populations of the three Baltic States had declined one-sixth below prewar levels and in Vilnius, the capital of Lithuania, native Lithuanians became a minority.

So much, Mr. Speaker, for Soviet respect for the rights "of all peoples" and their "condemnation of subjugation."

This past December 2, in a recorded vote of 407 yeas to 0 nays, the House of Representatives passed House Resolution 864 and declared loudly and clearly for all the world to hear that:

> . . . There has been no change in the long-standing policy of the United States on nonrecognition of the illegal seizure and annexation by the Soviet Union of the three Baltic Nations of Estonia, Latvia, and Lithuania.

I was proud to be a sponsor of this "Baltic resolution" and want to take this opportunity to emphasize once again that we will never recognize in any way the annexation of these brave peoples by the Communist aggressor.

FAIRNESS FOR AMERICAN SPECIALTY STEEL

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. ASHBROOK. Mr. Speaker, the President has announced an import agreement with Japan on specialty steel and has set quotas for other foreign suppliers. When I met with the President a short time ago, I urged him to take action in this area. This announcement is a step in the right direction.

The U.S. specialty steel industry has been hard hit by unfair foreign competition. The result has been unemployment and a serious weakening of this important American industry.

As I stated, the agreement and the President's announcement is a step in the right direction. I do think the International Trade Commission's original recommendation for 5-year limitations is preferable over the 3 years as announced. However, the 3-year period will give the American specialty steel industry the opportunity to compete on a much fairer basis than was the case with the previously almost uncontrolled imports often produced by companies subsidized by their own governments.

This decision will have important consequences for our Nation. It begins to take notice of basic American interests. I am pleased that I was able to help in arriving at a decision which will begin to correct an unjust situation.

At this point I include in the RECORD the text of a release from the Office of the Special Representative for Trade Negotiations, Executive Office of the President, and a copy of the release from the specialty steel industry and the United Steelworkers of America:

U.S. SIGNS SPECIALTY STEEL IMPORT AGREEMENT WITH JAPAN; PRESIDENT SETS QUOTAS FOR OTHER SUPPLIES

An agreement limiting U.S. imports of specialty steel from Japan was signed today by Ambassador Frederick B. Dent, President Ford's Special Representative for Trade Negotiations, and His Excellency, Fumihiko Togo, the Ambassador of Japan, in Washington.

Japan has accounted for more than 50% of recent U.S. imports of specialty steel. The orderly marketing agreement calls for U.S. imports of these products from Japan to be limited to 66,400 short tons for the 12-month period from June 14, 1976 to June 13, 1977, with 3% annual increases in each of the two subsequent years. Japan supplied 78,500 tons in 1975, and 30,900 tons in the first four months of 1976.

Following signature of the U.S.-Japan agreement, Ambassador Dent announced that the President will proclaim, effective June 14, three-year restraints on U.S. imports of specialty steel from other foreign suppliers, pursuant to his previous determination on March 16, 1976 (STR Press Release No. 220). These actions are based upon a USITC finding that imports are a substantial cause of serious injury to the domestic industry. The USITC proposed five-year quotas as a result of its investigation of an "escape clause" import relief petition filed by the alloy tool and stainless (specialty) steel industry and the United Steelworkers of America, under the Trade Act of 1974.

Quotas imposed are as follows:

The quota for the period June 14, 1976 to June 13, 1977 is 147,000 short tons, comparable to the overall level recommended by the USITC. For the 1977–78 period, the total quota is 151,500 tons, and for 1978–79, 155,900 tons. The relief program determined by the President provides for immediate reductions in total imports from the 1974, 1975, and first-third 1976 levels, over which period they increased markedly. Imports totaled 151,200 tons in 1974, 153,700 tons in 1975, and were running at an annual rate of 168,900 tons for the first four months of 1976. The 1976–77 quota represents reductions from those levels of 3 percent, 4 percent, and 14 percent, respectively.

Ambassador Dent explained that the program provides for historical supplier market-shares, growth factors, new-supplier considerations, and authority to allocate specific product coverages and to reallocate shortfalls on a basis which will assure equitable utilization of the quotas. It is nondiscriminatory, and takes into account both U.S. and foreign suppliers' trade interests. The program was developed following thorough consultations with most exporting countries, including the principal suppliers—Japan, the European Community (EC), Sweden and Canada—and takes into account the concerns of exporting countries. The agreement with Japan provides for additional consultations, and the U.S. remains open to consultations with others.

Allocations of the quotas generally are applied to supplier countries on the basis of their proportionate import shares of the U.S. market over the five-year period 1971–1975. Specific allocations are provided for Japan, the EC, Sweden, Canada, and "all other" suppliers. These quotas will cover five product categories: stainless steel sheet and strip, plate, bar, and rod; and alloy tool steel. Excluded from the quota program is stainless steel strip imported for use in the manufacture of razor blades. The USITC found that currently this is not being produced domestically. This exclusion thus benefits consumers without jeopardizing effective import relief of injury to the domestic industry.

Under the program, the EC is allocated an overall quota, covering all nine member states, of 32,000 tons. The Swedish quota is 24,000 tons, Canada, 12,600. The "basket" quota for all other countries as a group is 12,000 tons. Each of these quotas will be increased by an additional 3 percent in 1978–79.

In announcing the President's action today, Ambassador Dent noted that specialty steel tonnage represents less than 2 percent of total U.S. steel imports.

After a review of the USITC findings and recommendations by the Cabinet-level Trade Policy Committee, the President last March instructed Ambassador Dent to seek orderly marketing agreements with principal supplier nations to remedy injury to the domestic industry in a manner meeting the special concerns of each of the nations affected.

Also in March, the President announced his intention to proclaim by June 14, 1976, import quotas at overall levels comparable to those recommended by the USITC, but not necessarily with respect to specific country or product category allocations recommended by the Commission, in the event that orderly marketing agreements were not concluded. He also rejected as too inflexible the five-year quota system recommended by the Commission.

The President's March determination further provided that any import restraints imposed may be relaxed or removed at any time prior to June, 1979 when he finds—upon the advice of the USITC and the Secretaries of Commerce and Labor—that the domestic industry is regaining a healthy production and employment position.

In order to record and review both the effectiveness of the restraint program announced today and the economic condition of the domestic industry, a monitoring system will be put into effect immediately. This system will provide current data on production, shipments, employment, man-hours worked, imports, exports, prices, and consumption, collected on a monthly basis and published quarterly. Additional data also will be collected and made public on profits, investment, capacity, inventories and orders.

SPECIALTY STEEL INDUSTRY
OF THE UNITED STATES,
Washington, D.C.
UNITED STEELWORKERS OF AMERICA,
Pittsburgh, Pa.

PITTSBURGH, PA.—"We are pleased that the President has announced he will order restraints on imports of specialty steel beginning Monday, June 14," the Specialty Steel Industry of the United States and the United Steelworkers of America said in a joint statement today.

"We are pleased, also, that the President has substantially accepted the limitation levels recommended by the U.S. International Trade Commission, thus, recognizing that uncontrolled foreign government-subsidized imports have seriously injured the essential American specialty steel industry and its 65,000 workers. We note, and are particularly gratified, that a government-to-government orderly marketing agreement covering specialty steel imports has been signed with Japan. We hope this statesmanlike action will be followed by a resolve of major steel-producing nations to join in immediate discussions with the United States either within or outside GATT (General Agreement on Tariffs and Trade) to face up to the serious long-term problems of international trade in all steel products.

"As contrasted with increasing activity reported in parts of the basic carbon steel industry, production of most specialty steel products remains at very low volume. On the other hand, imports of specialty steels covered by the ITC case continue at very high levels in 1976. In fact, imports are running at an annualized rate of 167,296 tons—which would set an all-time record. High unemployment in the specialty steel industry continues, too. Positive steps to limit imports are as urgently needed now—perhaps even more so—as when the United Steelworkers of America and 19 specialty steel companies filed their petition nearly a year ago under the provisions of the United States Trade Act of 1974."

BALTIC STATES ANNIVERSARY

HON. NORMAN F. LENT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. LENT. Mr. Speaker, June 14 and 15 mark the 35th anniversary of the mass deportation of over 100,000 Lithuanian, Latvian, and Estonian citizens by the Government of the Soviet Union, to inhuman labor camps in Soviet Siberia.

Because of the nature of the Soviet regime, we seldom see reports in our newspapers or on television of the atrocities committed by the Soviet government, and few Americans are even aware of the horrors which have taken place.

But those among us who were involved, and who were fortunate enough to escape this horror pause today and remember. In their thoughts are the memories of dear friends and relatives, of uncomprehending children and old men and women who were herded like cattle into railway box cars and shipped like so much freight into the Siberian wilderness.

Along the way, many of the children died and were simply discarded along railroad sidings. The cars were loaded with 50 to 60 people per car, the windows boarded over without regard for the need for air. Those who received food and water were lucky.

In their new Siberian "homes," the deportees worked in the cold for long hours cutting trees. Clothing was scarce, food scarcer, and all who suffered this treatment knew in the bitterness of their hearts that they would soon join their friends in the ranks of the dead, victims of this particularly effective brand of murder.

Our Nation has, for 200 years now, been a refuge for those who sought to escape tyranny. We must stand firm in our resolve to continue our moral support to those peoples who resist oppressive governments where basic human rights are denied.

I ask that my colleagues join me in mourning this anniversary.

THE 35TH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. PRICE. Mr. Speaker, it is an honor to join my colleagues in the House today in commemoration of those Lithuanians, Latvians, and Estonians who were subject to forcible occupation and deportation in 1941. On June 14 and 15, nearly 1 million Americans of Baltic descent will pay their respect to those individuals who sacrificed their lives and welfare 35 years ago so that the Baltic States could obtain freedom.

It is the spirit which these fine people exhibited that constitutes the cornerstone of democracy. The Baltic people have persevered through times of political oppression which sought to curtail the freedom that they are now striving toward. They have continued their struggle for ideas which should not be taken for granted. The Baltic people fight for such basic rights as the freedom of thought and expression, and the right to freely exercise religious beliefs and worship. These principles are essential to the effectiveness of any form of democratic government.

I would hope that one day these people will no longer have to endure such terrible hardships. Although the responsibility of exercising self-determination is an awesome one, it cannot compare to the suffering which these people have gone through. It is ironic that individuals who have fought so diligently for their freedom have been denied it for so long.

In this Bicentennial Year it is important to do more than just celebrate our good fortune we have experienced as citizens of this Nation. We must also remember those people who believe in the same ideas this country represents but who continue to make great sacrifices for their idea of a free government.

35TH ANNIVERSARY OF BALTIC DEPORTATION

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. NOWAK. Mr. Speaker, June 14–15, 1976, marks the 35th anniversary of the deportation of Baltic peoples to Siberia. It is appropriate in our Bicentennial year to honor the perseverance of the three Baltic states of Lithuania, Latvia, and Estonia in their quest for political sovereignty. These courageous people are to be commended on their continued fight for freedom and the right to maintain their cultural identity.

As citizens of the United States, which represents the epitome of self-determination, it is often difficult to imagine the plight of the Baltic nations. Particularly, in this Bicentennial of our liberation, we tend to be preoccupied with the celebration but overlook the fact that there are those who are less fortunate.

I am pleased that, on June 3 of this year, the President signed into law S. 2679, establishing the Commission on Security and Cooperation in Europe. I trust that this Commission will help effect a more diligent observance of the 1975 Helsinki Accord, which calls for the promotion of human rights worldwide.

I would like to insert the following material, furnished to me by the Joint Baltic American Committee:

35th Anniversary of the Deportation of Baltic Peoples to Siberia

This year, about one million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet government began planning for mass exterminations of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There were 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages of 10 to 18; 3,986 from the ages of 18 to 30 yeas; 7,778 persons from the ages of 30 to 50; 1,681 from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

Four young Lithuanian girls, who were deported to Siberia, have secretly written a prayerbook, which through underground channels, has been smuggled to the western world. It was published in English, and titled: "Mary Save Us."

These young girls wrote: "The day has closed its eyes. Fatigue closes my eyes. My feelings have dried up, my strength has left me . . . with icy lips, with tear-filled eyes, tormented by despair, we fly to your straw-covered crib, o Holy Babe . . . We are drained of strength, our feelings have faded away, our hearts are benumbed thoughts we cannot control . . . Jesus help those who die in foreign lands without consolation of the Church or their dear ones, without the comfort and aid of their friends."

The Soviet Union also deported people from the Baltic States in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the USA. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow".

"About four o'clock in the morning of May 22nd (1948), I heard a knock on my door . . . I opened the door and froze with fear . . . There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport . . . He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet states . . . I had only a half hour to prepare myself for the deportation journey. Awakened by the noise, my son started to cry . . . I was told that I could take no suitcases, but must pack everything into a potato sack . . .

"When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village . . . Some twenty-five families had been collected . . . Each family sat on their sacks in a group. No one talked.

"Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment . . . At first, I thought all Lithuanians were being deported . . . The village of Aukstuoliai was left completely empty . . .

"At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food . . . Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons . . . The feelings of human beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected . . . In one car, a woman with two small children, whose husband was in prison, went mad, jumped from the moving train, and was killed . . . The biggest problem in our car was an 83-year-old paralyzed lady . . .

"After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia . . . We were ordered to get out . . . We stood there for about four hours in a cold rain mixed with snow. The children cried all the time . . ."

The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes: "It was clear to everyone that we had been sent here to die."

On starvation rations, they were forced to cut trees in the forests five miles away from the barracks. The work norms were very high, and they had only primitive tools. The regime for prisoners was severe. Mrs. Armonas writes: "I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on the beds."

Fortunately for Mrs. Armonas, Khrushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

THE NEED FOR AMENDMENTS TO THE CLEAN AIR BILL

HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. MAGUIRE. Mr. Speaker, Congress will soon consider the Clean Air Act Amendments of 1976. Unfortunately, the Committee on Interstate and Foreign Commerce, which reported this bill, adopted a version of section 108 which would permit significant deterioration of the quality of the Nation's remaining clean air.

A number of my colleagues and I on the committee believe that the present section 108 fails to achieve a sensible balance between the needs of the economy and those of the environment. For these reasons, Representatives Toby Moffett, John Moss, Richard Ottinger, James Scheuer, Henry Waxman, and I are supporting an amendment to this section. I urge my colleagues to consider the following statement of our additional views to the Commerce Committee report on H.R. 10498, the Clean Air Act Amendments of 1976:

Additional Views of Representative Andrew Maguire, Toby Moffett, John Moss, Richard Ottinger, James Scheuer, and Henry Waxman

Although we reject the extreme position that the Congress should adopt a policy which would prohibit any degradation in air quality, we believe it essential that the Congress provide a modicum of protection of the Nation's air resources. We believe that the Committee's bill, which would actually permit, rather than prevent the significant deterioration of air quality in many relatively unpolluted areas of the country, must be improved.

We therefore recommend the following revisions to Section 108 in order to ensure achievement of the purposes of the policy of preventing significant deterioration of air quality:

(1) As the Class III category would permit the attainment of levels of pollution which would seriously degrade air quality within such an area, it should be eliminated;

(2) Federal lands, such as national monuments, national recreation areas, and national reserves should be provided special Federal protection against a significant deterioration of air quality;

(3) Authority should be given the EPA Administrator to disapprove any air quality plans and reclassifications under this section which arbitrarily and capriciously disregard relevant environmental, social or economic considerations.

The Committee adopted Section 108 under the assumption that its policy would balance the economic, energy, and environmental needs so essential to the Nation's future growth and development. Data developed by the Environmental Protection Agency, however, strongly indicates that under the Committee's proposal this balance would not be achieved. Section 110(b) (1) of the Clean Air Act clearly states that one of its purposes is, *"to protect and enhance the quality of the Nation's air resources* so as to promote the public health and welfare and the productive capacity of its population." We believe the Committee's proposal, which would permit substantial increases in air pollution in many areas of the country, would effectively repeal section 110(b)(1).

I. THE NEED FOR THE ELIMINATION OF THE CLASS III DESIGNATION

We believe the States clearly must be given sufficient flexibility to fulfill their economic and energy needs. However, even though the development of new energy and industrial facilities invariably entail increased levels of air pollution, we do not believe that moderate, orderly and sustained growth is incompatible with the protection of the environment.

Since the enactment of the Clean Air legislation six years ago, extraordinary progress has been made in developing the technology necessary to control excessive emissions of dangerous pollutants. Power plants across the country, in order to control their emissions of sulfur oxides and particulates, have adopted flue gas desulfurization processes ("scrubbers"), which, as the Department of Commerce has documented, "remove as much as 90% of the SO_x from the flue gasses." Other industries are in the process of developing similar controls. The availability of such technology, which can be applied at a reasonable cost, means that we can prevent the significant deterioration of air quality without precluding economic growth.

It is important to realize that the Class II designation of air quality degradation would allow for massive development. As EPA Assistant Administrator Roger Strelow stated in a letter to Chairman Rogers in February, 1976, "Typically, any one of the 19 major point source categories regulated by the EPA regulation (on significant deterioration of air quality), with the exception of a new grass-roots steel complex—none of which are planned," can be built within the Committee's Class II designation. Since power plants are one of the Nations largest sources of air pollution—and are therefore the industry most affected by Section 108—Strelow pointed out that other industrial sources "should have even greater flexibility (under this program) because their emissions are much lower than those of large, coal-fired power plants."

But how large a power plant can be built in an area designated Class II? According to EPA, in an area where terrain is level or a taller stack is used, a powerplant of a capacity between 4,000 and 11,000 megawatts can be constructed utilizing the best available control technology (BACT) as defined in the Committee bill. For the purposes of illustrating the magnitude of such an energy capacity, and the generosity of the Class II provisions, the Potomac Electric Power Company, during one of its highest peak load periods of demand, required only 3,623 mw to supply power for the entire Washington, D.C. area.

Some may argue that these projections and estimates would not reflect actual conditions. However, the fact is that even the proposed, massive (3000 mw) Kaiparowits project—the largest coal-fired power plant ever planned—could have been constructed in a Class II area without exceeding the permissible pollution increases for sulfur oxides, its principal pollutant. The Kaiparowits project has been abandoned due to both economic considerations and energy projections which indicated that the planned power capacity would not be needed in the next ten to fifteen years for the principal area it would serve, Southern California.

The chart below clearly documents that the Class II designation, which would allow the most pollution in all categories, is unnecessarily high to accommodate development of the magnitude of a Kaiparowits. The figures for the Kaiparowits emissions are taken from the Environmental Impact Statement (EIS) filed in conjunction with the proposal:

Concentrations of sulfur oxides (*micrograms/cubic meter*)

[Maximum permissible increments]

Standards	Kaiparowits	Class II	Class III
Annual	2	20	40
24-hr.	46	91	183
3-hr.	187	325	650

The EIS figures actually show that a power plant of a capacity between 5,000 to 6,000 megawatts could be accommodated within a Class II area. Since the Kaiparowits plant would have utilized technology inferior to that required by the Committee bill, even greater capacity would have been possible within the Class II area.

It is therefore clear that the Class II designation does not jeopardize the fulfillment of our national energy and economic needs—quite the contrary, it is more than sufficient. But at what envrionmental cost do we achieve this energy capability?

A February 5, 1976 EPA report, "A Preliminary Analysis of the Economic Impact on the Electric Utility Industry of Alternative Approaches to Significant Deterioration," evaluated the projected capital investment requirements for the utility industry between 1975 and 1990. The report documents that the Committee's proposal would increase the industry's capital expenditures over this fifteen year period by between $11.2 and $11.6 billion—which is only an increase of 2.5% to 2.7% in the industry's capital requirements by 1990. Importantly, the report, noted, "The high (2.7%) estimate for the House proposal assumes that all new plants must meet the Class I and Class II increments and that no areas will be redesignated as Class III." Therefore, the report demonstrates that the elimination of Class III would increase capital expenditures by only 0.2% over the Committee's proposal, or by $27 million annually.

As the amount of air pollution caused by other industries is lower, the capital requirements of these industries for the purchase of the necessary control technology should, consequently, not be as great as the projected impact on the electric utility industry.

Therefore, we believe that should the Congress eliminate the Class III designation, the incremental costs to the consumer and to industry would be minimal.

Most importantly, the elimination of Class III is necessary in order to protect adequately public health and welfare from dangerous concentrations of air pollution. The Committee report has outlined in detail the threat to health and the costs borne by the public which results from air pollution. We believe it is therefore incumbent upon this Congress to adopt a policy which prevents unnecessary increases in air pollution.

Some may argue persuasively that even Class II permits excessive and dangerous increases in ambient levels of air pollution. Indeed, average annual sulfur oxide concentrations in Class II areas would permit the attainment of levels now experienced in such cities as Toledo, Rochester, and Houston. The Class III designation, however, would allow even greater deterioration of air quality by permitting sulfur oxide concentrations to reach the levels experienced in Indianapolis, Milwaukee and Los Angeles. It should be noted that the allowable increases for other pollutants in Class III areas is in the same proportion as those for sulfur oxides.

Rather than adopting a policy which would prevent the significant deterioration of air quality across the country, the Committee has adopted, in our judgment, a provision which would contribute to the greying of America. Our proposal to eliminate Class III—which is consistent with the Senate bill—is essential to the protection of our environment, and utterly compatible with the energy and economic needs of the Nation.

II. PROTECTION OF FEDERALLY DESIGNATED LANDS

Congress has provided that certain lands of special value to the Nation be protected and preserved for the enjoyment of future generations of Americans. Under the Committee's proposal, national parks and wilderness areas between 1,000 and 25,000 acres as well as national monuments, preserves, recreation areas, primitive areas, and international parks larger than 25,000 acres may be redesignated by the State as Class II.

While we agree that the States should be granted maximum discretion in the designation of land within their borders, we believe that federally designated lands such as those listed above should be provided Federal protection. As we have shown earlier, massive development is clearly inconsistent with the purposes for which these lands have been set aside.

Under the Committee's proposal, national monuments such as Death Valley in California or the Badlands in South Dakota could be reassigned, by the States, to Class II, potentially subjecting those areas to air quality concentrations equivalent to those in Topeka or New Orleans. In order to protect such lands, which are initially placed in Class I, we believe it both prudent and essential that the Federal Land Manager of any such area which has been redesignated from Class I to Class II be provided authority to disapprove such reclassification.

III. DISAPPROVAL AUTHORITY OF ARBITRARY AND CAPRICIOUS REDESIGNATION

Under the Committee's proposal, the States are granted wide latitude to redesignate land areas consistent with their desire to accommodate future economic and industrial growth. While the above data shows that careful management and planning can prevent significant increases in pollution while accommodating energy and industrial growth, the States will inevitably come under tremendous pressure to minimize the environmental constraints contained in the significant deterioration program.

This is a problem which has been recognized for years. As former EPA Administrator Ruckelshaus testified during his confirmation hearings in 1970:

"Having spent a number of years in the State attorney general's office in the State of Indiana, I know that the States as regulators of industry, and regulators in the area of pollution, operate under some disadvantages.

"The States compete very fiercely for industry to locate in their states, and when they are asked to regulate that same industry that they asked to locate in their states, sometimes they are not as effective as they should be." (Hearings on Nomination of William Ruckelshaus, Senate Public Works Committee, 91st Congress, Second Session, 1970, 6: p. 248).

Even though Section 108 of the Committee bill does encourage the States to undertake a comprehensive review of all the factors—environmental, social, economic—involved in redesignating an area Class III, we believe this provision could be strengthened in order to cope more effectively with the pressures described above.

In our judgment, the Administrator of EPA should be provided the authority to disapprove redesignation of any area by a State which arbitrarily and capriciously disregards relevant environmental, social, or economic considerations. We very much hope that such authority would, in fact, be used sparingly, and with caution. We nevertheless consider such a provision necessary in order to provide adequate protection.

Other than the reservations we have expressed above, we believe that the Committee's proposal on Section 108 provides a rational and desperately needed guidelines for the implementation of Section 101(b)(1) of the existing Act. It is one which is mandated by the increased knowledge ravages of air pollution, and which, at the same time, provides a sensible balance among the Nation's energy, economic, and environmental concerns.

Andrew Maguire.
Toby Moffett.
John Moss.
Richard Ottinger.
James Scheuer.
Henry Waxman.

GARRISON DIVERSION PROJECT

HON. RICHARD NOLAN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. NOLAN. Mr. Speaker, I would like to draw to the attention of my colleagues the following article that appeared in today's Washington Post, concerning the controversial Garrison Diversion Project in North Dakota. Tomorrow, June 15, Congressman Fraser and I will introduce an amendment to delete funding for the next major feature of this project. We hope that questions such as those discussed here will be answered before the Congress proceeds with further construction.

The article follows:

Water Project Debate Boiling—Canada, Farmers Assail N.D. Irrigation System

(By Margot Hornblower)

Turtle Lake, N.D.—In the wheatfields of central North Dakota's velvet prairie, a giant billboard stands by a rarely traveled dirt road. In stark black letters, it reads: "My farm ruined by the U.S. Bureau of Reclamation."

Ben Schatz, a local farmer, erected the sign after his land was condemned for a $500 million federal irrigation system that has become one of the most controversial public works projects in the nation.

The Reclamation Bureau, an agency of the Interior Department, says it is helping farmers by diverting water from the Missouri River through a massive system of pumping stations, reservoirs and canals.

But Schatz and other anguished farmers who must sacrifice their land so that others may irrigate say the project—now 20 per cent complete—is "a boondoggle." It will take 220,000 acres to build, but will irrigate only 250,000 acres, they say.

The Garrison Diversion Unit, as it is called, would be a little noticed dispute between farmers who suffer from it and farmers who will benefit were it not for an extraordinary combination of circumstances:

The Canadian government has declared that the water draining off the irrigated land will pollute the Souris and Red rivers, which flow into Canada, in violation of the U.S.-Canadian boundary waters treaty.

The National Audubon Society, a conservation group, has filed suit to stop the project on the grounds that it will destroy an important wildlife breeding area in a state that is second only to Alaska in the production of migratory birds.

Two federal agencies, the President's Council on Environmental Quality and the Environmental Protection Agency, have called for a moratorium on the construction of Garrison Diversion until its ecological impacts are adequately assessed.

The Minnesota Pollution Control Agency and the South Dakota legislature have formally complained that the project may pollute their rivers.

A House Government Operations subcommittee, after a two-year investigation, questioned the project's economic benefits and, in a draft report, recommends that it be delayed until environmentally superior alternatives are found.

However, few of the opponents, who include major national environmental organizations, are optimistic that the House will delay this year's funding for the project when the public works bill comes to the floor Tuesday. Two Minnesota Democrats, Donald M. Fraser and Richard Nolan, say they will introduce an amendment to cut funding by more than half.

Garrison Diversion, not unexpectedly, has the vigorous support of North Dakota's congressional delegation. And other congressmen traditionally are reluctant to challenge public works projects in their colleagues' districts for fear of retaliation.

In the case of Garrison environmental groups face not only the task of stopping a project in mid-construction, but they also must deal with the momentum of history.

Since 1889, when North Dakota joined the Union, farmers here have dreamed of using the full-flowing waters of the Missouri to irrigate their land. The specter of severe droughts has haunted them since the dustbowl days of the 1930s.

Mark Andrews, North Dakota's lone congressman, says the project is part of a bargain struck decades ago when the Garrison dam took up 350,000 acres of the state's prime farmland to protect downstream cities like St. Louis and New Orleans from Missouri River floods.

"The bargain was that if we gave up those acres, we'd get water to irrigate 250,000 acres which would increase our agricultural production," he said.

"Our population has been dropping since 1910. We need this project to stop the outmigration of our young people and provide job opportunities."

Garrison Diversion was first authorized by Congress in 1944, and re-authorized in its present from in 1965. Construction began in 1967 and is scheduled to end in the 1990s.

While the project will provide job opportunities in the areas that it irrigates—less than 1 per cent of the state's agricultural land—it is eliminating jobs on the land that must be acquired to build it.

Schatz, whose grandfather came from Bavaria to homestead here, worries that he won't have a "farm to pass on to my children." The bureau condemned 80 acres of his 720-acre farm for a canal, cutting off his farm buildings from his pasture land.

"They forced me out of the cattle business. Now I have to farm rented land and pay thousands of dollars for new equipment," he said.

I asked them to give me a fair price for my land, but they told me I'm just a dot on the map. They said, "When you get in our way, we move you."

Schatz is one of dozens of farmers who say the Reclamation Bureau lied to them about what land was to be taken, under-compensated them so they are unable to purchase new land, polluted and dried up their wells, destroyed their crops and pitted neighbors against neighbors.

Assistant Bureau Commissioner James J. O'Brien denied such tactics were used, but added, "In some instances we were less compassionate than we should have been. There was the attitude 'I'm Uncle Sam, don't argue with me.' "

O'Brien said 85 per cent of the land so far has been acquired without condemnation proceedings. "You couldn't buy land without some disagreement," he said.

The McCluskey Canal, which cuts a 74-mile gash through wheatfields and pasture land, is almost completed. Now the bureau is acquiring about 50 square miles of Lone Tree Valley for a giant reservoir that will send the McCluskey Canal water north, south, and east to different irrigation districts.

The farmers who are losing their land have organized a "Committee to Save North Dakota," calling for a moratorium on construction until their problems and environmental difficulties can be resolved.

"Irrigation is fine in the Southwest (United States) where they're taking unproductive land to irrigate," said committee chairman Monroe Raugust, a Lone Tree Valley farmer. "But when they talk about taking our productive land to put water on other productive land, they've lost their perspective."

The economics of the project confound the farmers who are caught between the Reclamation Bureau's favorable cost-benefit analysis and opponents' charges of wasteful federal spending.

"For every dollar spent, the nation would garner $2.90 worth of benefits." O'Brien said, adding that the project will increase municipal water supplies and recreation opportunities.

"Farmers' productivity is severely limited in dryland farming," said project manager Warren Jameson. "Irrigation would double and triple production."

The bureau says Garrison Diversion will pay for itself in revenues from Missouri River Hydroelectric Power Dam, but critics say those funds will be insufficient.

The House Government Operations Committee has said that, in computing the costs, the bureau uses an unrealistically low discount rate on money advanced for the project. Because of inflation, the Garrison Diversion price tag has doubled since the original 1965 estimate of $207 million.

The project "has no economic justification," according to a 100-page study by the Institute of Ecology, a Washington research group. "Costs outweigh the benefits (and) amount to a subsidy of $469,771 per farm."

The environmental effects are equally disputed. "The environmental damage is not of great magnitude," Jameson said. "We are improving water quality in the river by increasing the amount of return flow (water)."

The Canadians, however, say the water will be full of salts and other minerals that will endanger Canadians' health and property. The question is under study by a U.S.-Canadian commission that is scheduled to report its findings in October.

After a series of formal diplomatic complaints and a discussion between President Ford and Canadian Prime Minister Pierre Trudeau, the State Department has promised that no construction will be undertaken that would result in violation of boundary waters treaty.

A $1 million water quality study prepared by the Harza Engineering Consultants, released by the Bureau recently, is being used by both Garrison supporters and opponents to justify their positions on the pollution issue.

Opponents also have expressed concern about what they say is poor engineering of the McCluskey Canal. The bureau has repaired dozens of major and minor earthslides there because of the sharp angle of the canal walls. While environmentalists are drawing parallels, with the recent collapse of the bureau's Teton Dam in Idaho, Jameson said the McCluskey Canal represents acceptable "risk engineering."

To offset the destruction of wetland—the swamps where wild fowl breed—and grassland, which protect other wildlife, Garrison Diversion includes the purchase of 146,000 acres of land for "wildlife mitigation."

While the bureau maintains that the new area will increase the number of birds and wild animals through improved management techniques, a U.S. Fish and Wildlife Service report in March said the project will damage eight major wildlife refuges totaling 162,771 acres.

"This project not only devalues a major effort and investment in the refuge system and threatens valuable national wildlife resources, it establishes a precedent making every wildlife refuge in the United States vulnerable to use for non-wildlife development," the report said.

Yet the arguments over pollutants, water fowl, and cost benefit ratios mean little to farmers who have been promised irrigation for 20 years. It has hardly rained here since last spring and in the southeastern part of the state the earth is parched and crops are burning in the sun.

"I feel sorry for the farmers who are losing their land to the project," said Betty Daniels, who., with her two sons, farms 2,000 acres in Oaks.

"But one generation has to give things up so that others benefit in the long run. The world needs food. We need productive land."

Her son, Tom, said that without Garrison's Diversion water "the weather can make you or break you. With irrigation, at least we'll have a consistent crop."

This is small comfort to Nick Faul, who supports a wife and four children in a 480-acre farm in Lone Tree Valley. "I'll lose everything," he said.

"They've appraised my house at $4,600. I couldn't build a chicken coop with that. They're offering me $245 an acre for my land, half of what it's worth. I'm not moving until they pump the water in."

LETTER FROM THE HONORABLE RICHARD ROUDEBUSH, ADMINISTRATOR, VETERANS' ADMINISTRATION

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. PRICE. Mr. Speaker, all of us here have deep concern for the welfare of America's veterans and their families. Because of this interest I am bringing to the attention of my colleagues a reply the Honorable Richard Roudebush, Administrator, Veterans' Administration, has furnished me in response to a constituent's inquiry about a recent article in the National Tattler that levels a number of charges against the Veterans' Administration.

Under unanimous consent, Mr. Speaker, at this point in the RECORD I include Mr. Roudebush's reply to the National Tattler's charges. I am certain my colleagues will want to read it carefully.

VETERANS' ADMINISTRATION,
Washington, D.C., May 25, 1976.

Hon. MELVIN PRICE,
House of Representatives,
Washington, D.C.

DEAR MEL: Thank you for your letter of May 3, 1976, and for your continuing concern for the welfare of America's veterans and their families.

As a basis for reply to Mrs. Joyce Capehart, of Cahokia, Illinois, permit me to offer the following information:

To begin with, the article by the National Tattler reporter Tom Ayres, which obviously and regrettably distressed Mrs. Capehart, is an undisguised rehash of similar, misrepresentative, if not distorted, articles that have appeared in a few other newspapers.

I think that a summary of my public responses to these earlier articles will reassure Mrs. Capehart that while the Veterans' Administration has not been mistake-free, and probably never will be, in carrying out its mission of service, VA is doing a more than satisfactory job overall in caring for millions of veterans, and veterans' dependents and survivors.

The Tattler's Mr. Ayres charges at the outset that "This year, Congress will blindly appropriate $16.5 billion to take care of this nation's veterans." Aside from being wrong in the figure he cited, I think you will agree that he displays an abysmal ignorance of the conscientious and informed consideration which the Congress gives to VA's annual appropriation request, including supplementals.

If it were possible to be more than 180 degrees off target on a given subject, Mr. Ayres succeeded in his assertion that "a large percentage of that appropriation will never benefit a single veteran" and that "billions of dollars will be lost in a bureaucratic maze."

As you well know, of VA's $18.1 billion appropriation request for Fiscal 1977, for example, 71.9 percent will go for direct veteran benefit payments, 24.1 percent for hospital and medical care, 1.2 percent for hospital and related construction, and only 2.8 percent for general operating expenses.

Permit me to address specific cases cited in the Tattler article.

The 25-hour disappearance of World War II veteran Erwin A. Pawelski at VA's Hines, Ill., hospital a little more than one year ago was a tragic and regrettable happening, unique in the history of VA medicine though it was. Corrective action, including a stricter "sign in and sign out" system for employees and hospital volunteers transporting wheelchair patients from one part of the hospital to another, was taken immediately, not only at Hines, Ill., hospital but all of VA's 171 hospitals to preclude a recurrence of such an unfortunate incident.

Mr. Pawelski had been admitted to the Hines VA hospital on April 9, 1975, with head injuries. He was unable to speak or propel a wheelchair. His 25-hour disappearance, still as unbelievable as it will always be unforgettable, had nothing to do with his death. Surgery for the head injuries that brought him to Hines was performed on May 12, and he died on May 18.

An intensive, month-long investigation of Mr. Pawelski's disappearance could not identify a volunteer person or persons responsible. As Dr. John D. Chase, VA Chief Medical Director, has publicly stated, however, "all volunteers serve under the supervision of the hospital staff, which alone is responsible for the care of patients."

Dr. Case has also emphasized, and I fully agree, that "the important thing is to prevent a similar thing happening, and the positive steps we have taken should assure no repeats."

Finally, concerning this case, let me point out that in a personal letter to Mrs. Pawelski extending my deepest sympathy on the death of her husband, I expressed special regret over the outcome of her husband's last hospitalization, particularly in light of her earlier letter in which she considered Hines as a very good health center. I need not add that I also took that occasion to reassure Mrs. Pawelski of my personal readiness and that of VA to assist her and her family in any way possible.

In the case of Leroy Bailey, of LaGrange, Illinois, the severely disabled Vietnam veteran, the VA, very frankly and regrettably made a clerical error in denying his reimbursement application for surgery preformed in a private hospital. This claim was later approved for payment.

VA had been charged with being "indifferent" to the plight of Mr. Bailey, and with treating him as though he were a "charity" case. Our record of involvement with and concern for Leroy Bailey since he was first transferred from an Army hospital to the Hines VA hospital in June 1968, clearly refutes such allegations.

It is true, of course, that neither the VA nor the American people can ever do enough to repay Mr. Bailey for the wounds that he suffered in defense of his country. But the VA has tried hard and will continue to do everything possible to aid in his rehabilitation.

Leroy Bailey has received the best possible medical care at VA's Hines hospital. In fact, prior to the unfortunate clerical processing error he had had more than 30 operations since 1968 in the Hines hospital. He was treated by the best plastic surgeons employed by the VA and by outside consultants in the Chicago area.

VA had also been privileged to give Mr. Bailey lengthy blind rehabilitation training at the Hines training center, which is possibly the finest center of its kind in the world, and to provide him with vocational counseling, guidance and training in a number of courses.

We have tried to help, too, in the nonmedical aspects of Mr. Bailey's rehabilitation. Since September 1968, VA has paid this courageous and determined Vietnam veteran the maximum service-connected disability compensation permitted by law. At the present time this amounts to $1,628 a month. The Tattler article says VA "is balking on paying for additional surgery" for Mr. Bailey. That is totally false.

What VA has done and is doing for Leroy Bailey can never compensate him for his sacrifice, but we are not and never have been "indifferent" to his special needs, and we will continue to do everything humanly possible to help him achieve maximum rehabilitation.

I am taking the liberty of enclosing an article by Ron Dillman in The Commercial-News, of Danville, Illinois, responding to Chicago Daily News columnist Mike Royko's story concerning Vietnam veteran Andreas Jamerson. Mr. Dillman's article speaks for itself.

However, some additional facts are worth noting.

Mr. Jamerson was never threatened with loss of his benefits. He simply received a printed appointment reminder, similar to those used by many private doctors or dentists, advising him that he had an appointment with a VA doctor and asking that he notify the VA by mail or telephone if he could not keep the appointment. This is done so that if a veteran can't keep his appointment, his time can be given to another veteran in need of treatment or examination.

Contrary to Mr. Royko's account, officials at VA's Danville hospital reported that Mr. Jamerson did not calm down after his arrest but remained so unruly that the magistrate having jurisdiction over him refused to hear arguments in the case until Mr. Jamerson had spent several hours in jail.

Following his release on $100 bond, VA officials drove Mr. Jamerson back to the hospital where he had left his car, and, the next day, he and hospital officials conferred peacefully at the hospital.

Almost two weeks following his arrest at our Danville VA hospital, Mr. Jamerson was again arrested, this time in Champaign, Illinois, on a federal warrant. VA had no role whatever in this second arrest. Furthermore, VA had no role in the subsequent hearing that resulted in a $25,000 bond being set for his release.

VA officials have cooperated fully with both Mr. Jamerson and his attorney and will continue to do so to insure that Mr. Jamerson receives all VA benefits to which he is entitled.

The charges pending against this veteran are the sole responsibility of the Department of Justice, not the Veterans Administration.

Because of your long-standing and continuing concern for the welfare of America's veterans and their families, VA appropriation requests, including supplementals, have always commanded your close interest and scrutiny. Certainly you need no suggestions from me or anyone to inform Mrs. Capehart of the Tattler's sheer stupidity in stating that cost overruns in the construction of VA's new hospital at Loma Linda, Calif. (or any other facility) where permitted and paid for by VA "without authorization from Congress."

As to the "indications" (by whom is not stated, deliberately or otherwise, in the article) that "VA officials may have received kickbacks from contractors for the privilege of ripping off that $18 million overrun," not only are such allegations without foundation in fact, but constitute a clear indictment of the Tattler's lack of journalistic integrity, and respect for the truth.

You know of the steps that VA has taken and is now taking to improve the quality of care, based on the 1974 Quality of Care Survey in VA's hospitals, provided veterans not only in our hospitals but also in VA nursing home units and domiciliaries.

I doubt very much that the author of the article has ever even visited any of the Veterans Administration domiciliaries about which he writes so disparagingly. I say this because I do not believe that even the most sensational of journalists could make such a visit and still describe our domiciliaries in such absurd terms as buildings hardly fit for animal habitation.

Since I have been Administrator, I have personally visited and inspected a number of our domiciliaries, including the two at Wood, Wisc., and Mountain Home, Tenn., which were specifically mentioned in the Tattler article. I give you my personal assurance that conditions as depicted in the article are absolutely and totally untrue.

In glaring contrast to the Tattler brand of journalism is a story that appeared March 19, 1975, in the Milwaukee Sentinel. The Sentinel did send a reporter to the nearby Wood, Wisc., VA Domiciliary to check on criticism of the facility the paper had received.

The reporter wrote that although the domiciliary buildings were old, the structures "appeared to be safe, well maintained, clean, not overcrowded, and free of unpleasant odors." The Sentinel story went on to say:

"A reporter who visited the domiciliary also got the impression from veterans that they like living there.

"There is an old chapel, a recreation building with pool tables, bowling alleys and shuffleboards, and plenty of room for flowerbeds. The visitor is impressed by the freshly painted and clean appearance of the interior of all the buildings. All floors are tile and terrazzo. The beds are not crowded close together.

"The veteran indicated they take pride in keeping their living areas clean. They are kept busy with housekeeping, recreation, occupational therapy and other activities. Alcohol is not permitted on the premises. The veterans are free to leave the grounds, and they are provided with free food, lodging and medical care at the domiciliary."

The Sentinel story noted that the veterans are free to leave the grounds, and it is important to emphasize that veterans must apply for admission to our domiciliaries, and are free to leave the program anytime they desire, which would hardly be true of a "concentration camp," as referred to in the Tattler article.

Although it is true that many of our domiciliary buildings are old, I have never considered age alone as reason for condemnation. The buildings are clean, safe, and they are well maintained. The VA has spent or programmed more than $11 million in just the last three fiscal years for continuing improvements at the domiciliaries.

In the Fiscal Year 1977 budget submitted for Congressional consideration last January VA has requested $8.4 million for the construction of a new, 200-bed domiciliary unit at Wood, and has asked for design funding to establish similar sized new domiciliary units at Dayton, Ohio, and Hampton, Va., at a total estimated construction cost in excess of $14 million.

In an article that was wholly offensive to me, I found especially repugnant the Tattler's reference to "unfeeling young bureaucrats who never get closer to a war than seeing a John Wayne movie."

I know of no agency in government that has more dedicated or compassionate employees than the VA, or who better understand the problems of those they serve. Our VA employees include nearly 92,000 workers who are themselves veterans, and thousands of widows and mothers who lost husbands and sons in the service of their country. Among our veteran-employees are many who were severely disabled in service as well as 32 who have earned the nation's highest combat award, the Medal of Honor. The VA has on its staff, 33,000 Vietnam era veterans, many with severe military service-connected disabilities.

The sole mission of the VA is to serve our nation's veterans efficiently and compassionately, and I can assure you our dedication to that mission exists just as fully in our domiciliary program as it does in all the other VA programs.

I have a high regard generally for the media of our nation, but this regard certainly does not extend to "news" such as the VA story in the Tattler. This kind of journalism not only is a rank disservice to veterans and the agency that is proud to serve them, but is also, I am sure, offensive to the great majority of media which seek to report with accuracy and objectivity.

Please pardon the length of this letter, but I did want to give you VA's side of the story so that you can reply to Mrs. Capehart and other constituents.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

SCHOLARLY EXCHANGES WITH THE SOVIET UNION NOT EQUAL

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. McDONALD. Mr. Speaker, the scandal of the unequal scholarly exchanges we carry on with the Soviet Union has been known for a long time in academic circles, but in its own version of "the emperor is wearing no clothes," persons prominent in Slavic studies, the State Department, and others concerned go along pretending it was not happening in a modified version of so-called détente. The Soviet Union, as is well known, sends over its scholars to scoop up our technology, while our scholars have to be content in researching ancient Kievan manuscripts. Even, so access to Soviet archives is spotty and our scholars are harassed by redtape and bureaucratic delay in their efforts. Finally, a group of scholars calling itself the "Concerned Scholars on Cultural Exchanges" is pressing the American International Research and Exchanges Board, which arranges these exchanges to do something.

In my view, this is yet another aspect of United States-Soviet relations that needs congressional scrutiny. The press release of the Concerned Scholars on Cultural Exchanges follows:

SCHOLARS PRESS CHANGES IN SOVIET EXCHANGE

NEW YORK, N.Y., May 27.—More than 60 Russian specialists have signed a petition requesting changes in the US–USSR cultural exchange machinery. The petition implies that American exchange officials have been less than diligent over the years in monitoring and enforcing fulfillment of treaties dating to 1959 for the exchange of university students and advanced scholars.

The petition and associated documents call for a "non-classified" review of the exchange mechanism, including publication of the criteria used by IREX in allocating slots to various disciplies. (IREX is the acronym for a coordinating body for some 90 participating US universities, the Ford Foundation, American Council of Learned Societies, and the State Department.)

Dr. Allen H. Kassof, Director of IREX, took delivery of the petition this morning at the headquarters of the International Research and Exchanges Board (IREX) at 110 East 59th St. in New York City. It is expected that the proposals will be discussed at the bi-annual meeting of the Program Committee tomorrow.

The petition, originally circulated at the national association of American Slavic scholars (AAASS) in Atlanta last autumn, advocates creation of an insurance program to compensate scholars for time lost on intergovernmental exchanges if access to appropriate facilities is delayed more than 30 days after arrival in the host country.

It also asks for a public audit of the amount of time Soviet scholars spend in American laboratories and archives in comparison with the amount of time made available to American scholars in the Soviet Union. Sources close to the petitioners say that delays from 6 to 9 months for US scholars are not unknown.

Dissatisfaction with existing machinery is indicated by the request to establish a monitoring facility to report on both Soviet implementation and the performance of IREX officials directly to Congress.

SOVIET PARCEL RESTRICTIONS: SEVERING THE AMERICAN CONNECTION

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. ROSENTHAL. Mr. Speaker, all of us are familiar with the story of the emperor's new clothes. The emperor, duped into believing that the tailor's invisible suit was magnificent, paraded naked through the town. Fearful of exposing the myth, his subjects praised the clothes lavishly.

Mr. Speaker, the Kremlin too has cloaked itself in a deceptive suit—the Helsinki Accord. Ironically, the U.S. Government has willingly played the part of the cowed villager, praising what it knows to be untrue.

Pious Soviet protestations about the fulfillment of human rights in Russia are patently false. In August of 1975, the U.S.S.R. pledged to "respect human rights and fundamental freedoms, including the freedom of thought, conscience, religion, or belief, for all without distinction as to race, sex, language, or religion." Since that time, Soviet persecution of Jews and dissidents has, if anything, intensified.

Yet, in the face of persistent violations of the Helsinki Accord, the administration has continued to marvel at the splendor of its mythical fabric.

On June 15, the Kremlin will inaugurate a new campaign to stifle human rights. We are all aware of the consequences of restricting shipment of parcels to Soviet citizens. The Jews who stay afloat with the help of goods from the West will flounder and perhaps drown. The Iron Curtain will be transformed into an impenetrable dome.

How can we fight this blatant attempt to quarantine the Soviet Jewish community? First, we can demand that the administration do everything in its power to discourage the Kremlin from enforcing the new postal regulations. The administration must apply economic as well as diplomatic pressure. The United States must make clear to the Soviets that so long as they ignore the Helsinki Accord, we are under no obligation to provide them with any type of assistance.

In this regard, I have today written the Secretary of State requesting him to contact the Soviet Government in order to avert imposition of the new regulations. The administration would be abdicating its duty if it allowed this new violation of Helsinki to pass, as previous ones have, without a swift and firm response.

I have, in addition, written directly to Secretary Brezhnev strongly protesting the impending action.

Finally, I have asked Ambassador Scranton at the United Nations to submit the entire matter to that body as a possible violation of the U.N. Charter and the International Postal Agreement. The texts of these letters follow:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 14, 1976.

Hon. HENRY ALFRED KISSINGER,
Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: On June 15, the Soviet Union is expected to impose severe restrictions on the size and value of parcels which may be sent into the U.S.S.R. The new regulations reportedly will inflate the assessed value of such items seven-fold, raising the 70% ad valorem tax proportionally. In addition, the quantity and types of goods which may be sent will be drastically circumscribed. For Jews and other dissidents who have lose their jobs because of opposition to the regime, packages from abroad constitute a vital lifeline. The effect of these new regulations will be to make life even more difficult for these courageous Soviet citizens.

This Soviet action constitutes a gross deprivation of elemental human rights. It violates, moreover, the principles of free international exchange adopted by the Conference on Security and Cooperation in Europe. The repressive new regulations are hostile to the development of cordial and open relations between the U.S.S.R. and the West.

I urge the State Department to intercede with the Soviet government in an attempt to block implementation of the parcel regulations. I am hopeful that vigorous action on your part could at least moderate these restrictions.

Your assistance in this matter is deeply appreciated.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 14, 1976.

Hon. WILLIAM W. SCRANTON,
U.S. Ambassador to the United States, Mission to the United Nations, New York, N.Y.

DEAR MR. AMBASSADOR: On June 15, the Soviet Union is expected to impose severe restrictions on the size and value of parcels which may be sent into the U.S.S.R. The new regulations reportedly will inflate the assessed value of such items seven-fold, raising the 70% ad valorem tax proportionally. In addition, the quantity and types of goods which may be sent will be drastically circumscribed. For Jews and other dissidents who have lost their jobs because of opposition to the regime, packages from abroad constitute a vital lifeline. The effect of these new regulations will be to make life even more difficult for these courageous Soviet citizens.

This Soviet action constitutes a gross deprivation of elemental human rights. It violates, moreover, the principles of free international exchange adopted by the Conference on Security and Cooperation in Europe. The repressive new regulations are hostile to the development of cordial and open relations between the U.S.S.R. and the West.

I believe that it would be appropriate for the United Nations to consider this matter, since it raises important questions about international communication. I urge you to register with the appropriate U.N. organs America's strong opposition to the new parcel restrictions.

Your assistance is deeply appreciated.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 14, 1976.

His Excellency LEONID IL'ICH BREZHNEV,
General Secretary, Central Committee, Communist Party of the Soviet Union, Kremlin, Moscow, U.S.S.R.

DEAR MR. SECRETARY: I have been informed that the Soviet Union plans to implement on June 15 new regulations on the size and value of parcels which may be sent into the U.S.S.R. I wish to convey my strong opposition to such restrictions.

By inflating the assessed value of foreign parcels and circumscribing their quantities and types, your government would be impeding open exchange of goods between our nations. I believe that such action would violate the principle and spirit of last August's Conference on Security and Cooperation in Europe.

The effect of the parcel restrictions would be to isolate many Soviet citizens from friends and relatives abroad. These people will be denied commodities which they need and which cannot possibly prove detrimental to your government.

In the interest of Soviet-American friendship and cooperation, I urge you not to impose the new parcel restrictions.

Mr. Speaker, I wish that I could close with an optimistic prophecy. But I cannot. In all likelihood, the administration will turn its cheek to the new Soviet transgressions. Congressional memorials are useful, but not conclusive. At some point, serious pressure from the Government is essential.

In the post-Helsinki era, repressive Soviet policies can no longer be considered internal matters. We have a responsibility to demand that the U.S.S.R. obey international commitments such as the Helsinki accord. It is up to us to strip the false cloak of freedom from the Kremlin's back. If we do not pressure the administration to enforce the guarantees of freedom, no one will.

FIFTIETH AMERICAN ASSEMBLY REPORT SUPPORTS NUCLEAR ENERGY DEVELOPMENT

HON. MIKE McCORMACK

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. McCORMACK. Mr. Speaker, on April 25, 1976, the 50th American Assembly, sponsored by Columbia University, met for 3 days at Arden House in Harriman, N.Y., to consider national and international policies and programs related to the peaceful development of nuclear energy, and to prepare a report with conclusions and recommendations on the subject. A total of 62 distinguished Americans from 18 States participated in these discussions, and most of them in the preparation of the conclusions and recommendations.

It was my honor to be invited to address this meeting and to participate in the final discussions, and I would like to take this opportunity to share the report with my colleagues in the House, along with the conclusions and recommendations that were prepared in the final session of the meeting.

There was general agreement at the start of the meeting that no one would be asked to sign or endorse any particular position or recommendation on this subject, but the report does represent the general consensus or a majority vote on all points.

I am inserting herewith this report in the RECORD along with the list of participants:

INTRODUCTION

As early as 1954, it became an important national objective to develop nuclear power as a source of electricity. Although our need was not seen as imminent, nuclear power was viewed as a viable and cheap supplement to, and ultimately as a replacement for, fossil fuels (oil, gas, and coal). For other parts of the world—without our rich fossil fuel supplies—the day of dependence on fission was expected to come much sooner.

Our own pressing needs for additional energy sources became broadly recognized in 1973, with the oil embargo, and there has been intense concern over our subsequent increased dependence on imported oil. Despite the need for new sources of energy, and despite a spurt of nuclear power plant orders in the early 1970s, today the future of nuclear power in the United States is very much in doubt. Although support at the federal level continues to be firm, there are strong efforts in a number of states to roll back nucelar power.

The opposition to nuclear power is based on a number of objections. The crux of the opposition—at least of the articualted reasons—is concern about safety—particularly the possibility of a catastrophic reactor accident; the possibility of future accidents in the long-term storage of nuclear wastes; and, finally, the fear of sabotage, or the diversion of nuclear materials to the making of bombs.

The proponents of nuclear power, on the other hand, see its development as essential if we are to avoid serious energy shortages, which could have severe social consequences, and if we are to avoid unacceptable dependence on foreign countries for petroleum. Most proponents admit that there are dangers but argue that the chances of a serious reactor accident are extremely small, and, in any event, the risks from them compare favorably with other risks accepted by society; that wastes can be handled safely; and that the answer to threats of diversion is increased safeguards and not in abandoning this highly necessary energy form.

In the United States there is an alternative to nuclear power—coal. Coal is not without its serious environmental and health problems. And both coal and nuclear power pose serious economic problems. In much of the rest of the world there is no present alternative to nuclear power. Therefore, whatever we decide, Western Europe and Japan will continue to go rapidly forward with the use of fission. As they and other countries do so, the possibility of proliferation of nuclear weapons—the prevention (or delay) of which has been a major objective of United States foreign policy since World War II—will increase.

It was against this background that the Fiftieth American Assembly met to consider what the United States' position on nuclear power should be. Our focus was primarily on the next twenty-five years—to about the year 2000.

CONCLUSIONS AND RECOMMENDATIONS

1. It is essential to provide for the expected growth rate in electric power consumption. The failure to keep up with our energy needs could have serious social effects including increased unemployment. Although some beginnings have been made, there is an urgent need for a comprehensive federal energy policy which will establish firm guidelines for the development of our power resources and will coordinate government regulation.

2. Although there was considerable sentiment that overall energy growth rate should be cut down through more efficient use and conservation of energy, it was felt that some growth, possibly as low as 1.5 percent, annually, but probably higher, would occur. For electric power demand, it was felt that although the growth rate would probably be less than the "historic" growth rate of 7 percent, it was unlikely to be less than 5 to 5.5 percent, in view of the need to substitute electrical energy for some present uses of oil and gas.

3. Substantial savings can and should be made through energy efficiency improvements and a strong conservation program. Savings through voluntary action alone, although important, are likely to be limited. Some mandatory controls are essential, despite undoubted difficulties in administering such controls effectively and fairly. Market factors will have some impact, especially on commercial and industrial consumption, but they should be supplemented by tax and other incentives. In the case of individual consumption evidence to date suggests energy demands in the United States may not be strongly dependent on price in the short-run.

4. The need to meet demand will require installation of a large amount of new electric plant capacity by the end of the century. Although we should vigorously pursue research in solar power, fusion, and other "future" technologies, we will have to rely on existing technologies. Moreover, given the scarce resources of oil and natural gas, the fuel for new base load plants must be coal or nuclear, and even some existing gas and oil-fired plants should be converted to coal.

5. Although at least in theory the United States could meet its needs entirely through coal, it should not (as some have recommended) abandon the nuclear option. The future economics of both nuclear and coal are hard to predict, but it seems fair to assume that in many parts of the country nuclear will have a significant economic advantage and that the advantage will be larger if the time for design, licensing, and construction of nuclear plants can be reduced, and, assuming the continued implementation of rigorous environmental and safety controls, the hazards of nuclear operation to health are less than those of coal. In any case, rigorous environmental controls for the use of coal will also be necessary.

In any event it is unrealistic to assume that either coal or nuclear alone can meet projected energy demands, and it is clear that if these demands are to be met both must be pursued.

6. On the question of reactor safety, discharges of radioactive effluence from a reactor during normal operations are not a significant factor, given current standards and practices. Further, the chances of a reactor accident causing significant damage offsite are extremely small. Should such an unlikely accident occur, there could be serious loss of life and property damage in the vicinity of the reactor, but the risk to an individual from nuclear accidents is far less than that from risks commonly accepted, including those from other forms of energy generation.

7. Nevertheless, the actual situation may be less important than the public perception of it. Apparently, the public sees nuclear risks as qualitatively different from other risks—for example, although the risk from the failure of a large dam may be significantly higher than that from a nuclear plant accident, the former risk is easier for the public to accept. Thus, comparison of risks in terms of predicted probabilities may not alone achieve public reassurance.

8. One obstacle to nuclear power is public acceptability. Since in the last analysis, major decisions on nuclear power will be political, a significant effort is required to secure greater confidence in the agencies and industries involved in the nuclear program. One step toward securing such greater confidence is full and prompt dissemination of information on abnormal (even insignificant) releases of radioactivity. In addition, it is important that information about the risks and benefits involved in the use of nuclear power and alternative energy sources and in other complex technological industries be made generally available.

9. There are risks associated with waste storage but they appear to be manageable with existing technology. The long delay in adopting a plan to deal with commercial waste storage has been regrettable and further delay would be deplorable. We should demonstrate one or more alternative methods of waste storage as soon as possible.

10. The time to license construction and operation of a reactor is too long and efforts should be made to shorten the process. In particular, the time spent in hearings can and should be significantly abbreviated. However, public participation in hearings is important to public acceptance. Safety issues common to more than one licensing proceeding should be resolved in generic hearings.

11. The primary responsibility for developing and carrying out the nuclear power program must cohtinue to be that of the federal government. Control over nuclear radiation hazards and safety must remain an exclusive federal responsibility. While the states should have control over matters of siting, they should not bar particular classes of power plants.

The current proposals in a number of states for moratoria on nuclear construction pose a serious threat to a national energy policy, and if passed, would seriously jeopardize the future of nuclear power. They should be opposed.

12. Although mining, uranium fuel fabrication, and power plant construction should continue to be the responsibility of the private sector, any new enrichment facilities should be government owned, nationally or internationally, as should waste storage facilities. Problems of security should be the dominant consideration in deciding where responsibility for plutonium reprocessing facilities and mixed oxide fuel fabrication, as necessary, should be allocated.

13. Addition of new electric generating capacity will be expensive, and the utilities are having considerable difficulty raising the capital needed for such facilities. It is expected that the capital needs can be satisfied out of the traditional markets. However, the utilities must be allowed rates sufficiently high to compete for capital, and utility rate structures should be altered to provide strong incentives for the efficient utilization of energy resources.

14. For many foreign countries the need to pursue the nuclear option is imperative. At the present time a number of industrialized countries are embarked on major nuclear power programs of their own. The United States is not in a position to control unilaterally the development of nuclear power in the world, but we are in a position to substantially influence what the rest of the world does. There is no realistic way in which even a moderately industrialized country can

be kept from making nuclear weapons if it decides to do so. But further efforts must be made to dissuade additions to the number of nuclear weapons powers. The greatest imminent danger lies in the export to third world countries of nationally owned pilot reprocessing plants for the extraction from spent reactor fuel rods of plutonium suitable for nuclear explosives. Such exports and the sale abroad of uranium enrichment technology have been avoided by the nuclear supplier nations for thirty years. A more vigorous effort must be made at the highest levels to persuade governments that have recently departed from the policy to return to it. Multinational nuclear fuel cycle centers could assure all countries of equal access to future economic advantages without spreading nuclear weapons capabilities.

15. The export of reactors should be limited to countries that accept International Atomic Energy Agency (IAEA) safeguards, and the United States should do everything it possibly can to encourage supplier nations to cooperate in following this policy.

16. The export of enrichment or reprocessing facilities to individual countries increases the threat of nuclear weapons proliferation. The interest in national development of such facilities arises in part from the desire for an independent supply of fuel. The acquisition of indigenous enrichment and reprocessing facilities, however, places a nuclear weapons option in the hands of individual nations. This inherent conflict can best be resolved by assuring countries of an adequate fuel supply for their power needs under effective safeguards.

17. The assurance of an adequate fuel supply is dependent both on the expansion of current enrichment capacity and on the development of a mechanism, perhaps internationally operated enrichment plants, which would provide all countries with confidence in their access to power reactor fuel.

18. The best prospect for an effective safeguards program is in the IAEA. The United States should redouble its efforts to strengthen IAEA both in funding and other resources; at the same time it must continue efforts through bilateral and multilateral negotiations to reach other countries. As one specific step, the IAEA might undertake the role of regulating the stockpiling of fissile material and the safeguarding of spent fuel under the now dormant Article XII of the IAEA Charter.

19. There is a need for additional international mechanisms for energy development. All such efforts should be broadly based to encourage progress not only in nuclear energy utilization but also of other energy sources, including both fossil fuels and nonconventional sources.

20. There is an urgent need to educate the public now on the costs and benefits of nuclear power. Because of the time required to plan, design, construct, and license nuclear plants, a substantial additional commitment to nuclear energy must be made within the next several years. It is unrealistic to expect that commitment to be made in the face of the present uncertainty regarding public acceptability. Accordingly, unless such acceptability is demonstrated quickly, the benefits of the nuclear option will, as a practical matter, be substantially diminished merely by the passage of time.

21. Nuclear power is a victim of the disenchantment with science and technology, and the distrust of institutions characteristic of our age. Nuclear power was expanded rapidly and the government and the nuclear community did not recognize promptly nor respond adequately to public concerns. But whatever the mistakes of the past, they should not be allowed to control the present and future. The use of rapidly dwindling oil and natural gas for power production is in most cases a wasteful act.

The peaceful uses of nuclear power offer us at this time a significant possibility of moving in the direction of a world with an improved quality of life for all people. The cost to mankind of not pursuing the nuclear option could be tragic.

PARTICIPANTS

THE 50TH AMERICAN ASSEMBLY

Edward Berlin, Public Service Commissioner, State of New York, Albany.

Sally W. Bloomfield, Public Utilities Commissioner, State of Ohio, Columbus.

David Bodansky,[2] Professor of Physics, University of Washington, Seattle.

Donald H. Brazier, Chairman, Utilities and Transportation Commission, State of Washington, Olympia.

Courtney C. Brown, Chairman, The American Assembly.

Bernard L. Cohen, Professor of Physics, University of Pittsburgh.

Alan T. Crane, Office of Technology Assessment, Congress of the United States.

W. Donham Crawford, President, Edison Electric Institute, New York.

Robert J. Dixon, General, U.S. Air Force, Langley Air Force Base, Virginia.

E. Linn Draper, Jr., Professor of Engineering, University of Texas.

Richard L. Dunham, Chairman, Federal Power Commission, Washington, D.C.

Richard N. Gardner, Professor of Law and International Organization, Columbia University.

Donald P. Geesaman, Professor of Public Affairs, University of Minnesota.

Victor Gilinsky, U.S. Nuclear Regulatory, Commissioner, Washington, D.C.

Ellen S. Goldberg, Harriman Scholar, Columbia University.

John E. Gray, International Energy Associates Ltd., Washington, D.C.

William J. Guste, Jr., Attorney General, State of Louisiana, New Orleans.

Evans Hayward, Physicist, National Bureau of Standards, Washington, D.C.

Fritz Heimann, General Electric Company, Fairfield, Connecticut.

James F. Hoge, Jr., Editor, Chicago Sun Times, Illinois.

Everett L. Hollis, Mayer, Brown and Platt, Chicago.

Edward E. Hood, Jr., Vice President, General Electric Company, Fairfield, Connecticut.

Harris Kempner, Galveston.

George B. Kistiakowsky, Professor of Chemistry Emeritus, Harvard University.

Robert Kleiman, Editorial Board, The New York Times.

D. Bruce La Pierre,[2] Harriman Scholar, Columbia University.

Barbara G. Levi, Energy Task Force, American Association of University Women, Convent Station, New Jersey.

Betty N. Macdonald, Chairman, Committee on Environmental Program, League of Women Voters, Madison, Wisconsin.

Anne W. Marks, Washington, D.C.

Robert E. Marshak, President, City College of New York.

Gerald P. McCarthy, Administrator and Chairman, Council on the Environment Richmond, Virginia.

Mike McCormack,[3] Representative from Washington, Congress of the United States, Washington, D.C.

Ronald E. Mickens, Professor of Physics, Fisk University.

Philip Mullenbach, William Blair & Company, Chicago.

Arthur W. Murphy, Professor of Law, Columbia University.

R. Michael Murray, Jr., McKinsey & Company, New York.

Desaix Myers, Senior Analyst, Investor Responsibility Research Center, Washington, D.C.

David Okrent,[1] Professor of Engineering & Applied Science, University of California, Los Angeles.

Steven Ostrow, Harriman Scholar, Columbia University.

John G. Palfrey, Professor of Law, Columbia University.

John O. Pastore,[3] U.S. Senator from Rhode Island.

Michael R. Peevey, Executive Director, California Council for Environmental & Economic Balance, San Francisco.

C. Wrede Petersmeyer, Chairman, Corinthian Brodacasting Corporation, New York.

Rev. William G. Pollard, Institute for Energy Analysis, Oak Ridge, Tennessee.

Sheldon Raab, Fried, Frank, Harris, Shriver & Jacobson, New York.

James T. Ramey, Vice President, Stone & Webster Engineering Corporation, Bethesda, Maryland.

William D. Rowe, Deputy Assistant Administrator for Radiation Programs, U.S. Environmental Protection Agency, Washington, D.C.

Hyman Judiah Schachtel, Rabbi, Congregation Beth Israel, Houston.

Fred Schmidt,[2] Professor of Physics, University of Washington, Seattle.

Thomas J. Scott, President, Center for Energy Policy, Inc., Boston.

Cecily Cannan Selby, President, Americans for Energy Independence, Arlington, Virginia.

David L. Sills, Social Science Research Council, New York.

Dolph C. Simons, Jr., Publisher, Lawrence Daily Journal-World, Kansas.

Howard Simons, Managing Editor, the Washington Post.

David Sive, Winer, Neuburger & Sive, New York.

Joseph C. Swidler, Leva, Hawes, Symington, Martin & Oppenheimer, Washington, D.C.

Gerald Tape,[3] U.S. Ambassador to the International Atomic Energy Commission, Washington, D.C.

Claude G. Tatro, Jr., Division Manager, New England Nuclear, Inc., (Pharmaceuticals), Miami.

Carl Walske, President, Atomic Industrial Forum, Washington, D.C.

Francis O. Wilcox, Director General, Atlantic Council of the U.S., Washington, D.C.

Mason Willrich,[1] Professor of Law, University of Virginia.

Watson W. Wise, Oil Production, Tyler, Texas.

FOOTNOTES

[1] Discussion Leader

[2] Rapporteur

[3] Delivered Formal Address

OTHER CONTINENTAL SHELF LANDS ACT AMENDMENTS

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. MOFFETT. Mr. Speaker, the Outer Continental Shelf Lands Act Amendments of 1976, H.R. 6218, will very shortly be voted on in the House. Of particular concern to me is the front end bonus bid system, the manner in which the Nation's offshore lands are currently leased to oil and gas producers. I recently received a letter from the Honorable George Miller of California which contains great insight on the matter and which I commend to my colleagues' attention:

HOUSE OF REPRESENTATIVES,
Washington, D.C., June 4, 1976.

DEAR FRESHMAN COLLEAGUE: The House will soon consider H.R. 6218, the Outer Continental Shelf Lands Act Amendments of 1976. I intend to offer an amendment which will restrict the use of the "front end bonus" bid system in the leasing of OCS lands. I would like to share with you the conclusions of numerous reports and articles which have been done on the subject of "front end bonus" bidding.

"What's the Rush" (Report of the Joint Committee on Public Domain on Offshore Drilling, California Legislature, 1974): "Front money bonus bidding should be eliminated and future OCS drilling programs should be conducted under some form of increased profit participation contracts."

One Third Of The Nation Land (Public Land Law Review Commission) Recommendation 75: "The OCS Lands Act should be amended to give the Secretary of the Interior authority for utilizing flexible methods of competitive sale rather than (continuing) the present exclusive reliance on bonus bidding plus fixed royalty.

"The requirements for an initial entry fee (cash bonus bid) effectively acts to prevent all but the largest companies or joint venture combines from participating in the offshore exploration gain. No one speaking to the committee on this point disagreed with this conclusion . . . The true economic function of the "front money" bonus bidding system is to perpetuate the extent of oligopolistic control by the giant oil companies over OSC oil resources. The functional consequences of this system is to eliminate effective competition by denying smaller production units access to development of OCS oil resources."

"Why Big Oil is Putting the Brakes On" (by Sanford Rose, "Fortune" Magazine, March 1976): "(The government) could accomplish a lot by stepping up its leasing schedule and, equally important, restructuring its leasing procedures. One company has estimated that about 30 percent of the approximately $100 billion the industry would have to spend in the 1976–1980 period must go for lease bonuses, principally to the Federal Government. If the government decided to forgo front-end payments for leases, which really represent a form of pre-paid taxes, and instead accept royalty payments on each barrel of future output, cash-flow prospects would look more favorable."

"International Offshore Leasing Practices," (by Alvin Kaufman, "Journal of Petroleum Technology," March 1970) : "The (predominate American) system has the economic disadvantage of requiring a substantial investment (the bonus) before any detailed information on production capability is available."

"A Policy Barrier to Offshore Oil" (by Dorman Commons, The Wall Street Journal, August 8, 1975): "The greatest weakness of the present bonus bidding system for leasing government owned offshore lands is that it deprives the oil industry of desperately needed capital that should be put to work in discovering oil and gas. Bonus bidding is a high-stake gamble which neither party necessarily wins . . . the system also stifles competition in the oil industry by perpetuating the dominance of the major companies. These faults can be easily corrected by discarding the present ineffectual system of bonus bidding and adopting the production sharing contract approach used by a growing number of countries."

"The Accelerated Development of the Outer Continental Shelf; Its Problems and Costs", (A report of the Ad Hoc Committee on the Domestic and International Money Effect of Energy and Other Natural Resource Pricing, Committee on Banking and Currency, 93rd Congress, 2nd Session, December 1974): "The bonus payment represents a barrier entry for small firms and even large firms facing tight capital markets . . . The large bonus payment tends to reduce competition, to maintain high bid levels, and to encourage joint leasing among firms . . . Independents, even if they have bid successfully, have had difficulty in developing their tracts because their available cash had been depleted by buying the lease."

I think it becomes clear that those who have studied the Outer Continental Shelf situation agree that front-end bonus bidding inhibits competition, restricts a fair return to the Treasury, ties up industry capital which ought to be used for immediate development in order to hurry production of needed resources, and permits private companies to make exorbitant profits from public resources. My amendment would require only that the Secretary offer one-third of the leases in each frontier area for the next five years under proven methods which have worked in every other nation currently developing its Outer Continental Shelf. Were the Secretary to determine that a bid under one of these systems is not a national interest, he retains the same right to reject that bid as he does any bid under current leasing practices.

I appreciate your considering the arguments in support of my amendment.

Sincerely,

GEORGE MILLER,
Member of Congress.

HOUSE OF REPRESENTATIVES—*Tuesday, June 15, 1976*

The House met at 10 o'clock a.m.

Father James L. Danner, St. Thomas Roman Catholic Church, Baton Rouge, La., offered the following prayer:

Follow the spirit of the law rather than the letter of the law.—St. Paul.

Father, we ask You to send Your Holy Spirit upon those gathered here in Your name. That they may believe in what they do, teach what they believe and practice what they teach. That during this year of remembering the past, help us to look forward to the future and thereby recognize the importance of the present. For as a nation You call us to guard the principles of life, liberty, and the pursuit of happiness for all men, for You created all and are in all and we therefore become living examples to all. We ask this through Christ our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendments of the House with amendments to a bill of the Senate of the following title:

S. 2529. An act to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 8800. An act to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles; and

H.R. 9019. An act to amend title XIII of the Public Health Service Act to revise and extend the program for the establishment and expansion of health maintenance organizations.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 999. An act to designate the Federal office building located in Dover, Del., as the "J. Allen Frear Building."

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

Mr. WYLIE. Mr. Speaker, I ask unanimous consent that the call of the Private Calendar be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

FATHER JAMES L. DANNER

(Mr. MOORE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOORE. Mr. Speaker, I want to welcome to the House today Father James L. Danner of Baton Rouge, La., a Roman Catholic priest who is one of my constituents. Father Danner just gave the prayer at the opening of this session of the House.

Father Danner is the procurator-advocate of the diocese of Baton Rouge, and he is also assigned to St. Thomas Moore Catholic Church, which is one of the very fine parishes in my district. He is a young, very capable, and dedicated priest. He is assigned to the diocesan tribunal of the Roman Catholic Church for the diocese of Baton Rouge.

It is very appropriate that Father Danner, who is so dedicated to and interested in church law, should lead the

Members of the House in prayer, as we are meeting to consider legislation for this great Nation.

Mr. Speaker, I thank Father Danner for being here.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 9771, AIRPORT AND AIRWAY DEVELOPMENT ACT AMENDMENTS

Mr. ANDERSON of California. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 9771) to amend the Airport and Airway Development Act of 1970.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. KASTENMEIER. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be permitted to sit today while the House is reading under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO SIT DURING THE 5-MINUTE RULE BETWEEN 10 A.M. AND NOON FOR REMAINDER OF WEEK

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation be permitted to sit during the 5-minute rule between 10 a.m. and noon for the remainder of the week.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

CALL OF THE HOUSE

Mr. WYLIE. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 377]

Abzug
Andrews, N.C.
Archer
Ashley
Badillo
Bell
Biester
Bingham
Bonker
Burke, Calif.
Chisholm
Conlan
Conyers
Corman
Crane
D'Amours
Daniels, N.J.
Dellums
Derrick
Dickinson
Diggs
Dodd
Eckhardt
Esch
Eshleman
Ford, Mich.
Giaimo
Goodling
Hansen
Harkin
Hays, Ohio
Hébert
Heckler, Mass.
Helstoski
Hicks
Hinshaw
Holland
Horton
Howe
Jarman
Jenrette
Jones, Okla.
Karth
Litton
Lloyd, Calif.
Lundine
McClory
McDonald
Madden
Maguire
Mathis
Matsunaga
Meeds
Mezvinsky
Milford
Mink
Mitchell, Md.
Moorhead, Pa.
Murphy, Ill.
Neal
O'Hara
Passman
Peyser
Quillen
Rees
Rhodes
Riegle
Risenhoover
Rose
Rosenthal
Ryan
Santini
Scheuer
Schneebeli
Seiberling
Solarz
Spellman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Sullivan
Thornton
Tsongas
Udall
Waxman
Weaver
Young, Alaska

The SPEAKER. On this rollcall 344 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION AND ALL SUBCOMMITTEES THEREOF TO SIT UNTIL 12 NOON FOR THE BALANCE OF THE WEEK

Mr. ROE. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation and all subcommittees thereof be permitted to sit until 12 noon for the balance of the week.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

HEARINGS ON ZERO-BASE BUDGET LEGISLATION

(Mr. ADAMS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADAMS. Mr. Speaker, I wish to announce that the Budget Process Task Force of the House Budget Committee will begin hearings June 30 on zero-base budget legislation and its impact on the budget process. Additional hearings will be held after the July 4 recess.

The task force will receive testimony from Congressman JAMES BLANCHARD, of Michigan, and NORMAN MINETA, of California, principal sponsors of the legislation, and other Members of the House desiring to testify.

Mr. Speaker, the Budget Committee is holding these hearings as part of its continuing duty under the Budget Act to study additional budget reform proposals, improved information for program analysis and systematic evaluation, time limits on program authorizations, and techniques of human resource accounting. There can be little doubt that implementation of zero-base budgeting legislation would have a significant impact on the new congressional budget process.

The June 30 hearing will be at 10 a.m. in room 210 of the Cannon House Office Building. Members of Congress wishing to testify should call George Gross, the committee's executive director, extension 5–7234.

THE DEATH OF FORMER MEMBER OF CONGRESS, HON. CARROLL D. KEARNS

(Mr. VIGORITO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VIGORITO. Mr. Speaker, it is my sad duty to inform the House of Representatives of the death of a former Member of Congress of the 24th Congressional District of Pennsylvania, Mr. Carroll D. Kearns. Former Congressman Kearns died Friday, June 11, at Meadville, Pa., City Hospital. He was 76.

Mr. Kearns served in the House of Representatives for 16 years, from 1947 to 1962, and will long be remembered for his memorable work in the areas of education, music, cultural activities, and conservation. He was a member of the House Education and Labor and the House District Committees, and served as the ranking Republican member of the Education and Labor Committee. He was a prime mover of Federal assistance for school building construction and scholarships, but was an opponent of too much Federal control of public education.

Mr. Kearns was considered the leading musician during his eight terms in Congress and worked actively for increased Federal support and appreciation of the arts in Washington and throughout the Nation. His life prior to his election to Congress was devoted almost entirely to music. He studied at the Chicago School of Music and performed with the Chicago Symphony Orchestra. He left his musical mark in western Pennsylvania as the supervisor of music for the Greenville, Pa., School District and was later head of the music department at Slippery Rock State Teachers College. Before coming to Washington, he served as superintendent of the Farrell School District.

In the 24th Congressional District, Congressman Kearns has left his mark in the flood and erosion control projects which have made the area a better and safer place to live. He was instrumental in obtaining Federal funds for dams on French Creek and the Shenango River, which has alleviated flooding in much of the district. He also initiated legislation to restore and protect the popular summer tourist beaches of Presque Isle Peninsula on Lake Erie.

Mr. Kearns indeed led an active and fulfilling life, one of musical creativity and instruction and one of proud service to the residents of the 24th Congressional District of Pennsylvania and the Nation. He will be missed.

PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ENERGY RESEARCH APPROPRIATION BILL, 1977

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1289 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 1289

Resolved, That during the consideration of the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal

Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clause 2, rule XXI are hereby waived: beginning on page 2, line 12 through page 4, line 10, and beginning on page 4, line 19 through page 5, line 2.

The SPEAKER. The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1289 provides that during the consideration of H.R. 14236, the public works appropriations bill for fiscal year 1977, points of order under clause 2, rule XXI, are waived against those provisions of the bill which are specified in the rule. Clause 2, rule XXI, prohibits the appropriation of funds in a general appropriation bill unless the appropriation is authorized by law. The legislation authorizing the appropriations to which the waiver applies is H.R. 13350, the ERDA authorization bill, which has passed the House but has not yet been enacted into law.

Mr. Speaker, I urge the adoption of House Resolution 1289 in order to permit the orderly consideration of H.R. 14236.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I agree with the statement just made by the gentleman from Massachusetts.

I might point out that the administration has proposed a number of corrective amendments to this bill, most of which are designed to reduce the cost to the taxpayers.

Mr. Speaker, the reason for the waiver is that the bill does include funds for several programs for which authorizing legislation has not passed the Congress. The necessary authorizing legislation is contained in H.R. 13350, the Energy Research and Development Administration Act which has passed the House, but has not yet been enacted into law. Consequently, it is necessary for a waiver.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Ohio.

Mr. BAUMAN. Mr. Speaker, the rule provides for a waiver of the House rule which forbids the inclusion in an appropriations bill amounts not yet authorized; but as I read the rule, it also waives the rules of the House forbidding legislation on an appropriation bill, because both prohibitions are contained in the same section of rule XXI.

Mr. Speaker, although I have no particular concern about this bill, I wonder whether or not in the future the Committee on Rules could be somewhat more careful in their description of the waiver, so that Members' rights could be protected when they wish to make points of order against legislation in an appropriation bill.

Mr. LATTA. Mr. Speaker, in response to the gentleman from Maryland, the gentleman raises a good point; but I might say that the Committee on Rules decided after the testimony of the chairman of the Committee on Appropriations, the gentleman from Texas (Mr. MAHON), that the committee's request for a complete waiver of that section should be granted.

Mr. BAUMAN. I thank the gentleman.

Mr. LATTA. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, at this time I yield 5 minutes to the gentleman from Minnesota (Mr. FRASER).

Mr. FRASER. Mr. Speaker, last year when this same bill was before the House, we entered into an agreement between the gentleman from North Dakota (Mr. ANDREWS) and some of us representing the State of Minnesota, with respect to the Garrison Diversion Unit. The agreement was that there would be an additional $1 million authorized for a study of the effect of the return flows that would come from the Garrison Diversion Unit into the State of Minnesota, as well as into Canada.

That study was completed and made available only about 10 days ago, and it shows that the return flows from the State of North Dakota into Minnesota will violate existing Minnesota law. The result of the study on the Garrison Diversion Unit shows that there will be a discharge into Minnesota which will violate Minnesota law.

The House of Commons in Canada has passed a unanimous resolution asking that this project be deferred pending the completion of a study by the International Joint Commission, which is currently looking at the problem of return flow into Canada. I hope that when this matter is up for amendment this afternoon, that the Members will heed carefully the request by the House of Commons of Canada and the request from the Pollution Control Agency for the State of Minnesota. Both bodies are asking for a deferral of new construction of the Garrison Diversion Unit until these unanswered questions have been more fully answered to the satisfaction both of the Canadian Government and the Pollution Control Authority of the State of Minnesota.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. FRASER. I will be glad to yield to the gentleman from Florida.

Mr. FASCELL. Mr. Speaker, I want to say that the gentleman has raised a point about the questions which have been raised by the Canadian Government on the issue.

Having attended the Canadian-American Parliamentary Conference, I can tell the gentleman that the Canadians are very seriously concerned about the project and the effect it will have on their water. As a result of that, the International Joint Commission was given the job of reviewing the project on behalf of both countries, and their report is expected late in October.

Of course, we do not have any idea what it is going to say, but the commitment is there, that no further work will be done on Garrison until such time as that report comes in and we would have the opportunity to examine it.

Frankly, I see no reason to spend money to condemn lands of American citizens while there is pending such a question between Canada and the United States and while there is such a dispute in our own country.

Mr. FRASER. I thank the gentleman for making that point.

Mr. RONCALIO. Mr. Speaker, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from Wyoming.

Mr. RONCALIO. Mr. Speaker, I appreciate my friend yielding to me. The Garrison Diversion Unit was one of the dockets on agenda of the International Joint Commission, United States-Canada, which I was honored to chair in 1960 to 1963. I realize this is a matter that ought to be determined upon facts yet to be adduced. Nevertheless, I hope to be able to vote for the appropriation, realizing that such projects by their very nature require, not just years, but sometimes decades from the planning and authorization to the beginning of construction.

I think it would be somewhat unfair of us if we hold up legislation now pending the results. I recognize and sympathize with the position of the gentleman from Minnesota on that.

Mr. FRASER. I would say to the gentleman that if it turns out that the return flows to Canada are in violation of our treaty with Canada with respect to the discharge of waters, then some of the money that is in the bill today should not be spent, because it would be spent to build a reservoir that would be of no use. That is the problem we are facing. We think it would be wise to defer the appropriation of this part of the project until we know what the findings are going to be with respect to Canada, and I might add also with respect to the State of Minnesota.

We are not asking that the project be killed or stopped, but simply delayed until these findings can be brought before the appropriate bodies and final decision is made.

Mr. RONCALIO. I thank the gentleman for his observation. I hope we have an instructive debate later in the day.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Speaker, as the gentleman from Minnesota pointed out, this project was indeed voted on last year in the House. The House agreed to put into the appropriation bill $1 million for a study. The study was done by the Harsa Engineering Co. of Chicago, one of the best environmental engineering firms in the country. As a result of this study, which has been brought into the Red River Valley and made available to the cities there, every single town along the Red River has said they welcome and they need these return flows. So the study has resulted in positive effects. We now have one of the most detailed studies ever done on any western reclamation project, which shows this project indeed has good return flows.

The city of Fargo, N. Dak., the largest city in the State of North Dakota, and the city of Moorhead, Minn., the largest city in the district of my colleague, the gentleman from Minnesota (Mr. BERGLAND), have both put money into a canal to bring return flow water into the Red below their cities. If the return flows had been bad, they certainly would not have gone to this expense.

Finally, I would like to point out that Elmer Staats, head of the GAO, wrote me some 3 months ago concerning Garrison and other western reclamation projects. It is No. 2 from the top out of 22 in cost-benefit ratio, and its return flows are better than any except four others. So it has better return flows and a better cost-benefit ratio by far than the average western reclamation project.

Finally, in answer to the gentleman from Minnesota, the Canadian problem has been referred to the International Joint Commission, which will be making its decision in October. Under our new fiscal year, none of these funds are going to be available until October, by which time the report will be in.

Mr. FRASER. Mr. Speaker, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Minnesota.

Mr. FRASER. Mr. Speaker, I thank the gentleman for yielding.

Is it not a fact that if the International Joint Commission finds that the discharge of the water into Canada violates our existing treaty with Canada, there will be no value of building the Lone-Tree reservoir, which is is part of the project to be funded by the money in this bill, so that if we are to go forward that construction might turn out to be a waste of the taxpayers' money? Is that not true?

Mr. ANDREWS of North Dakota. As my colleague totally overlooks, none of this funding is going to be able to be spent until after that decision is made, because it is only available for use in October onward. And if the gentleman has his way, to preclude the completion of this project, the principal supply works of which is 90 percent completed now, instead of getting the water in 3 years, we will have to wait for 4 years. That is a considerable jolt to the area which we cannot survive.

Mr. FRASER. If the gentleman will yield further, I am saying if the findings of the International Joint Commission are favorable to go ahead with the project, then we should fund it. But to fund it before we know what the finding is going to be would be a mistake. The gentleman also knows the special study shows the discharge would be in violation of Minnesota State law. The gentleman has a copy of the letter from our official State agency.

Mr. ANDREWS of North Dakota. The letter is shot full of misstatements of fact. The cities involved and their water superintendents, the local people have examined this far more closely than Mr. Gold, who wrote the letter. They are responsible for the day-to-day water supply for those cities, and they say the report states this water will supply what is needed.

Mr. FRASER. The understanding we had last year was that any construction money would not go forward if the concerns of the State of Minnesota were not reasonably met. We have an official agency in the State with a technical organization to look at this. They have not had much time to study the report but they do find that a number of changes in water quality would be in violation of State law. That is why I would plead with the gentleman to hold off on that part of this appropriation for the Garrison diversion unit which funds the Lone-Tree reservoir until we find out what the facts are.

Mr. ANDREWS of North Dakota. Does the gentleman still not understand these moneys are not available, in any event, until October, when the decision will be in?

Mr. LATTA. Mr. Speaker, I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. RONCALIO. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 363, nays 0, not voting 68, as follows:

[Roll No. 378]

YEAS—363

Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Conyers
Cornell
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dent
Derwinski
Devine
Dingell
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Gradison
Grassley
Green
Gude
Guyer
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Hefner
Heinz
Hicks
Hightower
Hillis
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Madigan
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Traxler
Treen
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—0

NOT VOTING—68

Abdnor
Abzug
Andrews, N.C.
Badillo
Bell
Biester
Bonker
Burke, Calif.
Burton, John
Chisholm
Conlan
Corman
D'Amours
Daniels, N.J.
Dellums
Derrick
Dickinson
Diggs
Dodd
Eckhardt
Esch
Goodling
Hagedorn
Hansen
Harkin
Hays, Ohio
Hébert
Heckler, Mass.
Helstoski
Henderson
Hinshaw
Holland
Howe
Jenrette
Jones, Okla.
Karth
Litton
Lloyd, Calif.
McClory
Madden
Maguire
Mathis
Mezvinsky
Milford
Mink
Neal
O'Hara
Passman
Peyser
Pressler
Quillen
Rhodes
Riegle
Risenhoover
Rose
Rosenthal
Ryan
Schneebeli
Spellman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Talcott
Thornton
Tsongas
Udall
Waxman
Weaver

The Clerk announced the following pairs:

Mr. Hébert with Mr. Abdnor.
Ms. Abzug with Mr. Bonker.
Mr. John L. Burton with Mr. Derrick.
Mr. Mezvinsky with Mr. Esch.
Mr. Rosenthal with Mr. Andrews of North Carolina.
Mr. Passman with Mr. Hansen.
Mr. Dominick V. Daniels with Mr. Conlan.
Mr. Helstoski with Mr. Hagedorn.
Mrs. Burke of California with Mr. Karth.
Mr. Badillo with Mr. Henderson.
Mrs. Chisholm with Mr. Howe.
Mr. Corman with Mr. Hays of Ohio.
Mr. Holland with Mr. Jones of Oklahoma.
Mr. Jenrette with Mr. Bell.
Mr. Mathis with Mr. Peyser.
Mrs. Mink with Mr. Dickinson.
Mr. O'Hara with Mr. Quillen.
Mr. Risenhoover with Mr. Biester.
Mr. Rose with Mr. Ryan.
Mrs. Spellman with Mr. Schneebeli.
Mr. Waxman with Mr. Goodling.
Mr. Tsongas with Mr. Pressler.
Mr. Thornton with Mr. Steiger of Arizona.
Mr. Dodd with Mr. Stuckey.
Mr. Diggs with Mr. Madden.
Mr. Riegle with Mr. Talcott.
Mr. Dellums with Mr. Maguire.
Mr. D'Amours with Mr. Steiger of Wisconsin.
Mr. Eckhardt with Mr. Udall.
Mr. Neal with Mr. Weaver.
Mr. Lloyd of California with Mrs. Heckler of Massachusetts.
Mr. Harkin with Mr. Litton.
Mr. Milford with Mr. McClory.

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. EVINS of Tennessee. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from Indiana (Mr. Myers) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Tennessee (Mr. Evins).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14236, with Mr. Ichord in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Tennessee (Mr. Evins) will be recognized for 1 hour, and the gentleman from Indiana (Mr. Myers) will be recognized for 1 hour.

The Chair recognizes the distinguished gentleman from Tennessee (Mr. Evins).

Mr. EVINS of Tennessee. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we bring you today the public works for water and power development and energy research appropriations bill for fiscal year 1977.

This is a good bill, an important bill, a well considered bill. It is a well-balanced bill, an all-American bill. It is a significant bill, because it touches the lives of virtually all our people.

The investments provided for in this bill will pay rich dividends in economic benefits and services to the American people.

This bill represents an expression of faith in the future—faith in our Nation—and faith in the ability of our people to solve our basic problems—such as the energy crisis which is addressed in this bill through a number of programs and projects of the Energy Research and Development Administration—ERDA—and by the building of additional electric power generating facilities that will bring more power on line for the American people.

The threat of an energy crisis remains with us—although we have no overt crisis at this time, the threat continues to exist.

The possibility of another oil embargo hangs over this Nation like a Damocles sword.

This bill responds to this threat with generous funding of research into a broad range of promising alternative sources of energy through the Energy Research and Development Administration, including solar, geothermal, nuclear fusion power, and others.

These programs will assist in solving the energy crisis and will move this country further down the road to energy self-sufficiency and energy independence.

Certainly I want to commend all the members of our subcommittee who have contributed so much to the preparation of this important bill in the public interest. These include the gentleman from Massachusetts (Mr. Boland); the gentleman from Mississippi (Mr. Whitten); the gentleman from Louisiana (Mr. Passman); the gentleman from West Virginia (Mr. Slack); the gentleman from Alabama (Mr. Bevill); also the minority members of the subcommittee, the gentleman from Indiana (Mr. Myers); and the gentleman from California (Mr. Burgener).

Let me commend also our excellent and efficient subcommittee staff—Hunter Spillman, George Urian, John Plashal, and Maxey Irwin. They compose a fine team.

May I say that the bill was unanimously reported by our subcommittee and the full Committee on Appropriations.

I would be remiss if I did not thank all the members of the full Committee on Appropriations—and indeed all Members of the House—for your cooperation and assistance over the years.

Mr. Chairman, the projects funded by this bill—and other similar bills in past years—represent capital investments for America.

As I glance back over 30 years in the Congress with an overview of our great country, I am proud of the progress made from the Atlantic to the Pacific Oceans—from the Gulf of Mexico to the Canadian border.

I am proud that our Subcommittee on Public Works Appropriations has had an important part in developing America—in providing funds for vital and important public works projects throughout the Nation.

We can all be proud of the great water resource projects initiated by this subcommittee—the great multipurpose dams which provide hydroelectric power, electricity, flood control and water supplies for municipal and industrial use.

These projects also make available facilities that provide vast recreation resources for this great Nation and its more than 214 million citizens—and navigation waterways funded by our committee provide economic transportation and contribute to a balanced transportation system for the country.

We can all take pride in the economic growth—the employment and commercial and industrial growth—that has resulted from projects initiated by the Subcommittee on Public Works Appropriations.

We can all be proud of the reclamation programs—irrigation and the reclaiming of arid land for agricultural purposes—including farming in the Western States.

We are proud of the projects approved to prevent beach erosion and to provide shore protection.

In short, we can all be proud of having had some part in the building of America in the national interest.

I have often remarked that our annual appropriations bill—including the bill we are considering today—are all-American bills—bills that benefit and touch the lives of virtually all Americans.

The great doctrine of internal improvements has been continued and advanced by our subcommittee and the Congress—we have met our responsibilities in our time—despite the illegal impoundments, the slowdowns, the stretch-outs, the attacks by extreme environmentalists, and the vaccilations in our economy—we have come a long way.

We have seen in the building of America the advancement of great public works projects in the Northeast, the South, the Southwest, and the Far West and in the offshore States of Alaska and Hawaii.

Throughout our great country we have seen the visible evidence of growth and progress—and we have seen men and women at work at hundreds of thousands of jobs as a part of this great program of progress for America.

OVERALL SUMMARY

By way of summary, we are recommending a bill today that includes $9,551,209,000 in appropriations for fiscal year 1977.

This bill has four titles:

Title I includes funding of the projects and programs of the Energy Research and Development Administration—research and development, operating expenses and construction.

Title II provides funding for the civil works program of the U.S. Corps of Engineers—the projects, studies, and investigations—construction, rehabilitation, and operation and maintenance of existing facilities.

Title III provides funding for the work of the Bureau of Reclamation in the Department of the Interior—including both the Upper and Lower Colorado development programs—and various Federal power agencies.

Title IV provides funding for independent agencies.

I insert in the RECORD at this point a summary table from page 2 of our report which sets out the appropriations picture in detail by title:

BILL SUMMARY BY MAJOR PROGRAM CATEGORIES

	1976 enacted to date[1]	1977 estimate	1977 bill	1977 bill compared with— 1976 enacted	1977 bill compared with— 1977 estimates
(Title I) Energy Research and Development Administration	$4,056,657,000	$5,588,170,000	$5,633,283,000	+$1,576,626,000	+$45,113,000
(Titles II and III) Water and Power Development: Corps of Engineers, Bureau of Reclamation, and Power Agencies of the Department of the Interior:					
Planning and construction	1,904,678,000	2,013,213,000	2,227,086,000	+322,408,000	+213,873,000
Investigations	88,380,000	86,048,000	95,346,000	+6,966,000	+9,298,000
Operation and maintenance	722,322,500	736,991,000	801,824,000	+79,501,500	+64,833,000
Other	66,740,000	73,100,000	71,800,000	+5,060,000	−1,300,000
Total, titles II and III	2,782,120,500	2,909,352,000	3,196,056,000	+413,935,500	+286,704,000
(Title IV) Independent Offices:					
Appalachian programs	290,070,000	300,397,000	302,397,000	+12,327,000	+2,000,000
Federal Power Commission	36,560,000	41,582,000	41,582,000	+5,022,000	----------
Nuclear Regulatory Commission	217,423,000	249,430,000	244,430,000	+27,007,000	−5,000,000
Tennessee Valley Authority	100,025,000	121,185,000	120,930,000	+20,905,000	−255,000
Other	11,301,000	9,979,000	12,531,000	+1,230,000	+2,552,000
Total, title IV	655,379,000	722,573,000	721,870,000	+66,491,000	−703,000
Grand total	7,494,156,500	9,220,095,000	9,551,209,000	+2,057,052,500	+331,114,000

[1] Includes amounts contained in 2d supplemental appropriation bill, 1976 as passed House.

As I indicated, we are recommending a total of $9,551,209,000 in this bill.

This bill represents a net increase over the budget estimate of $331,114,000—an increase of 1½ percent.

The bulk of this increase—$286,704,000—is to get the Nation's public works program back on track and on schedule.

The budget provided for no new construction starts.

Only 3 projects were proposed for preconstruction planning throughout the Nation and only 12 survey starts were recommended.

The budget recommended that funding for the small projects program be discontinued.

Further, the level of projects under construction was slowed down by cuts in funding.

This to me makes no sense in terms of economics.

Slowdowns and stretchouts and delays cost the American taxpayers as construction costs rise. Increased and needed power on the line is delayed.

Testimony before our committee indicated that if this general policy of do-little-too-late is continued, the impact on the needed development of our natural resources in the public interest would be disastrous.

The proposed budget for public works amounts to a virtual phaseout of public works projects. Under this policy, 235 ongoing projects under construction by the Corps of Engineers would be reduced to some 68 projects.

Our committee has reversed this trend. We have set some priorities.

We have taken steps in this bill to restore the public works program to a timetable for progress—to preserve the vitality of the Federal water resources program.

We have restored the small projects that have been cut out. We are recommending appropriations for planning or construction of a number of ongoing projects by the Corps of Engineers, the Bureau of Reclamation, and other power agencies.

These projects provide for flood control, electric power generation, additional and improved waterways for navigation and transportation, reclamation, irrigation, recreation, abundant and clean water supplies, beach restoration, and shore protection.

Appropriations for these projects will provide for substantial investments in the future of our Nation.

The present value to the Nation of all completed projects for water supply, power generation, flood control, navigation, and reclamation is set out in detail in the following table from page 4 of the report:

Project benefits

Annual water supply benefits:
Gallons of water furnished, 12.2 billion.
Number of people served, 23.5 million.
Annual power benefits:
Installed generating capacity (kilowatts), 50.9 million.
Net generation (kilowatt hours), 226.1 billion.
Gross revenues, $1.55 billion.
Flood control benefits to date:
Estimated value of flood damage prevented, $50.6 billion.
Expenditures for flood control facilities, $8.4 billion.
Annual navigation benefits: Annual traffic tonnage, 2.3 billion.
Reclamation benefits:
Acres irrigated, 9.4 million.
Annual value of crops produced, $4.6 billion.
Recreation benefits: Annual visitor-days, 490.8 million.

BENEFITS OF PROPOSED PROJECTS

The benefits from the projects set out in this bill are indicative of the vast impact of public works projects on the health, well-being, and progress of people throughout the Nation.

And may I say that I wish that each of you could have sat with us in our hearings and could have heard the sincere and moving testimony from people throughout the Nation, pleading for assistance in solving their water resource problems and in developing water resources in the public interest.

People want progress—people want new electric power—more and cleaner water supplies—more flood control—more jobs and employment—and better water transportation.

Our hearing room, on occasion, was filled to capacity by large delegations, many of whom had traveled thousands of miles to demonstrate their interest in their projects.

It is important to note also that the private sector of our economy benefits tremendously from these projects—with private industry performing most of the work and providing the raw and finished materials and equipment needed for these important projects.

The value of these projects proposed in this bill are indicated by the following table from page 6 of the report:

Estimated average annual benefits for projects funded for planning and construction

Flood control	$2,661,660,000
Water supply	428,866,000
Power	1,631,300,000
Recreation	321,201,000
Irrigation	1,021,230,000
Water quality	120,085,000
Navigation	963,363,000
Fish and wildlife	80,609,000
Erosion control	54,678,000
Area redevelopment	104,607,000
Total estimate	7,387,599,000

IMPROVES ENVIRONMENT

I want to emphasize that in addition to

the economic benefits and direct services to be provided by projects included in this bill, there is also a beneficial impact and effect on the environment.

Our committee has endeavored to balance the necessity for development of natural resources in the public interest and the necessity of preserving and protecting the environment.

Our committee shares the widespread concern for the environment—as do many of the departments and agencies that appear before our committee.

Protection of the environment is programmed into their operations and their proposals.

Extensive changes in the planning process and in construction procedures have been made to minimize any adverse effects on the environment.

New projects are being planned with minimal environmental impact—as little as possible.

Our committee feels that this bill, therefore, fulfills the dual role and responsibility of developing our resources and also enhancing the environment.

ENERGY

As indicated earlier, we all know that the energy crisis—or the threat of an energy crisis—remains with us.

Indeed—as our report points out—we are exhausting and depleting our resources, and additional sources of energy supplies must be found and developed.

The OPEC oil embargo occurred more than 2 years ago.

The Energy Research and Development Administration was created a year and a half ago to marshall the Nation's resources to achieve energy self-sufficiency—energy independence.

The sooner we can issue our economic declaration of independence from the exploitation of the OPEC oil countries the sooner this Nation can again feel confident and assured of its security from economic harassment and price ripoffs.

Energy independence and security can come only through development of our own resources—development of alternative sources of energy—and through a program of energy conservation.

As of now, our dependence on imported oil continues.

It is estimated that the United States will import about 40 percent of its oil in 1976 at an inflated and piratical cost of $31 billion.

The American people are being drained by the oil cartel of the Mideast.

Our goal is to help America achieve self-sufficiency and hopefully a return to low-cost electic power so that we will not be dependent on foreign sources of oil supply.

This bill is an important step toward achieving these goals—with its funding of vital and important energy research and development projects—including solar energy, geothermal energy, nuclear energy, fusion energy and programs of conservation.

The committee has recommended generous increases in each of these research programs.

TITLE I—ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

More than half the funds in this bill are allocated to ERDA—a total of $5,633,283,000.

This includes $4,077,783,000 for operating expenses.

This also includes a generous appropriation for solar energy research—a total of $214 million, or $53 million over and above the budget request.

The table on page 8 of our committee report shows the annual percentage increase for solar research and fusion power research—another important research project—since 1973, as follows:

APPROPRIATION—OPERATING EXPENSES, PLANT AND CAPITAL EQUIPMENT (BUDGET AUTHORITY)

Fiscal year	Solar	Percent growth from previous year	Fusion [1]	Percent growth from previous year
1973	$4,000,000	100	$79,000,000	46
1974	15,000,000	275	111,500,000	47
1975	43,000,000	186	183,000,000	64
1976 (estimate)	115,000,000	167	250,400,000	31
1977 (recommended)	214,000,000	86	436,000,000	74

[1] Includes funds for magnetic fusion and laser fusion.

Comparing prior year appropriations to the amount recommended for fiscal 1977, the following increases are shown in appropriations for solar research: Up 86 percent over 1976; up 400 percent over 1975; up 1,300 percent over 1974; and up 5,300 percent over 1973.

Our committee supports solar energy research. We believe in its promise for the future.

Certainly these figures—these increases—underscore the importance the committee attaches to solar research.

Both solar and fusion research are important lines of research—but scientists advise us that neither energy source offers a "quick fix"—an immediate substantial result and impact on the energy crisis.

Both have excellent potential—both are long range.

We recognize the general popularity of solar energy as the House recently voted to increase the authorization for solar energy research and development by $131 million.

This action brings the authorization level up to $345,400,000.

However, as we all know, it is not a practice to fully fund all research programs the first year to the full amount of the authorization.

However, Dr. Seamans, the Administrator of ERDA, points out that it is not practical to expand this amount on solar energy research at this stage of the R. & D. program.

Dr. Seamans said in a recent letter on this point, and I quote:

> If we attempt to increase these new programs too rapidly, we stand a high risk of wasting taxpayers' funds in the process.
>
> In fact, such a large increment as was authorized by the House for solar energy development could even be counterproductive by diversion of technical and administrative staff to manage projects of small marginal value.

In simple words, we cannot perfect the solar energy technology by "throwing money" at the solar R. & D. program.

The probable result would be to cause delay since the ERDA staff would be spread thin to include marginal and unproductive areas of research.

We must bear in mind that additional funding is not the total solution to solving the energy problem.

Technologies must be developed.

New materials must be found.

New skills must be learned, among other things.

It will take time, patience, and sustained effort to achieve energy self-sufficiency.

ERDA now has all the money the agency can effectively utilize on solar energy for the next fiscal year.

ERDA officials do not want any more money at this time.

It is true that we are under the congressional budget resolution by $462 million. However, we are over the President's budget by $331,114,000—$50 million over the budget in solar energy research alone.

ERDA officials advise that at the level of funding approved by our committee, they can demonstrate the solar energy option in the solar heating and cooling area in 1985.

Because of the wide interest of the Members and the country, we are considering an amendment for an increased amount for solar research which will be offered.

In the solar electric area—ERDA officials say further:

> No amount of funding, whatever its size, could result in the validation of solar option as an economical source of energy by 1985.

These officials in a point-by-point rebuttal take issue wtih a number of statements made in the additional views set out in the report.

The findings, as expressed by the additional views, have been repudiated and rejected.

Mr. Chairman, I repeat, our committee has funded solar and other energy research heavily and above the budget.

Concerning energy conservation, we all know that the short-range approach to the energy problem must be the encouragement of conservation measures throughout the United States.

As I indicated, the threat of another oil embargo is ever present and conservation is an important answer to this threat.

As one witness testified before our subcommittee:

> We must think conservation.
> We must talk conservation.
> We must practice conservation.
> We must teach our children conservation.
> We must make conservation a way of life.

Every American can contribute to this effort—by reducing electric consumption, turning down the thermostat in the winter, turning off unneeded lights, cutting and reducing the use of electric heat—and practice conservation in many different ways.

ERDA has an extensive and expanding program which involves another approach to conservation—the improvement of the efficiency of producing, transmitting, and consuming energy through new and improved technology.

This matter is dealt with in some detail in our report—pages 8 and 9.

On page 12 of our report is a detailed breakdown on appropriations recommended for the several energy research programs in ERDA—this table is as follows, which I commend to your attention:

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION—OPERATING EXPENSES, BUDGET AUTHORITY

Item	Fiscal year 1976	Fiscal year 1977 budget estimate	Committee bill	Bill compared to budget
OPERATING EXPENSES—BUDGET AUTHORITY				
Solar energy development	$108, 650, 000	$141, 800, 000	$191, 800, 000	+$50, 000, 000
Geothermal energy development	30, 770, 000	48, 600, 000	52, 100, 000	+3, 500, 000
Conservation research and development: Electric energy systems and energy storage	33, 498, 000	41, 800, 000	51, 960, 000	+10, 160, 000
Fusion power research and development:				
Magnetic fusion	131, 650, 000	168, 000, 000	204, 500, 000	+36, 500, 000
Laser fusion	65, 500, 000	71, 400, 000	80, 000, 000	+8, 600, 000
Total fusion power research and development	197, 150, 000	239, 400, 000	284, 500, 000	+45, 100, 000
Fuel cycle research and development	65, 293, 000	163, 035, 000	178, 035, 000	+15, 000, 000
Fission power reactor development	445, 394, 000	630, 260, 000	630, 260, 000	------------
Environmental research and safety:				
Scientific and technical education	0	0	3, 000, 000	+3, 000, 000
Biomedical and environmental research	174, 647, 000	182, 916, 000	197, 316, 000	+14, 400, 000
Operational safety	6, 886, 000	7, 707, 000	8, 307, 000	+600, 000
Environmental control technology	12, 567, 000	15, 577, 000	19, 077, 000	+3, 500, 000
Reactor safety facilities	0	33, 300, 000	28, 300, 000	−5, 000, 000
Total environmental research and safety	194, 100, 000	239, 500, 000	256, 000, 000	+16, 500, 000
High energy physics	152, 820, 000	167, 500, 000	170, 000, 000	+2, 500, 000
Basic energy sciences	173, 980, 000	182, 800, 000	198, 175, 000	+15, 375, 000
Nuclear materials security and safeguards	13, 619, 000	25, 740, 000	29, 100, 000	+3, 360, 000
Naval reactor development	221, 180, 000	191, 500, 000	191, 500, 000	------------
Space nuclear systems	31, 500, 000	31, 000, 000	31, 000, 000	------------
Nuclear explosives applications	0	1, 300, 000	1, 300, 000	------------
Uranium enrichment activities:				
Uranium enrichment	693, 804, 000	882, 345, 000	882, 345, 000	------------
Advanced isotope separation technology	29, 450, 000	36, 830, 000	36, 830, 000	------------
Total uranium enrichment activities	723, 254, 000	919, 175, 000	919, 175, 000	------------
National security:				
Weapons activities	859, 011, 000	1, 012, 005, 000	987, 005, 000	−25, 000, 000
Weapons materials production	279, 511, 000	354, 635, 000	362, 735, 000	+8, 100, 000
Total national security	1, 138, 522, 000	1, 366, 640, 000	1, 349, 740, 000	−16, 900, 000
Program support:				
Program direction	180, 833, 000	212, 185, 000	212, 185, 000	------------
Supporting activities:				
Community operations	9, 085, 000	6, 415, 000	10, 507, 000	+4, 092, 000
Security investigations	11, 475, 000	10, 050, 000	10, 050, 000	------------
Information services	9, 610, 000	10, 905, 000	10, 905, 000	------------
General systems studies	9, 200, 000	11, 000, 000	10, 000, 000	−1, 000, 000
General technology transfer	1, 800, 000	2, 000, 000	2, 000, 000	------------
Manpower development	0	700, 000	700, 000	------------
EEO assigned facilities	2, 039, 000	2, 075, 000	2, 075, 000	------------
Total supporting activities	43, 209, 000	43, 145, 000	46, 237, 000	+3, 092, 000
Cost of work for others	12, 983, 000	20, 100, 000	20, 100, 000	------------
Total program support	237, 025, 000	275, 430, 000	278, 522, 000	+3, 092, 000
Change in working capital and inventories	66, 760, 000	78, 016, 000	78, 016, 000	------------
Subtotal budget authority	3, 833, 515, 000	4, 743, 496, 000	4, 891, 183, 000	+147, 687, 000
Revenues applied:				
Enrichment revenues	−591, 510, 000	−539, 100, 000	−661, 900, 000	−122, 800, 000
Miscellaneous revenues	−78, 490, 000	−76, 000, 000	−76, 000, 000	------------
Total revenues applied	−670, 000, 000	−615, 100, 000	−737, 900, 000	−122, 800, 000
Net budget authority	3, 163, 515, 000	4, 128, 396, 000	4, 153, 283, 000	+24, 887, 000
Appropriation transfer	500, 000	500, 000	500, 000	------------
Change in unobligated balances	−15, 000, 000	0	−76, 000, 000	−76, 000, 000
Total operating budget authority	3, 149, 015, 000	4, 128, 896, 000	4, 077, 783, 000	−51, 113, 000

For geothermal research, $52,100,000 is provided.

For fusion power R. & D., the committee recommends $284,500,000—including an increase in magnetic fusion and laser research of $45 million above budget.

For the environmental research and high-energy physics and other programs of R. & D. generous funding is provided.

Geothermal research is an important component of the ERDA program as geothermal resources of the United States are substantial.

For the various reactor research programs, and others $630,260,000 is provided.

We are providing $30 million for a geothermal resources development fund to stimulate industry in the commercial development of geothermal energy.

The fission power reactor development program is a vital and promising line of energy research.

This program includes research on a number of advanced reactor concepts—the liquid metal fast breeder reactor, the high temperature gas reactor, gas-cooled reactors, and light-water reactor technology.

LIQUID METAL FAST BREEDER REACTOR AND CLINCH RIVER BREEDER REACTOR

Development of the liquid metal fast breeder reactor is vital and essential in the Nation's effort to solve the energy crisis, attain a reasonable level of energy self-sufficiency, and to once again allow the American consumer to enjoy abundant, low-cost electricity.

Proponents of the breeder reactor do not claim that it alone can solve the Nation's energy problems but the breeder, together with other energy research and development programs recommended in the bill—including solar, geothermal, fusion, among others—can assist in providing America with low-cost, abundant energy and permit our country to continue to be the world's most productive and prosperous Nation.

The LMFBR is an advanced nuclear reactor which scientists estimate would burn uranium fuel 60 times more efficiently than conventional nuclear powerplants—thus helping to hold down spiraling and accelerating electric power rates that have burdened the American consumer in recent years.

In addition, the breeder reactor would produce more nuclear fuel than it consumes—a vital and important technological breakthrough that would supply utilities with fuel for electrical generation and prevent a possible shortage of uranium in the future.

Indeed, witnesses before the Subcommittee on Public Works Appropriations have testified that no uranium mining to supply the LMFBR would be required for at least a century—adequate supplies are available—thus significantly reducing costs and saving the environmental impact of such mining.

A recent GAO report points out that fossil fuels are in limited supply in the United States and throughout the world, but the use and demand of electricity in the Nation increases and nuclear power is a logical and desirable alternative to fossil fuels.

The continued demand for electricity and the importance of the breeder reactor to assist in meeting this demand is described in the following paragraph from the GAO report:

> The Energy Research and Development Administration projects that the U.S. electrical energy demand will increase fourfold be-

> tween 1975 and the year 2000. The United States has more fossil fuel resources than most other developed countries, but these resources—in particular, oil and natural gas—are in limited supply. Nuclear power accounts for over 8 percent of the total installed U.S. electrical generating capacity, and ERDA expects that it will account for about 67 percent by the year 2000. Because of a limited supply of low-cost uranium ore available for fuel for light water reactors, many believe that the full potential of nuclear energy can be realized only by developing the fast breeder reactor.

Development of the breeder reactor is considered so vital and important to meet future energy requirements that virtually every industrialized nation is proceeding aggressively with LMFBR research and development programs:

France already has two breeder reactors in operation and a third is under design. Indeed, France has designated the breeder reactor as its highest priority energy development program, according to a recent GAO report.

The United Kingdom also has two breeder reactors already in operation.

West Germany has one LMFBR completed and a second is under construction.

Japan has its first breeder reactor nearing completion with construction of a second underway.

The Soviet Union is proceeding aggressively with development of the breeder reactor.

Italy and India have undertaken development of the breeder technology.

Funds recommended in the bill for America's LMFBR program are for research and for development and construction of a demonstration plant to test and prove the technology.

It should be pointed out that the costs of building the demonstration plant will be shared by the Federal Government and the Nation's public and private utilities.

Indeed, the utilities already have agreed to provide $250 million for development of the Clinch River fast breeder reactor in Tennessee under terms of a formula established by the Joint Committee on Atomic Energy and approved by the Congress.

Last year this House defeated by a sizable margin an effort to delete the CRBR from the bill.

As recently as May 20, 1976, the House, by a vote of 209 to 173, reaffirmed its support of this joint effort between the Government and the utilities by rejecting an amendment that would have increased the utilities' share of the costs. Although I support the concept of financial participation by the utilities in this program, I should advise my colleagues that a significant increase of the utilities' contribution would be borne by the American consumer in the form of higher electric power rates. Jointly, we should build this demonstration facility.

I repeat, funds recommended in the bill for the LMFBR program are only for research development and construction of one demonstration plant.

Opponents of the breeder reactor program would foreclose America's development of a demonstration plant which, as witnesses testified before the committee, would test the safety and workability of this new and vital technology that has the potential of making an enormous contribution to the future energy needs and requirements of the Nation.

This development has already been too long delayed.

We should not go up the Hill one day and down the next. We should go forward and build this facility in the public interest.

This bill provides a balanced program of energy research and development in all fields in line generally with the capabilities of ERDA to utilize funding for various energy research programs.

These programs are important and essential to move this Nation forward toward the development of alternative sources of energy—and more effective utilization and conservation of existing sources.

PUBLIC WORKS PROGRAMS

As I indicated previously, the budget request for public works projects is off target when related to the national interest.

The budget for the Corps of Engineers provided for—

No new construction starts;

No funds to continue six small project programs of the Corps authorized and included in previous years by Congress; and

Only 5 new studies in 50 States.

This is unrealistic and impractical—there must be a continuing and ongoing program of public works to meet the needs of our expanding population.

For the Corps of Engineers, we are recommending funding for a total of 20 new construction starts; 14 new planning starts; 22 new studies; and funding for the six small project programs previously authorized and funded but cut out in the President's budget.

For the Bureau of Reclamation we are recommending a total of 5 new construction starts; 4 new planning starts; 13 new studies; and 6 new loans.

This bill thus provides funding for a total of 537 ongoing and new projects of all types: Corps of Engineers, Bureau of Reclamation, TVA, and others.

TITLE II—CIVIL WORKS PROGRAM—DEPARTMENT OF DEFENSE—CORPS OF ENGINEERS

We are recommending a total of $70,110,000 for general investigations by the Corps of Engineers.

Studies and investigations are listed by State on pages 35 through 40 of the report.

For construction by the corps, we are recommending $1,417,077,000.

Construction projects are listed by State on pages 42 through 52 of the report.

Many worthy projects requested by Members are included in the bill. Again we commend to you the report.

We have carefully reviewed each project and the committee has set its own priorities—especially in situations where we felt funds had been arbitrarily cut, reduced or eliminated for important projects.

Some reductions and cuts were made by the committee and some add-ons were provided on project capability.

The small projects funding was restored—these projects are set out on pages 54 and 55 of the report.

For the Mississippi River and tributaries flood control, we are recommending $227,667,000.

These projects are listed on pages 56 and 57 of the report.

TITLE III—BUREAU OF RECLAMATION—DEPARTMENT OF THE INTERIOR

We are recommending $24,487,000 for general investigations by the Bureau of Reclamation.

A list of projects is on pages 61 through 64 of our report.

We are recommending $351,386,000 for construction and rehabilitation projects by the Bureau of Reclamation.

A list of these projects may be found on pages sixty-six through seventy of the report.

TETON DAM

Certainly we were all shocked and concerned by the tragedy resulting from the collapse and failure of the Bureau of Reclamation Teton Dam in Idaho—the loss of life, the destruction of homes and property, the massive damage to surrounding areas.

Following press reports concerning the failure of the dam, I had a lengthy conference with Commissioner Gilbert Stamm of the Bureau of Reclamation and members of his staff.

We had a thorough review of the situation.

The failure of this dam is regrettable.

This is the first dam built by the Bureau of Reclamation to fail during its 75-year history of the Bureau—The Corps of Engineers has never had a dam failure during its 200-year history.

The Bureau of Reclamation has designed and constructed more than 300 major dams during its 75 year history.

I am advised by officials of the Bureau of Reclamation that above normal precautions were taken to assure the safety of the Teton Dam.

This involved the extensive grouting—or filling—of fissures in the basic volcanic rock at the damsite with a mixture of sand, concrete, and water—and some 70 feet of rock were excavated to provide what was considered to be a safer foundation

In addition, a test grouting program was performed to ascertain whether the volcanic rock could be successfully utilized as a base for the dam. The test concluded that the rock was hard and durable and suitable for the dam foundation—with the necessary grouting.

Following the break in the dam, Commissioner Stamm and Assistant Secretary Jack Horton of the Department of the Interior flew to Idaho and inspected the break with Governor Andrus.

Two separate groups are investigating the failure of Teton Dam—an engineering evaluation board in the Bureau of Reclamation,

And an outside blue ribbon panel of engineering experts jointly named by the Secretary of the Interior and the Governor of Idaho.

The devastating flood resulting from the failure of the dam resulted in 9 deaths—more than 700 homes destroyed—and more than 4,000 families and 246 businesses sustained damages.

It is not known at this time why the break occurred.

As indicated, above normal precautions had been taken to prevent leakage—as a matter of fact three separate grout curtains were built to prevent leakage at the foundation.

It is expected that the investigating engineers will drill a tunnel into the grouted area where the leak occurred to discover the cause—and the full investigation may require two years.

President Ford has submitted to the Congress a $200 million supplemental reqest for fiscal 1976 to be funded through the Bureau of Reclamation to pay damages and settle claims.

Other funding is more immediately available:

The sum of $5,300,000 is in the 1977 bill for Bureau of Reclamation recommended for Teton Dam which can be used for canceling contracts and settling claims.

There is $100 million in the Federal Disaster Assistance Emergency Fund for fiscal 1976. And an additional $100 million is carried in the bill for the FDAA for 1977. All of these funds can be used for the disaster purposes—where needed.

Other assistance is being provided, including the following:

ASSISTANCE TO INDIVIDUALS

Temporary housing is being made available to disaster victims whose homes have been destroyed or made uninhabitable. These accommodations are rent free for up to 1 year. The Department of Housing and Urban Development currently has seven survey teams in the disaster area to match housing needs with available resources.

The Department of Labor may provide disaster unemployment assistance for those persons not covered under regular State unemployment insurance programs, as well as job placement assistance for those unemployed as the result of a major disaster.

The Small Business Administration and the Farmers Home Administration of the Department of Agriculture are accepting applications for disaster loans from individuals, businesses, and farmers for the refinancing, repair, rehabilitation, or replacement of damaged real and personal property not fully covered by insurance.

Representatives of the Social Security Administration are counseling disaster victims on benefits available under this program.

The Internal Revenue Service is processing claims for casualty losses and providing tax advise to disaster victims.

Legal services are being provided to low-income families and individuals.

The Soil Conservation Service of the Department of Agriculture and the Bureau of Reclamation are currently engaged in operations to clear debris from and make emergency repairs to irrigation facilities with the object of reopening channels as rapidly as possible to prevent potential crop losses.

ASSISTANCE TO GOVERNMENTS

The Corps of Engineers is currently engaged in the removal of debris from public lands and streams and from private property where it is found to be a health or safety hazard.

The Federal Highway Administration is engaged in the emergency protection and permanent repair of roads, streets, and bridges not on the Federal aid system.

Grant funds will be available for the repair or replacement of State and local government facilities which were damaged or destroyed by the disaster, including: Public buildings and related equipment, public utilities, and recreational facilities and parks.

Grants are also available for repair or replacement of private nonprofit educational, utility, emergency, medical, and custodial care facilities.

OTHER FEDERAL AGENCY INVOLVEMENTS

The Food and Drug Administration is conducting surveillance and testing of food which might have been affected by flood waters.

The U.S. Public Health Service and the Veterinary Service of the Department of Agriculture are assisting State officials in monitoring the disposal of dead animals and investigating any potential health hazards in the disaster area.

The General Services Administration is engaged in providing emergency communications services and general logistical support to other Government agencies.

The Economic Development Administration of the Department of Commerce is currently discussing with local officials its grant programs which are available to assist industry in the area.

All of the above activities are being carried out under the general coordination of the FDAA of the Department of Housing and Urban Development.

In addition, the President on June 11, 1976, submitted a supplemental budget request of $200 million to provide reimbursement for damages suffered from the failure of Teton Dam. My amendment—a committee amendment which I will offer at the proper time—will approve this supplemental budget request. The President urged the Congress to move promptly on this matter.

I urge that this amendment be adopted when offered

We are recommending $59,331,000 for the Upper Colorado River storage project.

The breakdown on allocations under this project is on pages 71 and 72 of the report.

We are recommending $73,420,000 for the Colorado River basin project.

Further details on allocations under this project may be found on page 73.

For the popular loan program of the Bureau of Reclamation we are recommending $22,209,000.

This appropriation provides for loans to non-Federal organizations for construction and rehabilitation of distribution systems and for loans and grants to construct small irrigation projects.

Also included in this title are appropriations for—

The Alaska Power Administration, $1,890,000.

Southeastern Power Administration, $1,076,000.

Southwestern Power Administration, $8,603,000.

TITLE IV—INDEPENDENT OFFICES

For the Appalachian Regional Commission we are recommending $300,500,000 for its projects and programs. These are appropriated to the President.

For the expenses and salaries of the Federal cochairman and his immediate staff and 50 percent of other administrative expenses we are recommending $1,897,000.

The archstone of the Appalachian program is the highway construction program—the providing of access to remote areas, opening up corridors for economic development, growth and progress.

For the ongoing and continuing Appalachian highway program we are recommending a total of $185 million.

For area development we are recommending $104,500,000.

Results of the Appalachian program are clearly visible in the 10 Appalachian States.

New highways, new schools, new vocational education facilities, new libraries, new airports, new health facilities, new economic life, are all evident in these Appalachian States as a result of this partnership program with the States.

For the Delaware River Basin Commission we are recommending $281,000.

For the Potomac River Basin Commission, we are recommending $52,000.

For the Federal Power Commission we are recommending $41,582,000.

This represents an increase over current year funding but is in line with FPC responsibilities in accelerating the processing of applications for hydroelectric power licenses.

The GAO recommended that additional staff be added for this purpose and the budget increase is expected to expedite the processing of these applications and reduce the existing huge backlog in work of this important Commission.

NUCLEAR REGULATORY COMMISSION

For the Nuclear Regulatory Commission, we are recommending $224,430,000—a cut and reduction of $5 million.

The committee strongly supports the work and activities of this Commission in assuring that nuclear powerplants conform to rigid safety requirements and in carrying out its other statutory duties and responsibilities related to nuclear safety.

TENNESSEE VALLEY AUTHORITY

For the Tennessee Valley Authority, we are recommending $120,930,000 which represents a slight cut of $255,000 from the amount budget.

WATER RESOURCES COUNCIL

The committee made a cut from the budget of the Water Resources Council in the area of administration and planning—of $244,000.

Overall the committee is recommending an appropriation of $11,965,000 for the Council, including $2,500,000 for water study grants to the States.

I would like to bring to the Members attention a printing error on page 76 of the report under the loan program of the Bureau of Reclamation. The Valley Center Water District supplemental loan shown under Arizona should be listed under California.

CONCLUSION

As I said at the outset, Mr. Chairman, this is a vital bill—an important bill—a bill that touches the lives of virtually all our people throughout the Nation.

In summary, Mr. Chairman, this bill represents an investment in the future of America—in the hope of America—in the ability of America to cope with its complex problems of water resource development and especially those related to the energy crisis.

Overall, our committee is recommending a total of $9,551,209,000—for all programs.

Again, I want to thank the members of my subcommittee, and the full Committee on Appropriations and the House for sharing in the building of America. It has been my privilege to work with all of you over the years and I am proud to have had some part in this continuing pattern of growth, progress, and development—and in the building of our Nation.

Today marks perhaps my final appearance as floor manager for this annual public works appropriations bill. As all of you know, I have announced that I will not seek reelection to the House following completion of this my 15th term—30 years—in the Congress.

As I take my leave from you, I wish all of you the very best of good luck and continued success in the years ahead.

Mr. Chairman, I strongly urge the passage of this bill in the public interest.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the distinguished chairman of the Committee on Appropriations, the gentleman from Texas (Mr. MAHON).

Mr. MAHON. I thank the gentleman for yielding.

Mr. Chairman, it seems to me that this is a very fitting moment to pay special tribute to the gentleman from Tennessee, who has just delivered an impassioned and compelling speech for things that mean much to America. I salute the gentleman for what he has done for the country, what he has done for the Congress, what he has done for the Committee on Appropriations, and what he has done for the State of Tennessee. He has achieved a remarkably wonderful record.

The gentleman is one of the giants of this legislative body.

The gentleman was made chairman of the Subcommittee on Independent Offices in 1966 and chairman of the Public Works Subcommittee in 1971. The gentleman will have been a member of the committee, by the time he completes his service, for 21 years. The gentleman is entitled to retirement. He has earned it. But his departure is going to leave a great void in the House of Representatives because his work has meant so much to this body through the years. The gentleman laid a sound foundation, he has left a wonderful heritage to the people of the country, and as enthusiastically as I possibly can, I want to express my great pleasure and pride over the opportunity of having served with a man of the stature of JOE EVINS of Tennessee.

Mr. EVINS of Tennessee. The gentleman is most generous and most kind. I thank the gentleman for his remarks.

Mr. SHIPLEY. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to my friend, a member of the Committee on Appropriations, the gentleman from Illinois (Mr. SHIPLEY).

Mr. SHIPLEY. I thank the gentleman for yielding.

Mr. Chairman, I just want to echo the words of the chairman. I have had the high honor and privilege of serving on the subcommittee with the gentleman from Tennessee (Mr. EVINS). I want the gentleman to know that he was one of the greatest chairmen of a subcommittee I have ever served under. He was very fair and very helpful to me. Mr. Chairman, we will miss the gentleman.

Mr. EVINS of Tennessee. I thank the gentleman for his kind remarks.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to my friend, the gentleman from Massachusetts (Mr. BOLAND).

Mr. BOLAND. I thank the gentleman for yielding.

Mr. Chairman, I want to echo the sentiments expressed by both the distinguished chairman of the full Committee on Appropriations (Mr. MAHON) and by the gentleman from Illinois (Mr. SHIPLEY).

Mr. Chairman, it has been my pleasure to have served with the gentleman from Tennessee (Mr. EVINS) on the Public Works Subcommittee for 22 years.

He also was my chairman and preceded me as chairman of the Subcommittee on Housing and Urban Development-Independent Offices. I have observed JOE, that your people have continued to be appreciative of your representing and serving them in the Congress of the United States, returning you with near unanimous majorities. You are the kind of Member of Congress all of the people want.

You reflect admirably the rich heritage of your region and other eminent predecessors from your area, such as Andrew Jackson and Cordell Hull. To the liberals you are a liberal, to the moderates you are a moderate, to the conservatives you are a conservative, and to all you are a warm, able, sincere, and dedicated person and friend.

The role you had as chairman of the Independent Offices and Housing and Urban Development Appropriations Subcommittee, as the chairman of the Public Works Appropriations Subcommittee, and as the chairman of the House Committee on Small Business, is one of the most demanding in the Congress. I know of the long hours of hard work you have given reviewing and analyzing the budget needs of all the agencies you have dealt with. Any one of these are enough to tax the capabilities of any man, and you have done all these tasks well.

I regret your decision to leave the Congress at this time, but I understand your decision to do so.

I know you are a great family person and will thoroughly enjoy the new opportunities that will open to you, and that you will have more time with your three lovely daughters, Mary, Joanna, Jane, and their families, including three grandchildren, and your lovely and devoted wife Ann, who has been such a great asset to you in both your public and private life.

Mr. EVINS of Tennessee. Mr. Chairman, I thank the gentleman very much.

Mrs. LLOYD of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to my colleague and friend, the gentlewoman from Chattanooga, Tenn.

Mrs. LLOYD of Tennessee. Mr. Chairman, I would like to express my appreciation as a freshman Member from the State of Tennessee for your leadership, for your ability, for your integrity, and for your contributions to your country, to the Congress, and to our beloved State of Tennessee. Your contributions are beyond measure, and for the Tennessee delegation, I say thank you.

Mr. ANDERSON of California. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the gentleman from California.

Mr. ANDERSON of California. Mr. Chairman, I would feel remiss if I first, did not say something on this occasion about the chairman of the Subcommittee on Appropriations-Public Works, the Honorable JOE EVINS of Tennessee.

Mr. EVINS, as a member of the Public Works Committee, and as a Representative from California, I have been before your committee many times—it seems almost every year—asking for some additional appropriation—some add-on—for the State of California.

I want you to know that we feel you have been most courteous to us—and in addition you have been most generous to our needs.

We hate to see you leave.

We will all miss you.

Now, Mr. Chairman, I rise in strong support of H.R. 14236, the Public Works and Energy Research and Development Appropriations Act for fiscal year 1977.

The Public Works Appropriations Subcommittee, and the full Appropriations Committee, are to be commended for the work they have done on this legislation.

I am especially pleased with the new public works projects and with the continued level of funding for projects already in progress. I believe that the bill before us is one that will stimulate the economy, provide needed flood control, power production, and other projects, without being an extravagant piece of legislation. I believe that the positive impact in terms of employment and stimulation of business in local areas will be significant.

Being somewhat parochial, I am quite pleased with the level of funding provided in this bill for continuation of the hydraulic model study for San Pedro Bay. The Corps of Engineers stated that its capability for this project during the coming fiscal year is $725,000—the amount provided by the committee. To me, this represents a "no-nonsense" attitude by the Appropriations Committee in terms of completing projects which are presently underway. Delaying projects to hold the line on this year's budget will only result in increased inflationary costs for the project in the future. In addition, the economic impact of public works projects is needed desperately in many communities immediately—the economic need may not be as critical 2 or 3 years from now.

Further development of San Pedro Bay is not only imperative for economic growth in southern California, but indeed for the entire Southwest. New land areas, essential to meet the needs of the shipping industry for southern California and the Greater Pacific Southwest, cannot be properly provided without technical data obtainable only from a hydraulic study. In addition, as a result of growing ecological concerns, especially with regard to coastal areas, the environmental studies of San Pedro Bay now incorporated into this project must be completed in conjunction with the hydraulic studies. In short, no new construction can begin at San Pedro Bay until permits are issued by the Corps of Engineers, and the corps cannot issue the needed permits until all of the needed data is obtained from the hydraulic model study.

According to the U.S. Customs Service, customs collected at the Ports of Los Angeles and Long Beach totaled in excess of $422 million for fiscal year 1975—second only to New York. The shipping activity in San Pedro Bay is also vital if the United States is to obtain its needed energy supplies in the next few years. The Port of Los Angeles has completed environmental statements for liquefied natural gas—LNG—and petroleum importing facilities. The Port of Long Beach will be the primary port of entry for crude oil from the North Slope of Alaska destined for California and mid-continent States.

As a result of the full funding provided by the Appropriations Committee for continuation of the hydraulic model study of San Pedro Bay, we will save at least 1, and perhaps 2 years in completing the environmental investigation and model study work.

Mr. Chairman, I urge adoption of the bill before us, the Public Works and Energy Research and Development Act.

Mr. ALEXANDER. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. Mr. Chairman, I am no longer a freshman Member: I have been a Member of Congress for 4 terms. And, I want to express my appreciation to the gentleman from Tennessee (Mr. EVINS) for helping me when I was a freshman Member 8 years ago, representing a district part of which lies in the Mississippi flood plain. The Delta was built and has become prosperous because of the public works projects that the gentleman from Tennessee (Mr. EVINS) has helped to build over three decades.

Thirty years ago it was not uncommon for a person to get off a bus and get onto a flat-bottom boat to get to a schoolhouse. This inconvenience is no longer true because of the work of the gentleman from Tennessee, and others who have supported flood control projects.

Mr. Chairman, as a Member who has observed the actions of the gentleman from Tennessee (Mr. EVINS) for 8 years, I wish to express my sincere appreciation for all the citizens of the Mississippi Valley and my applause for his work in the Congress. He is a great Member. I will miss the gentleman and I wish him the best of health and happiness during the years to come.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to my friend, the gentleman from Tennessee.

Mr. JONES of Tennessee. Mr. Chairman, I thank the dean of the Tennessee delegation for yielding.

I want to pay my respects to the gentleman along with the other members of the committee and my colleagues here in the Congress.

Long before I came to the Congress you were a guiding light to me. You have been a lot of help to me through the years, and I appreciate that more than you know.

Like the gentleman from Arkansas (Mr. ALEXANDER), I also want to say that I appreciate the kind attitude and the rememberances that you have shown the people of my congressional district. We have had our problems, and we have gone before your committee and you have taken good care of us. I wish you and your family the very best as you leave the House of Representatives.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the gentleman from Texas.

Mr. WRIGHT. Mr. Chairman, I should like to join with my other colleagues in expressing the abiding gratitude which many of us feel for the dedicated work the gentleman from Tennessee (Mr. EVINS) has led throughout these years.

As a member of the Committee on Public Works and Transportation, I have had the privilege of working in close harmony with the gentleman during the period in which he has been chairman of the Subcommittee on Public Works of the Committee on Appropriations. I have found him at all times to be understanding, cooperative, diligent, and dedicated to the future of this country.

When I think of the gentleman from Tennessee (Mr. EVINS), I think of that plaque which stands above us in this Chamber reciting those words of Daniel Webster in which he admonished us thusly:

> Let us develop the resources of our land, call forth its powers, build up its institutions, promote all its great interests, and see whether we also in our day and generation may not perform something worthy to be remembered.

Mr. Chairman, I should simply like to say that the gentleman from Tennessee (Mr. EVINS), in his years of service in this body, has been the principal architect of many deeds worthy to be remembered, deeds which indeed will be remembered with gratitude by future generations.

Mr. EVINS of Tennessee. Mr. Chairman, I thank the gentleman from Texas (Mr. WRIGHT) very much for his kind remarks.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the gentleman from Washington.

Mr. McCORMACK. Mr. Chairman, I want to join with my colleagues in paying tribute to the gentleman from Tennessee (Mr. EVINS), the chairman of the Subcommittee on Public Works, for the tremendous job that he has done during his many years of leadership as chairman of the Subcommittee on Public Works.

It has been my privilege during the last several years to work with him, either as a member of the Committee on Appropriations or as chairman of the subcommittee dealing primarily with areas of energy research and development, where my subcommittee has provided authorization for new programs and has dramatically increased programs all across the spectrum of energy research and development.

Mr. Chairman, I have found him responsive and responsible and helpful in every way.

It has been a privilege and a pleasure to work with him.

Not only that, Mr. Chairman, I want to pay my respects to JOE EVINS from a completely different context. I come from the Pacific Northwest and have watched the area grow, have watched the dams develop on the Columbia River, irrigation projects of the Columbia Basin, and all the work that has gone on there.

Mr. Chairman, I think there have been two persons to whom tribute is due for these accomplishments. They are Senator MAGNUSON from Washington State, and the gentleman from Tennessee (Mr. EVINS).

Mr. Chairman, the projects which they have helped develop will be standing for thousands of years to come, a tribute to their public service, and I want to pay my respects to the gentleman from Tennessee (Mr. EVINS) for his lifetime of dedicated service to our country.

Mr. EVINS of Tennessee. Mr. Chairman, I thank the gentleman from Washington (Mr. McCORMACK). I appreciate his kind remarks.

Mr. BURGENER. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the gentleman from California.

Mr. BURGENER. Mr. Chairman, as a new member of the Joe L. Evins committee and as a member of the minority, I want to express my deep appreciation for the privilege I have had during the last year and a half of serving under this great chairman and this great American.

The people of Tennessee have chosen wisely and well, and that has been demonstrated over all these many years by their sending the gentleman from Tennessee, Mr. JOE L. EVINS, back here with resounding majorities.

Mr. Chairman, I am only in my second year of service on the committee, but I want to tell the Members what I appreciate most about serving under the gentleman from Tennessee, Mr. JOE L. EVINS.

First of all, it is a committee that has built this Nation, as the gentleman from Tennessee (Mr. EVINS), the chairman, has said, and it has done so under his leadership.

The committee operates with dispatch and with precision, but it also operates with great thoroughness. The disagreements are hammered out in committee, and generally the committee presents a united front to the floor, which I am sure the body appreciates.

Additionally, Mr. Chairman, I want to say that this committee, unlike some others I have served on, starts on time. Why is that so important? Every Member of this body has more than he or she can do in terms of work assignments. We have our mail. We have our visitors. We have meetings. I have sat on committees sometimes as much as an hour waiting for a quorum to appear. Under the leadership of the gentleman from Tennessee (Mr. Evins) that never happens. The meeting starts on time.

Not only that, Mr. Chairman, we have agency staffs up here on the Hill, highly paid people, important people, sitting around waiting for many committees to start. That never happens on the Joe L. Evins committee.

Mr. Chairman, Dr. Seamans, Director of ERDA, told me that he has to report to 35 different committees on this Hill. He and all the other Agency people deeply appreciate the manner in which the chairman of the subcommittee, the gentleman from Tennessee (Mr. Evins), carries out his work on his committee.

Mr. Chairman, Joe L. Evins will be sorely missed. I thank him for his leadership.

Mr. EVINS of Tennessee. Mr. Chairman, I thank the gentleman from California (Mr. Burgener) very much.

As the Speaker said, we must rise at 11:30 for the Flag Day ceremonies.

Mr. Chairman, I appreciate all the comments of my colleagues, and I thank them very much.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Ichord, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes, had come to no resolution thereon.

CALL OF THE HOUSE

Mr. BROOKS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MAHON. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 379]

Abdnor
Abzug
Andrews, N.C.
Badillo
Bell
Biester
Bingham
Burke, Calif.
Chisholm
Conlan
Conte
Conyers
Corman
Daniels, N.J.
Dellums
Dickinson
Diggs
Drinan
Eckhardt
Esch
Eshleman
Flowers
Foley
Giaimo
Harkin
Harsha
Hays, Ohio
Hébert
Heckler, Mass.
Helstoski
Henderson
Hicks
Hinshaw
Holland
Howe
Jarman
Jenrette
Jones, Ala.
Jones, Okla.
Karth
Kemp
McClory
McCloskey
Madden
Milford
Mink
Mitchell, Md.
Morgan
Mosher
Murphy, N.Y.
O'Hara
Passman
Peyser
Quillen
Rhodes
Riegle
Rose
Rosenthal
St Germain
Scheuer
Schneebeli
Stanton, James V.
Steiger, Ariz.
Steiger, Wis.
Stokes
Stuckey
Tsongas
Udall
Young, Ga.

The SPEAKER. On this rollcall 362 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to make a statement.

The Members will kindly remain on the floor during about a 15-minute period while the House is being set up for the Flag Day ceremonies program, which will follow at about 12 o'clock.

RECESS

The SPEAKER. Pursuant to the order of the House of February 26, 1976, the Chair declares the House in recess for the purpose of observing and commemorating Flag Day.

Accordingly (at 11 o'clock and 48 minutes a.m.), the House stood in recess subject to the call of the Chair.

FLAG DAY

During the recess the following proceedings took place in honor of the United States Flag, the Speaker of the House of Representatives presiding.

FLAG DAY PROGRAM, U.S. HOUSE OF REPRESENTATIVES, JUNE 15, 1976

The United States Navy Band and Sea Chanters entered the door to the left of the Speaker and took the positions assigned to them.

The honored guests, Mrs. Lyndon B. Johnson, the Joint Chiefs of Staff, and the Commandant of the Coast Guard entered the door to the right of the Speaker and took the positions assigned to them. Mrs. Lyndon B. Johnson was seated at the desk in front of the Speaker's rostrum.

The United States Navy Band and the Sea Chanters (conducted by Cmdr. Ned Muffley) presented a patriotic medley—*This Land Is Your Land, This Is My Country*, and *God Bless America*.

The Doorkeeper (Hon. James T. Molloy), announced the Flag of the United States.

The Historical Colors were carried into the Chamber under the command of Capt. Rodriguez, HHC–USA, by the Historical Color Guard; Pfc. Cruichshank, A Company–USA; Pfc. Morse, A Company–USA; Sgt. Winters, B Company–USA; Pfc. Black, B Company–USA; SP/4 Evans, B Company–USA; and Sgt. Paul, D Company–USA.

The Flag was carried into the Chamber by the Color Bearer, and a Guard from each of the branches of the Armed Forces: Sgt. McKay, A Company–USA; Pfc. Ritchie, A Company–USA; Pv2 Swan, A Company–USA; Cpl. Soloman, USMC; Cpl. Parnell, USMC; AN Kimsey, USN; Sgt. Giegeman, USAF; and Sn Hairston, USCG.

The Color Guard saluted the Speaker, faced about, and saluted the House.

The Flag was posted and the Members were seated.

The SPEAKER. My colleagues of the Congress, I have the honor of presenting to you the distinguished gentleman from Alabama, Mr. Bill Nichols, chairman of the Flag Day Committee.

Mr. NICHOLS. Mr. Speaker, a distinguished Member of our Flag Day Committee, the Honorable David Emery from the State of Maine, will lead the House at this time in the Pledge of Allegiance.

The Honorable David Emery led the Members and guests in the Pledge of Allegiance to the Flag.

The *Star-Spangled Banner* was played by the U.S. Navy Band.

Mr. NICHOLS. Mr. Speaker and colleagues of the Congress, for this year's Flag Day Ceremony we have added a few extra touches to make our Bicentenial celebration just a little better. Hanging in Statuary Hall is a replica of the Star Spangled Banner, the 15-star, 15-bar American Flag which flew over Fort McHenry during the British bombardment and the inspiration to Francis Scott Key in his writing of our National Anthem. In addition, here in the Chamber you have already seen the seven American Flags, beginning with the Betsy Ross flag and proceeding to the 48-star Flag, each of which have flown over these United States as we have grown and prospered.

Now doing his rendition of the poem, *The Ragged Old Flag* is the Honorable Robin Beard of Tennessee.

The Honorable Robin Beard of Tennessee recited the "Ragged Old Flag" (written by Johnny Cash):

RAGGED OLD FLAG

(By Johnny Cash)

I walked through a county courthouse square
On a park bench an old man was sitting there
I said, "Your old courthouse is kinda run down."
He Said, "Naw, it'll do for our little town."
I said, "Your old flag pole is leaned a little bit,"
And that's a ragged old flag you got hanging on it."
He said, "Have a seat." And I sat down.
"Is this the first time you've been to our little town?"
I said, "I think it is." He said, "I don't like to brag,
But we're kind of proud of that ragged old flag."
"You see, we got a little hole in that flag there
When Washington took it across the Delaware

And it got powder burned the night Francis Scott Key
Sat up watching it, writing 'Say Can you see'
It got a bad rip in New Orleans
With Packingham and Jackson pulling at it's seams
And it almost fell at the alamo,
Beside the Texas flag, but, she waved on though
She got cut with a sword at Chancellorsville
And she got cut again at Shiloh Hill
There was Robert E. Lee, Beauregard and Bragg
The South wind blew hard on that Ragged Old Flag
On Flanders field in World War One
She got a big hole from a Bertha gun
She turned blood red in World War Two,
She hung limp and low by the time it was through
She was in Korea and Viet Nam
She went where she was sent by her Uncle Sam
She waved from our ships upon the briny foam
And now they've about quit waving her back here at home
In her own good land she's been abused
She's been burned, dishonored, denied, refused
And now the government for which she stands
Is scandalized throughout the land
And she's getting threadbare and she's wearing thin
But she's in good shape for the shape she's in
Cause she's been through the fire before
And I believe she can take a whole lot more
So we raise her up every morning
Bring her down slow every night
We don't let her touch the ground
And we fold her up right.
On second thought, . . . I do like to brag,
Cause I'm mighty proud of that ragged Old Flag."

Mr. NICHOLS. Mr. Speaker, this year's Flag Day speech will be presented by another distinguished Member of Congress and of our Flag Day Committee, the Honorable TED RISENHOOVER, from the State of Oklahoma.

Mr. RISENHOOVER. Mr. Speaker, 199 years ago today, times were pretty tough in the colonies. The Revolutionary War was just starting. The British had invaded from Canada. The Treasury was bare and the troops were unhappy. In that dismal setting, the Continental Congress passed a resolution calling for a Flag:

Thirteen stripes, and thirteen stars. Red, white and blue.

The record fails to show the author of the resolution. There was no recorded debate or discussion.

The birth of Old Glory came quietly. Good seamstresses of the day started sewing and the battlefields soon were dotted with the unfurling American Flag.

After 7 more years, and some battered Old Glories, the Revolutionary War ended. The Treasury then—like today—was not very fat; but the troops had won the war.

In that terrible war and the several that followed, legends have grown around the inspiration of the Flag. Common men were transformed into heroes by the sight of Old Glory—despite mud, blood, and terrible odds. Or as George M. Cohan said: "Many a bum show has been saved by the Flag."

In this era of sophisticated notions when institutions, ideals, and traditions are under heavy attack, I am proud that requests for flags flown over this Capitol are in record demand—nearly 23,000 already this year.

I am pleased the gallery is crowded. Today as it has been for every Flag Day ceremony. But more, I am pleased that this House is pausing in a birthday observance of our beloved flag. Because, like our predecessor—the Continental Congress, the House is scourged with bad news and our spirits are lagging. We need to pause. We need to refresh in reflection.

Our flag has grown to 50 stars, as new States were added and our population grew more than 100-fold. But, the colors are the same—red, white and blue. And, I believe, the ideals of our revolution remain alive, although our spirits may need some unfurling.

Our democratic birthrights, those self-evident and inalienable truths, such as "all men are created equal" need to be renewed.

We must follow the spirit of the flag as we in Thomas Jefferson's words, "retrace our steps to regain the road which alone leads to peace, liberty, safety."

Sam Adams said in 1776 that "our Declaration of Independence has given wings to the spirit of the people."

On Flag Day, 1976, that spirit is afforded new wings by Old Glory. Born humbly like the Nation it reflects. Our flag is a reminder to tyrants—an inspiration to patriots—and a symbol of hope to the oppressed.

It is loved by millions, hated by some, feared by many—respected by all.

It is man's finest symbol of freedom: None can deny.

Thank you.

Mr. NICHOLS. Mr. Speaker, before I present our distinguished and honored guest today, I would like to acknowledge the presence in the gallery of Mr. and Mrs. Chuck Robb and their daughters, Cathy and Cindy.

Mr. Speaker, over the years your Flag Day Committee has invited as our special guest many outstanding Americans, heroes from the world of sports, famous newsmen and the greats from the world of entertainment. Each in their own way contributed to their profession and worked to improve the meaning of being a free American under one flag.

But today's guest is someone special to us all, a person for whom an entire dictionary of superlatives could be used, each equalling the other and all true. Some members here today will recall her as a gracious hostess, and others will remember her compassion and diligent work through her position as the Nation's First Lady.

But Mrs. Johnson's lasting contributions will not be in the ceremonial job as the President's wife, but because she is a worker, a doer; a person who seeks to achieve and paramount among her many great deeds are those in the area of preserving America's beauty.

It may be that her interest began as a child in Autauga County, Ala., where the rolling pine forests are indeed a thing of beauty, or it may be she was inspired by the majestic Texas plains; but no matter just where her interest in keeping America beautiful was nurtured our gratitude can never fully meet the efforts she has put into this endeavor.

Mrs. Johnson once said,

> To me beautification means our total concern for the physical and human quality of the world we pass on to our children.

Today, her grandchildren in the gallery, your own children with you on the floor, and generations of Americans to come can be appreciative of Mrs. Johnson's concern toward preserving the beauty of not only America's countryside but of her cities as well.

She has viewed this great country as few have, from rafts shooting the rapids of our rivers, from cable cars crawling up a mountainside. With her husband in the White House she logged 200,000 miles of travel time, from sea to sea and her appreciation of this Nation is unsurpassed.

Mrs. Johnson's unique view of America, her perspective that each portion of our Nation was just as beautiful as the other, led this Nation down a new road of conservation and awakened a nation to the needs of preserving our beauty for today and for the next century left to Americans yet unborn.

With pride and humility I present a great lady, respected by all Americans for her deeds in beautifying America, Mrs. Lyndon B. Johnson, but more affectionately known to her many friends in the House as "Lady Bird."

[Applause, the Members rising.]

Mrs. LYNDON B. JOHNSON. Mr. Speaker, friends in Congress, Congressman NICHOLS, always before when I have sat in one of these sessions, it has been in the balcony. First as the wife of a secretary to a Congressman, wide-eyed with the wonder of it all. And then through all those exciting and tumultuous years which began when Lyndon was a Member of this body and Mr. Speaker Sam Rayburn's gavel was at work, and finally when Lyndon was President and we returned to the Halls of Congress, and he spoke from a new vantage point about the state of the Nation.

In a lifetime of public service, we knew many moves and many houses, but for Lyndon, the Hill was always his home. Therefore, I was especially touched when Speaker ALBERT and your Flag Day Committee asked me to return to the scene of so many long friendships, and to take part in this salute on this Flag Day—to "America the Beautiful"—and with all the meaning that lovely old phrase conjures up for us in the Bicentennial Year. I think of that phrase and of that song particularly when clouds of dismay and disenchantment threaten to obscure the record of all we have accomplished.

For I know that while America the beautiful is under siege by problems which sometimes appear to be overwhelming, I also believe from firsthand experience that across the land, there are people of all ages and backgrounds who with faith and determination are setting to the task of finding solutions.

I used to hear much talk in this Chamber—good, warm, heartfelt talk—about "the grass roots" of our Nation. And, for the last 8 years, I have been with great pleasure and satisfaction, living in and exploring those grass roots. I believe they are healthy and growing. To me, there is a new beauty in the land, created not only by projects of sweeping vision, but also by 1,000 small acts of courage, perception, and respect in towns as close to me as Stonewall and as far away as San Francisco. I believe that they express so much of the heart of America that I would like to share some of these experiences with you.

In the Texas hill country I love, there is a community called Marble Falls, and guided by their own bicentennial beautification commission—a name almost bigger than the town—in recent weeks residents have spruced up their homes and property, 30 abandoned vehicles have been disposed of, 65 vacant lots have been cleared of years of accumulated weeds, brush, and trash, a neglected park by the lakeside has been restored, and those are only a few of the projects to their credit. Everyone from the Brownie Scouts to businessmen have enlisted in these efforts, and the whole town is full of pride.

And, recently, I received a letter from New York City so beleaguered by troubles in recent months, telling me about something positive and exciting there—an organization called the school volunteers program. Some 4,000 volunteer members are working in 250 crowded and hard-pressed schools. They tutor students from kindergarten through high school in the essentials—reading, writing, arithmetic, in English as a second language, and they work in programs to detect potential learning problems. Many of these volunteers are senior citizens who themselves are beginning to feel needed and useful again. And many are college students, beginning their fresh sense of social conscience. The problems they seek to alleviate may be unique in our time but surely they require the same kind of tough courage and hope our forebears summoned.

My spirits soar, too, with the resurgence of the arts all over the country. Drama, painting, dance, symphony—all those creative things which enrich our lives are spreading wings and refusing to be concentrated exclusively on the rich or the urban or any particular section of the United States. In my other favorite capital city, Austin, Tex., young and old have joined hands to sponsor a street dance featuring current rock and country music to benefit the symphony. Unusual partners, maybe, but for 3 years they have produced some unusual opportunities. And, in the tiny town of Round Top, Tex., renowned artists from some of the Nation's great cultural centers are coming to the country each summer to give aspiring young musicians from our part of the world the best of their inspiration. Far from being the exceptions, Austin and Round Top are just two examples of the many towns, large and small, where the renaissance of the arts is burgeoning.

This, to me, is where the action is. Viewed on the broad national stage these are small activities, but they produce a panorama of hope when they are repeated again and again—as they are, my friends, in countless ways, in countless towns and neighborhoods. The promise is still here in America, even with our flaws, more widespread now than ever it was in the last 200 years.

Lyndon spoke of this promise in his inaugural speech in 1965—and it seems again appropriate to recall it as we celebrate our 200th birthday, the line I liked best in that speech was one about always trying—"It is the excitement of becoming—always becoming, trying, probing, failing, resting and trying again, but always trying and always gaining."

I believe that thousands of Americans—from sea to shining sea—are trying and giving us cause to rejoice, and more than that, refining the challenge of what we have yet to do.

[Applause, the Members rising.]

The United States Navy Band and Sea Chanters (conducted by Comdr. Ned Muffley) rendered *America, the Beautiful.*

The Colors were retired from the Chamber, the United States Navy Band playing the *National Emblem.*

The United States Navy Band and Sea Chanters retired from the Chamber.

The honored guests retired from the Chamber.

At 12 o'clock and 44 minutes p.m., the proceedings in the honor of the U.S. flag were concluded.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair wishes to announce that the House will continue in recess until 1:15 o'clock p.m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. Smith of Iowa) at 1:15 o'clock, p.m.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries.

PRINTING OF PROCEEDINGS HAD DURING RECESS

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that the proceedings had during the recess of the House be printed in the Record, and that all Members may have permission to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PUBLIC WORKS FOR WATER AND POWER DEVELOPMENT AND ENERGY RESEARCH APPROPRIATIONS BILL, 1977

Mr. EVINS of Tennessee. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Tennessee (Mr. Evins).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE HOUSE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 14236, with Mr. Ichord in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose earlier today, the gentleman from Tennessee (Mr. Evins) had 29 minutes of general debate remaining, and the gentleman from Indiana (Mr. Myers) has 1 hour of debate remaining.

The Chair at this time will recognize the gentleman from Indiana (Mr. Myers).

Mr. MYERS of Indiana. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it is with regret that the members of this committee come today, because this is, as it has already been discussed, the last appearance, probably, our chairman, the distinguished gentleman from Tennessee (Mr. Evins) will make as a chairman of this subcommittee.

Mr. Chairman, I join our many colleagues in expressing sorrow to see the gentleman retire, at the same time wishing him best wishes for that retirement. Although I have not served a great many years on this committee—there are other colleagues who have served more years—we certainly appreciate his leadership. As has been said, he spent 15 terms and he is completing 30 years in this House. He has made it very clear that upon his retirement he is going to go back to his native State of Tennessee in order to spend more time with his family, his wife, his children and his grandchildren.

Mr. Chairman, during the period of years that he has served as chairman of this committee, and again this morning, he has talked about this appropriation bill for public works and energy research as the "building America bill." Through his chairmanship he has been instrumental in funding for the construction of many dams, reservoirs, roads, bridges, highways, airports, post offices, Federal buildings, hospitals, community centers, libraries, vocational schools, water treatment plants, rural electrification and telephone lines, and other programs and facilities for revitalizing the Nation's communities and cities.

He regards this as a program of "capital investments" in the Nation's future. He has often referred to this bill as the "all-American bill," and because of his leadership this appropriation bill has truly become the all-American bill.

As has been pointed out, not only does the gentleman from Tennessee (Mr.

Evins) serve as the chairman of this imimportant subcommittee, but also has served as chairman of the House Select Committee on Small Business. He has served there for 12 years. Under his chairmanship the Small Business Committee has recently been enlarged and expanded to 37 members and been given legislative status in this Chamber. He thus serves on both a legislative committee and an appropriations subcommittee, which is something no other Member in this House can claim. For a number of years he served as chairman of the House Committee on Personnel and Patronage.

Through the years, Chairman Evins has been known as a man of action, a doer, a workhorse, and an expert in Government, highly skilled in making the wheels of Government turn. The House, Tennessee, and the Nation is losing a friend. He will be missed.

I join with the many friends that Joe Evins has in this House in wishing him and his wife, Ann, many years of happiness back in their native State of Tennessee.

Mr. Chairman, as has already been explained today, the public works bill that we bring to the floor is the largest ever to come to the floor of the House for Public Works and Energy Research. The bill provides $9,551,209,000. That is more than $2 billion larger than last year's appropriation bill, but more than three-fourths of that increase of $2 billion is in energy research and development. The bill is $331 million over the President's original budget, but the President since that time has sent down an amended budget, so now, taking into consideration the budget amendment of $179,000,000, this bill would be only $152,144,000 over the President's budget, but at the same time it is $585,886,000 under the target set by the House and Senate Budget Committees.

All of us are concerned about holding down expenditures, and some of us even dream of the day when we might even have a balanced budget. However, looking realistically at the President's budgets that he sent down to us, they just did not provide for the important responsibilities contained in this appropriation bill.

Several years ago it was stated as a goal for this country that we would become energy self-sufficient by the 1980's. Other than setting a target and talking about it, we have done little to achieve that desirable goal of self-sufficiency. We must now recognize that it will be impossible to meet that target date. This committee has dramatically increased the energy appropriations, with a goal toward reversing the trend of recent years whereby each year we have become increasingly more dependent for our energy needs upon supplies coming from a foreign source.

Another important responsibility of this subcommittee is the development of the Nation's water resources and the development of water transportation. We have sections of our country that experience floods and have an excess of water annually. At the same time, we have other regions that are suffering from droughts and a lack of water. Floods cost our Nation billions of dollars each year. At the same time this Nation loses billions of dollars in potential agricultural production because of the arid conditions of many sections of the country. If the development of our economic and social abilities is essential, so then is the development of our water resources important to a viable natural resource policy.

Water is essential to all things. Throughout the history of our Nation, America's growth and progress have followed the wise development of our water resources. Our per capita consumption of water is increasing today at an almost unbelievable rate; it is increasing each year.

Water tables throughout our country have dropped. Many families in rural communities—in fact, most rural communities—have had to drill new wells and go deeper into the ground to get the water that they need.

Many of our cities today are facing present or potential water shortages in the future.

Here just this past couple or 3 weeks, in the area of our District of Columbia, many of the suburbs havs had to curtail or make recommendations that their water users cut back on the amount of water, asking the consumers not to water yards or not to use any water that was not absolutely necessary because we have not prepared for the water needs of our country. Today in the District of Columbia if we should face a dry period in July and August, water likely would have to be rationed right here in our Nation's capital because we have not made adequate plans in the past for the needed water today.

Mr. Chairman, it is estimated that today in our country we are using 450 billion gallons of water per day, and we have to use the same water over and over.

We have been relying entirely too much on the water that is in the ground. It is obvious, from the testimony we have received, that we are going to have to build more and more reservoirs to contain the water when it falls from the sky, both to stop floods as well as to store up needed water for human and agricultural use.

Mr. Chairman, every known alternative to new sources of energy requires additional water.

Mr. Chairman, today we are going to hear about some new ideas about how to spend more money for some sources for more energy for our country. Every new source will require water, so it is obvious that to meet the municipal and industrial needs of the future as well as to meet the energy requirements of a growing society, we are going to have to provide for more water in the future.

Mr. Chairman, continued neglect of our water resources development will be a tragedy. If we do not make adequate plans for our Nation's water needs today, then there is going to be a question about adequate water for our future. Water is basic to everything, and future generations are going to be without water unless we take action today; and that is exactly what our committee has done.

Continued growth is inevitable in our country, and proper planning is essential. Too many of us are probably taking water for granted because few have ever gone without it or had to restrict its use.

In order to accomplish this need, Mr. Chairman, our committee has 537 planning or construction projects in this bill. Of this, 25 are new construction starts; 18 are for new planning; 35 are for new studies exploring the possibility of future needs for water; 6 are small projects covering water needs as well as flood control.

Mr. Chairman, the annual benefits from these projects that are in this bill are estimated at $7,387,599,000. That more than $7 billion is more than double the amount of money in this bill that we are spending just in 1 year to take care of this problem of flooding and water needs for the future.

Mr. Chairman, as the gentleman from Tennessee (Mr. Evins), our chairman, has said, the staff of our committee has worked long and hard. The members of this subcommittee have been working since early February continuously, listening to witnesses daily, making examinations into the needs of the future. We feel that we have come up with a bill that is acceptable. It is slightly above the President's budget, but it is one that provides for capital investment in this Nation's future.

Mr. Chairman, I know of no place where it would be more appropriate for us to go slightly or just a little over 1 percent above the President's budget than right here in investment in our Nation's future.

I want to join our chairman in thanking the members of the staff and the other members of the subcommittee for the very fine job that they have done this year.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. MYERS of Indiana. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I thank the gentleman for yielding.

I would like to associate myself with his remarks concerning our distinguished chairman.

He is the chairman of one of my committees and that he should be leaving the House is a loss to all of us who have had the privilege of having served under him.

Further, Mr. Chairman, I would like to make this inquiry of the gentleman in the well: I have been studying the report, and I see no mention here of any flood control project in the Passaic River Valley, which happens to be in my district. I notice, however, that there is a heading entitled "various other projects."

I am concerned because the existing Plan II B, even as amended, is extremely obnoxious to a number of communities in my district. I want to be sure whether or not this is proceeding.

Mr. MYERS of Indiana. Mr. Chairman, in reply to the inquiry of the gentlewoman from New Jersey, let me say that I do not believe there is anything in here for that specific program but I certainly share in the concern of the gentlewoman from New Jersey about the flooding that takes place in this country. It is a tragedy. It is unbelievable that we have allowed our rivers and our streams to get in the condition they are because we just are not willing to do more about the continued flooding that costs us billions of dollars not only to the individuals and constituents of the gentlewoman from New Jersey in those flooded areas, but because those constituents have lost production for this country whereby we could be living better and cheaper if we could control the flooding.

Mrs. FENWICK. My own conviction is that we might do a great deal better if we were to let these rivers flow into their natural water-retaining marsh-and-floodlands and prohibit the development of those marsh and floodlands.

Mr. MYERS of Indiana. Let me respectfully say to the gentlewoman from New Jersey that I believe the gentlewoman is confusing the marshes and floodlands for the productive real estate that we allow the devastation of floods to occur on. Of course there are many areas of our country, where there are marshes, flood plains and wetlands and we are not concerned about developing them, but there are many potentially very productive agricultural lands in our country that are almost useless today because we are getting the runoff from the real estate tracts that have been built. Even various park lands and housing developments that have been built make the water run off that much more swiftly than before.

Mrs. FENWICK. Through the destruction of the natural watersheds.

Mr. MYERS of Indiana. So we have to do something about that. I do not think that we have to be resigned to this, and say that it is God's will that the floods will continue to harass us.

Let me say that there are two different categories, marshlands, wetlands, yes, but the real productive land is still being damaged by the development of projects for real estate and we have to do something about it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MYERS of Indiana. Mr. Chairman, I yield myself such further time as I may consume and I yield to the foremost minority member on the committee who also has sat since February listening to all of the witnesses, the gentlenman from California, Mr. Burgener.

Mr. BURGENER. Mr. Chairman, I would like to point out that while I rank 55th, I believe, on the Committee on Appropriations, I represent 50 percent of the minority party on the subcommittee headed by the gentleman from Tennessee (Mr. Evins).

Mr. Chairman, I want to rise in strong support of this measure. We in the Congress do some strange and conflicting things sometimes. For example, sometimes on the one hand we call for public service jobs and then, on the other hand, we want to reduce public employment by cutting the mail deliveries, cutting back to the military, and so on. While I believe this makes little sense, it is a legitimate debate, and there are strong differences of opinion. But this bill contains none of that particular controversy. This is a bill that clearly moves in two important directions. It moves us toward energy independence, a goal all of us support on the floor of this house as do all of the people of this country. Second, it moves us toward an immense capital investment in this country, capital facilities that will last for generations, hundreds of years, for hydroelectric power, flood control, and for land reclamation.

So I take this time specifically to ask my chairman a question and to place into the Record the importance of a certain phase of our hoped-for energy independence. On page 19 of the committee report, at the top of the page, we talk about the increased funding which is provided in this bill for the Doublet III experiment.

The Doublet III experiment is carried on in the district that I am privileged to represent. This has to do with a technology that may well be the power of the future: fusion power. We recognize that this may be 20, 25, or 30 years into the future. We recognize that in the meantime it is going to be necessary in this country to provide for the needs of our people to use fission power, which is in commercial use today, to use and develop solar power, coal, gas, synthetic fuels, all of those things.

But fusion is the hope of the future in many ways. It is clean. It may be unlimited in source. It may be, we think, totally environmentally acceptable. It probably will not have waste products that are difficult to dispose of. So now I turn to my point and my question.

Mr. MYERS of Indiana. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. Burgener).

Mr. BURGENER. I thank my colleague for yielding to me. I believe in 1 or 2 minutes we can finish this.

I would ask my chairman, the gentleman from Tennessee (Mr. Evins) on page 19 of the report as mentioned there is increased funding for the Doublet III experiment at San Diego, which is of great importance to the entire Nation. I received the figure of $4 million from the officials at ERDA, and while the report does not specify the amount, I would like to suggest to the Chairman, and confirm, that this is the amount that is probably indicated for use in fiscal year 1977 for this purpose for the Doublet III project.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. BURGENER. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. The gentleman is correct as stated.

Mr. BURGENER. I appreciate that very much.

Mr. O'BRIEN. Mr. Chairman, will the gentleman yield?

Mr. BURGENER. I yield to the gentleman from Illinois.

Mr. O'BRIEN. I thank the gentleman for yielding.

I would like to suggest, Mr. Chairman, that at an appropriate time I will offer an amendment to strike a small amount from this $1.4 billion appropriation. A modest $5,000 is being devoted to the study of snagging and clearing the Kankakee River, but limited only to the Kankekee River in Indiana. But this type of project has impact beyond the State border.

I would suggest that there is another study pending and that this one is too limited in scope. At the appropriate time I will urge that these funds be withdrawn for a project which I deem unnecessary and limited.

Mr. EVINS of Tennessee. Mr. Chairman, I yield such time as he may consume to the gentleman from Massachusetts (Mr. Boland).

Mr. BOLAND. Mr. Chairman, I want again to compliment the distinguished gentleman from Tennessee (Mr. Evins) for his leadership of this subcommittee than brings H.R. 14236 to the floor today.

I also want to commend the distinguished gentleman from Indiana (Mr. Myers) and the distinguished gentleman from California (Mr. Burgener) and the Democratic members on our side, Mr. Whitten, Mr. Slack, Mr. Passman, Mr. Bevill and our very devoted and a very dedicated staff for their work on this bill.

Mr. Chairman, as a member of the House Public Works Appropriations Subcommittee for 22 years, I have reviewed the civil works programs of the Corps of Engineers, the Bureau of Reclamation, and the Tennessee Valley Authority. The projects planned and constructed by these agencies spread all across the United States.

The programs and projects that are contained in the corps' annual civil functions budget and the request of the Bureau of Reclamation and the Tennessee Valley Authority are, indeed, an investment in America. They preserve our land and conserve our natural resources. They protect life and property. They make it possible, through navigation, to bring from the bowels of the Earth, from the mines and the fields, the forests and the mountains, the food, fiber, and minerals that build our economy and sustain our national health. They make it possible to enjoy our beaches, rivers, lakes, and harbors with some of the finest recreation areas in the world.

If it had not been for these programs, many areas of our land would be stripped—stripped bare by the ravages of storms, the rapaciousness of rivers, the savage winds and driving rains. They would be exposed to the ferociousness of floods and tidal waves, and sometimes—too often—by the greed of man.

These projects, Mr. Chairman, contain the elements and enable the rivers, the rains, the mountains, and the harbors to work for man and not against him, to be a friend of man and not his enemy.

Mr. Chairman, this bill, H.R. 14236, is a good bill. The funds it carries for public works for water and power development and energy research make possible the programs and projects that will continue to preserve, protect, and to expand our natural resources and to strengthen and to build America.

Mr. Chairman, I support the recommendations of this subcommittee advanced in H.R. 14236, and the add-on of $95 million that the subcommittee will agree to for solar energy research, bringing that total amount in the bill to $309 million. The $95 million increase will be offered during the amending process, and I support that amendment.

NEW ENGLAND FLOOD DAMAGE HISTORY

Mr. Chairman, New England has suffered loss of life and millions of dollars in property damages due to floods and hurricanes in the past. During my lifetime the worst of these have occurred in 1927, 1936, 1938, 1944, 1954, 1955, 1968, 1974, and 1975.

The 1936 Flood Control Act established a Federal policy with respect to flood control. In the ensuing years, flood control projects were constructed nationwide. In New England, recommendations for flood control plans were submitted to Washington. However, by 1955, 19 years after the landmark 1936 Flood Control Act, only 9 reservoirs and 15 local protection projects had been constructed in New England, almost all in two river basins, the Connecticut and the Merrimack. The authorized flood control program for the region was only 20 percent completed, compared to the national average of about 50 percent. The delays occasioned by opposition groups, suspicion of the motives of the Federal Government, and the urgencies of military construction had apparently not disturbed too many people—if indeed many were even aware of them. Then suddenly the need for flood protection was again tragically demonstrated.

In mid-August 1955 the third tropical hurricane of the season, Hurricane Connie, passed over New England, seemingly with little damage. Although 6 to 9 inches of rain fell on western Connecticut and Massachusetts, the soil was dry and runoff was too small to cause serious flooding. The ground was left saturated, however, and streams were raised to high levels. About midnight on Wednesday, August 17, heavy rains again began to fall in Massachusetts, Connecticut, and Rhode Island.

Torrential rains continued throughout August 18 and 19. During those 2 days the storm center of a second hurricane, Hurricane Diane, traveled eastward across Pennsylvania and New Jersey and then rampaged along the southern New England coast. More than 12 inches of rain, and in places up to 18 and 20 inches, fell across southern New England from the Berkshires to the Atlantic. Pouring off the already soggy soil and surging down river valleys, it produced flash floods that in many places were two to four times greater than anything on record.

As upstream runoff increased, the velocity of streams doubled and trebled. Sweeping over their banks, rivers cut new courses, sometimes through the streets of cities and towns. The Mad River of Connecticut cut a mile-long channel 6 to 8 feet deep along the main street of Winsted; and in Waterbury, Torrington, Naugatuck, and other cities, water surged into the second stories of homes and factories. Building foundations were undercut, bridges were torn out, pavements were uprooted, and blocks of concrete, railroad cars, bridges, and buildings were tossed about like cardboard toys. Miles of water supply lines, sewer lines, electrical conduits, and railroad tracks were ripped out like string. In dozens of towns, tumbled buildings, bridges, trucks, and automobiles were piled into masses of twisted and battered junk.

Land and rail transportation was brought to a standstill by highway washouts and bridge failures, and hundreds of people were left homeless.

Never before in a similar disaster was there such suffering, privation, and damage over such a large area. Many lives were lost. Entire communities were paralyzed, torn, and shattered by the virtually unprecedented surge of raging waters.

Relief was speedily mobilized. President Eisenhower flew into Bradley Field, the Hartford-Springfield Airport, a few days later for a conference with the Governors and Members of Congress in affected States. I attended President Eisenhower's conference and joined with my colleagues in urging the President to order immediate Federal disaster relief to the area and have Federal agencies give assistance to the afflicted and bring about rehabilitation of stricken communities. I told President Eisenhower that one community in my Second Congressional District, the town of Monson, was so badly flooded that it was actually isolated, and that I had to gain access to visit with town officials and community leaders by means of an Air Force helicopter from Westover Air Force base.

Diane's impact on southern New England was devastating. The storm caused damages of $540 million and took 90 lives. Losses were particularly heavy in the highly industrialized and densely populated Naugatuck Valley in the Housatonic watershed, where nearly half the dollar damage and the heaviest loss of life occurred. Devastation in the Connecticut, Thames, and Blackstone River basins was milder only by comparison. Less than 2 months later, on October 15 and 16, heavy rains again fell over western Massachusetts and Connecticut, causing additional damage in excess of $50 million and claiming 17 more lives.

Had the dams and reservoirs authorized by Congress years ago been constructed there would still have been a flood and some losses, but those losses would have been significantly reduced.

As it was, the two reservoirs in the storm area—Knightville in the Connecticut watershed and Mansfield Hollow in the Thames—together with the local protection works on the rivers, prevented damages estimated at nearly $40 million. With the exception of one project, where channel improvement has been limited by building foundations and other congestion along the river, the protection projects prevented any local damage from river flooding, while the reservoirs reduced flood stages in communities immediately downstream by as much as 4 to 6 feet.

Along with property and life, Diane swept away complacent attitudes toward flood control. A few weeks after the flood, the entire Massachusetts congressional delegation, including myself, met in Boston to name a committee on flood protection and relief.

The committee tackled its task immediately and gave most vigorous attention to the very difficult problems of relief, rehabilitation, protection and disaster insurance, which arose from the terrific impact of successive floods in our State and area. Members of our committee maintained continuous contact with the Army Engineers, Federal Civil Defense, Small Business Administration, housing agencies, and other Federal, State, and local units concerned with the alleviation of flood conditions and the rehabilitation of stricken communities.

We also appeared in person before several congressional committees considering these problems and urged relief on an emergency basis and rehabilitation as rapidly as it could be effected. We also pleaded for adequate flood protection and disaster insurance.

The congressional delegations of Connecticut and Rhode Island similarly closed party ranks to conduct a vigorous campaign for authorization and construction of an adequate flood protection system in New England. Other State leaders and members of business communities joined in demanding action on projects recommended by the Corps of Engineers. Some 75 business concerns in communities in southern Massachusetts and northern Connecticut banded into an association to whip up support for the construction of the five dams and reservoirs proposed by the engineers for the upper tributaries of the Thames River. Similar cries for protection came from other areas of the ravaged states.

Interest in flood control was reawakened in northern New England too, even though Diane left most of the area untouched. In 1953 the States of New Hampshire, Vermont, Massachusetts, and Connecticut had ratified, and Congress had approved, a compact covering the Connecticut River Valley under which the downstream States benefiting from flood protection agreed to recompense the upstream States for tax and economic losses resulting from setting aside lands for the construction of reservoirs.

Congress has earned the gratitude of New Englanders for providing the money to implement the flood control program so urgently sought by the members of the New England congressional delegation. In 1956 the New England division began three new reservoirs and a local protection project; and every year for the next decade it continued to start new flood control projects.

By the spring of 1960 the New England division had 15 new flood control projects in operation, 11 more under construction, and 5 more almost ready to start. Then came a test of what had been done. In March 1960 an unusually heavy storm dumped 18 or more inches of snow on New England. This was followed the first week in April by warm rains, and as the annual spring runoff accelerated, floodwaters swept down the Connecticut and Merrimack Rivers. On the Connecticut, the flood was the seventh largest on record. But it caused little harm. Seven completed and four nearly completed reservoirs and the local protection works in the basin prevented damages of $27.3 million. In the Merrimack Valley, damages of $5.4 million were averted.

The Governors and members of Congress—

Reported Division Engineer Alden K. Sibley to the Chief of Engineers—

> said this was the first time they had received negligible complaints during a major flood and were surprised that it attracted so little public attention.

Since 1955 the Corps of Engineers has developed a program providing for 64 flood control dams, reservoirs, dikes, and hurricane barriers in New England, at a total cost of some $466,390,000. Nearly all of these projects have been completed in the great river basins of New England, the Connecticut, the Merrimack, the Thames the Blackstone, the Housatonic, or along the coastal waters of our region; several are still under construction, and a few are in the design stage.

Operation of the completed flood control projects within the New England division has prevented a total of $325,500,000 in damages to date. The most recent benefits were received during heavy rains combined with snowmelt on April 1 and 2, 1976. The completed projects in the Connecticut River Basin prevented an estimated $33 million in damages. A breakout of damages prevented to date by major basins is as follows:

Basin:	*Damages prevented*
Connecticut River	$236, 200, 000
Merrimack River	32, 100, 000
Housatonic River	23, 400, 000
Thames River	18, 700, 000
Blackstone River	7, 600, 000
Coastal	7, 500, 000
Total	325, 500, 000

Since joining the Subcommittee on Public Works Appropriations in 1955, it has been my constant and consistent desire to bring to full realization the flood control program recommended by the Army Corps of Engineers, New England division, which is designed to give my section of the country adequate protection from floods and hurricanes. The Congress has generously responded to our pleas and daily we are moving closer to our goal.

Mr. Chairman, I am including with my remarks at this point in the RECORD a tabulation of the flood control projects that have been built in New England prior to and since 1955:

FLOOD CONTROL AND HURRICANE PROGRAM (PROJECTS)—NEW ENGLAND

I—FLOOD CONTROL

River basin	Number of lakes	Number of local protection	Federal cost	Non-Federal cost	Total cost	Federal allocations through fiscal year 1975
A. Completed prior to August 1955:						
Connecticut	5	9	$35, 676, 800	$4, 794, 300	$40, 471, 100	$35, 496, 800
Merrimack	3	4	16, 022, 800	213, 300	16, 236, 100	15, 952, 500
Thames	1	0	6, 447, 200	0	6, 447, 200	6, 447, 200
Coasta	0	1	52, 200	2, 800	55, 000	52, 200
Total	9	14	58, 199, 000	5, 010, 400	63, 209, 400	57, 948, 700
B. Completed since August 1955 or presently under construction:						
Blackstone	1	3	17, 991, 400	3, 594, 000	21, 585, 400	17, 991, 400
Connecticut	11	10	75, 301, 400	2, 797, 400	78, 098, 800	75, 253, 000
Housatonic	7	6	80, 199, 10	5, 543, 100	85, 742, 200	71, 298, 300
Merrimack	1	1	21, 857, 000	20, 000	21, 877, 000	21, 574, 000
Thames	5	1	28, 313, 400	117, 000	28, 430, 400	28, 233, 400
Coasta	0	6	41, 355, 800	18, 555, 000	59, 910, 800	17, 736, 600
Total	25	27	265, 018, 100	30, 626, 500	295, 644, 600	232, 086, 700
C. Under design:						
Coastal	0	2	13, 100, 000	300, 000	13, 400, 000	273, 000
Connecticut	0	1	75, 800, 000	1, 600, 000	77, 400, 000	1, 738, 600
Merrimack	2	2	30, 960, 000	540, 000	31, 500, 000	1, 644, 000
St. John	1	1	464, 900, 000	200, 000	465, 100, 000	3, 287, 100
Total	3	6	584, 760, 000	2, 640, 000	587, 400, 000	6, 942, 700
D. Future (authorized, recommended, inactive or deferred):						
Connecticut	3	0	37, 250, 000	750, 000	38, 000, 000	584, 900
Merrimack	2	2	11, 360, 000	380, 000	11, 740, 000	94, 000
Coastal	1	1	17, 100, 000	2, 100, 000	19, 200, 000	1, 450, 800
Total	6	3	65, 710, 000	3, 230, 000	68, 940, 000	2, 129, 700
Total flood control	43	50	973, 687, 100	41, 506, 900	1, 015, 194, 000	299, 107, 800
II—HURRICANE (ALL SINCE 1955)						
Completed or under construction		4	$30, 652, 600	$15, 694, 900	$46, 347, 500	$30, 600, 300
Under design		1	5, 810, 000	2, 490, 000	8, 300, 000	1, 010, 900
Active authorized		1	7, 240, 000	3, 660, 000	10, 900, 000	
Inactive		3	26, 310, 000	11, 713, 000	38, 023, 000	1, 215, 000
Total hurricane		9	70, 012, 600	33, 557, 900	103, 570, 500	32, 826, 200
Total program	43	57	[1] 1, 043, 699, 700	75, 064, 800	1, 118, 764, 500	331, 934, 000

[1] Includes $18,210,000 Federal appropriation requirement ultimately reimbursable from non-Federal interests.

I.—FLOOD CONTROL

A. PROJECTS COMPLETED PRIOR TO 1955

[Dollar amounts in thousands]

Project	River basin	Completion date	Federal cost	Non-Federal cost [1]	Total	Federal allocation through fiscal year 1975
DAMS AND LAKES						
Birch Hill Dam, Mass	Connecticut	1942	$4, 824.3	(R) 32.0	$4, 856.3	$4, 792.7
Blackwater, N.H	Merrimack	1941	1, 390.0	0	1, 390.0	1, 319.3
Edward MacDowell, N.H	do	1950	2, 014.3	0	2, 014.3	2, 014.3
Franklin Falls, N.H	do	1943	7, 950.5	0	7, 950.5	7, 950.5
Knightville, Mass	Connecticut	1941	3, 330.4	0	3, 330.4	3, 220.4
Mansfield Hollow, Conn	Thames	1952	6, 447.2	0	6, 447.2	6, 447.2
Surry Mountain, N.H	Connecticut	1942	2, 689.6	0	2, 689.6	2, 689.6

Footnotes at end of article.

I.—FLOOD CONTROL—Continued

A. PROJECTS COMPLETED PRIOR TO 1955—Continued

[Dollar amounts in thousands]

Project	River basin	Completion date	Federal cost	Non-Federal cost [1]	Total	Federal allocation through fiscal year 1975
Tully, Mass	do	1949	$1,689.6	(R) (50.0)	1,689.6	1,651.6
Union Village, Vt	do	1950	4,010.7	0	4,010.7	4,010.7
Subtotal			[2] 34,346.6	32.0	34,378.6	34,096.3
LOCAL PROTECTION PROJECTION						
Chicopee, Mass	Connecticut	1941	1,433.6	250.4	1,684.0	1,433.6
East Hartford, Conn	do	1943	2,135.0	277.6	2,412.6	2,135.0
Fitchburg, Mass	Merrimack	1938	1,370.0	0	1,370.0	1,370.0
Hartford, Conn	Connecticut	1949	6,547.0	3,440.5	9,987.5	6,547.0
Haverhill, Mass	Merrimack	1938	1,743.0	120.0	1,863.0	1,743.0
Holyoke-Springdale, Mass	Connecticut	1950	4,118.0	231.4	4,349.4	4,118.0
Keene, N.H.[3]	do	1954	44.1	0	44.1	44.1
Lowell, Mass	Merrimack	1944	1,285.0	90.0	1,375.0	1,285.0
Nashua, N.H	do	1948	270.0	3.3	273.3	270.0
Northampton, Mass	Connecticut	1941	960.0	150.0	1,110.0	960.0
Norwalk, Conn.[3]	Coastal	1591	52.2	2.8	55.0	52.2
Springfield, Mass	Connecticut	1948	932.0	277.4	1,209.4	932.0
West Springfield-Riverdale, Mass	do	1953	2,717.0	105.0	2,822.0	2,717.0
Winsted, Conn	do	1951	245.5	30.0	275.5	245.5
Subtotal			23,852.4	4,978.4	28,830.8	23,852.4
Grand total, A			58,199.0	5,010.4	63,209.4	57,948.7

B. COMPLETED SINCE AUGUST 1955 (C) OR PRESENTLY UNDER CONSTRUCTION (UC)

Project	River basin	Completion date	Federal cost	Non-Federal cost [1]	Total	Federal allocation through fiscal year 1975
DAMS AND LAKES						
Ball Mountain, Vt. (C)	Connecticut	1961	$10,665.6	0	$10,665.6	$10,637.7
Barre Falls, Mass. (C)	do	1958	1,967.8	0	1,967.8	1,967.8
Black Rock Resevoir, Conn. (C)	Housatonic	1971	8,182.3	0	8,182.3	8,182.3
Buffumville, Mass. (C)	Thames	1958	2,998.6	0	2,998.6	2,998.6
Colebrook River, Conn. (C)	Connecticut	1969	14,272.5	(WS) ($5,010.0)	14,272.5	14,264.0
Conant Brook, Mass. (C)	do	1966	2,950.5	0	2,950.5	2,950.5
East Branch, Conn. (C)	Housatonic	1964	1,959.8	840.0	2,799.8	1,959.8
East Brimfield, Mass. (C)	Thames	1960	7,057.4	0	7,057.4	7,057.4
Hall Meadow Brook, Conn. (C)	Housatonic	1962	2,572.4	570.0	3,142.4	2,572.4
Hancock Brook Conn. (C)	do	1966	4,180.0	0	4,180.0	4,179.9
Hodges Village, Mass. (C)	Thames	1959	4,466.0	(R) 45.0	4,511.0	4,421.0
Hop Brook, Conn. (C)	Housatonic	1968	6,008.0	0	6,008.0	6,008.0
Hopkinton-Everett, N.H. (C)	Merrimack	1962	21,737.0	(R) (150.0)	21,737.0	21,454.0
Littleville, Mass. (C)	Connecticut	1965	7,013.4	(WS) (2,100.0)	7,013.4	7,013.4
Mad River, Conn. (C)	do	1963	4,773.0	670.0	5,443.0	4,773.0
Northfield Brook, Conn. (C)	Housatonic	1965	2,830.5	0	2,830.5	2,830.5
North Hartland, Vt. (C)	Connecticut	1961	7,232.0	0	7,232.0	7,230.0
North Springfield, Vt. (C)	do	1960	6,831.5	0	6,831.5	6,831.5
Otter Brooks, N.H. (C)	do	1958	4,061.0	0	4,061.0	4,061.0
Sucker Brook, Conn. (C)	do	1971	2,225.0	505.0	2,730.0	2,226.3
Thomaston, Conn. (C)	Housatonic	1960	14,282.1	0	14,282.1	14,282.1
Townshend, Vt. (C)	Connecticut	1961	7,398.6	0	7,398.6	7,398.4
West Hill, Mass. (C)	Blackstone	1961	2,306.9	0	2,306.9	2,306.9
West Thompson, Conn. (C)	Thames	1965	6,897.7	0	6,897.7	6,862.7
Westville, Mass. (C)	do	1962	5,684.7	0	5,684.7	5,684.7
Subtota			160,554.3	2,630.0	163,184.3	160,153.9
LOCAL PROTECTION PROJECTS						
Ansonia-Derby, Conn. (C)	Housatonic	1973	17,820.0	[4] 1,115.0	18,935.0	17,817.3
Canton, East Branch, Neponset River, Mass.[3] (C)	Coastal	1963	180.7	92.9	273.6	180.7
Cherryfield, Narraguagus River, Me.[3] (C)	do	1961	203.0	3.5	206.5	203.0
Charles River Dam, Mass. (UC)	do	1978	38,850.0	18,150.0	57,000.0	15,370.0
Chicopee Falls, Mass. (C)	Connecticut	1965	2,195.0	475.0	2,670.0	2,183.9
Connecticut River, Charlestown, N.H. (C)	do	1974	124.0	0	124.0	124.0
Danbury, Conn. (UC)	Housatonic	1977	13,900.0	[6] 2,120.0	16,020.0	5,002.0
Derby, Conn. (C)	do	1973	7,583.2	[5] 590.0	8,173.2	7,583.2
Farmington I and II, Cocheco River, N.H.[3] (C)	Coastal	1956, 1959	183.1	8.6	191.7	183.1
Gardner, Mass.[3] (C)	Connecticut	1965	493.9	35.0	528.9	493.9
Hartford (Foliey Branch) Conn. (C)	do	1957	382.1	251.6	633.7	382.1
Huntington, Mass.[3] (C)	do	1959	3.9	0	3.9	3.9
Lincoln (Public Law 99), N.H. (C)	Merrimack	1960	120.0	20.0	140.0	120.0
Lower Woonsocket, R.I. (C)	Blackstone	1967	6,563.0	1,804.0	8,367.0	6,563.0
Norwick Channel, Conn. (C)	Thames	1958	1,209.0	72.0	1,281.0	1,209.0
Penobscot River, Old Town, Me. (UC)	Coastal	1976	138.0	0	138.0	118.1
Smelt Brook, Mass.[3] (UC)	do	1975	1,801.0	300.0	2,101.0	1,681.7
Three Rivers, Mass. (C)	Connecticut	1966	1,577.2	700.0	2,277.2	1,577.2
Torrington (East Branch), Conn.[3] (C)	Housatonic	1958	389.2	151.3	540.5	389.2
Torrington (West Branch), Conn.[3] (C)	do	1960	228.3	141.8	370.1	228.3
Ware, Mass.[3] (C)	Connecticut	1959	400.0	85.0	485.0	400.0
Waterbury-Watertown, Conn.[3] (C)	Housatonic	1961	263.3	15.0	278.3	263.3
Weston, Vt. (C)	Connecticut	1957	13.0	1.8	14.8	13.0
West Warren, Mass.[3] (C)	do	1963	389.2	64.0	453.2	389.2
White River, Hartford, Vt.[3] (C)	do	1971	332.2	10.0	342.2	332.2
Woonsocket (Upper), R.I. (C)	Blackstone	1960	4,040.0	769.0	4,809.0	4,040.0
Worcester Diversion, Mass. (C)	do	1960	5,081.5	1,021.0	6,102.5	5,081.5
Subtotal			104,463.8	27,996.5	132,460.3	71,932.8
Grand total, B			265,018.1	30,626.5	295,644.6	232,086.7

C. UNDER DESIGN

[Dollar amounts in thousands]

Project	River basin	Design completion date	Federal cost	Non-Federal cost [1]	Total	Federal allocation thru FY 1975
DAMS AND LAKES						
Nookagee Lake, Mass	Merrimack	[9] 1977	$13,700.0		$13,700.0	$563.7
Whitmanville Lake, Mass	do	[9] 1977	11,300.0	(R) ($240.0)	11,300.0	575.0
Subtotal			25,000.0	0	25,000.0	1,138.7
LOCAL PROTECTION PROJECTS						
Charles River (NVS) Mass	Coastal	1977	11,100.0	0	11,100.0	115.0
Hayward Creek, Mass	do	1976	2,000.0	300.0	2,300.0	158.0
North Nashua River, Mass.[12]	Merrimack	1977	1,730.0	0	1,730.0	
Park River, Conn	Connecticut	[11] 1975	75,800.0	1,600.0	77,400.0	1,738.6
Saxonville, Mass	Merrimack	1975	4,230.0	540.0	4,770.0	505.3
St. John River—Fort Kent	St. John	1976	1,900.0	200.0	2,100.0	183.8
Subtotal			96,760.0	2,640.0	99,400.0	2,700.7
MULTIPLE-PURPOSE PROJECTS INCLUDING POWER						
Dickey-Lincoln School Lakes, Me	do	1978	463,000.0	(R) (360.0)	463,000.0	3,103.3
Grand total, C			584,760.0	2,640.0	587,400.0	6,942.7

D. FUTURE (AUTHORIZED, RECOMMENDED, INACTIVE OR DEFERRED)

[Dollar amounts in thousands]

Project	River basin	Federal cost	Public Law	Non-Federal cost [1]	Total	Federal allocation through fiscal year 1975
DAMS AND LAKES						
Beaver Brook Lake, N.H. (inactive)	Connecticut	$3,650.0	1972	(R) 0 (WS) $1,900.0 750.0	$4,400	$378.3
Gaysville, Vt. (inactive)	do	28,700.0	1969	(R) 1,500.0	28,700	206.6
Monoosnoc, Mass. (deferred)	Merrimack	8,300.0	1970	(R) 145.0 (WS) 1,090.0	3,800	
Phillips, Mass. (recommended)	do	5,140.0		0	5,140	
The Island, Vt. (inactive)	Connecticut	4,900.0	1962		4,900	
Trumbull Lake, Conn. (inactive)	Coastal	13,600.0	1972	(WS) 5,730.0	13,600	1,450.8
Subtotal		59,790.0		750.0	60,540	2,035.7
LOCAL PROTECTION PROJECTS						
Baker Brook, Mass. (inactive)	Merrimack	2,110.0	1970	280.0	2,390	94.0
Monoosnoc Brook, Mass. (deferred)	do	310.0	1970	100.0	410	
Norwalk-Wilton, Conn. (inactive)	Coastal	3,500.0	1970	2,100.0	5,600	
Subtotal		5,920.0		2,480.0	8,400	94.0
Grand total, D		65,710.0		3,230.0	68,940	2,129.7
Total flood control		973,687.1		41,506.9	1,015,194	299,107.8

II—HURRICANE (ALL SINCE 1955)

[Dollar amounts in thousands]

Project	Status	Completion date	Federal (C of E) cost	Non-Federal cost	Total	Federal (C of E) allocation through fiscal year 1975
LOCAL PROTECTION PROJECTS						
Fox Point, Providence, R.I	(C)	1966	$11,113.2	$3,924.5	$15,037.7	$11,113.2
New Bedford, Mass	(C)	1966	11,510.1	7,104.3	18,614.4	11,510.1
New London, Conn	(10)		5,810.0	2,490.0	8,300.0	1,010.9
Pawcatuck, Conn	(C)	1963	644.3	276.1	920.4	644.3
Pt. Judith, R.I	Inactive [13]		4,900.0	2,523.0	7,423.0	198.5
Stamford, Conn	(C)	1969	7,385.0	4,390.0	11,775.0	7,332.7
Stratford, Conn	Inactive [8]		* 17,000.0	7,300.0	24,300.0	934.5
Wareham-Marion, Mass	do		4,410.0	1,890.0	6,300.0	82.0
Westerly, R.I.[13]	Active		7,240.0	3,660.0	10,900.0	
Total hurricane			70,012.6	33,557.9	103,570.5	32,826.2
Total program			1,043,699.7	75,064.8	1,118,764.5	331,934.0

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[1] Non-Federal amounts shown in brackets are not in column totals. They will ultimately be reimbursed to Federal Government for either water supply storage (WS) or construction of recreational (R) and fish and wildlife (F. & W.) facilities in accordance with the 1965 Federal Water Project Recreation Act (Public Law 89-72). The costs are presently included as part of Federal project costs to reflect appropriation requirements.

Includes recreation facilities developed since 1955 and estimated cost for future planned development.

[3] Small flood control projects not specifically authorized by Congress.

[4] In addition, local interests have expended $1,444,000 for flood control improvements.

[5] In addition, local interests have expended $785,000 for flood control improvements.

[6] In addition, local interests have expended $1,852,000 for flood control improvements.

[7] In addition, local interests have expended nearly $12,000,000 for flood control improvements.

[8] Unfavorable local response received January 1972.

[9] Completion of design through road relocation, which is initial construction item.

[10] Design halted pending completion of a postauthorization change report.

[11] Completion of design through box culverts, which is initial construction item.

[12] Fiscal year 1976 new design start.

[13] To be recommended for deauthorization.

* 1971 Public Law.

CONNECTICUT RIVER BASIN—PILOT FLOOD PLAIN STUDIES

Mr. Chairman, this bill contains sufficient funds for pilot flood plain management feasibility studies in the Connecticut River Basin, including Springfield and Chicopee in my congressional district.

These and other communities in Connecticut, Vermont, and New Hampshire have been given priority status in the plan for flood damage reduction and flood plain management in the Connecticut River Basin. The plan was prepared by the New England River Basins Commission, and is entitled "The River's Reach."

Priority consideration for federally funded level C studies are given to those communities which the New England River Basins Commission study has identified as having the most urgent needs and the strongest local commitment to affirmative action, and to those measures which would be most effective in meeting the objectives, and most likely to be fully implemented. The level C study approach is an analysis aimed at nonstructural flood management.

Other communities in the Connecticut River Basin to be included for priority study under fiscal year 1977 funding in this bill are Glastonbury, Rocky Hill, Wethersfield and East Hartford, Conn.; Keene, and Brattleboro, Vt., and Northampton, Mass. The committee added $100,000 to the Army Engineers budget, bringing the total to $175,000, to begin these pilot studies in fiscal year 1977. These studies are authorized under provisions of the Water Resources Development Act of 1974.

The New England River Basins Commission appropriations in this bill amounts to some $369,000. Also, the Commission will receive an allocation of $75,000 from the Water Resources Council to cover its cost of participation with the Army Engineers in these pilot studies. The studies are an integral feature of the New England River Basins Commission recommendation that the Connecticut River Basin be selected as a pilot study watershed to develop flood management strategies in what the NERBC refers to as key case study communities.

Money for the Springfield and West Springfield dike raising studies will cost an estimated $149,000 and was appropriated directly to the Army Engineers for that specific purpose in this bill.

TRIBUTE TO JOHN W. LESLIE

Mr. Chairman, I take this opportunity to pay tribute to an outstanding public servant, John W. Leslie, chief, engineering division, New England Division, U.S. Army Corps of Engineers.

John Leslie is the 1976 recipient of the New England Award, presented annually by the Engineering Societies of New England. He was chosen to receive this coveted award for his outstanding engineering achievements and character. He joined the New England division in 1936, the year that the Flood Control Act passed Congress. Under his leadership, the New England Division has executed a construction program of $1.5 billion.

The Engineering Societies of New England are to be commended for selecting John Leslie for this award. I know I speak for my colleagues in the Congress from New England in congratulating John Leslie for his outstanding efforts and dedicated service to our region over the years. I include at this time with my remarks the story about the John Leslie New England Award which appeared in the New England Engineering Journal on March 1, 1976:

ESNE NEW ENGLAND AWARD

This year's New England Award winner is John Leslie, a man whose 43 year professional career has been dedicated to Government Service. The New England Award is given annually, "to a living engineer, resident of New England, who, by outstanding achievement merits recognition of his accomplished works, as well as his character, by his fellow engineers of the New England States." The record shows that John Wm. Leslie is such a man.

EDUCATION

Born in Somerville, Massachusetts, on October 14, 1909, Mr. Leslie attended the Somerville Public Schools and graduated from Somerville High School with honors in 1928. He attended the Massachusetts Institute of Technology and was awarded the degree of Bachelor of Science in Business and Engineering Administration (Civil Engineering) in 1932.

ENGINEERING ACTIVITY

He began his career as Assistant City Engineer with the City of Somerville for two years, one year with the Geological Survey as a junior topographic engineer. He joined the Boston District of the Corps of Engineers in August of 1936 and has been with that organization (name later changed to New England Division) ever since. While there he progressively advanced through the following positions: dredging inspector, structural engineer, project engineer, Chief-Design Branch, Chief-Military Branch, Deputy Chief-Engineering Division, and for the past 20 years Chief-Planning and Engineering Division. As Chief of Engineering he supervised varying staff of 200–600 people.

Mr. Leslie, through the responsibilities of his positions as mentioned above, has developed a broad expertise in both military and civil works design. Under his leadership the New England Division has executed a construction program of $1.5 billion dollars (in money of their time of construction).

As senior technical advisor and director of the Passamaquoddy Tidal Project Study, Mr. Leslie was the U.S. Delegate to the World Power Congress at Madrid, Spain, in 1960, at which he presented a paper on the project. Again, because of his expertise in navigation projects he was a U.S. Representative to the PIANC Conference in Paris, France in 1969. Because of high standing as a negotiator and expert knowledge of engineering firms, Mr. Leslie was recently loaned to the Department of Transportation for selection of engineering consultants for the rehabilitation and expansion of the Northeast Rail Corridor from Boston to Washington, D.C. He has had broad experience in Disaster Operations, especially Diane in 1955 and continuing throughout the years.

PROFESSIONAL SOCIETY ACTIVITIES

Mr. Leslie is or has been for a considerable period of time a member of:

Boston Society of Civil Engineers; Permanent International Association of Navigation Congresses; Congress of Large Dams; Society of American Military Engineers (Fellow and National Director for 9 years).

Mr. Leslie is a member of the Corporation of the Lawrence Memorial Hospital (Medford) and was a voluntary advisor to the City Manager on the new Medford High School.

HONORS AND AWARDS

Mr. Leslie has been honored twice by the Department of the Army: in 1960 by the Chief of Engineers for Meritorious Civilian Service and in 1972 by the Secretary of the Army with a Decoration for Exceptional Civilian Service (highest civilian award available). Both awards were for outstanding capabilities in leadership, administration, and technical expertise. He also was awarded the Hydraulics Section Award of the Boston Society of Civil Engineers for his paper on the Hopkinton-Everett Flood Control Project.

OUTSTANDING ACHIEVEMENT

Mr. Leslie is being recommended for the New England Award for exemplifying the posture of the engineer in Government Service and his many contributions to the defense, welfare, life and property protection, and the environment of New England. He is highly regarded and respected by his peers for his technical capabilities and personal characteristics.

COL. JOHN H. MASON

Mr. Chairman, Col. John H. Mason, the New England division engineer for the Army Corps of Engineers, will retire from the Army in August. He has been with the New England division since July 1971, first as the deputy division engineer for 1 year before assuming the duties of division engineer in July 1972.

I am sure I speak for all of the Members of Congress from New England in commending Colonel Mason for the invaluable service he has rendered to our region during the years he was responsible for the corps' water resource activities in New England. As a member of the House Appropriations Subcommittee on Public Works, I have always found him most cooperative and understanding with respect to the New England region's varied problems concerning flood control, navigation, hurricane protection, water supply and quality, recreation facilities development and master planning, and comprehensive studies of the New England River Basins.

Colonel Mason is an outstanding Army officer and a credit to the Corps of Engineers. A veteran of three wars, Colonel Mason served in three campaigns in World War II, five campaigns in the Korean war, and was XXIV Corps Engineer in Vietnam. I am pleased to learn that on his retirement he plans to remain in New England. He is a registered professional engineer in Vermont, and is a member of the Society of American Military Engineers.

Colonel Mason will be succeeded by Col. John P. Chandler, who is now serving as deputy commandant for combat and training development at the Army Engineer school, Fort Belvoir, Va.

Mr. EVINS of Tennessee Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Mississippi (Mr. Whitten).

Mr. WHITTEN. Mr. Chairman, I realize that much has been said about our distinguished chairman, the gentleman from Tennessee (Mr. Evins), and his retirement, and it would be hard to improve or add to the words that have been said, but I agree with everyone of them and can only add that in my service here it has been my privilege to stand by his side on many occasions. Not only has he had at heart the interest of the region from which he comes but also he has been national in his viewpoint and I know that each and every year he has had hearings with a very competent and capable staff and his associates on the subcommittee, all of whom I respect and admire.

This is one bill that is approached from the standpoint of the national interest, and not only is every square foot of the country considered and every Member of the Congress who represents that area, but also every problem we have within the jurisdiction of this subcommittee has had the attention of the chairman, and not only the attention but very successful efforts to make our situation better.

I regret truly to see the gentleman from Tennessee, Joe Evins, retire, as much as he has earned it. We love him and his family and just wish him the very best in the world. As he does retire I do not believe in the history of the country there has ever been anyone who has left a finer record and certainly not as many monuments that are plain to see as has our distinguished friend, the gentleman from Tennessee.

Mr. Chairman, I realize that as we get more and more urban it becomes harder and harder to get many people to see the need for some of the things that are in this bill. A great part of our country is no longer rural. In fact, I understand only 14 out of the 435 congressional districts are classified now as rural, but, when we understand and see what happens in other countries and we realize that it is happening in our country, then we must realize it becomes more imperative for the Congress to give its attention to the subject matter of this bill.

When this Nation was first founded, and we are celebrating our Bicentennial anniversary, our 200-year anniversary, since that date to this our Nation, believe it or not, has wasted more natural resources than any nation in the history of the world in the same period of time. Why did we do it Because at that time the resources seemed to be limitless. It seemed to be cheaper to wear out land and then to move west or to strip our forests and create fields. And that process continued until in the early thirties when we waked up. We wasted 70 percent of our timber or at least used it up, and we wore out 40 percent of our land. As has been pointed out here each year now 1 million acres approximately of the remaining land goes under concrete, which speeds up the water runoff which goes down the Mississippi River, and that river and its system drain 41 percent of the United States.

So we have here in the subject matter of this bill from the Committee on Appropriations not only the continuing job of keeping up with the changes which make for flood problems but also we have reclamation which includes our efforts to reclaim and put into good use many acres of the United States which will contribute to our well-being.

I grant I stand here today at a time of material prosperity in the history of our Nation, but it is also at a time of great inflation, which brings to mind in 1959 when the President of the United States vetoed the Public Works bill on the basis that our international commitments and our commitments at home precluded our being able to afford 62 new Public Works starts to reclaim areas of the United States. When we failed to override his veto, the bill came back to our Committee on Appropriations, where with the support of others on a motion which I had the honor to make we returned the bill to the President with those 62 new starts to reclaim our land intact. This time, when the President vetoed the bill, we overrode his veto.

According to the late Mr. Cannon, it is the only time in history it was successfully done. In arguing for that measure on its second trip to the White House where it was vetoed again and we overrode the veto, I use the argument that the President used in his veto message:

> The more we owe, the more terrible our situation, the greater our financial strain, the more imperative it is that we protect the land from which all real wealth comes.

So I say today that with all the foreign aid, which I personally oppose, with all our investment around the world in something like 6,000 military bases of one kind or another, with a debt of $600 billion, as bad and as serious as that is, the one thing we cannot let go by the board is the land on which all else depends.

So, Mr. Chairman, I say that we are bringing a bill to the House that is well worked out, that is national in scope, that has had the benefit of a distinguished and outstanding chairman from my section of the country, the help of a fine staff, and may I say with good associates who have also a national outlook when it comes to taking care of our country.

Mr. Chairman, I am pleased to be a member of the subcommittee and pleased to have a chance to participate in looking after not only the area that I represent, but to join with my chairman and my colleague in looking after our best assets, the lands of the United States.

Mr. SLACK. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from West Virginia.

Mr. SLACK. Mr. Chairman, I would like to join my colleagues in paying tribute to our distinguished and able subcommittee chairman, the gentleman from Tennessee (Mr. Joe L. Evins).

I have served for many years on the Committee on Appropriations with the gentleman from Tennessee (Mr. Evins) and, particularly, on the Subcommittee on Public Works. I cherish the fine relationship we have had over the years, both as committee colleagues and as friends.

The gentleman from Tennessee (Mr. Joe L. Evins) has the respect and admiration of his colleagues in the Congress, but even more importantly, the gentleman from Tennessee (Mr. Joe L. Evins) is beloved and will be long remembered.

Mr. MYERS of Indiana. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. Conte) a member of the Committee on Appropriations.

Mr. CONTE. Mr. Chairman, in rising to speak on this public works appropriation bill, I want to join the others and pay my deep respect to the subcommittee chairman, the gentleman from Tennessee (Mr. Joe L. Evins).

Chairman Evins, as we all know, has announced that he intends to retire from the House at the end of this session of Congress, so this will be the gentleman's last performance maybe. We may have a supplemental in regards to the public works bill on this floor. I happen to be very fortunate in having the distinct honor and the pleasure of serving with the chairman, the gentleman from Tennessee (Mr. Evins) on two different committees, the Committee on Appropriations and the Committee on Small Business, where I serve as the ranking Republican member; so I believe I can claim a double appreciation for the distinguished gentleman from Tennessee.

Chairman Evins' dedication to public service is legendary. In the gentleman's 30 years in the House of Representatives, the gentleman has always impressed colleagues with his integrity and consideration, and his constituents with his loyalty and hard work.

It certainly will be a different House of Representatives next year without my great friend and chairman, the gentleman from Tennessee (Mr. Joe Evins). I think one of the greatest things that can be said about a man is that he is a good man, and in my book, the gentleman from Tennessee (Mr. Evins) is a good man and we will miss the gentleman.

Mr. Chairman, in speaking about this public works appropriation bill, I want to inform the Members about one amendment that I intend to offer, and another amendment that I will not offer. The amendment that I will offer and cosponsor with my good friend, the gentleman from New York (Mr. Koch) would boost the Federal funding for solar energy programs in the Energy Research and Development Administration by $95 million. This will bring the total appropriations for the ERDA solar programs up to $310 million for fiscal year 1977, which is almost triple the present amount of Federal solar spending.

Believe me, I have worked in the last week almost daily and hourly with my good chairman, the gentleman from Tennessee (Mr. Joe Evins) in developing this. I am especially pleased that the chairman has agreed to this funding level as appropriate and will give consent to this amendment when it is offered.

This amendment will provide the Federal solar energy program with the commitment and momentum that is vitally needed to stimulate our Nation toward faster and wider utilization of solar energy and diminish our dependence upon foreign energy sources. The solar energy research and development programs funded by this bill promise to provide the ideas and impetus that will lead to the introduction of commercially useful solar appliances and technologies within the coming decade. The $95 million added by this amendment represents a wise long-range investment in the future of this Nation and a strong commitment toward finding and employing alternative sources of energy.

In addressing the House, I also want to explain why I will not be offering an amendment to this bill to delete funding for the Dickey-Lincoln Dam project in Maine, as I have for the past 2 years. I remain as adamantly opposed to this project as I have ever been. It still represents a huge waste of taxpayer revenues and virgin wilderness lands.

Two million dollars is earmarked in this bill for the Dickey-Lincoln project, most of which will pay for the revision and completion of the Corps of Engineers' environmental impact statement. So any attempt to strike out funds from this year's bill for the Dickey-Lincoln project would represent an attempt to strike out funds for the completion of the environmental impact statement.

I recognize that it would be a paradox to ask my colleagues who are concerned with the quality of the environment to vote against funds for an environmental impact statement.

However, I can assure my colleagues that after the final environmental impact statement on the Dickey-Lincoln project is published, which is scheduled for next April, another amendment will be offered before the House to strike all funds for this unnecessary and wasteful project.

Mr. MYERS of Indiana. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland (Mr. Bauman).

Mr. BAUMAN. Mr. Chairman, I rise in support of H.R. 14236, the public works appropriation bill for 1977. I particularly want to commend the Subcommittee on Appropriations for agreeing to my request for funding for the harbor at Rock Hall, Md., for the general survey and study of erosion needs at Smith Island in Somerset County, Md., and for the survey for the reconstruction of the Chesapeake City bridge.

Earlier this year I contacted members of the subcommittee regarding these projects and presented evidence to them in support of these requests.

In the case of Rock Hall harbor, this is a Federal project which goes back to an original authorization obtained in 1947 by my late predecessor and friend Congressman Ted Miller. In the ensuing 29 years this busy commercial harbor in the upper Chesapeake Bay has suffered from the natural processes of wind and water to the extent that life and property have become endangered during periods of heavy storms, wind and flooding. The $50,000 contained in this bill will enable the Corps of Engineers to go forward with the detailed surveys of navigational needs and reconstruction of the existing jetty, and with preparing the actual specifications for the project bidding. I note that the Rock Hall project is one of only 18 new starts under section 107 earmarked by the committee this year and I wish to thank the members for their support.

I am also pleased to see that $25,000 has been included to finance the beginning of a general survey of the serious erosion problem which plagues the citizens who live on Smith Island in the southern Chesapeake Bay near Crisfield. This beautiful island has been progressively more endangered each year by the effects of tides and winds. Exposed on all sides to the bay and Tangier Sound, the survey will make recommendations concerning what may be done to preserve an island whose proud inhabitants date back to the time of Capt. John Smith and his explorations of the area. The Corps has informed me that the complete survey will require additional funding but that the amount included in this bill will permit them to proceed with the initial phases of the study which they have the capability of finishing this year.

Mr. Chairman, I also support the inclusion of $40,000 for actions regarding the reconstruction of the Chesapeake City Bridge which crosses the Chesapeake and Delaware Canal in Cecil County, Md. The roadbed of this bridge, which was built and is maintained by the Corps of Engineers, is badly in need of reconstruction and in fact is rapidly becoming a safety hazard. I obtained the authorization for this study in 1974 and am pleased to endorse the funding in this bill. I have been in contact with the Philadelphia district of the corps and I am hopeful that any action they may take will not interfere with the access the bridge provides for the citizens of Chesapeake City and the surrounding area. The bridge is a vital link for the people of the area and I thank the committee for this funding.

Mr. EVINS of Tennessee. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Florida (Mr. Sikes).

Mr. SIKES. Mr. Chairman, the Evins' bill before the House today is another step forward in improving America and America's resources. It is only natural that Joe Evins' bills are considered in Congress as the "All America" bills. As in other years, Mr. Evins' bill enjoys the support of an able and conscientious subcommittee and some of the best staff members in the Congress. The preparation of this bill is among the most difficult of any that are considered by the House and it is, year after year, a testimonial to dedicated work by the chairman, his committee and his staff.

For 30 years Joe Evins has provided outstanding leadership to the Congress. His sound counsel and constructive efforts have proven highly beneficial to the progress of America. Through the years he has helped to mold the American resolve to protect the land and waterways which are such a precious heritage of our country. Many of the waterway projects already completed or now in progress throughout the Nation have been made possible through the interest and efforts of the Public Works Subcommittee under his able leadership. As chairman of the Public Works Subcommittee, Mr. Evins has not hesitated to add funds where needed and has had the courage to delete items for which a justification has not been fully shown. We can all agree he has been one of the great subcommittee chairmen of the House.

Mr. Chairman, today our distinguished friend and colleague is offering to the House for the final time in his great career the Public Works Appropriation bill. I regret that he is leaving the House and I am confident this same feeling is shared by every Member of this body. Certainly he is one of the most highly regarded Members in Congress, and the respect which he enjoys comes from both sides of the aisle. He has been my very good friend for these many years and it has been a privilege and pleasure for me to work closely with him in the House and on the Appropriations Committee.

When Joe Evins came to Congress in 1947, he brought with him valuable experience gained in years of service in the State of Tennessee as a young attorney, and later as a member of the legal staff and Assistant Secretary for the Federal Trade Commission. He also brought with him the ability to make friends and to offer responsible service in the lawmaking processes in the Nation's Capital.

Joe Evins has established an enviable record in the Congress and I say with full sincerity that the Congress and the Nation shall miss his wise counsel and effective service. His dedicated work has earned for him the highest admiration and respect of his colleagues. I am indeed sorry to see him leave us. My best wishes go with him and his wife and family in all that they undertake in the years ahead.

Mr. EVINS of Tennessee. Mr. Chairman, I yield 1 minute to the gentleman from Alabama (Mr. Bevill), a valued member of the subcommittee.

Mr. BEVILL. Mr. Chairman, as a member of the subcommittee, I want to congratulate my chairman, the distinguished gentleman from Tennessee (Mr. Evins), for another fine bill designed to help build America and to continue to raise the standards of living in America.

Mr. Chairman, Chairman Evins is a truly great American and will go down in the history of this Nation as one of the most outstanding men to ever serve in the U.S. Congress. He has done more to help build America than any man I have ever had the privilege and honor of working with, and I wish Chairman Evins the very best for him and his family in his well-earned retirement after 30 years of distinguished service.

Mr. MYERS of Indiana. Mr. Chairman, I yield 5 minutes to the gentleman from Vermont (Mr. Jeffords).

Mr. JEFFORDS. Mr. Chairman, I would like to make a brief remark about solar energy, with specific regard to the question of consistency as between the authorization and appropriation bills for ERDA's solar programs.

Last month we amended the ERDA authorization bill for fiscal year 1977 upwards by $116 million to $345 million. This accelerated level of funding has been justified by a series of rapid developments in the technology within the last couple of years, and the fact that we have responded to these developments with this funding is a testimony to the ability of this Congress to respond quickly to the energy question when it wants to.

Our concern is justified by the report entitled: "The Relationship of Energy Growth to Economic Growth Under Alternative Energy Policies" by the Brookhaven National Laboratory, Long Island, New York. It indicates that unless we approve the ERDA research development plan we will suffer a real income loss of $178.4 billion.

A summary of the report follows:

The difference in real income was calculated between a case where tariffs on oil and gas were used to decrease imports and a case where a lower tariff together with new energy technology usage were used to reduce imput to no greater than 5% of total energy in 1985 and 10% in 2000.

Actual results show that given the following assumptions:

(a) 1975 base price (crude and gas) = $13 bbl (FEA)

(b) 1985 aggregate primary energy supply = 100 quads

(c) between 1985–2000 agg. energy supply increases at annual rate of 75% of GNP growth rate

(d) GNP annual growth rate = 4%; Real energy price index rate = 1.3%

(e) new technology estimate based upon ERDA—48—Case V which is a limited usage (little solar)

The results are:

[In percent]

(a) Imports cannot be held to the 5% (1985) and 10% (2000) goals by use of tariffs only—They actually increase to:

Case I tariff only:

1985	4
1990	9
2000	20

Case II R.D. & D. tariff:

1985	2
1990	3.5
2000	10

(b) tax and tariffs increase as follows (% increase):

Case I Tariff only, oil and gas:

1985	48
1990	125
2000	230

Case II R.D. & D.:

Oil:

1985	51.8
1990	62.2
2000	166

Gas:

1985	0
1990	11.9
2000	21.6

(c) Total price increases in oil and gas:

C. I—Tariff only:

1985	15
1990	36
2000	67

C. II—R.D. & D. & T.:

1985	11.6
1990	16.6
2000	29.1

Which leads to:

	C. I	C. II	diff.
(a) GNP growth rate	3.9	3.7	0.2
(b) inflation rate growth per year	0.3	.15	.12
(c) unemployment	5.2	5.35	.15

Resulting in the present value of future real income losses—in 1975 dollars—of $178.4 billion over 25 years.

This would support an R.D. & D. program of approximately $100 billion over 25 years and still save our Nation $78.4 billion.

It is because of our concern we are suggesting this amendment.

I think we will be able to point with pride 10 years from now and say this is where it started, this is when we grasped an opportunity to properly promote a promising commercial market and this is where the Congress moved into an exotic new area and provided a substantial impetus to reverse our growing dependence on foreign oil.

The projections we have seen with regard to what solar energy can provide for this Nation are thought-provoking. By 1990, various projections by the administration are that we can be satisfying fully 10 percent of the national energy demand. This is startling. We can start towards that goal by the funding levels we set in the authorization bill. It can be accomplished, by an investment of less than $20 billion. The potential of solar in this regard is very favorable—we might recall that another exotic technology, nuclear energy is now producing 2 percent of the national need after an investment of more than $40 billion over a roughly 25-year period, 5 times as much for half the money. This merely points out the opportunity we are attempting to exploit with solar, if the projections are at all in the ball park.

Everything we have seen from industry—as developed in hearings before the Joint Economic Committee in March where a number of industry and university representatives spoke out forcefully for an accelerated program to set the tone of the development of these technologies—indicates that we are well within the ball park.

Everything we have seen from the laboratories conducting the research points in the same direction. We have made repeated reference to the projections of the Jet Propulsion Laboratory in California—which is the program manager for the Photovoltaic branch in ERDA, and which has projected cost-competitive technologies for the year 1985—a year that is in sight—at funding levels which we incorporated into the authorization increase.

It is gratifying that the House chose to increase the levels of funding by such a very large majority, a vote of 321 to 68.

New breakthroughs, it seems, are occurring on an almost weekly basis. Just 10 days ago, on June 4, MIT engineers announced the development of a new solar energy home unit that they said produces both heat and electricity and may pay for itself in smaller utility bills. The technology used, which just last year was considered too expensive, was developed to efficiencies which makes ERDA optimistic for commercialization.

Furthermore, Congressman Ryan, chairman of the Energy and Conservation Subcommittee of Government Operations, has flagged the development of yet another new technology in this field just last Friday in an extremely interesting hearing. As I understand it the new technology is endorsed by MIT and has already been submitted to ERDA for funding.

This just demonstrated the volatility of this new field, and the mandate that we watch it carefully and insure we do not restrict its development by overcautious funding in the face of our growing energy crisis.

It is my hope that we will be able to make a similar increase here during the appropriation debate, and put our appropriations money where our authorization principles are. This single step will, I am confident, repay the Nation with a more secure and confident energy future, diversify our holdings so to speak and establish a record for early energy legislation which we in the 95th Congress can point to with pride.

Mr. EVINS of Tennessee. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Arkansas (Mr. Alexander), a member of the committee.

Mr. ALEXANDER. Mr. Chairman, the public works and energy research appropriations bill we are considering today contains funds for a part of our transportation system which must remain both strong and economically viable if our Nation is to achieve the goal of a comprehensive, balanced transportation network that makes effective, efficient use of available transportation modes and technology.

I mean the inland waterways system.

America's 25,000-mile network of navigable waterways forms an important freight transportation system upon which depend vital sectors of the Nation's economy—food and fiber production, petroleum refining and fuel distribution, chemical processing, the electric power industry, the coal industry, iron and steel, and many others.

Despite its importance to our national economic well-being and to regional employment in economic sectors such as I have mentioned, waterway transportation remain practically unknown to the automobile-conscious America awakened only by crisis situations to the importance of other transportation modes.

Barges and towboats plying America's navigable rivers, harbors, and protected waterways carry an estimated 16 percent of the total net tons of domestic intercity freight each year. They move one-fourth of the domestic yearly output of 600 million tons of coal. They carry large quantities of crude petroleum, as well as refined fuels and industrial chemicals used in a multitude of consumer products.

The rivers also move massive quantities of foodstuffs. The Mississippi River, the backbone of this transportation system, carried more than 53 million tons of grain and grain products on their journey from farm to mill and market during 1974. Another 19.5 million tons of soybeans moved along this route in the same year. Approximately half of these commodities were bound for export—contributing both to the nutritional needs of many countries of the world and to America's own need to balance its world trade in the face of increasing outflows of American dollars to purchase foreign oil.

Yet, if you do not live by the side of the river, you are likely to be totally unaware of this important facet of American commerce.

Not long ago, in the Nixon White House, a key advisor gained much notoriety for urging that a policy of benign neglect be applied to certain pressing domestic problems. As with détente, a swirl of unfavorable publicity caused the expression to be dropped from the Government vocabulary, but the policy lived on.

America's waterway system in recent years has been treated not only to benign neglect but also to concerted attack by spokesmen in and out of government representing the narrow interests of other forms of transportation, anti-industry groups, the no-growth philosophy, and so forth. Still others are simply opposed, in principle, to the kind of partnership between the Government and private sectors which led to the development of this transportation system to its current level of capacity and operating efficiency.

The question is often asked: Why not reduce the Federal role, and let the waterways fully pay their own way as other transportation modes do? Why subsidize the maintenance and operation of one freight mode while another equally important one, railway transportation, withers on the vine?

These questions are being raised in various forms with increasing frequency, and they are the basic arguments behind efforts to impose some form of user taxes, lockage fees, or river tolls on the inland waterway systems. Unfortunately, these questions imply facts which are incorrect. They are based upon premises which are misguided or grossly distorted. And, sadly, the advocates of waterway taxation have not taken the care to examine the consequences of the action they recommend.

First, let us examine some current myths.

Except possibly for pipelines, none of the major surface transportation modes truy pays its own way. Not waterways, not railroads, not airways, not motor freight. All of these transportation systems have enjoyed, and continue to enjoy, varied forms of direct or implicit public subsidy, and for good reason.

After all, versatile and efficient transportation is in the national interest. We need a good transportation system for the national defense. Our domestic economy depends upon it. It contributes to national productivity, to the employment of millions of Americans. Without transportation, we could not develop our natural resources, feed ourselves, sustain our great centers of commerce and culture, nor provide the high standard of living to which Americans aspire. So, the Nation has been well served by Federal investments in transportation, particularly by waterway investments whose cost effectiveness has been well documented over the years.

Waterway transportation, thus, is not alone among federally subsidized transportation systems. It has not even been the most heavily subsidized mode, as popular belief holds. Transport Economist Marvin J. Barloon of Case Western Reserve University recently reported on research showing that in calendar year 1973, the financing of highways from property tax assessments, general fund appropriations, and other sources in which the users did not pay their own way, amounted to $4.3 billion. That was 10 times the Federal appropriation—which represents the bulk of public investment—in the same year for inland and intracoastal waterways.

Nor do the railroads suffer from unequal treatment in public support. In an earlier era, the Federal and State Governments gave lands to the railroads equal to nearly 10 percent of the area of the 48 contiguous States in an effort to stimulate settlement of the interior and Western States.

Indeed, income from these land holdings today constitutes a greater portion of the earnings of some railroad companies than their rail operations.

Only recently, Congress voted a $6.4 billion package of Federal aids to the ailing northeast and midwest railroads. Included were some outright grants and low-interest loans which will be recovered very slowly, if at all.

In contrast to this $6.4 billion current rail subsidy program, we have appropriated only $4.6 billion to the Army Corps of Engineers for construction, operation and maintenance of inland navigation structures and channels since 1824, when the first such work began.

So, the argument about unfair subsidy of waterway transportation turns out to be largely myth.

Nor is it true that waterways damage other freight modes. The history has been—as seen along the relatively new McClellan-Kerr Arkansas River navigation project—that waterways open up new markets, generate new industrial and farm productivity, and create new commercial traffic which is shared by all freight modes. Consequently, rail lines operating in areas of extensive barge and towing activity—the lower Mississippi Valley, for example—turns out to be among the Nation's financially healthiest railways. Conversely, many of the bankrupt northeast lines operated in areas where they had very little or no waterway competition.

Let us look beyond the mythical premises of the waterway user charge campaign to the possible consequences of such a tax. Here are some concrete examples:

An Arkansas grain farmer's earnings are determined by the export price of the commodity, set at the coastal port, minus his transportation costs in getting the grain to that port. If he chooses to ship by barge because of its low freight rate, what do we accomplish by imposing a waterway tax which results in an increase in that barge rate? We simply decrease the farmer's earnings. He may then either stop participating in the U.S. grain export market, which is important to our balance of trade and the international soundness of the U.S. dollar, or we may find it necessary to encourage him, through the technique of crop subsidy, to continue to produce the crop, though at a loss. So, at worst, we will have damaged our export effort. At best, we will have traded a transportation subsidy for a crop subsidy, gaining absolutely nothing in the process.

Imported steel produced in Japan and Common Market countries is fiercely competitive in Gulf coast markets with American steel produced in the Pittsburgh and Chicago districts and shipped via barge down the Ohio, Illinois, and Mississippi Rivers. If we impose a new surcharge on the Pittsburgh and Chicago steel, as a waterway tax clearly would, and tip the price scale in favor of the imported steel have we aided American railroads? Or, have we aided Japanese and Common Market steel producers who begin taking over American markets, while the Pittsburgh and Chicago steel no longer moves by any mode?

The implications of a new tax which singles out one mode of transporation are complex, both in their effect on the transportation system and upon the industries which depend upon it. Many more examples of this complexity could be cited.

Large segments of American industry have located plants, generated jobs, invested billions of dollars of private capital on the basis of such factors as the availability and cost of transportation services to carry their raw materials and semifinished products. Waterway transportation is vital to any of these industries, and figured into these investment decisions.

How would a new waterway user tax affect their operations, the employment and regional economies these industries sustain, and the consumer prices of the goods they produce?

These are the unanswered questions which should occupy our serious attention before we contemplate abandonment of a national policy of free public use of the waterways. It is a policy which has served the Nation well ever since its inclusion in the Northwest Ordinance of 1787.

Mr. EVINS of Tennessee. I yield 1 minute to the distinguished gentleman from Tennessee (Mr. ALLEN).

Mr. ALLEN. Mr. Chairman, it is with a sense of personal loss more than anything else that I wish to pay tribute to my good and great friend, the gentleman from Tennessee, JOE L. EVINS.

I had come here prepared to offer an amendment to strike from this bill the Clinch River breeder reactor. However, this body has already voted to authorize money for this purpose, and out of respect for my good friend, the gentleman from Tennessee (Mr. EVINS), for whom I have the greatest love and respect, I shall not offer that amendment.

I want to say that when I came here early on in the year, I learned that the administration's budget for this year called for 406 new public works starts in 94 nations around the world, and there was not one penny set forth in the administration budget to take care of any new public works projects in any of the 50 States of this Nation.

Congressman Evins has corrected this omission. The bill he has steered through the subcommittee, and which is before us today, provides funds for 20 new starts on construction of greatly needed public works projects in all sections of the Nation, and for studies of 21 other new projects, which if found to be justified, will hopefully be authorized at the next session of the Congress. Truly this bill is an "All-American bill" which will enrich our Nation beyond my feeble ability to describe, and which will add to the monuments to the great service of Joe L. Evins in his 30 years service in the House.

The amendment I had prepared and intended to offer would have reduced the total appropriation by the amount authorized to be spent for construction of the Clinch River breeder reactor. My opposition to this plant remains unchanged.

However, in view of the overwhelming vote by which this project was previously authorized by this body, I realize that any effort on my part at this time to delete this project from this bill would be an exercise in futility, and in deference to my good and beloved friend, Joe Evins, who has otherwise done such a tremendous job in gaining a consensus in support of this very excellent bill, notwithstanding the opposition of the President, I shall not offer this amendment.

Mr. EVINS of Tennessee. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Minnesota (Mr. Nolan).

Mr. NOLAN. Mr. Chairman, on Tuesday, June 15, 1976, the House of Representatives is scheduled to consider the public works appropriations bill for fiscal year 1977. Included in this bill is a recommendation for $23.5 million to continue construction and land acquisition for the Bureau of Reclamation's Garrison Diversion Unit in North Dakota. I urge you to support the Fraser amendment which will reduce this appropriation to $11.38 million.

I support this amendment with the firm belief that the growing number of serious international, interstate, and environmental problems surrounding this project must be resolved before construction begins on new project features.

The project, as authorized in 1965, will divert water from a large reservoir behind the Garrison Dam in western North Dakota, through a series of pumping stations, canals, and reservoirs, to areas of northern, northeastern, and southeastern North Dakota. The primary purpose is to irrigate an estimated 250,000 acres of land at an authorized cost of $500 million.

I believe significant modifications of the current project design may be necessary in order to address the concerns raised by Canada, Minnesota, and South Dakota. The first site-specific environmental impact statement is now 3 years overdue, however, the project construction is already 20 percent complete. The next feature of the project may significantly compromise the alternatives available. I ask that the Congress postpone further funding until all parties concerned have had the opportunity to assess the impacts of the current project design, and necessary changes are developed to accommodate these concerns.

The Garrison Diversion Unit has been criticized because of estimated Government expenditures of $295,000 per irrigated farm. As currently designed, the Bureau of Reclamation acknowledges that completion of the project will require the full $500 million authorization, and also acknowledges that it may run as high as $150 million over its authorized ceiling.

The House Government Operations Subcommittee on Conservation, Energy, and Natural Resources has criticized the validity of this data in its report on the cost indexing procedures used by the Bureau of Reclamation. The Bureau has been able to consistently underestimate total project costs by calcuating the impact of inflation on contracts already completed, and for goods and services already acquired which are no longer subject to the impact of inflation. The General Accounting Office has also criticized this procedure. It is likely that if total project costs were accurately measured, the project would be currently over its authorized ceiling.

The Government of Canada has concluded that as currently designed, return flows from irrigation of the Garrison Diversion Unit will cause injury to the health and property of the people of Canada, in direct violation of the Boundary Waters Treaty of 1909. This conflict has been referred to the International Joint Commission for study and recommendation to the two Governments. A report from the IJC is scheduled for release late in October 1976.

The South Dakota State Legislature, in fear that the IJC may recommend structural changes which would divert more water into South Dakota, recently passed a near unanimous resolution in opposition to this possible alternative.

The Minnesota Pollution Control Agency has determined that as currently designed, the Garrison Diversion Unit will violate 12 water quality parameters of Minnesota statues. The MPCA was only abe to receive information necessary to make these determinations as a result of a specific request of the Congress. This was achieved through a colloquy during debate of fiscal year 1976 appropriations for this project. That agreement read in part that—

> No furher funds will be sought for construction or land acquisition (of the Garrison Diversion Unit) until the problems raised by the Minnesota Pollution Control Agency have been reasonably met.

The Minnesota Pollution Control Agency has recently concluded that the projected violations of State and Federal law apparent with the project illustrates that their concerns have not been reasonably met.

The U.S. Fish and Wildlife Service has determined that as currently designed, the 150,000-acre Garrison Diversion Unit wildlife mitigation plan will be inadequate to replace the wetland and wildlife losses as a result of project construction. They have also concluded that eight national wildlife refuges will be adversely affected by construction and ongoing operation of the project. The National Audubon Society, consequently, has strenuous objections to this project.

The President's Council on Environmental Quality has twice recommended a moratorium on further construction of the Garrison project. The Environmental Protection Agency has also recommended a moratorium. Land owner problems in North Dakota have raised serious reservations from North Dakota farm organizations.

In light of this evidence, I believe it is unreasonable to begin work on the next major feature of the Garrison project, the Lonetree Reservoir. This feature is the last part of the principal supply works for the entire system. Water will be pumped out of the Garrison Dam Reservoir—Lake Sakakawea—via the Snake Creek Pumping Plant, and into the McClusky Canal. The canal then carries the water to the site of the Lonetree Reservior. Both the pumping plant and the canal are under construction and funds will remain in fiscal year 1977 appropriations to insure their completion. The Lonetree Reservoir, however, will bring water over the continental divide, and the impact of projected use of this water is what now poses a controversial threat to Canada, Minnesota, and South Dakota.

I believe it is proper for Congress to postpone construction of new features to this project and await the decision and recommendations of the Canadian-American International Joint Commission. If the IJC requests modifications of the Garrison Diversion Unit, it is certain that the Lonetree Reservoir will be critical to the feasibility of any alternatives that could be considered.

I also believe Congress should wait on further construction of the Garrison diversion project until all three site-specific EIS's are available for review and comment by the various Federal, State, and local agencies with responsibilities for certain project impacts. The option of developing alternatives in the project plant must be available to accommodate the projected violations of Minnesota water quality statues, and the expressed concerns of South Dakota.

I acknowledge that the Garrison Diversion Unit will be a major economic asset to North Dakota agriculture, and that it has considerable local political support. I believe it only proper, however, that the enhancement of North Dakota not be made at the expense of her neighbors. I believe that before further construction begins, problems should be identified, and solutions agreed upon by all concerned. If these changes require that the project return to the Congress for reauthorization, I believe the Congress should find out before additional investment is made.

I urge your support of the Fraser Amendment to strike appropriations for the Lonetree Reservoir and Dams, as part of the Garrison Diversion Unit of North Dakota.

The CHAIRMAN. Does the gentleman from Indiana (Mr. MYERS) wish to yield further time?

Mr. MYERS of Indiana. Mr. Chairman, I have no further requests for time.

Mr. EVINS of Tennessee. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Pennsylvania (Mr. EDGAR).

Mr. EDGAR. Mr. Chairman, at the appropriate time in the legislative process I plan to offer an amendment to put off the construction of two projects which I have found to be similar to the Teton Dam which collapsed just 10 days ago, sending a 20-foot-high battering ram of water across the Snake River Valley. At least 10 people were killed, and over $1 billion in property damage has been estimated. When the Congress authorized the project in 1964, signs were not heeded that this project might not be safe. In 1971, environmentalists sued to block construction, but the 300-foot-high, $55 million structure was begun in 1972.

Today, this House is being asked to approve over $1.4 billion in projects of the Corps of Engineers. There are 354 corps projects listed in the report on the bill, many of which are dams.

I have identified two projects among the 354 which I believe have the highest potential to duplicate the disaster of Teton Dam. They are the Meramec Dam in Missouri and the Gathright Dam in Virginia. These projects are questionable based on their minimal benefit/cost ratios alone. However, more alarming are the grave safety questions raised by these dams' similarity in site selection to Teton. Both dams are sited on land supported by a swiss cheese network of caves, which present a severe engineering challenge to overcome with confidence. In additon, the Meramec Dam is located along an "inactive" geologic fault, which must raise questions of its ability to withstand the tremendous weight of the dam and the reservoir.

I do not intend to kill these two projects permanently with my amendment. What I do intend is to provide the time for the Congress and the Corps of Engineers to take a closer look at these dam proposals so that we are as certain as possible before proceeding with construction that these dams are not Teton Dams in the making.

A factsheet detailing the questions and concerns which have been raised about these two dams is attached for your review:

FACTSHEET

MERAMEC PARK LAKE $9.5 MILLION APPROPRIATED BY H.R. 14236

(1) The area to serve as the dam site has over 8 miles of explored cave passage within a three mile radius, this nation's most cavernous damsite.

(2) There are two earthquake faults in the area including one which bisects the middle of the reservoir. Inactive faults can be made active by the pressures of tons of water which would constitute the reservoir.

(3) One benefit/cost ratio of this project is inflated by claims for flat water recreation. However, this project would destroy Onondaga Cave, among the most beautiful in this nation, which is part of an area embodied with a wealth of recreational opportunities in its natural condition.

(4) The project takes almost 44,000 acres to protect approximately 10,000 acres from flood damage, at a cost estimated at over $115,000,000 total.

GATHRIGHT LAKE; $11.5 MILLION APPROPRIATED BY H.R. 14236

(1) Cost estimates for this project have skyrocketed far beyond that which could be attributed to inflation. When the project was authorized in 1946, the cost estimate was $11 million. Since than, at least $10 million has been needed to solve non-anticipated geological problems. A staff report from the Surveys and Investigations Subcommittee of the House Appropriations Committee dated February 3, 1975, pointed out that these problems, the result of caves, are far from resolved satisfactorily.

(2) The same staff report has questioned the validity of factors which comprised the Corps' cost/benefit ratio. The staff found that both recreation and area redevelopment benefits were highly inflated, the latter "by as much as 50%." (P. 392) The report concluded that "the Corps justification data for the Gathright project does not reflect the total estimated cost of the project."

(3) The following editorial is reprinted from the May 23, 1974, issue of "Engineering News Record": (emphasis added)

"Gathright Dam in northwest Virginia may rank as having the most throughly explored, grouted, drained and protected foundation of any dam its size in the U.S. (ENR 5/15 p. 50). The Corps of Engineers says it will cost $3.9 million for a cutoff wall and extra dental work for the $49.8 million dam's foundation. *They probably wish this dam site had never been selected*. The caves and the solutioning out of the dam's left abutment are *a dam-builder's nightmare*, enough to put a project with a benefit/cost ratio of 1.1 to 1 on shaky ground.

"Opponents of the project, including environmentalists, question the benefits of the project. The Corps assigns more than $1 million, or 40%, of the dam's annual benefits to water quality control, or the dilution of pollution. This claimed benefit was legal when the dam was planned, but it is a practice made illegal by the 1972 amendments to the Water Pollution Control Act, which mandates treatment over dilution."

Mr. MILLER of Ohio. Mr. Chairman, as the House prepares to consider the provisions of H.R. 14236, the fiscal year 1977 Public Works-Energy Research Appropriations Act, I would like to comment on a project given specific attention at the committee level.

Appropriations Committee Report No. 94–1223 includes remarks outlining the importance of moving ahead with the improvement of the Gallipolis lock and dam complex at Gallipolis, Ohio.

In statements submitted to House Appropriations Committee in 1974 and 1975 we pointed out the necessity of moving forward with the improvement of the Gallipolis locks and dam project. On both occasions—and in subsequent correspondence with the Secretary of the Army and the Corps of Engineers—we pointed out that the effort to replace the obsolete facilities now in use has been under study for over 11 years. We have enlisted the support of others who share our concern in this matter in requesting funding to proceed with project engineering and design work. On this occasion, I want to commend the committee for its concern in this matter.

The proposed improvement project includes the construction of at least one lock in a canal bypassing the existing dam, and a major renovation of the dam to make the project comparable in operational capability to other new navigation projects in the Ohio River waterway system.

We have been advised that construction of new replacement locks at Gallipolis and major renovation of the existing dam will satisfy the foreseeable needs of water commerce in this reach of the Ohio River. In my estimation, the design recommended appears to be an efficient means of serving present and future navigation needs.

Last November, we directed a letter to the Secretary of the Army regarding the Gallipolis project. In that letter—and during an April 1976 meeting with the Assistant Secretary of the Army for Civil Works—we pointed out that action should not be delayed because of the court ruling involving the lock and dam at Alton, Ill. I feel that the Gallipolis project should be authorized independently. However, in the wake of that contact with the Army, we are advised that the Gallipolis project—as presently designed—was not acceptable and must be reanalyzed in accordance with the directives of the Secretary. This order is of great concern to me. Additional delays will only push construction further into the future. Rising construction costs will add to project expenses.

Directly tied to the continued economic and industrial strength of the Ohio Valley is the completion of the Gallipolis locks and dam project. We urge House interest ready to assist the corps and local concerns in seeing this matter move ahead in the interest of all affected by it.

Mr. BALDUS. Mr. Chairman, as Representative of the Third District of Wisconsin, I rise to speak in favor of the $1 million included in H.R. 14236, the public works power development and energy research appropriations bill of 1977, for continued progress on the Kickapoo project, La Farge, Wis.

The project is undergoing an intensive review at the moment, in order to clarify the feasibility and effectiveness of certain specific alternatives. The review will be completed by the beginning of the 1977 fiscal year, and the Army corps has informed the Appropriations Committee of its funding capability immediately thereafter for $1 million.

The people of the Kickapoo Valley are working hard at the moment to study, review, and arrive at a consensus concerning the type of project they would like to see for their valley. I hope that we can here today show them our support here in Congress for their efforts by passage of the bill.

In addition the bill provides $50,000 in planning money for Prairie du Chien and $300,000 in 1977 planning money for State Road and Ebner Coulees. These projects are badly needed and I strongly favor their inclusion and passage with the bill.

Mr. RAILSBACK. Mr. Chairman, I would like to add my support to the public works appropriations bill for fiscal year 1977, and commend my colleagues who are members of the Appropriations Committee, and its Subcommittee on Public Works for their fine job. I would also urge my other colleagues to support this legislation. We all know how important public works are to our individual districts, and especially to those Members whose districts like mine are part of the mighty waterways of our Nation.

Mr. Chairman, this spring when I appeared before the Appropriations Committee's Subcommittee on Public Works, I requested funds for several public works projects in the 19th District Illinois. I cannot overemphasize how vital these projects are to my constituents.

I am very pleased to note that several extremely important projects were approved by the subcommittee and subsequently, the full Appropriations Committee. Such funds were provided for the Quad Cities Urban Studies; Mississippi River at Cassville; Mississippi Coon Rapids, and partial funding for Mississippi year-round navigation. In addition, funds for general construction were granted to East Moline, Fulton, Moline, and Rock Island. And moneys for operation and maintenance were granted to full corps capacity for general regulatory functions, Rock Island District; Mill Creek and South Slough at Milan, and partial funding for Mississippi River, Rock Island portion of the North Central Division.

As most of you know, spring floods and heavy rains have caused serious damage to many cities and much of the countryside in my district with its more than 200-mile western border on the Mississippi. As recently as 2 years ago, the majority of the counties in my district were declared disaster areas. The flooding problem is one which is a constant threat, and the number of valuable Army Corps of Engineers' projects which have been initiated as a result of funds appropriated by you, my colleagues, have aided greatly in saving both lives and property.

Care and maintenance along the mighty Mississippi, and the Rock River, is imperative in order to protect some of the most fertile and productive land in the Midwest. Twenty-four and a half million tons of cargo moved on the Mississippi in the Rock Island district during 1975. This amount was only slightly less than the 1972 record of 25½ million tons. Almost half of this grain moving south on the river for shipment to markets all over the world.

Full navigation was given to the environment in dredging the Mississippi navigation channel in 1975. A little over half a million cubic yards were dredged at 10 locations for freer movement on the rivers.

The work goes on. The need for funding goes on.

Earlier this year, I testified before the House and Senate committees urging funding for several projects which are within the Corps of Engineers' capabilities. Although the following projects were not funded, I do certainly appreciate the bill H.R. 14326 which is before us today, and urge its immediate approval. However, it is my hope that the other body will include funding for the remaining projects:

Mississippi River, year-round navigation project. The Corps of Engineers expressed a $130,000 capability, but was alloted only $40,000 by the proposed budget and by the House committee. It is important that sufficient funds be appropriated so that the advantage of year-round navigation of the Mississippi River can be determined. I might point out that this project includes several participating congressional districts, not just those along the stretch of the Mississippi bordering the 19th District.

Rock River, Area 1. The corps expressed a $100,000 capability, but no funds were requested in the budget and the House committee made no recommendation. Rock River area 1, needs funding to initiate planning for the construction of agricultural levees and drainage facilities. This project is particularly important to the projection of agricultural lands above East Moline, Ill.

Rock River, Areas 2, 3, 4, and 5. Though the corps capability is $100,000, the area was not listed in the budget, nor was it recommended by the House committee. As in area 1, funding is vital in order to initiate planning for the construction of agricultural levees and drainage facilities in these areas which run from Canoe to Lyndon, Ill.

Milan, Ill. Milan was not mentioned in the budget or the House committee recommendation. Here the corps expressed a $380,000 capability. This project was authorized under the Flood Control Act of 1968. Milan needs protection through the construction of levees, closure structures, and interior drainage facilities including a pumping plant and a ponding area.

In closing I might add my thoughts on a project of deep concern to me, and that is the flood problems which affect Liverpool, Ill. Although small projects may appear to have minimal impact as viewed against these larger projects, I can assure you, Mr. Chairman, that flooding in any area can have devastating effects.

I will continue my work on behalf of all such projects and have contacted members of the Senate Public Work Subcommittee, urging them to approve adequate funding, and will contact the various conferees when a conference report is considered, so that this vital food-producing area will get the attention it requires.

Again, I thank both the Committee on Appropriations and the Subcommittee on Public Works for their past and current efforts, and ask you my colleagues to approve H.R. 14326. We cannot afford to wait.

Mr. MINISH. Mr. Chairman, I will support the amendment offered by the gentleman from Massachusetts (Mr. CONTE) when it is offered to increase the appropriation for solar energy development by $95 million.

This amendment, which I am cosponsoring, will bring the solar energy budget for fiscal 1977 much nearer to the full authorization level of $345 million than the committee bill.

This increase is absolutely vital to maximize the potential solar energy has to alleviate our energy crisis. ERDA, in its original budget request, acknowledged that existing technologies can effectively utilize this additional funding.

The energy we may be able to derive from the Sun represents possibly our most promising alternative to shortages in the fossil fuel area and to the hazards, however minimal, of nuclear energy. It is clear that we must begin to accelerate development of alternative sources of energy like the Sun before it is too late.

Mr. ADAMS. Mr. Chairman, the House today is taking up the public works appropriations bill (H.R. 14236) for fiscal year 1977.

The amounts in this bill as reported by the Appropriations Committee are within the budget resolution allocations made to the Appropriations Committee and that committee's subdivisions as reported to the House. Specifically, approval of this bill would leave about $609 million in budget authority and $300 million in outlays still remaining within the subcommittee's budget resolution allocation.

There are, of course, several differences in the details of funding in this bill and the actions of Congress on the first resolution. For example, the bill is nearly $100 million below the amounts assumed in the allocation for water resources and power programs, mainly those of the Corps of Engineers and the Bureau of Reclamation. The bill also is below the amounts assumed for certain energy programs by over $300 million. Offsetting these reductions are possible additional appropriations assumed in the budget resolution pending final action on the ERDA authorization bill. However, this appropriations bill as a whole clearly indicates the desire and intention of the distinguished Appropriations Committee to achieve the congressional targets on the budget for fiscal year 1977.

I wish to take this opportunity to support the totals of budget authority and the estimated outlays in the reported bill and to express the hope that we will continue to support the discipline we have established for ourselves in the new congressional budget procedures as we proceed through this year.

Mr. CLEVELAND. Mr. Chairman, I intend to support H.R. 14236, the Public Works and ERDA appropriations legislation. Since I have often voted against public works appropriation bills throughout my congressional career. I think this brief explanation of my reasons for casting a favorable vote is in order.

My past opposition to public works appropriations legislation largely stemmed from a view that many of the construction projects being funded could have been deferred or indeed in some cases eliminated in the interests of fiscal restraint. This is not to suggest that there have not been many worthwhile projects: Rather, that the total package to me at least represented too high a price to pay.

This bill before us now also carries a high price tag—approximately $9.6 billion. Of this total, approximately $5.6 billion will be used to fund energy research and development. As one who has long urged accelerated and intensive efforts to develop alternate sources of energy for this country, I feel this funding level is essential.

Indeed, I believe there is room for increases in the ERDA appropriations level and for this reason have cosponsored the amendment to be offered by Mr. CONTE to increase the level of solar energy development to be more consistent with the authorization level of $345.4 million. This amendment is a followup effort to the Jeffords amendment to the ERDA authorization legislation which I also cosponsored.

There is, in addition, one other item in this appropriation bill which is of special interest to me. I refer to the studies of nonstructural flood plain management which are to be undertaken in several "case study" communities in the Connecticut River basin, including one in Keene, N.H., under the auspices of the Water Resources Council. Although the administrative budget for the Water Resources Council was reduced by the Appropriations Committee, I understand that it has been made clear that the committee intends these studies to take place.

As the sponsor of section 73 of the 1974 Water Resources Development Act, which authorizes and in fact requires consideration to be given to nonstructural flood plain management in Federal projects, I am very pleased to see that Keene, N.H., will be one of the first communities studied under this program. Nonstructural management is an alternative to flood control which is fast gaining popularity throughout the country, and I am gratified that the House will give its endorsement to its implementation in New England.

Mr. JOHNSON of California. Mr. Chairman, as we bring to a conclusion the debate of the public works appropriations for fiscal year 1977, I want to rise and say a word of commendation for the outstanding service of Subcommittee Chairman JOE EVINS to the Nation.

I want to express on behalf of myself, the people of northern California, the State of California, and the Nation as a whole how much we are going to miss him in the Halls of Congress.

Over the years that he has served on the Public Works Subcommittee, Committee on Appropriations, and in more recent years as its chairman, it has been a pleasure and a privilege to have worked with him. I have always been impressed with his foresight, dedication, knowledge, and energy.

As a result of his leadership, we, as a nation, have accomplished a great deal. The investment in our water and power resources, which he encouraged and guided with wisdom, has yielded substantial returns and will continue to yield returns for generations to come. All of us who make use of the water or the power, who are protected by the flood control, or who enjoy the fish and wildlife and the recreation benefits of these projects are far better off today because of his leadership in this important area of development.

I speak, of course, primarily about the water and power and flood control projects which I am most concerned with, but I know the same holds true for the harbor and port development programs which this outstanding committee has reviewed under his guidance and leadership. Our economy, our international trade, and the Nation and the world as a whole are in better condition because of the work which he has done, first as a member and then as chairman of this important subcommittee.

It is appropriate, Mr. Chairman, that we should approve today the appropriations bill drafted and refined under JOE EVINS' hand. As usual, he and his fine subcommittee members have come up with a realistic proposal, one that takes into full account the fiscal responsibilities of the Nation but, at the same time, recognizes the needs of the Nation in the field of public works.

The projects which have been started and completed as a result of his leadership and benefits of these which will be enjoyed by millions upon millions of people and stand as a true living monument to a great and effective legislator and spirited public citizen.

Best wishes for the future to our colleague from Tennessee. We are going to miss him.

Mr. KEMP. Mr. Chairman, I rise in support of the appropriations for environmental protection projects and studies for fiscal year 1977 contained in title II, the Public Works Appropriations Act of 1977, of the bill before us. Fiscal year 1977 starts on October 1, 1976.

As a member of the Committee on Appropriations, I know the difficult task faced by its subcommittees in striking a proper balance between what the Federal Government wants to do for the people and what we have the money to do. It is not an easy assignment. I think the chairman of the Subcommittee on Public Works, Mr. EVINS of Tennessee, the ranking minority member, Mr. MYERS of Indiana, and the other members of the subcommittee have done a commendable job in the title they have reported to us.

Financial assistance from the Government in Washington to aid in the planning and construction of works of improvement—such as those funded by this bill—is a form of aid as longstanding as our Nation itself. Originally justified as an activity designed to facilitate commerce among the States under the Commerce Clause of article I of the Federal Constitution, such assistance has become an important aspect of the Federal-State local cooperation which has pervaded our sense of national unity. And it has resulted in incalculable benefits to the people, especially in the protection it has afforded them and their property against natural disasters.

These works of improvement are designed to carry out important environmental objectives today. They are investments to help us protect our environment against the ravages of floods, to improve navigation for both commercial and recreational uses, to enhance crucially needed water supplies for municipalities, to reduce losses to our economy, and to alleviate the human misery which accompanies any failure to come to grips with these problems.

At a time when Government ought to maximize the impact of every dollar it spends, these appropriations take on a critical character. How much more intelligent it is and how much more beneficial to our communities and their residents to spend money for these permanent works of improvement—which leave a lasting, physical benefit in the community—than to spend the same amount of money on make-work, so-called public service jobs. This is certainly true in western New York where the persistent problem of unemployment, particularly in the construction trades, will be alleviated to some degree by the work performed in building these projects, and where the enhanced protection from floods and other disasters is badly needed.

There are a number of projects and studies in and around Erie County, N.Y., which are important to meeting the objectives of utilizing properly our area's resources, which are to be funded by the title before us. These are additional funding for the Scajquada Creek flood control project of $400,000; additional funding of $240,000 for the planning of the Ellicott Creek flood control project; harbor and channel maintenance for Black Rock Lock and Tonawanda Harbor and Buffalo Harbor; diked disposal programs for Black Rock Lock and Tonawanda Harbor and Buffalo Harbor; the Lake Erie wastewater management and Great Lakes water levels control programs; and, additional funding for the shoreline erosion control demonstration program, especially along the Great Lakes.

Let me discuss these activities.

Congressman NOWAK of Buffalo and I testified jointly before the subcommittee on the Scajquada Creek flood control project, contending that the $400,000 needed is justifiable in both general and specific terms. The upstream portion of this project lies within the 38th Congressional District—Erie County—and the downstream portion lies within the 37th District—Buffalo.

The administration had taken an across-the-board, blanket position in the proposed budget against any new Corps of Engineers construction starts in fiscal year 1977. This enabled the administration to more effectively hold the line on the growth in spending, an effort for which it should receive our praise and our general support. I personally do not have any qualms about supporting reductions in general in our spending, but the administration's action here went beyond this. Specifically, by taking a blanket position against any new construction starts for a full year, the adminstration failed to consider, at least on a case-by-case basis, the loss of life and property and the additional high costs to the Government in the form of disaster relief and assistance caused by failing to have flood control structures in place.

In an effort to reduce the budget in one area, it would have run a very high risk of increasing it even more in others. What we would have saved on corps construction, we may have forfeited on disaster assistance, and not building flood control structures will certainly not improve the weather or make floods go away. And even if there were a dollar-for-dollar tradeoff in appropriations between construction starts on one hand and disaster assistance on the other it does not take into consideration the hardships inflicted upon the people by failing to provide adequately for their protection against floods.

Flooding along Scajaquada Creek has been persistent and at times severe. Floods in May 1957, January 1959, August 1963, and September 1967, the latter two causing substantial damage, have been replaced in recent years with flooding every year. The corps' design memorandum concluded that this annual flooding has been caused principally by the nearly complete urban development along its course.

This project is ready. The design has been completed. There are no environmental issues. Assurances have been given by the corps that the stream channelization will be stable and the stream banks restored to prevent silting in Delaware Lake Park, a major source of its pollution. Effective February 9, 1976, the Buffalo District of the corps has been given fiscal year 1977 capability of $400,000 for this project, a capability communicated to me on February 11 by the District Engineer. This $400,000 would allow the corps to complete plans and specifications for the project, award a construction contract and initiate construction of the project.

This is not a large project in dollar terms. The total Federal share is estimated at no more than $2.4 million, a small amount as most flood control projects go. But it is a large project to those who now must annually suffer from the consequences of not doing this construction work. The benefits to the people of Cheektowaga, Lancaster, Depew and Buffalo are certainly worth this investment by the Federal Government.

In light of these facts the subcommittee and the full committee approved the $400,000 we requested. It is the title before us. I am also pleased to report that the Subcommittee on Public Works of the Senate Committee on Appropriations, at the request of Senator JAMES L. BUCKLEY, a member of that subcommittee, last week approved $400,000 for Scajaquada Creek in its bill.

The House subcommittee has also provided $240,000—the level requested by the administration—to continue preconstruction planning for the Ellicott Creek flood control project in the towns of Tonawanda and Amherst. The environmental issues on this project have been resolved through a citizens advisory team which brought together once-divergent interests; it has been a successful undertaking.

The title before us also provides $285,000 for the Black Rock Channel and Tonawanda Harbor diked disposal project and $2,000,000 for the diked disposal program for Buffalo Harbor, the former constituting a $110,000 increase over the administration request and the latter constituting a $385,000 increase over the administration request.

The bill also provides for $851,000 to maintain Black Rock lock, dredge the Black Rock Channel, and repair the Bird Island pier, and $1,125,000 for channel dredging in Buffalo Harbor, all of which is at the administration-requested level.

The title before us takes another step in the right direction in increasing the Federal commitment to shoreline erosion control, although I must say that we have a long way to go. This has been an uphill struggle, and despite the millions of dollars in damage to the shorelines along our oceans, gulfs, inlets, and the Great Lakes, the struggle continues. This is an area of great concern to me.

It took years to win the passage of a shoreline erosion control demonstration program. Federal participation in such programs started in 1946—30 years ago—but of a total of 64 projects authorized since then on the Federal level, only 20 have been completed according to a new General Accounting Office study. The average time to complete the 20 projects or project segments has been about 10 years from the date of the local request. These delays in scheduling and completing Federal projects have resulted in increased construction costs, the loss of additional shoreline properties, the need for projects to be restudied—which means even more delay, and the need for the construction of temporary measures—which means even more costs.

Under the leadership of the Committee on Public Works and Transportation, Congress began in 1973 a major effort to deal with beach and shoreline erosion. The committee included in its Water Resources Act of that year a provision, section 54, to authorize a shoreline erosion control demonstration program. Having passed the House and Senate, it was signed into law, Public Law 93-251, on March 7, 1974, as the Shoreline Erosion Control Demonstration Act. But the major, new commitment which many of us foresaw did not occur. The administration did not request any supplemental fiscal year 1974 funding nor any fiscal year 1975 funding, although $100,000 was reprogramed to finance the initial activities of the Shoreline Erosion Advisory Panel, a panel authorized by the 1974 act.

Funding was not requested by the administration for fiscal year 1976, but the Congress had the foresight to increase the zero funding for the program to $320,000. The administration requested $200,000 for fiscal year 1977, but the title now before us provides an even greater commitment to correcting this shoreline erosion problem, providing specifically for $500,000 for the section 103 program—small beach erosion projects not requiring specific legislation costing up to $1 million—and for $1.5 million for the section 14 program—emergency streambank and shoreline protection.

I know personally of the tragic damage which has been caused to both personal property and to the environment by shoreline erosion from the onsite inspections of damaged areas along the Great Lakes and from the conversations and correspondence I have had with property owners along Lake Erie, especially the residents along Hoover Beach. Trying to secure Federal help for this area has been a frustrating experience, but it is one on which I have no intention of giving up. Under existing law the area is not eligible for direct assistance because it is largely in private ownership and because granting public access to the beach causes more problems than it resolves.

I had hoped the area would be selected as a demonstration site under the 1974 act, but this does not now appear likely. I have even introduced a bill to allow property owners who suffer losses from this shoreline erosion to take a full deduction for such losses from their Federal income taxes, a measure which is not what we are really looking for, but is nonetheless some means of recovering their dollar losses. I am now looking into the possibility of assistance being available through some type of matching program through which the substantial outlays already made by the property owners can be counted as in-kind contributions.

One proposal has been put forward by the Corps of Engineers to deal with the shoreline erosion problems on Lake Erie by reducing the level of water on the lake. This is the Squaw Island diversion channel, a project which calls for a 1,300-foot-long channel of 75 to 90 feet in width across Squaw Island at the entrance to the Niagara River. There is great skepticism about the potential effectiveness of this project—whether it will accomplish its intended goals—and a number of problems as well. First, the corps contends this project will reduce the water level on Lake Erie by as much as 10 inches, but the director of the Great Lakes Laboratory of the State University College at Buffalo, itself a corps contractor on other hydrological matters on the lakes feels it could be much less, perhaps only 3 to 5 inches. The benefits—along the shoreline and on the benefit-cost ratios of the corps—would be dramatically different if the water level is reduced by only 30 to 50 percent of projected reduction. Second, the reduction of the water level of Lake Erie through expanding the water flow out of the lake through Squaw Island would dump that excess water into the next lake down the chain—Lake Ontario—thus creating too-high water problems on that lake.

Third, the diversion channel would discharge the highly polluted waters of the neighboring Black Rock Canal as well as reflect the effluent from the Buffalo sewage treatment plant at such a location and velocity that they could enter the west channel and contaminate the drinking water of over 1 million individuals in the town and city of Tonawanda, North Tonawanda, Niagara Falls, Lockport, and numerous other areas of Erie and Niagara Counties or incur major additional costs to those communities through expenses required to restore the water quality. This change in water flow may also contaminate the waters at Beaver Island State Park on the southern tip of Grand Island, the only swimming area on the U.S. side of the Upper Niagara and a major recreational area.

Fourth, by cutting across Squaw Island, the channel would increase the Buffalo Sewer Authority's cost by $300,000 to $500,000 annually to carry and dump residue from the Squaw Island incinerator to other disposal sites.

It is for these reasons that the Squaw Island project should be put in abeyance until either the questions raised are answered satisfactorily or another alternative to accomplish the goal is devised. If we deepen the river in the region of the Niagara shoals, make greater use of the Chicago Sanitary Canal to lower the water level of the upper lakes on the chain, and widen and deepen the St. Lawrence River channel so the water can be taken easily out of Lake Ontario, then we can proceed with a comprehensive plan which will reduce the water level of Lake Erie without endangering the property owners of other areas, and this is certainly our goal. We ought to address the overall question, not address one component of it at the expense of others. And, when one weighs the costs of such an undertaking with the lesser costs of erosion control efforts, one sees why I will continue to try to get Federal assistance for that area. I think the Committee on Public Works and Transportation and the Committee on Appropriations would be well advised to look into the sufficiency of Federal efforts in this subject area.

Mr. McDADE. Mr. Chairman, I rise in support of H.R. 14236, public works appropriations, and urge its adoption by the House.

I also wish to commend the Subcommittee Chairman Joe L. Evins for his outstanding work over the years in overseeing this bill. As I am certain my colleagues all recognize, this is Mr. Evins' last public works appropriations bill. I wish to add my thanks for the fair and evenhanded approach and cooperation of the chairman and ranking minority member John Myers. I must also express the thanks of my constituents for the consistent support of two critical projects in my district, funding for route 209 in the Delaware Water Gap National Recreation Area and for the Tioga-Hammond and Cowanesque Dam projects.

Mr. Chairman, I am very pleased that the subcommittee accepted my amendment providing an additional $1.5 million to maintain momentum on route 209.

This is a narrow, 28 mile, 2 lane highway built in 1935 and today connecting two heavily traveled interstate systems. It has been described as the most unsafe highway in the State of Pennsylvania resulting in an accident every 48 hours and causing over $1 million in property damage in 1974.

Since 1966 the Federal Government has maintained a constant presence in this area and acquired over 48,000 acres of land.

I believe in the past year we have made more progress toward resolving the route 209 difficulty than ever before. This progress has been because the subcommittee and the House made a decision last year to press on with the road and stuck to it in the face of tremendous complexities and incredible bureaucratic confusion.

The $1.5 million included in this bill, along with the $4.6 million made available last year will, at today's prices, allow the corps to come very close to completing land acquisition in the relocated route 209 corridor.

The subcommittee, the House, and all Government agencies concerned are in agreement on the relocated route. I am hopeful that the corps will now proceed with all due haste to honor the Federal commitment to the northeastern Pennsylvania residents who are dependent on this road.

Mr. Chairman, in addition to the funds for relocated route 209, the bill also contains over $55 million for work on the Tioga-Hammond and Cowanesque Dam projects in northeastern Pennsylvania. The committee approved my amendments adding $7.5 million to the budget to expedite construction on these projects. In addition, at my request, the committee agreed to some $2.2 million in reprogramed funds for Tioga-Hammond, bringing the total increase for these projects for this year to almost $10 million.

The construction of these projects is absolutely essential to meet the flood control needs of the Susquehanna River Watershed and to the areas near the Tioga and Cowanesque Rivers. During the last 4 years, residents of this area have been twice subject to some of the worst flood devastation in our history. According to the Army Corps of Engineers the completion of these projects will substantially alleviate the threat of future flooding in northeastern Pennsylvania. In addition the projects will greatly enhance the recreational advantages to Pennsylvania's Northern Tier.

In conclusion, I would again like to thank the subcommittee members who have worked with me and supported my efforts to resolve the route 209 problem and provide critical flood protection to northeastern Pennsylvania.

Mr. DODD. Mr. Chairman, I will support the amendment to be offered by Mr. Conte to raise the appropriation levels for solar funding up to $309 million for fiscal year 1977. As a member of the Science and Technology Committee I have closely followed the increased interest of this Nation in solar energy as a viable alternative to our limited fossil fuel resources.

Nowhere has this interest manifiested itself so vocally as in the national competition for the Solar Energy Research Institute, SERI. States and regions throughout the country are competing for the location of SERI in their area. SERI, which will serve as a focal point for the development of new solar technologies is an important aspect of the overall solar energy program.

However, if solar energy is to become the source of unlimited energy for the future it is necessary now, in the research and development stage, that adequate funding is provided.

In addition, the funding levels provided by the amendment will allow much quicker development of the solar heating and cooling program, photovoltaics and solar thermal program, all areas with potential short-term returns.

The increased funding will also aid in the speedy transfer of these technologies from the research and development stage to actual commercial application, where private enterprise begins to market the new technologies.

Nuclear fission, fusion, and the development of the Outer Continental Shelf oil reserves are all potential sources of energy that are currently being developed. By making this commitment to the development of solar energy, we insure that the national energy R. & D. efforts are directed at all potential sources of energy for the future. I urge the adoption of the amendment.

Mr. MIKVA. Mr. Chairman, I would like to thank the members of the House Appropriations Committee, and particularly Chairman Joe L. Evins of the Subcommittee on Public Works and my colleague from Illinois, the Honorable Sid Yates, for working so hard to provide the funds necessary to complete construction of the north branch of the Chicago River project in Illinois.

This project has been long sought by the communities of northern Cook County. It will provide much needed relief from the damages caused by flooding along the north branch of the Chicago River.

The north branch project stands as another example of Chairman Evins' distinguished service in the House of Representatives. During his tenure of service, Chairman Evins has become expert at walking the legislative tightrope between environmental considerations and sound economic growth, and I congratulate him on accomplishing this feat once again with H.R. 14236, the public works appropriations bill.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise in support of H.R. 1223, the appropriations bill for public works for water and power development and energy research.

This bill represents an outstanding balance between the need for stimulation of our high unemployment sectors and the need for noninflationary Government programs. It provides an increased level of funding for public works programs; this will not only help to alleviate the unemployment problems of skilled workers and craftsmen, but will also provide additional benefits to those areas plagued by severe economic dislocation.

This bill includes funding for several, much-needed projects in my own district, one of which is the channel deepening of Humboldt Harbor and Bay. Because of the present inadequate depth of Humboldt Harbor, deep draft vessels are restricted from entering the Port of Eureka. Consequently, considerable revenue has been lost to this area which has an unemployment rate of 18 percent. The additional funds recommended in H.R. 1223 for this project and others like it, will help to create permanent, productive jobs which will contribute to the national income, not take away from it.

In this area waterborne transportation is the key to economic diversification and, hopefully, job creation and stabilization. I am grateful to the committee for acceding to my request for a construction start of this important navigation project. Other important projects that are funded by this bill include: Investigative studies on, the Eel River, northern California streams, coast of northern California and Humboldt Harbor, the operation and maintenance of, Coyote Valley Dam, Humboldt Bay, Noyo Harbor, and the Petaluma River; the advanced engineering and design phase of the Bodega Bay project; Warm Springs in Sonoma County and the Napa River flood control project.

That portion of this measure which addresses itself to the development of energy sources is equally important to the development of new job opportunities. Our economy is so closely tied to the availability of cheap energy sources that events such as the Arab embargo pose a serious threat to future economic progress and the availability of a healthy job market.

In the coming years our dependence on foreign sources for our energy supplies will continue to grow and it will become more and more imperative that we make progress toward energy exploration and the research and development of new energy alternatives.

Even more specifically, provisions to increase our level of funding for solar energy—which I supported in the earlier authorizations—are an important part of our effort to reach "energy self-sufficiency." Solar energy is obviously not new, but as I see it, it is at an important turning point where we can secure a broad based commercialization of this vital energy source. I have long been a strong advocate of the need to develop solar power. I have consistently fought for programs in the field of heating and cooling by solar energy so that our dwindling sources of fossil fuels could be used for vital surface transportation and the petrochemical industry.

As I see it, we can deal effectively with the potential dearth of fossil fuels in the years to come by bringing our undeveloped and underdeveloped energy resources on line as part of a balanced and integrated national energy policy. Solar energy is secure available energy which is pollution free, not subject to international embargo and is in unlimited supply. Our challenge is to develop a program to effectively harness this energy so that it is affordable and commercially feasible. The requested increases in this appropriations bill are important in our efforts to maintain a stable economy in the face of depleted energy sources.

Mr. DON H. CLAUSEN. Mr. Chairman, I would like to take a moment to express my deep regret upon learning of the decision of our colleague from Tennessee (Mr. Evins) to retire. He has been an outstanding Member of Congress, a conscientious representative of the people of his district, an extremely effective subcommittee chairman, and is and always will be a fine American. We will miss him here in the Congress.

As a senior ranking member of the House Public Works Committee I have had the opportunity to work on authorizing legislation which Joe Evins as chairman of the Public Works Subcommittee of the House Appropriations Committee has had the responsibility for funding. During our many years of working together I have enjoyed an extremely close working relationship with Joe and have grown to admire, respect and appreciate this great Congressman from Tennessee.

He has represented his own constituents in the Fourth District of Tennessee extremely well. He has seen to it that those projects that represent a genuine investment in institutional and resource development went forward. But, the most important thing is that Joe will always be remembered as a man who considers the interests, concerns and problems of all of his colleagues.

We in California have grown to depend upon him heavily and he has always responded in a fair and equitable manner. My own Redwood Empire District has more than its fair share of problems in the water resource and flood areas and I want you to know my constituents will be eternally grateful.

Joe, I want you to take the time during your retirement to visit those sections of the country where projects have been built which you helped to fund. You will come to realize the magnitude and multitude of monuments for which you are directly responsible and for which this country will be eternally thankful.

Mr. EVINS of Tennessee. Mr. Chairman, I have no further requests for time.

Mr. MYERS of Indiana. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Operating Expenses

For necessary operating expenses of the Administration in carrying out the purposes of the Energy Reorganization Act of 1974; hire, maintenance, and operation of aircraft; publication and dissemination of atomic and other energy information; purchase, repair, and cleaning of uniforms; official entertainment expenses (not to exceed $25,000); reimbursement of the General Services Administration for security guard services; hire of passenger motor vehicles; $4,077,783,000 and any moneys (except sums received from disposal of property under the Atomic Energy Community Act of 1955 and the Strategic and Critical Materials Stockpiling Act, as amended, and fees received for tests or investigations under the Act of May 16, 1910, as amended (42 U.S.C. 2301; 50 U.S.C. 98h; 30 U.S.C. 7)) received by the Energy Research and Development Administration, not to exceed $738,000,000, notwithstanding the provisions of section 3617 of the Revised Statutes (31 U.S.C. 484), to remain available until expended: *Provided*, That from this appropriation transfers of sums may be made to other agencies of the Government for the performance of the work for which this appropriation is made, and in such cases the sums so transferred may be merged with the appropriation to which transferred: *Provided further*, That the amount appropriated in any other appropriation act for "Operating expenses" for the Energy Research and Development Administration for the fiscal year ending September 30, 1977, shall be merged, without limitation, with this appropriation.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Conte: Page 2, line 23, strike out "$4,077,783,000" and insert in lieu thereof "$4,172,783,000".

Mr. CONTE. Mr. Chairman, I rise to offer an amendment to increase funding by $95 million for ERDA's solar energy research and development operating expenses.

I am pleased to say that in offering this amendment that I am joined by 79 cosponsors. I am also very pleased to report that the distinguished chairman of the Public Works Appropriations Subcommittee, my great friend and colleague Joe Evins of Tennessee, has consented to accept this amendment.

I want to commend the chairman for his courage and leadership in accepting this important amendment. He has drawn, once again, the fine line between fiscal responsibility and creative funding that has marked his term as chairman of the Public Works Subcommittee.

It was with some regret that I learned earlier this year that Chairman Evins would be retiring at the end of this Congress. Not only have I enjoyed his companionship and leadership on the Appropriations Committee, but I have also found him to be one of the strongest champions of small businessmen and personal investment opportunities on the Small Business Committee. Chairman Evins' towering presence, integrity, and loyalty will be sorely missed in this House.

With this amendment, solar energy funding in ERDA in fiscal year 1977 will reach $309 million, an increase of 170 percent over the present fiscal year. This increase is dramatic in scope, and represents an important breakthrough for this Nation's solar energy program.

Authorization for this substantial increase in solar energy funding was approved by the House on May 19 in a vote on the Jeffords amendment to the ERDA authorization bill. This amendment was adopted by the margin of 321 to 68, which is a testament to the industry and intelligence that the distinguished Member from Vermont has applied to this legislation.

Because the committee bill already has accelerated those solar subprograms which can have a near-term impact, the purpose of this amendment is to increase funds for longer-term solar projects.

This amendment has two broad purposes. First, this increased funding will develop a strong and growing momentum in the development and commercial application of solar technologies. For example, our space program of the past decade discovered the basic technology of photovoltaics, or solar fuel cells, but still remain only a "breakthrough" away from making this technology widely available at a low cost.

The second purpose of this amendment is to elevate the funding levels for solar energy to match energy policy objectives already announced by the administration.

Speaking for the 80 sponsors of this amendment, we believe that all of these additional funds can be effectively utilized by ERDA.

Moreover, we believe that the return to the taxpayers on this investment will be enormous over the long term. The added funds in this bill are needed to provide many promising nonnuclear technologies the opportunity to be tried and proven. I am pleased to note that both the Massachusetts Institute of Technology and the jet propulsion laboratory of the California Institute of Technology have indicated they are pursuing several solar fuel cell technologies that could be commercially available at competitive prices by 1985 for the generation of electricity and for home usage.

These are opportunities this Nation cannot afford to pass up. We need to develop solar energy technology to provide us with renewable and reliable power sources for the future and to help ease our growing dependence upon foreign sources for oil supplies.

Mr. Chairman, I recognize that a committee report cannot be amended on the House floor. However, for the RECORD, I am submitting a detailed analysis and recommendation concerning the disposition of the $95 million in solar funds added by this amendment. This line item recommendation follows:

Page 8; line 9, change 1977 (recommended) to: 309,000,000 169%.

Page 11, Operating Expenses:
Recommended 1977, $4,172,783,000.
Comparison:
Appropriation 1976: +$1,023,268,000.
Budget estimate 1977: +$43,887,000.
Page 12, line 1, change to:
Column 3, 282,900,000.
Column 4; 139,000,000.
Line 27, program direction;
Change to:
Column 3, 216,385,000.
Column 4, +$4,200,000.
Line 37, total program support:
Change to:
Column 3, 282,722,000.
Column 4, +$7,292,000.
Line 39, subtotal budget authority;
Change to:
Column 3, 4,986,183,000.
Column 4, +$242,687,000.
Line 46, total operating budget authority;
Change to:
Column 3, 4,172,783,000.
Column 4, +43,887,000.
Page 13:
Line 1, solar energy development:
Change to:
Column 3, $219,000,000.
Column 4, $108,500,000.
Line 27, program direction:
Change to:
Column 3, 216, 385,000.
Column 4, +$4,200,000.
Line 37, total program support:
Change to:
Column 3, 280,862,000.
Column 4, +$7,292,000.
Line 38 total program:
Change to:
Column 3, $4,585,324,000.
Column 4, +$187,492,000.
Line 39, goods and services on order:
Change to:
Column 3, $322,843,000.
Column 4, +$67,195,000.
Line 41, total increase in selected resources:
Change to:
Column 3, $400,859,000.
Column 4, +$67,195,000.
Line 42, total gross obligation:
Change to:
Column 3, $4,986,183,000.
Column 4, +$242,687,000.
Page 14:
Line 7, total operating budget authority:
Change to:
Column 3, $4,172,783,000.
Column 4, +$43,887,000.

The amendment includes a total of $287,100,000, an increase of $145,300,000 over the budget estimate for solar energy research and development operating expenses. The purpose of this program is to significantly expand the Nation's energy supply through the development and demonstration of solar energy systems that are economically attractive and environmentally acceptable.

The Congress commitment to this program is evidenced in the following table which shows the total level of funding for the solar program for the last five years for both "operating expenses" and "plant and capital equipment."

Solar energy R. & D. (budget authority)

Fiscal year:	
1973	$4, 000, 000
1974	15, 000, 000
1975	43, 000, 000
1976 (estimate)	115, 000, 000
1977 (recommended)	309, 000, 000

An ERDA report on solar energy predicted that it can provide up to 7 percent of America's energy needs by the turn of the century and up to 25 percent by the year 2020. Independent evaluations indicate that the energy potential in the area of photovoltaics, solar heating and cooling, solar thermal, total energy systems, bioconversion, wind, and ocean thermal systems can be expected to fulfill 10 percent of our Nation's energy demand by 1990 under an accelerated program. Data from industry sources indicates that cost competitive energy, particularly in photovoltaics, can be obtained by 1985. Testimony by industry and university representatives has emphasized the need for an increased level of spending which would establish a national commitment and would serve to galvanize commercial markets into action. This appropriation represents the first step in an aggressive national solar energy program having two broad purposes.

First. To develop a momentum in the solar program—particuarly photovoltaics, solar thermal, and solar heating and cooling—which will bring lower cost solar energy, available as a more widespread basis, at a pace which it is reasonably clear the technology can now sustain.

Second. To elevate the funding level to match policy objectives already announced by the administration. That is, to commit the Nation to solar developments in the same way as the Nation is now committed to the breeder reactor and to demonstrate by 1985, the viability of the renewable energy option.

The following table lists the amendment's funding recommendations for the various subprograms within solar energy:

SUMMARY OF ESTIMATE BY SUBPROGRAM

	Fisca year 1976	Fiscal year 1977 budget	Amendment
Direct thermal applications:			
A. Solar heating and cooling of buildings:			
1. Commercial demonstrations	$18, 200, 000	$16, 700, 000	$35, 000, 000
2. Residential demonstrations	5, 900, 000	8, 100, 000	27, 000, 000
3. Research and development	5, 000, 000	10, 500, 000	15, 000, 000
4. Development in support of demonstrations	6, 000, 000	10, 000, 000	20, 000, 000
B. Agricultural process heat applications	4, 750, 000	3, 900, 000	7, 000, 000
Technology support and utilization:			
A. Solar energy resource assessment	1, 000, 000	1, 500, 000	6, 500, 000
B. Solar Energy Research Institute	2, 200, 000	1, 500, 000	2, 500, 000
C. Technology utilization and information dissemination	600, 000	1, 000, 000	3, 000, 000
D. Solar storage	1, 600, 000	0	0
Solar electric applications:			
A. Solar thermal electric conversion	14, 300, 000	30, 900, 000	57, 200, 000
B. Photovoltaic energy conversion	21, 600, 000	28, 200, 000	64, 200, 000
C. Wind energy conversion	14, 900, 000	16, 000, 000	21, 000, 000
D. Ocean thermal energy conversion	8, 100, 000	9, 200, 000	13, 000, 000
Fuels from biomass	4, 500, 000	4, 300, 000	11, 500, 000

A. DIRECT THERMAL APPLICATION

First. Solar heating and cooling of buildings. This program is aimed at stimulating the developments of an industry to produce, distribute, and service solar hardware for hot water heating and space heating and cooling for residential—including mobile/modular—and commercial buildings. The program is designed to demonstrate the practical use of solar heating and hot water technology by the end of 1977 and to demonstrate the practical use of combined heating and cooling technology by the end of 1979. This will be accomplished by a series of demonstration projects applicable to new and existing buildings and by research and development to advance solar technology. The first 2 years of demonstration projects will concentrate on continuation of a set of projects, followed by data collection and analysis, and developments of improved systems based on the data. These projects will establish the technical and economic feasibility of solar heating and cooling equipment and will ultimately lead to broad acceptance of solar energy for use in heating and cooling of residential and commercial buildings.

Second. Agricultural and process heat applications. The objective in this area is to provide direction and incentive to applying solar state-of-the-art components and technology to agricultural and industrial heat processes. The committee believes that agricultural and process heat demonstrations show great potential for new term large projects in grain drying, crop curing, animal and poultry shelter, greenhouses, agricultural food processing, and to supply a significant fraction of the energy requirements of industry. It is therefore anticipated that the increase in funding will be used primarily to assure nationwide coverage.

B. TECHNOLOGY SUPPORT AND UTILIZATION

This subprogram supports the technical subprogram included in the solar energy program. Activities in technology support and utilization include the assessment, promotion, marketing, and communicating of all aspects of solar R. & D., its resources, and its potential economic viability in the energy marketplace.

Included in this subprogram are funds for resource assessment. As there currently exists no adequately defined resource base for all the solar energy technologies under development, a major expansion of these activities is vital. As a part of the increase in authorization for this subprogram $1 million is provided for ERDA to undertake a detailed evaluation of the potential impact of solar energy upon the national economy, industry, the work force, and the utility structure. Such a policy and analysis evaluation will provide ERDA and the Nation with guidelines for future use of solar energy.

Included in this subprogram are funds for the Solar Energy Research Institute—SERI. The amendment includes a $1 million increase for SERI to a level of $2,500,000. SERI will perform research, development, and related functions to support the national solar energy program. The fiscal year 1977 request for SERI provides for costs associated with startup activities and partial conceptual design of facilities that may be required as a part of an accepted SERI proposal. The programmatic costs of the SERI are included under the technical subprograms.

The increase is to help insure that further delays in the implementation of SERI will not occur.

C. SOLAR ELECTRIC APPLICATION

The solar electric application subprogram includes those technologies where principal outputs can be electrical power but which can also produce other forms of energy like thermal, mechanical, and so forth. The subprogram is subdivided into four categories: Solar thermal energy, photovoltaic energy, wind energy, and ocean thermal energy. The main objective of this subprogram is to develop and demonstrate these technologies for collection and conversion of solar energy to electrical energy.

Different approaches to these objectives include:

1. SOLAR THERMAL ELECTRIC CONVERSION

The objective of this program is to provide a technological base for the generation of heat at high temperature from solar energy, and the subsequent utilization of the heat for the generation of electricity as central power stations for combined electrical and thermal systems—total energy systems—for solar heat augmentation of conventional powerplants, for process heat to industry, for electrical power generation for small communities, and for irrigation and other pumping needs.

The increase in funding will provide for an expanded program and will allow for the initiation of parallel programs of development in central receiver concepts as well as in alternative concepts. The amendment includes a substantial program for the demonstration of alternative solar thermal concepts for application to irrigation, small communities, agriculture, desalination, and secondary resource recovery. These added funds will provide for concept evaluation of solar thermal power generation systems for small communities, electric cooperatives, and municipal utilities and should include the analysis of electric power grid interconnect and switching problems as well as the resolution of technical and economic feasibility questions related to such power generation systems.

2. PHOTOVOLTAIC ENERGY CONVERSION

The overall objective of this photovoltaic energy category is to provide the technical developments which will lead to low cost, reliable, safe, and environmentally acceptable photovoltaic systems and to stimulate the creation of a viable industrial and commercial capability to produce and distribute these systems for widespread use in residential and commercial applications.

The increased budget will greatly enhance the assurance of meeting the programs' objective of developing low cost, reliable photovoltaic systems for widespread use in residential, industrial, and commercial applications by the mid-1980's. It expands the programs associated with novel materials and devices, increases the studies on cadmium sulfide and other thin film materials, increases the development funds for concentrating subsystems, and provides for accelerating the program to achieve large-scale implementation and demonstration of automated fabrication techniques and methods.

It is also expected that the additional funds would provide for the evaluation of the technical and economic feasibility of generating systems for electric power generation on both a centralized and decentralized basis.

3. WIND ENERGY CONVERSION

The primary purpose of this program is to develop the technology base of large-scale economically viable wind energy systems suitable for supplying commercial and rural residential electric power, and to accelerate their implementation through demonstration of large-scale experimental systems. It is contemplated that second generation systems for modest wind zones and significant expansion of the application of 10- to 50-kilowatt machines for irrigation, rural distributed power production, and other agricultural uses will be initiated with these funds.

4. OCEAN THERMAL ENERGY CONVERSION

Objective of the program is to establish a technically and economically viable technology base leading to the demonstration and commercial implementation of large-scale floating powerplants capable of converting ocean thermal energy into significant quantities of electrical energy and to obtain the answers to a number of fundamental questions such as biofouling and heat exchange performance. These answers will in turn determine the subsequent direction of the overall ocean thermal technology program.

D. FUEL FROM BIOMASS

The objectives of the fuel from biomass subprograms are to develop and demonstrate the economic and technical feasibility, and environmental acceptability of utilizing essentially inexhaustible agricultural and forestry residues, producing terrestrial and marine biomass and converting these organic materials to clean fuels, petrochemical substitutes, food and other energy-intensive products.

Increased funding for the program will assure that parallel work will begin in all major areas and that a comprehensive national biomass conversion program will be formulated and implemented in order to make maximum use of this valuable energy resource.

PROGRAM DIRECTION

The appropriation as amended is a total of $216,385,000 for program direction. The $4,200,000 increase in funds is to be utilized for additional program direction for the solar energy programs. This program covers the salaries, travel and other costs associated with program direction and administration of ERDA. The major portion of these funds is for the salaries of personnel directly employed by ERDA.

I include the following:

CONGRESS OF THE UNITED STATES,
June 14, 1976.

Subject: Vital funding increase for solar energy technologies in FY (77) ERDA appropriations (public works appropriation bill).

DEAR COLLEAGUE: On May 19th, we amended the ERDA Authorization for FY 77 by increasing the funding level for solar energy programs to $345.4 million.

This first step in establishing an appropriate national commitment to these promising technologies needs to be followed up by a comparable funding increase in the ERDA solar appropriation as contained in the Public Works Appropriation Bill for FY 77. That appropriation measure for solar technologies now stands at a low $214 million.

Scheduled for floor action on Tuesday 15 June at 10 AM, seven members of the House Appropriations Committee are co-sponsoring an amendment to be introduced by Congressmen Conte and Koch which would increase the ERDA solar program appropriation consistent with the amount authorized. See their Additional Views to the Committee Report, attached.

The goal: that by 1985 the viability of the renewable energy option will be established.

The distribution of the additional money as among the various solar technologies conforms to the Jeffords-Weaver-Runnels amendment (as modified by the Brown substitute) to the authorization measure (i.e., 50% for heating and cooling technologies, 50% for other solar technologies, and an appropriate staffing increase.)

From the point of view of the new budget process, we note that in the Public Works Appropriation measure, the Natural Resources, Environment and Energy category is more than $590 million under the budget resolution target level. Our proposed 1.1% increase in the Appropriations bill is thus well within the target. Specifically, the Appropriations Committee report on this bill states:

"BILL COMPARED WITH THE CONCURRENT RESOLUTION ON THE BUDGET

"In accordance with Section 308(a) (1) (A) of the Congressional Budget Act of 1974 (P.L. 93-344), the following table provides com-

parisons between the new budget authority targets set forth in the First Concurrent Resolution on the Budget, as allocated by the Committee on Appropriations under Section 302 of the Act, and the budget authority contained in the accompanying bill.

Category	New budget authority		
	Target	Committee Bill	Difference
National defense	$1,918,291,000	$1,908,991,000	-$9,300,000
General science, space and technology	481,000,000	492,775,000	+11,775,000
Natural resources, environment and energy	7,436,907,000	6,846,546,000	-590,361,000
Community and regional development	300,397,000	302,397,000	+2,000,000
General government	500,000	500,000	
Total	10,137,095,000	9,551,209,000	-585,886,000

As is pointed out in the enclosed Additional Views to the Appropriations Committee report, *this amendment has 2 broad purposes:* (1) to develop a momentum in the solar programs—particularly Photovoltaics, Heating and Cooling, and Solar Thermal—which will bring lower cost solar energy, available on a more widespread basis, at a pace which it is clear the technology can now sustain.

(2) To elevate the funding levels to match policy objectives already announced by the Administration, i.e., to commit the nation to solar development in the same way as the nation is now committed to fusion and the breeder reactor.

Information from reliable industry and Administration officials, and knowledgeable independent authorities has convinced us that:

(*1*) *Absorptive Capacity:* the technologies can effectively utilize this additional funding. It is significant that the original ERDA branch chief requests, from the persons most knowledgeable about the practical capacity to use the funds effectively, totalled $471.2 million, 25% higher than the figure the House authorized.

(*2*) *Economic and Commercial Viability:* the funding is needed to give our most promising non-nuclear technologies the opportunity to prove themselves viable as a major American energy source. The prospects *could* be bright indeed: both the Jet Propulsion Laboratory of the California Institute of Technology and MIT have indicated that several Photovoltaic technologies exist which could be economically competitive with all other energy sources *by 1985,* for generation of electricity and for home usage. This goal, however, can only be achieved by increasing the funding level for the Photovoltaic branch in ERDA and not with the $30.1 million presently in the committee bill. If the present figures are allowed to stand, such promising technologies will be stretched out many years and solar energy will be a reality in the next century rather than in the coming decade.

Other reductions in the committee bill would serve to eliminate or minimize solar energy technology development with specific application to irrigation, agricultural needs, small communities, industrial facilities, and rural communities. We feel these technologies are vital and must be restored—the proposed amendments will accomplish this goal.

In reinstating this funding we believe it will be possible to go forward with decentralized systems at adequate timetables as well as with central station power systems.

We ask your support and co-sponsorship of this amendment. If you would like additional information or would like to cosponsor, please call us directly or contact our staffs (Dick 54115, Larry 55178, Jeff 56416) as soon as possible.

Sincerely,

Harold Runnels, New Mexico; Jim Weaver, Oregon; David Obey, Wisconsin; Manuel Lujan, New Mexico; Berkley Bedell, Iowa; Stewart McKinney, Connecticut; Bill Lehman, Florida; Lou Frey, Florida.

Edward Koch, New York; Robert Duncan, Oregon; Yvonne Burke, California; Charles Thone, Nebraska; Mo Udall, Arizona; James Cleveland, New Hampshire; Omar Burleson, Texas; Gilbert Gude, Maryland.

James Jeffords, Vermont; Silvio Conte, Massachusetts; Clarence Long, Maryland; Richard White, Texas; Robert W. Edgar, Pennsylvania; John McCollister, Nebraska; Alan Steelman, Texas; Norman Y. Mineta, California.

Edward Beard, Rhode Island; Alan T. Howe, Utah; Joe Moakley, Massachusetts; Les Aspin, Wisconsin; Ronald M. Mottl, Ohio; Gerry Studds, Massachusetts; Elwood Hillis, Indiana; Donald Fraser, Minnesota; Patsy Mink, Hawaii.

Robert Drinan, Massachusetts; Elizabeth Holtzman, New York; Thomas Downey, New York; Stephen Solarz, New York; John Jenrette, South Carolina; Spark Matsunaga, Hawaii; Paul Tsongas, Massachusetts; Bob Bergland, Minnesota.

Mark Hannaford, California; Steve Neal, North Carolina; David Emery, Maine; Thomas Rees, California; Larry Pressler, South Dakota; Paul Simon, Illinois; John LaFalce, New York; Millicent Fenwick, New Jersey, Herman Badillo, New York.

Frederick Richmond, New York; Peter Rodino, New Jersey; Jonathan Bingham, New York; James Oberstar, Minnesota; Shirley Chisholm, New York; Bella Abzug, New York; John Breaux, Louisiana; Bill Wampler, Virginia; Phil Burton, California.

Richard Nolan, Minnesota; Timothy Wirth, Colorado; Les AuCoin, Oregon; Michael Harrington, Massachusetts; Paul McCloskey, California; Martha Keys, Kansas; Richard Ottinger, New York; John Seiberling, Ohio, John Krebs, California.

Pete Stark, California; Dominick Daniels, New Jersey; Matthew McHugh, New York; Edward Biester, Pennsylvania; Christopher Dodd, Connecticut; Tom Harkin, Iowa; Norman D'Amours, New Hampshire; William Hughes, New Jersey.

Additional Views of Representatives Silvio O. Conte, Edward I. Koch, Joseph P. Addabbo, Clarence D. Long, Yvonne Burke, David Obey, and Robert Duncan on the Public Works Appropriations Bill, 1977

On May 19, the House voted 325 to 68 to increase the funding authorization for solar energy development to $345.4 million for the next fiscal year. The overwhelming support for this increase is a clear signal that for the first time, the Congress realizes that solar energy will offer an important part of the solution to the nation's energy problems, if we fund it properly. We believe that the present appropriations bill does not match this "sense of Congress," and we therefore intend to offer an amendment on the Floor of the House to increase solar energy funding by $131.7 million, thereby bringing it to the full authorization level.

The energy potential in the areas of Photovoltaics, Solar Heating and Cooling, Solar Thermal, Total Energy systems, Bioconversion, and Wind systems can be expected to fulfill 10 percent of our nation's energy demand by 1990 if we fund an accelerated program. And furthermore, data indicates that we can get cost-competitive energy, particularly in Photovoltaics, by 1985 (this according to the Photovoltaic program manager for ERDA, the Jet Propulsion Laboratory). Testimony before the Joint Economic Committee last month by industry and university representatives emphasized the need for these increased funding levels which would establish a national commitment, a level of intent showing industry that we want a full national program, and would serve to galvanize commercial markets into action. At the moment, the federal government is in the best position to do this through purchases for government buildings.

It is time for us to stop talking about how nice solar energy "would be"—the technology is here and presents many new opportunities. We should act now and provide the requisite money to get our energy program moving in the right direction.

The amendment we propose would bring the solar energy program back to the authorization figure of $345.4 million. Such a program would have two broad purposes:

(1) To develop a momentum in the solar programs—particularly Photovoltaics, Solar Thermal, and Solar Heating and Cooling—which will bring lower cost solar energy, available on a more widespread basis, at a pace which it is reasonably clear the technology can now sustain.

(2) To elevate the funding levels to match policy objectives already announced by the Administration, that is, to commit the nation to solar development in the same way as the nation is now committed to the breeder reactor.

Our goal is that by the year 1985, the viability of the renewable energy option will be demonstrated.

Information from reliable industry and Administration officials, and knowledgeable independent authorities has convinced us that the technologies can effectively utilize this additional funding. It is significant that the original ERDA branch chief requests, from the persons most knowledgeable about the practical capacity to use the funds effectively, totalled $471.2 million, 25 percent higher than the figure in the authorization measure. Furthermore, the funding is needed to give our most promising non-nuclear technologies the opportunity to prove themselves viable from the perspective of economics and as a major American energy source. The prospects could be bright indeed: a recent program analysis developed by the highly-respected Jet Propulsion Laboratory (JPL) indicates that there are three very attractive photovoltaic technologies which could be economically competitive with all other energy sources by 1985, for generation of electricity at any scale. This, however, can only be achieved by increasing funding for the Photovoltaic branch in ERDA, and not with the $30 million presently in the appropriation bill. If the present figure is allowed to stand, such promising technologies will be stretched out many years and commercial markets which could be galvanized with the increased funds will be greatly reduced.

Other fruitful technologies have been eliminated in the Solar Thermal area. The effect of increasing the Solar Thermal budget from the appropriation bill figure of $34 million will be to increase the development of systems with specific application to small and medium sized communities, rural communities, agricultural needs (particularly irrigation), industrial facilities, and total energy systems. It will allow the development of technologies in parallel, shortening the gestation period and bringing economically viable systems on line much earlier.

We believe it is possible to go forward with the development of decentralized systems. The programs as now outlined in the appropriation bill is too overbalanced in the direction of large central systems.

An appropriation equal to the authorization amount could be used in the manner shown in the table below (the table compares three areas in the report of the Public Works Appropriation Subcommittee and shows what the new figures could be for solar energy given the full authorization level of $354.4 million):

OPERATING EXPENSES

	Committee bill	Proposed figures	Conte amendment
Direct thermal application:			
A. Solar heating and cooling of buildings:			
1. Commercial demonstrations	$30,200,000	$44,200,000	35.0
2. Residential demonstrations	25,400,000	39,400,000	27.0
3. Research and development	10,500,000	24,500,000	15.0
4. Development in support of demonstrations	12,000,000	26,000,000	20.0
B. Agricultural process heat applications	5,400,000	5,700,000	8.0
Technology support and utilization:			
A. Solar energy resource assessment	5,500,000	6,500,000	6.5
B. Solar Energy Research Institute	2,500,000	2,500,000	(1)
C. Technology utilization and information dissemination	3,000,000	3,000,000	3.0
D. Solar storage	0	0	
Solar electric application:			
A. Solar thermal electric conversion	34,000,000	58,000,000	55.7
B. Photovoltaic energy conversion	30,100,000	62,900,000	62.0
C. Wind energy conversion	16,000,000	21,000,000	21.0
D. Ocean thermal energy conversion	11,900,000	17,000,000	15.0
Fuels from biomass	5,300,000	6,000,000	11.0

[1] No increase authorized.

Note: Plant and capital equipment: An additional $1,600,000 bringing total solar figure in this category to $23,500,000. Program support direction: An additional $4,200,000 for solar energy brings the total ERDA figure in this category to $216,385,000.

As part of this program, ERDA will be directed to undertake a detailed evaluation of the potential impact of solar energy upon the national economy, industry, the work force, and the utility structure. Such an evaluation will provide the nation with guidelines for future use of solar energy.

The fundamental questions concerning the viability of solar energy have been answered. The report of the Jet Propulsion Laboratory, part of the California Institute of Technology and the Photovoltaic program manager for ERDA, clearly indicates that solar energy can be cost competitive by 1986 if adequate funding is provided. As we have stated, the levels of the Committee bill are substantially lower than those required by the solar energy branch chiefs of ERDA, and substantially below the level which the solar division requested, a level which JPL indicated is absolutely essential if solar technologies are to be cost competitive. Substantial breakthroughs have occurred especially in the area of photovoltaics. There can be no argument that the money is not needed, for the solar branches today are completely out of money, and many worthwhile projects are wanting for lack of funds. An authoritative "Evaluation of the National Solar Energy Program", done in February as an input study for the Office of Technology Assessment concluded that a budget of at least 3 times the proposed fiscal year 1977 budget "could be used effectively and would greatly enhance the probability of large scale usage of solar energy in the near and mid-term time frame." The study concluded:

"A program, given a high national priority, must receive commensurate funding, manning, and management support. . . . Solar energy and energy storage have received none of these and thus are not regarded seriously or with urgency in the highest echelon of our government. Until this is corrected solar energy's rapid utilization will not occur.

"In summation, the program is indeed a program for the year 2000. Conversely, this evaluation has indicated that solar energy can be a program for the year 1986 but only if it is accorded the resources and support merited as a high national priority." (Emphasis added.)

The ultimate question is do we want a viable, cost competitive alternative to alleviate our energy needs at a reasonable cost by 1985, or do we want to wait until some time next century? Our conclusion is that we cannot risk waiting for the relatively small amount of money involved. Hence we will attempt to amend the recommendation of the Appropriations Subcommittee on Public Works and make a real commitment to solar energy.

Silvio O. Conte, Edward I. Koch, Joseph P. Addabbo, Clarence D. Long, Yvonne Burke, David Obey, Robert Duncan, Leo J. Ryan, Joseph G. Minish, Donald J. Mitchell, Andrew Maguire, Anthony Toby Moffett, and Henry B. Gonzalez.

Mr. KOCH. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, first I, too, would like to pay my respect and homage to the distinguished chairman of the subcommittee, the gentleman from Tennessee (Mr. EVINS), who deserves every word of the praise that has been delivered on this floor today. I know the country will be much poorer for his leaving. As someone who has come to know him in the 8 years that I have been here, I hold him in the highest regard. He is not only a superb chairman, he is a very good friend. The gentleman will indeed be missed.

I also want to note, with many, many thanks, the cooperation of the chairman in the acceptance of the Koch-Conte amendment.

Mr. Chairman, as the cosponsor of this amendment adding $95 million for solar energy development, I would like to express my delight in anticipation of seeing it accepted by the Appropriations Committee. Understandably it is known as the Koch-Conte amendment in New York, and Conte-Koch in Massachusetts. I would like to express special thanks to our distinguished and able colleague, my friend, JOE EVINS, who serves as the subcommittee chairman on Public Works Appropriations. He has shown great flexibility in working toward a reasonable compromise on this bill, and I personally appreciate his efforts, and am grateful to him. We will all miss him.

I would also like to acknowledge the special efforts of our colleagues Representatives JEFFORDS, WEAVER, and RUNNELS who so ably led the fight in the authorizing legislation.

Solar energy is truly an issue whose time has come. The American people are hungry for an answer to our energy problems, and solar represents a clean, safe and inexhaustible source of power. Possibly most important, the evidence of its potential is ever growing.

A recent article by Martin Wolf, professor of electrical engineering at the University of Pennsylvania, in May 1976's Bulletin of the Atomic Scientists, gives good reason for faith in the solar option. Mr. Wolf states that the "basic technical feasibility has been well established," through application in our space program as well as in more mundane applications such as highway emergency call boxes. He then goes on to say that our goal of solar energy becoming cost competitive by 1985 is reasonable, and he expects solar power to be of increasing importance to our national energy economy.

An even more encouraging projection was made just last week when researchers at the Massachusetts Institute of Technology introduced a solar converter that its developers say promises to produce energy as cheaply as conventional methods.

The signs are encouraging and the money appropriated today can prove the program's viability. ERDA's own estimates state that "if only 1 percent of the buildings in the United States were equipped with solar heating and cooling systems, about 30 million barrels of oil would be saved annually."

We cannot afford to ignore this ready and proven energy source, and I believe Congress is recognizing this. This amendment represents a crucial first step in establishing a national commitment toward solar energy which we have heretofore only talked about.

I am going to now indicate the distribution of funds which this amendment would provide for.

The amendment provides a total of $287,100,000, an increase of $145,300,000 over the budget estimate for solar energy research and development operating expenses. The purpose of this program is to significantly expand the Nation's energy supply through the development and demonstration of solar energy systems that are economically attractive and environmentally acceptable.

The Congress' commitment to this program is evidenced in the following table which shows the total level of funding for the solar program for the last 5 years for both "operating expenses" and "plant and capital equipment."

Solar energy R. & D. (budget authority)

Fiscal year:	
1973	$4,000,000
1974	15,000,000
1975	43,000,000
1976 (estimate)	115,000,000
1977 (recommended)	309,000,000

An ERDA report on solar energy predicted that it can provide up to 7 percent of America's energy needs by the turn of the century and up to 25 percent by the year 2020. Independent evaluations indicate that the energy potential in the area of photovoltaics, solar heating and cooling, solar thermal, total energy systems, bioconversion, wind, and ocean thermal systems can be expected to fulfill 10 percent of our Nation's energy demand by 1990 under an accelerated program. Data from industry sources indicate that cost competitive energy, particularly in photovoltaics, can be obtained by 1985. Testimony by industry and university representatives has emphasized the need for an increased level of spending which would establish a national commitment and would serve to galvanize commercial markets into action. This appropriation represents the first step in an aggressive national solar energy program having two broad purposes.

First. To develop a momentum in the solar program—particularly photovoltaics, solar thermal, and solar heating and cooling—which will bring lower cost solar energy, available as a more widespread basis, at a pace which it is reasonably clear the technology can now sustain.

Second. To elevate the funding level to match policy objectives already announced by the administration. That is, to commit the Nation to solar developments in the same way as the Nation is now committed to the breeder reactor and to demonstrate by 1985, the viability of the renewable energy option.

The following table lists the funding distributions for the various subprograms within solar energy as provided for by this amendment.

SUMMARY OF ESTIMATE BY SUBPROGRAM

	Fiscal year 1976	Fiscal year 1977 budget	Amendment
Direct thermal applications:			
A. Solar heating and cooling of buildings:			
1. Commercial demonstrations	$18,200,000	$16,700,000	$35,000,000
2. Residential demonstrations	5,900,000	8,100,000	27,000,000
3. Research and development	5,000,000	10,500,000	15,000,000
4. Development in support of demonstrations	6,000,000	10,000,000	20,000,000
B. Agricultural process heat applications	4,750,000	3,900,000	7,000,000
Technology support and utilization:			
A. Solar energy resource assessment	1,000,000	1,500,000	6,500,000
B. Solar Energy Research Institute	2,200,000	1,500,000	2,500,000
C. Technology utilization and information dissemination	600,000	1,000,000	3,000,000
D. Solar storage	1,600,000	0	0
Solar electric applications:			
A. Solar thermal electric conversion	14,300,000	30,900,000	57,200,000
B. Photovoltaic energy conversion	21,600,000	28,200,000	64,200,000
C. Wind energy conversion	14,900,000	16,000,000	21,000,000
D. Ocean thermal energy conversion	8,100,000	9,200,000	13,000,000
Fuels from biomass	4,500,000	4,300,000	11,500,000

EXPLANATION OF SUBPROGRAM ALLOCATION

A. DIRECT THERMAL APPLICATION

First. Solar heating and cooling of buildings. This program is aimed at stimulating the development of an industry to produce, distribute, and service solar hardware for hot water heating and space heating and cooling for residential—including mobile/modular and commercial buildings. The program is designed to demonstrate the practical use of solar heating and hot water technology by the end of 1977 and to demonstrate the practical use of combined heating and cooling technology by the end of 1979. This will be accomplished by a series of demonstration projects applicable to new and existing buildings and by research and development to advance solar technology. The first 2 years of demonstration projects will concentrate on continuation of a set of projects, followed by data collection and analysis, and development of improved systems based on the data. These projects will establish the technical and economic feasibility of solar heating and cooling equipment and will ultimately lead to broad acceptance of solar energy for use in heating and cooling of residential and commercial buildings.

Second. Agricultural and process heat applications. The objective in this area is to provide direction and incentive to applying solar state-of-the-art components and technology to agricultural and industrial heat processes. Agricultural and process heat demonstrations show great potential for new term large projects in grain drying, crop curing, animal and poultry shelter, greenhouses, agricultural food processing, and to supply a significant fraction of the energy requirements of industry. It is therefore anticipated that the increase in funding will be used primarily to assure nationwide coverage.

B. TECHNOLOGY SUPPORT AND UTILIZATION

This subprogram supports the technical subprogram included in the solar energy program. Activities in technology support and utilization include the assessment, promotion, marketing and communicating of all aspects of solar research and development, its resources and its potential economic viability in the energy marketplace.

Included in this subprogram are funds for resource assessment. As there currently exists no adequately defined resource base for all the solar energy technologies under development, a major expansion of these activities is vital. As a part of the increase in authorization for this subprogram $1,000,000 is provided for ERDA to undertake a detailed evaluation of the potential impact of solar energy upon the national economy, industry, the work force, and the utility structure. Such a policy and analysis evaluation will provide ERDA and the Nation with guidelines for future use of solar energy.

Included in this subprogram are funds for the Solar Energy Research Institute—SERI. The amendment recommends a $1,000,000 increase for SERI to a level of $2,500,000. SERI will perform research, development and related functions to support the national solar energy program. The fiscal year 1977 request for SERI provides for costs associated with startup activities and partial conceptual design of facilities that may be required as a part of an accepted SERI proposal. The programmatic costs of the SERI are included under the technical subprograms.

The increase is to help insure that further delays in the implementation of SERI will not occur.

C. SOLAR ELECTRIC APPLICATION

The solar electric application subprogram includes those technologies where principal outputs can be electrical power but which can also produce other forms of energy like thermal, mechanical, and so forth. The subprogram is subdivided into four categories: Solar thermal energy, photovoltaic energy, wind energy, and ocean thermal energy. The main objective of this subprogram is to develop and demonstrate these technologies for collection and conversion of solar energy to electrical energy.

Different approaches to these objectives include:

1. SOLAR THERMAL ELECTRIC CONVERSION

The objective of this program is to provide a technological base for the generation of heat at high temperature from solar energy, and the subsequent utilization of the heat for the generation of electricity as central power stations for combined electrical and thermal systems—total energy systems, for solar heat augmentation of conventional power plants, for process heat to industry, for electric power generation for small communities, and for irrigation and other pumping needs.

The increase in funding will provide for an expanded program and will allow for the initiation of parallel programs of development in central receiver concepts as well as in alternative concepts. The amendment provides for a substantial program for the demonstration of alternative solar thermal concepts for application to irrigation, small communities, agriculture, desalination, and secondary resource recovery.

These added funds will provide for concept evaluation of solar thermal power generation systems for small communities, electric cooperatives, and municipal utilities and should include the analysis of electric power grid interconnect and switching problems as well as the resolution of technical and economic feasibility questions related to such power generation systems.

2. PHOTOVOLTAIC ENERGY CONVERSION

The overall objective of this photovoltaic energy category is to provide the technical developments which will lead to low cost, reliable, safe, and environmentally acceptable photovoltaic systems and to stimulate the creation of a viable industrial and commercial capability to produce and distribute these systems for widespread use in residential and commercial applications.

The increased budget will greatly enhance the assurance of meeting the programs' objective of developing low cost, reliable photovoltaic systems for widespread use in residential, industrial, and commercial applications by the mid 1980's. It expands the programs associated with novel materials and devices, increases the studies on cadmium sulfide and other thin film materials, increases the development funds for concentrating subsystems, and provides for accelerating the program to achieve large scale implementation and demonstration of automated fabrication techniques and methods.

It is also expected that the additional funds would provide for the evaluation of the technical and economic feasibility of generating systems for electric power generation on both a centralized and decentralized basis.

3. WIND ENERGY CONVERSION

The primary purpose of this program is to develop the technology base of large-scale economically viable wind energy systems suitable for supplying commercial and rural residential electric power, and to accelerate their implementation through demonstration of large-scale experimental systems. It is contemplated that second generation systems for modest wind zones and significant expansion of the application of 10-50 kilowatt machines for irrigation, rural distributed power production, and other agricultural uses will be initiated with these funds.

4. OCEAN THERMAL ENERGY CONVERSION

Objective of the program is to establish a technically and economically viable technology base leading to the demonstration and commercial implementation of large-scale floating power plants capable of converting ocean thermal energy into significant quantities of electrical energy and to obtain the answer to a number of fundamental questions such as biofouling and heat exchange performance. These answers will in turn determine the subsequent direction of the overall ocean thermal technology program.

D. FUEL FROM BIOMASS

The objectives of the fuel from biomass subprograms are to develop and demonstrate the economic and technical ability of utilizing essentially inexhaustible agricultural and forestry residues, producing terrestrial and marine biomass and converting these organic materials to clean fuels, petrochemical substitutes, food and other energy intensive products.

Increased funding for the program will assure that parallel work will begin in all major areas and that a comprehensive national biomass conversion program will be formulated and implemented in order to make maximum use of this valuable energy resource.

PROGRAM DIRECTION

The appropriation, as amended, includes a total of $216,385,000 for program direction. The $4,200,000 increase in funds is to be utilized for additional program direction for the solar energy programs. This program covers the salaries, travel and other costs associated with program direction and administration of ERDA. The major portion of these funds are for the salaries of personnel directly employed by ERDA.

Include the following:

THE AMENDMENT ITSELF

Page 2, line 23, strike out "$4,077,783,000" and insert in lieu thereof $4,172,783,000.

OPERATING EXPENSES

Recommended 1977, $4,172,783,000.
Comparison:
Appropriation 1976, +$1,023,268,000.
Budget estimate 1977, +$43,887,000.
Page 12, line 1:
Change to:
Column 3, 282,900,000.
Column 4, 139,000,000.
Line 27, program direction:
Change to:
Column 3, 216,385,000.
Column 4, +$4,200,000.
Line 37, total program support:
Change to:
Column 3, 282,722,000.
Column 4, +$7,292,000.
Line 39, subtotal budget authority:
Change to:
Column 3, 4,986,183,000.
Column 4, +$242,687,000.
Line 46, total operating budget authority:
Change to:
Column 3, 4,172,783,000.
Column 4, +43,887,000.
Page 13, line 1, solar energy development:
Change to:
Column 3, $219,000,000.
Column 4, $108,500,000.
Line 27, program direction:
Change to:
Column 3, 216,385,000.
Column 4, +$4,200,000.
Line 37, total program support:
Change to:
Column 3, 280,862,000.
Column 4, +$7,292,000.
Line 38, total program:
Change to:
Column 3, $4,585,324,000.
Column 4, +$187,492,000.
Line 39, goods and services on order:
Change to:
Column 3, $322,843,000.
Column 4, +$67,195,000.
Line 41, total increase in selected resources:
Change to:
Column 3, $400,859,000.
Column 4, +$67,195,000.
Line 42, total gross obligation:
Change to:
Column 3, $4,986,183,000.
Column 4, +$242,687,000.
Page 14, line 7, total operating budget authority:
Change to:
Column 3, $4,172,783,000.
Column 4, +$43,887,000.

Mr. EVINS of Tennessee. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we recognize that solar energy is very important, and there is tremendous interest in solar energy in both the Congress and throughout the country.

There was $160 million for solar energy recommended in the President's budget. The House Committee on Science and Technology increased this amount by $69 million, a 43 percent increase, bringing the total to $229,200,000. By a vote of 325 to 68, the House recently voted to add another $116,200,000, which represents an overall increase of 116 percent.

The House Committee on Appropriations had previously added $53,700,000 to the bill. So we now have brought the solar energy funding authorization level to $309 million with the amendment which is being offered here today.

We recognize the great interest of our colleagues; we recognize the great interest of our country; and while there is some question that ERDA may not be able to spend it all efficiently and immediately, the funds may be held in reserve. Because of the interest and the action of the House, the committee will accept the $95 million amendment.

Mr. BOLAND. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I want to commend my distinguished colleague, the gentleman from Massachusetts (Mr. CONTE), for offering this amendment.

As the report of the Public Works Appropriations Subcommittee indicates, the early reductions that this Nation made in energy consumption immediately after the Arab oil embargo have since evaporated. Our demand for oil—40 percent of which we import from OPEC countries—is growing, as our economy climbs out of the recession, and as Americans forget the lessons of the energy crisis. It is the duty of the Congress and of all government to reinstill the note of urgency that accompanied our original efforts toward energy independence.

The immediate means at our disposal to accomplish this objective is through conservation. Industry has made giant strides toward energy economies. It is in the area of individual consumption, that we are failing ourselves and future generations, by continuing familiar habits of consumption. We are going to have to cut back or further plunge this Nation into ever-spiraling import requirements.

Conservation is the immediate weapon at our disposal with which to stave off further energy dependence. Beyond that, there are various long-term, alternative energy resources which cannot come online for many years. We are forging ahead on further research and development for oil shale recovery, goal gasification, breeder reactors and nuclear fusion. This bill provides large sums in those areas.

There is also a closer, near-term technology at our disposal—solar energy. At present, solar energy units are being used to heat and cool existing commercial and residential buildings throughout the country. Solar energy works. Right now it is being used to replace existing fossil fuel technology in some areas. The incidences of this, however, are few. Too often, solar energy units can only complement existing technology. Most importantly, at this stage in its development, solar energy remains relatively expensive to install. Environmental and aesthetic problems abound. At the same time, however, our committee notes that solar energy, if properly developed, could provide up to 7 percent of our total energy needs by the year 2000 and up to 25 percent by 2020. Assuming even a gradual rise in energy consumption, this represents a major contributing factor to energy supply problems—and within the foreseeable future.

The beginnings of the contribution that solar generated energy can make to energy independence are not far off. The committee has provided funds for a wide variety of demonstrations in differing locales and climate zones. A special effort is being made to direct resources toward lowering costs of existing technologies. In this effort the committee has raised the amounts available for both operating expenditures and plant and capital equipment from the administration's budget request of $160 million to a figure of $214 million, an increase of $53.7 million.

It is now apparent that additional funds could be made available to ERDA which could be utilized in the immediate future to further expand our energy effort in this area. I am convinced that an additional $95 million above the present $214 million figure would effectively be utilized for further solar research and demonstration projects.

This is a large increase. I believe that solar energy research will benefit greatly from added funding. I was already convinced that solar energy represents the quickest payoff in terms of available technology for resolving the energy crisis which we still face. Too many of us have forgotten the urgency of 1973. Another embargo is not out of the question. In any event, current conditions do nothing to suggest a drop in the price of imported oil. We simply must make the maximum effort to use what we now know, and can soon use, to make a start toward insulating ourselves from uncertainties of supply, and arbitrariness of price on the world market. It would be naive to think that we can do this overnight, but solar energy is only a few years down the road. I wholeheartedly support and cosponsor the amendment to raise solar energy funding an additional $95 million.

Mr. Chairman, I want to again compliment my colleague from Massachusetts (Mr. CONTE) for submitting the amendment. I wholeheartedly support and cosponsor his amendment to raise the amount for solar energy research by $95 million to $309 million.

Mr. ANDERSON of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment to increase the appropriations for solar energy.

Mr. Chairman, achieving a balance between the supply and demand of our Nation's energy is what the Congress is striving for.

Energy conservation, as well as the development of new sources of energy is vital to this balance.

Like other Government actions, solar energy has both benefits and costs. The benefits are those arising from the reduction in other energy use. These include reduced reliance on OPEC oil—currently 40 percent of our imports; reduction of negative effects of energy use—such as air pollution and land-use conflict; more time to resolve uncertainties about controversial future forms and sources of energy; and the reduced possibility of a "bad spill" because of lowered production and tanker traffic.

The costs are self-evident—it is both money and sacrifice. The Congress has to spend the money, and make the commitment that will bring a fledgling solar industry into being. If the Government does not encourage widespread acceptance and installation of solar systems by homebuiders and consumers, who will?

Mr. Chairman, solar energy is one of the most promising new energy sources for California and the Nation. The first applications of modern solar energy technology are occurring today, with a number of firms offering solar systems for heating swimming pools and for supplying residential hot water in new housing tracts. As solar manufacturing capability develops and acceptance of solar systems grow, industry may initiate it in new or existing commercial construction.

I understand that about 57 percent of the primary energy used in residences in California goes for space and water heating. If we can displace even a fraction of that electricity or gas, we are helping the cause.

Mr. Chairman, we are voting on an energy system that is renewable; that involves no air pollution, and can be cost competitive.

For these reasons I will support the amendment that will bring the solar energy program back to the authorization figure of $345.4 million. I urge the 324 other Members of the House who voted "aye" on the authorization amendment, to make their press releases meaningful, and vote "aye" on the appropriations amendment.

Mr. McCORMACK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am not going to make any attempt to prevent the adoption of this amendment on the floor today. But I must state that I consider it to be uncalled for, and most unwise.

I am acutely aware of the fact that most of those who have worked for or endorsed this amendment have done so in good faith, and in the sincere conviction that if this extra $95 million for solar energy does no good, it will, at worst, do no harm.

Unfortunately, this may not be the case. Such exorbitant increases, almost tripling the expenditure for solar energy of fiscal year 1976, may be taken by many uninformed citizens across the country as a signal that the Congress believes that solar energy can make a significant contribution to overcoming the energy crisis before 1990, or play a major role in energy production for this Nation during this century.

Of course, this is totally untrue, as all responsible testimony shows, and as all qualified experts have repeatedly testified.

However, if the American people become as intoxicated with fantasies of solar energy as some Members of the House appear to have become, then this country will indeed be in extreme danger. It is critically important that Members of Congress and the American people understand that the security of this Nation, its economic stability and acceptable employment levels depend upon adequate energy production. As our supplies of petroleum and natural gas decline, we must depend upon greatly increased supplies of electricity generated from coal and nuclear fission.

To pretend, as some of the leaders of this amendment do pretend, that we can solve our energy problems with nothing but solar energy and conservation programs, is to mislead, and betray the people.

Let us understand some basic facts. About 20 percent of this Nation's energy requirements go to heating and cooling and providing other energy requirements for the residences of this country.

If we were to put 10 percent of these homes on solar energy, and if all the energy requirements for each home came from solar energy, then we would be providing 10 percent of 20 percent, or 2 percent of this Nation's energy requirements.

However, not all energy will be supplied by the Sun. It will amount to 50 to 75 percent, depending upon the kind of system installed, the cost, and the location of the house.

Since 50 to 75 percent of 2 percent is 1 to 1½ percent, the total energy that would be produced if we put 10 percent of our houses on solar energy for heating and cooling would be about 1¼ percent.

This is a good rule of thumb to us to remember, and it means that if we put 40 percent of all the residences in the country on solar heating and cooling, we would be producing about 5 percent of our total national energy demand in this manner.

This would be an ambitious goal for our Nation, but it may be doubted that 28 million houses—including all apartments, and so forth—could be converted to solar energy, even by the end of the century. The cost, at a conservative $10,000 per unit, would be $280 billion.

A program that would get 10 percent of the houses on solar energy by 1990, would, I repeat, provide about 1¼ per cent of our national energy demand.

Keeping this simple fact in perspective should warn us against doing anything that could be misinterpreted by the people.

The argument has been made that pouring such excessive funding into research and development for new technologies for converting solar energy directly to electricity will somehow cause new breakthroughs, and bring quick and extensive application of such technologies. All testimony, however, has been to the contrary.

The Subcommittee on Energy Research and Development has received many hours of testimony on this subject from all leading experts during the last 4 years.

As we formulated the Solar Heating and Cooling Demonstration Act of 1974 and the Omnibus Solar Energy Research, Development and Demonstration Act of 1974, and the authorization bills that have taken this Nation's solar energy program from almost nothing at all to over $100 million today, we have recognized that there would be those who would think of solar energy as some sort of panacea for our Nation's ills.

Accordingly, we have pushed solar R. & D. to the maximum responsible level. That level is, for fiscal year 1977, near the $229 million which we authorized.

There has been no testimony in support of, and there is no demonstrated justification for funding beyond that level. There is no indication that authorization of additional funds will, in any way, accelerate the program or bring the significant application of any form of solar energy any nearer.

Certainly, there is no reason to assume that, because of this excessive spending, any technology for converting solar energy directly to electricity will be competitive or practical for significant implementation before 1990.

If we understand this, and want to spend the money anyway, as some sort of a sophisticated boondoggle, let us do it with our eyes open, and do so honestly. Please, I beg you, let us not mislead the American people into thinking that this action will solve this Nation's energy problems.

There is a second hazard. Since it will be very difficult to spend money at the levels we will be appropriating, the administration may decline to try, and may defer solar research that should be carried forward, in effect cutting too far.

We in the Congress may not have heard the last of this, and if the Energy Research and Development Administration is forced to spend the money at the expense of doing constructive and meaningful research and development, what will the people have gained?

Mr. Chairman, my colleagues, no one in this room or this Nation is more dedicated to solar energy that I am. It was I who called for solar energy development in the House Energy Task Force Report in 1972, and I have sponsored all our solar energy legislation.

Nevertheless, we must have a responsible, orderly, well-managed research, development, and demonstration program. Such a program cannot be guided by emotionalism, boondoggling, or campaign gimmickry.

The increases proposed in this amendment cannot be defended. I do not believe that they can be wisely used. Such excesses constitute a waste, with very little chance of meaningful return. More important, such increases may mislead the people into thinking we will thus be resolving the energy crisis. If this happens, and the American people put their faith in solar energy as a significant resource for the near future, this will inevitably make the energy crisis worse, along with the damage and suffering it will cause our country and the free world.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to commend the gentlemen from Massachusetts, the gentleman from New York, and also the chairman of the committee, the gentleman from Tennessee (Mr. Evins), whom I have already spoken about in my remarks in general debate. I will not take further time other than to say I wholeheartedly support the amendment. I appreciate the number of hours the gentlemen I have already referred to spent in arriving at this figure in the amendment. There are remarks included in the statement of the gentleman from Massachusetts (Mr. Conte) whose outline how the increase in bids are to be spent. These figures were discussed with the appropriate people in ERDA. Most importantly the primary reason for my agreement, to the amendment, and also most of those who cosponsored by amendment to the authorization bill, came about because we know those detailed figures are included in the Record. For this reason and because we believe this will be a sufficient amount of money to get us on our way with a minimum amount of risk here, I wholeheartedly support the amendment.

I have discussed this amendment with the other Members who cosponsored my amendment on the authorization bill and they also back this amendment.

Before concluding I would like to make some comments about the need for the amendment and where the additional funds will be spent.

The basic question to which we must address ourselves is the timing of the development of these promising technologies—are we talking about a program for the year 2000, or for the mid-1980's?

If we believe that the energy crisis is real and that this Nation must pursue and develop viable, environmentally sound, and cost competitive energy sources, we must provide the increased funding for solar energy program research and development contained in this amendment.

A program, given a high national priority, must receive commensurate funding, manning, and management support. As yet, solar energy has received none of these and thus is not regarded seriously or with urgency in the highest echelon of our Government. Until this is corrected, solar energy's rapid utilization will not occur.

The ultimate question is do we want a viable cost competitive alternative to alleviate our energy needs at a reasonable cost by 1985 or do we want to wait until some time next century? Our conclusion must show that we realize that we cannot risk waiting for the relatively small amounts of money involved. This amendment, sponsored by over 80 Members of the House, achieves this goal.

The amendment includes increases over the committee report figures for solar heating and cooling, in the areas of commercial demonstration, residential demonstrations, research and development, and development in support of demonstrations; increases for agricultural process heat, applications fuels from biomass, solar energy resource assessment, solar thermal electric conversion, photovoltaic energy conversion, wind enenergy conversion, and ocean thermal energy conversion as follows:

DIRECT THERMAL APPLICATION

For solar heating and cooling of buildings and increase of $18.9 million. This program is aimed at stimulating the developments of an industry to produce, distribute, and service solar hardware for hot water heating and space heating and cooling for residential—including mobile/modular—and commercial buildings. The program is designed to demonstrate the practical use of solar heating and hot water technology by the end of 1977 and to demonstrate the practical use of combined heating and cooling technology by the end of 1979. This will be accomplished by a series of demonstration projects applicable to new and existing buildings and by research and development to advance solar technology. The first 2 years of demonstration projects will concentrate on continuation of a set of projects, followed by data collection and analysis, and developments of improved systems based on the data. These projects will establish the technical and economic feasibility of solar heating and cooling equipment and will ultimately lead to broad acceptance of solar energy for use in heating and cooling of residential and commercial buildings.

For agricultural and process heat applications an increase of $1.6 million. The objective in this area is to provide direction and incentive to applying solar state-of-the-art components and technology to agricultural and industrial heat processes. We believe that agricultural and process heat demonstrations show great potential for new term large projects in grain drying, crop curing, animal and poultry shelter, greenhouses, agricultural food processing, and to supply a significant fraction of the energy requirements of industry. It is therefore anticipated that the increase in funding will be used primarily to assure nationwide coverage.

For technology support and utilization, an increase of $1 million. This subprogram supports the technical subprogram included in the solar energy program. Activities in technology support and utilization include the assessment, promotion, marketing and communicating of all aspects of solar R. & D., its resources and its potential economic viability in the energy marketplace.

Included in this subprogram are funds for resource assessment. As there currently exists no adequately defined resource base for all the solar energy technologies under developments, a major expansion of these activities is vital. As a part of the increase in authorization for this subprogram $1,000,000 is provided for ERDA to under take a detailed evaluation of the potential impact of solar energy upon the national economy, industry, the work force, and the utility structure. Such a policy and analysis evaluation will provide ERDA and the Nation with guidelines for future use of solar energy.

Included in this subprogram are funds for the Solar Energy Research Institute—SERI. We recommend a $1 million increase for SERI to a level of $2,500,000. SERI will perform research, development and related functions to support the national solar energy program. The fiscal year 1977 request for SERI provides for costs associated with start-up activities and partial conceptual design of facilities that may be required as a part of an accepted SERI proposal. The programatic costs of the SERI are included under the technical subprograms.

The increase is to help insure that further delays in the implementation of SERI will not occur.

SOLAR ELECTRIC APPLICATION

The solar electric application subprogram includes those technologies where principal outputs can be electrical power but which can also produce other forms of energy like thermal, mechanical, and so forth. The subprogram is subdivided into four categories: Solar thermal energy, photovoltaic energy, wind energy, and ocean thermal energy. The main objective of this subprogram is to develop and demonstrate these technologies for collection and conversion of solar energy to electrical energy.

Different approaches to those objectives and increases by the amendment include:

For solar thermal electric conversion, an increase of $23.2 million. The objective of this program is to provide a technological base for the generation of heat at high temperature from solar energy, and the subsequent utilization of the heat for the generation of electricity as central power stations for combined electrical and thermal systems—total energy systems—for solar heat augmentation of conventional powerplants, for process heat to industry, for electric power generation for small communities, and for irrigation and other pumping needs.

The increase in funding will provide for an expanded program and will allow for the initiation of parallel programs of development in central receiver concepts as well as in alternative concepts. This amendment includes funds for a substantial program for the demonstration of alternative solar thermal concepts for application to irrigation, small communities, agriculture, desalination, and secondary resource recovery. These added funds will provide for concept evaluation of solar thermal power generation systems for small communities, electric cooperatives, and municipal utilities and should include the analysis of electric power grid interconnect and switching problems as well as the resolution of technical and economic feasibility questions related to such power generation system.

For photovoltaic energy conversion, an increase of $34.1 million. The overall objective of this photovoltaic energy category is to provide the technical developments which will lead to low cost, reliable, safe, and environmentally acceptable photovoltaic systems and to stimulate the creation of a viable industrial and commercial capability to produce and distribute these systems for widespread use in residential and commercial applications.

The increased budget will greatly enhance the assurance of meeting the programs' objective of developing low-cost, reliable, photovoltaic systems for widespread use in residential industrial, and commercial applications by the mid-1980's. It expands the programs associated with novel materials and devices, increases the studies on cadmium sulfide and other thin film materials, increases the development funds for concentrating subsystems, and provides for accelerating the program to achieve large-scale implementation and demonstration of automated fabrication techniques and methods.

It is also expected that the additional funds would provide for the evaluation of the technical and economic feasibility of generating systems for electric power generation on both a centralized and decentralized basis.

For wind energy conversion, an increase of $5 million. The primary purpose of this program is to develop the technology base of large-scale economically viable wind energy systems suitable for supplying commercial and rural residential electric power, and to accelerate their implementation through demonstration of large-scale experimental systems. It is contemplated that second generation systems for modest wind zones and significant expansion of the application of 10 to 50 kw machines for irrigation, rural distributed power production, and other agricultural uses will be initiated with these funds.

For ocean thermal energy conversion, an increase of $1.1 million. Objective of the program is to establish a technically and economically viable technology base leading to the demonstration and commercial implementation of large-scale floating powerplants capable of converting ocean thermal energy into significant quantities of electrical energy and to obtain the answer to a number of fundamental questions such as biofouling and heat exchange performance. These answers will in turn determine the subsequent direction of the overall ocean thermal technology program.

For fuel from biomass, an increase of $6.2 million. The objectives of the fuel from biomass subprograms are to develop and demonstrate the economic and technical feasibility, and environmental acceptability of utilizing essentially inexhaustible agricultural and forestry residues, producing terrestrial and marine biomass and converting these organic materials to clean fuels, petrochemical substitutes, food, and other energy intensive products.

Increased funding for the program will assure that parallel work will begin in all major areas and that a comprehensive national biomass conversion program will be formulated and implemented in order to make maximum use of this valuable energy resource.

For program direction, an increase of $4.2 million. The amended appropriation includes a total of $216,385,000 for program direction. The $4,200,000 increase in funds is to be utilized for additional program direction for the solar energy programs. This program covers the salaries, travel, and other costs associated with program direction and administration of ERDA. The major portion of these funds are for the salaries of personnel directly employed by ERDA.

As I stated before, and it is important to note, the primary reason for acceptance of this amendment, which is some $35 million less than the authorization, is the distribution of funds as set forth in the remarks of the gentleman from Massachusetts (Mr. CONTE) and noted above. Those funding figures were submitted in advance of the amendment to the distinguished chairman of the subcommittee, Mr. EVINS of Tennessee.

In conclusion, I again commend those that have worked so hard to bring about this significant change in our research and development efforts, so essential to the Nation's future.

Mr. CLEVELAND. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from New Hampshire (Mr. CLEVELAND).

Mr. CLEVELAND. Mr. Chairman, I thank the gentleman for yielding.

I would like to be associated with the remarks of the gentleman from Vermont (Mr. JEFFORDS) and the gentleman from Massachusetts (Mr. BOLAND) and the gentleman from Massachusetts (Mr. CONTE), in support of this amendment.

I also thank the chairman of the committee for accepting the amendment. As a cosponsor of the Jeffords amendment to the authorization bill and this amendment the Conte-Koch to the appropriation bill I am very pleased with this development.

Mr. MATSUNAGA. Mr. Chairman, I rise in full and unqualified support of the pending amendment offered by the gentleman from Massachusetts (Mr. CONTE) to increase the appropriation level for more intensified solar energy research by the Energy Research and Development Administration. As a cosigner of the letter intended to bring this important proposal to the special attention of the House, I wish to commend those members of the House Appropriations Committee who have initiated this further effort to insure the continued viability of our renewable energy option.

Mr. Chairman, we in Congress have debated long and hard over the degree to which we ought to commit ourselves to the development of solar energy as a part of our national energy program. I have participated wholeheartedly in this debate as an advocate of full development, cosponsoring among others two pieces of relevant legislation in the 93d Congress, one of which, the Solar Heating and Cooling Demonstration Act of 1973, is now public law. Yet, the inescapable fact is that while we have been so preoccupied in debate, an inestimable amount of energy has come our way from the Sun without being utilized to its full potential. Unlike other known sources of energy, it is clean; its harnessing under existing technologies will not harm the environment. Unlike other known sources of energy, it is available to all nations of the world; its supply cannot be held hostage at the whim of an unfriendly foreign government. Unlike most other known sources of energy, it is free, and its supply is inexhaustible.

Moreover, we are not speaking wholly of a potential energy source which has still to be tried and tested. On a small scale, research and development has already been completed, and implementation achieved. Projects in my own State of Hawaii, so ideally suited to solar energy experimentation, offer some of the many examples of success to date. As one accomplishment, scientists at the University of Hawaii have convincingly demonstrated the feasibility of a solar-powered house. Similar successes no doubt have been registered in other States.

Because of the demonstrated potential of solar energy, Congress, albeit slowly, has increasingly committed itself to a program of expansion in the implementation, scope, and quality of the use of solar energy. As I mentioned earlier, Congress passed and the President signed an excellent piece of legislation in the 93d Congress. Enactment of a second bill, the proposed Solar Energy Research, Development, and Demonstration Act of 1974, which I also cosponsored, was prevented only by the constraints of our time. Although it passed both Houses, conferees could not reach agreement on the bill in the limited time which was then available.

On May 19 of this year, the House voted by a decisive margin to amend the fiscal year 1977 ERDA authorization bill to increase the funding level for solar energy programs to $345.4 million.

The pending amendment would increase the appropriation from its proposed low figure of only $214 million by $95 million. It would confirm our commitment to the realization of our goal in solar energy research, and I urge my colleagues to lend their full support to this vital effort. Adoption of the amendment would be well within the budget resolution target for the natural resources, energy, and environment category. Moreover, I am confident that we in the future will regard the proposed additional expenditure as among the most well-spent by the Federal Government. In this conviction, I urge the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. Conte).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Hechler of West Virginia: On page 2, line 20, strike "$25,000" and insert therein "$10,000".

Mr. HECHLER of West Virginia. Mr. Chairman, this is a very simple, direct amendment which merely reduces the amount for official entertainment expenses for the Energy Research and Development Administration from $25,000 down to $10,000. Under ordinary circumstances this item would be subject to a point of order because it is an authorization on an appropriation bill in violation of rule XXI, clause 2 of the House ruls. However, I am not going to raise a point of order on this amendment because of the resolution making this item in order. I certainly do not want the ERDA officials to dip into their own pockets for these expenses. I do think however it is symbolic that we ought to exercise frugality in this item, which our late great colleague, the gentleman from New York (Mr. Rooney), used to refer to as "the tools of the trade."

I do believe that there is a strong argument for reducing this item. Even though the committee cut $5,000 of the original request, from $30,000 down to $25,000, there is nothing in the committee report, and I have tried in vain to find anything in the committee hearings, other than the very fine type written presentation by the agency, as justification for $25,000.

I would urge the committee to accept this amendment. I hope my good and great friend, the gentleman from Tennessee, who served so ably for 8 years as chairman of this subcommittee and who served the House of Representatives and this Nation for 30 years in an outstanding fashion, providing many great investments in the development of water resources in our Nation, can accept this amendment.

Mr. EVINS of Tennessee. Mr. Chairman, I rise in opposition to the amendment.

As the gentleman from West Virginia has indicated, we have already cut the representation and entertainment allowance from $30,000 to $25,000. ERDA is a large and important agency and it has vast international responsibilities and obligations. This fund of $25,000 is required to cover the costs associated with the increasing number of exchanges of delegations, signing of agreements, and the handling of high-level visitors to the United States.

It will also be necessary to arrange meetings and handle matters in connection with the Presidential commitment for international cooperation in the field of energy R. & D., inclding nuclear energy.

A few specific examples of activities which ERDA must fund follow: Exchanges with foreign countries in nonnuclear energy and atomic energy; cooperative arrangements in fossil energy, solar, geothermal and MHD hydro- and pumped-storage, environmental energy, and conservation.

In addition, there will be new fields of cooperation involving different peoples and institutions, such as the newly created International Energy Agency which will require additional expenditures under the limitation of the entertainment fund.

The United States must be in a position to reciprocate at these international meetings.

The Administrator of ERDA maintains close control of these funds and he has assured the committee that only the most essential costs will be incurred in his administration of the funds.

I urge the amendment be defeated.

Mr. BURGENER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I shall not take the 5 minutes, but I do believe that the committee, having considered this most carefully, did provide in the current bill a reasonable amount for this necessary activity, particularly as it relates to the entire ERDA budget. It seems it is a reasonable amount, when one considers the scope of the activities, the negotiations and agreements and meetings that are necessary, so in that vein I would oppose the amendment.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. BURGENER. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Chairman, I notice on page 1625 of the hearings in the budget justification submitted by ERDA that these entertainment expenses cover not only foreign visitors that come to this country, but also they cover expenses of the entertaining of foreign visitors in other countries by American visitors. The budget justification states at page 1625 that the amount covers entertainment of "foreign dignitaries by representatives of the ERDA during their visits to foreign countries."

I hope the committee understands that this is not a two-way street, that the foreign countries in entertaining American visitors have not put up the money that we have put up here.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. Hechler).

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

GENERAL INVESTIGATIONS

For expenses necessary for the collection and study of basic information pertaining to river and harbor, flood control, shore protection, and related projects, restudy of authorized projects, and when authorized by law, surveys and studies of projects prior to authorization for construction, $70,110,000, to remain available until expended: *Provided,* That $1,800,000 of this appropriation shall be transferred to the United States Fish and Wildlife Service for studies, investigations, and reports thereon as required by the Fish and Wildlife Coordination Act of 1958 (72 Stat. 563–565), to provide that wildlife conservation shall receive equal consideration and be coordinated with other features of water-resource development programs of the Department of the Army.

AMENDMENTS OFFERED BY MR. ROUSH

Mr. ROUSH. Mr. Chairman, I offer amendments and ask unanimous consent that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. Roush: Page 5, line 17, strike out "$70,110,000" and insert in lieu thereof "69,960,000".

Page 9, immediately after line 17, insert the following new paragraph:

None of the funds appropriated under this title shall be obligated or expended for the Wabash River Navigation Study.

Mr. ROUSH. Mr. Chairman, I wonder if I could explain the dilemma I find myself in on the offering of these amendments.

First of all, it is opposed by the chairman of the subcommittee.

Second, it is opposed by the ranking Republican member of the subcommittee.

Third, a portion of the project involved is in the district of the ranking Republican member of the subcommittee.

Fourth, the project, insofar as the Illinois side of the river is concerned, lies adjacent to the district of our colleague, the gentleman from Illinois (Mr. Shipley), also a member of the Committee on Appropriations. Now, those are awesome odds. I want to appeal to the commonsense of the members of this amendment and then hope that commonsense will prevail.

What do the amendments do? They merely eliminate $150,000 from the bill for the instigation and the continuation of a study of the Wabash River navigation project.

Let me trace the Wabash River. Of course, it flows into the Ohio, and as we go northwardly, it flows as the boundary between Illinois and Indiana. In doing that, it touches upon the area represented by our colleague from Illinois (Mr. Simon) and our colleague from Indiana (Mr. Hayes). The gentleman from Indiana (Mr. Hayes), by the way, is opposed to the project.

Then, it goes on northwardly and flows adjacent to the district of the gentleman from Indiana (Mr. Myers) and the gentleman from Illinois (Mr. Shipley). Then, as it goes northwardly, it flows through the district of the gentleman from Indiana (Mr. Fithian), the gentleman from Indiana (Mr. Hillis), my district and the district of the gentleman from Indiana (Mr. Sharp), the Wabash River having its origin in Ohio.

Now, let me go back into the history of this project for just a moment. Many people were dreaming about a Wabash Canal—this was several years ago—a canal which would connect the Ohio River, and thus the Mississippi River, with Lake Michigan and Lake Erie. The Corps of Engineers was commissioned to do a reconnaissance study, and that study was completed in 1972 and a report was submitted to the chairman of the subcommittee, the gentleman from Tennessee (Mr. Evins) in February 1973.

That report, which was the Wabash Waterway Reconnaisance Study, said:

> Studies have recently been completed and show that the cost of constructing a waterway extending from the Ohio River to Lake Erie and/or Lake Michigan would exceed prospective benefits by a wide margin.

It zeroed in on three possible routes, and stated that any one of those routes, if the canal was constructed, would cost in excess of $1 billion. But, the report also pointed out that there might be justification for a further study of the area from the Ohio River to Mount Carmel, Ill. Although I am opposed to even that study, I have kept still but this money, this $150,000 goes into that area which the reconnaisance report said could not be economically feasible. It is that to which I object.

The study for which funds are sought is a continuation of the study from Mount Carmel, Ill., to Terre Haute, Ind. It affects no area in my district directly, but the Wabash River runs through my district, and it will affect the Wabash River. We have opposing this amendment the gentleman from Indiana (Mr. Hayes), through whose district the Wabash flows; we have the gentleman from Indiana (Mr. Fithian), who opposes it; the gentleman from Indiana (Mr. Hillis), who opposes it; myself and the gentleman from Indiana (Mr. Sharp). In addition to that, the State of Indiana Department of Natural Resources Commission in March voted unanimously, according to a letter I received from the chairman, against the canal.

We have every environmental group I know of opposed to the canal. If the Members want to be fiscally responsible and want to express that here, I think they should vote for my amendments. If one is an environmentalist and does not want to see one of the most beautiful rivers in the country desecrated, one should vote for the amendments.

What could happen—and I know it is not going to because we cannot let it happen—is the fact that this canal could be extended. The study is just a nibbling away at the Wabash River. You will hear that this is just a study. Why waste $150,000 on a study that might result in a $1 billion project? Why waste $150,000 on a study which might well come to naught and which is contrary to an engineering report which is in the files?

Mr. Chairman, I trust that my amendments will be accepted by members of the committee.

Mr. SHIPLEY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendments.

Mr. Chairman, I will say to the gentleman from Indiana (Mr. Roush) that I want him to know that this Member takes a rather reluctant differing position with the gentleman, because we have served on the same subcommittee for several years and I have always supported the gentleman from Indiana when he wanted to make reductions.

I will say to the gentleman that I cannot support this reduction, because it is in my district and not in his district.

The gentleman from Indiana (Mr. Roush) said this was a study, and it is a study. It is $150,000 in this year's budget.

We have already spent over $1 million on this study, and to stop now, before we know what is best for Illinois, seems just a little bit ridiculous. This is not a commitment at all. It is simply a study.

I do not know about Indiana, but we in Illinois are having growing pains. All we want to do is to explore those means, those ways that we can improve ourselves and to develop the great, vast resources that we have.

Mr. Chairman, it is a known fact that Illinois has one of the largest, if not the largest, coal deposits in the country. The experts have said that we have enough to last this country for 300 years or more. Deep-shaft mining could produce 300 million tons per year and could provide thousands of jobs.

I do not know what the end result of this study will be. If it recommends that something be done, it will have to go through the same stages as any other program, any other project. But to stop a study now because one is opposed to it for no reason is ridiculous.

Illinois also is the largest exporter of rural products in America. The farmers of the Midwest of this country have been called upon to produce more and more foodstuffs, and we can do it and we can make it cheaper to the consumers if we have a means of transportation to get it to the market.

The gentleman from Indiana mentioned that it is not in his district. It certainly is not. I looked on the map, and I think it is approximately 250 miles from his home to Mt. Carmel, Ill.

Mr. Chairman, I was born and reared on the Wabash River, and I know that country well. All we want to do is to look into every way that we can improve ourselves so that we can mine the coal that is there, so that we can produce the food potential that is there, and all we want to do is complete this study. Then, if it recommends a project, we will take it on the merits. If it is a bad one, I will not support it. But do not shut us off, when all we have is $150,000 in this budget, and $33,000 next year to finish the entire project.

Mr. Chairman, I want to say this in closing: This has been referred to as a canal project. We have to keep it in sight and say this is a study. We are not calling it a canal today. There may never be one. Let us keep the text straight. This is a study and not a canal.

Mr. MYERS of Indiana. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendments.

Mr. Chairman, I am sorry that this amendment is on the floor today, but I recognize the right that each Member has to offer to amend this bill. I think there are a few things that ought to be brought to the attention of the Members to what has already been said. No one knows for sure whether it is going to be environmentally sound or economically wise to make the Wabash navigable. This is what the study is all about.

A study is needed so we will not come to this floor and speak from emotions, but we will speak from facts. Today there is not one of us, proponent or opponent, who can speak with any authority or with any facts as to what may happen if we make the Wabash River navigable. The Wabash River is the 11th largest river in the United States, according to amount of flow of water. It is the 14th longest river in the United States. It varies in different dimensions and ranks, depending on what category one wants to fit it into. But there is no other river larger than it is, that is not navigable today. The Wabash is the largest nonnavigable river in the United States. The Wabash was once navigable.

Up until 1935 there were riverboats plying the Wabash waters, but because it was not properly cared for, because we allowed debris to build up, and because we ignored the water, it became so silted and so filled with logs that no longer could any large craft come up the Wabash.

As has been stated, there was a cross-Wabash River waterway study authorized back in 1967. That was a reconnaisance study to explore the possibility of connecting the Ohio River with the Great Lakes. However, that had some built-in conditions and some problems that meant it could never have been economically sound. No. 1, for example, on the benefit side, no benefits could be considered for water transportation benefits if the present transporter or the present industry was using rail or truck transportation. No existing transportation could be considered. It all had to be new development before it could be considered as a benefit as far as transportation is concerned. It had to be all new development, so naturally it could never have had sufficient benefits to offset the costs of such a project.

Also probably because of the length of the system, since it was going all the way from the Ohio River to the Great Lakes, like "Mike's Ditch" which was once under consideration here, it was not feasible, and to my knowledge nobody has any intent at this point of reconstructing that idea of a navigation system via the Wabash to the Great Lakes.

Yet, as my colleague, the gentleman from Illinois (Mr. SHIPLEY), has explained to us here, there are large deposits of coal in that area. If that was the only source of coal in our country, there is enough there to run this country at the present rate of consumption for 200 to 300 years.There are tremendous reserves of coal in Illinois and Indiana that could be reached by this navigation system.

Second, there are large areas here of industrial use. There are many industries that would use this transportation if this river could accommodate barges.

From an agricultural standpoint, it was estimated last year that there were 9 million bushels of grain in Indiana that could not be hauled because there were not sufficient rail cars available to haul the grain out when it was harvested, and they could not get enough trucks. Nine million bushels of grain lying on the ground, some of which spoiled.

Mr. Chairman, the Department of Agriculture tells us that a farmer may receive 14 to 23 cents more per bushel for grain if it is transported by barge. Translate this to your consumers, think of the savings consumers will realize if they receive part of their food by barge.

The argument is made by my colleague from Indiana, Mr. ROUSH, that this was considered by the Department of Natural Resources of the State of Indiana. It was, but I think it only fair to explain to this body under what circumstances this Department of Natural Resources considered this matter. First, it is not required that their consent or their opinion be given; it is not really needed in this instance because this is a Federal project. But I inquired from our Lieutenant Governor and from another member of the commission why this was voted unanimously. They both told me that it was never considered by the commission. They came to me later and informed me that it was never on the itinerary or never on any program for consideration, but it was brought up after the Lieutenant Governor, who is a member of the commission, had left and after other members had left. The vote was 4 to 0, two members abstained, and the other members were not even there. So that is hardly representative of an opinion of the State of Indiana.

The CHAIRMAN. The time of the gentleman from Indiana (Mr. MYERS) has expired.

(By unanimous consent, Mr. MYERS of Indiana was allowed to proceed for 5 additional minutes.)

Mr. MYERS of Indiana. Mr. Chairman, I do not know whether we will ever make the Wabash River navigable again. I would like to know the answer. Unlike most other Members here, I was born and raised within a stone's throw of the Wabash River. I still have my home very near the river. I do not remember when the river was navigable.

Navigation does not put other modes of transportation out of business. I do not think we are going to put the railroads out of business any more than they are already being put out of business. Quite to the contrary. Trucks and railroads are going to be needed, because as our Nation grows and prospers economically, we are going to have to haul more freight. There is no question about that. We are going to have to have more transportation facilities.

Should we continue to spend more money on the railroads and more money building additional railroads and buying more rolling stock and more cars and then find that we do not have enough then to haul all the grain and coal that we need to haul?

Can we continue environmentally to build more bands of concrete across our Nation so that we can haul all the needed commodities?

Mr. Chairman, this Wabash River has been there millions of years. The water is already there. Today we are working for that river and the other rivers of our country. We work constantly to contain them, to keep them clean, to keep them out of our backyard, to keep them off our fields to save our crops.

Mr. Chairman, here is an opportunity to explore the possibility of making one river work for us, to float barges.

Mr. Chairman, with respect to environment, I want to cite just a few facts here. The environmental issue comes up. The reason this amendment comes up is that the environmentalists are bringing it up. I do not understand why. We are not building a new canal. We are only exploring the possibility of using water that is already there and making it work for us.

Mr. Chairman, here are some comparative costs: The cost per ton-mile—that is, hauling a ton of freight a mile—by air is 22 cents today. To haul a ton a mile by truck, it is 7 cents a ton-mile. By rail it is 1.4 cents. By pipeline it costs three-tenths of 1 percent to push a ton through the pipeline, and by water it costs three-tenths of 1 percent.

With respect to the amount of fuel to carry that freight per mile, by air it costs 63,000 Btu to transport a ton of freight a mile. By truck it is 2,400. By rail it is 750 Btu. By pipeline it is 1,850 Btu, and by water it is only 500 Btu. This means fewer imports of foreign oil. Less pollution for our society because we would consume less fuel.

Mr. Chairman, let us put it another way: The investment—and that is what this whole business is about—the investment in our future. The capital investment required to carry 1,000 tons a mile is $32.30 That is the investment by rail. By barge it is $6.84 of investment to haul 1,000 tons a mile or about one-fifth as much as it does by rail.

Again, Mr. Chairman, I do not think that we are playing one against the other. We are going to need both.

There is one other aspect, Mr. Chairman: River barges can carry 5 times their own weight. That is cheaper. By rail car it can haul about 1⅓ times its own weight.

Therefore, Mr. Chairman, I think it is a little unfair to say that water transportation is environmentally unsound, and to say that this Nation does not need additional transportation would be ignoring the facts today and the need for the future.

Again, I want to reiterate that this concerned area of this study is only 90 miles of river, primarily the concern of the gentleman from Illinois (Mr. SHIPLEY) on the Illinois side and myself on the Indiana side. There is a small segment of the proposed study down the river, of a few miles, not in our districts. Most of it is in our congressional districts.

It is only $150,000 for a study, and regardless of whether this study of a study to Terre Haute is approved or not, more money will be needed to make the report of the study for the 42-mile section from the Ohio River to Mount Carmel.

Therefore, Mr. Chairman, I plead with the Members, in the interests of finding the real facts, to leave this study in and not to approve the amendment of the gentleman from Indiana (Mr. ROUSH), my good friend.

Mr. Chairman, let me close with this: Alexander Hamilton was once, as many of us know, Secretary of the Treasury. He was asked by this Congress in 1790 to make a report on this Nation's manufactures.

He said this:

> We need more transportation in this country—

And he added—

> The symptoms of attention to the improvement of inland navigation, which have lately appeared in some quarters, must fill with pleasure every breast warmed with a true zeal for the prosperity of the country. These examples, it is to be hoped, will stimulate the exertions of the government and citizens of every State. There can certainly be no object more worthy of the cares of the local administrations; and it were to be wished that there was no doubt of the power of the national Government to lend its direct aid, on a comprehensive plan. This is one of those improvements which could be prosecuted with more efficacy by the whole than by any part or parts of the Union.

The CHAIRMAN. The time of the gentleman from Indiana (Mr. MYERS) has expired.

(By unanimous consent, Mr. Myers of Indiana was allowed to proceed for 1 additional minute.)

Mr. MYERS of Indiana. To continue, Mr. Chairman, Alexander Hamilton, back in 1790, said:

> Good roads, canals, and navigable rivers, by diminishing the expense of carriage, put the remote parts of a country more nearly upon a level with those in the neighborhood of the town. They are upon that account the greatest of all improvements.

Mr. Chairman, he went on to say this:

> There are cases in which the general interest will be in danger to be sacrificed to the collision of some supposed local interests. Jealousies in matters of this kind are as apt to exist as they are apt to be erroneous.

This is exactly the issue today with this amendment.

Mr. Chairman, please let us not have this jealousy and supposed local interests today deny a great area of the Midwest the opportunity to provide the transportation to move the commodities which are needed in the rest of the Nation and will be needed in years to come.

Mr. SHARP. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, very briefly I would like to add my support to the amendment offered by the gentleman from Indiana (Mr. Roush) on the ground that I believe it is not wise to begin this study of the Wabash River until we have the report on the section of the river from the Ohio River to Mount Carmel. I believe that such a canal project likely would be environmentally damaging, it would not bring about any economic benefit justifying its costs and would be a waste of the taxpayers' dollars.

Therefore, I urge support of the Roush amendment.

Mr. ROUSH. Mr. Chairman, will the gentleman yield?

Mr. SHARP. I yield to the gentleman from Indiana.

Mr. ROUSH. Mr. Chairman, I would like to reassure some of my colleagues, in view of what has just been said I do not believe I took sufficient time in the presentation I originally made on my amendment to clarify the status of the report on the stretch of the Wabash from the Ohio River to Mount Carmel. That study, which was encouraged by the reconnaissance study of the corps, has not yet been completed. We expect that report to be completed soon. Every indication is that the cost-benefit ratio will be very close. No one can say with great assurance that the benefits will exceed the costs nor, vice versa.

There is no sense in building a canal to the north if we do not have one to the south. It makes sense to me that we wait until that study is completed before we spend $150,000 on the instigation and continuation of that study.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. SHARP. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, I think it would be fair to say that the study has been completed but that the report has not been made. I can assure the membership of this committee that if it is not economically feasible to build the proposed 42 miles of navigation then naturally the next 90 miles to Terre Haute, Ind., would not be either and there will be no money spent on that study. Today we do not know, but we will before the year is out. Again some funds will be required to make the report and for hearings on the first stretch to Mount Carmel.

Mr. SHARP. Mr. Chairman, I yield back the balance of my time.

Mr. EVINS of Tennessee. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let me say that it is with extreme reluctance that I rise in opposition to the amendment.

The gentleman from Indiana (Mr. Roush) has been most fair. The gentleman came before our committee and he opposed the project. However, I was tremendously impressed by the overwhelming number of people who came in from the Wabash River area who wanted the Wabash River study.

Also, the gentleman from Indiana (Mr. Myers) is the ranking minority member on our committee, and this project is in his district as well as in the district of the gentleman from Illinois (Mr. Shipley). The project is not in the district of the gentleman from Indiana (Mr. Roush), who opposes the project. Therefore, because the gentleman from Indiana (Mr. Myers) is the ranking minority member, supports the project, and because of the overwhelming support of the people in that area, I favor the study.

Let me add that canal may never be built, but I see nothing wrong in getting the facts through a further study. Let us get the facts and then the Congress can, based upon those facts, decide about the project.

Mr. FITHIAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendments.

Mr. Chairman, I would like to say that as one who represents a number of Wabash Valley constituents in my District, that I am opposed to this as they are. I think in the long run this would prove to be detrimental. The State of Indiana went broke once on a "cross-Wabash canal."

I am not going to take much of the time of the House. I respect the ranking minority Member, the gentleman from Indiana (Mr. Myers), and the fact that it is in his district, but I just simply want to state my position in support of the Roush amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Indiana (Mr. Roush).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. ROUSH. Mr. Chairman, I demand a recorded vote, and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred five Members are present, a quorum.

The pending business is the demand of the gentleman from Indiana (Mr. Roush), for a recorded vote.

A recorded vote was refused.

So the amendments were rejected.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am convinced that inflation is our greatest threat, and that to meet this problem, we are going to have to take many actions, hard actions.

While this is evident, it is equally imperative that we look after the development and protection of our own country on which all else depends.

I am signally fortunate as ranking member of the Committee on Appropriations to work in this area.

OUR COUNTRY—BASIS FOR EVERYTHING

Mr. Chairman, the more we owe, the greater our problems, and the more imperative it is that we look after our country on which all else depends.

If we leave our children a rich land, then they can make a fine future for themselves. On the other hand, we could leave them all the money in the world and a worn-out land, and they would have nothing on which to build.

My colleagues have discussed the national aspects of this bill. Here I would like to point out what we have provided for my section.

NORTH MISSISSIPPI AND THE MEMPHIS, TENN., AREA

The sum of $150,000 has been included for further attention to the flood problems in the Horn Lake and Southaven areas of north Mississippi. The Corps of Engineers has completed its study on Nonconnah Creek, Tenn., and Mississippi, and submitted it to the Office of Management and Budget for approval as a project. We hope to get this in the omnibus flood control bill this year.

RESERVOIRS

Recreation was not included in the original construction funds for Arkabutla, Enid, Sardis, and Grenada Reservoirs. However, since this activity is an economic asset to the area, $4,800,000 was approved for further recreation development with special attention to improving roads. We provided for maintenance the sum of approximately $5,000,000, since these reservoirs have millions of visitors each year; this is essential.

Some years ago I was able to get the law changed where 75 percent of the land rentals go back to the counties for roads and schools. In this connection, last year we amended the law so as to allow for the construction of roads and bridges to recreation areas throughout the country on a 70/30 division of cost basis. While this subject is handled in another bill, contracts are being let for the construction of bridges, in Tate County from Coldwater to Arkabutla due to emergency conditions.

UPPER YAZOO BASIN PROJECT

This work in Tunica, Quitman, Coahoma, DeSoto, Tate, Panola, and Tallahatchie Counties has been long delayed. Included in this bill is the sum of $7,000,000 for construction and planning, with an additional $1,000,000 provided for the main stem; tributaries, $700,000; and for Ascalmore-Tippo and Opossum Bayous, $1,075,000.

TENNESSEE-TOMBIGBEE NAVIGATION PROJECT $100,000,000

Mr. Chairman, recognizing that the highway bridges required for this project would work an undue hardship upon my State of Mississippi, since 10 of the 13 bridges were in my State, I went to the House Legislative Committee on Public Works, suggested that the new Highway Act include an authorization for relief to my State, in the building of crossings since new projects did not require construction of crossings by local interests. My language was accepted and included in the bill. Later in conference with the Senate, the italic language was added. I quote the provision as it appears in the law.

"HIGHWAY CROSSING FEDERAL PROJECTS

"SEC. 132. (a) Chapter I of title 23, United States Code, is amended by adding at the end thereof the following new section:

" '§ 156. Highways crossing Federal projects

" '(a) The Secretary is authorized to construct and to reconstruct any public highway or highway bridge across any Federal public works project, notwithstanding any other provision of law, where there has been a substantial change in the requirements and costs of such highway or bridge since the public works project was authorized, and where such increased costs would work an undue hardship upon any one State. *No such highway or bridge shall be constructed or reconstructed under authority of this section until the State shall agree that upon completion of such construction or reconstruction it will accept ownership to such highway or bridge and will thereafter operate and maintain such highway or bridge.*

" '(b) There is hereby authorized to be appropriated not to exceed $100,000,000 to carry out this section. Amounts authorized by this subsection shall be available for the fiscal year in which appropriated and for two succeeding fiscal years.'

"(b) The analysis of chapter I of title 23 of the United States Code is amended by adding at the end thereof the following: " '156. Highways crossing Federal projects.' "

Our Committee on Appropriations recently including $35,000,000 to implement such section to meet our States' problem. The remainder should be made available for the following year.

TOMBIGBEE RIVER AND TRIBUTARIES

To meet the flood control problems here, we have provided $3,000,000.

FOOTHILL AREA

For streambank erosion control evaluation and demonstration, $2 million is provided for work in the hill and adjacent delta areas of the Yazoo Basin from Memphis to Yazoo City. For Tillatoba and Hunter Creeks a special project of $250,000 in addition is included. This streambank erosion control evaluation project is to benefit the entire country and is one of four included. Yazoo Basin was provided $400,000 to initiate construction on the Big Sand Levee extension.

APPALACHIAN REGION

Funds providing for the continuation of the Appalachian Regional Commission programs are included. These amount to $300,500,000. Included herein are funds continuing the corridor highway program from the Alabama line to Interstate 55 at Batesville by way of Pontotoc and Oxford, which our committee directed 2 years ago. Funds were provided last year for the northwest extension of the Tupelo, Miss., access road, directed by the committee, along with regular projects under the Appalachian program, of which there are a number of special benefits to a variety of interests.

NATCHEZ-TRACE PARKWAY

Mr. Chairman, while it is not in this bill, our Appropriations Committee has approved $1,000,000 to complete section C of the Natchez-Trace, from Tupelo to the Alabama line and funds for further planning around Natchez.

TVA POWERPLANT

The Tennessee Valley Authority has assured me that they intend to start the powerplant at Yellow Creek Port in 1977 as planned.

AGRICULTURE APPROPRIATIONS

Mr. Chairman, later today we shall bring up the appropriations bill for the Department of Agriculture and related programs. There we have restored the agricultural conservation program, funds for the Soil Conservation Service, for the REA, for the Farmers Home Administration including funds and personnel, for water and sewer loans and grants, for rural housing and reforestation, for school milk and school lunch programs as well as others.

CONCLUSION

Mr. Chairman, I repeat what I have pointed out many times, the more serious our problems, the greater our fiscal situation, the more imperative it is that we take care of the land, for it is on this that all else depends. We could leave our children all the money in the world and wornout land, and we would in effect leave them nothing. On the other hand, if we leave them a rich land with soil erosion stopped, with rivers and harbors free of pollution and our hillsides once again in trees, they will make it whatever our financial plight—for, if necessary, they could establish their own financial system.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONSTRUCTION, GENERAL

For the prosecution of river and harbor, flood control, shore protection, and related studies authorized by laws; and detailed studies, and plans and specifications, of projects (including those for development with participation or under consideration for participation by States, local governments, or private groups) authorized or made eligible for selection by law (but such studies shall not constitute a commitment of the Government to construction): $1,417,077,000, to remain available until expended: *Provided*, That no part of this appropriation shall be used for projects not authorized by law or which are authorized by law limiting the amount to be appropriated therefor, except as may be within the limits of the amount now or hereafter authorized to be appropriated: *Provided further*, That $2,000,000 of this appropriation shall be transferred to the United States Fish and Wildlife Service for studies, investigations, and reports thereon as required by the Fish and Wildlife Coordination Act of 1958 (72 Stat. 563-565) to provide that wildlife conservation shall receive equal consideration and be coordinated with other features of water-resource development programs of the Department of the Army.

AMENDMENT OFFERED BY MR. M'CORMACK

Mr. McCORMACK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK: On page 6, line 9, strike out "$1,417,077,000," and insert in lieu thereof "$1,416,477,000, of which $200,000 is for advanced planning of the Vancouver Lake Area, Washington project, and $1,000,000 for the Dalles Additional Units project, Washington,".

Mr. McCORMACK. Mr. Chairman, this is a fairly simple amendment. It does two things. It reduces the funding for The Dalles Dam which is on the Columbia River between Oregon and Washington, for the Visitors Center there, from $1.8 million to $1 million, thus effecting a savings of $800,000. That is point No. 1. This reduction is consistent with the Corps of Engineers' estimate of what it can spend on this project for fiscal year 1977.

In other words, we are working within the Corps of Engineers' figures on The Dalles Dam, and not cutting back on any part of that project.

The second point in this amendment is that it adds $200,000 for completion of the advanced planning for the Vancouver Lake area near Vancouver, Wash. Thus, the net saving in this amendment is a total of $600,000.

The reason for my request of this addition at this time in this manner is simply one of timing. This project was authorized for Lake Vancouver in 1950 and partially funded in 1973, but work was suspended in 1973 until land-use planning decisions were completed within Clark County wherein the lake lies. Now a comprehensive land-use plan has been adopted by the Clark County Regional Planning Commission. We have all been waiting for a long time for decisions on this project, but they have been slow coming because of rather an intense debate within Clark County on this issue. It was completed last June 7, 8 days ago. On Friday, 4 days ago, the Corps of Engineers made their report available to us, saying that they could spend the $200,000 to complete this project during fiscal year 1977.

I recognize that we have been forced to move very quickly during the weekend, that we have had available to us, but we have worked this amendment out with the cooperation of the Corps of Engineers and the subcommittee.

I ask for the support of the Members for this amendment to complete the planning for the Lake Vancouver project.

Mr. DUNCAN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Oregon.

Mr. DUNCAN of Oregon. Mr. Chairman, the gentleman from Washington has graciously yielded and I would like with equal grace to support and endorse everything he has said. He will be saving $600,000 in the budget. The project is in the metropolitan area which the gentleman and I both represent. I thank the gentleman for his amendment.

Mr. McCORMACK. I thank the gentleman from Oregon (Mr. Duncan) for his support. The gentleman is correct.

We serve districts across the Columbia River from each other, but the Portland-Vancouver area is really one community. I appreciate the gentleman's teamwork and support.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, the gentleman from Washington has discussed his amendment with me. It reduces the budget by a net amount of $600,000. We accept the amendment.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, we accept the gentleman's amendment.

AMENDMENT OFFERED BY MR. EDGAR TO THE AMENDMENT OFFERED BY MR. M'CORMACK

Mr. EDGAR. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

> Amendment offered by Mr. Edgar to the amendment offered by Mr. McCormack: Strike out "$1,416,477,000" in the McCormack amendment and insert in lieu thereof "$1,394,977,000."
>
> On page 6, in line 15, after the word "appropriated:" insert the following:
>
> "*Provided further*, That no part of this appropriation for the Corps of Engineers under this Act shall be obligated or expended for construction or land acquisition with respect to the Gathright Lake project in Virginia and the Meramec Park Lake project in Missouri:".

POINT OF ORDER

Mr. HUNGATE. Mr. Chairman, I make a point of order as to whether this might constitute legislation in an appropriation bill.

The CHAIRMAN pro tempore (Mr. Bergland). The gentleman from Missouri will state his point of order.

Mr. HUNGATE. Mr. Chairman, I think I have stated it as succinctly as I can. It appears to me this might constitute legislation in an appropriation measure.

The CHAIRMAN pro tempore. Does the gentleman from Pennsylvania desire to be heard on the point of order?

Mr. EDGAR. I do, Mr. Chairman.

Mr. Chairman, I do not think that this project is making legislation in an appropriation bill. On the contrary it is simply deleting from an appropriation bill two projects that are similar to the project that a few days ago, 10 days ago broke in the Snake River, namely the Teton Dam.

My amendment simply states those two appropriations, in the sum of $9.5 million from the Meramec Park Lake project in Missouri and in the sum of $11.5 million for the Gathright Lake project in Virginia will be deleted. I think it is very appropriate for us in an appropriation legislation to have the opportunity to either increase or decrease authorizations that have been made.

I am simply stating that at this point I request my colleagues to consider deleting those two projects because of the serious environmental as well as structural problems that these projects may face.

Mr. HUNGATE. Mr. Chairman, may I be heard further?

The CHAIRMAN pro tempore. The gentleman from Missouri will be heard further on the point of order.

Mr. HUNGATE. Mr. Chairman, the legislative part of this, I submit to the Chair, is the appropriation which began in 1938, the authorization leigslation is that old and, while it may be appropriate to add or deduct funds from an appropriation measure, to specifically declare that funds shall be spent in a particular way, certainly if there had been no authorization, would constitute legislation, or to declare that they may not be spent in a particular way is the converse of that legislative attempt.

The CHAIRMAN pro tempore. The Chair is prepared to rule on the point of order raised by the gentleman from Missouri (Mr. Hungate).

The amendment offered by the gentleman from Pennsylvania (Mr. Edgar) is, indeed, a reduction of and a negative restriction on the funds in the paragraph and a valid limitation and, thus, under clause 2, rule XXI, the Chair overrules the point of order.

Mr. EDGAR. Mr. Chairman, I draw the attention of the House to an article that appeared in the June 21 issue of Newsweek magazine, which was headed by this very penetrating question:

A PREDICTABLE DISASTER?

The article goes on to talk about the Teton Dam disaster. It describes in as limited a way as a news article could the step-by-step erosion of the Earth beneath and around the Teton Dam. It demonstrates the fact that this House and the Senate ought to begin very carefully looking at dam projects, particularly those that are being suggested for areas either in earthquake-prone areas or in areas where the soil and cave structure of the rock demonstrates that the project is very nebulous.

I would like to point out some facts and figures about first the project at Meramac River.

First, a $115 million dam is being constructed on the Meramac River, 80 miles southwest of St. Louis, Mo. Provision for land acquisition is now beginning to get underway.

Second, proper geological exploration of the numerous caves has not occurred. The Army Corps of Engineers wants to avoid test drilling where it knows it will encounter caves, because this will dramatically increase the project costs.

Also, there are over 8 miles of explored cave passages within 3-mile radius of the dam site, making this one of America's most cavernous dam sites.

Third, there are two faults in this area: Leasburg Fault, which bisects the middle of the reservoir near Onondaga Cave, and the Richwoods Fault extension near the dam itself.

The project would ruin what is considered as one of America's five most beautiful caves. I draw the committtee's attention to this document, which relates to the mammoth caves in Missouri, and in particular the Onondaga Cave site, which would be devastated by this project.

I also would like to draw the committee's attention to the fact that on the map that describes where the dam is to be located, the dam site has already been changed once because of rock formations not being suitable for a dam structure in this way.

The second project which would be deleted by my amendment from this appropriations bill would be the Gathright Dam in Virginia. Unlike the Meramec Park Dam, the Gathright project is well into the construction phase. It is about 68 percent underway. It shows what can happen when a dam is built in an area riddled with limestone caverns. This project has been cited as a "dam builder's nightmare" by the Engineering News Record. Millions of dollars have been spent on concrete poured into cave passages at the base of the dam. Several authorities have raised questions about the ability of the dam to hold water, even after the extensive grouting has occurred. A special study of the dam was performed by the House Appropriations Committee, which charged the Army Corps of Engineers with not performing the necessary test drilling before the project was started.

I call the committee's attention to this report, which has been prepared by a number of environmental groups, relating directly to the information of the surveys and investigation staff of the House Committee on Appropriations. This House subcommittee just 1 year ago made some very serious accusations about the Army Corps of Engineers and its role in the completion of this dam project. I read one quotation from that report, which states:

> The Corps justification data for the Gathright Project does not reflect the total estimated costs of the project. For instance, the Corps budget justification data for fiscal year 1975 reported the total estimated cost of the project as $49.8 million. However, the investigative staff noted that this amount did not include (1) $5.2 million for interest during construction—a recognized economic cost incurred during development of a water resource project—and (2) $1.2 million for future recreation costs to be incurred.

The CHAIRMAN pro tempore. The time of the gentleman from Pennsylvania has expired.

(By unanimous consent Mr. Edgar was allowed to proceed for 2 additional minutes.)

Mr. ICHORD. Will the gentleman yield now?

Mr. EDGAR. I yield to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, let me first of all say that I know nothing about the Gathright project mentioned by the gentleman from Pennsylvania. The gentleman may know something about it, but I do know something about the Meramac project, because it happens to be in my district, so I am familiar with it.

Has the gentleman ever been on the Meramac River and in the area?

Mr. EDGAR. I have never been on the river, but I have done some extensive research in the area.

Mr. ICHORD. Over how long a period of time has the gentleman done this research, I would ask?

Mr. EDGAR. Just since the disastrous effect of the dam which broke 10 days ago and caused me, as a member of the authorizing Committee for Public Works, to look very seriously at any authorization for a dam project either by the Soil Conservation Service or the Corps of Engineers, which may have a similar land mass and similar problems as the Teton disaster has produced.

Mr. ICHORD. Has the gentleman talked to the gentleman from Virginia, in whose district that project is located?

Mr. EDGAR. Talking about the Gathright Dam Project?

Mr. ICHORD. Yes.

Mr. EDGAR. We just discussed it briefly on the floor today.

Mr. ICHORD. Has the gentleman discussed anything with me, in whose district the Meramac is located?

Mr. EDGAR. I have not.

Mr. ICHORD. I would state to the gentleman that I could tell him a lot about the Meramac project. I do not think there is any need to go any further, because he stated with authority that the Corps of Engineers had not made a sufficient study of the geological strata of the Meramac. I will tell the gentleman in the well that the Corps of Army Engineers has been aware of this particular problem for at least 8 years, and I have been working with the Corps of Army Engineers on it.

The CHAIRMAN pro tempore (Mr. BERGLAND). The time of the gentleman from Pennsylvania has again expired.

Mr. ICHORD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and members of the committee, as I pointed out in the colloquy I had with the gentleman from Pennsylvania, he is not familiar with the area of the Meramec River. I doubt, although I did not ask him about it, that he is familiar with the area in Virginia. He has not talked to me, in whose district the Meramec is located. He has not talked to the gentleman from Virginia, who has the Gathright project.

Let me say, members of the committee, I think the gentleman from Pennsylvania is completely unfair to bring an amendment such as this to this august legislative body, asking us to eliminate two projects in different areas of the country with the statement that both projects are in the same position.

I happen to be in favor of maintaining free-flowing rivers generally over reservoirs and I will state quite frankly that I heard that the Sierra Club was shopping around trying to get a Member to offer this amendment. I am not criticizing the Sierra Club. In fact, I agree with the Sierra Club a good deal of the time, but we cannot consider projects such as reservoirs all in a group. We cannot consider rivers as all the same. Each project has to be considered on its own merits.

That is why this amendment is almost inane. It is almost inane to compare Meramec with the Teton Dam, because the Teton Dam is twice as high as the Meramec Dam. It is in an entirely different geological environment. It used native materials completely different than what will be used in the Meramec region. I am sure we could say the same thing about the reservoir in the district of the gentleman from Virginia, however I am not familiar with it. I can shed some light upon the Meramec project because I have been worried about this problem for at least the last 8 years. One can make a genuine argument about whether the dam should be built or not. But to come before this body and throw at them two different projects, one in Virginia and one in Missouri, and say they are both like the Teton Dam is ridiculous. The Meramec has been compared, following an unfortunate experience, to the Teton Dam. I will say to the gentleman from Virginia that, while there has been speculation regarding the cause of the failure of the Teton, the final report will not be ready for several months. Prior to this report, we can only describe the principal differences in the two structures.

I would state to the gentleman from Pennsylvania also—I do not know whether the Sierra Club advised him or not—this is not construction money. The money in this bill is for the purchase of land. There is no money for the construction of the dam area, but there is money for design and further study. All the gentleman is doing is cutting off his nose to spite his face.

In the first place, Teton has sands and gravels, with only a small amount of rock. The Meramec has thick quarry rock shelves. There are cavernous conditions in the area, I will agree with the gentleman from Pennsylvania, but the corps has considered this. As I stated before, Teton is 305 feet high. Meramec is only going to be 183 feet high. The Meramec does rest on sound bedrock. Teton has a silt core.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

(By unanimous consent, Mr. ICHORD was allowed to proceed for 5 additional minutes.)

Mr. ICHORD. Teton, I would advise the gentleman from Pennsylvania, has a silt core only 30 feet wide, where the contact is rock, and a three-line concrete curtain. Meramec is in clay country.

I am sure the gentleman from Kentucky is well aware of that. The clay in Missouri is much like that in Kentucky. The gentleman knows how Kentucky clay and Missouri clay will hold water.

The bedrock of the two dams also differs, with the Teton having a fissured and faulted lava flow basalt, while Meramec has a solutioned, a fissured, but nonfaulted limestone foundation. It should also be noted that the Teton basalt bedrock has extensive, continuous voids, where gas escaped when the rock was formed, and these voids are generally air-filled. The limestone solution channels in Meramec were created long after the rock was formed and contain the residue of the solution process that they created.

So I will state in conclusion to the gentleman from Pennsylvania (Mr. EDGAR) that the two dams are dissimilar. The cores are different, the soils are different, the foundations are different, and the drought curtain is different.

What the gentleman is in effect asking this body to do is to say that because one airplane crashed we are going to ground all the airplanes in the country.

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Chairman, I will ask the gentleman, it is not true there are two earthquake zones in the area of the dam?

Mr. ICHORD. First I would like to ask the gentleman from Pennsylvania, is he familiar with the various earthquake zones that we have in the United States?

Mr. EDGAR. Somewhat familiar.

Mr. ICHORD. Does the gentleman know how many zones we have?

Mr. EDGAR. I will wait for the gentleman's explanation.

Mr. ICHORD. Mr. Chairman, if the genleman is going to raise a question about earthquake problems, I think he should know something about earthquake problems.

How many zones do we have in the United States? I will advise the gentleman how many zones we have in the United States. We have zone 1, we have zone 2, and we have zone 3 which is the most susceptible to earthquakes. The Meramec Dam, I will advise the gentleman from Pennsylvania since he has never been there, is on the borderline of zone 1 and zone 2.

I will further advise the gentleman from Pennsylvania that the possibility of an earthquake affecting Meramec Dam at this fault location is extremely remote, and it was so stated in the environmental impact statement.

There is an earthquake zone in Missouri, but that is located way down in the 10th District, represented by the gentleman from Missouri (Mr. BURLISON). They did have an earthquake there, in the year 1810, I believe, but this is a great number of miles from the new Madrip earthquake zone.

Mr. EDGAR. Mr. Chairman, if the gentleman will yield further, I thank the gentleman for his expert advice.

I wonder if the gentleman is familiar with the report of a very prominent research group. The National Academy of Sciences has published a pamphlet describing the many earthquakes caused by reservoirs—the booklet is entitled "Earthquake Related to Reservoir Filling." This report has studied the effect of large volumes of water, tons of water, that will be stored behind this dam on top of these faults and the impact of that weight on the earthquake activity? Even though, according to the gentleman's statement, this hovers between zone 1 and zone 2, it is stated that the impact of that weight may increase the chance of some breaking in the Earth's soil and the movement of land from the dam.

I would further state to the gentleman that relative to his comment earlier that we had 10 days, that is not enough time to look at these projects in a critical sort of way. My amendment does not delete this project for time immemorial. It simply states that for 1977, rather than appropriate the money now, we consider this further.

The CHAIRMAN pro tempore. (Mr. BERGLAND). The time of the gentleman from Missouri (Mr. ICHORD) has expired.

(By unanimous consent, Mr. ICHORD was allowed to proceed for 1 additional minute.)

Mr. ICHORD. Mr. Chairman, let me answer the gentleman from Pennsylvania (Mr. EDGAR) by saying that I thought I had answered those questions in my opening remarks, and I do not yield further at this time.

The Teton Dam is 305 feet high, and the Meramec Dam is only 280 feet high.

I reject the idea that the gentleman from Pennsylvania (Mr. EDGAR) is not by this amendment defeating the project, because there is no money for construction. This is for continued acquisition of land at Meramec, and we can also make further studies about these conditions which concern the gentleman from Pennsylvania.

Mr. BUTLER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I, along with most Members, as the gentleman from Missouri (Mr. ICHORD) has pointed out, have no familiarity with the Missouri problem, and I suspect from what has been said by the gentleman from Pennsylvania (Mr. EDGAR) that he has no familiarity with my problem. I think it is fair to state, although we have had no colloquy to that effect, that the gentleman from Pennsylvania has not visited the Gathright area, and I have made that assumption. I think, however, it is important to point out that we are not here talking about a new project. It is 68 percent complete.

Mr. Chairman, it is an area which is in my district, a district in which I have lived all my life. I know of no earthquakes that have occurred in that area, but we have had a number of floods. That is what this question is all about.

It is quite natural, I think, that the breaking of the Teton Dam, with its disastrous consequences, would cause some concern about the safety of any project under consideration.

The Gathright Dam right now is under construction. Therefore, I think we have to compare it with the Teton Dam and consider the questions raised. Bear in mind that the Teton Dam is an earthen dam. The gentleman from Missouri (Mr. ICHORD) has described accurately the base on which the Teton Dam is built. Not so the Gathright Dam. It is built of stone with a clay core, and an exceptionally good, solid rock base.

The measures the Corps of Engineers have taken to assure the safety of the Gathright Dam may be of interest to the gentleman from Pennsylvania (Mr. EDGAR).

The chief interest of the corps has been to see to the foundations of the dam, including the abutments, were made secure. To do this, the base and abutments were thoroughly cleaned of dirt and loose material down to solid rock. Then three lines of holes 5 feet apart and 190 to 170 feet deep were drilled in the center of the dam, and grout, a mixture of sand, cement and water, was forced into these holes under high pressure to fill and seal every crack and crevase in the foundation. Another lot of holes under the center of the dam, 10 feet apart and 30 feet deep, was drilled over an area 250 feet wide and also filled with grout under pressure.

On this solid foundation the dam, which will be some 1,200 feet thick at the base and 257 feet high, is being built.

It will have a core of tightly compacted, impervious clay. On either side of this will be an 8-foot thick course of the material to keep the clay from leaching, and next to this will be another 8-foot course of larger material to keep the fine materials from leaching. On either side of this will be a mass of stone 450 feet wide on the upside of the base of the dam and 400 feet at the downside. The whole mass of material composing the dam amounts to 2,200,000 cubic yards, of which 1,500,000 is stone. Reduced to tonnage, this amounts to 4,500 tons of stone.

Mr. Chairman, there have been some questions with respect to the unusually large fissure on the right side of the Teton Dam, the section that collapsed, and that is suspected to be the cause of that disaster.

When the fissures were discovered in Idaho, the engineers tried to correct the problem with grout, a cement and sand mixture.

Nearly 600,000 cubic feet of grout were used to fill the faults around and under the Teton Dam, but officials investigating the disaster now suspect that the 300 foot earthen structure was weakened by water seeping through unplugged fissures in the canyon wall.

Mr. Chairman, there are caverns on the left side of the Gathright project, very high up on the project. This is the reason why the gentleman from Pennsylvania refers to it as a "dam builder's nightmare." Actually, that description was offered 2 years ago. They have not been filled with grout. Instead, a concrete membrane was built to block them off.

The filling, which was done at Teton, is a hit-and-miss proposition.

The membrane wall at Gathright, 800 feet long, 110 feet high and 8 feet thick, was built into the mountain that contained the caverns.

Mr. Chairman, the membrane wall in the Gathright Dam structure is a new concept designed to keep the water that seeps into the mountain through the faults from getting beyond the dam.

It contains 750,000 cubic feet of concrete.

Mr. Chairman, that is what has been done in the Gathright Dam. That was done after the Corps of Engineers hired as consultants a blue ribbon task force of engineers to furnish the corps with advice on how to overcome the problem of the fissures.

The final program of building a membrane wall was the result of a number of years of investigation by the advisory panel and the Corps of Engineers to provide a safe and sound structure.

Also, during construction of this particular membrane a number of other corrective measures were involved.

The CHAIRMAN pro tempore (Mr. BERGLAND). The time of the gentleman from Virginia (Mr. BUTLER) has expired.

(By unanimous consent, Mr. BUTLER was allowed to proceed for 1 additional minute.)

Mr. BUTLER. Mr. Chairman, there was a massive membrane built, which I mentioned before. There was extensive grouting done, which I have already mentioned, and then there was provision for a thorough draining system. As a further safeguard, during the construction of these added features, the corps utilized the services of topnotch mining engineers as consultants on underground excavation and construction.

No water will ever flow over the Gathright Dam. Long before water could reach the top of the dam, it will flow through the spillway.

No flood of record in this area has ever been so great as to reach this point.

All the skill and experience that the Corps of Engineers has acquired in over 100 years of building dams has been used not only to make this dam safe, but to give it wide margin of safety in every phase of its construction and operation.

Mr. Chairman and Members of the Committee, I sincerely ask you to reject this amendment and let us proceed to complete the construction of this very vital flood control project which is, at the moment, 63 percent completed.

Mr. LITTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to add my support to the efforts of the gentleman from Pennsylvania (Mr. EDGAR) to strike funding for the Meramec Basin project.

Unlike the gentleman from Pennsylvania, I have visited the area and have spent a great deal of time studying the Meramec project. I am willing to concede, however, I am not nearly as close to the project as is my Missouri colleague in whose district the project is located. Neither am I an expert on earthquakes or even dam building. The Meramec Basin project has been promoted as a boon to the recreational activities of our State.

I have seen independent research of the recreational needs of our State which shows clearly that we do not need another stillwater lake so much as we need open, scenic waterways on which persons can canoe and around which families can hike and in some areas go camping.

The Meramec project, as proposed by the Army Corps of Engineers, in my opinion is counterproductive to the true needs and environmental considerations of the people of the State of Missouri.

The Meramec project would destroy the obvious advantages of this most scenic and beautiful area. Rather than enhance the natural beauty of the area, the proposed project would innundate the scores of caves, miles of open waterways and surrounding valleys which so obviously lend themselves to recreation.

The Meramec project would indeed provide new facilities for power boating, but at least in our State need for powerboating has not increased nearly as rapidly as has the need for canoeing, camping, and other such recreation.

There is a significant reason for this. Just as the people of this Nation are turning from the high-cost recreation activities to canoeing and other less expensive recreation so, too, should this Congress realize that Meramec is unnecessary and inadvisable.

The Meramec region can and should be preserved for recreation for future generations. This idea, however, clearly does not require total destruction of the area.

The proposed Meramec project is, as one person put it, an "environmental Edsel" serving no function. It is a multimillion dollar "toy designed for the plastic 1960's" by the assessment of one Department of Interior spokesman.

In conclusion, let me point out that the Meramec Basin project has been on the drawing board since 1938, when I was less than a year old. It is time we dropped this proposal just as the State of Missouri asked us to do in the late 1940's when the plan was first rejected.

By supporting the Edgar amendment, we can go on record against needless Government expenditures and against the destruction of the limited amount of truly scenic areas remaining in this Nation.

Mr. EVINS of Tennessee. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, we have a very historic situation here in which a new member of the Committee on Public Works and Transportation—and a very fine member—the gentleman from Pennsylvania (Mr. EDGAR) offers an amendment; it is novel in that it is a combined amendment to strike out two projects, one in Missouri and the other in the State of Virginia.

These matters have been completely studied by the Corps of Engineers over the years. They have been evaluated by the committee and I will take up each one of them separately.

First, the Meramec Basin project. This was authorized by the Congress in 1938 and has a 1.81 cost-benefit ratio. A total of $3,600,000 has been spent in investigating the geology of the area. The findings are that this project would be built on solid bedrock, in comparison to the Teton case, this project would be built entirely on solid bedrock.

Some years ago some members from the Sierra Club came before the committee opposed to the Meramec Basin project, and their opposition at that time was that it would destroy the caves.

I understand that the Governor of Missouri supports the project; the Corps of Sngineers supports the Meramec project.

Now we can return to the Gathright project. We have had an allocation on the Gathright project of $47,771,000. The project is more than 68 percent complete. The courts have ruled time and time again that the project should proceed to completion. This project is 68 percent complete. It is well underway. It is for flood control, and testimony before our committee shows that they have had a history of repeated flood damage in the area. Flood damage would be significantly reduced downstream to the Richmond area and provide water quality control on the Jackson and James Rivers, benefiting 500,000 people.

Funds recommended in the bill for the Gathright project would be used toward completion of construction activities which have been underway since 1968.

This amendment combines the Meramec project and the Gathright project into one. It is a noval and unusual amendment, and I ask that the amendment be rejected.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. EDGAR) to the amendment offered by the gentleman from Washington (Mr. McCORMACK).

The amendment to the amendment was rejected.

AMENDMENT OFFERED BY MR. O'BRIEN AS A SUBSTITUTE FOR AMENDMENT OFFERED BY MR. M'CORMACK

Mr. O'BRIEN. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. O'BRIEN as a substitute for the amendment offered by Mr. McCORMACK: Page 6, lines 9 and 10, strike out "$1,417,077,000," and insert in lieu thereof "$1,417,072,000, of which $200,000 is for advanced planning of the Vancouver Lake Area, Washington project, and $1,000,000 for the Dalles Additional Units project, Washington,".

Mr. O'BRIEN. Mr. Chairman, this is a modest amendment. Right now we are confronted with certain parliamentary procedural difficulties, and that is why my amendment comes in this rather unusual sequence.

This amendment trims $5,000 from the $1.4 billion general construction appropriation of the Corps of Engineers.

If the Members will look on page 54 of the committee report under the heading: "section 208—small clearing and snagging projects," they will find only one item, $5,000 for the Kankakee River, Ind. It seems to be the smallest item in the bill. I hate to take the time of the House to quibble about such a small amount of pork, but pork it is, and this little old piece looks like a $5,000 tub of lard to the people in my district across the State line in Illinois.

There is no way we can speed up the flow of flood waters in the Indiana portion of the Kankakee River without aggravating flood damage in Illinois. The Corps of Engineers never asked for this money. The $5,000 was not in the corps budget.

My good friend and neighbor, the gentleman from Indiana, (Mr. FITHIAN) asked the subcommittee to include it, and they obliged him. I am not criticizing him. Apparently he looks on this item as something that would be good for his constituents. Maybe it is. But like the air that flows back and forth over the land, water is no respecter of State boundaries, and it certainly could bring adverse consequences to the people that I represent, because the Kankakee River runs directly through the 17th District of Illinois as it departs the 2d District of Indiana.

Mr. Chairman, it is not in the best interests of the Nation's taxpayers. One cannot, of course, do much snagging and clearing for $5,000. If we attempt such work in one area and fail to do the same work all along the course of the river, we do not correct the problem, but we merely push the flood area further downstream.

The corps informs me that this money will just be used to determine the feasibility of the clearing and the snagging. If there is one thing we do not need, it is another study of the Kankakee River. A comprehensive study of the Kankakee Basin in Indiana is just being completed by the U.S. Soil Conservation Service in cooperation with the State of Indiana. The final report is due out at the end of this month. The Soil Conservation Service study was authorized in 1971. It has taken 4 or 5 years at a cost mostly in Federal funds of more than $1¼ million. I understand that the final report will call for channel work in 240 miles of tributaries and in 26 miles of the main stem of the Kankakee River.

So let us wait for the report, let us see what it says before we start the Corps of Engineers off on still another feasibility study.

I urge adoption of my amendment to delete the funds in this bill for the Kankakee River in Indiana.

Mr. EVINS of Tennessee. Mr. Chairman, I rise in opposition to this $5,000 amendment.

Mr. FITHIAN. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to my friend, the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Chairman, I thank the distinguished chairman for yielding.

Mr. Chairman, I want to say that the project works on that portion of the Kankakee River is in the Second District, which I have the honor to represent. I will give just a little bit about the history of how this project came into being. I respect the gentleman from Illinois and his concern. I think the gentleman from Illinois (Mr. O'BRIEN) and I over a period of years are going to have to work in a cooperative fashion to solve what has become a very serious problem.

Every spring the Kankakee River floods. It is a river in which the water runs very slowly because of the terrain, and, as a result of that, the accumulations of trees in the channel and the logs in the channel have made a very artificial situation.

I would point out that the five county commissioners in the five counties which are affected have formed a joint drainage board. One of those county commissioners, the secretary of the drainage board, attended a meeting in the district of the gentleman from Illinois in Kankakee on February 13 this year. It was at that meeting, so it was reported both in the press and by the secretary of the drainage board, that the gentleman from Illinois was concerned about a massive drainage project or any other major undertaking on the Kankakee River.

I would submit that at any time that would be undertaken it would have to be a joint venture between Illinois and Indiana.

But the gentleman supported verbally at that meeting the idea of a simple clearing and snagging operation, which is all this is, which is to let the Corps of Engineers go in there and look for the submerged logjams that are in the river. That is all this project would provide for.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FITHIAN. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, the gentleman testified that officials in Indiana requested $5,000 just to study the flooding damages in the river and the log snagging and drainage problems.

Mr. FITHIAN. It would permit the corps to do the reconnaissance, to seek out, to see whether there are enough logjams in the river.

Mr. EVINS of Tennessee. Mr. Chairman, I join with the gentleman from Indiana in urging defeat of the amendment.

Mr. FITHIAN. I thank the gentleman from Tennessee for his support.

I am sure the gentleman from Illinois will want to cooperate in this project over a period of time.

AMENDMENT OFFERED BY MR. STEELMAN TO THE AMENDMENT OFFERED BY MR. O'BRIEN AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. M'CORMACK

Mr. STEELMAN. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. Steelman to the amendment offered by Mr. O'Brien as a substitute for the amendment offered by Mr. McCormack: Page 6, lines 9 and 10, strike out "$1,417,077,000," and insert in lieu thereof the following: "$1,414,677,000 of which $200,000 is for advanced planning of the Vancouver Lake Area, Washington project, and $1,000,000 for the Dalles Additional Units project, Washington,".

Mr. STEELMAN. Mr. Chairman, if I might explain the parliamentary situation to the members of the committee, the amendment which I offer is in the nature of an amendment to the O'Brien substitute for the McCormack amendment which we have pending to this same section. If I might have the attention of the gentleman from Washington (Mr. McCormack), my amendment to the substitute does include the amount if not the exact language of the gentleman's amendment.

Mr. McCORMACK, if the gentleman will yield, I appreciate the gentleman formulating the amendment to the substitute in this manner, so it does no damage to my original amendment.

Mr. STEELMAN. Mr. Chairman, the amendment which I offer, along with the gentleman from Texas (Mr. Eckhardt), my distinguished colleague from Texas; the gentleman from Illinois (Mr. Michel), and the gentleman from New York (Mr. Ottinger), is the same amendment offered by the gentleman from Illinois (Mr. Michel) last year to the Trinity River appropriation. The amendment strikes $800,000 for the purpose of advanced engineering and design and $1 million for acquisition of land for purposes of building the Tennessee Colony Dam.

Mr. Chairman, much has been said over the years about the cost benefit, how much it is going to cost and who is going to pay for it. Much has been said about the environmental effects of this project. I would like briefly to touch on that.

I should first like to say that the most compelling argument for the members of the committee from the other 49 States is that we had a vote on this in Texas. It was the most hotly contested vote of this nature in the history of Texas. All the voters of Texas had to put up was 10 percent in order to get 90 percent from the other 49 States.

The voters of Texas said resoundingly, "No."

I have here from the Houston Post issue of March 14, 1973, the headlines that said: "Voters Say No to the Trinity River Project."

The Trinity River project was defeated in the congressional district of the gentleman from Texas (Mr. Wright), as well as the district of the gentleman from Texas (Mr. Collins) and the gentleman from Texas (Mr. Milford) and the gentleman from Texas (Mr. Roberts) in Dallas County.

It broke even in the county of the gentleman from Texas (Mr. Teague).

Five counties, including the district of the gentleman from Texas (Mr. Charles Wilson), disapproved.

I think the most compelling reason for members of the committee to vote in favor of the amendment offered by the gentleman from Texas (Mr. Eckhardt) and myself has to do, of course, with the cost benefit. It is going to be paid for by the taxpayers and the benefits will go to a few people who get to ship their goods free and a few people who are making a killing on the land along the river.

Other factors to be considered, include 188,000 acres of forest and croplands that would be inundated by the Tennessee Colony project. Six thousand acres of oil fields will be covered and it will lead to the destruction of the marine estuary at the Gulf of Mexico, which is responsible for the shrimp industry in Texas.

Another interesting bit of testimony that was laid before the Committee for the first time and a new consideration was the fact that there is 500 million estimated tons of lignite that will be covered by the Tennessee Colony project.

So I would simply like to make this point to the members of the Committee The voters in Texas would not buy this for 10 cents on the dollar. Texans are known to be pretty good horse traders. I certainly do not think it is good logic to ask other taxpayers to pay 90 cents on the dollar, on a project Texans will not support locally for only 10 percent.

Mr. CHARLES WILSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. STEELMAN. I yield to my colleague, the gentleman from Texas.

Mr. CHARLES WILSON of Texas. Mr. Chairman, I am afraid that the gentleman gave the impression that the people of the appropriate area voted down the Tennessee Colony project, which is entirely in error. The people voted down the canal. This has nothing to do with the canal.

Furthermore, the Trinity River project had a tax involved and they voted down the tax, but they did not vote on the Tennessee Colony project. The people concerned with the Tennessee Colony project, the people in my district, the people in Freestone County and Anderson County unanimously favor this project. There were none who testified against it and hundreds who testified for it.

Mr. STEELMAN. Mr. Chairman, I have the election returns on both projects.

Mr. CHARLES WILSON of Texas. The gentleman knows that is the canal, not the Tennessee Colony project.

The CHAIRMAN pro tempore (Mr. Bergland). The time of the gentleman from Texas (Mr. Steelman) has expired.

(By unanimous consent, Mr. Steelman was allowed to proceed for an additional 2 minutes.)

Mr. STEELMAN. Mr. Chairman, I have asked for this time for the purpose of answering the question.

The election returns are here. The election returns show five counties for and five counties against.

In reading from the Corps of Engineers testimony to the Public Works Subcommittee on Water and Power Development, the Corps of Engineers said on March 13, 1973, that the Trinity Bond Election to finance the Trinity River costs and other water resources projects was defeated by a 56 to 44 percent margin. The Corps of Engineers tells the Congress this year, in 1976, that the Trinity River project was defeated.

So, the gentleman can look for some interpretation on the reports, but the newspaper clippings along with the Corps of Engineers, which testified before the committee, have one, which I think is a very clear interpretation.

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. STEELMAN. I yield to the gentleman from Texas.

Mr. TEAGUE. Mr. Chairman, the gentleman leaves the impression that the counties in my district opposed the Trinity project. It is true that Dallas County did, which has a much larger population, but the counties along the Trinity River in my district supported the Trinity project. I do not believe the gentleman is leaving a correct impression with this House as far as the Trinity project is concerned.

Mr. STEELMAN. I did not mean to leave the impression, and, in fact, did not say that the district of the gentleman from Texas (Mr. Teague) had defeated it. What I said was, Dallas County voted against it. The other county voted for it, and so there was an even split there.

Mr. WRIGHT. Mr. Chairman, will the gentleman yield?

Mr. STEELMAN. I yield to the gentleman from Texas.

Mr. WRIGHT. Mr. Chairman, I find something very strange in the gentleman's dear colleague letter when he speaks of the Tennessee Colony Dam as one of the most controversial approaches, and says, "When construction of the project has not yet been approved."

Is the gentleman not aware that this House formally and officially approved that project in 1965?

Mr. STEELMAN. The House of Representatives, as it does in all cases involving public works projects, of course authorized it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(On request of Mr. Wright and by unanimous consent Mr. Steelman was allowed to proceed for 1 additional minute.)

Mr. WRIGHT. What does that mean?

Mr. STEELMAN. Let me answer the gentleman's question, since he has put it to me. The law also requires that the local areas be willing to put up 10 percent. I would say to my friend and colleague, as I have said before, that I opposed this bond issue, as the gentleman knows, during the 1973 election. Had it not gone my way, I would not be in the well here today trying to make my viewpoint available to the committee. They are not willing to put up this 10 percent, and we should not ask other States to put up 90 percent.

Mr. WRIGHT. I do not think the gentleman is answering the question. The gentleman said in his dear colleague letter, "Construction of the project has not yet been approved." It was approved by the Congress, formally and officially, in the only way we have to approve these projects.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

(By unanimous consent Mr. Steelman was allowed to proceed for 2 additional minutes.)

Mr. STEELMAN. My friend from Fort Worth is one of the most able Members of this House, and he understands perhaps more certainly than I and others, that approval of anything involves both an authorization and appropriation of the money. In order for anything to be constructed, anything to be finally approved, the local area has to put up its 10 percent under the Trinity authorization. The people of Texas said, "We are not willing to put up our 10 percent."

Mr. WRIGHT. If the gentleman would yield further, I would say that argument could be made against any project in this bill and say that it has not been approved because it has not been appropriated for. That is the purpose for which we are here.

Mr. STEELMAN. The money will not be appropriated until the people of Texas are willing to put up their 10 percent.

Mr. WRIGHT. That is fine. Why does not the gentleman give them a chance to do that? So far as I know, all the people in that region are very enthusiastically in favor of it, and if they would be so unwilling as not to put up their money, then the gentleman's wish would be served and it would never be built.

Why does the gentleman want to foreclose their opportunity to put up their local share? The gentleman full well knows that the vote to which he has so repeatedly referred was not on the Tennessee Colony Dam, but had to do with navigation in Fort Worth and Dallas, and they voted against that. This is not in Fort Worth and Dallas. The gentleman fully knows that most of those people in that part of the country voted for it, and voted even for the canal, let alone this flood control dam. Why does the gentleman want to cut out their right to be considered for the flood control dam which Congress has approved?

Mr. STEELMAN. The gentleman has raised certain points here. The gentleman is engaging in revisionist history, and I would like to respond.

I have repeated on two occasions the election result not only in the Dallas-Fort Worth area, but also the counties downstream. This was defeated in 9 of the 17 counties. All they had to express, the voters of Texas, was to be willing to approve this project and to have a majority of the people vote for it and a majority of the counties to vote for it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

(By unanimous consent, Mr. Steelman was allowed to proceed for 2 additional minutes.)

Mr. STEELMAN. The voters of Texas not only disapproved it by a majority vote, but in 9 of the 17 counties. There are only two metropolitan counties in the whole Basin.

The question has been raised, "Why do you object to the Tennessee Colony so much?"

If I might refer to the amendment which was offered last year, it was said, "We do not want a canal. There is no money in here for a canal."

My objection to Tennessee Colony is that Tennessee Colony represents the very linchpin of the barge canal. If it is approved this year, next year and the year after that we will be back and the Members will say, "We have already spent money on Tennessee Colony." It is the linchpin of the canal. We cannot hold back after already having spent this.

I am reading from the Dallas Morning News, of Sunday, April 11, an article written by Carolyn Raeke, who is with the Washington Bureau, and she is making the point that the opponents are becoming suspect because in trying to get money for the Tennessee Colony, it may in fact be the foot in the door for the canal and in fact lead to a request next year. My colleague, the gentleman from Texas (Mr. Wilson) is quoted in the story as follows:

> Representative Wilson added some substance to that suspicion when he commented on being asked about the significance of funding for Tennessee Colony land acquisition vis-a-vis the barge canal, "We'll nibble them to death."

Tennessee Colony is not only a nibble; it is a big bite. It represents a step in direct contravention to the 1973 bond election, and I would hope the Members would see that.

Mr. WRIGHT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I oppose this amendment. A similar amendment was offered last year by the gentleman from Dallas, and its was resoundingly defeated in this House.

The amendment offered today by the gentleman from Dallas, if it were accepted, would eliminate only a relatively small amount of money, some $1,800,000, from a bill that appropriates $9½ billion. But it would effectively eliminate the hopes and lifelong dreams of many hundreds of thousands of people who live in this area and who have dreamed and hoped for at least 40 years of taming this unruly Trinity River and transforming its potential into a blessing, rather than a recurrent curse.

There are 4 million people who live in this valley. It is larger, geographically and in population, than 24 States. Most of the people who reside in the Middle Trinity, where the Tennessee Colony project would be located, are in small towns and rural agricultural areas, towns repeatedly ravaged by floods and agricultural areas repeatedly inundated by flood waters.

To those people, Tennessee Colony, which the gentleman from Dallas would strike out, represents their hope for the future. It represents flood control and the fulfillment of the dream that their homes and farms and cities will no longer be inundated by the cascading torrents of recurrent floods.

It represents to them, according to Texas A. & M. University, an increase in agricultural production in this valley equal to approximately 25 percent. According to that same study, it represents to the people of this valley, to these rural agricultural communities that have been denied the benefits of economic progress enjoyed by other parts of our State, the probability of some $12 million more annually in family income. This is an area where family income is low, where small cities have been stagnating, some retarded from growing because they do not have dependable or sufficiently abundant water supplies to attract and hold industry which could offer jobs for the young people when they finish school.

Tennessee Colony represents the promise of an abundant pure water supply for these communities and for their children in the future.

The gentleman from Dallas does not live in this flood-prone area. I do not think he knows very much about it. I would suggest to the Members that it is very significant, when he says these people do not want this project, that last year, when his amendment was voted upon, 21 Members from Texas opposed his amendment—and I think they know what their people want—and only three voted for it.

Mr. STEELMAN. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. No, I will not yield at this point. Perhaps if the gentleman gets more time for me. I will yield later.

Mr. Chairman, this project is not in my district, I will say to the gentleman from Dallas, just as it is not in his. But I do have some respect for the people in these economically less developed areas, and in their wishes. The gentleman from Dallas said those people voted against this project. The gentleman is quite wrong. As the gentleman knows, they voted on a bond issue that contained provisions for taxes to pay for canalization of the Trinity upstream to his city and mine. That was the issue; not the Tennessee Colony Reservoir. Most of the people in Fort Worth and Dallas voted against paying for the barge canal to Dallas and Fort Worth.

Mr. STEELMAN. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. No, not at this point. I am trying to set straight some of the misimpressions the gentleman left. I assume he did not intend to do so.

Mr. Chairman, another misinterpretation the gentleman left was that this project was not authorized. It is fully authorized. The Congress of the United States formally and officially authorized it, and that was done in the only manner available to us, as early as 1965.

Beyond that, Mr. Chairman, I just want to say this: The gentleman and his colleagues who signed the "Dear Colleague" letter said that they want flood control all right, but that what they want is nonstructural flood control

Do the Members know exactly what that means? Nonstructural flood control means buying up all this property through the area that is occasionally flooded, and moving all the people out, and simply letting it flood.

Under that reasoning, we might consider a similar concept of a nonmilitary national defense. We might simply say that if an enemy aims a missile at New York City, we could just buy all the property and move the people out and let the enemy blow it up.

There may be occasions and situations in which nonstructural flood control of this type would be a useful device and a viable alternative. But I do not believe it applies logically in the case of the Trinity River. There has been a study made of that, and the Army Corps of Engineers tells us that in this instance, with all these small towns that lie along this river and get their sustenance from it, the cost of a nonstructural flood control program, buying up the property and moving the people out, would be some $750 million. That is $315 million more than the flood control program approved by Congress. That would not be a savings at all. Moreover, it would do nothing for municipal water supplies or erosion control, and it would take needed agricultural areas out of production.

Mr. Chairman, I urge my colleagues to support the delegation and the Members who represent the area by supporting the Tennessee Colony project and rejecting the Steelman amendment.

The CHAIRMAN. The time of the gentleman from Texas (Mr. Wright) has expired.

(On request of Mr. Teague and by unanimous consent, Mr. Wright was allowed to proceed for 2 additional minutes.)

Mr. STEELMAN. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I will yield to my friend, the gentleman from Dallas, Tex.

Mr. STEELMAN. Mr. Chairman, my friend, the gentleman from Fort Worth, Tex., is one of the most eloquent Members of this body. He can in fact make a silk purse out of a sow's ear on almost any day, and he in his able manner has done so here today.

I would point out to my colleagues that this dream that the gentleman talked about that the citizens of the basin had with respect to the canal and the flood control program was in fact only a dream, and they considered it a bad dream. They turned it down in 1973. In a most resounding vote on the bond issue the people of the Trinity River Basin turned it down. The gentleman can engage in any reconstruction of history he wants, but he cannot change that result.

On the Trinity project, the Corps of Engineers said in their testimony that this vote was not just on the barge canal but on the Tennessee Colony, and if they acquire the property, the barge canal will probably become a reality because they feel the Tennessee Colony is so important.

The CHAIRMAN. The time of the gentleman from Texas (Mr. Wright) has again expired. :

(By unanimous consent, Mr. Wright was allowed to proceed for 1 additional minute.)

Mr. WRIGHT. Mr. Chairman, I will not yield further, but I wish to answer the gentleman from Texas (Mr. Steelman).

The gentleman says that the people voted against this project. The people did not vote against the Tennessee Colony Reservoir. I reiterate. If they had, I assure you that the preponderant majority of the Texas congressional delegation would not be here asking for it. The people voted against putting up the money to build a barge canal all the way to Dallas and Fort Worth. And most of the votes against that proposal came from Dallas, with a smaller majority against it from Fort Worth.

I will promise the Members this today: I will never come to this House and ask the Congress to put up any money to build a barge canal to my town of Fort Worth unless and until the people in that area should reverse themselves and say that they want it.

But I also want to tell the Members this: The people down here in the middle Trinity apparently do want it, and if they want it and are willing to pay for a shorter and less expensive canal, one that will go just upstream to Tennessee colony for example, I will fight for their right to have it.

I will fight for that just like I have fought for economically viable projects for Appalachia, just like I fought for necessary and useful projects for the Ozarks, just like I supported projects to relieve the economic distress in New York City, and just like I worked for economic development projects in New England, for projects on the Great Plains and for flood control and timber development projects in California. This is one Nation, and the health and vitality of its most depressed and most smitten region or neighborhood should be a matter of concern to all of us.

Today the people of the middle Trinity are asking our consideration for a project which could be vital to their future. All those representing the people who live in this largely rural and small city area, the gentlemen from Texas (Messrs. Teague, Wilson, Poage, and Roberts), are here to tell us that the people desire and deserve it. It represents to them an opportunity for a brighter future.

Mr. Chairman, I think it ill behooves any of us to come here and try to cut them off from the opportunities that this flood control, soil-erosion control, and local water-supply project would bring to them and their region.

For these reasons, I ask the Members, in the same spirit in which many of us have supported projects that are beneficial to their regions, to support this project and to reject the Steelman amendment.

Mr. ROBERTS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, two of my counties are also in this watershed. They voted overwhelming even to tax themselves for the barge canal.

Mr. Chairman, this is a project that we need now, and we need it badly.

Therefore, Mr. Chairman, I urge my colleagues to vote down the amendment.

Mr. ECKHARDT. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I suppose I am one Texan whom it ill behooves to do what I am about to do, but I am going to do it anyway. I do it with some trepidation because to speak against my colleagues from Tarrant County is about equivalent to speaking against Billy Graham. Nevertheless, Mr. Chairman, I think that it is necessary to say something about this project.

This whole thing commenced as a wild dream to build a canal up the Trinity to Fort Worth. As a matter of fact, there are presently some bridges across the Trinity River built on the assumption that barges will go under them.

Gradually what we do, as the gentleman from east Texas (Mr. Charles Wilson), has been quoted as saying, is that we gradually move in a nibbling sort of way to an ultimate fait accompli.

Mr. Chairman, all I have tried to do is to get the Corps of Engineers to make an environmental study of this whole question, to put a little bit of money into the question of whether or not nonstructural methods can be used, some money out of this $800,000.

I went before the committee and I urged at that time that some of that $800,000 go into a study of nonstructural plans. However, what has been earmarked for that is $55,000 out of $800,000.

One might say, "Why is the gentleman from the Houston area concerned with this matter?" Does anyone know what the Corps of Engineers did in their great wisdom down here at the end of the Trinity? They planned what is called the Wallaceville Dam which would have cut off some of the most valuable shrimp nursery grounds in the world from the brackish salt water lying in that area. They spent an enormous amount of money, and it was largely wasted. Now, to their credit, they are backing off from it.

However, Mr. Chairman, why do we make these decisions? Why do we put up $1 million for acquisition of land here and ultimately, of course, many times that for construction? Why do we build bridges high enough for barges and tugs to go under? Why do we expend this enormous amount of money without first making an environmental study of what the results will be? Why is the Corps of Engineers so bent on the proposition of expending money on dams and structural facilities?

Mr. EVINS of Tennessee, Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, the gentleman from Texas (Mr. Eckhardt) came before our committee, and he asked that part of the funds be used for that study.

The answer is on page 55 of the report. I will read it.

"Trinity River Project. The committee directs"—we do not advise or suggest, but we direct—"that Environmental Impact Statement studies be conducted which will define the effects of the project upon the estuaries and their marine life. The studies should be conducted in sufficient detail to provide information upon which design of the project can avoid or minimize any damage to the natural resources. These studies should be coordinated with the National Marine Fishery Service, the Texas Parks and Wildlife Department, the U.S. Fish and Wildlife Service, and the Texas Shrimp Association who are concerned with the marine life in the Trinity Bay."

Mr. Chairman, we have done exactly what the gentleman asked.

Mr. ECKHARDT. If the gentleman will yield my time back to me, the Corps of Engineers has not done what the gentleman asked. Instead of putting the money into an environmental study, they put most all of it into study of a structural approach. What they are doing is taking the $800,000 and studying advanced engineering and design; $55,000 is earmarked for studying the nonstructural approach and that is all.

When I came before the committee, I was urging that they proceed to study this entire problem before we put all of this money into the structural approaches. After I appeared before the subcommittee, the gentleman from Texas (Mr. Wilson) came in and asked for the $1 million for the dam or about the same time. But I was asking for a study in order that we could determine whether or not these enormous expenditures that we are setting forward here are justified.

It does not seem to me reasonable to just tie up money in a structural approach, and later study as to whether or not such is justified.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. Evins of Tennessee, and by unanimous consent, Mr. Eckhardt was allowed to proceed for 2 additional minutes.)

Mr. EVINS of Tennessee. Will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, I want to say what my friends, the gentleman from Texas (Mr. Eckhardt) has attempted to do. The gentleman came before our committee and asked that the shrimp industry be protected. The gentleman also talks about the enormous amount of money that is involved. Only $800,000 is involved. It is a budgeted item. The budget recommends $800,000 for the study and we have given them that amount.

The Tennessee Colony project, as I understand, is separate and stands on its own, apart from the entire Trinity project.

Mr. ECKHARDT. If the gentleman from Tennessee will yield my time back to me, I have no criticism whatsoever of the subcommittee.

Mr. EVINS of Tennessee. I thank the gentleman.

Mr. ECKHARDT. As a matter of fact, I think the subcommittee has attempted to get the Corps of Engineers to look into the questions that I am talking about here.

But I do have a very strong quarrel with the Corps of Engineers. The Corps of Engineers simply is not going into this study of the environmental effects. It proceeds with the program before a study has been made.

I think the committee is trying to guide it in a proper direction. But it just will not be guided. I would like to try to send the Corps of Engineers a message, and that is, until they actually do study this plan, we are simply not going to authorize any further money.

Mr. CHARLES WILSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Texas.

Mr. CHARLES WILSON of Texas. Mr. Chairman, I would like to know if the gentleman from Texas is aware of the following studies:

1. Environmental and Cultural Impact of the Proposed Tennessee Coloney Reservoir Project—A five volume study of archeological, historical, geological, botanical, zoological, water quality, limnological, forestry and land use aspects of the Tennessee Colony Project by a faculty group at SFA State University in January 1972 under a contract with the Corps.

2. A Survey of the Environmental and Cultural Resources of the Trinity River, including Tennessee Colony. Produced by a group at SFA covering approximately the same subjects. Conducted in late September 1972.

3. A Survey of Environmental Consideration on the Trinity River and Tributaries, including Tennessee Colony. Produced by a group at SFA. The subjects covered almost the same as the previous report. Conducted in July 1973.

4. Water Quality Study of the Trinity River, including Tennessee Colony. Prepared under contract with the firm of Water Resources Engineers Incorporated in April 1974.

5. Unpublished Report, funded by the Corps. A Report on the Flood Plain Groundwater Quality and Movement in the Vicinity of Tennessee Colony Lake.

These studies have been conducted to the tune of $6 million and we have another $800,000 more in the bill. How much more study does the gentleman want?

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. Eckhardt was allowed to proceed for 2 additional minutes.)

Mr. ECKHARDT. Mr. Chairman, the problem is simply this, that the studies that the Corps of Engineers make are with respect to structural matters.

The gentleman from Dallas, Texas (Mr. Steelman) and, I have joined in offering a bill that would call for an expenditure of $500,000 to study nonstructural approaches.

The problem is that the Corps of Engineers has already made its decision and its studies are more defensive for its prior determination than they are an attempt to determine what is practical. If that were not so, they would not have moved so far to cripple one of the richest shrimp nurseries in the world at the end of that river before they even studied what they were doing. We have got to send them a message. We have got to tell them they are not going to get the money until they really look into the options and consider the environmental effects before they crystallize the program by building a succession of dams, channels, and dikes so as ultimately to confront us with a fait accompli.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CHARLES WILSON of Texas. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, there has been so much misinformation that it is very difficult to know which to address first. No. 1, the Corps of Engineers in justifying the Tennessee Valley Reservoir justifies it on a cost basis in the following way: Flood control, $26 million per year; water supply, $16 million per year; recreation, $18 million per year; redevelopment, $0.5 million per year, for a total cost justification of $60.5 million per year, not one penny of which has to do with the canal. This point needs to be made one more time. The people of Texas, or the people of this river basin, voted down 55 to 45 a bond issue to tax themselves to build a massive canal from the Gulf of Mexico to Dallas.

We are talking about a reservoir for flood control, for water supply, and for recreation that lies in the very heart of my district and the counties on either side, which overwhelmingly even voted for the tax on themselves. That was the gentleman from Texas', Mr. Steelman's, misinformation—that this is the canal.

The gentleman from Texas (Mr. Eckhardt) before the Committee on Public Works said, and I quote:

> I do not recommend that your subcommittee reject a proposal for an $800,000 appropriation for the Trinity River Project. I do not necessarily propose implementation of the project. But I do emphatically insist that adequate study and research be carried out before its implementation, and I think the Wallisville Reservoir on the lowest reach of the Trinity is an excellent example.

We did precisely that. The Subcommittee on Public Works and the Committee on Appropriations did precisely that. It directed that the marine life be given a very important part of the study, and we got $800,000 to conduct the study that the gentleman from Texas (Mr. Eckhardt) requested.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield, since he used my name, as I yielded to him?

Mr. CHARLES WILSON of Texas. I yield to the gentleman.

Mr. ECKHARDT. I thank the gentleman for yielding.

How much of the $800,000 for the study has been earmarked for nonstructural study?

Mr. CHARLES WILSON of Texas. I do not know.

Mr. ECKHARDT. If the gentleman will yield further, am I not correct that it is $55,000?

Mr. CHARLES WILSON of Texas. I do not know that that has even been earmarked yet.

Mr. ECKHARDT. It has not been earmarked at all? So we do not know how much will be used?

Mr. CHARLES WILSON of Texas. They were directed by the committee to follow the gentleman's recommendation, and the $800,000 that the gentleman now opposed is the only way we can do the study we requested. The gentleman now opposes the $800,000.

Mr. ECKHARDT. If the gentleman will yield further, $55,000 is earmarked for that purpose.

Mr. COLLINS of Texas. Mr. Chairman, will the gentleman yield?

Mr. CHARLES WILSON of Texas. I yield to the gentleman from Texas.

Mr. COLLINS of Texas. I thank the gentleman for yielding.

I would like to ask my colleague one thing that concerns me. Would the suggestion of the gentlemen from Texas (Messrs. Eckhardt and Steelman) involve a land-use program? Would it require a land-use program in order to make this plan work?

Mr. CHARLES WILSON of Texas. To make their plan work, which will be a nonstructural plan that they have for flood control, is simply to buy the land, let it get flooded, and let it go. All of my farmer constituents who would be inundated are not too much in favor of it.

Mr. COLLINS of Texas. If the gentleman will yield further, that would be literally putting a land-use program on that part of Texas.

Mr. STEELMAN. Mr. Chairman, will the gentleman yield?

Mr. CHARLES WILSON of Texas. I yield to gentleman from Texas.

Mr. STEELMAN. I thank the gentleman for yielding.

Since the question has been asked about the bill, and after discussion with the gentleman from Texas (Mr. Eckhardt) with respect to nonstructural planning, it would not require anything other than a study. What we have been studying since 1955 is to see how the cost-benefit stacks up alongside a nonstructural plan. We continue to study it year after year.

Mr. CHARLES WILSON of Texas. What is the question?

Mr. TEAGUE. Mr. Chairman, will the gentleman yield?

Mr. CHARLES WILSON of Texas. Mr. Chairman, I yield to the gentleman from Texas (Mr. Teague).

Mr. TEAGUE. Mr. Chairman, is it not a fact that the city government of Houston studied and studied this whole Trinity project and supported the Tennessee Colony, in fact the whole project?

Mr. CHARLES WILSON of Texas. That is absolutely correct. And if it were not for Lake Livingston, which is here, the city of Houston would be without water now. That is the purpose here, which is to provide the city of Houston with water in case of shortage, if the water is not available.

Mr. Chairman, us folks that live in the country recognize the superior intellectual ability of our city cousins. We appreciate and are properly humble about it. But on occassion it is just remotely possible that the people who live in Freestone County and Anderson County and the Congressmen who represent them might have something to say.

The CHAIRMAN. The time of the gentleman from Texas (Mr. Charles Wilson) has expired.

(By unanimous consent, Mr. Charles Wilson of Texas was allowed to proceed for 2 additional minutes.)

Mr. CHARLES WILSON of Texas. Mr. Chairman, it is just possible that the rural people of the United States might have some glimmer of what is good for them and the people that they elect to Congress perhaps should have some say about what goes on in their own districts.

I thank the chairman.

Mr. ARCHER. Mr. Chairman, will the gentleman yield?

Mr. CHARLES WILSON of Texas. I yield to the gentleman from Texas (Mr. Archer).

Mr. ARCHER. Mr. Chairman, is the gentleman aware of the subsidence problem we have in the Houston area and in Harris County?

Mr. CHARLES WILSON of Texas. I certainly am.

Mr. ARCHER. Could the gentleman comment on what inferential impact this might have on the subsidence problem?

Mr. CHARLES WILSON of Texas. I think if the lake is here it will make your pumping out of the ground water much less necessary and it should be constructive in ths subsidence problem. It is projected that within 10 years the ability of Lake Livingston to satisfy the gentleman's city's needs will be exhausted and then they must have the Tennessee Colony water.

Mr. EVINS of Tennessee. Mr. Chairman, I ask unanimous consent that all debate on the McCormack amendment and all amendments thereto close in 10 minutes, reserving time for me.

Mr. CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. STEELMAN. Mr. Chairman, reserving the right to object, I do not object if the gentleman will allow me one final moment. I had intended to move to strike the requisite number of words.

Mr. EVINS of Tennessee. Mr. Chairman, I ask unanimous consent that all debate on the McCormack amendment and all amendments thereto close in 10 minutes, reserving 1 minute for me and 1 minute for the gentleman from Texas (Mr. Steelman).

Mr. STEELMAN. I thank the gentleman very much.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. Wright).

Mr. WRIGHT. Mr. Chairman, the Tennessee Colony Reservoir is basically a flood control project that has been formally authorized by the Congress and for which the people in this underdeveloped region have been waiting for years. It will provide water supplies for municipalities. It is supported by the overwhelming majority of the Texas delegation. We earnestly urge the Members to support the project and vote down the Steelman amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. Charles Wilson).

Mr. CHARLES WILSON of Texas. Mr. Chairman, I would only like to say that the people of this area desperately need this program and this reservoir. The people of Houston within 10 years will desperately need the reservoir. It has been authorized for many years. The land purchase now rather than in the future would save a great deal of money.

Finally the people who live on the ground in the area want the project. I represent them. I want the project.

I would very much appreciate the support of my colleagues.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. Myers).

Mr. MYERS of Indiana. Mr. Chairman, the argument this afternoon seems to be one that I do not quite follow. The concessions were made in terms of the flooding problems along the Trinity. In the area of the Tennessee Colony Lake, the net revenue is about 48 cents per acre. It seems to me that it is a copout, when we say we are not going to stop the flooding, but we want to purchase the land instead. No one knows the costs to purchase the land in fee simple. The world will need the food from that land some day and to spend these dollars that way today, it seems to me would be copping out on the issue.

There were 14 mayors, 8 judges, 4 county commissioners, 23 appointed public officials, and several university officials were among the over 150 people from that area who came and testified they want and need this.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. STEELMAN).

Mr. STEELMAN. Mr. Chairman, I think the chairman, the gentleman from Tennessee (Mr. EVINS) is entirely correct. We have all talked enough. It is time to take a vote on this.

I would like to say with respect to the points made by the gentleman from Indiana and the points made by the gentleman from Texas (Mr. CHARLES WILSON) with respect to the people who went there; 150 people appeared. One hundred and fifty people apeared who had a vested interest in this thing going through whose way was paid by the city council and State government. There were 135,000 people in Texas who are going to have to pay for this that said "No."

Mr. Chairman, I would hope Congress would respect local sentiment. We are not willing to put up 10 cents to buy $2 billion worth of pork. I would ask that we consider that in the other districts of the Nation. If they want to spend 90 cents on the dollar for pork, that is their privilege. But when all has been said, we had an election. The Corps of Engineers said the election was a mandate on the water problems and resources project attached thereto.

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. EVINS) to close debate.

Mr. EVINS of Tennessee. Mr. Chairman, Texas is a big State and they generate a big argument over only $800,000 in the bill, which is a budgeted item.

Like the gentleman from Indiana (Mr. MYERS) I was tremendously impressed with the large number of people who came here from Texas to testify for the project. There was standing room only in the committee room.

In addition, the judge of the area pointed out that the Tennessee Colony project was separate and stands on its own apart from the other project.

Regarding the argument of the gentleman from Texas (Mr. STEELMAN) that the people voted against it, it is my understanding that they voted against bonding themselves and against taxing themselves in Dallas County and other areas.

I ask that we vote down the amendment to the substitute, vote down the substitute amendment and vote for the McCormack amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. STEELMAN) to the amendment offered by the gentleman from Illinois (Mr. O'BRIEN) as a substitute for the amendment offered by the gentleman from Washington (Mr. MCCORMACK).

The question was taken; and on a division (demanded by Mr. STEELMAN) there were—ayes 18, noes 55.

Mr. STEELMAN. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. In excess of 110 Members are present, a quorum.

Mr. STEELMAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment to the amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. O'BRIEN) as a substitute for the amendment offered by the gentleman from Washington (Mr. MCCORMACK).

The amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington (Mr. MCCORMACK).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

OPERATION AND MAINTENANCE, GENERAL

For expenses necessary for the preservation, operation, maintenance, and care of existing river and harbor, flood control, and related works, including such sums as may be necesary for the maintenance of harbor channels provided by a State, municipality or other public agency, outside of harbor lines, and serving essential needs of general commerce and navigation; administration of laws pertaining to preservation of navigable waters; surveys and charting of northern and northwestern lakes and connecting waters; clearing and straightening channels; and removal of obstructions to navigation; $648,900,000, to remain available until expended.

Mr. ASHBROOK. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time for two purposes. First of all to thank this subcommittee and particularly the diligent and hard-working chairman, the gentleman from Tennessee (Mr. EVINS) for the work in past and present public works bills. I particularly appreciate the close attention Chairman EVINS has given to the vital public works projects in my own district. While we have not had many public works projects over the years in the 17th Ohio District, they have been meritorious ones and have always received the support and encouragement of Chairman EVINS.

At the present time we have somewhat of a dilemma in the log-pond diversion portion of the overall local protection for the Newark, Ohio area. This important project was authorized in the 1968 Flood Control Act. At that time, a comprehensive project was envisioned including a proposed dam in the Utica area. Last October, the State of Ohio officially rejected the dam but recommended that local flood control measures be advanced in the Newark, Ohio area. The Corps of Engineers has expressed a capability of $500,000 to initiate construction on the local flood control project and to continue with the reformulation of studies. Reformulation is required due to the deletion of the Utica Dam.

Robert Teeter, Director of Ohio Department of Natural Resources in testimony April 7, 1976 said:

> In reviewing the President's proposed budget for FY 1977, we noted that funding was not provided for what we consider to be one of our top priority flood control projects in Ohio. This project is a proposed local protection measure for the community of Newark and was authorized in the 1968 Flood Control Act. The Corps has an expressed capability of $500,000 to initiate construction on one element of the project and to continue with reformulation studies on the other element. This proposed project is vitally important to the Community of Newark, and we strongly request your support in providing the necessary funding. As far as our statewide interest is concerned, we would be willing to accept minor cutbacks in other flood control projects to ensure that the Newark project is fully funded.

This late change in the status of the project with the deletion of the Utica Dam and subsequent information which has become available, made it impossible to include this project in the House portion of the 1976 Public Works appropriation bill.

However, I understand the $500,000 to initiate construction for the log-pond diversion portion, which has a benefit-to-cost ratio of 2.4 to 1, and average annual benefits of $191,700, has received a tentative recommendation to the full committee on the Senate side for inclusion. I have discussed this matter with the Chairman and the minority members and they have indicated they would prefer I not offer an amendment at this point but they will make every effort to include this vital project in the final bill as agreed to in conference.

Mr. BURGENER. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from California.

Mr. BURGENER. Mr. Chairman, the gentleman has been most persuasive, and I think that if the subcommittee had had all the information in, we could have included this in this version of the bill.

I assure the gentleman that should I be a member of the Conference Committee, we will do everything possible to have it included in the final version of the bill.

Mr. ASHBROOK. I thank the gentleman. In the interests of time, I am certainly not going to spend more than a few minutes on this proposal.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, I appreciate the gentleman's fine attitude, and I will say again that it is appreciated. We will do everything possible to assist him in conference.

Mr. ASHBROOK. I thank the chairman.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

CONSTRUCTION AND REHABILITATION

For construction and rehabilitation of authorized reclamation projects or parts there-

of (including power transmission facilities) and for other related activities, as authorized by law, to remain available until expended, $351,386,000, of which $214,000,000 shall be derived from the reclamation fund: *Provided,* That no part of this appropriation shall be used to initiate the construction of transmission facilities within those areas covered by power wheeling service contracts which include provision for service to Federal establishments and preferred customers, except those transmission facilities for which construction funds have been heretofore appropriated, those facilities which are necessary to carry out the terms of such contracts or those facilities for which the Secretary of the Interior finds the wheeling agency is unable or unwilling to provide for the integration of Federal projects or for service to a Federal establishment or preferred customer: *Provided further,* That the final point of discharge for the interceptor drain for the San Luis Unit shall not be determined until development by the Secretary of the Interior and the State of California of a plan, which shall conform with the water quality standards of the State of California as approved by the Administrator of the Environmental Protection Agency, to minimize any detrimental effect of the San Luis drainage waters.

AMENDMENT OFFERED BY MR. EVINS OF TENNESSEE

Mr. EVINS of Tennessee. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EVINS of Tennessee: On page 11, after line 17, insert:

For an additional amount for "Construction and rehabilitation", to become available immediately upon enactment of this act, to remain available until expended, $200,000,000: *Provided,* That this additional amount may be made available without reimbursement: *Provided further,* That this appropriation is for the payment of claims for damages to or loss of property, personal injury or death proximately resulting from the failure on June 5, 1976 of the Teton River Dam, in accordance with such rules and regulations of the Secretary of the Interior as may be necessary and proper for the purpose of administering such claims and of determining the amounts to be allowed pursuant to this appropriation and the persons entitled to receive the same: *Provided further,* That nothing herein shall be construed to impose any liability on the United States or to allow for payment of claims that are paid or payable from any other source, public or private.

Mr. EVINS of Tennessee. Mr. Chairman, this rehabilitation amendment is offered in connection with the Teton Dam, which we discussed at length during general debate.

Mr. Chairman, I have a letter from the President, addressed to the Speaker of the House of Representatives, dated June 11, 1976, which reads as follows:

WHITE HOUSE,
Washington, D.C., June 11, 1976.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I ask the Congress to consider a supplemental appropriation for the Department of the Interior in the amount of $200,000,000 for the fiscal year 1976, to provide reimbursement for damages suffered from the failure of the Teton Dam.

The details of this proposal are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

GERALD R. FORD.

I would further like to read the following letter from James T. Lynn, Director, Office of Management and Budget, to the President, dated June 11, 1976:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, June 11, 1976.

The PRESIDENT,
The White House.

SIR: I have the honor to submit for your consideration a proposal for a supplemental appropriation in the amount of $200,000,000 for the fiscal year 1976 for the Department of the Interior. Details of this proposal are contained in the enclosure to this letter.

I have carefully reviewed this proposal and I am satisfied that it is necessary at this time. I recommend, therefore, that this proposal be transmitted to the Congress.

Respectfully,

JAMES T. LYNN,
Director.

So we have a budgeted item for $200 million. The President, in his press statement, urged that Congress proceed with this supplemental at the earliest possible date. This is the first dam break in the Bureau of Reclamation's 75-year history. There have been no others like it in the 200-year history of the Corps of Engineers. There has been great property damage. I might say that there have been funds available in the Federal Disaster Relief Administration, but that is not considered sufficient at this time. The President has requested the supplemental request, and I trust this amendment will be adopted.

Mr. LONG of Maryland. Mr. Chairman, it is vital to our future that our Nation begins to devote increased funding for solar energy research and development.

The practical potential of solar energy is without limit. Once harnessed, solar energy promises an energy supply which costs nothing aside from capital costs.

By harnessing the solar energy which strikes the Earth each day in vast amounts, a severe environmental danger is eliminated. With solar energy, the Earth's surface and oceans will not be subject to additional sources of heat—unlike the considerable heat released by nuclear powerplants or by fossil fuel combustion. Such a reduction of heat may reduce the barely perceptible changes in ocean and surface temperatures which alter the environment. Excess heat from fossil fuels or nuclear fuels is a real threat—a melting of the polar ice caps, for example, would raise the ocean levels and drown the living space of the great majority of the world's peoples, who live within 300 feet of sea level.

Solar energy does not pose problems of security or radioactive waste, which in the case of nuclear waste may be with us for thousands of centuries. Nor does energy from the Sun involve the serious depletion problems of fossil fuels, wherein resources of coal and oil, which took millions of years to form, are used up in a few centuries.

Last year, the Federal Government spent a little more than $100 million on solar energy research—less than 3 percent of the Nation's energy research budget. This amendment, of which I am a sponsor, will increase solar energy funding to nearly $300 million, about 5 percent of the Federal energy research budget.

If other energy technologies—such as nuclear or coal gasification and liquefaction—had not been so heavily subsidized in the past by Federal funds, I doubt that solar energy now would need any Federal help in research and development. Federal subsidies for nuclear and other options represented a drain away from solar energy of research efforts and scientific talent.

This amendment will add funds for general research on solar energy, provide for increased demonstration projects for solar heating and cooling of buildings, and add considerable funds for solar electric applications. A significant breakthrough in the technology of converting solar energy to usable electric energy could be as great a technological advance as mankind has known.

I urge that the House accept this amendment.

Mr. HANSEN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I wish to commend the chairman, who has had many years of distinguished service in helping to build this Nation and the many projects that stand as a monument to him. It is unfortunate today that we have a project which we have to consider reparations for.

I appreciate this time so that I may support this amendment offered by the distinguished chairman of the committee.

I appreciate this time so that I may support this amendment offered by the distinguished chairman of the committee.

Mr. Chairman, what I have to say is, I believe, of utmost importance. The Teton Dam flood victims need this $200 million very much, but it provides only a downpayment on a billion-dollar disaster.

I am sure every Member here understands the urgency of this appropriation and the need for enactment of other compensatory legislation. I urge the adoption of this vital first installment of a much-needed repayment.

Mr. Chairman, there is other legislation pending in both Houses of Congress which would provide final payment and early reimbursement to the Teton Dam victims. This legislation would supplement today's funding and provide the additional moneys necessary to restore eastern Idaho to what it was before the unexpected breakup of the Teton Dam. These legislative reimbursements are justified, because of apparent errors of judgment and the overall governmental responsibility in the construction of a Federal dam.

Please bear in mind that the $200 million appropriation, while it is substantial and an important sum toward restitution, represents payment of only 20 cents on the dollar for the losses caused by the flooding. It is a good beginning, and we are grateful, but standing alone, it does not constitute the full

Federal responsibility eventually due to the people of eastern Idaho.

These people, Mr. Chairman, who are the flood victims, and their neighbors from surrounding areas, are doing a magnificent job for themselves without Federal assistance and with Federal assistance. Along with the Red Cross, the Church of Jesus Christ of Latter-day Saints—the Mormons—and the Mennonite Relief Society, to name a few, the homeless are being taken care of, and restoration and rehabilitation are taking place at a brisk pace.

They are pushing mud out of homes together—those homes that are left standing. They are clearing roads and the massive amounts of debris left behind by 15-foot by 30-foot high walls of water.

Let me cite some statistics that prove the need for $200 million and much more for the job of restoring eastern Idaho.

A General Adjustment Bureau survey of the damaged area reports: 290 businesses totally destroyed; 90 businesses partially damaged; 1,412 dwellings and farms totally destroyed; 1,590 dwellings and farms partially damaged; 3,000 automobiles, trucks, and schoolbuses damaged, destroyed, or missing; 9 persons killed; 1 person missing and presumed dead; 180 persons injured; the erosion and destruction of land will leave thousands of farmers with little or no income for years; and a conservative estimate is that some 10,000 persons will have claims against the builders of Teton Dam and, of course, the prime party responsible is the Federal Government.

Current estimates of the total amount of damage runs up to a billion dollars and even more—a much higher figure than that which we propose today. These people are innocent in the face of this terrible disaster. They deserve the $200 million proposed today. Tomorrow they deserve the full 100-percent compensation. This is not charity; this is a legitimate payment for damages. This is justice.

Mr. Chairman, I urge adoption of this amendment.

The CHAIRMAN. The time of the gentleman from Idaho (Mr. Hansen) has expired.

(On request of Mr. Symms and by unanimous consent, Mr. Hansen was allowed to proceed for 1 additional minute.)

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I thank the gentleman for yielding.

I would just like to say that I also support the amendment.

I was on the scene a day after this happened. I know the gentleman from Idaho (Mr. Hansen) was there, and was on the scene in eastern Idaho within hours after the disaster did strike, and was working to get disaster relief. The damage that was done is absolutely awesome, to see a wall of water go through the town of Sugar City and Rexburg, Idaho. It was fortunate that it did not happen in the middle of the night when we would have had literally thousands of people killed when the dam gave way due to the pressure of the water as the dam was filling for the first time, Mr. Chairman. I think it was about 60 percent full.

Mr. Chairman, I would like to associate myself with the remarks of the gentleman in the well, Mr. Hansen, and praise him for the efforts he has been making on behalf of his constituents in their hour of need.

Mr. MYERS of Indiana. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, we all recognize that this is not the regular procedure that the appropriations process should follow, but I think we also recognize that this is an uncommon situation and that it is the only remedy at hand at this time to meet a very severe need in Idaho.

Therefore, Mr. Chairman, the minority accepts the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee (Mr. Evins).

The amendment was agreed to.

Mr. EMERY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to rise in support of the public works for water and power development and energy research appropriation bill for the fiscal year 1977.

I do so, however, only with the gravest of reservations about one particular, yet crucial aspect of the proposal—funding for the Dickey-Lincoln hydroelectric project in Maine.

As my colleagues will remember, my colleague from Massachusetts (Mr. Conte) and I vehemently opposed funding for the Dickey-Lincoln project last year. I did then, and continue now to stress the fact that if Dickey-Lincoln were built it would produce less than 1 percent of our electric energy needs at an astronomical cost. In addition, it would involve the flooding of 88,600 acres of wildlands and deer yards in northern Maine and Quebec. The peak-period electricity that would be generated would be a mere drop-in-the-bucket of our energy needs at a cost in dollars and resources which we can ill afford to pay.

Mr. Chairman, Dickey-Lincoln is simply not even a partial answer to our energy needs. Please allow me to quote from facts I presented here last year when registering my initial opposition to the appropriation:

> The Dickey-Lincoln project is not new. It was conceived some 30 years ago as a potential source of hydroelectric energy to serve Maine, New Hampshire, parts of Canada, and even New York State. Since it was first conceived, however, many significant changes in our national energy requirements, and changes in methods of producing electrical energy have rendered the Dickey-Lincoln project both inefficient and inadequate.
>
> In short, the Dickey-Lincoln project can never produce enough electricity to justify its construction cost, compared to other methods of generating electricity.
>
> The electrical output of the entire Dickey-Lincoln project is 830,000 kilowatt hours of electricity—approximately the same electrical output as a light water reactor nuclear powerplant which can be constructed at a cost of $660 million including all transmission facilities. That estimate reflects the actual cost of the proposed nuclear powerplant at Sears Island near Searsport, Maine. Due to characteristics of the St. John River system, the Dickey-Lincoln proposal can operate at a maximum of only 17.5 hours per week. Theoretically, that same nuclear powerplant can operate for 168 hours per week. Essentially, then, for the same construction cost the nuclear powerplant can produce nearly 10 times the electricity, and even allowing for necessary refueling and maintenance shutdowns, that figure would only be reduced to eight or nine times. Clearly, then, if our goal is to generate electricity, at least this one alternative can be proven far more advantageous than the Dickey-Lincoln project.
>
> There are many additional factors which have convinced me to oppose the Dickey-Lincoln project. The St. John River system in Northern Aroostook County, Maine, is one of the last unspoiled wilderness areas in the Eastern United States. The construction of the necessary dams would unavoidably change the ecology of that entire river system.
>
> It would flood some 57 miles of the St. John River, 23 miles of the Big Black River, 25 miles of the Little Black River, and 60 other miles of small streams which comprise some of the best trout fishing in the United States. On top of that, in three locations, the waters would back up across the Maine boundary into Canada flooding three Canadian rivers, the St. Roch River, Ruisseau Leau Clare, and Riviere Noire.
>
> In addition, Dickey-Lincoln would destroy a sustained yield of at least 40,000 cords of wood valued at $8 million in wood products annually—and would jeopardize these related jobs.
>
> The flow of water in the St. John and Allagash Rivers is far from constant. It varies greatly from season to season. Often in the spring, floodwaters rage and threaten the northern Maine community of Fort Kent. However, in the late summer and fall, the river is very low and is definitely unable to sustain even a small hydroelectric project, because after the spring waters fill the 89,000-acre lake behind the dams, the river flow is no longer sufficient to keep the lake full. Consequently, the water can be run through the dam for only 2.5 hours a day, for if it runs longer, the lake would run dry, changing part of the lake area behind the dam into a many-thousand-acre mudhole and eliminating the possibility that any more electricity could be generated until the next spring season filled the lake again. Consequently, the Dickey-Lincoln project can be used only for peak power requirements and then only for 2.5 hours per day. In the summer, New England requires at least 6 hours of peaking power per day. The characteristics of this river system also preclude the use of this manmade lake for recreational purposes, because during the summer and fall, the water level, of necessity, would become too low for most recreational purposes.
>
> Interest in the Dickey-Lincoln project has increased with our growing dependence on imported petroleum. Proponents of hydroelectricity—and I am one—correctly state that electricity generated by flowing water provides the least expensive method of generating, requiring the least amount of upkeep and practically no fuel costs. However, a hydroelectric system, as any other system, must produce a usable output in sufficient quantity, and for a sufficient length of time, to render it a significant contribution to our

overall energy requirements. The fact is, however, that the output of Dickey-Lincoln is insignificant compared to New England's daily requirements.

It would increase New England's electrical capacity by only 1.1 percent, which is far below the annual growth of electrical energy consumption. The nuclear plant previously discussed would increase that capacity by nearly 10 percent. Even if we could assume that this project could operate for 24 hours per day—and it can only operate for 2.5 hours per day—it could save only 1.9 million barrels of oil per year. Operating as a peaking unit, it would save 2.5 million barrels per year. Therefore, the only difference to New England would be the difference of 600,000 barrels of oil or 0.7 of 1 percent of the 90 million barrels consumed annually. Several cost-to-benefit ratios have been calculated for the Dickey-Lincoln project since it was first proposed. These figures are, in reality, little more than "fudge factors" that do not relate to any true standards. Any engineer can calculate different cost-to-benefit ratios for exactly the same project depending on what he includes in his study—for example, interest on borrowed money, purchase of equipment, loss of jobs such as occurs with the destruction of timberlands and elimination of revenue from valuable forest products—all of which have impact on cost-to-benefit ratios. These factors have not been uniformly considered by the various surveys that have been conducted.

I specifically criticize the cost-to-benefit ratios that have been most commonly quoted for the Dickey-Lincoln project for three basic reasons: First, interest on borrowed money and drastic escalation in construction costs have made the Army Corps of Engineers cost figures low; second, not all of the true construction costs have been considered—such as the relocation of fill, transportation of men and equipment, and access to the area; and third, techniques used to calculate benefits of hydroelectric power generation for this project have led to some oversimplications. Therefore, the two cost-to-benefit ratios that I have seen most often—2.61 and 1.89—both appear to be significantly too high. A more realistic figure would appear to be between .9 and 1.2. This estimate was derived by Prof. A. Myrick Freeman III, Department of Economics, Bowdoin College, in his analysis of the project dated June 14, 1974.

Another factor in the Dickey-Lincoln question is the importance of flood control in and around the town of Fort Kent, Maine. In recent years, spring time flooding along the St. John River has caused much damage to homes and business in Fort Kent. This public works appropriation is designed for meeting flood control and similar purposes. It is interesting to note, however, that fully 99.8 percent of this estimated project cost involved this dubious hydroelectric power project and only .2 percent involves flood control—clearly, a misuse of the purposes of this act.

I firmly believe that this Congress, confronted with our critical national energy problem, should abandon the Dickey-Lincoln project once and for all, turning our research to more practical and promising alternative energy prospects such as solar, wind, and tidal sources—and food, waste, and other organic byproducts.

As you will also remember, Mr. CONTE and I offered an amendment last year which would have reduced the funding for the project, providing an alternative flood control program for the St. John River system. In view of the fact, however, that almost all of this year's money has been earmarked for completion of an environmental impact study, I have decided not to challenge the appropriation at this time.

In conclusion, although I am voting for the public works appropriation which contains all of the Corps of Engineers projects, I want to register, in the strongest language possible so there will be no question in anybody's mind, my opposition to Dickey-Lincoln. The project is impractical and ill-conceived, and to spend any more funds on it would be an almost criminal waste of our taxpayers' money.

Mr. Charman, in summary, I oppose the Dickey-Lincoln appropriation for several basic reasons.

It would not produce a significant saving of oil.

It would not generate a significant amount of electricity, compared to other projects of the same cost.

It would destroy valuable timberlands worth $8 million a year to northern Maine's economy.

It would destroy 174 miles of unspoiled rivers and streams.

It would destroy 17,600 acres of deer yards.

A true analysis of cost-to-benefit ratios shows that it is only marginally feasible.

It would not provide badly needed flood control for Fort Kent within a reasonable amount of time.

AMENDMENTS OFFERED BY MR. FRASER

Mr. FRASER. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. FRASER: Page 10, line 22, strike out "$351,386,000" and insert in lieu thereof "$339,226,000".

Page 17, immediately after line 23, add the following: No part of any appropriation for the Bureau of Reclamation under this Act shall be obligated or expended for construction or land acquisition with respect to the Lone Tree Reservoir and Dams, as part of the Garrison diversion unit of the Pick-Sloan Missouri Basin Project.

Mr. FRASER. Mr. Chairman, I ask unanimous consent that both amendments may be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. FRASER. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, in view of the lateness of the hour, I ask unanimous consent that all debate on this amendment and all amendments thereto end at 5 minutes after 5 p.m.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. FRASER. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. NOLAN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Exactly 100 Members are present, a quorum.

The gentleman from Minnesota (Mr. FRASER) is recognized for 5 minutes in support of his amendments.

Mr. FRASER. Mr. Chairman, my amendment seeks to strike $12.6 million in the land acquisition and construction funds for the Lone Tree Reservoir, which is the next major phase of the Garrison Diversion project.

Last year, Members may remember that several of us from Minnesota, and the gentleman from North Dakota (Mr. ANDREWS) reached an informal agreement with regard to future funding for the Garrison project. That agreement stated in part that—

> . . . no further funds will be sought for construction or land acquisition of the project until the problems raised by the Minnesota Pollution Control Agency have been reasonably met . . .

The agreement also stated that $1 million would be provided for a study by the Bureau of Reclamation of the return flows of the Red, Souris, and James Rivers—

> . . . including alternatives as may be required in order to provide the basis for a sound environmental decision on whether or not to proceed with the project.

That study, which was conducted for the Bureau by the Harza Engineering Co., has been completed and has been revised by the Minnesota Pollution Control Agency. In a June 8 letter, our Director of that Agency, Peter Gove states:

> Minnesota's concerns have not been reasonably met and that a sound environmental decision to continue construction and land acquisition for the Garrison Diversion unit cannot be made.

Our Minnesota Pollution Control Agency acknowledges that the project will bring somewhat higher flows in the Red River, which serves as a boundary between Minnesota and North Dakota. But, the Agency goes on to report that the Garrison project will also result in at least three violations of Minnesota water quality standards. Furthermore, the Harza study, according to our Pollution Control Agency, makes no recommendations for mitigating the environmental problems the project will cause.

The letter from the Director of the Minnesota Pollution Control Agency concludes by asking us to offer an amendment to delete funding for Garrison if no way can be found to defer or condition the public works appropriation in order to deal with Minnesota concerns.

Mr. Chairman, the Government of Canada has also grave reservations about this project. In 1975, the Canadian Government indicated to the State Department, in a formal communication, that the Garrison Project—

> . . . as envisaged would have adverse effects on the Canadian portions of the Souris, Assiniboine and Red Rivers . . . and would cause injury to health and property in Canada in contravention of Article IV of the Boundary Waters Treaty of 1909.

The Garrison issue was subsequently referred to the International Joint Commission which is now reviewing the project. The International Joint Commission's report is expected in the fall. Just last week, a member of the Canadian House of Commons restated his government's concerns in a letter that Members of the House have received today.

Mr. Chairman, I think it is clear that

the conditions set forth in the agreement we had with the gentleman from North Dakota last year have not been met. Until the significant questions raised by our State and by the Canadian Government have been adequately dealt with, the House should defer funding on a project which will have such a major impact on the lives of the people of at least three States and the Province of Manitoba. We are not asking that work on Garrison be stopped now and for all time. The International Joint Commission will make its recommendations in October. Between now and then the Bureau of Reclamation can prepare plans for dealing with the environmental problems raised by the State of Minnesota. When these steps are taken, we can take a fresh look at funding, possibly in a supplemental appropriation. But until then, we should suspend funding on the next phase of the Garrison project, the Lonetree Reservoir.

Mr. Chairman, let me make one further point. We have a mechanism for dealing with this kind of a controversy between the United States and Canada. That mechanism, the International Joint Commission, is presently engaged in reviewing this project. We do not have a similar mechanism for dealing with interstate problems of the kind that have arisen between our Pollution Control Agency in Minnesota, and those who support this project in North Dakota.

I would hope that if our amendment is adopted, or even if it is not, that the Governors of the three States will undertake to create some kind of a panel, some kind of a tristate commission, an ad hoc commission, if necessary, in order to resolve these issues between the States so that we can work out the difficulties that are raised by the report of the Harza Engineering Co.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. FRASER was allowed to proceed for 1 additional minute.)

Mr. FRASER. Mr. Chairman, let me just finally say that the Lone Tree Reservoir which we want to defer will be the principal source of water to irrigate the land which is in question, because of the Canadian objections. The area of land known as the Souris Loop has 45 percent of the total irrigated land in the entire State to be benefited by this project. It is more than likely that because of the Canadian objections this will have to be dropped from the project. In that case the Lone Tree Reservoir will have to be redesigned. It makes no sense to go forward with the funding for the Lone Tree Reservoir while this issue is pending before the International Joint Commission. All we are asking is that we move in a prudent and careful way so that the Canadian problems and the problems of the State of Minnesota can be resolved in a reasonable way, and then the money can be authorized or appropriated to continue with whatever agreed upon plan is the result of that investigation.

Mr. NOLAN. Mr. Chairman, I make a point of order. I just counted the House. I counted 50 Members present. I make the point of order that a quorum is not present.

The CHAIRMAN. The gentleman from Minnesota (Mr. NOLAN) again makes the point of order that a quorum is not present. The Chair will count. One hundred four Members are present, a quorum.

Mr. ANDREWS of North Dakota. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendments.

Mr. ANDREWS of North Dakota. Mr. Chairman, the gentleman who offered the amendment did, indeed, refer to the study that was made. Let me point out to my colleagues in the House that this study was made, and it was made available first to the people in the cities involved along the streams. We think our people in their own backyards know more about the needs of their areas than people looking at them from many miles away.

This is the headline in the largest newspaper in my district and in my colleague's district, that of the gentleman from Minnesota (Mr. BERGLAND) when that study was released about a week ago. It says simply: "Study: Garrison will benefit streams."

It goes on to talk about the great benefits that the water superintendents and the rest in the biggest city in my State and the biggest city in the gentleman from Minnesota's, Mr. BERGLAND's, district said would come from that return flow.

Let me show the Members something that happens in our river, the Red River of the North. It is an intermittent stream. Here is an article from the Fargo Forum of 5 years ago saying, "better Red than dead?" It shows the dead fish and the pollution in that river. The only solution to that pollution, the low stream flow, the environmental disaster that has been with us too long, is the Garrison diversion project which has been under construction now for some 7 years. As a matter of fact, the Red River ceased flowing for a total of 155 days during 1 year, in 1936.

What does the Harza Study say? It says:

> Quality of water in the receiving streams is expected to be substantially improved by the project during late summer, fall and winter.

That is the period of the year when we have our problems. It also says, and I quote:

> Return flows will eliminate or reduce severe water pollution in reaches of the rivers now characterized by intermittent flows.

Mr. Chairman, we cannot make water flow upstream, so none of this water can go further into Minnesota than along the boundary which separates the district of my colleague, the gentleman from Minnesota (Mr. BERGLAND), who supports this project, and me.

Incidentally, I was called by Gov. Arthur Link, the Governor of North Dakota, who had called the Governor of Minnesota. He said:

> Reaffirm to my former colleagues the wholehearted support I give to that project.

Also Governor Link said the office of Gov. Wendell Anderson of Minnesota, said:

> Minnesota is go on the project.

He also said:

> Today there is a resolution by the Governors of North Dakota, South Dakota, Montana, Wyoming, and Nebraska unanimously supporting full funding for the Garrison project.

Also I would like to point out to my colleagues that I wrote to Elmer Staats some time ago when our project came under fire and said:

> How does our project compare with other Western Reclamation projects as far as cost benefits and return flows are concerned?

He sent me his analysis and I will show it to anyone who is interested. This project is next to the top in cost-benefit ratio, which is better than it was when it was first authorized in 1965. Out of a group of 20 Western reclamation projects, Garrison ranks 5th on return flows, which would indicate Garrison has much better return flows than most others of the Western reclamation projects.

Mr. SIMON. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Illinois.

Mr. SIMON. Mr. Chairman, what does the gentleman's study show as to the cost per farm as far as cost benefit?

Mr. ANDREWS of North Dakota. Cost per acre shows about $1,500 per acre, and that cost is justified on a unique agreement made in 1944 between our State and downstream States. The Garrison dam was built and 500,000 of the finest acres of North Dakota for all time were taken off the tax rolls and families moved out and towns moved. The quid pro quo was that North Dakota would get 250,000 acres of irrigated land to replace the tax base and the people supporting base we gave up, so our downstream neighbors would be saved from floods.

This is why the cost per acre is high, but also the high cost-benefit ratio is next to the top on all Western projects, being 2.9 to 1.

Mr. SIMON. The gentleman says cost is $1,500 per acre. How many acres in the average farm in this area? This is North Dakota.

Mr. ANDREWS of North Dakota. The acres allowable for irrigation are 160, as the gentleman undoubtedly knows.

Mr. SIMON. So that we are talking about $120,000. In fact we are talking also about the break up of a lot of farms because of this kind of thing. What the gentleman is talking about is husbands and wives jointly owning a farm.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

(By unanimous consent, Mr. ANDREWS of North Dakota was allowed to proceed for 2 additional minutes.)

Mr. ANDREWS of North Dakota. Mr. Chairman, I would say to the gentleman from Illinois one of the greatest champions of the family farm in the upper Midwest is a friend of mine and I am sure of yours, Senator HUMPHREY, who has stated that this project is one of the best projects there ever has been in Western reclamation history.

The family farmers in the State of North Dakota have signed into these irrigation districts waiting to receive this water or the project could not proceed.

Granted, and I salute the subcommittee of the gentleman from Pennsylvania (Mr. BILL MOORHEAD) and now the gentleman from California (Mr. LEO RYAN), they have done work on this, there have been some problems during acquisition of land for canals and rights-of-way, and that committee wrote an outstanding report saying how this Federal policy should be changed.

It is the same way when an interstate highway goes through an agricultural area and the farmers are not happy to have their land taken. These policies do need to be changed but the farmers themselves have actively signed up for irrigation districts. The cities also need this water. Our Nation's livestock and food depends on it.

We hope this project will have the support of the House.

The principal supply works are nearly complete. The water can come to our cities that need it so badly in about 3 years if the project stays on schedule.

Mr. SIMON. If the gentleman will yield further, if I may point out, if a man and a wife jointly own two separate parcels of land, 320 acres, the average cost there for that farm for this project will be about $480,000.

Mr. ANDREWS of North Dakota. Mr. Chairman, as the gentleman points out, this is typical for western reclamation farming. They need that for a unit to support the food needs of this country.

Mr. NOLAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Fraser amendments.

Mr. Chairman, before voting on this amendment, I think it should be made clear to all the Members of the House that the Canadian Government has expressed opposition and reservations to the project.

The State of Minnesota through its pollution control agency and its director in a letter to the Members of the Minnesota delegation, the letter was authorized by our governor, is opposed to this appropriation.

The U.S. Fish and Wildlife Service has determined a negative impact on over 162,000 acres of national wildlife refuges.

The President's Council on Environmental Quality has asked for a moratorium.

The Environmental Protection Agency has joined in calling for that moratorium.

The Committee To Save North Dakota, the people from North Dakota, likewise have opposed the project.

In our own House of Representatives the Government Operations Subcommittee on Conservation, Energy and National Resources has expressed opposition as well as the National Taxpayers Union, because of exorbitant costs.

Mr. Chairman, these are all legitimate concerns. My primary concern is the Minnesota concern. Last year the gentleman from Minnesota (Mr. FRASER) and I and other parties to this dispute entered into a compromise in a spirit of cooperation. The terms of that agreement were spelled out by the gentleman from Minnesota (Mr. FRASER) earlier; but, in short, the argument stated that no further construction funds would be appropriated until the objections of the Minnesota Pollution Control Agency were reasonably met.

A million-dollar study that was undertaken found there were 12 violations of the water quality control standards of the State of Minnesota.

It found in its conclusion that there will probably be an increase in the amount of the river's algae, but that no firm predictions could be made because it had not been studied. The study was based on "typical year conditions," rather than "worst case conditions."

The study found that the project assures "best management conditions," which we hope and trust will be the case, but is not all certain.

The Harza report based its conclusions on "actual operations" and did not consider the impacts that may result in construction.

The Harza study did not examine the biological effects resulting from return flows.

But most importantly, the cumulative effects of all the parameters of pollution and alternative systems were never examined in the study.

The most significant factor to be considered, however, is the fact that we entered into an agreement in this House last year. As the gentleman from Minnesota (Mr. FRASER) pointed out, that agreement said that no further funds would be sought for construction or land acquisitions on the project until the problems raised by the Minnesota Pollution Control Agency have been reasonably met.

I want to quote here from a letter from the director of the Minnesota Pollution Control Agency. That letter says, having cited the reasons I just cited earlier:

> These violations of State and Federal law have led me to conclude that Minnesota's concerns have not been reasonably met and that a sound environmental decision to continue construction and land acquisition for the Garrison Diversion Unit cannot be made.

The real question, then, gentlemen, is are we or are we not going to honor the agreement we entered into in good faith?

Mr. BERGLAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was born on the bank of the Red River 47 years ago, and for the last 40 years of my life I have heard about the Garrison diversion project. This is not something that has suddenly been put upon us. It is a matter that has been debated and debated and debated for as long as I can remember.

But, the great majority of those people who live within the area affected by it, support the proposal. Keep in mind, my friends, that the Red River Valley of the north is a dry valley. It is an old lake bottom with limited well water. Those 140,000 who live along this river must depend upon water from the river as their principal source of municipal water. Supplemental wells are found outside the valley, but the water must be piped great distances.

In the summer of 1970, the Red River was dry. Those people who live along that river had to depend upon their auxiliary water sources, which at that time were able to meet their needs.

Since that time, that region has grown and there is a greater need for water in that river today than ever before. The return flows from this project would provide those 140,000 people with a more reliable supply of water.

The question here is whether or not that water is safe. Mr. Chairman, I have talked with the water quality engineers in my district who will need to purify that water for their citizens, and I have been told by these experts that the water that will come from these return flows is safe; that it will not require any massive renovation of the water purification systems; that indeed, the kinds of materials that will be found in this water are well within the present engineering capabilities to purify for their use.

The question arises as to who, in fact, is the more reliable authority in this regard, the scientists, the engineers, the technicians and the citizens who live in this project area and who will use this water, or those engineers and those experts who live some distance away.

We have an agreement with the Canadians that if there are chemicals in this return flow which are unacceptable to them, that indeed there is a way by which this project will either be modified or stopped. The International Joint Commission and its engineering panels are reviewing the engineering reports and sometime in October will submit their report on whether the project must be modified or stopped. I think the proposal offered by the gentleman from Minnesota (Mr. FRASER), in which he suggested that the Governors of the States involved set up some kind of panel of experts, makes good sense. We now have a process by which we can reconcile disputes with the Canadians, but in terms of trying to work out some sort of agreement between States, we sit across the river and throw stones at each other.

It seems to me that there must be some way by which we can institute a civilized reconciling process, and I think the gentleman's suggestion in that regard makes good sense. I have talked with the Governor of North Dakota; talked with representatives of the Governor of Minnesota. They, too, agree that there needs to be some kind of dialog between us. In the meantime, it seems to me that we ought to proceed with the plan as proposed by the Committee on Appropriations. No moneys will be spent in this calendar year and, if, sometime during the latter part of this year, there is an objection raised by our neighbors to the north, obviously that treaty agreement will supersede anything that may otherwise be done on the American side in connection with this project.

So, my friends, I urge the Fraser

amendment be defeated. I think it would be wise for those of us who live in the region to establish some kind of dialog among ourselves so we can arrive at a rational decision, based on fact, based on the kinds of judgments that are necessary in these emotional questions.

Mr. RONCALIO. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendments.

Mr. Chairman, I want to say to my colleague, the gentleman from Minnesota (Mr. BERGLAND), who just preceded me, how very much I agree with every facet of his argument. I can personally attest that the International Joint Commission of the United States and Canada, the U.S. section of which I was honored to be president for 3 years under the late President John F. Kennedy, will be holding its next meeting in October. An item on the agenda will be the matter of the Souris-Red River. This is one of the items we first concerned ourselves with some 15 years ago. If it is found in October that return flows contain matters that should be removed, we can address that removal without damage to our brothers to the north. Those problems can be taken care of, just as they are now being taken care of in other areas. Return flows can be damaging, they can be troublesome, but this is another reason, I submit to my colleagues, the Members will vote against the amendment for scrubbing one of the most efficient high-benefit cost-ratio programs on record. The very best is the Garrison program. Why jeopardize it? This is not a valid reason to delay a project of this size.

I urge the rejection of the amendment.

Mr. EVINS of Tennessee. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto end at 5:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was agreed to will be recognized for 1 minute each.

The Chair recognizes the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I rise in support of this amendment. It is essential that we should recognize the international obligations which we have undertaken. I think it would be a pity if the United States did not honor the commitment we have made.

(By unanimous consent, Mr. RYAN yielded his time to Mr. MOORHEAD of Pennsylvania.)

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MOORHEAD).

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, for 2 years the Subcommittee on Conservation, Energy, and Natural Resources, of the Committee on Government Operations, has been examining this project.

We do not disagree with the gentleman from Minnesota (Mr. BERGLAND) or the gentleman from Wyoming (Mr. RONCALIO). We are only saying that this amendment should be adopted because until we know whether this project is going to be vetoed because of our relationships with Canada or not, we should not proceed with the construction of the Lonetree Reservoir. We should defer that until we know what size reservoir we are going to have.

Let me emphasize very definitely that this is only the subcommittee's recommendation. It is not official until it is passed upon by the full committee, but the subcommittee's recommendation is entirely consistent with the amendment offered by the gentleman from Minnesota (Mr. FRASER). The subcommittee's recommendation is:

> Land acquisition and construction of the Lonetree Reservoir feature of the Garrison Reservoir unit should be deferred until it is apparent that the Canadian and the United States Governments have agreed upon an acceptable alternative to the present project planned.

We are not saying we are opposed to the project. We are not saying that the gentleman from Minnesota is not correct about the return flows, but if the Canadians believe that this is in violation with the water treaties and if the IJC agrees with them, then we are authorizing money for a reservoir that is much too big and, therefore, much too expensive.

Mr. Chairman, the logic of the matter is to defer further action on this aspect of Garrison until we know exactly what we are doing.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Chairman, I am neither from the State of Minnesota nor the State of North Dakota, and I ordinarily would not be getting into this debate. However, I had a delegation of farmers from North Dakota who visited me, and I started digging into this. I was amazed when I found some of the facts.

I think it is fiscally imprudent to go ahead with this. Clearly, as the gentlewoman from New Jersey points out, it violates our agreements with Canada, and it seems to me it also violates an agreement entered into by House Members, according to the CONGRESSIONAL RECORD.

Mr. Chairman, I urge support of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. JOHNSON).

Mr. JOHNSON of California. Mr. Chairman, I rise in support of the full committee allowance for continuing construction of the Garrison diversion unit, Pick-Sloan Missouri Basin program, N. Dak., and in opposition to what I consider to be ill-advised attempts to slow down this badly needed program.

The Garrison diversion unit was authorized by Congress in 1965 through the enactment of a bill brought to this House by the Interior and Insular Affairs Committee of which I have been a member since my second term in Congress.

I well remember the considerations that influenced the passage of this legislation.

Our committee believed then—and it is no less valid today—that the large mainstem multipurpose dams on the Missouri River were serving to benefit the downstream urban population centers all the way to the Gulf of Mexico through flood control, navigation and, to a lesser extent, low cost power production.

These benefits were achieved at great sacrifice by the people and the economy of the Prairie States.

The Garrison diversion unit was fully justified at that time and it still is but, even if this were not so, the Nation owes this development to the State of North Dakota.

It is true the costs of this project have risen.

So has everything else in our economic structure.

By the same token, its benefits have risen.

At the time this project was authorized, no account was taken of the national and worldwide role of the commodities that will be produced here as the granaries of America were overflowing with embarrassing surpluses.

These of course have evaporated.

So, today, we have a situation where all of the originally measured benefits are still present plus a growing need for the products of irrigated agriculture to feed our people and others around the world.

I am aware that certain self-appointed analytical experts have advised that the project is not justified.

I would simply say that there is no question in the mind of this Member that it remains justifiable and should be completed in an orderly manner. Also, Mr. Chairman, let me say a word about the wildlife aspects of this project.

Its impact on migratory waterfowl was recognized from the outset.

The land leveling associated with successful irrigation will fill some potholes and destroy some nesting habitat.

Ample provision has been made in the plan to mitigate these losses and indeed to create much more habitat than is lost.

In fact, the land acquisition requirements of this project, about which so much has been made in the media, are predominantly for the purpose of enhancing and improving waterfowl nesting habitat.

Indeed, I well remember the role of the U.S. Fish and Wildlife Service in support and justification of this project at the time of authorization.

I am saddened and disappointed with the apparent reversal of that great agency's support and defense of its own evaluations.

Last, there is the question of return

flows and their impact on interstate and international waterways.

Last year this House approved an additional $1 million to study and evaluate this question.

This money has been used to finance very detailed studies of salinity effect and the effects of other pollutants.

These studies have been done by departmental experts and by a distinguished internationally famous engineering firm.

The reports of these studies are in hand.

As any fairminded person would admit, they disclose certain bad effects as well as many good effects.

On balance, the reports indicate to this Member that the usability of the receiving water courses, as well as their ecosystems, will be improved.

I think it is important for all Members of this body to remember that this entire question has been referred for study by our own Government and the Canadian Government to the International Joint Boundary Commission.

This is a most distinguished entity which has a track record, if you will, virtually unsurpassed in resolving difficult problems of international concern.

It is now scheduled to complete its work later this autumn and will report to the two Governments.

If the bottom line of that report is to effect that the Garrison diversion unit, as presently planned, would cause the United States to be in violation of a treaty commitment to our Canadian friends, we would then have a new ballgame.

I can assure you that this Member will be in the forefront of those seeking to amend and alter the Garrison diversion plan to avoid such consequences.

In the meantime, I do not believe the House should be stampeded into hasty action on the strength of unsupported and unevaluated allegations.

For these reasons I expect to vote against any and all amendments to strike or reduce the committee allowance for the Garrison diversion unit and urgently request support of this position.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. Oberstar).

Mr. OBERSTAR. Mr. Chairman, I rise in support of the Fraser amendment to cut funding for the construction of Lonetree Reservoir from the Garrison diversion project appropriation. Lonetree Reservoir represents a critical step in a project with heavy Federal, regional, and Canadian opposition. The construction of this reservoir should be delayed until these problems are resolved.

The Garrison diversion unit is an environmental mistake that will seriously degrade American and Canadian waters with polluted irrigation return flows carrying chemicals and salts leached from the soil, as well as pesticides, fertilizers, and other wastes associated with farming operations. It will damage eight national wildlife refuges, destroy 50,000 acres of wetlands, with possible losses of annual production of 350,000 waterfowl. It will consume 220,000 acres of land for right-of-way, of which 70,000 acres presently are being farmed. All this to irrigate 250,000 acres presently being farmed without irrigation.

A "Dear Colleague" letter in support of the Garrison project, states that GAO finds the benefit-to-cost ratio and quality of return flow best of 22 western irrigation projects. It also contends that recent studies by the Bureau of Reclamation; their contractor, Harza Engineers; and North Dakota State University all find return flows beneficial. Let us take a closer look at those claims.

What are the economic benefits? The Bureau of Reclamation based its estimate of benefits on the increased income to farmers from using their land more intensively through irrigation. This project will only benefit landowners rich enough to afford an investment in irrigation equipment estimated at over $40,000 per 160 acres. These landowners will not pay the costs of constructing the Garrison diversion unit, estimated at $500 million and still rising. Less than 5 percent of project costs allocated to irrigation will be paid by those who receive the direct benefits. These costs will be paid by Federal taxpayers and consumers of electricity generated at the existing Garrison Dam.

Are the return flows beneficial? These return flows may be beneficial to the irrigators who are discharging the polluted waters, but they are not beneficial to those who are receiving them. The Minnesota pollution control agency has reviewed the Harza report and maintains that there are serious water quality violations by the project. The Government of Canada, and the U.S. Environmental Protection Agency and Council on Environmental Quality have not changed their position that a moratorium be placed on further construction of this project.

Is the quality of return flow in this project best of 22 Western irrigation projects? Perhaps the Bureau of Reclamation's record should be examined more carefully. Irrigation projects on the Colorado River caused such an increase in salinity that it has required desalination treatment costing $280 million to clean this water before it enters Mexico.

We are now facing this prospect with the Garrison diversion unit. The State Department has assured Canada that no part of the project will be constructed which would degrade Canadian waters. However, if Lonetree Reservoir is used, as intended, to supply irrigation water to the Souris and Red River Basins, it will severely degrade Canadian water quality. If Lonetree Reservoir is constructed, the next decision facing Congress may be much costlier: Construct a Colorado River-style desalination plant to clean the Souris and Red Rivers before entering Canada, or abandon Lonetree Reservoir and identify new irrigation sites outside the Souris and Red River Basins.

What particularly disturbs me is the potential loss of wetlands, waterfowl, and damage to wildlife refuges from this project. Congress recently expressed its commitment to preserving valuable wetlands in H.R. 5608 which authorizes $114.1 million for wetlands acquisition from 1976 to 1983. Should we pay to preserve wetlands with one hand, and pay to destroy them with the other hand? This project is a major setback to our wetlands preservation program.

We cannot ignore the serious opposition of environmental agencies of Canada, the United States, and Minnesota, as well as opposition of the South Dakota State Legislature.

Now is the time to carefully consider the implications of this project to determine how to modify the Garrison diversion unit so as to eliminate the major environmental problems. Failure to act now will lead to environmental headaches and soaring project costs far into the future.

(By unanimous consent, Mr. Hagedorn yielded his time to Mr. Andrews of North Dakota.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota (Mr. Fraser).

Mr. FRASER. Mr. Chairman, I think that it may be worth noting that I have a telegram that came from the head of the North Dakota Farmers Union.

In the telegram they say they support the Garrison diversion, but they say this:

> Our concern continues that the Canadian-U.S. dispute over water quality may necessitate a change in design of Lone Tree Reservoir. If this should be the case, we want Congress to make certain that the Federal Government not acquire privately owned farmland not necessary for the final completion of the project under those conditions.

Mr. Chairman, the Lone Tree Reservoir is the one we have under discussion at the moment.

With the International Joint Commission looking at this, I think there is a fairly good chance that they are going to exclude 45 percent of the irrigated land from this program. There will have to be a redesign of the Lone Tree Reservoir. It would be a mistake to fund it today until we get this matter resolved.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Burgener).

Mr. BURGENER. Mr. Chairman, we have an honest difference of opinion here, but having served as a member of the subcommittee, having heard hours of testimony from hundreds of witnesses, I think we are now down to the point where we must call the roll and decide this issue and vote upon it.

Mr. Chairman, I strongly oppose the amendment of the gentleman from Minnesota (Mr. Fraser).

(By unanimous consent, Mr. Symms yielded his time to Mr. Roncalio).

The CHAIRMAN. The Chair recognizes the gentleman from Wyoming (Mr. Roncalio).

Mr. RONCALIO. Mr. Chairman, let me say to our lovely colleague who took the floor previously, the gentlewoman from New Jersey (Mrs. Fenwick), that I would be the last to want to support action by this Government that would harm our beloved relatives in Canada or in any other nation, but particularly our neighbors in Canada or Mexico.

Our position will be made clear if I

mention that the IJU is headed by our former colleague, Henry Smith of New York, and therefore would feel disposed to readily accept the recommendation of the International Joint Commission, and this is probably true of a good many of you Republicans, who served with him in this body since his tour here in 1965.

Also, the Garrison Dam can hold water to slurry coal from Wyoming, let me remind the Members, as well as to irrigate lands in North Dakota; and it may be used for surplus flood waters later piped up to Wyoming.

Therefore, Mr. Chairman, I say, let us reject the amendment.

Mr. Chairman, there is a possibility that water of the Garrison Dam can be used for purposes other than this irrigation. It could serve the purpose of slurrying coal from the area of Wyoming that so dearly needs its own water. I, too, Mr. Chairman, feel that this project should move ahead.

The CHAIRMAN. The Chair recognizes the gentleman from Indiana (Mr. MYERS).

Mr. MYERS of Indiana. Mr. Chairman, for the last few years when a public works appropriation bill came before us, we always had an argument about Dickey-Lincoln. Now we have a different argument. We now have a couple of projects to discuss each year.

It seems to me that the argument this afternoon is the kind in which one is wrong no matter in what direction we go.

Mr. Chairman, this is not a new project. It is one that has been under consideration and under examination. We have had testimony for years on this.

Last year, when this bill came up, I thought there was an agreement. We added $1 million for a study, and I thought there was an agreement that we would abide by the recommendations of that study. That study is complete, and now we are being asked to further delay.

Mr. Chairman, it seems that some did not act in good faith, in agreeing to that amendment and language.

The CHAIRMAN. The Chair now recognizes the gentleman from Tennessee (Mr. EVINS).

Mr. EVINS of Tennessee. Mr. Chairman, I want to say that there are no project features in this bill that affect Canada. The Garrison Dam is completed, the McClusky Canal is 85 percent completed and the Lonetree Reservoir, which is the reregulating facility that will distribute the water to the farmers in this drought-stricken area, is necessary to be completed. I repeat, there are no project features in this bill that will affect Canada. The Canadian matter will be resolved later. This is the fruition of the completion of a long developed project. The dam is completed, the canal is almost completed, and this is to make the irrigation facilities work.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota (Mr. ANDREWS) for the remaining time.

Mr. ANDREWS of North Dakota. Mr. Chairman, I appreciate the gentleman pointing out some of the difficulties concerning fish and wildlife. This project envisages picking up 145,000 acres and spending $45 million on them for wildlife habitat for the breeding grounds of the central flyway that are so essential. That is the reason the costs are going up so high. Safeguarding and adding to our central flyway breeding grounds is the reason the Congress is doing this. The decision regarding flows to Canada will be made by the International Joint Commission in October, before the first of the fiscal year. None of the money will be available until after the decision of the IJC.

It is true that the Farmers Union are concerned about the land acquisition, but it is better to have it appropriated for now instead of tying it up for an additional year with those farmers not knowing what land will be taken.

Then let us take a look at the Lonetree Reservoir. As the gentleman from Tennessee has stated, this is the reregulating reservoir that is needed irrespective of any project or design. This project is needed in our area, I urge your support.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendments offered by the gentleman from Minnesota (Mr. FRASER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FRASER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 156, noes 244, not voting 31, as follows:

[Roll No. 380]

AYES—156

Adams
Addabbo
Ambro
Anderson, Calif.
Andrews, N.C.
Aspin
AuCoin
Badillo
Baucus
Beard, R.I.
Biaggi
Bingham
Blanchard
Blouin
Bonker
Brademas
Brodhead
Brown, Calif.
Buchanan
Burke, Calif.
Burton, John
Burton, Phillip
Byron
Carr
Clay
Cleveland
Collins, Ill.
Conable
Conte
Conyers
Corman
Cornell
Coughlin
D'Amours
Delaney
Dellums
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Ind.
Fascell
Fenwick
Fish
Fisher
Fithian
Florio
Fountain
Fraser
Frenzel
Gilman
Green
Gude
Hamilton
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hicks
Holtzman
Howard
Jenrette
Jones, Okla.
Jordan
Kasten
Kastenmeier
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Lehman
Levitas
Long, Md.
Lundine
McHugh
Madigan
Maguire
Mann
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Mitchell, Md.
Moffett
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
Ottinger
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Pike
Pritchard
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Roush
Roybal
Ryan
St Germain
Sarbanes
Scheuer
Seiberling
Sharp
Simon
Snyder
Solarz
Spellman
Stark
Stokes
Stratton
Studds
Sullivan
Thompson
Traxler
Tsongas
Udall
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
Whalen
Wolff
Yatron
Young, Ga.

NOES—244

Abdnor
Alexander
Allen
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Baldus
Bauman
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biester
Boggs
Boland
Bolling
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Collins, Tex.
Cotter
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Dent
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fary
Findley
Flood
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hall
Hammerschmidt
Hanley
Hansen
Harsha
Hefner
Heinz
Henderson
Hightower
Hillis
Holland
Holt
Horton
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Kazen
Kelly
Kemp
Ketchum
Kindness
Landrum
Latta
Leggett
Lent
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
Mahon
Martin
Mathis
Matsunaga
Mazzoli
Melcher
Michel
Mills
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Murtha
Myers, Ind.
Natcher
O'Brien
O'Neill
Passman
Patten, N.J.
Perkins
Pettis
Peyser
Pickle
Poage
Pressler
Preyer
Price
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rogers
Roncalio
Rooney
Rose
Rostenkowski
Rousselot
Runnels
Ruppe
Russo
Santini
Sarasin
Satterfield
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Stephens
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Yates
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki

NOT VOTING—31

Abzug
Bell
Chisholm
Conlan
Daniels, N.J.
Hawkins
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Karth
McClory
McKinney
Madden

Milford
Mink
Myers, Pa.
Nichols
O'Hara
Rosenthal
Schneebeli
Schroeder
Sisk
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Teague
Wirth
Zeferetti

The Clerk announced the following pairs:

On this vote:

Mr. Zeferetti for, with Mr. Hébert against.

Ms. Abzug for, with Mr. Stuckey against.

Mrs. Chisholm for, with Mr. Teague against.

Mr. McKinney for, with Mr. Nichols against.

Mr. Dominick V. Daniels for, with Mr. Milford against.

Mr. Rosenthal for, with Mr. Conlan against.

Mr. Wirth for, with Mr. Steiger of Arizona against.

Mr. Hawkins for, with Mr. Schneebeli against.

Mr. O'Hara for, with Mr. Steelman against.

Mr. Helstoski for, with Mr. McClory against.

Mr. Madden for, with Mr. Steiger of Wisconsin against.

Mrs. **SPELLMAN** changed her vote from "no" to "aye."

So the amendments were rejected.

The result of the vote was announced as above recorded.

Mr. **EVINS** of Tennessee. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read, printed in the Record, and open to amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The **CHAIRMAN**. Are there any points of order against the remaining portion of the bill?

The Chair hears none.

Are there any further amendments?

AMENDMENT OFFERED BY MR. MILLER OF OHIO

Mr. **MILLER** of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Miller of Ohio: On page 25, after line 19, add the following section:

Sec. 502. Of the total budget authority provided in this Act for payments not required by law, 5 per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity and project, for payments not required by law, the amount withheld shall not exceed 10 per centum;

Mr. **MILLER** of Ohio. Mr. Chairman, it will not take 5 minutes to explain the amendment because we voted on an amendment exactly like it yesterday. The amendment is very, very plain, and it so states that of the total budget authority provided in this act for payments not required by law, 5 percent shall be withheld from obligation and expenditure, provided that of the amount provided for each appropriation account, activity and project, for payments not required by law, the amount withheld shall not exceed 10 percent.

Our expenditures at the Federal level over the last several years, are going higher and higher and higher. As a matter of fact, yesterday, after we had a vote that defeated an amendment to reduce 5 percent the appropriation bill for Treasury, Postal Service, and general government—we had a temporary debt ceiling limit approved of $700 billion.

Now, to show where we are going on spending, it has taken us 186 years to have a budget of $100 billion at the Federal level. Nine short years later, in 1971, we had a $200 billion budget. Four short years later, in 1975, we had a $300 billion budget. This year, we are considering, after only 2 years, a $400 billion budget.

We are requesting that the total of the bill be reduced 5 percent because the items in the bill are not mandatory. Another item that we might convey to the members of the committee is that in the fiscal year 1977 budget $45 billion is listed for interest on the national debt. That comes to $123,300,000 per day interest that we are paying on the national debt. I would request that the Members do approve the amendment and we do reduce the bill, and it will reduce the bill by approximately $477 million.

Mr. **EVINS** of Tennessee. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Ohio (Mr. Miller).

Mr. Chairman, I agree with the able member of the Committee on Appropriations that this is somewhat like the famous Bow amendment, which has been argued many times. Perhaps it should have been offered in some of the other bills. It would strike $470 million out of the public works and energy projects. This bill is only 1½ percent over the budget. We have exercised great restraint in evaluating these projects. We are only 1½ percent over the budget in this public works and energy bill. Perhaps some few items could stand a 5-percent cut. But the gentleman would take a meat ax and cut across the board on even the small projects and programs. Small projects cannot stand this kind of a cut.

Mr. Chairman, we began these hearings in February. There are many volumes of testimony which were evaluated line by line, item by item, agency by agency. We cannot ignore all of the work of the committee and ignore all of the consideration given this bill by the Members today.

I urge that the amendment offered by the gentleman from Ohio (Mr. Miller) be rejected.

Mr. **ADAMS**. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have analyzed each of the current bills that will be coming out this week from the Commitee on Appropriations, and the Members of the House will receive these before the end of the week. I reported yesterday on the status of that bill, and I report on this status, as compared with the budget authority. We have divided the bills by subcommittees within the Committee on Appropriations, compared them to the first target resolution, and this bill is approximately $500 million below the target set in the first budget resolution.

Mr. Chairman, I point out if there is a later supplemental that comes along the target could be endangered. But this subcommittee has done an excellent job of staying within the budget targets set at that time.

Mr. Chairman, I wish to commend the subcommittee for the fact that they have worked closely within the subcommittee to stay within the first budget resolution targets.

Mr. **MYERS** of Indiana. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I regret that I must oppose the amendment offered by my good friend, the gentleman from Ohio (Mr. Miller). I usually voted for the Bow amendment, or the so-called Bow amendment, now the Miller amendment. I certainly concur that this House, this Government of ours has to cut back its expenditures. But this committee has already done that. We have cut more than one-half billion dollars out of the congressional budget already the proposed congressional limitation. We have cut almost $600 million from that proposed budget limitation. What will we be doing here? Most of these appropriations for public works are fixed costs. Most are construction projects where we cannot cut 5 percent out of it because much is by bids. We will be doing either one of two things either stopping the start of the construction or slowing down the construction progress. This would cause a stretch out and added expense totally defeating the purpose of this amendment. Present rates of inflation would add more to these projects than the 5 percent we could save. The only area where we could make sufficient cuts would be in energy research but what would happen if we cut the energy research by as much as 10 percent, which is what it would be if we cannot cut public works. One of the big items in the energy research ERDA budget is for the purchase of electrical current to feed the process of enrichment of uranium fuel. There is no way of really cutting that back because it requires so much uranium fuel to make the U225 fuel for the energy now required to produce about 8 percent of the electrical needs of this country. The only way to efficiently cut that back is to produce a new type of enrichment process. We now use a process called diffusion. Research we are now working on is a centrifuge process.

We will be able to produce the electricity cheaper with that process, but if we cut back 5 percent today, it means we will not have the research and we will not have the development of new processes in uranium energy enrichment. So it would be self-defeating.

Mr. Chairman, I share the thoughts of my colleagues about holding the line on the budget, but this is one place where we just cannot trim these amounts back by 5 percent.

Mr. **CONTE**. Mr. Chairman, will the gentleman yield?

Mr. **MYERS** of Indiana. I yield to the gentleman from Massachusetts.

Mr. **CONTE**. Mr. Chairman, I want to voice my agreement with my friend, the gentleman from Indiana (Mr. Myers). I agree with him, and I hope this amendment is voted down.

I consistently voted against the so-called Bow amendment, and I got myself into a lot of trouble with my good friend, Mr. Bow, about that. I feel this is the wrong way to bring about a cut. I do not think it is right to go about this with a meataxe approach, cutting the good projects along with the bad projects.

There may be some bad projects in this, but if we do not like them, we should zero in on them and try to cut them out; we should not just blindfoldedly try to make cuts across the board.

This House only this afternoon added $95 million for research and development of solar energy—there was perhaps one dissenting vote on that—bringing that total up to $309 million. How can we go back to our constituents and say we favored that and then we cut it 5 percent on the same afternoon? It is ridiculous.

Mr. Chairman, I hope the amendment is voted down. We are going to see this amendment offered on every appropriation bill, and the time to stop it is right now.

Mr. MYERS of Indiana. Mr. Chairman, the final thing I wish to say is that the committee has already effected more than a 5-percent cut. I do not believe there is any more fat in this bill that we could cut. I am sure there is not or we would have cut it out. It just is not there.

Mr. Chairman, I urge a "no" vote at this particular time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. MILLER of Ohio. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 129, noes 270, not voting 32, as follows:

[Roll No. 381]

AYES—129

Ambro
Anderson, Ill.
Archer
Armstrong
Aspin
AuCoin
Baucus
Beard, Tenn.
Bennett
Blanchard
Blouin
Brinkley
Broomfield
Brown, Mich.
Broyhill
Burke, Fla.
Clancy
Clawson, Del
Collins, Tex.
Conable
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Derrick
Derwinski
Devine
Dodd
Duncan, Tenn.
du Pont
Edgar
English
Erlenborn
Eshleman
Evans, Ind.
Fenwick
Fithian
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gilman
Goldwater
Goodling
Gradison
Gude
Guyer
Hagedorn
Haley
Hamilton
Harkin
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hillis
Hutchinson
Hyde
Jacobs
Johnson, Pa.
Jones, N.C.
Kasten
Kelly
Kemp
Ketchum
Kindness
Latta
Lehman
Lent
Levitas
Litton
Lott
Lujan
McCollister
McDonald
Madigan
Maguire
Mann
Martin
Mathis
Melcher
Michel
Miller, Ohio
Moffett
Montgomery
Moore
Moorhead, Calif.
Mottl
Murphy, Ill.
Neal
Obey
O'Brien
Pattison, N.Y.
Paul
Pike
Pritchard
Regula
Robinson
Rogers
Roush
Rousselot
Runnels
Russo
Santini
Satterfield
Schulze
Sebelius
Sharp
Shuster
Simon
Skubitz
Smith, Nebr.
Snyder
Spellman
Spence
Steiger, Wis.
Taylor, N.C.
Treen
Vander Jagt
Vigorito
Wampler
Wiggins
Winn
Wolff
Wydler
Wylie
Young, Fla.

NOES—270

Abdnor
Adams
Addabbo
Alexander
Allen
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashbrook
Ashley
Badillo
Bafalis
Baldus
Bauman
Beard, R.I.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Brown, Calif.
Brown, Ohio
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
D'Amours
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Findley
Fish
Fisher
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Grassley
Green
Hall
Hammerschmidt
Hanley
Hannaford
Hansen
Harrington
Harris
Harsha
Heinz
Hicks
Hightower
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Leggett
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lundine
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
McKay
Mahon
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pepper
Perkins
Pettis
Peyser
Pickle
Poage
Pressler
Preyer
Price
Quie
Quillen
Railsback
Randall
Rangel
Rees
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rooney
Rose
Rosenthal
Rostenkowski
Roybal
Ruppe
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Seiberling
Shipley
Shriver
Sikes
Slack
Smith, Iowa
Solarz
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Studds
Symington
Symms
Talcott
Taylor, Mo.
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Waggonner
Walsh
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—32

Abzug
Bell
Chisholm
Conlan
Daniels, N.J.
Esch
Hawkins
Hays, Ohio
Hébert
Helstoski
Hinshaw
Holland
Howe
Karth
McClory
McKinney
Madden
Milford
Mink
Myers, Pa.
Nichols
O'Hara
Roncalio
Schneebeli
Schroeder
Sisk
Steelman
Steiger, Ariz.
Stuckey
Sullivan
Wirth
Zeferetti

Messrs. EDGAR, RUSSO, KEMP, and SANTINI changed their vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. BOLAND. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time merely to propound a question of the chairman of the Subcommittee on Public Works with respect to the Water Resources Council, page 25 of the bill and also page 84 of the report, and specifically with reference to the cut of $224,000 for administration and coordination for the Water Resources Council. I would like to have some clarification that the committee never intended that the cut of $224,000 in administration and coordination for the Water Resources Council would apply to the pilot studies on the Connecticut River Basin. I understand $75,000 in the bill is for the pilot study for the Connecticut River Basin Commission in New England.

Mr. EVINS of Tennessee. Mr. Chairman, if the gentleman will yield, the gentleman from Massachusetts is correct.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I should like to address myself to my good friend the gentleman from Tennessee (Mr. EVINS). I am extremely concerned about the section 73 (Public Law 93–251) funding for flood plain management case studies in the Connecticut River Basin.

When it was learned that a $224,000 reduction in the water resources planning program under the Water Resources Council, many of us were concerned that the reduction would affect funding support for these important case studies. I was relieved to learn that these reductions will only affect administrative and coordination expenses of the Water Resources Council costs and that there will be a minimum of $75,000 available for these studies. My district will be the site of three of these essential case studies—South Hadley, West Springfield, and Northampton, Mass.

The Connecticut River basins commission has prepared an excellent plan for flood damage reduction and flood plain management in the Connecticut River basin. These section 73 case studies would investigate cost sharing arrangements and implementation of nonstructural measures.

Section 73 of Public Law 93–251 authorizes 80 percent plus Federal cost sharing for nonstructured flood plain management.

The U.S. Water Resources Council and the New England River Basins Council propose to collaborate in conducting case studies in the Connecticut Valley, in association with "level C" studies, so that the actions that come out of these local studies can actually be implemented.

Because these most necessary programs are enumerated at page 41 of the report prefaced by words of support—to wit: "Connecticut River Basin—funds are included in the bill to accelerate studies . . ." it is my interpretation that it is the committee's intent to support these necessary case studies. Is this interpretation correct?

Mr. EVINS of Tennessee. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. ICHORD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. QUILLEN. Mr. Speaker, on that I demand the yeas and nays.

The vote was taken by electronic device, and there were—yeas 378, nays 20, not voting 33, as follows:

[Roll No. 382]

YEAS—378

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
Madigan
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Satterfield
Scheuer
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki

NAYS—20

Archer
Broyhill
Conable
Crane
Derwinski
Edgar
Eshleman
Evans, Ind.
Holtzman
Hutchinson
Litton
McDonald
Maguire
Martin
Miller, Ohio
Mottl
Paul
Steiger, Wis.
Traxler
Wydler

NOT VOTING—33

Abzug
Bell
Chisholm
Conlan
Daniels, N.J.
Esch
Fenwick
Hawkins
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Karth
McClory
McKinney
Madden
Milford
Mink
Myers, Pa.
Nichols
O'Hara
Sarbanes
Schneebeli
Schroeder
Sisk
Steelman
Steiger, Ariz.
Stuckey
Udall
Winn
Wirth
Zeferetti

The Clerk announced the following pairs:

Mr. Hébert with Mr. Hays of Ohio.
Mr. Dominick V. Daniels with Mr. Udall.
Mr. Helstoski with Mr. Bell.
Mr. Sisk with Mr. McKinney.
Ms. Abzug with Mr. Madden.
Mrs. Chisholm with Mr. Sarbanes.
Mr. Milford with Mr. Conlan.
Mr. Nichols with Mr. Karth.
Mr. O'Hara with Mr. Howe.
Mr. Stuckey with Mr. Myers of Pennsylvania.
Mr. Zeferetti with Mr. McClory.
Mrs. Mink with Mr. Steelman.
Mr. Wirth with Mr. Winn.
Mr. Hawkins with Mr. Steiger of Arizona.
Mrs. Schroeder with Mr. Schneebeli.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. EVINS of Tennessee. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON MANPOWER, COMPENSATION, AND HEALTH AND SAFETY OF COMMITTEE ON EDUCATION AND LABOR AND SUBCOMMITTEE ON UNEMPLOYMENT COMPENSATION OF COMMITTEE ON WAYS AND MEANS TO MEET ON WEDNESDAY AND THURSDAY OF THIS WEEK FROM 10 A.M. TO 12 NOON DURING THE 5-MINUTE RULE

Mr. GAYDOS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Manpower, Compensation, and Health and Safety of the Committee on Education and Labor, and the Subcommittee on Unemployment Compensation of the Committee on Ways and Means be permitted to hold scheduled joint hearings on Wednesday morning, June 23, 1976, and Thursday, June 24, 1976, while the House is proceeding under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will these sessions be just from 10 a.m. to 12 noon?

Mr. GAYDOS. Mr. Speaker, if the gentleman will yield, I will say in response to the gentleman that there will be no markup. These are longstanding scheduled hearings, and only testimony will be taken.

Mr. ROUSSELOT. And there will be no markup?

Mr. GAYDOS. There will be no markup.

Mr. ROUSSELOT. And it will be just between 10 a.m. and 12 noon?

Mr. GAYDOS. Yes.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

PERMISSION FOR COMMITTEE ON THE JUDICIARY TO MEET TOMORROW BETWEEN 10 A.M. AND 12 NOON DURING THE 5-MINUTE RULE

Mr. DANIELSON. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary be permitted to meet tomorrow during proceedings under the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will this be just from 10 a.m. to 12 noon?

Mr. DANIELSON. Mr. Speaker, if the gentleman will yield, it will be from 10 a.m. to 12 noon, and hopefully we will perhaps meet between 12 noon and 5 p.m.

Mr. ROUSSELOT. Then I will object.

Mr. DANIELSON. Would the gentleman agree to the hours between 10 a.m. and 4 p.m.?

Mr. ROUSSELOT. No.

Mr. DANIELSON. Then we will restrict the hours to between 10 a.m. and 12 noon.

Mr. ROUSSELOT. In that event, Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

ANNUAL REPORTS OF THE SIX RIVER BASIN COMMISSIONS — MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94–528)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Interior and Insular Affairs and ordered to be printed with illustrations:

To the Congress of the United States:

I am happy to transmit herewith the annual reports of the six river basin commissions, as required under Section 204(2) of the Water Resources Planning Act of 1965.

The Act states that commissions may be established, comprised of State and Federal members, at the request of the Governors of the States within the proposed commission area. Each commission is responsible for planning the best use of water and related land resources in its area and for recommending priorities for implementation of such planning. The commissions, through efforts to increase public participation in the decisionmaking process, can and do provide a forum for all people within the commission area to voice their ideas, concerns, and suggestions.

The commissions submitting reports are New England, Great Lakes, Pacific Northwest, Ohio, Missouri, and Upper Mississippi. The territory these six cover include parts or all of 32 States.

The enclosed annual reports indicate the activities and accomplishments of the commissions during FY 1975. A brief description of current and potential problems, studies, and approaches to solutions are included in the reports.

GERALD R. FORD.

THE WHITE HOUSE, *June 15, 1976.*

LEGISLATIVE PROGRAM

(Mr. WHITTEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, I had anticipated that we would begin consideration of the agriculture appropriation bill earlier in the afternoon. I have since learned that there has been an agreement by the leadership that we will adjourn at 7 o'clock.

In view of the fact that if I move that we go into the Committee of the Whole, we might find that we do not have a quorum present, or one objection from a Member to my unanimous-consent request, would prevent us from proceeding, I would ask, if I might, that we take up the bill tomorrow if we could be assured that this bill would be the first order of business. Then we could meet tomorrow to consider the bill we had expected to bring up at 2 o'clock this afternoon.

Mr. Speaker, I am, of course, referring to H.R. 14237, making appropriations for agriculture and related agencies programs for the fiscal year ending September 30, 1977.

Mr. Speaker, I wonder if we could have that understanding.

The SPEAKER. The Chair will answer the gentleman. It is not a very appropriate procedure, however, to make such an answer from the chair.

Mr. WHITTEN. If the Chair would prefer, Mr. Speaker, I will move to go into the Committee of the Whole.

The SPEAKER. That would be the Chair's preference.

AGRICULTURE AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. WHITTEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14237) making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from North Dakota (Mr. ANDREWS) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi (Mr. WHITTEN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14237, with Mr. GIBBONS in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Mississippi (Mr. WHITTEN) will be recognized for 1 hour, and the gentleman from North Dakota (Mr. ANDREWS) will be recognized for 1 hour.

The Chair recognizes the gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, in this Bicentennial Year, it would be well if, in addition to celebrating the Declaration of Independence, we could also designate 1976 as the year of the Declaration of Interdependence between rural and urban, city and country.

Never before in history have urban people been more dependent upon the relatively few—less than 5 percent—who live on the farm for their food and clothing. Even with high prices, food takes the smallest percentage of total individual income of any nation. The rural 5 percent, in turn, depend upon the people of our cities to provide a market for their production which produces the high standard of living for the 95 percent of nonfarm citizens. This enables our agricultural establishment to provide more employment for nonfarm people than the transportation, steel, and automotive industries combined.

In the past year, it employed 3.4 million people at an estimated cost of $6.5 billion. Farm people spend $7.6 billion a year for living expenses. Annual farm purchases include $8.5 billion for tractors and other farm equipment and another $5.7 billion for fuel, lubricants, and maintenance. The Nation's farms use 360 million pounds of rubber—enough for 7 million automobiles. They use 30 billion kilowatt hours of electricity and 7 million tons of steel annually. Each year they spend some $7 billion for fertilizers and about $2 billion for materials required to combat weeds, insects, and plant and animal diseases. If those engaged in farming cannot keep up their purchasing power, this fact alone will pull down the whole economy, as shown by the last Great Depression of the 1930's.

On the other hand, never in our history have the few engaged in agriculture been so dependent upon the people in our cities—for under the one-man, one-vote decision of the Supreme Court, voting power in the U.S. Congress and in State legislatures is held by those members from the city who greatly outnumber those from the country.

In the Congress today, only 14 out of 435 congressional districts are classed as rural. To pass any law affecting agriculture, we must have votes from the city Members.

Our committees has recognized this and, thus, a few years ago, we provided funds for 4-H type work for our cities and now only 25 percent of 4-H members are living on farms; 10.4 percent are from the inner cities, and the biggest 4-H Club in the world is in downtown Indianapolis, Ind. Membership is now more than 5 million, with an additional 1.8 million associated with nutrition aides and other related programs.

Following my request, the Congress also provided plans for improving wholesale market facilities and such cities as Boston, Dallas, Asheville, Memphis, Los Angeles, New York, Baltimore, Macon, Atlanta, and San Antonio have followed those plans, saving an estimated $6 per ton in the cost of handling food supplies for their people.

Our committee has provided nutrition aides, a number of which must have the general qualifications of extension agents, who have proven a great help in meeting city problems and improving diets of urban families.

We have promoted gardening and, according to the Readers Digest, U.S. News & World Report, and other magazines, more than 51 percent of American families will have a garden this year. And we are assured there will be more tops for fruit jars.

Rural or urban, we are all interdependent, and more and more people are coming to understand this fact, to the benefit of the entire country.

While we have consistently supported the spread of agricultural-type programs to urban areas, we find that the Bureau of the Budget and officials of the Department of Agriculture are refusing to recommend the continuation of many necessary programs—essential to preservation of the land, and other natural resources for present and future generations—by scaling back programs where the Congress has spoken very forcibly, through the use of a system of establishing ceilings on personnel, leaving too few people to get the job done in many instances.

The Department has forgotten the dust-bowl days of the past. Its officials advocate that we leave entirely up to the landowner, who is merely the temporary holder of the land for future generations, the development and protection of our soil and timber. Ignored is the fact that, during the years when we did that, we used up two-thirds of our timber, and wasted 40 percent of our soil. Even after our great efforts and significant progress in soil conservation and restoration, large quantities of topsoil still wash down the Mississippi River each day.

At a time when the many risks involved in agriculture are greatly increased, when commercial lending institutions are shying away from farm loans, we find the Department freezing funds, refusing grants for water and sewage systems—so essential to loans. Yet, when Congress overrides such action under the new Budget Control Act, they achieve their mission by restricting the personnel available to administer the programs.

The Department has held up funds for housing loans, crop production loans, while at the same time funds for foreign aid have been increased and additional support has been provided for a continuation of more than 5,000 military bases around the world, some of which we could not defend for more than 24 hours, all in the name of defense, which it is not. This leaves us with the task of tying down funds specifically for personnel for the Farmers Home Administration and the Soil Conservation Service and other agricultural activities, so that the needed programs can be carried out, and the funds will be used to develop our country and to save our land for present and future generations.

Nothing gives me more pride than what has been accomplished by reforestation where we have set out 7 billion trees, and have constructed over 2 million reservoirs, more than 9 million sedimentation basins, 35 million miles of terraces and other conserving measures with the landowners paying approximately two-thirds of the costs; together with the expansion of sewer systems, rural housing, and other programs.

Even with these accomplishments at a minimum cost, officials of the Department of Agriculture cut such programs out, and in the last supplemental appropriations bill we had to provide $17 million to protect us from present dust-bowl threats brought about because the director of the agricultural conservation program had largely scuttled his own programs, despite the directions of the Congress to the contrary. This we attempt to meet by spelling out in detail what must be done, in words they cannot misunderstand; and if this does not work, the Congress will be faced with the necessity of providing that anyone who does not carry out the intent of the law does not draw his pay. This approach is one all would regret to take—but it could be forced upon us.

We have already taken the gold from behind our currency, removed silver from our coinage, and we cannot afford to stand idly by and allow the fertility to be removed from our soil, for truly we would have nothing to support our money and our economy and we would end up like the worn-out countries of India and China.

I repeat, what we need most is for the people in the Office of Management and Budget and the Department of Agriculture to understand these facts.

Now, Mr. Chairman, I would like to discuss what is included in the bill before us:

The bill provides total funding of $12.5 billion, which is $61.5 million below the total budget request of the President. We are $2 billion under the target which is being held in reserve for future supplementals, if required.

That is a figure, I might say to my colleagues, that would seem to be unusually large; but it is largely because at this time we do not know what future food stamp requirements will be. The committee recommends approval of the budget request for food stamps since the committees in the House and Senate as well as the Department itself, which has authority under existing law to change regulations, are all undecided as to what the funding requirements will be during the coming year.

Mr. Chairman, the concept in developing this bill was that we first restore essential ongoing programs which the President had cut from his budget. In order to accomplish this, we had to add $644,832,000 to the bill. At this point in the RECORD I will insert a table reflecting those additions:

SUMMARY OF BUDGET CUTS RESTORED

[Amounts available in 1976, the budget cuts proposed for 1977, and the restorations recommended in the bill]

	NOA, 1976	Budget cut, 1977	Restoration, 1977
TITLE I—AGRICULTURAL PROGRAMS			
Agricultural Research Service: Dairy herd improvement	$1,500,000	−$1,500,000	+$1,500,000
Animal and Plant Health Inspection Service:			
Burrowing nematode	372,000	−372,000	+1,500,000
Japanese beetle	1,159,000	−1,159,000	
White-fringed beetle	115,000	−115,000	
Total	1,646,000	−1,646,000	+1,500,000
Cooperative State Research Service: Rural development research	1,500,000	−1,500,000	+1,500,000
Extension Service:			
Nutrition education program	50,560,000	−10,170,000	+10,170,000
Rural development	1,000,000	−1,000,000	+1,000,000
Title V, Rural development	1,500,000	−1,500,000	+1,500,000
Total	53,060,000	−12,670,000	+12,670,000
Statistical Reporting Service: Floriculture surveys	$161,000	−$161,000	+$161,000
Agricultural Marketing Service: Payments to States and possessions	1,600,000	−1,600,000	+1,600,000
TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS			
Agricultural Stabilization and Conservation Service:			
Agricultural conservation program	190,000,000	−190,000,000	+190,000,000
Water Bank Act program	10,000,000	−10,000,000	+10,000,000
Forestry incentives program	15,000,000	−15,000,000	+15,000,000
Total	215,000,000	−215,000,000	+215,000,000
Farmers Home Administration:			
Rural development grants	11,875,000	−11,875,000	+10,000,000
Rural water and waste disposal grants	250,000,000	−250,000,000	+200,000,000
Rural housing for domestic farm labor	7,500,000	−7,500,000	+6,000,000

	NOA, 1976	Budget cut, 1977	Restoration, 1977
TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS—Continued			
Mutual and self-help housing	$9,000,000	−$9,000,000	+$9,000,000
Rural community fire protection grants	3,500,000	−3,500,000	+3,500,000
Total	281,875,000	−281,875,000	+228,500,000
Soil Conservation Service:			
River basin surveys and investigations:			
Cooperative surveys	10,343,000	−500,000	+500,000
Watershed planning	10,834,000	−1,200,000	+1,200,000
Watershed and flood prevention operations:			
Public Law 534 operations	25,383,000	−6,029,000	+6,000,000
Public Law 566 operations	119,223,000	−5,181,000	+5,000,000
Great Plains conservation program	20,379,000	−15,201,000	+15,201,000
Resource conservation and development:			
Technical assistance	16,514,000	−2,701,000	+8,500,000
Cost-sharing assistance	10,300,000	−5,800,000	
Total	212,976,000	−36,612,000	+36,401,000
TITLE III—DOMESTIC FOOD PROGRAMS			
Food and Nutrition Service:			
Child Nutrition Programs:			
Nonfood assistance (earmarked)	($20,650,000)	(−$20,650,000)	(+$28,000,000)
Nutritional training and surveys (earmarked)	(700,000)	(−700,000)	(+700,000)
Special milk program	144,000,000	−144,000,000	+144,000,000
Total	144,000,000	−144,000,000	+144,000,000
TITLE IV—INTERNATIONAL PROGRAMS			
Foreign Agricultural Service:			
Agricultural attaches	9,942,000	−191,000	+2,000,000
Foreign market development	20,064,000	−1,288,000	
Total	30,006,000	−1,479,000	+2,000,000
Grand total	943,324,000	−698,043,000	+644,832,000

In addition, Mr. Chairman, to the restorations of budget cuts outlined above, the committee has found it necessary to recommend a modest increase above the budget in funds for certain essential purposes. At this point in the RECORD I will insert a table which reflects those additions:

Title I—Agricultural programs:	
Agricultural Research Service:	
National food consumption survey	[1] $1,650,000
Research on minor use pesticides	500,000
Blueberry-cranberry research	100,000
Sugar beet research	215,000
Research on cherries	107,000
Research on dried beans	150,000
Sugarcane research (Houma, La.)	450,000
Total	3,172,000
Animal and Plant Health Inspection Service: Witchweed eradication	1,200,000
Cooperative State Research Service:	
Soil erosion in Pacific Northwest (STEEP)	200,000
Research on minor use pesticides	500,000
Total	700,000
Extension Service:	
1890 Land Grant Colleges and Tuskegee Institute	500,000
Increased urban activities and penalty mail costs	5,000,000
Funds for pilot projects in New York, Chicago, Los Angeles, and other major cities (earmarked)	(1,500,000)
Total	5,500,000
Title II—Rural development and assistance programs:	
Farmers Home Administration: 400 additional positions	5,000,000
Very low-income housing repair grants	5,000,000
Total	20,572,000

[1] Provides a total of $4.5 million for this purpose.

The committee has also retained a minimum of $300 million of the estimated $1,111 million of section 32 funds for 1977 for use by the Agricultural Marketing Service for the traditional production-support purposes intended by Congress when it established this fund. This has been necessary to assure that adequate funds are available to enable USDA to announce a program when required and to purchase commodities which might because surplus to market demand and thereby stabilize the market by bringing supply and demand back into balance. By having sufficient funds available in the past, the Department has frequently had to spend little or nothing to provide such stability. The withdrawal of these funds from use for the food and nutrition programs has made it necessary for the committee to recommend an offsetting amount of NOA to fully fund such programs at the level proposed in the 1977 budget.

Also, Mr. Chairman, the committee has restored funds for the loan programs of the Farmers Home Administration under title II, as follows:

Water and waste disposal loans	$130,000,000
Farm ownership loans	100,000,000
Soil and water loans (individuals)	50,000,000
Subsidized loans:	
Domestic farm labor (Sec. 514)	10,000,000
General purpose housing (Sec. 502)	250,000,000
Rental or cooperative housing (Sec. 515)	120,000,000
Unsubsidized loans:	
General purpose housing (Sec. 502)	−10,000,000
Rental or cooperative housing (Sec. 515)	25,000,000
Repair loans [1]	−5,000,000
Net restoration	670,000,000

[1] NOTE.—The Committee has continued $20 million for minor housing repairs—$15 million for housing repair loans and $5 million to reinstate housing repair grants under Sec. 504, to be limited to needy elderly persons in rural areas.

In addition, an increase of $500,000,000 is recommended for guaranteed loans for moderate-income housing under section 502.

For the Rural Electrification Administration under title II, the committee recommends that no monetary limitations be placed on the guaranteed loans for electrification and telephone programs. It also recommends that the insured loan programs for both purposes be approved at the levels proposed by the 1977 budget—a continuation of the 1976 level.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Washington, the distinguished chairman of the Committee on the Budget.

Mr. ADAMS. Mr. Chairman, I thank the gentleman very much for yielding.

He has brought up the very important point that this subcommittee has done an excellent job of remaining within the budget targets, though it appears to be below; and that was the reason I asked the gentleman to yield.

Mr. Chairman, the committee has very carefully left that potential cushion for the fact that there may be an additional amount owing for food stamps, which we do not know as yet, according to the report.

It is my understanding that the present figure is below that which went to the Commodity Credit Corporation for fiscal year 1975; is that correct?

Mr. WHITTEN. The Commodity Credit Corporation has a broad field of responsibility, and there are many, many uncertainties as to its operations. It is very imperative that we retain that cushion for the reasons we have tried to point out in our report.

Mr. ADAMS. Mr. Chairman, I thank the gentleman.

Mr. Chairman, the House is now considering the Agriculture and related agencies appropriation bill (H.R. 14237) for fiscal year 1977.

As reported, this bill is within the budget resolution allocation made to the Appropriations Committee and that committee's subdivisions as reported to the House. Specifically, approval of this bill leaves about $2 billion in budget authority still remaining within the subcommittee's budget resolution allocation. Problems will occur if additional initiatives are funded and certain program levels assumed in the budget resolution but not presently funded in this bill are appropriated at a later date.

Two items are of principal interest to the Budget Committee. Both are funded at levels below amounts assumed in the budget resolution, accounting almost entirely for the apparent $2 billion surplus available to the subcommittee for funding other initiatives.

First, the reimbursement to the Commodity Credit Corporation for net realized losses is $710 million below amounts assumed in the first budget resolution. These losses occurred in fiscal year 1975 in the borrowing account of the Corporation. Program activity, outlays, or the deficit in fiscal year 1977 are not affected by this change. If the distinguished gentleman from Mississippi would yield for a question, I would like to inquire about the committee's intent in not providing the budget authority. Does the committee intend to provide this budget authority in a supplemental appropriation?

The second issue of interest is food stamps. During consideration of the first budget resolution the Congress assumed an expenditure of $5.9 billion with $200 million to be saved through food stamp reform. The reduced level in the appropriation bill is $4.8 billion which is $1.1 billion below the amounts provided in the resolution. The Appropriations Committee recommended in this bill an amount consistent with the President's budget and will, according to the committee report from the Department of Agriculture, wait for reestimates before submitting a supplemental appropriation which it appears will be necessary in any event. If the food stamp reform is not forthcoming, this Congress will have to accept a higher supplemental than the first budget resolution assumes.

The Appropriations Committee has done an admirable job in reporting this bill. It covers many complicated financial accounting procedures. We hope that the Congress will continue to support the budget discipline through the new budget process.

Mr. WHITTEN. Mr. Chairman, I thank my distinguished friend, the gentleman from Washington (Mr. Adams), for his comments.

It is good that we do have such a fine relationship with his committee, which has done such an excellent job this year.

Mr. Chairman, at this late hour, in view of the time we expect to adjourn, I will take no more time but will wait until we return to this bill tomorrow.

Mr. Chairman, I move that the Committe do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. Gibbons, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14237) making appropriations for Agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration, H.R. 14237, Agriculture and related agencies appropriation bill, 1977.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO MEET DURING SESSIONS OF THE HOUSE FROM 10 A.M. TO 12 NOON FOR REMAINDER OF WEEK

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may meet for consideration of either one of two food stamp bills presently before the committee from the hours of 10 to 12 o'clock a.m. for the remainder of the week.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, may I just ask the gentleman whether or not this has been cleared with the minority members?

Mr. FOLEY. If the gentleman will yield, yes. I had informed the minority that I would make such a request.

Mr. BAUMAN. And they have agreed to the hours from 10 a.m. to 12 noon?

Mr. FOLEY. Yes.

Mr. BAUMAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

LEGISLATIVE PROGRAM FOR TOMORROW

(Mr. BAUMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BAUMAN. Mr. Speaker, I should like to take this time to ask the majority leader, the gentleman from Massachusetts, (Mr. O'Neill), who is here in the Chamber, what the program might be for tomorrow in some tentative fashion?

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. I will be happy to announce the program for tomorrow. We will finish H.R. 14237, the Agriculture appropriation bill.

Following that we will get into H.R. 14235, military construction appropriation for fiscal year 1977. We anticipate we will be able to finish those without too much difficulty tomorrow and then go into the Outer Continental Shelf legislation and see if we can make some advance, or see if we can possibly finish that bill by tomorrow.

Mr. BAUMAN. I understand also there is a military construction conference report pending. Is that expected to be brought up tomorrow?

Mr. O'NEILL. If the gentleman will yield further, it may be brought up at any time, yes.

Mr. BAUMAN. I thank the gentleman.

U.S. ASYLUM NEEDED FOR CHILEAN AND URUGUAYAN REFUGEES IN ARGENTINA

(Mr. KOCH asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. KOCH. Mr. Speaker, the situation for refugees living in Argentina is growing more desperate every day. Less than 2 months ago, four Uruguayan exiles living in Argentina, two of whom were prominent opposition leaders, were kidnapped and murdered. Shortly thereafter, the former President of Bolivia, Juan Jose Torres, also living in Buenos Aires, suffered the same fate. This past weekend, 25 Chilean and Uruguayan refugees living under the protection of the U.N. High Commissioner of Refugees were kidnapped, roughed up, and told to leave the country. Perhaps most frightening is that an armed group broke into the headquarters of the Catholic International Migrations Committee and stole a master list of political exiles living in Argentina. That list contains the names and addresses of an estimated 11,000 political exiles. A spokesman for the committee expressed grave fears about the uses to which the list will be put.

There is considerable debate as to exactly who is responsible for this campaign of terror being waged against political exiles in Argentina. Reports on the murders of the four Uruguayan exiles indicate that elements of the Argentine Government cooperated with Government of Uruguay in the kidnapping. The responsibility for the other acts of violence is less clear. What is clear is that the Argentine Government has allowed these lawless elements to act with impunity. The Argentine Government cannot assure the safety of those to whom it has granted political asylum. There are reports of growing panic in the refugee community. Many are stranded in Argentina without valid traveling papers as the persecution intensifies.

The United States has a responsibility to offer asylum to these South American refugees in danger of their lives. We have rightly welcomed hundreds of thousands of Cuban and Vietnamese refugees in similar circumstances. Whether the danger comes from right or left wing dictatorship, the United States should provide refuge for those endangered because of their political beliefs. Congressman Don Fraser and I are today introducing a resolution calling upon the Attorney General, in accordance with existing law and U.S. humanitarian tradition, to parole into the United States those refugees in Argentina in danger of their lives. The resolution also calls for a parole visa program for Uruguayans within Uruguay who are similarly endangered.

The administration is empowered to proceed with the establishment of such a program, but is required to consult with Congress. We hope that our colleagues will join in sponsoring this resolution so that the administration knows that there is considerable support within Congress to bring these refugees now endangered in Argentina to the United States.

A CLOSER LOOK AT THE SO-CALLED FULL EMPLOYMENT BILL: THE CASE AGAINST H.R. 50

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Kemp) is recognized for 15 minutes.

Mr. KEMP. Mr. Speaker, with all the publicity given to H.R. 50, it is time the House took a closer look at the so-called Full Employment Act, which most recognize as the Humphrey/Hawkins bill. Claims we hear in behalf of this bill and what the bill actually says, are two different things. Before we decide to expand the Government sector and diminish the people's freedoms and the people's pocketbooks, we had better examine this bill thoroughly.

As a Representative of a community which suffers from a tragic unemployment rate substantially higher than average, I am well aware that more employment is more important than more Government. The human hardship and economic cost of unemployment means that we must deal with unemployment in ways that have been successful in the past and avoid the ways that have failed in the past.

I am not satisfied with our employment policy, and I welcome the healthy debate that the Humphrey-Hawkins bill has provoked. It has produced the wondrous result of nearly unanimous agreement among economists that the Humphrey-Hawkins bill is unworkable, and it has given those of us who are deeply concerned with unemployment the opportunity to review the history of our country's employment policy. As I brought to the attention of my colleagues in my speech of June 9, the record clearly shows that the tax cuts of the 1920s, the 1940s, and the 1960s were effective against unemployment and inflation, while the higher taxes of the 1930s and the increased government spending of the 1970s were ineffectual and even worsened the economic situation. We desperately need to increase private savings and investment both by individuals and businesses. This is the only real and lasting way to create jobs, increase production, and expand the tax base of our States and Nation.

A CLOSE LOOK AT H.R. 50

Mr. Speaker, let's look at H.R. 50 and compare what it still says with what its proponents now disavow. Widespread adverse reaction to one of the principal features of the bill—guaranteed federally funded public service jobs for all—has resulted in the bill being rewritten and in this feature being played down by the proponents of the bill. Yet section 102 of the bill states:

> The Congress declares and establishes the right of all adult Americans (sixteen years of age or older) able, willing, and seeking work to opportunities for useful paid employment at fair rates of compensation.

And section 202 says that its purpose is "creating jobs in both the private and public sectors," and it mandates that—

> The President shall . . . provide for a well balanced combination of job creation and related activities in both the private and public sectors of the economy.

That language clearly guarantees that there will be Federally funded jobs for everyone who wants them. And the wage scales mandated in section 402 of the bill guarantee that millions of people will want these jobs.

Dr. Arthur Burns, Chairman of the Board of Governors of the Federal Reserve System, pointed out in the May 17 issue of U.S. News and World Report that at the present time there are 7 million people working in the private sector at or below the Federal minimum wage. The wage scales mandated in section 402 of H.R. 50 means there will be a large exodus of people out of private employment into governmental work.

In addition, the easy availability of well-paid Government jobs for the asking will result in an increase in the labor force participation rate. Many people who have chosen not to work will be lured into the work force by the availability of Government jobs.

The result will be to weaken both organized labor and private industry and to increase the taxpayers' burdens. In addition to the presently unemployed, many millions more people will be exercising their new rights to well-paid Government jobs.

How will these jobs be paid for?

H.R. 50 makes it obvious that the Government jobs will be paid for by inflation and by higher taxes. This is not speculation.

The bill establishes that the Government jobs, which make up the full employment policy, are "priority expenditures." Section 106 of the bill implies that the Federal Reserve System must print the money that is required to cover these "priority expenditures." Section 106 also says that when inflation results, expenditures for Government jobs "shall not in general be reduced." Instead, Federal taxes are to be raised to "restrain excessive economic activity and inflation." In case that does not work, there is always stand-by wage and price controls, but the authors do not talk too loudly about that aspect. In fact, by now they may have even changed the bill again.

This is disastrous. First the Government prints money so that people who are not producing goods can demand goods, which drives up prices. Then when the prices go up, the Government raises taxes which acts to reduce people's ability to demand goods. When people who are producing goods are paid back with inflation and higher taxes, their incentive to produce is weakened. To weaken the incentive to produce is not the way to establish full employment, stable prices, and a growing economy that makes possible rising living standards for all.

Section 106 also establishes Federal control over the "distribution of purchasing power," that is, over the distribution of income, and over the allocation of credit.

Indeed, section 106 specifically states that the Government may resort to the redistribution of income to maintain the expenditure level for Government jobs. The section states that—

> Priority expenditures . . . shall not in general be reduced . . . so long as it is feasible to reduce relatively less important expenditures, or to resort to . . . Federal tax policy consistent with . . . the needed level and distribution of purchasing power.

Mr. Speaker, H.R. 50 is clearly legislation for exploiting the productive, for shifting income from the producers to the nonproducers. The result will clearly be to discourage production. As the ranks of the producers thin under the punishments of higher taxes and confiscated incomes and as union ranks are weakened by defections to Government jobs, the bloated Government sector strangles its own base—the productive private sector. It is a scheme for instant Britainization of our economy. Government's large share of the wealth will destroy the ability to produce new wealth.

It is also a scheme for chaos. Section 104 of the bill gives the President 90 days to develop a plan that will solve all of the Nation's economic problems, including specific proposals in the areas of countercyclical revenue sharing, monetary and credit policy, tax policy, youth policy, foreign investment policy, inflation policy, public works, and so forth. To show how unrealistic this is, it takes 90 days for one agency to draft its initial proposed regulations on one new program.

The absurdity of planning the whole economy, whether in 90 days or in 900 days, is brought out sharply when we consider the problem of streamlining only the Government agencies. Although the Government is big, it is not yet the size of the economy. Mr. Herbert Kaufman of the Brookings Institution recently concluded in a new study about Government agencies that—

> Attempting to cram the complexity and diversity of political institutions into a preconceived and rather arbitrary pattern of symmetry and simplicity and neatness . . . might do more violence to the system . . . than allowing it to establish its own untidy format.

I hope all of my colleagues notice this argument for laissez faire in Government agencies, for if government is too large and complex to be planned, the entire economic system certainly is also.

I want to point out two other fatal flaws in H.R. 50. One is economic, and the other has to do with our system of government.

The casual way in which section 106 includes policies of credit allocation makes it clear that not much serious thought has been given to the bill. A system of credit allocation substitues human judgment for the impartial marketplace and creates insuperable administrative difficulties. To mandate an allocation of credit to one sector would have the effect of decreasing the available supply of credit to all other sectors. The resulting distortions and shortages will produce ample leeway for bribery and corruption and declining confidence of the people in the government.

Sections 203 and 204 of the bill complete the centralization of all governmental power in Washington by removing control over the purse, the principal power of government, from State and local governments. The bill mandates "legislation providing an institutional means designed to—provide an alternative source of capital funds for local and stable governments." The alternative source is, of course, the Federal Government. He who pays the piper calls the tune, and the Federal takeover of State and local government will be institutionalized.

H.R. 50 IS A COLLECTION OF POLICY FAILURES

If we want there to be real, productive jobs for our working men and women, we certainly do not want H.R. 50.

This bill is a collection of all the things that have failed in the past—inflation, expansion of Government, centralized economic planning.

It is guaranteed to reduce employment in private enterprise and to increase it in the Government sector.

It is guaranteed to increase inflation and erode the purchasing power and living standard of all Americans.

And above all it is guaranteed to reduce the freedoms that have made this Nation great and kept it strong.

H.R. 50 SUBORDINATES CONGRESS AND ITS COMMITTEES TO CENTRALIZED ECONOMIC PLANNING

The provisions in the bill, section 304, which impose limitations on Senate debate—limitations that are unheard of in our history—clearly indicate the authoritarian implications of central planning.

The bill also legislates many infringements on the well established jurisdictions of the House committees and would make a shambles of the House committee system. Indeed, the bill as rewritten is no longer so much an employment bill as it is a planning bill. H.R. 50 as rewritten incorporates the gist of S. 1795, the Humphrey-Javits economic planning bill, and passes centralized planning off as an employment measure.

Mr. Speaker, H.R. 50, which involves institutional changes that are inconsistent with our values and our traditions, would be inappropriate in any year of our history. And it is especially so in the year of our Bicentennial. It is not inflationary policies, Government employment, and centralized economic power in Washington that have made this country the most productive and the most free in the world. Indeed, increasing reliance on big government spending and centralized power in Washington has brought us new economic problems—such as simultaneous inflation and unemployment—and has resulted for the first time in our history in controls over the freedom of unions to bargain over wages and the freedoms of consumers to purchase and producers to sell.

Not only does H.R. 50 subordinate Senate debate and the jurisdictions of House committees to the mandatory requirements of central economic planning, but the bill also requires specific changes in the status and activities of the Federal Reserve System—changes which would allow executive and political control of the Board's function—control which the Federal Reserve's independence was designed to prevent.

That such a drastic change is being made in the Federal Reserve System without the scrutiny of the committee which has the expertise and the jurisdiction—the Committee on Banking, Currency and Housing—shows what planning has in store for us all.

If the U.S. Senate is to be limited on its right to debate, if the U.S. House of Representatives is to abandon the jurisdictions of its committees, and if the Federal Reserve is to be denied its independence, what is H.R. 50 going to do to the ordinary citizen, to the ordinary producer, the ordinary consumer, the ordinary participant in the marketplace? If the most powerful political institutions of free men are to be subjugated to the mandatory requirements of central economic planning, how much greater must be the restrictions on the liberties of the people?

ECONOMIC AND POLITICAL LIBERTIES ARE INSEPARABLE

As our Founding Fathers well knew, the political rights of the individual cannot be separated from his economic rights and vice versa.

The threat to freedom is the power to coerce. The art of preserving freedom is the art of preventing the concentration of power. By removing the organization of economic life from the control of political authority, the market system eliminates a fundamental source of coercive power. At the same time it enables economic strengths to check and constrain political power rather than to reinforce it.

The market economy, allocating resources by the free play of supply and demand through consumer choice, is the single economic system compatible with the requirements of individual, personal freedom, and constitutional government. At the same time, it is the most productive supplier of human needs.

When government interferes with the work of the market economy, it tends to reduce the moral and physical strength of a society. When government takes from one person to bestow upon another, it diminishes the incentive of the producer, the integrity of the recipient, and the moral autonomy of both.

The economic policies needed to restore full employment and a stable price level require no restrictions on individual freedom. No socialization is necessary, no public service jobs, no redistribution of income, no price ceilings or floors, no restrictions on wages or production, no punitive or confiscatory taxes. None of the things which increase the power and scope of government and limit individual freedom are necessary.

All that is necessary is freedom. All that is necessary is for the Congress to remove the fetters and handcuffs it has placed on free enterprise and cease using the income and private savings of Americans to pay for Federal budget deficits and egalitarian designs.

H.R. 50 promises full employment, but it delivers more government control over our lives. Already the United States Code Annotated, the basic compilation of congressionally enacted statutes, totals more than 55,000 pages. The Code of Federal Regulations, which consists of the rules and regulations that carry those statutes into effect and which have the same full force of law, totals hundreds of thousands of pages. The Internal Revenue Code—the tax laws under which we all live—is now nearly 1,900 pages long, and the regulations which carry those tax laws into effect comprise another 4,500 pages that even lawyers have great difficulty understanding.

And this huge amount of Government is not all. There are also the rulings and regulations of a myriad of Federal agencies, bureaus, departments, commissions, administrations, offices, and boards, as well as the rulings of our vast court networks.

It is time to reverse this direction, and it should be the Bicentennial commitment of the Congress to the people to do so. The people would welcome and support a reduction of the role of Government in relation to their freedoms, their pocketbooks, their range of choice, their livelihoods.

What needs to be done?

We need to return fiscal sanity to the operation of Government. We need to slow the growth of Government, reduce Government-fueled inflation, restore the stability and purchasing power of the dollar, reduce the burden of taxes and increase the level of saving and investment. In short we need a rebirth of freedom. We need to reduce the burden of regulation, the Government redtape which squashes production and ties down our personal and business lives.

We can do these things. They are all within our power to do. All we must have is the resolve to be on the side of the people instead of on the side of more and bigger Government.

That is the choice now before the Congress. We can take the people further down the road to serfdom or help lead them back the road to liberty. The road to liberty is also the road to a better life, more jobs, and less poverty.

JOBS ARE AT STAKE

I am concerned about jobs—jobs for the unemployed of today and jobs for millions of people who will be entering the labor force and looking for work in the future.

I know our economy needs capital investment for economic growth and increased productivity. Capital—money saved and invested—is what puts ideas and people to work. It builds new industry and machinery and creates new jobs. As I have said many times in these Chambers, the only way to increase the real standard of living is to increase the amount of capital invested in relation to the work force.

H.R. 50 does nothing to create more capital, but it does a lot to create more Government debt.

Government can finance its debt by borrowing like everyone else or by printing money, which no one else can do. But when the Government borrows to finance its multi-billion-dollar deficits, it uses up money that would otherwise create new jobs. The more the Government borrows, the less money the capital markets can provide for building new industry and machinery.

When the Government prints money to cover its debt, it inflates. And the more it prints, the higher the inflation.

A look at the record of our Government's borrowing and inflating policies shows:

One, the worst capital-investment record in the industrialized world;

Two, economic growth during the

1960's that was the lowest in the free world;

Three, a growing shortage of productive capacity in the coming decade. The results are clear: We are trying to consume without establishing incentives for production.

H.R. 50 is a deficit generating machine. Deficits eat up capital and starve our economy of jobs, real productive jobs that provide the dignity to working people that can only be provided by producing the goods and services that other people will voluntarily pay for in the marketplace.

Some proponents of the Humphrey/Hawkins bill are guilty of the most irresponsible exaggeration. They have claimed that every percentage point of unemployment means a loss of $55 billion a year in GNP and a consequent increase of $16 billion in the Federal deficit. If these figures were right it would mean that the 92 percent who are employed would be producing a GNP of $5.6 trillion and Federal tax revenues of $1.5 trillion. These figures are respectively 350 percent and 500 percent of actual.

It is this kind of exaggeration that allows the claim to be made that we can create a full employment utopia by putting the unemployed on the Government payroll at $6,000 each, at a cost of $48 billion with an 8-percent unemployment figure, but producing $128 billion in new Federal revenues and creating an $80 billion budget surplus.

It is this kind of exaggeration that is behind the notion that the Government can spend the economy into prosperity. If it worked there would be no poverty anywhere in the world, and the nations that have followed the spending path the farthest, like Britain, would not be those in greatest decline.

If Government spending had the magic that some proponents of the Humphrey/Hawkins bill claim, the Congressional Budget Office, which is certainly in favor of increased Government spending, would not have put the potential budgetary cost of the bill at $16 to $44 billion. The real cost will be even greater if we take into account the displacement of private sector jobs and the increase in the number of people seeking public employment which will result from the bill.

IN SUMMARY

Mr. Speaker, the thrust of H.R. 50 is to subordinate the entire economic and political life of the American people to the central Government in Washington.

This legislation reflects the politics of King George III and not that of the wise and humane founding fathers of this country. Although it was Jefferson who said it, all of the founders knew that agriculture, manufacture, commerce, and navigation—the four pillars of our prosperity—are the most thriving when left most free to individual enterprise.

They all knew from their own experience as well as from their study of history that, to quote Jefferson again—

> It is in the natural course of events that liberty recedes when government grows.

It is sadly ironic that in the year of our Bicentennial the legislation that is presented as the country's salvation reflects the policies and authoritarianism we overthrew 200 years ago.

It is a fitting time to recapture the American dream of freedom by resisting the blandishments of political promises of "something for nothing."

WOONSOCKET HIGH SCHOOL COMMENCEMENT ADDRESS OF HON. FERNAND J. ST GERMAIN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, on June 11, our distinguished colleague from Rhode Island, Mr. ST GERMAIN, delivered the commencement address at Woonsocket High School. Not only was the graduating class the largest in the school's history, but the occasion also had a special significance for our colleague: His daughter, Bonnie, was a member of the 1976 graduating class.

Bonnie was elected to the Rhode Island Honor Society, and she is headed next year for Oberlin College. I enthusiastically congratulate Bonnie on her many successes, and I wish her much luck and continued success in the years ahead.

I also wish to extend my congratulations to the Congressman and to his wife, Rachel. I am sure that they are extremely proud of Bonnie and her splendid accomplishments.

Our colleague's inspiring address to the graduating class of Woonsocket High School has a message for us all, and it is a privilege for me to share his commencement remarks with all my colleagues:

WOONSOCKET (R.I.) HIGH SCHOOL, COMMENCEMENT ADDRESS

(By Hon. FERNAND J. ST GERMAIN)

Ours is an age of disbelief: in our politicians, in our clergy, in ourselves. Unfortunately, this disbelief is not wholly unfounded. We have suffered through Vietnam, through Watergate, through recessions and inflation. Republican and Democrat, man and woman, young and old: all of us have emerged somewhat disillusioned. We've seen the bright optimism of the early 60's turn into the cynicism of the late 60's, only to fade away into the apathetic disbelief of the '70's. It seems to me that the mood of this country is best summed up by a piece of graffiti I once read in a railroad station: "Capitalism is man oppressing man; communism is just the reverse." Either way you look at it you lose—or at least that's the way many seem to feel.

As far back as the 19th century, Emily Dickinson attended Mount Holyoke—perhaps a few of you are headed in that direction yourselves. But in those days, the college was much more concerned than it is today with the religious education of its pupils. The first thing the principal did was to divide the freshman class into three groups: the saved, the hopers, and the no-hopers. The saved were those who had received the call of Christ and had become Christians; the hopers were those who believed that the call was on its way; and the no-hopers—well, they didn't much care. Dickinson fell into this last category, and although ours is a much more secular age than Dickinson's was, many today would fall into the camp of "no-hopers" too. Few have hope that the man elected President next November will really make things different, that he will simultaneously give us peace, jobs, and a clean environment. Not only are we skeptical of our Presidents (or our Presidents-to-be), but most of us are skeptical of ourselves. How many really believe that we can change anything, that we can usher in a brave new world, an American Utopia? This may be our bicentennial anniversary, but America is 200 going on 2000. We're old before our time. Where are the dreams and the promises of youth? Where is *your* hope and *your* optimism? How long a distance we seem to have traveled since that memorable day John F. Kennedy spoke these words, "Ask not what your country can do for you, but what you can do for your country."

And although disbelief has its place—a little cynicism is always necessary and even healthy—ultimately disbelief is crippling. Yes, Americans have been wronged, but we have wronged ourselves. Every day we rob ourselves of one of our best natural resources: and that resource is hope. For unless we have hope, hope that things can, and *will*, change for the better, then Utopia will never be more than Utopia: a noble, but an impossible, dream.

Some of you probably know that Utopia comes from the Greek word that means "nowhere." Utopia is not found on any map: if we want to have a Utopia—or, at least, if we want to have a better America—we must find it in ourselves, in our hearts, and in our dreams. And then we must try to make those dreams come true by hard labor and with a united effort.

We might fail; we certainly have failed before. Our forefathers came to New England with the Utopian hope of building a "city on the hill" for all the world to see, and less than a century later their children were saying that their experiment had failed. But we must always remember, and believe, that failure is prologue to success. Our Puritan ancestors may not have founded a community of saints, but they did found America—which is not exactly the same thing, I grant you, but I'm not sure it has to be so different either. We must awaken our faith. Like our ancestors, let us question why Utopia has to be just a fable, a mere fiction of what can never be. Let us have faith—faith in ourselves, in our country, and in God—for without faith, we have nothing.

We've been saying no now for a long time: no to politics, no to religion, no to motherhood, no to fatherhood, and no to brotherhood. And we have needed to say no. We needed to say no, sometimes, to our President; we needed to say no to sex discrimination in sports, in schools, and in jobs; and yes, we needed to say no to the empty rituals and pretenses in our churches. But after the final no there comes a YES, and on that yes the future of our world depends. It may be harder to say yes than it is to say no; commitment is not an easy thing, nor is brotherhood, or love. But then, no one said it was supposed to be easy.

When I was in high school, I read a book that I've never quite forgotten, and it seems to me appropriate to recall it now. That book is *Huckleberry Finn*, and I'm sure many of you have read it too. For those of you who haven't, let me fill you in a bit. Throughout the book, Huck and Jim, a run-away Negro slave, are floating down the Mississippi River together on a raft. Jim is trying to escape from slavery, and Huck is trying to help him escape. All the while Huck feels a little uneasy about it. You see, he grew up in a town where his mayor and his minister told him that "black" meant "slave." Huck wasn't so sure that he was doing the right thing by helping a Black man to escape. But a funny thing happened to Huck on the Mississippi River: he learned that Jim was a man and not a thing, and so he decided to really help this man Jim win his freedom. At the crucial point in the novel, you may remember, Huck tears up a letter he had written to his aunt Sally, telling her where Jim was hiding out. As he tears up that letter, Huck says: "All right, then, I'll *go* to hell." Huck was willing to march into hell for a heavenly cause; he was willing to lose everything in order to save another man. And don't kid yourselves, it wasn't easy. To believe in hell, to really believe in eternal damnation, and still to sacrifice yourself for someone else, well this is one of the noblest acts in all of literature. It's called selflessness, and it's nobler still in true life. I have talked to you of faith and of hope, but it was once said that the greatest virtue of all is love. If there's one message that I want to leave with all of you today, it's that we must be willing to give of ourselves for other people. Like Huck, we must be willing to become selfless so that brotherhood can become a possible dream rather than a trite slogan. Black and White, man and woman, Christian and Jew: all of us must work together. We must care for each other because, for better or for worse, we are all we have. And most of all, we must have the courage to dream: the courage to believe in Man, for all his successes and for all his failures. I'm not pretending that this dream of brotherhood will become a reality overnight. Too many of us have had our dreams shattered and our hopes deflated over and over again, and it is difficult to dream much of anything anymore. Graduates, that's where you come in. Youth is the perpetual messiah that pleads with us to take another try at Utopia. We need you to bring us new hope, and new faith; but most of all, we need you to make us want to believe again that there will come a time when there will be peace on earth, good will among all nations.

Last week I was at another commencement, where the speaker was a man famous in the field of economics. After this man had given his address, he turned to me and commented on how ironic it was that the college graduates should look up to him, that they should see him as a success, a man who had made it in their field. But the truth of the matter is that both he and I envied those graduates. The world was all before them, and graduates, the world is all before you. Our future is in your hands. Your dreams will become our realities; your hopes will affect our lives. You are leaving Woonsocket High School and are going out to face the world: you have an enormous responsibility, and you have an enormous opportunity. Some of you are going on to college; some into the service; and some to a job. Don't let your schooling interfere with your education; try not to become so immersed in grim professionalism that you forget to live, to learn, and to love. Don't be afraid to make mistakes. If you try one career and find that it doesn't suit you, then try again—but please don't give up. My own experience proves that the trial and error method can work. At our Lady of Providence Seminary High School, I intended to enter the priesthood. Then, at Providence College, I majored in pre-med, with every desire to become a doctor. Three years in the Army as a medic and 6 months as a laborer in Woonsocket, and I was determined to become a lawyer. I began my law practice and my career in politics simultaneously. And I have never regretted any one of these experiences, because each of them became an invaluable source of understanding and information—and an opportunity for making lifetime friends.

Well, I think that's probably all the advice you need, or want. But I'm not done yet. I want to say what an honor and a privilege it is for me to participate in the Woonsocket High School Class of '76 commencement exercises. Even more so because my daughter, Bonnie, is included among the graduates this year. And because of Bonnie, my wife Rachel and I know full well how all you parents in this audience feel today as you look at the graduates resplendent in their caps and gowns. We share a common feeling of pride in our children and in ourselves for their achievements. We also share a sadness, I am sure, that another phase in all our lives is about to end. We realize now that the important task facing us as parents is one of encouragement and enthusiasm for whatever path each of our children may choose in the days ahead. But at this very moment, what we feel most of all is pride. On behalf of myself and all of the other parents, I want to say thank you to the faculty and the school administration for your devotion, your efforts and your success with our children.

Graduates, we are proud both of what you have accomplished and of what you will accomplish. You've only just begun, you know, and on that note, I think I'll end. To conclude, I'd like to quote Mark Twain. "It takes a long time to prepare a world for man," Mr. Twain said. "Such a thing is not done in a day." Your parents, your teachers, and myself: we've had our day. Graduates: it's your turn now. The world is in your hands. I envy you, and I wish you luck, but most of all I believe in you, because deep in my heart I *know* that Don Quixote—that ideal man who dared to believe in the impossible dream—is alive and well and living in Woonsocket, Rhode Island.

H.R. 14269, THE HUMAN RESOURCES DEMONSTRATION ACT OF 1976

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LUNDINE) is recognized for 5 minutes.

Mr. LUNDINE. Mr. Speaker, I have introduced legislation which I believe provides a first step toward an effective employment and economic stabilization program in cooperation with private employers. H.R. 14269, the Human Resources Demonstration Act of 1976, would authorize Federal assistance for demonstration projects, primarily in the private sector, to promote economic stability by increasing employment opportunities and improving productivity.

I support full employment as a national goal and will support H.R. 50, the Full Employment and Balanced Growth Act. But I am concerned that our long-range economic strategy must include adequate provision to combat inflation. The most effective measure we could adopt toward this end would be to enact legislation this year encouraging demonstration projects in a variety of areas with this common goal. By working with what we already know about the potential for productivity and quality-of-working-life projects and by testing methods to deal with unemployment in the private sector, we will be better prepared to decide the overwhelming economic question of our decade: Can we have full employment without oppressive inflation?

The economy is in trouble. There are currently over 7 million workers out of a job. We cannot afford the continued drain which the present high rate of unemployment places on our society. Every day out of work represents an irrevocable loss for the individual concerned and for the Nation at large. In the past 5 years we have lost about $500 billion in production of goods and services because not all who have wanted to work have been able to do so. In addition, every percentage point of unemployment means $14 billion lost each year in federal tax revenues. And a 7-percent rate of unemployment means $20 billion a year in welfare and unemployment payments above what such payments would be in an economy running at capacity.

The social costs are even higher. Problems of crime, of unequal opportunity and human hardship would be greatly ameliorated if every American who wanted to work was able to do so.

In addition to representing an irredeemable loss in human terms, unemployment epitomizes the inequities of our society. Unemployment hits our population very unevenly. It is the young, the minority groups, women, the disadvantaged who are first struck down. The younger the worker, the less qualified, the more subject he is to the fluctuations of the business cycle. An economist Charles Schultze has pointed out, bringing the overall unemployment rate down, even to 5 percent, will not solve this problem. Rather it creates a tight labor market for qualified "prime age workers," sending wages and prices up, thus worsening the plight of unemployed minority youth. In far too many cases it is the newly employed, those most recently able to support themselves and their families, who are the first to be let go when the economy declines, setting up an ever-worsening cycle of declining expectations.

I believe this cycle can be broken. We can expand employment opportunities and respond to economic downturns without a vast outlay of Federal dollars or the creation of an extensive bureaucracy. But first we must begin to pay as much attention to our human resources as we have to our technical facilities. We have learned from recent economic history that we cannot continue to rely no American technological superiority or unlimited resources. We must work intensively to discover the untapped strengths of the American working force and develop to the fullest this potential for future economic growth.

H.R. 14269 would authorize demonstration projects for States and local governments, for educational institutions, and for private employers involving:

Efforts in labor-management cooperation;

Increased participation of employees in the decisionmaking process and in the free enterprise system;

Effective training for upgrading workers—not just for entry level jobs;

Use of unemployment benefit funds to keep employees on private payrolls in periods of cyclical unemployment;

New investment techniques to stimulate capital formation; and

Inducements to small investors to furnish capital for new employment opportunities.

I know that these programs can work. As mayor of Jamestown, N.Y., I was directly involved in organizing a labor-management committee which succeeded in reversing the severe economic decline in our community. Similar programs are now in operation in other areas, including the Upper Peninsula of Michigan and Cumberland, Md. Many companies are presently involved in human resource development. Labor unions too, among them the United Auto Workers and the United Steelworkers, have expressed interest in projects which improve productivity and the quality of working life. I am convinced that other communities and industries have the potential to benefit from such programs.

Enactment of this legislation, this year, would give these communities a chance. For a relatively small outlay, it would enable us to test the feasibility of achieving the dual goals of full employment and economic stability, while providing direct benefits to employers and local governments willing to work together on these programs.

I hope you will join me in supporting this bill. Let us not wait until next year. Let us start now with positive action to get the country back to work again, without the blight of inflation.

The text of the bill follows:

H.R. 14269

A bill to provide for a program, to be carried out through the Secretary of Labor, of demonstration projects and an advisory committee to promote economic stability by increasing employment opportunities and improving productivity

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Human Resources Demonstration Act of 1976".

Sec. 2. (a)(1) In order to promote economic stability by increasing employment opportunities and improving productivity, the President, through the Secretary of Labor, shall carry out, from funds appropriated under section 4, a program of demonstration projects through contracts with States, units of general local government, institutions of higher education as defined in section 1201 (a) of the Higher Education Act of 1965, and other employers. Such projects shall be designed to—

(A) increase productivity and authorize the better use of human and natural resources in employment, including—

(i) projects involving labor-management cooperation,

(ii) projects involving increased participation of employees in the decisionmaking process, and

(iii) projects involving increased participation of employees in the free enterprise system,

(B) prevent layoffs of employees, including—

(i) partial compensation to employers for costs associated with retaining employees who would otherwise be laid off during periods of cyclical unemployment, and

(ii) projects which use money withdrawn from an unemployment fund of a State to make payments to employers in a limited region of that State who hire otherwise unemployed individuals, to the extent that such use is authorized by law of the United States enacted after the date of enactment of this Act and by law of that State, or

(C) expand employment opportunities by stimulating new investment techniques, including—

(i) projects involving incentives under controlled conditions to stimulate capital formation, and

(ii) projects involving inducements to small investors to furnish capital for new employment opportunities.

(2) A contract under this section may be made for any fiscal year, and payments thereunder may be made in advance or by way of reimbursement.

(3) The Advisory Committee on Human Resources and Employment Opportunities established under section 3 shall make recommendations with respect to the administration of the demonstration projects program established under this section and with respect to whether or not such projects achieve the purposes of expanded employment opportunities and economic stability.

(4) The President shall submit to the Congress a semi-annual report which shall contain a description of the demonstration projects program established under this section and the specific contracts entered into thereunder.

(5) For purposes of this section, the term "unemployment fund", when used with respect to a State, means an unemployment fund established under a State law approved by the Secretary of Labor under section 3304(a) of the Internal Revenue Code of 1954.

Sec. 3 (a) To furnish advice and assistance in the administration of the demonstration projects program established under section 2, there is established an Advisory Committee on Human Resources and Employment Opportunities (hereinafter in this section referred to as the "Advisory Committee") which shall consist of—

(1) the Secretary of Labor;

(2) the Secretary of Commerce;

(3) the Secretary of the Treasury;

(4) two Senators appointed by the President pro tempore of the Senate;

(5) two Representatives appointed by the Speaker of the House of Representatives; and

(6) six public members, two appointed by the President, two appointed by the President pro tempore of the Senate, and two appointed by the Speaker of the House of Representatives.

(b) The Committee shall elect a Chairman, and shall meet at the call of the Chairman, but not less than twice a year. The members of the Advisory Committee shall be appointed for terms of two years. The public members of the Advisory Committee shall be appointed from among representatives of labor, industry, agriculture, consumers, and the public at large, who are especially competent by virtue of background and experience to furnish advice on the views and opinions of broad segments of the public on matters involved in the formulation and implementation of goals and policies for increased productivity, employment opportunities, and economic stability.

(c) Each public member of the Advisory Committee shall be entitled to be compensated at a rate equal to the per diem equivalent of the rate for an individual occupying a position at level III of the Executive Schedule under section 5314 of title 5, United States Code, when engaged in the actual performance of his or her duties as such a member, and each member shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred in the performance of his or her duties.

(d) The Secretary of Labor shall furnish the Advisory Committee with such personnel, facilities, and services as he or she deems necessary to enable the Advisory Committee to perform its functions under this Act.

Sec. 4. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

U.S. PANAMA CANAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Flood) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, over a period of many months, I have been impressed with the quality of letters to the editor in various newspapers that expressed opposition to the projected surrender by the United States of any of its duly acquired sovereign rights, power, and authority over the U.S.-owned Canal Zone.

Among the latest such statements was a letter to the editor of the New York Times by Hon. James B. M. McNally, a former justice of the Supreme Court of New York, in which this distinguished jurist attempts to set the record straight as to who owns the Canal Zone and Panama Canal.

The letter follows, along with a biographical sketch of Justice McNally from "Who's Who in the East":

[From the New York Times, June 4, 1976]

The U.S. Canal

To the Editor:

Let us set the record straight on the Panama Canal issue. The Panama Canal Treaty is in perpetuity. The United States was granted all rights, powers and authority within the zone which the United States would possess if it were the sovereign of the territory to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, powers or authority.

We paid for the canal, we produced the workmen, we furnished the machinery and the knowledge which permitted the work to go forward and thus completed the canal. Without the United States there would never have been a canal or even a Republic of Panama. If we do not keep the canal, some hostile foreign power will have it in five or ten years. We have already given away too much with nothing to be gained, except the obloquy, scorn and contempt of those who greedily receive our bounty and largess.

James B. M. McNally.
New York, *May 25, 1976.*

(Note.—The writer, a retired New York State Supreme Court justice, is former United States Attorney for the Southern District of New York.)

Who's Who in the East

McNally, James B. M., judge; b. Jersey City, Apr. 5, 1896; s. Michael J. and Rose (Hanly) McN.; A.B., St. John's U., Bklyn., 1917; LL.B., Fordham U., 1920, LL.D., 1956; LL.D., St. Johns U., 1945, Manhattan Coll., 1955, Assumption Coll., 1962; m. Bessie Lahey, Aug. 4, 1943. Admitted to bar, 1920, practice law, N.Y.C., specializing in trial cases; prof. of law, St. John's U., 1925–38; delegate to N.Y. State Constl. Conf., 1938; U.S. Atty. So. Dist. N.Y., 1943–44; elected justice of Supreme Court, 1st Jud. Dist., 1944, now asso justice appellate div. 1st dept. Chmn. Bd. Supreme Ct. Justices, 1st Jud. Dist.; mem. N.Y. State Jud. Conf., 1955; instr. devels. in civil law Nat Coll. State Trial Judges, U. Colo., 1964–65, U. Nev., 1966–67, U. N.C., 1968. Chmn. bd. Police Athletic League N.Y.C.; bd. dirs. N.Y.C chpt. A.R.C., Lincolndale Sch.; pres, trustee Bonsecour. Served in World War I; instr. Univ. S.C.G., World War II; now cmdr., Res. Chmn. bd. advisers St. Clare's Hosp.; bd. dirs. Lavalle Sch. for Blind. Mem. Am., N.Y. State, N.Y. County bar assns., Fed. bar assns. of N.Y., N.J., Conn., Assn. Bar City N.Y., Met. Trial Lawyers Assn., Knights of Malta (papal) Democrat. Roman Catholic. Clubs: N.Y. Athletic, Manhattan, Lawyers, Nat. Democratic, Catholic (New York). Home: 240 Central Park S New York City NY 10019 Office: 27 Madison Av New York City NY 10010.

HAPPY BIRTHDAY ERROLL GARNER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Moorhead) is recognized for 5 minutes.

Mr. MOORHEAD of Pennsylvania. Mr. Speaker, today, Erroll Garner, a native of Pittsburgh and one of the world's most popular musicians, celebrates his birthday. I want to take this opportunity to salute this musical giant and note for my colleagues some of his many achievements and contributions as a pianist and composer.

From his early beginnings in Pennsylvania, this man has gone on to win world acclaim and to bring much joy and better understanding through his unique and innovative music, to people in all parts of the world.

It is especially fitting that we salute Garner in this Bicentennial Year, since his artistry is so deeply rooted in the American landscape. A legend since his early twenties, Garner was born with a great natural gift for music. Self-taught, he began playing at the age of 3, performing professionally in Pittsburgh by the time he was 7, on radio station KDKA, and in local theaters. His ever-developing talent has taken him from the riverboats on the Allegheny River to performances in the top concert halls of America and the world.

Garner is an original artist, an innovator, and is regarded as one of the most distinctive musical voices of this century. For the past 25 years, he has been regarded as one of the dominant influences in contemporary piano.

In 1950, Garner made his solo concert debut, and later—1957—went on to appear as guest soloist with major symphony orchestras throughout the United States. His pioneering efforts have opened doors for many other performers, in concerts, television, colleges, showrooms, theater tents, and hotels. He constantly has fought to improve performing and audience conditions in his field, and consistently has resisted offers to play in segregated situations, in any part of the world. Garner is the only artist from the jazz idiom to tour under the auspices of the late classical impresario, S. Hurok.

Garner's honors and acclaim have been international. He has been awarded the keys to numerous cities in the United States, including Pittsburgh, Omaha, Indianapolis, Kansas City, and Boston, and has been honored by the Governors of several of our States. A top international favorite, Garner received the Grand Prix du Disque from the French Academy of Arts, and his work is buried at the French Theater Comedie in a time capsule. French critics call Garner "The man with 40 fingers," and "The Picasso of the Piano." The Republic of Mali has issued a postage stamp honoring Garner, and he has been invited to appear in Command Performances throughout Europe.

Garner's work and renown as a composer also are significant. With several hundred compositions to his credit, including his best-known work, "Misty," Garner's laurels as a composer continue to grow. "Misty" has been recorded by scores of artists in all fields—symphonies, pop, rock and roll, soul, and most recently, in the country and western field, winning an award from ASCAP. "Misty" also has been the title song of the film, "Play Misty for Me," and was the theme music of the "Today Show" on NBC–TV for over a decade.

For his unique recordings, Garner again has won prizes throughout the world. His album, "Concert by the Sea" is considered a precedent-making landmark in recording and was a bestseller for many years. Last year, Garner was honored by Schwann's 25th Anniversary Edition Catalog as one of three jazz-oriented artists whose recorded works have been in catalog for more than 25 years. The "Book of the Month Club" this year will issue a special three album collection of Garner's works as "The Essential Erroll Garner." The Public Educational Network filmed a half hour TV special with Garner, who also appears frequently on television here and abroad.

For his lifetime work as a creative artist, as an original and innovator, as a man of good will whose artistry has won him high honors and respect; as a performer who has cut through all national and international boundaries to spread good feelings and good will among the most hybrid audiences, of all backgrounds and all ages, I take pleasure in celebrating this birthday of Erroll Garner, and I am sure all in this Chamber wish him many more years of fulfilling, creative activity.

DETERRENCE AND THE DEATH PENALTY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. Cotter) is recognized for 5 minutes.

Mr. COTTER. Mr. Speaker, Dick Polman, managing editor of the Hartford, Conn., Advocate, has written an interesting three-part series on capital punishment. He argues that the impartiality and swiftness of punishment are more effective deterrents than the severity of the penalty imposed.

Mr. Polman is a respected journalist in Connecticut and I think his views will be of interest to my colleagues. While I do not agree with all of the arguments in his articles, I think he has made a significant contribution to the debate on crime and deterrence. The articles follow:

[From the Hartford (Conn.) Advocate, May 19, 1976]

Subject to Change: A Life or Death Decision

(By Dick Polman)

Two centuries ago, Marquis de Lafayette made a statement which he easily could have argued before the U.S. Supreme Court in March: "I shall ask for the abolition of the punishment of death until I have the infallibility of human judgment presented to me."

Lafayette, of course, was far ahead of his own time. The colonials had a propensity for executions (for crimes like stealing a lace handkerchief). Superstition held a place in the public consciousness which easily translated into law.

For example, up until the late 19th century, the traditional English court indictment accused a defendant not only of breaking the law, but also "of being prompted and instigated by the Devil." And as late as 1862, the North Carolina Supreme Court ruled that a criminal's acts were "brought about by the seductions of the Evil One."

So it was no great shakes to execute someone who wasn't really a person. Murderers and other capital offenders were inherently satanic; execution was exorcism.

But we're supposed to be a bit more sophisticated today. Now we have statistical analysis and criminology and sociology, all of which should tell us that capital punishment is a waste of time. And the Supreme Court is expected to issue a June ruling which could be a landmark statement on institutionalized murder.

The high court went halfway in 1972 by outlawing capital punishment *as it was then administered*—in an arbitrary and capricious fashion, the court said. The court didn't object to the death penalty itself; instead, it ruled that it should not be used because of the absence of any "clear standards."

Most states, including Connecticut, dove right into the loophole by pasing laws purporting to establish standards for dishing out death. The trick was to enunciate a specific series of crimes which would carry mandatory death sentences. The Connecticut law was passed in May 1973.

Theoretically, an offender can get the death penalty six different ways in this state: for killing a cop; for being a hired killer or for hiring a killer; for killing while serving a life sentence; for killing one's own kidnapping victim; and for selling illegal hard drugs to someone who later dies of an overdose (provided the accused is not a junkie).

The intent is clear: make the language as specific as possible so as to minimize any arbitrariness in the judicial process. But is that tactic really possible? Can the death penalty ever be "fairly" applied?

Even Chief Justice Warren Burger warned against the mandatory death penalty in 1972. He said: "To identify before the fact those characteristics of criminal homicides . . . which call for the death penalty, and to express these characteristics in (clear) language appear to be tasks which are beyond present human ability."

Prof. Charles L. Black Jr., a leading constitutional authority at Yale Law School, referring to mandatory death sentences, writes: "No verbal description ever succeeds in anticipating all the special (and often highly important) variations in circumstances which may occur."

A check of Connecticut's law provides one example of the Burger-Black reasoning. As stated earlier, a non-addict gets the death penalty for being convicted of illegally selling heroin, cocaine, or methadone "to a person who dies as a direct result of the use by him" of such drugs.

One can only imagine the havoc which could result in a court trial where a savvy defense lawyer zeroes in on whether the deceased died "as a direct result" of the negotiated drugs. OD cases often involve combinations of alcohol and drugs, for example. The point is that special circumstances are bound to arise, thereby cutting into the "non-arbitrary" intent of the Connecticut law.

So it is not hard to see the result of this dilemma: somebody in the legal system has to make the decision whether to charge a defendant with a capital crime. That somebody is the prosecutor. If he suspects there really are "variations in circumstances," then there is no advantage to charging a capital crime and risking loss of the case. So this leaves life or death to the discretionary power of the prosecutor.

Ironically, the 1972 Supreme Court decision criticized the death penalty because it traditionally gave too much discretionary power to the *juries* at the sentencing stage. There's no reason to believe the court this year will smile any more benevolently on transferring such power to the prosecutor's office.

Prof. Black listed some of the factors affecting a prosecutor faced with charging a capital crime: the likelihood of getting the conviction (already mentioned), the tax on the trial resources of the county, the defendant's prior "respectability", and political pressure. Only the first factor even remotely ties in with the specific "standards" of mandatory death laws.

The discretion argument is one of the major issues now confronting the court: whether the new mandatory laws meet the standards of constitutionality set down by the 1972 ruling. But the larger issue is whether *any* mandatory law is arbitrary and unjust in itself. By rejecting mandatory laws, the court will have to face the larger issue.

Curiously, although Connecticut's six-point program has been in effect for three years, it hasn't exactly been a major presence in state courtrooms. John R. Manson, state Commissioner of Correction, said no defendant has been sentenced to death since the law was passed.

[From the Hartford (Conn.) Advocate, May 26, 1976]

SUBJECT TO CHANGE: THE DETERRENCE FALLACY

(By Dick Polman)

Herbert Clutter lay bound and gagged on the basement floor of his Kansas home. Perry Smith kneeled beside the squirming body, and brandished his knife.

At that point, according to Smith's subsequent statements to police (and to author Truman Capote), he began thinking of a number of things: the chronic pain in his accident-scarred knees, the humilation of falling out of favor with his father, the frustration of chasing a silver dollar across the Clutter's bedroom floor, the love-hate emotions directed against his burglarizing partner. . . .

The next thing he remembered was hearing the sound of a man gasping for breath. Without realizing, he had cut Herbert Clutter's throat.

In 1959, when this homicide took place, the state of Kansas sent murderers to the gallows. But nowhere in Smith's confession was there any mention of the death penalty, although he had been fully aware of the measure while serving previous sentences in Kansas prisons. Smith certainly didn't seem "deterred" by the gallows.

Death penalty advocates might argue that this was an isolated case. But it is not an exception; it is the rule.

Criminal psychiatrist Donald Lunde—who also examined Patricia Hearst—recently probed the minds of 40 convicted murderers, only two of whom said they had thought of the death penalty prior to killing. More significantly, those two killers had *wished* for execution, rather than fearing the punishment.

Lunde's conclusion was that murder is most often committed in moments of impulse or passion by people with emotional ties to the victim. Lunde said capital punishment—like other fine points of law—are far removed from the killer's thinking.

Nevertheless, in arguments before the U.S. Supreme Court March 31, Solicitor General Robert H. Bork contended that capital punishment was needed because "there are some criminals who can't be deterred any other way." Aside from Bork's failure to elaborate on who these "some criminals" are, he made no effort to refute current statistics showing that homicide rates in death penalty states differ little from rates in abolition states.

But the real appeal of the deterrence argument is not to the statistical-minded. The real appeal is to the fearful.

Admittedly, rising crime is a grim reality felt daily by everyone from sidewalk stroller to grocery store merchant. FBI figures, cited by Bork, show a 42 per cent rise in nationwide murder between 1968 and 1973. But that doesn't mean fear and emotion anxieties should be translated into law. Laws are normally made by well-established citizens who would not consider murder even in their most unguarded moments; as a result, it is easy for them to view the death penalty as a deterrence. But studies show that most murderers don't exactly tote up pluses and minuses on a yellow legal pad.

Three years ago, after California passed a law presumably setting up clear guidelines for capital punishment, the Oakland police chief lamented the pro-penalty support which he found among fellow officers.

Chief Charles Gain said: "They (the cops) argue from their feelings, their fears. They *think* death is a deterrent, but they don't know. They haven't looked at the statistical studies, comparing death penalty states with non-death penalty states. They are as lacking in facts as the public."

There are several studies which get lost in the smokescreen of fear. One was conducted by a University of Pennsylvania professor for the American Law Institute. Prof. Thorsten Sellin, after studying homicide rates in death penalty and abolition states, concluded: "It is impossible to distinguish the abolition states from the others."

And back in 1961, when Ohio was still executing prisoners, the state's Legislative Service Commission reported: "Comparisons of crude homicide death rates within the same states, before and after restoration, do not provide conclusive statistical evidence that the death penalty deters or does not deter homicides."

Admittedly, statistics can be fashioned to fit most any argument. For example, what would death penalty opponents say about current data showing a sharp rise in New York City homicides since the Empire State did away with executions in 1966?

There is a good answer, however. Prevailing social conditions, and the availability of cheap handguns probably have more to do with homicide rates than any question of deterrence by the electric chair.

And this brings us to the key point: it is not true that the deterrence argument can be wholly disproved; rather, the issue is actually *irrelevant*, because no sound data can ever be compiled. Social conditions do not stand still for scientific probings.
said: "The inescapable flaw is that social

Prof. Charles Black, the Yale legal expert, conditions in any state are not constant over time, and that social conditions are not the same in any two states . . . A 'scientific' conclusion (on deterrence) is simply impossible, and no methodological path out of this tangle suggests itself."

What is most interesting is that the flawed deterrence argument has been handed down from generation to generation. The notion was taken for granted when public hangings and beheadings were commonly thought to be "examples" to other would be murderers.

Yet, in today's anaesthetized society where death is only something that happens in nursing homes, how many Americans would back capital punishment if gassings or electric chair spectacles were broadcast on color television? As Albert Camus put it: "The man who enjoys his coffee while reading that justice has been done would spit it out at the least detail."

If society really cares about "deterrence," it should make certain that the system of justice is impartial and efficient. Psychiatrist Lunde said serious offenders are more deterred by the swiftness of punishment than the severity.

But impartiality is just as important. A potential offender is not likely to be deterred by a society which allows a convicted felon like Spiro Agnew to swap chit-chat with Dinah Shore on daytime television.

[From the Hartford (Conn.) Advocate, June 2, 1976]

SUBJECT TO CHANGE: CAPITAL PUNISHMENT IS FOR THE POOR

(By Dick Polman)

Freddie Pitts and Wilbert Lee, two Florida black youths, were sentenced to death in 1963 for a murder they didn't commit.

Not that many people cared, of course—even when a white man subsequently confessed to the crime, Florida authorities explained: "We already got two niggers for that."

Pitts and Lee stayed on death row until last year, when the governor finally issued pardons in the wake of evidence pointing to their innocence. If Florida executions had not been stopped pending Supreme Court arguments, Pitts and Lee might have died.

It is certainly no secret that the American system of justice favors those with financial leverage (usually caucasians), and penalizes those without money (disproportionally black or Hispanic). And there is no reason to believe this discrepancy would be narrowed by a process whose ultimate path leads to the electric chair.

The facts already buttress this conclusion. According to *National Prisoner Statistics*, executions in America have numbered 3,859 since 1930. Of these, 54 per cent of the victims were black. During this period, blacks have comprised only nine per cent of the population.

Even more disturbing are the figures on executions arising from rape convictions. Since 1930, a total of 455 prisoners died for this crime, all but two occurring in the South. And 89 per cent—405—of those prisoners were black. (No wonder that Atticus, the defense lawyer in *To Kill A Mockingbird*, registered no surprise when his black client was railroaded into a rape conviction.)

The racial and income inequities of the death penalty, however, can be traced back far beyond 1930.

In 1972, Supreme Court Justice William Douglas wrote: "In ancient Hindu law, a Brahmin (the aristocratic elite) was exempt from capital punishment. And in those days, generally, in the law books, punishment increased in severity as social status diminished."

Douglas contended that the U.S. had "taken into practice the same position, partially as a result of the ability of the rich to purchase the services of the most respected and most resourceful legal talent in the nation."

What happens, for example, when a poor black charged with a capital crime is unable to secure "resourceful legal talent?" In a death penalty system of justice, the answer is simple: he is closer to meeting his maker. Let's briefly trace the reasons through the pre-trial gathering of evidence, plea bargaining session, the trial and the appeals procedure.

If the poor black has been jailed in connection with a murder, chances are that bail will be sufficiently high to keep the suspect behind bars prior to arraignment. As a result, defense testimony and the gathering of evidence should be conducted by someone who's not just a "public defender" or an "assigned counsel." He should be the best.

But Prof. Charles Black, the Yale legal expert on capital punishment, says: "All this costs money—lots of money . . . But it is all completely out of reach of the poor. The poor man—unless some public-interest organization happens to see an important issue in his case—can no more afford a really adequate defense than he can afford a year's cruise around a luxury liner."

The tragedy is that the quality of the groundwork laid by an overworked public defender is likely to affect the defendant's chances all along the legal road.

The crucial stage in a capital case is the plea-bargaining session, where a prosecutor decides whether to press on for the ultimate sentence or whether to accept a guilty plea for a non-capital offense. If the defendant's case as presented seems ripe for prosecutorial pickings, why should the DA allow the other side to cop a plea? Again, lack of defendant funds usually translates into lack of solid legal preparation.

The inequities are then compounded at the trial stage. Prof. Black points out: "Good trial lawyers—skilled cross-examiners, gifted advocates—are now charging something not far from $1,000 per day of trial." It is taxing enough for a public defender to develop an adequate defense; the stakes are higher when this defender must *present* and *argue* the case.

The appeal stage requires even more specialized legal skills. The defense lawyer must have the time, energy, and talent to identify soft spots in the prosecution's case, and then to skillfully exploit them.

Success at the sentencing and clemency stages, of course, depend largely on the body of evidence amassed by the defense. Generalities notwithstanding, it is far more likely that the highly-paid, savvy defense lawyer can argue "mitigating circumstances" better than a court-appointed defender.

That concludes the legalistic case. Yet there is a more gut argument, possibly easier to rebut, but compelling nevertheless.

Laws are made by fallible human beings who, try as they may, cannot ever wholly transcend their prejudices, and ingrained preconceptions. Look at the South's statistics on rapist executions; were those trials conducted in an emotionless vacuum?

Prof. Black writes: "We are, one and all, susceptible to the tendency to see things in a better or worse light depending on our general sympathies . . . And of course the *unconscious* prejudice, the prejudice one thinks one has wholly overcome, is the more dangerous."

The poor—and particularly the poor minorities—have enormous problems trying to live with dignity. There is no good reason for the state to promote an undignified death.

LEGISLATION MAKING THE ARAB BOYCOTT ILLEGAL IN THE UNITED STATES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Koch) is recognized for 10 minutes.

Mr. KOCH. Mr. Speaker, today I am reintroducing H.R. 11463, the Foreign Boycotts and Domestic and Foreign Investment Improved Disclosure Acts of 1975, on behalf of my colleague, Representative James H. Scheuer, and 12 of our colleagues. Thus far, 75 Members of the House have cosponsored H.R. 11463, also known as the Koch-Scheuer bill. Title I of this bill, dealing with economic boycotts and restrictive trade practices, would prohibit a domestic U.S. concern from refusing to do business with another domestic concern pursuant to a requirement imposed by a foreign country or its agent to enforce a boycott against a country friendly to the United States. This bill is substantially identical to the Stevenson-Williams bill, S. 953, which has been adopted as an amendment to the Export Administration Act (S. 3084) by the Senate Banking Committee and should be debated in the full Senate this month.

Last week the House International Relations Committee considered H.R. 11463, the Koch-Scheuer bill, in hearings on various proposals to deal with the Arab economic boycott of Israel, and I was privileged to testify before that committee along with a number of my colleagues.

The economic boycott of Israel has been the subject of increasing controversy in recent months, and the administration has promulgated new regulations requiring American companies to indicate whether they are complying with boycott provisions imposed by a foreign nation. However, compliance with the boycott has not been made illegal, and the need to adopt legislation to prohibit participation in the boycott, is becoming more obvious.

On May 6, 1976, the House Subcommittee on Oversight and Investigations of the Interstate and Foreign Commerce Committee released figures showing that for the last quarter of 1975, over 90 percent of U.S. sales to Arab nations were conducted by companies who complied with boycott-related requests. Previously the Commerce Department had made "questimates" in response to questions at hearings of the Subcommittee on Oversight and Investigations that only 46 percent of U.S. sales to Arab countries were made in compliance with the economic boycott restrictions. However, the subcommittee report issued on May 6 not only showed those "questimates" to be extremely low, but also indicated that at least $781.5 million in U.S. export sales were involved in boycott-restricted sales.

Mr. Speaker, the bill we are proposing clarifies the present U.S. policy, as enunciated in the existing Export Administration Act. The bill clarifies and strengthens regulations promulgated last fall at the direction of the President, and it explicitly prohibits participation in a tertiary boycott. Representative Scheuer and I have also introduced H.R. 13151 to outlaw explicitly secondary boycotts of American businesses in response to boycott requests.

In its testimony and statements the administration has agreed that the policy and law of the United States should prevent discrimination among businesses on the basis of race, nationality, sex, or religion, but the administration believes the Arab boycott, although something to be condemned, is basically part of a political problem involving the Arab-Israeli conflict and should be countered by diplomatic means. I disagree.

Legislation is necessary to deal with the Arab boycott. We cannot permit a foreign nation to require one American company or American citizen to discriminate against another. The fundamental rights of all Americans are involved. There is no way to determine whether a company is being blacklisted because it maintains an economic relationship with Israel, because it has "Zionist sympathies" as the boycott office may label them, or because a firm has Jewish owners or management. In fact, there is great difficulty in distinguishing discriminatory religious motives from political motives in the operation of the Arab boycott.

In defense of its position against new legislation dealing with the boycott, the administration is arguing that the United States will lose business to other countries who do not forbid their companies from participating in the boycott. I do not believe this will happen, but even if it did, the United States should not abandon its moral stance on an issue of this importance simply because some business may be lost. When the United States adopted a policy to forbid aircraft manufacturers and others from offering bribes to foreign purchasers of their products, some claimed American business would suffer. Yet because there was a moral issue involved, the United States has adopted a firm stand against such payments and the results have not been catastrophic. If we forbid participation in boycotts, American companies will have a means to resist the Arab demands in cases where their will is now weak, and the United States will, by taking a moral position on this issue, not only set the correct example in dealing with the problem, but will continue to trade with both Arabs and Israelis alike.

Mr. Speaker, I am pleased to note that the following 12 additional Members of the House have agreed to cosponsor H.R. 11463, making a total of 75 cosponsors: Mr. Annunzio, Mr. Burke of Massachusetts, Mr. Coughlin, Mr. Delaney, Mr. D'Amours, Mr. Fascell, Mr. Horton, Mr. Mitchell, of Maryland, Mr. Moorhead, of Pennsylvania, Mr. Patterson of California, Mr. Peyser, and Mr. Traxler.

Previously, the following members cosponsored H.R. 11463:

List of Cosponsors

Representatives Bella Abzug, Joseph P. Addabbo, Glenn M. Anderson, Herman Badillo, James J. Blanchard, William M. Brodhead, Yvonne Brathwaite Burke, Phillip Burton, Charles J. Carney, Shirley Chisholm, and James C. Corman.

Representatives Christopher J. Dodd, Thomas J. Downey, Don Edwards, Joshua Eilberg, James J. Florio, Donald M. Fraser, Joseph Gaydos, Benjamin A. Gilman, Henry Gonzalez, William Green, and Gilbert Gude.

Representatives James M. Hanley, Michael Harrington, H. John Heinz, III, Henry Helstoski, Elizabeth Holtzman, James J. Howard, William L. Hungate, William Lehman, Norman F. Lent, Elliot H. Levitas, and Clarence D. Long.

Representatives Matthew F. McHugh, Torbert H. Macdonald, Edward Mezvinsky, Abner J. Mikva, George Miller, Patsy T. Mink, Joe Moakley, Stephen L. Neal, Robert N. C. Nix, James L. Oberstar, and Richard L. Ottinger.

Representatives Edward W. Pattison, Claude Pepper, Charles B. Rangel, Frederick W. Richmond, Donald W. Riegle, Jr., Matthew J. Rinaldo, Robert A. Roe, Benjamin S. Rosenthal, Edward R. Roybal, and Paul S. Sarbanes.

Representatives Paul Simon, Stephen J. Solarz, Gladys Noon Spellman, James V. Stanton, Fortney H. (Pete) Stark, Morris K. Udall, Henry A. Waxman, Charles Wilson of Texas, and Sidney R. Yates.

Mr. Speaker, I would also like to note the editorial which appeared in the Washington Post last Saturday morning, June 12, and which called for the enactment of legislation to deal with the boycott. I am hopeful that the Congress will adopt legislation to deal with the boycott, and I am appending the Post editorial for the attention of my colleagues:

Arab Boycott Victims: Americans

The specific dimensions of the Arab boycott—in fact, a boycott of American firms that deal with or in Israel or whose officers are identified as "Zionists" or simply as Jews—are becoming known for the first time. One House subcommittee has established that in 1974–75, 637 American exporters sold at least $352 million and perhaps as much as $781 million in goods and services under boycott conditions. Another subcommittee found that in the four months running from last December, one bank alone received and executed 824 Arab letters of credit, worth $51 million, containing boycott clauses. In one of a number of such cases, General Tire has been accused (by the SEC) of paying a $150,000 commission to get off the boycott list. Although the Justice Department has filed an antitrust suit against Bechtel Corporation for boycotting another American firm in order to fulfill a boycott requirement, Bechtel is said to be notifying subcontractors that Israeli goods or materials shipped on blacklisted vessels cannot be used in a $20 billion Saudi seaport project.

So the Arab boycott is real. It is immense, though sometimes capricious. It seems to be growing as business prospects grow.

What should be done? The administration believes its own current quiet policies suffice. Further legislation would be "counter-productive," Treasury Secretary William Simon argued the other day. But it is precisely during the last two-year period of discreet administration policy that boycott practices have spread to the point where hundreds of millions of dollars of business a year are affected and where Americans are forced to trample on their own laws and values and each other as they pursue Arab business. It is difficult to imagine a policy that has been more discredited.

The Arabs' *primary* boycott of Israel is their own affair. The need is overwhelming, however, for legislation addressing the *secondary* boycott, by which Arabs try to make American companies their instruments in boycotting Israel; and against the *tertiary* boycott, by which Arabs try to make American firms boycott other American firms that deal with Israel or that have Zionist Jewish officers. Will the Arabs take their business elsewhere? No doubt some will. But since Arabs want American business ties not just for the goods and services but for the broad political ties that come with them, we are confident that most Arabs will decide otherwise. They are not so blind to their own self-interests as apologists for the boycott tend to claim.

The antiboycott principle has been embodied in American law for 11 years. "It is the policy of the United States," says the Export Administration Act, to "oppose" boycotts imposed against friendly countries, and to "encourage and request" American firms not to take part. What is now involved is to turn that eminently sound principle into actual practice. The State Department has had other—political—matters foremost in mind. The Treasury Department thinks first of dollars. But an increasing number of companies favor legislation that would make it illegal to participate in a practice that—even critics of the legislative approach agree—is fundamentally offensive and un-American. Federal Reserve Board Chairman Arthur Burns stated the other day that it is no longer enough merely to "encourage and request" noncompliance with boycott requests. "It is unjust," he said, "to expect some banks to suffer competitive penalties for responding affirmatively to the spirit of U.S. policy, while others profit by ignoring this policy." He urged Congress to "act decisively." It should.

STATUS REPORT ON SOLID WASTE ENERGY AND RESOURCE RECOVERY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Drinan) is recognized for 15 minutes.

Mr. DRINAN. Mr. Speaker, I take great pleasure in directing the attention of my colleagues to a recent flurry of legislative activity in the area of solid waste management. The Subcommittee on Environment and the Atmosphere, Committee on Science and Technology, recently completed 4 days of hearings on H.R. 12380, the Solid Waste Energy and Resource Recovery Act of 1976. Under the very able leadership of the gentleman from California (Mr. Brown), the subcommittee heard the testimony of a multitude of witnesses from a variety of disciplines, including representatives from municipal government, industry and environmental groups, and technical experts from both the private and public sector. I am hopeful that markup of this vital legislation will begin during the next several weeks.

Additionally, the Subcommittee on Conservation, Energy and Natural Resources, Committee on Government Operations, has also completed several days of oversight hearings into the role of the EPA and ERDA in solid waste energy and resource recovery. The subcommittee, under the direction of the distinguished gentleman from Pennsylvania (Mr. Moorhead), is to be commended for its excellent exploration into the complex technical and policy-related issues surrounding this aspect of solid waste management.

Finally, the Subcommittee on Transportation and Commerce, Committee on Interstate and Foreign Commerce, will include most of the research, development, and demonstration provisions of H.R. 12380 in its upcoming comprehensive solid waste legislation. The subcommittee has been working diligently on this bill, under the very competent chairmanship of the gentleman from Pennsylvania (Mr. Rooney), and I am confident that they will be able to report out a promising and responsive piece of legislation in the next several weeks.

The Solid Waste Energy and Resource Recovery Act is designed to facilitate the recovery of energy and recycled materials from collected municipal wastes. The bill mandates a rigorous EPA program of research, development, and demonstration of alternative approaches to management of solid waste. Additionally, H.R. 12380 establishes technical assistance and financial underwriting services at the Federal level, making it possible for cities and towns to take maximum advantage of modern systems of energy and material recovery.

The congressional response to the Solid Waste Energy and Resource Recovery Act, which I introduced almost 11 months ago, has been overwhelming. The bill has attracted a broad and growing constituency in the House of Representatives, evidenced by the total of 95 Members who have cosponsored the legislation to date. Support of H.R. 12380 is not limited to Congress, however, as an impressive number of outside groups—including the Sierra Club, Environmental Action, the League of Cities, and the U.S. Conference of Mayors—have also lent their endorsement to the bill.

Mr. Speaker, I submit that this broad base of support for H.R. 12380 is indicative of a growing realization that municipal solid wastes, properly managed, must be considered a significant and viable natural resource. I welcome this opportunity to express my personal views as to appropriate public policy directions in this vital area, and take a great deal of pride in citing the cosponsorship of H.R. 12380, by State:

Cosponsors

Arizona: Morris K. Udall.

California: Glenn M. Anderson, Yvonne B. Burke, Phillip Burton, James C. Corman, Don Edwards, Mark W. Hannaford, John Krebs, Robert J. Lagomarsino, Paul N. McCloskey, John J. McFall, John E. Moss, Jerry M. Patterson, Fortney H. Stark, and Henry A. Waxman.

Colorado: Patricia Schroeder.

Connecticut: Ronald A. Sarasin.

Florida: Dante B. Fascell, William Lehman, and Claude Pepper.

Illinois: Ralph H. Metcalfe, Abner J. Mikva, Melvin Price, and Paul Simon.

Indiana: John Brademas, Floyd J. Fithian, and Philip H. Hayes.

Iowa: Berkley Bedell and Michael T. Blouin.

Kansas: Martha Keys.

Maryland: Gilbert Gude, Paul S. Sarbanes, and Gladys Noon Spellman.

Massachusetts: Silvio O. Conte, Michael Harrington, Margaret M. Heckler, Joe Moakley, Gerry E. Studds, and Paul E. Tsongas.

Michigan: John Conyers, Jr., James G. O'Hara, and Richard F. Vander Veen.

Minnesota: Donald M. Fraser and James L. Oberstar.

Missouri: William L. Hungate, and James W. Symington.

Montana: John Melcher.

New Hampshire: Norman E. D'Amours.

New Jersey: Dominick V. Daniels, James J. Florio, Henry Helstoski, James J. Howard, Helen S. Meyner, Peter W. Rodino, Robert A. Roe, and Frank Thompson, Jr.

New York: Bella S. Abzug, Jerome A. Ambro, Herman Badillo, Jonathan B. Bingham, Shirley Chisholm, Thomas J. Downey, Benjamin A. Gilman, Elizabeth Holtzman, Edward I. Koch, John J. LaFalce, Stanley N. Lundine, Matthew F. McHugh, Henry J. Nowak, Richard L. Ottinger, Edward W. Pattison, Frederick W. Richmond, Benjamin S. Rosenthal, James H. Scheuer, Lester L. Wolff,

North Carolina: Steven L. Neal.

North Dakota: Mark Andrews.

Ohio: Charles J. Carney, Charles A. Mosher, John F. Seiberling, Charles W. Whalen, Jr.

Oregon: James Weaver.

Pennsylvania: Robert W. Edgar, Joshua Eilberg, Robert N. C. Nix, Joseph P. Vigorito.

Rhode Island: Edward P. Beard.

South Carolina: John W. Jenrette, Jr.

Tennessee: Harold E. Ford.

Texas: Bob Eckhardt, Henry B. Gonzalez, Alan Steelman.

Vermont: James M. Jeffords.

Washington: Lloyd Meeds.
Wisconsin: Robert W. Kastenmeier.

Mr. Speaker, the great interest in resource recovery is hardly surprising. The logic of using municipal trash, heretofore a huge problem for towns and cities all over the country, for the purpose of generating energy and recycled materials is unassailable. Until now we have viewed solid waste as a significant disposal problem, while it is, in fact, a rich resource, whose components can be beneficially used by an increasingly resource starved Nation.

The possibility of wide-scale energy recovery from solid waste seems to be especially promising at this time. Energy recovery from municipal and other trash has become feasible through the use of solid waste as a fuel in electricity generating power facilities and through other more involved processes. By 1980, advanced solid waste processing could potentially provide between 2 and 3 percent of our projected national energy requirements. This was the conclusion of a Mitre Corp. report, prepared for the Energy Research and Development Administration, while the Environmental Protection Agency estimates that between 400,000 to 500,000 barrels per day of oil equivalent could potentially be recoverable from waste.

In addition to the value of the energy recovered from municipal trash, we will also derive recycled materials. Aluminum, iron, steel, and other metals as well as glass and fly ash, can be recovered and used in place of similar virgin materials.

We are not only recycling our resources through these processes, but significant energy savings accrue, too. For example, energy savings for producing metals and glass from recycled materials as opposed to their virgin counterparts result in energy savings of 50 percent to 60 percent.

Mr. Speaker, it is quite evident that the potential for resource recovery is enormous. However, we are far from achieving even a small part of the potential at this point. The Federal effort until now has been commendable but inadequate, while some of the early demonstration plants have proved to be less than fully successful. From that standpoint, I will now deal with where we find ourselves today with regard to resource recovery.

RESOURCE RECOVERY SCORECARD

Mr. Speaker, after the initial excitement of learning about the potential for resource recovery, I must admit that it was somewhat disillusioning to find that progress in this area is not going to be easy. Resource recovery from solid waste cannot be undertaken by the faint-hearted, but rather, must be organized and led by skilled and knowledgeable individuals and organizations. Its successful implementation will only follow if we are able to overcome the fact that resource recovery is a tough, risky, and expensive undertaking at this time.

At this point I will not attempt to go into a detailed summary of the progress which has been made in the resource recovery field, though I refer my colleagues to an address on the subject which I made before the House on January 28, 1976. But as a general observation it must be stated that there is a potential for what can be referred to as a "white elephant syndrome", in which a number of cities build costly resource recovery systems which are either inappropriate, prematurely obsolete, or do not work in a dependable manner. This has occurred to a limited extent already, but if it were to become more prevalent, it could set solid waste technologies back several years and hinder resource recovery development in a major way.

The Environmental Protection Agency fostered the beginnings of a worthy resource recovery program, proceeding under the provisions and funding of the Resource Recovery Act of 1970. The EPA was successful in sponsoring, in whole or in part, a number of pilot and demonstration facilities from which much has been learned. Yet at a time when we are at the crossroads for the future development of resource recovery, EPA's funding has been severely curtailed, leaving it to operate on a bare shoestring budget.

Mr. Speaker, as a result of its inadequate budget, the EPA has been unable to develop an aggressive program for "getting the word out" on resource recovery to most cities and towns in this country. The lack of money for resource recovery facilities and programs at the EPA is shown by three significant indicators:

The EPA's demonstration program has been cut back drastically. Starting with a $20 million capital investment effort in 1972, the demonstration program is now barely alive, with little more than $1 million being spent over the last 2 years. In view of the fact that construction costs for energy recovery facilities are in the range of $10 to $50 million and beyond, the latter amount is virtually insignificant.

In early 1975, 103 applications were received by the EPA from cities, counties, and States, requesting planning assistance in the amount of $7.2 million for help in establishing resource recovery facilities. Due to funding limitations, though, only eight applications could be funded in the amount of $440,000, despite the fact that probably more than half of the applicants were qualified for assistance. In a second round of implementation grants in late 1975 and early 1976, 99 applications were received, though only 9 will be funded in the amount of $500,000.

Cities and towns are in considerable need of technological advice and information concerning energy and resource recovery. Currently, however, only 10 individuals are employed in the Federal technology outreach program. Since most of these people work directly with EPA-sponsored demonstration facilities, that only leaves about five individuals to work directly with other interested cities and towns.

A concise summary of EPA activity in solid waste demonstration and planning assistance programs appears in the accompanying table.

SUMMARY OF EPA ACTIVITY IN SOLID WASTE DEMONSTRATION AND PLANNING ASSISTANCE PROGRAMS

DEMONSTRATION

	Fiscal year—					
	1972	1973	1974	1975	1976	1977[2]
Active EPA-funded projects	5	5	5	5	4	3
On-line demonstrations	1	2	2	3	3	2
Funding commitments (millions of dollars)	20.3	0	0	0	0.95	0

IMPLEMENTATION: PLANNING ASSISTANCE GRANTS[3]

	1st round January 1975	2d round October 1975
Requests by cities and towns for application kits	507	525
Completed grant applications	103	99
Applications funded	8	9
Total of grants requests (millions)	$7.2	$4.8
Actual funding (millions)	$0.44	$0.5

[1] Source: "Resource Recovery and Waste Reduction," EPA, 1975.

[2] Projected figures on the basis of current funding and commitments.

[3] Source: EPA Office of Solid Waste Management.

As I indicated, Mr. Speaker, this country finds itself at a critical juncture in pursuing solid waste energy and resource recovery. While the promise is bright, it is going to take some hard thinking, a good deal of organizational effort, and an active effort by the Federal Government to realize the significant potential which is before us. From that perspective, I would now like to outline a suggested role for Federal involvement in resource recovery.

A FEDERAL ROLE IN RESOURCE RECOVERY

Over the past year, my involvement in the Solid Waste Energy and Resource Recovery Act has led me to a number of firm conclusions with regard to a proper role for the Federal Government in the area of resource recovery. Most specifically, I would like to speak to the need for Federal involvement in research, development, demonstration, increased technological assistance to cities and States, and financial incentives.

At the outset, however, it should be stated that the Federal role which I am about to outline should closely mesh with the activities of the private sector. By coordinating our efforts with businesses active in the area of resource recovery, we can bring about the ends which we are seeking with a minimum of cost, inefficiency and duplication. But at the same time, even with a substantial input from the private sector, we must realize that significant effort on the part of the Government will still be needed if we are to benefit fully from the potential of resource recovery.

The Federal Government should first be responsible for carrying on a major research and development program. This program should be coordinated with efforts being carried on privately so that the Government can concentrate on promoting innovation and experimentation in the development of promising but risky solid waste technologies.

There is a multitude of new ideas and techniques whose payoffs could be great if sufficiently developed, and clearly, the Government should have an extensive research and development program to accelerate new discoveries in the area.

Besides research and development being directed at new systems, it should also extend to problems which are often experienced in resource recovery. There is a need for Federal R. & D. in product improvement, environmental testing, resource marketing, and various technology assessments. Through efforts expended here, we will be able to insure that these new systems are reliable and economically feasible.

Before leaving the subject of research and development, I would like to mention the need for waste reduction R. & D. I realize that this issue is a highly volatile one. Yet we do need to reduce our waste stream if this country is ever going to overcome the mountains of trash which threaten to bury our society. Reducing the waste stream is perfectly compatible with resource recovery, as these two concepts working together are the only final solution to our monumental solid waste problems. Consequently, this vital subject of waste reduction should be included in at least the research and development portions of this bill.

Second, there must be clear emphasis on a good-sized Federal demonstration program which will prove the feasibility of different resource recovery facilities. At present, there are very few plants on line which could be called full-scale, and even fewer with a successful operational record. Although several relatively large 1,000 ton per day energy recovery plants are being successfully demonstrated, we literally have no operating experience with full-scale facilities in the range of 3,000 tons per day. This is significant in view of the fact that the economies of scale eventually favor such large plants in most American cities.

In view of the lack of operating experience and a reliable information base, it becomes evident that the successful demonstration of solid waste technology is crucial to its widespread implementation. We must largely eliminate the risks involved in resource recovery in order that cities be financially and environmentally protected from an ill-advised investment. Indeed, before a municipality decides to invest in its own facility, it must know that the system it is buying is economical, reliable, and is going to perform as its manufacturer says it will.

It is for this reason, Mr. Speaker, that the Federal Government should take an active role in demonstrating and/or certifying resource recovery facilities. With some technologies it may be necessary for the Government to sponsor, in whole or in part, two to three demonstrations to insure their applicability for general use. In other cases, the EPA could certify the successful demonstration of a proven technology merely through a detailed evaluation and assessment program. In either case, it must be emphasized that a well-designed demonstration program need not be hugely expensive. Even where demonstrations are sponsored, private developers are often willing to absorb a good deal of the cost of the facility.

From the figures which I have already cited, we can see that the Environmental Protection Agency has had its demonstration budget severely curtailed. To continue this low-level funding would be extremely ill-advised, as the benefits which could accrue from a flexible demonstration effort could greatly accelerate the implementation of resource recovery technologies.

Third, the EPA must greatly enlarge its technological outreach, with specialists extending their expertise beyond Washington. Individual cities and towns are woefully incapable of judging the technological merits of most resource recovery facilities. These facilities are tremendously costly, and as a result, we must be extremely careful to prevent the municipalities from being sold "a bill of goods" by a private company which then finds its system unable to deliver as promised.

The technological assistance should include a resident adviser force which is on call to analyze the particular solid waste needs of a given community. The advisers would then be ready to recommend the types of systems which would best meet those needs. The technological force would provide help to the States, counties, and communities in planning, technological alternatives, marketing products such as energy and recyclables, bidding and negotiating contracts and passing on lessons learned by other municipalities before them. The technology groups should also have well-developed periodicals, publications, and other materials which could be of significant aid to towns and cities which are contemplating the purchase of a resource recovery facility.

It is my view that a technological adviser force could be one of the best investments for the Congress to make in the field of resource recovery. With this type of expertise available, many cities and towns could be given assistance in implementing a solid waste strategy to meet their needs which would not only reduce their landfill problems, but produce energy recyclables as well.

Mr. Speaker, I would finally like to address the subject of economic incentives. I must say that I believe research and development, demonstrations, and technological assistance to be the most important elements in a balanced Federal resource recovery program at this time. However, I would support the establishment of a modest economic incentive program if it were carefully tied to reliability standards. Certain technologies—such as waterwall incineration—seem to be sufficiently proven to justify incentives being extended, and in cases such as these, incentives like loan guarantees might be appropriate. At the same time, I would be extremely wary of fostering a major Federal program here, prior to the successful demonstration of most resource recovery technologies.

In summary, I believe the Federal Government ought to be actively involved in accelerating research, development, and demonstration in resource recovery. This role would help our cities and towns establish farsighted solid waste policies while protecting them from ill-advised investments. Agencies such as the EPA could work with the private sector in speeding the implementation of recovery facilities wherever possible, while providing technical assistance to municipalities. Some risk would be absorbed by the Government initially, as through demonstrations or incentives, but this role will greatly aid the development of the tremendous potential involved here.

I think it would be appropriate for me to comment briefly on the impending rivalry between EPA and ERDA in the resource recovery field. A number of individuals have commented on the desirability of turning this subject matter over to ERDA in view of the large energy potential inherent in solid waste. This might be desirable in part, but I would urge those who consider this course at least to be mindful of two facts. First, solid waste, regardless of its energy content, will loom as a significant environmental problem for many decades to come. And second, a considerable body of expertise has been accumulated at EPA.

It is quite true that the expertise could be transferred to ERDA, but the solid waste implications remain. I would, therefore, suggest a coordinated role being played in the resource recovery area by both EPA and ERDA. While it would be necessary for the Congress to carve out the requisite jurisdiction of each agency and care would have to be taken in order to avoid duplication, I believe that this solution would make the most sense. Unfortunately, resource recovery is a multidisciplinary subject which cannot be handled by energy specialists alone.

Concluding my remarks, Mr. Speaker, resource recovery from solid waste is clearly not a panacea for our national energy policy, but a realistic means of both conserving our natural resources and recovering truly significant amounts of usable energy from our abundant municipal trash. Though previous Federal efforts to develop these technologies have been commendable and constructive, they have been limited in scope to a point that needlessly delays their rapid effective implementation.

A good deal of reliable scientific data indicates that we waste literally billions of dollars, and consume millions of barrels of OPEC oil for each year that we do not actively pursue energy recovery from our local wastes. An aggressive Federal involvement in this area, far from being a frivolous and shortsighted expenditure, would represent a prudent investment in the long-term energy needs of the United States—an investment that will almost surely repay itself in the years to come. For these reasons, I urge the prompt passage of H.R. 12380 or similar legislation by the 94th Congress, and a genuine Federal commitment to energy recovery from solid waste.

For the benefit and convenience of my colleagues, I will now include the text of H.R. 12380:

H.R. 12380

A bill to amend the Solid Waste Disposal Act to encourage research, development, and implementation of energy and resource recovery from solid waste, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Solid Waste Energy and Resource Recovery Act".

FINDINGS

SEC. 2. The Congress hereby finds and declares—

(1) that efforts to achieve independence from foreign energy supplies and increasing energy consumption have created a demand for new fuel sources;

(2) that in the United States in 1973, one hundred and thirty-five million tons of municipal solid waste was discarded, while more than two hundred million tons will be disposed of by towns and cities by 1985;

(3) that one-third of the cities in the United States will be running out of suitable solid waste disposal sites within five years unless immediate action is taken;

(4) that electricity and steam, and solid, liquid, and gaseous fuels can be produced from solid waste, using a number of systems currently under development;

(5) that such solid waste derived fuels can be used as a supplement to their fossil fuel counterparts—coal, petroleum, and natural gas;

(6) that at present efforts to recover energy and resources from solid waste are scattered and fragmented with the heaviest financial burden for the development and implementation of energy and resource recovery systems falling on local municipal governments;

(7) that in view of these facts there is a need for a federally coordinated program to provide States and local communities with technical and financial assistance to develop solid waste energy and resource recovery systems and to foster continued research and development in solid waste energy and resource recovery technology; and

(8) that such a Federal program, incorporating the resources of public and private persons and organizations, will benefit the people and industries of the United States by conserving even more precious energy resources, reducing the rate and extent of deterioration of the natural environment, and easing the dependence of the United States on the natural resources of other nations.

POLICY AND PURPOSE

SEC. 3. It is therefore the policy and purpose of this Act—

(1) to foster and promote innovation and experimentation in the development of solid waste energy and resource recovery technologies by providing public and private persons and organizations with technical and financial assistance for research, pilot plants, and demonstration facilities;

(2) to assist States and any unit of general purpose local government or combination of such units in the planning and development of solid waste energy and resource recovery systems by providing implementation grants, technical and management advice, loan guarantees, and construction grants; and

(3) to encourage and facilitate the interaction of government technicians, engineers, researchers, and theorists with individuals in private industry, research organizations, and other institutions for the purpose of promoting research into viable solid waste energy and resource recovery technologies through combined and coordinated efforts, through the extensive exchange and communication of information and material, and through the promotion of new institutions and organizations.

DEFINITIONS

SEC. 4. (a) Paragraph (7) of section 203 of the Solid Waste Disposal Act (42 U.S.C. 3252 (7)) is amended to read as follows:

"(7) The term 'municipality' (A) means a city, town, borough, county, parish, district, or other public body created by or pursuant to State law with responsibility for the planning or administration of solid waste disposal, or an Indian tribe or authorized tribal organization or Alaskan Native village or organization, and (B) also includes any rural community or unincorporated town or village or other public entity which has the general corporate and police power and power to levy taxes and spend funds.".

(b) Section 203 of such Act is further amended by adding at the end thereof the following new paragraphs:

"(11) The term 'pilot plant' means any small-scale experimental facility constructed for the purpose of investigating or testing the technological feasibility of a new fuel, energy or resource recovery technology.

"(12) The term 'demonstration' means the planning, design, construction, operation, and maintenance of any large-scale program or facility for the recovery of fuel, energy, or other resources from waste for the purpose of examining the technical and economic feasibility of such program or facility.

"(13) The term 'Administrator' means the Administrator of the Environmental Protection Agency.".

RESEARCH AND DEVELOPMENT

SEC. 5. Section 204(a) of the Solid Waste Disposal Act is amended—

(1) by inserting "(including loan-guarantee assistance as authorized by and subject to the conditions of section 209)" after "other assistance" in the matter preceding paragraph (1); and

(2) by striking out "and" at the end of paragraph (4), by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

"(5) the production of usable forms of fuel, energy, or resources from solid wastes, including but not limited to research and development on—

"(A) waterwall furnace incinerators;

"(B) dry shredded fuel systems (coal and oil co-firing);

"(C) pyrolysis;

"(D) densified refuse-derived fuel systems;

"(E) anerobic digestion;

"(F) fuel and feedstock preparation system; and

"(G) materials recovery systems.".

PILOT PLANTS AND DEMONSTRATIONS

SEC. 6. Section 208 of the Solid Waste Disposal Act (42 U.S.C. 3254b) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) To the extent practicable and at the earliest feasible date, the Administrator shall—

"(1) assist, at the culmination of any successful recovery research project which is developed pursuant to sections 204 and 205 (a) or developed without Federal assistance, which shows promise of technical, economic, and environmental feasibility and which promises to advance the state of the art by applying new and improved techniques or technologies if utilized in the construction of pilot plant facilities or the institution of a pilot system;

"(2) demonstrate each such method, system, and technology which shows promise of technical, economic, and environmental feasibility if utilized in the construction of a full-scale demonstration facility or the institution of a full-scale demonstration system;

"(3) conduct testing and evaluation programs of pilot plants and pilot systems or demonstration plants or demonstration systems which are built with Federal assistance, or which are built without Federal assistance, for the purpose of providing technical, economic, and environmental information to the public to advance the state of energy and resource recovery technology and systems.";

(2) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) Section 204 (b) and (c) shall be applicable to pilot plants, pilot systems, demonstration plants, and demonstration systems carried out under this section.";

(3) by amending paragraph (1) of subsection (e) to read as follows:

"(1) may be made only in the amount of the Federal share of the estimated total design and construction costs;";

(4) by adding after subsection (f) a new subsection (g) to read as follows:

"(g) The Administrator shall report the results of pilot plant projects and systems and demonstration plants and systems under this section to the President and Congress on an annual basis.".

TECHNOLOGICAL AND MANAGEMENT ASSISTANCE

SEC. 7. Section 209(b)(2) of the Solid Waste Disposal Act (42 U.S.C. 3254c(b)(2)) is amended to read as follows:

"(2) The Administrator shall establish a program for the collection and dissemination of technological and management information to assist Federal, interstate, State, and local agencies, and private organizations, in the planning implementation, and operation of solid waste collection, separation, disposal, recycling, and energy recovery systems. Such program shall include data on—

(A) implementing solid waste energy and resource recovery systems which are technologically feasible and cost-effective;

"(B) optimum ways to market energy and secondary materials recovered from solid waste;

"(C) developing workable contract bid packages for solid waste energy and resource recovery facilities;

"(D) developing sound and innovative management organization structures to plan, implement, and operate energy and resource recovery projects; and

"(E) securing sound financing for solid waste energy and resource recovery projects. The program shall be implemented to provide technological and management information and analysis to meet the particular needs of the applicant Federal, interstate, State, or local agencies.".

GRANTS FOR STATE, INTERSTATE, AND LOCAL PLANNING

SEC. 8. Section 207(a) of the Solid Waste Disposal Act (42 U.S.C. 3254a(a)) is amended to read as follows:

"(a) The Administrator shall, upon such terms and conditions consistent with this section as he finds appropriate to carry out the purposes of this Act, make grants to State, interstate, and municipal agencies, State approved voluntary organizations, and to organizations composed of public officials which are eligible for assistance under section 701(g) of the Housing Act of 1954, in amounts not to exceed 85 per centum of the cost of—

"(1) implementing solid waste management plans, including the analysis of waste generation rates and composition, investigation and securing of markets for recovered products, studying and selecting alternative technologies, preparation of requests for proposals or equivalent procurement documents, evaluation of proposals, negotiation of contracts, and securing of financing;

"(2) developing and revising solid waste disposal plans as part of State and local environmental protection systems for such areas, providing for recovery of materials and energy from waste whenever possible, and planning for the reuse of solid waste disposal sites and conducting studies of the effect and relationship of solid waste disposal practices on areas adjacent to waste disposal sites;

"(3) developing interlocal agreements and organizations;

"(4) developing proposals for projects to be carried out pursuant to sections 207 and 211 of this Act; and

"(5) planning programs for the removal and processing of abandoned motor vehicle hulks.".

LOAN GUARANTEES AND CONSTRUCTION GRANTS FOR ENERGY AND RESOURCE RECOVERY

Sec. 9. (a) The Solid Waste Disposal Act is amended by redesignating sections 209 through 216 as sections 211 through 218, respectively, and by inserting immediately after section 208 the following new sections:

"LOAN GUARANTEES FOR ENERGY AND RESOURCE RECOVERY

"Sec. 209. (a) General.—(1) The Administrator is authorized, in accordance with the provisions of this section and such rules and regulations as he shall prescribe, and after consultation with the Secretary of the Treasury, to guarantee and to make commitments to guarantee the bonds, debentures, notes, and other obligations issued by or on behalf of any State, municipality, intermunicipal agency, State-approved voluntary organization, or, in the case of facilities or equipment for the utilization of recovered resources or energy, any other person, institution, organization, corporation, or partnership, for the purpose of financing a resource recover system for mixed municipal solid wastes or any component thereof necessary to the creation of such system, including the construction or modification of facilities or acquisition of equipment necessary for the utilization of recovered resources or energy produced by such system. The outstanding indebtedness guaranteed under this Act shall at no time exceed $75,000,000 and no guarantee or commitment to guarantee shall be undertaken under this Act after September 30, 1979. The Administrator is authorized to make grants to any State, municipality, intermunicipal agency, or State-approved voluntary organization, the obligations of which are guaranteed under this section, in amounts estimated by him not to exceed the difference between the interest paid on such obligations and the interest on similar obligations the income from which is exempt from Federal taxation.

"(2) An applicant for a loan guarantee under this section shall provide evidence in writing to the Administrator in such form and with such content and other submissions as the Administrator deems necessary to protect the interest of the United States. Each guarantee and commitment to guarantee shall be extended in such form, under such terms and conditions, and pursuant to such regulations as the Administrator deems appropriate.

"(b) Conditions.—The Administrator shall guarantee or make a commitment to guarantee under subsection (a) to this section, with respect to a resource recovery system, or component thereof, only if—

"(1) such system or component is consistent with any applicable State and areawide plans or programs;

"(2) the applicant agrees that such system or component will be consistent with any applicable guidelines published under section 209(a) of this Act and will meet any Federal solid waste management requirements of this Act found by the Administrator to be applicable to such system or component;

"(3) the Administrator is satisfied that the proposed resource recovery system is appropriate for the area to be served, that the proposed system does not duplicate or displace existing resource recovery services in the area, and that a realistic plan for achieving operational and financial self-sufficiency within a reasonable time exists for the proposed system, including adequate stable markets for a significant proportion of the recovered resources or energy;

"(4) such system or component will comply with effluent limitations under the Federal Water Pollution Control Act and with new source emission limitations or requirements of air quality implementation plans under the Clean Air Act;

"(5) such system or component will not be rendered economically impracticable by the subsequent institution of programs to reduce the volume of wastes being disposed of in the mixed municipal waste stream of the area to be served by such system or component;

"(6) the amount guaranteed does not exceed 66⅔ per centum of the total project cost of the facility assisted;

"(7) the Secretary of the Treasury and the Administrator are satisfied that the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary and the Administrator will permit the creation of the resource recovery system, and such assistance is necessary to encourage financial participation in such system by private lenders or investors; and

"(8) the Administrator has determined that there will be a continued reasonable assurance of full repayment.

"ENERGY AND RESOURCE RECOVERY CONSTRUCTION GRANTS

"Sec. 210. (a) The Administrator is authorized, in accordance with the provisions of this section, to make grants to States or local governments or combination of such units for the construction, operation, or maintenance of, fuel, energy, or resource recovery facilities in accordance with the findings required pursuant to subsection (b) of this section.

"(b) A grant shall be made pursuant to subsection (a) of this section only upon a finding that the proposed site or facility—

"(1) will be constructed, operated, and maintained in accordance with any applicable standards duly promulgated by the Administrator and with any applicable provisions of other Federal, State, and local law;

"(2) will be used to recover resources, fuel, or energy from waste collected from or furnished by the public or generated as a byproduct of any industrial, agricutlural, or commercial operation; and

"(3) cannot reasonably be financed through any other available means including loan guarantees extended under section 207 of this Act.

"(c) A grant shall be made pursuant to subsection (a) of this section only upon a finding that any site or facility with respect to which such grant is made will be operated and maintained in accordance with (1) any applicable standards duly promulgated by the Administrator, (2) any applicable provisions of other Federal, State, and local law, and (3) a realistic plan for achieving operational financial self-sufficiency in a limited period of time.

"(d)(1) The amount of the Federal share of any grant under this section shall not exceed 25 per centum of the total cost of the project or undertaking for which the financial assistance is provided.

"(2) Each applicant for a grant shall submit to the Administrator, as part of the application for financial assistance, such plans, specifications, data, reports, and other information as is deemed necessary or appropriate by the Administrator.

"(3) Before approving any such grant application, the Administrator shall, in addition to any other necessary findings, determine that the applicant has made adequate provision for proper and efficient implementation of the project or undertaking for which the grant is sought, including the employment of qualified personnel. The Administrator shall also consider the extent to which the applicant has made a good faith effort, in the absence of Federal financial assistance, to improve any related programs subject to its control or supervision and the effectiveness of such efforts. No grant shall be approved under this section if the Administrator finds that a party other than the applicant will accomplish the purposes intended to be accomplished by the project or undertaking for which the grant is sought as effectively as the applicant and without (or with less) Federal assistance.

"(4) Funds appropriated for the purposes of this section shall be expended in the manner most likely to maximize the benefit to human health and the environment and to minimize the depletion of virgin natural resources. The Administrator shall act upon each grant application as soon as practicable after it has been submitted.".

(b) Section 213 of such Act (as redesignated by subsection (a) of this section) is amended by striking out "section 209" in subsections (a)(1) and (b) and inserting in lieu thereof "section 211".

GENERAL PROVISIONS

Sec. 10. Section 217 of the Solid Waste Disposal Act (as redesignated by section 9 (a) of this Act) is amended by striking out subsection (b) and by striking out "(a)".

AUTHORIZATION FOR APPROPRIATIONS

Sec. 11. Section 218 of the Solid Waste Disposal Act (as redesignated by section 9 (a) of this Act) is amended—

(1) by striking out paragraph (3) of subsection (a) and inserting in lieu thereof the following:

"(3) There are authorized to be appropriated for the purpose of funding research and development, and for making grants for energy and resource recovery pilot plant and demonstration programs, under sections 204 and 208 of this Act, such sums as are necessary, not to exceed $65,000,000 for the fiscal year ending June 30, 1977, not to exceed $17,000,000 for the transitional fiscal period ending September 30, 1977, and not to exceed $70,000,000 for the fiscal year ending September 30, 1978."; and

(2) by redesignating subsections (c) and (d) as subsections (e) and (f), respectively, and inserting immediately after subsection (b) the following new subsections:

"(c) There are authorized to be appropriated to the Administrator such sums as are necessary, not to exceed $75,000,000 to pay any amount required to be paid by reason of a default on any loan or other obligation guaranteed under section 209 of this Act.

"(d)(1) There are authorized to be appropriated for the purpose of making grants for technological and management assistance, and for State, interstate, and local planning, under sections 207 and 209 of this Act, such sums as are necessary, not to exceed $35,000,000 for the fiscal year ending June 30, 1977, not to exceed $9,000,000 for the transitional fiscal quarter ending September 30, 1977, and not to exceed $45,000,000 for the fiscal year ending September 30, 1978.

"(2) There are authorized to be appropriated for the purpose of making grants for facility construction under section 210(b) of this Act such sums as are necessary, not to exceed $40,000,000 for the fiscal year ending June 30, 1977, not to exceed $12,000,000 for the transitional fiscal period ending September 30, 1977, and not to exceed $60,000,000 for the fiscal year ending September 30, 1978.".

THIRTY-FIFTH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. MURPHY) is recognized for 5 minutes.

Mr. MURPHY of Illinois. Mr. Speaker, I know that a number of my colleagues have taken time on the House floor yesterday and today to speak about deportations, concentration camps, suffering, and death. My fellow Members were remembering Lithuania's occupation by the Soviet Union 35 years ago and the Soviet Union's efforts to break the spirit of Lithuanians, Latvians, and Estonians driven from their native land into Siberia.

Many Members included all or part of the statement issued by the Joint Baltic American Committee which described the hopelessness and dehumanization of those days years ago. I think it is important that we spend time thinking about those incredibly sad hours from June 14–16, 1941. I do not want us to dwell in a morbid sense on what happened but we must remember what went on and decide what we can learn from those tragic days.

People were taken from familiar surroundings, stripped of their dignity, separated from kin, and loaded into freight cars. There were people of all ages but mostly, there were children. You had to be strong to survive the trip without air, food and water. And many of those who did survive wished later they had not.

But they were people who never forgot what it was to be free. Their descendants have not forgotten either.

This Congress resolved on December 2 last year that there should be no change in the U.S. policy of not recognizing the Soviet Union's annexation of Estonia, Latvia, and Lithuania. I sponsored this House resolution. It puts the House of Representatives on record for people's right to choose where they want to live and under which form of government.

People living today in the Baltic States exist without fundamental rights. They need support from Americans of Baltic descent and all freedom-loving Americans. I only hope that we offer this support every day of the year. We must not wait for an anniversary date of great suffering to speak out against suffering.

AMTRAK IS BACK ON THE TRACK

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, as a result of an article which appeared in the Washington Star describing fringe benefits accorded to Amtrak executives, I received a number of irate letters. I am appending the original Washington Star article with the correspondence that I had with Amtrak on the subject.

I am delighted that the matter has been resolved so that Amtrak directors no longer will receive double payment for attending separate meetings of Amtrak in a single day. It is simply regrettable that they allowed that situation to occur at all.

The correspondence follows:

[From the Washington Star, May 7, 1976]

AMTRAK BOSSES ON FIRST-CLASS TRIP DESPITE DEFICITS

(By Stephen M. Aug)

Amtrak, the government-financed railroad passenger corporation, has for the past five years had a firm policy of paying club dues for certain executives and providing free automobiles to its vice presidents, according to previously unpublished Amtrak board minutes.

What's more, according to the minutes, directors of the corporation—which has been having increasing difficulty keeping its rising deficit under control (it may exceed $400 million next year)—decided last December that they are entitled to collect double fees if they attend more than one meeting in a single day.

Amtrak directors are paid $300 per board meeting plus expenses, but they serve on various committees and are paid for committee meetings they attend.

According to the minutes, the directors considered paying themselves for every meeting—no matter how many they attend in a single day. But they decided at their December meeting to limit payment to a maximum of two meetings per day "regardless of the actual number a director might attend," the minutes say.

Other portions of the heavily censored board minutes of Amtrak meetings over the past five years made avaliable to The Washington Star show:

One former board member, Willliam H. Moore, who at the time was also president of the bankrupt Penn Central Transportation Co., tried unsuccessfully to have Amtrak's rules governing on-time performance slackened, a move that would have benefited the Penn Central whose on-time performance was poor.

Moore wanted trains considered on time if they were within 15 minutes of scheduled time. Amtrak had a five-minute rule. The Interstate Commerce Commission eventually set its own rules ranging from five to 30 minutes depending on the distance traveled.

At Amtrak's third meeting, May 14, 1971, the then-chairman, Roger Lewis, sought to convince directors that the corporation was temporary and that it should only lease, rather than buy, rolling stock. But the board overruled him, saying the corporation should buy its equipment and plan "on the basis that it is here to stay."

In late May 1971 Amtrak voted unanimously to establish its headquarters in New York City, but the following month it unanimously reversed itself and remained in Washington, which it found was in its "best interests."

Amtrak has had continuing problems paying its bills to the railroads that run its trains, mainly because Congress is usually late with its appropriations.

Last May it was $50 million in arrears, for example, and voted to pay the railroads interest at the prime rate until it had money to pay the full amount. In April 1972, under similar circumstances, but under different management, it paid one-half percent above the prime rate. (The prime rate is the interest rate banks normally charge their most credit-worthy customers.)

The Star obtained the heavily censored minutes following a lengthy legal battle under the provisions of the Freedom of Information Act. The first requests were made by a Star reporter in 1973 and again in 1974, both to the company, and both rejected.

Suit was filed July 15, 1974, on the reporter's behalf by the Freedom of Information Clearinghouse, part of Ralph Nader's Center for the Study of Responsive Law. (The clearinghouse gives legal and technical assistance to individuals and the press interested in overcoming reluctance of government agencies to provide information. Although Amtrak is not a government agency, it is specifically covered under the Freedom of Information Act.)

U.S. District Judge June L. Green finally ruled on March 30, 1976, that Amtrak had to provide access to all its policy statements, votes on these policies and sufficient information from board minutes to explain directors' votes.

The Amtrak policy on acquiring automobiles "for use of the highest paid officers of the corporation" was decided Sept. 28, 1972. But the board didn't act on other perquisites—such as "reimbursement for club and other expenses"—until November 1972. At the same November meeting the board approved what later became a controversial separation allowance benefit for senior officers.

There was criticism of the separation allowance by some who contended it was an attempt to circumvent congressional limitations on Amtrak salaries which, except for the president, are limited currently to $63,000 a year. (Amtrak President Paul H. Reistrup is paid $85,000).

An Amtrak official said the company currently pays about $4,200 a year for various club memberships. These include $612 at the Army-Navy Country Club and $420 at the Army & Navy Club, both for Reistrup; $600 at the Kenwood Country Club for Harold L. Graham, a vice president in the marketing division. There are also memberships locally at the Capitol Hill Club ($300), Capitol Democratic Club ($240) and International Club ($465).

Amtrak supplies rented automobiles to 10 of the 11 vice presidents stationed in this area: Seven Fords and three Chevrolets at a cost of about $21,000 a year. Reistrup uses a chauffer-driven car.

In the past, Amtrak officials have justified the free automobiles on the grounds that salaries of Amtrak executives are held down by law and don't compare with what they could be paid elsewhere. Amtrak salaries for vice presidents range from $40,000 to $59,000. Half the monthly cost of the cars is considered taxable income to the vice presidents.

The Star disclosed earlier this week that top officials of the new government-financed Consolidated Rail Corp. were all being offered free cars and membership in the club of their choice and additional fringe benefits.

SALARIES PAID TO AMTRAK'S LEADING OFFICIALS

The following are salaries paid to Amtrak's top officials. Although Amtrak refused to supply them, they were obtained from a report Amtrak is required to file with the Interstate Commerce Commission[1]:

Name, title, salary, and other compensation

Paul H. Reistrup, President, $85,000, $1,116.50.

F. S. King, Vice President, $59,250, $2,252.76.

Harold L. Graham, Vice President, $55,000, $2,139.12.

Nathanial Goodrich, VP-General Counsel, $55,000, $662.25.

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[1] These figures are for 1975. It is understood there have since been some salary increases.

David A. Watts, VP-National Operations, $52,500, $117.30.

James Cowell, VP-Operations Support, $52,500, $1,955.50.

Donald Brazier, VP-Finance, $52,500, $1,087.88.

R. F. Lawson, Asst. VP-Chief Engineer, $50,400, $846.00.

Al Michaud, VP-Marketing, $50,000, $170.00.

Calvin B. Andringa, VP-executive planning, $50,000, $25.00.

Sidney S. Sterns, Asst. to VP, $49,500, $1,745.25.

J. J. Schmidt, Asst. VP-Equipment, $46,200, $686.40.

Kenneth Housman, VP-Personnel, $46,200, $1,365.12.

Bruce Pike, VP-Government Affairs, $46,200, $204.00.

C. James Taylor, Regional VP-Control, $45,000.

Edwin E. Edel, VP-Public Relations, $43,000,720,000.

U.S. House of Representatives,
Washington, D.C., May 20, 1976.

Mr. Paul H. Reistrup,
President, Amtrak,
Washington, D.C.

Dear Mr. Reistrup: This letter is in reference to the recent article in the *Washington Star* describing the fringe benefits accorded to Amtrak executives.

I am not upset about limousines and some club memberships although one could argue how far additional benefits should go. I am troubled, however, by the report that the directors of the corporation "decided last December that they are entitled to collect double fees if they attend more than one meeting in a single day." I would appreciate knowing the basis for such payments—both moral and legal.

I intend to pursue this matter so I would appreciate a most detailed explanation.

Sincerely,

Edward I. Koch.

National Railroad
Passenger Corporation,
Washington, D.C., June 11, 1976.

Hon. Edward I. Koch,
House of Representatives,
Washington, D.C.

Dear Congressman Koch: Thank you for your letter to Mr. Reistrup concerning the compensation received by members of the Amtrak board of directors.

Prior to the signing of the Amtrak Improvement Act of 1976, the Act provided that:

> Each member (of the board of directors) not employed by the Federal Government shall receive compensation at the rate of $300 for each meeting of the board he attends. In addition, each member shall be reimbursed for necessary travel and subsistence expenses incurred in attending meetings of the board."

The law provided payment for attendance at each meeting, and as you note, on days on which subcommittees and the full board met, double payments were permitted. Although this type of compensation was called for by Public Law 93-146 signed on November 3, 1973, as the board's work load and number of meetings increased members recommended legislative changes which were incorporated in the Amtrak Improvement Act of February 5, 1976, as follows:

> ". . . (1) striking out 'for each meeting of the board he attends.' and inserting in lieu thereof 'per diem when engaged in the actual performance of duties.', and (2) inserting 'secretarial or professional staff support which is reasonably required' immediately after 'necessary travel'."

This means that each board member receives $300 compensation for each full day he works for the corporation.

We appreciate your interest in the corporation's activities and I hope this letter answers the questions raised by the Stephen Aug article.

Sincerely,

Bruce Pike,
Vice President,
Government Affairs.

MORE ON SCHOOL BUS SAFETY

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, today my distinguished colleague from New York, Leo Zeferetti, and I are introducing legislation to amend the Fair Labor Standards Act of 1938 to prohibit the operation of schoolbuses by individuals under the age of 18.

According to studies done on behalf of insurance companies, age has been found to be a crucial factor in the safe operation of motor vehicles. Statistics indicate that 15- to 24-years-olds have a particularly high accident rate and insurance companies charge vastly increased premiums in this age group.

Figures provided by the National Safety Council show that drivers under the age of 20 account for 20.6 percent of all automobile accidents, with drivers between 20 and 24 accounting for 18.8 percent. It is not until the group of drivers aged 25 to 29 is reached that there is an appreciable drop in the number of accidents; that group is responsible for 11.9 percent of all automobile accidents.

In view of these statistics, it is incredible that many State laws allow individuals under the age of 18 to drive schoolbuses, even though some of these States require drivers of public transport vehicles to be at least 21. A total of 41 States issue unrestricted licenses at age 17 or younger, while nine more States issue unrestricted licenses at the age of 18.

Mr. Speaker, we have considerable faith in the young people of this country and believe that they have a great deal to contribute to our society. However, we do not believe that 16- and 17-year-olds should be put in positions in which their responsibilities can involve danger to our Nation's schoolchildren or to themselves. The safe operation of a schoolbus involves serious and major responsibilities and demands the capabilities of mature and experienced drivers.

The recent schoolbus accidents in California, Virginia, and Ohio, Mr. Speaker, emphasize how important it is that bus travel for children be made as safe as possible in all respects. The statistics which show our youngest group of drivers to be poor safety risks cannot be ignored, especially when the potential effects of such studies involve the safety of the Nation's schoolchildren.

I urge the Labor Standards Subcommittee, of which Mr. Zeferetti is a member, to recognize the importance of this bill by approving it as an amendment to the fair labor standards legislation the subcommittee will soon be considering.

ROY WILKINS AND CIVIL RIGHTS

(Mr. YATES asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. YATES. Mr. Speaker, after many years as executive director, Roy Wilkins will soon leave his post with the National Association for the Advancement of Colored People. During his many years of tireless service at the helm of the NAACP, black Americans made enormous strides in overcoming injustice, discrimination, and the violation of their civil rights. Under Roy Wilkins, the NAACP was in the forefront of the struggle to achieve for black Americans—and thus for us all—the fruits of liberty and justice inscribed by the Founding Fathers in our Declaration of Independence.

Mr. Wilkins' life-long contribution to the struggle for equality was acknowledged recently by the American Jewish Congress which, at its national biennial convention, presented him with its 1976 Civil Rights Award. Presented by Judge Justine Wise Polier, whose father, Rabbi Stephen S. Wise, was active in the founding of both the American Jewish Congress and the NAACP, the citation to Mr. Wilkins stresses the shared experiences and commitments of the black and Jewish communities. The citation reads:

> The American Jewish Congress is honored to present the 1976 Civil Rights Award to Roy Wilkins for distinguished contributions to the cause of racial justice in America and for recognizing that only by working together for the goals we share can the black and Jewish communities help achieve the goal of full equality in a free society for all Americans.

In honor of Mr. Wilkins, the American Jewish Congress announced, on behalf of Florence and Fred Thomas, the establishment of a scholarship fund in his name which will enable black students to attend the Hebrew University in Jerusalem for 1 year.

Mr. Speaker, I would like to call to the attention of my colleagues the eloquent tribute to Mr. Wilkins offered by Judge Polier and the moving response of Mr. Wilkins. I know that my colleagues in the House join me in congratulating Mr. Wilkins for this richly deserved award. His career has been an inspiration and a challenge, one that evokes the ideals of brotherhood and understanding that stand at the core of our national life.

The remarks follow:

On Presenting the 1976 Civil Rights Award of the American Jewish Congress to Roy Wilkins

(Remarks of Judge Justine Wise Polier to the American Jewish Congress, National Biennial Convention, Washington, D.C., April 4, 1976)

The privilege of presenting the Civil Rights Award of the American Jewish Congress to Roy Wilkins has great meaning for me.

The first President of AJCongress, Rabbi Stephen S. Wise, was one of the band who sent out the initial call for the creation of the NAACP in 1909. It was founded to battle against injustice to black citizens—injustice that violated their freedom, oppressed them in countless ways, and denied to them and their children the right to life, liberty and the pursuit of happiness.

Since those days, the NAACP has fought with courage to challenge racial injustice, and has enlisted persons of all races and faiths in its work. It has won important victories in the courts, in education and in industry. It has raised the aspirations of black men, women and children. But it has done more. It has helped and indeed forced all those who had eyes to see and ears to hear to examine their hearts and their practices in regard to relations between the races. In doing so, more and more Americans have come to realize that the ideals of religion and of democracy can live only as they are translated into daily life.

There are many reasons for the strong bond of friendship between AJCongress and the NAACP. AJCongress was founded in 1916 to battle injustice against the Jews in this land and throughout the world. It has sought to develop ways in which Jewish teachings and Jewish life would continue as a creative force for Jews and the larger community. From the days of its founding, even in the darkest days for world Jewry, the principles of AJCongress have required that in seeking justice for Jews, we, as Jews, must seek it not for ourselves alone but for all other human beings.

Thus it is that the ideals of the NAACP and AJCongress have brought us together in common efforts. In these times the mutual respect, the work to be done, and the needs of our world call for ever greater understanding and the pursuit of our common principles in the spirit of brotherhood.

But today we honor not only a great institution. We honor the man who has led it for many years in most difficult times. He has shown great physical courage in the face of danger since the days of his youth. He has shown great moral courage throughout his leadership. He has confronted the powerful and given comfort to the weak. Believing in integration as the basis for true equality, he refused to yield to demands for separatism that resulted from the disillusionment among blacks that America has betrayed its commitment to equal justice for all. Again, when demands were made by some that blacks should identify themselves with the Arabs, he never wavered in his support of the right of Jews to live in freedom or of the right of Israel to defend itself and its people against aggression, and live in peace.

In thinking about Roy Wilkins, I was reminded of the description in the 15th Psalm of a citizen of Zion:

He has walked uprightly and worked righteousness,
He has spoken the truth in his heart,
He has done no evil to his neighbor,
And when he has sworn, even tho it is to his own hurt, he changeth not.

For this reason we treasure your friendship, honor you as a leader in the struggle for civil rights, and present this award to you in friendship and love.

BALTIC STATES FREEDOM DAY

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the Record.)

Mr. HANLEY. Mr. Speaker, on the 15th of June 1940, the Baltic States of Lithuania, Latvia, and Estonia were invaded and occupied by Soviet forces. The Soviets subsequently deported hundreds of thousands of the Baltic citizens to Siberian concentration camps 1 year later, in a concerted effort to destroy these three Baltic nations which had acquired their freedom after World War I.

Since then, the Baltic people have suffered from the collectivization of their farms and the nationalization of their industries. They have suffered religious persecution and their children have been subject, through Soviet educational institutions, to Communist brainwashing.

However, I direct the attention of the Members to the fact that throughout the free world the peoples of Lithuanian, Latvian, and Estonian origins maintain their traditional civic, cultural, and religious organizations and continue their efforts on behalf of their enslaved compatriots held captive within the U.S.S.R. Meanwhile, the brave people living in these Baltic States have impressed the free world with their strength and resolve to reacquire freedom.

As citizens of a free nation, we must urge that our liberties be extended to those deprived of them in the Baltic States. The people of Lithuania, Latvia, and Estonia look toward the United States for hope and inspiration and for the day when freedom may once again prevail in their lands.

I believe that it should be the policy of this Congress to maintain nonrecognition of the Soviet incorporation of Lithuania, Latvia, and Estonia. On this anniversary of Baltic States Freedom Day, we should acknowledge the legitimate aspirations and the perseverance of the Baltic peoples to independence and look toward the day when they will reside in their homeland triumphant in freedom.

CONGRESSMAN WILLIAM D. FORD DELIVERS ILLUMINATING SPEECH ABOUT THE POSTAL SERVICE

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker on May 27, 1976, our colleague, William D. Ford, delivered the following speech before the State Convention of the Michigan Postal Workers Union. Bill Ford has long been in the forefront of concerned Members of Congress seeking solutions to the many problems facing the Postal Service and its customers. This speech is certainly indicative of Bill Ford's ability to go directly to the heart of a matter:

REMARKS OF CONGRESSMAN WILLIAM D. FORD

The United States Postal Service is in serious trouble—and if the President doesn't stop his irresponsible resistance to Congressional efforts to rescue it, his Bicentennial birthday present to the American people will be a bankrupt Postal Service. The President is using the same approach to the Postal Service's problems as he's used with all our other domestic problems. I call it the "ostrich approach." He just sticks his head in the sand and hopes the problem will go away.

But the problem is not going away. It's just getting worse. The U.S. Postal Service is presently on the brink of bankruptcy.

Despite its most recent rate increase—which averages 26 per cent on all classes of mail—the Postal Service continues to go deeper and deeper into dept. This year the cummulative debt will reach $3 billion—a 400 per cent increase over the $750 million it owed just two years ago. It now finds itself in the position of having to borrow new money just to pay off debts and it's paying hundreds of millions of dollars each year in interest alone.

The Congress has been trying for the past two years to pass legislation to save the Postal Service. The legislation we are to enact would provide an increase in the amount of Federal dollars used to help maintain the U.S. Postal Service, and it would create an independent Commission to make recommendations to the President and the Congress within two years as to how we can best assure the successful operation of the Postal Service on a long-range basis.

The President and his supporters in the Congress have fought against this legislation at every step—but they have proposed no rational alternatives. Despite the continuing spiral of indebtedness, the best proposal the President can manage is to suggest that the Postal Service borrow even more money. This policy of back-door spending is nothing more than a farce and a fraud.

Making the Postal Service borrow more money may not show up in the President's current budget, but it will certainly show up in the Postal Service budget, and the burden will ultimately fall on each and every one of us anyway.

The President simply refuses to acknowledge that the Postal Service is just as much a public service worthy of taxpayers' support as any other service the Federal government is supposed to provide. The law states very clearly that "the United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government . . . and supported by the people."

Just think of it—here is the President who ridiculed New York City not too long ago for borrowing more money to pay its operating costs who now suggests that the Postal Service solve its problems by borrowing more money.

What the President is not saying, but what is implicit in his actions and statements, is that the Postal Service can solve its problems by reducing its services even more—by cutting back deliveries and closing post offices—and by raising its rates again and again and again! His "don't bother me with facts and figures, just borrow more money" approach will accomplish only one thing—it will avoid the specter of dramatic rate increases and more cutbacks in service until after the November election.

Who will be the ultimate victim of this approach? Not the President's big corporate friends. The big corporations and the Rockefellers will be able to continue communicating with whomever they want whenever they want no matter how high the rates go or no matter how drastically service is curtailed. The ultimate loser will be the little guy—who can't afford a teletype machine in his home or an astronomical telephone bill every month. The losers will be the public schools and libraries who depend on the Postal Service for timely delivery of books, periodicals and other educational materials.

The President and his advisors want to save the Postal Service the same way they proposed to save gasoline—just price the little guy right out of the market.

It would be easy for me to sit back and criticize, as some of my colleagues in Washington are doing, rather than work to save the Postal Service from financial disaster. I need not be an apologist for what has happened. I originally opposed the legislation which turned the Post Office Department into a private corporation. The Postal Reorganization Act was a scheme that was advocated by a Republican Administration and signed into law by a Republican President.

The top-ranking officials who have run the Postal Service have all been appointed by Republican Presidents, and although I have, during the entire crisis, attempted to avoid pointing fingers of blame and avoid bringing partisan politics into play on this issue, I will not stand by and allow my Republican friends to play demagogic games with an issue as serious as the one which now confronts the U.S. Postal Service.

One of my Republican colleagues on the Post Office and Civil Service Committee made a speech earlier this week in which he begins by saying that the present situation has left us to "grapple with a postal record studded with references to record deficits, increased rates, and the public furor over the caliber of service."

Then he commences to criticize those of us, to whom he refers as "politically oriented personalities who profess interest in and concern about the U.S. Postal Service," for advocating the use of more federal funds to maintain the Postal Service and for blaming the President for questioning our wisdom. Well, I can tell you one thing. We certainly cannot question the President's wisdom on this issue—because he hasn't demonstrated any.

Is Congress to stand by idly and allow the Postal Service to grind to a halt and dissolve itself into bankruptcy just because the President is either unable or unwilling to act? Should we sit by idly as mere spectators like the President and his supporters, or should we confront the question of appropriating enough funds to permit the Postal Service to continue its operations?

Who shall the public turn to if not the Congress or the President? The Postmaster General?

My Republican colleague says that, "If the Postmaster General is going to run the Postal Service, he cannot be second-guessed at every turn by a group of non-experts."

But the Postmaster General suggested over eight months ago (in a speech before the National Postal Forum in Washington, D.C.) that the Congress consider precisely the kind of legislation we now have before us which provides for additional appropriations and the establishment of the study commission. We might be able to pass the legislation and get on with the business of saving the Postal Service if the President would support it instead of fighting it with veto threats without proposing any realistic alternative.

The Postmaster General also stated very explicitly in that speech that the choice of how the Postal Service will be financed "is not for the Postal Service to make. It is a matter of national policy that is the responsibility of the Congress as elected representatives of all the people to decide."

Incidentally, despite the Administration's rhetoric about rising labor costs, the Postmaster General, in that same speech, referred to your present labor contract as "the best negotiated in our brief history . . . a contract which benefits the public, the Postal Service and our employees."

And at this point, I would personally like to commend you for your continued efforts to provide adequate mail service to the American people, despite the unprecedented barrage of attacks which are being hurled at Federal and postal workers by some of the Federal government's leading critics including the President and other presidential candidates. I would like to remind those who question the quality of workmanship and the caliber of the employees that, despite increasing job pressure, the number of postal employees has actually decreased over the past few years.

But to return to the remarks of my colleague, who I assume was attempting to defend the Administration's current position—or nonposition—I would like to refer one more time to the Postmaster General's remarks, because they coincide precisely with what I say and the law says the Postal Service is supposed to be—"a basic and fundamental service provided to the people by the Government."

The Postmaster General states emphatically that "it is clear that we are not in business to make a profit, but to perform a public service. The Postal Service is, always has been, and always will be a public service agency."

Unfortunately, my colleague seems to dismiss this concept and asks instead "whether all the taxpayers will be asked to defray the costs of some postal services they seldom use."

Adopting his line of reasoning would be like embracing the theory that the only people who should have to pay for the fire department are the ones whose homes or businesses catch fire, the only ones who should pay for the police department are the victims of crime and the only ones who should pay to support our armed services are those whose property is attacked by a foreign army. The American people have never taken seriously the proposition that only people with school-age children should pay to maintain our school system or only the people who drive regularly from New York to California should pay for our interstate highways. And I don't think they are ready to buy the idea that their tax dollars should not be used for the purpose of maintaining a good, efficient nationwide postal system which permits any person in any part of the country to communicate at a reasonable and affordable cost with anyone in any other part of the country.

My colleague, James Hanley (Dem., N.Y.), the highly respected Chairman of the House Postal Service Subcommittee, recently warned us that, unless we act promptly,

"[T]here is a very real danger that in the near future the nature and concept of the delivery of mail will change so radically that virtually every citizen in America will be affected adversely. Important services we have taken for granted such as the single price first-class stamp, inexpensive rural delivery, mail delivery of magazines and newspapers, use of the mails to assist worthy causes, and others will become history."

Many of us in Congress, like many of you, are taking this warning very seriously.

If we act now, we can prevent this warning from becoming a reality. But any effort to successfully avoid the impending disaster requires the joint and sincere efforts of all the parties involved—the Congress, the Postal Service, the postal workers, the people who use the Postal Service, and the President.

You are doing an excellent job of supporting our efforts, and today I would like to call upon the President and his supporters to put an end to their irresponsible obstructionist tactics and join the rest of us in saving the U.S. Postal Service from the almost certain disaster it faces if something is not done immediately.

ONE HUNDRED AND SEVENTY-FIVE YEARS OF BAPTIST MINISTRY AT NEW WOODSTOCK

Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, it is not at all unusual in this Bicentennial period, for communities to note and celebrate their early heritage and the founding of those elements of civilization which were brought from abroad to our fledgling America.

One of the most enduring institutions has been the religious congregations which were founded by settlers who moved into the wilderness of the new States. In the settlement of New Woodstock, N.Y., we find one such church still extant and vital.

Beginning as it did with the determination and faith of four members who came to clear lands and develop trade and commerce in what was then just a military tract set aside as a Revolutionary "bonus" for veterans of the Continental Army, this church has endured the savagery of the elements and the ebb and flow of growth in Madison County.

It is easy to walk down the street in New Woodstock and be enveloped in the quietude and tranquility which is so much a part of our rural scene. It is easy, too, to carry oneself back in imagination to the time and sense which prevailed when the Baptist Church of New Woodstock was first beginning.

I submit, Mr. Speaker, the following report of this church's beginning for the edification of this body:

[From the Syracuse Post-Standard, June 12, 1976]

BAPTISTS LOOK BACK ON EARLY STRUGGLE

(By Ramona B. Bowden)

The First Cazenovia Baptist Church of New Woodstock will celebrate its 175th anniversary tomorrow in its beautiful old white church in New Woodstock.

Established June 17, 1801, the church holds an unbroken record of service to area residents.

Organized in the living room of an early settler's cabin, the church is now in its third building, with its imposing steeple a landmark of the village of New Woodstock. The church was erected from trees in the surrounding forest and on the site of the present church.

The new building got under way in 1815 and was significant of the great dedication of these people, poor in worldly goods but rich in their spiritual commitment.

Special services and observances will take place all during the week. Among these events marking the 175th anniversary will be a church service at 3 p.m. tomorrow. This worship service will be as near as possible to services in the 1800s.

There will be no instrumental music accompanying the hymns, but they will be conducted in the old colonial method of "lining." Lining a hymn is the ancient procedure of the minister reading each line aloud followed by the congregation singing it.

The anniversary dinner will take place at 7 p.m. Thursday in the educational wing of the church.

"To sense the magnitude of the achievement for God accomplished by our valorous ancestors who founded the First Cazenovia Baptist Church, and the many others in the area, it is well to note some of this historic background," says Walter F. Mann in his short history.

"Onto our hills, into these wilderness valleys, and in the years immediately following, in 1793 came young men and their families from Connecticut and Massachusetts to make their homes in this unsettled frontier."

The account goes on to tell about the persecution of Baptists in Europe, which prompted their exodus. Its notes the first Baptist Church on colonial soil was built in 1639 by Roger Williams, himself a victim of persecution. The account records the merciless whipping of a Baptist leader in the streets of Boston for "preaching the gospel and denying infant baptism."

"Against the most unrelenting opposition, the Baptist Church gained adherents in New England, and by the time of the Revolution, there were a number of small churches along the Hudson River Valley. In June, 1773, a few Baptist families settled near Butternut Creek in Otsego County.

"Elder James Bacon came into the Otsego organization and gathered a small group of believers, preaching in the cabin of Ebenezer

Corbin in 1800. His congregation consisted of four men.

Later the group increased to six men and two women.

But little land had been cleared, money was nonexistent and trade was by barter. "That these settlers built well is evident by the fact that they organized a church first in which to worship God," says the record.

"To some, the name which our church so proudly bears is puzzling. The Town of Cazenovia embraced a much larger territory than at present. It was the custom to name a new church for the township in which it was organized," he notes.

"Our first church building was erected in West Woodstock in 1802. Built of logs, it was the first religious structure in the township."

The record goes on to relate the remarkable growth and progress of this Baptist Church, and says, "One of the most important developments has been the formation of the New Woodstock-Fabius Larger Parish. We have joined forces with the Fabius Baptist Church, another of the historic landmarks on the trail of our pioneer Baptist missionaries," says the writer.

"Of countless lives built into the kingdom of God, of days made brighter and burdens lightened, there is no record. We cannot assess the good resulting from the ministrations of those who have given their lives to the service of Christ in many parts of the world," says Mann.

"The past is valuable as a challenge and inspiration for the future—to make the future equally splendid in carrying out the commandment—'Go ye into all the world and preach the gospel,'" he wrote.

AT FARLEY FUNERAL, ALL IS NOT SADNESS

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, subsequent to Jim Farley's death, in this Chamber I offered some remarks, adding that certainly many, many words would be expressed related to him, thus in concert with that prediction I attach a descriptive accounting which recently appeared in the New York Times:

At Farley Funeral, All Is Not Sadness

(By Francis X. Clines)

James A. Farley was buried yesterday after a final salute from the great clan of politicians whose ambitions and stratagems were the consuming joy of his long life.

A crowd of 1,500 at St. Patrick's Cathedral attended the funeral of the master politician in a friendly gathering that was as much a glowing political event as a religious ceremony of final passage.

"Life for so many of us can become such an anticlimax," the Rev. Robert J. Gannon said in the funeral homily about his longtime friend. "It's nice to go when everyone is still saying, 'Stay.'"

This struck the theme of the crowd, which mourned the passing of the 88-year-old man, but even more reminisced about his life with smiles and laughter. There also was the display of some of the man's personal letters—signed "Jim" in green ink—that marked Mr. Farley's course through one of the most successful individual careers in the history of American politics.

LETTERS TELL STORY

"Look at this," said Representative James L. Delaney, the stocky, white-haired politician from Queens as he unfolded a recent Farley letter while waiting to serve as an honorary pallbearer. The letter was a two-page message of personal wishes and interesting observations in which, on June 4, Mr. Farley concluded there was no stopping Jimmy Carter's bid for the Democratic nomination for President.

Mr. Farley's current observation of Democrats, whom he served and prodded for decades, was: "The situation in the party is, of course, extremely mixed up." Numerous Democrats were making the same point in private chats after the funeral crowd dissolved on the steps of the cathedral into a talkative band whose more prominent members moved quickly in front of the TV cameras.

It reached such a garrulous and contented mood that only minutes after the hearse departed for the Farley family plot at Gate of Heaven cemetery in Hawthorne, N.Y., a woman exiting from a cab observed: "A wedding must have just ended."

The towering interior of St. Patrick's served well for the ceremony, for the cathedral not only represents the favored place of departure for ranking Catholic politicians, but it also was Mr. Farley's neighborhood church where he was a communicant and usher. He would worship in or near the 25th pew at the 9 A.M. Sunday mass, and then greet old friends on the steps outside the south door before walking back to his residence at the Waldorf Towers.

"Look—Carey and Buckley went to communion together," said Robert Palermo, an usher who knew Mr. Farley. "From different parties," he said, as if in tribute to Mr. Farley's power to bring together such different souls as the Governor and Senator James L. Buckley.

The Governor led a group of somber-suited political and business leaders who knew Mr. Farley well. It included Leonard W. Hall, the former Republican national chairman who, as an old friend and adversary of Mr. Farley, was representing President Ford. Representing another pillar of Mr. Farley's life was a line of Roman Catholic clergy, arrayed in brilliant white and scarlet vestments and led by Terence Cardinal Cooke.

THE CARDINAL PRESIDED

Cardinal Cooke presided at the Mass of the Resurrection, the modernized Catholic funeral ceremony devoid of the dirge and black color of the past. The chief celebrant was Bishop Edwin Broderick, formerly of the Albany Diocese and now with Catholic Relief Services, and the assisting hierarchy included Archbishop Fulton J. Sheen and Bishop Francis J. Mugavero of Brooklyn.

"May the soul of James Aloysius Farley, beloved father, cheerful Christian gentleman, faithful public servant—may his soul and all the souls of the faithful departed rest in peace," the Cardinal declared blessing the coffin, which rested on a carriage at the head of the center aisle and was covered with a white cloth imprinted with the Greek letters alpha and omega, symbolizing the beginning and ending that is life.

"He used to think of himself as playing hooky from heaven," said Father Gannon, the retired president of Fordham University, in commenting on Mr. Farley's longevity.

DID A JIMMY CARTER

However, his skill in having piloted Franklin Delano Roosevelt to the Presidency was hardly dated in the eyes of much of the crowd, and Father Gannon, in trying to describe the overwhelming Roosevelt victory strategy, said of Mr. Farley's sweeping, thorough style: "He did a Jimmy Carter."

The passing of Mr. Farley and the arrival of Mr. Carter's time was symbolized in the milling crowd when the Governor, while reminiscing about Mr. Farley's integrity and respected personal touch, reached across a few people to shake the hand of William J. vanden Heuvel. He is a New York politician whose party fortunes have risen since he chose to be the Carter chairman in the state well before the candidate apparently clinched the Presidential nomination and while the Governor was maintaining neutrality.

One of the Governor's political advisers, Jerry Cummins, the chairman of the New York State Thruway Authority, lingered to chat with Mr. vanden Heuvel in the breezy sunlight outside the cathedral.

FEDERAL CHARTER FOR INTERNATIONAL VETERAN BOXERS ASSOCIATION

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the Record.)

Mr. HANLEY. Mr. Speaker, recently I introduced legislation to grant a Federal charter to the International Veteran Boxers Association. The association is currently composed of 23 local chapters located in 23 different States of the Union. As a nonprofit, nonpolitical, nonsectarian organization, the association promotes the general welfare of active and retired veteran boxers. The assistance includes help for sick and disabled veteran boxers who are in distress. The association has also actively promoted the development of local chapters around the Nation and the world to further their work.

The recognition associated with Federal chartering will enable the Veteran Boxers Association to further promote their goals and objectives. The Syracuse local chapter, Ring 76, is spearheading the drive for the Federal charter, and I am hopeful that the Judiciary Committee will take favorable action on the proposal and the association will receive the much needed boost necessary to continue their valuable work.

PERSONAL EXPLANATION

(Mr. MIKVA asked and was given permission to extend his remarks at this point in the Record.)

Mr. MIKVA. Mr. Speaker, I was unavoidably called off the floor of the House of Representatives during the session of Monday, June 13, 1976. I was therefore unable to cast my vote on rollcall 375, the amendment offered by Mr. Wiggins to H.R. 6218, the Outer Continental Shelf Lands Act Amendments of 1976. Had I been present, I would have voted "no."

"AIN'T READY FOR REFORM YET"

(Mr. MIKVA asked and was given permission to extend his remarks at this point in the Record.)

Mr. MIKVA. Mr. Speaker, I would like to draw my colleagues' attention to the remarks made by Teamster President Frank Fitzsimmons at the opening of the 21st International Brotherhood of Teamsters convention. According to this morning's newspaper accounts, Mr. Fitzsimmons, characterizing certain persons as "prostitutes" and "Communists," told reform-minded members of his union "to go to hell."

With two of its former presidents having served time in prison for crimes committed during their terms in office, with ongoing Federal investigations of pension fund misuse, and with continued outcry from its membership for more democratic procedures, it would seem a thorough union housecleaning is in order. Rather than tell his membership to "go to hell," Mr. Fitzsimmons would be better advised to heed their warnings.

It may be that in the words of former Chicago alderman "Paddy" Bauler, the Teamsters "ain't ready for reform, yet." Nevertheless, history is replete with examples of defunct institutions that "weren't ready for reform, yet." I suggest that Mr. Fitzsimmons carefully consider this fact.

PERSONAL EXPLANATION

(Mr. RONCALIO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RONCALIO. Mr. Speaker, I missed the recent vote on the Miller amendment. I was detained in a phone booth off the floor of the House in a detailed discussion with Phil McAuley of the Casper Star Tribune.

If present on the floor, or if the pages would have alerted me with the usual card, I would have voted "no."

AGRICULTURAL PROGRAMS ARE VITAL TO US ALL

(Mr. RONCALIO asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RONCALIO. Mr. Speaker, once again, the administration did not request funds for USDA's agricultural conservation program. Congress has restored agricultural programs 22 times after previous administrations had attempted to eliminate or destroy them, whether known as REAP, ACP, or any of their predecessors. My State of Wyoming is 1 of the 14 congressional districts out of the 435 which are classified rural districts. Agriculture in Wyoming ranks second only to energy activity in the State's economy. Five percent of our country's population is rural and the rest of America and a significant portion of the world depends upon that 5 percent for its food and fiber production.

A few of my colleagues probably feel that the agricultural conservation program should be eliminated, yet these same individuals will be the first to object when food prices increase. Agriculture is the basis for a strong America. Sufficient food supplies are necessarily the first priority of any society, no matter how technical, and adequate food production cannot be sustained without proper and prudent care for the soil and water. I commend the Agriculture Appropriations Subcommittee for including funds for the agriculture conservation program in H.R. 14237 so that these conservation practices may continue to be encouraged.

The 1975 USDA figures list the average U.S. household as spending 16 percent of its income on food, as compared to 21 percent in Canada, 28 percent in England, and 39 percent in the Soviet Union. Without the agricultural conservation program and its forerunners, food costs today would probably be much higher in the United States.

If farmers and ranchers were to continue conservation practices entirely on their own, they would simply have to have more for their production, and the consumer would pay. However, without USDA conservation programs and incentives, the more dangerous prospect is likely, that being a trend to let soil and water conservation efforts slide due to their high costs. Without intensive conservation practices, we would witness a gradual degradation of the land and return water flows contributing to both decreased production and enormous water pollution problems. The urban population of the United States has as much at stake in this appropriation bill as those living in rural communities. In fact, soil runoff contaminates our waterways more than all the Nation's sewage. Over 4 billion tons of soil are lost to erosion each year.

The agricultural conservation program helps keep this soil on the farm. In Wyoming, over 1,500 farmers and ranchers participated in ACP in 1975 spending close to $1,414,000 of their own money with the Federal Government providing $1,429,933 in sharing funds. And $82,000 of those funds were provided for permanent vegetative cover to prevent wind erosion like the "Dust Bowl Disaster" many of my colleagues remember from the 1930's.

The ACP program provides and teaches new methods of keeping soils nutrient. It provides studies for watersheds. In my State, the majority of these funds were spent on Wyoming's scarce water problems—$78,411 on water development, $185,000 for developing facilities for livestock water and over $94,000 for underground drainage systems to conserve our precious water. Water in the arid West is our life blood.

I also commend my colleagues on the Appropriations Committee for restoring funds for programs under the Soil Conservation Service to their fiscal year 1976 level after the administration recommended drastic cuts. Needed soil and water conservation cannot be achieved without a national program. I urge my colleagues to vote for final passage of H.R. 14237.

PROPOSED AMENDMENTS TO H.R. 13777—BLM ORGANIC ACT

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, when the Public Land Policy and Management Act—H.R. 13777—is considered by the House, I intend to offer amendments that would make several much needed improvements in the bill. One of these amendments would clarify section 302 relating to the Secretary's authority for law enforcement. It would give the Bureau of Land Management—BLM—authority not only to offer contracts to local law enforcement officials for enforcing Federal laws and regulations relating to the public lands, but also to allow the Secretary to designate trained Federal personnel to carry out law enforcement responsibilities. At present, BLM employees have totally inadequate authority to protect the Federal lands from such things as destruction of archeological sites, harassment of wildlife, and destruction of land by off-road vehicles. Except for the California Desert, the bill now does nothing to improve that situation, and leaves the Secretary without the backup authority he needs.

In addition, I have amendments pertaining to the review of Federal withdrawals. Withdrawals basically provide protection for Federal lands, and reflect carefully arrived at decisions by the land management agency that a particular tract of public land should be exempt from the application of certain public land laws.

Section 204 of the bill would require a review of new withdrawals on tracts as small as 5,000 acres every 5 years, and such withdrawals could be vetoed by a resolution of disapproval of either House. This provision is burdensome, time consuming and counterproductive. My amendments would simply increase the time and acreage involved—from 5 years to 20, from 5,000 acres to 50,000. Withdrawals would still be subject to disapproval of a resolution of either House.

Section 404 of the bill requires the Secretary to review existing withdrawals within 10 years of enactment—except for certain lands such as national parks—either House of Congress could then veto any of these withdrawals. The intent of this provision was to exert congressional authority over the public lands. But the language is very confusing and has been subject to varying interpretations. It is unclear, for example, whether the review would pertain to public lands in Alaska which are already being reviewed pursuant to the Alaska Native Claims Settlement Act. References to the section dealing with new withdrawls leave unclear whether these areas must be subject to additional review and possible veto every 5 years.

My amendment to section 404 would clarify the language of the section to nail down exactly what will be required and to return to what I understand was the original intent of the provision. As in the present bill, the Secretary would still review, within 10 years, existing withdrawals; the Secretary would report his recommendations to the President, including recommendations for terminating wtihdrawals; and either House could veto the termination within 90 days. Congress, of course, would still retain its authority to take legislative action on any withdrawal, should we wish to exercise it.

The following are my proposed amendments, listed in order of section number:

(1) In Section 204 (c) (1) on page 26, lines 22 and 24, strike the word "five" and insert in lieu thereof "fifty".

(2) In Section 204(c) (1) on page 27, line 2, strike the word "five" and insert in lieu thereof "twenty".

(3) On pages 56 and 57, strike all of Subsection 302(c) and insert a new Subsection as follows:

"(c)(1) When the Secretary determines that assistance is necessary in enforcing Federal laws and regulations relating to the public lands or their resources he shall offer a contract to appropriate local officials having law enforcement authority within their respective jurisdictions with the view of achieving maximum feasible reliance upon local law enforcement officials in enforcing such laws and regulations. The Secretary shall negotiate on reasonable terms with such officials who have authority to enter into such contracts to enforce such Federal laws and regulations. In the performance of their duties under such contracts, such officials and their agents are authorized to execute and serve any warrant or other process issued by a court or officer of competent jurisdiction; make arrests without warrant or process for a misdemeanor he has reasonable grounds to believe is being committed in his presence or view, or for a felony if he has reasonable grounds to believe that the person to be arrested has committed or is committing such felony; search without warrant or process any person, place, or conveyance according to any Federal law or rule of law; and seize without warrant or process any evidentiary item as provided by Federal law. The Secretary shall provide such law enforcement training as he deems necessary in order to carry out the contracted for responsibilities. While exercising the powers and authorities provided by such contract pursuant to this section, such law enforcement officials and their agents shall have all of the immunities of Federal law enforcement officials.

(2) The Secretary may designate Federal personnel to carry out law enforcement responsibilities with respect to the public lands and their resources. Such designated personnel shall receive the training and have the responsibilities and authority provided for in paragraph (1) of this subsection."

(4) On pages 78–80, strike all of Section 404 and insert a new Section as follows:

"Sec. 404. (a) The Secretary shall, within ten years of the date of enactment of this Act, review withdrawals existing on the date of approval of this Act, in the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming of: (1) all Federal lands other than withdrawals of the public lands administered by the Bureau of Land Management and of lands which, on the date of approval of this Act, were part of Indian reservations and other Indian holdings, the National Forest System, the National Park System, the National Wildlife Refuge System, the National Wild and Scenic Rivers System, and the National Trails System; and (2) all public lands administered by the Bureau of Land Management and of lands in the National Forest System (except those in wilderness areas, and those areas formally identified as primitive natural areas) which closed the lands to appropriation under the Mining Law of 1872 or to leasing under the Mineral Leasing Act of 1920.

(b) In the review required by subsection (a) of this section, the Secretary shall determine whether, and for how long, the continuation of the existing withdrawal of the lands would be, in his judgment, consistent with the statutory objectives of the programs for which the lands were dedicated and of other relevant programs. The Secretary shall report his recommendations to the President, together with statements of concurrence or nonconcurrence submitted by the heads of the departments or agencies which administer the lands. The President shall transmit this report to the President of the Senate and the Speaker of the House of Representatives, together with his recommendations for action by the Secretary, or for legislation. The Secretary may act to terminate withdrawals in accordance with the recommendations of the President unless before the end of ninety days (not counting days on which the Senate and the House of Representatives has adjourned for more than three consecutive days) beginning on the day the report of the President has been submitted to the Senate and the House of Representatives either House had adopted a resolution indicating otherwise."

AN ALTERNATIVE LOOK AT U.S. DEFENSE POLICY

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, I am offering for the Record the remarks of Mr. Paul C. Warnke, former Assistant Secretary of Defense, on the subject of "an alternative look at U.S. defense policy." Mr. Warnke made these remarks to Members of Congress and their staffs on February 24, 1976 in one of a series of such meetings on "new directions in foreign policy, defense policy, and arms control policy" sponsored by the MCPL education fund this winter and spring.

Mr. Warnke is one of the most knowledgeable defense experts in the country and in addition to his experience in the Johnson administration as the Assistant Secretary of Defense for International Security Affairs, he has been recognized for his grasp of foreign policy and arms control matters as well as defense issues.

Mr. Warnke's remarks follow:

"To remain strong, to remain free" continues as always to be the necessary fundamental objective of our defense policy. In order to optimize the effectiveness of our force posture, some attempts have been made to correlate our defense policy planning with our foreign policy planning. Although this in itself is a desirable objective there are pitfalls which must be avoided. Underlying the recent DoD posture statement is the implication that most foreign policy objectives must be achieved by the use or possession of military power. This type of equation would measure our nation's strength primarily in terms of military strength and would serve to stimulate the accumulation of even greater American firepower. This increased military might, in turn, would be matched by our potential adversary with increased risk of a resort to violence to settle differences. Foreign policy problems rarely yield to a military solution.

Before advancing my own views on an alternative defense posture, I wish to note some basic observations on the defense budget in general. Most debate on the defense budget characteristically concerns itself with a cost review, rather than a content review. The prevailing sentiment is that so long as you spend a large enough dollar amount no matter what its specific purpose, you encourage your friends and intimidate your enemies. When cuts are finally made, Congress typically satisfies itself by trimming annual dollar costs, often simply by spreading a defense project out over a longer period of time. In addition, cuts may be made in the operational and maintenance areas. This does little except defer and degrade the maintenance of equipment, and leave us in a situation in which all elements of our force are not operating at optimal level at the same time.

A careful examination must also be given to the basics around which a defense policy is constructed. Two fundamental questions must be answered:

What are the relevant missions?

What are the most cost effective ways of performing those missions?

As it stands at present, we justify our defense spending largely on the basis of what the Soviets are doing. We have carefully observed various Soviet military improvements:

1. They have increased their strategic forces.

2. They have increased their sea capacity, and have now an all-oceans navy.

3. They have increased their manpower forces on both their Eastern and Western fronts.

Of course we should not disregard these trends, but it may be useful to speculate on why they may have taken place. The possibility exists that the Soviets are trying to emulate the U.S. Others, however, point to the present frontier threats that the Soviets face, as explanation for this buildup. The Chinese threat, coupled with the fear that while they are engaged in fighting on the Eastern front the West will cause trouble from the other direction, could cause the Soviets concern. Again, there are others who fear the Soviet buildup is simply a malicious attempt to exploit any U.S. weakness in strategy or capability.

Undeniably, we cannot allow the U.S.S.R. to build up to a point where it would be the only military superpower. But we should keep in mind that their needs are very different from ours. They do have real enemies, and may well worry about both China and their restless satellites in Eastern Europe. We, however, face only one threat—the use of Soviet military power against us or those whose autonomy is integral to our security.

In order to optimize our forces, we should decide the "least unlikely" threats we may face, and be prepared to deal with them. At present, the least unlikely military contingency that may arise would be a limited offensive on the part of the U.S.S.R., at a time of tension, in an effort to achieve a limited objective.

An all-out attack on NATO forces isn't really likely, since this would be apt to be regarded as the "functional equivalent" of nuclear war. It is deterred by Russian realization that if we began to lose a conventional war in Europe undoubtedly tactical nuclear weapons would be introduced. In Western Europe, however, we may not be well enough equipped to deal with a quick attack arising from Soviet ambitions: for example, to capitalize on a succession struggle in Yugoslavia, to alter what they might regard as disturbing trends in Germany, to add Austria to its sphere of control. As for Asia, this area does not pose any urgent military threats. China has neither the incentive nor the strong amphibious capacity to threaten Japan. Our Seventh Fleet provides assurance of our continued interest.

In deciding and discussing our defense posture, care should be taken that our actions and statements do not lend themselves to erroneous interpretations by our allies. Although we are able to recognize the political rhetoric of statements by American politicians, denouncing the "bankruptcy of flabby foreign policy" and the like, we increasingly find these statements repeated in the press of our European allies, who take it at face value.

The U.S., the most formidable military force in the world, should not, by poormouthing our will and our capability, give our allies the impression that we would not fight even if a real need arose because, we would inevitably feel doomed to lose. We are failing to articulate our areas of obvious military strength. For example, the Soviet navy does not dominate the seas. In fact, the U.S. navy is far superior in sea control. We have fewer submarines, but faster, quieter and all nuclear-propelled. The U.S. has unmatched military power. The misleading statements of the doom sayers, and the political rhetoric of some policy makers themselves, must not be allowed to work against the U.S. and the relations with its allies.

In fact, significant eliminations could be made in the defense budget. This could include an elimination of the redundancies in our tactical air forces, the elimination of funds for additional supercarriers, and a cutback in forces designed for an Asian land war. A part of the savings realized could be used to optimize our forces' readiness to meet more realistic demands. In addition, all defense decisions should take into account the hope of achieving some effective arms control agreements. It does not seem that, at present, we are serious enough in our pursuit of SALT, especially when our budget for next year calls for a $2 billion increase in the amount devoted to strategic weapons.

This increase in the budget results in part from large sums of money being poured into systems, such as the B–1, which are not necessary. Billions could be saved by replacing the proposed B–1 with a "stand-off" bomber as suggested in the Brookings report "Modernizing the Strategic Bombing Force, Why And How." The use of the stand-off bomber would not only be cheaper, but would also afford better penetration and less vulnerability. The fact that the stand-off bomber would be equipped with long range Air-Launched Cruise Missiles (ALCMs) would present some complication for SALT in determining the exact range that the missile should be allowed, but this complication can be met.

In addition to requesting funds for the B–1 system, the Defense Department desires extensive programs for both Air-Launched Cruise Missiles and Sea-Launched Cruise Missiles (SLCM). The push for the SLCM is perhaps the most surprising. If deployed, the resulting verification problems would make a SALT agreement much more difficult.

Other proposed strategic force increases include improvements of our intercontinental ballistic missile system. Not only are our missiles being MARVed, but there is also the proposed introduction of the M–X system. This system, very expensive to deploy, would provide a multiple aim point mode, and could help insure the survivability of U.S. ICBMs. But better insurance would come from an effective SALT agreement and mobile ICBMs would make any SALT Treaty very difficult to verify.

Plans for the SLCM, MARV, M–X and additional mobile missiles continue while SALT talks are going on. The aim of SALT is to bring everything out in the open, in order to insure that neither side can deceive the other and achieve a first strike capability. Ironically, the aim of these missile systems would be to disguise weapons. In so doing, this would run counter to the aims of SALT.

The Defense Department has provided its justification for its demands for increases and improvements in our strategic weapons systems. It asserts, as has traditionally been the expressed sentiment, that new strong weapons programs will increase our bargaining power. The Soviets, on the other hand, would undoubtedly view our development of SLCMs plus B–1 bombers plus improvements in our ballistic system as an attempt at a first-strike capacity and would take offsetting actions.

Thus if events are allowed to proceed as they are presently, matching improvements and escalating parity of U.S.-Soviet forces will continue into the future. Ten or fifteen years from now we will have spent $100–$200 billion more on strategic weapons. And hopefully, "with a little luck we won't be any worse off than today".

Selected Questions and Answers

(Most have been somewhat paraphrased.)

Question: In the case of a massive Soviet offensive against Western Europe, would we resort to a nuclear response if it became apparent that our conventional forces would be defeated?

Answer: That is our present military policy. When looking at this defense decision, two questions must be dealt with:

1. What deters?
2. What happens if deterrence fails?

In answer to the first, we do have a stable deterrent. Roughly 300,000 U.S. troops are stationed in Europe. If the Soviet Union launched an attack, our forces' security would be endangered. The 7,000 (plus) tactical nuclear weapons in Europe could then be invoked if this trip wire were to be activated. This serves as a further deterrent. What if the deterrence should fail? That's what terrifies Europe. A protracted conventional war may be preferable from the American point of view, but as far as the Europeans are concerned, it would be cataclysmic.

Question: Would it?

Answer: Yes, I suspect it would be. There may be a significant difference in effects as between a massive conventional attack and a limited tactical nuclear war. But in either event all of the European battlefield zone is likely to be destroyed.

Question: Would the need for more conventional forces undermine a nuclear deterrent?

Answer: In the case of an all-out conventional war, *the risk to the Soviets is that they may begin to win.* At that point it would go nuclear. Larger and stronger NATO conventional forces would raise the nuclear threshold or at least make possible a longer "pause" before nukes were needed.

Question: Do we have the capacity to successfully fight a conventional war in Europe, with the present NATO force? Are the European states in NATO capable of defending themselves conventionally?

Answer: We must continue to figure that the Europeans will do the minimum necessar to keep us engaged. Implicit in this is the fear that the Soviets are far superior. It is likely, however, that the conventional balance is closer to NATO's favor than most realize. We don't know that the Warsaw Pact would not split. We do not know that the Chinese won't attack in the East. We don't know the exact Soviet division size. NATO's strength depends on many things that we can't add into our defense budget.

Question: Is a tactical nuclear deterrent credible in stopping the Russians, knowing they would respond? Couldn't we remove tactical nuclear weapons?

Answer: We must distinguish between deterrence, and what we would do if deterrence failed. Their (tactical nuclear weapons) role in deterrence is marginal. Yet, if intelligence information showed the Soviets were massing their forces, we could immediately inflict massive destruction. In order to insure this deterrent capacity, it is not a good idea to take all tactical nuclear forces out of Europe—those which are highly vulnerable, such as atomic demolition mines or those on quick reaction alert aircraft (QRA) should be removed.

Question: What are the chances of a future Soviet invasion in the Middle East?

Answer: In the case of an overwhelming Arab attack on Israel, our NATO forces are close by to put that down. It is unlikely that the Soviets would intervene if Israel was attacked. They have no stake in Israel's survival but also not stake in its destruction. They would recognize that our interest is much more than theirs and that we would not tolerate their intervention against Israel.

Question: What about Korea?

Answer: Our vital interest in East Asia is to insure an autonomous Japan. We have the 7th fleet working for us, and also the Chinese-Soviet spilt. The Soviets, if they were tempted to attack, would fear a collective response from the Chinese and the U.S., and vice versa for the Chinese. Soviet attempts at subversion wouldn't be a smart move in Japan, since if it went Communist, the Chinese would be its natural allies. As for South Korea, militarily its demise would not be important to U.S.-Japanese defense. Psychological perceptions, however, on the part of the Japanese, are most important. It is for this reason that it is in the best interest of U.S.-Japanese relations to have U.S. forces in Korea.

Park himself, however, has stated that by 1980 there would no longer be the need for U.S. forces in South Korea. We ought to take him at his word, and begin to phase out troops. We now have 40,000 including 31,000 army, in very exposed positions. If either the North or the South attacked, we could be unwillingly drawn into battle. We have equipped the South Koreans with F–5Es and F–4 Phantom aircraft. They have 40% more men in arms than the North. They are today the 5th largest army in the world. Thus we can begin to get our troops out.

Question: For the first time since the Cuban Missile Crisis, I find myself more scared about what the Russians are doing—in Angola—and also they're outspending us in many categories. This can't simply be defensive. They can't be that scared of China. Are they on the offensive?

Answer: We have recognized that the Soviet Union is doing more. However, it is necessary, more than in the past, for Congress to focus more on defense content than defense cost.

Don't underestimate the threat the Russians feel from the Chinese. The Soviet Union recognizes that China harbors a deep animosity. They used China badly, then left it in the 1960's to survive on its own devices. We (U.S.) don't have the same reasons for fear that they do in the Soviet Union. They also fear the West is waiting for them to get involved with China—then attack on the other front. They could lose their buffer on the West too.

Angola? It can't totally be explained. Traditionally, the Soviets have allied themselves with the liberation movements. We have traditionally sided with the status-quo. Therefore Africans can see Soviet-Cuban intervention as liberation. It is a sorry state in which we see ourselves—aligned with South Africa against the OAU supported government, recognized by Nigeria, the largest African state.

Question: What is your position on cruise missiles?

Answer: In favor of ALCM, as susceptible to control. We should not develop the SLCM, since it can be put in any type of deck launcher. If we can agree with the Soviet Union to ban testing of SLCMs that would be enough to stop its use, since the military wouldn't want to use something that has never been tested. ALCMs should have a 1,500 mile range limit.

Question: How can we bring about changes in the DoO budget, despite institutional pressures? Each successive Secretary of Defense must show that he is tough. Assuming we have a new administration in '77, how can we get around the institutional pressure to be tough?

Answer: We must have a President and Secretary of Defense who are serious about arms control. The process begins with the President. A $3.7 billion increase was proposed by the President over the DoD proposed request. As for the DoD, there is too much emphasis on the difficulties of controlling the military. The military does what the civilian side wants it to. It's surprising that Schlesinger allowed redundant and marginal programs to go through. No one can yet fault the new Secretary of Defense, Rumsfeld. The programs were already destined to be presented. They were not his creation.

Question: Suppose those of us in favor of arms control tried to limit spending to research and development?

Answer: That does not make sense. After awhile wou've spent so much you have to go with it. If you continue the B-1 in R&D pretty soon you would end up with what would be an obsolete system.

Question: How do you see Congress' role in maintaining an adequate defense force, in view of poor testing and maintenance?

Answer: We must start with the proposition that Congress can't run the Pentagon. It can free up funds from programs that aren't needed, and point them toward O&M. There aren't funds for everything on the drawing board.

Question: What can Congress do in the face of growing manpower costs?

Answer: Congress can in fact do something about that. DoD has proposed to Congress $2.8 billion in savings through cuts in personnel costs. The challenge is given to Congress. Will Congress take on the wrath of the retired and soon to be retired? As it is now "We are spending too much for people to do nothing". Having been in the military entitles one to live as well as any one else on retirement, but not better than everyone else. Closing unnecessary bases is also something that Congress can move on.

Question: Assume we got a President interested in significant arms reduction, do you think we could sign an arms reduction treaty?

Answer: That's a totally speculative answer. We have never seriously attempted arms reduction. I am an optimist that, if we genuinely tried, we could succeed. The only serious attempt made in this direction was made by President Kennedy at the time of the Test Ban Treaty. It was only accomplished when the bold unilateral initiative was taken by the U.S. To take the initiative today, we must change our rhetoric, and initiate a freeze on nuclear weapons. Once we have made the effort, we can call for "reciprocal restraint" on the part of the Soviets.

THE 35TH ANNIVERSARY OF MASS ARRESTS AND DEPORTATION OF BALTIC PEOPLES TO SIBERIA

(Mr. GUDE asked and was given permission to extend his remarks at this point in the Record.)

Mr. GUDE. Mr. Speaker, I join with the free world in its commemoration of the 35th anniversary of the mass arrests and deportation of thousands of Baltic peoples to Siberia. During these first arrests, which took place on June 14–15, 1941, 100,000 Lithuanians, Latvians, and Estonians were deported to various places in Asian Siberia.

The Soviet Government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939; 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Infants, children, adolescents, adults, the elderly were all deported without discrimination; 6,378 of those deported were elementary and secondary school students, ranging in age from 6 years old to 17 years old.

As one Latvian mother tells her tragic experience:

> My son didn't get to college because he and 13 other high school students were arrested October 25, 1940. That night at 2:00 A.M. . . . they (police) made a search of his room, but although they found nothing, they said they were taking him for questioning. I later found out that there was no hearing or trial and that the boys were imprisoned until June 1941, when all the arrested were deported to Siberia. Since then, I have not heard from my son.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor, and many of them perished in the mines and forests, or they were annihilated by the cold, starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily retold their stories of inhumane treatment. Alexandr Solzhenitsyn witnessed the torture of Baltic deportees and in his "Gulag Archipelago" he describes the inhumane conditions under which they were forced to live.

There are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves. About 350,000 people from Lithuania were either deported or killed, the total exceeding 10 percent of the population; similar situations exist in Latvia and Estonia.

LITHUANIAN DAY, JUNE 15

(Mr. FITHIAN asked and was given permission to extend his remarks at this point in the Record.)

Mr. FITHIAN. Mr. Speaker, I rise in tribute to the great nation and people of Lithuania, now suffering under Soviet occupation. For 36 years Lithuania has been brutally occupied and subjugated by its perfidious former ally, the Soviet Union. Yet, despite Russification, collectivization, antireligious propaganda, and deportation, Lithuanians remain as committed to independence for their nation as their ancestors were 800 years ago.

Characteristically, the first records we have of Lithuania involve its struggle with Russia in the 12th century. The great 13th century Lithuanian King, Midaugas, realized that Lithuanian independence could only be guaranteed if all Lithuanians united. Under Midaugas this goal was achieved, only to fall apart with his death. Gediminas took over Mindaugas' mantle in the 14th century and guided Lithuanian expansion. By the 14th century Lithuania has extended into what is now the Byelorussian S.S.R. and the Russian S.S.R.

Lithuanian influence was further extended by a union with Poland. This began in 1386 as a personal union resulting from a marriage between Queen Jadwiga of Poland and Jagiello, the grand duke of Lithuania. Two centuries later, by parliamentary action, the personal union was transformed into a legal one which lasted until 1795. This was a fateful decision in two respects. What began as an equal Lithuanian-Polish union devolved into Polish subjugation of Lithuanian independence.

In 1795 Russia partitioned Poland for the third time and absorbed Lithuania. There were many attempts by the Lithuanians to throw off Russian domination but they were unsuccessful. After a third revolt in 1831, the tsarist government began a deliberate policy of Russification. The Lithuanians' continued resistance contributed to the abandonment of this policy in 1905.

Russian domination came to an end in 1915 when Lithuania was overrun by German armies. The cost of the First World War to Lithuania was great, with first the retreating Russians and then the Germans seizing or destroying everything that could be of use. However, the defeat of Germany coupled with the revolution in Russia rendered conditions favorable for Lithuanian independence. In 1917, in response to Lithuanian pressure, the German Government authorized the gathering of a congress of 200 Lithuanian delegates. The congress proposed an independent Lithuania based on ethnographical frontiers, with it capital to be at Vilnius and elected a twenty-member council. On February 16, 1918, the council proclaimed an independent Lithuanian state based on democratic principles.

Independence was not yet a reality, however, as soon as German troops evacuated Vilnius on January 15, 1919, the Red army entered the city and installed a Communist government. The next year the Red army was driven out by the Polish army led by Marshal Joseph Pilsudski and Lithuanian fighting units. Russia signed a peace treaty with Lithuanian on July 12, 1920, recognizing it as an independent nation and pledging itself to renounce forever all rights of sovereignty.

The League of Nations at first denied admission to Lithuania and the other Baltic States on the grounds that they were not stable enough. They were admitted to league membership on September 22, 1921.

Under a provisional constitution, Antanas Smetona was elected the first president of Lithuania. A permanent constitution was adopted on August 1, 1922. This constitution accorded freedom of speech, assembly, religion, and communication. The power of legislation was vested in the Seimas—parliament—and the executive authority in the President and Cabinet of Ministers.

In 1938 a new constitution was brought into being by a parliament which had been elected 2 years earlier. The new constitution provided stronger powers for the President, but in general reaffirmed the major provisions of the original constitution.

During the period of independence, great emphasis was placed on improving agriculture, the primary occupation of the Lithuanians. A land reform program was instituted with the result that Lithuanian became a nation of small farmers. Prior to World War I approximately 450 families had owned 22 percent of all the land with a minimum ownership estimated at 2,000 acres. By 1939 there were 335,720 farming units, raising a variety of grains, potatoes, sugar beets, livestock, and poultry. In addition, industralization progressed. In 1913 Lithuania had only 151 industrial establishments with 6,603 employees, while in 1939 there were 16,131 enterprises employing 33,000 workers.

Lithuania also made progress in social legislation, with a labor control law, the introduction of the 8-hour day, and various other social measures. Whereas there were only 1,173 grammar schools in 1930, in 1939 there were 2,328. The number of secondary schools increased from 40 in 1920 to 123 in 1927, but declined to 89 in 1937. In 1938 the University of Vytautas the Great had a student body of 3,041.

In addition, Lithuanian literature flourished. Writers found inspiration in the national folklore of Lithuania, and achievements were made in opera and music.

Lithuania was one of the first countries to experience the aggression of both Hitler and the Soviet Union. When the outbreak of the Second World War seemed imminent, Lithuania attempted to maintain a policy of absolute neutrality, but was gradually engulfed nevertheless.

Next, a mutual assistance treaty was forced upon Lithuania by the Soviet Union on October 10, 1939. Lithuania was required to grant air bases to the Soviet Union and to admit Soviet garrisons in spite of a Soviet-Lithuanian treaty of nonaggression which had been signed in Moscow on September 28, 1926. On June 15, 1940, the Soviets demanded immediate formation of a friendly government and occupied the country. In July 1940 a rigged election produced a congress which requested the incorporation of Lithuania into the Soviet Union. On August 3, 1940, at this request, Lithuania was declared a constituent republic of the U.S.S.R. by the supreme Soviet in Moscow.

In a second phase, repeating the history of the First World War, German occupation replaced the Soviet. Only a few days after the German attack on the Soviet Union on June 22, 1941, Nazi forces overran Lithuania. During their occupation the Germans inaugurated a colonization policy and several thousand German families were settled in Lithuania. Moreover, almost all Lithuanian Jews were executed by the Nazis.

When the tide of the war turned against Germany, Lithuania returned not to independence but to Soviet domination. Vilnius, which the Soviets recognized as part of Lithuania instead of Poland, was retaken by the Soviet army on July 13, 1944. Soon all of Lithuania was occupied.

News from Soviet-controlled Lithuania is sparse and controlled. Because of Soviet policies, there has been a considerable change in the composition of the population of Lithuania. When the Soviets retook the country in 1944, some 80,000 Lithuanians fled to Western Germany. Another 60,000 were found in Eastern Germany and deported to Siberia. During 1945 and 1946 an additional 145,000 Lithuanians were deported. Still another massive deportation occurred when some 60,000 Lithuanians were deported in March 1949 in answer to passive resistance of the farming population to the collectivization of agriculture.

It is reported that since Stalin's death the attempt to disperse the Baltic peoples has been changed, and that about a third of those deported have been permitted to return home. Most of the others, it is believed, perished in the meantime.

In addition to the loss of Lithuanians, large numbers of Russians have moved in. Visitors to Vilnius this year report hearing far more Russian and Lithuanian spoken than Polish, which predominated in that city before the war.

The United States recognized the independent Lithuanian Government on July 27, 1922, and it has never recognized that nation's incorporation into the Soviet Union. It continues to maintain diplomatic relations with the representative of the former independent government, which has a legation in Washington.

In this year of celebration of American independence, let us not forget those in Lithuania and America who commit themselves to similar goals of freedom and human dignity. May their love of freedom find success. Thank you, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Corman (at the request of Mr. O'Neill), until noon today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Pritchard), to revise and extend their remarks, and to include extraneous matter:)

Mr. Kemp, for 15 minutes, today.
Mr. Railsback, for 5 minutes, today.

(The following Members at the request of Mr. Fary) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Mr. Lundine, for 5 minutes, today.
Mr. Flood, for 5 minutes, today.
Mr. Moorhead of Pennsylvania, for 5 minutes, today.
Mr. Sikes, for 30 minutes, today.
Mr. Cotter, for 5 minutes, today.
Mr. Koch, for 10 minutes, today.
Mr. Drinan, for 15 minutes, today.
Mr. Dodd, for 5 minutes, today.
Mr. Murphy of Illinois, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Seiberling, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $643.50.

Mr. Bauman, and to include extraneous matter, during the remarks on the agriculture appropriations bill today.

Mr. Long of Maryland, to insert his remarks on the amendment on solar energy.

Mr. Matsunaga, to revise and extend his remarks prior to the adoption of the Conte amendment.

(The following Members (at the request of Mr. Pritchard) and to include extraneous matter:)

Mr. Sarasin.
Mr. Broomfield.
Mr. Cederberg.
Mr. Harsha.
Mr. Snyder in three instances.
Mr. Anderson of Illinois in two instances.
Mr. Archer in two instances.
Mr. Lujan.
Mr. Esch in two instances.
Mr. McCollister.
Mr. Goldwater.
Mr. Wiggins.
Mr. Kasten.
Mr. Gradison.
Mr. Emery.
Mr. Findley in two instances.
Mrs. Fenwick.
Mr. Horton in two instances.
Mr. Symms.
Mr. Sebelius.
Mr. Gilman.
Mr. Del Clawson.
Mr. Ruppe.
Mr. Brown of Ohio.

(The following Members (at the request of Mr. Fary), and to include extraneous matter:)

Mr. Gonzalez in three instances.
Mr. Anderson of California in three instances.
Mr. Rodino.
Mr. Dodd.
Mr. Fisher in 10 instances.
Mr. Russo in five instances.
Mr. Brown of California in 10 instances.
Mr. Ford of Michigan.
Mr. Jacobs in two instances.
Mr. Fary.
Mr. Natcher.
Mr. Blanchard in two instances.
Mr. Hicks.
Mr. Scheuer.
Mr. Edgar.
Mr. Carney.
Mr. Badillo.
Mrs. Schroeder in two instances.
Mr. Wolff in four instances.
Mr. Eilberg in 10 instances.
Mr. Roe in two instances.
Mr. Fountain.
Mr. Hawkins in four instances.
Mr. Harkin.
Mr. Vigorito.
Mr. Mottl.
Mr. Teague.
Mr. Rees in three instances.
Mr. Downey of New York.
Mr. Johnson of California.
Mr. Green.
Mr. Henderson.
Mr. Ottinger in two instances.
Mr. Stokes in two instances.
Mr. Sarbanes in 10 instances.
Mr. Nowak.
Mr. Rosenthal.
Mr. Brooks.
Mr. Udall in 10 instances.
Mrs. Lloyd of Tennessee.
Mr. Risenhoover.
Mr. Addabbo.
Mr. McDonald.
Mr. Leggett.
Mr. Mezvinsky.
Mr. Breckinridge.
Mrs. Collins of Illinois.

SENATE BILL REFERRED

A Bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 999. An act to designate the Federal office building located in Dover, Delaware, as the "J. Allen Frear Building", to the Committee on Public Works and Transportation.

ADJOURNMENT

Mr. FARY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 1 minute p.m.), under its previous order, the House adjourned until tomorrow, Wednesday, June 16, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3487. A letter from the Chairman, Board of Trustees, Public Defender Service for the District of Columbia, transmitting the Board's annual report for fiscal year 1975; to the Committee on the District of Columbia.

3488. A letter from the Assistant Secretary of the Interior, transmitting the annual report of the Interim Compliance Panel for calendar year 1975 and the first quarter of calendar year 1976, pursuant to section 5(f)(2) of the Federal Coal Mine Health and Safety Act of 1969 (Public Law 91–173); to the Committee on Education and Labor.

3489. A letter from the Deputy Administrator of General Services, transmitting a draft of proposed legislation to amend the Federal Property and Administrative Services Act of 1949, as amended, to permit long term utility contracts, and for other purposes; to the Committee on Government Operations.

3490. A letter from the Associate Administrator for Administration, Federal Aviation Administration, Department of Transportation, transmitting notice of various records systems for the agency, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

3491. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on excess defense articles delivered to foreign governments in the third quarter of fiscal year 1976, pursuant to section 8(d) of the Foreign Military Sales Act Amendments of 1971, as amended; to the Committee on International Relations.

3492. A letter from the Under Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to enable the Secretary of Health, Education, and Welfare to alter the services provided at, transfer control of, or close hospitals of the Public Health Service identified in section 818 of Public Law 93–155; to the Committee on Interstate and Foreign Commerce.

3493. A letter from the Acting Administrator, Federal Energy Administration, transmitting an amendment to the mandatory petroleum allocation and price regulations (Energy Action No. 3) revoking part 215 and exempting No. 2 heating oil and No. 2–D diesel fuel, pursuant to section 455 of the Energy Policy and Conservation Act (H. Doc. No. 94–529); to the Committee on Interstate and Foreign Commerce.

3494. A letter from the Acting Administrator, Federal Energy Administration, transmitting an amendment to the mandatory petroleum allocation and price regulations (Energy Action No. 4) revoking part 215 and exempting No. 1 heating oil, No. 1–D diesel fuel, and kerosene, pursuant to section 455 of the Energy Policy and Conservation Act (H. Doc. No. 94–530); to the Committee on Interstate and Foreign Commerce.

3495. A letter from the Deputy Administrator of General Services, transmitting a report on the manner in which materials allocation authority under Public Law 94–163 will be administered, pursuant to section 101(c)(2) of the Defense Production Act of 1950, as amended (89 Stat. 879); jointly, to the Committees on Interstate and Foreign Commerce, and Banking, Currency and Housing.

3496. A letter from the Executive Director, Military Chaplains Association of the U.S.A., transmitting the audit reports of the association for calendar years 1973 and 1974, pursuant to section 3 of Public Law 88–504; to the Committee on the Judiciary.

RECEIVED FROM THE COMPTROLLER GENERAL

3497. A letter from the Comptroller General of the United States, transmitting a report on inequalities in the preventive health services offered to Federal employees; jointly, to the Committees on Government Operations, and Post Office and Civil Service.

3498. A letter from the Comptroller General of the United States, transmitting a report on opportunities for more effective use of animal manure; jointly to the Committees on Government Operations, Agriculture, and Science and Technology.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FOLEY: Committee on Agriculture, reports on Allocation of budget totals for fiscal year 1977 (Rept. No. 94–1265). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CORMAN (for himself, Mr. Carr, Mr. Grassley, Mr. Howe, Mr. Riegle, Mr. Roncalio, and Mr. Symms):

H.R. 14369. A bill to amend title XVIII of the Social Security Act to authorize payment under the medicare program for certain services performed by chiropractors; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Mr. Baucus, Mr. Bowen, Mr. Dodd, Mr. Hungate, Mr. Ichord, Mr. Mezvinsky, Mr. Oberstar, Mr. Patterson of California, and Mr. Pressler):

H.R. 14370. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Mr. Bingham, Mr. McHugh, and Mrs. Spellman):

H.R. 14371. A bill to amend the Internal Revenue Code of 1954 to deny certain benefits to taxpayers who participate in or cooperate with the boycott of Israel; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Mr. Bafalis, and Mrs. Lloyd of Tennessee):

H.R. 14372. A bill to amend title XVIII of the Social Security Act to provide coverage for services which may be performed by a dentist on the same basis as presently allowed for physicians under the medicare program, and to authorize payment under such program for all inpatient hospital services furnished in connection with dental procedures requiring hospitalization; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, Mr. Bonker, and Mr. Vigorito):

H.R. 14373. A bill to create a national system of health security; to the Committee on Ways and Means.

By Mr. HARRIS (for himself, Mr. Mottl, Mr. Brodhead, Mr. Eilberg, Mr. LaFalce, Mr. Riegle, Mr. Allen, Mr. Downey of New York, Mr. Gilman, Mr. Traxler, and Mr. Rangel):

H.R. 14374. A bill to amend the Internal Revenue Code of 1954 to allow a deduction to individuals who rent their principal residences for a portion of the real property taxes paid or accrued by their landlords; to the Committee on Ways and Means.

By Mr. KOCH (for himself, Mr. Scheuer, Mr. Annunzio, Mr. Burke of Massachusetts, Mr. Coughlin, Mr. D'Amours, Mr. Delaney, Mr. Fascell, Mr. Horton, Mr. Mitchell of Maryland, Mr. Moorhead of Pennsylvania, Mr. Patterson of California, Mr. Peyser, and Mr. Traxler):

H.R. 14375. A bill to amend the Export Administration Act of 1969 to strengthen the antiboycott provisions of such act, to amend the Securities Exchange Act of 1934 to enhance investor disclosure provisions of that act, and for other purposes; jointly, to the Committees on International Relations, and Interstate and Foreign Commerce.

By Mr. LUJAN:

H.R. 14376. A bill to amend section 218 of the Social Security Act to make it clear that sick pay under an approved wage continuation plan is to be excluded from the wages of State and local employees covered by an agreement thereunder; to the Committee on Ways and Means.

By Mr. MOAKLEY (for himself and Patterson of California):

H.R. 14377. A bill to establish within the Energy Research and Development Administration a program of Federal grants to assist States in carrying out solar energy community utility programs; to the Committee on Banking, Currency and Housing.

By Mr. MOAKLEY (for himself, Mr. Anderson of California, Mr. Dominick V. Daniels, Mr. Harkin, Mr. Jeffords, Mr. LaFalce, Mr. McCloskey, Mr. McDade, Mr. Rose, and Mr. Mann):

H.R. 14378. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit and to allow a deduction with respect to expendtiures for residential solar energy equipment; to the Committee on Ways and means.

By Mr. MURPHY of New York:

H.R. 14379. A bill to amend the Tariff Schedules of the United States to repeal the special tariff treatment accorded to articles assembled abroad with components produced in the United States; to the Committee on Ways and Means.

By Mr. PATTEN (for himself, Mr. Rodino, Mr. Burke of Massachusetts, Mr. Landrum, Mr. Conable, and Mr. Rangel):

H.R. 14380. A bill to amend section 4942(g)(2) of the Internal Revenue Code of 1954 relating to the definition of qualifying distribution of private jurisdictions; to the Committee on Ways and Means.

By Mrs. SCHROEDER:

H.R. 14381. A bill to amend title 13, United States Code, to provide for the review or termination of Federal authority for the collection of statistical information, to require certain information in committee reports accompanying legislation in which there is provided Federal authority for the collection of information, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. STAGGERS:

H.R. 14382. A bill to amend the Communications Act of 1934 to provide that licenses for the operation of broadcasting stations may be issued and renewed for terms of 4 years, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By CHARLES WILSON of Texas:

H.R. 14383. A bill to make certain changes in the provisions authorizing the reservation of rights by residents of the Big Thicket National Preserve in the State of Texas; to the Committee on Interior and Insular Affairs.

By Mr. BERGLAND (for himself, Mr. Nolan, and Mr. Oberstar):

H.R. 14384. A bill to provide emergency assistance to livestock producers; to the Committee on Agriculture.

By Mr. ECKHARDT:

H.R. 14385. A bill to amend the Mineral Leasing Act of 1920, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. EILBERG:

H.R. 14386. A bill to amend the Immigration and Nationality Act to revise the procedures for the admission of refugees, and for other purposes; to the Committee on the Judiciary.

By Mr. GRASSLEY (for himself, Mr. Abdnor, Mr. Burgener, Mr. Edgar, Mr. Gradison, Mr. Lagomarsino, Mr. Mann, Mr. Mottl, Mr. Pressler, and Mr. Simon):

H.R. 14387. A bill to establish a Citizens Oversight Panel to accept complaints filed against Members, officers, and employees of the House of Representatives, and when appropriate, to direct the Committee on Standards of Official Conduct to conduct a formal investigation of any such complaint, and for other purposes; to the Committee on Rules.

By Mr. KOCH (for himself and Mr. Zeferetti):

H.R. 14388. A bill to amend the Fair Labor Standards Act of 1938 to require that the operation of a schoolbus be treated under that act as oppressive child labor for employees under the age of 18; to the Committee on Education and Labor.

By Mr. LaFALCE:

H.R. 14389. A bill to protect the shoreline of Lake Ontario; to the Committee on Public Works and Transportation.

By Mrs. LLOYD of Tennessee (for herself and Mr. Jones of Tennessee):

H.R. 14390. A bill to eliminate automatic cost-of-living adjustments of salaries of certain Federal executive, legislative, and judicial employees, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. MELCHER (for himself, and Mr. Fithian):

H.R. 14391. A bill to foster and continue the family farm in the United States by providing young farmers with the necessary assistance to purchase family farm units, and for other purposes; to the Committee on Agriculture.

By Mr. OTTINGER (for himself, Mr. Dellums, Mr. Conyers, Mr. Mitchell of Maryland, Mr. Scheuer, Mr. Downey of New York, Mr. Bedell, Mr. Weaver, Mr. McHugh, Mrs. Fenwick, Mr. Stark, Ms. Abzug, Mr. Badillo, Mr. Waxman, Mr. Edwards of California, Mr. Fraser, Mr. Edgar, Mr. Brown of California, Mr. Neal, Mr. Phillip Burton, Mr. Harrington, Mr. Patterson of California, and Mr. Solarz):

H.R. 14392. A bill to grant certain nationals of Chile and the spouses, children, and parents of such nationals status as permanent residents of the United States, to the Committee on the Judiciary.

By Mr. RUPPE (for himself, Mr. Carter, Mr. Fithian, and Mr. Charles Wilson of Texas):

H.R. 14393. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for investments in certain economically lagging regions; to the Committee on Ways and Means.

By Mr. HARKIN:

H.J. Res. 987. Joint resolution proposing an amendment to the Constitution of the United States relating to the compensation of Senators and Representatives; to the Committee on the Judiciary.

By Mr. LEHMAN:

H.J. Res. 988. Joint resolution to establish a National Commission on Social Security; to the Committee on Ways and Means.

By Mr. MATSUNAGA:

H.J. Res. 989. Joint resolution requesting the President to proclaim the second week of May as "Municipal Clerks' Week"; to the Committee on Post Office and Civil Service.

By Mr. RISENHOOVER (for himself, Mr. Hughes, Mr. Rodino, Miss Jordan, Mr. Charles Wilson of Texas, Mr. Bell, Mr. Burgener, Mr. Stark, Mr. Udall, Mr. Conlan, Mr. Steiger of Arizona, Mr. Downey of New York, Mr. Scheuer, Mr. Murphy of New York, Mr. Meeds, Mr. Bonker, Mr. Flood, Mr. Rose, Mr. de Lugo, Mrs. Keys, Mr. Cornell, Mr. Carney, Mr. Matsunaga, Mr. Bedell, and Mr. Duncan of Oregon):

H.J. Res. 990. Joint resolution authorizing the President to proclaim the week of October 10 through 16, 1976, as "Native American Awareness Week"; to the Committee on Post Office and Civil Service.

By Mr. KOCH (for himself and Mr. Fraser):

H. Con. Res. 656. Concurrent resolution expressing the sense of the Congress that the Attorney General, in accordance with existing law and U.S. humanitarian tradition, parole into the United States those South American aliens having fled to Argentina and those Uruguyans within Uruguay who are in danger of losing their lives; to the Committee on the Judiciary.

By Mr. DINGELL (for himself, Mr. Staggers, Mr. Moss, Mr. Eckhardt, Mr. Brodhead, and Mr. Moffett):

H. Res. 1302. Resolution to disapprove the proposed exemption of No. 2 heating oil and No. 2–D Diesel fuel from the mandatory petroleum allocation and price regulations (Energy Action No. 3); to the Committee on Interstate and Foreign Commerce.

H. Res. 1303. Resolution to disapprove the proposed exemption of middle distillates from the mandatory petroleum allocation and price regulations (Energy Action No. 4); to the Committee on Interstate and Foreign Commerce.

By Mr. LENT (for himself, Ms. Abzug, Mr. Archer, Mr. Broomfield, Mr. Dodd, Mr. Eilberg, Mr. Fascell, Mr. Fish, Mr. Gude, Mr. Kemp, Mr. Koch, Mr. Krebs, Mr. Lehman, Mr. Mazzoli, Mr. Ottinger, Mr. Pepper, Mr. Peyser, Mr. Rangel, Mr. James V. Stanton, Mr. Wirth, Mr. Wolff, Mr. Brodhead, and Mr. Long of Maryland):

H. Res. 1304. Resolution condemning the Soviet Union's failure to observe the spirit of existing international conventions to which it is a party, especially the newest restriction respecting the delivery of parcels from the United States; to the Committee on International Relations.

By Mrs. LLOYD of Tennessee:

H. Res. 1305. Resolution expressing the sense of the House that July 3, 1976 be designated "Christian Bicentennial Day"; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

406. The SPEAKER presented a memorial of the Assembly of the State of New York, relative to creation of a House Select Committee on the Fiscal Problems of Cities; to the Committee on Rules.

PETITIONS, ETC.

Under clause 1 of rule XXII,

497. The SPEAKER presented a petition of attorneys for MCI Telecommunications Corp., Washington, D.C., relative to an investigation of allegedly improper political activities of the American Telephone & Telegraph Co., and the Bell System Cos.; to the Committee on Interstate and Foreign Commerce.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 13777

By Mr. GUDE:

Page 51, strike line 20 and all that follows through and including line 23 on page 53.

Page 2, strike item relating to section 213.

H.R. 14231

By Mr. MILLER of Ohio:

On page 47, after line 12, add the following paragraph:

Sec. 305. Of the total budget authority provided in this Act for payments not required by law, 5 per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed 10 per centum.

H.R. 14232

By Mr. MILLER of Ohio:

On page 43, after line 11, add the following paragraph:

Sec. 410. Of the total budget authority provided in this Act for payments not required by law, 5 per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed 10 per centum.

H.R. 14233

By Mr. MILLER of Ohio:

On page 34, after line 21, add the following paragraph:

Sec. 409. Of the total budget authority provided in this Act for payments not required by law, 5 per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed 10 per centum.

H.R. 14234

By Mr. MILLER of Ohio:

On page 31, after line 21, add the following paragraph:

Sec. 320. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed 10 per centum.

H.R. 14235

By Mr. MILLER of Ohio:

On page 9, after line 9, add the following paragraph:

SEC. 111. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

H.R. 14237

By Mr. MILLER of Ohio:

On page 43, after line 23, add the following paragraph:

SEC. 613. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

H.R. 14238

By Mr. MILLER of Ohio:

On page 35, after line 11, add the following paragraph:

SEC. 1105. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

H.R. 14239

By Mr. EMERY:

Page 30, line 13, strike out "$538,200,000" and insert in lieu thereof "$544,200,000".

Page 30, line 25, immediately after "laboratory.", add the following new sentence: "Of the amount herein appropriated, $29,239,000 shall be available for the National Sea Grant program conducted pursuant to the National Sea Grant College and Program Act of 1966.".

By Mr. MILLER of Ohio:

On page 55, after line 2, add the following paragraph:

SEC. 606. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

H.R. 14260

By Mr. MILLER of Ohio:

On page 17, after line 9, add the following paragraph:

SEC. 508. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

H.R. 14262

By Mr. MILLER of Ohio:

On page 49, after line 16, add the following paragraph:

SEC. 749. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided,* That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten percentum.

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of June 14, 1976, page 17902:

HOUSE JOINT RESOLUTIONS

H.J. Res. 961. May 20, 1976. Interior and Insular Affairs. Authorizes the American Legion to place in the District of Columbia on land of the National Park System the bell which is known as the American Legion's Freedom Bell.

H.J. Res. 962. May 20, 1976. Interior and Insular Affairs. Authorizes the American Legion to place in the District of Columbia on land of the National Park System the bell which is known as the American Legion's Freedom Bell.

H.J. Res. 963. May 25, 1976. Armed Services. Disapproves the sale of one auxiliary submarine to Peru.

H.J. Res. 964. May 25, 1976. Armed Services. Disapproves of the sale of specified ships and craft to Venezuela.

H.J. Res. 965. May 25, 1976. Judiciary. Proposes a constitutional amendment to provide for the election of district court judges by the people of the judicial district over which such court exercises its jurisdiction.

H.J. Res. 966. May 25, 1976. Post Office and Civil Service. Designates the second week in August of each year as "Better Water for People Week."

H.J. Res. 967. May 26, 1976. House Administrator. Authorizes the Joint Committee on the Library to accept, on behalf of the Congress, as a gift from the United States Capitol Historical Society, preliminary design sketches intended as a basic design for murals proposed to be painted on the ceiling and walls of the first floor corridors in the House wing of the United States Capitol.

H.J. Res. 968. May 27, 1976. Post Office and Civil Service. Authorizes the President to issue annually a proclamation designating the seven-day period commencing on April 30 of each year as "National Beta Sigma Phi Week."

H.J. Res. 969. June 2, 1976. Post Office and Civil Service. Designates August 26, 1976, as "Women's Equality Day."

H.J. Res. 970. June 2, 1976. Rules. Directs the House Select Committee on Aging and the Senate Special Committee on Aging to jointly sponsor, plan, and conduct a Congressional Conference on Aging in 1977.

HOUSE RESOLUTIONS

H. Res. 1195. May 17, 1976. International Relations. Expresses the support of the House of Representatives for the basic principles and positions which Secretary of State Henry Kissinger expounded in his address at Lusaka, Zambia, on April 27, 1976.

H. Res. 1196. May 17, 1976. Appropriations. Disapproves the proposed deferral of budget authority for the Secretary of the Interior to design a metallurgy research center to be established on the Fort Douglas Military Reservation, Utah (deferral No. D76–110).

H. Res. 1197. May 18, 1976. Post Office and Civil Service. Expresses congratulations and appreciation to Carnegie Hall for its 85 years of artistic achievement and cultural enrichment.

H. Res. 1198. May 18, 1976. International Relations Expresses the sense of the House of Representatives concerning the civil strife in Lebanon.

H. Res. 1199. May 18. 1976. Interstate and Foreign Commerce. Calls for hearings by the committee with appropriate jurisdiction to consider and determine what should be the Nation's future telecommunications.

H. Res. 1200. May 18, 1976. Interstate and Foreign Commerce. Calls for measures by Federal agencies to insure that the quality and quantity of free broadcasting service is not impaired by the development of pay television.

H. Res. 1201. May 18, 1976. Atomic Energy. Urges the President to suspend any transfer of enriched uranium to any nation which has not signed the Non-Proliferation Treaty.

H. Res. 1202. May 18, 1976. Ways and Means. Calls on the House Committee on Ways and Means to undertake an investigation of the importation of nonrubber footwear. Urges the United States International Trade Commission to reach a recommendation regarding the import relief necessary to prevent or remedy the injury caused by such imports to the domestic nonrubber footwear industry.

H. Res. 1203. May 18, 1976. Sets forth the rule for the consideration of H.R. 13589.

H. Res. 1204. May 18, 1976. Sets forth the rule for the consideration of H.R. 13680.

H. Res. 1205. May 19, 1976. Interstate and Foreign Commerce. Expresses the disapproval of the House of Representatives of the proposal by the Federal Energy Administration (Energy Action No. 2) to modify the crude oil entitlement purchase exemption for small refiners.

H. Res. 1206. May 19, 1976. Interstate and Foreign Commerce. Expresses the disapproval of the House of Representatives of the proposal by the Federal Energy Administration (Energy Action No. 2) to modify the crude oil entitlement purchase exemption for small refiners.

H. Res. 1207. May 19, 1976. Sets forth the rule for the consideration of H.R. 11656.

H. Res. 1208. May 20, 1976. International Relations. Expresses the support of the House of Representatives for the basic principles and positions which Secretary of State Henry Kissinger expounded in his address at Lusaka, Zambia, on April 27, 1976.

H. Res. 1209. May 20, 1976. Sets forth the rule for the consideration of H.R. 10138.

SENATE—*Tuesday, June 15, 1976*

The Senate met at 8:30 a.m. and was called to order by Hon. PATRICK J. LEAHY, a Senator from the State of Vermont.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Give us grateful hearts, O Lord, for this new day, for work to do and strength with which to do it.

Give us grateful hearts for the Nation we serve, for the instruments of government which guide us, the rules which regulate our deliberations, and for the deeper unwritten laws of the spirit existing between us.

Give us grateful hearts for those who, in another chamber, at another time, have gone before us with eloquent speech, statesmanlike skills, and patriotic devotion to light up the way for the coming generations, establishing the patterns of work and creating the procedures of this body.

Grant us grace and wisdom to match in our age and in this place the achievements of our legislative forebears.

We pray in Thy holy name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The **PRESIDING OFFICER.** The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., June 15, 1976.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. PATRICK J. LEAHY, a Senator from the State of Vermont, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. **LEAHY** thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. **MANSFIELD.** Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, June 14, 1976, be dispensed with.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The **ACTING PRESIDENT** pro tempore. Does the distinguished minority leader seek recognition?

Mr. **HUGH SCOTT.** Mr. President, I yield back my time.

ROUTINE MORNING BUSINESS

Mr. **MANSFIELD.** Mr. President, I ask unanimous consent that there be a morning hour for the conduct of morning business with a time limitation attached thereto of 5 minutes.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

DEDICATION OF THE OLD SENATE CHAMBER AT 4 P.M. ON WEDNESDAY, JUNE 16, 1976

Mr. **MANSFIELD.** Mr. President, I would like to remind Members that the Old Senate Chamber will be dedicated tomorrow at 4 p.m. during a special but official session in the room that previously housed the Senate from 1810 to 1859.

Restoration of the Old Chamber to its appearance in the 1810–59 period has been a longstanding goal of the Senate and its Commission on Art and Antiquities which, thanks to the cooperation of the House of Representatives and the office of the Architect, has now been achieved. Senate Resolution 446 provides authorization for tomorrow's meeting in the Old Chamber.

For the information of the Senate I ask unanimous consent that the resolution may be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Providing for the meeting of the Senate in the Old Senate Chamber on June 16, 1976

Resolved, That the Senate at 4:00 p.m. on June 16, 1976, shall recess and immediately reassemble in legislative session for ceremonies in the Old Chamber previously used by the Senate from 1810–1859, for the dedication and reopening of this meetingplace to the people of the United States as an historical shrine on the Two-Hundredth Anniversary of the founding of the Nation.

Resolved, That the legislative proceedings of the said session in the Old Chamber, including the seating arrangements and floor and gallery privileges, shall be determined by the Chairman and Vice Chairman of the Commission on Art and Antiquities of the Senate, as an order upon the Senate.

Resolved, That any photography or recording of the proceedings of the legislative session in the Old Chamber shall be done in conformity with procedures established by the Commission on Art and Antiquities of the Senate, notwithstanding any other rule or regulation of the Senate.

Resolved, That the Vice President of the United States and President of the Senate hereby is invited by unanimous order of the Senate to address the Senate assembled for this occasion.

ADDITIONAL STATEMENTS

THEY KNOW NOT WHAT THEY DO

Mr. **GARN.** Mr. President, the Judiciary Committee will be voting on June 15 on the oil divestiture bill, S. 2387. This is a bill whose importance goes beyond the specific issue it is addressed to and touches the nature of our economic system. I believe, Mr. President, that what the Senate does with this bill will give a good indication of whether the U.S. economy will continue to be capitalistic, or whether the decisions about development, production, and allocation of resources will be increasingly socialized.

I know that the word "socialism" is a kind of scare word that has been unfairly used in political debates in the past; but let us be frank, Mr. President, this legislation will land us smack in the middle of the kind of arbitrary, bureaucratic decisionmaking that characterizes all economies which are not organized on market principles. Those economies are Socialist economies. That simply means that decisions are made on social principles and not on economic principles.

Now we can, if we choose, organize ourselves in that way. A number of countries have done so, and some profess not to be too dissatisfied with the results. But I do not believe that we can organize ourselves in that way and retain the degree of freedom we now enjoy.

A good friend of mine, Mr. Max D. Eliason, has recently tried to explain to a group of media people what is at stake in the divestiture bill. Mr. Eliason is the president of Rocky Mountain Oil & Gas Association, but, as he points out, his experiences include farming and small business. That is true of many oilmen, Mr. President, and those who have come up through the ranks, so to speak, realize how important an efficiently operating energy industry is. They know better than to think that Government can provide for the needs of a society as complex as this one.

Even more, Mr. President, these men recognize the true nature of the oil industry. They know just how competitive it is, because they face that competition every day. Out of that competition has come a tough, efficient industry, and one which ought not to be dismantled on a whim, to satisfy the rhetorical needs of demagoguery.

Mr. Eliason's comments are worth reading, Mr. President, and I ask unanimous consent that they be printed in the RECORD so that all Senators can see them before the Judiciary Committee acts.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

EDUCATE CONGRESS ABOUT DIVESTITURE FOR THEY KNOW NOT WHAT THEY DO

Cecil B. de Mille lived a long and full life. As he lay dying, he turned to his wife and said, "I never thought that I would live to see this day".

I never thought that I would live to see the day when the Congress of the United States would give serious consideration to legislation designed to destroy the oil industry. Unfortnately, that day has arrived.

The Senate Judiciary Committee has scheduled a vote on Senate Bill 2387 for June 15, 1976. That Bill would provide for the dismemberment of the eighteen largest oil companies in this Country, requiring the separation of production, transportation, and refining-marketing sectors. This is called forced vertical divestiture.

The Bill also provides that it shall be unlawful for any petroleum transporter, no matter what size, to own an interest in any production, refinery or marketing asset. That provision would directly affect the operations of hundreds of individuals and companies.

Congress, in addition, is considering legislation to prohibit any company from conducting operations in more than one energy field. This is called forced horizontal divestiture.

These proposed actions follow a series of crippling anti-oil industry legislation. Those who support this legislation either misunderstand the facts, or they have lost faith in the American free enterprise system. Whichever is the case, the oil industry must intensify its efforts to convince them of the folly of their ways.

Congress must be stopped now from crucifying the oil industry on the cross of misunderstanding.

As Jesus Christ was being crucified he said, "Father, forgive them, for they know not what they do". Christ, however, knew that he would be resurrected.

We cannot allow the oil industry to be destroyed. Once dead, it cannot be revived. The task of providing energy then will pass into the hands of the Federal government. If this happens, heaven help us. Imagine what it would be like if the same inept type of operations which are used to run the U.S. postal system were used to find, produce, refine, transport and market oil.

My call to you today is to "Educate Congress about divestiture for they know what they do."

The passage of legislation to dismember the major oil companies would mark the first time in our history that governmental decree has dismantled a major industry. Such action would be a tragic milestone in making the United States a socialist country.

If the members of Congress make a serious mistake on such a vital issue, they will deserve and receive the wrath and animosity of all Americans, both now and for generations to come.

Do you think that the majority of the Congress and the American people recognize that divestiture legislation is socialistic? It is a direct attack on the free enterprise system, under which the purchasing public through its choices determines which companies will stay in business. Unnecessary and inefficient companies are eliminated, and the consumer benefits as a result.

History proves that once government starts making these choices instead of the purchasing public, the effectiveness of the system breaks down. The present economic woes of Great Britain provide a classic example of the failures of socialism.

How can Congress wisely make a decision as to which companies are to be broken up? Any choice is strictly arbitrary. For instance, why doesn't the legislation provide for the breakup of 30 companies, or just 10 companies, instead of the 18 which have been singled out?

Congress needs someone with the wisdom of Solomon to advise them. Solomon, when confronted by two women both claiming the same baby, proposed that the child be cut into two pieces, and half given to each woman. The true mother objected strenuously to Solomon's proposal, but the other woman agreed. Solomon would not have allowed his proposal to be carried out, but he soon found out who truly loved the child.

Those who support the proposal to cut the major oil companies into pieces are demonstrating no love for or faith in the free enterprise system.

Those of us who have spent our lives working in the oil industry, both majors and independents, have a deep appreciation for this great industry. The proposed divestiture legislation would result in the destruction of the oil industry as we know it, so we must make an all out effort to stop such action.

The American oil and gas industry is without a peer in the world. The free enterprise system has enabled our industry to develop America's resources, along with those of most of the rest of the world; and it has given us the highest standard of living of any country in the world. Why destroy the system that has worked so well?

Because of high risks and changing economic conditions, some parties are losing money in the oil and gas business. Such has been the case since Drake's first oil discovery in 1859. Business failures characterize all industries under the free enterprise system. But the weeding out process keeps our industries strong, as marginal and submarginal operations are eliminated.

Some parties working in the oil and gas business have claimed that they are being squeezed out by the major oil companies, when in fact they are the victims of changing economic conditions and situations.

Some of these parties have run to the Congress asking to be saved. Their cries remind me of the days when coal-fired steam locomotives were replaced by diesels, and the firemen who shoveled coal insisted that their jobs be preserved on the diesel engines even though they had no useful function to perform.

Such featherbedding tactics certainly must account partially for the serious economic troubles of the United States railroad industry today.

For a number of reasons, the oil industry has not been receiving an openminded reception from many members of Congress.

For example, William Slick, an Exxon Senior Vice President, presented testimony recently to the Senate Judiciary Committee's Anti-Trust Subcommittee concerning the economic consequences of divestiture legislation. He explained that Exxon's studies show that its passage would cause (1) a sharp drop in the $15 billion being spent annually in searching for oil, (2) higher costs to consumers of approximately $14 billion annually, and (3) the loss of 470,000 jobs.

Only one Senator was present to hear his testimony, and that was Birch Bayh, who is the chief sponsor of S. 2387. After Mr. Slick testified, he waited for questions. The first thing which Mr. Bayh wanted to know was "What does Exxon pay Senior Vice Presidents these days?"

That question showed a lack of understanding of the seriousness of the action which Mr. Bayh is asking his colleagues to adopt.

Mr. Bayh then asked Mr. Slick, "Are you a country boy and have you driven a tractor, planted wheat, or built hog houses?" Mr. Slack answered "No", whereupon the Senator recounted his own rural background and railed about the impact of high oil prices on farmers.

I wish that Mr. Bayh had been present when I testified against divestiture before the same Subcommittee. And, I wish that he had asked me if I am a country boy, because I am. I have driven a tractor, planted wheat, built hog houses, and more.

I grew up on a cattle ranch in northern Utah, near Logan. When my father bought that ranch in the early 1940's, we had no tractors. We had only a herd of work horses. I would have explained to Senator Bayh how tedious it is to plow a field with a team of horses, and how tough it is to mow a field of hay with a horse-drawn mower having only a five foot swath.

I would have recalled my family's excitement when we bought our first tractor, powered with gasoline.

Then, I would have praised the Exxons and the Mobils and the Gulfs which made the mechanization of farming possible. I would have told him how thankful I am, as a "farm boy", for an oil industry which has supplied abundant and cheap energy to the American farmers. I would have told the Senator that unless he and others stop their vendetta against the oil industry, the American farmers may be forced to start using work horses again, because of a shortage of energy.

I am shocked and astonished that Senator Bayh, as a "country boy", does not understand the importance to every farmer in this Nation of having a strong oil and gas industry. Energy has made it possible for America to become the bread basket of the world.

I also would have told Mr. Bayh that my father, Merlin Eliason, started in the cattle business in the depths of the depression. He bought a truck and hauled cattle for hire.

Now, after 45 years of hard work, my Dad, and my brothers, Larry and Dan, have built an integrated business. They have a ranch, a packing plant, a wholesale meat business, and a fleet of semi-trailer cattle trucks. They breed and raise cattle, slaughter them and sell them at wholesale to supermarkets. They custom slaughter animals for local farmers. They buy and sell livestock. They transport cattle for themselves and others throughout the western United States under the motto, "You call, we haul".

At times it is difficult for them to buy livestock, so they take animals from their own feed lots to supply their wholesale customers. When they need to transport cattle quickly to a distant market, they have their own trucks available.

This experience of my family has given me a great appreciation for the opportunities made available by the free enterprise system. It also has proven to me the benefits of integrated operations.

As with the cattle business, so with the oil business. Integrated operations are a great benefit to the smooth functioning of our economy. It is often natural and useful for a company or person to operate in more than one phase of an industry. No lofty intellectual reports based upon theoretical assumptions or misinterpreted statistics can negate this fact.

Congress already has been shown that the oil and gas industry is the most competitive major industry in this country. There are 10,000 producers of crude oil, 130 refining companies and over 15,000 wholesalers of petroleum products in the United States. No firm controls more than 11 per cent of national volume at any of the levels of oil industry operation. The 30 largest producers of crude oil account for only 65 per cent of total production.

By comparison, the 8 largest producers of cigarettes control 100 per cent of the market, and the 8 largest producers of motor vehicles have 97 per cent of the market. More than 25 other U.S. industries have higher concentration ratios than petroleum.

This evidence is being ignored by some Senators who claim that the oil industry is more concentrated than the facts indicate. This is the position taken in the Report on Divestiture prepared by the majority staff of the Senate Anti-Trust and Monopoly Subcommittee. Its thesis is that joint venture and exchange agreements between major oil companies allow them to operate unitedly so as to stifle competition and to control the markets. If the members of that staff understood the purpose of such agreements, they never could have reached such an erroneous conclusion.

Exchange and joint venture agreements are not anti-competitive tools. On the contrary, they are essential methods which have been successfully used by the oil industry from its earliest history to solve basic problems.

Exchange agreements save costs of transportation and avoid the wasting of energy. For example, instead of Exxon transporting a barrel of oil from California to Louisiana, and Chevron shipping a similar barrel from Louisiana to California, Exxon delivers its barrel to Chevron in California in exchange for Chevron turning its Louisiana barrel over to Exxon.

Joint venture agreements allow two companies to pool their resources and share the risks to solve a particular problem. Without such an agreement, the task involved often would not be accomplished. Such projects as the construction of the Alaskan oil pipeline, the development of off-shore oil and gas deposits, and the building of synthetic fuels plants, require the investment of gigantic amounts of money at great risk.

A single off-shore producing platform can cost over $350 million. One complex to produce petroleum from oil shale will cost over $1 billion.

The cost of the oil pipeline from the North Slope of Alaska has increased over seven-fold from original estimates, with the cost now set at over $7 billion. If any medium or small sized company had become involved in this project, with such gigantic cost overruns, that company would have been in bankruptcy long ago. Even such substantial firms as Standard Oil of Ohio and Atlantic Richfield Company, which are participants, have been financially pressed and have been forced to sell substantial assets to finance their share of the costs.

Although some of the major oil companies are among the largest U.S. companies, they still are small compared to the size of the oil industry itself. The petroleum industry is making annual expenditures for capital improvements and exploration which are more than 10 per cent of total U.S. investments.

Big jobs require big companies. No industry in this Nation has a bigger task to accomplish than does the oil industry. To dismantle the major oil companies merely because they are big, without taking into account the financial challenges which lie before them, makes no sense at all.

We must never let Congress or our fellow citizens forget that the domestic energy shortage is worsening. Every time an automobile in America is filled with twenty gallons of gasoline today, eight of those gallons have come from foreign producers. By the end of 1977, ten out of every twenty gallons used in America will be imported, according to a Library of Congress report.

Breaking up the oil companies, and limiting them to only one energy field during an energy shortage, is as foolish as directing, during a food shortage, that the largest and most productive farms be broken up and limited to planting only a single crop.

We should re-echo the following words spoken by the Honorable Frank G. Zarb, head of the Federal Energy Administration, earlier this year at the 38th Annual American Power Conference in Chicago:

> We have been living on borrowed time for much too long . . . if the countries which sell us crude oil and petroleum products decide to stop the clock again, we'll be in for a crash refresher course in what life was like during the last embargo. It will be the history of 1974 all over again.
>
> But next time, we won't have long gasoline lines. In fact, in some areas, we won't have any lines, because we won't have any gasoline. And there will be other areas—regions where the generation of electricity depends on imported residual oil—where the lights may simply go out.

We Americans are a proud people, and we do not want our lights to go out. We must take away from foreigners the power to turn our lights off at will. The oil industry can rescue this Nation from subservient dependence on foreign nations for energy, but not if this industry is destroyed.

We must protect free enterprise, the oil industry, and the other institutions in this Country which have made it great. I wish that every member of the United States Congress, and every citizen, would continually ask himself or herself the question posed by the following poem, entitled:

WHICH AM I?

I watched them tearing a building down,
  A gang of men in a busy town,
With a ho-heave-ho and a lusty yell,
  They swung a beam and a side wall fell.

I asked the foreman, "Are these men skilled?
  And the men you'd hire if you had to build?"

He gave a laugh and said, "No indeed!
  Just common labor is all I need."

"I can easily wreck in a day or two
  What builders have taken a year to do."
And I thought to myself as I went my way,
  Which of these roles have I tried to play?

Am I a builder who works with care,
  Measuring life by the rule and square?
Am I shaping my deeds to a well-made plan,
  Patiently doing the best I can?
Or am I a wrecker who walks the town,
  Content with the labor of tearing down?

—Anonymous.

Let us remember that it takes very little skill to tear down any institution, but that it takes long years of careful planning and hard work to build one. It has taken 117 years of effort to build the oil industry.

Great skill and dedication will be required to protect the oil industry from the wreckers. We cannot fail in this task, because if the oil industry is dismantled, none of our institutions including the United States itself, will be safe.

A HUGE ANNUAL INCOME MEANS A HUGE TAX BITE—SOMETIMES

Mr. HATHAWAY. Mr. President, some time today or tomorrow the Senate will take up H.R. 10612, the Tax Reform Act. This act, as passed by the House, contained a set of provisions, called limitations on artificial losses, or LAL's, to deal with so-called "tax shelters." This LAL mechanism, originally proposed by Secretary of the Treasury Simon, was rejected by the Senate Finance Committee as too complex to be adopted. In their place, the Finance Committee substituted far less effective provisions to deal with this problem.

Complex these LAL provisions may be, that they distinguish between the legiti- but the reason for their complexity is mate participants in an industry and those participants whose primary interest is to shelter from taxation their income that is unrelated to the industry involved. And the result of these LAL provisions is not complex; indeed, it is quite simple—they would effectively eliminate these "tax shelters."

I hope when the LAL provisions come to the floor for a vote, the Senate will recognize the need for, and support these LAL provisions. As an example of the need for them, I ask unanimous consent that the following article that appeared in the Washington Post on Sunday, May 16, 1976, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A HUGE ANNUAL INCOME MEANS A HUGE TAX BITE—SOMETIMES

(By Hobart Rowen)

It's one thing for Barbara Walters to be earning $1 million a year in salary, but something else to keep most of it while the Internal Revenue Service, as it does with all taxpayers, is looking over her shoulder.

But if she were to approach a certain prominent Washington tax lawyer and say she wanted to pay no taxes at all on her salary, "we'd tell her there would be great risks, but we could do it," this lawyer said.

Without offsetting tax reductions to "shelter" normal income, Walters would be liable for taxes approaching $500,000, less deductions and credits allowed all taxpayers.

But with considerably more safety than what might be a reckless effort to avoid all taxes, there is no doubt the TV star could cut her federal tax burden in half legally.

Right now she is not considering tax problems. "After all, it hasn't really happened," Walters said in a telephone interview. "I don't think I will do anything except pay my taxes, and pay no attention to tax shelters."

Walters said that since the announcement of her new job at the American Broadcasting Co., she has been inundated with letters from insurance and investment people, all of which "I've thrown away."

On April 22, ABC announced that Walters would co-anchor its evening news show, do four prime-time entertainment specials produced by her own company, and host ABC's "Issues and Answers" at least eight times a year.

Walters will be paid $1 million a year for a five-year period, partly from ABC's news budget, and partly from the entertainment budget.

No one knows better than Walters the risks involved in elaborate tax-reduction schemes. Along with such stars as Barbra Streisand and such presumed financial experts as Walter Wriston, chairman of the First National City Bank of New York, she dropped a bundle a few years ago in an oil-drilling venture called Home-Stake Production Co.

There is now less pressure on persons making very high salaries to find tax shelters than there was a few years ago.

The reason is that the maximum rate on "earned income" such as wages and salaries is now 50 per cent. Before 1971, it was 70 per cent—the figure that still is applicable to "non-earned" income such as dividends and interest.

For anyone under the 50 per cent tax bracket, lawyers say, trying to play the tax-shelter game offers few rewards. It's a different story for those in the highest income brackets, for example, baseball star Jim (Catfish) Hunter, boxer Muhammad Ali and Walters, whose $1 million salary is simply the most notable example to come to public attention recently.

If Walters were to take normal deductions, including business expenses such as lunches and entertainment, charitable contributions and state and property taxes amounting to 10 per cent of her ABC income, or $100,000, the maximum tax on her salary would be 50 per cent of $900,000, or $450,000.

In Walters' case, this is a high figure to start from, because she will produce her own entertainment specials. That means, in all likelihood, that a portion of her income will funnel through her own production company, say "Barbara Walters, Inc."

Such a corporation would provide her with several tax advantages, not the least of which, in addition to business expenses, would be the fact that she could set aside up to $75,000 for her own pension, under the 1974 Employee Retirement Income Security Act (ERISA).

This pension money, as well as any interest on it or earnings from it, would not be taxable until her retirement. If her TV career continues, the pension might accumulate to $1.5 million or more. If she should die before retirement, there would be no estate tax.

(The actual amount that could be set aside would vary according to actuarial determinations relating to duration of employment and life expectancy. Tax lawyers estimate that Walters could set aside as much as $75,000 a year, the maximum allowable annual pension under ERISA).

Thus, taking what might be considered her salary from the ABC news division plus the entertainment money paid through her corporation, Walters' total tax obligation on the $1 million total might be whittled down to less than $375,000.

That would represent a rate of only 37.5 per cent, compared with the theoretical 50 per cent maximum on earned income.

Walters could decide to go no further in reducing her tax burden. She said she had heard that shelters offered only dubious prospects, a reference to the change in the maximum tax rate.

But in the upper-income brackets, taxpayers and their attorneys have access to a variety of tax shelters—special provisions of the tax law exempting certain investments from normal rates.

These shelters have been created and refined over time to encourage, ostensibly, economic activity in the general public interest. Their main importance, though, from the standpoint of wealthy individuals, is the opportunity they offer to reduce individual tax burdens.

In recognition of this use of shelters, Congress in 1969 imposed a "minimum" tax that must be paid in most situations, regardless of the tax offsets provided by the shelters.

But the minimum tax is usually a token compared with the tax that would have been payable without the tax shelter. Congress, therefore, is considering at this session an upward revision in the minimum tax.

The major tax shelters involve construction and real estate, farm operations (including cattle-feeding), oil and gas drilling, movie films and equipment leasing.

All involve one of two basic forms of legal tax avoidance, or a combination of both.

The first, is a deferral of taxes for long periods of time, by creating "paper" losses that cancel out other real income. The taxpayer thus acquires the equivalent of a valuable interest-free loan from the government. At 6 per cent interest, money doubles in 12 years and triples in 19 years.

The second is known as the "conversion" shelter, because normal profits that would be fully taxed are eventually changed into capital gains, half of which escape taxes altogether. For someone in the top 70 per cent bracket, that automatically cuts the tax rate to 35 per cent.

A report by the Internal Revenue Service for 1974, recently made public, shows that five individuals with adjusted gross income of $1 million or more paid no taxes and 239 others avoided all taxes on incomes over $200,000.

"How would you advise a client with $1 million in salary income?" a prominent lawyer was asked.

"There really isn't any rule of thumb," he responded. "Some people, more than you might think, are willing to pay 50 per cent. In that case, you invest the money any way you want, and no one has to worry about intricate tax gimmicks.

"I tell any person who comes to me that if he can find a good, economic piece of real estate—then get into it, because it's a good investment and you get some tax shelter, too.

"Then, if he's more aggressive, you tell him to get into some of these other things, like oil.

"But we can say," he continued, "Name the tax you want to pay, from nothing on up.' We might not advise it, but we could do it."

Tax lawyers like real estate not only because it appears to be a safer shelter, but like the others, its value as a shelter increases in direct relation to the individual's tax bracket: the greater the potential tax burden, the greater the shelter.

In the developmental stage, a real estate project provides tax shelter by piling up taxes and interest costs before there is any substantial income from the property. These expenses then become a loss, in effect canceling the taxes due on other income.

After the project is completed, the deductions for accelerated depreciation often are greater than the net income.

The fact, however, is that real property tends to increase in value, rather than depreciate. Says a lawyer who used to make his living by building tax shelters for movie stars:

"God knows that what the tax law calls a loss is really a gain. It may be a loss on paper, but it is a gain, as any common sense person would say if he had never met a tax lawyer."

Financing movies has proved another attractive tax shelter involving huge sums of money. Basically, the idea involves purchase of an already completed film for much more than it is really worth—that is, more than the expected revenues.

A large part of the payment is not in cash, but in a "non-recourse" note, which means the writer of the note cannot be sued. For example, a limited partnership might pay a production studio $1 million for a film, $200,000 in cash and $800,000 in a 10-year non-recourse note.

The total price is based on a projected income of $1 million, and this is the key to the tax loophole, because depreciation in the case of a movie film is based on the forecast income.

For the shelter to work best, the film must be—as the promoters hope—a dud. Say the income over 10 years is equal only to $200,000. Depreciation, meanwhile, based on the $1 million "value," amounts to $800,000, of which $640,000 might be taken in the first year.

After 10 years, the investors default on their $800,000 note, which under the tax law is treated as income from the "sale" of the film. But the investors have gained a 10-year deferral of taxes on that much income through the depreciation process—and that's money in the bank.

In cattle operations, there are two gimmicks. The first is deferral of other tax obligations by taking "losses" covering the high costs of feeding before any income is developed in the cattle operation.

The other, involving cattle breeding, is conversion of normal income to capital gains by deducting capital and other costs against other ordinary income, then selling the fully developed operation at a capital gain, which cuts the tax burden in half for upper-bracket incomes.

By combining various of the tax shelter gimmicks, tax lawyers have produced some spectacular results for their clients. One Washingtonian whose net worth increased $2 million last year paid Uncle Sam only $57,000 in taxes, using three shelters—two oil and one real estate.

A compilation of 37 actual returns using tax shelters, published last September by the Joint Committee on Internal Revenue Taxation, shows some equally startling results.

An executive with a salary of $427,000 and other income of $21,000 managed to pay only $1,200 in taxes (a rate of 0.3 per cent), or no more than a married wage-earner with less than $10,000 in wages and normal deductions.

He had a $385,000 "loss" in three real estate operations, and $25,000 sheltered in a farm partnership. One of the real estate partnerships commenced operations on Dec. 28 in the taxable year, and laid out $225,000 in three days, of which $151,000 was in prepaid interest on a construction loan. For the three days of operation, the partners were able to deduct 95 cents in the first taxable year for every $1 invested in the partnership.

An executive with $1,806,000 in capital gains from the sale of his business offset $869,000 of that in two drilling ventures; two cattle feeding operations and two real estate partnerships. He wound up paying $99,000, of which $83,000 was forced by the "minimum tax" requirement of the law. His total tax bite was 5.3 per cent of real income.

In a highly leveraged (small investment contrasted to large borrowing) real estate partnership, a group of investors contributed only $53,000 of their own money to finance a store costing $3,280,000. In the first year, the interest, depreciation, tax and other costs amounted to a "loss" of $203,000—almost four times the investment.

Barbara Walters or any other wealthy person can use these tax shelters to great advantage. In effect, she and others in upper tax brackets can decide how much of a tax burden they want to bear, a privilege that Uncle Sam doesn't give in a meaningful way to taxpayers in the lower brackets.

PROSPECTS FOR PEACE IN THE MIDDLE-EAST: THE PALESTINIAN PROBLEM

Mr. PERCY. Mr. President, On June 7 the Foreign Relations Subcommittee on the Middle East held the second in its current series of hearings on "Prospects for Peace in the Midde East." In the first meeting on May 19, we heard testimony from four Senators who had recently traveled in the Middle East. In subsequent sessions we plan to examine the Lebanese civil war and its international implications, the "oil factor" in the Middle East policy, and the conditions of a general settlement.

In the meeting of June 7 we received testimony from, and exchanged views with, four experts on the Palestinian problem, representing a range of viewpoints and perspectives.

At the conclusion of both hearing sessions, a senior staff member of the Foreign Relations Committee said that he considered the hearings as the best he had ever heard on the probems of the Middle East. I fully concur. Because only Senator McGovern, myself and for part of the time Senator Pearson were the only subcommittee members able to attend, I felt it advisable to have staff prepare a summary of the hearing for the benefit of our colleagues and others interested in this vital area of the world.

Let me begin by saying that it would be an exaggeration to say that these expert observers, with their varying perspectives, reached agreement on the specifications of a just peace. To a significant and surprising degree, however, the members of the panel seemed to arrive at basic consensus on at least some of the fundamentals of peace. The degree of consensus achieved, though by no means complete, may suggest that the Arab-Israeli conflict is not so intractable as is widely believed, and may indeed be amenable to solution in the not too distant future through the efforts of moderate and responsible individuals on both sides.

The panel consisted of the following individuals: Dr. Hisham Sharabi, a Palestinian by birth, editor of the Journal of Palestine Studies and a professor of history at Georgetown University; Mr. John P. Richardson, president of American Near East Refugee Aid, a private American voluntary organization which contributes to education and other activities among displaced Palestinians; Dr. Donald Peretz, professor of political science at the State University of New York at Binghamton and also a member of the executive board of Breira, an organization of American Jews committed to the proposition that there are alternatives to the policies now followed by the main parties to the Arab Israeli dispute; and Dr. David Landes, professor of history at Harvard University.

Professor Sharabi, in his prepared statement, expressed his belief that the Israeli Government is incapable of moving seriously toward peace, because of its desire for "peace and territory at the same time." He accused Israel of being in violation of the Geneva Convention in its occupation policies and also contested the proposition that military strength would induce Israeli flexibility. In subsequent discussion, however, Professor Sharabi indicated his belief that a viable peace could be based upon the establishment of a Palestinian state on the West Bank and in the Gaza Strip.

In his testimony Mr. Richardson noted that the image of the Palestinians has changed from that of the refugee to that of the "armed commando," and he urged the American people to give themselves a "crash course" on the Palestinian people and their aspirations. Mr. Richardson emphasized the high level of education among the Palestinians living on the West Bank and in the surrounding Arab countries, noting that the Palestinians have the highest ratio of university graduates to total population of all Arab nationalities. The 9 years' occupation of the West Bank and Gaza by Israel, said Mr. Richardson, is "anathema" to the Palestinian people, and its effects have been "brutalizing of the occupier as well as the occupied." As to the terms of a possible settlement, Mr. Richardson said that the Palestine Liberation Organization had unofficially expressed support for a West Bank-Gaza state despite the opposition of the so-called "rejection front." As to the viability of such a state, Mr. Richardson suggested that it would be greatly assisted by an experienced, competent Palestinian administrative group already performing services on the West Bank under the aegis of UNRWA.

Professor Peretz, in his opening statement, warned against casting the discussion of the Arab-Israeli problem in terms of the "false dichotomy" of pro-Israelis versus pro-Palestinians. There are, he urged, intermediate views based upon sympathy and understanding for both sides, and such views, said Peretz, are to be found among the Palestinian and Israeli peoples themselves as well as among outsiders. Professor Peretz noted that there is a wide spectrum of views within Israel, and that there are indeed influential Israelis who advocate recognition of the existence of a Palestinian people and of their right to a state of their own on the West Bank and in Gaza. Professor Peretz noted, too, that there has been a ferment of opinion and new thought among Jewish opinion leaders within the United States, some of whom have begun to raise questions about the fundamental relationships between Israel and the Palestinians. He cited in particular the organization known as "Breira," which translated from Hebrew means "alternative." Breira, said Peretz, is committed to the proposition that a settlement must be based upon recognition of the right of both Israelis and Palestinians to national self-determination. Professor Peretz urged too that, although the PLO leadership is fragmented, "the question is not whom to believe, but whom to encourage by our own policies and actions." He urged that we give our sympathy to Palestinian national aspirations, and in so doing, encourage moderation.

Dr. Peretz also noted that an influential Egyptian magazine had recently published in Arabic an article he had written in which he had stated frankly that moderate Arab leaders were failing to help strengthen Israeli doves with clear, strong statements of moderate intent, and that it was the voice of the "rejection front" which reached most Israelis, so that extremists on both sides actually were strengthening each other politically. A few years ago, Peretz pointed out, no such article could have been published in the Arabic press.

Professor Landes emphasized the need for realism in moves toward reconciliation between Israel and the Palestinians and the Arab States in general. It is essential, Landes advised, to be certain that proposals for reconciliation are authentic and not devices for the unraveling of Israel. Dr. Landes pointed to the difficulty, if not indeed the impossibility, of Israel granting recognition to an organization, the PLO, which still, at least officially, insists upon the dissolution of the Israeli State. In this connection Professor Landes cited article 6 of the Palestinian covenant, adopted by the PLO at its first official meeting in 1964, which states that only those Jews who had lived in Palestine before the "Zionist invasion" should be allowed to stay.

As these brief summaries make clear, the views of the members of our panel were diverse and strongly held. It is all the more noteworthy, therefore, that as the discussion evolved among the members of the panel and the subcommittee, a significant and encouraging degree of agreement emerged as to the bases of a Middle East peace. No one on the panel dissented from the general proposition that the key to peace in the Middle East is the solution of the Palestinian problem. More specifically, the panel members indicated clear—if not quite explicit—agreement that a settlement must provide for the establishment of a Palestinian state on the West Bank and in Gaza but under conditions compatible with the security of Israel.

Although the panel members did not agree on who can and should take the first step, they concurred that at some point in the peacemaking process the Palestinians must openly recognize the legitimacy of Israel and Israel must accept the PLO as the negotiating agent of the Palestinian people. Professor Sharabi contended strongly that the obligation lay upon Israel to take the first step, lest the PLO, in accepting Israel, throw away its best bargaining card in advance of negotiations. Professor Landes noted that in certain business transactions papers are exchanged simultaneously—which is to suggest that it should not be beyond the resources of diplomacy to find a means by which Israel and the PLO can acknowledge each other simultaneously.

Subcommittee members present emphasized that their own primary responsibility is the protection and advancement of the interests of the United States. They thought that the American national interest might best be served by a peace settlement combining national self-determination for the Palestinians with solid international guarantees for Israel. They also emphasized their conviction that the United States must and will remain solidly committed to the survival and progress of Israel as a strong and independent state.

DOMESTIC PETROLEUM COUNCIL POSITION PAPER ON DIVESTITURE

Mr. JOHNSTON. Mr. President, the Domestic Petroleum Council has asked me to submit its position paper on S. 2387, the oil industry divestiture bill, for printing in the Congressional Record. The Domestic Petroleum Council is a group of 20 small- and medium-sized oil and gas companies. Some of its members are strictly producing companies, some are totally integrated companies, and some are affiliated with companies outside the petroleum industry. Their domestic production ranges from approximately 3,000 to 200,000 barrels of oil per day and up to 300 bcf per year of natural gas.

Mr. President, I am pleased to submit this organization's position paper to the Senate and I ask unanimous consent that the council's position paper be printed in the Record.

There being no objection, the paper was ordered to be printed in the Record, as follows:

Domestic Petroleum Council Position Paper on Divestiture

The Domestic Petroleum Council is opposed to S. 2387 and similar legislation which would result in divestiture of vertically-integrated oil companies. The claims that the large oil firms have monopolistic control of production, marketing, or refining are unfounded.

There is, in fact, strong competition within the petroleum industry. More than 8,000 companies in the United States are engaged in exploration and production of oil and gas; nearly 130 companies are engaged in refining; and some 15,000 compete in wholesale marketing. No one company has a share greater than 8.5% of the business in any sector. The Domestic Petroleum Council is a group of small and medium-sized companies. They currently play an integral role in the system and provide strong competition on a regional basis. Moreover, smaller companies—in conjunction with large ones—benefit from exchange agreements and joint ventures.

Simply stated, the petroleum industry—despite governmental regulations and red tape—is doing the job it was created to do.

The Domestic Petroleum Council believes that the divestiture legislation now proposed, if enacted into law, will prevent the industry from continued accomplishments and significantly increase the cost of petroleum and petroleum products to the consumer.

THE BICENTENNIAL COMMEMORATED IN THE FEDERAL REPUBLIC OF GERMANY

Mr. MATHIAS. Mr. President, the people of the Federal Republic of Germany have given the people of the United States a very precious anniversary gift. It took the form of a commemoration held on Saturday, May 15, 1976, in the historic Paulskirche in Frankfurt am Main. In this ceremony at this uniquely appropriate spot, the attention of Germans, Americans, and indeed of a large part of the world was directed to the ideals that both nations share. There was a restatement of the common aspirations of our peoples as well as a candid acknowledgement of where we have both fallen short of our best hopes and a new resolve to realize the great potential that German and American leaders of the widest vision and the best perception have seen as being within our reach.

The thoughtful choice of a historic site, the attendance of a brilliant assembly of representatives of all walks of life in Germany, the presence of the President of the Federal Republic, Walter Scheel; the Chancellor, Helmut Schmidt, and many other officials of government, the warm hospitality of Rudi Arndt, lord mayor of Frankfurt, all contributed to making this a tribute to the founding of the American Republic for which we are deeply grateful and of which we are deeply proud.

The ceremony was opened with a welcome extended by Dr. Konrad Henkel in which he personally greeted those of us from the United States privileged to be present including the Honorable John McCloy, Mrs. Dean Acheson and Mrs. Eleanor Lansing Dulles.

In concluding remarks, Prince Wittgenstein, chairman of the German Association for International Politics, noted:

> How natural that our Country should turn its gaze more and more towards that great America which has remained faithful to the principles of 1776, which has become strong because it was free, which has become a magnet for the poor of the world, the vigorous, and the capable, and which has solved its internal problems peacefully, even if in recent times we have sometimes had to struggle to understand these processes.
>
> Every one of us, wherever he may be, must be thankful that America 200 years ago overtook the old continent and marched into a

political present which was still far in the future for us, thus setting up and giving us an example.

The principal addresses were delivered by the Vice President of the United States, NELSON A. ROCKEFELLER, and by the Chancellor of the Federal Republic, Helmut Schmidt. Their speeches are of wide interest and lasting value. I ask unanimous consent that they be printed in the RECORD.

There being no objecion, the speeches were ordered to be printed in the RECORD, as follows:

REMARKS BY VICE PRESIDENT NELSON A. ROCKEFELLER

On behalf of President Ford and the American people, let me say how deeply moved we are, as a country, to have the people of the Federal Republic sharing so enthusiastically in this Bicentennial Celebration of America's birth.

Your participation adds significantly to the event, making it not only an observance of one country's anniversary, but also a celebration of freedom and democracy as the birthright of all mankind.

I especially want to express America's gratitude for the contributions of those dedicated Germans who helped us to achieve our freedom and who contributed so importantly to the growth and flowering of that freedom and to the cultural and economic development of our country.

I also extend our gratitude to those organizations of German-American friendship which made possible this magnificent celebration—the Steuben-Schurz Gesellschaft and the Atlantic Bruecke.

Frankfurt is an appropriate place for this celebration, a city which speaks of a magnificent past, a city at the same time which reflects Germany at its most modern. And certainly it is most fitting that this celebration of America's 200th anniversary is here in this shrine of democracy—the Paulskirche.

Here, now nearly 130 years ago, the Frankfurt Parliament met, looking to create a federal system from its autonomous German states. It had before it the Constitution of the United States as the charter of functioning federal democracy, a democracy to which millions of German settlers in America and their descendants have made enormous contributions.

Mrs. Rockefeller and I are personally delighted to be here. Both of us, like one American in every six today, trace our ancestry to Germany. Johann Peter Rockefeller emigrated in 1723 to establish my family on American soil. Johann George Fielder, Mrs. Rockefeller's paternal ancestor, emigrated in August of 1750 from Mannheim to Philadelphia.

Today, the bonds of friendship between America and Germany are close and strong and becoming more so every day. Allied in the cause of mutual independence, united with other free nations in the defense of freedom, we share both a responsibility and a magnificent opportunity to advance the cause of liberty and human dignity in the world.

That is really what the celebrations of the Bicentennial of the Declaration of Independence are all about. The parades, the pageantry, and the other commemorative events will be sterile exercises if they do not summon and renew in our generation the clarion call of 1776 for human freedom and the firm resolve to achieve it.

It is well, today, to recall that the American Declaration of Independence was not only a manifesto for civil liberty, but for economic freedom as well. Indeed, the Declaration of Independence and the United States Constitution that followed it 13 years later, were not alone historic milestones of a political revolution. They signified a major economic and social revolution as well.

The men of 1776, who drew these two American basic documents, recognized that individual liberty required economic freedom. Important as it is, therefore, to herald the Declaration of Independence as a historic milestone for civil rights, it is equally important to recognize it as a charter for economic freedom and opportunity.

The American founding fathers knew that individual liberty required economic freedom; that these two were basically interrelated; and that neither could long endure without the other. They understood that human dignity could be affronted and destroyed not alone by suppression of civil liberties, but also by economic bondage.

They learned this fundamental truth through bitter experience. They endured hardships imposed from abroad through efforts to monopolize and control their trade and other economic activities of the American colonies. They carried the burdens and suffered the frustrations wrought by a central bureaucracy in London—a bureaucracy caught up on its own designs and interests and insensitive to the realities of the American scene.

The Declaration of Independence, accordingly, signalled the beginning of economic revolution that cut the bonds of British mercantilism, ended government domination of trade, wiped out the remnants of feudal landlords, and unleashed the forces that ended indentured labor and human slavery.

This economic revolution opened the vast heart of the American nation to settlement and development by free men and women seeking individual opportunity for a better life. At that time, the founding fathers had only a belief, a fervent faith, that free men in a free economy could revolutionize the condition of ordinary men in this new world. They had only conviction and hope, but we know now that they were right.

Two hundred years of human liberty and economic freedom produced an enterprise and social system that has given ordinary individuals the widest possible opportunity under which their drive and productivity have contributed to the highest standard of living in the history of man.

In these efforts, a pragmatic balance was achieved between personal freedom and the common good. It also achieved a productive balance between autonomy in enterprise and governmental direction and restraints in economic activity. These relationships between government and the public have been dynamic—not static—a continuing evolution politically and economically.

Focusing on the economic scene, a realistic examination of the history of the American enterprise system reveals that it was by no means a totally private enterprise endeavor. Government has always played not only a significant but a crucial part in American economic life. The role involves not only the negatives of restraint, but the positives of promotion as well.

Such interplay between government action and private initiative has been a key to America's phenomenal national growth. In my judgment, it is also a key to Germany's phenomenal recovery and growth since World War II.

In today's world, as I see it, America and Germany share, therefore, not only a commitment to the democratic way of life, but to the enterprise system. This combination has produced in the past and can produce in the future, the economic growth necessary to meet not only our own needs, but to make a major contribution to the economic development and well-being of the rest of the world as well.

As partners in our alliances and in our ties with the other independent nations, we have enormous opportunities to build upon these basic strengths. The problems that confront us in a world where freedom is threatened can be overcome.

A. FOSTERING ECONOMIC GROWTH AT HOME

First, we must foster economic growth within our respective borders to provide the jobs, the income, and improved living for individuals. We must stop apologizing for our enterprise system with its free labor movement and its individual opportunities.

We know, from practical experience, it is more effective and more productive than the dictated and controlled totaliarian systems of the past and current ones that occupy so large a part of the world's area today.

B. FOSTERING ECONOMIC GROWTH ABROAD

Second, we must foster economic growth abroad. No nation today can live in isolation and meet the needs and aspirations of its people. To state it another way, our foreign policy cannot be something apart from our domestic policy. Each has a significant impact on the other.

Clearly, one of our mutual objectives should be to revive the lagging Multilateral Trade Negotiations in Geneva.

We should also make progress in the negotiations in the law of the seas and other multinational and regional economic negotiations dealing with the problems caused by high energy costs, inflation, recession, and unemployment.

It is worth reminding ourselves that these industrial nations account for 60% of the world's production and two-thirds of its trade. These are nations not committed to state-dominated and state-controlled economics, but are basically following the enterprise system. Their continued growth and contribution to world trade and development are essential not only for their own interest, but for the developing nations of the world.

The relations of the industrialized state with nations so loosely caught up in that phrase "The Third World" require our special attention. We must be sensitive to their aspirations and perceived needs, the state of their industrial advancement, their commitment to trade and development, their resources and capacities, as well as their internal social and political problems.

On my recent trip through Southeast Asia, leaders said firmly that they cannot resist imperialist subversion by military force alone without steady economic growth and social progress for their people. The latter is essential in a struggle involving subversion, terrorism and disruption in the lives of peoples of these countries. One of those leaders told me that the economic benefit from one multinational corporation out there is worth at least three divisions. We have a vital interest in the growth and development of all these nations.

Only through solid development can the enormous problem of rapidly increasing world population be met with success. There is large potential in areas of the world for the production of foods and other materials critical for living. There are still large areas that can support far more people than currently live there.

There are other areas that today are not even supporting their own people, but could do so. The growth of these areas requires capital investment, technology, training in new skills, managerial know-how, all of which our enterprise system and capacities of the United States and Germany, the other countries of Western Europe, and Japan can significantly help supply on a basis of mutual interest to all concerned.

C. ACCESS TO RAW MATERIALS, CAPITAL, SCIENCE AND TECHNOLOGY, MANAGEMENT, AND MARKETS

Another of the bases of our cooperative efforts should be to assure access to energy and the key raw materials like oil, chrome, bauxite and the other products essential to our respective economies as well as those of other independent countries. The attractiveness of our domestic markets for foreign goods, our financial strengths, and the needs of other nations for capital, technology and managerial experience are the bases for mutually advantageous and equitable international arrangements. And we must come rapidly to an international understanding of the use of the untapped resources in the unexplored areas of the sea, air, and space, as well as the polar regions.

D. FREEDOM OF THE SEAS

It almost goes without saying that all of the foregoing economic development at home and abroad, development of greater trade and commerce, access to raw materials—depends upon freedom of the sea lanes—that is the free and unhampered passage of ships of all nations throughout the world. This is an historic base of respective foreign policies, but it needs reemphasis in the most positive tones today.

Today, freedom of traffic on the seas depends for the Free World principally on the American and NATO naval power. We are being challenged, however, by the worldwide growth of the Soviet Union's naval power—in ships, submarines, in missiles and in technology. The time is at hand to greatly accelerate the rebuilding of the free world naval power so it can play its essential role in maintaining freedom of the sea lanes. The United States will do its part contributing to the overall defenses of the Free World—defenses to which the Federal Republic contributes so importantly.

E. AN OPEN WORLD

The era of old world imperialist empires has gone and yet we find ourselves faced with a new and far more complex form of imperialism, a mixture of czarism and marxism with colonialism appendages.

As a result, far too much of the earth's surface is closed off today in one way or another to the free flow of communications, the free movement of tourists, businessmen, scholars, and journalists.

An "Open World" would offer humanity a far greater choice of forms of society and government, of patterns of living and working than the closed or partially closed areas of the world now do. Pursuit of a more open world is in our mutual interest, for it expands the horizons of others as well as our own. And as free societies we can be more secure in a more open world.

F. A CLOSER PARTNERSHIP OF THE INDEPENDENT NATIONS

Whether we like it or not, a continuing attempt is underway to organize the world into a new empire in which the Soviet sun never sets. This new form of imperialism—I know of no better way of describing it—involves ideological, diplomatic, economic, financial, political, subversive, and military structures and relations importantly dominated from Moscow.

A positive and far closer partnership of the independent nations of the world, particularly of those that espouse and encourage economic enterprise without state domination and control, is an essential counterpoise economically, militarily, and politically to the Soviets expansionist thrust. This is the greatest hope for the ultimate realization of freedom and respect for human dignity throughout the world.

G. IDENTIFICATION WITH PROGRESS AND SELF-REALIZATION OF ALL PEOPLES

We should be in the forefront of encouraging nations—new and old—to develop their identity, their economy and their particular role in the world. This means taking a realistic view, both of what we can offer and of the capacities and circumstances of other nations. It means developing a closer and more consistent series of trade, investment, social, cultural, and, indeed, political ties with nations large and small in all parts of the world.

H. MAINTAINING A SUFFICIENCY OF POWER

We must always maintain sufficient power so the free world is not in danger of being overrun or engulfed by Soviet or any other imperialism. Sufficient strength, therefore, must be at hand, or be developed, to preserve the freedom of the sea lanes, to insure that neither directly by military action, nor indirectly through infiltration, subversion or blackmail, can the independent nations be picked off one-by-one, dominated or overwhelmed.

Our NATO alliance has been the bulwark of our common defense for over two decades. We continue to believe that a strong and cohesive NATO is crucial to maintaining our mutual freedom.

1. THE WILL TO LEAD

Fundamental to all of this is the continuing will to lead by the Free World. This can only be based on an understanding by our peoples of the fundamental realities of the world in which we live and the relationship of those realities to our long-term enlightened self-interests. Our leadership will endure only so long as we preserve our faith and beliefs in our moral and spiritual values, our confidence in ourselves and our mutual commitment to each other and to the cause of independence and freedom in the world. It is only from such a base that we can summon the inspiration, the vision and the courage necessary to grasp the unique opportunities which exist at this moment in history. It is only in this way that we can meaningfully commemorate the Bicentennial of the Declaration of Independence.

Last June, as presiding officer of the United States Senate, I heard one of the most eloquent expressions ever spoken in the Congress of the challenge facing free peoples.

It was delivered by your President Scheel.

"Can our democratic way of life survive?" he asked.

"Has it not already been overtaken by the accelerating rate of change in the world?"

"Do we still have the moral strength to find for ourselves and others the way through the uncertain?"

President Scheel placed the issue squarely.

The answer lies in our ability to forego shortsighted unilateral advantage;

To recognize the long-term community of our interests.

It lies in our willingness freely to impose on ourselves the self-discipline that strength requires;

A discipline which totalitarian governments exact from their people through force.

In short, we must protect that diversity which only freedom permits—by our unity which freedom requires.

In Berlin, yesterday, I experienced the powerful and unforgettable emotion of viewing at first hand the contrasting results of democracy and communism. And there can be no more striking proof of the superiority of our system than the fact that the communists had to build and reinforce that wall to keep their people from escaping to freedom.

So let us resolve here today, in this shrine of democracy, to speak out with conviction for our countries, our alliance, our Western community, our democratic way of life, and our abiding belief in the inherent dignity of all human beings.

The challenges we face—in a world where communism controls one-third of the world's population—are many and varied.

Yet, I am optimistic.

There is a toughness in the character of Western man.

The soaring spirit of free peoples will not be crushed.

With the creativity, the imagination and the collective scientific and technological abilities of our people, we can and will meet the challenges of the future at home and abroad.

We can and will help other nations of the world develop their economies to achieve a rising standard of living for all.

To do so will give a new sense of purpose and meaning to our lives as individuals and nations.

In demonstrating such a renewed spirit of dedication to humanity's common cause, we can inspire coming generations and pass on to them a torch which they will gladly bear into the future.

SPEECH BY HERR HELMUT SCHMIDT

Mr. President, Madam President of the Bundestag, Mr. Vice-President, Mrs. Rockefeller, Ladies and Gentlemen: I should like to begin with a word of thanks to you, Mr. Vice-President, and to President Ford, whose greetings you have brought us here today and which we warmly reciprocate. I wish at the same time to thank all those, Americans and Germans, who over many years have played an active part in fostering German-American friendship. Our two peoples would not have achieved this extraordinary degree of understanding that is today the pillar and strength of our relationship, if only our co-operation on the political level, which is indeed based on mutual trust, had been the starting-point. Apart from our historical and cultural ties, it is above all the human links that have engendered on both sides of the Atlantic that large measure of identity of political and social values that is today the solid foundation of our friendship.

In 1848 our forefathers would have been glad to achieve here in the Paulskirche what the American nation had attained three quarters of a century before, in 1776; in other words giving effect to the idea of freedom in a political system in which only those governments are legitimate who "receive their just powers from the consent of those governed".

The Paulskirche represented the first exercise in German-American co-operation. The leading figures of those days were in closest contact with the young nation of the United States on the fundamental issues of democracy. Dahlmann, the spiritus rector of the main committee set up to draft the Reich Constitution, saw in the Declaration of Rights made in Virginia in 1776 an important model for the German catalogue of basic rights, alongside the French and English models of 1789 and 1688. To the parliamentarians in the Paulskirche America was the main inspiration for the sovereignty of the people, for the organization of the State, and for the system of "checks and balances" which safeguards freedom.

All that remained an episode. The Germans then were strong in their ideals but weak when it came to putting them into practice—a dangerous combination because it is likely to lead to disappointment, and it is one we often enough succumb to even in the twentieth century.

At that time, even the fact that the Paulskirche stands here in Frankfurt, where in the midst of German particularism and narrowness there were always enough liberal-minded men, as well as an excellent community of hard-working merchantmen and craftsmen, was of no help to the forty-eighters. Sixty years earlier Thomas Jefferson had already noticed the sharp distinction between the democracy of the free Reich City of Frankfurt and its Hessian environment.

We Germans unfortunately had to wait very much longer for freedom, democracy and human rights. And so the generation of '48, like many others of later generations, had no other choice but to be content or look for genuine freedom elsewhere. Who knows: perhaps we would have been ruled better if the ancestors of the Vice-President and of his wife had remained here. Many of the nation's best minds left Germany and Europe for America where—as our American friends confirm—they made an important contribution to the development of the nation.

Whilst it was George Washington who gave his army of idealists their direction, it seems that Steuben, the Prussian cavalry captain, put some fire into them. And is there anything which the forty-eighter Carl Schurz did not turn his hand to on the new continent? He freed slaves, was a friend of the Indians, a farmer, lawyer, journalist, and finally a Senator and Secretary of the Interior.

It was the talents of the whole of Europe which helped to develop the possibilities open to America and the American nation. It was freedom-loving people from all over Europe who had been oppressed and terrorized who, in the freedom of America, became pioneers, discoverers, captains of industry, and scholars. In the past 150 years six million people have gone to America from Germany alone. The period between 1933 and 1945 was a particularly shameful one; 200,000 of the million Germans who were driven out of the fatherland by a dictatorship found a new home in America, among them scholars and politicians with international reputations. We are most grateful for the fact that some of them are able to be our guests here today.

Let me also express to you, Mr. Vice-President, as the delegate of a nation which not only has helped us to maintain our physical existence, but also to make a new start into freedom and democracy immediately after a devastating world war, initiated in the name of Germany, which the American people had won unconditionally, our gratitude for the help which your great nation gave us at that time.

When, a year after the war, James Byrnes, then American Secretary of State, held his memorable speech in Stuttgart, he spoke the following words which impressed me deeply: "The American people want to return the government of Germany to the German people. The American people want to help the German people to win their way back to an honourable place among the free and peace-loving nations of the world".

That was a magnificent vote of confidence for a peaceful future.

We also owe our thanks to the millions of Americans who, quietly and undramatically, helped in their own way by sending Care parcels, providing school meals, and other spontaneous aid. And we wish to express our thanks for the 275,000 flights which were made to Berlin during the Berlin Blockade—and we well remember that American, British and French aircrews lost their lives in that operation.

You, Mr. McCloy, will have noticed when your name was mentioned earlier on that to the Germans you symbolize all those to whom we address our thanks for all this help. This also includes the Marshall Plan and it includes American intellectual assistance in the ultimate accomplishment of a task that could not be fulfilled in 1848: the creation a century later of a democratic State in which freedom is the basis of a way of life worthy of man and can be enjoyed by every individual.

In developing the catalogue of basic rights, the authors of the Basic Law, our Constitution, consulted the Bill of Rights once more. And again they thought of a State with a strong executive subject to strict parliamentary control, a State with a federal system, an alert supreme court, the Federal Constitutional Court, and with a liberal system of local self-government.

For the past thirty years we have been trying to perfect this policy. And in addition we are contributing to an increasing extent to the development and consolidation of a community of free nations which professes and upholds the principle of freedom as the basis of human existence. German-American friendship and alliance in pursuit of this objective have been a major and to us very tangible and lasting achievement in those thirty years. It is at the same time one of the factors that has helped maintain world stability, a factor which everyone can rely on and—with others in mind—has to reckon with.

But the purpose of this ceremonial occasion here today marking the bicentenary of the birth of the American nation is not so much to make a broad historical survey but rather to concentrate on the essence of America's achievement and to see it in terms of present and future tasks. That essence, or operative point, is that the American revolution of 1776 was the birth of the democratic community of free men.

Anyone who speaks of freedom should not merely say flattering and solemn things. This fundamental asset of human co-existence must not be turned into a hackneyed phrase or word of praise reserved for ceremonious occasions. We must not forget the dangers that threaten freedom or can pervert it—dangers from outside and from within. On the contrary, we must recognize the need to be constantly safeguarding and developing freedom anew. In this connection I would mention three points:

First, internal stability; this requires the community to support the constitution and uphold the laws, not to restrict freedom but to preserve it. This calls for a liberal spirit, tolerance and the protection of democratic freedoms for all citizens, even for those who make life difficult for others.

Second, economic and social development aimed at prosperity and progress. The liberties embodied in a constitution are of little use to the person whose occupational or social situation prevents him from actually making use of the freedom to which he is entitled by law and the constitution. They must go hand in hand with the solidarity of his fellow-men, the solidarity of the community, and fair treatment by the State in which he lives.

Third, the consistent, external protection of freedom. This aim is served by the economic and political union of Europe, it is served above all by the Atlantic Alliance, which is the most successful peace pact of our century.

The Federal Republic of Germany and the United States of America have worked to achieve these three vital objectives from a sense of conviction and also because of their terrible experience. Yet complacency is out of place. A quote from Carl Schurz which I hope will not be misunderstood, indicates what I have in mind. It begins with the old English rule: "Our country, right or wrong." But the second and crucial sentence reads:

"When right, to be kept right. When wrong to be put right!"

If our social and political systems were bereft of the solidarity of their citizens and hence lost their social legitimation, internal freedom and democracy might be threatened.

Only a State whose values and structures are upheld and which form an integral part of the life of the community can expect the support of its citizens, but not a State which becomes ossified in the old or restored structures; only the State with vitality and hence the convincing inner strength, the State in which codified rights and the actually applied principles of the social order are congruous.

Where codified rights and social reality diverge there arise deficits which in the eyes of the people can cast doubt on our system of values. Those who fought for human rights, for liberal and democratic principles in the 18th and 19th century were only just beginning to think of the possibility of such "social deficits".

But in Europe such beginnings were at a relatively more advanced stage than in the United States. After all, in 1848 a movement towards the emancipation of the working classes was already emerging. The motive was that all human beings, not just a few, should enjoy the right of self-realization, the right to develop their personality freely. The aim of that movement was that not just a few but all men should be free to play an equal part in and bear responsibilitiy for the development of the body politic and the life of the community. The ethos of the European labour movement was at the same time the ethos of Abraham Lincoln. Freedom includes that feeling of solidarity with one's neighbours, it includes brotherhood and justice.

Europe's emigrants found in America freedom from tyranny. They found in America to a degree not to be found elsewhere those liberties which make up human dignity. Thirty-five years ago, we Europeans, and we Germans in particular, in the tumult of war, the fear and the distress, did not hear so clearly the words of Franklin Delano Roosevelt which he used to describe the four freedoms: the freedom of speech, the freedom of religion, freedom from want, and freedom from fear.

We have meanwhile come to realize that these freedoms may clash and even place limits on each other. We have had to realize that while the freedoms of the individual must certainly be protected against the power of the State, they must be equally protected against economic and social power. Freedoms are worth no more than the paper they are written on unless the social conditions exist in which they can be exercised. Equal voting rights have little meaning to people who cannot read and write. Democratic civil rights mean little to those who have no real opportunity of exercising them.

Our liberal and democratic freedoms are all over the world threatened by economic and social discrimination or crisis. But freedom is threatened not only from the outside and not only by those within the country who want a different kind of society, a different kind of State. It can also be threatened by our own neglect, passiveness, by a lack of readiness to be constantly improving the social and political order. It is threatened if we cease to work for the progressive exercise of justice. If freedom is to be something which millions and millions of people in our mass industrial societies can enjoy in their daily lives then the State must not be merely a guarantor of order; it must be a social State and get to the root of the injustices of the social order—which occur ever again—it must change and remedy them.

As regards the problems of the world economy, which you, Mr. Vice-President, referred to, we agree to a very large extent with the United States. We are both anxious to restore and preserve international economic stability. We are both anxious to maintain the freedom of world trade.

In the meantime we have by our joint action managed quite well to get the unusually heavy synchronous recession of the world economy under control, but we are faced with the common task of reconditioning the entire structure of the world economy so that it will again be able to function durably—for the developing countries, for the oil-producing countries, for the communist countries who can no longer master their economic fate alone either, as well as for us, the industrial countries. German-American, European-American coordination will have to prove particularly efficient with regard to these questions. We need in this sense an Atlantic policy of stabilization for the world economy as an overall system

because thousands of millions of people depend on the efficiency of this world economy for their very existence and for the opportunity to exercise their personal freedom.

For this we need leadership. For this we need everything in the way of leadership that America can give us, Mr. Vice-President. Churchill once said: "The price of greatness is responsibility". We Germans are only a medium-sized power, but we will have our share of the responsibility to carry that is commensurate with our position, and we want to carry that responsibility.

Our common policy is pledged to the maintenance of peace. The aim of justice and social welfare at home corresponds to our common external aim of preserving peace and building up confidence among nations.

The fact that serious conflicts have been avoided in Europe for the past 30 years is due in a very large measure to the responsibility which America has assumed for Europe and which it has time and again reaffirmed. We Germans do not need to be constantly reassured of this. We have complete trust in your country and its consistency, Mr. Vice-President.

But we know that the world is in a state of flux, that new centres of power are emerging, and that in order to safeguard freedom and democracy we need to remember the constant factors and the strong points of the Western community. This means first and foremost developing Europe and the European-American relationship.

For this we need:

1. to strengthen Euro-American coherence by ever closer continuous consultation and co-ordination of policy;
2. constantly to improve the defence contribution of the Europeans as a whole towards the common Alliance;
3. to maintain the American military presence in Europe as a tangible manifestation of the indivisibility of our joint defence efforts;
4. to ensure the continuity of the policy which President Ford has called the "relaxation of tensions", that is, the policy of long-term conciliation between East and West;
5. to uphold our common ideals and moral principles, which in the final analysis are the core of the transatlantic Alliance.

Finally, I should like to say on behalf of many, many of my fellow countrymen—irrespective of their political orientation:

We still see in America, 200 years after the event we are celebrating here today, a great political force; we perceive a tremendous internal vitality; we see perseverance, we see courage and we see initiative—qualities which, on this broad scale, are conceivable only where the principles of freedom and equal opportunities are put into practice.

And if we may say this and you do not think us presumptuous: America—in spite of all the self-criticism of recent times and in spite of the scepticism expressed by its own younger generation—has no need to doubt itself. To us Germans, your vitality, your creativity, your productivity, appear quite out of the ordinary. And we Germans at any rate have great confidence in your abilities, particularly in your ability and in your will to bear moral responsibility.

You spoke of the toughness in the character of Western democratic man. Please, Mr. Vice President, take with you and convey to your nation and to the American President our admiration, our high esteem, our best wishes and our confidence in your great nation which we feel deep in our hearts.

MANNED SPACE STATIONS

Mr. MOSS. Mr. President, recently the Administrator of the National Aeronautics and Space Administration, Dr. James C. Fletcher, addressed the Rocky Mountain District Exchange Club Convention in Salt Lake City. In his remarks, Dr. Fletcher noted that the space program is responsible for some of the most outstanding technological developments of the last 15 years. But he said that currently our space efforts are being directed to terrestrial problems such as energy and transportation at the direction of the public. He then explained what space could achieve with a permanent space station manned by men and women from all over the word carrying out scientific experiments and developing new manufacturing and processing technologies. He predicted such manned space stations will exist before the end of the century.

Mr. President, I ask unanimous consent that an article from the June 13, 1976, Salt Lake Tribune, describing Dr. Fletcher's talk be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NASA DIRECTOR SPEAKS—"NOW" DICTATES SPACE EFFORTS, DR. FLETCHER TELLS SESSION

The "now" problems of the United States and the world have taken the controls of the futuristic space program, the administrator of the National Aeronautics and Space Administration (NASA) told the Rocky Mountain District Exchange Clubs Convention Saturday afternoon at the Salt Lake Hilton.

Dr. James C. Fletcher, Washington, D.C., former president of the University of Utah, said, "The space program has performed miraculous feats. The technologies devised in space ventures are being used to alleviate mankind's earthly distresses.

"Congress, reflecting the wish of the people, wants it that way and that became the direction we (NASA) took."

DOWN TO EARTH

The scientist-educator said space ambitions have been brought down to earth in search of new energy sources, synthetic fuels, better engine design, and new methods of mass transportation. He called these "endeavors of a strictly terrestial nature."

He told the exchange gathering "there is certainly nothing wrong with this direction. Wherever and whenever space technology can assist in improving the quality and security of those who inhabit this biosphere, then it should be applied with fervor and vigor."

He said for these reasons "plans for exploiting and colonizing space are mostly on the shelf. A NASA administrator has to listen to growing consumer and public demands for solutions for today's problems. People are not ready to hear the costs of developing the technology that would place humanity permanently into outer space." He said such a program would be in the $50 billion range.

Then Dr. Fletcher gave his service club audience a preview of what space exploration could achieve:

A permanent, manned space station, an engineering feat, he said which is "well within the limits of current technology."

An orbiting space base staffed by scientists, engineers and technicians from all over the world to study the sun, stars and near-earth environment.

NEW MATERIALS

A weightless laboratory for developing new materials and products impossible to duplicate on earth which would serve as a lunar base for manned and unmanned voyages to other planets.

He said the concept of the space colony is anything but the flights of fancy that you find in science fiction.

"We will have habitation in space surely by the next century, possibly in the last decade of this one. We have today the basic design specifications for transportation systems to place human colonies in space," he said.

WORLDWIDE VENTURE

Dr. Fletcher also said he expects the development by the end of the century of a worldwide space venture which he called Global Atmospheric Research Program which would have the Japanese launch two satellites. European countries two, and Russia and the United States at least two. Data gathered from those satellites would be coupled with information from weather balloons and ships to give the world weather forecasts five days to two weeks in advance compared to the present 30 hours.

RECOVERY '76—MAKING IT ON ITS OWN

Mr. GARN. Mr. President, periodically, I see in the Washington Post that Hobart Rowen is still urging the Federal Government to add another big charge to the Nations money supply, to keep interest rates from going up, and to keep from "aborting" the pitifully weak recovery that has occurred despite the best efforts of the Republican money managers.

Still, there are some analysts who see the situation as it is and even give some credit to the monetarists in the administration who have managed to resist the incessant Democratic calls for more stimulus. For example, the Citibank analysts, in their Monthly Economic Letter for May, frankly call the present recovery what it manifestly is, "robust." I ask unanimous consent that the Citibank analysis be printed in the RECORD.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

RECOVERY '76—MAKING IT ON ITS OWN

When the worst recession since the 1930s hit bottom in the spring of 1975, few people thought it conceivable that within a year:

Consumers would be back in the stores buying with such alacrity as to push real personal expenditures to a level more than $20 billion above the 1973 peak.

Virtually all of the ground lost in the real output of goods and services would be regained.

The annual rate of inflation would dip below 4% in the face of a robust recovery.

And interest rates, despite dire prognostications of another credit crunch, would move downward, not upward.

All this has been a delightful surprise, except for those who banked on a deteriorating economy as a principal campaign issue. But contrary to their expectations, this is a healthy recovery. And there is every reason to believe that it will enjoy a long life without the stimulus of rapidly rising government expenditures.

In some respects, the first quarter of 1976 was the best recovery quarter yet. While real output did not grow as fast as in the summer of 1975 and final sales failed to rise as rapidly as in the second half of 1975, growth was relatively well-balanced and accompanied by very good inflation readings, a rapid decline in the unemployment rate, rising profits and rallies in the financial markets.

To be sure, the statistics on future quarters may not be quite as good. The rate of real growth may slip some and inflation may become more virulent, at least temporarily. But a look at the way this recovery stacks up against earlier ones confirms that it is still young.

Just as they did in past upturns, consumers initiated the current recovery. Consumer spending, measured in real terms, began to rise in the first half of 1975 even as business spending was plummeting at its steepest rate. The real volume of consumer purchases has continued to grow steadily ever since, and the pace accelerated in the opening three months of 1976. Expenditures on new housing construction also rose strongly over the same period, again following the typical recovery pattern.

Gains in consumer spending have been fueled by a gain in income, an increase in available credit and a reduction in federal taxes. While the growth of money incomes slowed over the past year, the rate of inflation slowed even more, producing the first solid gain in real personal income in two years. In the spring of 1975, federal tax cuts and the payment of a Social Security bonus pushed up disposable incomes more rapidly than gross incomes.

As incomes have risen and the fears created earlier by rising unemployment and escalating inflation have ebbed, households have used credit more freely than they did in the period from mid-1974 through early 1975. Consumers have added to instalment loans at a rising rate since last June, and the savings rate has fallen from nearly 10% in the tax-cut quarter to 7.6% in the first quarter of 1976.

While they share the same generic properties, recoveries each have their own distinct personalities. A particular feature of this recovery is a marked consumer preference for goods as opposed to services. As the chart indicates, the percent rise in real expenditures on goods in the first four quarters of recovery has been nearly as large as in the recovery from the 1953–54 recession.

Within the goods category, the largest percent gain of all, 30%, was registered in real outlays for motor vehicles and parts. This is in keeping with the pattern of other post-World War II recoveries with the exception of that following the 1960–61 recession, and reflects the relatively steep decline in sales in this category during the downturn. In real terms, outlays on motor vehicles in the first quarter of 1975 still trailed the outlays in 1973's record first quarter by 11%. So even though smaller in percent terms, gains in real outlays on food and clothing in the first year of recovery were comparatively more noteworthy. The rise of nearly 5% in real spending for consumer food and related products is larger than the gain in similar periods of earlier recoveries with the exception of the 1958–59 period, while the 8% rise in clothing purchases is the largest of all.

These gains in sales of goods have not spilled over to services. The rise in real outlays on consumer services in the first year of this recovery is anemic compared with earlier recoveries, and this is not due to a comparatively strong performance during the preceding recession. Rather, relative prices probably hold the answer. For example, real outlays for electricity and gas have risen very slowly in the past year as consumers have attempted to adjust to sharply higher energy prices. At the same time, expenditures on food and clothing have risen more robustly than in other recoveries, probably in part because price increases in these commodity lines over the past year were relatively small.

The growth of consumer spending accelerated to a 7.5% annual rate in the first quarter and to 22.5% for durables alone. The latter increase was sparked by auto sales, which jumped from an 8.7 million seasonally adjusted annual rate in November to nearly an 11 million rate in March. Gains of this size cannot be expected to continue. Indeed, most analysts expect auto sales for the year to total relatively little more than the first-quarter rate of sales. But should the growth of consumer sales flag a bit, other areas of the economy stand ready to take up the growth banner.

Although residential construction expenditures have risen at a rate that compares favorably with gains in the first year of the other recoveries, this statistic alone does not tell the whole story. Because the decline in activity during the recession was far greater than in earlier recessions, there is much ground to be made up.

The same is true of business investment in inventories and in structures and producers' durable equipment. As the chart indicates, real outlays for these purposes have actually fallen in the first year of this recovery while they rose in earlier recoveries. In the case of both inventories and fixed investment, the declines are the result of decreases in outlays in the early quarters of this recovery that have not yet been erased by later gains. Compared to prior episodes, the cyclical upturns in these sectors have lagged behind.

Although the swing from steep inventory liquidation to mild accumulation contributed mightily to the recovery the stock of business inventories only began to increase in the first quarter of 1976. And the increase in that quarter was concentrated in nondurable goods and autos. Apart from autos, durable-goods stocks declined when measured in terms of 1972 dollars. While nondurable-goods inventories may very well rise more slowly in future quarters, there is a clear potential for growth in durable-goods stocks. The expectation of a future rise holds as well for business fixed investment, which typically trails other developments in the business cycle.

Past experience suggests that the lagging components of total expenditures—those that have fallen behind the growth of consumers' spending—will catch up in the quarters to come. And the same record indicates that the growth of government purchases of goods and services, the major component of the gross national product omitted from the chart, is not at all clearly related to the progress of recovery. Real government purchases fell slightly during the robust recovery from the 1953–54 recession, while they rose sharply during the relatively weak recovery from the 1960–61 recession. Nor is there a well-defined link between total government outlays and the strength of recoveries.

In short, the thrust of the current recovery and the record of the past lay to rest arguments that the economy now needs still another big dose of public spending to keep it moving. What's more appropriate—and to a degree that seemed highly improbable a year ago—is a consideration of how the growth of government expenditures can be checked.

GENOCIDE CONVENTION DOES NOT NULLIFY THE FIRST AMENDMENT

Mr. PROXMIRE. Mr. President, a commonly heard objection to passage of the Genocide Convention is that the treaty would usurp our constitutional guarantee of freedom of speech under the first amendment.

The Genocide Convention states in articles II and III that the direct and public incitement to commit genocide shall be punishable. The definition of genocide is given to include the act of causing serious bodily or mental harm of a national, ethnic, racial, or religious group with intent to destroy the group as such in whole or in part.

In its Executive Report No. 92–6 delivered to the Senate May 4, 1971, the Committee on Foreign Relations emphasizes the importance of intent in the definition of genocide. The committee's report refutes the aforementioned objections:

> Basic to any charge of genocide must be the intent to destroy an entire group because of the fact that it is a certain national, ethnical, racial, or religious group, in such a manner as to affect a substantial part of the group. There have been allegations that school busing, birth control clinics, lynchings, police actions with respect to the Black Panthers, and the incidents at My Lai constitute genocide. The committee wants to make clear that under the terms of Article II none of these and similar acts is genocide unless the intent to destroy the group as a group is proven. Harassment of minority groups and racial and religious intolerance generally, no matter how much to be deplored, are not outlawing discrimination. Article II is so written as to make it, in fact, difficult to prove the "intent" element necessary to sustain a charge of genocide against anyone. (Ex. Rept. 92–6, p. 6)

On top of this the United States is prohibited by the Constitution from becoming party to any treaty which would supersede the highest law of the land. The Genocide Convention would usurp no such law. It should, therefore, be ratified as soon as possible.

FEDERAL PHONE BOOKS: CHAPTER II

Mr. METCALF. Mr. President, recently—May 11, 1976, CONGRESSIONAL RECORD, pages 13252–13254—I reported that a study of Federal telephone books, done by the General Accounting Office at my request, uncovered many problems in the Washington area. I thought the telephone book situation was bad in the Nation's Capital. Well, I found it is worse in the West.

In Washington, the GAO discovered, current telephone directories of many agencies were not available. Others were out of date as soon as they were issued.

In other parts of the Nation, I have discovered copies of Government telephone books are withheld from the public. If a citizen insists, I learned, the telephone books might be made public, but only in population centers far removed from most of the citizens who might want to telephone a regional Federal official. If a citizen really insists, a telephone book might be run through a copier at 10 cents a page—approximately 100 times what it cost the Government to print the book originally.

This situation was uncovered by Prof. Samuel J. Archibald who operates out of the University of Colorado School of Journalism. He formerly worked in Washington—running the staff of the House of Representatives subcommittee investigating Government secrecy and, later, directing the Fair Campaign Practices Committee's investigations of dirty politics.

When he went on to his reward in the world of academe, he applied his investigative talents to what appeared to be local secrecy problems. And one of them has turned out to be a national problem.

Professor Archibald tried to get a copy of the telephone book the General Services Administration publishes for all Federal agencies in the Denver area. He could not, so he filed a formal request for the secret telephone book under the freedom of information law. The GSA said the insistent professor could have a Government telephone book, but its regulation prohibit public distribution of the publication. After his prodding, the GSA reluctantly agreed to take a second look at its regulation, but local GSA officials mounted a letter-writing attack to try to discredit the professor's efforts.

So far, they have been unsuccessful. In fact, they have been ridiculous. While they contend in their official letters that the telephone books are available, Professor Archibald's investigations show that the word has not gotten down to the working levels.

The problems posed by the GSA regulation classifying government telephone books as "not for public distribution" is not just a Denver problem. It applies to all areas of the Nation, for the GSA's job is printing and distributing telephone books for all agencies. The same regional official in Denver who mounted the letter-writing campaign to justify telephone book secrecy is the regional official in charge of telephone book distribution throughout the Rocky Mountain West—including my State of Montana.

I am asking the GSA to change their telephone book secrecy regulation. I hope my colleagues will join me. And I hope the GSA will look carefully at Professor Archibald's suggestion that it publish and sell all Government telephone books. Not only will that add to the ease of reaching Government officials, but he contends the sale of the books will pay the cost of printing them for Government distribution.

More information for less money is a worthwhile goal. So that Members may join me in helping convince the GSA to move toward that goal, I ask unanimous consent that the exchange of correspondence between Professor Archibald and the GSA be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UNIVERSITY OF COLORADO,
Boulder, Colo., April 12, 1976.

ARTHUR F. SAMPSON,
Administrator General Services Administration, Washington, D.C.

DEAR ADMINISTRATOR SAMPSON: When I left your fair city after some 20 years of fighting government secrecy, I thought the clear cool air of the Rocky Mountain states would permit the secrecy-minded federal bureaucrats in this area to see the error of their ways.

I was wrong. Do you know that they have classified the federal regional telephone book as a government secret? And they say the telephone book must remain a deep, dark secret because of your orders.

I cited the Freedom of Information Act to them because I have had some experience with it. As you know, I directed the Congressional investigation which resulted in the original 1967 law, and I directed the study of government's poor administration of the law which resulted in the 1974 amendments which became the new law in spite of President Ford's veto.

I did no good. I even pointed out that the new law provides a penalty for the federal official who arbitrarily and capriciously withholds public records—records, for instance, like the federal regional telephone book.

I started with the office of Belva Flansburg in the Denver office of the Telecommunications Division of GSA's Automated Data and Telecommunications Service. Yes, I was told, the office is in charge of distributing the 150 page United States Government Telephone Directory for the Rocky Mountain region. No, I was told, I could not beg, borrow or buy one.

I went to the top—all the way to the Denver office of Regional Administrator Michael J. Norton and his expert on business affairs. No, I was told, only federal officials can have federal telephone books, but I did get one additional fact.

The security experts protecting regional telephone books are just following orders—your orders. They cited an order titled Telex Communications and Public Utilities, FPMR, subchapter F subpart 101-35.5. Of course, Mr. Sampson, GSA is not the first agency to hit upon the brilliant idea of keeping its telephone books secret. The Pentagon thought of it first and classified its book listing names and numbers of public officials as "For Official Use Only."

That was a few years ago, and there was a Congressional outcry. As the result of the publicity, the Pentagon put its telephone book on public sale and, in the first year, made enough money to pay for printing the book and distributing it within the Pentagon.

I'm not suggesting you look into such a money-saving tactic. That would take too long, and you have only 10 days.

Under the Freedom of Information Law (5 U.S.C. 552) you have 10 days to answer a request for public records. I am, of course, willing to pay for a copy of the current United States Government Telephone Directory (Colorado) issued by General Services Administration Automated Data and Telecommunications Service Region 8. You might, however, want to give me the telephone book free of charge since the law suggests you do so if "furnishing the information can be considered as primarily benefitting the general public"—a loosely organized group of which I am a member in good standing.

If you don't provide the public records or don't act within the legal time limit I can, as you know, immediately go to court. I hope I don't have to. The GSA and its secret telephone book look silly enough already.

Sincerely,

SAMUEL J. ARCHIBALD.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., April 23, 1976.

Mr. SAMUEL J. ARCHIBALD,
School of Journalism,
University of Colorado,
Boulder, Colo.

DEAR MR. ARCHIBALD: This is with regard to your April 12, 1976 request for a copy of the Federal Region 8 Telephone Directory under the Freedom of Information Act.

This telephone directory is available for your review as of today in the Regional Commissioner's office, Automated Data and Telecommunications Service, Building 41, Denver Federal Center, Denver, Colorado 80225.

If you wish to receive a copy in the mail, simply call Mr. Milton Schuster, Regional Commissioner, on 234-4337 or write him at the above address.

Sincerely,

T. D. PUCKORIUS,
Commissioner.

UNIVERSITY OF COLORADO,
Boulder, Colo., April 30, 1976.

T. D. PUCKORIUS,
Commissioner, General Services Administration, Automated Data and Telecommunications Service, Washington, D.C.

DEAR COMMISSIONER PUCKORIUS: Thank you so much for offering me a copy of the Federal Region 8 Telephone Directory. Yours is the second offer I have received from the General Services Administration.

At 2 p.m., on April 19, 1976, two days after news stories appeared about my request that the GSA lift the cloak of secrecy from their telephone books, I received a telephone call from Deryl Sabin, executive assistant to the Regional GSA administrator.

Mr. Sabin offered me a personal copy of the publication and said I should have called him first before publicising your agency's secrecy problems.

I explained I couldn't call him since I couldn't get the secret telephone book with his number in it, and I rejected his kind offer.

I pointed out that I am interested in the principle of public access to public records which is clearly violated by GSA Regulation FPMR, Subchapter F, Subpart 101-35.5 stating that GSA public telephone books are available only to public officials.

I fear the regulation is still in force and that I am now able to get a secret telephone directory only because I filed a formal request under the Freedom of Information Law and made a public issue of the matter.

If the regulation is still in force, please provide a copy. If it is not in force, please provide a copy of whatever regulation or other governmental document was issued to change the telephone book secrecy system and provide copies of letters or other communications to all your regional offices notifying them that GSA telephone books are no longer government secrets.

I am, of course, requesting the above public records under the Freedom of Information Law.

Sincerely,

SAMUEL J. ARCHIBALD.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., May 19, 1976.

Mr. SAMUEL J. ARCHIBALD,
School of Journalism,
University of Colorado,
Boulder, Colo.

DEAR MR. ARCHIBALD: This is with regard to your letter dated April 30, 1976, in which you requested a copy of the General Services Administration's telephone directories for Region 8 and Federal Property Management Regulation (FPMR) 101-35.5.

I take strong objection to your inaccurate reference to our telephone book as a "secret" document. My April 23, 1976 letter to you stipulated the ways in which you could review this directory. If the book was, in fact, classified "Secret" I would not have been at liberty to compromise that security classification.

FPMR, 41 CFR 101-35.5 is still in force. However, I point out that this regulation cannot be properly construed as restricting public access to Government telephone directories. The directories, as stated, are printed in limited quantities, primarily for Federal agencies, in order to conserve funds. GSA is not able to forecast the demand by the public, however, if a person requests a copy of a particular directory under the Freedom of Information Act, we would be happy to provide it. In areas where GSA has more telephone directories than required for Federal agencies, we would provide to the public those additional copies for no charge. In the event extra copies are not available, GSA will reproduce (by routine electrostatic copying) the requested information for 10 cents per page as outlined in 41 CFR 105-60.307-8a. We have enclosed an extra copy of FPMR, 41 CFR 101-35.5, as requested. We have been informed by Region 8 that you have been furnished with a copy of the directories in question.

For your information, in an effort to avoid further misinterpretation of this regulation, I am investigating the possibility of clarifying the 41 CFR 101-35.505 to state that these directories are available, upon request, to the public at a fixed price.

Sincerely,

T. D. PUCKORIUS,
Commissioner.

Enclosure.

SUBPART 101-35.5—TELEPHONE INFORMATION SERVICES PROVIDED AT GSA-OPERATED TELEPHONE SWITCHBOARDS

§ 101-35.505 Public distribution.

Government prepared telephone directories are printed in limited quantities to conserve funds. [These directories are not intended for public distribution.] However, copies may be made available for inspection through the regional GSA Business Service Centers or Federal Information Centers.

[From the Boulder Daily Camera, June 1, 1976]

FEDERAL DIRECTORY NOT SECRET

I wish to correct some misinformation about the General Services Administration which appeared under the heading "Absurd Classification" in the April 19th issue of the Camera. That article applauded the efforts of Professor Sam Archibald of the University of Colorado Journalism School to "spring" the Federal regional telephone directory, published by GAA for the benefit of Federal users, from the clutches of the bureaucracy that had supposedly "classified" it as a "secret document." A review of the correspondence and oral communications between Mr. Archibald and GSA about this directory show that the article, while humorous, is a fabrication. The facts are simply these:

1. The directory is not classified at all, much less secret.

2. The directory is printed in limited quantities and provided primarily to other Federal Government agencies although, to the extent available, it is provided on request to other interested persons.

3. Additionally, the information contained in the directory is (and always has been) available for inspection by the public at our Business Service Center.

4. These facts were made known to Mr. Archibald, who informed representatives of GSA that he really didn't want a copy of the directory, but, rather wished to make a "Federal case" of the matter. Mr. Archibald never contacted me, either by phone or in writing, as he states in the attached letter, but rather wrote a clinically humorous but factually erroneous letter to an individual in Washington who left GSA several months ago.

Mr. Archibald was . . . supplied with copies of the driectory. In fact, he was given permission to include the names and phone extensions of GSA employees in a directory he says he is preparing to aid citizens in dealing with the Federal Government.

As an aside, I would recommend that citizens know about and use the Federal Information Center (837-3602) for assistance in dealing with information which rightfully does not withhold or conceal information which rightfully belongs to the people. Obviously, an informed citizenry is essential to democracy. Had you bothered to corroborate this story with us, the citizenry could have been more accurately informed in this instance.

MICHAEL J. NORTON,
Regional Administrator,
General Services Administration.

DENVER.

JUNE 7, 1976.

EDITOR OF THE CAMERA.

SIR: Like most bureaucrats, the Hon. Michael J. Norton, Regional Administrator, General Services Administration, Denver, is indeed a sensitive man. A slight prick in his pomposity nerve and he rears up yelling and screaming. The Hon. Mr. Norton's recent letter to you complained that your news story about my attempts to get a copy of the GSA's secret telephone book was humorous but a fabrication. Let's look at the record.

1. He said his government telephone directory "is not classified at all, much less secret." Wrong, Hon. Mr. Norton. GSA Regulation 41 CFR 101-35.505 classifies the telephone directories as "not available for public distribution." If that's not keeping the document secret from the public, what is?

2. He said the government telephone book is printed primarily for other government agencies but, "to the extent available it is provided on request to other interested persons." Wrong, Hon. Mr. Norton. It is, under the federal Freedom of Information Law, a public record and is available to any person—not just to those his office decides, in all righteousness, are "interested persons."

3. He said the information in the government telephone book is "available for inspection by the public at our Business Service Center." Wrong, Hon. Mr. Norton. It is not your Business Service Center, it belongs to all of us, not just those who are clothed in the brief authority of government. Agreed, the book is available at the Business Service Center for anyone who takes a long and expensive trip to the Denver Federal Center. That procedure follows the old government axiom: "Make it hard to get and no one will get it."

4. He said I never contacted him and begged for the telephone book because I wanted to make a "federal case" of the matter. Right, Hon. Mr. Norton. I could not contact him. I could not get a federal telephone book to find his telephone number. And he is right, I did want to make a point that any person has the right of easy access to federal telephone books—not just someone like me who writes to Washington and files a formal complaint under the Freedom of Information Law.

Well, that takes care of the four points Hon. Mr. Norton listed in his formal letter to the editor. Now let me address him directly.

First, you say I "was given permission" to include the names and office telephone numbers in a directory I was compiling for the press to use in contacting government agencies. Given permission, Hon. Mr. Norton? Since when do I, or any citizen of our democracy need permission from you, or any bureaucrat, to list the names and office numbers of the people whose salaries we pay to run our government?

Second, you urge citizens to use the federal information center (837-3602 is the telephone number he offered) "for assistance in dealing with information which rightly belongs to the people". Well, I tried, Hon. Mr. Norton, and had the following conversations:

"Are you a government employee?" the sweet voice at the information center telephone number asked. "No," I confessed. "The book is not generally available to the public," Sweet Voice gently explained.

Unlike most of the public faced with the stone wall of federal bureaucracy, I insisted. "Well," she said, her voice not quite as sweet, "if you really feel you need one, contact Mr. Doug Hedrick at the Denver Federal Center."

I did and again we went through the "are you a government employee" routine. When I again confessed I was not, Mr. Hedrick expressed confidence that I could get a copy at the federal information center on the ground floor of the Denver Federal Building, 19th and Stout.

He was wrong. Another sweet voice reported that the information center "does not have distribution copies." But, she advised, maybe I could get a government telephone book from the chief federal telephone operator right down the hall. So I telephoned.

"Certainly," the third sweet voice said without even asking for my name, rank and serial number or my place of government employment, "do you want it mailed or do you want to pick it up?"

Obviously, Hon. Mr. Norton, she does not know that GSA regulation 41 CFR 101-35.505 orders telephone books withheld from public distribution. I hope you don't punish her.

And while I'm expressing hopes, I hope you and your bureaucratic superiors will have enough of the federal telephone books printed to put them on public sale at the Government Printing Office book store *just* down the hall from your federal information center in the Denver Federal Building.

Not only would they be much more accessible, but I'll bet you a two dollar bill that you would sell enough to pay the cost of printing the whole batch of telephone books necessary to supply all the government employees who, under your present classification, are the only persons entitled to one (1) each federal telephone book.

Sincerely,

SAMUEL J. ARCHIBALD.

DON BOLLES

Mr. FANNIN. Mr. President, I would like to call to the attention of my colleagues the death of a fine newspaper reporter and a good friend of mine, Don Bolles of the Arizona Republic Newspaper. Don died this week from injuries sustained as a result of an explosion caused by a bomb set off under his car in the course of an investigation into organized crime.

He was clearly a soldier who fell in the front lines of battle. His colleagues considered him among the best and most agressive of Arizona's investigative reporters. He had been working to expose organized crime in Phoenix for many years and had earned the respect of Phoenix citizens for his refusal to accept corruption as a necessary evil.

Don graduated from Teaneck High School in Teaneck, N.J., and was graduated from Beloit College in Wisconsin in 1950.

While at Beloit he won the President's Award for personal achievement. He was also editor of the campus newspaper and was listed in Who's Who in American Colleges.

He was a former president of the Arizona Press Club. He had been chairman of the board of Crossroads United Methodist Church and had cosponsored an Explorer Scout post on journalism. He was a member of the Church of the Beatitudes at the time of his death.

He had been a member of the Kiwanis Club, the Arizona Press Club; a member of the Organized Crime Task Force of the Phoenix Chamber of Commerce, Boy Scouts and Girl Scouts Public Relations Committee, Citizens Organized for Deaf Education, and Society of Professional Journalists; Sigma Delta Chi.

He was a winner of the Newsman of the year award and had been nominated for a Pulitzer Prize.

I worked with Don for many years and came to admire his professional ability and his courage.

He was a vigorous outdoors man who once came to Arizona on vacation and fell in love with its climate and natural beauty. He stayed and became a staunch Arizona loyalist.

Don was a devoted husband and father. My deepest sympathy goes to his fine family.

His death is a tragedy for his family, for his State and for his country. It is my fervent hope that his assassin or assassins be speedily brought to justice.

ORGANIZED LABOR'S DEMAND TO CONGRESS: KEEP YOUR 30-YEAR-OLD PLEDGE

Mr. HUMPHREY. Mr. President, for 30 years our Nation has failed to take the steps to fulfill its commitment to achieve maximum employment, a commitment made when the Employment Act of 1946 was enacted.

That pledge is based on the conviction that the Declaration of Independence and the Constitution make it clear our Nation and its Government were established to protect and benefit all of our people.

Now, 30 years after enactment of the employment bill, organized labor is telling Congress in no uncertain terms to breathe life into this pledge and conviction and take the action necessary to establish the procedures and framework to provide opportunity for everyone able, willing, and seeking work to be employed at a decent wage level.

Mr. President, the vehicle to reach this achievement is S. 50 and H.R. 50, the Full Employment and Balanced Growth Act of 1976, introduced by me and by Representative AUGUSTUS HAWKINS.

In essence, the Full Employment and Balanced Growth Act requires the administration and Congress, on a first priority basis, to develop and implement comprehensive policies and programs aimed at reducing adult unemployment to no more than 3 percent within 4 years following enactment while providing anti-inflationary safeguards necessary to maintain reasonable price stability.

The initial emphasis of this legislation directs the administration and Congress to bend their efforts to create and sustain the economic climate necessary for commerce and industry to operate at full potential in order to meet the unemployment goal of the bill. This could be done through conventional fiscal and monetary policy changes, such as tax credits and alterations in the money supply.

Any gap that exists between the performance of the private sector and the unemployment goal woud be filled through a mix of Federal programs aimed at providing job training, public works and facilities projects and public service employment in depressed urban and rural communities. These federally funded programs would be designed to provide only those resources absolutely necessary to reach the 3 percent unemployment goal and would be cut back and eliminated as the ability of the private sector to maintain the goal improves.

In short S. 50 and H.R. 50 establish the procedures and the framework by which the administration, the Federal Reserve Board and the Congress can address themselves to this primary task on a year-to-year basis, changing policies and programs when necessary to meet changing conditions.

Mr. President, much of the philosophy upon which the Full Employment and Balanced Growth Act is based was clearly and concisely articulated in a statement presented by David J. Fitzmaurice, president of the International Union of Electrical, Radio and Machine Workers, AFL–CIO, during recent hearings on the bill held by the Senate Committee on Banking, Housing and Urban Affairs.

The views he expressed have been adopted by the AFL–CIO—thus virtually all of the components of organized labor in the Nation have placed themselves squarely in support of the measure.

Mr. President, I ask unanimous consent that Mr. Fitzmaurice's statement on the Full Employment and Balanced Growth Act be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY DAVID J. FITZMAURICE

The International Union of Electrical, Radio and Machine Workers supports S. 50 for both practical and philosophical reasons.

S. 50 sets up a structure and procedures under which the President, Congress and the Federal Reserve will be required to develop and act on national goals and priorities for full employment and balanced economic growth. Full employment is defined as an unemployment rate of not more than 3%, and the bill seeks its attainment within four years.

The workers that IUE represents have frequently felt the effects of our nation's failure to take practical steps to fulfill the commitment to full employment enacted by Congress some 30 years ago. They have known the insecurity that goes with constantly rising and falling unemployment rates and they have felt the impact of the more recent trend toward greater unemployment and acceptance in some high places of this worsening situation.

Developments like the decline in defense spending and a slowdown in the space program have hurt IUE members. Even worse has been the growth of imports in the very product areas in which they work. These include consumer electronic goods, heavy electrical equipment, optical products and others.

In less than 10 years, from 1968 to the depth of the 1974–75 recession, tens of thousands of IUE members lost their jobs. While they have shared modestly in the current so-called recovery, many of their jobs will never be restored. Yet, I would stress, electrical and electronic goods and services are among the marks of the advanced technological society Americans take pride in.

IUE members have been thrown out of work when multinational corporations closed their U.S. plants to open new facilities, employing cheap labor, in other countries. They also have felt the impact—no less painful—when employers have left industrial centers where high standards prevail for other parts of this country to which the established interests invited them with offers of tax breaks, new facilities and an anti-union atmosphere.

A law mandating full employment will benefit all of our nation and its people. It will:

Eliminate federal, state and local deficits through increasing tax revenues and reducing outlays for assisting the victims (including not only people but cities like New York) of unemployment.

Reduce the human toll and the national costs of mental disease, drug and alcohol addiction, crime, domestic strife and other ravages of widespread joblessness.

Remove the support that high unemployment contributes to bad employment practices and environmental destruction simply by forcing workers to accept jobs under the worst conditions because there is nowhere else to turn.

Make it more possible that our national wealth will be used for the facilities goods and services that will make this a better country—the housing, educational institutions, recreational facilities, mass transit, and many, many other things.

IUE strongly urges Congress to recognize that full employment is a goal worthy of the initial outlays of money, manpower and brainpower needed to implement it.

The Declaration of Independence and the Constitution make clear that this land was established and exists for all of its people—for their well-being, their security, their pursuit of happiness.

The United States does not exist for any part short of all the people. It does not exist solely for the people of the North or the South, for labor unions or fraternal associations, for doctors, lawyers or schoolteachers, for churches or for corporations.

IUE submits that the good of all the people requires that whatever steps are necessary be taken to assure that jobs are available to all the people. For, whether we like it or not, a person in our society who wants to work but cannot find a job is less than a full person.

We are aware of the opposition to this bill by those who claim it will turn the U.S. into a "planned economy," that it is inflationary, that it will make every worker a government employee, that it will produce a "monolithic" program.

All of this is scare talk, offered by those who are prospering under the present system and who see any change as a threat to that prosperity. These are the people who once opposed child labor laws, Social Security, and unemployment compensation. These are the people who designed the recent recessions as a cure for inflation—a policy whose bankruptcy was clearly demonstrated.

These elements may well know where their own welfare lies but they have been consistently wrong with respect to the nation's good.

Because full employment will serve all of the people, IUE urges the Senate to pass S. 50, the bill that will make this goal a reality.

KISSINGER'S FOREIGN POLICY PLACES UNITED STATES IN JEOPARDY

Mr. GARN. Mr. President, our colleague, Senator JAMES BUCKLEY, is among the most clear-sighted of men when it comes to U.S. defense posture. Senator BUCKLEY has visited the Soviet Union and other important areas of the globe, and I think when he speaks on matters of defense, we should pay careful attention to his words.

On May 27, Senator BUCKLEY spoke to the American Defense Preparedness Association on the subject of the foreign policy of Secretary of State Henry A. Kissinger. So that all Senators may have the benefit of his remarks, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

KISSINGER'S FOREIGN POLICY PLACES U.S. IN JEOPARDY

(By Senator JAMES L. BUCKLEY)

During the heat of the Florida primary campaign, President Ford performed a salutary service—he committed verbicide on the term "detente."

But although the word may be gone, the concept lingers on, and is still, so far as I am able to determine, the basic concept which defines our foreign policy.

The term detente has been applied over the past few years to everything from Pepsi-Cola to pandas. But although the term covers a complexity of relationships and actions, I believe that in its operating essentials, as is has come to be practiced, it can be summed up in three simple words—compromise, conciliation, and concession.

These are not in themselves evil words. Indeed, to some extent they lie at the heart of every successful two-party relationship. But when they consistently describe the attitudes and actions of only one party in that relationship, then those words indicate some very fundamental weaknesses exist.

And that, I believe, is precisedy the case today both with our foreign policy and with the defense posture upon which that foreign policy depends so heavily for success.

In an interview televised by the British Broadcasting Corporation, Alexander Solzehnitsyn said, "I wouldn't be surprised at the sudden and imminent fall of the West . . . The West is on the verge of collapse created by its own hands . . . There was a time, at the beginning of the '50's, when [a] nuclear threat hung over the world. But the attitude of the West was like granite, and the West did not yield. Today this nuclear threat still hangs over both sides, but the West has chosen the wrong path of making concessions."

We have seen what those concessions mean in terms of defense. In May, 1972, at SALT I, the Soviets were able to leave the bargaining table with distinct advantages over us—50 per cent more in ICBMs, in submarine-launched missiles, and in missile-launching submarines.

At the time we were told that although the accords were on the surface somewhat lopsided, the concessions we made were necessary to cut the momentum of the all-out Soviet drive to increase and modernize their strategic forces.

Furthermore, we were told, the Soviets would be watched with an eagle-eye to insure that they lived up to the provisions of the SALT Accords. And they have been watched and they have been observed as they have systematically violated those accords as we in the Senate had been given to understand them by the Nixon Administration. But the eagle hasn't screamed.

Since SALT, the Soviets have interfered with American technical means of verification by concealing their research and development and testing activities and their military weapons construction efforts.

They have embarked on the development of a clandestine anti-ballistic missile capability by upgrading the SA-5 anti-aircraft defense system to an ABM role. True, the program was halted—but only after eighteen months and fifty flight tests.

More recently, the Soviets have deployed more than 744 submarine-launched ballistic missiles, but while so doing have not disassembled the fifty or more SS-7 and SS-8 missiles required by the SALT agreements. And instead of demanding that the Soviets cease the sea trials on their new Delta II submarines, we have accepted the excuse that "construction difficulties" have prevented them from disassembling the required number of SS-7s and 8s, even though they have experienced no difficulties in constructing new facilities adjacent to the sites of these missiles.

(One of my more explosive advisors, incidentally, tells me that 50 pounds of TNT in the silo would quickly solve all those Soviet problems with dismantling their excess missiles.)

And finally, during the past two weeks, hard new evidence indicates that the Soviets may be headed toward a deployment of easily concealed land-mobile ICBMs. After months of analysis it appears that the SS-20 has a much greater range than it was initially credited with. Rather than being an "intermediate" range missile useful for targets on the Eurasian land mass, it is thought that it can reach targets in the United States. And if warheads the size and weight of the U.S. Poseidon are used, much greater range can be achieved.

We made considerable and often controversial concessions at the 1972 SALT talks. And now we are apparently willing to concede the Soviets the right to cheat on those agreements. Why? Is Soviet military might so awesome that we dare not contest what we regard to be clearcut violations?

I think not. True, the Soviet military power grows more formidable by the day. They have overhauled us in strategic throw-weight and delivery systems, in annual production rates for tanks, tactical aircraft, artillery, armored personnel carriers, and tactical nuclear missiles.

On the seas, the advances have been even more dramatic. A decade ago, the Soviet fleet was little more than a small coastal defense force. Today they have a deepwater fleet capable of challenging us on all the seas of the world. During the past decade the number of our naval vessels has been cut in half, to below 500. In the same period the Soviet fleet has doubled, and today boasts some 1500 vessels.

There is no doubt about it. The Soviet Union is a powerful adversary and continues to grow more powerful. Yet the history of America is in large part the history of fearlessness in the face of powerful adversaries, and the American people remain equal to any challenge. But before they can meet those challenges, they have to understand what those challenges are. And it is here, I believe, by failing to define clearly and precisely the nature of the challenge we face in the world, that we in Washington have failed the people we are supposed to serve.

Alexandr Solzhenitsyn defines that challenge in the blunt, uncompromising terms that may yet shock us to our senses.

"Those of us who have lived on the frontier between life and death," he says, "understand that between good and evil there is an irreconcilable contradiction."

He speaks of the freedom in the West that liberates the human soul, and the totalitarian Communist regimes that are determined to destroy that freedom. Of those regimes, and of the policies now being pursued by the West, he has this to say:

"Tyrants, bandits, puppets have come to power, and pragmatic philosophy says: that doesn't matter, we have to recognize them. And what is more, one should not consider that the great principles of freedom finish at your frontiers, that as long as you have freedom, let the rest have pragmatism. No. Freedom is indivisible, and one has to take a moral attitude toward it."

I believe that brief paragraph tells volumes about what has happened to our attitudes toward foreign policy. Traditionally, our policy has always been constructed on two basic principles, one pragmatic and one moral.

The pragmatic principle has dictated that we do all that is necessary to protect and enhance our own self interest as a nation. The moral principles has required that we act to defend the way of life and the values of the free world.

Gradually, however, over the last decade, we began to drop one of the terms—the moral term—from the equation. Our foreign policy became increasingly pragmatic. And as it did so, it lost its soul, its driving force. And ironically, as it became totally pragmatic, it proved not to be pragmatic at all, if pragmatism is measured by practical results.

The concept we call detente is nothing more than old fashioned balance-of-power, sphere-of-influence diplomacy, which by definition cannot take morality into account, and can therefore never provide a base for a sustainable, long-term American foreign policy.

Such an approach, with its total emphasis on maneuver and pragmatism, requires a certainty of execution which our representative government cannot provide because of the way in which we choose it and the frequency with which we change it: and it requires a necessary moral neutrality, which is antithetical to the American character and spirit.

Yet it was precisely that sort of foreign policy which Richard Nixon and Henry Kissinger set out to construct, and which Henry Kissinger continues to pursue today. It may, in many of its particulars, have been a brilliantly conceived policy. But it has also proven a conceptual failure, and one of its inevitable results has been to throw much of this nation into total confusion. And with this confusion has come a loss of a sense of national purpose or an understanding of international imperatives that has frustrated our ability to achieve the goals that policy has set for itself.

It must be granted that that policy was launched at the worst possible time in recent history. The protracted, costly war in Indochina generated a mood of withdrawal that only the most inspired leadership could have stemmed. But there was nothing in that policy to inspire, to unite, to force the Congress to think in realistic terms about the threat posed by a Soviet state determined to achieve military supremacy.

We fought in Vietnam, we were told, to halt the expansion of imperialistic communism. But even as we fought there, as American fighting men bled and died, our leaders were drinking toasts in the Kremlin and in the Great Hall of the People with the very leaders of the movement that Americans were laying down their lives to stop. And so when a recalcitrant Congress refused to support the steps that might have given the South Vietnamese a fighting chance, the President was not able to reach out to the people to compel that support.

Our leaders talked about keeping America number one among the military powers of the world. They insisted, in fact, that only through such strength could a policy of detente succeed. But they also told us that the policy of detente had purchased a generation of peace; and once again our leaders were unable to stem the severe cuts in critical military programs imposed by the Congress.

The Soviet Union embodies everything that is repugnant to us, yet we appear to do everything in our power to insure its economic well-being, and to shield it from political and moral pressures from the West, even while it has continued to apply political and military pressures against the vital interests of the West.

What has happened? In part, I believe, it is very simple. The sphere-of-influence geopolitical game we have been playing, that concept of detente as we have applied it, has blurred the nature of the struggle in which we are engaged—the struggle between the forces of totalitarian communism and the forces of freedom.

And as a result of that blurring, we are today without the sort of moral compass we need to chart a reliable course in foreign affairs.

Too many Americans, encouraged by the recent shape of our diplomacy, have lost sight of a basic truth—the struggle in which we are engaged is a struggle between good and evil. Evil, the philosophers have told us for centuries, is an active force, and all that it needs to triumph, as Burke tells us, is for good men to do nothing.

And this is where our foreign policy has been blind to ultimate reality. It is a policy based on the belief, as Solzhenitsyn puts it, that as long as we have freedom, we can let the others have pragmatism. It is a policy that purges spiritual or moral considerations from the equation of international politics.

That, I believe, is the only way in which the so-called Sonnenfeldt Doctrine—or perhaps more accurately the Kissinger-Sonnenfeldt Doctrine—can be explained. However, unintentionally revealed, however informal its presentation, the doctrine nevertheless explains and makes explicit something many of us have long believed to be implicit in our approach to foreign policy. As we haven't the power to roll back the Soviet imperial presence in eastern Europe, we must appease it.

More than that, we must legitimize its control over what not too long ago our Presidents were calling "the Captive Nations." Not only is Soviet hegemony over those nations tacitly encouraged, but it becomes tacit American policy to resist, as destabilizing, any attempt by any one of them to break free of the Soviet orbit.

As the political philosopher James Burnham put it, we seem to be urging upon the nations of eastern Europe the acceptance of the classic principle—"if rape is inevitable, relax and enjoy it."

Now, it is true that the Sonnenfeldt Doctrine has been officially repudiated. The United States, we are told, totally opposes so-called sphere of influence by any power, and strongly supports the aspirations for freedom and national independence in eastern Europe. But foreign policy represents something more than the sum total of all the official pronouncements and treaties and positions that are issued or negotiated in its name. A foreign policy develops its own tone and it generates certain perceptions at home and abroad that are the reality of that policy.

The Sonnenfeldt Doctrine reflects the reality of our current policy. It has the ring of authenticity about it that statements of official policy to the contrary cannot dispel. For it reflects the state of mind of the secretary of state, his point of view, his perception of American will.

That, I believe, is the only way to explain the Sommenfeldt Doctrine, for the ideas it articulates can only spring from a deep despair, a profound pessimism, and a lack of understanding of the true strengths of the American people or the strengths and weaknesses of the American political process.

This also explains why it is that Henry Kissinger, for all his brilliance and dedication, cannot be either the architect or the executor of a foreign policy suited to the American character and to the imperative needs of the Free World today. That is why he is destined to be an albatross around the President's neck.

We need not pragmatism, but a convincing commitment to ideals. We need not a self-fulfilling pessimism, but a contagious self-confidence as we affirm our intention to work however patiently, however prudently, for the ultimate triumph of the humane ideals we believe in over the inhumane conditions of a totalitarian state.

But given Henry Kissinger's mind set, the role of American foreign policy on the international scene has become essentially a negative one, its primary purpose to buy time, to negotiate for our people the best terms possible from positions of decreasing strength.

And this, I believe, is one of the dangers in the sphere-of-influence politics we have been attempting to play. Such an approach, depending as it does on apparent contradiction and rapid maneuver, is hardly designed to mobilize the support of the American public, let alone their willingness to sacrifice for it.

This, I believe, is the inevitable weakness of any foreign policy that is played out against a backdrop devoid of defining principle. And such a policy is extremely dangerous when our adversaries suffer from no such handicap.

Our adversary makes no bones about it. The following statement, for instance, taken from *Pravda* in 1973 when detente was flourishing, spells it out: "Only naive people can expect the recognition of the principles of coexistence by the capitalists can weaken the main contradiction of our times between capitalism and socialism, so that the ideological struggle will be weakened."

That is what detente means to our adversaries, and their actions are consistent, motivated by an active principle.

Our foreign policy was once motivated by a similarly active principle. We once believed, as Solzhenitsyn puts it, that freedom was indivisible. We took a moral attitude toward freedom, and our foreign policy thus had consistency, cohesion, and direction. And because we had a sense of purpose, because we understood the true nature of the struggle in which we had been engaged, we were willing to build a position of unquestioned military strength, and had the will to utilize that strength in the defense of freedom.

We can restore that will and the credibility of our military power; we can restore the confidence of our allies, and enlist the essential support of the American people, if we will once again affirm the same national commitment to the ideal of freedom that the Soviets daily demonstrate in the pursuit of its destruction.

This is the challenge we face, the challenge we must meet for the most pragmatic of reasons, if you will, because our survival depends on it. But we will meet that challenge only if we will rediscover our secret weapon—the ideals written into the Declaration of Independence that set sparks of hope flying from the New World across the oceans two hundred years ago, igniting the fires of liberty in the old. The ideals of liberty and human dignity have not lost their power over the hearts and minds of men and women everywhere, even those living under the most ruthless despotisms. So long as we remain strong and faithful to our own best traditions, we will be able to galvanize the forces of freedom here and abroad against the spread of Soviet imperialism, and we can sustain the hope that in God's good time will guarantee that its frontiers will be rolled back.

This is why the shape of our foreign policy in the next few years may well determine the fate of the Free World, why we must maintain the unchallengeable power to meet any threat wherever it is launched, why we must recover our sense of confidence and purpose, our will.

I believe that will is still there. All that we need to galvanize it is leadership which recognizes the difference between good and evil, that is willing to channel and direct the will of our people into hard, moral, and purposeful policy.

We owe it to ourselves. And we owe it to those men and women like Alexander Solzhenitsyn who yearn for freedom.

At the conclusion of his BBC interview, Solzhenitsyn had this to say when asked about Bertrand Russell's famous or infamous aphorism, "Better Red than Dead":

"Looked at from a short distance, these words allow one to maneuver and to continue to enjoy life. But from a long-term point of view, it will undoubtedly destroy those people who think like that. It is a terrible thought."

It is indeed a terrible thought. And that is why we can no longer afford to shape our foreign policy according to the dictates of detente, as it has come to be practiced. Freedom is indivisible, and it is our duty in this world to insure that it remains so.

VIOLENCE AGAINST YUGOSLAV DIPLOMATIC COMMUNITY

Mr. SPARKMAN. Mr. President, over the past few years there have been several deplorable terrorist incidents aimed at the Yugoslav diplomatic community in the United States. The most recent occurred shortly after midnight on June 9 when a bomb exploded outside the Yugoslav Embassy on California Street. Two employees were injured and considerable damage was done to the building.

I know the Government of Yugoslavia is concerned about the series of harassing incidents. Of course, these acts are contrary to our Nation's policy. It is the United States intention to have close, friendly, and open relations with the people and Government of Yugoslavia.

I would like to echo the sentiments of the State Department and express my grave concerns about such violence. I sincerely hope that the perpetrators of this outrageous act are apprehended.

SVEIKI LIETUVIAI

Mr. PERCY. Mr. President, I request that my fellow members of the U.S. Senate pause today, June 15, to pray with me for the people of Lithuania whose independence was taken from them 36 years ago. Along with so many Lithuanian Americans we can say *Sveiki Lietuviai*—long live free Lithuania.

It is an appropriate time for us to recommit ourselves to the cause of Lithuania, of Latvia and Estonia and of all nations which are denied the blessings of liberty and freedom.

BAD NEWS ON THE COST OF NEW HOMES

Mr. HUMPHREY. Mr. President, the rising cost of home ownership during the past decade has proven to be a bitter pill for many American families who can no longer afford a home of their own. This rising cost was spelled out in dollars and cents in an article by John Cunniff in the Saturday, June 12, 1976 edition of the Washington Post, entitled "Financing Costs Add a Bundle to House Price."

In his article, Mr. Cunniff points out that while the price of an average new home has risen from $25,000 to $45,000 since 1966, the increase in home mortgage interest rates during that time—from a level of 6 percent then to 9 percent now—means that the total cost of a typical new home, including financing costs, has skyrocketed from $43,661 to $99,636.

In short, Mr. President, the typical new single-family home now costs a total of about $100,000.

In terms of monthly payments, the 1966 home would cost just under $129 per month in principal and interest, while the 1976 home costs $302, almost 2½ times as much.

As Mr. Cunniff concludes:

> Stated starkly, the typical purchaser cannot afford the typical house, and no agency of government or private enterprise seems able to resolve the dilemma.

Last year, Congress attempted to mitigate this problem for the American homebuyer by enacting House Concurrent Resolution 133, which urged the Federal Reserve Board to conduct monetary policy so as to lower long-term interest rates, including home mortgage rates. For a while, monetary policy seemed to be aimed at just such a goal, and mortgage rates fell a bit.

But now, mortgage interest rates are going back up again, as Michael Sumichrast, chief economist of the National Association of Home Builders, pointed out in a June 12, 1976, Washington Post article, entitled "Mortgage Rates: Going Up Again."

During the past 6 weeks, home mortgages at savings and loan associations have increased by 29 basis points, or just over one-quarter of a percentage point, while mortgage bankers have increased their rates by 44 basis points.

Mr. Sumichrast attributes this rise to the Federal Reserve Board's conduct of monetary policy:

> Increases in mortgage rates make sense if considered as a part of the overall money markets. All rates have increased in the past 6 weeks. But it makes less sense when one considers the enormous savings inflows into the lending institutions. With these record savings, rates should go down rather than up. What are the reasons for the present situation?
>
> The mortgage market does not operate in a vacuum. The movements of all other interest rates make a difference. The Federal Reserve Board has pushed up other rates by as much as 100 basis points in recent weeks.

With the home construction industry still deep in recession, even after a full year of recovery in the economy, such increases in home mortgage interest rates are inexcusable. Federal Reserve Board Chairman Arthur Burns will appear before the Joint Economic Committee on June 30, 1976, as part of our annual midyear review of the economy, and I intend to question him closely on how we can get mortgage interest back on the downward trend.

Mr. President, I ask unanimous consent that the articles by Mr. Cunniff and Mr. Sumichrast be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

MORTGAGE RATES: GOING UP AGAIN

(By Michael Sumichrast)

Even though expected, it still comes as a shock that mortgage rates are going up.

In the Washington area, rates on mortgage loans available at savings and loan associations increased by 29 basis points in the past six weeks. (Twenty five basis points equal a 0.25 per cent increase in rates). Rates offered by mortgage bankers on June 1 were up 44 basis points, or nearly one-half of one percentage point.

These numbers mean that 8.5 per cent loans available a month ago can no longer be found; 8.75 per cent is the best one can get now and that with 25 per cent or more down, as well as a clean credit report.

Here are some facts about national and local mortgage markets.

Yields at the Federal National Mortgage Association commitment auction on June 1 were up for the third time in six weeks. FNMA yields on conventional loans were at 9.308 per cent, as compared to a low of 9.004 per cent at the April 19 auction.

The increases in FNMA auction rates can be interpreted to mean that mortgage bankers are betting on a further increase in mortgage rates. They offer higher interest rates for mortgages they will make in the future. The mortgage bankers may be right or wrong. Nonetheless, their guess on the futures market pushes all mortgage rates up. Thrift institutions read FNMA auction results and follow the trend.

Increases in mortgage rates makes sense if considered as a part of the overall money markets. All rates have increased in the past six weeks. But it makes less sense when one considers the enormous savings inflows into the lending institutions. With these record savings, rates should go down rather than up. What are the reasons for the present situation?

The mortgage market does not operate in a vacuum. The movements of all other interest rates make a difference. The Federal Reserve Board has pushed up other rates by as much as 100 basis points in recent weeks.

In order to compete with other institutions, thrifts have been offering expensive certificates of deposit over the last six years. S&Ls are now stuck with paying out record amounts of money. Nearly 60 per cent of their assets is in CDs. In contrast, several years ago S&Ls had all of their money in passbook savings, on which they paid 5 per cent.

Locally, the lowest rates are at S&Ls. The 14 S&Ls surveyed on June 1 showed an average mortgage rate of 9.23 per cent, while 11 area mortgage bankers had an average rate of 9.81 per cent.

The cheapest loans available at two S&Ls carried an 8.75 per cent rate, with 25 per cent down on a maximum $55,000 loan. Two other S&Ls offered 9 per cent and 9.25 per cent for maximum 100,000 loans.

Several S&Ls offered 9.25 per cent loans; one, 9.375 per cent; and another, 9.5 per cent loans.

The greatest increase in mortgage rates in the past six weeks was 0.75 of a percentage point, from 9 per cent to 9.75 per cent. But three S&Ls showed no change since the previous period.

All mortgage bankers in the survey showed an increase in rates from six weeks ago. The highest change was 0.75 per cent and the lowest was .5 per cent.

Some advice to potential borrowers:

Tightening in the money market does not mean that you should have problems in obtaining a mortgage. It just means that mortgages are more expensive.

Example: PITI (payment to principal, interest, taxes and insurance) on a $67,000 townhouse in Montgomery County shows the following changes with higher rates on a $55,000 loan: About $10 a month more when the interest rates rises 0.25 per cent. For instance, the monthly payment at 8.75 per cent would be $540.30 and at 9 per cent, $550.

The difference in payment between an 8.75 per cent rate and one at 9.5 per cent is $357.36 annually.

Lenders do have money. So shop around for the best deal, even now.

FINANCING COSTS ADD A BUNDLE TO HOUSE PRICE

(By John Cunniff)

The average new size single-family home now costs about $100,000.

Shocking as that price might be, it is a fact if you include the cost of financing which over the past 10 years has added much more to the price of housing than have building costs.

In 1966, a new single-family house cost about $25,000. If a $5,000 down payment were made it would leave $20,000 to be financed at 6 percent for 25 years. Total cost: $43,661.

A comparable house in 1976 costs $45,000. After a $9,000 (20 per cent) down-payment, $36,000 would remain to be financed at 9 per cent for 25 years. Total cost: $99,636.

In terms of monthly payments, the 1966 purchaser must come up with $128.87—generally rounded off to $129—while the 1976 buyer has to pay a note of $302.12.

Stated starkly, the typical purchaser cannot afford the typical house, and no agency of government or private enterprise seems able to resolve the dilemma.

Builders have literally cut corners, reducing the size of models. They have cut out the extra bath and the fourth bedroom, have left attics unfinished, eliminated the garage, reduced the quality of cabinetry.

Individuals have resorted to their own devices. On a small scale, some companies offer kits to individuals who are capable of erecting their own homes. And many young couples have bought and refinished older, rundown homes.

The overall problem remains, however. A survey by Professional Builder Magazine indicates that at least 40 per cent of potential buyers in the age group under 35 years cannot afford to pay more than $35,000 for a dwelling.

Moreover, the trend continues to worsen. Often ignored in time and price comparisons is that worker income, while increasing, is not rising as fast as housing prices.

In a commentary on the housing market, Rinfret-Boston Associates notes that early in 1976 it took the average manufacturing worker 303 weeks pay to buy an average priced house. In 1971 it took only 251 weeks.

Once purchased, the typical house also proves to be expensive to operate, with costs of taxes, fuel, repairs and general maintenance all rising swiftly, in some instances much more sharply than the general inflation level.

Curiously, however, discussion of the problem seems to be absent from public debates, or at least is treated with apathy.

In the political campaigns it appears to be hardly an issue at all, and yet there are no more basic needs than food, clothing and shelter. And quality shelter, a home of one's own, remains one of the great American aspirations.

AN ALTERNATIVE TO ENVIRONMENTAL REGULATION

Mr. GARN. Mr. President, conservative economists emphasize that there are clearly areas where Government action is justified. Those are the areas where "externalities," or "third-party effects" are involved. The market does not, by itself, take into account these externalities, and thus will misallocate resources. The classic examples involve the "free goods," of air and water. If industry dirties the air, it does not have to pay for it. The consumer profits from lower costs, but all who enjoy the air, and to whom the air in theory belongs, suffer by having something taken from them.

There are two ways to approach this problem. One is to establish a regulatory agency to set standards for use of the air or water. The other approach is to set a value on the "free goods," and charge industry for its use of them. This approach results in an effluent tax, or a pollution tax of some sort.

For the most part, the United States has chosen to take the first approach to the pollution problem. Thus the Congress has passed a long string of air and water quality laws. These laws have been characterized, in their implementation, by arbitrariness, and by resistance from the business community. The resistance has taken the form of political confrontations, many of which have been won by industry. Thus the imposition of emission controls on automobiles has been delayed and delayed, and fought from year to year. The waste of resources has been enormous.

At the same time, regulations which have been imposed have resulted in enormous waste, in that there have been cases where industry has been forced to adopt expensive technologies to keep the air cleaner than it really needs to be, given the third-party values involved. The regulatory strategy, above all, does not have a mechanism for judging how cost effective it is to get that last milligram of pollution out of the smoke going up the stack. The regulator just does his job; he gets paid whether the plant gets that milligram out or not. The plant manager, however, has to compete, sometimes with industries in other countries, with different standards. Almost always with plants in other areas of the country, where meteorological conditions are different.

It may be time, Mr. President, for us to look to the other strategy for attaining clean air. The tax strategy does have the advantage of using the mechanism of the marketplace to tell the industry what the cost effectiveness is of any given increment of pollution control equipment. On May 26, two of our colleagues from Colorado, Senator GARY HART and Congressman TIM WIRTH sponsored an Environmental Study Conference to discuss the taxing alternative to present pollution control strategies. I would like to compliment them for taking this initiative, and for bringing to our attention the possibilities that exist. I believe that in the future we will have to look increasingly in that direction, in order to defuse the political confrontations that have characterized environmental issues in the past.

To supplement the general discussion which Senator GARY HART inserted in the RECORD on June 10, I would like to insert an article from a back issue of the Public Interest, discussing the specific example of the application of the taxing principle to the automobile pollution question. Although the article was written in 1973, and the factual situation is now different, the article remains timely, especially in that it deals directly with the problems arising from the political confrontations.

I ask unanimous consent that the article be printed in the RECORD, and I hope that our dialog on this issue can continue.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Public Interest, Summer, 1973]

THE AUTO POLLUTION MUDDLE

(By Lawrence J. White)

After two months' exposure to hearings, testimony, and intensive lobbying, William D. Ruckelshaus, Administrator of the Environmental Protection Agency (EPA), decided on April 11 to suspend for one year the 1975 federal standards on automotive pollution and to replace them with interim standards. Among the participants in the previous two months' activities had been the automobile manufacturers, pollution control equipment manufacturers, petroleum companies, environmentalists, and even the United Automobile Workers. The decision was a compromise and, like most compromises, was promptly condemned by all parties. Appeals to the courts and to Congress are likely to follow, and it is clear that the issue of automotive pollution controls will continue to command the attention of the executive, legislative, and judicial branches of the federal government and of many state and city governments for the next few years.

This governmental attention is not frivolous or unwarranted. Automotive air pollution represents a classic example of externalities: Motorists are inflicting uncompensated costs on others by driving automobiles which emit pollutants. This is a situation that the normal functioning of markets cannot handle, and it is clear that some corrective government action is warranted.

What is much less clear is what kind of government action is best in the present circumstances. Current federal legislation has chosen to deal with this externalities problem by directly specifying emission standards that automobiles must meet before they can be sold. This has culminated in a set of standards for the 1975 and 1976 model years which represent the severest technological challenge that the automobile industry has had to face in its 70-year history. These standards have the advantage of specificity and universality, and they mandate radical reductions in auto pollution levels. But the standards and their administration are also plagued by several inherent dilemmas—some of which confronted Mr. Ruckelshaus this past April, and others of which will become apparent only in the future. In these pages, I propose to review the current state of pollution control policy and technology, and to demonstrate that an alternative policy strategy, one based on an effluent charge, is preferable in almost every respect.

FEDERAL POLICY TODAY

Hydrocarbons, carbon monoxide, and nitrogen oxides are the principal ingredients of the auto pollution problem. The first two compounds are emitted primarily as a consequence of incomplete combustion of fuel within engine cylinders. Nitrogen oxides are formed as an independent by-product of heat in the cylinders. The hydrocarbons and nitrogen oxides react photochemically in sunlight to produce the mixture of ozone and nitrogen-hydrocarbon compounds that we call smog. Smog reduces visibility, impairs breathing, and stings the eyes. Carbon monoxide, which tends to replace oxygen in the bloodstream, can cause death in high concentrations; in lower concentrations it appears to impair nervous system functions, especially among persons with heart or lung illnesses.

The deleterious effects of high concentrations of these pollutants have been demonstrated under laboratory conditions. Thus if automotive pollution control were costless, there would be an overwhelming case for proceeding with pollution controls, in order to guard against the risk that the health costs of current pollution concentrations might be great. But pollution control is not costless, and therein lies one of the crucial dilemmas. This is especially so because, as yet, we have no definitive knowledge of the specific health and other costs that result from current concentrations of auto pollutants in our atmosphere. The reduced visibility and personal discomfort from smog in some metropolitan areas are evident, but other health costs are more evasive. This does not mean that these health costs are necessarily absent—only that we have not discovered what, and how large, they are. But until we can measure these, we shall not have much basis for deciding how much we should spend on how large a reduction in automobile emissions.

As a result of legislation passed in 1965, the U.S. government first specified maximum hydrocarbon and carbon monoxide emission levels for the 1968 model automobiles. In subsequent years, these limits were tightened, controls on gas tank and carburetor emissions were instituted, and limits on nitrogen oxide emissions were specified. In 1970, a series of amendments to the Clean Air Act mandated that automotive emissions be reduced by 90 per cent from 1970 levels. Hydrocarbon and carbon monoxide emissions were to meet this stringent standard by the 1975 model year, and nitrogen oxide emissions were to meet it in the 1976 model year. The amendments also specified that these limits must be met for the first five years or 50,000 miles (whichever comes first) of the automobile's life.

Initially, the EPA translated these standards into the following specific terms: 1975 model cars could emit no more than 0.41 grams of hydrocarbons per mile, 3.4 grams of carbon monoxide per mile, and 3.1 grams of nitrogen oxides per mile. 1976 model cars would be limited to only 0.4 grams of nitrogen oxides per mile. But on April 11 of this year, for reason to be discussed below, these standards were suspended, and less stringent interim standards were set. These different sets of standards are compared in the accompanying table.

MANDATED AUTO EMISSION STANDARDS

[Grams per mile]

	Hydrocarbons	Carbon monoxide	Nitrogen oxides
Uncontrolled car	8.7	87	3.5
Original 1975 standards	0.41	3.4	3.1
New interim 1975 standards	1.5	15	3.1
New interim 1975 California standards	0.9	9	2.0
Original 1976 standards	0.41	3.4	0.4

The EPA has also specified the test procedure that automobiles must pass in order to be certified for sale. The car is allowed to stand for 12 hours at a temperature of 60° to 86° F. It is then started (a "cold start") and driven on a test stand through a series of cruises, accelerations, and decelerations. It is stopped, started again (a "hot start"), driven some more, and finally stopped. The emissions are collected and analyzed and checked against the standards. This 41-mintue test will be applied to each production model submitted by the automobile manufacturers. The cars will be tested, then driven for 4,000 miles around the clock, tested again, driven for 4,000 miles more, tested again, etc., until 50,000 miles are reached. If the cars are still under the specified emission limits at 50,000 miles, they pass the test and future production of those models can be sold. It is likely, however, that the testing of early samples will be followed by production line audits and testing as the model year progresses.

THE MANUFACTURERS' RESPONSE

There are four basic strategies by which the manufacturers can attempt to bring automobile emissions into compliance with these standards. They can (1) modify the engine and its attachments so that, within the cylinders, combustion will be more complete and the formation of nitrogen oxides discouraged; (2) add devices to oxidize or burn hydrocarbons and carbon monoxide and to reduce nitrogen oxides to nitrogen, after these compounds have left the cylinders; (3) redesign the engine in more fundamental ways so as to improve combustion;

and (4) devise sources of motive power other than the internal combustion engine.

The American automobile companies and most foreign manufacturers have chosen a mixture of strategies (1) and (2). This is not too surprising. Given the time constraints, these were the safest strategies. The present internal combustion engine is what they know best, and it is what they believe in. A few foreign manufacturers have chosen strategy (3). No major manufacturer is presently concentrating on (4). Though research on steam engines, turbine engines, and electric vehicles continues, the major technological breakthroughs that would make these power sources competitive with the internal combustion engine have not yet been made.

More specifically, U.S. manufacturers have developed the following engineering package to meet tthe 1975–76 standards:

(1) An improved carburetor has been developed that will offer more accurate fuel metering and that will automatically compensate for changes in altitude and temperature. Eventually, the carburetor may be replaced by even more precise fuel injection systems, but this does not seem likely for 1975.

(2) Since a large proportion of the pollution emissions occur within the first few minutes of a cold start, special efforts have been made to reduce cold start emissions. These include heating the air-fuel intake mixture to improve fuel vaporization, and using a fast-acting choke that will provide a lean mixture sooner than is the case now.

(3) Electronically controlled ignition will replace the breaker points in present cars. The timing of the spark ignition is crucial to proper combustion, and breaker points are considered too susceptible to timing misadjustments.

(4) A valve will be used to recycle 10 per cent of the exhaust gas into the intake manifold in order to reduce the formation of nitrogen oxide. This exhaust gas recirculating valve (EGR) is already in use on 1973 models. Recycling reduces combustion temperatures, which in turn retards nitrogen oxide formation—at the cost of somewhat poorer combustion, more hydrocarbon and carbon monoxide emissions, poorer fuel economy, and poorer acceleration capabilities.

(5) Air pumps will be placed at the exhaust ports of the cylinders to aid oxidation of exhaust gases, which in turn will lower the concentrations of carbon monoxide and hydrocarbons.

(6) On cars sold in California in 1975, and on all cars sold in 1976, catalytic converters will be placed in the exhaust manifolds to oxidize the remaining hydrocarbons and carbon monoxide. For 1976, a second, reducing catalyst will be added to transform the nitrogen oxides to nitrogen. The durability of these catalysts is somewhat in question. They will be exposed to extreme temperature changes and to the rough bouncing of automobiles over bad roads. Moreover they are easily poisoned by lead emissions, so lead-free gasoline will be required for the models with catalytic converters. (The exhaust gas recycling valve is also susceptible to malfunctioning from lead emissions.) This in turn will require lower compression ratios for the engines, and consequent losses in fuel economy and acceleration. Also, specially designed gas tank openings on these cars, and gas pump nozzles on the lead-free pumps, will be required to ensure that owners of these cars buy only lead-free gasoline.

The only major alternatives to this package are likely to be offered by foreign manufacturers. The Mazda car, produced by Toyo Kogyo of Japan, presently offers a rotary cylinder Wankel engine that has already demonstrated its ability to meet the original 1975 standards. (The Chevrolet Vega may also have a Wankel engine option by 1975.) The Wankel engine has fewer moving parts, runs more smoothly, and is smaller and lighter than the conventional internal combustion engine. This last feature means that there is more room under the hood for the auxiliary pollution control equipment. The Wankel tends to use more fuel and to emit more hydrocarbons and carbon monoxide but less nitrogen oxides than the conventional engine. Since the former pollutants are considered relatively easier to clean up than the latter, this pattern of emissions is in its favor. A reactor to burn the exhaust gases, instead of the catalytic converter, may be combined with the Wankel.

The Honda automobile, also produced in Japan, is likely to have a stratified charge engine. This is like a traditional internal combustion engine, except that there is an extra small chamber in the cylinder head. A rich fuel-air mixture is fed to the small chamber and is ignited by the spark plug. This burns and spreads to the main cylinder chamber, in which a lean mixture is present. The lean mixture explodes and drives the cylinder in the usual fashion. This configuration seems to provide very low emission levels and may not require any supplemental catalytic converters. Though the stratified charge engine is not yet in full commercial production, Honda's preliminary models have been able to meet the original 1975 standards.

Finally, the diesel engine used by Germany's Mercedes-Benz on some of its models has also shown it can meet these standards.

THE "FEWNESS" PROBLEM

Viewed from one angle, current federal auto pollution policy is the essence of simplicity. Strict standards are set; cars that do not meet the standards may not be sold. (Technically, the Clean Air Act does not forbid the sale of cars. It specifies a fine of $10,000 for every car sold that does not meet the standards—which amounts to the same thing.) But the EPA's 1975–76 standards were far in excess of what automobile technology was capable of achieving at the time they were set. Setting specific standards is one way of inducing the technological change necessary to attain more effective emissions controls. But when coupled with the threat that cars not meeting the standards cannot be sold, such strict standards inherently create a serious risk for the overall success of the program. The reason for this risk is to be found in the "fewness" problem.

There are only four domestic automobile manufacturers, three of which are among the largest seven manufacturing companies in the nation. (A large truck manufacturer, International Harvester, also comes under the law due to its manufacture of large station wagons.) If one meat packer out of 2,500 had to close down because it could not meet government sanitation standards, few outside of a handful of workers and owners would be affected. But if one or more of the four automobile firms were to fail to meet EPA standards and were required to shut down, the structural consequences for the industry, and the employment consequences for the economy as a whole, would be quite serious indeed.

This aspect of the fewness problem almost emerged into the crisis phase a year ago. In the spring of 1972, Ford revealed that it had followed improper testing procedures in trying to get its 1973 models certified as meeting the 1973 EPA standards. Ford was required to retest its models, and did so successfully, but the retesting was not completed until September, just before the new model introduction. If most of the engines had failed the second time, the existing law was clear: EPA would have been required to shut Ford down. Is this something that the public and Congress would have tolerated, especially in an election year? And would there have been any equitable way out of this dilemma, given that the other companies' cars had passed?

One consequence of the fewness problem, then, is that it makes federal policy virtually unenforceable against manufacturers or models that do not meet the standards. This in turn creates a second problem—the possibility that the manufacturers will not make every conceivable effort to meet the standards. By setting specific standards, EPA gave the parts manufacturers, chemical manufacturers, and catalyst manufacturers a clear incentive to try to develop control systems and parts which they could sell to the automobile manufacturers. The incentives for the automobile industry, by contrast, have been less clear. On the one hand, the auto industry cannot really benefit from the rapid development of costly control technologies which offer no private benefits to motorists and might even make their cars runs more poorly. (The only possible benefit to the domestic industry is that the high standards may cause some foreign manufacturers with low-volume sales in the U.S. to withdraw from the U.S. market.) Under these circumstances, the automobile industry had no positive reason to make an all-out effort to meet the EPA's standards on schedule. This was especially so because, in the end, it is the automobile industry which will decide whether the technology is available to produce 10 million cars a year that can meet EPA standards. If a crunch comes, Congress is unlikely to allow EPA to close Detroit down.

On the other hand, the automobile industry did not want to incur bad public and Congressional relations by obviously dragging its feet in developing a pollution control technology. Thus federal policy did provide some incentive for making an effort—a serious, if not an all-out effort—to meet the EPA standards. And this is more or less what has happened. There definitely has been considerable progress in control technology. As late as the spring of 1972, there were serious doubts as to whether the 1975 standards could be met under any circumstances; by April 1973, it was clear that General Motors definitely could, and Ford probably could, meet the standards. This progress was a joint achievement of the auto companies and of the parts, chemicals, catalyst, and petroleum companies. Still, the progress was not fast enough, and EPA, in deciding to suspend the standards, all but accused Chrysler of bad faith in not pursuing research fast enough.

Not only has progress been slower and less uniform than originally desired; it has also been along the most conventional lines of technological development. The U.S. companies have focused their attention on minor modifications of the existing internal combustion engine, rather than on more fundamental changes in the internal combustion engine—such as the Honda or Wankel engines—or on the development of alternative power sources. EPA Administrator Ruckelshaus, in his decision to suspend the 1975 standards, commented that "all of the applicants have evidenced a slowness to pursue alternate technologies that I have found both disturbing and frustrating. . . . The manufacturers generally have demonstrated undue conservatism and a lack of foresight in not pursuing alternate systems more vigorously." With only a few domestic manufacturers in the field, there are not many independent sources of—or incentives for—innovation in developing new power sources.[1]

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[1] Lately there has been increasing interest in the development of alternative technologies as a strategy for eliminating automotive pollution. A recent article by Jacoby and Steinbruner has argued that a large-scale federal research program should be mounted to achieve the major breakthroughs required for new power sources, and that such a program would be cost-effective compared to present pollution control efforts. However, the achievement of these break-

Here, too, we find the fewness problem, combined with the strategy of specifying rigid standards and prohibiting substandard cars, hindering the national effort to reduce automobile emissions.

THE EPA DECISION TO SUSPEND THE 1975 STANDARDS

The Act gave the EPA the power to delay the enforcement of the 1975 and 1976 standards by one year each. To do this, the EPA was required to find that (a) the delay was in the public interest; (b) there had been a good faith effort to meet the standards; (c) the technology to meet the standards was not available; and (d) a study by the National Academy of Sciences indicated that the technology was not available.

In early 1972, the automobile companies requested a delay of the 1975 standards. EPA denied this request in May 1972, claiming that it was then too early to decide whether or not the technology would be available. The companies appealed this decision to the courts, and in February 1973 the U.S. Court of Appeals for the District of Columbia remanded the case back to the EPA for a rehearing that would more fully include the economic consequences of denial.

After two months of hearings, the EPA decided on April 11, 1973 to suspend the 1975 standards and to establish the interim standards mentioned earlier in this article. The primary basis for the decision was EPA's belief that the catalyst technology, which the American companies had chosen in their effort to meet the 1975 standards, was not yet developed enough to ensure the adequate production of enough cars that would meet the standards. The EPA found that "it is feasible to mass produce catalyst-equipped cars in 1975 but the use of catalysts on all cars sold in this country in 1975 would entail a significant risk of economic dislocation arising from the inability to acquire a supply of acceptable catalysts, problems on the assemblyline, or both. These risks could materialize abruptly, and force the unplanned cessation of production, with attendant layoffs of employees and possibly serious disruption of the national economy." The EPA concluded, as "confident minimum" estimates, that General Motors was likely to meet the 1975 standards with 93 per cent of its sales, Ford with 55 per cent, American Motors and International Harvester with 26 per cent, and Chrysler with zero per cent. The overall overage was likely to be 66 per cent, and that was not "sufficient to satisfy basic demand." Thus, in this sense, the technology was not available, and a delay would be in the public interest.

The February report by the National Academy of Sciences, released five days after the Circuit Court's remand order, had concluded that the technology for compliance with the 1975 standards was available and effective. The EPA nevertheless decided that the Academy had not sufficiently taken into account the risks of manufacturing failures and that therefore the Academy's conclusions were not binding.

The special interim standards for California were made strict enough to require catalysts on cars produced for sale in that state. This was designed to give the auto companies adequate experience with the manufacture and use of the catalyst systems, without requiring the entire nation's production volume to be subjected to the initial uncertainties. (The EPA's decision, however, never explained how it expected Chrysler, which it considered to be wholly unprepared for the use of catalysts in 1975, to meet the interim California standards.) The national interim standards were set so as to achieve a reasonable restriction in emissions that would require all of the other components in the control package but would not require the use of catalysts on most cars. The EPA did expect, however, that *some* cars sold nationwide would need catalysts to meet even the interim standards. The experience gained on these vehicles and on the California cars would make easier the application of catalysts nationwide in 1976. The year's delay is not sufficient time for Detroit to produce significantly greater numbers of Wankel or stratified charge engines, and the EPA was not counting on this occurring, although it clearly hoped that Detroit would give more consideration to these kinds of engines in the future.

Though the EPA decision mentioned a number of the policy problems raised in the preceding pages, it was clearly the fewness problem that primarily concerned the EPA. Chrysler was unprepared to meet the 1975 standards, and the EPA decision all but accused Chrysler of deliberately dragging its feet and hence of failing the good faith test. The *Wall Street Journal* quoted EPA Administrator Ruckelshaus as saying that if Congress had provided "some sanctions short of the nuclear deterrent of, in effect, closing down that major corporation, my finding on good faith may have been otherwise." Further, there was the possibility that one or more of the other manufacturers, despite their good faith efforts, might experience manufacturing problems and be forced to cease production and sales. The disruption consequences of this drastic sanction were simply too great to be risked.

TESTING, MAINTENANCE, AND OTHER CONUNDRUMS

Fewness is not the only problem of the present controls program. Testing, maintenance, and inspection combine to pose another severe dilemma. If the pollution control device consisted of a maintenance-free black box that was sure to last 50,000 miles, there would be no problem. But as is clear from the description above, the control technology is a complex set of attachments and adjustments to the engine and exhaust system, and its efficiency depends on the proper performance of the entire engine and its attachments. This will require, more maintenance and replacement of components than is currently practiced and therefore will be more costly. Some of the maintenance will involve things like replacing spark plugs and oil filters, which improve the general performance of the car. Yet some individuals do not now perform this normal maintenance, and their behavior is unlikely to change.

Moreover, some maintenance, such as replacing the catalytic converter, will not improve performance. It appears certain that the catalysts will require replacement at least once in 50,000 miles. And if the exhaust recirculating valve were to become clogged, the car's gas mileage, handling, and acceleration would improve. Therefore it would be in the motorist's private interest not to have it repaired. Even if this maintenance were to be provided free by the companies—which is unlikely—the time and inconvenience costs would deter some motorists from taking advantage of it.

Hence, if pollution levels of cars in actual operation are to be kept at the levels specified by the 1975–76 standards, maintenance must somehow be enforced. This is true also for the interim standards. If sensing devices were well enough developed and durable enough, they could be placed in the exhaust to detect excessive pollution levels. They could then trigger devices that would prevent the car from starting again, or cause horns to blow or external lights to flash. But this technology is not currently available.

The only realistic alternative is a system of compulsory periodic inspections of automobiles—say, at annual registration time. This is a function that has traditionally been reserved to state governments. But only New Jersey will have an annual compulsory emission inspection program in operation by 1975. California is likely to have a roadside spot inspection system. Some states currently have safety inspection programs which might, with some effort, be expanded to include emission inspections, but most states have yet to make the necessary preparations. Since there is probably at least a four-year period involved in the preparation of the necessary state legislation (passing it, acquiring the necessary property, building facilities, hiring personnel, training personnel, testing the inspection program, and actually enforcing the inspection program), it is likely that only a handful of states will have emission inspection systems operating by 1975. In their absence, it is difficult to see how the necessary maintenance will occur.

There are two additional twists to the state inspection problem. The federal standards are based on the 41-minute test, which requires a 12-hour waiting period beforehand. This would be extremely difficult to arrange for the inspection of all cars on the road. As a consequence, a short "hot-start" test, requiring no prior waiting period, is likely to be used for state inspections. (A hot-start test is being used by New Jersey.) But it will be virtually impossible to find any hot-start test that will correlate perfectly with the federal test. The federal test is designed to catch cold-start emissions, which no hot-start test is likely to catch. Thus, if the state tests were precise enough, they would be likely to pass some cars that would fail the federal test and fail some cars that would pass the federal test.

Further, the federal test is likely to be based on an averaging of the sample vehicles, rather than on a requirement that every single sample vehicle pass the test. Averaging makes sense, since it is average emissions that affect atmospheric conditions. Also, the engineering required to ensure that every vehicle passed the test would be considerably more difficult and might prevent any company from passing. But averaging implies that some vehicles may be sold whose emissions are above the federal test limits, even at the time of sale. Some of these vehicles may even be incapable of ever meeting the federal standards. Precise state inspection tests would catch these vehicles, and their owners would face, at a minimum, extra costs and inconveniences.

The absence of state inspection, of course, would conveniently eliminate these problems, but at the cost of not enforcing maintenance. Any state inspection systems that may be established are likely to be much less precise than the federal test and to be aimed essentially at detecting gross malfunctioning of pollution control systems rather than small deviations from the federal standards.

THE WARRANTY-REPAIR DILEMMA

The Act calls for the manufacturers to provide a five-year/50,000-mile warranty on the operation of the control system. The intention is to encourage maintenance by reducing its immediate consumer cost. With the absence of state inspection to enforce the federal standards, most warranty claims have probably been eliminated, which may be a blessing in disguise. Proper operation of the entire engine and attachments is necessary for pollution control; in essence, the entire engine would be warranted. But warranties

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throughs is not at all certain. Also, there are less expensive ways to improve the cost-effectiveness of the current control program; it will be argued below that an emissions tax is the best way to do this. And finally, if the companies are relieved of the intense deadline pressures of the present program but are subjected to the economic pressures of, say, an emissions tax, they may of their own volition devote more of their efforts to new technologies.

in the past have provided huge headaches to manufacturers, dealers, and consumers alike. Consumers tended to misunderstand what the warranties covered, and dealers complained that they were not being properly compensated by the companies for warranty repairs. Warranties were extended to five years or 50,000 miles in the mid-1960's but have since gradually contracted to today's 12-month/12,000-mile warranty. A revival of the longer warranty would also revive those headaches. Further, if the auto companies were going to be held accountable for defects in the control system for five years, they would be likely to insist that all engine maintenance be done under their own supervision—i.e., by their dealers—and with their own replacement parts. Otherwise, they would claim, they would have to be correcting the mistakes of others. Yet this insistence could lead to a serious restructuring of the automobile repair market toward franchised dealers and toward auto company produced parts. Independent repair services and independent parts manufacturers would be likely to lose a substantial share of the market.

A connected point here concerns the method of payment for maintenance of vehicles. In the absence of state inspection and enforcement, motorists will be reluctant to undertake maintenance operations like changing the catalyst, the market cost of which may be as high a $100 or $150. This would argue for requiring the manufacturer to provide the replacement catalyst free of charge, or even to pay motorists to replace their catalysts. (The manufacturers would undoubtedly include this replacement cost in the original price of the car.) But this would prevent parts manufacturers from competing in the replacement catalyst market. Unless state inspection systems force this kind of maintenance or unless motorists are given some kind of public subsidy to purchase catalysts, this dilemma of low cost versus the shutting out of competitors cannot be avoided.

THE COSTS OF THE PRESENT PROGRAM

Everyone would like pollution controls to be 100 per cent effective and to entail zero additional cost. Unfortunately, as we are often reminded, there is no such thing as a free lunch, and the present automotive pollution control program is no exception. Beginning in 1976, automotive pollution control should be 95 per cent effective (compared to an uncontrolled car) for all of the first five years of the life of a new car. In passing, though, it is important to note that over 50 per cent of the cars presently on the road are over five years old and that this fraction is unlikely to change substantially in the future. The present program makes no provision for pollution control after the fifth year of a car's life (in reality, after 50,000 miles on the test cars); emission levels are sure to increase in the sixth and later years of a car's life.

The cost of achieving these emission reductions will not be small. The pre-1975 control equipment has cost approximately $120 per car. The equipment needed to meet the interim 1975 standards is likely to add slightly more than $100 per car. The addition of the oxidizing catalysts on all cars in 1976 will add $60 more; the addition of the catalysts to reduce nitrogen oxides in the same year will cost another $60 or so. The additional fuel and maintenance costs from the pre-1975 and post-1975 equipment are likely to run as high as $50 to $75 per year. For a 10-million-car year in 1976, these costs will total around $4 billion. By 1980, the annual costs will be around $6.5 billion; $350 in equipment costs per car for 10 million new cars plus $50–75 extra maintenance and fuel costs per car for the 50 million cars on the road which will possess control equipment.

Even in a $1400 billion economy, these costs will be significant. They will be largely borne by car buyers, for it is clearly unrealistic to assume that they will somehow be absorbed by the auto companies. There will also be further costs in decreased drivability and decreased consumer satisfaction with these cars.

Are the controls worth the cost? Unfortunately, as was pointed out earlier, since we still do not have a clear measure of the benefits from clean air, it is difficult to know where to strike the balance. Also, the impact of costs and benefits appears to be uneven. Iowa farmers will be paying for pollution control equipment that will probably provide no benefits for them.

Until now the political balance has favored tighter controls. It will be interesting to see if this continues to be the case after the costs of the 1975–76 controls are felt. There is a distinct danger that consumer dissatisfaction with the money and inconvenience costs of the 1975–76 controls could lead to a reaction against all future pollution control efforts. This would indeed be an unfortunate final result of the present program.

AN ALTERNATIVE: THE EMISSIONS TAX

Is the present program the most efficient way to achieve pollution control? Most economists would argue otherwise. The economist's standard prescription when confronted with a question of pollution is to ask for an assessment of the marginal damage from the marginal act of pollution and to recommend a tax on the pollution act equal to this damage. This leaves the actor free to pay the tax, correct the pollution, or cease the action altogether, depending on which he finds most advantageous. The basic principle, though, is that the tax forces him to take into account the costs that he has inflicted on others through his polluting act. For automotive pollution, this would involve assessing the marginal damage from emissions in various areas and then taxing emissions. If direct metering of emissions were not possible, taxes could be levied by mileage, with periodic inspections to determine the level of emissions. Or since gasoline consumptions correlates highly with mileage and emissions, extra taxes could be levied on gasoline, with periodic rebates given to those car owners who showed low emissions at inspections. Car owners in areas in which pollution damage was negligible would be exempt from taxes.

These taxes, or effluent charges, would strike all automobile drivers rather than just new-car drivers. This seems sensible since all cars emit pollutants. These taxes would provide motorists with a direct incentive to keep their cars tuned and maintained and to seek out low-cost means of controlling emissions. Parts manufacturers, chemical manufacturers, and even the oligopolistic automobile industry would be likely to respond to consumers who would be willing to buy devices and systems to avoid paying the pollution taxes.

Pollution taxes have frequently been termed "licenses to pollute," but they should really be seen as a payment to society to cover the costs that the pollution has inflicted. Their overwhelming advantage is that they would leave individuals free to seek out the lowest-cost, most efficient means of curbing the pollution and thus avoiding the taxes. They would require an inspection system to ascertain each motorist's emissions, but, as we have seen, the current control program, if it is really to be effective, also requires an inspection system to enforce maintenance.

A system of pollution taxes would avoid virtually all of the administrative dilemmas that bedevil the current control efforts. The testing-maintenance link would be firmly established as a natural part of the tax program, rather than an awkward complication, as it is in the present program. Warranty problems would diminish if firms were not required to issue warranties. And competition in the provision of control devices would be opened to all comers.

Most important, a system of pollution taxes would eliminate the "brinksmanship" of threatening to close down one or more automobile companies if they do not achieve specific control levels by a specific date. The automobile companies are too big and too important for Congress to be able to use such threats as effective policy tools. The April decision to suspend the 1975 standards is adequate testimony to this proposition. By contrast, an emissions tax that fell on the cars that failed to achieve satisfactory control levels would induce corrective action by the companies involved. The question of good faith need not enter. The tax would not need to threaten total closure of the companies, and yet it would be painful. Consumers' purchases are sensitive to these kinds of relative cost considerations, we would not find Chevrolet, Ford, and Plymouth pricing their cars so closely together if this were not the case.

A less drastic change away from the present program would be a realistic graduated emissions tax on the sale of new cars which failed to meet pollution control standards. This would be a distinctly inferior alternative to the direct pollution tax suggested in the previous paragraphs, since it really would not affect marginal behavior, encourage maintenance of older cars, or ease most of the administrative difficulties of the present program. But at least it would ease the "brinksmanship" problem by providing a strong incentive for firms to meet control standards, without resorting to the threat of forcing a company to close down.

It is one thing to inflict financial pain, by means of an emissions tax, on a company which knows it will survive and knows it has the time to remove the cause of pain in the future. It is another thing to threaten to shut down the company. The former is probably credible and achievable, the latter, as we have recently seen, is certainly not.

Crucial to a pollution tax system—but also crucial to say sensible control program—is the ability to assess accurately the damages from automotive pollution and hence the benefits from pollution control. At present, this does not seem to be feasible. But whatever benefits are expected from the current control effort, there is a set of pollution taxes that could achieve this magnitude of benefits at less cost than the current program and without its administrative difficulties.

RHODESIA—RESPONSIBLE MAJORITY RULE

Mr. GARN. Mr. President, I am one of those who expressed concern about the policies enunciated by Secretary of State Kissinger in Lusaka in April. At the time, I pointed out that this radical departure in foreign policy was made without the slightest prior consultation with the Senate, and in at least one respect, in direct contradiction to the will of Congress as expressed in legislation.

One other criticism should be made and has been made by some other observers. That is that the new departures in foreign policy were made without any attempt to consult with the Governments of Rhodesia and South Africa, although the future of these two nations are extensively affected by the new policies. The need for consultation is especially great, Mr. President, because the news media in the United States are remarkably reluctant to carry the official governmental positions of these governments.

For example, the Prime Minister of Rhodesia delivered a speech to his nation on April 27, commenting directly on the

Kissinger speech and giving, in a measure, the Rhodesian side of the question. This speech was spottily treated in the U.S. press, but no coverage at all was given to some very significant aspects of it. I believe that we should all have an opportunity to evaluate the Rhodesian position for ourselves, at first hand. For that reason, I ask unanimous consent that Prime Minister Smith's speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Rhodesia—Responsible Majority Rule

(By Ian D. Smith)

My last address to the nation was on Feb. 6, shortly after Angola had fallen to the Communist aggressors. On that occasion, I warned of the Communist aim to establish a Marxist-dominated "saddle" across Africa from coast to coast.

From this base they would prepare to launch their campaign for their final southern Africa goal, which is clearly the domination of the entire subcontinent and the denial of its vast natural resources and its communication to the free world.

I said that their next targets would undoubtedly be Rhodesia and South-West Africa and I predicted that the Communist puppets in the O.A.U. [Organization of African Unity] would invoke the aid of the free world in applying psychological pressure on us to surrender.

I forecast that the Western powers, blind to the consequences of their actions, would join in the chorus and I regretted that there was no Churchill alive today to bring home to them the folly of such appeasement. I take no joy this evening in being proved correct in my predictions by the recent pronouncements of the Governments of Britain and U.S.A.

I refer in particular to the remarks made by Dr. Kissinger in Lusaka today, from which it is evident that he has decided to join in the campaign to exert psychological pressure on Rhodesia. I regret that he did not take the trouble to come to Rhodesia in order to judge for himself the true state of affairs before attempting to make decisions on our behalf.

Dr. Kissinger has fallen into the trap of judging and condemning us from a preconceived stance and without considering all of the evidence or giving Rhodesia the opportunity to defend itself.

This is a flagrant denial of the most fundamental principle of justice. At the very least he should be prepared to permit a member of my Government to visit the United States in order to represent the Rhodesian case, in the same way that our opponents are permitted to do so by his Government.

It is clear that both the American and British Governments, having been caught on the wrong foot in Angola by the Russian intervention there, are in mortal dread of a recurrence in Rhodesia.

They believe, quite wrongly, that if the whites in Rhodesia could be persuaded to surrender, the Russians would then have no excuse to intervene here.

Therefore, they are prepared to sacrifice the whites of Rhodesia—and if necessary of the whole of southern Africa—in order to buy time for themselves, in order to avoid being confronted by further Russian aggression in the subcontinent.

To this end they are prepared to extend to the terrorists, and the black governments that harbor them, every moral and economic encouragement short of actual weapons of war, which in any case are supplied in ample quantities by the Communists themselves.

They could not be more wrong in their assessments. A white surrender in Rhodesia and the dismantling of our highly efficient and effective security forces would lead swiftly and inevitably to a black power struggle within Rhodesia on a scale that would make the Angolan civil war pale into insignificance.

Let me say in the strongest terms that we have no intention whatever of surrendering our country as part of a policy of appeasing the Communists. We have no intention of allowing our country to degenerate into the sort of shambles which we see in Mozambique and Angola today.

Turning now to the question of bringing Africans into government, it is my intention to start on this initiative tomorrow, with the appointment both of ministers and deputy ministers.

Four chiefs will be sworn in as ministers. As is well known, the chiefs are the traditional leaders of the African people—leaders in every sphere. There are some who claim that through tradition they should remain aloof from politics. But this is a fallacious argument when one looks back through history.

If anyone had suggested to the great black leaders of the past, such as Mzilikazi and Lobengula, that they should not have taken an interest in political affairs around them, they would have got short shrift. The idea is ludicrous.

Let us be frank. If the chiefs of today divorce themselves from the politics surrounding them, then make no mistake, tomorrow they will no longer be chiefs.

I am pleased to be able to tell you that the views which I am now expressing are those of the chiefs themselves—they must either lead or abdicate.

For some time now they have made their views well known. They wish to work constructively together with government, in order to promote the interests of their people. Accordingly, let us bring them into government, so that we may implement this plan.

However, I know, and the chiefs accept, that with modern industrialization and urbanization, more and more Africans are becoming removed from the traditional tribal structure, and accordingly it is desirable to bring in Africans other than chiefs.

Clearly, there is a need for all sections of our community to pull together. With this objective in mind, it is my intention to create posts for six additional deputy ministers.

I have decided on three, and these will also be appointed tomorrow. I am going to allow a little time to pass, in order to enable assessment of the material available.

For some years now, potential African leadership has been sitting on the fence, because of the constitutional impasse, and also because of intimidation. I hope with this new initiative they will have the courage of their convictions and be prepared to nail their flags to the mast, indicating where they stand.

It will be obvious to you that part of this initiative is associated with the removal of racial discrimination.

It is pertinent to remind people that the constitutional agreement which I reached with Sir Alec Douglas-Home in November, 1971—and which is conveniently forgotten, even by the Conservative Opposition, today—contained provisions for the setting up of a commission to examine the problems of racial discrimination in Rhodesia and to make recommendations to the Government.

After the Africans, according to the Pearce Commission, had rejected those proposals, the Government gave consideration to proceeding with certain aspects of the proposals which would be of advantage to the Africans.

However, when negotiations with the A.N.C. [African National Congress], which was then led by Bishop Muzorewa, began in 1973, he requested that these matters should form part of any agreement reached in order that the A.N.C. should receive due credit for them.

Accordingly, the Government agreed to hold its hand when the A.N.C. broke off negotiations after the Victoria Falls meeting last August. Government decided, in the interests of the African people as a whole, not to hold back any longer but to proceed with the Commission of Inquiry into racial discrimination.

The commission, which was multiracial in composition and headed by a retired judge-president, has completed its findings and the chairman, Sir Vincent Quenet, presented the report to the President last Friday.

In doing so, he pointed out that every recommendation made in the report had the unanimous support of every member of the commission.

It is appropriate that I should express the appreciation of the Government to Sir Vincent and the commissioners for the tremendous amount of work carried out by them and for the thoroughness with which they applied themselves to the task.

I wish to emphasize that it is the intention of Government to give this report immediate and serious consideration—and where we are satisfied that it will be in the interest of Rhodesia to act, we will do so.

In spite of the fact that Rhodesian Africans enjoy better standards of health, education, housing and economic conditions than in any other country in Africa to the north of us, we must make continuing and greater efforts in this field. In addition, we must strive for improved job opportunities and promotion prospects for Africans in all spheres of our economy.

In order to insure that people do not jump to the wrong conclusions over this new initiative, let me once again spell out my views on the question of majority rule in Rhodesia.

Providing we are able to preserve our policy of the maintenance of standards—i.e., government by the best people, irrespective of color—I believe the vast majority of thinking Rhodesians will support this philosophy of responsible majority rule.

Any question of deviating from this standpoint, especially when we live cheek by jowl with the chaos and disaster which results from lowering standards, is out of the question. Therefore, let me make it crystal clear, that neither I, nor any of my colleagues in government, are in a mood for appeasement.

While we are now embarking on a genuine and sincere effort to give our black people a greater say in government, and to give them the opportunity to improve their position and status in the community, let there be no doubt in anybody's mind that the white Rhodesian has no intention of surrendering his position.

For some years, now, Government has been awaiting the opportunity to embark on this new initiative. While we were negotiating with the British and the A.N.C., it was important that we should retain our negotiating counters—in fact, the black politicians assured me that they would require these in order to sell any agreement which was reached.

However, we can no longer deny our black Rhodesians these benefits which they are due. Accordingly, it is important now that all responsible Rhodesians, whatever their color, should work together in order to secure the future of our country.

I believe that most of you will agree with me when I say that a tremendous amount of good will exists between black and white Rhodesians. If we can harness this combined effort, we will surprise not only our enemies, but even ourselves.

According to my assessment, there is no doubt that our security problems will continue for the foreseeable future. This will necessitate a greater effort, if we are to defeat terrorism. I believe it is inadequate merely to hold the position—our plan must be to eradicate this evil.

The aggravating problem of the inequities in the call-up system is receiving urgent consideration.

I have appointed a special committee headed by a Cabinet minister to deal with the problem, and I am determined to see this through to a successful conclusion.

As you are aware, there is a new terrorist offensive in the southeast part of Rhodesia. Our preparations to deal with this situation are not as yet complete. However, there is to be a big initiative during this coming month and I am hopeful about the general situation in that part of Rhodesia.

Generally, operations against the terrorists are being conducted with the utmost vigor and I have complete confidence in the ability of our security forces to meet this threat and to defeat it.

To make these operations more effective, it is necessary to insure that those guilty of crimes of terrorism are punished quickly and that justice is seen to be done.

The orthodox courts are not, in the opinion of Government, adequately able under existing procedures to deal with such cases as quickly as we would like. Accordingly, it has been decided to set up special criminal courts to deal solely with trials arising from terrorist activities.

The necessary regulations will be published on Friday and while they are in force the ordinary courts of Rhodesia will not handle cases involving terrorism and allied activities.

I should like to stress that there will be a comprehensive appeal procedure from these special courts to the appellate division of the High Court.

In today's circumstances it is essential in the interests of the overall security of the state for the Government to be able to exercise a measure of control over what is published by the mass media.

As you are aware, regulations to provide this control were published yesterday. The regulations and notices are in no way designed to stifle criticism of the Government.

It is worth pointing out that a system of "D" notices has operated in Britain for many years. I do not see the introduction of these regulations, therefore, as in any way unusual, particularly when one considers that Rhodesia is virtually at war. They are specifically designed to prevent the dissemination of information which could prejudice the security of the state and be harmful to Rhodesia.

Two glaring examples of completely false reporting which have recently appeared in the press are, firstly, the report that there has been a mass exodus of tourists from the Victoria Falls and, secondly, the report that three members of my Cabinet were opposed to our new initiative. Both these allegations are completely false and have caused unnecessary harm to Rhodesia.

It is my estimate that the next year will be vital. Therefore let us make a supreme effort on two main fronts.

Firstly, the security front, for this will enable us to insure that we operate from a position of strength.

The second front is this new political initiative in bringing black Rhodesians into the highest echelons of the Government machine, in order to insure that the views of our black community are adequately and fairly represented.

In the field of racial discrimination, as I have previously said, we will give the commission's report immediate attention. Moreover, with both black and white Rhodesians represented in Government, both sections of our community can be assured that their interests will be safeguarded.

This presents us with the opportunity to prove conclusively to the outside world that it is the wish of the majority of Rhodesians, both black and white, to work constructively together among themselves in order to develop their country and promote their mutual well-being.

In conclusion, this new initiative on the part of Government is a very genuine attempt to promote better understanding between the races and to improve prosperity for all.

Reasonable Rhodesians will, I am sure, appreciate this. In short, we aim to build a united nation of all our people, irrespective of color or creed.

CONGRESSIONAL BUDGET ACT OF 1974

Mr. CANNON. Mr. President, I ask unanimous consent that a report from the Committee on Rules and Administration pursuant to section 302(b) of the Congressional Budget and Impoundment Control Act of 1974, be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

COMMITTEE ON RULES AND ADMINISTRATION—REPORT TO THE SENATE PURSUANT TO SEC. 302(b) OF THE CONGRESSIONAL BUDGET ACT OF 1974

[In millions of dollars]

Programs	Fiscal year 1977			
	Direct spending jurisdiction		Entitlement programs that require appropriations action	
	Budget authority	Outlays	Budget authority	Outlays
Function 500: Total	4.49	4.34	None	None
Oliver Wendell Holmes Devise Fund (permanent, indefinite) (Library of Congress)	.02	.04	None	None
Gift and trust fund account, nonrevolving (permanent, indefinite) (Library of Congress)	4.47	4.3	None	None
Function 800: Total	35.0	0	None	None
Presidential Election Campaign Fund (permanent, indefinite)	35.0	0	None	None
Total	39.49	4.34	None	None
Controllable	0	0	None	None
All other	39.49	4.34	None	None

CLEARBOARD TO THE RHINE—THE PROTRACTED CONFLICT

Mr. GARN. Mr. President, in any defense debate, it is important to understand how all parties feel about the issues being debated. One thing that is too often overlooked in the defense debate in this country is how our allies perceive the military and strategic situation. To an extent not really true of the Soviet Union, the United States does have allies. The Soviet Union has client states, states which to a greater or lesser extent are under the direct sway of the Soviet Union, and which are not allowed to have an independent foreign policy.

The nations of Europe and Asia which are generally thought of as allies of the United States are, all the same, autonomous, independent nations, with foreign policies completely of their own devising. Indeed, we are often not particularly happy with the foreign policy of a country such as France or Australia, although we maintain our friendly relations and alliances with them.

NATO is, of course, the most important of our military alliances, and it is therefore critical for the United States to remain informed of opinion about strategic balances in Europe. It may come as a shock to some in this country, but the European nations have military analysts, some of them remarkably clearheaded about international threats.

Recently, one of these analysts, a senior officer of the NATO alliance, was assigned to study the possibilities of success of a surprise attack by Warsaw Pact nations on Western Europe. While his report has not been made public, enough of it has been leaked in Europe to make the absence of comment on it in this country remarkable, and I would like to take this opportunity to remark on it.

In the April 16 issue of National Review, Mr. James Burnham did devote a column to the substance of the report, and I ask unanimous consent that Mr. Burnham's column be printed in the RECORD.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

CLEARBOARD TO THE RHINE—THE PROTRACTED CONFLICT

(By James Burnham)

We all know that when the time draws near for Congress to make its annual decision on the Pentagon's budget, dire warnings about the increased strength of our potential enemies never fail to make a conspicuous appearance. These warnings may conceivably be as accurate as they are alarming, but their timing and, in many cases, their relation to the self-interest of their sponsors inevitably prompt a certain skepticism in assessing their cogency. This spring, however, something new, and less easy to dismiss with an ad hominem shrug, has been added.

A while ago, NATO assigned one of its senior officers—a European—to study the feasibility of a surprise attack on Western Europe. His report was finished recently, and is now circulating within the NATO command and relevant quarters of the constituent allies. It has not been made public and presumably will not be, but its contents have been made known—through what may be unofficially authorized leaks—to a few outsiders. Summaries and paraphrases have been published in the European press.

The report's principal conclusion is plain and simple: The Warsaw Pact forces, using only conventional (nonnuclear) weapons, are capable of delivering a successful surprise attack against Western Europe.

NATO's war plan is based on a "forward strategy" and a "flexible response." "Forward strategy" means, essentially, the intent to defend West Germany—a natural enough aim for an alliance of which West Germany is a principal member. "Flexible response" means that defense against an actual attack by Warsaw Pact forces using conventional weapons will in its initial phase also use conventional weapons only. If this fails, the defense will escalate to tactical (battlefield) nuclear weapons.

The first line of the defending NATO ground forces consists of the West German units stationed along the border with East Germany—in effect, the West German frontier guard. The other units designated for the initial phase—Dutch, British, American, West German—are normally stationed up to 200 miles back of the positions assigned to them by the forward strategy.

There are twenty Soviet divisions presently stationed in East Germany. Unlike the NATO divisions, these are at or near full strength in manpower, and have been notably strengthened in firepower during the past year. The NATO report, after analyzing the different possibilities for a surprise attack, concludes that the most likely is an operation begun by the Soviet divisions in East Germany, probably reinforced by six East German divisions. Within three hours from the start of their movement from their normal locations, these divisions could be across the Elbe and attacking the frontier guard.

TOO MUCH TOO LATE

The report estimates that even on the most optimistic calculation, the NATO forces could not reach the positions assigned to them under the forward strategy in less than ten hours; some, like the Dutch corps normally 180 miles from its battle area, would need at least 24 hours.

By that time it would be too late. The Soviet units, with their advance assisted by paratroops, commandos, and the 16,000 Soviet agents that (the report states) are now known to be on duty in West Germany, would have vanished westward. Within 48 hours, the attacking force would be across the Rhine.

There are thousands of tactical nuclear weapons in the NATO armory. But, although "flexible response" calls for and is predicated on their use if and when the attempt at conventional defense breaks down, they cannot in fact be used until the President of the United States gives his personal order. Taking all factors into account—including the near certainty that the attack would begin just before dawn, which would be about midnight U.S. time—the report considers it a fair assumption that it would take the President from 36 to 48 hours to decide to use the battlefield nuclear weapons. By then, given the extent of the attack's advance, to use the nuclear weapons would cause far more casualties to allied forces and to West German civilians than to the invading forces. Moreover, their use by NATO would be certain to bring an immediate counter in kind. It becomes a reasonable conclusion that in the actual conditions that would prevail, the tactical nuclear weapons would not be used. With the Warsaw Pact forces standing at the Rhine, the "West" would have been knocked off West Germany, as prelude to a Germany reunited within the Soviet bloc. If that were not accepted, there would remain only the final stage of "flexible response"—what the report calls "a nuclear conflagration at strategic level."

The report does not contend that such an attack is politically probable at present, but it rejects the long-standing NATO assumption that there would be unmistakable signs of a coming attack in time for NATO to carry out its preparatory deployment under the forward strategy. It argues that if the Soviet Union continues its currently rapid military buildup and if there is further erosion of West European defense strength, the Warsaw Pact might reasonably conclude that a surprise attack would achieve immediate success.

WHY AND WHEREFORE

Among Moscow's possible motives for a limited military operation westward, the report suggests: effecting the military cancellation of West Germany, which Moscow believes to be becoming predominant among NATO's European members; shattering the image of a free, prosperous society now providing an acute contrast to the totalitarian dreariness of the East European societies; diverting attention from Soviet economic and social problems; breaking NATO's back; and, for the longer run, "ensuring mastery of the Eurasian continent for the Soviet Union."

I suppose it is too much to hope that presidential candidates would ever talk about such matters as this report deals with. No doubt congressional candidates can explain how these are the problems of a distant continent and no concern of ours.

THE EFFECTS OF THE NONDEGRADATION POLICY ON EMPLOYMENT AND ON THE ENERGY CRISIS

Mr. MOSS. Mr. President, since introducing my amendments to the Clean Air Act Amendments in April of this year, I have attempted to provide for the benefit of my fellow Members as much comment and information as possible on the economic impact of implementing the policy of nondeterioration. The flood of information that I have received from public and private sources has been most revealing and has for the most part reinforced my own position in deleting section 6 for a 1-year period of study.

I remain convinced that Congress could not, at this time, cast an intelligent vote on the issue of nondegradation. Only after the further 1-year study that my amendments mandate will the specific effects of the nondegradation policy on employment and on the energy crisis be more fully known.

I ask unanimous consent that two letters I have recently received, one from the General Counsel of ERDA and one from Alan Greenspan, chairman of the Council of Economic Advisors, be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION,
Washington, D.C., June 11, 1976.
Hon. FRANK E. MOSS,
U.S. Senate.

DEAR SENATOR MOSS: Thank you for the opportunity to comment on your proposed amendments to S. 3219, a bill which may be cited as the "Clean Air Amendments of 1976."

Section 6 of S. 3219 would add a new subsection (g) to section 110 of the Clean Air Act of 1970, as amended. That subsection would divide the Nation's clean air regions (those areas having air quality better than required under national ambient air quality standards) into two categories in which certain increments of additional sulfur oxide and particulate emissions would be allowed. To enforce the increment limits and thereby regulate development in these regions, states would issue construction permits to all major new pollution sources. These permits would require the new plant to use "best available control technology," as determined by the state in accordance with general guidelines. Section 6 contains increments for two pollutants: particulate matter and sulfur oxides. The Environmental Protection Agency is required to study strategies to prevent significant deterioration for other regulated pollutants, and it is required within one year to inform the Congress of appropriate increments for hydrocarbons and oxides of nitrogen.

Section 37 of S. 3219 would add a new section 315 to existing law. A National Commission on Air Quality (NCAQ), composed of Congressional and public members, would be established to study and report to Congress within three years on the adequacy of the clean air programs, and the implications of implementing such programs.

As we understand your proposed amendments, they would delete section 6 in its entirety. They would also amend section 37 to require the NCAQ to study the economic and energy effects of implementing such a nondegradation policy as proposed by section 6 and to determine whether existing measuring, monitoring, and interpretative capability is sufficient for effective implementation. The NCAQ would be required to report its findings on these matters to Congress within one year.

The Research and Development Plan (76–1) issued on April 19, 1976 by ERDA suggests that by the year 2000 the Nation will need 100 to 400 new fossil fueled power plants, 70 to 140 coal gasification and liquefaction plants, and 40 to 80 oil shale plants. Many of these new energy facilities will be located in clean air regions. Section 6 embodies a first-come, first-served approach for siting such major new facilities. This could result in inadvertently using up available pollution increments before all needed plants are constructed and, therefore, produce bad-land use planning.

Secondly, the long-term consequences of the open-ended directive to EPA to study strategies to prevent significant deterioration from pollutants other than particulate matter and sulfur oxides should be understood before, not after, legislation is passed.

In view of the uncertain and potentially serious implications of section 6 for long-term energy development, ERDA believes that any provision such as section 6 should be deleted and the Clean Air Act amended to preclude application of any significant deterioration provisions so that these implications can be studied before any nondegradation policy is statutorily enacted. This approach is the one recommended by President Ford in his letter to Chairman Randolph on May 28.

The Office of Management and Budget has advised that there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,
JAMES A. WILDEROTTER,
General Counsel.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS,
Washington, June 8, 1976.
Hon. FRANK E. MOSS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MOSS: This is to respond to your request for CEA views on the nondeterioration section of the Clean Air Act Amendments of 1976. As you have indicated, the courts have interpreted the Clean Air Act of 1970 to mean that polluted regions shall be brought into compliance with ambient standards and that clean regions shall not be significantly deteriorated, even if the standards are not violated.

Strictly enforced, this interpretation could constrain industrial growth in the United States. Growth could occur only to the extent that existing industry reduced pollution and other sources, such as automobiles, were kept in check. The EPA regulation that would establish three classes of regions, two of which could be deteriorated, recognizes this but at the same time this regulation is still subject to question as to how it will affect both industrial development and the environment.

The question of whether industries should be allowed to locate in clean areas hinges on the nature of pollution damage as dependent on discharge levels and on the distribution of costs and benefits among different geographic and socio-economic groups. If the damage caused by additional pollution rises with the pollution level, it is less damaging to locate new industry in relatively clean areas. If damages increase more slowly as pollution levels rise, it is better to locate new industry in areas that are already polluted. Not much is known about pollution damage functions, but most researchers hypothesize that damages per increment of pollution become more severe as pollution levels rise.

But there are important factors to the contrary. One is that visibility drops off more rapidly with early increments of pollution, so that pollution should be avoided in certain areas of natural beauty. It is difficult to weigh the health costs in Chicago against the visibility cost in Cheyenne, but that is what is required. Perhaps best of all would be a plant site with low pollution, few people and little natural beauty.

A second factor concerns individual preferences. Some environmentalists claim that people who like clean air or suffer greatly from air pollution locate in areas like Cheyenne. To spread pollution evenly across the country would offset the location decisions of such people and remove the option of finding pure air somewhere in the United States. The argument certainly supports the notion that some areas should be kept clean. We should not aggregate costs and benefits and forget about the impacts on particular groups on regions of the country.

It is our judgement that properly cited power plants in some low population States have more net benefits than other sites, taking economics, the environment and energy independence into account. But we are concerned with distributional impacts. Any Government action creates gainers and losers, but the dichotomy may be especially sharp where nondeterioration is concerned. The impacts on future generations are also relevant. Much revision in procedures has to take place before we have a system that accurately accounts for the important implications of such siting decisions.

I concur in the President's recommendation to Chairman Randolph on April 28 that the Senate as well as the House should amend the Clean Air Act to preclude application of all significant deterioration provisions until sufficient information concerning final impact ca be gathered.

Sincerely,

ALAN GREENSPAN.

AMERICAN DIPLOMACY AT THE UNITED NATIONS—WHAT ARE REAL STAKES?

Mr. McGEE. Mr. President, I call the attention of my colleagues to a speech delivered last month in Milwaukee by the Honorable Samuel Lewis, Assistant Secretary of State for International Organization Affairs. His remarks were addressed to the Governor's Conference on the United Nations.

Secretary Lewis' observations represent one of the most effective articulations I have seen as to the U.S. stake in the United Nations. All too often the Congress, and to a certain extent the executive branch, have taken a very narrow and irrelevant view of the U.N. What is particularly disconcerting is to witness the legislative branch of Government voicing pride in the fact that Congress is reasserting itself as a major force in the foreign policy decisionmaking processes of our Government, yet paying little heed to the policy implications of ill-conceived budget slashes in our contributions to international organizations and institutions. Very rarely do we ask ourselves what the fundamental basis of our foreign policy should be or what purpose these institutions do, or should, serve.

For these reasons, the Secretary's observations are particularly appropriate as he attempts to envision a world without a U.N. I found his conclusions very disconcerting as he noted:

> First, there would be greater likelihood that regional disputes would erupt into full-scales wars . . .
>
> Second, governments would lack their most important vehicle to help them freeze a crisis temporarily while preserving their long-range negotiating options. It would be much harder to organize diplomatic mediation or to set up peacekeeping forces, in short to provide time and opportunity for negotiated solutions. Without a United Nations, diplomats would be faced in every crisis with a multitude of difficult and time-consuming secondary issues. Where should the antagonists get together? Who should serve as the secretariat? What procedures should be utilized? Who would pay for the time and expenses of observers, mediators or for any necessary forces from other countries? The list is almost endless.
>
> But, at the present time, there is a United Nations, a Security Council, a Secretariat, and established procedures, which permit all of those involved in a crisis to get down to business efficiently and without delay.
>
> Third, there would be a significantly greater danger of world war in which the United States would be involved. Whether we like it or not, many regional conflicts today carry the seeds of great power conflict. And the choice is not always up to us. Great power involvement can be created when one of the other powers chooses to intervene.
>
> This risk of escalation was vividly demonstrated during the Arab-Israeli war in 1973. The United Nations played an indispensable role in helping us to arrange the ceasefire and to separate hostile armies. If the conflict had continued, not only would the destruction and suffering in the area have been much greater, but world peace itself would have been gravely jeopardized. No one can be certain that another world war, involving the United States would not ultimately have ensued.
>
> This last example underscores how impossible it is to make any strict cost-benefit analysis of United Nations performance. One simply cannot assign a dollars and cents value to helping to prevent conflicts that could lead to nuclear war. The U.N.'s value in helping to terminate the fourth Arab-Israeli war was beyond calculation. As Secretary of State Kissinger has said, "if this organization had no other accomplishments than its effective peacekeeping role in this troubled area, it would have well justified itself."

The Secretary offered numerous other examples of the positive impact of the United Nations on our everyday lives and I will not go into any detail on these matters in my remarks. However, a very important principal must be articulated as the Congress considers legislation affecting the U.S. participation in the U.N. and other international institutions. Although Congress is reasserting itself in the area of foreign policy decisionmaking—not an undesirable development in itself—it must also be willing to accept the responsibility for actions based upon a less than detailed understanding of our fundamental interests as a nation. Yet, the CONGRESSIONAL RECORD on this latter point, that of responsibility for its actions has too often been lacking. We have been less than candid in leveling with the American people as to what our interests are in the U.N. Ours has been a penchant for irrelevancies.

I ask unanimous consent Secretary Lewis' speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

ADDRESS BY THE HONORABLE SAMUEL W. LEWIS

AMERICAN DIPLOMACY AT THE UNITED NATIONS—WHAT ARE THE REAL STAKES?

I am grateful for the opportunity to meet with this distinguished gathering. It is a rare pleasure for me to meet with so many United Nations supporters in one day. This is a pleasant contrast to the reception I sometimes get in Washington.

I have now come to know and admire what I had only heard before about the citizens of this forward-looking state. Wisconsin is unique in this country for many things. You have developed a special blend of realism and vision that has enabled you to see beyond your horizons to the world beyond. Perhaps this comes from your diverse ethnic heritage; or perhaps it is your connection with the outside world through the Great Lakes. Whatever the origin, we need more of your kind of enlightened understanding in the country at large.

The founding of your Governor's Commission on the United Nations 17 years ago was an unparalleled act of leadership. I salute you—not only those of you who were here then and who helped to get this effort launched, but also those of you who have kept it going throughout the years.

This evening, I want to share with you some deep concerns about where we as a nation are going in the United Nations. We have come a long way since the UN Charter was adopted 31 years ago. The world as a whole has changed; and the United Nations has changed.

It is not the same organization that Americans helped to create out of the global upheaval of world war. Almost 100 new nations have joined since 1945. These countries are dissatisfied with the cards they were dealt at independence and have different political systems, cultural traditions and economic needs. Some of them are bringing to UN debates a harshness and stridency that grates on Western ears.

In earlier years the United Nations was chiefly an arena of Soviet-American conflict. It was a barometer of East-West tension. It was also a place where we and our allies—the principal founders of the UN—were almost always able to advance our most important concerns. Today, however, the UN has become a place of conflict and competition along new lines. The North-South debate over development, trade, the sharing of the world's resources, is at time harsh and acrimonious. And distortions of reality, such as last year's infamous declaration on Zionism in the General Assembly, have seemed to overshadow much of the good work done in the United Nations.

My message to you this evening is that, while all is not well with the United Nations, much of value is being accomplished there. Most of the resolutions passed—in the committees, technical bodies and agencies, and even in the General Assembly—are decided by consensus. Most of the issues are judged on their merits. And much of the work of the United Nations is of direct benefit to Americans, as well as to others. But this view of the United Nations, as an organization working for the mutual benefit of all members, is often overshadowed by the few highly-publicized political differences that typically arise in the General Assembly each fall.

I do not wish to minimize these differences. We are working hard—on many fronts—to protect our interests, and those of our friends, and to advance the cause of peace in the Middle East and elsewhere. But these political differences, so long as the underlying causes remain unresolved, will persist—at the United Nations as in the world itself.

My overriding concern is that a distorted view of the UN—as a place where we are simply taking it on the chin—has more currency in the United States than at any previous time. The polls show that public regard for the UN has recently reached a new low. This view is reflected in the decreasing support in Congress for paying our dues and contributing to voluntary UN programs. And more Americans are writing to us, calling for the U.S. to leave the UN if it does not "mend its ways".

Against this background, we should take a hardheaded, pragmatic view when we assess our role in the United Nations. We must ask ourselves how our participation benefits the United States and its citizens. We must ask how the United Nations of 1976 squares with our ideals. But we should also acknowledge that this organization—the only one of its kind—must inevitably reflect the divisiveness, the imperfections of the world it represents. After all, it is not some abstraction called the United Nations which is responsible for good or bad decisions, but individual governments which decide how their representatives should act in UN bodies.

Moreover, I believe we must view our policy toward the United Nations as simply one aspect of a broader effort—on many diplomatic fronts—to shape the kind of world we seek: a world at peace, a world of growing prosperity, and a world of individual liberty.

If we accept this more limited view of the United Nations, ladies and gentlemen, we can then ask ourselves:

Not whether the United Nations can solve all the world's problems, but whether it can achieve some of our purposes;

Not whether we can win every dispute in the UN, but whether we can work within the organization to build a world order in which all countries—rich and poor, new and old—feel a genuine stake.

This evening I would like to explore with you some answers to these questions. They are complex questions. They are not simply answered.

I would like, therefore, to tell you why I believe American support for the United Nations is important—what the real stakes are for us as Americans in the effective functioning of the world organization. I want to discuss with you the challenges we face in conducting multilateral diplomacy in today's complex world. And finally, I want to describe the opportunities I think we have to work constructively with other governments within the United Nations to shape the future.

THE NATURE OF THE UN SYSTEM

Frankly, a great many Americans take the UN and its benefits for granted. Much of the work is largely unknown.

The United Nations is not just a General Assembly adopting highly political and sometimes offensive resolutions. It is, instead, a vast array of institutions, embracing a vast spectrum of activities. It includes specialized agencies helping to regulate international shipping, aviation, communications, and finance. Some of its organs deal with highly political issues. Others wrestle with the complexities of international economic policy. And some extend food, technical assistance, and humanitarian aid to the poor countries of the world.

Most of these functions are interconnected. For example, while the Security Council makes political decisions to etsablish and control peacekeeping forces, such as those in the Middle East, it is the General Assembly where all the members jointly agree to share responsibility for these peacekeeping expenses.

When we threaten diminished American support for the United Nations, we need to weigh the consequences for the entire UN system—not merely for this or that piece.

Unfortunately, many of the measures now being suggested for reducing our support would be extremely broad in their impact. There are proposals now under consideration in Congress that would seriously cripple our participation, and might even end it. Recent bills would unilaterally reduce our financial support of the UN from the 25 percent we now pay to 15 percent or even to less than one percent of the total UN budget. And one pending bill would totally suspend United States participation in the General Assembly.

Few people realize that under the present assessment rates the United States is treated specially—and favorably. If the "capacity to pay" formula used for calculating the dues of others—for example, the United Kingdom, France, the Soviet Union—were applied strictly to the United States, we would pay more than our present 25 percent.

It requires no vivid imagination to see that if we drastically reduced our support for the United Nations system, its very existence would be placed at risk. It would undoubtedly stumble on for a time, as did the League of Nations after its major members began to turn their back on it. But it is hard to imagine an effective United Nations if our nation chose, for whatever reasons, to violate our solemn treaty obligations to pay our assessed share of the budget, or if to avoid that humiliation we withdrew from membership. Others might pay for some of our share of the budget for a time. But the United Nations would be left to cope with global problems of security and economic cooperation without the participation of its richest, strongest, and often most creative member. If the UN is now unable to cope adequately with the unprecedented demands of global interdependence, how much more ineffectual would it become without us?

A WORLD WITHOUT A UNITED NATIONS

If withdrawal of American support led to the UN's eventual collapse, what would be lost? What would be the impact on world peace and security?

First, there would be greater likelihood that regional disputes would erupt into full-scale wars. Governments feeling themselves victims of injustice would have only two options: to seek redress bilaterally, or to go to war. If the weaker country could not persuade the stronger to make fair concessions, pressures towards the military course would inevitably increase. One might think that the weaker country would swallow its frustration, knowing that a military adventure was unlikely to succeed. But, all of us know that when grievances are intense, logic often does not prevail.

In a world without the UN there would be no Security Council available at a moment's notice where an aggrieved party can take its cause, seeking the support of other governments and world opinion to counter its adversary's demands. Within recent months—in Cyprus, the Spanish Sahara, Djibouti, Iceland, Timor, and Southern Africa, the Security Council has helped to defuse growing crises.

Second, governments would lack their most important vehicle to help them freeze a crisis temporarily while preserving their long-range negotiating options. It would be much harder to organize diplomatic mediation or to set up peacekeeping forces, in short to provide time and opportunity for negotiated solutions. Without a United Nations, diplomats would be faced in every crisis with a multitude of difficult and time-consuming secondary issues. Where should antagonists get together? Who should serve as the secretariat? What procedures should be utilized? Who would pay for the time and expenses of observers, mediators or for any necessary peacekeeping forces? Who would be trusted to solicit and organize the necessary forces from other countries? The list is almost endless.

But, at the present time, there is a United Nations, a Security Council, a Secretariat, and established procedures, which permit all of those involved in a crisis to get down to business efficiently and without delay.

Third, there would be significantly greater danger of world war in which the United States would be involved. Whether we like it or not, many regional conflicts today carry the seeds of great power conflict. And the choice is not always up to us. Great power involvement can be created when one of the other powers chooses to intervene.

This risk of escalation was vividly demonstrated during the Arab-Israeli war in 1973. The United Nations played an indispensable role in helping us to arrange the cease-fire and to separate hostile armies. If the conflict had continued, not only would the destruction and suffering in the area have been much greater, but world peace itself would have been gravely jeopardized. No one can be certain that another world war, involving the United States, would not ultimately have ensued.

This last example underscores how impossible it is to make any strict cost-benefit analysis of United Nations performance. One simply cannot assign a dollars and cents value to helping prevent conflicts that could lead to nuclear war. The UN's value in helping to terminate the fourth Arab-Israeli war was beyond calculation. As Secretary of State Kissinger has said, "If this organization had no other accomplishment than its effective peacekeeping role in this troubled area, it would have well justified itself."

Let me turn now to ask what the world would look like without the work of the United Nations in the fields of economic and social cooperation. What would we have to give up or do without? Would it make any difference? I think it would. We and our major allies would lack any worldwide forum to identify and discuss major global problems—forums like the 7th Special Session of the General Assembly on world economic problems, the Bucharest Conference on Population, the Stockholm Conference on the Environment, the Vancouver Habitat Conference on global housing and urban problems, and the UN Conference on Trade and Development now meeting in Nairobi. The UN provides a common meeting ground.

Without such universal forums, it would be far harder for governments to identify problems common to both rich and poor nations, and to frame agreed goals for this age of increasing interdependence. Without the United Nations, the road would lead toward political upheaval and implacable hostility toward us by the globe's poorer majority.

But let me turn to more concrete effects of a world without the United Nations and its network of organizations.

First, American air travelers abroad—businessmen and tourists, all of us here today—would lack confidence that minimum flight safety standards were being followed. Equipment standards, minimum altitudes, aircraft intervals, even runway lighting—those things that make the difference between getting there safely and not getting there at all—can not be left to the choice of individual governments. That is the job of the International Civil Aviation Organization, a specialized agency of the UN.

Second, Amercans would sleep less securely if there were no international safeguards on the peaceful nuclear activities of other countries. And for good reason. Plutonium, an essential ingredient for making nuclear bombs, is being produced in large quantities all over the world as a by-product from the operation of nuclear energy reactors. The UN's International Atomic Energy Agency now carries out international inspections to ensure that these dangerous materials are not transferred from peaceful uses to the fabrication of weapons.

Third, our citizens would be exposed to even greater dangers from drug trafficking. Without international cooperation in curbing dangerous drugs, we might well be risking more ruined American lives and more violence and death associated with heroin addiction. This is why we have a UN Fund for Drug Abuse Control.

Fourth, our families would be exposed to greater hazard of contagious diseases, which recognize no borders. The millions of us who travel abroad, and even those of us who stay at home, are better protected against outbreaks of epidemics—smallpox, cholera, plague, malaria—through a worldwide information and early warning system. This is one job of the World Health Organization, another vital part of the United Nations system.

Fifth, as consumers, we would worry more about the food products we import and consume in our homes and restaurants. Without international food standards regarding chemicals and other additives, and the use of pesticides, we would be exposed to much greater danger of food contamination. Plant and animal diseases could more easily cross our borders and plague our farmers. The UN's Food and Agriculture Organization is working effectively on all these problems.

Sixth, Americans would have less time to prepare for bad weather—for example, destructive hurricanes on our southern and eastern coasts—without adequate international cooperation and early warning. Transoceanic air travel would be more hazardous and less reliable. The World Weather Watch of the World Meteorological Organization—another part of the UN—helps us to minimize the hazards of the elements.

Seventh, the poor nations of the world would no longer receive much of the vital technical assistance they need to help themselves. Many countries want to break the paternalistic relationship between donor and recipient. To do so they need education and training—to create a "critical mass" of talent and expertise—so that they can manage their own economic development efforts. The UN Development Program helps to do just this.

This list could be longer—much longer than time permits this evening. The UN Fund for Population Activities, the UN Environment Program, UNICEF, the High Commissioner for Refugees, the Intergovernmental Maritime Consultative Organization, the UN Disaster Relief Office, and many other bodies—all are working toward a more peaceful, cooperative world. It is under the UN flag that these efforts go on. Without the United Nations, many of them would wither and die.

I conclude, therefore—and I hope you will agree—that a world without the United Nations would be a far less congenial place for Americans—a more threatening, competitive, polluted, unsafe, unhealthy world—a poorer place to nurture the human spirit.

Let me ask how many of you know how much these benefits cost us. The answer is about $2.00 for each living American each year. That covers our annual bill—around $450 million dollars—for all aspects of the United Nations system. When we purchase one fully equipped modern aircraft carrier, the bill could be up to three billion dollars. That is more than six times our annual support for the United Nations. Six times more.

SUPPORTING THE UNITED NATIONS: CHALLENGES AND OPPORTUNITIES

Ladies and gentlemen, some of you may wonder if I have exaggerated in painting a picture of a world without the United Nations. Perhaps I have. Perhaps some of the consequences could be lessened or even avoided. But that is essentially beside the point.

The central point is this:

The United Nations continues to serve direct U.S. national interests in a thousand concrete ways. It serves those interests imperfectly at times but surely our challenge is to make it work as well as possible, not to weaken or destroy it. It would be tragic to take unilateral steps which could jeopardize the UN's survival.

Our task then, as concerned citizens, is to maintain American support for the United Nations—to continue our participation in a way that advances our interests, that brings the greatest benefit to all of us. But we cannot ignore the obstacles. Some of these result from recent events within the UN, while others are inherent in our national character. Let me review these briefly.

First, we Americans have been prone to extremes of idealism or disillusionment in our view of the United Nations. When the UN was founded, many hoped that it would ensure universal and lasting peace. Thirty years later, we know that this was an unreal dream. The nuclear holocaust has not erupted, and the UN has played some part in preventing it. But many Americans remain unaware of its solid achievements, and see only the gap between the world as it is and the high ideals of the UN Charter. When problems have no final solution, many yearn to withdraw to more finite terrain.

A second major difficulty is our discouragement over the inherent problems in dealing with nearly 150 nations with very different historical backgrounds, cultures, and national objectives. Bilateral diplomacy between two governments can be difficult enough. Multilateral diplomacy can be even more complicated, more frustrating. With our tremendous energy and genius for solving problems, Americans are used to getting things done quickly and successfully. But in today's world, and in the United Nations in particular, there is rarely any "quick fix." The problems require long discussion, hard bargaining, compromise, and patience. For example, the UN conference to negotiate a comprehensive treaty governing the world's oceans has already been going on for three years. Yet no diplomatic effort casts a longer shadow over the future economic welfare and security of many nations, including our own.

Third, many Americans are distressed that, despite our great power and despite our basic good will, we encounter hostile rhetoric at the United Nations. We are often outvoted by the very governments whose independence we championed, and whom we have assisted generously.

These are real obstacles. They cannot be ignored, just as we ought not to ignore the shortcomings of the UN itself. But I believe we can overcome many of them—over time. We possess many assets. We should base our actions on the fundamental premise that the UN can succeed—but only if the United States continues to play a strong role of leadership in its work.

To play that role, we must first acknowledge that the UN is not itself responsible for the world's problems. Rather, it is a mirror in which all those problems reflect. The world remains a competitive and often theatening arena for conflicting national ambitions. But it is also an arena filled with common fears, common hopes, common dreams. The UN can help us transform those dreams into concrete programs, programs which can turn dreams into reality.

The crowded agenda of the United Nations offers great opportunities for creative diplomacy:

Our role in the United Nations offers a chance to share the responsibility, and the burden of seeking negotiated solutions to conflict. Through the Security Council we can encourage the practice of restraint and conciliation in situations that threaten the peace. In recent years the Council has been conducting its business with heightened seriousness and efficiency.

The growing problems of an interdependent world require American involvement. Because of the range of our interest and the weight of our influence, there can be neither global security nor economic cooperation without us. Our practical experience, technological expertise, and managerial talent are essential for a more prosperous world. For us, the stakes are not abstract—they involve jobs, inflation, prosperity, and even the ability to pursue the way of life we cherish.

The United Nations offers Americans an ideal vehicle for expressing our humanitarian tradition in practical ways. Through the UN Development Program, the World Food Program, the Human Rights Commission, UNICEF and many other organizations, we can assist our fellow men, women and children around the globe. Our prosperity and abundance place a special obligation on us, and our support for UN programs can summon our finest qualities.

Our participation in the United Nations offers us an opportunity to work forthrightly for higher standards of international behavior. Nations will often disagree with us, of course. Every country has its special and distinctive interests and the right to pursue them. But we will expect others to engage us in a spirit of mutual respect and to deal with issues on their merits. We will not passively accept unworkable, biased resolutions, nor arbitrary procedures, nor unwarranted attacks on our good name. Confrontation and cooperation cannot coexist in the United Nations or anywhere else. Our firmness and candor in the UN should strengthen our role in the organization. Others will know that we care more about the work of the UN when we engage in vigorous give and take. I believe all our citizens strongly support this approach.

Finally, it is only fair to ask: What are our prospects? What are the prospects for the UN itself? No one can be certain. But recent events suggest that determined and creative leadership by the United States can produce encouraging results.

Last September we played a leading role in the 7th Special Session of the General Assembly on world economic cooperation. Our government presented a comprehensive set of proposals for improving economic relationships between the developing countries and the industrial world. Our proposals became the basis for the program adopted by the Assembly. The important point is that this was a test case—was it going to be possible to fashion an approach to global economic issues which would be more attractive to the developing nations than sterile political confrontation? We proposed a nonideological approach to the challenge of economic interdependence, a concrete program of benefit to poor countries and rich countries alike. We found an overwhelming majority of governments ready to try this path with us. And Secretary Kissinger has just tabled in Nairobi a program of further practical steps along this cooperative road. So long as we find other nations wanting to travel it with us, we will persevere.

Last year's Special Session was a major success for the United States and for the United Nations. Its outcome demonstrates that the UN *can* serve to advance America's fundamental interests.

Ladies and gentlemen, your government made that success possible—through leadership and determined effort. I believe we can accomplish much more. But we will have to be bold, farsighted, and persistent.

Americans have always responded best to challenges. We regard them as heights to scale, not chasms which cannot be bridged.

In short, the choice is up to us. We know what is right. We know what the stakes are. We have the strength and the skill to continue to lead. Let us do so.

BALTIC STATES FREEDOM DAY

Mr. WILLIAMS. Mr. President, today marks the 36th anniversary of the occupation of the three Baltic States of Lithuania, Latvia, and Estonia by the Russian Army. It was in June of 1940 that the Soviet Union forced the freely chosen governments of these three states to submit to Soviet occupation, which tragically ended a period of peace, prosperity, and freedom for which these little countries had waited centuries. Over the next month the Soviets ruthlessly seized full control of the Baltic governments. They held parliamentary elections in which only the Communist Party participated, with only Soviet-approved candidates allowed on the ballot. Then they called these Communist parliaments into session to approve a resolution calling for the incorporation of Estonia, Latvia, and Lithuania into the Soviet Union.

In June 1941, the Soviets sought to consolidate their power by instituting massive deportations to labor camps in Siberia. Beginning on the night of June 13, 1941, tens of thousands of Estonians, Latvians, and Lithuanians, were torn from their homes, herded together in cattle cars, and shipped to the Soviet Far East, where thousands died. These deportations were a central feature of a deliberate attempt to destroy the Baltic States and the national consciousness of these Baltic peoples.

The brief occupation of the Baltic area by the Nazis later that year brought a renewal of the terror which had come to characterize the Baltic people's daily lives. Communist tyranny resumed in 1944 when the Soviets reoccupied the territory, and the deportations resumed. By 1959, the populations of the Baltic States had declined to one-sixth of their prewar levels.

In this Bicentennial Year of our independence, it is important to reflect on the sad plight of the Baltic people. The Baltic States had existed as free and separate communities for hundreds of years, until the oppression of foreign domination settled on them during the Middle Ages. Not until 1918, in the social upheaval that accompanied the end of World War I, did they finally gain their full independence. From then, until those fateful weeks of 1940, Estonia, Latvia, and Lithuania enjoyed an economic, spiritual, and literary rebirth. They joined the League of Nations and became respected members of the world community. But this brief moment of freedom ended with the invasion of Soviet troops across their frontiers.

On each June 15, people of Estonian, Lithuanian and Latvian descent from all over the free world commemorate the sad events of June 1940 and 1941. In joint meetings and religious services for the deportation victims, they express publicly what their oppressed countrymen can only feel in their hearts. They renew their dedication to a free Estonia, a free Latvia, and a free Lithuania, and pledge to continue their struggle toward that goal.

The United States has continued to stand by these people and we have never recognized the illegitimate Soviet takeover of these nations. In 1972 we extended full diplomatic recognition to the governments of these states, and we continue to recognize their sovereignty.

Mr. President, Congress must make clear that, in sitting with the Soviet leaders and those of the nations dominated by the U.S.S.R., the Governments of the United States and Western Europe are not agreeing to the permanent domination and cultural oppression of the Baltic States by the Soviet Union. Therefore, I was pleased to support S. 2679, which is now Public Law 94–304, expressing the sense of the Senate in opposing the recognition of the annexation of the Baltic States and establishing a Commission to oversee the compliance with the Helsinki Agreements of 1975.

Americans of Estonian, Latvian, and Lithuanian descent have made truly rich contributions to American society. As they gather to commemorate their aspirations for independence, we pay tribute to the courage that they have shown. The spirit of the Baltic peoples must remind us of the striving of captive people throughout the world. This was the same spirit in which our Nation was founded. We also join in looking forward to the day when peace and liberty for the peoples of the Baltic area are no longer memories, nor hopes, but realities.

SOUTH DAKOTA DROUGHT—ONE OF THE WORST IN HISTORY

Mr. ABOUREZK. Mr. President, a disaster of the proportion experienced during the worst days of the "dirty thirties" is unfolding in the upper Midwest—specifically in South Dakota, Minnesota, and North Dakota.

I am told that this year compares with the worst year ever in the gruesome statistics of crop and livestock loss, in addition to the almost unbelievable lack of rainfall. In most counties in eastern South Dakota, rain has been merely 30 percent of the normal rainfall during the past 3 months. This compares with 17 percent during 1934—the worst year for drought in recorded history in South Dakota. These counties have received little more than an inch of rain during this time period at a time when normal rainfall is 5 inches.

The saddest part of all this comes from the tremendous financial and emotional impact the drought is having on our farmers and ranchers. While I know of no one who has been forced off his land to date, there are literally scores of cases where farmers and ranchers have had to sell their property to keep creditors away from the door. They are selling their very best foundation livestock—many times which has taken years to build up, in their efforts to survive. They are going deeper and deeper into debt and there is no relief in sight.

One wants to help these people so desperately, yet, it seems so little real assistance is available. Federal programs designed to assist drought-stricken victims are available—but they are slowly implemented. State assistance, too, is available, and to the extent that they are helpful, are already being implemented. What we need now more than anything else is rain.

Mr. President, the Governor of South Dakota and his staff have done a commendable job in recent weeks to bring Government assistance to these people quickly. Recently, I received two letters from him outlining the work that is being done within the State. By indicating what actions are now being taken, the letters provide a clearer picture of the situation in South Dakota and the desperate condition of our people.

I ask unanimous consent that the text of these letters be printed in the RECORD at the conclusion of my remarks.

There being no objection the letters were ordered to be printed in the RECORD.

Mr. President, I have cosponsored a bill which is being introduced today by my colleague from Minnesota, Senator MONDALE, which would authorize the Secretary of Agriculture to pay for the transportation costs of shipping hay into these drought striken areas. If our farmers and ranchers hold on to these valuable foundation herds, it is going to take a lot of feed. That feed is unavailable in this area and no one can afford the cost of shipping the hay from long distances.

This bill takes care of that problem and I sincerely hope that the Senate Agriculture Committee will consider it in the very near future. This legislation is a means to offer a little bit more help to these unfortunate people—and I think they deserve at least that.

The letters follow:

STATE OF SOUTH DAKOTA,
Pierre, S. Dak., June 10, 1976.

Hon. JAMES ABOUREZK,
U. S. Congress,
Washington, D.C.

DEAR JIM: You will please find enclosed copies of a letter which I have today sent to the Secretary of the United States Department of Agriculture and the Secretary of the United States Department of the Interior.

Due to your involvement with South Dakota agriculture, I feel sure that you will agree that our drought induced problems are real and require immediate attention. We cannot delay in seeking relief as South Dakota's economy is at stake.

It would be extremely helpful if you could assist us in bringing about the action I have requested in the letters to Secretary Butz and Secretary Kleppe.

It is our desire that the requested changes be acted upon immediately. I will be most appreciative if you and the personnel of your office will monitor the actions of the Department of Agriculture and the Department of the Interior people and inform my office if the requests encounter delay.

I thank you for your assistance in this matter and we will keep you posted. With every best wish, I remain

Sincerely,

RICHARD F. KNEIP,
Governor.

STATE OF SOUTH DAKOTA,
Pierre, S. Dak., June 10, 1976.

Hon. THOMAS KLEPPE,
Secretary, U.S. Department of the Interior,
U.S. Department of the Interior Building,
Washington, D.C.

DEAR SECRETARY KLEPPE: I am writing to you today concerning a matter of utmost importance to South Dakotans.

Due to serious drought conditions which exist in most areas in our state, farmers and ranchers are experiencing critical shortages of grasslands and hay for their livestock.

Even minimal production of alfalfa is not expected at this time and the state's pastures and range lands cannot possibly sustain even foundation livestock. Our wheat crop can be considered a complete loss. We are at this moment searching out all possible means with which to alleviate these drought induced problems.

Our immediate concern is in providing forage to our livestock industry in order to prevent liquidation of foundation herds. It has been brought to my attention that the severity of the problem could be lessened by allowing grazing and cutting of many thousands of acres of land, which are managed by various agencies within the United States Department of the Interior.

I, therefore, call upon you as the Secretary of the United States Department of the Interior to use whatever authority you possess to release, to the greateset extent possible, land managed by your agency for purposes of grazing and forage cutting. Such actions by you will go a long way to stem the tide of the disaster we are experiencing here in South Dakota.

I must emphasize that Agriculture is the mainstay of our overall economy. If we lose our foundation cattle herds, South Dakota will suffer greatly. As I said, Mr. Secretary, your positive action can help us avert this ultimate disaster.

Your immediate attention to this matter would be greatly appreciated and I will be awaiting your favorable reply. Please feel free to call upon my Secretary of Agriculture, Mr. Robert Duxbury, or me if you desire further information.

With every best wish, I remain

Sincerely,

Richard F. Kneip,
Governor.

State of South Dakota,
Pierre, S. Dak., June 10, 1976.

Hon. Earl Butz,
Secretary, U.S. Department of Agriculture,
U.S.D.A. Building, Washington, D.C.

Dear Secretary Butz: I am writing to you today concerning a matter of utmost importance to South Dakotans.

Due to serious drought condition, which exist in most areas of our State, farmers, and ranchers are experiencing critical shortages of grasslands and hay for thier livestock.

Even minimal production of alfalfa is not expected at this time and the state's pastures and rangelands cannot possibly sustain even foundation livestock. Our wheat crop can be considered a complete loss. We are at this moment searching out all possible means with which to alleviate these drought induced problems.

Our immediate concern is in providing forage to our livestock industry in order to prevent the liquidation of foundation herds. It has been brought to my attention that the severity of the problem could be lessened by allowing grazing and cutting of many thousands of acres of land, which is either in the Federal Water Bank Program or land which is managed by various agencies within the United States Department of Agriculture.

I, therefore, call upon you as the Secretary of the United States Department of Agriculture to use whatever authority you possess to release, to the greatest extent possible, lands managed by your agency, for purposes of grazing and forage cutting. Such actions by you will go a long way to stem the tide of the disaster we are experiencing here in South Dakota.

I must emphasize that agriculture is the mainstay of our overall economy. If we lose our foundation cattle herds, South Dakota will suffer greatly. As I said, Mr. Secretary, your positive action can help us avert this ultimate disaster.

Your immediate attention to this matter would be greatly appreciated and I will be awaiting your favorable reply. Please feel free to call upon my Secretary of Agriculture, Mr. Robert Duxbury, or me if you desire further information.

With every best wish, I remain

Sincerely,

Richard F. Kneip,
Governor.

State of South Dakota,
Pierre, S. Dak., June 12, 1976.

Hon. James Abourezk,
U.S. Senate,
Washington, D.C.

Dear Jim: As you know, South Dakota is currently feeling the full brunt of one of the three worst droughts in the history of our state. And as I need not tell you, history records that each of these major droughts has caused thousands of family farm units to fold and has adversely affected the economy of the state for years even after normal rainfalls returned.

I thought it might be helpful to you if I informed you of the actions we are currently taking at the state government level. I have directed that all available resources be committed to mitigating the economic and social impacts of this drought. The state, however, lacks adequate resources to assure that the devastating impact of past droughts will not be repeated again this year. I, therefore, call upon you for your assistance in making available those existing federal drought assistance programs and where necessary, to introduce new legislation where the impacts of this drought deserve special consideration by the federal government.

Here then is a listing of some of the actions that the State of South Dakota has undertaken as of this time:

(1) On Wednesday, June 9th, we held a meeting of farm leaders, state and federal agency representatives and financial institutions representatives to review what actions are being taken to coordinate the response to the drought and to solicit suggestions on what additional action is needed.

(2) The Cooperative Extension Service, with the cooperation of the South Dakota Department of Agriculture and the state's farm organizations, will organize and conduct meetings to: (a) assess the impact of the drought on a county-by-county basis; (b) gather the information that is needed to request assistance from federal agencies; (c) aid farmers on an individual basis in evaluating their feed supplies and determining their feed requirements based on alternative numbers of livestock; (d) counsel farmers on what crops can be planted if rains do come, and assessing the feed value and availability of late forage crops; and, (e) inform farmers of the application procedures and availability of drought relief assistance programs.

(3) Personnel of my office, the South Dakota Department of Agriculture and the South Dakota Department of Military and Veterans Affairs have begun an investigation into the possibility of an "Emergency Presidential Disaster Declaration" which would make it possible for the federal government to either subsidize the cost of shipping hay to drought stricken farmers (about a $20 a ton subsidy for shipping costs) or possibly paying the cost of the hay and the total shipping costs. I hope to be able to decide and act on this by the middle of the week. Along these same lines, our Department of Agriculture people are planning to monitor the availability, price and location of hay both within South Dakota and the high plains region.

(4) The members of the South Dakota Board of Transportation met in emergency session yesterday, Friday, June 11th, and rescinded a rule prohibiting the mowing of right-of-ways before July 15th. This action, which was taken following my urging the members of the Board to do so, will make this source of hay immediately available to farmers.

(5) The personnel of the South Dakota Department of Natural Resource Development—in addition to monitoring test irrigation wells, flows on the state's rivers and streams, and rainfall at 1500 points in the state—will also begin early next week a program in conjunction with the state's Planning and Development Districts to monitor water supplies for municipalities. Several communities are already experiencing significant shortages and more have imposed water restrictions. Hopefully, the monitoring of these systems will provide some lead time in seeking solutions to these critical problems.

(6) I have sent a letter to Secretary of the United States Department of Agriculture Butz and Secretary of the United States Department of the Interior Kleppe asking them for the immediate release of Federal Water Bank lands for haying and pasturing. The primary location of these lands in the state corresponds to the areas hardest hit by the drought so their release is particularly important at this time. You should have already received a copy of the Butz and Kleppe letters.

(7) The South Dakota State Planning Bureau, the South Dakota Department of Labor and the state Department of Military and Veterans Affairs are conducting a search of available federal programs to determine which programs may be available to ease both the direct impact of the drought on agriculture and the indirect impact on the entire economy of the state. In particular, we are very interested in the availability of public service jobs that could be made available to farm laborers and agri-business employees who can expect to be laid off. For those farmers who seek to supplement their income during the drought by nonfarm employment, the availability of a job may determine whether they can actually survive and can continue to operate family farming units.

(8) The federal Bureau of Land Management, the South Dakota Department of School and Public Lands, and the South Dakota Department of Game, Fish and Parks are surveying the lands in South Dakota under their control to determine any additional potential for haying or pasturing on these lands. Again, I hope to have additional information on this matter by the middle of next week.

(9) The state Department of Agriculture is reviewing the advisability of whether to recommend changes in a number of federal drought assistance programs. For example, the level of 5% loans under the Farm Home Administration's "Crop Production Loss" program is determined by the average yield of the past five years compared with this year. In some instances, individual farmers or ranchers with the greatest need have not received a crop in the past three out of five years, but these farmers are only eligible for small loans because of the base that is used.

(10) I have yesterday formally asked Mr. Charles Droz, South Dakota State Director of the Agricultural Stabilization and Conservation Service, to act in his role as Chairman of the State Emergency Board and direct that the County Emergency Boards in each of the state's 67 counties convene immediately. I have asked that these meetings be held all over the state in an effort to get a factual picture of just how extensive, widespread and serious the current drought picture is. I need this information now because I am giving consideration to asking President Ford to issue an "Emergency Presidential Disaster Declaration" for the state. Again, you should have received a copy of

this June 11th letter to Mr. Droz. I will continue to advise you on this matter. I hope that a week from now I will have the necessary data and information from the county disaster boards so that I can make a decision in the matter of a presidential declaration.

I shall attempt to keep you abreast of what actions are being taken by the State of South Dakota to mitigate the impact of the drought on the State. If there are any additional actions that you would consider advisable or if you can be of any assistance in the above activities, I invite your recommendations and help. Also, please feel free to have the personnel of your office call my staff on any of these matters.

With every best wish, I remain

Sincerely,

Richard F. Kneip,
Governor.

1975 PERSONAL FINANCIAL STATEMENT OF SENATOR JAKE GARN

Mr. GARN. Mr. President, I have long believed that persons elected to public office have an obligation to disclose to their constituents information describing their personal financial position. I believe that the voters of Utah have a right to know where any potential conflict of interest may exist as a result of the sources of income of their Senator, and so I am pleased to submit this statement and ask unanimous consent that it be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

1975 Personal Financial Statement of Senator Jake Garn

	Market value	Acquired	Mortgage	
1975 gross income				$53,583
U.S. Senate salary				43,025
Utah Air National Guard				3,358
Honoraria				7,200
Taxes paid				11,894
Federal income taxes				5,908
Social security tax (self-employment honoraria)				621
Utah State income taxes				1,370
Real estate, personal property and other taxes				4,047
Total assets				186,500
Home in McLean, Va	$105,000	1975	80,000	
One-third home in Salt Lake City, Utah	15,000	1958	------	
Land, 40 acres Cache County, Utah	16,000	1966	------	
Land, 3 acres Wasatch County, Utah	25,000	1975	------	
Cabin, Wasatch County, Utah	25,000	1968	5,000	
Total liabilities				85,000
Net worth				101,500

I own no stock or bonds or any interest in any business or partnership.

NEW HAMPSHIRE AGRICULTURE—BICENTENNIAL CELEBRATION

Mr. McINTYRE. Mr. President, figures released by the New Hampshire Department of Agriculture reveal that for the first time in recent years, there has been an increase in the total number of farms in New Hampshire, despite a continuing national decline in agriculture.

Just last month New Hampshire held a unique Bicentennial Year ceremony to honor all 200-year-old farms in the State. Members of 53 New Hampshire families who have carried on the tasks of their ancestors without a break in family lineage for over 200 years were all in attendance. These ancestral farms were declared Bicentennial farms, and the families were awarded certificates of congratulations, Bicentennial medals, and dooryard display signs. The oldest farm was the Grapevine Hill Farm in Newmarket, N.H., owned by George and Dorothy Tuttle of Newmarket, which dates back to 1631.

I am also proud to announce that recent figures show there are more Bicentennial farms in New Hampshire than any of the other Original 13 States. The honors bestowed upon these farm families are richly deserved, for they have upheld a time honored occupation in both the State of New Hampshire and our Nation as a whole.

Mr. President, I ask unanimous consent that the article appearing in the May 15, 1976, edition of the Manchester Union Leader be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Fifty-Three Farmstead Families in State Awarded Bicentennial Medals

(By Fred E. Beane)

Concord.—Pride in Granite State agriculture had the walls of the Ramada Inn dining hall here, Friday afternoon, bursting at the seams! For gathered there were members of 53 New Hampshire families, still tilling the soil, a task begun by their ancestors more than 200 years ago, and carried on without a break in the family lineage.

These ancestral farmsteads and homesteads were being declared Bicentennial Farms, after many months and exhaustive searching of the records.

Sponsors of the historic project were six outstanding farm organizations, the task carried out by a distinguished committee of 16 prominent farm leaders, chairmaned by Dr. James Mitchell of UNH fame.

HOUR-LONG CEREMONY

In an hour-long awarding ceremony, presided over by Dr. J. Duane Squires of New London, chairman of the N.H. American Revolution Bicentennial Commission, the 53 families were awarded Certificates of Congratulations, bicentennial medals and giant dooryard display signs, as younger volunteers dashed about the hall, spotting the family groups and distributing the honors. As each family name was read, there was applause, but at the end, thunderous approval.

Making the awards, Dr. Squires suggested New Hampshire likely has the honor of having more such bicentennial farms than any other of the 13 original states, as New York State has scared up but 32. He will check this record, he said.

Honored as the oldest farm of them all was Grapevine Hill Farm in Newmarket, George W. and Dorothy Hilton Sr. of Newmarket, the proud owners, their acres dating back to 1631.

Closely following was the Tuttle Market Gardens in Dover, begun in 1632, Hugh C. Tuttle and family, the present generation, still turning the soil.

TWENTY FROM SEACOAST

Rockingham county, the seacoast area, had the honor of the greatest number, 20 family groups in the 200-year class. Merrimack county was credited with 11. Strafford county had 10, with smaller numbers in Belknap, Carroll, Cheshire, Grafton, Hillsborough and Sullivan territory.

Nobody was late for this party! These proud families came trouping in in an endless stream, as volunteer ushers hustled them to their county centers. And with a packed hill, and nary an empty chair, in came the victuals and at them went the happy veterans of the land, who like their meals on time and plentiful.

Things were jogging on schedule and the farmers liked that. There's a rhythm to those farm chores and it was rolling like clock work. Dr. G. Thomas Fisher, chairman of the UNH Entomology Department, as master of ceremonies, got the program going with an opening prayer and grace in a stone-silent hall. Everybody in the big hall was a notable, and he rattled off a dozen or so, given a big hand.

REWARDING VOCATION

Gov. Meldrim Thomson, he a maple syrup farmer, brought the state's greeting, labeling farming "one of the most rewarding and fruitful" occupations in life.

His plea was to get that message across to the state's young folks that this noble vocation may travel on, life on the New Hampshire farm continue prosperous, and agriculture continue a key factor in the state's economy.

As Governor Thomson left the hall to keep other afternoon appointments, he was tugging along one of those sizable dooryard farm signs that will identify the bicentennial farms. He had been made an honorary bicentennian as the soil tillers demonstrated their approval.

Dr. Rasmussen left town in possession of an honorary N.H. bicentennial certificate.

Then it was the bicentennian's privilege to be given a detailed review of the glorious history of American agriculture, indeed begun by the original 13 Colonies, and from there spread, ocean to ocean, with one outstanding gain after another.

ONE FEEDS 53 OTHERS

Until today, said their speaker, one farmer feeds some 53 other people in America, and the lot of them produce scientifically, expertly and in quantity and quality, enough to greatly help feed a mounting world population.

Telling them all this and more was Dr. Wayne D. Rasmussen, agricultural historian with the USDA in Washington, D.C. He's been writing about American Agriculture for 36 years, he said, pride showing, pointing to the record and the grandeur of it all.

But proud New Hampshire farmers, while enjoying the speaker, the menu, the hobnobbing and the reminiscing, had indeed come to lay hands on that much-coveted bicentennial recognition certificate, the medal and the yard sign. Then, too, the cream of the crop of New Hampshire dignitaries in agriculture had come to see it happen. And rather unceremoniously they got at the chore.

YOU COULD TELL

There was no trouble, as hotel guests came through the homeward bound door, telling who were bicentennial families, in proud possession of mementos and records that will go down in history and those simply concerned with every day, up and down life.

The bicentennians had their chests thrown out. They 'were smiling ear to ear. Pride was showing all over. They were talking like magpies.

And why not? It's not every day a family gets to write an important chapter in American history!

Here are the bicentennial farm families, the names of their historical farmsteads and the dates when their ancient ancestors, likely by ox teams or perchance afoot, plodded into present-day New Hampshire territory, and there began hewing the trees, turning the soil and founding indeed, New Hampshire agriculture. The farms include:

Belknap county—Rockledge Farm; Bernard L. & June R. Smith; New Hampton, 1763; Carroll county—Chamberlin Inn; Mr. & Mrs. Rolands Hughes; Brookfield, 1760; Cheshire county—Great Brook Farm; Mr. & Mrs. Robert Graves; Walpole, 1761; Windy Hill Farm; John & Sandra Salo; Marlow, 1765; Grafton county—Tomapo; Howard C. & Bruce C. Townsend; Lebanon, 1769; Ascutney View Farm; Carl S. & Patricia Adams; Lebanon, 1770.

Hillsborough county—Frye Farm; Walter S. & Thelma B. Frye; Wilton, 1740; Russell Homestead; Kenneth S. & Dorothy Russell; Brookline, 1757; Shirley Farm; Mr. & Mrs. Lawrence Wellington Shirley; Goffstown, 1761; Butternut Hill Farm; Charles C. & Ruth E. Parker; Hudson, 1763; and Oak Hill Farm; Wilfred C. Weston; Wilton, 1770.

Merrimack county—Mills Farm; Leland F. & Virginia F. Mills; Dunbarton, 1749; Bachelder Farm; Albert Bachelder, Loudon Bachelder Farm; Albert Bachelder, London Center, 1760; Osgood Farm; Harvey J. & Nancy Bergeron; Loudon, 1770; Burham Hill Farm; L. Webster Burnham; Dunbarton, 1770; Fisher Farm; E. Sidney & Maybelle Fisher, Boscawen, 1770; Sanborn Mill Farm; John Sanborn & Bernice Sanborn Smith; Loudon, 1770; Beech Hill Farm; Frank M. & Rob't Kimball; Hopkinton, 1771; Turtle Town Farm; Shirley F. & Regina Potter, Concord, 1771; Too Few Acres; Harvey A. Marston & Sons; Pittsfield, 1773; Osborne Farm; David & Louise Osborne; Loudon, 1775 and Swayer Orchards; Edward E. Swayer; Salisbury, 1775.

Rockingham county—Grapevine Hill Farm; Geo. W. & Dorothy Hilton, Sr.; Newmarket, 1631; Shaw's, Mr. & Mrs. Wallace Shaw; Hampton, 1638; Garland Farm; Otis Raymond & Ethel Garland; Hampton, 1653; Bay View Farm; Franklin Weeks & Anna Beck; Greenland, 1698; Bayside Weeks Farm; W. Richard Weeks, Sr.; Greenland, 1698; Amos Butterfield Carkin; Carolyn MacKenzie; Portsmouth, 1700 (about); Dudley Homestead; Mr. & Mrs. Leland Beardsley; Raymon, 1717; Dudley Homestead; Mrs. Kenneth L. Hoffman; Raymond, 1717; Berry Brook Farm; Elmer M. & Barbara Sewall; Greenland, 1717; Cluff Homestead; Daniel F. & Vivian S. Lord; Salem, 1728; Moose Hill Orchards, Inc.; Wallace P. & Andrew C. Mack; Londonderry, 1734; Simpson-Glidden Homestead; Mrs. Eben H. Smith; Raymond, 1728–1738; Towle Farm; Samuel A. & Margaret S. Towle, Hampton, 1741; Stevens Dairy, Inc.; J. Clinton & Arthur G. Stevens; Brentwood, 1742; Burley Farm; Joseph, Robert & Harry Burley; Epping, 1752; Applehurst Farm; Daniel W. & Louise Harvey; Epping, 1755; Emerson Homestead; C. John & Marion Emerson Dekkers; Candia, 1762; Emerson Woodlots; Wm. S. Emerson; Candia, 1762; Robert B. Sanborn Farm; Robert B. & Ruth Sanborn; Deerfield, 1769; and Wiggin Farm; Rob't T. & Bertha C. Wiggin; Stratham, 1771.

Strafford county—Tuttle Market Gardens; Hugh C. Tuttle; Dover, 1632; Randall Farm; Ida B. & John L. Randall; Lee, 1719; Boodey Farm; Ralph J. & Pauline E. Boodey; Barrington, 1759; Moses Durgin; Moses Durgin; Strafford, 1761; Stiles Farm; James & Marjorie Stiles; Strafford, 1761; Berry Farm; Norman J. Berry, Sr.; Barrington, 1768; Meader Heritage Farm, Leon & Ruth Meader, Rochester, 1769; Huckins Farm; Lester & Bertha Huckins; Strafford, 1771; Arthur McDaniel Farm; Dr. & Mrs. Waldron B. Haley; Nottingham, 1772; and Torr Farm; Franklin G. Torr; Rochester, 1775.

Sullivan county—Fitch Farm; Orville B. & Grace S. Fitch; Cornish, 1771.

Donors and sponsors for the luncheon were State of New Hampshire—Office of the Governor; Granite State Dairymen's Association; June is Dairy Month, Inc.; E. C. & W. L. Hopkins; Merrimack Farmers Exchange, Inc.: Clark's Grain Store, Inc.; H. K. Webster Co.; N.H. American Revolution Bicentennial Commission; and N.H. Fairs Association.

Sponsors were—N.H. American Revolution Bicentennial Commission; N.H. State Grange; N.H. Farm Bureau Federation; Society for the Protection of N.H. Forests; Cooperative Extension Service, U.N.H., Durham; and N.H. Department of Agriculture.

Committee members were—Dr. James Mitchell, chairman, U.N.H., Durham; Paul Fenton, Andover; Ernest George, Milford; Henry Corrow, Durham; Roger Sloan, Durham; Maurice Chapin, Webster; E. Norris Hall, Nashua; Kevin Kennedy, Woodsville; John Porter, Penacook; Dr. J. Duane Squires, New London; Paul Bofinger, Concord; Stanley Grimes, Pembroke; G. Allen Holmes, Walpole; John Piwowar, Durham; Howard C. Townsend, Lebanon; and Roy J. Howard, Concord.

OAS HUMAN RIGHTS COMMISSION DENOUNCES CUBAN REGIME

Mr. STONE. Mr. President, the Organization of American States—OAS—is now convening in Santiago, Chile for its sixth General Assembly. In preparation for this meeting, the OAS Inter-American Commission on Human Rights has filed a report on its 5-year investigation into the violation of human rights in Cuba. The report corroborates numerous accusations of repression, political imprisonment, and physical torture that have been leveled against the Castro regime. When the OAS General Assembly considers matters relating to Cuba, I hope its members bear in mind the disregard for human rights and dignity evidenced by the present Cuban Government, as documented by the 85-page "Fifth Report on the Situation of Human Rights in Cuba."

The OAS Commission on Human Rights conducted its investigation from 1970 to 1975. During this time, many Americans called for opening relations with the Castro government. Apologists for this regime claimed that the Cuban leader's position had mellowed on the issues of human rights and exporting revolution. However, all evidence points to the contrary. Castro still maintains tens of thousands of political prisoners. His subversive activities have extended to Puerto Rico, the Middle East, Latin America, Angola, and other African nations. The OAS report states that the conduct of the Castro government within Cuba:

> . . . gives solid basis for the impression that, during the past five years, instead of there being a diminution or decrease in those violations, there continue to be perpetrated, especially in the treatment of political prisoners, arbitrary procedures of excessive rigor that reveal a complete disdain for the dignity of the human being.

I quote from the OAS Commission's own summary of Castro's violation of four basic human rights, the rights to life, a fair trial, due process of law, and change of residence:

"A. The Right to Life. There are denunciations that numerous political prisoners have been deprived of their lives arbitrarily or have died as a result of the tortures received, or because of lack of medical attention.

B. The Right to a Fair Trial, and the Right to Protection from Arbitrary Arrest. In the charges addressed to the Commission, the following acts have been denounced:

i. That numerous persons have been detained arbitrarily for political reasons.

ii. That there does not exist a simple and brief procedure by which justice protects persons against acts of Authority that violate, to their disadvantage, some of the fundamental rights consecrated in the American Declaration of the Rights and Duties of Man, and in the Fundamental Law of Cuba.

iii. That political prisoners have been the victims of inhuman treatment characterized principally by:

(a) Lack of medical assistance.

(b) Lack of adequate food.

(c) Physical and psychological mistreatment that in certain cases has shown extreme cruelty.

(d) Submission to degrading conditions that are incompatible with the inherent dignity of the human being.

(e) The prohibition of visits, or the establishment of an arbitrary and irregular regulation of visits, as well as the obstruction of the receipt and sending of correspondence.

(f) Forced labor.

(g) Solitary confinement for long periods and in conditions damaging to health.

(h) The obligation to wear uniforms like common criminals, in promiscuity with them, for the purpose of dissimulating and concealing their condition as "political prisoners".

(i) Threats and other methods of pressure for the purpose of compelling them to receive political indoctrination and to accept the so-called "Rehabilitation Plan".

C. Right to Due Process of Law. In the Communications addressed to the Commission, there have been denunciations of acts and situations which constitute violations of the right to due process, and it is apparent that numerous persons have been condemned to sentences that have deprived them of their liberty in trials that involved the following irregularities.

(a) The accused persons were not informed formally of the charges against them nor given adequate time or means for their defense.

(b) They were not permitted to be heard in an impartial and public forum.

(c) They were sentenced on the basis of acts or situations that were not classified as offenses in laws that existed at the time of their supposed offenses, in which there was a specific indication of offenses and penalties, nor was there taken into account, in their trials, the legal presumption that the accused is innocent until found guilty under the law.

(d) The sentences imposed were obviously out of proportion to the offenses.

(e) No appeals were permitted.

(f) When sentences have been completed, there have been reimpositions of sentences for the same offenses or on other pretexts, for the purpose of arbitrary prolongation of confinements.

D. Right to Residence and Movement. From denunciations brought to the Commission, it has been learned that the Government of Cuba:

> (a) Has put into effect coercive measures against Cuban citizens who wish to leave the country temporarily or definitively, depriving them of their jobs, their means of obtaining food and other conditions indispensable for their livelihood and that of their families.
>
> (b) They have compelled persons who wish to leave the country to do forced labor while they await permission to depart, which may be delayed months or years.
>
> (c) They have obstructed or delayed for long periods of time the departure from the country of foreigners residents in Cuba, especially United States citizens who wish to return to their country. (Pages 1-3.)

Chapter 2 of the report deals with the conditions of female political prisoners who:

> . . . continue to be subjected to cruel treatment—to inhuman and degrading treatment, and who are the victims of prison conditions that are incompatible with their sex, age, condition of health, and their pre and post-natal conditions. (Page 3.)

The Inter-American Commission on Human Rights concludes that the present Cuban regime should immediately apply the following measures:

> (a) The issuance of the necessary orders to assure a complete separation of political prisoners and common criminals.
>
> (b) Drastic suppression of the application of cruel, inhuman and degrading treatment of persons deprived of their liberty.
>
> (c) The establishment of a system of vigilance in the places where prisoners are kept, to prevent the application of bad treatment, and the punishment of the authorities responsible for mistreatment.
>
> (d) Assurance to all detained persons of a fair trial.
>
> (e) Respect for the right of residence and movement of persons so they may gain a livelihood for themselves and their families. (Page 4.)

Mr. President, the "Fifth Report on the Situation of Human Rights in Cuba" is filled with an enormous number of cases of gross violations of human rights. Many of these accounts have been smuggled from the island prison of Cuba, and reveal a shocking disdain for human life and dignity. The plight of the men and women who have been imprisoned in the name of Castro's communism should not be overlooked. Their stories are first-hand accounts of the human rights situation in Cuba and this situation must not be swept under the rug.

THE DEATH OF CLYDE M. WEBBER

Mr. McGEE. Mr. President, it is with a heavy heart that I inform the Members of the Senate of the death today of an outstanding leader in the field of Federal labor management relations. Mr. Clyde M. Webber, national president of the 300,000-member American Federation of Government Employees, died this morning at the early age of 56.

As chairman of the Senate Committee on Post Office and Civil Service and as the senior Senator from the State of Wyoming, I wish to express my sympathy to Mr. Webber's widow Marie, to his son Robert of Denver, Colo., and to other members of the family who have lost a warmhearted husband and father. I also express sympathy to Mr. Webber's colleagues in the American labor movement, especially to the hundreds of thousands of members of the union which he has served with such dedication at all levels.

Clyde Webber, a native of Arkansas, came nonetheless from my own part of the country. He attended schools at Green River, Wyo., and Ogden, Utah, as a youth and rose through the ranks of his union to become, in 1960, the elected national vice president representing AFGE locals in Wyoming, Colorado, New Mexico, Utah, and Arizona. Mr. Webber served two terms in that office and in 1966 he was elected executive vice president with offices in Washington, D.C.

Clyde succeeded to the presidency of the AFGE upon the retirement of the late John F. Griner in October 1972, and was elected national president in 1974 without opposition.

A firm spokesman for his members and the other Federal employees represented by his union under contract, Clyde served with distinction as a member of the Federal Pay Council, the Prevailing Rate Advisory Committee, and other statutory bodies.

He was a frequent and helpful witness before congressional committees, including the Senate Committee on Post Office and Civil Service, whenever we were dealing with Federal employee legislation.

I think it can be said, Mr. President, that all Federal employees have lost a friend and effective advocate with the death of Clyde Webber. He will be missed.

DISCRIMINATION AGAINST THE HUNGARIAN MINORITY IN ROMANIA

Mr. WILLIAMS. Mr. President, it is often said that a government's first duty is to provide justice for all of its people, but sad to say, millions of people live under governments which have deliberately abandoned this duty to their citizens. Romania is one such country. In Romania, the denial of basic civil rights and equal justice is applied with a vengeance to the Hungarian minority of almost 2.5 million people, most of whom are concentrated in the province of Transylvania.

The Romanian Constitution explicitly sets forth guarantees of freedom and equality, but these guarantees are withheld from the Hungarian minority there. Discrimination against this group, and other minorities as well, has reached into all areas of daily life, especially education, employment, and religion. In fact, it has become evident that Romania's rulers have embarked upon a deliberate course to destroy the attachment of Hungarians to their rich cultural heritage. Even the Hungarian language is prohibited from being spoken in Romania's public places. This is clearly a policy designed to eliminate the Hungarian awareness of their unique cultural background and impose Romanian culture upon them, while continuing their second-class status.

Those of us who believe in such basic human principles as freedom, equal treatment, and justice, must not allow the activities of the Romanian Government toward its minorities to go unnoticed. We have an obligation to speak out against this persecution and discrimination. As world attention focuses on the mistreatment of the Hungarians in Romania, and the attempt to dissolve their community, it is our hope that Romania's rulers will reach the inescapable conclusion that their own interests and those of all their people are better served if they reverse their discriminatory policies.

IS NATO MILITARILY VIABLE?

Mr. TAFT. Mr. President, I would like to bring to the attention of my colleagues another interesting and thought-provoking article on the question of whether NATO is militarily viable. The article, "Defense of Europe if Soviet Attacks," is by Mr. Frank van der Linden, and it appeared in the June 5 edition of the Winchester Evening Star.

The article well points out the problem that the United States faces if NATO is not viable in a conventional war. We face the very difficult choice between launching a strategic nuclear attack on the Soviet Union, or accepting the destruction of 200,000 U.S. troops, with their dependents. It must be asked whether it is in our interest to face this choice. If it is not in our interest to be caught in this dilemma, then we must either act to make NATO militarily viable in a conventional conflict, or withdraw our troops from Europe.

Some would argue that we have an intermediate option, the option of going to a tactical nuclear war. Unfortunately, the ground forces of the Soviet Union are much better prepared to fight in a tactical nuclear environment than are the troops of the U.S. Army. Almost all Soviet divisions are either armored or mechanized, tactical nuclear warfare requires the protection provided by armored vehicles. Furthermore, Soviet fighting vehicles have full filtration and protection systems to prevent radiation and fallout from killing the crews. Of the 16 divisions in the U.S. Army, 6 are foot infantry, unsuited by nature to tactical nuclear warfare. Our armored and mechanized divisions are not equipped with vehicles designed to function effectively under radiation and fallout conditions. So escalation to tactical nuclear war would appear to benefit the Soviets more than ourselves.

If NATO is to become militarily viable in a conventional war, it must make fundamental changes, not only quantitative but also qualitative changes. The United States must concentrate its defense resources on meeting the Soviet naval threat to NATO. Our European allies must concentrate on taking over the task of providing adequate ground forces. In relation to both naval and ground forces, we must be concerned not only about Soviet spending, but also about the fact that in many key areas of military affairs the Soviets appear to be outspending us.

Mr. President, I ask unanimous consent that the article, "Defense of Europe if Soviet Attacks," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Winchester Evening Star, June 5, 1976]

DEFENSE OF EUROPE IF SOVIET ATTACKS

(By Frank van der Linden)

WASHINGTON.—U.S. military experts are privately warning Congress that a Soviet "blitzkrieg" by air power and armor could overwhelm NATO's first-line defenses in Germany.

Then Washington would face the agonizing choice between accepting military defeat and using nuclear weapons as a last resort to stop the Red tide from engulfing Western Europe.

Defense Intelligence officials have no indications that such a sneak attack is imminent. But the Russians could stage one in the guise of training exercises, as they did successfully in Czechoslovakia in 1968 when they caught the West completely by surprise.

In the past, the NATO defenders have assumed that the wide-scale movement of troops and equipment from the Warsaw Pact countries toward West Germany would tip off the coming assault; this would provide time to airlift reserves from the United States while high-level diplomatic negotiations sought to avert the outbreak of war.

But Defense Secretary Donald Rumsfeld has told the House Appropriations Committee: "Warsaw Pact air forces could stage a surprise attack on NATO air bases in Central Europe. Such an air attack could even be expected, with a minimum of discernible preparation, carried out by forces in position—primarily the Soviet Sixteenth Tactical Air Army in East Germany.

Gen. Frederick Weyand, the Army Chief of Staff told the same committee: "The possibility of a Warsaw Pact attack with little or no warning is very real."

NATO forces are insufficient "to contain indefinitely a sustained attack at full strength and full intensity by the Pact forces arrayed against them," the general said.

But he would not let the invaders have "a free ride, not by a damn sight," the old soldier declared.

"We would have to consider seriously the employment of tactical nuclear weapons."

The committee released the transcript of these remarks a few days ago.

Edward A. Miller, Assistant Secretary of the Army for Research and Development, bluntly informed the Senate Armed Services Committee:

"It is presumptuous, even arrogant, to assume that an outgunned, outmanned force, such as we have, without superior weaponry, can defeat a major Soviet offensive, particularly in Europe."

Miller dared to think the unthinkable thought: "We could lose the next war."

He cited these among several of the Soviets' advantages: "The T-72 tank, the SA-8 and SA-9 air defense systems, new self-propelled artillery, and a 4-to-1 advantage in tanks."

In case of war in Europe, American troops for the first time would confront the Soviets' "BMP." This is a fighting infantry vehicle, armed with automatic heavy caliber weapons, a launch rail for the "Sagger" antitank missile, and even chemical, biological and radiological protective equipment—complete seals and air conditioning to protect the crew in an intense CBR environment.

The Soviets have a CBR unit with each of their 168 divisions. The U.S. Army, with its 24 divisions, has a total of three. Congress, responding to the American public's aversion to chemical and biological warfare, has done next to nothing to protect our troops against CBR attacks.

In brief, we are relying upon the threat of nuclear weapons to continue deterring the Warsaw Pact forces from trying to grab Europe by a sneak attack, So far, the threat has worked. But it may not succeed forever.

THE NATION'S HEALTH

Mr. NELSON. Mr. President, Kerr L. White, M.D., professor in the Department of Health Care Organization, School of Hygiene and Public Health, the Johns Hopkins University, Baltimore, provided some thoughtful insights into the state of the Nation's health in his commencement address to the Medical College of Wisconsin, May 30, 1976.

At a time when Congress is considering a great deal of health legislation ranging from the flu to medical devices, health manpower training, reform of the Food, Drug, and Cosmetic Act, and a variety of other subjects, all requiring large amounts of the taxpayers' money, it is appropriate to take note of Dr. White's remarks.

He points out that—

> Good health is quite different from good medical care, and indeed, the attainment and retention of good health has virtually nothing to do with medical care. Most of the major improvements in health have come about as a result of improved nutrition, better housing, cleaner water supplies, adequate sanitation, and higher standards of education . . .
>
> The environment about us, whether it be polluted by smog, radiation, wastes of various kinds, food additives, chemicals, noise or even the visual horrors along the streets and highways, is a major determinant of health.

In addition, he notes that lifestyle, genetic and biological factors, and basic biomedical research influence health.

What is needed is careful assessment of what we are getting in return for the enormous costs expended for medical and health care in the country: $130 billion annually; 9 percent of the gross national product; about $600 per person a year.

In Dr. White's words to the graduating M.D.'s:

> Although you may have been taught, as the students at Johns Hopkins are taught, that it is a serious clinical crime to miss a brain tumor, you were not taught that it is a serious social crime to saddle society with expenditures of these vast sums without providing better evidence that they truly make a difference.

"These are exciting times for medicine," he states.

Certainly, the times call for responsible action by Congress in its role toward "shaping the future that can help our fellow citizens to improve our national health," as Dr. White puts it.

Mr. President, I ask unanimous consent that the commencement address by Kerr L. White be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

COMMENCEMENT ADDRESS BY KERR L. WHITE, M.D.

President Carley, Mr. Stevenson, Dean Kerrigan, Members of the Class of 1976, spouses, parents, relatives, friends, faculty and guests. This is an auspicious occasion. We are honoring a new group of colleagues as they join the ranks of those to whom society accords the privileges, and exacts the responsibilities, of fellow citizens it calls "physicians." What can one say at such a time that will contribute constructively to the event? Like the Class of 1976, this is also my first medical commencement! My own relief at having successfully completed a formal medical education that was associated with much academic oratory, disguised as education, encouraged me to pay ten dollars to avoid any additional afflictions of a similar kind and to obtain my diploma by mail! Since then, I have been either too busy or preoccupied with what seemed to be more productive enterprises, to attend commencement exercises of any kind. The possible risk of being exposed to expansive speeches on tedious topics never excited me enough to don academic regalia for rituals such as this: but here I am! I have always been an advocate of learning rather than teaching, and agree with Oscar Wilde that nothing much worth learning can be taught, and rarerly can it be taught by public oratory. So, I hope the rest of you will bear with us, as my colleagues of the Class of 1976 and I go through this new experience for us both—our first medical commencement address!

What can we learn about our common tasks and about our common responsibilities to the people we serve? What exactly is a health problem? What can we really offer in the way of "curing" that is based on scientific evidence that what we do is more useful and beneficial, than it is useless or even harmful, or that is more useful than doing something else, or even than in doing nothing at all? What can we offer in the way of "caring" or "counselling?" Or can we help the patient and the family in just "coping" with the vast majority of problems of living and dying that are, at present, insoluble? "Problems that have solutions," as John Updike tells us, "are no problems." People bring their health problems to the medical profession and they want help in understanding them, and resolving or managing them. There is no such thing as a "trivial" problem. As a friend of mine says, "There must be something the matter with a patient who goes to see a doctor when there is nothing the matter with him!"

If what we do and what we say to our patients does not contribute to improvement in the understanding, resolution or management of the patient's presenting problem, what are we all about, both as physicians individually and as a profession collectively? Ordering tests, taking x-rays, making diagnoses, doing surgery and prescribing drugs, are means—they are not ends—to managing problems. The patient and the family could not care less if we do not do something that helps in understanding the nature of the patient's problem. And if we cannot cure or control the disease, what can we do to avoid unnecessary disability, to alleviate discomfort, or to ameliorate distress?

Yet, what do you and I face as a profession? We are asking the public to "poney-up" about 130 billion dollars annually for the nation's health care expenditures.

This is almost nine per cent of our Gross National Product; for every man, woman and child in the country, it amounts to about six hundred dollars a year, or almost a month's earnings for the average worker. These are tremendous sums, and they are increasing rapidly.

Until this year, however, we have had no nationwide marketing survey of the problems brought to physicians in their offices. How, you may ask, can enterprises like medical education and the health care industry expect to meet the needs of its clientele, its patients, its public, and society, without objective measures of the patients' problems? It simply does not make sense to run an enterprise of this magnitude without a marketing survey.

It is at home, at work, or sometime at play, that the patient first experiences discomfort, or disturbances in his well-being, that initiate the sequence of discussions with relatives, neighbors, pharmacists, perhaps with chiropractors, or even with gypsies or with clergymen, that may or may not eventually bring him to a physician's office. There are about one billion such visits to physicians a year in the United States; almost two-thirds of these are to physicians in office-based practice. Of these six hundred and forty-five thousand ambulatory care visits, about forty percent are made to general practitioners or family physicians, and about twenty per cent to general internists and pediatricians. And what sorts of problems do these patients bring to these sources of care? About a third of all visits to general practitioners or family physicians, and to the internists, are made up of ten common problems; it only takes six common problems to make up thirty per cent of the visits to pediatricians. And what, indeed, are the common problems? They include fever, sore throats, coughs, colds, fatigue, earaches, backaches, armaches, legaches, headaches, chest pain and, I suspect, many other underlying forms of heartache.

For all types of doctors, for all ambulatory visits for the whole country, sixteen problems produce half of all the visits, forty problems produce seventy-five per cent of the visits, and sixty produce eighty-two per cent. All the rest of the people's problems produce the remaining eighteen per cent.

Now some would say that these first sixteen problems, or even the first forty problems, are not the proper business of contemporary American doctors. They suggest that "proper doctors" should only deal with the remaining eighteen per cent of the problems. That is not an unreasonable argument, but then many of us had better plan to get other jobs tending bar or driving cabs, because we are obviously superfluous. It is argued that about half of the problems brought to sources of primary medical care cannot even be given a diagnosis; they are just "problems." And what do we do? The median time for all ambulatory care visits is twelve minutes; three out of four of the commoner drugs we prescribe are not specific for any particular disease. Some would say that most, if not all, of the twenty most commonly prescribed drugs have nothing to do with the practice of first-rate medicine.

If we don't prescribe drugs or surgery, we order tests. Let me tell you about the latest solution to one of the country's common health problems. Each year, there are about 23 million people in this country who admit to having headaches. This group generates sixteen million visits a year to consult physicians about their headaches; it is the fourteenth commonest problem overall.

Recently, the multi-national corporation that brought us the Beatles from England has brought us the EMI Brain Scanner. This is an extraordinary technological breakthrough. It is a computer-assisted x-ray machine that uses a painless, relatively risk-free technique to produce a three-dimensional picture of the head. It is medical technology at its best. The machine costs about half a million dollars to install, and each test costs about two hundred dollars. Great Britain, where the machines are made, has about five or six machines for about 55 million people; it is said that they probably have four or five too many! How many does the United States have for four times the population of Great Britain? At last count, we had installed or on order about 1,000 of these machines. These 1,000 machines will have a capacity to do about five million brain scans a year, or almost one scan for every two people who consult a physician with a headache in the course of a year.

And why should patients with headaches have brain scans? Because medical students have been taught that people with headaches sometimes have brain tumors, and that it is a very serious medical crime, perhaps even leaving one liable for malpractice, to miss a brain tumor in a patient. But exactly how many people die of brain tumors each year? The last available figures for the United States show that about 6,100 persons died of malignant tumors, about which medicine can do very little, and only 200 persons died of benign tumors, which might have been helped as the result of a brain scan. Then somewhat more than a half million people are hospitalized each year with strokes, and many of these patients can have the certainty of a probable clinical diagnosis confirmed by a brain scan, although exactly how many of which types is not entirely clear, as yet. In addition, 270,000 persons are hospitalized annually with head injuries, and here again, a brain scan may be useful. But exactly what do we mean by useful, and how useful is it? There are precious few true evaluations of the benefits of the EMI Scanner in relation to the final outcomes of the patients' presenting programs. The only objective study that I have been able to find, and I believe also one of the latest statements of the problem, is in the April 17, 1976 issue of "The Lancet," a distinguished medical journal, which I hope you will all read regularly. It is a good study, and it shows absolutely no reduction in death rates from head injuries before or after introduction of the EMI Brain Scanner. It is true that the EMI Scan replaced other unpleasant, risky and expensive brain studies, but neither these nor the EMI Scanner had any apparent benefit whatsoever on the outcome of the patients' problems beyond the clinical assessment of competent neurosurgeons. I am told, also, that there is no evidence that a brain scan makes any contribution to those patients who simply present with a headache and nothing else. So what do we have here?

We have half a billion dollars invested in equipment and more is on its way. Undoubtedly, there will be improvements in the equipment, and many of these are already in the works, and, to add to all this, we will shortly have a full-body scanner. In addition, we have annual expenditures of about two billion dollars being spent on the brain scans themselves, and frequently the requirement of an extra day or two's wait in the hospital queuing up for the scan at another cost of one or two billion dollars annually. True, there are some savings, and the vice president of a major medical center told me recently that he has several unemployed neurosurgeons on his hands!

So although you may have been taught, as the students at Johns Hopkins are taught, that it is a serious clinical crime to miss a brain tumor, you were not taught that it is a serious social crime to saddle society with expenditures of these vast sums without providing better evidence that they truly make a difference.

I could go on with other examples such as the lack of evidence that coronary care units or coronary artery by-pass surgery really contribute substantially to the overall outcomes or longevity for the entire population of patients who consult physicians with chest pains, the sixteenth most common symptom presented to physicians in office-based practice. What I am attempting for you, is documentation of a set of priorities and a point of view that I believe you should all be aware of.

But what about headaches and chest pains? As any of us knows, the vast majority of headaches are associated with hangovers, domestic strife, occupational stress, defects in vision, or emotional upsets. Problems are clearly elicited by talking with the patients, listening carefully and offering simple explanations. The chance of anyone who presents solely with a headache actually having a brain tumor is apparently almost zero; the chance of anyone with a headache and at least one other symptom or sign may be about one in twenty-five hundred. And yet, we are equipped with a technological device that assumes there is a risk of about one in every two patients with a headache having a brain tumor or something seriously wrong with his head. As far as chest pain goes, evidence from England suggests that patients who are not in serious heart failure or do not have an abnormality of their heart rhythm do as well at home as they do at the hospital. An additional unpublished study suggests that the further and longer patients with supposed heart attacks associated with chest pain, travel in speeding ambulances, the greater their chances of going into heart failure or developing some other complication for which they require additional medical intervention if and when they eventually reach the coronary care unit alive. Apparently, traveling in an ambulance with the noise of the siren, the two-way radio communication, and the eager ministrations of the attendants in the ambulance may be more alarming and distressing to the patient than they are beneficial and comforting. We have a society and a medical profession which seems to take for granted that any new form of technical intervention must obviously represent an improvement, and that because we can invent it and make it, we should apply it to everyone we care to without regard to relative benefits, costs, hazards or risks.

Now, why am I going into all this detail? What does it mean to you, the Class of 1976, and to the rest of our profession? It means that we, your predecessors in this great profession, are out of step with the anguished cries of our patients for help and the angry frustration of society. Our patients have a set of problems, symptoms and complaints with which they want help, better help and faster help. Society has a limited set of resources, most of them scarce, for which there are multiple competing demands, and we have a vast technological array of pills, potions and procedures, that are occasionally useful, often painful, sometimes hazardous, and nearly always expensive. Most frequently, these procedures remain totally unevaluated with respect to their impact on the resolution of our patients' collective presenting problems.

We face together, you and I, then, an increasingly doubting and critical community, an avalanche of malpractice suits, and growing outrage with escalating costs of health care. But I think that what our patients and the public are telling us is that they are totally frustrated and fed-up with the lack of availability and accessibility of compassionate and scientifically competent general physicians. What they want is personal physicians who care about their individual patients' presenting problems, and a collective medical profession which cares about the collective benefits of our activities in relationship to the expenditures we generate.

You and I can plan to live in an increasingly open and accountable health care system. There will be Professional Standards Review Organizations to monitor the nature and quality of the health care we provide, there will be Health Systems Agencies at the local and state levels responsible for allocating scarce resources, especially hospital beds and their attendant equipment, there will be Health Services Rate Review Commissions setting rates not only for hospitals, but also probably for physicians' fees, and there will be federal and state manpower commissions determining the numbers and kinds of generalists and specialists to be trained. Much of this might have been avoided had the leadership of organized medicine and academic medicine behaved differently in recent decades. But neither is it all bad and many of these new ventures can be very good, if we, as a profession, will provide leadership and participate actively with the public's representatives in all these matters. If we do not, we will have it all done for us in any event. Physicians in all other countries have found that it works out best when they assume their roles as true professionals and realize that the precise translation of the term "doctor" means teacher—teacher of our individual patients and teachers of our communities. But as I indicated at the outset, it is learning that really counts.

What can be learned? First, we should help both our patients and society to understand that good health is quite different from good medical care, and indeed, that the attainment and retention of good health has virtually nothing to do with medical care. Most of the major improvements in health have come about as a result of improved nutrition, better housing, cleaner water supplies, adequate sanitation, and higher standards of education. The decline in the tuberculosis rate proceeded relentlessly to its present level without any noticeable impact from the introduction of rest cures, surgery or chemotherapy, as Rene Dubos showed us many years ago. The environment about us, whether it be polluted by smog, radiation, wastes of various kinds, food additives, chemicals, noise or even the visual horrors along the streets and highways, is a major determinant of health.

Second, there is the influence of lifestyle and personal behavior on health. Cigarette smoking, abuse of alcohol or other drugs, failure to use automobile safety belts, lack of exercise, domestic strife, the presence of unwanted children, excessive caloric intake, destructive human relationships, inequitable housing, social and personal discrimination of any kind, unemployment, premature retirement or excessive residential mobility, all of these are major factors in influencing the health of individuals, families and communities, and are important determinants of disease. Our patients and the public need to know and understand these facts. Valium and Librium, two of the most widely prescribed drugs in America, cannot do a thing for these problems.

Third, there are genetic and biological factors that influence health. We need better genetic and family counseling, before children are conceived.

Certainly we need more and better biomedical research to understand basic biological processes, and certainly there are noxious agents in our environment that need to be identified and understood. However, I would remind you that the great plagues of cholera were controlled by altering the polluted water supply thirty years before anything was known about the organism that was the relevant agent. What we need to recognize is that while you cannot have cholera without the cholera vibrio, anymore than you can have tuberculosis without the tubercle bacillus, you also cannot have either of these diseases without a patient. Not all persons who harbored the cholera vibrio in the past, or who harbor the tubercle bacillus now, or the pneumococcus, have tuberculosis or pneumonia. The organism may be a necessary factor in the development of a disease, but it is rarely a sufficient factor. We may need to know as much or even more about the patient who has the disease and the circumstances under which the disease arose, including the interactions between the patient and his environment, as we do about the noxious agents involved and the pathophysiology of the disease itself. Life and death and medicine are extremely complicated, and we are only at the beginning of our understanding.

Into this ever-wondrous maze of factors that impinge on our health and disease, comes medicine and medical care. It is here that we spend the bulk of our national health care budget, but what does it all accomplish? The answer is more than it used to be, thanks to the advances of fundamental biomedical research, but on balance, still not very much. We have truly efficacious forms of beneficial intervention for only about ten or twenty per cent of the problems that people bring to physicians. Certainly substantial benefits accrue to the patient even as a result of his visit to a doctor, but these are more due to the fact that the physician took an interest and was seen to care in various ways, than to the specific form of intervention. But do the benefits justify the costs, especially the costs of exponentially increasing volume of tests, diagnostic procedures and dubious treatments? Few of our new procedures, apart from drugs, are subjected to truly scientific evaluation of their clinical efficacy and their dangers in comparison to the procedures they are supposed to replace or compared to doing nothing. The result is a proliferation of what can only be described as contemporary medical hocus-pocus, that is in desperate need of sorting out critically by objective scientific study. We need more science, not less science, in medicine; but we need a balanced array of scientific approaches that include social and behavioral sciences, epidemiology and demography, as well as the traditional natural sciences in medicine. We need to understand the true meaning and true nature of our patients' problems, what are they really complaining about? Can we help them to understand those problems? And if we can, do we have a useful, efficacious, relatively inexpensive form of intervention that will help to resolve the patient's problem? If we do not, then let us be honest, let us comfort the patient and either ourselves conduct or urge others to conduct further research into the problems so that we have deeper understanding and a useful form of prevention or treatment. Let us above all be honest with our patients and ourselves, about what we know and what we do not know. To do otherwise is to indulge in what the Greeks call "hubris," a form of rather insular pride or unwarranted security, or what some who are less classical in their analogies or less charitably inclined have described as contemporary medical witchcraft.

But, I do not want to close by suggesting that physicians, especially practicing physicians, can or should accept all of the responsibility for the present state of affairs. The developers of new procedures, the officials and review panels of the National Institutes of Health and other elements of the Department of Health, Education, and Welfare, the editors of journals, the manufacturers of drugs, reagents and equipment, local, state and Federal legislators, hospital administrators, third-party payers and hospital trustees, as well as the public itself, all shoulder responsibility for this state of affairs. We need to ask ourselves what we mean by health and good health, and what we ourselves can do about it. But there is also a list of questions, paraphrased from Sir Douglas Black, formerly Professor of Medicine at the University of Manchester in England, and now Chief Scientist for the Ministry of Health and Social Security in the United Kingdom, that any administrator or politician responsible for resource allocation and health care should address to the proponent of any new procedure or service:

1. What are the aims of the procedure or service in question?
2. How many people, and of what kinds, are potentially eligible for help from these procedures or services?
3. What proportion of these people will actually get help?
4. What kinds of people are they, and who fails to get help?
5. What determines who gets this help, and who does not?
6. Does the procedure or service do any good or make any discernible difference? How much difference does it make? To whom?
7. What does this procedure or service cost? How do these costs compare with those of potential substitutes?
8. Who pays?
9. What does the public—those served, those eligible but not served, and those who are ineligible—think about the procedure or service?
10. What impact might the procedure or service make on the demand or effectiveness of other procedures or services?

These are exciting times for medicine. Great changes are ahead, and we can all be a part of shaping a future that can help our fellow citizens to improve our national health. It is a future that can only be partly shaped by medical intervention alone. Caring and counselling are as important as curing, and the doctor as a teacher both of patients and communities, may contribute as much to the amelioration of health problems as the doctor as a clinician. Our profession is still a mixture of science and compassion, and we need much more of both. We need more of the natural sciences and we need more of the social sciences; we need more individual compassion, and we need more statistical compassion.

I hope that my pleasure in having shared these thoughts with you at what is my first medical commencement, has not unduly marred or jarred the enjoyment of yours. Good luck! Thank you for inviting me.

WHY NOBODY WANTS TO LISTEN TO OSHA

Mr. TAFT. Mr. President, I believe the goals of the current OSHA Administrator, Dr. Morton Corn, and the Congress are in many respects on parallel courses relative to OSHA reform. A recent article appearing in the June 14, 1976, edition of Business Week magazine entitled, "Why Nobody Wants To Listen to OSHA," examines Dr. Corn's proposals to put the Agency on the right track. One of the areas of reform he sees as vitally necessary involves a change to OSHA's enabling legislation so that the Agency can move away from being an adversary to business and act as a consultant to industry. I agree with his assessment completely.

My bill, S. 3182, gives Dr. Corn and the Department of Labor the legislative authority to provide a universal program of on-site consultation services to all those businesses which would take advantage of these services. As the article sets out, Dr. Corn wants to build the concept of the Agency as a service group, with a consultation wing that is totally distinct from the inspection and citation function. The article further states that to do this requires congressional authorization that may be difficult to achieve in this current Congress.

While I recognize that it is not an easy task to move such a bill through the Congress, nevertheless it is necessary if OSHA is to become an effective law which will protect the safety and health of the 60 million American workers covered by the act.

Mr. President, I am very gratified that 24 Senators are now cosponsoring my bill. The list includes Senators ABOUREZK, BEALL, LAXALT, NELSON, DOMENICI, FANNIN, YOUNG, BUMPERS, EASTLAND, LEAHY, PERCY, CURTIS, DOLE, CHILDS, ALLEN, HRUSKA, BURDICK, SPARKMAN, BAKER, Cannon, Morgan, Griffin, Talmadge, and Gravel.

I think my colleagues will conclude that this is a broad-based, bipartisan effort to promote OSHA's effectiveness by cosponsoring this worthwhie remedial legislation.

Dr. Corn was quoted as saying:

> We need something more to stimulate businessmen to police themselves . . . the agency should be able to provide guidance to an employer, not just come at him after the fact with a stick.

Mr. President, Dr. Corn's objectives are the very purpose of S. 3182 and I believe it warrants the complete support of all Senators. I trust that within the near future the Senate Labor Committee, on which I serve, will process this proposal in order that it may come to the floor so that all Senators will be able to play a role in enacting effective OSHA reform.

Mr. President, I ask unanimous consent that the article I referred to earlier in my statement be printed in full in the Record for the edification of my colleagues.

There being no objection, the article was ordered to be printed in the Record, as follows:

Why Nobody Wants To Listen to OSHA

A story is making the rounds about inspectors from the Occupational Safety & Health Administration who closed down a tiny "mom and pop" grocery store in Iowa. Presidential contender Ronald Reagan uses it in a campaign speech: "The owner of a small business in one Western state," he said, "was told to install separate men's and women's rest rooms for his employees. He had only one employee—at home—in the same bed. It was his wife."

The story may be apocryphal, but it does strike to the heart of the complaints that have been heaped on OSHA by businessmen and legislators since the agency's inception in 1970. On Dec. 31 of that year, Congress passed OSHA's enabling legislation, with the stated purpose of assuring "so far as possible every working man and woman in the nation safe and healthful working conditions." The law set forth a complicated 22-step process for OSHA to follow in setting standards. And it authorized the agency to inspect companies for violations of those standards and fine them if violations are found.

Now OSHA faces charges from all sides that it has abused and misused its mandate, and that it has trivialized the whole concept of the standards. The U.S. Chamber of Commerce has heard from employers who were cited for "allowing ice to come into direct contract with water"—a standard that originally referred to water coolers but that has been abused. And Bert M. Concklin, OSHA's deputy administrator for operations, himself talks of the agency's "split toilet seat syndrome"—a reference to a past inspector who chose to enforce vehemently a standard calling for a U-shaped toilet seat in work-site washroom facilities. That standard has long been stripped from the books, but the negative image that its enforcement created still lingers in many minds.

Anti-OSHA grumblings are reaching a fever pitch in this election year. The White House has gone on record as saying that the agency should become effective within five years or be legislated out of existence. During a primary swing through New Hampshire, President Ford delighted his audience by saying "I'm sure you'd all like to see OSHA dumped in the ocean." Presidental economic adviser Paul W. MacAvoy says that "OSHA has gone too far while accomplishing too little," and suggests that the agency be replaced by a new insurance plan that would juggle industrial rates on the basis of safety records. Labor, meanwhile, says the opposite—that the agency has not gone far enough, and must move faster and issue stronger standards.

Against this backdrop stands Morton Corn, the 42-year-old industrial hygiene professor who has become OSHA's third administrator in five years. Since he took office in December, he has made a number of sweeping proposals that he believes will put the agency back on the right track. He wants to:

Move vigorously into the area of health, without deemphasizing safety.

Institute extensive training programs for his staff.

Eliminate nitpicking standards and make those remaining more comprehensible.

Change OSHA's enabling legislation so that the agency can move away from being an adversary to business and act as a consultant to industry.

Corn is certain that if he can do these things he will get to the root of all the criticisms leveled against his agency. But he is finding that getting funding or new legislation from Congress, let alone overcoming the "myths" of the hapless grocery stores and winning recognition as a viable agency, is an uphill fight. "We have to live down enough horror stories that really happened in the early days," he admits. But he asks, "How do you fight back when you're being killed by a myth?"

COST OF COMPLIANCE

For the 4 million businesses affected by OSHA regulations, the cost of complying with the safety and health standards is no myth—in fact, it is astronomical. A McGraw-Hill survey shows that U.S. industry plans to invest about $3.2 billion for employee safety and health this year—up 17% from 1975. Preliminary plans projected three years hence already total $3.6 billion. At least 2.5% of total planned capital investment will be spent for worker protection in 1976 and 1979, and the bite for manufacturing companies will hit 3.3%.

Despite the costs, few argue that OSHA—or something like it—was not needed. The statistics are too chilling.

For example, during World War II, 292,000 U.S. servicemen were killed in battle—and 300,000 workers were killed in factory accidents. Some 53,000 workers lost major limbs, compared with 17,000 combatants who returned minus an arm or a leg. Still, businessmen say that the agency's dubious methods have cost millions of dollars and have produced thousands of problems—without yielding much improvement.

Few companies are willing to discuss for the record their experiences with OSHA inspectors. "It would be like sassing the policeman," says one top executive. But those who will talk are almost unanimous in their frustration with OSHA's performance. John J. Ahern, director of security for General Motors Corp., says: "There is no direct correlation between their regulations and the actual accidents that do occur." The safety manager for a large Boston-based consumer products company adds: "We've spent millions trying to cope with regulations, yet accident levels have not improved much."

Corn admits that OSHA has a history of emphasizing minor safety matters while overlooking major ones and, even more vital, failing to focus attention on health standards. But he says his proposed program would eliminate such wheel spinning. He has launched a multifaceted effort to define "serious" and "nonserious" hazards, and he plans to revise and standardize the system of penalties for each category.

But that may not satisfy some of the larger companies, which feel they are diligent enough about workplace safety without OSHA hovering over their heads. Du Pont Co., for instance, boasts that it had only one disabling injury for each 4 million man-hours worked—about one-tenth the rate for the chemical industry and about 1/20 that of all industry. Du Pont executives point to their 60-year-old medical program and the work of their 41-year-old Haskell Laboratory for Toxicology & Industrial Medicine as signs that they are equally concerned about health. The lab is being expanded by 70% to handle carcinogenic studies. But even Du Pont, with its good record, was slapped with $21,080 in fines in April, and Ned K. Walters, the company's safety manager, complains that none of the citations was related to injuries. In fact, 80% were for "improper placement" of guards on machines and for lack of handrails on stairways.

GM has the same beef. The company was inspected 614 times through last December and received 258 citations representing about 1,800 violations. Ahern claims that GM has invested $79 million and the equivalent of 1,100 man-years to satisfy OSHA requirements in 1974 alone, but to no avail. "We had a good safety program going long before anybody ever heard of OSHA, and we haven't seen any effect from all the money that's been spent, so far as any reduction in our accident rate is concerned," he says.

Small businesses are even more bitter about OSHA. That $21,080 in fines levied against Du Pont could be a hefty chunk of sales for small companies and they fear that capriciousness on OSHA's part will put them out of business. Small business is getting an increasingly sympathetic hearing in Congress.

SHORT ON INSPECTORS

Ironically, while numerous citations—fair or not—do result from most OSHA inspections, the chance that an inspector will visit any given plant remains slim. OSHA's funding has always fallen far short of what would be needed to hire enough inspectors to visit every plant. And a plan to shift many of OSHA's duties to state agencies falls short of the mark because state governments are usually unwilling to accept the financial burden of enforcement or unable to come up with plans that satisfy OSHA's criteria. The result has been an overload situation. Says Robert S. Smith, a Cornell University industrial relations professor who published a study on OSHA: "The typical business establishment will see an OSHA inspector every 77 years, about as often as we see Halley's comet."

The prospect of an inspection is somewhat greater for companies in what Corn calls high-risk industries—those with above-average injury rates. Within a year, Corn plans to concentrate 30% of his inspection staff on such industries, which include aluminum, bronze, brass and copper casting, and metal stamping.

This will mean that the remaining 70% of inspectors must add to their work load those companies in nontargeted industries that would have been visited by the inspectors in the concentration program. Nonetheless, Corn and his officials remain adamant that the load should not be lightened by removing small businesses from their purview.

"Small is not safe in the work site," insists Karen Mann, OSHA's Congressional liaison. "Of the businesses covered by OSHA, 90% have 25 or fewer employees, yet these are responsible for 55% of industrial fatalities, 58% of serious violations, and 76% of employee-initiated complaints."

Much of the loathing small business has for OSHA may stem from lack of communication, suggests Barry J. White, the agency's director of regional programs. "Employers say they want to make the work place safer, but that the standards can be worse than no help at all."

Corn's proposals will serve to remedy this situation. He is already holding hearings to discover business's specific objections to a sampling of standards, and he will use this information to either eliminate or to revise the rules. If these first hearings work, Corn says he will use the same technique to review many more of OSHA's standards. And he is asking for recommendations from the National Federation of Independent Businessmen and similar small-business groups.

Corn has also launched an all-out effort to make inspectors themselves more diplomatic in their dealings with the businessmen they visit. A comportment course, referred to inside the agency as "couth lessons," has started for all compliance officers.

This stress on tact is welcomed by many of OSHA's regional administrators. John V. Fiatrone, acting administrator for the New England area, praises Corn for eliminating the "gangbusters image our inspectors got stuck with." Corn's "couth lessons" make compliance officers realize that they "must treat inspection subjects as clients," not as felons, he says.

The change has been noticed by a few companies. Frank A. Noruk, director of safety and security for Milwauee's Harnischfeger Corp., senses a new attitude at OSHA. "Instead of just looking for violations they are trying to seek solutions," he says.

But such favorable comments are still rare. Privately, OSHA officials concede that inspectors may use rudeness to cover up their lack of understanding of the standards. Plenty of businessmen agree. "They are sending in people who are not well-grounded in how a plant operates," complains John C. Wilson, manager of benefits and loss control at DiGiorgio Corp., a diversified San Francisco company.

Corn sees training as the answer here, too. He has instituted factual as well as social courses for inspectors, and he is seeking approval to send a number of inspectors to graduate school full time for one year.

If Corn gets his way, OSHA's physical plant will also be beefed up, along with its inhouse acumen. He is pushing for research facilities and funds so that staffers can get "hands-on" experience developing technologies to meet proposed or existing standards. An effective laboratory operation, he maintains, could also cut days from public hearings on proposed standards.

BETTER UNDERSTANDING

It could also help squelch the oftheard complaint that OSHA stresses specific control technologies to solve safety and health problems without understanding what they entail. The experience of Kawecki Berylco Industries Inc., a multimillion dollar Reading (Pa.) company, is a classic case. The company has been complying with beryllium standards for more than 20 years. But as soon as OSHA specified methods to deal with the existing standards, KBI started having problems.

In 1949 the Atomic Energy Commission set a standard for ambient inplant beryllium of 2 micrograms per cubic meter of air. In 1969 the standard was modified to monitor only respirable particles that could enter the lungs. But in 1971, OSHA adopted the AEC's standards and eliminated the distinction between respirable and nonrespirable particles. It also specified that lapel samplers—devices worn by the employee—be used instead of the high-volume general air samplers usually used. Although KBI has tried hard to satisfy the regulations, it finds that it simply cannot comply, says James P. Butler, assistant to the president. "KBI was charged with violation even though the generally accepted sampling method showed compliance."

DiGiorgio's Wilson is angry with OSHA for similar reasons. "We get noise citations at our sawmills, but everything in a sawmill makes noise," he says. "It's hopeless unless you build a plant run by computer."

If OSHA had better laboratory facilities, presumably it could try to develop noise-dampers that work in sawmills. And it could make sure that industry learned of such new developments. To do this, Corn is forming a Technical Data Center for Toxicological Information & Program Support. He envisions a route whereby a company could draw on the data bank to see how others found solutions to problems similar to its own.

Improved communications would extend to OSHA's relations with other government agencies. To date there has been an absence of liaison with any of them. Conflicts have even cropped up between OSHA and its own research arm, the National Institute for Occupational Safety & Health. NIOSH develops the criteria documents on which OSHA bases its standards, and in the past there has been no joint order of priorities. NIOSH, for example, conducted extensive studies to develop a criteria document on heat stress, only to discover the issue was so far down on OSHA's list of priorities that work has still not begun on the standard. Corn has already established monthly meetings between OSHA and its research arm to avoid such wasted efforts.

But most of these programs still depend on adequate funding and staffing. To bolster his new emphasis on health, Corn plans to freeze the number of safety compliance officers at 1,050 until it is matched by the roster of health inspectors. In fact, he wants to set up a special unit to respond to emergency situations, such as the infamous Kepone case in Hopewell, Va. A former employee of Life Science Product Co.'s Kepone plant alerted OSHA to health problems with the chemical long before the extent of workers' illnesses became known. But OSHA inspectors, more tuned to safety problems than health, originally gave the complaint low-priority status.

But even if Corn gets the money to enlarge the health payroll—which is by no means certain—he may find it impossible to recruit capable employees. OSHA has only 135 fully qualified industrial hygienists and an almost equal number in various stages of training. Both Corn and his regional administrators are having trouble filling even those slots for which money is available. "We've been recruiting hard, but there's a real scarcity of industrial health professionals," complains David J. Rhone, OSHA's Philadelphia regional inspector. "I would guess there are fewer than 4,000 people in the U.S. who are truly industrial hygienists."

Still, Corn is getting good response from his field people on the campaign to stress health. During the first quarter of this year, Rhone's inspectors found 2,818 workers who were being exposed to 31 different toxic substances. "We're headed in the direction Dr. Corn wants us to go," Rhone says.

OSHA's field staff also likes Corn's emphasis on real rather than trumped-up hazards. Fiatrone, for example, points to the selective concentration programs as proof of OSHA's new effectiveness. He cites a sharp reduction in the number of construction workers killed in trench cave-ins. OSHA has always required that trenches in construction projects be adequately shored. Nonetheless, until 1973 Massachusetts alone had a 40-year average of five workers killed in trench accidents each year. Then OSHA selected this standard for concentrated enforcement. The result: only two fatalities in Massachusetts in more than 30 months.

A SERVICE GROUP

Such efforts might help improve OSHA's image as an effective policeman, but the agency would remain a policeman nonetheless. Corn's idea calls for more radical change. He wants to build a concept of the agency as a service group, with a consultation wing that is totally distinct from the inspection and citation functions. But to do this requires Congressional authorization—and this may be hard to get.

The problem is that OSHA's enabling legislation requires inspectors to issue citations for all serious violations, and warnings for all less serious infractions, on their first visit. Every year amendments to the law have been proposed to allow citation-free consultations, but none has passed.

Corn sees the ability to consult as vital to the agency's future. Otherwise, he maintains, there is just not enough money available for OSHA to do an effective job. "We need something more to stimulate businessmen to police themselves", he says. "The agency should be able to provide guidance to an employer, not just come at him after the fact with a stick."

Corn faces Congressional opposition on this issue from both supporters and detractors of the agency. The original sponsors of the act fear that once it is opened for one amendment, the agency's opponents will introduce additional, more limiting restrictions. A meager ray of light appeared this year, when the House approved the consultation operation. But the Senate is keeping obstacles to the revision in place.

To reach the Senate floor for a vote, the measure, known as the Taft amendment after its original sponsor, Robert A. Taft Jr. (R-Ohio), must first be brought up before the Committee on Labor & Public Welfare, chaired by Harrison A. Williams (D-N.J.) Williams, a cosponsor of the original OSHA legislation, leads those reluctant to open the law up to destructive tampering. "To establish consultation in addition to inspection would be enough to create a bureaucracy of very considerable proportions," he maintains.

Williams' stand is backed by organized labor. Most union leaders support Corn, but that support stops short of consultation. "We realize that many of the steps he has taken are aimed at making OSHA more effective, but we can't go along on this one," says George Taylor, the OSHA specialist at the AFL–CIO. "It smacks too much of the weaknesses that caused state attempts at OSHA-type programs to fail."

BUSINESS IS DISTRUSTFUL

Ironically, even if the consultation amendment were put into law, Corn might find that his biggest hurdle remains in the private sector. Many businessmen simply do not trust OSHA enough to use agency employees for consultation. For example, in some 20 states, federal OSHA programs have been supplanted by state programs which, under OSHA's enabling legislation, are funded half by the States and half by the federal agency.

Some of these states have set up consulting services for business, but clients are often sorely lacking. California, for one, has a state-level consulting program, and DiGiorgio's Wilson explains why it often goes unused. When Jerry Brown was elected governor in 1974, he says, "the mandate came down to go out and find violations." The aggressive attitude on the part of the state inspectors left industry with a sour taste. "We're supposed to be able to ask for help without fear of being cited, but we've never been able to believe that," Wilson says.

The seeds of industry's distrust have been amply sown throughout OSHA's five-year life. Even Corn agrees that the agency's history has elevated "getting off on the wrong foot to a near art form." Worker well-being was an issue in the U.S. long before OSHA. Child labor laws were passed; the Walsh-Healy Act went into effect, specifying health and safety practices to be followed by companies doing business with the government; a sprinkling of exposure standards were passed for isolated industries, such as beryllium processing. But it still took until 1970 for the government to pass the truly comprehensive Occupational Safety & Health Act. Almost immediately the infant law was buffeted by political winds.

OSHA first came to life midway in President Nixon's first term, and became a victim of Nixon's push for decentralization of government. The whole concept of a national drive for worker safety and health was fragmented from the outset. "The Administration was not committed to enforcement," recalls Daniel H. Krivit, the House labor subcommittee counsel who worked on passage of the original OSHA act. "It was committed to decentralization, so OSHA was splintered into seven regions that became nearly autonomous at the outset."

The immediate result was that seven sets of inspectors set off in seven different directions, with no standardized inspection procedure—and with total freedom to select those safety standards that each wanted to stress.

Some 4,000 existing industry standards were adopted wholesale at that time. George C. Guenther, OSHA's first administrator, tapped the existing Walsh-Healy standards, as well as those formulated by the American National Standards Institute. Now Corn is left with the legacy of those hastily produced standards. "The reasons for adopting them may have been good at the time, but they have been loaded with time bombs," he says.

Replacing the 4,000 quickie standards with more workable, OSHA-created ones may prove a formidable task. Only three of OSHA's health standards have made it onto the books—those for asbestos, a group of 14 carcinogens, and vinyl chloride. Standards development has traditionally been impeded by industry suits charging that they are too rigid, and lately, by labor suits charging they are not rigid enough.

LABOR SUPPORTS CORN

At least some congressmen are trying to get a more objective view of OSHA's performance, and one that relies on statistics rather than politics. Freshman Representative Edward W. Pattison (D-N.Y.) recently sent a questionnaire to 2,000 employers in his district and divided the responses into two groups: those whose plants had been inspected by OSHA and those whose plants had not. Of the first group, 83% said that compliance with OSHA standards did not cause them undue economic hardship, and 94% of the second group agreed. And although 45% of those who had never been inspected agreed with a questionnaire statement that "imposition of OSHA standards serves the purpose of protecting the safety of workers," the agreement figure jumped to 78% for employers who had been inspected.

The survey, which was published in April, indicates that there may be a sizable "silent majority" in industry that is ready to throw its support to OSHA. One labor leader believes that the overwhelming vote of confidence registered in Pattison's survey "probably shows a strong liberal tendency among the responding industries. It is the anti-OSHA conservatives who are vocal in their condemnation of OSHA," he says, "while those who support it have grown tired of fighting and are usually unheard."

Pattison aides see it a bit differently. One of them says: "The businessmen in our district were visited by competent, helpful inspectors, and now they feel they can relax. They look on OSHA now in the light of the problems it was created to deal with."

But Corn does not seem able to use the favorable results to his advantage. Last month, for example, he briefly described his proposals for simplifying safety standards to a meeting of Senate legislative aides. He threw the session open for questions, only to find that each aide wanted to dwell on constituents' complaints about OSHA. Corn, his voice tinged with exasperation, told BUSINESS WEEK, "There are 100,000 inspections every year [out of 4 million existing businesses]. In 1% the inspector may get high-handed or make a silly but possibly well-intended misjudgment. Yet it is this 1% that continues to distort our whole program and the good that is being accomplished."

Appointed federal officials, rather than elected ones, are sympathizing with Corn's plight. "Politicians tend to get a lot of applause when they pick on OSHA," says Stanley E. Morris, deputy associate director of the Office of Management & Budget and an active member of the President's Regulatory Reform Task Force. But economic adviser MacAvoy says the problem goes far deeper than that. He says: "There has been an inability to demonstrate the impact of OSHA on the basis of reduced accident rates. My only concern is whether OSHA can be made effective and at less cost."

For his part, Corn maintains that no matter how much time, money, and effort it takes to make OSHA an optimum performer, it would still be more efficient to revamp the agency than to eliminate it. As he sums it up: "It would be foolish to scrap what we have just to try something else."

ANNIVERSARY OF BALTIC PEOPLES TRAGEDY

Mr. TAFT. Mr. President, June 14–15 is the 35th anniversary of the tragic deportation of thousands of the peoples of the Baltic States. After these states were illegally overrun by Soviet Armed Forces, as part of the agreement under the Hitler-Stalin Pact, up to 100,000 Latvians, Estonians, and Lithuanians were forcibly deported to remote parts of the U.S.S.R.

The anniversary of this tragedy should be a time to remind ourselves that, by right, the Baltic States remain free and independent nations, not parts of the Soviet Union. The Soviet occupation of Latvia, Estonia, and Lithuania was recognized as legal and approved by only one other government: that of Adolf Hitler. The Hitlerite nature of the Soviet action is not lessened by the time that has passed since the action took place.

The continuing suffering of the oppressed Baltic peoples has long been one of my concerns, and I believe it must remain a concern of the U.S. Government.

We must do all we can to further the legitimate rights of the peoples of the Baltic States. In particular, we should work through our diplomacy to protect the Baltic peoples' right to free exercise of religion. Despite the freedom of religion supposedly given under the Soviet Constitution, religious persecution, particularly in the Baltic States, has been severe. We should make it clear to the Soviet Union that we will continue to watch closely Soviet activity in this regard.

We should also in no way recognize the illegal Soviet occupation of the Baltic States. Time does not give legitimacy to actions taken in concert with Adolf Hitler. The status of the Baltic States as free and independent states could only be changed with the consent of the Baltic peoples, expressed in free elections.

Mr. President, the tragic sufferings of the peoples of Latvia, Estonia, and Lithuania can never be forgotten. I hope they will serve to remind us all of the need to continue to work for freedom for all the Baltic peoples.

CANCER, OR SOMETHING

Mr. GARN. Mr. President, Paul Weaver of Fortune magazine has recently commented on the relatively new phenomenon of "adversary government," and identified the Environmental Protection Agency as a prime practitioner of it.

I have noticed that phenomenon myself, but I now warn the Senate that the tendency to extend single concerns without regard to balancing interests is making us look a bit silly in the eyes of the world scientific community. As evidence, I cite an article from the British medical journal Lancet. The article is commenting on EPA's attempt to have adopted as principles of law 17 highly dubious scientific propositions. Those who are determined to saddle us with still more regulatory laws, such as Toxic Substances Acts, would do well to read this article, and I therefore ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Lancet, Mar. 13, 1976]

SEVENTEEN PRINCIPLES ABOUT CANCER, OR SOMETHING

The Environmental Protection Agency (E.P.A.) of the U.S.A. is engaged in legal actions to suspend the use of the insecticide mirex (and also aldrin, dieldrin, heptachlor, and chlordane). In the course of the legal proceedings the agency has published "17 Cancer Principles", and has moved to have these recognised by the court.[1] The principles vary from the innocuous to the absurd. In brief they state that cancer incidence is increasing, and that cancer is mainly caused by exposure to external factors such as chemicals (a proposition that few would accept). The key principle, number four, contains the statement, "A chemical carcinogen is any agent that has been shown to cause benign or malignant tumors in adequately conducted studies in man or in animals. This . . . causal effect may be evidenced by significantly increased tumors, or by shortening the latency period between exposure and the development of tumors."

The statements go on lengthily to suggest that tests using rats, mice, and hamsters are "accepted by the scientific community as reliable, and adopted by public policy-making agencies in the United States", but that "negative results are grossly inadequate to give assurance of safety for humans." Point sixteen states that "There is no method for establishing a no-effect level for human exposure to carcinogens." The E.P.A. suggests that, since it has the necessary expertise, no other body should be called to give evidence on the subject of carcinogens; the National Academy of Science, in particular, should not be involved in the case. Moreover, since the court has accepted nine of the seventeen principles in a previous case, these now have a legal status that makes it improper to question them.

There is a danger that agencies of the European Economic Community may adopt the E.P.A.'s principles and approach. The consequences would be a setback for the economic development of Europe and for attempts to improve the quality of life, and would make bureaucratic decision more influential at the expense of free rational discussion—all to no good purpose. First, as a medico-scientific statement the E.P.A. principles are about as useful as a law to prohibit cancer, or to make $\pi=3$. The attempt to define cancer and carcinogens is naive and often wrong. For instance, there is no "general increase in cancer" in the U.S.A.[2] The age-specific incidence of some cancers

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Footnotes at end of article.

is rising while for others, such as stomach cancer, it is falling. There is no evidence that the variation in cancer incidence between countries is due to variation in exposure to industrial chemicals. It is far more likely to be due to variations in lifestyle—for instance, variations in dietary fat intake.[3] Major changes in cancer incidence are most unlikely to be brought about by banning even a very large number of chemicals from industrial use. Any statement on human cancer which fails to mention cigarette smoking is irresponsible. The definition attempted by the E.P.A. embraces an enormous number of substances. We can start with dietary protein and dietary fat,[4,5] since rats given deficient diets tend to live longer, have fewer cancers, and respond less to chemical carcinogens. We can go on to chloroform which causes cirrhosis and liver tumours when given in huge doses to mice.[6] Phenobarbitone causes lumps (? benign hepatic tumours) in the livers of certain mice, but we know that it does not produce cancers in rats or in a large number of well-studied people with epilepsy. The list is almost endless, and the question is, how shall we come to rational decisions about compounds that produce tumours in laboratory animals,[7,8] or that are mutagenic in the newer test systems? The E.P.A. suggests that the proper way to make such decisions for the U.S.A. is in the court of law, with the "17 Principles" having an almost legal value. Is such a procedure correct for Europe or the U.K.?

Lawyers are concerned with settling disputes between individuals or groups, according to an agreed set of rules, the Law. Unfortunately, cancer will not obey manmade ways; we have to conform to its rules. A dispute between two major bureaucracies underlies the apparent scientific questions which the "17 Principles" claim to answer. There is a struggle for power, prestige, and money. On the one hand is the industrial bureaucracy, with its scientific employees and adherents, who believe that industrial chemicals are generally not a source of hazard, or, where hazard is discovered, they will deal with it themselves. The history of the way bladder cancers were dealt with in the dye and rubber industries is not entirely in favour of this view. (The medical officer who discovers a hazard may be regarded as a trouble-maker and a boat-rocker and his career can end abruptly.)

However, one must say that many large corporations are highly expert, and are in general against poisoning their work-force, and are frequently in favour of not poisoning the public if this can be managed without the loss of profit that would follow if the public were, for instance, to stop smoking cigarettes or drinking alcohol. Thalidomide showed that the employees of a company may act in a disastrous way to defend their continued existence as a group. On the other hand there is the Government bureaucracy, its scientific staff, and scientists, who are generally financially dependent on funds from Government, foundations, and charities. If the public believes that it is surrounded by dangerous cancer-producing chemicals, often produced by industry, then this scientific group will prosper. It is a potent shield and defender of public safety, worthy of prestige, money, grants, and television interviews. In addition the devotees of the cause can feel great satisfaction in seeing themselves as little Davids struggling against the giant Big Business, while safely supported by the biggest business of all, Government. There is no neutral scientific judge. We all speak from our own point of view and attitude, which will determine the extent to which we credit the evidence from animal experiments or epidemiology, or to which we trust other scientists. How should we approach the problem posed by the existence of large numbers of chemicals, both natural and man-made, that we suspect of being capable of causing cancers?

First of all, the relative stability of European populations, and in particular the existence of National Health Service and Registrar General records in the U.K., makes it possible to look for evidence in man.[9] The excellent investigations of phenobarbitone in Denmark show that human beings treated with phenobarbitone do not develop any significant excess of liver or other cancers. In this man resembles the rat rather than the mouse, which does acquire liver tumours when treated with phenobarbitone.[10, 11] Secondly, each case has to be assessed according to risks and benefits. Phenobarbitone has a high benefit and low risk. Alcohol carries major risks, but most people regard the benefits as more important, and prohibition, a previous crusade to eliminate an environmental health hazard, was not exactly a success. Even cigarettes are accepted by many individuals, despite their enormously high risk. A far lower level of risk must be demanded when involuntary exposure is produced by wide use of, say, a food preservative. But what of nitrite in bacon? The benefit is safety, because of the excellent preservative effect and inhibition of clostridial growth. The risk is as yet theoretical, in that minute amonuts of nitrosamines can be formed from nitrite and, while we know that nitrosamines in milligramme amounts are carcinogenic, we have no idea whether the microgramme per kg amounts found in food [12] would cause more human suffering than would be caused by removal of nitrite. We need human evidence about the health of baconeaters.

The decision about the balance of benefit and risk must be, in the end, a political one, since it is based not on fact but on opinion about which risks are worth taking—especially when the risks are taken by one social group and much of the benefit accrues to other groups. (For instance, we all benefit from risks taken by coal miners, fishermen, and deep-sea divers.) In the U.K. it seems that discussions between the industrial scientific group and the Government and academic group could lead to agreed statements on the benefits and risks of various courses of action. But some difficult questions would remain. How many cases of botulism should we accept, or should we ban bacon and accept the social unrest and the rise of pig-smuggling as a new industry? Or should we do nothing, or should we set in motion a survey to quantitate the cancer risks of those who have a high nitrate/nitrite intake?

When we look at the E.P.A. statements and the legal tangles in which the American agencies have involved themselves, Europe must surely hope to do better than this. Voluntary agreements to limit use of D.D.T. in the U.K. have resulted in far lower levels of D.D.T. in body fat than were achieved by legal action in the U.S.A.[13] (in the Soviet Union D.D.T. was officially banned long ago, but the few analyses we have show that the levels in foodstuffs are still as high as ours). We need safeguards against irresponsible use of the power of industrial companies to produce very large amounts of new chemicals.[14] We must try to prevent irresponsible arousal of fear in the public. We need to spend more time discussing these questions with the public and the journalists who write for the public. This involves the medical profession, who need to keep an informed opinion on environmental risks, and to tell their patients and the public when nothing should be done or when action is needed, and especially when we need public cooperation in the gathering of information on the risks of modern life.

FOOTNOTES

[1] *Pesticide Chemical News*, 1975, 3, 10.

[2] Cutler, S. J., Devesa, S. S. in Host Environment Interactions in the Eulogy of Cancer in Man edited by R. Doll and I. Vodopija); p. 15, International Agency for Research on Cancer, Lyon, 1973.

[3] DeWaard, F., *ibid*. p. 121.

[4] McLean, A. E. M. *ibid*. p. 223.

[5] Symposium: Nutrition in the Causation of Cancer, *Cancer Res*. 1975, 35, 3238.

[6] Evaluation of Carcinogenic Risks to Man, vol. I, p. 61. International Agency for Research on Cancer, Lyon, 1972.

[7] *Lancer*, 1973, ii, 1133.

[8] *ibid*. 1974, ii, 629.

[9] Royal College of Physicians, Smoking and Health Now. London, 1971.

[10] Clemmesen, J., Frederiksen, V., Plum, C. M. *Lancer*, 1974, ii, 705.

[11] Clemmesen, J. *ibid*. 1975, i, 36.

[12] Crosby, N. I., Foreman, J. K., Palframan, J. E., Sawyer, R. *Nature*, 1972, 238, 342.

[13] Abbott, D. C., Collins, G. B., Goulding, R. *Br. med*. 1972, i, 553.

[14] Galbraith, J. K. Economics and the Public Purpose. Harmondsworth, 1975.

PRESIDENT REPORTS ON COMPREHENSIVE EMPLOYMENT AND TRAINING ACT ACHIEVEMENT

Mr. HUMPHREY. Mr. President, the Comprehensive Employment and Training Act of 1973—CETA—was enacted to bring under one umbrella the various Federal programs designed to provide job training and other labor market services to our Nation's unemployed, underemployed, and disadvantaged workers. The provisions of this act were implemented during fiscal 1975, and we now have the President's report on the first year's experience with CETA. The report is contained in chapter 4 of the 1976 employment and training report of the President, which has just been published, and is titled "CETA Goals and Accomplishments: A Year of Progress."

This is a very encouraging report. CETA made sweeping changes in the administration of our manpower programs, yet the Labor Department and the 403 CETA prime sponsors moved swiftly to consolidate very diverse training programs and transfer responsibility for them from Washington to State and local governments. Furthermore, State and local government prime sponsors have proven very flexible in adapting existing job training programs to the needs of their own areas.

This report should be of interest to every Member of Congress. Mr. President, I ask unanimous consent that it be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

CETA Goals and Accomplishments: A Year of Progress

The Comprehensive Employment and Training Act (CETA), signed into law on December 28, 1973, was designed to provide "job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons" to enable them to secure self-sustaining, unsubsidized employment. Unlike the federally administered program efforts of the preceding 12 years, however, CETA offers a flexible, decentralized system of comprehensive and decategorized training and employment programs, planned and operated by States and local units of government, subject to Federal agency oversight.

The act (as amended) contains the following seven titles:

Title I of CETA creates a decentralized program structure, placing the authority to plan and operate a flexible system of manpower services—including training, employment, counseling, testing, and placement—in the hands of prime sponsors. For the most part, the latter are States and units of local government in jurisdictions of 100,000 or more population.

Title II authorizes a program of developmental transitional public service employment for areas of "substantial unemployment" (defined as areas having 6.5 percent or more unemployment) to be administered in the same decentralized manner as programs carried out under title I.

Title III authorizes the Secretary of Labor to provide additional employment and training services to such special groups as Indians, migrant and seasonal farmworkers, offenders, youth, and others whom the Secretary determines to have particular disadvantages in the labor market. This title also provides for research, demonstration, and evaluation programs to be administered by the Secretary.

Title IV contains continuing authority for the Job Corps, originally authorized under title I-A of the Economic Opportunity Act of 1964.

Title V establishes a National Commission for Manpower Policy to serve as an independent policy advisory group with responsibility for examining manpower questions and suggesting to the Secretary of Labor and the Congress particular means of dealing with them.

Title VI (created by the Emergency Jobs and Unemployment Assistance Act of 1974) provides for a large temporary program of emergency public service employment specially designed to help ease the impact of the high unemployment generated by the economic downturn in 1974–75.

Title VII contains definitions and administrative procedures necessary to assist in the orderly management of the act.

This chapter reviews the first full year of program activities conducted under these titles. The first section of the chapter briefly discusses basic CETA program concepts, including: Prime sponsorship; participant eligibility; fund allocation; Federal, State, and local roles; and the need for local labor market information.

A second section provides a summary of program activity under titles I, II, and VI during fiscal 1975, including accomplishments, problems associated with rapid implementation, and initial placement experience. Much of the material for this section was derived from a Department of Labor staff evaluation of prime sponsor activities that is one part of an overall continuing Department review of the CETA program. The third section contains some examples of the collaborative effort being made by the Department of Health, Education, and Welfare under CETA.

The fourth section of the chapter reviews the additional Federal programs for special groups, which are authorized under title III, including programs for Indians and migrants and the summer youth program.

The fifth section presents a summary of Job Corps experience for fiscal 1975, and a final section summarizes the activities of the National Commission for Manpower Policy during its first year of operation.

CHARACTERISTICS OF THE CETA APPROACH

Program concepts

CETA was the result of over 12 years of national involvement in developing and operating programs that offered a variety of training, employment, and related services designed to help unemployed and underemployed persons, particularly the disadvantaged, secure and retail unsubsidized employment. The predecessors of CETA—the Area Redevelopment Act (ARA) of 1961, the Manpower Development and Training Act (MDTA) of 1962, the Economic Opportunity Act (EOA) of 1964, and the Emergency Employment Act (EEA) of 1971—provided specialized, nationally determined programs for target groups identified in the legislation (e.g., those persons experiencing structural unemployment, youth, minorities, older workers, and the economically disadvantaged). The proliferation of these efforts, which were administered by separate and often competing sponsors, produced a series of frequently overlapping and seldom coordinated program approaches and target group priorities.

Growing dissatisfaction with this extensive fragmentation and complexity resulted in the passage of CETA, which incorporates the following basic concepts:

First, the principal responsibility for the planning and operation of programs under CETA is decentralized and moved from Federal control to that of State and local elected officials designated as prime sponsors. This important change reflects the underlying assumption that local government officials, who are closer and more immediately accountable to the people requiring employment and training services, can best plan programs and set priorities geared to the needs of their particular areas.

Second, local program funding is consolidated and coordinated. The previous network of direct Department of Labor contracts with many diverse local sponsoring organizations, without any effective overall management for the local areas as a whole, has been largely replaced by a system of block grants to the chief elected officials at the State and local government levels, who are responsible for planning and managing the total program. These officials, because of their sensitivity to local conditions, have the capacity to minimize duplication and overlap and achieve greater coordination with other employment and training resources in the community.

Third, decategorized funding under CETA encourages localized, flexibility responses to current or anticipated manpower needs. The individual prime sponsor may develop the full range of activities permitted under predecessor legislation—including classroom training, on-the-job training, work experience, public service employment, and such manpower and supportive services as counseling, direct placement, and child care—or may restrict the spectrum of program offerings in order to intensify services in response to local requirements.

It should be noted that most job placements and training for specific jobs in the United States occur in the private sector. This perspective must be kept in mind in considering the role of government in employment and training activities.

The three broad target groups to be served under CETA—the unemployed, the underemployed, and the disadvantage—were previously identified under MDTA (unemployed and underemployed), EOA (unemployed or having low income), and EEA (unemployed and underemployed. The Federal Government establishes priorities among these target groups and also mandated various levels of service for other special groups (e.g., veterans). Under CETA, prime sponsors, rather than the Federal Government, can now decide which activities will be available for which broad and special target groups within the framework of local needs, changing local labor market conditions, and the requirements of the act.

Prime sponsors

Prime sponsors are units of State and local government that are responsible for operating CETA employment and training programs to serve the needs of their communities. Prime sponsors are generally one of the following: State;[1] cities or counties with populations of at least 100,000; or combinations of units of government, called consortia,[2] in which at least one member jurisdiction has a population of 100,000 or more. The Secretary of Labor may also designate additional sponsors if he determines that they have a special capacity for carrying out CETA programs within certain labor markets or rural areas with high unemployment.

Prime sponsors are responsible for determining local needs and providing programs designed to meet them through such activities as classroom training, on-the-job training, work experience, public service employment, counseling, testing, job development, child care, and other supportive services. Sponsors can arrange to provide these services directly or through contracts or subgrants with such organization as the State employment service, vocational education agencies, community groups, or private firms. They are also responsible for monitoring and evaluating programs to insure that they meet local needs.

Funding and eligibility

Appropriations for titles I, II, and VI for programs during the first year of operation are shown below:[3]

Title, amount appropriated, and date of appropriation

Title I—$1.580 billion, December 1974.

Title II—$.370 billion, June 1974: $.400 billion, December 1974.

Title VI—$.875 billion, December 1974.

These amounts are distributed according to several formulas. For title I, section 103 of CETA prescribes that 80 percent of the appropriated funds be distributed to prime sponsors on the basis of the number of unemployed persons and the proportion of low-income families in each prime sponsor's area, as well as its proportionate share of employment and retaining funds received in the previous year. The remaining title I funds are distributed as follows: 5 percent for grants to Governors for vocational training services; 4 percent to Governors for flexible State activities; 5 percent for incentives to encourage the formation of consortia; and the remaining 6 percent for the discretionary use of the Secretary of Labor.

Any person who is economically disadvantaged, unemployed, or underemployed is eligible to participate in a program offered under title I. An economically disadvantaged person is defined as a member of a family that receives cash welfare payments or whose annual income in relation to family size does not exceed the poverty level determined in accordance with criteria established by the Office of Management and Budget.[4] An underemployed person is one who is working part time and seeking full-time work or is working full time but whose salary in relation to family size is below the officially determined poverty level.

Under title II, 80 percent of the funds appropriated are distributed to prime sponsors who qualify under title I in a manner that takes into account the number of unemployed persons residing in areas of substantial unemployment within their jurisdictions. The remaining 20 percent are distributed at the discretion of the Secretary of Labor, taking into account the severity of unemployment within eligible areas.

Any person living in an area of substantial unemployment who has been unemployed for at least 30 days, or is underemployed, is eligible to participate in title II programs.

Under title VI, 90 percent of the funds appropriated are distributed to prime sponsors on the basis of the number of unemployed persons living within the prime sponsor's jurisdiction and the number of such persons living within areas of substantial

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Footnotes at end of article.

unemployment. The remaining 10 percent are distributed by the Secretary of Labor, taking into account changes in the rates of unemployment.

Any person who resides in the prime sponsor's jurisdiction and either has been unemployed for at least 30 days—15 days under certain conditions—or is underemployed is eligible to participate in a title VI program.

The local role

Titles I, II, and VI of CETA are based on the assumption that elected officials at the State and local levels are more attuned to the needs of their communities than are Federal officials and are therefore better equipped to oversee the planning, development, and operation of employment and training programs in their jurisdictions. In addition to their roles as the grantees or responsible officials for a variety of other State or Federal programs, these officials are directly accountable, through the electoral process, to the people of the community.

During fiscal 1975, the first full year of CETA program operations, Department of Labor evaluators found that sponsors generally directed program efforts at the same segments of their populations that were served under previous categorical programs. Characteristics of participants under both CETA and the earlier programs are discussed in greater detail in a following section.

The act requires each prime sponsor to establish a planning council with representation from all segments of the community, including (to the extent feasible) client groups and community-based organizations, the public employment service, education and training institutions, the business sector, labor, and, where appropriate, agriculture.

The functions of the council are to submit recommendations regarding program plans, goals, policies, and procedures; to monitor and objectively evaluate employment and training programs in the prime sponsor's jurisdiction; and to provide for continuing analysis of employment and training needs.

Since the act does not specify percentage requirements or goals for the representation of each group, the Department of Labor has left the exact composition of planning councils to local discretion. Generally, council size in fiscal 1975 ranged from 10 to 30 members. In the average council, 35 percent of the members represented client groups and community-based organizations; 25 percent, business and labor groups; 15 percent, education agencies; 15 percent, local elected officials; and 10 percent, other groups.

During the planning process for the first year of CETA programs, the majority of planning councils participated in active discussion of planning issues, but most had only modest input into program decisions. The act contemplated that planning councils would be the major vehicle for providing the chief elected official with the advice of the community concerning program goals and plans. Overall, most councils did not provide major input into prime sponsor manpower plans in fiscal 1975. However, as council members are becoming more familiar with their roles and responsibilities, more councils are becoming substantively involved in shaping comprehensive plans. Some prime sponsors have developed subcommittees (or in a number of instances steering or executive committees) to make more manageable the often large and unwieldy full planning councils.

The great majority of council members are well aware that one of their major responsibilities is to monitor and evaluate CETA programs; yet few councils have actually established or carried out the procedures necessary to accomplish these functions. Because monitoring and evaluating ongoing programs are critical steps in improving program operations, considerable attention to these functions of planning councils is necessary to increase overall council effectiveness.

In recognition of the need to strengthen council performance by expanding the knowledge of members about employment and training programs in general and their own role and function under CETA in particular, the Department is providing expanded technical assistance and training during fiscal 1976. In one such effort, both sponsor staff and regional office staff will examine the role of the council and possible alternatives for organization and membership. A second effort features development of orientation and training materials for council members.

THE STATE ROLE

The State role under CETA is multifaceted, encompassing the functions of program operator, coordinator, and evaluator. Governors may receive grants under titles, I, II, and VI to provide services to the balance-of-State areas that do not fall within the jurisdictions of independent prime sponsors. In addition, there are special grants to Governors composed of 5 percent of title I funds for vocational training services in prime sponsor jurisdictions, 4 percent for coordination and special statewide manpower services, and 1 percent for staffing and support of the State Manpower Services Councils (SMSC's).

The Governor is required under the act to allocate the 5 percent of title I funds for vocational training to prime sponsor areas. Nonfinancial agreements for the use of these funds are usually negotiated between State vocational education agencies and prime sponsors. Difficulties in working out the administrative arrangements between these two groups during the initial implementation of the program resulted in delays in the utilization of these funds in some areas in fiscal 1975. Many of these initial problems have now been resolved or reduced in scope, and the Department of Labor is working to increase the use of vocational training services.

The 4 percent of title I funds for special State services are provided to improve the operation of State agencies delivering employment and training services and to foster their coordination with local prime sponsors throughout the State. There are also varied optional activities that can be funded, such as services by State agencies, manpower services to rural areas, development of labor market information, technical assistance to prime sponsors, and sponsorship of model training and employment programs. Surveys of State operations in fiscal 1975 indicate that the 4-percent special State services funds were used mainly for projects directed toward special target groups. There appears to have been little initial effort to coordinate resources between State agencies and local prime sponsors, but the Department of Labor is working to achieve greater cooperation. In addition, the Department of Health, Education, and Welfare is concentrating on providing its own technical assistance to SMSC members and prime sponsors with the greatest potential for coordinating their efforts with existing HEW programs.

The State Manpower Services Council, whose chairperson and members are appointed by the Governor, is authorized to review both the plans of each prime sponsor and the plans of State agencies providing services to these prime sponsors. The SMSC is also charged with continuous monitoring of the operation of programs conducted by each prime sponsor and of the services of State agencies. The SMSC can make recommendations to prime sponsors, State agencies, and the Governor on ways to improve the effectiveness of such programs.

CETA requires that at least one-third of the membership of each council be composed of prime sponsors within the State, with the remaining membership consisting of representatives from the State vocational education agency, the State public employment service, organized labor, business, community-based organized labor, business, community-based organizations, client groups, and the general public. In fiscal 1975, the average SMSC had a membership of 27 persons. Among the groups represented were local prime sponsors in the State, with 34 percent of the members; business and labor, with 15 percent; client groups and community-based organizations, with 12 percent; and the vocational education agency, with 8 percent. In most of the States surveyed, the SMSC chairperson was a member of the Governor's cabinet.

Federal oversight functions

The Federal oversight role as undertaken by the Department of Labor is based upon the legislative compromise position developed during the passage of CETA in 1973. On the basis of the act itself, the committee reports, and the floor debates, the legislative intent regarding Federal oversight can be summarized as follows: First, while there should be a strong and active Federal role at all stages of planning, review, and implementation, the Secretary of Labor should not attempt to "second guess" the good-faith judgment of the prime sponsor in developing and implementing a program to meet the needs of the sponsor's jurisdiction. Second, the Federal Government should not intrude in the day-to-day operations or decisionmaking process of the prime sponsor. Third, the Secretary of Labor may not rely on certification alone to insure that Federal funds are expended in accordance with the law but must exercise independent judgment. The Secretary is expected to look behind the sponsors' certifications of compliance, primarily through a process of regular auditing, spot checking, and followup on complaints of interested parties.

The four most significant elements of the Federal role, therefore, are: Establishing national objectives, priorities, and performance standards; providing technical assistance; reviewing and approving plans; and assessing and evaluating performance.

First, there is a clear Federal role in interpreting national objectives and priorities and in establishing performance standards for employment and training programs. In Federal regulations and other issuances, the Department of Labor states the overall objectives of the act. In addition, the Department makes known, and works toward, specific goals that have been developed by the Congress through the appropriations and oversight process. Furthermore, the Department makes known priorities established by the executive branch to meet specific problems, such as special consideration for veterans. Finally, the Department works with sponsors and the public to develop objective standards for reviewing and assessing performance against plans.

Second, the broad responsibilities of prime sponsors under CETA for planning and operating programs often require technical assistance by the Department's Employment and Training Administration (formerly the Manpower Administration) in such areas as planning and financial management, both to improve the programs and to facilitate Federal Government review of sponsors' performance. Federal regional staff were given special training in CETA regulations and procedures prior to undertaking their new responsibilities for assisting prime sponsors to develop and operate their programs. A series of more than a dozen technical assistance guides on a variety of subjects ranging from fiscal activities to community-based organizations has been issued by the Employment and Training Administration, and others are being developed. In addition, training centers are being established in each region to provide continuous training for Federal and prime sponsor staff.

Third, the Secretary of Labor is responsible for reviewing and approving prime sponsor plans to assure that they are in accordance with the purpose and provisions of the act and meet the conditions for Federal funding. As a condition of financial assistance, prime sponsors are required to submit a comprehensive manpower plan "in such detail as the Secretary deems necessary . . ." to satisfy various specifications of the act.

The regional offices of the Employment and Training Administration review sponsor plans and judge their adequacy on the basis of criteria set forth in the Federal regulations. Department of Health, Education, and Welfare regional office representatives are also provided plans for review, and they may make recommendations concerning their adequacy to Department of Labor officials. Plan disapproval is viewed only as a last step, when all efforts to resolve problems have been exhausted. To date, although plans have been returned to sponsors for corrections and mutually agreed-upon changes, no plans have been disapproved. Sponsors who disagree with the judgments and determinations of the Department of Labor have recourse to a public hearing and the judicial review process.

Fourth, the Federal role in assessing the performance of CETA prime sponsors involves three types of activities: Reviewing compliance; assessing performance in relation to the goals in the approved plan; and evaluating program impact or effectiveness.

Just as the plan approval process is intended to insure that the prime sponsor's plan is in compliance with the requirements of the act, programs must be reviewed to insure that operations are in accordance with the assurances and certifications made by the prime sponsor and that Federal funds are properly expended. Procedures adopted to carry out these responsibilities include onsite spot checking for compliance with assurances; investigation of allegations and complaints; audits by Department of Labor staff; review of recurring Federal reports; and special reports by the prime sponsor. Spot checking includes onsite inspections of such program aspects as equal employment opportunity activities, working and training conditions, and participant eligibility.

If the results of such procedures indicate noncompliance with assurances or inadequate financial management systems, the Department may require corrective action and, at the request of the prime sponsors, may provide technical assistance to remedy the problem. In extreme cases, the Secretary may revoke the plan, in whole or in part, and undertake direct operation of a program in the sponsor's jurisdiction. Such action has not been necessary to date, however.

Performance is assessed by comparing actual program accomplishments with the goals established for the grant period in the approved plan. The Employment and Training Administration requires quarterly reports and performs onsite reviews. At least once each quarter, representatives of the Employment and Training Administration discuss with the prime sponsors their performance against the plan for the preceding period.

Upon determination of inadequate performance, the Employment and Training Administration may require the prime sponsor to develop a corrective action plan that may include technical assistance from Federal staff or other sources. If continued performance reviews indicate that operating problems have not been resolved, the Secretary may take such further action as reallocating funds or disapproving new funding. Of particular importance in taking such actions is the prime sponsor's responsiveness and readiness to modify the plan to accommodate changes in economic conditions in the area.

Effectiveness oversight is accomplished by continual reviews of both program activities and the use of grant funds. These reviews are based on recurring Federal reports submitted by the prime sponsor, special reports required of the prime sponsor from time to time, and special studies, in addition to onsite visits, conducted by the Department of Labor. To facilitate such reviews, the Department requires that the prime sponsor maintain specific records and information. In addition, the Department's evaluation staff is examining the experiences of a national sample of State and local sponsors. A long-term study of CETA effectiveness has also been undertaken through (a) the tracking of a national sample of participants in CETA programs under a Continuous Longitudinal Manpower Survey (CLMS), conducted by the U.S. Bureau of the Census, to determine impact on participants, particularly on their post-program employment and earnings; and (b) a study undertaken by a private contractor of the feasibility of developing consistent data on unit costs to enable cost effectiveness analyses.[5]

Labor market information

Gathering State and local data

The availability of data accurately reflecting labor market developments in prime sponsor jurisdictions is critical to the success of all CETA operations. For prime sponsor planning and funding purposes, in particular, it is essential that the Department's system for gathering State and local labor market information (LMI) reflects labor force, employment, and unemployment data for functioning labor market areas.

Short of a monthly local census of employment, there is no approach that could provide all the labor market information a CETA sponsor would ideally like to have or that is prescribed in the act. Since an area-level monthly census approach would be both prohibitively expensive and an inappropriate resource expenditure in view of the "state of the art" of labor market information, the Department has embarked instead upon a series of interrelated efforts designed to improve current systems and to test ways of supplementing them.

Labor market data for major areas are currently gathered by two principal methods. First, the Current Population Survey (CPS) produces statistically reliable monthly data for the Nation as a whole, including labor force, employment, and unemployment developments, as well as a host of subsets of these data, reflecting trends by age, sex, minority group status, etc. At present, the sample is large enough to yield statistically reliable data for total labor force, employment, and unemployment in 27 States, 30 standard metropolitan statistical areas (SMSA's), and 11 large cities. In these areas, procedures have been developed to use the annual data from the CPS as a base for producing the monthly estimates. The CPS is being expanded to provide statistically reliable estimates on an annual basis for all 50 States by the end of calendar year 1976.

Second, since the CPS sample is not large enough to yield data for all subnational areas, a different approach is being used to estimate data for local labor market areas where CPS data are not available. This involves a two-stage estimation process. First, a count is made of unemployment insurance claims filed in each such area, and an estimate of current unemployment is made on the basis of (a) the area's historical industry-by-industry relationships between insured and total unemployment and (b) the ratios of unemployed but experienced workers to estimated new entrants and reentrants into the area labor force. (Employment totals for States and major labor market areas are the result of monthly surveys of employing establishments. The sums of employment and unemployment in each jurisdiction yield the estimated labor force.) Second, the estimates for the subnational labor market areas are controlled so that they add to the State total. Thus, in the CPS States, all labor markets are adjusted by the results of the household survey. Research aimed at improving these estimating procedures is currently underway.

A third method of disaggregating data to produce estimates for smaller political jurisdictions (e.g., cities, counties, and combinations of census tracts) has also been developed for the purpose of allocating funds to CETA prime sponsors and program agents. Known as "census-share," the method represents a simple apportionment of the current numbers of employed and unemployed in a labor market area among each of the subjurisdictions in that area in the proportion measured at the time of the 1970 census. One limitation of this procedure, however, is that it is based on statistical relationships that reflect 1970 residency patterns. With the passage of time and changes in the distribution of population in the course of each decade, the patterns measured in the preceding decennial census tend to become increasingly unreliable. Consequently, States that have the ability to tabulate unemployment insurance (UI) data by county of residence may choose to adopt an alternative procedure for disaggregation that makes use of the UI data. So far, few States have made use of this alternative method.

EXPANDED DATA DEVELOPMENT

In order to meet the needs of prime sponsors for local and area data on the number of unemployed and rates of unemployment, the Department of Labor has significantly expanded its collection of labor force, employment, and unemployment information. Unemployment data were previously collected for all States and Puerto Rico, 150 major labor areas, and periodically, for approximately 900 other, mostly smaller, labor areas. During the past year, the system was expanded to provide selected data on the Virgin Islands, about 270 major labor market areas, over 400 component counties and cities of these labor market areas, and over 400 CETA prime sponsors. Also included are the more than 500 CETA title II areas of "substantial" unemployment, 800 cities or counties with populations of 50,000 to 99,999 (CETA program agents), and about 600 to 700 smaller labor market areas classified as areas of substantial unemployment under other Federal assistance programs.

To assist in the identification of the data support needs for prime sponsor comprehensive planning systems, the Department of Health, Education, and Welfare's Office of Manpower has funded the first phase of a multiyear, three-phase research project through an interagency agreement with the Center for Census Use Studies of the Department of Commerce. The State of Iowa and the central Iowa region were selected as the demonstration sites for the model project in 1975. The Iowa Office for Planning and Programming and the Central Iowa Regional Association of Local Governments are the participants in the project, whose results should assist prime sponsors to determine the locations and characteristics of potential clients and needed services. The information design, which was completed in 1975, will be evaluated in 1976 for its utility in supporting planning and coordination.

The capacity of existing labor market information systems to generate data concerning current and projected labor needs by occupation and industry has been greatly expanded through the cooperative Federal-State Occupational Employment Statistics (OES) program. That effort not only features detailed employer-based occupational and industry employment data for the 30 cooperating States and the District of Columbia but also provides short- and long-range occupational projections annually for all States and SMSA's. Current plans call for integrating the OES survey data into the State and area pro-

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jections (now based essentially on 1970 census industry/occupational employment).

Additional efforts are being made to expand other segments of the LMI system—specifically, information on the size and characteristics of that portion of the population that could benefit from assistance under CETA and/or related programs. Estimates of the numbers and characteristics of such persons are currently being developed for all States, labor market areas, and local prime sponsor jurisdictions, as well as for other areas for which States need such data.

Management and appraisal

The Department of Labor also took steps in fiscal year 1975 to improve the funding and management of that part of the LMI system that operates in State employment security agencies (SESA's). For the first time, various Department of Labor sources of funding for LMI were consolidated into single grants to SESA's, which were required to centralize their LMI activities in order to eliminate overlap, duplication, and nonessential efforts. A system for monitoring LMI operations in each SESA was also introduced. This system calls for continuous review of fund use and data production by regional and national office staff, supplemented by in-depth, onsite reviews of each SESA.

THE FIRST YEAR OF OPERATIONS

Initial implementation

The first year of operations under CETA was heavily influenced by the expected set of difficulties associated with the first year of a new program and by the sudden onset and the depth of the 1974–75 recession. The passage of the legislation in December 1973 and the Department of Labor's decision to begin funding grants on July 1, 1974, placed a heavy implementation burden upon both the Department and prospective prime sponsors. Within 9 months of December 1973, the program was designed, grants were awarded, and the first participants were being enrolled. Four hundred and three prime sponsors were operating title I and, where eligible, title II grant programs. Despite the magnitude of the change that CETA represented to prime sponsors in terms of increased planning and operational responsibilities and newly developed procedures, the implementation was rapid and reflected a major effort at the local, State, and Federal government levels.

During the brief startup period, cities, counties, consortia, and States developed titles I and II plans, established administrative structures, arranged for an orderly transition from the existing categorical programs to CETA, established planning councils, and began the hiring and enrollment of participants. Plan development required analysis of client and labor market needs and selection of target groups, services, and deliveries. In addition, prime sponsors had to involve representatives of the client population and of community-based organizations in the planning process. Most of the new prime sponsors accomplished this undertaking with little or no experience in planning or operating employment and training programs.

During this implementation period the Department's Manpower Administration, with the participation of its 10 regional offices, State and local governments, and others in the manpower community, also undertook a complex series of implementation tasks. These efforts involved: Development of Federal CETA regulations and technical assistance guides; designation of 403 prime sponsors, including 137 consortia; development of a system for making allocations to the title I and title II prime sponsors down to the level of areas of substantial unemployment; restructuring and training of Federal staff in the skills needed to undertake their new role; and review and approval of title II plans for use of fiscal 1974 funds, fiscal 1975 titles I and II plans, and Emergency Employment Act program extensions.[6]

The process of identifying issues, defining policies, and building a program from the concepts and requirements contained in the law was carried out with much public involvement. Congressional staff, public interest groups, potential State and local government prime sponsors, and members of the general public assisted in the identification of problems and issues and provided insights, recommendations, and comments concerning the Secretary's proposed regulations.

As prime sponsors were enrolling the first participants under titles I and II, the impact of the 1974–75 recession began to be felt. For example, on-the-job training (OJT) opportunities became increasingly scarce, causing many prime sponsors to revise their title I plans to shift some program resources from OJT to work experience and institutional training. More significantly, the economic situation led to an emphasis on public service employment that temporarily diverted program attention from the basic developmental goal of both titles I and II of CETA. While the act includes a public service employment component under title II, it was intended to be a developmental manpower tool rather than a large-scale countercyclical instrument.

In order to meet the needs of the rapidly rising numbers of unemployed persons, title II enrollments were accelerated, and the Emergency Jobs and Unemployment Assistance Act was adopted in December 1974 to provide authority and funds for a major temporary program of emergency public service employment under a new title VI of CETA. Within a short time after CETA's enactment, therefore, funding levels and program emphasis began to accord greater attention to public service employment and to diverge, at least temporarily, from initial expectations.

Despite the complexity of the implementation tasks, virtually all of the 403 State and local government units that became prime sponsors had received approval for title I program proposals by the end of September 1974. The final count of fiscal 1975 sponsors included 58 cities, 156 counties, 134 consortia, 45 balance-of-State sponsors, 4 rural Concentrated Employment Program sponsors, the District of Columbia, Guam, Puerto Rico, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific. By the end of June 1975, enrollments in title I projects had reached over 570,000.

Of the initial CETA title II grants supported with the fiscal 1974 supplemental appropriation, 97 percent were funded by August, just 3 months after issuance of dollar allocation estimates. Some 56,000 unemployed and underemployed persons had been hired by the end of the second quarter, and enrollments were about 155,000 at the end of June 1975.

The new title VI of CETA was implemented with particular speed. By the end of January 1975, 98 percent of the initial grants had been signed, and hiring had begun in about 70 percent of the jurisdictions. Enrollments exceeded 110,000 by March 31 and totaled almost 125,000 by the end of June 1975. Together, CETA titles II and VI programs and the Public Employment Program funded under EEA reached a peak public service employment (PSE) enrollment of over 310,000 in May 1975.

Selection of service deliverers

Existing Program Operators

In selecting the agencies and organizations to provide job-related services during the first year of CETA, prime sponsors made few major changes from the groups that previously supplied these services under categorical programs. Some sponsors selected additional service deliverers or altered either the level of funding or the scope of services for which agencies were previously responsible.

By and large, however, the sponsors decided to renew ongoing contracts with existing operators of major program components, such as classroom training and work experience. In some cases, existing service deliverers were chosen on the basis of their established reputation for operating successful programs. In others, tight time schedules and the need to establish the basic CETA administrative structures essential for staffing, planning, and operating programs limited the opportunity for prime sponsors to develop evaluative criteria and procedures for judging alternative organizations.

Some progress was made during the first year in consolidating such overlapping services as recruitment, assessment, and counseling. In many prime sponsor jurisdictions, centralized administrative systems combined the delivery of particular services that formerly had been supplied by several agencies. Both the Department of Labor and the Department of Health, Education, and Welfare encouraged prime sponsors to make full use of existing service agencies in developing their own programs rather than duplicating services available elsewhere.[7]

State Employment Security Agencies

Prime sponsor use of the State employment security agencies showed considerable variation among different localities. In fiscal 1975, subgrants from CETA prime sponsors supported 794 fewer employment service staff-years than the 6,679 funded under categorical programs in fiscal 1974. Similarly, the unemployment insurance system lost staff-years for the delivery of training allowances, but to a much smaller degree. Data collected since fiscal 1975, however, indicate an increase in combined employment service and unemployment insurance staff-years supported with CETA funds.

The Employment and Training Administration has taken an active role in encouraging greater cooperation between the employment security agencies and CETA program operators at all levels. It has published and distributed to all prime sponsors and SESA's a technical assistance guide to aid sponsors in assessing the capabilities of the local employment service and to help prime sponsors and State agencies develop better working relationships.

Vocational Training

CETA mandates a direct role for local prime sponsors in the design and provision of CETA-funded vocational training services in their jurisdictions. It makes two sources of vocational training funds available to prime sponsors—the area's allocation from the Governor's 5-percent vocational training funds and the portion of regular title I grant resources that the prime sponsor chooses to utilize for vocational training activities.

In fiscal 1975, most prime sponsors chose to keep allocations to vocational training at the same levels supported by categorical funds in fiscal 1974 or to increase them. In addition to funding programs at traditional training institutions, prime sponsors also exercised the flexibility allowed them under CETA by using such nontraditional deliverers as community colleges to provide vocational training.

National Community-Based Organizations

Contrary to earlier fears that national community-based organizations would suffer a loss of contracts and funding under CETA, Service, Employment, and Redevelopment

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(SER), Opportunities Industrialization Centers (OIC's) of America, and the Urban League have experienced a substantial increase in the number of programs they operate and the dollar level of contracts received from prime sponsors compared with their direct national funding in fiscal 1974.

In addition, there were widespread changes in the scope of their local operations. In some cases, these organizations shifted from conducting a separate program of their own to operating all or part of one or more components of a larger integrated system, such as outreach and intake, work experience, or skill training.

Program "mix"

Essential among the assumptions underlying program decentralization is the view that local communities are best equipped to identify their own employment and training needs, design and operate programs intended to meet them, and alter their plans in response to changes in the labor market situation. One way to measure local flexibility is by comparing the mix of services planned by prime sponsors at the outset of the fiscal year with changes made in the plan as the year progresses. The dramatic shifts in local and national economic conditions that characterized CETA's initial year of operations offered an opportunity to gage local ability to respond to changing needs.

A survey of title I grant activities for fiscal 1975 planned before the economic downturn showed that, taken together, the ways sponsors intended to distribute their resources among program approaches formed a national pattern roughly parallel to that under pre-CETA programs during fiscal 1974. There was, however, a shift away from classroom training in all types of prime sponsor jurisdictions except cities. In all likelihood, cities planned significantly more classroom training than did other jurisdictions because training facilities are more accessible in urban areas than elsewhere. States planned to rely more heavily on work experience than did other prime sponsors. This choice probably reflects the prior importance of work experience as a program approach in rural balance-of-State counties and, to some degree, the lack of training facilities and the problem of developing a variety of occupational courses in areas with widely dispersed populations.

As unemployment grew worse and hiring slackened during fiscal 1975,[8] some prime sponsors responded to the changing economic climate by altering their plans for expenditure of title I funds in individual program components, as shown below:

Program activity	Percent of accrued fiscal 1975 expenditures		
	Planned		Actual, June 1975
	December 1974	June 1975[1]	
Classroom training[2]	34	32	31
On-the-job training	15	11	8
Public service employment	6	6	7
Work experience	33	41	43
Services to clients	11	9	10
Other activities	1	1	1

[1] Represents changes resulting from sponsor plan modifications during fiscal 1975.

[2] Includes funds expended from the Governor's special grants for vocational education.

Reflecting the nationwide falloff in new hires, actual fiscal year expenditures for OJT declined considerably from the levels initially planned. The concurrent shift to work experience mirrors sponsors' reaction to the decline in private industry's ability to absorb CETA participants under prevailing economic conditions and the related difficulty of developing OJT programs in which to place participants. However, the fact that prime sponsors made these modifications rapidly and independently suggests that they have the flexibility under CETA to respond to economic change.

Under title II, sponsors have the authority to use available funds for activities other than public service employment, but have seldom chosen to do so. Nearly 95 percent of all title II participants have been engaged in some form of public service employment, as shown below:

Program activity	Enrollments as of June 30, 1975	
	Number	Percent
Total	156,200	100.0
Classroom training	2,700	1.7
On-the-job training	1,400	.9
Public service employment	147,000	94.9
Work experience	4,600	2.1
Other activities	500	.3

Note: Detail may not add to totals because of rounding.

Sponsors may also use title VI funds for efforts unrelated to public service employment, but here, too, the great majority of participants were placed in public service jobs (nearly 77 percent as of June 30, 1975). Work experience is also rather widely funded under title VI (almost 23 percent of all participants as of June 30), but these efforts resemble public service employment in that they generally involve full-time work on special public projects:

Program activity	Enrollments as of June 30, 1975	
	Number	Percent
Total	123,110	100.0
Classroom training	300	.2
On-the-job training	300	.2
Public service employment	94,50C	76.8
Work experience	28,000	22.7
Other activities	10	(1)

[1] Less than 0.1 percent.

Note: Detail may not add to totals because of rounding.

Expenditures for administrative costs in titles I, II, and VI programs through the fourth quarter of fiscal 1975 have been within the limits set forth in the act and the Secretary's regulations. Under title I, the Secretary's regulations provide an administrative cost guideline of 20 percent of total expenditures. Nationally, administrative costs for title I programs through the fourth quarter accounted for 17.4 percent of the program expenditures. In title II and VI, the act allows expenditures of not more than 10 percent of grant funds on administration, training, or supportive services. Data through the third quarter indicate that administrative costs for title II and title VI programs are 4.3 percent and 3.8 percent, respectively—well within the prescribed limits.

Participant characteristics

The act, as amended, specifies that CETA prime sponsors are to serve the economically disadvantaged, the unemployed, and the underemployed. CETA gives chief elected officials the responsibility for identifying the individuals to be served among these groups in the community. Title I of the statute[9] and the regulations[10] require that, to the extent feasible, programs be targeted to "those most in need" within these three broad categories of eligible persons. For programs under titles II and VI, for which the unemployed and the underemployed are eligible, special consideration must be given to persons who have been out of work for the longest period of time.

TABLE 1.—CHARACTERISTICS OF PARTICIPANTS IN CETA AND OTHER PROGRAMS AND OF THE UNEMPLOYED POPULATION[1]

[Percent]

Characteristic	Categorical programs	CETA			PEP	U.S. unemployed population
		Title I	Title II	Title VI		
Total	100.0	100.0	100.0	100.0	100.0	100.0
Sex:						
Men	57.7	54.4	65.8	70.2	72	54.9
Women	42.3	45.6	34.2	29.8	28	45.1
Age:						
Under 22 years	63.1	61.7	23.7	21.4	19	34.8
22 to 44 years	30.5	32.1	62.9	64.8	66	46.0
45 years and over	6.2	6.1	13.4	13.8	14	19.1
Education:						
8 years and under	15.1	13.3	9.4	8.4	26	15.1
9 to 11 years	51.1	47.6	18.3	18.2		28.9
12 years and over	33.6	39.1	72.3	73.3	74	56.0

Characteristic	Categorical programs	CETA			PEP	U.S. unemployed population
		Title I	Title II	Title VI		
Economically disadvantaged	86.7	77.3	48.3	43.6	38	(2)
Race:						
White[3]	54.9	54.6	65.1	71.1	60	81.1
Black	37.0	38.5	21.8	22.9	40	18.9
American Indian	3.5	[4]1.3	1.0	1.1		
Other	4.6	5.6	12.1	4.9		
Spanish speaking	15.4	12.5	16.1	12.9		6.5
Limited English-speaking ability	(2)	[4]4.1	8.0	4.6	(2)	(2)
Veterans:						
Special Vietnam era	15.3	5.2	11.3	12.5	29	7.5
Other		4.4	12.6	14.6	14	9.4

[1] Data on categorical programs are for fiscal 1974, the final year of their operation. For CETA programs and the U.S. unemployed population, data are for fiscal 1975 and for PEP, fiscal years 1972 and 1973.

[2] Not available.

[3] Includes Spanish-speaking Americans.

[4] Special programs for Indians and those with limited English-speaking ability are also part of title III of CETA.

Note: Detail may not add to totals because of rounding.

Table 1 compares the socioeconomic characteristics of CETA participants with those of participants in former categorical programs[11] and of the Nation's unemployed population. The table also shows the contrasts between PSE participants in CETA titles II and VI programs and in the Public Employment Program (PEP), authorized by EEA.

Title I programs, in general, are serving persons with the same characteristics as the pre-CETA categorical programs. In each, the participants have been predominantly young, predominantly members of minority groups, and overwhelmingly in the economically disadvantaged category. Most have completed less than 12 years of school (including many who are still in high school).

Public service employment under title II

Footnotes at end of article.

of CETA was intended by the statute to be a developmental tool to assist the unemployed and underemployed secure unsubsidized jobs. However, economic conditions in fiscal 1975 led to the temporary utilization of title II as a countercyclical tool to assist the rising numbers of unemployed persons. Title VI of CETA, in contrast, was originally intended to provide emergency counter-cyclical public service employment. The characteristics of titles II and VI program clients were therefore more like those of the unemployed labor force than of title I participants.

In comparison with title I participants, persons in titles II and VI programs were more apt to be men in the prime working years of 22 to 44 and less likely to be members of a minority group. Socioeconomic characteristics of titles II and VI participants were very similar to those of fiscal 1972 and 1973 PEP workers, although proportionately more CETA participants were disadvantaged, fewer were veterans, and slightly more were women or youth. The fact that there were proportionately more veterans enrolled in PSE programs under EEA than CETA is attributable to EEA's more stringent hiring requirements, which included specific hiring goals for former members of the Armed Forces. In contrast, sponsors operating public service employment programs under CETA must give special consideration to veterans, but no hiring goals are mandated.

Participants in CETA titles I, II, and VI programs were far more likely to be disadvantaged than was the unemployed population at large. CETA participants were also younger, less educated, and much more apt to be members of minority groups.

Program outcomes

The Department of Labor intends to measure program success, not merely in terms of the number and cost of placements, but primarily on the basis of the quality of placements and the stability of participants' postprogram employment. The impact of CETA participation on postprogram earnings and employment will be reviewed with the aid of longitudinal surveys that track the earnings, employment, and job stability of a national sample of participants for 3 years after their enrollment in the program, comparing participants' experience with that of a control group of nonparticipants during the same period. Since the initial short-term postprogram results of these surveys will not be available until late 1977, current information on program outcomes is limited to data from sponsors' quarterly reports on the number and socioeconomic characteristics of participants who terminate (leave the program for any reason), including those placed (leave the program for unsubsidized jobs). Before measurements of subsequent earned income are obtained, useful program outcome indicators will also include CETA placement rates. However, meaningful placement rates cannot be computed until at least six quarters of CETA operations data are available, since a sizable proportion of enrollees will not have completed their participation in CETA programs before 18 months have elapsed.

Postprogram Status of Enrollees

Of the 658,000 individuals who were enrolled in and left programs operated under titles I, II, and VI of CETA during fiscal 1975, 202,300, or 31 percent, were reported as leaving the program for unsubsidized employment. In this group are more than 64,000 persons who received no employment or training services under CETA but instead were immediately placed in jobs as a direct result of applying for CETA programs. The group also includes nearly 40,000 persons who found jobs through their own efforts (see table 2).

In addition to those entering employment, another 30 percent (over 198,000) represented other positive terminations; i.e., they entered school or the Armed Forces or pursued another activity expected to increase their employability. Thus, placements and other positive terminations totaled 61 percent of all persons who left the programs. The remaining 39 percent left for a variety of other reasons.

TABLE 2.—CUMULATIVE TERMINATIONS FROM PROGRAMS CONDUCTED UNDER CETA TITLES I, II, AND VI, FISCAL YEAR 1975

Type	Total		Title I		Title II		Title VI	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
All terminations	658, 032	100.0	553, 268	100.0	70, 923	100.0	33, 841	100.0
Positive	400, 601	60.9	346, 693	62.7	38, 479	54.3	15, 429	45.6
Placements	202, 290	30.7	175, 906	31.8	16, 575	23.4	9, 809	29.0
Direct [1]	64, 206	9.8	62, 850	11.4	1, 013	1.4	343	1.0
Indirect [2]	98, 362	14.9	84, 507	15.3	9, 699	13.7	4, 156	12.3
Self [3]	39, 722	6.0	28, 549	5.2	5, 863	8.3	5, 310	15.7
Other [4]	198, 311	30.1	170, 787	30.9	21, 904	30.9	5, 620	16.6
Nonpositive [5]	257, 431	39.1	206, 575	37.3	32, 444	45.7	18, 412	54.4

[1] Direct placements: Individuals placed in unsubsidized employment after receiving only intake, assessment, and/or job referral services from CETA.

[2] Indirect placements: Individuals placed in unsubsidized employment after participating in CETA training, employment, or supportive services.

[3] Self placements: Individuals who found jobs through their own efforts.

[4] Other positive: Individuals who were not placed in unsubsidized employment but are engaged in other activities that increase employability.

[5] Nonpositive: Individuals who refused to continue or left for reasons unrelated to jobs or activities that increase employability.

Note: Detail may not add to totals because of rounding.

Table 2 also indicates that placements made up a considerably higher percent of total terminations in title I programs than in title II public service employment. These higher placement rates reflect the greater use in title I programs of direct job placements (those made after intake, assessment, and/or job referral services only). This variation is understandable in light of the basic difference in the program design of titles I and II. Title I is intended to offer a comprehensive array of training, employment, and supportive services (including direct placement services for those who are job ready) to any eligible participant in all areas of the Nation. Title II, in contrast, is designed primarily to provide developmental transitional employment opportunities, with minimal additional services, to residents of areas of substantial unemployment.

CHARACTERISTICS OF THOSE PLACED

Data comparing the socioeconomic characteristics of persons enrolled, terminated, and placed under titles I, II, and VI indicate that, for all titles, men, prime-age workers, and nonminorities represent larger percentages of those placed in unsubsidized jobs than all of those enrolled (see table 3). To date, no other significant trends across titles have appeared, though some appear to be emerging within titles. For example, youth aged 22 and under comprised 62 percent of all participants in title I programs but only 41 percent of those placed in unsubsidized jobs. This disparity is accounted for in part by the fact that many are in work-experience programs whose immediate objective is retention in, or return to, school rather than job placement. In comparison, prime-age workers comprised 32 percent of enrollments and 50 percent of placements in title I programs.

TABLE 3.—SOCIOECONOMIC CHARACTERISTICS OF PERSONS ENROLLED, TERMINATED,[1] AND PLACED [2] UNDER CETA TITLES I, II, AND VI, FISCAL YEAR 1976

[Percent]

Characteristic	Title I			Title II			Title VI		
	Enrollments	Terminations	Placements	Enrollments	Terminations	Placements	Enrollments	Terminations	Placements
Sex:									
Men	54.5	55.4	57.7	65.8	68.3	67.8	70.2	73.9	78.5
Women	45.6	44.6	42.3	34.2	31.7	32.2	29.8	26.1	21.5
Age:									
Under 22 yr	61.7	60.2	41.2	23.7	27.3	20.9	21.4	21.5	17.6
22 to 44 yr	32.1	33.6	49.7	62.9	60.8	67.1	64.8	66.6	71.8
45 yr and over	6.1	6.1	9.0	13.4	12.0	12.0	13.8	11.8	10.6
Education:									
8 years and under	13.3	12.8	9.7	9.4	13.1	7.1	8.4	8.3	7.2
9 to 11 yr	47.6	48.9	32.9	18.3	23.2	16.0	18.2	20.8	18.4
12 yr	29.3	29.5	43.5	42.5	40.3	44.9	43.7	43.2	46.5
Over 12 yr	9.8	8.8	14.0	29.8	23.3	31.9	29.6	27.7	27.9
Minority status: [3]									
Nonminority	42.9	42.1	44.3	50.1	43.3	58.8	59.1	55.6	67.8
Minority	57.1	57.9	55.7	49.9	56.7	41.2	40.9	44.4	32.3
Economically disadvantaged	77.3	76.2	69.3	48.3	56.4	44.2	43.6	46.8	35.8

[1] Persons terminated: Total number of participants who have left the CETA program for any reason.

[2] Persons placed: Total number of participants who have left the CETA program and entered unsubsidized employment.

[3] Minority status adjusted to include 93.3 percent of Spanish Americans as white (nonminority), 5 percent as black (minority), and the remainder as other (minority).

Note: Detail may not add to totals because of rounding.

FOOTNOTES

[1] States may act as balance-of-State prime sponsors for smaller areas (usually rural) within their boundaries that are ineligible to become prime sponsors in their own right.

[2] To encourage broad coverage of labor market areas that may extend beyond the boundaries of local government jurisdictions, CETA regulations provide that a special incentive bonus may be offered to those local government units that wish to combine as a program sponsor. Department of Labor evaluators found that the most influential factor in consortia formation was the presence of past cooperative relations between neighboring governments on matters of joint concern.

[3] A separate supplemental appropriation of $473 million, provided under title III for summer youth programs, is discussed later in the chapter.

[4] The most recent poverty-level income figure for a nonfarm family of four in the continental United States is $5,500.

[5] "A Cost and Economic Analysis of CETA Decentralized Programs" (Silver Spring, Md.: Macro System, Inc., in process).

[6] Under sec. 3(a) of CETA, Congress appropriated $250 million to extend programs previously funded under the Emergency Employment Act of 1971 in order to provide for an orderly transition.

[7] For a discussion of HEW efforts, see the section on HEW Support for CETA.

[8] See the chapters on The UI System: Past, Present, and Future and Employment and Unemployment: 1975 in Review in this report for more extensive discussion of labor market developments during fiscal and calendar 1975.

[9] Sec. 105(a) (1) (D) of CETA.

[10] 29 CFR 95.14(b) (3) (ii) (A).

[11] Programs funded under the Economic Opportunity Act and the Manpower Development and Training Act.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

QUORUM CALL

Mr. HUGH SCOTT. Mr. President, I suggest the absence of a quorum and that it be charged to the time of the distinguished senior Senator from Virgina (Mr. Harry F. Byrd, Jr.).

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—S. 2477

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Mr. Herb Jolovitz of Senator Leahy's staff be granted privilege of the floor during the consideration of S. 2477.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum under the same stipulation as before.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Virginia has 10 minutes remaining and is recognized.

BRIBERY BY AMERICAN-CONTROLLED INDUSTRIES

Mr. HARRY F. BYRD, JR. Mr. President, yesterday the President in a statement from the White House directed attention to legislation which he plans to submit to the Congress dealing with bribery by American-controlled industries.

The President rightly emphasized that the vast majority of American-based corporations are honest, upstanding citizens in the international community, but he expressed concern over the fact that many large corporations have bribed foreign officials. He expressed great concern over this matter. I share that concern.

I rise today to point out that the tax reform legislation which will be considered by the Senate beginning tomorrow, I understand, contains legislation which I introduced on March 16, 1976, and which was approved by the Committee on Finance on May 25, this past month.

The legislation which I introduced and which the committee approved seeks to tackle the problem which the President outlined yesterday. Perhaps the amendment which is a part of the tax reform legislation is somewhat stronger than that which the President indicates he will recommend to the Congress, but it is along the same line.

I would think the administration would want to consider carefully the amendment which is now part of the tax bill which will be considered by the Senate at an early date.

The bill which I introduced, and which was adopted by the committee as an amendment to the tax bill, has the following four basic points:

First. Any U.S. company which has a foreign subsidiary must report to the Secretary of the Treasury all payments made by it or its subsidiary, directly or indirectly, to employees, officials or agents in fact of any foreign government.

Failure to report each payment will subject the U.S. company to a fine of not more than $25,000 or imprisonment for not more than 1 year, or both.

The Secretary of the Treasury will determine whether such payment constitutes an illegal bribe. Such determination will be based on U.S. laws.

Second. If the Secretary of the Treasury determines it is a bribe, foreign bribe-produced income will be immediately taxable to the U.S. company.

Third. The foreign bribe-produced income would not be entitled to any foreign tax credit or foreign tax deduction.

Fourth. If a domestic international sales corporation, known as DISC, is determined to have received foreign bribe-produced income, such income will be immediately taxable.

Mr. President, I believe the legislation would go a long way toward eliminating the kind of abuses which have been disclosed in recent months. I would hope that the administration, in considering this matter, would be inclined to take the position which has already been adopted by the Committee on Finance.

The President emphasized the need that something in this field be done. As I say, the proposal which I introduced and the committee adopted perhaps goes further than the President recommends. It would use the tax laws in the sense that it would deny certain tax benefits to corporations which engage in this activity.

Mr. President, at this point I ask unanimous consent to have printed in the Record my statement to the Senate on March 16, 1976, which includes a copy of S. 3150; namely, the proposal which I introduced and which is now part of the Senate tax bill.

Following that, I ask unanimous consent to have printed in the Record the statement made by the White House yesterday, with the accompanying factsheet.

There being no objection, the material was ordered to be printed in the Record, as follows:

Curbing Bribery Overseas

Mr. Harry F. Byrd, Jr. Mr. President, the Senate Finance Committee on May 25 approved legislation to use our Internal Revenue Code to penalize those large American companies which bribe or make illegal payments to foreign officials or agents of foreign governments.

The necessity for this legislation should be obvious. Several large American companies have admitted paying millions in outright bribes to win contracts overseas, and others have acknowledged even larger payments termed questionable by the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee.

Lockheed Aircraft Corp., rescued from bankruptcy by a Federal loan guarantee, has acknowledged $22 million in outright bribes in several foreign countries.

Such illegal payments are damaging to our relations with foreign governments and to our prestige and stature as a nation.

I think big business must put its house in order if it is to regain public confidence.

I recognize that not all countries share our laws and customs, and that doing business abroad can be difficult.

But the reaction in Japan, Italy, and the Netherlands to recent bribery disclosures shows that many countries will not tolerate this kind of practice.

If American businesses will stand together in this matter, and not yield to pressure for illegal payoffs, it will go a long way toward putting international business on a sounder and more ethical basis.

The bill which I am introducing would have the following four basic points.

The first point. Any U.S. company which has a foreign subsidiary must report to the Secretary of the Treasury all payments made by it or its subsidiary, directly or indirectly, to employees, officials, or agents in fact of any foreign government.

Failure to report each payment will subject the U.S. company to a fine of not more than $25,000 or imprisonment not more than 1 year, or both.

The Secretary of the Treasury will determine whether such payment constitutes an illegal bribe. Such determination will be based on U.S. laws.

The second point. If the Secretary of the Treasury determines it is a bribe, foreign bribe-produced income will be immediately taxable to the U.S. company.

The third point. The foreign bribe-produced income would not be entitled to any foreign tax credit or foreign tax deduction.

The fourth point. If a domestic international sales corporation—DISC—is determined to have received foreign bribe-produced income, such income will be immediately taxable.

Mr. President, I believe the legislation I am submitting today will go a long way toward eliminating the kind of abuses which have been disclosed in recent months.

I ask unanimous consent that the text of the legislation be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3150

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DENIAL OF FOREIGN TAX CREDIT.

(a) IN GENERAL.—Subpart A of part III of subchapter N of the Internal Revenue Code of 1954 (relating to income from sources without the United States) is amended by adding at the end thereof the following new section:

"SEC. 908. DENIAL OF CREDIT TO CERTAIN TAXPAYERS.

"A taxpayer, or a member of a controlled group (within the meaning of section 998(a)(3)) which includes the taxpayer, who is determined by the Secretary or his delegate under section 999 to have made an illegal bribe, kickback, or other unlawful payment (within the meaning of section 162(c)) either directly or indirectly to an official, employee, or agent in fact of a foreign government during the taxable year is prohibited from choosing to have the benefits of this subpart with respect to income, war profits, or excess profits taxes paid or accrued during the taxable year to that foreign government.".

(b) DEDUCTIBILITY OF TAXES.—Section 275(a)(4) of such Code (relating to certain taxes not deductible) is amended by inserting before the period the following: ", and such taxes with respect to which the taxpayer is prohibited by section 908 from choosing to take the benefits of section 901".

(c) CLERICAL AMENDMENT.—The table of sections for such subpart is amended by adding at the end thereof the following new item:

"Sec. 908. Denial of credit to certain taxpayers.".

SEC. 2. DENIAL OF DEFERRAL.

(a) IN GENERAL.—Subpart F of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to controlled foreign corporations) is amended by inserting after section 955 the following new section:

"SEC. 955A. FOREIGN BRIBE-PRODUCED INCOME

"For purposes of this subpart, the term 'subpart F income' (as defined in section 952(a)) also includes all income (other than income from insurance of United States risks, as determined under section 953, or foreign base company income, as determined under section 954) of a controlled foreign corporation which—

"(1) as determined by the Secretary or his delegate under section 999, is foreign bribe-produced income (as defined in section 999), or

"(2) is a member of a controlled group (within the meaning of section 993(a)(3)) with respect to which such a determination has been made.".

(b) The table of sections for such subpart is amended by inserting after the item relating to section 955 the following new item:

"Sec. 955A. Foreign bribe-produced income.".

"SEC. 3. DENIAL OF DISC BENEFITS.

Section 995(b) of the Internal Revenue Code of 1954 (relating to deemed distributions by a DISC) is amended by adding at the end thereof the following new paragraph:

"(3) Distributions of foreign bribe-produced income.—If the Secretary or his delegate determines, under section 999, that a DISC has received foreign bribe-produced income (as defined in section 999) for the taxable year of the DISC, then in the application of paragraph (1) to that DISC for that taxable year to such foreign bribe-produced income from the country in which such income is derived the words 'one-half of' shall be disregarded where they appear in subparagraph (D) of paragraph (1).".

SEC. 4. DETERMINATIONS BY THE SECRETARY AS TO FOREIGN BRIBE-PRODUCED INCOME.

(a) IN GENERAL.—Subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to tax based on income from sources within or without the United States) is amended by adding at the end thereof the following new part:

"PART V—FOREIGN BRIBE-PRODUCED INCOME DETERMINATIONS

"SEC. 999. REPORTS BY TAXPAYERS; DETERMINATIONS BY SECRETARY; FAILURE TO REPORT.

"(a) Reports by Taxpayers.—Any taxpayer with foreign source income for the taxable year derived directly or indirectly as a result of payment to an official, employee, or agent in fact of a foreign government, and any taxpayer which controls (within the meaning of section 6038(d)(1) a foreign corporation with foreign source income derived directly or indirectly as a result of payment to an official, employee, or agent in fact of a foreign government, shall report to the Secretary or his delegate, at such time and in such manner as the Secretary or his delegate may prescribe, the amount of such payment by the taxpayer or such foreign corporation and the amount of such income derived by the taxpayer or such foreign corporation from such payment.

"(b) Determination by the Secretary.—Whenever the Secretary or his delegate receives a report from a taxpayer under subsection (a) he shall determine whether the taxpayer or such foreign corporation has foreign bribe-produced income for the taxable year. The determination shall cover the taxable year with respect to which the report is made.

"(c) Willful Failure to Report.—Any taxpayer required to report under this section who willfully fails to make such report shall, in addition to other penalties provided by law, be fined not more than $25,000, or imprisoned not more than 1 year, or both.".

(b) The table of parts for such subchapter N is amended by adding at the end thereof the following new item:

"PART V. FOREIGN BRIBE-PRODUCED INCOME DETERMINATIONS.".

SEC. 5. EFFECTIVE DATE.

The amendments made by this Act apply to taxable years beginning after December 31, 1975.

THE WHITE HOUSE,
June 14, 1976.

STATEMENT OF THE PRESIDENT

Ten weeks ago I appointed a Task Force headed by Secretary Richardson to review our policies toward corporations that engage in questionable payments to other nations. Today, based upon the findings of that Task Force, I am announcing three new initiatives.

First, as a deterrent to bribery by American-controlled industries, I am directing the Task Force to prepare legislation that would require corporate disclosure of all payments made with the intention of influencing foreign government officials. Failure to comply with the new disclosure laws would lead to civil and criminal penalties.

Second, I am announcing my support of pending legislation to strengthen the law requiring corporations to keep their shareholders fully and honestly informed about their foreign behavior.

Finally, I am asking our major trading partners to work with us in reaching agreement on a new code to govern international corporate activities. Let me emphasize my conviction that the vast majority of American-based corporations are honest, upstanding citizens in the international community. Nonetheless, we must recognize that unethical behavior by only a few companies can spoil the environment for everyone. Our system of private enterprise, a system that has provided a higher standard of living and greater economic security than any system known to man, is under constant attack today because many citizens no longer trust big business.

In order to renew and to restore public faith in free enterprise, we must avoid or provide the public with concrete assurance that major corporations are clean and honest.

The initiatives I am announcing today can be a big step in that direction.

Thank you very much.

THE WHITE HOUSE,
June 14, 1976.

DECISIONS ON QUESTIONABLE CORPORATE PAYMENTS ABROAD

The President today announced three decisions based on his review of an interim report by the Cabinet Task Force on Questionable Corporate Payments Abroad. The decisions are: (1) to propose new corporate "disclosure" legislation with regard to questionable payments abroad; (2) to endorse legislation proposed by the SEC intended to assure the integrity of corporate reporting procedures and the accountability of corporate executives; and (3) to seek priority treatment at forthcoming international meetings for the United States' proposed international agreement on questionable payments.

I. BACKGROUND

The President created the Cabinet Task Force on Questionable Corporate Payments Abroad on March 31, 1976. The Task Force is chaired by Commerce Secretary Elliot Richardson. Its members include: Secretary of State; Secretary of Treasury; Secretary of Defense; Attorney General; Special Representative for Trade Negotiations; Director, Office of Management and Budget; Assistant to the President for Economic Affairs; Assistant to the President for National Security Affairs; and Executive Director, Council on International Economic Policy.

.In creating the Task Force the President directed it to conduct a comprehensive policy review and to explore whether "additional avenues should be undertaken in the interest of ethical conduct in the international marketplace and the continued vitality of our free enterprise system." He instructed the Task Force to provide him with interim reports and a final report by the end of the current calendar year.

The President's decisions followed his receipt of the first interim report of the Task Force.

II. THE DECISIONS

A. "Disclosure" Legislative Initiative. The President announced that he had decided to submit legislation to the Congress requiring reporting and disclosure of certain payments by U.S.-controlled corporations made with the intent of influences, directly or indirectly, the conduct of foreign government officials. The President instructed the Task Force to develop detailed specifications for such legislation as quickly as possible—in order to allow Congressional action on the proposal in this session of Congress.

In announcing these decisions, the President expressed confidence that the overwhelming majority of American businessmen have conducted themselves as good citizens both at home and abroad. The President's decisions derived in part, he said, from a need to halt the growing trend of spreading cynicism and to help restore confidence in basic American institutions and principles.

B. Corporate Accountability Decision. The President endorsed legislation proposed by SEC Chairman Roderick Hills in his Report of May 12. The legislation would amend the Securities Exchange Act of 1934:

To prohibit falsification of corporate accounting records;

To prohibit the making of false and misleading statements by corporate officials or agents to persons conducting audits of the company's books and records and financial operations;

To require corporate management to establish and maintain its own system of internal accounting controls designed to provide reasonable assurances that corporate transactions are executed in accordance with management's general or specific authorization, and that such transactions are properly reflected on the corporation's books.

C. Acceleration of International Efforts. The President announced his intention to seek priority treatment for the United States' proposed international agreement on questionable corporate payments abroad.

The proposed agreement was first put forward by the United States in a United Nations forum on March 5, 1976. If successful, it would result in an international treaty based on the following principles:

It would apply to international trade and investment transactions with Governments, i.e., government procurement and other governmental actions affecting international trade and investment as may be agreed;

It would apply equally to those who offer or make improper payments and to those who request or accept them;

Importing Governments would agree to establish clear guidelines concerning the use of agents in connection with government procurement and other covered transactions, and establisch appropriate criminal penalties for defined corrupt practices by enterprises and officials in their territory;

All Governments would cooperate and exchange information to help eradicate corrupt practices;

Uniform provisions would be agreed for disclosure by enterprises, agents and officials of political contributions, gifts and payments made in connection with covered transactions.

The President's initiative will supplement related U.S. international initiatives taken in the OAS, OECD, GATT and UN.

III. ONGOING ACTIVITIES

A. Policy Development and Coordination. The Task Force will continue to have responsibility for policy development and coordination within the Executive Branch in accordance with the President's directive of March 31.

B. Investigations. Responsibility for investigative activities will remain with the appropriate investigative agencies and not the Task Force. Investigations and enforcement actions of the audit agencies, the IRS, the FTC, the SEC and the Department of Justice are ongoing in accordance with the dictates of current law.

Mr. HARRY F. BYRD, JR. Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator from Virginia has 1 minute remaining.

Mr. HARRY F. BYRD, JR. Mr. President, I yield back the remainder of my time and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LOBBYING DISCLOSURE ACT OF 1976

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 2477, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 2477) to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes.

UP AMENDMENT NO. 30

The ACTING PRESIDENT pro tempore. The Senator from Maine (Mr. HATHAWAY) is recognized to call up an amendment, on which there is to be a time limitation of 30 minutes, to be equally divided between and controlled by the Senator from Maine (Mr. HATHAWAY) and the Senator from Connecticut (Mr. RIBICOFF).

Mr. HATHAWAY. Mr. President, I send to the desk an unprinted amendment.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Maine (Mr. HATHAWAY) proposes unprinted amendment No. 30, as follows:

On page 37, line 20, strike out "any" through "excluded" on line 25.

Mr. HATHAWAY. Mr. President, this amendment removes the provision regarding direct oral lobbying communications as it applies to contacts between representatives of an organization which contacts its own Senators or its own district Congressman only and, therefore, cannot become a lobbyist under this provision of the bill relating to 12 or more oral lobbying communications.

In combination with the high threshold requirement of the following provision regarding an organization which solicits others to lobby on issues, this home State/district exemption presents a rather large loophole in the coverage of this bill. No one wants to "discourage" contacts between constituents and their representatives, nor between any member of the public and any of the Members of Congress. But this is not a regulatory law which places any limitation on the amount or kind of lobbying which may be done, nor does it even apply to any individuals who may express their opinions to any number of Members of Congress or the executive branch. It applies only to organizations, which necessarily of course must work through individuals representing the interests of those organizations, and requires disclosure of only substantial lobbying efforts which meet one or more of the threshold requirements of the bill. For purposes of disclosure alone, when an organization meets these threshold requirements, it should be considered a "lobbyist," regardless of precisely whom it contacted during the course of conducting its lobbying activities.

In conjunction with the threshold requirements for solicitation, the adverse impact of this home State and district exemption may be most clearly seen. Under these two provisions, an organization may get on its WATS line, call organizations which may be located in every State and ask them to call their Senators and Congressman. The affiliates in the States may in turn call their own membership and request that they also call their Senators and Congressman regarding a given issue or piece of legislation, and no more than a few hours and a minimal amount of money will be spent by anyone in carrying out an effective lobbying campaign which in fact results in lobbying of all of Congress on an unlimited basis, though not lobbying within the terms of the bill itself. This campaign would not have been disclosed so long as the organization was not a lobbyist under other provisions of the bill.

In short the home "State" exemption represents an unnecessary and attractive loophole for any large organization which has affiliates across the country. When combined with other provisions of the bill, it appears that substantial, effective, and extensive oral and written lobbying campaigns can be structured in such a way as to avoid meeting any of the threshold tests contained in the bill for determining when an organization becomes a lobbyist. And similarly to the overly high dollar requirement contained in the provision for determining when an organization is a lobbyist by virtue of its solicitation campaigns, the home State exemption will treat organizations which do substantially the same type of lobbying in different ways.

An organization which is fortunate enough to be situated in a district or State whose Congressman or Senator is the chairman of a powerful committee with jurisdiction over an issue of interest to that organization, will not have to disclose its lobbying activities no matter how many times it meets with, or calls and discusses proposed or pending legislation. Nor will the organization have to register if it also makes up to 12 other face to face or telephone lobbying communications with other members. The organization located across the State or the district line, however, which has an equal interest in making its views known to the chairman of that same committee, perhaps even in regard to the same issue or legislation, however, have to register and report as a lobbyist as soon as the threshold of 12 oral lobbying communications is met in a quarter.

This differential treatment of organizations in the same situation under the guise of not wanting to require the same treatment for our own constituents as we do for other Members' constituents does not have any place in a law which is intended only to disclose substantial lobbying activities which are carried on by various organizations in our society. Additionally, when combined with other provisions in the bill, this exemption from reporting requirements which do substantial effective lobbying over the telephone, while concentrating their effort on their own Senators or Congressmen, and while soliciting other individuals to write to everyone regarding the issue, represents a major loophole in the coverage of organizations under this bill for determining when they become lobbyists.

The purpose of public disclosure, to insure that Congress and the public may more accurately evaluate the weight of public opinion, is not met if some organizations which conduct one type of activity are required to register and report, while other organizations, doing essentially the same type of activity, are not required to register and report. This will be one of the adverse effects of retention of the home State and district exemption; and there seems little countervailing rationale which would indicate a need to include such an exemption in a lobbying disclosure law.

Mr. President, one of the major shortcomings which I find in this bill is that it does not cover everyone. I realize it would be extremely difficult to make every individual and every organization in this country which has an interest in legislation disclose just what communications it makes and the nature of those communications, and to whom they were addressed in Congress. I also realize it would be extremely difficult, although this would be an ideal situation, to have every Member of Congress—every Member of the House and every Member of the Senate—maintain a log on all the oral communications as well as all the written communications, or the communications in general, from people interested in influencing legislation. That would be, as I say, an ideal situation, because what we are trying to accomplish in this lobbying bill, as I mentioned earlier, in the course of my remarks, is not to regulate lobbying, but simply to disclose who is lobbying for what, so that the Members of Congress will know and so that the general public will know just what influences are brought to bear upon the Members of Congress in their deliberations on the legislation which comes before them.

I commend the committee for the various thresholds which they have established in order to cut down what would be an extremely burdensome reporting matter if we were to have an ideal situation. But I think that the threshold exemption in the case of home State lobbying is totally unwarranted. The Senator from Connecticut and I both serve on the Finance Committee, and we know that through the home State lobbying exemption, those corporations that are interested in DISC, for example—those which have overseas operations—there is probably at least one such company in every State in the Union, and I am sure in the State of every member of the Finance Committee—could, I suppose, make an unlimited number of calls under the home State exemption to their home State's Senators in respect to this matter. And there are many other matters that come before Congress where equally effective lobbying could take place without any disclosure whatsoever.

The evil that I think is present in limiting the threshold in such a way on allowing for this exemption—and I have amendments to correct what I believe are inequities in the other thresholds as well—is that we distort the picture so that we, in passing a bill which has thresholds which are too high and which exempt too many organizations from the lobbying disclosure provisions, lead the general public to believe that the only effective lobbyists are those who are spending a huge amount of money lobbying.

We know, as Members of the Senate, that that is not necessarily true, that many home-State lobbyists, in particular, are most effective upon legislation here in the Senate, and I presume in the House of Representatives as well, because of the fact that they are from your home State or your home district. I think that in exempting them and in the other threshold requirements, we are distorting the picture to the American public and leading them to believe that only certain classes of people, either because they satisfy the money requirement or other requirements, are the lobbyists, the influences upon the Congress.

And I very seriously would consider not supporting this bill in its final passage if this home-State exemption were left in the law as well as some of the other threshold requirements, because I think that the distorted picture that would be presented to the public would not do equity and justice to those who have to disclose, leaving many others who do not have to disclose free to lobby in any way that they wish, and as I mentioned earlier many of those are more effective than those who are being required to disclose under this proposed legislation.

Mr. President, I reserve the remainder of my time.

Mr. RIBICOFF. Mr. President, I rise in opposition to the Hathaway amendment.

S. 2477 specifically provides that no organization can become a lobbyist simply by talking to the two Senators who represent the State and the Congressman who represents the district where the organization has its principal place of business.

The reason for this provision is to assure that legislators can keep the lines of communication as open as possible between themselves and their constituents. Congressmen and Senators have a special responsibility to the citizens who elected them and have a need to have unimpeded access to information concerning local problems.

An organization should not have to register as a lobbyist just because its officers or employees talked with a Congressman representing the district in which the business is headquartered, on the one hand, locally based organizations interested primarily in local issues and, on the other hand, organizations that are regionally or nationally oriented and who lobby Members of Congress regardless of the State they are from.

The distinguished Senator from Maine mentioned the problem of DISC and said that home-State companies lobbied or talked to the members of the Committee on Finance. That is certainly true.

The State of Connecticut is a large manufacturing State. The State of Connecticut has thousands of employees who depend, for their livelihoods, upon exports. The people who have jobs and businesses in the State of Connecticut have an absolute right to talk to Senator WEICKER and me concerning the problems of employment and of their prosperity that might arise if DISC were eliminated. Consequently, we felt that a Senator who represents his State should always be available to his constituents without oral communications being counted toward the lobbying bill's thresholds.

So we are very careful to write this exemption into the lobbying bill. It would really be a sad state of affairs to have any organization cut off from its duly elected representatives. Consequently, I hope that the Senate opposes and votes against the Hathaway amendment.

Mr. PERCY. Mr. President, I rise in opposition to the Hathaway amendment. I do so primarily because of the fact that when a Senator or Congressman is lobbied from outside his State or district he really does not have access to information about the organization and he does not know as much about the people involved. He has to make inquiry in foreign territory, in a sense, unless he is a national candidate.

A Congressman would have a very difficult time not knowing really quite a bit about an organization outside his area, whether it be a labor union, a business organization, a trade association, or a plant or naval gun factory that has been shut down.

For instance, when we receive a deluge of letters from an installation that is being closed down by the Government in the State we know intimately about that. We know the people. We have been in the plant probably. We do not have to have a reporting mechanism to tell us where the forces and the factors are.

So, I think it is an entirely different thing when we are lobbied by our constituents to whom we have a direct responsibility and with whom we have worked, or where they have worked against us or for us in our particular campaigns, than someone outside our district and outside our State. And certainly it is a fact that there is a sense of unresponsiveness of government today among people. We do not want in any way to build any kind of a barrier between our own constituents, who look upon their elected representatives in the Senate and the House of Representatives as the individuals they can approach directly without any restrictions of any kind. We do not want a cloud over the head of a contact being made between an elected representative and his own constituents. We feel that they are the ones who are able to break through the bureaucracy. By the possibility of putting them in a category of a lobbyist who must somehow report, I think it would create an artificial barrier that would restrain and restrict the contact that should be absolutely free flowing between the constituent and the elected representative.

For the reasons cited by the floor manager of the bill, the chairman of the Committee on Government Operations (Mr. Ribicoff) and my own concerns I would have to regretfully oppose the amendment.

Mr. HATHAWAY. If the Senator will yield, I appreciate the Senator's observation that he, of course, would know all about the company in his own State and would not know about companies outside his State, so disclosure fulfills that one purpose of allowing the Senator to know exactly who these other companies are that are lobbying. But, on the other hand, I do not know the nature of the companies that are lobbying the Senator from Illinois, the Senator from Connecticut, or the other Senators, nor Members of the House of Representatives. I think I am entitled to know exactly what is influencing the Senators' decisions.

It was expressed in the Supreme Court case in 1946, which upheld that act, United States against Harriss. The court stated:

> Present day legislative complexities are such that individual Members of Congress cannot be expected to explore the myriad pressures to which they are regularly subjected. Yet full realization of the American ideal of government depends to no small extent on their ability to properly evaluate such pressures. Otherwise, the voice of the people may all too easily be drowned out by the voice of special interest groups seeking favored treatment while masquerading as proponents of the public weal.

For that reason I think all of us should know to what pressures the others are subjected. I mentioned the case of DISC, and I know that my own companies in Maine have pressured me more on national issues than they have on local issues. Although each business may not have its own place of business within my State, his State and/or the State of the Senator from Connecticut, and all the other States, they would qualify for this exemption even though they have this one legislative issue in common, and they are constantly lobbying their own Congressman and Senator in that regard. I think that ought to be disclosed not only to other Members of this body and the other body but also to the general public as well.

Mr. PERCY. The Senator from Illinois certainly concedes that it would be of interest to know exactly how many contacts and how much money had been spent by the oil interests in Texas to influence a decision by a Senator from Texas. But I do not think it would be a surprise to know that there were considerable pressures. I think we all are well aware that a Senator from Minnesota and a Senator from Iowa are going to be much more subjected to the influence of farming groups than a Senator from some State that is essentially nonagricultural.

I think it is a matter of balance. Here I think we naturally assume those pressures operate, and the question is, what is the overriding concern? The overriding concern must be the free flow of contact between constituents and their elected representatives. I believe that interest is so overriding that, for that reason, the Senator from Illinois still would oppose the amendment of the distinguished Senator.

Mr. HATHAWAY. Mr. President, will the Senator yield further?

Mr. PERCY. I am happy to yield the floor.

Mr. HATHAWAY. I doubt that every Senator knows all the influence that every other Senator is subject to in his own State. We know that potatoes are grown in Maine, and I am going to be subject to influence from potato farmers. We also produce paper, and so forth. But the Senator from Illinois does not know all of the interests there any more than I know all of the interests in the State of Illinois, in the State of Connecticut, or any other State in the Union.

I believe it would have an extremely salutary effect to have all these influences put on the public record. Members might be a little more objective in their evaluation of legislation and in the votes that are cast upon that legislation, because they would know that all the other Members of this body know just what pressures have been brought upon them in their individual States.

Mr. President, do I have any time remaining?

The PRESIDING OFFICER (Mr. Stone). The Senator has 3 minutes remaining.

Mr. HATHAWAY. It seems to me that if I or any other Member of this body have knowledge of what pressures are being exerted upon an individual with whom we may be having a disagreement in the Senate, we could much better evaluate the position of another Senator, if we know what pressures are being brought to bear upon him. Often it appears that someone in this body or the other body is advocating a position simply because that is the ideal position. If we had the register of lobbyists and knew just which ones were bringing pressure to bear upon him, we could better judge the argument that individual is making for a particular piece of legislation. In that way, I think we would get better legislation, and the public would be better informed, and all of us would be much more conscientious and more objective legislators.

Mr. President, if the Senator from Connecticut is ready to yield back the remainder of his time, I am ready to yield back mine.

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment of the Senator from Maine. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Delaware (Mr. Biden), the Senator from Idaho (Mr. Church), the Senator from Mississippi (Mr. Eastland), the Senator from Alaska (Mr. Gravel), the Senator from Colorado Gary Hart), the Senator from Michigan (Mr. Philip A. Hart), the Senator from Indiana (Mr. Hartke), the Senators from Washington (Mr. Jackson) and (Mr. Magnuson), the Senator from Louisiana (Mr. Long), and the Senator from New Jersey (Mr. Williams), are necessarily absent.

I also announce that the Senator from Indiana (Mr. Bayh) and the Senator from Missouri (Mr. Symington), are absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. Jackson) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Nevada (Mr. Laxalt), the Senator from Maryland (Mr. Mathias), the Senator from Kansas (Mr. Pearson), the Senator from Virginia (Mr. William L. Scott), and the Senator from Vermont (Mr. Stafford), are necessarily absent.

I also announce that the Senator from New York (Mr. Buckley), the Senator from Oklahoma (Mr. Bellmon), and the Senator from New Mexico (Mr. Domenici), are absent on official business.

The result was announced—yeas 17, nays 61, as follows:

[Rollcall Vote No. 287 Leg.]

YEAS—17

Abourezk
Burdick
Case
Clark
Culver
Dole
Hathaway
Helms
Leahy
Mansfield
Metcalf
Moss
Nelson
Proxmire
Schweiker
Stevenson
Taft

NAYS—61

Allen
Baker
Bartlett
Beall
Bentsen
Brock
Brooke
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cranston
Curtis
Durkin
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Griffin
Hansen
Haskell
Hatfield
Hollings
Hruska
Huddleston
Humphrey
Inouye
Javits
Johnston
Kennedy
McClellan
McClure
McGee
McGovern
McIntyre
Mondale
Montoya
Morgan
Muskie
Nunn
Packwood
Pastore
Pell
Percy
Randolph
Ribicoff
Roth
Scott, Hugh
Sparkman
Stennis
Stevens
Stone
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NOT VOTING—22

Bayh
Bellmon
Biden
Buckley
Church
Domenici
Eastland
Goldwater
Gravel
Hart, Gary
Hart, Philip A.
Hartke
Jackson
Laxalt
Long
Magnuson
Mathias
Pearson
Scott,
William L.
Stafford
Symington
Williams

So Mr. HATHAWAY's amendment was rejected.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PASTORE. I move to lay that motion on the table.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. McINTYRE). The Senator from Montana is recognized for 5 minutes.

The clerk will state the amendment of the Senator from Montana.

The Senator from Montana has been recognized.

Mr. METCALF. Mr. President, I yield to the Senator from Maine.

Mr. HATHAWAY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Does the Senator from Maine ask unanimous consent that the pending amendment be temporarily set aside?

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 31

The clerk will report the amendment of the Senator from Maine.

The second assistant legislative clerk read as follows:

The Senator from Maine (Mr. HATHAWAY) proposes an amendment on page 38, line 6, strike out "$7,500" and insert in lieu thereof "$1,000".

Mr. HATHAWAY. Mr. President, I modified my amendment by changing the figure at the end from $1,000 to $5,000, and I send the modification to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The amendment, as modified, is as follows:

On page 38, line 6, strike out "$7,500" and insert in lieu thereof "$5,000."

Mr. HATHAWAY. This amendment lowers the expenditure requirement for organizations which engage in lobbying solicitations either directly or through a legislative agent from $7,500 per quarter to $5,000 per quarter. The reason for lowering this threshold expenditure of direct expenses is quite straightforward; with a WATS line, a research aide whose work would not entail any lobbying, the ordinary technology which is found in most organizational offices today, and with the allocation of "direct expenses" between lobbying activities and other activities for which these people and machines may be used, an organization can carry on a major solicitation campaign without exceeding the $7,500 limit per quarter now included in the bill. This $7,500 threshold test for solicitations, amounting to $30,000 per year in expenses which may be attributable to lobbying solicitation prior to requiring registration as a lobbyist, is simply too high.

The lowering of the threshold in no way limits the amount of solicitation activity which an organization may undertake, nor does it affect in any way the individual who tries to persuade his neighbor to write to Congress about a piece of legislation. As with the other definition of a lobbyist in the bill, this provision applies only to organizations with a structure which includes "paid officers, paid directors, or paid employees."

I agree with the committee that solicitation campaigns by organizations should be included as a threshold test for determining when an organization is a lobbyist; my disagreement is as to where the line should be drawn in terms of expenditures on such solicitations before the organization becomes a "lobbyist" and is required to disclose those activities. In some respects, solicitation campaigns by an organization, through an organization periodical or through telephone contact with affiliates which in turn solicit others, may well be the most effective form of lobbying which an organization can utilize. Yet they may be no more representative of "public" opinion than direct lobbying of Members of Congress by paid legislative agents. In fact, by their nature, they are more likely to be misleading in terms of evaluating public opinion; the response generated by the solicitation may necessarily be outdated, or based only on partial information or only on having heard one side of the story.

In some cases individuals responding to the solicitation might well have a different opinion on the issue if exposed so effectively to several different points of view. This is not to say that these individual responses are in any way invalid; the purpose of the amendment is simply to require an organization which carries out any substantial solicitation of others to register as a lobbyist and report that it has carried out such solicitations.

My disagreement with the committee bill is one of degree as to how many dollars represent a substantial solicitation campaign which should be disclosed by the organization doing the solicitation. I think the committee bill implicitly recognizes the significance of lobbying solicitations in its reporting requirements where all "lobbyist" organizations under the bill are to report on its solicitations on the basis of the number of people, or affiliates expected to be contacted.

There is no requirement in this section that such solicitations meet any minimum expenditure of funds; only that the organization be a lobbyist under one of the definitions of section 3. Clearly, the type of solicitation which is required to be reported by a lobbyist in section 6(d) of the bill would not require expenses of $7,500 per quarter, and I think the committee implicitly acknowledges the importance of solicitations, in terms of a lobbying technique, when the direct expenses of such a solicitation may be well below the $7,500 per quarter threshold requirement for determining that the organization is subject to the disclosure requirements of the bill.

I agree fully with the policy reflected in section 6(d) of the bill; and feel that the threshold test for determining when an organization becomes a lobbyist through solicitations should be more in accord with the policy reflected in that section. For that reason, I would lower the threshold under the provision relating to solicitation by organizations.

Mr. President, I have discussed this amendment with the floor managers of the bill, and I believe the distinguished Senator from Connecticut is willing to accept this amendment, as modified. I thank him very much for his consideration in that regard.

Mr. RIBICOFF. Mr. President, as floor manager of the bill I accept the amendment offered by the distinguished Senator from Maine.

Mr. PERCY. Mr. President, I simply would like to concur with the distinguished Senator, the chairman of the Government Operations Committee, in accepting the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Maine.

The amendment was agreed to.

AMENDMENT NO. 1651

Mr. METCALF. Mr. President, I send to the desk a modified version of amendment No. 1651.

The PRESIDING OFFICER. The clerk will state the amendment, as modified.

The second assistant legislative clerk read as follows:

On page 38, line 21, after "influence" insert the following: "in a specific or general way".

On page 38, line 22, after "by" insert "clearly".

The PRESIDING OFFICER. Without objection, the amendment is so modified.

Mr. METCALF. Mr. President, this amendment has been discussed with the floor managers of the bill. This amendment is half of the original amendment No. 1651 that I offered. The balance of the amendment I have stricken in order to arrive at a compromise, and I would hope that the Senator from Connecticut and the Senator from Illinois would accept it.

Mr. RIBICOFF. Mr. President, as manager of the bill I would accept the amendment offered by the distinguished Senator from Montana.

Mr. PERCY. Mr. President, I concur with that judgment and accept the amendment and extend appreciation to the Senator from Montana.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, of the Senator from Montana.

The amendment, as modified, was agreed to.

AMENDMENT NO. 1830

The PRESIDING OFFICER. The Chair lays before the Senate amendment No. 1830 and recognizes the Senator from Montana.

The clerk will state the amendment.

The second assistant legislative clerk proceeded to read amendment No. 1830.

Mr. METCALF. Mr. President, the amendment was printed in the RECORD last night and it is before the Senate. It is a long amendment. I will explain it in my discussion, and I, therefore, ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 37, beginning with line 14, strike out all through page 38, line 6, and insert in lieu thereof the following:

"(2) (A) an organization which engages on its own behalf, or on behalf of its members, in twenty-five or more oral lobbying communications in any quarterly period, acting through its own paid officers, paid directors, or paid employees. For purposes of determining whether an organization is a lobbyist under this subparagraph, there shall be excluded—

"(i) for any organization which maintains its principal place of business in the Washington, District of Columbia, metropolitan statistical area, any communication with Congress with respect to municipal governance of the District of Columbia, and

"(ii) any communication initiated by Congress whereby the organization provides information or opinions to Congress solely at the request of Congress.

"(B) notwithstanding the provisions of subparagraph (A), no organization shall be a lobbyist if it—

"(i) does not maintain an office within the Washington, District of Columbia, standard metropolitan statistical area;

"(ii) does not engage on five or more separate days in any quarterly period in one or more personal lobbying communications within such Washington, District of Columbia, area acting through its own paid officers, paid directors, or paid employees; and

"(iii) is either (a) an affiliate of an organization which is itself a lobbyist, or (b) an organization whose income did not in the preceding year, nor can reasonably be expected in the present year, to exceed $250,000; or

"(3) an organization which, in any quarterly period, engages directly or through a legislative agent in lobbying solicitations where the total direct expenses of such solicitations is $5,000 or more with respect to any issue before the Congress.".

On page 41, line 12, immediately before "shall" insert the following: "in the course of a single meeting or conversation".

On page 41, between lines 13 and 14, insert the following new subsection:

"(f) For purposes of this Act, a communication or solicitation addressed to any individual in his capacity as an officer, director, or employee of a related organization shall be considered a communication or solicitation addressed to the related organization.".

On page 42, line 4, strike out "and".

On page 42, line 25, strike out the period and insert in lieu thereof a semicolon and "and".

On page 42, after line 25, insert the following new paragraph:

"(4) an identification of the organization's affiliates, and in the case of each affiliate that is a voluntary memberhip organization, the approximate number of individuals who are members of that affiliate, and the approximate number of organizations which are members of that affiliate.".

On page 44, line 19, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 47, beginning with line 14, strike out all through page 48, line 26, and insert in lieu thereof the following:

"(1) a description of the twenty-five issues which accounted for the greatest proportion of the lobbying activities of the organization;

"(2) an identification of each paid officer, paid director, or paid employee of the lobbyist who made one or more lobbying communications on behalf of the organization;

"(3) an estimate of (a) the total direct expenses incurred by the lobbyist during the period in connection with all the issues with respect to which the organization engaged in lobbying, and (b) the portion of the salary of any paid officer, paid director, or paid employee attributable to such person's activities related to lobbying if such portion exceeds 10 per centum of his activities on behalf of the organization; and

"(4) an estimate of the portion of the total expenses reportable under subparagraph (3) expended on lobbying communications and the portion expended on lobbying solicitations.".

On page 49, line 10, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 8, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 9, strike out "affiliate" and insert in lieu thereof "related organization".

On page 50, line 10, strike out "affiliate" and insert in lieu thereof "related organization".

On page 50, line 12, strike out "affiliate" and insert in lieu thereof "related organization".

On page 50, line 14, strike out "affiliate" and insert in lieu thereof "related organization".

On page 50, line 16, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 17, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 18, strike out "affiliate" and insert in lieu thereof "related organizations".

On page 50, line 20, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, line 22, strike out "affiliates" and insert in lieu thereof "related organizations".

On page 50, between lines 23 and 24, insert the following new sentence: "This subsection shall not apply to any organization which is a lobbyist solely pursuant to section 3(a) (1) and which is an affiliate of an organization which is a lobbyist pursuant to either 3(a) (2) or 3(a) (3)).".

On page 50, line 26, strike out ", loans, or honorariums".

On page 51, line 4, strike out ", loans, or".

On page 51, beginning with line 5, strike out all through page 52, line 18, and insert in lieu thereof the following: "and a description of the gift and its amount or value, except that in the case of a gift described in subsection (c) (1) the recipients need not be named individually, but may be described by appropriate categories.

"(b) The requirements of this section apply to—

"(1) any gift in the amount or value of $10 or more made by the lobbyist;

"(2) any gift in the amount or value of $10 or more made by any officer, director, employee, or legislative agent of the lobbyist if the person making the gift has been or will be reimbursed by the lobbyist, in whole or in part, for such gift;

"(3) any gift in the amount or value of $10 or more made by any officer, director, employee, or legislative agent of the lobbyist if the person making the gift has taken or will take, in whole or in part, the amount or value of the gift as a deduction under section 161 or 212 of the Internal Revenue Code,

where the aggregate amount or value of all such gifts under (1), (2), and (3) made to any individual Member, officer, or employee of Congress during the quarterly period equals $50.

"(c) The requirements of this section shall also apply to—

"(1) any reception, dinner, or other similar event paid for, in whole or in part, by the lobbyist for Members, officers, or employees of Congress, regardless of the number of persons invited or in attendance, where the total cost of the event exceeds $500;

"(2) any gift by an officer, director, employee, or legislative agent of the lobbyist not covered by section (b) (3), which, either by itself or together with other gifts to the same individual, exceeds $100 in amount or value during the quarterly period.

"(d) Any organization that is not a lobbyist but which makes reportable gifts of the kind described in subsections (b) (1) and (b) (2) hereof shall file with the Comptroller General a gifts report within the time provided in subsection 6(a), if the total of such reportable gifts equal $250 in a quarterly period. Such report shall identify the organization and shall provide the other information required by this section with respect to gifts described in subsections (b) (1) and (b) (2).".

On page 51, line 20, strike out "section 6" and insert in lieu thereof "sections 6 and 7".

On page 51, line 21, after "organization" insert the following: "or by the individual responsible for day-to-day supervision of the organization's lobbying activities".

On page 61, line 4, strike out "$10,000" and insert in lieu thereof "$2,500".

On page 61, line 8, strike out "Any person who fails to comply with this subsection shall be subject to a civil penalty of not more than $10,000," and insert in lieu thereof the following: "Any person who violates this subsection shall be subject to a civil penalty of not more than the greater of $2,500 or an amount equal to 300 per centum of the amount realized by reason of the violation.".

On page 63, beginning with line 3, strike out all through line 15, and insert in lieu thereof the following:

"(1) 'affiliates' includes—

"(A) organizations which are associated with each other through a formal relationship based on ownership or an agreement (including a charter, franchise agreement, or bylaws) under which one of the organizations maintains actual control or has the right of potential control of all or a part of the activities of the other organization;

"(B) units of a particular denomination of a church or of a convention or association of churches;

"(C) national membership organizations and their State and local membership organizations, including but not limited to national trade associations and their State and local trade associations; national business leagues and their State and local business leagues; national federations of labor organizations and their State and local federations; and national labor organizations and their State and local labor organizations;".

On page 64 beginning with line 13, strike out all through line 20, and insert in lieu thereof the following:

"(5) 'direct expenses' means expenses such as the cost of mailing, printing, advertising, telephones, consultant fees, or the like included in an item which is attributable to a lobbying activity, and which is not attributable to a lobbying activity, and which is not attributable, to any substantial extent, to any activity other than lobbying. The term also means expenses included in an item partly attributable to activities other than lobbying, where such item may, with reasonable preciseness and ease, be directly allocated in part to lobbying, except that this sentence shall not apply to a regular publication of a voluntary membership organization published in substantial part for purposes unrelated to lobbying;".

On page 65, between lines 9 and 10, insert the following:

"(9) 'Gifts' include a donation, contribution, payment for services rendered, honorarium, loan advance salary, or other thing of value, including food, beverages, lodging, transportation, and entertainment. It does not include—

"(A) any loan made on terms and conditions that are not more favorable than available generally;

"(B) any gift where the parties are members of the same immediate family; and

"(C) a contribution to a candidate as defined in section 431(e) of title 2, United States Code;".

On page 65, line 10, strike out "(9)" and insert in lieu thereof "(10)".

On page 65, line 17, strike out "(10)" and insert in lieu thereof "(11)."

On page 65, line 24, strike out "(11)" and insert in lieu thereof "(12)".

On page 66, line 5, strike out "(12)" and insert in lieu thereof "(13)".

On page 66, beginning with line 9, strike out all through line 13 and insert in lieu thereof "matter in Congress;".

On page 66, line 14, strike out "(13)" and insert in lieu thereof "(14)".

On page 66, line 23 strike out "(14)" and insert in lieu thereof "(15)".

On page 67, line 1, strike out "(15)" and insert in lieu thereof "(16)".

On page 67, line 8, strike out "(16)" and insert in lieu thereof "(17)".

On page 67, line 14, strike out "(17)" and insert in lieu thereof "(18)".

On page 67, line 24, strike out "(18)" and insert in lieu thereof "(19)".

On page 68, line 3, strike out "(19)" and insert in lieu thereof "(20)".

On page 68, between lines 12 and 13, insert the following:

"(21) 'related organizations' includes (a) affiliates and (b) organizations which are associated with each other through any type of formal relationship other than affiliation (including the election of officers or directors, common funding, a charter or bylaws). The terms does not include an informal or ad hoc or alliance or coalition.".

On page 68, line 13, strike out "(20)" and insert in lieu thereof "(22)".

Mr. STAFFORD. Mr. President, will the Senator yield briefly?

Mr. METCALF. I am delighted to yield.

Mr. STAFFORD. Mr. President, the Senator from Vermont was necessarily absent from the Chamber on the vote on the amendment of the Senator from Maine, and I would like the RECORD to show that if the Senator from Vermont had been present he would have voted for the amendment.

I thank the Senator from Montana.

Mr. METCALF. Mr. President, from time to time after the reporting of this legislation, I had printed in the RECORD four proposed amendments. In this series of amendments I made an explanation of what the bill actually did and some of the corrections I felt should be made.

My amendments were discussed briefly yesterday. One was amendment No. 1651, a portion of which we just voted on. The section which was taken out pertains to coverage of the regular publications of voluntary membership organizations, such as the AFL–CIO, and the National Chamber of Commerce, and the National Association of Manufacturers.

The publications that I thought should be excluded from coverage are such periodicals as Nation's Business and the AFL–CIO News.

These are publications that are generally circulated and are not only found in dues-paying members' homes and offices, but are found in barbershops and libraries and, in some instances, are sold on the newsstands.

They are covered by S. 2477. They are covered, and an article in Nation's Business urging support for or against a piece of legislation, could be determined to be a lobbying solicitation, whereas such an appeal in the Western News of Hamilton, Mont., to vote for or against something could not be a lobbying solicitation unless it was in a paid advertisement.

The Washington Post can urge readers in an editorial to write Congress, and that is not lobbying, but if the AFL–CIO News makes a similar appeal in its news pages—which are circulated not only to members, but to nonmembers, as well as into every one of our offices—then they have to account for how much of the newspaper's cost was for, perhaps, the jokes in the machinists' column, and how much was for the lobbying activity.

I am very much concerned about this problem. But, I have withdrawn that concern from amendment, because a similar provision is in the comprehensive amendment.

Mr. President, in spite of the assurances the Senator from Connecticut gave to the Senator from Georgia yesterday that there are no questions about the constitutionality of this legislation, the unfair distinction between various types of publications—despite the fact they are published regularly and are circulated, publicly—may run into both 1st, 4th, and 14th amendment problems.

Mr. President, I want to renew my assurances, and the Senator from Connecticut and the Senator from Illinois both know that I am convinced that there should be a lobby disclosure bill. I am convinced that the 1946 Lobbying Act is completely ineffective. It would be better not to have any law at all than that act.

I am convinced that there should be disclosure. We conduct the people's business. I have supported disclosure and open meeting legislation in many areas. But, Mr. President, I cannot vote for this bill unless reasonable requirements are made for reporting, burdensome or unnecessary requirements are removed, and equitable provision is made for groups to petition their government without becoming subject to reporting as lobbyists.

Yesterday, the Senator from Connecticut said that I was trying to exempt the AFL–CIO or others. That is not true.

The amendment I am going to describe in a few minutes covers the AFL–CIO.

The AFL–CIO or the National Chamber of Commerce, as well as others of these large lobbying organizations, can certainly take care of themselves. They can prepare the reports. They can absorb the cost of the reporting requirements. They do not need any protection. But some of their affiliates may need protection. There may be no need at all to subject them to the burdensome reporting requirements in this bill.

Since S. 2477 was reported, I have talked to groups of people from time to time, attempting to interest them, and said, "Well, why do you not go home, sit down with your lawyers, take this bill and figure just exactly how your organization will be affected?" Many of them did that. And some came back to me and were horrified, saying, "Well, we cannot support any legislation at all." And others, "Well, what can we do to modify the legislation so that we can live with it?" Or, "What can we do to modify it so our affiliates can live with it?"

Subsequently, a group joined to suggest amendments, which I introduced yesterday as amendment No. 1830. This amendment does not eliminate all of the objections I have to the bill.

Yesterday, I also inserted in the RECORD a series of letters. Some of the groups said, "Well, we are absolutely against the lobbying disclosure bill, but if you are going to have to pass such a bill, pass one that includes the so-called Metcalf amendment."

This is the coalition supported amendment.

I could not get them interested in some of the problems that I described in connection with my four earlier. But they were concerned enough to draft some proposal, to refer to my staff. We helped with the draft which was worked over by the legislative counsel and the result is 1830.

(Mr. HUDDLESTON assumed the Chair at this point.)

Mr. METCALF. Mr. President, before I describe what amendment No. 1830 does, generally, let me comment on the home State or exemption, which it modifies. A home State exemption so that constituents can lobby their own Senators and Congressmen, without being covered, is very appealing. On the surface, it seems to be the kind of an exemption that we should write into the legislation. However, it opens huge loopholes.

For example, every one of the Washington-based lobbyists, with almost unlimited funds, have affiliates in the various States. Again, a personal example: the AFL–CIO does not need to call me at all. The AFL–CIO does not have to send a single person to see me. All they need under the home State exemption is to have somebody from the Montana State Federation of Labor call me.

The National Chamber of Commerce does not have to call me. All they have to do is have somebody from the Great Falls, the Billings, or the Missoula Chamber of Commerce call me. That sort of lobbying is much more effective than the lobbying from the District of Columbia based organizations.

The large, wealthy groups will have a tremendous advantage and a tremendous opportunity to use this loophole. The people who have WATS lines, unlimited telegraph allowances, and staffs for unlimited letter writing campaigns have a tremendous advantage under the home State exemption. Nevertheless, that is in the bill.

My amendment raises the threshold—from 12 to 25 oral lobbying communications—so there will be a protection for the home State people, and also provides an exception to protect local affiliates of nationally based groups. At the same time, it will eliminate the advantage given to these large lobbying organizations, whose representatives spend substantial periods of time in Washington.

The first thing that amendment No. 1830 does is to change threshold test so that, first, any organization becomes subject to registration if its paid employees make 25 or more oral lobbying communications in a quarter.

Excepted from this test are groups which—

First, are either affiliates whose parent organization are already registered as lobbyists, or whose annual income is less than $250,000; and

Second, neither maintain a Washington office nor assign their paid representatives for direct, face-to-face lobbying on five or more separate days during a 3-month period.

Thus, an affiliate of an organization which is already registered as a lobbyist, for example, the National Chamber of Commerce, or an organization which has an annual income of less than $250,000, would not have to report if it had no office here and its people did not speak directly to Members and staff personally on Capitol Hill. But the larger parent organizations, with offices here, would have to register and report, identifying their affiliates.

Further, an organization which had an annual income as defined by the bill of less than $250,000 would be exempt from registration or reporting if it neither maintained an office nor sent its representatives here to lobby in person.

This exemption, coupled with the higher threshold test, will protect small organizations, insuring that the bill's reporting requirements—and they will prove to be very burdensome for many—will not apply to distant affiliates or the vast majority of independent groups who come to see Senators or Congressmen only infrequently.

Certainly, the group which has an income of less than $250,000 yearly, does not maintain a Washington office, and sends its representatives just on one trip to talk to us, to talk to the Finance Committee about the tax bill, or to the Banking, Housing and Urban Affairs Committee about various changes in banking legislation, or to talk to this Senator about strip mining, should not have to be burdened by all these reporting requirements.

What we need, Mr. President, is disclosure. What we need is disclosure of the activities of the major lobbying organizations.

What we do not want to do is to discourage or inhibit the ordinary people of our State or other States from talking to their Senators or Congressmen.

I remind you, Mr. President, that the so-called home-State exemption places constraints on those from out of State who wish to see Senators other than their own. We are United States Senators. This is a Congress that makes laws for the United States.

The distinguished majority leader, my colleague from Montana, is not only a Senator from the State of Montana, with a population of a little over three-quarters of a million, but he is a leader in a Congress that writes the laws for the entire United States of America.

People may want to come from other States and talk to him about these matters. They should not pay a surcharge—in the form of costly reporting requirements—for communicating in the same manner that is free to Montanans.

My amendment also modifies the definition of affiliate, to include groups which are actually controlled by or subject to the practical control of a lobbying organization.

For instance, the chamber of commerce informs me they have chambers of commerce, State and local, throughout the United States, and they are not under the formal control of the National Chamber. They would be subject to registration and reporting under S. 2477.

Under my amendment, however, such groups as local churches, local chambers of commerce, and the like would qualify as affiliates and would not have to register if they did not maintain their own offices and assign their own people here.

An organization such as the chamber of commerce has people supporting it such as the large oil companies, Exxon, for instance. It has people supporting it such as the large industrial organizations. But they are not affiliates. They are separate organizations and are not treated as affiliates, under my amendment.

However, to insure that there is disclosure of lobbying solicitations directed to these nonaffiliated organizations, the amendment adds a new definition of "related organization." This term includes all affiliates, plus all the other organizations which would have been considered to be affiliates under the current bill, S. 2477, and thereby we preserve the requirement for disclosure of such activities.

Another change my amendment makes in the bill is to limit its coverage to communications which are intended to influence decisions on issues within Congress.

The amendment strikes out that portion of the S. 2477's definition of "issue" before Congress which relates to actions by Members and employees of Congress to influence or attempt to influence any action or proposed action by executive branch employees. Otherwise, the definition of "issue before the Congress" remains the same as in S. 2477, as reported.

Mr. President, I now want to turn to the question of what information lobbyists must report, another area which this amendment will modify and improve, I believe substantially.

Section 6(c) of S. 2477 would require the lobbying organization to describe every issue on which it engaged in lobbying communications, written or oral, as well as the 10 most significant issues on which each of its paid officers, paid directors, and paid employees spoke for it during each reporting period.

As a practical matter, despite the 10 issue limitation, this means that all employees would have to keep records on all the issues on which they lobby, so that their sponsoring organization does not miss a single issue in its report.

Many of these organizations, many of the major ones, lobby on as many as 100 issues in a session of Congress. Many of them send one lobbyist up on one issue and another on another, make a casual call on one issue and make a major lobbying effort on another; and the idea of the 10 most wanted list is certainly a burden when you consider the recordkeeping required.

Under provisions of my amendment, the requirement for describing every issue is eliminated. Instead, an organization will report on only the 25 most significant issues on which it lobbies. If it has not lobbied on 25 issues, it would report on only the issues that were lobbied.

This amendment eliminates reporting of the issues dealt with by each individually paid officer or employee of the lobbying organization, but those who lobby must be identified, as is the case in S. 2477.

We modify section 6(c) (4) pertaining to the computation of the total dollar amounts expended in connection with all lobbying activities.

Such a requirement would not be unduly burdensome if organizations could always isolate all their lobbying activities in separate compartments. Unfortunately, this neat division of labor is not possible.

Where computation is most difficult is for the casual employee who spends only a part of his time lobbying. Much of the cost information that would be required, such as overhead, is by no means clearly relevant to any determination of how much of an organization's resources are devoted to lobbying activities.

What really counts are the direct expenses of the lobbyists, and under the provisions of my amendment, only the reporting of such expenses, as defined under S. 2477, would be required.

In addition, our language specifically requires inclusion of the portion of the salary paid any employee for time devoted to lobbying activities, except for those who spend only 10 percent or less of their time on such activities.

For example, the Farmers Union might have some of its paid employees come in with a busload of people to our offices, and the president of the Farmers Union would lobby every one of the Senators about the needs of agriculture in his State. If more than 10 percent of his salary was allocated to lobbying activity, they would have to report it, but if it was less than that, they would not.

Another important feature of this section of the amendment eliminates the reporting requirement for lobbying solicitations relating to an organization's regular publications. Because of the bill's broad definition of solicitation—and even though my amendment No. 1651 narrowed this considerably—a general article in such a magazine as Nation's Business relating to legislation could be construed to constitute a solicitation, in a publication which is otherwise primarily devoted merely to general news and information.

For each issue of such publications, it will be necessary to determine which articles contain solicitations, which are for the information of the Members, and which were just of general news value.

You might find an appeal to write to Congress in a part of a general article on the tax bill, and the sponsoring organization would have to estimate the cost of that part for its report.

The elimination of this burdensome requirement—and it is a burden, and I doubt that the results would have any validity—is accomplished by redefining the term "direct expenses" to mean that the cost of publishing a house organ need not be reported.

Finally, Mr. President, one of the most difficult provisions in this bill is that in section 7, pertaining to the reporting of gifts. This business of reporting gifts is a very difficult one. What is the threshold for the reporting of gifts? Is it the reporting of a luncheon with a lobbyist? Is there a dollar threshold, or is there a service threshold? Is it reporting a trip on an industrial plane that is going your way already?

These things are problems. They were a problem to the committee. I believe that in resolving this problem, we have probably leaned over backward and made it very difficult to even associate with our former friends who might come back here on an expedition to try to get a contract, and ask us to go to dinner, have lunch, or something of the sort.

In any event, my amendment adds a requirement for reporting major entertainment expenses, such as congressional receptions, if the direct expenses involved exceed $500.

Another new provision provides that organizations which have no registered lobbyists—but nonetheless provide gifts to Members of Congress and staff personnel—would be required to report such expenditures if they amount to $250 or more in any quarterly period.

Receptions are not considered as reportable gifts under this provision. Only gifts made directly from funds of the organization or for which the organization provides reimbursement are included.

Mr. President, during the course of the markup on S. 2477, I offered other amendments. As I say, I feel rather strongly about some of them. But the provisions of this amendment are based on a consensus among a broad coalition of groups which are going to be directly affected. They feel they can live with S. 2477, with my amendment, and I am convinced that, as amended, this bill will provide for meaningful disclosure, yet at the same time will not diminish the ability of citizens to talk to their elected representatives.

I reserve the remainder of my time.

Mr. **RIBICOFF**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. **RIBICOFF**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **RIBICOFF**. Mr. President, I rise in opposition to the amendment of the distinguished Senator from Montana. His amendment would really add a second definition of a lobbyist, largely exempting from any reporting or registration requirements affiliated organizations and organizations having an income under $250,000 a year, located outside Washington, D.C. Further, the second part of the amendment would eliminate the home State exemption and raise the number of oral contacts the organization may make before becoming a lobbyist.

The same type of provision under the Hathaway amendment was overwhelmingly defeated on a rollcall vote.

The first part of the Metcalf amendment apparently totally exempts from the bill any organization that either has an income under $250,000 or is affiliated with an organization that is a lobbyist so long as, in either case, the organization does not have an office in Washington. The only limitation is that the organization not send its paid employees to lobby in Washington on 5 or more days in a quarter. If it does so and meets the other tests, only then would the organization have to register and report.

Such an amendment is very undesirable. It creates artificial distinctions which are hard to define and enforce, but easy to exceed and abuse. Whether an organization is a lobbyist under this proposal would bear no necessary relationship to the amount of lobbying it does. It would leave out many organizations that do very substantial amounts of lobbying and who should have to register and report under any reasonable or fair lobbying law. Affiliates that do unlimited telephone lobbying would be exempted. Other, perhaps smaller, organizations that talk just to their State delegation any more than 25 times would become lobbyists. The tests established could be easily evaded. It unwisely abandons the bill's basic evenhanded approach and provides special treatment for one kind of organization compared to another. The proposed changes are unnecessary to protect the legitimate interests of small or affiliated organizations.

The proposal bears no clear relationship to an organization's influence.

The test assumes that an organization outside Washington, D.C. with an income of less than $250,000 will not have sufficient influence on the decisionmaking process. This is not so. The amount of money spent is not directly equivalent to an organization's influence.

An organization outside Washington, D.C. which has operating expenses of $240,000 and spends all of that amount on lobbying could make an unlimited number of telephone calls and never have to register.

Similarly, the proposal provides special treatment for affiliates. An affiliate outside Washington may be very influential, and engage in very substantial lobbying efforts, and never have to register. There is no justification for exempting an organization that engages in an unlimited number of telephone calls just because it happens to be affiliated with a lobbying organization.

The Metcalf proposal would impose a definition of a lobbyist which may well bear no relationship to the extent that the organization engages in lobbying or the extent of its influence.

The proposal creates large loopholes.

A definition based on such artificial distinctions will be widely abused and evaded. A host of lobbylists' offices are likely to be located just outside the Washington area.

The proposal would spawn separate organizations devoted exclusively to lobbying on behalf of other affiliated organizations. All the organization would have to do is to locate its offices outside the greater Washington, D.C. area.

Further, the provision provides a total reporting exemption for affiliates as well.

There is no requirement in the Metcalf amendment that the lobbying organization that is the parent of an exempted affiliate provide any information about the lobbying activities of its exempted affiliate. The provision does not require that the parent organization provide very basic information about the issues on which the parent has asked the exempted affiliate to work.

The practical effect of the proposal in toto would be to provide special treatment for affiliates and relatively small voluntary membership organizations, compared to business and other types of organizations.

Further, the provision is unnecessary.

The committee's bill already amply protects the small organizations, whether or not they are affiliated with a larger organization, from undue reporting burdens.

Test for larger, unaffiliated organizations is not reasonable.

The proposed amendment would also strike the home State exemption for organizations that do not have an operating budget under $150,000 a year. At the same time it would substantially raise to 25 the total number of lobbying communications such an organization may engage in before becoming a lobbyist.

Mr. President, as we analyze the Metcalf amendment, it is obvious that it eliminates the evenhanded proposals of the committee bill. It is absolutely unnecessary and would be creating preferential treatment for one group of lobbyists over other groups of lobbyists. I hope that the Senate rejects the Metcalf proposals.

Mr. **PERCY**. Mr. President, I wish to ask the distinguished Senator from Montana a question or two. Could he tell the Senator from Illinois exactly what the Washington, District of Columbia, standard metropolitan statistical area is?

In other words, I am simply putting myself in the role of a lobbying organization, let us just say the NRA, located right in Washington, D.C., and I find that I must file reports if I am in this particular statistical metropolitan area. I have determined I do not care to file reports but I desire to stay as close to Washington as possible. I want to disrupt my operations as little as possible. I wish to carry on exactly the same kind of work I am doing, but I want to get out of this reporting requirement. How far will I have to go?

Mr. **METCALF**. I have a map. The description is a standard, recognized description by the Bureau of the Census and is published on a map. So it is definite as to what the area is. One would have to go out of town, from the center of town, about 60 miles to get out.

Mr. PERCY. Is Baltimore, for example, in the area?

Mr. METCALF. No.

Mr. PERCY. Baltimore is not. So I could at least move my office to Baltimore.

Mr. METCALF. If the Senator wished to make that sacrifice.

Mr. PERCY. Is Reston in the area?

Mr. METCALF. Yes. In the map that is before me, I do not have these special localities; but as I see the map, Reston is in the area.

Mr. PERCY. If we are trying to evacuate Washington and get rid of a lot of lobbyists and open up some office space, this might be the way to do it, because I think many of these organizations would just move outside and commute. They might have an hour's drive or half an hour's drive, but I think they could very easily then receive special, favored treatment.

As the Senator from Illinois said the other day, I do not know how we could operate without lobbyists. I would like to have them here, as close as possible. All of these lobbyists are an important source of information—whether they are union groups, labor groups, business groups, the NRA, or whatever. They can present to us the best evidence, the best side of their argument, so that our staffs have the kind of analysis we need in our appraisal of a piece of legislation. We can get it on both sides. I do not want them to have a disincentive to be in the District of Columbia. We are not that tight on office space.

It seems that this amendment provides a tremendous loophole for these organizations that do not want to report, the very kind of groups on which we want that information. They are going to move out. If their overriding concern is public knowledge as to what they are doing, they are going to get out to wherever it is necessary to get to—Columbia, Baltimore—and operate out of there, and they will be totally exempt from the provisions.

For that reason as well as the fact that this amendment would enable national organizations to hide lobbying done through their affiliates, the Senator from Illinois would be forced to oppose the amendment offered by the distinguished Senator, who has been very helpful in this area.

Mr. METCALF. Mr. President, may I be recognized, on my time, to respond?

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. METCALF. Mr. President, if this bill is passed in its present form, there will be an entirely new growth industry in the District of Columbia. There will be storage rooms for all the filing cabinets we will need to take care of the blizzard of paperwork that will develop. Salesmen for filing companies, paper companies, and so forth, will flock in to take care of it. We may be able to fill up the basement of the FBI building immediately and have to dig another one down there, or build another Pentagon for such things.

We have to have someplace as a definition of the base of the lobbying organization. These people are here in Washington.

I agree completely with the Senator from Illinois that lobbying is an honorable profession. Every time we get a list of the 10 most respected men in America, we invariably find Ralph Nader on that list. He is a professional lobbyist and nothing else. The man who has had more to do in getting this bill before Congress than anybody else, John Gardner, is a lobbyist, and he is respected.

Believe me, I call on the lobbyists for information and for assistance and for facts more than they call on me, with respect to legislation. I want them here. I suggest that they will want to be here in order to do the very job they have to do; that they will not move out to Baltimore or Philadelphia, even if they can come in rapidly on the Metroliner.

It may be that people deliberately will want to evade the provisions of reporting and recordkeeping by moving out and moving their headquarters away from Washington to some other point, but the costs involved for the major lobbying organizations would prevent that.

The home State exemption is a much larger loophole. The lobbying organization's Washington man can sit downtown and get on a WATS line, call people all over the United States, and suggest that they call somebody from Kentucky and somebody from Connecticut and somebody from Illinois and somebody from Montana—to call their respective Senators. Some have enough money to get their members or associates on airplanes and say, "Go see your Congressman," and there will be no reporting requirement, none of the burdensome reporting that would accrue to other less well funded organizations, such as some of the conservation groups which do not have the telephones and do not have the expense accounts and do not have the manpower to do something such as that.

So, in order to take care of the difference between the smaller groups and the big professional guns for hire, this is a legitimate and a valid distinction. It is definite. It can be determined as to just where the boundary line is, from a standard Government publication.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time,

Mr. RIBICOFF. Will the Chair indicate how much time remains to both sides?

The PRESIDING OFFICER. The Senator from Montana has 56 minutes remaining. The Senator from Connecticut has 18 minutes.

Mr. RIBICOFF. Mr. President, I know that the distinguished Senator from Maine and the distinguished Senator from New York have an amendment to the amendment which will be ready in a few minutes, and they would like to offer it. So I suggest the absence of a quorum.

Mr. PERCY. Mr. President, will the Senator withhold that?

Mr. RIBICOFF. Yes.

The Senator from Illinois would like to ask a couple of questions of the Senator from Montana.

Mr. METCALF. I yield on my time.

Mr. PERCY. The Senator from Montana has indicated that the present bill before us would require a lot of recordkeeping and so forth. On page 4 of the Senator's amendment, lines 18 through 22, it is indicated that—this is an insertion into the bill—lobbyists would have to report "the portions of the salary of any paid officer, paid director or paid employee attributable to such person's activities related to lobbying if such portion exceeds 10 percent of his activities on behalf of the organization." It would seem to me that a considerable number of employees would have to start keeping records very much like lawyers, charging their time to clients. Is that a way to eliminate recordkeeping?

The present bill before us only requires a statement as to the total amount of money spent. This amendment would require lobbyists to allocate proportionate amounts of salaries of individuals, and they would have to make certain that the threshold for every individual on the staff was not exceeded by having that 10 percent figure in there. So everyone has to have his salary and all his activities monitored. Does this not create paperwork and create an obvious opportunity for evasion, and a great deal of gray area as to how to prove whether a person falls under that or not?

Mr. METCALF. Of course it is paperwork. Of course there are reporting requirements. Any disclosure measure would require such reporting, such paperwork, breakdowns and analysis. The point I want to make is that with the higher threshold in my amendment, the bill's reporting requirements will fall primarily on larger nationally based organizations—which can absorb the costs—and my amendment also reduces the requirements, overall.

The Senator from Montana recognizes that one of the burdens of running an office in the Congress of the United States is this matter of operating in the open. The Senator from Illinois and I are in complete agreement that when we are doing the people's business, we have to have disclosure. In spite of the fact that the Constitution says that you have a right to petition for redress of grievances, it does not say that you have a right to petition secretly for such redress of grievances.

Inevitably, we are going to have paperwork. We are going to have burdensome reporting; we are going to have the kind of paperwork that we deplore but which, nevertheless, is necessary in order to have evidence of what goes on. But I am trying to keep the paperwork to a minimum, to what is essential, not to require paperwork from the legion of smaller groups that would have to report under S. 2477.

Mr. PERCY. My second question relates again to who is exempted. The Senator from Illinois would like to determine from his colleague whether or not the Senator from Montana really does believe that we ought to have more information available about who is lobbying whom and what their objectives are and how much money they are spending. Are we in agreement on that overall basic objective?

Mr. METCALF. Yes, sir. The Senator knows that, too.

Mr. PERCY. Then, obviously, what we are trying to do is draft legislation that will not be subject to a great many loopholes. The Senator from Illinois has already pointed out one loophole where an organization can just move a few miles out of Washington and be totally exempt. Here I think is an even bigger loophole. On page 2, lines 21 and 22, there is exempted an affiliate of an organization which is, itself, a lobbyist. The Senator from Illinois recognizes that there is concern among some labor unions that their local chapters would be required to report. But the Senator from Illinois would like to know from the Senator from Montana whether or not the whole purpose of the bill would not be defeated with that exemption the way it is drafted right now.

Take the U.S. Chamber of Commerce. They are registered to lobby, but they have also chambers of commerce all over the United States. In the State of Illinois they have them affiliated all thorugh the State. The chamber in Chicago, Springfield, Peoria, Paris, Illinois, and Vienna, and so forth—they would all be exempt.

So why would not the great organization here in Washington simply say, all we do is change our direction. Instead of our doing it, why not do it through our local organizations, and no one will have to report their activities?

Should we not know how much effort is being exerted to defeat the consumer protection agency, now called the Agency for Consumer Advocacy, which the Senator from Montana is a strong supporter of, and not have that subterfuge used by going through affiliates who are exempt?

Mr. RIBICOFF. If the Senator will yield.

Mr. METCALF. I have the floor and I am glad to yield.

Mr. RIBICOFF. I could imagine that the city of Chicago Chamber of Commerce or the Illinois Chamber of Commerce would have a very substantial budget. Is that not true?

Mr. PERCY. That is right.

Mr. RIBICOFF. They would have a substantial budget and they would also have a staff sufficiently large to enable it to come to Washington to lobby, or to hire representatives. They would be exempt because they are an affiliate outside of the greater Washington area. Therefore, I can see how wrong it would be. To me, it would seem that the same would apply to a large labor local. The AFL–CIO that was located in Chicago or New York—may have a substantial budget. They would have enough employees to be able to come to Washington. To pass an amendment such as this that would eliminate any record of the activities of this affiliate unless they lobbied in person on five or more days eliminates the evenhanded philosophy that goes throughout this entire bill. The bill must treat every segment of American society on the same basis.

Mr. PERCY. That is correct. The Senator from Illinois would like simply to add also that, as I read the Metcalf amendment, there is no way that we would be able to get any information as to what the national actually directs the local to do. They can direct them to carry on lobbying activities; they can provide all kinds of assistance to them. It looks, again, like a huge loophole which really frustrates the efforts of the Senator from Montana to write legislation that will be effective and cannot be circumvented as easily as it would appear that this could be circumvented.

Mr. METCALF. Mr. President, the two Illinois "affiliates" described by the Senator from Connecticut certainly would be required to register and report under provisions of my amendment. A large well-financed State chamber of commerce in Illinois that engaged in substantial lobbying activity here in Washington would pass the threshold and be required to report. The same is true of the Illinois State Federation of Labor.

But suppose you have a smaller chamber of commerce, not even under the control of the national chamber. They may be responsible under S. 2477 for reporting of lobbying activities and not even know what is going on in some State and local chambers of commerce.

Mr. PERCY. Will the Senator yield for a question?

Mr. METCALF. I did not interrupt the Senator while he was propounding a long question. May I complete my statement?

Mr. PERCY. The Senator has the floor, of course.

Mr. METCALF. S. 2477 requires that if the AFL–CIO and the National Chamber of Commerce—and we keep dragging them in because they are two of the major national lobbying organizations—have people, which participate in their lobbying activity, they have to list them and tell what they have done and where.

But the kind of loophole that the Senator from Illinois is talking about is covered because the Illinois State Federation of Labor, would probably engage in more than 5 days of direct lobbying here in a quarter, and would make more than 25 calls, thus triggering the reporting registration and reporting requirements.

I now yield to the Senator.

Mr. PERCY. The Senator from Illinois would just like to ask this question: Let us just take three of the most powerful, influential business organizations that are local: the New York Chamber of Commerce, the Chicago Association of Commerce and Industry, the Los Angeles Chamber of Commerce. Would it not be possible for them to make unlimited phone calls, make unlimited contacts by correspondence with Members of Congress and lobby full time 4 days every quarter in Washington and not report one bit?

Mr. RIBICOFF. Mr. President, I ask unanimous consent, without losing the floor, that the colloquy between the distinguished Senator from Illinois and the distinguished Senator from Montana be suspended to allow the distinguished Senator from Maine to put in an amendment. He is already late to a Budget Committee hearing.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

UP AMENDMENT NO. 32

Mr. MUSKIE. Mr. President, I send an amendment to the desk and ask that it be stated.

May I say that I am most appreciative of my colleagues, Senator Ribicoff, Senator Metcalf, and Senator Percy, for giving me this courtesy. I would like to get this amendment into the dialog and, perhaps, add to it—maybe not—but, in any case, put it before the Senate.

The PRESIDING OFFICER. The Senator requires unanimous consent in order to call up the amendment.

Mr. MUSKIE. Mr. President, I ask unanimous consent that the *pending* amendment be temporarily laid aside and my amendment considered so that it may be reported.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1 of amendment No. 1830 strike lines 4 through page 3 line 5 and insert in lieu thereof:

(2) an organization, other than an organization described in subsection (f) of this section, which engages on its own behalf, or on behalf of its members, in twelve or more oral lobbying communications in any quarterly period, acting through its own paid officers, paid directors, or paid employees. For purposes of determining whether any organization is a lobbyist under this paragraph, there shall be excluded any communication with a Member of Congress, or an individual on the personal staff of such Member, representing the State, or the congressional district within the State, in which such organization has its principal place of business, and, further, there shall be excluded any communication initiated by Congress whereby the organization provides information or opinions to Congress solely at the request of Congress; or

"(f) Any organization that would otherwise be a lobbyist solely as a result of this paragraph of this section shall not be a lobbyist for purposes of this Act if

(i) the Comptroller General determines that the organization is a controlled local affiliate of a parent voluntary membership organization. The Comptroller General shall not designate any organization a controlled local affiliate if he determines that it is the intent of the parent organization to use such a designation as a means to evade, in whole or in part, the requirements of this Act;

(ii) the paid officers, paid directors, and paid employees of the controlled local affiliate engage in less than 12 in person oral lobbying communications in the quarter; and

(iii) the parent voluntary membership organization is a lobbyist which includes on its quarterly report all the information on the lobbying activities of the controlled local affiliate described in subsection (g) of this section.

"(g) A parent voluntary membership organization may also provide the following additional information about the lobbying activities of any of its controlled local affiliates described in subsection (f) of section 3 of the Act:

(1) the identity of the affiliate and the approximate number of individuals who are

members of that affiliate, and the approximate number of organizations which are members of that affiliate;

(2) a description of each issue in connection with which the lobbyist urged, requested, or required the affiliate to engage in one or more lobbying communications or solicitations; and

(3) a report of any gifts by the affiliate or its officers, directors, or employees, which the affiliate would otherwise be required as a lobbyist to report pursuant to section 7."

"(h) For purposes of subsection (g) controlled local affiliate means a local voluntary membership organization whose lobbying activities and policies are, either by formal agreement, or by practice, subject to the control of a parent voluntary membership organization with whom the affiliate is related through bylaws, charters, or similar agreements. In determining whether an organization is a controlled local affiliate the Comptroller General shall consider, among other factors, whether the parent may control what position the affiliate may take on an issue before Congress, and whether the parent may require the affiliate to engage, or not to engage, in particular lobbying communications or solicitations."

Strike page 3, line 9, of amendment No. 1830 through line 7 on page 6.

Strike line 10 of page 6 of amendment No. 1830 through line 2 of page 8 and insert in lieu thereof:

honorarium and a description of the gift, loan, or honorarium and its amount or value, except that in the case of a gift described in subsection (d) the recipients need not be named individually, but may be described by appropriate categories."

(b) The requirements of this section shall apply—

(1) to any gift or loan of money, or any honorarium, made during the quarterly period by the lobbyist, by any officer, director, or employee of the lobbyist, or by any legislative agent on behalf of the lobbyist, which exceeds $10 in amount;

(2) to any gift or loan of any goods, services, or any other thing of value made during the quarterly period, by the lobbyist, or by a legislative agent on behalf of the lobbyist, including food, lodging, transportation or entertainment, which exceeds $10 in value;

(3) to any gift or loan of any goods, services, or any other thing of value made during the quarterly period by any officer, director, or employee of the lobbyist or by a legislative agent on behalf of the lobbyist, which exceeds $10 in value and which the officer, director, employee, or legislative agent has taken or will take, in whole or in part, as a deduction under section 162 or 212 of the Internal Revenue Code;

where the aggregate value of all the gifts, loans, or honorariums described in paragraphs (1), (2), and (3) made by the lobbyist, or by the officers, directors, employees, or legislative agents of the lobbyist, to any individual Member, officer, or employee of Congress exceeds $50 in amount of value.

(c) The requirements of this section shall also apply to any gift or loan of any goods, services, or any other thing of value, including food, lodging, transportation, or entertainment, made during the quarterly period by an officer, director or employee of the lobbyist, or by a legislative agent on behalf of the lobbyist, which exceeds $100 in value.

"(d) The requirements of this section shall also apply to any reception, dinner, or other similar event paid for, in whole or in part, by the lobbyist for Members, officers, or employees of Congress, regardless of the number of persons invited or in attendance, where the total cost of the event exceeds $500;"

(d) This section shall not apply to any loan made on terms and conditions that are no more favorable than available generally, or to any gift or loan to any individual who is an immediate member of the family of the donor or lender, or to any contribution to a candidate as defined in section 431(e) of title 2, United States Code.

Strike line 7 of page 7 of amendment No. 1830 through line 13 of page 9.

Strike line 5 of page 10 of amendment No. 1830 through page 11, line 25.

Mr. JAVITS. Mr. President, I ask unanimous consent that four lines of the lobbying bill be reinserted as part of unprinted amendment No. 32 after line 14. The lines are:

(3) an organization which, in any quarterly period, engages directly or through a legislative agent in any lobbying solicitations where the total direct expenses of such solicitations is $5,000 or more.

The PRESIDING OFFICER. Without objection, it is so ordered.

(This concludes the proceedings which occurred earlier in the day.)

Mr. MUSKIE. Mr. President, I offer this amendment on behalf of myself, Senator JAVITS, Senator BROCK, and Senator CLARK, and I will at this point describe it briefly.

Before I do, may I say I listened with great interest and great respect to the comments of my good friend from Montana, Senator METCALF. I know of his extensive work on this bill in the Committee on Government Operations of which we are both members, and a great deal of the philosophy which he expressed with reference to the objectives and the problems of the disclosure bill I find myself in agreement with.

I think we ought to be careful that in the process of writing the lobbying disclosure law that we do not chill the right of citizens to petition Congress as provided in the Constitution of the United States.

It is not easy to draw that line, and the Senator from Montana has undertaken to refine that line in order to serve both objectives with maximum benefit to the public interest. I want him to understand that I sympathize wholly with his objectives, and I do not suspect his motives at all. As a matter of fact, I honor them completely, and it may be that the formula I am advocating may also be subject to some questions. But may I describe it.

This amendment, Mr. President, hopefully insures that the local affiliates of a lobbyist which carry out the policy or the wishes of that lobbyist would not be required to register and report as a lobbyist unless they make 12 or more in-person contacts with Congress. Therefore, such a local affiliate will not have to register and report regardless of the extent of its lobbying by letters, telegrams, or telephone.

Incidentally, I hope to give a copy to the Senator, and I will get it shortly.

The amendment applies to all organizations whose lobbying practices are directed by a parent organization which is itself a lobbyist. It will apply to national labor unions and their State and local organizations. It will apply to churches and their State and local organizations. The Comptroller General determines that an affiliate qualifies as a controlled local affiliate under this provision.

The parent organization of the controlled affiliate must provide a minimal amount of information about the activities of its affiliates. This information is limited to: First, a description of the affiliate; second, a description of the issues before Congress on which the parent organization asked the affiliate to lobby; and third, a report on any gifts by the affiliate to Congress where the gifts are large enough to meet the reporting requirements applicable to lobbyists themselves.

The amendment will provide Congress and the public with the essential information about the lobbying activities of a controlled local affiliate. But it does so in a way that avoids placing any reporting burden on the local affiliate itself.

The remainder of the compromise amendment is addressed to a number of questions raised during the consideration of this legislation. These include the following:

A clarification of the definition of an oral lobbying communication so as to minimize the number of oral lobbying contacts that will be allocable to an organization which sends several employees to a single meeting with Congress;

An addition to the reporting requirements applicable to gifts to cover large receptions or similar events given by lobbyists for Congress;

An addition to the definition of "direct expenses" so that an organization need not determine what portion of the cost of its regular newsletters is allocable to lobbying when calculating the amount spent by it on lobbying solicitations.

Now, Mr. President, I think all of us who have been here any length of time at all understand that lobbying is done in two ways: By direct contact here in Washington with Members of Congress; and, second, by directing communications from our constituents to bring pressure or influence upon us indirectly. I myself think that the latter kind of lobbying is the most effective in the long run. It is, after all, our constituents to whom we are answerable and accountable, and when a national organization is able to generate that kind of pressure with local affiliates upon Members of Congress I think that ought to be understood. It ought to be understood that that kind of pressure is lobbying in the same way, with the same impact and, perhaps, even greater, than the lobbying which is applied directly to us here in Washington.

It is with that in mind that we tried to phrase this amendment to try to meet some of the legitimate questions which the Senator from Montana has raised while, at the same meeting the broad and, hopefully, even-handed objectives of the bill itself.

At this point I regret I must go to a meeting of the Budget Committee which was called at 10 o'clock to consider the tax bill which is pending, and it is a rather important one, and I apologize for that fact. But I understand that my cosponsors and, indeed, Senator RIBICOFF himself, are ready to address themselves to the language of the amendment, and I hope the Senator from Montana would do so as well.

Mr. RIBICOFF. Mr. President, I ask for the yeas and nays on the Muskie amendment and the Metcalf amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

PRIVILEGE OF THE FLOOR

Mr. MUSKIE. Mr. President, I ask unanimous consent that Alvin From of my staff have the privileges of the floor during the consideration and debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. JAVITS. Mr. President, who has the time?

Mr. METCALF. I am prepared to yield time in just a moment. May I yield myself 1 minute.

Mr. President, the Senator from Maine has made several cogent suggestions. For instance, he has proposed a solution, I think, in his amendment to some of the criticism I have had about the home State exemption.

Some of the other questions that were raised by the Senator from Illinois are raised by the amendment of the Senator from Maine.

I will yield to the Senator from New York in 30 seconds.

However, I have not seen the exact language, where it fits into my amendment, and I will reserve further comment on it until I do have an opportunity to examine it, though right now I respond favorably to many of the comments of the Senator from Maine.

Now I yield to the Senator from New York, if he desires.

Mr. JAVITS. Mr. President, I understand there is time on the amendment, and in order to economize on time, I yield myself 5 minutes of the time.

Mr. METCALF. Very well.

Mr. JAVITS. Mr. President, I think what Senator METCALF has just said is quite characteristic and also very appropriate to the situation.

We on the side of the committee bill have also had to grapple with the Metcalf amendment which came to us rather overnight, as it were, and came in a complete package so that it was not too easy to design the ways in which to amend the Metcalf amendment.

Similarly, Senator METCALF has had his own problem with respect to absorbing so quickly the suggestions which Senator MUSKIE and I and our associates are making.

Mr. President, the group which is backing this bill essentially, having settled itself on problems yesterday respecting lobbying in the executive branch, has sent a letter to the members dated yesterday which deals with our position on Senator METCALF's amendment.

I wish to emphasize that there are no ideological problems between us. Senator METCALF believes in a lobbying reform bill, and we do, and an effective one. The difficulty is that we believe Senator METCALF's amendment, in an effort to deal with the problems of union affiliates, to deal with the problem of the Nader and other public interest organizations, excludes critically important elements of the bill which should not be excluded.

Senator RIBICOFF has explained our position very admirably.

We feel that lobbying is an honorable undertaking. We are idea blind as far as lobbying is concerned. In other words, we lobby for what we wish, whether for liberal causes, at least as popularly defined, or conservative causes. We expect the same rules for both, and that is what this really tests.

We feel the proposal opened important loopholes in the bill, for example, the 25 oral communications as against 12 in a quarter, and the fact that on a given number of days a lobbying effort could be concentrated without being subject to the act under Senator METCALF's amendment. Likewise, by taking out the provision which we put in which would bring Ralph Nader—for whom I have great admiration—under this bill, and his organization, we would violate our goal of evenhandedness. We feel that the better way to approach that—and, essentially, this is the difference between the two amendments—is to agglomerate the activities of affiliates and related organizations and require, as it were, a consolidated return.

That is the essence of the amendment which Senator MUSKIE and I presented. Let us say that the principal lobbying organization is a trade union or a trade association, with union locals, and even regional organizations, or a trade association with local trade associations. When the principal organization essentially controls, in lobbying terms, the activities of the local organization, it may agglomerate the totality of the lobbying activities.

The requirements then become very minor in terms of the details of their own activities.

We exclude all telephone contacts, and stick only to the oral in person communications. We also simplify other matters as Senator METCALF has done respecting receptions, dinners, et cetera, and simplify the matter of reporting when many people are involved in a given conference, that would under the original bill proliferate the number of oral communications.

There is no question here about purpose or intent or design or enthusiasm for control respecting public disclosures as to lobbying on both sides. But the essential thrust of Senator METCALF's approach is to so relax the rules as to allow the local organization, which is part of the total national organization, to operate free of the law.

We bring it under the law, but we bring it under by the efficient, we think, way of a consolidated return—to give the analogy to the tax system. The other things are refinements.

We may have a view that a particular luncheon or dinner or reception should be based on a per person basis. I personally would prefer that it be that way, rather than a total of $500, or something like that, because that would only, for example, allow 50 people at $10 a head, which is probably quite impractical.

But the fundamental thrust, we do not agree on. So, in my judgment, we have to leave it up to the Senate.

Again, just to repeat and end my time, the fundamental thrust being that we propose to agglomerate the information on locals by a report by the principal, lobbying from them, to wit, the head organization.

We, therefore, do not automatically exclude people who do not lobby in Washington. We intend, precisely, to reach everybody who has that kind of dominant lobbying position. That is the essential thrust of ours as contrasted with the kind of tailoring of the proposition that local entities are not included in the law.

I hope very much the Senate will support our position.

Mr. RIBICOFF. Mr. President, I want to take this opportunity to commend Senators MUSKIE, JAVITS, BROCK, and CLARK for their hard work and statesmanlike activities in drafting this amendment to the Metcalf amendment.

It is my feeling that, in doing so, it goes very far toward the problems addressed by the distinguished Senator from Montana. This amendment insures that the controlled local affiliates of a national lobbying organization will not be required to register and report as lobbyists unless they make substantial in person contacts with Congress. Therefore, such local affiliates will not have to register and report regardless of the extent of their lobbying by letters, telegrams, or telephone.

It applies to all organizations whose lobbying practices are directed by a parent organization which is itself a lobbyist. Therefore, it will apply to national labor unions and their State and local organizations, and also many public interest groups and their local and State chapters.

It will also apply to churches and their State and their local organizations. This last question was raised by the distinguished Senator from Rhode Island yesterday.

At the same time, it does eliminate from the Metcalf amendment the provision which would delete the home-district exemption, upon which there was a substantial negative vote on the Hathaway amendment.

As far as I am concerned, I shall vote for the Muskie-Javits-Brock-Clark amendment.

I would hope also that the distinguished Senator from Montana could see fit to accept the Muskie-Javits amendment. This would be a solution to many of the difficulties we now find ourselves facing.

Again my commendation to Senator MUSKIE and Senator JAVITS.

I do want to take this opportunity to give high praise to the distinguished Senator from Montana. Throughout the hearings and the markup of the entire bill his contributions were many, substantial, and important. His imprint can be found throughout S. 2477.

Mr. PERCY. Mr. President, I think possibly Senator METCALF might like to have reactions from both sides of the aisle. That would give him a further opportunity to study the amendment to his own amendment.

Mr. President, the Senator from Illinois, if the Senator from Montana would accept and support this amendment to his amendment, would find the amendment of the Senator from Montana then acceptable. Certainly, the Senator from Montana is attempting to achieve certain objectives which we all share. However, there have been in the course of our colloquy and conversations on the amendments certain problems pointed out which I think overnight we have tried to take into account. I think by a melding of forces we may have arrived at a consensus.

I can assure the Senator from Montana that all of the problems presented by all of the groups which are interested in this are not being resolved. They are not all going to be happy, but there may be an equality of unhappiness that will enable us to move forward to a consensus.

This amendment to the Metcalf amendment addresses the basic problem of burdensome reporting by local affiliates. That is the first point I would like to make.

Second, it retains certain Metcalf provisions which the Senator from Illinois thinks will actually improve the bill.

Third, it does not open major loopholes for hiding extensive lobbying through local affiliates, which the Senator from Illinois is certain is an objective that he shares in common with the Senator from Montana.

I would like to comment on the first problem I saw with the Metcalf amendment, unamended.

It allows national organizations to lobby through local affiliates, no matter how large the affiliate, with no reporting. The amendment to the Metcalf amendment would eliminate the reporting burden on local affiliates so they would not have to register as lobbyists. But critical information with respect to what the locals have been directed to do would be reported.

In other words, the objection raised by the Senator from Illinois is that we would not know what direction had been sent from the Washington-based U.S. Chamber of Commerce or the Washington-based AFL–CIO to its local affiliates. We would not have any sense of what direction they are being given. The Muskie-Javits amendment would correct that problem. So the objection the Senator from Illinois had to the original version would be removed.

Second, the original amendment allowed affiliates and moderately small groups outside of Washington to make unlimited phone calls and lobby on 4 days in Washington, possibly making hundreds of contacts without any disclosure whatsoever. This appeared to be a major loophole to the Senator from Illinois.

The amendment now being offered to the Metcalf amendment applies the same number of in-person contacts as for any other lobbyist before they have to disclose. Locals can make unlimited phone calls but the fact that they have been directed to lobby will be reported. We would be on notice of that, which I think is information that we all want to have available to us.

Third and finally, the original version would exempt an individual such as Ralph Nader from being identified as a lobbyist.

I happen to share with my distinguished colleague from Connecticut and my distinguished colleague from New York an immense admiration for Ralph Nader. I do not care who knows I admire him. I have told business organizations, "You may malign him, but every one of you would hire him at a six-figure salary if you could get him, and you know you cannot get him."

In fact, he did get a six-figure amount from one of our great corporations, General Motors, and he was offered a job by a major organization that I know of and he just did not choose to go that route.

Yesterday, the Senator from Illinois had 80 to 100 mayors from Illinois here in Washington. Secretary Butz addressed the group and so did Mr. Cannon, the executive director of the Domestic Council. Both of them were extraordinarily well received.

The keynote speaker at the outset of the meeting was Ralph Nader. Most of those mayors had only heard of Ralph Nader by reputation. When Ralph Nader spoke to them concerning the Agency for Consumer Advocacy they were almost all converts.

In fact, one of the earliest and toughest questions to the executive director of the Domestic Council was, Why does the administration not support an agency for consumer advocacy after what Ralph Nader had to say about the basic need for it?

So it is not a question of not admiring Ralph Nader. I just want him to get credit for his lobbying. I do not know why he should be exempted. I think he would be one of the first to say, "We do not want a loophole to exempt a lobbyist" such as he is simply because he is a volunteer and chooses to be a volunteer.

There may be someone on the other side whose motivation may be entirely different, who sets himself up in the same way, and could then use that loophole to exempt himself.

The amendment now being offered to the Metcalf amendment would retain the provision of S. 2477 which requires all principal operating officers, including those who qualify as volunteers, to be identified.

I think this is an even-handed approach. It is not aimed at anyone. It is aimed to be an even-handed approach so we do not exclude a major, influential source of lobbying.

As I have said previously, I commend my distinguished colleague from Montana for the major contribution he has made to the bill. Having carefully considered this amendment overnight, the Senator from Illinois would find the amendment of the Senator from Montana entirely acceptable with the modifications that are now being offered with the support of a number of Senators.

Mr. METCALF. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. Gary Hart). The Senator will state it.

Mr. METCALF. I would like to ask about the disposition of time on the amendment.

The PRESIDING OFFICER. Time in opposition is in control of the floor manager of the bill.

Mr. METCALF. The floor manager is in support of the amendment.

Mr. RIBICOFF. I would be delighted to yield my time to the Senator from Montana.

The PRESIDING OFFICER. All that time has been used, except for 1 minute.

Mr. METCALF. Again I find myself in the situation described yesterday, that this is an across-the-aisle sort of procedure. How much time have I remaining on my amendments?

The PRESIDING OFFICER. The Senator has 41 minutes remaining.

Mr. RIBICOFF. If the Senator will yield, if the Senator makes a unanimous-consent request for time, I do not believe anyone would oppose.

Mr. METCALF. I still have 41 minutes remaining.

The PRESIDING OFFICER. The Senator would need unanimous consent to use that time on this amendment.

Mr. METCALF. I ask unanimous consent to use 15 minutes of the time that I have on amendment No. 1830 to respond in part to the amendment offered by Senator Muskie.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METCALF. As noted by the Senator from New York, I was not able to supply copies of my comprehensive amendment until late yesterday afternoon and not able to get it printed in the Record until last night, and the printed amendment was not on Senators' desks until this morning so I can understand that it is difficult to fit a proposed amendment or a compromise amendment in with my amendment. And, of course, I have the same difficulty. I still have not seen the language of the Muskie amendment. However, I have been provided with Senator Muskie's analysis of the amendment, and I have been provided with the description of the amendment that has been so eloquently set forth by the Senator from Connecticut, the Senator from Illinois, and the Senator from New York.

As I glance over this analysis, I have some questions. First, it would seem to me that this amendment would require each national organization and the locals of such a national organization to secure advisory opinions each year as to whether or not they were covered. For example, when the League of Women Voters told me that they were in opposition to the bill unless it was amended, it was suggested that they had 1,400 State and local leaders. I do not know how many labor unions there are, but there are thousands of local labor unions in the United States. The U.S. Chamber of Commerce says there are 2,700 State and local Chambers of Commerce.

Does the language require—and I will direct my inquiry to anyone who can respond—does the language require an annual determination or an advisory opinion as to which is a covered affiliate and which is not, and would the League of Women Voters have to go out and find out which of their State and local leagues were covered?

Mr. JAVITS. Well, as a practical matter, if the Senator will yield to me, the way in which lobbying organizations are organized is subject to continuing review by the organizations themselves. I would say it would only require an opinion if there were some major change relating to the formal relationships in any organization, but in the absence of a major organizational change, the same relationship would continue throughout, so that if a trade union were reorganized with some new relationship between the international and the locals, then they would have to decide again, you know, whether or not they still had the same status they had before. But in the absence of any basic change relating to its charter or constitution it would certainly be the opinion of the proponents of the legislation that no new determination would be necessary.

Mr. METCALF. What is the basic impact upon such groups as chambers of commerce, the dioceses of the Catholic Church, and so forth, where the parent organization does not claim control over the affiliate?

Mr. JAVITS. Will the Senator yield?

Mr. METCALF. I yield.

Mr. JAVITS. It is my construction of the amendment that where the parent organization animates the controlled affiliate to lobby for a certain issue, then the parent organization is responsible for reporting regarding that lobbying activity.

An organization such as a diocese would qualify or not qualify depending on the terms of the law. But where, say, the Chamber of Commerce of the United States or the National Catholic Welfare Conference sends out a broadside, let us say, saying "It is very wrong to revise title 20 of the Social Security Act in this way," then the parent must undertake to report that on its own report because the affiliate was engaged in it at its request. The Muskie-Javits proposal goes directly to that situation. Where a local lobbies on an issue at the request of the parent, the latter reports the activity.

That is my interpretation. I might turn to Senator Ribicoff just to make sure we are on the same wavelength.

Mr. RIBICOFF. A parent organization involved in lobbying, may ask its controlled local affiliates across the country to do some lobbying also. When the parent organization does so, it must say on its own reporting form that it so asked particular affiliates in Connecticut, New York, Illinois, and Rhode Island to work on a specific issue. The affiliate has no burden or duty to register or file itself.

As I understand, this was the problem that also caused the Senator from Montana, when he offered his amendment, to avoid placing the reporting burden on the affiliates. Such an affiliate might have to register were it not for the amendment of the Senator from Montana.

I think that what has been achieved by the Muskie-Javits approach is to exempt local affiliates that lobby on issues in response to a request from the parent organization.

Mr. JAVITS. Mr. President, will the Senator yield to me again?

Mr. RIBICOFF. I yield.

Mr. JAVITS. We think that the Senator has put his finger on an important point, and we are prepared to amend our substitute, or whatever it is technically called, to provide that the Comptroller General may be asked for a determination on this issue at any time by any organization, and he is obliged to issue his decision on that subject within 30 days of the request.

We think that will regularize the practice, and not leave people in doubt. But I have described to the Senator how the amendment will work.

Mr. RIBICOFF. The Senator is absolutely correct. If you have, for example, the AFL–CIO, which has many local affiliates across the Nation, it would go in to the Comptroller General and give him its list—or its IBM printout, or whatever I am sure it has which lists its affiliates, and say, "These are our affiliates which from time to time we have to get involved with certain types of legislation." The Comptroller General would then rule that these were controlled affiliates, and that would be that. If affiliates were dropped or added, the AFL–CIO would give an amended list to the Comptroller General. The amendment the distinguished Senator from New York would like to put in, would require the Comptroller General within 30 days of any request to rule on whether the affiliates qualified as controlled affiliates.

Mr. METCALF. I ask the Senator from New York, when he does get an amendment before the Senate for consideration, it will be amended as the Senator suggests?

Mr. JAVITS. Exactly. I have 3 minutes left, and I will ask for consideration of the modification.

Mr. METCALF. Mr. President, I have a problem about gifts. What happens back in our home districts when some local group gives a banquet or a reception, or something such as that? That would qualify under my amendment but would not qualify under the Senator's amendment as a gift.

Mr. JAVITS. Will the Senator yield?

Mr. METCALF. Surely.

Mr. JAVITS. If that particular local is tied into a national lobbying effort—and I have already defined that—then the way this would read, they would just change it according to what I mentioned to the Senator before.

I shall read it again exactly as it will read: I think it covers the situation excatly and will not affect locals, I might say.

> The requirements of this section shall also apply to any reception, dinner, or other similar event paid for, in whole or in part, by the lobbyist for members, officers, or employees of Congress, where the total cost of the event exceeds $500.

In other words, what I am trying to confine it to is the classic reception for Members of Congress, and we left out all the other verbage. That is highly unlikely in a local area. That is a Washington proposition.

Mr. RIBICOFF. I agree. I think the problem with the amendment of the Senator from Montana is that it applies not only to affiliates but also to any organization whether or not they are lobbyists or affiliated with lobbyists. I believe the Muskie-Javits proposal applies to gifts by controlled affiliates only. So if a local affiliate in New York, Chicago, Hartford, or Butte gave a reception, they would be excluded and exempt as a lobbyist but the parent might have to report the reception; an organization that was not an affiliate, that was a completely independent organization. They would not have to report gifts unless they qualified separately as a lobbyist.

Mr. METCALF. Under this amendment what would happen to those small organizations that are not affiliated with anyone?

Mr. RIBICOFF. There is no reporting requirement for gifts at all, unless the organization is a lobbyist in its own right. Is the Senator talking about an independent organization that just lobbies by giving a reception for its home-State Congressman or Senators?

Mr. METCALF. Yes.

Mr. RIBICOFF. They would be exempt.

Mr. METCALF. Completely.

Mr. RIBICOFF. Yes, they would be exempt completely. Even if the organization that gives the reception is a controlled affiliate, and local affiliates often give such receptions during annual labor conventions, the parent organization would not be required to report on the reception of the local, unless the reception was one for Members of Congress.

Mr. JAVITS. Mr. President, will the Senator yield to me?

Mr. METCALF. I yield.

Mr. JAVITS. That is why I streamlined the language. We want to confine it to the classic reception for Members of Congress, employees, et cetera. That is why I eliminated the words "regardless of who attends," and so on. We understand that, and it does not include the local reception where the local Congressman or the local Senator is invited in to say hello.

We do not want to get confused. That is why I left it $500 for the event where it is a congressional reception as classically defined.

Mr. METCALF. I want the Senate to appreciate that the Senator from Montana, the Senator from Maine, the Senator from New York, and the Senator from Connecticut, in these amendments and series of questions are trying to realize the same objectives—to simplify, streamline the bill, and give an opportunity for local affiliates to participate without burdensome and reporting requirements, and let the major nationally based parent organizations report on their behalf.

The questions that I have propounded have been answered, I think, to clarify some of the language whenever we get it. If I have any time left, I would like to ask the Senator from Connecticut, as a floor manager of the bill, if he concurrs with the Senator from Illinois that if this series of amendments is agreed to then he will agree to my amendment to the bill?

Mr. RIBICOFF. If the distinguished Senator from Montana will accept the

Muskie-Javits amendment, then I would accept the Metcalf amendment as amended by the Muskie-Javits amendment.

Mr. PERCY. The Senator from Illinois has so indicated also.

Mr. METCALF. It is very difficult for me, and I am as much at fault as anyone, but it is very difficult for me to accept an amendment that I have not been able to work into the exact language of the bill. But as I hear the arguments of my very respected and distinguished friends on this bill and the men whom I respect and have worked with in developing this bill, it would seem to me that we tried to realize some of the same targets, and I am inclined to accept the amendment, Mr. President, with the modifications that the Senator from New York has described that will be worked into the legislation.

The PRESIDING OFFICER. The 15 minutes of time of the Senator from Montana has expired.

Mr. JAVITS addressed the Chair.

The PRESIDING OFFICER. The Senator from New York has 3 minutes.

Mr. JAVITS. Mr. President, I yield myself 2 minutes.

MODIFIED AMENDMENT

Mr. President, I ask unanimous consent that the modification I send to the desk of the amendment on the desk now before the Senate be substituted for the amendment on the desk.

It makes three changes. First, it corrects paragraphing and pagination which in haste we missed on some parts. Second, it deals with the question of receptions, et cetera, and strikes out the words "regardless of the number of persons invited or in attendance" at page 10 of the amendment. Third, it inserts the language respecting the Comptroller General's obligation to give an opinion within 30 days after submission of a request on the definition of an affiliate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. I thank the Chair.

The modified amendment is as follows:

On page 1 of amendment No. 1830 strike lines 4 through page 3, line 5 and insert in lieu thereof:

(2) an organization, other than an organization described in subsection (f) of this section which engages on its own behalf, or on behalf of its members, in twelve or more oral lobbying communications in any quarterly period, acting through its own paid officers, paid directors, or paid employees. For purposes of determining whether any organization is a lobbyist under this paragraph, there shall be excluded any communication with a Member of Congress, or an individual on the personal staff of such Member, representing the State, or the congressional district within the State, in which such organization has its principal place of business, and, further, there shall be excluded any communication initiated by Congress whereby the organization provides information or opinions to Congress solely at the request of Congress; or

"(f) Any organization that would otherwise be a lobbyist solely as a result of this paragraph 3 of this section shall not be a lobbyist for purposes of this Act if

(i) the Comptroller General determines that the organization is a controlled local affiliate of a parent voluntary membership organization. The Comptroller General shall not designate any organization a controlled local affiliate if he determines that it is the intent of the parent organization to use such a designation as a means to evade, in whole or in part, the requirements of this Act; the Comptroller General shall issue any such determination no later than 30 days following the submission of a request for such determination;

(ii) the paid officers, paid directors, and paid employees of the controlled local affiliate engage in less than 12 in person oral lobbying communications in the quarter; and

(iii) the parent voluntary membership organization is a lobbyist which includes on its quarterly report all the information on the lobbying activities of the controlled local affiliate described in subsection (g) of this section.

"(g) A parent voluntary membership organization may also provide the following additional information about the lobbying activities of any of its controlled local affiliates described in subsection (f) of Section 3 of the Act:

(1) the identity of the affiliate and the approximate number of individuals who are members of that affiliate, and the approximate number of organizations which are members of the affiliate;

(2) a description of each issue in connection with which the lobbyist urged, requested, or required the affiliate to engage in one or more lobbying communications or solicitations; and

(3) a report of any gifts by the affiliate or its officers, directors, or employees, which the affiliate would otherwise be required as a lobbyist to report pursuant to Section 7."

"(1) For purposes of subsection (g) "controlled local affiliate" means a local voluntary membership organization whose lobbying activities and policies are, either by formal agreement, or by practice, subject to the control of a parent voluntary membership organization with whom the affiliate is related through bylaws, charters or similar agreements. In determining whether an organization is a controlled local affiliate the Comptroller General shall consider, among other factors, whether the parent may control what position the affiliate may take on an issue before Congress, and whether the parent may require the affiliate to engage, or not to engage, in particular lobbying communications or solicitations."

Strike page 3, line 9 of amendment No. 1830 through line 7 on page 6.

Strike line 10 of page 6 of amendment No. 1830 through line 13 of page 9 and insert in lieu thereof:

honorarium and a description of the gift, loan, or honorarium and its amount or value, except that in the case of a gift described in subsection (d) the recipients need not be named individually, but may be described by appropriate categories."

(b) The requirements of this section shall apply—

(1) to any gift or loan of money, or any honorarium, made during the quarterly period by the lobbyist, by any officer, director, or employee of the lobbyist, or by any legislative agent on behalf of the lobbyist, which exceeds $10 in amount;

(2) to any gift or loan of any goods, services, or any other thing of value made during the quarterly period, by the lobbyist, or by a legislative agent on behalf of the lobbyist, including food, lodging, transportation or entertainment, which exceeds $10 in value;

(3) to any gift or loan of any goods, services, or any other thing of value made during the quarterly period by any officer, director, or employee of the lobbyist or by a legislative agent on behalf of the lobbyist, which exceeds $10 in value and which the officer, director, employee, or legislative agent has taken or will take, in whole or in part, as a deduction under section 162 or 212 of the Internal Revenue Code;

where the aggregate value of all the gifts, loans, or honorariums described in paragraphs (1), (2), and (3) made by the lobbyist, or by the officers, directors, employees, or legislative agents of the lobbyist, to any individual Member, officer, or employee of Congress exceeds $50 in amount or value.

(c) The requirements of this section shall also apply to any gift or loan of any goods, services, or any other thing of value, including food, lodging, transportation, or entertainment, made during the quarterly period by an officer, director or employee of the lobbyist, or by a legislative agent on behalf of the lobbyist, which exceeds $100 in value.

"(d) The requirements of this section shall also apply to any reception, dinner, or other similar event paid for, in whole or in part, by the lobbyist for Members, officers, or employees of Congress, where the total cost of the event exceeds $500;"

(e) This section shall not apply to any loan made on terms and conditions that are no more favorable than available generally, or to any gift or loan to any individual who is an immediate member of the family of the donor or lender, or to any contribution to a candidate as defined in section 431(e) of title 2, United States Code.

Strike line 7 of page 7 of Amendment No. 1830 through line 13 of page 9.

Strike line 10 of page 10 of Amendment No. 1830 through page 11, line 25.

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. I yield a minute to the Senator if he wants it.

ORDER VACATING ROLLCALL VOTE

Mr. RIBICOFF. If the Senator from Montana will accept the Muskie-Javits amendment, then I would ask unanimous consent that the rollcall be dispensed with.

Mr. METCALF. If the Senator from Connecticut wants to ask unanimous consent to vacate the rollcall on the Muskie amendment, I am willing to have it put to a voice vote.

The PRESIDING OFFICER. There is 1 minute remaining.

Mr. JAVITS. I yield back the minute.

The PRESIDING OFFICER. The time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. METCALF. Mr. President, having agreed to my amendment, as amended, I am prepared to yield back the remainder of my time and again ask that the rollcall be vacated and put it to a voice vote.

The PRESIDING OFFICER. Is all time yielded back?

Mr. RIBICOFF. I yield back the remainder of my time.

The PRESIDING OFFICER. Is there objection to vacating the yeas and nays? Without objection, it is so ordered.

The question is on agreeing to the amendment, as amended.

The amendment, as amended, was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RIBICOFF. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. RIBICOFF. Third reading.

The PRESIDING OFFICER. The bill

is open to further amendment. If there be no further amendments to be proposed, the question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. Does the Senator from Illinois yield back his time on the bill?

Mr. JAVITS. Mr. President, is it permissible to suggest the absence of a quorum at this moment?

The PRESIDING OFFICER. There are 15 minutes remaining on the bill, to the Senator from Illinois.

Mr. JAVITS. Mr. President, I ask unanimous consent that a quorum call may be in order, without the time being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LOBBY REFORM LONG OVERDUE

Mr. WEICKER. Mr. President, concern of the Congress with the pressures which may influence congressional decisions and legislation is neither new nor unique. For more than 100 years, Congress has grappled with the question of how to best serve the public's right to know about lobby activities while, at the same time, balancing the constitutional rights of citizens to associate with others and to petition their government for a redress of grievances.

The 1946 lobby law has been studied and examined on no less that 12 separate occassions by special, joint or select committees of the Congress since the 1954 Supreme Court decision in United States against Harriss rendered major portions of that law unconstitutional. Witnesses before the Government Operations Committee were virtually unanimous in declaring the current law vague, ineffective and unenforceable.

The requirements of the current law are so vague that organizations which do file reporting statements often file incomplete information. In April 1975, General Accounting Office study concluded that 48 percent of the reports filed in accordance with the 1946 act are incomplete. The major portions of the incomplete statements related to the financial information required to be disclosed. Nevertheless, the present authorities that are custodians of these documents do not return incomplete forms for further information unless the report itself is improperly notorized or unsigned. The reason for this lack of follow-up in examination of these statements is that the 1946 act is vague and ambiguous in the area of enforcement. No agency of the Federal Government is given clear responsibility and adequate investigatory powers to enforce compliance with the act.

S. 2477 which is before the Senate today is the product of literally years of study and past congressional concern in this area. Under the direction of its distinguished chairman (Mr. RIBICOFF), the Government Operations Committee labored to write a clear and precise law which balances the public's right to know with the overriding right to petition its government. S. 2477 is an effort to close the loopholes in present law and achieve a law which is balanced and perhaps most importantly, enforceable.

A major portion of the bill before us is devoted to the definition of the term "lobbyist." A lobbyist is an organization, not an individual. The term "lobbyist" is additionally keyed to the amount of money spent in the course of activities to influence legislative decisions and the number of times a lobbying communication is made. A lobbyist is an organization which engages in lobbying activities through paid individuals, through paid officers, directors or employees, or a lobbyist can be an organization which solicits others to lobby. Voluntary members of public interest groups or trade associations are guaranteed their right to free association and to petition their government. Their activities will not be separately reported under this bill. Furthermore, an organization under this legislation will not become a lobbyist simply because it exercises its rights to petition or communicate with Members of Congress from their own States.

Most importantly, S. 2477 establishes a responsibility with the Government Accounting Office to administer the provisions of the act. The GAO is charged with the responsibility to promulgate rules and regulations, to adopt the necessary forms and procedures to carry out the bill's purpose and to investigate any violations of the act, and to issue advisory opinions.

Mr. President, it is my belief that S. 2477, the Lobby Reform and Disclosure Act, offers the Senate balanced, enforceable legislation. The public and Members of Congress will be given the facts by which to judge the pressures which may influence our decisions. The lobby organizations themselves will be given a law which is clear and concise as to intent, definition, and reporting requirements. The passage of this legislation will remove the ambiguity under which all lobby organizations have had to report the extent of their activities.

Furthermore, there are no exceptions to the legislation. No single group of organizations is left out. This was intentional because, in order to write a balanced bill, we felt it necessary to write a fair bill. The test of what organization is and what organization is not a lobbyist is left to the test of how much each organization spends and how many times an organization may contact Congress in order to spread its influence, not what its philosophical or ideological bent may be.

Mr. President, the merits of this legislation lay in equal treatment under the law of all organizations—labor, business, and public interest groups alike. For this reason, I urge that the Senate adopt S. 2477.

Mr. DOLE. Mr. President, I voted to recommit S. 2477 last night because it was clear to me that even if we reached a near consensus, the bill would be fraught with so many deficiencies that the end product would make a mockery of its label, "to provide more effective disclosure * * * of lobbying activities."

Although our adoption a few minutes ago of the Muskie-Javits compromise to the Metcalf amendment was represented to be the solution we were seeking to the confusion and concern surrounding this legislation, I have serious doubts that any real improvement has been made. It is only with great reservation, therefore, that I am supporting the measure on final passage.

My reason for taking this position, Mr. President, is that in principle I wholeheartedly agree with the expressed "reform" objectives of the overall bill—and that is the basis upon which its merits are evaluated. In substance, however, I am afraid the proposal really does very little to achieve those goals in a fair, complete, rational, and meaningful way.

In this regard, I would just point out the more prominent flaws in the whole approach which S. 2477 takes, namely that "lobbying" itself is somehow suspect and that only money influences legislation. The first is illustrated by the philosophy underlying the legislation that we need to "crack down" and "expose" those who influence Members of Congress, and the second by the fact that only those organizations which pay their lobbyists are required to report.

Personally, Mr. President, I am opposed to anything which will have a chilling effect on communications with elected officials because I think that is one of our best means of determining the consequences of matters which we consider. I only hope that the broad-based concerns we have been hearing about this particular bill have for the most part been accommodated—and that it will not itself serve ultimately to discourage lobbying activities.

I am also opposed to the idea of granting exemptions to groups and organizations which, though volunteer in nature, have an enormous impact on Capitol Hill decisionmaking. It seems that throughout this bill—in both the definition and reporting sections—the language refers only to paid officers, paid directors, and paid employees.

It is somewhat reassuring, I suppose, that Ralph Nader—as a "chief executive officer or principal operating officer" of a lobbyist group will be required to file reports. But what about all those "volunteers" who work for Mr. Nader and act in his name?

I have wrestled with the first amendment considerations of including such individuals in the registration and reporting requirements of this legislation, and initially concluded that real constitutional questions could be presented. On the other hand, when those unpaid staff members are actually speaking on behalf of Common Cause or Public Citizen—and not just themselves—are they actually any different from a paid representative?

Since we are not, after all, really restricting anyone's freedom of speech—only asking it to be made public—perhaps those observations are moot. In any event, I have a great deal of difficulty in reconciling the misconception that the only accountability necessary to demonstrate where the power bases are in Washington is that dealing with directly financed persuasion.

Again, if the purpose of this measure is to bring out into the open all significant attempts to exert influence on Members of Congress, then why should even volunteers for organizations engaged in lobbying be excluded from it registration and reporting requirements? The effect is the same whether a person is paid $50,000 a year or nothing, since a volunteer performs the same function and does so in the same manner as a paid lobbyist.

Mr. President, while my lack of enthusiasm for this measure is apparent, I do want to reiterate my concurrence with the "public's right to know" concept which it embodies. Honest, responsible lobbying is an important part of our lawmaking process, and to the extent that S. 2477 recognizes that fact—and seeks to balance it against the abuses which may have occurred in the past—I give it my support.

If, by this bill, we are only requiring what has been and will continue going on with respect to legislative policymaking to be fully disclosed, then I will look back on my vote as the better of mixed judgments. If, to the contrary, we find ourselves 5 years from now wondering what we did in 1976 to undermine one of our most democratic of all institutions and create a maze of unnecessary paperwork, I will view with regret my role in bringing it about.

Mr. President, to point up some of the ironies and inconsistencies in our effort to monitor and control the lobbying "business," I ask unanimous consent to have printed in the Record an article appearing in last Sunday's Washington Star. It provides, I believe, a most provocative insight into the operations of some of our more influential public interest lobbying groups.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Star, June 13, 1976]

Freedom of Information Is Not for Ralph Nader

(By David Sanford)

David Sanford, as a young reporter, caught the detective who was tailing Ralph Nader for General Motors. The incident helped propel Nader to national prominence.

Sanford explains in his new book that he became Nader's friend and editor, but gradually developed reservations about Nader's methods and work. They became antagonists—to the point where Nader refused to answer questions for the book, Sanford says. Sanford now is managing editor of The New Republic.

This article is excerpted, by permission, from David Sanford's Me & Ralph: Is Nader Unsafe for America?, to be published next month by The New Republic Book Co. Copyright 1976 by David Sanford.

"Information," Ralph Nader has written, "is the currency of democracy. Nobody understands this better than the omnipresent corporate lobbyists in Washington who work daily to keep control of crucial information and deny it to the citizenry. Behind every scandal coming out of Washington, from the misuse of campaign contributions to the big grain deal, there was involved suppression of information which the public had a right to have."

The Committee to Re-elect the President, it will be recalled, refused for a time to list donors to the Nixon 1972 campaign whose contributions came in before the effective date of a new federal law (supported by Nader requiring disclosure of contributors' names. Ultimately, the courts forced a public listing, but the president's campaign committee maintained resolutely throughout the controversy that it would not be fair to divulge names of contributors who had been promised anonymity.

In 1972, when it became known that Nader's fund-raising unit, which he calls Public Citizen Inc., had raised over a million dollars—in contributions ranging from a dollar to $5000—through an advertising and direct-mail campaign, The New York Times ran a short Associated Press story about it. The writer of the dispatch had asked an unnamed Nader spokesman the obvious question that would occur to anyone who wanted to do more than to rewrite a press release. Where did the money come from? That is, who were the largest contributors?

Nader's spokesman came out sounding like Maurice Stans and CREEP. He wouldn't tell, he said, before first getting the permission of the donors.

Nader was influential in the passage of the Freedom of Information Act, which establishes the public's right of access to the business of government. And one of his organizations, The Press Information Center, assisted reporters in filing suits under the act to obtain information.

In his syndicated newspaper column Nader praised new regulations in Missouri that he believed would have the effect of eliminating hanky panky between officials and companies doing business with the state. The Missouri Public Service Commission had ruled that utilities and the trucking companies that agency regulates would have to submit monthly reports of all gratuities given or received and, to quote the regulation, "any and all contacts in person, oral or written, concerning or bearing on Missouri PSC business." The listing had to include the date, time, and purpose of the contacts. Nader wrote that if the federal government adopted such requirements for its business, "'the secret contacts between ITT and the Justice Department . . . would have been made public, or in anticipation of such, would not have been made." Nader recommended the Missouri rules to other states and thought the disclosure requirements would work "if there is full compliance." That is, they would work if they would work.

But would they? It is silly to think, as Nader apparently does, that a rule requiring officials to detail all phone calls, meetings, and other human intercourse would have a preventive effect on those who are up to no good. Grafters in government and business would simply not be honest. Conscientious bureaucrats, on the other hand, would be saddled with the paperwork and the indignity.

Later, when it was proposed in Congress that lobbyists be required to report the names of persons they contact and the subjects of conversations, Nader joined the Chamber of Commerce in opposing the reform. Public Citizen, it seems, employs registered lobbyists. The reform, Public Citizen claimed, would result in too much paperwork and would not add to the public's knowledge of how government operates. When it serves his purposes, Nader is all too ready to denounce his own logic.

Nader, furthermore, makes a careful, self-serving distinction between the sorts of information bureaucrats must publish and that which must be rendered up by private individuals like himself. Though he raises money and needs public trust, he wants to keep his enemies guessing about his financial resources and his plans. Nader is the most powerful nonelected politician in America. His work bears on the public interest. Yet he is not subject to, nor does he welcome, the kind of scrutiny he would impose on others. He certainly is not willing to post in a public place a list of his contacts and the substances of his conversations.

Melvin Laird. I don't know how you get along on $5,000 a year.

Ralph Nader. I don't have an automobile.

If it's true that Nader plows back all but $5,000 of his large personal earnings into good works, then he has no resources for conspicuous consumption. And he's not about to indulge in any personal financial disclosure of the sort he would force on elected officials. As Robert Buckhorn put it, "Nader is testy about his private income . . . Like his rooming house, his love life, and his family, he feels strongly that this is not a matter for public concern."

A loss of privacy is the price public figures pay for fame and power, and Nader has discussed his for publication with so many writers that it's a wonder he has any privacy left.

What exactly happens to the rest of the quarter of a million dollars a year that Ralph Nader personally earns, after he takes what he needs for his spartan existence? The bulk of his earnings must go directly into: 1. good works; 2. the mattress; or 3. investments.

I have always been very curious to know what Nader the corporate critic considers a good investment. And I've often suggested to other reporters that they take an interest in what Nader actually does with the 90 or 95 per cent of his personal income that he loosely claims to plow back. Joseph Lelyveld of The New York Times was the first reporter I know of to have extracted from Nader the admission that he plays the stock market and that he does it without much regard to the corporate responsibility of the companies he invests in. In his Times piece, published Nov. 24, 1975, Lelyveld wrote:

"Mr. Nader has never divulged his income but the most recent of the five books written about him . . . estimates it at $250,000. Reviewing that book in The New Republic, the magazine's managing editor, David Sanford, implied that Mr. Nader's assertion that the money was used almost wholly to support his causes should not be taken at face value.

"Mr. Nader readily acknowledges that he has a broker who invests his funds in certificates of deposit, Treasury notes and corporate stocks, possibly including those of companies he has assailed. 'You can't transcend the system,' he explains, 'It's all interlocked. Instead of buying US Steel, I can buy a CD from Morgan Guaranty. But if Morgan Guaranty turns around and lends the money to US Steel, what do I do?' What matters, he insists, is that he is increasing his income for public-interest causes, and that more than 90 per cent of it goes to those causes every year."

So it is that as corporations Nader attacks get richer, so does Nader. Lelyveld, in the *Times*, proceeded to say that "in 1971, when his personal income proved inadequate to cover his expanding operations, he set up a formal fund-raising mechanism called Public

Citizen, Inc." Public Citizen's biggest problem is that in its first four and a half years of existence it was never able to raise much more than a million dollars annually in contributions. That remained true even as Nader spent more and more of the money raised for mailing lists, postage, printing, and such. According to published accounts he spends about 30 per cent of the cash that comes in on fund-raising itself.

As one must in the case of any charitable organization, the donor to Public Citizen has to decide for himself whether money is being used well or whether too much of what is given sets eaten up in the fund-raising bureaucracy. Nader, in his first annual report for Public Citizen, stressed the efforts made to keep costs low:

"In the year ending May 31, 1972, more than 62,000 people contributed $1,101,810.70 to Public Citizen. The direct expenses of advertising and mail costs amounted to $303,593.46. These services are unobtainable except at prevailing costs, although volunteer help was used whenever possible . . . The only administrative expenses were office, rental, supplies, telephone, and the salary of one staff person to do the essential work of supervising the mailing of these appeals, handling the replies, and keeping the office functioning. Public Citizen spent a total of $10,236.64 for these general administrative activities. That expenses could be kept so low is due partly to the dedicated efforts of many volunteers, who spent week after week doing the routine jobs of opening and sorting mail, tabulating contributions, and answering inquiries. The services of these public-spirited people . . . saved thousands of dollars."

According to Lelyveld, by 1975 Nader was having to mail out four times as many solicitation letters as he had to send four years before to raise the same amount of money.

If all this sounds as if times are tough for Public Citizen, that may be the impression Nader wants to convey. Certainly, he doesn't want anybody to think that too much money is wasted on raising money. But what of the money that is left after expenses have been paid The annual reports go into great detail about how much of the contributed money is disbursed to one or another Nader cause: for example, a $10,000 grant to the Center for Women Policy Studies, and a $9,500 grant to the Small Claims Study Group, $125,000 to the Health Research Group, $75,000 to the Public Citizen Litigation Group, and so on.

But the annual reports I've seen, while listing the contributions to Public Citizen down to the last penny, say not one word about a very interesting fact: After all the expenses and grants and disbursements, Public Citizen has ended every year with hundreds of thousands of dollars left over unspent. Indeed, it is getting richer and richer with every passing year.

The punctiliously detailed annual reports omit mention of Public Citizen's unspent wealth, but its tax returns (form 990) available for public inspection at the Internal Revenue Service tell a different story. Public Citizen started its fund-raising in mid-1971, and by the beginning of 1972 it had a net worth of $411,419.08 in the form of funds invested for the most part in certificates of deposit. At the end of 1972 Public Citizen had $751,997.97 in retained funds. In one calendar year the Nader operation had taken in a little more than $340,000 more than it spent.

Likewise, in 1973 Public Citizen raised much more than it disbursed, $313,252.04 more, so that by year's end retained funds equaled $1,059,028.50. The process continued in 1974. That year the excess or receipts over expenses and disbursements was $210,790. Public Citizen's net worth on the last day of 1974 had reached $1.3 million. In each of the years for which I have seen tax returns the majority of the holdings of Public Citizen were invested in certificates of deposit. Small amounts of money were kept in cash or bank accounts. In 1974 the Public Citizen portfolio acquired stock in two companies, the Tremco Manufacturing Co. and the Warner-Lambert Company, which makes Listerine.

If Ralph Nader would speak to me, which he won't, I'd ask him why with so much urgent public business in need of doing, Public Citizen is amassing these riches and why Nader does not confide in contributors that he's keeping so much of their money in the bank.

Mr. PERCY. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Is all time yielded back?

The bill having been read a third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. McCLELLAN (after having voted in the negative). On this vote, I have a pair with the distinguished majority leader (Mr. Mansfield). If he were present and voting, he would vote yea; I have voted nay. Therefore, I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Virginia (Mr. Harry F. Byrd, Jr.), the Senator from Indiana (Mr. Hartke), the Senator from Washington (Mr. Magnuson), and the Senator from Montana (Mr. Mansfield) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington) is absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. Magnuson) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), and the Senator from Kansas (Mr. Pearson) are necessarily absent.

I also announce that the Senator from New York (Mr. Buckley) is absent on official business.

I further announce that, if present and voting, the Senator from Arizona (Mr. Goldwater) would vote "nay."

The result was announced—yeas 82, nays 9, as follows:

[Rollcall Vote No. 288 Leg.]

YEAS—82

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Durkin
Eagleton
Eastland
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hart, Gary
Hart, Philip A.
Haskell
Hatfield
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Taft
Talmadge
Tunney
Weicker
Williams
Young

NAYS—9

Curtis
Fannin
Hansen
Hathaway
Hruska
McClure
Scott, William L.
Thurmond
Tower

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Mr. McClellan, against.

NOT VOTING—8

Buckley
Byrd, Harry F., Jr.
Goldwater
Hartke
Magnuson
Mansfield
Pearson
Symington

So the bill (S. 2477), as amended, was passed, as follows:

S. 2477

That this Act may be cited as the "Lobbying Disclosure Act of 1976".

FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds—

(1) that the enhancement of responsible representative government requires that the fullest opportunity be afforded to the people of the United States to exercise their constitutional right to petition their Government for a redress of grievances, to express their opinions freely to their Government, and to provide information to their Government; and

(2) that the identity and extent of the activities of organizations which pay others, or engage on their own behalf, in certain efforts to influence an issue before Congress or the executive branch should be publicly and timely disclosed in order to provide the Congress, the executive branch, and all members of the public with a fuller understanding of the nature and source of such activities.

(b) It is the purpose of this Act to provide for the disclosure to the Congress, the executive branch, and to all members of the public of such efforts without interfering with the right to petition the Government for a redress of grievances, and with other constitutional rights.

DEFINITION OF A LOBBYIST

SEC. 3. (a) As used in this Act, the term "lobbyist" means—

(1) an organization which pays any legislative agent an income of $250 or more in any quarterly period, other than payment or reimbursement for personal travel expenses, to engage in one or more lobbying communications; or

(2) an organization, other than an organization described in subsection (b) of the section which engages on its own behalf, or on behalf of its members, in twelve or more oral lobbying communications in any quarterly period, acting through its own paid officers, paid directors, or paid employees. For purposes of determining whether any organization is a lobbyist under this paragraph, there shall be excluded any communication with a Member of Congress, or an individual on the personal staff of such Member, representing the State, or the congressional district within the State, in which such organization has its principal place of business, and, further, there shall be excluded any communication initiated by Congress or the executive branch whereby the organization provides information or opinions to Congress or the executive branch solely at the request of Congress or the executive branch; or

(3) an organization which, in any quarterly period, engages directly or through a legislative agent in any lobbying solicitations where the total direct expenses of such solicitations is $5,000 or more.

"(b) Any organization that would otherwise be a lobbyist solely as a result of paragraph 3(a)(2) of this section shall not be a lobbyist for purposes of this Act of—

(i) the Comptroller General determines that the organization is a controlled local affiliate of a parent voluntary membership organization. The Comptroller General shall not designate any organization a controlled local affiliate if he determines that it is the intent of the parent organization to use such a designation as a means to evade, in whole or in part, the requirements of this Act the Comptroller General shall issue any such determination no later than thirty days following the submission of a request for such determination;

(ii) the paid officers, paid directors, and paid employees of the controlled local affiliate engage in less than twelve in person oral lobbying communications in the quarter; and

(iii) the parent voluntary membership organization is a lobbyist which includes on its quarterly report all the information on the lobbying activities of the controlled local affiliate described in subsection (c) of this section.

"(c) A parent voluntary membership organization may also provide the following additional information about the lobbying activities of any of its controlled local affiliates described in subsection (b) of section 3 of the Act:

(1) the identity of the affiliate and the approximate number of individuals who are members of that affiliate, and the approximate number of organizations which are members of that affiliate;

(2) a description of each issue in connection with which the lobbyist urged, requested, or required the affiliate to engage in one or more lobbying communications or solicitations; and

(3) a report of any gifts by the affiliate or its officers, directors, or employees, which the affiliate would otherwise be required as a lobbyist to report pursuant to section 7.

(d) For purposes of subsection (b) "controlled local affiliate" means a local voluntary membership organization whose lobbying activities and policies are, either by formal agreement, or by practice, subject to the control of a parent voluntary membership organization with whom the affiliate is related through bylaws, charters or similar agreements. In determining whether an organization is a controlled local affiliate the Comptroller General shall consider, among other factors, whether the parent may control what position the affiliate may take on an issue before Congress, and whether the parent may require the affiliate to engage, or not to engage, in particular lobbying communications or solicitations.

(e) Except as provided in subsection (g), as used in this Act, the term "lobbying communication" means—

(1) a communication with Congress which is intended to influence an issue before the Congress;

(2) a communication with the executive branch urging or requesting any officer or employee of the executive branch to act or not to act, or to act in a certain manner, concerning the approval of any legislation passed by Congress, any nomination; any expression of views to Congress concerning an issue before Congress, or any other communication to, or testimony before, Congress; and

(3) a communication with the executive branch urging or requesting any officer or employee of the executive branch to act or not to act, or to act in a certain manner, concerning—

(A) any contract to which the Federal Government is or may become a party, or

(B) any award, or other benefit which is or may be awarded, given, or otherwise bestowed upon any person by the Federal Government,

where such contract, award, or other benefit invloves an obligation incurred by the Federal Government of $1,000,000 or more.

(f) Except as provided in subsection (g), as used in this Act, the term, "lobbying solicitation" means a solicitation which is intended to influence in a specific or general way an issue before the Congress or the executive branch by clearly urging, requesting, or requiring one or more persons to communicate with Congress or the executive branch with respect to any such issue, or to solicit another person to make such a communication.

(g) As used in this Act, the term "lobbying communication" and "lobbying solicitation" do not include—

(1) a communication or solicitation by an individual, acting solely on his own behalf, for redress of his personal grievances or to express his own personal opinion;

(2) a communication which deals only with the existence or status of any issue, or which seeks only to determine the subject matter of an issue;

(3) testimony given before a committee or office of the Congress or the executive branch or submitted to a committee or office of the Congress for inclusion in the public record of a hearing conducted by such committee or office;

(4) a communication or solicitation made by an officer or employee of the executive branch, acting in his official capacity, or a communication or solicitation by a Member, officer, or employee of the Congress, acting in his official capacity;

(5) a communication or solicitation made by an individual directly employed by a State or local government or Indian tribe, acting in his official capacity;

(6) a communication or solicitation made through the instrumentality of a newspaper, book, periodical, magazine, or other publication of general distribution, or through a radio or a television broadcast: *Provided, however*, That this exception shall not apply (A) to a communication or solicitation made through the publication of a voluntary membership organization which is not customarily distributed outside the scope of the membership of such organization, or (B) to an organization responsible for the purchase of a paid advertisement in a newspaper, magazine, book, periodical, or other publication of general distribution, or through a paid radio or television advertisement;

(7) a communication or solicitation by, or on behalf of, a candidate, as defined in section 431(b) of title 2, United States Code, or by, or on behalf of, a candidate for a State or local office, made in his capacity as a candidate for Federal, State, or local office, including a communication or solicitation by, or on behalf of, an organization in its capacity as a political committee, as defined in section 431(d) of title 2, United States Code.

(8) a communication or solicitation by, or on behalf of—

(A) a political party, as defined in section 431(m) of title 2, United States Code, or a National, State, or local committee or other organizational unit of such a political party, regarding its activities, undertakings, policies, statements, programs, or platforms; or

(B) a political party recognized as such under the laws of a State, the District of Columbia, the Commonwealth of Puerto Rico, or a territory or possession of the United States, or a committee or other organizational unit of such a political party, regarding its activities, undertakings, policies, statements, programs, or platforms.

(h) For purposes of this Act an oral lobbying communication which is made simultaneously to more than one individual in the course of a single meeting or conversation shall be treated as a single oral lobbying communication.

REGISTRATION OF LOBBYISTS

SEC. 4. (a) Each organization shall register with the Comptroller General within fifteen days after initially becoming a lobbyist. Each registration shall contain—

(1) an identification of the lobbyist;

(2) in the case of a voluntary membership organization, the approximate number of individuals who are members of the organization; the approximate number of organizations which are members of the organization, and a description of the type of such organizations; a general description of the procedures by which the organization establishes its position with respect to issues before Congress or the executive branch; and a general description of the geographic distribution and common interests of the persons who are members thereof; and

(3) the number of organizations and the number of individuals from whom the lobbyist received income during the year preceding the year in which the registration is filed where such income was expended in whole or in part for lobbying; an identification of each organization from which the lobbyist received income during such period including the amount of income provided by the organization, where the income was expended in whole or in part for lobbying if the amount of income received from the organization was $2,500 or more in amount or value during such period; and an identification of each individual from whom the lobbyist received income during such period including the amount of income provided by the individual where the income was expended in whole or in part for lobbying if the total amount of income received from the individual and his immediate family was $2,500 or more in amount or value during such period. This paragraph shall not apply to any income received by the lobbyist in the form of a return on an investment by the lobbyist, or a return on the capital of the lobbyist.

(b) The registration filed under subsection (a) by an organization which is a lobbyist under section 3(a)(1) shall also include—

(1) a general description of the subject matter of each category of issues which the lobbyist, as of the date of filing, intends to influence by its legislative agent engaging in one or more lobbying communications; and

(2) an identification of the legislative agent which the lobbyist has retained, including an identification of each officer, director, or employee of the legislative agent, and of any other person to whom the legislative agent expects to provide income, other than personal travel expenses, where the legislative agent expects such officer, director, employee or other person will have responsibility for engaging in lobbying communications on behalf of the lobbyist.

(c) The registration filed under subsection (a) by an organization which is a lobbyist under section 3(a)(2) shall also include—

(1) a general description of the subject matter of each category of issues which the lobbyist, as of the date of filing, intends to influence by engaging in lobbying communications;

(2) an identification of each paid officer, paid director, and paid employee of the lobbyist whom, as of the date of filing, the lobbyist expects will have responsibility for engaging in oral lobbying communications on behalf of the organization, excluding any lobbying communications engaged in as a direct consequence of a solicitation described in subsection 6(d).

(d) The registration filed under subsection (a) by an organization which is a lobbyist under section 8(a)(3) shall also include—

(1) a general description of the subject matter of each category of issues which the lobbyist, as of the date of filing, intends to influence by engaging, either directly or through a legislative agent, in any lobbying solicitation which refers to the same issue or issues and which is intended to reach, or could reasonably be expected to reach, in identical or similar form, five hundred or more persons; twenty-five or more officers or directors, or one hundred or more

employees, of the lobbyist, other than officers, directors, or employees identified pursuant to subsection (c) of this section; or twelve or more affiliates; and

(2) the identification of any legislative agent through whom the lobbyist expects to make any solicitation described in paragraph (1).

(e) In the event of any change in the information filed under subsection (a), the lobbyist shall amend the registration required by this section not later than thirty days after the close of the next quarterly period, or at such longer intervals of time as the Comptroller General determines are adequate to disclose the current identity and activities of the lobbyist, except that in the event that any organization retains any new legislative agent after filing a registration under subsection (a), the lobbyist shall amend the registration in compliance with subsection (b) or subsection (d) of this section within fifteen days of the time such legislative agent is retained.

(f) A registration filed under subsection (a) shall be effective until the first day of January immediately following the date upon which the initial registration is filed. Each lobbyist shall file a new registration under subsection (a) within thirty days after the first day of January of each year, except that a person whose registration has expired and who has ceased to be a lobbyist shall register under subsection (a) not later than fifteen days after again becoming a lobbyist.

RECORDS

Sec. 5. Each lobbyist and each person whom the lobbyist retains as a legislative agent shall maintain records relating to the registrations and reports required to be filed under this Act as the Comptroller General determines by regulation are necessary for the effective implementation of this Act. Such financial records shall be kept in accordance with generally accepted accounting principles. All records required to be maintained by this section shall be preserved for a period of five years.

REPORTS BY LOBBYISTS

Sec. 6. (a) Each organization shall, not later than thirty days after the close of each quarterly period in which it is a lobbyist pursuant to section 3(a), file a report with the Comptroller General covering the organization's lobbying activities during the quarterly period. Each report shall identify the lobbyist, and shall contain the additional information required by the remainder of this section.

(b) In each instance where the lobbyist retains a legislative agent to engage in lobbying in the manner described in section 3(a) (1), the report shall identify the legislative agent and shall also include the following information with respect to each issue which was the subject of one or more lobbying communications by the legislative agent—

(1) a description of each such issue;

(2) the amount of income the lobbyist paid the legislative agent during the period in connection with each such issue;

(3) an identification of each officer, director, or employee of the legislative agent, and of any other person, who received income from the legislative agent, other than personal travel expenses, to engage in one or more lobbying communications during the period on behalf of the lobbyist, and a description of each issue with respect to which the officer, director, employee or other person engaged in such lobbying. In the case of any such person who engaged in lobbying communications with respect to more than ten issues, the lobbyist shall be required by this paragraph to describe only those ten issues which such person estimates accounted for the greatest proportion of the lobbying communications in which he engaged.

(c) In each instance where the organization is a lobbyist pursuant to section 3(a) (2), the report shall also include the following information—

(1) a description of each issue which was the subject of one or more lobbying communications by its paid officers, paid directors, or paid employees;

(2) an identification of each paid officer, paid director, or paid employee of the lobbyist who made one or more oral lobbying communications on behalf of the organization, and a description of the issues with respect to which such lobbying communications were made. In the case of any such person who engaged in oral lobbying communications with respect to more than ten issues, the lobbyist shall be required by this paragraph to describe only those ten issues which such person estimates accounted for the greatest proportion of the oral lobbying communications in which he engaged. This paragraph shall not apply to any lobbying communication which a paid officer, paid director, or paid employee of the lobbyist engaged in as a direct consequence of a solicitation described in subsection (d);

(3) an identification of any chief executive officer, or any principal operating officer, of the lobbyist, or of an affiliated organization, who made twenty-five or more oral lobbying communications on behalf of the lobbyist, and a description of each issue with respect to which such lobbying communications were made. This paragraph shall not apply to any individual identified by the lobbyist pursuant to paragraph (2). In the case of any such person who engaged in oral lobbying communications with respect to more than ten issues, the lobbyist shall be required by this paragraph to describe only those ten issues which such person estimates accounted for the greatest proportion of the oral lobbying communications in which he engaged.

(4) an estimate of the total expenses incurred by the lobbyist during the period in connection with all the issues with respect to which the organization engaged in lobbying, including an estimate of the total portion expended on lobbying communications, and the total portion expended on lobbying solicitations.

(d) The report shall also contain the following information about any solicitation made by a lobbyist during the period, either directly or through a legislative agent, which referred to the same issue or issues and which was intended to reach, or could reasonably be expected to reach, in identical or similar form, five hundred or more persons; twenty-five or more officers or directors, or one hundred or more employees, of the lobbyist, other than officers, directors, or employees identified pursuant to subsection (c) of this section; or twelve or more affiliates—

(1) either a description of each issue with respect to which such solicitation was made, or a representative sample of the lobbying solicitation;

(2) a general description of the oral or written means employed to make such lobbying solicitation, including the identification of any legislative agent through whom the solicitation was made, and an indication whether other persons were requested by the lobbyist to in turn solicit;

(3) an estimate of the total number of persons, including an estimate of the number of affiliates and an estimate of the number of officers, directors, or employees of the lobbyist, directly solicited by the lobbyist; an estimate of the number of States in which persons were directly solicited; and an identification of any State which received, or was intended to receive, 10 per centum or more of the total number of written solicitations made by the lobbyist if such State received, or was intended to receive, five hundred or more written solicitations;

(4) the direct expenses incurred by the lobbyist in making any lobbying solicitation where such expenses exceeded $7,500; and

(5) in any case in which the lobbyist requests, urges, or requires one or more affiliates to in turn solicit, either—

(A) the identification of any such affiliate and, in any case in which the affiliate is a voluntary membership organization, either the approximate number of persons who are members of the affiliate, or an estimate of the number of persons the lobbyist expects the affiliate to solicit; or

(B) an indication of each State in which one or more of such affiliates is located, the total number of such affiliates in each State, and, in any case in which the affiliate is a voluntary membership organization, either the approximate number of persons who are members of all such affiliates in each State, or an estimate of the total number of persons the lobbyist expects all such affiliates in each State to solicit.

REPORT OF GIFTS

Sec. 7. (a) Each report filed pursuant to section 6 shall include a list of any gifts, loans, or honorariums described in subsection (b) or subsection (c) which are made directly or indirectly to any individual Member, officer, or employee of the Congress, or the executive branch. Such list shall include an identification of the individuals making and receiving each such gift, loan, or honorarium and a description of the gift, loan, or honorarium and its amount or value, except that in the case of a gift described in subsection (d) the recipients need not be named individually, but may be described by appropriate categories."

(b) The requirements of this section shall apply—

(1) to any gift or loan of money, or any honorarium, made during the quarterly period by the lobbyist, by any officer, director, or employee of the lobbyist, or by any legislative agent on behalf of the lobbyist, which exceeds $10 in amount;

(2) to any gift or loan of any goods, servives, or any other thing of value made during the quarterly period, by the lobbyist, or by a legislative agent on behalf of the lobbyist, which exceeds $10 in amount;

(2) to any gift or loan of any goods, services, or any other thing of value made during the quarterly period, by the lobbyist, or by a legislative agent on behalf of the lobbyist, including food, lodging, transportation or entertainment, which exceeds $10 in value;

(3) to any gift or loan of any goods, services, or any other thing of value made during the quarterly period by any officer, director, or employee of the lobbyist or by a legislative agent on behalf of the lobbyist, which exceeds $10 in value and which the officer, director, employee, or legislative agent has taken or will take, in whole or in part, as a deduction under section 162 or 212 of the Internal Revenue Code;

where the aggregate value of all the gifts, loans, or honorariums described in paragraphs (1), (2), and (3) made by the lobbyist, or by the officers, directors, employees, or legislative agents of the lobbyist, to any individual Member, officer, or employee of Congress or the executive branch exceeds $50 in amount or value.

(c) The requirements of this section shall also apply to any gift or loan of any goods, services, or any other thing of value, including food, lodging, transportation, or entertainment, made during the quarterly period by an officer, director or employee of the lobbyist, or by a legislative agent on behalf of the lobbyist, which exceeds $100 in value.

(d) The requirements of this section shall also apply to any reception, dinner, or other similar event paid for, in whole or in part, by the lobbyist for Members, officers, or employees of Congress, where the total cost of the event exceeds $500.

(e) This section shall not apply to any loan made on terms and conditions that are no more favorable than available generally, or to any gift or loan to any individual who is an immediate member of the family of the donor or lender, or to any contribution to a candidate as defined in section 431(e) of title 2, United States Code.

PROCEDURES FOR PREPARING REGISTRATIONS AND REPORTS

SEC. 8. (a) The Comptroller General shall withhold from public disclosure, upon petition by any person any information otherwise required to be disclosed to the public pursuant to this Act, upon a showing that disclosure of the information may reasonably be expected to lead to the harassment of any person, or lead to threats or reprisals against any person.

(b) If the expenses or income which a lobbyist must report under section 6 or section 7 are included in an item partly attributable to other purposes, such expenses or income may be reported, in conformity with regulations issued by the Comptroller General, by a good faith allocation which sets forth with reasonable accuracy that portion of the item expended or received for the lobbying activity concerned, and the basis on which the allocation is made.

(c) Wherever a lobbyist is required under section 6 to describe an issue before Congress or the executive branch the description shall include, where applicable, the bill or other identifying number, and, in the case of any issue involving communications with the executive branch, the agency with which the lobbyist communicated, and shall be made in such detail as shall disclose the general subject matter which is of interest to the lobbyist and the general position of the lobbyist on such matter.

(d) Each registration filed pursuant to section 4 and each report filed pursuant to section 6 shall be signed by an officer or director of the organization who shall certify that the information certified therein is accurate and complete to the best of his knowledge and belief.

(e) Each person whom a lobbyist retains as a legislative agent, and each officer, director and employee of a lobbyist, shall furnish to the lobbyist such information as is necessary to enable the lobbyist to comply with the provisions of sections 4, 5, 6, and 7.

DUTIES OF THE COMPTROLLER GENERAL

SEC. 9. It shall be the duty of the Comptroller General—

(1) to develop a filing, coding, and cross-indexing system to carry out the purposes of this Act, which shall contain an index of all persons identified in reports or registrations filed under this Act, including each legislative agent and each lobbyist that retained such legislative agent; and, in cooperation with the Federal Election Commission, to develop a cross-indexing system of persons identified in registrations and reports filed by lobbyists under this Act with persons identified in information filed under section 434 of title 2, United States Code;

(2) except in the case of any information any person has requested be withheld from public disclosure pursuant to section 8(a), to make copies of registrations and reports filed with him under this Act available for public inspection and copying, commencing as soon as practicable, but not later than the end of the second day following the day of receipt, and to permit copying of any such registration or report by hand or by copying machine or, at the request of any person, to furnish a copy of any such registration or report upon payment of a fee which shall be limited to reasonable standard charges for the direct cost of a document search and duplication. Documents shall be furnished without charge or at a reduced charge where the Comptroller General determines that waiver or reduction of the fee is in the public interest;

(3) to preserve the originals of the registrations and reports for a period of not less than five years from the day of receipt;

(4) to compile and summarize, with respect to each quarterly period, the information contained in the registrations and reports in a manner which facilitates the disclosure of lobbying activities. To the extent the Comptroller General determines that it is meaningful and practicable to do so, the compilation and summary shall include information on—

(A) all lobbying activities pertaining to a particular issue; and

(B) the total lobbying activities of lobbyists who share an economic, business, or other common interest;

(5) to make the information compiled and summarized under paragraph (4) available to the public within sixty days after the close of each quarterly period, and to publish such information in the Federal Register at the earliest practicable opportunity;

(6) to employ his powers under this Act to ensure compliance with the Act;

(7) to conduct investigations in compliance with the provisions of chapter 5 of title 5, United States Code, with respect to any violations of this Act;

(8) not later than ninety days after the enactment of this Act and at any time thereafter, to propose such rules, regulations, and forms, in compliance with the provisions of chapter 5 of title 5, United States Code, as the Comptroller General determines are necessary to carry out the provisions of this Act in the most effective and efficient manner possible, and to prevent the evasion of the requirements of this Act; and

(9) To furnish assistance, to the extent practicable, to any person who requests assistance in the development of appropriate accounting procedures and practices to meet the recordkeeping and reporting requirements of this Act.

ADVISORY OPINIONS

SEC. 10. (a) Upon written request to the Comptroller General by any person, the Comptroller General, after consultation with the Attorney General, shall render an advisory opinion, in writing, within a reasonable time with respect to the applicability of the recordkeeping, registration, or reporting requirements of this Act to any specific set of facts involving such person.

(b) Notwithstanding any other provision of law, any person with respect to whom an advisory opinion is rendered under subsection (a) who acts in good faith in accordance with the provisions and findings of such advisory opinion shall be presumed to be in compliance with the provisions of this Act to which such advisory opinion relates. Any such advisory opinion may be modified or revoked, but any modification or revocation shall be effective only with respect to action taken or things done after such person has been notified, in writing, of such modification or revocation.

(c) Any request made under subsection (a), and any advisory opinion rendered by the Comptroller General, shall be made public by the Comptroller General in such form as the Comptroller General deems appropriate, except that upon request of any person seeking the advisory opinion, the identity of such person shall not be disclosed in any information made public by the Comptroller General pursuant to this subsection. Unless the Comptroller General determines that such request must be answered immediately, he shall, before rendering an advisory opinion, provide any interested person with an opportunity to submit written comments to the Comptroller General within such period of time as he shall provide.

(d) Any person who receives an advisory opinion under this section adverse to his interests may file a declaratory judgment action in the United States district court where that person resides or maintains his principal place of business.

ENFORCEMENT

SEC. 11. (a) The Comptroller General shall investigate violations of this Act. Any such investigation shall be conducted expeditiously, and in compliance with subsection 9 (7) of this Act.

(b) If, as a result of an investigation under subsection (a), the Comptroller General determines that the acts or practices of any person constitute a civil violation of this Act, he shall endeavor to correct the matter by informal methods of conference and conciliation and, if such methods are unsuccessful, he shall refer the matter to the Attorney General.

(c) The Comptroller shall refer apparent criminal violations of this Act to the Attorney General.

(d) The Attorney General, on behalf of the United States, may institute a criminal action in the district court of the United States for the district where any violation of this Act occurs, or a civil action in the district court of the United States for the district in which the person violating this Act is found, resides, or transacts business. In the case of any civil action, relief may include a permanent or temporary injunction, restraining order, or any other appropriate order.

(e) In any case in which the Comptroller General refers a civil or criminal violation to the Attorney General, the Attorney General shall act upon such referral in as expeditious manner as possible, and shall respond by report to the Comptroller General with respect to any action taken by the Attorney General regarding such violation. A report shall be transmitted no later than sixty days after the date the Comptroller General refers such violation, and at the close of every ninety-day period thereafter, until there is final disposition of the case. The Comptroller General may from time to time prepare and publish reports on the status of such referrals.

INCIDENTAL POWERS OF THE COMPTROLLER GENERAL

SEC. 12. (a) Where necessary for the proper execution of his duties and functions under this Act, the Comptroller General shall have the power, pursuant to rules issued by the Comptroller General—

(1) to require by subpena any person (a) to permit representatives of the Comptroller General to examine records required to be maintained by this Act; (b) to require the attendance and testimony of witnesses; and (c) to require the production of documentary evidence relating to the execution of his duties and functions;

(2) to administer oaths or affirmations;

(3) to obtain through written interrogatories the answers to questions, which answers shall be made within such a reasonable period of time and under oath or otherwise as the Comptroller General may order;

(4) in any proceeding or investigation, to order testimony to be taken by deposition before any person who is designated by the Comptroller General and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (1);

(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States.

(b) In cases of refusal to obey a subpena or order issued by the Comptroller General under subsection (a), any United States district court within the jurisdiction of which any inquiry is carried on may, on a petition on behalf of the Comptroller General, issue an order requiring compliance therewith.

(c) Whenever the Comptroller General requests the Attorney General to bring a civil action under subsection 11(d) or subsection 12(b), and the Attorney General fails to bring such an action within sixty or ten days, respectively, of the date that the Comptroller General formally notifies the Attorney General of his intention to bring suit through his own attorneys, the Comptroller General may thereafter bring such suit in his own name through his own attorneys.

SANCTIONS

SEC. 13. (a) Any person who fails to comply with section 4, 5, 6, 7, or 8 of this Act shall be subject to a civil penalty of not more than $10,000.

(b) No information contained in any registration or report filed under this Act shall be sold or utilized by any person for the purpose of soliciting contributions or for any commercial purpose. Any person who fails to comply with this subsection shall be subject to a civil penalty of not more than $10,000.

(c) In any action brought under this section, the United States district courts are empowered to grant mandatory injunctions and such other and further equitable relief as they deem appropriate to require the defendant to comply fully and retroactively with subsection (b) of this section and with the registration, reporting, and recordkeeping requirements of this Act and any order issued under it. In determining the amount of civil penalty in any action under this Act, the court shall take into account the degree of culpability, any history of prior failure to comply with section 4, 5, 6, 7, 8, or subsection (b) of this section, and such other matters as justice may require.

(d) Any person required to file a registration under section 4, keep any record under section 5, file any report under sections 6, 7, or 8, or furnish any information under section 8(e), who knowingly and willfully—

(1) fails to file such registration, keep such record, file such report, or furnish such information, or

(2) in connection with any such registration, record, or report, or with the furnishing of any such information, falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious, or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry.

shall be fined not more than $10,000 or imprisoned not more than five years, or both.

REPORTS BY THE COMPTROLLER GENERAL

SEC. 14. The Comptroller General shall transmit a report to the President of the United States and to each House of the Congress no later than March 31 of each year. Each such report shall contain a detailed statement with respect to the activities of the Comptroller General in carrying out his duties and functions under this Act, together with recommendations for such legislation or other action as the Comptroller General considers appropriate.

GENERAL DEFINITIONS

SEC. 15. As used in this Act, the term—

(1) "affiliates" includes organizations or other groups of person which are associated with each other through any type of formal relationship, such as through ownership, the election of officers or directors, through franchise agreements, through common funding, or through common adherence to a charter or organizational bylaws, whether or not one such person controls the policies or actions of the other. The term shall not include an informal or ad hoc alliance or coalition. For purposes of this Act, a communication or solicitation addressed to any individual in his capacity as an officer, director, or employee of an affiliate shall be considered a communication or solicitation addressed to the affiliate;

(2) "Comptroller General" means the Comptroller General of the United States;

(3) "Congress" means (a) any Member, officer, or employee of Congress; (b) the Senate, or the House of Representatives; (c) any committee of the Senate or House of Representatives, including any standing, special, or select committee of the Senate or the House of Representatives, any joint committee of the Congress, any subcommittee of any such committee or joint committee, and any conference committee of the Congress; (d) any office of the Senate or the House of Representatives; (e) any office of the Congress; and (f) the Office of Technology Assessment, including the Technology Assessment Board;

(4) "director" means, with respect to an organization other than a partnership, an individual who is a member of a body containing fewer members than the organization itself which constitutes the governing board of such organization, and, with respect to a partnership, an individual who is a partner;

(5) "direct expenses" means expenses such as the cost of mailing, printing, advertising, telephones, consultant fees, or the like included in an item which is attributable to a lobbying activity, and which is not attributable, to any substantial extent, to any activity other than lobbying. The term also means expenses included in an item partly attributable to activities other than lobbying, where such item may, with reasonable preciseness and ease, be directly allocated in part to lobbying, except that this sentence shall not apply to a regular publication of a voluntary membership organization published in substantial part for purposes unrelated to lobbying;

(6) "employee" includes an individual performing personal services as an expert or consultant under contract with the Government;

(7) "executive branch" includes any agency as defined in section 552(e) of title 5, United States Code, and any officer or employee of such agency, except such term shall not include the General Accounting Office;

(8) "expenses" includes—

(A) a payment, distribution, loan, advance, deposit, or gift of money or anything of value made, disbursed, or furnished, and

(B) a promise, contract, or agreement, whether or not legally enforceable, to make, disburse, or furnish any item referred to in subparagraph (A);

(9) "identification" includes, in the case of an individual, the name of the individual and his occupation, business address, and position held in the lobbying organization; and, in the case of an organization, the name of the organization and its address, principal place of business, nature of its business or activities, chief executive officer, and directors;

(10) "income" includes—

(A) a gift, donation, contribution, payment, loan, advance, service, salary, or other thing of value received, and

(B) a contract, promise, or agreement, whether or not legally enforceable, to receive any item referred to in subparagraph (A);

(11) "influence" means to affect, or attempt to affect, the disposition of any issue, whether by initiating, promoting, opposing, effectuating, delaying, altering, amending, withdrawing from consideration, or otherwise;

(12) "issue before the Congress" means the totality of all matters, both substantive and procedural, relating to any pending or proposed bill, resolution, report, nomination, treaty, hearing, investigation, or other similar matter in Congress, including any action or proposed action by a Member, officer, or employee of the Congress to influence, or attempt to influence, any action or proposed action by any officer or employee of the executive branch;

(13) "legislative agent" means any person who receives income from a lobbyist to engage in lobbying for the lobbyist, other than income received as an officer, director, or employee of the lobbyist. Any reference to such term shall include the officers, directors, or employees of a legislative agent. The term shall not include any person who only prepares material for the use of another person who in turn engages in lobbying in his own name;

(14) "lobbying" means engaging in lobbying communications, or lobbying solicitations, or both;

(15) "Member, officer, or employee of the Congress" means a Member of the Senate or the House of Representatives, a Delegate to the House of Representatives, the Resident Commissioner from Puerto Rico, and an officer or employee of the Senate or the House of Representatives or of any Member, committee, or office of the Congress;

(16) "organization" includes a corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, group of organizations, or group of individuals, except that it shall not include any organization which does not have one or more paid officers, paid directors, or paid employees;

(17) "paid officers, paid director, or paid employee" means an officer, director, or employee who receives income for his services, other than personal travel expenses, at a rate in excess of $100 a week. An officer, director, or employee who is not employed on a full-time basis is included within this definition if the effective hourly rate at which such individual is compensated exceeds the effective hourly rate of a full-time employee who receives income at a rate in excess of $100 a week;

(18) "person" includes an individual and an organization, whether or not it has paid officers, paid directors, or paid employees;

(19) "personal travel expenses" means expenses for travel but only if (a) the amount paid or received as reimbursement for such expenses does not exceed the actual cost of

the transportation involved plus a per diem allowance for other actual expenses in an amount not in excess of the maximum applicable allowance payable under section 5702(c)(1) of title 5, United States Code, for Government employees, and (b) such allowance is received for no more than ten days in any quarterly period;

(20) "voluntary membership organization" means an organization composed of persons who are members thereof on a voluntary basis, and who, as a condition of membership, pay regular dues, subscribe to one or more publications, or make contributions to such organization.

REPEAL OF FEDERAL REGULATION OF LOBBYING ACT

Sec. 16. (a) The Federal Regulation of Lobbying Act (60 Stat. 839; 2 U.S.C. 261 et seq.) is repealed.

(b) All documents, papers, and other information in the custody or control of the Clerk of the House of Representatives or the Secretary of the Senate obtained or prepared pursuant to the provisions of the Federal Regulation of Lobbying Act are hereby transferred to the custody and control of the Comptroller General. The Senate and the House of Representatives consent to the transfer of such documents, papers, or other information.

EFFECT ON OTHER LAWS

Sec. 17. (a) An organization shall not be denied an exemption under section 501(a) of the Internal Revenue Code of 1954 as an organization described in section 501(c) of such Code, and shall not be denied status as an organization described in sections 170(c) (2), 2055(a)(2), 2106(a)(2), and 2522 of such Code, solely because such organization complies with the requirements of sections 4, 5, 6, 7, and 8 of this Act.

(b) The registration, reporting, and recordkeeping requirements of the Act shall not relieve any person from the registration, reporting, recordkeeping, or similar obligations of any other Act.

SEPARABILITY

Sec. 18. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the validity of the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

Sec. 19. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

EFFECTIVE DATES

Sec. 20. (a) Except as provided in subsection (b), the provisions of this Act shall take effect on the first day of the first calendar quarter which begins more than one hundred and eighty days after enactment of this Act.

(b) The provisions of this Act requiring the issuance of regulations to implement this Act shall become effective upon enactment.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. PERCY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The title was amended so as to read:

A bill to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make clerical corrections in the engrossment of S. 2477.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I would like to take this opportunity to commend greatly Senator METCALF on his substantial and valuable contributions to this bill. His dedication to passage of a sound lobbying disclosure bill and to the constitutional rights of Americans has been apparent throughout consideration of this measure. His desire to make this the best possible piece of legislation deserves high praise by the Senate and by the American public. Thanks to his continuing efforts, the Senate has passed new lobbying disclosure legislation of which it can be proud.

I would also like to thank a number of other Senators who have contributed significantly to this legislation. These include the Senator from Illinois (Mr. PERCY) and the Senator from New York (Mr. JAVITS), both of whom, as always, worked diligently, as minority members of the committee, in a highly bipartisan manner to achieve passage of this legislation.

It also includes Senator MUSKIE who made a very important contribution to the bill by introducing his compromise amendment this morning with Senator JAVITS. Thanks also to Senators CLARK, KENNEDY, and STAFFORD for their contribution.

Thanks to the contribution of these Senators, the Congress can pass, for the first time in 30 years, comprehensive lobbying reform legislation.

Mr. President, praise must also go to the staff who worked so diligently on this bill. Dick Wegman, Paul Hoff, Marilyn Haniss, Paul Rosenthal, Connie Evans, John Childers, Brian Conboy, Jim Davidson, Vic Mareki, and Carey Parker all made very valuable contributions. My thanks, too, to Andy Loewi, Tom Sussman, Claudia Ingram, Lyle Ryter, Don Tacheron, and Wyn Turner for their excellent work.

MARITIME APPROPRIATION AUTHORIZATION ACT OF FISCAL YEAR 1977

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to consider Calendar No. 791.

The **PRESIDING OFFICER.** The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 11481) to authorize appropriations for the fiscal year 1977 for certain maritime programs of the Department of Commerce and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Commerce with amendments as follows:

On page 1, beginning in line 3, insert:

That this Act may be cited as the "Maritime Appropriation Authorization Act of Fiscal Year 1977".

On page 1, in line 5, delete "That" and insert in lieu thereof "Sec. 2.".

On page 1, in line 5, delete "hereby".

On page 1, in line 9, delete "(a)" and insert in lieu thereof "(1) For".

On page 2, in line 1, after the word "subsidy," insert "not to exceed".

On page 2, in line 3, strike out "(b)" and insert in lieu thereof "(2) For".

On page 2, in line 4, strike out "$19,500,000" and insert in lieu thereof "not to exceed $22,500,000".

On page 2, in line 6, strike out "(c)" and insert in lieu thereof "(3) For".

On page 2, in line 6, after the word "expenses," insert "not to exceed".

On page 2, in line 8, strike out "(d)" and insert in lieu thereof "(4) For".

On page 2, in line 9, after the words "New York," insert "not to exceed".

On page 2, in line 11, strike out "(c)" and insert in lieu thereof "(5) For".

On page 2, in line 12, after the word "schools," insert "not to exceed".

On page 2, beginning at line 13, strike out:

Sec. 2. In addition to the amounts authorized by section 1 of this Act, there are authorized to be appropriated for the fiscal year 1977 such additional supplemental amounts for the activities for which appropriations are authorized under section 1 of this Act as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law, and for increased costs for public utilities, food service, and other expenses of the Merchant Marine Academy at Kings Point, New York.

And insert in lieu thereof:

Sec. 3. There are authorized to be appropriated for the fiscal year 1977, in addition to the amounts authorized by section 2 of this Act, such additional supplemental amounts, for the activities for which appropriations are authorized under section 2 of this Act, as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law, and for increased costs for public utilities, food service, and other expenses of the Merchant Marine Academy at Kings Point, New York.

Mr. CHURCH addressed the Chair.

Mr. PASTORE. Mr. President, may we have order, please.

The **PRESIDING OFFICER.** Will the Senators take their seats. Will the Senate be in order.

RELATIONS WITH ITALY

Mr. CHURCH. Mr. President, Senator PASTORE's floor statement on June 11, 1976, rightly emphasizes the importance of democratic government in Italy to the Italians, to NATO, and to the United States. His concern, shared by Congressman PETER RODINO, that unfounded charges against the President of Italy might tip the vote in favor of the Communist Party in the upcoming election, should be treated very seriously by all of us who wish to see free government survive in that country.

Senator PASTORE cited allegations and speculation in the foreign press that President Leone was the recipient, or proposed recipient, of funds from the Lockheed Corp. for the purpose of assisting that corporation to sell its aircraft in Italy.

Now, Senator PERCY, who is the ranking Republican member——

Mr. PASTORE. Mr. President, may we please have order.

The PRESIDING OFFICER (Mr. Ford). The Senator is correct. Will the staff please leave the Chamber if they are not here at the request of a Senator.

Mr. CHURCH. Mr. President, the distinguished Senator from Illinois (Mr. Percy), who is the ranking member of the Senate Foreign Relations Subcommittee on Multinational Corporations, and I, as the chairman of the subcommittee, conferred with members of our staff following Senator Pastore's statement on the floor last week.

We did so, in order to determine the state of the evidence before the subcommittee so that speculation respecting any possible role that might have been played by the President of Italy could be either confirmed or laid to rest.

A letter addressed to Senator Pastore, signed jointly by the two of us, has just been written for inclusion in the Record. The letter summarizes the finding that there is no evidence whatsoever before the subcommittee to indicate that President Leone, directly or indirectly, received or was intended to receive, any funds from the Lockheed Corp.

Mr. President, I am happy to make this statement. I think that it needed to be made. I compliment the distinguished senior Senator from Rhode Island for calling the matter to our attention.

I ask unanimous consent that the text of the letter may be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

June 15, 1976.

Hon. John O. Pastore,
U.S. Senate,
Washington, D.C.

Dear Senator: In your Senate floor statement of June 11, 1976, you rightly emphasized the importance of democratic government in Italy to the Italians, NATO and this country. We are completely in agreement with this statement.

You have also brought to our attention allegations and speculation in the foreign press that President Leone was the recipient or proposed recipient of funds from the Lockheed Corporation for the purpose of assisting that corporation to sell its aircraft in Italy.

As the Chairman and Ranking Minority Member of the Senate Foreign Relations Subcommittee on Multinational Corporations which investigated the Lockheed matter in Italy and elsewhere, we wish to state that the Subcommittee has no evidence whatsoever indicating that President Leone, directly or indirectly, received or was intended to receive any funds from the Lockheed Corporation.

Sincerely,

Frank Church,
Chairman, Subcommittee on Multinational Corporations.
Charles H. Percy,
Ranking Member.

Mr. CHURCH. I yield to Senator Percy for such remarks as he would like to make.

Mr. PERCY. Mr. President, I thank my distinguished colleague. We have worked together on the multinational subcommittee in a totally impartial, nonpartisan manner.

The Senator from Illinois was not on the floor of the Senate at the time when, on June 11, Senator Pastore of Rhode Island made his comments.

The Senator from Illinois was notified a few minutes after those comments were made, sent for a transcript of the comments and read with shock and dismay that some party, some place, had inferred that the Subcommittee on Multinational Corporations had testimony or evidence that might possibly have involved President Leone.

The Senator from Illinois conferred with staff members, including the chief of staff, Dr. Levinson. The Senator from Illinois went over his own recollection and his own notes of all the testimony that had been presented and all the evidence the Senator from Illinois had seen.

The Senator from Illinois simply wishes to point out, without any equivocation whatsoever, that the subcommittee has no evidence whatsoever indicating that President Leone was implicated directly or indirectly in connection with funds from Lockheed Corp.

Furthermore, the Senator from Illinois would like to say this to the Senator from Rhode Island.

Early in my business experience I was asked by the Department of State in 1952 to take a Mutual Security Agency mission to Italy. The Senator from Illinois deferred when he learned all the cost would be paid by the U.S. Government. Knowing the Italian people, I did not feel that we, going as experts, paid for by the U.S. Government, imposing themselves upon them, would be as well received as if we went over at the invitation of the Italian Government and the Italian labor and business community.

So the State Department inquired as to whether the delegation to be headed by the then president of Bell & Howell Co. would be received and expenses paid by such Italian institutions as Compendustria, IRI by banking and labor people, and an immediate positive response came back.

I spent 6 weeks at that time—one of many trips to Italy, but this was the most intensive—meeting with management and labor, and at that time every conceivable destructive element was being brought to bear by Communist forces in Italy to wreck the Italian economy, to create disharmony and dissension.

I saw first-hand the results of the tactics used by the Communists in Italy to break up that country and immobilize it from the economic recovery program it had underway.

The Senator from Illinois recognizes some of these same tactics now and was not really surprised when it was inferred that the Lockheed situation was taken so that inferences could be drawn from it.

But clearly, we can state this unequivocally and on the record, there is no evidence whatsoever, and anyone who uses that really uses a tactic to deceive intelligent and enlightened people who, by their own insight, will know what is best for Italy and, certainly, that I hope will recognize that continuation in power of those who are dedicated to the democratic process is the only way Italy can continue in freedom with the economic program that has been so strongly evidenced in recent decades.

I thank our distinguished colleague for bringing this inference to our attention.

Mr. PASTORE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho has the floor.

Mr. CHURCH. I yield to the Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PASTORE. May we have order?

Mr. President, first of all, I thank and congratulate the Senator from Idaho and the Senator from Illinois for their deep understanding of what the problem really is.

I repeat what I said early in the month, that my primary concern in this matter, Mr. President, is as an American—as an American who has a very sentimental respect for the land and activity of his own parents, and that is understandable as well.

We have on June 20, which is only next Sunday, a 2-day period of elections in Italy.

The outcome of that election could very well spell out the problems and the tribulations in the future of the free world.

As I said before, Italy is a linchpin in the Mediterranean. We are having our troubles on the eastern side of the Mediterranean, particularly in the Middle East. We have our own 6th Fleet that is based in the Mediterranean on the western side with headquarters in Naples, Italy. If by any chance—and God forbid—that an element in Italy takes over the government in such a way that we have to extricate ourselves from those bases, we could very well jeopardize the Atlantic Alliance and the security of the free world. That is what is at stake.

Now, because of nebulous accusations, allegations, and even speculation, rumors have rampaged abroad in Italy that the President of Italy might have been one of the recipients of these bribes.

I need not tell the Members of the Senate that if that kind of pall and that kind of shadow is on the integrity of the President of the Republic of Italy, it could well mean the election could take another turn.

I think it behooves us to tell the Italian people the truth, and the truth is—and I congratulate my two friends from Idaho and Illinois—that the committee does not have any evidence whatsoever, as spelled out in this letter, that involves the President of Italy, President Leone.

I hope this will clear the air. I hope the press will give this wide publicity. I hope the Italian press will pick it up. I hope the Italian people will understand it, and I hope and I pray to God that on June 20 they do the right thing to orient themselves to the purpose and objective of the free world.

I again want to thank my two colleagues.

Mr. CHURCH. I say in response, Mr. President, that the Senator from Rhode Island has rendered a very important service in calling this matter to our attention, and also to observe that the Subcommittee on Multinational Corporations enjoys a reputation for integrity and objectivity in its investigations that is well known to the people of Italy.

We have not hesitated, wherever we found evidence of wrongdoing, of bribery and payoffs, to make that evidence public. Not only is this known to the people of Italy, but the hearings of the subcommittee received widespread publicity in that country, triggering a parliamentary inquiry into the Lockheed affair.

I believe a statement from the chairman and the ranking minority Member of the subcommittee that there is no evidence whatsoever, directly or indirectly, implicating the President of Italy, Mr. Leone, will therefore be accepted by the Italian people as factual.

So I am confident that this declaration, inserted in the CONGRESSIONAL RECORD, will clear up any misrepresentations made in the course of the Italian election that would tend to suggest that the President of Italy was in any way connected with wrongful conduct on the part of Lockheed in connection with aircraft sales to that country.

PRIVILEGE OF THE FLOOR—S. 2872

Mr. PERCY. Mr. President, I ask unanimous consent on behalf of the minority members of the Government Operations Committee that Brian Conboy, Leo Duran, Barbara Clark, and Claudia Ingram have access to the floor and remain on the floor during rollcall votes on the FEA bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Ann Wray of my staff be granted the privilege of the floor including specifically during the consideration of the FEA bill.

Mr. HOLLINGS. Mr. President, I make the same request with respect to Mary Jo Manning on this and the FEA bill.

Mr. PERCY. I make the same request in behalf of John B. Childers, Peter Finley, and Chris Palmer.

Mr. JAVITS. I make the same request for Gary Klein.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I ask unanimous consent that Mr. William VanNess and Mr. Ben Cooper, of the Interior Committee staff, be granted the privileges of the floor in connection with the pending measures before the Senate today, including S. 2872.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, I ask unanimous consent that Peter Finley may have access to the floor during the debate and votes on S. 2872.

The PRESIDING OFFICER. Without objection, it is so ordered.

VISIT TO THE SENATE BY MEMBERS OF THE CANADIAN PARLIAMENT

Mr. STEVENSON. Mr. President, I call the attention of the Members to the presence in the Chamber of Mr. Joseph Clark, the leader of the Progressive Conservative Party of Canada, and Mr. James Gillies, both members of the Canadian Parliament. I invite the Members to meet our distinguished guests while they are in the Chamber.

MARITIME APPROPRIATION AUTHORIZATION ACT OF FISCAL YEAR 1977

The Senate continued with the consideration of the bill (H.R. 11481) to authorize appropriations for the fiscal year 1977 for certain maritime programs of the Department of Commerce, and for other purposes.

Mr. HOLLINGS. Mr. President, it is the purpose of this Maritime Appropriation Authorization Act to authorize appropriations for the further maintenance of several Maritime Administration programs within the Department of Commerce for the fiscal year ending September 30, 1977. The bill provides for the aggregate authorization of $488,041,000 which is the first time in 25 years that no new funds have been requested for merchant vessel construction. This however, is not because funds are not needed for vessel construction, but rather because the funds heretofore appropriated for construction-differential subsidies remain unspent and continue to be available for fiscal year 1977 requirement.

The original objective of the 1970 Merchant Marine Act was to have constructed 300 merchant vessels over a 10-year period. To date this goal is far from being realized with only 58 new ships having been contracted. The committee continues to strongly believe that the revitalization of our merchant fleet is urgently needed.

The maritime assistance programs authorized by this legislation also confer great economic benefit as hundreds of thousands of man-years of shipyard and related industry employment are generated. In the absence of these programs those currently employed would have little to look forward to. In addition such programs assure fair and reasonable freight rates and reliable service. Without a strong U.S.-flag merchant fleet, the United States could find much of its foreign commerce dependent upon the good will of other nations. Balance of payments earnings is another area of benefit resulting from the U.S. merchant marine. Accordingly the bill makes the following authorizations:

First, $403,721,000 for the payment of obligations incurred for operating differential subsidy, not to exceed this amount.

Second, $22,500,000 for expenses necessary for research and development activities not to exceed this amount.

Third, $4,560,000 for reserve fleet expenses.

Fourth, $13,260,000 for maritime training at the Merchant Marine Academy.

Fifth, $4,000,000 for financial assistance to State marine schools.

The legislation also authorizes for appropriation of such additional supplemental amounts as may be necessary for increases in pay and benefits at the National Defense Reserve Fleet and the Merchant Marine Academy. Also included are cost increases in public utilities, food services, and other expenses at the Merchant Marine Academy.

Mr. President, I believe the Senator from Michigan and the Senator from Maine have amendments.

Mr. STEVENS. Mr. President, it is the purpose of this legislation to authorize appropriations for fiscal year 1977 for certain activities of the Maritime Administration within the Department of Commerce. First, $403.7 million is authorized for the payment of operating—differential subsidies. These subsidies are paid to U.S.-flag operators to enable them to operate at rates which are competitive with foreign flag vessels moving in similar trades and have enabled our fleet to penetrate markets previously dominated by foreign operators. Second, $22.5 million is authorized to fund new and ongoing Maritime Administration R. & D. efforts directed toward improving shipyard efficiency, operator efficiency and exploring new areas of ship design and usage. Third, $4.6 million is needed to maintain our national Reserve fleet of 280 ships which we may call upon in times of war or national emergency. Fourth, $13.3 million is provided for operation of the U.S. Merchant Marine Academy which graduates about 200 licensed merchant marine officers a year. Fifth, and last, $4 million is available for assistance to train cadets at six State-operated maritime schools.

For the first time in 25 years, no new funds for ship construction-differential subsidies have been requested. Indeed, funds authorized and appropriated for previous years' construction subsidy payments remain unspent and therefore available for these payments in fiscal year 1977.

Mr. President, the U.S.-flag merchant fleet must be revitalized if we are to maintain our position of strength and leadership in world commerce. As of June 30, 1975, the U.S. privately owned merchant fleet had fallen to 10th in the world and is becoming increasingly inadequate to meet our global trade requirements. The maritime industry provides thousands of man years of shipyard and supporting industry employment. The presence of U.S.-flag carriers in foreign trade helps to maintain fair and reasonable freight rates. Furthermore, a healthy domestic fleet strengthens our national security in times of international unrest.

Mr. President, it is for reasons such as these that I believe the maritime programs funded in H.R. 11481 are of substantial economic benefit to the Nation and that I urge my colleagues to approve this most vital legislation.

Mr. GRIFFIN. Mr. President, the Senator from Maine (Mr. HATHAWAY) has an amendment which I intend to cosponsor and support, an amendment having to do with the State maritime academies.

Mr. HOLLINGS. Mr. President, I was talking to my distinguished colleague from Maine. I was hoping he would withhold the amendment.

It would add money for the State maritime academies. This has been a problem as far as some of the schools are concerned, but we never could really learn very much, other than perhaps we were graduating more than we needed.

In the last 5 years, for example, there have been over 50,000 persons holding engine and deck officer licenses, with only 15,000 available positions.

If we do enter into a debate, we can go into the statistics concerning this point. The fact of the matter is that this was raised on the House side, and it was defeated by a vote of 292 to 53.

Within the Commerce Committee when we began to discuss this, the amendment was never submitted. Senator MAGNUSON joined with his counterpart on the House side, with Mrs. LEONOR SULLIVAN, to see if we could get a GAO study to report back by January.

We are all interested in maritime education but we find ourselves in a dilemma. The House Appropriations Committee has already cut the appropriation in this maritime authorization by some $20 million.

We have tried not to disregard the problem, but I am sure GAO can give us a better insight by January.

I will ask my colleague if that will be a satisfactory compromise until that time. I yield to the Senator from Maine.

Mr. HATHAWAY. The problem that I find is that there already has been a study in regard to this.

Quoting from this study, it says:

> Today's high technology vessels require the skills of individuals of superior ability. While it is necessary to establish ceilings for the number of officers, it is imperative to attract sufficiently qualified students into our Nation's maritime schools. In furtherance of this objective, it is therefore recommended that the annual subsistence allowance from the Maritime Administration for students at the State Maritime Academies be increased from $600 to $1200 and that admission to the Federal Academy be held to standards at least as high as those which were in effect in 1964.

So it seems to me that we have already had a study, and we are just postponing consideration of this matter until some time next year, when we already have a study that indicates that the amount should be raised at least to the **$1,200** level we are asking for in our amendment.

Mr. HOLLINGS. Mr. President, if the Senator will yield——

Mr. HATHAWAY. I think the Senator has the floor.

Mr. HOLLINGS. Well, Mr. President, in all fairness, the report of the ad hoc committee from which the Senator from Maine is now quoting was an ad hoc group from the House Merchant Marine and Fisheries Committee, which has not adopted the recommendation.

After that report was submitted, the committee conferees rejected it last year and the entire House rejected it this year by a 6-to-1 margin.

There are other facts that have been brought out, other than by that ad hoc committee. We know that many attend the academies without subsidy. I have asked how many, and I never have been able to determine that. But when we discussed it within the Committee on Commerce, we said:

> Let us get GAO to study this and report back by January.

It was really under the leadership of the Senator from Michigan, who has been fighting for this for several years.

Mr. HATHAWAY. There is no direct relationship between the amount of the subsidy and the number of students attending the State maritime academies, with or without the subsidy. In rebuttal to your argument, it could also be said that many young people are attending universities today, even though the Federal contribution to their tuition may be less than it was years ago. The direct relationship is not really there in either case; there are other pressures increasing the size of our student population. Many are attending both the universities and the maritime academies. But someone has to pay for that, and it is either through increased tuition or the State has to make up the difference.

The Federal contribution has remained the same for many, many years, and we think simply on the basis of inflation increases in costs since the $600 provision was enacted, it should be many times more than the additional $600 we are asking.

I think it is a very modest increase we are requesting, when the Federal Government, I think the Senator from South Carolina will acknowledge, does get considerable benefit from the training of these individuals at the State maritime academies.

The PRESIDING OFFICER. Does the Senator from Maine yield?

Mr. HATHAWAY. If I have the floor, I yield.

The PRESIDING OFFICER. The Senator from Maine has the floor.

Mr. HATHAWAY. I am happy to yield to the Senator from South Carolina.

I would be glad to submit the amendment, so that we can discuss it.

Mr. HOLLINGS. All right, why not offer it?

The PRESIDING OFFICER. The Chair would inform the Senator from Maine that until the committee amendments are disposed of, no floor amendments are in order.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc, and that the bill as thus amended be considered as original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 35

Mr. HATHAWAY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Maine (Mr. HATHAWAY) proposes unprinted amendment No. 33:
>
> On page 2, line 12, strike "$4,000,000" and insert in lieu thereof "$5,200,000".
>
> On page 2, between lines 21 and 22, add a new section as follows:
>
> "SEC. 3. Section 6(a) of the Maritime Academy Act of 1958, as amended (46 U.S.C. 1385 (a)), is amended by striking '$600' and inserting in lieu thereof '$1200'.".
>
> On page 2, line 22, strike "SEC. 3" and insert in lieu thereof "SEC. 4".

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the names of Senators MUSKIE, GRIFFIN, and BUCKLEY be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, I modify my amendment by deleting $1,200 and putting in lieu thereof $900, and by adding a comma to that, as follows:

> *Provided*, That the additional $300 per student be used for books, uniforms, and additional compensation for sea training.

I send the modification to the desk.

The PRESIDING OFFICER. Without objection, the amendment is modified.

The modified amendment is as follows:

> On page 2, line 12, strike "$4,000,000" and insert in lieu thereof "$4,600,000".
>
> On page 2, between lines 21 and 22, add a new section as follows:
>
> "SEC. 3. Section 6(a) of the Maritime Academy Act of 1958, as amended (46 U.S.C. 1385(a)), is amended by striking '$600' and inserting in lieu thereof '$900'; and by inserting in the second sentence after 'student,' the first time it appears, the following: 'except that payments in excess of $600 per student shall be used only for uniforms, books, and subsistence allowance for periods of training aboard ship,'."
>
> On page 2, line 22, strike "Sec. 3" and insert in lieu thereof "Sec. 4".

Mr. HATHAWAY. Mr. President, I understand that the floor manager of the bill, the distinguished Senator from South Carolina, is in agreement with this modification, so I see no need to debate the matter further.

Mr. HOLLINGS. Mr. President, in accepting this amendment, we should make certain things clear.

Between the period of April 1973 and April 1975, licensed officer billets, or job slots, dropped in the maritime industry from 8,347 to 7,140. Since they are at sea for an average of 6 months a year, that averages out, on a sea-time basis, to double that number of jobs; or, from 1973 to 1975, more than 2,400 jobs disappeared.

According to Coast Guard data, more than 50,000 engineer and deck officer licenses were issued for the 5-year period 1970–74. Thus, more than 50,000 men were licensed for less than 15,000 available positions.

In 1974, the Federal and State maritime academies and industry schools graduated 657 additional deck and engine officer candidates. In 1975, 585 were graduated. The president of the National Council of the Maritime Academy Alumni Associations stated in a letter to officers of the U.S. Coast Guard that no shortage of deck and engine officers exists. He indicated that there are enough licensed deck officers to meet all the future needs of industry for at least 10 years.

Data submitted to the committee by the licensed officer unions indicated that in June 1975 more than 1,400 men were listed on the marine engineers shipping list, registered for seeking employment, and more than 2,700 men were listed on the deck officers shipping lists.

In essence, we have a program that one time commenced the subsidy arrangement in order to create more officers for the maritime industry. But we have succeeded, one way or the other, and we have more officers and we have more skilled personnel in this particular discipline than are needed.

The committee has strongly resisted subsidizing a program for which no jobs exist.

My friends say that it costs more, and we have to recognize the inflation factor here. We go along with the amendment to try to help with the inflationary cost. But what really is disturbing is another set of Federal programs, and that is that they build in Maine, very successfully, under HEW and HUD grants, the maritime school, and then they have to hustle around to get students to fill up the school. So they have one Federal program that is overbuilt for an undocumented need, but that still leaves the student in his dilemma, as he goes to sea, as he has to put out his money for the uniforms and the other requirements

I think that perhaps this is a good amendment to take care of those costs temporarily, with the agreement in mind that already has been initiated by our distinguished chairman, Mr. Magnuson, and Mrs. Sullivan on the House side, for a comprehensive GAO study for the State schools on the one hand and the maritime employment opportunities on the other, so that we can see how much money each student will sustain by Federal allocations and what his opportunities are and, in finality, what the Federal need is.

Mr. GRIFFIN. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. GRIFFIN. Would it be the Senator's intention or suggestion that we should provide some equality of opportunity as between the State schools and the union-operated school at Baltimore? He referred to that. If the GAO study showed that more Federal subsidy was going into the union-operated school, I wonder whether the Senator would be inclined to try to achieve the objective of equalizing them.

Mr. HOLLINGS. The wise thing, of course, is to look at the study and then tell what the inclination is, because what may amount to equality of opportunity in one person's mind might factually turn out a different thing. I am for equality in the sense of opportunity, but it could be an entirely different matter when you show how they are operated, what they produce and what the employment need is at the end of the line.

As I see it, the problem here is that we have a subsidy program that has outlived its usefulness and, rather than being increased, ought to be cut back. That is what we shall be trying to do when the tax bill comes up here in the next few minutes. We were the only economic power to enter World War II and we put in foreign tax credits and we put in tax deferrals from overseas and now, when we look at the result, it means that, as long as you continue to operate and take your profits and reinvest overseas and thereby create jobs overseas, you will get a tax benefit.

I do not believe that should be the Federal policy, to continue that program. That is why I am a cosponsor of an amendment to cut it out. I hope we shall look at this more objectively as the end result of determining what is a Federal need. I think that is what is at hand.

Mr. GRIFFIN. Mr. President, if I may be recognized——

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. GRIFFIN. I want to respond very briefly, because I think the record should be clear that the number of students who receive an allowance is determined by the Maritime Administration independently of the amount of the subsidy.

Second, I wish to point out that, whereas it seems to be very difficult to get any adjustment whatsoever in the student allowance for these six State-operated maritime schools—which have had a $600 a year per student allowance since 1958, despite the fact that since that time the cost of living has doubled and higher education expenses have increased by more than 120 percent—at the same time there is a union-operated maritime school in Baltimore where the students receive all expenses plus $200 per month. That is $200 per month as contrasted to $600 per year at the State schools. The Federal Government pays nearly 74 percent of the cost of that school through the operating subsidy program, compared with only about 20 percent subsidy at the State schools.

I am all in favor of some equality and some recognition of fairness. It seems to me that we ought to be either reducing the level of subsidy at the union-operated school in Baltimore or we ought to be moving in the direction of some increase as far as the State schools are concerned.

I yield the floor, Mr. President.

Mr. MUSKIE. Mr. President, I am most appreciative of the process of arriving at some resolution of this issue, but I would like to say a few things for the record from the perspective of one who is interested in the Maine Maritime Academy. I think the remarks made by my good friend from Michigan are very much on the point.

Also, we have had a study, an ad hoc study by the Ad Hoc Committee on Maritime Education and Training in the House.

Mr. President, I ask unanimous consent that an excerpt of the text of that study be printed in the Record at this point.

There being no objection, the study was ordered to be printed in the Record, as follows:

REPORT OF THE AD HOC COMMITTEE ON MARITIME EDUCATION AND TRAINING ON PRINCIPLE INSTITUTIONS IN THE UNITED STATES WHICH TRAIN INDIVIDUALS FOR INITIAL LICENSING AS MERCHANT MARINE OFFICERS

I. INTRODUCTION

The Ad Hoc Committee on Maritime Education and Training was appointed by the Honorable Leonor K. Sullivan, Chairman of the Committee on Merchant Marine and Fisheries, during the 93rd Congress, for the purpose of making an objective study of the principal educational institutions in this Country which train individuals for initial licensing as deck and/or engineering officers aboard U.S.-flag merchant vessels. The Honorable Fred B. Rooney, of Pennsylvania, agreed to serve as Chairman of the six member Ad Hoc Committee. The Committee also included the Honorable John B. Breaux of Louisiana; the Honorable Bo Ginn of Georgia; the Honorable George A. Goodling of Pennsylvania; the Honorable Edwin B. Forsythe of New Jersey; and the Honorable Don Young of Alaska.

The goal of the work of the Ad Hoc Committee was to develop a complete and succinct base of factual information regarding our Naton's leading maritime schools from which the Committee on Merchant Marine and Fisheries could make informed and responsible decisions regarding future legislation in this area.

II. BACKGROUND

Our Nation's present system of maritime education is one which took root more than a century ago and, in response to national needs, developed into today's diverse complex of at least eight schools which offer programs to prepare individuals for initial licensing as officers of the U.S. Merchant Marine. Numerous upgrading and retraining institutions have also been established at various locations throughout the Country. However, it was determined that the work of the Ad Hoc Committee should be confined to a study of the eight principal maritime schools which prepare individuals for initial licensing as officers: the United States Merchant Marine Academy; the six State Maritime Academies (California, Maine, Massachusetts, Michigan, New York, and Texas); and the Calhoon MEBA Engineering School.

Existing law permits substantial financial participation by the Federal Government in all of these institutions.

Section 216 of the Merchant Marine Act, 1936,[1] directs the Secretary of Commerce to "maintain a Merchant Marine Academy at Kings Point, New York, for the instruction and preparation for service in the Merchant Marine of selected persons as officers thereof". Candidates for admission must be nominated by a United States Senator or Representative and must compete for vacancies allocated to their State in proportion to its representation in Congress.

In the case of the six State Maritime Academies, the Secretary of Commerce is authorized by the Maritime Academy Act of 1958[2] to: (1) Furnish a training vessel to each School and repair and maintain such vessel; (2) make an annual grant of up to $75,000 to each School, provided the School meets certain conditions specified in the Act; and (3) make annual subsistence payments to students in these Schools of up to $600 per academic year per student.

With respect to Industry Schools, section 603 of the Merchant Marine Act, 1936,[3] has, since base year 1972, permitted the inclusion of company contributions to the training funds of their respective employees' unions in wage costs in the calculation of operating differential subsidy. Thus, approximately 72 percent of the current contributions of subsidized steamship companies to the training fund which completely supports the Calhoon MEBA Engineering School are Federal dollars.

III. FINDINGS

A. Educational programs

The Ad Hoc Committee found this Country's present system of maritime education and training of its future merchant ships' officers to be far from monolithic. Approaches range from the four-year college and military program offered by the Federal and most of the State Academies to the purely practical training program for engineering officers available at the Calhoon School in Baltimore. Moreover, among the State Academies, there exists a wide variety of emphases. For example, the curriculum of the Texas Maritime Academy concentrates heavily on marine sciences while those on the Academies on the East Coast are directed more toward the transportation aspects of maritime education. The following table is a general description of the types of programs presently being offered.

TABLE 1.—PROGRAMS

School	Location	Established	Program	Degree
State University of New York		1874	4-yr college	Bachelor of Science or Bachelor of Engineering.
Maritime College (Fort Schuyler)	Bronx, N.Y.	1968	Graduate program	Master of Science in transportation management.
Massachusetts Maritime Academy	Buzzads Bay, Mass.	1891	4-yr college	Bachelor of Science in marine transportation or marine engineering.
California Maritime Academy	Vallejo, Calif.	1929	do	Bachelor of Science in Nautical Science and/or marine engineering.
Maine Maritime Academy	Castine, Maine	1941	do	Bachelor of Science in Nautical Science or marine engineering.
U.S. Merchant Marine Academy (Kings Point)	Long Island, N.Y.	1943	do	Bachelor of Science in Nautical Science and/or marine engineering.
Texas Maritime Academy	Galveston, Tex.	1962	do	Bachelor of Science in marine transportation or marine engineering from Texas A.&M. University.
Calhoon MEBA Engineering School	Baltimore, Md.	1966	3-yr preparatory program for marine engineers.	None.
Great Lakes Maritime Academy	Traverse City Mich.	1969	3-yr preparatory program for Great Lakes ships officers.	Associate of Science in marine transportation or engineering from Northwestern Michigan College.

All of these institutions endeavor in some way to prepare an individual to function as an officer aboard a commercial vessel, and to this end, each School provides for the practical orientation of its students. Students of the Federal Academy and of the Calhoon School gain their practical experience through service aboard commercial vessels for periods of time specified by the U.S. Coast Guard. In the case of students from the Federal Academy, the required time is ten months; in the case of students from the Calhoon School, the required time is 365 days.

Students at all of the State Academies receive their practical training during cruises aboard the vessel on loan to each School from the National Defense Reserve Fleet. Six months of training aboard a training vessel meets the requirements of the Coast Guard. Two State Academies (Maine and Massachusetts) employ the so-called "sandwich principle," i.e., students go on cruises aboard the training vessel during the summers following their freshman and junior years and aboard commercial vessels during the summer following their sophomore year. Representatives of the U.S. Coast Guard testified that they saw great merit in the latter approach.

The Ad Hoc Committee attempted to compare the effectiveness of these various methods of practical orientation, especially in relation to safety. As one indication, the Coast Guard has been requested to develop for the Committee certain information concerning the training backgrounds of individuals involved in serious violations of the laws and regulations which that Agency administers.

The cost effectiveness of each of these systems of training, particularly in terms of cost to the Federal Government, was also considered. Each student at the Federal Academy during his ten month sea term is reimbursed by the individual steamship company at the rate of $300.45 per month, about 70% of which is Federal subsidy money. If, in a given year, 200 students from the Federal Academy serve aboard commercial vessels, the cost to the Federal Government would be approximately $420,000 plus the amortized cost of the additional construction features included on all vessels built with construction differential subsidy. Vessels in this category are required to have accommodations for at least two students. The Maritime Administration has estimated that the aggregate cost to the Federal Government of these additional construction features on vessels built within the last ten years to be $1,150,016. This expenditure must, of course, be spread over the life of the vessels which is currently averaging 25 years.

Students of the Calhoon School, during their 365 day sea term, are reimbursed at the rate of $200 per month, about 70 percent of which is Federal subsidy. Thus, if during a given year, 100 students from this School serve aboard subsidized vessels, the cost to the Federal Government would be $168,000.

The training ships on loan to the State Academies from the National Defense Reserve Fleet are maintained and repaired at the expense of the Federal Government, in accordance with applicable Federal standards. (These standards include no manning or other personnel requirements for the operation of the vessel.) The cost of operating each ship is borne by the individual State School. The following table contains a brief description of these vessels as well as a statement of their cost to the Federal Government during each of the last four fiscal years.

TABLE 2.—STATE TRAINING SHIPS

State and ships name	Year built	Configuration	Life expectancy (years)	Date loaned	Prior history	Maintenance and repair costs, fiscal year—			
						1971	1972	1973	1974
California—T.S. Golden Bear	1940	Passenger-cargo	10–15	August 1970[1]	Command and troopship	$307,800	$280,000	$242,000	$246,092
Maine—T.S. St. of Maine	1952	do	15–20	April 1973[2]	Troopship	[3] 236,000	[3] 189,500	158,500	162,975
Massachusetts—T.S. Bay State	1943	do	10	September 1973[4]	do	[3] 242,500	[3] 151,300	[3] 194,400	335,500
Michigan—T.S. Allegheny[4]	1944	ATA tugboat	10–12	July 1972[5]	Ocean-going tug			45,200	
New York—T.S. Empire State	1952	Passenger-cargo	15–20	September 1973[6]	Troopship	[3] 125,500	[3] 86,200	[3] 178,500	314,214
Texas—T.S. Texas Clipper	1944	do	10–15	June 1965	Passenger cargo	65,000	94,000	159,800	215,623

[1] The U.S.S. Mellina (6,600 hp) replaced by the S.S. Crescent City (8,600 hp).
[2] The S.S. Ancon (9,100 hp) replaced by the U.S.N.S. Upshur (12,500 hp).
[3] Denote cost for previously assigned ship.
[4] The S.S. Doyen (8,800 hp) replaced by the S.S. Henry Gibbons (9,350 hp).
[5] The T.S. Allegheny is owned by the State of Michigan and was acquired by the school from the Department of Health, Education, and Welfare. By an amendment (Public Law 92-53) to the Maritime Academy Act of 1958, the Secretary of Commerce was authorized to repair, recondition and equip such a State owned vessel.
[6] The S.S. Henry Gibbons (9,350 hp) replaced by the U.S.N.S. Barrett (12,500 hp).

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[1] 46 U.S.C. 1126; 52 Stat. 965.

[2] 46 U.S.C. 1381–88; 72 Stat. 622–24.

[3] 46 U.S.C. 1173; 49 Stat. 2002.

B. Students

1. *Enrollment.*—The Ad Hoc Committee found no general pattern in the recent enrollment histories of these Schools. For example, since 1969, enrollment levels at the United States Merchant Marine Academy, the State University of New York Maritime College, and the California and Maine Maritime Academies have remained fairly stable. During this same period, enrollment levels at the Massachusetts Maritime Academy and at the Great Lakes Maritime Academy have increased substantially, while enrollments at the Calhoon MEBA Engineering School and at the Texas Maritime Academy have decreased.

Prior to, and even after 1969, enrollment levels at several of these Schools were influenced by the Vietnam conflict. However rather than undertaking a detailed examination of all these variations, the Ad Hoc Committee chose instead to focus on present enrollment levels at these Schools measured against their enrollment capacities. The following is a summary of its findings.

TABLE 3.—ENROLLMENT

School	Current enrollment [1]	Enrollment capacity
Calhoon MEBA Engineering School [2]	324	500
California Maritime Academy	315	500
Great Lakes Maritime Academy	90	159
Maine Maritime Academy	534	600
Massachusetts Maritime Academy	720	735
State University of New York Maritime College	680	900
Texas Maritime Academy	115	400
United States Merchant Marine Academy	1,035	1,500

[1] Based on information submitted to the Ad Hoc Committee in fall of 1974.
[2] Refers to initial licensing training program.

To place this information in context, the Maritime Administration, of the Department of Commerce, was invited to testify before the Ad Hoc Committee concerning the future numerical requirements of the U.S.-flag merchant fleet for licensed officers during the next decade. The testimony of the Maritime Administration was based on a study which that Agency recently completed. The general conclusion of the MarAd Study was that, at current levels of production of new deck and engine officers, including their commitment to sea-faring careers, a shortage of deck and engine officers will probably occur by the end of the 1970's. Although a number of variable assumptions could alter this conclusion, the Study recommended that:

a. Initial increases in new supply to meet an expected shortage should be encouraged to come from industry schools since they have a more flexible response time than other sources.

b. A positive motivational program aimed at increasing the retention of graduates in seafaring careers should be instituted in the Federal and State Academies. Further research should be undertaken to determine the causes of attrition among new graduates and in the work force as a whole.

c. Current Federal support ceilings intended to limit enrollment at State Academies should be reviewed in relation to their impact on long-term supply.

d. Since the results of this study are highly sensitive to future Government and industry actions and since short-term fluctuations in both supply and demand can alter the timing of any shortage, in-depth review should continue and a detailed study report again made in 1976.

2. *Quality.*—To precisely determine and compare the quality of students enrolled in these Schools would have required a research effort beyond the capabilities of the Ad Hoc Committee. It is recognized that scholastic ability and performance may be measured and influenced by a myriad of factors—both objective and subjective. But the following information was gathered regarding the average verbal and mathematics scores of students entering those schools which require the Scholastic Aptitude Tests of the College Entrance Examination Board. Such tests are not required of students entering the Great Lakes Maritime Academy or the Calhoon MEBA Engineering School.

TABLE 4.—SCHOLASTIC ABILITY

School	Verbal	Mathematics
California Maritime Academy	454	494
Maine Maritime Academy	440	480
Massachusetts Maritime Academy	435	499
State University of New York Maritime College	462	532
Texas Maritime Academy	452	558
U.S. Merchant Marine Academy	510	590

A recent cross sampling of one-third of all 1974 high school graduates (about two-thirds of whom were going directly to college) who took the SAT reflects average scores of 444 on the verbal portion and 480 on the mathematics portion.[4] Moreover, available evidence indicates that the SAT scores of students entering both the Federal Academy and the State University of New York Maritime College (no comparisons were drawn from other schools) during the last ten years have been declining at least the rate of national averages.

3. *Attrition.*—In its questionnaire, the Ad Hoc Committee queried each School concerning its rate of attrition during each of the last five years. The information submitted was not entirely meaningful since the standards used by the respondents were at variance, i.e., some Schools calculated attrition in relation to total student enrollment rather than in a given class from entrance to graduation. Therefore, a subsequent question was addressed to each School concerning the number of students who entered its 1974 graduating class at its inception, measured against the number of students who graduated in 1974.

TABLE 5.—ATTRITION

School	Entering freshmen	1974 graduates	Rate of attrition (percent)
Calhoon MEBA Engineering School	(1)	(1)	(1)
California Maritime Academy	116	52	55
Great Lakes Maritime Academy	37	11	70
Maine Maritime Academy	185	116	37
Massachusetts Maritime Academy	115	69	40
State University of New York Maritime College	277	124	55
Texas Maritime Academy	30	19	37
U.S. Merchant Marine Academy	347	175	50

[1] Curriculum is structured to provide for several graduations each year. Overall attrition rate among students beginning and completing 3-yr course is approximately 50 percent.

Based on data contained in the Digest of Educational Statistics[5] and on an independent study by the American Council on Education,[6] average rates of attrition in American colleges range between 48 and 52 percent. However, among students who do attrite, a substantial portion complete their studies at a later time.

4. *Financial.*—The Ad Hoc Committee found significant differences in the manner in which the education of students in these various schools is financed. Students at both the United States Merchant Marine Academy at Kings Point and the Calhoon MEBA Engineering School attend completely free of charge and, in addition, receive medical care and travel expenses. Kings Point students are also allowed $575 each year for uniforms and books and during the ten month sea term are reimbursed at the rate of approximately $300 each month. Students at the Calhoon School receive $200 each month of the three year program. (During the 365 days sea term the student receives $200 per month from the steamship company. During the two years of classroom attendance the student receives $200 per month directly from the Calhoon School.)

The average cost to the student to attend one of the State Academies is approximately $2,100 per year, in addition to the costs of uniforms and books which are also defrayed by the student. However, most students in the six State Academies are eligible to receive an annual subsistence allowance of $600 from the Maritime Administration. The Ad Hoc Committee found that in Academic Year 1973–1974, 1,704 students—of 1,850 eligible students—received such grants. The 146 eligible students who did not receive subsistence allowances were enrolled at the Massachusetts Maritime Academy.

Representatives of a number of the State Maritime Academies which the Ad Hoc Committee visited took issue with the manner in which the Maritime Administration has exercised its authority under the Maritime Academy Act of 1958. The Ad Hoc Committee made detailed inquiries of the Maritime Administration regarding this subject.

The Maritime Administration explained that, due to reduced demand for licensed officers after the Vietnam conflict, it found it necessary in Fiscal Year 1972 to establish subsidy quotas or ceilings for freshmen classes as point of entry at each State Academy based on the School's pre-Vietnam or 1965 level of enrollment. Listed below are the freshmen subsidy quotas allocated to each Academy in each of the last three fiscal years.

TABLE 6.—FRESHMEN SUBSIDY QUOTAS

School	1972	1973	1974
California Maritime Academy	110	110	[1] 121
Maine Maritime Academy	150	150	[2] 130
Massachusetts Maritime Academy	77	77	[3] 190
Great Lakes Maritime Academy	[4] 50	[4] 50	50
State University of New York Maritime College	251	251	[5] 144
Texas Maritime Academy	35	35	[6] 38
Total	673	673	673

[1] This figure includes a temporary allocation of 11 subsidies from schools who had unused freshmen subsidies.
[2] The school was under its freshmen subsidy quota of 150 and therefore agreed that 20 unused subsidies be temporarily redistributed to academies in need of additional subsidies.
[3] This figure includes a temporary allocation of 113 subsidies from schools who had unused freshmen subsidies.
[4] A subsidy quota was not imposed until fiscal year 1974 since the school only commenced operating in the later part of 1969. Its freshmen subsidy quota was set at 50 which was the school's planned freshmen enrollment for the last 3 years.
[5] The school was under its freshmen subsidy quota of 251 and therefore agreed that 107 unused subsidies be redistributed on a temporary basis to academies in need of additional subsidies.
[6] This figure includes 3 additional subsidy allocations for fiscal year 1974 from the unused subsidies at the other academies.

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[4] Admissions Testing Program of the College Entrance Examination Board, "College Bound Seniors 1973–74."

[5] Grant, H. Vance and Lind, C. George, *Digest of Educational Statistics*, 1973 Edition, National Center for Educational Statistics, Office of Education, U.S. Department of Health, Education and Welfare.

[6] Astin, Alexander W., *College Dropouts: A National Profile*, American Council on Education, February 1972.

The Ad Hoc Committee requested the Maritime Administration to explain why the so-called "1965 level of enrollment rule" was never published in the regulations promulgated by the Maritime Administration under the Maritime Academy Act of 1958. No satisfactory explanation was received.

It was brought to the attention of the Ad Hoc Committee that during the last academic year the Maritime Administration undertook a program of redistribution of unused freshmen subsidy allowances from State Academies with freshmen enrollments below the 1965 level to schools with enrollments above the 1965 level. This resulted in the reallocation of 127 out of 136 unused freshmen subsidies available during Fiscal Year 1974. The State University of New York Maritime College had 197 unused freshmen subsidies. Ninety-eight of these were redistributed to the Massachusetts Maritime Academy, and nine to the California Maritime Academy. Of the 20 unused freshmen subsidies from the Maine Maritime Academy, 15 were reallocated to Massachusetts, three to Texas, and two to California.

The Maritime Administration advised the Ad Hoc Committee that it is its intention to continue the redistribution of unused freshment subsidies in Fiscal Year 1975.

5. *Graduates.*—The cyclical nature of the maritime industry has given rise to a basic dilemma in the field of maritime education and training. If the Federal Government directly supports the education of an individual, it would appear that some type of active duty service obligation should be imposed on the student subsequent to graduation. On the other hand, the imposition of an active duty service obligation presumes the availability of a job. It has not been possible to guarantee such a job in the past. The present service obligation of graduates of the Federal and State Maritime Academies is a Commission in the United States Naval Reserve. This commission may be fulfilled by a graduate by:

a. Sailing on his license for at least six months each year for three consecutive years immediately following acceptance of the commission; or

b. Sailing on his license for a least four months each year for four consecutive years immediately following acceptance of the commission; or

c. Applying for and, if accepted, serving on active duty aboard a Navy ship for at least 30 days each year for a period of three consecutive years immediately following acceptance of the commission; or

d. Applying for and, if accepted, serving on full-time active duty Naval service for three consecutive years. If not accepted for active duty, one of the first three options must be satisfied.

Outside of this category of individuals, there is no merchant marine reserve pool of officers who would be subject to recall in the event of a national emergency. This subject was explored further with representatives of the U.S. Coast Guard during their appearance before the Ad Hoc Committee.

The Ad Hoc Committee gathered the following information regarding the employment records of graduates of these schools during each of the last three years.

TABLE 7.—EMPLOYMENT OF GRADUATES[1]

[In percent]

School	Seagoing employment			Shoreside maritime employment			Nonmartime employment			Graduate school		
	1972	1973	1974	1972	1973	1974	1972	1973	1974	1972	1973	1974
Calhoon MEBA Engineering School	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
California Maritime Academy	95	97	98	2	0	2	1	3	0	2	0	0
Great Lakes Martitme Academy	67	87	90	33	13	0	0	0	10	0	0	0
Maine Maritime Academy	65	70	62	30	20	24	5	10	14	0	0	0
Massachusetts Maritime Academy	61	(4)	35	7	(3)	26	26	(3)	10	0	(3)	8
State University of New York Maritime College	37	51	44	51	36	24	8	8	31	4	5	1
Texas Maritime Academy	85	89	86	25	11	14	0	0	----------	5	14	----------
U.S. Merchant Marine Academy	39	51	57	45	23	16	14	7	5	2	4	3

[1] Based upon information maintined by each school regarding its graduates, which in some cases is not entirely complete.

[2] At least 90 percent of all graduates go directly to sea. Of those who do not go directly to sea, practically all end with shoreside maritime employment. No records are maintained by the school on an annual basis regarding its graduates.

[3] No graduation.

[4] School was in transition from a 3-yr to a 4-yr program.

Under present Coast Guard regulations, an individual who becomes licensed or either a deck or engineering officer may renew his license every five years. The Coast Guard offered the following testimony regarding this subject:

"From the information available to the Coast Guard, such as examination results, the present system of maritime education appears to adequately provide the young officer with the basic knowledge necessary to safely perform the duties as Third Mate or Third Assistant Engineer. After acquiring this basic knowledge, however, there is little formal training available from which he can draw additional professional knowledge. It is towards this goal, that the Coast Guard recently signed an agreement with the Maritime Administration pooling resources, both financial and personnel, for retraining efforts of professional marines. This agreement does not intend to open new training facilities, but rather to encourage those Academies already in existence to expand their operation to provide for subsequent training of professional mariners, especially in those critical skill areas previously mentioned, i.e., radar, firefighting, damage control, tanker operational safety, etc."

C. Faculty

The Department of Commerce has promulgated qualifications and salary standards for faculty members at the Federal Academy. No similar Federal standards exist for faculty members at the other Schools. The Ad Hoc Committee addressed a number of questions to each School regarding its faculty. The following table is a summary of the responses to these questions.

TABLE 8.—FACULTY

School	Number[1]	Degrees[2]	Student-faculty ratio	Minimum salary	Maximum salary	Average salary
Calhoon MEBA Engineering School	34	2 hold master's degrees	12:1	[3] $950—$1,455	[3] $2,239	[3] $1,660
California Maritime Academy	22	2 hold doctorates and 7 hold master's degrees	14:1	[3] 1,344	[3] 1,635	[3] 1,400
Great Lakes Maritime Academy	(4)	4 teachers of maritime subjects hold baccalaureate degrees; 2 members of faculty of Northwestern Michigan College hold doctorates and 56 hold master's degrees.	18:1	12,235	[5] 25,075	[5] 13,232
Maine Maritime Academy	40	7 hold doctorates and 13 hold master's degrees	12.3:1	9,000	[5] 15,082	10,974
Massachusetts Maritime	47	13 hold doctorates and 14 hold master's degrees. 4 have been licensed as masters and 7 as chief engineers.	18:1	[5] 8,500	[5] 26,500	[5] 15,000
State University of New York Maritime Col ege	61	Of the 57 full-time faculty members, 25 hold doctorates and 28 hold master's degrees. Of the 11 part-time faculty members, 3 hold doctorates and 7 ho.d master's degrees	13.1:1	[5] 9,500	[5] 33,860	[5] 18,31
Texas Maritime Academy	25	4 hold doctorates; 11 hold master's degrees	3.6:1	[5] 11,808	[5] 21,660	[5] 12,350
U.S. Merchant Marine Academy	91	22 hold doctorates; 38 hold master's degrees	12:1	[5] 15,554	[5] 34,425	[5] 23,325

[1] Refers to approximate full-time equivalents.

[2] A substantial number of faculty members are also licensed U.S. Merchant Marine officers at various levels.

[3] Per month.

[4] 4 full-time teachers of maritime subjects; other subjects taught by faculty of Northwestern Michigan College.

[5] Annually.

D. Financial

One of the most important areas of the Ad Hoc Committee's study of these Schools pertained to their respective financial structures. Consideration was given to both the capital investment of each School in its campus facility and to each School's source of financial support during each of the last three fiscal years.

1. *Campus facilities.*—The following table is a brief description of the physical plants of these institutions. It should be noted that the facilities of the schools were constructed at different times, under different circumstances, and in different areas of the Country. Therefore, it is difficult, if not impossible, to make a truly comparative presentation. The table must be read in conjunction with all applicable footnotes, particularly Footnote 1.

TABLE 9.—PHYSICAL PLANTS

School	Size (acres)	Composition (buildings)	Capital investment [1]
Calhoon MEBA Engineering School	(2)	(2)	$4,000,000
California Maritime Academy	67	10	2,778,337
Great Lakes Maritime Academy	----	[3]1	----------
Maine Maritime Academy	32	10	7,735,249
Massachusetts Maritime Academy	54	10	13,000,000
State University of New York Maritime College	52	27	25,000,000
Texas Maritime Academy	(4)	2	3,250,000
U.S. Merchant Marine Academy	69	39	18,897,000

[1] This refers to original cost plus capital improvements, and is not necessarily indicative of present resale or replacement value.

[2] 1 14-story building in downtown Baltimore, and a lifeboat training facility on the eastern shore of Maryland.

[3] Northwestern Michigan College includes a complex of 14 buildings located at 3 different cities in the local community. The college also has a technical institute-maritime complex in the bay. The maritime academy is located at the waterfront in a complex of buildings which include several of the occupational programs of the college in addition to the maritime program. The maritime program uses 14,500 square feet in 1 of the buildings as classrooms, laboratories, and marine maintenance. The mooring basin and pier are adjacent.

[4] Buildings and land are used by entire Moody College of Marine Sciences and Maritime Resources (a college of Texas A. & M. University) which at this time is predominantly Texas Maritime Academy.

Written inquiry was made of appropriate Government Agencies concerning the Federal contributions, if any, to the construction of facilities on each campus during each of the last ten years. The Department of Housing and Urban Development (HUD) advised the Ad Hoc Committee of grants of assistance to the Marine Maritime Academy and to the Massachusetts Maritime Academy.

a. In 1968, the Maine Maritime Academy applied to HUD for Federal assistance for the construction of a dormitory to house 336 students. The Academy received $1,095,000 in direct Federal loans, and construction of the dormitory was completed in 1972.

b. In 1970, the Maine Maritime Academy applied to HUD for Federal funds for a dormitory to house 165 students. The application was approved for an annual debt service grant of $15,700 supporting a private market loan of $475,000. Construction of this structure was completed in 1973.

c. In 1971, the Maine Maritime Academy applied to HUD for Federal assistance to construct a dormitory to house 120 students. The application was approved for an annual debt service grant of $15,002 to support a private market loan of $577,000. Construction was scheduled to be completed in 1974.

d. In 1969, the Massachusetts Maritime Academy applied to HUD for a direct Federal loan of $500,000 to construct a dormitory to house 260 students. An annual debt service grant of $8,532 to support the original construction cost of $500,000 was awarded. The building was completed in 1972.

e. In 1973, the Massachusetts Maritime Academy applied to HUD for a debt service grant to support a private market loan of $2,000,000 for the construction of a dormitory to house 272 students. The application was returned to the applicant unfunded.

2. *Sources of financial support.*—The following summary of each School's sources of financial support during each of the last three fiscal years was constructed from the financial statements submitted by each School; the responses of each School to numerous oral and written questions from the Ad Hoc Committee; and from information received from other Agencies of the Federal Government. After this summary is included a more detailed analysis of each School to support and explain the information contained in Table 10.

It was not possible to construct a more detailed analysis of the Calhoon MEBA Engineering School. The School informed the Ad Hoc Committee that "We do not have separate audits for this School. All audits are for the entire MEBA training fund."

TABLE 10.—FINANCIAL SUPPORT SOURCES

School	Annual cost per student [1]			Federal contribution [2] (percent)			State contribution (percent)			Student contribution (percent)			Industry contribution [3] (percent)			Other		
	1971–72	1972–73	1973–74	1971–72	1972–73	1973–74	1971–72	1972–73	1973–74	1971–72	1972–73	1973–74	1971–72	1972–73	1973–74	1971–72 (percent)	1972–73 (percent)	1973–74 (percent)
Calhoun MEBA Engineering School	$3,657	$4,711	$5,560	0	0	0	0	0	0	0	0	0	100	100	100	0	0	0
California Maritime Academy	7,132	7,836	8,787	35.9	28.4	25.7	49.0	58.2	57.7	15.1	13.4	16.6	0	0	0	0	0	0
Great Lakes Maritime Academy	6,561	9,124	7,636	28.2	34.7	35.3	31.5	29.1	31.7	39.3	25.3	32.0	0	0	0	1	10.9	1
Maine Maritime Academy	5,536	6,012	7,234	23.0	20.3	16.7	35.4	37.0	36.8	39.2	37.8	34.4	0	0	0	2.4	4.9	12.1
Massachusetts Maritime Academy	4,713	4,496	5,041	27.5	24.0	25.8	60.5	56.0	54.6	11.8	19.6	19.3	0	0	0	.2	.4	.3
State University of New York Maritime College	5,837	6,194	6,792	15.6	16.3	18.5	63.2	59.7	59.0	21.0	23.8	22.3	0	0	0	.25	.23	.23
Texas Maritime Academy	16,930	9,468	14,242	20.1	27.8	24.8	66.6	52.9	63.7	13.3	18.3	11.5	0	0	0	0	0	0
United States Merchant Marine Academy	8,056	8,436	9,550	98.7	97.6	97.7	0	0	0	0	0	0	0	0	0	1.3	2.4	2.3

[1] Refers to the total financial support received from every source (not necessarily limited to annual operating budget), divided by average student enrollment.

[2] Includes all forms of support received from the Federal Government. Does not include loans to students under national defense Student loan program because these loans bear repayment obligations and are, therefore, included in "Student contribution".

[3] "Industry contribution" includes contributions by steamship companies receiving operating differential subsidy from the Federal Government. Subsidized operators contributed to the training fund of the Marine Engineers Beneficial Association—$565,323 in fiscal year 1973, and $598,974 in fiscal year 1974. The average subsidy rate on these contributions was 72 percent, or $407,033 in fiscal year 1973 and $432,261 in fiscal year 1974.

TABLE 11.—CALIFORNIA MARITIME ACADEMY, VALLEJO, CALIF.

	1971–72	1972–73	1973–74
Federal participation:			
Annual grant from MarAd	$75,000	$75,000	$75,000
Maintenance and repair of training ship	280,000	242,000	246,111
MarAd student subsidies	146,771	121,286	132,321
Equal opportunity grant		1,763	26,259
College work study program			5,005
National defense student loans			25,045
U.S. Navy faculty	80,000	52,000	64,000
Student participation	244,167	231,637	329,464
State participation	792,643	1,008,018	1,232,084
Total	1,619,031	1,731,704	2,135,289
Average number of students	227	221	243
Total	$1,619,031÷ 227=	$1,731,704÷ 221=	$2,135,289÷ 243=
Cost per student	$7,132	$7,836	$8,787
	75,000	75,000	75,000
	280,000	242,000	246,111
	146,771	121,286	132,321
	80,000	1,763	26,259
		52,000	5,005
			64,000
Total	581,771÷	492,049÷	548,696÷

	1971–72	1972–73	1973–74
Federal participation	$1,619,031=	$1,731,704=	$2,135,289=
Percent	35.9	28.4	25.7
			25,045
			329,464
Total	244,617÷	231,637÷	354,509÷
Student participation	$1,619,031=	$1,731,704=	$2,135,289=
Percent	15.1	13.4	16.6
Total	792,643÷	1,008,018÷	1,232,084÷
State participation	$1,619,031=	$1,731,704=	$2,135,289=
Percent	49	58.2	57.7

TABLE 12.—GREAT LAKES MARITIME ACADEMY

	1971–72	1972–73	1973–74
Federal participation:			
Annual MarAd grant	$75,000	$75,000	$75,000
MarAd student subsistence allowance	28,884	34,732	37,523
Maintenance and repair of training ship		85,000	85,000
Vocational education salary reimbursement		4,754	10,424
Student participation	144,286	145,290	187,992
State participation	115,985	167,528	186,299
Other participation[1]	3,291	62,528	5,725
Total	367,446	574,832	587,963
Average number of students	56	63	77
Total	$367,446÷	$574,832÷	$587,963÷
	56=	63=	77=
Cost per student	$6,561	$9,124	$7,636
	75,000	75,000	75,000
	28,884	34,732	37,523
		85,000	85,000
		4,754	10,424
Total	103,884÷	199,486÷	207,947÷
Federal participation	367,446=	574,832=	587,963=
Percent	28.2	34.7	35.3
Total	144,286÷	145,290÷	187,992÷
Student participation	367,446=	574,832=	587,963=
Percent	39.3	25.3	32
Total	115,985÷	167,528÷	186,299÷
State participation	367,446=	574,832=	587,963=
Percent	31.5	29.1	31.7
Total	3,291÷	62,528÷	5,725÷
Other participation	367,446=	574,832=	587,963=
Percent	1	10.9	1

[1] Includes alumni contributions, industry revolving loan fund, and Sears Maritime Scholarship Fund.

TABLE 13.—MAINE MARITIME ACADEMY, CASTINE, MAINE

	1971–72	1972–73	1973–74
Federal participation:			
Annual MarAd grant	$75,000	$75,000	$75,000
Maintenance and repair of training ship	189,500	158,500	162,975
MarAd student subsidies	248,696	228,149	215,222
U.S. Navy faculty	64,000	62,000	74,000
HEW interest subsidy		20,687	14,159
HUD interest subsidy			9,490
HEW library grant			5,000
Equal opportunity grants		9,750	8,910
Work study program	5,064	6,727	5,902
National defense student loans	13,192	8,495	4,072
Other grants	9,700		831
Student participation:			
Tuition and fees	445,645	447,756	534,140
Room and board	564,328	596,208	645,371
State participation	911,387	1,023,064	1,260,437
Other[1]	60,953	137,794	[2] 417,375
Total	2,574,273	2,765,635	3,428,812
Average number of students	465	460	474
Total	$2,574,273÷	$2,765,635÷	$3,428,812÷
	465=	460=	449=
Cost per student	$5,536	$6,012	$7,234
	75,000	75,000	75,000
	189,500	158,500	162,975
	248,696	228,149	215,222
	64,000	62,000	74,000
	5,064	20,687	14,159
	9,700	9,750	9,490
		6,727	5,000
			8,910
			5,902
			831
Total	591,960÷	560,813÷	571,489÷
Federal participation	2,574,273=	2,765,635=	3,428,812=
Percent	23	20.3	16.7
	445,645	447,756	534,140
	564,328	596,208	645,371
Total	1,009,973÷	1,043,964÷	1,179,111÷
Student participation	2,574,273=	2,765,635=	3,428,812=
Percent	39.2	37.8	34.4
Total	911,387÷	1,023,064÷	1,260,437÷
State participation	2,574,273=	2,765,635=	3,428,812=
Percent	35.4	37	36.8
Total	60,953÷	137,794÷	417,375÷
Other participation	2,574,273=	2,765,635=	3,428,812=
Percent	2.4	4.9	12.1

[1] Includes alumni contributions, gifts, investment income, etc. Academy functions autonomously in the sense that current receipts are not remitted to State of Maine.

[2] Includes $190,000 from the Government of Iran representing 15,000 barrels of oil donated to Maine Maritime Academy.

TABLE 14.—MASSACHUSETTS MARITIME ACADEMY

	1971–72	1972–73	1973–74
Federal participation:			
Annual grant from Maritime Administration	$75,000	$75,000	$75,000
Maintenance and repair of training ship	149,932	170,887	335,500
MarAd student subsistence allowances	$131,730	$100,193	$196,17
Equal opportunity grants		2,945	33,808
College work study program		12,298	39,478
National defense student loans		14,892	27,863
U.S. Navy faculty	71,000	96,000	91,000
Student participation:			
Tuition and fees	98,407	94,115	146,036
Room and college fees	84,857	263,966	397,500
State participation:			
Residual outlay	924,081	1,037,186	1,593,728
College work study program			8,882
National direct student loan			3,096
Regents scholarship plus incentive award	17,600	28,825	28,350
Alumni participation	1,000	1,400	2,708
Participation by other sources	1,600	4,326	5,015
Total support	1,555,207	1,902,033	2,984,137
Enrollment	330	423	592
Total	$1,555,207÷	$1,902,033÷	$2,984,137÷
	330=	423=	592=
Cost per student	$4,713	$4,496	$5,041
	75,000	75,000	75,000
	149,932	170,000	335,500
	131,730	100,193	196,173
	71,000	2,945	33,808
		12,298	39,478
		96,000	91,000
Total	427,662÷	457,323÷	770,959÷
Federal participation	1,555,207=	1,902,033=	2,984,137=
Percent	27.5	24	25.8
	924,081	1,037,186	1,593,728
			8,882
	17,600	28,825	28,350
Total	941,681÷	1,066,011÷	1,630,960÷
State participation	1,555,207=	1,902,033=	2,984,137=
Percent	60.5	56	54.6
	98,407	94,115	146,036
	84,857	263,966	397,500
		14,892	27,863
			3,096
Total	183,264÷	372,973÷	574,495÷
Student participation	1,555,207=	1,902,033=	2,984,137=
Percent	11.8	19.6	19.3
Other participation	1,000	1,000	2,708
	1,600	4,326	5,015
Total	2,600÷	5,726÷	7,723÷
	1,555,207=	1,902,033=	2,984,137=
Percent	.2	.4	.3

TABLE 15.—STATE UNIVERSITY OF NEW YORK MARITIME COLLEGE, FORT SCHUYLER (UNDERGRADUATE PROGRAM)

	1971–72	1972–73	1973–74
Federal participation:			
Annual grant from Maritime Administration	$75,000	$75,000	$75,000
Maintenance and repair of training ship	87,000	178,535	315,325
MarAd cadet subsidy	329,473	315,524	273,894
NROTC			45,645
Equal opportunity grants	17,250	17,500	14,726
College work study program	4,076	5,742	5,508
U.S. Navy faculty	106,000	98,000	108,000
National defense student loans	83,100	81,125	102,750
Student participation:			
Tuition and fees	395,000	518,700	502,246
Room and college fees	354,700	404,900	402,310
State participation:			
Direct outlay	2,361,054	2,380,209	2,533,710
Equal opportunity grants	29,575	25,250	11,800
College work study program	1,829	1,000	1,000
State university scholarships	6,300	8,200	8,725
Regents scholarships and incentive awards	108,913	111,049	109,100
Alumni participation	100	100	200
Other sources	9,800	9,450	9,991
Total	3,969,170	4,230,284	4,519,930
Average number of students	680	683	665.5
Total	3,969,170÷	4,230,284÷	4,519,930÷
	680=	683=	665.5=
Cost per student	$5,837	$6,194	$6,792
Federal costs	75,000	75,000	75,000
	87,000	178,535	315,325
	329,473	315,524	273,894
	17,250	17,500	45,645
	4,076	5,742	14,726
	106,000	98,000	5,508
			108,000
Total	618,799÷	690,301÷	838,097÷
	3,969,170=	4,230,284=	4,519,930=
Percent	15.6	16.3	18.5

	1971–72	1972–73	1973–74
State costs	2,361,054	2,380,029	2,533,710
	29,575	25,250	11,800
	1,829	1,000	1,000
	6,300	8,200	8,725
	108,913	111,049	109,100
Total	2,507,671+	2,525,708+	2,664,335÷
	3,969,170=	4,230,284=	4,519,930=
Percent	63.2	59.7	59
Student contribution	83,100	81,125	102,750
	395,000	518,700	502,246
	354,700	404,900	402,310
Total	832,800+	1,004,725÷	1,007,306÷
	3,969,170=	4,230,284=	4,519,930=
Percent	21	23.8	22.3
Other	100	100	200
	9,800	9,450	9,991
Total	9,900+	9,550÷	10,191÷
	3,969,170=	4,230,284=	4,519,930=
Percent	.25	.23	.23

TABLE 15B.—GRADUATE PROGRAM—STATE UNIVERSITY OF NEW YORK MARITIME COLLEGE, FORT SCHUYLER

	1971–72	1972–73	1973–74
Average number of students	76	106.5	116.5
Appropriation	$38,375	$53,365	$68,684
Cost per student	505	501	590
Student tuition and fees	$23,728	$56,277	$58,733
Student contribution (percent)	62	105	86
State contribution (percent)	38	0	14

TABLE 16.—TEXAS MARITIME ACADEMY

	1971–72	1972–73	1973–74
Federal participation:			
Annual MarAd grant	$75,000	$75,000	$75,000
Maintenance and repair of training ship	65,000	94,000	159,800
MarAd student subsidies	12,600	13,200	22,800
U.S. Navy faculty	47,000	52,000	64,000
Student participation	132,500	154,237	149,208
State participation	662,585	454,235	825,273
Total	994,685	842,672	1,296,081

	1971–72	1972–73	1973–74
Average number of students	91	89	91
Total	994,685÷	842,672÷	1,296,081÷
	91=	89=	91=
Cost per student	$10,930	$9,468	$14,242
	75,000	75,000	75,000
	65,000	94,000	159,800
	12,600	13,200	22,800
	47,000	52,000	64,000
Total	199,600÷	234,200÷	321,600÷
Federal participation	994,685=	842,672=	1,296,081=
Percent	20.1	27.8	24.8
Total	132,500÷	154,237÷	149,208÷
Student participation	994,685=	842,672=	1,296,081=
Percent	13.3	13.3	11.5
Total	662,585÷	454,235÷	825,273÷
State participation	994,685=	842,672=	1,296,081=
Percent	66.6	53.9	63.7

TABLE 17.—U.S. MERCHANT MARINE ACADEMY

	1971–72	1972–73	1973–74
Federal participation			
Annual appropriation	$7,513,000	$7,854,000	$8,600,000
Supplemental and transfers	89,000		293,000
Participation by faculty and students in National Maritime Reserve	32,735	52,651	60,000
U.S. Navy faculty	97,000	98,000	116,000
Ship service stores	25,000	25,000	25,000
Student participation	0	0	0
State participation	0	0	0
Other participation:			
Kings Point Fund	64,737	120,849	150,655
Kings Point Maritime Association	3,200	6,200	8,400
Other gifts	20,000	66,515	13,276
Sale of boats and interest on investments of fund	10,515	2,364	44,857
Total	7,855,187	8,225,579	9,311,186
Average number of students	975	975	975
Total	$7,855,187÷	$8,225,579÷	$9,311,186÷
	975=	975=	975=
Cost per student	8,056	8,436	9,550
Federal participation	7,756,735÷	8,029,651÷	9,094,000÷
	7,855,187=	8,225,597=	9,311,186=
Percent	98.7	97.6	97.7
Other participation	98,452÷	195,928÷	217,186÷
	7,855,187=	8,225,579=	9,311,186=
Percent	1.3	2.4	2.3

IV. CONCLUSIONS AND RECOMMENDATIONS

On the basis of the information developed during the course of its work, the Ad Hoc Committee concluded that:

A. Although a trained cadre of licensed merchant marine officers is necessary to the national defense and essential economic needs of the United States, the cyclical nature of the maritime industry requires the imposition of quantitative controls on the flow of licensed officers into the maritime labor market. Basic principles of fairness demand that such quantitative controls be developed through a sound system of prospective planning. This type of planning has been seriously lacking in the past. It is therefore, recommended that the Maritime Administration be directed to hold a meeting each year of representatives of all maritime schools which train individuals for initial licensing as officers for the purpose of establishing Federal support levels by discussing and relating incoming enrollment levels of these institutions to the future numerical requirements of the U.S.-flag merchant fleet for licensed officers. Results of this meeting should be reported to the Congress at least 30 days prior to the transmittal of the Maritime Administration's request for the authorization of funds for the next fiscal year for maritime education and training.

B. The Maritime Administration's Supply and Demand Study has projected a shortage of licensed officers by the end of this decade. In light of the myriad of variable conditions on which this projection is based, there is not sufficient evidence at this time to warrant the extension of additional Federal incentives to existing maritime schools to expand their enrollments. Therefore, it is recommended that there be no increase at this time in the enrollment level at the Federal Academy beyond that projected in the Maritime Administration's Study, nor in the annual $75,000 grant from the Maritime Administration to each State Academy.

C. Acute shortages of licensed officers during periods of peak demand in the past—notably during war time—would indicate the desirability of maintaining a flexible source of supply of such personnel. Industry Schools have a particularly well-suited capability to perform this function. In this connection, it is noted that the Maritime Administration's Study has concluded that near term emergency needs of the U.S.-flag merchant fleet for licensed officers can best be met by Industry Schools.

D. Today's high technology vessels require the skills of individuals of superior ability. While it is necessary to establish ceilings on the number of officers, it is also imperative to attract sufficiently qualified students into our Nation's Maritime Schools. In furtherance of this objective, it is, therefore, recommended that the annual subsistence allowance from the Maritime Administration to students at the State Maritime academies be increased from $600 to $1,200, and that admissions standards to the Federal Academy be held to standards at least has high as those which were in effect in 1964.

E. Information concerning the identity and whereabouts of all individuals in this Country who would be capable of serving as Merchant Marine officers is presently inadequate. Therefore, the Coast Guard should be directed to develop, and present to the Congress within one year, a comprehensive plan for the creation of a Merchant Marine Reserve pool of officers who would be available for recall in the event of a national emergency.

F. There is a clear need for greater integration and cooperation among all of our Nation's Maritime Schools. The Federal Academy should assume a leadership role in this effort. In this connection, it is recommended that limited numbers of students from State and Industry Schools (perhaps one from each School each year) be permitted to participate in research projects at the National Maritime Research Center in the same manner in which students at the Federal Academy presently participate in such projects.

G. In view of the Federal Government's substantial investment in the training vessels on loan to each State Academy and interest in the safety of the students who use these vessels, it is recommended that the U.S. Coast Guard give further consideration to the promulgation of standards concerning the manning of these vessels during training cruises.

H. Under existing law and licensing procedures, it is possible for an individual to periodically renew his officer's license without demonstrated knowledge of or training in advanced maritime technology. The testimony of the Coast Guard has indicated the existence of serious problems in the area of retraining, particularly in certain critical skills such as collision avoidance radar and firefighting. The recent joint effort undertaken by the Maritime Administration and the Coast Guard on this subject is endorsed. Progress of these efforts should be reported to the Committee within six months.

I. The need to retain individuals in seagoing careers for longer periods of time has been a perennial problem among this Country's maritime manpower. The Ad Hoc Committee has requested the Coast Guard to develop additional information regarding retention rates of graduates of the Federal Academy, the State Maritime Academies, and Industry Schools. Depending upon these findings, further consideration of this problem may be warranted.

J. Finally, any legislation necessary to implement the foregoing recommendations should be given early consideration by the Committee on Merchant Marine and Fisheries.

Mr. **MUSKIE**. I also ask unanimous consent that a "Dear Colleague" letter, distributed by myself and my colleague from Maine and Senator GRIFFIN, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 15, 1976.

DEAR COLLEAGUE: We are writing to request your support for an amendment to the Maritime Administration Authorization Bill to increase to $1,200 per year the subsistence allowance to cadets at state maritime academies. The highly trained manpower provided to our merchant marine from these institutions comprises a vital element in the sea power of the United States which we cannot afford to neglect.

The state academy cadet stipend was originally authorized in 1958 at $600.00 per year to encourage the entrance of qualified students into the challenging and rigorous career of merchant marine officers. The need for highly qualified and highly trained personnel has increased during the 18 years since the stipend was authorized and the cost of living has climbed dramatically but the annual stipend has been held constant because of uncertainties as to the quantitative demand for merchant marine officers. Control over the numbers of graduates from maritime academies is now assured through a quota program instituted by the Maritime Administration in 1972. It is now crucial that the quality of these officer trainees be assured by increasing the subsistence allowance offered to cadets willing to enter the difficult profession to a realistic level reflecting current educational costs.

The amount of the stipend provided under this amendment is identical to that provided cadets at military academies and to ROTC scholarship students and is consistent with the recommendation of Ad Hoc Committee on Maritime Education and Training submitted to the House Committee on Merchant Marine and Fisheries in 1975.

"Today's high technology vessels require the skills of individuals of superior ability. While it is necessary to establish ceilings on the number of officers, it is imperative to attract sufficiently qualified students into our Nation's Maritime schools. In furtherance of this objective, it is therefore recommended that the annual subsistence allowance from the Maritime Administration to students at the State Maritime academies be increased from $600 to $1,200, and that admissions at the Federal Academy be held to standards at least as high as those which were in effect in 1964."

The Senate reaffirmed the role of the merchant marine and these maritime academies in our total seapower forces during consideration of the military procurement authorization bill. We have been personally assured by Assistant Secretary of the Navy for Manpower Joseph T. McCuller, of his support for upgrading these programs and the Maritime Administration's long standing commitment is a matter of record. This amendment implements this policy in a manner which will assure the continued flow of qualified personnel into these schools and into our merchant marine.

We welcome your interest and support for this measure. If you have any questions, please contact Jim Case (x45344) or Betty Boynton (x49236).

Sincerely.

EDMUND S. MUSKIE,
WILLIAM D. HATHAWAY,
ROBERT P. GRIFFIN.

Mr. **MUSKIE**. Without repeating the point made already by Senator GRIFFIN and Senator HATHAWAY, I make this point: With respect to the skills that are developed by our educational system, they are cyclical across the board. Following the Russian Sputnik in the fifties, we had a great surge, suddenly, in students going to get science degrees in order to serve the new space age. That surge has gone up and down. We have not cut back our student aid programs in response to the change in the need for skills outside shipping. There is no way of gearing student aid programs to a precise measure of the number we may need in any particular category in any particular year. The student aid program continues.

We are told by the Maritime Administration that the demand for maritime officers will increase in the late 1970's, but that, in any case, as Senator GRIFFIN has pointed out, the number of academy graduates is controlled not by the size of the stipend but by the number of cadet stipends available. So control is available.

The ad hoc committee in the House suggests that we begin to move in the direction of controlling the numbers to meet our requirements; but in the meantime, Mr. President, students are being asked to subsist on a stipend set at $600 in 1958. In the current congressional budget, Mr. President, the Committee on the Budget allowed and Congress approved allowances for inflation since last year, across the board, as part of the current services cost. Yet this one program not only is not given any increase to reflect 1 year's inflation; it has not been given any increase to reflect 18 years' inflation. We are somehow regarded as unreasonable when we ask for this modest increase in the stipend.

The students who are now in these academies are not responsible for the cyclical rise and fall in demand for career officers. They are in school. They are attracted there, because it is national policy and State policy that these States encourage these kinds of careers for young people. I do not see any justice in putting the squeeze on them—on them—for the problem that my good friend from South Carolina has described. We have a need for these schools and the students at these schools are entitled to equity comparable to that that we give other students in ROTC programs or in military academies. Concerns about the appropriate number of graduates to meet the needs of our merchant fleet should not diminish our willingness to adequately support those students actively engaged in the program.

There is a long tradition, going back many years, Mr. President, in support of this kind of special education in a nation whose whole traditions are oriented to the sea and careers at sea. My State has a great shipbuilding and sea going orientation going back 300 years, when the first ship built on this continent was built on the shores of Maine. So I think we ought not to ignore it.

In any case, what we are asking for is equity for the students. I argue that they are entitled to something more than the $600 stipend that was established 18 years ago, in 1958.

May I add this final point about whether or not these officers are needed? The placement records for the Maine Maritime Academy indicate that the vast majority of Maine academy graduates enter the maritime profession or related occupations. Only a small minority enter fields not related to the maritime industry. That has been its record since the school was established in 1941. I do not know as much in detail about other schools, but there clearly has been demand for these students who go to the Maine Maritime Academy who want to pursue the sea in the tradition of their forefathers, going back 300 years, and the Government has said they have a right to do it. What I am saying now is that they are entitled to a little bit of relief for what inflation has done to that $600 stipend of 18 years ago.

I appreciate the willingness of my good friend from South Carolina to accommodate himself in part, at least, to this just situation.

I yield to my good friend from Michigan.

Mr. **GRIFFIN**. I was going to add that in 1975 the percentage of graduates of the various State maritime academies who went directly into maritime-related jobs was as follows: Texas, 100 percent of the graduates went into those jobs; New York, 76 percent; the Great Lakes Academy, 87 percent; Massachusetts, 75 percent; Maine, 87 percent; California, 91 percent. So the fact that these graduates are, in large numbers, going into maritime jobs indicates that there are jobs, particularly for these graduates.

Mr. **MUSKIE**. This happens year after year. I do not know about the 50,000 that Senator HOLLINGS has referred to. I think that number needs some analysis. People may be retaining their licenses without any serious intention of filling the rolls that are filled by these new young graduates. I have no judgment on that. But when we have a record that 75 to 80 percent of new graduates are finding jobs and going into the maritime field and filling a national need I think those are impressive statistics.

Mr. **HATHAWAY**. Mr. President, if the Senator will yield to me for a question in regard to the GAO study, will this investigation of the labor market job availability for maritime school graduates, as noted in your outline of the GAO study, be not only what it is when they make the study but the projection so that we will know in the future? They might say as of 1976 the projection is 20 percent greater or whatever it might be or 20 percent less rather than the number of graduates. Maybe the long-range projection which we would be very much interested in should be included in this GAO study even though it might be speculative. It certainly would be helpful for our purposes here.

Mr. HOLLINGS. Mr. President, I agree with my distinguished friend from Maine. We will join in a letter and send it to the GAO setting out the record we have made here to make certain it is covered. All right?

Mr. HATHAWAY. Fine. I thank the Senator.

Mr. HOLLINGS. Mr. President, just to clarify a point, the Maritime Administration determines the number who receive these payments, not how many attend these particular schools, just as they attend VMI or The Citadel, wherever they want military rather than maritime training.

When we get to the poverty angle, and my friend, the senior Senator from Maine, used the expression in a recent article "righteous indignation." I always commend him on it. But here we are not being stingy and denying a need. We are not arguing maritime education; we are arguing numbers. We have far more than we need.

What does the alumni association say? The president of this group, the National Council of the Maritime Academies Alumni Association, stated that no shortage of deck and engineer officers exist, and stated:

> There are enough licensed deck officers to meet all future needs of the industry for at least 10 years.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. HOLLINGS. I will be glad to yield.

Mr. MUSKIE. Do they, therefore, propose to close all of these training schools?

Mr. HOLLINGS. This was not a proposal but just trying to get out the facts. I am not trying to run for a touchdown in the other direction, I am just trying to clarify this particular picture with respect to the subsidy, and what it does.

Then, one further point, may I say, with respect to the maritime and allied employment. I looked at a recent article in the Merchant Marine Academy magazine, which is located at Kings Point, and there a gentleman announced that he was going to law school. I remember serving on that particular Board of Visitors and saying there ought to be a requirement, Mr. President, that those who graduate and receive a total subsidy for the training at Kings Point ought to have a commitment, as they do at West Point or Annapolis, for at least 4 years.

In essence, the reason I made that point was that from my experience we were training them for service aboard foreign-flag vessels. That is where they are going. We are furnishing them an academy education for foreign-flag vessels and not American-flag vessels. So the whole subject needs to be examined.

We have agreed to the amendment, and the leadership is ready to move on this. We will be glad to accept the amendment by a voice vote. Is that all right?

Mr. HATHAWAY. Yes. Mr. President, will the Senator yield before debate is closed?

Mr. HOLLINGS. Yes.

Mr. HATHAWAY. I wanted to know whether the figures he was using on licensed deck officers from the National Council mean the ones who are available. They may have received their licenses several years ago and be working in some other jobs by now.

Mr. HOLLINGS. No. We want to follow what the Senator said that they are loyal. The Senator just made his big point that they are loyal, 87 percent here, 60-some percent; everybody says they are loyal to the U.S. Merchant Marine. When I gave the Senator his own figures back he says they are going to leave. Is the Senator saying they are going to be loyal and stick or leave?

Mr. HATHAWAY. The Senator is talking about figures that are now available someplace. They may be working in some other jobs.

Mr. HOLLINGS. That is right. I hope they will be, otherwise they will be on food stamps, because we have got too few jobs for too many graduates. That is my original point, too few jobs for too many graduates.

If they do not go somewhere else they will be on food stamps.

Mr. HATHAWAY. I am just making a point that all of these licensed people may not realistically be available.

The PRESIDING OFFICER (Mr. Haskell). The question is on agreeing to the amendment of the Senator from Maine.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open for further amendment. If there is no further amendment, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time. The bill was read a third time.

The PRESIDING OFFICER. The question is, Shall the bill (H.R. 11481), as amended, pass?

The bill (H.R. 11481), as amended, was passed.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make such clerical corrections as are necessary in the engrossment of the Senate amendments to H.R. 11481.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE FEDERAL ENERGY ADMINISTRATION EXTENSION ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Order 831, S. 2872, and that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER. The clerk will state the bill by title.

The second assistant legislative clerk read as follows:

> A bill (S. 2872) to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1979, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

The Senate proceeded to the consideration of the bill which had been reported from the Committee on Government Operations with an amendment to strike out all after the enacting clause and insert:

> Sec. 101. This Act may be cited as the "Federal Energy Administration Extension Act".
>
> Sec. 102. Section 7(c)(2) of the Federal Energy Administration Act of 1974 is amended—
>
> (1) by striking out "five" and inserting in lieu thereof "fifteen"; and
>
> (2) by adding at the end of the second paragraph the following new sentence: "Notice of any such waiver of review shall be immediately published in the Federal Register on the same day as any such action is first authorized or undertaken, whichever is earlier in time, and shall include a full and complete explanation, together with supporting data and narrative explanation thereof, of the factual situation which, in the judgment of the Administrator, requires the invocation of such waiver and a detailed presentation of the decision of the Administrator to utilize such waiver provision.".
>
> Sec. 103. The second and third sentences of section 7(i)(1)(D) of the Federal Energy Administration Act of 1974 are amended to read as follows: "If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the agency and may obtain judicial review in accordance with paragraph (2) of this subsection when such a denial becomes final. The agency shall, by rule, establish appropriate procedures, including a hearing, when requested, for review of a denial and, where deemed advisable by the agency, for considering other requests for action under this paragraph, except that no review of such a denial under this subparagraph shall be controlled by the same officer denying the adjustment pursuant to this subparagraph.".
>
> Sec. 104. (a) Section 13(b) of the Federal Energy Administration Act of 1974 is amended by inserting after, "who are engaged in any phase of energy supply or major energy consumption" the following: "including, but not limited (1) to United States firms and their foreign affiliates and (2) foreign firms, but only with respect to any such supply or consumption activities in the United States,".
>
> (b) Section 13 of the Federal Energy Administration Act of 1974 is amended by redesignating subsection (f) as subsection (h) and inserting after subsection (e) the following:
>
> "(f) It shall be unlawful for any person to violate any provision of this section or to violate any rule, regulation, or order issued pursuant to any such provision.
>
> "(g)(1) Whoever willfully violates subsection (f) shall be subject to a criminal fine of not more than $10,000 for each violation.
>
> "(2) Whenever it appears to the Administrator that any individual or organization is engaged in or is about to engage in acts or practices constituting a violation of subsec-

tion (f), the Administrator may request the Attorney General to bring a civil action to enjoin such acts or practices, and upon a proper showing, a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. In such action, the court may also issue mandatory injunctions commanding any person to comply with any provision, the violation of which is prohibited by subsection (f).”.

SEC. 105. (a) Section 15 of the Federal Energy Administration Act of 1974 is amended—

(1) by striking out subsection (a); and

(2) by redesignating subsections (b), (c), (d), and (e), as subsections (a), (b), (c), and (d), respectively.

(b) Section 15(a) of the Federal Energy Administration Act of 1974 is hereby repealed.

SEC. 106. Section 18(d) of the Federal Energy Administration Act if 1974 is amended by striking out “a report every six months” and inserting in lieu thereof “an annual report”.

SEC. 107. Section 25(a) of the Federal Energy Administration Act of 1974 is amended—

(1) by striking out “and directed”;

(2) by striking out “shall contain” and inserting in lieu thereof “may contain”;

(3) by striking out “shall include,” and inserting in lieu thereof “may include,”;

(4) by striking out “but shall not” and inserting in lieu thereof “but need not”; and

(5) by adding at the end thereof the following new sentence: “The Administrator may also obtain representative samples of any such shipment.”.

SEC. 108. Section 28 of the Federal Energy Administration Act of 1974 is amended to read as follows:

“REVERSION

“SEC. 28. (a) Not withstanding section 527 of the Energy Policy and Conservation Act, upon termination of this Act, any functions or personnel transferred by this Act shall revert to the department, agency, or office from which they were transferred.

“(b) Upon termination of this Act the following functions or activities of the Administration which have been created by the authority of this Act or by any other provision of law and the personnel associated with such functions or activities shall be transferred as follows:

“(1) mandatory allocation of crude oil, residual fuel oil, and refined petroleum products—to the Department of the Interior;

“(2) price controls on crude oil, residual fuel oil, and refined petroluem products—to the Federal Power Commission;

“(3) advice to the President and the Congress on energy policy development of programs and plans for energy conservation in time of shortage—to the Energy Resources Council;

“(4) collection, analysis, and reporting of energy data and information—to the Department of Commerce;

“(5) development and implementation of voluntary and mandatory conservation programs—to the Energy Research and Development Administration;

“(6) coal conversion program—to the Environmental Protection Agency;

“(7) loan gaurantees for new coal mines—to the Department of the Interior;

“(8) materials allocation—to the Department of the Interior;

“(9) strategic reserves—to the Department of the Interior;

“(10) international energy programs—to the Department of State;

“(11) appliance efficiency, labeling programs, State energy conservation plans, Federal energy conservation programs, and public education programs—to the Department of Commerce;

“(12) analysis of economic impact of energy actions—to the Energy Resources Council; and

“(13) coordination of Federal energy programs with State governments—to the Department of Commerce.

The administrative and procedural provisions of this Act shall, to the extent practicable, continue to apply to the implementation of said functions and activities. An officer or employee of the Federal Government who is appointed, without break in service of one or more workdays, to any position for carrying out functions under this Act is entitled, upon separation from such position other than for cause, to reemployment in the position occupied at the time of appointment, or in a position of comparable grade and salary.”.

SEC. 109. The text of section 29 of the Federal Energy Administration Act of 1974 is amended to read as follows:

“SEC. 29. (a) There are authorized to be appropriated to the Federal Energy Administration the following sums:

“(1) Subject to the restrictions specified in subsection (b), to carry out the functions identified as assigned to Executive Direction and Administration of the Federal Energy Administration as of January 1, 1976—

“(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $8,596,000; and

“(B) for the fiscal year ending September 30, 1977, not to exceed $31,554,000.

“(2) To carry out the functions identified as assigned to the Office of Energy Policy and Analysis as of January 1, 1976—

“(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $8,000,000; and

“(B) for the fiscal year ending September 30, 1977, not to exceed $34,472,000.

“(3) To carry out the functions identified as assigned to the Office of Regulatory Programs as of January 1, 1976—

“(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $11,600,000; and

“(B) for the fiscal year ending September 30, 1977, not to exceed $47,800,000.

“(4) To carry out the functions identified as assigned to the Office of Conservation and the Environment as of January 1, 1976—

“(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $7,004,000; and

“(B) for the fiscal year ending September 30, 1977, not to exceed $40,596,000.

“(5) To carry out the functions identified as assigned to the Office of Energy Resource Development as of January 1, 1976—

“(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $2,800,000; and

“(B) for the fiscal year ending September 30, 1977, not to exceed $14,914,000.

“(6) To carry out the functions identified as assigned to the Office of International Energy Affairs as of January 1, 1976—

“(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $300,000; and

“(B) for the fiscal year ending September 30, 1977, not to exceed $1,921,000.

“(b) The following restrictions shall apply to the authorization of appropriations specified in paragraph (1) of subsection (a):

“(1) amounts to carry out the functions identified as assigned to the Office of Communications and Public Affairs as of January 1, 1976, shall not exceed $607,000 for the period beginning July 1, 1976, and ending September 30, 1976, and shall not exceed $2,274,000 for the fiscal year ending September 30, 1977; and

“(2) no amounts authorized to be appropriated in such paragraph may be used to carry out the functions identified as assigned to the Office of Nuclear Affairs as of January 1, 1976.”.

SEC. 110. Section 30 of the Federal Energy Administration Act of 1974 is amended by striking out “June 30, 1976”. and inserting in lieu thereof “September 30. 1977.”.

SEC. 111. (a) Section 108(b) of the Energy Reorganization Act of 1974 is amended—

(1) by striking out “and” at the end of paragraph (2);

(2) by striking out the period at the end thereof and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

“(4) coordinate the preparation of the reports required by section 15(c) of the Federal Energy Administration Act of 1974 and section 307 of the Energy Reorganization Act of 1974, and, to the maximum extent feasible, combine the two reports into a single report to the President and Congress on national energy policy and programs;

“(5) prepare a report on national energy conservation activities which shall be submitted to the President and the Congress annually, beginning on July 1, 1977, and which shall include—

“(A) a review of all Federal energy conservation expenditures and activities, the purpose of each such activity, the relation of the activity to national conservation targets and plans, and the success of the activity and the plans for the activity in future years;

“(B) an analysis of all conservation targets established for industry, residential, transportation, and public sectors of the economy, whether the targets can be achieved or whether they can be further improved, and the progress toward their achievement in the past year;

“(C) a review of the progress made pursuant to the State energy conservation plans under sections 361 and 366 of the Energy Policy and Conservation Act and other similar efforts at the State and local level, and whether further conservation can be carried on by the States or by local governments, and whether further Federal assistance is required;

“(D) a review of the principal conservation efforts in the private sector, the potential for more widespread implementation of such efforts and the Federal Government's efforts to promote more widespread use of private energy conservation initiatives; and

“(E) an assessment of whether existing conservation targets and goals are sufficient to bridge the gap between domestic energy production capacity and domestic energy needs, whether additional incentives or programs are necessary or useful to close that gap further, and a discussion of what mandatory measures might be useful to further bring domestic demand into harmony with domestic supply.

The Chairman of the Energy Resources Council shall carry out the coordination required under paragraph (4) and shall coordinate the preparation of the report required under paragraph (5).”.

(b) Section 108 of the Energy Reorganization Act of 1974 is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by adding after subsection (b) the followng new subsection:

“(c) The President, through the Energy Resources Council, shall—

“(1) prepare a plan for the reorganization of the Federal Government's activities in energy and natural resources, including, but not limited to, a study of—

“(A) the principal laws and directives that constitute the energy and natural resource policy of the United States;

“(B) prospects of developing a consolidated national energy policy;

“(C) the major problems and issues of existing energy and natural resource organizations;

"(D) the options for Federal energy and natural resource organizations;

"(E) an overview of available resources pertinent to energy and natural resource organization;

"(F) recent proposals for a national energy and natural resource policy for the United States; and

"(G) the relationship between energy policy goals and other national objectives;

"(2) submit to Congress—

"(A) no later than December 31, 1976, the plan prepared pursuant to subsection (c) (1) and a report containing his recommendations for the reorganization of the Federal Government's responsibility for energy and natural resource matters together with such proposed legislation as he deems necessary or appropriate for the implementation of such plans or recommendations; and

"(B) not later than March 1, 1977, such revised information or policy recommendations shall be submitted according to paragraph (A); and

"(3) provide interim and transitional policy planning for energy and natural resource matters in the Federal Government.".

SEC. 112. (a) The Administrator of the Federal Energy Administration shall study and report to the Congress no later than November 30, 1976, on the use of a tax on energy, including a tax applied to the use of each British thermal unit (hereinafter referred to in this section as "Btu") of energy consumed, to insure the attainment of an acceptable low level of energy imports by 1985.

(b) The study authorized by subsection (a) shall include an analysis and evaluation of—

(1) energy taxes based on (A) an across-the-board tax of at least $1 per million Btu on the use of nonrenewable forms of energy, to be levied at the mine-mouth, wellhead, or port of entry; and (B) taxes designed to correct existing departures of prices for energy from the full marginal social costs of energy production, transportation, conversion, distribution, and use arising from uninternalized social costs, including, for example, costs of reliance upon insecure foreign sources of supply, costs of adverse environmental impacts, and distortions arising from regulation of prices;

(2) refund of taxes on the basis of uniform payments to each adult; and

(3) the impacts of such taxes on—

(A) the economy, including the general price level and energy prices, employment, Government revenue, and distribution of income and relative purchasing power;

(B) the supply of and demand for energy;

(C) the degree or reliance on insecure foreign sources of supply;

(D) reduction of adverse social costs, including environmental, health and safety costs; and

(E) the degree to which the need for Federal Energy Administration regulatory programs would be diminished or eliminated.

TITLE II

ELECTRIC UTILITY RATE REFORM ACT OF 1976

SEC. 201. That this title may be cited as the "Electric Utility Rate Reform Act of 1976".

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 202. Congress hereby finds and declares that—

(1) there is great potential for reduction in the cost of electric utility services to consumers, energy conservation, better use of existing electrical generating facilities, and relief from the current and projected shortage of capital in this Nation in the development and implementation by utility regulatory commissions of innovative electric utility rate structures;

(2) as a rule, utility regulatory commissions have not taken sufficient action to realize this potential by revising the rate structures of electric utility companies subject to their jurisdiction;

(3) efforts in this regard can be promoted by requiring the Federal Energy Administration to set utility rate structure guidelines for utility regulatory commissions and to report to Congress on the progress of such commissions in adopting and using such guidelines;

(4) such efforts can be further encouraged by providing the Federal Energy Administration with funds to be used specifically for utility rate demonstration projects, technical assistance in the area of rate reform, intervention in the proceedings of utility regulatory commissions for the purpose of promoting the implementation of Federal guidelines, and financial assistance to State offices of consumer services to facilitate presentation of consumer interests before such commissions; and

(5) if such measures fail to produce the desired movement of utility regulatory commissions in the direction of innovative rate structures, it will be appropriate for Congress then to consider the enactment of more stringent directives to such commissions.

DEFINITIONS

SEC. 203. As used in this title—

(1) "Administrator" means the Administrator of the Federal Energy Administration;

(2) "electric utility company" means any person who owns or operates facilities used for the generation, transmission, or distribution and sale of electric energy for use other than resale;

(3) "utility regulatory commission" means the agency, commission, or establishment which has the responsibility for establishing and administering rules and regulations relating to the operation of and rates charged by an electric utility company;

(4) "State utility regulatory commission" means the agency, commission, or establishment of any State (or the Tennessee Valley Authority) which has the responsibility for establishing and administering rules and regulations relating to the operation of and rates charged by an electric utility company; and

(5) "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, and the Trust Territories of the Pacific, and for the purposes of section 206, such term shall include the Tennessee Valley Authority.

ELECTRIC UTILITY RATE STRUCTURE GUIDELINES

SEC. 204. (a) The Administrator shall prepare voluntary guidelines establishing the parameters within which utility regulatory commissions should approve electric utility rates in order to encourage electric utility companies to utilize innovative electric utility rate structures.

(b) the guidelines established under section (a) shall provide for rate structures which to the extent feasible are cost-based, energy conserving, equitable in their operation and effect upon all classes of customers for electric utility service and provide incentives for maximum use of existing electrical generating facilities.

(c) The guidelines prepared under subsection (a) shall be published in the Federal Register not later than one hundred and eighty days after the date of enactment of this title, and shall be reviewed, revised, and republished at least annually thereafter.

(d) Within thirty days following publication of the guidelines in the Federal Register, the Administrator shall distribute copies of all such guidelines to utility regulatory commissions together with a written request for cooperation in the use and implementation of, and voluntary compliance with, the guidelines.

ASSISTANCE TO STATE UTILITY REGULATORY COMMISSIONS

SEC. 205. (a) The Administrator is authorized in addition to assistance or authority provided or available under the Federal Energy Administration Act—

(1) to provide financial assistance to State utility regulatory commissions to enable them to develop innovative electric utility rate structure and load management demonstration projects;

(2) to provide technical assistance to State utility regulatory commissions to enable them to establish innovative electric utility rate structures including informing such commissions of the identification and development of load management techniques, the results of experiments in load management, developments and innovations in electric utility ratemaking, methods of determining cost of service, and the results of experiments in rate structure and rate reform; and

(3) to intervene in such administrative or court proceedings as the Administrator may deem to be appropriate for the purpose of developing electric utility rate structures which comply with the guidelines established under section 204(a).

(b) Assistance may only be furnished under subsections (a) (1) and (2) pursuant to an application submitted by a State utility regulatory commission and approved by the Administrator. In such application, the applicant shall—

(1) certify that it is a State utility regulating commission within the meaning of this title;

(2) describe, in such form and detail as the Administrator may by regulation require, a plan or program for the development of an innovative electric utility rate structure or load management demonstration project, in the case of applications under subsection (a) (1), or for the establishment of innovative electric utility rate structures, in the case of applications under subsection (a) (2); and

(3) furnish such assurances as the Administrator may require that funds made available under this title will be in addition to, and not in substitution for, funds made available to such State utility regulatory commission from other sources.

GRANTS FOR OFFICES OF CONSUMER SERVICES

SEC. 206. The Administrator may make grants to States under the provisions of this title to provide for the establishment and operation of offices of consumer services to assist consumers in their presentations before utility regulatory commissions. Any assistance provided under this section shall be provided only for an office of consumer services which is operated independently of the State utility regulatory commission and with respect to which, in the case of the Tennessee Valley Authority, the person or persons with final responsibility for the direction of such office are appointed by the President of the United States, by and with the advice and consent of the Senate of the United States and is empowered to—

(a) make general factual assessments of the impact of rate changes and other regulatory actions upon all affected consumers;

(b) assist consumers in the presentation of their positions before utility regulatory commissions; and

(c) advocate, on its own behalf, a position which it determines represents the position most advantageous to the public, taking into account developments in rate structure reform which have achieved or could achieve energy conservation, equity in operation, and effects on all classes of customers and provides incentives for maximum use of existing electrical generating facilities.

REPORTS

SEC. 207. Not later than the last day in December in each year following the date of enactment of this title, the Administrator shall transmit to the Congress a report containing—

(1) the guidelines published in that year pursuant to section 204;

(2) the nature and location of testimony given in interventions pursuant to section 205(a)(3);

(3) a description of the adoption and use of utility regulatory commissions of the rate structure voluntary guidelines;

(4) a list of the State offices of consumer services funded under section 206, and a summary description of the services provided by each such office; and

(5) recommendations as to the need for and types of further Federal legislation.

AUTHORIZATION OF APPROPRIATIONS

Sec. 208. (a) There are authorized to be appropriated not to exceed $10,000,000 in fiscal year 1977 for the purpose of carrying out the provisions of section 205(a).

(b) There are authorized to be appropriated not to exceed $2,000,000 in fiscal year 1977 for the purpose of carrying out the provisions of section 206.

The PRESIDING OFFICER. Who yields time?

Mr. FORD. Mr. President, I ask unanimous consent that Frank Barton of my staff be allowed the privilegc of the floor during the consideration of and any votes on S. 2872.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that Gil Clark of my staff be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1801

Mr. HOLLINGS. Mr. President, I call up, on behalf of the Senator from Massachusetts (Mr. Kennedy), myself and other cosponsors, amendment No. 1801.

The PRESIDING OFFICER. The clerk will state the amendment.

The second assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. Kennedy) for himself, Mr. Jackson, Mr. Magnuson, Mr. Proxmire, Mr. Hollings, Mr. Glenn, Mr. Clark, Mr. Gravel, Mr. Hartke, Mr. Haskell, Mr. Humphrey, Mr. Javits, Mr. Leahy, Mr. Metcalf, Mr. Mondale, Mr. Packwood, Mr. Pell, and Mr. Tunney, proposes amendment numbered 1801.

The amendment is as follows:

At the end of title II, add the following new titles:

TITLE III—ENERGY CONSERVATION STANDARDS FOR NEW BUILDINGS

SHORT TITLE

Sec. 301. This title may be cited as the "Building Energy Conservation Standards Act of 1976".

FINDINGS AND PURPOSE

Sec. 302. (a) The Congress finds that—

(1) large amounts of fuels and energy are consumed unnecessarily each year in heating, cooling, ventilating, and providing domestic hot water for newly constructed residential and commercial buildings because such buildings lack adequate energy conservation features;

(2) Federal policies and practices contribute to this condition, which the Nation can no longer afford in view of its current and anticipated energy shortage, by providing, without regard to energy considerations, Federal construction aids directly such as through loans or grants and indirectly through financing from federally approved, regulated, or insured financial institutions;

(3) failure to provide adequate energy conservation measures in newly constructed buildings increases long-term operating costs that may affect adversely the repayment of and security for loans made, insured or guaranteed by Federal agencies or made by federally insured or regulated instrumentalities; and

(4) State and local building codes or similar controls can provide an existing means by which to assure, in coordination with other building requirements and with a minimum of Federal interference in State and local transactions, that newly constructed buildings contain adequate energy conservation features.

(b) The purposes of this title, therefore, are to—

(1) redirect Federal policies and practices so that Federal financial assistance for construction purposes is provided only under conditions which assure that reasonable energy conservation features will be incorporated into new buildings receiving such assistance;

(2) provide for the development and implementation as soon as feasible of performance standards for new residential and commerical buildings which are designed to achieve the maximum practicable economies in fuels and energy consumption within reasonable cost levels; and

(3) encourage States and local government to adopt and enforce such standards through their existing building code and other construction control mechanisms.

DEFINITIONS

Sec. 303. As used in this title, the term—

(1) "Secretary" means the Secretary of Housing and Urban Development;

(2) "Administrator" means the Administrator of the Federal Energy Administration;

(3) "building" means any structure to be constructed which includes provision for a heating or cooling system, or both, or a hot water system;

(4) "residential building" means any building developed for residential occupancy, substantially on a year-round basis, for one or more persons or families;

(5) "commercial building" means any building developed for use other than residential occupancy, including buildings developed for industrial or public use,

(6) "Federal building" means any building to be constructed by or for the use of any Federal agency which is not legally subject to State or local codes or similar requirements;

(7) "unit of general local government" means a city, county, town, municipality, or other political subdivision of a State or any combination thereof, which has a building code or similar jurisdiction over a particular area;

(8) "Federal agency" means any department, agency, corporation, or other entity or instrumentality of the executive branch of the Federal Government, and includes the United States Postal Service, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation;

(9) "financial assistance" means any form of loan, grant, guaranty, insurance, payment, rebate, subsidy, or any other form of direct or indirect Federal assistance, other than general or special revenue sharing or formula grants made to States;

(10) "Federal instrumentality responsible for the supervision, approval, regulation, or insuring of banks, savings and loan associations, or similiar institutions" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration;

(11) "State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the United States territories and possessions;

(12) "performance standards" means a goal or goals to be met without the specification of the methods, materials, and processes to be employed in achieving that goal, but including statements of the requirements, criteria and evaluation methods to be used, and any necessary commentary; and

(13) "building code" means a legal instrument which is in effect in a State or unit of general local government, the provisions of which must be adhered to if a building is to be considered to be in conformance with law and suitable for occupancy and use.

PROMULGATION OF MINIMUM ENERGY CONSERVATION STANDARDS

Sec. 304. (a)(1) As soon as practicable, but in no event later than 3 years after enactment of this title, the Secretary, only after consultation with the Administrator, the Secretary of Commerce utilizing the services of the Director of the National Bureau of Standards, and the Administrator of the General Services Administration, shall develop and publish in the Federal Register for public comment proposed performance energy conservation standards for new commercial buildings. Performance standards shall be developed and promulgated within 6 months after publication of the proposed standards, and shall become effective within a reasonable time, not to exceed 1 year after promulgation, as specified by the Secretary.

(2) As soon as practicable, but in no event later than 3 years after enactment of this title, the Secretary, only after consultation with the Administrator and the Secretary of Commerce utilizing the services of the Director of the National Bureau of Standards, shall develop and publish in the Federal Register for public comment proposed performance energy conservation standards for new residential buildings. Performance standards for such buildings shall be promulgated within 6 months after publication of the proposed standards, and shall become effective within a reasonable time, not to exceed 1 year after promulgation, as specified by the Secretary.

(b) All standards promulgated pursuant to this section shall take account of, and make such allowance as the Secretary determines appropriate for, climatic variations among the different regions of the country.

(c) The Secretary, in consultation with the Administrator, the Secretary of Commerce, the Administrator of General Services, and other Federal officials, as appropriate, shall periodically review and provide for the updating of standards promulgated pursuant to this section.

(d) The Secretary, if he finds that the dates otherwise specified in this section for publication of proposed or promulgation of final performance standards under subsection (a)(1) or (a)(2) cannot practically be met, may extend the time for such publication or promulgation, but no such extension shall result in a delay of more than 6 months in promulgation.

INCORPORATION OF STANDARDS IN STATE AND LOCAL CODES

Sec. 305. (a) No Federal officer or agency shall approve any financial assistance for the construction of any building in an area of a State unless the State has certified that the unit of general local government having jurisdiction over such area has adopted and is implementing a building code or similar requirement which meets or exceeds the minimum standards promulgated pursuant to section 304 of this title, or unless the State certifies that a State code or requirement providing for the enforcement of such standard or standards has been adopted and is being implemented on a statewide basis or within the area in which such building is to be located.

(b) In any case where, on the effective date of the performance standards referred to in section 304(a), a State has not yet developed and implemented a procedure for certifying local codes or similar requirements, or adopted and proceeded to implement a State code or requirement for carrying out the provisions of subsection (a) of this section, but where the Secretary finds that the State is actively developing such procedure or code, the Secretary may receive and approve a code or other requirement proposed by a unit of general local government as complying with the provisions of subsection (a) of this section, but no such approval shall extend for more than 1 year.

(c) Each Federal instrumentality responsible for the supervision, regulation, or insuring of banks, savings and loan associations or similar institutions shall adopt regulations prohibiting such institutions from—

(1) making loans for the construction or financing of buildings, or

(2) purchasing loans made after the effective date of any energy conservation standard for the construction or financing of buildings,

unless such buildings are to be located in areas where Federal assistance for construction is permitted under subsection (a) of this section.

(d) In the certification submitted by a State, the State may recommend to the Secretary that specific units of local government within the State be excluded from all provisions of this title on the basis that new construction in such jurisdiction is not of a magnitude to warrant the costs of implementing or providing for required inspections, and the Secretary may, in his discretion, exclude such unit without thereby affecting the State's certification.

(e) The Secretary shall, by regulation, provide for the periodic updating of State certifications under this section, and shall make such reviews and investigations as he deems necessary to determine the accuracy of such certifications. The Secretary may reject, disapprove, or require the withdrawal of any certification but he shall not take such action without affording the State a reasonable opportunity for hearing.

FEDERAL BUILDINGS

SEC. 306. The head of each Federal agency responsible for the construction of Federal buildings shall adopt such procedures as may be necessary to assure that such construction meets or exceeds the applicable energy conservation standards promulgated pursuant to this title.

GRANTS TO STATES

SEC. 307. (a) The Secretary is authorized to make grants to States to assist them in meeting the costs of developing standards or State certification procedures to carry out the provisions of section 305 of this title.

(b) There are hereby authorized to be appropriated for the purpose of grants under this section not to exceed a total of $5,000,000 for fiscal year 1977.

TECHNICAL ASSISTANCE

SEC. 308. The Secretary, directly, by contract or otherwise, may provide technical assistance to States and units of general local government to assist them in meeting the requirements of this title.

CONSULTATION WITH INTERESTED AND AFFECTED GROUPS

SEC. 309. In developing and promulgating standards and carrying out his other functions under this title, the Secretary shall consult with appropriate representatives of the building community, including labor, the construction industry, engineers, and architects, and with appropriate public officials and organizations of public officials, and representatives of consumer groups. For purposes of such consultation, the Secretary shall, to the extent feasible, make use of the National Institute of Building Sciences as established by section 809 of the Housing and Community Development Act of 1974. The Secretary may also establish one or more advisory committees as may be appropriate. Any advisory committee or committees established pursuant to this section shall be subject to the provisions of the Federal Advisory Committee Act.

RESEARCH

SEC. 310. The Secretary, in cooperation with the Administrator, the Administrator of the Energy Research and Development Administration, and the Director of the National Bureau of Standards shall carry out such research and demonstration activities as he determines may be necessary to assist in the development of standards under this title and to facilitate the implementation of such standards by State, and local governments. Such activities shall be designed to assure that standards are adequately analyzed in terms of energy use, institutional resources, habitability, economic cost and benefit, and impact upon affected groups.

TITLE IV—ENERGY CONSERVATION ASSISTANCE FOR EXISTING BUILDINGS

SHORT TITLE

SEC. 401. This title may be cited as the "Energy Conservation in Existing Buildings Act of 1976".

FINDINGS

SEC. 402. The Congress finds and declares the following:

(1) The fastest, most cost-effective, and most environmentally sound way to prevent future energy shortages in the United States, while reducing the Nation's dependence on imported energy supplies, is to encourage and facilitate, through major programs, energy conservation measures (including a shift from depletable to nondepletable sources of energy, such as solar energy) with respect to housing, nonresidential buildings, and industrial plants.

(2) Current efforts to encourage and facilitate energy conservation measures are inadequate, as a consequence of—

(A) a lack of adequate and available financing for energy conservation, particularly with respect to individual consumers and owners of small businesses;

(B) a shortage of reliable and impartial information and advisory services, pertaining to practicable energy conservation measures and the probable cost savings therefrom; and

(C) the absence of organization programs which, if they existed, would enable consumers, especially individuals and owners of small businesses, to undertake energy conservation efforts easily and with confidence in their economic value.

(3) Major programs of financial incentives and assistance for energy conservation measures (including a shift from depletable to nondepletable energy sources) in housing, non-residential buildings, and industrial plants would—

(A) significantly reduce the Nation's demand for energy and the need for petroleum imports;

(B) cushion the adverse impact of the high price of energy supplies on consumers (e.g., elderly and handicapped low-income persons who cannot afford to make the modifications necessary to reduce their residential energy use); and

(C) increase, directly and indirectly, job opportunities and national economic output.

(4) The primary responsibility for the implementation of such major energy conservation programs should be lodged with the governments of the several States. The diversity of conditions among the various States and regions of the Nation is sufficiently great that a wholly federally administered program would not be as effective as one which is tailored to meet local requirements and to respond to local opportunities. The States should be allowed flexibility within which to fashion energy conservation programs, subject to general Federal guidelines and monitoring sufficient to protect the financial investments of consumers and the financial interest of the United States and to insure that the measures undertaken in fact result in significant energy and cost savings which would probably not otherwise occur.

(5) To the extent that direct Federal administration is more economical and efficient, direct Federal financial incentives and assistance should be extended through existing and proven Federal programs (such as those conducted by the Small Business Administration) rather than through new programs that would necessitate new and separate administrative bureaucracies.

(6) Such programs should be designed and administered to supplement, and not to supplant or in any other way conflict with, State Energy Conservation Programs under part C of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321, et seq.); the emergency energy conservation program carried out by community action agencies pursuant to section 222(a)(12) of the Economic Opportunity Act of 1964; and other forms of assistance and encouragement for energy conservation.

(b) PURPOSE.—It is therefore declared to be the purpose of the Congress in this title to encourage and facilitate energy conservation in housing, nonresidential buildings, and industrial plants, through—

(1) State energy conservation implementation programs; and

(2) Federal financial incentives and assistance.

PART A—RESIDENTIAL INSULATION ASSISTANCE FOR LOW-INCOME PERSONS

DEFINITIONS

SEC. 411. As used in this part, the term—

(1) "Administrator" means the Administrator of the Federal Energy Administration;

(2) "Director" means the Director of the Community Services Administration;

(3) "elderly" means persons who are 60 years of age or older;

(4) "Governor" means the chief executive officer of a State (including the Mayor of the District of Columbia);

(5) "handicapped person" means an individual who meets the definition of a "handicapped individual" as defined in section 7(6) of the Rehabilitation Act of 1973, as amended, or who is under a disability as defined in section 1614(3)(A) or 223(d)(1) of the Social Security Act or in section 102(7) of the Developmental Disabilities Services and Facilities Act of 1970 as amended, or who is receiving benefits under chapter 11 or 15 of title 38, United States Code;

(6) "insulation materials" means items primarily designed to improve the efficient energy utilization of a dwelling, including, but not limited to, ceiling, wall, floor, and duct insulation, storm windows and doors, and caulking and weatherstripping, but not including mechanical equipment valued in excess of $50 per dwelling unit;

(7) "low-income" means that individual or family income, as appropriate, which does not exceed 50 percent of the median income for individuals or families (adjusted for family size), as appropriate, for a particular geographical area, as determined by the Director in consultation with the Secretary of Housing and Urban Development; and

(8) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

FINANCIAL ASSISTANCE

SEC. 412. (a) The Administrator is authorized, in accordance with the provisions of this title and regulations issued pursuant thereto, to (1) provide financial assistance to States, and (2) to transfer to other Federal departments or agencies funds for use to serve Native Americans, to assist in carrying out projects designed to improve insulation and energy conservation in dwellings in which the head of household is a low-income person, particularly where elderly and handicapped low-income persons reside.

(b) (1) The Administrator, after consultation with the Secretary of Housing and Urban Development, the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Director of the ACTION Agency, and the heads of such other Federal agencies as he deems appropriate, and with the concurrence of the Director, shall develop and publish in the Federal Register for public comment, not later than 45 days after the date of enactment of this title, proposed regulations to carry out the provisions of this title. He shall take into consideration comments submited regarding such proposed regulations, and shall publish such final regulations not later than 75 days after the date of such enactment.

(2) the regulations prescribed pursuant to this section shall include provisions—

(A) prescribing, with the approval of the Director of the National Bureau of Standards in the Department of Commerce and in consultation with the Secretary of Health, Education, and Welfare, for use in various climatic, structural, and human need settings, standards for insulation materials, energy conservation techniques, and balanced combinations thereof, designed to achieve a balance of a healthful dwelling environment and maximum energy conservation; and

(B) designed to insure that (i) the benefits of insulation assistance in connection with leased dwelling units will acrue primarily to low-income tenants; (ii) the rents on such dwelling units will not be raised because of any increase in the value thereof due solely to insulation assistance provided under this title; and (iii) no undue or excessive enhancement will occur to the value of such dwelling units.

(c) In the event that a State does not, within 150 days after the date of enactment of this title, submit an application meeting the requirements set forth in section 406, a community action agency carrying out programs under title II of the Economic Opportunity Act of 1964, as amended, may, in lieu of such State, submit an application (meeting such requirements and subject to all other provisions of this title) for carrying out projects under this title in the geographical area served by such agency under that Act.

(d) Notwithstanding any other provision of law, the Administrator is authorized to transfer to the Director sums appropriated under this title to be utilized in order to carry out programs under section 222(a) (12) of the Economic Opportunity Act of 1964, as amended, in furtherance of the purpose of this title.

APPLICATION

SEC. 413. (a) The Administrator is authorized to provide financial assistance (or transfer funds) from sums appropriated for any fiscal year under this title only upon annual application therefor containing such information (including information needed for evaluation purposes) as may be required (1) in the regulations prescribed pursuant to section 412 and (2) to carry out this section. In making grants and transferring funds to provide such assistance, the Administrator shall allocate funds on the basis of the relative need for residential insulation assistance among low-income persons throughout the States, taking into account the climatic and energy conservation factors specified in subsection (c) of this section.

(b) (1) Any State submitting an application for financial assistance under this title shall designate or create a State agency or institution which, itself or a policy advisory council of which, has special qualifications and sensitivity with respect to solving the problems of low-income persons (including the residential insulation and energy conservation problems of such persons) and which is broadly representative of organizations and agencies which are providing services to persons in the State, and shall submit its application to the Administrator through the agency or institution so designated. Such agency or institution shall be the sole agency for administration, coordination, and allocation of the financial assistance provided to such State under this title, and shall allocate such funds to carry out residential insulation projects within the State based on factors set forth in subsection (c) of this section.

(c) Each application for financial assistance under this title shall specify the location and scope of projects to be funded, including a description of—

(1) (A) the estimated number and characteristics of low-income persons and dwellings to be assisted;

(B) the climatic conditions in the State, which may include consideration of annual degree days;

(C) the type of insulation work to be done (including insulation materials and energy conservation techniques to be used) in the various settings;

(D) the priorities to be established among low-income persons, including a description of the way in which priority is to be assured for elderly and handicapped low-income persons, and the extent to which priority will be given to single-family or other high-energy-consuming dwellings; and

(E) the estimated amount of fuel to be conserved;

(2) policies and procedures designed to assure that financial assistance provided under this title will be used so as not to supplant State or local funds, but to supplement and, to the extent practicable, to increase the amounts of such funds that would in the absence of such Federal funds be made available for carrying out the purpose of this title, including plans and procedures (A) for securing, to the maximum extent feasible, the services of volunteers and manpower training participants and public service employment workers, pursuant to the Comprehensive Employment and Training Act of 1973, as amended, to work under the supervision of qualified supervisors and foremen, and (B) for complying with the limitations set forth in section 414.

LIMITATIONS

SEC. 414. (a) Funds provided or transferred to any recipient of financial assistance under this title shall, to the maximum extent feasible, be used for the purchase of insulation materials, except that not to exceed 10 percent of any grant or transfer of funds under this title may be used to administer a residential insulation project.

(b) The Administrator shall insure that not less than 50 percent of the sums appropriated for any fiscal year shall be allocated to community action agencies in such year in accordance with the provisions of subsection (c) of this section.

(c) The Administrator shall insure that financial assistance provided to States under this title will—

(1) be allocated to community action agencies carrying out programs under title II of the Economic Opportunity Act of 1964, as amended, or other appropriate qualified public or nonprofit entities in the State so that—

(A) due consideration will be given to the availability of and relative need for residential insulation assistance among the low-income population within the State, including such factors as climate and the availability of similar insulation assistance under other Federal programs;

(B) (i) funds to be allocated for carrying out residential insulation projects under this title in the geographical area served by the emergency energy conservation program carried out by a community action agency under section 222(a) (12) of the Economic Opportunity Act of 1964, as amended, will be allocated to such agency, and (ii) priority in the allocation of such funds for carrying out such projects under this title will be given such a community action agency in so much of the geographical area served by it which is not served by the emergency energy conservation program it is carrying out: *Provided*, That such allocation requirement and such priority shall no longer apply in the event that the Governor makes a determination, after following policies and procedures consistent with those set forth in section 417, that the emergency energy conservation program carried out by such agency has been ineffective in meeting the purpose of this title or is clearly not of sufficient size, and cannot in timely fashion develop the capacity, to support the scope of the project to be carried out in such area with funds under this title; and

(C) due consideration will be given to the results of periodic evaluations of the projects carried out under this title in the light of information regarding current and anticipated energy and residential insulation needs of low-income persons within the State; and

(2) be allocated (including disapproval or discontinuation of funding) under this title to residential insulation projects within the State consistent with the policies and procedures set forth in section 417.

MONITORING, TECHNICAL ASSISTANCE, AND EVALUATION

SEC. 415. The Administrator and the Director shall monitor and evaluate the operation of projects receiving financial assistance under this title through reports as required in section 416(a) or through joint or separate onsite inspections, or otherwise, in order to assure the effective provision of insulation assistance for the dwellings of low-income persons, and shall jointly carry out periodic evaluations of the program authorized by this title and projects receiving financial assistance hereunder. They may provide technical assistance to any such project, directly and through persons and entities with a demonstrated capacity in developing and implementing appropriate technology for enhancing the effectiveness of the provision of residential insulation assistance to the dwellings of low-income persons, utilizing in any fiscal year not to exceed 10 percent of the sums appropriated for such year under this title.

ADMINISTRATIVE PROVISIONS

SEC. 416. (a) The Administrator, in consultation with the Director, by general or special orders, may require any recipient of financial assistance under this title to provide, in such form as he may prescribe, such reports or answers in writing to specific questions, surveys, or questionnaires as may be necessary to enable the Administrator and the Director to carry out their functions under this title.

(b) Each person responsible for the administration of a residential insulation project receiving financial assistance under this title shall keep such records as the Administrator may prescribe in order to assure an effective audit of the disposition of the funds provided under this title.

(c) The Administrator, or the Director, and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, information, and records of any project receiving financial assistance under this title that are pertinent to the financial assistance received under this title.

(d) Payments under this title may be made in installments and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

APPROVAL OF APPLICATIONS AND ADMINISTRATION OF STATE PROGRAMS

Sec. 417. (a) The Administrator shall not finally disapprove any application submitted under this title, or any modification thereof, without first affording the State agency or institution (or community action agency under section 412(c)) in question as well as other interested parties, reasonable notice and opportunity for a public hearing. Whenever the Administrator, after reasonable notice and opportunity for a public hearing, finds that in the administration of the program within such State there is a failure to comply substantially with the provisions of this title and regulations prescribed hereunder, he shall notify such agency or institution and other interested parties that the State (or such community action agency) will not be regarded as eligible to participate in the program under this title until the Administrator is satisfied that there is no longer any such failure to comply.

(b) Reasonable notice under this section shall include a written notice of intention to act adversely (including a statement of the reasons therefor) and a reasonable period of time to submit corrective amendments to the application, or to propose corrective action.

JUDICIAL REVIEW

Sec. 418. (a) If any applicant is dissatisfied with the Administrator's final action with respect to the approval of its application submitted under section 413 or with the final action under section 417, such applicant may, within 60 days after notice of such action, file with the United States court of appeals for the circuit in which the State in question is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Administrator. The Administrator thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(b) The findings of fact by the Administrator, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Administrator to take further evidence, and the Administrator may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conslusive if supported by substantial evidence.

(c) The court shall have jurisdiction to affirm the action of the Administrator or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

NONDISCRIMINATION

Sec. 419. (a) No person in the United States shall on the ground of race, color, national origin, or sex, or on the ground of any other factor specified in any Federal law prohibiting discrimination, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program, project, or activity supported in whole or in part with financial assistance under this title.

(b) Whenever the Administrator determines that a recipient of financial assistance under this title has failed to comply with subsection (a) or an applicable regulation, he shall notify the recipient to secure compliance. If within a reasonable period of time the recipient fails to secure compliance, the Administrator shall (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the power and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and any other applicable Federal nondiscrimination law; or (3) take such other action as may be provided by law.

REPORT TO CONGRESS

Sec. 420. The Administrator and the Director shall each submit, on or before March 31, 1977, and annually thereafter through 1980, a report to the Congress and the President describing the supplementary residential insulation program carried out under this title or any other provision of law, including the results of periodic evaluations and monitoring activities required by section 415.

AUTHORIZATION OF APPROPRIATIONS

Sec. 421. There are authorized to be appropriated to carry out the program under this title, $55,000,000 for fiscal year 1977, $65,000,000 for fiscal year 1978, and $80,000,000 for fiscal year 1979.

Part B—State Energy Conservation Implementation Programs

DEFINITIONS

Sec. 431. As used in this part and in parts C, D, E, and F of this title:

(1) The term "Administrator" means the Administrator of the Federal Energy Administration or his successor.

(2) The term "energy conservation measure" means an investment, action, or procedure which is designed to modify, in whole or in part, any existing housing, nonresidential building, or industrial plant (on a permanent or long-term, rather than on a temporary or short-term, basis), if—

(A) such investment, action, or procedure—

(i) has as its primary purpose an improvement in the efficiency of energy use in such housing, nonresidential building, or industrial plant, such as investments in insulation, heat pumps, clock thermostats, storm windows, equipment to improve the efficiency of central heating systems, caulking, and weatherstripping; or

(ii) is a renewable-resource energy measure such as investment in a flat plate solar collector for hot water production or space heating or cooling, or investment in a windmill to supply a portion of electrical energy demand; and

(B) such investment, action, or procedure is likely to improve the efficiency of energy use and reduce energy costs in an amount sufficient to enable the owner or operator of such housing, building, or plant to recover or recoup the cost of implementing such investment, action, or procedure during the lesser of—

(i) the useful life thereof; or

(ii) 15 years in the case of an energy conservation measure other than a renewable-resource energy measure, and 25 years in the case of a renewable-resource energy measure.

Such term shall not include the purchase or installation of any appliance.

(3) The term "appliance" means any of the following: refrigerator, refrigerator-freezer, freezer, dishwasher, clothes dryer, room air conditioner, television set, kitchen range, kitchen oven, clothes washer, humidifier, dehumidifier, and any other article which the Administrator classifies as an appliance for the purposes of this title.

(4) The term "includes" and variants thereof should be read as if the phrase "but is not limited to" were also set forth.

(5) The term "renewable-resource energy measure" means an investment, action, or procedure which involves a shift from a depletable to a nondepletable source of energy (e.g., solar or wind) in housing, nonresidential buildings, or industrial plants.

(6) The term "State" means any of the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Marianas Islands, or any other territory or possession of the United States.

(7) The term "State energy conservation implementation program" means a program established under section 432.

GUIDELINES AND PROPOSALS

Sec. 432. (a) Guidelines.—(1) The Administrator shall, within 120 days after the date of enactment of this Act, establish and make effective, by rule, guidelines with respect to State energy conservation implementation programs. Such guidelines shall be consistent and coordinated with the guidelines prescribed by the Administrator with respect to State energy conservation plans and related matters, pursuant to section 362(b) of the Energy Policy and Conservation Act (42 U.S.C. 6322(b)).

(2) The Administrator shall, at the time of promulgation of the guidelines under paragraph (1), (A) describe and set forth the provisions of one or more model State energy conservation implementation programs; and (B) prescribe rules for approving energy audits not included in a State energy conservation implementation program, and which must be conducted before financial assistance under this title may be granted.

(3) The Administrator shall offer the Governors of the several States opportunity to consult with the Administrator in the development of such guidelines and model programs, and shall publish proposed guidelines and model programs for public comment at least 60 days prior to the effective date established by subsection (a) of this section.

(b) State Program Proposals.—At the earliest practicable date after the effective date of the guidelines described in this section, the Administrator shall invite the Governor of each State to develop and submit a proposal for a State energy conservation implementation program which shall be promptly reviewed by the Administrator and may be approved and funded pursuant to this part.

(c) Consumer Protection.—The Federal Trade Commission is authorized and directed to (1) cooperate with and assist State agencies which have primary responsibilities for the protection of consumers in activities aimed at preventing unfair and deceptive acts or practices affecting commerce which relate to the implementation of energy conservation measures, and (2) undertake its own program to prevent unfair or deceptive acts or practices affecting commerce which relate to the implementation of energy conservation measures.

REQUIREMENTS

Sec. 433. (a) Preliminary Requirement.—(1) In order to be eligible for Federal financial assistance under this part, a State shall establish and appoint qualified individuals to be members of a State energy conservation advisory committee. This committee shall be empowered to and shall advise and assist such State in the development and formulation of an energy conservation implementation program which meets or exceeds the requirements set forth in subsection (b). Guidelines shall assure that the views of the various energy-consuming sectors, and other public and private groups concerned with energy conservation, are carefully considered in the formulation and modification of a State's energy conservation implementation program. Among groups to be considered are the following: political subdivisions of the State; organized labor; small busineses; commercial, banking, manufacturing, and agricultural interests; professional engineers, architects, contractors, and associations thereof; colleges and universities; the low-income community; and organizations and groups concerned with consumer protection or environmental protection, or which have significant capacity and demonstrated willingness to assist in developing and carrying out such a program. As used in this paragraph, the term "qualified individual" means an individual who is, by reason of knowledge, experience, or training, capable of making a contribution to such committee.

(2) A continuing public education effort which is designed, and is likely, to increase significantly public awareness of—

(A) the energy and cost savings which are likely to result from implementation of energy conservation measures; and

(B) information and other assistance which is, or may be, available under any Federal or State law, public or private program, or other authority with respect to the planning, financing, installing, and effectiveness-monitoring of energy conservation measures.

(b) Program Requirements.—A State energy conservation implementation program is eligible for Federal financial assistance under this part if it includes each of the following as defined with specificity in guidelines required to be promulgated pursuant to section 432(a):

(1) Continuing authority in the advisory committee established pursuant to subsection (a). Such committee shall be empowered to and shall advise such State in carrying out an energy conservation implementation program and in developing and formulating any improvements or necessary changes with respect to such program.

(2) Procedures for insuring that effective coordination exists among various local, State, and Federal energy conservation programs within and affecting such State including programs, if any, supported pursuant to subsection (b) of section 363 of the Energy Policy and Conservation Act and programs which relate to energy conservation, if any, operated by, in cooperation with or otherwise supported by the Energy Research and Development Administration;

(3) Procedures for learning of energy conservation advances and for encouraging the utilization of such advances.

(4)(A) Procedures for encouraging and facilitating the making of energy audits with respect to housing and nonresidential buildings within the State which minimize, to the extent practicable, the cost and burden of such audits, or

(B)(i) the incorporation of an energy audit program which the Administrator is authorized to promulgate as part of a model State energy conservation implementation program under section 432(a)(2), or

(ii) the affirmative decision to rely upon energy audits established pursuant to section 432(a)(B) of this title.

(C) "Energy audit" means a procedure for identifying the energy and cost savings likely to be realized through the implementation of particular energy conservation measures.

(D)(i) Energy audits shall be conducted by persons who are determined under procedures set forth in the guidelines promulgated by the Administrator to be qualified to conduct energy audits and to identify and advise on practicable energy conservation measures likely to result in energy and cost savings in particular facilities.

(ii) Such guidelines shall insure that procedures for encouraging and facilitating the making of energy audits shall—

(I) assure that energy audits of housing or nonresidential buildings are not conducted by persons with direct or indirect financial interests in such housing or nonresidential buildings;

(II) be designed to assure, to the maximum extent practicable, uniformity among the States with respect to the making of energy audits;

(III)(aa) assure that energy audits are available at no direct cost to homeowners; and

(bb) assure that energy audits are available at reasonable rates to owners of nonresidential buildings.

(iii) A State may utilize any reasonable procedures for the conduct of such audits, so long as such procedures are developed in accordance with applicable guidelines established under section 432(a), and result in the identification of cost-effective energy conservation measures and make provision for periodic review and vertification of the results of energy audits by officials designated by a State for such purpose, in order to minimize error and to detect any deception or fraud.

(5) Procedures requiring the agencies of such State which have primary responsibilities for the protection of consumers to develop and carry out a specific and continuing program for the purpose of preventing any unfair and deceptive acts or practices affecting commerce which relate to the implementation of energy conservation measures.

(6) Procedures for the periodic verification, at reasonable times, and under reasonable conditions, by officials designated by a State for such purpose—

(A) of the accuracy of any finding a State energy conservation implementation program or guidelines of the Administrator require a lending institution within the State to make with respect to any application for energy conservation assistance under an amendment made by section 451 or 471; and

(B) of the actual and complete implementation, the cost, and the effectiveness of any energy conservation measure for which financing was obtained with such assistance.

(7) Procedures for—

(A) encouraging and facilitating the participation of energy consumers in energy conservation cooperatives; and

(B) assuring that such cooperatives and their members have (i) the ability to obtain financial assistance for startup costs, and (ii) information and available expert technical assistance with respect to energy conservation measures.

For purposes of this paragraph, an energy conservation cooperative is an association or other entity whose members share certain characteristics (e.g., homeowners or owners of small businesses) or concerns (e.g., homeowners, tenants, and businesses in a particular area), or both, and who have combined together to conserve energy through mutually beneficial, joint, or shared activities and efforts.

(8) Federal assistance provided under this part supplements and does not supplant the expenditure of other Federal, State or local funds for the same purposes;

(9) Appropriate enforcement provisions, consistent with the guidelines established under section 432(a), which will facilitate the State's efforts to carry out an energy conservation implementation program.

FEDERAL FINANCIAL ASSISTANCE GRANTS

Sec. 434. (a) In General.—The Administrator is authorized to make grants to any State for the purpose of assisting such State in carrying out its energy conservation implementation program if the Administrator finds that such program meets the requirements set forth in section 433. The Administrator shall establish rules for disbursing such grants to the States. Such rules shall not deny funding for any proposal submitted under section 432(b) without notice and an opportunity for an agency hearing.

(b) Federal Share.—Commencing with the fiscal year beginning October 1, 1977, and for each fiscal year thereafter during which this Act is in effect, the amount of Federal financial assistance granted to a State by the Administrator pursuant to this section shall not exceed 90 percent of the cost incurred by such State in carrying out its State energy conservation implementation program.

(c) Records, Audit, and Examination.—Each State receiving Federal financial assistance under this part shall make and retain such records as the Administrator, in consultation with the Comptroller General of the United States, shall require, including records which fully disclose the amount and disposition of such assistance; the total cost of the program, projects, measures, or systems for which such assistance was given or used; the source and amount of any funds not supplied by the Administrator; and any information and data which the Administrator, in consultation with the Comptroller General, determines is necessary to protect the interests of the United States and to facilitate an effective financial audit and performance evaluation. Such recordkeeping shall be in accordance with Federal Management Circular 74–7 (34 CFR part 256) and any modification thereto. The Administrator, or any of his duly authorized representatives, shall have access, at reasonable times, and under reasonable conditions, until the expiration of 3 years after the completion of any such program, project, measure, or system, to any books, documents, papers, and records or receipts which the Administrator deems to be related or pertinent, directly or indirectly, to any such Federal financial assistance.

(d) Limitation.—No State may receive, in any fiscal year, more than 10 percent of the total funds authorized to be appropriated for such year under subsection (e).

(e) Authorization for Appropriations.—There are authorized to be appropriated to the Administrator, for purposes of carrying out the provisions of this section, not to exceed $25,000,000 for the fiscal year ending September 30, 1977; not to exceed $50,000,000 for the fiscal year ending September 30, 1978; and not to exceed $50,000,000 for the fiscal year ending September 30, 1979. Such sums are to remain available until expended.

Part C—Energy Conservation Assistance for Existing Housing

AMENDMENTS

Sec. 451. (a) The last paragraph of section 2(a) of the National Housing Act is amended—

(1) by inserting after "energy conserving improvements," the following: "energy conservation measures,";

(2) by striking out "and" at the end of clause (2) thereof;

(3) by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(4) by adding at the end thereof the following new clause:

"(4) the terms 'energy conservation measure' and 'renewable-resource energy measure' have the meanings prescribed for such terms in section 431 of the Federal Energy Administration Extension Act.

(b) Section 2 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(i)(1) The Secretary shall pay to any lending institution an amount not exceeding the lesser of $400 or 20 percent of the principal, with respect to any loan made by that institution to finance an approved energy conservation measure, other than a renewable-resource energy measure. In the case of a loan made to finance a renewable-resource energy measure, the Secretary shall pay to the lending institution an amount not exceeding $2,000 or 25 percent of the principal thereof, whichever is less. Notwithstanding the two preceding sentences, if the Secretary makes a finding in writing, together with reasons therefor, that the cost of implementing energy conservation measures in any specified State is so high (because of its isolated geographic location or other unique features) that substantial energy conservation implementation is unlikely to take place in the absence of additional financial incentives, the amount required to be paid by the Secretary pursuant to the first or second sentence of this paragraph, whichever is applicable, shall be increased by no more than 50 percent of the amount otherwise provided for, if the lending institution certifies that the State in which such loan is made has paid, or is obligated to pay, to such lending institution an amount equal to the additional such amount to be paid by the Secretary: *Provided*, That the additional such amounts, in the aggregate for any such specified State, shall not exceed $2,000,000 in any fiscal year. Any amounts paid to a lending institution under this subsection with respect to a loan made to finance an approved energy conservation measure or a renewable-resource energy measure shall be credited by the institution to reduce the principal amount of the loan. Interest on a loan whose initial principal amount has been reduced by a payment by the Secretary to a lending institution shall only be paid on the principal amount of such loan remaining after such payment.

"(2)(A) For purposes of this section, the term 'approved energy conservation measure' means an energy conservation measure other than a renewable-resource energy measure which is (i) identified in accordance with the provisions of an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act), or (ii) included on a list of energy conservation measures published by the Administrator.

"(B) The Administrator of the Federal Energy Administration shall develop a list of approved energy conservation measures, which shall include energy conservation measures such as those listed in section 431 (2)(A)(i) and shall cause such list to be published at the time of promulgation of the guidelines under section 432(a)(1). Such list may be modified if, on the basis of new information and experience, the Administrator—

"(i) determines that additional energy conservation measures should be included on such list, or that energy conservation measures included on the list should be removed from such list, and

"(ii) publishes such determination in the Federal Register, together with a statement of the basis and justification for such modification.

"(C) At least 30 days prior to the effective date of the guidelines required by section 432(a)(1), and at least 30 days prior to the publication of any modification of the list of energy conservation measures, the Administrator shall publish a proposed list of energy conservation measures in the Federal Register and an explanation thereof. The Administrator shall invite interested persons to submit comments in writing and, to the extent practicable, shall evaluate and take into account any such comments received with respect to such list.

"(3) No assistance under this subsection may be made available with respect to a loan if the individual or family income of the borrower exceeds 200 percent of the median family income in the housing market area in which such borrower maintains his principal residence, as determined by the Secretary.

"(4) No assistance under this subsection may be made available with respect to a loan made to finance a renewable-resource energy measure if such measure has not been identified by an energy audit (A) carried out in accordance with an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act) or (B) approved by rule by the Administrator.

"(5) No person shall be eligible for both financial assistance under this subsection and a credit against income tax for the same energy conservation measure investment. The Secretary, after consultation with the Secretary of the Treasury, shall prescribe regulations to carry out the preceding sentence.

"(6) No person receiving financial assistance under this subsection shall be eligible for further financial assistance under this subsection.

"(7) No more than one payment may be made to any family unit residing in a given household under this subsection.

"(8) No assistance under this subsection may be made available with respect to a loan unless such loan is made to finance an energy conservation measure which a lending institution, operating pursuant to the provisions of this title, finds to be consistent with the provisions of an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act) or which is consistent with requirements of the Administrator and is included on a list of approved energy conservation measures published by the Administrator. Any such loan shall conform to the other provisions of this section, to the extent not inconsistent with the provisions of this subsection.

"(9)(A) There is authorized to be appropriated to the Secretary, for purposes of carrying out the provisions of this subsection, not to exceed $100,000,000 for the fiscal year ending September 30, 1977; not to exceed $200,000,000 for the fiscal year ending September 30, 1978; and not to exceed $200,000,000 for the fiscal year ending September 30, 1979.

"(B) Sums expended by the Secretary to provide assistance with respect to loans made to finance renewable-resource energy measures shall not exceed the following amounts: $10,000,000 in fiscal year 1977; $30,000,000 in fiscal year 1978; and $40,000,000 in fiscal year 1979. Such sums are to remain available until expended.".

PART D—ENERGY CONSERVATION ASSISTANCE FOR SMALL BUSINESS CONCERNS

AMENDMENTS

SEC. 471. (a) Section 7 of the Small Business Act (15 U.S.C. 636) is amended by adding at the end thereof the following new subsection:

"(l) The Administration also is empowered to make loans (in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) to assist any small business concern in implementing any energy conservation measure which a lending institution finds to be consistent with the provisions of an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act) or which is included on a list of approved energy conservation measures which the Administrator is authorized to publish. No assistance under this subsection may be made available with respect to a loan made to finance an energy conservation measure if such measure has not been identified by an energy audit (A) carried out in accordance with an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act) or (B) approved by rule by the Administrator. The amount of any such loan may include the cost of an energy audit. Any such loan shall conform to the other provisions of this Act, to the extent not inconsistent with the provisions of this subsection. With respect to any such loan, the Administration shall pay to the lending institution an amount not to exceed 20 percent of the principal thereof or $4,000, whichever is less. Notwithstanding the preceding sentence, if the Administration makes a finding in writing, together with reasons therefor, that the cost of implementing energy conservation measures in any specified State is so high (because of its isolated geographic location or other unique features) that substantial energy conservation implementation is unlikely to take place in the absence of additional financial incentives, the amount required to be paid by the Administration pursuant to such sentence shall be increased by no more than 50 percent of the amount otherwise provided for, if the State in which such loan is made has paid, or is obligated to pay, to such lending institution an amount equal to the additional such amount to be paid by the Administration: *Provided*, That the additional such amounts, in the aggregate for any such specified State, shall not exceed $2,000,000 in any fiscal year. Any amounts paid to a lending institution under this subsection with respect to a loan made to finance an energy conservation measure shall be credited by the institution to reduce the principal amount of the loan. Interest on a loan whose initial principal amount has been reduced by a payment by the Administration to a lending institution shall only be paid on the principal amount of such loan remaining after such payment.

(b) Section 4(c)(1) of the Small Business Act (15 U.S.C. 633(c)(1)) is amended by—

(1) striking out "and" immediately before "(B)" therein; and

(2) inserting before the period at the end thereof the following: "; and (C) a financial assistance fund for energy conservation measures which shall be available for the purpose of financing loans made pursuant to section 7(l) of this Act (15 U.S.C. 636(l)) and for administrative expenses connected therewith".

(c) Section 4(c)(2) of the Small Business Act (15 U.S.C. 633(c)(2)) is amended by—

(1) striking out "and" immediately before "(B)" therein; and

(2) inserting before the period at the end thereof the following: "; and (C) pursuant to section 7(l) of this Act (15 U.S.C. 636(l)), shall be paid into the financial assistance fund for energy conservation measures".

(d) Section 4(c)(4) of the Small Business Act (15 U.S.C. 633(c)(4)) is amended by—

(1) striking out "and" immediately before "(D)"; and

(2) striking out the period at the end thereof and inserting in lieu thereof the following: "; and (E) under section 7(l) of this Act, shall not exceed $300,000,000. The total amount of payments to lending institutions under section 7(l) shall not exceed $60,000,000.".

PART E—OTHER DUTIES OF THE ADMINISTRATOR AND THE COMPTROLLER GENERAL

EXCHANGE OF INFORMATION

SEC. 481. (a) IN GENERAL.—The Administrator shall encourage and facilitate the exchange of information and ideas among the States with respect to energy conservation, through conferences, publications, and other appropriate means.

(b) FROM STATES.—The information developed as a result of energy audits conducted pursuant to State energy conservation implementation programs established under this Act shall be collected by each State and made available to the Administrator. The Administrator may not disclose any information provided by a State under this part which is a trade secret or other matter described in section 552(b)(4) of title 5, United States Code, disclosure of which may cause significant competitive damage; except to committees of Congress upon request of such committees.

(c) TO STATES.—The Administrator shall

make available to the States any information subject to his control which may be useful in developing and carrying out the provisions of this title and State energy conservation implementation programs. No State shall impose, pursuant to this title, any reporting requirement which will result in the receipt of information which has previously been, or which will be, reported to the Administrator as a result of compliance with regulations in effect on the date of enactment of this Act.

REPORT BY THE ADMINISTRATOR

SEC. 482. The Administrator shall prepare and submit to the Congress and the President, and shall cause to be published, an annual report on (1) the State energy conservation implementation programs, and (2) the energy conservation measures for which financing was obtained with Federal financial assistance provided under this Act or an amendment made by this Act. Such report shall include—

(A) a summary of the actions taken to implement the provisions of this Act;

(B) a detailed statement of the status, impact, and effectiveness of the State energy conservation implementation programs;

(C) a summary of existing or anticipated problems with respect to further implementation of the provisions of this Act;

(D) recommendations for additional legislation, if any, which is deemed necessary or appropriate; and

(E) any other matters which the Administrator deems appropriate.

REPORT BY THE COMPTROLLER GENERAL

SEC. 483. (a) The Comptroller General shall report annually to the Congress on the activities of the Administrator under this title. The provisions of section 12 of the Federal Energy Administration Act of 1974, as amended, relating to access by the Comptroller General to books, documents, papers, statistics, data records, and information in the possession of the Administrator or of recipients of Federal funds shall apply to data which relate to such activities.

(b) The Comptroller General's report shall include, but need not be limited to—

(1) an accounting of expenditures of Federal funds under each program authorized in this title by State;

(2) an estimate of the energy savings which have resulted thereby;

(3) a thorough evaluation of the effectiveness of the programs authorized in this title in achieving the energy conservation potential available in the sectors and regions affected by such programs;

(4) the extent and effectiveness of compliance monitoring authorized by States and by the Administrator of programs in this title and the evidence, if any, of the occurrence of fraud with respect to such programs; and

(5) the recommendations of the Comptroller General with respect to improvements in the administration of programs authorized in this title and additional legislation, if any, needed to achieve the purposes of this title.

Mr. HOLLINGS. Mr. President, I request unanimous consent that the following staff people have access to the Senate floor during the debate on S. 2872, the Federal Energy Administration Extension Act: S. David Freeman, John G. Stewart, Allan Hoffman, Lynn Sutcliffe, Dan Jaffe, William Van Ness, Kenneth McClean, Ben Cooper, Mal Starrett, Steve McGregor, and Mary Jo Manning.

These are the principal majority and minority staff of the Commerce, Interior and the Banking Committees plus my own Mrs. Mary Jo Manning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, S. 2932, the Energy Conservation Act of 1976, was introduced on February 5 of this year by Senator KENNEDY on behalf of himself, myself, Senator MAGNUSON, Senator PEARSON and Senator JACKSON.

It was jointly referred to three Senate committees, Commerce, Interior, and Banking. Hearings on the general subject of energy conservation were held by the Joint Economic Committee's Energy Subcommittee chaired by Senator KENNEDY on five separate occasions between November 1975 and April 1976. Hearings on S. 2932 were held on February 25 and 25, 1976 by the Commerce Committee, and written comments on the bill were filed with the committee by more than 50 individuals and organizations.

Based on the information obtained from these hearings and written comments, and from meetings with the concerned Federal agencies, representatives of State and local government and other interested persons, a working paper revision of S. 2932 was prepared by staff at the direction of several cosponsors of the bill and issued on April 22, 1976.

This working paper was the subject of Interior Committee hearings on April 26 and May 6, chaired by Senator GLENN.

It was also discussed in executive session by the Commerce Committee on May 4, which ordered original legislation reported favorably which incorporated the language of the working paper as amended.

A clean bill incorporating this language was introduced on May 13 by Senator KENNEDY as S. 3424, which was referred, by agreement, to the Commerce Committee, which promptly reported the new bill (Report No. 94-824).

Subsequently, S. 3424 was the subject of Banking Committee hearings on May 19, chaired by Senator PROXMIRE.

As a consequence of these activities Mr. President, the staffs of the Interior, Banking, and Commerce Committees, working with the staff of the Joint Economic Committee's Energy Subcommittee, were directed to draft a revised version of S. 3424 incorporating suggestions of members of all three committees.

The results of these collaborative efforts are amendments Nos. 1801 and 1802 to the FEA Extension Act which incorporate, in slightly modified form, the provisions of H.R. 8650 and S. 3424.

Mr. McINTYRE. Will the Senator yield briefly?

Mr. HOLLINGS. Yes, I yield to the Senator from New Hampshire.

Mr. McINTYRE. Mr. President, I ask unanimous consent that William Donovan of my staff be granted privilege of the floor during action, during hearings and debate, on the FEA Extension bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I would now like to give a brief description of Amendment No. 1801.

SUMMARY OF MAJOR PROVISIONS—AMENDMENT NO. 1801

Amendment No. 1801 to S. 2872, the Federal Energy Administration Extension Act, adds two new titles incorporating the provisions of H.R. 8650—the Energy Conservation and Insulation in Buildings Act of 1976 and all but the Obligation Guarantee section of S. 3424—the Energy Conservation Act of 1976.

We have another amendment, No. 1802, to be submitted later, which will include the obligation guarantee section of S. 3424.

TITLE III—ENERGY CONSERVATION STANDARDS FOR NEW BUILDINGS

This title derives, Mr. President, from the Banking, Housing and Urban Affairs Committee. It has passed the Senate and has been in conference as title II of H.R. 8650.

It directs the Secretary of HUD to establish energy conservation standards for new residential and commercial buildings and to facilitate State and local adoption and implementation of such standards within a reasonable period of time.

The Secretary is required to develop minimum performance standards for residential and commercial structures in consultation with the Federal Energy Administration, National Bureau of Standards, and the General Services Administration, and to publish them within a period of 36 months after the date of enactment. These standards would become effective after an additional period, not exceeding 18 months, for review and adoption by State and local governments.

A minimum performance standard is defined as a standard which establishes an energy efficiency goal for a particular type of building, under varying conditions, without specifying the means to reach that goal. For example, a performance standard would require that a particular building consume no more than a stated quantity of Btu's per square foot per year. Such a standard would permit different materials and methods of construction to be utilized in achieving the overall performance goal, allowing for greater flexibility and innovation in design and in construction. Because the development of performance standards will require a significant research effort, the Secretary is authorized an additional 6 months for promulgation, if needed.

Following promulgation of the minimum Federal standards, the States and localities would have an opportunity during the next 12 months to adopt standards that would meet or exceed the Federal standards in their building codes or other regulations governing new construction, and to enforce the application of such standards on all new construction.

One year after the Federal standards are promulgated, the Federal Government would be precluded from providing financial assistance for new residential and commercial construction to States or localities which failed to adopt equivalent or stricter standards. The Secretary is also authorized to waive or delay the provision under certain circumstances. Federal financial assistance for new construction purposes is defined to include Federal loans and grants and the extension of credit by federally supervised financial institutions.

In order to assist the States in meeting the costs of developing performance standards and certification procedures for implementing them, the Secretary would be authorized to make grants in an amount not exceeding $5 million in fiscal year 1977. The Secretary would also be authorized to provide technical assistance, to conduct research activities required for developing standards in cooperation with FEA, ERDA, and NBS, and to facilitate implementation of the standards following their promulgation. Consultation with industry and other groups concerned with the establishment of building energy conservation standards would be required.

Mr. President, in sum, what we are saying here is what we learned back in 1973 in the cold winter months of November and December immediately after the Arab embargo, that two trade buildings in downtown New York consumed as much energy as the entire city of Syracuse, and two-thirds of that was wasted.

The question then becomes, can we as a matter of national policy permit that kind of waste to continue? The answer is no. It is abundantly clear that meaningful energy conservation is a national need and must be clearly established as a national goal.

We are trying to encourage energy conservation because we know we can save two to three times the amount of energy by conservation as would be produced by an equivalent investment in new supply.

TITLE IV

ENERGY CONSERVATION ASSISTANCE FOR EXISTING BUILDINGS

This title declares that energy conservation is the fastest, most cost-effective, and most environmentally sound way to prevent future energy shortages while reducing U.S. dependence on foreign oil; that current national efforts to stimulate energy conservation are inadequate; that major programs to stimulate conservation would significantly benefit the Nation; and that the States should play a principal role in administering such programs.

I may add, Mr. President, that the States, in a sense, have been playing the only role. We found that out in 2 years of hearings an various energy bills, last year's preoccupation with price controls, which culminated in passage of the Energy Policy and Conservation Act signed by the President on December 22, 1975.

This act very properly assigned an important role to the States with respect to energy conservation, and the amendment we are currently discussing is entirely consistent with that approach.

Title IV also provides that financial assistance for conservation should be extended through existing Federal programs where possible; and that new conservation programs should be coordinated with existing programs.

PART A—RESIDENTIAL INSULATION ASSISTANCE FOR LOW-INCOME PERSONS

Authorizes the Federal Energy Administration to make grants to States for financing residential insulation improvements for low-income persons. The total amount authorized would not exceed $55 million in fiscal year 1977, $65 million in fiscal year 1978, and $80 million in fiscal year 1979. Funds would be used chiefly for purchasing insulation materials to be installed in dwelling units occupied by persons with incomes not exceeding 50 percent of the median income for the area. Insulation materials would include items which improve the thermal efficiency of a dwelling, and caulking and weatherstripping, but would exclude all mechanical equipment costing more than $50 per dwelling unit.

The program would utilize, insofar as possible, the services of persons employed under other Federal, State, and local programs, as well as volunteer workers.

Grant funds would be provided by the FEA Administrator to the States on the basis of an annual application which provides information in accordance with regulations prescribed by the Administrator, with the concurrence of the Director of the Community Services Administration. These regulations would prescribe standards for insulation approved by the National Bureau of Standards. Allocations would be determined on the basis of a relative needs, taking into account the number of characteristics of low-income persons residing in the State, climatic conditions, the type of insulation work to be done, program priorities, and estimated fuel savings.

To receive funds, States would be required to designate a qualified State agency to administer the program and to allocate funds within the State on the basis of relative needs, and to provide a program plan, including proposed procedures for securing manpower services to be used in applying insulation materials.

The Administrator would be required to insure that a least 50 percent of the funds appropriated in any year was allocated on a nationwide basis to community action agencies; that the funds allocated within an area served by a community action agency carrying out an emergency energy conservation service program are allocated to that agency; and that priority in funding be given to community action agencies now conducting a weatherization program for the areas within their jurisdiction not presently served. The Governor of the State would have authority, following prescribed procedures, to set aside local funding requirements and priorities if he determines that an existing program is ineffective or that the local agency is too small or cannot develop the program in a timely manner.

In addition, the Administrator would be required to issue regulations to assure that insulation standards properly balance the objectives of a healthy living environment and maximum energy conservation and assure that the benefits of insulation improvements in lease dwellings accrue primarily to the low-income tenants.

PART B—STATE ENERGY CONSERVATION IMPLEMENTATION PROGRAMS

An energy conservation measure is defined to be a cost-effective investment, action or procedure "which is designed to modify, in whole or in part, any existing housing, nonresidential building, or industrial plant—on a permanent or long term, rather than on a temporary or short-term basis," and which "has as its primary purpose an improvement in the efficiency of energy use in such housing, nonresidential building, or industrial plant," or is "an investment, action, or procedure which involves a shift from a depletable to a nondepletable source of energy—that is solar or wind."

The FEA Administrator, within 120 days after enactment, and after providing an opportunity for consultation with the Governors of the several States, shall promulgate guidelines for State energy conservation implementation programs, describe and set forth provisions of one or more model State energy conservation implementation programs, and prescribe rules for approving energy audits which are not part of such State programs. The FEA Administrator shall also invite the Governor of each State to develop and submit a proposal for such a program.

In order for a State to receive financial assistance under this title, the State must establish an energy conservation advisory committee with broad community representation. Such committee will assist the State in the formulation and implementation of its energy conservation program. Such program, in order to receive Federal financial assistance, must also provide for: first, coordination among various Federal, State, and local energy conservation programs; second, an effective public education effort with respect to the energy and cost savings possible through conservation, and the assistance available under this and other acts and programs; third, procedures for learning of energy conservation advances and for encouraging the utilization of such advances; fourth, a reliable system of energy audits to identify cost-effective conservation measures in housing, nonresidential buildings, and industrial plants—with such audits to be available to homeowners at no direct cost; fifth, consumer protection programs; sixth, means for encouraging and facilitating the participation of energy consumers in energy conservation cooperatives; and seventh, appropriate enforcement provisions which will facilitate the State's efforts to carry out an energy conservation implementation program.

The following amounts are authorized for grants-in-aid to the States under this part: $25 million in fiscal year 1977, and $50 million in each of fiscal years 1978 and 1979. No State shall receive more than 10 percent of the grant funds in any fiscal year, and beginning with fiscal year 1978, such grants shall not exceed 90 percent of a State's costs in carrying out such a program.

PART C—ENERGY CONSERVATION ASSISTANCE FOR EXISTING HOUSING

The National Housing Act of 1964 is amended to provide a new category of FHA home improvement loan relating to energy conservation. The Secretary of the Department of HUD is directed to pay—up to a maximum payment of $400—20 percent of the principal of a loan to finance energy conservation measures—other than renewable-resource energy investments—to a lending institution in the form of a direct payment of principal. For renewable-resource energy investments—for example, solar or wind, the correponding figures are 25 percent and a maximum payment of $2,000. Funds are authorized as follows: $100 milion in fiscal year 1977—with no more than 10 percent to be expended on renewable-resource energy measures, $200 million in fiscal year 1978—with no more than 15 percent to be expended on renewable-resource energy measures, and $200 million in fiscal year 1979—with no more than 20 percent to be expended on renewable-resources energy measures.

PART D—ENERGY CONSERVATION ASSISTANCE FOR SMALL BUSINESS CONCERNS

The Small Business Act is amended to provide a new category of loans to encourage small business concerns to implement energy conservation measures. The Small Business Administration is directed to pay, up to a maximum payment of $4,000, 20 percent of the principal of a loan to finance energy conservation measures to a lending institution in the form of a direct payment of principal. Additional loan guarantee authority is granted—$300 million, and a total of $60 million is authorized for payment to lending institutions.

PART E—OTHER DUTIES OF THE ADMINISTRATOR AND THE COMPTROLLER GENERAL

The FEA Administrator shall encourage and facilitate exchange of energy conservation information among the States, the States shall provide energy audit information to the Administrator, and the Administrator shall furnish useful information to the States. Duplicate reporting requirements are prohibited.

The FEA Administrator, and the Comptroller General, shall prepare and submit annual reports on the activities carried out under this title.

Mr. President, I wish to yield to the Senator from Connecticut, the manager of the bill, and chairman of the Government Operations Committee. Senator RIBICOFF's leadership has been of great value to this Nation as it has struggled to formulate a national energy policy.

Mr. RIBICOFF. I thank the distinguished Senator from South Carolina.

Mr. President, I am pleased to have the Senate consider S. 2872, the Federal Energy Administration Extension Act, which was reported unanimously by the Government Operations Committee.

The basic purpose of S. 2872, as amended, is to extend the existence of the FEA for an additional 15 months, until September 30, 1977. S. 2872 authorizes funds for FEA programs for the transition quarter and for fiscal year 1977.

The Federal Energy Administration was established in May of 1974. Since the agency was created in a time of crisis to handle the allocation of short supplies and possible rationing, it was set up as a temporary agency. The FEA Act (P.L. 93–275) provided for an early expiration date—June 30, 1976.

Initially, the FEA was to advise the President and the Congress on national energy policy; to assess the adequacy of our energy resources; to encourage participation by State and local governments in energy decisions; and to develop plans for dealing with energy production shortages.

During the past 2 years, however, this temporary agency has been given many additional responsibilities. By Executive Order 11790 the President directed FEA to set up and enforce a mandatory oil allocation program. Subsequent legislation authorized the FEA to implement mandatory conversion of energy facilities to coal from oil and gas. It also gave FEA a wide range of new authorities relative to domestic fuel supplies, strategic petroleum reserves, standby emergency authority for energy conservation, allocation and rationing, improved automobile efficiency, energy conservation, petroleum pricing policies, and energy data base and information programs.

Many of these newly assigned programs and functions concern long-range problems which are central to the Nation's energy future. In effect, the FEA has become a temporary agency with many vital, long-range, and most likely permanent functions.

The FEA, as originally organized, was not designed to effectively handle these additional functions, programs, and responsibilities. As a result, the agency has not been fully effective in establishing a national energy plan, in implementing programs to reduce the Nation's demand on foreign supplies, or in improving conservation efforts.

During the course of the hearings on the FEA extension, the committee noted that many of the Federal Government's responsibilities for energy matters are presently diffused among many different departments and agencies. This lack of a central focal point for such activities, coupled with lack of centralized responsibility and authority for national energy planning, has resulted in a situation in which various Federal agencies are moving ahead with plans and programs in an uncoordinated manner. This lack of centralized responsibilities has not helped the FEA in carrying out its mandate.

Moreover, the committee found certain deficiencies in FEA's organizational structure. FEA's present structure permits it to be both promoter and regulator of our energy resources. FEA's role as data collector and data analyst conflicts with its role as the Nation's principal policy formulator with respect to energy. And, the internal management of FEA for administration of its programs results in lack of priority-setting and overlapping responsibilities.

For these reasons, the committee concluded that the FEA is not the proper permanent organizational entity to effectively handle the energy responsibilities of the Federal Government. The Federal Government's responsibilities for energy and natural resources must be reorganized in order to eliminate overlap of program responsibilities and to increase governmental efficiency. One promising suggestion for achieving this is to create a new Department of Energy and Natural Resources. A provision has been added to S. 2872 which requires the President, through the Energy Resources Council, to develop legislative recommendations on permanent energy organization. A report on this is required by March 1, 1977.

Until such time as a reorganization can be effected, however, the extension of the FEA is necessary in order to provide for the continued implementation of the important programs under its jurisdiction. The functions of the FEA must be continued if this Nation is to achieve its immediate goals in energy conservation, increased domestic supplies consistent with environmental safeguards, and lessening U.S. dependence upon foreign petroleum sources. Accordingly, we have provided in S. 2872 for a 15-month extension of FEA, which should allow for a gradual phasing out of FEA's functions into a permanent Federal energy structure.

Other committee amendments to S. 2872 provide for: First, specific levels of authorization for each budget grouping with the FEA; second, a report on the Nation's energy conservation programs from the Energy Resources Council; third, a first step in the direction of electric utility rate reform; fourth, a requirement that FEA study the concept of a Btu tax; fifth, an increase in the time for comment of the FEA's rules by the Environmental Protection Agency; sixth, a streamlining of the procedures of FEA's Office of Exceptions and Appeals; and seventh, a provision for the reversion of the FEA's current functions if the act should expire before a reorganization can be effected.

Mr. President, S. 2872 represents a workable arrangement—over the short range—for dealing with the administration of our principal Federal energy programs. S. 2872 also sets in motion steps which should provide a comprehensive and well-managed approach to our energy problems over the long range. S. 2872 is a constructive interim step, and I urge its speedy enactment by the Senate.

Mr. President, I believe it can be safely said that the FEA today is really an orphan agency. I do not know whether there is any segment in the Congress that favors the continuation of FEA as a permanent agency.

Personally, I have felt for a long time that we must have a Department of Energy and Natural Resources which would pull together all energy and resource functions in one place, in one department.

It becomes apparent that this should probably have a No. 1 priority when the election is over, a new President is sworn in, and a new Congress comes into being.

It was my personal intention to collapse the FEA at the end of this month. It became apparent, as we went into our hearings, that it was impossible to collapse FEA by the end of this month unless we had another place for FEA, its functions and its programs that Congress had given it to find a home.

The administration originally asked for a 39-month extension. This would have made FEA sort of a permanent agency. There was no sympathy on the Government Operations Committee for this long extension. It was our feeling that 15 months would be the maximum and/or the minimum, and that during this 15-month period FEA should be phased out; there should be another department, and the FEA functions should go to the other department.

Under the circumstances, I do not believe Congress has any alternative but to continue FEA for the the short period of time. I would hope that the next President and the Congress would undertake the big reorganization job and establish a department of energy and natural resources.

Mr. President, I ask unanimous consent that the following staff members be given floor privileges during consideration of and votes on S. 2872, the Federal Energy Administration Extension Act:

Richard Wegman, Ellen Miller, Bill Goodwin, Rochelle Jones, Ron Chiodo, Gary Klein, Chris Palmer, Len Bickwit, Lyle Morris, and David Johnson of the Government Operations Committee; Bill Van Ness, Ben Cooper, and Dan Dreyfus, of the Interior Committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, the bill we have before us today extends the Federal Energy Administration for 15 months until the end of fiscal year 1977. This bill was reported unanimously by the Government Operations Committee and, in my view, deserves the full support of the Senate.

In addition to extending FEA for 15 months, the bill also:

First. Streamlines and improves FEA operating procedures;

Second. Provides penalties for violation of FEA's rules and regulations relative to its information-gathering activities;

Third. Requires the Energy Resources Council to coordinate reports now prepared by FEA and the Energy Research and Development Administration concerning the national energy outlook and the national energy research, development and demonstration plan;

Fourth. Requires the President, through the Energy Resources Council, to undertake a study and provide recommendations by December 31, 1976, with respect to the reorganization and centralization of the Federal Government's energy responsibilities;

Fifth. Requires the Energy Resources Council to prepare an annual report on national energy conservation activities;

Sixth. Provides for the disposition of FEA's current functions upon termination of the act;

Seventh. Strengthens the efforts to reform existing electric utility rate structures and assist the States in providing consumer input before the State regulatory commissions;

Eighth. Requires FEA to conduct an analysis of the degree to which a Btu tax might contribute to a more effective implementation of national energy policy objectives, including the expected impact on the economy and employment.

The total authorization for the FEA Extension Act is $38 million for the transition quarter and $183 million for fiscal year 1977.

In supporting this bill, Mr. President, let me state emphatically that I strongly endorse the idea that temporary agencies such as FEA need thorough scrutiny before being renewed. When I introduced the administration bill by request on January 26 of this year, I made it very clear that I did so with the hope that the proposed extension be fully discussed and debated.

The Government Operations Committee held 5 days of hearings, on this bill; 25 witnesses testified. During these hearings, the role and functions of FEA were discussed extensively.

It was the consensus of the committee that a major problem in the Government is the proliferation of agencies and the size of the Federal Government. Congress has a major responsibility to continually question the wisdom of perpetuating all Federal programs. At times we have done very little toward fulfilling this responsibility. Often Government programs are renewed without sufficient examination of their costs and benefits and whether the reason for which they were created still exists. Every organization has a tendency to consider itself indispensable and to prolong its own existence. This is a natural tendency that must be resisted.

The bill which I originally introduced at the request of the administration extended FEA for 3 years until the end of fiscal year 1979,the end of the fiscal year when oil price controls are due to expire. At the time, this seemed like a reasonable proposition, especially because the President signed the Energy Policy and Conservation Act last December, giving FEA significant new responsibilities.

However, Mr. President, it became clear to me during the hearings that the issues being raised there went beyond the Federal Energy Administration itself. Many of the problems discussed could only be solved or mitigated by looking at the issue of executive branch organization for energy as a whole, rather than merely focusing on one component such as FEA.

The subject of energy reorganization at the Federal level has come up frequently in recent years. I was the chief sponsor of four major bills in 1971 to implement the administration's plan to reorganize the executive branch. These bills were based on the recommendations of President Nixon's Council on Governmental Organization—the Ash Council. One of the bills (S. 1431) was to establish a Department of Natural Resources.

Later, as the energy problem came into focus, the concept of a Department of Natural Resources was modified to become a Department of Energy and Natural Resources. Towards the end of 1973, however, under the pressure of the oil embargo, the administration agreed to forego consideration of DENR in order to expedite Congressional consideration of the Energy Research and Development Administration — ERDA and the Nuclear Regulatory Commission—NRC.

These two organizations were created at the end of 1974 by the passage of the Energy Reorganization Act. Meanwhile, in mid-1974, the Federal Energy Administration, the subject of this debate today, was created as a temporary agency to perform energy policy and oil price and allocation functions.

Mr. President, we are now in mid-1976, and in my view the time has come again to examine the whole question of executive branch reorganization for energy. Circumstances have changed significantly since late 1973 when the oil embargo caused a crisis that demanded immediate attention.

Any suggested energy reorganization proposals should be very carefully examined beginning with a thorough analysis of what our energy policy is or should be, along with the optimum Federal energy reorganization needed to implement that policy. There is always a danger that reorganization may convey a sense of progress, when in fact it only causes staff demoralization and program chaos. For this reason, it is vital that the next energy reorganization we undertake be done with intensive thought and foresight so that it can serve the Nation's energy goals for a long time into the future.

The obvious need for some fresh thinking has led me to request the Congressional Research Service to conduct an extensive study of energy reorganization. I am pleased to report that this CRS study is underway. As part of that study, CRS has contracted with the National Academy of Public Administration to conduct a 2-day workshop on June 22–23 in which experts on energy policy and public administration will discuss energy reorganization. I ask unanimous consent that my letter to the Congressional Research Service requesting the study be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., April 26, 1976.

DR. NORMAN BECKMAN,
Acting Director, Congressional Research Service, Library of Congress, Washington, D.C.

DEAR DR. BECKMAN: From my perspective as ranking minority member on the Senate Government Operations Committee, I am increasingly concerned about the way the executive branch is organized to administer the nation's energy program. Over the next few weeks, the Government Operations Committee will be holding hearings on the extension of the Federal Energy Administration. In my view, whatever decision is made concerning FEA, the time has now come to initiate a thorough study of the organizations needed in the executive branch to handle the government's energy responsibilities. The purpose of this letter is to request CRS assistance in thinking through the fundamental issues relating to organizational structure and in recommending any changes to improve the effectiveness and efficiency of Federal energy action.

I would very much appreciate it if CRS would prepare a report which would address the issues in the outline attached to this letter. If you have suggestions for modification of the outline, I would be glad to discuss them with you. The purpose of the CRS report would be to provide information, analysis, and a delineation of major options for reorganization of the Federal Government's energy related activities.

As a parallel effort, I would like CRS to organize a workshop in which some of the country's leading public administrators can review the performance of the current energy organizations against the statutory objectives which they were created to achieve.

I would appreciate it if you would arrange a meeting with Chris Palmer, my advisor on energy issues, within a week of receiving this letter in order to discuss what CRS plans to do. Mr. Palmer can be reached at 224–1462. He will be working closely with you throughout the study. It would be most helpful to me to receive your report by June 25, 1976.

I look forward to your response to this letter, and very much value your assistance.

Sincerely,

CHARLES H. PERCY,
U.S. Senator.

[Attachment]

SUGGESTED MAJOR POINTS TO BE COVERED IN CRS ANALYSIS OF FEDERAL ORGANIZATION FOR ENERGY

I. NATIONAL ENERGY POLICY

(1) What are the principal laws and directives that constitute U.S. energy policy today?

a. What statements of national policy are made in these laws?

b. What inconsistencies are there between them? To what extent are these inconsistencies exacerbated by the executive branch organizational structure?

c. What important energy policy subjects are not covered?

(2) What are recent proposals for U.S. national energy policy?

a. Congressional: Senate. Res. 45 studies, etc.

b. Executive branch

c. Others

Discuss the similarities and differences of these proposals. In particular, what are the prospects for a consolidated national energy policy?

(3) What is the relationship between energy policy goals and other national objectives? Discuss the effect of short-term energy objectives on long-term economic and social goals.

II. NATIONAL ORGANIZATION FOR ENERGY

(1) What is the present national organization for energy activities by function? The functions would include:

a. Establishment of policy

b. Planning

c. Research, development and demonstration

d. Commercialization of new energy and energy-related technologies

e. Use and development of federally owned energy resources

f. Direct federal supply of fuels and energy (e.g. uranium enrichment, generation of electricity)

g. Energy conservation

h. Financing energy-related matters

i. Regulation of supply and use of fuels and energy, including environmental regulation, and antitrust regulation

j. International cooperation in energy related matters

k. Coordination and budgeting for the national energy program

l. Data collection and analysis

m. strategic oil reserve

n. Etc.

(2) What is the present national organization for energy activities by Agency? This would include agencies with environmental, natural resource, transportation interests, etc. Include for each agency a description of its history, legislative purpose, responsibilities, budget, staff etc.

a. ERDA

b. ERC

c. etc.

(3) Prepare a matrix from these two sources of information to show the distribution of functions by agency.

III. MAJOR PROBLEMS AND ISSUES OF PRESENT ENERGY ORGANIZATIONS

Identify, describe and discuss major issues and problems associated with the present structure of the federal energy organizations. This will include a discussion of areas of overlap, omission or lack of jurisdiction, as well as problems of coordination.

IV. DESIRABLE CHARACTERISTICS OF FEDERAL ENERGY ORGANIZATIONS

What are the principal characteristics to be desired from Federal energy organizations? This section would briefly develop desirable characteristics, including discussion of:

a. Long vs. short-term planning

b. Efficiency and effectiveness in operation

c. Cost

d. Centralization vs. decentralization

e. Use of regional and field offices

f. Small business requirements

g. Avoidance of wasteful duplication

h. Minority employment

i. Public participation in decisions

j. Encouraging national debate

k. Avoidance of conflicts of interest

l. Influence of special interest groups.

V. OPTIONS FOR FEDERAL ENERGY ORGANIZATION

What are the leading options for energy organization? Include a review of the major proposals since 1970, with particular attention to the concept of superdepartments and the alternative of closely coordinated separate agencies. What were the expectations, assumptions and attitudes that were prevalent when these proposals were made, and how have these three factors changed since then? Analyze both past proposals and alternative options by applying criteria developed from the preceding sections.

VI. OVERVIEW OF AVAILABLE RESOURCES PERTINENT TO ENERGY REORGANIZATION

(1) Which federal agencies, if any, are collecting information useful for reorganization considerations?

(2) Who are leading scholars and analysts and what are their present research interests?

(3) What research methods and techniques could be used to further pursue the matter of energy reorganization?

Mr. PERCY. No great powers of insight are required, Mr. President, to perceive that one of the major obstacles to energy reorganization in the executive branch is the fragmented energy responsibilities that exist in congressional committees. I am delighted that a Senate Committee on Committees has been set up under the able leadership of the distinguished junior Senator from Illinois (Mr. STEVENSON) to study the Senate committee system. I ask unanimous consent that a recent letter I wrote to Senator STEVENSON concerning energy organization be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON GOVERNMENT
OPERATIONS,
Washington, D.C., March 3, 1976.

Hon. ADLAI STEVENSON,
U.S. Senate,
Washington, D.C.

DEAR ADLAI: As you may know, the Senate Committee on Government Operations is currently holding hearings on the extension of the Federal Energy Administration. This issue is part of a much larger problem of federal energy organizations in general. In my view, the time has come to initiate a major study of the way the executive branch is organized to effectively administer the nation's energy program. To this end, I have requested the Congressional Research Service to conduct such a study and report back to me by the end of June. I am enclosing a copy of the letter I recently sent to Dr. Norman Beckman, Acting Director of the Congressional Research Service.

The CRS report and the Government Operations Committee will focus only on the executive branch. It is widely recognized, however, that reforms are also needed in the committee structure of the Senate. The Committee on Committees, under your chairmanship, is responsible for studying committee jurisdictions. I wanted to inform you about the CRS study and our committee work and express the hope that your Committee will study changes that might be needed in the Senate committee jurisdiction of energy matters.

I would like to work closely with you so that we can ensure that any changes made in the executive branch energy organizations dovetail efficiently into any changes you make in the Senate committee structure.

Warmest personal regards,

CHARLES H. PERCY,
U.S. Senator.

Mr. PERCY. I am pleased to report that the executive branch is already moving ahead to conduct a study similar to the one being done by CRS. A work plan and task force has already been approved by the Energy Resources Council and the study is being directed by OMB and the Department of Commerce under the auspices of ERC. I ask unanimous consent that a recent letter I wrote to Secretary Richardson, Chairman of the Energy Resources Council, concerning energy reorganization, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON
GOVERNMENT OPERATIONS,
Washington, D.C. May 3, 1976.

Hon. ELLIOT RICHARDSON,
Chairman, Energy Resources Council, Department of Commerce, Washington, D.C.

DEAR ELLIOT: Thank you very much for sending me a copy of your letter dated April 27, 1976, to Senator Ribicoff, Chairman of the Senate Government Operations Committee, concerning the extension of the Federal Energy Administration. As ranking minority member on that Committee, I share both Senator Ribicoff's and your concern about FEA as well as the larger issue of efficient federal management of the nation's energy programs.

I was very pleased to note from your letter that the Energy Resources Council and the Office of Management and Budget will undertake a thorough study of the organization for energy and related functions in the executive branch. You state that this study will be completed in the coming months and will assess the advantages and disadvantages of alternative organizations.

I have recently initiated a similar study to be conducted by my staff and the Congressional Research Service. I am attaching to this letter a copy of the letter I sent last week to Dr. Norman Beckman, Acting Director of the Congressional Research Service.

I would be very appreciative if you would keep me advised on the progress of your study. Chris Palmer, my advisor on energy issues, can be reached at 224–1462, and would be pleased to receive copies of the study plan which you are now developing, and to meet with your staff periodically to share ideas.

My hope would be to hold hearings this July before the Senate Committee on Government Operations. We would, of course, invite you to testify so that we can hear the results of your study to date. Hopefully it will be nearing completion by them.

I look forward to working closely with you in taking a fresh look at the organizational needs for energy in the executive branch. The length of the extension of the Federal Energy Administration will be influenced by our estimates of the time it will take to pass comprehensive energy reorganization legislation. Your cooperation and assistance in achieving the passage of such legislation is greatly appreciated.

Please call me, or my energy advisor Chris Palmer, at any time to discuss any aspect of this whole area.

Warmest personal regards,

CHARLES H. PERCY,
U.S. Senator.

Mr. PERCY. The FEA extension bill also directs the Energy Resources Council to develop an energy reorganization plan by December 31 of this year. As I have already noted, ERC is already underway in this effort. Placing this directive in the bill simply makes explicit congressional interest in the outcome of that effort.

At the mark-up on the FEA extension bill, the question of providing specific funds and staff to ERC to conduct this study of energy reorganization was considered. The committee unanimously rejected this proposal for the following reasons:

First. ERC is an interagency coordinating body that currently has no staff or funds—it uses FEA staff primarily. To provide staff—for whatever reason—is a significant change in its function and not one that should be taken without hearings on the matter before the Government Operations Committee.

Second. FEA Administrator Frank Zarb, Executive Director of ERC and Secretary Richardson, Chairman of ERC have made a commitment to Congress to pursue energy reorganization. In fact, as I noted earlier, the President has just approved the establishment of a task force to address this question. All Congress need do is reinforce this activity by setting a date for a report to be sent to Congress.

Third. If the executive branch does not respond to a simple mandate from the Congress to produce a report on a given subject by a given date then something is seriously wrong with the legislative/executive balance that certainly will not be solved by adding staff and funds to ERC.

In arguing that the Energy Resources Council should conduct the energy reorganization study out of existing resources—a position, incidentally, that OMB, FEA, and ERC strongly support—I want to make it very clear that I am fully enthusiastic for the study itself. Indeed, Mr. President, the Congress can only achieve the optimum energy reorganization with the full cooperation of the executive branch.

It is also important to point out that comprehensive energy reorganization in the executive branch will not be achieved unless the legislative branch uses its full resources to develop its own ideas. It was for this reason I initiated the Congressional Research Service study that I mentioned earlier. It was also for the same reason that the distinguished chairman of the Government Operations Committee (Mr. Ribicoff) joined me in sending a letter to the General Accounting Office asking for its suggestions on energy reorganization, particularly in analyzing the relationship between short-term energy policy decisionmaking and long-term national energy goals. I ask unanimous agreement that our letter to GAO be printed in the Record at this time.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Committee on Government Operations,
Washington, D.C., May 12, 1976.

Mr. Elmer B. Staats,
Comptroller General,
General Accounting Office,
Washington, D.C.

Dear Mr. Staats: Your testimony before the Senate Government Operations Committee on April 26, 1976, was enlightening, and we want to thank you for it. You rightly perceived, as we do, the need to take a fresh look at the energy-related organizational structure of the Executive branch. Your suggestion to set up a National Energy Administration as a first step towards a Department of Energy and Natural Resources was most interesting.

As you know, Senator Percy has requested the Congressional Research Service to conduct an extensive study on the subject of Federal energy organization, and we are attaching to this letter a copy of the letter Senator Percy recently sent to Dr. Norman Beckman, Acting Director of the Congressional Research Service.

We are also sending you a copy of a recent letter Senator Percy sent to Mr. Elliot Richardson, Chairman of the Energy Resources Council (ERC). Mr. Richardson has initiated a study in ERC and the Office of Management and Budget on the way the Executive branch is structured to effectively manage its energy responsibilities.

The third attachment to this letter is a copy of a letter Senator Percy recently sent to Senator Adlai Stevenson requesting his cooperation, as Chairman of the Senate Committee on Committees, in seeing that any changes he eventually recommends regarding Senate Committees' jurisdiction over energy matters dovetail into any changes that the Congress might make on the organizational structure of the Executive branch.

You can see from all this that both the legislative and executive branches are beginning to move on the issue of energy reorganization. The General Accounting Office, by virtue of its program review and evaluation of Executive branch activities, has a first-hand insight into how the current energy organizations are functioning, and we want to enlist your expertise in helping us to think through some of the problems that are involved.

An area in which GAO can greatly assist us relates to the relationship between short-term energy policy decision-making and long-term national energy goals. Specifically, we are interested in the consistency of short-term decisions in contributing to achieving longer-term goals, along with any gaps you have identified in the decision-making process. To the extent possible it would be extremely useful if the gaps could be traced to flaws in the current energy organizational setup.

Another matter which is somewhat related to the above and is of great concern to us is the issue of the compatibility of national goals other than energy with energy goals. To what extent do energy policy considerations influence and impact on decisions in such areas as agriculture, transportation, urban planning, and economic growth? We would appreciate your providing us with any thoughts you might have on this matter at the same time you report on the relationship of short-term energy policy decision-making to long-term national energy goals.

Our hope would be to hold hearings on the question of governmental energy organization in late July, 1976. I would appreciate your tailoring your work in response to this request to provide a reply within the time frame for the hearings. We would be pleased if you would call either of us, or Senator Percy's energy advisor, Chris Palmer, to discuss the contents of this letter. Mr. Palmer can be reached on 224-1462.

Sincerely,

Charles H. Percy,
Abraham Ribicoff,
U.S. Senators.

Mr. PERCY. Senator Ribicoff shares my interest in creating an efficient and cost-effective energy organization in the executive branch. I am hopeful that we can work to develop a detailed and comprehensive energy reorganization plan that both of us can support.

It is because of all this ongoing activity in the executive and legislative branches, Mr. President, that the committee extended FEA for 15 months. We felt that 15 months would be sufficient time to develop a new energy organizational structure in the executive branch.

Any extension shorter than 15 months is not wise, and I intend to oppose any amendment that would terminate FEA prior to September 30, 1977. Last year Congress worked long and hard to achieve an energy bill that the President would sign. That bill—the Energy Policy and Conservation Act—gives FEA many new responsibilities, such as the mandate to develop auto fuel efficiency standards. To take these vital programs, uproot them from the FEA, place them in another agency, only to uproot them again in a year or so when the energy reorganization efforts now initiated come to fruition, would be a wasteful approach. It is much better, in my view, to allow FEA to continue to function for 15 months while we pursue a comprehensive reorganization.

Mr. President, in conclusion, I would simply like to indicate that the committee has heard some 25 witnesses and covered this matter thoroughly. We are dealing essentially today with organizational structure. I cannot help but note that, in the judgment of the Senator from Illinois, the Nation is fiddling while Rome burns in the energy field. We simply are not facing up to the problem.

In fact, the Nation really does not understand and believe there is a problem, and there certainly is. If we were hit by another embargo, screams of rage would go up: "Why haven't you prepared for this? Why haven't you done more?"

Mr. President, we have been imploring Congress and the executive branch of the Government to do something of a positive nature in many different areas. Conservation is absolutely crucial and essential. We are the most wasteful nation on the face of the earth, the most wasteful people history has ever seen, when it comes to consuming and burning up in a ruinous fashion precious resources that are depleting resources.

We are not making headway. Once again we are reversing our course. Instead of small, compact cars, economical in gasoline efficiency, we are turning now to producing more and more gas-guzzling dinosaurs. We are exceeding the one law we did pass, the 55 miles-per-hour limit designed to save 77 million barrels of oil per year and 15,000 lives. One does not dare drive 55 miles an hour on a highway today. You cannot do it over the weekend; you would be run down. I went out, as I mentioned, the other day with a State police car, just to listen to the short wave radio signals going back and forth between all the truckers. You would think everyone was in collusion in order to undercut the Federal law which maintains 55 miles per hour. If we said to the States, "You get no highway funds from the Federal Government unless you strictly enforce this limit," we would suddenly find that we had some impact. But somehow or other, we have not faced up to this problem.

I certainly join with our distinguished colleagues as we, with some degree of frustration, look at a request just to extend the same program for another 3 years or 39 months. I say let us put our feet to the fire; let us take an overlook look at this. Let us reorganize the Federal Government as best we can, and let us reorganize Congress, so that we do not have so many committees dealing with little bits of this problem. Let us see if we cannot reorganize ourselves and focus our attention. Certainly the work that has been done and is being done by the Committee on Committees under the chairmanship of my distinguished colleague (Mr. Stevenson), I think, will take a good look at the problem.

I support the extension of FEA for 15 months—not 15 years, as I mistakenly said, but 15 months. I hope it will not go beyond that. I hope in the meantime we can come up with a program and plans that will suit our needs over a longer period of time. I hope also we will press forward with essential and necessary programs.

The President did sign the Federal energy bill last year at the urging of some of us—and many tried to dissuade him from signing that bill. I know that when I addressed the Petroleum Institute meeting in Chicago, it fell like a lead balloon when I said I thought the President ought to sign that bill. They were all lobbying heavily against it, predicting all sorts of disasters if the bill became law—since then, I have not heard one iota of criticism of that bill nor its provisions, Milquetoasty as they are. At least it is something, and something is better than nothing.

I do think, certainly, the extension of this FEA program and agency for 15 months is the least that we can do today. We need to give FEA that continuity. As the Senator from Connecticut (Mr. Ribicoff) and I said during the course of our hearings, we do not need to worry about job stability for people in FEA. It will be extended for a period of time, and certainly in any organization that is created, whether we create a new department of energy and natural resources or whatever form it takes, the expertise of the skilled people in FEA will be needed.

The problem will not go away; it will continue to grow and grow, and we need all the help we can give in that field. Our purpose is to provide the degree of continuity and assurance that that Agency, which has an awesome responsibility today, will need to continue to carry it out. But, we are also asking them to use their best efforts to do themselves out of a job and to help move us toward a reorganization that looks at the whole program and puts it on a much more permanent and solid basis.

Mr. RIBICOFF. Mr. President, I send to the desk two technical amendments, and ask unanimous consent that they be considered en bloc.

The PRESIDING OFFICER. The Chair will announce that until the pending amendment is disposed of further amendments are not in order.

The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that John Kirkland of the staff of the Committee on Commerce be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PERCY. Mr. President, will the Senator yield for another unanimous-consent request?

Mr. HOLLINGS. I yield to the Senator from Illinois.

Mr. PERCY. Mr. President, on behalf of the minority members, I ask unanimous consent that Faye Widenmann, Carol Sacchi, Melissa Nielson, David Stang, Fred Craft, Ted Orf, Mike Hathaway, Tom Biery, Tom Imeson, Nolan McKean, and Margaret Lane be accorded the privilege of the floor during the course of debate on S. 2782 and votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1802

Mr. HOLLINGS. Mr. President, I call up amendment No. 1802, which is an amendment to amendment No. 1801, and ask that it be stated.

The PRESIDING OFFICER. The Chair would announce it is possible to send amendments to the pending amendment to the desk. The Chair assumes the Senator from South Carolina is amending the pending amendment.

Mr. HOLLINGS. That is correct, Mr. President.

The PRESIDING OFFICER. The amendment will be stated. The second assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. Hollings), for himself and Mr. Kennedy, Mr. Magnuson, Mr. Glenn, Mr. Clark, Mr. Gravel, Mr. Hartke, Mr. Humphrey, Mr. Javits, Mr. Leahy, Mr. Metcalf, Mr. Mondale, Mr. Packwood, Mr. Pell, and Mr. Tunney, proposes amendment No. 1802 to amendment No. 1801.

The amendment is as follows:

At the end of title IV, add the following new part:

PART F—ENERGY CONSERVATION OBLIGATION GUARANTEES

SEC. 491. (a) The Administrator is authorized to provide financial assistance in the form of loan guarantees to eligible borrowers in order to advance the industry energy efficiency improvements targets established in part D of the Energy Policy and Conservation Act and to improve energy efficiency (1) in major energy-consuming industries (as defined in part D of the Energy Policy and Conservation Act), other significant energy-consuming industries, or public or nonprofit entities on a priority basis, and (2) in other sectors to the extent such guarantees are available given the obligational authorities contained in subsection (i). The Administrator is authorized, in accordance with this section and such rules as he shall prescribe, to guarantee, and to enter into commitments to guarantee, lenders against loss of principal or interest, or both, on loans, bonds, debentures, notes, or other obligations issued by or on behalf of an eligible borrower (including obligations issued by any State or instrumentality or political subdivision thereof).

(b) ENERGY AUDITS.—(1) No obligation may be issued under this section to guarantee an investment in an energy conservation measure if such measure has not been identified by an energy audit (A) carried out in accordance with an approved State energy conservation implementation program or (B) approved by rule by the Administrator.

(2) Any obligation issued by or on behalf of an eligible borrower may include the cost of an energy audit.

(c) DEFINITIONS.—For purposes of this section the term "eligible borrower" means the owner of an industrial plant or commercial building, a corporation or a subsidiary of a corporation, a nonprofit institution, or any other person or governmental entity identified pursuant to regulations of the Administrator, which will utilize the financial resources made available by a loan guaranteed pursuant to subsection (a) to finance energy conservation measures.

(d) LIMITATIONS.—The Administrator shall limit the availability of an obligation guarantee otherwise authorized by subsection (a) to—

(1) energy conservation measure investments which should result in energy and cost savings which will be sufficient, within the useful life of such measure, to allow recovery from such investment of the principal amount of such obligation and interest thereon, and

(2) eligible borrowers, who can demonstrate to the Administrator that, exercising sound business judgment, they would not make such investment in the absence of such obligation guarantee. Such demonstration shall include a showing that financing is not otherwise available on terms and conditions which make the investment sufficiently attractive to cause the investment to be made.

(e) EXTENT OF GUARANTEE.—Any guarantee under this section shall apply only to so much of the principal amount of the loan or obligation involved as does not exceed 90 percent of the aggregate cost of the energy conservation measures with respect to which such loan is made or such obligation is entered into. No guarantee issued, and no commitment to guarantee, which is made under this section shall be terminated, canceled, or otherwise revoked except in accordance with reasonable terms and conditions prescribed by the Administrator, after consultation with the Secretary of the Treasury and the Comptroller of the United States, and contained in the written commitment to guarantee. Any such guarantee or commitment to guarantee shall be conclusive evidence that the underlying obligation complies with the provisions of this section and rules under this section and that such obligation has been approved and is legal as to principal, interest, and other terms. Any such guarantee shall, subject to the conditions and terms thereof, be incontestable in the hands of the holder of the guaranteed obligation, except as to fraud or material misrepresentation on the part of the holder.

(f) INFORMATION, RECORDS, AUDIT, AND EXAMINATION.—No guarantee and no commitment to guarantee may be issued or made under this section unless and until the Administrator obtains any information reasonably requested and such assurances as are in his judgment (after consultation with the

Secretary of the Treasury and the Comptroller General of the United States) reasonable to protect the interests of the United States and to assure that such guarantee or commitment to guarantee is consistent with and will further the declaration of policy of this title. The Administrator shall require that records be kept and made available to the Administrator or the Comptroller General, or any of their duly authorized representatives, in such detail and form as are determined necessary to facilitate an effective financial audit and performance evaluation of the energy conservation measure investment involved. The Administrator and the Comptroller General, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of any recipient of Federal assistance under this section.

(g) DEFAULT.—(1) If there is a default by the obligor in any payment of principal or interest due under an obligation guaranteed under subsection (a), and if such default continues for 30 days, the holder of such obligation or his agent has the right to demand payment by the Administrator of the unpaid interest on, and the unpaid principal of, such obligation, consistent with the terms of the guarantee of such obligation. Such payment may be demanded after or before the expiration of such period as may be specified in the guarantee or related agreements, but not later than 90 days from the date of such default. Within such specified period, but not later than 60 days from the date of such demand, the Administrator shall pay to such holder the unpaid interest on, and the unpaid principal of, such obligation, consistent with the terms of the guarantee of such obligation, except that (A) the Administrator shall not be required to make any such payment if he finds, prior to the expiration of such period, that there was no default by the obligor in the payment of interest or principal or that such default has been remedied, and (B) no such holder shall receive payment or be entitled to retain payment in a total amount which together with any other recovery (including any recovery based upon a security interest in equipment or facilities) exceeds the actual loss of such holder.

(2) If the Administrator makes payment to a holder under paragraph (1), the Administrator shall thereupon—

(A) have all of the rights granted to him by law or agreement with the obligor; and

(B) be subrogated to all of the rights which were granted such holder, by law, assignment, or security agreement between such holder and the obligor.

(3) The Administrator may, in his discretion, complete, recondition, reconstruct, renovate, repair, maintain, operate, charter, rent, sell, or otherwise dispose of any property or other interests obtained by him pursuant to this section. The terms of any such sale or other disposition shall be as approved by the Administrator.

(4) If there is a default by the obligor in any payment due under an obligation guaranteed under subsection (a), the Administrator shall take such action against such obligor or any other person as is, in his discretion, necessary or appropriate to protect the interests of the United States. Such an action may be brought in the name of the United States or in the name of the holder of such obligation. Such holder shall make available to the Administrator all records and evidence necessary to prosecute any such suit. The Administrator may, in his discretion, accept a conveyance of property in full or partial satisfaction of any sums owed to him. If the Administrator receives, through the sale of property, an amount greater than his cost and the amount paid to the holder under paragraph (1) he shall pay such excess to the obligor.

(h) TAXABILITY.—With respect to any obligation guaranteed under this section, the amount of the interest paid on such obligation and received by the purchaser of the obligation (or his successor in interest) shall be included in gross income for the purpose of chapter 1 of the Internal Revenue Code of 1954, as amended.

(i) LIMITS ON AMOUNTS WHICH MAY BE GUARANTEED.—(1) (A) Outstanding obligations under this part may not exceed $2,000,000,000 in fiscal year 1977; or an additional $2,000,000,000 in fiscal year 1978.

(B) There are authorized to be appropriated for the payment of amounts to be paid under subsection (g) such sums as are necessary not to exceed $60,000,000 for fiscal year 1977 and $60,000,000 for fiscal year 1978, such sums to remain available until expended.

(C) If the moneys available to the Administrator are not sufficient to pay any amount which the Administrator is obligated to pay under subsection (g), the Administrator shall issue to the Secretary of the Treasury notes or other obligations, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as such Secretary may prescribe. The Administrator shall redeem such notes or other obligations from amounts appropriated under paragraph (1). Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States on comparable maturities during the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued under this paragraph, and for this purpose such Secretary may use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force. The purposes for which securities may be issued under that Act are extended to include any purchases of notes or other obligations issued under this paragraph. The Secretary of the Treasury may at any time sell any of the notes or other obligations so acquired under this paragraph. All redemptions, purchases, and sales of such notes or other obligations by the Secretary of the Treasury shall be treated as public debt transactions of the United States.

(2) The Administrator shall calculate and determine the aggregate unpaid principal amount of obligations which may be guaranteed under this section by relating the probability of default ratio to the maximum aggregate payment responsibility specified in paragraph (1).

(3) The aggregate unpaid principal amount of obligations which may be guaranteed by the Administrator under this section shall not, at any one time, exceed the aggregate amount authorized under this subsection or a lesser amount if the Administrator finds that the authorization of appropriation would be exceeded.

(4) The Comptroller General of the United States (hereinafter referred to as "Comptroller"), in cooperation with the Administrator and the Secretary of the Treasury shall, upon the basis of actual experience under this section and under comparable obligation guarantee programs under other Federal statutes, review the accuracy of the probability of default ratio determined by the Administrator on a continuing basis. In reviewing such ratio, the Comptroller shall find and determine—

(A) the actual rate (and amount) of default on obligations guaranteed by the United States under this section, and on comparable obligations guaranteed under other Federal statutes;

(B) the actual rate (and amount) of recovery by the United States of amounts paid by it to the holders of obligations guaranteed under this section, and to the holders of comparable obligations guaranteed under other Federal statutes, in cases of default on such obligations;

(C) any other relevant factors, including the general state of and prospects for the economy; and

(D) the probability of default ratio based on actual experience, taking into account the relationship between the rate of default on such obligations, the rate of recovery of amounts paid by the United States when obligors default on such obligations, and other relevant factors.

As used in paragraphs (A) and (B), an obligation guarantee is comparable if (i) the proceeds of the obligation guarantee are required to be used for the acquisition, rehabilitation, or improvement of real property or tangible personal property having a useful life of 10 years or more; and (ii) the United States is granted and subrogated to substantially the same rights provided for in subsection (f). The Comptroller shall from time to time invite views and comments, with respect to any such review, from financial analysts and other persons and governmental entities, and such Comptroller shall study and evaluate such views and comments in the course thereof. Upon the completion of any such review, the Comptroller shall submit the results thereof to the Administrator and he shall revise the probability of default ratio to reflect the results of the Comptroller's review.

(5) The Administrator shall assure that at least 40 percent of funds authorized in this subsection are available to support loan guarantees for investments by any State, city, county, town, township, parish, village, or other general purpose political subdivision of a State, if such general purpose political subdivision possesses taxing powers and has responsibility for providing public facilities or public services to the community, or any privately owned nonprofit institutions such as universities, as determined by the Administrator.

Mr. HOLLINGS. Mr. President, one might ask: "Why amend your own amendment?"

The answer is that we did wish to present this as one comprehensive package. However, we were unable to do so, and we then agreed that there would be separate votes on the two amendments. There was no problem with respect to the provisions on homes and small businesses.

However, the section providing stimlus for energy conservation by industry, hit a philosophical mental block. Some people said: "Heavens above, why do you want to give"—and I am only speaking figuratively—"United States Steel a loan guarantee in order to insulate their plants? They are rich enough. Why don't they go ahead and insulate" on their own?

United States Steel and all the major corporations of this country use their money the best they can. It is also true, however, that energy conservation has still not achieved the priority it deserves in the investment decision of such corporations. Amendment No. 1802, which establishes a Federal loan guarantee problem for industry, among others, would give industry the necessary impetus to assign a higher priority to conservation.

Specifically, under this amendment the FEA Administrator is authorized to provide financial assistance in the form of loan guarantees to eligible borrowers in order to advance energy conservation in industry, nonprofit institutions, and in other sectors. Such a guarantee shall apply only to so much of the principal amount of a loan or other obligation as does not exceed 90 percent of the cost of the related energy conservation measure. The Administrator shall also limit the availability of such obligation guarantees to cost-effective energy conservation measures, and to eligible borrowers who can demonstrate that, exercising sound business judgment, they would not have made such an investment in the absence of such a guarantee.

Mr. President, an "eligible borrower" is defined as the owner of an industrial plant or commercial building, a corporation or a subsidiary of a corporation, a nonprofit institution, or any other person or governmental entity identified pursuant to regulations of the Administrator, which will utilize the financial resources made available by a loan guaranteed to finance energy conservation measures.

The outstanding obligations under this part, Mr. President, will not exceed $2 billion in fiscal year 1977 and an additional $2 billion in fiscal year 1978. That is not, of course, the cost to the Government, but only the outside limit on the amount of guarantees outstanding. I might also add that 40 percent of the amounts to be guaranteed under this part are earmarked for public buildings.

At this point, I would be glad to yield to any Senator who wishes to ask questions or be heard on the bill.

Let me mention, Mr. President, that the American Institute of Architects has testified in support of S. 3424, the Energy Conservation Act of 1976. When we first undertook consideration of this legislation, we received various estimates of the possible energy savings. These estimates seemed to indicate that approximately 1 million barrels of oil equivalent could be saved by 1980, and 2 million by 1985. However, when the American Institute of Architects appeared before the Commerce Committee, they testified that by the year 1990 there could be a saving of 5.8 million barrels a day through attention to conservation in new buildings alone, and an additional 6.7 million barrels a day through retrofit of existing structures. There are 70 million residences in America, many of which are inadequately insulated. As the Senator from New Hampshire, who has participated and joined in this measure, knows there are many such homes within his great State of New Hampshire, built at a time when the need for conservation could not be anticipated. Amendment No. 1801 would provide support for State-administered public education programs to tell homeowners how to save energy and money through conservation.

It would also provide subsidies of 20 percent of energy conservation loans made to homeowners, but not to exceed $400.

With all the talk about Alaskan oil, coal gasification, and expanded nuclear power, we must also realize that conservation can save considerable amounts of oil, and probably do it much more quickly. According to the American Institute of Architects:

> If we adopted a high-priority national program emphasizing energy efficient buildings, we could by 1990 be saving the equivalent of more than 12.5 million barrels of petroleum per day (6.7 in existing buildings; 5.8 in new buildings). This is about as much energy as the projected 1990 production capacity of any one of the prime energy systems: domestic oil, nuclear energy, domestic and imported natural gas, or coal.

Mr. McINTYRE. Mr. President, will my good friend yield?

Mr. HOLLINGS. I yield to the Senator from New Hampshire.

Mr. McINTYRE. Mr. President, I congratulate the Senator from South Carolina, and I ask him this: On this energy conservation and insulation feature of this amendment, is there an income qualification, or can anyone participate in this? Do I have to have an income under $10,000?

Mr. HOLLINGS. The answer is that almost anyone can participate, with separate program for low-income persons.

Mr. McINTYRE. It is my understanding that that refers to the solar energy program, that certain income levels would be permitted to receive substantial assistance if they wanted to go to solar energy in their homes. Is that correct?

Mr. HOLLINGS. If your family income exceeds 200 percent of the median income in your housing market area, you would not qualify.

Mr. McINTYRE. In other words, if I make about $44,400 and live in a relatively modest area in Washington, I will not be qualified to do further insulation on my home?

Mr. HOLLINGS. I live on a street by the cathedral, and I call it modest, and I think I would qualify, because homes are going for prices up to $80,000 and $90,000. No Representative or Senator comes to this town unless he is willing to spend that much on a home. Generally speaking, in that neighborhood, I think we would qualify. One could still get the loan guaranteed, but not the subsidy, if he exceeded the 200 percent limitation.

Mr. McINTYRE. I think that is admirable, because the real thrust of this amendment is to get us all going on energy conservation. Certainly, if I, living where I do in Washington, D.C., could get that little assistance, that would be a big initiative for me to go ahead and do something along that line.

But I am also interested in another feature of this amendment, which is the solar energy section. What does it do for a family of modest income that wants to take advantage of some of the solar energy principles that are coming down the line? We have become more and more interested in solar energy as a source of energy?

Mr. HOLLINGS. Solar energy is a renewable energy source, and would qualify for a 25-percent subsidy not to exceed $2,000.

Mr. McINTYRE. So if it cost me $1,000 to put in a solar hot water heater in New Hampshire, then I would not have to qualify?

Mr. HOLLINGS. Will the Senator repeat the question?

Mr. McINTYRE. Suppose I live in New Hampshire and I desire to put in a hot water heater and to power it with solar energy and it is going to cost $1,000. How much of that $1,000 would be borne by the U.S. Treasury?

Mr. HOLLINGS. Twenty-five percent, or $250.

The Government would pay $250 and the Senator would pay $750.

Mr. McINTYRE. That is a great help, because, as the Senator from South Carolina appreciates, as we move forward in solar energy, it is only a matter of 3 or 4 years before the payback on this makes solar energy water heaters cost effective in New England.

Mr. President, this is one of the most heart-warming trends we find in the energy field; because if we in New England, an energy poor area of this country, can cut down our heating bill by as much as one-third in 5 or 6 years by using solar and other renewable sources of energy, we will be going a long way toward getting out of the clutches of the oil-exporting nations.

Mr. HOLLINGS. The Senator from New Hampshire is very much on target. The incentives provided by this amendment will get people to start thinking about, planning for, and moving toward cost-effective energy conservation.

Mr. McINTYRE. Mr. President, I compliment the Senator from South Carolina and his colleague, the Senator from Massachusetts, who is a cosponsor of this amendment. He comes from New England and knows the problems up there. I am very happy to support these amendments.

Mr. HOLLINGS. I commend the Senator from New Hampshire. He joined us in the early stages of consideration of this legislation, when we were having hearings before the Committee on Commerce on our original conservation bill. We appreciate his understanding, his leadership, and his support for this measure.

Mr. President, I am ready to ask for the yeas and nays. Before doing that, I yield to the manager of the bill.

Mr. RIBICOFF. Mr. President, I will accept amendment No. 1802 and I will accept amendment No. 1801.

I understand that the Senator from Utah has an amendment to amendment 1801 which he cannot bring up until amendment 1802 is disposed of.

Mr. HOLLINGS. We are prepared to vote.

Mr. RIBICOFF. Is it the Senator's intention to vote on amendment 1802 first?

Mr. HOLLINGS. Yes, and then on amendment No. 1801. Then the Senator from Utah could call up his amendment.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is that amendment No. 1802?

Mr. HOLLINGS. Yes.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

UP AMENDMENT NO. 34

Mr. HOLLINGS. Mr. President, I have a modification to amendment No. 1802, and I send it to the desk.

The PRESIDING OFFICER. The Senator's modification requires unanimous consent because the yeas and nays have been ordered.

Mr. HOLLINGS. I am sure this would be agreeable. I ask unanimous consent.

The PRESIDING OFFICER. Without objection, the amendment is modified.

The modified amendment is as follows:

At the end of part F of title IV, add the following new subsection:

"(j) LABOR STANDARDS.—All laborers and mechanics employed in construction, alteration or repair which is performed under an obligation guaranteed under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a et seq.). The Administrator shall not extend any guarantees under this section without first obtaining adequate assurance that these labor standards will be maintained during such construction, alteration, or repair. The Secretary of Labor shall, with respect to the labor standards in this subsection, have the authority and functions set forth in Reorganization Plan No. 14 of 1950 and section 276c of title 40, United States Code."

Mr. HOLLINGS. Now we are ready to vote, if that is the wish of the manager of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

Mr. PERCY. Mr. President, I have publicly supported the present amendment, No. 1802, in the past, and I reiterate my support. It offers a sensible and responsible way to achieve, at a limited cost to the Federal Treasury, a wide range of energy conservation investments that otherwise would be lost.

Both these amendments have been the subject of hearings before three committees, and certainly the pending amendment, No. 1802, has had hearings before these three committees. The views of the three committees have been carefully taken into account in drawing up the modified version that is being offered to the FEA extension bill. Failure to move on this amendment surely will mean that another year will pass before we take any effective measures to slow the rising demand for energy in this country, to reduce our growing dependence on imported oil.

Mr. President, the modest cost involved and the risk involved in the Federal Government's part in this amendment is far overshadowed by the thrust of the amendment. It provides incentives to cause us to do what we ought to do, among those major consumers of energy, to stop heating the outside in cold weather and stop cooling the outside in warm weather, when they have air-conditioning on. As I have said before, we are squandering energy. Certainly, if we had known the high price of fuel today, the high price of heating and air-conditioning, many of our structures would have been built quite differently. Now it pays to put insulation in and now it pays to do a lot of things that we would have done if energy had not been as cheap as it has been traditionally in American history.

Now we have to make up for lost time. Providing an incentive to do this is a preferable way, I think, to just having laws that mandate it. When we have an incentive, it is in our self-interest to do something and the Federal Government shares some of the risks involved in this, but will also share in a great many decisions to be made on the side of conservation as against continuing to go the old way. I support the amendment as offered.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, we have checked with the distinguished Senator from Wisconsin. He has no objection to the matter going to a vote verbally, and we need not have a rollcall.

With that, I move the adoption of the amendment. That is, amendment No. 1802, as modified.

The PRESIDING OFFICER (Mr. BELLMON). The Chair informs the Senator from South Carolina that it will take unanimous consent to withdraw the yeas and nays.

Mr. HOLLINGS. I ask unanimous consent to withdraw the request for the yeas and nays.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The yeas and nays are withdrawn.

The question is on agreeing to the amendment.

The amendment, as modified, was agreed to.

UP AMENDMENT NO. 35

Mr. GARN. Mr. President, I have an amendment to send to the desk to Mr. KENNEDY's amendment No. 1801, as amended.

The PRESIDING OFFICER. The Chair states that the amendment would be to 1801, as amended.

The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Utah (Mr. GARN) proposes an unprinted amendment No. 35 to amendment 1801 by Mr. KENNEDY.

Strike Section 305 and redesignate succeeding sections accordingly.

In Section 307(a) strike the phrases "or state certification procedures" and "of section 305."

Mr. GARN. Mr. President, this amendment would delete section 305 of the printed amendment No. 1801 to S. 2872. Among other things, title III of amendment No. 1801 would add to this bill the exact provisions that are contained in title II of H.R. 8650. It must be remembered that this body has already passed H.R. 8650 and it is now before a conference committee of the House and Senate Banking Committees. I am a little confused as to why this provision in H.R. 8650 is also contained as title III of amendment No. 1801. I believe this is a duplicative, wasteful effort.

Mr. President, you will remember that the Building Energy Conservation Standards Act of 1976 contained some very important provisions. It required HUD to develop minimum building standards for all new buildings—residential, commercial, farms, churches, schools—which standards were to make these buildings utilize energy in the most efficient manner.

Now no one can argue that we should encourage all new construction to be as energy-efficient as possible. What I object to, however, is that this act contains a severe sanction. It tells a community that if it does not adopt this federally written and mandated building code, then all new construction in that community, for whatever purpose, must come to a halt. The sanction says that no bank or savings and loan can make any loan for any new house or any other structure, unless the community adopts the Federal standard.

I submit that this sanction is entirely too harsh and completely uncalled for. It would be a far better approach to encourage adoption of energy conservation standards rather than mandate their adoption. In fact, the sanctions might do more to delay adoption of standards than to accelerate their acceptance.

Currently, the Council of American Building Officials is putting the ASHRAE-90 energy conservation standard into code form, and they expect that by 1978, 90 percent of the jurisdictions in the country will have adopted it. I submit that this massive voluntary effort will cease should section 305 be adopted. If it is adopted, all localities will wait for years until a Federal standard is developed, and then make a decision as to whether it should be incorporated in its own building code.

At this time, I ask unanimous consent to add as cosponsors to my amendment Senators TOWER, EAGLETON, and MORGAN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GARN. In regard to this amendment, I have the support of the following organizations:

National Association of Homebuilders.
National Association of Realtors.
Council of American Building Officials.
American Bankers Association.
National Savings and Loan League.
U.S. League of Savings Associations.
Federal Home Loan Bank Board.
National Realty Committee, Inc.
National Electrical Manufacturers Association.
American Society of Civil Engineers.

There are three groups I left until last that I think are rather highly important. They happen to be the National Association of Counties, representing all the county commissioners across this country; the National League of Cities, representing over 15,000 cities in this country; and the U.S. Conference of Mayors, representing most of the cities over 30,000 population in this country.

Here again, we have an example of "Big Brotherism" at its worst. I never cease to be amazed, with my 7 years of experience in local government, at how this body and the House of Representatives sit back here, with their great wisdom, and decide that locally elected officials are not smart enough to handle their own affairs; that we simply must mandate, we must ignore all of them. I want to make a point of that. Fifteen thousand cities are represented in the National League of Cities and, unanimously, their board says they are opposed to the Federal Government imposing sanctions.

The National Association of Counties, representing all the thousands of counties across this country, say they are opposed to it. The U.S. Conference of Mayors say they are opposed to it. By what right does the Senate of the United States decide they can tell HUD and the bureaucrats to come up with uniform building codes to be imposed on all the locally elected officials across this country? It is an attack on the very system. It is the old "end justifies the means."

We have decided that conservation is necessary. I agree with that. But for us to try to ignore the National League of Cities, the U.S. Conference of Mayors, the Nation Association of Counties, and impose our wisdom upon them is an insult to local government officials across this country, particularly when their own voluntary building standards will be in effect before HUD could ever possibly get them into effect.

I do not know why we listen to many lobbyists in the country, why we run away from Ralph Nader. Boy, we had better listen to him and listen to consumer groups; but we have 15,000 mayors that have to face the electorate in their own communities, and all the thousands of county commissioners. We say, "Oh, they don't have enough votes," so we ignore them.

I think it is time we quit imposing; I think it is time we quit disrupting the Federal intergovernmental system and trying to impose the wisdom of a select 100 on all these elected officials across the country. So I hope that title 3 of amendment 1801 will be defeated, and that we will not continue this imposition of our wisdom on the locally elected officials across this country.

I also fail to understand again, when this amendment passed the Senate by a vote of 46 to 43 as part of another bill, and is now in conference, why we are attaching it to the Federal Energy Administration extension bill, trying another approach to impose our will across this country.

Mr. HOLLINGS. Mr. President, this is a matter that really concerns the Senate Banking, Housing and Urban Affairs Committee. Until the distinguished chairman can reach the floor—let me say this matter was fully debated and passed by the Senate. I understand it was a close vote, by a three-vote margin, and a very strong feeling in my distinguished friend comes forward now as he talks about local self-government.

But we cannot go in two different directions. We cannot take the documentation of the American Institute of Architects, the purpose of the bill itself, to try to save 6 million barrels per day, and then say, "Well, it is voluntary."

The sanction proposal was the one recommended by the Senator's administration. The Ford administration recommended this before the Banking, Housing and Urban Affairs Committee.

As I understand it, the cities and counties are not so worried about the sanctions but rather with financial assistance. They are worried about having the personnel necessary in order to enforce those sanctions. In this legislation we are cognizant of local control and local participation. The principal role is given to the States, the States submit energy-saving plans and have 3 years in which to promulgate standards. The States take the lead in our particular program from the very word "go." We said, "Let us rely on the State," for the very reasons given by the Senator.

But, when we get right down to it we are not talking about local government but about those little people. We are not just talking about little contractors. We are talking about homeowners, because they are going to be cheated if the standard is not adhered to. The standard are to be reasonable. They are required in exchange for some form of Federal financial assistance. Contractors can build anything they want under the local code. But we are talking, may I say to the Senator, about a Federal program where you and I have got to be held responsible. We tried on many occasions to make conservation voluntary. We tried that 55-mile an hour speed limit, and who was it but the local government—Governor Dukakis who said, "I will start enforcing it if you make it mandatory on all the States."

Mr. GARN. Mr. President, will the Senator yield for just one comment?

Mr. HOLLINGS. Yes.

Mr. GARN. One thing I want to make very clear to the distinguished Senator from South Carolina is that this is a far different sanction than most we have had in the United States. Before, they have said only that FHA, VA loans, federally-insured loans would be cut out. This amendment goes to the extent of saying "any federally-insured institution." Now, that is everybody under the Federal Deposit Insurance Corporation, or the Federal Savings and Loan Insurance Corporation, they would be prohibited from making even conventional loans. That would totally shut down people's ability to get loans because I do not know of any institution that is not a federally insured organization.

Mr. HOLLINGS. Mr. President, this is not a ridiculous proposition at all. We go about it in a very deliberate way. It is not going to be easy to get funds for conservation. It has been one of the most difficult things, particularly in this Congress. But now that we do have Congress attention we say that upon the enactment of this bill the local governments will have 3 years for working these matters out, and then another year and a half, 18 months, for implementation. That is 4½ years before they become effective.

We provide time for local input for input by the State, and anybody else coming into the federally financed programs. We are providing Federal financial assistance for housing and this is a truth-in-packaging provision for conservation in housing in America.

Contractors will no longer be able to just say "it is insulated" and do as they please. We have other bills that label heating units and appliances to inform consumers of the energy costs. So when you shop for an FHA home you know how much your energy costs will be before you buy that home and get it financed. This works hand-in-glove with this well-conceived Federal program to provide truth-in-packaging in housing so that the homeowner will not get cheated. This is no bill against any small contractor or anyone else. From his standpoint he is selling more and from the realtor's standpoint he is getting a commission on a greater amount. It just so happens that the cost of insulation and energy saving investments pay out. You try conservation voluntarily, and you will get just exactly what we have now, practically nothing.

Mr. GARN. Mr. President, will the Senator yield for a question?

Mr. HOLLINGS. Yes.

Mr. GARN. The Senator has just talked about the time involved, and I think we are both very well aware of how long it would take HUD to go through the process of coming up with mandatory regulations. There will be the hearing process and finally getting them out. I said in my opening statement that it is estimated that by 1978, in 2 years, 90 percent of the communities across this country would have adopted the ASHRE–90 standards, as the communities always have.

Salt Lake City had uniform building codes and we will have standards across this country. So I am submitting to the Senator that the mandatory program would not only be taking away the authority of local officials but would actually take longer. There will be more conservation sooner by leaving local mayors alone to work on the ASHRAE–90 standards, and 90 percent of them would adopt them within 2 years. You are not going to have these Federal regulations by then, by the Senator's own admission. They will not be in effect in that time.

Mr. PROXMIRE. Mr. President, will the Senator from South Carolina yield?

Mr. HOLLINGS. I yield.

Mr. PROXMIRE. The fact is that voluntary standards are given a chance in the bill. If the States can meet the minimum Federal standards by voluntary action, that is fine. There is no objection to that. The States will have every opportunity to put voluntary standards into effect.

What this provides is that if voluntary meeting minimum national standards are not put into effect, then mandatory standards will be required. The administration of the distinguished Senator from Utah, the Republican administration, is calling for mandatory standards and says that this is an essential part of their energy conservation program.

The President of the United States wants it, the head of the Federal Energy Agency wants it. This is a program the Republicans are asking for.

Mr. GARN. The distinguished chairman, after working with me for a year and a half on the Banking Committee, knows that I could not care less whether my administration wants it. I am not a blind party follower. I happen to disagree totally with the administration. I never cease to be amazed that the opposition can fight the administration all the time but how when they agree, it is the greatest evidence that we should pass it. I do not happen to think we should. I think the President is wrong on this, and I would ask the distinguished chairman why, when our bill is still in conference between the Senate and the House, and when this amendment passed the Senate 46 to 43, we are imposing it on another bill? Is the Senator afraid of losing it in conference?

Mr. PROXMIRE. Well, the fact is this has already passed the Senate, as the Senator knows, by a larger majority than 46 to 43. The vote he cites was on the Tower amendment, not on the bill. That bill is in conference now. We think that this is a constructive, positive, effective way to get action on it. The fact that we cannot move the bill with a particular group of conferees from the House does not mean we should not enact this needed program.

I might also point out that the Governors are for this, the State legislators are for this, everybody is in step——

Mr. GARN. Except all the mayors and all the county commissioners. This is typical of the Governors and State legislators, which are just about as good at telling local mayors and county commissioners to go to hell as the Federal Government is. We have had our bellyful of them, too.

I would ask the distinguished chairman of the Banking Committee if it is not true, that this is the same old game of "you go ahead and do your own standards and we will not impose ours unless you do not. However, you had better make them exactly like ours and make them uniform." We have seen that old game across this country, and this is the same thing again only it is worse. It says that any federally insured institution will make no loans unless it follows the Federal Government.

Let us not kid ourselves about what is being done on this. It is the Federal Government again ignoring the National League of Cities. The distinguished chairman and I have debated this on other bills. The Senator sure thinks the National League of Cities and the National Association of Counties are great witnesses when they are on his side. I fail to understand the double standards that when they are on my side they are not as credible witnesses as when they are on the Senator's.

Mr. PROXMIRE. To answer the able Senator from Utah is to say that we tried very hard for years to get standards adopted. Building practices of all kinds are very slow to change, and the same economic forces that have resisted effective zoning laws and effective standards generally are the same economic forces behind this. They do not have the same effect as we do on the State legislators and on the Governors, but they have that effect on the mayors. The fact is that building practices are very, very slow to change. Market forces, as we know, are sluggish in their operation, especially in the energy field. Market forces will have to concede that they alone cannot carry the burden and cannot move builders and buyers fast enough. Voluntary action by the States may be too slow, as well. Most States, even today, do not have legal authority to act to conserve energy in buildings. Only eight States have really moved. Two of these, Wisconsin and Massachusetts, have adopted and already suspended the standards. Even among the States that have taken action there is little consistency.

Unless we adopt national standards we are likely to get standards piecemeal, and only after a long wait. Without national minimum standards, we will not likely get the economies of scale that can help us conserve energy and also keep prices down.

This has to be a national program to justify the kind of economy necessary for private industry to move in and make this economical and feasible.

Furthermore, the States want national minimum standards. This bill will accelerate, not interrupt, the efforts of the States. The States recognize they cannot do it by themselves, and they definitely do not want to compete with each other and dilute standards.

Mr. BENTSEN. Will the Senator from Utah yield?

Mr. GARN. Just one question to the Senator.

I discussed this matter before with the Senator from South Carolina, and made the statement that because of the long process, the HUD rulemaking process procedure which the Senator from South Carolina outlined, it will take as long as 6 years to get regulations. Yet it is estimated that 90 percent of the jurisdictions across this country would adopt those ASHRAE-90 standards by 1978. So I am submitting that regardless of all other arguments in favor of the position, I firmly believe we will have building code enforcement sooner, going the voluntary route, than taking 6 years for HUD to finally get something into effect and adopted. So why should we not permit local government to act.

Can anybody answer my question?

Mr. PROXMIRE. I am happy to and I hope when I do the Senator will join us and support our position. I think the Senator is very fair-minded and is likely to do that.

Will the Senator listen to the answer on this?

Mr. GARN. Yes.

Mr. BENTSEN. Will the Senator yield?

Mr. PROXMIRE. I have not had a chance to answer yet, I was trying to build it up so the Senator would listen to my answer.

The fact is that we need these standards, and we give the States the opportunity to act, and we give them incentive for acting. If they do not act, then we will have the Government force them, mandate it.

What we are providing here is that if they act to meet minimum standards in 1, 2, or 3 years, then the mandatory Federal standards will have no effect.

We are saying that if they do not act, however, we will act and provide the standards ourselves.

That way we have it both ways. The Senator gets his voluntary standards, if the States act on their own to meet national objectives. If they do not, of course, we have to come on with national standards.

I think that is an eminently fair proposition. The Senator gets his chance, and, if it does not work, then we go mandatory.

Mr. GARN. With all the criticism I have heard of it all over the country, the distinguished chairman of the Banking Committee is satisfied in his own mind they will come up with perfectly fair standards as they have not done in so many other cases?

Mr. PROXMIRE. Of course not.

I am satisfied, however, they want it. They will be reasonable with a program they want. Of course, they are not champions of a program they do not like. This one, they want. FEA wants it, HUD wants it, the administration wants it, and I think we ought to give them what they want, as soon as it is practical.

Mr. BROOKE. Will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the Senator from Massachusetts.

Mr. BROOKE. Mr. President, I hope the distinguished Senator from Utah will withdraw this motion, or this amendment. I was not on the floor, but I heard that the Senator had brought it up.

We have discussed this at great length in committee, as the Senator is well aware. We have discussed it on the floor of the U.S. Senate for countless minutes, not hours, but we did discuss it for a long time on the floor.

The Senator is absolutely correct that the League of Cities, which the Senator was a very great leader of, is opposed to this, but the Senator also knows the Governors are strongly in favor of it, the architects, the builders, the planning groups. All in favor of this amendment.

I think our distinguished banking chairman has clearly set forth the rule that the locality will have an opportunity to act, and only if they do not act will the Federal Government promulgate these standards.

I think it is also very clear, no individual locality or State can afford to adopt a standard if the bill did not move over to the next area.

So we do need national standardization if we cannot get the localities to act in these cases.

I hope the Senator will consider withdrawing his amendment. We have for a long time tried to get these standards achieved, which I think the Senator will agree are necessary, frankly.

Mr. GARN. I make one correction: The National Association of Home Builders is opposed to the sanction. The builders are not in favor of it.

With all due respect to my colleague, I think he knows very well, even with his eloquent plea for me to withdraw it, that I have no intention of withdrawing it.

He knows from serving with me that I get rather persistent, and we will have a rollcall vote on my amendment. Although I would love to withdraw it, I do not feel disposed to do so.

Mr. BENTSEN. Will the Senator from Utah yield?

Mr. GARN. I am happy to.

Mr. BENTSEN. Mr. President, it is true that we have great difference in the topography around——

Mr. PROXMIRE. I do not want to take the time of the Senator from South Carolina if the Senator from Utah holds the floor.

I yield the floor.

Mr. GARN. I am happy to yield to the Senator from Texas.

Mr. BENTSEN. We have a great difference in topography in this country, across its great breadth and diversity of incomes. We have a difference in susceptibility to natural disaster, whether it be hurricanes, or whether they happen to be tornadoes.

That is one of the reasons we have seen quite a difference in building codes across this country. I think we have to consider some of that diversity.

I do not believe we can sit here and legislate, as we tried to time and time again, to put in what becomes a pretty inflexible standard for the Nation and try to anticipate every condition across this great Nation of ours.

Once again, it is the same old problem of deciding we are omnipotent in this Federal Government of ours and that we know better what is best for the local area.

Then we turn around and say that as long as the savings and loan or the small bank in a community, because it has FDIC insurance, because it has some Federal guarantee on deposits or savings in that institution, that gives us overall authority in which we can impose our will.

I strongly support the amendment of the Senator. I am pleased to see it is coming up again and that we have another attempt to determine what we think is right in trying to protect the local authorities in making some judgments on this situation.

Mr. MORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. MORGAN. Mr. President, I wish to urge the adoption of this amendment. My distinguished colleagues have pretty well made my arguments for me.

The distinguished Senator from Texas, I think, very eloquently stated the case. Topography in this country differs. The climate differs. The standards that may be good for one area are not good for another.

We have seen how HUD has been in the past with regard to adopting regulations. How cumbersome they become, how burdensome they become.

As a matter of fact, Mr. President, we have adopted so many laws in Washington and we have promulgated so many regulations that no longer in America can the average person buy an average home, we have made it so expensive.

The distinguished Senator from South Carolina made a very eloquent argument, I think, for the adoption of this amendment. He referred to the fact that one had to have Btu equivalency available, how much insulation, and so forth.

How many small homebuilders in my county of 50,000 people, where they build one or two homes at a time, can understand and meet all the engineering requirements that HUD will promulgate?

As the Senator from Texas pointed out, what makes us think here in the Senate that we know best what is good for the people?

Why not authorize minimum standards and then let us leave it up to the States? We seem to have lost confidence in the States.

The distinguished Senator from Wisconsin has introduced a bill to abolish all Federal forms. Then I go to the Banking, Housing and Urban Affairs Committee and I hear more and more about legislation that will create more Federal forms. There will be more certifications at every savings and loan in America that these standards have been complied with before a man can buy a home.

I do not know how much longer it will be before we get the message here in Washington. If we did not get it in the Democratic and Republican primaries, that the people are tired of overregulation in Washington, I do not know how we can get it.

I saw a form today, Mr. President, which will illustrate how absurd we can be. It was that the Federal Trade Commission has promulgated a form that requires a man, if he buys an automobile and pays cash for it, to sign a form saying that he did not borrow any money for it, so they can then enforce some of the fair trade standards that the Senator has talked about.

Make no mistake about it, Mr. President. This will require every lending institution in America, any institution that has any kind of Federal insurance, whether it be the FDIC or the Federal Home Loan Bank, to comply with these mandatory standards.

I have confidence in the States, and I hope we will adopt this amendment and not just add more and more bureaucratic redtape and impose that burden on the people of this country.

Mr. GARN and Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. Mr. President, before my distinguished friend from North Carolina leaves, I am sure the Senator from North Carolina does not oppose the Federal Housing Administration. In fact, he would agree with me, if we both knew the facts, that approximately 200,000 FHA-insured homes are constructed each year.

When we say homes are getting Federal guarantees under this particular program, I am not trying to point out anything new in the Jeffersonian democracy. When we get to energy supply—what was it—$100 billion that the Vice President said for the Government to spend in guarantees and subsidies? His message was "send money."

When we try to get something for the small homeowner to protect him, to help him with his insulation, then we get a lecture on the diversity of America.

Let us look at the FHA home loan program which has worked well. It is a Federal program for 200,000 homes, with the same diversity and the same Jeffersonian democracy, whether it be Houston, Tex., Raleigh, N.C., or Charleston, S.C. They have standards when they come under these federally supported programs. The mayors of Raleigh, Charleston, and Houston are not objecting to the FHA program. We put the requirements on the builder. America has grown to accept the FHA program. When the builder offers a home to the poor homeowner, there is a 20-year roof, a good foundation, and floors that will not sag. They are the Federal standards which have not ruined America but helped Americans prosper.

Mr. MORGAN. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. MORGAN. Would the Senator not agree that the FHA has failed to meet the housing requirements in America today?

Mr. HOLLINGS. No. I think the Congress and the President have. I served on the Housing Committee. We found 10 years ago we needed 26 million housing units, or 2.6 million units per year. We had hearing after hearing. We have tried to enlarge the housing program. The poor former Governor of Michigan and Secretary of Housing and Urban Affairs, Governor Romney, Secretary Romney, left in distress because he could not talk to his President for a 2-year period. That poor fellow left disillusioned.

If the Senator wants to know why we have not gotten housing, I will give him a long bill of particulars.

What we are talking about here is conservation.

We get at least two times the return. For $1 spent, as compared to $1 for a new powerplant.

That is what we are talking about, to have some sort of responsibility fixed in the bill to assure that these savings are achieved.

People do not have to participate in these programs, but they are programs which are working. We are not trying a new innovation in Government.

There is a different standard for insulation in South Carolina and North Carolina than up in New Hampshire to protect against greater cold.

This is the diversity. Diversity is in this bill. Let us show we have commonsense enough to be responsible for our own program.

What does the Senator suggest? Just pass the money, $2 billion, $3 billion, and just hope conservation is carried out like the 55-mile-per-hour speed limit?

Mr. MORGAN. Mr. President, I yield to the Senator from Tennesee.

Mr. BROCK. Mr. President, I am absolutely amazed at this discussion. I cannot believe some of the things I have heard. The Senator from South Carolina has said that the President and the Congress have failed with housing. You bet your life. The reason they have is because they have been trying to subsidize $40,000 and $50,000 homes instead of worrying about the price of homes to the average family who cannot afford a home anymore.

It costs $43,000, on the average, to buy a home in this country. The reason it does is because of the incompetence, the sheer incompetence, of this Government of ours in raising the cost of housing beyond the reach of the average family.

What does the Senator propose to do about it? He wants to lay more garbage on the back of the American taxpayer who wants to buy a home, more burden, more expense.

That family is not getting a subsidy. That bank or that savings and loan institution is not getting a subsidy.

But he wants some character down in HUD to tell them how to build a house.

I do not know if the Senator is aware of this, but I saw an article in a Tennessee paper that got my attention the other day. It seems that OSHA is preparing a new regulation, or has come out with a new regulation, requiring farmers to build toilets within 5 walking minutes of any worker in their fields.

What kind of a beetle-brained idiot would come up with that sort of a suggestion? That is ridiculous.

The Senator has farms in South Carolina. He knows that is ridiculous. What does he want us to do? Should we have HUD come in and say how to heat the outhouse?

The Senator knows that is not right.

Sure, we can motivate. We can induce, we can provide targets, we can give them every opportunity. In the tax bill we have the incentives for insulation. We are going to try to help the people to pay for this sort of thing through a tax credit. But do not tell me that somebody in HUD can tell them how to build a house in Tennessee better than they know how to build a house. I know better. Do not tell them that just because FHA has some standards that it makes them have magic.

FHA is the biggest landlord in the world. They have more decrepit property that has gone to hell in a bucket because they do not know how to manage it under our standards than anybody in the whole world. They are the biggest landlord that is. They are not the answer to the energy problem.

Mr. HASKELL. Will the Senator yield?

Mr. HOLLINGS. Let me just answer in part.

I did not hear the entire statement of the Senator. I was conferring with counsel at the time he was referring to insulating outhouses. I did hear the Senator talk about saddling the backs of people.

We had an example a $25,000 home with $5,000 in insulation or other conservation investments pays out at the rate of about $500 a year for the added cost of conservation. The conservation investment is repaid in the first 10 years of the loan. They are making money for the last 10 years. So there is a large net saving over the life of the house.

We are not saddling anybody's back at all with an insulation program. It is a conservation program that will save big money for the homeowner.

Mr. BROCK. Will the Senator yield?

Mr. HOLLINGS. Let me get through with this thought, because while the Senator may be lukewarm about conservation, I happen to believe very strongly in this conservation program. It is very unfortunate that every time we come in here, rather than unsaddling the backs, taking things off of people's backs, finding ways we can save money, stating a little bit of commonsense, we hear these civic lectures about Jeffersonian democracy and insulating outhouses, and all these other ridiculous things, instead of talking in positive terms.

Maybe the Senator from Tennessee wants to disown the administration, just like the Senator from Utah. But I can tell the Senator right here and now that we have a good initiative here; it is not a punitive initiative. We are not saddling any backs or talking over local zoning. In our amendment we are putting in criteria for the States to develop conservation standards for buildings. They can stay out, like South Carolina seceded a hundred years ago. They can stay out; the State of Tennessee, with their insulated outhouses, if they choose, do not have to participate in this program.

But I think the people of America want to get on with a conservation program and have some kind of standards, some kind of criteria, so we will not have all the waste we have been hearing about.

Several Senators addressed the Chair.

Mr. HOLLINGS. Mr. President, I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senate will be in order. The Senator from Tennessee has been seeking recognition.

Mr. BROCK. Mr. President, I just want to make one lone point to my friend from South Carolina. The Senator says he is not saddling anybody when he says it is going to cost $5,000 more for that insulation. Where does the Senator think this money is going to come from? It does not grow on trees. These people have to pay that mortgage off. They have to make monthly payments that run from $270 to $300 a month, on an average, and I do not know where the Senator thinks these people are going to come up with the money to add another thousand dollars at 9.5 percent interest to make the payments on that mortgage.

If the people think they can afford it, then they will do it, neighbor. That is what this country is all about. We do not have to tell them how to live their lives. They have a right to make their own judgment, and we do not have a right to slap $5,000 more burden on the American homeowner today, when they already have more than they can pay.

Mr. GARN. Mr. President, I would like to make a correction of the Senator from South Carolina. He says this amendment passed the Senate overwhelmingly.

Mr. HOLLINGS. That is right.

Mr. GARN. The amendment passed the Senate on a vote of 46 to 43; and a 3-vote margin is not overwhelming. It did not pass the House of Representatives at all. The wisdom of the House of Representatives agreed with the Senator from Utah.

So let us quit pumping this particular amendment as having been overwhelmingly approved by the Senate. It was not; and it was not approved by the House at all. That is why it is still in conference.

Mr. PROXMIRE. Mr. President, will the Senator from Tennessee yield, on his cost argument? Let me say to the Senator from Tennessee, if he will yield, that a study has been made by Arthur D. Little & Co. of the cost of having energy standards, and they concluded, after a very exhaustive, careful, and expert study, that the effect of building energy-efficient buildings will be in the first place to reduce the initial construction cost. In the second place, there will be an additional saving in fuel costs every year after that building is constructed.

So it is not a matter of spending more money; it is a matter of conservation, not only conservation of energy, but money as well.

Mr. BROCK. Now, Mr. President, the Senator from Wisconsin is trying to tell me something remarkable about the free enterprise system.

The Senator is trying to tell us that builders do not want to cut costs by building better homes. If they thought they could cut costs by building better homes, does the Senator think there is a builder anywhere in the country who would not try to do that? But to tell them, "You are going to have to do it this way or you are not going to get a loan from your savings and loan association" is just going beyond the pale.

Mr. PROXMIRE. Mr. President, I think that the Senator's argument and that of those who support his position would be a logical argument that I would buy right away if we did not have this imperative for providing for energy conservation in this country. But it seems to me we have a mandate, an obligation to do that, and not just to turn our backs on the problem.

But how do we act in the fact of that mandate? No. 1, we provide that if State standards are developed that meet national minimums fine; then there is no effective Federal action. But if they are not developed, then and only then does the Federal Government come in with its requirements. We do this because we recognize, and I think the Senator from Tennessee would agree, that we have a very serious energy shortage facing this country, and we have done very little about it.

In the area of conservation, almost every expert agrees that we should do something about it. We have not. The administration is calling on us to act, and it would seem to this Senator that we have a responsibility to consider a program that is very fair. It gives the States a chance to show what they can do on a policy basis, and only then does it come in with effective mandatory standards.

Mr. BROCK. Mr. President, the Senator from Wisconsin is one of the most competent of all Senators, and he knows I respect his talents, but in this case he is wrong.

If we want to do something about conservation, we have a lot of places to start. Home building is obviously an example. We can do that by leadership, by tax incentives, by all the things we have tried to do. But to say "You will be shut down unless you do these things which will raise the prices," that bothers me.

Down in the Tennessee Valley we have some coal plants which pollute the air, and they should be cleaned up. But the FEA says they are going to have to have limestone scrubbers installed, at a cost of $1.2 billion to install, and a cost of $225 million a year to operate. That represents a 25-percent increase in the power cost in Tennessee.

It will also reduce power production by 25 percent, but it will not decrease the ground level pollution one iota. Mr. President, that is crazy. We are reducing conservation and increasing consumption, and we are spending our time arguing over whether or not to slap a sanction on a little savings and loan association in east Tennessee that wants to make a loan to a family saving up every dime they can get to buy a home that they have saved all their lives for.

Mr. PROXMIRE. Mr. President, let me respond to the Senator from Tennessee that the only study we have—the Senator may be right, but it seems to me that it is not an answer to the Arthur Little study. The study was conducted over a considerable period by competent people, who say that by providing national energy standards, it would have this effect: In single family homes, the effect on initial cost would be minimal, very slight, almost none at all; but in larger buildings, including multifamily housing, you begin to get a significant reduction in initial cost, when you construct buildings that are energy efficient. But even if the initial cost were higher, you would make it up by energy savings by savings in operating costs over a few years.

Mr. BROCK. I think that is a persuasive argument, and I accept it. But then why are we talking about the single-family units?

Mr. PROXMIRE. For single family units, the initial cost of construction will be no more, according to the study; but there will be a saving in energy operating costs over the years. With multifamily construction, you will have a double saving—a saving in construction costs and a saving in energy costs.

Mr. BROCK. In other words, we are just paying it out over a longer period of time, if that is of any consolation to that family that has to meet that monthly payment.

Mr. GARN. Mr. President, will the Senator yield for a question?

Mr. PROXMIRE. I yield the floor.

Mr. GARN. The sanctions that we apply usually deal only with federally insured mortgages or grants or loans, or revenue sharing to cities.

Why is it necessary to go into a community and say that anyone who has federally insured loans, which is everyone, is penalized? We are getting into the private market, also. Does the Senator really want to go that far with this severe a sanction, that he will simply cut off all mortgage money unless they comply?

Mr. PROXMIRE. In the first place, it is only for new construction; in the second place, we have a program that will work. We want a program that will cover everyone in the country equally, one that will provide a specific, definite, and significant savings in energy.

Mr. GARN. I do not disagree with what the Senator is trying to accomplish, and he knows that.

This amendment only applies to the sanctions. It does not change having standards set up as guidelines to work for. It simply removes the sledgehammer.

When the Senator says it is voluntary and we can go ahead, that is not quite true. The cities can go ahead and study, as long as they adopt the Federal standards at the end. If the Feds do not approve of them, the Senator has not given them any choice. They will have a great big sledgehammer and a .45 pointed right at their temple and say:

> Ah ha, you are free and clear. You do anything you want to. If you don't agree with us, the hammer falls, and you are dead.

We are using a great big Federal hammer to accomplish this.

I think that is what we are totally ignoring. We are unwilling to allow the ASHRAE standards, that an estimated 90 percent of the legal jurisdictions, counties and cities, will adopt by 1978. I submit over and over and over again that the mandatory Federal standards will take longer to be imposed. So we will get conservation sooner and much more rapidly, without taking away the rights of the local government officials, than going the way this bill goes.

Mr. PROXMIRE. If the Senator thinks this will be done voluntarily, I think he believes in Santa Claus. He may be right.

Mr. GARN. I do believe in Santa Claus.

Mr. PROXMIRE. The Senator may be right.

Mr. GARN. I do believe in Santa Claus because I have seen it happen before. I have seen local government jurisdictions adopt over and over again uniform building codes across this country, and since I have been in Washington for a year and a half I do believe in Santa Claus with the largess that this Congress spews out all over the country.

Mr. PROXMIRE If the Senator is right, if States voluntarily adopt rigorous standards then we will not have the national standards that States must follow.

Mr. GARN. Only if ASHRAE happens to agree with the Federal standards. If the wonderful wizard of HUD decides that the ASHRAE standards are all right, then they will say, "OK, they meet our guidelines."

But I have never seen that happen before. We have some idiot over there who has never had any practical experience in a million years, has never been in a city, never been a mayor or a public official, who came out of some dream college, out of a planning department, and he is going to come up with these standards, and the Senator knows it and I know it. It has happened over and over again. They have not the commonsense to blow anything to hell.

Mr. HOLLINGS. Mr. President, I have only one additional word about this.

Mr. President, the report of the General Accounting Office was not referred to. I still come back to the initial point. What we are trying to do is look out for that small homeowner and help him when he is going to buy a home.

My friend from Tennessee asks, Where is he going to get the money?

We all know, when we were buying a home, whether now, or when we first bought a home when we finished school or when we came back from World War II, or other times in our life, we had to economize. There are certain things one can economize upon by eliminating the garage, the extra bathroom, the fireplace, or something else in that particular home.

But there are certain things that one should not economize upon, and that is, as every homeowner will agree, insulation because it would be false economy and very costly.

Unfortunately, the persons who build are trying to sell the big room, and everything else of that kind, and are not trying to emphasize insulation at all. In fact, many times they try to deceive with respect to the insulation quality of that particular home.

GAO studying this problem had this to report:

> A national program is needed to achieve the maximum energy efficiency in the residential sector. It should establish goals and priorities and define the roles of the various key Federal agencies. Because of industry's practice of building with emphasis on lowest initial cost and because of industry's fragmentation, the housing industry will be slow to adopt those energy-conservation measures that cost more initially but save energy operating costs over several years.

Then they went on, to cut it short, Mr. President, that Congress should legislate to require the establishment of national thermal standards of energy performance standards for all new houses.

To the colleague who finds that this kind of measure is a gun to the head with a hammer cocked to shoot you dead, I have no answer. I have no answer. I rather take a little bit of hope and a great deal more pride in some of the things we do. We make a lot of mistakes. We have too many regulations. But there has to be some kind of impetus and incentive, and we have to do this to protect that buyer in the first instance.

We are not hammering, blowing, striking him dead. We are not insulating his outhouse, and that kind of talk. We are not putting a real extra burden on his initial payments. He knows that fundamentally he is getting a sounder package more attuned to what he can afford that will cost him less to heat and cool.

Too often that person is so financially strapped that he cannot make those house payments and the growing utility and fuel bills of underinsulated homes. If he finds out the savings in his payments over the years for the heating and perhaps cooling costs of that particular home, then, he will realize we have saved him a great financial distress down the road.

I think that the amendment ought to be rejected.

Mr. GARN and Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, I wish to make a correction. The distinguished chairman of the Committee on Banking, Housing and Urban Affairs, the Senator from Wisconsin, said that this only applied to new construction.

I do not read that. On page 9, line 1, it says: "Making loans for the construction or financing of buildings," period. It talk about "the financing of buildings."

If someone wishes to go get a home financed, an old home, this bill would apply. It does not say "new."

I wish also to ask the chairman one other question.

Mr. PROXMIRE. Mr. President, may I answer that particular point?

Mr. GARN. Yes.

Mr. PROXMIRE. We were concerned about that. We asked the advice of the legislative counsel. It was their construction of that language in the bill that this would apply only to new buildings, only to new construction.

If the Senator wishes and he can find a way to clarify that, I have no objection to modifying it.

Mr. GARN. That is unclear.

Mr. HOLLINGS. The "building" is defined on the top of page 4. "Building means any structure to be constructed." So the intent is for buildings, to be constructed in the future.

Mr. GARN. It says "or financing." I still think it is fuzzy.

This is the other question: If it is true, that the administration is so intent on passing this, then why have they not imposed these regulations on FHA and VA loans right now? If they think it is so wonderful, why have they not done it at least on that portion of mortgage loans? They have the ability to do that right now rather than imposing it on everyone and saying that no bank or savings and loan association can make a loan if they have Federal Deposit Insurance.

Mr. PROXMIRE. I am told that this would go toward performance standards, something that has not been put into effect before, and it is not clear whether they would have the authority to put this into effect.

Furthermore, the authors of this bill wish to make this a comprehensive, and fair program, to apply to everyone alike.

Mr. GARN. Sure it is clear. They have FHA inspection in order to obtain a loan. They already have to meet certain building standards to receive an FHA-approved loan. They have had the authority in the past and certainly do have it right now on types of building materials, plumbing, and so forth.

Mr. PROXMIRE. Only about 10 percent of the housing is now FHA-insured. We want standards to be applied to all new buildings, 100 percent of them, not just 10 percent.

Mr. GARN. The administration itself estimated that the increase in the purchase price will be from $250 to $1,250 per unit, depending on where it is built and the size of the home, obviously.

Mr. PROXMIRE. Mr. President, I hope we are about to vote.

Let me simply conclude by pointing out that the administration does want this bill very much.

Mr. Zarb has written. I shall read a short sentence of what he has written. He says:

> If the Senate strips section 205 from the bill, all we will have left will be ineffectual regulations urging States and local governments voluntarily to conserve energy in new buildings and construction. Such a voluntary program would impede progress toward energy self-sufficiency and cost the Nation thousands of barrels of high-cost imported oil each day.

Mr. President, I point out that I have letters of support for our position opposed to the Garn amendment from the National Governors Conference, the Organization of State Legislatures, the American Institute of Architects, the Administation Industries Association, the International Brotherhood of Painters, for themselves and for the AFL–CIO, the Consumer Federation of America, the Sierra Club, the Environmental Policy Center, Congress Watch, Friends of the Earth, and Common Cause.

In fact, I do not know of any group concerned about energy conservation that does not oppose the Garn amendment and support this bill in the form in which the Senator from South Carolina has been proposing it.

Mr. President, I yield the floor.

Mr. GARN. Mr. President, I think that is rather interesting. If some of these groups are not for it, that is enough reason, by itself, to vote for this amendment, considering some of the crazy things they have been doing. The Sierra Club, commonly known as the Sahara Club, is the greatest wasteland of logical thinking in the world.

Let us go over the other list: National Association of Home Builders, National Association of Realtors, Council of American Building Officials, American Bankers Association, National Savings and Loan League. Those are not really the important ones.

I want to repeat what has been left out, just the people affected: the 15,000 mayors, members of the National League of Cities, U.S. Conference of Mayors, National Association of Counties.

The 50 Governors and the legislators who normally ignore local government, who underfinance them, who have not been willing to give proper legal authority for financing, who have driven mayors to come to Washington to beg, because of the State lack of willingness to respond to local governmental problems. They are the ones opposed to the Garn amendment. It does not surprise me.

The Senator lists all these groups, and none of them has to implement the building codes. The Senate is ignoring the mayors and county commissioners. The States are not involved in building codes. They have nothing to do with that. These are local government problems. I suggest that counterbalancing all of them are the mayors and county officials of this country.

Mr. President, I ask unanimous consent that during the remainder of this debate and through the vote, the following people have the privilege of the floor: Tommy Brooks, Rick Wahlstrom, Dan Wall, Gordon S. Jones, Carl Coan, Sr., and Bob Malakoff.

The PRESIDING OFFICER (Mr. STAFFORD). Without objection, it is so ordered.

Mr. GARN. Mr. President, I have nothing else. I am ready to vote, if the other side is.

The PRESIDING OFFICER. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. HARTKE) is necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) and the Senator from Indiana (Mr. BAYH) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. BEALL) and the Senator from Arizona (Mr. GOLDWATER) are necessarily absent.

I also announce that the Senator from New York (Mr. BUCKLEY) is absent on official business.

The result was announced—yeas 45, nays 49, as follows:

[Rollcall Vote No. 289 Leg.]

YEAS—45

Allen
Baker
Bartlett
Bellmon
Bentsen
Brock
Burdick
Byrd, Harry F., Jr.
Cannon
Chiles
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Griffin
Hansen
Helms
Hruska
Johnston
Laxalt
Long
McClellan
McClure
McIntyre
Montoya
Morgan
Nunn
Pastore
Pearson
Roth
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Young

NAYS—49

Abourezk
Biden
Brooke
Bumpers
Byrd, Robert C.
Case
Church
Clark
Cranston
Culver
Durkin
Glenn
Gravel
Hart, Gary
Hart, Philip A.
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGee
McGovern
Metcalf
Mondale
Moss
Muskie
Nelson
Packwood
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Stafford
Stevenson
Tunney
Weicker
Williams

NOT VOTING—6

Bayh
Beall
Buckley
Goldwater
Hartke
Symington

So Mr. GARN's amendment was rejected.

Mr. BROOKE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. MANSFIELD. I move to lay that motion on the table.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRANSTON. Mr. President, I yield to the Senator from West Virginia.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats. Senators will kindly go to the cloakroom. The business of the Senate will be expedited if the Senators will take their conversations to the cloakroom.

The Senator from West Virginia is recognized.

Mr. HOLLINGS. Mr. President, will the Senator from West Virginia yield for a parliamentary inquiry?

The PRESIDING OFFICER. The Senator will state it.

Mr. HOLLINGS. What is the pending business before the Senate?

The PRESIDING OFFICER. The Chair will advise the Senator from South Carolina the pending business is S. 2872; the pending amendment is 1801.

Mr. HOLLINGS. That is what I thought.

Did we vote on that before we recognized the Senator?

Mr. GLENN and Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. KENNEDY. Mr. President, will the Senator yield for one moment?

Mr. RANDOLPH. I yield.

Mr. KENNEDY. As I understand, I am hopeful we can get a final vote on this amendment. I understand further an amendment is going to be proposed by the Senator from Ohio on my amendment and, if it is agreeable, we can dispose of it, and then take up the other business.

Mr. RANDOLPH. This Senator wants to be cooperative, of course.

Mr. KENNEDY. I did not know whether the Senator had an amendment to our amendment.

Mr. RANDOLPH. Perhaps it will be agreed to.

Mr. GLENN. May I ask the Senator, Is his amendment an amendment to the Kennedy amendment?

Mr. RANDOLPH. I do not think so, sir.

UP AMENDMENT NO. 37

Mr. GLENN. Mr. President, I have an unprinted amendment at the desk that I would like to call up.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. GLENN. Mr. President, before the clerk starts reading, I would like to ask unanimous consent that the following members of my staff, Dave Hafemeister, Leonard Weiss, Lyle Morris, and Len Bickwit be granted floor privileges.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment.

The second assistant legislative clerk read as follows:

On page 44, after the period on line 4, insert the following new sentence:

"Such list, to the extent feasible, shall provide for variations in the circumstances of applicants with respect to climatic conditions, building type and equipment and previously implemented energy conservation measures so as to ensure that measures with the greatest energy conservation effectiveness and the shortest payback periods are taken with the aid of federal assistance."

Mr. MONTOYA. Mr. President, will the Senator yield?

Mr. GLENN. I yield.

Mr. MONTOYA. Mr. President, I ask unanimous consent that Charles Willis of my staff be present here on the floor and be allowed the privileges of the floor during the pendency of this amendment and up to the pendency of the amendment which I will offer a little later.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROOKE. Mr. President, will the Senator yield? I ask unanimous consent that Meg Power be granted the privileges of the floor during the consideration of the present legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, on June 9, I joined a number of my colleagues in submitting two amendments to S. 2872 dealing with energy conservation.

These amendments provide the most comprehensive program of energy conservation proposed by the Congress. There is no segment of American society that will not be touched in some way by the provisions of these amendments.

Under the first amendment, the homes of low-income people will be eligible for weatherization financed via direct grants from the States; and homeowners and small businesses will be encouraged to undertake energy conservation measures through loan subsidies.

Under the second amendment, on which Senator KENNEDY and I worked particularly closely, the remainder of the private commercial sector as well as States, units of local government, and nonprofit institutions will all be eligible, under certain conditions, to borrow private money backed up by Federal loan guarantees, for the purpose of financing energy conservation measures.

An example of what can be accomplished in the public domain was provided in testimony before the Senate Interior Committee by representatives of Ohio State University. The university, which has perhaps the leading program in energy conservation on any campus in the United States, has, with relatively modest capital investment, achieved energy cost savings with a payback period of less than 1 year in some cases.

With respect to school buildings in general, we have received estimates that more than 20-percent savings in energy costs are possible with payback periods of 10 years or less through appropriate retrofitting. This would not only be of benefit to the American people in helping to further the goal of energy independence, but in reducing school operating expenses—of which more than 30 percent is for energy use—we allow the retention or expansion of educational resources needed by our children at a time when severe restraints on school expenditures are in effect all over the country.

When one consider the total number of public school buildings in the United States—which consume the equivalent of over 170 million barrels of oil per year for total energy needs—the number of hospitals, police and fire stations, public libraries, and State and municipal office buildings, the potential for energy savings in the public sector through conservation efforts is truly enormous.

The basic question is, of course, the mechanism by which conservation measures can be supported and encouraged. Many public and nonprofit institutions have impediments to borrowing funds directly for such purposes. It is here that the provision for extending loan guarantees to private corporations for performing energy conservation measures also works to the benefit of the public and nonprofit sectors. For it will become possible, under the present amendment, through contractual arrangements with private industry, for States, municipalities, school districts, and so forth, to undertake energy conservation measures with the actual borrowing of funds taking place in the private sector. Under these circumstances, it makes sense for the total obligational authority to be divided between the public and private sectors with the former obtaining at least 40 percent of the total.

Mr. President, this amendment is good for industry, good for the public sector, and good for the American people. The cost to the Government is likely to be zero or at least minimal, and, in any case, is limited in the bill to $120 million over a 2-year period.

The costs to the Government for subsidizing energy conservation under the provisions of the amendment 1801 will be significantly higher, namely $1.01 billion. Of this amount, $200 million is devoted specifically to weatherization of houses of low-income persons, and $125 million for the financing of State energy conservation implementation programs. Loan subsidies to homeowners amount to $500 million of which no more than $80 million is reserved for renewable resource measures—for example solar energy measures. Finally, the total authorization of loan subsidies to small businesses is $60 million.

It is clear then that the major part of the outlays in his bill which can be spent for a wide range of possible energy conservation measures resides in the loan subsidy programs. Since there are approximately $32 million private dwellings in the United States, we are dealing with a substantial program. It is therefore incumbent upon the Congress to insure that the money so appropriated is spent in the most effective manner. Accordingly, Mr. President, I am introducing an amendment to this amendment whose purpose is to require, to the extent feasible, that the FEA Administrator structure the list of approved energy conservation measures for homeowners to account for differences in climatic conditions, building type and equipment, and previously implemented energy conservation measures.

In this way, we shall achieve the maximum return on energy conservation investments made under the provisions of this amendment, and we shall have taken a step forward in our efforts to reduce our rate of consumption of energy without reducing our standard of living.

Mr. President, this amendment has

been discussed with the author of the bill. It is a perfecting amendment.

Mr. MORGAN. Let us have order, Mr. President.

Mr. GLENN. What it would do would be to make it possible for FEA not to be required to make foolish expenditures of Government funds. In other words, if under the provisions of this bill someone put in for——

Mr. FORD. Mr. President, I would like to hear the distinguished Senator from Ohio, but the conduct of the Senate is not such that I can hear him back in this corner.

The PRESIDING OFFICER. The Senator's point of order is well taken. The Senate is not in order. The Chair will endeavor to get order. The Chair will ask Senators who wish to converse to kindly go to the cloakroom. The business of the Senate will be expedited if Senators will remain silent in the Chamber except for those who have the floor.

The Senator from Ohio.

Mr. GLENN. Mr. President, this amendment would save us money because it would mean we would not be wasting our money supposedly putting in heat-saving devices without giving FEA some qualification to make standards of judgment as to what a particular building or business or individual home required. In other words, if we were putting a very expensive heat pump into a home or business or whatever, it would be foolish to have that put in unless there were reasonable insulation requirements already in that particular structure.

So this would not waste the Federal money. We have discussed this. It would give a lot of discreation to FEA. It would mean they could provide variations in the circumstances of the applicant, such as the one I just suggested. They could make their decisions with regard to the climatic conditions, building types and equipment previously implemented, energy-conservation measures, and so on.

We have discussed this with the sponsors of the bill and, I believe, they find it acceptable. I would not call for a rollcall vote, and I would hope we could pass this by a voice vote.

Mr. JOHNSTON. Mr. President, will the Senator yield for a question?

Mr. GLENN. I yield.

Mr. JOHNSTON. What is the amount of money directly involved here? Is it $1 billion?

Mr. GLENN. This would not require any additional expenditure of funds. This would only mean the way FEA administers these funds could be allocated. So the amendment I am proposing here does not have anything to do with any funds. No additional money is required whatsoever.

Mr. JOHNSTON. This was not the same legislation considered in the Interior Committee and not voted on by Interior?

Mr. GLENN. The basic thrust of the Kennedy amendment is the measure that was before the Interior Committee at one time, and we did not get that May 15 deadline. It was referred back to Commerce, back out on the floor, with a rereference back to Finance and Interior, as I recall. We had not taken action on it, and this is basically that same bill.

My amendment, however, does not address that whole thing. My amendment perfects the Kennedy amendment.

Mr. JOHNSTON. I see. I thank the Senator.

Mr. KENNEDY. Mr. President, I think this amendment is helpful in clarifying the listing of the energy conservation measures. I think it is useful, and I support the amendment and I would hope that our colleagues would. We are prepared to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

UP AMENDMENT NO. 38

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The second assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an unprinted amendment No. 38 to amendment No. 1801.

The amendment is as follows:

On page 43, line 25, delete the word "approved".

On page 47, line 15, delete the word "approved".

Mr. KENNEDY. Mr. President, all this is is a technical amendment to delete the word "approved" in two different places in the amendment. It is purely technical in nature.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

UP AMENDMENT NO. 39

Mr. KENNEDY. Mr. President, I call up my other amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY) proposes an unprinted amendment No. 39 to amendment No. 1801.

The amendment is as follows:

On page 36, line 20, delete the period and insert in lieu thereof: ", except that energy audits for homeowners may be conducted according to State-approved procedures that do not require personal audits, and which are in accordance with the guidelines promulgated by the Administrator."

Mr. KENNEDY. Mr. President, this is basically a technical amendment. It is to make explicitly clear that the States can conduct energy audit programs for homes that do not involve an onsite audit, such as conducted by an engineer or contractor. States will have authority to conduct audits that require only that the homeowner fills out a questionnaire, such as under Project Conserve that has been tested successfully in Massachusetts. This is basically a clarifying amendment and I hope it can be accepted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment was agreed to.

Mr. KENNEDY. Mr. President, I ask for the yeas and nays on the amendment itself.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KENNEDY. Mr. President, I would like, if I could, to make a very brief comment on this proposal.

Mr. President, over the period of the last 2 years there has been very extensive debate and discussion on the floor of this body, primarily focused on the issue of the price of energy, also on development of alternative sources of energy and, to some limited extent, on the issue of conservation.

This legislation has had strong bipartisan support from all different phases of the political spectrum. I indicate that the distinguished Senator from Kansas (Mr. PEARSON), the distinguished Senator from South Carolina (Mr. HOLLINGS), have really been spearheads for this legislation, and the distinguished Senator from Ohio (Mr. GLENN). They have really been the ones that carried the burden. Many other Senators have been extremely helpful and cooperative in expediting consideration of this amendment.

I would like to summarize briefly what the amendment provides.

Amendment 1801 will encourage and facilitate energy conservation in existing housing, nonresidential buildings, and small businesses. It calls upon the States to draw up detailed programs for informing and educating the general public on the economic benefits of greater energy efficiency and to establish safeguards against fraud and misrepresentation in the installation of home insulation and other energy conserving materials. It provides for energy conservation loan subsidies under the FHA Home Improvement Loan Program and the loan programs of the Small Business Administration.

I want to stress the broader considerations that should be weighed by every Senator in evaluating the merits of this and the following amendment.

Greater energy efficiency is the only realistic way in the next few years to stem the tide of increasing oil imports and also bring some measure of economic relief to millions of our citizens who are still struggling with the vastly increased costs of energy.

Moreover, energy demand in the last several months has been rising again, as the country pulls out of the recession of 1974–75. Domestic production of petroleum continues its downward trend. Unless we act quickly, our energy inefficient homes, office buildings, and factories will waste increasingly large amounts of energy in the coming months and years. This means that imports of oil from insecure foreign sources will continue to grow.

Passage of this amendment will be a clear signal that Congress intends to reverse these discouraging trends in the growth of energy demand and our growing dependence upon imported oil. We have heard a great deal in recent months about the importance of energy conservation in a balanced national energy program. This amendment provides each Senator with the opportunity to go beyond words and to take the kind of decisive action that matters.

S. 2932, the initial version of S. 3424, was referred to the Senate Commerce, Interior, and Banking Committees. Each of these committees has held hearings. In addition, many meetings have been held with private organizations, the National Governors' Conference, Federal agencies, and nongovernmental experts.

The staffs of the three standing committees were directed to draft a revised version of S. 3424, incorporating suggestions of members of all three committees. At this point I want to compliment the staffs of the three committees that have worked diligently on this legislation. David Freeman, Lynn Sutcliffe, Allan Hoffman, Bill Van Ness, Ben Cooper, working with John Stewart of my staff, and the staffs of Senator HOLLINGS and Senator GLENN, have been particularly important.

As a consequence of this collaborative effort, the chairmen of the Commerce, Interior, and Banking Committees, together with a number of their committee colleagues, are now cosponsoring amendment No. 1801.

We have also been in frequent and continuing communication with appropriate officials in the administration from the outset of our consideration of this energy conservation program. I wish to say publicly that the administration, especially officials in FEA and ERDA, has responded positively and constructively to the job of fashioning legislation acceptable to all parties. Sponsors of amendments 1801 and 1802 have modified the legislation in many respects to take account of the administration's suggestions.

On the basis of meetings that were held yesterday, I can report a favorable posture by the administration to the heart of this amendment; namely, the loan subsidies provided under the FHA and SBA loan programs.

The administration remains concerned that the responsibilities assigned to the States under this amendment not duplicate existing provisions of law in the Energy Policy and Conservation Act signed into law last December.

We share the administration's desire in this regard. From the outset, we have attempted to underscore the fact that the States' responsibilities for preparing energy conservation implementation programs, as provided in amendment 1801, would be an extension of the existing State energy conservation programs. What we propose today is not a new program or a duplication of what already exists. The report of the Commerce Committee, accompanying S. 3424, makes this point clearly on page 15.

We also recognize that the conference committee considering this amendment, if it passes the Senate, will want to explore compromise provisions for H.R. 8650 dealing with energy performance standards for new housing and for administering the program of weatherization for homes of low-income persons. The administration and the principal Senators concerned with these important programs have laid the groundwork for a successful resolution of the differences that have existed between the House and Senate versions of H.R. 8650. Including the provisions of H.R. 8650 in this amendment will provide a new opportunity to reach a compromise acceptable to both Houses.

It is, in my view, absolutely essential that the 94th Congress enact comprehensive legislation to promote greater energy efficiency in both new and old buildings, in nonresidential buildings, in small businesses, and in industrial and manufacturing plants.

As one looks at the agenda of unfinished business that will occupy Congress for the remaining months of the second session, it seems clear that the legislative strategy of including these energy conservation provisions as part of the FEA extension legislation is likely to provide Congress with its best opportunity for writing an effective energy conservation program.

By the same token, failure to move now will almost surely mean that another full year will pass before a comparable opportunity presents itself. We cannot afford another year's delay if we hope to have any effective means for slowing the rising demand for energy in the United States and for reducing our growing dependence on imported oil.

I am very hopeful we can move to early passage of this amendment. I think it has been worked over in a very constructive way by three committees of the Senate. I think it can make a great deal of difference in terms of our national energy policy. It can provide important relief to the average family and to the average small business owner.

I hope we can move to early passage.

Mr. MORGAN. Will the Senator yield for a question?

Mr. KENNEDY. Yes.

Mr. MORGAN. The Senator stated that this amendment has been worked over by three committees of the Senate. Are there any committee reports on this amendment?

Mr. KENNEDY. There is the Commerce Committee which had a report on this legislation.

Mr. MORGAN. A printed report?

Mr. KENNEDY. Yes.

Mr. MORGAN. What is the status of the bill that is before the committee?

Mr. KENNEDY. The Commerce Committee bill is on the calendar at the present time.

Mr. MORGAN. Mr. President, for the record, I want to make a statement as to why I am going to vote against this bill. I think it has a great deal of merit and it works toward some goals that ought to be achieved. But to add a 53-page amendment to a bill such as the one we are now considering, to me, just does not seem in keeping with the committee system of our Congress.

If this bill has been reported by committee and if it is on the calendar, I think that is the way we should consider it and not in the nature of such a long amendment.

For that reason, I will vote "No" although I think many of the things to be achieved in the amendment are worthwhile.

Mr. HOLLINGS. Mr. President, in response, the committee amendment by the Commerce Committee was reported on May 13. It has been out approximately a month.

Conservation, of course, has been the subject of debate for the last 2 years—surely, on almost every measure, ergo the particular bill, the Finance Committee bill, which gives tax credits for conservation measures, which only hit us, where we can get a printed report—which I have not been able to do, but I understand it has just come out—so that gives us 1 day to get into those particular features.

The fact of the matter is that this amendment was printed on June 9, about 6 days ago—whatever it is, with several days over the weekend—and it has been discussed and it has been the subject of two hearings before the Interior Committee. Senator GLENN held those hearings.

In all candor, if we look at the calendar, we can see how it is backing up. We have tax reform, natural gas, we have all the other bills, and everything else, and this was a bill that nearly everyone was for, with some little misgiving here, there, or yonder.

In this particular session this was our one chance. We ran out of days and that is why we press for the amendment at this time.

Mr. JOHNSTON. Mr. President, I wonder if the Senator from Massachusetts will yield for a few questions on this bill?

Mr. KENNEDY. Yes.

Mr. JOHNSTON. First of all, can the Senator tell me the cost in direct authorizations of this bill? Is it not a billion dollars?

Mr. KENNEDY. $205 million the first year, $335 million the second, $350 million the third. $890 million for 3 years.

Mr. JOHNSTON. $890 million for 3 years.

Does it not also authorize loans of the Federal Government?

Mr. KENNEDY. Loan guarantees.

Mr. JOHNSTON. Loan guarantees.

What is the total amount of those loan guarantees?

Mr. KENNEDY. It is up to $4 billion in the next 2 fiscal years.

Mr. JOHNSTON. So what we have here is a direct authorization of $890 million and a possible exposure of the Government of $4 billion in loan guarantees?

Mr. KENNEDY. There has been testimony before the committees that we could expect a default rate of 1 percent to 2 percent. So we have provided for a loan forgiveness of $60 million a year, which is the best estimate we had during the testimony.

Mr. JOHNSTON. I am not asking in a rhetorical way. I want to know what we can expect the loan guarantees for the Government is.

Mr. KENNEDY. The Senator is correct. It is up to $4 billion in loan guarantees. With the testimony we had before the Commerce Committee and Interior Committee we estimated about $60 million would be needed for loan defaults.

Mr. JOHNSTON. Can the Senator tell me what the projected annual savings in energy are from this bill in dollar terms?

Mr. KENNEDY. The very conservative estimate, by 1990, 5.8 million barrels a day under title 3 of the energy conservation standards for new buildings, and another million barrels a day by 1980 for the remaining sections of the amendment.

Mr. JOHNSTON. By 1995?

Mr. KENNEDY. 1980, excuse me. 1980.

Mr. JOHNSTON. By 1980, how many millions of barrels a day?

Mr. KENNEDY. By 1980, it comes out to roughly a million barrels a day by 1980. That is energy saved in existing buildings. Much more is saved in new buildings.

Mr. JOHNSTON. Who made those estimates?

Mr. KENNEDY. FEA and the American Institute of Architecture.

Mr. JOHNSTON. I see.

Mr. President, I hesitate to oppose this amendment, but I think it is a very far-reaching amendment involving, as it does, $890 million in authorizations, another $4 billion in loan guarantees.

Mr. President, it is not that I oppose conservation. There is not a Senator in this Chamber who is not in favor of conservation. But the reason I am going to reluctantly vote against this bill at this time is I think well articulated by the Senator from North Carolina. It is too quickly put together, it is not conceived with the reflection and the depth and the detail and with the proper appreciation of the technology that it should be.

I suggest that the better way to do this bill is put it over until the next Congress where additional hearings can be held.

I will say quite frankly what happened in the Committee on Interior and Insular Affairs. The distinguished Senator from Ohio who was sponsoring this bill held hearings. It was brought up at markup. Frankly, I think I am correct in this, there was not a single member of the Interior Committee other than the Senator from Ohio who was ready to vote for the bill. The staff of the Interior Committee thought it was an ill-conceived bill. That is not because conservation was bad, but because it was not properly put together. If I am wrong on that, I wish someone from the Interior Committee would correct me.

Mr. GLENN. If the Senator will yield for a comment, I believe there were a number of members of the committee who were quite happy to support the bill. We got caught in the time bind leading up to the 15th of May where everything had to be submitted. We were on a host of different things in different committees and people could not attend in time to get the markup completed. I think that was the main difficulty.

I do not believe indicating I was the only one on the committee who might be in strong support of this bill would be a correct indication. It is just that we ran out of time and the Commerce Committee could take it up when we did not have time to do it.

Mr. JOHNSTON. I hesitate to even bring up this kind of argument because it is like grappling with the fog, in saying that if we had voted, the votes would have gone a certain way. All I am saying is what the staff of the Interior Committee whispered in my ear. They said, "Look, we are against this. It is not good." The staff can correct that, if they wish to.

Mr. GLENN. If the Senator will yield, I do not like this whispering in the ear of staff, if that is what we are supposed to be basing legislation upon. We are supposed to be bringing these things up and voting on them after we have studied them completely. We can take the advice of staff, but I will not hold still on the floor of the Senate for saying that this bill would or would not have come out of committee because of the fact of whispering in the ear of the staff of the Interior Committee.

Mr. JOHNSTON. I agree with the Senator. But it did not pass the Interior Committee——

Mr. GLENN. Because of time constraints.

Mr. JOHNSTON. It was brought up by the time of markup and it was ready for markup prior to May 15. Perhaps it could have passed if it had been brought for a vote at that time.

Mr. GLENN. We can refresh my memory, too, but, as I recall, we did not get a quorum at the markup session. That was our problem.

Mr. JOHNSTON. The Senator could be correct.

Mr. GLENN. I would be happy to stand corrected if that is wrong.

Mr. JOHNSTON. As I say, I hate to oppose this bill. I simply do not think it has had the mature thought and the in-depth consideration it ought to have.

Mr. PERCY and Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. KENNEDY. Will the Senator yield for a brief comment?

Mr. PERCY. For a brief comment.

Mr. KENNEDY. The fact of the matter is, in terms of the figures that I gave earlier, we will save a minimum of 1 million barrels for an expenditure of $890 million. And more energy will be saved by energy performance standards for new housing.

If we look at the cost of the Alaskan pipeline, that is $7 billion that will produce 1.5 million barrels of oil a day. This amendment will reach right out into every kind of home and every small business and have an impact in terms of the economic conditions of the families of this country, other than having to pay out more money at the gasoline pump or the gas station.

The projected benefit in terms of conservation over a long period of time obviously will grow, and the savings will go up over the period of the mid-1980's, up to 5 to 7 million barrels per day, when you take account of new housing construction. Obviously, it is cumulative. There is not a measure which has been before this Congress in terms of allocation of resources by the public or private which has produced more energy than this bill we now have.

I would like to ask the Interior Committee members whether they have had any measure that has been able to save 1 million barrels of oil for the cost of less than $1 billion.

Mr. JOHNSTON. Will the Senator put into the record the figures from FEA? I just wonder how this kind of money can save 1 million barrels of oil a year by 1980. I just do not think there is that kind of evidence in the record.

Mr. PERCY. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Illinois has the floor.

Mr. PERCY. I yield briefly.

Mr. HOLLINGS. Mr. President, I can say far more dramatically that the estimates of the American Institute of Architects on new construction is 5.8 million barrels per day by 1990. And for retrofitting existing buildings the potential saving by 1990 is 6.7 million barrels per day of oil equivalent. So there is over 12 million barrels per day which would be the equivalent of about 7 Alaska pipelines as the ultimate potential of this particular conservation approach.

I might add that our staff did work with the Interior Committee staff. We have been working from the time we had those particular hearings, working with Banking, Housing and Urban Affairs, Interior and Insular Affairs, Commerce, and the other committees.

We had a $10 billion obligation guarantee program, as reported on May 13. The Government's exposure really is less than 2 percent of that figure. We would have some $205 million in direct outlays in fiscal year 1977. Here we pared it back from $220. This is the best bargain in energy that has ever been presented.

This program has been carefully worked out. We have all been in on it—the distinguished Senator from Louisiana, the Senator from Ohio, the distinguished Senator from Illinois. All have been working on trying to get together a good conservation measure. I am sure Senator JACKSON, who is not only an original cosponsor but has continued as a sponsor since we marked it up and since the Interior hearings, will be voting for the enactment of this measure.

I thank the Senator from Illinois.

Mr. PERCY. Mr. President, to the best of my knowledge, the majority manager of the bill, Mr. RIBICOFF, has not spoken on this amendment yet, and I know the minority floor manager has not spoken on it. Perhaps we both prefer to listen to the debate.

I think it is a rather unusual situation that the managers of the bill face, having an amendment which is 53 pages long being attached to a 25-page bill.

I would like to address myself to the question which was raised by our distinguished colleague from North Carolina. I cannot speak for the distinguished Senator from Connecticut.

The Senator from Illinois does not object at all to having a 53-page amendment attached to a 25-page bill that we have worked on for a number of months.

First of all, it is a very germane amendment.

Second, it deals with an area that the Congress has been dealing with for years, ever since the energy crisis began and probably even before that.

Third, as I read it, there is not a single principle in the amendment which has not been debated on the floor of the Senate a number of times.

Certainly, the hearings are available to all of us. We have, I hope, enough cross-fertilization between committees that if one particular committee does not happen to hold a hearing on a given issue it can certainly draw on the testimony of other committees. One of our great problems in the Congress is that we have so many committees dealing with energy that proliferation itself becomes a problem.

Until we reorganize ourselves and restructure both the executive branch and the Congress to effectively deal with energy, and thereby remove some of the confusion from energy organization, we can at least borrow expertise from one committee for use in another.

Mr. RIBICOFF. Will the Senator yield?

Mr. PERCY. I will be happy to yield.

Mr. RIBICOFF. All I can say is the bill we have before us could really be finished in about 1 hour's time. The amendments that we will be faced with on the FEA extension will probably keep us here, I would guess, about 3 days.

I yearn for the Pastore proposal concerning germaneness. I would hope that one of these days we can find ourselves debating a bill on the bill's own merits and not on extraneous matter.

I am sympathetic. I believe the objective of the Kennedy proposal is a good one and a sound one. But as the manager of the basic bill, I had hoped that we would not be faced with all these amendments.

The Kennedy amendment is only the beginning. I can assure the other Members in the Chamber that we will have other amendments follow along this nature.

We have a realistic situation. The administration needs the extension of FEA. Our pragmatic Senators realize if they can get a good amendment in their eyes, in their thinking, maybe it will be vetoproof by the President.

We will find ourselves with the Interior Committee amendments in the next 2 days and not Government Operation Committee amendments.

It is a simple extension of the FEA for a period of 15 months, which we will need to keep FEA going until we establish the Department of Energy and Natural Resources. I hope the next Congress and the next President will establish a Department of Energy and Natural Resources, and that we can establish a Senate committee on energy and national resources, so that not only will we not have proliferation in the executive branch, but we will eliminate proliferation in the Senate of the United States, so that we can then look forward to the executive branch and the U.S. Senate dealing with energy without being faced with trying to solve all the energy problems that come out of Commerce, that come out of Interior, riding piggyback on a simple Government Operation Committee extension.

Mr. PERCY. Mr. President, I would like to express my sympathy with the concerns of the floor manager of the bill. The Senator from Illinois would be utterly dismayed if, at the end of tonight or tomorrow night, we ended up with a bill that, in volume, would rival the tax bill. The Senator from Illinois has just seen that document, and it would make a Sears, Roebuck catalog look small by comparison.

If we encumbered this bill with so many amendments and developed so many animosities all the way around that the extension of FEA was imperiled, we would see an agency charged with effectively carrying out the law of the land dismantled, rather than continued for 15 months. I think in that case we would all recognize the disservice we had done to the purpose of this bill.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. PERCY. I yield to the Senator from Ohio.

Mr. GLENN. I would like to comment just briefly on this matter. I am a member of both committees, Government Operations and Interior. I think we would be doing a disservice to the Senate if we indicated that this Kennedy amendment, which I did support and which we did hold hearings on in Interior, was brought up as just a nongermane amendment, without hearings, like some of the other amendments tossed in at the last moment without hearings or consideration.

This amendment was considered by both committees; there have been extensive hearings held on it. It is not as though it were just tossed in at the last minute; and I am glad to support it on that basis. I conducted the hearings on this subject in Interior, so I am familiar with it. I believe it is germane to the whole problem of energy conservation and the amendments which the FEA problem addresses; so I do not see it as involving nongermane items, as some of the other later additions may be today, tomorrow, and the next day.

Mr. PERCY. Mr. President, I know we are all prone to feel that we should exclude everything but our own particular interests. I am sorry that I, too, must plead guilty to that sentiment. I am so concerned with conservation and our lack of doing anything about it that I seize every opportunity to reinforce what I think ought to become a firm national policy.

Amendment No. 1801 does that. It combines the provisions of the Senate version of H.R. 8650, the Energy Conservation and Insulation in Buildings Act, which I supported in committee and many others supported, and most of the provisions of S. 3424, the Energy Conservation Act.

H.R. 8650, which was passed by the Senate on March 9, 1976, and is currently in conference with the House, provides financial assistance to allow low-income persons to weatherize their homes, and it provides for the establishment of energy performance standards for new residential and commercial buildings.

S. 3424 is designed to encourage and facilitate energy conservation in existing housing, nonresidential buildings, and small businesses. It calls upon the States to draw up detailed programs for informing and educating the general public on the economic benefits of greater energy efficiency. It also provides for energy conservation loan subsidies under the FHA home improvement loan program and the Small Business Administration loan programs.

This amendment would commit the Federal Government, working cooperatively with State governments, to a far more active and meaningful effort to achieve greater efficiency in the use of energy in new and existing residential buildings, and small businesses.

Mr. President, the distinguished Senator from Tennessee—I wish he were on the floor at the moment—inferred as I recall, that no builder of homes in America would build a home that was inefficient or ineffective. I would ask that he talk to the grand juries that have been convened all over the country on violations of the Housing Act of 1963, and ask them who built those homes.

Do not tell me that there are not an awful lot of builders in this country who will not build something that looks good on the outside but it is flimsy inside. I have walked into some of these homes built with Federal money where you can put your finger right straight through the wall; there is no more insulation in such homes than in a Cracker Jack box.

These builders are out to make money, and they must be held accountable. Standards must be established. Grand juries all over the country have been convened to prosecute the criminal intent of some of our builders to defraud the Government, the poor, and sometimes even the elderly poor.

The proof is right out there. We know that the Home Builders' Association, an outstanding group of builders I have met and talked with many of their officers—would be the first to admit that we need to see that these builders are held accountable for many of the provisions that the law requires.

Our distinguished colleague from Utah (Mr. GARN), who offered a previous amendment to this amendment, does, I know, innately distrust the actions of the Federal Government when it moves in and sets regulations and standards. We do not want to standardize society, but when Federal money is used, there have to be some standards established.

Revenue sharing requires certain reports to be made and hearings to be held. A minimum number of standards is employed there, but we do demand at least some standards. We passed the 55-mile-an-hour speed limit to regulate highways built with Federal money. The Federal Government had a right to say something about speed limits in that instance, and we, accordingly, overwhelmingly adopted that national measure.

The principle that the Federal Government does have the right to say what should be done when Federal money is used has long since been established. I thought that debate was over. For us now to declare, as a matter of national policy, that it is mandatory to conserve energy and that we are going to conserve it everywhere we can, in our homes and in our factories, particularly in those built with Federal assistance and help, is not perceptibly wrong. It just sets a standard that, it seems to me, ought to be a commonsense standard.

So, with all due concern for our distinguished colleague, Senator RIBICOFF, and with the express hope that the Senate will proceed, I urge that we do not encumber this bill so much that our main purpose in being here, the continuance of the FEA which otherwise expires at the end of next month, is lost sight of. Faced with the order for the yeas and nays on this amendment, and with the amendment having just about been brought to the point of a vote, the Senator from Illinois intends *to vote for* it.

Mr. MORGAN. Mr. President, I do not wish to prolong this debate, but I just want to state for the record some of my frustrations with the procedures that are being voted here. I have already done so, but I want to add to them.

We operate in the Senate under the committee system. At the present time, I serve on three other committees. Those committees are meeting continuously. In order to vote knowingly on other bills, I have to rely upon actions and reports of other committees and my staff.

We were prepared to come here today to vote on a rather simple extension, as the Senator from Connecticut stated, of the FEA. That is all my staff had prepared me for.

I come here and I find a 53-page amendment to that simple bill offered this morning which has now been debated, at most, not more than 7 or 8 hours, a bill which had been in and out of committees throughout this entire year, and I am supposed to accept the provisions of this bill which carry with it an authorization of nearly $1 billion over the next 3 years.

I cannot be expected to know and understand all that is in this bill. Yet I think I am held accountable by my constituents in North Carolina to know what I am voting on. Therefore, I shall vote "No."

I hope that we will follow the recommendations of the Senator from Connecticut and create a committee that will deal with these areas and try to stick more closely when we come to the Senate to debate on matters that we expect to be debated so that we will be knowledgeable about it. I simply do not believe that any Member of the Senate can, unless he has been on one of the committees that the Senator from Illinois, the Senator from Ohio, the Senator from South Carolina, or the Senator from Massachusetts has been on, reasonably be expected to know what is in this bill. So I shall vote against the amendment for that reason, even though I certainly agree with the long-range objectives of it.

Mr. MUSKIE. Mr. President, I am restrained to make some observations about the pending bill and this amendment, in view of the first concurrent budget resolution, so that Members be aware of the implications from that point of view.

First of all, may I make the point that the budget resolution contains $1.1 billion in budget authority for energy above what was in the President's budget. We start with that.

Second, this is an authorization bill and not an appropriations bill, and we do not try to impose the same kind of budgetary disciplines upon authorization bills as we do on appropriations bills with some exceptions.

Nevertheless, there are implications when we approve authorization bills that I think we ought to have in mind when we can see the accumulation of pressures on the appropriations process coming down the line.

As I have stressed many times before, Mr. President, the congressional budget process is not a line-item process and the Budget Committee is not a line-item committee. The other standing committees of the Senate do that job through individual authorization and appropriation bills. The Budget Committee's job is to advise the Senate of potential problems with respect to the broad function of budget targets and budget aggregates. My reason for speaking today is that there is a potential problem of breaching the budget targets in the general area of energy.

Although the Budget Committee does not deal in line items, we obviously had to make some assumptions with regard to major program areas in order to arrive at meaningful budget targets. In the case of energy, it is our assumption that the first budget resolution targets would allow funding of about $5 billion in budget authority and $4 billion in outlays for fiscal year 1977.

That is only our assumption, but I would point out that if the levels for energy are increased over these levels some other area of the budget will have to be cut unless we wish to increase the deficit.

The problem before us is that Congress is now considering a wide variety of energy legislation that, if fully funded at the authorization levels, would result in levels far in excess of our first budget resolution assumptions, more than $1 billion higher in the case of budget authority and about $500 million higher in the case of outlays.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table showing these various pieces of energy legislation and their projected costs.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Energy and the fiscal year 1977 FCR

[Dollars in millions]

Pending energy legislation

	If fully funded	
Authorizations	BA	O
Nuclear Regulatory Commission—S. 3167	274	206
ERDA—S. 3105	4254	3441
FEA—S. 2872	183	175
Other Agencies	300	300
Auto R. & D.—S. 326	55	25
Electric Auto R. & D.—S. 1632	10	10
Energy Conservation Act—S. 3424*	165	100
Energy Conservation in buildings—H.R. 8650	55	50
Synthetic Fuels—H.R. 12112	500	—
Energy Information—S. 1864	60	30
Subtotal	5856	4337
Appropriations		
Strategic petroleum reserves	558	790
Naval petroleum reserves	421	268
State energy programs	25	25
Subtotal	1004	1083
Deduction for offsetting receipts	−694	−694
Total	6166	4726

* * * * *

[Dollars in billions]

Amounts if pending energy legislation is passed and fully funded	6.2	4.7
Amounts assumed for energy in the budget resolution	5.1	4.2
Possible overage	1.1	0.5

*As on the Senate calendar.

Committee on the Budget, U.S. Senate, June 14, 1976.

Mr. MUSKIE. I realize that the FEA bill before us today—by that I mean the bill reported by the committee—is only a small part of this total. And I also realize that many of the authorizations may not be fully funded. But we do know that high authorizations put pressure on the Committee on Appropriations to increase funding levels.

I must therefore advise the Senate that the Appropriations Committee, in several instances, will have to fund energy programs at well below the level of authorizations if we are to stay within the budget resolution targets.

The Budget Committee intends to monitor closely each spending bill that comes before the Senate to review whether the amounts provided are consistent with the budget resolution and to insure that the resulting functional spending totals are within the targets set by Congress in the first concurrent resolution of the budget.

In summary, I support this bill and I congratulate the chairman, the distinguished Senator from Connecticut, and the members of the Committee on Government Operations for reporting it at a level that is slightly below the current policy levels for this activity. But I put my colleagues on notice that we must consider carefully whether to load this bill down with other major authorizations which will exacerbate the overall problem on energy legislation that I have just discussed.

With respect to these amendments, amendment No. 1802, which I understand was approved by voice vote this afternoon, would provide off-budget energy conservation obligation guarantees to industry, nonprofit organizations, State and other governmental units. The total amount of outstanding obligations is limited to $2 billion in fiscal year 1977 and $2 billion in fiscal year 1978. My concern here is that it is an off-budget proposal, and it has been the attempt of the budget process to bring as much Government spending as possible on-budget where we can watch, control, and evaluate it in the light of other budget priorities.

With respect to amendment No. 1801, the amendment now before us, the proposal for energy conservation centers authorizes $25 million in fiscal 1977, the homeowners provision; that is, interest, subsidies, and reductions in loan which authorizes $100 million in 1977, the small business provision is $60 million over 3 years, and the winterization provision is $55 million in the first year. For the 3 years, I think Senator KENNEDY had the right figures, it is something between $800 million and $900 million in all. The first year costs then are about roughly $200 million in authorization. Am I correct?

Mr. HOLLINGS. Yes.

Mr. MUSKIE. $205 million. Now that is an authorization with respect to those items. It is not an appropriation. Authorizations do put pressure on the Appropriations Committee, and to the extent that these were not assumed in the first concurrent resolution they add to the potential pressures upon the Appropriations Committee, and I simply notify the Senate on that point.

Mr. HOLLINGS. If the distinguished chairman would yield, I think that it is correct to state that they were assumed, referring to the chairman's figures, in the energy conservation act, S. 3424. We discussed that within committee at the time we were marking up. The energy conservation act, S. 3424, and energy conservation in buildings, H.R. 8650, had already been introduced prior to the first concurrent resolution. Under the distinguished chairman's figure of $165 million in budget authority for S. 3424 and $55 million for H.R. 8650, that would come to a total of $220 million, whereby the present amendment, including the one that we have already adopted, amendment No. 1802, plus the amendment now under consideration to be voted upon, amendment No. 1801, would amount to only $205 million.

If the Senator would yield further, since comments were made that give the impression we went helter-skelter and it was not considered, that the Senator's own Budget Committee never even heard of it, I wish to clarify that point.

On the contrary, this matter was discussed, and I am sure the distinguished chairman will remember when we discussed conservation. We pointed out the bill at that time, and at that time, rather than $4 billion, it was a $10 billion obligation guarantee bill. So we considered it.

It is within the budget. It is within the budget authority right now. Of course, I share the concern of the chairman of the Budget Committee, as a member of the Budget Committee, that in any of these off-budget matters, we have to watch very closely what the experience is and how we grow and how we go.

These matters were considered and were before the Budget Committee, not as line items, but the particular measures were in the Budget Committee documentation, the numbers and the amounts and everything else. I am sure that a little debate ensued with respect to energy conservation, and I recall definitely referring to the conservation bills in the debate at that time.

Mr. MUSKIE. I say to the Senator that my recollection of it is reinforced by my discussion with the staff, that there was discussion of conservation. After that general discussion, the total target for function 300 was cut, I think pursuant to an amendment by Senator BELLMON, and after that cut there was no attempt to allocate dollars to any of the items that have been discussed as legitimate proposals in the energy field. So that we now have pending before us—and the table I have put in the RECORD will indicate that—the total proposals, in the shape of authorizations and appropriations, of $6.166 billion in budget authority and $4.726 billion in outlays, as against 5.1 and 4.2 that were included in the budget resolution.

With respect to the pending legislation, I suspect that we discussed in one form or another, most if not all of them, but we did not, in a line item way, assign dollars to them so that they came within the $5.1 billion and the $4.2 billion.

So I cannot say to the Senator that I can find a way to squeeze $6.1 billion in budget authority found in pending energy legislation into $5.1 billion that is assumed in the first concurrent resolution; nor can I squeeze $4.7 billion of outlays into $4.2 billion, which is in the first concurrent resolution—even though we discussed the subject matter covered by this legislation.

What I am saying to the Senator and the other Members of the Senate is not designed to denigrate any one of these objectives. What I am saying is that if we approve any of this legislation, the Appropriations Committee then is going to have a tough job, if we enact all this, to stay within the totals of the budget resolution and fully fund all these proposals.

So that when we are talking about dollars, we should understand that we cannot be talking about full funding of these various proposals without cutting something else somewhere in this function, without increasing the deficit. That is all I am saying. All I am saying is that we are piling up pressures on this function to which we should be alerted and which we should bear in mind.

This is not the second concurrent resolution. I cannot raise a point of order about this bill or this amendment, nor do I intend to; but the facts are there. Because of our concern about the energy crisis, because it is a legitimate concern, because of all the ideas that are being generated, we are piling up pressures which are working against the functional targets of the first concurrent resolution, and I consider it my responsibility to inform the Senate of it.

I agree with the Senator that we did talk about conservation legislation and this particular bill, but we never did move from that discussion to a particular line item dollar sign for this bill.

Mr. HOLLINGS. Mr. President, again referring to the distinguished chairman's own listing of amounts and subject matter, in which he referred to the $6.1 billion and the task of trying to squeeze that into a finalized figure in the first concurrent resolution of $5.1 billion, I can suggest no better way than what we are doing presently. We are taking an 8-percent cut from the $220 million that was allowed under the chairman's own figure. If the really large item, ERDA, S. 3105, which is $4.254 billion, takes a similar cut in their budget and some of the others—there are actually 9 or 10 items listed here—get below their amount, I think we will be squeezing enough to satisfy the ceiling. In other words, I am starting to squeeze with the Senator from Maine. We are below the amounts the Senator has given, so we have not caused a squeeze; but we have started a process that, hopefully, others will follow, so that we can help the Senator squeeze it in.

Mr. MUSKIE. The Senator from South Carolina refers to these numbers as the chairman's own figures. These are not my figures.

Mr. HOLLINGS. The first concurrent resolution.

Mr. MUSKIE. No, this does not come from the first concurrent resolution. This comes from the price tag of the legislation that is pending. We did not assume these numbers in the first concurrent resolution.

Mr. HOLLINGS. We have already reduced the figures. I am just using all the Senator's figures. He just put them in the RECORD. The total amount allowed under the figures of the Senator from Maine for the two amendments is $220 million.

Mr. MUSKIE. Where does the Senator get the $220 million?

Mr. HOLLINGS. $165 million and $55 million. It is a combination of those two.

Mr. MUSKIE. We did not allow those two numbers.

Mr. HOLLINGS. Let us use different language. The ones the Senator listed—$165 million and $55 million, to get to the final total of $6.1 billion. Our total amounted to $220 million. Rather than $220 million, we actually have cut down to $205 million.

Mr. MUSKIE. I accept no parentage for any of these figures, except to the extent that the staff has done this with the help of the CBO. These are the authorization levels in the legislation itself. I did not put those numbers in the legislation. They are the amounts authorized in pending energy legislation and I am simply advising the Senate of their budgetary implications.

All I am saying is that the only figure on here for which the Budget Committee and the Senate are responsible is the $5.1 and $4.2 figures at the bottom. All I am saying is that we cannot include everything above that $5.1 in the $5.1 and stay within the budget. If the Senator started the process of squeezing those numbers down, that is fine, but he has to squeeze them by $1 billion.

Mr. HOLLINGS. Right.

Mr. MUSKIE. To accumulate a billion dollars in order to get down to the $5.1 billion.

What the Senator is saying is that what he has done with this bill is to reduce it following his original figures in his bill.

Mr. HOLLINGS. The old original figures as submitted by the Senator from Maine in the record are $165 and $55 million. The Senator submitted those as authorizations. What I am saying is that we have reduced those authorizations.

What better way is there to squeeze

and to reduce? If everybody similarly reduces their authorization figures, to which list the Senator refers and which he has submitted in the RECORD, we will be well within the $5.1 billion. The key large item is, of course, the $4.2 billion of ERDA, S. 3105.

What we are trying to do is not breach the figures. We are trying to help with the squeeze, and we are similarly concerned.

With that, Mr. President, we are ready to vote.

SEVERAL SENATORS. Vote! Vote!

Mr. MUSKIE. I did not pick out the Senator's amendment as a particular item. All I am saying is that, taken together with everything else, we have this problem, and I hope we will look at it.

I am ready to vote.

Mr. FORD. Mr. President, I should like to ask the Senator from Maine a question.

In the estimate he gave the Senator from South Carolina, we are over the budget how much—200 and some odd million dollars?

Mr. HOLLINGS. No.

Mr. MUSKIE. No. If we approve the pending legislation and fully fund it, we will be a billion dollars over the budget and budget authority and a half million over the budget outlays—if we fund all. It will not be this bill in particular that is responsible, but it will be the total.

Mr. FORD. The total picture. If we authorize the amount over what the Budget Committee recommended, then the possibility is that the pressure is there and the Senator is trying to tell us the pressure is going to be applied?

Mr. MUSKIE. Yes, as it is with a lot of other authorization bills.

Mr. FORD. I understand. Would the Senator tell me what he did with the $4 billion loan guarantee item?

Mr. MUSKIE. That has already been accepted.

Mr. FORD. I understand, but how was that handled in the Committee on the Budget? Is that something the Senator does not expect to factor into the books?

Mr. MUSKIE. The $4 billion is off budget.

Mr. FORD. But we are authorizing $4 billion in loan guarantee?

Mr. MUSKIE. That is correct, and it is off budget.

Mr. FORD. It is off budget and the Senator is not even considering that $4 billion that might be sitting out here as a problem of loss to the budget.

Mr. MUSKIE. The problem of off-budget agencies still exists. It is not one that we have come to grips with as effectively as we should. We have not dealt with those already in the budget.

Mr. HOLLINGS. Let me clarify one thing that the Senator from Kentucky asked.

On the off-budget amounts, where we provide the loan guarantees, we look at the experience. The best testimony we had was less than 2 percent loss of these particular loan guarantees. At a particular time when the Committee on Commerce was reporting it out, for example, at a $10 billion ceiling, that would have been $200 million. Now, at the present $4 billion level, it is down to $80 million. So we are helping with what the chairman is talking about, with respect to squeeze. We are trying to get it down and the actual figures, the authorization figures, in our amendment are less than listed before the Budget Committee.

Mr. FORD. Is the Senator giving a buffer, then, of $80 million in there that will be left in surplus in order to pay off the 2 percent we lose?

Mr. HOLLINGS. When we consider the entire budget and the financial impact, yes, we are trying to get our hands on it and look at it in that light.

Mr. FORD. But the chairman says it is off budget?

Mr. HOLLINGS. No, not the authorized amounts.

Mr. FORD. If we take everything into consideration, it is off budget?

Mr. HOLLINGS. No, sir, we are not off budget, because we have come down. We have come down $15 million and cut back the loan guarantees from $10 billion to $4 billion.

The distinguished chairman used a list. When the Senator from Maine submitted this list, he said, "Here are the total authorizations." He listed all of these, 13 in all. In listing these 13, at the time we passed the concurrent resolution, they had certain budget authority amounts in those 13 proposals. Of the two conservation measures that we have under present consideration, they have been reduced. They have been reduced from a total of $165 million and $55 million—that is S. 3424 and H.R. 8650—reduced from that total of $220 million down, I say to the Senator from Kentucky, to $205 million. Then S. 3424, originally being considered as included in this list, had an off-budget financial impact, considering a 2-percent loss as a maximum estimate, which was $200 million, but has now been reduced to only $80 million.

What we have been doing, if we adopt this amendment, is not exacerbating or overrunning or even coming up to the levels as first presented to our Committee on the Budget, but lessened budget authority by about $15 million and lessened off-budget impact; S. 3424 being at $10 billion at that time, now cut back to $4 billion by a lesser impact of $120 million.

Mr. FORD. The Senator said he was operating a bank back in South Carolina and he was getting ready to make some loans on which he is going to lose $80 million. In this authorization, we are making loans or going to guarantee loans on which we know we are going to lose—at least past history indicates we are going to lose—$80 million.

Mr. HOLLINGS. Two percent or $80 million.

Mr. FORD. What we are going to lose is $80 million.

Mr. HOLLINGS. Right.

Mr. FORD. Where does that factor in so when things come out even, we know we are going to offset the loss?

Mr. HOLLINGS. In the off budget amounts.

Mr. FORD. So the Senator is factoring in that—we are not factoring in $80 million so we can offset the loss we are going to have in loan guarantees?

Mr. HOLLINGS. That is right.

Mr. FORD. The Senator is saying my statement is correct, that he has not factored in the $80 million to offset the loss.

Mr. HOLLINGS. You have to factor in your losses. That is one of the tasks of the Budget Committee, to take what we call the macroeconomic—everything, not only what we call revenue spending but, coming up tomorrow, the tax spending. Everything is included.

Mr. MUSKIE. I think I might be able to add to the information which the Senator from Kentucky is seeking.

Loan guarantees are traditionally off budget, because they are expected to be repaid, and it is only the defaults that then come on budget when they appear. When they do, apparently it would amount, on the basis of experience, to about 2 percent, or $80 million. The appropriations then must be provided for in the appropriations bills and then on budget. In other words, any defaults come on budget.

In this instance, it is off budget because it is a loan guarantee, and that is the way loan guarantees are conventionally and traditionally handled.

Let me say on this next point, I am for the conservation approach to saving energy. I would like the Senator from South Carolina to understand that. I think he understands it, in any case.

Mr. HOLLINGS. I know that well, yes sir.

Mr. MUSKIE. All I am trying to do is keep Senators informed of how the budget pressures are developing in this particular function, because this particular function is under unusually heavy pressure this year. It seems to me that we ought to bear that in mind when we decide whether or not to vote for this amendment or this bill so that we are not caught, maybe later on down the road, and find ourselves in a difficult position to support a piece of energy legislation that we are for, but find that we cannot be for at that point, because we will have approached the budget targets.

Mr. BUMPERS. Will the Senator yield for a question?

Mr. MUSKIE. Yes.

Mr. BUMPERS. The ERDA authorization bill which came out of the Committee on Interior and Insular Affairs some time ago is now on the calendar ready for action. I assume that authorization comes within the same function that this bill comes within, in the Budget Committee's——

Mr. MUSKIE. That is the ERDA bill, S. 3105?

Mr. BUMPERS. Yes.

Mr. MUSKIE. That is a big one.

Mr. BUMPERS. It is my understanding, and I must confess I am not fully enlightened on the way the function system of the Committee on Budget works, but I had an impression we were somewhere between $80 and $83 million over budget in the ERDA authorization bill. Being a member of the Committee on Interior and being a great champion of almost everything in that authorization, I should hate to be assigned the authorization of deciding which $83 million would be cut out of that.

My question, I suppose, is really this:

When you add this amount of money which was not anticipated, then, of course, that is going to be that the ERDA authorization will have to be reduced by that much more; will it not?

Mr. HOLLINGS. Will the Senator yield at that point?

Mr. BUMPERS. I am happy to.

Mr. HOLLINGS. To comment on the expression, "not anticipated," I should like to say it was anticipated. In fact, we reduced the anticipation.

I have been having a difficult time. We not only knew about off-budget, but we used an amount. The amount on off-budget has come down from $10 billion to $4 billion.

On the amounts authorized in the other parts of the bill we have come down from $220 million to $205 million. So it was anticipated. We have not, when we adopted this amendment, brought further pressures on the ERDA bill that the Senator is now asking about.

Mr. MUSKIE. The staff advises me that S. 3105, which is the ERDA bill to which the Senator referred, is about $400 million above what was assumed in the budget resolution in function 300. So if we were to fund a lot of these other items on the table which I have put into the RECORD today, that would put the squeeze on the ERDA authorization, no question about that. ERDA by the way contains three functional categories.

Mr. BUMPERS. That answers my question, I think, I say to the Senator.

Mr. McCLURE. Will the Senator yield?

Mr. HOLLINGS. First, I wish to ask unanimous consent to make certain that the RECORD indicates that the distinguished Senator from Kansas (Mr. PEARSON) and the distinguished Senator from New Hampshire (Mr. DURKIN) be added as cosponsors to amendments 1801 and 1802.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. I want to thank the Senator from Kansas for the role he played in our committee in providing leadership on these measures, as well as my distinguished friend from New Hampshire.

I shall say one more thing, then I think I will yield because we are ready to vote. I am very interested in ERDA. I serve on the Appropriations Subcommittee and we are trying very hard to stimulate increased activity on coal gasification, nuclear power, and other energy supply systems. However, we are also very concerned that conservation get its fair share as well, especially in light of the high leverage of energy conservation investments.

I yield to the Senator from Idaho.

Mr. McCLURE. Mr. President, I would like to discuss one aspect of the discussion that has taken place.

First, let me state that I commend the Senator from Maine, the chairman of the Budget Committee, for undertaking this discussion this afternoon of the budgetary implications of the various actions taken.

One of the problems we have in the Budget Committee is how to treat the unliquidated liability of loan guarantees which are off budget. In this particular instance I do not know how we arrive at a figure. Perhaps the Senator from South Carolina can tell me how we arrive at a figure for budgetary impact of the liability of the Federal budget for loans that are defaulted.

I understood it would be a 2-percent loss ratio on the $4 billion that would be guaranteed; is that correct?

Mr. HOLLINGS. Information supplied by the people in HUD administering the FHA home improvement loan program indicates that they have less than a 2-percent gross default rate; that is, prior to recovery.

Mr. McCLURE. Is that 2 percent of the total?

Mr. HOLLINGS. Yes.

Mr. McCLURE. What is the length of the maturity of the loans that would be guaranteed under this amendment?

Mr. HOLLINGS. Fifteen years in the case of energy conservation measures other than renewable-resource energy measures. The corresponding figure for renewable resource energy measures is 25 years.

Mr. McCLURE. So that if there is a 2-percent loss over a 15-year period, it is an $80 million loss over a 15-year period and not in fiscal year 1977.

Mr. HOLLINGS. That is correct.

Mr. McCLURE. Or is it?

Mr. HOLLINGS. That is correct.

Mr. McCLURE. The reason I ask the question is if we faced an $80 million loss each fiscal year, it is a lot more than a 2-percent loss in each of the fiscal years or is it a total over the life of 15 years?

Mr. HOLLINGS. The total over the life of the program.

Mr. McCLURE. Total over the entire life of the program?

Mr. HOLLINGS. Right.

Mr. McCLURE. Then it would seem to me that the impact in fiscal 1977 would be far less than the 2 percent of $4 billion.

Mr. HOLLINGS. That is right. The actual Federal expenditures in any given year arising from defaults should be very small. We have also reduced the size of the obligation guarantee program from $10 billion to $4 billion, thus further reducing the amounts that might be paid out.

Mr. McCLURE. I thank the Senator. This underscores the continuous liability in loan guarantees. There has to be some kind of reasonable experience by which we can judge what future impact it will have upon the various functions of the budget. But it seems to me that the Senator from Maine is exactly correct in raising the issue as we go through the authorization process to determine whether or not we really understand what it is we are doing to the pressures within each function of the budget category with respect to the first concurrent resolution.

If we do not address ourselves in that way, we will have built pressures upon the budget that will simply render the first concurrent resolution as almost utterly meaningless, and we will end up as a matter of course always passing a second concurrent resolution that is far larger than the first concurrent resolution.

So I wish to commend the Senator from Maine, the chairman of the committee, for having raised this issue, and again to highlight the difficulty of making the estimates of the contingent liability of all budget loan guarantees.

I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 1801, as amended.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. HARTKE), and the Senator from Rhode Island (Mr. PASTORE) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON), and the Senator from Indiana (Mr. BAYH) are absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) would vote "nay."

Mr. GRIFFIN. I anounce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I also announce that the Senator from New York (Mr. BUCKLEY) is absent on official business.

The result was announced—yeas 57, nays 37, as follows:

[Rollcall Vote No. 290 Leg.]

YEAS—57

Abourezk
Beall
Biden
Brooke
Burdick
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Durkin
Eagleton
Ford
Glenn
Gravel
Hart, Gary
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Laxalt
Leahy
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Mondale
Moss
Muskie
Nelson
Nunn
Packwood
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevenson
Taft
Tunney
Weicker
Williams

NAYS—37

Allen
Baker
Bartlett
Bellmon
Bentsen
Brock
Bumpers
Byrd, Harry F., Jr.
Chiles
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Griffin
Hansen
Hatfield
Helms
Hruska
Johnston
Long
McClellan
McClure
Metcalf
Montoya
Morgan
Roth
Scott, William L.
Stennis
Stevens
Stone
Talmadge
Thurmond
Tower
Young

NOT VOTING—6

Bayh
Buckley
Goldwater
Hartke
Pastore
Symington

So Mr. KENNEDY's amendment (No. 1801), as amended, was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. KENNEDY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FEDERAL FIRE PREVENTION AND CONTROL ACT AUTHORIZATIONS

Mr. MAGNUSON. Mr. President, we have a matter here that is of some urgency. I ask unanimous consent that the Committee on Commerce be discharged from further consideration of H.R. 12567, an act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the act of March 3, 1901, for fiscal year 1977 and 1978, and for other purposes, and the Senate proceed to its immediate consideration.

The **PRESIDING OFFICER**. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 12567) to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the Act of March 3, 1901, for fiscal years 1977 and 1978, and for other purposes.

The **PRESIDING OFFICER**. Is there objection to the request of the Senator from Washington?

There being no objection, the Senate proceeded to consider the bill.

Mr. MAGNUSON. I send to the desk an amendment to H.R. 12567 in the nature of a substitute and ask for its immediate consideration. It has been cleared with everybody, and it merely means if we adopt this now we do not need to have a conference on this very important bill.

The **PRESIDING OFFICER**. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Washington (Mr. MAGNUSON) proposes an amendment striking all after the enacting clause and inserting in lieu thereof additional language.

The amendment is as follows:

On page 1, strike all after the enacting clause and insert in lieu thereof the following:

That (a) section 17 of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2216) is amended—

(1) by striking out "and" immediately after "June 30, 1975,", and

(2) by inserting ", not to exceed $3,750,000 for the transitional fiscal quarter beginning July 1, 1976, and ending September 30, 1976, not to exceed $15,000,000 for the fiscal year ending September 30, 1977, and not to exceed $20,000,000 for the fiscal year ending September 30, 1978" immediately after "June 30, 1976".

(b) Section 16(b) of the Act of March 3, 1901 (15 U.S.C. 278f(b)) is amended—

(1) by striking out "and" immediately after "June 30, 1975" and inserting a comma in lieu thereof, and

(2) by inserting ", not to exceed $1,275,000 for the transitional fiscal quarter beginning July 1, 1976, and ending September 30, 1976, not to exceed $5,500,000 for the fiscal year ending September 30, 1977, and not to exceed $6,000,000 for the fiscal year ending September 30, 1978" immediately after "June 30, 1976".

SEC. 2. Section 7(h) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2206(h)) is amended—

(1) by inserting "(1)" immediately before "Of the sums authorized", and

(2) by adding at the end thereof the following new paragraph:

"(2) Before a commitment may be made to obligate funds for the construction of any facility of the Academy under paragraph (1), the Secretary shall submit to the chairman of the Committee on Science and Technology of the House of Representatives and to the chairman of the Committee on Commerce of the Senate the plans for the construction of such facility. The Secretary may make a commitment to obligate funds for the construction of such facility in accordance with such plans unless the Congress, within sixty calendar days of the date such plans are submitted under this paragraph, adopts a concurrent resolution the substance of which disapproves a commitment to obligate funds for the construction of such facility under such plans.".

Mr. MAGNUSON. Mr. President, this amendment has been considered and agreed to by the Commerce Committee. It incorporates the provisions of the bill which the Senate passed on May 19, 1976 (S. 2862) as well as an additional provision from the House passed bill which would prohibit the obligation of funds for construction of the Fire Academy until Congress has 60 days to consider the construction plans. By adopting this substitute amendment to the House bill and sending it back to the House for its consideration, I am hopeful that we will be able to avoid the necessity of a conference.

I am pleased to offer these amendments to H.R. 12567, legislation to authorize additional appropriations for implementation of the Federal Fire Prevention and Control Act.

Three years ago the National Commission on Fire Prevention and Control startled the Nation when it disclosed that the United States led all the major industrialized countries in per capita deaths and property loss from fire. According to the Commission, fire claims nearly 12,000 lives annually in the United States, injures 300,000 and inflicts more than $11.4 billion per year in economic loss. Congress responded by enacting the Federal Fire Prevention and Control Act of 1974.

The National Fire Prevention and Control Administration within the Department of Commerce was established to implement the new Fire Prevention and Control Act. Its growth during 1975 and 1976 has been controlled so as to insure an efficient and effective fire program. This growth must continue, however, if the Fire Administration is to meet its expressed goal—a 50-percent reduction in fire losses in the United States within 10 years.

In considering this legislation, the committee solicited comments from the public on the needs of the new Fire Administration. Without dissent, the commentors were generally pleased with the progress of the Fire Administration thus far and urged, at a minimum, funding levels consistent with those contained in S. 2862, legislation previously passed by the Senate and these amendments to H.R. 12567. Every segment of the fire service community supported the original enactment of this legislation, and this universal support continues today—1½ years later.

Accomplishing the Fire Administration's goal of reducing U.S. fire losses by 50 percent in the net decade requires the support of Congress by providing an adequate level of resources to the National Fire Prevention and Control Administration. The level of expenditure provided in the budget request submitted to Congress—$10,178,000—is below the minimum level required to implement the program adequately. The authorization level provided in this legislation represents the Commerce Committee's belief that the allocation for the Fire Administration is deficient.

The amendments which I offer to H.R. 12567 would authorize $3,750,000 for the transitional fiscal quarter, $15,000,000 for fiscal year 1977, and $20,000,000 for fiscal year 1978 to implement the Federal Fire Prevention and Control Act. Additionally, it would authorize $1,275,000 for the transitional fiscal quarter, $5,500,000 for fiscal year 1977, and $6,000,000 for fiscal year 1978 to implement the fire research program.

In recent months, there has been some concern expressed over the respective roles of the Fire Administration and the National Bureau of Standards' Fire Research Center with respect to fire research. It was our intention when the legislation was originally enacted that the NBS Fire Research Center would focus its efforts on the "hard" scientific fire research and the NFPCA would be responsible for other applications oriented research and management studies as delineated in sections 8 and 18 of the Federal Fire Prevention and Control Act.

I understand that the Fire Administration and the NBS Fire Research Center have now developed an excellent understanding and spirit of cooperation with respect to fire research. The Assistant Secretary for Science and Technology and the Administrator of NFPCA have established a formal process for mutual review and agreement on research programs and priorities. My major concern is that the two programs not overlap and that they be mutually supportive and complementary.

Under section 7(g) of the Federal Fire Prevention and Control Act, the Secretary of Commerce, based on recommendations of a Site Selection Board must select a site for the National Academy for Fire Prevention and Control. The amendments which I offer today will require the Secretary to submit to the chairman of the House Committee on Science and Technology and to the chairman of the Senate Committee on Commerce the plans for construction of the Academy facilities for a period of 60 days before a commitment may be made to obligate funds for such construction. Congress may, by concurrent resolution, disapprove such plans during the 60-day period.

Mr. President, if the Fire Administration is successful in meeting its expressed goal of reducing fire losses by 50 percent during the next decade this Federal program will have been well worth our investment. I urge approval of these amendments.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

The **PRESIDING OFFICER**. The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 12567) was read a third time and, as amended, was passed.

TIME-LIMITATION AGREEMENT—H.R. 8410

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as H.R. 8410, Calendar No. 886, is called up and made the pending business before the Senate, there be a time limitation thereon of 2 hours to be equally divided between Mr. Dole and Mr. Huddleston; that there be a time limitation on any amendment of 30 minutes; a time limitation on any debatable motion, appeal, or point of order if such is submitted to the Senate of 20 minutes, and that the agreement be in the usual form.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. Reserving the right to object, what is the bill?

Mr. ROBERT C. BYRD. H.R. 8410 is an act to amend the Packers and Stockyards Act of 1921, as amended, and for other purposes.

Mr. ALLEN. I have no objection.

The PRESIDING OFFICER. The Chair hears no objection, and it is so ordered.

The text of the agreement is as follows:

Ordered, That during the consideration of H.R. 8410 (Order No. 886), an act to amend the Packers and Stockyards Act of 1921, as amended, and for other purposes, debate on any amendment shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the Senator from Kansas (Mr. Dole) and the Senator from Kentucky (Mr. Huddleston): *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

TIME-LIMITATION AGREEMENT—S. 2872

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on the bill now pending before the Senate there be a time limitation of 2 hours on the bill, to be equally divided between Mr. Ribicoff and Mr. Percy; a time limitation on any amendment of 1 hour, and a time limitation on any debatable motion or appeal, or amendment in the second degree or point of order, if such is submitted to the Senate, of 30 minutes, and that the agreement be in the usual form.

Mr. ALLEN. Reserving the right to object, I have only one amendment to offer to the bill. I understand there will be four Senators speaking in behalf of the amendment. I would like to ask unanimous consent that that amendment be allowed a little additional time.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, on an amendment by Mr. Allen there will be a time limitation of 1 hour and 30 minutes.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request, as amended?

Without objection, it is so ordered.

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT

The Senate continued with the consideration of the bill (S. 2872) to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1979, and for other purposes.

UP AMENDMENT NO. 40

Mr. CRANSTON. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. CRANSTON. I ask unanimous consent that the reading be dispensed with.

The second assistant legislative clerk read as follows:

The Senator from California (Mr. Cranston), for himself and Mr. Johnston, proposes an unprinted amendment No. 40.

The amendment is as follows:

On page 18, after line 18, insert the following:

Sec. 113. Limitation on Exercise of Delegated Authority With Respect to State and Local Governments.

Section 8(h) of the Federal Energy Administration Act of 1974 is amended by adding before the period at the end thereof the following: ", except that any authority delegated by the President pursuant to section 5(b) of the Emergency Petroleum Allocation Act of 1973 may not be exercised to regulate the first sale of any crude oil by any State or political subdivision thereof at any price which is less than the maximum weighted average first sale price as established and adjusted pursuant to section 8 of such Act."

The PRESIDING OFFICER. The Senator from California is recognized.

Mr. CRANSTON. Mr. President, this will just take a few moments.

This amendment, cosponsored by Senator Johnston, is very short and it is very simple.

It would limit the authority of the Federal Energy Administration to regulate the first sale of crude oil owned by a State or political subdivision of such a State to the extent that the price is less than the maximum weighted average first-sale price specified in section 8 of the Emergency Petroleum Allocation Act.

Currently, the so-called composite price is set at a $7.66 price adjustable for inflation. In effect then, the amendment allows State and local governments to receive for their crude oil a price equal to the average price received by all the domestic producers.

It does not, and I emphasize the "not," deregulate State-owned crude oil. It merely changes the level at which such oil is regulated.

Currently, most State-owned crude oil sells at the lower tier price of $5.25 per barrel. In California, because of the especially severe gravity penalty imposed on our crude oil, the average price received for our State-owned oil is only $4.21 per barrel. Unless that price is increased, the State of California calculates that some 40,000 barrels per day of production will be lost by 1977. That lost production will have to be replaced—most likely by expensive foreign imports selling for more than $13 per barrel.

While I am generally not in favor of tampering with the petroleum price control mechanism put into place by the EPCA, in this instance the FEA has left me no real alternative. Since February 1974, when the FEA retroactively withdrew the State exemption from price controls, the State of California has pursued every possible administrative avenue for relief, but to no avail. Now, adding insult to injury, the FEA has written to the State of California and the city of Long Beach—trustee for the State—requesting they admit liability to pay the major oil companies between $4 million and $5 million out of school and water funds of the State. The basis for this claim arises out of a long-standing misunderstanding by the FEA with regard to the specific contract requirements regulating the production of the State's tide and submerged lands oil resources.

Mr. President, I ask unanimous consent that the May 19, 1976, letter to Mr. Leonard Brock of the city of Long Beach from the FEA be printed in the Record at this point. A similar letter was also sent to the State of California.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Federal Energy Administration,
Los Angeles, Calif., May 19, 1976.

Mr. Leonard Brock,
General Manager, Department of Oil Properties, City of Long Beach, Harbor Administration Building, Long Beach, California.

Dear Mr. Brock: As you know, the Federal Energy Administration (FEA) has been conducting an audit of the prices received by the City of Long Beach in connection with its crude oil operations. This audit, which includes examination of the Department of Oil Properties books and records, including supporting documents, has now reached a significant stage with respect to the subject matter involved as further discussed below. Specifically this letter has been prepared in order that you may be advised of particular information gathered by FEA, and of its apparent significance under FEA regulations.

The investigation conducted thus far has disclosed a situation described below.

The City of Long Beach has contractors' agreements to produce oil in the Wilmington field with various companies. The Long Beach Unit Contract is with Exxon Company, Shell Oil Company, Socony Mobil Oil Company Inc., and Union Oil Company of California, as field contractor. In addition to the field contractor the city's contract is with Pauley Petroleum Inc., Atlantic Richfield Company and Standard Oil of California as Nonoperating Contractors. In addition to the Long Beach Unit there are contracts to produce oil in the Fault Block Units and an area known as Parcel A. The City of Long Beach has a contract with Burmah Oil and Gas Company, Standard Oil Company of California, Exxon Company, Continental Oil Company, CM Oil Company and Long Beach Oil Development Company to produce oil in the Fault Block Units and Powerine Oil Com- to produce oil in Parcel A. The operating contractors in the Long Beach Unit are known as THUMS. Since the Joint Contractors for the

Fault Block Units have a contract with Long Beach Oil Development Company (L.B.O.D.) to produce oil this is sometimes known as the L.B.O.D. contract.

There are various provisions in each of the above three contracts providing for payment to the City of Long Beach based on various percentages of net profit from oil produced. Each of the contractors pays the City a fixed percentage of net profits which was arrived at by competitive bidding when each of the contracts were executed. The amount paid to the City on the contracts is directly related to the prices received by the contractors for the sale of crude oil. Each contract provides that the oil sold be valued by computing the price per barrel sold at the closest tenth of each degree of API gravity. Article 9 of the Long Beach Unit Contract has the one tenth degree of API gravity as does article 18 of the L.B.O.D. Contract and article 11 of the Parcel A contract. The contracts provide that the price valuing each delivery of oil shall be computed to the closest tenth of each degree of API gravity and the closest tenth of a cent per barrel, by interpolating on a straight line between the full degree of API gravity prices.

This will illustrate our analysis concerning payments on the tenth degree of API gravity. Assume that one of the contractors shipped oil during a particular month with a corrected API gravity of 17.5. If the posted ceiling price was $4.15 for 17 gravity oil and $4.21 for 18 gravity, the price received would be $4.18. This is interpolated half way between the 17 and 18 gravity with a $.06 total spread. Thus, 17.5 gravity is valued at $4.18 ($4.15 plus $.03 for the .5 gravity).

The City is authorized as per the terms of the above contracts, with 180 days notice to the contractors, to take in kind 12½% of the oil produced. The City did exercise their right to receive the 12½% of the oil in kind and sold the oil to the highest bidders. This oil is referred to as "sell-off oil".

The sell-off oil produced in the Long Beach Unit was sold to three bidders. The prices paid were in addition to amounts received by the contractors for the oil sold by them. The additional amounts are referred to as "bonuses". The respective successful bidders and the amount per barrel of bonus paid for each in the Long Beach Unit are San Joaquin Refining $.15629 per barrel, West Coast Oil Co. $.16759 per barrel and Lunday Thagard Oil Co. $.214 per barrel.

Assuming that every barrel sold by each of the contractors was priced using the appropriate posted price as defined by FEA regulations at the whole gravity, the amount received by the City of Long Beach has been excessive. The amounts received from the sell-off oil also appear to be excessive. The method of computing sales prices of crude oil by the tenth degree results in an approximate overcharge of $3,700,000 and the bonuses for the sell-off oil result in approximate overcharges of $975,000. FEA believes that the above amounts are excessive under FEA regulations in that the facts are inconsistent with such regulations.

In light of the foregoing, FEA wishes to satisfy itself as quickly as possible of the accuracy and significance of the facts and analysis set forth above. To this end, FEA asks that the City of Long Beach, through a duly authorized representative thereof, respond in writing to this letter. Please direct this response to: Dwain Sims, Auditor, Federal Energy Administration, 3660 Wilshire Blvd., Suite 800, Los Angeles, CA 90010.

Your response should include the concurrence or non-concurrence of the factual assertions above. Further, a statement of the City's agreement or disagreement with the analysis of the facts and regulations should be included. Should the City of Long Beach agree that both the facts and analysis described above are correct, FEA may entertain a proposal from the City describing a method whereby the City will institute voluntary correction of the inconsistency herein between its actions and FEA regulations.

As noted above, timely response is sought by FEA in this matter, since if no reply is received in a reasonable period, (e.g. within approximately 10 days), FEA will consider that a more formal recourse is immediately necessary.

Thank you for your prompt attention in this matter.

Sincerely,

DWAIN C. SIMS,
Auditor.

Mr. CRANSTON. The amendment I am proposing today would help to resolve the long-standing and growing irritant between California and the Federal Government which has led to the unusual FEA action. In a statement presented to the Federal Energy Administration at its June 8, 1976, hearing in Los Angeles, the executive officer of the California State Lands Commission, Mr. William F. Northrop, somewhat bitterly documents the history of the California-FEA problem. If Mr. Northrop's statement reflects a tone of angry frustration, it is because to date frustration is FEA's only contribution to California on this issue.

Mr. President, I ask unanimous consent that the text of Mr. Northrop's statement be printed in the Record at this point.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement of William Northrop

I am William F. Northrop, Executive Officer California State Lands Commission. I am here to repeat the Commission's views on modification of the gravity penalty rule in this second, local hearing in the Second Rehearing of the Reopened Rulemaking Proceeding on that subject.

This rulemaking proceeding was initiated in February, 1975, by the petition of the Chairman of the California State Lands Commission, Kenneth Cory. A great deal of evidence has been introduced in the various hearings and rehearings, openings and reopenings, national and local hearings. That evidence clearly demonstrates that a gross inequity exists in the price ceiling rule as it applies to oil production in the State of California. The average gravity penalty in California is 6.2 cents per degree, nearly three times the penalty applicable to the same gravities of oil in States east of the Rockies. The result is a price for California oil nearly $1.00 per barrel below the United States average for old oil. And, in the lengthy records of this and previous hearings, rehearings, consultations and investigations, there is more than ample evidence to show that the May 15, 1973 "posted price" applied to State of California production, was a rigged, artificial price.

That evidence also shows that, without adjustment of that penalty, the enhanced recovery techniques which are essential to recover California heavy oils cannot economically be continued at optimum levels in the largest State-owned fields. Some 40,000 b/d of production will be lost by 1977 through the acceleration of the decline curve—a direct result of the inability to continue previous levels of enhanced recovery investment.

The evidence provides, in short, everything that is required for favorable action by FEA. But we do not anticipate such action shortly.

This is a road we have travelled many times in total frustration. Over three years, we have conferred with FEA staff many times, received frequent sympathetic assurances, but no action. We underwent hearing on the February, 1975 rulemaking proceedings in August, 1975; got a majority recommendation from the hearing board and the operations staff; and got a negative decision from the "Acting General Counsel", which, incidentally, recited findings wholly unresponsive to the petition. At least once, last December, the State received direct and personal assurance from the Federal Energy Administrator that corrective action was justified and would be taken. But, as one of his chief lieutenants, Mr. Gorman Smith, has since stated, Mr. Zarb had to be "turned around" on that by Mr. Smith, for reasons left unstated.

Of course, we understand that we have committed grievous sin in challenging the majors' posted price system. Indeed, the City of Long Beach has compounded that sin by charging that the price-fixing it entailed was a violation of both the State and Federal antitrust laws. And we believe that it is hardly a coincidence that all of our efforts to redress this gross inequity have been mysteriously frustrated by the Federal authorities, always unexpectedly and at the last moment, after staff had signed off favorably on it.

At least, this hearing will give me an opportunity to get into the record the story of the State's futile but extensive efforts to adjust the discriminatory gravity penalty. Those efforts go back more than twelve years, to the time when the State Legislature, after long argument, passed, and the Governor signed, Chapter 138 of Laws of the 1964 First Extraordinary Session. That Act, covering some 27 pages of moderately fine print, set forth detailed instructions for the handling of the tide and submerged lands held by the City of Long Beach in trust for the State. Particularly, it contained explicit directions for the letting of contracts for the development of the large oil reserves therein located, reserves which are now being produced at the rate of about 140,000 (?) barrels per day. It also very explicitly recites the legislature's distrust of the pricing power held by the major oil companies, specifying that the contractors could be required to publicly "sell off" a certain proportion of the total production, providing access to the oil by independents and an opportunity to test the validity of the posted price at which the major contractors were accounting for the oil they were purchasing. And the contracts which were let for such operations, at least one of which was before the legislature when Chapter 138 was passed, have all since that date provided explicitly that the accounting on produced oil would be made on tenths of a degree gravity, instead of full degrees, somewhat mitigating the heavy gravity penalty.

Around 1969, however, independent producers and refiners raised serious question as to the discriminatory weight of the gravity penalty applied to all California oil, including that produced by the State. A Joint Committee of the Legislature, under the chairmanship of the present Controller, Kenneth Cory, undertook an extensive investigation of the problem, involving many hearings, extensive staff investigation, and culminating in subpoena proceedings which elicited substantial documentation from the principal purchasers of crude oil in California. That long investigation, reported in detail in a series issued by that Committee in 1974, showed very clearly that the "posted price" of California oil was not the price at which these companies dealt among themselves, but that the private market price was almost uniformly $1.00 to $1.25 higher than that posted for Wilmington 19 degree crude. I resubmit, herewith, copies of final reports by that Committee, entitled "Crude Oil Exchanges: The Other Currency", and "California Crude Oil Market Control", which set forth the conclusions reached by that bipartisan Joint Committee.

On that basis of the evidence amassed, the Committee urged the City of Long Beach and the State Lands Commission to undertake, in 1972 and early 1973, a series of "sell-off" sales—open-market auctions of the crude oil under the control of the State or City. And those sales corroborated the Committee's documentary evidence, by establishing, beyond question, that the majors' price for California crude oil was an artificially depressed price, unfairly discriminating against California production by almost exactly the amount that the California average gravity penalty—6.2 cents per degree—exceeded the national average—2 plus cents per degree.

It was the success of those sales which began our frustration. The last such sale was advertised in April, 1973, for sale of royalty oil from a Huntington Beach State lease. Bids, received in July, offered $1.26 cents above "posted" for one increment of the offered oil. However, before acceptance in August, the Chairman of the Joint Committee undertook to consult with the then-General Counsel of the Cost of Living Council. The advice informally received was favorable—the State was not subject to such price controls as then-existed, and it was free to let the contracts. Before the August session of the State Lands Commission, however, the petroleum price was frozen, and the argument was raised that the State exemption did not apply. Accordingly, again, the new General Counsel of the Cost of Living Council was consulted, and again we were advised that the State was exempt.

After much delay, on October 25, 1973, the contracts were to be let formally, at the Lands Commission's formal meeting. But that same morning a notice was received from the Cost of Living Council that it was considering a rule withdrawing the exemption from States. The action was obviously and directly aimed at California.

The comment period passed, with a small record made, almost wholly favorable to continuing the exemption as far as the formal record was concerned. And apparently the staff recommendation was similarly directed. New regulations were issued tentatively in December, 1973, and finally in January, 1974, the new regulations were issued continuing the State exemption, and the contracts were let.

Suddenly, in late February, 1974, it was announced by the General Counsel that the rulemaking proceedings begun by the Cost of Living Council's notice of October 25, 1973 were concluded and a new rule was established withdrawing exemptions from all State actions retroactively, effective as of October 25, but also affecting contracts which the State had let prior to that date in the belief that it was wholly exempt.

The request for rehearing, granted in April, produced only further complication and continuance of the February 21st rule. The evidence submitted in both the November and the April hearings by the Joint Committee, as recited above, was, in the April hearing, found to be "inappropriate" to the proceedings, and properly to be considered only "in the courts" or in other proceedings.

Subsequently, however, consultation with the General Counsel resulted in his informal advice that the appropriate proceedings consisted of a request for rulemaking to adjust the gravity penalty. That suggestion led to the February petition inaugurating this proceedings; that was heard in August; decided adversely in November against staff recommendation; agreed to be reversed in December; reopened in January; heard again in February; and again last week in Washington and today in Los Angeles.

Look deeply at that story. In every instance, it has been determined that the position of the major oil companies shall be sustained, against the State. In every instance, the final decision was contrary to the formal record, contrary to staff recommendation. In every instance, the adverse decision was based very obviously on material outside the formal record of hearing, material not available for rebuttal by the State or any of the independent producers.

Now, finally, just last month, the final chapter of the story started to unfold. It is not enough that the majors be sustained in their pricing practices as far as "posted price" is concerned. The 1964 legislative action in California, and the contracts then let, must now be altered to conform to the majors' desire. And so the City and the State have been peremptorily requested to admit liability to pay the oil companies some $4 to $5 million, out of school and water funds. Instead of receiving redress of grievance, our efforts at redress have quite clearly so offended those controlling Federal Energy Administration that we must now be made to pay additional penalties.

Let it be clearly understood that the State will not pay the sums demanded, nor will it permit the City to pay from trust funds, any such amounts until we have exhausted every possible avenue of legal and legislative redress.

At the same time, let me ask this question: How is it that FEA cannot itself investigate our charges that the actual price of State crude oil, in the refinery markets, has long been a price which does not reflect the exaggerated gravity penalty from which we seek relief? Your statutes give you broad powers to investigate, to examine documents, to call for statements, and do all of the things necessary to establish such complex facts. You have a statutory obligation to do such investigation where it is essential to prevent loss of domestic oil production and to maintain the free enterprise market system where it is threatened by your controls. You have had staff, funds, and time to do a real investigation of these questions; but you have not done so.

Clearly, such an investigation would involve no more staff time than you have demonstrated is available to do complex investigation and audit to assert the majors' claims against us. Shouldn't our claims, however, have some degree of priority over the companies', if not because we are one of the fifty States of the Union, then because we asked first?

Mr. CRANSTON. As Mr. Northrop's statement indicates, California's efforts to adjust the discriminatory gravity penalty date back more than 12 years, to the time when the State legislature, after long debate, passed a statute—chapter 138 of the laws of the 1964 first extraordinary session—which set forth detailed instructions for the development of the tidelands and submerged lands held by the city of Long Beach in trust for the State. Specifically, the statute contained explicit directions for the letting of contracts for the development of the large oil reserves located there. It also very explicitly addressed the legislature's distrust of the pricing power of the major oil companies by providing for periodic selloffs of a percentage of the oil in order to test the validity of the posted price at which the major contractors were accounting for the oil they were purchasing from the State. Consistently, those selloffs have established that the market price for the State's oil is approximately $1 per barrel higher than that posted by the majors for the same crude oil.

Mr. President, I ask unanimous consent that a letter I recently received from the Honorable Kenneth Cory, controller of the State of California, discussing the need for the amendment I now propose, be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Controller of the
State of California,
Sacramento, Calif., June 8, 1976.

Hon. Alan Cranston,
U.S. Senator,
Senate Office Building,
Washington, D.C.

Dear Alan: I am informed that the legislation (S. 2872) to extend the Federal Energy Administration Act may be before the Senate this week.

I urge you to consider sponsoring an amendment to that bill to alleviate a serious problem affecting the water development and school funds of the State of California. The problem concerns a conflict between the FEA and the State statutes which govern the leasing and development of State oil resources. At the moment, as a result of this conflict of interpretation, the FEA is demanding that approximately $5 million be repaid from State and Long Beach City funds directly to the major oil companies.

The entire dispute is based upon complications arising as a result of a peremptory FEA action in late February 1974. By this action, the FEA rescinded a pre-existing State exemption from Cost of Living Council price regulation. On good faith assurances from CLC of State exemption, the State had previously proceeded with a contract sell-off of tideland oil. The FEA rescission was implemented with a complex retroactive effect which essentially vitiated the prior State oil sell-off contracts.

To clarify this entire situation, therefore, the amendment which I urge would simply exempt State sales of crude oil from price regulation by the Federal Energy Administration.

Let me recap for you in some detail the essential points of the conflict.

The principal dispute arises out of the contract operations of the Long Beach Harbor Units in the East Wilmington Field which, you will recall, were begun when you were California State Controller. Under Chapter 138 of the Laws of the 1964 First Extraordinary Session of the California Legislature, very explicit directions were given as to the form and nature of contracts to be let for the development and sale of Long Beach Harbor production. These included an express requirement for sell-offs of oil at State direction to establish the validity of the prices at which the contractors accounted for the State oil which they produced under contract.

The State and the City of Long Beach undertook in 1972 and 1973 to establish the fair market price by such contract sell-off sales, both on the Long Beach Units and elsewhere. On advertised request for bids, substantial bonuses were bid long before any oil shortage developed and long before any embargo. However, although those sales were wholly exempt from Cost of Living Council price regulations, the Federal Energy Office, in late February, 1974, saw fit to withdraw the State exemption from petroleum regulation, and to do so with a most complex retroactive effect.

First, the effective date of the February, 1974 withdrawal action was specified as October 25, 1973, which just happened to be the date of one of the California "sell-off" sales.

Second, since it withdrew the exemption without qualifying as to price specified in those contracts let after the effective date of the price freeze—May 15, 1973—but prior to October 25, 1973, it has thrown into serious question a number of other contracts.

Third, since the FEA has chosen to freeze oil prices not in terms of the real prices paid on the freeze date, but rather the artificial "posted price", the effect has been to cast doubt on the composite prices which were stated in the contracts required under the 1964 State legislation and which were let long prior to the current petroleum crisis.

We have tried assiduously to get FEA action to relieve the complexities. On the question of "posted" versus "contract" price, where the purpose of the freeze order would seem most clearly to be served by the use of actual prices, the FEA has refused for more than a year to give a requested interpretation.

On the question of the reality of the "posted price", particularly the extraordinarily heavy gravity penalty which is a component of the formula, the FEA has not seen fit either to grant the relief sought or to conclude the proceedings, despite at least three full-scale review proceedings.

Finally, late last month the City of Long Beach and the State Lands Commission received peremptory letters from the FEA Compliance Division, requesting formal admission that the State and City together must repay to the major oil companies an amount in excess of $4.7 million. Under tidelands oil revenue allocations, this money is now part of the school water development and funds of the State.

As I indicated above, the amendment which I urge is one which would simply exempt State sales of crude oil from price regulation by the Federal Energy Administration. As a safeguard against the possibility of abuse, the exemption is limited to sales which are priced below the Congressionally-mandated weighted average first sale price, the $7.66 average with adjustments as allowed by the Energy Policy and Conservation Act. It is also left open to the President himself, if he deems it essential, to regulate State sales.

It appears, from Library of Congress figures, that the total State crude oil which would be covered by such an amendment would amount to about 237,450 barrels a day, just less than 3% of total national production. If all of this crude oil were so-called "lower tier" crude, the total added cost to oil purchasers would be on the order of $190 million per year, and would have no additional cost impact on consumers.

The effect of this action would fall [in the averaging process necessary to achieve the Congressionally-mandated weighted average first sale price] on the "upper tier" prices, now over $10.28. However, even those prices would be affected less than 20 cents, an amount well within the margin of error in the FEA estimates which are used in arriving at the statutory provision. Consequently, even if all the State oil were "lower tier" oil, though we know some is not, the total effect on others would be minor.

The Congress, in enacting the legislation providing for production from Elk Hills, has recognized that there is a valid differentiation to be made between publicly and privately owned oil, and provided in that statute that some 225,000 b/d of Federally-owned oil in California could be sold at market price, well above even the "upper tier" price, without reference to controls. If that principle is valid for Federal oil in California, it would seem only equitable to permit the State to realize the $7.66 weighted average, with adjustments.

Because of the escalating legal and financial problems involved in this, and their effect on the scheduled State budgetary and appropriation processes, I urge the enactment of such amendatory legislation at the earliest possible date.

Cordially,

KENNETH CORY.

Mr. CRANSTON. Mr. President, as Mr. Cory indicates, California's dispute with the Federal Government began in earnest in February 1974, when, after repeated assurances to the contrary, the Federal Energy Office retroactively withdrew the then-existing State exemption from petroleum price controls. This action has had a complex effect.

First, the effective date of the February 1974 withdrawal action was specified as October 25, 1973, which just happened to be the date of one of the major California selloff sales, establishing the validity of a higher contract price.

Second, since it withdrew the exemption without qualifying as to the price specified in the contracts let after the effective date of the price freeze—May 15, 1973—but before October 25, 1973, it has thrown into question a number of other contracts.

Third, since the FEA has chosen to freeze oil prices in California not in terms of the actual contract prices paid on the freeze date, but rather the artificial posted price, the effect has been to cast considerable doubt on the composite price scheme specified in the contract as required under the 1964 California statute.

In short, the California Legislature, by enactment of a complex statute regulating the production of petroleum from its tidelands has endeavored to guarantee for its citizens a fair price in return for the development of its crude oil reserves. The Federal Energy Adminsitration has consistently and stubbornly frustrated that State policy.

The FEA has done this by refusing to acknowledge the inequity of its actions and by freezing into regulatory stone a discriminatory pricing policy which finds the State receiving an average of $4.21 per barrel for its oil—more than $1 per barrel less than the average lower tier price received elsewhere.

Not only is this treatment patently unjust, but it is inconsistent with our national policy of maximizing our domestic production and minimizing our reliance on foreign imports. For if this situation continues to prevail, substantial production losses in California will result by 1977—amounting to some 40,000 barrels per day. If that oil is replaced by expensive foreign imports, it will add to our oil bill—just from California production losses—an additional $360,000 per day or $131.4 million per year. While that figure alone does not seem extraordinary, when multiplied by production losses on California nongovernmental oil affected by the gravity penalty and losses in other States, the true ramifications of this FEA policy begins to be revealed.

The amendment I propose today would remedy this California problem. It would also seek equitable treatment for other States with State-owned crude oil production by allowing the price received by State and local governments for such oil to equal the average price received by all other domestic producers.

It affects less than 3 percent of our national crude oil production. It results in no windfall to any oil company, but instead requires the oil companies to pay a more reasonable price to State and local governments for publicly-owned oil resources. The amendment will have no impact on refined product prices to the consumer and only minimal and short-term impact on the upper tier prices enjoyed by other oil producers. It will forestall an imminent production loss of at least 40,000 barrels of oil per day in California alone.

In closing, let me point out that the Federal Government—another Government entity owning substantial crude oil reserves—recently recognized for itself the wisdom of the principle of my amendment. It did so by enacting legislation authorizing production from our naval petroleum reserves at completely decontrolled prices. At the recent Elk Hills bidding, the Navy specified that bidding on the first 105,820 barrels a day offered would be based on bonus payments over the highest posted price for crude oil in the area—estimated to be between $10.33 and $10.73 per barrel.

I can see no justification for not extending the same principle—at less cost—to State and local government crude oil production.

I urge favorable Senate vote on my amendment.

At this point, I want to yield to the distinguished Senator from Washington who is familiar with this amendment.

Mr. JACKSON. Mr. President, first let me say, I have discussed this matter with the distinguished Senator from California. I have assured him that we will have early and prompt hearings on the important issue and subject of royalty oil. The Senator from California has been most fair. This is a complicated problem. It is a difficult problem. We want to try, as best we can, to find a solution to this particular situation where the State does own and does have royalty rights on oil that is now in production or will be in production.

I might point out that the State of Alaska will soon be turning out their own oil, some 150,000 barrels per day.

I have taken the position here in connection with the pending measure that on those amendments that are up, that have not been subject to hearings, I would respectfully ask the Senate that we not go into those issues in connection with the extension of the FEA bill.

I assure the distinguished Senator from California that I will have my staff be in touch with his staff without delay, so that we can lay the groundwork for those hearings, and we will look forward to working with the Senator so that we will have early and expeditious hearings on the subject.

Mr. CRANSTON. I thank the Senator very much, and I appreciate very much his stress on the early hearings. We do need to resolve this issue as early as we can.

Mr. JACKSON. I assure the Senator that we will do that.

Mr. CRANSTON. I thank the Senator. With that assurance, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

TIME LIMITATION AGREEMENT—S. 3201

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as S. 3201, the Public Works Employment Act, is called up and made the pending business before the Senate, there be a time limitation thereon of 1 hour, to be equally divided between the manager of the bill and the Senator from Tennessee (Mr. Baker).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS FROM 4 P.M. TO 5 P.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, for the purpose of dedicating the old Supreme Court Chamber, there be a recess of the Senate between the hour of 4 p.m. and the hour of 5 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATE FLAGS ON THE CAPITOL GROUNDS

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 3161.

The PRESIDING OFFICER (Mr. Helms) laid before the Senate the amendments of the House of Representatives to the bill (S. 3161) to authorize the Secretary of the Interior, with the approval of the Architect of the Capitol, to locate flagpoles on the U.S. Capitol Grounds in order to fly the flag of each of the States of the United States, and its territories and possessions.

(The amendments of the House are printed in the Record of May 17, 1976, beginning at page 14059.)

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT

The Senate continued with the consideration of the bill (S. 2872) to amend the Federal Energy Administration Act of 1974, to extend the expiration date of such law until September 30, 1979, and for other purposes.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. HANSEN. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. HASKELL. I yield.

Mr. HANSEN. Mr. President, I ask unanimous consent that Donna West be accorded the privilege of the floor during the consideration and any votes on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1780

Mr. HASKELL. Mr. President, I call up my amendment No. 1780.

The PRESIDING OFFICER. The amendment will state.

Mr. HASKELL. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. Haskell's amendment (No. 1780) is as follows:

On page 25, line 22, insert the following:

TITLE III—OFFICE ON ENERGY INFORMATION AND ANALYSIS

FINDINGS AND PURPOSE

Sec. 301. (a) The Congress finds that decisionmaking with respect to, and management of, the energy resources and supplies of the United States requires adequate, accurate, standardized, coordinated, and credible energy information for preservation and enhancement of the public health, safety, and welfare and the national security of the United States.

(b) The purpose of this title is to establish within the Federal Energy Administration an Office of Energy Information and Analysis and a National Energy Information System to assure the availability of standardized, accurate, and credible energy information to the Federal Energy Administration, to other Government agencies responsible for energy-related policy decisions, to the Congress, and to the public.

Sec. 302. The Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following:

"ESTABLISHMENT OF OFFICE OF ENERGY INFORMATION AND ANALYSIS

"Sec. 31. (a) (1) There is established within the Federal Energy Administration an Office of Energy Information and Analysis (hereinafter in this Act referred to as the 'Office') which shall be headed by a Director who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) The Director shall be a person who, by reason of professional background and experience, is specially qualified to manage an energy information system.

"(b) (1) The Director is authorized to exercise, on behalf of the Administrator, those authorities, including enforcement authorities contained therein, granted to the Administrator in section 13 of this Act and in sections 11 and 12 of the Energy Supply and Environmental Coordination Act of 1974, as amended.

"(2) The Director, on behalf of the Administrator, is authorized to collect, tabulate, compare, analyze, standardize, and disseminate the energy information collected—

"(A) pursuant to the authorities specified in paragraph (b) (1) of this section; and

"(B) to fulfill the requirements of the National Energy Information System established pursuant to section 32 of this Act.

"(c) As used in this Act the term 'energy information' shall have the meaning described in section 11 of the Energy Supply and Environmental Coordination Act of 1974.

"NATIONAL ENERGY INFORMATION SYSTEM

"Sec. 32. (a) It shall be the duty of the Director to establish a National Energy Information System (hereinafter referred to in this Act as the 'System'), which shall be operated and maintained by the Office. The System shall contain such information as is required to provide a description of and facilitate analysis of energy supply and consumption within and affecting the United States on the basis of such geographic areas and economic sectors as may be appropriate to meet adequately the needs of—

"(1) the Federal Energy Administration in carrying out its lawful functions;

"(2) the Congress; and

"(3) other Federal agencies responsible for energy-related policy decisions.

"(b) At a minimum, the System shall contain such energy information as is necessary to carry out the Administration's statistical and forecasting activities, and shall include, when fully operational, such energy information as is required to define and permit analysis of—

"(1) the institutional structure of the energy supply system including patterns of ownership and control of mineral fuel and nonmineral energy resources and the production, distribution, and marketing of mineral fuels and electricity;

"(2) the consumption of mineral fuels, nonmineral energy resources, and electricity by such classes, sectors, and regions as may be appropriate for the purposes of this Act;

"(3) the sensitivity of energy resource reserves, exploration, development, production, transportation, and consumption to economic factors, environmental constraints, technological improvements, and substitutability of alternate energy sources;

"(4) the capital requirements of the public and private institutions and establishments responsible for the production and distribution of energy;

"(5) the standardization of energy information and statistics that are supplied by different sources;

"(6) industrial, labor, and regional impacts of changes in patterns of energy supply and consumption;

"(7) international aspects, economic and otherwise, of the evolving energy situation; and

"(8) long-term relationships between energy supply and consumption in the United States and world communities.

"(c) Nothing in sections 31 through 40 of this Act shall impair the ability of the Administrator or the Director, in carrying out statutory responsibilties relating to energy information under this or other Acts, to authorize acquisition and analysis of such information as he may deem necessary (including information necessary to monitor compliance with regulatory programs mandated by law) by such officers or employees of the United States as he deems appropriate.

"ADMINISTRATIVE PROVISIONS

"Sec. 33. (a) The Director of the Office shall receive compensation at the rate now or hereafter prescribed for offices and positions at level V of the Executive Schedule (5 U.S.C. 5316).

"(b) To carry out the functions of the Office, the Director, on behalf of the Administrator, is authorized to appoint and fix the compensation of such professionally qualified employees as he deems necessary, including up to ten of the employees in grade GS–16, GS–17, or GS–18 authorized by section 7 of this Act.

"(c) The functions and powers of the Office shall be vested in or delegated to the Director, who may from time to time, and to the extent permitted by law, consistent with the purposes of this Act, delegate such of his functions as he deems appropriate. Such delegation may be made to any officer or agency of the Federal Government and to the State, regional, and local public agencies and instrumentalities.

"(d) (1) The Director shall be available to the Congress to provide testimony on such subjects under his authority and responsibility as the Congress may request, including but not limited to energy information and analyses thereof.

"(2) The Director shall, within two weeks after the submission by the President of his budget for each fiscal year, report to the Congress concerning the budgetary needs of the Office. Any request for appropriations for the Federal Energy Administration submitted to the Congress shall identify the portion of such request intended for the support of the Office.

"ANALYTICAL CAPABILITY

"SEC. 34. (a) The Director shall establish and maintain within the Office the scientific, engineering, statistical, or other technical capability to perform analysis of energy information to—

"(1) verify the accuracy of items of energy information submitted to the Director; and

"(2) insure the coordination and standardization of the energy information in possession of the Office and other Federal agencies.

"(b) The Director shall establish and maintain within the Office the professional and analytic capability to independently evaluate the adequacy and comprehensiveness of the energy information in possession of the Office and other agencies of the Federal Government in relation to the purposes of this Act and for the performance of the analyses described in section 32 of this Act. Such analytic capability shall include—

"(1) expertise in economics, finance, and accounting;

"(2) the capability to evaluate estimates of reserves of mineral fuels and nonmineral energy resources utilizing alternative methodologies;

"(3) the development and evaluation of energy flow and accounting models describing the production, distribution, and consumption of energy by the various sectors of the economy and lines of commerce in the energy industry;

"(4) the development and evaluation of alternative forecasting models describing the short- and long-term relationships between energy supply and consumption and appropriate variables; and

"(5) such other capabilities as the Director deems necessary to achieve the purposes of this Act.

"PROFESSIONAL AUDIT REVIEW OF PERFORMANCE OF OFFICE

"SEC. 35. (a) The procedures and methodology of the Office shall be subject to a thorough annual performance audit review. Such review shall be conducted by a Professional Audit Review Team which shall prepare a report describing its investigation and reporting its findings to the President and to the Congress.

"(b) The Professional Audit Review Team shall consist of at least seven professionally qualified persons of whom at least—

"one shall be designated by the Chairman of the Council of Economic Advisers;

"one shall be designated by the Commissioner of Labor Statistics;

"one shall be designated by the Administrator of Social and Economic Statistics;

"one shall be designated by the Chairman of the Securities and Exchange Commission;

"one shall be designated by the Chairman of the Federal Trade Commission;

"one shall be designated by the Chairman of the Federal Power Commission; and

"one, who shall be the Chairman of the Professional Audit Review Team, shall be designated by the Comptroller General.

"(c) The Director and the Administrator shall cooperate fully with the Professional Audit Review Team and notwithstanding any other provisions of law shall make available to the Team such data, information, documents, and services as the Team determines are necessary for successful completion of its performance audit review.

"(d)(1) Any information obtained by the Professional Audit Review Team pursuant to the exercise of responsibilities or authorities under this section which constitutes trade secrets or confidential commercial information the disclosure of which could result in significant competitive injury to the company to which the information relates shall not be disclosed except as may be authorized by law.

"(2) Any person who knowingly discloses information in violation of paragraph (1) shall be subject to the penalties specified in Section 5(a) (3)(B) and (4) of the Emergency Petroleum Allocation Act of 1973, as amended.

"COORDINATION OF ENERGY INFORMATION ACTIVITIES

"SEC. 36. (a) In carrying out the purposes of this Act the Director shall, as he deems appropriate, review the energy information gathering activities of Federal agencies with a view toward avoiding duplication of effort and minimizing the compliance burden on business enterprises and other persons.

"(b) In exercising his responsibilities under subsection (a) of this section, the Director shall recommend policies which, to the greatest extent practicable—

"(1) provide adequately for the energy information needs of the various departments and agencies of the Federal Government, the Congress, and the public;

"(2) minimize the burden of reporting energy information on business, other persons and especially small business;

"(3) reduce the most to Government of obtaining information; and

"(4) utilize files of information and existing facilities of established Federal agencies.

"(c)(1) At the earliest practicable date after enactment of this section, the Administrator shall identify each Federal agency which, to a significant extent, is engaged in the collection of energy information and shall by rule prescribe guidelines for the submission by each such agency of the report on energy information described in paragraph (2) of this subsection.

"(2) Each Federal agency identified pursuant to paragraph (1) of this subsection shall promptly provide the Administrator with a report on energy information which—

"(A) identifies the statutory authority upon which the energy information collection activities of such agency is based;

"(B) lists and describes the energy information needs and requirements of such agency;

"(C) lists and describes the categories, definitions, levels of detail, and frequency of collection of the energy information collected by such agency; and

"(D) otherwise complies with the guidelines for such report prescribed by the Administrator pursuant to paragraph (1) of this section.

Such report shall be available to the Congress.

"(d) The recommendations of the Administrator for the coordination of Federal energy information activities shall be available to the Congress and shall be transmitted to the President for the use of the Energy Resources Council in preparation of the plan required under subsection (c) of of section 108 of the Energy Reorganization Act of 1974.

"REPORTS

"SEC. 37. (a) The Director shall make regular periodic reports and may make special reports to the Congress and the public including but not limited to—

"(1) such reports as the Director determines are necessary to provide a comprehensive picture of the quarterly, monthly, and, as appropriate, weekly supply and consumption of the various mineral fuels and electricity in the United States; the information reported may be organized by company, by States, by regions, or by such other producing and consuming sectors, or combinations thereof, and shall be accompanied by an appropriate discussion of the evolution of the energy supply and consumption situation and such national and international trends and their effects as the Director may find to be significant; and

"(2) an annual report which includes, but is not limited to, a description of the activities of the Office and the National Energy Information System during the preceding year; a summary of all special reports published during the preceding year; a summary of statistical information collected during the preceding year; energy consumption and supply trends and forecasts for subsequent one-, five-, ten-, fifteen-, and twenty-year periods under various assumptions; a summary or schedule of the amounts of mineral fuel resources, nonmineral energy resources, and mineral fuels that can be brought to market at various prices and technologies and their relationship to forecasted demands; and a description of the extent of compliance and noncompliance by industry and other persons or entities subject to the rules and regulations of the Office.

"(b)(1) The Director, on behalf of the Administrator, shall insure that adequate documentation for all statistical and forecast reports prepared by the Director is made available to the public at the time of publication of such reports. The Director shall periodically audit and validate analytical methodologies employed in the preparation of periodic statistical and forecast reports.

"(2) The Director shall, on a regular basis, make available to the public information which contains validation and audits of periodic statistical and forecast reports.

"(c) The Director may not be required to obtain before publication and approval of any other officer or employee of the United States with respect to the substance of any statistical or forecasting technical reports which he has prepared in accordance with law.

"ENERGY INFORMATION FROM MAJOR ENERGY-PRODUCING COMPANIES

"SEC. 38. (a) For the purposes of this Act the Director shall designate 'major energy-producing companies' which alone or with their affiliates are involved in one or more lines of commerce in the energy industry so that the energy information collected from such major energy-producing companies shall provide a statistically accurate profile of each line of commerce in the energy industry in the United States.

"(b) The Administrator shall develop and make effective for use during the first full calendar year after enactment of this section the format for an energy-producing company financial report. Such report shall be designed to allow comparison on a uniform and standardized basis among energy-producing companies and shall permit—

"(1) an evaluation of company revenues, profits, cash flow, and investments in total, for lines of commerce in which such company is engaged and for all significant functions within such company;

"(2) an analysis of the competitive structure of sectors and functional groupings within the energy industry;

"(3) the segregation of energy information, including financial information, describing company operations by energy source and geographic area;

"(4) the determination of costs associated with exploration, development, production, processing, transportation, and marketing and other significant functions within such company; and

"(5) such other analyses or evaluations as the Administrator finds are necessary to achieve the purposes of this Act.

"(c) The Director shall consult with the Chairman of the Securities and Exchange Commission with respect to the development of accounting practices to be followed by persons engaged in whole or in part in the production of crude oil and natural gas required by the Energy Policy and Conservation Act (Public Law 94-163) and shall endeavor to assure that the energy-producing company financial report described in subsection (b) of this section, to the extent practicable and consistent with the purposes and provisions of this Act, is consistent with such accounting practices where applicable.

"(d) The Director shall require each major energy-producing company to file with the Office an energy-producing company financial report on at least an annual basis and may request energy information described in such report on a quarterly basis if he determines that such quarterly report of information will substantially assist in achieving the purposes of this Act.

"(e) A summary of information gathered pursuant to this section accompanied by such analysis as the Director deems appropriate shall be included in the annual report of the Office required by subsection (b) of section 37 of this Act.

"(f) As used in this section the term—

"(1) 'energy-producing company' means a person engaged in any of the following:

"(A) ownership or control of mineral fuel resources or nonmineral energy resources;

"(B) exploration for, or development of, mineral fuel resources;

"(C) extraction of mineral fuel or nonmineral energy resources;

"(D) refining, milling, or otherwise processing mineral fuels or nonmineral energy resources;

"(E) storage of mineral fuels or nonmineral energy resources;

"(F) the generation, transmission, or storage of electrical energy;

"(G) transportation of mineral fuels or nonmineral energy resources by any means whatever; and

"(H) wholesale or retail distribution of mineral fuels, nonmineral energy resources, or electrical energy;

"(2) 'Energy industry' means all energy-producing companies; and

"(3) 'Person' has the meaning described in section 11 of the Energy Supply and Environmental Coordination Act of 1974.

"ENERGY INFORMATION IN POSSESSION OF OTHER FEDERAL AGENCIES

"Sec. 39. (a) In furtherance and not in limitation of any other authority, the Director, on behalf of the Administrator, shall have access to energy information in the possession of any Federal agency except information—

"(1) the disclosure of which to another Federal agency is expressly prohibited by law; or

"(2) the disclosure of which would frustrate the enforcement of law.

"(b) In the event that energy information in the possession of another Federal agency which is required to achieve the purposes of this Act is denied the Director or the Administrator pursuant to paragraph (1) or paragraph (2) of subsection (a) of this section, the Administrator, or the Director, on behalf of the Administrator, shall take appropriate action, pursuant to authority granted by law, to obtain said information from the original sources or a suitable alternate source, Such source shall be notified of the reason for this request for information.

"CONGRESSIONAL ACCESS TO INFORMATION IN POSSESSION OF THE OFFICE

"Sec. 40. (a) Notwithstanding any other provision of this Act, the Director shall promptly provide any energy information in the possession of the Office to the Congress or to any duly established committee of the Congress upon request of the Chairman or upon receipt of a resolution adopted by such committee which request or resolution reasonably describes the information sought. Such information shall be deemed the property of such committee and may not be disclosed except in accordance with the rules of such committee and the Rules of the House of Representatives or the Senate and as permitted by law.

"(b) Nothing in this section shall be construed to in any way limit the access of the Congress to information in the possession of the Federal Energy Administration.".

EFFECTIVE DATE

Sec. 303. This title shall become effective one hundred and eighty days after its enactment.

Mr. HASKELL. Mr. President, this is an organizational amendment, and it is offered on behalf of the distinguished Senator from Washington (Mr. Jackson), the distinguished Senator from Wisconsin (Mr. Nelson), and myself.

UP AMENDMENT NO. 41

I send to the desk a technical modifying amendment, and ask that it be adopted in connection with amendment No. 1780, and ask unanimous consent that the reading of the technical amendment be dispensed with.

The PRESIDING OFFICER. The Chair would advise the Senator that he has a right to modify his amendment, and it will be so modified.

Mr. Haskell's modification (UP amendment No. 41) is as follows:

On page 5, line 23, strike out "level V" and insert "level IV".

On page 10, line 21, strike out "most" and insert "cost".

On page 12, strike line 10 and insert in lieu thereof "and consumption of the various nonmineral energy resources, mineral fuels, and elec-".

On page 14, strike line 15 and insert in lieu thereof "producing companies and shall permit, for the energy-related activities of such companies-".

On page 14, strike line 17 and insert in lieu thereof "cash flow, and investments in total, for the energy-related lines of com-".

On page 14, strike line 19 and insert in lieu thereof "significant energy-related functions within such company;".

On page 15, strike line 3 and insert in lieu thereof "portation, and marketing of energy and other significant energy-related functions".

On page 16, strike line 12 and insert in lieu thereof "eral fuel or nonmineral energy resources;".

Mr. HASKELL. Mr. President, let me briefly explain what this amendment does.

First, it establishes, by statute, an Office of Energy Information and Analysis in the FEA; the Office would be without policy responsibilities;

Second, it specifies that the Director of the Office shall have professional qualifications to his task and shall exercise the energy information authority in existing law on behalf of the FEA Administrator;

Third, it directs the creation of a comprehensive National Energy Information System to see that this authority is used;

Fourth, it insures that the Office will assist the Congress and the public, as well as the FEA, in obtaining useful energy information;

Fifth, it requires the independence of the Office through a professional audit review of the activities of the Office on an annual basis;

Sixth, it directs efficient use of existing data to minimize duplicate reporting requirements; and

Seventh, it authorizes collection of information from major energy-producing companies on costs, profits, cash flow, and investments.

The substance of this amendment has been considered in extensive hearings, which I chaired, before the Senate Committee on Interior and Insular Affairs.

The amendment is designed to cure a very real and compelling defect with our national energy policy debate: the destructive and crippling distrust of both the basic energy data and the statistical forecasting analyses of these data prepared by the Federal Government.

I believe that there has been substantial inherent conflict within the existing FEA organization. Among the roles the FEA has, of necessity, been required to assume are:

First, regulation of the petroleum industry;

Second, formulation of energy policy advice for the executive branch;

Third, the collection and interpretation of energy data; and

Fourth, defense and advocacy of White House energy policy proposals in the Congress and in the public arena.

Nowhere has this mixing of roles been more obvious than in the activities overseen under FEA's current organization by the FEA Assistant Administrator for Policy and Analysis. This person now manages both FEA's basic data collection and analysis and the development of agency and White House policy proposals.

My amendment would separate the basic, objective, and professional job of energy data gathering, organization and analysis from the policy and regulatory roles which the FEA must continue to fulfill. It would remove the political heat from energy data and focus political scrutiny on the policy issues where it belongs.

The aim of the amendment is not merely to improve the structure of the FEA, although that is clearly a result which is desirable and also perfectly germane to the issues addressed in S. 2872. The FEA is a temporary agency. I strongly support the decision of the Committee on Government Operations to recommend a short-term extension of FEA authority.

This will force early consideration in the next Congress of a comprehensive proposal to reorganize the Government for a more improved management of energy problems.

No one doubts that such a reorganization should include the establishment of a highly credible and professional entity with the authority and capability to manage a comprehensive Federal energy information system. We really need such a system now. We have needed one all along. Our energy information requirements will persist over the long term. My amendment recognizes this and establishes the organizational model for such a long-term information system.

The amendment provides the direction and authority to continue some of the very useful work already begun by the FEA and to begin to expand these functions in the direction of the information system we will eventually locate in a Department of Energy and Natural Resources. We should not and need not wait until the end of the currently proposed FEA extension—or beyond that—to begin this task.

The FEA has recognized the wisdom of this approach. I understand that we will very soon be hearing about a major internal reorganization of the FEA. From what I have heard on an informed basis of this proposal, there is much to applaud. I was particularly interested in the FEA's tentative plans to consolidate all energy data and analysis functions under a single Assistant Administrator who would not have policy responsibilities. This administrative proposal—as I understand it—is substantially similar in effect to the amendment I am offering.

The Congress ought to recognize the need for this consolidation of basic professional energy information functions in statute.

In this way we can insure that the consolidation we want actually takes place and that future reorganizations will not undo the organizational arrangements which have substantial Congressional approval.

I would like to make just a few remarks about a particular provision of my amendment. Section 38 would direct the FEA Office of Energy Information and Analysis to develop the format for an annual financial report by major energy producing companies. This report would permit analysis of company revenues, profits, cash flow, costs, and investments and could provide the background for a real understanding of both competitive structure and the role of price and profit incentives in the energy industry. The language of the amendment explicitly contemplates reporting by the largest companies with only such sampling of smaller units as is necessary to achieve a statistically accurate profile of functional segments of the industry. The data sought would pertain in detail only to the energy-related activities of any company.

I believe that the information and understanding of reliable data of this kind could have provided, would have been enormously useful in the energy debate of the past year. We have debated the costs of producing energy, but we have no credible data. We have debated profit and investment needs, yet we have very little in the way of real facts. The responsible course to provide for future policy needs is to authorize a competent and professional group to determine how to gather this information on a systematic basis, grant them the necessary authority, and direct them to do it. This is precisely what section 38 would do.

The FEA came to a similar conclusion in late 1975. The Federal Register of September 22, 1975 contains the FEA's proposal for a "Petroleum Company Financial Report". The aim and purpose of this report is almost identical to that contemplated in my amendment.

I will quote from the FEA notice and will ask unanimous consent that a detailed description of the FEA's proposal be inserted at the end of my remarks:

It says:

> The primary purpose of the Petroleum Company Financial Report is to provide the FEA with comprehensive, consistent and up-to-date financial information about the petroleum industry and its components. This report collects new data on revenues, costs, investments and profits of companies involved in the petroleum industry. Operating data will be collected and related to fiscal data.
>
> The report will enable the Federal Energy Administration to perform, among other things, the following:
>
> (1) An evaluation of company profits, in total and for certain functions within each company;
>
> (2) A determination of the cost of energy development by type of energy and by geographic area;
>
> (3) An assessment of cash flow by company and by groups of companies in order to judge the adequacy of cash flow for investments requiring financing;
>
> (4) An analysis of the competitive situation in various sectors of the petroleum industry; and
>
> (5) A determination of the impact of existing or proposed regulatory and legislative policies on costs, prices and profits.
>
> This information will make possible a comparative examination of selected aspects of the industry in particular:
>
> Geographic areas of operation (domestic on-shore, off-shore, Alaska and foreign).
>
> Functional activities (exploration, development, production, refining, marketing, transportation and supply).
>
> Non-petroleum activities, Alternative sources (such as coal, synthetic fuels and nuclear).
>
> Energy-related areas (such as petrochemical and chemical).
>
> Non-energy endeavors (such as land-development and retailing, in aggregate).
>
> Relationships among various factors (such as physical operating data; costs and revenues; and, cash flows and investments).
>
> This proposed form has been designed to obtain all necessary information with a minimum of difficulty. For example, the consolidated financial statements which the form will require are the same as those required by the Securities and Exchange Commission (SEC) in its Form 10-K filings. In addition, the FEA's proposed form has not attempted to prescribe standardized accounting practices for the petroleum industry. Rather, the form takes into account variations in accounting practices and provides options as to the manner in which information may be reported.
>
> The report requests information on cash inflows and outflows and therefore analysis of the basis data is not influenced by accounting conventions. The report collects additional information of an accounting nature so that the report can be linked to the company's financial statements in its annual report and its submission to the Securities Exchange Commission, Form 10-K."

This report has never been made final by the FEA. I do not claim that we need just the report outlined in that FEA proposal. But I think most people will agree that if we are to act intelligently in constructing a national energy policy, we will need something like the sort of information which that proposed report was designed to collect. A system of private enterprise and private profit which must coexist with Government requires policies which are based on real understanding if the private system is to operate to the benefit of all the constituents of Government. That understanding cannot be based on public sector ignorance of basic facts.

I strongly urge that the Senate take the opportunity which Senator Nelson, Senator Jackson and I offer to establish an energy information system which can eliminate the need to argue over basic data and leave us free to thrash out the energy policies we will find increasingly important to the public welfare in the years to come.

Mr. President, to briefly summarize the amendment, this amendment comes basically from a bill the prime sponsor of which was the Senator from Wisconsin (Mr. Nelson). Mr. Nelson's bill was cosponsored by Mr. Jackson, by myself, and I believe by the Senator from Ohio (Mr. Glenn).

Originally it was contemplated that it was necessary within the Federal Government to have an impartial, objective, nonpolicy data collecting and analysis agency for energy information.

Objection was raised that this might be duplicating things that the Federal Energy Administration was doing, and it was suggested that the objective of the bill could be attained by setting within the Federal Energy Administration a separate and autonomous subagency to deal with the information collecting and deal with analysis separate and apart from the policy functions of the FEA.

As we all know, the FEA wears many hats. First and foremost, or whether first and foremost or not, it deals with the administration's official policy. It carries out instructions from the President as to what policy this administration will have in energy matters.

Second, obviously it has pricing and regulatory authority overall in gas pricing within this country; and then, third, it is authorized to collect energy information.

Unfortunately, the FEA has sought to put the policy function and the data collection functions within the same branch, and in fact the gentleman who ran both things had the title of Administrator for Policy and Analysis.

It was brought out in a series of hearings held in the Committee on Interior and Insular Affairs that obviously policy must be separated from basic data collection and analysis, and this amendment would set up a separate subadministrator for data collection and analysis, subject to confirmation of the Senate, and would provide an outside audit of the functions of that Administrator, to be sure that the duties were carried out impartially.

I am very pleased to say, whether it is coincidental with the scheduling of this bill on the floor or otherwise, that I am told that the FEA intends, organizationally, to make this separation, the separation of functions contemplated by the amendment.

I think this is a step forward. I would like to be sure that the FEA carries out what is now their intent, and in fact keeps the functions separate.

There is one particular section of the bill to which I would like to call the Senate's attention, and that is the section——

Mr. GARY HART. Mr. President, may we have order?

The PRESIDING OFFICER (Mr. Burdick). The Senate will be in order.

Mr. HASKELL. I thank the Chair.

Section 38 of this amendment provides a format for an annual financial report by major energy-producing companies.

This report would permit analysis of company revenues, profits, cash flow, costs and investments, and could provide the background for a real understanding of both the competitive structure and the role of price and profit incentives within the industry.

I also mention again, possibly coincidentally, with the introduction or hearings on the bill, the FEA came to a conclusion that this information was necessary and in September 1975, the Federal Register shows the FEA's proposal for a petroleum company financial report.

Mr. President, I ask unanimous consent that the notice entitled "Federal Energy Administration, Petroleum Company Financial Report," contained in the Federal Register, volume 40, No. 184, Monday, September 22, 1975, be printed in the Record.

There being no objection, the notice was ordered to be printed in the Record, as follows:

Federal Energy Administration—Petroleum Company Financial Report

NOTICE OF PROPOSED REPORT

Notice is hereby given that the Federal Energy Administration proposes to issue Form FEA P324–A–O, Petroleum Company Financial Report, with schedules and instructions.

Once approved, the questionnaire will be printed and mailed to all companies, conducting petroleum refining operations and a random sampling of petroleum producing and marketing companies.

The primary purpose of the Petroleum Company Financial Report is to provide the FEA with comprehensive, consistent and up-to-date financial information about the petroleum industry and its components. This report collects new data on revenues, costs, investments and profits of companies involved in the petroleum industry. Operating data will be collected and related to fiscal data.

The report will enable the Federal Energy Administration to perform, among other things, the following:

(1) An evaluation of company profits, in total and for certain functions within each company;

(2) A determination of the cost of energy development by type of energy and by geographic area;

(3) An assessment of cash flow by company and by groups of companies in order to judge the adequacy of cash flow for investments requiring financing;

(4) An analysis of the competitive situation in various sectors of the petroleum industry; and

(5) A determination of the impact of existing or proposed regulatory and legislative policies on costs, prices and profits.

This information will make possible a comparative examination of selected aspects of the industry, in particular:

Geographic areas of operations (domestic on-shore, off-shore, Alaska and foreign)

Functional activities (exploration, development, production, refining, marketing, transportation and supply)

Non-petroleum activities Alternative sources (such as coal, synthetic fuels and nuclear)

Energy-related areas (such as petrochemical and chemical)

Non-energy endeavors (such as land-development and retailing, in aggregate)

Relationships among various factors (such as physical operating data; costs and revenues; and, cash flows and investments.)

The proposed form has been designed to obtain all necessary information with a minimum of difficulty. For example, the consolidated financial statements which the form will require are the same as those required by the Securities and Exchange Commission (SEC) in its Form 10–K filings. In addition, the FEA's proposed form has not attempted to prescribe standardized accounting practices for the petroleum industry. Rather, the form takes into account variations in accounting practices and provides options as to the manner in which information may be reported.

The report requests information on cash inflows and outflows and therefore analysis of the basis data is not influenced by accounting conventions. The report collects additional information of an accounting nature so that the report can be linked to the company's financial statements in its annual report and its submission to the Securities Exchange Commission, Form 10–K.

Form FEA P324–A–O, once finalized, will be due 135 days after the close of each fiscal year. For the year 1974, the submission will be due 90 days after receipt of the Form. In addition, FEA will require that a reduced version of this form be submitted for 1971, 1972 and 1973. FEA requests specific comments on the availability of information for the years 1971–1973.

The FEA recognizes the need for an updating of selected parts of this data between annual submissions. However, the FEA lacks precise information on the amount or type of interim-financial data available. Separate comments are solicited as to the availability of financial and operating data on a quarterly basis.

The proposed questionnaire, Form FEA P324–A–O, is issued pursuant to the information-gathering powers of § 13(c) of the Federal Energy Administration Act of 1974 (Pub. L. 93–275) and does not constitute a rule within the meaning of § 7(i)(1) of the Federal Energy Administration Act of 1974. Thus, the rulemaking provisions of § 7(i)(1) are inapplicable. However, because of the scope of this proposed form and the FEA's desire to secure all necessary financial information with a minimum degree of difficulty, written comments will be received on the form and a public hearing will be held.

Interested persons are invited to submit data, views, or arguments with respect to this form to Executive Communications, Federal Energy Administration, Box EG, Washington, D.C. 20461. Comments should be identified on the outside of the envelope and on documents submitted to the Executive Communications, FEA, with the designation "Form FEA P324–A–O." Fifteen copies should be submitted. All comments received by October 16, 1975, and all relevant information will be considered by the Federal Energy Administration.

A public hearing on the form will be held beginning at 10:00 a.m. on October 14, 1975 at 2000 M Street, N.W., Room 2105, Washington, D.C. to receive comments from interested persons. The hearing will be continued through October 15, if necessary. Any person who has an interest in the subject of the hearing, or who is a representative of a group or class of persons which has an interest in the subject of the hearing, may make a written request for an opportunity to make oral presentation. Such a request should be directed to Executive Communications, FEA and must be received before October 2, 1975. Such a request may be hand delivered to Room 3309, Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C., between the hours of 8 a.m. and 4:30 p.m., Monday through Friday. The person making the request should be prepared to describe the interest concerned; if appropriate, to state why he or she is a proper representative of the group or class of persons which has such an interest; and to give a concise summary of the proposed oral presentation and a phone number where he or she may be contacted through October 14, 1975. Each person selected to be heard will be so notified by the FEA before October 9, 1975, and must submit 100 copies of his or her statement to Executive Communications, FEA, Room 2214, 2000 M Street, N.W., Washington, D.C. 20461, before 4:30 p.m., e.d.t., October 10, 1975.

The FEA reserves the right to select the persons to be heard at the hearing, to schedule their respective presentations and to establish the procedures governing the conduct of the hearings. Each presentation may be limited, based on the number of persons requesting to be heard.

An FEA official will be designated to preside at the hearing. It will not be a judicial or evidentiary-type hearing. Questions may be asked only by those conducting the hearing, and there will be no cross-examination of persons presenting statements. Any decision made by the FEA with respect to the subject matter of the hearing will be based on all information available to the FEA. At the conclusion of all initial oral statements, each person who has made an oral statement will be given the opportunity, if he or she so desires, to make a rebuttal statement. The rebuttal statements will be given in the order in which the initial statements were made and will be subject to time limitations.

Any interested person may submit questions, to be asked of any person making a statement at the hearing, to Executive Communications, FEA, before 4:30 p.m., e.d.t., October 9, 1975. Any person who makes an oral statement and who wishes to ask a question at the hearing may submit the question, in writing, to the presiding officer. The FEA or the presiding officer, if the question is submitted at the hearing, will determine whether the question is relevant, and whether time limitations permit it to be presented for answer.

Any further procedural rules needed for the proper conduct of the hearing will be announced by the presiding officer.

A transcript of the hearing will be made and the entire record of the hearing, including the transcript, will be retained by the FEA and made available for inspection at the Administrator's Reception Area of the FEA, Room 3400, Federal Building, 12th and Pennsylvania Avenue NW., Washington, D.C., between the hours of 8 a.m. and 4:30 p.m., Monday through Friday. Anyone may buy a copy of the transcript from the reporter.

Dated: September 5, 1975.

Robert E. Montgomery, Jr.,
General Counsel,
Federal Energy Administration.

Introduction to the Federal Energy Administration—Petroleum Company Financial Reporting System

STATEMENT OF PURPOSE

To meet its legislated responsibilities under Section 5 of P.L. 93–275 (Federal Energy Administration Act of 1974) to collect information needed for the formulation of energy policy, the FEA is conducting this survey of petroleum company financial conditions pursuant to Section 13 of that Act. The instructions and forms accompanying this Statement of Purpose form the basis for the Annual Reporting Requirements for the designated companies.

REPORTING SPECIFICATIONS

A. Compatibility with the Securities and Exchange Commission Form 10-K Submissions.

This report is to be based on the same

basic accounting data and is to cover the same fiscal period as the consolidated financial statements and accompanying notes and schedules of SEC Form 10-K, which should be filed with this report. In addition, the company's annual report to shareholders, including supplemental material, should be filed with this report, or at such time as they become available.

The net income and total outlays provided for in this report should equal the net income and use of cash figures provided in the consolidated financial statements of SEC Form 10-K. In addition, account totals of this report should equal account totals of Form 10-K, except in those instances where the instructions for this report specifically require deviation from 10-K reporting.

For firms not required to file SEC Form 10-K, net income and cash flow of this report should equal net income and cash flow of the company's audited consolidated financial statements, which should be filed with this report. For such firms, all references to SEC Form 10-K should be interpreted as audited annual consolidated financial statements.

All items which enter into the determination of net income for the reporting company should be included within the body of this report, including items which may be set out separately for financial statement presentation purposes, such as extraordinary items and discontinued operations.

All items should be reported prior to the tax effects on the reporting company. Companywide tax effects art to be reported separately on Schedule 4 for current taxes and Schedule 7 for Deferred Taxes.

B. Use of Estimates for Unavailable Information.

The FEA recognizes that there is no uniform system of accounting for all companies and that reporting on this form may require some companies to use estimates for some portions of the detailed data items requested. If you do not have records showing the items requested, please use your best professional estimates. Indicate on the form, using a footnote, figures provided on an estimated basis (e.g. 1,704e and footnote e for estimated).

INTRODUCTION TO THE REPORTING FORMS

A. Introduction to the 12 Reporting Schedules.

The reporting system is structured around eleven financial schedules and one statistical schedule as follows:

Schedule 1—raw material and Product acquisitions and Dispositions.
Schedule 2—Other Revenue, Income and Costs
Schedule 3—Sales and Retirements of Assets and
Schedule 4—Total Energy Exploration/Development
Schedule 5—Other Operating and Capital Expenditures
Schedule 6—Other Sources and Uses of Funds
Schedule 7—Non-Cash Profit and Loss Effects
Schedule 8—Reconciliation of Net Income and Cash Flow
Schedule 9—Balance Sheet
Schedule 10—Changes in Property, Plant and Equipment
Schedule 11—Income Taxes
Schedule 12—Statistical Data

B. Intersection of Rows and Columns.

Each schedule consists of (a) row items that call for particular categories of financial and volumetric data; and (b) columns for particular geographic classifications, functional group classifications, type of energy classifications, and corporate summaries. The overall intersection of rows and columns for the 12 schedules is shown on Table 1.

TABLE 1

	Petroleum												
	U.S. production			United States		Foreign		Other energy					
	Offshore	Onshore	Alaska	Prod	Ref/Mkt/ Trans/ Supply	Prod	Ref/Mkt/ Trans/ Supply	United States	Foreign	Non-energy	Corp	Inter. Elim	Total companies
Schedule 1: Purchases, sales and inventory change	×	×	×	×	×	×	×	×	×	×	×	×	×
Schedule 2: Other revenue and income													×
Schedule 3: Sales of assets				×	×	×	×	×	×	×	×	×	×
Schedule 4: Exp./dev./prod. expenditures	×	×	×	×		×		×	×				×
Schedule 5: Other operating and capital expenditures.					×		×	×	×	×	×	×	×
Schedule 6: Other sources/uses of funds					×		×	×	×	×	×		×
Schedule 7: Noncash effects					×		×	×	×	×	×		×
Schedule 8: Reconciliation													×
Schedule 9:													
Balance sheet:													
Property, plants, equipment	×	×	×	×	×	×	×	×	×	×	×		×
Assets				×	×	×	×	×	×	×	×		×
Liabilities, stockholder equity				×	×	×	×	×	×	×	×		×
Schedule 10: Balance sheet changes (not reported above).													×
Schedule 11: Income taxes													×
Schedule 12: Statistical data	×	×	×	×	×	×	×	×	×				×

Source: Federal Register, vol. 40, No. 184—Monday, Sept. 22, 1975.

C. Definitions of Row Entries.

The specific definitions and guidance for completing the row entries are provided in the detailed instructions accompanying each schedule.

D. Definitions of Columnar Headings.

The following definitions should be used for assigning the data in each row to the appropriate columns on each schedule:

Geographical Classifications—Assign geographic classification according to the physical location of operations, regardless of the 'citizenship' of materials on which the operations are performed. Exceptions are that marine vessels be classified as U.S. or Foreign according to country of registry, and that crude oil, semi-finished and finished products imported to the U.S. be classed as Foreign until title transfers to a U.S. company.

U.S.—Use the FEA definitions for U.S. geographic classification (i.e. the fifty states, including the offshore territorial waters of the fifty states, and including U.S. commonwealths, territories, and protectorates).

Onshore U.S.—Covers all U.S. operations except Alaska and Offshore as defined below.

Offshore U.S.—Covers Federal and State Offshore as defined by the State Conservation Commissions, except that Alaska offshore is to be considered with Alaska.

Alaska—Includes all Alaskan onshore and offshore operations.

Foreign—Covers all operations outside the U.S., as defined above. The memo entries on foreign operations cover the following areas: Canada; Other Western Hemisphere; Western Europe; Middle East and Africa; and Other Eastern Hemisphere.

Functional Group Classifications—(For Column breakdowns such as the Exploration/Development/Production, Synfuels, Nuclear, Non-Energy, Corporate, etc.)

Functional Groups in this report are based on the nature of the operations and should be reported as defined herein regardless of the company's legal or organizational structures, management control structures, or accounting/reporting systems.

Report with each function all direct and indirect expenditures that can be identified with the particular function. However, do not allocate any expenditures to or from any group classification. Expenditures that cannot be identified with specific operating functions should be reported as overall Group or Corporate expenditures on Schedule 5.

The functional groupings must represent sub-consolidations of the total company financial statements so that valid comparisons and aggregations can be made. Therefore, any consolidating entries or parts of consolidating entries necessary to present each functional group as a consolidated entity must be applied to the data in the functional columns. Only those consolidating entries that apply to inter-functional transactions or balances will be reflected in the column for Eliminations and Adjustments. Because consolidating entries normally apply to inter-affiliate transactions and balances, it is recognized that estimates and professional judgement will be necessary to complete this requirement. Individual consolidating entries should be broken down only for material amounts.

Petroleum Exploration/Development/Production—Includes the net Company interest (net of royalty oil) in all petroleum energy operations to the point of sale or transfer from the lease. Where the storage at the lease is minimal the recording of the volume and value of the production can be made at the time of sale or the physical transfer of the production from the lease. Include natural gas liquids plants and other field processing facilities. Field gathering systems can be included as either production or transportation operations in accordance with the Company's established accounting practices. Include indirect expenses that can be identified with Exploration/Development/Production operations such as Social Security taxes, but do not include general support items that cannot be specifically identified with the Petroleum Exploration/Development/Production function, such as interest costs or general corporate staff expense. Include Inter-functional transactions according to instructions for individual schedules.

Petroleum Refining, Marketing, Transportation and Supply—Includes the Company's activities in all petroleum operations other than Exploration/Development/Production. Include indirect and corporate expenses that can be identified with Refining, Marketing, Transportation and Supply, but do not include items (such as interest costs) or expenses that cannot be specifically identified with Petroleum Refining, Manufacturing, Transportation, or Supply. Include Inter-functional transactions according to instructions for individual schedules.

Other Energy—Includes all activities relating to the production of other energy, such as coal, synfuels, nuclear, geothermal and solar. Include research and development activities, including advances and contributions for research done by others.

Non-Energy—Includes all operations not related to energy, such as non-energy mineral development, land development, agriculture, insurance, retailing and manufacture of non-energy products. Also include energy-related operations which do not directly produce energy but are closely related to the energy field; for example, downstream operations on petroleum products not used for energy, (e.g. fertilizers, chemicals, plastics and synthetic rubber). Where the accounts for these activities are not directly separable from petroleum energy activities, use a consistent basis for allocating costs and enclose the basis of the allocation as a note to the appropriate schedule.

Corporate—Includes those income and expense items necessary for the general welfare and direction of the Company that cannot be assigned to specific operations without allocation. Includes Overhead items such as interest income and expense, debt discounts and expense, stock offering expense, etc. Includes expenses of corporate executives and staffs who do not have departmental responsibilities, including corporate-level legal, financial, and personnel staffs.

Eliminations and Adjustments—Includes the consolidating entries that apply to inter-functional transactions and balances. Certain other adjustments are required by the detailed instructions.

Total Company—Includes the sum of Petroleum Energy, Other Energy, Non-Energy and Corporate, less Eliminations/Adjustments. Total Company net income and cash flow of this column (reconciled in Schedule 8) should equal net income and cash flow of the consolidated financial statements of SEC Form 10-K.

DATA PREPARATION

A. Data Entry.

The reporting cells on the forms are designed for typewriter or manual preparation.

Numeric data (dollars and units) are to be presented in tenths of millions (i.e. the nearest hundred-thousand). For example, a financial statement figure of $15,608,486,000 should be reported as 15608.5. Use brackets to indicate negative amounts.

B. Quantitative Definition of Significance-Financial Data.

The following standards should be used for determining significance (or materiality) for reporting information on individual entries within the individual rows and columns of each schedule:

Report if the Entry Exceeds the Following:

	Significance Standard	
Schedules	$100,000	$5 Million
I	X	
II		X
III	X	
IV	X	
V	X	
VI*		X
VII*		X
IX**		X
X		X
		XI**

*For items not provided for in captions.
**See instructions for significant items.

The column and row totals for each schedule should be completed to within the nearest $100,000.

C. Requirements for Detailed Reporting for Other Energy and Non-Energy.

Should the reporting company experience serious difficulties in compiling and reporting the details of the data for entries under the columns labeled Other Energy and Non-Energy on the Schedules, the reporting company may request a waiver of the first year's submission for the detailed entries under Other Energy and Non-Energy. In all cases, however, the reporting company is required to provide the bottom line totals for Other Energy and Non-Energy on each reporting Schedule.

ABBREVIATIONS

The following abbreviations are used to designate volumetric data on Schedules 1 and 12.

MMCF million cubic feet
BCF billion cubic feet
TCF trillion cubic feet
MMB million barrels
MBD thousand barrels per day
MT thousand short tons
MMT million short tons
M0 thousand pounds

DETAILED INSTRUCTIONS FOR EACH OF THE 12 SCHEDULES

The remainder of this section contains the detailed instructions for completing each of the 12 Schedules of the FEA Petroleum Company Financial Reporting System.

SCHEDULE 1—RAW MATERIAL AND PRODUCT ACQUISITIONS AND DISPOSITIONS

Purpose:

To report the quantities and values of raw materials produced and acquired for sales and for input to refining and processing operations, and the quantities and values of semifinished and finished products purchased and sold by the reporting firm.

The purchases and sales, should reconcile with the consolidated financial statements of reporting Form 10-K of the Securities and Exchange Commission.

General instructions:

Report on Schedule 1 operating sales and revenues from product operations. Include operating sales and revenues from discontinued operations. Use subsequent schedules to report other income effects such as: Schedule 2—for non-operating and service revenues; Schedule 3—for sales of assets, investments, and future production; Schedule 7—for other income which is essentially non-cash; and Schedule 6—for the cash effects, if any, of essentially non-cash transactions.

Note: Volumetric data is on a separate schedule. Instructions for the volumetric data parallel those for the dollar amounts.

Note: The Schedule recognizes two forms of acquisition: production and purchase. The value of production should be reported as it is valued at the wellhead or other generally recognized first sale or valuation location used for reporting production revenues in calculating depletion and taxable income. The equivalent figure should be used for foreign production, (based on transfer prices). Purchases are acquisitions from third parties transacted at arms length prices.

Report the purchase costs of crude oil, products, and other merchandise during the accounting period, at the point of origin. Report import duties and other purchase taxes (other than consumer taxes) on this schedule. Do not include transportation, brokerage, storage, port charges, etc., except which include costs of transportation, brokerage, storage, etc., in such a way that they cannot be readily separated and individually reported.

Do not report purchases of materials and supplies; these should be reported as operating expenditures on Schedules 3 or 5, as applicable.

Report purchases of crude oil and condensate, natural gas liquids, natural gas, synfuels, refinery feedstocks, semifinished products and other energy materials by all operations of the company in which these purchases are used in refining or manufacturing processes, or are purchased for resale.

Include purchases of all energy and non-energy raw materials and products for Non-Energy operations.

Report purchases and sales of oil and gas total—without netting.

Note: Georgraphic Classification. Domestic and Foreign source classifications in Sections A and B apply to the "citizenship" of crude and products at the time of purchase by the company. The "citizenship" is determined by the geographical location of the last physical operation that took place upon the crude or products, excluding transportation, storage, or brokerage operations. For crude oil, condensate, natural gas, and natural gas liquids which the company or its affiliates have produced and/or have an equity interest in, the "citizenship" or the materials (Domestic or Foreign) at the time of purchase is determined by the geographic location of the production (Domestic or Foreign). For feedstocks, semi-finished and finished products, the "citizenship" of the materials (Domestic or Foreign) is determined by the geographical location of the last manufacturing or refining operation performed upon the products prior to their purchase by the company.

Detailed instructions:

Section A

Lines 1-14—Crude Oil, Condensate, Natural Gas, and Natural Gas Liquids.

Report the net Company interest in the volume and value of petroleum production during the period. (working interest, production payment interest, etc.) regardless of the disposition of the production (run to own refineries, sold to others, traded, exchanged, etc.). Do not report volumes or value of production owned by others who have the right to take payment in kind. Report all production on the basis of production, deliveries or sales according to the Company's normal practices. Do not include reinjected gas. Value foreign production at transfer prices or actual sales prices. Revenues from net profits interests and other production operating revenues and income should be reported on Schedule 2. Do not include as Company production any production that others have the right or option to take in kind, whether or not such production is purchased by the Company.

Report all purchases of domestic or imported materials from third parties (outside purchases).

Report changes in inventory under the firm's current method of inventory valuation, regardless of the source or destination of the inventory items.

Report the outside sales of crude oil, condensate, natural gas and natural gas liquids.

Outside sales of natural gas liquids may be reported according to the Company's normal reporting methods and may be classified as (or split between) NGL's or natural gas in Section A or as product sales in Section B. However, upstream sales should normally be reported in Section A and downstream sales in Section B.

Note: Report production values that correspond to the reported volumes, valued at the lease. Do not include revenues for transportation, storage, brokerage, etc., which should be reported with transportation or supply operations.

Report production values before royalty payments to others, but after production payment disbursements, and net profit disbursements. Do not deduct production or severance taxes from revenues, as these should be reported as expenditures.

Classify production volumes and revenue

values as U.S. or Foreign according to the geographical location of the production.

Report transactions under the Crude Equalization Program as a purchase or sale as applicable.

Section B

Lines 15–30—Purchases and Sales of Finished and Semi-Finished Petroleum Products (excluding Consumer Taxes)

Report the purchases, sales and inventory change of finished and semi-finished petrolum products, excluding consumer taxes. Report sales as occurring at the location of the purchaser.

Note: Use the existing FEA definitions for determining petroleum product categories.

Section C—Lines 31–39—Other Energy Products

Report the value of production, purchases from outside sources, inventory change and sales by location of purchaser for all non-petroleum energy products.

Section D—Line 40—Non-Energy Products

Report the purchases, revenues from sales and inventory change of all other non-energy materials. Include separable petro-chemical operations.

Include merchandise sales through petroleum marketing outlets (TBA, food, other merchandise). If the company's normal policy is to account for rentals of service stations and other facilities as other income, report this income here, otherwise, rental income of downstream operations may be netted against expenses on Schedule 5 provided this is the Company's normal reporting practice. (Do not net against revenues those operating or selling expenditures that are to be subsequently reported on Schedule 5, or those non-cash costs, such as depreciation, that are to be reported on Schedule 7).

Memo: Consumer Sales and Excise Taxes—Report on Line 9 of Schedule 2 the amount of these taxes collected as agents for various governments.

Memo: Geographical Distribution of Purchases and Sales. Report the geographical distribution of purchases (from Line 40, column 5) on Lines 10–14 of column 1 of Schedule 2. Report the geographical distribution of sales (from Line 40 columns 7 and 8) on Lines 10–14 of column 2 of Schedule 2.

SCHEDULE 2—OTHER REVENUE AND INCOME AND NON-PRODUCT INCOME

Purpose:

To repeat Revenue and Income from non-operating or non-consolidated sources.

General Instructions:

Use this Schedule to report only those cash operating revenues not reported on either Schedules 1, 4 or 5.

Detailed Instructions:

Section A—Petroleum Production Royalties

Report income from petroleum production royalties and overriding royalty interests.

Section B—Interest and Other Royalties

Report income from royalties for all non-petroleum items received from outside parties. Report income from interest. Interest expense is reported in Schedule 5.

Section C—Refining and Processing Services

Report all revenues from the rendering of services in the processing of petroleum raw or unfinished materials into semi-finished or finished products. Report only amount transacted for processing when the owner of the materials being processed is not affiliated with the owner of the plant and equipment providing the processing service.

Section D—Dividend Income

Report dividends from companies accounted for on the equity method on Lines 4–5. Includes only dividends; do not report equity in undistributed earnings which should be reported on Schedule 7. Include dividends from equity method petroleum transportation companies on Line 4, Report all other dividends from equity-method companies on Line 5.

Report dividends from investments accounted for on the cost method on Line 6.

Section E—Other Operating Revenues and Income

Enter here all other operating income from services or other non-product activities not reported elsewhere on this schedule.

Schedules 1 and 2 should together contain all revenues and income received by the company from its current operations, with the exception of gains from the sale of assets and investments which appear on Schedule 3. Total revenues should agree with reported amounts on SEC Form 10–K, except for the effect of showing domestic crude oil purchases and sales before netting.

SCHEDULE 3—SALES AND RETIREMENTS OF ASSETS AND INVESTMENTS

Purpose:

To report the proceeds and pre-tax gain or loss from sales and extraordinary retirements of property, plant and equipment, investments, and other assets.

General instructions:

For this schedule, "sales" are disposals of assets where the company sells, donates, contributes, or otherwise conveys title to assets for which a substantial portion of the service life remains. Do not include as sales the realization of salvage value in connection with ordinary retirements of assets at the end of their service lives. Do not include transfers of property between organizational units.

Report extraordinary retirements of fixed assets which have profit or loss effects that have not been previously provided for in reserves, such as unanticipated abandonments, unusual casualties, sudden and complete obsolescence or unexpected and complete shutdown of an entire operating assembly or plant. Include abandonments of investments in non-producing acreage (or in producing acreage if applicable) for companies on the specific property abandonment method (tax accounting method). Include on this schedule charges to earnings (and proceeds if any) due to involuntary conversions not previously reserved, including nationalization and expropriation. Ordinary retirements (that account for the majority of disposals) resulting from causes reasonably assumed to have been contemplated in prior depreciation provisions and occurring when plant or equipment reaches the end of its expected service life should not normally result in profit or loss except from unusual salvage realizations or unusual dismantling costs. Such miscellaneous charges or credits arising from ordinary retirements should be reported where most convenient in these schedules in conformity with the company's normal accounting practices.

Note: Accounting for In-Kind Contributions: Test well contributions of undeveloped acreage or other assets in lieu of cash for participation in the drilling of test wells on non-company property should be reported according to the prevailing practices of the company. Also donations of land or other fixed assets for public or charitable use should be reported according to prevailing practice.

Detailed instructions:

Report sales and retirements in the proper columns and rows, as applicable, according to operating function and geographical classification.

Report in the gain(loss) column profit or loss effects recorded in the year of sale only. Do not report gain or loss deferred to subsequent periods on this schedule.

Report sale of future production involving production payments according to the company's normal method of accounting for production payments.

Report as Proceeds cash and other consideration from sales at the net value recorded in the consolidated financial statements of SEC Form 10–K.

Report as gain/loss the pre-tax gain or loss from the sale, abandonment or retirement. Report income tax effects with Provision for Income Taxes-Current on Schedule 5, Deferred Income Taxes on Schedule 7 and on Schedule 11-Income Taxes.

Note: Significance Criterion. Report in detail on Lines 1–15 those sales and retirements in which either proceeds and/or gain or loss (including deferred) exceed $5 million. All non-significant sales and retirements (under $5 million) may be reported on Line 16 and should be reported in the Corporate columns. Warehouse sales should be included with operating expenditures on Schedules 4 and 5.

SCHEDULE 4—ENERGY EXPLORATION, DEVELOPMENT, AND PRODUCTION EXPENDITURES (CAPITALIZED AND EXPENSED)

Purpose:

To report the net company interest in operating and capital expenditures for the exploration, development and production of petroleum and other energy materials.

General instructions:

Report the net company interest in all expenditures, whether charged to current expense or capitalized in the consolidated financial statements of SEC Form 10–K.

Report in the Expensed columns exploration, development and production expenditures charged to expense during the period. Report in the Capitalized column those exploration, development and production expenditures capitalized as assets and not charged to expense during the period.

Report all outlays not specifically for oil and gas operations, such as for coal, oil shale, uranium, or other energy minerals, in the applicable Other Energy columns.

Do not allocate. Expenditures which cannot be directly attributed to the individual Exploration, Development, or Production functions should be reported with the Group General Expenditures on Lines 26 and 27. However, allocations performed at the district or field level as part of the normal reporting system are acceptable and need not be adjusted for this report.

Exclude non-cash items, such as depletion, depreciation, amortization, etc., which are reported on Schedule 7.

Note: Definition of Cash Expenditures for this Schedule. The term "cash expenditures" includes "non-cash" additions to property, plan and equipment acquired through acquisitions or merger, or through the issuance of debt or equity securities, as if they had been purchased for cash. The issuance or sale of securities used to acquire the assets should be reported on Schedule 6—Other Sources and Uses of Funds. Cash expenditures (and revenues) of companies acquired through pooling of interests should be reported as if they were cash expenditures of the company for the entire accounting period.

Note: Classification of Exploration and Development Wells. Exploratory and development well expenditures should be classified according to the AAPG well classifications, as follows:

Exploratory wells include new-field wildcats, new-pool wildcats, deeper-pool tests, shallower pool tests, and outposts (extensions).

Development wells are those wells drilled to produce oil or gas from pools discovered by previous drilling.

Note: Classification of Completed Wells Between Oil and Gas. Completed wells should be classified as oil or gas using the appropriate State regulatory requirements. Wells completed successfully in both oil and gas reservoirs should be classified according to the predominant production on a BTU basis.

Detailed instructions:

Section a. Exploration expenditures.

Line 1—Land Department, Leasing and Scouting Expenditures—

Report the net company interest in all land department, scouting and lease acquisition expenditures. (Exclude actual outlays for acquisition, land leasing and rentals, which should be reported on Lines 4–6.)

Line 2—Geological and Geophysical Expenditures

Report the net company interest in all expenditures for geological and geophysical exploration. Include expenditures for capital equipment identifiable with G & G. Include expenditures for core drilling (such as some types of slim hole stratigraphic tests) where the intention in advance of drilling is not to complete the well as a producing well, and/or when such tests are drilled in such a manner that productive completion is not possible.

Lines 3–4—Acquisition Expenditures for Undeveloped Acreage

Report the net company interest in direct expenditures incurred during the period for acquiring undeveloped acreage, including lease bonuses, advance initial rentals that because of unusual circumstances are actually in the nature of a bonus, and other direct outlays, such as title costs necessary to acquire leases, mineral rights, and fee lands incident to energy exploration. Do not include interest, overhead, or other allocated costs above the field or district level. Report bonus or other consideration paid to the U.S. Federal Government on Line 3. Report all other bonus payments or other consideration on Line 4. (Do not include annual rentals and minimum royalties which should be reported on Line 5.)

Line 5—Lease Rent Expenditures

Report the net company interest in expenditures made during the period for lease rentals, shut-in royalties and other annual payments in lieu of rent to keep leases in force. (Do not include land department, leasing and scouting expenditures which should be reported on Line 1. Do not include advance rentals that are actually in the nature of a bonus which should be reported on Lines 3 and 4.)

Line 6—Test Hole Contribution Expenditures

Report the net company interest in all contributions made toward test wells, including dry hole and bottom hole money. Report acreage contributions as they are normally reported in the company's financial statements.

Lines 7–10—Expenditures for Drilling and Equipping Exploration Wells

Report the net company interest in expenditures for drilling and equipping exploratory wells, including expenditures for wells still drilling at the end of the period. (Do not include expenditures for stratigraphic tests and core drilling, which should be reported as Geological and Geophysical Expenditures on Line 2.)

Include expenditures for casing, tubing and wellhead fittings; expenditures for roads, grading, etc.; expenditures for drilling platforms; and all other direct expenditures incident to exploratory drilling. Include expenditures on successful wells for purchase and installation of equipment beyond the Christmas tree and expenditures for purchase and installation of downhole pumping and artificial lift equipment, and other expenditures to equip the well for production. (Do not include indirect or allocated costs such as interest or overhead above the field or district level.)

Note: For Lines 7 thru 9 report total cost of wells completed during the report period. Include expenditures incurred during prior periods. Note that while expenditures for wells completed during the period (Lines 7 thru 9) include prior period expenditures, the Wells-in-Progress Adjustment on Line 10 provides an adjustment for prior period expenditures so that total expenditures for drilling and equipping exploration wells (the sum of Lines 7 thru 10) equals expenditures incurred during the period being reported only.

Line 7—Dry Holes

Report the net company working interest in drilling expenditures (reduced by the amount of outside cash contributions, such as bottom hole or dry hole money) for drilling exploratory dry holes completed during the report period.

Lines 8–9—Successful Wells

Report the net company working interest in drilling and equipment expenditures (reduced by the amount of outside cash contributions, such as bottom hole money) for successful exploratory wells completed during the report period.

Line 8—Oil

Report the net company interest in drilling and equipment expenditures for successful exploratory wells which found predominantly oil reserves during the period.

Line 9—Gas

Report the net company interest in drilling and equipment expenditures for successful exploratory wells which found predominantly gas (other than casinghead gas) reserves during the period.

Line 10—Wells-In-Progress Adjustment

Report the net company interest in drilling and equipping expenditures for exploratory Wells-In-Progress at the end of the period being reported, minus the previous period's drilling and equipping expenditures for exploratory wells completed during the period being reported. If the prior period's Wells-In-Progress exceeds the Wells-in-Progress of the period being reported, indicate a negative number.

Line 11—Other Exploration Expenditures

Report the net company interest in all other expenditures not included on Lines 1 thru 10 which relate directly to exploration for petroleum or other energy, whether such expenditures are capitalized or expensed on the books of account. Include expenditures for exploratory capital equipment constructed or purchased. Include field overhead and all general operating and administrative expenditures above the field level which are applicable to exploration activities. Include ad valorem taxes on nonproducing leases. (Do not include overhead expenditures which cannot be directly identified with exploration activities, which cannot be directly identified with exploration activities, which should be reported with Group General Expenditures on Lines 26–27. Do not include expenditures for Interest and Income Taxes, which are reported on Schedule 5. Do not include non-cash costs, such as Depletion, Depreciation, and Amortization, which are reported on Schedule 7.)

Section B. Development Expenditures

Line 13—Acquisition of Producing Acreage

Report the net company interest in direct expenditures incurred during the reporting period for acquiring developed acreage. Do not include indirect of allocated costs, such as interest or overhead above the field or district. Report properties acquired for minerals other than oil and gas in the applicable Other Energy columns.

Lines 14–17—Development Well Drilling and Equipment Expenditures

Report the net company interest in expenditures incurred during the period (reduced by the amount of outside cash contributions) for drilling and equipping new development wells, including expenditures for wells still drilling at the end of the period.

Include expenditures for old wells drilled deeper, redrilled wells and plugbacks, but do not include expenditures for well workovers, which are to be reported on Line 21, (Do not include expenditures for injection and service wells, which are to be reported with Other Development Expenditures on Line 19.)

Include expenditures for casing, tubing, and wellhead fittings; expenditures for drilling platforms; and all other direct expenditures incident to development drilling. Include expenditures for purchase and installation of equipment beyond the Christmas tree and expenditures for purchase and installation of all downhole pumping and artificial lift equipment is contained in the original drilling AFE. Do not include indirect or allocated costs such as interest and overhead above the field or district level.

Note: For Lines 14 thru 16 report the total expenditures for drilling and equipping wells completed during the report period. Include expenditures incurred during prior periods. Note that while expenditures for wells completed during the period (Lines 14 thru 16) include prior period expenditures, the Wells-in-Progress Adjustment on Line 21 provides an adjustment for prior period expenditures so that total expenditures for drilling and equipping development wells (the sum of Lines 14 thru 17) equals expenditures incurred during the period being reported only.

Line 14—Dry Holes

Report the net company working interest in expenditures (reduced by the amount of outside cash contributions, such as bottom hole or dry hole money) for drilling development dry holes completed during the report period.

Lines 15–16—Successful Wells

Report the net company working interest in total drilling and equipment expenditures (reduced by the amount of outside cash contributions, such as bottom hole money) for successful development wells completed during the report period.

Line 15—Oil

Report the net company interest in total drilling and equipment expenditures for successful development wells which found predominantly oil reserves during the period.

Line 16—Gas

Report the net company interest in total drilling and equipment expenditures for successful development wells which found predominantly gas (other than casinghead gas) reserves during the period.

Line 19—Wells-In-Progress Adjustment

Report the company net interest in drilling and equipping expenditures for development wells-in-progress at the end of the period being reported, minus the previous period's drilling and equipping expenditures for development wells completed during the period being reported. If the prior period's wells-in-progress exceeds the wells-in-progress of the period being reported, indicate a negative number. (Do not include expenditures for injection and service wells in progress which are to be reported with Other Development Expenditures on Line 19.)

Line 18—Lease and Field Service Facility Equipment Expenditures

Report the net company interest in all lease and field service facility equipment expenditures beyond the Christmas tree installation, including platforms, derricks, flow lines, flow tanks, field separators, heater-treaters and related field facilities. Include expenditures for all normal pumping and other artificial lift equipment, including downhole installations required for primary production.

Include fluid injection and improved recovery programs such as gas injection water or steam injection, miscible augmented injection, in situ combustion, etc., associated with oil and gas production. Include expenditures for procuring and installing all facilities and for drilling service wells, or converting existing wells to service wells. Facilities should include pumps, compressors, engines, tankage, gathering and injection lines, treating facilities, special downhole and surface equipment, etc. Service wells include wells used for gas injection, water injection, steam injection, air injection, and water supply for injection.

Line 19—Other Development Expenditures

Report the net company interest in all other expenditures not included on Lines 13 thru 18 which relate directly to development operations for petroleum or other energy, whether such expenditures are capitalized or expensed on the books of account. Include expenditures for construction or purchase of natural gas liquids plants.

Include direct overhead at the field level where such overhead can be identified with the development functions, and all general operating and administrative expenditures above the field level which are applicable to development activities.

Include all development outlays not specifically devoted to oil and gas operations, such as for oil shale, uranium, or other energy minerals, in the applicable Other Energy columns.

(Do not include overhead costs which cannot be directly identified with development activities, which should be reported on Lines 26–29. Do not include expenditures for Interest and Income Taxes, which are reported on Schedule 5. Do not include non-cash costs, such as Depletion, Depreciation, and Amortization, which are reported on Schedule 7.)

Section C. Production expenditures

Line 21—Well Workover Expenditures

Report the net company interest in all expenditures directly related to well workovers for the period including material, contract labor, and other associated expenditures.

Line 22—Operating and Maintenance Expenditures

Report the net company interest in normal daily operating expenditures such as wages for pumpers and other field personnel directly associated with oil and gas production, production personnel transportation expenditures, materials and supplies consumed, and field office expenditures as well as surface repair and maintenance on lease equipment such as lease tank batteries, separators, pumps, buildings, and well producing equipment. Include operating expenditures of natural gas liquids processing plants. Include direct overhead at the field level where such overhead can be identified with the production functions and all general operating and administrative expenditures above the field level which are applicable to production activities. Include profit or loss on sales of warehouse stock. Include all other production operating and maintenance expenditures except workover expenditures which are reported on Line 21.

Report expenses of other energy operations, such as oil shale, tar sands, uranium, or other energy minerals, in the applicable Other Energy columns.

(Do not include expenditures for Interest and Income Taxes, which are reported on Schedule 5. Do not include non-cash costs, such as Depletion, Depreciation, and Amortization which are reported on Schedule 7.)

Line 23—Severance, Ad Valorem, and Other Production Taxes (excluding Income Taxes)

Report the net company interest in total payments of ad valorem, production, and severance taxes. Do not reduce the value of crude oil and natural gas produced at the wellhead by such amounts. (Do not include ad valorem taxes on undeveloped properties which should be reported on Line 11.)

Line 24—Other Production Expenditures.

Report the net company interest in all other expenditures not included on Lines 21–23 which relate directly to production operations for petroleum or other energy, whether such expenditures are capitalized or expensed on the books of account. Include expenditures for capital equipment constructed or purchased for purposes of petroleum or other energy production, including expenditures for support facilities such as camps and commissaries.

Section D. Exploration/Development/Production Group General Expenditures.

Lines 26–27—Group Level General Expenditures.

Report the net company interest in those expenditures within the Exploration/Development/Production group that are not assigned specifically to the Exploration, Development or Production functions because they are utilized by more than one of these functions. (Do not allocate expenditures to this group from group and corporate level expenditures that apply to more than this group such as the overall administrative costs for a combined production, refining and transportation division; these should be reported on Schedule 5.)

Line 28—Research and Development.

Report all exploration/development/production research and development expenditures on this line.

Memo: Total Expenditures—Foreign Geographical Distribution (Lines 32–36). Report the geographical distribution of foreign expenditures reported on Line 30.

Memo: Total Intangible Drilling Expenditures—Line 31. Report on Line 31 the total intangible drilling expenditures for the reporting period included in Lines 1 through 25 above.

SCHEDULE 5—OPERATIONS AND CAPITAL EXPENDITURE (OTHER THAN EXPLORATION/DEVELOPENT/PRODUCTION)

Purpose:

To report all cash operating and capital expenditures (and other additions to property, plant and equipment) other than for energy exploration development/production.

GENERAL INSTRUCTIONS

Report all cash operating and capital expenditures that were incurred during the accounting period for all company activities other than for energy exploration/development/production, which are reported on Schedule 4. For each expenditure, report the amounts that were expensed in the current year and the amounts that were capitalized or deferred. Do not include raw material or product purchases or inventory variations, which are reported on Schedule 5. (However, do include the purchase of materials and supplies, including catalysts and additives, in Operating Expenditures on this schedule.) Do not include non-cash expenses, which are reported on Schedule 7.

Report as Expensed those amounts that entered into determination of Profit or Loss for the current period. Report as Capitalized or Deferred (columns headed C/D) those items that were capitalized or deferred and will enter into the determination of income in future periods. (Do not attempt to determine the amounts of newly capitalized or deferred expenditures depreciated or amortized in the current period. These will be combined with other non-cash expenses on Schedule 7.)

Note: Definition of Cash Expenditures for this Schedule. The term "cash expenditures" includes "non-cash" additions to property, plant and equipment acquired through acquisition or merger, or through the issuance of debt or equity securities, as if they had been purchased for cash. The issuance or sale of securities used to acquire the assets should be reported on Schedule 6.—Other Sources and Uses of Funds. Cash expenditures of companies acquired through pooling of interests should be reported as if they were cash expenditures of the company for the entire accounting period.

For each operating functional classification (Refining, Marketing, Other Operations, etc.) report as Operating Expenditures all cash expenditures not required to be reported elsewhere (such as interest, income taxes, and R and D). For example, include as Operating Expenditures such items as manufacturing expenses, maintenance expenses, selling expenses, advertising expenses and administrative expenses.

Report administrative and general expenses (other than research and development, interest, and income taxes) that can be identified with a particular operating functional classification with that classification. For example, the costs of credit card accounting and losses should be assigned to Marketing even though a particular company's practice may be to account for these expenses as corporate costs. However, do not allocate expenditures. Those expenditures that cannot be identified with specific operations should be reported as Group and Corporate Expenditures on Lines 17–18.

Report Research and Development expenditures (capitalized and expensed) on Line 19. Assign laboratory product testing and quality control to the appropriate functional Operating Expenditures and not to Research and Development.

Report all interest expenditures on Line 20 and not with departmental operating expenditures.

Report all expenditures for income Taxes—Current on Lines 21–24 and not with departmental operating expenditures. (Deferred income taxes are reported as Non-Cash Profit and Loss Affects on Schedule 7).

Do not report payment of consumer taxes collected by the company as expenditures. (Consumer taxes are also excluded from sales and revenues on Schedule 1, and are reported on Line 9 of Schedule 2 as a Memo item.)

Detailed instructions:

Section A—Refining.

Lines 1–3—Refining Expenditures.

Report cash operating and capital expenditures incurred during the period associated with petroleum refining operations.

Include expenditures for refining processes such as distillation, cracking, polymerization, alkylation, gas recovery, purification, stabilization, lube oil, wax and asphalt manufacture, and compounding and blending. Include utilities and service units, such as water, steam and electricity, compressed air, maintenance, technical service, etc. Include expenditures for materials receiving, warehousing, transportation, storage, packaging and shipping. Include transportation expenditures for automobiles, trucks, barges, rail cars, etc., when these are integral to the operation of the refinery. Include administrative and general expenditures such as sanitation, fire fighting, communications, medical service, cafeterias, plant security, laboratories, general plant expenditures, furniture, fixtures and office equipment, accounting and plant management.

Include all cash operating and capital expenditures incurred during the period other than for purchases (inventory changes) of crude oil and finished and semi-finished products, which are reported on Schedule 5. Include all expenditures for property, plant and equipment. Include employees salaries, wages, and benefits. Include contracted construction and maintenance expenditures, and other purchased services. Include materials and supplies, including chemicals and additives. Include fuel consumed in operations and gasoline, distillates and lubricants used for machinery and transportation equipment. Include departmental administrative and general expenditures. Include costs incurred in processing other companies' crude oil and products and amounts paid to others to process company crude and/or products. Include operating taxes, such as real and personal property taxes, local taxes and licenses, tank car taxes and federal and state unemployment taxes.

Do not include:

Petrochemical operations whose accounts are separable from refining operations—these should be reported as Non-Energy with Other Operations on Lines 14–16.

Natural gas liquids plant operations that are administered by the refining department but whose accounts are separable should be reported with Exploration/Development/Production expenditures on Schedule 4.

Crude oil supply operating and capital expenditures whose accounts are separable from refining operations—these should be included with Transportation and Supply on Lines 11 and 12.

Product supply operating and capital expenditures (other than for purchases of petroleum products) whose accounts are separable from refining and marketing accounts—these should be included with Transportation and Supply on Lines 11–12.

Section B—Marketing

Lines 4–6—Marketing Expenditures.

Report cash operating and capital expenditures incurred during the period associated with petroleum marketing operations.

Include expenditures for terminals, bulk plants, service stations operated by the company, service stations owned or leased by the company but leased or subleased to dealers, transportation and other service units, advertising and selling, marketing administration and general expenditures. Include utilities, repairs, warehousing and handling of materials and supplies, and laboratory services.

Include cash expenditures for property, plant and equipment. Include wages, salaries and commissions, payroll taxes and employee benefits, repairs, supplies, rentals, insurance, property taxes, motor vehicle licenses, occupation licenses, etc. Include lease payment expenditures for facilities and equipment leased from others, including lease payments under sale and leaseback arrangements. Rental income from leasing facilities and equipment to others, such as dealers and commercial, industrial and agricultural customers may be netted against lease expenditures or reported with Other Operating Revenues and Income on Schedule 1, according to the company's normal accounting practices.

Do not report:

Expenditures for product purchases or product inventory variations on this schedule—these should be reported on Schedule 1.

Product supply operating and capital expenditures (other than for purchases of petroleum products) whose accounts are separable from refining and marketing accounts—these should be included with Transportation and Supply on Lines 11–12.

Section C—Transportation and Supply

Lines 11–13—Transportation and Supply

Report cash operating and capital expenditures incurred during the period associated with petroleum Transportation and Supply operations.

Report expenditures included in the consolidated financial statements of SEC from 10–K. Do not report expenditures of companies accounted for on the equity or investment methods. Increases in investment in or advances to unconsolidated companies should be reported in Long-Term Investments and Receivables on Line 3 of Schedule 6—Other Sources and Uses of Funds.

Include crude oil purchasing and supply capital (Line 11) and operating (Line 12) expenditures (other than for purchases of crude oil) where these accounts are separable from producing and refining operations.

Include product supply capital (Line 11) and operating (Line 12) expenditures (other than for purchases of petroleum products) where these accounts are separable from refining and marketing operations.

Report Plant and Equipment expenditures by type of transportation on Lines 7–11. Include Plant and Equipment expenditures for crude oil and product supply functions with Other on Line 14. Report operating expenditures for all Transportation and Supply functions on Line 12.

Line 7—Plant and Equipment Expenditures—Marine.

Report expenditures for property, plant and equipment associated with marine transportation of petroleum materials.

Include expenditures for equipment and facilities for both inland and waterway and ocean going marine operations. Include all facilities normally associated with marine department operations. Do not include expenditures for marine facilities normally associated with and accounted for by other departments, such as equipment used by the exploration and production departments in offshore exploration, development, and production operations, or terminals and docks normally associated with and accounted for by the refining or marketing departments.

Include expenditures for ships and boats, equipment and spare parts for ocean tankers, barges, lighters, tugs, motor boats, etc. Include expenditures for dry docks (except those associated with new ship building operations), docks and wharves, ship loading and unloading plants, communications and service equipment, shops, commissary and supply warehouses and other buildings, automobiles and trucks, office equipment, furniture and fixtures, etc. Include expenditures for reconditioning and construction in progress.

Include expenditures for bareboat charters as Plant and Equipment expenditures in the applicable Expensed Columns.

Line 8—Plant and Equipment Expenditures—Pipeline—Crude and Products.

Report expenditures for property, plant and equipment associated with pipeline transportation of crude oil and products (including liquified petroleum gases).

Include property, plant and equipment expenditures for those pipeline operations consolidated in the financial statements of the company's SEC Form 10–K.

Include expenditures for trunk and gathering lines, pump and heater stations, line and storage tanks, marine and rail delivery facilities, buildings and structures, shops, tools, automobiles and trucks, furniture and fixtures, communication systems and other service equipment.

Include expenditures for all pipeline investment normally accounted for by the transportation department. Do not include expenditures for gathering systems which are normally accounted for as part of production investment, and do not include expenditures for lines and receiving stations or terminals that are normally accounted for as part of refining or marketing investment.

Report expenditures for new or additional investment in or advances to pipeline companies accounted for on the equity method as increases in Long-Term Investments and Receivables—Affiliates on Line 3 of Schedule 6—Other Sources and Uses of Funds.

Line 10—Plant and Equipment Expenditures—Pipeline—Natural Gas

Report expenditures for property, plant and equipment associated with natural gas transmission operations. Do not use this classification to report gas gathering operations associated with production or natural gas liquids plants operations unless the company has an operating interest in natural gas trunkline transmission operations which are consolidated for financial reporting purposes.

Report all expenditures for property, plant and equipment associated with trunkline gas transmission including expenditures for gathering lines tied into the company's trunkline system.

Report expenditures associated with both interstate and intrastate gas transmission.

Line 11—Plant and Equipment—Transportation and Supply—Other

Report expenditures for property, plant and equipment for the bulk transportation of petroleum materials other than by pipeline and marine operations. Also include property, plant and equipment expenditures for crude oil and product purchasing and supply operations where the accounts for these operations are separable from production, refining and marketing operations.

Include expenditures for plant and equipment accounted for as transportation department investment. Do not include expenditures for transportation equipment that is accounted for as investment in other functional areas such as production, refining or marketing departments.

Line 12—Transportation and Supply—Operating Expenditures

Report cash operating expenditures of consolidated transportation and supply operations incurred during the accounting period.

Include salaries, wages, payroll taxes and benefits, materials and supplies, stores and provisions, port costs, charges for outside services, charter hire, costs of fuel and power, oil losses, maintenance and repairs, insurance, property and other taxes, and all other cash operating expenditures, including departmental administrative and general expenditures.

Include expenditures for outside freight, transportation, brokerage and storage.

Include operating expenditures for crude oil and product trading and exchanging. Include expenditures for storage and terminalling operations of the crude oil and product supply functions. Includes gains or losses for the period on crude oil and product trading and exchanging.

Note: Transferring Transportation and Supply Costs (or Gains) All Transportation and Supply operating expenditures are to be reported on Schedule 5, Line 15, including outside freight and handling costs and gains or losses from trading and exchanges. Many companies charge certain of these expenditures to raw material and product purchases (reported on Schedule 1) in their consolidated financial statements. In order to better balance raw material and product purchases on Schedule 1 (and operating expenditures on Schedule 5) to amounts reported in their consolidated financial statements, companies may, if desired, transfer sufficient Transportation and Supply Operating Expenditures (Schedule 5, Line 12) to Raw Material, Product Purchases and Inventory Changes (Schedule 1) through entries in the Eliminations/Adjustments column on each schedule in order that the detail in the Total Company columns more closely reflects amounts in the company's consolidated financial statements.

Section D—Other operations

Lines 14–16—Other Operating Expenditures

Report in the appropriate column cash operating and capital expenditures associated with consolidated non-petroleum activities. Include expenditures for separable non-energy portions of consolidated petroleum activities, such as petrochemicals.

Section E—Group and Corporate

Lines 17–25—Group and Corporate Level Expenditures

Report the Group and Corporate level operating and capital expenditures that cannot be assigned to functional or product areas without allocations. Also report all Research and Development export all Research and Development expenditures for petroleum "downstream" and non-petroleum activities on Line 19, according to the appropriate geographic, functional and energy column, where available. Report all basic research in the Corporate column. Report all interest expenditures as Corporate expenditures on Line 20, even though payments may be made by the operating departments and even though these expenditures may normally be accounted for as departmental expenses. Report all Provision for Income Taxes—Current as corporate expenditures on Lines 21–24.

Memo: Other Operating and Capital Expenditures—Foreign Geographical Distribution (Lines 28–32). Report the geographical

distribution of foreign operating and capital expenditures reported in total on Line 30.

Memo: Research and Development Expenditures (Line 27). Report as a memo item total expenditures which could be classed as research and development, including those classified for accounting purposes as Research and Development on Line 18 and those which may be accounted for as operating expenditures, but could be classed as R & D because of the nature of the projects.

SCHEDULE 6—OTHER SOURCES AND USES OF FUNDS (Sources and Uses of Funds Other Than Those Reported on Schedules 1–5)

Purpose:

To report important sources and uses of funds not directly accounted for from operations but essential for conducting business.

General instructions:

Report sources and uses of funds not reported elsewhere on Schedules 1–5. Assets (such as acreage, capital stock, etc.) exchanged for other assets or used to reduce liabilities should be reported as if the assets had been sold for cash and the resulting cash used to acquire assets or reduce liabilities.

Do not report changes in cash or marketable securities reported as balancing items on Schedule 8.

Note: Significance Criterion. Items over $5 million not provided for in the captions should be itemized on Lines 8–11 or 23–26, as applicable.

Report significant (over $5 million) funds flows to or from unconsolidated affiliated companies or investments according to the predominant function of the unconsolidated entity, such as Petroleum, Nuclear, Non-Energy, etc.

Detailed instructions:

Line 1—Increase (Decrease) in Current Assets (Other than Cash, Marketable Securities and Investments)

Report the increase or (decrease) during the reporting period in Current Assets reported on Schedule 9, Section B, Lines 2–6.

Line 2—Increase (Decrease) in Current Liabilities

Report the increase or (decrease) in current liabilities reported on Schedule 9, Section C, Line 18.

Line 3—(Increase) Decrease in Long Term Investments and Receivables

Report the (increase) or decrease in long term notes or receivables, investments, and advances reported on Schedule 9, Section B, Line 23, other than changes directly related to production payments or future production.

Line 4—Increase (Decrease) in Non-Current Portion of Long Term Debt

Report the increase or (decrease) in the non-current portion of long term and interim debt and advances reported on Schedule 9, Section C, Line 16, other than from transactions directly related to production payments or future production; or to equity in subsidiary or affiliated companies.

Line 5—(Purchase) of Future Production

Report the (purchase) of energy production to be produced by others and delivered to the Company in future periods. (Purchase of producing properties or of reserves in place to be produced by the Company should be reported on Schedule 4.)

Line 6—Advances (Paid) Received for Future Production

Report advances (paid) or received for future production to be produced by others and delivered to the Company in future periods. Include only those amounts accounted for as advances (paid or received) on this line. Payments or receipts accounted for as purchases or sales should be reported elsewhere in these schedules.

Line 7—(Reduction) of Production Payments

Report (payments) to others to reduce or retire production payments. (Applicable to companies on the 'gross' method of accounting for production payments.) (Sales of production payments should be reported on Schedule 3.)

Lines 8–11—Increase (Decrease) in Other Long Term Liabilities

Report the increase or (decrease) in other long term liabilities. Significant items (over $5 million) should be itemized.

Lines 12–14—Dividends (Paid)

Report dividends paid to outside stockholders. Report dividends paid to minority stockholders of consolidated subsidiaries by predominant function.

Line 15–16 (Purchase) of the Company's Own Securities

Report (purchase) of the Company's own securities.

Line 17—(Purchase) of Equity Interests in Subsidiaries and Affiliates

Report (purchase) of equity interests from outsiders in consolidated or unconsolidated subsidiary or affiliated companies. Report by predominant function, as applicable.

Lines 18–20—Issuance/Sales of the Company's Own Securities

Report funds raised by issuance or sale of equity securities of the Company. Includes exchanges of stock for assets or other stock as if the Company's securities had been sold and the cash realization used for the purchase of the assets or other stock.

Lines 21–22—Issuance/Sales of Equity Securities of Subsidiaries

Report funds raised by issuance or sale of equity securities of consolidated subsidiaries. Report by predominant function, as applicable. Include exchanges of stock for assets or other stock as if the subsidiary company's stock had been sold and the cash realization used for the purchase of the assets or the other stock.

Lines 23–26—Other Sources and (Uses) of Funds

Report other sources and uses of funds. Significant items (over $5 million) should be itemized.

SCHEDULE 7—NON-CASH PROFIT AND LOSS EFFECTS (Other Than Retirement of Assets)

Purpose:

To report those profit and loss items that by the nature of the accounting entry do not entail a cash transaction during that reporting period.

General instructions:

Report those profit and loss effects contained in SEC Form 10-K that are non-cash, or essentially non-cash. Also include substantial non-cash effects of essentially cash transactions, such as gain or loss on reacquired debt. (Cash effects, if any, of essentially non-cash transactions should be reported on Schedule 6.)

The profit and loss effects of extraordinary retirements, abandonments, and sales of assets should be reported on Schedule 3. All other substantial non-cash profit and loss effects should be reported on this schedule.

Detailed instructions:

Line I—Cost Depletion—Producing Leases

Report charges to income for the period for cost depletion of capitalized acquisition costs of producing properties (reported on Schedule 9, Section A, Line 4).

Line 2—Amortization—Non-Producing Leases

Report charges to income for the period for amortization of capitalized acquisition costs of undeveloped properties (reported on Schedule 9, Section A, Line 1).

Line 3—Amortization—Intangible Development Costs

Report charges to income for the period for amortization of capitalized intangible development costs on producing properties (reported on Schedule 9, Section A, Line 6). Amortization of capitalized intangible drilling costs on undeveloped properties should be reported on Line 4 of this Schedule.

Line 4

When "goodwill" is not allocated to the underlying assets, report on this line the excess of cost over net assets acquired.

Line 5—Amortization—Other

Report all other charges to income for amortization during the period. Include amortization of Exploratory Drilling Costs (reported on Schedule 9, Section A, Line 2), Other Pre-Development Costs (Schedule 9, Section A, Line 3) and Pre-Development and Exploratory Costs (Schedule 9, Section A, Line 5).

Include all other charges or credits to income for amortization of other intangible items. Amortization of other items should be reported by function, if applicable.

Lines 6–17—Depreciation

Report charges to income for depreciation of tangible plant and equipment reported on Schedule 9, Section A, Lines 8–16. Report depreciation by function.

Lines 18–20—Deferred Income Taxes

Report charges and credits to income for the period for the net income tax effects of book/tax timing differences. Include the tax effects of tax loss carry-forwards in those instances where tax loss carry-forwards are recorded on the books of account.

Line 21—Minority Interests in Subsidiaries Net Income

Report the portion of profit or loss of consolidated subsidiary companies for the period that is applicable to shares of capital stock owned by minority stockholders.

Line 22–23—Undistributed Earning of Companies Accounted for on the Equity Method

Report the difference between the company's share of the reporting period's earnings of unconsolidated subsidiaries and affiliates accounted for on the equity method and the dividends received. (The dividends received from companies accounted for on the equity method should be reported on Schedule 2, lines 4–5).

Use Line 22 to report the share of undistributed earnings for petroleum transportation companies. Use Line 23 to report the share of all other undistributed earnings.

Lines 24–28—Reserves for Contingencies and Other Non-Cash Charges (Credits)

Report all other non-cash charges and credits to income for the period on Lines 24–28.

Report charges or credits for foreign exchange translation gains or losses, including reserves for anticipated losses, on Line 24.

Report charges and credits for anticipated expropriation gains or losses, and adjustments, on Line 25. (Expropriation gains or losses, and proceeds if any, should be reported on Schedule 3 for the reporting period in which the transference of assets is recognized.)

Note: Significance Criterion. Non-cash items exceeding $5 million should be reported separately on Lines 26–28. In addition, items reported separately in public financial reports such as the Annual Report to Shareholders (including supplements), SEC Form 10–K, or SEC Form S–1, should be reported separately on this schedule.

SCHEDULE 8—RECONCILIATION OF NET INCOME AND CASH FLOW

Purpose:

To reconcile Schedules 1 through 7 to SEC Form 10–K (or an equivalent consolidated annual report).

General instructions:

Report on Schedule 8 the amounts from Schedules 1 through 7, indicated by the instructions on the face of Schedule 8.

After completion, there should be no differences between total net income and cash flow on Schedule 8 and SEC Form 10–K (or its equivalent). Should a difference remain, please note the discrepancy and attach a separate sheet which explains the cause for the difference.

SCHEDULE 9—BALANCE SHEET

Purpose:

To report company assets and liabilities by functional groups and geographical areas and to relate these to the consolidated financial statements of SEC Form 10-K.

General instructions:

The applicable instructions for completing the items on this Schedule 9—Balance Sheet, are provided under each of the three sections:

Section A: Property Plant and Equipment;

Section B: Assets Other Than Property, Plant and Equipment; and

Section C: Liabilities and Stockholders Equity.

Detailed instructions:

Note: Allocation of Balance Sheet Entries. Do not allocate current assets, liabilities or stockholders equity beyond the level reported in the company's accounting records.

Note: "Gross" refers to original or acquisition cost. "Net" refers to depreciated, depleted, or amortized cost.

Section A—Property, Plant and Equipment.

Report the company investment in assets of a permanent nature both at cost (gross) and net of related reserves for depreciation, depletion and amortization (net).

Include oil and gas acreage and other lands and leaseholds. Include all plant and equipment, including buildings, leasehold improvements, machinery, transportation equipment, furniture and fixtures, etc. Include incomplete construction of plants, buildings, equipment, etc.

Do not include intangible assets such as patents, royalty rights (other than oil and gas), franchises, trademarks, goodwill, organization costs, etc. These should be reported with Other Assets on Schedule 9 B, Line 25.

Lines 1-3—Undeveloped Acreage.

Report the company investment (gross and net) in undeveloped acreage. (Properties capable of producing should be classified as producing even if the wells are shut-in).

Line 1—Acquisition Costs.

Report the capitalized acquisition costs of undeveloped acreage (including concessions). Include the lease bonus payments or other consideration paid directly for acreage. Include on this line other capitalized direct costs such as costs of title examination, costs of defending or perfecting title and brokers commissions. Do not include capitalized geological and geological expenditures, land department costs, lease rentals, interest, or other indirect or overhead costs which should be reported with Other Pre-Development Costs on Line 3.

Include only the costs of acquiring mineral rights. Costs assigned to surface rights should be reported with Other Exploration/Development/Production on Line 8.

Report the intangible drilling costs incurred to acquire acreage with Exploratory Drilling Costs on Line 2.

All other capitalized investment in undeveloped acreage (other than exploratory drilling costs) should be reported with Other Pre-Development Costs on Line 3.

Line 2—Exploratory Drilling Costs

Report the company interest in the capitalized intangible costs (gross and net) of drilling exploratory wells on undeveloped acreage. Include only those costs deductible as intangible drilling costs for Federal income tax purposes. Include capitalized costs of wells in progress at the end of the accounting period. Do not include any capitalize indirect or allocated costs, such as interest, overhead, etc., which should be reported with Other Pre-Development Costs on Line 3.

Line 3—Other Pre-Development Costs

Report the company interest in all other capitalized investments on undeveloped acreage. Include capitalized shooting rights, surveys, land department, geological and geophysical expenditures, delay rentals, property taxes, minimum royalties, compensatory royalties, test well contributions, direct and indirect overhead, interest, and any other capitalized costs relating to undeveloped acreage.

Lines 4-7—Producing Properties

Report the company investments (gross and net) in producing properties. Properties capable of producing should be classified as producing even if the wells are shut in.

Line 4—Acquisition Costs

Report the company interest in capiltalized acquisition costs of producing properties. Include the acquisition costs of undeveloped acreage subsequently transferred to Producing Properties. (See definition of undeveloped acreage acquisition costs on Line 1.) Also include the capitalized acreage acquisition costs from the purchase of producing or partially developed properties.

Line 5—Pre-Development and Exploratory Drilling Costs

Report the company interest in capitalized Pre-Development and Exploratory drilling costs incurred on undeveloped acreage and subsequently transferred to Producing Properties. (See instructions for Lines 2 and 3 for definitions of these items.)

Line 6—Intangible Development Costs.

Report capitalized intangible development expenditures on producing properties. Do not include exploratory drilling costs incurred while the properties were non-producing, which should be reported above with Pre-Development and Exploratory Drilling Costs on Line 5.

Line 7—Well, Lease, and Field Service Facility Equipment

Report investment in well, lease, and field service facility equipment on producing properties. Include expenditures for all tangible well equipment, such as platform, derricks, casing, tubing and wellhead fittings. Include flow lines, flow tanks, field separators, heater-treaters, and related field facilities. Include all normal pumping and other artificial lift equipment, including downhole installations required for primary production. Include field service units serving more than one producing property, such as water, electric power, and fuel gas systems, salt water disposal systems, repressure, pressure maintenance and gas lift systems. Include production department investment in gas gathering systems, compressor plants, and gas delivery systems. Include production department investment in oil gathering systems, storage systems, pumping and treating plants, and loading and unloading racks.

Line 8—Other Exploration/Development/Production Equipment

Report all other investment for Exploration/Development/Production Operations not included in Lines 1-7. Include drilling, workover, and cleanout tools and equipment. Include transportation equipment, such as automobiles, trucks, well service units, barges, dredges, motor boats, quarters boats, airplanes, helicopters, and related equipment. Include natural gas liquids plants. Include production department investment in engineering and construction equipment, geological and geophysical equipment, laboratories and research equipment, marine installations, office buildings and warehouses, camps and commissaries, and all other exploration/development/production property, plant and equipment, including incomplete construction.

Line 9—Refining

Report the company investment (gross and net) in property, plant and equipment associated with the refining of petroleum materials.

Include production facilities such as units for distillation, cracking, polymerization, alkylation, hydrogenation, purification, stabilization, compounding, and blending. Include capitalized costs of catalysts. Include facilities for utilities and service units, such as water, steam and electricity, compressed air, maintenance shops, laboratories, etc. Include handling facilities for receiving materials, warehousing, transportation, storage, packaging and shipping. Include transportation facilities, such as automobiles, trucks, barges, rail cars, etc. Include administrative and general facilities such as sanitation, fire fighting, communications, medical service, cafeterias, plant security, technical and laboratory expenses (other than R & D), general plant facilities, office buildings, and furniture, fixtures and equipment for accounting and for plant and departmental management.

Petrochemical operations whose accounts are separate from refining operations should be reported as Non-Energy with Other Property, Plant and Equipment on Line 16.

Natural gas liquids plant operations which are administered by the refining department but whose accounts are maintained separately from other refining operations should be reported with Other Exploration/Development/Production on Line 8.

Line 10—Marketing

Report the company investment (gross and net) in property, plant and equipment for marketing petroleum products and related products.

Include those facilities which are normally associated with marketing operations by the company, including those that are a normal adjunct to marketing of petroleum products, such as facilities for credit cards, TBA, car washes, convenience groceries, etc.

Include investments in terminals, bulk plants, relay stations, service stations, equipment leased or loaned to others, transportation and other service units, including marketing department rail and marine units, and the various levels of administrative offices. Include land, plant, plant equipment, motor vehicles of various types, office furniture and fixtures, office equipment, etc.

Do not include facilities for products sold directly by the production department (such as dry gas or natural gas liquids) or facilities for products sold directly from refineries, or pipeline, marine or barge terminals unless the facilities for handling these sales are normally accounted for as marketing department facilities.

Line 11—Transportation-Marine

Report the company investment (gross and net) in property, plant and equipment associated with marine transportation of petroleum materials.

Include investment in facilities for both inland waterway and ocean going marine operations. Include all facilities normally associated with marine department operations, but do not include marine facilities normally associated with and accounted for by other departments, such as equipment used by the exploration and production departments in offshore exploration, development, and production operations, or terminals and docks normally associated with and accounted for by the refining or marketing departments.

Include investment in ships and boats, equipment and spare parts for ocean tankers, barges, lighters, tugs, motor boats, etc. Include dry docks (except those associated with new ship building operations), docks and wharves, ship loading and unloading plants, communications and service equipment, shops, commissary and supply warehouses and other buildings, automobiles and trucks, office equipment furniture and fixtures, etc. Include capitalized reconditioning costs and construction in progress.

Line 12-13—Transportation—Pipeline—Crude and Products

Report the company investment (gross and net) in property, plant and equipment associated with pipeline transportation of crude oil and products (including liquified petroleum gases). Investment in natural gas, truck lines and related facilities, (other than production gathering systems) should be reported on Line 14.

Include trunk and gathering lines, pump and heater stations, line, storage tanks, marine and rail delivery facilities, buildings and structures, shops, tools, automobiles and trucks, furniture and fixtures, communication systems and other service equipment.

Include pipeline investment normally accounted for by the transportation department. Do not include gathering systems which are normally accounted for as part of production investment, and do not include lines and receiving stations or terminals that are normally accounted for as part of refining or marketing investment.

Line 14—Transportation—Pipeline—Natural Gas

Report the company investment (gross and net) in property, plant and equipment associated with natural gas transmission operations. Do not use this classification to report gas gathering line investment associated with production or natural gas liquids plants operations unless the company has an operating interest in natural gas trunkline transmission operations which are consolidated for financial reporting purposes.

Line 15—Transportation—Other

Report the company investment in property, plant and equipment for the bulk transportation of petroleum materials other than by pipeline or marine. Also include property, plant and equipment for crude oil and/or product purchasing and supply operations where the accounts for these operations are separable from production, refining and marketing operations.

Do not include investments in transportation equipment that is normally accounted for as investment of the production, refining or marketing departments, but do include investment in property, plant and equipment normally accounted for as transportation department equipment.

Line 16—Other Property, Plant and Equipment

Report the company investment in property, plant and equipment associated with consolidated non-petroleum activities. Include separate investment in property, plant and equipment for non-energy portions of consolidated petroleum activities, such as petrochemicals. Include property, plant and equipment of group and corporate activities that cannot be assigned to specific operations.

Memo: Total Property, Plant and Equipment—Line 17, Total of Lines 1-16. Total company columns (gross and net) should equal gross and net property, plant and equipment as reported in the consolidated financial statements of SEC Form 10-K.

Memo: Foreign Geographical Distribution—Lines 18–22. Report the geographical distribution of total Foreign property, plant and equipment (gross and net) reported on Line 17.

Section B—Assets Other Than Property, Plant and Equipment.

Use Section B to report the Company's Current Assets; Value of Inventories; Long Term Notes, Receivables, Investments and Advance; Special Deposits and Sinking Funds; Prepaid and Deferred Charges (where material); and Other Assets. At the conclusion of this section please provide as a memo entry the excess of current replacement costs over stated value of LIFO Inventories as reported in SEC Form 10–K.

LINES 1–6 CURRENT ASSETS

This group of accounts should include cash, trade acceptances, notes and accounts receivable from outsiders, and additional assets which may be converted into cash readily without impairing the business, such as marketable securities other than those held for purposes of control, and notes and accounts receivable from offices and employees. Also include the current portions of prepaid expenses and deferred charges.

Current assets should be reported net of any reserves for uncollectibility or decline in market values.

Do not report Inter-functional or intercompany items. Report curent assets, except cash and marketable securities, by functional groups as recorded in the company's accounting records.

Line 1—Cash and Marketable Securities.

Include all bank and deposit accounts as general checking certificates of deposit, time deposits, and bankers acceptances. Include readily marketable securities such as stocks and bonds and securities of the U.S. Government or its agencies, which are considered available as current assets and are held as temporary investments of working capital.

Do not include the company's own stocks and bonds held for corporate purposes, stocks or other securities of affiliated companies, or stocks and other investments held for purposes other than the temporary investment of working capital. These should be reported as Long Term Notes, Receivables Investments and Advances on Line 19.

Do not include as Cash Marketable Securities funds deposited in banks or with others to provide for payment of liabilities upon fulfillment of agreements made by the company. These should be reported as Special Deposits and Sinking Funds on Line 20.

Line 2—Accounts, Notes and Other Receivables.

Include current and suspended trade receivables on open account and the face amounts of all trade acceptances and notes receivable maturing within one year. Include notes and other receivables from officers and employees, and expense advances. Include current and proposed claims filed with common carriers, vendors, insurance companies and others. Include other current receivables such as other notes, accounts receivable from joint operations accrued interest and dividends receivable, and accrued rents and royalties. Report these accounts net of applicable reserves.

Lines 3–6—Other Current Assets

Include the current portion of prepaid and deferred charges (those items that will enter into the determination of net income in the subsequent year). Include prepaid interest, taxes, rentals, royalties (other than oil and gas), and insurance. Include prepaid freight and prepaid and deferred shipping charges. Include the cost of unbilled job orders if this is the company's normal accounting method. Include the current portion of the tax effects of tax loss carryforwards that will be recognized in the subsequent year in those instances where the tax loss carryforwards are recognized on the books of account. Include all other current prepaid and deferred charges contained in the company's books of account.

It is not intended that items normally classed as non-current be divided between current and non-current for this report; rather, these items should be categorized as current or non-current in their entirety in accordance with the predominant amounts of each item. For examples, items such as goodwill and organizational and start-up expense should all be classified as non-current even though a part of the amount will be amortized in the immediately succeeding year.

Note: Significance Criterion. Items greater than 5% of current assets other than inventories should be reported separately in the space provided on Lines 3–6.

LINES 8–18—INVENTORIES

Report end-of-period inventories classified according to the valuation methods utilized in the books of account. That is, report on the LIFO lines the valuation (and units where applicable) of inventories valued on LIFO basis in the books of account; report on the Average Cost lines the valuation (and units where applicable) of inventories valued on average cost methods in the books of account; and report on the FIFO lines the valuation (and units where applicable) of inventories valued on FIFO methods in the books of account.

Production or purchase costs for the respective periods of inventory accumulation should include relevant amounts of handling and transportation charges to points of storage and the cost of crude oil products and other materials and merchandise purchased and in transit at the close of the accounting period, for which either payment has been made or a liability has been established.

Under the LIFO system of inventory valuation in-bound in-transit cargoes at the close of an accounting period theoretically have been sold, and therefore all costs (billed and unbilled) necessary to place the cargoes in the purchasing unit's tanks (or other storage) at the receiving terminal should be included in Purchase Costs (Schedule 5), which is a component of cost of goods sold.

Note: Reporting Replacement Cost of LIFO Inventories. Line 30 requires reporting the excess of current replacement cost over the stated value of the LIFO inventories, as reported in SEC Form 10–K.

Line 8–10—Inventories—Crude Oil

Report the inventory units (thousands of barrels) and valuations of crude oil at the close of the accounting period, classified by method of inventory valuation.

Lines 11–13—Inventories—Refined Products

Report the inventory units (thousands of barrels) and valuation of refined products at the close of the accounting period, classified by method of inventory valuation.

Lines 14–16—Inventories—Other

Report the inventory values of other inventory (other than crude oil, refined products and materials and supplies) at the close of the accounting period, classified by method of inventory valuation.

Line 17—Materials and Supplies

Report the cost of materials and supplies purchased or produced that are carried as stocks in warehouses, storerooms, shops, etc., and in transit at the close of accounting period. Include the estimated net condition or scrap value of machinery, equipment, materials, supplies, etc., transferred to the account from Property, Plant and Equipment.

Line 19—Long-Term Notes, Receivables, Investments and Advances

Report investments that are not readily convertible to cash or that the company intends to hold for a relatively long period. Include the cost of securities owned in non-consolidated subsidiaries and affiliated companies. Include adjustments resulting from the equity method of accounting for investments in affiliates and non-consolidated subsidiaries. Include mortgages, promissory notes, loans, advances and accounts receivable from other than consolidated companies. Include carried interest receivables from partner's share of the cost of developing and operating properties of joint production operations which are recoverable from the partner's share of production. Include advance payments made on purchase obligations from long-term purchase contracts.

These accounts should be reported net of applicable reserves for loss.

Direct costs of acquiring investments can be included as part of the cost of the investments. Intangible costs of organizing or acquiring a company should be included with Other Assets on Lines 25–28.

Do not include any notes, receivables, investments or advances in any consolidated subsidiaries or any other consolidated operations, such as partnerships, joint ventures, and associations.

Report investments and advances to non-consolidated operating companies by function according to the predominant nature of the operations of the company receiving the investments or advances.

Line 20—Special Deposits and Sinking Funds

Include cash and securities placed in sinking, redemption, reserve and other special trust funds to redeem outstanding obligations. Also include deposits on bids, permits, contracts, and other special funds set aside pending fulfillment of agreements by the company. Securities should be reported at the lower of cost of market. Report special deposits by function, where applicable.

Lines 21–24—Prepaid and Deferred Charges

Report the non-current portion of payments and other charges for expenses which were incurred for the benefit of future operations beyond the next subsequent year.

Include unamortized discount and expense on long-term debt. Include the tax effect of the non-current portion of deferred income tax charges as reported in the company's consolidated financial statements. Also include the non-current portion of the tax effects of tax loss carryforwards in those instances where tax loss carryforwards are recorded in the books of account.

Include all other non-current prepaid and deferred charges recorded in the company's books of account.

Report prepaid and deferred charges by function, where applicable.

Note: Significance Criterion. Items greater than 20% of the total non-current Prepaid and Deferred Charges should be reported separately in the space provided on Lines 21–24. In addition, items reported separately in public financial reports, such as the Annual Report to Shareholders, SEC Form 10–K, or SEC Form S–1, should be reported separately on this schedule.

Lines 25–28—Other Assets

Report other assets not reported elsewhere on Schedule 9, Sections A and B.

Include intangible assets such as goodwill, organization costs, trademarks, patents, etc.

Report intangible and other assets net of accumulated amortization or other applicable reserves.

Report other assets by function where applicable.

Note: Significance Criterion. Items that comprise more than 30% of the total Other Assets should be reported separately in the spaces provided in Lines 25–28. In addition, items reported separately in public financial reports, such as the Annual Report to the Shareholders, SEC Form 10–K, or SEC Form S–1, should be reported separately in this schedule.

Memo: Excess of Current Replacement Cost Over Stated Value of LIFO Inventories—Line 30. Report this item as required to be reported for SEC Form 10–K. Report by function, as applicable.

Section C—Liabilities and Stockholders' Equity

Use Section C to report the Company's Current Liabilities; Long-Term and Interim Term Debt and Advances; Deferred Credits and Reserves; Minority Interest in Subsidiaries; and Stockholders' Equity. Do not allocate liabilities or stockholder's equity accounted for at the total company level.

LINES 1–13—CURRENT LIABILITIES

This group of accounts should include liabilities applicable to short-term loans, merchandise purchases, salaries and wages, the current portion of deferred credits and expenses, together with provisions for all other non-current liabilities which, if not definintely ascertainable, should be estimated and subsequently adjusted when the actual amounts are known.

The current portion of deferred credits should include those items that relate to a current item in the balance sheet, as well as those items that will enter into the determination of income in the subsequent year.

Report current liabilities by functional groups as recorded in the company's accounting records, except for the current portion of long-term debt and income taxes, which should be reported in the Corporate column. However do not allocate to functions items not accounted for by function. Do not include Inter-functional or intercompany items.

Line 1—Accounts and Notes Payable

Report the amount of liabilities on open account for purchases of crude oil and gas, finished and semi-finished products, supplies, etc., and for services rendered which are vouchered or otherwise accrued but unpaid at the close of the accounting period. Include the company's liabilities for goods, freight and other services received but not invoiced at the close of the accounting period. Include the face amounts of demand and short-term promissory notes, acceptances and loans payable to trade suppliers and to banks or bankers. Include liability for dividends declared but not yet paid. Include interest, insurance, rentals and royalties (other than oil and gas) payable. Include accrued salaries, wages, and commissions of officers, employees, commission salesmen and agents. Include company liability for accrued vacation expenses, disability benefits, annuity and survivor benefits, and thrift, annuity, and savings plan contributions. The company liability for Federal or foreign social security insurance contributions should be reported in Line 5, Accrued Taxes—Other.

Do not allocate items not accounted for by function.

Line 2—Long-Term Debt Due Within One Year

Report the amount of long-term debt payable within one year from the blance sheet date. See instructions for Line 16 for definition of long-term debt. Do not include intercompany or Inter-functional debt.

Line 3—Accrued Taxes-Income Taxes

Report the amounts accrued for income taxes payable to national, state, provincial and local governments. Do not include deferred income tax charges or credits arising from tax allocation procedures, which should be recorded as current or non-current deferred charges or credits, as applicable.

Line 4—Accrued Taxes-Consumer Sales and Excise Tax

Report the company's liability for consumer taxes collected from others.

Lines 5–7—Accrued Taxes—Other

Report the company's liability for all other accrued taxes. Include severance taxes, import duties, property taxes, and Federal, State and Foreign social security and unemployment contributions.

Line 8—Other Current Liabilities.

Report the current portion of deferred credits and miscellaneous current liabilities. Include the current portion of deferred income tax credits and other deferred credits. Include any other miscellaneous current liabilities not included in Lines 1–7. Do not allocate to functions any item not accounted for by function.

Note: Significance Criterion. Items greater than 5% of total current liabilities should be reported separately on Lines 9–11.

Line 13—Long-Term and Interim Debt and Advances

Report the face amount of all obligations of the company that will not mature within one year of the balance sheet date. Include mortgage bonds, debentures, collateral trust bonds, equipment obligations, long-term notes, purchase obligations, loans and accounts payable over a period exceeding one year, and all other forms of indebtedness which may be properly classified hereunder. Do not include intercompany of Inter-functional debt.

LINES 14–24—DEFERRED LIABILITIES, CREDITS AND RESERVES

Report the non-current portion of income applicable to future periods and the non-current portion of income taxes deferred until future years. Include deferred liabilities and reserves applicable to anticipated future losses. Report deferred credits and reserves by functional group, as applicable.

Line 14—Income Taxes

Report the non-current portion of deferred income tax charges and credits when the non-current portion nets to a credit.

The non-current portion of deferred income taxes should include the tax effects due to book/tax timing differences that relate to non-current items in the balance sheet, such as the tax effects of accelerated depreciation or intangible drilling costs. Also include those items that will not enter into the determination of book income until the years following the immediately succeeding year.

Line 15—Employee Benefits

Report amounts reserved to meet the unfunded or uninsured portions of the estimated liability for accumulated annuities and other benefits of employees and annuitants covered by company benefit plans. Include disability benefits in accordance with workmen's compensation laws.

Line 16—Refunds

Report the net company interest in deferred liabilities or reserves for possible refunds to customers due to Federal, State local or foreign governmental regulatory actions.

Line 17—Sales/Advances—Future Production

Report the net company interest in deferred income or liabilities from sales or advances on crude oil and/or gas to be supplied in the future by the company. Also include deferred credits or liabilities from sales of future production of Other Energy Materials. Deferred credits or liabilities from sales of reserves in place and other assets should be reported with Other Sales on Line 18.

Line 18—Other Sales

Report the net company interest in deferred income from sales other than future oil, gas and other energy production. Include deferred income from sales of oil and gas reserves in place and sales of other oil and gas producing assets. Include deferred income from involuntary conversions of depreciated assets, including nationalization and expropriation.

Line 19—Foreign Exchange

Report reserves for possible future losses due to revaluation of foreign exchange.

Line 20—Expropriation

Report amounts reserved to provide for possible future losses due to nationalization or expropriation of foreign assets.

Lines 21–24—Other

Report other deferred liabilities, deferred credits, and reserves. Include amounts reserved to provide for possible uninsured losses such as fire losses, property damage losses, and marine losses. Include amounts provided for possible losses of claims and law suits.

NOTE: Significance Criterion. Items which are greater than 20% of total deferred credits and reserves should be reported separately on lines 21–24.

Line 26—Minority Interests in Subsidiaries

Report in one sum the amounts of capital stock together with the portion of surplus of consolidated subsidiaries applicable to shares of capital stock owned by minority stockhholders, where the company, although it does not own 100% of the outstanding stocks of consolidated subsidiaries, consolidates with its own account 100% of the assets and liabilities of such companies.

LINES 27–28—STOCKHOLDERS EQUITY

Report on Lines 27–28 the total stockholders equity of the company.

Line 27—Capital

Report the total par value or the total amount designated as representing all classes of capital stock (including all perference stocks) for which shares have been issued and are outstanding at the close of the accounting period. For unincorporated businesses, report the amount permanently invested by the owners, representing either partnerships or individuals. Provided there is no conflict with the laws under which such businesses are conducted, the accumulated undivided profits should not be included in this account but reported with Retained Earnings on Line 28.

Include capital surplus arising from sources other than ordinary operations of the company, such as paid-in capital in excess of par value, revaluations of assets from reorganizations, and credits from dealing in the company's own stock.

Deduct the cost of capital stock held in the company treasury from this account.

Line 28—Retained Earnings

Report the accumulated undistributed income from operations of the business.

SCHEDULE 10—BALANCE SHEET CHANGES NOT REPORTED ON OTHER SCHEDULES

Purpose:

To report significant changes in balance sheet items that are not reported on other schedules in this report.

General instructions:

Do not report changes shown elsewhere, such as those resulting from capital expenditures, depletion, depreciation, or amortization, working capital changes or sales of stock.

Report significant changes not otherwise reported on other schedules, such as transfers of non-producing properties to producing status, decreases in assets and related reserves due to sales of assets and extraordinary abandonments, increases in intangible assets (such as goodwill), changes (other than amortization) in deferred charges, deferred credits, or reserves for contingencies. Report each significant class of change as a total for the consolidated company, using the column definition for Total Company.

List each class of significant balance sheet changes and the dollar amount of the change on the blank portion of the form.

This should provide the vehicle for reconciling balance sheet changes not accounted for in other schedules.

Significant criterion:

Significant changes are those that, as a class, exceed $5 million.

Note: No printed form is provided for this schedule.

SCHEDULE 11—INCOME TAXES

Purpose:

To report book/tax timing differences generating deferred income taxes, and to reconcile accrued income tax expense to the statutory federal income tax rate.

General instructions:

The item captions down the left hand side of the forms are provided for comparability in terminology among the reporting firms. It is not required that all captioned items on the left hand side of the forms be completed. It is required that the maximum level of detail contained in the company's public reports be itemized in this report. Include detail levels contained in such reports as the company's annual report to shareholders (including supplements), SEC Form 10–K (or equivalent), SEC Form S–1 (or equivalent), etc. Items discussed but not quantified in these or other public reports should be quantified for this report.

Items which are detailed in company reports but are not captioned on Schedule 11, Sections A or B, should be itemized in the applicable spaces provided.

Detailed instructions:

Section A

Report book/tax timing differences for each significant item that generates deferred taxes.

Note: Significance Criterion. Any item that contributes 15 percent or more of the deferred tax for the reporting period should be provided individually. In addition, items reported separately in public financial reports, such as the annual report to shareholders, SEC Form 10–K, or SEC Form S–1, should be reported separately on this schedule.

Section B

Report the reconciliation of accrued federal income tax expense for the accounting period to the statutory federal income tax rate. Report both in dollars and as a percent of pre-tax income. Where the reporting person is a foreign entity, the income tax rate in that person's country of domicile should normally be used in making the above computation, but different rates should not be used for subsidiaries or other segments of a reporting entity. If the rate used by a reporting person is other than the United States Federal corporate income tax rate, the rate used and the basis for using such rate shall be disclosed in an attached footnote.

SCHEDULE 12—STATISTICAL DATA

Purpose:

To report statistical data not contained in the previous schedules.

General instructions:

Include data relating to the company and all consolidated subsidiaries. Exclude data related to unconsolidated subsidiaries, affiliates, and investments.

Detailed instructions:

Section A—Net Acreage

Lines 1–5—Acquired During Reporting Period

Report the net acreage acquired by the Company and its consolidated subsidiaries during the reporting period. Include all net acreage acquired without regard to acreage released.

Lines 6–10—Undeveloped, Held by Leases or Options

Report the net acreage of the company and its consolidated subsidiaries at the end of the reporting period that is undeveloped and is held by leases or options for exploration of energy materials.

Lines 11–15—Fully or Partially Developed, Held by Production

Report the net acreage of the company and its consolidated subsidiaries at the end of the reporting period that is fully or partially developed and, in the U.S. and Canada, is held by production of oil, gas or other energy.

Section B—Net proved Underground Reserves.

Lines16–21

Report the net interest of the company and the consolidated subsidiaries in volumes of energy reserves at the end of the reporting period. Report those reserves which geological and engineering data indicate with a high degree of certainty to be recoverable in the future from established reserves (or equivalent producing structures for other energy materials) using technically proven, commercially sound operating practices.

Include all net proved reserves of consolidated subsidiaries. Exclude all reserves of unconsolidated companies.

Include company-owned royalty, overriding royalty and other ownership interest. Exclude reserves owned by joint interest owners, royalty owners, and other participants who have the right to take payment in kind.

Report reserves in units as follows:

Oil—Millions of Barrels
Gas—Trillions of Cubic Feet
Coal—Millions of Tons
Shale—Millions of Barrels
Tar Sands—Millions of Barrels
Other Energy—Indicate Units (Use six digits or less)

Section C—Net wells

Lines 22–33

Report the net interest of the company and its consolidated subsidiaries in oil and gas wells completed during the reporting period and at the end of the reporting period. The net company interest is the sum of all fractional interests owned by the company and its consolidated subsidiaries. Exclude net wells owned by unconsolidated companies.

Multiple completions in a single hole should be counted as one well. Report net wells in whole numbers and tenths.

Lines 22–32—Completed During Reporting Period

Report the net wells completed during the reporting period. The numbers of net completed wells should relate to the expenditures for completed wells on Schedule 3, Lines 7–9 and 14–16. It is understood that well counts and well expenditures may not have an exact relationship due to timing differences in booking expenditures.

Multiple completions in a single hole should be counted as one well.

Lines 28–29—Capable of Producing

Report the company net interest (as defined above) in wells capable of producing. Include wells shut-in due to lack of transportation. Include wells temporarily shut-in due to workovers.

Lines 30–31—Shut-in

Report the company net interest in wells capable of producing but shut-in due to lack of transportation. These wells should also be included in wells capable of producing above.

Section D—Refinery Runs

Lines 34–36

Report the refinery runs of the company and consolidated subsidiaries during the reporting period. Include both crude oil and other raw materials processed.

Report volumes to nearest tenths of millions of barrels.

Line 34—For Company's Account

Report total crude oil processed for the company's account during the report period at refineries whose operations are consolidated in the company's books of account.

Line 35—For Others

Report total crude oil processed for others (including unconsolidated subsidiaries, affiliates and investments) during the period which refineries whose operations are consolidated in the company's books of account.

Line 36—By—Others For Company's Account

Report total crude oil processed by others for the company's account during the period. Include company-owned crude oil blending stocks processed by refineries operated by unconsolidated subsidiaries, affiliates and investments.

Section E—Refineries

Lines 37–38

Report data on refineries operated by the company and its consolidated subsidiary. Include total capacity of consolidated subsidiaries. Exclude unconsolidated subsidiaries and investments.

Line 37—Number of Refineries

Report the number of refineries operated by the company and its consolidated subsidiaries.

Line 38—Annual Capacity

Report the total rated annual capacity in millions of barrels (annual total, not per calendar day) at the end of the reporting period to process crude and other inputs under normal operating conditions, including allowances for down time, environmental constraints, and other processing limitations.

Section F—Marketing Retail Outlets

Report the number of retail outlets at the end of the period which sell products under brands owned or controlled by the company and its consolidated subsidiaries.

Lines 39–40—Owned and Leased

Report the number of retail outlets selling under company brands which the company or its consolidated subsidiaries either own or are a party to leases on the outlets.

Report the number of these outlets operated by the company or its consolidated subsidiaries on Line 38. Report the number of these outlets oprated by others on Line 39.

Line 4—Other Retail Outlets

Report the number of outlets selling products under company brands which the company or its consolidated subsidiaries do not own or are not parties to any lease arrangements.

Mr. HASKELL. The purpose of this report is set forth in the proposed regulations. It is very self-evident because this is badly needed information to develop energy policy. The purpose, of course, of including section 38 in the bill again is to be sure that the FEA Administrator does not change his mind and that future administrators will require this type of information.

I think that most of us would agree that if we are going to act intelligently on a national energy policy we will need not only the basic information on energy sources but we will also need a profile of the structure of the industry.

Therefore, Mr. President, I strongly urge the Senate to adopt this amendment introduced by myself on behalf of myself and Senators Jackson and Nelson. The matter has been discussed with the distinguished chairman of the Government Operations Committee, and it is my understanding that the proposed amendment is acceptable to him.

Mr. FANNIN. Mr. President, is the Senator from Colorado addressing his question to the Senator from Illinois?

Mr. HASKELL. No, I had mentioned the chairman of the Government Operations Committee, it is my understanding, found this amendment meritorious, and I was merely asking him to make a statement.

Mr. RIBICOFF. If I may respond to the distinguished Senator from Colorado, I would like to say that I am very sympathetic toward this amendment. I think that much more has to be done in the area of accurate data collecting. However, the ranking minority Member, our colleague, Senator Percy, has strong objections to this proposal. At this stage of managing the bill, I find on the basis of comity, where there can be agreement between the ranking minority Member and the manager of the bill. It behooves me not to give my acceptance on this measure. I had been under the impression that it would meet with the approval of Senator Percy, but I find that Senator Percy has strong objection to this proposal, and I understand his position.

It is our intent that FEA not be extended beyond 15 months and that we look forward to a complete reorganization of all energy programs in the Government. I believe Senator Percy feels that if it only has 15 months to go this is no time to reorganize FEA.

While I believe that what the Senator from Colorado and the Senator from Washington seek to achieve is absolutely essential, the amendment does have strong opposition from the Senator from Illinois.

Mr. HASKELL. Mr. President, I am sure the Senator from Illinois will very ably and adequately articulate his opposition.

I point out, however, that time is wasting. I also point out that I am sure that all of us here envisage in the not-too-distant future the creation of a Department of Natural Resources and Energy. I also point out that assuming this job is started on now, as the FEA assures Congress that they are starting on it, if it is properly structured, if the task begins, we are that much farther down the road when we create such a department and we would merely move this segment of the FEA in such a department.

With that comment, I will yield the floor and I will anticipate hearing the views of the Senator from Illinois.

Mr. McINTYRE. Mr. President, before the Senator yields the floor, will the Senator yield briefly for a question?

Mr. HASKELL. I yield.

Mr. McINTYRE. First, I compliment the Senator from Colorado for what I consider to be a good amendment aimed in the right direction. Let me ask him this question.

One of the things we had to put up with is that we have had to ask the major oil companies of this country what the situation is. We have no way of knowing ourselves. They tell us how far in the ground the oil is, what the reserves are, and what the prospect for the future is.

My understanding of the Senator's amendment is that it will put the bite on them. We will require FEA to set up the independent information center and the major oil companies of this country will have to report to it.

Mr. HASKELL. The Senator is correct. I should say to the Senator from New Hampshire that the FEA now has this authority and they are moving in the direction of this and only very recently, possibly in anticipation of this bill coming to the floor, I received word that they intend to carry out this reorganization internally.

Mr. McINTYRE. Mr. President, I simply say we are aiming in the right direction.

I also note something that is becoming more and more urgent across this country. It is that we do not put this reporting burden on the small people, the little guys. Under this amendment no paperwork burden comes down on the small business concerns. Is that right?

Mr. HASKELL. I believe the Senator is correct in that.

Mr. McINTYRE. If there is one outfit that can afford to give us all the information and fill out the forms, if anyone can, it is the major oil companies of this country.

I am delighted to see the distinction made between the major oil companies and the little companies.

I hope the Senator asks for a rollcall vote so we can be on record.

Mr. HASKELL. I intend to so ask.

The PRESIDING OFFICER. Who yields time?

PREVENTION OF SPREAD OF DISEASE HARMFUL TO HONEYBEES

Mr. DOLE. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 18.

The PRESIDING OFFICER (Mr. Burdick) laid before the Senate the amendment of the House of Representatives to the bill (S. 18) to amend the act of August 31, 1922, to prevent the introduction and spread of diseases and parasites harmful to honeybees, and for other purposes, as follows:

On page 2, strike out all after line 19 over to and including line 2, on page 3, and insert:

(c) Honeybees and honeybee semen imported pursuant to subsections (a) and (b) of this section shall be imported under such rules and regulations as the Secretary of Agriculture and the Secretary of the Treasury shall prescribe.

(d) Except with respect to honeybees and honeybee semen imported pursuant to subsections (a) and (b) of this section, all honeybees or honeybee semen offered for import or intercepted entering the United States shall be destroyed or immediately exported.

Mr. ROBERT C. BYRD. Mr. President, was this matter cleared with this side of the aisle?

Mr. DOLE. The distinguished Senator from Georgia asked me to do it. He is the chairman of our committee.

Mr. ROBERT C. BYRD. Very well.

Mr. DOLE. Mr. President, I move that the Senate concur in the House amendment.

The motion was agreed to.

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT

The Senate continued with the consideration of the bill (S. 2872) to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1979, and for other purposes.

Mr. PERCY. Mr. President, in addressing myself to our distinguished colleague from Colorado, I wish to say that the spirit of the amendment before us is both good and bad. I am thoroughly in accord with the principle and the objective that Senator Haskell is attempting to achieve, and would be quite happy to commit myself now not only to support but also to cosponsor such an effort at the right time and on the right bill.

The objection the Senator from Illinois has at this time is twofold. The first part is due to the inconsistency of the amendment with current law, which I consider to be a significant shortcoming. Second, in creating and setting up an organization inside FEA, this title would take effect 6 months after enactment, which is only 9 months before we dismantle FEA totally and completely. I can just see another presentation before the Committee on Government Operations where the FEA people might come before us and say: "Look, we are in the middle of setting up this new organization, and we need a further extension of FEA's statutory life to achieve the objectives of the Haskell amendment."

I believe that we will eventually have to bite the bullet and set up a completely new organization. Certainly, this amendment embodies the principle of reorganization, and one which is highly desirable. But rather than attaching Congress concern for energy organization to an organization that is going out of business, we should allow FEA to focus its undivided attention on the duties and responsibilities that Congress has already imposed upon it. We should move as rapidly as we can to a permanent structure for energy organization, but I would not want to see the FEA further encumbered by the responsibility for setting up this reorganization.

Mr. RIBICOFF. Mr. President, will the Senator yield for a suggestion?

Mr. PERCY. I yield.

Mr. RIBICOFF. I have been given to understand that FEA is concerned about this problem and is moving toward the direction sought by the distinguished Senator from Colorado. It is my understanding that the FEA has a problem only with section 38 of the amendment.

I wonder whether at this time we could ask for a quorum call so that the Senator from Colorado could have a discussion with the Senator from Illinois, the Senator from Washington, and me, to see if we can come to an understanding on this matter. I do not know how strongly the Senator from Colorado feels about section 38 or how strongly the Senator from Illinois feels about the entire amendment.

Mr. President, I suggest the absence of a quorum.

Mr. JACKSON. Before the Senator makes his request, will he yield?

Mr. RIBICOFF. I yield.

The PRESIDING OFFICER (Mr. STONE). Does the Senator withhold his request?

Mr. RIBICOFF. Yes.

Mr. PERCY. The Senator from Illinois has the floor, and the Senator from Illinois would not want a quorum call quite yet, because I think it might be well to put right on the RECORD the reactions I have to section 38, and then I will be very happy to discuss it.

Mr. JACKSON. I should like to speak on Senator HASKELL's time. I do not want to take it from the time of the Senator from Illinois. It will take only a minute.

Mr. PERCY. Go right ahead on my time.

Mr. JACKSON. Mr. President, I make this observation in support of the Haskell amendment.

I think there is a real need for a separation of the policy functions of FEA from the basic collection of data that is needed to deal properly with the multiplicity of problems we have in the energy field. Our committee has held hearings over a long period of time on the whole subject to the collection of data.

The basic issue is to make an arrangement by which you can protect the integrity of your figures and your data. The Haskell amendment, as it is pending, would address itself to that particular aspect of the problem. I hope that the Haskell amendment will be adopted.

I thank the Senator from Illinois for making this time available.

Mr. PERCY. I thank the distinguished Senator from Washington for his comments.

The Senator from Illinois would like to look at a major novelty of the amendment—which would require, by adding a new section 38 to the FEA act, a comprehensive new program and authority for acquiring energy information, including comprehensive financial information from so-called major energy-producing companies. Such a reporting system would of necessity require the development of certain uniform accounting standards to be employed by these companies, and the recently enacted Energy Policy and Conservation Act required in section 503 of that act that the Securities and Exchange Commission develop such uniform procedures within the next 2 years. Section 505 of the EPCA requires FEA thereafter to acquire, maintain and submit quarterly reports based upon financial information acquired using those accounting procedures.

So section 38 that would be added by this amendment seems premature, unless it is considered to be in the public interest for FEA to proceed in the next 2 years on its own and, by necessity, develop accounting procedures for these firms, and then have the rules of the game changed when the SEC completes its work under section 503 of the EPCA. So I believe it is clear that, irrespective of the merits of the basic policy reflected in this amendment, its inconsistency with current law is a significant shortcoming.

The other and principal change in existing law that would be made by the Haskell amendment is that it would establish by statute a distinct organizational entity within the Federal Energy Administration whose sole purpose would be to acquire and analyze statistical data and to carry out the econometric forecasting involving energy. Second, it would impose new statutory requirements for information gathering from certain companies, which requirement appears to be at odds with the recently enacted Energy Policy and Conservation Act.

It is frequently urged that the necessity for an amendment of this nature is that the public interest requires a "wall of separation" between statistical and data analysis activities, and the development and ultimate articulation of particular policies. It is claimed that permitting both functions to occur in the same organization casts question on the integrity of the underlying statistical information because of the temptation or the possibility that the data analysis and forecasting might too readily become a vehicle for post hoc rationalization at previously developed policy decisions.

Basically, I am in sympathy with this view. Like Senator HASKELL, I believe that there is an inherent conflict of interest between the role of a policy advocate and that of one who attempts to serve as an objective provider and organizer of information. I must, however, oppose this part of the amendment on the grounds that the title creating the office does not become effective until about 6 months after enactment. This is only 9 months before we plan to completely reorganize the energy-related parts of the executive branch. I do not think it is worth reorganizing part of FEA for such a short period. The fewer reorganizations the better.

Let us clearly and definitely dismantle FEA. Let us go ahead post-haste in setting up a long overdue reorganization and restructuring of the executive branch of Government to deal effectively with our energy problems.

Unless we can work out something that I do not foresee now, the Senator from Illinois would have to oppose the amendment for that reason.

Mr. HASKELL. Mr. President, I understand the position of the Senator from Illinois.

I point out that the 6-month effective date was fixed deliberately and would allow a new administration, whoever that new administration may be, to appoint an individual to go ahead with this very important function.

I gather from the discussion here that most of us, including the distinguished Senator from Illinois, agree that must be done.

My problem, I say to the Senator from Illinois, is delay. This is an essential ingredient that we do not now have in the U.S. Government. The sooner we can set it up, the better. We have the personnel within the FEA, I am told. They are ready to do it. I think they may need a nudge.

I agree with the Senator from Illinois—and I gather that other Senators agreed—that we must have a Department of Natural Resources. But we might as well get this particular ingredient started. It then can be transferred in toto to a department of natural resources. I am afraid that delay has been one of the enemies of really getting a grip on or getting on top of the energy situation in this country.

For that reason, although I understand the Senator's arguments, I cannot agree with them because I just do not think that putting it off another year beyond the 6 months really serves the national interest, although I sympathize with the Senator's view.

Mr. PERCY. Will the Senator yield for one question?

Mr. HASKELL. I am delighted to yield.

Mr. PERCY. Does the Senator from Colorado have any estimate as to how many people this will require? Will it require the FEA, at the time they are dismantling, to hire additional personnel? What would be the budget that would be required to accomplish or carry this out?

Mr. HASKELL. We were told in our hearings, I might say to the Senator from Illinois, by the FEA people themselves, that they have the necessary personnel now to do the job. The important thing is to separate policy from fact, from energy collection, basic data, and analysis. They claim they have the personnel. They claimed, of course, at the hearings that, basically, they did not mix policy with data and analysis, but the fact that they had the two under the same roof, at least, gave the appearance that they were so doing.

Based upon the testimony in our hearings, they would not need to add additional personnel.

Mr. DURKIN. Will the Senator yield for a question?

Mr. HASKELL. I am delighted to yield.

Mr. DURKIN. Section 4 of the act deals with the congressional access to information. Do I understand that section correctly that the chairman of any committee or that the committee, by a vote of the committee, could have access to the information in the possession of the FEA?

Mr. HASKELL. Mr. President, the Senator from New Hampshire is correct. This is one very, very important aspect in consideration. Heretofore, the information collected by the FEA, of course, was for the use of the administration. I think a great many of us in Congress have felt somewhat frustrated that we do not have the same access to information; we do not have the same resources as does the administration. The purpose of section 40, which the distinguished Senator from New Hampshire alluded to, is just that, to provide access by Congress.

Mr. DURKIN. Am I also correct in understanding that an individual Member of the Senate could obtain the information through the General Accounting Office?

Mr. HASKELL. That would be through the General Accounting Office under existing law, yes, sir.

Mr. DURKIN. I thank the Senator.

Mr. HASKELL. If there is no further discussion—Mr. President, I would like to ask the Senator from Illinois a question.

May I have the attention of the Senator from Illinois?

Mr. PERCY. I am sorry.

Mr. HASKELL. If the Senator is going to object, I shall ask for the yeas and nays. If he is not going to object, I shall not. I do not want to use up a vote unnecessarily.

Does the Senator from Illinois object to my amendment?

Mr. PERCY. Yes, I do.

Mr. HASKELL. Then I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HASKELL. I will yield back the remainder of——

Mr. FANNIN. Will the Senator yield?

Mr. PERCY. I yield to the Senator from Arizona.

Mr. FANNIN. Mr. President, this is a very complex matter. Perhaps the most onerous feature of the amendment is found in section 38 where standardized financial reporting systems are required. The amendment would require the Administrator to develop within 1 calendar year a uniform financial report which would allow comparison on a uniform and standardized basis among major energy producing companies. While such a goal is desirable, attainment is not possible. The establishment of uniform practices is not an easy task. There are many varying facts and circumstances to be considered if results are to be meaningful. It is submitted that the Federal Power Commission has spent some 20 years and imposed on industry and Government, accounting costs of well over $100 million in attempting to determine a reasonable cost of finding and producing gas. It is also submitted that there is no generally accepted answer today after all this time and effort. To believe an even more complex problem can be resolved in 12–18 months is naive indeed. While a uniform manual may indeed be prepared in such a period, the possibility of its producing meaningful information is virtually nil.

There is now in existence a mechanism for obtaining better accounting systems and financial reports that is supported by virtually all segments of society. The Financial Accounting Standards Board together with the oversight and enforcement power of the Securities and Exchange Commission is well along on its task. The proposed amendment not only duplicates the existing system for developing accounting and reporting standards but would undermine that activity to the detriment of all business firms and users of financial reports.

The Energy Policy and Conservation Act (Public Law 94–163), enacted into law as recently as December 22, 1975, and more particularly part A, energy data base and energy information, and section 503(a) accounting practices in general provides that the Securities and Exchange Commission shall take such steps as may be necessary to assure the development and observance of accounting practices to be followed in the preparation of accounts by persons engaged in the production of crude oil or gas in the United States. Under the provisions of this new law, such practices are required to be developed no later than December 22, 1977. In carrying out its responsibilities, the SEC is required to consult with the Federal Energy Administration, the GAO and the Federal Power Commission, and is given the authority to prescribe rules applicable to persons engaged in the production of crude oil or natural gas, or make effective by recognition, or by other appropriate means indicating a determination to rely on, accounting practices developed by the Financial Accounting Standards Board.

If the amendment passes, we urge that it include a provision requiring the Administrator to utilize accounting and reporting standards not incompatible with the standards established by the Financial Accounting Standards Board and accepted by the SEC. The data thus obtained would not be incompatible with or be on a different basis from that used in public financial reports. Acceptance of this view would not negate or alter any of the requirements of the amendment except how accounting and reporting standards are to be established. This would avoid a very expensive duplication. As it now stands the amendment purports to minimize duplication but in fact it establishes and proliferates duplication. Aside from the very significant cost such action tends to create controversy, confusion, and litigation.

While there are other accounting and reporting provisions I would like to see changed, I can accept them if we can avoid the serious and costly conflicts which are created by creation of another accounting and reporting standards body.

I feel, however, that this amendment is an unnecessary duplication of existing laws and activities which are all directed at the common goal of enhancing the collection of energy data and therefore should be opposed and defeated.

Mr. President, I feel that it is absolutely essential that we hold down the requirement to where they can be attained. I oppose this amendment.

Mr. HASKELL. Mr. President, I would like to mention, in response to the observations of the Senator from Arizona, that section 38(c) explicitly requires consultation between the Director of the Office and the Chairman of the SEC. Furthermore, I wish to point out that although they are working on uniform accounting standards, there is no reason to wait 2 years, as is contemplated under the EPCA, for basic information. For that reason, I do not agree with my distinguished colleague from Arizona.

Mr. FANNIN. I do not want to argue the point, but I think in accordance with the facts, this amendment would not speed up the procedures. I feel it would be unnecessary.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HASKELL. Mr. President, I yield back the remainder of my time. I assume the Senator from Illinois will do the same.

The PRESIDING OFFICER. Is all time yielded back? All time is yielded back. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. HARTKE), the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Rhode Island (Mr. PASTORE), and the Senator from Rhode Island (Mr. PELL) are necessarily absent.

I also announce that the Senator from Indiana (Mr. BAYH), and the Senator from Missouri (Mr. SYMINGTON) are absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE), the Senator from Iowa (Mr. CLARK), and the Senator from Rhode Island (Mr. PELL) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I also announce that the Senator from New York (Mr. BUCKLEY) is absent on official business.

The result was announced—yeas 46, nays 45, as follows:

[Rollcall Vote No. 291 Leg.]

YEAS—46

Abourezk
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Culver
Durkin

Eagleton
Ford
Hart, Gary
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits

Johnston
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Mondale
Moss
Muskie

Nelson
Nunn
Proxmire
Randolph
Ribicoff
Schweiker
Sparkman
Stevenson
Tunney
Williams

NAYS—45

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Byrd, Harry F., Jr.
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Glenn
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Laxalt
Long
McClellan
McClure
McGee
Montoya
Morgan
Packwood
Pearson
Percy
Roth
Scott, Hugh
Scott, William L.
Stafford
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Weicker
Young

NOT VOTING—9

Bayh
Buckley
Clark
Cranston
Goldwater
Hartke
Pastore
Pell
Symington

So the Haskell amendment (No. 1780) was agreed to.

Mr. **HASKELL**. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. **McINTYRE**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 42

Mr. McINTYRE. Mr. President, I call up my unprinted amendment which is now at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Hampshire (Mr. McINTYRE) proposes an unprinted amendment No. 42:

On page 7, following line 5, insert the following:

(c) Section 13 of the Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following:

(i) In exercising his authority under this Act or any other provision of law relating to the collection of energy information, the Administrator shall take into account the size of businesses required to submit reports on such information so as to avoid, to the greatest extent practicable, overly burdensome reporting requirements on small marketers and distributors of petroleum products and other small business concerns required to file reports with the Administrator.

Mr. McINTYRE. Mr. President, since its inception, the Federal Energy Administration has become the major gatherer of energy-related data in the United States Government. According to conservative estimates, FEA collects more than 1.8 million responses a year from the private sector.

This amendment is restrictive on paperwork.

As cochairman of the Federal Commission on Paperwork, I believe this is a simple amendment.

I wish to note that this amendment is identical to an amendment which was introduced in the FEA extension bill in the House by the chairman of the Federal Commission on Paperwork, Mr. HORTON, and was passed by the House.

Our Commission was established by Congress to find ways of reducing the burden and tremendous costs of the paperwork imposed on private companies by the Federal Government. This amendment is consistent with these ends, and does not impair FEA's ability to function.

I trust the managers of the bill will agree to accept it, and they have so indicated.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. **GLENN**. Mr. President, I am sure we all want to see the paperwork in the country cut down. I am equally certain we want to see that a lot of paperwork is cut down for those impacted the most, the small entrepreneur and businessman who has trouble enough keeping up with all this.

I am happy to accept this amendment.

Mr. **McINTYRE**. I thank the Senator.

Mr. President, I move its adoption. Senator PERCY has agreed to it.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from New Hampshire.

The amendment was agreed to.

Mr. **McINTYRE**. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GLENN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1782

Mr. GARY HART. Mr. President, I call up my printed amendment No. 1782 which is at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Colorado (Mr. GARY HART) for himself, Mr. HUMPHREY, Mr. FANNIN, Mr. KENNEDY, Mr. JAVITS, Mr. PHILIP A. HART, and Mr. ABOUREZK, proposes an amendment No. 1782.

Mr. GARY HART. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 12, after line 15, insert the following:

"(7) Subject to the restriction specified in subsection (c), to carry out a program to develop the policies, plans, implementation strategies, and program definitions for promoting accelerated utilization and widespread commercialization of solar energy and to provide overall coordination of Federal solar energy commercialization activities—

"(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $500,000; and

"(B) for the fiscal year ending September 30, 1977, not to exceed $2,500,000.".

On page 13, line 4, strike out the closing quotation marks and the second period.

On page 13, after line 4, insert the following:

"(c) No amounts authorized to be appropriated in paragraph (7) of subsection (a) may be used to carry out solar energy research, development, or demonstration.".

Mr. GARY HART. Mr. President, I ask unanimous consent that the Senator from New Hampshire (Mr. DURKIN) and the Senator from Wisconsin (Mr. NELSON) be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GARY HART. Mr. President, I am proposing amendment No. 1782 to S. 2872 to provide FEA with $3,000,000 to encourage accelerated utilization and widespread commercialization of existing solar technologies. Through accelerated solar energy use, this Nation could save 1 million barrels of oil per day by 1985 and as much as 3 million barrels by 1990. This program would not preempt but complement the work being done by the Energy Research and Development Administration. The purpose of this program is to take an extensive assortment of solar technologies off the shelf and put them to practical use.

Concern for the environment, our miserable track record on achieving energy self-sufficiency, and recent estimates which show that world oil reserves are depleting more rapidly than once predicted have forced us to take a closer look at all energy sources. Since the dawn of the energy crisis solar energy has come into the limelight as a promising alternative. As a result, substantial funds have been committed to the research and development of this resource. The House recently authorized $345 million for fiscal year 1977 for ERDA solar research, development, and demonstration, and the Senate will act shortly on a similar measure. This research commitment is vitally important to the development of solar energy, but equally important is an aggressive program of commercialization. The amendment I am sponsoring provides FEA with funding and staff necessary to establish this program.

The program is not new. It has been talked about for several years, but somehow has always been left out of administration priorities. Accelerated use of solar energy is achievable, but it needs the support provided by this amendment.

At present there are only two professionals in FEA's solar division, which is barely enough manpower to answer the mail and prepare congressional testimony. My amendment would allow for the addition of 10 staff positions and would inject funds into projects vital to an accelerated solar effort.

These projects were described as necessary to the development of FEA's National Plan for the Accelerated Commercialization of Solar Energy. An outline for this plan appeared in FEA testimony last May before Senator NELSON's Small Business Committee hearings on solar energy. I ask unanimous consent that this outline be printed in the RECORD at this point.

There being no objection, the outline was ordered to be printed in the RECORD, as follows:

Hearings before the Select Committee on Small Business part 1; solar energy, May 13, 1975:

Preliminary Outline of Proposed FEA Fiscal year 76–Solar Activities:

National Plan for the Accelerated Commercialization of Solar Energy—Develop and initiate implementation of the Accelerated Commercialization Plan.

Policy & Program Development and Legislative Support.

Solar Heating and Cooling Accelerated Commercialization.

(a) Solar Energy Government Buildings Project.

(b) Accelerated Solar Water Heater Market Development Project:

(1) Accelerated Criteria & Certification Requirements.

(2) Consumer Information & Public Education.

(3) Building Industry Information.

(4) Model procurement specifications.

(c) Utility Interface.

(d) Special Applications of Solar Space Heating and Cooling Systems.

Accelerated Commercialization for Solar Electric, Solar Fuel Product, and other Solar Applications:

(a) Southwest Project.

(b) Solar Thermal Commercialization.

(c) Wind Energy Commercialization.

(d) Ocean Thermal Commercialization.

(e) Dispersed Market Photovoltaic Commercialization.

(f) Bioconversion Commercialization.

(g) DoD Electric Power Implementation Plan.

(h) Utility Interface.

(i) Commercial/Industrial Applications.

Economic, Institutional, Legal, and Environmental Constraints:

(a) Capital formation for the small innovative company.

(b) Producer incentives analysis.

(c) User incentives analysis.

(d) Other.

State/Local Government Programs:

(a) model legislation.

(b) State commercialization program support.

Workshops/Education Program.

Blueprint II.

Below is an outline of the programmatic activities as they pertain to accelerated utilization and commercialization of solar heating and cooling. The outline is by no means inclusive, but only indicative of the types of activities required. Further, a paper is included as an attachment which expands the outline.

ACCELERATED UTILIZATION AND COMMERCIALIZATION OF SOLAR HEATING AND COOLING

1. Market Development/Stimulate Market Demand.

a. User Incentives:

(1) Residential Users:

(a) Tax Incentives.

(b) Home Loan Mortgage Incentives.

(2) Commercial User Incentives.

b. Public Education (promotional; consumer protection; and business information).

2. Developing Solar Energy Industry Capability.

a. Standards and Criteria.

b. Early Markets:

(1) Solar Energy—Government Buildings Project.

(2) Institutional and State/Local Government Buildings Market.

(3) Accelerated Private Sector Solar Domestic Water Heater Market.

c. Producer Incentives;

(1) Tax Incentives.

(2) Loans, Loan Guarantees.

d. Demonstrations—Commercial and Residential.

3. Removing Constraints: Economic, Institutional, Environmental, and Legal.

Mr. GARY HART. The specific program areas it mentions as necessary for an accelerated program are:

The solar energy accelerated commercialization plan itself, which would coordinate the development of preliminary commercialization strategies, conduct analyses of those strategies, and integrate them into the development of industry infrastructures. The stated goal of this plan would be the attainment of energy savings equivalent to 1 million barrels of oil per day by 1985 from all solar technologies.

The solar energy Government buildings project, first initiated by FEA in 1974, would utilize the vast inventory of Government owned-and-operated buildings to provide an early market for the solar heating industry. As part of this program special attention will be given to procurement arrangements which would insure increased opportunities for the pioneers in the field—the small individual businessman and inventor.

State solar commercialization programs would be fostered by FEA through cooperative arrangements with State governments. Already, FEA has prepared a report in conjunction with the Florida Solar Energy Center that highlights the State role in promoting solar energy use.

Another project initiated by FEA is the accelerated commercialization of solar electric and fuel products. This project, managed in conjunction with ERDA, includes the DOD photovoltaic implementation strategy that aims to reduce the cost of photovoltaic cells over the next 2 to 3 years by an order of magnitude through large, early markets provided by expanded DOD use. It is FEA's responsibility to identify and catalog potential markets for this and other proven solar technologies.

FEA is preparing an implementation plan for a cooperative venture with Interior and ERDA to integrate solar electric power through wind, photovoltaic, and solar thermal conversion in the Southwest area of the country. Known as the Southwest project, this would cover eight States: Colorado, Arizona, California, Nevada, New Mexico, Utah, Oklahoma, and Texas. I understand that a cosponsor of this amendment, my distinguished colleague from Arizona, Senator FANNIN, has worked with the FEA Administrator to promote this project.

FEA has also cited the need for the accelerated development of solar hot water and heating system standards in order to provide the industry and the consumer with more information about the operation of solar heating equipment.

Other areas identified by FEA as necessary for the development of the accelerated plan include public education services and analyses of economic, legal, environmental, and institutional constraints involved with widespread solar utilization. It is clear that an accelerated solar program is feasible but it lacks Federal commitment.

As part of Senator NELSON's hearings on solar energy the Acting Assistant Administrator for Energy Resource Development for the FEA submitted testimony which stated that the solar commercialization program outlined above needed $3 million and up to 15 staff members for fiscal year 1976. FEA Administrator Frank Zarb repeated these requirements before the House Committee on Science and Technology on May 14, 1975. Yet, fiscal year 1976 is drawing to a close and FEA has not received the moneys needed for its commercialization program. Another year of delay has passed without an aggressive plan for accelerated use of solar energy.

Last month, FEA published a description of its commercialization plan in its fact sheet on solar energy. I ask unanimous consent that this be printed in the RECORD.

There being no objection, the fact sheet was ordered to be printed in the RECORD, as follows:

TECHNICAL FACT SHEET ON SOLAR ENERGY

The harnessing of solar energy does not belong exclusively to the genius of the 20th Century. When early man first controlled fire, he harnessed solar energy for his needs.

We have since refined its use, progressing from the burning of dried grass and wood to extracting energy from the wind and directly from the sun. We are now progressing—through research and engineering development—towards our Nation's "day in the sun"—where the benefits of solar technologies will be economically competitive, widely available and providing our Nation with a major energy source.

Solar energy offers to our Nation and to all mankind the promise of an inexhaustible, non-polluting energy supply free from the threat of embargoes or price increases by foreign suppliers. Commercially attractive and environmentally acceptable solar systems are being developed so that, by the early 1980's, technologies for solar heating and cooling buildings, wind energy, and bioconversion to fuels will be available for selected uses at competitive prices.

Government responsibility for the research, development, and demonstration of these solar technologies is vested in the Energy Research and Development Administration (ERDA). The Federal Energy Administration (FEA) has primary responsibility for developing and implementing programs and policies to further widespread commercialization and accelerated use of proven solar technologies. Also FEA is responsible for integrating solar energy policies into the national energy strategy. Beyond the Federal level of government, states can provide significant support in accelerating the use of solar energy. FEA is developing programs to assist States with policies and programs designed to accelerate commerical application of solar energy.

There are many ways to capture solar energy and convert it to useful purposes, including direct heating and cooling of buildings, bioconversion, solar thermal conversion, photovoltaic (solar cell) generation of electricity, wind energy conversion and ocean thermal energy conversion. In some of these technologies such as solar thermal, sunlight is used directly; in others, such as wind power, the energy is a secondary effect of sunshine.

SOLAR HEATING AND COOLING OF BUILDINGS

Of all the solar energy technologies, solar heating and cooling of buildings holds for the average consumer the most promise for short-term commercial feasibility. Approximately one-fourth of the energy consumed in the United States is used for heating, cooling, and supplying hot water for buildings. Application of solar research, development and demonstration for these technologies should provide a major energy resource and substantially reduce the consumption of fossile fuels.

Solar heating, hot water, and cooling systems use collectors on rooftops or in close proximity to buildings to gather the sun's energy. The collectors most widely used at present consists of a flat plate to absorb heat from the sun's rays, covered on the sun side with transparent covers to reduce reradiation and convection. The energy in the heated plate is transferred to air or to a liquid, which then is circulated to a storage tank prior to distribution in the building.

Several hundred to a few thousand buildings already are partially heated by a variety of solar systems, and some are being studied for performance data to aid in making design improvements. By the end of 1976, 250 buildings will be equipped by the Federal Government (under ERDA support) with experimental solar heating and/or cooling systems.

An important research project is to develop solar-assisted heat pumps for a system which makes the best combined use of solar energy and conventional electrical heating in climates where solar heating cannot carry the entire load. Also, before solar cooling of houses can become widespread, it will be desirable to develop practical air conditioning equipment which is both economically competitive and compatible with solar collectors (ie., which can operate at the low temperatures typical in solar systems) and/or design lower cost higher-temperature collectors. A major goal is to bring down costs by production engineering which goes on during product development and the initial stages of commercialization. This process will be Government-assisted in order to cut the required research and development time.

WIND ENERGY CONVERSION

Wind energy is a secondary form of solar energy in that wind results from the heating of the earth's surface by the sun. Man has harnessed wind to do mechanical work for centuries. In our own American West, this atmospheric "machine" pumped water, sawed wood, and generated electric power for half a century.

Central power station markets could offer the largest near-term source of electricity of all solar energies. One to three megawatt wind energy systems should be economically viable within the next few years. The 1.25 MWe windmill which operated on "Grandpa's Knob" in Vermont during the 1940's would cost $500-1000 KWe installed (without storage), today. Applying existing technology developed over the last thirty years, such as low speed aerodynamics, composite materials for rotors, etc., should result in significant cost reductions and increased large market applications.

A 100KW experimental wind turbine generator was placed into operation in August 1975 by ERDA and NASA Lewis Research Center. This system, upgraded to 200 KW, and full scale demonstrations of 1.5 megawatt units, are expected to be on line during 1977 and 1978. These and future systems which incorporate new technology should provide the utilities with a new and clean source of energy. However, only if the early units prove successful can significant production begin.

PHOTOVOLTAIC (SOLAR CELLS) GENERATION OF ELECTRICITY

The major research challenge for solar energy rests in the generation of electrical power. The photovoltaic cell developed in the space program during the 1950's to generate electricity directly from the sun may be the ultimate solar power technology, but, at present, it is many times more expensive per kilowatt generated than conventional sources of electricity.

Terrestrial use of these cells that convert photons into electric energy is being studied for early application, especially for energy self sufficiency in remote areas. The United States, among other countries, has plans for expanding terrestrial applications of photovoltaic technology over the next few years. Improving the prospects for early terrestrial use are the increasingly successful efforts to develop automated fabrication techniques that dramatically reduce costs. However, to justify the original expenditure for automation, early markets must be identified and developed.

A key early market development program underway—initiated by FEA—is a joint DOD/FEA/ERDA program to greatly expand the cost effective use of photovoltaics for DOD applications. The DOD market is expected to be large enough to reduce costs of solar cell arrays substantially over the next 3 to 5 years—using existing technology. Further cost reductions will require further research and engineering. The on-going ERDA research program (along with private research stimulated by expanding markets) is expected to achieve the required new technology for further cost reductions.

Numerous research achievements have already resulted from ERDA's program. Assuming continued success, dispersed applications (roof top, factory, etc.) should begin in the early eighties with large central power stations demonstrated by the mid eighties.

SOLAR THERMAL ENERGY CONVERSION

"Solar thermal energy conversion systems" collect and concentrate the sun's rays to convert them to useful high temperature thermal energy which is used to generate electricity. The heat is drawn from the collector by a fluid and transferred to one of the following applications:

A central power station where the thermal energy is used to produce steam to drive a turbine and generate electricity.

A complex or group of buildings is provided electricity, heat, and cooling by a total energy system (this system first uses the high temperature thermal energy to generate steam which drives a turbine to generate electricity and then uses the lower temperature steam leaving the turbine (often called "waste heat" or "reject heat") for such useful purposes as heating and cooling buildings, or for industrial process heat.

A storage system for later use (in a central power station or a total energy system).

The terms "solar thermal energy conversion" or "solar thermal" are used—by convention—for the process which uses the high temperature thermal energy—obtained by collecting and concentrating the sun's rays—to generate electricity by conventional means (just as the high temperature thermal energy produced from burning coal or oil is used to generate steam to drive a turbine). These terms are often confused with other applications of thermal energy collected from the sun's rays which do not include the generation of electricity, such as: the heating and cooling of buildings; agricultural applications (crop drying, etc.); or process heat for industrial applications.

Two basic systems are being considered under ERDA's Solar Thermal program: a central receiver system, where a large field of mirrors focus the sun's rays on a single centrally located thermal collector (i.e., central receiver); and a distributed thermal collector system that uses a large field of small concentrating systems (such as parabolic troughs) to collect the sun's rays—the heat then being transferred via a fluid to a central location where it would be utilized. Each of these concepts can be employed for the development of central power station systems or for total energy systems.

At present, test facilities for both the central receiver system and the total energy system are being developed. Projects have been initiated to develop a 10 megawatt central receiver pilot plant and also to develop a total energy system supplying a significant fraction of heat and electricity used by a 1,600-man barrack complex at Fort Hood, Texas.

FUELS FROM BIOMASS (BIOCONVERSION)

The overall goal of the Fuels from Biomass program is to produce energy from terrestrial and marine crops and agricultural wastes. The concept offers the potential of converting replenishable supplies of clean biomass to energy.

The generation of fuels and useful energy from biomass, principally through combustion, fermentation to produce methane and alcohol, thermochemical production of methanol, and pyrolytic conversion of waste to low Btu gaseous fuels and oils, are processes with proven technological feasibility. During World War II, for example, a significant portion of France's liquid fuel supply consisted of methanol manufactured from wood feedstocks. To date in the U.S., however, generation of useful energy from biomass has been economically competitive in only a limited number of situations. Significant among these has been the conversion of forest industry residues into energy to run sawmills and pulping processes. It has been estimated that an annual fuel equivalent in excess of $0.2 c 10^{15}$ Btu's from forestry residues has ben utilized in this way by the forest industry in recent years.

A series of studies and pilot projects—in agricultural-residue collection and conversion, and terrestrial biomass production and conversion—will be undertaken with industry during the late 1970's and early 1980's time period. These projects will determine the feasibility of large-scale, environmentally acceptable biomass production, increased acreage-yield biomass, and conversion processes with improved energy-efficiency. The projects also will provide data to estimate this energy source potential and its cost competitiveness.

OCEAN THERMAL GRADIENTS

By far, the largest solar collector is the sea's surface. Tropical surface waters, a tepid 80–85°, are separated by as little as 1500–2000 feet from a practically inexhaustible cold water reservoir at approximately 35–40° F. In contrast to the man made collectors of wind and direct solar energy, the ocean is a constant source of indirect thermal energy. Also, the ocean itself is a storage reservoir.

Although the development of large-scale use of ocean thermal difference is a decade away, pilot plants will most likely be constructed within 5 to 6 years. Commercial feasibility will depend upon whether energy conversion equipment can operate efficiently and economically in an ocean environment.

FEA will work in conjunction with ERDA and the Maritime Administration to explore institutional arrangements that will facilitate early commercial use of ocean thermal gradient plants.

Assuming technical and economic success, and even with an accelerated commercialization program, significant utilization of OTEC can not be expected until the late 1980's.

RESEARCH, DEVELOPMENT AND DEMONSTRATION

Many Government agencies and universities are conducting solar technology development programs. With ERDA as the lead R,D&D agency, investigations are in progress under the auspices of the Environmental Protection Agency, the General Services Administration, the National Aeronautics and Space Administration, the National Bureau of Standards, the National Science Foundation, and the Departments of: Agriculture, Commerce, Interior, Defense; Health, Education, and Welfare; Housing and Urban Development; among others. A detailed description of the National solar energy R,D&D program may be found in ERDA–49, "Definition Report: National Solar Energy Research; Development and Demonstration Program, June 1975."

NATIONAL SOLAR ENERGY POLICY

The Energy Resources Council provides the forum for broad energy policy issues—including those related to solar energy (refer to Public Law 93–438, Section 108). Regarding integration of solar energy policy into the National energy strategy, FEA provides staff support to the Energy Resources Council. The national policy on solar energy is comprised of 3 key elements:

Encouragement of a solar industry in the private sector on an economically sound basis in response to market forces, including a realistic price structure for oil and gas to reflect the true value of energy in our society.

An aggressive RD&D program, with Government sponsorship where market forces provide insufficient incentive to the private sector and the potential benefits clearly justify Government involvement.

Action by the Federal Government to encourage accelerated commercialization of proven solar technology (e.g., development of Intermediate Standards for FHS mortgage insurance and use of solar energy in Government buildings when cost-effective).

ACCELERATED COMMERCIALIZATION OF SOLAR ENERGY

The Federal Energy Administration is responsible for promoting the accelerated utilization and widespread commercialization of solar energy to facilitate an early and substantial contribution by solar energy to the energy self-sufficiency of our Nation. The need for conducting solar commercialization concurrently—not sequentially—with the R,D&D program, should be emphasized. Concurrent action is necessary because, in some instances, market development and the overcoming of institutional barriers require a longer lead time than does the R,D&D effort.

The FEA Solar Energy Commercialization Program is concerned with the following areas: development of an industry infrastructure; stimulation of market demand; removal of economic, legal and institutional constraints; and integration of solar energy policies with our Nation's other energy resource development and energy conservation strategies.

Specific FEA project/program areas developed and initated (or in the process of initiation) include those listed below:

Solar Energy Accelerated Commercialization Plan.

Solar Energy Government Buildings Project.

Solar Heating & Cooling Commercialization.

Policy, Program Definition & Legislative Support.

Southwest Project.

Solar Electric & Fuel Projects Commercialization.

State Solar Energy Commercialization Programs.

Education/Workshops.

Economic, Legal, Environmental & Institutional Impacts.

Brief descriptions of a few actual activities which comprise FEA's solar energy program include:

Solar Energy Accelerated Commercialization Plan—This plan is being developed in conjunction with other agencies, to provide options and requirements for accelerated utilization and widespread commercialization of solar energy—including review of options to achieve production levels on the order of one million barrels of oil equivalency per day by 1985. Early phases in the development of the plan include the Project Independence Evaluation System (PIES) Review efforts and the development and analysis of various commercialization strategies.

Solar Energy Government Buildings Project—This project, a major interagency effort, would utilize a portion of the vast Federal inventory of buildings to provide a substantial early market for solar heating and hot water systems and thus assist in the development of a solar heating industry infrastructure. As currently envisioned, the Project includes the following key assumptions:

All planning and designs for new Federal buildings or major renovations will include an assessment of the feasibility of using solar water heating and space heating. Similar consideration will be given to replacing conventional water heaters with solar in existing buildings on a retrofit basis.

Solar systems will be purchased and installed on Government buildings whenever they are competitive with conventional systems on a life cycle cost basis (i.e., total costs of purchase and operation over the period of useful life) unless precluded by mission constraints. In addition to the purchase of immediately competitive systems, a certain quantity of systems which would be competitive if manufactured in volume (i.e., competitive on a "should-cost basis"), though not now competitive on a hand-crafted basis, may be purchased.

The quantity of solar hot water and heating systems purchased by the Federal Government could be substantial enough to help initiate the use of automated production techniques and thus contribute to development of a solar industrial capability.

Special attention will be given to the design of procurement arrangements to assure a full spectrum of opportunities for small business in the Project.

Solar-equipped buildings will be operated through normal facility management techniques (i.e., no special instrumentation or reporting requirements which would increase operating costs).

Current efforts are focused on completion of a comprehensive Implementation Plan (in close coordination with other agencies) and, with special emphasis, on completion of a detailed analysis of the costs and benefits of the Project.

State Solar Energy Commercialization Programs—This effort will provide for establishment of State Solar Energy Commercialization Programs (via cooperative agreements between FEA and State Governments) to obtain those unique capabilities where state/local involvement is most effective in accelerating the widespread commercialization of solar energy. A report has been prepared by the Florida Solar Energy Center under a cooperative agreement between FEA and the State of Florida entitled "Solar Energy Commercialization at the State Level: The Florida Solar Water Heater Program." This report provides an excellent example of the important role states can play in commercializing solar energy.

DOD Photovoltaics Market Inventory & Analysis—This project is part of the FEA/ERDA program to develop interim cost-effective markets for photovoltaics (such as meeting the energy requirements for remote military facilities). A near-term product from the FEA effort will be a quantified catalogue of potential DOD markets including the identification of early markets that are expected to be substantial enough to stimulate industry involvement.

Southwest Project—FEA is assessing the fasibility of implementing along with ERDA and the Department of the Interior, a cooperative venture to assure substantial utilization of solar electric power generation (via wind, photovoltaics and solar thermal conversion) in the greater Southwest area. This program is known as the "Southwest Project," would cover eight states, and could be underway by late summer or fall of this year.

Accelerated Standards/Criteria—This interagency effort resulted from the need to meet the immediate requirements by government and industry for solar hot water and heating system standards and criteria. Current activities include a concurrent two-prong government/industry approach:

NBS/HUD Intermediate Minimum Property Standards, and

ANSI/ASTM/ASHRAE[1] Consensus Standards.

For additional information regarding FEA's Solar Energy Program, contact:

Office of Synfuels, Solar & Geothermal Energy, Federal Energy Administration, 12th & Pennsylvania Avenue, N.W., Washington, D.C. 20461.

In addition to the activities described above, FEA's Office of Data and Analysis conducts a survey of solar collector manufacturers every six months. The purpose of the survey is to obtain descriptive statistics on economic activity in the area of solar heating and cooling and to identify production growth rates in this new solar industry. Manufacturers and others interested in the survey may contact:

Solar Collector Survey, Office of Data & Analysis, Federal Energy Administration, 12th & Pennsylvania Avenue, N.W., Washington, D.C. 20461.

Mr. GARY HART. Apart from generally providing details of the program and a synopsis of the varied applications of solar technology, it delineates the institutional responsibilities of FEA in the national solar program. It states:

> Government responsibility for the research, development and demonstration of these solar technologies is vested in the Energy Research and Development Administration (ERDA). The Federal Energy Administration (FEA) has primary responsibility for developing and implementing programs and policies to further widespread commercialization and accelerated use of proven solar technologies. Also, FEA is responsible for integrating solar energy policies into the national energy strategy. Beyond the Federal level of government, states can provide significant support in accelerating the use of solar energy. FEA is developing programs to assist States with policies and programs designed to accelerate commercial application of solar energy.

This is how FEA perceives its role in the development of solar energy. Still, the Energy Research and Development Administration supports the role of FEA in promoting the commercial utilization of energy alternatives. The ERDA Basic Energy Document, ERDA 76–1, states:

> ERDA 76–1. Among all the Federal agency interactions affecting energy RD&D, perhaps the most important is that between ERDA and the Federal Energy Administration. It is here that a strong tie is established at the working level between national energy policy and national energy RD&D policy. ERDA's focus is the economic and operational aspects of the energy systems. The activities of the two agencies do, of course, overlap and complement each other.
>
> In addressing technological problems, ERDA must recognize the possible institutional and social barriers to implementation of both existing and new technologies and hence, must interact strongly with FEA as the companion agency that can mount attacks on such problems. In modifying the present energy system, FEA should recognize the existence of technological issues and, hence, must interact strongly with ERDA, the agency that can mount attacks on such problems.

ERDA–49, which defines the national solar energy program, devotes several pages to the responsibilities of FEA. I ask unanimous consent that this material be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

National Solar Energy Research, Development and Demonstration Program

FEDERAL ENERGY ADMINISTRATION

The Federal Energy Administration (FEA) provides the Energy Resources Council with analysis and options in the formulation of National energy policy. A key element of the National energy policy is to reduce our vulnerability to energy import interruptions and price manipulations by foreign countries through the achievement of energy self-sufficiency and through international cooperation. FEA's role is two-fold in the area of solar energy.

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[1] ANSI—American National Standards Institute. ASTM—American Society for Testing & Materials. ASHRAE—American Society of Heating, Refrigerating and Air-Conditioning Engineers.

(1) Integrate solar energy policy into the National energy strategy;

(2) Promote the accelerated utilization and widespread commercialization of solar energy to assure an early and substantial contribution by solar energy to the energy self-sufficiency of our Nation.

In line with these responsibilities, FEA will:

Identify and, where appropriate, work for the removal of economic, institutional and legal barriers to the widespread commercial application of solar energy technologies;

Stimulate market demand;

Accelerate development of solar energy industry capability;

Perform trade-off studies to assure that Solar energy resource development (increased production, commercialization and increased utilization) activities are properly interwoven with other energy resource development/energy conservation endeavors;

Participate in RD&D program definitions and promote international cooperation;

Undertake solar energy policy analysis and development.

It is important that policy be formulated to aid in the growth of solar energy markets. In particular, these policy efforts should include, among other activities, identifying and, where appropriate, working for the removal of economic, institutional, legal and other barriers to the widespread commercial application of solar energy technologies. This effort would be a major responsibility of FEA in parallel with efforts by ERDA, HUD and other Federal, state and local government agencies.

To accelerate commercialization, FEA is examining the cost and benefits of various user and producer incentives. FEA will be preparing policy recommendations on such incentives.

Typical of activities in line with the above policy efforts, FEA is currently studying a government buildings thrust that would go significantly beyond the scope of the currently planned demonstration program. This thrust would require that:

All planning and designs for new Federal buildings or renovations would include an assessment of the feasibility of using solar heating and cooling;

Solar systems could be purchased for government buildings whenever they are competitive with conventional systems on a life-cycle cost basis (i.e., total costs of purchase and operation over the period of useful life, unless precluded by mission constraints);

The quantity of solar heating and cooling systems purchased by the Federal Government could be substantial enough to initiate the use of automated production techniques and thus contribute to development of a solar industrial capability.

The Federal Energy Administration (FEA), in cooperation with other agencies, is now preparing a National Plan for the Accelerated Commercialization of Solar Energy. This Plan will include options and requirements necessary for achieving a goal of one-million barrels of oil equivalency per day from all solar energies by 1985.

In addition, FEA will be reviewing the Project Independence Report and its associated task force reports. This review, commonly referred as "Blueprint II," will extend FEA's previous energy projections from 1985 to 1990. Solar energy will compete with other energy resources in the Project Independence Evaluation System (PIES) to assess the demand for solar energy. "Blueprint II" solar energy supply projections will take into account preliminary results of the National Plan for the Accelerated Commercialization of Solar Energy.

Mr. GARY HART. ERDA indicates that FEA will "integrate solar energy policy into national energy strategy; promote the accelerated utilization and widespread commercialization of solar energy," "identify and, where appropriate, work for the removal of economic, institutional, and legal barriers to the widespread application of solar energy technologies," and "FEA is studying a Governmental buildings thrust that will go significantly beyond the scope of the currently planned demonstration program."

This description of FEA's solar energy responsibilities concludes with the statement:

> The Federal Energy Administration, in cooperation with other agencies, is now preparing a National Plan for the Accelerated Commercialization of Solar Energy. This plan will include options and requirements necessary for achieving a goal of one million barrels of oil equivalency per day from all solar energies by 1985.

Another example of ERDA's recognition of FEA's role in solar energy is contained within ERDA–23A, the national program for solar heating and cooling, October 1975. This report deals primarily with ERDA's solar demonstration program where FEA is identified as having "lead responsibility" for: first, energy policy analysis and development, including overall energy policy as related to solar energy policy; and second, regulation and incentives including utility-related regulations. Clearly FEA, because of its institutional orientation toward the marketplace, should be the leader in promoting proven solar technologies.

However, the most interesting of ERDA's statements on FEA's role was delivered by ERDA Deputy Administrator Robert Fri before the chairman's Government Operations Committee on the FEA Extension Act. Mr. Fri said:

> The FEA Act of 1974 had quite simply as its objective that the FEA "Administrator shall be responsible for such actions as are taken to assure that adequate provision is made to meet the energy needs of the Nation." It established FEA as an Executive Branch regulatory agency, with major responsibilities in the operating and economics aspects of our national energy system." "FEA's statutory mandate includes responsibilities for stimulating introduction of energy technologies and encouraging new, more effective patterns of energy utilization.

He goes on to state unequivocally that FEA's attention to commercialization is crucial to an aggressive energy policy:

> FEA and ERDA missions converge at the point of introducing new technologies into the market place. The interaction in this case is highly important, because it affects directly the pace of commercializing energy technology.

These passages, taken from ERDA's own statements and publications clearly show that FEA has a major role in the policy formation and operational planning of programs which bring technologies out of the laboratory and into the commercial sector. This allows FEA to apply its unique institutional orientation which goes significantly beyond the technical responsibilities of ERDA.

Moreover, in order to avoid confusion over these responsibilities I have included specific language in my amendment to restrict FEA involvement in any solar R.D. & D. activity. In no way, then, would the FEA infringe on the jurisdictional duties of ERDA. My amendment gives FEA the impetus it needs to perform those functions specifically suited to its capabilities so that this Nation can progress with an accelerated solar program.

Mr. President, I ask unanimous consent that certain charts to which I will refer be printed at this point in the Record.

There being no objection, the charts were ordered to be printed in the Record, as follows:

Institutional Responsibilities Associated With Accelerated Commercialization of Solar Energy

POLICY-RELATED ROLES (EXISTING OR POSSIBLE)

FEA responsibilities

Promote accelerated utilization and widespread commercialization.

Coordinate development of goals, policies, legislative and regulatory recommendations, plans, program definitions, and implementation strategies for accelerated utilization and widespread commercialization.

Assure consistency of various parts of Federal Solar Energy Program with national objectives (as may be developed by the Administration or Congress).

Share in oversight/monitoring of implementation and operation aspects of commercialization with Interior, ERDA, etc.

Provide staff support to Energy Resources Council.

Assist states in developing programs to accelerate utilization and widespread commercialization.

Provide support to the International Energy Agency.

R.D&D—RELATED ROLES (EXISTING OR POSSIBLE)

FEA responsibilities

Provide key input into Solar R,D&D program definition;

Provide support essential in evaluating—

Overall R,D&D programs.

Specific technologies,

Specific projects.

Provide FEA support in developing Solar Energy Accelerated Commercialization Plan

Share responsibility for commercialization implementation/operations with DOI and FEA.

Provide support in technical and engineering/hardware aspects of commercialization programs.

Schedule R,D&D to meet commercialization implementation/operations requirements (solar & storage R,D&D).

Provide regional staffing support through ERDA labs in hardware related efforts.

Provide technical support to FEA regional offices in commercialization.

IMPLEMENTATION AND OPERATIONS-RELATED ROLES (EXISTING OR POSSIBLE)

Joint/shared responsibilities—FEA, DOI, ERDA

Implement policies, plans, programs of Administration

Coordinate the implementation of appropriate incentives (as may be developed by the Administration and/or Congress) such as:

Investment tax credits,

Rapid amortization,

User tax credits,

Loans/loan guarantees (both for users and producers of solar equipment),

Federal land leasing, etc.,

Provide for Utility Planning Contracts or Grants,

Provide assistance to states for commercialization implementation/operations,

Coordinate solar energy regulations (sun rights, environmental, etc.),

Implement regulations as appropriate).

DOI responsibilities

Share responsibility for commercialization implementation with FEA and ERDA.

Maximize integration of solar electric into the Federal hydroelectric power system.

Provide support in land, water and facilities related aspects of commercialization.

Provide support for solar electric energy-storage (pumped-hydro, compressed air, etc.) commercialization implementation/operations.

NOTE.—Coordination of the implementation and orientations-related roles associated with accelerating the utilization and widespread commercialization of solar energy should be accomplished by a joint management project or a steering group of FEA, DOI, and ERDA and coordinated by FEA.

FEDERAL SOLAR ENERGY COMMERCIALIZATION PROGRAM

FEA SOLAR ENERGY ACCELERATED COMMERCIALIZATION PROJECT AREAS—INTERAGENCY COORDINATION CHART

Commercialization—Project areas	FEA	ERDA	DOI	Other
1. Solar energy accelerated commercialization plan.	Initiating agency (February 1975) Lead agency. Phase I—Project independence evaluation system support and preliminary commercialization strategies development. Phase II—Detailed commercialization strategy development—now under way. Phase III—Preliminary plan (transition quarter and fiscal year 1977).	Provide technical data base Evaluate alternative R. D. & D. strategies and investigate, in conjunction with FEA, interaction of strategies with certain types of incentives. Develop incentive strategies to promote private R. & D.	Land/water/storage cross-cut support	NSF incentive studies, now being developed, have had as major objectives: the development of a broad-base professional/analytical capability in the incentives field; and also, early support for FEA energy policy efforts. Project is monitored by NSF, FEA, HUD, ERDA, etc.
2. Solar energy government buildings project (SEGBP).	Initiating agency (project planning initiated November 1974). Lead agency (policy/planning phase, operational lead to be determined). Chair SEGBP steering group (members include FEA, DOD, GSA, ERDA, and NASA)—now developing SEGBP policy/implementation plan. Monitor subsidies, if required during operational phase (25,000,000 sq. ft. obligated under multi-year contracts during first 3 years possible).	Provide technical/R, D. & D. support. Coordinate with Solar H. & C. demonstration program—(i.e., accelerate Federal buildings demonstrations and standard development to ease initiation of operations phase of SEGBP project)—such as "project bathtub" which could provide up to 500,000 sq. ft. of demonstrations in fiscal year 1977.	Support as building construction activities warrant.	DOD, GSA, NASA—provide management/policy/planning support. Other construction agencies—support development of plan. OMB—manages budget/subsidy approval/distribution. OMB—Office of Federal Procurement Policy—provide management/policy support regarding procurement arrangements.
3. Solar heating and cooling commercialization.	(a) FEA initiated effort in January 1975 to meet immediate requirements of government and industry for solar hot water and heating system standards although a concurrent two-prong government/industry approach: NBS/HUD intermediate property standards. ANSI/ASTM/ASHRAE. Consensus standards.	(a) Provide technical support Accelerate standards.		(a) HUD/NBS—have assumed lead in developing intermediate minimum property standards in conjunction with private sector standards organizations, (ANSI ASTM, ASHRAE, etc.). ANSI/ASTM/ASHRAE—proceeding with accelerated but orderly preparation of consensus standards.
	(b) FEA initiated studies for an accelerated water heater market development effort to stimulate private sector early markets (complementary to Government early market SEGBP effort)—will develop comprehensive commercialization strategy in fiscal year 1977. Note: In support of SEGBP and the solar water heater program, FEA, through an interagency agreement with DOD in June, 1975, initiated a market survey of the potential for solar water heaters on DOD barracks—conducted by the Corps of Engineers.	(b) Provide technical/R. D. & D. support. Accelerate solar water heaters on DOD barracks—following results of FEA market inventory.		(b) HUD/NBS—accelerated standards effort will allow accelerated solar water heater market development effort to proceed.
4. Southwest project	Initiating agency—Project planning initiated November 1974. Lead agency—during policy/planning stages—operational lead to be determined. Contracts issued in September 1975; W. H. Clingman & Co.—part of MITRE contract.	Provide technical/R, D. & D. related support.	Provide major role in support of storage requirement of southwest project and integration with Federal hydroelectric system.	
	FEA's southwest project resource/institutional requirements analysis contract being developed with 10 utilities (and A/E firm) in Southwest—contract funding being shared by FEA, ERDA, and probably DOI. FEA will be awarding a policy integration support contract to a Federal Contract Research Center to prepare overall southwest project policy/Implementation strategy plan. FEA, under State solar energy commercialization programs, plans to provide planning assistance to States participating in southwest project.	Contribute funding and provide technical review of FEA southwest project resource/institutional requirements analysis contract—funding listed for ERDA contribution in fiscal year 1976 ERDA project approval document.	Provide management/policy/technical support and contribute to contract funding.	
5. Solar electric and fuel project commercialization.	(a) Wind energy commercialization—preliminary wind energy commercialization plan now under development; a detailed wind energy commercialization plan to be completed in fiscal year 1977. (b) Photovoltaics energy commercialization: (1) DOD photovoltaics market development—FEA is initiating agency—project planning initiated October 1974—interagency agreement with DOD signed June 1975; interagency agreement expanded May 1976. (2) Photovoltaics commercialization plan fiscal year 1977.	(a) Conduct wind resource assessments; maximize utility participation in siting and demonstrations of wind energy systems; provide technical data base for FEA wind energy commercializing plans; FEA commercialization strategies to be coordinated with demonstration program—(particularly wind energy seeding strategy); coordinating mission analyses. (b) (1) ERDA providing for significant demonstration of DOD applications fiscal year 1976 and 1977: (2) provide technical data bas support; coordinate with demonstrations.	(a) Preliminary plan being coordinated with Western Energy Expansion study. (b) (c) (c) (d) (e) Design to be coordinated with DOI for storage/ and/water considerations and possible integration with Federal hydroelectric system.	(a) NSF—has study conducted by GWU on wind to assess legal and institutional impacts—results to be utilized in plan. (b) DOD is providing equipment for modification for photovoltaic energy source—will begin utilizing photovoltaic where cost effective. (c) (d) MARAD-participate in market analysis. (e) FPC—participate in developing design requirements.

Commercialization—Project areas	FEA	ERDA	DOI	Other
	(c) Preliminary bioconversion commercialization plan—fiscal year 1977. (d) Ocean thermal energy commercialization: Preliminary market analysis—completed—Lockhead. Detailed market analysis (joint FEA/ERDA/MARAD project) fiscal year 1977. (Note: Centralized photovoltaics and solar thermal part of Southwest project in fiscal year 1976 and 1977) in addition to wind. (e) Utility planning contract design: Initiate effort in fiscal year 1977 FEA focus on institutional requirements, ERDA to focus on technical requirements; FEA to coordinate with State solar energy commercialization program.	stration program; conducting mission analyses. (c) provide technical data base support; coordinate with demonstration program; conducting major "silva-culture study." (d) Participate in joint FEA/ERDA/MARAD market analysis. (e) Conduct workshops with utilities—participate in UPC design—re technical requirements.		
6. State solar energy commercialization programs.	Lead agency—assist States, through cooperative agreements, in developing programs to accelerate commercialization of solar energy. Cooperative agreement with State of Florida, initiated March 1975, to study State options for accelerating use of solar water heaters; report prepared titled: Solar Energy Commercialization at the State Level: The Florida Solar Water Heater Program; negotiating for development of model State solar energy commercialization programs with Florida and Arizona. Completed two studies analyzing options for State action in solar incentive area: The Effectiveness of Solar Energy Incentives at the State and Local Level, Booz, Allen & Hamilton, Inc., and Analysis of State Solar Energy Policy Options, National Conference of State Legislatures; reports will be distributed to States, etc. Extend planning assistance to States in fiscal year 1977.	Provide States technical assistance Provide funding for State participation (usually through State universities) in R.D. & D. program— R.D. & D. agreements have been signed with Arizona, Hawaii, and in negotiation with California.	Land/water resource assistance to States.	NSF is conducting various studies directed toward State action in energy area.
7. Education workshops: Workshops.	FEA sponsored workshops are conducted to meet the commercialization program requirements—all efforts are coordinated with other agencies—most efforts are jointly funded with other agencies, such as ERDA, HUD, CEQ, etc.	ERDA sponsored workshops are conducted to meet the R.D. & D. program requirements—all ERDA efforts are coordinated with other agencies—many such efforts are jointly funded by FEA, HUD, etc.		
	A large solar energy and energy conservation exhibit has been installed on the Mall adjacent to the Capitol which has operational solar systems on display plus educational materials available. This is a jointly funded effort between ERDA, FEA, HUD, and Concern, Inc.	Joint ERDA/FEA/HUD/Concern, Inc. Mall display. Numerous programs are being conducted to provide technical training and information on all solar technologies.		
	FEA has arranged publication of HEW Office of Consumer Affairs booklet, titled "Buying Solar".			HUD, Concern, Inc.—joint Mal display.
8. Economic, institutional, legal, and environmental impacts—	FEA is continuing to conduct studies supportive of the development of commercialization strategies and national solar energy policy. Maximum efforts are maintained to coordinate all studies with other agencies, particularly NSF, ERDA, HUD, and NBS–ETIP. Most parts of other project area contract efforts currently address economic, institutional, legal, and environmental impacts. Certain studies to be conducted in this area include: capital formation problems of small innovative companies, perceived value analyses, energy use priorities analyses, cost/benefit analysis of user and producer incentives, etc.	ERDA is investigating various environmental, legal, economic, and institutional constraints—particularly those supportive of their R.D. & D. programmatic requirements. ERDA makes every effort to coordinate all studies. ERDA is conducting a major assessment study covering all solar technologies which will be invaluable to the design and evaluation of solar systems.		NSF is conducting various studies, assessing economic, legal, institutional and environmental impacts—NSF studies are often broader than solar energy alone—and provide a basis for analysis of many policy options. HUD is investigating constraints in line with the requirements of Public Law 93-409. HUD coordinates its studies with all concerned agencies—and makes every effort to avoid duplication. (Examples of some of HUD's concerns include banking industry loan policies building codes, Sun rights, and the numerous constraints impacting the residential building industry and user.

Mr. GARY HART. The first chart entitled the "Institutional Responsibilities Associated With the Accelerated Commercialization of Solar Energy" was prepared within the Administration to explain the organizational structure of interagency solar energy responsibilities. Quoting from an explanatory memo attached to the chart, it states:

> There are numerous responsibilities associated with the accelerated commercialization of solar energy. Under the present multiple energy-agency structure (i.e., FEA, ERDA, and energy-related parts of DOI), different agencies might best fulfill different commercialization requirements. For example, FEA is very much concerned with the policy/planning aspects of solar energy accelerated commercialization and with providing adequate coordination of commercialization efforts among the various agencies. DOI, particularly the Bureau of Reclamation, is conducting a "Western Energy Expansion Study", which addresses, among other things, the integration of solar into the Federal hydro-electric system. As the Nation's custodian of public lands and substantial hydroelectric resources, DOI might also be concerned with providing facilities-related support for solar and especially near-term solar storage.
>
> ERDA, being responsible for the research, development and demonstration (RD&D) of solar technologies—with the objective of providing consumers with proven technology—must understand and consider commercialization requirements in the design and evaluation of RD&D programs.
>
> If FEA, DOI and ERDA are to meet their responsibilities in accelerating the commercialization of solar energy, each agency must provide adequate resources (i.e., funding and staff).
>
> FEA has a definite sphere of interest, insights, and expertise that best lends itself to a strong leadership role in solar energy commercialization. In particular, FEA is well

> **suited to have the lead in the policy/planning aspects of commercialization and in providing coordination of overall Federal commercialization responsibilities.**

The second set of charts is titled "Federal Solar Energy Commercialization Program—FEA Solar Energy Accelerated Commercialization Project Areas—Intraagency Coordination Chart." These charts deal with each of the specific projects that are part of the accelerated commercialization program and how the agencies interrelate in the implementation of this program. In each of the projects, emphasis is given to the responsibilities of the various agencies according to their particular area of expertise. Uniformly, FEA provides policy and implementation functions while ERDA provides technical support.

These charts show that there is no conflict, competition, or duplication of responsibilities in the agencies with respect to promoting the widespread use of solar energy. The organizational structure is designed to produce an effort which relies on the expertise particular to each agency. The ultimate objective is not which agency is to control certain areas of energy policy and technology, but to accelerate the utilization of solar energy. I believe that the Federal Energy Administration with its role in the formulation of energy policy and with its expertise in the energy market can best apply itself to this goal.

Mr. President, this is a modest program. It is one that I have discussed with the majority manager and the minority manager of the bill. It is my great hope that both of them can see their way clear to accepting this amendment by a voice vote.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. I believe the distinguished Senator from Illinois, the minority floor manager of the bill, wishes to speak on behalf of the amendment. Mr. President, I yield to the distinguished Senator from Illinois.

Mr. PERCY. Mr. President, I support the amendment. As I believe the distinguished acting floor manager of the bill knows, the Senator from Illinois has in every way possible tried to push forward the development of solar energy.

Accelerated commercialization of solar energy is a new, dynamic and evolving subject which must be placed into proper perspective with other Federal energy activities. I would like to summarize what I consider to be some of the most important views on this subject which have been expressed over the past year.

On May 14, 1975, Frank Zarb, Administrator of FEA, stated before the House Subcommittee on Energy Research, Development, and Demonstration the following:

> Without an aggressive federal program to commercialize solar energy technologies, the significant fossil fuel savings projected will not be realized.
>
> FEA's role in solar energy is to facilitate the accelerated utilization and widespread commercialization of proven solar energy technologies and to provide a policy overview that integrates solar energy with the Nation's overall energy resource development and energy conservation strategies.
>
> A truly national plan (for solar energy) **should include comprehensive treatment beyond R, D and D including specific goals and implementation plans for accelerated utilization and widespread commercialization along with a delineation of the respective agency responsibilities.**

Mr. Zarb stated that:

> It should be emphasized strongly that the solar energy implementation and commercialization effort is *concurrent* and not sequential to ERDA's research, development and demonstration (R, D and D) program. This is a key point . . . Concurrent action is necessary because, in some instances, market development requires a longer lead time than does the R, D and D effort.

Mr. Zarb stated further that:

> We recognize that R, D and D is of utmost importance for any technology program, but the national plan will remain critically incomplete until attainable goals for accelerated utilization and widespread commercialization have been formulated and implementation plans developed.

On November 18, 1974, Mr. Zarb testified before the Senate Select Committee on Small Business as the Executive Director of the Energy Resources Council. He stated that, "The national policy on solar energy is comprised of 3 key elements * * *" and that one of these key elements is "action by the Federal Government to encourage accelerated commercialization of proven solar technology."

On March 26, 1976, Frank Zarb visited Phoenix, Ariz. with Senator PAUL FANNIN, to address the Phoenix Chamber of Commerce. At that time he confirmed that FEA was pursuing a solar energy program "aimed at accomplishing two goals * * * promoting the accelerated commercialization of solar energy technologies, and integrating solar enery policies into the national energy strategy."

I would like now to quote from the statement of Robert W. Fri, Deputy Administrator of ERDA, before the Senate Government Operations Committee, May 5, 1976:

> The FEA Act of 1974 had quite simply as its objective that the FEA Administrator shall be responsible for such actions as are taken to assure that adequate provision is made to meet the energy needs of the Nation. It established FEA as an Executive branch regulatory agency, with major responsibilities in the *operating* and *economics aspects* of our national energy system.
>
> FEA's statutory mandate includes responsibility for stimulating introduction of energy technologies and encouraging new, more effective *patterns* of energy *utilization*.
>
> ERDA, by contrast, has statutory mandates that are more specific regarding energy technology. With few exceptions, all of our energy research, development and demonstration programs are directed toward *new* energy technologies . . .
>
> FEA and ERDA missions converge at the point of introducing new technologies into the marketplace. The interaction in this case is highly important, because it affects directly the *pace of commercializing energy technology*.
>
> To ". . . avoid unnecessary duplication of effort . . . we have developed a general framework for cooperation—an interagency Memorandum of Understanding (MOU) officially signed by Dr. Seamans and Mr. Zarb" on April 30, 1975.

Further, the first working group under the MOU will deal with the solar energy government building program.

If we are to maintain a proper focus so solar energy accelerated commercialization, it must be through a multiagency effort, bringing into action the unique capabilities of each of the various agencies.

From Frank Zarb's testimony, and from ERDA's document ERDA-49, the national solar energy research development and demonstration program, we can see that a national plan for accelerated commercialization of solar energy is to be prepared by FEA, in conjunction with other agencies, to detail the options and requirements necessary to achieve an equivalent energy savings on the order of 1 million barrels of oil per day by 1985 from all solar technologies.

We now import approximately 7 million barrels of oil per day. Therefore, we can see that the contribution from accelerated commercialization of solar energy could be very significant by the early to mid 1980's.

The House action, to give all of solar energy commercialization to ERDA—an agency which is R. D. & D. oriented—was based on a jurisdictional dispute. If this decision is allowed to stand, it will result in the loss of the option to achieve 1 million barrels of oil equivalent per day by 1985 from solar energy. Further, this action reduces not only the potential solar contribution in 1985, but every year beyond that time. Delaying solar energy's impact is a serious matter which must not be taken lightly.

The House argument is not substantive. The members of the Science and Technology Committee wanted to deny any jurisdiction over solar—even though it was for solar commercialization and not R. D. & D.—to the appropriate committee, the Interstate and Foreign Commerce Committee. We in the Senate must take a broader view on this matter.

Therefore, I support the amendment—to the Senate's FEA extension bill—to provide $3 million—during the period July 1, 1976 to September 30, 1977—to FEA for activities directed toward accelerated commercialization of solar energy.

Mr. GLENN. Mr. President, I am glad to hear support from the minority side of the aisle for this amendment. We all recognize that solar energy has come along very rapidly. It needs that push to get it into commercial operation.

The only question any of us have with regard to the amendment of the Senator from Colorado would be whether any overlap exists between the various purposes of FEA and ERDA. ERDA already has some $10 million in the commercialization area. FEA, with this boost, will have some $3 million in this area, in addition to work that has already been going on.

Since we all desire the moving ahead of solar energy just as rapidly as possible, I see nothing wrong with this overlap. I think to disrupt programs that either one of these agencies have in existence now and tear them up just so we can have a uniformity in one agency would not be wise for solar energy at the present time, particularly with it at its present critical stage of moving into very large-scale commercial development in the very near future.

With those few comments I certainly support the Senator from Colorado in his amendment. I was glad to hear that same kind of support from the minority side of the aisle and I hope the solar amendment is agreed to.

Mr. GARY HART. Mr. President, I thank the Senator from Ohio and the Senator from Illinois. With the support of their remarks, I move the adoption of the amendment.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BROCK. Mr. President, I will not ask for a record vote. I do want to record my own personal opposition to the amendment. I could not more thoroughly disagree with the Senator from Ohio.

I am sick to death of fragmentation, competition, duplication, complexity, and incompetence in the administration of a nonpolicy on the part of this Government of ours. I am fed up with the inability of Congress to come to grips with an energy policy at all. There is none on the part of the administration, and there is none on the part of Congress, and I think this amendment adds very little to the process, and may further complicate it.

I know what the Senator is trying to do, and I support him. I agree with his objectives, but I am doggone tired of adding amendments to every cotton-picking bill that comes before us, to add some amendments in the matter of energy. I do not understand why we cannot collect ourselves, rationally discuss an energy policy, and establish that policy as a body. The fact that our committee jurisdictions are complicated, confused, and contradictory is a part of the problem, but it is also a part of the problem that we want to amend every bill to make sure that they have something to do with energy.

I think that is a waste, I think it is a nonessential expenditure of tax money, and I think it is poor coordination at the very best.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Colorado.

The amendment was agreed to.

UP AMENDMENT NO. 43

Mr. JOHNSTON. Mr. President, I call up an unprinted amendment which I have at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON) proposes an unprinted amendment numbered 43.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON's amendment is as follows:

Amend Sec. 111 of the bill by adding a new subsection (c) thereto, as follows:

(c) Pursuant to section 15(c) of the Federal Energy Administration Act (88 Stat. 109), the Administrator of the Federal Energy Administration (hereinafter referred to as the "Administrator") is hereby directed to conduct an annual comprehensive, interdisciplinary study of the energy needs of the United States and the methods by which those needs can be met. The Administrator shall submit to the Congress, not later than January 31 of each year, a full and complete report of the findings made under the prior year's study.

(1) in carrying out the studies authorized by this Act, the Administrator shall—

(A) identify and collect such information as may be required to carry out the studies authorized by this Act;

(B) consult with and secure information from representatives of industry, the financial community, labor, agriculture, science and technology environmental groups, academic institutions, consumer and other public interest organizations, and such other groups as the Administrator deems suitable; and

(C) consult with and secure information from the Department of State, the Department of the Treasury, the Department of Defense, the Department of the Interior, the Department of Commerce, the Atomic Energy Commission, the Environmental Protection Agency, the Federal Power Commission, and such other government departments and agencies, Federal, State, and local, and such foreign governments and international organizations, as he deems necessary or appropriate to conduct the studies authorized by this Act.

(2) Each study authorized by this Act shall include, for each of the next five fiscal years following the year in which such study is submitted, and for the tenth fiscal year following the year in which such study is submitted—

(A) an estimate of the energy needs of the United States, including an analysis of the effect of various conservation programs on such energy needs;

(B) an analysis of the alternative methods of meeting such energy needs, and of—

(i) the relative capital and other economic costs of each such method;

(ii) the relative environmental, national security, and balance of trade risks of each such method; and

(iii) the other relevant advantages and disadvantages of each such method; and

(C) recommendations for the best method or methods of meeting the energy needs of the United States and for legislation needed to meet those needs.

(3) In accordance with section 15(a) of the Federal Energy Administration Act (88 Stat. 108 and 109) the President shall designate an appropriate Federal agency to conduct the studies authorized by this Act after the termination of the Federal Energy Administration.

Mr. JOHNSTON. Mr. President, in late 1974 the Interior Committee held hearings on a National Energy Study Act. Later the committee reported that bill unanimously, as I recall, and on October 11, 1974, that bill passed this body.

It was too late in the 93d Congress to have action by the House of Representatives, and the amendment I have just offered is the precise verbatim statement of that bill as passed by the Senate.

Mr. President, what the amendment does is require the Federal Energy Administration to set goals, not only annual goals but goals for each of the succeeding 5 years after passage, as well as the 10th year after passage, to detail what the prediction is on American consumption, and, second, the components by which that consumption will be met.

What it would mean, for example, is that if Project Independence—first, it will require the administration to define Project Independence. That is to say, if the administration means that by 1935 we are going to be consuming 20 million barrels a day, then they must set that as a target or as a prediction, and also make a prediction on a plan by which that consumption will be met.

What it will mean, Mr. President, is that it will require the administration to focus its attention on the various objectives and the different priorities by which energy policy is made. The traditional questions, like how much coal should we burn, how much nuclear energy should we use, what are the predictions on domestic oil production, should we drill more on the Outer Continental Shelf, and what are the relative pros and cons and results of taking each of these actions, will have to be predicted and studied by the Federal Energy Administration.

It has no teeth in the sense that it requires the Federal Energy Administration to do anything but set goals and set priorities annually, but this is something that is not being done by any branch of the Federal Government now. As a matter of fact, Mr. President, when we speak of Project Independence at this time, I doubt if there is a person in this body who can tell us with certainty what Project Independence means. It has meant various things to different people at different times. At least under this bill, which has previously passed the Senate, the FEA and the President must come to grips with setting those goals, and tell us the various reasons why they are undertaking certain actions to meet those goals in certain ways.

I think it is the kind of study, the kind of goal setting, the kind of plan, if you will, that is long overdue in this country, and by the administration. The FEA is the proper body to do it, and the bill provides that the successor agency to the FEA will take over those duties when and if the FEA is phased out of action.

I urge the Senate to again adopt what we passed in 1974.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. BROCK. I just had a chance to read the amendment very quickly, but perhaps the Senator can tell me what it would require.

Mr. JOHNSTON. Mr. President, will the Senator repeat his question?

Mr. BROCK The FEA is required to report now. What is it required to report under the amendment?

Mr. JOHNSTON. For example, FEA is not required to report, for the next 5 years, what the estimated consumption in this country will be, nor in the 10th year are they required to do that, not are they required to tell us how that requirement will be met, whether by imported oil, domestic oil, coal, et cetera. Nor are they required to analyze each of these anticipated means, to tell us what the effect on national security, the environment, balance of trade risks, et cetera, of each of these methods will be.

For example, if it is the prediction of the FEA that in 1980 we will be consuming, let us say, 20 million barrels of oil a day, then they ought to be able to anticipate how much of that will be domestic, and if they are setting, let us say, a domestic production goal of 11 million barrels a day by 1980, they ought to be able to tell us where that will come from—for instance, how many barrels they are predicting from Alaska.

In this way, Congress and all Federal agencies will have a way by which to measure the progress, not only of energy consumption but of energy production in this Nation.

If we are really counting on, say, the equivalent of 4 million barrels a day from coal by a certain date, and if implicit in that assumption and that calculation is the strip mining of coal, then at the time we consider a strip mining bill on coal, we will have something by which to measure the effect of passage vel non of such a bill, or of drilling on the Outer Continental Shelf, or of a bill to conserve energy.

We do not have that at the present time. There is nowhere in the executive department an official estimate on each one of these elements that would be required of FEA.

Mr. BROCK. I understand what the Senator is asking for. The first point I was interested in is that it seems to be redundant to the bill, and that the legislative history should be sufficient to establish the requirements. But perhaps more pertinent, FEA expires the 1st of September of next year, so we do not have any annual reports coming.

Mr. JOHNSTON. Will the Senator repeat that?

Mr. BROCK. I say under the bill, FEA expires next September, so you have at best one report you will get from this.

Mr. JOHNSTON. The bill provides that the successor agency will take over that function.

Mr. BROCK. I would suggest you amend the ERDA legislation, if you want to do that, or require this report from one of the elements of the White House. It seems to me that would be more productive of the Senator's objective, which I do not oppose, of course. I just question whether this does not unduly complicate a bill without any particular end product.

Mr. JOHNSTON. I would submit to the Senator that it is not complicated at all. It calls for no additional people, no additional authorization, and no additional money.

They are doing a part of this right now. They are simply not setting down in a cohesive way what these numbers are.

Mr. BROCK. It is pretty hard when Congress, which writes the law, does not have any goals either. Frankly, the way we are going with congressional policy, we are not going to have any domestic production at all in 5 or 10 years.

Mr. JOHNSTON. I agree with the Senator that many of our actions in energy have been not only nonproductive but also counterproductive. But that is not the point here.

Mr. BROCK. I understand.

Mr. JOHNSTON. This simply puts a discipline on the executive branch first through the FEA or whoever we finally decide is the successor branch to set these goals.

Mr. BROCK. I do not oppose the setting of goals. I do question the relevance of the necessity for the amendment, but I am not going to argue it strenuously.

Mr. GLENN. Mr. President, on behalf of the majority side on the committee I would be happy to accept this. I think the questions raised by the distinguished Senator from Tennessee, across the aisle, are sensible. Certainly his questions regarding the tenure of FEA and the time period in which these reports would be made are well taken. I think it would also be well at the same time to point out that if FEA goes out of existence at its projected 15-month period allocated by this bill we would assume that its role would be taken over subsequently by some other organization. Whether it is a department of energy and natural resources, or whatever entity, it would replace FEA. At that time certainly this laudable objective of trying to look ahead and plan a little bit in the future would go right directly with the other functions of FEA over into this newer organization.

If we had some people in this Nation in the past 15 or 20 years mandated to do exactly what the Senator from Louisiana is talking about in the Chamber, perhaps we would not be in some of the mess that we are in today with regard to energy.

I do not take quite the same strong view of the inadequacy of FEA in this area that some other Members of this body do. I think we perhaps have made at least a start, a first glimmering of hope with our start toward energy policy with the short-term things that we have done and some of the long-term efforts that we are putting into the budget that we are providing for ERDA.

So I think we have the beginnings of a national energy policy, not necessarily in one bill but putting it all together in all the bills we do have some beginnings. As the Senator from Louisiana proposed, his amendment will mandate a look into the future and a plan that will be better than anything we had up to this time.

So we are happy to support his amendment.

Mr. RIBICOFF. Vote!

Mr. RANDOLPH. Mr. President, I think the pending amendment is a very important approach to a hoped-for understanding by the Senate and Congress. The American people as a whole, as we continue haltingly to address the need for energy policy in the United States of America, must also come to fully understand the need.

It is old hat for me to express such an opinion, having offered in 1959 legislation to create a national commission to address this problem. In 1961 I attempted to do that again. Before the Committee on Interior and Insular Affairs, I stated, "Each year that we delay, that is, in creating the policy on fuels and energy, perhaps brings us one year nearer to disaster."

The record of my effort tells the whole story. It bears repeating as we debate tonight.

On August 18, 1959, I introduced Senate Concurrent Resolution 73, to create a Joint Committee on a National Fuels Policy. The resolution was cosponsored by some 43 Senators.

During the 86th Congress, on September 2, 1959, the Committee on Interior and Insular Affairs reported favorably our Senate Concurrent Resolution 73 to create a Joint Committee on a National Fuels Policy. The committee noted the "widespread and growing concern, both within and without the Halls of Congress, in respect to the adequacy of the Nation's fuel and energy resources . . . and the lack of a national policy for the most effective utilization of these resources, in the best public interest."

The resolution, Senate Concurrent Resolution 73, was referred to the Senate Committee on Rules and Administration, where it died. There was insufficient sentiment for the joint committee concept, particularly in the House of Representatives, to assure its eventual establishment. However, out of that idea for a congressional study came action by the White House in 1959 when President Eisenhower established by Executive order a mandatory oil import quota program.

In 1960 the need for a comprehensive national fuels and energy policy became a major political issue. Both Democratic and Republican Party platforms supported a national fuels policy and long-range minerals and fuels planning and programing. I urged the National Democratic Platform Committee to act on this vital issue. The Democratic platform contained the following declaration: "We support the establishment of a national fuels policy." The Republican platform in 1960 also declared for "long-range minerals and fuels planning and programing."

On January 19, 1961, my proposal for a Joint Committee on a National Fuels Study was reintroduced in the 87th Congress as Senate Concurrent Resolution 4. In all there were 55 cosponsoring Senators.

By March 1961, however, it was apparent that the joint committee proposal had little chance for success. Therefore on March 2, 1961, I introduced Senate Resolution 105 providing for creation of a Senate Special Committee on a National Fuels Study.

Senate Resolution 105 was one of the most widely sponsored legislative proposals of the 87th Congress or any other Congress. A truly bipartisan effort with 63 cosponsors.

As passed by the Senate on September 11, 1961, Senate Resolution 105—87th Congress—instructed the Senate Committee on Interior and Insular Affairs to undertake a study as a basis for possible revision of national fuels and energy policies, including the possibility of new legislation.

In testimony on Senate Resolution 105 before the Senate Interior Committee on June 12, 1961, I observed that—

"In June 1961, the world—the United States included, of course—has available more energy fuels in the form of coal, oil, and natural gas than currently we can use. In reference to oil, the word, I think, is 'glut.' From recent oil discoveries in North Africa, it would appear that there are still vast sources of supply that have not yet been discovered. Who knows what the continent of Africa may hold in the way of energy?

"This is fine, but it is a small source of comfort and security to Americans living in Maine, Minnesota, or Montana that what might become an anti-American land has in her earth unlimited quantities of the same kind of energy fuels that are the very lifeblood of America. What guarantee do we Americans have that the African Continent, or Venezuela, or Kuwait, or any of the other prolific oil areas of the world will constantly make their riches available to us? What good will Venezuelan oil be to the United States if Latin America embraces communism, or if Africa turns against us, or if the Soviet Union decides to effect a coup d'etat in the Middle East?

"Every year that passes, in which we become more and more dependent on foreign oil to buttress our national economy and security perhaps is 1 year nearer disaster. What makes this all the more tragic is that it is unnecessary. The United States of America, the richest country the world has ever known, is, by its own complacency, gradually placing itself at the mercy of those it should most diligently guard against. By neglecting to apprise ourselves of the true, unbiased, realistic picture of our own energy wealth and stability, we are gambling with our country's future.

"Mr. Chairman, this Nation has a foreign policy—a defense policy—a farm policy and the beginnings of a transportation policy. All are necessary and of first importance. But not one of them is so basic to our national security and economy as would be a national policy in respect of those energy fuels that make all of them possible and without which, or lacking an abundant available supply of which, would render all other national policies impotent and would disarrange our country industrially, economically, and militarily."

These issues, however, are now under advisement by the Senate's National Fuels and Energy Policy Study authorized by Senate Resolution 45 of the 92d Congress which I introduced on February 4, 1971.

Senate Resolution 45 authorized the Senate Committee on Interior and Insular Affairs and ex officio members of the Committees on Commerce and Public Works and the Joint Committee on Atomic Energy to make a comprehensive study of programs and policies required to meet national energy needs.

Subsequently, the Senate approved the addition of ex officio members from the Committees on Aeronautical and Space Sciences, on Finance, Foreign Relations, on Government Operations, and on Labor and Public Welfare.

Under the able chairmanship of Senator HENRY M. JACKSON, the Committee on Interior and Insular Affairs is actively pursuing a comprehensive legislative and investigatory program that will serve as the foundation for congressional formulation and establishment of a national fuels and energy policy for the United States.

Our failure to act responsibly is a strain upon the creative and resourceful thinking not only of Congress but also of the American people. That is so because many, many Senators have worked to produce an answer, but it has not happened. We brought into being our ongoing task force composed of eight committees of the Senate. We have brought one after the other 40 bills to passage in this body. Chipping away at the primary problem but not addressing ourselves to it directly. With all this effort the tragedy is that we continue to import greater amounts of petroleum products from overseas than ever before. In other words, we are more dependent as a country and as a people on undependable sources of petroleum.

What comment has my colleague?

Mr. JOHNSTON. I thank the distinguished Senator from West Virginia and we recall his leadership in this area. This Government, this Congress, has been singularly nonresponsive in the past to the Senator's warnings about the impending energy crisis.

In 1959 the Senator first put in a resolution to make these types of surveys and, the Senator was also the author, as I recall, of the Joint Committee study well before the 1973 embargo. In fact, we were months and years into those studies by the time the embargo hit.

I think the Senator, perhaps more than any other Senator in this body, has sounded the need to make these kinds of long-range projections to get a policy, plan, and some goals by which we measure our progress.

And this National Energy Study Act is intended to require FEA to do precisely what the Senator has talked about for well over a decade, in fact, over a decade and a half, and I hope finally this will achieve that purpose, the goal-setting, achieving a plan, and putting this Nation in train to achieve the kind of energy independence which we must have not only for our national security but also for our economic strength as well.

Mr. RANDOLPH. Our colleague has addressed himself to the subject with knowledge. He will recall that it was not until 1970, I regret, that the Senate created its National Fuel and Energy Policy Study.

It should have been done long, long ago. In this instance, I think we might say not with the poet "the past rises before me like a dream," but I think one past attempt to cope with one energy problem rises before me like a nightmare.

The failure of the Congress and the American people to understand the deep need for something to be done that is positive and effective is disheartening.

I am sure that our colleague agrees that while we have been passing these individual measures we have not provided sufficient authority. We have crisscrossed back and forth and attempted to plug the holes. Yet, never have we really come to grips with the national energy policy in the aggregate. Although there are other ways in which this could be accomplished, I have been sympathetic at all times to any proposals that could somehow or other contribute. I have joined with other Members of this body, including the Senator from Louisiana, as well as Members of the House in attempting to get a national energy policy formulated.

The importance of doing that which the Senator from Louisiana has addressed cannot be overemphasized.

Mr. JOHNSTON. I thank the Senator.

Mr. RANDOLPH. If the Senator from Louisiana would feel it appropriate to add my name as a cosponsor, I would be gratified to have that done. I do not wish to encroach upon his sponsorship of the amendment, but only to indicate my very genuine support for him on this matter.

Mr. JOHNSTON. I thank the Senator very much.

Mr. President, I ask unanimous consent that the name of the distinguished Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 44

Mr. RIBICOFF. Mr. President, I send to the desk a technical amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Connecticut (Mr. RIBICOFF) proposes an unprinted amendment numbered 44.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 4, between lines 21 and 22, insert the following:

"TITLE I—FEDERAL ENERGY ADMINISTRATION EXTENSION".

On page 6, line 7, strike out "(1) to" and insert in lieu thereof "to (1)".

On page 7, line 15, strike out "if" and insert in lieu thereof "of".

On page 17, line 5, insert "(2)" immediately before "(A)".

On page 18, line 12, strike out "or" and insert in lieu thereof "of".

On page 24, line 6, insert a comma immediately after "commission".

On page 24, line 10, strike out "and is" and insert in lieu thereof ", and which is".

On page 24, line 22, strike out "customers" and insert in lieu thereof "consumers".

Mr. RIBICOFF. Mr. President, these are technical amendments which I propose. They concern technical errors made during the final printing of the bill. They concern typographical printing or grammatical mistakes.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

UP AMENDMENT NO. 45

Mr. RIBICOFF. Mr. President, I send another amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Connecticut (Mr. RIBICOFF) proposes an unprinted amendment numbered 45.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 17, between lines 8 and 9, insert the following:

"(c) Section 108(e) of the Energy Reorganization Act of 1974, as redesignated by subsection (b)(1) of this section, is amended by striking out "two years after such effective date," and inserting in lieu thereof "not later than September 30, 1977,".

Mr. RIBICOFF. Mr. President, this amendment would extend the Energy Resources Council until September 30, 1977. The Council's mandate is due to expire on October 11, 1976. In order to complete the reorganization study and to effect an orderly transition to a new Federal Government structure for energy and natural resources matters and to provide for the continuation and development of a material energy policy, I propose this amendment to extend the ERC until September 30, 1977, so it will be coterminus with the FEA, which, under this bill, terminates on September 30, 1977.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 46

Mr. RANDOLPH. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from West Virginia (Mr. RANDOLPH) proposes unprinted amendment numbered 46.

At the end of the bill, add the following:

SEC. Section 102 of the Energy Policy and Conservation Act (42 U.S.C. 6211, Public Law 94–163) is amended by adding at the end of subsection (c) the following new paragraph:

"(4) the term 'developing new underground coal mines' includes expansion of existing underground coal mines, and the reopening of underground coal mines which had previously been closed.".

Mr. RANDOLPH. Mr. President, last year the Senate adopted the conference report on the Energy Policy and Conservation Act. It contained a provision to provide loan guarantees for new underground coal production to foster new coal supplies to support our national quest for greater energy self-sufficiency. In addition, the bill was designed to enhance competition by restricting such loan guarantees to small producers.

Mr. President, the House and Senate conferees supported inclusion of the expansion of production from existing mines and the reopening of closed mines. But I remind my colleagues that it was necessary, in order to avoid a possible point of order in the House, to modify this feature of the bill. Therefore, these loan guarantees were restricted to new mines.

On December 17, 1975, during Senate debate, I was assured by the able chairman of the Committee on Interior and Insular Affairs, Mr. JACKSON, that he would support reinstatement of this provision. The Senator from Washington also assured me that, upon introduction of appropriate legislation, he would move expeditiously to bring it to passage. I have talked with Senator JACKSON and he has reassured me of his support.

The amendment which is pending would accomplish the purpose I have set forth. It would add a definition of new underground coal mines which was deleted by the House from the earlier conference agreement. The record will show that this was discussed by the Senator from West Virginia at the time of the conference agreement.

This definition would extend eligibility for loan guarantees to the "expansion of existing underground coal mines and the reopening of underground coal mines which had previously been closed."

Mr. President, under the Energy Policy and Conservation Act loan guarantees are available for the development of new underground coal mines. As presently constituted, the total outstanding indebtedness for this program is limited to $750 million. However, any one corporation, including its affiliates, is restricted to a maximum loan guarantee of $30 million. In addition, the guarantee cannot exceed 80 percent of the principal balance of the loan to develop the new underground coal production.

A major purpose—and I emphasize this statement—of the provision is to stimulate competition and encourage new market entries. Therefore, the loan guarantees also are restricted to small producers.

As I summarized in my Senate remarks on December 17, the principal coal production in the United States comes from small producers, and I quote:

> . . . in 1974, there were only 73 miles in the United States that produced more than 1 million tons of coal annually, out of a total of about 600 million tons that year. By comparison, between 700,000 and 1 million tons were produced by 28 mines, of which 10 were deep mines. Between 500,000 and 700,000 tons were produced by 31 mines.
>
> For between 400,000 and 500,000 tons there were 43 mines. Between 300,000 and 400,000 tons, there were 59 mines. Between 200,000 and 300,000 tons produced, the number is listed at 101 mines. And, between 100,000 and 200,000 tons, there were 262 mines. In 1974, there were 524 mines producing between 100,000 and 1 million tons of coal annually. About one-half of these mines, according to the best information we can secure, are underground operations.

This loan guarantee program will stimulate between 20 and 30 million tons per year of new underground coal production. This can be brought on line as an alternative to the continuance of the oil imports, to which I addressed myself in the colloquy with the able Senator from Louisiana (Mr. JOHNSTON).

I am sure that the other Members of the Senate as well as those managing this measure realize that it has a vital value, as we work for self-sufficiency, which is long overdue in the United States.

Mr. PERCY. Mr. President, I would like to ask the distinguished Senator from West Virginia a few questions about the proposed amendment.

Can the distinguished Senator describe to us the results of the initial experience in implementing the coal loan guarantee program in FEA?

Mr. RANDOLPH. The FEA, at the present time, is in the process of writing regulations.

Mr. PERCY. Second, if an operator has successfuly financed the opening and operation of the mines without Government-support financing, why is Government support needed for expanding that mine unless, as has been implied by some, the operator really has been inefficient?

Mr. RANDOLPH. It would increase the availability of capital to small producers. That is certainly very important. As my colleague knows, it is very costly to open a coal mine today; very, very costly.

The amendment is also intended to support coal conversion which I have strongly advocated.

Mr. PERCY. As the Senator from West Virginia knows, in the State of Illinois we have a great deal of coal operation. The question I ask is simply a business question, since the Government is here in the business of extending loans. Why, if an operator is able to get the financing to open a mine and operate it, could he not get the money to expand the operation? In other words, we do not want always to have the Government be a line of first resort. We want the line of first resort always to be commercial loans.

We do not want to encourage people to garner Government-guaranteed loans if they have a commercially viable and acceptable credit. We do not want to use up the guarantee powers of the Government unnecessarily. I think the Senator from West Virginia is conversant with how coal mines operate. If they can get a loan commercially to open and operate a mine, why can they not get a loan, then, if it is operating successfully, to expand the mine?

Mr. RANDOLPH. This will increase coal production at a faster rate than would otherwise occur. My able colleague from Illinois is certainly conversant with the need and believes in it. Small producers do not have the necessary financial strength with which to do this job. I believe this assistance to them is valid and very sound.

I think it is time here at home to give the priority to this subject. I, very frankly, have been discouraged somewhat by the fact that the candidates for the Presidency of the United States in both parties have not addressed themselves to an energy subject matter. It is not, you know, a colorful subject to discuss, but there is an urgency to the need of the United States of America to be self-sufficient in these coming years.

Mr. PERCY. I do not quarrel at all with that objective. I wish that we would raise the debate on energy to the Presidential campaign level. But in order to provide guidance in FEA's legislative history, and so my understanding of the policy is the same as that of the Senator from West Virginia, would the Senator from West Virginia agree that commercial facilities and lines of credit should be always used when they are available and that we should not resort to Government financing and Government guarantees just because we have a need for energy? If we short circuited commercial lines we could, in many cases, short circuit all kinds of technical assistance, help and oversight that could be provided by acknowledgeable commercial bankers.

I want to make certain that the first line of credit is always commercial. If enterprises cannot obtain commercial credit, then and only then should we resort to Government guarantees.

Mr. RANDOLPH. My colleague from Illinois raises what I think is a very valid point in asking me to express myself on this subject. The authority is already existent. We are attempting to clarify the definition of new production. That is what we are trying to do by this amendment. Frankly, I agree with him that this is the authority of last resort.

Mr. PERCY. I take it that the distinguished Senator concurs that the Government guarantee program should only be used when commercial lines of credit are not available for expansion. Is that correct?

Mr. RANDOLPH. That is exactly right. I want the Senator to know that this is not an idea that just blossomed here in a few minutes. We had hearings on this in the Senate. Under the National Fuels and Energy Policy Study. We had hearings on the greater coal utilization bill. We have had them on my legislation S. 1777, which I only wish had been called 1776 so we could have gotten it passed this year rather than next year. It would be the best Bicentennial gift America ever gave to itself in the solving of its energy problem.

I am not indulging in the waving of the flag when I say that. I think there has been a withdrawing from this issue by those who must be very bold. We must approach this, not with timid steps, but in a way that will do credit to the Senators, to the Congress, and to the American people.

Mr. PERCY. I hope that the Senator from West Virginia recognized that the Senator from Illinois is capable of waving the flag on occasion, and that he generally steps with bold and not timid steps.

Mr. RANDOLPH. I am sure of that.

Mr. PERCY. I am certain, however, that I want the Congress to hang onto every Federal dollar we can, steer into the commercial avenue every expenditure we can, and only use the Federal Government as a last resort.

My final question would be: How does FEA really determine whether an expansion would not be carried forward unless Government loans are available?

Mr. RANDOLPH. "Such person would be unable to obtain adequate financing without such a guarantee." That is what the Energy Policy and Conservation Act provides.

Mr. BROCK. I wonder if the Senator will let me ask just a couple of questions along the same line as the Senator from Illinois?

Mr. PERCY. I shall be happy to.

Mr. BROCK. If the price of coal is high enough to command the premium that it has in the last couple of years—what I am really asking is why is there such a demand for Government loans under the new coal authority that already exists, is in existing law? The Senator mentioned, I think, that $750 million was authorized, or had been used?

Mr. RANDOLPH. Just authorized.

Mr. BROCK. How much has been authorized; does the Senator know?

Mr. RANDOLPH. The regulations, I have indicated, have not yet been issued.

Mr. BROCK. But to date, no funds have been used?

Mr. RANDOLPH. That is correct.

Mr. BROCK. The current law spells out clearly that there is no option for financing in any other form prior to this——

Mr. RANDOLPH. The Senator is correct.

Mr. BROCK. That would apply in the instance of the Senator's amendment, which simply broadens the definition to include the extension of existing mines?

Mr. RANDOLPH. My colleague is correct.

Mr. BROCK. I thank the Senator.

Mr. GLENN. Mr. President, will the Senator yield? I want to commend the Senator for his amendment. As I understand it, it would broaden the conditions for those who would apply. It would not require any new appropriation, no new authority, but it would only broaden the applications and help the small producer trying to get started. I think that would be a fair summary of what the Senator said, and I am happy to support it on this side of the aisle.

I compliment the Senator for putting in the amendment. He has been a leader in this area, and I compliment him for his efforts.

Mr. RANDOLPH. I am appreciative of the comments made by the manager of the bill. I am appreciative that he as well as Senators from non-coal-producing States are increasingly conscious of the fact that we have the greatest reservoirs of coal. These resources, he knows, are ready to be translated into energy, and that we must act boldly. I appreciate the Senator's comment, and I commend him.

Mr. PERCY. The Senator from Illinois would have no objection to the amendment and will support it. I want to in every way possible expand coal production. We have a 500-year supply of it. It helps us become less dependent on fuel energy that comes from outside our shores which is subject to all kinds of political speculation and concern, and I think this program holds a potential for moving us forward.

I thank the Senator very much for his answers to my questions, and I think the legislative history that we have established will help define the role that the Federal loans can play.

Mr. RANDOLPH. Mr. President, the Senator from Illinois is conscious of the complexities of all the pieces that need to be put together in our domestic energy answer to the overseas supplies of petroleum. The Senator's understanding of the problem and his agreeing to the amendment is not only pleasing to the Senator from West Virginia but I think the Senator has served the American people at a high level of understanding and responsibility.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia.

Do the Senators yield back their time?

Mr. RANDOLPH. I yield back my time.

The PRESIDING OFFICER. All time is yielded back, and the question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Kansas.

UP AMENDMENT NO. 47

Mr. PEARSON. Mr. President, I send to the desk an unprinted amendment and ask that it be made the pending business, and I ask unanimous consent that the amendment not be read. I will explain the same.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Kansas (Mr. PEARSON) proposes an unprinted amendment No. 47.

The amendment is as follows:

On page 10, delete lines 24–25, and redesignate subsequent subparagraphs.

On page 13, line 7, insert "1976" in lieu of "1977".

On page 17, lines 9–10, insert "The Secretary of the Treasury" in lieu of "The Administrator of the Federal Energy Administration".

On page 18, lines 16–17, delete "Federal Energy Administration" and insert in lieu thereof "energy".

Delete title II thereof.

Mr. MATHIAS. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. PEARSON. Yes.

Mr. MATHIAS. Mr. President, I ask unanimous consent that Mr. James Antizzo be allowed the privileges of the floor during the remainder of the debate on this issue.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEARSON. I had intended at this time to call up amendment 1660. However, that proposal was in the nature of a substitute. I am advised that this amendment I now offer in its stead will recognize the action taken by the Senate on other amendments today to this bill. Had amendment No. 1660 been offered as a substitute, it would have vitiated the action taken on other amendments.

Mr. President, this amendment deals with the central subject of the bill, which pertains to the time of extension of the FEA.

To review very briefly, the administration sought a 39-month extension. The House committee approved such an extension. It was reduced to 18 months on the floor of the House.

Our committee in the Senate reported a bill extending FEA some 15 months. The purpose of my amendment would be to extend the FEA for only 3 months, 1 year less than the Senate committee bill, expiring on September 30 of this year.

Mr. President, as the committee report indicates this agency was created in a time of crisis as a temporary agency. Today, it seems to me, if we are to revert FEA's authority back to the line agencies, the time to do it is as quickly as possible. Not only would some $31 million, possibly, be saved in administrative costs, but, although there are no normal times, the transition now could be achieved in a time of some stability, some stability in the domestic and international area for, indeed, there is no oil embargo, we are not in a period of gasoline rationing or great petroleum shortage. It also seems to me, Mr. President, that the sooner the line agencies take over the better off we are to perform some of these various functions.

The transfer, the reversion, in this amendment is identical to the language of the committee bill, with one exception, and that is title II, wherein the bill deals with public utility rates. There it is omitted in this amendment for the reason that the Commerce Committee has two bills before it. S. 3310, one of those bills, deals with public utility retail rate reform to be acted on, I think, in the near future. And on tomorrow, S. 3311, the wholesale reform provision, will be acted on by the Commerce Committee. It is for that reason, and that reason only, that title II was eliminated.

Mr. President, I do not know—as a matter of fact, the committee can speak to this as well as anyone on the basis of their hearings—whether the FEA has more of a bureaucracy than any other agency and whether or not it deals to such an extent with public relations that the subject matter itself was buried, or whether or not this is an empire-building operation. But FEA has dealt with some very difficult subjects. They dealt with energy issues, as the report indicates, first in the form of FEO which existed for about 7 months, and then for the last 2 years, as the FEA, the agency sought to address itself to some of these very problems.

But it seems to me, Mr. President, if this transition is going to be made, we ought to do it and do it as quickly as possible, and it is on the basis of this that the amendment is offered tonight.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. PEARSON. I want to ask for the yeas and nays on this particular amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, before I respond to the proposed amendment offered by the Senator from Kansas, I wish to make the following statement.

Mr. President, earlier today the Federal Energy Administration (FEA), submitted FEA Energy Actions 3 and 4, two amendments to the FEA price and allocation regulations which would exempt middle distillates, including Nos. 1 and 2 heating oil, Nos. 1–D and 2–D diesel fuel, and kerosene, from mandatory price and allocation regulations. These amendments will take effect unless they are disapproved by either the Senate or the House of Representatives within the next 15 calendar days in which Congress is in session.

I ask unanimous consent that the two transmittal letters accompanying these proposed energy actions and other related materials be printed at this point in the RECORD for the information of members.

There being no objection, the actions were ordered to be printed in the RECORD, as follows:

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 15, 1976.

Re Exemption of Middle Distillates (Other Than No. 2 Heating Oil and No. 2–D Diesel Fuel) from the Mandatory Petroleum Allocation and Price Regulations (Energy Action No. 4).

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: On April 21, 1976, the Federal Energy Administration gave notice of a proposal to exempt No. 1 heating oil, No. 1–D diesel fuel, kerosene and other middle distillates from the Mandatory Petroleum Allocation and Price Regulations and to revoke Part 215 (Low Sulphur Petroleum Products Regulation). Written comments from interested persons were invited through May 11, 1976, and a public hearing regarding the proposal was held on May 12 and 13, 1976.

FEA has now completed its consideration of all the information available in this proceeding and has determined that the proposal to exempt middle distillates should be adopted and that Part 215 should be revoked. As required by section 455 of the Energy Policy and Conservation Act, Pub. L. 94–163 (EPCA), which added section 12 to the Emergency Petroleum Allocation Act of 1973, as amended (EPAA), each amendment exempting a refined product category from regulation must be submitted separately to each House of the Congress for review pursuant to section 551 of the EPCA.

FEA is, therefore, herewith submitting the amendment revoking Part 215 and exempting No. 1 heating oil, No. 1–D diesel fuel and kerosene (which are defined in the EPCA as a single product category) to the Senate, and is concurrently submitting this amendment to the House of Representatives for Congressional review. By Energy Action No. 3, FEA is separately submitting to each House of Congress an amendment exempting the other middle distillates (No. 2 heating oil and No. 2–D diesel fuel), which are defined in the EPCA as a separate refined product category, for review pursuant to section 551 of the EPCA.

The findings and views supporting this amendment, which are required by section 455 of the EPCA, are set forth in the enclosed document entitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations".

The Administrator of the Federal Energy Administration has been delegated by the President all the authority granted to him by the EPAA (E.O. 11790, 39 F.R. 23185, June 27, 1974).

Unless disapproved by the Congress as provided by section 551 of the EPCA, the enclosed amendment will be effective July 1, 1976 or on the first day following expiration of the review period provided for by Section 551 of the EPCA, whichever is later.

Sincerely,

JOHN A. HILL,
Acting Administrator.

TITLE 10—ENERGY

CHAPTER II—FEDERAL ENERGY ADMINISTRATION

PART 210—GENERAL ALLOCATION AND PRICE RULES

PART 211—MANDATORY PETROLEUM ALLOCATION REGULATIONS

PART 212—MANDATORY PETROLEUM PRICE REGULATIONS

PART 215—LOW SULFUR PETROLEUM PRODUCTS REGULATION

Exemption of No. 2 Heating Oil and No. 2-D Diesel Fuel from the Mandatory Petroleum Allocation and Price Regulations.

Introduction

On April 21, 1976, the Federal Energy Administration issued a notice of proposed rulemaking and public hearing (41 FR 17512, April 26, 1976) to amend 10 CFR Parts 210, 211 and 212 to exempt middle distillate, including No. 2 heating oil and No. 2-D diesel fuel, from the Mandatory Petroleum Price and Allocation Regulation and to revoke 10 CFR Part 215 which regulates the use of low sulfur petroleum products. The proposal was based on tentative conclusions set forth in a document dated April 21, 1976, entitled "Preliminary Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations" ("Preliminary Findings"). Written comments on the exemption proposal and on the Preliminary Findings were invited through May 11, 1976, and the public hearing was held May 12 and May 13, 1976.

In the April 21 notice, FEA noted that its conclusion that market conditions might be appropriate for an end to price and allocation controls was shared by many members of Congress who had urged FEA to commence the process of exempting products from regulation.

As an example, FEA specifically cited a letter to the Administrator of FEA dated November 4, 1975, from Senators Kennedy, Durkin, Stafford, Muskie, Pastore, McIntyre, Brooke, Pell and Ribicoff which stated:

"As supplies of fuel oil and other petroleum products have returned to normal levels, fuel dealers are reporting to us that the price and allocation controls may be preventing the free play of competitive forces and thereby raising consumer prices. . . .

"Since there is conflicting and complex evidence on this issue, we believe it is the best interest of all parties to air fully the options for action and the possible consequences of changing the allocation and price control system. We therefore feel that public hearings should be held by the Federal Energy Administration as provided by section 4(g) (2) of the Allocation Act of 1973 and the similar provision of S. 622-H.R. 7014, now in Conference. . . .

"As the hearing process is a lengthy one and must, of course, be followed by careful congressional review of the FEA's findings, the FEA should begin this process soon so that the Congress and the public will have full opportunity to consider this vital issue.

"We therefore strongly urge that you issue the public notice necessary to the commencement of public hearings on the removal of allocation and price controls from retailers and wholesalers of fuel oil and other petroleum products."

Section 12(c) (2) of the Emergency Petroleum Allocation Act of 1973 (EPAA) requires that an exemption amendment apply to only one oil or one refined product category, and specifies that No. 2 heating oil and No. 2–D diesel fuel constitute a single product category. FEA proposed the exemption of No. 2 heating oil, No. 2–D diesel fuel and other middle distillate fuels in a single notice of proposed rulemaking and issued a single document containing its preliminary findings and views related to the exemption. However, as required by the EPAA, FEA has determined separately for the No. 2 oils and for the other middle distillate fuels that an exemption should be adopted, and is today submitting separate exemption amendments ("Energy Actions Nos. 3 and 4") for these product categories for Congressional review of FEA's findings and views supporting these exemptions. The exemption amendment contained in this document, to be submitted as Energy Action No. 3, relates to No. 2 heating oil and No. 2–D diesel fuel as a single product category ("No. 2 oils"). "No. 2 heating oil" means heating oil grade No. 2 as defined in American Society for Testing and Materials (ASTM) D396–71. "No. 2-D diesel fuel" means diesel fuel grade No. 2 as defined in American Society for Testing and Materials (ASTM) D975–71.

One hundred forty-seven written and oral comments were received in response to the notice of proposed exemption. Those offering comments included major integrated refining companies, small and independent refining companies, marketers, ultimate consumers, state governments and trade associations.

Almost all of the parties commenting agreed with FEA that No. 2 oils should be exempted from FEA's allocation and price regulations. This support was based generally upon agreement with FEA's conclusions as to supply and demand projections, competition, and other findings and views set forth in the Preliminary Findings. Parties opposing the exemption of No. 2 oils generally based their opposition on the belief that the current surplus supply situation might not continue through the upcoming heating season, that spot shortages might occur, and that if such shortages were to occur, independent marketers and consumers of No. 2 oils would be without the protection of price and allocation controls and might be subject to inequitable prices or termination of supply.

FEA has carefully considered the comments of all persons who participated in the rulemaking. Following its consideration, FEA has concluded that its initial view that No. 2 oils should be exempted from regulations is correct.

No information or data were presented in this proceeding which significantly alter FEA's preliminary findings and views. FEA does not anticipate that supply shortages will occur in the future as predicted by some comments and in any event FEA has standby authority under section 12(f) of the Emergency Petroleum Allocation Act of 1973 (EPAA) to reimpose allocation and price controls (on a temporary or permanent basis) if necessary to attain the objectives set forth in section 4(b)(1) of the EPAA. Therefore, FEA hereby adopts the proposed amendments exempting No. 2 oils from the Mandatory Petroleum Allocation and Price Regulations. Unless disapproved by either House of Congress under section 551 of the Energy Policy and Conservation Act (EPCA), this exemption will be effective either July 1, 1976 or the first day following the expiration of the 15 day period provided in section 551 for Congressional review, whichever is later.

Although FEA is adopting this exemption amendment based on its firm conclusion that a supply shortage respecting No. 2 oils will not occur in the foreseeable future, FEA recognizes that unforeseeable difficulties, unrelated to the exemption amendment adopted today and confined to particular market areas, could arise. In order to further ensure that any such possible supply problems following the removal of controls do not adversely affect independent marketers and their customers, FEA intends to propose shortly procedures pursuant to which firms experiencing supply problems may obtain supplies. FEA's proposed rulemaking in this regard will request comments on programs that operate in a manner similar to the state set-aside program currently in effect and in a manner similar to that by which supplier/purchaser assignments are currently effected.

Findings and views

In addition to this amendment to exempt No. 2 oils from the Mandatory Petroleum Allocation and Price Regulations, FEA has prepared its findings and views supporting the amendment as required by section 12 of the EPAA based upon its consideration of the comments of those persons who participated in the rulemaking and other information available to FEA. These findings and views are set forth in a document dated June 15, 1976 and entitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations" ("Findings and Views"). These findings and views may be summarized, in part, as follows:

(1) No. 2 oils are *not* in short supply.

Projected supplies of No. 2 oils, taking into account projected expansions of domestic refinery capacity, will be sufficient to meet demand over the near term (1976–1978).

(2) Exemption of No. 2 oils from the Mandatory Petroleum Allocation and Price Regulations will not have an adverse impact on the supply of any other oil or refined product subject to the EPAA.

(3) Competition and market forces are adequate to protect consumers, following an exemption of No. 2 oils from regulation. In fact a greater degree of competition would be expected after exemption than exists under current regulations.

No price increases are anticipated to result directly from decontrol.

The No. 2 oil market share of large, integrated refiners has been decreasing since 1972, while that of the large independent and small refiners has been increasing. However, continued controls could lead to a deterioration of competition, resulting in reduced economic efficiency, and higher prices.

The exemption itself will have a positive effect on competition, in particular enhancing the competitive viability of small and independent refiners and marketers.

The exemption would permit purchasers (including consumers) to seek the lowest cost supplier by freely using competitive bids without regard to fixed supplier/purchaser relationships, thereby exerting downward pressure on existing market prices and providing incentives to enhance marketing services.

(4) Exemption of No. 2 oils from regulation will not result in inequitable prices for any class of No. 2 oil or other product user.

Aggregate prices for No. 2 oils will remain unchanged by the exemption itself. Prices can, however, be expected to rise over time as the result of increased domestic and foreign crude costs.

(5) Exemption of No. 2 oils from the price and allocation regulations is consistent with the attainment of the objectives set forth in section 4(b)(1) of the EPAA.

Since an adequate supply is anticipated, the continued allocation and pricing of No. 2 oils are not necessary to protect the public health, safety and welfare, and the national defense [Section 4(b)(1)(A)]; the maintenance of all public services [Section 4(b)(1)(B)]; the maintenance of agricultural operations [Section 4(b)(1)(C)]; or the maintenance of exploration for and production or extraction of fuels and minerals [Section 4(b)(1)(G)].

Adequate supply and the positive effects of increased competition insure that the exemption is consistent with the equitable distribution of crude oil, residual fuel oil and refined petroleum products [Section 4(b)(1)(F)] and that the exemption will have no adverse effect on the allocation of suitable crude oil to U.S. refineries [Section 4(b)(1)(E)].

Because the regulations issued pursuant to the EPAA are designed to deal primarily with shortage conditions, the exemption is not only consistent with but, in the current period of ample supplies, should actually facilitate the attainment of the objectives of preservation of an economically sound petroleum industry [Section 4(b)(1)(D)]; economic efficiency [Section 4(b)(1)(H)]; and minimization of economic distortions, inflexibility, and interference with market mechanisms [Section 4(b)(1)(I)].

The Findings and Views also state FEA's views concerning the potential economic impacts of exempting No. 2 oils from the Mandatory Petroleum Allocation and Price Regulations. It is not anticipated that there will be any adverse state or regional impacts resulting from the proposed exemption. In fact, governmental units which use large quantities of No. 2 oils will find that exemption will permit them to use competitive bids more easily. In addition, FEA anticipates no adverse economic impacts on the availability of consumer goods or services, the gross national product, small business or the supply and availability of energy resources as fuel or feedstock for industry. FEA expects that the exemption will have a positive effect on competition. The exemption is likewise expected not to cause an adverse effect on employment or consumer prices. FEA's analysis of the effects of the exemption on the rate of unemployment in the U.S., on the Consumer Price Index and on the implicit price deflator for the gross national product are set forth in detail in the Findings and Views.

Allocation of increased crude oil costs to No. 2 oils

The refiners' cost allocation formulae of § 212.83(c) provide that the portion of a refiner's total increased costs of crude oil and increased non-product costs which are incurred in a month of measurement and which are attributable on a proportionate volumetric basis to the quantity of exempt products produced from crude oil must be excluded from the amount of increased costs which may be passed through in prices charged for covered (i.e., non-exempt) products. Increased costs incurred with respect to purchases of exempt products are excluded from the total of increased costs of purchased product permitted to be included in maximum allowable prices charged for covered products. These exclusions effectively prevent increased costs incurred beginning with the month prior to the effective date of the exemption of a product and attributable to that exempt product from being passed through in prices charged for non-exempt products. The notice of proposed rulemaking noted the substantial amounts of unrecovered increased costs currently allocable to maximum allowable prices for middle distillates and the fact that these increased costs could be reallocated under current price rules to maximum allowable prices for gasoline prior to the effective date of the exemption of middle distillates. FEA therefore proposed to limit the reallocation of any increased costs attributable to No. 2 oils, effective as of the date of the April 21 notice. FEA requested comments on both the extent and the effective date of this proposed limitation in light of the seasonal pricing patterns for gasoline and certain middle distillates and any other historic pricing practices relevant to this issue.

Parties commenting on this issue generally opposed reducing refiners' banked costs. The great majority of this opposition was voiced by refiners which stated that: (1) the limitation would be inconsistent with the general feature of the price rules permitting more than a proportionate amount of increased costs to be recovered in gasoline prices; and (2) the limitation would penalize refiners by causing them to lose unrecovered costs. Although the refiner price rules do permit a disproportionate allocation of increased costs to gasoline prices, in no event do the price rules permit increased costs attributable to exempt products to be recovered in lawful prices charged for covered products; and while it is true that the limitation would prohibit the recovery of these costs in gasoline prices, it does not follow that these costs are "lost". Such costs may be recovered without any restrictions whatsoever in prices charged for the exempt middle distillates to which they are properly attributable. Accordingly, the refiner price rules are amended to prohibit the reallocation of increased costs attributable to No. 2 oils, effective April 21, 1976. Other conforming amendments to the price regulations of Part 212 are also being adopted to reflect the exemption of No. 2 oils.

On April 28, 1976, FEA adopted reallocation of increased product costs provisions for resellers which granted them the same pricing flexibility previously restricted to refiners. The same reasons which have convinced FEA that the refiner price rules should be amended to prohibit the reallocation of banked costs attributable to No. 2 oils, effective April 21, 1976, are equally applicable to resellers. Therefore, conforming changes have been made to the reseller regulations in § 212.93(i)(2).

Authority delegated to the Governor of Puerto Rico

On March 7, 1974 the Administrator of FEA (then FEO) delegated to the Governor of the Commonwealth of Puerto Rico all authority previously delegated to the Administrator of FEO by section 3(a) of Executive Order 11748 with respect to the allocation of several refined petroleum products, including middle distillate, within the Commonwealth of Puerto Rico. The March 7 delegation of authority, insofar as it applies to No. 2 oils, will be revoked by separate order to reflect the exemption amendments adopted today.

Revocation of part 215

The exemption amendments adopted today result in an end to the effectiveness of Part 215 of FEA's regulations, since middle distillates constitute the greatest part of the fuels that remain subject to Part 215. FEA is therefore revoking Part 215, the Low Sulfur Petroleum Products Regulation.

Effective date and standby authority

Comments and testimony received with respect to the time necessary between the promulgation of the exemption amendment and its implementation generally supported FEA's tentative conclusion that July 1, 1976 is the most appropriate effective date for the exemption of No. 2 oils. In particular, the comments noted that an early effective date was necessary to facilitate the implementation of "summer fill" and other inventory maintenance programs historically utilized in the marketing of No. 2 oils.

Section 12(f) of the EPAA provides that following the exemption of any product from regulation, FEA shall have the authority at any time to reimpose price and allocation controls if necessary to attain the objectives of the EPAA. For this reason, FEA is adopting amendments which stay the effectiveness of Subpart G of Part 211 and of the general price regulations as they would otherwise apply to No. 2 oils without deleting those regulations from the Code of Federal Regulations. They are in effect converted to standby status, so that in the event of shortages or other occurrences which might require reimposition of controls, they may be quickly put into effect.

(Emergency Petroleum Allocation Act of 1973, Pub. L. 93–159, as amended by Public L. 94–163; Federal Energy Administration Act of 1974, Pub. L. 93–275; E.O. 11790 (39 FR 23185)).

In consideration of the foregoing, Parts 210, 211 and 212 of Chapter II, Title 10 of the Code of Federal Regulations, are amended and Part 215 is revoked as set forth below, effective July 1, 1976 or the first day following the expiration of the 15-day review period under section 551 of the EPCA, whichever is later, unless this amendment is disapproved by either House of Congress pursuant to the review procedures set forth in section 551 of the EPCA.

Issued in Washington, D.C., June 15, 1976.

MICHAEL F. BUTLER,
General Counsel.

1. Section 210.35 of Part 211 is amended by the addition of a paragraph (b) to read as follows:

§ 210.35 *exempted products.*

* * * * *

(b) No. 2 heating oil and No. 2–D diesel fuel are exempt from the provisions of Part 211 and Part 212 of this chapter.

2. Section 211.1 is amended in paragraph (b) by the addition of a new subparagraph (5) to read as follows:

§ 211.1 *Scope.*

* * * * *

(b) *Exclusions.*

* * * * *

(5) Notwithstanding the provisions of Subpart G of this part, No. 2 heating oil and No. 2–D diesel fuel; as defined in § 212.31 of this chapter, are excluded from this part.

3. Section 212.31 is revised in the definition of "covered products" to read as follows:

§ 212.31 *Definitions.*

* * * * *

"Covered products" means aviation fuels, benzene, butane, crude oil, gas oil, gasoline, greases, hexane, kerosene, lubricant base oil stocks, lubricants, naphthas, natural gas liquids, natural gasoline, No. 1 heating oil and No. 1–D diesel fuel, propane, special naphthas (solvents), toluene, unfinished oils, xylene, and other finished products. A blend of two or more particular covered products is considered to be that particular covered product constituting the major proportion of the blend.

* * * * *

4. Section 212.83 is revised in subparagraph (2) of paragraph (d), to read as follows:

§ 212.83 *Price rule.*

* * * * *

(d) *Reallocation of increased costs among product categories.*

* * * * *

(2) *No. 2 oils.*

(i) To the extent that a refiner does not allocate its increased costs for No. 2 oils to maximum allowable prices for No. 2 oils, it may instead allocate that part of its increased costs for No. 2 oils only to maximum allowable prices for gasoline. No increased costs for No. 2 oils may be reallocated to maximum allowable prices for general refinery products or aviation jet fuel.

(ii) Beginning on April 21, 1976, no increased costs for No. 2 oils may be reallocated to maximum allowable prices for any other covered product.

5. Section 212.93 is amended in clause (ii) of subparagraph (2) of paragraph (i) to read as follows:

§ 212.93 *Price rule.*

* * * * *

(i) *Reallocation of increased product costs among products.*

* * * * *

(2)

* * * * *

(ii) *No. 2 oils.*

(A) To the extent that a seller does not allocate its increased product costs for No. 2 oil to the prices for that product, it may reallocate the unallocated part of its increased product costs for that product to the prices for gasoline, in whatever amounts the seller deems appropriate. No increased product costs for No. 2 oils may be reallocated to the prices for any general refinery product or products, including propane, or for aviation jet fuel.

(B) Beginning on April 21, 1976, no increased costs for No. 2 oils may be reallocated to maximum allowable prices for any other covered product.

6. Part 215 is revoked.

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 15, 1976.

Re Exemption of No. 2 Heating Oil and No. 2–D Diesel Fuel from the Mandatory Petroleum Allocation and Price Regulations (Energy Action No. 3).

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: On April 21, 1976, the Federal Energy Administration gave notice of a proposal to exempt No. 2 heating oil, No. 2–D diesel fuel and other middle distillates from the Mandatory Petroleum Allocation and Price Regulations and to revoke Part 215 (Low Sulphur Petroleum Products Regulation). Written comments from interested persons were invited through May 11, 1976, and a public hearing regarding the proposal was held on May 12 and 13, 1976.

FEA has now completed its consideration of all the information available in this proceeding and has determined that the proposal to exempt middle distillates should be adopted and that Part 215 should be revoked. As required by section 455 of the Energy Policy and Conservation Act, Pub. L. 94–163 (EPCA), which added section 12 to the Emergency Petroleum Allocation Act of 1973, as amended (EPAA), each amendment exempting a refined product category from regulation must be submitted separately to each House of the Congress for review pursuant to section 551 of the EPCA.

FEA is, therefore, herewith submitting the amendment revoking Part 215 and exempting No. 2 heating oil and No. 2–D diesel fuel, which are defined in the EPCA as a single refined product category, to the Senate, and is also concurrently submitting the amendment to the House of Representatives for Congressional review. By Energy Action No. 4, FEA is separately submitting to each House of Congress an amendment exempting the other middle distillates (No. 1 heating oil, No. 1–D diesel fuel and kerosene), which are defined in the EPCA as another refined product category, for review pursuant to section 551 of the EPCA.

The findings and views supporting this amendment, which are required by section 455 of the EPCA, are set forth in the enclosed document entitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations".

The Administrator of the Federal Energy Administration has been delegated by the President all the authority granted to him by the EPAA (E.O. 11790, 39 F.R. 23185, June 27, 1974).

Unless disapproved by the Congress as provided by section 551 of the EPCA, the enclosed amendment will be effective July 1, 1976 or on the first day following expiration of the review period provided for by Section 551 of the EPCA, whichever is later.

Sincerely,

JOHN A. HILL,
Acting Administrator.

TITLE 10—ENERGY

CHAPTER II—FEDERAL ENERGY ADMINISTRATION

PART 210—GENERAL ALLOCATION AND PRICE RULES

PART 211—MANDATORY PETROLEUM ALLOCATION REGULATIONS

PART 212—MANDATORY PETROLEUM PRICE REGULATIONS

PART 215—LOW SULFUR PETROLEUM PRODUCTS REGULATION

Exemption of No. 1 Heating Oil, No. 1–D Diesel Fuel and Kerosene from the Mandatory Petroleum Allocation and Price Regulations.

Introduction

On April 21, 1976, the Federal Energy Administration issued a notice of proposed rulemaking and public hearing (41 FR 17512, April 26, 1976) to amend 10 CFR Part 210, 211 and 212 to exempt middle distillate, including No. 1 heating oil, No. 1–D diesel fuel and kerosene, from the Mandatory Petroleum Price and Allocation Regulations and to revoke 10 CFR Part 215 which regulates the use of low sulfur petroleum products. The proposal was based on tentative conclusions set forth in a document dated April 21, 1976, entitled "Preliminary Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations" ("Preliminary Findings"). Written comments on the exemption proposal and on the Preliminary Findings were invited through May 11, 1976, and the public hearing was held May 12 and May 13, 1976.

In the April 21 notice, FEA noted that its conclusion that market conditions might be appropriate for an end to price and allocation controls was shared by many members of Congress who had urged FEA to commence the process of exempting products from regulation.

As an example, FEA specifically cited a letter to the Administrator of FEA dated November 4, 1975, from Senators Kennedy, Durkin, Stafford, Muskie, Pastore, McIntyre, Brooke, Pell and Ribicoff which stated:

"As supplies of fuel oil and other petroleum products have returned to normal levels, fuel dealers are reporting to us that the price and allocation controls may be preventing the free play of competitive forces and thereby raising consumer prices. . . .

"Since there is conflicting and complex evidence on this issue, we believe it is the best interest of all parties to air fully the options for action and the possible consequences of changing the allocation and price control system. We therefore feel that public hearings should be held by the Federal Energy Administration as provided by section 4(g) (2) of the Allocation Act of 1973 and the similar provision of S. 622–H.R. 7014, now in Conference. . . .

"As the hearing process is a lengthy one and must, of course, be followed by careful congressional review of the FEA's findings, the FEA should begin this process soon so that the Congress and the public will have full opportunity to consider this vital issue.

"We therefore strongly urge that you issue the public notice necessary to the commencement of public hearings on the removal of allocation and price controls from retailers and wholesalers of fuel oil and other petroleum products."

Section 12(c) (2) of the Emergency Petroleum Allocation Act of 1973 (EPAA) requires that an exemption amendment apply to only one oil or one refined product category, and specifics that No. 2 heating oil and No. 2–D diesel fuel constitute a single product category. FEA proposed the exemption of No. 2 heating oil, No. 2–D diesel fuel and other middle distillate fuels (No. 1 heating oil, No. 1–D diesel fuel and kerosene, which are hereinafter referred to as "other middle distillates") in a single notice of proposed rulemaking and issued a single document containing its preliminary findings and views related to the exemption. However, as required by the EPAA, FEA has determined separately for No. 2 heating oil and No. 2–D diesel fuel and for other middle distillates that an exemption should be adopted, and is today submitting separate exemption amendments ("Energy Actions Nos. 3 and 4") for these product categories for Congressional review of FEA's findings and views supporting these exemptions. The exemption amendment contained in this document, to be submitted as Energy Action No. 4, relates to other middle distillates, which are defined as follows. "No. 1 heating oil" means heating oil grade No. 1 as defined in American Society for Testing and Materials (ASTM) D396–71. "No. 1–D diesel fuel" means diesel fuel grade no. 1 as defined in American Society for Testing and Materials (ASTM) D975–71. "Kerosene" means all petroleum distillate suitable for use as an illuminant when burned in a wick lamp.

One hundred forty-seven written and oral comments were received in response to the notice of proposed exemption. Those offering comments included major integrated refining companies, small and independent refining companies, marketers, ultimate consumers, state governments and trade associations.

Almost all of the parties commenting agreed with FEA that other middle distillates should be exempted from FEA's allocation and price regulations. This support was based generally upon agreement with FEA's conclusions as to supply and demand projections, competition, and other findings and views set forth in the Preliminary Findings. Parties opposing the exemption of other middle distillates generally based their opposition on the belief that the current surplus supply situation might not continue through the upcoming heating season, that spot shortages might occur, and that if such shortages were to occur, independent marketers and consumers of other middle distillates would be without the protection of price and allocation controls and might be subject to inequitable prices or termination of supply.

FEA has carefully considered the comments of all persons who participated in the rulemaking. Following its consideration, FEA has concluded that its initial view that other middle distillates should be exempted from regulations is correct.

No information or data were presented in this proceeding which significantly alter FEA's preliminary findings and views. FEA does not anticipate that supply shortages will occur in the future as predicted by some comments and in any event FEA has standby authority under section 12(f) of the Emergency Petroleum Allocation Act of 1973 (EPAA) to reimpose allocation and price controls (on a temporary or permanent basis) if necessary to attain the objectives set forth in section 4(b) (1) of the EPAA. Therefore, FEA hereby adopts the proposed amendments exempting other middle distillates from the Mandatory Petroleum Allocation and Price Regulations. Unless disapproved by either House of Congress under section 551 of the Energy Policy and Conservation Act (EPCA), this exemption will be effective either July 1, 1976 or the first day following the expiration of the 15 day period provided in section 551 for Congressional review, whichever is later.

Although FEA is adopting this exemption amendment based on its firm conclusion that a supply shortage respecting other middle distillates will not occur in the foreseeable future, FEA recognizes that the unforeseeable difficulties, unrelated to the exemption amendment adopted today and confined to particular market areas, could arise. In order to further ensure that any such possible supply problems following the removal of controls do not adversely affect independent marketers and their customers, FEA intends to propose shortly procedures pursuant to which firms experiencing supply problems may obtain supplies. FEA's proposed rulemaking in this regard will request comments on programs that operate in a manner similar to the state set-aside program currently in effect and in a manner similar to that by which supplier/purchaser assignments are currently effected.

Findings and views

In addition to this amendment to exempt other middle distillates from the Mandatory Petroleum Allocation and Price Regulations, FEA has prepared its findings and views supporting the amendment as required by section 12 of the EPAA based upon its consideration of the comments of those persons who participated in the rulemaking and other information available to FEA. These findings and views are set forth in a document dated June 15, 1976 and entitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations" ("Findings and Views"). These findings and views may be summarized, in part, as follows:

(1) Other middle distillates are *not* in short supply.

Projected supplies of other middle distillates, taking into account projected expansions of domestic refinery capacity, will be sufficient to meet demand over the near term (1976–1978).

(2) Exemption of other middle distillates from the Mandatory Petroleum Allocation and Price Regulations will not have an adverse impact on the supply of any other oil or refined product subject to the EPAA.

(3) Competition and market forces are adequate to protect consumers, following an exemption of other middle distillates from regulation. In fact a greater degree of competition would be expected after exemption than exists under current regulations.

No price increases are anticipated to result directly from decontrol.

The market share for other middle distillates of large, integrated refiners has been decreasing since 1972, while that of the large independent and small refiners has been increasing. However, continued controls could lead to a deterioration of competition, resulting in reduced economic efficiency and higher prices.

The exemption itself will have a positive effect on competition, in particular enhancing the competitive viability of small and independent refiners and marketers.

The exemption would permit purchasers (including consumers) to seek the lowest cost supplier by freely using competitive bids without regard to fixed supplier/purchaser relationships, thereby exerting downward pressure on existing market prices and providing incentives to enhance marketing services.

(4) Exemption of other middle distillates from regulation will not result in inequitable prices for any class of other middle distillate or other product user.

Aggregate prices for other middle distillates will remain unchanged by the exemption itself. Prices can, however, be expected to rise over time as the result of increased domestic and foreign crude costs.

(5) Exemption of other middle distillates from the price and allocation regulations is consistent with the attainment of the objectives set forth in section 4(b) (1) of the EPAA.

Since an adequate supply is anticipated, the continued allocation and pricing of other middle distillates are not necessary to protect the public health, safety and welfare, and the national defense [Section 4(b)

(1)(A)]; the maintenance of all public services [Section 4(b)(1)(B)]; the maintenance of agricultural operations [Section 4(b)(1)(C)]; or the maintenance of exploration for and production or extraction of fuels and minerals [Section 4(b)(1)(G)].

Adequate supply and the positive effects of increased competition insure that the exemption is consistent with the equitable distribution of crude oil, residual fuel oil and refined petroleum products [Section 4(b)(1)(F)] and that the exemption will have no adverse effect on the allocation of suitable crude oil to U.S. refineries [Section 4(b)(1)(E)].

Because the regulations issued pursuant to the EPAA are designed to deal primarily with shortage conditions, the exemption is not only consistent with but, in the current period of ample supplies, should actually facilitate the attainment of the objectives of preservation of an economically sound petroleum industry [Section 4(b)(1)(D)]; economic efficiency [Section 4(b)(1)(H)]; and minimization of economic distortions, inflexibility, and interference with market mechanisms [Section 4(b)(1)(I)].

The Findings and Views also state FEA's views concerning the potential economic impacts of exempting other middle distillates from the Mandatory Petroleum Allocation and Price Regulations. It is not anticipated that there will be any adverse state or regional impacts resulting from the proposed exemption. In fact, governmental units which use large quantities of other middle distillates will find that exemption will permit them to use competitive bids more easily. In addition, FEA anticipates no adverse economic impacts on the availability of consumer goods or services, the gross national product, small business or the supply and availability of energy resources as fuel or feedstock for industry. FEA expects that the exemption will have a positive effect on competition. The exemption is likewise expected not to cause an adverse effect on employment or consumer prices. FEA's analysis of the effects of the exemption on the rate of unemployment in the U.S., on the Consumer Price Index and on the implicit price deflator for the gross national product are set forth in detail in the Findings and Views.

Allocation of increased crude oil costs to other middle distillates

The refiners' cost allocation formulae of § 212.83(c) provide that the portion of a refiner's total increased costs of crude oil and increased non-product costs which are incurred in a month of measurement and which are attributable on a proportionate volumetric basis to the quantity of exempt products produced from crude oil must be excluded from the amount of increased costs which may be passed through in prices charged for covered (*i.e.*, non-exempt) products. Increased costs incurred with respect to purchases of exempt products are excluded from the total of increased costs of purchased product permitted to be included in maximum allowable prices charged for covered products. These exclusions effectively prevent increased costs incurred beginning with the month prior to the effective date of the exemption of a product and attributable to that exempt product from being passed through in prices charged for non-exempt products. The notice of proposed rulemaking noted the substantial amounts of unrecovered increased costs currently allocable to maximum allowable prices for middle distillates and the fact that these increased costs could be reallocated under current price rules to maximum allowable prices for gasoline prior to the effective date of the exemption of middle distillates. FEA therefore proposed to limit the reallocation of any increased costs attributable to other middle distillates, effective as of the date of the April 21 notice. FEA requested comments on both the extent and the effective date of this proposed limitation in light of the seasonal pricing patterns for gasoline and certain middle distillates and any other historic pricing practices relevant to this issue.

Parties commenting on this issue generally opposed reducing refiners' banked costs. The great majority of this opposition was voiced by refiners which stated that: (1) the limitation would be inconsistent with the general feature of the price rules permitting more than a proportionate amount of increased costs to be recovered in gasoline prices; and (2) the limitation would penalize refiners by causing them to lose unrecovered costs. Although the refiner price rules do permit a disproportionate allocation of increased costs to gasoline prices, in no event do the price rules permit increased costs attributable to exempt products to be recovered in lawful prices charged for covered products; and while it is true that the limitation would prohibit the recovery of these costs in gasoline prices, it does not follow that these costs are "lost". Such costs may be recovered without any restrictions whatsoever in prices charged for the exempt middle distillates to which they are properly attributable. Accordingly, the refiner price rules are amended to prohibit the reallocation of increased costs attributable to other middle distillates, effective April 21, 1976. Other conforming amendments to the price regulations of Part 212 are also being adopted to reflect the exemption of other middle distillates.

On April 28, 1976, FEA adopted reallocation of increased product costs provisions for resellers which granted them the same pricing flexibility previously restricted to refiners. The same reasons which have convinced FEA that the refiner price rules should be amended to prohibit the reallocation of banked costs attributable to other middle distillates, effective April 21, 1976, are equally applicable to resellers. Therefore, conforming changes have been made to the reseller regulations in § 212.93(i)(2).

Authority delegated to the Governor of Puerto Rico

On March 7, 1974 the Administrator of FEA (then FEO) delegated to the Governor of the Commonwealth of Puerto Rico all authority previously delegated to the Administrator of FEO by section 3(a) of Executive Order 11748 with respect to the allocation of several refined petroleum products, including middle distillate, within the Commonwealth of Puerto Rico. The March 7 delegation of authority, insofar as it applies to other middle distillates, will be revoked by separate order to reflect the exemption amendments adopted today.

Revocation of part 215

The exemption amendments adopted today result in an end to the effectiveness of Part 215 of FEA's regulations, since middle distillates constitute the greatest part of the fuels that remain subject to Part 215. FEA is therefore revoking Part 215, the Low Sulfur Petroleum Products Regulation.

Effective date and standby authority

Comments and testimony received with respect to the time necessary between the promulgation of the exemption amendment and its implementation generally supported FEA's tentative conclusion that July 1, 1976 is the most appropriate effective date for the exemption of other middle distillates. In particular, the comments noted that an early effective date was necessary to facilitate the implementation of "summer fill" and other inventory maintenance programs historically utilized in the marketing of other middle distillates.

Section 12(f) of the EPAA provides that following the exemption of any product from regulation, FEA shall have the authority at any time to reimpose price and allocation controls if necessary to attain the objectives of the EPAA. For this reason, FEA is adopting amendments which stay the effectiveness of Subpart G of Part 211 and of the general price regulations as they would otherwise apply to other middle distillates without deleting those regulations from the Code of Federal Regulations. They are in effect converted to standby status, so that in the event of shortages or other occurrences which might require reimposition of controls, they may be quickly put into effect. (Emergency Petroleum Allocation Act of 1973, Pub. L. 93-159, as amended by Public L. 94-163; Federal Energy Administration Act of 1974, Pub. L. 93-275; E.O. 11790 (39 FR 23185)).

In consideration of the foregoing, Parts 210, 211 and 212 of Chapter II, Title 10 of the Code of Federal Regulations, are amended and Part 215 is revoked as set forth below, effective July 1, 1976 or the first day following the expiration of the 15-day review period under section 551 of the EPCA, whichever is later, unless this amendment is disapproved by either House of Congress pursuant to the review procedures set forth in section 551 of the EPCA.

Issued in Washington, D.C., June 15, 1976.

MICHAEL F. BUTLER,
General Counsel.

1. Section 210.35 of Part 211 is amended by the addition of a new paragraph (c) to read as follows:

§ 210.35 *Exempted products*

* * * * *

(c) No. 1 heating oil, No. 1-D diesel fuel and kerosene, as defined in Part 212 Section 212.31, are exempt from the provisions of Part 211 and Part 212 of this chapter.

2. Section 211.1 is amended in paragraph (b) by the addition of a new subparagraph (6) to read as follows:

§ 211.1 *Scope.*

* * * * *

(b) *Exclusions.*

* * * * *

(6) Notwithstanding the provisions of Subpart G of this part, No. 1 heating oil, No. 1-D diesel fuel, and kerosene, as defined in Section 212.31 of this chapter, are excluded from this part.

3. Section 212.31 is revised in the definition of "covered products" to read as follows:

§ 212.31 *Definitions.*

* * * * *

"Covered products" means aviation fuels, benzene, butane, crude oil, gas oil, gasoline, greases, hexane, lubricant base oil stocks, lubricants, naphthas, natural gas liquids, natural gasoline; No. 2 heating oil and No. 2-D diesel fuel, propane, special naphthas (solvents), toluene, unfinished oils, xylene, and other finished products. A blend of two or more particular covered products is considered to be that particular covered product constituting the major proportion of the blend.

* * * * *

4. Section 212.83 is revised in paragraph (d) by the addition of a new subparagraph (6) to read as follows:

§ 212.83 *Price rule.*

* * * * *

(d) *Reallocation of increased costs among product categories.*

* * * * *

(6) *No. 1 heating oil, No. 1-D diesel fuel and kerosene.*

Beginning on April 21, 1976:

(i) The amount of increased costs attributable to general refinery products which bears the same proportion to the total of such costs as the combined volume of No. 1 heating oil, No. 1–D diesel fuel, and kerosene refined by the refiner from crude oil during the calendar year 1975 bears to the total volume of all general refinery products refined by the refiner from crude oil during the calendar year 1975, shall be excluded from reallocation to maximum allowable prices for covered products other than kerosene.

* * * * *

5. Section 212.93 is amended in clause (i) of subparagraph (2) of paragraph (i) to read as follows:

§ 212.93 *Price rule.*

* * * * *

(i) *Reallocation of increased product costs among products.*

* * * * *

(2) * * *

(i) *General refinery products.*

(A) To the extent that a seller does not allocate its increased product costs for a particular general refinery product, other than propane, to the prices for that product, it may reallocate the unallocated part of its increased product costs for the product to the prices for gasoline or for any other general refinery product (or products) except propane, in whatever amounts the seller deems appropriate. No increased product costs for general refinery products other than propane may be reallocated to the prices for No. 2 oils, for propane, or for aviation jet fuel.

(B) Beginning on April 21, 1976, no increased costs for No. 1 heating oil, No. 1–D diesel fuel, or kerosene may be reallocated to maximum allowable prices for any other covered product.

6. Part 215 is revoked.

Mr. FORD. Mr. President, will the Senator from Ohio yield to respond to a question at this point?

Mr. GLENN. Certainly.

Mr. FORD. Is this operation of the FEA bringing these regulations out while we are considering this bill something like having an oversight hearing on a commission that has not done anything, and the day before you have a hearing they do something?

Mr. GLENN. In response to the Senator from Kentucky I cannot guarantee that that is the case.

Mr. FORD. It is obvious on its surface that it is.

Mr. GLENN. These were brought to me by a staff member a few moments ago to be submitted, and I do not know whether they were required to be submitted on this particular date, a long time ago, or whether this is happenstance that they have arrived at this juncture.

Mr. FORD. I thank the Senator from Ohio.

Mr. RIBICOFF. Mr. President, I rise in opposition to the Pearson amendment. I would like to say that I do have some sympathy for the amendment.

The PRESIDING OFFICER. Does the Senator from Ohio yield the floor?

Mr. GLENN. Yes.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. RIBICOFF. When the administration sent up their proposal to extend FEA for 39 months, it was my feeling that we ought to collapse it immediately and not renew it beyond June 30.

I remember very clearly meeting with Mr. Simon and Senator JACKSON during the emergency when it was felt essential to create an FEA. It was specifically stated at that time that the FEA would be a 2-year agency and then we would eliminate it.

It is an agency that, apparently, is not popular with anyone. I do not know a single person or group that has a good word to say for FEA.

It was our hope when the Government Operations Committee started our hearings on the FEA that we could collapse the agency and not renew its charter. But when we held the hearings, it became very obvious that there were a lot of loose ends.

Over the last 2 years we in Congress have given a considerable number of additional duties to FEA and, while we intended for it to be a temporary agency, Congress gave it functions that would ordinarily be given to a permanent agency.

I stated, and I think my thinking was reflected by the entire Government Operations Committee, that the time was long past due to continue the present situation of dispersion of energy programs throughout the entire Government.

For some 3 years, I have been advocating a department of energy and natural resources. The administration has blown hot and cold on the idea. One month it was for it, the next month it was against it.

It becomes very obvious to me that we will never solve the energy problem in this country until we do two things. One is from an executive point of view and the other from a legislative point of view.

First, it becomes absolutely essential that we create a department of energy and natural resources and pull together all energy programs into one governmental agency.

The second is a problem of Congress itself. One of the problems we have, and we all realize it, is that energy legislation is scattered through many committees of this body. All of these committees are competing with one another, each committee is trying to make points for itself. Once we set up a department of energy and natural resources it is absolutely essential that we pull together all energy legislation, irrespective of Congressional empire building, in a new committee in the Senate and the House.

So in trying to figure out what we should do, the Committee on Government Operations came to the conclusion that we would be very emphatic in extending the FEA to 15 months. These 15 months would be spent by the Energy Resources Council, other agencies in the Federal Government, Congress and the executive branch, to come up with a new reorganization study. When we meet again in January, it would be our hope, and we would certainly undertake it in Government Operations, to start hearings for a new department of energy and natural resources.

The Government Operations Committee did not see how we could pull this reorganization together in less than 15 months.

Consequently, while I am completely sympathetic with what the Senator from Kansas is trying to achieve, I do not believe that we could end this agency in the 3-month period without causing many dislocations.

While I am sympathetic to what the Senator is trying to achieve, I nonetheless say to the distinguished Senator from Kansas that I feel we should vote against his proposal. I hope that the Government Operations Committee will not have to come before this body again seeking an extension furthering the FEA statutory life beyond the 15-month period.

Mr. PERCY. Mr. President, I rise in opposition to the amendment.

The Senator from Illinois by request originally introduced the administration bill calling for a 39-month extension. I did so with some misgivings at the time and expressed those misgivings to the administration.

We held hearings on that bill. The more I listened to the 25 witnesses the more convinced I became not only that this temporary agency ought to be temporary, but also that it ought to go out of existence, and that it ought to go out of existence just as early as it possibly could in an orderly fashion.

There was consideration given to as much as 2 years for the FEA extension, then it was shortened to 18 months, and the committee finally, as the result of deliberations, decided to extend it for just 15 months.

The House saw fit to extend it for 18 months. Originally, it was thought the House would extend FEA for 3 years, but they saw that it ought to be made temporary and they moved down the calendar.

The House and Senate, in separate hearings, came to roughly the same judgment about the same period of time.

I certainly share the concerns of the Senator from Kansas about this agency. I share concerns about the proliferation of all Government agencies, and particularly those that are labeled as temporary but seem to be permanent. They almost seem imbedded in temporal cement.

In the case of FEA, however, I have concluded that to terminate in 4 months instead of the 15 months recommended by the committee, would be a mistake. To dismantle FEA before the Congress is ready to implement some form of long-term energy reorganization plan for the executive branch is to throw those programs into chaos, particularly in the energy conservation area.

I emphasize that FEA has a major responsibility to implement programs of energy conservation and that they are now one of the few organizations explicitly supporting that goal and that mandate.

I would, for one, hate to see the momentum in existing FEA programs lost. Those programs should not be sacrificed simply to satisfy the urge, however well-intentioned, to rid the government of a temporary agency.

Rather, the approach we should take is to seek an orderly transfer of the FEA's long-term functions to a long-term organizational structure.

In this regard, I can assure the Senator from Kansas that both the chairman and the ranking minority member of the Government Operations Committee are, I believe, dedicated to finding a basis for restructuring the executive branch of Government within the coming 15-month period.

I have previously voiced on the floor of the Senate the program I have been developing with the Congressional Research Service. In addition, we are carrying on a concurrent program right here in the Congress to reevaluate our committee system, and thereby to restructure our own organization to handle the energy problem more effectively.

Under the amendment before us, FEA would be disbanded on September 30 of this year and I can well imagine how present FEA programs would be picked up and redistributed around the various Government agencies.

These programs would again be uprooted within a year or so when energy reorganization plans come to fruition. The problem that the Senator from Illinois has is that in the haste with which we would have to operate in dismantling these programs and throwing them to the winds, or putting them to rest in some of these departments, we would really lose the momentum that FEA presently has. Under the provisions of the bill, FEA would be assured of survival for a 15-month period, and in orderly fashion they could plan not only their own termination but they could help us restructure the energy-related parts of the executive branch of Government as well. I really feel that with a time period of fewer than 15 months we would lose the end objective and goal of orderly reorganization for which we all seem to be striving.

In my own view, 15 months does provide sufficient time to develop and implement an energy reorganization plan for the executive branch of Government. With the passage of this legislation, the executive branch would be on notice that this would be it, that there would be no extension, and that they must plan in an orderly fashion to go out of business.

I think to have them do so on what we would consider an orderly basis would be preferable. I regretfully state, though I concur with the overall goal of the Senator from Kansas, that I cannot accept the amendment at this time.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. GLENN. I yield.

Mr. BROOKE. Mr. President, I have several questions that I would like to ask the distinguished floor manager of the bill.

I am the author of the first "Electric Utility Rate Reform Act" in the Senate, and an original cosponsor of the current committee bill, S. 3310, which has the same name, I too am very concerned about title II of this measure. It seems to me that the Senate may be establishing studies which will take the place of genuine reform. I am certain that the big utilities who oppose our reform act will seize on the fact that we have told FEA to work on model guidelines in order to delay further action.

I would like to ask the managers of this bill whether it is the intention of the committee that this set of guidelines substitute for Federal standards legislated by the Congress?

Mr. GLENN. No, it is not the intent to substitute for any standards which have been in existence up to now. This is intended to get into new areas where State utility commissions have not entered, by and large, across the country. We find at the present that for the Nation, our electric utilities are utilizing on the average only some 52 percent of capacity, I believe, if the latest figures are correct.

We have to develop a whole new structuring of the electric utility pricing mechanism. It is necessary to price electricity differently at peak times as compared to off peak periods. The voluntary guide line provision, along with all the other things we have in the bill, would provide for great potential for lowering utility rates, making better use of existing electrical generating capabilities, and, as a result, require less capital investment in the future to meet an increased electrical demand.

Mr. BROOKE. Then I would like to ask the Senator, is it the intent of the committee to indicate a preference for voluntary guidelines over legislatively mandated standards to which utility rate structures would have to conform?

Mr. GLENN. At this particular stage I believe the answer would have to be yes, because we do not have those standards worked out yet. If we have these voluntary guidelines in place perhaps the degree of compliance by State utility commissions will give us a good guide as to whether future mandatory standards will be necessary. At the present time there are no mandatory standards that we can rely upon. This is an interim step to get perhaps to that stage at a later time.

Mr. BROOKE. So it really is the intent to indicate a preference for voluntary adoption of a model promulgated by FEA?

Mr. GLENN. At this time?

Mr. BROOKE. Yes.

Mr. GLENN. At this time certainly they would have to be voluntary guidelines because we have no mandatory standards that have a basis of experience that we can institute for the whole country.

Mr. BROOKE Does this provision indicate that, if the committee were choosing among systems for reforming State utility standards, it would prefer Federal guidelines centrally formulated and administered to State rate structures developed according to broad Federally legislated standards?

Mr. GLENN. Will the Senator repeat that? I did not follow the question.

Mr. BROOKE. Does this provision indicate if the committee were choosing among systems for reforming State utility standards, it would prefer Federal guidelines centrally formulated and administered as opposed to State rate structures developed pursuant to standards established by the Congress?

Mr. GLENN. What we tried to do with this piece of legislation is give aid to utility commissions within the various States, and provide for voluntary Federal guidelines to develop better rate structures within those States. I do not know whether that answers the Senator's question, but I am not sure I understood the Senator's question.

Mr. BROOKE. Would the Committee prefer that Federal guidelines be centrally formulated?

Mr. GLENN. Any guidelines coming from FEA would be Federal guidelines.

Mr. BROOKE. Yes, and FEA would be administering them with regard to State rate structures.

Mr. GLENN. These are guidelines only for those structures. The Senator is trying to place me in the position, I believe, of saying that we are trying to mandate something that has not yet been worked out. We are not trying to do that. We are trying to take the best experience that is in the Government now, in FEA, use that experience to set voluntary guidelines with which we hope we can help the State utility commissions to set better or more efficient and cheaper electric utility rates within those States.

If the voluntary guidelines do not achieve the desired purpose, that would be the time, it would seem to me, to move on to more stringent structures of rate-setting, just as it is called for in the bill at the bottom of page 19, paragraph 5, where we say:

> If such measures fail to produce the desired movement—

and this is voluntary —

> of utility regulatory commissions in the direction of innovative rate structures it will be appropriate for Congress then to consider enactment of more stringent directions to such commissions.

Mr. BROOKE. But initially it would not be mandated?

Mr. GLENN. No, it would not be mandated initially.

Mr. BROOKE. Finally, what would the committee's answer be to those opponents of utility reform who will say that these provisions constitute sufficient Federal action in the field for the time being?

Mr. GLENN. I will answer that by saying we will have to see how the States will move on this. I hope the States will be highly responsive to this act and to efforts made by FEA to promote innovative rate structures. If that is not the case and we need to move in more stringent ways, fine, I would not be against doing so, as I believe the Senator has proposed doing before.

But I think in this interim period, when we presently do not have sufficient information or administrative procedures to set up such more stringent action, this is the best and fastest way we can achieve electric utility rate structure reform.

Mr. BROOKE. Does the Senator think that is essential at this time?

Mr. GLENN. I think it is essential at this time, if we are to reduce some of the capital expenditures that will be necessary to provide electrical power for this country in the future, to achieve better utilization of our existing generating capability.

Mr. BROOKE. I thank the Senator.

Mr. PEARSON. Mr. President, I will just take a few minutes to respond to the comments made by the distinguished floor manager and the ranking minority member.

I agree that we took a temporary agency and gave them permanent assignments. In that sense, Congress was remiss in forgetting once again that there is nothing more permanent than a temporary agency.

If the committee had come forward and said the temporary agency is not a good vehicle to face some of the energy problems faced in this country, and that 15 months from now we will move to a permanent agency, however we would structure it, that would be one thing, but that was not what the judgment of the committee was. It was in 15 months we will then go to an assignment and a reversion of powers.

I would say to my friend from Illinois it is not a haphazard dispersal of powers. It is, under the amendment, the identical dispersal of all powers back to the very same agency, with the exception of title II.

I think this Government needs pressure. I am not critical of the system, of the Congress, or even of the administration, which has already given us what they would like for 39 months. But I think this Government needs some pressure, and that this pressure would be effective and would be orderly.

I do not know what is beyond the curve of the horizon 15 months from now, nor, indeed, what is out there 4 months from now. But we are in a period of relative stability, where we can go to some system to handle the energy problems of this country.

I yield to the Senator from Kentucky.

Mr. FORD. Mr. President, I support the amendment of the Senator from Kansas. I do not see him getting much support on this floor. If his amendment does fail, I have an amendment which I shall submit; but if this amendment passes, I shall not call my amendment up.

Let me describe what I see happening here. An agency was created, and parts of other departments were transferred to that agency. And let us look at the amendmen. I shall be very much interested—though not because I hope this amendment will pass—in the transfer of the appliance agencies and labor functions under title III, part B of the Federal Energy Policy and Conservation Act.

This was in the Bureau of Standards. The Bureau of Standards had worked diligently with the manufacturers, and had in writing agreements with the manufacturers of 95 percent of the products involved. Those manufacturers had agreed to participate in attempts to achieve a 20-percent energy saving.

What happened? We transferred this function from the Bureau of Standards to FEA, and what did FEA do? FEA contracted with outside sources to develop a procedure by which they might have a labor standard. Those outside people who were contracted with went back to the manufacturer and asked the manufacturer, "How do we set up a procedure by which we can have a standard?"

So what have we done? We are spending the taxpayers' money duplicating, when we already have a bureau that has the expertise and worldwide recognition, which can do the job now, and we are saying to the people that 15 months from now we are going to transfer it back to the Bureau of Standards, the Agency we took it away from to give it to the FEA.

All we are saying here tonight is that instead of going 15 months and prolonging the Agency Senators say they want to terminate, that we do it in 90 days.

How much efficiency are we going to get out of this Agency when they know they are going to be terminated in 15 months? When you know you are going to lose your job in 15 months, how much efficiency will you have and how much benefit will the taxpayers receive?

I suspect that as to this Agency, after 15 months a move will be made to extend it another 15 months. I think this is wrong. There is no question but that we have the ability to try to extend it for another 15 months, but, Mr. President, if we are going to do it, why not now?

Senators say, "Give it to ERDA." The distinguished Senator from West Virginia (Mr. RANDOLPH) asked for a GAO report as to the conclusions and findings of ERDA in the research on gasification, liquefaction, and other areas, and they were found wrong.

So really, when we talk about putting it all under one agency and doing it all there to have some direction, we really have important direction now.

I would like to see the Senator from Kansas sustained in his efforts to prove to the people of this country that we can dismantle an agency, that once we start something temporarily it does not become permanent, and I think we will receive accolades from those out there who are looking at this deliberative body to at least give them some ray of hope that we can cut down on the bureaucratic process in this country.

I hope the Senator from Kansas will be sustained in his efforts, and I encourage my colleagues to sustain him.

Mr. GLENN. Mr. President, I would like to add one word of opposition, in just a couple of minutes.

I disagree with the Senator from Kansas and the Senator from Kentucky. I think we do need more time. I would like to raise a slightly different note here from that which has been cast here this afternoon with regard to FEA. I think maybe a good word for FEA might be in order.

I think they were tossed into an extremely difficult position when they were formed, an almost impossible position. While we may have experienced difficulties with FEA in their short existence, nevertheless I have never doubted their sincerity in advocating what they thought should be done. I think they were in a completely intolerable position as far as the organization of the other Government agencies that have anything to do with energy. They were placed in a very difficult position in trying to control such things as entitlements on a crash basis and matters such as that.

I think probably one reason why they were not able to do the job that was expected of them in some respects is that we have left the rest of the energy picture considerably disorganized. I am glad to see our distinguished chairman of the Committee on Government Operations (Mr. RIBICOFF), who has thought about and advocated this for a long time, advocating that we move to combine all these energy agencies and not have them fragmented. But it must be done on an orderly basis.

I would certainly not say FEA has done such a bad job that I would want to support the amendment of the Senator from Kansas and see them obliterated in a 90-day period. I do not believe that. I think they have performed their function well in many respects, and I would like to see them given the 15 months this bill provides to give them an orderly transition to whatever combination of organizations or single organization we decide upon then.

Mr. FORD. Mr. President, will the Senator yield for a question or two?

Mr. GLENN. Certainly.

Mr. FORD. When this agency is dismantled, those things that have been assigned to FEA, do they not go back to the agencies that have had some knowledge, or at least go back to the agencies from which they were taken?

Mr. GLENN. By the provisions of this bill they do, but I would hope that before that becomes necessary, before this bill runs out, we would have the action taken which the Senator from Connecticut has proposed, the establishment of a department of energy and natural resources or something of the sort, so that these organizations would not go back from whence they came.

Mr. FORD. Is the Senator saying to me, then, that in 15 months he hopes to have the ability to alter the direction of this legislation?

Mr. GLENN. Certainly.

Mr. FORD. Is he going to transfer all the coverage of items within this agency?

Mr. GLENN. Within 15 months we hope to work out a plan whereby we will be able to take the energy-related functions of this Government and put them together under one coordinated department, so that it can do a far better job than is presently being done. I would hope the functions the Senator comments on, instead of going back to their original point before FEA was formed, would go to this new agency which will be able to better coordinate these same functions.

Mr. FORD. Are we going to ERDA, then, and move it into this new agency?

Mr. GLENN. Perhaps.

Mr. RIBICOFF. Mr. President, may I comment?

Mr. FORD. Yes.

Mr. RIBICOFF. I would hope so. But I do not know.

First, there will be a considerable amount of study by both the executive branch's staff and the staffs of our committee. It would be my hope that we could take all the energy functions of ERDA, FEA, and the Department of the Interior and place them in one agency that will be the energy agency for this country. I do not think we are going to be ever able to have an energy policy or to proceed on our way to solve the energy crisis in this country until we centralize all the scattered energy functions in one agency.

But if we find during hearings that it cannot be done, then I would say under those circumstances of this collapse that ends it, and the various functions will go back to the agency from whence they originally came. But I would say I would not prejudge where it is going. I would imagine that we would have extensive, full, and long hearings to determine what should the energy agency be for our great Nation.

Mr. FORD. There are two things that disturb me about this direction. First is that one agency knows that it is going to be dismantled within 15 months under the legislation. Hopefully we could do it in 90 days. Second is that those agencies that are to receive the various pieces of FEA now are trying to be in a position to accept what is given to them. Yet we are standing here telling them that neither thing may happen.

Mr. RIBICOFF. That is right. Let me put it this way: I would guess——

Mr. FORD. This puts everyone in kind of a very sensitive position, does it not?

Mr. RIBICOFF. It does not quite work that way.

All the candidates who are potential Presidents are talking about reorganization, duplication, and efficiency. I would expect that the next President of the United States would, as one of his first acts, send to Congress a recommendation for the creation of a department of energy and national resources. The Government Operations Committee of the Senate will immediately go to hearings on that proposal.

However, in the event the executive branch fails to send up such a proposal, it would be my expectation, on legislative initiative, to undertake hearings, irrespective of the executive, to have a full set of hearings. I would say that the Committee on Government Operations as far as the Senate is concerned would give this No. 1 priority.

So we would be moving and I would expect that by July 1, 1977, we would be in fairly good shape as to what direction we were seeking to end up with.

So that gives us ample time in the 15-month period. I would not prejudge. I do not know what the hearings will disclose. These will be broad-gaged hearings, and everyone with an interest and knowledge of the subject would be witnesses before our committee. We would welcome the distinguished Senator from Kentucky as one of those witnesses.

Mr. FORD. Let me ask the Senator from Connecticut then. I have been in the Senate only a short period of time, and I am learning. When I challenge the masters, as the Senator, I am reminded of a beagle grabbing a Great Dane. But, nevertheless, I will learn as I travel this path.

Would the Senator support, as he is advocating now, an agency for all energy research and development and direction for this country? Would he support, then, in the next session of this Congress a committee on energy and eliminate that from the 14 other committees that now have a piece of energy?

Mr. RIBICOFF. I have made this statement time and time again in the Democratic caucus, that it was absolutely essential. I said it in the Chamber, and I think the Senator was absent when I stated that much of the energy mess we are in is just as much due to Congress as it is to the executive branch, and we need to ride in tandem both ways with the creation of a department of energy and natural resources and one committee in Congress whose job was energy and take it away from all committees that now have a piece of the action.

Mr. FORD. Does the Senator think we have a chance of doing that in this next session of Congress?

Mr. RIBICOFF. I certainly do if enough men like the Senator from Kentucky and myself are willing to fight for it.

Mr. FORD. I am willing to fight as hard as I know how to see that we bring this into being because this is a major problem. We are fragmented ourselves.

Mr. RIBICOFF. We are just as bad.

Mr. FORD. That is absolutely correct. What we are trying to do now is to bring in this agency, take it out of existence, and put them back where they were. At least we have some expertise, and I would be hopeful that we could go along with the Senator from Kansas. I know we have gone too long, but at least we have some legislative history that puts us in a direction for the next session of Congress.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired on the amendment.

Mr. PEARSON. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

The question is on agreeing to the amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Iowa (Mr. Clark), the Senator from California (Mr. Cranston), the Senator from Indiana (Mr. Hartke), the Senator from Colorado (Mr. Gary Hart), the Senator from Michigan (Mr. Philip Hart), the Senator from Colorado (Mr. Haskell), the Senator from Louisiana (Mr. Johnston), the Senaor from Washington (Mr. Magnuson), the Senator from South Dakota (Mr. McGovern), the Senator from Rhode Island (Mr. Pastore), the Senator from Rhode Island (Mr. Pell), and the Senator from Mississippi (Mr. Stennis) are necessarily absent.

I also announce that the Senator from Indiana (Mr. Bayh), and the Senator from Missouri (Mr. Symington) are absent because of illness.

I further announce that, if present and voting, the Senator from Iowa (Mr. Clark), the Senator from Washington (Mr. Magnuson), the Senator from Rhode Island (Mr. Pastore), and the Senator from Rhode Island (Mr. Pell) would each vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I also announce that the Senator from New York (Mr. Buckley) is absent on official business.

The result was announced—yeas 38, nays 45, as follows:

[Rollcall Vote No. 292 Leg.]

YEAS—38

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Brooke
Cannon
Chiles
Curtis
Dole
Domenici
Durkin
Eastland
Ford
Garn
Gravel
Hatfield
Helms
Hruska
Laxalt
Long
Mathias
McClure
McGee
Montoya
Nunn
Packwood
Pearson
Scott, Hugh
Scott, William L.
Sparkman
Stevens
Taft
Thurmond
Tower
Young

NAYS—45

Abourezk
Biden
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Church
Culver
Eagleton
Fannin
Fong
Glenn
Griffin
Hansen
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Mansfield
McClellan
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Stafford
Stevenson
Stone
Talmadge
Tunney
Williams

NOT VOTING—17

Bayh
Buckley
Clark
Cranston
Goldwater
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Johnston
Magnuson
McGovern
Pastore
Pell
Stennis
Symington
Weicker

So Mr. Pearson's amendment was rejected.

Mr. RIBICOFF. Mr. President, I move to reconsider the vote by which that amendment was rejected.

Mr. GLENN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 48

Mr. ALLEN. Mr. President, I call up an unprinted amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alabama (Mr. Allen) proposes for himself and Mr. Sparkman, Mr. Javits, and Mr. Buckley unprinted amendment No. 48.

On page 4, between lines 23 and 24, insert the following:

Sec. 102A. (a) Section 5 of the Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following:

"(c) Not later than 60 days following enactment of this subsection the Administrator shall, for the purpose of fostering the construction of new refineries by small or independent refiners in the United States, promulgate regulations pursuant to the authority delegated to him by the President pursuant to section 5(b) of the Emergency Petroleum Allocation Act of 1973 amending the regulations promulgated under section 4 of such Act establishing eligibility criteria for a category of persons eligible to receive entitlements to be known as "Refinery-Constructors". Such regulations shall provide

(A) entitlements in such an amount whereby such Refinery-Constructors shall be assured not less than the industry-wide average net profit on the sale of its processed oil; or (B) entitlements in such an amount equal to the small refinery bias for an amount of imported crude oil equivalent to its imported processed oil, whichever is the lesser of the two amounts. The Administrator shall take any such other action of the kind and to the degere used to provide assistance to small refiners generally, and based upon the amount of the Refinery-Constructor's imports, as is necessary to continue the policy of fostering the construction of refineries by small or independent refiners in the United States.

The PRESIDING OFFICER. The Chair inquires, is that an amendment on which the Senator from Alabama has been allotted 1½ hours?

Mr. ALLEN. Yes, but I do not plan to use anything like that. I have been apprised that the amendment is acceptable.

I am pleased at the sponsors of the amendment. Mr. President, there has never been an amendment introduced in the Senate that has had the four identical sponsors that this amendment has. It has the two Senators from Alabama and the two Senators from New York as sponsors of the amendment.

This is a simple amendment in a complex field. It is to do with the entitlement that small, also called "grass roots," refineries have. As the Senators know, because of the fact that imported oil is brought in at a higher price than the domestic oil, an entitlements program has been worked out for the refineries that have to purchase the foreign oil at the higher price. They are given certain entitlements irrespective of their size. This entitlement figure is changed every month by FEA, based on the differential that is needed. Presently, it is running at $2.80 per barrel entitlement to the refineries that have to bring in the more expensive foreign oil. Then small refineries—that is, refineries that have a capacity of 175,000 barrels a day—have an additional entitlement that is called a small refinery bias. That ranges anywhere at present from $1.84 a barrel down to 10 cents a barrel, based on the amount of the production.

The President, some time ago, many months ago, called for an additional 30 refineries, or refineries that would have the capacity of 30 ordinary refineries, but we have not had a new refinery come on line in some 25 years, I understand, because the cost of the capital outlay would be so high.

All this amendment does, and it is very simple, is provide that a new refinery that starts from scratch, while it is in the construction phase, would be given—a small refinery, that is—would be given the same entitlements as a small refinery already in business. That is the only way that a new refinery can be built.

Now, my attention and the attention of the other sponsors of the amendment was brought to the need for this bill by the fact that a minority enterprise does have plans to build a small refinery in Macon County, Ala., which is a county with some 80-percent black population, To comment on the economy to some extent, 47 percent of the people there of a population of only 26,000, are receiving food stamps. So this refinery, if it could be built, would be a great boon to that entire area.

A survey of refineries taken by the American Petroleum Institute on the impact a refinery has on a community clearly indicates the value of locating one in Macon County:

First. The average number of employees was 458;

Second. The average annual payroll approached $9 million, with an average employee receiving about $1,300 per month;

Third. Peak construction employment during the 3-year building cycle was 3,500 persons that will create a construction payroll of $100 million;

Fourth. It was estimated over $80 million was spent locally for goods and services;

Fifth. Over $1 million a year was spent on maintenance of the refinery;

Sixth. Additional retail sales on an annual basis ranged between $4 million and $6 million;

Seventh. Approximately $800,000 per year was paid in local property taxes; and

Eighth. Over $450,000 per year was paid in State taxes.

From these "average" figures it is readily apparent the significant impact the planned refinery will have on Alabama. For its own benefit, the State of Alabama has helped the planned refinery by amending its State constitution to finance improved dock facilities, granted a 214-mile right-of-eminent domain for a crude oil supplying pipeline and other assistance needed to bring this minority venture into a reality.

Mr. President, the State of Alabama now seeks the support of the Senate in offering this amendment, which is of paramount importance to all the citizens of Alabama.

The FEA would be entitled to set up such criteria as are necessary for a small refinery under construction to comply with the provisions of those criteria. But all it would do would be to allow this refinery that is under construction to have the same entitlement on oil that it brings into this country during the process of construction.

They would have to get another refinery to do the refining before then, but they would get the same entitlement as a small refinery that is already in existence, no more, no less.

But you never are going to have a new small refinery built in this country unless an arrangement of this sort can be worked out.

I have talked with the chairman of the committee (Mr. RIBICOFF), with the distinguished Senator from Washington (Mr. JACKSON), the distinguished floor manager of the bill (Mr. GLENN), and with the ranking minority member of the committee, and I am hopeful they will agree to the acceptance of the amendment and take it to conference and see if it could be agreed to.

I reserve the remainder of my time.

Mr. SPARKMAN. Mr. President, will the Senator yield to me 4 minutes?

Mr. ALLEN. I yield such time as the Senator may need.

Mr. SPARKMAN. Mr. President, I would like to add my word for this amendment. The purpose of this amendment is to clarify the issue as to the Federal Energy Administration's authority to develop, as part of their entitlements program, aid to construction of much-needed grass roots refineries. Desirable spinoffs would be the boost to small, independent businessmen and increased employment prospects.

Many of the barriers to construction of a grassroots refinery are the result of the already existing regulations which govern activity in this area. It is fitting that this aid to new refinery construction be a coordinated part of FEA's entitlements program. While such a refiner-constructor program would be somewhat of an expansion of the entitlements program, it is not inconsistent with other expansions, such as the small refiner bias.

It is not necessary that this program result in the opening of a Pandora's box. On the contrary, it is urged that FEA develop criteria for potential refiner-constructors which would insure a certain degree of feasibility of the proposed project, as well as accounting for the fact that profits realized from the program are being poured into the construction project. Such criteria have, in fact, been developed in conjunction with the FEA General Counsel's office.

Over the past 18 months or so I have followed closely efforts to build a refinery in Macon County, Ala., as referred to by my colleague from Alabama. Thus I am aware of many of the problems which must be faced by refinery constructors. I am also aware of the potential impact such refinery construction can have on our efforts at self-sufficiency in the energy field and on an economically depressed area. I feel certain that the amendment will serve these needs.

Let me say with reference to the proposed refinery at Tuskegee, Ala., or in that neighborhood, it was not a matter of shortage of financing ability. As a matter of fact, the financing was ample and many times more than ample. But it was just simply the rigidity of a plan that does not fit in with the idea, as I see it, of doing what the President has recommended in building a number of smaller refineries throughout the country.

I think this is a good amendment. I am glad to be a cosponsor of it, and I hope that it will be adopted.

Mr. ALLEN. I thank my distinguished colleague.

I yield such time as the distinguished Senator from New York needs.

Mr. JAVITS. Mr. President, I join today with my colleagues, Senators ALLEN, SPARKMAN, and BUCKLEY to introduce an amendment to S. 2872, the Federal Energy Administration Extension Act, which will establish within the present entitlements program a new category to be known as refiner constructors.

The entitlements program, authorized by the Emergency Petroleum Allocation Act, was designed to eliminate the cost disparities created by the two-tier price control system for crude oil. Two years later, however, the Congress discovered that in its operation, the entitlements program had resulted in the anomaly of the Nation's small refiners buying $25,000,000 of entitlements per month. The Congress, therefore, created the small refiner bias to alleviate this problem. More recently, the Congress approved the FEA proposal to increase the small refiner bias somewhat while terminating the exemption of small refiners from any obligation to buy entitlements.

Once again, the entitlements program needs to be amended to address yet another problem caused by the two-tier pricing system: the inability of a new grassroots refinery to enter the market equitably. Our amendment authorizes the FEA Administrator, for the purpose of fostering the construction of new refineries by small or independent refiners in the United States, to promulgate regulations establishing within the entitlements program, eligibility criteria for a category of persons eligible to receive entitlements to be known as refiner constructors.

As ranking minority member of the Small Business Committee, I have for several years been aware of the Wallace & Wallace Chemical & Oil Corp.'s efforts to build a new major independent grassroots refinery in the United States.

The WWCO Tuskegee refinery project is the largest minority business undertaking in the history of the United States. Wallace & Wallace has invested $4 million in initial site preparation and has entered into an agreement with the Government of Venezuela to import 10,000 barrels per day of crude oil. Mobil Oil has agreed to process the oil while the refinery is under construction.

However, without the benefit of additional entitlements for refiner constructors, Wallace & Wallace cannot economically import crude oil, have it refined on their account, or market the refined product competitively. Only by doing so can it build a business capable of handling the refinery's output when it is completed.

More importantly, banks are generally unwilling to issue letters of credit to purchase crude oil for import when the economics of the situation fail to provide the importer with a reasonable profit margin.

The refiner-constructor bias would provide refiner constructors with sufficient entitlements on a monthly basis to allow them to meet the industrywide average profit; or entitlements equal to the small refiner bias, whichever is less.

The State of Alabama recently passed a $40 million bond issue for construction of a new dock facility at the Port of Mobile. The State has granted WWCO the right of eminent domain to acquire the entire right-of-way for the 217-mile pipeline from the refinery site to the Mobile docking facility. It is anticipated that at the peak of construction, the project will provide as many as 3,500 jobs for this critically and chronically high unemployment area.

I believe the Tuskegee oil refinery project to be a major step forward in carrying out the administration's energy policy by providing additional domestic refinery capacity at a time when almost no new refineries are being constructed in the United States, and it is becoming even more difficult for independents to take on such huge commitments.

At a time when the energy situation in this country dictates a need for self-sufficiency, it is totally inconsistent to spend billions of dollars abroad to import refined oil, yet question the essential aid needed to support refineries at home.

Passage of this amendment will provide FEA with the needed authority to effectively aid the development and construction of new grassroots refineries in the United States. I urge my colleagues to join with me in support of this amendment.

Mr. President, my interest in this amendment is twofold: One, as I stated, I am the ranking member of the Small Business Committee, and this amendment serves the principle of keeping the doors open so that controls do not shut out new people, which is one of the curses of control. It tends to ossify a line of endeavor, and Senator ALLEN's amendment keeps the door open.

Second, the example which he has cited is of a New York entrepreneur who has undertaken such legendary feats of overcoming obstacles which face small businessmen as to be really impressive to us all, both Senator BUCKLEY and myself and, obviously, to our colleagues in Alabama.

Mr. President, the main point which strikes me so forcibly about Senator ALLEN's amendment is that he leaves it to the FEA to fashion regulations which will take care of the various other collateral interests which are involved, and other refiners, small and large, and so forth. I think that is very provident. It leaves it in the hands of the agency to see that the purpose and the thrust of what we seek to have done is done while, at the same time, seeing that the structure of the industry and the structure of the controls which are now on the industry is not disturbed.

I think it would be a wonderful thing to do what Senator ALLEN and I and my other cosponsors ask the Senate to do. I think it cannot work out badly because the way in which it is done is in the control of the FEA, and I believe it would be a great boost to small business enterprise in a field which is by no means distinguished for small business enterprise.

I thank my colleague for yielding.

Mr. BROCK. Mr. President, will the Senator from Alabama just permit me to ask a couple of questions?

Mr. ALLEN. Yes.

Mr. BROCK. I am not sure I understand the purpose of the amendment. Apparently it is directed over and generally drawn to allow the construction of a small refinery in Alabama.

Mr. ALLEN. Or anywhere else. It is not just confined to Alabama. It would be a criterion for any new refinery coming on the line.

Mr. BROCK. Then the Senator would not mind if I modified his amendment so that it be in Tennessee? [Laughter.]

Mr. ALLEN. No; it does not say that.

Mr. BROCK. I am only teasing.

Mr. ALLEN. I would be glad to have it located there and to get the people who would sponsor such a refinery.

Mr. BROCK. The senior Senator from Alabama mentioned that adequate financing was available. If that is the case I fail to understand the reason for the amendment.

Mr. ALLEN. Well, the financing is available provided this amendment is adopted. I understand they have letters of commitment, but they would have to be in shape to receive the same entitlements as existing small refineries receive. This would be consistent if we pass this legislation.

Mr. BROCK. When a new refinery is proposed are they not eligible to receive such letters of commitment from FEA with regard to their entitlement today?

Mr. ALLEN. They would be eligible, but you do not know whether such—up to now FEA has been unwilling to do that, stating they do not have the authority. This would write it into the law that they can do this.

Mr. BROCK. And what you would write into the law is a provision which allows for the proposed refinery to receive such entitlement as they would receive were they, in fact, operating now?

Mr. ALLEN. Yes. In other words, they would have to get into operation. There would be no entitlement given whatsoever unless an import was made or a purchase of oil on the market. It would take that to generate or trigger the operation of the act, you see.

Mr. BROCK. Does the amendment, as drawn, give to this small refinery some special entitlement that would not be available to any other refinery?

Mr. ALLEN. Absolutely not, exactly the same.

Mr. BROCK. It is exactly the same as current law provides for existing refineries?

Mr. ALLEN. Exactly. The point is that it would allow the oncoming refinery to get into business, to import oil, and since it does not have a refinery, to contract with a refiner to refine this oil, which would then be turned over as a finished product to be able to sell. The missing ingredient is the existence of the small refinery which is under construction.

Mr. BROCK. I see.

So, in effect, what the Senator is asking is that FEA be authorized to issue a forward commitment to grant treatment equal to all existing refineries to those which are now proposed?

Mr. ALLEN. Not only issue advance commitments, but start it up. Start it up, in other words.

Mr. BROCK. FEA would start it up?

Mr. ALLEN. No, that the new refinery would be able to start immediately if it meets certain criteria of getting approval of existing agencies, have a practical and feasible plan, and actually start construction. Then they would be in business under the FEA regulation.

Mr. BROCK. I just want to be very

sure. I think I am sympathetic with the Senator's amendment. I just want to be very sure I understand explicitly what it does.

Let us take the passage of this.

Mr. ALLEN. All right.

Mr. BROCK. And it is enacted into law. The refinery then, in effect, has a guarantee that once it completes its construction phase and is ready to start producing a product, it will have sufficient——

Mr. ALLEN. Yes, but that is the very point. It does not have to wait until construction has been finished. It can start now and then once the construction is completed, the transition would be no change at all. It would already be under that.

Mr. BROCK. What does it start doing right now, does it start borrowing money or selling these entitlements?

Mr. ALLEN. If any revenue was obtained from that under the suggested regulation, that would have to go into the construction.

Mr. BROCK. In other words——

Mr. ALLEN. There would be very little there in the way of profit from this entitlement because it would have to change that to equalize the price and then the chief add-on which existing refineries already have is the small refinery box, so-called.

As I say, that ranges on production from $1.84 a barrel down to as little as 10 cents a barrel. That supplies a feasible treatment that is accorded now to existing industry.

All this would be to authorize the startup of a small refinery and to get the benefits of the program.

They would not get anything unless they purchased oil, the high-priced oil. They would get nothing.

Mr. BROCK. But it seems to me the Senator is saying now that a refinery which does not exist can buy oil which they are not entitled to under the present law, but would be under the amendment, and then sell that, because they were able to buy at a lower price, to other refineries that do exist during the period which they are under construction.

Mr. ALLEN. They would not sell until the refinery had processed it. Then they would get the finished product. Then, having paid for the expensive oil, they would have the same entitlement that an existing refinery would have.

The only difference would be that the existing refinery refined its own product and under this amendment the new refinery would be getting somebody else to refine the product.

That is the only difference.

Mr. BROCK. I do not understand what sets them apart then to make them uniquely able to buy entitlement oil, yet they are not producing anything in value and are not until they complete construction.

Why should they receive the entitlement now prior to the time they become a refinery able to produce their own oil?

Mr. ALLEN. Because, in effect, they would be a small refinery. The only difference being——

Mr. GLENN. Will the Senator yield?

Mr. ALLEN. An existing refinery to produce the oil for them.

Mr. GLENN. Is not the effect of this to let them go to the bank and have something on which they can borrow money?

Mr. ALLEN. That is exactly right, based on their getting into operation.

Mr. GLENN. Would they sell their entitlements to someone else?

Mr. ALLEN. No.

Mr. GLENN. Would they contract with someone else to process their crude and set up the marketing organization?

Mr. ALLEN. They would have a marketing organization.

Mr. GLENN. Before their own refining is completed?

Mr. ALLEN. Yes, that is the only difference.

Mr. BROCK. But why should not the Senator from Alabama be given a right to entitlements?

Mr. ALLEN. I do not want to go in that business.

Mr. BROCK. I know, but——

Mr. ALLEN. I have no intention of doing it, but these people do have.

Mr. BROCK. But anybody could be classed as a small refinery.

I am not trying to be critical. I think I want to help. But it seems to me——

Mr. ALLEN. I am glad someone wants to help. I just wish the Senator wanted to hurt the bill. It might be a little more helpful because I do not see the questions are helping the amendment a great deal.

Mr. BROCK. Maybe, and maybe I should not ask questions, but just for my own satisfaction I would like to know exactly what I am voting for.

Mr. ALLEN. If there is any further light I can shed on it, I am glad to do it for the Senator.

Mr. BROCK. I still do not understand why it is they need entitlements until they are ready to process the oil. Once they have reached that point, they should have a guarantee. I have no objection to an advance guarantee.

Mr. ALLEN. They will not do that.

If the Senator could get FEA to do that, it might change the picture. I do not know. That is the point.

They say they do not have authority to do that. That is the reason for the legislation.

Mr. BROCK. But the Senator could get authority just as he is granting authority to grant entitlements now, we could get authority to make advance——

Mr. ALLEN. The trouble is the new refinery would never get built, following the Senator's suggestion, because it takes an ongoing program to make a feasible loan application.

Mr. BROCK. I understand the Senator's problem. It is almost impossible to build a small refinery in this country with the current law.

Mr. ALLEN. That is the reason I am trying to change the law, and I hope the Senator is being sympathetic to the effort, which would help us get that accomplished.

Mr. BROCK. The Senator is sympathetic, but it seems to me we would be better off to require FEA to make advance commitments on the entitlements, and those entitlements should apply once they get an opportunity to produce something of value.

Mr. ALLEN. The trouble is, I say to the Senator, he mentioned the 5- or 6-year possibility of the length of time for construction and yet just a few moments ago a very large number of Senators voted to end FEA 3 months from now.

So if we are going to contemplate what the situation will be 5 years from now, that is just too conjectural for these advance commitments the Senator is talking about to be worth the paper they are written on.

Mr. FORD. May I ask a question? Would the Senator from Alabama answer this question? We have only purchasers of entitlements in Kentucky and they are now having *x* amount of entitlements which they buy.

Does this reduce the amount that they would receive after FEA gave a future entitlement to a prospective refinery?

Mr. ALLEN. No.

Mr. FORD. When their refineries are now to go at 70 or 80 percent——

Mr. ALLEN. It does not reduce it at all.

Mr. FORD. Where is the new oil coming from to start the new refinery?

Mr. ALLEN. It would come from whatever source is available.

Mr. FORD. Is that the source of entitlements other refineries have?

Mr. ALLEN. This particular concern does have a contract with Venezuela to produce it. That is where their particular source of supply would come from, but that would not mean——

Mr. FORD. I am not opposed to a new refinery or any other one, but I am concerned about those who are in business now, who are struggling under our present situation and who are purchasers of entitlements.

I do not want to see these small refineries now in existence be reduced any more than they are when they are lucky, I guess, to be at 50 or 60 percent of capacity.

Mr. ALLEN. There will be no change there at all.

Mr. FORD. The Senator is saying he will guarantee that purchasers of entitlements in my State will not have any reduction?

Mr. ALLEN. I have no way of making such a statement.

Mr. FORD. The Senator is proposing an amendment for future entitlements. He will not reduce the entitlements to my people?

Mr. ALLEN. We will take whatever figures FEA has. There would be no change as far as the Senator from Alabama knows.

Mr. FORD. There would be no change, the figures would remain the same?

Mr. ALLEN. I could not say the figures would remain the same because they vary now. They come out with new figures every month. I do not believe there will be any change caused by the existence of this small refinery.

Mr. FORD. But if other refineries are allowed to be constructed, the Senator would say that we would not be reduced in our capacity, other than the normal fluctuations?

Mr. ALLEN. I do not see that that would happen.

Mr. BROCK. I believe there is a set number of entitlements. The Senator from Kentucy has raised a point which I think is important. If there are only a certain number of entitlements, any new entitlements have to come from somewhere. If they are not going to come from Kentucky, I do not know where they are going to come from.

I am informed that FEA does not have any new entitlements; that this would be spread across the entire entitlement movement.

Mr. ALLEN. There would have to be a balance. There cannot be any left over. They would have to balance, of course.

Mr. BROCK. Which would reduce it at least in some marginal sense.

Mr. ALLEN. This particular project would only be a drop in the bucket of the total production of oil in this country. I do not think anyone could feel that their constituency was being hurt by this.

Mr. BROCK. I have great respect for the Senator from Alabama. I will accept his argument, though I am still a little confused.

Mr. ALLEN. I would be glad to fill the Senator in at any time later.

Mr. BROCK. I thank the Senator.

Mr. ALLEN. Here in the Chamber right now might not be the proper place.

Mr. PERCY. Mr. President, in 6 more minutes the floor manager of the bill will have been in the Chamber for 12 hours.

The PRESIDING OFFICER. Who yields time?

Mr. PERCY. Mr. President, I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. PERCY. If I may have the attention of the Senator from Alabama, it is my understanding that the floor manager of the bill (Mr. Ribicoff) would like to accept this amendment and take it to conference.

Mr. RIBICOFF. If the Senator will yield, this is a field in which I have no special knowledge. The distinguished Senator from Alabama talked with me. I asked him to consult with Senator Jackson, the chairman of the Interior and Insular Affairs Committee, who has specialized and complete knowledge in energy matters, including oil.

This is within the scope of the jurisdiction of the Interior and Insular Affairs Committee.

Senator Allen had a lengthy conference with Senator Jackson and Senator Jackson's staff. I took the recommendation of Senator Jackson who said that he would accept, and recommend that I accept, the amendment offered by the Senator from Alabama. So I did not agree to accept the amendment until I cleared with Senator Jackson, who I felt was the most knowledgeable man in the Senate in this field.

Consequently, I am agreeing to accept the amendment and being in favor of it on the recommendation of Senator Jackson.

Mr. PERCY. It is not the lateness of the hour which causes the Senator from Illinois to concur. I concur simply because I have worked closely with Senator Ribicoff. I must say I do not fully understand the implications of the amendment. I have tried to bring myself up to date on it as to its implications and will certainly study it in much greater detail before going to conference.

There is no such amendment in the House bill, so we will have to have a full discussion with our colleagues in the other body.

In very short summary, as the Senator from Illinois looks at this problem, there are several concerns that he has with it.

Current refineries would, in a sense, have to pay entitlements to a company with a refinery under construction to help that one company build a refinery and go into competition with them.

Mr. ALLEN. Let me answer at this point. The oil is going to be refined somewhere. Does it make any difference, as the distinguished Senator from Illinois sees it, whether it is refined by existing refineries A, B, and C, or whether it is refined by the new refinery acting through a refinery that it contacts with to refine the crude? What difference does it make who refines it?

Mr. PERCY. I do not think there could be any argument, though, that under this amendment the refiners now in business would, in a sense, be helping to pay for the competitor coming into the market to compete with them. In a sense, this amendment states that almost anything goes when it comes to minority enterprise. Indeed, we have a national goal and policy to see that we do have minorities become owners of America. No one has fought harder and longer for this concept than the Senator from Illinois. But what has been done, traditionally, is that we have found more conventional routes for supporting minority enterprise. We have never gone to the competitors in a particular industry and asked that they, in a sense, underwrite the cost of another competitor coming in. It may be a whole new breakthrough. We may be plowing new fields.

The distinguished Senator from Connecticut said this was a simple extension of FEA. Let us get on with the job. We are now getting into a concept that verges on public works. This may be labeled a pork-barrel bill before we are through with it, noble as the objective is and worthy as the goal may be.

May I say when the Senator from Illinois teamed up with Senator Ervin on the same budget reform bill, it reminded me of the time Senator Stennis and Senator Javits teamed up on the war powers bill. When you get combinations like that it must be either all bad or all good. Now we have a similar combination with Senator Buckley and Senator Javits on the same bill, and when I see Senator Javits on the same bill with Senator Sparkman and Senator Allen, I have to take a look at it and say to myself "I must be missing a bet. That bill may be awfully good, or there may be something wrong with it."

I simply raise these questions.

Mr. ALLEN. Let me answer the question which seems to be disturbing the Senator when he says that the competitors of this enterprise would be financing it.

That is not correct because the person who purchases entitlements is the person or is the refinery which has access to oil, and the price is controlled.

He has got to purchase entitlements. If his production is 20,000 barrels a day, he has to purchase entitlements for 20,000 barrels. It does not make any difference whether they are 1,000 small refineries or 10 refineries; his payment is not based on the production of those who sell entitlements. His payment is based entirely on his own production.

So the Senator is wrong when he says the competition would be financing this project, and I hope he sees the difference.

Mr. PERCY. The Senator from Illinois will submit the question to FEA, because they have the technical competence to see through this. But as the Senator from Illinois analyzes it, the Senate of the United States would be taking an unprecedented step. It seems to the Senator from Illinois that we should be pursuing the route of the guaranteed loans, we should be following the traditional route in supporting and helping minority enterprise, which incidentally the Senator from Illinois has fully supported because I think they are of social benefit to this Nation. In this case I would say that this method of providing financing, is a situation where something of value is being added by the refinery competitors of Wallace & Wallace.

So I would say, first, that we are plowing new ground and that the Senator from Illinois wants to study the implications a little bit closer.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PERCY. May I have 5 additional minutes?

Mr. GLENN. Yes.

Mr. PERCY. Second, I wonder if the Senator from Alabama would provide assurance that even with this amendment, Wallace & Wallace will be able to build the refinery. Do they have sufficient sales contracts for the banks, providing assurance to the banks that with this amendment, and its additional entitlement, with which the banks would make this loan, definitely, unequivocally, without hesitation?

Mr. ALLEN. I am surprised that the Senator is concerned about that. A moment ago he was concerned that it would get into operation, and that the competitors would have to pay the bill. Now he is worried about whether it will get into operation. If it does not get into operation, it does not cost anybody anything, but it does give this enterprise an opportunity to see if it can be put through.

No, I cannot give the Senator assurance that it would be built. The people of Alabama and our State government seem to think so. They have already provided for them there an abandoned airfield as a site. They have cleared the site. They have obtained a pipeline permit that would allow the crude to come by pipeline; and I understand they have written commitments for financing.

By the way, I am not making any special plea because this is a minority enterprise. I would advise the Senator to dismiss that from his mind, if he thinks that is the impelling reason for doing this. But it does give any people, any small corporations that wish to start a refinery, some sort of opportunity for providing the mechanics for doing it. If they have to wait until 5 or 6 years from now, as the Senator from Tennessee suggested it would take to build such a refinery, then nobody knows what the situation is going to be, and it would be entirely too speculative.

All this amendment would do would be to allow the oncoming refinery to have the same benefits as existing small refineries. That is all it does.

Mr. PERCY. The Senator from Illinois will submit the question to FEA. It is my understanding that if the Allen amendment becomes law, other refineries will have to actually pay this refinery. I point at that simply because entitlements are not oil; entitlements are actually money. The system was basically designed to equalize the cost of crude oil across the country. What we are doing is taking that system, designed for one purpose, and through creativity and ingenuity on the part of a valued constituent in Alabama, we are adopting that system to be used in building a refinery.

Mr. President, I rise to raise some concerns about the proposed amendment, not because I believe its purpose is not salutary but because I am not sure it is the best way to accomplish that purpose. I too believe it may be necessary for the Government to provide some additional incentive for the construction of increased refinery capacity in the United States. However, the amendment before us may be ineffective in achieving that purpose and at the same time may create an unfair distribution of burdens to other refiners, many of whom are small and independent firms dependent upon the cost equalization scheme of the present entitlements program.

The entitlements program currently requires the transfer of money among refiners solely for the purpose of equalizing crude oil cost disparities created by another Government program—the two-tier pricing system. The entitlements program has been upheld in the face of challenges that it is an unconstitutional taking of property on the ground that what is taken is only something that is given to a refiner by the Government in the first place. The proposed amendment departs significantly from the original purpose of the program, however, since it in effect requires existing refiners to directly subsidize the entry by other firms into the marketplace. There is no other way to characterize it accurately. To my knowledge, the Congress has never before enacted such a direct subsidization program among competitors, and I think we should view with extreme concern our doing so here. Aside from its doubtful constitutionality, I question whether it is sound public policy to take this step, especially when more effective means are available.

Moreover, in the process of attempting to benefit refinery-constructors, the proposed amendment would distort the original purpose of the entitlements program. To the extent that refinery constructors would receive more than their proportionate share of entitlements, other firms necessarily will receive less. These other firms are in many cases existing small refiners that are barely surviving on the benefits they are now receiving from the entitlements program.

There is a serious question as to whether the amendment will even be effective in helping refinery constructors because participation by such firms in the program would have to be based on their existing participation in petroleum distribution, which may or may not have any rational relationship to the cost of building a refinery. In most cases, the most that could be provided to any particular firm without completely distorting the existing program to unrecognizable proportions is far less than necessary to finance the construction of a refinery. Moreover, since the program would have to be limited to firms already in the industry at some level of distribution, it would not provide relief to equally deserving firms not currently in the petroleum industry.

Finally, there are some obvious defects of a more technical nature in the amendment. First, the language of the proposed amendment is too vague to accomplish the purpose for which it is intended. The FEA is currently of the view that it does not have statutory authority to give refinery constructors extraordinary financial assistance through the entitlements program. The vague language of the amendment states only that the FEA shall develop a plan to assist and foster the construction of new refineries, which plan shall "minimize economic distortion and inequity," assure "adequate amounts of crude oil for such facilities in the planning stage" and include measures whereby refinery constructors may participate in the marketplace "on the same basis with existing refiners." Nowhere does the amendment even mention the entitlements program or the actual relief that is intended. Such exceedingly general authorization opens the possibility that the courts may still hold that the FEA does not have the statutory authority to make what is a radical qualitative, if not quantitative, change in the entitlements program.

Second, by putting this amendment in the FEA Act, rather than in the Emergency Petroleum Allocation Act, where it more logically would belong, will create some unmanageable administrative anomalies. For example, the procedures for judicial review of actions taken under this section would be entirely inconsistent with procedures applicable to the entitlements program in general.

If it is determined that additional relief to refinery-constructors is necessary, a far better approach to the problem would be to provide Government loan guarantees to qualified and deserving firms that need such guarantees in order to attract private capital. Such an approach would guarantee adequate levels of financing, it would go directly to the source of the problem, it would avoid the problems of direct subsidization of new entrants by their competitors, and it would be clearly constitutional, all of which the proposed amendment is not.

I certainly commend both of our distinguished colleagues for innovatively looking at a problem and seeing if they can solve it, and doing so in a very creative way. I am not sure, however, that it is the best way. In fact, the Senator from Illinois is convinced it is the wrong way to solve the problem. I think it sets a bad precedent, and I think it even raises very grave constitutional questions. We will certainly have time between now and the time we go to conference to fairly analyze and study it. Having raised my concerns, and recognizing that the distinguished Senator from Alabama is concerned about Wallace and Wallace, I will simply concur with the distinguished floor manager of the bill and be willing to take it to conference.

Mr. ALLEN. I will say again to the distinguished Senator that he misconstrues the effect of it when he says that the competitors are paying the way, because a producer who has to buy entitlements would not have to pay one single dime for one single additional barrel of oil above his present production. All he has to do is buy entitlements for what he is producing, and whether you add 1 or 10 small new refineries, it does not cost the refiner who is buying entitlements, who has to buy entitlements; he does not have to buy entitlements for one single additional barrel of oil.

So I do not see how the Senator can say the competition is paying the way.

Mr. PERCY. Mr. President, I ask unanimous consent that a letter which I have just seen—I did not receive a copy of it, but it was addressed to Senator RIBICOFF—dated May 10, signed by John A. Hill, Acting Administrator of FEA, be printed in the RECORD at this point, so that our colleagues can study it tomorrow.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., May 10, 1976.

Hon. ABRAHAM A. RIBICOFF,
Chairman, Committee on Government Operations, U.S. Senate, Washington, D C.

DEAR MR. CHAIRMAN: At the hearings of the Senate Government Operations Committee on April 28, 1976 on the FEA Act extension, Frank Zarb was asked a number of questions by Senator James B. Allen regarding the construction of a "grass roots" refinery in Tuskegee, Alabama by Wallace & Wallace Chemical & Oil Comporation and was asked to comment on a proposal by Senator Allen to amend the FEA Act to provide the FEA with authority to assist in the construction of such refineries. Mr. Zarb answered these requests in part and asked for the opportunity to submit additional comments for the record. This letter provides those additional comments.

BACKGROUND

Before addressing Senator Allen's specific questions, you might find it useful if I provided some background on the entire Wallace & Wallace matter to put the answers to your questions in perspective.

Wallace & Wallace is currently a retail distributor of fuel oil in the New York City area. The firm, which is black-owned, was one of the first participants in the Small Business Administration's Section 8(a) program for minority enterprises and is therefore a priority supplier to a number of federal government installations in New York. In order to allow the firm to participate in the 8(a) program, FEA has from time-to-time given it the necessary exceptions from the mandatory petroleum allocation program.

Wallace & Wallace's plan is to construct a 150,000 barrel-per-day refinery near Tuskegee, Alabama that would allow it to refine the products it now sells at retail and to expand its marketing business. The firm has acquired and is in the process of preparing the site, and it has completed a feasibility study on a refinery that would include certain technologically-advanced desulphurization equipment. Actual construction of the refinery has not commenced, however, due to a lack of adequate financing.

Wallace & Wallace has stated that in anticipation of the refinery construction and to assure a future source of crude oil, it has entered into a contract with the Venezuelan government to purchase 10,000 barrels per day of crude oil, which amount can increase over time. (If FEA's crude oil allocation program is still in effect when the refinery comes on stream, Wallace & Wallace would also be assured of adequate crude oil supplies through that program.) The contract requires Wallace & Wallace to begin lifting oil immediately, but the Venezuelans have held off enforcing that provision until Wallace & Wallace can arrange a suitable means by which the oil can be processed pending completion of the refinery. Wallace & Wallace has obtained a commitment from Mobil Oil Company to have the crude oil processed in one of Mobil's refineries for a processing fee that allows Mobil to cover its expenses and earn a profit. Wallace & Wallace has not yet commenced processing any oil under the agreement, however.

Wallace & Wallace is asking the FEA to help it obtain financing to construct its refinery by giving it additional benefits under the FEA's so-called "entitlements program." That program was instituted in December 1974 to offset the cost disparities caused by the two-tier price control system for crude oil then in effect, which in general controlled the price of established domestic production (so-called "old" oil) but which left new domestic production (so-called "new" oil) free to sell at market prices in order to provide an incentive to increased domestic production. Imported oil also sold at market prices, of course.

This two-tier system of low old oil prices, on the one hand, and higher market prices for new and imported oil, on the other hand, provided the necessary balance between the goals of minimizing the inflationary impact of oil shortages and the stimulation of increased production. At the same time, however, it caused severe competitive disadvantages to those domestic refiners that were dependent upon imported oil or new domestic oil, and created substantial advantages for those refiners that were supplied with low-priced old oil.

The entitlements program was designed to eliminate these competitive advantages and disadvantages to refiners caused by the two-tier price system. Its basic idea is that every refiner is "entitled" to the same percentage of cheap old old and expensive new or imported oil. But instead of physically transferring quantities of old and new oil to achieve a balance (which would have been impossible), it was done by cash adjustments between refiners. In simplified form, every month a national old oil supply ratio was computed, which was the percentage of old oil used in all refineries for that month. Refiners who processed more than their share of old oil were required to purchase an "entitlement" for each barrel of oil they processed in excess of their proportionate share. Refiners with less old oil than the national ratio sold "entitlements" for the total number of barrels they processed that was less than their proportionate amount. Each entitlement is assigned a value by the FEA that is equal to the difference between the national weighted average price of old oil and the weighted average price at which all other oil is sold in the U.S. The entitlement value for January 1976, the last month of the two-tier price system, was $8.09. The entitlements program has the effect, therefore, of allocating old oil on a pro rata basis among all refiners, but does so by giving refiners the option of exchanging money to achieve the same effect rather than physically transporting crude oil.

With the enactment of the Energy Policy and Conservation Act ("EPCA") on December 22, 1975, the FEA on February 1, 1976 created a "three-tier" crude oil pricing system that imposes "lower tier" ceiling prices of about $5.25 per barrel on old oil and "upper tier" prices of about $11.28 per barrel on all other domestic production, and continues to allow imported crude oil to be sold at market levels. The entitlements program was modified to take into account the three-tier system, but it continues to perform the same basic function it performed in the past.

As you know, the mandatory controls on crude oil prices expire on May 31, 1979, and it is FEA's expectation that the price of domestic oil, both old and new, will approach market levels by that time. Of course, as the price of domestic oil comes closer to the market price of oil, the value of an entitlement declines. Consequently, the entitlements program is expected to have a limited period of operation, approximately 36 months, with a declining value for the entitlements.

When the Wallace & Wallace refinery becomes operational, it will at that time automatically become a full participant in the entitlements program and will receive cash payments for each barrel of imported or upper-tier domestic oil it refines in excess of the national average. In addition, it should be pointed out that even today Wallace & Wallace would be a full participant in the entitlements program with respect to the 10,000 barrels (or additional amounts) per day it has arranged to have processed by Mobil if it should decide to institute that arrangement. Until recently, when a firm had crude oil refined for it pursuant to a processing agreement, the refiner received the full entitlements benefits or obligations on the oil involved. At the specific urging of Wallace & Wallace, however, FEA amended its regulations to provide that the refiner may reduce its processing fee by the amount of the entitlements benefits received on the oil, rather than reflecting those benefits in the prices it charges to its customers generally, and Mobil has agreed to do so in this instance. This provides Wallace & Wallace with the full benefit of the entitlements Wallace & Wallace would receive if it, rather than Mobil, refined the oil. This will provide Wallace & Wallace with approximately $2.80 per barrel (entitlements value of about $8.00, times a national old oil supply ratio of about 35 percent) for every barrel processed for it by Mobil once it starts processing oil under the agreement, or approximately $840,000 per month ($2.80, times 10,000 barrels, times 30 days).

Thus, it should be understood that the "refinery-constructor" amendment to the entitlements program proposed by Wallace & Wallace would go beyond placing it on an even footing with current refiners, since the existing regulations do that much. What is being requested is that firms like Wallace & Wallace be given an *additional* amount of entitlements to sell on the oil processed by another refiner pending construction of its own refinery, which amount would allow it not only its proportionate share of access to old oil but would guarantee it the industry-wide average net profit on the sale of such processed oil. We have been advised by Wallace & Wallace, which has relied on data provided by FEA, that in the month of April the industry-wide average net profit was $.84 per barrel and that Wallace & Wallace would have earned a net profit of $.24 per barrel on the oil that would be processed by Mobil, after receiving the usual entitlements benefits, which, as noted, amount to about $2.80 per barrel currently.

Thus, under its proposed amendment, it would have received in April an additional $.60 per barrel, times 10,000 barrels per day for 30 days or $180,000 total, from the entitlements program to bring its profits up to the industry average. This amount paid to Wallace & Wallace would have come from other refiners who in effect would be subsidizing Wallace & Wallace's operations. Wallace & Wallace proposes that the FEA would compute this amount in a similar manner every month from data submitted by firms participating in the entitlements program.

THE LEGAL BASIS FOR A REFINERY-CONSTRUCTOR PROGRAM

As Mr. Zarb indicated in his testimony before the Government Operations Committee on April 28, 1976, the FEA does not believe it has at this time the authorization from Congress to adopt the refinery-constructor amendment that Wallace & Wallace has proposed. Our legal staff has thoroughly discussed his issue with Wallace & Wallace's attorneys and the General Counsel of FEA has prepared a lengthy memorandum dealing with their contentions in detail and setting forth his conclusion that FEA does not have the authority to provide the benefits sought by Wallace & Wallace. I would be happy to send you a copy of that memorandum if you wish, but, to review it briefly, the FEA's legislative authority for the entitlements program arises from its mandatory price and allocation authority contained in the Emergency Petroleum Allocation Act ("EPAA") of 1973, as amended.

The entitlements program has been challenged by a number of major refiners on the ground, among others, that it exceeded the FEA's basic price and allocation authority and was in effect a subsidy program by which the major oil companies were required to subsidize their competitors. The FEA was successful, however, in convincing the courts that the entitlements program was directly intertwined with price and allocation authority because it was designed to eliminate economic distortions caused by the two-tier price control program for crude oil and was in effect a scheme to allocate among refiners the FEA-created benefits of access to price-controlled old oil.

In defending the program, the FEA pointed to the fact that Congress had explicitly recognized the authority of the FEA to institute an entitlements program that would eliminate cost distortions caused by the two-tier price system. When Congress first extended the EPAA from February 28, 1975 to August 31, 1975, at which time the entitlements program was being developed, the reports in both Houses noted that an amendment specifically authorizing the entitlements program was unnecessary because the EPAA "provides ample authority for the FEA to institute a system of price equalization to provide for all segments of the industry to benefit from lower-priced domestic oil." S. Rep. No. 93–1082, 93d Cong., 2d Sess. at 2 (Aug. 9, 1974); H. Rep. No. 93–1443, 93d Cong., 2d Sess. at 3 (Oct. 8, 1974).

Thus, the FEA has to date been successful in rebutting the argument that the entitlements program is a subsidy program for small and independent refiners—since it only requires the equitable distribution of benefits conferred by the FEA's two-tier price system—and in convincing the courts that it is an essential component of the regulations promulgated under its price and allocation authority. The FEA has not at any time attempted to defend the entitlements program as having authorization wholly apart from the price and allocation authority, and we have serious doubts that such an argument would be accepted. It is for this reason that we have concluded that we do not have adequate legislative authority to promulgate the refinery-constructor amendment, since such an amendment goes well beyond the crude cost disparity problem, which is already taken care of by the present program, and also appears to have no other direct relationship with the allocation or pricing of crude oil or petroleum products.

Wallace & Wallace has asserted that such separate authorization is contained in Section 4(b)(1) of the Act, which states that the FEA's regulations shall provide, to the maximum extent practicable, for a number of objectives, among them being the "preservation of an economically sound and competitive petroleum industry; including the priority needs to restore and foster competition in the . . . refining . . . [sector] of such industry, and to preserve the competitive viability of independent refiners. . . ."

Wallace & Wallace also points to legislative history to the effect that Congress had a general desire to encourage the construction of increased refinery capacity by the independent sector. See H.R. Rep. No. 93-628, 93d Cong., 1st Sess., at 30 (1973).

However, Section 4(b)(1) of the Act has not been generally viewed by the FEA or the courts as being a separate, substantive grant of authority, but only a listing of objectives to be considered and dealt with to the maximum extent practicable in carrying out the price and allocation authority under Section 4(a). Although the EPAA was generally intended to provide a broad delegation of authority to the President to deal with the impending embargo, it seems to us highly unlikely that Congress intended, when it enacted Section 4(b)(1), to give the President unlimited authority to take any action he deemed appropriate to foster competition in the petroleum industry, without regard to whether such action was related to his price and allocation authority, and particularly to take such a drastic step as to require the major integrated refiners to directly subsidize new entry by their independent competitors. Indeed, such a construction of the statute would also require the conclusion that the President currently has legislative authority to take such other far-reaching action to promote competition as ordering the breakup of the major companies or spreading subsidization by the major firms to the marketing and production sectors of the industry. We find it difficult to imagine that Congress would have authorized such drastic measures without language more specific than that found in the EPAA.

FEA'S VIEWS ON THE PROPOSED AMENDMENT TO THE EPAA

Senator Allen asked the FEA to provide the Committee with its tentative views on his proposed bill that would amend the EPAA to provide the FEA with legislative authority to implement a refinery-constructor amendment to its entitlements program like that proposed by Wallace & Wallace. We are happy to provide you with our initial reaction, subject, as always, to clearance by the Office of Management and Budget.

Senator Allen's proposed bill, a copy of which is enclosed, would amend Section 5(b) of the Federal Energy Administration Act so as to add a new paragraph (13) containing very broad language to the effect that the FEA Administrator shall develop programs to assist and foster the construction of "grass roots" refineries. There is no specific mention of the entitlements program in the proposed bill.

Our comments on the proposed bill are as follows. First, as a technical matter, we believe any amendments relating to the FEA's general regulatory authority in the petroleum industry would most appropriately be accomplished through a change in the EPAA, not the FEA Act, although we realize that the later's extension is now the matter before the Committee. Among other things, the judicial review provisions of the two acts are entirely inconsistent, which might result in serious problems of consistency in litigation. For example, all cases arising under the entitlements program in general are initially reviewed in the District Courts, from which appeals lie in the Temporary Emergency Court of Appeals, but rulemaking cases involving a refinery-constructor amendment to that program would bypass the District Courts and would be reviewed by the Circuit Courts of Appeals, rather than the T.E.C.A. Moreover, since the FEA Act does not generally contain substantive regulatory authority, it does not contain adequate enforcement authority. It should also be noted that the EPAA and the FEA Act will have different expiration dates.

Second, the language of the proposed amendment may be too vague to accomplish the purpose for which it is intended. For example, the amendment provides that a plan to assist and foster the construction of new refineries shall "minimize economic distortion and inequity" while "assuring the availability of adequate amounts of crude oil for such facilities in the planning stage," and may include measures "whereby refiner constructors may participate in the marketplace on the same basis with existing refiners." As noted above, a firm like Wallace & Wallace may already fully participate in the entitlements program on the same basis as other refiners and is assured of having its proportionate share of crude oil if the FEA allocation program is still in effect at the time the refinery comes on stream. The relief it is requesting is in addition to these items, and may therefore possibly be construed as being in excess of the benefits intended to be conferred by your proposed amendment. In our view more specific authorization language would provide greater assurance that the courts would not hold the program to be beyond the agency's authority. In short, we doubt whether the proposed amendment to the FEA Act would provide sufficient authority for the benefits which Wallace & Wallace now seeks.

FEA'S VIEWS ON ASSISTING THE CONSTRUCTION OF NEW REFINING CAPACITY

As Mr. Zarb indicated in his testimony, the FEA is in general agreement with Senator Allen's view that the promotion of increased domestic refining capacity, particularly by the independent sector, should be a part of this country's energy policy. Subject, of course, to clearance by the Office of Management and Budget, we do, therefore, support in general the creation of programs that would encourage and provide incentives for such new refinery construction. However, we have severe reservations about using the entitlements program for this purpose.

Mr. Zarb pointed out that, in our opinion, the adoption of a refinery-constructor amendment to the entitlements program is not a sound way to deal with the problem. Apart from legal constraints, a policy of using the entitlements program to directly subsidize or underwrite the development of a new refinery by dipping into the entitlement pool twice is, in FEA's view, neither appropriate nor likely to be effective.

The question of the appropriateness of such a policy stems from the nature of the entitlements program itself. The entitlements program involves the transfer of cash to a refiner from other refiners, many of whom are smaller than and are in competition with the transferees. Use of the revenues of one firm to do anything more than equalize crude cost differentials caused by Federal regulations—*i.e.*, to explicitly favor one refiner over another for whatever purpose—raises serious policy questions. If not constrained to the narrowest of objectives (*i.e.*, equalization), the program could be used to determine who stays in the refining business and who does not simply by establishing the cash position of various parties through adjustments of the entitlements program. This type of power in the Federal Government, the power to utilize the revenues of one firm to directly favor its competition, must be viewed with extreme concern. Moreover, it should be noted that allowing firms to become entitlement sellers for reasons not related to removing cost distortions will reduce the number of entitlements that would otherwise be available for sale by other firms, thus distorting the original purpose of the program.

The question of the effectiveness of using the entitlements programs to underwrite and stimulate the development of a new refinery also stems from the nature of the entitlements program. The value of an entitlement is a function of the spread between the selling price of lower tier and upper tier oils. Since the selling price of lower tier oil is escalating over time and the amount of lower tier oil in the system is continually diminishing due to the depletion of old reservoirs and the replacement of these fields with new, upper tier oil, the value of each entitlement will decline on a steady path for the remaining 36 months of the price control program. In addition to declining values of entitlements, the program will end on May 31, 1979.

In light of these considerations, the special relief sought by Wallace & Wallace would not only decline over time, but also terminate (either through a total loss of value or through an end of controls) about the time the refinery was to begin operation. It is unlikely that investors or banks will provide the equity or debt required to construct the refinery simply on the basis of such relief. Their concern is return on equity or the ability of Wallace & Wallace to retire the debt during the period the refinery is in operation, and the special relief sought by Wallace & Wallace will not be available during that period. If they believe the refinery is economically viable (*i.e.*, capable of producing a fair return and retiring the debt), they will finance the project; if not, they will not finance the project. Relief from a program that cannot effect the refinery's return on equity or ability to retire debt because of its diminishing subsidy value and near-term elimination is not likely to alter their decision.

Finally, the proposed use of the entitlements program would limit government assistance only to those firms currently in the oil business and importing crude oil for processing pending construction of a refinery. It would provide no benefits, however, to other, equally capable firms willing to enter the refinery business.

A more direct approach to the problem would be the creation of a loan guarantee or other similar program. This would provide a sufficient protection for banks and other lending institutions over the life of the loan, and thus provide a solid basis for obtaining the necessary financing. Such programs are a familiar means of providing government support to the development of critical industries and are generally more capable of assuring adequate financing, which is at the heart of the Wallace & Wallace problem, than would the proposed amendment to the entitlements program. Although we would be willing to provide assistance in helping the Committee to develop such a program, we cannot of course provide you at this time with assurances that it would receive Administration support.

If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

JOHN A. HILL,
Acting Administrator.

FEDERAL ENERGY ADMINISTRATION ACT OF 1974 AMENDMENT

Functions and Purposes of the Federal Energy Administration add a new paragraph (13) to Sec. 5(b):

(13) Preserve and enhance the competitive environment for the domestic manufacturing of petroleum products, develop plans and programs to assist and foster the construction of new small grass roots refineries and independent grass roots refineries by issuing regulations which will to the largest degree enhance the probability of their successful competition and minimize economic distortion and inequity, particularly, for small refiners and independent refiners, while assuring the availability of adequate amounts of crude oil for such facilities in the planning stage or under construction through the allocation and issuance of adjusted crude oil receipts in a manner consistent with the Nation's needs for new refining capacity. In administering any pricing or allocation authority provide, by rule, measures encouraging and fostering the construction of new, domestic refining capacity including measures whereby refiner constructors may participate in the marketplace on the same basis with existing refiners.

Mr. ALLEN. Mr. President, I am offering an amendment to S. 2872, the Federal Energy Administration Extension Act, which is designed to help provide needed additional domestic independent grassroots refining capacity. Our amendment will provide the assistance required for small, independent oil firms in the process of constructing new refineries.

The amendment would provide for a new category in the Federal Energy Administration's entitlements program known as refinery constructor. A refinery constructor would be eligible to receive entitlements during the construction of the proposed refinery once specific and strict qualifying criteria were met and maintained during the building period.

The need for such assistance for the independent, sophisticated grassroots refinery is indicated by the fact that only one such refinery has been built domestically in 25 years.

My particular concern for offering this amendment focuses on the development of a 150,000 barrel-per-day refinery in Macon County, Ala. This refinery, which happens to be the first minority venture of this magnitude in the history of America, will provide the economic impetus to revitalize this whole area of Alabama.

The economic and social impact of a refinery on the entire State of Alabama will be the much needed stimulus in our local economy and the economy of Macon County which has been very hard hit by the recession.

In Macon County alone unemployment currently exceeds 10 percent and underemployment is several times higher. For 1975, the U.S. Department of Agriculture reported over 3,500 families in Macon County received $2 million in food stamps. In a county with a population of only 26,000 the number of families receiving food stamps is equivalent to 47 percent of the entire population of Macon County!

The location of a refinery in this area of Alabama would have an immediate and enduring impact. A survey of refineries taken by the American Petroluem Institute on the impact a refinery has on a community clearly indicates the value of locating one in Macon County:

First. The average number of employees was 458;

Second. The average annual payroll approached $9 million, with an average employee receiving about $1,300 per month;

Third. Peak construction employment during the three-year building cycle was 3,500 persons that will create a construction payroll of $100 million;

Fourth. It was estimated over $80 million was spent locally for goods and services;

Fifth. Over a $1 million a year was spent on maintenance of the refinery;

Sixth. Additional retail sales on an annual basis ranged between $4 million and $6 million;

Seventh. Approximately $800,000 per year was in local property taxes, and

Eighth. Over $450,000 per year was paid in State taxes. From these average figures it is readily apparent the significant impact the planned refinery will have on Alabama. For its own benefit, the State of Alabama has helped the planned refinery by amending its State constitution to finance improved dock facilities, granting a 214-mile right-of-eminent domain for crude oil supplying pipeline and other assistance needed to bring this minority venture into a reality.

Mr. President, the State of Alabama now seeks the support of the Senate in offering this amendment, which is of paramount importance to all the citizens of Alabama.

I ask unanimous consent that a prepared statement by the distinguished Senator from New York (Mr. BUCKLEY), who is absent today, be printed in the RECORD, not as if delivered on this floor, but as being a statement prepared by the distinguished Senator.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

STATEMENT BY SENATOR BUCKLEY

I am extremely pleased to have an opportunity to publicly support this amendment to S. 2872. It not only represents a significant improvement in the FEA regulatory scheme but also provides the legislative vehicle to allow the FEA to foster the development of new independent "grass roots" refineries in the United States.

I have reviewed the proposed amendment and the equally important general criteria developed by the FEA in consultation with the representatives of the Tuskegee refinery project which Senators Allen and Sparkman have described in detail.

It should be made clear that the passage of this amendment will now open the floodgates to the FEA entitlements program. This amendment would, however, for those small and independent firms who are about the tremendous task of aiding this country in addressing its future energy needs, be of a great assistance in overcoming the tremendous financial and regulatory barriers to market entry—some of which are of our own creation.

It is intended that the FEA regulations pursuant to this amendment set forth specific criteria delineating the circumstances under which otherwise eligible firms can participate in the Refinery-Constructor entitlement program.

With your permission, Mr. President, I would like to include in the Record a copy of a document which sets forth the basic structure of the Refinery-Constructor criteria.

One should note that the criteria includes, in addition to regularly updated comprehensive reports in all major categories, requirements that the products produced be consistent with the best interest of the regional marketing area requirements and that the refinery be designed in such a way as to yield refined products consistent with the Nation's energy needs and goals. The criteria include a special emphasis on the impact the refinery will have on the environment as consistent with EPA regulations, approval by State and Local government as to the desirability of a refinery being constructed within their jurisdiction and equally important that during the construction phase any profits derived as a direct result of entitlements issued to a Refinery-Constructor pursuant to this amendment be "poured back" into activities directly related to the refinery and related construction or for payment of financial obligations obtained in connection with the refinery or related expenses.

Furthermore, as we consider this amendment, its intent and the general criteria which I have briefly outlined, it is important that we understand the significance of the type of assistance it provides for the Tuskegee project or any other similarily situated grass roots refinery currently under development. In that regard we must balance the equities and appreciate that the basic entitlement program is a billion dollar program and that the small refinery bias, which is most similar in rationale and effect to the proposed Refinery-Constructor program as they both eliminate operating, or non-product, cost disparities among participants in the industry, is in the neighborhood of $40 million a month. The effect of this amendment in dollars would be to make available, in the form of RC entitlements, benefits to the Tuskegee project in the general range of $180,000 per month or a fraction of one percent of the current program.

I urge we give this amendment favorable consideration as it is clearly consistent with the Nation's desire and need for new independent grassroots refinery construction in the United States, the need for the Federal government to play a meaningful role in enhancing competition in the oil refining industry, the need to meet growing energy needs and economic plight of what is commonly referred to as the Black Belt which is centered in Southeast Alabama and to play a significant role in fostering the development of the Tuskegee refinery project which is the largest minority business undertaking in the history of the United States and which promises to provide a new focal point for economic development in the South and is a prime example that our free enterprise system does work on behalf of all of its citizens.

CRITERIA FOR INCLUSION AS A REFINER-CONSTRUCTOR

INITIAL QUALIFYING CRITERIA

1. The refiner-constructor must either

(A) own the site of the proposed refinery, or

(B) have a lease for the site of the proposed refinery construction for a length of time equal to the planned payout period of the refinery plus 30 years, or

(C) the Refiner-Constructor shall have a source of feed-stock outside the crude buy/sell program, or

(D) have all licenses necessary for site preparation, and

(E) a minimum of 60% of the site preparation completed necessary to commence building (i.e., initial zero level), verified and inspected by the FEA, in consultation with a qualified refinery builder, and

(F) the proposed refinery site must be a minimum of 500 acres.

2. The Refiner-Constructor must have completed the basic process design basis for the proposed refinery, including such items as determination of the heat-material balance, the desired yield, the definition of the major equipment and supplies necessary to build and operate the refinery. All major design modifications must be updated and reported to the FEA on a quarterly basis.

3. The product slate should be consistent with the best interest of the regional marketing area requirements, keeping within the FEA guidelines. The proposed refinery should be designed in such a way to enable it to make the necessary changes required to produce products consistent with the nation's energy goals. The FEA's policies as they affect the Refiner-Constructor's and the Nation's energy goals, should at no time, endanger the debt service of the refinery.

4. The Refiner-Constructor shall have a source of feed-stock outside of the crude buy/sell program which shall not be abrogated.

5. The Refiner-Constructor shall submit evidence of an environmentally sound project, as evidenced by the following:

(A) submission of schedule of obtaining all necessary construction and operating permits, including the required environmental impact statements (EIS), and

(B) submission of documents identifying and highlighting critical milestones in obtaining these permits, through the issuance of operating permits.

6. The Refiner-Constructor shall submit evidence of affirmative statements and approval by both the state and local government as to the desirability of the refinery being constructed within their jurisdiction.

7. The Refiner-Constructor must have a comprehensive community development plan approved by local government that deals with the socio-economic conditions of the surrounding community.

8. The Refiner-Constructor must provide satisfactory evidence that he has obtained the necessary legal right and/or authority to construct, have access to or operate transportation facilities necessary for the operation of the proposed refinery.

9. Where dock and/or port or other similar facilities are required for the operation of the refinery, the Refiner-Constructor must provide evidence of ownership of such facility or proof of a long-term (20 year minimum) lease of such facility approved for such purposes by the state in which the facility is located.

10. The planned oil refinery construction capacity must be 100,00(?) barrels per day.

11. Preliminary test borings to determine the load bearing characteristics must be completed and evidence of results submitted to the FEA.

CRITERIA FOR CONTINUING CERTIFICATION BY FEA AS A REFINER-CONSTRUCTOR

1. The Refiner-Constructor shall continue in site development progress, submitting evidence of such activities as:

(A) additional test borings required as consistent with the approved construction schedule;

(B) on-site location of refinery components on an as-required basis consistent with the approved construction schedule.

2. The Refiner-Constructor shall submit to FEA on a quarterly basis the schedule for refinery construction, including the building schedule, orders for major equipment (particularly those with long lead times) and other major purchase orders. Critical milestones should be identified and highlighted. The FEA shall, in consultation with a qualified refinery constructor, review the schedule and progress reports to determine if the Refiner-Constructor certification is to remain in force. (Decertification requires a conference and an opportunity to participate in the conference and reasonable opportunity to correct any faults which may result in decertification).

Decertification shall not occur where the lack of progress of the refinery construction is due to: an act of God, strikes, shortages of critical supplies, or similar events or circumstances beyond the control of the Refiner-Constructor.

3. The Refiner-Constructor shall submit quarterly progress reports on the acquisition of construction and operating permits consistent with the approved construction schedule and in accordance with previously identified milestones.

4. Entitlements issued pursuant to certification as a Refiner-Constructor shall be issued in the name of the Refiner-Constructor.

5. Any and all profits derived as a direct result of entitlements issued to the Refiner-Constructor pursuant to this section must be accounted for on a per barrel basis, during the construction cycle, on a quarterly basis and can only be used as follows, without FEA prior approval and in no case shall adhere to the benefit of individual owners or stock holders in the form of dividends:

(A) "Poured back" into activities directly related to the refinery construction.

(B) The payment of principal and/or interest of loans obtained in direct connection with the refinery construction.

Mr. GLENN. Mr. President, I would like to ask the Senator from Alabama just one question. I do not plan to get in any debate, but I just came into possession of a document entitled "Materials in Support of Amendment to S. 2872," which contains quite a voluminous amount of data. I would ask, has this been placed in the RECORD, or did he plan to place it in the RECORD?

Mr. ALLEN. I am not sure just what the Senator is referring to, but if it has a bearing on the subject, I would submit it.

Mr. GLENN. It sets up criteria which would be proposed under this legislation.

Mr. ALLEN. Yes, I will be glad to put it in.

Mr. GLENN. Has that been placed in the RECORD? If not, I think it would be very illuminating for all Senators who have any question about this legislation.

Mr. ALLEN. Mr. President, I ask unanimous consent that this file of correspondence with the FEA and the criteria suggested, as referred to by the Senator from Ohio, be printed in the RECORD.

There being no objection, the materials were ordered to be printed in the RECORD, as follows:

MATERIALS IN SUPPORT OF AMENDMENT TO S. 2872

(Establishing a Refinery Constructor category of recipients of entitlements)

THE NEED FOR REFINERY-CONSTRUCTOR LEGISLATION

(A) Present Federal Energy Administration authority to provide entitlement benefits to persons currently importing crude oil and constructing new refineries.

The current authority of the Federal Energy Administration under EPAA is arguably broad enough to encompass the additional entitlement benefits requested for refiner-constructors. However, the Agency has concluded that it does not have clear authority to include refiner-constructors in the entitlement programs to the extent requested (see (Butler Memo II of 5-14-76). Therefore, to implement the objectives of the EPAA designed to foster a competitive petroleum industry and assist the entry of independent refineries a clarifying amendment to the FEAA is required.

(B) The barrier to market entry created by current FEA programs.

The entitlement program was developed to help ameliorate the economic distortion caused by the three-tier (formerly two-tier) FEA created crude oil pricing system. Under this system, well-head prices for domestic crude are restricted to ceiling prices below the world market price, i.e., cheap oil. Thus, those with access to lower or upper tier oil receive cost advantages over those dependent on imported oil, i.e., expensive oil.

To construct a new, major independent refinery requires an investment in excess of $300 million. In order to secure financial support for such a venture, either private or governmentally assisted, the initial step for the developer is to obtain an assured supply of crude oil. Under present conditions, this means contracting for imported oil. The current policy of the oil exporting nations is not to enter into future commitment for the sale of crude; however, they will provide some future guarantees under the terms of a current purchase contract. Thus, a refiner-constructor must find ways to economically use its current crude supply pending completion of the refinery. The preferred method of using this crude oil is to have it refined by another refiner for the account of the crude oil owner and sell the refined products to its future refinery customers.

The early establishment of customers for the refinery output is also a vital step in securing refinery financing and assuring project feasibility. However, since refiner-constructors do not fully participate in the entitlement program, they cannot economically import crude oil, have it refined on their account, or market the refined product competitively.

In addition, banks are generally unwilling to issue letters of credit to purchase crude oil for importation when the economics of the situation fail to provide the importer with a reasonable profit margin.

Finally, profits derived from being able to competitively market imported crude oil can be "poured back" into the refinery site during the construction, thereby enhancing the financial picture of the entire project.

(C) Operation of the entitlement program.

The entitlement program was instituted to reduce the cost disparities created artifically by the Federal Energy Administration's two-tier crude oil pricing system.

The value of entitlements issued to refiners is calculated to be the difference between the weighted average acquisition cost of old (lower tier) oil and the weighted average cost of imported oil. Refiners are allowed to include a number of barrels of lower tier oil in their refinery receipts equal to the national old oil ratio. To the extent that actual refinery receipts include less than the national average they are allowed to sell entitlements to adjust their acquisition costs to the national average. Fractional entitlements are issued to equate upper tier crude receipts to the national average. However, owners of crude who have oil refined under a processing agreement are not even assured of receiving these basic entitlement benefits. Current FEA regulations allow the processing refiner to earn entitlements on the amount of crude processed for another's (non-refiner) account to the extent that the benefits are passed on to the owner of the crude oil.

Thus, the extent to which crude oil owners obtain entitlement benefits, if at all, is left to the discretion of the processing refiner rather than the real party at interest—the crude oil owner.

Secondly, the entitlement benefits allegedly flowing to the owner is represented by a reduction in the processing fee. Since processing fees are set by negotiation (frequently by competitive bid) and not determined by calculation of actual processing costs, it is virtually impossible to determine if pass-through entitlements in fact adjust crude oil acquisition costs to the owner.

(D) The small refiner bias and the proposed refiner-constructor bias.

The entitlement program has been extended beyond its basic acquisition "cost equalization" rationale in several manners. The most significant one being the small refiner bias. The small refiner bias provides, on a sliding scale basis, proportionately greater entitlement benefits to smaller refiners than they otherwise receive if their entitlement issuances were based solely on their crude oil run levels. The bias is based on the finding that small refiners have higher operating costs and generally less efficient operations than large refiners

It should be noted, however, that small refiners earn small refiner bias entitlements on crude oil processed for their accounts by other refiners irrespective of the size or efficiency of the processing refinery. These entitlement benefits accrue directly to the small refiner and not as a pass-through in the processing fee.

The small refiner bias is analogous to the proposed refiner-constructor bias. The former is designed to maintain the competitive viability of existing refiners by providing additional revenue to—in some cases—admittedly less efficient refiners. The refiner-constructor bias would allow a new, independent refiner to overcome the artificial barriers to market entry created by the mandatory oil allocation and pricing program.

(E) The refiner-constructor bias.

In order to implement the objectives of the EPAA to foster the development of new, independent refining capacity, Congress should direct the Federal Energy Administration to establish a refiner-constructor bias for the issuance of entitlement benefits. Such bias should provide refiner-constructors with sufficient entitlements on a monthly basis to allow it to meet the industry average profit on refined petroleum products from crude oil it has processed for its account by other refiners, or should be equal to the small refiner bias.

THE BASIC STRUCTURE OF THE PROPOSED REFINERY-CONSTRUCTOR CRITERIA

(A) Initial refiner-constructor qualifying criteria.

1. The refiner-constructor must:

(a) own the site of the proposed refinery;

(b) have a lease for the site of the proposed refinery construction for a length of time equal to the planned payout period of the refinery, plus 30 years;

(c) have a source of feed-stock outside the crude buy/sell program;

(d) have all licenses necessary for site preparation;

(e) a minimum of 60% of the site preparation completed necessary to commence building (i.e., initial zero level), verified and inspected by the FEA, in consultation with a qualified refinery builder, and

(f) the proposed refinery site must be a minimum of 500 acres.

2. The refiner-constructor must have completed the basic process design basis for the proposed refinery, including such items as determination of the heat-material balance, the desired yield, the definition of the major equipment and supplies necessary to build and operate the refinery. All major design modifications must be updated and reported to the FEA on a quarterly basis.

3. The product slate should be consistent with the best interest of the regional marketing area requirements, keeping within the FEA guidelines. The proposed refinery should be designed in such a way as to enable it to make the necessary changes required to produce products consistent with the Nation's energy goals. The FEA's policies as they affect the refiner-constructor's and the Nation's energy goals, should at no time, endanger the debt service of the refinery.

4. The refiner-constructor shall have a source of feed-stock outside the crude buy/sell program, which shall not be abrogated.

5. The refiner-constructor shall, at the appropriate time, submit evidence of an environmentally sound project, as demonstrated by the following:

(a) submission of a schedule of obtaining all necessary construction and operating permits, including the required environmental impact statements (EIS), and

(b) submission of documents identifying and highlighting critical milestones in obtaining these permits, through the issuance of operating permits.

6. The refiner-constructor shall submit evidence of affirmative statements and approval by both the state and local government as to the desirability of the refinery being constructed within their jurisdictions.

7. The refiner-constructor must have a comprehensive community development plan approved by local government that deals with the socioeconomic conditions of the surrounding community.

8. The refiner-constructor must provide, at the appropriate time, satisfactory evidence that he has obtained the necessary legal right and/or authority to construct, have access to or operate transportation facilities necessary for the operation of the proposed refinery.

9. Where dock and/or port or other similar facilities are required for the operation of the refinery, the refiner-constructor must, at the appropriate time, provide evidence of ownership of such facility or proof of a long-term (20-year minimum) lease of such facility approved for such purposes by the state in which the facility is located.

10. The planned oil refinery construction capacity must be not less than 100,000 barrels per day.

11. Preliminary test borings to determine the load bearing characteristics must be completed and evidence of results submitted to FEA.

(B) Continuing refinery-constructor criteria.

1. The refiner-constructor shall submit to FEA on a quarterly basis, an updated schedule for the construction of the refinery, including the overall building schedule, orders for major equipment (particularly those with long-lead times), and other major purchase orders. Critical milestones should be identified and highlighted. The FEA shall, in consultation with a non-government firm experienced in the building of similar refineries as designated by the refinery-constructor, review the schedule and progress reports to determine if the refiner-constructor certification is to remain in force. Decertification requires a formal conference, a written record, an opportunity to participate in the conference and reasonable opportunity to correct any faults which otherwise could result in decertification.

Decertification shall not occur where the lack of progress of the refinery construction is due to: an act of God, strikes, shortage of critcial supplies, or similar events or circumstances beyond the control of the refiner-constructor.

2. The refiner-constructor shall, at the appropriate time during the construction of the refinery, submit to FEA evidence of such activities as:

(a) additional test borings required as consistent with the approved construction schedule;

(b) on-site location of refinery components on an as-required basis consistent with the approved construction schedule.

3. The refiner-constructor shall submit quarterly progress reports on the acquisition of construction and operating permits consistent with the approved construction schedule and in accordance with previously identified milestones.

4. All entitlements issued pursuant to certification as a refiner-constructor shall be issued solely in the name of the refiner-constructor.

5. Any and all profits derived as a direct result of entitlements issued to the refiner-constructor pursuant to this section of the regulations must be accounted for on a quarterly basis during the construction of the refinery, and can only be used as follows (without FEA prior approval and in no case shall adhere to the benefit of individual owners or stockholders in the form of dividends):

a) "Poured back" into activities directly related to the refinery construction.

b) For payment of principal and/or interest of loans or other financial obligations obtained in connection with the refinery construction.

VALUE OF THE PROPOSED AMENDMENTS

(A) Under the existing regulatory scheme (assuming *all* entitlements are "passed on" from the refiner to the owner of the crude oil) the *regular entitlements* value (at $2.80 per barrel) is as follows:

Barrels per day, 10,000, dollars per day, 28,000, dollars per month, 840,000, dollars per year, 10 million plus, dollars for remaining 33 months 27.7 million.

Barrels per day, 50,000, dollars per day, 140,000, dollars per month, 4.2 million, dollars per year, 50.4 million, dollars for remaining 33 months, 138.6 million.

(B) Under that portion of proposed refinery-constructor bias assuring an industry-wide average profit, the refinery-constructor bias value (at $.60 per barrel) is as follows:

Barrels per day, 10,000, dollars per day, 6,000, dollars per month, 180,000, dollars per year, 2.16 million, dollars for remaining 33 months, 5.94 million.

Barrels per day, 50,000, dollars per day, 30,000, dollars per month, 900,000, dollars per year, 10.8 million, dollars for remaining 33 months, 29.7 million.

(C) The present small refiner bias (and that portion of the proposed refinery-constructor bias referring to the small refiner bias) value (at $1.848 per barrel and $.336 per barrel, respectively) is as follows:

Barrels per day, 10,000, dollars per day, 18,480, dollars per month, 554,400, dollars per year, 6.65 million plus, dollars for remaining 33 months,18.29 million plus.

Barrels per day, 50,000, dollars per day, 16,800, dollars per month, 504,000, dollars per year, 6.04 million plus, dollars for remaining 33 months, 16.33 million plus.

(D) The value profits to be earned under the proposed refinery constructor regulations to a refinery-constructor importing crude oil (assuming the industry-wide average profit of 84 cents per barrel) is as follows:

Barrels per day, 10,000, dollars per day, 8,400, dollars per month, 252,000, dollars per year, 3.02 million, dollars for remaining 33 months, 8.31 million.

Barrels per day, 50,000, dollars per day, 42,000, dollars per month, 1.26 million, dollar per year, 15.12 million, dollars for remaining 33 months, 41.58 million.

Federal Energy Administration,
Washington, D.C., May 21, 1976.

Mr. Charles Wallace,
President, Wallace & Wallace Chemical and Oil Co., St. Albans, N.Y.

Dear Mr. Wallace: As you know, the FEA has had under consideration for the past several weeks your proposal for the creation of a refinery-constructor category of participants in the entitlements program. The proposal would basically allow firms like yours that are in the process of constructing a "grass roots" refinery to receive entitlements benefits in an amount that would allow it to earn the industry-wide average profit on its current operations. The purpose of this letter is to provide you with our final position on that issue.

I want you to know that I and my staff support wholeheartedly your Tuskegee oil refinery project, which we consider to be a major step forward in carrying out the Administration's energy policy by providing additional domestic refinery capacity. Furthermore, as I have told you, I am personally committed to the principle that minority-owned and operated projects such as yours deserve every assistance possible from the Federal Government in order to carry out the Administration's commitment to provide equal economic opportunity for all citizens.

Therefore, your proposal has received the fullest consideration by the senior officials of the FEA. As you know, we have previously amended the entitlements regulations to allow you to receive the full benefits of the entitlements program on crude oil you will have processed by Mobil pending construction of your refinery. I and several members of my staff have met with you and/or your attorneys and with members of Congress on several occasions in order to attempt to work out the policy and legal problems involved in your present proposal. I have also allowed you full participation in our decision-making process by permitting you access to draft legal opinions and other internal information prior to a final decision. In short, the FEA has expanded substantial staff effort and the time of senior officials in order to find a favorable solution to this problem.

However, after exploring every possible alternative, I regret to have to inform you that the FEA does not believe it has the statutory authority to bend its old oil allocation (entitlements) program in order to give the kind of economic support you request. To summarize briefly the legal conclusion, it is the oponion of FEA's General Counsel Michael Butler, that the FEA's authority and mandate to preserve and foster competition in the refining industry and to encourage new refining capacity is limited to the context of a price and allocation program, and does not allow the agency to go outside that context to create a subsidization program for new refiners, no matter how laudable the purpose. I have thoroughly reviewed Mr. Butler's analysis and fully, albeit reluctantly, concur in it. Mr. Butler's legal analysis is set forth in a lengthy memorandum to me, a copy of which is enclosed.

As you may also be aware by now, I was asked during a hearing of the Senate Government Operations Committee on April 28, 1976, to provide the FEA's views for the record on an amendment to the Federal Energy Administration Act proposed by Senator James B. Allen of Alabama that would authorize the FEA to "develop plans and programs to assist and foster the construction of new small grass roots refineries and independent grass roots refineries." Our tentative views, subject as always to OMB clearance, were provided to the Chairman of the Committee on May 11, 1976 by John Hill, who was Acting Administrator during my absence from the country. Aside from certain technical deficiencies we saw in Senator Allen's amendment, we offered the view that mere adjustments to the entitlements program such as those involved in your proposal were in fact not likely to provide adequate financial assistance in any event to firms like yours that are attempting a major refinery project.

We reiterated our view, however, that a government program to assist in the financing of new refinery capacity by independents should be seriously considered, and we offered to the Committee the continued assistance of the FEA in attempting to develop a loan-guarantee program for economically feasible projects. Such a program would, of course, be a more direct and positive means of attracting private capital than a makeshift appendage to the entitlements program would be. A copy of Mr. Hilll's submission to the Committee is also enclosed.

In a meeting with Mr. Butler and his staff on April 14, 1976, you also asked the FEA to look into certain other areas in which the FEA might be of assistance ot the project. The first was that the FEA amend its entitlements regulations to move forward the date on which the Wallace & Wallace refinery would be eligible to receive entitlements from 60 days to one year prior to commencement of operations. We have subsequently reviewed the regulations carefully and have determined either that your attorneys have misunderstood our regulations or we misunderstood the proposal. Only the "buy-sell" crude oil allocation program, which does not involve entitlements, has a provision for participation 60 days in advance of the allocation quarter in which a refinery comes on stream, and even that provision only allows the submission of an application in advance of the commencement of operations, not the actual receipt of crude oil. See 10 C.F.R. § 211.65 (b) (1). To allow a refiner to receive entitlements up to a year prior to the actual commencement of operations by a refiner would of course present the same legal problems that the more limited refinery-constructor amendment would.

Second, you asked the FEA to consider whether the FEA has authority under the Defense Production Act of 1950, 50 U.S.C. App. § 2061, et seq., to make or guarantee loans to Wallace & Wallace to facilitate the construction of its refinery. As you know, the FEA has previously considered this issue and tentatively determined that: (1) it does not have authority under § 2091 to guarantee loans because it has not been delegated that authority by the President, and it is doubtful that he could so delegate in light of the fact that the FEA is not "engaged in procurement for the national defense" as required by that section; and (2) while it does have authority to make direct loans of up to $25,000,000 under § 2092 of the Act, it can do so only out of funds appropriated for that purpose, and the FEA has no such appropriation. We would of course consider in detail any analysis your attorneys may wish to submit in writing on these legal issues before reaching a final decision.

Third, you have requested the FEA to include refinery-constructors and on-going grass roots refineries among the firms that would be eligible for loan guarantees under the proposed Energy Independency Authority Act of 1975, which is still pending in Congress. Assuming the Act is passed as proposed, the Wallace & Wallace refinery project might qualify for financing assistance, especially if what you have described as the refinery's advanced desulphurization capacity meets the Act's criteria of uniqueness. However, as I am sure you understand, there is no assurance that the Act will be passed in its present form or in time for it to provide any assistance to your project in a timely manner. Moreover, as presently proposed, administration of the loan program would be in an independent government corporation, the Energy Independence Authority, not the FEA. In connection with the Administration's efforts to secure passage of the proposed legislation, the FEA has, however, made some analysis and developed some very preliminary criteria for loan qualification, but is not, as you may have been led to believe, developing detailed regulations to implement the Act if it is passed. We would of course be happy to have the members of our staff that have general responsibility for this project meet with you so that they will be fully aware of your particular circumstances and requirements.

Finally, you asked Mr. Butler simply for general assurances by me that the FEA supports the Wallace & Wallace refinery project and believes it to be fully consistent with the Administration's energy program. Through this letter and my discussions with you, I hope I have made that assurance absolutely clear. Our adverse determination on our authority to use the entitlements program to provide financial backing for your refinery project should in no way be construed as indicating that we do not consider the project a deserving one or that we are not willing to continue to explore alternative solutions with a view to getting your project off the ground.

Sincerely,

Frank G. Zarb,
Administrator.

Federal Energy Administration,
Washington, D.C., May 14, 1976.

Memorandum for Frank G. Zarb, Administrator.

From Michael F. Butler, General Counsel.

Subject Legality of Utilizing the Entitlements Program to Provide Financial Assistance to "Refinery-Constructors."

ISSUE PRESENTED

The issue this memorandum addresses is whether the FEA has the authority, under existing legislation, to provide entitlements benefits beyond those provided by the current program to a limited category of persons ("refinery-constructors") who are in the business of marketing petroleum products and who have under construction new refinery capacity.

STATEMENT OF FACTS

While the entitlements benefits considered herein would accrue to all persons within a prescribed refinery-constructor category, the chief proponent is and the most immediate beneficiary would be Wallace & Wallace Chemical & Oil Corporation ("Wallace & Wallace"), whose proposal involves creation of a refinery-constructor category of entitlements beneficiaries narrowly defined to include only firms like Wallace & Wallace that are importing crude oil for processing and have a refinery under construction. Therefore, a brief description of Wallace & Wallace's circumstances, as representative of the class in general, is appropriate.

Wallace & Wallace is presently a retailer of fuel oil that is attempting to construct a 150,000 barrel-per-day refinery in Alabama. Site preparation for the refinery has been under way since late 1973 and various other related commitments have been made, but no construction of the refinery structure has commenced because adequate financing for the project has not yet been obtained.

The firm has a long-term crude oil supply contract with Venezuela to lift at least 10,000 barrels per day and a processing agreement with Mobil Oil Corporation under which Mobil has agreed to refine the Venezuelan crude during the period in which the Wallace & Wallace refinery is under construction. Wallace & Wallace will retail the heating oil and other products, if any, that will be processed for it by Mobil. Wallace & Wallace has not yet lifted or had processed any

Venezuelan crude oil, but it states that it is in a position to do so promptly if adequate additional entitlements relief is provided

Pursuant to the current Entitlements Program regulations, Wallace & Wallace is able to receive the full benefit of entitlement sales for the Mobil-processed crude oil, since Mobil has agreed to reduce the processing fee by the amount of such benefits, which it is allowed to do under a provision of the entitlements regulations promulgated at the urging of Wallace & Wallace. See 10 C.F.R. §§ 211.67(1), 211.67(m) (1) (i) (A), and 211.67 (m) (1) (ii) (A). Moreover, if the Entitlements Program is still in effect at the time the Wallace & Wallace refinery comes on stream, it will be a full participant in that program, on an equal footing with other refiners. It will also be allowed to participate fully in the crude oil buy/sell program to the extent it is able to demonstrate that adequate supplies of crude oil are not available from other sources. See 10 C.F.R. § 211.65 (b).

Wallace & Wallace's retail operation currently purchases products from suppliers with whom it also competes, such as Amerada Hess. It is not clear whether having crude oil refined by Mobil pursuant to a processing agreement will reduce the current product costs of Wallace & Wallace's retail operation, but in any event the firm alleges that its per unit costs will still be too high to allow it to compete effectively against firms like Hess. Moreover, Wallace & Wallace alleges that lenders are unwilling to provide the capital necessary to finance construction of the refinery unless the firm achieves a significant increase in its current operating profits.

The amount of additional financial assistance that Wallace & Wallace urges be provided to qualified refinery-constructors would be the difference between, on the one hand, such a firm's total costs plus an industry-wide average profit ($.84 per barrel currently) and, on the other hand, the firm's total yield without such additional entitlements relief. In Wallace & Wallace's case, that difference would be approximately $.60 per barrel, or a total of $180,000, for the month of April 1976. Wallace & Wallace does not allege that its current retail operations are unprofitable, but only that they are not earning sufficient profits to enable it to obtain the financing to construct a refinery.

CONCLUSION

There is a substantial likelihood that, if challenged, an amendment to the Entitlements Program to provide additional entitlements benefits to refinery-constructors would be held by the courts to be in excess of the FEA's legislative authority.

DISCUSSION

The request that the FEA provide entitlements to a limited category of "refinery-constructors" in order to further the goal of increasing U.S. refining capacity and increasing competition in the refining industry must initially be considered within the statutory confines of the Emergency Petroleum Allocation Act of 1973, as amended ("EPAA"). Accordingly, the important threshold question to address is whether the EPAA provides the agency with authority to grant the relief sought.

In Section 4(a) of the EPAA, Congress has provided the FEA with authority to regulate the allocation and pricing of crude oil and refined petroleum products. In Section 4(b) (1), Congress has set forth a number of objectives which the FEA's Section 4(a) allocation and pricing regulations should achieve "to the maximum extent practicable." In upholding the Entitlements Program, the Temporary Emergency Court of Appeals ("TECA") has stated that FEA's Section 4(a) authority must be read together with the objectives of Section 4(b). *See Cities Service Co.* v. *FEA*, ——— F. 2d ——— (T.E.C.A., December 31, 1975), *rehearing denied*, ——— F. 2d ——— (January 28, 1976);[1] *Pasco, Inc.* v. *FEA*, 525 F. 2d 1391 (T.E.C.A. 1975).

However, Section 4(b) (1) of the EPAA does not provide, and no court decision has ever held, that FEA has the authority to take *any action* it desires in order to achieve a Section 4(b) (1) objective. For example, FEA does not have the authority to take any action it chooses to "foster competition" in the petroleum industry, although that goal is mentioned in Section 4(b) (1) (D) of the EPAA. Rather, the agency is required, in carrying out the allocation and price control authority of Section 4(a), to do so in a manner that would, to the maximum extent practicable, achieve the various objectives stated in Section 4(b) (1).[2] In this respect, the TECA has stated that none of the EPAA's nine objectives should be elevated to the level of a mandatory requirement, and "the balancing of all objectives is required 'to effectuate maximum achievement of their competing interests.'" *Pasco, Inc.* v. *FEA, supra*, 525 F.2d at 1397, quoting from *Air Transport Ass'n* v. *FEO*, 520 F.2d 1339 (T.E.C.A. 1975). It is thus clear that FEA does not possess unbridled authority to subsidize, or to require other oil companies to subsidize, the construction of a refinery, even though the new refinery might foster competition in the industry and thereby help achieve a Section 4(b) (1) objective.

Against this background, any proposed amendment to the Entitlements Program must be considered in the context of the basis upon which the program has until now been upheld in the courts. The Entitlements Program has been challenged in the courts by the major oil companies as a "subsidy" program beyond the agency's price and allocation authority. As it is presently being administered, however, the Entitlements Program has a direct relationship to the allocation and pricing authority of Section 4(a) because it allocates old oil to reduce the crude cost and product price disparities caused by the two-tier (now three-tier) pricing system for crude oil. In effect it spreads the advantage of having access to old oil—an advantage entirely created by FEA when it imposed price controls on old oil—to all refiners on a pro rata basis. Given these direct pricing and allocation functions, the Entitlements Program has withstood vigorous court challenges essentially because of the elimination of cost distortions that it achieves. In this connection, the TECA stated in Pasco, Inc. v. FEA:

"The regulation, by granting entitlements to those refiners with old oil ratios below the national ratio due to their own high production of new, released and stripper well oil, merely provides for the continuation of the monetary incentive which was a fundamental part of the 'two-tier' pricing system. *The correction of economic distortion and unfair competitive conditions occasioned by the 'two-tier' system was considered essential by Congress and the FEA.* . . . This court finds ample support for the entitlements regulation as promulgated by the FEA and considering the urgent need for action, the implementing agency's program for achieving the varied objectives of the Allocation Act was certainly rational and neither arbitrary, capricious, nor beyond the authority of the agency." 525 F.2d at 1402 (emphasis added).

Accordingly, it is clear that the Entitlements Program's validity hinges on its crude oil "cost equalization"[3] function.

The Congress has also specifically recognized the Entitlements Program as a program to remove cost distortions. When the program was being developed in 1974, Congress, in extending the EPAA, observed that the EPAA "provides ample authority for the FEA to institute a system of price equalization to provide for all segments of the industry to benefit from lower-priced domestic oil." S. Rep. No. 93–1032, 93d Cong., 2d Sess. at 2 (August 9, 1974); H.R. Rep. No. 93–1443, 93d Cong., 2d Sess. at 3 (October 8, 1974). Further, during House and Senate oversight hearings on the EPAA in the spring of 1975, the FEA presented to Congress a detailed description of the rationale for the Entitlements Program. It stated in pertinent part:

"The FEA adopted the final regulations for its old oil allocation program (the entitlements program) in November 1974. The program is designed to equalize substantially costs of crude oil for domestic refiners and to enable independent refiners and marketers who depend heavily upon high cost crude to remain competitive with those having lower crude costs. FEA's rationale underlying its adoption of the program was that some refiners—including the major oil companies, as a class—enjoyed far greater access to price controlled old oil than certain other refiners—including small and independent refiners, as a class."[4]

Thus, while the basic Entitlements Program itself is clearly lawful, the careful wording of the above quotations indicates that the courts, the Congress and even the FEA itself in the past have concluded that the FEA does not possess unlimited legal authority to use the program in any manner it deems appropriate to achieve any single objective of Section 4(b) (1) of the EPAA.

Rather, based on the FEA's rationale for the Entitlements Program, congressional recognition thereof and court decisions upholding the program's validity, it appears likely that the courts will require any modification of the Entitlements Program to be in furtherance of the program's underlying objective of removing cost distortions caused by two-tier pricing or otherwise to bear some direct relationship to the FEA's allocation and price control authority.

It would be difficult to justify the proposed assistance to refinery-constructors as removing the disparities of the two-tier price structure. Indeed, as noted above, for a refinery-constructor such as Wallace & Wallace that is having imported crude oil processed by another refiner pending completion of its refinery, such cost equalization is achieved under current regulations, which allow the firm to receive full entitlements benefits for such crude oil. The proposed amendment would provide additional financial relief that would allow a refinery-constructor to offset not only the high cost of its crude oil, but also to offset all other costs, including its so-called "non-product" costs, that prevent it from earning a net profit that is equal to the average in the industry. Subsidizing these latter costs goes beyond the stated goal of the Entitlements Program and the ground upon which it has been upheld in the courts. It also does not appear to have any significant relationship with any other aspect of FEA's price and allocation control authority under Section 4(a). The refinery-constructor amendment would in effect use the Entitlements Program as a subsidy to achieve a general Section 4(b)(1) objective, and would therefore appear to be an act of doubtful validity.

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[1] On February 27, 1976, Cities Service Company filed a petition in the Supreme Court to seek review of the TECA decision upholding the Entitlements Program. It will probably be at least another month before the Supreme Court decides whether it will review the TECA decision. If the Supreme Court decides to do so, it would be six more months before the Court could hear argument on the matter and another two to three months from then before a decision would be issued.

[2] This is clear from the introductory language of Section 4(b) (1) itself, which reads "[t]he regulation *under subsection* (*a*), to the maximum extent practicable, shall provide, for . . ." (emphasis added), and then lists the various objectives.

[3] Although the term "cost equalization" is often used as a shorthand expression in connection with the Entitlements Program, it should be understood that the program does not purport to equalize any costs other than crude oil costs and that, even with respect to crude oil costs, it only eliminates cost disparities created by the two-tier pricing system. It is not designed to eliminate crude oil cost disparities based on quality differentials, vertical integration, transportation, a particular refiner's ability to negotiate a lower price, etc.

[4] Testimony of Robert E. Montgomery, Jr. and Gorman C. Smith at hearings before the House Subcommittee on Energy and Power, Committee on Insular Affairs, S. Rep. No. 94–17, 94th Cong., 1st Sess. at 459 (March 12, 1975); testimony of Frank G. Zarb at hearings before the Senate Committee on Interior and Insular Affairs, S. Rep. No. 94–16, 94th Cong., 1st Sess. at 525 (May 19, 1975).

In support of a refinery-constructor amendment, Wallace & Wallace has raised a number of arguments. First, it has argued that the legislative history of the Emergency Petroleum Allocation Act of 1973, as amended, makes it clear that Congress established the construction of new refinery capacity as a priority national goal and that it intended for the President, in administering the mandatory allocation and price control program, to have extremely broad powers to assist new refiners. They point, for example, to the following language in the Conference Committee Report:

"The conferees view the construction of new refineries, and the expansion of present refinery capacity, as critically important factors in maximizing the amount of petroleum products available to meet domestic demand." H.R. Rep. No. 93–628, 93d Cong., 1st Sess., at 30 (1973).

This clear expression of concern about the construction of new refinery capacity, it is argued, together with the stated objective in Section 4(b)(1)(D) of the Act concerning the priority needs to restore and foster competition in the refining sector of the industry, indicate authority on the part of the President to at least make the very limited extension of the Entitlements Program proposed here.

There is no doubt that it was the intention of Congress in enacting the EPAA that the FEA would use its best efforts within its legal authority to promote new refinery construction. But to state that this was the congressional intent only begs the question, which is, what authority did Congress give the FEA to carry out this intent. Exactly what that authority was is spelled out in the Conference Report immediately following the above quotation upon which Wallace & Wallace relies:

"The conferees are concerned that refiners may be hesitant to make the substantial investments, and other commitments required for the construction of new refineries and the expansion of existing facilities unless they are assured of adequate supplies of crude oil for their facilities. *The provisions of Section 4(c)(4)(B), are intended to provide the President with a means of affording that assurance.*" *Id.* (emphasis added).

Section 4(c)(4)(B) of the EPAA reads in pertinent part as follows:

"The President may, by order, require such adjustments in the allocations of refined petroleum products and crude oil established under the regulation under subsection (a) as he determines may be reasonably necessary—

* * * * *

"(B) in the case of crude oil (i) to take into consideration market entry by independent refiners and small refiners during or subsequent to calendar year 1972, or (ii) to take into consideration expansion or reduction of refining facilities of such refiners during or subsequent to calendar year 1972.

"Any adjustments made under this paragraph may be made only upon a finding that, to the maximum extent practicable, the objectives of subsection (b) of this section are attained."

In our judgment, this Section, together with the Conference Report language explaining it, make it clear that the President has authority with respect to new refineries coming on stream to change the existing allocation pattern so as to provide such refineries with adequate supplies. We believe this also encompasses authority to include a new refiner in the buy-sell and entitlements programs on an equal footing with other refiners. Such authority can and will be used when the Wallace & Wallace refinery comes on stream to assure that it has an adequate crude oil supply. There is no indication, however, that Section 4(c)(4)(B) expands the President's allocation and price control authority under Section 4(a) so as to provide new refiners with assurance of an industry-wide average profit, and particularly to do so by requiring other refiners to make up their operating deficits. If Congress had intended for the FEA to have authority to carry out the various Section 4(b)(1) objectives, such as fostering competition or aiding new refinery construction, by requiring the redistribution of profits in the industry—which would have been regulatory authority broader than that contained in any regulatory program enacted by Congress to date—it seems that it would have done so in language more precise than that contained in the EPAA.

Second, Wallace & Wallace has argued that a refinery-constructor amendment would not be significantly different in principle from product entitlements given to importers, from the exception relief given to NEPCO, and from the small refiner bias for refiner-sellers.

Product entitlements are distinguishable from the refinery-constructor amendment since they are clearly related to the problem of crude oil cost differentials created by the price control program. The FEA chose not to impose price controls on imported crude oil primarily because to do so would promptly dry up this essential source of supply. As noted above, however, this created a substantial competitive hardship on refiners that were dependent on foreign sources, which hardship was alleviated by the Entitlement Program. Precisely the same problem is created with respect to imported products, which are also deliberately free from price controls.[5] Importers of residual fuel oil and middle distillates, the two principal imported products, must compete with domestic refiners of those products, who of course have a substantial competitive advantage because of the Entitlements Program and their access to price-controlled domestic crude oil. Thus, product entitlements are as directly related to FEA's price control and allocation program as crude oil entitlements and can be justified on that basis.

The refinery-constructor amendment is also distinguishable from the NEPCO exception decision issued by the Office of Exceptions and Appeals, which allowed NEPCO as a product importer to participate in the Entitlements Program even though product entitlements were not generally made available at that time. The decision specifically found that NEPCO, an established and significant factor in the East Coast residual fuel market, was facing immediate financial hardship so severe that it would be unable to survive in the marketplace, and that this serious hardship was the result of cost disparities created by the fact that Amerada Hess, a Virgin Islands refiner, was receiving such considerable financial benefits under the Entitlements Program that it was able to sell residual fuel oil at prices well below those of NEPCO, its principal competitor. *New England Petroleum Corp.*, 2 FEA ¶ 83,136 (May 2, 1975).

The NEPCO decision was an effort to achieve "cost equalization" through the exceptions process for a firm that was not at that time made a participant in the Entitlements Program directly. While NEPCO was at the time receiving an advantage over Hess of $1.00 because of the differential between crude oil and product import fees, the FEA found nevertheless that the Entitlements Program gave Hess a net competitive advantage on its cost of crude oil of $1.40 per barrel even after NEPCO's advantage on import fees was taken into account. NEPCO was therefore allowed to participate in the Entitlements Program by this amount, but no more. It was not given benefits that would allow it to exceed the product cost differential between it and Hess caused by the Entitlements Program, let alone to achieve an industry average profit. Indeed, even with the entitlements benefits given to it by FEA, NEPCO has continued to incur substantial operating losses. It is our view, therefore, that the exception relief intermittently granted to NEPCO is directly related to input cost distortions created by FEA's price control program and is thus distinguishable from the refinery-constructor amendment.

Wallace & Wallace's third contention—that the refinery-constructor amendment is similar in principle to the small refiner bias—is more difficult to deal with. The small refiner bias provides, on a sliding-scale basis, proportionately greater entitlements benefits to smaller refiners than they would otherwise receive if their entitlement issuances were based solely on their crude oil run levels. The rationale for the bias was originally explained by the FEA as follows:

"FEA believes that a bias is necessary to compensate relatively small refiners for higher operating costs, proportionately greater capital expenditure requirements, and the fact that such refiners must, in many cases, market their products at a lower price than the products of the major branded refiners. The bias is historically consistent with the treatment afforded by other government programs such as the Oil Import program, royalty oil sales by U.S. Geological Survey and the Small Business Administration program. It is also considered necessary to preserve the competitive viability of this class of refiners."

This bias is obviously distinguishable from the proposed refinery-constructor amendment on the ground that it is designed only to maintain the competitive viability of existing refiners and not to promote increased competition by new entrants. Moreover, the small refiner bias stops far short of guaranteeing that each small refiner earns the industry-wide net profit, as the refinery-constructor amendment would.

A final distinguishing factor is that the inefficiencies of small refineries are easier to determine for purposes of a rule applicable to an entire class. Such inefficiencies would not vary to as great a degree from firm to firm as would competitive disadvantages as between different refinery-constructors. However, it is in fact true that the small refiner bias and the proposed refinery-constructor amendment are similar in that both arguably can be viewed as use of the Entitlements Program to eliminate operating, or non-product, cost disparities among refiners, and certainly both go beyond the basic purpose of the program to eliminate cost disparities created artificially by the FEA's two-tier crude oil pricing system.

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[5] The decision not to impose price controls on the first sale of imported crude oil or products was made by the Agency. The FEA had legislative authority in Section 4(a) of the EPAA, however, to impose price controls on imports if it had chosen to do so.

The small refiner bias has never been the specific subject of a court decision, even in the cases brought by the major refiners to challenge the program in general. In view of the small refiner bias' departure from the most significant underlying justification for the Entitlements Program, the Agency's firm rational basis for the rule (i.e., the historic preference under the Oil Import Program and the documented inefficiencies of smaller refineries) would be of utmost importance in any defense of the bias in court. Even these rationales, however, would not be available in the defense of a refinery-constructor amendment. Thus, the provisions for a small refiner bias cannot provide a basis for concluding that a refinery-constructor amendment would be within the Agency's legislative authority.

CONCLUSION

In conclusion, it is the legal opinion of this office that a refinery-constructor amendment as presently proposed runs a substantial risk of being declared unlawful if challenged in the courts. As you can see from the foregoing analysis, the issue would be one of first impression, and it is often difficult to predict the outcome of such cases, particularly when the construction of an Act as broad and general as the EPAA is involved. However, considering the significant departure the refinery-constructor amendment would make from the underlying basis of the Entitlements Program and the fact that the amendment standing alone can correctly be characterized as a scheme whereby the Government would be requiring established firms to underwrite the construction of new refineries by their competitors by guaranteeing such new entrants an average net profit, we believe on balance that such far-reaching authority cannot be inferred from the EPAA, which to be sure has broadly stated objectives to be kept in mind, but what basically contains only price control and allocation authority.

Wallace & Wallace
Chemical & Oil Corp.,
May 28, 1976.

Hon. Abraham A. Ribicoff,
U.S. Senate, Chairman, U.S. Senate Committee on Government Operations, Washington, D.C.

Dear Mr. Chairman: On April 28, 1976, Mr. Frank Zarb and Mr. John A. Hill testified before the Senate Government Operations Committee on the extension of the Federal Energy Administration Act. At the hearings, Senator James B. Allen questioned Mr. Zarb on the authority and activities of the FEA to assist in the construction of new, domestic, grassroots refineries. In particular, Senator Allen requested that FEA review a proposed amendment to the Act which was designed to clarify FEA's obligation to support new refinery construction. FEA's response to these inquiries were contained in a letter from Mr. Hill to the Chairman, submitted to the Committee on May 5, 1976.

To the best of my knowledge, my company, the Wallace and Wallace Chemical and Oil Corporation (WWCO), is the prime example of a Refiner-Constructor currently in a position to benefit from the proposed amendment and subsequent administrative regulations. Mr. Hill's response appeared to be directed solely to the question of the development of WWCO's Southeastern refinery near Tuskegee, Alabama. For these reasons I would like to take this opportunity to point out what we consider the major omissions, misrepresentations and fallacies contained in the Hill letter as it relates to the WWCO refinery development project.

Except for minor errors, the "Background" recounted in the Hill letter is essentially correct—as far as it goes. The following factors are submitted for your consideration and to provide a more accurate picture of past transactions and the current status of the refinery project.

It should first be pointed out that I am the President and major stock holder of two firms engaged in various aspects of the petroleum industry. First is the Wallace and Wallace Fuel Oil Company, a wholesale and retail distributor of fuel oil in the metropolitan New York area. This firm is a participant in the SBA-administered minority business development program. The second is the Wallace and Wallace Chemical and Oil Corporation. This company is currently engaged in wholesaling crude oil and refined products, but its principal effort is devoted to the construction and development of a 150,000 barrel per day refinery at the site of the old Tuskegee Army Air Base in Macon County, Alabama. Upon completion, this project will obviously become my primary business enterprise. Thus, rather than denominate the refinery construction project as an adjunct of a successful, but nontheless relatively minor, fuel oil distributorship, as Mr. Hill has done, it is more correct to characterize this project as an effort to establish a substantial, new, independent refining corporation providing entry into a new segment of the oil industry, thereby enhancing competition in that industry and providing the Nation with a new grassroots refinery.

Furthermore, contrary to FEA, I, along with my principal engineering and development consultants, including such notable firms as ProCon, Inc., (Ill.), Ford, Bacon and Davis, (N.Y.), and Chicago Bridge and Iron, consider the refinery to be under construction currently. The first phase of refinery construction is clearing, grading, ground preparation and load layout, which is well under way. It is estimated that currently I have in excess of $4 million invested in site preparation. The site in its present condition is valued at in excess of $20 million for refinery construction purposes.

In order to place this history-making venture in "boot-strap" Black economic development in its proper perspective, I respectfully submit to you the following additional facts:

(1) The WWCO Tuskegee refinery project is the largest black business undertaking in the history of the United States. With an initial cost in excess of $300 million and an annual cash flow of over $800 million, WWCO would rank in the 200's among the most recent Fortune 500.

(2) The technical and economic planning, projections and related technical and economic base is supported and attested to in letters to the President of the United States and various members of Congress, by ProCon (refinery builders throughout the free world having constructed over 15 grassroots refineries), Ford, Bacon and Davis (pipeline builders throughout the free world) and Chicago Bridge and Iron (number one tank builder in the world).

(3) WWCO has succeeded in obtaining long-term contracts for the sale of the refinery output, which exceeds $4 billion and other commitments which will exceed $6 million. Income from these sources will provide over 75% of the amount required to service the debt.

(4) The WWCO refinery is located within easy range of major cities throughout the southeastern United States, is readily accessible to major pipeline, rail and water transportation systems. Additionally, it will provide the nearby Tuskegee Institute with an economic and technical laboratory which will enhance the quality and broaden the type of education available to its students.

(5) Supporters of the WWCO projects include, among others, both Senators from New York and Alabama, both New York and Alabama Congressmen, the Governor of Alabama and state, county and city officials. The Conference of Southern Black Mayors and black and white Americans throughout the State of Alabama and the Nation at large have also endorsed the project.

(6) The State of Alabama recently passed a $40 million bond issue for construction of a new dock facility at the Port of Mobile. Based in a $300 million project cost, financing through the state-supported Macon County Industrial Board will yield tax savings in excess of $70 million, including $1 million in tax-exempt bonds, tax savings on pollution control bonds, exemption from all ad valorem taxes, exemption from state franchise tax and local and state sales taxes. The State of Alabama has granted WWCO the right of eminent domain to acquire the entire right-of-way for the 217-mile pipeline from the refinery site to the Mobile docking facility. The State is currently processing a $150,000 grant to be used for initial construction and will provide additional monies for the granting of skilled and unskilled labor for the construction and operation of the refinery. At the peak of construction, the project will provide as many as 3,500 jobs for this critically and chronically high unemployment area.

(7) The project also includes a total New Town development, a public museum dedicated to black Americans who have served this Nation in time of war, docking facilities in Mobile and barging and storage facilities on the Alabama river, near the federally-funded Tombigbee Riverway, which connects to major inland waterways through the heart of this country.

(8) The successful completion of the refinery would clearly be an unprecedented achievement in black economic development in the United States, and revitalize the entire economy of this particular region. The WWCO project promises to be a new focal point for black economic development in the United States for the benefit of all of the citizens—black and white—in the area, and a "giant step" toward the full participation of ethnic minorities in the mainstream of the Nation's economy.

(9) The WWCO refinery, upon completion, will leave the President's desire for 30 more new major refineries—two down, 28 to go.

Though financing is not complete (as is the case in most grassroots refineries at this stage of construction) this is due, to the largest degree, to the uncertainty as to future FEA action and the result of prior FEA action, i.e., the manner and structure of the entitlements program and the oil allocation program. In addition, if the proposed Refinery-Constructor amendment to foster new refinery construction in the United States were granted, WWCO could, to some degree, be self-financing and encounter less resistance in the traditional multi-billion dollar financial community. This FEA-created problem is not unique to WWCO but is a widespread and much publicized problem throughout the industry.

As we celebrate the 200th Anniversary of this Great Nation, it is indeed disheartening that in the face of the Nation's energy dilemma, with billions of United States tax dollars going abroad (including monies for the construction of foreign refineries), those of us who have come this far within the confines and rules of our free enterprise system can so easily be denied entry by our own government, while other governments stand by extending an outstretched hand of assistance.

I very much appreciate having the opportunity to provide you with a more accurate picture of exactly what is taking place in Alabama, and to respectfully request you to give these additional facts your earnest consideration in deliberating on the merits of the proposed Refinery-Constructor amendment to S. 2872.

With best wishes.

Yours truly,

Charles Wallace,
President.

FEA ARGUMENTS AND WWCO REBUTTALS

MAJOR FEA ARGUMENTS AND WWCO REBUTTALS

(A) FEA. Under existing regulations, WWCO will receive the same number and value of entitlements as if WWCO were a refiner (i.e., on an equal footing with existing refineries).

WWCO. (1) Under existing regulations, WWCO cannot receive entitlements WWCO could receive if he were a refiner because WWCO cannot receive the small refiner bias which a small refiner would be entitled to if the small refiner were importing 10,000 barrels per day as WWCO intends initially to import. This represents a difference of $18,480 a day (at $1.848 per barrel) or $6,652,800 a year.

(2) Under existing regulations, WWCO may receive all or any portion of entitlements received by the refinery processing the crude oil for WWCO's account; however, this is in the sole discretion of the processing refinery.

(B) FEA. Adopting the proposed refinery constructor regulations would amount to an industry subsidy of the WWCO refinery (as distinguishable from the present operation of the entitlements program).

WWCO. The above counter argument is valid only if the entire entitlements program is a "subsidy" program. The counter argument fails to distinguish between the actual relief requested (i.e., "cost equalization" in order to participate on an equal footing in the marketplace), and the use to which WWCO intends to put profits derived from WWCO's resultant ability to compete. In the case of both regular entitlements and the small refinery bias, the alleged purpose is to "equalize" the refiners' cost in the marketplace (to the degree that such costs approximate the national average of cheap vs. expensive oil). Having thus "equalized costs" the recipient refiner can do what it pleases with its profits, including adding additional refining capacity, building a new refinery, expanding its market share, declaring dividends, etc. No one is concerned with what the refiner does with its profits, i.e., one does not claim that the use to which the profits are put is being "subsidized by the entitlements program." If this rationale is valid as it applies to existing refiners (and certain importers) then this same rationale must apply to WWCO; that is, one should address only the "cost equalization" elements of the proposed refinery-constructor bias and not the use to which profits derived thereby are to be put. The distinction is that persons eligible for the refinery-constructor bias are those who meet certain criteria as consistent with the Nation's need for new refineries. This result should be welcomed instead of criticized and improperly characterized as a "subsidy" as if it were otherwise distinguishable in actual results from the present operation of the entitlements program.

(C) FEA: Actual construction of the WWCO refinery has not commenced (due to lack of adequate financing).

WWCO: The WWCO refinery is under construction. The first phase of refinery construction (as attested to by major refinery builders) is "site preparation" which, unlike construction of normal commercial facilities, is quite extensive, frequently costing several millions of dollars. WWCO estimates that it has thus far expended in excess of $4 million in site preparation. The site is currently valued in excess of $20 million and is further along in construction than any other major grassroots refinery in the United Staes (except the Energy Corporation of Louisiana (ECOL) scheduled for completion later this year).

(D) FEA: WWCO can earn approximately 24¢ (or approximately ½¢ per gallon) per barrel under the existing regulatory scheme.

WWCO: In theory, yes; in actuality, no . . . because: (1) no bank will issue the necessary letters of credit an importer or refinery-constructor would need in order to purchase the crude oil due to the unreasonably slim profit margin, i.e., 24¢ (or approximately ½¢ per gallon) profit per barrel is an unacceptable risk throughout the oil industry and financial community; (2) to reasonably prudent businessmen, a 24¢ per barrel profit is an unacceptable risk as it exposes the owner of the crude to being undercut in the marketplace, i.e., the average profit in the industry is 84¢ per barrel (or 2¢ per gallon) ranges well in excess of that figure. Since prices are determined on a daily basis, competitors could reduce their profits to approximately 50¢ per barrel and repeatedly cause the importer with the 24¢ per barrel profit margin substantial loss; (3) an approximate ½¢ per gallon profit margin is an unacceptable risk as it makes the owner extremely vulnerable to unforeseen and unexpected contingencies, notably act of God, fire, storms at sea, spillage, increased costs, severe market fluctuations, etc.

(E) FEA: Under the existing regulatory scheme, WWCO would receive $840,000 per month or $10,080,000 per year ($2.80 per barrel times 10,000 barrels times 30 days times 12 months).

WWCO: The above is misleading, though accurate as far as it goes. The reality is that WWCO would receive the aforementioned amounts, but the entire amount must be passed on in reduced prices to the customer. This is the case for all entitlements and it is misleading not to so indicate. To put this dollar value in perspective, one refiner has already received in excess of $400 million in entitlements and a small refiner at the 10,000 barrel per day level would receive, in addition to the $10 million as noted above, over $6.6 million in small refinery bias ($1.848 per barrel times 10,000 barrels times 30 days times 12 months) all of which must be "passed on."

(F) FEA: If the financial community believes the WWCO project is economically viable, they will finance the project; if not, they will not finance the project.

WWCO: Several major U.S. financial institutions (including First National City Bank, The Chase Manhattan Bank, Morgan Guaranty Trust Company, and Bank of America) and notable authorities on the subject, have stated that risks involved under the existing FEA regulatory scheme is too uncertain and an essential ingredient to financing is an assured supply of crude oil. No one has questioned either the economic or technical feasibility of the refinery project.

(G) TEA: There is no "causal relationship" between the problem addressed by the proposed refinery-constructor bias and the FEA entitlements program, i.e., it is distinguishable in substance from the ill the entitlements program is designed to cure.

WWCO: The basic purpose of the FEA entitlements program is to spread "the advantage of having access to old (cheap) oil—an advantage entirely created by the FEA when it imposed price controls on old (expensive) oil. . . ." There would be no need for WWCO to support a refinery-constructor bias if not for the FEA-created situation. The causal relationship is direct and immediate.

(H) FEA: The FEA entitlements program as presently administered, does not take into consideration such items as "operating, or non-product, cost disparities" nor does it "go beyond the basic purpose of the program to eliminate cost disparities created artificially by the FEA's two-tier crude pricing system."

WWCO: The small refiner bias elements of the entitlements program as presently administered takes into consideration all of the above listed items and is set forth in FEA general counsel's legal memo to Administrator Zarb.

(I) FEA: The proposed refinery-constructor bias is distinguishable from the small refiner bias in that the latter is designed to "maintain competitive mobility" and the former "to promote increased competition".

WWCO: Such a "closed club" concept and supporting rationale imposes unnecessary and unduly restrictive barriers to entry into the "refiner marketplace" and is totally inconsistent with the thrust of the EPAA and related legislation as well as the needs of the Nation and the recognized need to enhance competition in the industry.

(J) FEA: The adoption of the "refinery-constructor amendment as presently proposed runs a substantial risk of being declared unlawful if challenged in the courts".

WWCO: The entire entitlements program has and continues to run such a risk (especially recent amendments), however, the risks were overcome by Congressional findings (see Butler Memo II, p. 6, re "authority to institute a system of price equalization to provide for *all* segments of the industry to benefit from lower-priced domestic oil.") and the Temporary Emergency Court of Appeals (TECA) (see Butler Memo II, p. 5, re "The correction of economic distortion and unfair competitive conditions occasioned by the 'two-tier' system was considered essential by Congress and the FEA. . . ."). In addition the small refinery bias, similar to the proposed refiner-constructor bias, has never been challenged in the courts. Why then should the refiner-constructor bias be challenged? If one is defensible so is the other!

WALLACE AND WALLACE
CHEMICAL AND OIL CORP.,
June 15, 1976.

MIKE BUTLER,
General Counsel, Federal Energy Administration, Washington, D.C.

DEAR MIKE: I have recently had an opportunity to review Administrator Zarb's letter of May 21, 1976, to Charles Wallace, President of WWCO, and the attached legal memo (Butler Memo II). I must compliment you and your staff on a well drafted legal memorandum. It is quite clear that, though we (and all of those with whom we confer) view Small Refinery Bias (which WWCO originally requested) and the proposed Refinery-Constructor Bias as but two sides of the same coin, the FEA is unable and/or unwilling to reach the same conclusion.

Be that as it may, the following two excerpts provide an adequate basis upon which our case rests:

"In effect (the entitlements program) spreads the advantage of having access to old (cheap) oil—*an advantage entirely created by the FEA* when it imposed price controls on old oil—. . ." (Butler Memo II, p. 5, emphasis added)

and

". . . (I)t is in fact true that the small refiner bias and the proposed refiner-constructor amendment are similar in that *both arguably can be viewed as use of the Entitlements Program to eliminate operating, or non-product, cost disparities among refiners, and certainly both go beyond the basic purpose of the program to eliminate cost disparities created artificially by the FEA's two-tier crude oil pricing system.*" (Butler Memo II, p. 12, emphasis added)

Finally, the FEA has been unable and/or unwilling to distinguish between the marketplace "cost-equalization" which is what the WWCO proposal seeks to accomplish and the use to which WWCO would put the resultant profits. This proposal by WWCO should be applauded, rather than held out as the final basis for denial and improperly characterized as a "subsidy" as if somehow distinguishable in form or substance from the entire entitlements program in general and the small refinery bias specifically.

As a fellow attorney I certainly appreciate that these matters are matters about which reasonable men may disagree and, though we differ, I wish to take this opportunity to personally thank you and your staff for giving this matter the benefit of your legal thinking.

With your permission I will call your office within the next several days and, hopefully, arrange to spend a few minutes with you, or your designee, discussing whether there is anything the FEA can do to assist the project.

With best wishes.

Respectfully,

John O. Adams,
Special Assistant to the President.

The **PRESIDING OFFICER**. Is all remaining time on the amendment yielded back?

Mr. **ALLEN**. I yield back the remainder of my time.

Mr. **MANSFIELD**. I yield it back.

The **PRESIDING OFFICER**. All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

AMENDMENT NO. 1853

Mr. **BARTLETT**. Mr. President, I call up amendment No. 1853 and ask that it be stated.

The **PRESIDING OFFICER**. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oklahoma (Mr. Bartlett), for himself and Mr. Randolph, Mr. Bumpers, Mr. Ford, Mr. Fannin, Mr. Hugh Scott, Mr. Tower, Mr. Domenici, Mr. Mondale, Mr. Hansen, Mr. Bentsen, Mr. Johnston, Mr. Eastland, Mr. McGee, Mr. Garn, Mr. McClellan, Mr. McClure, Mr. Huddleston, Mr. Hatfield, Mr. Bellmon, Mr. Stennis, Mr. Young, Mr. Dole, Mr. Helms, Mr. Hruska, Mr. Burdick, Mr. Curtis, and Mr. Pearson, proposes an amendment numbered 1853.

The amendment is as follows:

On page 18, after line 18, insert the following new section at the end of title I:

Sec. 9. That section 8 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new subsection (i):

"(i)(1) Any regulation relating to crude oil prices, to crude oil ceiling prices, or to the weighted average first sale price for crude oil promulgated pursuant to subsection (a) of this section or section 4 of this Act shall not apply to the first sale of stripper well crude oil produced and sold in the United States. The first sale price and volume of such crude oil shall not be used in the computation of the 'maximum weighted average first sale price' as defined in subsection (a) of this section.

"(2) For the purposes of this subsection, 'stripper well crude oil' is defined as crude oil produced and sold from a property whose maximum average daily production of crude oil per well during any consecutive twelve-month period beginning after December 31, 1972, does not exceed ten barrels.

"(3) To qualify for the exemption under this subsection, a property must be producing crude oil at the maximum feasible rate and in accordance with recognized conservation practices.

"(4) The agency designated by the President under section 5(b) of this Act for establishing and administering petroleum price controls shall, within thirty days of the date of enactment of this subsection, promulgate or cause to be published regulations implementing the provisions of this subsection and is authorized to conduct inspections to insure compliance with this subsection."

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

APPROVAL OF BILL

A message from the President of the United States announced that on June 11, 1976, he approved and signed the bill (S. 52) for the relief of Miss Rosario Y. Quijano, Walter York Quijano, Ramon York Quijano, Tarcisus York Quijano, Denis York Quijano, and Paul York Quijano.

ANNUAL REPORT OF SIX RIVER BASIN COMMISSIONS—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was referred to the Committee on Interior and Insular Affairs:

To the Congress of the United States:

I am happy to transmit herewith the annual reports of the six river basin commissions, as required under Section 204 (2) of the Water Resources Planning Act of 1965.

The Act states that commissions may be established, comprised of State and Federal members, at the request of the Governors of the States within the proposed commission area. Each commission is responsible for planning the best use of water and related land resources in its area and for recommending priorities for implementation of such planning. The commissions, through efforts to increase public participation in the decisionmaking process, can and do provide a forum for all people within the commission area to voice their ideas, concerns, and suggestions.

The commissions submitting reports are New England, Great Lakes, Pacific Northwest, Ohio, Missouri, and Upper Mississippi. The territory these six cover includes parts or all of 32 States.

The enclosed annual reports indicate the activities and accomplishments of the commissions during FY 1975. A brief description of current and potential problems, studies, and approaches to solutions is included in the reports.

Gerald R. Ford.

The White House, *June 15, 1976.*

MESSAGES FROM THE HOUSE

At 2:30 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 14114. An act to increase the temporary debt limit, and for other purposes; and

H.R. 14261. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes.

The message also announced that the House insists upon its amendments to the bill (S. 3184) to amend the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for other purposes, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Staggers, Mr. Rogers, Mr. Satterfield, Mr. Preyer, Mr. Symington, Mr. Carter, and Mr. Broyhill were appointed managers of the conference on the part of the House.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 13680) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Morgan, Mr. Zablocki, Mr. Fascell, Mr. Diggs, Mr. Hamilton, Mr. Broomfield, and Mr. Derwinski were appointed managers of the conference on the part of the House.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Leahy) laid before the Senate the following letters, which were referred as indicated:

Reports of the Comptroller General

Two letters from the Comptroller General each transmitting a report, one entitled "Opportunities for More Effective Use of Animal Manure"; and one entitled "Inequalities in the Preventive Health Services Offered to Federal Employees" (with accompanying reports); to the Committee on Government Operations.

Proposed Legislation by the General Services Administration

A letter from the Deputy Administrator of General Services transmitting a draft of proposed legislation to amend the Federal Property and Administrative Services Act (with accompanying papers); to the Committee on Government Operations.

Report of the Securities and Exchange Commission

A letter from the Chairman of the Securities and Exchange Commission relating to a study and investigation by the Commission of the practice of recording the ownership of securities; to the Committee on Banking, Housing and Urban Affairs.

Report of the Council on International Monetary and Financial Policies

A letter from the Secretary of the Treasury transmitting, pursuant to law, a report of the National Advisory Council on International Monetary and Financial Policies relating to the proposed increase in the capital resources of the International Finance Corporation (with an accompanying report); to the Committee on Foreign Relations.

Amendment to Budget Request for the National Commission on Electronic Fund Transfers—S. Doc. 94–218)

A letter from the President of the United States proposing an amendment to the budget request for the fiscal year 1977 for the National Commission on Electronic Fund Transfers in the amount of $1.3 million (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

Reports of the Federal Energy Administration

Two letters from the Acting Administrator of Federal Energy transmitting, pursuant to law, a report relating to exemption of No. 2 heating oil and No. 2–D diesel fuel from the mandatory petroleum allocation and price regulations (energy action No. 3), and a report relating to exemption of middle distillates (other than No. 2 heating oil and No. 2–D diesel fuel) from the mandatory petroleum allocation and price regulations (energy action No. 4) (with accompanying reports); to the Committee on Interior and Insular Affairs.

PETITIONS

The ACTING PRESIDENT pro tempore (Mr. Leahy) laid before the Senate the following petitions, which were referred as indicated:

A petition of MCI Telecommunications Corp. for investigation of certain activities of the American Telephone & Telegraph Co. and the Bell System Cos.; to the Committee on Rules and Administration.

A resolution adopted by the Ohio River Valley Water Sanitation Commission relating to the abatement of existing pollution in the rivers and streams of the Ohio River Basin; to the Committee on Public Works.

REPORTS OF COMMITTEES

The following committee reports were submitted:

By Mr. HRUSKA (for Mr. Eastland), from the Committee on the Judiciary;

S. Res. 467. An original resolution to print as a Senate document a History of the Committee on the Judiciary 1816–1976. Referred to the Committee on Rules and Administration.

By Mr. HRUSKA, from the Committee on the Judiciary, without amendment:

S.J. Res. 179. A joint resolution to authorize the President to issue a proclamation designating July 2, 1976, a "National Bicentennial Day of Prayer of Thanksgiving and Guidance" (Rept. No. 94–945).

H.J. Res. 726. A joint resolution to authorize and request the President to establish a "National Bicentennial Highway Safety Year". (Rept. No. 94–946).

By Mr. SPARKMAN, from the Committee on Foreign Relations, without amendment:

S. 3380. A bill for the relief of Miss Mary Vance Trent (Rept. No. 94–948).

"FRAUD AND ABUSE AMONG CLINICAL LABORATORIES"—SPECIAL REPORT OF THE COMMITTEE ON AGING—REPORT NO. 94–944

Mr. MOSS. Mr. President, on behalf of the Subcommittee on Long-Term Care of the Senate Committee on Aging, I submit a report for publication and use by the Senate. The report is entitled "Fraud and Abuse Among Clinicial Laboratories."

This report has been in so much demand that last Thursday the Senate agreed to the printing of 4,500 additional copies of it.

The report details the results of our 5-month investigation of fraud among clinical laboratories in six States, Pennsylvania, Illinois, New York, Michigan, New Jersey, and California. We concluded that $1 out of every $5 paid for medicaid laboratory services is fraudulent. The number of labs who cheat is small but their share of the $213 million in medicaid lab services is large.

The lawbreakers in our report have been brought to justice. In Illinois, 14 laboratories have been suspended. Indictments have been brought against laboratory operators in all six States we studied.

There has also been action on the legislative front. On April 29, the Senate passed S. 1737, the Clinical Laboratories Improvements Act which requires licensure of every lab. In addition, the act makes the offering or receipt of a kickback grounds for the revocation of a laboratory's license. Moreover, amendments were added on the Senate floor which make offering or receiving kickbacks a felony punishable by up to 3 years in jail, a $10,000 fine or both.

I am sure that this prompt action would not have been possible without related investigation by CBS "Sixty Minutes" entitled "The Clinic on Morse Avenue" and aired on February 15. I would like to compliment CBS for this excellent example of investigative reporting. I would compliment in particular, CBS President Richard Salant, Reporter Mike Wallace, and Producer Barry Lando.

The ACTING PRESIDENT pro tempore. The report will be received and printed.

SPECIAL REPORT OF THE COMMITTEE ON THE JUDICIARY—REPORT NO. 94–947

Mr. HRUSKA submitted the annual report of the Subcommittee to Investigate the Administration of the Internal Security Act and Other Internal Security Laws of the Committee on the Judiciary, for the fiscal year ending February 29, 1976, which was ordered to be printed.

ALLOCATION OF BUDGET TOTALS FOR FISCAL YEAR 1977—REPORT NO. 94–949

Mr. LONG submitted a report entitled "Allocation of Budget Totals for Fiscal Year 1977," from the Committee on Finance, pursuant to section 302(b) of the Congressional Budget Act of 1974, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

James F. Chambers, Jr., of Texas, to be a member of the General Advisory Committee of the U.S. Arms Control and Disarmament Agency.

Phillip V. Sanchez, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Colombia.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Before me, Michael L. Hancock, Consul of the United States of America at Tegucigalpa, Honduras, duly commissioned and qualified, personally appeared Phillip V. Sanchez who being duly sworn, deposes and says as follows:

Nominee, Phillip V. Sanchez.
Post, Tegucigalpa.
Amount, date, and donee:
1. Self, 250 per year, 1972–75, Republican National Committee.
2. Spouse (Juanita Sanchez) None.
3. Children and spouses:
Mark Sanchez, None.
Cynthia Ann Sanchez, None.
Rand P. Sanchez, None.
Phillip John Sanchez, None.
Kristina Lee Sanchez, None.
4. Parents: Josefina Sanchez (mother), None.
5. Grandparents (not living).
6. Brothers and spouses:
Raymond Sanchez (single), None.
Mr. and Mrs. Rudolph Sanchez, None.
Mr. and Mrs. Edward Sanchez, None.
7. Sisters and spouses:
Sally Sanchez (single), None.
Lilly Sanchez (single), None.
Mr. and Mrs. Leonard Villegas, None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge the information contained in this report is complete and accurate.

And further deponent saith not.

Phillip V. Sanchez.

By Mr. EASTLAND, from the Committee on the Judiciary:

Walter M. Garrison, Jr., of West Virginia, to the U.S. marshal for the northern district of West Virginia.

George O. Houser, Jr., of Wyoming, to be U.S. marshal for the district of Wyoming.

Philip M. Van Dam, of Michigan, to be U.S. attorney for the eastern district of Michigan.

Nickolas P. Geeker, of Florida, to be U.S. attorney for the northern district of Florida.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. EASTLAND, from the Committee on the Judiciary:

Mary Anne Richey, of Arizona, to be U.S. district judge for the district of Arizona.

John P. Crowley, of Illinois, to be U.S. district judge for the northern district of Illinois.

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Exec. B, 94th Congress, 2d session. Supplementary Extraditional Treaty with Spain, signed at Madrid on January 25, 1975 (Exec. Rept. 94–26).

Exec. A, 94th Congress, 2d session. Treaty on extradition between the United States of America and the United Kingdom of Great Britain and Northern Ireland, signed at London on June 8, 1972 (Exec. Rept. 94–27).

Exec. G, 94th Congress, 2d session. Convention on Registration of Objects Launched Into Outer Space, which was signed by the United States at New York, on January 24, 1975 (Exec. Rept. 94–28).

By Mr. LONG, from the Committee on Finance:

Robert E. Fulton, of Massachusetts, to be Administrator of the Social and Rehabilitation Service.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE BILLS REFERRED

The folowing bills were read twice by their titles and referred as indicated:

H.R. 14114. An act to increase the temporary debt limit, and for other purposes; to the Committee on Finance.

H.R. 14261. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes; to the Committee on Appropriations.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. MONDALE (for himself, Mr. Humphrey, Mr. Burdick, Mr. McGovern, and Mr. Abourezk):

S. 3564. A bill to provide emergency assistance to livestock producers. Referred to the Committee on Agriculture and Forestry.

By Mr. INOUYE:

S. 3565. A bill for the relief of Mr. Librado Perez; and S. 3566. A bill for the relief of Mr. and Mrs. Shinya Nozaki. Referred to the Committee on the Judiciary.

By Mr. WILLIAMS:

S. 3567. A bill to require an employer which assumes the ownership or operation of a business to honor the terms and conditions of a collective bargaining contract. Referred to the Committee on Labor and Public Welfare.

By Mr. EAGLETON:

S. 3568. A bill for the relief of Nai Chiu Chau. Referred to the Committee on the Judiciary.

By Mr. HATHAWAY:

S. 3569. A bill to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes. Referred to the Committee on Post Office and Civil Service.

By Mr. JAVITS (for himself and Mr. Buckley):

S.J. Res. 201. A joint resolution to authorize and direct the Secretary of the Army, acting through the Chief of Engineers, to undertake dredging operations for Operation Sail. Referred to the Committee on Public Works.

By Mr. WILLIAMS:

S.J. Res. 202. A joint resolution to authorize and request the President to issue a proclamation designating the period from July 5, 1976, through July 10, 1976, as "National Synchronized Swimming Week." Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MONDALE (for himself, Mr. Humphrey, Mr. Burdick, Mr. McGovern, and Mr. Abourezk):

S. 3564. A bill to provide emergency assistance to livestock producers. Referred to the Committee on Agriculture and Forestry.

Mr. MONDALE. Mr. President, today, on behalf of Senators Humphrey, Burdick, McGovern, and Abourezk, I am introducing legislation designed to assist cattlemen experiencing emergency feed shortages as a result of natural disasters.

Minnesota and parts of other Midwest States are presently experiencing the worst drought of this century. There has been less precipitation in Minnesota since January 1 of this year than in either 1934 or 1909, the 2 previous record years in our State. In 40 of the 87 counties of Minnesota, pasture lands have been destroyed by drought and the first cutting of hay in these same counties is running from zero to one-half the normal production.

The results of this drought can already be seen. Slaughter house receipts are up substantially. Hay prices are soaring and expected to climb even higher. But even more importantly the supply of local hay is virtually exhausted and it is not being replenished with the first crop of this season.

No one knows how long the drought will persist. Nor is anyone in a position to establish how severely it will reduce livestock feeds for the coming winter. However, we do know from what we have already seen, that existing farmers with feed shortages while relieving a depressed marketplace or a government with huge surpluses of agricultural commodities. It was very successful in resolving spot shortage problems, but in 1973, with the advent of the strong world demand for corn, soybeans, and wheat, this feedgrain program became an "oats program," where farmers could purchase limited amounts of oats at the county CCC loan rate. The average national loan rate is 60 cents per bushel and this represents about one-third of today's market price for oats.

This program is helpful and many Midwest cattlemen are benefiting from it. But oats and other feedgrains are a food supplement for livestock. They accelerate growth and increase production but they are not sufficient in themselves. Hay and other roughages are necessary for sustenance. A cattleman without roughages faces not only massive losses, but has no choice but to liquidate his herd.

While the Government is not and should not be in the business of preventing losses or insuring profits for farmers or any other group of businessmen, the crisis faced by Midwest farmers today is not that of profit or loss. It is a crisis of maintaining normal livestock versus liquidation.

More oats, and the available supply is quickly diminishing, or more loans are not going to solve the current crisis. Only hay can permit cattlemen to survive and that means the shipment of massive quantities of Montana, Nebraska, and other Western hay into the Midwest to maintain our herds. Hay can be purchased in eastern Montana today for $35 to $40 per ton but the rail transportation charges for bringing it to Minnesota are $57 per ton and these costs are almost 50 percent greater when shipped by truck.

Most cattlemen could bear such a cost and withstand such a financial loss, if there was just shortfall in the hay crop. But almost no one can bear the burden when a crop fails by 50 percent or more of that which is needed to maintain the foundation herds.

This legislation is not designed or intended to respond to every fluctuation in the price or supply of hay for cattlemen. It is certainly not intended to become a "welfare program" for farmers. In fact, it is replete with safeguards to prevent either from happening.

It provides for transportation assistance only. The farmer would still have to purchase hay at the market price. Second, the transportation assistance becomes available only when the Governor of a State certifies that hay production has fallen by 50 percent or more in a county or substantial portion of a county. Third, it further provides that this hay can only be fed to cattle owned by the farmer and to only to maintain normal livestock herds. Finally, an individual farmer is eligible only if he would experience undue financial hardship without such assistance.

Senator Abourezk and I had the opportunity to visit three Minnesota and South Dakota communities this last weekend to see first-hand the effects of this drought. The reports we had received from farmers were ominous and what we saw in person only confirmed what they had told us.

If this were just a dry or late spring or if yields were reduced, because of deep winter frosts, most farmers could get by. But what we saw was dramatically different. It was substantially more serious and we quickly concluded that the current livestock feed and loan programs could not address problems of this proportion.

This legislation is designed to correct the most obvious deficiencies in our present disaster laws, and I ask unanimous consent that it be referred to the Committee on Agriculture.

Mr. President, I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 3564

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. In order to maintain normal livestock herds, the Secretary of Agriculture is authorized to reimburse livestock producers or otherwise pay for the transportation costs they incur for the shipment of hay into counties severely affected by drought, flood, or other natural disaster.

Sec. 2. The Secretary of Agriculture may designate any county or substantial portion thereof, as an emergency area for the purposes of this Act if he determines that as a result of a natural disaster the hay crop for that county is not more than 50 percent of the normal crop as estimated by the Secretary.

Sec. 3. The Secretary of Agriculture shall not provide assistance to any producer under this Act unless he is satisfied that such producer cannot obtain, without undue financial hardship, sufficient feed for the livestock owned by him, and unless such producer agrees to use the hay only for feed for such livestock.

Sec. 4. The Secretary of Agriculture is authorized to issue such regulations as he determines necessary to carry out this Act.

Sec. 5. The Secretary of Agriculture is authorized to utilize the facilities, services, authorities, and funds of the Commodity Credit Corporation in discharging his functions and responsibilities under this Act.

SEC. 6. The authority to provide assistance under this Act shall expire on December 31, 1977.

By Mr. WILLIAMS:

S. 3567. A bill to require an employer which assumes the ownership or operation of a business to honor the terms and conditions of a collective bargaining contract. Referred to the Committee on Labor and Public Welfare.

Mr. WILLIAMS. Mr. President, today I am introducing legislation which will protect the contractual rights of American workers whenever their current employer is changed because its business is purchased, merged, or consolidated. Specifically, my legislation, first, will make it an unfair labor practice for an employer to refuse to assume all of the terms and conditions of a predecessor collective bargaining contract; and second, will give Federal courts jurisdiction over lawsuits against a new employer for violation of any of the terms of the assumed collective bargaining agreement.

The legislation I am introducing is designed to give guidance to the Supreme Court in a much clouded area of labor law. Congressional guidance is what the Court has indicated it does not have. It stated so in one of a series of decisions rendered during the past 4 years in which it attempted to resolve the issues but failed:

> Particularly in light of the difficulty of the successorship question . . . and the absence of Congressional guidance as to resolution, emphasis on the facts of each case as it arises is especially appropriate. *Howard Johnson Company* v. *Detroit Local Board Hotel & Restaurant Employees and Bartenders Union.* 417 U.S. 249 (1974)

My legislation is aimed at achieving stability through continuity of contractual rights and job rights. And stable negotiated labor contracts are in fact the keystone of the stable industrial relations, as it has developed under the NLRA, which our Nation enjoys. This bill is consistent with the philosophy of and the aims of our national labor relations policy for the last 40 years.

A change in the corporate structure, ownership, or operation of a business should not have the automatic consequence of erasing contract rights and obligations.

Employees whose union successfully negotiates a collective bargaining agreement should be secure in the knowledge that its terms and conditions will protect them for the full term of the contract. Employers, both old and new, should be secure in the knowledge that they will receive what they bargained for. Parties should not be placed in a position where they make a bargain today but do not know the extent of their rights and obligations until a court decides that issue for them many years later.

Instead of stability, the product of the Supreme Court's series of decisions during the past 4 years is uncertainty. Business planners and unions have been left without clear guidelines to facilitate smooth business transfers.

As I view the problem, the Supreme Court created this uncertainty by its decisions in the earlier mentioned Howard Johnson decision and in its prior decision, *NLRB* v. *Burns International Security Services*, 406 U.S. 272 (1972), even though, ironically, in those decisions the High Court established a clear rule of law.

The Supreme Court's rule of law is: The new employer can never be required to assume its predecessor's collective bargaining agreement. According to the Court in Burns, this holds true under Taft-Hartley refusal to bargain provisions (sections 8(a)(5) and 8(d)). According to the Court in Howard Johnson, this likewise holds true under the contract enforcement provisions contained in that act (section 301).

The Supreme Court's rule produces uncertainty because it reverses the well established rule of contract law that a contract stays with a business establishment for its term, whoever happens to own or operate it. The Supreme Court has replaced this contract law principle with a labor law rule of its own creation, which is that the only obligation which still may lawfully be imposed upon the new employer is the duty to bargain. This means that a stable bargaining relationship based upon contract is automatically replaced by negotiations, which, if unsuccessful, can lead to industrial strife.

Under the amendments I am introducing today, there will be no uncertainty. The parties will know that the law will require a new employer which acquires a business to assume an existing collective bargaining agreement in its entirety for the remainder of its term.

The amendments are straightforward in spelling out this objective.

The first amendment is made to section 8(d) of the Taft-Hartley Act. The language is drafted to make it a violation of the duty to bargain for a new employer to refuse to assume the preexisting contract. When Congress passed Taft-Hartley in 1947, section 8(d) was written into the law to spell out to some extent the duty to bargain collectively.

Language contained in section 8(d), which provides that the duty to bargain does not require a party to agree to a particular demand or make a concession, was relied upon by the Supreme Court in Burns to conclude that the Board lacked the authority to require a new employer to assume a contract. The proposed amendment adds a proviso immediately after this language to make clear the amendment's purpose. It pushes down the existing proviso to 8(d), and makes it a second proviso. Its form is patterned after the approach taken in what will now be the second proviso.

The conventional Board remedy for an employer violation is a cease-and-desist order and an affirmative order for the employer to bargain collectively with a union. With this amendment, the Board can order the new employer to assume the entire agreement for the remainder of its term.

The second amendment is made to section 301 of the Taft-Hartley Act. Section 301, as currently written, grants Federal courts jurisdiction over "suits for violation of contracts between an employer and a labor organization." The proposed amendment is placed immediately following this present language to make clear the Federal court jurisdiction under section 301 extends to suits against new employers which assume a business.

Amendments to two separate sections of Taft-Hartley are necessary, because the Supreme Court recognized quite correctly in Howard Johnson that the power of Federal courts to fashion a Federal common law in section 301 lawsuits could properly be exercised only in conjunction with the overall principles of the Taft-Hartley Act, the same body of law that governs the NLRB:

> It would be plainly inconsistent . . . to say that the basic policies found controlling in an unfair labor practice context may be disregarded by the courts in a suit under Section 301, and thus to permit the rights enjoyed by the new employer in a successorship context to depend upon the forum in which the union presses its claim. 417 U.S. at 256.

In conclusion, the legislation I am introducing today will require the new employer to honor a preexisting collective-bargaining contract and will enable the union to sue the new employer for violations of the agreement. My purpose is to give congressional guidance to the Supreme Court so that stability will be restored to an area of the labor law where the Court has created uncertainty.

By Mr. HATHAWAY:

S. 3569. A bill to amend title 39, United States Code, with respect to the organizational and financial matters of the U.S. Postal Service and the Postal Rate Commission, and for other purposes. Referred to the Committee on Post Office and Civil Service.

POSTAL REFORM ACT OF 1976

Mr. HATHAWAY. Mr. President, I am pleased to introduce today a bill which would make a number of basic and vitally needed changes in the structure and funding of our Postal Service and Postal Rate Commission and would to a large degree restore to these agencies a sense of public duty and responsibility.

Over the last year it has become apparent to me that the ongoing problems of the Postal Service have been of great concern to many of my constituents, and that they feel this entity has become out of touch with their needs. I have heard from small businessmen, from those associated with educational institutions, from users of the mail in both rural and urban areas, and from postmasters and postal employees, all of whom have urged that some corrective action be taken by Congress with respect to the Postal Service. Needless to say, my constituents have offered many differing solutions, but in the bill I introduced I have tried to put together the best package of remedies I can to meet their needs.

In my bill, I have modified a number of aspects of the various Post Office and Civil Service Committee drafts of S. 2844. It is my understanding that the committee will shortly report such legislation to the floor. I introduce this bill in the hope that it can be considered as a basis for possible modifications to the committee's bill.

I also acknowledge that some of the provisions contained in this bill are adapted from S. 718 introduced by the Senator from South Carolina (Mr. HOLLINGS).

When Congress enacted the Postal Reorganization Act of 1970, it hoped to set up an independent business entity which would ultimately need no Federal funding whatsoever. Day-to-day business decisions would be left to the Postal Service and its managing Board of Governors. Rate decisions would be made by the separate Postal Rate Commission, subject to the approval of the Postal Service. The idea was based on similar systems already in effect in such segments of the economy as the telephone industry and electric utilities. At the time this legislation was enacted, it was hailed as the beginning of a long-needed modernization effort which would bring new efficiency to an enterprise which some had claimed was outdated and riddled with political appointees.

With such a promising beginning, the Postal Service seemed to be off to a good start in its first 2 years of operation. The old Post Office system had suffered a $204 million loss in its last year of operation, but by 1973 the postal system had cut this figure down to $13 million, still a large sum, but indicative of substantial progress. Then in 1974, the loss figure jumped to $438 million, and to $989 million in 1975. The projected loss for 1976 is $1.5 billion and another $1 billion loss is expected in 1977.

Coupled with these startling figures has been a rising public outcry over deteriorating services. This problem has been studied and restudied by the General Accounting Office and other bodies. There have been mixed conclusions to such studies, but the GAO has noted that even if the Postal Service were to deliver 95 percent of all first-class mail on time, 2.6 billion letters would arrive late each year.

The Postal Service has been faced with the same rising costs for gasoline, other fuels, and essential items which all Americans have had to endure. It has responded with series of rate increases and recently with tentative announcements of closings of rural post offices, and is considering other service cutbacks such as eliminating Saturday deliveries.

These events and tentative announcements have understandably disturbed both my constituents and citizens in other parts of the country. They now feel that they need to have more of a voice in the decisions made by the Postal Service and that many decisions which could be made by the Postal Service in pursuit of ostensible cost-saving would, in the long run, be very detrimental and contradictory to the original concept behind the Postal Service and its predecessor; namely, to function as a service to deliver mail promptly and efficiently to all parts of the country. It now appears that this mission is inconsistent with the independent, corporate approach which the Postal Reorganization Act envisioned. It is clear that what is good for the financial condition of the Postal Service may be very bad for the American people.

Given this situation, it is clear that the Postal Service must be more directly accountable to Congress, and also must be given such financial assistance as is necessary for it to meet its primary mission, within our national budget priorities. The Postal Service must be made to operate efficiently, but this ought not to allow the wholesale elimination of historic services.

Rather, Congress should undertake the primary responsibility of deciding which services are essential and which are not, and provide sufficient funding for the former, and take responsibility to eliminate the latter. Without such a structure of Postal Service accountability to Congress and congressional responsibility for effective oversight, the current postal problems seem destined to continue, with all parties involved blaming each other for costs and cutbacks.

Consequently, my bill would return to Congress the power of direct authorization and appropriation of necessary funds for postal operations. Under existing law the Postal Service receives an annual subsidy to be phased out completely by 1984, and also has the right to borrow funds from the Federal Treasury. This setup assumes the Postal Service will one day be self-sufficient, and ignores its present serious financial problems. Through an annual procedure of congressional authorization and appropriation the Postal Service will be forced to justify its activities over the previous year and make a case for its continuing needs. Congress, particularly the House and Senate Post Office and Civil Service Committees and Appropriations Committees will be able to examine closely the postal managers and to recommend in the form of annual legislation such changes as it may deem necessary.

I recognize that some period of transition will be required before this system of direct congressional oversight may be fully implemented and, therefore, I have included in my bill a transition subsidy to the Postal Service of $500 million, for fiscal year 1977. This is the same figure contained in S. 2844 for that year. In succeeding years Congress may provide more or less funding depending on the revenue levels and costs incurred by the Postal Service.

During this transition period my bill mandates that there be a moratorium on postal rate increases, on service reductions, and on post office closings until September 30, 1977, the end of the upcoming fiscal year, by which time the congressional committees will have taken a close look at the postal problems and will have acted on an authorization bill for fiscal 1978 which will hopefully address these concerns in a comprehensive and meaningful fashion. The Postal Service ought to be precluded from cutbacks, or threats of cutbacks, until the mechanisms of congressional oversight are functioning on an ongoing basis.

My bill will also make changes in the organization of the Postal Service with the intention of making it more accountable for its actions, and making the President and the executive branch as a whole take more interest in the problems of the Postal Service.

Currently the Postal Service is totally independent of the executive branch. I would change this, and make it part of that branch. Further, the Postmaster General is now hired by the Board of Governors of the Postal Service. I would abolish the Board and instead have the President appoint the Postmaster, subject to approval by the Senate.

My bill would abolish the nine-member Board of Governors, and would instead place the responsibility of the running of the Postal Service in the hands of the Postmaster General.

These simple changes would make the Postmaster a direct agent of the President and the President would thereby be forced to devote his attentions and interests to the problems of the Postal Service in far greater degrees than has occurred in recent history. The current Postmaster General, Benjamin Franklin Bailar, complained recently that telephone calls he placed to the President's Office and to the Office of Management and Budget were more often than not ignored and never returned.

If the President took direct responsibility for appointing the Postmaster and for getting Senate approval for his nomination, the President would feel a greater need to stand behind his actions or at least speak to him on the telephone.

My bill similarly requires that the members of the Postal Rate Commission, who make the initial determination on the need for an amount of postal rate increases, be appointed by the President and subject to approval by the Senate. Under my bill, their rate recommendations would be subject to the approval of the Postmaster General, rather than the Board of Governors as is currently the case.

Also, I would place a ceiling of 15 percent on the amount by which new temporary rates may exceed existing permanent rates. Under existing law these rates may be up to one-third higher.

The most recent rate increase, which went into effect at the very end of last year, raised first-class rates for letters from 10 to 13 cents. This was seen by many as too drastic an increase, and my bill would change this in the future to allow only more gradual increases.

The controversy over rate increases has led some to suggest that Congress allow private companies to compete with Postal Service in the delivery of first-class mail as is currently allowed in some of the other classes of mail. It is argued that United Parcel Service and other companies have been very successful in their delivery of these other classes and that the competitive approach ought to be tried on letters, too.

Until presented with the further evidence than I have seen thus far, it would appear to me that the continued "monopoly" of the Postal Service on first-class mail, along with a return of congressional and Executive responsibility, is essential to the reinstatement and preservation of the service function of the Postal Service.

Private competitors would probably be very successful in gaining control of the intracity mail in our largest metropolitan areas, but I doubt very much whether these corporations would be willing or able to undertake delivery to outlying rural areas. That job would be left, as it is now, to the Postal Service. Thus, the private carriers would skim the cream of the business and leave the less lucrative and often losing business to the Postal Service. This would only aggravate the current situation.

In evaluating our rate structure, we ought to consider the costs of the equivalent to first-class service in other countries of the world. For example, in France, the cost is 18 cents, in Sweden 23 cents, and in Japan, over 16 cents. In the United Kingdom the cost is 17 cents, and this cost has jumped a total of 89 percent in the last 2 years. Compared to these figures, Canada has maintained a constant cost of 8 cents. The point of this comparison is the final per letter cost to consumers will depend to a large degree, on the extent to which the individual governments are willing to subsidize their postal services. Other factors, of course, are efficiency and overhead services. By giving Congress increased budgetary authority, my bill would allow for closer attention to the appropriate mix of subsidies and rate increases.

My bill would also state explicitly that college and other education catalogs be considered as periodical publications and therefore eligible for lower postal rates. This matter has been the subject of some controversy under existing law and this change would clarify the situation. My bill would also state explicitly that publications of State wildlife and fisheries organizations similarly be eligible for lower rates. Under existing law this privilege is extended to State agricultural publications but not to fisheries and wildlife publications.

Once Congress and the executive branch become directly involved in the decisions to be made affecting the operations of the Postal Service, it is my hope that public confidence in it will begin to be restored.

Such decisions as the amounts of services and their costs will be more directly the responsibility of our elected officials than is presently the case. Concerned citizens will thereby be able to address their complaints to their elected representatives who will be able to take action.

The problem with the Postal Service in recent years has been that both the President and Congress have seen it as someone else's problem and not their own. In creating an independent Postal Service, Congress avoided direct responsibility and accountability, and as a result the Service has understandably languished from neglect.

In introducing my bill today I am aware that the Post Office and Civil Service Committee bill soon to be reported will set up a Commission on Postal Service which will study the current problems and report back to Congress in February of 1977. While I do not wish to dismiss the potential for reform such a commission might have, I would suggest that this approach unnecessarily delays any long-term solution to those problems so urgently in need of attention and may be one more vehicle for Congress to avoid or postpone its responsibilities. I believe my bill offers a more immediate solution and more responsible approach to this matter.

My bill would represent a modest but critical first step in restoring the mechanisms for responsibility and service.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3569

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Postal Reform Act of 1976".

SEC. 2. (a) Section 2401(b) of title 39, United States Code, is amended by striking out paragraph (3).

(b) Paragraph (2) of section 2401(b) of such title is amended to read as follows:

"(2)(A) In addition to the sums authorized under paragraph (1) of this subsection, there are authorized to be appropriated to the Postal Service such additional sums as may be determined to be necessary for an efficient service-oriented postal service. An appropriation for any fiscal year under this paragraph shall not be made to the Postal Service unless, for such year, an authorization for an appropriation is enacted by Congress.

"(B) There is authorized to be appropriated to the Postal Service for the fiscal year ending September 30, 1977, the amount of $500,000,000 to be applied against the deficit of the Postal Service for fiscal year 1977.".

(c) Section 2401 of title 39, United States Code, is amended by adding at the end thereof the following new subsections:

"(d) During the period beginning on the date of enactment of the Postal Reform Act of 1976 and ending on September 30, 1977, the Postal Service shall not—

"(1) have in effect any permanent or temporary rate of postage or fee for postal services exceeding the rates and fees in effect on the date of enactment of the Postal Reform Act of 1976, unless that excess is provided for under section 3626 of this title;

"(2) provide levels and types of postal services which are less than the levels and types of services provided on June 1, 1976; or

"(3) close any post office where 35 or more families regularly receive their mail and which was providing service on June 1, 1976.

"(e) During the period beginning on the date of enactment of the Postal Reform Act of 1976 and ending on September 30, 1977, the Postal Service shall provide door delivery or curbline delivery to all permanent residential addresses (other than apartment building addresses) to which service is begun on or after the date of enactment of the Postal Reform Act of 1976.

"(f) In requesting amounts to be appropriated under this section, the Postal Service shall present to the Committees on Post Office and Civil Service and the Committees on Appropriations of the Senate and the House of Representatives sufficient copies of the budget of the Postal Service for the fiscal year for which funds are requested to be appropriated, and a comprehensive statement relating to the following matters:

"(1) the plans, policies, and procedures of the Postal Service designed to comply with all of the provisions of section 101 of this title;

"(2) postal operations generally, including data on the speed and reliability of service provided for the various classes of mail and types of mail service, mail volume, productivity, trends in postal operations, and analyses of the impact of internal and external factors upon the Postal Service;

"(3) estimates of the total expenditures and obligations to be incurred by the Postal Service for the most recent fiscal year for which information is available and for the fiscal year for which funds are requested to be appropriated, and the means by which these estimated expenses will be financed; and

"(4) such other matters as the committees may determine to insure that the Congress is fully and currently consulted and informed on postal operations, plans, and policies.".

(d) Section 2003 of title 39, United States Code, is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding any other provision of this section, any amounts appropriated to the Postal Service under subsection (b) of section 2401 of this title and deposited into the Fund shall be withdrawn by the Postal Service only for the purposes provided in such subsection.".

ORGANIZATION OF POSTAL SERVICE

SEC. 3. (a) Section 102 of title 39, United States Code, is amended to read as follows:

"§ 102. Definitions

"As used in this title 'Postal Service' means the United States Postal Service established by section 201 of this title.".

(b) Section 201 of such title is amended by striking out ", as an independent establishment of" and inserting in lieu thereof "within".

(c) Section 202 of such title is repealed and the item relating to such section in the table of sections for chapter 2 of such title is amended to read as follows:

"202. Repealed.".

(d)(1) Sections 203 through 205 of such title are amended to read as follows:

"§ 203. Postmaster General

"The head of the Postal Service is the Postmaster General. The Postmaster General shall be appointed by the President by and with the advice and consent of the Senate. The Postmaster General shall receive compensation at the rate provided for level I of the Executive Schedule under section 5312 of title 5.

"§ 204. Deputy Postmaster General

"The Deputy Postmaster General of the Postal Service shall be appointed by the President by and with the advice and consent of the Senate. The Deputy Postmaster General shall perform such duties as the Postmaster General may require. The Deputy Postmaster General shall receive compensation at the rate provided for level II of the Executive Schedule under section 5313 of title 5.

"§ 205. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer

"There shall be within the Postal Service 3 Senior Assistant Postmasters General, 8 Assistant Postmasters General, a General Counsel, and a Judicial Officer. The Senior Assistant Postmasters General, the Assistant Postmasters General, the General Counsel, and the Judicial Officer shall be appointed by, and shall serve at the pleasure of, the Postmaster General. The Judicial Officer shall perform such quasi-judicial duties, not inconsistent with chapter 36 of this title, as the Postmaster General may designate. The Judicial Officer shall be the agency for the purposes of the requirements of chapter 5 of title 5, to the extent that functions are delegated to him by the Postmaster General. The Senior Assistant Postmasters General shall receive compensation at the rate provided for level III of the Executive Schedule under section 5313 of title 5. The Assistant

Postmasters General, the General Counsel, and the Judicial Officer shall receive compensation at the rate provided for level IV of the Executive Schedule under section 5314 of title 5.".

(2) The items relating to sections 203 through 205 of such title are amended to read, as follows:

"203. Postmaster General.
"204. Deputy Postmaster General.
"205. Senior Assistant Postmasters General; Assistant Postmasters General; General Counsel; Judicial Officer.".

(e) Section 402 of such title is amended to read as follows:

"§ 402. Delegation of authority

"The Postmaster General may delegate to any officer or employee of the Postal Service the responsibility for the performance of such functions as may be vested by law in him or in any other officer or employee of the Postal Service.".

(f)(1) Section 410(a) of such title is amended by striking out ", including the provisions of chapters 5 and 7 of title 5,".

(2) Section 410(b) of such title is amended:

(A) by striking out the period at the end of paragraph (6) and inserting in lieu thereof a semicolon and "and"; and

(B) by adding immediately below such paragraph the following:

"(7) chapter 5 (administrative procedure) and chapter 7 (judicial review) of title 5.".

(g) Section 1005(d) of such title is amended by striking out "(other than the Governors)".

POSTAL RATE COMMISSION

SEC. 4. (a) The first sentence of section 3601 of this title is amended by inserting immediately after "5 Commissioners appointed by the President" the following: ", by and with the advice and consent of the Senate".

(b) The last sentence of section 3601 of such title is amended to read as follows: "The Commissioners may be removed from office by the President for inefficiency, neglect of duty, or malfeasance in office. The Commissioners of the Postal Service shall be appointed with due regard to fitness and qualifications.".

(C) The amendments made by subsections (a) and (b) of this section shall be effective with respect to any individual appointed to fill a vacancy or appointed for a term of office on the Postal Rate Commission on and after the date of enactment of the Postal Reform Act of 1976.

SEC. 5. (a)(1) Section 3604(c) of title 39, United States Code is amended to read as follows:

"(c)(1) The Commission shall prepare and submit to the President and Congress, simultaneously, a budget of the Commission's projected expenses.

"(2) There are authorized to be appropriated such sums as may be necessary to pay the expenses of the Commission.".

(2) Section 2003(e) of such title is amended by striking out "and, subject to the provisions of section 3604 of this title, all of the expenses of the Postal Rate Commission".

(b)(1) The first sentence of section 3621 of such title is amended by striking out "Governors are" and inserting in lieu thereof "the Postmaster General is".

(2) Section 3624 of such title is amended by striking out "Governors" and inserting in lieu thereof "Postmaster General".

(3) Section 3625 of such title is amended—

(A) by striking out "Governors" each place it appears and inserting in lieu thereof "Postmaster General".

(B) in the third sentence of subsection (d) by striking out "with the unanimous written concurrence of all of the Governors then holding office,".

(4) Section 3628 of such title is amended by striking out "Governors" each place it appears and inserting in lieu thereof "Postmaster General".

(5) Section 3641 of such title is amended by striking out "Governors" each place it appears and inserting in lieu thereof "Postmaster General".

(C) Section 3641(c) of such title is amended by striking out "one-third" and inserting in lieu thereof "15 percent".

POSTAL SERVICE PERSONNEL

SEC. 6. (a)(1) Section 1001(b) of such title is amended by striking out "202, 204, and 1001(c)" and inserting in lieu thereof "203, 204, and 205".

(2) Sections 1001 (c) and (d) of such title are repealed.

(b) Section 1002(a) is amended by striking out "a Governor or" and inserting in lieu thereof "a".

(c) Section 1005 (a)(3) of such title is amended by striking out "202, 204, and 1001 (c)" and inserting in lieu thereof "203, 204, and 205"

EXPENSES OF POSTAL SERVICE

SEC. 7. Section 2009 of such title is amended by adding at the end thereof the following new sentence: "Whenever the Postal Service submits any budget program, estimate, or request to the President or the Office of Management and Budget, it shall concurrently transmit a copy of that program, estimate, or request to the Congress.".

SEC. 8. Section 3626 of title 39, United States Code, is amended by inserting "(a)" immediately before "If the rates" and by adding at the end thereof the following new subsections:

"(b)(1) For the purposes of this title, the term 'periodical publications', as used in former section 4351 of this title, includes (A) any catalog or other course listing, including mail announcements of legal texts which are part of post-bar admission education, issued by any institution of higher education or by a nonprofit organization engaged in continuing legal education; and (B) any looseleaf page or report (including any index, instruction for filing, table, or sectional identifier which is an integral part of such report) which is designed as a part of a looseleaf reporting service concerning law or public policy.

"(2) Any material described in paragraph (1) of this subsection shall qualify to be entered and mailed as second-class mail in accordance with the applicable provisions of former section 4352 through former section 4357 of this title.

"(3) For purposes of this subsection, the term 'institution of higher education' has the meaning given it by section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

"(c) In the administration of this section, conservation publications published by an agency of a State which is responsible for management and conservation of the fish or wildlife resources of such State shall be considered as publications of a qualified nonprofit organization which qualifies for rates of postage under former section 4358(d) of this title.".

ADDITIONAL COSPONSORS

S. 2477

At the request of Mr. Ribicoff, the Senator from Connecticut (Mr. Weicker) and the Senator from Iowa (Mr. Clark) were added as cosponsors of S. 2477, to provide more effective disclosure of certain lobbying activities.

S. 2905

At the request of Mr. Philip A. Hart, the Senator from Colorado (Mr. Haskell) was added as a cosponsor of S. 2905, the Commodity Supplemental Food Program Act of 1976.

S. 3182

At the request of Mr. Taft, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of S. 3182, to amend the Occupational Safety and Health Act of 1970.

S. 3470

At the request of Mr. Inouye, the Senator from Rhode Island (Mr. Pastore) was added as a cosponsor of S. 3470, to amend the Social Security Act.

S. 3509

At the request of Mr. Stone, the Senator from Florida (Mr. Chiles) was added as a cosponsor of S. 3509, to amend title II of the Social Security Act.

S. 3516

At the request of Mr. Bentsen, the Senator from Florida (Mr. Stone) was added as a cosponsor of S. 3516, relating to assistance to countries aiding terrorism.

AMENDMENT NO. 1829

At the request of Mr. Inouye, the Senator from Alaska (Mr. Gravel) was added as a cosponsor of Amendment No. 1829, intended to be proposed to the bill (H.R. 10612) to reform the tax laws of the United States.

SENATE RESOLUTION 467—ORIGINAL RESOLUTION REPORTED RELATING TO THE HISTORY OF THE COMMITTEE ON THE JUDICIARY

(Referred to the Committee on Rules and Administration.)

Mr. HRUSKA (for Mr. Eastland), from the Committee on the Judiciary, reported the following original resolution:

S. Res. 467

Resolved, That there be printed with illustrations as a Senate document a revised compilation of materials entitled "History of the Committee on the Judiciary Together With Chairman and Members Assigned Thereto, 1816–1976", and that there be printed five thousand additional copies of such document for the use of the Committee on the Judiciary, of which 50 copies shall be bound in such style as the Joint Committee on Printing shall direct.

SENATE CONCURRENT RESOLUTION 120—SUBMISSION OF A CONCURRENT RESOLUTION PROVIDING FOR PAROLE OF POLITICAL REFUGEES

(Referred to the Committee on the Judiciary.)

Mr. KENNEDY submitted the following concurrent resolution:

S. Con. Res. 120

Expressing the sense of the Congress that the Attorney General parole into the United States those aliens having fled to Argentina and those Uruguayans within Uruguay who are in danger of losing their lives

Whereas, aliens, who are national of Chile, Uruguay, and other South American countries have fled or been forced from their homelands because they fear persecution for their political beliefs, and have sought refuge in Argentina;

Whereas, incidents of kidnapping and murder of such nationals indicate that lawless elements, including elements of the Argentine government, are cooperating with Chile and Uruguay in persecuting and eliminating opposition leaders of South American countries;

Whereas, the government of Argentina has not controlled these lawless elements and cannot assure the safety of those who had fled their homelands;

Whereas, within Uruguay, members of the political opposition are subject to persecution and in danger of their lives; and

Whereas, the Government of the United States has a tradition of offering asylum to those who are in danger of losing their lives because of their political beliefs: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the Attorney General, in accordance with existing law and U.S. humanitarian tradition, should parole into the United States those aliens having fled to Argentina and those Uruguayans in Uruguay who are in danger of losing their lives because of their political beliefs.

Mr. KENNEDY. Mr. President, one can only express great concern, sadness and horror at the daily barrage of human rights violations now reported from Argentina. In the past few weeks, we have seen political refugees from other Latin American nations who sought relief in Argentina once more become the target of violent repression.

Despite the pledge of the new Junta in Argentina that it would not follow the course of the Chile or Uruguayan military in their political repression and violation of human rights, the events in Argentina raise deep questions of its will and its capacity to rein in the extremists.

What is worse, the recent burglary in the refugee center under the supervision of the United Nations High Commissioner, a center barely a block from a local police precinct, raise serious fears that there are some in the new military government who are quietly looking away or even encouraging the paramilitary squads terrorizing the refugee community.

We heard of the forced return of Edgardo Enriquez, a Chilean leader of an extremist group to Chile, and of his disappearance.

Then came the abduction and murders of two former Uruguayan legislators, neither of whom had any record of extremist activity.

Daily reports continue as well of refugees and Argentine citizens disappearing one day, their bodies found along riverbeds or on city streets the next.

Last week, the same submachine gun toting groups broke into the Catholic refugee center offices and stole the list of refugees in Argentina who were under UN protection.

A day later, 25 refugees, men and women who had fled political repression from Chile, Uruguay and Paraguay, were abducted at gunpoint from a hotel under U.N. responsibility.

A day later they were turned loose, in some cases, simply pushed from cars into the street. They had been tortured. They had been beaten. And they had been warned to leave the country.

One had hoped that the change in government in Argentina might lead to a restoration of stability, and a restoration of a democratic political system, surely one which respected basic human rights.

The failure to put a halt to the paramilitary terrorist activities has changed those hopes into grave concerns. The current government in Argentina, whether fairly or unfairly, is going to be held to account for its failure to control these brutal paramilitary groups within the country.

The Argentina Government must recognize that not only individual suffering, violence and death are being sown by these paramilitary groups but the undermining of any possible cooperation by international agencies and organizations, and or by other friendly governments in the economic restoration needed in Argentina today.

At the same time, we must respond to the request of the U.N. High Commissioner on Refugees who has requested other embassies to assist in providing protection to those refugees who have been threatened with death.

For that reason, I am contacting the Secretary of State urging that the United States support the efforts of the U.N. High Commissioner on Refugees as well as submitting this resolution.

I ask unanimous consent that recent articles on this subject be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From The New York Times, May 26, 1976]

Repression in Argentina

Under the guise of rooting out supporters of left wing urban guerrillas, elements of Argentina's armed forces appear to be accelerating a campaign of murder, torture, arbitrary arrests and drastic purges. Recent arrivals in the United States present a picture of Buenos Aires, Cordoba and other major Argentine cities dismayingly reminiscent of the brutal repression imposed on Chile after the overthrow of President Salvador Allende in 1973.

The urban terror perpetrated by the Marxist People's Revolutionary Army and the renegade Peronist Monteneros has long been an extremely disruptive and costly problem for Argentina, matched increasingly in the last two years by savage counter-terror from the ultrarightist Argentine Anti-Communist Alliance. But the direct involvement of regular military elements and the spread of the repression across a wide spectrum of Argentine intellectual and cultural life are recent developments.

In his inaugural address as President after the ouster of Isabel Martinez de Perón in March, Gen. Jorge Rafael Videla promised to respect human rights. There is no evidence that he and the other members of the ruling junta condone the recent military excesses that have helped account for an estimated 200 deaths from terrorism in the last two months. What is in doubt is not General Videla's good intentions but his ability to control military men driven by obsessions that go far beyond anything remotely connected with Communism.

As Argentina drifted into political and economic chaos under the hapless Mrs. Perón, there were military leaders who advocated a harsh takeover in the Chilean pattern as the only way to save a polarized Argentina from civil war. General Videla and the officers who supported him held out for a more moderate course and carried the day—temporarily. Now, two months later, they seem in danger of losing out to the military extremists who always opposed moderation.

On his recent visit to Santiago, Secretary of the Treasury William E. Simon declared that economic aid for Chile would be linked to the military Government's progress in restoring basic freedoms. In considering the large-scale economic assistance desperately needed by Argentina, the United States and other creditor governments would be well-advised to emphasize that same condition.

[From the Washington Post, May 23, 1976]

Orfila Losing Fight to OAS Bureaucracy

(By Lewis H. Dinguid)

A year after Argentine Mejandro Orfila was elected secretary general on a vow to invigorate the Organization of American States, he admits to utter frustration at the hands of its entrenched bureaucracy.

"I can't fire anybody. This has got to change," he said.

Discussing the OAS general assembly which opens in Chile June 4, Orfila stated his own goal for that gathering of foreign ministers: "We must come up with a sense of purpose."

Orfila, 51, has gone far toward putting the OAS on Washington's social calendar, with several well-publicized parties. "But I set out to instill a sense of youth, enthusiasm and purpose in this organization," he said. "This I haven't been able to do."

The secretariat of the 24-nation OAS comprises 1,500 people, most of them based here, carrying out tasks from technical assistance to exhibiting art. It has an annual budget of more than $50 million. The jobs could be done by 1,000 to 1,200, Orfila said, but the concept of job security is the bedrock of the institution.

Usually effervescent in any of the four languages of the OAS, Orfila complained: "The pride of the outfit ain't here . . . to a degree it is divorced from the activities of the whole hemisphere."

Last February, while running for the office, Orfila had said, "I now feel that if the new OAS secretary general has a dynamic approach he will have no difficulty getting the countries back to the OAS."

He said a main accomplishment of his year in office has been to shift the informal dialogue between the United States and Latin America to the OAS meetings, replacing Secretary of State Henry A. Kissinger's initiative of talks outside the organization.

It is in this role as a meeting place for North and South America that Orfila believes that the OAS can find its sense of purpose. But he said too much of the bureaucracy is unwilling even to look for purpose.

"Take the 62 people in Public Information with a budget of over $1 million," he said. Orfila's comment implied his awareness of the reputation of the press section, which is known in newsrooms for turning out masses of releases but rarely any news about the organization.

Orfila described his efforts to take up new ideas, only to be told by a department head not how they can be done but why they cannot be. "I've pleaded, I've held staff *cabildos*"—the Latin equivalent of town meetings—"but no."

A new frustration, born of hemispheric sensitivities and abetted by Orfila himself, has come up with Mexico's decision not to attend the General Assembly. Mexico's reason is the human rights policies of the host, Chile.

When he came out of a meeting in Santiago several months ago with President Augusto Pinochet. Orfila made what he now acknowledges was a diplomatically questionable reference to the general as a "statesman." The remark made banner headlines in Mexico City.

The OAS took modern form in 1948, the first of the world's regional organizations. Its powers were few then and have expanded little. Its secretary general serves at the mercy of a council made up of ambassadors from the member state. "I am aware that it is not a political job like secretary general of the United Nations," he said, and he chafes at the constraints.

He recalled the case of a predecessor in the job, former President of Columbia Alberto Lleras Camargo, who became so frustrated in 1954 by OAS immobility that he quit.

Orfila said he knew that ultimately his only power was to insist on changes or resign. But the Argentine who as ambassador here made his embassy parties the talk of the town—and who found to his dismay that the OAS council members grouse about his spending too much for dinner dances at the Pan American Union—is not ready to give up.

But he clearly is tired of greetings like the one he received in a Latin capital on one of his swings: "How does it feel to be captain of the Titanic?"

Four Exiles Killed in Argentina

Buenos Aires, May 22.—The bullet-riddled bodies of four Uruguayan exiles, including two prominent politicians were found in an abandoned car tonight, police reported.

Two of the victims—former Uruguayan Senator Zelmar Michelini and former Speaker of the Chamber of Deputies Hector Gutierrez Ruiz—were kidnaped from the center of Buenos Aires last week.

The other two bodies were identified as those of William Whitelaw Blanco and his wife Rosario.

Since the military coup that ousted President Isabel Peron in March, a number of leftist exiles have been arrested or disappeared.

Observers here suggested that hard-liners in the Argentina military have begun to cooperate with the military men running the governments in neighboring Uruguay and Chile in getting rid of troublesome exiles.

Michelini, who was a Cabinet minister in the government of Uruguayan President Oscar Gestido in the late 1960s, had been working for the leftist newspaper La Opinion. Gutierrez Ruiz was a businessman.

Both had fled Uruguay in 1973 when President Juan Maria Bordaberry imposed dictatorial rule with military backing.

Police said tonight that papers signed by a leftist guerrilla group claiming responsibility for the killings were found in the car with the bodies.

A fifth Uruguayan, Argentina-born labor leader Manuel Liberoff reportedly was kidnaped yesterday. There was no news to his whereabouts.

Earlier today a special military court sentenced a former provincial governor, Enrique Tomas Crespo, to six years in prison for illegal weapons possession.

The sentencing followed reports that the military of Gen. Jorge Videla had decided to mete out "revolutioinary justice" to former political, business and labor leaders under Peron.

Crespo, former governor of Entre Rios, northwest of Buenos Aires, had also been accused of leading the "Parana Commando," a group accused of political murders and extortion.

An unknown number of Peronist officials have been arrested, exiled or have become fugitives.

Argentines Free 25 Latin Exiles—Refugees Seized in Raid on Hotel Tell of Torture

Buenos Aires, Argentina.—All 25 political refugees from right-wing Latin American regimes who were abducted yesterday from two hotels were released today, United Nations officials said. Some had broken ribs and all had bruises.

The refugees, 23 Chileans and one each from Paraguay and Uruguay, said they had been tortured by their unidentified captors and given 48 hours to leave the country.

It was originally reported that 26 persons were seized.

This was the latest incident in a series of abductions and murders of foreigners seeking asylum here.

The refugees were taken from hotels yesterday morning. They said they were blindfolded and had no idea where they had been kept during their 24 hours of captivity.

They were dropped off from trucks around the city at about 4 A.M. and left to find their way home. Some were unable to walk because of their injuries.

PROMISE OF INVESTIGATION

A statement by a spokesman for the United Nations High Commissioner for Refugees said the Argentine Government had assured the office that the action was not "an irregular operation of any sort by the armed forces, police and security agencies." It said the government promised to investigate.

A wave of deep anxiety spread through the refugee community because of the continuing persecution of refugees.

The Jornal do Brasil, a Rio de Janiero newspaper, called for the United Nations to find a way to stop such incidents.

"Learning the political identity of the kidnapers is of little importance; it is enough to define them as a band of murderers," the paper said.

"We're desperate. Our situation is very difficult and very dangerous," said a Uruguayan woman who would identify herself only as Maria, one of an estimated 25,000 Latin American refugees in Argentina.

She was in one of two specially rented refugee hotels that were raided early yesterday by about 30 armed men. She said they shouted "Police, police," rousing tenants from their beds and demanding that they get dressed within one minute.

The raiders, who showed no credentials, roughed up some refugees, smashed belongings and furniture, stole money and documents and then led away the refugees, the woman said.

Maria and other witnesses said the abductors acted unhurriedly, apparent unconcerned that there was a police station only a half-block from one of the hotels.

LINKED TO POLICEMEN

They used the same kind of automobiles, Ford Falcons, employed by mysterious right-wing death squads that have killed scores of Argentines and foreign political exiles in recent months. Law-enforcement agencies here also use the Falcons, and some officials have said privately that policemen may be involved.

Just two days earlier, gunmen driving Falcons broke into a refugee office and stole lists of names and addresses for perhaps as many as 8,000 refugees.

The military government, which deposed President Isabel Martinez Peron on March 4, has promised to prevent such terrorism, but it still continues at a brisk pace. Among the murder victims were former President Juan José Torres of Bolivia and two former members of the Uruguayan parliament.

After the theft of the refugee records, the Government issued a statement saying some foreigners without proper refugee status were endangering national security in Argentina. It asked other nations to open their doors to them.

Seventeen refugees who were picked up earlier by police officers were deported to Venezuela on Thursday. Authorities said they were a threat to public order.

AMENDMENTS SUBMITTED FOR PRINTING

PETROLEUM INDUSTRY COMPETITION AND RESOURCE EFFICIENCY ACT—S. 2387

AMENDMENT NO. 1843

(Ordered to be printed and to lie on the table.)

THE ENERGY CRISIS: THE NEED FOR DEBATE AND ACTION

Mr. MATHIAS. Mr. President, 2 years have gone by since the Arab oil embargo, and in this tranquil interlude, Americans seem to have forgotten the discomfort of that grim winter.

The embargo was a chastening experience. It was as though we had been caught sleeping by invasion or epidemic: we were thankful to have lived through it, and determined not to let it happen again. Gratefully, we resumed our consumption of gas and oil, appreciative of what we had long taken for granted.

For a brief time, we were receptive to the lessons of the embargo. Dwindling natural resources, scarcities of fuel and energy, passed from the realm of prophecy to vivid scenes of chilly buildings and fistfights at the gas pumps. We had seen the future, and although it demanded profound readjustments, we were resolved to make it work.

We began cheerfully, in the spirit of a strong and generous nation pulling together in crisis. We found inventive ways to save oil, gas, and electricity. Our leaders promised to make us independent of foreign oil. We seemed to be preparing ourselves, in good season, for the changed world of the 21st century.

Then the oil began to flow again. Americans could buy all the gasoline they wanted, without waiting in line. Life reverted to normal, and our memory of the embargo nightmare evaporated. Conservation went the way of a fleeting fad.

RISING DEPENDENCE ON FOREIGN OIL

Today, we are consuming energy in unconscionably extravagant quantities, and our dependence on foreign oil has grown immoderately. The Federal Energy Administration's Monthly Energy Review of April 1976 sketches our dilemma in stark figures.

In February 1976, domestic crude oil dropped to 8.1 million barrels a day, the lowest in a decade. Between February 1975, and February 1976, domestic production of crude oil fell 6 percent; domestic production of coal fell 6 percent; and domestic production of natural gas fell 4 percent.

While domestic production plunged, demand rose steadily. Total demand this May was 4.3 percent higher than in May of last year. Consumption of gasoline, which accounts for 40 percent of the petroleum we use, has climbed 7 percent above demand in 1975, and 12.2 percent over 1974. Purchase of economical subcompact cars has slumped from 34 percent of the market in 1975 to 28 percent so far this year.

Our prodigious appetite for energy is being fed more and more on imported oil. Our dependence has almost doubled in the last 10 years. In 1966, we imported 21 percent of our petroleum. In 1975, we imported 37 percent. In February 1976, we were importing 42 percent of our oil, and the figure was still rising.

THE ENERGY ILLUSION

We are drifting further and further upon the mercy of the Arab nations, when the Arabs themselves are struggling with bloody factionalism and menaced with civil war. According to the FEA, a 1-year Arab oil embargo in 1977 would shear between $78 and $112 billion from our gross national product, and put more than 2 million persons out of work. If there should be another embargo, the disruptions of the embargo of 1973 will be as childish mischief by comparison.

Our predicament is self-imposed. Americans have stopped believing in an energy crisis, and many in Government have indulged their illusion. Gently, we have urged the people to conserve, as though it were a matter of the mildest consequence. We have spent billions on the leisurely exploration of energy sources that will take years to develop. We have refused to curb consumption by relaxing price controls, and taxing gasoline.

Inevitably, with or without an embargo, we will arrive at the point where there will no longer be the energy to use as we are accustomed. If we come to that day as innocent and unprepared as we came to the Arab oil embargo, we will have stumbled into one of the most crippling disasters in our history.

THE DIVESTITURE DEBATE

Today, the Senate Judiciary Committee has completed the long process of hearings and deliberations on the controversial question of divestiture of the oil companies. The hearings elicited emphatic argument on both sides. On both sides, there were disaster-laden predictions, but there was no exploration of alternative approaches or a middle ground. It was either divestiture or nothing.

Spokesmen for the big oil companies maintained that there are no inequities and no dubious procedures in the industry, an appraisal that does not stand up in the glare of the energy crisis.

Advocates of divestiture depict an oil industry unredeemed by efficiency or good intentions of any kind, a judgment that seems excessive to me. I have no doubt that there are efficiencies that can be gained in vertical integration.

For the moment, I am reserving judgment on divestiture. I worry about the economic disruption that divestiture might entail. I hesitate to resort to a measure so incalculable, so uncertain, in a time of energy crisis.

But we must find a way to insure that there is competition in the oil industry, and if divestiture is a problematic answer, then it seems imperative to me that we look around for alternatives. To that end, I am submitting an amendment in the form of a substitute which would stimulate competition, while retaining the manifest efficiencies of vertical integration.

AN ALTERNATIVE APPROACH: THE PETROLEUM INDUSTRY COMPETITION AND RESOURCES EFFICIENCY ACT OF 1976

The bill's essential provisions:

In essence, my bill has three dimensions:

First, it would require the Federal Trade Commission to prohibit discriminatory pricing and conduct by the integrated companies. For example, in selling to their affiliates, the integrated companies would be required to use prices they would charge if they were an independent, rather than a vertically integrated, company. This will insure that vertical integration does not permit oil companies to gain unfair advantage by subsidizing one phase of their operations through extraordinary profits in another phase.

Moreover, when affiliates of a vertically integrated company deal with each other, my bill would prohibit the transfer of petroleum products and services at below cost prices, discriminatory pricing, or the granting of unreasonably discriminatory terms.

Second, my bill would require the Federal Trade Commission to establish uniform accounting and cost allocation standards for the integrated oil companies. Most importantly, the integrated companies would be required to submit quarterly reports to the FTC and to the Securities and Exchange Commission as to all costs, pricing, revenues and profits of their operations. This information would be available to the public—in effect, a sunshine proposal that would bring any anticompetitive practices into the light of day where they can be stopped.

Third, my bill gives the government or any person injured in his business or property by a prohibited practice the right to bring a suit under the antitrust laws against the offending integrated company. The establishment of a right to sue in private parties will be an important element in the enforcement of the bill's provisions.

A principal advantage of my bill is that its provisions for public reporting and its prohibitions on anticompetitive practice could begin almost immediately, whereas divestiture, as prescribed in S. 2387, would take at least five years. My bill would expand our options. If the old objectionable practices should linger on in the oil industry, we would have the data we need to write a fair and expedient divestiture bill, or whatever other legislation might be needed.

THE CREATION OF A PUBLIC TRUST

In a sense, my amendment would place a public trust on the major oil companies.

There is a precedent for this approach. In 1906 the Hepburn amendment to the Interstate Commerce Act made all oil pipelines, with a few insignificant exceptions, whether affiliated with an integrated company or independently owned, common carriers subject to part I of the Interstate Commerce Act. Under part I, the ICC can require pipeline companies which transport, but do not buy or sell crude oil products, to offer their services to all shippers, without discriminating, even if that shipper owns the pipeline.

I understand that the ICC now has only one staff person assigned to the enforcement of this crucial regulation. I wonder whether one person, however diligent, can insure that all companies have fair access to the pipelines. Whatever the outcome of the divestiture debate, the Hepburn amendment reflects the intent of Congress that pipelines should be open to all and it should be rigorously enforced.

Defeat of my amendment would leave us the hard choice of divestiture or status quo. Reluctant as I am to report a bill for divestiture, I am much more reluctant to terminate debate on oil and the energy crisis. To have locked the divestiture bill in the Judiciary Committee would have silenced such debate for another year. It would give the energy crisis another year's march on us, when already we are desperately behind.

In view of this, I voted to send the divestiture bill to the Senate floor, for further discussion, deliberation and decision. In doing so, however, I retain full freedom of action with respect to any vote on the Senate floor.

I encourage my colleagues to discuss this question vigorously, and in all its aspects. I hope that in the process we can explore the full range of our energy policy, and make a start in relieving our jeopardous position.

The Senate must convey the extent of our country's dilemma to the American people. Alarm is not a popular commodity among politicians. But gas prices have begun to climb again, and I predict they will continue to rise into the indefinite future, if we do not take effective action. The disquieting truth must be faced before it catches us unprepared, and if the divestiture debate puts us on the way to reckoning with the energy crisis, we might well be indebted to this occasion for our good health in the 21st century.

I send to the desk my amendment in the nature of a substitute to S. 2387 and ask unanimous consent that my amendment be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1843

On the first page, strike through lines 3 and 4.

On page 9, beginning on line 10, strike out all through page 23, line 15 and insert in lieu thereof the following: That this Act may be cited as the "Petroleum Industry Competition and Resource Efficiency Act of 1976"

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds and declares that—

(1) The energy crisis is one of the most critical and pervasive problems facing the Nation;

(2) A healthy, competitive, efficient petroleum industry is essential for the Nation to achieve an acceptable degree of energy self-sufficiency;

(3) This Nation is committed to a free enterprise system in the belief that free enterprise and competition provide the most efficient allocation of production resources, encourage innovation and enhance productivity;

(4) Vertical integration of petroleum companies enhances operating efficiency, but also allows such integrated firms to engage in anti-competitive practices based upon market power and pricing;

(5) Anti-competitive practices in the petroleum industry provide a significant obstacle to developing and implementing a sound national energy policy, and to attaining an acceptable degree of energy self-sufficiency;

(6) Existing antitrust laws are inadequate to eliminate anti-competitive practices in the petroleum industry and must be strengthened; and

(7) Legislation to eliminate anti-competitive practices should alter the behavior of the industry but not its structure, so that disruption of the industry is minimized.

(b) It is the purpose of this Act to facilitate the creation and maintenance of competition in the petroleum industry, and to provide for the efficient allocation of production resources within the petroleum industry without the loss of the industry operating efficiencies which accrue from vertical integration.

DEFINITIONS

SEC. 3. As used in this Act—

(a) "Agency" means an Executive agency as defined in section 105, of title 5, United States Code;

(b) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and any commonwealth, territory, or possession of the United States;

(c) "Person" means an individual or a corporation, partnership joint-stock company, business trust, trustee in bankruptcy, receiver in reorganization, association, or any organized group whether or not incorporated. It does not include any agency or other authority of the United States or of the several States;

(d) "Control" means direct or indirect legal or beneficial interest in or legal power or influence over a person or thing, whether arising by direct, indirect or interlocking ownership of capital stock, debt, or assets, by interlocking directorates or officers, by contractual relations, or by any other means;

(e) "Affiliate" means a person controlled by, controlling, or under or subject to common control with respect to any other person;

(f) "Commerce" means commerce among the several States, with the Indian tribes, or with foreign nations; or commerce in any State which affects commerce among or between any State and a foreign nation;

(g) "Integrated oil company" means any person engaged in commerce who, during the calendar year 1974 or in any subsequent calendar year, controlled or engaged in directly or through affiliates, two or more of the activities defined in subsections (k) through (n) of this section and includes any and all affiliates of any corporation the securities of which are publicly traded in the United States;

(h) "Affiliated activity" means any activity defined in subsections (k) through (n) of this section which is engaged in by an affiliate of an integrated oil company;

(i) "Independent activity" means an activity defined in subsections (k) through (n) of this section which is not an affiliated activity;

(j) "Petroleum" means crude oil and natural gas liquids;

(k) "Production activity" means the exploration for, development of, or production of petroleum;

(l) "Transportation activity" means the transportation by trunk pipeline or gathering line of petroleum or refined products;

(m) "Refining activity" means the refining of petroleum;

(n) "Marketing activity" means the distribution or marketing of refined product;

(o) "Refined product" means any product which is produced by a petroleum refinery from petroleum;

(p) "Commission" means the Federal Trade Commission;

(q) "Service" means a service directly related to the production, transportation, refining or marketing of petroleum or refined products including, but not limited to, geological, geophysical or any other service in connection with the exploration or production of petroleum or refined products and any service related to the construction, operation or maintenance of refining or petrochemical facilities, or terminal or marketing facilities;

(r) "Transfer" means the transfer of control of petroleum or a refined product from one affiliate of an integrated oil company to another, or in the case of a service, the performance by one such affiliate of a service for another;

(s) "Antitrust laws", means—

(1) the Act entitled "An Act to protect trade and commerce against unlawful restraints and monopolies", approved July 2, 1890 (15 U.S.C. 1 et seq.);

(2) the Act entitled "An Act to supplement existing laws against unlawful restraints and monopolies and for other purposes", approved October 15, 1914 (15 U.S.C. 12 et seq.);

(3) The Federal Trade Commission Act (15 U.S.C. 41 et seq.);

(4) sections 73 and 74 of the Act entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes", approved August 27, 1894 (15 U.S.C. 8 and 9);

(5) the Act of June 19, 1936, chapter 592 (U.S.C. 13); and

(6) the Act entitled "An Act to promote export trade and for other purposes", approved April 10, 1918 (15 U.S.C. 61–65).

PROHIBITED CONDUCT

SEC. 4. (a) Whenever, upon its own motion or upon complaint of any person engaged in any activity defined in subsections (k) through (n) of section 3, the Commission shall find an integrated oil company or any affiliate thereof has engaged in conduct described in subsection (b) of this section, the Commission shall determine whether the effect of such conduct may be substantially to lessen competition in the petroleum industry in any area of the United States and shall order such conduct terminated pursuant to section (6).

(b) The types of conduct by an integrated oil company referred to in subsection (a) of this section are as follows:

(1) operations of any affiliated activity in such a manner that such affiliated activity causes or permits, directly or indirectly, any other affiliated activity of such integrated oil company to transfer or sell its petroleum, refined products, or services at prices other than those which would be charged if such affiliated activity were an independent activity operating under similar market conditions;

(2) transfer or sale of petroleum, refined products, or services below the costs of such petroleum, refined products, or services as allocated pursuant to section 5(b)(1);

(3) discrimination in the pricing of petroleum, refined products, or services as between or among an affiliated activity and any other entity that purchases or offers to purchase such petroleum or refined products, of like grade and quality, or similar services on reasonably comparable terms;

(4) the granting of unreasonably discriminatory preferences, rebates, or special terms to an affiliated activity the effect of which may be to give competitive, economic, or business advantage to any such affiliated activity; or

(5) granting or providing of concessions or services between affiliated activities below the actual cost thereof as determined by uniform accounting and cost allocation standards as established under section 5(b)(1).

(c) For the purposes of this Act the pricing by an integrated oil company or an affiliate thereof of petroleum, refined products, or services transferred to an affiliated activity shall be determined by the respective allocation of revenues and costs between the transferring company or its affiliate, and the receiving affiliated activity in accordance with uniform cost accounting and allocation standards established pursuant to section 5(b)(1). For the purposes of subsection (b)(1), the prices which would reasonably be charged by an affiliated activity if such activity were an independent activity operating under similar market conditions shall be determined by the Commission in accordance with the standards and procedures established pursuant to section 5(b)(2).

REPORTING REQUIREMENTS

SEC. 5. (a) Each integrated oil company shall submit such reports at reasonable intervals but no less often than quarterly in each calendar, or quarterly in each fiscal year for integrated oil companies which are fiscal year basis taxpayers, as to all costs, pricing, volume, revenues, profits and other aspects of the operations of such integrated oil companies and the activities of their affiliates which are affiliated activities as the Commission shall by regulation require as relevant to enforcement of the provisions of this Act.

(b) The Commission shall—

(1) establish uniform accounting and cost allocation standards which shall be applicable to all integrated oil companies and their affiliated activities in reporting pursuant to this Act, and which shall include provisions for reporting all costs, pricing, volume, revenues, profits and other information deemed relevant by the Commission as to each such affiliated activity, function or line of business of an integrated oil company; and

(2) establish standards and procedures for determining for the purposes of section 4(b)(1) of this Act the prices which would reasonably be charged for petroleum, refined products, or services if such affiliated activity were an independent activity operating under similar market conditions.

(c) The reporting requirements and accounting and allocation standards provided for in subsection (a) of this section shall, after due notice to all affected persons and agencies and opportunity for public hearings, be adopted for use by all agencies in connection with their accounting and reporting requirements for integrated oil companies and affiliated activities.

(d) Copies of all reports required to be submitted to the Commission shall be furnished concurrently to the Securities and Exchange Commission and all powers of the Securities and Exchange Commission contained in the Securities and Exchange Act of 1934, relating to the filing of reports and penalties for violations of reporting requirements established pursuant to such Act, shall be applicable hereunder.

ENFORCEMENT

SEC. 6. (a) If the Commission finds that any integrated oil company has engaged in any conduct described in section 4(b), the effect of which may be substantially to lessen competition, it shall order such relief as it deems appropriate and necessary to eliminate such conduct and/or to remove the anticompetitive effects of such conduct.

(b) In carrying out the provisions of this Act, the Commission is authorized to utilize all powers conferred upon it, and all sanctions associated therewith, by any other provision of law.

PRIVATE RIGHT OF ACTION

SEC. 7. In the event that the Commission pursuant to section 4(a) determines by final order, or upon entry of a final judgment or decree affirming such order in the event judicial review is obtained, that any integrated oil company has engaged in conduct described in section 4(b) of this Act, the effect of which may be substantially to lessen competition, then the United States or any person injured in his business or property thereby may proceed against such integrated oil company as provided in the antitrust laws of the United States.

SEPARABILITY

SEC. 8. If any provision of this Act, or the application thereof to any person or circumstance is held invalid, the validity of the remainder of the Act and the application of such provision to other persons and circumstances shall not be affected thereby.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

EFFECTIVE DATE

SEC. 10. (a) Except as provided in subsection (b) the provisions of this Act shall become effective on the date of enactment.

(b) The provisions of section 5(a) shall become effective one year after the date of enactment of this Act.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION AUTHORIZATIONS—S. 3105

AMENDMENTS NOS. 1844 THROUGH 1848

(Ordered to be printed and to lie on the table.)

Mr. PASTORE (for himself and Mr. BAKER) submitted five amendments intended to be proposed by them jointly to the bill (S. 3105) to authorize appropriations to the Energy Research and Development Administration in accordance with section 261 of the Atomic Energy Act of 1954, as amended, section 305 of the Energy Reorganization Act of 1974, and section 16 of the Federal Nonnuclear Energy Research and Development Act of 1974, and for other purposes.

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1849

(Ordered to be printed and to lie on the table.)

Mr. WILLIAMS submitted an amendment intended to be proposed by him to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1850

(Ordered to be printed and to lie on the table.)

Mr. STEVENSON. Mr. President, when the tax bill, H.R. 10612, is considered by the Senate, I intend to offer an amendment to correct an inequity and inconsistency in the application of the investment tax credit.

The investment tax credit is intended to stimulate expenditures for new plant and equipment. A reduction in tax liability is offered as an inducement to make investments which might not otherwise be made.

The credit is directly available only to the purchaser of property qualifying for investment tax credit treatment. However, it is also available indirectly to the lessee of the property in the typical purchase-lease transaction. There, the purchaser commonly arranges in advance of the purchase to lease the property to another and then passes the benefit of the credit through to the lessee in the form of lower rental payments. Hence, either the purchaser directly or the lessee indirectly enjoys the benefit of the credit.

However, there is a class of transactions where no one—neither the purchaser nor the lessee—obtains the benefit of the credit, despite the fact that the transaction meets the tests for investment tax credit treatment. These arise in the case of investments in mass transit equipment pursuant to the Urban Mass Transit Act of 1964.

Under that act, the Federal Government provides matching grants to local public bodies for the purpose of improving local mass transit. Where mass transit in the area is supplied by a private company, the grant recipient—the local public body—will arrange to have the private company pay the local share and then transfer the equipment to that company under what is technically a lease agreement, but with nominal, if any rental payments.

This arrangement is necessary because under the Mass Transit Act, the local public body, as the recipient of the Federal grant must retain title to the equipment regardless of whether it spends its own funds to acquire the property. Under the lease, the public body retains title while transferring all other incidents of ownership to the private transportation company.

The consequence is to deprive the private transit company of the benefits of the investment tax credit despite the fact that its outlay for the local share is indistinguishable from payment of the purchase price. Since it cannot take title, it cannot take an investment tax credit directly. And since the local public body is not a taxable entity, there is no tax credit for it to receive or pass through to the lessee. So, a transaction which otherwise would be eligible for investment tax credit treatment under the Internal Revenue Code is deprived of that treatment by a technicality in another law.

The impact is illustrated by a case involving the Chicago South Suburban Mass Transit District and the Illinois Central Railroad. In 1969, Illinois Central and Chicago South Suburban entered into an agreement calling for South Suburban to purchase 130 commuter rail cars and deliver them to Illinois Central in return for an approximate $13 million cash payment. The $13 million was to be used by the South Suburban Transit District to pay its one-third share of the total purchase price, with the remaining two-thirds to be paid for with a grant from the Federal Government under the Urban Mass Transit Act.

The transaction was completed during the period 1971 to 1973 when Chicago South Suburban took delivery of the cars from the manufacturer, Illinois Central made its $13 million payment to South Suburban, and South Suburban turned the cars over to Illinois Central. Since the Urban Mass Transit Act barred Illinois Central from taking title to the cars, they were transferred to Illinois Central under a lease, despite the fact that Illinois Central funds, not South Suburban funds, were used to pay the one-third local share of the total purchase price. Because Illinois Central is technically a lessee rather than a purchaser, it is not eligible for an investment tax credit for its $13 million investment, and because Chicago South Suburban is a nontaxable governmental entity, there is no investment tax credit for it to take or pass through to Illinois Central.

This result is clearly unintended and clearly inconsistent with the purposes of the law. Illinois Central's outlay of millions for new equipment is exactly the kind of behaviour which the investment tax credit seeks to encourage in order to economic activity. In addition, the purchase of modernized railroad commuter equipment directly advances the Urban Mass Transit Act's goal of improving the Nation's mass transit systems. Denial of the tax benefits which would otherwise be available for this transaction because of a technicality in the law is inequitable, is inconsistent with the Nation's economic and mass transit goals, and in similar cases would discourage the very behavior we seek to promote.

Mr. President, the amendment which I am submitting today would rectify this unintended and undesirable result by permitting the lessee of qualified urban mass transit property to be treated as having acquired such property for purposes of the investment tax credit to the extent of any payments he makes to a governmental unit to assist the acquisition of such property. The provision would be retroactive to August of 1971. This would insure that the Illinois Central transaction and all similar transactions receive the same tax treatment they would otherwise receive were it not for artificial legal constraints. It would insure that the tax consequences of such transactions are in conformity with their substantive character. And it would offer clear incentives to private entities engaged in public transportation to assist in meeting local mass transit needs while insuring that they are not penalized by adverse tax consequences.

Mr. President, this measure would insure equality of treatment for all taxpayers. It would further the Nation's mass transit objectives. And it would promote increased investment and economic activity.

I ask unanimous consent that the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1850

At the proper place insert the following:

(a) GENERAL RULE.—For purposes of section 38 of the Internal Revenue Code of 1954 (relating to the credit for investment in certain depreciable property), the lessee of any qualified urban mass transit property may be treated (at such time, in such manner, and subject to such conditions as are provided by regulations prescribed by the Secretary of the Treasury or his delegate) as having acquired such property for an amount equal to the aggregate amount paid by the lessee after August 15, 1971, to a governmental unit for purposes of assisting such governmental unit in acquiring such property.

(b) DETERMINATION OF QUALIFIED INVESTMENT.—For purposes of section 46(c) of such Code, the qualified investment in any qualified urban mass transit property under subsection (a) shall be the applicable percentage (as defined in section 46(c)(2) of such Code) of the aggregate amount referred to in subsection (a) of this Act with respect to such property.

(c) DISPOSITIONS.—For purposes of section 47 of such Code (relating to certain dispositions of section 38 property), any qualified urban mass transit property under subsection (a) shall cease to be section 38 property with respect to the lessee when the lease terminates.

(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

(1) The term "qualified urban mass transit property" means any new section 38 property acquired by a governmental unit pursuant to the Urban Mass Transportation Act of 1964 (9 U.S.C. 1601 et seq.).

(2) The term "governmental unit" means any State or political subdivision thereof or any agency or instrumentality of any State or political subdivision thereof.

(3) Sections 46(e)(3), 48(a)(5), and 48(d) (other than the first two sentences of paragraph (3) thereof) of such Code shall not apply.

AMENDMENT NO. 1852

(Ordered to be printed and to lie on the table.)

Mr. **PEARSON** submitted an amendment intended to be proposed by him to the bill (H.R. 10612) to reform the tax laws of the United States.

MEDICARE AND MEDICAID ADMINISTRATIVE AND REIMBURSEMENT PROCEDURES REFORM—S. 3205

AMENDMENT NO. 1851

(Ordered to be printed and referred to the Committee on Finance.)

Mr. **FONG** submitted an amendment intended to be proposed by him to the bill (S. 3205) to provide for the reform of the administrative and reimbursement procedures currently employed under the medicare and medicaid programs, and for other purposes.

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT—S. 2872

AMENDMENT NO. 1854

(Ordered to be printed and to lie on the table.)

Mr. **STEVENS** submitted an amendment intended to be proposed by him to the bill (S. 2872) to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1979, and for other purposes.

AMENDMENT NO. 1855

(Ordered to be printed and to lie on the table.)

Mr. **BROCK** submitted an amendment intended to be proposed by him to the bill (S. 2872), supra.

AMENDMENTS NOS. 1856 AND 1857

(Ordered to be printed and to lie on the table.)

Mr. **GLENN** submitted two amendments intended to be proposed by him to the bill (S. 2872), supra.

AMENDMENT NO. 1858

(Ordered to be printed and to lie on the table.)

Mr. **RIBICOFF** submitted an amendment intended to be proposed by him to the bill (S. 2872), supra.

AMENDMENTS NOS. 1859 THROUGH 1862

(Ordered to be printed and to lie on the table.)

Mr. DOLE. Mr. President, I submit four amendments to S. 2872 for printing, and I ask unanimous consent that they be printed in the RECORD at this point.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT No. 1859

On page 18, following line 18, insert the following new section:

"SEC. 113. Section 14 of the Federal Energy Administration Act of 1974, P.L. 93-275, is amended by adding a subsection (d) to read as follows:

(d) The Administrator shall make public, by publication in the *Federal Register* within 30 days of the enactment of this subsection, all manuals, instructions, memoranda, guidelines, training materials, reporters, booklets, and other documents used to train, instruct, direct, guide or supervise auditors in the performance of their duties."

AMENDMENT No. 1860

On page 7, line 5, strike out the quotation mark and the second period.

On page 7, between lines 5 and 6, insert the following new subsection:

(g) The Administrator shall establish a uniform system of standards, procedures, and methods for the accounting for and measurement of all phases of production and marketing of crude oil, natural gas liquids and condensate and all other petroleum products.".

AMENDMENT No. 1861

On page 5, between lines 13 and 14, insert the following:

SEC. 103. (a) Section 7(i)(1)(D) of the Federal Energy Administration Act of 1974 is amended by inserting between the first and second sentences thereof the following: "The Administrator or such other officer or agency head as may be appropriate, shall issue such rules, regulations or orders as may be necessary to insure that with respect to a final or interlocutory decision on any application or petition ruling on interpretation, modification, rescission of, exception to, or exception from the rules, regulations, or orders provided for in the first sentence of this subparagraph that such decision shall specify the standards of hardship, inequity, or unfair distribution of burden by which any disposition was made with respect to any such application, and the specific and detailed application of such standards to the facts and reports contained in any such application or petition.".

On page 5, line 14, strike out "Sec. 103." and insert in lieu thereof "(b)".

AMENDMENT No. 1862

On page 13, between lines 7 and 8, insert the following new section:

SEC. 111. The Federal Energy Aministration Act of 1974 is amended by adding at the end thereof the following new section:

"HOLD SAFE PROVISION

"SEC. 31. Notwithstanding any other provision of the law, the Administrator shall not undertake or otherwise institute, or maintain, or otherwise sustain, any action against any person for an overcharge, during the month of November or December 1973 for the sale of crude oil, refined petroleum products, or natural gas liquids or condensate, or other petroleum products.".

On page 13, line 8, strike out "Sec. 111." and insert in lieu thereof "Sec. 112.".

On page 17, line 9, strike out "Sec. 112." and insert in lieu thereof "Sec. 113.".

NOTICE OF HEARINGS

Mr. ABOUREZK. Mr. President, the American Indian Policy Review Commission Task Force No. 5, investigating Indian education, announces public hearings to be held June 21, 1976, at the Rayburn House Office Building, room B-308, from 9 a.m. to 5 p.m.

Persons interested in further information should contact Helen Schierbeck at 202-225-2235.

NOTICE OF HEARINGS

Mr. BAYH. Mr. President, the Subcommittee to Investigate Juvenile Delinquency has scheduled 2 days of hearings on the impact of the Juvenile Justice and Delinquency Prevention Act of 1974, Public Law 93-415, in the State of Maryland. The hearings will be held in two sites in Maryland and will call upon numerous public officials and private parties to testify.

On Tuesday, June 22, the hearing will commence at 9 a.m. in Annapolis, Md., in the Judiciary Proceeding Room of the New House State Office. The street address is College Avenue and Bladen Streets, Annapolis, Md. The hearing is scheduled to conclude at noon.

The following Thursday, June 24, the second morning hearing session will be held in Baltimore, Md., in room G30 of the Federal Office Building. The street address is 31 Hopkins Plaza, Baltimore, Md. This hearing will convene at 9 a.m. and is scheduled to conclude at noon.

Regretfully, it appears at this time that I will be unable personally to chair this series of hearings. However, Senator CHARLES McC. MATHIAS, the ranking minority member, has graciously agreed in my absence to represent the subcommittee.

Anyone interested in these hearings, or desiring to submit a statement for the record should contact Mr. John M. Rector, staff director and chief counsel of the subcommittee, at room A504, U.S. Senate, 202-224-2951, or Mr. Robert K. Kelley, minority counsel, at 202-224-8866.

NOTICE OF HEARING ON NOMINATION OF ALBERT C. ZAPANTA

Mr. CHURCH. Mr. President, I wish to announce for the information of the Senate and the public the scheduling of a public hearing on the nomination of Albert C. Zapanta of California to be Assistant Secretary of the Interior for Management. The hearing will be held before the Senate Interior and Insular Affairs Committee on Friday, June 18, 1976, at 10 a.m. in room 3110, Dirksen Senate Office Building.

For further information regarding the hearing, you may wish to contact Mr. Owen Malone of the Interior Committee staff on 224-7150.

STATEMENT BY SENATOR METCALF

Mr. METCALF. Mr. President, in accordance with the rules of the Committee on Interior and Insular Affairs, I wish to advise my colleagues and the public that the following hearings and business meetings have been scheduled before the committee for the next 2 weeks:

June 16, full committee, 10 a.m., room 3110, business meeting, pending calendar business.

June 16, House-Senate conference, 2:45 p.m., room H-139, Capitol, conference, S. 217, Pueblo Indian land bill.

June 17, full committee, 10 a.m., room 3110, hearing, H.R. 10138, S. 2630, to amend Youth Corps Conservation Act of 1970.

June 17, House-Senate conference, 2 p.m., room 1324, Longworth, conference, S. 268, Eagles Nest Wilderness bill.

June 18, full committee, 10 a.m., room 3310, hearing, nomination of Clement B. Malin to be Assistant Administrator of FEA and Samuel J. Tuthill to be Assistant Administrator of FEA.

June 22, full committee, 10 a.m., room 3110, hearing, H.R. 7792, Alpine Lakes wilderness area.

June 23, full committee, 10 a.m, room 3110, business meeting, pending calendar business.

June 29, 30, Energy Research and Water Resources Subcommittee, 10 a.m., room 3110, hearing, oversight hearing on ERDA long-range plan.

NOTICE OF CANCELLATION OF HEARING ON GOVERNMENT ECONOMY AND SPENDING REFORM

Mr. RIBICOFF. Mr. President, the hearing which was scheduled to be held on June 16 by the Committee on Government Operations on S. 2925, the Government Economy and Spending Reform Act of 1976, has been canceled.

COMMITTEE MEETINGS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be allowed to meet until 1 p.m. tomorrow afternoon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order of the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate will be in order.

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT

Mr. ALLEN. Mr. President, I move to reconsider the vote by which my amendment was agreed to.

The PRESIDING OFFICER. Without objection, the motion is in order.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. GLENN. Mr. President, I move to reconsider the vote by which the Hart amendment, which I believe was amendment No. 1782, was agreed to.

The PRESIDING OFFICER. Without objection, the motion is in order.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PROGRAM

Mr. MANSFIELD. Mr. President, there will be no further vote tonight, but we will come in at 9 a.m. tomorrow morning, in accordance with the previous order.

There will be 1 hour of debate on the pending amendment. There will be other amendments tomorrow. But we hope to finish the bill by noon and proceed to the tax reform bill if at all possible.

ADJOURNMENT TO 9 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, if there be no further business to come before the Senate tonight, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 9 a.m. tomorrow.

The motion was agreed to; and at 8:44 p.m., the Senate adjourned until Wednesday, June 16, 1976, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate June 15, 1976:

THE JUDICIARY

Edwin R. Bethune, Jr., of Arkansas, to be U.S. district judge for the eastern and western districts of Arkansas Vice Oren Harris, retired.

IN THE MARINE CORPS

The following-named officers of the Marine Corps Reserve for permanent appointment to the grade of colonel:

George S. Ames
James W. Anslow
Donald J. Berryman
William L. Birdwell
Robert E. Black
Robert A. Bonadio
William R. Bosley, Jr.
Alan J. Bowie
Russell J. Braden
Clayton P. Brennan
Thomas F. Burke
Charles E. Collins
Robert E. Coolidge
William L. Conners
Robert J. Cotrell
Alfred B. Darcy
Louis Datillo
Allan D. Davis
Richard W. Dayhuff
Johnny O. Dean
Marvin C. Decker
William DeLorenzo, Jr
Lawrence E. Dickerson
Dwight R. Dickey
John A. Dietz
Joseph A. Doglio
Hugh L. Dougherty, Jr.
Jay D. Douglas
Kenneth J. Erdman
Roland B. Field
John R. Fordyce
Francis R. Frola
Gordon Gannon, Jr.
Henry J. Goffi
William L. Golemon
Jean B. Green
Francis D. Hadden
David M. Hatfield
Travis N. Hines
Edmund L. Hudson
Sam J. Incontro
Warren I. Jaycox
John F. Johnson
Richard J. Kemper
Thomas C. Kerr
Robert D. Kravet
Hillary M. Leclaire, Jr.
Wayne Lewis
Charles F. Lundy
James F. Malone
Richard S. Manley
Frank L. Marangon
Harry A. Marmion
Paul H. Mazerov
John J. McConnell
Vincent J. McGarry, Jr.
John P. McGill
James J. McNamara
Charles H. Meyer
Chester J. Millett, Jr.
James E. Moynihan
Timothy C. Murphy
Frank G. Nelson G.
Ronald K. Nelson
Clynch Newsome, Jr.
Joseph G. Norton
Rollie Oatley, Jr.
Peter J. O'Hagan, Jr.
Willard E. Overholtzer
Kenneth P. Palmer
Homer Paul, Jr.
Bruce A. Peterson
Michael R. Pizziferri
John R. Powers
Joseph A. Presutto
Paul E. Pruett
Robert W. Rauch
Thomas P. Redden, Jr.
Clifford J. Reesman
Alvin P. Ridgway, Jr.
Russell A. Rourke
Robert F. Ruan II
John J. Salesses
Ronald W. Salmon
Gordon A. Samuel
William M. Scaife, Jr.
Ronald Scharback
James H. Schell
Richard T. Secrest
Daniel C. Seemann
John Simich
Frederick A. Smith
Spencer W. Smith
Leonard B. Stolba
Eugene G. Sullivan
Charles E. Swope, Jr.
Fred Tschopp, Jr.
John L. Tucker
Emil L. Veer
Daniel B. Ventres, Jr.
John C. Vernon, Jr.
Robert W. Wentz, Jr.
William R. White
Alexander F. White, Jr.
John W. Witt
William E. Yeager

EXTENSIONS OF REMARKS

POLAND

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. DERWINSKI. Mr. Speaker, I insert two articles in the RECORD recognizing the legitimate concern of the House over the Helsinki accords and the questions of whether the Soviet Union will abide by the agreement and permit Eastern European governments to do so.

A number of unique features in present-day Poland that are described in a very accurate fashion by the New World, the Chicago Catholic Archdiocesan newspaper, shed light on the situation in the most Catholic of the Eastern European Communist countries.

The articles follow:

POLAND: A CHURCH THRIVING UNDER PRESSURE

WARSAW.—There is no doubt that the 1,000-year-old Polish Church—by far the strongest local Church in Eastern Europe and perhaps even in the entire world—has thrived under subtle Communist persecution.

After 30 years of Communism, the Church can claim the support of about 80% of Poland's more than 30 million people. Almost all Catholic youth attend catechism classes held at a church or rectory. There are no Catholic elementary or high schools.

The government will not permit new churches in vast new residential areas. So the people respond by worshippinig in snow or rain in open fields.

Chartered buses for a religious celebration are mysteriously canceled at the last moment. So Catholics fill horse-drawn wagons or walk miles to the Mass site.

The heroism of Catholic Poles crosses age and social lines. Risks are run equally by the young man or woman who, defying the current anti-vocation drive in the state schools, enters a seminary or convent, and the parents who are threatened on the job for permitting their child to choose full dedication to the Church.

Chances are taken by a group of women doctors, lawyers and university professors who form a secret secular institute which collaborates with Stefan Cardinal Wyszynski, Primate of Poland.

Church-state relations differ from region to region and often from parish to parish.

But several obstacles are universally put in the way of the Church's ministry.

Most bishops agree that the major block is the lack of churches.

Since World War II, which practically leveled Warshaw and left much of the country in ruins, the government has embarked on a massive and impressive construction program.

The plans have included whole new cities, like Nowa Huta near Cracow which has more than 100,000 people.

For 25 years as permission to build a church was sought in vain, the people of Nowa Huta stood outside to hear one of 18 Sunday Masses regardless of the weather.

A huge church now stands at Nowa Huta in the shape of a ship—thanks to protests of the people and pressure from visitors from outside Poland.

But Nowa Huta is an exception.

"We've asked the government since World War II for permission to build 1,000 churches," a Polish bishop said. "We've received permission for about 100."

But even with permission, building materials are hard to obtain. The vast oval church of the Holy Rosary in Gdansk (formerly Danzig) opened on Holy Thursday. But a month later the parish's young pastor was hauled before the magistrate.

In good faith he had purchased building material a contractor had illegally acquired. Church officials fear that the pastor, who, with four other priests, serves 50,000 Catholics, will be jailed.

One recently consecrated bishop was granted permission to build one church as a consecration present from the government. But he reports that taxes of 300,000 zlotys (about $15,000 at the official exchange rate) will have to be paid on purchase of the land for the church. The land cost the pastor 380,000 zlotys.

Money is not a problem for the Polish Church, which is generously supported by the free-will offerings of the people. But government taxation is.

The Church is regarded legally as a profit-making industry. Taxes on the Church and on priests are steep. Most priests are currently joining in a tax boycott, and it appears that an agreement with the state is near on new tax provisions.

That agreement has been engineered in part by a Vatican diplomat, Archbishop Luigi Poggi. As head of the Vatican mission for permanent contact with the Polish government, Archbishop Poggi journeys to Poland several times a year for talks with Polish leaders.

To prepare seminarians for what they will be up against as priests, seminaries offer courses called "Church-State."

The subtlety of the Communist persecution in Poland must be emphasized. There are no Russian soldiers blocking entrance to churches, nuns are not being slapped around.

There are a few faint signs, however, that the government is tiring of the anti-Church battle it hasn't been able to win.

Officials sometimes turn the other way when Catholics smuggle altar missals into the country. The law which slapped a fine on those who display religious images in public has been left to languish after too many people set up May shrines to Mary in their windows in definance of the statute.

Another pastor boasts that the first secretary of the party in his rural town of 2,000 is a daily communicant during October and attends May devotions. The same priest is saluted in public by the Communist mayor and was even invited to address a parent-teachers meeting which he opened with a prayer.

When he needed two tons of cement for building, a woman party member and parishioner came back with six tons.

He is the first to admit that his situation is exceptional.

Even so, other priests report that party members often travel to another town to attend Sunday Mass. Many more of them take advantage of the anonymity offered by huge religious celebrations, attracting thousands, to confess and receive Communion.

CATHOLICISM IN POLAND: DIFFERENT, BUT VITAL

WARSAW.—Turn on your car radio on the way to Sunday morning Mass here and you will not hear any broadcasts of a choir or discussion of religion.

Stay up late Christmas Eve and you will not be able to see the Pope's midnight Mass over the technically impressive Polish government television.

Part of the limitations imposed on the Church by the country's Communist government includes no access to the major mass media.

Since World War II, Poland's once extensive Catholic publishing outlets have dwindled. Those remaining must print in small quantities for lack of paper.

Plants like the one begun by Blessed Maximillian Kolbe before the war were shut down completely by the Government because of the Franciscan's strong anti-Communist stance.

Several Church-sponsored Catholic papers still print, but paper shortages prevent an adequate press run.

Yet, drawing from ancient Church tradition as well as from modern technology, the Polish Church has been able to meet creatively the challenges of communicating in a socialist system.

In many parishes, for example, the absence of hymnals is compensated for by an overhead projector that flashes hymn words and tunes on a screen.

In a country where one bishop claims he cannot even get visting cards printed without government approval, holy cards are not available for sale. A costly but legal substitute, however, is found in photographs of sacred images, printed holy-card size.

More serious problems arise for communications between the Polish Bishops' Conference and its 75 members, and between bishops and their flocks.

Neither the conference nor the dioceses can legally possess photocopying or reproduction machinery, so pastoral letters and conference communiques are typed by nuns and other secretaries using stacks of carbon paper.

Partially because of the communications problems, the Polish Bishops' Conference meets six times a year in plenary session—more than any other national bishops' conference in the world.

Laity get together much more often, too. Lay Catholic organizations are outlawed, but pilgrimages and outdoor festivities are not. At such manifestations, crowds stand patiently, often for more than three hours, to fear a sermon by the Polish Primate, Stefan Cardinal Wyzsynski of Warsaw, or other bishops.

The sermon has taken on greater importance as a support of faith in Poland than elsewhere.

And partially because of the media ban, Church externals—those things somewhat sarcastically called "trappings" by many Western Catholics—are revered by Poles.

With the media blackout, a procession with relics becomes a way of communicating a lesson on saints. Kissing a bishop's ring becomes a way of communicating solidarity with the Church.

A priest walking Warsaw's main shopping street in a cassock becomes a statement that Communist materialism is not the only way offered man, and so on.

Be it through overhead projectors, gold-encrusted relics, photography or signs that others might term outmoded or triumphalist, the Polish Church is communicating, and doing it well.

REPRESENTATIVE JACK KEMP SALUTES BICENTENNIAL ESSAY WINNERS

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, June 14, 1976

Mr. KEMP. Mr. Speaker, I include in the RECORD, the winning essays of six participants in the 47th Annual American Essay Contest sponsored by the Buffalo Evening News, the American Legion of Erie County, N.Y., and the Legion Auxiliary:

PAMELA A. PALKOWSKI, WINNER, DIVISION D, GIRLS, FRESHMAN, CHEEKTOWAGA CENTRAL HIGH SCHOOL, CHEEKTOWAGA, N.Y.

It is not very often that a citizen gets a chance to say thank you to his country for all it has given him. However, in 1976, he will get the chance to celebrate the 200th birthday of the United States of America.

During this historic year we can say thank you to George Washington for not giving up at Valley Forge. Thank you, Betsy Ross, for giving us the flag which we can proudly display throughout the world. Let us say thank you to the originators of the Declaration of Independence who gave us the initial right to become a free country. Thank you, also, to the authors of the Constitution, a document that has withstood the test of time throughout our country's history. Thank you, Abraham Lincoln, for showing us that the only way for any individual to be free is for the entire nation to be free.

And many, many thanks to the least appreciated, most criticized Americans of them all—the men in the armed forces. From the Minutemen of the Revolutionary War to the Veterans of Vietnam, they were a special breed of Americans who knew that in order to maintain a peaceful existence, we must sometimes employ ironic tactics.

Finally, a special thank you must go out to the average American citizen, the one who knows that here in America, no matter what his beginnings, he has the opportunity to become whatever he desires. It is through a seemingly magical effort that he constantly strives to obtain the rights he deserves as a citizen, and fights to preserve those which he has earned.

It is for these reasons that we not only should, but will joyfully and gratefully celebrate America's Bicentennial in 1976.

KEITH BRACHMAN, WINNER, DIVISION D, BOYS, EIGHTH GRADER, CLARENCE JUNIOR HIGH SCHOOL, CLARENCE, N.Y.

200 years ago on July 4, 56 men signed their names to a document which was to change the lives of thousands of people and become a foundation of one of the biggest, most powerful nations in the world. That document was, of course, the Declaration of Independence. It signified the making of a nation, a new freedom which many Americans would proudly fight and die for during the oncoming 200 years. This freedom was to be the basis of the United States of America.

As we approach the 200th birthday of our nation, we cannot help but be awed by the courage and determination of those who struggled to win and preserve that freedom. We realize how much they valued their citizenship, and we too come to realize how lucky we are to be a part of this great nation. We can hope that those who take our country for granted might have a new sense of gratitude, and that those who have cheated or deceived it, may have at least a brief moment of regret.

To me, the American Bicentennial stands not only for the 200 years we have been a separate nation but for the countless Americans who have helped keep that nation alive.

We owe them a debt which cannot be repaid. Thus we honor them as best we can during our Bicentennial year. There will be speeches, ceremonies and dedications, all commemorating 200 years of American freedom. However, I think that the best way to celebrate our Bicentennial would be if each American would say a small prayer asking that future generations may experience the freedom and happiness we have known, and that these 200 years have been the forerunners of many, many, more.

Kevin Ratajczak, Winner, Division E, Boys, Eighth Grader, Queen of the Most Holy Rosary School, Buffalo, N.Y.

When someone in the family celebrates a birthday there is much happiness and gaiety. That is why on July 4, 1976, the festivities should be a hundredfold because the United States a land of freedom, wealth, opportunity and power, will celebrate its two hundredth birthday.

Our main reason for celebrating the Bicentennial is the freedom that we enjoy. We were the first country to guarantee personal freedoms to the rich and poor alike, because in God's eyes, as the "Declaration of Independence" states "All men are created equal."

Another reason to celebrate the Bicentennial is our ancestry and heritage. No other nation can be called a "melting pot." People of all races, nationalities and religions have come with their own customs and rich heritage and developed a common culture, the American culture. In a short time, Chinese, Italians and Poles and others learn the English language, accept the American way of life and melt into one great nation—the United States of America.

There is one thing that deeply saddens me. Our Founding Fathers, Washington, Jefferson, John Hancock, James Madison, and Lincoln "the Savior of our Nation" and the "Liberator" of the down-trodden slaves, won't be here to celebrate. They were the inspiration and backbone of our nation, giving it, its birth and rebirth. What about our modern day martyrs, John and Robert Kennedy and Martin Luther King Junior? I say "Thank you" for keeping us the "land of the free and home of the brave."

Let us make a toast to the United States because in its short history "our country has come a long way." Let this special event bring the whole nation closer and make it more concerned about the needs and problems of others.

Happy Birthday America!

JOAN JAWORSKI, WINNER, DIVISION E, GIRLS, EIGHTH GRADER, SAINT STANISLAUS SCHOOL, BUFFALO, N.Y.

To survive for a long time, a tall building requires a strong foundation. This is also true of a great nation. Our country's foundation was laid two hundred years ago by men of vision, fortitude and a will to be free. With a capacity for unity, discipline and sacrifice, they forged this structure of freedom, our great Nation.

Like the bricks of a building, our founding fathers consolidated their efforts to bring about a united stand against the British crown. Patrick Henry strongly opposed the Intolerable Acts because they were passed without the consent of the colonists. Thomas Paine, author of "The Crisis" and other political pamphlets, expressed strong displeasure and urged his countrymen to resist the oppressors. Thomas Jefferson, writer of the Declaration of Independence, appealed through letters to the patriots to unite and solidly reject the tyranny of the crown. Who can forget the midnight ride of Paul Revere, who risked his life, alerting the colonists of the British invasion?

Foreigners, inflamed with the spirit of the patriots, became instrumental in the fight for independence. Thaddeus Kosciuszko, Casimir Pulaski, Marquis de Lafayette and Baron Von Steuben contributed their talents to our cause. Under the capable and inspiring leadership of George Washington, these notable figures performed great feats in the struggle for freedom.

As a building withstands the elements of nature because of its strong foundation, so too, the United States of America survives because of the effort of countless Americans who caught the spirit of our founding fathers and continued in the struggle to preserve it. To commemorate the achievements of all those who helped to build our great Nation and to revive the spirit which activated them, we should celebrate the bicentennial of this great Nation.

JON ECHTENKAMP, WINNER, DIVISION F, BOYS, EIGHTH GRADER, MARTIN LUTHER SCHOOL, SNYDER, N.Y.

Why we should celebrate the bicentennial? It is the 200th birthday of our independence and I feel it is a very special occasion.

Think back to 1776 and imagine the thoughts going through the minds of the leaders of our nation. Those men were about to form our nation in a mold of liberty and justice. They took great courage in starting our United States. They started a government that does what the people want. Their dream for a nation became a reality and each one of us is a part of that reality. America must retain its image of freedom as we have in our past.

The Revolutionary War called brave men to take up arms and leave home to fight for their country. Their loyalty and willingness to fight was not lacking reason. The reason was that they had pride in their newly-formed nation. They represented everything our country stands for. Daniel Webster once said, "God grants liberty only to those who love it, and are always ready to guard and defend it."[1]

Here is our chance to show the world we are a nation who still cares and a nation that takes great pride in its heritage. The bicentennial is the perfect chance to acknowledge all of the great achievements that this country has attained in its first 200 years.

We should celebrate the bicentennial because we are a great nation and a free nation and should honor all the great men in our past.

Freedom has rung for 200 years, let it ring out for the world to hear in celebration of our bicentennial. Let's celebrate!

GRACE HARTMAN, WINNER, DIVISION F, GIRLS, EIGHTH GRADER, MARTIN LUTHER SCHOOL, SNYDER, N.Y.

There are many reasons why we should celebrate the bicentennial. The first of which is our national pride. I'm proud to be an American and I'm not ashamed of it. I would like to show it by doing all I can to make my country's bicentennial year a good one.

Secondly, we have to think that many nations haven't had the privilege of existing under a democratic government as long as we have. The road that our nation has traveled has had many rough spots. One of the greatest was at the very beginning when our tender, young nation had to fight a war with England. Still worse was the terrible war that split our country about 80 years after the Revolution. Some thought it was a mortal blow to the United States, but we came out a stronger and better nation for having fought that war. There have been other wars since then including the 2 great World Wars, but our country has survived all of them. Each has added to our national strength.

A third reason we should celebrate the bicentennial is our thankfulness for the freedoms our country has given us. There were few freedoms for the people during the early years of our nation. I'm thankful for the leaders who worked so hard to get freedoms such as freedom of religion, freedom of speech, and the right to vote. In no other nation do the people enjoy so many privileges and rights.

A final reason for celebration is our hope for a good future. We have many enthusiastic and patriotic people who are working hard to improve our nation economically, socially, and scientifically. Therefore, let us celebrate the bicentennial in thankfulness for the past, gratefulness for the present, and hopefulness for the future.

BOLD NEW EXPERIMENT IN VOCATIONAL EDUCATION STARTS IN CLEVELAND

HON. RONALD M. MOTTL

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. MOTTL. Mr. Speaker, I would like to call the attention of this House to a bold experiment in vocational education which is beginning in my home city of Cleveland, Ohio. The experiment is being planned by the United Labor Agency.

The United Labor Agency is a union affiliation of the three great labor organizations in this country: the AFL–CIO, the United Auto Workers and the Teamsters Union. The United Labor Agency represents a combined total of 230,000 families in the Cleveland area. This organization is about to embark on what may be one of the most sensible and practical approaches to solving the problem of unemployment.

The United Labor Agency is planning to establish its own vocational education facility in a four-story building at Lorain Avenue and Fulton Road.

This building, valued at about $500,000 was donated to the United Labor Agency by the Cleveland Trust Co. I would like to congratulate Mr. Everett Ware Smith, chairman of the Board of the Cleveland Trust Co. and his associates on their good judgment in turning over this property, which is no longer needed in their bank operations to the United Labor Agency.

I would also like to congratulate the leaders in the rank-and-file of organized labor in Cuyahoga County on their courage and willingness to do something to help train people for jobs.

The present plan of the United Labor Agency is to create a fine quality restaurant at the Lorain and Fulton location which will train men and women for jobs in the food industry. The building will also house courses in shoe repair, furniture repair, and other occupations in which job opportunities exist immediately.

There is no telling how many thousand men and women who are now unemployed will find constructive employment as a result of the activities to be conducted in this new training center.

I particularly would like to congratulate the four labor leaders in my community who are probably most responsible for conceiving this project. They are Sebastian Lupica, executive secretary of the Cleveland AFL–CIO and president of the United Labor Agency; Melvin Witt, president of the Cleveland AFL–CIO; Bill Casstevens, district director of the United Auto Workers; and Jackie Presser, vice president of Local 41 of the Teamsters Union. Without their leadership and the enthusiastic support of the rank-and-file of organized labor in the Cleveland area, this center would not have been possible.

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[1] "Familiar Quotations", John Bartlett, p. 444.

This is probably the most important effort by organized labor in this country to assume major responsibility for helping provide jobs for the unemployed. I think it is a constructive venture which justifies all possible support and assistance from all Federal, State and local agencies. I hope and trust that such support will be forthcoming.

ONE MILLION AMERICANS OF BALTIC DESCENT

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. DOWNEY of New York. Mr. Speaker, this year about 1 million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of thousands of Lithuanians, Latvians, and Estonians, by the Soviet Union, to parts of Asian Siberia in June 1941. On June 14–15, services will be held in Baltic communities throughout the United States in memory of those who died during this tragic period.

Already subjected to inhumane religious and political persecutions by the Soviets, the lives of many Baltics were further disrupted by deportation. Infants, schoolchildren, housewives, farmers, teachers and others, were incarcerated in freight cars for the arduous journey to Siberia. They were given no warning, but were victimized by midnight raids, searches, and seizures.

Families were separated; children from their parents, husbands from wives. These people suffered unmentionable physical deprivations. The freight cars, formerly used to haul cattle, were now crowded in with 50 or 60 people. All windows were boarded up, and no one was supplied with the air, food, and water so desperately needed for survival.

The result? Thousands perished, suffering further indignities in death as the bodies were flung from the cars and left by the railroad tracks. Those who survived served as slave labor in the mines and forests. In the following months, more people died; victims of the cold, starvation, and the diseases that ran rampant in the prison camps. The eventual toll was 1,050,000 lives.

Some Baltics managed to survive and emigrated to the United States to escape from Soviet oppression. Here, in this great Nation, they secured their rights to independence, and the freedoms of thought, conscience, and religion.

Let us not forget the suffering and the tragedies experienced by the Baltics during World War II. And let us hope for a future day when no group of people will be repressed in their efforts to exercise their basic human rights. During this week of June 14, so close to our own Bicentennial celebration of freedom and human dignity, we must reaffirm our dedication to basic human rights for all people.

COMMODITY FUTURES TRADING COMMISSION REVIEW OF POLISH GRAIN EMBARGO

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. FINDLEY. Mr. Speaker, I have long been a strong supporter of the free market system and commodity markets. One of the hallmarks of the free market is the availability of market information to all buyers and sellers. I was greatly dismayed when our Government violated this principle with secrecy during the suspension of sales to Poland last fall.

It left a great potential for mischief. The State Department mishandled market sensitive information. Because of my concern for protecting the integrity of the market system, I asked the Commodity Futures Trading Commission to investigate whether any individual or firms used inside information to enrich themselves.

The Commission recently informed me of the results of their inquiry. Fortunately, the Commission did not find "probable cause for belief that trading on inside confidential information took place." The Commission study indicates that someone might have received advanced information. However, if he did, he either decided not to act or took extremely small market positions.

I hope this exercise serves as a lesson to Government agencies as to the importance of properly handling market sensitive information.

I am including a copy of the Commission's findings:

COMMODITY FUTURES
TRADING COMMISSION,
Washington, D.C., May 27, 1976.

Hon. PAUL FINDLEY,
U.S. House of Representatives,
Washington, D.C.

DEAR PAUL: In response to your letter of November 17, 1975, we wish to advise you that the CFTC's staff has completed its economic analysis and inquiry concerning the suspicion that trading may have taken place during a nine-day period based upon confidential inside information as to the September 1975 United States embargo on grain sales to Poland. We conducted an extensive economic analysis and inquiry but we determined not to conduct a full scale investigation with the use of subpoenas. The staff concluded that the evidence uncovered did not constitute a probable cause for belief that trading on inside confidential information took place.

Our inquiry was prompted by expressed concerns of several Congressmen, including your concern, that advance information about the U.S. embargo could have been obtained and profitably used by certain traders at the expense of those who were not aware of the embargo. No allegations were made by those concerned as to any specific trading individuals or companies.

You will recall that on September 9, 1975, President Ford extended the moratorium on grain sales to the Soviet Union and the President announced his intention to develop a long term grain agreement with the Soviet Union. On September 10, 1975, the State Department requested through the Polish Embassy that Poland halt grain buying in the United States. Nine business days elapsed from the time when the State Department requested that Poland cease purchases of U.S. grain to September 22, 1975, the date this information was widely disseminated by the wire services.

The embargo on the grain sales to Poland would probably have been interpreted by grain traders as a bearish factor on grain futures prices. It would indicate reduced demand for U.S. grain and suggest more stringent restrictions on future sales to the Soviet Union. Consequently, it was assumed that a trader obtaining such information would reduce its long grain futures position and establish or increase its short futures position. We examined each reportable trader's futures transactions for trading activities occurring on or after September 10, 1975, the date the embargo was imposed.

In order to determine if any trader might have acted on inside information about the embargo, we reviewed the futures positions of all reportable traders during September in Chicago Board of Trade (CBT) corn, CBT soybeans, CBT wheat, Kansas City Board of Trade (KCBT) wheat, and Minneapolis Grain Exchange (MGE) wheat (a reportable position of trading in these grains is 200,000 bushels in any one future). We examined the trading activities of all such reportable traders for each individual future and all futures combined. Trading activities of any firm or individual that appeared to be suspicious were recorded and further examined.

After reviewing in detail the trading activities during September of all reportable grain traders, we identified certain traders for further study. We also compiled statistics of the cash and futures trading activities during September of certain large grain firms. These figures show the cash and futures trading activities of these firms, exchanges of futures for cash made during the month, and the position for all futures combined and for all market combined.

Representatives of the trading firms interviewed denied having traded on confidential inside information and explained their trading activities during September 1975 as being consistent with their normal trading practices and the economic conditions at the time. They also provided data to support their trading actions. We found these explanations and data adequate to justify their positions.

Our analysis and inquiry conclusions do not exclude the possibility that someone may have received advance information either here or in Europe; but, if he did, he either decided not to act on the information or took action with such small market positions that they did not show up in our reports of large traders.

We have closed our review of this matter although, of course, if any new or additional information should come to our attention we would reopen the matter.

If we can be of any further help in this matter please contact us.

Sincerely,

WILLIAM T. BAGLEY,
Chairman.

WELFARE REFORM—AN EXCELLENT DISCUSSION AT THE INSTITUTE FOR SOCIOECONOMICAL STUDIES OF WHITE PLAINS, N.Y.

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. OTTINGER. Mr. Speaker, reform of our Nation's welfare system is one of the most important issues Congress must come to grips with in the next year.

The Institute for Socioeconomic Studies of White Plains, N.Y., a nonprofit foundation established in 1974 to study social welfare policy in the United States, sponsored a National Leadership Conference on Welfare Reform on May 25, 1976. Senator HUBERT H. HUMPHREY presented his views on welfare reform and was recipient of the institute's scroll in recognition of his many contributions to the Nation.

As the conference's main speaker, Senator HUMPHREY was questioned by a distinguished panel comprised of: Mitchell Ginsberg, dean of Columbia University School of Social Work, former Representative Martha Griffiths, Dr. Richard Lesher, president of the U.S. Chamber of Commerce, and the Honorable Percy Sutton, president of the Borough of Manhattan.

Prior to Senator HUMPHREY's address, awards were presented to winners of the Institute's National Student Essay Contest in which approximately 400 college and university students participated. First prize of $5,000 went to John Marty, a 19 year old sophomore from St. Olaf College in Northfield, Minn. Second prize of $1,000 went to Martha Cornwell, a junior majoring in sociology at the State University of New York at Geneseo. Three other students received honorable mention awards.

So that Members might have the benefit of Senator HUMPHREY's thinking on this important subject, I would like to insert his remarks along with the remarks of Leonard M. Greene, president of the institute, into the RECORD.

REMARKS OF SENATOR HUBERT H. HUMPHREY, NATIONAL LEADERSHIP CONFERENCE ON WELFARE REFORM

Welfare reform—the subject of this conference—remains one of the most difficult and controversial issues facing our nation and all levels of government today.

Despite the sincere efforts of the past to devise a fair, efficient and compassionate system of support for the poor and the needy we have not done so. And well known deficiencies in our current patchwork of Federal and State income support programs have been severely worsened by poor management of the economy in the last 5 years.

In the last five years inflation averaged 6.8 percent and we have suffered two devastating recessions. This disastrous economic performance sharply increased the number of families requiring welfare, raised the cost of providing families with welfare, and drastically reduced the ability of state and local governments to meet these increased demands.

The Department of Health, Education and Welfare recently reported that in 1975, welfare costs rose by more than 20 percent. In New York City and elsewhere, rising income support payments, directly attributable to the recession, were a key factor in bringing on state and local government budget crises.

While we must focus more explicitly on the impact of the general economy on our income support system we cannot ignore the basic shortcomings of our current programs.

The wide disparities among income support levels in various States have encouraged the movement of the welfare population, often to areas where future job prospects are no better or are actually worse than in their home state.

This continuing movement threatens financial collapse in progressive states and inner cities and is beyond their ability to control without betraying their citizens.

Intact families are penalized compared to those in which one parent has abandoned the family. The ways in which our income support system encourages the break-up of low-income families was well documented in the studies conducted by the Joint Economic Committee under Martha Griffiths' very capable leadership.

In some parts of the country, the combination of cash and in-kind benefits to some families exceed the after-tax income of working families. This, combined with the sharp benefit reduction generally for any earned income, creates severe disincentives for welfare recipients to return to work.

Some programs fail to target our limited resources on those most in need and, at the same time create a bureaucratic nightmare for those who need help.

High unemployment over a prolonged period has increased the number of individuals and families in need of income support. As a result, we have had to lengthen and broaden the coverage of Unemployment Insurance making the U.I. system as much a welfare program as an insurance system against short spells of unemployment.

Welfare reform and full employment are closely dependent on each other and must be considered as such. I have recently introduced with Congressman Augustus Hawkins and many other cosponsors in the House and Senate, the Full Employment and Balanced Growth Act of 1976. While the achievement of full employment, defined in S. 50 as 3 percent of the adult labor force, will not eliminate all of the problems I mentioned earlier, it will reduce them to more manageable proportions.

One tragic effect of our most recent recession, is that it has so magnified many social and economic problems that it has left many people believing that the situation is hopeless.

We can make the reform of income support much more manageable if we undertake it in a climate of full employment. Since I have devoted a great deal of time and effort to this subject, I will share some observations with you.

The Joint Economic Committee staff has estimated that each one percent reduction in the unemployment rate would reduce welfare cost at the Federal level by $1.5 to $2 billion and save $2.5 to $3 billion in unemployment compensation benefits. This means that moving from an unemployment level of 7.5 percent to even 4 percent would reduce these expenditures by as much as $17 billion at the Federal loan level alone. The expenditure saving is only half the story. Tax receipts would also rise significantly.

It is no mere coincidence that the number of Americans living in poverty in the 1960's was reduced by 14 million while the unemployment rate dropped from an average of 6.7 percent in 1961 to 3.6 percent in 1968. In 1974 the number of individuals living in poverty increased by 1.3 million. Figures for 1975 will show a continued worsening of the situation, as unemployment jumped upward to 9 percent.

The goals of full employment as expressed in S. 50 would be achieved first by better management of fiscal and monetary policy, and then, if necessary through a variety of programs to attack specific stubborn pockets of unemployment. These would include a youth training and employment program, a regional economic development program, expanded adult job training and counter-cyclical grants to state and local governments. For those unable to find employment through any of these means, there would be a job reservoir, administered by the Department of Labor, which would create a limited number of federal jobs.

The Full Employment and Balanced Growth Act is based on the premise that most Americans who are able to work would rather have a paycheck than a welfare check. The many hearings which I have held across th country in the last year, convince me that the great majority of our citizens want to work.

The Humphrey-Hawkins Bill specifies that work shall be substituted for income maintenance "to the maximum extent practicable." Although the bill does not include any programmatic details, one way to implement this section would be to change the structure of benefit reductions that occur when a welfare recipient goes to work, even at low wages. If we were able to slow the income loss and not penalize those who return to work, I believe that the availability of jobs would in itself encourage the able-bodied currently on welfare to seek work.

Moving to full employment, however, will not be enough. The income support disparities between cities and rural areas, between regions, between working and non-working families and between one-parent and two-parent families, would remain.

The recent fiscal crisis of state and muicipal governments has highlighted the need for greater federal financial support of our welfare programs.

One of the most creative and comprehensive proposals for welfare reform, advocated by my former colleague Martha Griffiths, calls for federal assumption of welfare costs. A recent letter to the President from a group of distinguished economists, including James Tobin, Herbert Stein, Joe Pechman and others, endorses the principles of the Griffiths' proposal.

While I am impressed with this proposal and the growing and diverse sources of support for it, I do have some concerns.

I believe we must focus very carefully on the reduction in benefits that some families would be forced to endure in some States under this proposal. Yet I realize the dilemma and sympathize with the authors. If benefit levels were adjusted to support income at the highest level prevailing in any State or municipality, the increased costs to the Federal Government would be enormous, particularly at today's unemployment level. As this proposal is considered in Congress, I believe that we must develop, in consultation with state and local governments, an equitable way for maintaining income standards in all states during a transitional period.

We must correct the disincentives to work and to family unity wherever they exist in present programs. Now most programs have a two for one reduction in benefits for any earned income above a certain level. We can reduce this income loss by cutting benefits as little as 50 percent for any wages earned over a certain amount; changing this provision is, I think, the key to integrating full employment and welfare reform.

Finally, we can and must restore the dignity of those, who through no fault of their own, are unable to support themselves.

These are broad outlines of what I would like to see us accomplish as we restructure our welfare system. There are other problems I haven't dealt with, such as inefficient administration of programs and the abuses that exist. But I see here in the audience today many of you who have more expertise to recommend how we should go about this—obviously it deserves high priority.

Many people have expressed grave doubts

about our Nation's ability to finance a broad income maintenance program and comprehensive health insurance. If we continue to pursue policies that leave us with unemployment at 6, 7 or 8 percent, these critics are correct. But with the realization of full employment our economy can generate most of the revenues needed to meet these vital human needs of the American people.

Mr. Greene. Good afternoon. It is a pleasure to welcome you to our leadership conference on welfare reform.

Welfare reform is a politically sensitive issue, an issue which the candidates have been carefully avoiding.

Today we are fortunate to have with us the leading non-candidate, who will disclose his thoughts on this issue Furthermore, he will face a panel of leading experts in this field. Their questions are certain to be provocative.

Much of the work of The Institute is focused on welfare. Our research has documented the problems caused by our welfare policy. The poor have been trapped by the welfare system. Meanwhile, the rest of the society carries a tremendous burden. Many local and state governments are on the verge of collapse because of welfare.

America's welfare system undermines the stability of the family and of the community. It intensifies the dependency of the handicapped and the elderly. All programs dangerously erode work incentives. Our programs were well-intended. However, welfare payments have caused mass migration to urban ghettos. Taking a job has meant the loss of so many benefits that work incentive has been destroyed.

In short, our welfare programs have been counter-productive. The consequences have become intolerable. The Institute has been studying various plans for welfare reform. Next month, we publish the first issue of a quarterly journal. It is to be a national forum for the presentation of all serious viewpoints on the welfare reform issue.

Today, The Institute salutes Senator Hubert Humphrey of Minnesota. He has served the public for 35 years as an educator, as mayor of Minneapolis, as four-term member of the Senate, and as Vice President of the United States.

Over his long career, he has continually proposed new ideas to improve our welfare policies. More than 20 years ago, for example, he was exploring the possibility of a national family allowance. He is still thinking, today, of ways to meet the nation's socioeconomic needs.

The Senator is recognized as one of the outstanding leaders of our time by spokesmen of virtually every political philosophy.

Senator Humphrey, The Institute for Socioeconomic Studies is pleased to present you with this scroll in recognition of your contribution to the nation.

(Applause.)

Senator Humphrey. Thank you very much, Leonard.

I do want The Institute for Socioeconomic Studies, particularly you, Leonard, to know how much I truly appreciate this citation. These are some of the things that make public life desirable and worthwhile at a time when you are not quite so sure. But I thank you.

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on June 14, 1776, the Continental Congress adopted the following resolution, "That no salted beef or pork, except as much as may be necessary for the use of the crew, be exported from any of the United Colonies, in any vessel, under any pretence whatever, until the farther order of this Congress." Congress acted after learning that large quantities of salted beef and pork had been purchased for exportation. It feared that as a result of these purchases there would be insufficient supplies available for the needs of the Continental Forces.

A shortage of salt, the primary preservative at the time, limited the amount of meat that could be made available to the troops.

CONGRESSIONAL TESTIMONY BY FOREIGN OFFICIALS AND CITIZENS

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HAWKINS. Mr. Speaker, at my request the Library of Congress' Congressional Research Service prepared a study of the legality and propriety of testimony before committees of Congress by ambassadors of other countries, other foreign officials, and foreign nationals. I requested that this study be done because it is apparent that the Congress could benefit greatly from testimony—both oral and written—from these sources. For example, such ambassadors as those from Mexico, Jamaica, Guyana, Panama, Zaire, and Nigeria—just to name a few—could provide us with an invaluable perspective as we make foreign policy decisions affecting those nations.

I am very pleased that the study concludes that there is no legal or other barrier to such testimony being presented and that, indeed, a number of precedents exist. I am also glad to see that the position of the Department of State is that such testimony is quite proper and subject to no objection from the Department as long as the remarks "address foreign policy matters and do not interfere in U.S. domestic affairs."

The study follows:

Congressional Testimony by Foreign Officials and Citizens

(By Jonathan Sanford)

Questions have been raised occasionally about the legality and propriety of congressional committees allowing foreign citizens and officials to testify during hearings. Questions have also been raised whether such contacts might usurp some prerogatives of the President or whether the executive branch can block appearances of foreigners on Capitol Hill. The brief answer is that there are no laws or rules barring or limiting appearances by foreign citizens before congressional committees, and executive assent is not needed for such testimony to be available to Congress. Foreign private citizens have often testified before congressional committees, while foreign governmental officials have rarely appeared. Officers of international agencies have occasionally testified, however, while foreign ambassadors have submitted written statements for the record and lower-level functionaries have sometimes appeared briefly to answer questions. Foreign governments frequently have their views represented officially by registered foreign agents, that is, by U.S. residents in their employ.

Congressional hesitancy in this matter may stem from reluctance to overstep the limited constitutional role of Congress in the negotiating process. The Constitution gives the President the authority to negotiate treaties and appoint ambassadors, with the proper consent of the Senate,[1] and the authority to receive ambassadors and other foreign representatives.[2] Most sources derive from this an exclusive presidential power to conduct foreign relations and communicate officially with foreign governments.[3]

At issue here, though, is the question whether Congress has the power to hold hearings and acquire whatever information it needs to perform its own role in the area of foreign policy. The Constitution vests the legislative power of the U.S. Government in Congress,[4] and judicial authorities have long held that the right of investigation is fundamental to the exercise of that power.[5] There are questions about the authority of congressional committees to inquire without legislative intent into the personal affairs of individuals and about the occasional lack of constitutional due process in some investigations. There is also some controversy about whether the Congress may require access to confidential advice which executive branch officials receive from civil servants and staff aids. There seems to be no question, though, about the right of Congress to seek information from sources of its own choice and to study matters in the area of its legislative jurisdiction. Foreign policy matters fall in that category of inquiry. Some limits do nevertheless exist on the exercise of this authority. Committees cannot subpoena foreign diplomats and employees of international organizations or hold them under oath, as they have diplomatic immunity under international and U.S. law.[6] Congress can require the appearance of foreigners residing in this country if they lack diplomatic immunity, but it cannot enforce a subpoena for the appearance of foreigners residing abroad. It is not as yet determined whether Congress can demand the appearance of a willing foreign witness if the State Department is unwilling to provide that individual a visa to enter the United States. The congressional authority to take official testimony from a delegate of an unrecognized government does not confer diplomatic recognition or rights on a foreign agent. The President would likewise presumably retain the constitutional right to expel a foreign diplomat or withdraw his accreditation in order to preclude or punish an individual for an appearance on Capitol Hill.

There are no laws or congressional rules that specially limit appearances or testimony by foreign citizens or officials. Foreign private citizens have often testified about situations on which they had special knowledge. Refugees, for instance, have spoken about conditions in their home country. See, for example, testimony on May 5, 1976, from Jose Zalaquett Daher, a Chilean lawyer, to the House International Relations Committee's Subcommittee on International Organizations.[7] Committees have likewise obtained testimony from foreign citizens who visited the United States to appear before Congress and then returned to their home country. See, for example, testimony by thirteen citizens of Great Britain, Northern Ireland, and the Irish Republic in 1972 before the House Foreign Affairs Committee's Subcommittee on Europe.[8] Foreign commercial representatives have often given their views before committees authoring economic legislation. See, for example, testimony by numerous foreign sugar company spokesmen to the House Committee on Agriculture when the Sugar Act was under review.[9]

Congressional testimony by foreign diplomats and officials has been quite rare. In-

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Footnotes at end of article.

deed, some congressional staff aides have privately suggested it was traditionally not done and that it must somehow violate the House or Senate rules, transgress U.S. law, or violate diplomatic protocol. As indicated previously, no such rules or laws have been found to exist. Diplomatic protocol likewise does not preclude such direct contacts between congressional committees and foreign officials. The Vienna Convention on Diplomatic Relations says that "All official business with the receiving State . . . shall be conducted with or through the Ministry for Foreign Affairs of the receiving State or such other ministry as may be agreed." [10] The State Department has occasionally objected to efforts of foreign diplomats to communicate directly with Congress regarding legislation which directly affects their countries' interests.[11] On other occasions, the Department has indicated that such contacts with Congress do not depart from established precedent.[12] The Department has indicated that official informational activities may legitimately occur without the State Department acting as an intermediary.[13] Its Office of the Legal Advisor says that the State Department would have no official objection to foreign diplomats testifying before Congressional committees so long as their remarks address foreign policy matters and did not interfere in U.S. domestic affairs. Disputes between U.S. agencies on foreign policy questions would not be seen as domestic affairs.[14]

Officials of international agencies have appeared before committees on several occasions. World Bank Preisdent John J. McCloy, his Assistant General Counsel Ansel F. Luxford, and a staff attorney testified in 1948 and 1949 before the House Committee on Interstate and Foreign Commerce [15] and the House [16] and Senate [17] Banking and Currency Committees concerning exemptions from U.S. securities and banking laws. Executive Director John A. Hannah of the U.N.'s World Food Council testified on May 24, 1976, before a subcommittee of the House Appropriations Committee concerning plans for an inernational agricultural fund.[18] Robert Ledogar of the U.N. Secretariat's Department of Economic and Social Affairs appeared on May 27, 1976, before the Senate Select Committee on Small Business to discuss prescription drug labeling.[19]

Some precedents also exist as regards appearances or statements by foreign officials. In 1962, for instance, the Ambassadors of El Salvador and Australia each provided written statements to the House Agriculture Committee concerning their Government's views on sugar quota legislation.[20] Officials of the Irish and Taiwanese export promotion services (i.e., the Irish Export Board and the Chinese Government Procurement and Services Mission) briefly testified on behalf of their agencies.[21] A commercial counselor of the South African Embassy accompanied a private witness who testified on his country's quota request.[22] Generally, registered foreign agents have presented the views of foreign governments and argued on behalf of their interests during congressional hearings. In 1971, for instance, an agent spoke personally on behalf of the Haitian ambassador, who was in the room and was subsequently recognized for applause by the assemblage.[23]

It would appear, in conclusion, that ample precedent exists for future testimony by foreign private citizens and that congressional committees should have no difficulties in soliciting such information. Precedents for appearances by international organizational officials are also substantial, and clear guidelines exist on how to deal with testimony by such officials in cases where they consent to appear. The precedents for testimony by foreign diplomats are much weaker, though there certainly seems to be no legal or protocol obstruction to appearances of that sort. Prior official statements by ambassadors indicate a willingness of foreign governments officially to communicate their views to congressional committees in situations of great interest to their nations. Testimony by registered agents on behalf of foreign governments and foreign diplomats would likewise suggest the propriety of such communications. Should a congressional committee so desire, there appears no reason why a foreign diplomatic representative cannot be invited to express the views of his government concerning some foreign policy issue under examination by that committee. There would likewise appear no obstruction to a registered foreign agent presenting an official statement on behalf of an ambassador and then answering questions concerning the views of that ambassador's government on such matters.

FOOTNOTES

[1] U.S. Constitution, Article II, Section 2, clause 2.

[2] Ibid., Article II, Section 3.

[3] See the discussion of this matter in U.S. Congress, Senate. The Constitution of the United States of America, an Analysis and Interpretation. A study prepared by the Congressional Research Service, Library of Congress. Washington, U.S. Govt. Print. Off. 1973. 92d Congress, 2d Session. Senate. Document No. 92–82. pp. 537–547.

[4] U.S. Constitution, Article I, Section 1.

[5] See the discussion of Congressional Investigations in the Constitution of the United States of America, supra note 3, pp. 79–96, especially 79–80.

[6] Diplomatic immunity for diplomats is provided by the Vienna Convention on Diplomatic Relations, entered into force for the United States December 13, 1972. 23 UST 3227, TIAS 7502; 500 UNTS 95. Immunity for international agency officials is provided by among other things, the International Organizations Immunities Act Public Law 79–291, 59 Stat. 669, approved December 29, 1945; the Convention of Privileges and Immunities of the United Nations, entered into force for the United States April 29, 1970, 21 UST 1418, TIAS 6900, 1 UNTS 16.

[7] U.S. Congress. House. Committee on International Relations (hearings) 94th Congress 2d session. May 10, 1976.

[8] U.S. Congress. House. Committee on Foreign Affairs. Subcommittee on Europe. Northern Ireland (hearings) Washington, U.S. Govt. Print. Off. 1972. 92d Congress, 2d session.

[9] U.S. Congress. House. Committee on Agriculture. Sugar. (hearings) Washington, U.S. Govt. Print. Off. 1962; 87th Congress, 2d session. Extension of Sugar Act (hearings) Washington, U.S. Govt. Print. Off., 1971, 92d Congress, 1st session.

[10] Vienna Convention, supra note 9, Article 13.

[11] See discussion in Whiteman, Marjorie. Digest of International Law. Vol. 7. Washington, D.C. U.S. Govt. Print. Off. 1970, pp. 194–6. (Dept. of State Publication 8512) Whiteman was Assistant Legal Advisory, Dept. of State.

[12] See Ibid., p. 144.

[13] Remarks by the Acting Director, USIA. U.S. Congress. Senate. Committee on Foreign Relations, Foreign Agents Registration Act Amendments. (hearings) Washington U.S. Govt. Print. Off. 1963.

[14] Statement by Knute E. Malmborg, Assistant Legal Adviser for Management, Office of Legal Adviser, Dept. of State. Telephone conversation with author, May 24, 1976.

[15] U.S. Congress, House. Committee on Interstate and Foreign Commerce. International Bank for Reconstruction and Development Securities (hearings) Washington U.S. Govt. Print. Off. 1948, 80th Congress, 2d session, pp. 86–89, 103–109, 121, 135–139.

[16] U.S. Congress. House. Committee on Banking and Currency. International Bank for Reconstruction and Development. (hearings) Washington, U.S. Govt. Print. Off. 1949, 81st Congress, 1st session, pp. 9–19.

[17] U.S. Congress. Senate. Committee on Banking and Currency. Marketing Securities of World Bank (Hearings) Washington, U.S. Govt. Print. Off., 1949, 81st Congress, 1st Session, pp. 5–17.

[18] U.S. Congress, House. Committee on Appropriations Subcommittee on Foreign Operations. Hearings not yet printed. 94th Congress, 2d session, May 24, 1976.

[19] U.S. Congress, Senate. Select Committee on Small Business. Monopoly Subcommittee. Noted in Congressional Record. Daily Digest, May 27, 1976, 94th Congress, 2d session, p. D–729.

[20] Sugar, Supra note 12, pp. 470–1, 537–8.

[21] Ibid., pp. 443, 517–19.

[22] Ibid., pp. 520–2.

[23] Extension, supra note 12, pp. 495, 500.

SUPPORT GENERAL REVENUE SHARING

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. FISHER. Mr. Speaker, I was pleased to support H.R. 13367, Fiscal Assistance Amendments, the bill to renew the general revenue sharing program, when the House voted on it last week. I heartily endorse the principle of providing a general grant of funds to state and local governments to be used at their discretion in helping them to meet some of their needs. This pioneering program deserves an extended life.

The general revenue sharing program provides a desirable way for State and local governments to receive Federal grants. I saw first-hand, when I was a member of a local county board, the propensity for Federal grant funds to warp local governments' budgets. Local officials have a tendency to seek and accept Federal funds for projects that would not necessarily have a high priority if they were being financed entirely with local funds. They do this because local governments are often starved for cash and must take it almost any way they can get it. The great virtue of using general revenue sharing funds is that local officials can spend the money according to their own judgment of the needs and priorities of the community. Essentially, general revenue sharing returns some more control over local budgets to the responsible local elected officials.

As passed by the House, the renewed revenue sharing legislation authorizes the program through the end of fiscal year 1980, using the existing formula for the distribution of $6.65 billion annually. The amendment which would have employed a different formula for less than 2 percent of the total outlay was wisely rejected. The bill expands the citizen participation and civil rights protections, although the latter might have been made stronger, and makes some changes in the reporting and auditing provisions. Two of the existing limits on how the funds can be spent were eliminated. The funds no longer have to go to certain priority functions and they can now be used as the local matching share for Federal grants.

I was interested in the improved citizen participation and reporting requirements. The new reporting requirements will make the reports more useful to interested citizens and evaluators of the program. Hearings will be required both before reports on proposed use of the funds are submitted to the Treasury Department and before the local government adopts its budget. From my own experience, I have found that local officials can learn a great deal about the needs and desires of citizens and about the functioning of programs from public hearings. If hearings are held before decisions are made firm, citizens can have a valuable influence on budget and other program decisions. By improving the hearing requirements, the new legislation has taken an important step forward.

Without taking the time to comment in detail on the other provisions in H.R. 13367, I would like to conclude by saying the House has struggled with and passed a good and workable piece of legislation. I hope that the Senate can move quickly on this legislation so that it can become law well in advance of the expiration of the present law.

JOHN A. McGUIRE

HON. ROBERT N. GIAIMO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. GIAIMO. Mr. Speaker, it is with deep regret that I report to this body the sudden passing of a dear friend and colleague, former Congressman John A. McGuire, who represented the Third District of Connecticut, the seat I now hold, from 1948 to 1952.

Former Congressman McGuire died on Friday, May 28, 1976, at Meriden-Wallingford Hospital. I extend my condolences to his widow, Dorothy, and to his two children, John M. and Lois.

Mr. Speaker, the New Haven Register has published a concise and comprehensive summary of his political and business activities which serves as a tribute to the eventful career of a busy and energetic man. I am inserting the main text of that obituary article with these remarks:

J. A. McGuire Dies; Ex-Congressman

Born in Wallingford Feb. 28, 1906, he was the son of the late John A. and Catherine Barry McGuire. He was a graduate of Wallingford schools and attended Dartmouth College.

The life-long Democrat launched his career in politics in 1932 and from 1934 to 1950, he was Wallingford's town clerk.

He was unanimously elected Democratic state chairman in 1946 and served one term in the state legislature.

In 1948, he began his first term as U.S. Rep. from the 3rd District, becoming the first Democrat to serve in that post in some 50 years.

During his two consecutive terms as congressman, he authored the Fair Trade Act, commonly known as the McGuire Act, a national law which prevents price-cutting on such items as liquor, jewelry, appliances and tobacco.

McGuire, along with the late John Bailey, the late John Robinson (director of Selective Service in Connecticut), and Robert Wagner, former mayor of New York City, were responsible for the creation of the Young Democrats of Connecticut in 1932.

From 1953 to 1955, McGuire served as warden for the Borough of Wallingford and ran unsuccessfully for the Democratic nomination as the town's first mayor in 1961.

In 1972, he was named executive director of the Wallingford Housing Authority, a position he held to his death.

Less than two years ago, a 50-unit housing complex for senior citizens in Wallingford was named in his honor.

Sending birthday cards to the famous as well as the unknown locally and nationally was one of his pet hobbies. He sent thousands of such cards each year.

He was a member of the Wallingford Exchange Club, a charter member of the Charter Oak Social Club in Wallingford, a life member of the Wallingford Lodge, B.P.O.E., and a member of the Knights of Columbus, 3rd Degree since 1932.

He was a communicant of Holy Trinity Church.

Before being named director of the Housing Authority, he had owned and operated an insurance agency.

ANNIVERSARY OF LITHUANIAN OCCUPATION

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. OTTINGER. Mr. Speaker, while the United States celebrates its 200th anniversary of freedom, it is important that we are mindful of once-independent peoples who were defeated in their battle against communism.

Lithuania is such a state existing within the walls of the Soviet Union, stripped of her nationhood and denied the rights which we are so lucky to enjoy.

Today, June 15, marks the anniversary of the final Communist occupation of Lithuania in 1940. Twelve months later mass deportation began and more than 150,000 Lithuanians were sent to the deadly Siberian slave and labor camps. Moreover, approximately 50,000 Lithuanian freedom fighters lost their lives in an organized resistance movement between 1944 and 1952.

To this very day, Lithuanians are risking their lives in defiance of the Communist regime. The protests of the Lithuanian people against the denial of the right of national self-determination, continued religious and political persecutions, and violations of human rights by the Soviet Union have continued since the Soviet invasion in 1940.

Their domination has been carried even farther than that of such nations as Czechoslovakia, for they have been incorporated into the Soviet Union. From our point of view there is no question that the aggression to which the Baltic states have been subjected is the direct opposite of the freedom for which our Nation stands.

It is commendable that the Lithuanians have resisted all Soviet attempts to deprive them of their culture and autonomy. Their russification scheme has met with dissent both subtle and sharp. The Lithuanian people continue to speak their native language and practice their religion in spite of continued Soviet oppression.

The present situation remains unchanged as Russia has tightened its grip. The United States has never recognized this forceful annexation of Lithuania by the U.S.S.R., and deplores the fact that the Lithuanians are denied the rights of assembly, free elections, and worship. In our observance today, let us renew our pledge to Lithuania in her fight for national independence, and hope that this valiant nation's determined efforts to regain its inalienable rights will become an integral part of the world's movement toward lasting peace and justice.

TWENTY-SEVENTH ANNUAL OPERATION YOUTH

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. GRADISON. Mr. Speaker, I think it is appropriate in this Bicentennial Year to honor a conference for youth which recently took place in my district. This conference, "Operation Youth," introduces young men and women, the future citizens and leaders of America, to democracy in action. The conference held its 27th annual meeting at Xavier University in Cincinnati from June 5–12.

This year, 67 juniors and seniors from Ohio, Kentucky, and Indiana participated in the week-long program. The theme of this year's conference was "The Application and Preservation of Freedom." The program included talks by leaders in government, industry, and education as well as meetings and forums in which the young men and women put politics into action. Participants in the conference formed political parties and elected officials to a mock municipal government. I am pleased to recognize those who were elected to office as well as the many others who actively participated in the educational and memorable program.

They are as follows: Allen Burke, mayor; Jenny Cossentino, vice mayor; Lisa Remaklus, city manager; Carleen Kearns, clerk of council; and council members, Darryl Anderson, Amy Craver, Kerry Degener, Richard Geglein, Tim Plummer, Mark Schlueter, and Tressa Thompson.

Also participating in the conference were Ronald Appling, Matt Barnes, James Blough, Elizabeth I. Boyden, Brian Boyle, Magda Breuer, Mary Ann Brothers, Kathleen Bryan, Linda Susan Busemeyer, Artie G. Chang, Carl Dahm, Tim Davis, Richard J. Deitering, Rick Eddelman, Gregory L. Felix, Paul Fisher, Julie Fries, Clifford Geers, Eva Gilkey, Robert Hart, David L. Holmers, Thomas E. Hempfling, Patricia Herb, Roberta Hile, Karen Igo, Cathy Johnson, Randy Keeton, Suzanne Leyes, Allen Maddock, Susan McDonough, Edward Meyer, Kathryn M. Molnar, Deborah M. Molony, Daniel O'Connell, Catherine A. O'Connor, James P. O'Leary, Donald A. Ragan, Jan M. Routson, Deb Rutschiling, Kenneth Sanker, Edward A. Schifferns, Gerald Shannon, Brian E. Stasiewicz, Thomas Stauffer, Steven J. Sucher, Janet A. Thompson, Timothy F. Thompson, Trudie A. Thornton, Jay Tredwell, Michael A. Valleriano, Toby Vaughn, Bill Vezey, Robert M. Wallman, Helen Whikehart, Richard Witte, and Brenda A. Wolf.

I would expecially like to honor Mr. William Smith, director of Operation Youth and associate professor of accounting and education at Xavier. His efforts, as well as those of many others who assisted at the conference, enabled 67 youths to gain a first hand look into freedom and democracy. Programs such as "Operation Youth" strengthen my optimism that we might continue to build a better America.

BICENTENNIAL COMMEMORATIVE SALUTE TO THE VALIANT PEOPLE OF LITHUANIA, ESTONIA, AND LATVIA ON THE 36TH ANNIVERSARY OF THE SOVIET ANNEXATION OF THE BALTIC STATES

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ROE. Mr. Speaker, today, June 15, I wish to join with all Americans and particularly the Lithuanian, Latvian, and Estonian communities throughout our Nation in observance of a most solemn occasion, the 36th anniversary of the forcible occupation and incorporation of the Baltic States into the U.S.S.R. and the subsequent deportation of hundreds of thousands of Lithuanians, Latvians, and Estonians to Siberian concentration camps.

Members of the House have already recorded our denunciation of the Soviet annexation of the Baltic area in the passage of the resolution which I had joined with many of our colleagues in sponsoring—my bill Numbers House Congressional Resolution 140, House Congressional Resolution 141, and House Congressional Resolution 462—expressing the sense of the House of Representatives in the nonrecognition of the Soviet Union's annexation of the Baltic nations. The unanimous vote on December 2, 1975, of 407 Members of the House with no one dissenting strongly affirmed our agreement for the adoption of this resolution on behalf of the just cause of the Lithuanians, Estonians, and Latvians in the U.S.S.R.

The enactment into Public Law 94–304 on June 3, 1976, of the legislative measure which I also sponsored—my bill Numbers H.R. 11169 and H.R. 11204—establishing a Commission on Security and Cooperation in Europe to monitor international compliance with the Helsinki Accord also reaffirms our fullest dedication to seeking international communion and international understanding of the plight of these oppressed people to help restore their basic human rights to freedom of thought, conscience, and religion.

Mr. Speaker, I along with many of our colleagues have received several communications requesting our participation in today's congressional commemoration in observance of this most despicable government act of tyranny and I am especially appreciative of the background information forwarded to me by the following leaders of the prestigious member-organizations of the Baltic-American communities:

The Honorable: Joseph Gaila, president, National Executive Committee, Lithuanian-American Community of the U.S.A., Inc.

Gunars Meierovics, chairman, Joint Baltic American Committee, American Latvian Association.

Edward Sumanas, public relations director, Joint Baltic American Committee, comprised of the Estonian American National Council, the American Latvian Association in the U.S., Inc., the Lithuanian American Council, Inc.

In reviewing the information they forwarded to me I believe that the criminal degradation, despair, pain and anguish suffered by the victims of senseless cruel government action on June 15, 1940 were most poignantly portrayed by four young Lithuanian girls in their secret writings which were smuggled out of their imprisonment in Siberia. With your permssion, I would like to insert at this point in our historical journal of Congress their beseeching prayer for help, as follows:

MARY SAVE US

The day has closed its eyes.
Fatigue closes my eyes.
My feelings have dried up,
My strength has left me.
With icy lips, with tear-filled eyes,
Tormented by despair,
We fly to your straw-covered crib, O Holy Babe.
We are drained of strength,
Our feelings have faded away.
Our hearts are benumbed thoughts we cannot control.
Jesus, help those who die in foreign lands
Without consolation of the Church or their dear ones,
Without the comfort and aid of their friends.

Mr. Speaker, it is indeed a privilege to participate in today's commemorative salute to the oppressed people of Lithuania, Estonia, and Latvia. We have made some strides in our search for remedial action but there is still much to be done.

Hopefully, the prayer of these young people will not be just a voice crying in the wilderness and, God willing, will be answered by the viable force of world opinion that we are attempting to muster in achieving global agreement on basic human rights principles that will eliminate government controls that dominate the personal freedoms of the individual to live and worship in the land of his or her choice. In the Baltic States we trust that they will soon regain their independence and sovereignty as a nation of people, that the exiled of Lithuania, Estonia, and Latvia will be returned in freedom, and that they will be able to hold their own elections as a free people in the choice of their government.

Mr. Speaker, as we celebrate our Bicentennial Year and reflect on the history of our Nation and the contribution all peoples have made to our preeminence as a representative democracy, second to none, throughout the world, we can only hope that the people of the Baltic States may some day be as fortunate as we are and be able to establish a government of the people, for the people and by the people—which is truly what the United States of America is all about.

TOWARD INTELLIGENCE OVERSIGHT

HON. DAVID F. EMERY

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. EMERY. Mr. Speaker, in a commendable move, the Senate recently acted to establish a new Intelligence Oversight Committee. In the following article from the June 15 Washington Post, my fellow Congressman from Maine, WILLIAM S. COHEN, calls for similar action from the House and for a sharing of the supervisory responsibilities.

I concur with Mr. COHEN's sentiments, and, in order to bring them to the attention of my colleagues, I submit his article for publication:

TOWARD INTELLIGENCE OVERSIGHT

(By William S. Cohen)

This is not a happy hour in Washington. The hot breath of scandal hangs like summer smog over Congress. Charges of one member's private profit from his public office and another's personal gratification at public expense have electrified the House Ethics Committee into life, and this is as it should be; congressional abuse of power and public funds is a serious matter that cannot be permitted to go unchecked.

But an additional tragedy of the current controversy is that the balance of this session is likely to be spent attacking or defending congressional honor while our larger accomplishments are obscured and our major tasks go unfinished. Nowhere is this more apparent than in the matter of congressional oversight of our hydra-headed intelligence community.

One accomplishment which should not go unnoticed was the Senate's overwhelming vote to establish a strong new oversight committee; this was no small accomplishment because it came over the strong opposition of committee chairmen who supposedly had been scrutinizing the intelligence agencies over the years. The Senate leadership fashioned a compromise that gained the grudging support of a good many conservatives as well as most Senate moderates and liberals. It is by no means perfect in its structure or composition. Nonetheless, the new Senate committee is not designed to be a paper tiger, toothless and eager to purr contentedly in the cozy executive lap.

The committee has exclusive jurisdiction over the CIA, formerly the sole preserve of the Armed Services Committee. It will share authority with Armed Services over the huge defense intelligence establishment, including DIA and the National Security Agency. Similarly it will be able to scrutinize the intelligence activities of the FBI—a major source of past abuses. It will, in addition, share jurisdiction over the State Department's small but important Bureau of Intelligence and Research with the Senate Foreign Relations Committee.

But the new Committee's most powerful tool will lie not simply in its power to look over the agencies' shoulders, but rather in its power of the purse. The new committee has the power to authorize appropriations of funds for the intelligence agencies, a power that it shares with other commitees for all but the CIA. The power to authorize carries with it the power and the obligation to know the agencies' purposes and pursuits. The Senate has achieved a responsible balance between the need for congressional oversight and restraint.

But while the "other body" has proved itself capable of action, we in the House are in woeful disarray. Our attempts at investigating the intelligence agencies have been marred by wholesale leaks and internecine squabbles. This unhappy fact was all too often noted by our Senate colleagues when the possibility of a joint House-Senate intelligence committee was under consideration. The fact that the Senate decided so decisively to go it alone is, regrettably, largely of our own doing.

What the Senate has produced is of great merit, but it is too little by half. The mechanics of the legislative and budgetary process cry for a parallel committee in the House of Representatives. With responsibility for the intelligence community passing through the prism of several committees in the House, no single committee can make a judgment on the intelligence budget as a single entity. Spending bills will continue to originate helter-skelter, only to be reviewed by a single unified committee in the Senate. That committee will, in resolving legislative differences with the House, go to conference with several different House committees. Never has the need for a new House committee on intelligence been more obvious. Yet 22 intelligence-oversight bills have been introduced in the House and none has reached the floor.

The time for us to act in the House of Representatives is now. We should establish a committee of the House that would have similar responsibilities and powers to the one recently set up by the Senate. Most importantly, it should be mandated to work closely with the Senate in the delicate area of its responsibilities. Perhaps it is not vain to hope that as memories of the false starts and leaks of the past year begin to fade and the new House committee proves it can work responsibly in the national interest, the ultimate goal can be achieved: a joint congressional committee on intelligence patterned along the lines of the Joint Energy Committee which has worked so well.

Meanwhile, if we can keep our eyes on the horizon of reform, perhaps what we one day will find is not a false vision or a handful of dust but the first sign of our willingness to change our own procedures for the common good.

COMMEMORATION OF LITHUANIAN OCCUPATION

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. WOLFF. Mr. Speaker, I would like to take this time to remind my colleagues that June 15 marks the 36th anniversary of the Soviet occupation of the Republic of Lithuania. This nation celebrated just 22 years of independence, before it was forcibly occupied by the Soviet Union in 1940. Lithuania, a proud republic, has lost its identity as an independent nation, and is now an oppressed area of the Soviet Union.

Since their occupation, the Lithuanians have been subject to the repressive tactics of the Soviet Union, resulting in the loss of their basic freedoms of independence, thought, conscience, and religion. The violation of these rights completely contradicts the universal Declaration of Human Rights, of which the Soviet Union is a signatore. We cannot allow this oppression to continue unnoticed and without comment.

In this Bicentennial Year, as we celebrate the independence and freedom of the United States, we must not forget that there are a significant number of people in the world that cannot be described as free, and do not enjoy the basic human rights. It is important that we recognize the plight of the Lithuanians, and express our hope that the rights which we all cherish will be restored to the proud people of Lithuania.

TODAY IN CONGRESS

HON. JACK BROOKS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BROOKS. Mr. Speaker, today, along with Congressmen James G. O'Hara, James C. Cleveland, and John M. Ashbrook, I am introducing a concurrent resolution providing for the printing of a daily publication entitled "Today in Congress." This publication is intended to provide tourists visiting the Capitol with a summary of the planned daily activities of the Senate and the House of Representatives. It also will contain a brief description of the manner in which Congress conducts its activities. A similar resolution is being introduced in the Senate by Senator Lee Metcalf.

Mr. Speaker, for 12 legislative days earlier this year the Joint Committee on Congressional Operations, with the assistance of the Joint Committee on Printing and the Government Printing Office, issued this proposed publication on a test basis. Each day during the test, 1,000 copies of "Today in Congress" were distributed to tourists in the Rotunda of the Capitol. The Capitol guides have informed us that the publication was informative and helpful to visitors. One indication of its acceptance by the public is that copies were not found littering the Capitol grounds; obviously, they were kept by the recipients.

The format of the publication is meant to help tourists understand Congress. The front cover explains the purpose and use of the publication. The inside pages, extracted from the Daily Digest of the Congressional Record, provide information on today's meeting of the House and Senate, followed by all committee meetings scheduled for today. On the inside and outside back covers, visitors will find the office and telephone numbers of all Members of Congress.

Mr. Speaker, it is particularly appropriate that we inaugurate "Today in Congress" in this Nation's Bicentennial Year. I urge the appropriate committees in both bodies to act expeditiously on this resolution.

EQUAL OPPORTUNITY EMPLOYMENT ON THE TENNESSEE-TOMBIGBEE WATERWAY PROJECT

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HAWKINS. Mr. Speaker, the staff of the Subcommittee on Equal Opportunities has recently concluded a study of equal opportunity employment on the Tennessee-Tombigbee waterway project of the U.S. Corps of Engineers in Alabama and Mississippi. This study points up the failure of the Corps of Engineers to assure employment opportunities for the minority citizens in this economically depressed area in which blacks comprise approximately 40 percent of the population.

As funding for the Tennessee-Tombigbee Waterway Project is due for consideration by the House Tuesday, June 15, in the public works appropriations bill for fiscal 1977—H.R. 14236—I wish to call this subcommittee report to the attention of my colleagues:

Equal Opportunity Employment on the Tennessee-Tombigbee Waterway Project

SUMMARY

The Corps of Engineers' Tennessee-Tombigbee Waterway Project is a $1.8 million project involving construction of 5 dams and 10 locks and a 27-mile cut to provide a 253-mile inland waterway from Demopolis, Alabama to the Tennessee River. The construction is in an economically depressed rural area of Alabama and Mississippi in which Blacks comprise approximately 40 percent of the population. The project was justified partly on the basis of economic benefits to the region and alleviation of problems of low income and unemployment. However, Blacks have not been included in most of the planning groups involved in the waterway; no comprehensive affirmative action program has been adopted or imposed on the contractors of the waterway; it has been estimated that Blacks comprise less than 20 percent of the present work force on construction projects underway and that one-third to one-half of the labor is being brought in from outside the area. In response to concerns that minority people receive a fair and proportionate share of the benefits, a local organization knownas the Minority People's Council has been formed to attempt to secure the equal opportunities that have been claimed by proponents of the project.

A local office at RTP, Inc. (Recruitment and Training Program) under contract with the Department of Labor, has been established to assist in recruitment and placement of minorities and women on the Tennessee-Tombigbee Waterway construction projects. However, neither the Minority People's Council nor RTP have been included in planning and decision-making for the development of the Waterway and their assistance in regard to employment of minorities has not been sought. A hometown affirmative action program was developed by the local organization with participation of the unions, contractors, Corps of Engineers, and Federal compliance agencies but was not adopted because of lack of action and cooperation from the Corps of Engineers.

It is recommended that the hometown plan be adopted and with monitoring and enforcement by the contract compliance offices of the Departments of Defense and Labor. This plan includes goals and timetables to assure 40 percent minority participation, provisions for recruitment, training and placement, and a mechanism for review. In addition, it is recommended that the Department of Defense adopt special bid conditions with goals and timetables and provisions for sanctions. It is also recommended that representatives from minority organizations be included in all decision-making groups for Waterway development.

SCOPE

The aspects of the Tennessee-Tombigbee Waterway Development related to equal employment opportunities for the minority people of the impact area are discussed below. Other related issues have been recognized, including involvement of minority business enterprises, minority land ownership in the impact area, differing wage rates within the project area, equal opportunity policies within the Corps of Engineers, and a recommendation for legislation creating a Minority Resource and Oversight Center for the Tennessee-Tombigbee Waterway. These issues are important but are outside the scope of this report and will not be considered herein.

DESCRIPTION OF THE PROJECT

Purpose

The U.S. Army Corps of Engineers' Tennessee-Tombigbee Waterway project is designed to provide a 253-mile inland water route from Demopolis, Alabama, to the Tennessee River. The waterway will provide a connection from the northward-flowing Tennessee River to the southward-flowing Tombigbee and thence to the Gulf of Mexico.

Funding

Total costs for the project are estimated to be about $1.8 billion ($1.575 billion in Federal funds) over a period of about 15 years. Construction funds were first appropriated in FY 1971 and completion is now scheduled for 1986. The House of Representatives' Committee on Appropriations recommended that $100,000,000 in funds be allocated the Tennessee-Tombigbee Waterway Project for FY 1977 plus an additional $150,000 for a related urban study. The $100 million would provide 4,700 man-years of employment (based on the Corps of Engineers average of 47 man-years of employment for each $1 million of construction money).

Construction projects

Construction for the Waterway is by contracts under the supervision of the U.S. Army Corps of Engineers. The construction projects include 5 Locks and Dams (Gainesville, Aliceville, Columbus, Aberdeen and Bay Springs), 5 additional locks and a 27-mile cut (the Divide Cut) to join the Tennessee and Tombigbee Rivers. The construction projects will be in Mississippi and Alabama within the Mobile and Nashville Districts of the Corps of Engineers. At the present time the Gainesville Lock and Dam is about half completed and contracts have been awarded and work begun on the Aliceville and Columbus Locks and Dams.

AREA AND PEOPLE AFFECTED BY THE PROJECT

Justification based on economic benefits to region

The Corps of Engineers, in defending the economic and environmental benefits of the project, in 1970, stated:

"The proposed connection between the two river systems transects an area characterized by the predominance of low income and underdeveloped economy. . . . Commercially navigable waterways stimulate economic growth since certain industries are attracted to waterways to take advantage of low cost transportation. This creates jobs not just related to the industrial establishment alone but to other firms in the trade area, such as suppliers, processors of semi-finished products, and trade or service firms. In the region served by the Tennessee-Tombigbee Waterway, unemployment and low income problems will be alleviated."

Areas affected

The navigation benefits of the Tennessee-Tombigbee Waterway to be constructed in Mississippi and Alabama will be shared by residents of 23 states, according to a Corps of Engineers study. The project will directly affect the people in 5 states: Alabama, Mississippi, Tennessee, Kentucky, and Florida.

People of waterway construction impact areas

The Waterway itself and the focus of construction will be in a 16-county rural area of southwestern Alabama and northeastern Mississippi. In this 16-county area, Blacks comprise approximately 40 percent of the population and 5 of the counties (Greene, Sumter and Marengo Counties in Alabama, and Clay and Noxubee Counties in Mississippi) have Black majority populations. The Alabama counties involved are among the poorest in the Nation.

The Mississippi counties are in the Appalachian section, which is also an economically depressed area. Statistics from the 1970 U.S. Census show a wide incidence of poverty, especially among the Black families. The figures for percentages of all families below poverty level in the 16-county area range from 17.9 percent in Baldwin County, Alabama to 53.6 percent in Green County, Alabama. The figures for percentage of Black families below poverty level range from 42.9 percent in Mobile County, Alabama to 74.3 percent in Noxubee County, Mississippi.

Lack of minority participation

At the present time no comprehensive area-wide affirmative action plan has been adopted for construction projects being done under contract for the Corps of Engineers. A hometown plan has been developed but has yet to be approved by all parties, in particular, by the Corps of Engineers. The current work force is estimated to be less than 20 percent minority; and an estimated one-third to one-half of the labor force has been brought in from outside the area. These facts indicate that the projected economic benefits and alleviation of problems of low income and unemployment are not being realized by the Black citizens of the area where the construction has begun. Thus, in the first stages of Waterway construction, which is under direct supervision of the Corps of Engineers, little or no attention has been paid to assuring that Black people of the area directly affected share equitably in economic benefits of the project.

ORGANIZATIONS INVOLVED

Tennessee-Tombigbee Waterway Development Authority

A compact between the states of Alabama, Mississippi, Tennessee, Kentucky and Florida was formed for the purpose of promoting the project under the name of the Tennessee-Tombigbee Waterway Development Authority (TTWDA). The role of the TTWDA was formalized in 1973 as that of planning coordinator. The TTWDA established a Planning Coordination Committee and received a $75,000 planning grant from HUD to fund the activities of the Committee for FY 1975. According to a 1975 article in "Water Spectrum", the Committee hoped to coordinate major public sector investment, to influence private sector investment and to assure that human resources and development are interfaced with each other. Other planning and development groups involved with the Tennessee-Tombigbee Waterway include the Tombigbee River Valley Water Management District, the Port of Mobile Commission, and many others. In spite of the large Black population in the counties most directly impacted, there are no Black representatives on the Board or staff of the TTWDA or any other decision-making groups. Thus, Blacks are not involved in the planning and decision-making for the future development and use of the Waterway. In addition, it is reported that human resources development planning has been neglected by the planning groups.

Minority People's Council

In 1974, the Federation of Southern Cooperatives convened the "First Tombigbee Waterway." Concern raised at the conference for full minority participation in all aspects of the construction, operation, and development of the waterway resulted in formation of the Minority People's Council to continue to pursue these issues. A second factor in the formation of the Council was the apparent need for a countervailing, locally controlled force to monitor the project because of the exclusion of Black people from existing decision-making groups. Objectives of the Council include but are not limited to employment of minority people in all capacities in the construction and management of the waterway; participation on decision-making boards; and involvement of minority people in economic benefits of the waterway from an employment, entrepreneurial and equity perspective.

RTP, Inc.—recruitment and training program

RTP, Inc., Recruitment and Training Program, was formed in 1964, with a grant from the Taconic Foundation, to disseminate information concerning apprenticeship opportunities in the building and construction industry and to provide services to minority your seeking entry into the craft unions. The program was funded on a national basis by the Department of Labor in 1976. The operation presently includes more than 30 offices with a staff of over 250 and is concerned with employment recruitment, counseling, tutoring placement and follow-up of minorities and women for semi-skilled blue collar, skilled blue collar and professional work.

At the urging and with the assistance of the Minority People's Council, an office of RTP was established in Epes, Alabama, to assist in recruitment and placement of minorities and women on the Tennessee-Tombigbee Waterway construction projects and other related development spin-offs. The Epes RTP office reports that it currently has approximately 280 applications on file. The majority (about 98 percent) of these applicants are Black and most have experience in crafts and skills related to construction. The Corps of Engineers and contractors have not sought or actively utilized the services of RTP to employ minorities and women in construction jobs. In some instances where minorities and women have been placed by RTP, the individuals have been laid off with no explanation after a few days of work.

AFFIRMATIVE ACTION PROGRAMS

Development of a hometown program

At the present time, no hometown or voluntary affirmative action program is in effect for the project area. A program has been developed entitled, "The Tennessee-Tombigbee Waterway Multicraft Area Wide Affirmative Action Program." The program was developed by the Minority People's Council with the participation of representatives of RTP, the Offices of the Solicitor and Federal Contract Compliance of the Department of Labor, the International Union of Operating Engineers, the AFL–CIO Civil Rights Department, the Office of Contracts Compliance of the Department of Defense, and the U.S. Army Corps of Engineers.

The program includes (1) a goal of 40 percent minority participation in all categories of work and all phases of the waterway project, (2) a major effort toward recruitment, training, and placement of minority workers with utilization of RTP as an outreach and supportive services source, and (3) a mechanism for periodic review by the parties of its implementation and effectiveness. This program had the approval of the unions but has not been adopted primarily because of lack of action and cooperation on the part of the Corps of Engineers. Nor has any alternative area-wide affirmative action program been imposed for construction projects now underway and planned.

Lack of adequate programs

One affirmative action program, the "Gainesville Plan" was developed and used as a bid condition for the Gainesville project. While this plan represents a positive step toward affirmative action, it establishes a goal of only 20 percent minority participation and applies only to the Gainesville project. For the more recent contracts, no affirmative action program is being required. In absence of a program, the Corps of Engineers has sent letters to the contractors simply directing compliance with the non-specific requirements of the equal opportunity clause of the contract required by Executive Order 11246 and instructing contractors to display equal opportunity posters as required by Executive Order 11246. The company is urged to develop an equal opportunity policy if it does not have one. No program for affirmative action or requirements related to establishing of goals and timetables is mentioned.

RECOMMENDATIONS

1. Adoption of the Tennessee-Tombigbee Waterway Multicraft Area Wide Affirmative Action Program, which includes (1) goals and timetables designed to assure 40 percent minority participation in all categories of work and all phases of the waterway development, (2) a major effort toward recruitment, training and placement of minorities and women with utilization of RTP as an outreach and supportive services source; and (3) a mechanism for periodic review by the parties for its implementation and effectiveness.

2. Monitoring and enforcement of the plan by the Department of Defense and the Office of Contract Compliance Programs of the Department of Labor.

3. Requirement for compliance with the terms of the Tennessee-Tombigbee Waterway Multicraft Area Wide Affirmative Action Program included as a contingency upon contracts that are awarded on the Tennessee-Tombigbee Waterway Project.

4. Adoption of special bid conditions developed in accordance with guidelines established by the Office of Federal Contract Compliance Programs and containing goals and timetables, provisions for sanctions including contract termination, cancellation and debarment from future contracts, and specific requirements for determining what constitutes a good faith effort.

5. Inclusion of representatives from minority organizations in all decisionmaking groups for the Tennessee-Tombigbee Waterway, including the Corps of Engineers and TTWDA.

CAUSE OF CONGRESSIONAL INEFFICIENCY

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. JACOBS. Mr. Speaker, after careful and scholarly study I have concluded that the principal cause of congressional inefficiency is the elevator system in the Longworth Building.

IMPORTANT NEW APPROACH TO MEDICAL EDUCATION

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. FORD of Michigan. Mr. Speaker, I would like to bring to the attention of my colleagues a new approach to medical education at Michigan State University's College of Human Medicine.

Doctors have been accused by some of knowing a great deal about medicine and little about people. The medical college of MSU has created a curriculum plan premised on the behalf that attention to the individual patient, his feelings, personality and background is vitally important to the successful practice of medicine.

At this time, I enter into the RECORD a New York Times article from June 8 describing the Michigan State University program and how it is working to benefit the citizens of my State:

MICHIGAN STATE'S YOUNG MEDICAL SCHOOL BECOMES COLLEGE OF THE BEDSIDE MANNER

(By Boyce Rensberger)

EAST LANSING, MICH.—Michigan State University's young and innovative medical school, with its headquarters here and students in training all over Michigan, could be called the College of the Bedside Manner.

In a time when people increasingly criticize the impersonality of doctors who know much about their specialties and little about people, M.S.U.'s College of Human Medicine is devoting a major effort to turning out doctors who are not only up-to-date but who combine the warmth of the old-time family doctor with a grasp of the often neglected social and environmental factors in illness.

"The establishment school says medicine is applied biological science," said Dr. Andrew D. Hunt, dean of the college. "We say medicine is basically a helping profession and applied biological science is merely one tool. We want our graduates to have other tools such as an understanding of human behavior, social factors, ethics, community organization and so forth..

"We feel the medical school should work towards meeting the needs of society," Dr. Hunt went on. "Our objective is to move with the rest of society toward meeting those needs."

UNUSUAL APPROACH

That is not the sort of talk one hears in most medical schools. But then the M.S.U. medical school, which was established as a two-year school in 1964, expanded to four years in 1970 and granted its first M.D. in 1972, does not do many things the way they are done at most other medical schools.

Its combination of curricular and administrative innovations and its emphasis on turning out doctors who can deal with the broad range of human personalities and feelings as well as the "nonmedical" factors affecting health is becoming a model for other schools.

Nearly a score of new or expanding medical schools have emulated a number of M.S.U.'s programs and, in a few cases, have hired away faculty and administrative personnel instrumental in the innovations.

In the typical medical school the emphasis in the first two years, the "pre-clinical" phase, is on rapidly accumulating lots of scientific facts through formal courses in biochemistry, microbiology, pathology, pharmacology, physiology and anatomy, as one M.S.U. doctor put it, "establishing one long intimate relationship with a cadaver."

It is commonly accepted among doctors that much of the material traditionally taught in the first two years of medical school is not relevant to day-to-day medical practice and is soon forgotten by many doctors.

FRONT LINES OF MEDICINE

Whereas most medical students never have contact with a real patient until their third year and then only in a massive, academically oriented university hospital, M.S.U. students interview patients and take medical histories in their first year and they do it in clinics, community hospitals and doctors' offices—the front lines of medicine.

Instead of formal classes proceeding through the basic sciences, about half of M.S.U.'s students opt for an informal system using groups of eight to ten beginning students, and advanced medical student, a behavioral scientist, a biological scientist and a physician preceptor.

Unlike most medical schools, M.S.U. accepts only about half its students from the typical pre-med undergraduate programs. The other half are older men and women with experience in other fields.

In one group of 10, for example, there were five students directly out of college, a woman with a master's degree in social work who had headed a large drug abuse program, a pharmacist with four years experience, a Ph.D. electrical engineer with 12 years in research and teaching, a male nurse who worked in a rural area, a nuclear engineer turned environmental activist, and an ex-Marine.

Last fall's entering class was 38 percent women and about one-quarter were black, Spanish-speaking or Indian.

The groups meet as often and as long as they choose to and take up a series of topics and simulated cases.

"At the beginning of this semester," said Richard Sandler, a first-year student, "my new small learning group assembled to brainstorm how we might maximize our understanding and enjoyment of the topics at hand—altered consciousness, muscle weakness and lower back pain."

The group came up with 15 activities, including asking various specialists on the faculty and in the community to come in and talk, "standing in" on surgery, attending an autopsy, and learning from a physiotherapist in addition to reading books.

"At every moment," Mr. Sander said, "we would be asked, 'How would you approach this?' or 'What would you tell the patient?' We always had to keep in mind that we were dealing with things that affect real people."

There is also a library of videotape cassettes on medical topics that students can view at leisure on individual playback machines.

Although traditionalists have critized this approach as too haphazard and as not concentrating strongly enough on the scientific underpinnings of modern medicine, Michigan State people say their way actually leads to better retention of the relevant facts and to the inculcation of self-learning skills that will be useful after graduation in keeping up with medical advances.

"If you have a situation where it's fun to learn," Mr. Sanders said, "you keep on learning."

RELATING TO THE PATIENT

A major emphasis throughout the M.S.U. program is on relating to the patient in a sensitive and comfortable way that elicits the most useful information they can give the doctor while establishing a basis of trust and support. For example, the problems of sex and dying should be handled as easily as are vaginal diseases and cancer symptoms.

Just ten weeks into the first year, students begin practicing their interviewing and history-taking skills on actors trained to simulate typical medical problems. These sessions are videotaped and played back to the student and a teacher who evaluate the methods used. Later in the same year, the students do much the same with real patients.

The third and fourth years at Michigan State, like those in other medical schools, are spent chiefly on hospital wards, performing minor duties, looking over the shoulders of practicing physicians and absorbing the sights and insights of real medical practice.

The difference at M.S.U. is that there is no university hospital, the usual setting for this stage of medical training. Instead, the students leave East Lansing to spend the time in community hospitals and other health facilities in Grand Rapids, Kalamazoo, Flint, Lansing and Saginaw.

A BRIEF ROTATION

Although other medical schools have used affiliated community hospitals, the university usually exercises control over the hospital's administrative appointments and the students "rotate" only briefly through the hospitals. Michigan State exercises no control over cooperating hospitals. The program is overseen by independent corporations comprising several hospitals in each city. Some 700 local doctors have unpaid appointments as teachers at the hospitals. Educational requirements are defined and performance is evaluated by the university, which keeps an assistant dean in each town.

"This arrangement puts the students right into the kind of situation they're going to be practicing in for the rest of their professional lives," said Dr. Robert M. Daugherty who has headed M.S.U.'s office of curriculum implementation and is leaving to become dean of a new medical school at the University of Wyoming.

In several instances the desire of a city to have its hospitals linked to a medical school has led some feuding institutions to put aside some of their differences, usually to the benefit of the whole community. The medical school presence in towns that could never hope to have their own schools has also brought new seminars and other educational opportunities that local doctors can take advantage of.

Michigan State University was established in 1855 as an agricultural college and it formed the prototype for the land-grant college system to developing practical information for farmers and getting it to them through county extension agents. Like other "ag schools," it has shunned an ivory tower role in favor of service to the people.

Perhaps the most unusual example of extension in the medical school is an experimental program that amounts to a small branch medical school in Michigan's rural and medically ill-served Upper Peninsula. Ten students who satisfied M.S.U. that they wanted to practice in the U.P., as the region is called, spent their first term at the main campus in 1974 and then moved to Escanaba where they are spending the balance of their four years in the office of a local doctor who serves as almost their only professor.

Basic science education is being supervised from the main campus but the students also draw on the resources of two small U.P. colleges.

By getting virtually all their training in the U.P., it is hoped, the students will be more appropriately trained for family practices in the region than is the case with doctors from even as unconventional a setting as M.S.U.'s main campus.

OPPOSITION TO UNIONIZATION OF ARMED FORCES

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. FISHER. Mr. Speaker, on June 11, I joined as a cosponsor of the proposal introduced by Representative Floyd Spence which would prohibit union organization in the Armed Forces.

This preventative legislation serves to put Congress firmly on record in opposition to any attempts to introduce unionization into the military forces, a move which could be grossly incompatible with the primary purpose of the Armed Forces—the defense of the Nation. Instead I favor clear and fair discipline in the military combined with considerate attention to matters of concern to military personnel such as pay, education, recreation, health services, and prevention of unfair treatment.

My only reservation about the legislation as it is now written is the section which deals with penalties for soliciting members of the Armed Forces to join any labor organization. The fine and prison sentence strikes me as unnecessarily severe. Equitable changes could be made in this section of the bill without weakening its intent. I urge the House and Senate to act quickly on the proposal.

UNAVOIDABLE ABSENCE

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. KASTEN. Mr. Speaker, due to prior commitments in my congressional district, I was unavoidably absent for part of the House proceedings on Thursday and Friday. For the record, I would like to take this opportunity to state how I would have voted if I had been present.

Record vote No. 355—I would have voted against the amendment to H.R. 13367, the Federal Revenue Sharing Extension Act, which sought to clarify the definition of "townships" for the purpose of distributing revenue sharing funds.

Record vote No. 356—I would have voted against the amendment to H.R. 13367 which would have subjected the revenue sharing program to the annual appropriations process—rather than the present automatic entitlement—beginning in fiscal year 1979.

Record vote No. 357—I would have voted against the amendment to H.R. 13367 which would have required all State and local government construction projects to comply with the Davis-Bacon Act.

Record vote No. 358—I would have voted for final passage of H.R. 13367, the Federal revenue sharing extension.

Record vote No. 360—I would have voted for the motion to adjourn into a Committee of the Whole for the consideration of H.R. 11804, the Federal Railroad Safety Authorization Act.

Record vote No. 361—I would have voted against an amendment to H.R. 11804 which would have permitted the Secretary of Transportation to allow the railroads to use the funds from penalties to make safety improvements.

Record vote No. 362—I would have voted for final passage of H.R. 11804, the Federal Railroad Safety Authorization Act.

Record vote No. 363—I would have voted for H.R. 13490, authorizing appropriations for the 1980 Olympic winter games to be held at Lake Placid, N.Y.

Record vote No. 364—I would have voted to bring H.R. 9291, the amendments to the National Traffic and Motor Vehicles Safety Act of 1936, to the floor of the House for consideration.

OUR BICENTENNIAL AND WHAT IT MEANS TO ME

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. GOLDWATER. Mr. Speaker, last February the Tarzana Republican Women's Club, Fed., began their second annual Lincoln Day Bicentennial Contest, open to all high school students in the area. The faculty and staff of Taft High School who worked with the club and students included Virginia Rich, Elliott Parker, June Sloan, and Dottie Krieger. A committee of school and club members judged the entries in both a poster contest and an essay contest; coordinating this effort from the club were Martha Williams, president, and Sally Schneider. The poster winners were Elizabeth Fogle and Bob Kent, both of Woodland Hills, and the essay winners were Linda Mintz and Neal Alen, both of Tarzana. The winning essays, as judged by the school/club committee, are as follows:

OUR BICENTENNIAL AND WHAT IT MEANS TO ME

(By Linda Mintz)

In the past two hundred years, our country has gone through a physical metamorphosis, from the thirteen original colonies to the fifty United States, making America one of the world's most powerful nations. The people themselves are a melting pot of diversified cultures, values and geographical differences constantly changing to fit the customs of the times. As an individual in this vast mixture, I find myself continuously re-evaluating my objectives and goals, yet I cannot ignore our exciting history which made the United States what it is today, nor can I forget the patriotic battles fought here and abroad in which American blood was spilled. To me, our Bicentennial is the time to commemorate all of the heroic men and women that fought in those battles, and in addition, to commence the war of individuality within myself; cleanse my soul of all past sins and begin anew. In essence, the Bicentennial signifies re-birth.

I feel very privileged to be able to witness this renewal of our vibrant history; old enough to have the wisdom to understand it, yet young enough to possess that childlike fascination to appreciate it. I just wish we all would forget our apathetic feelings for one day and become spirited Americans once again. I admit we have gone through some bad times, but we have had some good times to counter-balance them. Are we so blind as to blot from our memories our past dedication which is so necessary for Democracy to prevail? Are we so selfish as to not thank the families of the fine men and women who fought for freedom so fearlessly? My own personal way of saying "thank you" will take place on July 4, 1976 when I will accompany the members of my school's service clubs to the Sawtelle Veterans Cemetery and place a flower on every unremembered grave.

Yes, we are a nation unified and free, but people make up this great country of ours, not computers, not machines, but emotional, talented, sensitive human beings. We are all different with varied aptitudes and abilities, not to mention our distinct heritages and customs. But our morés are subconsciously altered to fit the current fads. No one wants to be known as a "misfit," but why do I find myself trying to fit into the crowd? A crowd is merely a wall of blank, expressionless faces, all acting, dressing and talking alike. I admit that we all need to identify with some group at one time in our lives, but groups yearn for leaders who will stand up, express their ideas and not be afraid to combat opposing views. It is time to wage a new war within myself: to strive for individuality and this, perhaps, is the most difficult war to win. I am going to throw off my mask and facade under which I hide my flaws. I hope that others will learn to accept me for who I am, not for who I pretend to be, not for who I will never be. Its not this what freedom of expression is all about? Is not this the very principle upon which the United States was founded two hundred years ago?

It is time to be reborn and in the process, I will become a pioneer in order to discover who I am, what I want to gain out of life and what I need to achieve my goals. The Bicentennial offers me the opportunity to change my ways, repent my sins and begin life with a fresh outlook and a healthy attitude about myself. Unfortunately, many of my peers could not care less about our two hundredth year anniversary and feel that the fanfare and the promotional campaigns are nonsense. But to me, the Bicentennial means more than red, white and blue, firecrackers, hot dogs and apple pie. It means perseverance and nation-wide cooperation so that the next two hundred years will be even better. Corruption and selfishness will have died out and a wave of compassion and honesty will set the balances of Justice equal once again.

Our Bicentennial and What It Means to Me

(By Neal Alen)

What does our Bicentennial mean to me? In these days of great pessimism, among the people of the United States, of our standing, at home and abroad, this year means much to me. Looking at our past gives me hope and strength for the future.

We have many problems now facing us, but we have had problems in our past. For example, the recession (or depression) we are now pulling out of; though many millions were unemployed and inflation was rampant, it was not nearly as bad as the depressions of 1929 or 1893. Few banks closed and few brokers jumped. We, the U.S., rebounded back from each, emerging as the top world power.

In two hundred years, we have had to alter our foreign policy to meet the times; we have always strived to apply our ideals internationally. We have strived to give freedom of choice to all the world's peoples. Our two hundred years are signposted with our quest: the Monroe Doctrine, the Fourteen Points, the Truman Doctrine. Now, in the papers we hear of CIA foreign activities, among others, but in our history this has been one of the pitfalls of our quest. Never has a country given away so much food and money to feed the starving and cure the sick of the world. I think, in our bicentennial year, we should look back at our accomplishments, such as the Panama Canal, the U.N. ridding the earth of many diseases, and our trip to the moon, so that we can continue progress in the years to come.

Internally, we have felt despair politically, because of Vietnam, the Watergate affair, and the invasion of our privacy by the CIA. In our history we have had scandals and problems before, such as Tea Pot Dome ana the deprivation of late 19th and early 20th centuries, but each of our problems has helped us grow, for we are two hundred years young and are still growing.

One might think I am an optimist of prodigious magnitude on the future of our country, and they would be damned right. If we lose our optimism for one moment, we will have sealed our doom. This country was built on optimism, for if it was not, would the tiny, unorganized thirteen colonies have taken on the world's greatest military power of the time, England?

What do I think of our bicentennial? I think it is time to look back at our past, celebrate our successes and learn from our mistakes. In these years of inflation, the energy crisis, and international problems, we must get courage and strength from our past, for it is the will, determination, and optimism of the American people that makes the United States of America what it is today.

JOSE LOPEZ PORTILLO, MEXICO'S LIKELY NEXT PRESIDENT, ACKNOWLEDGES U.S. SOVEREIGNTY OVER CANAL ZONE

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. SNYDER. Mr. Speaker, fortunately the State Department has not fooled everybody in its attempt to expedite its giveaway of the Panama Canal by distorting the truth about this Nation's sovereignty over the Canal Zone. That agency has done all it could to cast doubt over U.S. ownership, possession, and control of that territory over which, under articles II and III of the 1903 Treaty with Panama as updated in 1936 and 1955, we exercise absolute and perpetual sovereignty "to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power, or authority."

According to the Panama Star and Herald of May 26, 1976, an eminent Latin American politician who, as the candidate of that country's ruling party, PRI—Institutional Revolutionary Party—soon will be Mexico's next President, recently expressed support for Panama's efforts to gain possession of the Panama Canal.

It is most interesting to note, however, that in his speech to some 30,000 people in the city of Mexicali, Senor Jose Lopez Portillo asked this rhetorical question of his supporters:

> What would you do if your country were divided into two parts by a great canal under foreign sovereignty?

Mr. Speaker, in Mexico as well as in Panama and elsewhere in Latin America, pulling Uncle Sam's tail has always been considered good politics. I understand that, so I just want to commend Senor Lopez Portillo for expressing his discernment of the true status of U.S. sovereignty over the Canal Zone, despite the distortions of our own State Department, and to wish him well in serving the Mexican people when he takes the helm of his great country half a year from now.

BALTIC NATIONS

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ESCH. Mr. Speaker, on Sunday, June 13, 1976, I addressed the Baltic Nations Committee of Detroit's commemoration of the occupation of Estonia, Latvia, and Lithuania. I would like to share these remarks with you:

Baltic Nations

As I prepared for this commemoration today, I felt a sense of depression. Surely the deportation and massacres of thousands of Baltic peoples is reason, in and of itself to create a sense of depression. Those events took place long ago, but they remain vivid in the minds of all those who had friends and relatives who were forced to take part in that hell. We will not forget; nor will we let the rest of the world forget. This meeting here today, and hundreds of others throughout the Nation, will serve to remind the world once again of the bestiality of the Russian conquerors.

But today's meeting is depressing in another way as well. It is depressing because year after year we meet, we work and we pray and still our Baltic brethren suffer religious persecution and their children are brainwashed through the Soviet educational system. Their farms are collectivized and their industries nationalized. The Soviet empire has claimed that these nations have become a part of the USSR (a claim which we will not tolerate). These Russian claims are belied by their treatment of the Baltic peoples as colonials to be exploited and as inferior creatures to be exported and exterminated.

Despite decades of persecution, the people of Estonia, Latvia and Lithuania and their relatives through the world have maintained their traditional civic, cultural and church organizations and continue to work for the freedom of their homelands. Within Lithuania, just to cite one of the three nations as an example, the Chronicle of the Catholic Church in Lithuania continued publication. This Chronicle reports on trials of nationalist and religious dissidents and has become a deep source of embarrassment to the Soviet regime. Outside the church organization a new journal names Ausra (The Dawn) was established. It calls for a spiritual national resistance to the efforts of the Soviet regime to denationalize the Lithuanian people. The Lithuanian National People's Front, an underground organization—came out with a declaration demanding independence for Lithuania.

Similar movements and publications, are prevalent in Latvia and Estonia as well. The spirit of freedom lives on even though the actuality of freedom is but a dream.

The dream of freedom for the Baltic people is one that we all share—and though the progress is slow, indeed we often falter backward for periods of time—I am convinced that it is a goal which can and will be reached in our lifetimes. We will live to see a free and independent Latvia. We will live to see a free and independent Estonia. We will live to see a free and independent Lithuania.

We must continue to do our part in the quest for freedom. As you may know the Congress recently approved by an overwhelming vote a bill S. 2679 which establishes a Commission to monitor compliance with the Helsinki Accord. The President signed this bill into law on June 3. In its passage of this legislation, the Congress is acknowledging that it believes that the Soviet Union is not living up to the Helsinki agreement in good faith. It is the purpose of this commission to document cases of violations of the Agreement and to monitor the actions of the Soviet Union in relation to it. The agreement is just so much ink on paper until the nations which are signatory to it begin to alter their activities.

Every time our government meets the Soviet government in negotiation we must hammer away to force them to allow separated families to be reunited and to remove travel restrictions. Every time our government meets the Soviet government in negotiation we should hammer away at issues of personal freedom. Every time our government meets the Soviet government we should hammer away at the high gift tariff on parcels sent to the Baltic Countries. Every time our government meets the Soviet government in negotiation we should hammer away at issues of religious freedom.

Those of us who have never lived under tyranny cannot comprehend the oppression of spirit which it brings. We celebrate this year the 200th anniversary of our freedom here in America. We do so with an openness which allows for criticism as well as praise. We take for granted the ability to make individual choices and to live our lives free of terror and persecution.

Our best and most meaningful celebration of this bicentennial would be to rededicate ourselves and our government to the proposition that all "men are created equal and that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the Pursuit of happiness." If we really believe those words which founded our nation, we will dedicate the nation to freedom for all.

ST. ALOYSIUS PARISH OBSERVES 100TH ANNIVERSARY

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. WOLFF. Mr. Speaker, it is with great personal pleasure that I bring to the attention of my colleagues, the 100th anniversary of St. Aloysius Church in Great Neck. It was in this parish that I celebrated the wedding of my daughter, and now wish, once again, to thank both the clergy and the parishioners of St. Aloysius, for their service to the community of Great Neck.

On May 23, Bishop Vincent J. Baldwin, a former pastor of St. Aloysius Church, was the principal celebrant at a Mass of Thanksgiving, marking the centennial year of the parish. The mass was followed by a reception for 1,500 people in the parochial school auditorium.

This anniversary celebration commemorates 100 years of the existence of St. Aloysius, as established by Bishop John Loughlin of Brooklyn in 1876. The pastor, Rev. Patrick Sheridan, was the first to celebrate mass in the parish, in the home of Captain Fallon, in February of that year. The first church, a simple Gothic-style wooden building, was replaced in 1913 by the present church building, under the pastorate of Rev. John Molloy. The St. Aloysius School was subsequently added to the parish in 1922.

Pastors in recent years were Msgr. Edward Donovan and Msgr. Vincent J. Baldwin, present auxiliary bishop of the diocese. A dear friend and community leader, Msgr. Henry Reel, has served as pastor since 1961. Through the years, Monsignor Reel has been a great spiritual force in our community. He has helped to maintain the high moral purposes of our area and has brought to us all a voice of reason in these troubled times. Present associate pastors are Rev. Martin W. Curley and Rev. James M. McDonald.

SHECTER ORIENTAL ART COLLECTION

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. LONG of Maryland. Mr. Speaker, on June 17, 1976, Towson State College will open an exhibition of the Alan and Mark Shecter Oriental Art Collection, which will be shown for the next 5 years. Baltimore area residents are extremely proud to have such a fine collection in their own backyard.

I am delighted to share with my colleagues the following remarks made by Townson State College Vice President Paul E. Wisdom, who pays tribute to the contributions of the Shecter family in broadening our appreciation of oriental culture and art:

Alan and Mark Shecter Oriental Art Collection

Towson State College's well-known interest in oriental art has been an unusually gratifying and rewarding one. Hundreds of students over the past five years have had their lives enriched and their vistas broadened through the understanding and appreciation of oriental cultures gained through their continuing exposure to the many examples of this art displayed throughout this campus. The community enrichment has been even more extensive in as much as thousands from Maryland and beyond have visited and enjoyed the various exhibits of our collection.

Now through the generosity of Mr. Louis Shecter and his two sons, Mark and Alan, the college is able to offer an even more expansive experience in the art of the Orient, since the Shecter collection, now on long-term loan to the college, includes over 600 pieces, some dating as early as 4000 B.C., and in terms of scope, range, and quality, covers a range much broader than we have yet been able to experience here. The collection is considered one of the finest in the East, and this will be its first showing in its entirety.

The extent, quality, and variety of this fine collection is due primarily to the life-long love for art of Mr. Louis Shecter and now of his sons. Mr. Shecter began collecting oriental art in the early 1920's while traveling in Europe. His interest in this art grew and his knowledge of it increased along with his appreciation of it over the following 35 years as he continued adding to his collection. During that time, he made eight trips to the Orient and 25 to 30 trips to Europe searching out additions he wanted.

Mr. Shecter, like so many collectors, began his collection as a hobby. But having the pieces around him worked its usual magic, and as the collection grew, Mr. Shecter began studying in greater depth and, consequently, became more and more selective, atteding auctions at Parke-Bernet and Sotheby in New York in addition to his trips abroad. During the early years, Mr. Shecter had no idea of the economic value of the pieces, inasmuch as he purchased only what he liked and at whatever price it was made available to him. Even when art stopped coming out of China and the values began to grow dramatically, he disliked the common notion of thinking of such art as an investment. As he said so many times, he simply enjoyed having his pieces of art around him.

The consequent environment in which the sons, Mark and Alan, grew up is emblematic of what we have been attempting to duplicate for the students at Towson. Because the Shecter family had art all over their home during their childhood, an early love and apprciation for art was natural. Although Alan followed his father into the Shecter and Levin Advertising Agency, where his father still maintains an active interest, Mark has pursued a career as an artist, presently living and working in Washington, D.C. Over 15 of his paintings have been acquired by the State Department, six of which now hang in U.S. embassies around the world. Additionally, seven United States museums have acquired his paintings as a part of their permanent collections.

Because of the sons' interest in oriental art, Mr. Shecter began turning his collection over to them in 1958, and currently Mark and Alan own it all. In an effort to learn more about the oriental art they have, they have studied extensively and consulted with many experts. Their decision to place the collection at Towson was Alan's idea. He believes that Towson has demonstrated a very special and genuine appreciation for oriental art, and he wishes to make the are available in the Baltimore community in a location where it will be easily accessible and can be shared with the thousands of enthusiasts who live in this area.

We at Towson are very grateful to the Shecter family for their generosity and to Mr. Louis Shecter for his life-long efforts in putting together this magnificent collection. When Mr. Shecter has been asked over the years how he managed to select such fine pieces, he has always said quite simply and modestly, "What I like, I try to buy, and what I buy, I enjoy." It is to our good fortune that Mr. Shecter's taste was so exquisite. I'm confident that you will share our appreciation for what he has accomplished.

GENERAL REVENUE SHARING BILL PASSED BY HOUSE COMPARED WITH PRESENT ACT

HON. L. H. FOUNTAIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. FOUNTAIN. Mr. Speaker, last Thursday, the House passed H.R. 13367, as amended, to extend and amend the State and Local Fiscal Assistance Act of 1972—general revenue sharing.

A number of Members have asked how the provisions in the House-passed bill differ from the present revenue sharing law. In order to clarify this matter for the benefit of all Members of Congress, I include the following comparison table in the Record:

STATE AND LOCAL FISCAL ASSISTANCE ACT ("GENERAL REVENUE SHARING") COMPARISON OF PRESENT ACT WITH HOUSE-PASSED BILL (H.R. 13367, AS AMENDED)

PROVISION	PRESENT ACT (P.L. 92-512)	H.R. 13367, AS AMENDED
Duration of Program.	5 years (through 12/31/76).	3¾ years (through 9/30/80).
Funding.	Total of $30.2 billion authorized and appropriated from a Trust Fund. Annual payments increased during the 5-year period from $5.3 billion for 1972 to $6.5 for 1976.	Total of $24.9 billion provided as an "entitlement" (as defined in Budget Control Act), at annual rate of $6.65 billion for 3¾ years. No provision for annual increases.
Allocation Formula.	States may elect either 3-factor (population, general tax effort and relative income) or the 5-factor formula (population, urbanized population, inverse per capita income, income tax collections, and general tax effort.) Funds divided between each State and its local governments on one-third, two-thirds basis, and among eligible local governments according to 3-factor formula described above. Provision for minimum and maximum local allocations.	No change.
Eligible Local Governments.	General purpose "units of local governments," (county, municipality, township) as determined by Census Bureau for general statistical purposes. Also, Indian tribes and Alaskan native villages.	Same, except that an eligible unit, effective October 1, 1977, must also impose taxes or receive intergovernmental transfers for substantial performance of at least two municipal-type services, and must spend at least 10% of its total expenditures for each of two such services; latter requirement waived if unit performs 4 or more such services or provided two or more such services on January 1, 1976, and continues to do so.
Priority Expenditures.	Expenditure of funds restricted for local units of government to 8 specified priority categories plus any necessary capital expenditures.	This restriction eliminated.
Citizen Participation.	No special requirements other than use of funds in accordance with State and local laws.	Strong and specific requirements for assuring that citizens (including, specifically, senior citizens and their organizations) are informed of budget proposals and are given an opportunity to participate in the budgetary process. These provisions require at least two public hearings: (a) on the preparation of a report on the proposed use of funds provided under this Act, and (b) on the proposed use of funds in relation to the entire State or local budget. Opportunity for written and oral comment by citizens must be provided. The Secretary is authorized to waive hearing requirement on the proposed use report where cost is unreasonably burdensome in relation to entitlements. The Secretary is also authorized to waive the requirement for a budget hearing if the budget process required by State or local laws assures citizens the opportunity for attendance and participation and if it includes a hearing on proposed use of funds made available by this Act.
Reporting Requirements.	Planned and actual use reports required for each entitlement period.	Report required for each entitlement period on the proposed use of funds in comparison with current and past use, as well as a comparison of such uses in relation to the relevant functional items in official budget. Report also required on the actual use of funds in relation to relevant functional items in the official budget. The latter report must provide an explanation of any differences between proposed and actual use of funds provided under Act. The Secretary is required to provide copies of local use reports to the Governors of the respective States. Each local government within a metropolitan area must submit its proposed use report to the areawide planning organization charged with implementing provisions of certain specified Federal laws.
Publicity and Publication Requirements.	Each report must be published in a newspaper of general circulation. News media must be advised of publication of reports.	(1) Public notice must be given of a public hearing to be held at least 7 days prior to submission of the proposed use report to the Treasury Department. (2) Proposed use report, accompanied by a narrative summary of entire official budget proposed, must be published in a newspaper or general circulation 30 days prior to a public hearing on the budget. The proposed use report, the narrative summary, and the official budget must be available for inspection and reproduction. The budget must identify each item that will be funded in whole or in part with funds made available by this Act, and must specify the percentage of those funds in each such item.

STATE AND LOCAL FISCAL ASSISTANCE ACT ("GENERAL REVENUE SHARING") COMPARISON OF PRESENT ACT WITH HOUSE-PASSED BILL (H.R. 13367, AS AMENDED)—Continued

(Publicity and Publication Requirements Continued.)		(3) A narrative summary of official budget adopted (including an explanation of changes from the proposed budget), must be published within 30 days after adoption. Secretary is authorized to waive publication requirements when it is impractical, infeasible, or unreasonably burdensome. The 30-day requirement in (2) above can be modified to the minimum extent necessary to comply with State or local law if the Secretary is satisfied that citizens will receive adequate notification of the proposed use of funds.
(Nondiscrimination Provision Continued.)	Discrimination prohibited on the ground of race, color, national origin, or sex in any program or activity funded by the Act.	(1) Bill extends present prohibitions to include religion, age, and handicapped status. (2) The provision prohibiting discrimination applies to all programs or activities of each State or local government, unless the government can show, by clear and convincing evidence, that funds provided under the Act were not used, directly or indirectly, in instances of alleged discrimination. (3) Specific provisions are included for the temporary suspension, resumption, termination and repayment of funds and the steps to be taken for administrative hearings and voluntary compliance. (4) Secretary is directed to promulgate regulations establishing specific time limits for investigation and determination of complaints. Regulations shall also establish specific time limits for compliance audits and reviews. (5) Aggrieved individuals must exhaust all administrative remedies before instituting a civil action, except that administrative remedies will be deemed to be exhausted 60 days after a complaint has been filed if a determination has not been made within that time period.
Davis-Bacon Act Provision.	Prevailing area wage rate must be paid if 25% or more of a construction project's cost is financed with funds made available by this Act.	No change.
Matching Prohibition.	Funds made available under the Act may not be used as a recipient's contribution in a Federal program requiring financial matching.	This prohibition eliminated.
Lobbying Prohibition.	None.	Funds may not be used, directly or indirectly, for lobbying or other activities intended to influence any legislation regarding the provisions of the Act. However, dues paid to National or State associations are exempt from this prohibition.
Independent Audits of State and Local Governments.	No requirement.	Secretary is directed to issue regulations requiring an annual independent audit of each recipient's financial accounts in accordance with generally-accepted auditing standards. Secretary is authorized to provide for less frequent audits, or less formal reviews of financial information, when audit costs are unreasonably burdensome in relation to entitlements. Secretary is also directed to provide for the availability, inspection and reproduction of audit reports.
Annual Report to Congress.	Secretary is required to report by March 1 of each year on the operation and status of the trust fund during the preceding fiscal year.	In addition to reporting on the operation and status of the trust fund, the Secretary is required to make a comprehensive report by January 15 of each year on the implementation and administration of this Act.
Nondiscrimination Provision.		

LITHUANIAN INDEPENDENCE

HON. ROBERT N. GIAIMO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. GIAIMO. Mr. Speaker, June 15 is a sad anniversary for Lithuanian-Americans and all Americans who cherish individual freedom and national self-determination.

On that date in 1940, the Soviet Union forcibly annexed the once independent nation of Lithuania. Previous Russian domination had come to an end in 1915 when Lithuania was overrun by German armies. Lithuania proclaimed her independence on February 16, 1918. The Soviet Union later signed a treaty recognizing Lithuania's right of sovereignty. Independence was tragically short-lived, however, for 22 years after her "declaration of independence," the Soviet Union completely disregarded its treaty commitment in an obvious thirst for power and territory. Once again the people of Lithuania found themselves under the yoke of tyranny.

These brave people have continued their struggle for freedom and human rights in a spirit that we, in our Bicentennial Year, can look on with great pride. These protests reached a tragic level on May 14, 1972, when a Lithuanian youth, Roman Kalanta, burned himself in Kaunas as a martyr against Soviet oppression. This act prompted demonstrations that culminated in two other self-immolations. In 1971, Simas Kurdirka, a Lithuanian radio operator, attempted to escape from a Soviet ship to the United States. Echoing the thoughts of many in his country, Kurdirka said:

> I do not consider Russia to be my fatherland.

We can only hope that some day Lithuania will once again regain its lost freedom, which still is cherished in the hearts and minds of the Lithuanian people and free people everywhere.

SICK PAY AND SOCIAL SECURITY

HON. MANUEL LUJAN, JR.

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. LUJAN. Mr. Speaker, today I am introducing a bill to equalize the treatment of States and their political subdivisions with private employers when determining whether social security contributions should be made to the social security trust fund for an employee receiving sick pay. At the present time, the Social Security Administration requires States and their subdivisions to include sick pay in the wages of a public employee, although it does not require this of a private employer.

When the social security system was established, we provided for its applicability to employees of the States and their political subdivisions under contracts between the State and its subdivisions on the one hand, and the United States on the other hand. Such contracts avoided a possible claim that imposition of the Federal Insurance Contributions Act tax on the States and their political subdivisions would not have constitutionality. In 42 U.S.C. 418(e) we directed that each contract would require payment of "amounts equivalent to the sum of the taxes" which are imposed by the FICA on private employers. In section 418(i) we authorized the Secretary of Health, Education, and Welfare "to make the requirements imposed on States pursuant to this section the same, so far as practicable as those imposed on (private) employers pursuant to" the FICA.

The Commissioner of Internal Revenue interpreted the FICA's exclusion of sick pay under an appropriate plan from taxable wages, IRC section 3121 (a)(2), to exclude "wage continuation" payments under a proper plan from the FICA tax. Despite identical language in the Social Security Act, 42 U.S.C. section 409(b), the Social Security Administrator ruled in SSR 72-56 that sick pay under an appropriate wage continuation plan was includable in the "wages" of a public employee and that the public employer was required to make a social security contribution for that period.

The University of New Mexico contested the Administrator's ruling, but the Tenth Circuit Court of Appeals rejected its challenge on the grounds that 42 U.S.C. section 418(i) allowed the Secretary of Health, Education, and Welfare to discriminate against public employers in comparison to private employers under the FICA. The Supreme Court denied the university's petition for certiorari on January 12, 1976.

The only redress available now is through the legislative process, and therefore, I am introducing this bill which is aimed at providing equal treatment for all parties involved. I hope that, if possible, we will see enactment before the end of the 94th Congress. Thank you.

PARSIMONY BEGINS AT HOME

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mrs. SCHROEDER. Mr. Speaker, squandermania abounds in Congress. Not surprisingly H.R. 14238, the legislative appropriation bill, like most other money bills, is afflicted with an unreasonable enthusiasm for depleting the public purse.

I intend to offer two amendments to H.R. 14238 designed to eleminate a couple of needless expenditures.

The first amendment, based on House Resolution 560 and its successors, prohibits reimbursement to Members and staff for anything over coach air travel.

The second amendment, based on H.R. 1621, bans foreign junkets by lame duck Members.

This notice is simply to alert you to these two amendments and encourage your active support.

The two amendments are printed in the amendments section of today's RECORD:

AMENDMENT TO H.R. 14238, AS REPORTED, OFFERED BY MRS. SCHROEDER

Page 35, immediately after line 11, insert the following new section:

SEC. 1105. None of the funds appropriated under this Act may be obligated or expended for payment or reimbursement to any Member of the House of Representatives, or to any employee of any Member or committee of the House of Representatives, for the difference between the cost of first-class air transportation accommodations and the cost of any other less expensive air transportation accommodations, unless—

(1) no accommodations other than first-class are available;

(2) first-class accommodations are necessary because of the health of the Member or employees involved;

(3) in the case of foreign travel, only first-class accommodations meet satisfactory standards of sanitation, health, or comfort; or

(4) the cost of first-class accommodations provided by the air carrier involved does not exceed the cost of other accommodations provided by other air carriers.

For purposes of this section, the term "Member of the House of Representatives" or "Member" means each Representative in the Congress, the Delegates from the District of Columbia, Guam, and the Virgin Islands, and the Resident Commissioner from Puerto Rico.

AMENDMENT TO H.R. 14238, AS REPORTED, OFFERED BY MRS. SCHROEDER

Page 35, immediately after line 11, insert the following new section:

SEC. 1105. None of the funds appropriated under this Act may be obligated or expended for payment or reimbursement for any transportation expenses incurred by any Member of the House of Representatives in connection with travel outside the United States after the adjournment sine die of the last session of a Congress, if such Member is not a candidate for reelection to the next Congress, or is defeated, in any primary or regular election, as a candidate for nomination or election to the next Congress. Nothing in this section shall be construed to affect the availability of Federal funds provided by law for travel of a Member of the House of Representatives between Washington, District of Columbia, and the district represented by such Member. For purposes of this section—

(1) the term "United States" means the fifty States and the District of Columbia; and

(2) the term "Member of the House of Representatives" or "Member" means each Representative in the Congress, the Delegates from the District of Columbia, Guam, and the Virgin Islands, and the Resident Commissioner from Puerto Rico.

35 YEARS AGO

HON. WILLIAM J. GREEN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. GREEN. Mr. Speaker, today we mark the sad anniversary of a painful and cruel event that occurred 35 years ago. I speak of the deportation of a hundred thousand Lithuanians, Latvians, and Estonians who were exiled to Siberia as part of the Russian attempt to destroy those three proud Baltic nations.

These involuntary emigres were loaded into freight cars lacking air, food, and water. Families were split up as the forced transfer began. Many died along the way. Some of the survivors became slave laborers, suffering a numbing degradation that is almost impossible for most Americans to even imagine.

The deportations continued for years as the three nations were forcibly incorporated into the Soviet Union. By the time the process was completed, about 350,000 Lithuanians—or more than 10 percent of the population—had been sent away. These same figures hold true for Latvia and Estonia.

Fortunately, some of these abused persons were able to escape and came to the United States. These immigrants have made our Nation a richer and livelier place. All Americans should be glad about their presence. But they have not forgotten their past and this week these Lithuanians, Latvians, and Estonians are recalling that massive denial of human rights that began in their homelands 35 years ago.

I do not think we should accept the current situation in the Baltic States as permanent and that is why I have introduced a resolution declaring that the European Security Conference should not recognize the annexation.

Today I can but join our Baltic-Americans in their sad recollection.

INFORMATIVE STUDY OF OIL INDUSTRY

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ARCHER. Mr. Speaker, I have received a copy of a very useful book entitled "Vertical Integration in the Oil Industry," edited by Edward J. Mitchell, professor of business economics at the University of Michigan and director of the American Enterprise Institute's national energy project. The book contains a thorough analysis of the American oil industry and includes articles focusing on competition in the oil industry, integration and competition, capital cost savings of vertical integration, vertical integration in the U.S. oil industry, and a study of the Standard Oil divestiture.

I wish to enter into the CONGRESSIONAL RECORD Professor Mitchell's introduction to the book. It is my intention that this introduction will stimulate my colleagues in the House of Representatives to read this informative publication.

INTRODUCTION

(By Edward J. Mitchell)

"Breaking up the oil companies" has become a popular idea in Washington. It occurs repeatedly in the campaign rhetoric of presidential aspirants and has already given rise to an unsuccessful but close Senate vote on vertical divestiture of the petroleum industry. Vertical divestiture means splitting companies that operate in many phases of the oil business into separate production, refining, transportation, and marketing companies.

As always, political popularity is derived from public opinion. Polls show that the American people hold a highly unfavorable view of the oil industry. But public opinion is a sound basis for public policy only when that public opinion is informed. And public opinion regarding energy, and the oil industry in particular, is pitifully uninformed. According to polls, the public believes that oil companies make sixty cents of profit on each dollar of sales. In fact, they typically make four to five cents on each dollar of sales.

The question of oil company profits is a simple one compared to the issue of vertical integration and vertical divestiture. If the public is uninformed or misinformed on oil company profits it cannot have the foggiest idea of what the consequences of vertical divestiture might be. With such a foundation of ignorance it is hardly surprising that the issue should give rise to demagogy. Professor M. A. Adelman of the Massachusetts Institute of Technology, one of the world's leading authorities on the petroleum industry, has remarked:

> "The public attitude toward the multinational oil companies brings me back to the bad old days of Joe McCarthy. Then, many of our people, frustrated, angry, and a bit fearful of the unreachable leaders of the 'monolithic Communist bloc,' went out determined to find and bash an enemy at home. Today, unable to do anything about high oil prices, many of our citizens are inclined to take it out on the multinational oil companies."[1]

The purpose of this volume is to remove some of the mystery from the subject of vertical integration and to help the reader arrive at some informed conclusions on the consequences of divestiture. These are not easy tasks, inasmuch as vertical integration is still largely a mystery to economists: indeed, it is fair to say that only in recent years has much serious thought been given to the subject. Recent research has mainly served to raise questions about earlier economic models and theories and about the policy conclusions of earlier economists and lawyers. Thus, this book is in part compensation for whatever misleading advice our predecessors may have offered.

To explain the connection, if any, between vertical integration and competition Professor Wesley J. Liebeler introduces the concept of vertical integration with some very homely examples. He points out that everyone who owns his own home, or washes his own car, or paints his own living-room is engaging in vertical integration. We all know that there is nothing devious about these activities and that our behavior says nothing about competition or monopoly in the housing, car washing, or painting market. Professor Liebeler concludes that corporate integration is equally innocent. Indeed, he concludes that vertical integration should always be presumed to be socially desirable. Even in cases where collusion or monopoly are present he finds no presumption that vertical integration does further harm. Wesley Liebeler is professor of law at UCLA. He has served as director of the office of planning and evaluation of the Federal Trade Commission and as assistant counsel to the President's Commission to Investigate the Assassination of President Kennedy.

Some economists have believed that vertical integration may be harmful if there is already monopoly at one stage of the industry. Professor Richard B. Mancke examines one by one the production, refining, transportation, and marketing sectors of the petroleum industry and finds (on the basis of conventional economic criteria) that each is competitive. Richard Mancke is associate professor of international economic relations at the Fletcher School of Law and Diplomacy, Tufts University. He has written extensively on energy matters and on industry organization generally. In 1970 he served on the staff of the cabinet task force on oil import control.

The first two authors deal with the questions whether vertical integration in general thwarts competition and whether the oil industry in particular is competitive. The next two authors deal with the positive side of the issue: does vertical integration create economies or reduced costs in the oil industry? In my chapter I first explore the nature of economies of vertical integration and then focus on the measurement of one economy, capital cost savings from the risk-reducing effect of vertical integration. I conclude that oil company profits in a nonintegrated petroleum industry would have to be at least 20 percent higher than they are now in order to offset the greater riskiness of nonintegrated companies. Consumer prices of oil products would probably rise by at least a billion dollars per year from this "risk effect" alone. Professor David Teece scans the entire petroleum industry applying the modern theory of integration to the various aspects and details. He finds that the cost-saving interpretation of oil industry institutions is consistent with the facts and that the affirmative rationale of economy is supported. David Teece is assistant professor of business economics at the Graduate School of Business, Stanford University. He is author of *The Multinational Corporation and the Resource Cost of International Technology Transfer* (1977).

The divestiture issue is not new to the oil industry. In 1911 the Standard Oil Trust was dissolved. In part this was a vertical divestiture, in that separate refining, production, transportation, and marketing companies were carved out from what was a highly integrated firm. Professor Arthur M. Johnson tells us what the fruits of that divestiture were. Generally, what happened was that the dis-integrated elements of Standard Oil reintegrated vertically. In the competitive oil industry of the 1920s and thereafter nonintegrated companies were unable to survive. Competition among the old Standard companies and their integrated competitors forced old Standard refiners to merge with producers, pipelines to merge with refiners, and so forth until the industry consisted of a large number of vertically integrated firms, each with a relatively small part of the oil market, the form in which we find the industry today. The dissolution, insofar as it was horizontal, helped spur competition, and competition spurred vertical integration. Arthur Johnson is the A. and A. Bird professor of history at the University of Maine and the author of the two-volume work, *Petroleum Pipelines and Public Policy*.

While the authors of this volume do not agree on every point, there appears to be a consensus on two points: (1) vertical divestiture would not make the oil industry more competitive; (2) vertical divestiture would raise oil costs and prices. In short, breaking up the oil companies would have no economic benefit, but a very real economic cost.

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[1] M. A. Adelman, *Statement to the Senate Foreign Relations Commitee, Subcommittee on Multinational Corporations*, 29 January 1975.

OUTSTANDING LEADER OF FEDERAL EMPLOYEE ORGANIZATIONS

HON. DAVID N. HENDERSON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HENDERSON. Mr. Speaker, I was saddened to learn of the passing of a good friend and outstanding leader among Federal employee organizations. The death of Clyde M. Webber today will leave a leadership void, and his voice will be missed by all the members of the American Federation of Government Employees.

Clyde M. Webber, President of AFGE, was elected to this post as president of the 325,000-member union in October 1972 and has been reelected without opposition since that time. His service in this organization is legion, having served in almost every single leadership capacity since joining this organization in 1949.

Mr. Webber was, also, a member of the Federal Pay Council, working with the Director of the Office of Management and Budget and the Chairman of the Civil Service Commission in setting pay for classified (GS) employees. He was a member of the Prevailing Rate Advisory Committee which sets policy for the payment of wages to wage grade—blue collar—employees, and he served as a member of the DOD, VA, and NASA Agency Wage Committees, which set rates for all wage grade employees.

Clyde Webber was an effective voice for AFGE in presenting the union's views on legislative proposals being considered on Capitol Hill and was instrumental in the drafting of legislation dealing with Federal employees.

I join with his host of friends in extending to Mrs. Webber, his son, Robert, and his grandchildren my deepest sympathy.

H.R. 50 LAST RESORT JOBS: WHO QUALIFIES?

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HAWKINS. Mr. Speaker, there has been a great deal of confusion and disagreement concerning the availability of the last resort public jobs provided for in the Full Employment and Balanced Growth Act of 1976. This dispute has become the cornerstone of arguments attacking H.R. 50 as inflationary. The controversy reached a peak in a statement by the very capable Mr. Charles Schultze of the Brookings Institution before the Senate Subcommittee on Unemployment, Poverty, and Migratory Labor on May 14, 1976. His statement was inserted in the Record on Thursday, May 24, 1976, by my distinguished and able colleague from New York (Mr. LaFalce).

In his discussion of last resort jobs, Mr. Schultz erroneously hypothesizes:

> ... Given the provisions of Sec. 206(d), a person can turn down a private industry job and still be eligible for a "last resort" job, so long as the latter pays more than the former, and in many cases it will. An unskilled laborer, earning say, $2.50 an hour in private industry, can afford to quit, take unemployment compensation for four to six weeks (or whatever time might be needed to be eligible), then claim a last resort job paying (on municipal wage scales) $3.50 to $4.50 an hour, and come out way ahead.

He then, largely based upon this interpretation of the bill's wage provisions, attacks it as inflationary.

In the first instance, voluntarily leaving a job disqualifies an individual from receiving unemployment compensation in all 50 states—Department of Labor Unemployment Compensation Guidelines. As to the availability of last resort jobs, my staff has prepared a memorandum outlining the procedure by which a person qualifies for a 206(d) last resort public job under H.R. 50. The memorandum follows:

Description of Procedures by Which An Individual Qualifies for a Public Employment Job, H.R. 50

All of Title I and most Title II places emphasis on using policies, fiscal and monetary, to create jobs in the private sector (including the Title I priority programs) and only secondarily through manpower and other job programs, (See Sec. 3B, (a) (1)) *without* even the supplementary employment policies (counter-cyclical aid, youth employment, etc.) as well as economy in Government and elimination of outmoded rules and regulations (sec. 105 (a) and (b)).

Critics who label H.R. 50 a public jobs bill which may attract millions from the private sector ignore both the policy declaration and other specific provisions contained in the bill.

The last resort public jobs would at best be minimal and would always be subject to appropriation provided by Congress and the President.

To be eligible for such jobs—even if sought—(the duration of such jobs would be extremely tenuous) an applicant must first seek employment—in the private or conventional public sector. (See sec. 201 and sec. 206 (a) and (b)).

Next, the applicant must have exhausted opportunities created under the supplementary programs: counter-cyclical aid, comprehensive youth programs, structural programs, etc. (sec. 201 through sec. 206 (b)).

Assuming failure in all these efforts the applicant may then seek aid from the full employment office which is required to refer such persons back to the previous sources for possible placement which is intended to include a job left voluntarily (unless for good cause). (Sec. 206 (c) (2) and (3)).

If still not successful, (sec. 206 (d)), the applicant may be employed only under limited conditions and strict eligibility and priority criteria in a public job pending job opportunities being made available in the conventional ways. (Sec. 206 (e) (3) and (4)).

Additionally, the application of a "prevailing wage" standard is strictly limited—more particularly, in the case of public service jobs to wages paid "by the same employer," (Sec. 402).

Finally, as previously indicated the above is subject to annual Congressional appropriations.

BALTIC STATES FREEDOM DAY

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. RUSSO. Mr. Speaker, on June 14 and 15, 1941, there were mass deportations by the Russians of Lithuanians, Latvians, and Estonians to Siberia. During the first arrests 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Batic States, which had been illegally occupied by the Soviet Union against the will of the people.

People were loaded into freight cars with 50 to 60 persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They were all locked in cars lacking air, food, and water. In the following years, many other deportations took place. Baltic deportees were used for slave labor and many of them perished in the mines and forests in northern Russia and western and eastern Siberia, annihilated by the cold, starvation, and disease.

This week marks the 35th anniversary of the mass arrests and deportation. On June 14 and 15 services are held in Baltic communities throughout the United States to remember the thousands who died during this tragic period.

Americans commemorate this sad occasion not only to honor our many citizens of Lithuanian, Latvian, and Estonian descent, but, also, as a reminder that our own liberty and independence are precious commodities which should not be taken for granted. We must rededicate ourselves to working and fighting for our freedom, as increasing numbers of the world's population fall under totalitarian rule.

The fate of the Baltic States is one of the most blatant examples of naked aggression by a large power against smaller and weaker neighbors in modern history. Through its military action, the Soviet Union deprived the world community of three peaceful and prosperous nations, each with a constructive role to play in the international arena.

Since 1940, the Soviet Union has not been content merely to exercise military and political control over the Baltic nations. Successive Soviet Governments have waged a ruthless campaign to deprive the people, not only of their sovereignty, but also of their national, cultural, and religious identity. With the apparent aim of turning the Baltic people into minorities in their own countries, Soviet authorities initiated their deportation policies between 1941 and 1949. At the same time, they colonized the Baltic homelands with Russians.

The nations of Estonia, Latvia, and Lithuania succumbed to Soviet power. But the Soviet Union has been unable to subjugate the hearts and minds of the people. The Baltic spirit of patriotism is alive and strong. It cannot be dictated out of existence. We in America must not waiver in our support for the principle of self-determination for all people. This is the only legitimate basis on which the future of nations can be decided.

A SALUTE TO THE LITHUANIAN PEOPLE

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. FARY. Mr. Speaker, I would like to ask my colleagues to join me in the observance of June 15, 1976: The sad anniversary of the Soviet annexation of the Republic of Lithuania.

Thirty-six years ago, on June 15, 1940, the political rights inherent in self-determination were unjustly denied the people of Lithuania. Despite having signed a joint declaration at Yalta, upholding the right of all liberated peoples to decide freely on the form of government under which they would choose to live, the Soviet Union forcibly violated the political sovereignty of the Lithuanian people. I am proud to say that the Lithuanian and American peoples have staunchly denied recognition and acceptance of this blatant abrogation of human rights. The legitimate aspirations of the Lithuanian people have shown themselves to be insuppressible.

It is with honor, therefore, that I call attention to the historic significance of this day. In publicly reaffirming American opposition to the conquest of the Lithuanian nation, we must steadfastly reinforce the determination of the

Lithuanian people to attain national independence. The sacrifices and protestations made by the Lithuanian people in the past 36 years bear testimony to their rejection of illegitimate incorporation.

I salute and support Americans of Lithuanian descent and Lithuanians throughout the world in their pursuit of justice and national freedom.

H.R. 14380—A BILL TO AMEND SECTION 4942(G)(2) OF THE INTERNAL REVENUE CODE

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. PATTEN. Mr. Speaker, I am introducing a bill, along with Representatives RODINO, BURKE, LANDRUM, CONABLE and RANGEL to amend the so-called "set-aside provision" of the Internal Revenue Code, under which amounts set aside by private foundations for future payment may be treated as qualifying distributions under the Tax Reform Act of 1969.

The Robert Wood Johnson Foundation, one of the Nation's largest foundations, has encountered an unforeseen and severe problem owing to the Internal Revenue Service's administration of the set-aside provisions—section 4942 and specifically section 4942(g) of the Code. These sections were added by the Tax Reform Act of 1969.

Specifically, the set-aside method of grant-making is authorized for those projects which can best be accomplished by the gradual distribution of grants, rather than by immediate payment. Our bill would remedy an unanticipated problem encountered by the Robert Wood Johnson Foundation, alone among major foundations.

When a foundation makes a grant, one method of funding, of course, is by awarding the entire amount of the grant at the beginning of the project. In many cases, however, this is not the most desirable approach: some projects, by their very complexity, require regular monitoring and frequent evaluation. In these cases, foundations are forced to use the set-aside approach, that is, setting funds aside for annual payments over the term of the grant, often approximately 5 years, rather than by actual total pay-out at the inception of the grant period.

The nature of the medical projects supported by the Robert Wood Johnson Foundation is such that the only beneficial grant-making technique is this set-aside method. The peculiar problem confronting the Foundation arises from the requirement of section 4942(g) that, in order for funds set aside for future pay-out to be treated as qualifying distributions in the year of the award, the Internal Revenue Service must affirm that the purpose of the grant can be better accomplished by the set-aside method rather than by immediate payment of the full amount. This involves a separate determination by the service for each grant. That is not only a programatic, judgmental decision, rather than a factual test, but is also a cumbersome and time-consuming process.

Because of the enormous increase in the Robert Wood Johnson Foundation's assets in 1971–72, it has suffered uniquely under this set of requirements to a point where the Foundation's ability to function effectively has been threatened. While other major foundations had numerous major funding commitments made in previous years, the Robert Wood Johnson Foundation had no similar commitments, no backlog of prior approved grants. This meant that in order to meet the payout requirements of section 4942, the foundation had to submit to the arduous and uncertain process of securing affirmative IRS approval of its set-aside grants every year.

The bill we are introducing would permit foundations to set aside for subsequent grants sums that might otherwise be required to be paid out immediately in order to avoid a penalty tax, so long as the foundation pays out in cash or other assets, by the fifth year of its life, the required distributable amount. The foundation must thereafter continue to meet that standard.

Our bill is consistent with legislative intent as expressed in the 1969 act, since Congress at that time both imposed the payment requirement and provided for the set-aside method of meeting it. What was unforeseen in 1969 was that a new foundation, or one whose assets were suddenly multiplied many times over—such as the Robert Wood Johnson Foundation—would find it impossible to meet the requirement initially while using the set-aside methods, unless each set-aside grant was specifically approved by the Treasury. Our bill, then, will make possible the orderly growth and management of philanthropy by new and greatly enlarged foundations.

TWO AMERICAN ARTISTS

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. WOLFF. Mr. Speaker, last month, my good friend J. J. PICKLE and I were delighted to sponsor a joint exhibition of paintings and sculpture by Ms. Catchi Childs, of my home district on Long Island, and Mr. Mel Fowler, of Mr. PICKLE's district in Texas.

Mel and Catchi, who are engaged to be married, graciously hosted a reception in the Rayburn Building which attracted hundreds of admiring viewers, including several of our colleagues.

Catchi's colorful paintings, many showing her free-spirited views of Italy, where Mel journeys every year for the marble he so gracefully carves, are primarily impressionistic, with a flair which made all present feel they had made the journey themselves.

Mel's sculpture, in pink, white, and multicolored marble cut from quarries used by the Roman emperors, are often allegorical, and many guests at the reception delighted in discussing their meaning with the ever-gracious Mr. Fowler.

Both Mel and Catchi have received worldwide recognition for the growth and quality of their work. Catchi has won many awards on her native Long Island, and has also received awards from the National Association of Women Artists, and the Riverside Museum Award of Merit.

Since her first congressional exhibition, which I was pleased to sponsor in 1968, Catchi has had one-woman shows in New York, Atlanta, Ga., Austin, Tex., and in Italy, at galleries in Genoa and Florence.

In 1975, the French national art magazine La Revue Moderne featured her painting "Dejeuner Bourguinonne," or "Lunch in Bourguin." She is listed in Who's Who of American Women, the World's Who's Who of Women, and the Dictionary of International Biography. Following the exhibition opening, Mr. PICKLE and I were privileged to show selected works by Mel and Catchi in our offices for the month of May. I only wish that we could have made the "loan" a permanent one, for the universal approval the works prompted from constituents and other visitors was a constant source of pleasure to me and my staff.

I join with Mr. PICKLE today in wishing all good things to Catchi Childs and Mel Fowler, two contemporary American artists who reach across our Nation, and across the seas, to speak in the universal language of art.

THE TRAGEDY OF LITHUANIA

HON. WILLIAM S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BROOMFIELD. Mr. Speaker, in a few weeks we will celebrate the 200th anniversary of our existence as a sovereign, independent nation. America has a great deal to be thankful for. We have been masters of our own destiny for two centuries now; we have steadfastly and consistently resisted tyranny; and we have maintained our liberty, our freedom, and our democracy in the process.

We have paid dearly for the American dream, but we have persevered and we have succeeded. Others have been less fortunate. During our lifetime, entire nations have been submerged as independent entities, stripped of hard-earned freedoms, and swallowed up by the voraciousness of international communism.

As we celebrate the privilege of living in America, let us pause to remember that 36 years ago the proud, independent state of Lithuania was forcibly occupied by the Soviet Union. Hundreds of thousands of free Lithuanians were shipped off to Siberian concentration camps to work as slaves for their Soviet overlords. More than a generation later, the Lithuanian nation is still enslaved; a people that has known liberty, dignity, and independence has been forcibly annexed to the Soviet Union.

Mr. Speaker, regardless of how one feels about Soviet-American relations in the decade of the seventies, the tragedy of Lithuania, the spectacle of a freedom-loving nation forced to live in the sterile oppression of the Soviet system, is a profound cause for concern. We owe it to the people of Lithuania to send out the word that we have not forgotten their plight, that we do not recognize or accept the injustice perpetrated on them. We owe it to ourselves to reflect on what has happened to other states too small or too weak to resist Russian imperialism.

Through the provisions of H.R. 9466, Congress has accepted its obligation to monitor closely international compliance—Soviet compliance—with the Helsinki accords. H.R. 9466 provides evidence of our determination to insist on a more decent existence for the vicitms of Soviet expansionism and gives us a vehicle to oversee implementation of the final act of Helsinki.

I join with my colleagues in paying tribute to the courage that has sustained the spirit of Lithuanian freedom for 36 years and, in the process, has frustrated the Soviet notion that a proud nation can be humbled or trampled into submission.

BALTIC STATES FREEDOM DAY

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. SARASIN. Mr. Speaker, this year marks the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia, which took place on June 14–15, 1941. I would like my colleagues to join me and the 1 million Americans of Baltic descent in commemoration of this event. In order to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people, 100,000 persons were deported to various places in Asian Siberia.

Soon after the conclusion of the Hitler-Stalin Pact of 1939, the Soviet Government began planning for the mass extermination of the Baltic peoples. This is evidenced by the NKVD Order No. 001223 regarding the "deportation of anti-Soviet elements from Lithuanian, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Herded into freight cars, these people were forced to make the journey from the Baltic States to Siberia lacking air, food, and water. Many of the sick and weak died as a result.

In subsequent years, many more deportations occurred. These deportees, transported to northern Russia, western and eastern Siberia, were used for slave labor, and many perished in the mines and forests. Many also were annihilated by the cold, starvation, and diseases because they lacked adequate clothing, food, and medical attention.

We should all pause for a moment's reflection on this commemorative occasion to recall the suffering and hardship endured by these brave people and to reaffirm our dedication to the principles of freedom and justice for all humanity.

THE WASTE OF OUR LOGS

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BROWN of California. Mr. Speaker, I have long been a proponent of improved waste utilization, believing that much heretofore unused material could be brought into economic use through more efficient waste utilization methods. For this reason, I have stressed more efficient waste utilization in our national forest timber management. The following news article points out that at the present time, only about 45 percent of a log goes into usable lumber while the rest ends up in sawdust or wood chips.

I hope that my colleagues will review this article and realize the need for greater emphasis on waste utilization in the consideration of national forest timber management reform legislation.

The article follows:

HUMAN EYE NO MATCH FOR ELECTRONIC LOG MILLING

(By Myron K. Myers)

For 200 years the yield of a log has depended on the eye of the sawyer, but Atmospheric Sciences Inc., (ASI) of Sunnyvale is bent on bringing electronics to the backwoods.

ASI has 75 systems for scanning the size of logs and making the optimum cut installed in lumber mills, more than any other company, it claims.

And while the performance of the company and some of its early systems left something to be desired, officers feel there's a booming market ahead for their second- and third-generation products.

"When American mills have wanted more lumber, they have just run more logs," James Fitch, ASI marketing vice president, said. "About 45% of log has ended up in usable lumber, the rest in chips and sawdust. With proper equipment, the recoverable lumber can be 75% to 80% of the log."

The sawyer's problem has grown worse as mills turned to second-growth timber.

"Smaller logs are less forgiving," President Vito DeMucci said.

ASI was established in 1969 to produce pollution control equipment. When it was selected by Weyerhaeuser Corp. in 1970 to design a scanning system, the focus of its business changed. It doesn't make any pollution products today, and the initials are stressed over the name.

The Weyerhaeuser contract didn't pave the way to success, however. The scanning systems, consisting of batteries of lights and sensors wired to a cabinet containing a minicomputer and teletype instructional system, were sold as essentially unbreakable, but mill sawdust and electrical current variations made a lie of it.

Unable to serve its sales, ASI began to see its business drop. In November, 1973, ASI was acquired by Simlog Corp., a Seattle conglomerate with profit of $650,000 on sales of $16.85 million in the year ended Sept. 30.

New management was brought in. DiMucci, formerly engineering director for the Systems Technology Division of Fairchild Camera & Instrument Corp., established new equipment standards and allocated $100,000 to repair systems already in the field.

Sawdust plus sap equaled glue, ASI engineers found. They redesigned the cabinet to place the inside under positive air pressure. An electrical filter was added to protect against current fluctuations. Systems were guaranteed.

"ASI's problem," DiMucci said, "was that it was a device company selling systems. The business has now been properly reoriented towards systems."

Theodore A. Laiotis was recruited last September from Fairchild to be vice president for advanced technology.

Last March his research team introduced a so-called "smart scanner," a third-generation system of the size of a bread box.

The smart scanner works on ambient light. It has a Fairchild F–8 microprocessor brain and can work independently of the minicomputer. If it cannot measure the log, it flashes a red light. If it is unsure, it flashes yellow. During a demonstration in dim light, it flashed a yellow light and measured a log at 4.97 inches in diameter. The log was actually 5.1 inches.

The cost of the smart scanner will be less," Laliotis said, "and it will be twice as accurate. Its sensitivity is many times greater."

ASI has 31 employees, 15 with technical degrees. Heavy research and development expenditures this fiscal year will wipe out any profit, DiMucci said. The plant is at 840 Del Rey Ave.

The Stanford Research Institute in Menlo Park studied ASI's market in late 1974 and found that only 5% of the nation's 2,000 largest sawmills had automatic scanners.

"The lumber industry is 20 to 25 years behind the steel industry in process control," Fitch said. "It's going to do a lot of catching up in the next five years."

BENEFITS PROVIDED TO EX-PRESIDENTS

HON. MARK W. HANNAFORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HANNAFORD. Mr. Speaker, my vote against the Treasury, Postal Service, and general Government appropriations can be defended 215,000 ways, for that is the amount in dollars that this legislation provides Mr. Richard Nixon for his "service" to our country. This legislation provides $96,000 for "personnel compensation and staffing"; $9,000 in "personnel benefits"; a $63,000 pension; $2,000 for "travel and transport of persons"; $39,000 for "rents and communications"—including $10,000 for franked mail privileges; $5,000 for equipment and furniture repair; and $1,000 for office supplies.

The benefits provided by the Former President's Act of 1958 were intended to reward our Presidents with retirement privileges commensurate to the dedication and responsibilities of the Presidency. The circumstances surrounding Mr. Nixon's resignation from the Presidency justify his retirement to prison, and it is paradoxical that it was only because of his position that he was granted immunity from due process of law. The appropriation of $215,000 for Mr. Nixon adds insult to injury, and is an unjustifiable expenditure of our Nation's revenues.

JUNE 15, 1976: BALTIC STATES—LITHUANIAN—FREEDOM DAY

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. DODD. Mr. Speaker, today many of us join with over a million Lithuanian Americans to commemorate forcible occupation and unlawful incorporation of Lithuania into the Soviet Union in 1940.

This is the 36th anniversary of that tragic event, during which the Soviet armies participated in a blatant seizure of the Baltic States, that has since been downplayed and wrongly legitimized by the Soviet regime's powerful propaganda machine.

Since this occupation, the Soviet Union has acted to try and crush this nation's will to freedom and independence through terror, force, and deceit. Indeed, the entire history of Lithuania has been centered around the struggle to gain its freedom from the oppression of foreign totalitarian domination.

During its 725 years of existence as a nation, this small country, flanked by much larger and aggressive European land powers, has enjoyed only a brief 21-year span as a free land.

This short period occurred during this century, when the Lithuanian leaders took the opportunity to bring about land reform, expand the nation's industry, build a transportation network, and enact social and educational legislation.

It is indeed a tragedy that such a freedom loving people should be prevented from enjoying peace in their homeland. But the Soviet Army's invasion of June 15, 1940, with 250,000 troops, into Lithuania suddenly cut short the Lithuanians' treasured independence.

Under the pretense of "protecting Lithuania's security," the Russian forces quickly extinguished all existing democratic institutions: The free press was shut down; cultural, religious, and civic organizations were banned, and all political parties dissolved. The Communist Party in Lithuania, which had contained only 700 members, was declared the sole legal party—and was thus allowed to take over the government.

Today commemorates this tragic struggle which occurred 36 years ago today. Thousands of citizens of Lithuania were immediately deported, in order to permanently disrupt the Lithuanian social and political structures. During this brutal deportation, many were dragged off in cars or trains without food or water. Many died from suffocation, and such torture and repression continues unabated until this day. Since June 15, 1940, Lithuania has lost more than a quarter of its population through the acts of its Soviet masters.

Between 1939 and 1954, all central European countries increased their populations by at least 10 percent—in Lithuania, however, the population decreased by 13.7 percent.

Ever since the Russian occupation of Lithuania, these brave and courageous Lithuanians have continued to fight the repression of those basic liberties which we as Americans cherish the most: freedom of speech, religion, and of the press. In Lithuania it is prohibited to publish, print, or distribute books or newspapers of a religious nature. The faithful who have attempted to circumvent this order have been severely punished. Merciless repression of religious practice is but one example of the Soviet's attempt to disgrace and subdue the proud spirit of the Lithuanian people.

Today, therefore, many groups in America—such as the Lithuanian-American Community of the U.S.A., Inc.—are taking part in meetings and religious services, to commemorate this date, and to continue to protest the suppression of human freedoms in Lithuania. We can also celebrate today the recent passage of H.R. 9466, which creates a body whose specific purpose will be to monitor the Helsinki Agreement, and to call attention to violations of its principles. Hopefully, this Commission will succeed in the task of mobilizing international support for the liberation of a captive people which should long ago have been freed.

HONORING FRANK B. PEEBLES OF SAN RAFAEL, CALIF., UPON HIS RETIREMENT

HON. ANDREW J. HINSHAW

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HINSHAW. Mr. Speaker, I think it appropriate in this Bicentennial Year of our country's independence that we honor with gratitude and affectionate admiration those of our citizens who have dedicated a lifetime of service to community, country, and the constitutional principles that have made this Nation strong and which assure that it will endure in the centuries to come.

Such a citizen is Frank B. Peebles of San Rafael, Calif., Regional Counsel for the Federal Highway Administration in San Francisco, who will retire this summer after many years of dedicated and loyal service to these United States and to his fellow Americans, whenever, wherever, and however he has been needed.

Frank Peebles has executed his Government lawyer duties faithfully and well since 1958, when he first began his Government employment as an attorney with the Federal Highway Administration, then the Bureau of Public Roads. He brought with him to the Government service his years of experience in private law, but more importantly, he brought to us his keen sense of justice and fairness for all members of society. And over the years his contributions to the Federal Highway program have been numerous and splendid, and all who have dealt with him—professional associates, engineers, State and local government officials, and the public at large—have always found him to be forthright, knowledgeable, courteous, and helpful. He exemplifies the term integrity. In his retirement his advice and friendship will be sorely missed by those who have had the benefit of a daily working relationship with him.

Before his years of civilian service, Frank was mindful of the duty owed to his country. In 1937 he joined troop B—The Bay Horse Troop—of the 107th Cavalry in Cleveland, Ohio. Following December 7, 1941, he served as troop commander in the 107th Cavalry, participating in the patrol of the Pacific Coastal Region from Santa Maria, Calif., north to the Oregon border. After the war, he was separated from active duty with the rank of lieutenant colonel, but remained active in the U.S. Army Reserve, serving as Director of Command and General Staff Branch of the 6227th USAR School at the Presidio of San Francisco and later as commandant of the school. He was transferred to the Retired Reserve in 1970, in the rank of colonel, after more than 30 years of active and reserve service which he started as a private in Cleveland so many years ago.

Now, in 1976, Frank Peebles will retire from his country's service, and on June 26 the people of the San Francisco Bay Area will express their affection for him at a retirement dinner. I ask the Members of the House to join with me in congratulating this outstanding member of our community and Government, and wish him continued happiness, good health, and personal success in his retirement. His wife of 37 years, Betty, his daughters Mrs. Sharon Archer and Mrs. Carol Smith, and his grandchildren, Lisa and David Smith, must be very, very proud of his many accomplishments. He has served his country well.

DETROIT ROMANIAN MUSICIANS HONORED

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BLANCHARD. Mr. Speaker, the Romanian community of Detroit, Mich., is among those American ethnic communities which have been selected to send representatives to perform at the Smithsonian Institution's Festival of American Folklife, to be held on the National Mall in Washington this summer.

Thirteen members of the "Corala Romania of Detroit," a Romanian choir directed by Mr. George Alexe, along with three folk instrumentalists led by Mr. Victor Moldovan, will perform daily three different programs with old folk songs, dances and Byzantine church music.

The performances will begin tomorrow and will continue through Sunday at the festival section entitled "Old Ways in the New World."

Mr. Speaker, I know this occasion is a very proud one for these people, and I hope that many of my colleagues and others in the Washington area will take the opportunity to visit the festival to see and hear these musicians and the many other artists and performers who will be representing America's rich and varied ethnic heritage.

HUMPHREY-HAWKINS BILL FAILS AS PANACEA FOR UNEMPLOYED

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ESCH. Mr. Speaker, in considering H.R. 50, the Humphrey-Hawkins bill, it is important to draw the attention of all members to a column written by our distinguished colleague from Illinois (Mr. Erlenborn). Many press releases, as we all know, lack substance, but this is not one of them. Our good colleague succinctly articulates not only the point of the bill's high inflationary pressures, but also the key point of its economic effect in the private sector, that our economy would be greatly weakened by such legislation rather than strengthened. He points out the lack of productivity of Government make-work jobs and that such jobs must be financed by resources drained from the productive part of the economy. He also demonstrates the importance of capital investment and the necessity of relieving the high tax burden borne by both individuals and businesses.

I would strongly urge that his comments be read closely by all Members, and they are herewith inserted for that purpose:

Humphrey-Hawkins Bill Fails as Panacea for Unemployed

Unfortunately for the unemployed, Congress is squandering its time on the Humphrey-Hawkins Full Employment Act, a bill that attempts to hide the unemployment problem rather than eliminate it.

Many people are unemployed because business and industry have not produced enough jobs. Logically, then, Congress should help the private sector expand and create more jobs. However, Humphrey-Hawkins heads in the other direction. It would drain $16 billion to $43 billion more out of the private sector and place the unemployed on the federal government payroll.

Here is what columnist Nicholas von Hoffman had to say about it: "Since the bill empowers the government to create any number of jobs by fiat, what will happen is that everyone on every form of welfare will be transferred or 'hired' into fictitious jobs. They won't be doing any more productive work than they're doing now, the costs for this charade will be much higher than the present programs, but (U.S. Sen. Hubert) Humphrey (D-Minn.) will be able to say he's solved both the unemployment and welfare problems."

The columnist also points out that the bill "weakens our business system at great peril to our economy."

He is right for two reasons. First, no new goods or services come out of government make-work jobs, so no net purchasing power enters the economy. The government finances unproductive jobs with money it drains from the productive part of the economy.

Second, the bill is dangerously inflationary. The $16 billion to $43 billion cost must be added to an already outrageous $75 billion federal budget deficit. As we found out during the recession, high rates of inflation can cause more unemployment. Somehow this escapes the bill's sponsors. As the Dallas News stated, "Never mind that deficits started the inflation that started the recession that started the unemployment (they) say they want to get rid of."

Instead of talking about throwing tax money at every economic problem, Congress should get at the causes. Why did the United States have a lower business investment rate from 1960 to 1973 than Japan, West Germany or France?

Why does the federal government impose on business the highest capital gains tax and one of the highest income taxes in the world, Why do we allow small businesses to be smothered by federal regulations and forms?

Finally, why do so many congressmen pretend to wring their hands over the unemployment problem while they continue to favor laws that discourage investment and hold down the growth of new enterprise?

CALIFORNIA LEGISLATURE URGES PASSAGE OF FULL EMPLOYMENT BILL

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HAWKINS. Mr. Speaker, it pleases me to call the attention of the Members to Senate Joint Resolution No. 47, which was adopted by both houses of the California Legislature, memorializing the Congress and the President to enact full employment legislation. The resolution follows:

Senate, California Legislature,
Sacramento, May 25, 1976.

Hon. Augustus F. Hawkins,
Rayburn House Office Building,
Washington, D.C.

Dear Mr. Hawkins: By direction of the Senate, I am transmitting to you a copy of Senate Joint Resolution No. 47 which was adopted by both Houses of the California Legislature.

Sincerely,

Darryl R. White,
Secretary of the Senate.

Senate Joint Resolution No. 47—Relative to Full Employment

LEGISLATIVE COUNSEL'S DIGEST

SJR 47, as introduced, Holden (Rls.). Full employment.

This measure would memorialize the President and the Congress of the United States to enact legislation which guarantees all adult Americans able and willing to work the availability of an equal opportunity for useful and rewarding employment.

Fiscal committee: no.

Whereas, The seasonally adjusted California unemployment rate for January 1976 was 10 percent; and

Whereas, In January 1976, there were 68,000 more people unemployed in California than there were in December 1975; and

Whereas, The Congress is now considering legislation which guarantees all adult Americans able and willing to work the availability of an equal opportunity for useful and rewarding employment; now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to enact such legislation; and be it further

Resolved, That the Secretary of the Senate be hereby directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States.

THE PRESIDENT PITCHES US A SLOW CURVE ON BUSING, A FAST BALL ON PANAMA CANAL

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. SNYDER. Mr. Speaker, the morning TV news last May 27 showed President Ford, campaigning in Ohio, being asked why he would not support a constitutional amendment against busing. I have urged the President over and over to do just this.

His answer was a masterpiece of ducking the issue, and totally inconsistent with his position on the Panama Canal.

Mr. Ford said that he would not support an antibusing amendment because there was not enough support in Congress to enable passage of such an amendment, certainly not the three quarters needed to pass a constitutional amendment. He said anyone urging such an amendment was being unfair in proposing one because of the lack of such support. Well, since May 27, the President has suggested antibusing legislation the courts will throw out under the 14th amendment.

I would like to point out that Mr. Ford has taken an entirely different position on the Panama Canal. It is exactly 180 degrees from his stand on a busing amendment.

When it comes to his inexplicable determination to give away the Canal Zone and our vital waterway, Mr. Ford knows full well that far more than three quarters of the Congress oppose such a giveaway.

I would also like to point out that the President, while serving as a Congressman from Michigan, signed a discharge petition to bring to the floor of the House a constitutional amendment to outlaw forced busing.

Both this, and his then strong opposition to President Lyndon Johnson's proposed treaty with Panama that would have weakened U.S. sovereignty over the Canal Zone, give cause for wonderment at the President's switch hitting on these major issues.

Mr. Speaker, I want to remind the President and the Members of this body that our highly esteemed and most distinguished colleague, the chairman of the Appropriations Committee, the gentleman from Texas (Mr. MAHON) stated right here last October 7 that probably 90 percent of this House opposes giving away the Panama Canal.

During the third debate on my amendment which would have prohibited any funds from the State Department appropriations for fiscal year 1976 from being used to negotiate the surrender of the Canal Zone and the Panama Canal, the gentleman from Texas (Mr. MAHON) made the following statement in answer to my inquiry as to the meaning of the words, "vital interests" in the language that was finally substituted for the Snyder amendment:

> Mr. MAHON. Madam Speaker, I would like to say as one of the conferees and as chairman of the Committee on Appropriations that I am unalterably opposed to giving away the vital interests of the United States in the Panama Canal.
>
> When I say, "the vital interests," I mean the possession and the present privileges and the property and ownership which we enjoy there.
>
> I believe that probably 90 percent of the Members of this House agree that we are opposed to giving away the Panama Canal, as we call it. We are in favor of maintaining our rights and our prerogatives and the integrity of the United States in the Panama Canal and in the Panama Canal Zone.
>
> I cannot help it if the State Department has a contorted meaning of the term, "vital interests." I repudiate such an interpretation.
>
> "Vital interests," insofar as this conference report is concerned, means to me the property, the title, the possession, and the rights of the United States in the Panama Canal Zone. We cannot be responsible for the kind of treaty that State Department employees or others may propose. That is the constitutional prerogative of the Executive, and it is up to the Congress to approve or disapprove. But I think it ought to be clear to the whole wide world that the overwhelming majority of the Members of this House are against giving up the Panama Canal Zone. I appreciate the statement of my friend from Kentucky and his desire to make plain to all the attitude of the House on this important matter.

VALENTYN MOROZ RENOUNCES SOVIET CITIZENSHIP

HON. MILLICENT FENWICK

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mrs. FENWICK. Mr. Speaker, today's Washington Star publishes a report that Valentyn Moroz, the renowned Ukrainian historian who has been imprisoned for 6 years, has renounced his Soviet citizenship.

Mr. Moroz has now appealed to the U.S. Congress to grant him political asylum here. His renunciation of Soviet citizenship may place him in even greater danger than that which he has been experiencing, because through this action he may have given up what rights he may have as a Soviet citizen.

I urge the International Relations Committee to act as quickly as possible on House Concurrent Resolution 588 which Representative KOCH and I and nearly 100 other Members of the House have introduced. That resolution would put Congress on record as supporting Mr. Moroz in his present most difficult situation and would be of great help to him at this moment.

THE BALTIC STATES MUST BE REMEMBERED

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BLANCHARD. Mr. Speaker, yesterday and today mark the 35th anniversary of the mass arrest and deportation of thousands of people from the Baltic States of Lithuania, Latvia, and Estonia to Siberia by the Soviet Union.

In commemoration of that tragic event, today has been designated as Baltic States Freedom Day.

It is essential, Mr. Speaker, that we continue to remember the wrong that has been done to the peoples of these nations and to bring it to the attention of the world.

One day, the Baltic States will again be free.

Until then, their plight should remind us all of the oppression and bitterness which remain in the world today, and of the priceless value of the freedoms we enjoy.

At the request of the Joint Baltic American Committee, I would like to take this opportunity to insert in the RECORD the following description of the events of June 14–16, 1941:

THIRTY-FIFTH ANNIVERSARY OF THE DEPORATION OF BALTIC PEOPLES TO SIBERIA

This year, about one million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There were 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages of 10 to 18; 3,986 from the ages of 18 to 30 years; 7,778 persons from the ages of 30 to 50; 1,681 from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

Four young Lithuanian girls, who were deported to Siberia, have secretly written a prayerbook, which through underground channels, has been smuggled to the western world. It was published in English, and titled: "Mary Save Us."

These young girls wrote: "The day has closed its eyes. Fatigue closes my eyes. My feelings have dried up, my strength has left me . . . with icy lips, with tear-filled eyes, tormented by despair, we fly to your straw-covered crib, o Holy Babe . . . We are drained of strength, our feelings have faded away, our hearts are benumbed thoughts we cannot control . . . Jesus help those who die in foreign lands without consolation of the Church or their dear ones, without the comfort and aid of their friends."

The Soviet Union also deported people from the Baltic States in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the USA. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow".

"About four o'clock in the morning of May 22nd (1948), I heard a knock on my door . . . I opened the door and froze with fear . . . There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport . . . He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet states . . . I had only a half hour to prepare myself for the deportation journey. Awakened by the noise, my son started to cry. . . I was told that I could take no suitcases, but must pack everything into a potato sack . . .

"When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village. . . . Some twenty-five families had been collected. . . Each family sat on their sacks in a group. No one talked.

"Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment . . . At first, I thought all Lithuanians were being deported . . . The village of Aukstuoliai was left completely empty.

"At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food . . . Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons. . . The feelings of human beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected. . . . In one car, a woman with two small children whose husband was in prison, went mad, jumped from the moving train, and was killed . . . The biggest problem in our car was an 83 year-old paralyzed lady.

"After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia. . . We were ordered to get out. . . We stood there for about four hours in a cold rain mixed with snow. The children cried all the time. . ."

The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes: "It was clear to everyone that we had been sent here to die."

On starvation rations, they were forced to cut trees in the forests five miles away from the barracks. The work norms were very high, and they had only primitive tools. The regime for prisoners was severe. Mrs. Armonas writes: "I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on the beds."

Fortunately for Mrs. Armonas, Khrushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

VETERANS OF FOREIGN WARS—JOINT INSTALLATION

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. WOLFF. Mr. Speaker, I recently had the honor of attending the joint installation of the officers of the Albertson Veterans of Foreign Wars Post 5253 and the Ladies Auxiliary to the Albertson VFW Post 5253.

Throughout the years, the VFW has consistently served the needs of our veterans. It has represented veterans in Congress through its lobbying activities, seeking to secure the health, education, and employment benefits which these men and women both need and deserve.

The VFW also acts as a vital social and community organization, bringing veterans together so that they may help both themselves and their respective communities. The Albertson Post has served its veterans and community well, and I would like to take this time to honor those who have been installed to serve Post 5253 for 1976–77.

ALBERTSON V.F.W. POST 5253

George Ockovic—Commander.
James Durkin, Sr.—Vice Commander.
Lloyd Hill, Jr.—Vice Commander.
Carlin Austwick—Quartermaster.
Thomas Purcell—Judge Advocate.
Norman Werner—Chaplain.
Joseph Liantonio—3 Yr. Trustee.
Joseph Amann—2 Yr. Trustee.
Michael Tuday—1 Yr. Trustee.
William Schumann—Guard.
William Pearlman—Service Officer.
Tom Paradiso—Surgeon.
Edwin G. Mutke—Adjutant.
Abraham Poster—Officer of the Day.

LADIES AUXILIARY TO ALBERTSON V.F.W. POST 5253

Joan Ockovic—President.
Wilma Mason, Sr.—Vice President.
Silvia Kessler, Jr.—Vice President.
Margaret Mulrooney—Secretary.
Dorothy Poplawski—Treasurer.
Loretta Krzyminski—Chaplain.
Mary Barra—Conductress.
Mildred Dragotti—Guard.
Dorothy Jetter—3 Yr. Trustee.
Mabel Woitazak—2 Yr. Trustee.
Jane Valentine—1 Yr. Trustee.
Johanna Morgan—Patriotic Instructor.

It is important that we recognize the needs of all our veterans, and continue to serve them as they have served our country.

AMENDMENT TO LEAA AUTHORIZATION TO CREATE STATE OMBUDSMAN

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BADILLO. Mr. Speaker, H.R. 13636, the bill to reauthorize the Law Enforcement Assistance Administration and amend title I of the Omnibus Safe Streets and Crime Control Act of 1968, and for other purposes will be coming to the floor this week. As many of you know, I have long been active in efforts to improve and humanize our prison system. Ever since my experiences as a mediator/observer at the riots at the Tombs in New York City in 1970 and at Attica in 1971 I have worked to better the situation of our prison populations. Because of this involvement I have received a large volume of mail from prisoners across the country. A recurring problem, particularly with prisoners under the jurisdiction of State and local governments, is that when I receive a prisoner complaint of a confidential nature there is generally not an independent investigatory agency that can look into the complaint. In some situations an inquiry directly to the State penal administration will lead to a complaint from the prisoner indicating that his complaint is being used against him and he has been subject to increased harassment. Frequently, a prisoner will write that he is in fear for his life due to abuses from other prisoners or he may fear several guards; in such a complaint it is difficult to ascertain the truth from Washington. Creation of a commission or ombudsman would greatly facilitate obtaining the truth in this situation.

My amendment to the LEAA authorization, H.R. 13636, I believe will help remedy this problem. This amendment will require States receiving LEAA funds to include in their State plans the establishment of a permanent, statewide commission or ombudsman independent of the State's correctional institutions, programs, or practices, for the purpose of investigating, either upon complaint or upon such commission's or ombudsman's own initiative, any administrative act, omission, or policy, carried out or proposed to be carried out in any correctional institution or facility within the State.

The amendment also provides that the Department of Justice, Civil Rights Division, develop the guidelines for this commission or ombudsman. I selected this division within the Department of Justice—LEAA's parent agency—because I believe they have the particular expertise in this area.

I believe the creation of this type of a program will help prevent prison uprisings. My experiences have convinced me that the basic cause of prisoner unrest is the denial of those basic rights of human dignity and just treatment. The prisoners I talked to felt that crimes had been committed against them and they were simply unable to seek a redress of grievances in a peaceful and positive manner. If your State already has a functioning program such as I have described and complies with the guidelines established by the Department of Justice there will be no need to create a duplicating agency. The existing program can be designated as fulfilling the requirement of this provision.

I hope that you will join me in supporting this amendment to protect the civil rights of our citizens who may for a time be incarcerated in a State or local prison.

The text of my amendment follows:

AMENDMENT TO H.R. 13636, AS REPORTED OFFERED BY MR. BADILLO

Page 16, line 23, strike out the period and the close quotation mark which follows and insert in lieu thereof the following: "; and".

Page 16, immediately after line 23, insert the following:

"(14) provides, pursuant to guidelines to be developed by the Civil Rights Division of the Department of Justice, for the establishment of a permanent, statewide commission or ombudsman independent of the State's correctional institutions, programs, or practices, for the purpose of investigating, either upon complaint or upon such commission's or ombudsman's own initiative, any administrative act, omission, or policy, carried out or proposed to be carried out in any correctional institution or facility within such State."

MRS. H. R. MATTHEWS

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. NATCHER. Mr. Speaker, education is more important today than it has been at any time in the history of this country.

In order for our Nation's cities, counties, and States to maintain a fine and outstanding educational system we must continue to have many well-qualified and dedicated teachers. Over the years we have been fortunate to have many such educators in our country and among them stands Mrs. H. R. Matthews of Bowling Green, Ky.

Mrs. Matthews devoted herself to the teaching profession for over 50 years of her life. In conjunction with her teaching career she served as both a loyal board member and director of Western Kentucky University's College Heights Foundation from 1923 to 1976.

Her death on April 23 of this year signifies a great loss not only to her colleagues and students but to all of us who believe in the value of a strong educational system.

During her lifetime Mrs. Matthews served as an inspiration to all who knew her. She possessed the kind of character that fostered confidence and enthusiasm in her associates and her memory will continue to sustain and enrich the quality of education in our Nation.

Mr. Speaker, on June 9, 1976, the board of directors of the College Heights Foundation adopted a resolution paying tribute to Mrs. H. R. Matthews. I think all the Members will be interested in the contents of this resolution as it is a fitting memorial to an outstanding educator and well-loved human being.

The resolution is as follows:

RESOLUTION

Whereas, the death of Mrs. H. R. Matthews, a charter member of the Board of Directors of the College Heights Foundation and a distinguished graduate of Western Kentucky University, removed from us one of our most outstanding leaders and supporters; and

Whereas, her loss is deeply felt by her coworkers in the College Heights Foundation, which she served with great loyalty and dedication both as a director and as a member of its Executive Committee from July 17, 1923, until her death on April 23, 1976; and

Whereas, the contribution of this lovable and gracious lady and colleague, who gave wholeheartedly of her time and efforts in the advancement of the aims and objectives of the College Heights Foundation, having never missed a meeting during her fifty-six years of membership on the Board, will serve forever as a living monument to her good name and to her good works:

Be it therefore resolved, That the Board of Directors of the College Heights Foundation in a meeting on June 9, 1976, hereby gives formal expression of its great loss in the passing of Mrs. H. R. Matthews and does hereby place this testimony in its records regarding the passing from this life of a lady who was esteemed by her associates, loved by her friends, and respected by untold thousands whose lives she had influenced during her long tenure as an educator and as one of our leading fellow citizens.

Be it further resolved, That a copy of this Resolution be presented to the sons of Mrs. Matthews, Francis N. and E. Howard Matthews, and their families as a humble expression of the Board's deep and abiding sympathy.

THE HOUSE RESTAURANTS

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ARCHER. Mr. Speaker, I have been very concerned and very much aware of the public criticism which has been leveled at the U.S. House of Representatives for a variety of practices and benefits which cushion the Members against the pressures of inflation and limit the public accountability of public officials.

I have recently introduced a resolution which called for a full vote of the House of Representatives on all allowances Congressmen receive to operate their offices. This should not be a decision made only by the membership of the House Administration Committee. Members of the House should be willing to have their votes recorded on voting increases in allowances which result in additional expenditures of tax dollars.

One other area which has greatly concerned me has been the operation of the House restaurant, the cafeteria, and other food services by the House of Representatives. We even have a special Ad Hoc Restaurant Subcommittee which is under the jurisdiction of the House Administration Committee. This subcommittee oversees the operation of eight separate food facilities; the employees of the food services are considered as regular employees of the House of Representatives. Although it may be convenient to continue this arrangement, I do not believe the House of Representatives should be in the business of running restaurants subsidized by taxpayers.

I have introduced House Resolution 1280 which would require the House of Representatives to get out of the restaurant business and to give the authority to contract with private food services suppliers to manage the House food facilities on a self-sustaining basis. It is my firm belief that we should give the free enterprise system a chance to operate in this area.

There is no reason whatsoever for the American taxpayer to have to subsidize the meals consumed by Congressmen, their staffs, and visitors to the Capitol. It is time that we take the initiative to clean up the way Congress spends money on itself.

When House Resolution 1280 becomes law, it would require the House Administration Committee to request applications in the form of sealed bids to contract for the management and operation of the food facilities. These sealed bids would be opened and reviewed by the House Administration Committee and would be available for public inspection. After careful consideration, the committee would report a resolution to the full House of Representatives recommending approval of a contract based upon such review. The process of review would include a careful investigation and analysis of the ability of the person to operate the food services involved, the nature and quality of the food services, the charges to be established, and the capacity of the applicant to provide efficient management and operation of all the food service facilities.

The contracts would be in effect for 3 years and this would provide a reasonable time to review the effectiveness of the operation before deciding whether to renew the contract.

The House Administration Committee would make its recommendation and the entire House would have the opportunity to approve or disapprove the decision. This would give all the Members of the House the chance to review the arguments before a contract is awarded.

I urge that the House of Representatives take action to end taxpayer subsidies for the House Restaurant, cafeterias, and other food services by passing House Resolution 1280 and turning the restaurant business over to a private firm. The House of Representatives has more important things to do than to run restaurants and subsidize meals of Congressmen, staff, and visitors.

THE 35TH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. RODINO. Mr. Speaker, yesterday and today we are again joining the citizens of Baltic heritage and Lithuanians, Latvians, and Estonians throughout the world to commemorate the tragic anniversary of the deportation of Baltic peoples to Siberia. While we grieve for the fate of those deported, and those now imprisoned and suffering oppression, we must still rejoice and find inspiration in the unswerving courage and dedication to freedom of the Baltic peoples. On this sad but meaningful occasion, I want to call the attention of my colleagues to the statement of the Joint Baltic Committee, which is comprised of the Estonian American National Council, the American Latvian Association in the United States, Inc., and the Lithuanian American Council, Inc.

The statement follows:

35TH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

This year, about one million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There were 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages 10 to 18; 3,986 from the ages of 18 to 30 years; 7,778 persons from the ages of 30 to 50; 1,681 from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students; 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

Four young Lithuanian girls, who were deported to Siberia, have secretly written a prayerbook, which through underground channels, has been smuggled to the western world. It was published in English, and titled: "Mary Save Us."

These young girls wrote: "The day has closed its eyes. Fatigue closes my eyes. My feelings have dried up, my strength has left me . . . with icy lips, with tear-filled eyes, tormented by despair, we fly to your straw-covered crib, o Holy Babe . . . We are drained of strength, our feelings have faded away, our hearts are benumbed thoughts we cannot control . . . Jesus help those who die in foreign lands without consolation of the Church or their dear ones, without the comfort and aid of their friends."

The Soviet Union also deported people from the Baltic States in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the USA. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow".

"About four o'clock in the morning of May 22nd (1948), I heard a knock on my door . . . I opened the door and froze with fear . . . There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport . . . He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet states . . . I had only a half hour to prepare myself for the deportation journey. Awakened by the noise, my son started to cry . . . I was told that I could take no suitcases, but must pack everything into a potato sack . . .

"When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village . . . Some twenty-five families had been collected . . . Each family sat on their sacks in a group. No one talked.

"Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment . . . At first, I thought all Lithuanians were being deported . . . The village of Aukstuoliai was left completely empty . . .

"At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food . . . Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons . . . The feelings of human beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected . . . In one car, a woman with two small children whose husband was in prison, went mad, jumped from the moving train, and was killed . . . The biggest problem in our car was an 83-year-old paralyzed lady . . .

"After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia . . . We were ordered to get out . . . We stood there for about four hours in a cold rain mixed with snow. The children cried all the time . . ."

The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes: "It was clear to everyone that we had been sent here to die."

On starvation rations, they were forced to cut trees in the forests five miles away from the barracks. The work norms were very high, and they had only primitive tools. The regime for prisoners was severe. Mrs. Armonas writes: "I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on the beds."

Fortunately for Mrs. Armonas, Krushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

RECOVERING LITHUANIA'S HOMELAND

HON. FLOYD V. HICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HICKS. Mr. Speaker, with the deliverance of an ultimatum on June 15, 1940, a proud people with a passion for national, religious, and personal liberty were strategically compromised by the two totalitarian giants at their country's borders: Stalin's Russia and Hitler's Germany. By an arrangement between the two dictators, Lithuania, along with Latvia and Estonia, fell again to Russian domination, and lost an independence that had lasted for 32 years.

Soviet strategists to this day perceive the fall of Lithuania as an act of liberation; another step in Lenin's plan to extend to the peoples of the world "the fruits of socialism, a planned economy, the elimination of class and ethnic barriers, and the unrestricted use of national languages."

Three decades late, from this Soviet "utopia," a Lithuanian sailor jumped ship off the Massachusetts coast, a father and son hijacked a Soviet airlines in a desperate attempt to get away, and five Lithuanian nationals immolated themselves protesting the loss of individual and religious freedom.

The sailor, Simas Kudirka, was forced to return and face punishment when President Nixon, sensitive to Soviet disfavor at a time when he was delicately negotiating the protocols of United States-Soviet détente, allowed Russian agents to arrest young Kudirka. During his public trial, Kudirka denied charges of treason, saying "I did not betray my homeland. I do not consider Russia to be my homeland."

Theologian Martin Buber once wrote of one's "homeland" as being a place of recognition and acceptance, where a man comes to know himself and finds the gifts of relationship. If a people are allowed by the circumstances of history to think and choose for themselves, if they are allowed to believe in themselves, fredom becomes as indispensable as the air they breathe, and this carries through generations of a Nation's life whether or not it is in a stage of siege or long subjugated.

Lithuanians have known the tides of domination and liberation since the 11th century when it was a nation of many principalities. During the 123 years of Russian domination, the Lithuanian people revolted against oppressors on five occasions. Each time a revolt was put down, there were brutal reprisals, and each time, there was more determination to be free. Under Stalin, "liberated" Lithuania suffered the loss of 45,000 citizens, and as many fled her borders. Others were arrested or deported.

Today I sadly note the beginning of the 37th year these people have been subject to current Soviet rule, a nation in abeyance showing the husks of a past in liberty. On each occasion of this tragic anniversary, I try again to imagine the horror of what it must be to be an alien, like Simas Kudirka, in the country of my origin.

Recently, I got a clearer feeling of what could motivate any subjugated man or woman to be free at any cost after reading excerpts from the January 2, 1974, "Current Digest of the Soviet Press" citing "The Faults and Resolutions of the Lithuanian Communist Party." They describe the calculated and methodical diminution of personal and national pride:

> There are still people who are backward in their political development. They lead a closed way of life and seek to take whatever they can from society. They show an unconscientious attitude toward socially useful labor.
>
> There are those who are trying to rekindle nationalistic feelings among backward sections of the population and to sow distrust between citizens . . . using all sorts of fabrications. We must use aggressive propaganda to expose bourgeois ideology and instill a spirit of pride and the indestructable unity of the Soviet people.
>
> Our young people require more attention. We should do a better job of teaching and when necessary, subordinate their personal interests to the call of public duty. The main thing we lack is concrete, painstaking work to instill a proper awareness of the law in every toiler.

On June 3, the President signed into law the establishment of a commission that will monitor the application of human rights in repressed nations agreed to under the Final Act of Helsinki. This includes opportunities for personal correspondence to relatives outside the country and the reuniting of families, both bedrock human liberties.

This is just one answer to the need of Lithuanians and repressed peoples everywhere to restore not only political autonomy, but the full meaning of regaining a homeland; and I urge every Member of the House and Senate to respond in any way they can to this appeal.

SWINE FLU VACCINE PREPARATION AT MOUNT SINAI MEDICAL SCHOOL

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. SCHEUER. Mr. Speaker, a fascinating biomedical research story on the new swine flue vaccine program appeared in the New York Times on Friday, May 21. Written by Harold M. Schmeck, Jr., it details the race to develop a vaccine to counteract the possible epidemic of swine flu upcoming this fall.

Dr. Edwin D. Kilbourne, chairman of the microbiology department of the Mount Sinai School of Medicine in New York, is the central character of the story. It was his biomedical research in the 1960's that provided the opportunity for the applied science necessary to produce the vaccine this year.

Although our public policy on the swine flue vaccine program is controversial, I commend this story to my colleagues, not only because it is fascinating reading about how a possible serious national public health problem may be rendered much less serious, but also because it shows, again, just how important fundamental, basic biomedical research is, as a base point for later practical applications.

The article follows:

[From the New York Times, May 21, 1976]

RACE FOR A SWINE FLU VACCINE BEGINS IN A MANHATTAN LAB

(By Harold M. Schmeck, Jr.)

The race for a new flu vaccine began in February with a telephone call on Friday the 13th.

It was Dr. Martin Goldfield of the New Jersey State Health Department calling Dr. Edwin Kilbourne of Mt. Sinai Medical Center in Manhattan. The message: four samples of flu virus were on their way to New York. They were unusual; nothing at all like the virus called A/Victoria that was the main cause of flu that season.

It meant that another virus against which most Americans had no immunity was abroad in the population and might be gaining momentum for nationwide epidemics.

Clearly, Dr. Kilbourne, chairman of the microbiology department of the Mt. Sinai School of Medicine, would want to grow the new virus in his laboratory as soon as possible. He had done this with every major flu variant that had appeared in the United States during the past decade. Each time, he had tried to remodel the virus for rapid growth, making more useful for vaccine production.

It was a strategy for putting the human race one step ahead of the ever-changing flu viruses. At least four of Dr. Kilbourne's remodeled viruses—called recombinants—have been used in vaccines since 1968.

When the telephone conversation took place in mid-February, no one anywhere was thinking of a huge program to vaccinate the entire United States population against flu.

That was not decided upon, or announced by President Ford, until late March.

But the texperiments about to begin in Dr. Kilbourne's laboratory would be important to that program.

The new viruses had been found in recruits at Fort Dix, N.J., where there had been a lot of flu in recent weeks.

Dr. Goldfield told Dr. Kilbourne that the new viruses seemed to grow poorly. They would have to be "persuaded" to grow better if drug companies were to use them to make vaccine for the next winter's flu season. The manufacturers were already well along in preparing vaccine against A/Victoria. There would be no chance of also preparing for the Fort Dix virus, unless the vaccine makers got something useful within a very few weeks. But in mid-February, time was already running out.

PACKAGES WERE NOT THERE

Dr. Kilbourne and his laboratory technician, Barbara Pokorny, expected to find the samples waiting for them when they arrived at the medical center that Monday morning, but the package was not there, nor could they find it anywhere at Mt. Sinai.

By that time they had a new reason for urgency. The viruses had also been sent to the Federal Public Heath Service's Center for Disease Control in Atlanta. Experts there identified them as viruses of the type that cause flu-like illness in pigs—swine influenza virus. This meant they might be related to the virus that caused the greatest influenza disaster in modern history—the worldwide epidemic of 1918–1919.

"We were going frantic," Dr. Kilbourne recalls of the search for the missing viruses that Monday. Everyone had overlooked the fact that this was the Washington's Birthday weekend. The virus samples were still somewhere in the mail, between Trenton and New York.

FOUR LITTLE VIALS

"On Tuesday, Feb. 17, the samples arrived—one package containing four little glass vials with black screw tops. In each was a colorless fluid containing at least 100,000 infectious virus particles, the original viruses of each same had come from the throat of a soldier at Fort Dix.

The virus had been found in five men, but one of these, an 18-year-old recruit, had collapsed on a training march and was dead of influenza-pneumonia by the time medical corpsmen got him to the base hospital. Even though any flu vaccine would be made of inactivated, noninfectious virus, it was thought unwise to use virus from a fatal case.

The four samples had arrived and were enough to work with, but there was another roadblock—no eggs. The virus had to be grown in fertilized chicken eggs, but the holiday had delayed delivery.

The eggs arrived the next day and the experiments began.

WHILE EXPERTS DEBATED

All that week and the next, while the nation's influenza experts were debating the meaning of the Fort Dix incident, the virus that had caused all the excitement was adapting to a new world.

The unimaginably small particles, shaped like fuzzy balls, were growing and multiplying in 54 carefully labeled eggs in a warm, dimly lit room in Mt. Sinai's Annenberg Building 16 floors above Central Park.

"This is really animal husbandry in a sense," Dr. Kilbourne explained to a recent visitor.

Each sample of the new virus was in eggs together with another flu virus called PR–8, known for its excellent growth characteristics. PR–8, a museum piece among human flu viruses, came originally from samples collected in the early 1930's. Its genes have been mapped and all its characteristics are thoroughly known.

Flu viruses have the helpful tendency to exchange bits of their hereditary information—their genes—when two different strains grow together in the same place. The research strategy was to invite the new virus from New Jersey to pick up the fast growing habits of PR–8 while still retaining its own recognizable identity.

VIRUSES IN SAME EGG

So samples of the new virus and the old were put together in the same egg—with a serum designed to keep PR–8 from multiplying.

Dr. Kilbourne and his laboratory technician would be looking for viruses that had picked up the talent for fast growth from PR–8 without having lost the traits that identified them as the swine influenza type.

At 20 hours, 40 hours, 60 hours, Miss Pokorny harvested the fluid from the eggs, tested it to see how much virus was present and what kind of virus it was. Then she put samples from this new testing into new eggs for a further period of growth. It was like a relay race in which each virus generation passed on the baton to the next generation while the scientists watched to see which sample was winning the contest in fecundity.

The complex routine of virus "animal husbandry" was repeated time after time—harvesting, analyzing, separating, diluting and growing again. Each step, and the history of each egg, was carefully recorded.

LABORATORY SECRET

The work went on without a break, in isolation and almost in secret. Dr. Kilbourne had told no one but Miss Pokorny what the new viruses were. Laboratory safety measures were extraordinary even for flu virus. He wanted no risk of infecting anyone.

"I wouldn't let anybody in the laboratory," Miss Pokorny recalled. "They really thought I had flipped out."

As the work progressed, samples that seemed to be growing best were subdivided by diluting their fluid, sometimes more than a million-fold. The objective was to focus the search down to individual virus particles and to choose those that generated the most offspring.

It was an exercise Dr. Kilbourne and his assistant had been through many times before. But this time it was tense because it was also a tight race against an unknown competitor—the original swine influenza-type virus that had been found in New Jersey.

NO ONE KNOWS

Presumably this virus had not formed spontaneously at Fort Dix. It must have come from somewhere. It might have gone somewhere else. But virus specialists searching the nation were unable to find it. Was it breeding anywhere at all outside the laboratory in Manhattan? No one knew. And no one knows today.

But a decision had to be made on whether to make vaccine against the virus, and that decision had to be made well before April 1 or it would be too late for the flu vaccine manufacturers. Meanwhile, a virus suitable for vaccine production had to be produced.

By the end of the second week, Dr. Kilbourne had such a virus. He labeled it X–53, the latest in a long line of recombinant flu viruses. Those that grew best were always given odd numbers. What he and Miss Pokorny had produced was only a few milliliters in volume—equivalent to a few teaspoonsful—but it was enough for a start. A special messenger took most of the supply of X–53 to Dr. Francis Ennis of the National Institute of Allergy and Infectious Diseases and to the Center for Disease Control during the weekend of Feb. 27. One drug company was in so great a hurry to get it that they sent a messenger to Dr. Kilbourne's home in Bethesda, Md., to pick up a sample.

X–53 SENT ABROAD

All four American manufacturers of flu vaccine were working with X–53 by the following week. Samples were also sent abroad. The Soviet Union and China had them by the first week in March.

From that point forward the race moved to four United States vaccine manufacturers; Merck Sharp & Dohme; Merrell National; Wyeth, and Parke Davis.

But, working at top speed on the flu virus and their own production problems, they turned the new discovery made in New Jersey in mid-February into a prototype vaccine before the end of March.

When, late that month, President Ford announced a nationwide program to vaccinate the entire population against the new flu virus, he was able to say that the first experimental lots of vaccine had already been produced.

But, recently, the always-fickle flu virus seems to have done something unexpected for, rather than against, humanity.

Dr. Kilbourne said he had discovered a spontaneous mutation—a random unprompted change—in one sample of X-53 that makes it grow much better than any of the laboratory-engineered recombinants. This new variant too has gone to manufacturers as another possible aid in the largest vaccination program ever attempted in American history.

INTELLIGENCE OVERSIGHT: A RESPONSIBLE APPROACH

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. RANGEL. Mr. Speaker, in this morning's Washington Post, our colleague, WILLIAM COHEN, has written a column in which he calls upon the House to take action in establishing a committee to oversee our Nation's intelligence operations. He points out that there has been a great deal of interest in this entire area and yet of the more than 20 pieces of legislation introduced on this subject, none have reached the House floor.

I have consistently been speaking out in favor of reforming the rules governing our intelligence community. Clearly the revelations which have recently come to our attention indicate that reform is needed. The Senate has apparently seen the need for such action, but as of yet we here in this Chamber have not been inclined to move on these recommendations. I would hope that the words of our thoughtful colleague would carefully be reviewed by all and that we can look forward to positive action in this area before this session is concluded.

The article follows:

TOWARD INTELLIGENCE OVERSIGHT

(By William S. Cohen)

This is not a happy hour in Washington. The hot breath of scandal hangs like summer smog over Congress. Charges of one member's private profit from his public office and another's personal gratification at public expense have electrified the House Ethics Committee into life, and this is as it should be; congressional abuse of power and public funds is a serious matter that cannot be permitted to go unchecked.

But an additional tragedy of the current controversy is that the balance of this session is likely to be spent attacking or defending congressional honor while our larger accomplishments are obscured and our major tasks go unfinished. Nowhere is this more apparent than in the matter of congressional oversight of our hydra-headed intelligence community.

One accomplishment which should not go unnoticed was the Senate's overwhelming vote to establish a strong new oversight committee, this was no small accomplishment because it came over the strong opposition of committee chairmen who supposedly had been scrutinizing the intelligence agencies over the years. The Senate leadership fashioned a compromise that gained the grudging support of a good many conservatives as well as most Senate moderates and liberals. It is by no means perfect in its structure or composition. Nonetheless, the new Senate committee is not designed to be a paper tiger, toothless and eager to purr contentedly in the cozy executive lap.

The committee has exclusive jurisdiction over the CIA, formerly the sole preserve of the Armed Services Committee. It will share authority with Armed Services over the huge defense intelligence establishment, including DIA and the National Security Agency. Similarly it will be able to scrutinize the intelligence activities of the FBI—a major source of past abuses. It will, in addition, share jurisdiction over the State Department's small but important Bureau of Intelligence and Research with the Senate Foreign Relations Committee.

But the new Committee's most powerful tool will lie not simply in its power to look over the agencies' shoulders, but rather in its power of the purse. The new committee has the power to authorize appropriations of funds for the intelligence agencies, a power that it shares with other committees for all but the CIA. The power to authorize carries with it the power and the obligation to know the agencies' purposes and pursuits. The Senate has achieved a responsible balance between the need for intelligence activity and the need for congressional oversight and restraint.

But while the "other body" has proved itself capable of action, we in the House are in woeful disarray. Our attempts at investigating the intelligence agencies have been marred by wholesale leaks and internecine squabbles.

This unhappy fact was all too often noted by our Senate colleagues when the possibility of a joint House-Senate intelligence committee was under consideration. The fact that the Senate decided so decisively to go it alone is, regrettably, largely of our own doing.

What the Senate has produced is of great merit, but it is too little by half. The mechanics of the legislative and budgetary process cry for a parallel committee in the House of Representatives. With responsibility for the intelligence community passing through the prism of several committees in the House, no single committee can make a judgment on the intelligence budget as a single entity. Spending bills will continue to originate helter-skelter, only to be reviewed by a single unified committee in the Senate. That committee will, in resolving legislative differences with the House, go to conference with several different House committees. Never has the need for a new House committee on intelligence been more obvious. Yet 22 intelligence-oversight bills have been introduced in the House and none has reached the floor.

The time for us to act in the House of Representatives is now. We should establish a committee of the House that would have similar responsibilities and powers to the one recently set up by the Senate. Most importantly, it should be mandated to work closely with the Senate in the delicate area of its responsibilities. Perhaps it is not vain to hope that as memories of the false starts and leaks of the past year begin to fade and the new House committee proves it can work responsibly in the national interest, the ultimate goal can be achieved: a joint congressional committee on intelligence patterned along the lines of the Joint Energy Committee which has worked so well.

Meanwhile, if we can keep our eyes on the horizon of reform, perhaps what we one day, will find is not a false vision or a handful of dust but the first sign of our willingness to change our own procedures for the common good.

BILL OF RIGHTS

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HARKIN. Mr. Speaker, nearly 200 years ago, Congress offered to the States for ratification a proposed amendment designed to partially limit the power of Congress to raise the salaries of its Members. The amendment was introduced by James Madison as part of a package of the first 12 proposed amendments to the U.S. Constitution. It would have postponed the implementation of any congressional pay increase approved by Congress "until an election of Representatives shall have intervened." Congress approved this draft amendment and sent it to the States for ratification as the second of the 12 proposed amendments. The States ratified 10 of the 12, and they became known as the Bill of Rights. This amendment, as well as draft article 1—which would have regulated the apportionment process—was not ratified by the required three-fourths majority of the States. It did not therefore become part of the Constitution.

The reasons why the salary amendment was rejected can only be derived from inference. Press reports of the debates on the subject by the State legislatures are sketchy and official records of the proceedings are either not sufficiently detailed, or do not exist at all. However, scholars who have examined this matter believe that it was not ratified because the States did not believe an amendment regulating congressional salaries should be included in a "Bill of Rights."

Eleven States made up the Union when Congress proposed the 12 articles to amend the Constitution on September 25, 1789. However, with the admission of North Carolina, Rhode Island, and Vermont during the ratification period, 11 States had to ratify a proposed amendment in order to achieve the three-fourths majority required by the Constitution.

In the ensuing 2½ years, the proposed amendment regarding congressional salaries was approved by only six States.

In clear and simple language, Madison's forgotten amendment prohibited Members of Congress from voting themselves a pay raise during the current session. There is, said Madison:

> A seeming impropriety in leaving any set of men without control to put their hand into the public coffers, to take out money to put in their pockets.

Time has unfortunately borne out Madison's sense of impropriety in allowing Congress the unlimited power to approve salary increases for its Members. Last July the Congress, after considerable debate, passed a bill increasing the salary of its Members. This vote came at a time when unemployment was high and many Americans were experiencing a severe and escalating cost of living. By its action, the Congress added to an already widespread and growing distrust by the public.

No more fitting tribute to James Madison's prophetic sense of concern expressed 187 years ago could now be made then to conclude this unfinished business. I have therefore "reintroduced" James Madison's long-forgotten article 2 in the House, as a proposed amendment to the Constitution of the United States. This amendment would simply provide that a general election must fall between the time when a congressional pay raise is approved and the time when it goes in effect.

Several State constitutions have for many years prohibited State legislatures from receiving pay increases in the same session in which they are adopted. My amendment would eliminate a highly questionable procedural problem and lay to rest any claim of conflict of interest since no Member of Congress could receive a pay increase in the Congress in which it was enacted.

In this Bicentennial Year, Congress could pass no more fitting, symbolic, and effective piece of legislation to demonstrate its determination to hold down Federal spending and revive public confidence in Government by adopting this resolution and offering it, as an amendment to the Constitution, to the States for consideration. I urge my colleagues to join me in this effort.

The text of the amendment follows:

ARTICLE —

SECTION 1. No law, varying the compensation for the services of the Senators and Representatives, shall take effect, until an election of Representatives shall have intervened.

SEC. 2. Congress shall have the power to enforce this article by appropriate legislation.

REMEMBER THE BALTIC DEPORTATION

HON. JOHN Y. McCOLLISTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. McCOLLISTER. Mr. Speaker, June 14–15 marks the 35th anniversary of one of the greatest tragedies of World War II. It was 35 years ago that the Soviet Union deported 100,000 Lithuanians, Latvians, and Estonians from their homelands to camps in Siberia. These brave Baltic peoples were loaded into freight cars like cattle under the most inhumane conditions. They were deprived of food and water for many days. Many died along the way.

Unfortunately, these tragedies continue to this day. After World War II the Russians reoccupied the Baltic States and again subjected them to their rule. For over 30 years the Baltic peoples have felt the iron grip of the Russians. The Soviets have tried to strip them of their cultural identity. Stories of religious persecution and Communist brainwashing through the Soviet educational system are well known in the West. The cumulative effect of these conditions has taken its toll. To date, 10 percent of the population of the Baltic nations have been either killed or deported by the Soviets. To the honor of the United States we have never officially recognized the formal annexation of these three small but courageous nations—and I trust we never shall.

Today the spirit of these peoples wherever they may be around the world remains strong in the hopes that someday their homelands will again be free.

A PLAN TO REDUCE THE NATION'S PAPERWORK BURDEN

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mrs. SCHROEDER. Mr. Speaker, I am today introducing legislation, which, if enacted, will provide the Federal Government with a mechanism to bring under control our Nation's paperwork burden. As chairwoman of the House Subcommittee on Census and Population, recent hearings which we conducted have convinced me of the need for our immediate attention to this issue. The fact is that contrary to the public relations statements of the present administration, the paperwork burden continues to grow and threatens to engulf State and local government agencies and the private sector.

On March 1, 1976, the President ordered the Office of Management and Budget to cut by 10 percent the number of forms and questionnaires issued by the Federal Government. Sometime shortly after its target date of June 30, 1976, I expect that the White House will proudly announce with appropriate fanfare that the bureaucracy has indeed responded to the President's leadership and that forms and questionnaires have been reduced by 10 percent. Unfortunately, the impact of this purported achievement will be largely spent on campaign rhetoric, because there is a glaring loophole in the President's order. One must note that the President has ordered a reduction in the number of forms, but not in the actual paperwork burden.

It turns out that during fiscal year 1975—before any Presidential edict—the number of Federal Government forms was actually reduced by 3 percent, but the paperwork burden over that same time period increased by some 7½ million work hours. At that rate, if the President's 10-percent reduction plan is met, then we might have an increase of some 25 million work hours.

The point of all this is that the President's one shot campaign gimmick is not going to get the job done in any meaningful or long-term way. Even as the number of forms are being reduced today, the respondent burden continues to increase.

The hearings which my subcommittee held earlier this year on the coordination of Federal statistics programs were disturbing. We found repeated examples of various individuals and organizations being overburdened with data requests and requirements which demonstrated a great lack of coordination and planning on the part of the Government.

In fact, many data requests do not even convey a sense of potential use—never mind necessity. Simply put, there is increasing concern that much data probably ends up in file drawers and wastebaskets without even being put to use.

Another major problem is that with all the money and effort which is spent on collecting data, there is relatively little spent on processing, analyzing, and disseminating—in other words, using—the information. Data is worthless unless it is used, and instead of collecting more and more data which we cannot assimilate, we would be much better off in collecting less, and shifting our limited resources to using the information we have.

In order to deal with these problems, the legislation which I am introducing today does two things:

First, it imposes a "sunset principle" on all Federal authority to collect or process information for statistical purposes. Under the bill's provision, every statistical authority shall terminate at the end of a 5-year period beginning with the effective date of the legislation, or in the case of new authority, 5 years after its effective date. In other words, the forms or questionnaires are going to have to prove their necessity every 5 years or go out of existence.

Second, my legislation recognizes that Congress must bear much of the blame for the glut of data demands, because it all too frequently gives little or no attention to the data implications of legislated requirements for program reporting, for application for participation in programs, or in mandated studies and reports.

Therefore, my legislation requires that each committee of Congress shall provide a detailed data impact statement to accompany any piece of reported legislation which provides for Federal information authority. Such a statement would include: First, the nature of the information a respondent would have to collect, process, or provide; second, the method by which such information would be collected; third, the estimated costs both to respondents and the Government to provide and collect the information; and fourth, alternative methods for collecting such information.

These provisions would, at least, get the Congress thinking about the potential impact of its legislation before it becomes too late.

Some may believe that this issue is too small to cause great concern. Such a notion is clearly inappropriate when one considers that in recent years the "data and statistics business" has grown so much that the total cost of providing the information that Government agencies ask for has been estimated to run as high as $40 billion annually.

I think it is time for Congress to put its own House in order and to force the executive branch to periodically assess its statistical grab bag. I believe that the legislation which I am introducing today will do just that.

Mr. Speaker, the full text of the bill follows:

H.R. 14381

A bill to amend title 13, United States Code, to provide for the review or termination of Federal authority for the collection of statistical information, to require certain information in committee reports accompanying legislation in which there is provided Federal authority for the collection of information, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Federal Statistical Activity Control Act of 1976".

REVIEW AND TERMINATION OF FEDERAL STATISTICAL AUTHORITY

SEC. 2. (a) Title 13, United States Code, relating to the census, is amended by adding at the end thereof the following new chapter:

"Chapter 11—REGULATION OF FEDERAL STATISTICAL ACTIVITY

"Sec.
"401. Definitions.
"402. Review and termination of Federal statistical authority.
"403. Assistance to Congress on request.

"§ 401. Definitions

"For purposes of this chapter—

"(1) the term 'Federal statistical authority' means the authority of an agency under any Federal law to request or require any person or unit of State or local government to collect or process information for, or provide information to, an agency primarily for statistical purposes;

"(2) the term 'agency' means- -

"(A) an Executive agency, as defined in section 105 of title 5 (other than the General Accounting Office) and the United States Postal Service and United States Postal Rate Commission;

"(B) any unit of State or local government; and

"(C) any person acting on behalf of an agency or unit referred to in subparagraph (A) or (B);

"(3) the term 'respondent' means any person or unit of State or local government which has been requested or required under any Federal statistical authority to collect or process information for, or provide information to, an agency principally for statistical purposes; and

"(4) the term 'statistical purposes' does not include information collected, processed, or provided—

"(A) for national security purposes; or

"(B) under article I, section 2, clause 3 of the Constitution of the United States (relating to the census).

"§ 402. Review and termination of Federal statistical authority

"(a) Every Federal statistical authority shall terminate at the end of the 5-year period beginning on the date on which such authority takes effect or the date of the enactment of the Federal Statistical Activity Control Act of 1976 (whichever is later) unless the duration of such authority is otherwise provided by law.

"(b) The termination of any Federal statistical authority under subsection (a) shall not be construed to affect the validity of any request or requirement initially made to a respondent under such authority before the effective date of such termination.

"§ 403. Assistance to Congress on request

"(a) On request, the Bureau shall provide to either House of the Congress, a committee or subcommittee thereof, or a Member of Congress, such information as is appropriate for—

"(1) the evaluation of any existing or proposed Federal statistical authority, or

"(2) the formation or evaluation of any estimate required to be included in a committee report under section 3(a) of the Federal Statistical Activity Control Act of 1976.

"(b) For purposes of subsection (a), the term 'Member of Congress' means a member of the Senate or the House of Representatives, a Delegate to the Congress, and the Resident Commissioner from Puerto Rico.".

(b) The analsyis of title 13, United States Code, is amended by inserting after the item relating to chapter 9 the following new item:

"11. Regulation of Federal Statistical Authority .... 401".

INFORMATION IN REPORTS OF SENATE AND HOUSE COMMITTEES ACCOMPANYING LEGISLATION WHICH PROVIDES FEDERAL INFORMATION AUTHORITY

SEC. 3. (a) The report accompanying each bill or resolution providing for Federal information authority reported by a committee of either House of the Congress shall contain an estimate detailing, if such bill or resolution were enacted—

(1) the nature of the information a respondent would have to collect, process, or provide;

(2) the method by which such information could be expected to be collected, processed, or provided;

(3) the reasonable alternative methods, if any, to the method described under paragraph (2);

(4) a comparison of the aggregate costs which could reasonably be expected to be incurred by respondents and by the agency if the method described under paragraph (2) were used, and such costs for each alternative method described under paragraph (3)—

(A) for the first fiscal year in which the Federal information authority would be effective, and

(B) for the period of 5 fiscal years beginning with such fiscal year (or, if less than 5 years, the duration of the Federal information authority); and

(5) a comparison of the costs which could reasonably be expected to be incurred by a typical respondent and by the agency for a typical respondent, if the method described under paragraph (2) were used, and such costs for each alternative method described under paragraph (3) for the period described in paragraph (4)(A) and for the period described in paragraph (4)(B).

No estimate of costs shall be required under paragraph (4) or (5) if the committee determines that such estimate is impracticable, and states in its report the reason for such impracticability.

(b) It shall not be in order in either House of the Congress to consider any bill or resolution providing for Federal information authority reported after the effective date of this section if the report of each committee which reported such bill or resolution does not comply with the provisions of subsection (a).

(c) For purposes of this section, the members of the Joint Committee on Atomic Energy who are Members of the Senate shall be deemed to be a committee of the Senate, and the members of such Joint Committee who are Members of the House of Representatives shall be deemed to be a committee of the House.

(d) For purposes of this section—

(1) the term "Federal information authority" means the authority of an agency to request or require any person or unit of State or local government to collect or process information for, or provide information to, an agency for any purpose other than national security purposes;

(2) the term "agency" means—

(A) an Executive agency, as defined in section 105 of title 5, United States Code (other than the General Accounting Office) and the United States Postal Service and United States Postal Rate Commission;

(B) any unit of State or local government; and

(C) any person acting on behalf of an agency or unit referred to in subparagraph (A) or (B); and

(3) the term "respondent" means any person or unit of State or local government which has been requested or required under any Federal information authority to collect or process information for, or provide information to, an agency.

(e) The foregoing provisions of this section are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

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HON. ELFORD A. CEDERBERG

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. CEDERBERG. Mr. Speaker, the Dow Chemical Co. of Midland, Mich., has published an important article on energy in the most recent edition of Elements magazine. The article points out, unfortunately but truly, that this country's energy choices boil down to only two: "Either we will have enough energy at higher cost, or we will not have enough energy at higher cost." Take your choice.

The article deserves careful consideration by the Members of the House and I include it in the RECORD at this point:

ROCKY ROAD TO ENERGY INDEPENDENCE

According to some people, the energy crisis has all the trappings of a tale told by idiots, full of sound and fury and signifying nothing more than the artful attempt of a few big oilers to turn a media-induced hysteria to their own advantage.

There's plenty of oil around, these people point out. Indeed, there even may be a glut on the world market, as witness the OPEC countries pulling in their horns and limiting their latest round of price increases to a measly (for them) ten per cent. As for natural gas, they'll admit it's a little tight right now, but nobody's turned off the tap yet, so why worry? As for those oft-predicted brownouts and blackouts, they've got to be the world's biggest put-on, a simple case of imagination working overtime.

If there really were an energy crisis in the United States, we would have solved it long ago, they say. We're good at that. Take the weekly prime-time case of "The Six Million Dollar Man." Answering the threat of nuclear blackmail, our bionic hero swings into action, tracks down the fiendish Dr. X in his mountain fastness, destroys his organization, disarms the bomb (whew!), and emerges triumphant and unscathed to the deafening cheers of a grateful nation. Knotty doomsday problem. Instant solution. All wrapped up with surgical thoroughness in one neatly packaged 60-minute time slot.

If heroic Colonel Austin can put Armageddon on the back burner, surely we can put a simple energy crisis to rest with equal dispatch. After all, was there ever a problem in the U.S. experience that did not lend itself to a quick, prepackaged solution?

Maybe this one. Because the energy crisis is more than a simple dislocation in the physical laws of supply and demand. It is at once complacency on the part of the nation's people. A confusion of facts. A suspicion of collusion. A search for scapegoats. A political stalemate coupled with a steadfast refusal to face reality. All this and more is what we have come to know as "the energy crisis."

Even so, there are things we can do right now to bring order out of chaos. For one, we can establish a sensible national energy policy and begin making decisions in light of that policy. Frank Zarb, Federal Energy Administrator, outlined such a policy last fall. Starting from the obvious premise that our foreign oil supply is inherently unreliable, he said, "The only course that we can take ... is to establish a policy that reduces our reliance on imported oil by making our consumption more efficient and supplying more of our own needs without sacrificing a large part of our economic freedom."

In other words: Cut down on imports. Make less do more. Develop our own resources. Let the real value of energy determine its price.

The key to Zarb's proposition lies in understanding the price/value relationship of energy. If we allow the price of energy to rise to a level reflective of its true value, we will set in motion two very important market forces.

The first is a powerful conservation ethic which has been mired in complacency for years. Faced with the real price/value of energy, the prudent homeowner will take steps to make his use of energy more efficient. He'll insulate. He'll dial down. He'll turn out lights. He'll do what he has to do, not out of patriotic fervor or in response to media pleas—but to survive.

Industry will do the same and for the same reason: Insulating steam lines and storage tanks, recycling waste products to generate heat, using waste heat to run turbines and generators, building more energy-efficient facilities.

Since the economic health of our economy is predicated on growth, the demand for energy in most sectors is not likely to slacken. But we will be doing more with the energy we have. We will be substituting capital for energy while giving energy conservation a much higher priority than we have in the past.

The second benefit of pricing energy to reflect its value is the boost it will give to vitally needed capital formation in the energy industry. Assuming a return based on the real value of energy, these companies will then have the wherewithal to explore and develop our domestic fuel reserves.

We're not talking here about sudden windfall profits for oil companies, but the billions of dollars of future energy insurance that they have already lost as a result of Federal pricing regulations over the years.

Natural gas is a prime example: Since 1954, the Federal Power Commission has controlled the wellhead price of natural gas entering the interstate market at artificially low prices. The *value* of natural gas today in the United States is something in excess of two dollars per thousand cubic feet, yet the regulated *price* interstate is still 52 cents per thousand cubic feet. The upshot of this policy has been to boost unnaturally demand for natural gas while discouraging the capital formation needed to continue its production. It's a situation not unlike that of an appliance store that boldly announces a sale on refrigerators when it has only one in stock.

The situation with oil is similar, but complicated by having to distinguish between price-controlled "old" oil and the various classifications of "new" oil that are exempt from price controls. By far, the majority of domestic crude produced is "old" oil having a regulated price of $5.25 per barrel. Unless this price is decontrolled and allowed to rise to a realistic level, the prospect of being able to fund an adequate secondary and tertiary oil recovery program is slim indeed.

There is no mystery about our oil reserves. We've skimmed the "easy" oil through primary production, leaving well over half our available oil still in the ground. While we can't get all of the remainder, we can get some of it—enough to double our known reserves of 35 billion barrels. But even that will require more advanced technology than current forms of waterflooding, polymer flooding, fire flooding and other techniques. Getting the oil out is going to be an expensive, time-consuming process. Old oil at $5.25 a barrel simply does not provide an adequate incentive. Decontrol is the only answer that makes economic sense. Government subsidy or special taxes at the gas pump can only lead to a distorted price/value relationship and a further erosion of the free-market system.

Can we absorb the impact of a sudden decontrol on oil and natural gas? Let's put it this way: If we do not decontrol our prices, the OPEC countries will do it for us on an ever-escalating timetable. In 1974, OPEC dipped into our economy to the tune of $25 billion. That's better than $400 per family, or enough to pay the wages of a million-and-a half American workers.

So okay, if OPEC wants to play that game, we'll simply cut back on the amount of oil we buy from them. Teach them a lesson in supply and demand, right? Not likely, unless we want to precipitate an energy shortfall that could shut down whole industries and throw thousands more people out of work. With the extent of our economic recovery still uncertain, that notion's not only un-American, it's decidedly un-politic, especially in an election year!

So we must learn to live with the imports, at least for the time being. According to a study by the Independent Petroleum Association of America, 1976 will be a year of "declining domestic oil and gas production combined with rising energy needs" which will "boost required oil imports to an all-time high." The study further noted that 1976 will be the sixth straight year in which domestic crude output has declined. As a result, foreign oil imports "will still average 41 per cent of total oil supply."

If that's not enough of an argument for decontrol, remember that the OPEC countries can not only raise prices arbitrarily, they can cut off the flow of oil entirely. This has led some people to note wryly that this country's energy choices really boil down to only two: Either we will have enough energy at higher cost, or we will not have enough energy at higher cost. Take your choice.

Decontrol can get us started on the road to self-sufficiency, but let no one be lulled into thinking self-sufficiency will signal a wistful return to the era of cheap energy. It's not going to happen. For the foreseeable future, indeed, for the unforeseeable as well, demand for energy will continue to out-pace supply. By the year 2000, experts estimate demand will have reached the 160 quadrillion BTU[1] mark. That's more than four times what we consumed in 1950 and nearly 16 times what we used at the turn of the century.

The problem we face is best dramatized in last year's report on energy to the President by the Commerce Technical Advisory Board (CTAB). The Board holds that in order to reach a "prudent planning level" of 108 quads by 1985, we will have to double our 1972 level of coal production and increase our nuclear generating capacity some eight times over!

Despite these massive jumps in domestic energy supply, 1985 will still see us a long way from energy independence. We still will be importing foreign oil at the rate of seven million barrels a day, the same import level IPAA projects for this year.

Even more chilling, the "prudent planning level" of 108 quads set by CTAB falls considerably short of the 125 quad demand projection based on our historical energy growth curve. Only the dampening effect of higher prices and an aggressive conservation ethic can save us from that pending shortfall.

The CTAB report is patently realistic. Like politics, it deals with the "art of the possible." Unlike politics, it contains no hysteria, no widely optimistic sugar-coated predictions or easy answers. And it makes a point worth noting:

"So long as the energy problem is viewed and dealt with as a series of unrelated specific problems concerning such things as the foreign oil cartel, high electric bills, shortages of gasoline, environmental protection, local resistance to mining, to power plants and to refineries, automobile pollution and efficiency, nuclear safety and windfall profits, it cannot be solved."

In short, brother, if energy independence be your goal, keep your eye upon the doughnut and not upon the hole.

Fortunately, the energy problem is a big enough doughnut to let us pursue a number of alternatives simultaneously. CTAB recommends that the major push be on coal—and for a very good reason: We have a lot of it. Total proven domestic reserves are put at 1,600 billion tons. That's more than twice the energy represented by the total proven oil and gas reserves of the Middle East.

Not only is coal abundant, it's also very versatile. Improved technology shows it can be converted to synthetic liquids and gas, giving us a plentiful substitute for oil and natural gas where they now are used. However, the cost of conversion won't be cheap and full commercialization can't be expected much before the mid-1980s. But it's worth the effort since oil and natural gas may well become museum curiosities in as little as 50 years.

Coal is eminently practical for the near term, but it should not be our only alternative. We need to stimulate the forces of a free market to develop a truly competitive energy economy. That means moving ahead on many fronts including nuclear, solar, fusion, wind, geothermal and a host of more exotic options. Only in this way can we be sure that energy won't fall victim to a single technology which may or may not succeed. Government can be most effective here in setting priorities and in funding the research and development of alternative energy systems.

No matter how we cut it, getting enough energy to satisfy our national needs is going to be expensive and time-consuming. Sure, we have plenty of coal out west. It's environmentally "clean" and most of it lies close to the surface, making it easily accessible. However, Mother Nature has thrown us a costly curve: Western coal has only about two-thirds the energy content of its eastern counterpart, which means we must mine nearly half again the usual tonnage to reach energy parity, process it with water not readily available, then bulk-haul it half across the country to energy-hungry eastern markets. Add to this the cost of restoring mined-out land and you can see that western coal, though competitive, will be no bargain.

As for oil, the days of the gusher and the crude bubbling up from the ground are over. Without the subterranean push of Mother Nature, we must now go to secondary recovery and sink hundreds of costly injection wells, tie them into dormant producing fields, fill them with chemicals, steam, hydraulic and gas pressure, and force the reluctant oil to the surface. So far, this is proving far more costly than the presently controlled $5.25 price of domestic "old" oil warrants. But our supply of oil is dwindling fast and increased domestic supply is out of the question. If we want even to arrest the decline we must increase dramatically the use of these secondary and tertiary recovery methods.

Coal liquefaction and gasification is a whole new industry requiring vast infusions of capital, sophisticated technology, and expensive large-scale conversion plants. The best we can hope for with expected inflation is synthetic oil at $20 per barrel and gas at up to seven times the current interstate rate.

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[1] Referred to as 160 "quads." One "quad" equals 1,000 trillion BTU's. A BTU is the amount of heat needed to raise the temperature of a pound of water 1° F. at or near the water's maximum density at or near 39.1° F.

Petroleum from oil-rich shale deposits, assuming a workable technology to extract it can be perfected, will likely prove competitive, but at a minimum $20 per barrel.

Electricity has the dubious distinction of being both a fuel-intensive and capital-intensive industry. Right now, most of the argument centers on whether to continue with the traditional coal or gamble an all-out push for nuclear.

Unfortunately, we do not have the luxury of a choice. We must move quickly on both fronts if we are to achieve even a semblance of energy independence by the mid-1980s. Sadly, however, we continue to permit coal to languish in short supply because of environmental restrictions while nuclear, like a crippled dreadnought, lies dead in the water, her decks awash in a sea of controvery.

By 1985, costs for electrical generation will have risen to well above six cents per kilowatt hour, a figure that's more than double the present rates.

And so it goes. When a country with only six per cent of the world's population boasts an appetite for 35 per cent of its energy, we clearly do not have the luxury of time on our side.

As Frank Zarb has warned, "The entire premise of democratic government is that the people can reason their way to the right decisions and make the hard choices that self-government requires. We must tell the public the truth about the energy problem and its solutions and stop making political promises of cheaper energy that cannot be delivered."—Research by Joseph E. Rogers.

THE AIR POLLUTION IN WASHINGTON, D.C.—A NATIONAL DISGRACE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BROWN of California. Mr. Speaker, since the Congress has been in session during the recent air pollution episode in Washington, it is evident to Members of Congress that air pollution still exists. When I listen to the appeals of automobile manufacturers to freeze auto emission standards, I get the impression that they are saying that automobile-caused air pollution is no longer a problem, if it ever was. As a Representative from southern California, I have known better, but not all of my colleagues have had the unpleasant experience of living in an area that has severe traffic congestion, and high automobile emissions.

The air pollution in Washington, D.C. is caused by the automobile. If we had strict automobile emission standards in effect today, as the 1970 amendments to the Clean Air Act mandated, the air in the Washington area would be improving in 1976, instead of deteriorating. The Congress will shortly have an opportunity to vote on this matter again. On one side is the President, and the automobile companies, and on the other side are the physicians, the city and county governments, and the people who are affected by automobile exhausts.

I trust that my colleagues will be on the side of the public health, and not yield to political pressures and temporary political expediency. An article on the Washington area air pollution follows:

[From the Washington Star, June 13, 1976]

DIRTY AIR ALERT FOR FOURTH DAY

(By Calvin Zon)

Like an unwelcome guest, the hot, dirty air which showed up here last Wednesday shows no inclination to leave town, and the second air pollution alert of the season has been extended into its fourth day.

For most people the hovering gray matter is only an irritation—a rubbing of watery eyes, perhaps, or a slight sting in the throat, or avoiding deep breaths.

But for others—including those with chronic respiratory ailments, the very old and the very young—the smog is serious business. Many such persons have taken refuge in their homes. Others were forced to enter hospitals.

The latest alert was the 19th here since monitoring began in 1970 by the Council of Governments. No one knows how many more times unpredictable weather conditions may cause Washington's air quality to reach "hazardous" levels during this Bicentennial summer.

By far the most hazardous element of the pollutants hanging in the still air is the gaseous substance called ozone. A precious boon in the upper atmosphere by shielding man and nature from the ultra-violet rays of the sun, ozone is most undesirable at ground level.

While stratospheric ozone is naturally produced, man-made ozone is an indirect product of combustion engine emissions. Specifically ozone is formed by the action of strong sunlight on the nitric oxide and hydrocarbons of automobile exhaust fumes.

Ozone attacks the tissues of the lung and respiratory tract, making breathing more difficult. It also attacks cells that normally fight off infection, increasing one's vulnerability.

Persons with such respiratory ailments as asthma, emphysema and acute bronchitis—who comprise more than 10 percent of the population nationally—are less able to cope when auto exhaust becomes trapped in masses of stagnant air.

"Our hospital is filled to capacity, which is extremely unusual this time of year. I'm sure many patients are here either directly or indirectly because of the air pollution," said Dr. Alfred Munzer, associate director of the pulmonary division of Washington Adventist Hospital.

Munzer said patients whose condition is aggravated during times of high pollution are treated with antibiotics and "other devices to support their breathing."

Munzer said that although hard evidence documenting direct cause and effect is scanty at present, he has observed that the lives of some respiratory patients are cut short by exposure to air pollution.

For such patients, Munzer said, heavily polluted air is "just as dangerous and more insidious, because more subtle, than a flu epidemic. It's very hard to tell people with bronchitis to stay home" during the pollution alert, he explained.

Munzer said he advises respiratory patients to stay away from the city as much as possible during the summer, "to go to Ocean City or somewhere." He said some allergists advise their patients to move away from the city altogether.

Inner-city residents, Munzer noted, suffer the most from dirty air since, usually lacking air conditioners, they sit out on the porch to escape the heat.

He added that the more fragile lungs of young children and old people are especially vulnerable.

During the current alert, most persons have gone about their business and pleasure pretty much as usual.

Federal and local government agencies reported no unusual absenteeism. One exception was Postal Service letter carriers, who called in sick at a higher rate than normal, many complaining about the pollution. Substitute carriers were used when necessary and there was no delay in mail deliveries, a postal spokesman said.

Recreation departments and country clubs reported activity as usual on tennis courts and golf courses. Roadside joggers did not appear dissuaded.

Yet the pollution took some persons by surprise. After an hour of tennis, a 26-year-old Fairfax City lawyer, who said she "has been sick about twice in the past six years," felt nauseous and unable to continue playing.

Noting that foul air also has its effect on normally healthy persons, Munzer advised that outdoor excursions should cease "at the first sign" of nausea, headache, wheezing or other symptoms.

Little is known about the long-range, cumulative effects of breathing ambient pollutants like ozone. Research in the area is just beginning.

"After six years of measuring and monitoring, we still don't know what are the health effects. They are very hard to measure and very hard to quantify," said John Fogarty, a spokesman for the presidential Council on Environmental Quality.

Pollution levels, rated hazardous above 100, reached 140 Wednesday at COG's monitoring station in Alexandria and 135 at the station in Bethesda Thursday. Yesterday the index here hit 125.

All nine monitoring stations have registered over 100 during the alert.

The record high was on Aug. 1, 1975, when the pollution index hit 180.

Ozone levels are highest between noon and 4 p.m., when sunlight is most intense.

The air pollution problem in Washington is about the same as it was in 1970, when the federal Clean Air Act was passed and air monitoring began here and across the country, according to a COG pollution specialist. The tightening of auto emission standards has been largely offset by the increase in the number of cars entering the city each day.

COG'S efforts to increase car pooling, including its own "commuter club," has had minimal success.

A recent survey of 1,500 area residents who work in the District showed that a vast majority ignore COG and other official warnings and make no changes in their driving habits.

Some officials have suggested that the potential problem is so severe that the federal and local governments declare "smog days," when workers would be allowed to stay home during hazardous pollution levels, just as they do during "snow days."

CONGRESS FACED UP TO PANAMA CANAL'S VULNERABILITY 70 YEARS AGO! HAD PRESIDENT FORD BEEN IN OFFICE THEN, WOULD IT EVEN HAVE BEEN BUILT?

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. SNYDER. Mr. Speaker, President Ford and Secretary of State Kissinger tell us we must surrender the Panama Canal and the Canal Zone to the Republic of Panama because of threats to sabotage the waterway, the likelihood of guerrilla warfare, or perhaps even war with Panama herself.

These very eventualities were considered calmly and deliberately by men of vision and courage in the U.S. Congress just 70 years ago.

But they did not hesitate, they did not falter, they did not panic. No, they did not lose heart, nor did their courage fail them. They did not conclude that such possibilities should deter this Nation from completing the tremendous undertaking it had begun. Neither did they conclude that once the project would be completed, such dire possibilities should require its abandonment to any other nation.

Unlike the course the present administration has charted, those men of determination firmly and judiciously proceded to advance one of mankind's greatest accomplishments, the great canal that linked two oceans. They helped to create what many believe to be this Nation's single greatest material contribution to the good of the entire world.

I cannot contemplate such men condoning the proposed action of our current President and Secretary of State because of the same kind of possible hostile acts they considered as potential threats to the canal. Contrariwise, I am forced to wonder whether Mr. Ford and Mr. Kissinger, had they been in office 70 years ago, instead of Theodore Roosevelt and John Hay, respectively, would have chosen to build the canal or abandon the whole idea because of those fears.

For a quarter of a century a great debate had raged as to whether the isthmian waterway should be built as a sea level canal or as a high level, locks canal. The Isthmian Canal Commission and consulting engineers looked into all aspects of both. A majority of engineers involved recommended a sea level canal, while a minority supported a locks canal. We know that the latter view prevailed. Which of the two canals would be the more vulnerable was an important question in the debates in and out of Congress.

In 1906 the Committee on Interoceanic Canals of the Senate took voluminous and detailed testimony in its investigation of all matters relating to the Panama Canal. Its chairman was Senator Joseph H. Millard of Nebraska.

Mr. Speaker, I believe that we in the 94th Congress should take note of some of that testimony during the 59th Congress just 70 years ago.

On January 23d, John F. Stevens, Chief Engineer of the Isthmian Canal Commission, testified. On page 61 of the hearings we find the following exchange between Senator John Tyler Morgan of Alabama and Mr. Stevens:

Senator MORGAN. Some question has been alluded to, rather than stated precisely, in the majority report, and I believe also in the minority report, in regard to the preservation of a canal against efforts to destroy it with dynamite or any kind of explosives. Which of these canals would you think would be most liable to a successful assault in that direction?

Mr. STEVENS. You have brought up a point that I have given some thought to. Not being a military man, I do not suppose I am competent to express an opinion, but if you will allow me to wander on in my own way, I will give you my idea of it.

Senator MORGAN. That is what I want you to do.

Mr. STEVENS. I did not—and I use the word "did" advisedly—in my own mind favor putting any locks near the sea or any artificial works whatever. The plan that I carried in my mind when I said that I made an estimate of $150,000,000 did not contemplate any dams at Sosa or any artificial works at all. I proposed about the same elevation—I think I said 80 feet—for the high-level canal, as is proposed in the minority report, and I proposed putting my entire lockage system at the south at Pedro Miguel and Miraflores there together, with this idea in view: That the locks at that point will be from 8½ to 9 miles—we will say 8 miles—in a straight line from the nearest point where a ship can lie, providing she reduced the fortifications in the outer harbor. In other words, she would come up to the mouth of the canal and could lie there, but she would have to throw a shell 8 or 9 miles before she could strike anything that she could damage.

The same condition prevails exactly on the north end, with the dams at Gatun. It is about 8 or 9 miles to where a hostile ship could lie, unless she came directly into the canal. She would not have anything to shoot at. My notion is that, with a small object like a lock lying at an unknown point—unless the enemy had absolutely correct charts—a ship would have pretty hard work to do any damage at that distance. . . .

Mr. STEVENS. You would not have any, unless you policed it there so thoroughly that they could not get in there.

Senator MORGAN. There is nothing else that would prevent it, except the absolute power and control over it in a military sense?

Mr. STEVENS. That is my opinion exactly.

To go on a little further about the way these two canals could be destroyed in case of war, of course, given a sufficient amount of high explosives and time and a few determined men, you can blow locks so as to ruin them. So you can the Gamboa dam; so you can the spillways. I can go to several places on any canal, a sea-level canal particularly, because it is deeper, and the slopes are very much higher, with a few thousand pounds of high explosives and a few determined men to help me, and I can place any canal there out of service in a very short time. I would simply put that high explosive against the face of those bluffs and touch it off and go away. I could shoot hundreds of thousands of pounds right in there where there are no artificial works at all, simply the slopes of the mountain.

Senator MORGAN. That means that if Panama should be at war with the United States, we would be absolutely in her power?

Mr. STEVENS. We would have to protect our canal; there is no question about that.

My reason for being in favor of putting these artificial works inland I have explained. It seemed clear to me that that was the safest way. In other words, if a man goes out in a blizzard his hands are safer in his pockets than they are outside.

On March 10 another engineer testified, Mr. Lindon W. Bates, of New York. He took a different position from Mr. Stevens, as we see from pages 295 to 297 in the hearings:

MILITARY ASPECT OF END LOCKS

It is held to be the legitimate conclusion from the following analysis, that any and every canal here is vulnerable in so many ways that it is a serious mistake to sacrifice to a hypothetical military benefit which in reality does not exist, the highest commercial service of the waterway.

One variation of the minority plan would move the Ancon-Sosa terminal locks to Miraflores, and having moved the Pacific locks, the canal is judged safe when in the center of three lines of possible fire and when on the Atlantic side there is a huge staircase of three locks, making a target three-fifths of a mile long and 250 feet wide, in Gatun Hill, fronting the Caribbean and 3 miles from Limon Bay.

The Chief engineer testified as follows before the Senate committee subsequent to his letter of January 26, to the Commission:

"I proposed about the same elevation—I think I said 80 feet—for the high-level canal, as is proposed in the minority report, and I proposed putting my entire lockage system at the south of Pedro Miguel and Miraflores there together, with this idea in view: That the locks at that point will be from 8½ to 9 miles—we will say 8 miles—in a straight line from the nearest point where a ship can lie, providing she reduced the fortifications in the outer harbor. In other words, she would come up the mouth of the canal and could lie there, but she would have to throw a shell 8 or 9 miles before she could strike anything that she could damage.

"The same condition prevails exactly on the north end, with the dams at Gatun. It is about 8 or 9 miles to where a hostile ship could lie, unless she came directly into the canal. She would not have anything to shoot at. My notion is that, with a small object like a lock lying at an unknown point—unless the enemy had absolute correct charts—a ship would have pretty hard work to do any damage at that distance."

The supposition that "after the harbor fortifications were reduced" the war vessel would not enter the canal, but would lie off only "8 or 9 miles" and shoot fatuously into the jungle is surely interesting as a warrant for spending more millions than all Alaska cost to dig through the slime-covered morass and buried rock ridges to the lower Rio Grande Valley. The practically minded admiral or general who "reduces the harbor fortifications" of Limon or Panama bays will reflect that he does not then need to shoot at locks, but rather must hasten to save them from the defenders, as the Japanese tried to save the docks at Dalny.

Another proposal is to slew the Ancon-Sosa lock so that it is nearly at right angles to the line of the canal, making every ship passing through for all ages turn around to enter and leave.

It is time, certainly, to reflect. There are no mysteries in the science of military offensive. Every admiralty will know to a dot just where the locks are, and precisely their relation to the zones and angles of fire and to the principal modes of attack from the sea. There are four ways that locks can be disabled from the sea.

(1) By gun fire.

Noting the progress of the past decade, the power of the present 12-inch and 16-inch guns, the constantly increasing range, the terrible accuracy developed, and the certainty that range and accuracy will increase, it needs small prevision to register the certainty that the 3½ extra miles from Mindi to Gatun or the 4 extra miles from Sosa to Miraflores offer no tangibly greater security at the latter places from a 12 or a 16 inch gun shooting 10 or more miles.

It is well to note that the Commission, including four members bearing in their titles the evidence of military training and one actively experienced in defending the siege of Vicksburg, agree with both the Board and minority in not taking to the hills at Miraflores to "hide their locks."

(2) By dirigible balloons.

What does it matter to the new French dirigible dynamite air ships, one of which laterally circled over the defenders of the border forts of Germany, whether their objective lock is on the shore or a few miles from it? A hostile fleet, without "reducing the harbor fortifications," could send fifty such balloons over any part of the canal's 47 miles.

(3) By submarines and torpedoes.

These constantly improving weapons of naval warfare, in daring hands, may be utilized. The locks most exposed are those of the minority at La Boca, because attacks could be launched from a wider zone. The tide lock of the majority is partially defended on the flanks by the low rock walls, which the latter suggest, parallel to the inner end of their approach. By far the best defense from this sort of attack would be the breakwaters enclosing the harbor. These breakwaters would compel such attacks to run the close gauntlet of the channel between the islands and a boom across the entrance, while the other plans omit these, and their locks can not so well be defended by booms, nor can the enemy be so easily discovered.

(4) By stone ships.

The breakwaters likewise are evidently a better protection against these desperate ventures for blocking the channels than the meager provision of both the Board schemes. The breakwaters force such craft right between the point-blank cross fire of the island forts.

The true policy, military as well as commercial, is to build the best canal that science can evolve for navigation, and hold this isthmian gateway of the western continents. Make it of such a nature that its risks are averaged over a number of easily repaired units, not concentrated, as in one huge dam or flight of locks. Make the breakwaters and the inner fresh harbors; fortify the terminals and salient land points so effectively that the United States can not be dispossessed. The millions proposed to be invested in making a worse canal by moving the locks inland will be better employed when dedicated to creating suitable naval stations at each end and defenses that can not be reduced.

On page 775 of the hearings we find the following section in the written statement to the committee by Gen. Henry L. Abbbott, U.S. Army on "Relative Merits of Sea-Level and Lock Projects:"

ATTEMPTS TO INTERRUPT TRANSITS

Fanciful speculations have been advanced tending to suggest dangers of this malicious character, but they seem to be wholly uncalled for. We stand pledged to open the route to the commerce of the world, and by adopting the policy of international agreement to its neutrality, so successful at Suez, all danger of the route becoming a battle ground will be eliminated. It is conceivable, however, that in the event of the passage of a fleet in time of war the hostile nation might plot its interruption, and as a military engineer, whose duties have made him familar with the use of modern high explosives, I have given thought to the relative dangers of such attempts as directed against the two projects.

The most vulnerable points are not the locks and sluiceways, for these occupy but little space and would certainly be guarded effectively. The danger would be at the points where a narrow waterway traverses a jungle, favoring the placing of a bag of dynamite where the ship must certainly pass, and where a man concealed in the undergrowth could lie in wait to fire the mine with a portable electrical igniter, little exposed to danger of detection by a patrol. Such places abound on the long and narrow route of the sea-level project, but are rare and easily watched on the relatively broad lake route. The conclusion is thus manifest that the former has much more to fear from such operations than the latter. Moreover, actual experience at Suez has not developed any such hostile tendency.

Mr. Speaker, it should be clear to all that the timid excuses of President Ford and Secretary Kissinger for surrendering the Canal Zone and the Panama Canal raise no new issues. The possible threats they pose are old hat.

I sincerely hope and trust that the American people and the Congress will turn a deaf ear to such rationales as unworthy of this land of the free and the home of the brave.

LITHUANIAN-AMERICANS COMMEMORATE

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mrs. COLLINS of Illinois. Mr. Speaker, I have long espoused the cause of human rights and self-determination. Today Lithuanian Americans will join with Lithuanians throughout the free world in commemoration of what they view as the forcible 1940 occupation and incorporation of Lithuania into the Soviet Union. That country had come under the czar's authority in 1795 while Estonia and Latvia, the two other Baltic States, fell to the Russians in 1710. Except for 20 years of national independence and self-government between the two World Wars, these States had been a part of Russia. However at the Yalta conference in 1945, Stalin refused to permit plebiscites in the Baltics and, consequently, the United States refused to recognize the Soviet annexation. That is still the policy of our country.

Several nationalities in these three states have been actively struggling for self-determination and democracy in spite of the many years of Soviet rule. Parallels have been drawn to the question of human rights and national rights movements in southern Africa. Certainly, similarities exist with respect to charges of suppression of dissenters, denial of the right of self-determination, restrictions on the right to emigrate, violations of freedom of religion and conscience, and limitations on creative freedom.

June 15 also marks the deportation of thousands of Lithuanians to Siberian concentration camps as part of an effort to consolidate Soviet control and reduce anti-Soviet agitation. Masses of people from the Baltic States were sent to other places in the Soviet Union in a successful effort to change the ethnic composition of the area and replace the cost of labor by colonizing the three Baltic States with persons of Russian stock. Russian immigration into Lithuania is believed to be smaller because it is less industrialized.

Unquestionably, sovereign States have total jurisdiction over their people except when basic denial of human rights is evident or an illegal and oppressive regime dominates the majority. These rights are outlined in the United Nations Charter, the Universal Declaration of Human Rights, and the International Covenants on Human Rights. In view of the charges of violations of political, religious, and cultural rights in the Soviet Union, it is hoped that the Soviet Government will refute such accusation in an open and fair international forum. By so doing, it would uphold the principles embodied in the Helsinki Agreement resolved at the Conference on Security and Cooperation in Europe—CSCE—in Helsinki, August 1, 1975.

TOWARD A REAL MEDICAL POLICY: THE KENNEDY BILL

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. SYMMS. Mr. Speaker, the following article regarding S. 2697 demonstrates pretty clearly how far regulatory insanity would take us. I ask my colleagues this simple question: Do you trust your doctor to render better treatment more than you trust a faceless FDA drug reviewer? If you do not, then you may get the cook book type of medicine which would be practiced if S. 2697 becomes law. Is it fair to force millions of Americans who do trust their doctors' judgment to swallow this same type of medicine? The following article appeared in the June issue of Arthritis News:

FDA PLAYING DOCTOR

Once a drug has been approved for use in human beings, the physician makes the final judgments regarding therapy. These decisions include dosages, length of administration, and indications for use of that drug. Information regarding all aspects of the new drug is available in the literature, as well as through continuing education programs in hospitals or schools, special seminars, scientific exhibits, etc.

Occasionally, based on independent research, experience or new scientific data, a physician will use medication to treat diseases for which the drug was not originally approved. The same may apply for increased dosages which the doctor has found efficacious and safe. One example of this is penicillin. When the drug was originally approved, the maximum dosage was 600,000 units. Today, after apparent evolution of certain drug-resistant strains of viruses and bacteria, MD's find it necessary to routinely use dosages fifteen times as potent to achieve desired results. The maximum dosage still listed in the drug package insert is 600,000 units regardless of what is now common usage.

If a new bill in Congress is passed, the physician may no longer be in charge of his patient's therapy. Senator Kennedy has proposed a bill in the Senate, S-2697. Sections 301 and 308 command a $10,000 fine every time a doctor prescribes a drug for a condition not listed on the package insert. This insert is provided by the drug company under approval of the FDA to give dosage, administration, and usage information. Every day a doctor gives you a few million units of penicillin to cure your pneumonia, technically he could be charged $10,000.

It's true—the FDA can change the regulation of penicillin to several million units. But how long will the wheels of bureaucracy grind before the change is effected. Physicians have been using the larger dosages for many years and no change has been indicated. When our health is at stake, do we want a doctor's therapy to be stymied by a backlog of paperwork on somebody's desk?

In addition, the FDA will be granted police authority to enter a medical office to inspect records to enforce the new law. Currently, no physician is required to disclose any patient information to anyone. This threat of police action will give the FDA unprecedented power, liable to being abused, and will destroy much of the confidence in the privacy of the patient-doctor relationship.

Dr. Alexander Schmidt, FDA Commissioner recently stated: "I reject categorically that practicing physicians can substitute their experienced judgment for substantial scientific evidence." What the Commissioner proposes is bureaucratic control and judgment over practical knowledge obtained through daily medical practice.

New regulations are also proposed which will severely limit the use of drugs by physicians. These limitations will be based on decisions by the FDA based on information supplied to a bureaucracy of non-experts. Current scandalous facts regarding current FDA approval of food additives and other chemicals or disapproval of new therapeutic drugs demonstrate the roles played by arbitrariness and outside influence on the decision-making process.

The new controls proposed for the FDA also include Section 405 which allows the FDA to limit the use of new drugs to certain doctors. This will occur in cases where the drug is considered safe, but questions remain regarding its effectiveness. The result of this will be to pit doctors against one another in competition. Such a move will leave the procedure open to unethical dealings and influence. Only the patients will suffer.

We do not believe that bill S-2697 can achieve any advantage by imposing the controls indicated. Instead, we are fearful of the consequences. What do you think?

MINORITY LEADER BACKS BROADCASTING

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ANDERSON of Illinois. Mr. Speaker, the Sunday Post of June 6, 1976, carried an excerpt from the recently published book of our distinguished minority leader, Mr. Rhodes, entitled "The Futile System," in which he calls for making the Congressional Record a more accurate account of actual proceedings, and for making those proceedings open to the broadcast media. I particularly want to call attention to the broadcast portion of the minority leader's article which I am inserting at the conclusion of my remarks, because I think he has offered a lucid and persuasive case for broadcasting and an effective rebuttal to its opponents. The minority leader makes it quite clear that—

> A Republican Congress will remove the current restrictions on such coverage.

Mr. Speaker, I think it should be made clear for the record at this point that House Republicans have officially supported broadcasting our proceedings since the beginning of this Congress, through our reform task force and our Republican policy committee. Our distinguished minority leader joined with me in sponsoring a broadcast resolution in February of 1975. To date, 145 House Members have sponsored broadcast resolutions, including 83 Democrats and 63 Republicans. More importantly, 69 percent of the House respondents to our ad hoc broadcast subcommittee poll indicated their support for House broadcasting. That parallels the 68 percent public support as reflected in last summer's Roper poll. My own constituent survey taken earlier this year revealed a 72-percent support level for broadcasting the proceedings of Congress.

Mr. Speaker, I would hope that we would not have to wait for a Republican Congress to bring this body into the 20th century. This is by no means a partisan issue if one looks at the widespread support among Members for the proposition. It only becomes a partisan issue to the extent that the majority party leadership in this body prevents the House from voting on the matter. It became obvious in the Rules Committee last March that we will not get our subcommittee broadcast resolution to the floor without that support. At a time when our public image has taken a further dip due to certain recent revelations, and the people are demanding more openness, accountability, and responsiveness from the Congress, it seems to me that broadcasting should be the logical centerpiece of both parties' congressional reform efforts.

Mr. Speaker, I would urge the Democratic counterpart to our Republican Policy Committee to take a public stand for broadcasting so that the leadership and Rules Committee might be properly apprised and guided in bringing this matter to a vote in the full House. Time is running out. If we hope to begin broadcasting in the next Congress, we must act soon to authorize it so the necessary arrangements and construction can begin. I have noted with interest that the Democratic platform subcommittee has endorsed " government in the sunshine" legislation. Would not it be marvelously consistent for the Democratic leadership in this body to let the sunshine of broadcast coverage permeat this Chamber?

At this point in the Record, Mr. Speaker, I include the Post excerpt from the minority leader's book:

For a True Record

(By John J. Rhodes)

During debate on an important piece of labor legislation in 1971, Rep. Edith Green (D-Ore.) inserted a charge into the Congressional Record that a substitute bill offered by Rep. John Erlenborn (R-Ill.) would require repeal of the Equal Pay for Equal Work Act. Obviously, there was no response from the author of the bill because Mrs. Green's remarks were not actually spoken. Yet Labor Department officials who read the Record the next day took Erlenborn's "silence" as an indication that Mrs. Green's charge was correct. They put the word out that the Erlenborn substitute was unacceptable. Mrs. Green was incorrect in her charge but it was too late to correct the damage and the substitute was substantially altered.

Even more distressing to those who place a high premium on accuracy is the power that members may exercise to delete floor remarks which might hurt their image back home. During debate on a controversial pay raise for members of Congress, for example, House Administration Committee Chairman Wayne Hays had a spirited exchange with Freshman Rep. Millicent Fenwick (R-N.J.). The high point in the exchange occurred when Hays threatened to cut off the staff allowances of Republicans who objected to the pay raise. "I think," Mrs. Fenwick said softly, "that we have heard something here today for which we all are going to be sorry and ashamed."

The next day there was not the slightest trace of Hays' remarks in the Record. He obviously felt after sober reflection that the harsh admonishment he had directed towards Mrs. Fenwick would further damage his already crusty public image and, therefore, ordered his words deleted.

A Republican Congress will insist that the Congressional Record be an accurate chronicle of all that takes place in Congress. We will move to end all practices that contribute to a distorted picture of legislative activity.

One of the changes we will institute is a requirement that any words inserted into the Record by a member, but not spoken on the floor, appear in a distinguishably different type. Should a member desire to have his remarks included in the body of an actual debate, but not care to deliver them personally, his statement will appear *at the end of the debate* in distinguishably different type. In a Republican Congress, there will be no confusion as to whom said what and when.

We will also eliminate much of the extraneous matter unrelated to legislative or public policy issues which invariably appears in the Record. Every time a member of Congress inserts a page of print into the Record, it costs the American taxpayer $286. There are often hundreds of pages of extraneous material in each day's Record, and the cost becomes considerable.

Finally, in addition to the printed version of the Congressional Record, Republicans will insure that the public will have easy access to the *unedited* record of all that transpires on the House floor.

Democratic leaders have been reluctant to permit live media coverage of floor proceedings on the grounds that it would disrupt the normal flow of legislative business. Republicans believe that the objections raised against media coverage are not sufficient to prevent the people, via the media, from seeing and hearing their Congress at work. A Republican Congress will remove the current restrictions on such coverage.

The argument against media coverage most frequently heard is that the presence of television cameras is likely to encourage some of the more flamboyant members to engage in showmanship at the expense of the business before the House. There will always be members who rise on the floor simply because each is in love with the sound of his own voice. They can be counted on to perform with or without television cameras.

The impeachment hearings of the House Judiciary Committee demonstrated that members of Congress are perfectly capable of acting responsibly in the presence of television cameras. In fact, so ably did the Judiciary Committee members conduct their business that the House voted 385 to 25 to permit live coverage of the anticipated floor debate on impeachment. I cannot help feeling that the real reason why the Democratic leadership bars media coverage of floor proceedings is their fear that it will bring home to the American people just how disorganized and unresponsive the Democratic Congress can be.

LOCKS AND DAM 26

HON. EDWARD MEZVINSKY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. MEZVINSKY. Mr. Speaker, the future of locks and dam 26, which Congress will decide, will affect the future of the Mississippi River, the economy, the environment and the transportation system of the Midwest and the Nation. Whether this vital river facility should be rehabilitated, replaced and/or enlarged is a question which presents us with a complex, multifaceted issue involving conflicting data, competing interests, charges and countercharges.

As we approach a decision on this matter—hearings in the Senate will begin this week—we can all benefit from a responsible and lucid presentation of the issues involved. The Des Moines Register is at work to bring the facts to light.

This Sunday, George Anthan of the Register's Washington bureau addressed one of the many issues in dispute in the controversy surrounding locks and dam 26: The capacity of the existing facility.

I commend Mr. Anthan's article to my colleagues and ask that it be reprinted:

CAN ALTON'S LOCK 26 HANDLE THE LOAD?

(By George Anthan)

ALTON, ILL.—Fifteen barges of the farmer co-operative-owned Agri-Trans Corp. nose around a bend in the Mississippi River north of St. Louis and move slowly toward an imposing concrete and steel structure displaying the familiar red castle of the U.S. Army Corps of Engineers.

The barges, pushed by a powerful boat, nudge into Lock No. 26, lashed together in what has become a fairly standard arrangement for the big Mississippi River tows—three barges across and five deep, with the power boat pushing.

Only nine of the 15 Agri-Trans barges will fit into the 600-foot-long Lock 26, so deck hands set about loosening the heavy cables that lash the barges together. This takes about 10 minutes. Then the power boat backs out of the lock, taking with it the six barges that won't fit.

The lock gates are closed, and the chamber is filled with water, the nine barges being lifted to the level of the upstream pool of the river. The upstream gates are opened and the nine barges are slowly pulled out by a waiting switch boat (Corps officials say a much slower winching system usually is employed to remove the unpowered barge segments).

Then, the lock is emptied, the power boat with its remaining six Agri-Trans barges re-enters the facility, and the process is repeated.

It takes about an hour and 40 minutes to complete the whole maneuver. Corps records indicate that this process can take as long as two hours and 15 minutes.

Using this method, the practical physical capacity of Lock 26—about 53 million tons of cargo moved through it a year—has been reached.

The Corps, the barge industry, shippers and a wide range of state and local government agencies say the locks thus are inadequate, that they're a bottleneck costing millions of dollars a year in shipping delays and extra operating expenses for tow equipment, and that they should be replaced by a larger structure at a cost of $400 million.

But some transportation experts contend the locks have much unused capacity and that these facilities and others like them on the Mississippi are being operated by the Corps of Engineers in a way that's inefficient and costly, but convenient for the barge and shipping industry. Also, the way the present lock is operated tends to buttress the argument that it must be replaced, these people say.

The river lock at Alton is at a strategic location. Through it passes all traffic to and from the upper-Mississippi River area, including Iowa and Minnesota. Also, the lock at Alton is just below the place where the Illinois waterway enters the Mississippi, so all traffic to and from this industrially important transportation link also must pass through the facilities.

The controversy over replacement of Lock and Dam 26 is becoming one of the biggest in the Midwest in recent years. It involves charges that failure to modernize the river system could doom to stagnation the economy of the entire region.

It involves the concerns of environmentalists and of the U.S. Fish and Wildlife Service over the future of the Mississippi as a multipurpose river.

It involves, also, the future of many Midwestern and Western railroads, some of which are slipping into bankruptcy.

Lock 26 has become the symbol for a continued federal commitment to the cheap river transportation on which entire industries depend. Allowing this system to fall into disrepair, it is argued, is just as wrong as the policies that allowed the railroads to deteriorate.

Although the 38-year-old lock is in disrepair, the Corps of Engineers says the structure is not in danger of collapsing. Corps officials in St. Louis say the lock and dam can be rehabilitated. But they say the cost would be almost as high as building a new facility. This estimate is seriously disputed by opponents and by some transportation officials in Washington.

An important question in the dispute is whether the present lock creates such a serious bottleneck on the river that its replacement as soon as possible is warranted.

Is it necessary, ask opponents among the railroads, environmentalists and some members of Congress, for the public to spend $400 million so that the barge industry can more conveniently and cheaply move its equipment?

"That's what it really boils down to," acknowledges James Lightsey, director of river transportation for the Iowa Department of Transportation, a strong backer of the proposed new lock. "The whole system does a favor to the tow boats."

The questions over capacity of the existing lock will be the first aspect of this multifaceted issue to be examined by The Register.

Subsequently, The Register will publish articles dealing with the physical condition of the existing facility; with the relationship between the Corps of Engineers and the river transportation industry; with the methods used by the Corps to justify financially the construction of new facilities, and with the squabble over whether the Corps intends a new lock at Alton to be just the beginning of a chain of such projects on the Upper Mississippi.

PAY NOTHING

Operators of the 15 Agri-Trans barges that were moved upstream through the lock paid nothing to the Corps of Engineers for this service. Barge operators pay nothing to cover the costs related to the lock and dam systems on the inland waterways—the maintenance of the structures themselves, the expense of constant dredging to keep the river channel deep enough, the salaries of the federal employes who operate the facilities.

These costs are borne by the general public. Questions involving this policy also will be explored later.

Joseph Carroll, professor of business administration and head of the Pennsylvania University Transportation Institute, is a nationally recognized expert on public investment in transportation facilities.

In the past, he has worked for the Corps of Engineers. He's now serving as a consultant to the Western Railroad Association, which is fighting the plan to replace Lock and Dam 26.

"What the Corps is trying to do," Carroll said in an interview in Chicago recently, "is to minimize the costs to the barge people. These are the people who are the constituency of the Corps."

In a 1974 study presented to the Society of Naval Architects, Carroll and an associate said that one reason the river locks are congested is the "absense of any mechanism for ensuring that (barge) operators take into account the impact of their actions upon others."

The study continued: "It might be said that lock capacity, an increasingly scarce resource, is being used frivolously. Too much of it is devoted to accommodating oversized or underpowered tows and empty barges."

If the Agri-Trans tow had approached Lock 26 "ready to serve"—a maximum of eight barges plus the power boat—the operation would have taken about 35 minutes, according to personnel at the lock.

This would be the ideal configuration for Lock 26 and would permit its use to maximum capacity. With this system according to internal Corps studies, up to 32 barges could be moved through the lock in the same time that a single 15-barge tow now is being served.

Higher Costs

But in order to use Lock 26 this way, the barge industry would have to buy many new tow boats and the tows would be smaller. Labor costs would increase because more deck hands and pilots would be needed. The barge industry's rates could be forced up and its competitors, the railroads, might siphon off some of the traffic.

There is little question that delays at Alton, which now are causing a rising chorus of complaints, will increase.

But the Corps of Engineers has detailed reports by private consultants who have employed sophisticated computer techniques to show that the lock here could handle at least 76 million tons of traffic each year, and possibly as much as 93 million tons.

To reach this level, the tows would have to arrive at the lock ready to serve, to move through in what is called a single lockage.

Thus, if the barge industry and river shippers were to conform their tows to the lock here at Alton, the existing facility could be expected to handle cargo levels that some U.S. Department of Transportation (DOT) experts say may not be required until almost the turn of the century. And any excess then could easily be moved by rail, they say.

And that's not the end of the argument.

Industry officials say there's a big difference between a stated lock capacity of, say, 93 million tons, as indicated in some studies, and "practical" capacity.

A Telephone Booth

"A telephone booth for practical purposes holds one person," said Jack Lambert, president of Twin Cities Barge and Towing Co. at St. Paul, Minn. "But a bunch of college kids can cram 16 people into a phone booth in order to get into the record book. That's the theoretical capacity."

Lambert continued: "You can do the same thing at O'Hare Airport in Chicago. You could land three times as many planes, but people don't fly at 3 a.m."

He said studies indicating capacity at Lock 26 could be 93 million tons a year "depend on having an infinite queue of barges waiting to be served.

"You have to assume that grain and fuel oil shipments will be spaced out evenly through the shipping season. It doesn't work out that way."

Fuel oil shipments are heavy when it's needed for heating, Lambert said, and grain movement is heaviest in the spring and late summer and fall.

The Corps last July received a report from Peat, Marwick, Mitchell and Co. (PMM), which it had commissioned to study ways to increase the capacity of Lock 26.

The report, which was obtained by The Register, says major improvements are possible, but that these will require the barge and towing industry to make changes in operating procedures.

Under current operating methods at Lock 26, an average of 34 percent of the total tow-processing time is devoted to those functions for which the lock was designed—"namely to assist vessels in changing levels," the PMM report says.

The lock is idle 66 percent of the time, awaiting the approach, entry and exit of barges from the chamber. Corps records indicate the barge industry regularly uses tow arrangements that are most inefficient for handling at Lock 26.

Data from 1973 and 1974 indicate that 55.3 percent of the tows arriving at Lock 26 were what's called "straight doubles": tows that had to be moved through the facility in two separate operations. It is this procedure that can take up to 2 hours and 15 minutes to move a standard 15-barge tow through the lock.

"Straight singles," in which the barges and power boat could be processed through the lock in a single operation, comprised 17.9 percent of the tows arriving at Lock 26 in those years, records show.

The straight doubles (55.3 percent of the tows) took up 74.1 percent of the lock's time.

The PMM report states: "The greatest opportunities for reducing tow processing time are in those operations which are under the control of the inland navigation industry—namely the approach, entry and exit of tows."

DOT STUDY

The U.S. Department of Transportation has concluded in a report to Congress that "the growth represented in the most probable traffic projections (for the Mississippi and Illinois waterways) does not exceed the capacity of the present Lock and Dam 26 and the railroads, given modest additional investment in the railroads."

The DOT agrees the present facility here is in a state of deterioration and some engineering action is required to maintain it.

The Corps of Engineers and the inland navigation industry originally wanted to replace the present 600-foot-long lock here with two 1,200-foot locks.

Now, the Corps' board of engineers in Washington has recommended that a single 1,200-foot lock be built near Alton, and that provision be made for adding a second one later.

The barge and towing industries, as well as grain, steel, oil and other companies heavily involved in river transportation, are especially anxious to replace Lock 26 because the facility just downstream, No. 27, near St. Louis, is 1,200 feet long and can easily accommodate high volumes of barge traffic without forcing the barge lines to change their operating methods.

TRAFFIC RISE SEEN

But the DOT contends that even if Lock 26 is replaced with a 1,200-foot facility, this would allow such an increase in river traffic as to create new constraints at 600-foot locks all the way upstream past Iowa and into Minnesota.

This might create "justification" for other capacity-expansion projects, the DOT warns. It calls this the "ratchet effect."

The DOT said other major constraints on river traffic are the 11 bridges between St. Louis and the junction of the Mississippi and Illinois at Cairo, Ill.

Because the center spans of many of these bridges are 500 feet wide or less, some barge tows have to be re-made in order to pass through. Removal of the bridge-caused bottlenecks, Corps officials acknowledge, could cost hundreds of millions of additional dollars. And replacing of small upstream locks to handle a greater volume of traffic generated by a bigger Lock 26 could send the price tag into the billions of dollars.

Actually, there are two river locks at Alton. A 360-foot long auxiliary lock, according to Corps records, is seldom used by the barge industry because it requires the tows to be broken up into even smaller segments.

The smaller lock has a utilization rate of about 35 per cent, records indicate. Studies show that this could be increased to 75 per cent by directing certain tows, especially the smaller ones, to use the auxiliary lock or face waiting in a long queue for the main facility.

SWITCH BOATS

Under one method being considered for increasing traffic through Lock 26, the Corps would arrange for switch boats to be permanently on hand to remove the unpowered barge segments from the chamber.

This would cost about $560,000 a year, an expense to be borne by the government, and would provide some $6.5 million a year in benefits to the industry in the form of decreased delays and increased tonnage processed.

Despite its studies indicating that Lock 26 could handle significantly more traffic than at present, Peat, Marwick, Mitchell and Co. noted in its report to the Corps that any improvement in operations "will only delay—perhaps for a few years—the date at which replacement Lock 26 must be in operation to avoid intolerable traffic congestion delays at the facility."

But opponents of a new Lock 26—principally the railroads and environmentalists—argue that the Corps has over-estimated the growth of traffic on the river.

There is some strong evidence to support this contention. In its bulky evaluation report on Lock 26, the Corps stated that coal traffic—at 8.3 million tons in 1970—would increase to 11.1 million tons by 1980 and to almost 14 million tons by 1990.

In fact, coal traffic through Lock 26 has declined in recent years, as upper-Midwest utility firms switch to low-sulfur Western coal hauled eastward by trains.

Corps records indicate that coal traffic through the lock here was at 5.8 million tons in 1974. Federal Power Commission officials in Washington expect the trend toward use of Western coal will continue in the upper-Midwest, with less coal being hauled upstream from the mines in Kentucky and southern Illinois.

FUEL OIL

Corps records also show that 6.8 million tons of petroleum products moved through Lock 26 in 1973, a decline from previous years.

The Corps, however, estimates that by 1985, there would be 27.8 million tons of petroleum products moving through the facility. Much of this projected tonnage was to be residual fuel oil for electric utility plants upstream.

But the Federal Energy Administration's preliminary data indicate that use of oil by electric utilities by 1985 may be much lower than earlier published estimates because of declining domestic production, quadrupling of prices since the Arab embargo, and because of shifting national priorities for use of a diminishing resource.

Grain moving downstream toward the export elevators at New Orleans makes up about 45 percent of the tonnage through Lock 26. The Corps assumes that production of corn and soybeans in Iowa and Illinois—the main production states with direct access to the river—will rise steadily.

But the Corps' own board of engineers in Washington has raised doubts about this projection, noting that big future increases in U.S. grain production are expected in other areas because land in Iowa and Illinois is being used at its maximum.

USDA ESTIMATES

The U.S. Department of Agriculture has estimated that while their production will continue to increase, Iowa and Illinois will produce a declining percentage of the total U.S. corn and soybean crop. And the DOT cautions that any decision on Lock 26 should take into account the possibility that in the future, ports not served by barges will handle more of the grain bound for overseas.

Carroll, of the Pennsylvania Transportation Institute, says of the Corps' future traffic projections: "We found the . . . analysis to be superficial and the conclusions wrong. We estimate that 1985 projections are about 2.5 times too high for coal and four times too high for residual fuel oil. These findings imply that the growth of traffic is not likely to be constrained by the capacity of the existing facility for many years in the future."

The 21 railroads that oppose a new Lock 26, and the Sierra Club and the Izaak Walton League, which have joined them, are supporting a bill by Senator Gaylord Nelson (Dem., Wis.) to require comprehensive environmental and transportation studies before any more money is spent on new locks and dams on the Mississippi.

Hearings on the bill are scheduled to begin this week.

DEDICATION OF NEW GM PLANT

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. FORD of Michigan. Mr. Speaker, on June 3, I had the pleasure of participating in the dedication of a new General Motors' Detroit Diesel Allison plant in the city of Romulus, in my congressional district.

This multimillion-dollar industrial complex is expected to create some 12,000 new jobs within the next decade. It represents both a significant economic investment by General Motors and an even more important investment of confidence in the future of America.

Among the speakers at the dedication was James E. Knott, a General Motors vice president and the general manager of the Detroit Diesel Allison Division. His address outlines some of the many problems and challenges involved in the planning of such a major complex. He describes steps taken to preserve trees, protect streams, and other natural features, and to utilize recycling procedures whenever possible.

Mr. Knott also reviewed the history of the Diesel Allison Division and the role it now plays in the overall General Motors operation.

Mr. Speaker, because I think Mr. Knott's remarks will be of interest to you and our colleagues, I insert it at this point in the CONGRESSIONAL RECORD:

REMARKS OF MR. JAMES E. KNOTT

I welcome you to this dedication ceremony for our new plant.

I must confess that I'm extremely pleased to see such a turnout of prominent citizens and distinguished guests.

It is most gratifying to have you here.

An event such as this always seems to be significant from a symbolic standpoint.

To me, today is symbolically important because it marks the ultimate result of work which we started a number of years ago . . . and it is always pleasant to see the results of a lot of careful planning and hard work.

With this plant, it is particularly pleasant because it has many new and innovative concepts, some of which we agonized over in the planning stages . . . wondering if we were right.

Today . . . we can relax and look back at those moments with some amusement . . . because we feel that all of these ideas have worked out very well.

Obviously, this plant stands as a tribute to the work of many, many people.

Actually, it wouldn't be here at all if it had not been for the inventive genius of a legendary figure in the early history of General Motors . . . Charles F. "Boss" Kettering. It was "Boss Kett" who believed that there was a better way to build a diesel engine that would be lighter and smaller than the huge, heavy, slow-turning engines of the early 1900's . . . one suited for a variety of uses, particularly transportation uses such as trains, trucks and boats. It was under his guidance that General Motors developed the lightweight, high-speed, 2-cycle diesel engine . . . the same basic design which we are building today. And today we build more diesel engines than any other U.S. manufacturer.

It seems appropriate, therefore, that we dedicate this new plant in what would have been Boss Kett's 100th year.

This plant also stands as a tribute to the thousands of men and women of our division who took that early design . . . and engineered and built fine engines which have earned a worldwide reputation in the marketplace.

This has allowed the division to grow steadily and today our main plant in Redford covers about 3 million square feet. We have built to the very boundaries of our 131 acres there. That is one of the reasons, of course, that this latest expansion is here in Romulus.

When the diesel division first started in 1937, it had a small plant of about 120,000 square feet and less than 500 employees.

We could easily have put that whole plant in one corner of just this high-bay area in which we are sitting today. This new addition is nearly seven times larger than the original plant on Outer Drive.

So in 40 years of existence, the plant area for diesel operations has grown thirty-five times larger than the first plant . . . and we are still growing. In addition to this plant, we will soon complete another 5-hundred thousand-square-foot engine manufacturing plant in Brazil where the demand for diesel engines is very great.

It took us 30 years to build our first million diesel engines and we produced that 1-millionth engine in 1967.

It has taken us only nine more years to build our 2-millionth engine and we built it just a week or so ago.

We have that engine on display here today and in a moment, I'm going to ask Mr. Hyle Carmichael, Industrial Development Coordinator for the City of Romulus, to join me in a little ceremony involving that engine.

So the plant we dedicated today really is a milestone . . . just as the 2-millionth engine is a milestone.

It represents another rung on the ladder of growth for this vigorous industrial activity we call the Diesel Operations of Detroit Diesel Allison.

In that broader context we must also view our diesel operations from another viewpoint. This business has not only produced two million engines which have helped do the heavy work of the nation and the world . . . but it has also created jobs for 10 thousand people . . . a yearly payroll in the Detroit area of over $185 million . . . and a yearly tax base of about $160 million in assessed valuation for our plant communities in Michigan.

Now, I'd like to mention at least a few of the things about this new plant of which we are so very proud.

We first started planning this facility shortly after I came to Detroit in September, 1970. That was when the former Detroit Diesel and Allison divisions were merged. We had a chance to work with a clean sheet of paper with the full support of General Motors top management . . . so we set forth to do it *right!*

We think we've done it right.

This plant is basically a machine shop which produces a variety of parts for our engines. We ship parts from here to our Redford assembly operation . . . and across the fence to our parts distribution center. With the addition of this plant and the room we gained for new assembly lines at Redford, we have added 25 per cent to our capacity.

As you will see shortly, the plant incorporates many innovations in design which provide much greater comfort and safety for employees . . . which protect the environment and beauty of this natural setting . . . and also produce a modern, efficient manufacturing facility.

Here are just some of the features—

The plant is completely air conditioned.

It has 20-foot ceilings and bright lighting, which create a feeling of spaciousness.

Each department has a different color for its machines, with colors spanning the spectrum.

The air inside the plant is protected from oil mist and dust by collector systems on all heavy machining operations.

There is sound insulation on the walls and ceilings . . . and many machines have been encapsulated to control sound and create a quiet industrial environment.

The 19 truck bays here on your left are completely enclosed . . . out of sight of the neighbors and out of the weather for our employes. Closing in the area also results in substantial energy savings.

We have a modern medical facility which provides everything from whirlpool baths to an emergency operating room.

We did everything we could to preserve the trees and protect the streams. We even moved and redesigned entire parking lots to save the optimum number of good trees.

Those trees which could not be saved were recycled by pulverizing them into wood chips for landscaping.

An old concrete airplane runway on the property—once part of the former Stinson airplane factory—was recycled. The concrete was crushed and used as a sub-base for nearly two miles of internal roadways that keep plant traffic off the public streets.

Area waters and streams are protected by two giant retention ponds, each covering two acres and storing a maximum of three million gallons. The ponds collect and clean storm run-off water from our roofs and parking lots.

Our process water treatment facility takes liquid wastes from manufacturing processes, and removes all oil before those wastes are released to the sewer systems.

Liquid coolants used in machining are recovered from a mile-long system of flumes beneath the floor of the plant, cleansed and used again.

Metal chips in the coolant are separated for recycling.

Wherever possible—in boiler stacks and heat-treat operations—heat is captured and put back to work.

A computerized material handling system which stands behind me, can store parts in 12,000 positions at the rate of 336 transactions an hour.

Utilities are housed in buildings separate from the main facility. These out buildings form a central service core area that can be easily expanded to meet future needs.

And even the pre-cast granite-aggregate walls of the plant can be taken down in sections and put up again—intact—if it is necessary to expand.

You'll see many of these things shortly, along with other innovations (such as our new Shuttleworth liner conveyor which we "borrowed" from the food industry, where it was used to move milk cartons), but there is another aspect of the plant that is of greater importance to most of us here today.

This plant is our first major expansion in Romulus. We like Romulus.

It offers us many things such as friendly, cooperative people . . . an enlightened group of city officials, educators, and planners . . . close proximity to Redford and our parts center . . . good roadways with better ones almost finished . . . and good rail and air transportation.

For these reasons Romulus will remain a key location for consideration in any future expansion.

We have, as many of you know, a long-range plan in our files that encompasses such potential expansion. Whether or not this expansion takes place will be dependent upon many things—our success in the marketplace . . . the growth of the nation's economy . . . as well as the economic climate in the State of Michigan.

In this regard, Romulus has already demonstrated the kind of forward-thinking leadership that encourages industry to expand by implementing Michigan Public Act 198 about two years ago.

By such action, the community has said to us, in effect, "We would like to have you here. We want your jobs and your taxes . . . and we'll prove it by stepping up and competing with other states for your plants by implementing the new State law."

When the costs of doing business in Michigan are already significantly greater than in other states . . . then all of us . . . management, labor and government, must make every effort to become more competitive and to try to stem the flow of business away from the state. Public Act 198 was a major step in that direction and we are hopeful that the Michigan legislature will continue to act responsibly in helping to keep industry in Michigan.

Now, I said earlier that we built our 2 millionth engine just a few days ago. Today, I am pleased to announce that this historic 2-millionth engine will soon go to work in the City of Romulus' new American LaFrance fire engine, which will be delivered sometime in the next 30 to 60 days.

I'd like to tell you that this Romulus fire truck engine just *happened* to be our 2 millionth . . . but my credibility would suffer, I'm sure. Actually, we had the Romulus engine scheduled for the same week as our 2 millionth engine . . . so with the help of the computer and a little "magic" scheduling, Romulus got the engine.

I'd like to ask Hyle Carmichael to step up here now (Carmichael steps up to the podium) and join me in a little ceremony involving the engine . . . but first, I want to present you with this engraved plaque . . . which I understand will be mounted on the new fire truck when it is delivered . . . to permanently commemorate the 2-millionth DDA engine.

The plaque reads—"Powered by the 2,000,000th Detroit Diesel Engine."

Mr. Carmichael, I am most happy to present you and the City of Romulus with this plaque, and we are proud that our 2-millionth engine will help protect the property and lives of Romulus citizens.

Now, I'd like you to join me in actuating the controls of this automated parts storage system behind us, to move the 2-millionth engine into a position which symbolically links Detroit Diesel Allison and the City of Romulus.

ACCOUNTABILITY TASK FORCE?

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ANDERSON of Illinois. Mr. Speaker, some of my colleagues on this side of the aisle, including myself, have been puzzled by a "Dear Colleague" request to participate in a Democratic Steering and Policy Committee task force investigation of House accounts. Obviously, it is the prerogative of the Speaker, as chairman of that partisan committee, to appoint any task force he wishes, just as our own Research Committee oversees a number of task forces. And obviously it is the prerogative of these party task forces to conduct research and report their recommendations to their respective policy committees. But it does seem unusual in the present instance that a party organ is being called upon as the principal investigative arm into what is basically an institutional, and not a partisan, question. It would seem particularly important, given the incidents which have prompted this inquiry, that we convey to the public an institutional determination and collective effort to deal with the situation. While I appreciate the gesture of the Democratic task force to solicit the views of Republicans and Democrats alike on the accounts question, I nevertheless take issue with the handling of this through the apparatus of the majority party. The last time an institutional question was routed through a Democratic task force—the Committee Reform Amendments of 1974 as reported from a bipartisan Select Committee of the House—the matter was delayed 6 months and then diluted beyond recognition or meaning by a Democratic Caucus substitute. I do not think the American people want a repeat of that fiasco.

Mr. Speaker, I appreciate that the sensitivity of the accounts question cannot be properly handled by any of the standing committees of the House, especially the one which has jurisdiction over accounts. But it seems to me that this does not necessarily leave as the only alternative its handling by a party task force in the majority side. The Committee on Standards of Official Conduct, for instance, is given the responsibility under clause 4(e) of rule X "to recommend to the House from time to time such administrative actions as it may deem appropriate to establish or enforce standards of official conduct for Members, officers, and employees of the House," and also "to recommend to the House, by resolution or otherwise, such action as the committee may deem appropriate" in connection with any investigation of an alleged violation of the Code of Official Conduct or of any law, regulation or other standard of conduct applicable to Members or employees in the performance of their duties and discharge of their responsibilities. Since one of the ongoing inquiries of that committee deals with the alleged misuse of committee funds, I see no reason why it could not report back general as well as specific findings and recommendations to the House regarding accountability in the administration of House accounts.

Perhaps a more effective way of dealing with this problem through the institutional framework of the House would be for the Speaker to exercise his prerogative under clause 5(c) of rule X by appointing a special ad hoc committee with the approval of the House to study and report on the subject of House accounts. Clause 5 gives the authority to the Speaker to refer "each bill, resolution, or other matter which relates to a subject listed under any standing committee named in clause 1," to one or more committees or an ad hoc special committee. In the latter case, the Speaker must draw upon Members from legislative committees having jurisdiction over the subject involved. In the present instance, he could conceivably appoint an ad hoc subcommittee consisting of members from House Administration, Rules and Standards of Official Conduct.

Finally, if the Speaker did not want to be bound by those narrow conditions of appointment, the House could adopt a resolution to appoint a select committee, again with authority to report, as proposed in House Resolution 1297, introduced by our distinguished minority leader (Mr. Rhodes), of which I am a cosponsor. That resolution goes beyond the mandate of the Democratic task force in that it authorizes the select committee to actually audit the accounts of all House committees as well as other papers, documents, and memorandums in their possession. In short, the difference between the mandates of the select committee and the task force is the difference between a House cleaning and a House painting. And I think the American people clearly expect us to perform the former function before we proceed with the latter. Painting over the dirt will just not suffice.

In this regard, Mr. Speaker, I was greatly disappointed with the remarks attributed to the majority leader in the June 11 Washington Star that the Rhodes select committee approach, the House cleaning, was "unnecessary." The majority leader was further quoted as saying:

> The Democrats control the House and they will continue to decide how things are done here.

In other words, it is business as usual, even though the American people are becoming fed up with the way business is handled around here. I am shocked at the attitude expressed by the majority leader since it is all too reminiscent of the way a former President of our party wrapped himself in the cloak of executive privilege in an attempt to conceal official misconduct. I do not think our response to the "Imperial Presidency" should be an "Imperial Congress." Surely, the lesson of our recent past should lead us to more openness, accountability, and integrity in all three branches of our Federal Government.

Mr. Speaker, I have offered these comments not as an indictment of the House but rather as a constructive suggestion for us to demonstrate to the American people that corruption does not pervade this institution and that for the most part their public funds are not being misspent. I am sure this is the spirit in which the minority leader offered his resolution, and I think the majority leader also has the best interests of this institution at heart and wants to do everything possible to improve public confidence in the House. For that reason, I would hope the majority leader would give second thought to the proposal of an audit of committee expenses by a select committee and not dismiss the proposal out of hand simply because it was made by a member of the minority party. This is a serious institutional problem which must be dealt with by the House as an institution and not by a single party arm of this institution. This House is not just comprised of 290 Democrats, but of 145 Republicans as well who represent 72 million Americans. Surely, the American people are entitled to full representation from the entire House through legitimate legislative processes in dealing with this problem. To go any other route, no matter how well-intentioned, may give the appearance that we are doing less than we could or should in putting our House right.

JUNE 15, 1940—SOVIET OCCUPATION OF THE BALTIC STATES

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. GILMAN. Mr. Speaker, today marks the sad 36th anniversary of the subjugation of the Republics of Lithuania, Latvia, and Estonia by the Soviet Union, an event that decimated the dreams and goals of the Founding fathers of these small but courageous Baltic nations which had gained their freedom in 1918 only to see their brief, 22 years of independence squashed by the invading Soviet armed forces and the deportation of 150,000 of their countrymen to Soviet slave labor camps. Since that fateful day, nonrecognition of the annexation of the Baltic States by the Soviet Union has been a cornerstone of our foreign policy and a beacon of hope to those brave people who risk their lives to protest the Communist tyranny.

Mr. Speaker, I am also reminded that nearly 6 years ago, November 1970, a brave Lithuanian seaman dramatically attempted to defect from his Communist rulers, and on May 14, 1972, Roman Kalanta burned himself to death, protesting Soviet persecution of Lithuanian Roman Catholics. Kalanta's self-immolation sparked riots in Kaunas and led to two other tragic cases of self-destruction.

The plight of the people from the Baltic States and their desire to regain independence is deeply underscored by a letter I recently received from the Lithuanian-American Community of the U.S.A., Inc., stating:

> "The Soviet Union goes to great lengths to prevent any . . . information from reaching the free world because world public opinion is still a viable force against the oppressions by the Soviet Union. Let us not leave the people of Lithuania forsaken, forgotten and alone in their struggle against Soviet oppression, their rights to independence, freedom of thought, conscience and religion terminated by the Soviet Union, a signatore of the Universal Declaration of Human Rights.

Mr. Speaker, our political institutions are not perfect and our leaders are not saints, but, fortunately, Americans have not been subjected to any holocaust of Nazi Germany or doomed to any Soviet Siberian concentration camps. While our Nation still has much to learn concerning human rights, we also have much to be thankful for—for our blessings of liberty and justice ordained in our Declaration of Independence and in our Constitution. Mr. Speaker, let June 15, 1940, the Soviet annexation of the Baltic States, be a sobering reflection for all of us, as our Nation prepares to celebrate its 200th year of independence.

Mr. Speaker, the brave people from the Baltic States must not be forgotten. Let us assure them that they are not alone in their struggle against Soviet oppression, and one day their hopes, dreams, and goals for independence will be obtained. I join all Baltic Americans in keeping that beacon of hope alive and in commemorating this sad anniversary.

BRONX SCHOOL LAYS CLAIM TO CONSTRUCTION OF WORLD'S LARGEST QUILT

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BIAGGI. Mr. Speaker, recently I had the distinct privilege and honor of witnessing what I hope was a record setting event. I speak of the official unveiling of the Bicentennial quilt made by the students, teachers and faculty of the St. Frances de Chantal School, which is reliably reported to be the world's largest quilt.

In a borough already known for its distinct and varied contributions to American life, the St. Frances de Chantal quilt will certainly enhance the unique national reputation of the Bronx. This beautiful and distinctive quilt which measures a full 24 by 30 feet, was constructed by more than 1,000 students, parents and faculty from the school.

The quilt was a visual potpourri of representations of American history, both old and new. Scenes depicting people and events which shaped our early history such as the signing of the Declaration of Independence, the famous "Give me liberty or give me death" phrase of Patrick Henry, the Liberty Bell, and George Washington and the cherry tree all were included as part of this remarkable quilt. In addition symbols of more modern American history including the Moon landing and walk and the peace movement symbols of the 1960's are also woven into the quilt. One who was as fortunate as I to see the quilt in person was treated to a real visual lesson in American history.

The many students, teachers, and parents who were involved in the painstaking preparation of this quilt are truly worthy of congratulations. A special tribute must also be paid to Ms. Anne Lofaro, Mrs. Denise Rinfret and Mrs. Donna Murynec all of whom were instrumental in the supervision of those involved in the construction and completion of the quilt.

I am also proud to salute the principal of the St. Frances de Chantal School, Sister Mary Clare whose assistance and support helped make this project the success it was.

I intend to contact the Guinness Book of World Records to determine if the St. Frances quilt is indeed the largest in the world. I am also proud to report to my colleagues that the faculty and students of the St. Frances school want all of America to have the benefit of seeing this quilt and will donate it to the Smithsonian Institution.

EAST IRONDEQUOIT CENTRAL SCHOOL'S BICENTENNIAL DAY

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HORTON. Mr. Speaker, on June 4 it was my privilege to participate in the East Irondequoit Central School District Bicentennial Day activities. What made this particular Bicentennial commemoration so impressive was the fact that over 5,000 students assembled together with their teachers, school administrators, and representatives of Federal, State, and local governments to pay tribute to our Nation's 200th birthday. The participating schools included Abraham Lincoln, Whipple Lane, Durand-Eastman, Laurelton, and Pardee Elementary Schools, Ridgewood and Norwood Middle Schools, and Eastridge High School.

Eastridge High School Vice Principal Wilson Fitch served as master of ceremonies for the hour-long salute, which included musical tributes by individual and combined choruses of the participating schools.

Dr. Rodney D. Spring, superintendent of schools, eloquently expressed the faith which all those assembled have in our country. His remarks were as follows:

Remarks of Dr. Rodney D. Spring

As we gather together today for our East Irondequoit Bicentennial Day, let it be known that we, the staff and students, believe that this great nation of ours has the ability to provide its people with justice, freedom, and the pursuit of happiness.

Our nation is great because greatness existed with our forefathers. Our nation is strong because as a nation we believe that justice will correct our errors. And it has.

But above all, our nation represents us, the people; and we the people, for 200 years have shared our joys and wept together for our tragedies; but, most importantly, we have resolved that our country will remain a nation of these United States. Now and forever.

Particularly moving, Mr. Speaker, was the presentation by Laurie Lovejoy, Eastridge High School winner of the town of Irondequoit's Bicentennial essay contest. Laurie's winning essay found freedom as the true meaning of our Bicentennial and as we observe Flag Day today, I hope that all of my colleagues will reflect on Laurie's view of our Nation and the Bicentennial:

Essay by Laurie Lovejoy

Today, for the very first time, everyone who goes to school in East Irondequoit is in one place. Everyone is together to celebrate the Bicentennial.

The Bicentennial has been a major topic for almost a year. By this time, each of you has your own idea of what this special occasion means.

To some, it means a new flag for the school, wearing a button and hearing special commercials on TV.

To others, it means reciting poems, learning the Presidents and reading the Constitution.

Two hundred years ago, many people fought together for something they believed in. Freedom. They wanted freedom and independence for our country so badly that they were willing to die so that you and I could have them today.

No one who was living then is here now, and no one here will be around in two hundred years. The people *don't* last—the ideals *do*. The freedom they fought for is ours today, and *that* is what Bicentennial is all about.

Now it's *our* turn. We must come together to appreciate, celebrate and preserve our freedom; so that in another 200 years, America will still be the home of the free.

THE 100TH BIRTHDAY OF MRS. LUMINARY WILLIAMS

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. STOKES. Mr. Speaker, on June 28, just 6 days before America observes its

Bicentennial Year, a very charming and vivacious lady in Cleveland, Ohio will celebrate her centennial birthday.

Mrs. Luminary Williams has lived a long and rich life and has endeared herself to family and friends with her devotion, humor, and industrious nature.

Mrs. Williams was born in Covington, Ga., in 1876, Mr. Speaker, at a time when life was extremely hard for black people who were just freed from the yoke of slavery. She was one of 10 children of Jane and Goodson Wright.

On January 23, 1897, the young Luminary was married to the Reverend J. W. Williams. This union produced eight children, three of whom are still living.

In 1924, Reverend and Mrs. Williams came to live in Cleveland where he was founder of the Iconian Baptist Church which originally stood on 30th Street. During the 67 years of their wonderful marriage, Mrs. Williams devoted herself entirely to her family and church work. Reverend Williams passed away in 1964, at which time Mrs. Williams went to live with her daughter, Mrs. Jean Roland.

Mr. Speaker, as I mentioned before, Mrs. Williams has been, and still is an extremely active and dedicated church worker. For the past 43 years, she has been a member of the Mt. Olivet Institutional Baptist Church pastored by the Reverend Otis Moss. Because of her tireless fundraising and participation in church activities, parishioners fondly refer to her by the revered title, "Mother of the Church."

Just the other day, Mr. Speaker, I consulted Webster's dictionary for the definition of Mrs. Williams' unusual first name. Webster defines Luminary as:

> A body that gives off light, such as the sun and the moon.
>
> A person who sheds light on some subject or enlightens mankind.

I am certain that all those who know and love her will readily agree to that definition of this charming lady.

Mr. Speaker, let us join in extending our best wishes to Mrs. Luminary Williams as she enters into her second century of life.

May God bless and keep her.

TO B–1 OR NOT TO B–1: A RESPONSE

Hon. Theodore M. (Ted) Risenhoover

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. **RISENHOOVER.** Mr. Speaker, in times of economic uncertainty and a growing deficit, the subject of priorities in spending certainly deserves full consideration and open debate by Congress.

We all favor whittling fat and saving the muscle. The question, when national defense is concerned, is far more complex than the slaughterhouse choices. Particularly, I am concerned about attacks on the B–1 bomber and was pleased to read in the Washington Post of June 15, the fine statement by Air Force Secretary Thomas C. Reed. I ask unanimous consent that the column be reprinted:

> #### "To B–1 or Not to B–1": A Response
>
> (By Thomas C. Reed)
>
> I would like to address several of the points made in your June 11 editorial "To B–1 or Not to B–1."
>
> *Testing:* The key flight tests on the B–1 have already been conducted. The structural integrity, flying qualities, and engine capability—the three crucial aspects of a new airplane—have been established by the most extensive testing program ever conducted on a new airplane. Remaining flight tests—and they are extensive—are concentrated more in refining and reaffirming than in exploring new ground. The actual contribution of the added flight tests to the decision process for a production go-ahead would be negligible.
>
> *Deterrent Role:* More than half the megatonnage of our entire strategic capability today is allocated to bombers, and they have some unique characteristics that make them vital to our national security. For one, bombers are the only strategic systems that give clearly visible indications of their alert status, useful in signaling our intentions to the other side. They can be launched under human control and they can be recalled. Because of their longer time en route to target, there would be time for deliberate decisionmaking and negotiations. Finally, bombers cannot reasonably be conceived by the other side as a first strike threat.
>
> *Air Launched Cruise Missile:* Extensive, in-depth analyses—the most recent of which took over 6,000 hours of computer time and 40 man-years of effort—show that cruise missiles are a complement to but not a replacement for the penetrating bomber. Moreover, those analyses show that cruise missiles by themselves are not cost-effective, and more importantly, that they are incapable of accomplishing the retaliatory mission against the threat in the 1980s and beyond.
>
> *Performance:* As B–1 development has progressed, cost-performance trade-offs have been made to hold the line on costs, but no performance parameter vital to mission accomplishment has been sacrificed. For its primary mission, today's B–1 will still carry the same payload at the same altitude and speed and to the same range originally envisioned for it when the program began six years ago.
>
> DOD Support of Production: Each of the four Secretaries of Defense since 1970 has had to evaluate the need and the progress of the B–1 program. Each of them supported the research and development program, which always had an ultimate goal of production should the aircraft design prove viable. That design goal has been met. Further, the previous Secretary, Dr. Schlesinger, requested and defended the long lead procurement funds that were appropriated by the Congress last year.
>
> Cost: The estimated cost of acquiring the 244 B–1s sought is $21 billion, not the $90 billion some have claimed. Moreover, for equal deterrent effectiveness, the cost of the B–1 is demonstrably less than for any other plausible alternative.
>
> Continued Utility of B–52: While it is true that the B–52s have proven themselves and will be able to fly for several more years, that doesn't mean that the B–1 program should be delayed. If procured on the current schedule, the B–1 will not be fully deployed until early 1986. At that time the older B–52s will be over 30 years of age. To get an idea of what that means, consider how few 1950s-vintage automobiles are still in daily service. How many of those would you expect to be running ten years from now? The B–52 is a noble and veteran warrior, but in the 1980s it simply will not be able to perform effectively against a continually evolving threat.
>
> Need: Our national security has been based on a team of strategic nuclear forces: land-based ICBMs, submarine launched ballistic missiles, and manned bombers. We must not neglect the timely modernization of each element in that proven combination. The B–1 is the product of an extensive, decade-long design, analyses, and development effort to determine what was needed to do the manned bomber job through the remainder of this century.
>
> Delayed Production Decision: As to the judgmental aspects of "putting the matter over for a few months," those are the province of Congress. Informed citizens might question the judiciousness of needless turbulence in the program at this crucial time of transition to production, needless additional costs (almost a half-billion dollars), and needless delays. Thoughtful Americans certainly should be concerned about establishing a precedent of disrupting orderly programs because of speculation, political or otherwise. Such a precedent is especially dangerous when it involves the future security of this nation.

OLD NINETY SIX NATIONAL HISTORIC SITE, H.R. 9549

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. **DERRICK.** Mr. Speaker, during this our Bicentennial Year, I wish to commend the recent actions of the House of Representatives and the Senate in the fine support given to legislation establishing the Old Ninety Six National Historic Site.

The inclusion of Ninety Six in the National Park System will provide the recognition so richly deserved on this valuable historic area.

In 1751 a trading post was erected in this area of South Carolina which was 96 miles from a large Cherokee Indian village, that distance giving rise to the settlement's name. During the next few years, Ninety Six evolved into an important frontier outpost and became a center of trade and government in western South Carolina.

Political unrest between loyalists and patriots here later resulted in the first land battle of the Revolutionary War south of New England. British troops occupied Ninety Six in 1780, fortifying the village and constructing a star-shaped fort. Leading the patriots, Gen. Nathaniel Greene besieged the post in 1781, but failed to take the Star Fort. However, Greene pinned down so many British troops at Ninety Six that it helped assure American victory at three other critical battle points of the war—Kings Mountain, Cowpens, and Yorktown.

The British burned the town of Ninety Six after General Greene's retreat, so that only the earthen outline of the Star Fort, various archeological remnants of the town, and the military encampment are visible on the surface today.

Archeological exploration was begun at the site in 1970 and is in progress today. The Old Ninety Six and Star Fort area has proved to be important archeologically in that it is an invaluable source for reconstructing our American Colonial way of life.

In 1963, the South Carolina State Legislature enacted legislation in order to protect and preserve the Star Fort and the old Ninety Six settlement area. Last year the Secretary of the Interior's Advisory Board on National Parks, Historic Sites, Buildings and Monuments recommended that Old Ninety Six and the Star Fort be included in the National Park System.

Since the beginning of this century, historians have realized the importance of preserving and protecting this valuable piece of Americana. Recognition has been slow in coming; however, I am gratified and pleased that the Congress has extended its support of H.R. 9549 during the 200th anniversary of our struggle for freedom.

The action being taken by this, the 94th Congress, is another milestone in the history of Ninety Six, S.C. It is only through the fostering of a sense of history in future generations of Americans, that we can guarantee our continued independence and the ideals upon which our freedom is based.

DISARMED MEXICAN POLICE QUIT BY HUNDREDS FOLLOWING TERRORIST ATTACKS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. McDONALD. Mr. Speaker, recent news from Mexico reveals both the continuance of terrorist attacks upon the police in Mexico, and the unhappy results of disarming police officers. For whatever reason, the Mexican municipal police have been left with only their batons, while their enemies are armed with submachineguns. Mass resignations are the result. What follows? It is axiomatic that when the people realize that their presently-constituted forces of public order are impotent, unable even to defend themselves, much less anyone else, alternative arrangements will have to be made. This means either vigilantism, or surrender to the authority of the terrorists.

The following two reports from the Foreign Broadcast Information Service present the latest facts:

MORE POLICEMEN RESIGN IN FEAR OF TERRORISTS

(Paris AFP in Spanish 1942 GMT 11 Jun 76 PA)

[Excerpt] Mexico City, 11 Jun—200 policemen of Mexican municipalities resigned today in fear of being assassinated by terrorist groups. In their resignations, the policemen of those municipalities bordering on the capital have noted that the main reason for their resignation is insecurity, since they lack pistols and rifles and only have batons and clubs. With those weapons it is impossible to combat the common criminals and much less the guerrillas, who shoot us without giving us time to defend ourselves, they said. Yesterday a municipality close to this city was left without policemen, who resigned for the same reason.

ANOTHER POLICE ATTACK OCCURS

(Mexico City Informex in Spanish 1527 GMT 12 June 76 FL)

[Text] Tlalnepantla, Mexico, 12 Jun (Informex)—Another attack against the police of Tlalnepantla occurred today when four men submachine gunned the local police headquarters at 0310 hours. The attack only resulted in material damage. According to initial reports, the criminals parked an automobile—a Datsun without license plates—in front of the police headquarters and suddenly opened fire with submachine guns and other automatic weapons. They then made a quick getaway.

THE 35TH ANNIVERSARY OF THE DEPORTATION OF THE BALTIC PEOPLE

HON. PAUL S. SARBANES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. SARBANES. Mr. Speaker, this month marks the anniversary of two tragic events in the history of the people of the Baltic States and of the free world. In June 1940, the Russian Army marched into Estonia, Latvia, and Lithuania, illegally annexing these three countries into the Soviet Union. In a brutal scheme to consolidate its control, the Soviet Union in April of the next year began mass deportations of Estonians, Latvians, and Lithuanians to Siberia and elsewhere. The deportations which followed the Soviet takeover culminated in the tragic days centering around June 14–15, 1941. On those dates and in the period following, over 100,000 Estonians, Latvians, and Lithuanians were uprooted from their homeland and transported to distant parts of the Soviet Union. Some 10,000 Estonians were deported on the night of June 14 and the following few days, and a few months later, another 33,000 Estonians were deported. Fifteen thousand Latvians were deported on the nights of June 13 and 14 and in Lithuania, some 34,000 persons were deported from June 14 to June 21.

It is impossible to appreciate fully the terror of the Soviet Union's actions for the brave and courageous people of the Baltic States. Barbara Armonas, a Lithuanian woman who was deported but later managed to emigrate to the United States describes her deportation in her book, "Leave Your Tears in Moscow":

> About four o'clock in the morning, I heard a knock on my door . . . I opened the door and froze with fear. There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons . . . I had only a half hour to prepare myself for the deportation journey. Awakened by the noise, my son started to cry . . . I was told that I could take no suitcases, but must pack everything into a potato sack . . .
>
> . . . My son, myself and our belongings were put into a buggy and escorted under heavy guard to the neighboring village. Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. At first, I thought all Lithuanians were being deported . . . The village of Aukstuoliai was left completely empty.

The long journey from the Baltic States to Siberia killed many of the weak, the sick, and the very young. Those who survived were transported to northern Russia and to western and eastern Siberia. They were used for slave labor and many of them perished in the mines and forests or were annihilated by the cold, starvation, and diseases because they were without proper clothing, food, and medical attention. Aleksandr Solzhenitsyn in his book "Gulag Archipelago," witnessed the cruel treatment and inhuman living conditions suffered by the Baltic deportees.

As we mark this brutal episode in history, we are again reminded of the courage which the people of the Baltic States have repeatedly demonstrated in their long struggle against domination of their homeland.

Although the courageous people of Estonia, Latvia, and Lithuania have been denied the rights which Americans cherish, the heroic commitment to basic human rights and freedoms which gave rise to independence throughout the Baltic States in 1918 continues as an inspiration to freedom loving people everywhere. The United States must continue to respect the struggle against foreign domination waged by the people of the Baltic States. Accordingly, the House of Representatives last year passed a resolution expressing the sense of the membership that no steps be taken to afford recognition to the Soviet Union's illegal seizure and annexation of the three Baltic nations of Estonia, Latvia, and Lithuania.

As a member who cosponsored this resolution, I join together with Baltic Americans and indeed all Americans in commemorating the sad occasion of the 35th anniversary of the deportation of the Estonian, Latvian, and Lithuanian peoples and in recognizing their courageous struggle for freedom.

LITHUANIAN INDEPENDENCE

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ADDABBO. Mr. Speaker, each year on June 15 Lithuanian-Americans join with other people of Lithuania descent throughout the free world to commemorate the forcible annexation of Lithuania by the Soviet Union in 1940 and to reaffirm support for the hopes of those who are held captive.

It is particularly important that we in the Congress recognize the extent of this oppression of the Lithuanian people at a time when détente and increased trade with the Soviet Union are being debated. It would be tragic and foolish for the American people and our leaders to ignore the lessons of the past in our deliberations on future international policies.

That is why it is so important for the United States to stand by our basic principle and refuse to give official recognition to the illegal annexation of Estonia, Latvia, and Lithuania by the Soviet Union. Those acts of oppression can never be legitimized and the basic international rights of people cannot be sacrificed now or at any other time. Those who signed the Universal Declaration of Human Rights must be reminded of their commitment.

This is a time to remember the events

of 1940 which resulted in the cultural, religious and political persecution of the people of Lithuania and it is a time to commemorate the past with reaffirmation of our Nation's support for oppressed people everywhere. Their hope for liberty must be continued if our liberty is to be a lasting right.

FEDERAL ENERGY ADMINISTRATION GIVES NOTICE

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BROWN of Ohio. Mr. Speaker, I would like to alert this body to the fact that we have today received from Mr. John Hill, Acting Administrator of the Federal Energy Administration—FEA—FEA energy actions 3 and 4, two amendments to the FEA price and allocation regulations which would exempt middle distillates, including Nos. 1 and 2 heating oil, Nos. 1–D and 2–D diesel fuel, and kerosene, from mandatory price and allocation regulations, unless they are disapproved by either the Senate or the House of Representatives within the next 15 calendar days in which Congress is in session. The last day for House action would be Wednesday, June 30 if the House schedule continues to be Monday through Friday as it has been for the past few weeks.

I have two transmittal letters accompanying these energy actions which I would like to offer for inclusion in the record. I understand that by tomorrow the FEA intends to submit to each Member of this body copies of energy actions 3 and 4, a copy of FEA's technical report containing the findings and views supporting these energy actions, and a condensed summary of those findings and views including an outline of the projected effects of the exemption of middle distillates.

I urge each of you to give careful consideration to these energy actions and the supporting documents without delay so that we may make a sound judgment regarding these important actions and their impact upon this Nation's energy future.

The letter follows:

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 15, 1976.

Re: Exemption of No. 2 Heating Oil and No. 2–D Diesel Fuel from the Mandatory Petroleum Allocation and Price Regulations (Energy Action No. 3)

Hon. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On April 21, 1976, the Federal Energy Administration gave notice of a proposal to exempt No. 2 heating oil, No. 2–D diesel fuel and other middle distillates from the Mandatory Petroleum Allocation and Price Regulations and to revoke Part 215 (Low Sulphur Petroleum Products Regulation). Written comments from interested persons were invited through May 11, 1976, and a public hearing regarding the proposal was held on May 12 and 13, 1976.

FEA has now completed its consideration of all the information available in this proceeding and has determined that the proposal to exempt middle distillates should be adopted and that Part 215 should be revoked. As required by section 455 of the Energy Policy and Conservation Act, Pub. L. 94–163 (EPCA), which added section 12 to the Emergency Petroleum Allocation Act of 1973, as amended (EPAA), each amendment exempting a refined product category from regulation must be submitted separately to each House of the Congress for review pursuant to section 551 of the EPCA.

FEA is, therefore, herewith submitting the amendment revoking Part 215 and exempting No. 2 heating oil and No. 2–D diesel fuel, which are defined in the EPCA as a single refined product category, to the House of Representatives, and is also concurrently submitting the amendment to the Senate for Congressional review. By Energy Action No. 4, FEA is separately submitting to each House of Congress an amendment exempting the other middle distillates (No. 1 heating oil, No. 1–D diesel fuel and kerosene), which are defined in the EPCA as another refined product category, for review pursuant to section 551 of the EPCA.

The findings and views supporting this amendment, which are required by section 455 of the EPCA, are set forth in the enclosed document entitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations".

The Administrator of the Federal Energy Administration has been delegated by the President all the authority granted to him by the EPAA (E.O. 11790, 39 F.R. 23185, July 27, 1974).

Unless disapproved by the Congress as provided by section 551 of the EPCA, the enclosed amendment will be effective July 1, 1976 or on the first day following expiration of the review period provided for by Section 551 of the EPCA, whichever is later.

Sincerely,

JOHN A. HILL,
Acting Administrator.

Enclosures.

YOUNG CLEVELANDER IN CHALLENGING SPORT

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. STOKES. Mr. Speaker, I rise today to bring to your attention the outstanding achievements of a young lady who aspires to become an expert at a grueling, yet exciting sport. Wanda Carol Small dreams of becoming a champion Olympic figure skater in the next 4 to 6 years.

On March 20, she entered the Cleveland Invitational Competition and placed fifth out of 15 competitors in figure skating. In the 96th Annual Tri-State figure skating competition at Bowling Green University, she competed with 465 participants from five States and Canada and won a fifth place ribbon.

So you can see, Mr. Speaker, that Wanda, at only 12 years of age, has achieved considerable recognition for her talents. Also, as a black American, she is one of a very small group of minorities in the figure skating sport.

Wanda is as active in scholastic and extracurricular activities as she is on the ice-skating rink. She is an honor student at Roxboro High School in Cleveland Heights, a member of the school Junior and Senior Drill Team, a library and office aide, and a student of ballet of the Northeast Ohio Academy of Dance.

Mr. Speaker, Wanda takes seven figure skating lessons per week, both winter and summer. She also takes a weekly ballet class. Add on top of that her full scholastic load, rigorous competitions, and long rehearsal hours, one can certainly see that this is a grueling, time-consuming sport.

Wanda's mother, Mrs. Shirley Small, should stand commended for her constant devotion and continuous support of her daughter's professional goals, which, by the way, include plans to become an inner-city doctor or lawyer.

At this time, I would like to ask my colleagues to join with me in offering our best wishes to this exemplary young athlete and performer. Wanda Small has a great future in store for her.

ANIMAL HEALTH RESEARCH—A GOOD INVESTMENT

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. LEGGETT. Mr. Speaker, I continue to be concerned about the world's food resources, and am constantly searching for means to enhance world food production. To that end, I have attempted to remain in close touch with the veterinary profession in the belief that it, along with our Nation's farming community, bears the major responsibility for providing America's, and by indirection the world's, food supply.

A recent paper by Frank A. Todd, D.V.M., on the subject of animal health research is a timely and cogent treatment of this subject. Therefore, I insert this paper in the RECORD at this point:

ANIMAL HEALTH RESEARCH—A GOOD INVESTMENT

(By Frank A. Todd)

In today's climate of growing concern over world food shortages and problems of malnutrition, the practice of raising and consuming livestock is frequently criticized. Critics take the position that animal production is an inefficient use of feed resources, and advocate direct human consumption of grain. Such a position genreally underplays or completely overlooks two important facts about livestock production: first, that animal protein is important for a nutritionally adequate diet; and second, that several species of animals are able to convert into nutritious human food, waste products and plant materials from land that could not otherwise be used to produce edible crops.

In 1973, the National Academy of Sciences—National Research Council published a position paper, "The Relationship of Nutrition to Brain Development," stating that malnutrition per se, clearly alters the central nervous system by acutely or chronically limiting its metabolic, structural and functional capabilities and performance.[1] In other circumstances, malnutrition, reflected in prolonged limitations on amounts of food consumed, may result in general stunting of growth accompanied by reduced brain size,

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Footnotes at end of article.

decreased brain cell numbers and immature or incomplete biochemical organization of the brain.

The report further states that early severe protein/calorie malnutrition in lower animals has been shown to result in long-lasting and possibly permanent retardation in growth of various parts of the body including the brain.

M. A. Crawford of the Nuffield Institute of Comparative Medicine, London, states that brain growth is dependent upon essential biochemicals not found in plant foods nor synthetic meats and that the involved structural lipid components are quantitatively the second most important constituent of all soft tissues and the most important in the brain. In animal products the lipids are assembled in a manner which is closely related to their final use in brain construction.[2]

The United States Department of Agriculture (USDA) has recognized protein malnutrition in early childhood as one of the most serious deficiency diseases in the world today. A recent pilot study entitled "Special Supplemental Food Programs for Women, Infants and Children" offers major formulas for infants with special dietary problems such as inborn errors of amino acid metabolism.[3]

The proteins from cereals alone are not of high enough nutritional value for man's normal growth and efficient maintenance.[4] There are eight amino acids that the human body must have, but cannot make from any materials. They are called the essential or indispensable amino acids because it is essential that they be supplied ready-made. A protein with all of the essential amino acids in significant amounts and in proportions similar to those found in human body proteins classifies it as a complete protein. Meat, fish, poultry, eggs, milk and cheese and a few special legumes contain complete proteins.[5]

Dr. Jean Mayer, Professor of Nutrition, Harvard University, in answering an inquiry from a mother who asked if she could raise her baby as a lacto-ovo vegetarian, informed her that a baby could be raised on a diet that contains no meat, fish or poultry as long as the infant gets plenty of milk, cheese and eggs along with a variety of vegetables, fruit and cereals.[6][7]

Man depends heavily on farm animals to convert plants into these complete proteins. The extent of our dependency on livestock was brought out in a report published last year by the National Academy of Sciences (NAS). The report was initiated at the request of President Ford "to enlist the aid of NAS in a major effort to lessen the grim prospect that future generations of people around the world would be confronted with chronic shortages of food and with the debilitating effects of malnutrition."[8] The study was intended to provide specific recommendations on how our research and development capabilities can best be applied to meet this major challenge. The large focus appears to be on cereal grains. Although very important, these will not always assure a protein-balanced diet.

The following excerpts from the report relate to the livestock and poultry industries:

"Animal products comprise significant portions of the food supply in the U.S., supplying two-thirds of the protein consumed, one-third of the energy, one-half of the fat, four-fifths of the calcium, nearly two-thirds of the phosphorus, and significant quantities of essential minerals, micronutrients, and vitamins. The amino acid composition of animal proteins is of high biological value to man."

"Ruminants can convert cellulosic or concentrated feeds to food, while monogastrics (such as swine and poultry) require concentrated feeds for the most part. For most of man's history, and even today in much of the world, domesticated animals have consumed feedstuffs not usable by man—fibrous plant materials and the wastes.

"A large part of the earth's land surface can only infrequently produce cultivated crops directly usable by man, but it can produce high cellulose plant material that can be converted economically to food only by animals. Other land, that could regularly produce food crops, finds its greatest economic value in producing forages. Also, most plant food crops produce large volumes of cellulosic residues usable by ruminant animals."

Crawford states that there is a need for balanced agriculture and that at the moment a serious gap in the effort of animal production, a gap which is not only relevant to undernutrition in developing countries, but with a shortfall of 380,000 tons of red meat in the European Economic Community and rising fish and meat prices in Europe and America, is becoming critical throughout the world.[2]

The integral role animal proteins play in providing a nutritionally adequate diet makes it essential to produce tremendous quantities of livestock and livestock products as efficiently and economically as possible. Disease, parasites and reproductive problems are major deterrents to optimum production.

Diseases and parasites cause losses of about $3.6 billion a year in the United States. This is nearly 10 percent of the annual income realized by this nation's animal industries. National Academy of Sciences-National Research Council estimates indicate that diseases cause the death of 15 percent to 20 percent of all farm animals. In order to make more animal protein available at reasonable prices to our increasing population, these losses must be reduced or eliminated wherever possible. The key to improved animal health is research.

The NAS study requested by President Ford is very clear on this point, stating that "diseases retard maturity, decrease feed efficiency, increase overhead costs, and result in wastage from condemnation. This results in the loss of at least one out of ten animals each year in the U.S."

The authors of the report concluded that "research is needed on reducing losses and controlling diseases during gestation or incubation. The first step is to control diseases causing abortion in mammals, hatching failure in poultry, and male or female sterility. Much of the technology to detect such diseases and substances that cause abortions or infertility and to control them within economic levels is available, but much basic research is still necessary to gain sufficient understanding for their control."

Secretary of Agriculture Earl L. Butz expressed the same conclusion another way in a speech delivered October 18, 1974, when he said, "Veterinary science and research will help us improve the reproductive performance of beef cows. For example, the calf crop percentage in beef cow herds is about 85 percent nationwide. That means farmers annually feed and maintain 8 million barren beef cows.

"If only half of the 8 million were restored to fertility and produced a calf, those 4 million extra calves could be fed out to produce more than a month's beef supply for the entire nation, at lower cost.

"The same kind of opportunity exists for the pork industry. By increasing the average swine litter by one pig, the additional pigs, if grown to market weight, could supply pork for the entire nation for about two months, at lower cost."[9]

We already have seen many examples of how animal health research can save animals, food and money, thereby increasing the efficiency of livestock and poultry production. Diseased herds and flocks are inefficient. They require more feed and labor than do healthy herds to produce the same amount of meat, milk or eggs. Lower production means less food for the market. Prices rise for the consumer and everyone loses. Improved disease control benefits both the producer and the consumer, and increases tax revenue far in excess of the cost of the research.

For example, losses from Tick fever cost U.S. producers some $40 million per year until research facilitated its eradication. As a result of a $40 million investment in research and eradication, the United States has saved some $1.4 billion—three and one-half times the initial investment—over the past 35 years.

Cooperative research by the USDA and a state agricultural experiment station led to a highly effective preventive vaccine now being used almost universally in this country to control Marek's disease, a viral disease of poultry which is related to cancer. Over the 10-year period in which major advancements were made in developing the vaccine, the USDA spent about $10 million on this research and the cooperating state spent an additional $6.4 million. Immediately prior to the breakthrough, Marek's disease took a toll estimated at $200 million a year. With the vaccine now available, annual savings of $170 million are being realized.

In his foreword to the 1975 USDA yearbook, *That We May Eat,* Secretary Butz cites the development of a vaccine to keep poultry healthy and add to consumer meat supplies. He notes that the estimated worldwide economic value of just this one piece of research on Newcastle Disease is $1 billion.

Another state experiment station project, completed in 1971 at a cost of about $100,000, provided a reliable procedure for differentiating a highly virulent form of Newcastle disease from the less virulent form which is widely disseminated in this country. This discovery made possible the recent successful eradication program in California and several other states. Had this program not been successful, exotic Newcastle disease would now be costing the country an estimated $230 million a year.

The discovery of virus-like particles in milk from leukemic cows in 1964 initiated much concern about dairy products as a possible source of human leukemia. In 1965, the Cooperative State Research Service made available five competitive grants totaling $900,000 to determine the cause of the disease in cattle. Research conducted under these grants identified a virus as the cause, and reproduced the disease in cattle and sheep. A test developed in one of these programs showed the disease is not the same as that which occurs in man, and pasteurization was found to render milk non-infectious. No estimate could be placed on the value of this research investment in preserving public confidence in the safety of dairy products. It should also be noted that the National Institutes of Health made substantially more funds ($10 million) available to medical research that year, in part to determine if some forms of human leukemia may be caused by a virus. At least one causative virus has been identified recently. Opportunities to conduct disease transmission experiments on animals when the use of human subjects is prohibited very often lead to rapid solution of infectious disease problems in animals.

The eradication of hog cholera from the United States which is now coming close to reality is a direct result of cooperative USDA/state experiment station research which developed a rapid and highly accurate test for identifying the presence of the virus in infected swine. The procedure, known as the flourescent antibody test, was adapted at minimum cost (precise figures are not available at this time) from other research. This test and the resulting eradication program will result in estimated annual savings of $50 million.

During 1969 and 1970, research workers at

Footnotes at end of article.

another state experiment station, with some assistance from USDA and industry funds, identified two viruses which cause scours, a major case of death in newborn calves. By 1975, additional experimental work had yielded an effective vaccine which is reported to reduce calf death loss to as little as 1 percent in vaccinated calves. Scours previously claimed an average of 10 percent of all new calves.

These and numerous other examples have repeatedly proven that animal health research returns dividends many times greater than the required initial expenditures. Frequently the savings in one year alone more than equal the cost of the experiments. Yet, even in the face of abundant evidence that research is a sound investment, research budgets are being cut back at a time when rising consumer prices in this country and actual food shortages in many parts of the world are becoming major concerns.

Considering the importance of livestock and livestock industries to our nation's economy, let alone the health of U.S. citizens and people throughout the world, expenditures on research are particularly low. Moreover, the current lack of investment in animal health research is false economy. At the present time, the amount we are spending on research aimed at solving problems of animal disease and nutrition amounts to less than 0.1. percent of the annual losses these problems cause. When compared to the total value of animal products, the investment in animal health research is minuscule.

For example, dairy products supply approximately one-fourth of the food protein and one-eighth of the food energy in the United States, and also provide a major source of essential minerals and vitamins. In 1970 American consumers spent over $15 billion for dairy products, and the dairy industry employed nearly 2 million workers. Infertility, mastitis—a prevalent microbial disease of the udder—and enteric diseases exact a heavy toll on the American dairy industry. Losses due to mastitis alone exceed $700 million per year, yet current expenditures for research on mastitis equal only 0.01 percent of the cash income from dairy products.

Beef sales accounted for approximately 30 percent of the total cash receipts on American farms in 1972. The per capita consumption of beef that year was over 114 pounds, which equals the produce of 38.7 million cattle. Respiratory, enteric and reproductive diseases are major inhibiting factors in beef production. In Kansas alone in 1972, 54 million pounds of beef—enough meat for 470,000 people—were lost because of disease. Of the 50 million beef calves produced each year in the U.S., approximately 4 percent (2 million) are lost from respiratory and reproductive type diseases.[10] A national task force on beef cattle research estimates that the beef industry sustains an annual loss of over $250 million as a result of respiratory disease alone. Such losses must result in a higher price for each pound of meat that reaches the consumer's table.

Between 90 and 100 million hogs are marketed each year in the United States to supply an annual per capita consumption of 100 pounds of pork. In Iowa, which produces 20 percent of the nation's swine, annual losses from swine diseases amount to over $150 million and, nationwide, it is reliably estimated that less than 80 percent of the pigs born survive long enough to reach the market. Research on swine diseases in the United States is supported by grants representing less than 0.03 percent of the gross value of swine marketed.

Lamb chops are becoming scarce and expensive in American supermarkets. One important reason is that the disease factor discourages our sheep industry. Sheep and goats are good examples of food-producing animals that can readily convert rough forage raised on marginal land into nutritious human food without diverting grains that may be eaten directly by people, but arthritis, pneumonia, reproductive failure and parasitism are rapidly making the production of market lambs an uneconomic venture.

In 1970, the United States poultry industry earned a gross income in excess of $4.2 billion—nearly one-tenth of the gross income from all farm commodities. Chickens and turkeys are susceptible to many virus, fungal and protozoan infections and, because poultry usually are raised in large numbers in confined quarters, diseases can spread rapidly through flocks causing catastrophic losses. In spite of recent advancements in treating such problems as Marek's disease and exotic Newcastle disease, additional research is needed to help assure adequate supplies of poultry and eggs.

Many concerned individuals and agencies, both private and public, have recognized the magnitude of disease problems in livestock production and the need for research to combat them. Ten years ago a joint study sponsored by the Association of State Universities and Land Grant Colleges and the U.S. Department of Agriculture concluded that "infectious diseases represent the single greatest hazard to the production of an adequate and wholesome supply of animal protein."

The National Pork Producers' Council, in a 1968 survey, found that 71 percent of its members regarded health as the problem of greatest concern in their swine production enterprises. More than 50 statements expressing concern over the lack of more intensive research to solve animal health problems have been expressed to the USDA by the American National Cattlemen's Association, the National Wool Growers' Association, national and state associations representing cattle breeders, swine breeders, livestock feeders, the dairy industry, poultry and turkey producers, farm organizations, state and local veterinary medical associations, individual farmers and the Conference of Research Workers in Animal Diseases.

The 1975 National Academy of Sciences report requested by President Ford includes this statement:

"Fundamental research is needed on: (1) the nature and inheritance of innate defense mechanisms of livestock and poultry species, (2) methods of effectively stimulating specific immunity, and (3) the contributions of environmental and behavioral stressors on the susceptibility of animals to disease. This research will require federal funds not now available for staff and materials, and for sophisticated and expensive environmental facilities, such as high temperature and controlled humidity chambers.

"Applied research is needed on neonatal disease of swine and cattle and on respiratory and enteric diseases of swine, cattle, and poultry."

In keeping with current public concern over domestic and world food supplies, the USDA convened a national working conference on "Research to Meet U.S. and World Food Needs" in Kansas City, July 9–11, 1975.[11] The objective was to identify the most important problems requiring research during the next 10 to 15 years that affect the capacity of the United States to increase and improve domestic and world food supplies.

The conference report, in dealing with livestock and poultry problems and research needs, gave high priority to research on the prevention and reduction of losses from disease and parasites of food-producing animals, and recommended a large increase in the number of research scientists for animal disease research.

The USDA supports animal health research, but the level of support is inadequate. About 3 percent of the USDA research budget is devoted to animal health, and nearly all of that supports inhouse laboratories where at best only a few national problems can be studied. Very little support is available for needed research on problems of regional or local importance.

The USDA supports animal health research primarily through the Agricultural Research Service and the Cooperative State Research Service. In 1975, an estimated total of $28 million was programmed for this research, of which about $4 million supported investigations at state agricultural experiment stations and Veterinary Colleges and over $24 million went to finance work in the USDA laboratories.

Although the amount of federal support for animal health research is surprisingly limited relative to the scope and importance of the food animal industry, the levels of funding have decreased in recent years while both the numbers of consumers and their needs for high-quality, reasonably-priced animal proteins have increased.

The Council of Research of the American Veterinary Medical Association stated in 1966 that, "there is a serious abdication of responsibility by the U.S. Department of Agriculture in supporting animal disease research in the state experiment stations and the veterinary colleges." Even so, during the period 1966 to 1973, USDA support of scientific effort in animal health research declined more than 25 percent in the state experiment stations and nearly 29 percent in veterinary medical colleges, according to department reports. In 1966 the USDA provided funds in an amount equivalent to the support of only 35 scientist man-years in the state experiment stations.

In 1972 the National Academy of Sciences reported that the USDA had not supported animal disease research adequately, and that the department should either reallocate research support or develop a special funding mechanism for veterinary science like the McIntire-Stennis program.[12]

The needs and benefits are clear, and they are being reflected from many sources. The menace of loss from disease has been with the livestock industry since it began. Although it is unlikely that all disease could be eliminated, the complete capacity and the knowledge of veterinary animal agriculture has enabled this country to eradicate serious diseases such as Foot-and-Mouth disease, contagious bovine pleuropneumonia, vesicular exanthema of swine, glanders in horses and the Texas fever in cattle. Some of these are still serious diseases elsewhere in the world and require extreme vigilance among regulatory veterinarians in this country to keep them out. Still there are other diseases which cause great economic losses here and with adequate knowledge also can be eliminated.[13]

The animal disease factor must be vigorously attacked in order to improve the efficiency and volume of food animal production. As the factor of loss due to animal disease is removed from the cost of production, we will be able to buy foods of animal origin for less money. But without significant and sustained federal funding for research directed specifically toward the solution of animal health problems, American consumers will have to absorb the high costs of these losses.[14]

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THE EMERGING SOUTH

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. DERRICK. Mr. Speaker, I am grateful for this opportunity to share with my colleagues some observations that have been made concerning the growth trends in the southern region of our Nation. Based on a study conducted by the Southern Growth Policies Board, I would like to point out to my colleagues some of these trends and to bring to light the economic growth of my region.

The spectacular growth of the South during the 1950's and the 1960's is continuing into the present decade. Major indicators show that the South continued to outpace the rest of the Nation in terms of economic growth between 1970 and 1975. This is confirmed by a study conducted by the Southern Growth Policies Board—SGPB—and recently released.

The 15 Southern States were studied in terms of population, personal income, prices, employment, unemployment, and State government tax revenue. The States included in the study were: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

These southern States saw an increase in population growth at a rate of 8.6 percent, nearly double the national increase of 4.8 percent. Over 40 percent of this increase was accounted for by net immigration. The fastest growing State, Florida, had a 23 percent population increase. South Carolina experienced the fourth largest increase with 8.8 percent. Only three States, Louisiana, Maryland, and West Virginia, grew by less than the national average.

Personal income in the South increased at a rate of 66 percent as compared to a 55.4 percent rate for the United States as a whole. Again, Florida grew the fastest of the Southern States, by nearly 81 percent between 1970 and 1975. North Carolina and South Carolina were the next highest in terms of percentage—North Carolina 69.3 percent, and South Carolina 67.9 percent. Although the South trails the United States in per capita personal income, the gap is narrowing. Although in 1973 and 1974 the South's rate of inflation exceeded the national rate, in real terms the South's growth in per capita income still exceeded the national average by 9 percent to six percent over the entire 5-year period.

Employment indicators show that nonagricultural employment in the South grew at a faster pace than the comparable U.S. total in 4 of the past 5 years. The recession of 1974–75 led to declines in employment for the first 8 months of 1975 as compared to the 1974 average; however, the decline was less severe in the South than in the United States. Overall, new growth in nonagricultural employment for the 1970–75 period was about 16 percent for the South compared to 7.5 percent for the United States. Thus, employment in the South has been growing at a rate more than double that of the Nation.

Southern States with the highest rates of total nonagricultural employment growth between 1970 and 1975 were Florida, Texas, Kentucky, Mississippi, and South Carolina—16.2 percent.

The rate of unemployment in the South remained below the U.S. average in every year between 1970 and 1975, although the difference has narrowed considerably during the past 3 years. The recession of 1974–75 contributed to this narrowing gap. Florida, which enjoyed relatively low unemployment from 1970–73, was extremely hard hit by the recession. South Carolina's unemployment rate also more than doubled in 1975 after remaining relatively low from 1970 to 1974.

Looking at State government tax revenue, we see that this grew at a faster rate for Southern States than for all 50 States in every fiscal year between 1970–71 and 1974–75. The annual percentage increase, however, declined steadily for both the South and the United States. The rate of growth of personal income, for both the South and the United States, barely exceeded the comparable rate of inflation in 1974 and fell below the rate of inflation in 1975. Thus, growth in total "real" personal income was halted in 1975 as a result of the recession.

The recession hit southern industries unusually hard—the housing industry decline was central to the recession, and the construction industry is a relatively large employer in the South, as are manufacturing industries related to housing, such as textiles and furniture.

The last half of 1975 and early 1976 have seen some improvement in economic conditions, however. Unemployment and inflation had moderated in both the South and the United States by the end of 1975. The unemployment rate had dropped to 7.6 percent, while the U.S. rate eased into 8.3 percent.

Among the Southern States, there was a high degree of correlation between growth in population and in economic variables such as personal income, employment, and State government tax revenue. It is noteworthy that all Southern States with population growth above the national average also outperformed the United States in key economic indicators such as unemployment, employment growth—nonagricultural—personal income, and with a few exceptions, State tax revenue increases.

If we explore the major trends in the South, we note that employment growth for the South is continuing to diversify and to expand into nonagricultural employment opportunities. The fastest growing industries in the South were services, 29.7 percent; finance, insurance, and real estate, 27.9 percent; State and local government, 24.5 percent; and construction, 20 percent. The slowest growing industries were agriculture, 14.3 percent; manufacturing, 1.6 percent; Federal Government, 3.2 percent; and transportation, communication, and utilities, 9.5 percent. Total nonagricultural employment grew by 16.1 percent. Clearly, manufacturing is no longer the only major impetus to economic growth in the South. Service-oriented industries and construction were the major sources of employment growth in the last half decade. However, more southern workers are still employed in manufacturing than any other single sector.

Despite the recession, from 1970 to 1975, the South grew faster in every industry except mining, where growth in the South was about one-half a percentage point below the U.S. growth rate of 18.1 percent.

One point must be noted and that is the existence of interstate differences among Southern States. In employment, for example, the trade, services, and finance sectors account for as much of 54 percent of Florida's nonagricultural employment and as little as 35.1 percent in South Carolina. In South Carolina, North Carolina, and Tennessee, on the other hand, over 30 percent of the nonagricultural work force is employed in manufacturing. Furthermore, the energy-producing States of Louisiana, Oklahoma, Texas, Kentucky, and West Virginia have been able to take advantage of an opportunity to make significant advances in raising standards of living for their citizens.

Future employment growth in the South will probably be led by service-oriented industries. Economic recovery should bring a sharp increase in manufacturing jobs. Manufacturing should also contribute to economic growth through changes in its industrial mix, which will generate higher incomes for southern families. Southern States are taking care not to depend too heavily on any one economic potential for growth, but are instead striving for a balance in their economic structure. Florida's recent difficulties in dependence on the tourist industry was a striking lesson.

This study clearly demonstrates that the South must be concerned with the economic trends that have been pinpointed. Gov. Reubin Askew of Florida, chairman of the Southern Growth Policies Board, said that the findings showed that the Southern States had begun none too soon in organizing 3 years ago to plan for the region's expected growth. It is clearly evident that continued economic growth is anticipated for the Southern States. We must interpret the problems of growth and development so that we can avoid the mistakes of other sections of the country. We must insure that quality economic development is generated.

THE DEATH OF REVENUE SHARING REFORM

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ROSENTHAL. Mr. Speaker, last Thursday, this body took an action which I fear it will ultimately regret. On June 10, the House of Representatives extended the general revenue sharing program, after deleting every major reform added to H.R. 13367 by the Committee on Government Operations.

The political pressures exerted upon Members to gain extension of the program without change were truly awesome. State and local lobbyists from throughout the Nation poured into the Capitol to demand maximum funds with minimum supervision of their use. Many Congressmen could not resist the impulse to approve a program so popular among the voters and officials back home.

But it seems to me, Mr. Speaker, that in our headlong rush to funnel money to the States and localities, we neglected to insure that the funds would be equitably distributed or wisely spent. The fiscal assistance program suffers from four serious flaws.

First, the money is distributed with little regard to need. Population is a key factor in the allocation formula, and income, to the extent it is considered, is not corrected for distortions created by a few wealthy inhabitants. Hence, a comfortable middle-class suburb receives the same amount as a central city of comparable size, with a handful of affluent residents offsetting large numbers of impoverished citizens. The supplemental assistance formula offered by Mr. FASCELL would have distributed on the basis of need the $150 million in excess of last year's appropriation. Unfortunately, the Fascell formula was eliminated in order to preserve everyone's slice of the pie—even though the current slices allow some to grow fat while others starve.

Secondly, the bill passed by the House will enable governmental units receiving revenue sharing funds to evade antidiscrimination requirements. The stringent nondiscrimination provisions contained in the Government Operations Committee proposal were stricken for fear of converting H.R. 13367 into "a civil rights bill."

Thirdly, revenue sharing funds encourage duplication and inefficiency in governmental structures. So long as each minuscule unit of general-purpose local government can qualify for funds, much-needed structural reform will not occur. Yet an amendment which merely encouraged Government modernization was rejected, for fear that it would destroy the Federal system.

Fourthly, the revenue sharing distribution formula ignores the 10 to 13 million people overlooked in the census. An amendment to utilize reliable figures to compensate for this undercount was rejected, on the grounds that available figures were inexact—even though they are more exact than neglecting the undercount altogether.

In sum, the general revenue sharing program has become the biggest Federal giveaway of all time. We drain money from our citizens, transport it to Washington, and then ship it back virtually indiscriminately to the localities. We pay scant attention to how they spend it or even whether they need it.

I voted in favor of H.R. 13367 with great reluctance. I did so for one reason: because local governments would face severe crises if the fiscal assistance program were not extended. Revenue sharing grants now account for 11 percent of local funds, and I was unwilling suddenly to plug the Federal pipeline upon which local governments have been encouraged to rely.

In the long run, this is the real danger of revenue sharing. Each year, additional governments grow dependent on revenue sharing funds. I therefore find it ironic when critics of revenue sharing reform claim that meaningful national oversight will destroy federalism. It is the general revenue sharing program itself which threatens the Federal system. We face the specter of more and more cities becoming addicted to these funds. Given the massive importance of revenue sharing funds and the wastefulness with which they have been spent, the blank-check extension which the Congress has granted may eventually prove detrimental to the States and the cities as well as to the Nation.

LARRY KENNISON AND GAIL AILLS

HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. SEBELIUS. Mr. Speaker, it is worth noting, even in these days when we are so dependent on complex medical technologies and organizations for our health and well-being, that it is still the quick thinking and resourcefulness of people that save lives in emergencies. With this thought in mind, I pay special tribute to two courageous men from Salina, Kans. For their lifesaving efforts Mr. Larry Kennison and Mr. Gail Aills have been awarded the Red Cross Certificate of Merit, the highest honor given by the American Red Cross for saving or sustaining life by using skills learned in a Red Cross first aid program.

On April 5, 1975, Mr. Kennison and Mr. Aills responded with their firefighting unit to a house fire. Upon reaching the location of the fire they realized that someone was trapped in the burning house. Mr. Aills found the victim unconscious in his bedroom and brought him to safety. At that time, the victim was not breathing. Aills and Kennison then began mouth to mouth resuscitation and other first aid measures and continued them until the ambulance arrived.

Undoubtedly, it was the performance of Kennison and Aills that saved the man's life. Their meritorious action exemplifies the highest ideals of the concern of one human being for another in distress. I commend them for their services to their fellow citizens.

PROTECTION FOR MIGRATORY TUNA NEEDED

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ANDERSON of California. Mr. Speaker, this morning the members of the Merchant Marine and Fisheries Committee were briefed on the treaty negotiations at the third United Nations Conference on the Law of the Sea (New York session, May 10, 1976).

Of particular concern to me, and many of our colleagues, is article 53 of the revised single negotiating text-management of highly migratory fish such as tuna.

Time and again I have expressed my strong opposition to the United States establishing a 200-mile economic zone for the protection of coastal fisheries, that might initiate "domino jurisdiction" over air space, shipping lanes, and so forth.

Although the legislation expressly exempts highly migratory species from the 200-mile zone, tuna fishermen in my district fear that other nations will overlook this exception and will move to extend their jurisdiction to all fish located in their economic zones, whether coastal, anadromous, or highly migratory.

This most recent session of the Law of the Sea was unable to formulate an effective policy for the management of the highly migratory tuna—article 53.

When the Congress agreed to the Fishery Conservation and Management Act of 1976—Public Law 94-265—the conference report stated—House Report No. 94-948—it is a declared policy of Congress in this legislation to support and encourage continued active United States efforts to obtain an internationally acceptable treaty which provides for effective fishery conservation and management—section 2(c)(5). Further, the conference substitute grants to the Secretary of Commerce the authority to conform regulations issued pursuant to this act to the fishery management jurisdiction provisions of an international fishery agreement that may result from any United Nation Conference on the Law of the Sea once that agreement has been ratified by the United States and in anticipation of that agreement coming into force and effect or otherwise being applicable to the United States—section 401.

Moreover, judicial precedent may have been established in the reconciliation of treaties with Federal legislation. As stated by the U.S. Supreme Court in *Whitney* v. *Robertson,* 124 U.S. 190, 194 (1888):

> By the Constitution a treaty is placed on the same footing, and made of like obligation, with an act of legislation. Both are declared by that instrument to be the supreme law of the land, and no superior efficacy is given to either over the other. When the two relate to the same subject, the courts will always endeavor to construe them so as to give effect to both, if that can be done without violating the language of either; but if the two are inconsistent, the one last in date will control the other, provided always the stipulation of the treaty on the subject is self-executing. If the country with which the treaty is made is dissatisfied with the action of the legislative department, it may present its complaint to the executive head of the government, and take such other measures as it may deem essential for the protection of its interests. The courts can afford no redress. Whether the complaining nation has just cause of complaint, or our country was justified in its legislation, are not matters for judicial cognizance.

Since the tuna fishing fleet's prime fishing grounds lie in the coastal waters of the eastern Pacific from Mexico to Chile, the U.S. representatives at the Law of Sea have an obligation to protect an industry that plays such a significant part in the domestic economy and the international balance of payments.

I again call upon our representatives at the negotiations to fight for an industry that has already been seriously damaged by the unilateral actions of the United States.

HONORING THE BALTIC PEOPLE

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. HORTON. Mr. Speaker, June 14 and 15 mark the 35th anniversary of a tragic period for the people of Estonia, Latvia, and Lithuania. It was during this period in 1941 that thousands of Baltic people were deported to Siberia, creating a situation that was both inhumane and deplorable. Approximately 100,000 people were forcibly driven from their homes, only to be transported by freight cars where water, food, and space to breathe were far too inadequate. It is essential that we remember the plight of the people of Estonia, Latvia, and Lithuania today and express our tremendous admiration for the immense courage and determination of the Baltic people in their continuing hope for freedom.

As a sponsor of the resolution reaffirming United States policy of nonrecognition of the Soviet Union's annexation of the Baltic nations, I stand to applaud congressional legislation establishing the Commission on Security and Cooperation in Europe, as well as its final enactment on June 3 by President Ford. This Commission, which will monitor the recognition of human rights in the Soviet Union and Eastern Europe, will also be mindful of the events that occurred in Estonia, Lativia, and Lithuania in 1941. I pledge my continued support of any steps designed to prevent future tragedies such as that experienced by the Baltic people.

BALTIC STATES FREEDOM DAY

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. RINALDO. Mr. Speaker, today we commemorate the 36th anniversary of the occupation of Estonia, Latvia, and Lithuania. These brave Baltic States, which showed great strength and courage in their years of independence, have been just as resilient in resisting Russian oppression.

After the Soviet takeover, over 100,000 of these innocent people were forcibly taken from their homelands and deported to Siberian concentration camps on the grounds that this would calm the Baltic States. According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia. Many of those deported never made it alive, dying from starvation, lack of medical assistance, or lack of proper clothing in the freezing temperatures of Siberia.

Since 1940, approximately 10 percent of the Baltic population has either been deported or murdered by the Soviet regime. Yet these people continue to struggle for their freedom. They refuse to buckle to Soviet occupation of their lands. Now more than ever we should support their demand for human rights and liberties as defined by the Helsinki conference.

The United States has never recognized the illegal annexation of Estonia, Latvia, and Lithuania by the Soviet Union. This country has stuck to its policy of nonrecognition of this area as part of the Soviet Union since the day the Russians took it over.

I believe we have a moral obligation to support these people to the greatest extent possible. We truly cannot enjoy the fruits of our freedom and liberty when we know that those in the Baltic States are denied the most fundamental rights. We must remain strong in supporting Baltic self-determination in all international conferences, including the United Nations. We must not let these people be forgotten.

On this day, the 36th anniversary of Baltic States Freedom Day, I urge my colleagues to join me in pledging our solidarity for the Baltic people and urging them to continue their fight for freedom. It has been a hard struggle for them to endure, yet they have not quit, and with our support they will be able to continue the fight. The Soviets must recognize their responsibility to the cause of basic human rights and privileges which they so harshly abuse.

BICENTENNIAL CONGRESSIONAL SALUTE OF EXCELLENCE TO THE VERY REVEREND MONSIGNOR JOHN P. McHUGH ESTEEMED PAPAL CHAMBERLAIN, OUTSTANDING EDUCATOR, COMMUNITY LEADER AND GREAT AMERICAN

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. ROE. Mr. Speaker. On Saturday, June 19 the residents of my congressional district, State of New Jersey will assemble to honor a most esteemed clergyman, educator, youth counsellor, community leader and good personal friend, the Very Reverend Monsignor John P. McHugh, who has ministered to the spiritual needs of our people with the highest standards of excellence since his ordination to the priesthood over three decades ago.

Monsignor McHugh holds a very special place in the hearts of all of us who have had the good fortune to know him. He was born in Slattamore, Ruskey, County Roscommon, Ireland on September 15, 1920. Upon completion of his academic studies at Summerhill College, Sligo, County Sligo, Ireland and St. Patrick's College, Carlow, County Carlow, Ireland, he was ordained to the priesthood on June 3, 1945.

Mr. Speaker, I am pleased and proud to relate that Monsignor McHugh then chose America as his home and at the young age of 25 years assumed his ecclesiastical duties within the Diocese of Paterson in my congressional district. He served as assistant to the pastor at our Lady of Lourdes Church, Paterson from 1946 to 1957. In 1956 he was named director of DePaul High School, Wayne, N.J., where the quality of his leadership and richness of his wisdom have nourished and nurtured the minds and hearts of our young people developing strength of character and a reservoir of knowledge that has truly enriched the educational and cultural heritage of our community, State, and Nation.

His personal commitment to the Almighty and to our people has enabled him to achieve the deepest respect and esteem of all of us. On October 11, 1963 Pope Paul VI appointed him to the revered post of Papal Chamberlain with the accompanying title of Very Reverend Monsignor. During the period 1947 to 1963 he served as chaplain of the Knights of Columbus, Paterson Council No. 240 and was director of vocations for the Diocese of Paterson from 1959 to 1971.

The Monsignor's leadership position in our community was also manifested by his many good deeds as chaplain of the Wayne police and firemen beginning in 1958 to the present and the expertise of his direction on the Diocesan Finance Board for Secondary Schools in 1968.

Mr. Speaker, there is much that can be said of the personal attention and care that Monsignor McHugh has lavishly bestowed upon each and every citizen who called upon him in their hour of need. He was always there to give comfort and aid to the sick and the impoverished. This coming Saturday his many, many friends will join together to attest to the vastness of the warmth of his friendship, the magnificence of his achievements and the salvation of his helping hand during his directorship of the DePaul High School. In recognition of the standards of excellence which he promulgated in this post at DePaul High School during the past two decades, he has been appointed associate superintendent of schools for the Diocese of Paterson where he will be called upon for direction and assistance in the education of our young people over a broader geographic area encompassing a three-county school system within the Diocese.

Mr. Speaker, with your permission I would like to insert at this point in our historical journal of Congress a most eloquent profile of Monsignor McHugh which will acquaint you with another warm, matter of fact, insight into the legacy with which he has endowed the students of DePaul High School in what the monsignor himself refers to as a "Tiny Arena of Life," the sports world. This news article, authored by the distinguished News sports staff correspondent Brian Bailey, appeared in the Paterson News, one of New Jersey's most prestigious newspapers, on June 1, 1976, as follows:

Monsignor McHugh: More Than the Director of DePaul

(By Brian Bailey)

Wayne.—This Thursday will mark the 31st anniversary of the ordination of The Very Rev. Monsignor John P. McHugh. Coincidentally, it will also be the day of the DePaul Diocesan High School's graduation. Father McHugh has been director at DePaul for 21 years.

This Thursday will be a very special day to Father McHugh for another reason. It will be the last graduation which Father McHugh will ever attend as director of DePaul.

The man who has guided the school since its inception in 1956 will be leaving for his new position as associate superintendent of schools for the Diocese of Paterson. The Diocese encompasses three counties and includes nine high schools.

For the past 21 years, the high school in Father McHugh's life has been DePaul. You could call him "Father DePaul."

While his job as director covered a wide range of duties and touched almost every facet of a student's life from curriculum to discipline, Father McHugh has always been well known to sports writers. He has not only been involved in sports, he has been the Spartans' number one fan. But his interest in scholastic sport goes beyond the "rah-rah" element.

"I've always been very active in sports because I loved them," said McHugh. "But I feel there's more to sports than meets the eye. It's a public arena for the qualities and virtues that you try to teach young students."

McHugh went on to list such qualities as "respect for one another, how to handle victory, how to sustain defeat and how to be a good sport." He compared the sports world to a "tiny arena of life."

Father McHugh has been a fixture on the sidelines at DePaul football games for the past 17 seasons. He could be seen standing to one side of the Spartan bench with a sleek Irish Setter at his side. The first setter was Sean, which lived to the ripe old dog age of 12. Spartan has been the canine at Father McHugh's side for the past seven years.

It didn't take Father McHugh long when asked to name his most memorable game.

"When you're starting something, your first victory means something more than those later on, even though it might pale in comparison to others as the years go by."

DePaul High's first victory in football came on Nov. 14, 1959 when the Spartans came from behind to beat Pequannock, 16–7. It was the first varsity season for both schools and the game started one of the best rivalries in the area. A guy named Hank Karsen scored a touchdown for DePaul that day. Karsen went on to become one of the top wrestling coaches around, ironically starting at Pequannock before moving on to Clifton High.

Father McHugh can recall "quite a few" big grid games after the first win.

"I would imagine the two games we played for the state championship last season were the biggest we ever played," he said. He was referring to DePaul's 3–0 victory over St. Joseph, of West New York, and its Parochial A title-winning victory over Bergen Catholic. That game ended in a 7–7 tie before DePaul won it on most yardage gained in a four-down overtime series.

"We had to play a more important 'game' than that just to get back into the tournament," said Father McHugh, referring to his battle with the state to get DePaul back into the tournament after the Spartans had been replaced on state-claimed technicality. Father McHugh ripped apart that technicality in eloquent fashion and the state had no other choice but to put the Spartans back. They responded by winning the title.

Father McHugh has been interested in the law since his days as a college student in his native Ireland. Attending seminary school at St. Patrick's College in County Carlow' he of course learned Canon law. But Father McHugh also spent vacation days traveling to circuit courts to hear trials.

McHugh came to the States in April of 1946. He has held only two positions in his 30 years. He was at Our Lady of Lourdes in Paterson before coming to DePaul in 1956.

Now, he moves on to his third position. But he certainly will not be forgotten at DePaul. Nor will he forget.

"I've already left my calendar open for the football games next year," he smiled.

Mr. Speaker, as we celebrate our Bicentennial Year and reflect upon the history of our country and the good deeds of our people which have placed our representative democracy, second to none, among all nations throughout the world. I appreciate the opportunity to call your attention to the contribution that Monsignor McHugh has made to the quality of our way of life in America. I know you and our colleagues will want to join with me in saluting him and all of his good works. The Very Reverend Monsignor John P. McHugh is indeed an esteemed Papal Chamberlain, outstanding educator, community leader, and great American.

BUFFALO, N.Y., COURIER-EXPRESS MARKS 50TH ANNIVERSARY

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. NOWAK. Mr. Speaker, in this era of media networks, syndicates and chains, my home town of Buffalo, N.Y., is indeed fortunate in having two independently owned, competitive daily newspapers.

One of these is a morning paper, the Buffalo Courier-Express, which is represented here in Washington by Mr. Peter C. Andrews.

The Courier-Express this week marked the 50th anniversary of its formation via a merger of the former Buffalo Courier and the Buffalo Express in 1926.

During this past half-century, the Courier-Express has been an important institution in the western New York community. I would like to join the many thousands of well wishers in our area in expressing the hope that the Courier-Express continues to flourish during its second half-century.

At this juncture, Mr. Speaker, I insert in the Record the following article which appeared in the June 14, 1976 editions of the Buffalo Courier-Express:

Courier-Express 50 Today, Two Newspapers Merged in 1926 to Better Serve Public

Fifty years ago today, the Buffalo Courier and the Buffalo Express ushered in "a new era in morning newspaper history" with their merger to form The Courier-Express.

The Courier-Express thus begins with this edition its 51st year of service to the community and advertisers.

A front-page photograph in the first Courier-Express on June 14, 1926 showed former Express President and Editor Burrows Matthews and former Courier Publisher William J. Conners Jr. looking out from a massive printing press. One reporter from each paper in side-by-side stories told of the "Birth and Rise of Two Dailies to Planes of Power, Climaxing in Merger, Romance of Business," as the joint headline read.

William J. Conners was owner and president of the Courier.

Mr. Matthews became president and editor of The Courier-Express with the merger. Mr. Conners Jr. became publisher and vice-president, while his father, William J. Conners, became chairman of the board.

"The merger is the result of mutual realization that by combining forces both (newspapers) can best serve the public," read The Courier-Express' first editorial "The compelling motive of any journal should be to serve the best interests of its public."

The announcement of the merger had been made two days before, on June 12, 1926, in nearly identical eight-column headlines across the front pages of both papers. The only difference was in the order that the journals printed their names. The Express proclaimed, "Courier and Express Merge," while the Courier reversed the order, allowing the Express first mention.

On the day both papers announced the merger the morning Courier devoted a six-column headline story of a Sparta, N.J., man who "Shoots Wife, Mother in Law, Then Flees." The Express featured details of a U.S. Senate investigation of a $1.4 million slush fund in Pennsylvania state politics and the tale of an American freed from a Mexican bandit who had held him for ransom.

The Courier-Express represents the offspring of 12 separate newspapers. Its existence as a daily traces back to the Western Star, which began publication on July 21, 1834. The Star became the Buffalo Republican in 1839, and the Mercantile Courier & Democratic Economist in 1842. Ultimately, the Courier absorbed the Economist, and then the National Pilot, formerly the Buffalo Gazette in 1846.

One of the most important transactions in the Courier's long history came in May 1867, when William J. Conners, a Buffalo waterfront labor contractor bought it and merged it with his Morning Record. The result was again called the Buffalo Courier and marked the beginning of the Conners family's control of the paper, a distinguished relationship that continues to this day.

Throughout that period one of the Courier's most persistent competitors was the Buffalo Morning Express, founded on Jan. 15, 1846, and purchased by James N. Matthews, a 49-year-old printer, in 1878. Mr. Matthews had originally been foreman of the Express job printing office.

"The papers (the Courier and the Express) frequently were at odds," recalled the first Courier-Express editorial. "Throughout the greatest part of their 80 years of competition, the two journals were affiliated with opposing political parties, although neither ever bore the stamp of 'party organ.' . . . Each was often right and sometimes wrong. And each was honest."

The merger of the two newspapers into The Courier-Express formed the largest morning newspaper in New York State outside New York City.

"Firm conviction that Buffalo's reading public and Buffalo's welfare demand a morning newspaper of the finest sort capable of production has resulted in this merger," Mr. Conners, the Courier president, wrote on June 12, 1926, in both newspapers before the merger.

"There is an immense satisfaction," added Mr. Matthews, "in the knowledge that by combining both papers there will be a strength given to the new paper which will enable us to do hand-in-hand many constructive things that were not possible due to excessive competition."

Mr. Matthews died on Dec. 30, 1954.

Mr. Conners Jr. became president as well as publisher of The Courier-Express after his father's death on Oct. 5, 1929.

William J. Conners III was appointed assistant editor and assistant publisher on April 29, 1946. Upon the death of Mr. Conners Jr. in 1951, Mr. Conners III became editor and publisher.

DON BOLLES—REPORTER

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. UDALL. Mr. Speaker, the agony is over for Don Bolles. He is gone but he leaves behind respect for his fearless devotion to the proud profession which keeps our society working.

He died pursuing a lead, the often frustrating chore of a conscientious reporter. To Don it was something you did no matter how often the lead turned out to be nothing because that was the way you stood guard for the public. He won fame as an investigative reporter for the Arizona Republic, Phoenix. But apparently he began to question the followthrough shown by public officials to media findings tediously put together by Don and his fellow Arizona journalists.

Ken Burton and Joel Nilsson of the Arizona Daily Star, Tucson, have written a sensitive article on Don which gives us a glimpse into this fine reporter, husband, father, churchgoer. I commend it to my colleagues as we salute Don Bolles and express our sorrow to his widow, their children, and his profession:

DON BOLLES—HE WANTED OUT BUT HIS REPUTATION WOULDN'T LET HIM

(By Ken Burton and Joel Nilsson)

Don Bolles fell in love with politics first, then fell into investigative reporting almost by default.

It was a chance assignment that lasted for years as Bolles trailblazed through a raft of crooks and flimflam, picking up a batch of professional awards and a lot of respect along the way.

"He almost fell into investigative work by default" because he was so aggressive, said fellow Arizona Republic reporter John Winters.

But by the time Bolles became the target of a bomb rigged to his car that critically injured him Wednesday, he was not on the investigative beat, but back at his first love, politics, and covering the Arizona legislature.

"About a year ago, he told me, 'I want to get out of this.'" said Republic political writer Bernie Wynn yesterday, a reference to Bolles' gradual disillusionment with his years of investigating all manner of wrongdoing and scandal.

Bolles, said Wynn, had tired of the pressure, the incessant threats, the changed telephone numbers, the wearying potshots at his personal integrity—all the hassle that is synonymous with being an investigative reporter.

Moreover, Bolles had confided to a few other friends and fellow reporters that he was beginning to doubt the effectiveness of the newspaper investigation as a tool for righting wrongs.

Several times, said Arizona Daily Star legislative writer David Hatfield, who occupied a desk next to Bolles in the Senate press room, Bolles expressed irritation with officials being convicted of wrongdoing and getting off with little or no penalty.

"That really bugged him," said Hatfield.

"He's said many times he was fed up with the whole investigative reporting grind," said one close friend and fellow journalist who believed Bolles exhibited a "frustrated anger" over the lack of follow-through by officials.

"It wasn't worth the grief," the reporter continued, trying to reconstruct the way Bolles felt about investigative reporting. "The people just didn't care about it. He had been sued. He had to get an unlisted telephone number" because of crank calls at all hours of the day and night and threats not only on his life, but on the lives of his family.

For the past year, Bolles covered the legislature and helped on the Phoenix city hall beat, where he helped uncover a city sales tax scandal that made daily headlines last fall.

Wynn said Bolles had reached the point where he turned down requests from the Republic city desk to carry out investigative chores. But Wednesday, he agreed to get the information, evaluate it and then turn it over to the city desk.

Hugh Harelson, a longtime Republic city editor and now information officer for Arizona Medical Center, said he was frequently worried about Bolles' assignments in terms of the reporter's personal safety.

Harelson often ordered another reporter to travel with Bolles to meetings with tipsters and recalled that Bolles always insisted on choosing the meeting place.

Bolles visited Harelson and his family about a month ago and after a game of tennis, Harelson patted the hood of Bolles' car and said, "Well, Don, I guess you're off investigative work—I don't see any tape on your hood." Bolles frequently would leave strips of cellophane tape on his car to see if it had been tampered with.

"It was funny at the time," said Harelson yesterday, "but it seems like a bad joke now."

Even though Bolles left the investigative beat, he couldn't escape investigating. "His reputation wouldn't leave him alone," said Wynn, "people still called with tips and all the rest. That's what happened this time."

"He was a great reporter for the confrontation," said Hal Marshall, a former Arizona Daily Star city editor and now information officer for the University of Arizona. "That's what I felt was really good about him. He didn't mind running down leads that looked hopeless because he knew there was always that needle in a haystack."

Marshall, too, sensed that Bolles felt burned out as an investigative reporter but, like Wynn, was convinced that he couldn't get away from it.

But there were many times when Bolles got away from reporting altogether, at least mentally.

He is a churchgoer, possessor of a wry sense of humor laced with cynicism and inventor of "horrible, atrocious puns," according to Wynn, who feigned mock horror at their recollection.

He is a devoted husband and father who loves children—he has four from a previous marriage, and he and his wife, Rosalie, have three.

They were observing their eighth *wedding* anniversary Wednesday. She gave her husband a new wallet. In turn, he planned to take his wife to see "All The President's Men," the film about the two Washington Post reporters who cracked the Watergate scandal.

Bolles also could take a joke and laugh at himself, or join in on a newsroom gag, though he seldom, if ever, initiated one.

And, said Hatfield, Bolles "was always thinking of things that no others would think of. On Secretary Appreciation Day, he walked in with a bouquet of flowers for the secretary he shared with Wynn. Everyone else forgot."

Bolles' doggedness, however, in the investigative arena paid off handsomely for him. Three years after he joined the Republic staff, he was nominated for a Pulitzer Prize.

In 1974, he was named Newsman of the Year by the Arizona Press Club, an organization he presided over as president in 1971–72.

Bolles' reputation even moved reporters working for other Arizona newspapers to send him their tips when they were faced with hesitancy on the part of their publishers.

It has been a career steeped with a journalistic family tree: Bolles' grandfather, Stephen Bolles, was a newspaper reporter in Oconto, Wis., and in 1920, editor of the Jamesville (Wis.) Gazette. From 1938 until his death in 1941, Stephen Bolles was a Congressman from Wisconsin's First District.

Bolles' father, a retired Associated Press newsman, died in Phoenix in 1972.

Last February, the dean of Arizona investigative reporters found time to address a University of Arizona journalism class. A journalism senior, Mrs. Paul Dymeck, took notes from Bolles' speech.

"Newspapers are the one force between us and total chaos. Every major advance or cleaning up of corruption has been made by newspapers in Arizona," Bolles told the class.

"I take normal precautions but I don't get paranoid. I love Arizona. I love Phoenix. I just don't love all the crooks here.

"There is a feeling in gangdom that you never bang around a reporter or a cop because all you buy is trouble."

Then Bolles ticked off 10 tips for aspiring investigative reporters. Tip number two referred to writing stories, but the first three words had a prophetic ring:

"Watch for traps," Bolles said.

VOTING RECORD OF CONGRESSMAN JONATHAN B. BINGHAM

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BINGHAM. Mr. Speaker, yesterday, I was absent during two rollcall votes. I wish to record here what my position would have been had I been present and voting:

Rollcall No. 367, motion to agree to an amendment to H.R. 14261, Treasury, Postal Service, and general Government appropriations bill, 1977, prohibiting funds appropriated to the IRS to be used in its informer program; "no."

Rollcall No. 376, motion to agree to an amendment of a committee amendment to H.R. 6218, Outer Continental Shelf Lands Act Amendments of 1976, dropping the requirement for using new bidding systems for 10 percent of the acreage to be leased, permitting leases to be granted for up to 10 years, giving the Secretary more authority to overrule the recommendations of affected States, and reducing delays in the leasing process; "no."

OPPRESSION IN LITHUANIA

HON. DEL CLAWSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. DEL CLAWSON. Mr. Speaker, each wave of settlers welcomed by the American continent has made its unique contribution to American life and to the history of our Republic. All have reaped the benefits of the freedom guaranteed by our Constitution. But for some, there is special pain in remembering hardship or persecution in the land they left behind. For some there is also the ever-present knowledge that oppression remains a part of the daily existence of friends and relatives or former countrymen and women. The Lithuanian American Community in the United States has furnished us with a sobering documentation of religious and political persecutions within Lithuania. We are invited to join with Lithuanians throughout the free world in international commemoration of the occupation of Lithuania in 1940. It is a painful remembrance, but it is also a celebration of the spirit of Independence of a great people, a spirit which seemingly defies the years. They have our admiration and sympathy on this anniversary.

TRIBUTE TO AMERICANS WHO MAKE UNSELFISH SACRIFICES

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. RUPPE. Mr. Speaker, it is always a pleasure to pay tribute to the unselfish sacrifices which Americans make for their fellow countrymen through voluntary service. In particular, everytime I return to my home district in northern Michigan, I am heartened when I see or hear of the Copper Country Firemen's Association in action.

The association is composed of 32 fire departments from four northern Michigan counties. Formed on August 7, 1950, it has provided for over a quarter of a century firefighting services for the Keweenaw Peninsula in northern Michigan's beautiful copper country.

This year, on June 26, the association will be having the Copper Country Volunteer Firemen's Tournament in Tamarack Mills, Mich. As the members gather that day, I would like to pay tribute to their fine work in past years, and wish them success with the tournament. Further, I hope that in the years ahead, they will continue their excellent record of firefighting service to Michigan's Upper Peninsula.

RESOLUTION TO OBSERVE JULY 3 AS CHRISTIAN BICENTENNIAL DAY

HON. MARILYN LLOYD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mrs. LLOYD of Tennessee. Mr. Speaker, I am today introducing a resolution calling for national observance of July 3 as Christian Bicentennial Day. America, as a nation has distinguished itself by a dedication to its religious and spiritual antecedents.

Religion has always been an important part of our heritage. Many of the earliest settlers and colonists came to this country seeking the freedom to worship the Lord according to their religion.

Our Founding Fathers were men of deep Christian belief. America was born from the Christian traditions of Europe. The American way of life is founded upon a Constitution which is based upon Biblical law.

I think it is most appropriate for us to use the Bicentennial as the occassion for reaffirming our belief in the spritual and religious roots of America which have helped to make this country great.

RETIREMENT OF TOM MOHLER

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 15, 1976

Mr. BYRON. Mr. Speaker, this Friday, June 18, will mark the retirement of Thomas G. Mohler after 47 years service with the Maryland State Highway Administration.

It has been my pleasure to know Tom Mohler for many years and to have worked with him closely. As district engineer for the State Highway Administration, he was respected for his technical abilities as well as his relationship with the citizens in the district.

I cannot begin to recount the many times I called on Tom to assist some citizen with a complaint or to provide me with timely and accurate information on the status of a project. I was always amazed at his efficiency and his interest in seeing the job done to perfection.

Tom Mohler will be greatly missed in his professional capacity; however, I feel sure that he will continue to work as an active participant in all phases of community life. His career is an apt tribute to a lifetime of service to the citizens of central Maryland and the entire State. I wish him continued success in all his endeavors after his retirement.

SENATE—*Wednesday, June 16, 1976*

The Senate met at 9 a.m. and was called to order by the President pro tempore (Mr. EASTLAND).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Come unto me, all ye that labor and are heavy laden, and I will give you rest. Take my yoke upon you and learn of me; for I am meek and lowly in heart; and ye shall find rest unto your souls. For my yoke is easy and my burden is light.—Matt. 11: 28–30.

Almighty and Everlasting God, in whom we live and move and have our being, who hast created us for Thyself, so that our hearts are restless until they find rest in Thee, grant unto us purity of heart and strength of purpose so that no selfish passion may hinder us from knowing Thy will, and no weakness from doing it. In Thy light may we see life clearly, and in Thy service find perfect freedom.—John Watson, Adapted

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, June 15, 1976, be dispensed with.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 777, 898, 899, and 900.

The PRESIDENT pro tempore. Without objection, it is so ordered.

UNEMPLOYMENT FUND OF THE VIRGIN ISLANDS

The Senate proceeded to consider the bill (H.R. 13069) to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands, which had been reported from the Committee on Finance with an amendment on page 2, beginning with line 3, insert:

SEC. 2. (a) Section 3(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraph (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands,".

(b)(1) Section 403(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands,".

(2) Section 423 of the Social Security Act is amended, in subsections (a) and (b), by striking out "and Guam" each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands".

(c) Section 1003(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands,".

(d) Section 1403(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands,".

(e) Section 1603(a) of the Social Security Act (as in effect on the effective date of this section with respect to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam) is amended, in paragraphs (1) and (2), by striking out "and Guam," each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands,".

(f) Section 1905(b) of the Social Security Act is amended by striking out "and Guam" and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands".

(g)(1) Section 1101(a) of the Social Security Act is amended—

(A) in the first sentence thereof, by striking out "and Guam" and inserting in lieu thereof ", Guam, and the Commonwealth of the Northern Mariana Islands", and

(B) in the third sentence thereof, by striking out "and Guam" each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands".

(2) Section 1101(a)(8) of the Social Security Act is amended, in subparagraphs (A) and (B), by striking out "and Guam" each place it appears therein and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands".

(h)(1) Section 1108(a) of the Social Security Act is amended—

(A) by striking out "and" at the end of paragraph (2),

(B) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and

(C) by adding at the end thereof the following new paragraph:

"(4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed $190,000 with respect to any fiscal year.".

(2) Section 1108(b) of such Act is amended—

(A) by striking out "and" at the end of paragraph (2),

(B) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", and", and

(C) by adding at the end thereof the following new paragraph:

"(4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed $15,000.".

(3) Section 1108(c) of such Act is amended—

(A) by striking out "and" at the end of paragraph (2),

(B) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ", and", and

(C) by adding at the end thereof the following new paragraph:

"(4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed $160,000.".

(4) Section 1108(d) of such Act is amended by inserting "the Commonwealth of the Northern Mariana Islands," immediately after "Samoa,".

(i) Section 248 of Public Law 90-248 is amended—

(1) in subsection (b), by striking out "and Guam" and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands",

(2)(A) in the first sentence of subsection (c), by striking out "or Guam" and inserting in lieu thereof "Guam, or the Commonwealth of the Northern Mariana Islands",

(B) in the second sentence of subsection (c), by striking out "and Guam" and inserting in lieu thereof "Guam, and the Commonwealth of the Northern Mariana Islands", and

(3) in subsection (d), by striking out "or Guam" and inserting in lieu thereof "Guam, or the Commonwealth of the Northern Mariana Islands".

(j)(1) The provisions of titles I, X, XIV, and XVI of the Social Security Act (as applicable on the effective date of this section to Puerto Rico, the Virgin Islands, and Guam) shall be applicable to and in effect with respect to the Commonwealth of the Northern Mariana Islands.

(2) Section 7(b) of Public Law 93-647 is amended by striking out "or Guam" and inserting in lieu thereof "Guam, or the Commonwealth of the Northern Mariana Islands".

(k) The effective date of this section shall be the date determined under section 1003(b) of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (approved by Public Law 94-241); and the amendments made by the preceding provisions of this section shall take effect on such date; except that the provisions of subsections (f), (g), and (h) of section 403 of the Social Security Act shall not be applicable to the Commonwealth of the Northern Mariana Islands for any fiscal year which commences prior to the expiration of the first full fiscal year for which such Commonwealth has an approved plan under part A of title IV of such Act.

(l) Section 502 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States (approved by Public Law 94-241) shall be construed as if the clause "Section 228 of Title II and Title XVI of the Social Security Act as it applies to the several States" did not appear therein and, notwithstanding any provision of such section, no provision of the Social Security Act shall be or become applicable to the Northern Mariana Islands or any resident thereof by reason of the provisions of such section 502.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An act to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands and for other purposes."

NATIONAL BICENTENNIAL DAY OF PRAYER OF THANKSGIVING AND GUIDANCE

The joint resolution (S.J. Res. 179) to authorize the President to issue a proclamation designating July 2, 1976, a "National Bicentennial Day of Prayer of Thanksgiving and Guidance," was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

Whereas on July 4, 1976, the United States of America officially recognizes the two hundreth anniversary of our independence as a nation; and

Whereas this date is the two hundredth anniversary of the signing of the Declaration of Independence on July 4, 1976; and

Whereas the date of signing the Declaration of Independence followed by two days the date of the adoption of the Declaration by the delegates to the Second Continental Congress, July 2, 1776; and

Whereas the authors of this momentous document appealed to "the Supreme Judge of the world for the rectitude" of their intentions and signed their names "with a firm reliance on the protection of divine Providence"; and

Whereas the decision by the delegates to the Continental Congress to sign the Declaration of Independence was a difficult, unprecedented decision which placed in jeopardy their lives and material well-being for the sake of the ideals of liberty and self-government; and

Whereas the United States of America has enjoyed unparalleled blessings of prosperity and identification with the dignity of man, tempered by war, tribulations, and the recognition that at times we have lost sight of the ideals of the founding of our country: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized and requested to issue a proclamation designating the 2d day of July, 1976, as "Bicentennial Day of Prayer of Thanksgiving and Guidance" in remembrance of the time two hundred years beforehand when the founders of our country sought similar assistance from their Creator for the momentous decisions they were about to make.

NATIONAL BICENTENNIAL HIGHWAY SAFETY YEAR

The joint resolution (H.J. Res. 726) to authorize and request the President to establish a "National Bicentennial Highway Safety Year," was considered, ordered to a third reading, read the third time, and passed.

MISS MARY VANCE TRENT

The bill (S. 3330) for the relief of Miss Mary Vance Trent was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the annuity payable from the Foreign Service

Retirement and Disability Fund pursuant to title VIII of the Foreign Service Act of 1946, as amended (22 U.S.C. 1061–1116), to Miss Mary Vance Trent, a retired Foreign Service officer, shall be adjusted and paid from its commencing date in the amount that would be payable if it had commenced April 1, 1974, disregarding service and salary earned on and after such date but basing the credit for unused sick leave on Miss Trent's sick leave balance on her actual date of separation.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the calendar, beginning with the National Credit Union Administration.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDENT pro tempore. The nominations will be stated.

NATIONAL CREDIT UNION ADMINISTRATION

The second assistant legislative clerk read the nomination of Wade Choate, of Texas, to be a member of the National Credit Union Board and the nomination of C. Austin Montgomery, of Illinois, to be Administrator of the National Credit Union Administration.

Mr. TOWER. Mr. President, the Senate Banking Committee voted unanimously Monday to recommend the confirmation of Herbert Wade Choate to the board of the National Credit Union Administration.

Mr. Choate brings a wealth of experience to this post. As general manager of the Federal Credit Union at Webb Air Force Base, he heads one of the largest and fastest growing credit unions in the country. He also serves as a director of the Credit Union National Association, as a member of the State of Texas Credit Union Commission, and as president of the Texas Association of Federal Credit Unions.

Mr. Choate, now mayor of Big Spring in west Texas, would assume a 6-year term representing the 11-State area of region V.

Due to pending action on the Senate floor last Friday, the formal nomination hearings scheduled for Wade Choate were canceled. Before the Senate acts on this nomination, I ask unanimous consent that the statements prepared for the hearing be printed in the Record so that other Members can see the high caliber nominee we have before us.

There being no objection, the statements were ordered to be printed in the Record, as follows:

Statement of U.S. Senator Lloyd Bentsen

Mr. Chairman, I appreciate very much the opportunity to address this Committee in support of the nomination of Mr. Wade Choate to serve as a member of the National Credit Union Advisory Board.

One of the most important functions of Government are those boards made up of private citizens who take time from their busy schedules to serve as advisors. These boards can make a significant contribution if the positions are held by highly knowledgeable and motivated individuals. I believe Mr. Wade Choate will be just such a board member.

If I may take a moment to reiterate his credit and consumer experience, I would note that he has served as a member of the Credit Union Commission of the State of Texas, having been appointed by the Governor in 1973. He has been a member of the Board of Directors of Members Insurance Company, a member of the Credit Union Executive Society, a Board Member of the Texas Association of Federal Credit Unions, Director of the Credit Union National Association, Director of Texas Credit Union League and Affiliates, and President of the Texas Association of Federal Credit Unions.

He has been active in the credit union movement for well over twenty years, and he has exerted leadership in the field that demonstrates an outstanding grasp of the issues involved.

I would also note that Wade Choate has been a leader in bringing consumer education to the lower income groups—demonstrating a concern for making the credit union movement more responsive to the needs of the society at large.

Mr. Chairman, Wade Choate, who is currently serving as the Mayor of Big Spring, Texas, has been Mayor Pro-Tem and City Commissioner. His long record of public and community service includes five years on the Board of Directors of the Big Spring Chamber of Commerce, service on the Howard County School Board, and community activities such as the United Fund, and the March of Dimes, among others.

Wade Choate's public service, the trust his community has repeatedly placed in him, and my own knowledge of Wade as a man of competence and integrity, highly recommend him.

I urge the Committee act favorably on this nomination.

House of Representatives,
Washington, D.C., June 10, 1976.

Hon. William Proxmire,
Chairman Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: It is my very great privilege to recommend to you Mr. Wade Choate for confirmation to the National Credit Union Administration. He is an excellent choice indeed.

I have known Wade for a number of years both personally and officially. He has been the Mayor of Big Spring, Texas since 1972 and worked even prior to that time untiringly in many civic projects.

Wade is the General Manager of the Webb Air Force Base Federal Credit Union and has done an outstanding job. His work with the Credit Union is recognized nationally, which I think would be a very definite aid to the National Credit Union Administration.

In my considered opinion, Wade Choate is an outstanding candidate to serve in the National Credit Union Administration. He is a person of high integrity, high ability and is most energetic in all of his undertakings.

It gives me a great deal of pleasure to recommend to you Wade Choate for confirmation to the National Credit Union Administration.

With good wishes, I remain
Sincerely yours,
Omar Burleson.

Remarks of Sen. John Tower

Mr. Chairman, members of the committee, it is a pleasure to come before my colleagues on the committee today to recommend confirmation of Herbert Wade Choate's nomination to the board of the National Credit Union Administration.

Our Government is indeed fortunate and it inspires confidence in our future when we are able to find and persuade persons of Wade Choate's high caliber to apply their background and knowledge in service to the country.

Wade Choate brings almost a quarter of a century of experience in the credit union field to this post—and I stress not only the length but the depth of that experience.

His involvement can be traced back to 1961, when he organized the Howard County Employees Federal Credit Union in Big Spring, Texas. He served as its first president until 1965 when he became manager of the Webb Air Force Base Federal Credit Union.

Under Mr. Choate's direction, the Webb Credit Union has become one of the largest and fastest growing Federal credit unions in the Nation. His ten years of leadership have seen the credit union increase from assets of $2,500,000 and 4,000 members to assets which currently exceed $24,500,000 and a membership of more than 19,250 worldwide.

Yet Wade Choate's contributions extend far beyond the local level. In 1972, he was elected to represent the Texas Credit Union League as a director to the Credit Union National Association. Directors are chosen from throughout the country for their oustanding achievements in the credit union movement, and as one, Wade is responsible for establishing policies and procedures for credit unions nationwide.

In 1973, the Governor of Texas appointed him to a four-year term as a member of the Credit Union Commission of the State of Texas—marking the first time a representative from a Federal credit union had been named.

Since 1974, he has been president of the Texas Association of Federal Credit Unions. He has served on its board of directors since organization.

I am sure will emerge from this hearing clear evidence of Wade's strong belief in the credit union movement and his ideas for the role and functions of credit unions in assistance to their members.

Particular note should be made of his attentiveness to the consumer interests of credit union members and of his efforts to bring consumer education to those in need of financial assistance. Wade was an early leader in recognizing and meeting the needs for consumer oriented attitudes in the credit union field.

Beyond his credit union activities, Wade Coate's background reflects a deep sense of civic commitment and involvement. Since 1972, he has ably served as mayor of Big Spring, a growing city of 30,000 in the heart of west Texas, following terms as mayor pro tem and city commissioner. His energies have also been devoted to community work on the chamber of commerce and county school board. He served as campaign director and chairman of the board for local March of Dimes efforts and has been actively involved in raising money for the United Fund. He has been an active participant with the YMCA, Boy Scouts and American field service organizations. Wade, his wife, son and daughter belong to the Episcopal Church in Big Spring.

This nomination is for a full six-year term on the board representing region V—the States of Arkansas, Colorado, Kansas, Louisiana, Missouri, Nebraska, New Mexico, Oklahoma, Texas, Utah and Wyoming. As this vacancy opened almost six months ago I call upon my colleagues to act favorably on the Choate nomination in order to reestablish these States' representation on the board.

I know you will find Mr. Choate to be an effective spokesman who knows the industry, its problems and potentials and who will serve the industry and the Nation well.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed.

DEPARTMENT OF STATE

The second assistant legislative clerk proceeded to read sundry nominations in the Department of State.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

U.S. ARMS CONTROL AND DISARMAMENT AGENCY

The second assistant legislative clerk read the nomination of James F. Chambers, Jr., of Texas, to be a member of the General Advisory Committee of the U.S. Arms Control and Disarmament Agency.

The PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

THE JUDICIARY

The second assistant legislative clerk proceeded to read sundry nominations in the Judiciary.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk proceeded to read sundry nominations in the Department of Justice.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

(Subsequently, the following proceedings occurred:)

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all the nominations in the Department of Justice remain on the Calendar and that the previous action be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The second assistant legislative clerk read the nomination of Robert E. Fulton, of Massachusetts, to be Administrator of the Social and Rehabilitation Service.

The PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nominations.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(The nominations confirmed today are printed at the conclusion of the Senate proceedings.)

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER FOR RECESS FROM 4 P.M. TO 5 P.M. TODAY

Mr. MANSFIELD. Mr. President, because the Senate will be holding an unusual but constitutional session in the old Senate Chamber today, I ask unanimous consent that the Senate stand in recess at 4 p.m. and that the recess terminate at 5 p.m., at which time the Senate will return to regular session in this Chamber.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I express the hope that we will have as full a complement of Senators on this momentous occasion this afternoon as is possible.

ORDER OF BUSINESS

The PRESIDENT pro tempore. The assistant minority leader is recognized.

Mr. GRIFFIN. I do not seek recognition, Mr. President.

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9 o'clock tomorrow morning.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a morning hour for the transaction of morning business, with statements therein limited to 3 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

(Routine morning business transacted today is printed later in today's record of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the unfinished business, S. 2872.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 2872) to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1979, and for other purposes.

The Senate resumed the consideration of the bill.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the Bartlett amendment.

The PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDENT pro tempore. Who yields time?

Mr. BARTLETT. Mr. President, the unprinted amendment that I called up yesterday has been printed as amendment No. 1853. This is a different amendment from the several amendments which I offered earlier and which were printed.

I am pleased to join my colleagues to offer this amendment to exempt stripper well leases from price and allocation controls in the Energy Policy and Conservation Act.

I particularly express my appreciation to the Senator from West Virginia (Mr. RANDOLPH). His assistance on this amendment and his long-time support of stripper wells has been invaluable to this effort.

This action is necessary to extend the producing lives of some of the nearly 366,000 low-volume, high-cost producing stripper wells which at current prices could otherwise be unnecessarily shut-in or prematurely abandoned.

By nearly unanimous vote, the Senate included a provision in the Emergency Petroleum Allocation Act of 1973 to exempt stripper well leases from price and allocation controls. This exemption was repealed by the Energy Policy and Conservation Act. With this repeal, the price received for stripper well crude was rolled back by $1.50 to $2 per barrel.

Stripper wells are among the most marginal of producing wells. With continually decreasing production from these wells and escalating costs, producers are faced daily with decisions as to whether to continue to produce them or to shut them in and abandon them. The price received for the produced crude directly affects these decisions. Because the price controls established by the EPCA hold stripper well prices about $2.50 below the price of imported crude, some stripper wells would receive a new lease on life if the price were decontrolled.

From a national standpoint, it makes no sense to shut in domestic stripper well production when the crude oil to replace it must be imported at higher prices.

So what we are doing now, I say to my colleagues, is that we have a policy of rolled-back prices which prematurely cause the abandonment or the plugging of production that must be replaced by higher priced crude, which makes us more dependent on foreign imports and gives the OPEC nations that much more leverage and control over our destiny.

Because for any individual well, potential revenues are small and operating costs high, once a stripper well is abandoned, due to low prices, it will probably not be possible to drill a replacement well. Therefore, if stripper wells are plugged and abandoned, their production is generally lost to the Nation forever.

We have already seen the beneficial results of the higher prices on stripper production. In the National Stripper Well Survey for 1974, the National Stripper Well Association and the Interstate Oil Compact Commission Report that higher prices for stripper crude have actually increased production:

> This year, the National Stripper Well Survey demonstrates how to create crude oil. For many years, it has been recognized by some—and loudly disputed by others—that there is a definite correlation between price and the conservation of oil and gas. This year's survey demonstrates that correlation.
>
> For the seven years between the production figures of 1967 and the production figures of 1973, the output from stripper wells has consistently declined. During that same period of time, the price of crude oil remained more or less static. For the first time in many years, however, this year's stripper well survey reports an increase in production as opposed to the previous year. This increase amounts to more than 26 million barrels of oil. Unquestionably the recent increase in the price of crude oil in the free marketplace has prolonged the life of many marginal wells that would have been plugged. The oil beneath these plugged wells would thus have been lost to the American user forever. Therefore, the price stimulation has figuratively created 26 million barrels of produced oil.

Mr. President, although this amendment is essentially similar to the original stripper well amendment in the Emergency Petroleum Allocation Act, there are a few differences and I would like to explain briefly what they are. These changes are made to reflect our increased knowledge about the stripper exemption, to relieve ambiguity in the original language and FEA regulations, and to accommodate the new pricing methodology of the EPCA.

First, because the EPCA places all crude under a composite price limitation, higher prices for stripper oil would cause the price of the crude remaining under control to be reduced. To prevent this, language has been included to exempt the decontrolled crude from the limitations of the composite price.

The exemption would provide some additional flexibility within the composite price for the FEA to price the crude remaining under control. This additional maneuvering room is needed to provide incentives to increase production. As a result of this amendment, it would be possible, for example, for the FEA to raise slightly the controlled upper and lower tier prices or to establish new categories of upper tier produciton.

Since the EPCA was signed, the number of active drilling rigs has dropped from over 1,800 to less than 1,500. But because the number of available rigs has increased to approximately 2,100, nearly 600, slightly over 25 percent, of available drilling rigs are standing idle. Similarly, 25 percent of available seismic crews are unemployed. Crude oil production continues to decline, and if the pricing situation is not corrected, it will decline even more rapidly.

The decline in oil production in 1974 was approximately 500,000 barrels of oil per day. In 1975, we repeated that with another 500,000 barrels of oil per day decrease. The production in this country is still decreasing at the same rate, which shows a very dismal record for those of us in Government who have a responsibility to have an environment in which our domestic energy industry can operate in order to close the gap, to finally flatten out the production in energy, and then have it increase. It is really unbelievable that the Nation's security and economy could become so vulnerable and that Congress would not take the actions to give the energy industry the opportunity to drill enough wells, to build enough nuclear plants, to develop enough coal production, to expand alternate fuels, and to provide the domestic energy sufficiency.

This bill, of course, is not a solution to that problem, but it is a recognition of it and it is a start. It will provide some relief, as it did before when we had the stripper production exemption in operation earlier in the last few years.

Second, there is language reflecting the current FEA regulatory policy that if stripper lease production is increased above the 10-barrel-per-day limit by remedial work on wells or enhanced recovery, the producer would not subsequently lose his exemption. This "once a stripper, always a stripper" provision serves to encourage stripper well operators to make the additional expenditures necessary to increase production from stripper well leases. This is part of the present regulation of the FEA.

Third, the FEA is currently considering a regulatory change which would base the qualifying period for which a stripper well must produce less than 10 barrels per day on the preceding 12 months of production instead of the preceding calendar year. If the qualifying period is the preceding calendar year, it is possible that a lease could be producing less than 10 barrels per day for up to 23 months, 11 months of 1 year plus 12 months of the next, before being classified as a stripper well lease. This is an unnecessarily long time to deny the operator the beneficial effects of the exemption. It could result in lost production for some leases or a delay in expenditures to increase production for others.

Finally, the FEA is given full authority to audit producers to insure that production is not held down in order to qualify a lease as a stripper lease. To qualify, the "property must be producing crude oil at the maximum feasible rate and in accordance with recognized conservation practices." During the normal course of operation of any oil well, particularly that of a marginal well, numerous mechanical failures and other producing problems could cause the well to break down for short periods of time. My intent with this language is that downtime for normal operating reasons should not work against the producers and is to be permitted by the FEA, provided the operator makes a good faith effort to return the well to production.

A lease should not be disqualified from becoming a stripper lease because remedial work was conducted on some wells or because there were mechanical failures for normal operating reasons. These are the kinds of situations this stripper exemption is intended to address. Producers should be encouraged through the price structure to make the expenditures to keep these wells on production. They should not, however, be permitted to artificially curtail production in order to qualify.

Independent producers, who typically purchase stripper properties from major companies, operate the majority, an estimated 70 percent, of the 366,000 stripper wells. Much of the revenues generated through this stripper exemption will be used by independents in their wildcat drilling programs. Because independents have historically drilled about 90 percent of the exploratory wells, this exemption will stimulate drilling for new oil in addition to maintaining existing stripper production.

One further benefit of this stripper well exemption is the simplification of FEA's administrative problems. Because the EPCA required the crude produced from the 366,000 stripper wells to be price controlled and allocated, the FEA has had to institute entirely new allocation regulations for stripper operators. Considering the number of wells involved, this is a tremendous burden on both the FEA and the producer.

Mr. President, I hope the Senate agrees with me that an exemption for stripper wells from price controls would be very worthwhile and would reduce our dependence on foreign crude oil.

Mr. President, if this amendment is passed, the FEA would need to change its entitlements program to accommodate the new classification of price which would be the free market price—not necessarily the world price, and I would not expect that it would be the world price, but the free market price or uncontrolled price that would be paid for stripper production.

The history during the time we had the stripper wells showed that the price for stripper production at that time also, new production, amounted to $1 to as much as $2 under the price for the world market production and so I would assume that the price for stripper production would be somewhat less than the world price.

Mr. President, I estimate approximately 900,000 barrels per day of production would be included in this exemption. The cost to the consumer would not be great, approximately three-fourths of a cent a gallon of product, but the potential benefits to the country would be immense.

The production from wells which would be kept on production because of this amendment would otherwise have to be replaced with higher cost and less secure oil from abroad. A pricing policy which permits this is not in the best interests of this Nation.

I urge my colleagues to support this amendment, and I reserve the remainder of my time.

Mr. GLENN. Mr. President, I would like to ask the Senator from Oklahoma a couple of questions about this amendment. But, first, I would like to state that obviously we want to get all the production we can. We are aware that secondary and teritary recovery techniques can be a tremendous source of new oil, new crude, for this country because it has been estimated that we only get between 30 and 35 percent of the oil out of existing fields. Obviously anything we can do for secondary and tertiary recovery and the stripper well techniques are all to the benefit of this country.

I do have some questions and some comments about this, and I would like to ask, first, whether the Senator from Oklahoma knows whether FEA, which is monitoring this all the time, keeping up with it, do they support this amendment?

Mr. BARTLETT. I know that the FEA supports the principle of the amendment. I think they may have a poliical decision that is difficult. But, if I may have the attention of the distinguished Senator from Ohio, I understand there will be a letter coming to us that they do, but this has not been received.

However, I am not trying to evade the question in any way. I was informed first that the FEA opposed the amendment, and then I was informed by Mr. Hill of the FEA that they supported the principle of the amendment, that they were going to be silent as to whether they supported it or not, and I am now informed by my staff member that we will receive a letter that they do support it.

Mr. PERCY. Mr. President, will the distinguished Senator yield so that I can——

Mr. BARTLETT. I do not have the floor, but I hope that the Senator from Ohio will yield.

Mr. PERCY. Mr. President, if the Senator will yield for a clarification to further add to the ambiguity. I get the general feeling, after talking with FEA, that whereas they are not going to come out to openly and actively support it, they certainly will not actively oppose it. As I see it, most of the top management at FEA would be happy to have it pass.

Mr. GLENN. Well, we do have very conflicting stories here because we have had contacts as late as yesterday afternoon which indicated they would not be actively supporting this amendment and they would not favor it. So we do have conflicting stories here from FEA.

Mr. PERCY. Maybe subconscious and subliminal emanations will get to them and we will get word back to clarify their stance. The best interpretation I can get indicates that there is no official opposition by them.

Mr. BARTLETT. If I could respond in just about two more sentences, we did receive a call this morning from the White House that they support it. We did understand we are going to receive this letter. We have not received it yet this morning.

I would stress that this amendment is completely in principle consistent with positions that have been taken on decontrol by the FEA. I think the reason for the position of the FEA being somewhat ambiguous is due to the fact that they are interested in this bill, which is obviously their lifeblood, so that is the reason for their ambiguity.

Mr. GLENN. I would like to ask another question: Does the Senator from Oklahoma have information as to what production increases occurred as the price of stripper crude went from approximately $3 up to $11.28? What resulting increased production came from that price increase?

Mr. BARTLETT. The figures that I have, show—this was for 1974—that there was the first increase in many, many years in stripper production, and that the price stimulation created 26 million barrels of additionally produced oil.

Mr. GLENN. From stripper wells?

Mr. BARTLETT. From stripper production.

Let me say that I think its effect is even more pronounced than that because some of the increased revenues undoubtedly would be spent in other areas in oil field stimulation that would not be reflected directly in stripper production. So I think the effect would be much more pronounced than that.

Mr. GLENN. I have a third question on the estimate of the price of new oil if the stripper wells were removed from control, but I believe the Senator from Oklahoma has already addressed that problem on the increased per gallon cost to the consumer. But did the Senator also give figures on what the price per barrel would be, estimate on what that increase would become, if stripper controls were removed?

Mr. BARTLETT. I will give that, and if the Senator will bear with me for one sentence in further response to his earlier question, the letter from the FEA is on its way, and as soon as it arrives I will make it available to the distinguished Senator from Ohio.

The amount that the Senator is asking for breaks down into two categories. One is the increased price for oil on the average because of the fact that the stripper production would move from the high tier $11.28 to the uncontrolled tier.

We estimate the uncontrolled tier to be 50 cents under the world market and, therefore, estimated at $13. That would amount to 20 cents a barrel.

But in addition to this, as I mentioned in my remarks and as the Senator knows, because of the removing of this from figuring into the establishment of the composite price of $7.66, this would provide additional maneuvering room for the FEA under the composite price.

If they used all of that potential price increase in whatever category they desired, there would be then a 41 cent per barrel average increase, making the total 61 cents per barrel, and 73 cents per gallon of product total.

Mr. GLENN. Does the Senator from Oklahoma——

Mr. BARTLETT. That should be 0.73 cent, three-fourths of a cent, per gallon.

Mr. GLENN. Mr. President, last fall when we worked on the energy bill that the President finally signed just before the holidays, there was a long and lengthy process of compromise that was worked out through the latter part of last year, and we gave the President authority at that time to come up every 90 days and ask for any new pricing that he wanted in any way he wanted it. He could apply it any way he wanted it if it could increase production in any area of oil production that needed that type of stimulus. Now we have not seen any of that flexibility used to date.

We also wrote in another provision for that law, which is law now, and that was that it would provide increases of approximately 10 percent per year to be used flexibly in the pricing. The President once again had flexibility to apply to any segment of this whole production picture as he saw fit. It yas to be the GNP deflator figure, plus 3 percent for incentives, which gave us at that time about a 10-percent flexibility.

Now, as the GNP deflator goes up and down obviously that figure varies by as much as a couple of percent. But that flexibility has not been used to date. Neither has the President nor the FEA, speaking for the administration, to my knowledge ever come forward to Congress and suggested any changing price policy to stimulate production.

I was party to that whole compromise procedure and, in fact, those two things that wrote in that type flexibility in the final composite pricing were amendments that were my suggestions in the conference committee, and I had hoped at that time that the President would use that type flexibility to come back and do exactly what the Senator from Oklahoma is talking about.

If we have a lagging production in a certain type area of production then I hoped he would come back in and use the flexibility we gave him to accomplish the pricing changes that would get that increased production.

Now he has not seen fit to do that. If we are to start now trying to go in and accomplish what I think is the administration's job to do, by going in and specifying what the pricing will be in each different phase of production from ground to gas tank in the car, then we are into an interminable situation here as far as this bill goes. We will have to go back through this and go to what offshore production should be, it seems to me, and what regular old oil pricing should be. We should go back through and see what is required to get incentives and get all these rigs that are now sitting in the lots back to work.

We have already given the administration the flexibility to do this and they have not exercised it yet.

We gave them the 10 percent flexibility, as it was at that time, which I say is slightly variable because of variations in the deflator. We also gave them authority to come back in every 90 days—every 3 months—to vary their pricing.

I was willing to support any reasonable requests they made and we built that flexibility in.

Mr. President, I will oppose this amendment on that basis, trying to go back and rewrite the EPCA bill which the President signed last year, which is now law, which has flexibility to accomplish whatever the FEA and the President see fit as needed to encourage production. I prefer going that route than to try to stand here and take up oil production, however specialized it may be, and try to rewrite what those pricing arrangements will be.

So I oppose the amendment.

Mr. RIBICOFF. Will the Senator yield for a few questions?

Mr. GLENN. Certainly.

Mr. RIBICOFF. I support Senator GLENN's opposition to the amendment offered by the Senator from Oklahoma. I would like to ask a few questions to highlight the nature of the problem.

Am I correct in assuming that if this amendment is adopted, it would remove price controls from stripper well oil?

Mr. GLENN. That is my understanding of the amendment.

Mr. RIBICOFF. Am I also correct that this amendment seeks to remove stripper oil from the domestic average composite price formula enacted by the Congress and agreed to by the President in December 1975, when he signed the Energy Policy and Conservation Act?

Mr. GLENN. That is also my understanding of the amendment.

Mr. RIBICOFF. Am I also to understand that in signing that legislation the administration accepted a very specific and detailed policy relating to oil prices?

Mr. GLENN. I think that is absolutely correct.

Mr. RIBICOFF. And if this amendment were adopted, that means the administration is willing to forget the policy in the legislation that this Congress adopted and the President signed?

Mr. GLENN. I would agree with that completely. We would be usurping that authority we gave them last fall.

Mr. RIBICOFF. Would the proper course then be for the Senate, in respect to this question, to permit the process which Congress enacted and the President agreed to, continue in order to see if it works? Should we not permit the administration to follow the procedures already established by the Congress instead of trying to change this process by adopting this amendment?

We should see whether this process, already established, works or not and then permit the Interior Committee, with its experience in this entire field, make whatever changes it feels should be made after due hearings upon whether the Energy Policy Conservation Act established appropriate measures. Should we not permit the legislation take its proper course?

Mr. GLENN. I agree with that completely. As I said, we build into this act an automatic 10-percent flexibility for the President to use. He has not seen fit to exercise that.

If there had been this problem with stripper wells, it was up to the administration. It was their responsibility. It seems to me it was their job to see that that 10 percent was applied to these stripper wells, if that would increase production, or any other area of production.

If they wanted to apply that automatic increase, they did not have to come to us to ask for that automatic 10 percent. They could apply it any way they wanted.

Beyond that, if they found 10 percent was not adequate, they could come up to us every 90 days—it was that flexible—and suggest anything they wanted subject to our turning it down here.

As I say, if it was reasonable, I was prepared to accept that because I feel they are on top of it, they should administer it.

If they have this problem with the stripper well production, it seems to me that is the route we should go and not rewrite that on the floor of the Senate on this basic FEA time extension bill.

Mr. President, I reserve the remainder of my time.

Mr. PERCY. Mr. President, Senator RIBICOFF and I have generally agreed on substantive issues, but this case is an exception.

On this particular amendment I would like to speak in my capacity as an individual Senator from Illinois, because Illinois has a large number of stripper wells.

I have always worked toward decontrol, feeling that the forces of the free market should set prices and that we ought to work ceaselessly toward a symbiotic accommodation of free enterprise and national policy of the country as articulated by Congress and the administration.

I think the amendment before us would be a step in the right direction.

Senator BARTLETT is attempting to prevent the premature abandonment of marginal wells and provide maximum incentive to increase domestic oil production. This is exactly what our national policy is trying to accomplish at this time.

I must say, on behalf of the floor manager who opposes the amendment, that there are certain concerns the Senator from Illinois has.

This amendment falls within the jurisdiction of the Interior and Insular Affairs Committee. That committee has held no hearings on this issue and I would much prefer to vote on the issue after the orderly process has been carried out, after hearings have been completed, and after there has been a report out of the Interior and Insular Affairs Committee.

Also, under the Energy Policy and Conservation Act, FEA now has the opportunity to propose decontrol of these types of oil. Certainly they can make such a proposal, and if it is not opposed by either House, it will go into effect within 15 days.

So that is a way that it could be done under present law.

The second point is somewhat covered by the fact that FEA apparently has a letter on the way over, clearly articulating their position.

We have the yeas and nays ordered on this amendment. I intend to vote for it. I feel obligated to do so, not only as an individual, but philosophically, and with the interest of my own constituents very much in mind. I am also impressed by the 15 Republican cosponsors of the amendment—that is a very large number of Members of the minority side of the aisle who believe in this principle.

If there is a philosophical difference between the two parties, and there is on some issues, I think the tendency on this side of the aisle is to move in the direction of decontrol and the free market. Some of us have fought many years for decontrol in agriculture.

I think that policy has proven a worthy and wise policy for the country.

So I cast my vote for the amendment and I hope, if it does not pass, that FEA would then go ahead and decontrol oil from stripper wells. Under the omnibus energy bill signed into law last December, the FEA can initiate the process of decontrol by themselves. I think in the end such action by FEA would prevent premature abandonment of marginal wells and would provide an additional incentive to increase domestic oil production, a goal which I think is consistent with the national interest.

So I intend to vote for the amendment with those reservations.

Mr. GLENN. Mr. President, I would like to ask either of the gentlemen on the other side of the aisle, if this is such a good idea, then why has the administration not moved on this, if this would increase production on stripper wells?

They have had authority and ability to increase price automatically by 10 percent. They have had the ability to come back in by the law the Congress passed and the President signed. They have had the ability to do this and ask for increase in prices, not only in this, but other areas. If price increases would increase production, in their estimate, why have they not already come in with this?

I do not understand, if this is going to increase production by the amount contemplated, why have they not already been back with either their automatic price increase or a request for increased price for strippers before this.

Mr. PERCY. As George Eliot would say, leave us not inquire into the motivations of man.

I really cannot answer the question.

Mr. GLENN. With all respect to George Eliot, I am inquiring into the motivations of man.

Mr. BARTLETT. Of course, let me say that flexibility, I do not think, is all the distinguished Senator says it is. It does not permit the administration to act completely independently to any great extent. At the present time, it is my understanding that they are using all of the 3 percent incremental increase. The inflationary increase is not 7 percent. So the total is not 10, but 6. It is 3 and 3, 3 percent inflation.

At the present time, the average price they are paying out is 16 cents a barrel higher than the $7.66. It is approximately $7.82. So they have to make up that incremental difference before they are really on target.

They have real problems of having to lower the prices.

What this will do is provide some real flexibility.

I commend the Senator and I supported the Senator in the conference committee with his amendment. The goal of the amendment was perfect, as far as I was concerned, because the goal was to provide flexibility.

I believe there are two problems with the situation now. One, of course, is political. We can say from here that one refers to the administration being political. But I think we can also say, in all honesty, that this body is just as political as the administration, as far as not moving in the area of energy.

Second is the problem that there is not the maneuvering room that we need.

I think we could also look at the conference committee action and recall, if I am correct, and I hope the Senator will correct me if I am wrong, we did have a vote on an amendment to provide a stripper well exemption. I believe that lost by one vote. Anyway, it was a very close vote. So I think there was consideration of that at that time by the conference committee, and almost a majority, to provide some real flexibility into which the administration could move.

What I am suggesting to the Senator is let us give the administration some flexibility. Then, if they do not act, if they do not act to provide relief if it is needed in certain areas, which could be relief for the low tier price as a class or the high tier price as a class, or special new classes, such as secondary oil that the Senator mentioned, which is very important, they could move.

We could then say, "Why have you not moved? You have the unilateral right and obligation to do so?"

What I am really proposing here is to not only provide relief for the stripper production, the exemption, and the free market price, but also maneuvering room for the administration that they can unilaterally adopt.

Mr. GLENN. Will the Senator yield?

Mr. BARTLETT. I shall in just a moment.

I just want to mention that there has been historical precedence for this stripper well exemption in the fact that there was stripper well support provided in World War II. I recall that States such as Pennsylvania, New York, West Virginia, and Ohio received 75 cents a barrel of the taxpayers' money at that time, recognizing the same problem then.

The Senator knows very well that our problems today are much greater than they were then. Our reliance on foreign crude is much greater. The damage that can be done through the leverage that the OPEC nations have to this Nation's national security and economy is much greater than ever before in our history. So if there was ever a time when this body should be concerned it is now.

What I am saying is that we should provide the kind of flexibility where the administration could act on its own and we could criticize them very justifiably if they refused to act, if that action was necessary.

I think this is what this amendment does. I think it is consistent with what this body has decided before to be a proper way to move. There has been, as the Senator knows, a decided change in activity, a decided reduction in drilling, which has taken place since the EPCA bill was signed.

We now have 600 rigs stacked, down. This means that of the potential effort for drilling for oil and gas wells, we are only operating at three-quarters of what we could operate if there was the incentive in price to drill the wells that need to be drilled. That number of wells, with 2,100 rigs, if all those were operating, still would not be enough. Nonetheless, we would be way ahead of where we are now.

I think as we look at the problem we should not duck it; we should hit it head-on and say, "Let us provide some relief right now. The Congress, the Senate, is willing to take the steps necessary to bring about an increased effort for energy."

Otherwise, I think what we are looking at is energy as an Achilles heel of the U.S. economy and national security. In any kind of a NATO confrontation, the matter of getting energy from the Middle East, around Africa to NATO, to this country, to Europe, is going to be the most difficult and also would be most necessary.

So the Achilles heel of this country could very well be its shortage of domestic energy.

I yield to the distinguished Senator on his time, if I may.

Mr. GLENN. Fine. The Senator makes a good point in that we have had 600 rigs stacked in the past. He bases his case that we should give the administration some maneuvering room on that point.

He also states that, if they do not use it, then we should criticize them, justifiably.

I would only say to the distinguished Senator from Oklahoma I criticized them, and I think justifiably, because we wrote in for them every bit of flexibility they wanted, every bit they could use.

I was told at that time, at least, that that flexibility was one of the key items that convinced the President to sign that bill, after much deliberation on it as to whether he would or would not sign.

When they have not come in and exercised any of these options that we gave them, it seems incorrect for the Congress to go back on the floor of the Senate and start setting prices up and down the line again in all these different areas.

It seems to me they already have the additional maneuvering desired. They have every bit they need and they have not used it. That is the reason I oppose this amendment. I would like to see the administration run the policy under the guidelines we set in the legislation of last fall.

I think this amendment is unnecessary, and I do oppose the amendment, Mr. President.

How much time remains on each side, Mr. President?

The PRESIDENT pro tempore. The Senator from Oklahoma has 14 minutes remaining.

Mr. BUMPERS. Will the Senator from Oklahoma yield?

Mr. BARTLETT. I yield to the Senator——

Mr. GLENN. How much time have I remaining?

The PRESIDENT pro tempore. The Senator has 9 minutes remaining.

Mr. BARTLETT. I yield to the distinguished Senator from Arkansas, and I wish in his remarks, if he can remember, he will answer this question: Was there not an amendment made, perhaps by the distinguished Senator from Arkansas, in the Conference Committee on EPCA to the effect of exempting stripper production from price controls?

Mr. BUMPERS. I believe it was discussed informally rather than in formal meetings. It was finally concluded, I believe, among the group of Senators who talked about it, that the possibility of getting it passed in the committee was not too good.

As the Senator from Ohio has correctly pointed out, any additional tampering with the formula we had worked out at that late hour would probably have caused the Federal Energy Administration, who already had some inclination to renege on their previous assurances that the President would sign the bill, to oppose passage of the legislation.

I do think there was strong sentiment in the Conference Committee, and I think the Senator from Ohio would probably agree with me on this, to exempt stripper production. It was our hope, and it was said openly, that the Federal Energy Administration would accede to what was obviously the sentiment of the Conference Committee that stripper production should be at the very highest price, at the world price.

Mr. President, the point I would like to make is that I understand the objection of the Senator from Ohio to this bill.

As I say, we had hoped the Federal Energy Administration would recognize the very critical situation in which the stripper well producers in this country find themselves, and give them the kind of break they had before we passed this bill. Unfortunately, they have not chosen to do so.

I have also found that in this body, as opposed to being Governor of a State, one often has to accept a half a loaf rather than a whole loaf.

Half a loaf is what we accepted in the conference committee I would like to have seen this amendment in a slightly different form. I would like to have seen stripper wells receive the very highest price of any oil—that is, the world market price—with the difference between the stripper crude price right now and the increase reduced from a formula. That way, the three-fourths of a cent increase in gasoline prices which could reasonably be anticipated from the passage of this amendment would not have to take place.

But I feel so strongly, because of the problems I am acutely aware of in my own State, that this amendment has great merit, that I have agreed to champion it, support it, vote for it, and do everything I can to effect its passage.

Mr. President, I have here a few statistics with which I would like to back up my feelings.

First of all, there are 28 States in the Union right now that have stripper production. I would guess that 95 percent of the 50,000 barrels a day produced in my State comes from stripper wells, a large percentage of which were shut in at the time of the Arab oil embargo and which have since been reactivated because of the increased price. Now, because of the increased cost of production, a lot of these wells are again being shut in.

The total production in 1974 from stripper wells was 411,936,000 barrels. That is 13.5 percent of the total production of domestic crude.

In that same year, the value of that production was estimated at $4.5 billion, with $540 million of that paid as royalty to the landowners.

That represented 366,095 wells, and this is where the statistics really get interesting. Those 366,000 stripper wells in this country represent 74 percent of all the oil wells in existence in the United States.

The average daily production from stripper wells in this country is 3.8 barrels. If you think about it for a moment, if stripper wells were receiving $10 a barrel, that is $30.80 a day to keep a fairly high cost well in production; 3.8 barrels a day is a very marginal operation. A dollar a barrel per day can often make the difference as to whether or not an operator will keep one going.

There are some 9 million acres of land in this country with producing stripper wells, and the proven reserves recoverable from those stripper wells are 7.4 million barrels—a little over 1 year's total consumption of all in this country. About 3.8 billion barrels of that will be recovered by primary means, and 3.6 billion barrels by secondary means.

In 1974—this is a figure everyone ought to bear in mind when he casts his vote on this amendment—13,779 wells were abandoned, and in the last 5 years 75,000 wells have been abandoned, all in this category.

Mr. President, that is all a little bit dull, a little bit stifling, and I suspect it does not have a very dramatic impact on anyone in this Chamber, and certainly none on those who are not here. But I would like to point out that I think this body does a great disservice to people, not just those who are producing oil from stripper wells, but to their constituencies and the national constituency, when we are trying to cope with the very grievous problem we have heard talked about endlessly during the debate on this bill. I think we do them a grave disservice when we look at something we know is a proven source of energy for us, and say to these people, "We really don't much care whether you produce this oil or not."

I have championed the cause of small, independent oil operators in this body ever since I arrived here. I strongly champion the right of consumers to pay no more than absolutely necessary for their fuel. I have always championed FEA's right, absolute mandate, and necessity of reducing the price of fuel in this country, because there are so many people who could not afford the prices gasoline would bring in the free market.

What I am saying here this morning is that we have an opportunity to rectify, in a very small way, the omissions of a relatively callous and unfeeling administration in setting up the Emergency Price Control Act of 1975. I strongly urge my colleagues to vote accordingly.

I thank the Senator from Oklahoma for yielding to me.

Mr. BARTLETT. Mr. President, I thank the distinguished Senator from Arkansas for his in-depth, incisive remarks, his understanding of the basic problem, and the fact that he wants to face up to it in a small way, to show that this body can examine the problem and can provide opportunities for its solution.

Mr. President, I have here and ask unanimous consent to have printed in the RECORD at this point a letter from Mr. John Hill, Acting Administrator, Federal Energy Administration, in which he supports this amendment.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 16, 1976.

Hon. DEWEY F. BARTLETT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BARTLETT: This letter is in response to your request for FEA's assessment of amendments regarding stripper well production and enhanced recovery projects to the Federal Energy Administration Act that I understand you intend to introduce.

FEA's analysis indicates that adoption of your amendments would have a positive effect on reducing the Nation's dependence on foreign sources of crude oil. This benefit derives from the fact that the amendments would increase production of domestic crude oil and retard the rate of growth of consumption of petroleum products, two objectives that are entirely consistent with the objectives set out in the Administration's energy proposals.

In addition, adoption of your proposed amendments would decrease substantially the administrative burden on the largest number of crude oil producers and would simplify the Federal Energy Administration's compliance responsibilities with respect to crude oil production.

Sincerely,

JOHN A. HILL,
Acting Administrator.

Mr. BARTLETT. Mr. President, the distinguished Senator from Ohio—and I am sorry he is not in the Chamber at the moment—has been stressing the flexibility that he sees existing in the EPCA Act of 1975. I say with all respect to him, because this was his amendment, and I think it was a good amendment, that I think that in the present situation, the flexibility which he talks about is more cosmetic than real.

First, the administration is faced with the problem that the actual composite price is some 16 cents above the authorized composite price, and the EPCA Act of 1975 calls for, in that case, a reduction of the prices. So they are faced with a reduction.

Second, how much real flexibility is it to the administration, in an election year, to present to Congress an increase in the price of stripper oil or an increase in the price of other categories of oil production, such as secondary recovery, when they know that Congress wrote a bill, the EPCA Act of 1975, to roll back the prices of domestic oil production amounting to some $1.4 billion?

I cannot see that there is any real flexibility offered to the administration by the EPCA Act of 1975, but I do see real flexibility in this amendment, which would enable the administration unilaterally to make a number of adjustments, not only to come within the spirit and the letter of the law as far as the composite price is concerned, but to have additional flexibility and leeway to make other adjustments in the prices that are necessary at this time.

The real situation is that we are seeing in this country a continual decline in domestic energy production, and we are doing nothing about it. Here is a chance to take a little step to slow down that decline, to show that Congress does realize we are in a desperate situation, and to take at least some minimal action in that direction.

I think that if we do that, we will encourage ourselves to face up to the full extent of the problem, and to take other steps.

Originally I introduced this bill in a form that would have gone much farther than the present amendment does. But it is a step, even though a small one, in the right direction to bring about energy sufficiency. It will not do it itself. It will not even stop the decline. But it will slow it down, it will put rigs back to work, and it will put work over units to work so that there will be steps made to deal with the shortage and the slowdown of drilling activity in the oil industry.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. BARTLETT. I am happy to yield to the Senator from Texas.

Mr. TOWER. The Senator from Oklahoma believes this is a very significant element in our efforts to increase our degree of self-sufficiency from external sources of petroleum. Is the Senator from Texas correct in saying that approximately 12 percent of our total domestic production is accounted for by stripper wells?

Mr. BARTLETT. The Senator is absolutely correct, and I cannot think of a better step to take because if we do not provide this kind of relief then this means that there will be the premature abandonment of marginal wells, or plugging of them, and this would result in an immediate replacement on a one-for-one barrel basis of high cost imported oil, making our dependency that much greater.

Mr. TOWER. Is it not likely if we cap these wells they will never be reopened again, that there is oil that is there but we will never use?

Mr. BARTLETT. In many cases, as the Senator knows, the well must be produced continually, where there is as little downtime as possible to prevent it from being watered out preventing the shot hole or the producing area at the bottom of the well from being sealed off one way or another. So it is essential to keep them operating and keep them operating at a profit. This amendment will lengthen the time that that is possible.

Mr. TOWER. There is a lot of demagoguery going around to the effect this is a windfall for the big oil barons. In fact, probably not much of this stripper production, maybe none of it, is owned by major oil companies. Is it not primarily independent operators that own the stripper production?

Mr. BARTLETT. The Senator is absolutely right. In his State and the 27 producing States the independents own practically all of the stripper production.

Mr. TOWER. I thank the Senator from Oklahoma.

The **PRESIDENT** pro tempore. The Senator's time has expired.

Who desires recognition?

Mr. RIBICOFF. How much time remains?

The **PRESIDENT** pro tempore. Seven minutes.

Mr. RIBICOFF. Seven minutes on this side. How much on the other side?

The **PRESIDENT** pro tempore. Senator BARTLETT is out of time.

Mr. RIBICOFF. I will be pleased to yield a few minutes of my time to the opposition if they so request.

Mr. BENTSEN. I appreciate that very much, I say to the manager of the bill.

Mr. RIBICOFF. I yield 3 minutes to the Senator from Texas.

Mr. BENTSEN. Three minutes will be fine.

Mr. President, in March of this year, our Nation reached a significant, but dangerous milestone. For the first time in our history, our imports exceeded exports. We reached that level of dependence despite conservation efforts, a series of mild winters, and a recession, all of which have combined to reduce fuel needs. Moreover, recent forecasts indicate that over the course of this year import levels will approach nearly half of what we consume. These figures are supported by recent declines in drilling rig activity and the number of geophysical crews operating in the United States. All of these indications point to the need for immediate action by Congress on the question of additional incentives for domestic production, and I am pleased to cosponsor this amendment by my colleague from Oklahoma.

Before talking to the point of this amendment, I would like to emphasize my strong belief that the action by Congress last year on the Energy Policy and Conservation Act, and the subsequent signing of the bill into law, represented the height of irrationality on the energy issue. I opposed that bill and I urged the President to veto it because I believed then and still believe that its provisions only limit domestic production while encouraging imports. The need for this amendment only demonstrates the accuracy of my belief. The sooner we return to market pricing of domestic crude oil, the sooner this country will get on the right track toward energy self-sufficiency. It is imperative that the remaining high cost reserves of oil be produced and that the market be permitted to encourage the substitution of alternative fuels through the adoption of new technology.

We can accomplish this by adopting policies that encourage the finding of new reservoirs, increase the ultimate recovery from known producing reserves through enhanced recovery techniques, and elongate and sustain production from marginal wells. This amendment relates to the last of these three policies—the marginal well question.

Over 12 percent of our domestic production comes from stripper wells, many of which will be plugged and abandoned if relief from price constraints is not granted soon. There are thousands of wells producing today which are scheduled for abandonment because the cost of producing them has equalled or exceeded revenues realized from the sale of oil and gas. The two-tier pricing system and the FPC gas pricing policies, in the face of greatly increasing operating costs in recent months, have actually accelerated the abandonment of many wells that, absent controls, would have produced great additional quantities of oil and gas.

While Congress previously recognized the importance of preventing the loss of domestic crude oil potentially recoverable from stripper properties, it did so with a rather arbitrary and narrow definition. There is certainly no magic to the 10-barrel number, and ultimately a formula which encompasses all truly marginal production should be devised.

This amendment retains the 10-barrel limitation and does not address the broader question of expanding the definition of stripper wells to include other marginal production.

I strongly believe that the definition of stripper wells should be expanded to include other marginal production, but to simplify the issue under consideration today, the sponsors of this amendment have agreed to use the 10-barrel definition.

I support this amendment, Mr. President, because it is good policy. Surely more than this should be done by Congress, and the merits of this amendment are unquestionable. I urge our colleagues to support it.

Mr. RIBICOFF. I have no more requests for time on this side, and I am more than pleased to yield more time to the opposition if they so wish.

Mr. PEARSON. Mr. President, will the Senator yield me a minute?

Mr. RIBICOFF. I yield to the Senator from Kansas.

Mr. PEARSON. Mr. President, I associate myself with many of the comments made here today in support of this particular amendment.

Mr. President, I support the amendment offered by the distinguished Senator from Oklahoma (Mr. BARTLETT). The Senator's amendment is, for all intents and purposes, the same as legislation (S. 2854) I have offered, together with some 18 cosponsors, earlier this year.

Mr. President, the Energy Policy and Conservation Act approved in December 1975, mandates a rollback of the price of new, released and stripper crude oil. The effect of the rollback, to an initial maximum weighted average first sale price of $7.66 per barrel, has been to reduce capital available for exploration and development in 1976 by approximately $3.5 billion and to force the abandonment of marginal wells whose limited production does not justify continued operation and the controlled price.

The stated benefit of the new price control system, according to its proponents, has been to save consumers between 1 to 3 cents per gallon of gasoline.

Mr. President, the purpose of the amendment is to maintain maximum production from marginal, or stripper wells producing less than 10 barrels per day. There are about 300,000 stripper wells throughout the United States producing an average of 3 barrels per day. Their aggregate production accounts for about 11.5 percent of all U.S. domestic production. The crude oil produced from stripper wells can be decontrolled without significant impact on the cost of petroleum products to the consumer. If it is not decontrolled, many of these wells will be plugged by the producers and the equipment from them will be sold for salvage.

Mr. President, the cost of production increases substantially toward the end of the useful life of an oil well. The equipment is old and requires continual maintenance. Every producer must make the decision to shut in the well or continue production for a few more months. In my judgment, it is in the national interest for these wells to continue in production as long as possible. A few additional barrels from a marginal domestic well reduces in a small way our dependence upon foreign suppliers. The free market incentive price should be allowed for stripper production as a demonstration of total commitment to energy independence for America.

Mr. President, the choice is clear.

Either we pay U.S. producers the incentive free market price for stripper production, or we pay the OPEC cartel that same, free market price for the same volume of production. All of the stripper wells in America are reaching the end of their useful life. They will be abandoned eventually. Even at free market prices, Kansas independent producers were forced to shut in more than 1,000 wells in 1975. The purpose of our amendment is not to increase revenues where revenues are not needed to maintain production. It is simply to recover from our own resources oil that otherwise must be purchased from the OPEC cartel.

Mr. President, I urge adoption of the Bartlett amendment as a significant initiative to promote increased energy independence for America.

Mr. RIBICOFF. Mr. President, if there is no more requests for time, I am willing to yield back the remainder of my time.

Mr. BARTLETT. Mr. President, will the Senator yield to the distinguished Senator from New York?

Mr. RIBICOFF. I am pleased to yield.

Mr. BUCKLEY. Mr. President, I know that New York State is not very often thought of as an oil and gas producing State. But last time I checked the statistics we had I think 5,200 oil wells producing in the aggregate 2,600 barrels a day or half of one barrel per well per day. I think clearly this production falls within the definition of stripper.

But I noted 2 or 3 years ago at the time of the Arab embargo what the impact was on exploratory activity within New York State and the fact that stripper production was then exempt as was new oil. There was a tiny oil boomlet. Fields that had many years before been exhausted were reentered and investment was considered in terms of secondary and tertiary production methods. There was even wildcatting. I think two or three wildcat wells were drilled during the year reaching for difficult, deep pinnacle reef targets.

What I am trying to say is that we have in microcosm in my own State with the kind of evidence of economic cause and effect which suggests that if we release the lid on price, at least on stripper production, we will trigger an investment that will have the effect of adding to the sum total of American productivity in petroleum.

For this reason I am happy to support the amendment offered by the Senator from Oklahoma.

Mr. BARTLETT. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. The Senator's time has expired. All time has expired.

Mr. BARTLETT. I thank the distinguished Senator.

Mr. BUMPERS. Mr. President, have the yeas and nays been ordered on this amendment?

The PRESIDENT pro tempore. The question is on agreeing to the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Alaska (Mr. GRAVEL), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Washington (Mr. MAGNUSON), the Senator from Minnesota (Mr. MONDALE), the Senator from Rhode Island (Mr. PASTORE), and the Senator from Rhode Island (Mr. PELL) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE) and the Senator from Washington (Mr. MAGNUSON) would each vote "nay."

Mr. HUGH SCOTT. I announce that the Senator from New Jersey (Mr. CASE), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Michigan (Mr. GRIFFIN) are necessarily absent.

The result was announced—yeas 61, nays 29, as follows:

[Rollcall Vote No. 293 Leg.]

YEAS—61

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Hansen
Hart, Gary
Hartke
Hatfield
Helms
Hruska
Huddleston
Johnston
Laxalt
Long
Mansfield
Mathias
McClellan
McClure
McGee
Montoya
Morgan
Moss
Nunn
Packwood
Pearson
Percy
Randolph
Roth
Schweiker
Scott, Hugh
Scott, William L.
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Hart, Philip A.
Magnuson
Mondale
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Pell
Symington

So Mr. BARTLETT's amendment was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SENATE RESOLUTION 446—DEDICATION OF THE OLD SENATE CHAMBER AT 4 P.M. ON WEDNESDAY, JUNE 16, 1976

Mr. MANSFIELD. Mr. President, if I may proceed for 1 minute, I wish to call up a resolution at the desk which was offered on yesterday, and have it read. This provides for the meeting of the Senate in the Old Senate Chamber today.

The PRESIDING OFFICER. The clerk will state the resolution.

The second assistant legislative clerk read a follows:

Resolved, That the Senate at 4:00 p.m. on June 16, 1976, shall recess and immediately reassemble in legislative session for ceremonies in the Old Chamber previously used by the Senate from 1810–1859, for the dedication and reopening of this meetingplace to the people of the United States as an historical shrine on the Two-Hundredth Anniversary of the founding of the Nation.

Resolved, That the legislative proceedings of the said session in the Old Chamber, including the seating arrangements and floor and gallery privileges, shall be determined by the Chairman and Vice Chairman of the Commission on Art and Antiquities of the Senate, as an order upon the Senate.

Resolved, That any photography or recording of the proceedings of the legislative session in the Old Chamber shall be done in conformity with procedures established by the Commission on Art and Antiquities of the Senate, notwithstanding any other rule or regulation of the Senate.

Resolved, That the Vice President of the United States and President of the Senate hereby is invited by unanimous order of the Senate to address the Senate assembled for this occasion.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 446) was agreed to.

Mr. MANSFIELD. Mr. President, the Senate will assemble at approximately 5 minutes to 4. We will be in recess from 4 to 5. While the session in the Old Chamber will be unusual it will also be constitutional. At 5 o'clock we will return to the Chamber, which suceeded the Old Chamber, and resume the business at hand.

ORDER OF BUSINESS

Mr. PERCY. Mr. President, will the majority leader yield for a question?

Mr. MANSFIELD. Yes.

Mr. PERCY. Can the majority leader advise us how late we will be in today?

Mr. MANSFIELD. Late—and the reason we will come in early——

The PRESIDING OFFICER. May we have order so that everybody can hear this.

Mr. BUMPERS. Mr. President, will all Senators use their microphones so we can hear them?

Mr. MANSFIELD. The reason why the Senate will stay in late tonight and come in early tomorrow and Friday and stay in late Thursday and Friday is we would like to avoid a Saturday session.

Mr. PERCY. I thank the majority leader.

FEDERAL ENERGY ADMINISTRATION EXTENSION ACT

The Senate continued with the consideration of the bill (S. 2872) to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1979, and for other purposes.

UP AMENDMENT NO. 50

Mr. LEAHY. Mr. President, first I want to thank the distinguished senior Senator from New Mexico for allowing me to precede him.

Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The second assistant legislative clerk read as follows:

The Senator from Vermont (Mr. LEAHY) proposes unprinted amendment No. 50.

Mr. LEAHY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 25, immediately after line 21, insert the following new title:

TITLE III—TRANSFER OF CERTAIN FUNCTIONS

SEC. 301. (a) There are hereby transferred to the Secretary of the Treasury all compliance and enforcement functions, including powers and duties relating thereto, which were vested in the Administrator of the Federal Energy Administration immediately before the effective date of this title.

(b) In the exercise of any such function so transferred, the Secretary of the Treasury shall have the same authority as that vested in the Federal Energy Administrator immediately prior to its transfer and the actions of the Secretary of the Treasury, in exercising such function, shall have the same force and effect as when exercised by the Administrator of the Federal Energy Administration immediately prior to its transfer by this title.

(c) All personnel, assets, liabilities, property, and records as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function transferred by this title are hereby transferred to the Secretary of the Treasury in such manner and to such extent as the Director shall prescribe. Such personnel shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions.

(d) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the President, by the Administrator of the Federal Energy Administration, by any Federal department or agency or official thereof, or by a court of competent jurisdiction, in the performance of functions which are transferred under this title, and

(2) which are in effect at the time this title takes effect.

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked by the President, the Administrator, other authorized officials, a court of competent jurisdiction, or by operation of law.

(e) This title shall not affect any proceeding pending, at the time this title takes effect, before any department or agency (or component thereof) regarding functions which are transferred by this title; but such proceedings, to the extent that they relate to functions so transferred, shall be continued. Orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this title had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or revoked by a duly authorized official, by a court of competent jurisdiction, or by operation of law. Nothing in this subsection shall be deemed to prohibit the discontinuance or modification of any such proceeding under the same terms and conditions, and to the same extent, that such proceeding could have been discontinued if this title had not been enacted.

(f) No suit, action, or other proceeding commenced by or against the Federal Energy Administration or any other office or agency or any officer of the United States acting in any such official capacity shall abate by reason of the transfer made by this title, and in all such suits, actions, or proceedings, appeals shall be taken and judgments rendered in the same manner and effect as if this title had not been enacted.

(g) This title shall take effect upon the expiration of the sixty day period following the date of its enactment.

Mr. LEAHY. Mr. President, my amendment would transfer compliance and enforcement functions of the Federal Energy Administration to the Department of the Treasury 60 days following enactment of the bill. It would give the Secretary of the Treasury the authority now vested in the FEA Administrator for these responsibilities.

The Emergency Petroleum Allocation Act of 1973, the Federal Energy Administraton Act of 1974, and the Energy Policy and Conservation Act have, among other things, charged the Federal Energy Administration with developing and administering the regulation of prices of crude oil and petroleum products and with encouraging competition in the energy marketplace.

Essential to the implementation of this mandate are the FEA compliance and enforcement programs to insure that the petroleum industry complies with FEA pricing regulations. Unfortunately, this program has fallen far short of its responsibilities.

Last December, the General Accounting Office issued a report on FEA's compliance and enforcement effort, concluding that—

> FEA will have to substantially strengthen its compliance and enforcement program at all levels if it is to have adequate assurance that firms are in substantial compliance with pricing regulations.

Six months later, in testifying before the Subcommittee on Administrative Practice and Procedure, Phillip S. Hughes, the Assistant Comptroller General stated:

> . . . FEA has responded by attempting some redirection of its compliance and enforcement activities. But our general judgment is that these problems, by and large, remain.

In its severely critical report, the subcommittee characterized the FEA enforcement program as "woefully inadequate, confused, and ineffective."

As a Senator from a region whose people are paying the highest prices in the Nation for energy, I am especially concerned over this failure.

As the chairman of the Committee on Government Operations knows, specific deficiencies in FEA's administration of its compliance and enforcement efforts were echoed by representatives of the independent sector of the oil industry during the hearings on the bill, albeit for different reasons. For example, representatives of the New England Fuel Institute stated:

> Dealing with FEA auditors has, for most independents, been a nightmare—a nightmare without end . . . The quality of auditors has usually been low; the turnover is high. These men are usually well intentioned, but they are poorly trained and, perhaps worst of all, have little or no working knowledge of the fuel oil business or the FEA regulations, they lack any vestige of professionalism.

The committee report, taking cognizance of these complaints, states:

> The committee is concerned that FEA's auditing procedures, its enforcement procedures, the complexity of its regulations, and its appeals procedures are working in a manner which is detrimental to the industry, as well as the public.

Mr. President, I recently had a personal experience with the nonchalant manner in which FEA monitors the allocation program. The director of the Vermont Energy Office informed me that he had heard from a local dealer that Texaco had placed its dealers on 100 percent allocation and asked what I knew of the matter. A member of my staff called the FEA Congressional Liaison Office which knew nothing of this situation, but subsequently confirmed it. As it turns out a number of major oil companies had taken similar action.

I realize that the companies are not obliged to report these actions to FEA. However, it seems to me that an alert enforcement and compliance section would be aware of them. More important, if regional FEA officials were so aware, then one would assume they would, if only as a matter of courtesy, inform the appropriate State energy officials of what was transpiring. While in and of itself this incident may not be of great impact, it illustrates the lackadaisical approach of the FEA to its enforcement responsibilities.

Mr. President, as a result of this disregard, or at least benign neglect, of its compliance and enforcement functions, morale is low among many of the compliance officers within the agency. The former compliance chief for FEA Region I, the New England region, told a Senate subcommittee:

> It appears to us in New England that the whole policy of the Agency has been to deregulate. There has never been any clear expression of intent to have a strong compliance program. I think that none of the auditors in the field believe that the Agency wants to enforce its own regulations.

As a result of this attitude, the FEA turnover rate is one of the highest in the Federal bureaucracy. At my request the General Accounting Office recently furnished me with a detailed turnover rate for each of the national components and the 10 FEA regions.

The report stated that the FEA had an overall turnover rate of 38.6 percent for 1975. By comparison, the Civil Service Commission reported that the overall turnover rate for all executive branch agencies in 1975 was 22.4 percent. FEA's rate is, therefore, 72 percent higher than that for the Government as a whole.

Some of the regional offices, where the real compliance and enforcement work takes place, had incredibly high annual turnover rates.

Boston's Region I office had an annual rate of 66 percent; New York's Region II turned over at a rate of 53.7 percent; and Seattle's Region X had a rate of 62.8 percent. These three regional offices had rates exceeding half of their average on-board strength. Even the low turnover offices in Chicago, Dallas, and Kansas City had rates greater than those reported for the executive branch as a whole.

What makes this such a critical problem is that exports in the field of regulation of the petroleum industry contend that it takes an auditor at least 6 to 8 months to get "up to speed." This would mean that in some of the highest turnover offices the mean efficiency rating of its auditors at any given time is well below half of what one would expect to find in a well-run agency.

I also wish to point out that the compliance and enforcement functions of the Treasury Department had a turnover rate of only 11.6 percent in 1975, half that of the executive branch as a whole and a third of that within the FEA's regulatory programs.

I appreciate the fact that the FEA was created in the midst of an extraordinary national emergency and that many of the regulations promulgated at the time of the 1973 oil embargo are still in effect although the nature of the fuel crisis has changed. Further hampering its effectiveness is the fact that it was established with a basic built-in contradiction.

The FEA has had to serve as a spokesman for the petroleum industry which wants Government underwriting of its explorations and no Government regulation of its prices and fuel allocation.

On the other hand, the FEA has also been mandated by the Congress to regulate the activities of the petroleum industry to prevent excessive prices and poorly allocated supply.

As the committee report stated the problem:

> The FEA is both the promoter and the regulator of energy resources; and its role as data collector and data analyst conflicts with its role as the Nation's principal policy formulator with respect to energy.

With this dual mandate, it is no wonder that Gorman Smith, the Assistant Administrator for the FEA's compliance and enforcement program, described the FEA as "schizophrenic about its regulatory programs."

The most feasible way to solve that dilemma is to separate FEA's compliance and enforcement programs from the Agency itself. My amendment would bring about a reorganization similar but not identical to the reorganization of the Atomic Energy Commission in recent years.

After more than 20 years of schizophrenia within the AEC, Congress in 1974 decided that AEC could not promote both the development of nuclear energy on the one hand and regulate it effectively on the other. As a result, the Energy Reorganization Act was enacted and the Energy Research and Development Administration and the Nuclear Regulatory Commission sprang to life to replace the Atomic Energy Commission.

This concept is not new to the Federal Energy Administration. A year ago, Assistant FEA Administrator Gorman Smith suggested in a memo made public that the Atomic Energy Commission reorganization be used to justify a change in the FEA's hiring practices. Mr. Smith made explicit use of that precedent when he wrote:

> . . . FEA has the same kind of requirement for technically qualified personnel, especially in Conservation and Environment, Energy Resource Development, and Regulatory Programs, that ERDA has with regard to its developmental missions and NRC has with respect to its regulatory mission.

Mr. President, my amendment would relocate the FEA compliance and enforcement responsibilities in the Treasury Department because, more than any other Federal agency, it has the experience and the trained personnel necessary for these functions. Treasury employs more and better-trained auditors and investigators than any other Federal agency. Many of the original FEA auditors where on loan from the Internal Revenue Service, and one of the factors causing present problems is the fact that most have gone back to their jobs in that agency.

It is reasonable to assume that the regulation of pricing and allocation in the petroleum industry will be a long-term proposition whether administered by the FEA or some other agency. The Treasury Department is permanent. Consequently, job security for the auditors and investigators will be improved. There would be, I feel certain, a marked increase in the level of morale and a sharp decrease in the rate of personnel turnover.

This separation should eliminate the organizational contradictions now afflicting the Federal Energy Administration at no additional cost and with no inflated bureaucracy. It would help restore the confidence of the public in its ability to effectively do the job it was charged to do 3 years ago—administer the regulation of crude oil and petroleum product pricing and encourage competition in the energy marketplace.

Mr. RIBICOFF. Mr. President, I oppose the amendment offered by the Senator from Vermont with reluctance. I am sympathetic to the Senator's desire to separate the regulatory functions of the FEA from its promotional ones. I share the Senator's concern.

However, in light of the short-term extension of the agency proposed in S. 2872, I do not see how we can support his amendment. It is the intention of the Government Operations Committee to phase the FEA out of existence in 15 months. It is our hope we will reorganize all energy programs into a department of energy and natural resources by that time.

Since we are going to reorganize all the responsibilities for energy and natural resource matters, I think it would be too disruptive to the FEA to have the reorganization suggested by the Senator take place now.

Consequently, I do oppose the amendment. But the Senator's objective is sound, and I am sure that any subsequent department or agency that would be established would be designed so as to eliminate the kind of conflicts which are spoken of in the amendment as raised by the distinguished Senator from Vermont. I commend him for his amendment.

However, under the circumstances, I cannot accept it.

Mr. LEAHY. Mr. President, I appreciate the reasons that prompt the distinguished chairman of the Government Operations Committee to oppose my amendment at this time. Senator RIBICOFF has certainly shown concern in the past with respect to agencies that have both regulation and promotional functions. I have had the honor of appearing before his committee previously in that regard and I know of his concern.

I am encouraged by his expression of support as to the thrust of the amendment and by his assurances that it will be considered in the future in connection with other energy-related legislation which will come before his committee.

With those assurances of the distinguished chairman in mind, Mr. President, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

AMENDMENT NO. 1826

Mr. MONTOYA. Mr. President, I call up my amendment No. 1826.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. MONTOYA. And I ask for its immediate consideration.

The second assistant legislative clerk read, as follows:

> The Senator from New Mexico (Mr. MONTOYA) for himself, Mr. BARTLETT, Mr. JOHNSTON, Mr. MCGEE, Mr. BENTSEN, Mr. TOWER, Mr. MCCLURE, Mr. FANNIN, Mr. DOMENICI, Mr. HANSEN, Mr. DOLE, and Mr. HELMS proposes amendment numbered 1826.

Mr. MONTOYA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 18, at the end of title I, insert the following new section:
>
> SEC. 113. That section 8 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new subsection (k):
>
> "(k) (1) Any regulation relating to crude oil prices, to crude oil ceiling prices, or to the weighted average first sale price for crude oil promulgated pursuant to subsection (a) of this section or section 4 of this Act shall not apply to the first sale of crude oil produced and sold from a property in the United States which production results from an enhanced recovery operation and which volume of production is in excess of the volume of production which would have been produced from the property in the absence of the enhanced recovery operation. The first sale price and volume of such crude oil shall not be used in the computation of the 'maximum weighted average first sale price' as defined in subsection (a) of this section.
>
> "(2) For the purposes of this subsection, an 'enhanced recovery operation' is defined as an oilfield operation, or the expansion of modification of an existing enhanced recovery operation, which is initiated after February 1, 1976, and which is previously certified as an enhanced recovery operation, pursuant to the procedures specified in paragraph (3) of this subsection, and which, according to prudent engineering principles, is likely to increase the ultimate recovery of crude oil or the producing rate of crude oil from the property by the injection of

liquids or gases from the surface including, but not limited to, pressure maintenance, water flooding, gas injection and cycling, miscible fluid injection, chemical flooding, microemulsion flooding, in situ combustion, cyclic steam injection, steam flooding, polymer flooding, caustic flooding, or variations of each of these methods or similar such methods, singularly or in combination.

"(3) (A) Prior to the commencement of the enhanced recovery operation to which the exemption provided by this subsection would apply, the producer shall submit his application for certification as an enhanced recovery operation, which application shall include his estimate of the future rate of crude oil production from the property which would occur in the absence of the enhanced recovery operation, and the necessary supporting data and calculations, as required by appropriate Federal or State regulation, to the Federal Energy Administration, and—

"(i) in the case of a property under State jurisdiction, to the appropriate State regulatory agency, or

"(ii) in the case of a property under Federal jurisdiction, to the United States Geological Survey.

"(B) (i) In the case of a property to which subparagraph (A) (i) applies, the State regulatory agency may act upon the application by granting certification or specifying in what material respect the application should be amended in order to become certifiable. If a State agency does not act on an application within ninety days, the producer may submit the application, estimate, and supporting data and calculations to the United States Geological Survey. The United States Geological Survey shall act upon the application, by granting certification or specifiying in what material respects the application should be amended in order to become certifiable, within sixty days, and any failure to act within sixty days shall be conclusively presumed to constitute an approval.

"(ii) In the case of a property to which subparagraph (A) (ii) applies, the United States Geological Survey shall act upon the application by granting certification or specifying in what material respects the application should be amended in order to become certifiable, within sixty days, and any failure to act within sixty days shall be conclusively presumed to constitute an approval.

"(iii) Following receipt of notice by the producer of any United States Geological Survey requirements regarding amendment of the application initially submitted pursuant to either subparagraph (A) (i) or (A) (ii), and submission of required amendments to the United States Geological Survey by the producer, the United States Geological Survey shall act upon the amended application within thirty days. Action shall consist of granting certification without comment or specifying in what material respects the amended application failed to meet the earlier required amendment and then granting a certification which shall include an estimate of the rate, based upon the best judgment of the United States Geological Survey using information available to it, of crude oil production from the property which would occur in the absence of the enhanced recovery operation.

"(C) For the purposes of making the certification pursuant to the procedures specified in subparagraphs (A) and (B), the appropriate State regulatory agency or the United States Geological Survey (as the case may be) shall assure that the estimate of the rate of crude oil production from the property which would occur in the absence of the enhanced recovery operation accompanying the application for certification has been made in accordance with sound engineering and economic principles and using accepted techniques.

"(D) The appropriate State regulatory agency or the United States Geological Survey (as the case may be) shall immediately report its certification to the Federal Energy Administration. The certified estimate of the future rate of crude oil production from the property which would occur in the absence of the enhanced recovery operation shall thereafter be used by the Federal Energy Administration and the producer to determine the volume of crude oil to be exempted pursuant to this subsection.

"(4) The United States Geological Survey and the agency designated by the President under section 5(b) of this Act for establishing and administering petroleum price controls, after consultation with one another and with appropriate State agencies, shall each, within thirty days of the effective date of this subsection, promulgate or cause to be published regulations implementing the provisions of this subsection. Each agency shall be responsible for implementing the matters assigned to it. Each agency shall have the authority to conduct necessary inspections during the succeeding administrative process associated with granting the certification provided for in this subsection.".

Mr. MONTOYA. Mr. President, this amendment is an important element in our effort to use all of our energy sources in the years ahead.

I think every Senator understands by now the dangerous position we are in as a result of our increasing dependence on foreign oil for energy.

I am sure that every one of my colleagues has heard from constituents who ask angrily why we have not yet established a working energy policy, a sensible energy policy, or a total energy policy.

I know that we are not now producing all the oil which we could produce domestically.

Mr. President, my Senate colleagues who have joined me in offering this amendment and I have been examining the real facts about our domestic oil production for many months. We have been hearing about the oil which is not being produced domestically, but which could be produced if we recovered all of the oil from domestic wells. We have tried repeatedly to make the truth about oil production—and oil nonproduction—clear to our colleagues.

The amendment we are offering is an attempt to unblock the road toward full utilization of our domestic oil reserves. It is a way around the problem presented by price controls on secondary and tertiary oil under the Energy Policy and Conservation Act.

This amendment would exempt incremental crude oil produced by enhanced recovery methods initiated after February 1, 1976, from price controls. The exempted production would be excluded from the limitations of the composite price in the EPCA. Because only new, incremental production would be decontrolled, existing oil would face no price increases.

I want to make this amendment and its projected effect on oil production and oil pricing very clear. Let me take a few minutes to explain exactly what our proposal would mean.

The cost of production for oil varies according to the depth of the oil pool and the effort needed to extract the oil from the source. For many years we have known that it was possible to produce more oil from each field if we used additioanl recovery techniques such as injection wells, waterflooding, and other modern engineering methods. These methods which are used after the first primary production is completed are the secondary and tertiary oil production recovery techniques which are needed to completely utilize the oil existing in our oil pools.

The cost of producing oil with secondary and tertiary methods is higher than for primary production. As we get closer to the bottom of the barrel the cost rises. At the present time we are simply not extracting this very large percentage of the oil in our domestic fields.

This amendment would mean that if secondary and tertiary methods are used after February 1, 1976, the additional oil produced beyond the amount yielded by the well without using enhanced recovery methods would be exempted from price controls and the composite price determination. For instance, if a well is producing 10 barrels of oil per day under primary methods, and after February 1, 1976, enhancement methods were initiated to push the yield up to 30 barrels of oil per day, the incremental difference—20 barrels per day—would be the exempted oil.

We would not be decontrolling any existing oil, only that additional oil which would be produced through secondary and tertiary recovery methods.

We would be providing the financial incentive needed to allow producers to do the thing which we want done: Increase domestic oil production and use all of our existing resources fully.

The United States can no longer afford to leave existing oil reserves unused while we increase our use of expensive and unreliable imported oil.

Currently, secondary recovery methods cost approximately two times more than primary methods, and tertiary recovery efforts cost approximately four times the initial cost. This amendment will provide the equitable and fair pricing situation to cover costs of producing "new" secondary and tertiary oil—oil we will not have if we do not provide that fair pricing climate.

The benefits to our Nation's energy efforts would be overwhelming. It is estimated that an additional 59 billion barrels of oil could be recovered, and the FEA estimates that the financial incentives this amendment would provide could result in an additional 100,000 to 200,000 barrels per day by 1980.

In an analysis paper by the Office of the State Geologist of New Mexico regarding secondary and tertiary recovery questions, the summation paragraph reads as follows:

> There is a potential for increasing the nation's recoverable oil reserves very substantially through the utilization of secondary and tertiary recovery methods. Costs are variable and hard to predict. It would appear that the best way to insure recovery of this oil would be to deregulate the price and allow it to seek a level which will permit such operations to proceed.

Mr. President, that statement pertains to the decontrol of all secondary and tertiary oil. Our amendment only deals with that new, additional oil recovered through this kind of special technique in operations initiated after February 1, 1976.

Like most Americans, I want to put control of our energy future back in the hands of the American people. This amendment provides one way to help accomplish that task. It is a sensible solution to a practical problem.

I strongly urge the support of every Member of this Senate body for this amendment. We cannot afford many more months of talk and wasted time. We need to use all of our domestic oil, and we need to get going today toward providing the necessary incentives to producers so that we can begin to get secondary and tertiary oil out of the ground and into our energy picture.

The amendment that was adopted just a few minutes ago, the Bartlett amendment, covered the whole wide spectrum of oil in the stripper category.

This amendment does not cover presently producing wells which are in the secondary or tertiary category. It merely covers the new oil that might be brought about or drawn as a result of enhanced recovery methods.

So it is limited in scope. It is not as broad as the previous amendment.

I am hopeful that the adoption of this amendment will be a great incentive for the industry to start tapping this oil and increasing our domestic production.

I say further that the Federal Energy Administration letter—and this letter is already in the RECORD with respect to the other amendment—to Senator BARTLETT went into this particular approach, and I quote:

> FEA's analysis indicates that adoption of your amendments would have a positive effect on reducing the Nation's dependence on foreign sources of crude oil. This benefit derives from the fact that the amendments—

That is the stripper amendment and my amendment—

> would increase production of domestic crude oil and retard the rate of growth of consumption of petroleum products, two objectives that are entirely consistent with the objectives set out in the Administration's energy proposals.
>
> In addition, adoption of your proposed amendments would decrease substantially the administrative burden on the largest number of crude oil producers and would simplify the Federal Energy Administration's compliance responsibilities with respect to crude oil production.

I would like to quote also from a report compiled by the Interstate Oil Compact Commission and the Federal Energy Administration on enhanced recovery alternatives:

> This report presents processed data projecting some consequences of a change in federal policy regarding production exempt from price controls. The policy change would transfer to exempt production the oil produced by enhanced recovery methods, i.e., the selling price of such production would be decontrolled. Among the consequences projected herein are those related to: the average incremental cost to the consumer (less than two cents ($0.02) per gallon); a potential improvement in the U.S. balance of payments resulting from a decrease in required imports (totaling $8.5 billion); new enhanced recovery projects to be initiated (over 4,000 from 1975 through 1980); an increase in ultimate oil recovery (projected to be 10 billion barrels); an increase in deliverability of crude oil (projected to exceed 350,000 barrels per day); and, the amount to be invested in new and existing enhanced recovery projects (projected at $6.9 billion from 1975 through 1980).

What are we importing at the present time to satisfy domestic needs? Our domestic needs are approximately 12,817,000 barrels per day. We are importing 4,986,000 barrels per day, approximately. So, in effect, we are importing approximately 40 percent of our domestic needs and demands.

What are we producing domestically? Approximately 3.6 million barrels of the total that we consume is secondary and tertiary in our domestic production. Of that, 2.3 million barrels receive the lower tier price.

My amendment does not increase the lower tier price, as I have stated before, only the price of the new oil produced with enhanced recovery methods.

I urge the Senate to consider my amendment because I sincerely believe, and all those who have an expertise in the oil production believe, that this would be an incentive to draw additional oil and increase our domestic production.

Mr. DOMENICI. Will the Senator yield?

Mr. MONTOYA. I yield to my colleague from New Mexico.

Mr. DOMENICI. I do not intend to delay this vote for a long period of time, but I want to compliment the Senator from New Mexico for introducing this amendment, to give a few observations as to why I think it has great merit, and to urge the Senate to support it.

Mr. President, I submit when we came up with a composite price in the price control mechanism for crude oil in the United States, if the United States had been involved for 10 or 15 years in secondary and tertiary recovery of substantial quantities of oil, the composite price would have been affected by the fact that it costs much more than the normal way we produced crude oil. But what happened, Mr. President, is that for years our industry used a conventional method and extracted generally about one-third of a pool. As oil was found around the world, the conventional way of getting it out was used. That is basically how crude oil was supplied to the world.

We know, as my good friend, the Senator from New Mexico has indicated, that about two-thirds of the crude oil reserve is left in the earth, in various strata, in the pool.

The reason for that is that the normal techniques developed over the past 30 years just do not get to that oil. Now, because there is a shortage, we are developing new techniques which we are calling in our amendment secondary and tertiary recovery techniques.

Mr. President and Members of the Senate, those are defined techniques that really would permit us to call the product that produces them something different than crude oil. One really does not extract them as they do crude oil. So we are talking about apples and oranges. We want the crude oil in our country and those who are going to develop it to be bound by a price control mechanism that has no relationship to the cost of extracting this kind of crude oil.

Mr. President, if we do not want to remove secondary and tertiary oil recovered by those techniques from the pricing mechanism, I agree with my senior Senator, we can delay for 10 or 15 years the recovery of any substantial quantities of oil by the secondary or tertiary techniques. I think that is the kind of issue before us. We can leave it there and wait 10 or 15 years from now, perhaps when there are no controls, and then the expensive techniques using high-priced water, and chemical injections into these pools will come into play.

Mr. President, the FEA indicates that there is a doubling of the reserve potential of the United States if we enhance the secondary and tertiary recoveries in the marketplace.

This report described in an article that I shall ask unanimous consent to have printed in the RECORD, clearly indicates that whether or not we recover that double reserve is totally tied to pricing.

I submit that when we put the ceiling price on crude oil in this country, we clearly did not intend the marketplace to move ahead rapidly and in a maximum manner in the production of secondary and tertiary oil or we would have exempted it from the beginning, because the price that we have put on it will just not pay for its extraction.

Those who oppose it will probably say it is in the future in any event. I submit that what Senator MONTOYA has indicated, 200,000 barrels might be available by 1980, is a minimum. None of that, or only a small portion, will be available if we keep secondary and tertiary oil subject to the composite pricing mechanism that is now part of the American policy on domestic crude oil.

Mr. President, this amendment, coupled with the stripper well amendment, seems to me to make an excellent package for maximizing our reserves and turning them into crude oil to be used by Americans in the next few years, and certainly in the next decade.

Our alternative is to maximize domestic production or pay the price that the cartel wants. That may be $1 more next year, and $2 more the following year.

I believe we ought to leave the money at home and permit our experts and our enterprising people to take this oil out of the pool that remains in the ground because it cannot be extracted by conventional methods.

I do not think this does any violence to the composite pricing mechanism for those who think it is good. I do not happen to think it is good, but for those who do, I do not believe it does any violence to it. It is an extremely logical extension of maximizing American production in the field.

Mr. President, the Congress in the past has recognized the need for allowing prices on domestic crude oil recovered by costly secondary/tertiary-enhanced methods to be free from price controls. However, this was not recognized in the Energy Policy and Conservation Act of 1975.

This amendment is important to assure the use of advanced recovery techniques to encourage the expansion of the domestic production of petroleum and the efficient production of our known oil reserves. Exemption of enhanced methods from price controls would extend the life of these projects. The high costs of a water supply, surface pumping equipment, injection wells, and chemicals necessary to push additional crude oil from the reservoir after the natural pressure mechanism of the producing formation has been depleted would be offset with higher prices.

Currently less than a third of the oil in the average petroleum reservoir is recovered by the primary methods of flowing and pumping wells.

Secondary methods have increased the amount of oil that can be recovered from existing reservoirs up to two-thirds of the original oil in place. But these projects are very expensive to initiate and operate. And, there is still two-thirds or more of the original oil in the reservoir.

There is a great potential for additional oil recovery from existing reservoirs, with present technology and improved economics.

Exempting advanced recovery from price controls would yield a relatively fast production response when compared to the longer leadtimes involved to bring new oil to the refinery.

It is senseless to leave oil in the ground and pay for foreign imports. The economic incentives of higher prices would encourage many new advanced recovery projects to begin. Many of these projects in New Mexico cannot be produced because of insufficient economic incentives. Improved economics of advanced recovery would undoubtedly stimulate further research and development efforts in this area. It is possible new techniques could be developed which would allow for even greater recovery of our existing reserves.

I thank the Senator from New Mexico.

Mr. President, I ask unanimous consent that an article entitled "Doubling of Reserves Seen Possible," as it appeared in the Oil and Gas Journal of May 31, 1976, and an article from Business Week be printed at this point in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

DOUBLING OF RESERVES SEEN POSSIBLE

A strong industry-government program to push enhanced/tertiary recovery could almost double existing U.S. proved reserves by the year 2000, a government-sponsored research study says.

The study, conducted by the management consulting firm of Lewin & Associates of Washington, D.C., for the Federal Energy Administration, contends that cumulative proved tertiary reserves could total 30.5 billion bbl by the end of this century—assuming the oil were priced at present upper-tier prices ($11.28/bbl), plus allowances for actual inflation and at least an 8% rate of return on capital.

Noting that tertiary recovery is highly sensitive to price, however, the report says that at the present lower-tier price for old oil ($5.25), total additional reserves would amount to only 3.8 billion bbl by 2000 and eventually total only 5.2 billion bbl.

The study estimates that 43.3 billion bbl is technically recoverably by tertiary processes in the three major producing states studied—Texas, California, and Louisiana (onshore), which would account for 64% of the remaining oil in the Lower 48. The research firm warns that these projected rates of recovery (see chart) cannot be extended to all other oil-producing states.

PLANNING TOOL

FEA officials commenting on the study say it probably understates the costs involved somewhat and is probably overly optimistic on amounts that can be recovered. But they nevertheless consider it a useful tool from which to plan government programs to encourage tertiary recovery.

The study assumes the almost 70% of the original oil in place remains unrecovered in developed oil fields. It also notes that enhanced recovery (used interchangeably with tertiary recovery in the report) is now producing 240,000 b/d, and should hit 470,000 b/d in 2–3 years. It analyzed 245 reservoirs in 175 fields in the three states.

Under a "timely set of federal initiatives," the report says, tertiary production could reach 2 million b/d by 1985 and almost 4 million by 1995.

STEAM THE LEADER

It says that steam drive would provide the bulk of the tertiary production in the early years, reaching 1 million b/d by 1985.

CO_2 miscible flooding would reach 1 million b/d by 1990. And surfactant/polymer flooding would climb slowly through the late 1980's, then accelerate sharply, reaching 1.4 million b/d in 1996.

At upper-tier prices, the research firm says that steam-drive recovery would add 9.1 billion bbl to reserves, in situ combustion 0.9 billion. CO_2 miscible 11.7 billion, surfactant/polymer 8.8 billion, and polymer augmented and waterflood less than 0.1 billion.

PRICE SENSITIVITY

Recognizing enhanced recovery is highly price-sensitive, the study says it is not surprising the technique has developed slowly, considering most production has been classified as lower-tier oil.

Lewin researchers found producers fear allowed price increases may be inadequate to cover rapidly rising costs, that there could be a break in world prices, and that future domestic oil prices may be inadequate to support such efforts because of uncertain legislative or regulatory actions.

"An established, stable, long-term price for tertiary oil could be the single most-important stimulus for launching enhanced oil recovery," the study says.

The study says $150 billion will be required over the next 30 years to prove and produce the 30.5 billion bbl of tertiary oil. Some $30 billion would be required for field development and equipment and an additional $120 billion for injection chemicals and fluids.

Thus, it says, an average expenditure of $5 billion a year would be needed, and tertiary recovery would become a major competitor for the annual $30 billion of oil and gas expenditures.

The researchers also note a shortage of CO_2 could be a problem, if this technique's use became extensive.

The report does not recommend specific government actions to encourage tertiary recovery. But it notes several times that some federal actions are needed—particularly in research and development and in helping smaller producers finance the large capital outlays needed.

The Lewin firm is a spinoff of Fry Consultants. Formed about 6 years ago, the firm stresses economic research in the policy and regulatory fields and has done considerable work for the U.S. Government in the petroleum field. It uses petroleum engineering consultants for technical support, a spokesman says.

[From Business Week, Nov. 30, 1974]

THE PUSH TO MAKE TERTIARY RECOVERY PAY OFF

With the lure of nearly $11 for every new barrel of crude they find, U.S. oil companies are leaving few rocks unchurned in their scramble for additional deposits of oil. But the biggest "finds" may turn out to be in the most familiar places of all—in reservoirs discovered years ago. The huge jump in crude prices could well make it economical to recover far more oil from wells than ever before. In fact, with the advanced recovery techniques that may now be possible, U.S. reserves could more than double.

A flood of new production will not come overnight because oilmen must still perform lengthy pilot tests in each of their major fields. But the number of pilot projects has nearly tripled this year, and oil companies are spending an estimated $100-million testing advanced recovery methods.

THE PRICE IS RIGHT

In the early days of the oil business, crude producers simply relied on gas and water pressure in the underground reservoirs to drive oil to the surface. But natural pressure generally yields only 20 percent of the available oil. So, in the 1930s, oilmen started pumping water down one well to flush more oil up an adjacent one. Secondary recovery, or waterflooding, as the technique is known, increases the average yield to 34 percent, and it now accounts for half the nation's oil production.

In the early 1950s, the industry tried to devise ways to make a third pass at oil deposits, using chemicals instead of water, but until now tertiary recovery has proved uneconomic. Today, only a few thousand barrels of tertiary oil are produced daily, all of them from pilot projects.

But with oil now worth almost $11 a bbl., the economics are changing fast. "The high prices have taken tertiary from the laboratory stage to the field testing stage," says Granville Dutton, a production manager with Sun Oil Co. Adds Todd M. Doscher, a consulting engineer for Shell Oil Co.: "Even companies that were doing nothing in it before are spending millions on it this year." Shell, Marathon, and Exxon have long been recognized leaders in tertiary recovery, but Amoco, Chevron, Union, Arco, and Conoco now have major programs, too.

The expanded effort is hardly going unnoticed by federal energy officials. Last June, the Bureau of Mines signed a contract with Cities Service Co. to finance jointly an $8-million tertiary recovery test in Arkansas. The bureau is anxious to provide technical information to independent producers who cannot afford their own research.

And any day now, the Federal Energy Administration will release a massive report on prospects for increasing secondary and tertiary oil recovery. It is expected to recommend that all crude produced by tertiary methods be freed from price controls, which now hold "old" oil at $5.25 a bbl. The FEA is considering limited decontrol of secondary oil as well, but the agency is cautious. "We want to make sure the consumer isn't paying a ridiculous price in the name of self-sufficiency," says Ottie Vipperman, director of regulatory policy.

THE RESERVE

The potential, though, is enormous. To date, oilmen have discovered some $435-billion bbl. of crude oil in the U.S. With conventional production techniques, only about a third of that is being recovered. The remaining two-thirds—equal to eight times the country's currently recoverable reserves—is left in the ground.

Additional waterflooding made possible by this year's run-up in prices has helped, potentially boosting recoverable reserves in the U.S. by several billion barrels. But the technique is limited. Because it does not mix with oil, water injected into a reservoir tends to channel through the more permeable places. Once the resistant oil is flushed from these spots, additional injections of water only follow the same path. Eventually, nothing but water is produced from the oil well.

To get still more oil from such flooded-out fields, producers have come up with a number of experimental techniques using liquids and gases that do not share water's aversion to oil. Injections of chemicals, carbon dioxide, or liquid petroleum gases can all improve on the efficiency of water. And in areas where oil is too thick for waterflooding, thermal recovery techniques are possible. Producers can inject steam into a well to thin the oil, or they can ignite some of it to make the rest thin enough for waterflooding.

If these advanced methods prove economic, oilmen believe they can lift the average recovery rate by 7 to 13 percentage points. That would add 30-billion bbl. to 60-billion bbl. of oil to the nation's recoverable reserves.

Oilmen insist, however, that they will not be sure of the new economics of tertiary until the current field tests are completed. A spurt in output during the early stages of such a test might be followed by a slump later on. That is why as many as five years of testing may be required in a small part of a major field before a producer can decide whether tertiary recovery is worth applying to the entire field. And because no two fields are alike, each must be tested. Cautions Earl Morris, a production engineer for Amoco: "Just because the price goes up doesn't mean we can open up a valve on tertiary oil."

Still, the very nature of this year's test indicates that oilmen are more confident than ever. Until this year, few tests covered more than 40 acres, the minimum size considered necessary to judge an oil field. James Sharp, president of Galveston-based Gulf Universities Research Consortium, which recently surveyed current tertiary projects, estimates that one-third of the 35 tests now under way are of this "pre-production" type. "A year ago, almost all the tests were pure research efforts to establish the technology," he says. "But now, more of them are designed to assess the economics."

THE SUCCESSES

Some have been promising indeed. Shell, for example, reports that a two-year-old tertiary project in West Texas, based on carbon-dioxide injections, is still on a profitable recovery path and could become the company's first money-maker after years of tertiary research. Shell is also optimistic about a field in Illinois, where it is injecting a chemical compound that does not break down in contact with certain reservoir brines, a common failing.

An even more dramatic example is Chevron's carbon-dioxide test in the huge Sacroc field in West Texas. While it often takes a year or so to begin recovering new crude in a tertiary project, Chevron started getting oil at Sacroc just two weeks after injections began last January. The 80-acre test site, flooded out before the project got under way, is now yielding a respectable 240 bbl. a day, and at this rate, Chevron believes the project will pay off in just 18 months. "It's simply unheard of," exclaims Dutton of Sun Oil, one of Chevron's partners in the project.

Such signs have prompted some oilmen to predict that by 1985 the nation will be producing 500,000 bbl. to 1-million bbl. a day with tertiary techniques. "When these tests start working economically," says Dutton, "tertiary is going to mushroom fast."

A PRICE FLOOR

There are still problems however. Because the costs of teritary projects have gone up almost as fast as oil prices themselves, oilmen insist they will need at least $11 a bbl. to justify tertiary production. "A couple of years ago, if seemed we'd be knocking on the door if prices would rise to $5 or $6 a bbl.," says Lawrence B. Curtis, Conoco's manager of production engineering. "Now we're not sure tsat $10 is enough."

Most of the current tertiary projects would qualify for decontrolled, "new" oil prices even under today's rules, which free any increase in production from an old well beyond the 1972 level. In these early tertiary projects, oilmen are generally picking depleted fields that had little or no production in 1972. But in time they will want to work fields that were producing in 1972 and have fallen off since. Under such conditions, tertiary recovery might be stuck with a $5.25 ceiling. Thus, the FEA is expected to lift controls on all tertiary oil. "The 'new' oil price is probably enough to provide incentives for most exotic recovery techniques, but $5.25 is not," concedes the FEA's Vipperman.

But the agency faces a much tougher decision on secondary oil. While freeing tertiary oil would not immediately raise the average price of domestic oil, decontrolling secondary production would practically eliminate price controls on crude. Waterflooding accounts for nearly 4.5-million bbl. of crude production a day, two-thirds of which is now controlled, and freeing that secondary oil would add $6-billion to the nation's annual oil bill.

The current price structure has already resulted in a massive drive to expand secondary recovery programs. Companies are stepping up their water injections, maintaining them longer, and bringing new projects to small fields where waterflooding was once unprofitable. In a few years, this stepped-up secondary effort might result in an extra 600,000 bbl. of production daily.

CALIFORNIA STEAM

Much of that will come from California, where high prices have dramatically revived steam flooding. More than half the state's oil deposits are extremely thick, and only 10% of this crude can be produced by natural well pressure. By injecting steam to thin and then flush out the oil, producers have lifted the average recovery of the thick oil fields to about 25% in the past decade. At last year's prices, however, steam flooding was uneconomic in many California fields. This year, Struthers Wells Corp., one of the major suppliers of steam generators for oil recovery, expects to triple its generator sales to 55 units and double it again next year. Chevron, for example, spent only $3-million on steam-drive projects two years ago. This year the figure will go to $15-million and next year to $25-million.

Oilmen claim that still higher prices would mean existing floods could be run longer, but a few concede that the little additional oil—perhaps 100,000 bbl. to 300,000 bbl. a day—is not worth the $6-billion tab.

Shell's Doscher would be happy if the FEA merely decontrolled the incremental amount of secondary oil that might be produced at $11 a bbl. but not at $5.25 a bbl. "If we can get some extra domestic production by charging a higher price, then I think we should pay it," he says, "rather than give that money to the Arabs."

Mr. MONTOYA. Mr. President, I reserve the remainder of my time.

Mr. GLENN. Mr. President, we have heard complaints across the country and in the Chamber of the Senate that we have no energy policy in this country. We attempted to have the first start for an energy policy with the legislation that we passed last December.

What has happened on the floor of the Senate today means we are going from no policy to complete chaos if we follow the procedures that are being voted in on the floor of the Senate today and which are being now proposed in the Senator's amendment.

What we did last December was to give the administration good flexibility to set the energy policy of this country. We gave them flexibility, about a 10 percent flexibility. They did not need any approval from the Congress to put it in place.

We gave them authority to come back to Congress with any proposal they wished to come back with, whether secondary, tertiary, stripper, or whatever. We have not had any of those proposals come back.

What we are proposing to do in the Senate today is to say, "Well, the administration did not do their job; FEA did not do their job; the President did not do his job. They did not come back with those proposals that would get us the energy this country needs. They did not give us the option of their expertise in the administrative departments of the executive branch."

What we are saying now is that we are taking all of this policy back, and we are going to legislate it, price by price, penny by penny, through the Congress. I think this is an intolerable and interminable procedure.

I thought we passed the guidelines for an energy policy in that bill of last December and the President, I presume, upon signing it, accepted the responsibility for what was in that legislation.

He accepted the responsibility for going out and determining whether the prices that existed for all these different categories of oil would really work. If he found they did not work, he should have come back to us, through his FEA, and told us that, and proposed a new price schedule.

They have not done that. I find it somewhat offensive, this morning, to find letters being entered into the RECORD from the FEA saying:

> Yes, we really do believe what you are doing is right. We have not done it, so what we are really doing is saying yes, we are tossing it back to Congress; the Senate should decide what these pricing mechanisms should be, even though we have had full authority to set those prices, to make adjustments in those prices, within the guidelines, in each of the different categories.

I think we should say to them, "Work within the guidelines we set last December." Either that or we should take that bill back, and say we did not mean it, because the administration has not operated within the guidelines we set.

For all the reasons I used in arguing against the Bartlett amendment awhile ago, Mr. President—I will not repeat all of them here, but just to repeat a few of the basics—we gave the President in that legislation last year what was at that time a 10 percent flexibility to use in setting prices as he saw fit. The 10 percent comes from the GNP deflator, which has varied up and down, has gone down a couple of points since that time, plus the 3 percent incentive.

If it was not working, if the President felt he needed more authority, then he could have come back to us and established any price level for any category of oil he wanted to establish, subject only to our disapproval. But they have not come back the first time, to my knowledge, with any proposal.

We set the guidelines. They have not made it work. They have not even made an attempt to make it work. And now they come back with letters from the FEA saying, in effect, "Yes, we will not take the responsibility. Whatever categories you want to tack on to that legislation, that is great; you people in the Senate set our energy policy for the country."

I say if that is the administration's attitude, we have to start all over again from where we started last year. The President's responsibility in setting the price level has gone down the drain. The administration has not done its job. FEA has not done its job, and now we have to assume this responsibility, as I say, and start all over again.

And, Mr. President, if we think we have no energy policy now, what we are going to see then will be a situation that is absolutely chaotic, and the people of this country are going to suffer from it.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. GLENN. I yield.

The PRESIDING OFFICER (Mr. BURDICK). The Senator from Washington may proceed.

Mr. JACKSON. Mr. President, first I wish to thank the Senator from Ohio for stating so clearly and succinctly the situation.

We set up the adjudicatory procedure by which the pricing of various categories of oil could be dealt with. To substantiate that point, let me call to the attention of the Senate the press release put out by FEA on May 5, 1976, entitled "FEA to Consider Additional Incentives for Crude Oil Production."

In that press release they announced public hearings would be held in Dallas, Tex., Los Angeles, Calif., Anchorage, Alaska, and Washington, D.C., this month. The press release announces a third stage of implementation of the Energy Policy and Conservation Act crude oil pricing policy.

I think the Senator from Ohio is right on target here, because in this release, they include in the categories the very subject matter of the amendment before us. I read the pertinent part. It says:

> Among the specific topics to be explored at FEA's hearings are:
>
> Whether "market level" prices should be permitted for certain types of crude oil production, such as from newly developed reservoirs, from stripper well leases—

We just covered that, and wrongly—

> or from enhanced recovery projects.

The question is, Is this body going to attempt to act as a hearing board, bypassing the procedures that are set up which will make it possible to get price adjustments if a showing can be made, or are we just going to come in here and hand them $2 more a barrel, and raise domestic prices to the Arab oil price? They are getting $11 a barrel now. Mr. President, are we going to allow OPEC to continue to dictate the price of oil? That is what we are doing when we turn around and throw it wide open.

I think the procedures that we established in the Energy Policy and Conservation Act are the correct procedures. They are procedures by which the pros and the cons of the contentions being made here in debate can be evaluated.

We anticipated this very problem, and I hope that under all of the circumstances, in the light of the failure to comply with the procedures, this amendment will be defeated.

I have the highest regard for my friend from New Mexico. We have put the price of new oil way up, at $11.28 a barrel. Now what is being asked is that it go higher, to the Arab oil price level, which they set on uncontrolled oil prices.

Let me also point out that with respect to the adjudicatory process contained in the Energy Policy and Conservation Act, this amendment would also have the effect of bypassing hearings in the Interior Committee on such an FEA proposal. I would hope that we would follow, Mr. President, the procedures that Congress previously worked out, which are just and fair. It says, in effect, "Look, if you have got a hardship, state it, and we can act accordingly."

So I hope the amendment will be defeated, in the interests of protecting the public from further crude oil price increases and at least to stop this business of saying that the oil cartel is going to continue to set the price of oil for the American consumer. We have so much of our oil under control now; the new oil is all under control, and to turn around and complicate that structure, I think, would only be harmful to those who have to consume, and I think that is most of us, the oil produced in this Nation.

Mr. President, I ask unanimous consent to have printed in the Record the FEA news release to which I have referred, together with a formal notice of proposed rulemaking and public hearing.

There being no objection, the material was ordered to be printed in the Record, as follows:

FEA to Consider Additional Incentives for Crude Oil Production

Will domestic crude oil prices have to go up at a rate faster than the 10 percent annual maximum allowed by law? That crucial question confronts the Federal Energy Administration, which has decided to seek extensive advice from consumers and the petroleum industry before recommending an answer to Congress.

FEA Administrator Frank G. Zarb today announced that public hearings will be held next month in Dallas, Texas; Los Angeles, California; Anchorage, Alaska; and Washington, D.C., and written comments collected on a proposed third stage of implementation of the Energy Policy and Conservation Act crude oil pricing policy. This third stage rulemaking will determine whether the 10 percent limit will have the unwanted effect of holding down domestic production of crude oil. Zarb explained:

"The EPCA specifically directs FEA to consider whether the allowable 3 percent annual increase for production incentives, plus the allowable increase to reflect inflation (not to exceed 7 percent), constitutes an adequate price incentive.

"FEA's first responsibility is to reduce U.S. dependence on foreign crude oil imports by assuring optimum domestic production. So we must ensure that producers have sufficient incentive to discover and develop high cost and high risk properties, to apply enhanced recovery techniques, and to sustain production from marginal and stripper wells. These issues will be fully explored in this rulemaking."

Under the EPCA, any proposed amendment which would increase the composite price of domestic crude oil by more than 3 percent annually, plus the rate of inflation, must be forwarded to Congress, and will take effect only if not disapproved by either House within a 15 day review period.

Among specific topics to be explored at FEA's hearings are:

The validity of a recent FEA-sponsored study outlining the potential results of using high-cost tertiary recovery techniques, and ideas for providing incentives to tap those reserves.

Whether "market level" prices should be permitted for certain types of crude oil production, such as from newly-developed reservoirs, from stripper well leases, or from enhanced recovery projects.

Whether upper tier price treatment should be given to newly-developed production from previously underdeveloped reservoirs.

Whether to redefine a stripper well lease to base qualification on any 12-month periods since January, 1976, rather than the preceding calendar year.

Whether non-crude oil fluid production should be considered in determining whether a property qualifies as a stripper well.

Whether marginal gas wells should qualify for stripper well treatment.

Whether FEA should permit an adjustment in the gravity price differentials for crude oil produced in California or elsewhere, and the extent to which such adjustments would provide production incentives.

Eight days of public hearings will be held on these proposals, to begin at 9:30 a.m. local time on the following schedule:

Washington, D.C.—June 2, 3 and 4, Room 2105, 2000 M Street, N.W.

Anchorage, Alaska—June 4, Loussac Library, 427 F Street.

Los Angeles, Calif.—June 8 and 9, Biltmore Hotel, 515 South Olive Street.

Dallas, Texas—June 10 and 11, Sheraton Inn, 1893 West Mockingbird Lane.

Requests to testify at the Washington and Anchorage hearings must be received before May 25, and for the Los Angeles and Dallas hearings before June 1. Requests should be directed to the appropriate FEA Regional Office (in Seattle, San Francisco or Dallas) or the Anchorage branch office. For the Washington hearing, requests should be directed to Executive Communications, FEA, Room 3309 Federal Building, 12th and Pennsylvania Avenue, N.W. Washington, D.C. 20461. Written comments will be accepted at Box GY at the same Washington address until 4:30 p.m. June 1. Fifteen copies should be submitted in an envelope designated "Third Stage of EPCA: Additional Incentives."

(Federal Energy Administration [10 CFR Part 212])

Third Stage of Implementation of the Energy Policy and Conservation Act: Additional Incentives for Domestic Crude Oil Production

(Notice of Proposed Rulemaking and Public Hearing)

I. INTRODUCTION

A. Purpose.

The Federal Energy Administration ("FEA") hereby gives notice of a proposal to amend the Mandatory Petroleum Price Regulations applicable to first sales of domestic crude oil in order to provide additional incentives for domestic crude oil production. Public hearings will be held on this proposal in Washington, D.C.; Dallas, Texas; Los Angeles, California; and Anchorage, Alaska. An opportunity for written comment will also be afforded to interested parties.

The Federal Energy Administration has undertaken to implement the crude oil producing policy of the Energy Policy and Conservation Act ("EPCA," Pub. L. 94–163) in three stages. On February 1, 1976, new domestic crude oil price regulations were adopted to implement the first stage (41 FR 4931, February 3, 1976). The regulations established a two tier domestic crude oil pricing system, with lower tier prices estimated to average approximately $5.25 per barrel nationally and upper tier prices estimated to average approximately $11.28 per barrel nationally. With approximately 60 percent of domestic production estimated to be produced and sold at the lower tier price, this two tier pricing system was designed to result in the statutorily-mandated maximum weighted average first sale price for domestic crude oil ("composite price") of $7.66 per barrel in February, 1976, which was the first month of the 40-month crude oil pricing program provided for by the EPCA.

On April 8, 1976, FEA adopted amendments to implement the second stage of the EPCA crude oil pricing policy (41 FR 15566, April 13, 1976). The amendments provide for monthly upward adjustments in the composite price, beginning in March 1976, to take into account the effects of inflation and to provide additional production incentives.

Section 401 of the EPCA limits the effect on the composite price of such adjustments to not more than the rate of inflation (as measured by the GNP deflator) plus not more than 3 percent annually as a production incentive, with the combined rate of increase not to exceed 10 percent annually. Subject to the requirements of the EPCA, FEA intends to make such adjustments for 39 months, beginning with the month of March 1976. Actual prices for the entire 39-month period can only be projected, because of the significant number of variables that will affect the actual composite price.

However, FEA's intention in administering the 40-month crude oil price control program established by the EPCA is to provide as early as possible the maximum degree of certainty as to prices over the course of the program. A projected price schedule for each of the 39 months was therefore published with the second stage amendments. The schedule is subject to adjustment only as to prices to be charged in future months, to the extent such adjustment is necessary to maintain compliance with the composite price limitations of the EPCA. The schedule would also be adjusted prospectively to the extent that additional price incentives may be allowed pursuant to the Congressional review procedures authorized by the EPCA.

The second stage amendments provide generally for upward monthly adjustments both to the lower tier and to the upper tier domestic crude oil prices, and for semiannual reductions in the base production control levels of certain properties to reflect the natural rate of production decline on those properties. The effect of the second stage regulations is to utilize fully the provisions for upward adjustments in domestic crude oil prices which may be implemented by FEA pursuant to the EPCA without Congressional review.

The purpose of this proceeding is to implement the third stage of the crude oil pricing policy of the EPCA, in which FEA will consider whether additional incentives, beyond the adjustments adopted in the second stage proceeding, are needed to maintain or increase production of any categories of crude oil and whether an amendment to provide such additional incentives should be adopted. Any such amendment would then be submitted to Congress pursuant to the review procedures established by section 551 of the EPCA for composite price adjustments in excess of the adjustments for inflation and as a production incentive which are permitted without such review.

B. Statutory Provisions for Additional Incentives.

Adjustments to the composite price in excess of those provided in the second stage, to provide additional production incentives, are provided for in section 8(e) of the Emergency Petroleum Allocation Act of 1973 ("EPAA"), as amended by section 401 of the EPCA, as follows:

(e)(1) Not earlier than 90 days after the effective date of the amendment promulgated under subsection (a) and not earlier than 90 days after the date of any previous submission under this subsection, the President may submit to the Congress, in accordance with the procedures specified in section 551 of the Energy Policy and Conservation Act, an amendment to the regulation promulgated under section 4(a) which provides for (A) a production incentive adjustment to the maximum weighted average first sale price in excess of the 3 per centum limitation specified in subsection (d)(1), (B) a combined adjustment limitation in excess of the 10 per centum limitation specified in such subsection, or (C) both.

(2) Any such amendment shall be accompanied by a finding that an additional adjustment as a production incentive, or a combined adjustment limitation greater than permitted by subsection (d)(1), or both, is necessary to provide a more adequate incentive with respect to the matters referred to in subparagraphs (A), (B), or (C) of subsection (d)(3).

(3) Any such amendment shall not take effect if either House of Congress disapproves such amendment in accordance with the procedures specified in section 551 of the Energy Policy and Conservation Act.

Subparagraphs (A), (B) and (C) of subsection (d)(3), referred to in subsection (e)(1), above, provide as follows:

(A) the discovery or development of high cost and high risk properties (including new wildcat properties, and properties located on the Outer Continental Shelf, properties located north of the Arctic Circle, deep wells and deep horizons in onshore or offshore properties, and properties operated by independent producers);

(B) the application of enhanced recovery techniques to producing properties to obtain a level of production higher than would otherwise occur from those properties but for such adjustment; or

(C) sustaining production from marginal wells, including production from stripper wells.

II. PROPOSED AMENDMENTS

The comments received in the first and second stage proceedings have indicated various respects in which upper tier and lower tier price controls on certain categories of domestic crude oil are likely to reduce or inhibit domestic production. FEA has preliminarily determined that upward price adjustments to avoid such results appear to be desirable with respect to each of the three categories specified in section 8(d)(3) of the EPAA, *i.e.*, the discovery and development of high cost and high risk properties; the application of enhanced recovery techniques; and sustaining production from marginal wells.

Specific proposals to be considered in this proceeding are the following:

Upper tier or market level prices for all production from new reservoirs.

Market level prices for porduction from new wildcat properties.

Market level prices for production from new properties located on the Outer Continental Shelf.

Market level prices for production from new deep wells or deep horizons in onshore properties.

Market level prices for production from properties operated by independent producers.

Upper tier or market level prices for incremental production derived through application of certain high cost enhanced recovery techniques.

Qualification for stripper well prices based on the preceding 12 months of production rather than the preceding calendar year.

Qualification for stripper well prices according to well depth and according to onshore or offshore location.

Qualification for stripper well prices according to the ratio of non-crude oil fluids produced.

Qualification of marginal gas wells for stripper well prices.

Market level prices for stripper well production.

Adjustments to historical price differentials for heavy crude oil.

A. Discovery and development of high cost and high risk properties.

The first general category of crude oil production which is specified by the EPCA as one for which additional incentives may be appropriate is the discovery and development of high cost and high risk properties. In this regard, FEA wishes to consider first, the extent to which the existing definition of "property" should be revised in order to insure that upper tier price incentives are provided for the discovery and development of additional crude oil from reservoirs which might otherwise be regarded as being on an existing property and therefore subject to certain lower tier price restraints; and, second, the extent to which market-clearing price levels are needed as an incentive for the discovery and development of any category of crude oil property.

(1) *Newly-developed reservoirs*. Ruling 1975–15 (40 FR 40832, September 4, 1975) held that a property as it existed during the 1972 base period must be used as the basis for determining whether current crude oil production and sale volumes reflect increased production. Accordingly, a new property—and, hence new or upper tier crude oil—cannot be created simply by subdividing a property that existed during the base period.

It has been urged that this aspect of the ruling makes it impractical, particularly for independent producers, to undertake production on portions of existing properties that are "farmed-out", since the higher costs and greater risks associated with finding and developing such new production would generally not be justified by lower tier prices. In its consideration of the issues raised in the first stage rulemaking, FEA recognized the merit in this contention. However, under FEA regulations there has been no pragmatic basis for distinguishing such legitimate subdivisions of propertes from those which mght be undertaken simply in order to obtain upper tier crude oil prices—without any additional production resulting therefrom.

In the first stage rulemaking, FEA proposed a possible revision of the definition of property on a reservoir basis which would have, if adopted, eliminated in most instances the disincentive seen by producers to exploratory drilling under farm-out agreements, by allowing any production from a newly-discovered reservoir to qualify as new crude oil.

The FEA determined that the proposed definition should not be adopted for reasons more specifically detailed in the February 1 notice. However, on April 13, 1976, FEA issued a notice of proposed rulemaking and public hearing to consider clarifications to the definition of property, and other issues which have arisen concerning the proper application of the Mandatory Petroleum Price Regulations applicable to domestic crude oil (41 FR 16179, April 16, 1976). FEA believes that, with respect to the definition of property, the tentative interpretation set forth in that notice will eliminate many of the problems associated with farm-outs, to the extent that any new production resulting from a farm-out agreement is recognized as a separate producing entity by the governing state authority. However, FEA is aware that such production from a new reservoir may not always be so recognized as a discrete producing entity by state authorities. Accordingly, comments are requested in this third stage proceeding on whether the regulations should be amended to provide upper tier prices for newly-developed production from previously undeveloped reservoirs, whether or not such newly developed reservoirs are designated as a separate producing entity by the state regulatory body. In this regard, comments should specifically address the administrative feasibility of determining the existence of a separate reservoir in the absence of a state determination.

(2) *Market level prices.* FEA will also consider in this third stage rulemaking proceeding the extent, if any, to which a price in excess of the upper tier ceiling price is needed to provide a sufficient incentive for the continued exploration for and development of new reservoirs, including those categories of high cost and high risk properties specifically set forth in the EPCA (except for properties located north of the Arctic Circle, which will be the subject of a separate, later rulemaking proceeding).

Comments and supporting data are therefore specifically requested to address whether or not a price in excess of the upper tier ceiling price is necessary, and, if so, whether it is necessary to establish a market level price tier for any category of new crude oil production. Such categories may include production from new reservoirs generally, production from new wildcat properties, production from new properties located on the Outer Continental Shelf, production from new deep wells or deep horizons in onshore properties, or production from properties operated by independent producers. Comments should define as specifically as possible the category of crude oil property with respect to which such additional incentives are needed; estimate the costs associated with discovery and development of properties in such categories; and estimate production levels on an annual basis which could be expected from such properties—assuming both upper tier prices and market level prices.

Comments may identify categories of new crude oil production different than those outlined above, since the listed categories are only illustrative. It shoudl be noted that FEA does not presently have any independent studies or analyses of current levels of costs associated with exploration and development of new properties. Comments on these issues should therefore be as detailed and comprehensive as possible, since appropriate findings based on such comments are required in support of any amendment to provide additional incentives.

B. Application of enhanced recovery techniques.

With respect to the application of enhanced recovery techniques, which is the second category of crude oil production which is listed in the EPCA as being potentially eligible for additional incentives, it is FEA's view that the two tier price system, as recently amended, affords adequate incentives for application of standard types of enhanced or secondary recovery techniques. Further incentives, however, may be appropriate to encourage the application of certain high cost enhanced recovery techniques, generally referred to as tertiary recovery techniques.

A recently completed study undertaken for FEA indicates that substantial additional domestic crude oil production can be obtained through application of high-cost enhanced recovery techniques. The study analyzed crude oil fields in Texas, California, and Louisiana, which are estimated to contain 64% of the domestic crude oil (other than Alaskan) that would remain in place after primary and secondary recovery. The techniques involved are steam drive and in-situ combustion, CO_2 miscible, surfactant/polymer flooding, polymer augmented waterflooding, and hydrocarbon miscible. (The study, entitled "The Potential and Economics of Enhanced Oil Recovery," was conducted for FEA by Lewin & Associates. Copies may be obtained by writing FEA, Office of Communications and Public Affairs, Publications Distribution Center, Washington, D.C. 20461. Copies may also be obtained, beginning Monday, May 10, 1976, at the FEA Press Room, Room 3138, 1200 Pennsylvania Avenue, NW., Washington, D.C.)

Among the major findings of the study, which included a detailed analysis of the 245 reservoirs in 175 fields, are that in the three states studied:

43.3 billion barrels of crude oil are technically recoverable through the year 2000, by tertiary recovery, assuming market-clearing price levels;

Price strongly effects the amount of crude oil that could be recovered through tertiary recovery, with upper tier prices (maintained in real terms) reducing potential tertiary recovery reserves rfom 43.3 billion barrels to 30.5 billion barrels; and lower tier prices (maintained in real terms) reducing that amount to 5.2 billion barrels;

Failure to adjust lower tier and upper tier prices for inflation would result in further loss of potential tertiary reserves; and

Considerable amounts of tertiary production can be realized—as much as .4 to .7 million barrels per day by 1980, 1 to 2 million barrels per day by 1985, and up to 3 million barrels per day by 1990.

It should be noted that substantial lead times are inherent in the application of tertiary recovery techniques, and that the principal effects of price incentives for such techniques would generally not occur until the period of 1980 through 1990.

FEA in this proceeding requests comments on the validity of these findings and on the appropriate means, if necessary, of providing additional price incentives for the production of these reserves.

With respect to price incentives, FEA proposes to allow upper tier prices for amounts of crude oil produced from properties under high cost enhanced recovery (as described above) which are in excess of the amounts that would have been produced by conventional primary and secondary recovery methods. Comments are requested on the extent to which this would afford adequate incentives, and on whether market-clearing price levels or other additional incentives might be needed. Comments are also requested on the extent to which recent changes in the crude oil price regulations, particularly the addition of § 212.76, which provides for reductions in base production control levels to reflect natural rates of production decline, are adequate to permit such incremental production to be priced at upper tier levels, or whether determinations should be made on a project-by-project basis as to what production would have been in the absence of the implementation of a high cost enhanced recovery technique. If project-by-project determinations are preferable, comments are also requested on the best method for differentiating between the incremental production attributable to tertiary recovery and the production that would have resulted from primary or secondary recovery techniques.

Assuming that all incremental production derived from high cost enhanced recovery projects would otherwise have been priced at lower tier prices, the result of permitting such incremental production to be sold at upper tier prices would be to increase the composite price by the following estimated amounts:

	Percent
1976	1.2–1.9
1977	1.5–2.5
1978	1.5–3.5
1979	2 –5

The percentage cannot be exactly determined at this time, as there are both optimistic and pessimistic projections presented in the study and because of uncertainty as to the extent to which existing regulations would operate to permit such incremental production to be sold at upper tier prices.

FEA also requests comments in this regard that will aid in adopting appropriate definitions of the types of recovery that need additional incentives and on the extent to which the need for such incentives may vary, depending on the estimated costs and recovery rates of the type of recovery involved.

FEA is particularly interested in receiving comments on the technical aspects of this study, and a separate day of hearings has been specifically designated for this purpose. Among the issues requested to be addressed in this regard are:

a. The validity of the technical aspects of the report with special consideration of the following:

Rates of crude oil recovery.
Estimates of reserve additions.
Economics of enhanced crude oil recovery.
Time estimates.
Failure rates.
Areas where further analysis may be needed.

b. Whether capital is available to the industry to undertake enhanced recovery projects on a large scale.

c. Factors that may currently inhibit investments in enhanced recovery or are likely to inhibit future investments.

d. The type of incentives that would be most effective in forwarding enhanced recovery development and application, whether or not they are within the scope of FEA regulatory authority (*e.g.*, cost sharing, loans, loan guarantees, or tax relief).

e. Whether there is sufficient engineering expertise for enhanced recovery projects available, including availability to small companies and individuals.

f. Whether enhanced recovery projects pose any new or greater environmental hazards than primary or secondary recovery and, if so, how these hazards can be overcome.

g. The manner in which present tax laws apply to enhanced recovery projects, and whether any changes are needed.

h. Whether, in view of the time lag between initiation and production of an enhanced recovery project, any other laws or regulations could be adopted to improve the economics or reduce the risk.

C. Sustaining production from marginal wells:

With respect to sustaining production from marginal wells, FEA proposes in this proceeding to consider first, whether any modifications in the stripper well lease qualification criteria should be adopted and, second, whether stripper well lease crude oil should be permitted to be sold at market-clearing price levels.

(1) *Stripper well lease qualification on the basis of the preceding 12-month period.* Under current regulations, a property may qualify as a stripper well lease where the property's average daily production of crude oil, excluding condensate recovered in non-associated production, did not exceed 10 barrels per well per day during any *preceding calendar year* beginning after December 31, 1972.

Comments received during the first stage rulemaking indicated that requiring the qualification of a property as a stripper well lease to be on the basis of a calendar year's production may result in less production from such marginal properties than would occur if a different measuring period were used. This is because there are likely to be some cases where a producer might postpone efforts to increase production from a property until it has qualified as a stripper well lease. In some cases, this might be as long as twenty-three months.

The statutory requirement that the qualification be based on production over a calendar year was removed when section 401(b)(1) of the EPCA repealed the stripper well lease exemption of the EPAA. FEA recognizes the merit in contentions that a calendar year qualifying period may actually lead to reduced production from some properties. Accordingly, FEA is proposing to amend the present definition of stripper well lease so that, prospectively, qualification will be measured on the basis of the immediately preceding 12 month period.

(2) *Stripper well lease qualification according to well depth and according to onshore or offshore location.* FEA has reason to believe that there may be justification for adopting other than a 10 barrel per well per day qualifying limit for certain types of marginal production, such as deep horizon onshore wells and offshore wells. Comments submitted in connection with the first stage rulemaking proceeding suggested specifically that the FEA should adopt a qualifying scale, variable according to well depth, similar to depth allowable schedules as used by some state regulatory authorities. For example, it may be that a property should be permitted to produce 20 barrels per day of upper tier crude oil for all wells that produce from below 10,000 feet.

With respect to offshore production, an analysis of the costs and production rates of offshore production in the Gulf of Mexico indicates that up to 300 million additional barrels of crude oil could be recovered by granting stripper well status to offshore properties producting less than 45 barrels per well per day. Without such a provision, these wells would become marginally economic at lower tier prices and tend to be shut down at about the 45 barrel per day level of production. Remaining production, which would be economic at upper tier prices, would therefore be lost before the offshore properties became eligible for stripper well lease upper tier prices. Such prices are currently provided for in the regulations only with respect to production levels of 10 barrels per well per day or less. This higher production level associated with marginal economics of continued production is attributable to the substantially higher operating and maintenance costs of offshore platforms and production. The added production that could be realized by revising the offshore stripper well lease qualification to a production level of 45 barrels per well per day is estimated to be approximately 80,000 barrels per day throughout the remaining period of controls. The impact of such a change on the composite price is estimated to be an increase of approximately ¾ percent in each year of the program. FEA specifically requests comments on the assumptions and methodology contained in this analysis. (The analysis, entitled "Economic Limits of OCS Production Wells," was conducted for FEA by Lewin & Associates. Copies may be obtained by writing FEA, Office of Communications and Public Affairs, Publications Distribution Center, Washington, D.C. 20461. Copies may also be obtained beginning Monday, May 10, 1976 at the FEA Press Room, Room 3138, 1200 Pennsylvania Ave., N.W., Washington, D.C.)

Comments should address the extent, if any, to which the stripper well lease definition should be amended so as to adopt different criteria. Specifically comments should contain suggested qualifying criteria, and should discuss the extent to which these alternative criteria would provide any needed incentive to additional production from marginal properties, both onshore and offshore. Comments should also address the extent to which any proposal will affect the current relative proportions of upper and lower tier crude oil.

(3) *Stripper well lease qualification according to ratio of non-crude oil fluids produced.* Producers have indicated to FEA that some wells become marginal before production levels decline to 10 barrels a day because they must produce large quantities of non-crude oil fluids (*e.g.*, water) in order to produce comparatively small quantities of crude oil.

In some cases, therefore, the high cost of lifting large volumes of non-commercial fluids may render a property marginal, without regard to its production of crude oil in excess of the 10 barrel per well per day limit Accordingly, comments are solicited as to whether a special provision should be adopted, whereby a property might qualify as a stripper well lease on the basis of producing an unusually large quantity of non-crude oil fluids as compared to its production of crude oil. Parties are requested in this regard to submit data regarding any industry-wide norms concerning the lifting of water and other non-commercial substances.

(4) *Stripper well lease qualification for marginal gas wells.* On April 13, 1976, EPA gave notice of a proposed rulemaking and public hearing to consider certain clarifications to domestic crude oil. In that proceeding, in which FEA is seeking to clarify the extent to which the stripper well lease rule is properly applied to condensate produced from some state-classified gas wells, FEA received numerous comments suggesting that marginal gas wells (like marginal oil wells) should qualify for upper tier treatment as part of the stripper well lease rule.

FEA believes that there is merit to extending the stripper well lease concept to marginal gas wells, but as noted in previous proceedings, the economics of a marginal gas well are likely to vary significantly from a marginal oil well, so that a 10 barrel per day standard may not be appropriate for condensate produced from gas wells.

FEA proposes to relate marginal gas wells as closely as possible to marginal oil wells for this purpose. Under the current stripper well lease rule, an oil well can produce slightly more than 10 barrels of crude oil and condensate per day for an entire calendar year before qualifying as a marginal well. At lower tier prices, therefore, a marginal oil well must produce less than approximately $52.50 in revenues per day for 12 months before it qualifies. Accordingly, FEA proposes to permit the qualifications of gas wells that produce total revenues of less than $52.50 per day for a 12 month period.

Comments should also address any other appropriate qualifying criteria.

(5) *Market-level prices for stripper well lease crude oil.* Finally, comments are solicited as to whether there is a need for production from stripper well leases generally, or from any category of stripper well leases, to be sold at prices in excess of the upper tier ceiling price.

FEA estimates that stripper wells account for more than 70 percent of all domestic crude oil wells. While it would obviously ease FEA's administrative burden to exempt crude oil production from such wells from the upper tier ceiling price limitations, ease of administrative burden alone would not justify permitting market level prices for all production from stripper well leases. Accordingly, comments should indicate as specifically as possible the extent, if any, to which production from such properties would be lost in the absence of market level prices. Moreover, comments should address the effect on producers and purchasers if such production were eligible to be sold at market level prices and not subject to the supplier/purchaser freeze.

Stripper wells produce more than 1 million barrels of crude oil per day. If all stripper well production were permitted to be sold at market level prices and if such prices averaged $2.00 per barrel more than upper tier prices, the impact on the composite price would be an increase of approximately 3 percent.

D. Adjustments in the May 15, 1973 gravity price differentials for heavy crude oil.

In this rulemaking proceeding, FEA will conclude its reconsideration of whether to permit an adjustment in the gravity price differentials for crude oil produced in California or elsewhere. Although FEA had previously determined that such an adjustment was not warranted (40 FR 54263, November 21, 1975), numerous California producers and royalty owners, including the State and certain local governments, urged that a reconsideration was warranted, based upon new data that had not previously been made available to FEA.

Accordingly, in the first stage rulemaking proceeding FEA solicited comments on the extent, if any, to which any information not previously made available might tend to affect the conclusions stated in FEA's prior decision not to permit adjustments to May 15, 1973 price differentials. Inasmuch as comments received in the prior proceeding indicated that the considerations that obtain in California also obtain in Alaska and perhaps elsewhere with respect to this issue, FEA also considered whether to amend the regulations with respect to crude oil produced in Alaska or elsewhere in the same manner as was proposed initially with respect to crude oil produced in California. In this regard, FEA solicited data in support of the contention that an adjustment is warranted, noting, however, that to the extent to which any adjustments were permitted (and prices for old crude oil were permitted to increase) FEA would be required to make the statutory findings of section 8(b)(2) of the EPCA. Accordingly, FEA indicated that comments should address the extent, if any, to which an adjustment to May 15, 1973 differentials for heavy crude oil produced in California, Alaska, or elsewhere,

(A) will give positive incentives for (i) enhanced recovery techniques, or (ii) deep horizon development for such properties; or

(B) is necessary to take into account declining production from such properties; and

(C) is likely to result in a level of production from such properties beyond that which would otherwise occur if no such amendment were made.

Only a small proportion of the total number of comments received in the first stage rulemaking proceeding addressed this issue. However, those in support of an adjustment to gravity price differentials for California crude oil, while submitting a large quantity of data, did not address (1) the extent to which the regulations proposed in the January 6 notice would affect any of the economic forecasts developed by California producers and royalty owners, which were based upon the prior regulations, or (2) the extent, if any, to which the statutory findings referred to above could be made. Accordingly, the resolution of this issue was deferred for further consideration in connection with the resolution of this third rulemaking stage. Comments were solicited in the second stage, however, to afford as much of an opportunity as possible to develop the required data.

FEA now solicits any additional comments that will address the two issues stated above, and provide specific data, to the maximum extent possible, which will demonstrate any expected loss of production that will occur under the February regulations and under the stage two adjustments. Since the first and second stage regulations are designed to provide incentives for increased production from all properties producing old crude oil, comments should be addressed to whether these incentives are adequate for California production. Data should identify any fields from which production is expected to be lost.

E. Qualitative Assessment of the Environmental Impacts of the Third Stage Price Rulemaking.

The probable impacts on the environment of the proposed third stage crude oil price adjustments have been reviewed and FEA has concluded that the short-term effects within the next six months of the amendments will not significantly affect the quality of the environment due to the long lead times required to elicit the development of new fields and the application of new technologies. Within six months a comprehensive analysis of the longer term environmental impacts of the proposed price adjustments will be completed and FEA will reconsider these price regulations in light of the conclusions in the EIS and will determine if any amendments are appropriate.

The potential effects of the proposed amendments will be increased crude oil prices, the application of innovative technologies, the inducement of intensified exploration in new fields or in out-post areas of existing fields, and the development of remote and/or environmentally fragile areas. FEA concludes that this amendment is likely to stimulate crude oil production from more risky and more expensive operations, and also to increase the consumption of some chemicals, (such as carbon dioxide, surfactants, and polymers), which may be discharged into the environment. There will also likely be some restraining effects on oil consumption due to the potential slight increase in domestic product prices. However, it is believed that these short-term effects on oil field development of the price incentives are not likely to be measurable and thus will not result in any traceable damage to the quality of environment within the next six months.

Enhanced recovery of crude oil production

The most readily applicable methods of enhanced recovery are steam drive, carbon dioxide miscible, surfactant/polymer, polymer augmented water flood and in-situ combustion. Though in the long run all these operations may generate some negative impacts upon environmental quality, the short-term effects are likely to be negligible or unmeasurable. This is because the minimum lead time required prior to field development for pre-production reservoir characterization, the selection of recovery method, pilot studies for technical and economic feasibility and the evaluation of financing alternatives is 4–9 years. In fact, a reservoir characterization study alone generally takes at least one year. Therefore, in the following six months, the foremost effect on enhanced recovery operations of this proposed amendment may be that many new enhanced recovery projects will start their planning effort. The recent FEA study has indicated that steam drive, in-situ combustion and carbon dioxide miscible techniques will provide the bulk of enhanced recovery production before 1980. However, all these operations will require at least one year lead time for the accumulation of capital, the purchase and installation of equipment and the production of injection materials.

The lead time required to develop increased production from the OCS and from remote and/or environmentally fragile areas will normally require more than four years subsequent to a go-ahead decision for the pre-production operations. This time period is required to provide for the design and construction of platforms, the clearing of land, lease and license applications, the installation of underwater equipment on ocean floor completions, etc. Deep horizon development is also a high risk operation and demands substantial capital investment.

Though deep horizon operations may require less lead time, the order and purchase of drilling equipment, the selection of drilling sites, the delivery of supplies and arrangements for financing and licensing likely may consume one to two years. Therefore, it can be concluded that the short-term effects (*i.e.*, within the next six months) on environmental quality are likely to be negligible from these operations.

Another factor supporting FEA's position regarding long lead times is the lack of certainty relative to future investment returns on crude oil production because of pending congressional action on intangible drilling costs. Moreover because of the risk premium associated with these difficult production operations, and because of the uncertainty regarding breakthroughs in new technology development, the overall economic outlook in the near future is unclear. Therefore, these substantial unknowns are likely to inhibit many producers from initiating enhanced recovery operations and the development of frontier areas immediately.

For all the foregoing reasons, FEA concludes that today's proposals will not substantially affect the quality of the environment in the short run; FEA will review long-term impacts on the quality of the environment in greater detail within approximately the next six months. The proposed amendments in the short term will induce a slow and gradual process to increase domestic crude oil production, which process will not make any material progress in the next six months and which will only be successful if price incentives are maintained over the long term. While there is unlikely to be much, if any change in consumption over the next six months due to the proposed amendments, any change would be expected to have a beneficial effect on the environment. Furthermore, well before any effects are likely to occur, the FEA will have completed a full environmental analysis and, as noted, will have made any modifications in its regulations that are deemed appropriate.

F. Written Comment Procedures.

Interested persons are invited to participate in this rulemaking by submitting data, views or arguments with respect to the proposals set forth in this notice to Executive Communications, Room 3309, Federal Energy Administration, Box GY, Washington, D.C. 20461.

Comments should be identified on the outside envelope and on documents submitted to FEA Executive Communications with the designation "Third Stage of Implementation of the Energy Policy and Conservation Act: Additional Incentives for Domestic Crude Oil Production." Fifteen copies should be submitted. All comments received by Tuesday, June 1, 1976, before 4:30 p.m., e.s.t., will be considered by the Federal Energy Administration before final action is taken on the proposed regulations.

Any information or data considered by the person furnishing it to be confidential must be so identified and submitted in writing, one copy only. The FEA reserves the right to determine the confidential status of the information or data and to treat it according to that determination.

G. Public Hearings.

FEA has determined that in addition to holding a public hearing in this proceeding in Washington, D.C., public hearings will also be held in FEA Regions VI (Dallas, Texas), IX (Los Angeles, California), and X (Anchorage, Alaska).

1. *National Hearings*. The Washington, D.C. hearing (the "National hearing") will be held beginning at 9:30 a.m., e.s.t., on Wednesday, June 2, 1976, and will be continued, if necessary, on Thursday, June 3, 1976, and on Friday, June 4, 1976 in Room 2105, 2000 M Street, NW., Washington, D.C., 20461, in order to receive comments from interested persons on the matters set forth herein. Those persons wishing to comment in Washington, D.C. on the technical aspects of the study entitled "The Potential and Economics of Enhanced Oil Recovery" are requested specifically to request an opportunity to make such a presentation, and such presentations will be scheduled, insofar as possible, for Friday, June 4. Any person who has an interest in the proposals issued today, or who is a representative of a group or class of persons that has an interest in today's proposals may make a written request for an opportunity to make oral presentation. Such a request should be directed to Executive Communications, FEA, and must be received before 4:30 p.m., e.s.t., on Tuesday, May 25, 1976. Such a request may be hand delivered to Room 3309, Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C., between the hours of 8:00 a.m. and 4:30 p.m, Monday through Friday. Requests should be submitted in accordance with the "Request Procedures" set forth below.

2. *Regional Hearings*. The Dallas regional hearings will be held at 9:30 a.m., local time, Thursday, June 10, 1976, at the location specified below, and will be continued, if necessary, on Friday, June 11, 1976; the Los Angeles regional hearings will be held at 9:30 a.m., local time, Tuesday, June 8, 1976, at the location specified below, and will be continued if necessary, on Wednesday, June 9, 1976; and the Anchorage regional hearing will be held at 9:30 a.m., local time, Friday, June 4, 1976, at the location specified below. Comments on the technical aspects of the study entitled "The Potential and Economics of Enhanched Oil Recovery" will also be received in these regional hearings, and persons wishing to make such presentations should specifically so indicate. Any person who has an interest in this proceeding or who is a representative of a group or class of persons that has an interest may make a written request for an opportunity to make an oral presentation. Such a request should be directed to FEA at the address given below for the appropriate Region, and in accordance with the "Request Procedures" set forth below.

Requests to speak at the Regional hearing in Anchorage must be received before 4:30 p.m., local time, on Tuesday, May 25, 1976. Requests to speak at the Regional hearings in Los Angeles and Dallas must be received before 4:30 p.m., local time, on Tuesday, June 1, 1976.

FEA Region VI. Dallas, Texas; submit requests to testify to FEA, 2626 West Mockingbird Lane, Dallas, TX 75235 at Sheraton Inn, 1893 West Mockingbird Lane, Dallas, TX.

FEA Region IX. San Francisco, California; submit requests to testify to FEA, 111 Pine St., San Francisco, CA 94111 at Biltmore Hotel, 515 South Olive St., Crystal Ballroom, Los Angeles, CA.

FEA Region X. Seattle, Washington; submit requests to testify to FEA, 605 West Fourth Avenue, Anchorage, Alaska 99501, and FEA, 1992 Federal Bldg., Second Avenue, Seattle, Wash. 98174 at Z. J. Loussac Library, 427 F St., Anchorage, Alaska.

3. *Request Procedures.* The following request procedures are applicable to both the National and Regional Hearings. Persons requesting an opportunity to make an oral presentation should submit their written requests to the appropriate address for the region in which they wish to appear. Requests should be labeled both on the document and on the envelope "Third Stage of Implementation of the Energy Policy and Conservation Act: Additional Incentives for Domestic Crude Oil Production."

The person making the request should be prepared to describe the interest concerned, if appropriate, to state why he is proper representative of a group or class of persons that has such an interest, and to give a concise summary of the proposed oral presentation and a phone number where he may be contacted through Friday, May 28, 1976. Each person selected to be heard will be so notified by the FEA before 4:30 p.m., Thursday, May 27, 1976 and must, if feasible, submit 100 copies of his statement to Regulations Management, FEA, Room 2214, 2000 M Street, N.W., Washington, D.C. 20461, before 9:00 a.m. e.s.t., on Tuesday, June 1, 1976, for the National Hearing, and to the location of the hearing on the day the statement is scheduled to be presented, for the Regional hearings.

4. *Hearing Procedures.* The FEA reserves the right to select the persons to be heard at these hearings, to schedule their respective presentations, and to establish the procedures governing the conduct of the hearings. The length of each presentation may be limited, based on the number of persons requesting to be heard.

An FEA official will be designated to preside at the hearings. These will not be judicial or evidentiary-type hearings. Questions may be asked only by those conducting the hearings, and there will be no cross-examination of persons presenting statements. Any decision made by the FEA with respect to the subject matter of the hearings will be based on all information available to the FEA. At the conclusion of all initial oral statements, each person who has made an oral statement will be given the opportunity, if he so desires, to make a rebuttal statement. The rebuttal satements will be given in the order in which the initial statements were made and will be subject to time limitations.

Any person who wishes to ask a question at the National or Regional hearings may submit the question, in writing, to the presiding officer. The presiding officer will determine whether the question is relevant and whether the time limitations permit it to be presented for answer.

Any further procedural rules needed for the proper conduct of the hearings will be announced by the presiding officer.

A transcript of the hearings will be made and the entire record of the hearings, including the transcript, will be retained by the FEA and made available for inspection at the Freedom of Information Office, Room 3116, Federal Building, 12th and Pennsylvania Avenue, N.W., Washington, D.C., between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday. Any person may purchase a copy of the transcript from the reporter.

As required by section 7(c)(2) of the Federal Energy Administration Act of 1974, Pub. L. 93–275, a copy of this notice has been submitted to the Administrator of the Environmental Protection Agency for his comments concerning the impact of this proposal on the quality of the environment. The Administrator had no comments to offer.

The inflationary impact of this proposal has been considered by FEA consistent with Executive Order 11821, issued November 24, 1974.

(Emergency Petroleum Allocation Act of 1973, Pub. L. 93–159, as amended, Pub. L. 93–511, Pub. L. 94–99, Pub. L. 94–133 and Pub. L. 94–163; Federal Energy Administration Act of 1974, Pub. L. 93–275; Energy Policy and Conservation Act, Pub. L. 94–163; E.O. 11790, 39 FR 23185).

In consideration of the foregoing, it is proposed to amend Part 212 of Chapter II, Title 10 Code of Federal Regulations as proposed above.

Issued in Washington, D.C. May 4, 1976.

MICHAEL F. BUTLER,
General Counsel, Federal Energy Administration.

Mr. BENTSEN. Mr. President, will the Senator from New Mexico yield me 5 minutes?

Mr. MONTOYA. I yield the Senator from Texas 5 minutes.

Mr. BENTSEN. Mr. President, there is no question that we need to encourage increased oil production of every kind in this country. Increased production comes not only from new wells and new reservoirs, but from imported recovery techniques in existing oil fields. For too long we have walked away from oil fields that we know contained oil. We walked away for one reason—because artificial price controls did not enable an individual to invest new money and improve his recovery techniques. These new techniques are expensive, but the oil they generate is increasingly important to this Nation. We must have it. We must remove the artificial restraint that is preventing its recovery.

Senator MONTOYA's amendment would have the effect of removing these restraints. It is a sane, rational approach to the problem which should be supported.

We are not talking about increasing anyone's profit. We are talking about letting the market work and enabling an individual to invest in enhanced recovery techniques. If we do this, we know it will result in increased supplies of oil. If we do not, the oil will stay in the ground where it is useless to everyone.

On May 7, the Federal Energy Administration agreed that there is a need for additional incentives for enhanced recovery operations. A detailed FEA study of 245 oil reservoirs in the United States revealed that 43.3 billion barrels of crude oil are technically recoverable through the year 2000 by enhanced recovery techniques. However, the same study revealed that this recovery was economically feasible only if the increased costs of the recovery could be regained in the price of the oil.

Thus, Mr. President, we are talking about, in this amendment, 43.3 billion barrels of oil that this country may or may not be able to utilize. We can utilize that 43.3 billion barrels if we allow and encourage its recovery by the passage of this amendment. We will never enjoy its benefits if we continue to frustrate its recovery by restrictive, artificial price controls.

Mr. President, I support this amendment because it is good policy. It is logical and it means that we can increase the recovery of oil that we know exists.

Mr. President, I strongly encourage my colleagues to support this amendment.

Mr. MONTOYA. Mr. President, I yield 3 minutes to the Senator from Oklahoma.

Mr. BARTLETT. Mr. President, as I rise I first express how pleased and proud I am of the Senate for their recent vote on the stripper well amendment. This shows the responsibleness of the Senate in addressing the problem of energy shortages.

I thank very sincerely and congratulate the Senator from New Mexico for this amendment because this amendment is addressing an extremely important area of increased production. We are dealing here, as the distinguished Senator from Texas said, with known reserves. We know the oil is there. We know how much is there. Are we willing to pay Americans just a little bit more, the same that we are willing to pay those in foreign countries for oil that would replace this, so they will have enough incentive to develop this known production?

This is oil that otherwise would be lost forever. It is oil that is there. We can have it. The Senator from New Mexico is not suggesting that we pay any more than the price we are having to pay for oil that we need to import because we have an inadequate domestic supply.

The Senator from Ohio mentioned the flexibility that the EPCA program provides the administration. How much flexibility, really, is it that Congress is providing the administration when Congress knows very well that the administration in looking at Congress is looking at a body that has taken $2.5 billion from available moneys for oil and gas activity from the oil industry because of actions on depletion allowance and then added other taxes and reduced the capital by $2 billion more with the EPCA Act of 1975 with the rollback.

There is no flexibility that is built in that is automatic that can be taken unilaterally by the administration. But we can provide that flexibility and incentive with this bill with this amendment by the distinguished Senator from New Mexico.

I am happy to join with Senator MONTOYA on this amendment to free new oil produced from enhanced recovery projects from price controls.

This action will help to provide the additional price incentives necessary to initiate these high cost techniques.

The FEA estimates that the additional incentives provided by this amendment could result in 100,000–200,000 BPD more production by 1980.

Considering the long lead times needed to begin these projects and the several years delay after initiation before a production increase occurs, the real beneficial effect on production will occur in the years after 1980.

There is tremendous potential for additional recovery from enhanced recovery.

Estimates of potential reserves range from 40–60 billion barrels, more than twice the current proven reserves of the United States.

Whether or not these projects can be started depends primarily upon price.

The simple fact is that many of these projects are not profitable at existing upper tier prices.

The more sophisticated tertiary-type projects are extremely high cost; the technology is risky and still in the developmental stage.

Most of the less sophisticated projects, like waterfloods, have already been initiated in the low-cost reservoirs.

Therefore, the projects which remain to be initiated must have higher prices than permitted under the EPCA.

It should be emphasized that this amendment does not decontrol any existing oil. It addresses only new oil from projects initiated after February 1, 1976—when the EPCA pricing went into effect.

Therefore, consumers pay nothing unless new oil is produced. The amendment, however, does provide additional incentives to producers to initiate these projects.

I ask unanimous consent that an article from the Tulsa World describing the potential for enhanced recovery in Oklahoma be printed in the Record. Basically the article says that projects which could be implemented during the next 5 years would result in 70 million barrels of additional oil.

I urge our colleagues to support this amendment.

There being no objection, the article was ordered to be printed in the Record, as follows:

MORE ENHANCED PROJECTS, GREATER ULTIMATE RECOVERY SEEN IN STATE IF PRICES FREED

Freeing the price of oil from enhanced recovery projects in Oklahoma would result in 251 more of these projects than now planned over the next 5 years, resulting in 70 million barrels of additionally recoverable oil, according to a study just released.

W. Timothy Dowd, executive director of the Interstate Oil Compact Commission, revealed the figures in a presentation to the Oklahoma Energy Advisory Council.

The IOCC is preparing a nationwide study on enhanced recovery oil as requested by the Federal Energy Administration. Dowd's presentation was at the requset of Gov. David Boren.

State regulatory agencies prepared a questionnaire and distributed it to the operators of enhanced recovery projects within the respective states.

The operators were asked what additional projects they planned over the next 5 years if price controls on enhanced recovery projects were eliminated.

In Oklahoma, responses were received from operators who produced 76,772,560 barrels of enhanced recovery of oil in 1973, Dowd said.

This represents 64 per cent of Oklahoma's total enhanced recovery production for the year of 119,879,000 barrels.

These operators projected that if the two-tier pricing system were to continue as it presently exists, 325 new projects would be launched representing capital expenditures of $294.5 million within the next 5 years.

The operators said 576 new projects would be started with a capital investment of $498.7 million should the decontrol proposal be adopted.

Another part of the IOCC questionnaire addressed ultimate recovery. The Compact is aimed at conservation, or the orderly extraction of as much of the natural resources as can possibly be developed in a prudent manner, Dowd said.

Oklahoma contains an estimated 2.172 million barrels of recoverable oil based on existing technology and economics.

With economic and taxing policies unchanged over the next 5 years and the operators launching only those enhanced recovery projects planned under the two-tier pricing system, the projects are expected to increase the ultimate recovery of Oklahoma oil by 261.8 million barrels.

Ultimate recovery would be increased by about 311.8 million barrels should the proposal for releasing enhanced recovery oil be adopted, it was estimated.

Any serious adverse economic measures taken, such as repeal of the depletion allowance or further price rollbacks, would reduce either amount materially, Dowd indicated.

Adoption of this proposal would increase the deliverability of crude oil in Oklahoma between now and 1980 by an average of 42,500 barrels a day.

If this increase had been possible in 1974, Dowd said, there would have been virtually no drop in Oklahoma's average daily oil production.

Similarly, adoption of the proposal could be expected to cause Oklahoma's production to level out over the next 6 years at 475,000 barrels a day instead of showing the losses that have been seen in prior years.

The proposed change in pricing structure would cause an infusion of capital expenditures into the state of $204.2 million, Dowd said.

Assuming the increased price, payments by crude oil purchasers would increase by $600 million in Oklahoma. This would increase gross production tax revenues alone by $42 million and increase income to land and royalty owners in the state $75 million.

Nationwide, responses to the questionnaire came from operators who presently produce 66 per cent of the total enhanced production. These operators projected that decontrol of enhanced recovery would:

Trigger the start of 4,976 new enhanced projects in 1975 through 1980 against only 2,248 new ones expected with the present two-tier pricing system.

Result in increased production of about 350,000 barrels a day over that expected with two-tier pricing.

Increase ultimate recovery by 8.5 billion barrels instead of 5.4 billion with two-tier pricing.

The FEA is attempting to determine the impact on additional production and reserves of the decontrol of all enhanced recovery projects, or in the alternative, tertiary projects.

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

Mr. BARTLETT. I thank the distinguished Senator from New Mexico.

The PRESIDING OFFICER. Who yields time?

Mr. PERCY. Mr. President, I yield myself 2 minutes to rise in opposition to the proposed amendment. I think it is a different situation than the oil from stripper wells. The policy attitude of FEA is certainly less clear than on the previous Bartlett amendment. This matter, as I understand it, is still being carefully studied and considered by FEA. FEA does have the opportunity under the Energy Policy and Conservation Act to propose decontrol. It has not done so.

Not having participated in any hearings on this subject, not having available all of the ramifications of it, not knowing whether it will apply to smaller producers as well as large producers, and having many unanswered questions in his mind, the Senator from Illinois will regretfully have to oppose the amendment.

Mr. MONTOYA. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the Montoya amendment be temporarily set aside to take up other business, and then we will return at a later time to the Montoya amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1856

Mr. GLENN. Mr. President, I call up my amendment No. 1856.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Ohio (Mr. Glenn) proposes amendment No. 1856.

Mr. GLENN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 23 after "206.", insert "(a)".

On page 24, lines 12, 15, and 17, respectively, strike "(a)", "(b)", and "(c)" and substitute in lieu thereof "(1)", "(2)", and "(3)".

On page 24, after line 23, insert a new subsection to read as follows:

"(b) Grants pursuant to subsection (a) of this section shall be made only to States which furnish such assurances as the Administrator may require that funds made available under such subsection will be in addition to, and not in substitution for funds made available to offices of consumer services from other services.".

Mr. GLENN. Mr. President, this amendment fits under title II of the bill. It is a simple amendment. It has been discussed on both sides of the aisle, and I believe it is acceptable. I do not require a record vote on this amendment. I hope we can consider and agree to it in a few minutes.

This amendment effects the title II

portion of this bill. It provides for some funding for States to help them set up consumer service representatives that can represent consumers before utility commissions where rate structures are having hearings. The help that the Federal Government would give under this bill toward setting up such consumer services representatives under this amendment could not be used to replace existing State functions now in place.

In other words, if States now have such consumer service representatives representing their citizens before the public utility commissions of the particular States, and funding is already provided, this amendment would say that such States could not take these funds and replace their current appropriations that were going to that function.

The amount provided under this bill is minimal in this area. All the discussions we have had indicates that this money would be best used as seed money, as money to encourage those States that do not have such representation to set up such consumer service operations. We do not want this to simply go in and help cut down the budget for State government. We are hoping this will be seed money. It is minimal to begin with, only $2 million, which when split among all the States comes out to a very minimal amount, of course.

This amendment, as stated, would require that funds made available under this subsection will be in addition to and not in substitution for funds made available to the Office of Consumer Services for other services.

I might add one thing, and that is that the consumer services, as discussed in this bill, are not only for individual consumers. This amendment is for anyone who wishes to come in and present a case that will be taken before the Public Utilities Commission where rate structures are under discussion or other matters are under consideration.

This has been discussed on both sides of the aisle. I believe it is acceptable. I ask for additional comments before we go ahead with a vote. I do not require a record vote on this.

The PRESIDING OFFICER. Who yields time?

Mr. BROCK. Mr. President, will the Senator yield?

Mr. GLENN. I yield to the Senator from Tennessee.

Mr. BROCK. For myself, I think the amendment makes a great deal of sense. The Senator's point is valid, that we are trying to move toward consumer support. This amendment targets the action of the bill specifically in that direction. It makes a great deal of sense, and for myself, we accept it.

Mr. GLENN. I thank the Senator from Tennessee. That is exactly what it tries to do. We discussed this in the committee; and in the final language of the bill, this was an oversight and probably should have been spelled out better at that time. I think this corrects it. I appreciate the Senator's support.

Mr. PERCY. Mr. President, I confirm that the amendment is acceptable.

The PRESIDING OFFICER. Do Senators yield back their time?

Mr. GLENN. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1783

Mr. FORD. Mr. President, I call up my amendment No. 1783.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Kentucky (Mr. FORD) proposes an amendment numbered 1783.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 9, line 19, strike "application efficiency, labeling programs,".

On page 18, after line 18 insert the following new section:

"SEC. 113. (a) Within sixty days after the date of enactment of this title, the President shall transfer the functions and the personnel associated with such functions of the Administrator of the Federal Energy Administration under title III, part B—Energy Conservation Program for Consumer Products Other Than Automobiles (42 U.S.C. 6291–6309) to the Secretary of Commerce.

"(b) The Secretary of Commerce shall adopt all rules and regulations and shall continue all proceedings, hearings, and other activities of the Administrator of the Federal Energy Administration which may be in effect or underway at the time the transfer of functions under subsection (a) of this section takes place. The Secretary of Commerce may amend as he deems necessary any such rules and regulations pursuant to applicable provisions of the Energy Policy and Conservation Act (42 U.S.C. 6291–6309). The Secretary of Commerce shall, to the maximum possible extent, maintain all timetables established by the Administrator of the Federal Energy Administration and utilize all information developed by the Administrator to avoid duplication of effort and delay in program implementation.

"(c) On the effective date of the transfer under subsection (a) of this section—

"(1) The following new paragraph shall be added at the end of section 321 of the Energy Policy and Conservation Act (42 U.S.C. 6291):

"'(19) The term "Secretary" means the Secretary of Commerce.

"(2) Strike the term 'Administrator' wherever it appears in title III, part B—Energy Conservation Program for Consumer Products Other Than Automobiles of the Energy Policy and Conservation Act (42 U.S.C. 6291–6309) and insert in lieu thereof the term 'Secretary.'

"(3) In subparagraph (A) of paragraph (1) of subsection (a) of section 325 of the Energy Policy and Conservation Act (42 U.S.C. 6295) strike '180' and insert in lieu thereof '270.' ".

Mr. FORD. Mr. President, I understand that this amendment will be accepted. I do not want to belabor the time of the Senate with my comments or delay the process, but I wish to make a couple of comments relating to the amendment.

Mr. President, the purpose of my amendment is to centralize in the Department of Commerce the functions of the Federal Energy Administration and the Department of Commerce with respect to the energy efficiency standards and labeling of consumer appliances. This would streamline the administration of the consumer appliance standards and labeling program, reduce confusion and uncertainty and assure that the Commerce Department—the agency with the experience and expertise in consumer appliance matters—is placed in charge of the program. Since S. 2872 as reported provides for such a transfer at the end of 15 months, this amendment merely accelerates the transfer to the beginning of the program, assures smooth and continuous functioning, and avoids disruption that would occur if the transfer occurred midway through the program.

This amendment avoids duplication of effort by placing the Secretary of Commerce in the same shoes as the Administrator. There is no change in substantive law except the date for promulgating energy efficiency improvement targets.

Also, this amendment does not affect the functions of the Federal Trade Commission in labeling and advertising.

I submit the following reasons as evidence why this amendment should be adopted:

FEA does not have the expertise to cope with the technical problems involved in this energy conservation program. FEA has not used technical data that is available from the Bureau of Standards, and has chosen to use outside engineering firms to develop necessary data. This is an unjustifiable waste of taxpayers money. One substantial contract has already been awarded, and others are under negotiation.

FEA is a temporary agency whose life must be extended periodically by Congress. The Department of Commerce with the Bureau of Standards represent permanent Federal departments. It would be most disruptive to the purpose of the Energy Conservation Act to have another change at the midway point of our achieving 1980 target goals.

I believe that the transfer of this energy conservation program to the Secretary of Commerce and the Bureau of Standards will not only expedite its progress, but will accomplish the execution, control and monitoring of this program in a highly efficient manner and at much less cost to the taxpayer.

Mr. President, I do not wish to make any further comments as to the amendment, but I will submit to any questions that anyone would like to ask me.

Mr. RIBICOFF. Mr. President, I have discussed this amendment with the distinguished Senator from Kentucky. He does make many cogent arguments.

The Bureau of Standards has an excellent reputation and has done outstanding work. They do have a large complement of experienced scientists and researchers who have been there for many years and who will continue to be there for many years. We do know that FEA will be out of business—we hope, within 15 months. So it will be very hard for FEA to get the personnel it really needs to do the research and the other work that has to be done in order to have effective standards.

The amendment definitely is worth taking to conference, and on behalf of the manager of the bill and myself, I accept the amendment of the distinguished Senator from Kentucky.

Mr. FORD. I thank the distinguished Senator from Connecticut.

Mr. PERCY. Mr. President, I have had extensive conversations with Senator Ford on this subject. I find that many of the points he raises are ones with which I concur. I was originally reluctant to accept the amendment, but I have been persuaded by many of the arguments he has made. I commend him on the extensive research he has done in this area, and I am happy to join Senator Ribicoff in taking the amendment to conference.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. FORD. I yield.

Mr. BROCK. Mr. President, I support the amendment, and I should like to underscore the importance of it, in my judgment.

The Senator's amendment would result in better standards of a higher quality and more timely fashion than is possible under the FEA's administration. What the Senator is doing is to turn over to the experts that section of the bill which is subject to their own competence and jurisdiction. It makes a great deal of sense, and I strongly support the amendment.

I hope we will do more than take it to conference. I strongly urge that the manager of the bill take this amendment seriously and try to support it all the way through, until it finally becomes law. I think it is important.

Mr. RIBICOFF. I assure the distinguished Senator from Tennessee that I believe this to be an important amendment, and I will stay with it. If the distinguished Senator from Tennessee is a conferee, he can be assured that his voice will be heard and respected.

Mr. BROCK. I do not know whether I will have the privilege of serving on the conference. I would like to. The Senator from Kentucky will have my strong and continuing vocal support in this matter.

Mr. FORD. I appreciate the comments of the Senator from Tennessee and the support of the Senator from Connecticut with respect to this amendment.

One point that I think should be made is that we do have, as the Senator from Connecticut has stated, the scientists and the expertise in a permanent agency, the Bureau of Standards, which has a great deal of competence and the confidence of the American people. FEA is a new agency. FEA does not have the expertise to do this job. They have employed outside consultants. They have one contract of nearly $400,000, and four other contracts are now being negotiated. This is a temporary agency, and I wonder how much enthusiasm they are going to have, as compared to a permanent agency. We, as Members of the Senate, could have oversight hearings of the Bureau of Standards with respect to this labeling bill. It will not be a duplication and will not result in the additional expenditure of taxpayers' money.

I am very hopeful that the amendment will stay in this bill when it goes to conference.

I have no further comments, and I yield back the remainder of my time.

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Who yields time?

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum, with the time to be charged equally to both sides, on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The second assistant legislative clerk proceeded to call the roll.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1823

Mr. PERCY. Mr. President, I call up my amendment No. 1823.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Illinois (Mr. Percy) proposes an amendment numbered 1823.

Mr. PERCY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, between lines 2 and 3, insert the following new section:

"Sec. 104. Section 7 of the Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following:

" '(k) The Administrator or any officer or employee of the Administration may not exercise his discretion to seek civil or criminal penalties against any person whose sole petroleum industry operation relates to the marketing of petroleum products, or who is an independent refiner or small refiner as defined in paragraphs (3) and (4) respectively of section 3 of the Emergency Petroleum Allocation Act of 1973, as amended, or who is an independent producer eligible under section 613A of the Internal Revenue Code of 1954, for any volation of any rules, regulations, or rulings interpreting such rules or regulations if—

" '(1) such action to seek penalties is based upon such rules, regulations, or rulings interpreting such rules or regulations which are being applied retroactively; and

" '(2) the Administrator determines that such person relied in good faith upon rules, regulations, rulings, interpretations, manuals, or other official constructions of such rules or regulations in effect on the date of the alleged violation.' ".

On page 6, line 3, strike out "Sec. 104." and insert in lieu thereof "Sec. 105.".

On page 7, line 6, strike out "Sec. 105." and insert in lieu thereof "Sec. 106.".

On page 7, line 14, strike out "Sec. 106." and insert in lieu thereof "Sec. 107.".

On page 7, line 18, strike out "Sec. 107." and insert in lieu thereof "Sec. 108.".

On page 8, line 6, strike out "Sec. 108." and insert in lieu thereof "Sec. 109.".

On page 10, line 13, strike out "Sec. 109." and insert in lieu thereof "Sec. 110.".

On page 13, line 5, strike out "Sec. 110." and insert in lieu thereof "Sec. 111.".

On page 13, line 8, strike out "Sec. 111." and insert in lieu thereof "Sec. 112.".

On page 17, line 9, strike out "Sec. 112." and insert in lieu thereof "Sec. 113.".

Mr. PERCY. Mr. President, I call up this amendment on behalf of myself, Senator McClellan, and Senator Bentsen.

The purpose of the amendment is to prevent FEA from fining a company for violating its regulations when these regulations are applied retroactively, provided the company can demonstrate that it relied in good faith upon official agency policy.

The proposed amendment simply requires that fundamental principles of fairness be applied by the Federal Energy Administration in its dealings with small or independent marketers, refiners, and producers.

FEA's regulations are already as complex as the Internal Revenue Code. Yet they are so difficult to understand and often so ambiguous that FEA finds it necessary to issue stacks of new rulings, manuals, supplements—all intended to clarify or interpret these regulations.

This is not only an enormous burden, but often an unfair burden because FEA does not always respect good faith reliance upon the apparent meaning of its regulations or its own official advice to the contrary. Incredibly, FEA has made it a practice to apply its clarifications of unclear regulations retroactively and impose fines or financial penalties without any respect for prior advice to the contrary or ambiguities.

A good example of this is that the FEA regulations published well over a year ago merely stated that refiners and marketers are to group their customers into "classes of purchasers" for pricing purposes. After 10 months of no guidance, FEA issued its first clarification of how customers were to be grouped. A year and a half after the regulations began, this first clarification was revoked, and out came a new 16-page clarification of what was meant by "class of purchaser." FEA auditors have not simply been applying this latest clarification prospectively, but also retroactively against anyone who failed to anticipate FEA's eventual definition or who relied on FEA's own prior guidance on the subject.

Fines and other financial penalties have been imposed. Interpretations of this sort that have retroactive effect are simply unfair, and it often places undue hardship on the types of businesses which Congress expressly intended to protect under the Emergency Petroleum Allocation Act.

The Emergency Petroleum Allocation Act specifically contemplates special protection for small and independent marketers and refiners. Section 4(b) (1) (D) states that:

> FEA's regulations shall provide for . . . preservation of an economically sound and competitive petroleum industry; including the priority need . . . to preserve the competitive viability of independent refiners, small refiners, non-branded independent marketers, and branded independent marketers.

This amendment will reinforce that protection and will permit small and independent firms to rely with confidence on official FEA advice without the threat of penalties if the agency later changes its position.

In addition, this amendment would protect the independent producers, who include literally thousands of small businessmen. These independent producers often have very low producing wells or stripper wells. Revenues are frequently only marginally above costs, and many independent producers cannot afford a lawyer or an accountant to help them understand the FEA regulations, much less whole departments as many of the major oil companies have. The standard used to define an independent producer is that established by the last session of this Congress when it rewrote the depletion allowance and retained special provisions for the small producers.

In my State there are approximately 400 producers with only a handful of these being large companies. One hundred sixty of the 400 are 1-man operations. These persons, like the small retailer, spend most of their time in trying to keep their operations going, and often work 7 days a week. They do not have a staff of lawyers to keep them posted on the latest definitions of FEA. They are being penalized in 1976 for actions taken in 1972 and 1973. At the time these actions took place, the men believed them to be perfectly legal, and acted in good faith. They are now being told they were wrong.

I am sure there are many of these small operators in Michigan, Indiana, Kentucky, Ohio, Pennsylvania, West Virginia, and New York as well as in the rest of the 30 States having oil production, who do not need this kind of Government harassment. It has never been the intention of the Senate or the House to cause undue hardship to small businesses.

Congressman Findley introduced a similar amendment on the House floor during debate on the FEA extension, and it was accepted without a vote by both the majority and minority. My amendment is broader than Congressman Findley's in that his amendment only covered small retailers and distributors. My amendment, as noted earlier, includes small or independent refiners and producers as well as marketers.

This amendment will not restrict FEA's flexibility to change or clarify its position. Rather, when the agency interprets an ambiguous regulation and applies the interpretation retroactively or interprets a regulation in a fashion inconsistent with prior construction of an official nature, FEA may not seek civil or criminal penalties if it is determined that a person covered by this amendment relied in good faith upon an ambiguous regulation or official agency advice previously given, either of which was in effect at the time of an alleged violation. In the final analysis, it will enhance competition in the petroleum industry by helping the small and independent businessmen who must compete with the major oil companies.

In checking with the FEA, I find that they support the amendment.

Mr. BENTSEN. Mr. President, I am pleased to cosponsor this amendment by my colleague from Illinois. As he has explained, it is designed to alleviate a hardship imposed needlessly on the small businessmen burdened by the FEA regulations. I have received countless complaints from oil marketers and others about the absolute impossibility of relying safely on FEA interpretations and rulings given to them in the past. Now that FEA auditors are examining records for past periods, marketers are being told that their reliance in good faith on old interpretations is not a defense to a civil action for assessments due to overcharges.

There is nothing in this amendment that gives aid to anyone who has intentionally violated the pricing provisions of the law. What we are talking about here are small businessmen who have acted in good faith and made honest mistakes—based on advice from those who administer the act.

Let me emphasize the example cited by Senator Percy. The first price regulations instructed marketers to group their customers into "classes of purchaser." Because these classes had to be formed immediately, marketers assembled their customers into commonsense groupings. Since there was no initial guidance about how to do this, a wide variety of assumptions were used. Eighteen months later FEA issued 16 pages of regulations to explain the term "class of purchaser."

Meanwhile, countless marketers had relied on their earlier advice. Now they are told that their reliance was for naught, and that the 16 pages of regulations apply retroactively.

I am told by some of my constitutents that not even the auditors are fully able to understand these regulations. You can imagine how successful the small businessman is at understanding them if the FEA auditors themsevles cannot.

Mr. President, this amendment only enunciates a principle of fundamental fairness. Rules and interpretations should not be applied retroactively to the detriment of those who have acted in good faith in reliance on earlier pronouncements. I urge my colleagues to accept it.

Mr. RIBICOFF. Mr. President, as manager of the bill, the amendment has my support and it is acceptable.

Mr. PERCY. I yield back the remainder of my time.

Mr. RIBICOFF. I yield back my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. PERCY. Mr. President, I call up amendment No. 1824.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. PERCY. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. Harry F. Byrd, Jr.). Without objection, it is so ordered.

The amendment by Mr. Percy is as follows:

> On page 5, beginning with line 1, strike out all through line 2 and insert in lieu thereof the following:
>
> "(1) by inserting immediately after 'five' the following: 'working days'.

Mr. PERCY. The amendment that has been called up is to shorten the period for EPA comment on FEA proposed rulemakings from 15 days to 5 working days. Section 102 of the bill reported by the Government Operations Committee would amend section 7(c) (2) of the Federal Energy Administration Act to extend from 5 to 15 days the period during which the Environmental Protection Agency must be afforded an advance opportunity to comment before FEA publishes notices of proposed rulemakings.

My amendment would give EPA 5 working days to comment instead of 15 days. It is my understanding that EPA Administrator Russell Train considers a 5 day period to be entirely adequate to EPA's needs provided that the agency has 5 full working days within which to perform its advance review of FEA's proposed rulemakings. Thus I urge adoption of this amendment.

I ask unanimous consent that the letter of support from Russell Train, Director of EPA, dated June 15, 1976, be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Environmental
Protection Agency,
Washington, D.C., June 15, 1976.
Hon. Abraham Ribicoff,
Chairman, Committee on Government Operations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: I understand that Senate floor action is expected in the near future on S. 2872, a bill reported favorably by your Committee that would extend the Federal Energy Administration Act of 1974 (the FEA Act). As reported S. 2872 contains one provision of particular interest to the Environmental Protection Agency—the portion of Section 102 that would extend from 5 to 15 days the minimum period during which this agency must be afforded an opportunity to comment before the FEA promulgates notice of certain proposed rulemakings.

As you know, Section 7(c)2 of the FEA Act currently provides a period of five days for EPA comment upon proposed FEA regulations. We have found this period generally adequate to allow EPA to meet our statutory responsibilities under that section. In some instances, EPA has not been provided five full working days, which would have allowed a more thorough environmental evaluation of proposed FEA rulemakings.

However, FEA's Office of General Counsel has agreed that in the future FEA will provide EPA with five full working days for all reviews under Section 7(c)2. Therefore, the extension of time provided in S. 2872 is unnecessary.

Sincerely yours,

Russell E. Train.

Mr. RIBICOFF. Mr. President, the amendment is acceptable to the manager of the bill.

I yield back my time.

Mr. PERCY. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. PERCY. Mr. President, I call up Amendment No. 1825.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Illinois (Mr. Percy) proposes an amendment:

On page 17, line 11, strike "November 30, 1976," and insert in lieu thereof "January 31, 1977,".

Mr. PERCY. Mr. President, the purpose of this amendment is to extend the due date for the Btu tax report from November 30, 1976, to January 31, 1977. I have been convinced, in talking with FEA, that we shall receive a higher quality report on the concept of the Btu tax if they are given this extra 2 months.

Section 112(a) of S. 2872 would require the Federal Energy Administration to study and report to the Congress no later than November 30, 1976, on the use of a tax on energy, including a tax applied to the use of each Btu of energy consumed, to insure attainment of an acceptably low level of energy imports by 1985.

While I understand that the FEA is capable of analyzing this issue as required in this section, I have learned that the November 30, 1976, reporting deadline may be impractical for several reasons.

First, the FEA has committed itself to updating the Project Independence Report on an annual basis terminating in December of each year. Because the analysis of a Btu tax must be consistent with the modeling required of the PIB update, to require the Agency to deliver a Btu tax analysis prior to publication of the PIB will disrupt the agency's regularly scheduled analysis and possibly result in an incomplete product.

Second, the FEA is currently undergoing a major expansion of its analytical capability with respect to the economic impacts of energy policies, including sectoral, regional, and income impacts. This effort is progressing consistent with the next PIB update. One of the areas in which FEA is required to perform analysis under section 112 is the analysis of the impacts of Btu taxes on the economy, including the general price level and energy prices, employment, Government revenue, and distribution of income and relative purchasing power. Because the economic impact analysis must be consistent with the PIB update, it is only reasonable to extend the time requirement of the Btu tax analysis until both efforts are completed, thereby insuring the most current and consistent numbers for congressional review.

Accordingly, I propose a 2-month extension of the reporting deadline—until January 31, 1977—which will permit production of a complete study in sufficient time for prompt consideration by the Congress after it reconvenes in January 1977.

Obviously, this amendment has the support of FEA.

Mr. RIBICOFF. Mr. President, the amendment is acceptable and satisfactory to the manager of this bill.

I yield back the remainder of my time.

Mr. PERCY. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment.

The amendment was agreed to.

UP AMENDMENT NO. 51

Mr. BROCK. Mr. President, I have an unprinted amendment at the desk that I call up.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Tennessee (Mr. Brock) proposes an unprinted amendment No. 51.

On page 21, line 1, strike out "the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, and the Trust Territories of the Pacific, and for the purposes of section 206, such term shall include the Tennessee Valley Authority." and insert in lieu thereof the following:

"Guam, the Virgin Islands, and any other commonwealth, territory, or possession of the United States.".

On page 23, line 23, insert "(a)" immediately after "Sec. 206.".

On page 23, line 23, after "States" insert ", or otherwise as provided in subsection (b),".

On page 24, line 5, strike out "the State" and insert in lieu thereof "any such".

On page 24, beginning with line 6, strike out all through line 11, and insert in lieu thereof the following: "commission and which is empowered to—".

On page 24, between lines 23 and 24, insert the following new subsection:

"(b) Assistance may be provided under this section to an office of consumer services established by the Tennessee Valley Authority, provided that such office is operated independently of the Tennessee Valley Authority, or to any office of consumer services which is otherwise eligible under this section, in any State served by the Tennessee Valley Authority.".

Mr. MONTOYA. Mr. President, will the Senator yield?

Mr. BROCK. Yes.

Mr. MONTOYA. I think we are about ready to close up on the amendment which we presented and which was suspended pending the arrival of the Senator from New Mexico. We can do this in about 2 minutes.

Mr. BROCK. This is an amendment agreed to by both sides, I say to my colleagues, and it will not take but a minute or two.

Mr. MONTOYA. Very well.

Mr. BROCK. This is what I am trying to do: The bill was written in a confusing fashion. I am trying to simplify the language to allow the Tennessee Valley Authority, to have as a private utility would, a citizens "watchdog" to represent the voice of the consumer to that authority and to allow States that are served by the Tennessee Valley Authority to benefit from this bill, as do the other States. I think the amendment is agreeable to both sides.

Personally, I feel it is most important that the people of my State and the other six affected States have an independent office which would allow the voice of the people to be heard loud and clear in the TVA Board room. Such an independent consumer office would make TVA more responsive to the citizens it serves. This amendment would allow for startup money to fund a consumer "watchdog" for TVA. It is an essential first step in making TVA respond better to the needs of the people of the Tennessee Valley. I would appreciate the support of the manager of the bill.

Mr. RIBICOFF. Mr. President, the amendment is acceptable to the manager of the bill. I approve its adoption.

Mr. PERCY. I support the distinguished Senator from Tennessee on the amendment.

Mr. RIBICOFF. I yield back the remainder of my time.

Mr. BROCK. I thank my distinguished colleagues. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee.

The amendment was agreed to.

AMENDMENT NO. 1826

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from New Mexico. Who yields time?

Mr. MONTOYA. Mr. President, I yield myself such time as may be remaining for my use.

The PRESIDING OFFICER. The Senator from New Mexico has 6 minutes.

Mr. MONTOYA. Mr. President, I merely want to say briefly by way of closing that the arguments presented against the amendment, in my opinion, do not cover the thrust of the amendment. One of the arguments has been, why does not the Federal Energy Administration cope with this problem through its authority to promulgate regulations and its otherwise flexible power to cope with this problem.

The oil industry has been asking the Federal Energy Administration to do this. We have sent signals from Congress to the Federal Energy Administration to do this, but the only way that we can stimulate production and draw more secondary oil through these new methods is by providing an incentive. The only incentive that we can arrive at is to give the industry the power to do this with an advanced price structure.

There has been quite a bit of complaint about raising the price of oil. My amendment does not increase the price of existing production.

My amendment is merely directed at such incremental production that might come about through the use of enhanced recovery methods that are utilized or put in place after February 1, 1976. So it is actually the new oil that is covered by my amendment, and the price structure on the old oil is not covered at all.

There has been some argument that this amendment plays into the hands of the OPEC countries and the international oil cartel. Well, I think we can concede, and the opponents of this amendment concede, that we are not producing enough oil in this country for our domestic needs, so every barrel of oil that will be produced by this, by virtue of this, amendment through enhanced recovery methods will be produced at a price which competes with new oil in this country.

What is the alternative if we do not produce this through secondary and tertiary techniques? What is the alternative? The alternative is we do not pay our domestic producers $12 a barrel, which is the average price in this country for domestically produced oil, we will not pay our domestic producers $12. So what do we do? We buy from the exporting nations, from the OPEC countries; we buy oil from them, and we pay $13 a barrel. That is the alternative—that is the alternative that we have.

So what effect does that kind of a purchase have on our economy? It affects the balance of payments, taxes, and has many other impacts on our local economy. So it is for this reason that this restricted amendment is good, sound business, and I think we here in Congress have to face up to this situation.

Now, we cannot exculpate ourselves and not do anything about it just because the Federal Energy Office downtown does not send us a message, just because the White House does not send us a message. We are here to legislate with respect to problems that need our attention, and if the executive department does not do anything about it, then it is up to us.

We have had this kind of a concept presented to Congress before, and I think it is sound, and I think it is promotive of the basic interests of the oil industry in this country and also promotive of the welfare of the consumers of this country.

I think this amendment ties in very well with what we should expect by way of positive, affirmative, constructive legislation in order to enhance the satisfying of the energy needs in this country, the energy needs that we have in this country.

The producers, the independent producers, which are engaged in the recovery techniques for secondary and tertiary oil cannot recover this oil unless they have an increased price.

So to maintain the status quo and not give them any incentive is to just permit this secondary oil to remain in the pools in this country and not be recovered.

The PRESIDING OFFICER. All the time of the Senator from New Mexico has expired.

The Senator from Connecticut has 17 minutes.

Mr. MONTOYA. Mr. President, in closing, I want to say this amendment has good justification for enactment.

Mr. RIBICOFF. Mr. President, I yield back the remainder of the time.

Mr. DOMENICI. Mr. President, before the Senator yields back his time, would he yield me 1 minute?

Mr. RIBICOFF. I yield 1 minute.

Mr. DOMENICI. Mr. President, I want to thank the Senator from Connecticut for postponing the vote on this amendment to accommodate me. I appreciate it very much.

The technology of secondary and tertiary recovery, although it is new in the sense that you are recovering oil that you would not otherwise get, everyone ought to know that basically lengthy delays in applying it can cause an abandonment of the wells and the fields that you would have applied secondary and tertiary recovery methods to.

It is not as if we can wait 15 years and do it. The fact is that the wells that are now running dry but are in place are actually to be used in the injection of chemicals and water into these pools and fields, so delays can indeed cause abandonment or, looking down the road, can cause extremely high new opening costs to get into these fields with secondary and tertiary recovery processes.

The intelligent thing is to let them use these as the pool begins to dry and, as that well is an active one, to put in the chemicals or use the water injection process, and we just want to maximize that opportunity during the next 10 years as we move from a composite price to an open market.

In that period we could indeed lose millions of dollars, millions of barrels, and opportunities would literally go down the drain.

I thank the Senator from New Mexico for yielding and including in his amendment what I hope, and what I hope the Senate will agree, is an exciting and intelligent approach to additional crude oil recovery by Americans for Americans.

Mr. RIBICOFF. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Mexico. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Michigan (Mr. Hart), the Senator from Minnesota (Mr. Mondale), and the Senator from Rhode Island (Mr. Pastore), are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington), is absent because of illness.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. Pastore), would vote "nay."

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), and the Senator from Maryland (Mr. Mathias), are necessarily absent.

The result was announced—yeas 58, nays 35, as follows:

[Rollcall Vote No. 294 Leg.]

YEAS—58

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Gravel
Hansen
Hatfield
Helms
Hruska
Huddleston
Inouye
Javits
Johnston
Laxalt
Long
Mansfield
McClellan
McClure
McGee
Metcalf
Montoya
Moss
Nunn
Packwood
Pearson
Randolph
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NAYS—35

Abourezk
Bayh
Biden
Brooke
Case
Church
Clark
Cranston
Culver
Durkin
Eagleton
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Humphrey
Jackson
Kennedy
Leahy
Magnuson
McGovern
McIntyre
Morgan
Muskie
Nelson
Pell
Percy
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Williams

NOT VOTING—7

Goldwater
Griffin
Hart, Philip A.
Mathias
Mondale
Pastore
Symington

So Mr. Montoya's amendment was agreed to.

Mr. MONTOYA. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BARTLETT. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senate will be in order.

AMENDMENT NO. 1821, AS MODIFIED

Mr. DOLE. Mr. President, I call up Amendment No. 1821, as modified.

The PRESIDING OFFICER (Mr. Culver). The amendment, as modified, will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. Dole) proposes an amendment No. 1821, as modified.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, is as follows:

On page 5, line 14, strike all through page 6, line 2, and insert in lieu thereof:

Sec. 103. Section 7(1)(1)(D) of the Federal Energy Administration Act of 1974, Public Law 93–275, is amended to read as follows:

"(D) Any officer or agency authorized to issue the rules, regulations, or orders described in paragraph (A) shall provide for the making of such adjustments, consistent with the other purposes of this Act, as may be necessary to prevent special hardship, inequity, or unfair distribution of burdens and shall, by rule, establish procedures which are available to any person for the purpose of seeking an interpretation, modification, rescission of, exception to, or exemption from, such rules, regulations, and orders, and shall, within ninety days from the enactment of this provision, establish criteria and guidelines according to which such special hardship, inequity, or unfair distribution of burdens may be evaluated. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the agency and may obtain judicial review in accordance with paragraph (2) of this subsection when such a denial becomes final. The agency shall, by rule, establish appropriate procedures, including a hearing, when requested, for review of a denial and, where deemed advisable by the agency, for considering other requests for action under this paragraph, except that no review under this subparagraph shall be conducted or in any way controlled by the same officer authorized under paragraph (A) to issue any such rule, regulations or orders.".

Mr. DOLE. Mr. President, let me say to the Senators in the Chamber that I have a series of six amendments primarily dealing with what might be called "housekeeping chores" within the FEA. These amendments have been discussed on a staff level and with the Senators managing the bill. I think perhaps four of the amendments, with some modifications in one or two, can be accepted.

The other two amendments will be covered in an exchange or a colloquy between the Senator from Kansas and either the Senator from Connecticut or the Senator from Illinois.

The purpose of this amendment is to insure that FEA sets forth within 90 days, criteria and guidelines which it applies to serious hardship and inequity cases so that the standards may be subject to public scrutiny and available to applicants in formulating their petitions for relief and appeals from denials thereof.

In the Federal Energy Administration Act of 1974, the Congress provided that the FEA may provide for adjustments to their regulations "as may be necessary to prevent hardship, inequity, or unfair distribution of burdens."

This is the function of the Office of Exceptions and Appeals.

EXISTING SITUATION

At the present time, in order to obtain an exception from FEA regulations, an applicant must show that the regulation is causing or is about to cause "special hardship," "gross inequity," or "unfair distribution of burdens." While these standards have been developed somewhat in past cases before the FEA, they are not defined by regulation or adequately set forth in guidelines or precedents. Consequently, it is very difficult, if not impossible, for anyone to understand what factors FEA looks at or what considerations FEA makes in determining extreme hardship or gross inequity. No individual making application before the Office of Exceptions and Appeals knows what standards, if any, he will be judged by.

That is the substance of this amendment. It is simply to provide that criteria and guidelines shall be published so that individuals in the industry can determine what standards they are being judged by.

NEED FOR CLARIFICATION

In the past, the FEA has relied almost exclusively on case by case adjudications to define these extremely broad standards for exception relief. At present, however, there are compelling reasons why the FEA should be required to provide guidelines which set forth relatively precise criteria for evaluating requests for exception relief.

FAIRNESS OF THE EXCEPTION PROCESS

By issuing general rules, the FEA will enhance the fairness of the exceptions process. First, the existence of general guidelines provides the surest guarantee that like cases will be treated alike. General guidelines will help to reduce ad hoc official discretion and help to insure that administrative personnel act on the basis of consistently applied policy considerations rather than on their own preferences or prejudices.

Such "structuring" of official discretion is particularly necessary here because of the extreme breadth and vagueness of the general provision for exception relief, as stated in the FEA Act of 1974.

More important, the FEA has frequently used the exceptions process to establish general rules and implement policy decisions which will affect a large number of other parties. To cite just one example, the decision in *Superior Oil Co.*, 2 FEA 83,271 (August 29, 1975) effectively established a general rule concerning the recovery of nonproduct cases which is applicable to any natural gasoline plant operator. Under the exception process as currently conducted, only the applicant is provided with a meaningful opportunity to participate in the formulation of this general standard. Other firms, many of which may have interests quite different from the applicant, are unfairly deprived of this opportunity. As a result, needed modification or corrections in the adopted standard may be unnecessarily delayed.

Also, it is important to note that the FEA is not being required to promulgate detailed standards which decide in advance every factual situation which could possibly arise under a particular regulation. It is recognized that resources needed to develop and maintain rules for predictive purposes does increase considerably as the rules become more detailed. The important point, however, is that the FEA can develop relatively precise criteria and guidelines which elaborate and clarify the standards of relief which are in fact currently being used in the exception process. Such action would increase the fairness of the exceptions process and still permit the agency the flexibility to modify and adopt the standards to new circumstances as they arise.

In summary it just seems to the Senator from Kansas that there could be some better indication by FEA of what inequity and hardships really mean. There have been a number of severe hardships that have resulted from FEA regulations. A better example could not be found than the small category of "crude oil resellers." I ask unanimous consent that a memorandum describing the plight of crude oil resellers and an article from the Wichita Eagle of May 9, 1976, entitled "Oil Man Fights FEA For Survival," be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

MEMORANDUM

The above styled company is what is known in FEA terminology as a "crude oil reseller". FEA regulations generally deal with four separate categories of entities involved in the petroleum industry; producers, refiners, resellers, and retailers. With respect to the reseller segment of the market, the FEA has provided a simplistic regulatory approach. A reseller determines his "weighted average cost of inventory" on May 15, 1973 and his actual selling price to each class of purchaser on that date. For every month since September, 1973, the reseller is permitted to compare his current cost of inventory with his May, 1973 cost and to the extent inventory costs have risen, on a month-to-month basis, these increased costs may be added to the resellers May 15, 1973 selling prices. There may be no other increment to the resellers price unless FEA has chosen to provide by regulation an add-on expressed in terms of cents per gallon to provide for non-product cost increases (increased operating costs). Most every category of reseller and retailer for every conceivable type of product have been permitted non-product allowances that vary from ¼ cent per gallon (for large volume cargo lot terminal operators) to 4¢ per gallon (for fixed based aviation operators).

The crude oil reseller has not even been recognized as a business entity which exists. Such companies have not been permitted price increments to account for non-product costs increases. The schedule on page 2 illustrates that nature of non-product allowance permitted for other categories of resellers and retailers.

NONPRODUCT COST ALLOWANCES

Effective date	Level of distribution	Product	Nonproduct adjustment[1]		
			Amount (cents)	Cumulative amount (cents)	Total barrels
Jan. 15, 1974	Retail sales	No. 2 oil	1		$0.42
Do	Other sales		½		.21
Do	Retail sales	Gasoline	1		.42
Do	Other sales	do	½		.21
Mar. 1, 1974	Retail sales	do	2	3	1.26
Nov. 19, 1975 to April 1976	Retail sales (Alaska)	do	2	5	2.10
April 1974	Other sales (—100 M. gal).	do	½	1	.42
Do	Other sales (+100 M. gal).	do	¼	¾	.315
Do	Retail sales	No. 2 oil	1	2	.84
Do	Other sales (—100 M. gal).	do	½	1	.42
Do	Other sales (+100 M. gal).	do	¼	¾	.315
Do	Retail sales	Middle distillates	1	1	.42
Do	Other sales (—100 M. gal).	do	½	½	.21
Do	Other sales (+100 M. gal).	do	¼	¼	$.105
Do	Retail sales	Aviation fuel	1	1	.42
Do	Other sales (—100 M. gal).	do	½	½	.21
Do	Other sales (+100 M. gal).	do	¼	¼	.105
December 1975	Retail sales	do	3	4	1.68
April 1974	Retail sales	Residual fuel	¾	¾	.315
Do	Other sales	do	¼	¼	.105
Do	Retail sales	Propane	1	1	.42
Do	Other sales	do	½	½	.21
October 1975	Retail sales, except: (petrochemical plants) (public utilities) (syn. nat. gas plants).	do	2	3	1.26

[1] Key: Amount is measured in cents per gallon. Cumulative amount represents the total cents per gallon permitted as of the effective date. Total barrels represents the cumulative amount measured in cents per barrel.

From the preceding schedule it is easy to see the "squeeky wheel" concept at work. The gasoline retailers of America through their Washington lobbys were able to receive nonproduct allowances as early as January, 1974; soon to follow were the heating oil marketers and the large New England residual fuel oil marketers. Propane and LPG marketers were later permitted nonproduct allowances and even retail gasoline marketers which operate in Alaska (after special hearings in Alaska) were singled out for relief.

The crude oil reseller, however, is not a segment of the petroleum industry which has a separate voice. The crude oil reseller as a business entity developed out of necessity to transport crude oil from the wellhead to either a major pipeline or to a nearby refiner. Most crude resellers have thought of themselves as providing a service rather than as a marketer of a petroleum product. The origin of the crude oil reseller, as in the cited case, typically involves a producing area without sufficient production to justify a large pipeline gathering system, where it is necessary to periodically transport by truck the crude oil produced in the area to a nearby pipeline. Typically one of the producers makes the investment to provide the transportation service for himself as well as the other producers in the area. Rather than merely provide a transportation service and thereby becoming subject to a maze of ICC and state and local common carrier regulations, the transporter historically has taken title to the crude oil at the wellhead, reselling it to a particular refiner. It is the purchase and resale function of the reseller which has created his FEA problems.

Without going in to great detail, it should also be noted that there are additional regulatory requirements that are imposed upon resellers, which would be impossible to impose upon crude oil resellers and which recent NOPV's (Notice of Probable Violations) have not even attempted to impose. Nevertheless, the regulations are reasonably clear, and they appear to apply to crude oil resellers just as they apply to other types of resellers. Those requirements include the following:

Establishment of Class of Purchasers (Ruling 1975-2); equal Application Rule; weighted average cost of inventory; determination of Inventory and cost of transportation.

The point is, that the crude oil reseller is being subjected to a vigorous enforcement mechanism, when the rules themselves do not even recognize the existence of the entity. The Office of Exceptions and Appeals which is designed to handle these matters is so concerned with not opening the doors to a flood of exception requests, they will not grant retroactive relief and would never admit or officially recognize that the agency overlooked a segment of the industry.—In a nutshell this is the problem of the small crude oil reseller.

[From the Wichita (Kans.) Eagle, May 9, 1976]

OILMAN FIGHTS FEA FOR SURVIVAL

(By Ted Blankenship)

EUREKA, KANS.—"It's unreal," 45-year-old Bill Maclaskey said through clenched teeth, his jaw muscles bulging. "The government's puttin' me out of business."

His business involves gathering otherwise worthless oil the major companies can't afford to handle and converting it into a useful product that can be made into lube oils, paraffin and other petroleum products.

He buys the heavy oil that settles to the bottom of tanks, plus small amounts of good and bad quality crude from scattered leases, and by treating it chemically and thermally and blending it, makes a profit on its sale.

And that's the core of his nagging problems with the government.

The Federal Energy Administration (FEA) says Maclaskey has been charging too much for his oil under the government's price controls and that he owes $170,125 in overcharges plus interest. He also is subject to fines of up to $2,500 per violation per day, which could add about $300,000 to the bill.

Maclaskey says he just can't believe it is happening to him, that it seems like a dream.

Maclaskey is fiercely independent. He's what a coon hunter would call a "good ol' boy." A veteran of the Korean War, he likes to wear sportshirts open at the collar and cowboy boots. He has the bull neck of a wrestler and black wavey hair that's beginning to gray a little.

He has made a living in reclaimed oil since 1954, and says he is proud of the growth of his business. It has been a struggle but until recently he considered it worth the effort.

Now he isn't sure. Maclaskey and a consultant—an auditor who became disillusioned with the energy agency and quit working for the government after more than 20 years—say that not only is the government mistaken, but that Maclaskey did not even charge enough for his oil during the six months the government checked.

Consultant William Harrison of Wichita further says the FEA auditors have made mistakes in arithmetic, are using the wrong accounting procedures and are ignorant of the oil business, particularly the reclaimable oil business in which Maclaskey makes his living.

A spokesman for FEA's Region VII office which is conducting the audit, said the agency does not comment on on-going investigations. He said the FEA's initial finding is in and a conference on that finding has been held.

A review will be made and if the government's position is unchanged, a notice of probable violation will be issued. Another conference—this time with a government attorney—will be held. If Maclaskey doesn't come up with new information then and still disagrees with the government, he can take the fight into the courts.

Harrison contends that the FEA auditors have been wrong from the start, that their computations were based on an erroneous assumption and have refused to budge from it.

In computing the May 1973 profit margin (the period is the basis for what FEA considers a fair profit), he said the auditor used, among others, an invoice to a major oil company for $39,815, dated June 9, 1973, for 9,943 barrels of oil.

The invoice shows a hand-written notation, "$37,629 Pd.," which was correct, Harrison said, but added it incorrectly included 548 barrels and $2,186 representing a duplicate billing for an April sale.

When the auditor correctly adjusted the dollar amount of this invoice, Harrison said, he didn't change the figure for barrels. The result: The average profit margin for the base period was .5870 cent per barrel. The law accepts that as "fair" and anything over it as "profiteering," and illegal in Maclaskey's case.

Maclaskey contends his actual profit in the base period was .7452 cent per barrel, and that instead of overcharging on later sales by $170,125, he actually undercharged by $101,916.

The accounting method is the source of a serious problem for Maclaskey and the 40 or so other reclaimable-oil dealers in Kansas. The energy agency insists that the weighted average inventory of oil be the basis for fair profits.

The reclaimers protest that this results in large quantities of reclaimable oil not being reclaimed because they can't afford to do it.

"If I got my hands on 15,000 barrels of reclaimable oil today," Maclaskey complains, "it would bankrupt me."

Here's why: Good oil at about $12 a barrel must be mixed with the "bad" (reclaimable) oil—about $7.50 a barrel—to make the bad oil marketable.

If too much bad oil is mixed in, it brings the weighted average inventory down to the point where the good oil must be sold for less than it cost.

The energy agency also requires reclaimable oil people to separate their oil into new, old and stripper oil, a near impossibility because the oil is mixed together as it is gathered and as it is treated.

"FEA is trying to apply regulation designed for refineries to reclaimable oil operations, much simpler and smaller businesses," said Harrison.

Maclaskey has another problem, Harrison said. Although he has to move oil by truck to the various heating and treating facilities—as far away as 160 miles—the agency won't allow him to pass the added costs through to his markets.

Usually, Harrison said, factors that add to the cost of a product can be passed through on a dollar-for-dollar basis, in the prices charged by resellers, reseller-retailers, and retailers.

Harrison said if just these two errors had been rectified by FEA auditors—the invoice mistake and the failure to allow pass-through—Maclaskey would have been shown to have overcharged only $44,071 during the six months of the audit period instead of $170,125.

And that's before that base-rate error is even factored in. With that included, Harrison contends, Maclaskey actually undercharged by $145,897, which would offset the $44,071 by $101,916.

Harrison, though, doesn't concede any overcharge. He said if the audit had been made using the correct May 15, 1973, weighted-average inventory cost, Maclaskey would have been shown to have undercharged in every month of the audit and that his total undercharge would be several hundred thousand dollars.

But Maclaskey, in an attempt to get the FEA out of his hair, was willing to accept the audit with the corrections for mathematical errors and transportation costs. To date, the compromise effort has not been accepted, and Maclaskey has withdrawn it.

In his dealings with FEA auditors, Maclaskey has accused them of using threats and intimidation. A government spokesman said FEA people complained of hostility and verbal abuse in Maclaskey's office.

Maclaskey admits he has felt anger and frustration.

"It's a hell of a note when you work your butt off all those years," he said, "and they can put you out of business. I feel like a scavenger."

It's ironic that the same oil crunch that brought the FEA controls—and the problems for Maclaskey—also is the factor that increased the profitability of their business in the first place.

Before the 1973 oil price escalation, it was common to allow oil to set for long periods in tanks to let the heavy crude and BS&W to settle out so the better oil could be pumped off the top.

Producers usually paid someone to haul off the oil because prices were too low to make it profitable for anyone to buy the bottoms.

For years before the escalation, Maclaskey and others helped producers by cleaning bottoms and salvaging what they could from them.

They accumulated large inventories of low- to no-cost bottoms at various stages of reclamation. When the 1973 oil crunch began Maclaskey had reclaimable oil in some of his tanks dating back to 1960.

As prices increased, this oil was moved out and reclaimers had to buy more expensive oil, but oil which still had to be treated. Profit margins set by regulations apparently do not take some of these factors into consideration.

Maclaskey's operation is one of several mentioned by the Kansas Independent Oil & Gas Association in complaints to the government that Kansas "is being discriminated against in FEA's compliance efforts."

Sen. Bob Dole, R-Kan., has asked the agency to investigate what Dole describes as the possibility of Kansas' being "singled out."

That investigation is incomplete. Meanwhile Maclaskey has asked for another meeting to try to work out a compromise.

Mr. DOLE. As pointed out in the memorandum, the crude oil reseller has been permitted no increase in his nonproduct cost since the beginning of the price regulation period in 1973. By comparison, other categories in the industry have been permitted to pass through nonproduct cost increases of up to $2.10 per barrel. During the same time, the transportation cost increases and other cost increases have threatened the small category of crude oil resellers with being literally forced out of business. This is why it is so important that the FEA should give a better indication as to what they mean by hardship and inequity.

In addition to publication of guidelines, it is my understanding that the FEA could take other actions that would improve the understanding of the terms, "hardship" and "inequity." For example, as I understand, the Office of Exceptions and Appeals could publish a digest of cases that have already been ruled on. This would help those companies coming before the FEA to better determine how the FEA has ruled upon requests for exceptions in the past. This would be an improvement over the index of cases which the FEA presently publishes but which does not adequately breakdown the FEA cases ruled upon according to subject matter.

I understand also that the FEA could publish a list of factors that are considered in the Office of Exceptions and Appeals when requests for exceptions are considered. For example, it would be important to know whether the Office of Exceptions and Appeals considers additional costs for insurance, maintenance of vehicles, depreciation, and other economic and financial items during its consideration.

Possibly the distinguished sponsor of this measure would care to comment on this.

Mr. RIBICOFF. I share the Senator's concern in this matter and agree that the standards of hardship and inequity should be clarified. It is my belief that the FEA could and should take the actions you have suggested with respect to a digest of cases and a list of factors that are considered in requests for exception. It is my understanding that the FEA can take this action without any further legislative change.

Mr. DOLE. I thank the Senator.

The amendment has been modified in accordance with suggestions from the distinguished Senator from Connecticut. I think, with the modification, the amendment is acceptable.

Mr. RIBICOFF. Is it my understanding that the standards are not required to be published, but just the guidelines?

Mr. DOLE. Yes.

Mr. RIBICOFF. Mr. President, this amendment is acceptable to Senator PERCY and myself.

Mr. DOLE. I might say I modified the amendment to take out the words "by rule" and take out the words "the specific standards."

It does indicate that within 90 days they will establish criteria and guidelines by which they evaluate hardship, inequity, and unfair distribution of burden.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment, as modified, was agreed to.

AMENDMENT NO. 1861

Mr. DOLE. Mr. President, I now call up amendment No. 1861.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) offers an amendment numbered 1861.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE's amendment (No. 1861) is as follows:

On page 5, between lines 13 and 14, insert the following:

"SEC. 103. (a) Section 7(i) (1) (D) of the Federal Energy Administration Act of 1974 is amended by inserting between the first and second sentences thereof the following: The Administrator or such other officer or agency head as may be appropriate shall issue such rules, regulations, or orders as may be necessary to insure that with respect to a final or interlocutory decision on any application or petition ruling on interpretation, modification, rescission of, exception to, or exception from the rules, regulations, or orders provided for in the first sentence of this subparagraph that such decision shall specify the standards of hardship, inequity, or unfair distribution of burden by which any disposition was made with respect to any such application, and the specific and detailed application of such standards to the facts and reports contained in any such application or petition.'."

On page 5, line 14, strike out "SEC. 103." and insert in lieu thereof "(b)".

Mr. DOLE. I yield to the Senator from Hawaii for a unanimous-consent request.

UP AMENDMENT NO. 52 TO AMENDMENT NO. 1801

Mr. FONG. Mr. President, I ask unanimous consent that amendment No. 1801, as amended, be further amended by adding on page 7, line 6, after the word "allowance", the words "or particular exception".

These words are necessary to provide specific authority for the Secretary of Housing and Urban Development to except States like Hawaii which are fortunate enough to have extremely mild climates, from Federal Government mandates to utilize insulation and other weathering devices in construction of residential and commercial buildings. Such devices are not needed in areas like Hawaii.

As amendment 1801 now stands, it is ambiguous whether the Secretary of HUD has this flexibility.

As the amendment now reads, anyone in a State not complying with the insulation and weathering standards promulgated by HUD, would be precluded from obtaining any funds for building loans from any federally-insured financial institution.

These additional words I propose will insure that the Secretary of HUD will have the flexibility to allow exceptions from strict conformance to Federal insulation standards should he determine that such insulation requirements would be unnecessary and superfluous because of the mild climatic conditions in particular geographical areas, such as Hawaii.

Housing costs in Hawaii are already extremely high, far above the national average. To force these costs even higher by mandating unnecessary building requirements would be a disservice to the people of the warm regions of the Nation.

This has been taken up with the manager of the bill and with the ranking minority member, and I think it is acceptable.

Mr. RIBICOFF. Mr. President, this amendment is acceptable to Senator Percy and myself.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1861

Mr. DOLE. Mr. President, the purpose of this amendment is to require that FEA specify the standards of hardship and inequity when it judges each individual case.

EXISTING SITUATION

Presently, when the FEA rules on a request for an exception, the reasons for judging the application to be valid or not valid are not stated. The decision provided by FEA simply indicates approval or disapproval.

Consequently, it is difficult or impossible to determine what considerations the FEA made in ruling on any particular request. It is difficult for anyone coming before the FEA to determine why the Agency did or did not see hardship.

REASON FOR AMENDMENT

The reason for this amendment is to better enable those applicants coming before the FEA for relief to better determine the merits of their case. The reason for this amendment is similar to that of a previous amendment I offered requiring that the criteria of hardship and inequity be spelled out. However, the mechanism would be slightly different.

This amendment would result in the establishment of a body of case law based on the decisions made by the Federal Energy Administration. The statement of considerations made by FEA in its decisions would greatly simplify the process of making an application for exception or relief. It would be advantageous to those coming before the FEA and to the FEA as well.

The establishment of a body of case law should also help insure that decisions made by the FEA are consistent. It will better enable the Congress and the public to determine the fairness of FEA decisions.

Mr. President, this amendment is consistent with fair and judicious procedures in Government. I urge its adoption.

Mr. President, I think the amendment is acceptable to the manager of the bill.

The PRESIDING OFFICER. The Senate will be in order.

Mr. RIBICOFF. Mr. President, we are opposed to this amendment. I wonder if the Senator from Kansas could proceed with his other amendments, and see if we can work something out on this.

Mr. DOLE. Mr. President, I ask unanimous consent to temporarily set aside amendment No. 1861.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1862

Mr. DOLE. Mr. President, I call up my amendment No. 1862.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Kansas (Mr. Dole) proposes an amendment numbered 1862.

Mr. Dole's amendment (No. 1862) is as follows:

> On page 13, between lines 7 and 8, insert the following new section:
>
> "Sec. 111. Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following new section:
>
> "'HOLD SAFE PROVISION
>
> "'Sec. 31. Notwithstanding any other provision of law, the Administrator shall not undertake or otherwise institute, or maintain, or otherwise sustain, any action against any person for an overcharge, during the month of November or December 1973 for the sale of crude oil, refined petroleum products, or natural gas liquids or condensate, or other petroleum products.'."
>
> On page 13, line 8, strike out "Sec. 111." insert in lieu thereof "Sec. 112.".
>
> On page 17, line 9, strike out "Sec. 112." and insert in lieu thereof "Sec. 113.".

Mr. DOLE. Mr. President, the Senator from Kansas intends to discuss this amendment briefly and then engage in a colloquy and withdraw the amendment.

The purpose of this amendment is to prohibit the FEA from assessing any penalties for violations of price regulations during the period of November to December of 1973. Although I understand there may be problems with this amendment, I feel this situation does merit consideration.

RAPID REGULATION CHANGES

During this 2-month period, actually in a 4-week timespan, there were four different prices for stripper oil. The quickness of these changes made total compliance almost impossible. Many companies tried very hard to charge the correct price but still committed unintentional violations. Due to the rapid variations, noncompliance was unavoidable.

UNWARRANTED PENALTIES

Even though the FEA is aware of this situation, the November to December period of 1973 is the first part of a company's records that their auditors check. Then the FEA not only demands refund of overcharges, but also frequently imposes penalties on the producer for making these unintentional overcharges.

At this point, I quote from a letter I received from a small oil producer in Kansas about the problems caused:

> The stripper well law became effective November 16, 1973, and a basis for determination of stripper well status was made. Eleven days later another regulation was issued which changed the basis for the last four days of November and for the month of December. Also, for this same month of November, 1973 some of the crude oil purchasing companies set up their computers to pay one-half of the total runs at stripper well price and one-half of the total at the previous price, using November, 1972 as the base period. The auditors do not agree, and claim "violations" resulting from this method of handling. I am at a loss to understand who benefits at this late date by ripping apart November, 1973 run statements to see how many "violations" could be found. The amounts of alleged "overcharges" during this period are not substantial but I am using it as an example. Also, the auditors showed no mercy in going after 1973 and 1974 condensate sales before the revised regulation which disposed of sales made prior to January 1, 1975, and at this late date they are still using the down-time gimmick.

His letter shows the feelings of these small businesses about the inequitable actions of the FEA. He writes—

> I am at a loss to understand who benefits at this late date by ripping apart November, 1973, run statements to see how many "violations" could be found.

I do not feel that it is right that these companies, many of which are small, should be punished in this manner for what often amounts to bookkeeping mistakes. The large volume of paperwork the FEA requires is burden enough without adding this penalty for unintentional mistakes.

During the hearings before the Committee on Government Operations, I submitted a question to the FEA Administrator, Frank Zarb, about this situation. This question and his answer appear on page 147 of the committee report. Mr. Zarb's answer indicates the reason for confusion during this period.

I ask unanimous consent that my question—the question propounded to Mr. Zarb by the distinguished Senator from Illinois on my behalf in the Government Operations Committee—and Mr. Zarb's answer be printed in the Record.

There being no objection, the excerpt was ordered to be printed in the Record, as follows:

[From page 147 of the hearings before the Committee on Government Operations on S. 2872, extension of Federal Energy Administration]

Excerpt

Question. Small oil producers in Kansas have indicated the FEA auditors normally initiate their audits with an intensive review of the November–December, 1973 period. During this period, FEA was just coming into existence and regulations and price changes occurred on a frequent basis. Also, no one was certain how the regulations were to have been applied. Why does FEA focus on this period when violations are more than likely the result of confused or vague regulations rather than malfeasance on the part of the producer?

Answer. Normally, FEA auditors initiate their compliance audits from August 19, 1973 in accordance with the EPAA Legislation. However, there was no exemption for production from crude oil "stripper wells" prior to November 16, 1973. Effective November 16, 1973, the first stripper well definition was based on average production below 10 bbl. per day during the previous calendar month. The stripper well exemption definition was amended effective November 27, 1973 and was changed from "calendar month" to prior "calendar year" measurements for the stripper exemption test. This is the apparent reason for additional audit time required during the November–December 1973 periods. Some producers had generally continued to operate as "stripper" or "non-stripper" based upon the earlier definition, and therefore this time period is an integral part of the audit to determine a producer's status under the "stripper" amendment passed by Congress.

Mr. DOLE. Finally, Mr. President, I should like to ask the Senator from Connecticut whether he agrees that the FEA should exercise their discretionary powers in reviewing the records of these companies during this period and act in a manner not incompatible with the purpose of this amendment?

Mr. RIBICOFF. I agree with the Senator from Kansas on this. It is my impression that there have been many periods when there has been a great deal of confusion due to regulatory changes. To adopt this amendment would add to the uncertainty of the regulatory process. But the committee shares the belief of the Senator from Kansas that FEA should take into consideration the confusion that existed at various times and conduct their compliance program accordingly.

Mr. DOLE. I thank the Senator.

Based on this statement of intent, I believe the FEA will be more reasonable about minor and unintentional violations committed during November and December of 1973, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. RIBICOFF. Mr. President, I would be pleased to have the Senator from Kansas call up his amendment 1861.

AMENDMENT NO. 1861 (CONTINUED)

Mr. DOLE. Mr. President, I now return to amendment 1861, and ask that it be considered.

The PRESIDING OFFICER. The amendment is now before the Senate, but the Chair would like to state that the Senate is not in order. The Chair is requested that the Senate be in order. The Chair advises staff members who are in the back of the Chamber if they wish to have private conversations, to withdraw to the hallways to indulge in those conversations. We are not going to proceed until the Senate is in order.

The Senator from Kansas may proceed.

Mr. DOLE. Mr. President, as I have stated, the purpose of this amendment is to require that FEA specify the standards of hardship and inequity when it judges each individual case.

Mr. President, this amendment is consistent with fair and judicious procedures in Government. I urge its adoption.

Mr. RIBICOFF. Mr. President, on behalf of the Senator from Illinois (Mr. PERCY) and myself, this amendment is acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 1861) of the Senator from Kansas.

The amendment was agreed to.

AMENDMENT NO. 1860

Mr. DOLE. Mr. President, I call up my amendment No. 1860.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an amendment numbered 1860.

Mr. Dole's amendment (No. 1860) is as follows:

On page 7, line 5, strike out the quotation mark and the second period.

On page 7, between lines 5 and 6, insert the following new subsection:

"(g) The Administrator shall establish a uniform system of standards, procedures, and methods for the accounting for and measurement of all phases of production and marketing of crude oil, natural gas liquids and condensate and all other petroleum products.".

Mr. DOLE. Mr. President, again I think this amendment has been cleared with the manager of the bill.

The purpose of this amendment is to require the FEA to publish standards of measurement and accounting. This is necessary to enable all parties affected by FEA regulations to adequately comply with the law. Presently there is a lot of confusion about many aspects of FEA requirements.

I have received letters from many persons in my State, and from other States as well, on this matter. One of these describes an FEA audit as "an effort to manipulate producers' records into violations." We adopted earlier an amendment of the Senator from Oklahoma (Mr. BARTLETT) in which he sought to take care of this particular problem, but I think perhaps the amendment offered by the Senator from Kansas—No. 1860—would also make certain that any confusion would be eliminated.

In one case, the producer's records showed that a particular lease qualified as a stripper, based upon the crude oil purchaser's run statements for the year, adjusted for stock tank inventory differences between opening and closing. However, the auditor went to the gage reports and added up the uncorrected sales figures recorded by the pumper. On the basis of these uncorrected figures, which totaled an amount greater than what the producer had actually been paid for, the auditor claimed that the per well production exceeded 10 barrels per day, thus not qualifying as a stripper.

All we are asking is that one is qualified if that is all he is paid for. If they take it at the pump, they get so much sludge and other material that might exceed 10 barrels but he is not paid for 10 barrels of oil.

That is the purpose of the amendment.

Mr. President, I ask unanimous consent that a letter from Petroleum Management, Inc., be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PETROLEUM MANAGEMENT INC.,
Wichita, Kans., May 21, 1976.

Mr. CLAUDE ALEXANDER,
Office of Senator Robert Dole, Dirksen Senate Office Building, Washington, D.C.

DEAR CLAUDE: I received a telephone call yesterday from a Kansas oil producer whose firm is currently undergoing an FEA audit. What he reported to me indicates that the Kansas City office of FEA is conducting "business as usual", with no letup in their efforts to manipulate producers' records into violations. In this particular case, the producer's records clearly showed that a particular lease qualified as stripper, based upon the crude oil purchaser's run statements for the year, adjusted for stock tank inventory difference between the opening stock tank gauge on January 1 and the closing stock tank gauge on December 31. The auditor then went to the gauge reports, and added up the uncorrected sales figures recorded by the pumper. On the basis of these uncorrected figures, which totalled an amount greater than what the producer had actually been paid for, the auditor claimed that the per well production exceeded 10 barrels per day. The auditor, who is fairly new with FEA, said he had been instructed to use this approach on stripper leases which were very close to the 10 barrel per well per day figure. I picked one of our leases at random from the file, and am enclosing gauge reports, run tickets and the purchaser's run statement. These may be helpful to you in understanding what I am talking about. In this particular instance, the uncorrected figures and the purchaser's statement are very close, but in many instances the figures will vary by 1 percent to 2 percent, sometimes more.

I have deferred answering Frank Zarb's letter, pending receipt from you of his answers to the questions submited by Senator Percy. I am particularly interested in whether or not you have been able to obtain access to the instructions which the FEA auditors have been operating under. Also, Fritz and Don and I are quite interested in hearing of any developments which may have occurred as a result of the April 20 meeting with Tom Noel.

Sincerely,

RALFE D. REBER.

Mr. DOLE. This entire unfortunate situation would have been avoided if the FEA measurement and accounting standards had been made clear. The producer wanted to comply and, indeed, thought he was complying. Only after the audit were the producer's methods of figuring determined to be inadequate for the auditor's desires.

As anyone who has worked with the FEA knows, the FEA regulations are extremely complicated and not easy to work with in any area. The accounting standards are a particularly confusing area. Not only have these regulations been issued haphazardly but the FEA has also not made all relevant information available. This amendment would have the FEA compile the information they have released into one set of standards which the industry could easily refer to.

This amendment would also apply to standards for measurement of the oil produced and sold. There are many different ways to measure the amount of oil produced. Not all of the material removed from the well is crude oil. There is water, sludge and other nonoil substances mixed in with the oil. The producer should be able to know exactly how to measure his production to conform with the FEA regulations.

My amendment would apply not only to producers but also to the other phases of production and marketing of petroleum products. This uniform system should reduce the number of unintentional technical violations of FEA regulations and should make compliance with these regulations much easier.

Mr. RIBICOFF. Mr. President, the amendment is acceptable to the Senator from Illinois and myself.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

AMENDMENT NO. 1820

Mr. DOLE. Mr. President, I call up amendment No. 1820.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes amendment No. 1820.

The amendment is as follows:

On page 5, line 14, strike all through page 6, line 2, and insert in lieu thereof:

SEC. 103. Section 7(i)(1)(D) of the Federal Energy Administration Act of 1974, Public Law 93-275, is amended to read as follows:

"(D) Any officer or agency authorized to issue the rules, regulations, or orders described in paragraph (A) shall provide for the making of such adjustments, consistent with the other purposes of this Act, as may be necessary to prevent special hardship, inequity, or unfair distribution of burdens and shall, by rule, establish procedures which are available to any person for the purpose of seeking an interpretation, modification, rescission of, exception to, or exemption from, such rules, regulations, and orders. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the agency. No individual who participates in the evaluation of or final determination with respect to a request for modification of, rescission of, exception to or exemption from, such rules, regulations and orders may, formally or informally, participate or be a member of an office or organizational unit which participates in the evaluation of the final determination with respect to an application to review the denial of such request. The office or organizational unit which processes applications to review denials of such requests shall be maintained separate and distinct from the office or organizational unit which processes the initial requests, and in the national office, the directors of the two offices or organizational units shall not be directly or indirectly responsible to any single official of the Administration below the level of Deputy Administrator. A person who is aggrieved or adversely affected by the denial of a request for such action under the first sentence of this paragraph may obtain judicial review in accordance with paragraph (2) of this subsection when such denial becomes final. The officer or agency shall, by rule, establish appropriate procedures, including a hearing, when requested, within thirty days of the date of filing, for review of a denial and, where deemed advisable by the agency, for considering other requests for action under this paragraph, and for the making of a transcript of such a hearing if requested.".

Mr. DOLE. Mr. President, the purpose of this amendment is twofold. It would separate the Office of Exceptions and Appeals into two separate offices. It would require that at the request of an applicant, a hearing be held within 30 days at the appeals level and that a written transcript be provided if requested.

The reason for this amendment is simply to improve the due process of law in the Federal Energy Administration. The need for more equitable procedures in the Federal Energy Administration is well explained in an article which appeared in the Oil Daily on Wednesday, May 5, 1976.

COMMITTEE ACTION

The Senator from Kansas is pleased to see that the committee has taken some action on this matter in their bill. I would just like to read three paragraphs from the committee report on page 8:

> Section 103 amends section 7(i)(1)(D) of the FEA Act of 1974 to require that all requests for reviews of denial of exceptions shall be handled by a different officer of the agency than the officer responsible for the exceptions themselves. Section 103 corrects a problem that the committee believes exists in the procedures currently in effect for exceptions and appeals from regulations issued by the agency. Under the current scheme, it is possible for a single officer of the agency to be involved in the decision, both to deny an exception from an agency rule and to affirm a decision to deny an exception.
>
> The exception process should be separate from the appeal process in all respects. No single officer of the agency should participate in both stages of a single case.
>
> The section is also amended to require an oral hearing as a matter of right at the appeals stage. The committee has not required that an oral hearing be accorded as a matter of right to every party seeking an exception, but it believes that such a hearing should be accorded whenever possible and whenever an important issue exists, either as it affects the regulations or as it affects an individual party.

FURTHER ACTION NEEDED

Mr. President, it is my feeling that we go a little further than the committee has gone in this matter.

The first change in my amendment, in addition to barring a single officer of the agency from participating in both the initial and the appeals stages of a single case, would require that the Office of Exceptions and Appeals be separated into two different offices and that the directors of each office could not report to any single official of the administration at less than a deputy administrator level. This change would require two separate staffs, one for the initial consideration of an application for an exception or exemption, and one for the consideration of an appeal. This would insure that if the agency denies an exception request then there will be a fresh look taken at the appeal level totally separate from the initial consideration. This change would also eliminate the possibility that any single official might influence the disposition of both the initial application and the appeal.

The second change incorporated in this amendment would allow applicants as a matter of right to request a hearing for any appeal of a denial. This change goes beyond the committee language by requiring that the hearing be held within 30 days of filing and that a transcript of the hearing be kept if requested by the applicant. This change is consistent with the committee action of allowing the agency to determine whether a hearing should be held at the initial application stage depending on the feasibility and the importance of the issue.

Mr. President, these two changes are totally separate issues which I have combined into one amendment because it is my hope that the need for these changes is adequately clear enough that the sponsors of the bill will agree to them. The concerns that have been expressed in Kansas about the Federal Energy Administration point to the need for these changes. Complaints have come from people in all sections and at all levels of the energy industry. It is my understanding that these problems have been encountered by individuals in virtually every other State.

Some statistics about the exception and appeals process in the FEA should be pointed out. Of more than 2,500 applications filed before the Office of Exceptions and Appeals about 360 or equivalent to 14 percent of these applications were granted in full or in part. Of those applications that were denied 166 were appealed. Of the appeals made, 49 were granted in full or in part. Combining the applications for exceptions that were granted either at the initial or the appeals stage this comes to a total of only about 410 or about 16 percent of the total requests for applications that have been granted either in full or in part.

I emphasize that these were granted in full or in part. Many cases are only granted partial approval and in many instances where this is done the relief may or may not be very adequate in the view of the applicant.

NOT EMERGENCY

Mr. President, the Federal Energy Administration was initially created to deal with a crisis, with an emergency situation when time and rapid decisions were of essence. The situation has now stabilized and the request for exceptions that are coming before FEA now are different than those 3 years ago. The regulations have greatly stabilized and there is a real need for the FEA to assume more careful and judicious procedures in ruling on requests from the industry.

When the Congress adopted the Energy Policy and Conservation Act we extended price controls through September 1979. The effect of that action was to insure that the Office of Exceptions and Appeals will exist until September 1979, and probably beyond that time. If the FEA is abolished, the Office of Exceptions and Appeals and its functions will undoubtedly be transferred to some other agency, whether it be a new department or agency or some existing agency. So it is important that we insure that the procedures of this office are fair and judicious.

BUREAUCRACY AND TIME

The Senator from Kansas understands that there may be some concern that this amendment would require additional bureaucracy and would require additional time in making determinations on requests for exceptions. It is my feeling that if the FEA is giving judicious consideration to requests for exceptions and appeals, then the additional bureaucracy required under this amendment would not be a great deal more. It is our responsibility in my opinion to insure that the laws we pass are implemented fairly. This amendment would help insure that this is done in the energy pricing area.

The additional time required to transfer a denial of a request for an exception to a separate office for the review of the appeal should not be excessive. We should keep in mind that the alternative of an applicant who is turned down by the Office of Exceptions and Appeals is to go to court. A court determination would take from a period of several months to several years after which time the company might not even be in existence. The point is that the considerations of this office are highly important and we should insure that the maximum fairness is provided. This amendment would help insure that fair and judicious consideration is given.

Mr. President, I ask unanimous consent that an article in the Oil Daily of Wednesday, May 5, 1976, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

"Safeguards" Urged for Energy Agency

(By Jim Drummond)

Houston.—An oil executive called here Monday for application to Federal Energy Administration procedures of "normal safeguards" he said were dispensed with because it was set up on an emergency basis.

J. Hugh Liedtke, chairman and chief executive officer of Pennzoil Co., said FEA was excused from such requirements as 1) conducting hearing to adjudicate cases; 2) maintaining a written record of proceedings; 3) supporting its decrees by findings of fact; and 4) submitting to ordinary court procedure.

"The lack of these basic procedural safeguards raises serious questions as to whether there can be any assurance that the FEA's decisions, which substantially affect economic rights, are rendered on a rational and impartial examination of the facts rather than upon the basis of the predilections and philosophies of agency personnel," Liedtke told Pennzoil's annual meeting.

If the FEA is to become a permanent fixture, he declared, "there is no longer any justification for the elimination of safeguards designed to protect the right of private parties."

Stockholders elected Dr. Norman Hackerman, Rice University president, as a director and heard an optimistic prediction by Pennzoil President William C. Liedtke, Jr., who felt the company is surmounting some of last year's problems and can look to the rest of 1976 "with confidence."

A former president of the University of Texas, Hackerman also is chairman of the National Science Board of National Science Foundation, and chairman of the National Academy of Sciences' Board on Energy Studies. He is a specialist in electrochemistry.

Chairman Liedtke took a page out of Alice in Wonderland with a dissertation on federal regulations.

In "Alice," a cat talks to a mouse: " 'I'll be judge and jury,' said cunning old Fury. 'I'll try the whole cause and condemn you to death.' "

According to Liedtke, unseen, unelected bureaucrats who flesh out broad, relatively brief statutes with mountains of legally binding regulations, serve as "author, administrator, advocate, judge, jury and enforcer."

Mr. RIBICOFF. Mr. President, do I understand the distinguished Senator from Kansas will modify his amendment to remove the first part as it pertains to separate offices?

Mr. DOLE. Yes. We understand that has been taken care of adequately in the committee report, and we are in process now of modifying that amendment.

Mr. RIBICOFF. Will the Senator move to strike the first part of that?

Mr. DOLE. Yes.

The PRESIDING OFFICER. Will the Senator send that modified amendment to the desk?

The amendment, as modified, is as follows:

On page 5, line 14, strike all through page 6, line 2, and insert in lieu thereof:

Sec. 103. Section 7(i)(1)(D) of the Federal Energy Administration Act of 1974, Public Law 93–275, is amended to read as follows:

"(D) Any officer or agency authorized to issue the rules, regulations, or orders described in paragraph (A) shall provide for the making of such adjustments, consistent with the other purposes of this Act, as may be necessary to prevent special hardship, inequity, or unfair distribution of burdens and shall, by rule, establish procedures which are available to any person for the purpose of seeking an interpretation, modification, rescission of, exception to, or exemption from, such rules, regulations, and orders. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the agency and may obtain judicial review in accordance with paragraph (2) of this subsection when such denial becomes final. The officer or agency shall, by rule, establish appropriate procedures, including a hearing, when requested, within thirty days of the date of filing, for review of a denial and, where deemed advisable by the agency, for considering other requests for action under this paragraph, and for the making of a transcript of such a hearing if requested except that no review of such a denial under this subparagraph shall be controlled by the same officer denying the adjustment pursuant to this subparagraph."

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, the Senator from Kansas sent to the desk a modified amendment. We have struck the first point from the amendment and have left the second point concerning the hearing process.

The PRESIDING OFFICER. The amendment is so modified.

Mr. RIBICOFF. Mr. President, I have discussed this amendment with the distinguished Senator from Illinois, and the amendment, as modified, is acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment as modified.

The amendment, as modified, was agreed to.

AMENDMENT NO. 1859

Mr. DOLE. Mr. President, finally, the Senator from Kansas calls up amendment No. 1859.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Kansas (Mr. Dole) proposes amendment No. 1859.

The amendment is as follows:

On page 18, following line 18, insert the following new section:

Sec. 113. Section 14 of the Federal Energy Administration Act of 1974, Public Law 93–275, is amended by adding a subsection (d) to read as follows:

"(d) The Administrator shall make public, by publication in the Federal Register within thirty days of the enactment of this subsection, all manuals, instructions, memorandums, guidelines, training materials, reporters, booklets, and other documents used to train, instruct, direct, guide, or supervise auditors in the performance of their duties."

Mr. DOLE. The purpose of this amendment is to require that the FEA publish all manuals, guidelines and such, including "auditors instructions" that it uses to train and instruct its auditors in their work.

Although I intend to withdraw this amendment, I believe that the potentially unfair situation this amendment addresses should be considered.

UNKNOWN STANDARDS

A frequent complaint of small independent producers in Kansas is that FEA auditors frequently make judgments based on auditors' instructions. Yet the FEA auditors refuse to divulge the content of these instructions.

Producers feel that they are being judged by standards they cannot see. There have been no hearings on these "standards." There has been *no public* comment on the drafting of the "standards." There is no protection against arbitrary and capricious instructions. The FEA has the authority to come in and audit the records of these companies. Yet these same companies are not being told what standards the auditors' instructions contain. The FEA has refused to disclose this information to the public even under a pending Freedom of Information Act suit.

I have contacted the FEA about this situation. They have been unwilling to furnish all of the requested information. The FEA's position is that these so-called "audit modules" are not standards which the companies must meet but rather are manuals of law-enforcement techniques similar to what the IRS uses. According to the FEA, disclosure of these documents should not be compelled. On the other hand, the oil industry does have a right to know all of the actual requirements which it is supposed to comply with. So that the sense of Congress in this matter is clear, I wish to ask the distinguished floor leaders some questions in this regard.

Does the Senator from Connecticut (Mr. Ribicoff) or the Senator from Illinois (Mr. Percy) agree that if these "audit modules" are actually standards which the oil companies must meet, the companies have a right to be fully informed of the content of these "modules?"

Mr. RIBICOFF. I would agree with the Senator from Kansas that any standards should be published but not the instructions to the auditors.

Mr. DOLE. And would the Senator also agree that it is the consensus of this body that the FEA should voluntarily disclose all information which would help increase compliance with the FEA regulations?

Mr. RIBICOFF. I concur with the Senator on this.

Mr. DOLE. However, the FEA should not be forced to make public the techniques with which it does specific investigations because disclosure of these law enforcement methods would not make voluntary compliance easier but rather increase violations. Is that correct?

Mr. RIBICOFF. The Senator is correct.

Mr. DOLE. With the clear understanding that it is the will of this body that the FEA should make this information available voluntarily if it is actually standards which these companies are required to meet, I withdraw my amendment.

I thank the distinguished managers of the bill for their indulgence.

The PRESIDING OFFICER. The amendment is withdrawn.

The bill is open to further amendment.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Does the Senator from Montana wish the yeas and nays on the House bill?

Mr. MANSFIELD. Yes.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. RIBICOFF. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Culver). Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished Senator from Alaska (Mr. Stevens) will offer an amendment shortly and one will be offered by the distinguished Senator from Oklahoma (Mr. Bellmon). I ask unanimous consent that when these amendments are disposed of, the Senate go into third reading on the pending measure.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Who yields time?

UP AMENDMENT 53

Mr. STEVENS. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Alaska (Mr. Stevens) proposed unprinted amendment numbered 53. Strike "September 30, 1977" each place that it appears in the bill and insert instead "July 31, 1978".

Mr. STEVENS. Mr. President, the difficulty with the current bill, as I understand it, is that the Senate bill has September 30 and the House bill has December 31 of 1977. As I understand the situation, it is contemplated that the next Congress will address the question of the Department of Energy and Natural Resources or some consolidation of the energy activities of the Federal Government. The Pearson amendment went toward revesting those authorities in the departments from which they came if something had not occurred in a short period of time. The difficulty with the current bill is that it presumes that the next session of Congress will have this take place and some new action for the oversight and conduct of Federal energy activities by September 30.

It is the belief of some of us that that is going to be a very extensive and complicated subject involving the jurisdiction of several committees in the House and in the Senate; and that so long as the control law remains in effect, the FEA ought to have an extended life beyond the first session of the next Congress. I would be more than willing if the managers of the bill would accept March 1 or something that takes it over into 1978 and it would still be in conference between the House bill on the December date and sometime in 1978.

As I say, the feeling is that this just is not sufficient time to assure that will be a replacement for the FEA, and if there is not, then we have one of these arbitrary deadlines where we have a program that is authorized, a mandatory control program, that is being phased out. The whole concept of the FEA and the laws that they administer would continue, but the agency itself would go out of existence, as I understand it, on September 30, 1977. That seems to be presenting us with an artificial deadline, again, that is unnecessary. So long as we intend to address the question in the next Congress, I should think that we ought to continue FEA at least for sufficient time to insure that the next Congress will act.

This energy legislation, I know from having served on three of these conference committees, is not a simple issue. The prospect of having some decision that might not meet the approval of the President is substantial, without regard to who the President might be. I do believe that we ought to continue FEA a sufficient time to assure that Congress will have adequate time to consider the successor organization.

I have talked this over with the managers of the bill. I understand their position, but I do think that there ought to be some consideration given to what will be in the conference because, as I understand it, the time frame in the conference will be between September 30, 1977, and the end of December 1977. That means that the first session in the next Congress will have to have made a determination as to a subject as complex as the Department of Energy and Natural Resources by that time, or this FEA's authority would expire.

Am I correct in that? Is that not the intent of the bill?

Mr. RIBICOFF. Frankly, the intent of the bill is to get rid of FEA as fast as possible. I would have to oppose the amendment. I consider what happened with the Pearson amendment that was almost adopted, seeking to cut off FEA in a 3-month period of time. My feeling is that 15 months is more than ample. It flags the situation for the next President and the next Congress that it is the overwhelming intention of Congress to do something about energy, to create a Department of Energy and Natural Resources and to follow up FEA. Under the circumstances, I cannot accept the Senator's amendment and will have to oppose it.

Mr. STEVENS. Mr. President, I am sure that the floor manager of the bill will agree that this Congress is not going to address this question again.

Mr. RIBICOFF. That is right.

Mr. STEVENS. And the next Congress will really not be functioning until some time in February, at the earliest. So it means that the time frame for the successor organization is very short.

If the managers of the bill would agree to terminate the control program that needs a mechanism such as FEA to administer it, I would be the first one to join on that. But as long as that control program is there, that presumes someone has the duty to issue the regulations and make the findings of fact that are necessary. I think that we are putting ourselves in a position where we often find ourselves, where we have an arbitrary deadline because the agency to administer the program will expire by the terms of this act; yet the mandatory program will continue for almost 2 years after that.

That means that sometime in August or September of 1977, we are going to find ourselves in a position of being backed up against an arbitrary time frame where a small number of people, through a filibuster, can prevent the substitution of a new entity and there will be a hiatus.

I remind the Senator, it is exactly what happened under the last program. We had almost a 60-day period where there was no entity to administer the program in the hiatus between those two programs.

Mr. RIBICOFF. Under the reversion provisions of this bill, in the event Congress did not act to create a new department, the control program would go over to the Federal Power Commission. The Federal Power Commission would have jurisdiction to handle the control program, so there would not be a hiatus.

Mr. STEVENS. I might say to the Senator, that does not reassure the Senator from Alaska, that we are going to put this thing in the control of FPC.

Mr. RIBICOFF. That is what we are trying to do. It is impossible to reassure 100 Senators on any issue.

Mr. STEVENS. To my knowledge, the FPC has never had jurisdiction over the pricing over any industry. We are trying to get them out of wellhead pricing in the gas industry. The bill we are considering involves computing the rolled-in price and the ceiling prices for oil production in this country. I would hate to see the day come when we give that to FPC. We would never get it away from them.

Mr. RIBICOFF. Maybe that would be an inducement for more Senators to vote for the creation of a Department of Energy Resources that would have jurisdiction over all energy problems.

Mr. STEVENS. I have witnessed the votes on the floor. I am sure if my friends oppose any extension at all, it is not going to occur. But we are trying to deal with a long-range solution. I assume that is what this committee wants, a long-range solution, some entity to handle the long-range programing for the energy affairs of this country. If this bill passes as it stands now and there is not a decision on DENR or a successor entity in September of 1977, Congress will have to address itself to a short-term problem, and that is, who will continue to administer this program that continues until September 30, 1979?

The basic program itself will continue that long, and yet we have here a bill that cuts off the administrative authority to function under that program 2 years ahead of time. Again I share the committee's goal of trying to have a complete centralization of the energy aspects of the Federal Government. But it seems to me that the longer period, a period of time that would take us at least into the second session of the next Congress, is required in order for this to be a bill which will not get us up against an arbitrary time frame and present us with a problem of dealing with a short-range solution when we ought to be addressing the long-range problems and the problems of long-term legislation.

Mr. PERCY. Mr. President, I would like to assure the distinguished Senator from Alaska on a number of points. First, the Government Operations Committee, under the chairmanship of Senator RIBICOFF, intends to move aggresively ahead in the area of energy reorganization. This is not a new field for the committee. After all, we held hearings 5 years ago on a department of energy and natural resources.

Second, we have ordered a report by the Congressional Research Service on the subject of energy reorganization in the executive branch, so we are moving very aggressively in this area at the present time.

Third, there are 25 Senators on the Republican side of the aisle, who yesterday voted for the Pearson amendment to end FEA in 4 months. Unless the Senator from Alaska was recorded incorrectly he, too, voted for the Pearson amendment.

Mr. STEVENS. That is true, but that is a different thing, to let the agency continue, to let them do what they did before the FEA was created. That is a different problem. You decided to continue FEA. But now, for such a short period of time, we are going to face an arbitrary decision in September of 1977 with a mandatory act continued for 2 years beyond that time and, as I understand the bill, it will turn over to FPC the jurisdiction over oil prices, and if there is any one agency that fouled up the prices it is the FPC.

I think this is the most serious defect in this act. But I also understand that so long as the majority and minority floor leaders oppose what I consider to be a reasonable period, I am sorry to say, I do not intend to delay the Senate in proceeding to a vote on it.

I hope I will be able to convince a sufficient number of people to vote against this bill, because of the serious defect in this bill with regard to timing.

Mr. President, I withdraw the amendment.

HUMPHREY LAUDS ENERGY CONSERVATION COMPONENT OF FEA EXTENSION BILL

Mr. HUMPHREY. Mr. President, before us is S. 2872, legislation extending the Federal Energy Administration's life through fiscal year 1977. It is admittedly controversial.

Some of my colleagues contend that FEA should only be extended for another 3 months—hoping that the Federal oil price control program would then die. Well, that is a false hope. In passing the Energy Policy and Conservation Act in December, the Congress clearly acted to control oil prices for a full 39 months. And those controls will be continued regardless of the length of FEA's life.

Other of my colleagues would favor establishing FEA as a permanent line agency—an agency to take the lead in developing and carrying out our national energy policy.

Finally, a number of Senators, including myself, favor a middle-ground approach—an approach extending FEA's life until a comprehensive energy agency can be pieced together in a careful, deliberate fashion by Congress. That is, I hope, the approach a majority of my colleagues will accept.

I am cosponsoring three amendments to the pending bill.

The Senator from Colorado (Mr. GARY HART), has proposed to protect the nascent solar energy program in FEA. His amendment, which we have now passed, is designed to clarify the intent of the Government Operations Committee to continue FEA's solar efforts—funded at some $3 million for fiscal year 1977.

This amendment is necessary only to assist the Senate in conference with the House on this legislation. The House of Representatives deleted FEA's solar program several weeks ago—action arising from a committee jurisdictional dispute in that House. Obviously the Senate wishes to see solar energy rapidly adopted and therefore it supported this amendment.

A second amendment I have cosponsored was offered by my good friend, Senator MONDALE. This amendment was proposed in the House of Representatives by Congressman OBERSTAR of Minnesota. It is straightforward and simply designed to prohibit the release by the FEA of public opinion polls. It is high time we put an end to this waste of Government funds—and the related practice of selectively releasing polling results only when favorable to the administration's position.

The third amendment I support is quite familiar to me. It is the effort by Senators HOLLINGS, KENNEDY, and others to round out a national energy conservation program.

I authored S. 1149 last year to establish an extensive and effective energy conservation program. Some components of my program were enacted last December in EPCA—notably mandatory fuel economy standards for autos and appliance energy-efficiency standards. Much of my program, however, was left untouched as Congress dallied in several committees with a host of conservation proposals.

I am delighted that the Senate has taken this opportunity to put conservation on a front burner and has passed the Hollings-Kennedy amendment featuring a variety of necessary conservation measures. It provides for a variety of fiscal incentives, loans, loan guarantees, and tax credits for the insulation of residential and commercial structures—features similar to those in S. 1149. It has been estimated that these incentives alone will cut oil demand by up to 1 million barrels daily within the decade.

In addition, the amendment, originally considered by the Senate Commerce Committee as S. 3424, provides for an aggressive program of State energy conservation plans—plans designed to address conservation in building lighting, for example, which require flexibility in application.

Finally, this amendment provides for national minimum new building insulation standards. An identical provision was passed last month by the Senate as H.R. 8650, now firmly stuck in conference. In passing those provisions again, the Senate is speaking with the firmest voice possible to the conferees that it wants effective building insulation standards imposed nationally.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unanimous-consent request I made covering the Bellmon amendment, which was just being considered, be negated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I ask the Chair to lay before the Senate H.R. 12169 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the bill by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 12169) to amend the Federal Energy Administration Act of 1974 to provide for the authorizations of appropriations to the Federal Energy Administration, to extend the duration of authorities under such act, and for other purposes.

The Senate proceeded to consider the bill.

Mr. RIBICOFF. Mr. President, I move that all after the enacting clause be stricken and that the language of S. 2872, as amended, be inserted in lieu thereof.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Connecticut.

The motion was agreed to.

The PRESIDING OFFICER. If there are no further amendments, the question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The question is, Shall the bill (H.R. 12169), as amended, pass? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Minnesota (Mr. MONDALE) and the Senator from Michigan (Mr. PHILIP A. HART) are necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Tennessee (Mr. BROCK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. GOLDWATER) would vote "nay."

The result was announced—yeas 81, nays 12, as follows:

[Rollcall Vote No. 295 Leg.]

YEAS—81

Abourezk
Baker
Bartlett
Bayh
Beall
Bellmon
Biden
Brooke
Buckley
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevenson
Stone
Taft
Talmadge
Tower
Tunney
Weicker
Williams

NAYS—12

Allen
Bentsen
Curtis
Hatfield
Helms
Hruska
Laxalt
Pearson
Scott, William L.
Stevens
Thurmond
Young

NOT VOTING—7

Brock
Goldwater
Griffin
Hart, Philip A.
Mathias
Mondale
Symington

So the bill (H.R. 12169), as amended, was passed, as follows:

TITLE I

FEDERAL ENERGY ADMINISTRATION EXTENSION

SEC. 101. This Act may be cited as the "Federal Energy Administration Extension Act".

SEC. 102A. (a) Section 5 of the Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following:

"(c) Not later than 60 days following enactment of this subsection, the Administrator shall, for the purpose of fostering the construction of new refineries by small or independent refiners in the United States, promulgate regulations pursuant to the authority delegated to him by the President pursuant to section 5(b) of the Emergency Petroleum Allocation Act of 1973 amending the regulations promulgated under section 4 of such Act establishing eligibility criteria for a category of persons eligible to receive entitlements to be known as 'Refinery-Constructor.' Such regulations shall provide (A) entitlements in such an amount whereby such Refinery-Constructors shall be assured not less than the industry-wide average net profit on the sale of its processed oil; or (B) entitlements in such an amount equal to the small refinery bias for an amount of imported crude oil equivalent to its imported processed oil, whichever is the lesser of the two amounts. The Administrator shall take any such other action of the kind and to the degree used to provide assistance to small refiners generally, and based upon the amount of the Refinery-Constructor's imports, as is necessary to continue the policy of fostering the construction of refineries by small or independent refiners in the United States.".

SEC. 102B. Section 7(c)(2) of the Federal Energy Administration Act of 1974 is amended—

"(1) by inserting immediately after "five" the following: "working days".

(2) by adding at the end of the second paragraph the following new sentence: "Notice of any such waiver of review shall be immediately published in the Federal Register on the same day as any such action is first authorized or undertaken, whichever is earlier in time, and shall include a full and complete explanation, together with supporting data and narrative explanation thereof, of the factual situation which, in the judgment of the Administrator, requires the innovation of such waiver and a detailed presentation of the decision of the Administrator to utilize such waiver provisions.".

SEC. 103. Section 7(i)(1)(D) of the Federal Energy Administration Act of 1974 is amended by inserting between the first and second sentences thereof the following: "The Administrator or such other officer or agency head as may be appropriate shall issues such rules, regulations, or orders as may be necessary to insure that with the respect to a final or interlocutory decision on any application or petition ruling on interpretation, modification, recission of, exception to, or exception from the rules, regulations, or orders provided for in the first sentence of this subparagraph that such decision shall specify the standards of hardship, inequity, or unfair disribution of burden by which any disposition was made with respect to any such application, and the specific and detailed applcation of such standards to the facts and reports contained in any such application or petitions.".

SEC. 104. Section 7(i)(1)(D) of the Federal Energy Administration Act of 1974, Public Law 93-275, is amended to read as follows:

"(D) Any officer or agency authorized to issue the rules, regulations, or orders described in paragraph (A) shall provide for the making of such adjustments, consistent with the other purposes of this Act, as may be necessary to prevent special hardship, inequity, or unfair distribution of burdens and shall, by rule, establish procedures which are available to any person for the purpose of seeking an interpretation, modification, rescission of, exception to, or exemption from, such rules, regulations, and orders, and shall, within ninety days from the enactment of this provision, establish criteria and guidelines according to which such special hardship, inequity, or unfair distribution of burdens may be evaluated. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the agency and may obtain judicial review in accordance with paragraph (2) of this subsection when such a denial becomes final. The agency shall, by rule, establish appropriate procedures, including a hearing, when requested, for review of a denial and, where deemed advisable by the agency, for considering other requests for action under this paragraph, except that no review under this subparagraph shall be conducted or in any way controlled by the same officer authorized under paragraph (A) to issue any such rule, regulations or orders.".

SEC. 105. Section 7 of the Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following:

"(k) The Administrator or any officer or employee of the Administration may not exercise his discretion to seek civil or criminal penalties against any person whoes sole petroleum industry operation relates to the marketing of petroleum products, or who is an independent refiner or small refiner as defined in paragraphs (3) and (4) respectively of section 3 of the Emergency Petroleum Allocation Act of 1973, as amended, or who is an independent producer eligible under section 613A of the Internal Revenue Code of 1954, for any violation of any rules, regulations, or rulings interpreting such rules or regulations if—

"(1) such action to seek penalties is based upon such rules; regulations, or rulings interpreting such rules or regulations which are being applied retroactively; and

"(2) the Administrator determines that such person relied in good faith upon rules, regulations, rulings, interpretations, manuals, or other official constructions of such rules or regulations in effect on the date of the alleged violation.".

SEC. 106. (a) Section 13(b) of the Federal Energy Administration Act of 1974 is amended by inserting after, "who are engaged in any phase of energy supply or major energy consumption" the following: "including, but not limited to (1) United States firms and their foreign affiliates and (2) foreign firms, but only with respect to any such supply or consumption activities in the United States,".

(b) Section 13 of the Federal Energy Administration Act of 1974 is amended by redesignating subsection (f) as subsection (h) and inserting after subsection (e) the following:

"(f) It shall be unlawful for any person to violate any provision of this section or to violate any rule, regulation, or order issued pursuant to any such provision.

"(g)(1) Whoever wilfully violates subsection (f) shall be subject to a criminal fine of not more than $10,000 for each violation.

"(2) Whenever it appears to the Administrator that any individual or organization is engaged in or is about to engage in acts or practices constituting a violation of subsection (f), the Administrator may request the Attorney General to bring a civil action to enjoin such acts or practices, and upon a proper showing, a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. In such action, the court may also isue mandatory injunctions commanding any person to comply with any provision, the violation of which is prohibited by subsection (f).

"(h) The Administrator shall establish a uniform system of standards, procedures, and methods for the accounting for and measurement of all phases of production and marketing of crude oil, natural gas liquids and condensate and all other petroleum products.".

(c) Section 13 of the Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following:

"(i) In exercising his authority under this Act or any other provision of law relating to the collection of energy information, the Administrator shall take into account the size of businesses required in submit reports on such information so as to avoid, to the greatest extent practicable, overly burdensome reporting requirements on small marketers and distributors of petroleum products and other small business concerns required to file reports with the Administrator.".

SEC. 107. (a) Section 15 of the Federal Energy Administration Act of 1974 is amended—

(1) by striking out subsection (a); and

(2) by redesignating subsections (b), (c), (d), and (e), as subsection (a), (b), (c), and (d), respectively.

(b) Section 15(a) of the Federal Energy Administration Act of 1974 is hereby repealed.

Sec. 108. Section 18(d) of the Federal Energy Administration Act of 1974 is amended by striking out "a report every six months" and inserting in lieu thereof "an annual report".

Sec. 109. Section 25(a) of the Federal Energy Administration Act of 1974 is amended—

(1) by striking out "and directed";

(2) by striking out "shall contain" and inserting in lieu thereof "may contain";

(3) by striking out "shall include," and inserting in lieu thereof "may include,";

(4) by striking out "but shall not" and inserting in lieu thereof "but need not"; and

(5) by adding at the end thereof the following new sentence: "The Administrator may also obtain representative samples of any such shipment.".

Sec. 110. Section 28 of the Federal Energy Administration Act of 1974 is amended to read as follows:

"REVERSION

"Sec. 28. (a) Notwithstanding section 527 of the Energy Policy and Conservation Act, upon termination of this Act, any functions or personnel transferred by this Act shall revert to the department, agency, or office from which they were transferred.

"(b) Upon termination of this Act the following functions or activities of the Administration which have been created by the authority of this Act or by any other provision of law and the personnel associated with such functions or activities shall be transferred as follows:

"(1) mandatory allocation of crude oil, residual fuel oil, and refined petroleum products—to the Department of the Interior;

"(2) price controls on crude oil, residual fuel oil, and refined petroleum products—to the Federal Power Commission;

(3) advice to the President and the Congress on energy policy development of programs and plans for energy conservation in time of shortage—to the Energy Resources Council;

"(4) collection, analysis, and reporting of energy data and information—to the Department of Commerce;

"(5) development and implementation of voluntary and mandatory conservation programs—to the Energy Research and Development Administration;

"(6) coal conversion program—to the Environmental Protection Agency;

"(7) loan guarantees for new coal mines—to the Department of the Interior;

"(8) materials allocation—to the Department of the Interior;

"(9) strategic reserves—to the Department of the Interior;

"(10) international energy programs—to the Department of State;

"(11) State energy conservation plans, Federal energy conservation programs, and public education programs—to the Department of Commerce;

"(12) analysis of economic impact of energy actions—to the Energy Resources Council; and

"(13) coordination of Federal energy programs with State governments—to the Department of Commerce.

The administrative and procedural provisions of this Act shall, to the extent practicable, continue to apply to the implementation of said functions and activities. An officer or employee of the Federal Government who is appointed, without break in service of one or more workdays, to any position for carrying out functions under this Act is entitled, upon separation from such position other than for cause, to reemployment in the position occupied at the time of appointment, or in a position of comparable grade and salary.".

Sec. 111. The text of section 29 of the Federal Energy Administration Act of 1974 is amended to read as follows:

"Sec. 29. (a) There are authorized to be appropriated to the Federal Energy Administration the following sums:

"(1) Subject to the restrictions specified in subsection (b), to carry out the functions identified as assigned to Executive Direction and Administration of the Federal Energy Administration as of January 1, 1976—

"(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $8,596,000; and

"(B) for the fiscal year ending September 30, 1977, not to exceed $31,554,000.

"(2) To carry out the functions identified as assigned to the Office of Energy Policy and Analysis as of January 1, 1976—

"(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $8,000,000; and

"(B) for the fiscal year ending September 30, 1977, not to exceed $34,472,000.

"(3) To carry out the functions identified as assigned to the Office of Regulatory Programs as of January 1, 1976—

"(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $11,600,000; and

"(B) for the fiscal year ending September 30, 1977, not to exceed $47,800,000.

"(4) To carry out the functions identified as assigned to the Office of Conservation and the Environment as of January 1, 1976—

"(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $7,004,000; and

"(B) for the fiscal year ending September 30, 1977, not to exceed $40,596,000.

"(5) To carry out the functions identified as assigned to the Office of Energy Resource Development as of January 1, 1976—

"(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $2,800,000; and

"(B) for the fiscal year ending September 30, 1977, not to exceed $14,914,000.

"(6) To carry out the functions identified as assigned to the Office of International Energy Affairs as of January 1, 1976—

"(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $300,000; and

"(B) for the fiscal year ending September 30, 1977, not to exceed $1,921,000.

"(7) Subject to the restriction specified in subsection (c), to carry out a program to develop the policies, plans, implementation strategies, and program definitions for promoting accelerated utilization and widespread comercialization of solar energy and to provide overall coordination of Federal solar energy comercialization activities—

"(A) for the period beginning July 1, 1976, and ending September 30, 1976, not to exceed $500,000; and

"(B) for the fiscal year ending September 30, 1977, not to exceed $2,500,000.

"(b) The following restrictions shall apply to the authorization of appropriations specified in paragraph (1) of subsection (a):

"(1) amounts to carry out the functions identified as assigned to the Office of Communications and Public Affairs as of January 1, 1976, shall not exceed $607,000 for the period beginning July 1, 1976, and ending September 30, 1976, and shall not exceed $2,274,000 for the fiscal year ending September 30, 1977; and

"(2) no amounts authorized to be appropriated in such paragraph may be used to carry out the functions identified as assigned to the Office of Nuclear Affairs as of January 1, 1976."

"(c) No amounts authorized to be appropriated in paragraph (7) of subsection (a) may be used to carry out solar energy research, development, or demonstration.".

Sec. 112. Section 30 of the Federal Energy Administration Act of 1974 is amended by striking out "June 30, 1976." and inserting in lieu thereof "September 30, 1977.".

Sec. 113. (a) Section 108(b) of the Energy Reorganization Act of 1974 is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end thereof and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(4) coordinate the preparation of the reports required by section 15(c) of the Federal Energy Administration Act of 1974 and section 307 of the Energy Reorganization Act of 1974 and, to the maximum extent feasible, combine the two reports into a single report to the President and Congress on national energy policy and programs;

"(5) prepare a report on national energy conservation activities which shall be submitted to the President and the Congress annually, beginning on July 1, 1977, and which shall include—

"(A) a review of all Federal energy conservation expenditures and activities, the purpose of each such activity, the relation of the activity to national conservation targets and plans, and the success of the activity and the plans for the activity in future years;

"(B) an analysis of all conservation targets established for industry, residential, transportation, and public sectors of the economy, whether the targets can be achieved or whether they can be further improved, and the progress toward their achievement in the past year;

"(C) a review of the progress made pursuant to the State energy conservation plans under sections 361 through 366 of the Energy Policy and Conservation Act and other similar efforts at the State and local level, and whether further conservation can be carried on by the States or by local governments, and whether further Federal assistance is required;

"(D) a review of the principal conservation efforts in the private sector, the potential for more widespread implementation of such efforts and the Federal Government's efforts to promote more widespread use of private energy conservation initiatives; and

"(E) an assessment of whether existing conservation targets and goals are sufficient to bridge the gap between domestic energy production capacity and domestic energy needs, whether additional incentives or programs are necessary or useful to close that gap further, and a discussion of what mandatory measures might be useful to further bring domestic demand into harmony with domestic supply.

The Chairman of the Energy Resources Council shall carry out the coordination required under paragraph (4) and shall coordinate the preparation of the report required under paragraph (5).".

(b) Section 108 of the Energy Reorganization Act of 1974 is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(2) by adding after subsection (b) the following new subsection:

"(c) The President, through the Energy Resources Council, shall—

"(1) prepare a plan for the reorganization of the Federal Government's activities in energy and natural resources, including, but not limited to, a study of—

"(A) the principal laws and directives that constitute the energy and natural resource policy of the United States;

"(B) prospects of developing a consolidated national energy policy;

"(C) the major problems and issues of existing energy and natural resource organizations;

"(D) the options for Federal energy and natural resource organizations;

"(E) an overview of available resources pertinent to energy and natural resource organization;

"(F) recent proposals for a national energy and natural resource policy for the United States; and

"(G) the relationship between energy policy goals and other national objectives;

"(2) submit to Congress—

"(A) no later than December 31, 1976, the plan prepared pursuant to subsection (c)(1) and a report containing his recommendations for the reorganization of the Federal Government's responsibility for energy and natural resource matters together with such proposed legislation as he deems necessary or appropriate for the implementation of such plans or recommendations; and

"(B) not later than March 1, 1977, such revised information or policy recommendations shall be submitted according to paragraph (2)(A); and

"(3) provide interim and transitional policy planning for energy and natural resource matters in the Federal Government.".

(c) Section 108(e) of the Energy Reorganization Act of 1974, as redesignated by subsection (b)(1) of this section, is amended by striking out "two years after such effective date," and inserting in lieu thereof "not later than September 30, 1977,".

(d) Pursuant to section 15(c) of the Federal Energy Administrator Act (88 Stat. 109), the Administrator of the Federal Energy Administration (hereinafter referred to as the ("Administrator") is hereby directed to conduct an annual comprehensive, interdisciplinary study of the energy needs of the United States and the methods by which those needs can be met. The Administrator shall submit to the Congress, not later than January 31 of each year, a full and complete report of the findings made under the prior year's study.

(1) in carrying out the studies authorized by this Act, the Administrator shall—

(A) identify and collect such information as may be required to carry out the studies authorized by this Act;

(B) consult with and secure information from representatives of industry, the financial community, labor, agriculture, science and technology environmental groups, academic institutions, consumer and other public interest organizations, and such other groups as the Administrator deems suitable; and

(C) consult with and secure information from the Department of State, the Department of the Treasury, the Department of Defense, the Department of the Interior, the Department of Commerce, the Atomic Energy Commission, the Environmental Protection Agency, the Federal Power Commission, and such other government departments and agencies, Federal, State, and local, and such foreign governments and international organizations, as he deems necessary or appropriate to conduct the studies authorized by this Act.

(2) Each study authorized by this Act shall include, for each of the next five fiscal years following the year in which such study is submitted, and for the tenth fiscal year following the year in which such study is submitted—

(A) an estimate of the energy needs of the United States, including an analysis of the effect of various conservation programs on such energy needs;

(B) an analysis of the alternative methods of meeting such energy needs, and of—

(i) the relative capital and other economic costs of each such method;

(ii) the relative environmental, national security, and balance of trade risks of each such method; and

(iii) the other relevant advantages and disadvantages of each such method; and

(C) recommendations for the best method or methods of meeting the energy needs of the United States and for legislation needed to meet those needs.

(3) In accordance with section 15(a) of the Federal Energy Administration Act (88 Stat. 108 and 109) the President shall designate an appropriate Federal agency to conduct the studies authorized by this Act after the tremination of the Federal Energy Administration.

SEC. 114. (a) The Administrator of the Federal Energy Administration shall study and report to the Congress no later than January 31, 1977, on the use of a tax on energy, including a tax applied to the use of each British thermal unit (hereinafter referred to in this section as "Btu") of energy consumed, to insure the attainment of an acceptable low level of energy imports by 1985.

(b) The study authorized by subsection (a) shall include an analysis and evaluation of—

(1) energy taxes based on (A) an across-the-board tax of at least $1 per million Btu on the use of non-renewable forms of energy, to be levied at the mine-mouth, wellhead, or port of entry; and (B) taxes designed to correct existing departures of prices for energy from the full marginal social costs of energy production, transportation, conversion, distribution, and use arising from uninternalized social costs, including, for example, costs of reliance upon insecure foreign sources of supply, costs of adverse environmental impacts, and distortions arising from regulation of prices;

(2) refund of taxes on the basis of uniform payments to each adult; and

(3) the impacts of such taxes on—

(A) the economy, including the general price level and energy prices, employment, Government revenue, and distribution of income and relative purchasing power;

(B) the supply of and demand for energy;

(C) the degree of reliance on insecure foreign sources of supply;

(D) reduction of adverse social costs, including environmental, health and safety costs; and

(E) the degree to which the need for Federal Energy Administration regulatory programs would be diminished or eliminated.

SEC. 115. That section 8 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new subsection (i):

"(i)(1) Any regulation relating to crude oil prices, to crude oil ceiling prices, or to the weighted average first sale price for crude oil promulgated pursuant to subsection (a) of this section or section 4 of this Act shall not apply to the first sale of stripper well crude oil produced and sold in the United States. The first sale price and volume of such crude oil shall not be used in the computation of the 'maximum weighted average first sale price' as defined in subsection (a) of this section.

"(2) For the purpose of this subsection, 'stripper well crude oil' is defined as crude oil produced and sold from a property whose maximum average daily production of crude oil per well during any consecutive twelve-month period beginning after December 31, 1972, does not exceed ten barrels.

"(3) To qualify for the exemption under this subsection, a property must be producing crude oil at the maximum feasible rate and in accordance with recognized conservation practices.

"(4) The agency designated by the President under section 5(b) of this Act for establishing and administering petroleum price controls shall, within thirty days of the date of enactment of this subsection, promulgate or cause to be published regulations implementing the provisions of this subsection and is authorized to conduct inspections to insure compliance with this subsection.".

SEC. 116. That section 8 of the Emergency Petroleum Allocation Act of 1973 is amended by adding at the end thereof the following new subsection (k):

"(k)(1) Any regulation relating to crude oil prices, to crude oil ceiling prices, or to the weighted average first sale price for crude oil promulgated pursuant to subsection (a) of this section or section 4 of this Act shall not apply to the first sale of crude oil produced and sold from a property in the United States which production results from an enhanced recovery operation and which volume of production is in excess of the volume of production which would have been produced from the property in the absence of the enhanced recovery operation. The first sale price and volume of such crude oil shall not be used in the computation of the 'maximum weighted average first sale price' as defined in subsection (a) of this section.

"(2) For the purposes of this subsection, and 'enhanced recovery operation' is defined as an oilfield operation, or the expansion of modification of an existing enhanced recovery operation, which is initiated after February 1, 1976, and which is previously certified as an enhanced recovery operation, pursuant to the procedures specified in paragraph (3) of this subsection, and which according to prudent engineering principles, is likely to increase the ultimate recovery of crude oil or the producing rate of crude oil from the property by the injection of liquids or gases from the surface including, but not limited to, pressure maintenance, water flooding, gas injection and cycling, miscible fluid injection, chemical flooding, microemulsion flooding, in situ combustion, cyclic steam injection, steam flooding, polymer flooding, caustic flooding, or variations of each of these methods or similar such methods, singularly or in combination.

"(3)(A) Prior to the commencement of the enhanced recovery operation to which the exemption provided by this subsection would apply, the producer shall submit his application for certification as an enhanced recovery operation, which application shall include his estimate of the future rate of crude oil production from the property which would occur in the absence of the enhanced recovery operation, and the necessary supporting data and calculations, as required by appropriate Federal or State regulation, to the Federal Energy Administration, and—

"(i) in the case of a property under State jurisdiction, to the appropriate State regulatory agency, or

"(i) in the case of a property under Federal jurisdiction, to the United States Geological Survey.

"(B)(i) In the case of a property to which subparagraph (A)(i) applies, the State regulatory agency may act upon the application by granting certification or specifying in what material respects the application should be amended in order to become certifiable. If a State agency does not act on an application within ninety days, the producer may submit the application, estimate, and supporting data and calculations to the United States Geological Survey. The United States Geological Survey shall act upon the application, by granting certification or specifying in what material respects the application should be amended in order to become certifiable, within sixty days, and any failure to act within sixty days shall be conclusively presumed to constitute an approval.

"(ii) In the case of a property to which subparagraph (A)(ii) applies, the United States Geological Survey shall act upon the application by granting certification or specifying in what material respects the application should be amended in order to become certifiable, within sixty days, and any failure to act within sixty days shall be conclusively presumed to constitute an approval.

"(iii) Following receipt of notice by the producer of any United States Geological Survey requirements regarding amendment of the application initially submitted to either subparagraph (A)(i) or (A)(ii), and submission of required amendments to the United States Geological Survey by the producer, the United States Geological Survey shall act upon the amended application within thirty days. Action shall consist of granting certification without comment or specifying in what material respects the amended application failed to meet the earlier required amendment and then granting a certification which shall include an estimate of the rate. based upon the best judgment of the United States Geological Survey using information available to it, of crude oil production from the property which would occur in the absence of the enhanced recovery operation.

"(C) For the purposes of making the certification pursuant to the procedures specified in subparagraphs (A) and (B), the appropriate State regulatory agency or the United States Geological Survey (as the case may be) shall assure that the estimate of the rate of crude oil production from the property which would occur in the absence of the enhanced recovery operation accompanying the application for certification has been made in accordance with sound engineering and economic principles and using accepted techniques.

"(D) The appropriate State regulatory agency or the United States Geological Survey (as the case may be) shall immediately report its certification to the Federal Energy Administration. The certified estimate of the future rate of crude oil production from the property which would occur in the absence of the enhanced recovery operation shall thereafter be used by the Federal Energy Administration and the producer to determine the volume of crude oil to be exempted pursuant to this subsection.

"(4) The United States Geological Survey and the agency designated by the President under section 5(b) of this Act for establishing and administering petroleum price controls, after consultation with one another and with appropriate State agencies, shall each, within thirty days of the effective date of this subsection, promulgate or cause to be published regulations implementing the provisions of this subsection. Each agency shall be responsible for implementing the matters assigned to it. Each agency shall have the authority to conduct necessary inspections during the succeeding administrative process associated with granting the certification provided for in this subsection.".

SEC. 117. (a) Within sixty days after the date of enactment of this title, the President shall transfer the functions and the personnel associated with such functions of the Administrator of the Federal Energy Administration under title III, part B—Energy Conservation Program for Consumer Products Other Than Automobiles (42 U.S.C. 6291–6309) to the Secretary of Commerce.

(b) The Secretary of Commerce shall adopt all rules and regulations and shall continue all proceedings, hearings, and other activities of the Administrator of the Federal Energy Administration which may be in effect or underway at the time the transfer of functions under subsection (a) of this section takes place. The Secretary of Commerce may amend as he deems necessary any such rules and regulations pursuant to applicable provisions of the Energy Policy and Conservation Act (42 U.S.C. 6291–6309). The Secretary of Commerce shall, to the maximum possible extent, maintain all timetables established by the Administrator of the Federal Energy Administration and utilize all information developed by the Administrator to avoid duplication of effort and delay in program implementation.

(c) On the effective date of the transfer under subsection (a) of this section—

(1) The following new paragraph shall be added at the end of section 321 of the Energy Policy and Conservation Act (42 U.S.C. 6291):

"(19) The term 'Secretary' means the Secretary of Commerce.".

(2) Strike the term "Administrator" wherever it appears in title III, part B—Energy Conservation Program for Consumer Products Other Than Automobiles of the Energy Policy and Conservation Act (42 U.S.C. 6291–6309) and insert in lieu thereof the term "Secretary".

(3) In subparagraph (A) of paragraph (1) of subsection (a) of section 325 of the Energy Policy and Conservation Act (42 U.S.C. 6295) strike "180" and insert in lieu thereof "270".

SEC. 118. Section 102 of the Energy Policy and Conservation Act (42 U.S.C. 6211, Public Law 94–163) is amended by adding at the end of subsection (c) the following new paragraph:

"(4) the term 'developing new underground coal mines' includes expansion of existing underground coal mines, and the reopening of underground coal mines which had previously been closed.".

TITLE II

ELECTRIC UTILITY RATE REFORM ACT OF 1976

SEC. 201. That this title may be cited as the "Electric Utility Rate Reform Atc of 1976".

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 202. Congress hereby finds and declares that—

(1) there is great potential for reduction in the cost of electric utility services to consumers, energy conservation, better use of existing electrical generating facilities, and relief from the current and projected shortage of capital in this Nation in the development and implementation by utility regulatory commissions of innovative electric utility rate structures;

(2) as a rule, utility regulatory commissions have not taken sufficient action to realize this potential by revising the rate structures of electric utility companies subject to their jurisdiction;

(3) efforts in this regard can be promoted by requiring the Federal Energy Administration to set utility rate structure guidelines for utility regulatory commissions and to report to Congress on the progress of such commissions in adopting and using such guidelines;

(4) such efforts can be further encouraged by providing the Federal Energy Administration with funds to be used specifically for utility rate demonstration projects, technical assistance in the area of rate reform, intervention in the proceedings of utility regulatory commissions for the purpose of promoting the implementation of Federal guidelines, and financial assistance to State offices of consumer services to facilitate presentation of consumer interests before such commissions; and

(5) if such measures fail to produce the desired movement of utility regulatory commissions in the direction of innovative rate structures, it will be appropriate for Congress then to consider the enactment of more stringent directives to such commissions.

DEFINITIONS

SEC. 203. As used in this title—

(1) "Administrator" means the Administrator of the Federal Energy Administration;

(2) "electric utility company" means any person who owns or operates facilities used for the generation, transmission, or distribution and sale of electric energy for use other than resale;

(3) "utility regulatory commission" means the agency, commission, or establishment which has the responsibility for establishing and administering rules and regulations relating to the operation of and rates charged by an electric utility company;

(4) "State utility regulatory commission" means the agency, commission, or establishment of any State (or the Tennessee Valley Authority) which has the responsibility for establishing and administering rules and regulations relating to the operation of and rates charged by an electric utility company; and

(5) "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, and any other commonwealth, territory, or possession of the United States.

ELECTRIC UTILITY RATE STRUCTURE GUIDELINES

SEC. 204. (a) The Administrator shall prepare voluntary guidelines establishing the parameters within which utility regulatory commissions should approve electric utility rates in order to encourage electric utility companies to utilize innovative electric utility rate structures.

(b) the guidelines established under subsection (a) shall provide for rate structures which to the extent feasible are cost-based, energy conserving, equitable in their operation and effect upon all classes of customers for electric utility service and provide incentives for maximum use of existing electrical generating facilities.

(c) The guidelines prepared under subsection (a) shall be published in the Federal Register not later than one hundred and eighty days after the date of enactment of this title, and shall be reviewed, revised, and republished at least annually thereafter.

(d) Within thirty days following publication of the guidelines in the Federal Register, the Administrator shall distribute copies of all such guidelines to utility regulatory commissions together with a written request for cooperation in the use and implementation of, and voluntary compliance with, the guidelines.

ASSISTANCE TO STATE UTILITY REGULATORY COMMISSIONS

SEC. 205. (a) The Administrator is authorized in addition to assistance or authority provided or available under the Federal Energy Administration Act—

(1) to provide financial assistance to State utility regulatory commissions to enable them to develop innovative electric utility rate structure and load management demonstration projects;

(2) to provide technical assistance to State utility regulatory commissions to enable them to establish innovative electric utility rate structures including informing such commissions of the identification and development of load management techniques, the results of experiments in load management, developments and innovations in electric utility ratemaking, methods of determining cost of service, and the results of experiments in rate structure and rate reform; and

(3) to intervene in such administrative or court proceedings as the Administrator may deem to be appropriate for the purpose of developing electric utility rate structures which comply with the guidelines established under section 204(a).

(b) Assistance may only be furnished under subsections (a) (1) and (2) pursuant to an application submitted by a state utility regulatory commission and approved by the Administrator. In such application, the applicant shall—

(1) certify that it is a State utility regulatory commission within the meaning of this title;

(2) describe, in such form and detail as the Administrator may by regulation require, a plan or program for the development of an innovative electric utility rate structure or load management demonstration project, in the case of applications under subsection (a) (1), or for the establishment of innovative electric utility rate structures, in the case of applications under subsection (a)(2); and

(3) furnish such assurances as the Administrator may require that funds made available under this title will be in addition to, and not in substitution for, funds made available to such State utility regulatory commission from other sources.

GRANTS FOR OFFICES OF CONSUMER SERVICES

SEC. 206. (a) The Administrator may make grants to States, or otherwise as provided in subsection (c), under the provisions of this title to provide for the establishment and operation of offices of consumer services to assist consumers in their presentations before utility regulatory commissions. Any assistance provided under this section shall be provided only for an office of consumer services which is operated independently of any such utility regulatory commission and which is empowered to—

(1) make general factual assessments of the impact of rate changes and other regulatory actions upon all affected consumers;

(2) assist consumers in the presentation of their positions before utility regulatory commissions; and

(3) advocate, on its own behalf, a position which it determines represents the position most advantageous to the public, taking into account developments in rate structure reform which have achieved or could achieve energy conservation, equity in operation, and effects on all classes of consumers and provides incentives for maximum use of existing electrical generating facilities.

"(b) Grants pursuant to subsection (a) of this section shall be made only to States which furnish such assurances as the Administrator may require that funds made available under such subsection will be in addition to, and not in substitution for, funds made available to offices of consumer services from other services.".

(c) Assistance may be provided under this section to an office of consumer services established by the Tennessee Valley Authority, provided that such office is operated independently of the Tennessee Valley Authority, or to any office of consumer services which is otherwise eligible under this section, in any State served by the Tennessee Valley Authority.

REPORTS

SEC. 207. Not later than the last day in December in each year following the date of enactment of this title, the Administrator shall transmit to the Congress a report containing—

(1) the guidelines published in that year pursuant to section 204;

(2) the nature and location of testimony given in interventions pursuant to section 205(a)(3);

(3) a description of the adoption and use of utility regulatory commissions of the rate structure voluntary guidelines;

(4) a list of the State offices of consumer services funded under section 206, and a summary description of the services provided by each such office; and

(5) recommendations as to the need for and types of further Federal legislation.

AUTHORIZATION OF APPROPRIATIONS

SEC. 208. (a) There are authorized to be appropriated not to exceed $10,000,000 in fiscal year 1977 for the purpose of carrying out the provisions of section 205(a).

(b) There are authorized to be appropriated not to exceed $2,000,000 in fiscal year 1977 for the purpose of carrying out the provisions of section 206.

TITLE III—ENERGY CONSERVATION STANDARDS FOR NEW BUILDINGS

SHORT TITLE

SEC. 301. This title may be cited as the "Building Energy Conservation Standards Act of 1976".

FINDINGS AND PURPOSE

SEC. 302. (a) The Congress finds that—

(1) large amounts of fuels and energy are consumed unnecessarily each year in heating, cooling, ventilating, and providing domestic hot water for newly constructed residential and commercial buildings because such buildings lack adequate energy conservation features;

(2) Federal policies and practices contribute to this condition, which the Nation can no longer afford in view of its current and anticipated energy shortage, by providing, without regard to energy considerations, Federal construction aids directly such as through loans or grants and indirectly through financing from federally approved, regulated, or insured financial institutions;

(3) failure to provide adequate energy conservation measures in newly constructed buildings increases long-term operating costs that may affect adversely the repayment of and security for loans made, insured or guaranteed by Federal agencies or made by federally insured or regulated instrumentalities; and

(4) State and local building codes or similar controls can provide an existing means by which to assure, in coordination with other building requirements and with a minimum of Federal interference in State and local transactions, that newly constructed buildings contain adequate energy conservation features.

(b) The purposes of this title, therefore, are to—

(1) redirect Federal policies and practices so that Federal financial assistance for construction purposes is provided only under conditions which assure that reasonable energy conservation features will be incorporated into new buildings receiving such assistance;

(2) provide for the development and implementation as soon as feasible of performance standards for new residential and commercial buildings which are designed to achieve the maximum practicable economies in fuels and energy consumption within reasonable cost levels; and

(3) encourage States and local government to adopt and enforce such standards through their existing building code and other construction control mechanisms.

DEFINITIONS

SEC. 303. As used in this title, the term—

(1) "Secretary" means the Secretary of Housing and Urban Development;

(2) "Administrator" means the Administrator of the Federal Energy Administration;

(3) "building" means any structure to be constructed which includes provision for a heating or cooling system, or both, or a hot water system;

(4) "residential building" means any building developed for residential occupancy, substantially on a year-round basis, for one or more persons or families;

(5) "commercial building" means any building developed for use other than residential occupancy, including buildings developed for industrial or public use;

(6) "Federal building" means any building to be constructed by or for the use of any Federal agency which is not legally subject to State or local codes or similar requirements;

(7) "unit of general local government" means a city, county, town, municipality, or other political subdivision of a State or any combination thereof, which has a building code or similar jurisdiction over a particular area;

(8) "Federal agency" means any department, agency, corporation, or other entity or instrumentality of the executive branch of the Federal Government, and includes the United States Postal Service, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation;

(9) "financial assistance" means any form of loan, grant, guaranty, insurance, payment, rebate, subsidy, or any other form of direct or indirect Federal assistance, other than general or special revenue sharing or formula grants made to States;

(10) "Federal instrumentality responsible for the supervision, approval, regulation, or insuring of banks, savings and loan associations, or similar institutions" means the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, and the National Credit Union Administration;

(11) "State" includes each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the United States territories and possessions;

(12) "performance standard" means a goal or goals to be met without the specification of the methods, materials, and processes to be employed in achieving that goal, but including statements of the requirements, criteria and evaluation methods to be used, and any necessary commentary; and

(13) "building code" means a legal instrument which is in effect in a State or unit of general local government, the provisions of which must be adhered to if a building is to be considered to be in conformance with law and suitable for occupancy and use.

PROMULGATION OF MINIMUM ENERGY CONSERVATION STANDARDS

SEC. 304. (a) (1) As soon as practicable, but in no event later than 3 years after enactment of this title, the Secretary, only after consultation with the Administrator, the Secretary of Commerce utilizing the services of the Director of the National Bureau of Standards, and the Administrator of the General Services Administration, shall develop and publish in the Federal Register for public comment proposed performance energy conservation standards for new commercial buildings. Performance standards shall be developed and promulgated within 6 months after publication of the proposed standards, and shall become effective within a reasonable time, not to exceed 1 year after promulgation, as specified by the Secretary.

(2) As soon as practicable, but in no event later than 3 years after enactment of this title, the Secretary, only after consultation with the Administrator and the Secretary of Commerce utilizing the services of the Director of the National Bureau of Standards, shall develop and publish in the Federal Register for public comment proposed performance energy conservation standards for new residential buildings. Performance standards for such buildings shall be promulgated within 6 months after publication of the proposed standards, and shall become effective within a reasonable time, not to exceed 1 year after promulgation, as specified by the Secretary.

(b) All standards promulgated pursuant to this section shall take account of, and make such allowance or particular exception as the Secretary determines appropriate for, climatic variations among the different regions of the country.

(c) The Secretary, in consultation with the Administrator, the Secretary of Commerce, the Administrator of General Services, and other Federal officials, as appropriate, shall periodically review and provide for the updating of standards promulgated pursuant to this section.

(d) The Secretary, if he finds that the dates otherwise specified in this section for publication of proposed or promulgation of final performance standards under subsection (a)(1) or (a)(2) cannot practically be met, may extend the time for such publication or promulgation, but no such extension shall result in a delay of more than 6 months in promulgation.

INCORPORATION OF STANDARDS IN STATE AND LOCAL CODES

SEC. 305. (a) No Federal officer or agency shall approve any financial assistance for the construction of any building in an area of a State unless the State has certified that the unit of general local government having jurisdiction over such area has adopted and is implementing a building code or similar requirement which meets or exceeds the minimum standards promulgated pursuant to section 304 of this title, or unless the State certifies that a State code or requirement providing for the enforcement of such standard or standards has been adopted and is being implemented on a statewide basis or within the area in which such building is to be located.

(b) In any case where, on the effective date of the performance standards referred to in section 304(a), a State has not yet developed and implemented a procedure for certifying local codes or similar requirements, or adopted and proceeded to implement a State code or requirement for carrying out the provisions of subsection (a) of this section, but where the Secretary finds that the State is actively developing such procedure or code, the Secretary may receive and approve a code or other requirement proposed by a unit of general local government as complying with the provisions of subsection (a) of this section, but no such approval shall extend for more than 1 year.

(c) Each Federal instrumentality responsible for the supervision, regulation, or insuring of banks, savings and loan associations or similar institutions shall adopt regulations prohibiting such institutions from—

(1) making loans for the construction or financing of buildings, or

(2) purchasing loans made after the effective date of any energy conservation standard for the construction or financing of buildings,

unless such buildings are to be located in areas where Federal assistance for construction is permitted under subsection (a) of this section.

(d) In the certification submitted by a State, the State may recommend to the Secretary that specific units of local government within the State be excluded from all provisions of this title on the basis that new construction in such jurisdiction is not of a magnitude to warrant the costs of implementing or providing for required inspections, and the Secretary may, in his discretion, exclude such unit without thereby affecting the State's certification.

(e) The Secretary shall, by regulation, provide for the periodic updating of State certifications under this section, and shall make such reviews and investigations as he deems necessary to determine the accuracy of such certifications. The Secretary may reject, disapprove, or require the withdrawal of any certification but he shall not take such action without affording the State a reasonable opportunity for hearing.

FEDERAL BUILDINGS

SEC. 306. The head of each Federal agency responsible for the construction of Federal buildings shall adopt such procedures as may be necessary to assure that such construction meets or exceeds the applicable energy conservation standards promulgated pursuant to this title.

GRANTS TO STATES

SEC. 307. (a) The Secretary is authorized to make grants to States to assist them in meeting the costs of developing standards or State certification procedures to carry out the provisions of section 305 of this title.

(b) There are hereby authorized to be appropriated for the purpose of grants under this section not to exceed a total of $5,000,000 for fiscal year 1977.

TECHNICAL ASSISTANCE

SEC. 308. The Secretary, directly, by contract or otherwise, may provide technical assistance to States and units of general local government to assist them in meeting the requirements of this title.

CONSULTATION WITH INTERESTED AND AFFECTED GROUPS

SEC. 309. In developing and promulgating standards and carrying out his other functions under this title, the Secretary shall consult with appropriate representatives of the building community, including labor, the construction industry, engineers, and architects, and with appropriate public officials and organizations of public officials, and representatives of consumer groups. For purposes of such consultation, the Secretary shall, to the extent feasible, make use of the National Institute of Building Sciences as established by section 809 of the Housing and Community Development Act of 1974. The Secretary may also establish one or more advisory committees as may be appropriate. Any advisory committee or committees established pursuant to this section shall be subject to the provisions of the Federal Advisory Committee Act.

RESEARCH

SEC. 310. The Secretary, in cooperation with the Administrator, the Administrator of the Energy Research and Development Administration, and the Director of the National Bureau of Standards shall carry out such research and demonstration activities as he determines may be necessary to assist in the development of standards under this title and to facilitate the implementation of such standards by State, and local governments. Such activities shall be designed to assure that standards are adequately analyzed in terms of energy use, institutional resources, habitability, economic cost and benefit, and impact upon affected groups.

TITLE IV—ENERGY CONSERVATION ASSISTANCE FOR EXISTING BUILDINGS

SHORT TITLE

SEC. 401. This title may be cited as the "Energy Conservation in Existing Buildings Act of 1976".

FINDINGS

SEC. 402. The Congress finds and declares the following:

(1) The fastest, most cost-effective, and most environmentally sound way to prevent future energy shortages in the United States, while reducing the Nation's dependence on imported energy supplies, is to encourage and facilitate, through major programs, energy conservation measures (including a shift from depletable to nondepletable sources of energy, such as solar energy) with respect to housing, nonresidential buildings, and industrial plants.

(2) Current efforts to encourage and facilitate energy conservation measures are inadequate, as a consequence of—

(A) a lack of adequate and available financing for energy conservation, particularly with respect to individual consumers and owners of small businesses;

(B) a shortage of reliable and impartial information and advisory services, pertaining to practicable energy conservation measures and the probable cost savings therefrom; and

(C) the absence of organized programs which, if they existed, would enable consumers, especially individuals and owners of small businesses, to undertake energy conservation efforts easily and with confidence in their economic value.

(3) Major programs of financial incentives and assistance for energy conservation measures (including a shift from depletable to nondepletable energy sources) in housing, non-residential buildings, and industrial plants would—

(A) significantly reduce the Nation's demand for energy and the need for petroleum imports;

(B) cushion the adverse impact of the high price of energy supplies on consumers (e.g., elderly and handicapped low-income persons who cannot afford to make the modifications necessary to reduce their residential energy use); and

(C) increase, directly and indirectly, job opportunities and national economic output.

(4) The primary responsibility for the implementation of such major energy conservation programs should be lodged with the governments of the several States. The diversity of conditions among the various States and regions of the Nation is sufficiently great that a wholly federally administered program would not be as effective as one which is tailored to meet local requirements and to respond to local opportunities. The States should be allowed flexibility within which to fashion energy conservation programs, subject to general Federal guidelines and monitoring sufficient to protect the financial investments of consumers and the financial interest of the United States and to insure that the measures undertaken in fact result in significant energy and cost savings which would probably not otherwise occur.

(5) To the extent that direct Federal administration is more economical and efficient, direct Federal financial incentives and assistance should be extended through existing and proven Federal programs (such as those conducted by the Small Business Administration) rather than through new programs that would necessitate new and separate administrative bureaucracies.

(6) Such programs should be designed and administered to supplement, and not to supplant or in any other way conflict with, State Energy Conservation Programs under part C of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321, et seq.); the emergency energy conservation program carried out by community action agencies pursuant to section 222(a)(12) of the Economic Opportunity Act of 1964; and other forms of assistance and encouragement for energy conservation.

(b) PURPOSE.—It is therefore declared to be the purpose of the Congress in this title to encourage and facilitate energy conservation in housing, nonresidential buildings, and industrial plants, through—

(1) State energy conservation implementation programs; and

(2) Federal financial incentives and assistance.

PART A—RESIDENTIAL INSULATION ASSISTANCE FOR LOW-INCOME PERSONS

DEFINITIONS

SEC. 411. As used in this part, the term—

(1) "Administrator" means the Administrator of the Federal Energy Administration;

(2) "Director" means the Director of the Community Services Administration;

(3) "elderly" means persons who are 60 years of age or older;

(4) "Governor" means the chief executive officer of a State (including the Mayor of the District of Columbia);

(5) "handicapped person" means an individual who meets the definition of a "handicapped individual" as defined in section 7(6) of the Rehabilitation Act of 1973, as amended, or who is under a disability as defined in section 1614(3)(A) or 223(d)(1) of the Social Security Act or in section 102

(7) of the Developmental Disabilities Services and Facilities Act of 1970, as amended, or who is receiving benefits under chapter 11 or 15 of title 38, United States Code;

(6) "insulation materials" means items primarily designed to improve that efficient energy utilization of a dwelling, including, but not limited to, ceiling, wall, floor, and duct insulation, storm windows and doors, and caulking and weatherstripping, but not including mechanical equipment valued in excess of $50 per dwelling unit;

(7) "low-income" means that individual or family income, as appropriate, which does not exceed 50 percent of the median income for individuals or families (adjusted for family size), as appropriate, for a particular geographical area, as determined by the Director in consultation with the Secretary of Housing and Urban Development; and

(8) "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.

FINANCIAL ASSISTANCE

SEC. 412. (a) The Administrator is authorized, in accordance with the provisions of this title and regulations issued pursuant thereto, to (1) provide financial assistance to States, and (2) to transfer to other Federal departments or agencies funds for use to serve Native Americans, to assist in carrying out projects designed to improve insulation and energy conservation in dwellings in which the head of household is a low-income person, particularly where elderly and handicapped low-income persons reside.

(b)(1) The Administrator, after consultation with the Secretary of Housing and Urban Development, the Secretary of Health, Education, and Welfare, the Secretary of Labor, the Director of the ACTION Agency, and the heads of such other Federal agencies as he deems appropriate, and with the concurrence of the Director, shall develop and publish in the Federal Register for public comment, not later than 45 days after the date of enactment of this title, proposed regulations to carry out the provisions of this title. He shall take into consideration comments submitted regarding such proposed regulations, and shall publish such final regulations not later than 75 days after the date of such enactment.

(2) the regulations prescribed pursuant to this section shall include provisions—

(A) prescribing, with the approval of the Director of the National Bureau of Standards in the Department of Commerce and in consultation with the Secretary of Health, Education, and Welfare, for use in various climatic, structural, and human need settings, standards for insulation materials, energy conservation techniques, and balanced combinations thereof, designed to achieve a balance of a healthful dwelling environment and maximum energy conservation; and

(B) designed to insure that (i) the benefits of insulation assistance in connection with leased dwelling units will accrue primarily to low-income tenants; (ii) the rents on such dwelling units will not be raised because of any increase in the value thereof due solely to insulation assistance provided under this title; and (iii) no undue or excessive enhancement will occur to the value of such dwelling units.

(c) In the event that a State does not, within 150 days after the date of enactment of this title, submit an application meeting the requirements set forth in section 406, a community action agency carrying out programs under title II of the Economic Opportunity Act of 1964, as amended, may, in lieu of such State, submit an application (meeting such requirements and subject to all other provisions of this title) for carrying out projects under this title in the geographical area served by such agency under that Act.

(d) Notwithstanding any other provision of law, the Administrator is authorized to transfer to the Director sums appropriated under this title to be utilized in order to carry out programs under section 222(a)(12) of the Economic Opportunity Act of 1964, as amended, in furtherance of the purpose of this title.

APPLICATIONS

SEC. 413. (a) The Administrator is authorized to provide financial assistance (or transfer funds) from sums appropriated for any fiscal year under this title only upon annual application therefor containing such information (including information needed for evaluation purposes) as may be required (1) in the regulations prescribed pursuant to section 412 and (2) to carry out this section. In making grants and transferring funds to provide such assistance, the Administrator shall allocate funds on the basis of the relative need for residential insulation assistance among low-income persons throughout the States, taking into account the climatic and energy conservation factors specified in subsection (c) of this section.

(b)(1) Any State submitting an application for financial assistance under this title shall designate or create a State agency or institution which, itself or a policy advisory council of which, has special qualifications and sensitivity with respect to solving the problems of low-income persons (including the residential insulation and energy conservation problems of such persons) and which is broadly representative of organizations and agencies which are providing services to such persons in the State, and shall submit its application to the Administrator through the agency or institution so designated. Such agency or institution shall be the sole agency for administration, coordination, and allocation of the financial assistance provided to such State under this title, and shall allocate such funds to carry out residential insulation projects within the State based on factors set forth in subsection (c) of this section.

(c) Each application for financial assistance under this title shall specify the location and scope of projects to be funded, including a description of—

(1)(A) the estimated number and characteristics of low-income persons and dwellings to be assisted;

(B) the climatic conditions in the State, which may include consideration of annual degree days;

(C) the type of insulation work to be done (including insulation materials and energy conservation techniques to be used) in the various settings;

(D) the priorities to be established among low-income persons, including a description of the way in which priority is to be assured for elderly and handicapped low-income persons, and the extent to which priority will be given to single-family or other high-energy-consuming dwellings; and

(E) the estimated amount of fuel to be conserved;

(2) policies and procedures designed to assure that finanical assistance provided under this title will be used so as not to supplant State or local funds, but to supplement and, to the extent practiable, to increase the amounts of such funds that would in the absence of such Federal funds be made available for carrying out the purpose of this title, including plans and procedures (A) for securing, to the maximum extent feasible, the services of volunteers and manpower training participants and public service employment workers, pursuant to the Comprehensive Employment and Training Act of 1973, as amended, to work under the supervision of qualified supervisors and foremen, and (B) for complying with the limitations set forth in section 414.

LIMITATIONS

SEC. 414. (a) Funds provided or transferred to any recipient of financial assistance under this title shall, to the maximum extent feasible, be used for the purchase of insulation materials, except that not to exceed 10 percent of any grant or transfer of funds under this title may be used to administer a residential insulation project.

(b) The Administrator shall insure that not less than 50 percent of the sums appropriated for any fiscal year shall be allocated to community action agencies in such year in accordance with the provisions of subsection (c) of this section.

(c) The Administrator shall insure that financial assistance provided to States under this title will—

(1) be allocated to community action agencies carrying out programs under title II of the Economic Opportunity Act of 1964, as amended, or other appropriate qualified public or nonprofit entities in the State so that—

(A) due consideration will be given to the availability of and relative need for residential insulation assistance among the low-income population within the State, including such factors as climate and the availability of similar insulation assistance other Federal programs;

(B) (i) funds to be allocated for carrying out residential insulation projects under this title in the geographical area served by the emergency energy conservation program carried out by a community action agency under section 222(a)(12) of the Economic Opportunity Act of 1964, as amended, will be allocated to such agency, and (ii) priority in the allocation of such funds for carrying out such projects under this title will be given such a community action agency in so much of the geographical area served by it which is not served by the emergency energy conservation program it is carrying out: *Provided,* That such allocation requirement and such priority shall no longer apply in the event that the Governor makes a determination, after following policies and procedures consistent with those set forth in section 417, that the emergency energy conservation program carried out by such agency has been ineffective in meeting the purpose of this title or is clearly not of sufficient size, and cannot in timely fashion develop the capacity, to support the scope of the project to be carried out in such area with funds under this title; and

(C) due consideration will be given to the results of periodic evaluations of the projects carried out under this title in the light of information regarding current and anticipated energy and residential insulation needs of low-income persons within the State; and

(2) be allocated (including disapproval or discontinuation of funding) under this title to residential insulation projects within the State consistent with the policies and procedures set forth in section 417.

MONITORING, TECHNICAL ASSISTANCE, AND EVALUATION

SEC. 415. The Administrator and the Director shall monitor and evaluate the operation of projects receiving financial assistance under this title through reports as required in section 416(a) or through joint or separate onsite inspections, or otherwise, in order to assure the effective provision of insulation assistance for the dwellings of low-income persons, and shall jointly carry out periodic evaluations of the program authorized by this title and projects receiving financial assistance hereunder. They may provide technical assistance to any such project, directly and through persons and entities with a demonstrated capacity in developing and implementing appropriate technology for enhancing the effectiveness of the provision of residential insulation assistance to the dwellings of low-income persons, utilizing in any fiscal year not to exceed 10 percent of the sums appropriated for such year under this title.

ADMINISTRATIVE PROVISIONS

SEC. 416. (a) The Administrator, in consultation with the Director, by general or special orders, may require any recipient of financial assistance under this title to provide, in such form as he may prescribe, such reports or answers in writing to specific questions, surveys, or questionnaires as may be necessary to enable the Administrator and the Director to carry out their functions under this title.

(b) Each person responsible for the administration of a residential insulation project receiving financial assistance under this title shall keep such records as the Administrator may prescribe in order to assure an effective audit of the disposition of the funds provided under this title.

(c) The Administrator, or the Director, and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, information, and records of any project receiving financial assistance under this title that are pertinent to the financial assistance received under this title.

(d) Payments under this title may be made in installments and in advance or by way of reimbursement, with necessary adjustments on account of overpayment or underpayments.

APPROVAL OF APPLICATIONS AND ADMINISTRATION OF STATE PROGRAMS

SEC. 417. (a) The Administrator shall not finally disapprove any application submitted under this title, or any modification thereof, without first affording the State agency or institution (or community action agency under section 412(c)) in question as well as other interested parties, reasonable notice and opportunity for a public hearing. Whenever the Administrator, after reasonable notice and opportunity for a public hearing, finds that in the administration of the program within such State there is a failure to comply substantially with the provisions of this title and regulations prescribed hereunder, he shall notify such agency or institution and other interested parties that the State (or such community action agency) will not be regarded as eligible to participate in the program under this title until the Administrator is satisfied that there is no longer any such failure to comply.

(b) Reasonable notice under this section shall include a written notice of intention to act adversely (including a statement of the reasons therefor) and a reasonable period of time to submit corrective amendments to the application, or to propose corrective action.

JUDICIAL REVIEW

SEC. 418. (a) If any applicant is dissatisfied with the Administrator's final action with respect to the approval of its application submitted under section 413 or with the final action under section 417, such applicant may, within 60 days after notice of such action, file with the United States court of appeals for the circuit in which the State in question is located a petition for review of that action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Administrator. The Administrator thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

(b) The findings of fact by the Administrator, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Administrator to take further evidence, and the Administrator may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(c) The court shall have jurisdiction to affirm the action of the Administrator or to set aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

NONDISCRIMINATION

SEC. 419. (a) No person in the United States shall on the ground of race, color, national origin, or sex, or on the ground of any other factor specified in any Federal law prohibiting discrimination, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program, project, or activity supported in whole or in part with financial assistance under this title.

(b) Whenever the Administrator determines that a recipient of financial assistance under this title has failed to comply with subsection (a) or an applicable regulation, he shall notify the recipient to secure compliance. If within a reasonable period of time the recipient fails to secure compliance, the Administrator shall (1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (2) exercise the power and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and any other applicable Federal nondiscrimination law; or (3) take such other action as may be provided by law.

REPORT TO CONGRESS

SEC. 420. The Administrator and the Director shall each submit on or before March 31, 1977, and annually thereafter through 1980, a report to the Congress and the President describing the supplementary residential insulation program carried out under this title or any other provision of law, including the results of periodic evaluations and monitoring activities required by section 415.

AUTHORIZATION OF APPROPRIATIONS

SEC. 421. There are authorized to be appropriated to carry out the program under this title, $55,000,000 for fiscal year 1977, $65,000,000 for fiscal year 1978, and $80,000,000 for fiscal year 1979.

PART B—STATE ENERGY CONSERVATION IMPLEMENTATION PROGRAMS

DEFINITIONS

SEC. 431. As used in this part, and in parts C, D, E, and F of this title:

(1) The term "Administrator" means the Administrator of the Federal Energy Administration or his successor.

(2) The term "energy conservation measure" means an investment, action, or procedure which is designed to modify, in whole or in part, any existing housing, nonresidential building, or industrial plant (on a permanent or long-term, rather than on a temporary or short-term, basis), if—

(A) such investment, action, or procedure—

(i) has as its primary purpose an improvement in the efficiency of energy use in such housing, nonresidential building, or industrial plant, such as investments in insulation, heat pumps, clock thermostats, storm windows, equipment to improve the efficiency of central heating systems, caulking, and weatherstripping; or

(ii) is a renewable-resource energy measure such as investment in a flat plate solar collector for hot water production or space heating or cooling, or investment in a windmill to supply a portion of electrical energy demand; and

(B) such investment, action, or procedure is likely to improve the efficiency of energy use and reduce energy costs in an amount sufficient to enable the owner or operator of such housing, building, or plant to recover or recoup the cost of implementing such investment, action, or procedure during the lesser of—

(i) the useful life thereof; or

(ii) 15 years in the case of an energy conservation measure other than a renewable-resource energy measure, and 25 years in the case of a renewable-resource energy measure.

Such term shall not include the purchase or installation of any appliance.

(3) The term "appliance" means any of the following: refrigerator, refrigerator-freezer, freezer, dishwasher, clothes dryer, room air conditioner, television set, kitchen range, kitchen oven, clothes washer, humidifier, dehumidifier, and any other article which the Administrator classifies as an appliance for the purposes of this title.

(4) The term "includes" and variants thereof should be read as if the phrase "but is not limited to" were also set forth.

(5) The term "renewable-resource energy measure" means an investment, action, or procedure which involves a shift from a depletable to a nondepletable source of energy (e.g., solar or wind) in housing, nonresidential buildings, or industrial plants.

(6) The term "State" means any of the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Marianas Islands, or any other territory or possession of the United States.

(7) The term "State energy conservation implementation program" means a program established under section 432.

GUIDELINES AND PROPOSALS

SEC. 432. (a) GUIDELINES.—(1) The Administrator shall, within 120 days after the date of enactment of this Act, establish and make effective, by rule, guidelines with respect to State energy conservation implementation programs. Such guidelines shall be consistent and coordinated with the guidelines prescribed by the Administrator with respect to State energy conservation plans and related matters, pursuant to section 362(b) of the Energy Policy and Conservation Act (42 U.S.C. 6322(b)).

(2) The Administrator shall, at the time of promulgation of the guidelines under paragraph (1), (A) describe and set forth the provisions of one or more model State energy conservation implementation programs; and (B) prescribe rules for approving energy audits not included in a State energy conservation implementation program, and which must be conducted before financial assistance under this title may be granted.

(3) The Administrator shall offer the Governors of the several States opportunity to consult with the Administrator in the development of such guidelines and model programs, and shall publish proposed guidelines and model program for public comment at least 60 days prior to the effective date established by subsection (a) of this section.

(b) STATE PROGRAM PROPOSALS.—At the earliest practicable date after the effective date of the guidelines described in this section, the Administrator shall invite the Governor of each State to develop and submit a proposal for a State energy conservation implementation program which shall be promptly reviewed by the Administrator and may be approved and funded pursuant to this part.

(c) CONSUMER PROTECTION.—The Federal Trade Commission is authorized and directed to (1) cooperate with and assist State agencies which have primary responsibilities for the protection of consumers in activities aimed at preventing unfair and deceptive acts or practices affecting commerce which relate to the implementation of energy conservation measures, and (2) undertake its own program to prevent unfair or deceptive acts or practices affecting commerce which relate to the implementation of energy conservation measures.

REQUIREMENTS

SEC. 433. (a) PRELIMINARY REQUIREMENT.—(1) In order to be eligible for Federal financial assistance under this part, a State shall establish and appoint qualified individuals to be members of a State energy conservation advisory committee. This committee shall be empowered to and shall advise and assist such State in the development and formulation of an energy conservation implementation program which meets or exceeds the requirements set forth in subsection (b). Guidelines shall assure that the views of the various energy-consuming sectors, and other public and private groups concerned with energy conservation, are carefully considered in the formulation and modification of a State's energy conservation implementation program. Among groups to be considered are the following: political subdivisions of the State; organized labor; small businesses; commercial, banking, manufacturing, and agricultural interests; professional engineers, architects, contractors, and associations thereof; colleges and universities; the low-income community; and organizations and groups concerned with consumer protection or environmental protection, or which have significant capacity and demonstrated willingness to assist in developing and carrying out such a program. As used in this paragraph, the term "qualified individual" means an individual who is, by reason of knowledge, experience, or training, capable of making a contribution to such committee.

(2) A continuing public education effort which is designed, and is likely, to increase significantly public awareness of—

(A) the energy and cost savings which are likely to result from implementation of energy conservation measures; and

(B) information and other assistance which is, or may be, available under any Federal or State law, public or private program, or other authority with respect to the planning, financing, installing, and effectiveness-monitoring of energy conservation measures.

(b) PROGRAM REQUIREMENTS.—A State energy conservation implementation program is eligible for Federal financial assistance under this part if it includes each of the following as defined with specificity in guidelines required to be promulgated pursuant to section 432(a):

(1) Continuing authority in the advisory committee established pursuant to subsection (a). Such committee shall be empowered to and shall advise such State in carrying out an energy conservation implementation program and in developing and formulating any improvements or necessary changes with respect to such program.

(2) Procedures for insuring that effective coordination exists among various local, State and Federal energy conservation programs within and affecting such State including programs, if any, supported pursuant to subsection (b) of section 363 of the Energy Policy and Conservation Act and programs which relate to energy conservation, if any, operated by, in cooperation with or otherwise supported by the Energy Research and Development Administration;

(3) Procedures for learning of energy conservation advances and for encouraging the utilization of such advances.

(4)(A) Procedures for encouraging and facilitating the making of energy audits with respect to housing and nonresidential buildings within the State which minimize, to the extent practicable, the cost and burden of such audits, or

(B)(i) the incorporation of any energy audit program which the Administrator is authorized to promulgate as part of a model State energy conservation implementation program under section 432(a)(2), or

(ii) the affirmative decision to rely upon energy audits established pursuant to section 432(a)(2)(B) of this title.

(C) "Energy audit" means a procedure for identifying the energy and cost savings likely to be realized through the implementation of particular energy conservation measures.

(D)(i) Energy audits shall be conducted by persons who are determined under procedures set forth in the guidelines promulgated by the Administrator to be qualified to conduct energy audits and to identify and advise on practicable energy conservation measures likely to result in energy and cost savings in particular facilities, except that energy audits for homeowners may be conducted according to State-approved procedures that do not require personal audits, and which are in accordance with the guidelines promulgated by the Administrator.

(ii) Such guidelines shall insure that procedures for encouraging and facilitating the making of energy audits shall—

(I) assure that energy audits of housing or nonresidential buildings are not conducted by persons with direct or indirect financial interests in such housing or nonresidential buildings;

(II) be designed to assure, to the maximum extent practicable, uniformity among the States with respect to the making of energy audits;

(III) (aa) assure that energy audits are available at no direct cost to homeowners; and

(bb) assure that energy audits are available at reasonable rates to owners of nonresidential buildings.

(iii) A State may utilize any reasonable procedures for the conduct of such audits, so long as such procedures are developed in accordance with applicable guidelines established under section 432(a), and result in the identification of cost-effective energy conservation measures and make provision for periodic review and verification of the results of energy audits by officials designated by a State for such purpose, in order to minimize error and to detect any deception or fraud.

(5) Procedures requiring the agencies of such State which have primary responsibilities for the protection of consumers to develop and carry out a specific and continuing program for the purpose of preventing any unfair and deceptive acts or practices affecting commerce which relate to the implementation of energy conservation measures.

(6) Procedures for the periodic verification, at reasonable times, and under reasonable conditions, by officials designated by a State for such purpose—

(A) of the accuracy of any finding a State energy conservation implementation program or guidelines of the Administrator require a lending institution within the State to make with respect to any application for energy conservation assistance under an amendment made by section 451 or 471; and

(B) of the actual and complete implementation, the cost, and the effectiveness of any energy conservation measure for which financing was obtained with such assistance.

(7) Procedures for—

(A) encouraging and facilitating the participation of energy consumers in energy conservation cooperatives; and

(B) assuring that such cooperatives and their members have (i) the ability to obtain financial assistance for startup costs, and (ii) information and available expert technical assistance with respect to energy conservation measures.

For purposes of this paragraph, an energy conservation cooperative is an association or other entity whose members share certain characteristics (e.g., homeowners or owners of small businesses) or concerns (e.g., homeowners, tenants, and businesses in a particular area), or both, and who have combined together to conserve energy through mutually beneficial, joint, or shared activities and efforts.

(8) Federal assistance provided under this part supplements and does not supplant the expenditures of other Federal, State or local funds for the same purposes;

(9) Appropriate enforcement provisions, consistent with the guidelines established under section 432(a), which will facilitate the State's efforts to carry out an energy conservation implementation program.

FEDERAL FINANCIAL ASSISTANCE GRANTS

SEC. 434. (a) IN GENERAL.—The Administrator is authorized to make grants to any State for the purpose of assisting such State in carrying out its energy conservation implementation program if the Administrator finds that such program meets the requirements set forth in section 433. The Administrator shall establish rules for disbursing such grants to the States. Such rules shall not deny funding for any proposal submitted under section 432(b) without notice and an opportunity for an agency hearing.

(b) FEDERAL SHARE.—Commencing with the fiscal year beginning October 1, 1977, and for each fiscal year thereafter during which this Act is in effect, the amount of Federal financial assistance granted to a State by the Administrator pursuant to this section shall not exceed 90 percent of the cost incurred by such State in carrying out its State energy conservation implementation program.

(c) RECORDS, AUDIT, AND EXAMINATION.—Each State receiving Federal financial assistance under this part shall make and retain such records as the Administrator, in consultation with the Comptroller General of the United States, shall require, including records which fully disclose the amount and disposition of such assistance; the total cost of the program, projects, measures, or systems for which such assistance was given or used; the source and amount of any funds not supplied by the Administrator; and any information and data which the Administrator, in consultation with the Comptroller General, determines is necessary to protect the interests of the United States and to facilitate an effective financial audit and performance evaluation. Such recordkeeping shall be in accordance with Federal Management Circular 74-7 (34 CFR part 256) and any modification thereto. The Administrator, or any of his duly authorized representatives, shall have access, at reasonable times, and under reasonable conditions, until the expiration of 3 years after the completion of any such program, project, measure, or system, to any books, documents, papers, and records or receipts which the Administrator deems to be related or pertinent, directly or indirectly, to any such Federal financial assistance.

(d) LIMITATION.—No State may receive, in any fiscal year, more than 10 percent of the total funds authorized to be appropriated for such year under subsection (e).

(e) AUTHORIZATION FOR APPROPRIATIONS.—There are authorized to be appropriated to the Administrator, for purposes of carrying out the provisions of this section, not to exceed $25,000,000 for the fiscal year ending September 30, 1977; not to exceed $50,000,000 for the fiscal year ending September 30, 1978; and not to exceed $50,000,000 for the fiscal year ending September 30, 1979.

Such sums are to remain available until expended.

PART C—ENERGY CONSERVATION ASSISTANCE FOR EXISTING HOUSING

AMENDMENTS

SEC. 451. (a) The last paragraph of section 2(a) of the National Housing Act is amended—

(1) by inserting after "energy conserving improvements," the following: "energy conservation measures,";

(2) by striking out "and" at the end of clause (2) thereof;

(3) by striking out the period at the end thereof and inserting in lieu thereof "; and"; and

(4) by adding at the end thereof the following new clause:

"(4) the terms 'energy conservation measure' and 'renewable-resource energy measure' have the meanings prescribed for such terms in section 431 of the Federal Energy Adminsitration Extension Act.

(b) Section 2 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(i) (1) The Secretary shall pay to any lending institution an amount not exceeding the lesser of $400 or 20 percent of the principal, with respect to any loan made by that institution to finance an approved energy conservation measure, other than a renewable-resource energy measure. In the case of a loan made to finance a renewable-resource energy measure, the Secretary shall pay to the lending institution an amount not exceeding $2,000 or 25 percent of the principal thereof, whichever is less. Nothwithstanding the two preceding sentences, if the Secretary makes a finding in writing, together with reasons therefor, that the cost of implementing energy conservation measures in any specified State is so high (because of its isolated geographic location or other unique features) that substantial energy conservation implementation is unlikely to take place in the absence of additional financial incentives, the amount required to be paid by the Secretary pursuant to the first or second sentence of this paragraph, whichever is applicable, shall be increased by no more than 50 percent of the amount otherwise provided for, if the lending institution certifies that the State in which such loan is made has paid, or is obligated to pay, to such lending institution an amount equal to the additional such amount to be paid by the Secretary: *Provided,* That the additional such amounts, in the aggregate for any such specified State, shall not exceed $2,000,000 in any fiscal year. Any amounts paid to a lending institution under this subsection with respect to a loan made to finance an approved energy conservation measure or a renewable-resource energy measure shall be credited by the institution to reduce the principal amount of the loan. Interest on a loan whose initial principal amount has been reduced by a payment by the Secretary to a lending institution shall only be paid on the principal amount of such loan remaining after such payment.

"(2) (A) For purposes of this section, the term 'approved energy conservation measure' means an energy conservation measure other than a renewable-resource energy measure which is (i) identified in accordance with the provisions of an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act), or (ii) included on a list of energy conservation measures published by the Administrator.

"(B) The Administrator of the Federal Energy Administration shall develop a list of energy conservation measures, which shall include energy conservation measures such as those listed in section 431(2) (A) (i) and shall cause such list to be published at the time of promulgation of the guidelines under section 432(a) (1). Such list, to the extent feasible, shall provide for variations in the circumstances of applicants with respect to climatic conditions, building type and equipment and previously implemented energy conservation measures so as to ensure that measures with the greatest energy conservation effectiveness and the shortest payback periods are taken with the aid of Federal assistance. Such list may be modified if, on the basis of new information and experience, the Administrator—

"(i) determines that additional energy conservation measures should be included on such list, or that energy conservation measures included on the list should be removed from such list, and

"(ii) publishes such determination in the Federal Register, together with a statement of the basis and justification for such modification.

"(C) At least 30 days prior to the effective date of the guidelines required by section 432(a) (1), and at least 30 days prior to the publication of any modification of the list of energy conservation measures, the Administrator shall publish a proposed list of energy conservation measures in the Federal Register and an explanation thereof. The Administrator shall invite interested persons to submit comments in writing and, to the extent practicable, shall evaluate and take into account any such comments received with respect to such list.

"(3) No assistance under this subsection may be made available with respect to a loan if the individual or family income of the borrower exceeds 200 percent of the median family income in the housing market area in which such borrower maintains his principal residence, as determined by the Secretary.

"(4) No assistance under this subsection may be made available with respect to a loan made to finance a renewable-resource energy measure if such measure has not been identified by an energy audit (A) carried out in accordance with an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act) or (B) approved by rule by the Administrator.

"(5) No person shall be eligible for both financial assistance under this subsection and a credit against income tax for the same energy conservation measure investment. The Secretary, after consultation with the Secretary of the Treasury, shall prescribe regulations to carry out the preceding sentence.

"(6) No person receiving financial assistance under this subsection shall be eligible for further financial assistance under this subsection.

"(7) No more than one payment may be made to any family unit residing in a given household under this subsection.

"(8) No assistance under this subsection may be made available with respect to a loan unless such loan is made to finance an energy conservation measure which a lending institution, operating pursuant to the provisions of this title, finds to be consistent with the provisions of an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act) or which is consistent with requirements of the Administrator and is included on a list of approved energy conservation measures published by the Administrator. Any such loan shall conform to the other provisions of this section, to the extent not inconsistent with the provisions of this subsection.

"(9) (A) There is authorized to be appropriated to the Secretary, for purposes of carrying out the provisions of this subsection, not to exceed $100,000,000 for the fiscal year ending September 30, 1977; not to exceed $200,000,000 for the fiscal year ending September 30, 1978; and not to exceed $200,000,000 for the fiscal year ending September 30, 1979.

"(B) Sums expended by the Secretary to provide assistance with respect to loans made to finance renewable-resource energy measures shall not exceed the following amounts: $10,000,000 in fiscal year 1977; $30,000,000 in fiscal year 1978; and $40,000,000 in fiscal year 1979. Such sums are to remain available until expended.".

PART D—ENERGY CONSERVATION ASSISTANCE FOR SMALL BUSINESS CONCERNS

AMENDMENTS

SEC. 471. (a) Section 7 of the Small Business Act (15 U.S.C. 636) is amended by adding at the end thereof the following new subsection:

"(l) The Administration also is empowered to make loans (in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) to assist any small business concern in implementing any energy conservation measure which a lending institution finds to be consistent with the provisions of an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act) or which is included on a list of energy conservation measures which the Administrator is authorized to publish. No assistance under this subsection may be made available with respect to a loan made to finance an energy conservation measure if such measure has not been identified by an energy audit (A) carried out in accordance with an approved State energy conservation implementation program (as established pursuant to the Federal Energy Administration Extension Act) or (B) approved by rule by the Administrator. The amount of any such loan may include the cost of an energy audit. Any such loan shall conform to the other provisions of this Act, to the extent not inconsistent with the provisions of this subsection. With respect to any such loan, the Administration shall pay to the lending institution an amount not to exceed 20 percent of the principal thereof or $4,000, whichever is less. Notwithstanding the preceding sentence, if the Administration makes a finding in writing, together with reasons therefor, that the cost of implementing energy conservation measures in any specified State is so high (because of its isolated geographic location or other unique features) that substantial energy conservation implementation is unlikely to take place in the absence of additional financial incentives, the amount required to be paid by the Administration pursuant to such sentence shall be increased by no more than 50 percent of the amount otherwise provided for, if the State in which such loan is made has been paid, or is obligated to pay, to such lending institution an amount equal to the additional such amount to be paid by the Administration: *Provided,* That the additional such amounts, in the aggregate for any such specified State, shall not exceed $2,000,000 in any fiscal year. Any amounts paid to a lending institution under this subsection with respect to a loan made to finance an energy conservation measure shall be credited by the institution to reduce the principal amount of the loan. Interest on a loan whose initial principal amount has been reduced by a payment by the Administration to a lending institution shall only be paid on the principal amount of such loan remaining after such payment.

(b) Section 4(c) (1) of the Small Business Act (15 U.S.C. 633(c) (1)) is amended by—

(1) striking out "and" immediately before "(B)" therein; and

(2) inserting before the period at the end

thereof the following: "; and (C) a financial assistance fund for energy conservation measures which shall be available for the purpose of financing loans made pursuant to section 7(l) of this Act (15 U.S.C. 636(l)) and for administrative expenses connected therewith".

(c) Section 4(c)(2) of the Small Business Act (15 U.S.C. 633(c)(2)) is amended by—

(1) striking out "and" immediately before "(B)" therein; and

(2) inserting before the period at the end thereof the following: "; and (C) pursuant to section 7(l) of this Act (15 U.S.C. 636(l)), shall be paid into the financial assistance fund for energy conservation measures".

(d) Section 4(c)(4) of the Small Business Act (15 U.S.C. 633(c)(4)) is amended by—

(1) striking out "and" immediately before "(D)"; and

(2) striking out the period at the end thereof and inserting in lieu thereof the following: "; and (E) under section 7(l) of this Act, shall not exceed $300,000,000. The total amount of payments to lending institutions under section 7(l) shall not exceed $60,000,000.".

PART E—OTHER DUTIES OF THE ADMINISTRATOR AND THE COMPTROLLER GENERAL

EXCHANGE OF INFORMATION

SEC. 481. (a) IN GENERAL.—The Administrator shall encourage and facilitate the exchange of information and ideas among the States with respect to energy conservation, through conferences, publications, and other appropriate means.

(b) FROM STATES.—The information developed as a result of energy audits conducted pursuant to State energy conservation implementation programs established under this Act shall be collected by each State and made available to the Administrator. The Administrator may not disclose any information provided by a State under this part which is a trade secret or other matter described in section 552(b)(4) of title 5, United States Code, disclosure of which may cause significant competitive damage; except to committees of Congress upon request of such committees.

(c) TO STATES.—The Administrator shall make available to the States any information subject to his control which may be useful in developing and carrying out the provisions of this title and State energy conservation implementation programs. No State shall impose, pursuant to this title, any reporting requirement which will result in the receipt of information which has previously been, or which will be, reported to the Administrator as a result of compliance with regulations in effect on the date of enactment of this Act.

REPORT BY THE ADMINISTRATOR

SEC. 482. The Administrator shall prepare and submit to the Congress and the President, and shall cause to be published, an annual report on (1) the State energy conservation implementation programs, and (2) the energy conservation measures for which financing was obtained with Federal financial assistance provided under this Act or an amendment made by this Act. Such report shall include—

(A) a summary of the actions taken to implement the provisions of this Act;

(B) a detailed statement of the status, impact, and effectiveness of the State energy conservation implementation programs;

(C) a summary of existing or anticipated problems with respect to further implementation of the provisions of this Act;

(D) recommendations for additional legislation, if any, which is deemed necessary or appropriate; and

(E) any other matters which the Administrator deems appropriate.

REPORT BY THE COMPTROLLER GENERAL

SEC. 483. (a) The Comptroller General shall report annually to the Congress on the activities of the Administrator under this title. The provisions of section 12 of the Federal Energy Administration Act of 1974, as amended, relating to access by the Comptroller General to books, documents, papers, statistics, data records, and information in the possession of the Administrator or of recipients of Federal funds shall apply to data which relate to such activities.

(b) The Comptroller General's report shall include, but need not be limited to—

(1) an accounting of expenditures of Federal funds under each program authorized in this title by State;

(2) an estimate of the energy savings which have resulted thereby;

(3) a thorough evaluation of the effectiveness of the programs authorized in this title in achieving the energy conservation potential available in the sectors and regions affected by such programs;

(4) the extent and effectiveness of compliance monitoring authorized by States and by the Administrator of programs in this title and the evidence, if any, of the occurrence of fraud with respect to such programs; and

(5) the recommendations of the Comptroller General with respect to improvements in the administration of programs authorized in this title and additional legislation, if any, needed to achieve the purposes of this title.

PART F—ENERGY CONSERVATION OBLIGATION GUARANTEES

SEC. 491. (a) The Administrator is authorized to provide financial assistance in the form of loan guarantees to eligible borrowers in order to advance the industry energy efficiency improvements targets established in part D of the Energy Policy and Conservation Act and to improve energy efficiency (1) in major energy-consuming industries (as defined in part D of the Energy Policy and Conservation Act), other significant energy-consuming industries, or public or nonprofit entities on a priority basis, and (2) in other sectors to the extent such guarantees are available given the obligational authorities contained in subsection (i). The Administrator is authorized, in accordance with this section and such rules as he shall prescribe, to guarantee, and to enter into commitments to guarantee, lenders against loss of principal or interest, or both, on loans, bonds, debentures, notes, or other obligations issued by or on behalf of an eligible borrower (including obligations issued by any State or instrumentality or political subdivision thereof).

(b) ENERGY AUDITS.—(1) No obligation may be issued under this section to guarantee an investment in an energy conservation measure if such measure has not been identified by an energy audit (A) carried out in accordance with an approved State energy conservation implementation program or (B) approved by rule by the Administrator.

(2) Any obligation issued by or on behalf of an eligible borrower may include the cost of an energy audit.

(c) DEFINITIONS.—For purposes of this section the term "eligible borrower" means the owner of an industrial plant or commercial building, a corporation or a subsidiary of a corporation, a nonprofit institution, or any other person or governmental entity identified pursuant to regulations of the Administrator, which will utilize the financial resources made available by a loan guaranteed pursuant to subsection (a) to finance energy conservation measures.

(d) LIMITATIONS.—The Administrator shall limit the availability of an obligation guarantee otherwise authorized by subsection (a) to—

(1) energy conservation measure investments which should result in energy and cost savings which will be sufficient, within the useful life of such measure, to allow recovery from such investment of the principal amount of such obligation and interest thereon, and

(2) eligible borrowers, who can demonstrate to the Administrator that, exercising sound business judgment, they would not make such investment in the absence of such obligation guarantee. Such demonstration shall include a showing that financing is not otherwise available on terms and conditions which make the investment sufficiently attractive to cause the investment to be made.

(e) EXTENT OF GUARANTEE.—Any guarantee under this section shall apply only to so much of the principal amount of the loan or obligation involved as does not exceed 90 percent of the aggregate cost of the energy conservation measures with respect to which such loan is made or such obligation is entered into. No guarantee issued, and no commitment to guarantee, which is made under this section shall be terminated, canceled, or otherwise revoked except in accordance with reasonable terms and conditions prescribed by the Administrator, after consultation with the Secretary of the Treasury and the Comptroller General of the United States, and contained in the written commitment to guarantee. Any such guarantee or commitment to guarantee shall be conclusive evidence that the underlying obligation complies with the provisions of this section and rules under this section and that such obligation has been approved and is legal as to principal, interest, and other terms. Any such guarantee shall, subject to the conditions and terms thereof, be incontestable in the hands of the holder of the guaranteed obligation, except as to fraud or material misrepresentation on the part of the holder.

(f) INFORMATION, RECORDS, AUDIT, AND EXAMINATION.—No guarantee and no commitment to guarantee may be issued or made under this section unless and until the Administrator obtains any information reasonably requested and such assurances as are in his judgment (after consultation with the Secretary of the Treasury and the Comptroller General of the United States) reasonable to protect the interest of the United States and to assure that such guarantee or commitment to guarantee is consistent with and will further the declaration of policy of this title. The Administrator shall require that records be kept and made available to the Administrator or the Comptroller General, or any of their duly authorized representatives, in such detail and form as are determined necessary to facilitate an effective financial audit and performance evaluation of the energy conservation measure investment involved. The Administrator and the Comptroller General, or any of their duly authorized representatives, shall have access to any pertinent books, documents, papers, and records of any recipient of Federal assistance under this section.

(g) DEFAULT.—(1) If there is a default by the obligor in any payment of principal or interest due under an obligation guaranteed under subsection (a), and if such default continues for 30 days, the holder of such obligation or his agent has the right to demand payment by the Administrator of the unpaid interest on, and the unpaid principal of, such obligation, consistent with the terms of the guarantee of such obligation. Such payment may be demanded after or before the expiration of such period as may be specified in the guarantee or related agreements, but not later than 90 days from the date of such default. Within such specified period, but not later than 60 days from the date of such demand, the Administrator shall pay to such holder the unpaid interest on, and the unpaid principal of, such obligation, consistent with the terms of the guarantee of such obligation, except that (A) the Administrator shall not be required to make any such payment if he finds, prior to the expiration of such period, that there was no default by the obligor in the payment of interest or principal or that such default has been remedied, and (B) no such holder shall receive payment or be entitled to retain payment in a total amount which together with any other recovery (including any recovery based upon a security interest in equipment or facilities) exceeds the actual loss of such holder.

(2) If the Administrator makes payment to a holder under paragraph (1), the Administrator shall thereupon—

(A) have all of the rights granted to him by law or agreement with the obligor; and

(B) be subrogated to all of the rights which were granted such holder, by law, assignment, or security agreement between such holder and the obligor.

(3) The Administrator may, in his discretion, complete, recondition, reconstruct, renovate, repair, maintain, operate, charter, rent, sell, or otherwise dispose of any property or other interests obtained by him pursuant to this section. The terms of any such sale or other disposition shall be as approved by the Administrator.

(4) If there is a default by the obligor in any payment due under an obligation guaranteed under subsection (a), the Administrator shall take such action against such obligor or any other person as is, in his discretion, necessary or appropriate to protect the interests of the United States. Such an action may be brought in the name of the United States or in the name of the holder of such obligation. Such holder shall make available to the Administrator all records and evidence necessary to prosecute any such suit. The Administrator may, in his discretion, accept a conveyance of property in full or partial satisfaction of any sums owed to him. If the Administrator receives, through the sale of property, an amount greater than his cost and the amount paid to the holder under paragraph (1) he shall pay such excess to the obligor.

(h) Taxability.—With respect to any obligation guaranteed under this section, the amount of the interest paid on such obligation and received by the purchaser of the obligation (or his successor in interest) shall be included in gross income for the purpose of chapter 1 of the Internal Revenue Code of 1954, as amended.

(i) Limits on Amounts Which May Be Guaranteed.—(1) (A) Outstanding obligations under this part may not exceed $2,000,000,000 in fiscal year 1977; or an additional $2,000,000,000 in fiscal year 1978.

(B) There are authorized to be appropriated for the payment of amounts to be paid under subsection (g) such sums as are necessary not to exceed $60,000,000 for fiscal year 1977 and $60,000,000 for fiscal year 1978, such sums to remain available until expended.

(C) If the moneys available to the Administrator are not sufficient to pay any amount which the Administrator is obligated to pay under subsection (g), the Administrator shall issue to the Secretary of the Treasury notes or other obligations, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as such Secretary may prescribe. The Administrator shall redeem such notes or other obligations from amounts appropriated under paragraph (1). Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States on comparable maturities during the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued under this paragraph, and for this purpose such Secretary may use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force. The purposes for which securities may be issued under that Act are extended to include any purchase of notes or other obligations issued under this paragraph. The Secretary of the Treasury may at any time sell any of the notes or other obligations so acquired under this paragraph. All redemptions, purchases, and sales of such notes or other obligations by the Secretary of the Treasury shall be treated as public debt transactions of the United States.

(2) The Administrator shall calculate and determine the aggregate unpaid principal amount of obligations which may be guaranteed under this section by relating the probability of default ratio to the maximum aggregate payment responsibility specified in paragraph (1).

(3) The aggregate unpaid principal amount of obligations which may be guaranteed by the Administrator under this section shall not, at any one time, exceed the aggregate amount authorized under this subsection or a lesser amount if the Administrator finds that the authorization of appropriation would be exceeded.

(4) The Comptroller General of the United States (hereinafter referred to as "Comptroller"), in cooperation with the Administrator and the Secretary of the Treasury shall, upon the basis of actual experience under this section and under comparable obligation guarantee programs under other Federal statutes, review the accuracy of the probability of default ratio determined by the Administrator on a continuing basis. In reviewing such ratio, the Comptroller shall find and determine—

(A) the actual rate (and amount) of default on obligations guaranteed by the United States under this section, and on comparable obligations guaranteed under other Federal statutes;

(B) the actual rate (and amount) of recovery by the United States of amounts paid by it to the holders of obligations guaranteed under this section, and to the holders of comparable obligations guaranteed under other Federal statutes, in cases of default on such obligations;

(C) any other relevant factors, including the general state of and prospects for the economy; and

(D) the probability of default ratio based on actual experience, taking into account the relationship between the rate of default on such obligations, the rate of recovery of amounts paid by the United States when obligors default on such obligations, and other relevant factors.

As used in paragraphs (A) and (B), an obligation guarantee is comparable if (i) the proceeds of the obligation guarantee are required to be used for the acquisition, rehabilitation, or improvement of real property or tangible personal property having a useful life of 10 years or more; and (ii) the United States is granted and subrogated to substantially the same rights provided for in subsection (f). The Comptroller shall from time to time invite views and comments, with respect to any such review, from financial analysts and other persons and governmental entities, and such Comptroller shall study and evaluate such views and comments in the course thereof. Upon the completion of any such review, the Comptroller shall submit the results thereof to the Administrator and he shall revise the probability of default ratio to reflect the results of the Comptroller's review.

(5) The Administrator shall assure that at least 40 percent of funds authorized in this subsection are available to support loan guarantees for investments by any State, city, county, town, township, parish, village, or other general purpose political subdivision of a State, if such general purpose political subdivision possesses taxing powers and has responsibility for providing public facilities or public services to the community, or any privately owned nonprofit institutions such as universities, as determined by the *Administrator*.

(j) Labor Standards.—All laborers and mechanics employed in construction, alteration or repair which is performed under an obligation guaranteed under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a et seq.). The Administrator shall not extend any guarantees under this section without first obtaining adequate assurance that these labor standards will be maintained during such construction, alteration, or repair. The Secretary of Labor shall, with respect to the labor standards in this subsection, have the authority and functions set forth in Reorganization Plan No. 14 of 1950 and section 276c of title 40, United States Code.

TITLE V—OFFICE OF ENERGY INFORMATION AND ANALYSIS

FINDINGS AND PURPOSE

Sec. 501. (a) The Congress finds that decisionmaking with respect to, and management of, the energy resources and supplies of the United States requires adequate, accurate, standardized, coordinated, and credible energy information for preservation and enhancement of the public health, safety, and welfare and the national security of the United States.

(b) The purpose of this title is to establish within the Federal Energy Administration an Office of Energy Information and Analysis and a National Energy Information System to assure the availability of standardized, accurate, and credible energy information to the Federal Energy Administration, to other Government agencies responsible for energy-related policy decisions, to the Congress, and to the public.

Sec. 502. The Federal Energy Administration Act of 1974 is amended by adding at the end thereof the following:

"ESTABLISHMENT OF OFFICE OF ENERGY INFORMATION AND ANALYSIS

"Sec. 31. (a) (1) There is established within the Federal Energy Administration an Office of Energy Information and Analysis (hereinafter in this Act referred to as the 'Office') which shall be headed by a Director who shall be appointed by the President, by and with the advice and consent of the Senate.

"(2) The Director shall be a person who, by reason of professional background and experience, is specially qualified to manage an energy information system.

"(b(1) The Director is authorized to exercise, on behalf of the Administrator, those authorities, including enforcement authorities contained therein, granted to the Administrator in section 13 of this Act and in sections 11 and 12 of the Energy Supply and Environmental Coordination Act of 1974, as amended.

"(2) The Director, on behalf of the Administrator, is authorized to collect, tabulate, compare, analyze, standardize, and disseminate the energy information collected—

"(A) pursuant to the authorities specified in paragraph (b) (1) of this section; and

"(B) to fulfill the requirements of the National Energy Information System established pursuant to section 32 of this Act.

"(c) As used in this Act the term 'energy information' shall have the meaning described in section 11 of the Energy Supply and Environmental Coordination Act of 1974.

"NATIONAL ENERGY INFORMATION SYSTEM

"Sec. 32. (a) It shall be the duty of the Director to establish a National Energy Information System (hereinafter referred to in this Act as the 'System'), which shall be operated and maintained by the Office. The System shall contain such information as is required to provide a description of and facilitate analysis of energy supply and consumption within and affecting the United States on the basis of such geographic areas and economic sectors as may be appropriate to meet adequately the needs of—

"(1) the Federal Energy Administration in carrying out its lawful functions;

"(2) the Congress; and

"(3) other Federal agencies responsible for energy-related policy decisions.

"(b) At a minimum, the System shall contain such energy information as is necessary to carry out the Administration's statistical and forecasting activities, and shall include, when fully operational, such energy information as is required to define and permit analysis of—

"(1) the institutional structure of the energy supply system including patterns of ownership and control of mineral fuel and nonmineral energy resources and the production, distribution, and marketing of mineral fuels and electricity;

"(2) the consumption of mineral fuels, nonmineral energy resources, and electricity by such classes, sectors, and regions as may be appropriate for the purposes of this Act;

"(3) the sensitivity of energy resource reserves, exploration, development, production, transportation, and consumption to economic factors, environmental constraints, technological improvements, and substitutability of alternate energy sources;

"(4) the capital requirements of the public and private institutions and establishments responsible for the production and distribution of energy;

"(5) the standardization of energy information and statistics that are supplied by different sources;

"(6) industrial, labor, and regional impacts of changes in patterns of energy supply and consumption;

"(7) international aspects, economic and otherwise, of the evolving energy situation; and

"(8) long-term relationships between energy supply and consumption in the United States and world communities.

"(c) Nothing in sections 31 through 40 of this Act shall impair the ability of the Administrator or the Director, in carrying out statutory responsibilities relating to energy information under this or other Acts, to authorize acquisition and analysis of such information as he may deem necessary (including information necessary to monitor compliance with regulatory programs mandated by law) by such officers or employees of the United States as he deems appropriate.

"ADMINISTRATIVE PROVISIONS

"SEC. 33. (a) The Director of the Office shall receive compensation at the rate now or hereafter prescribed for offices and positions at level IV of the Executive Schedule (5 U.S.C. 5316).

"(b) To carry out the functions of the Office, the Director, on behalf of the Administrator, is authorized to appoint and fix the compensation of such professionally qualified employees as he deems necessary, including up to ten of the employees in grade GS-16, GS-17, or GS-18 authorized by section 7 of this Act.

"(c) The functions and powers of the Office shall be vested in or delegated to the Director, who may from time to time, and to the extent permitted by law, consistent with the purposes of this Act, delegate such of his functions as he deems appropriate. Such delegation may be made to any officer or agency of the Federal Government and to the State, regional, and local public agencies and instrumentalities.

"(d) (1) The Director shall be available to the Congress to provide testimony on such subjects under his authority and responsibility as the Congress may request, including but not limited to energy information and analyses thereof.

"(2) The Director shall, within two weeks after the submission by the President of his budget for each fiscal year, report to the Congress concerning the budgetary needs of the Office. Any request for appropriations for the Federal Energy Administration submitted to the Congress shall identify the portion of such request intended for the support of the Office.

"ANALYTICAL CAPABILITY

"SEC. 34. (a) The Director shall establish and maintain within the Office the scientific, engineering, statistical, or other technical capability to perform analysis of energy information to—

"(1) verify the accuracy of items of energy information submitted to the Director; and

"(2) insure the coordination and standardization of the energy information in possession of the Office and other Federal agencies.

"(b) The Director shall establish and maintain within the Office the professional and analytic capability to independently evaluate the adequacy and comprehensiveness of the energy information in possession of the Office and other agencies of the Federal Government in relation to the purposes of this Act and for the performance of the analyses described in section 32 of this Act. Such analytic capability shall include—

"(1) expertise in economics, finance, and accounting;

"(2) the capability to evaluate estimates of reserves of mineral fuels and nonmineral energy resources utilizing alterntaive methodologies;

"(3) the development and evaluation of energy flow and accounting models describing the production, distribution, and consumption of energy by the various sectors of the economy and lines of commerce in the energy industry;

"(4) the development and evaluation of alternative forecasting models describing the short- and long-term relationships between energy supply and consumption and appropriate variables; and

"(5) such other capabilities as the Director deems necessary to achieve the purposes of this Act.

"PROFESSIONAL AUDIT REVIEW OF PERFORMANCE OF OFFICE

"SEC. 35. (a) The procedures and methodology of the Office shall be subject to a thorough annual performance audit review. Such review shall be conducted by a Professional Audit Review Team which shall prepare a report describing its investigation and reporting its findings to the President and to the Congress.

"(b) The Professional Audit Review Team shall consist of at least seven professionally qualified persons of whom at least—

"one shall be designated by the Chairman of the Council of Economic Advisers;

"one shall be designated by the Commissioner of Labor Statistics;

"one shall be designated by the Administrator of Social and Economic Statistics;

"one shall be designated by the Chairman of the Securities and Exchange Commission;

"one shall be designated by the Chairman of the Federal Trade Commission;

"one shall be designated by the Chairman of the Federal Power Commission; and

"one, who shall be the Chairman of the Professional Audit Review Team, shall be designated by the Comptroller General.

"(c) The Director and the Administrator shall cooperate fully with the Professional Audit Review Team and notwithstanding any other provisions of law shall make available to the Team such data, information, documents, and services as the Team determines are necessary for successful completion of its performance audit review.

"(d) (1) Any information obtained by the Professional Audit Review Team pursuant to the exercise of responsibilities or authorities under this section which constitutes trade secrets or confidential commercial information the disclosure of which could result in significant competitive injury to the company to which the information relates shall not be disclosed except as may be authorized by law.

"(2) Any person who knowingly discloses information in violation of paragraph (1) shall be subject to the penalties specified in section 5(a) (3) (B) and (4) of the Emergency Petroleum Allocation Act of 1973, as amended.

"COORDINATION OF ENERGY INFORMATION ACTIVITIES

"SEC. 36. (a) In carrying out the purposes of this Act the Director shall, as he deems appropriate, review the energy information gathering activities of Federal agencies with a view toward avoiding duplication of effort and minimizing the compliance burden on business enterprises and other persons.

"(b) In exercising his responsibilities under subsection (a) of this section, the Director shall recommend policies which, to the greatest extent practicable—

"(1) provide adequately for the energy information needs of the various departments and agencies of the Federal Government, the Congress, and the public;

"(2) minimize the burden of reporting energy information on businesses, other persons and especially small businesses;

"(3) reduced the cost to Government of obtaining information; and

"(4) utilize files of information and existing facilities of established Federal agencies.

"(c) (1) At the earliest practicable date after enactment of this section, the Administrator shall identify each Federal agency which, to a significant extent, is engaged in the collection of energy information and shall by rule prescribe guidelines for the submission by each such agency of the report on energy information described in paragraph (2) of this subsection.

"(2) Each Federal agency identified pursuant to paragraph (1) of this subsection shall promptly provide the Administrator with a report on energy information which—

"(A) identifies the statutory authority upon which the energy information collection activities of such agency is based;

"(B) lists and describes the energy information needs and requirements of such agency;

"(C) lists and describes the categories, definitions, levels of detail, and frequency of collection of the energy information collected by such agency; and

"(D) otherwise complies with the guidelines for such report prescribed by the Administrator pursuant to paragraph (1) of this subsection.

Such report shall be available to the Congress.

(d) The recommendations of the Administrator for the coordination of Federal energy information activities shall be available to the Congress and shall be transmitted to the President for the use of the Energy Resources Council in preparation of the plan required under subsection (c) of section 108 of the Energy Reorganization Act of 1974.

"REPORTS

"SEC. 37. (a) The Director shall make regular periodic reports and may make special reports to the Congress and the public, including but not limited to—

"(1) such reports as the Director determines are necessary to provide a comprehensive picture of the quarterly, monthly, and, as appropriate, weekly supply and consumption of the various nonmineral energy resources, mineral fuels, and electricity in the United States; the information reported may be organized by company, by States, by regions, or by such other producing and consuming sectors, or combinations thereof, and shall be accompanied by an appropriate discussion of the evolution of the energy supply and consumption situation and such national and international trends and their effects as the Director may find to be significant; and

"(2) an annual report which includes, but is not limited to, a description of the activities of the Office and the National Energy Information System during the preceding year; a summary of statistical information collected during the preceding year; energy consumption and supply trends and forecasts for subsequent one-, five-, ten-, fifteen-, and twenty-year periods under various assumptions; a summary or schedule of the amounts of mineral fuel resources, nonmineral energy resources, and mineral fuels that can be brought to market at various prices and technologies and their relationship to forecasted demands; and a description of the extent of compliance and noncompliance by industry and other persons or entities subject to the rules and regulations of the Office.

"(b) (1) The Director, on behalf of the Administrator, shall insure that adequate documentation for all statistical and forecast reports prepared by the Director is made available to the public at the time of publication of such reports. The Director shall periodically audit and validate analytical methodologies employed in the preparation of periodic statistical and forecast reports.

"(2) The Director shall, on a regular basis, make available to the public information which contains validation and audits of periodic statistical and forecast reports.

"(c) The Director may not be required to obtain before publication and approval of any other officer or employee of the United States with respect to the substance of any statistical or forecasting technical reports which he has prepared in accordance with law.

"ENERGY INFORMATION FROM MAJOR ENERGY-PRODUCING COMPANIES

"Sec. 38. (a) For the purposes of this Act the Director shall designate 'major energy-producing companies' which alone or with their affiliates are involved in one or more lines of commerce in the energy industry so that the energy information collected from such major energy-producing companies shall provide a statistically accurate profile of each line of commerce in the energy industry in the United States.

"(b) The Administrator shall develop and make effective for use during the first full calendar year after enactment of this section the format for an energy-producing company financial report. Such report shall be designed to allow comparison on a uniform and standardized basis among energy-producing companies and shall permit, for the energy-related activities of such companies—

"(1) an evaluation of company revenues, profits, cash flow, and investments in total, for the energy-related lines of commerce in which such company is engaged and for all significant energy-related functions within such company;

"(2) an analysis of the competitive structure of sectors and functional groupings within the energy industry;

"(3) the segregation of energy information, including financial information, describing company operations by energy source and geographic area;

"(4) the determination of costs associated with exploration, development, production, processing, transportation, and marketing of energy and other significant energy-related functions within such company; and

"(5) such other analyses or evaluations as the Administrator finds are necessary to achieve the purposes of this Act.

"(c) The Director shall consult with the Chairman of the Securities and Exchange Commission with respect to the development of accounting practices to be followed by persons engaged in whole or in part in the production of crude oil and natural gas required by the Energy Policy and Conservation Act (Public Law 94–163) and shall endeavor to assure that the energy-producing company financial report described in subsection (b) of this section, to the extent practicable and consistent with the purposes and provisions of this Act, is consistent with such accounting practices where applicable.

"(d) The Director shall require each major energy-producing company to file with the Office an energy-producing company financial report on at least an annual basis and may request energy information described in such report on a quarterly basis if he determines that such quarterly report of information will substantially assist in achieving the purposes of this Act.

"(e) A summary of information gathered pursuant to this section accompanied by such analysis as the Director deems appropriate shall be included in the annual report of the Office required by subsection (b) of section 37 of this Act.

"(f) As used in this section the term—

"(1) 'energy-producing company' means a person engaged in any of the following:

"(A) ownership or control of mineral fuel resources or nonmineral energy resources;

"(B) exploration for, or development of, mineral fuel or nonmineral energy resources;

"(C) extraction of mineral fuel or nonmineral energy resources;

"(D) refining, milling, or otherwise processing mineral fuels or nonmineral energy resources;

"(E) storage of mineral fuels or nonmineral energy resources;

"(F) the generation, transmission, or storage of electrical energy;

"(G) transportation of mineral fuels or nonmineral energy resources by any means whatever; and

"(H) wholesale or retail distribution of mineral fuels, nonmineral energy resources, or electrical energy;

"(2) 'Energy industry' means all energy-producing companies; and

"(3) 'Person' has the meaning described in section 11 of the Energy Supply and Environmental Coordination Act of 1974.

"ENERGY INFORMATION IN POSSESSION OF OTHER FEDERAL AGENCIES

"Sec. 39. (a) In furtherance and not in limitation of any other authority, the Director, on behalf of the Administrator, shall have access to energy information in the possession of any Federal agency except information—

"(1) the disclosure of which to another Federal agency is expressly prohibited by law; or

"(2) the disclosure of which would frustrate the enforcement of law.

"(b) In the event that energy information in the possession of another Federal agency which is required to achieve the purposes of this Act is denied the Director or the Administrator pursuant to paragraph (1) or paragraph (2) of subsection (a) of this section, the Administrator, or the Director, on behalf of the Administrator, shall take appropriate action, pursuant to authority granted by law, to obtain said information from the original sources or a suitable alternate source. Such source shall be notified of the reason for this request for information.

"CONGRESSIONAL ACCESS TO INFORMATION IN POSSESSION OF THE OFFICE

"Sec. 40. (a) Notwithstanding any other provision of this Act, the Director shall promptly provide any energy information in the possession of the Office to the Congress or to any duly established committee of the Congress upon request of the Chairman or upon receipt of a resolution adopted by such committee which request or resolution reasonably describes the information sought. Such information shall be deemed the property of such committee and may not be disclosed except in accordance with the rules of such committee and the Rules of the House of Representatives or the Senate and as permitted by law.

"(b) Nothing in this section shall be construed to in any way limit the access of the Congress to information in the possession of the Federal Energy Administration.".

EFFECTIVE DATE

Sec. 503. This title shall become effective one hundred and eighty days after its enactment.

Amend the title so as to read "An Act to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1977, and for other purposes."

Mr. RIBICOFF. Mr. President, I move to consider the vote by which the bill was passed.

Mr. INOUYE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. RIBICOFF. Mr. President, I send to the desk an amendment to the title and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Bumpers). The amendment will be stated.

The legislative clerk read as follows:

Amend the title so as to read:

A bill to amend the Federal Energy Administration Act of 1974 to extend the expiration date of such law until September 30, 1977, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment to amend the title.

The amendment was agreed to.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that S. 2872 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to H.R. 12169.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. RIBICOFF. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate, including by title where appropriate.

The motion was agreed to; and the Presiding Officer appointed Mr. Ribicoff, Mr. Jackson, Mr. Metcalf, Mr. Glenn, Mr. Percy, Mr. Javits, and Mr. Brock.

On titles III, IV and V only: Mr. Proxmire, Mr. Cranston, Mr. Magnuson, Mr. Hollings, Mr. Church, Mr. Haskell, Mr.

Tower, Mr. Pearson, and Mr. Hansen, conferees on the part of the Senate.

Mr. RIBICOFF. Mr. President, I would like to take this opportunity to commend Senator Glenn for his help and enthusiasm on this bill. His interest and knowledge of field has greatly enhanced this legislation. His assistance has enabled us to complete our work in a timely and expeditious manner.

I would also like to thank the Senator from Illinois (Mr. Percy) for his diligent work which has assisted the speedy passage of this legislation, and the Senator from Washington (Mr. Jackson) for his contribtuions which added substantially to the quality of this legislation.

Mr. President, I have great admiration and thanks for the work performed on this bill by a new member of my staff, Ellen Miller. She did an outstanding job in handling her first major piece of legislation. My thanks also to Richard Wegman, Ben Cooper, Dan Dreyfus, Bill Van Ness, Len Weiss, Lyn Beckwith, Lyle Morris, Chris Palmer, and Gary Klein for their excellent work.

Mr. PERCY. Mr. President, I wish to commend Senator Ribicoff, the manager of the bill, for his excellent job. In addition, Senator Glenn and Senator Brock have played important roles in passage of this legislation and I thank them, as well.

I also wish to commend the staff of the Government Operations Committee, especially John Childers, Dick Wegman, Chris Palmer, and Ellen Miller, for the excellent work they have done.

ORDER FOR REFERRAL OF S. 3197

Mr. INOUYE. Mr. President, the Committee on the Judiciary has ordered the reporting of S. 3197, the Foreign Intelligence Surveillance Act of 1976. Pursuant to section 3 of Senate Resolution 400, I request, upon this report, S. 3197 be referred to the Select Committee on Intelligence for a period not to exceed 30 days.

The PRESIDING OFFICER. Without objection, it is so ordered.

COAST GUARD AUTHORIZATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 822.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 11670) to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize for the Coast Guard a year-end strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

There being no objection, the Senate proceeded to consider the bill (H.R. 11670) which had been reported from the Committee on Commerce with amendments as follows:

On page 1, in line 5, strike out "$187,168,000" and insert in lieu thereof "$86,168,000".

On page 2, in line 2, strike out "four" and insert in lieu thereof "two".

On page 2, in line 4, strike out "four small domestic icebreakers,".

On page 2, in line 6, strike out "$92,500,000" and insert in lieu thereof "$24,300,000".

On page 2, in line 9, strike out "aircraft, six long-range surveillance aircraft, and five short-range recovery helicopters." and insert in lieu thereof:

aircraft. No funds authorized pursuant to this paragraph or any other law shall be used to procure any such aircraft from any company, corporation, or other entity—

(a) which is not incorporated or organized under the laws of any State of the United States;

(b) more than 50 per centum of the voting stock of which is owned by citizens of any foreign nation;

(c) more than a minority of the officers and directors of which are citizens of any foreign nation; or

(d) which does not have design, engineering, and manufacturing facilities within the United States.

On page 3, beginning at line 25, insert:

(4) For procurement of vessels and/or aircraft for carrying out Coast Guard missions, including fishery law enforcement: $100,000,000.

(5) For procurement of vessels with icebreaking capability to be used on the Great Lakes: $50,000,000.

On page 5, beginning at line 3, strike out:

Sec. 5. After fiscal year 1977, funds may not be appropriated to or for the use of the Coast Guard (1) for the operation and maintenance of the Coast Guard; (2) for acquisition, construction, rebuilding, or improvement of aids to navigation, shore or offshore establishments, vessels, or aircraft, including equipment related thereto; (3) for alteration of obstructive bridges; or (4) for research, development, tests, or evaluation related to any of the above, unless the appropriation of such funds has been authorized by legislation enacted after December 31, 1976.

On page 5, in line 13, strike out "6." and insert in lieu thereof "5.".

On page 6, beginning at line 7, insert:

Sec. 6. No funds authorized or appropriated for operation and maintenance of the Coast Guard shall be used for enforcement of the Federal Boat Safety Act of 1971 (46 U.S.C. 1451, et seq.) on Lake Winnipesaukee and Lake Winnisquam, their interconnecting waterways, or the Merrimack River in the State of New Hampshire during fiscal year 1977. In addition, no such funds shall be used for enforcement of such Act if the question of Coast Guard jurisdiction over such lakes or waterways is before a Federal or State court. Nothing in this section shall (1) prevent or limit the distribution of funds to the State of New Hampshire under the Federal Boat Safety Act, or (2) limit the authority or responsibility of the Coast Guard to assist in search and rescue operations in the State of New Hampshire.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a time limitation on this bill of 30 minutes to be equally divided between Mr. Magnuson and Mr. Stevens, that there be a time limitation on any amendment of 30 minutes, a time limitation on any motion, appeal or point of order of 20 minutes, and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from West Virginia (Mr. Randolph) be recognized for 2 minutes and that the time not be charged against either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURKIN. Mr. President, I ask unanimous consent that Ed Tanzman, of my staff, be accorded the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. MANSFIELD. Mr. President, I ask unanimous consent, pending the arrival of the distinguished Senator from Alaska (Mr. Stevens), that there be no time charged against the bill, but that with his arrival, the time will start running.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, with no time charged to either side.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as either Calendar Order No. 842 or Calendar Order No. 843 is called up and made the pending business of the Senate—both of those measures have to do with amending the Public Health Service Act to revise and extend programs under title VI for health professions training programs—there be a time limitation of 2 hours on the bill, to be equally divided between and controlled by the Senator from Massachusetts (Mr. Kennedy) and the Senator from Pennsylvania (Mr. Schweiker), a time limitation on any amendment with the exception of an amendment to be offered by Mr. Beall of 30 minutes, and a time limitation of 1 hour on the amendment by Mr. Beall; a time limitation on any debatable motion, appeal, or point of order, if such is made, of 20 minutes, and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement is as follows:

Ordered, That during the consideration of H.R. 5546 (Order No. 842), an act to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health and allied health professions, to revise the National Health Service Corps scholarship training program, and for other purposes, or S. 3239 (Order No. 843), a bill to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health professions, to revise the National Health Service Corps program and for other purposes, debate on any amendment (except an amendment to be offered by the Senator from Maryland (Mr. Beall), on which there shall be 1 hour) shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided,* That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the Senator from Massachusetts (Mr. Kennedy) and the Senator from Pennsylvania (Mr. Schweiker): *Provided,* That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

COAST GUARD AUTHORIZATION

The Senate continued with the consideration of the bill (H.R. 11670) to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize for the Coast Guard a year-end strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes.

Mr. MAGNUSON. Mr. President, is the pending business the Coast Guard authorization bill?

The PRESIDING OFFICER. The pending business is H.R. 11670.

Mr. MAGNUSON. Mr. President, I yield myself such time as I may need for a short statement.

Mr. President, H.R. 11670 is the annual Coast Guard authorization bill for fiscal year 1977. The purpose of the bill is to authorize appropriations for the Coast Guard for the procurement of new vessels and aircraft, and construction of shore and offshore facilities. In addition, the bill would authorize a maximum year-end strength level for Coast Guard active duty personnel and a maximum level for average military student loads.

The total authorization in the bill is $284,869,000 for procurement of vessels and aircraft and construction of shore and offshore facilities. This amount is approximately $159 million over the Department of Transportation's request for Coast Guard authorizations. Of that amount, $100 million has been added for the procurement of vessels and/or aircraft for carrying out Coast Guard missions, including fishery law enforcement and enforcement of the 200-mile limit, which is now law. The remainder of the add-on is for obtaining additional vessels with icebreaking capability for the Great Lakes.

Mr. President, on April 13, 1976, the Fishery Conservation and Management Act of 1976 became law. By this law, the United States has extended its fishery management jurisdiction to 200 nautical miles, effective March 1, 1977. H.R. 11670 would enable the Coast Guard to procure additional aircraft and vessels for enforcing this new limit. But I want to point out that this new equipment will not be used solely for fishery law enforcement. Coast Guard vessels and aircraft are multimission. Each is expected to carry out the full range of missions charged to the Coast Guard: search and rescue, marine environmental protection, fishery law enforcement, and so on. Furthermore, the Coast Guard's main inventory of vessels and aircraft built after World War II is wearing out. These additional funds will mean earlier replacement for equipment already well past its useful age.

Consequently, Mr. President, the amounts in this bill are necessary to the continued capability of the Coast Guard to meet its expanding responsibilities. I urge my colleagues to vote favorably on H.R. 11670.

Mr. President, the Senator from Alaska (Mr. Stevens) is very deeply interested in this matter, and he is not here yet, but he is on his way, as I understand.

Mr. PEARSON. Mr. President, if the Senator will yield, I ask unanimous consent that there be a call of the quorum, without a charge of time to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—S. 2150

Mr. MANSFIELD. Mr. President, I am about to propose a unanimous-consent agreement which has been cleared all around.

I ask unanimous consent, with regard to Calendar No. 826, S. 2150, to amend the Solid Waste Disposal Act, that there be a time limitation of 1 hour on the bill, to be equally divided between and controlled by the distinguished Senator from West Virginia (Mr. Randolph) and the distinguished Senator from New York (Mr. Buckley); that there be a time limitation on amendments of not to exceed 30 minutes, and a time limitation on motions, amendments to amendments, or appeals of 20 minutes each, with the time on the latter to be equally divided between the sponsor and the manager of the bill, in accordance with the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement is as follows:

Ordered, That during the consideration of S. 2150 (Order No. 826), a bill to amend the Solid Waste Disposal Act to authorize State program and implementation grants, to provide incentives for the recovery of resources from wastes, to control the disposal of hazardous wastes, and for other purposes, debate on any amendment shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any amendment in the second degree, debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided,* That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Senator from West Virginia (Mr. Randolph) and the Senator from New York (Mr. Buckley): *Provided,* That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

PRIVILEGE OF THE FLOOR—S. 3201

Mr. RANDOLPH. Mr. President, I ask unanimous consent that during consideration of and voting on the conference report on S. 3201, the following staff members of the Committee on Public Works be granted the privilege of the floor: M. Barry Myer, John W. Yago, Richard Harris, Phillip T. Cummings, Richard Greer, Bailey Guard, Judy Parente, Harold Brayman, E. Stevens Swain, Amy O'Conner, Al From, and Lee Lockwood.

The PRESIDING OFFICER. Without objection, it is so ordered.

COAST GUARD AUTHORIZATION

The Senate continued with the consideration of the bill (H.R. 11670) to authorize appropriations for the Coast Guard.

UP AMENDMENT NO. 54

Mr. STEVENS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Alaska (Mr. Stevens) proposes unprinted amendment No. 54.

Mr. STEVENS. Mr. President, I ask that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 2, line 10, strike all after the period, through line 23.

Mr. STEVENS. Mr. President, in the committee I offered an amendment which appears on page 2 commencing at line 10 and goes through line 25. After discussion of this amendment with the Coast Guard and with others concerned, it was determined that that amendment could delay the acquisition of the medium range surveillance aircraft which is so vitally needed to enforce the 200-mile limit.

Therefore, in order to eliminate the amendment that I offered and——

The PRESIDING OFFICER. The Chair will have to advise the Senator that his amendment is not in order until the committee amendments have been disposed of.

Mr. STEVENS. That is a substitute for the committee amendments which will be supported by the committee itself.

May I explain to the Chair the effect of this is to modify the committee amendment to take out the amendment I had.

The PRESIDING OFFICER. There are a series of amendments. Does the Senator's substitute serve as a substitute to all the committee amendments?

Mr. STEVENS. The amendment I have presented is all of the committee amendments less my amendment which has the effect of presenting to the Senate the committee amendments without the amendment that I offered in the committee. This procedure has the support of the committee on both sides.

I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. And that this be considered as a substitute for the committee amendments.

Mr. DURKIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator yield to the Senator from New Hampshire?

Mr. STEVENS. I am happy to yield.

Mr. DURKIN. What does the Senator's amendment do to section 6 of the bill? Does it leave it intact?

Mr. STEVENS. It leaves it intact.

Mr. MAGNUSON. It leaves it intact.

Mr. DURKIN. I thank the Senator.

The PRESIDING OFFICER. Has the Senator moved that the committee amendments be agreed to en bloc and, as agreed to, be subject to amendment?

Mr. STEVENS. I am happy to seek guidance of the Chair as to how this reaches the same conclusion.

The PRESIDING OFFICER. The Chair will accept that as a motion from the Senator. Is there objection to agreeing to the committee amendments en bloc? The Chair hears none. The Committee amendments as agreed to will be considered the original text. Is there objection?

Without objection, it is so ordered.

Now the Senator's amendment is in order.

Mr. STEVENS. I would offer this amendment and state again for the record that what it does is delete the amendments—this appears on page 2, lines 10 through 23, and conforms the bill to the changes that are necessary to make that amendment.

I offer that amendment to the committee amendments as original text.

This is acceptable to the chairman of our committee.

Mr. MAGNUSON. Yes, we discussed this matter. It is acceptable to the chairman of the committee and as far as I know it is acceptable to all the members of the Committee on Commerce.

The PRESIDING OFFICER. The Senator's amendment is now in order as an amendment to the committee amendments which have been agreed to en bloc.

Mr. STEVENS. Then I move adoption of my amendment.

The PRESIDING OFFICER. Do both Senators yield back their time?

Mr. STEVENS. I yield back my time.

Mr. MAGNUSON. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment is agreed to.

Mr. MAGNUSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Are there further amendments?

UNPRINTED AMENDMENT NO. 55

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

> The Senator from Kansas (Mr. DOLE) proposes unprinted amendment No. 55.
>
> On page 2, between lines 23 and 24 insert the following: No funds authorized pursuant to this paragraph or any other law shall be used to procure any such aircraft which have a gross take off weight in excess of 18,000 pounds or which do not meet current Federal regulations with respect to noise control established by the Administrator of the Federal Aviation Administration for such aircraft.

Mr. DOLE. Mr. President, this amendment if adopted would bar the Coast Guard from procuring a medium range surveillance aircraft with a gross takeoff weight in excess of 18,000 pounds or which does not meet current Federal regulations with respect to noise control for such aircraft.

Let me say at the outset that the Senator from Kansas does not feel that this amendment in itself is an appropriate action for the Senate or the Congress to take. It is my intent to withdraw the amendment after discussing it with the distinguished sponsors of this bill.

It is the belief of the Senator from Kansas that the Congress has the responsibility and the prerogative to inquire of the Coast Guard as to what mission they intend to accomplish with this aircraft. It is our responsibility to determine if, in our judgment, the Coast Guard is spending taxpayer dollars in the most responsible, efficient, and effective manner in the procurement of this aircraft. In part, that means is the Congress allowing the Coast Guard to develop a commercial off the shelf aircraft with taxpayer dollars?

The Senator from Kansas has had a great deal of interest in this matter and it is my feeling that there is enough concern and enough unanswered questions that the Senate and the Commerce Committee should look into this matter further.

The basic question which has aroused my concern in this matter is why the Coast Guard cannot accomplish what appears to be basically a routine patrolling mission with a smaller, lighter, and much less expensive aircraft. The cost savings to taxpayers would be in the range of $300 to $600 million.

Mr. President, this amount of money is such that I believe it warrants our attention.

To obtain further information on this matter I recently met with Admiral Siler, commandant of the Coast Guard. In that meeting the commandant answered a number of my questions, and he indicated those answers would be backed up in writing in a study which the Coast Guard has conducted.

Subsequently, the Coast Guard study was provided to me, and I ask unanimous consent that this letter be printed in the RECORD following my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOLE. In going over this study we have determined a number of inconsistencies and discrepancies with the information provided at the meeting held earlier.

As I have studied these inconsistencies, it appears to me that we really must get back to the basic mission requirements and mission profile that the Coast Guard has in mind. While we can argue about inconsistencies and about specific details of this study, it is my belief that the committee would be justified in asking a number of basic questions of the Coast Guard.

Consistent with this I have prepared a number of questions which I feel are the most important. I would just like to cite these at this point:

QUESTIONS ON COAST GUARD MRS ANALYSIS

The analysis refers to the MRS Airplane as the falcon 20/sabre 75A class. Are not the aircraft presently being evaluated considerably more advanced than the above mentioned class airplane? The analysis talks to aircraft in both categories that will not perform their mission. Now they appear to be proposing an aircraft that is not "Off-the-Shelf" and, in fact must be re-engined and recertified.

Neither the comparative analysis nor the RFP fully define the enforcement of laws and treaties or the marine environment protection mission. What special avionics and equipment are required and what is the necessary mission profile? What determines that the light MRS cannot accomplish these missions?

What is the build up of the procurement costs specified in the analysis? The 5 million dollars for the MRS aircraft appears marginal for the aircraft itself without the special radar and sensors.

How are the personnel and maintenance costs on the airplane determined? The commercial direct operating costs of a falcon 20 is $329.00 as opposed to the $810./hour assumed by the Coast Guard for this type airplane. A comparable difference is also shown for the light MRS.

How was the determination made that multi mode radar and sensors cannot be installed in a light MRS airplane? The U.S. customs service cessna *citation* is so equipped.

Is the avionic and sensor equipment the latest state-of-the-art or is it current inventory hardware? Isn't loran out of date compared to inertial navigation or very low frequency navigation? Why specify side looking airborne radar when multi mode radars have 90 degree side looking capability?

What dictates the requirement for 5 crew members on an aircraft equipped with sophisticated radar and sensors? Couldn't 2 radar and sensor equipped light MRS airplanes with 3 man crews do a better job than 1 MFS airplane with a 5 man crew?

Is it not true that the presently proposed aircraft have thrust ratings substantially higher then orginally anticipated? Since the orginal requirement was prior to the energy crisis in this country, has every available alternative existing hardware been carefully screened so as to take advantage of the energy savings they offer?

It is my hope that the distinguished sponsors of this bill and the members of the committee would see fit to address these questions to the Coast Guard prior to a continuation of the procurement authorization that is provided in this legislation.

The Senator from Kansas wonders if the managers of the bill would care to comment on the questions I have asked the committee to submit.

Mr. STEVENS. Mr. President, I have discussed this with the chairman of our committee, and we share the concern of the Senator from Kansas.

It is my feeling that our committee has a responsibility to insure the most efficient and effective expenditures of tax dollars involved in this acquisition.

I can state that it is our intention to look into this matter and to ask the Coast Guard to address the questions that the Senator has raised. It is our hope that the Senator from Kansas will work with the committee to insure that the procurement of medium-range surveillance aircraft is accomplished in the best possible manner.

We do believe that it ought to go ahead as it is outlined already, but I think that the answers to the Senator's questions would be very pertinent to the procurement process, and I believe the Senator from Washington concurs that the Senator from Kansas has raised some very substantial, interesting questions, the answer to which the Coast Guard ought to give the committee.

I am further informed that the staff has requested the Coast Guard to address them and would be pleased to communicate the answers to the Senator from Kansas.

Mr. DOLE. I thank the distinguished Senator from Alaska. I hope the committee will review the answers when they are received and take appropriate action then.

I assume that the view of the Senator from Alaska (Mr. STEVENS) is also the view of the chairman of the committee.

Mr. MAGNUSON. Mr. President, along the lines of this discussion, we have three letters from the Department of Transportation and the Coast Guard in answer to some of the queries raised by the Senator from Kansas, and I ask unanimous consent to have them printed in the RECORD.

Mr. STEVENS. The Senator from Kansas inquires whether the chairman of the committee agrees with my statement that these are questions to which the committee should get answers and pursue.

Mr. MAGNUSON. Yes. That is why I wanted to put these letters in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DECEMBER 13, 1973.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: The purpose of this letter is to follow-up our testimony during hearings on the Coast Guard Authorization law with current information on our plans for medium range search aircraft acquisition.

The Coast Guard presently operates a fleet of Medium Range Surveillance (MRS) aircraft which have been retiring since April 1972 due to the end of their life cycle. These aircraft, the HU–16 Albatross, have supported the major Coast Guard missions of Search and Rescue, Marine Environmental Protection and Enforcement of Laws and Treaties, among other supporting roles, since 1951. By 1978, the HU–16 will be completely phased out of the Coast Guard inventory due to excessive airframe time.

In connection with our efforts to find a suitable aircraft to replace the HU–16, we conducted a study of our detailed mission requirements and the aircraft characteristics necessary to meet those requirements. To determine the availability of the necessary characteristics in existing "off-the-shelf" aircraft, two leases were approved by the Secretary of Transportation to perform a detailed operational and technical evaluation of candidate replacement aircraft to first determine the feasibility of whether this type aircraft could perform the missions of the Coast Guard and then to develop sufficient substantiated data to permit issuance of specifications preliminary to procurement of a replacement aircraft.

Coast Guard lease DOT–CG–31585–A with Israel Aircraft Industries LTD was awarded on 14 February 1973 for the lease of one Israeli "Westwind" Turbo-jet aircraft for five months and Coast Guard lease DOT–CG–31585–1A with Cessna was awarded on the same date for the lease of one Cessna Citation aircraft for the same period of time. Both of these leases were awarded after industry-wide competition and application of the "Buy American" provisions in the case of the Israeli Aircraft.

Neither of the leased aircraft met our requirements and the Coast Guard has no plans to purchase either of them. However, the evaluation did prove the worth and suitability of modified "off-the-shelf" medium range Jet aircraft in support of Coast Guard operations. The specifications derived from our studies point to the Rockwell International Sabre 75A aircraft. The Secretary of Transportation has approved a plan whereby the Coast Guard will issue a Military Requisition to the Naval Air Systems Command to enter into a contractual agreement with Rockwell International to lease one Sabre 75A aircraft for modification, with an option to purchase 40 additional production aircraft.

Actual procurement of the aircraft will of course await authorization and appropriation bill enactments by the Congress. The latter will determine timing and numbers of aircraft procured in a given fiscal year, with the entire program planned for completion in four years.

C. R. BENDER,
Admiral, U.S. Coast Guard Commandant.

FEBRUARY 9, 1976.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: In keeping with our policy of informing members of Congress of changes in the operating facilities of the Coast Guard, I wish to inform you that one HU–16E aircraft has been deleted from the Air Station Miami allowance effective 1 January 1976. This will decrease that station's allowance to 7 HU–16E aircraft and 5 HH–52A helicopters.

The above action is necessary to account for the service life expiration and retirement of HU–16E 7246. Once the aircraft is ferried to storage in January 1976 for ultimate disposition, the total active inventory of Coast Guard HU–16E aircraft will be reduced to 25. This inventory will be further reduced during the next few years as the complete phase-out through service life expirations is approached in the early 1980's.

Permanent replacement of retired HU–16E aircraft will not be possible until production delivery of the new generation medium range surveillance (MRS) aircraft has begun. Unfortunately, delays in the procurement process will keep the first of this new type from entering service until sometime in 1979. Alternative methods of providing an interim aerial capability are presently under investigation, with the intention of fulfilling flight hour requirements to the highest degree attainable with available funding.

You will be informed again about progress of the MRS procurement and any developments in an interim flight hour program as information becomes available. In the meantime, the Coast Guard will be pleased to provide any additional information you may desire in this matter.

Sincerely,

O. W. SILER,
Admiral, U.S. Coast Guard Commandant.

AUGUST 19, 1975.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This letter is in reply to your request of 17 July 1975 for information concerning delays in procuring replacement medium range surveillance (MRS) aircraft. At the time of initial correspondence with you on 13 December 1973 about our procurement plans, preparations had already been made that would have enabled an obligation of FY–75 funds early in the fiscal year, probably in July, for MRS aircraft. Delivery of production models was expected to commence within two years (or approximately a year from now) had we acquired aircraft as then planned through participation in a Military Interservice Procurement Request (MIPR).

During authorization hearings before the House Subcommittee on Coast Guard and Navigation on our FY–75 budget request in March through May of 1974, it became apparent that the chosen method of procurement did not meet with the Chairman's approval, a matter most recently publicized in the July 24, 1975 Congressional Record. An alternative method of competitive procurement was ultimately selected and the MIPR was withdrawn. This action was taken prior to testimony before the Senate Subcommittee on Merchant Marine, and the prospect of a certain amount of delay in procurement was made known during these authorization hearings. At the time, the length of expected delay could only be estimated. Initial estimates have proven to be optimistic, as FY–75 has expired and we have yet to finish the technical proposal evaluation phase of the first step of the procurement, the initiation of which I advised you of in my letter of 17 January 1975.

On 11 July of this year I received a letter from the Chairman of the House Subcommittee on Coast Guard and Navigation suggesting that I examine reopening the request for proposals to all manufacturers. This possible course of action is being studied at this time. Because of this I regret that I will be unable to provide you with the projected procurement time table until this matter is resolved.

No one agonizes over the Coast Guard's

declining capability for medium range aerial surveillance more than I. The retirement schedule of the venerable HU-16E aircraft is irrevocable, and each passing year finds the Coast Guard with fewer aircraft to cover expanded responsibilities in a variety of mission areas. Let me assure you, Mr. Chairman, that as soon as a manufacturer is selected and a contract awarded, every available appropriated dollar for MRS acquisition will be obligated to procure those aircraft authorized by your committee. The Coast Guard will be in a much better position to perform at the level of service expected by you and the American public once these aircraft are operational.

Please do not hesitate to contact either Captain Wood or myself if you desire more information on this matter.

Sincerely,

O. W. SILER,
Admiral, U.S. Coast Guard Commandant.

Mr. DOLE. Mr. President, I have made part of the record the answers submitted to me by the Coast Guard.

As an aside, some of the costs are based on the prevention of 86 deaths that would not otherwise occur. The Senator from Kansas points out that, on the basis of the information we have received that many lives may not have been lost since the inception of the program in the 1950's.

It seems to me that the Coast Guard may have made a determination on the aircraft to buy, and are now trying to comply with whatever regulations are required, to meet that prejudgment. It is my hope that we can have some answers that are responsive to the questions.

On that basis and on that assurance, I withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

EXHIBIT 1

DEPARTMENT OF TRANSPORTATION,
U.S. COAST GUARD,
Washington, D.C., June 8 1976.

Hon. ROBERT DOLE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DOLE: I am forwarding both a comparative cost analysis for a mix of medium range surveillance (MRS) aircraft as opposed to a single type MRS fleet and a detailed summary of the MRS space requirements in response to your request of 3 June 1976.

An extensive operational evaluation of fan-jet aircraft in the 10–20,000 lb. class (Cessna Citations and Westwind 1124) was conducted during the spring and summer of 1973 by the Coast Guard. It was the final conclusion of the evaluation board, composed of several highly experienced professional Coast Guard aviators, that this class of aircraft would not be capable of satisfying the multi-mission requirements for the medium range surveillance aircraft needed to replace the retiring HU-16E. The aircraft physical and performance requirements, as outlined in the Technical Description for the U.S. Coast Guard Medium Range Surveillance (MRS) Aircraft Procurement (HX-XX), are the minimum requirements necessary to meet the multi-mission role prescribed for the HU-16E replacement aircraft.

In addition to the cost factors which are included in enclosure (2), there are several reasons why a single-type turbofan aircraft inventory as compared to a mix of aircraft is desirable. A mix of aircraft imposes additional operation, logistics and maintenance problems. A combination of special mission aircraft requires greater numbers of aircraft at individual air stations in order to satisfy the multi-mission requirements which exist in each locale. Any mix of aircraft would: (a) necessitate separate maintenance and operational training programs, (b) impose pilot and maintenace qualification considerations which could constrain service-wide assignment flexibility, (c) increase watchstanding depth of aviation units, (d) could increase the extent of investment in replenishment spares, and (e) would impose a significantly greater workload in overall inventory management. Additional civil engineering costs would be expected due to the increased number of aircraft required. Other factors which would be of concern include: lack of commonality in ground support equipment; requirement for two cockpit training systems; costs in follow-on engineering and documentation support.

Copies of our "MRS Aircraft Evaluation Report" on the Cessna Citation and the WESTWIND 1123 are enclosed. Further, I have included several pages on two of the many alternatives considered in some of our internal discussion papers.

As supported by the results shown in the enclosed analysis, I remain convinced that a single-type turbofan medium range surveillance aircraft fleet is the optimum cost-effective method for providing service to the public.

Sincerely,

O. W. SILER,
Admiral, U.S. Coast Guard, Commandant.

COMPARATIVE ANALYSIS OF MRS PROGRAM COSTS

1. ALTERNATIVE METHODS FOR PERFORMING FORECAST MRS FLIGHT HOUR REQUIREMENTS

A. Procure fan-jet aircraft in the 20–30,000 lb. class (MRS-Falcon 20/Sabre 75A class) for total flight hour requirements. This is the Coast Guard recommended alternative which, with the multi-mission capability, provides the greatest degree of operational effectiveness and, therefore, is the base case for benefit loss valuations.

b. Procure MRS aircraft for the ELT/MEP missions and sufficient fan-jet aircraft in the 10–20,000 lb. class (MRS(L)-Westwind 1124/Learjet 35/Falcon 10 class) to satisfy readiness requirements and perform all MRS flight hour requirements other than ELT/MEP. In this alternative there is no reduction in the MEP/ELT mission effectiveness, however, a degradation in the SAR benefits lost is achieved in situations where geographic distribution of flight hour requirements and aircraft assignments permit increased SAR flight hour utilization for MRS (L) aircraft.

2. ANALYSIS RESULTS

Due to the inability to forecast future inflation rates constant FY-76 dollars were used throughout the analysis.

[Dollar amounts in millions]

			Fiscal year 1980–85		
Alternative	Aircraft required [1]	Procurement cost, fiscal year 1976	Operating cost, fiscal year 1976	Benefits lost, fiscal year 1976 [2]	Taxpayer cost, fiscal year 1976
A	41 MRS [3]	$205.0	$137.7	0	$342.7
B	20 MRS [4]	215.5	153.9	$35.05	404.45
	38 MRS(L) [5] [6]			(7)	

[1] Total forecast aircraft procurement requirements through fiscal year 1985 based on combination of location, flight hour annual utilization, readiness, and training requirements.

[2] SAR benefits lost are considered as incremental dollar loss to public due to deaths and property damage/loss not prevented as a result of not performing program requirements with sensor equipped aircraft or not providing sufficient offsetting flight hours. Deaths not prevented (DNP) costed out at $250,000 per life using National Highway Transportation Safety Board rates.

[3] MRS—Aircraft in Falcon 20/Sabre 75A class.

[4] MRS (L)—Aircraft in Westwind 1124/Learjet 35/Falcon 10 class.

[5] Increase in total number of aircraft necessary to satisfy multimission requirements with special mission aircraft.

[6] MRS (L) operating cost figured for 800 hr utilization using 1,000 hr per year rate.

[7] Includes 86 deaths not prevented.

3. ANALYSIS SUPPORT DATA DOCUMENTATION

A. Aircraft procurement costs

The procurement costs of a replacement aircraft for the HU-16E includes the basic airframe/engine costs, the general and Coast Guard specific avionics equipment costs, and the cost of airframe modifications required to satisfy Coast Guard mission requirements. The estimated MRS aircraft procurement cost is $5.0M (FY-76 dollars). The estimated FY-76 procurement cost of a suitably modified aircraft with general and mission required avionics in the Westwind 1124—Gates Learjet 35—Falcon 10 class of aircraft is $3.04M. This $3.04M includes $1.79M for the basic flyable airframe (April 1976, *Business Aviation*), $864,000 for general Federal Aviation Administration and specific Coast Guard avionics equipment requirement, and $388,000 for modifications to the basic airframe necessary to satisfy Coast Guard mission requirements.

B. Aircraft operating costs

The operating cost includes fuel, personnel, material and maintenance. The estimated FY-76 operating costs (Coast Guard Budget Planning figures) for the MRS aircraft is $810 per flight hour (7,000 flight hour annual utilization). This $810/flight hour figure can be broken down as follows:

Personnel = $318 (Flight crew/maintenance support—CG manning determinations).

Fuel = $114.

Maintenance = $378.

The FY-76 estimated operating cost for a Lear/Westwind/Falcon class aircraft is $645/flight hour broken down as follows (1,000 flight hour annual utilization):

Personnel = $293 (Flight crew/maintenance support—CG manning determinations).

Fuel = $78—("Westwind 1124 CG Mission Profile" from IAI Ltd. briefing folder).

Maintenance = $274.

C. Mission effectiveness of alternative aircraft

In addressing the question of MRS mission effectiveness the inability of the MRS (L) to accommodate the multi-mode radar and sensors in conjunction with other equipment required in a multi-mission aircraft must be compared to the expected effectiveness of the fully equipped aircraft. These advances are certain to enhance search effectiveness significantly benefiting the SAR and enforcement of laws and treaties (ELT) missions, but the primary impetus for development and utilization of the multi-mode radar/sensor package has been for prosecution of marine environmental protection (MEP) responsibilities. A statistical evaluation based on historical search and rescue data reveals that a greater than 8% increase in SAR mission effectiveness would result from performing these mission flight hours with multi-mode radar/sensor equipped MRS aircraft as opposed to similar aircraft not so equipped.

DETAILED SUMMARY, MRS AIRCRAFT SPACE AND SENSOR ELEMENT REQUIREMENT

Space Requirements: Stated cube requirements represent total volume which includes working areas for handling drop stores, an aisle, and unusable space, which cannot be utilized for storage, racking or equipment accommodation. The following detailed breakdown of the cube requirements essential to Coast Guard missions addresses the cabin volume of 346 cu. ft. first, and the 254 cu. ft. remainder second.

Cabin volume—346 cubic feet.

Sensor surveillance console—75 cu. ft.

This console will house the following equipments:

HF communication radios
UHF communication radio
IFF equipment
Loran control
Radar control
TACAN control
Primary sensor display

Sensor monitor screen

Secondary sensor screen

Video tape recorder and storage

Sensor control boxes

Alignment boxes

Tuning boxes

Communication selection boxes

Small documentation/recording writing leaf

Communication/navigation—72 cu. ft.:

Flight guidance equipments

Compass, auto-pilot, flight director, radar altimeter, marker beacons

Airways and offshore navigation receivers/transmitters

Airways, marine band, air-to-ground receivers/transmitters

Direction finding and homing equipment

Cooling, ducting and wiring

Radar—15 cu. ft.: The radar chosen for the MRS aircraft is a slightly modified version of a Navy, current inventory radar, requiring antenna space for a 27″ diameter swept volume, capable of providing weather avoidance and surface search for small targets. Included are receiver/transmitter, power supplies, sweep generators, antenna position programmer, associated cooling and separation requirements, wave guides and wiring.

Drop equipment—19 cu. ft.: The following equipment will be carried on board for air delivery: de-watering pump, life raft, datum marker buoys, strobe lights and other support equipment.

Crew survival equipment—15 cu. ft.: Consists of parachutes and harnesses, survival radio, survival vests and exposure suits, survival and first aid kits.

Three (3) crew positions—150 cu. ft.: Fifty cubic feet per crew position to provide room to move, seat swivel, assist in aerial delivery and perform the functions of lookout and crew member, as determined using MIL–STD–1333, Military Standard, Aircrew Station Geometry for Military Aircraft.

Remaining 254 cubic feet: The remaining 254 cubic feet of the 600 cu. ft. total volume is composed of the following:

Cockpit space

Aisle/walkway

Overhead/ceiling space

Non-functional space

Passenger space

The amount of space allocated to individual items stated above will depend upon the candidate selected as the MRS aircraft. Passenger space is required in addition to crew requirements. Representatives of National Marine Fisheries Service, EPA, Bureaus of Customs and Narcotics personnel, hospital corpsmen and other mission oriented passengers must be accommodated from time to time in addition to the normal crew. Because of the unusable space serving as aisle, ceiling and breathing space, the remainder of the 254 cu. ft. (less cockpit) is marginal. Additionally, sufficient space must be available to carry a litter patient, and additional equipment consisting of backup pumps and rafts when circumstances require.

Sensor element requirements: Each aircraft is required to be able to carry and provide power and cooling for the following sensors:

Airborne side looking radar, APS–94D Modified

Infrared and ultraviolet line scanner, RS–18MS

Aerial reconnaissance camera, KS–87B

Active gated television

Summary of MRS Performance, Space and Weight Requirements

1. The aircraft must perform the following: endurance so as to permit take off, climb on course to at least 5,000′ with maximum power, cruise at long range air speed and altitudes for best range, let down to reach 2,000′ MSL 150 NM from departure, cruise at less than 220 KIAS at 2,000′ MSL for at least 700 NM (900 NM desired), climb on course to at least 5,000′ at maximum power, cruise at long range airspeed and altitudes to destination 200 NM away, make Category II approach and landing with a fuel reserve of 5% of initial fuel plus 30 minutes at maximum sea level endurance air speed.

2. The aircraft must meet the requirements of paragraph one while carrying the following weight:

Item:	*Weight (pounds)*
a. Crew	900
b. Avionics	1300
c. Drop stores	225
d. Survival equipment and baggage	400
e. Growth, contingency and austere interior furnishings	360

3. In addition to weights specified in paragraph two, the aircraft must be capable of carrying a pay load of 1600 pounds for the sensor package. This 1600 pounds includes the 360 pounds in item e. above.

4. The breakdown of the individual sensor space and weight is as follows:

Sensor:	*Space (cubic feet)*	*Weight (pounds)*
a. SLAR	16	550
b. IR/UV line Scanner	15	100
c. Camera	3	95
d. Active Gated TV	3	150

Alternative A—FY 76 utilization of the C130 fleet averaged 631 flight hours. This figure is low and certainly not representative of our C130 capability (i.e. CGAS Kodiak averaged 1200 flight hours per C130H in FY 72). However, C130 utilization would probably be significantly less than the utilization utimately projected for the MRS (1500–1800 flight hours per aircraft) or even the "initial life" and conservative (estimated) MRS utilization of 1000 flight hours per aircraft. All factors considered (i.e. C130's higher endurance but lesser reliability and dash speed penalty), the final aircraft numbers would be approximately the same—41 C130's as an alternative to 41 MRS aircraft. A C130H model buy of this magnitude would cost approximately $287 million as opposed to an estimated MRS outlay of $164 to $246 million. In addition, the C130 buy will necessitate a spare parts acquisition of some $50 to $70 million, while the MRS spares would be initially contractor supported and our later option for site spares acquisition, whenever elected, would probably entail an outlay of well under $20 million. FY 74 operating costs for the C130H models averaged $1,000 per flight hour as opposed to the $700 per flight hour projected for the MRS aircraft. C130 overhauls, scheduled every 30 months, cost approximately $200K and evidence is that costs will increase. The MRS aircraft may be suitable for an on-condition maintenance cycle which will either sharply reduce the frequency of—or entirely eliminate the need for—depot level overhauls. Support and flight crew requirements for the MRS will be significantly less than for the C130. The C130 avionics package will be significantly less sophisticated and less capable than that proposed for the MRS. This can be remedied, but the acquisition cost of the C130 would be commensurately increased. On balance, the cost comparison over a 20-year period looks like this:

[In millions of dollars]

	Acquisition of 41 C130H aircraft	Acquisition of 41 MRS aircraft	
		Best case cost estimates	Worst case cost estimates
Initial acquisition	287	164	246
Operating costs	[1] 700	[2] 574	[3] 490
Depot level overhaul	[4] 66		[5] 29
Avionics retrofit	41		
Initial spare parts procurement	50	10	20
Total	1,144	748	785

[1] 35 OP aircraft times 1,000 flight hours times 20 yr times $1,000 flight hours (fiscal year 1974). This figure conservative and expressed in 1974 dollars.

[2] 41 OP aircraft times 1,000 flight hours times 20 yr times $700 per flight hour (estimate).

[3] 35 OP aircraft times 1,000 flight hours times 20 yr times $700 per flight hour (estimate).

[4] Each aircraft, 8 overhauls in 20 yr period at $200,000 per overhaul (fiscal year 1975 cost).

[5] Each aircraft, 7 overhauls in 20-yr period at estimated $100,000 per overhaul.

Several additional points concerning procurement of more *long range* C130's: assumption by the C130 of most missions within MRS capability is decidedly overkill in terms of capability and cost; the Coast Guard has only a limited number of facilities capable of supporting C130 aircraft and a significant expansion of the C130 fleet would necessitate *very substantial capital expenditures*; the C130 has significant advantages over the MRS in: loiter time, broader breadth of mission capability and simple adaptation to a palletized and quickly removable sensor package.

HH3F utilization during FY 75 was 611 flight hours per aircraft or one-third the utilization ultimately projected for the MRS aircraft. CMS and crew augmentation may improve H3 utilization somewhat, but not by a factor of 3. In dash speed, the H3 suffers in comparison with the MRS by a factor of 3. Range of the H3 is also a limiting factor as would be the factor of crew fatigue if H3 range is extended by in-flight refueling. The H3 navigation system is inadequate (AYN–1 computer system has unacceptable MTBF and high annual maintenance cost—$500K; ASN–50 compass system is unreliable—contributed to 3 accidents and should be replaced; doppler unreliable and its maintenance is costly; lacks LORAN–C revr, etc.). Upgrade of NAV system will be costly—estimated $500K per aircraft.

It is unlikely that a one-for-one substitute of H3's for the MRS would be adequate given the differences in dash speed and range. A trade off on the order of 2 H3's for 1 MRS would probably be necessary which would entail the procurement of some 80 H3 helicopters. Even this level of substitution will leave mission gaps where range and dash speed requirements exceed H3 capability. Economic life cycle projections also penalized the H3. A fifteen year life cycle for the H3 (an aircraft of vintage technology) is probably reasonable. This compares most unfavorably to the projected thirty year life cycle of MRS candidate aircraft (the latter project adequately supported by engineering and fatigue analysis by the manufacturers). A comparison over a 20 year period (assuming the H3 life cycle is extendable) is as follows:

[In millions of dollars]

	Acquisition of 80 HH3F aircraft	Acquisition of 41 MRS aircraft	
		Best case	Worst case
Initial acquisition (fiscal year 1975—3,500,000 per H3)	280	164	246
Operating costs	[1] 1,410	574	490
Depot level overhaul	[2] 81		29
Avionics retrofit	40		
Initial spare parts procurement	[3] 56	10	20
Total	1,867	748	785

[1] 68 OP aircraft times 1,000 flight hours times 20 years times $1,037 per flight hour (fiscal year 1974).

[2] Each aircraft, 7 overhauls in 20-yr period at $145,000 per overhaul (fiscal year 1975).

[3] This figure could be reduced substantially if contractor logistic support implemented as intended for the MRS.

From the above data—which are admittedly rough and parametric estimates—it does not appear that procurement of either the C130 or the H3 as a substitute for the MRS would achieve savings either in acquisition costs or life cycle costs. As will be seen, a "mix" of C130's and H3's would not be a cost saving substitute for the MRS—each of these aircraft would provide us with unique additional capabilities lacking in the MRS but the mix would impose the additional problems (i.e. higher life cycle costs, reduced reliability, etc.) previously called out. A determination of overall numbers and geographic location of this "mix" of aircraft would be a difficult proposition bounded by constraints such as facilities, mission workload—both current and anticipated, etc. Examining, quickly, one possible mix, cost comparability over 20 years is as follows:

[In millions of dollars]

	Acquisition of mix of C130/H3's	Acquisition of 41 MRS aircraft	
		Best case	Worst case
Initial acquisition cost		164	246
12 C130's	84		
58 H3's	203		
Total	287		
Operating costs		574	490
12 C130's	240		
58 H3's	1,203		
Total	1,443		
Depot level overhaul			29
12 C130's	19		
58 H3's	59		
Total	78		
Avionics retrofit			
12 C130's	12		
58 H3's	29		
Total	41		
Initial spare parts procurement		10	20
12 C130's	17		
58 H3's	41		
Total	58		
Total	1,907	748	785

From the above data I would conclude that the alternatives of procuring, as a substitute for the MRS, C130's, H3's or some mix of the two would not offer acquisition or life cycle cost savings.

The SRR, like the MRS, will offer significant savings in maintenance and logistics support. However, its probable range and dash speed suggest a trade-off on the order of 3 SRR's per 1 MRS or an initial acquisition of some 120 SRR aircraft. Given that the SRR cost may approach $1.5M per aircraft, the acquisition costs and life cycle costs appear comparable with those estimated for the MRS program and the opportunity for realizing savings is dubious, at best. But more important the SRR is not an adequate substitute for the MRS! It is severely range limited, it could not carry a sensor package of any consequence, and its dash speed would be woefully inadequate. A mix of C130's H3's and SRR's might be evaluated but this would entail a study of some magnitude and it is my opinion that the end result would not proffer significant acquisition or life cycle cost savings over costs projected for the MRS program.

Alternative H—A mix of a lesser number of MRS aircraft and a smaller turbofan aircraft could be attractive. Undoubtedly, we could reduce acquisition and life cycle costs of the program. Again, however, I am troubled by the penalties we will incur in our mission capabilities over the next thirty years. Having said this, let us examine projected 20 year costs of two possible mixes of turbofan aircraft (assume trade-off 2 Citations for 1 MRS):

[In millions of dollars]

	Acquisition of 20 MRS aircraft	Acquisition of 40 small turbofan aircraft (citation)
Acquisition costs	80–120	60
Operating costs	224	327
Depot level overhaul	0–14	0–20
Initial spare parts procurement	16–24	12
Total	320–382	399–419

A comparison of the cost of the above two mixes with the current MRS program is as follows:

[In millions]

		MIX (20 MRS/40 MRS citations)
Initial acquisition:		
Best case	$174	$168
Worst case	266	216
20-year cycle cost:		
Best case	748	719
Worst case	785	801

The cost projections do not, as expected, commend this mix as significantly less costly than the proposed MRS procurement. Furthermore, there are problems, previously discussed, in maintaining and operating a mix of aircraft. In addition, there will be a significant degradation in mission capability imposed by this alternative since the Citation (or equivalent) will not be capable of assuming the broad range of MRS missions (i.e. could not accommodate sensor suite, limited in the amount of SAR/survival equipment that could be carried, etc.). A substantial reduction in the total (volume) buy of either the MRS or smaller turbofan aircraft will increase the proportionate share of developmental/modification non-recurring costs borne by each aircraft which in turn will escalate the price of each aircraft—perhaps well above the price estimates utilized in this analysis.

Fiscal year	Aircraft authorized	Funds appropriated (thousands)	Funds available (thousands)[1]
1975	8	$15,000	$36,000
1976	10	36,000	11,700
1976A	3	11,700	34,300
1977	6	[2] 24,300	34,300
Total		87,000	[3] 72,000

[1] $15,000,000 was reprogramed to other high bid cost projects such as Valdez VTS and Sitka Air Station and to commence Loran-C deployment in the Gulf of Alaska and Atlantic coast at congressional direction.

[2] This amount is based on the House Subcommittee markup of fiscal year 1977 appropriations bill.

[3] This amount is estimated to be sufficient to procure 12 aircraft at current prices.

CHRONOLOGY OF MRS

July 1971—Coast Guard Aircraft Characteristics Board convened to develop general operating characteristics for HU-16F replacement.

November 1971—Industry advised by letter of Coast Guard interest in reviewing potential aircraft candidates.

August 1972—DOT approval received to lease off-the-shelf aircraft for evaluation of suitability.

February–August 1973—Evaluated two leased aircraft, Cessna Citation and Israeli Westwind. Reviewed other candidate aircraft. As a result of this operational test, a decision was reached that aircraft in this size/weight class were not satisfactory replacements for the HU-16.

September–November 1973—MRS acquisition paper forwarded to DOT recommending procurement of 41 Rockwell Sabre 75A aircraft. DOT authorized Military Interdepartmental Procurement Request (MIPR) to Navy for lease of one Sabre 75A plus option to purchase prototype plus 40 additional.

December 1973–March 1974—MIPR sent to Navy, Request for Quote issued to Rockwell for reply by 30 May 1974.

March–May 1974—Congressional hearings voiced concern over non-competitive approach for MRS procurement. In light of Congressional concern over procurement approach, Commandant directed acquisition method be changed from sole source to two step formal advertising to insure maximum competition.

August 1974—DOT approved revised approach.

January 1975—Request for technical proposals issued to 11 manufacturers with closing date of 14 April 1975.

April–October 1975—Receipt and evaluation of proposals. Only one proposal was judged to have met the specifications. Reflecting lack of competition, Commandant directed reopening of the procurement. Changes were made to specifications regarding engine efficiency and the method of purchasing spare parts in an effort to improve response to request for technical proposals.

January 1976—Second request for technical proposals issued with closing date of 19 March 1976. Anticipate moving into Step II in summer of 1976 and award to successful bidder September, October 1976 with delivery of first aircraft 30 months after award.

April 1976—House Subcommittee marked up FY77 appropriations bill to reduce MRS funding by $8.6 million.

UP AMENDMENT NO. 56

Mr. STEVENS. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from Alaska (Mr. STEVENS) proposes an unprinted amendment numbered 56.

Mr. STEVENS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill, insert the following:

SEC. 7(a) In order to minimize hardships and to aid inhabitants of certain remote areas in the State of Alaska, the Secretary of the Department in which the Coast Guard is operating is authorized to issue permits exempting specific vessels from all or part of the requirements of the following laws and the regulations issued thereunder—

(1) Section 4417 of the Revised Statutes (46 U.S.C. 391);

(2) Section 4417 of the Revised Statutes (46 U.S.C. 391a);

(3) Section 4426 of the Revised Statutes (46 U.S.C. 404); and

(4) Section 1 of the act of August 27, 1935, as amended (46 U.S.C. 88).

(b) A permit may be granted only to a vessel engaged in transporting cargo, including bulk fuel, from point to point within the State of Alaska if—

(1) the vessel does not exceed 300 gross tons;

(2) the vessel is in a condition which does not present an immediate threat to the safety of life or the environment; and

(3) the vessel was operating in the waters off Alaska as of June 1, 1976, or the vessel is a replacement for a vessel which was operating in the waters off Alaska as of June 1, 1976, if the vessel which is being replaced is no longer in service.

(c) Except in a situation declared to be an emergency by the Secretary of the Department in which the Coast Guard is operating, a vessel operating under permit may not transport cargo to or from a point if the cargo could be transported by another commercial vessel which is reasonably available and which does not require exemptions to legally operate or if the cargo could be readily transported by overland routes.

(d) A permit may be issued for a specific voyage or for a period of time not exceeding one year. The permit may impose specific requirements as to the amount or type of cargo to be carried, manning, the areas or specific routes over which the vessel may operate, or other similar matters. The duration of the permit and any restrictions contained therein shall be at the sole discretion of the Secretary or his delegate.

(e) If a designated Coast Guard official has reason to believe that a vessel to which a permit has been issued is in a condition or is used in a manner which creates an immediate threat to the safety of life or the environment or is operated in a manner which is inconsistent with the terms of the permit, the official may direct the operator to take immediate and reasonable steps to safeguard life and the environment, including directing the vessel to a port or other refuge.

(f) If a vessel to which a permit has been issued creates an immediate threat to the safety of life or the environment, or is operated in a manner inconsistent with the terms of the permit or the requirements of subsection (c) of this section, the permit may be revoked. The owner, master, or person in charge of a vessel to which a permit is issued, who willfully permits the vessel to be used or uses the vessel in a manner inconsistent with the terms of the permit or subsection (c) of this section, shall be liable to a civil penalty of not more than $1,000.00.

Mr. STEVENS. Mr. President, we have been working for some time with the Coast Guard to try to get some guidelines for the permits that are issued in Alaska for specific vessels that transport cargo, including bulk fuel, that are not in compliance with the Coast Guard regulations.

We have many remote areas that are served by converted World War II type vessels, and they have been operating under waivers for some time. We are trying to get these vessels phased out and new vessels phased in. Meanwhile, we do want to have some standards and some specific authority to the Coast Guard to deal with the questions involved.

This is not an amendment offered by the Coast Guard, but we have discussed it with the Coast Guard and have made substantial changes at their request.

In order to permit these vessels to continue to operate to the very remote villages and out on the Aleutian chain until they can be replaced, I urge the Senate to adopt this amendment, which is a discretionary provision.

It gives the Coast Guard the right to issue the permits, as they have done in the past, but it specifically gives them the right to revoke the permits and also gives them the authority to direct any operator to take immediate and reasonable steps to safeguard life and the environment, including directing a vessel to a port or other refuge; and if a permit has been issued which threatens life or safety or the environment, or if the vessel is operated in any manner inconsistent with the terms of the permit, the permit may be revoked. It gives the Coast Guard authority to handle the situation both to issue the permits and to immediately withdraw them, if that is necessary.

I hope that the manager of the bill will see fit to accept the amendment, so that we can have these guidelines for this activity in Alaska.

Mr. MAGNUSON. Mr. President, the Senator from Alaska and I have discussed this amendment at some length. It is a good amendment, because we hope to minimize some hardships and aid the inhabitants in the remote areas. It gives the Coast Guard ample discretion to do just that. We hope they will not abuse it, and we hope we can get some more new vessels to take care of this matter. In the meantime, the amendment is perfectly proper.

Mr. STEVENS. Mr. President, I urge the adoption of the amendment, and I yield back the remainder of my time.

Mr. MAGNUSON. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. Are there further amendments?

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask for third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 11670) was passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MAGNUSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to H.R. 11670.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 2:20 P.M.

Mr. ALLEN. Mr. President, the distinguished majority leader has stated that he would like to bring up at 2:20 p.m. the conference report on the public works bill. It is under a time limitation which would carry us up to the time to recess to go to the old Senate Chamber.

At the request of the majority leader, I ask unanimous consent that the Senate now stand in recess until 2:20 this afternoon.

There being no objection, the Senate, at 1:47 p.m., recessed until 2:20 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. Hansen).

LOCAL PUBLIC WORKS EMPLOYMENT ACT—CONFERENCE REPORT

Mr. MONTOYA. Mr. President, I submit a report of the committee of conference on S. 3201 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Hansen). The report will be stated by title.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the Record of June 11, 1976, beginning at page 17800.)

Mr. MONTOYA. Mr. President, the substance of this bill is much the same as the one that came within three votes of becoming law over the President's veto in February. The earlier public works jobs bill provided authority for $6.1 billion. This bill, I am happy to say, is a good deal smaller—$3.950 billion, for the period of fiscal year 1977.

This conference report contains three parts:

First. The House version of the local public work capital and development and investment program for $2 billion, a reduction from $2.5 billion provided in the House bill.

Second. The Senate's countercyclical assistance measure for $1.250, a reduction from the $1.375 billion in the Senate bill. Authority is for five quarters.

Third. The Senate version of what has been called the Nunn-Talmadge amendment or amendments to the Federal Water Pollution Control Act at $700 million, a reduction from the Senate version of $1.4 billion. This authority expires September 30, 1977.

The House conferees insisted on their larger public works jobs program as a condition for accepting the Senate's countercyclical and Nunn-Talmadge programs. I am happy to report only one meeting of conferees was necessary.

Mr. President, the sentiment of the conferees was: "Let us come up with a bill the President can sign." This bill is, accordingly, at least $2.2 billion smaller than the bill earlier passed and vetoed. We have certainly tried to meet the President half way.

This bill is designed to provide jobs through 100-percent grants for construction projects for public works in our local communities and States. Thousands of construction projects have had to be set aside because of the fiscal shortfalls so many local governments are suffering. The program is designed as in the earlier version to emphasize projects that are ready to go, that is, projects in which onsite labor can begin within 90 days of approval. The House conferees reluctantly agreed to cut back authority for this program from $2.5 billion to $2 billion.

The countercylical assistance to States and local governments is again included in the bill. The few months that have elapsed since the earlier bill was vetoed has not substantially diminished the need for this special assistance. The House conferees proposed cutting the program back to four quarters rather than five and from a Senate figure of $1.375 billion to $1.150. Senate conferees insisted on a five-quarter period but agreed to reduce the overall authorization by $125 million to $1.250 billion.

Finally, the House conferees insisted that the Senate so-called Nunn-Talmadge waste water treatment grant amendment should be reduced by half. Their position was bolstered by the fact that H.R. 9560, a bill to provide another 3-year authorization for water pollution control grants for a total of $17 billion had already passed the House and is before the Senate. The bill makes changes in the allocation formula that meets some of the objections raised by Senators TALMADGE and NUNN. It was agreed on that basis to reduce the Senate version by one-half, from $1.4 billion to $700 million.

S. 3201 contained two other provisions that have been omitted from the conference report—the job opportunities program, sometimes called title X, and the $125 million increase in the business development program of the Economic Development Administration.

With respect to title X, an amendment will be offered when the Senate takes up S. 2228, a bill now on the calendar to extend the Public Works and Economic Development Act for 3 years, to provide standby authority to make this program operative as an antirecession measure when unemployment reaches a certain level.

With respect to the increase in business loan authority for EDA, the House has before it a companion measure to extend the Public Works and Economic Development Act that provides an increase in the business loan and guarantee authority of the same size we have agreed to omit from this bill.

The conference report makes one change in the language of title I. The House version assures that not more than 10 percent of funds appropriated for public works may be granted within any one State. The Senate version set that limit at 15 percent. The conference substitute is 12½ percent.

Mr. President, this bill is very much needed. Unemployment in the construction industry remains at twice the national average, and a good deal higher in individual cities.

We know that ample construction opportunities exist to relieve this unemployment burden.

I ask unanimous consent to print in the RECORD at the conclusion of these remarks a survey of 12 cities conducted by the Building and Construction Trades Department of the AFL–CIO listing more than $2.9 billion in construction projects ready to be undertaken when financing is available. Albuquerque, N. Mex., my own State, has $100 million in such projects for water supply development and waste treatment plants.

I ask unanimous consent also to print in the RECORD an information sheet on the construction industry and unemployment, and trends in employment and dollar volume for the construction industry.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Building Trades Department Public Works Survey, March 1976

City, public works needs, and examples:

Albuquerque, $100 million, Water supply development; Waste treatment plants.

Bangor (Maine), $20 million, Water treatment plant; Bridge construction.

Boston, $230 million, Education facilities; Street lighting.

Chicago, $200 million, Park and ride facilities; Bridge and viaduct construction; Sewer construction.

Cincinnati, $80 million, Street work; Juvenile correction facilities.

Denver, $84 million, Police administration building; concert hall.

Los Angeles, $300 million, Office building.

New Castle County (Delaware), $53 million, Highways; flood control.

New York, $400 million, Hospital rehabilitation; Repair police stations and fire houses.

Philadelphia, $200 million, Bridge repair.

St. Paul, $260 million, Street repair; bridge repair.

Seattle, $200 million, Bridge construction; Sewer construction.

Total, $2127 million.

Sources for Survey: Public Agencies with the cities surveyed, responsible for planning and administering Public Works Construction.

Information Sheet on Public Works and the Construction Industry Provided by the Building and Construction Trades Department, AFL–CIO

As unemployment continued to inch downwards in the economy, employment in the construction industry remained at depression levels. As of February, 15.5% of all construction workers were unemployed, nearly 700,000 building tradesmen. Another 15% were working shortened hours. Total employment in the industry dropped 60,000 last month, to under 3.4 million, a level characteristic of all other recessions experienced by the industry.

Projections for the industry paint a picture no less gloomy for 1976. The Dodge/Sweet's Construction Outlook for 1976 projects a 5% increase in the value of contracts for non-residential buildings and a 3% increase for non-building construction. Non-residential includes office buildings, hospitals and manufacturing construction. Non-building includes highways, sewers and utilities. Because inflation is expected to average nearly 8% in the industry this year, real construction volume will continue to drop.

With idle plant capacity running at nearly 30%, businesses remain hesitant to launch new capital spending programs. More ominous is the possibility that the financing climate in the later months of 1976 will be growing more restrictive at the same time demand for new industrial and commercial building shows signs of picking up.

In the public sector, continued high unemployment, inflation and increasing demands for social services have drained many state and local governments' tax tills. As a result these governments borrowed more money for public works in 1975 than ever before. At the same time, the volume of new construction contracts let by states and municipalities dropped close to $3 billion from 1974's total. Declining revenues, increasing costs and a reluctance on the part of voters to approve bonds only foretell more of the same for 1976.

Public works projects which could substantially reduce this unemployment and provide badly-needed community services stand ready for start-up, lacking only financing. The City of Chicago alone has $40 million in projects it could immediately start. The State of New Jersey has $920 million in delayed projects, a substantial number of which simply lack financing. The Economic Development Administration has over one billion dollars worth of projects ready-to-go. New York City, in April of last year, before the massive cutback in its construction budget, reported $200 million in projects requiring no detailed contract documents which could be started immediately.

Engineering News Record, another expert organization in construction affairs, similarly projects a 5% increase in construction contracts for this year. Again, this represents a drop in total real activity.

It must be noted that both of these estimates concern contracts which precede construction by as much as four years. Consequently, what little upturn is presented by these figures will be spread over the next several years. A more realistic appraisal must take into consideration the value of new construction which will be put-in-place this year. Again, the figures parallel those previously mentioned. Non-residential building will be up 6% and public construction a moderate 4%.

It is clear that vast idle capacity exists in the industry and that the modest upturn expected for this year will do little to bring construction unemployment down from its double digit rate. In fact, recent developments have led one industry expert to conclude that ". . . the early 1975 recovery of this industry is going sour," that, "a worsening of the already soft construction market," may be occurring.

Trends in Employment and Dollar Volume for the Construction Industry

Listed below is a table with four columns. The first two are concerned with the value of construction put-in-place, 1970–1975 (actual expenditures on construction). Figures are for current and constant dollars. The third column lists total construction employment in the industry during these years. The fourth includes construction unemployment rates for this period.

TABLE 1

Year	New construction put-in-place (millions of dollars)		Employees in contract construction (thousands)	Percent unemployment
	Current	(1967 dollars) constant		
1970	94,855	78,827	3,536	9.7
1971	109,950	85,816	3,639	10.4
1972	124,085	91,883	3,831	10.3
1973	135,953	91,914	4,015	8.8
1974	135,481	78,218	3,957	10.6
1975	130,600	68,900	3,455	18.1

The first three columns demonstrate the vast under-utilization of manpower resources currently afflicting the industry. Using 1973 as a peak year, one can easily determine that in 1975 the building industry was operating at nearly 25 percent under capacity, with a loss of over $23 billion in potential production. Employment over that period dropped by 600,000.

Monthly figures which provide the latest information demonstrate that the situation in 1976 has hardly improved. Employment remains at a recessionary low. Construction activity in January was up six percent in current dollars over January, 1975, and two percent in constant dollars. What must not be forgotten is that these are increases over the depression levels of 1975. More importantly, this slight upturn is the result of an increase in the building of single-family housing. Talk of public works construction often ends up being directed at the possibility that it might "overheat" the industry. A close look at the following table for activity in private non-residential building illustrates the continuing depression in this sector—the sector that would compete with public works projects for manpower and resources.

TABLE 2.—*New construction put in place total private nonresidential building*

[In millions of dollars]

Year	*Current*	*Constant*
1970	21,417	17,260
1971	22,479	16,782
1972	24,038	17,060
1973	27,584	18,033
1974	29,644	16,192
1975	26,244	13,325

These figures demonstrate the tremendous slump which has hit this segment of the industry. In real terms, 1975 activity was down over 23 percent from 1970. Figures for January, 1976, indicate that instead of signs of the widely-discussed recovery, this sector has slumped even further, down by 18 percent from last year. Clearly, the resources exist to build facilities without creating excess demand in the industry.

As is historically the case, the construction industry is taking considerably longer to recover than it did to initially slump. Most experts place any true upturn in mid-1977, should it occur—a question highly dependent on fiscal and monetary policy in the months to come.—prepared by Building and Construction Trades Department, AFL–CIO.

Mr. MONTOYA. I yield to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, the conference on this important legislation has brought to the Chamber a bill which I trust will be passed in both this body and the House of Representatives in a manner that will give us not only the opportunity but also I trust the reality of overriding possibly the anticipated veto of the President of the United States.

Senator Baker and I, speaking a few minutes after the failure of the Senate by three votes to override the veto of the previous bill, indicated that we would go back to the drawing board, and we would work within the committee to bring a measure to the Senate that could be passed and that could come from the conference in such a degree that, after compromise with the other body, it would go to the White House, and receive the approval of the President of the United States.

I do know that later in this debate we will, in a sense, have to draw verbal swords about certain opposition. That is the natural process, of course, as we work our way toward the finalization within this body of the vote within the next hour.

I do stress, Mr. President, that there remain serious weaknesses in our American economy. No one can deny that fact.

These weaknesses inhibit the general recovery of this country and all the people in it. One of the most serious of these weaknesses is in basic construction. I remind our colleagues that this is our largest single industry in the United States. The national unemployment level has declined to 7.3 percent. But joblessness in construction remains at the unacceptable level of 14.3 percent.

The chairman of our Subcommittee on Economic Development (Mr. MONTOYA) has mentioned at least one situation, and it could be multiplied throughout the country, of the very high unemployment rate in the construction industry.

The continuing weakness within the construction industry is underscored and I hope that those who take a different view, even during this debate this afternoon, will listen to these words that I now speak; the continuing weakness of the construction industry is underscored in the fact that the value of the work declined in the construction industry from March to April in the United States of America. I think this is particularly significant because in the spring of the year construction has traditionally had its activity expanded.

Unemployment in the construction industry has widespread effects. Conversely, jobs for construction workers stimulate business activity in other areas. It was to provide such stimulation that the Congress last year passed the Public Works Employment Act. Regrettably, and for reasons I believe were unsound, the President vetoed that measure. The veto was rejected in the House of Representatives but sustained by the narrow margin of three votes in the Senate.

The new bill (S. 3201) was passed by the Senate on April 12 and a similar measure was adopted by the House on May 13.

The conference on this legislation was held last Wednesday, June 9. Our ability to reach agreement in only one meeting reflects the desire of Members of both bodies to see this program become law without delay.

The conference report on S. 3201 which is now before the Senate is a compromise. Its provisions should enable us to achieve the creation of useful jobs for thousands of unemployed Americans with a bill that honestly attempts to meet the concerns of the President.

This measure authorizes $3.95 billion for three different activities. The largest single sum is $2 billion for local public works construction projects. In this area, the Senate conferees accepted the House language with slight modifications. Both Senate and House bills originally authorized $2.5 billion for this purpose. Availability of the funds under the Senate version, however, was tied to a trigger, or sliding scale based on unemployment levels. The House approach—and the one adopted by the conferees—would make all of these funds available to States and communities immediately.

A major objective of the conferees was to keep funding for this program within reasonable bounds, but still authorize enough to carry out an effective program to revitalize the lagging construction industry. Had the Senate provision been adopted, the trigger would have reduced the amount available to about $1 billion because of the declining general unemployment level. Greater stimulation is needed in construction than in the economy at large, and the House approach, therefore, will provide greater sums to help place the 602,000 unemployed construction workers in productive jobs.

The other two titles of the conference report are the provisions of the Senate bill. Changes were made only in funding. The countercyclical revenue sharing program was reduced from a maximum of $1.375 billion to a maximum of $1.25 billion, a modification that will not impair its effectiveness.

The Senate bill also authorized additional funding for the construction of sewage treatment facilities under the Water Pollution Control Act. Our bill originally authorized $1.4 billion for this purpose. Since this measure was enacted in April, however, other legislation has been introduced to authorize funds for the water pollution program in fiscal year 1977. The Subcommittee on Environmental Pollution has conducted hearings on the manner in which these funds are allocated and we expect to report recommendations on this subject in the near future. The conferees were thus able to reduce the funding in S. 3201 for this purpose to $700 million.

Mr. President, the total fiscal authorization for this conference report is $3.95 billion. While the total may appear to be considerably less than the measure passed by the Senate in April, the amount of money that would actually be available for use is actually increased by the elimination of the trigger provision of the Senate bill. This measure also is substantially less than the one vetoed by the President and represents a sincere effort to accommodate his concerns.

It is not my desire to precipitate a confrontation with the executive branch on this matter. This may be an election year, but it is no time to play politics with a program that for many thousands of Americans may mean the difference between a job and income or continued idleness and hardship. It was my intention and that of my colleagues on the Public Works Committee and in the conference to fashion a workable bill that could become law.

The use of public works programs to aid recovery from recession has been effective in the past and they will work again. Valuable facilities are created with lasting benefits to communities. Jobless workers are given employment. And secondary benefits of construction activities are such that other segments of the economy are strengthened.

Mr. President, this conference report is a balanced approach to one of our most serious continuing problems. It was developed carefully by the conferees and I believe that the Senate was well represented by its members who served on the conference committee. The able Senator from New Mexico (Mr. MONTOYA), the chairman of our Subcommittee on Economic Development, served as chairman of the conference. As a conferee, I had the privilege of working with him as well as other members of the Public Works Committee, Senators MUSKIE, BURDICK, BAKER, McCLURE, and STAFFORD. Because of its concern with our countercyclical revenue sharing, the Government Operations Committee was represented on the conference committee by Senators RIBICOFF, GLENN, and JAVITS.

Mr. BAKER. Mr. President, I have said many times from this place that I have an inordinate respect for the distinguished Senator from West Virginia who is chairman of the Committee on Public Works, on which I was privileged to serve as ranking member until very recently. It is, therefore, with an especial regret and some disappointment that I must disagree with his point of view on this issue at this time.

Mr. President, I was frankly, disappointed that I was not able to sign the conference agreement on S. 3201, the Public Works Employment Act of 1976, and to say to our colleagues that I will vote against the passage of the adoption of the conference report.

As the chairman pointed out, in part, and as our colleagues will recall, we dealt with a similar measure when the Committee on Public Works reported the Public Works Employment Act of 1975, S. 1587. That measure was amended significantly in the Senate and conference that brought the total authorization to $6.1 billion. The bill was vetoed by the President of the United States, and I believe that the Senate acted responsibly when it sustained the President's veto.

Subsequently, Mr. President, the Committee on Public Works reported, I believe, a very good bill. That bill created approximately 125,000 jobs and authorized a maximum of $2.5 billion instead of $6.1 billion.

The bill was truly a bipartisan effort. It was in response to the representations made by the chairman, by me, and by other members of the Committee on Public Works that, notwithstanding the President's veto and our disagreement on certain aspects of it, we would make a good faith effort to bring a bill back to the Senate that the Senate could pass, Congress could adopt, and the President could sign.

Pursuing that effort, the new bill was reported unanimously by the Committee on Public Works, receiving the vote of every minority member as well as every majority member of the committee. At the time the bill came before the Senate, I was pleased to recommend it to my colleagues, and at that time I confidently believed that it would become law.

However, by amendment, the Senate added $1.375 million for countercyclical revenue sharing and $1.4 billion for the waste water treatment facilities, bringing the total authorization to $5.3 billion. That is, by the time the bill came to final passage in the Senate, the $2.5 billion bill, as reported by the Committee on Public Works in their effort to bring a realistic and bipartisan bill to the Senate, had increased to a $5.3 billion bill.

Frankly, I am sympathetic with the purposes and the philosophy of many of the programs that were added to the Senate bill over my objection. Countercyclical assistance, for example, has much appeal, and I think it still may find a place in the scheme of revenue sharing, as we continue to develop and elaborate our efforts to dampen the cyclical aspects of the economy.

Mr. President, I would like to see a careful evaluation of the need for additional funding or a changed formula in either countercyclical revenue sharing or in the wastewater treatment program. As I stated, while I believe in these programs—and I think they have promise—I also believe that they must stand on their own merit, that they should not be permitted to overburden this bill. The committee bill was designed to deal with the problem of unemployment, which, while it is declining impressively, is still obviously too high.

Mr. President, the conferees cut in half the Talmadge-Nunn waste water treatment facilities amendment from $1.4 billion to $700 million. The countercyclical revenue sharing amendment offered by Senator MUSKIE was decreased only marginally—from $1.375 billion to $1.250 billion.

The major change in conference, I believe, was to remove the trigger mechanism from the Senate bill when the conferees adopted the House rather than the Senate version of title I—public works grants. I believe the trigger mechanism was an integral and essential part of this countercyclical legislation.

An objection often raised against temporary Government job creation programs is that, although temporary, they may be allowed to continue after the need for them has passed. The trigger provided a mechanism to release funds as unemployment increases and cut back funds as the jobless rate falls. As the recovery progresses and full employment is achieved, a fundamental consideration will be an orderly recovery that avoids another inflationary spiral. It is imperative that we take care to assure that the bill's impact is not too great at the wrong time. The trigger mechanism distinguished this bill as a countercyclical measure and not just another public works program without regard for the consequences of inflation.

Mr. President, the total authorization contained in the conference agreement of $3.950 billion compares to $5.3 billion contained in the Senate bill. However, applying the trigger to the public works and jobs opportunities programs—which was dropped in conference—it compares to the effective authorization in the Senate bill of $4.2 billion. Thus, if the trigger is taken into account, the conference agreement is only $250 million under the effective authorization of the Senate bill. Furthermore, the total authorization to $3.950 billion still represents a very substantial increase over the committee bill which authorized a maximum of $2.5 billion or about $1.5 billion at current unemployment levels.

In conclusion, the removal of the trigger from the Senate bill I believe is a substantive change that alters the character of the bill. The bill has grown from a necessary employment measure of $2.5 billion to a multifaceted measure of $3.9 billion. It is with disappointment that I recommend to my colleagues against passage of the conference report.

Mr. McCLURE. Mr. President, I join the Senator from Tennessee in opposing this conference report for many of the same reasons he has enunciated so ably.

I echo the sentiment that he expressed at the very outset, that each of us has the very highest regard for the able Senator from West Virginia, the chairman of the Committee on Public Works, and we regret that we find ourselves in this position on the floor of the Senate at this time, in opposition to a bill about which I know the Senator feels strongly.

Mr. President, I recommend against the conference report on S. 3201—the Public Works Employment Act of 1976.

I served on the House-Senate conference committee on S. 3201 but I did not sign the statement of managers. I have addressed a letter, along with Senator BAKER, who also served as a conferee, to each Member of the Senate outlining the reason we did not sign the report and why we now recommend against its passage. A copy of the letter has been placed on each desk.

The conferees agreement is essentially the same as the bill passed by the Senate on April 13 although the authorization is reduced to $3.950 billion. This amount compares to the total authorization in the Senate bill of $5.3 billion. If the trigger included in the public works portion of the Senate bill is applied to the authorization, the effective cost of the Senate bill is $4.2 billion. The figure in the conference report is, therefore, only slightly below the final Senate measure.

The deletion of the trigger from the public works portion of the bill during conference is a major change from the Senate bill—and I consider it a serious omission in a bill which is being considered as an emergency program to counter the recession.

The conferees agreed to $2 billion for title I public works grants, but, by adopting the language of the House bill, dropped the mechanism in the Senate bill designed to gear the amount of assistance to the extent of unemployment. The Senate has adopted similar mechanisms in other emergency antirecessionary measures before this body. This principle has been firmly established. The trigger concept in the Senate bill distinguishes this legislation as an antirecessionary proposal and not just another large spending program which may actually interfere with, rather than promote, sound economic growth.

One of the principal criticisms cited in the President's veto message on the first jobs measure, in addition to the size of the bill, was the long spend out of funds—continuing long after the need for such assistance is past. As the economy continues to improve we must be careful not to provoke a new round of inflation and reverse the improved employment picture. Without such mechanism, as provided in the Senate bill, to reduce outlays as the economy improves, the program will result in large expenditures at the wrong time.

In an effort to reach agreement on a reasonable antirecessionary bill we all could support, I offered a motion in conference to include the trigger language from the Senate bill. My motion was defeated.

Mr. President, this legislation has a long history. The Senate Public Works Committee first considered and reported a public works employment bill, S. 1587, in July of 1975 when national unemployment was nearly 9 percent and the economic situation continuing to worsen. The Senate passed the bill on July 29 adding two new programs—a State-local grant assistance program and the Talmadge-Nunn proposal to reallocate funds available under the wastewater treatment construction grant program.

A conference agreement on the 1975 measure was not filed until December. The conference report, which was a composite of the three separate programs, totaled $6.1 billion. The President vetoed the legislation and the veto was sustained in the Senate by a vote of 35 to 63 on February 19 of this year.

Immediately after the vote in the Senate, the Public Works Committee, under the responsible leadership of Chairman RANDOLPH and Senator BAKER, began work on a second public works bill. On March 24 the committee reported S. 3201. I supported the committee bill as a I considered it a reasonable, focused approach to the problem.

During consideration in the Senate, amendments were again added to the committee proposal, increasing the cost of the bill from the modest $2.5 billion first reported to $5.3 billion—only $800 million less than the vetoed legislation.

The bill passed by the House of Representatives authorized $2.5 billion for a program of public works. The House bill did not include other measures comparable to those added by the Senate.

The conference report includes all three Senate measures. Title I authorizes $2 billion for a public works employment program as included in the House bill.

Title II authorizes $1.250 billion for the countercyclical revenue sharing program over five quarters.

The third program added by the Senate, the so-called Talmadge-Nunn amendment, was included in the agreement but the authorization reduced from $1.4 billion to $700 million. Each State's share would be proportionally reduced.

The total of these three authorizations is $3.950 billion—slightly below the $4.2 billion authorized at current unemployment levels in the Senate bill. Once more this legislation has become a multibillion dollar proposition—an expenditure of funds beyond that which should be made at this time.

I must reluctantly urge the Senate to oppose this legislation.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. BAKER). Who yields time?

Mr. MONTOYA. Mr. President, I yield 5 minutes to the Senator from Maine.

Mr. MUSKIE. Mr. President, I thank my good friend from New Mexico, the floor manager of the bill. I also express appreciation to him and to the distinguished Senator from West Virginia for their leadership in taking this bill to conference and respecting the Senate will, as expressed in action on this bill, and bringing it to the floor.

In response to my good friend on the other side, with whom I regret being in disagreement, let me make two points: One, no single committee has jurisdiction over all elements of this bill. Second, all elements of this bill were contemplated by last year's budget resolution and this year's budget resolution. So that although no single committee has jurisdiction over all elements of the bill, the Senate as a whole has expressed itself positively with respect to all elements of the bill.

So I am not particularly impressed with the argument that because the bill, as it came out of the Committee on Public Works, did not contain the other elements, therefore, the Senate is out of order and the House-Senate conference is out of order in adding them to the bill.

If I may address myself to the bill as it comes out of conference, this legislation offers us a second attempt to enact into law a program which has been designated a congressional priority in both budget resolutions for fiscal year 1976 and in the first resolution for fiscal year 1977.

The provisions of this bill are not new to this body. The major substantive provisions of S. 3201 are identical to those of the bill which was vetoed by the President. S. 3201 does differ from H.R. 5247 in one significant way. Its total authorization level is less than $4 billion. H.R. 5247 would have authorized expenditures well in excess of $6 billion.

The conferees on S. 3201 have recommended this reduction in recognition of improvements in the State of the economy since we began this debate well over a year ago, as well as in hopes that the President will sign this scaled-down proposal.

While acknowledging that unemployment has improved, the conferees also recognize that we still have a long way to go. One need only look at the unemployment figures to know the recession is still very much with us. And the President's own economic advisor conceded just last week that we can expect unemployment to hover around the 7 percent mark for the rest of this year.

The bill before us offers us a modest but effective vehicle for easing the pain of lingering high unemployment. If enacted, the various programs in this bill could provide as many as 300,000 jobs. And they would be solid, productive jobs, not make-work employment.

Title I of the bill would fund community projects on which construction can begin within 90 days. Only high priority local projects, for which the initial planning stages have been completed, could be funded under this title. The building of schools, libraries or recreation centers, for example, is hardly my idea of make-work jobs.

Title II of the bill would provide general budget assistance to State and local governments which are still experiencing high unemployment.

That this is still the case, Mr. President, is well documented in an article which appeared today in the Wall Street Journal. I shall not read it all, but ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MANY MUNICIPALITIES LAG BEHIND THE NATION IN ECONOMIC RECOVERY

Nationwide economic statistics indicate that the tide of recovery is rising fairly steadily. But many of the nation's cities are still being battered, and some are being relentlessly swept along by an undertow of disastrous economic forces.

In city after city, an informal survey by Wall Street Journal reporters finds evidence of two related problems: lagging upturns from the recession and long-term, possibly incurable, ailments.

"My gut feeling is that (over the next few years) the Philadelphia region won't be as healthy in terms of recovery as the nation as a whole," says James H. Savitt, an economist for Wharton Econometric Forecasting Associates.

"Detroit is suffering from long-term deterioration, offsetting any improvements from the cyclical recovery," says an economist there.

Everyone has heard about New York City's intractable problems—the sag toward bankruptcy, the physical deterioration, the high crime rates, the flight of people and businesses, the irritations unlimited. But perhaps not so widely recognized is the extent to which the Big Apple isn't just a rare rotten apple in the U.S. municipal barrel. In many cities, block after block of gutted buildings and rubble-strewn lots suggest that quite possibly much of the barrel may be rotting—a frightening possibility in a nation in which nearly a third of the population lives in cities of 50,000 or more.

WIDE RANGE OF WOES

The problems of economically lagging cities spread over a wide range.

They affect Seattle, where two props under the economy early last year—steady work at Boeing and jobs related to the Alaskan pipeline—gradually sagged, and seasonally adjusted unemployment in the metropolitan area lingered at 9% in April despite a favorable array of other statistics.

They hurt Erie, Pa., where unemployment in April was at 10.6% partly because many companies, a job-placement executive says, "are afraid" to hire because of a "wait-and-see attitude" toward the economic rebound.

They are highly visible in downtown Providence, R.I., a place of boarded-up stores, a vacant 500-room hotel, dwindling population, high unemployment and low hope of much progress soon.

And they range down to the seemingly incurable maladies of cities like Lawrence, Mass., an old mill town that has been sliding so long that even most of its permanent-placement employment agencies have gone out of business; like Wilmington, Del., where the number of abandoned houses—more than 700—hasn't changed for three years desipte big rehabilitation programs; like Buffalo, N.Y., where once-bustling Main Street now bustles with panhandlers and prostitutes; and like Compton, Calif., which City Manager Allen J. Parker terms a victim of "white flight," with over-20% unemployment, 56% of its residents on welfare, and only two housing starts all last year.

SOME CITIES BOOMING

But, in sharp contrast, some cities are booming. Mostly they are in the Sun Belt, the areas across the South to which Americans are flocking. Many such cities, particularly in the Southwest, are prospering not only because of the warm sun above but because of the wealth of oil, gas, and coal below. An agribusiness boom and high-technology industry often help.

"This region was only mildly affected by the recession in the first place, and we've rebounded much more rapidly than the rest of the country," says David Ransom, an economist for First International Bancshares, in Dallas.

Even far from the fun in the sun, some other cities are surprisingly prosperous—although few of them are without serious problems, especially in regard to municipal financing. Indianapolis, for example, was hit only lightly by the recession. John Carter, an Indiana National Bank economist says the city was aided by diversification into service industries from its heavy-industry base.

The capital-goods industry by itself rarely seems to produce a rebound faster than the general economic recovery; usually an additional edge is needed. For example, St. Louis was helped by state employment in aerospace, largely at McDonnell Douglas, and so the auto-industry upturn there came atop a relatively prosperous base (although East St. Louis remains a disaster). In Milwaukee, the prosperity of a few major employers—particularly mining-equipment makers such as Harnischfeger and Bucyrus-Erie—gave the local economy unaccustomed stability during the recession, and now other capital-goods companies are recovering.

HEAVY-INDUSTRY LAG

Without such a stroke of luck, an industrial city is likely to suffer from the traditional lag with which capital-goods manufacturers respond to a nationwide upturn. Cleveland's economy, for instance, is lagging, and James Dawson, an economist at National City Bank there, notes that the city is subject to wide economic swings because "durable goods are half again as important to Cleveland as they are to the country as a whole." He adds that the three largest employers are the automobile, steel and capital-goods industries—all highly cyclical.

In Canton, an industrial city 50 miles away, the recession struck "a couple of months" after it hit most places, and in the recovery, "we're just running a few minutes behind," says Harlan Dobry, executive vice president of the chamber of commerce. In Erie, Pa., Charles Barney of the chamber of commerce says, "As soon as companies start spending for capital goods, we'll come out" of the the slump.

Ironically, some cities may be lagging precisely because they lack much cyclical industry. In the San Francisco-Oakland area, where unemployment in May was 11.4% (compared with 11.6% a year earlier), a Bank of America economist, Eric Thor, blames the sluggishness mainly on the area's service-oriented economy and adds, "The major recovery nationwide has been in manufacturing, but we don't have much of that."

Too much concentration in consumer-oriented lines also can hurt. One economist in Memphis terms the recovery there "mediocre to nonexistent," and among factors cited are layoffs and plant closings by consumer-goods makers and the city's role as a regional distribution center. Memphis was harder hit than in previous recessions because consumers, crimped by both recession and inflation, cut back buying sharply. Even last month, layoffs still were being announced.

A heavy stake in agriculture also can be a blight, if area farmers fare poorly. Memphis-area cotton and soybean crops yielded $200 million less last year than even in depressed 1974 according to Agriculture Department figures, and so considerably less agricultural money was pumped through the city's economy.

To some degree, of course, the fortunes for most cities are closely linked with a few dominant industries. Most cities are like Seattle, which, as a local economic puts it, "really doesn't boom unless Boeing booms." However, a key employer can, if it so chooses, shore up a city in defiance of an economic downtrend in the area. For the past four years—throughout the recession—Du Pont kept its Wilmington employment stable at about 7,300. The giant chemical company also is responsible for the only private office building under construction in Wilmington; lenders refused a commitment until the builders signed up a major renter. The builders "made it clear to us that they needed us," a Du Pont spokesman says, and "we needed space."

FLORIDA CONSTRUCTION

Although the construction industry is important almost everywhere, in only a comparatively few cities does it attain a position of dominance. Among them are some Florida coastal resorts. In Dade and Broward counties, which make up Miami and its environs, 34,000 condominium units stand unsold, and the consequent stagnation in building activity has kept the unemployment rate at 11.5%. Some nearby cities are even worse off; in West Palm Beach, unemployment is 13.2%, and in the Ft. Lauderdale-Hollywood area it is 14.6%.

"Commercial construction has held up pretty well," says Ray Lacombe, vice president and economist at First Federal Savings & Loan Association of Miami. "Its residential construction—particularly multifamily units—that has slumped so badly."

Even in many nonresort areas, overbuilding and a subsequent slump in construction have retarded the recovery. Memphis is burdened with upwards of 1.2 million square feet of unrented new office space, a three-to-five-year supply of empty condominium units and a three-year supply of developed but empty single-family housing lots. The result: the sharpest decline in construction since 1945. In the first four months of 1976, nonresidential construction was still down 24% from a year earlier; residential building gained 72%, but the surge was from practically a standstill last year.

In many cities, the construction rebound has the same glum aspect. In Detroit, construction activity was up 64% in the first quarter, but Jack Steiner, a chamber of commerce official, notes, "You're working from a very low base." In San Francisco, a 76% rebound in residential contracts still leaves building "not anywhere near the level it should be," Bank of America's Mr. Thor says.

DEMOLITION FACTOR

Housing demolitions may be more significant than construction in some troubled cities. In Buffalo last year, 1,408 dwelling units were demolished, up from 911 in 1974. In February 1976, demolitions rose to 139 units from 87 a year before, while construction permits dropped to 112 from 164. The dismaying trends are obvious not only in statistical summaries but also in the gaps in building facades along Buffalo streets.

Construction in some cities is reviving faster than in others, of course, and even some center-city areas are being spruced up. Providence's College Hill area, near Brown University, is enjoying a resurgence. In Wilmington, Bill Waugaman, senior vice president of the Wilmington Savings Fund Society, says, "We're receiving more and more (mortgage) applications for housing within the city," and most of them are from the kind of families "you'd expect would move to the suburbs."

But despite scattered signs of revival, most cities are suffering a drain of population to the suburbs. Providence's population has dropped to 168,000 from 207,000 in 1960, and Wilmington's has barely stabilized at about the 80,000 level reached in 1970 after a long decline from more than 100,000 in 1950. Buffalo and Erie have been shrinking for years. The Census Bureau estimates that Detroit slid 11% from 1970 to 1,346,000 in 1975, and even older Detroit suburbs such as Dearborn and Royal Oak are losing population as residents die off and their children move farther from the city. Warren, a booming Detroit suburb of the 1950s, is desperately trying to sell three surplus schools.

Some cities, like Memphis and Indianapolis, aren't losing people and jobs to the suburbs, simply because their city limits extend so far out. But the downtown areas have been deteriorating for years.

FLIGHT OF BUSINESSES

The flight of people to the suburbs has been accompanied by a flight of businesses. One obvious result is a consistently higher unemployment rate in many cities than in surrounding areas. Joblessness in Detroit in May, for instance was estimated at 13.4%, far above the 10% for the whole metropolitan area and the 7.3% nationwide. In Philadelphia, unemployment in the city usually runs two percentage points higher than in the region.

In the Albany-Schenectady-Troy region, Sanford W. Huston, president of Denby Stores Inc., a retail chain, says, "we're growing in this area, and we still project growth. But all the core cities in the metropolitan area are dying." Denby is considering three suburban locations for new stores, Mr. Huston adds, but "I wouldn't touch a core city in this area." He says that sales of Denby's only core-city store, in Troy, have plunged more than 30% from 1970 levels, while its seven suburban outlets are thriving.

Frank Dinova, owner of Encounter, a fashion boutique in Albany, is glum, too. "The economy could come back, and it wouldn't help the (inner) city of Albany. In fact," he says, "it might hurt, because it would give more people the opportunity to get out." Dean Harold M. Williams of the University of California at Los Angeles Graduate School of Management also notes "a tendency for those who are financially able, to move their businesses and live in more suburban communities."

Even some suburbs are affected by "white flight." The recent federal court decision ordering busing between Wilmington's 90%-black school district and the largely white suburban districts has sent some Delaware suburbanites fleeing into Pennsylvania and Maryland.

People and companies scoot across state lines to avoid other problems, too. Lowell and Lawrence have been hurt by an exodus into southern New Hampshire by people avoiding high taxes and insurance bills in Massachusetts.

LURE OF THE SUN

Currently, the interstate movement in the limelight is the flight into the sunlight. To old New England mill towns, the loss of textile and other factories to the South is an ancient, although still agonizing, story. It has turned Lowell and Lawrence into a "long-term basket case," says Dick Syron, an economist at the Federal Reserve Bank of Boston. New Haven and other Connecticut industrial towns are similarly afflicted.

And in a recent securities prospectus, Buffalo attributed its plight to, among other factors, the "general shift in population to the Southwest," coupled with companies' desire "to move production facilities closer to their product markets." According to the New York State Labor Department, 17 major concerns have pulled out of the Buffalo area since the beginning of 1975, for a cumulative loss of 5,200 jobs.

Perhaps just as serious is the fact that the department hasn't received any reports of a major employer moving into the Buffalo area. Many other Northeastern cities are equally worried about their difficulties in luring much new industry. "We haven't had any real industrial expansion projects going within the last year," laments Raymond Weber, executive director of the Manufacturers' Association of Erie.

Expressing his concern "about the so-called Sun Belt problem," Mr. Syron adds in Boston, "What I'm saying is that every time I go to Dallas, I get depressed." Most officials in the Northeast expect the drain to the South to continue. The only way the migrants will be lured back, James Dawson, senior vice president and economist at Cleveland's National City Bank, says wryly, is if "there's such a severe energy crisis that they all have to turn off their air conditioners."

TWO EXCEPTIONS

Ironically, two archetypal sun cities, Los Angeles and Miami, aren't basking in the boom.

In Los Angeles, unemployment continues high; some local companies, particularly aircraft concerns, have encountered downdrafts. Meanwhile, migrants from other states and Mexico keep swelling the labor force. "We don't have the economic base upon which to stage a recovery," Tyler MacDonald, head of the city's economic development panel, says. "We're not creating the hard jobs, the industrial jobs, that become a base from which other employment feeds."

Miami is suffering not only from stagnant construction but also, some people think, from Disney World's competition for tourists. "That area acts as a dam across the state," complains Charles Francis, a vice president of Wometco Enterprises, operator of the Seaquarium near Miami. Other observers, however, doubt that tourists tend to stop and get no further south than Disney World; they note that tourism has been healthy, if not booming, in Miami, and they say the Latin atmosphere created by the energetic Cuban immigrants has attracted many Latin American tourists.

Tourism has been temporarily helping Los Angeles and San Francisco, too, although Bank of America's Mr. Thor notes that the projected surge in such revenue in San Francisco "doesn't translate directly into jobs." In Los Angeles, tourism is up despite fewer conventions—a decline that a visitors bureau spokesman attributes to a bicentennial urge to visit the East's old Colonial cities. A Philadelphia greeting-card store operator confirms that "the bicentennial is bringing people in from all over."

However, tourism's whimsical ebbs and flows can't solve the basic problems—looming up as starkly as a deserted factory—of an aging city.

Obsolete industrial plants, for example, plague many Northeastern cities besides New England mill towns. Buffalo's gloomy prospectus complains of "aging industrial facilities." Philadelphia's generally old factories in a recession "get taken off first and don't come back on until later" than newer facilities, Wharton Econometric's Mr. Savitt says.

Aging, deteriorating housing also drags down some cities. In Detroit, a massive federal rehabilitation program backfired miserably and left thousands of abandoned homes scattered across the city; now, inadequate housing impedes attempts to stem Detroit's long-term decline.

In some cities, arson has reached calamitous proportions; it has left block after block of destruction. High rates of other crimes, including factory vandalism, every kind of theft, muggings of personnel and even murder, provoke people and businesses to flee, raise insurance costs to prohibitive levels and destroy all hope of encouraging new investment. Compton's crime rate, one of the highest in California keeps new business away and threatens existing firms, City Manager Parker says. "Our No. 1 problem is arresting the crime rate," he adds.

Even if a company should want to move into a city, it often can't find enough land, Jack Pryor, director of Detroit's development agency, concedes. Los Angeles suffers because it has few industrial parks, which many companies want, says Robert W. Draine, a real estate executive. UCLA's Prof. Williams warns that the strongest businesses, lacking room to expand, depart; as a result, he says, the city suffers from "negative Darwinism, or survival of the unfit."

COSTS OF CONGESTION

In some larger cities, the shortage of land has an unfortunate corollary, an abundance of congestion. Slowed truck deliveries and employe commuting problems raise costs and deter investment.

Costs also are ballooned to uncompetitive levels by strong labor unions in some cities. Currently Anaconda Co.'s brass division is threatening to close three tube mills in Waterbury, Conn., partially because of what the company terms "excessive" labor costs. And in many cities the high costs of municipal workers' contracts are raising taxes and are helping spur the flight of both residents and businesses.

Various local problems hurt specific cities. In Memphis, some bank economists worry that local banks were so damaged during the recession, particularly by ill-advised real estate loans, that they may not be able to finance a local recovery. In Buffalo, the opening of the St. Lawrence Seaway in the 1950s "was the death knell for the grain industry here," says Leslie Foschio, the city's corporation counsel, because grain ships from the Midwest can bypass Buffalo and sail directly out to the Atlantic.

Other governmental actions have jolted ailing cities. Providence, for example, was hurt when several years ago the Navy began phasing out some nearby installations; altogether, 6,000 civilian jobs have been eliminated and 18,000 military personnel transferred. Buffalo lost an important lure to industry when its access to cheap hydroelectric power in the Niagara Falls area was eliminated by a statewide rate restructuring.

HIGH LOCAL TAXES

Moreover, most of the sick cities are put at a competitive disadvantage by high local taxes. In Los Angeles, businessmen complain about the city's gross receipts and inventory taxes, which nearby cities don't have. In some places, taxes are headed far higher than they are now. On July 1, Philadelphia will put into effect the biggest tax increase in its history; property taxes will soar 29.3% and wage taxes 30.2%. The mayor of San Francisco has proposed a whole series of tax boosts.

But despite high taxes, city after city is running a disastrous deficit. Even without an immediate threat of bankruptcy, the effects are serious. Detroit, which is running a $43.7 million deficit this year, has reduced city employe totals about 20%, although some of these workers have been rehired with federal funds. Compton, hit by rising costs and stagnant tax revenues, recently announced it will lay off 166 of its 770 municipal workers. Buffalo's credit rating has been reduced, and the city faces a crippling inability to borrow; slated for the ax in the fiscal year starting July 1 are 738 city jobs and 400 more in the educational sector. Such employment cutbacks, of course, retard a city's economic recovery.

Government retrenchment strikes most heavily in cities like Albany, a state capital where almost 28% of the jobs are governmental. Hundreds of state workers have been laid off or forced to take pay cuts. "Government is feeling the pinch and is dampening our recovery," says David J. Nyhan, a state labor department analyst. Local businessmen agree. "The auto dealerships in this area have been hurting," says John S. Murray, general manager of Marsh Hallman Chevrolet Inc. Even local gin mills, their owners say, are feeling the pain.

Mr. MUSKIE. The headline and first two paragraphs read as follows:

Many Municipalities Lag Behind the Nation In Economic Recovery

Nationwide economic statistics indicate that the tide of recovery is rising fairly steadily. But many of the nation's cities are still being battered, and some are being relentlessly swept along by an undertow of disastrous economic forces.

In city after city, an informal survey by Wall Street Journal reporters finds evidence of two related problems: lagging upturns from the recession and long-term, possibly incurable, ailments.

The article, in two pages that I hold up for the Senators to see, documents this fact, city by city across the country. Thus, there is justification for title II.

The PRESIDING OFFICER (Mr. Curtis). The Senator's time has expired.

Mr. MONTOYA. I yield 2 more minutes.

Mr. MUSKIE. No funds would be authorized under this title unless national unemployment was at least 6 percent. At the local level, funds would be allocated according to the unemployment rate of individual jurisdictions. This money would be used to help State and local governments, referred to in the Wall Street Journal, through the budget squeeze brought about by high unemployment within their boundaries—so that they do not have to raise taxes or cut back on services, both actions which run counter to Federal efforts to stimulate economic recovery.

So, there is still a case, Mr. President, as the unemployment figures are still running above 7 percent. In this story of city after city in economic trouble from this recession, there is still a case for this conference report and the legislation that it includes.

Title III of S. 3201 would provide additional funds for the construction of waste water treatment facilities by State and local governments.

Mr. President, a majority of the Senate has given its nod of approval to this antirecession package on more than one occasion. Earlier this year, the Senate failed to override the President's veto by only three votes.

The bill before us today represents substantially the same approach as in H.R. 5247, but at a much reduced cost. It is offered in a spirit of compromise to those who said the earlier bill was too costly.

It is indeed tragic, Mr. President, that this recession has been so severe that some of us have forgotten just how bad 7-percent unemployment really is. But the 7 million unemployed Americans have not forgotten. They know it means that we are far from out of the woods.

I urge my colleagues to vote today to reaffirm our commitment to this legislation, so that we can get on with the business of putting America back to work.

I urge the Senate to support the careful, comprehensive, thorough, thoughtful work of the conference, headed on the Senate side by the distinguished Senator from West Virginia and the Senator from New Mexico, who have my congratulations.

The PRESIDING OFFICER. Who yields time?

Mr. McCLURE. Mr. President, I yield 5 minutes to the Senator from New Mexico (Mr. DOMENICI).

Mr. DOMENICI. Mr. President, I, too, like my good friend from Idaho and from Tennessee, commend the distinguished chairman of the committee (Mr. RANDOLPH) and Senator MONTOYA for their hard work, in particular on the public works part of this bill. It is indeed with reluctance that I must indicate my opposition to it.

Mr. President, it seems to me that while we look at each one of the ingredients in this package, one might conclude that each of them indeed attempts to address a rather significant problem in our country. There is no doubt that the construction industry and those many hundreds of thousands of people who work in that industry who are unemployed are anxiously waiting for an opportunity to go to work. However, it distresses me that the trigger mechanism in the Senate bill that tied the amount of assistance to the degree of unemployment in this country has been eliminated from this bill.

We know that the long leadtime in these programs means that frequently, when the recession is over, this kind of program and project continues. What started as an antirecession measure encumbers the economic marketplace well into inflation. Those who are hurt are the very working people we are trying to protect, for their enemy—as it is the enemy of all Americans—is inflation that will follow after this recession if we are not careful as to what role we play in trying to help solve it.

Then, Mr. President, title II of the bill addresses the needs of the cities of our country. My good friend from Maine knows that, having been a mayor of my State's major city, I am concerned about this problem, but I do think it is true that this countercyclical title has been changed so dramatically that it now resembles general revenue sharing rather than an antirecessionary, countercyclical assistance program to those cities most in need.

I do not believe it is a new national urban policy, and if there is any indication that that is why we ought to pass it, I do not think it begins to address the problems of our major urban centers. Therefore, since it is not, in my opinion, aimed at helping those major cities in America that have been most hurt by the recession, I feel we are just adding another major program to the many we have without any direction and without really knowing what we are trying to do to solve the problems of our major metropolitan areas.

Mr. President, I believe that, among the many antirecessionary programs considered by the Senate and by the House, the Talmadge-Nunn amendment would not be high on the list of countercyclical programs. It is an attempt to add substantial hundreds of millions of dollars to the process of helping with water and sewer projects in our respective States, but the priority question is to carefully evaluate the existing formula for the waste water treatment program and to decide what to do with the money we are going to appropriate for water and sewer projects.

This amendment has come along because someone wants to amend that allocation process and make it sound like a very important antirecessionary measure in order to get a package together and garner the kind of well-rounded support needed.

So when you put all those three measures together, it is with reluctance that I must say I cannot support the bill. I do say that generally the Senate has attempted to address two of the major issues here, the problem of our major cities in this recession and the problem of unemployment in the construction industry.

I do not believe this bill, in its final form as reported by the conferees, does that, and I honestly believe it will turn out to be inflationary and, indeed, will not address the issues that are basically the goals of this package.

It is not anything like the best antirecessionary package we could report. It is rather the victim of happenstance and disagreements between the House and the Senate as to where the thrust ought to be. The result of the disagreement has been to add to the bill both what we agree upon as well as not to have any disagreement, because we have a lot of what many of us want.

So I must oppose it and, in doing so, I once again commend the chairman of the Public Works Committee for his abiding interest in trying to help solve the problems of the construction industry. I just do not think this will do it.

The PRESIDING OFFICER. The time of the Senator has expired.

Who yields time?

Mr. McCLURE. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. How much time remains to the proponents and how much to the opponents?

The PRESIDING OFFICER. The Senator from Tennessee has 10 minutes remaining; the Senator from New Mexico has 11 minutes remaining.

Mr. BAKER. Mr. President, I yield such time as the Senator from Idaho may wish.

Mr. McCLURE. Mr. President, I thank the Senator for yielding time. I address myself to two matters that have been mentioned. First, the Senator from Maine mentioned that we should not criticize the bill because it was an amalgamation of three different programs.

I do not criticize it on that basis. I recognize the differing jurisdictions. I recognize that once they are brought together on the floor we have a composite that comes from different jurisdictions, all of which were addressed by the Budget Committee. No argument is raised about the question of whether or not this violates budget targets, although I think we might well want to take a look at what we do to the other options under functional targets on other initiatives that may come along later on. That is not the essence of the discussion today.

The other thing I want to mention today is the impact of the spend-out rates on public works type projects. When we first were discussing this a year ago we had both the triggering device in here and also we had a very great effort made to put the money into programs that were ready to move. The Talmadge-Nunn amendment was added on the floor in part because it was felt the amendment authorized a group of projects that were ready to go. They could move forward very rapidly and, therefore, might have a substantial impact within the period of time that we are seeking to stimulate the economy in the country.

I want to refer to not just the experience we have had in the past—and I think we must—but to a Brookings Institution study that analyzed the spendout rate on the accelerated public works program, which was enacted a number of years ago.

The accelerated Public Works Act of 1962 and public works impact program of 1971 both illustrate the lag problem with which we are dealing. It becomes particularly important because we have been talking about this matter for almost a year, and thus we have already lost almost a year in starting.

Mr. RANDOLPH. Mr. President, will my colleague yield?

Mr. McCLURE. If I may do so on the Senator's time.

Mr. RANDOLPH. Yes, it would be taken out of my time.

Mr. McCLURE. Yes.

Mr. RANDOLPH. The Senator referred to the accelerated Public Works Act of 1962. Let us remember that the unemployment rate in the country at that time was 7.1 percent. That bill passed in the Senate and in the House and became the law of the land. It was needed then.

This bill, with a higher rate of unemployment in the construction industry of almost 15 percent, this measure is needed even more.

Mr. McCLURE. I appreciate the statement of the Senator from West Virginia, but it does not really subtract from the experience that we had under those programs as to when the money was actually spent.

Mr. MUSKIE. Mr. President, will the Senator yield?

What puzzles me is that, as I listen to the arguments on that side, all three of the Senators have been in favor of the public works element of the bill standing by itself but what you object to is the countercyclical, which is triggered to the recession, and the Nunn-Talmadge thing. But now you find fault with the public works bill, too.

Mr. McCLURE. Mr. President, as I was saying, in the Brookings Institution papers on economic activity, volume 1, 1971, the noted economist, Nancy H. Teeters, wrote about the impact of the accelerated public works program of 1962. The article pointed out that:

> The program was passed in September 1962 with initial obligational authority of $850 million. Although $152 million of the amount was obligated in that fiscal year, only $62 million was spent then. The bulk of the money was obligated and spent in fiscal year 1964 and 1965 with vestiges of the program still in existence in 1971.

The committee in the other body, looking at this program, said there are substantial differences between this and the PWIP's and substantial differences between this and the economic conditions then and now. They came up with the projections under the initial bill. That committee estimates the transition quarter would see 1 percent of the money spent, that the 1977 fiscal year would see 30 percent of the money spent, but it would not be until fiscal 1978 that 45 percent of the money would be spent. In 1979 the committee projected 23 percent would be expended and the final amount of the money expended under the program would not occur until 1980.

So I think we do see some time lag that may find the expenditures of these moneys occurring at a time which is not in phase with the financial needs of the economy.

Mr. President, I reserve the remainder of my time, if I may.

Mr. RANDOLPH. I think we might recall the number of projects under the Accelerated Public Works Act of 1962.

It was more than 7,700 projects. I recall to my able friend that those projects, of course, could not all begin at the same date, nor could they be completed at the same date. The program was a continuing strengthening of the economy through worthwhile projects that exist today. They are lasting projects. But the unemployment figures, of course, went down.

Mr. McCLURE. Mr. President, I yield myself such further time as I may consume only to respond that, certainly, that is true. But as I have stated, I believe the trigger is essential and its removal changes the character of this legislation. The trigger concept distinguished the Senate bill as an antirecessionary proposal and not just another large public works program without regard for the need for it as the economy continues to progress and full employment is reached. The trigger—which releases funds as unemployment increases and cuts back funds as unemployment declines—provided some assurance that the program will not result in a large expenditure of funds at the wrong time and in the wrong amount. The trigger is made more crucial, I believe, by the fact that there is a long spend-out time for public works programs. In the absence of the trigger that problem is exacerbated and multiplied.

The PRESIDING OFFICER. Who yields time?

Mr. MONTOYA. Mr. President, I ask for the yeas and nays on the adoption of the conference report.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MONTOYA. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. MONTOYA. Mr. President, let us put this matter in proper focus.

I think the Senate Subcommittee on Economic Development as well as the full Public Works Committee, when they acted on this legislation initially, had in mind trying to meet the objections of the President as expressed in the veto of H.R. 5247.

That bill contained an authorization of $6,125,000,000. The Senate bill which was passed subsequent to that veto and which tried to tune in on the President's wishes, as much as possible, had an authorization of $3.875 billion, which was considerably less than the vetoed bill.

This bill came out of the subcommittee unanimously. Then we presented it to the full Public Works Committee, and the full Public Works Committee approved the recommendations of the subcommittee.

Two amendments were added on the Senate floor: The countercyclical amendment and the Nunn-Talmadge amendment, which together added an additional $2.775 billion.

We have tried to meet some of the President's earlier objections. We have tried to get a bill out of the Senate and out of the conference that might avoid a veto.

Of course, I do not want to depreciate the efforts of my esteemed colleagues who are now arguing against the conference report. I personally tried to sustain the triggering device which was in the Senate bill. I voted for it in the subcommittee and in the full committee. I think it was a good provision.

But when we got to conference with the House, the House was adamant in its attitude and insisted we drop this triggering device. Of course, they wanted an authorization far beyond the amount which we had approved. We tried to whittle it down as much as we could in the hope that we would have a figure that would meet with the President's wishes, and thus avoid a Presidential veto. This we have done.

There has been an argument proposed here that what has actually happened, the public works outlays under this authorization might be extended 1, 2, or 3 years.

We have a provision in the conference report, which requires that only those projects which are in the pipeline and which can be approved quickly will be considered.

All in all, I can say that we have tried in a spirit of legislative comity to arrive at a consensus between both Houses and, at the same time, try to bring a bill out of this Congress that might be acceptable to the President, or at least avoid a Presidential veto.

We have done our best and I was hopeful that our friends on the other side would join us in the adoption of the conference report. I regret very much that we have split because heretofore we have been together, we have worked together. We have had the same thing in mind, that is, to alleviate unemployment and, at the same time, try to meet the hopes of the President for an acceptable bill.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The time runs against both sides.

Mr. RANDOLPH. Mr. President, those opposed to the conference report on the bill have 3 minutes remaining, we have 5. I thought perhaps that the supporters of the measure might have the opportunity to close the debate.

Mr. McCLURE. Mr. President, I have no objection. I think the distinguished Senator from West Virginia is entitled to that courtesy and I am glad to give it to him.

Mr. President, let me respond only very briefly in this vein.

If the conference report had totaled $3.95 billion for the three titles and the triggering device had been left in the Senate bill, we would have been together.

I think we could have confidently predicted the President would have signed it, and I would have urged him to sign it.

I do not know what the President of the United States is going to do on this particular issue.

I am not approaching the debate on the basis of whether or not the President is or is not going to veto. My approach to the problem has been whether this is a good conference bill, and whether it addresses the problems that confront the country in the way it ought to address the problems?

It is my judgment that the composite of the bill, without the triggering device that associates spending under title I with the employment levels, is a bad composite piece of legislation and, therefore, should not be supported.

If it is turned down by the Senate, perhaps we can go back to the House and persuade them the triggering device is an essential portion of the bill.

It is that one issue, perhaps more than any other, that has separated us on this legislation, because we do recognize the commitment of the Senate, the Members of this body and of the other body, to find some means of stimulating employment in the periods of high unemployment.

Mr. President, I reserve the remainder of my time.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 1 minute.

Mr. McCLURE. Mr. President, I yield to the Senator from New York.

Mr. JAVITS. Mr. President, I was a conferee on this bill. It was a hard-fought bill. I think the conferees did very well in the final solutions and I urge the Senate to support the conference report.

LOCAL PUBLIC WORKS EMPLOYMENT ACT ESSENTIAL FOR SUSTAINED RECOVERY

Mr. HUMPHREY. Mr. President, I rise today to urge all of my colleagues to support the conference report on S. 3201, the Local Public Works Employment Act of 1976. This conference report is an integral component of the economic recovery program developed in Congress. It will provide jobs to many of our Nation's unemployed, it will reinvigorate the construction industry and it will provide emergency assistance to many States, cities, and counties that have been devastated by the recession.

Mr. President, our Nation's economy has been recovering for each of the last five quarters. The gross national product has been rising, the unemployment rate has been dropping and many other indicators of economic performance have been improving. There is much with which the Congress can be pleased.

However, we must be careful not to rest on our laurels. The national unemployment rate is still well above 7 percent and almost 7 million American workers remain unemployed. In some sectors of our economy, such as the construction industry, unemployment remains above 15 percent. So there is much that remains to be done if we are to achieve full employment through a sustained and vigorous economic recovery.

While every section of this conference report is essential to a vigorous and sustained economic revovery, I would like to focus my remarks on title II. This portion of the conference report provides emergency countercyclical aid to State and local governments with high unemployment rates. I am particularly proud of this title of the conference report because it is based on ideas developed in the Joint Economic Committee, which I chair. Back in 1971, in the last Republican recession, the JEC recommended that—

> The Federal Government should adopt a system of grant payments to compensate State and local governments for the shortfall in their own tax revenues caused by high unemployment.

The JEC has reiterated this recommendation in three separate reports since the onset of the present recession.

The countercyclical aid bill that I sponsored with my distinguished colleagues the Senator from Maine (Mr. MUSKIE) and the Senator from Tennessee (Mr. BROCK), and which is now incorporated in this conference report as title II, contains many of the provisions that the Joint Economic Committee has consistently recommended since 1971.

The case for this title of the conference report is compelling. State and local governments have been victimized by an unprecedented budget squeeze in the last 2 years. Runaway inflation and soaring energy costs have played havoc with the cost of providing essential services. Recession has administered the second blow of the fiscal double-whammy, by causing enormous revenue shortfalls and skyrocketing demands for social services. According to the President's own Council of Economic Advisers, State and local governments lost over $27 billion in revenues in 1975 due to the recession. That is a shocking figure.

This conference report will provide a modest compensation for the devastating effect on State and local governments of Federal mismanagement of the economy. It will allow State and local governments to keep policemen, firemen, and other essential workers on their payrolls. It will allow State and local governments to hold the line against regressive tax increases. And it will permit the construction of essential capital facilities.

It is time that the Congress lay the issue squarely before the American people. The question is not, as the President argues, whether we should have public jobs or private jobs. The question is whether we have jobs or waste.

We spent $20 billion on unemployment in 1975. We are going to spend at least $15 billion in 1976. Billions more will be spent for welfare, food stamps, and countless other income support programs. At least $50 billion in Federal Government revenues were lost in 1975. State and local governments lost another $27 billion. Over $1 trillion in output will be lost from 1974 to 1980, due to the recession.

Mr. President, that is the issue about which the American people are concerned. They want jobs, not the dole. It is time to put America back to work. I urge all my colleagues to vote to support this conference report.

Mr. KENNEDY. Mr. President, I can think of no more crucial step to take at this time to promote more jobs, particularly in the construction industry than approval of this measure. In my own State of Massachusetts, we actually have lost some 7,000 jobs since a year ago in the construction industry. Unemployment in that industry remains at near 20 percent. We have a statewide unemployment rate that remains close to 8 percent. We have thousands of workers who have exhausted their unemployment benefits.

It is essential that we take action to promote additional jobs and the adoption of this measure is one clear way of insuring that citizens will be working and receiving wages and paying taxes instead of receiving unemployment benefits or welfare.

The real tragedy is that the President vetoed the original measure which would have permitted those jobs to be funded months ago. Workers could have been building vital public facilities today had that bill not been vetoed by the President.

Hopefully, this measure, which is somewhat less expansive, will be signed.

Its key focus is on accelerated public works programs aimed at high unemployment areas, projects that can be started within 90 days of approval and projects located in areas of high unemployment. In fact, 70 percent of the $2 billion in the public works portion of the bill has to be spent in those areas.

Massachusetts will receive a substantial portion of additional funds since our State continues to have a higher rate of unemployment than the national average.

In addition, the bill contains the antirecession revenue-sharing measure I have long supported that will mean $1.25 billion available over the next five quarters in those communities and States with major recessionary problems.

In Massachusetts, we will receive an estimated $75 million from this countercyclical revenue sharing.

These two programs particularly are crucial to quickly stimulate new jobs and new construction in my State and in the Nation.

I strongly support adoption of this measure.

Mr. RANDOLPH. Mr. President, I understand there are 5 minutes remaining with the majority; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. RANDOLPH. Mr. President, it may be redundant, but I wish to say earnestly that I respect the arguments which have been presented by Senators BAKER, DOMENICI, and McCLURE. Yet I believe that the expression of Senators BAKER and McCLURE, in the letter addressed to all Senators, is not filled with the validity that would be required if the Senate is to turn down the conference report.

I think it must be emphasized that this is a conference report. It is the product of deliberation by the Senate conferees and the House conferees.

It involved, as a conference of this type must involve, the accommodation of viewpoints. I emphasize that we are attempting to relieve unemployment, and we are certainly making every effort to bring into being worthwhile projects of a lasting nature.

Title I is essentially the provisions of the House bill, while titles II and III are from the Senate version.

The Senate cannot have its way, I am sure my colleagues on the other side will agree, in all aspects of the legislative process. It is true, of course, as has been said, that what we are attempting to do is to bring into being an antirecession program. In order to make that effective we must take adequate steps and provide necessary sums of money available to reach the goals I have mentioned: a decrease in unemployment and worthwhile jobs of lasting benefit.

The trigger device in the Senate version reduced the available funds as general unemployment dropped. At the time the Senate passed the bill, it would have made $1.5 billion available from a total authorization of $2.5 billion for title I public works construction programs.

Under the present conditions, that amount would be reduced even further, even though the jobless rate in the construction industry in this country is almost 15 percent.

I also reinforce what I said on the point to say that the amount of construction underway decreased in April below March of this year. That is the time, in the spring, when we expect increased activity in construction.

So the removal of the trigger does not—and I respect the letter which has been sent to us—invalidate the bill's status as an antirecession measure. This, I remind my colleagues, is not an open-ended program. It is authorized only—and we must underscore this fact—through September 1977. That is slightly more than 15 months.

The fact that these funds must be appropriated will further limit the availability of the program.

Implicit in the reasoning of the opposition, and understandably so as they present it, is their concern that the program is too expensive. As passed by the Senate, S. 3201 contains a maximum authorization of $6.2 billion. The trigger device reduced the amount available to give it an effective cost of $4.2 billion.

The conference report, although providing additional funds for public works construction, made reductions elsewhere, so that the total authorized amount is $3.5 billion.

These reductions in total authorizations demonstrate the desire of the conferees to report realistic legislation that can become law.

Senators BAKER and MCCLURE are valued members of the Public Works Committee. They have contributed much to the development of legislation in this and other fields. I regret that they have chosen to oppose the majority of the committee in this instance. I believe their reasoning to be invalid and urge the Senate to show its determination to remove the last vestiges of recession by adopting the conference report on the Public Works Employment Act.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the conference report. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Missouri (Mr. SYMINGTON) and the Senator from Indiana (Mr. BAYH) are absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut (Mr. WEICKER) would vote "yea."

The result was announced—yeas 70, nays 25, as follows:

[Rollcall Vote No. 296 Leg.]

YEAS—70

Abourezk
Allen
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Durkin
Eagleton
Eastland
Fong
Ford
Glenn
Gravel
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Randolph
Ribicoff
Schweiker
Sparkman
Stafford
Stennis
Stevenson
Stone
Taft
Talmadge
Tunney
Williams

NAYS—25

Baker
Bartlett
Beall
Bellmon
Buckley
Byrd, Harry F., Jr.
Curtis
Dole
Domenici
Fannin
Garn
Hansen
Helms
Hruska
Laxalt
McClellan
McClure
Proxmire
Roth
Scott, Hugh
Scott, William L.
Stevens
Thurmond
Tower
Young

NOT VOTING—5

Bayh
Goldwater
Griffin
Symington
Weicker

So the conference report was agreed to.

Mr. MONTOYA. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. RANDOLPH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MONTOYA. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated.

The Senate will be in order. The clerk will suspend. Will Senators take their seats, please? Cease conversation.

Mr. MONTOYA addressed the Chair.

The PRESIDING OFFICER. We will not proceed until the Senate is in order.

The clerk will proceed.

The second assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 122) directing the Secretary of the Senate to make corrections in the enrollment of S. 3201.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. MONTOYA. Mr. President, this resolution is necessary to correct an error in the enrollment of S. 3201.

In the printing of the House amendment a line was omitted. The pending resolution authorizes the Secretary of the Senate to make the appropriate correction in the enrollment.

The concurrent resolution (S. Con. Res. 122) was considered and agreed to as follows:

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (S. 3201), to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, the Secretary of the Senate shall make the following correction:

Strike out the third sentence of section 104 of the bill and insert in lieu thereof the following:

"No grant shall be made for a project under this section unless the Federal financial assistance for such project authorized under provisions of law other than this Act is immediately available for such project and construction of such project has not yet been initiated because of lack of funding for the non-Federal share."

TAX REFORM ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 891, H.R. 10612.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

RECESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that in addition to the 5 p.m. time certain agreed to, the Senate now stand in recess for an additional 3 minutes.

There being no objection, the Senate, at 3:57 p.m., recessed until 5 p.m.

During the recess the Senate, preceded by its Secretary, Francis R. Valeo, and its Sergeant at Arms, F. Nordy Hoffmann, proceeded to the Old Senate Chamber for the purpose of reassembling in legislative session for ceremonies in the Old Senate Chamber.

CEREMONIES IN THE OLD SENATE CHAMBER

Pursuant to Senate Resolution 446, the Senate reassembled in legislative session for ceremonies in the Old Senate Chamber previously used by the Senate from 1810 to 1859, for the dedication and reopening of that meetingplace to the people of the United States as a historical shrine on the 200th anniversary of the founding of the Nation.

The Senate was called to order by the Vice President, NELSON A. ROCKEFELLER.

The VICE PRESIDENT. I welcome all of you to this historic ceremony.

All of us who cherish the heritage of this Nation are deeply indebted to those who led this brilliant restoration of the Old Senate Chamber, Senator MANSFIELD and Senator SCOTT, and the Architect of the Capitol, George White and his colleague, Mario Campioli, and all those who worked with them.

The life of our Nation echoes from the walls of this Chamber. History makers served in this room. And magnificent history they made. Here spoke the impetuous Henry Clay. Here sat the austere John Calhoun, always clad in black. And, here on this very floor Daniel Webster proclaimed: "Liberty and union, now and forever, one and inseparable."

On January 4, 1859, they met for the last time, before filing over to the new Senate Chamber. Among their members were names that recount the history of that age, Stephen Douglas and Jefferson Davis, William Seward and Andrew Johnson. The closing of this Chamber was a symbol of what was happening to the Nation.

When the Chamber had first opened in 1810, 34 Senators sat here representing 7 million Americans in 17 States. When they left this Chamber, there were 64 Senators representing 28 million Americans in 32 States. America was growing, growing in size, in strength, in the role it was to play in the world arena.

Here they had debated the great issues of the mid-19th century. Here the great compromises to hold the union together had been painfully pieced together. Here the policies that opened the Nation to its manifest destiny were decided.

When they first met in this Chamber, the place of the Senate in the American system was ambiguous, merely an executive council some judged it. By the time they left, the U.S. Senate had become the greatest deliberative body on Earth.

After the move to the new Senate Chamber, great chapters of American history continued to be written—the hard controversies over binding up the Union after the Civil War; epic amendments to the Constitution ending slavery, extending due process and granting suffrage to millions of the disenfranchised; then, later, momentous decisions to commit America's might and men to two world wars; measures in the 1930's to meet human needs; decisions in the 1960's that carried forward the civil rights crusade; and inquiries in the early 1970's which led ultimately to the restoration of faith and confidence in government.

Today, we dedicate this Old Senate Chamber as a new shrine of American liberty. When we look back on the American past, so brief in years, yet so miraculous in accomplishment, when we look back on the lives of those who once occupied these places, when we remember what they survived and what they achieved, one can but have faith in America. We can not but realize that we are the most fortunate people on Earth, because through God's abundant blessing, we have built the greatest, strongest, freest nation on Earth.

Today, we also face unparalleled problems—problems in their way every bit as grave as those that confronted our predecessors in this Chamber. Remembering what they faced, recognizing what they achieved, cherishing what they bequeathed to us, we know that ours can be no time for pessimism, no time for anguish.

The third American century will be one of the greatest periods in the history of civilization. It will mark a new era of growth and social progress. The strength of American science and technology, the might of our productive enterprise system, and most of all, the vision, the creativity and the imagination of a free people, combined with their will and determination, their willingness to take risks, to work and to sacrifice, will make it so.

America will continue to extend the frontiers of science and technology, enlarge individual opportunity and extend the realm of the human spirit—not only for ourselves, but for the people of the entire world.

When Vice President Crittenden closed that long-ago session in this Chamber, he said:

> These marble walls must molder into ruin, but the principles of constitutional liberty . . . do not decay.

These walls have not been allowed to fall into ruin. And our liberties have not decayed. They survive, they flourish, strong and unimpaired. And so shall America.

The Chair recognizes the distinguished minority leader, Mr. SCOTT.

Mr. HUGH SCOTT. Mr. President, the Journal was the Congressional Globe, and the proceedings of January 4, 1859, begin with the unanimous-consent request by Senator Stuart. He stated:

> While many of the ladies have found seats in the galleries, there are others who have not, and have great anxiety to witness these proceedings. We have plenty of seats here, and I move (I hope there will be no objection to it) that they be admitted to seats on the floor. It will be but for a few moments, and they will not interrupt our business.

Senator Hamlin, who later became Vice President, indicated that his objection was ungracious, but he believed it too early to depart from the resolution not to admit ladies.

There was concern about the ladies, because in the gallery hand-lettered signs cautioned Mrs. Trollope and other visitors not to put their feet on the railing, as the dirt from them falls upon the Senators' heads. [Laughter.]

If only these walls could speak, they would tell of a country, young yet confident; of statesmen, dedicated yet controversial; who labored to hold together a human experiment unequalled in the history of man.

This Chamber served the Nation between two great conflagrations. The fires of the War of 1812 swept through this Chamber only a few years after it was first occupied. The Senators returned to the restored Chamber in 1819 with undimmed faith in the sovereignty of their Nation.

Nevertheless, this Chamber and the Nation would soon stand witness to the stirrings of a clash between North and South over the spread of slavery into the newly acquired territories. For the next 40 years the Chamber was the scene of desperate efforts to stave off national civil war.

In 1820 the Congress averted a confrontation through adoption of the Missouri Compromise. Here in 1830 Daniel Webster and Robert Hayne met in their celebrated debate over South Carolina's attempted nullification of a Federal tariff.

In the 1830's economic issues sharply divided this Chamber, with President Jackson's veto of the Second Bank of the United States splitting the Senate into the Democratic and Whig parties.

By the 1840's the issue of slavery in the territories again dominated Senate business. Filibusters sparked by the inflammatory problem delayed decisions over boundaries, the admission of new States, and the construction of a transcontinental railroad.

In 1850 the divisive issue of slavery culminated in the most dramatic debate of this Chamber's history. For the final time Henry Clay, Daniel Webster, and John C. Calhoun met to argue the delicate compromise for admitting California and other Western States into the Union.

The debates we participate in today seem fraternally mild compared to the verbal threats and challenges to duels which flourished during the antebellum era. In 1856, for example, Senator Charles Sumner was beaten at his desk in this chamber by Representative Preston Brooks.

Yet, today we remember this Chamber for the statesmen who overcame their emotions, who risked their reputations and careers to hold a nation together.

In 1859, they marched in procession from this Chamber to the new Chamber, and to the trials of civil warfare.

Mr. President, we meet today to honor and to dedicate that which our colleagues wrought and that which it is our responsibility to continue.

The VICE PRESIDENT. The Chair recognizes the distinguished majority leader, Mr. MANSFIELD.

Mr. MANSFIELD. Mr. President, Mr. Speaker, Mr. Chief Justice, and Mr. RHODES, in 1859, 64 Senators moved from this room into the present Senate Chamber. Today, we have retraced their steps not, I hope, in retrogression, but for the purposes of enlarging our perception of the Senate and its place in the continuity of the United States.

Alexis de Toqueville visited in this Chamber nearly 150 years ago. He observed that it:

> Contains within a small space a large proportion of the celebrated men of America. Scarcely an individual is to be seen in it who has not had an active and illustrious career: the Senate is composed of eloquent advocates, distinguished generals, wise magistrates, and statesmen of note whose arguments would do honor to the most remarkable parliamentary debates of Europe.

Since then, to hear some tell it, it has been all downhill. [Laughter.]

As we meet in this unusual but Constitutional session of the Senate, it is appropriate to comment on developments since the time of de Toqueville's observation. Historians refer to the Senate of the days of which he spoke as being in a "Golden Age." For the 40 years prior to the Civil War the Senate floor was the scene of great national debates.

That is not surprising since there was really no other place to hold them. The executive branch was not suited to the purpose. With a membership which by 1850, stood at 232, the House of Representatives was already too large to permit exhaustive discussions of major issues. By contrast, Senators numbered 46 at the period's beginning and only 64 at its end. In the circumstances, the Senate served as the principal political forum for a nation which sensed the gathering storms of division.

The Senate was well-suited to the purpose. For most of the period, each section—North, South, and West—had roughly equal representation. Similarly, philosophical and legislative competence were well distributed.

The small size of the Senate permitted not only prolonged debate but also the flourishing of the sheer force of personality and intellectual acumen. Crises arose one after another and Members took them on one at a time. Clay, Calhoun, and Webster each abandoned hopes for the Presidency in their determined efforts to persuade their colleagues to save the Union in peace. John F. Kennedy draw profiles of the courage of these Senators, along with others, who had placed national interests above that of section or class.

The Senate's capacity to pause and to ponder, made it a principal force for compromise during these critical years. In turn, the process of compromise held back the germination of the seeds of disunion which by the 1820's had already been sown in the Nation. If the War Between the States had been preventable, I am persuaded that the Senate would have prevented it. As it was, by delaying for four decades the bitter harvest of dissension, the Senate became a principal factor in permitting the building of a sufficient strength into the bonds of unity to withstand the immense tragedy which closed in on the Nation after 1860.

Looking around this room, it is obvious that the Senate has lost some of its elegance over the past century and a quarter. One might say that the peacock plummage has been plucked not only from the nest but from its occupants. It does not follow, however, that the Senate has otherwise changed a great deal. We are drawn—as happened with our predecessors—from the vast and continuing stream of American humanity. We are here, partly by choice, partly by fortune and, partly, by only God knows why. [Laughter.]

What moved Senators yesterday still moves Senators today. We have the individual and collective strength of our predecessors and, I might add, their weaknesses. We are not all 10-feet tall nor were they. We act within the circumference of our fears no less than our courage, our foibles as well as our strengths. Our concerns and our efforts in the Senate, as were theirs, are in the context of advancing the welfare of the people whom we represent, safeguarding the well-being of our respective States and protecting the present and the future of this Nation, a Nation which belongs—as does this room—not to one of us or to one generation but to all of us and to all generations.

If there are basic differences between the Senate of the 1850's and the Senate of the 1970's, they have to do with the changes as between then and now in the Nation and world. We function against a vastly different backdrop. The storms that beat around us reach a towering complexity. The uncertainties seem greater and more perplexing. Yet, the decisions which are made by the Senate, in concert with the President and the House of Representatives must be in the same context as in an earlier and simpler time. They must sustain the enduring promise of America—the promise to all of life, liberty, and the pursuit of happiness. They must hew to the conviction that "government of the people, by the people, and for the people shall not perish from the Earth."

The significance of this ceremony today, it seems to me, is to remind us that in a Senate of immense and still unfolding significance to the Nation, as individual Members, each of us can only play a brief and limited role. It is to remind us that the Senate's responsibilities go on, even though the faces and, yes, even the rooms in which they gather fade into history. With the Nation, the Senate has come a long way and, still, there is a long long way to go.

Mr. President, I send to the desk a resolution and ask for its immediate consideration.

The VICE PRESIDENT. The clerk will report the resolution.

The legislative clerk (Mr. Harold G. Ast) read as follows:

Resolution

Whereas the United States of America celebrates this year two hundred years of national independence; and

Whereas the United States has returned for this legislative session to the Chamber it occupied from 1810 to 1859; and

Whereas this historic Chamber, once reclaimed from the ruins of the fire of 1814, has now been restored in authentic detail and character to its appearance during the 1850's; and

Whereas the Senate, during occupancy of this Chamber, grew from a small advisory council to the principal national forum for the resolution of the profound issues of the mid-nineteenth century, issues associated with territorial expansion, economic growth and human rights; and

Whereas in this grand forum, Senators of all sections of the Nation labored to preserve the Union;

Therefore, be it resolved by the Senate of the United States in session assembled;

That this Chamber be declared re-opened;

That the Senate of the United States invites the American people to join in this commemoration and to draw inspiration from the legacy of the past, and the representation of their common history.

Be it further resolved,

That the Senate extends its congratulations and appreciation to the Commission on Art and Antiquities and its staff, to Members of the Senate and the House of Representatives, to the Office of the Architect of the Capitol, and to all those citizens who contributed to the restoring of this Chamber.

The VICE PRESIDENT. Without objection, the Senate will proceed to the immediate consideration of the resolution.

The question is on agreeing to the resolution.

The resolution was agreed to.

The VICE PRESIDENT. Without objection, the preamble is agreed to.

The Chair recognizes Senator Scott.

Mr. HUGH SCOTT. Mr. President, pursuant to the authority vested in me as Vice Chairman of the Commission on Arts and Antiquities of the U.S. Senate and by order of the Senate, I now send to the desk, on behalf of the majority leader and myself, a dedication statement and ask that the Chair direct that it be read.

The VICE PRESIDENT. The clerk will read the statement.

The Secretary of the Senate (Mr. Francis R. Valeo) read as follows:

Dedication

Recalling, that in this Chamber, Senators of the United States assembled from 1810 to 1859, to debate formulate, and reconcile the principles on which the Nation was founded, to the end that the people of a diverse and expanding Nation might enjoy more fully the fruits of their labors, the blessings of liberty, and the protection of just laws; and

Mindful, that as this Nation enters its third century of independence, it is right and good to recall that the future grows out of the past and that in this Hall of Democracy, citizens may contemplate in peace and security the continuum of the Republic's history;

So it is,

That this Chamber of the Senate of the United States, restored by order of the Congress, is dedicated to those American statesmen who again and again have emerged amidst the storms of their times to hold together and to weld a Nation worthy of the highest aspirations of its people and of the world.

Will you sign the dedication, Mr. Vice President?

The VICE PRESIDENT signed the dedication.

The VICE PRESIDENT. The Chair invites the majority leader and the minority leader, who serve as chairman and vice-chairman, respectively, of the Commission on Art and Antiquities of the United States Senate and other members of the Commission to come forward individually and sign the certificate.

The Senators indicated came forward and signed the certificate.

The VICE PRESIDENT. The Chair recognizes Senator Scott.

Mr. HUGH SCOTT. Mr. President, I now move that this special and historic legislative session of the Senate of the United States stand in recess, subject to the call of the Chair.

The VICE PRESIDENT. Without objection, it is so ordered.

(Applause, Senators and guests rising.)

Thereupon, at 4:30 p.m., in accordance with the request of the Senator from Pennsylvania (Mr. Hugh Scott), the Senate recessed, subject to the call of the Chair.

AFTER THE RECESS

The Senate, at 5 p.m., reassembled in its Chamber, and was called to order by the Presiding Officer (Mr. Morgan).

BETTER UTILIZATION OF WHEY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 849, which has been cleared on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 439) relating to the oversupply of whey.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 439) was agreed to.

The preamble was agreed to.

The resolution, with the preamble, reads as follows:

Whereas whey is a natural byproduct in the manufacture of cheese; and

Whereas in recent years cheese manufacturers have spent substantial sums of money on the construction of facilities to process whey in an attempt to conform to Environmental Protection Agency rulings; and

Whereas the economic value of whey has been substantially reduced due to an increase in the supply of such product; and

Whereas whey is a nutritious product containing valuable nutrients which can be used to fortify foods for human consumption and animal feeds; and

Whereas because of depressed market conditions processors are unwilling to convert either the raw or condensed product into powdered form which has resulted in the waste of a nutritious product and in higher cheese production costs and higher cheese prices: Now, therefore, be it

Resolved, That—

(1) it is the sense of the Senate that the Secretary of Agriculture should assess the whey supply situation and advise the Committee on Agriculture and Forestry of the Senate of his findings;

(2) the Department of Agriculture begin a research program to utilize whey more efficiently for the mutual benefit of both producers and consumers.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Secretary of Agriculture.

TIME-LIMITATION AGREEMENT— S. 12

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that at such time as Calendar Order No. 759 (S. 12), benefits for survivors of Federal judges, is made the pending business before the Senate, there be a time limitation on the bill of 30 minutes, to be equally divided between Mr. BURDICK and Mr. HRUSKA; that there be a time limitation on any amendments of 30 minutes; that there be a time limitation on an amendment by Mr. METCALF of 1 hour; that there be a time limitation on debatable motions, appeals, and points of order, if such are submitted to the Senate, of 20 minutes; and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the agreement is as follows:

JUNE 16, 1976.

Ordered, That during the consideration of S. 12 (Order No. 759), a bill to improve judicial machinery by providing benefits for survivors of Federal judges comparable to benefits received by survivors of Members of Congress, and for other purposes, debate on any amendment (except an amendment to be offered by the Senator from Montana (Mr. Metcalf), on which there shall be 1 hour) shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill, and that debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided*, That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 30 minutes, to be equally divided and controlled, respectively, by the Senator from North Dakota (Mr. Burdick) and the Senator from Nebraska (Mr. Hruska): *Provided*, That the said Senators, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

ORDER FOR PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW AND FOR RESUMPTION OF CONSIDERATION OF UNFINISHED BUSINESS THEREAFTER

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized under the standing order on tomorrow, there be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 5 minutes each; and that at the conclusion, the Senate resume the consideration of the then unfinished business, Calendar Order No. 891, H.R. 10612, an act to reform the tax laws of the United States.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR— H.R. 10612

Mr. CURTIS. Mr. President, I ask unanimous consent that the following staff members be allowed the privilege of the floor throughout the consideration of H.R. 10612. Donald Shasteen for Senator CURTIS; Gordon S. Gilman, Robert Kabel and James Craft for Senator FANNIN; Nolan McKean and Bill Corbett for Senator HANSEN; Kim Wells and Ted Haggart for Senator DOLE; John Colvin and Dave Spencer for Senator PACKWOOD; Bruck Thompson for Senator ROTH; Nancy Iredale and Bradley Seeman for Senator BROCK; Rick Harris for Senator GRIFFIN; Dorothy Parker for Senator FONG; and Al Drischler for Senator LAXALT.

Mr. RIBICOFF. Will the Senator yield?

Mr. CURTIS. Yes.

Mr. RIBICOFF. Mr. President, I add to that Malcolm Campbell and Eli Nobleman of my staff.

The PRESIDING OFFICER. Is there an objection to the request of the Senator from Nebraska and the Senator from Connecticut.

Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that Charles Warren and George Grumbo have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent that Carey Parker and Paul McDaniel have privileges of the floor during the consideration of this measure.

Mr. BENTSEN. Mr. President, I ask unanimous consent that David Allen and Mike Cable of my staff have the privileges of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I ask unanimous consent that Romano Romani be granted privileges of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I ask unanimous consent that Mr. Sneedon, George Ducworth, and Mr. Bill Coates be granted privileges of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that Harold Edwards, Dick Brown, and Bob Ward be granted the privilege of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, I ask unanimous consent that Mr. Bob Boyd and Mr. Frank Steindl of the staff of the Committee on the Budget have privileges of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I ask unanimous consent that Dan Grady and George Cunningham of my staff have privileges of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HASKELL. Mr. President, I ask unanimous consent that John Cevette, Samantha Senger, and Bill Corbett may have the privilege of the floor during consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR BARTLETT TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow under the standing order, Mr. BARTLETT be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE TRAGEDY IN LEBANON

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. **LONG.** I am glad to yield.

Mr. **SPARKMAN.** Mr. President, the unremitting tragedy of Lebanon grows even more depressing with the news of the assassination of the U.S. Ambassador to that country, Francis E. Meloy; his aide, Robert O. Waring and their Lebanese driver.

The first reports indicate the men were in the official embassy car on their way to see Lebanon's President-elect Sarkis when they apparently were kidnaped and brutally murdered.

I knew Ambassador Meloy. He had a distinguished record. Just before being confirmed by the Senate for the Lebanese post, he was our Ambassador in Guatemala where he performed with great skill, energy, and talent to help that nation during its most recent crisis, the aftermath of a terrible earthquake.

He went to Lebanon to assist a nation which suffers as no nation should—a people that suffers as no people should.

His intention was one of peace, of healing, of compassion.

Too much blood has been spilled in Lebanon. Too many lives have been lost.

I know I speak for the heart and the soul of America when I deplore the murders of these three men on their mission of mercy.

It is a despicable act.

The dying in Lebanon must stop so that the living may continue.

Mr. **MANSFIELD.** Mr. President, will the Senator yield?

Mr. **SPARKMAN.** Yes.

Mr. **MANSFIELD.** Mr. President, I join my distinguished colleague, the chairman of the Committee on Foreign Relations, in his remarks about the assassination of an old and trusted, long-time friend, Frank Meloy, our Ambassador to Lebanon, and Mr. Robert O. Waring, the Economic Attaché, and their Lebanese chauffeur.

I have known Frank Meloy for almost 25 years. He has been an outstanding diplomat. He has performed difficult assignments with integrity and dedication in the Dominican Republic, in Guatemala, and now in Lebanon. Less than 3 weeks ago, he reached that country and in that short period of time, on an official visit from the Embassy to the house of the President-elect, Mr. Sarkis, he was first feared kidnaped, and later, it was found that he and his associates have been assassinated.

He is not the first American ambassador in recent years to lose his life in that manner. I can think of three or four; and I know there are more. But I deeply and personally grieve the loss of this fine man. I extend to his relatives—he was never married—the sincere sympathy of Mrs. Mansfield and myself and express the hope that his soul will rest in peace.

Mr. **JAVITS.** Mr. President, will the Senator yield to me?

Mr. **SPARKMAN.** Yes, I yield.

Mr. **JAVITS.** Mr. President, in the absence of Senator Case, I wish to associate the Members of the minority of the Committee on Foreign Relations, and I am sure that is true of the whole Senate, with the views expressed by the chairman of the Committee on Foreign Relations. As he said, he speaks for us all. First and foremost, our hearts go out to the bereaved families and we join in the tribute to the heroism—because that is what it is—of members of the Foreign Service, those who work in these offices, and who venture into such dangerous areas as Lebanon.

Mr. President, the thing that we can do which will best express our deep feeling of sympathy and understanding and our debt of gratitude to these men who have served our country so nobly is to exert every effort of which our prestige, influence, and authority is capable to bring an end to the anarchy which has brought about this terrible tragedy in Lebanon and hope that it may not be repeated anywhere else.

I know that the chairman of our Committee on Foreign Relations and the members of the committee join together in dedicating themselves to this purpose. We assure the Senate that anything that we can do which will forward that purpose will be done with a diligence and patriotism and an indefatigable sense of duty comparable to the heroism which has been displayed by these American Foreign Service officers.

Mr. **SPARKMAN.** I thank the Senator from New York.

Mr. **THURMOND.** Mr. President, I would like to associate myself with the remarks made by the able Senator from Alabama and the other Senators who have spoken in connection with the untimely death of our brave Ambassador to Lebanon.

Mr. **SPARKMAN.** I thank the Senator.

Mr. **HUMPHREY.** Mr. President, will the Senator yield for just a moment?

Mr. **SPARKMAN.** Yes. It is really Senator Long who has the floor.

Mr. **LONG.** I yield.

Mr. **HUMPHREY.** Mr. President, the tragic violence in Lebanon has claimed the life of American Ambassador Meloy and his economic counselor, Mr. Robert O. Waring. I want to extend my condolences to their families and friends.

From the early news reports it seems that Ambassador Meloy and Counselor Waring were killed while en route to a meeting with the Lebanese President-elect.

Mr. President, being the chief of an American diplomatic mission is becoming an increasingly dangerous task. The men and women who undertake such assignments are to be commended for their dedication and their heroism.

I did not know Ambassador Meloy or his economic counselor. But they were serving their Nation at a difficult time in a very hazardous area.

It is my sincere hope that the United States will continue to play a role of peacemaker and negotiator in the Lebanese crisis. If further fighting and bloodshed is to be avoided in Lebanon and beyond the borders of this small country all parties must use extreme restraint and proceed with caution. I know that the thoughts of the Members of the Senate are with the Meloy and Waring families. These men gave their lives in the line of duty for their country.

Mr. **SPARKMAN.** I thank the Senator from Minnesota.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. **LONG.** Mr. President, I am authorized by the Committee on Finance to modify the committee amendment to H.R. 10612, and I send a copy of the modification to the desk.

In addition, a copy of the modification has been placed on Senators' desks.

There are two purposes for this modification which, I must point out, does not alter the substantive provisions of the committee amendment as it appears on the Senators' desks. The first purpose is to add a table of contents keyed to the print. The second purpose is to conform the print to the committee's intention, which was to report a series of separate amendments rather than a complete substitute. The committee believes that this bill is so large and so complex that the Senate will best be able to consider its provisions in an orderly fashion if we have a series of votes on the parts of the bill in the same order as they appear in the print which is on the Senators' desks.

Mr. President, I do not believe any purpose will be served by having the bill reprinted to reflect the committee's modification. As Senators note, this is a very substantial document, over 1,500 pages in length, and the modification, as the Senators can see by looking at it, makes no changes in the substance of the committee amendment.

In order to expedite consideration of H.R. 10612 and to save the taxpayers a large amount of money for reprinting costs, I ask unanimous consent that the Senate consideration of the House bill, the Finance Committee amendment, and all other amendments be made with reference to the page and line numbers as they appear on the print of H.R. 10612, which is before us dated June 10, 1976.

Mr. **JAVITS.** Mr. President, will the Senator yield?

Mr. **LONG.** Yes.

Mr. **JAVITS.** This will not change the position of any amendment as being in the first or second degree, will it?

Mr. **LONG.** No.

Mr. **JAVITS.** I thank my colleague.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. **LONG.** The only thing I am requesting is that we simply go by the voluminous document that you have there, rather than print another one almost identical to it.

Mr. **JAVITS.** I thank my colleague.

Mr. **LONG.** Mr. President, I hope that members of the Budget Committee, particularly Mr. BELLMON, whom I see here, will remain on the floor because at the conclusion of my presentation-in-chief, I want to direct my remarks to the budget.

The **PRESIDING OFFICER.** The clerk will state the modification to the amendment intended to be proposed by the Committee on Finance to H.R. 10612.

The second assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. LONG) proposes a modification to the amendment of the Committee on Finance to H.R. 10612.

The PRESIDING OFFICER. The amendment is so modified.

The modification to the amendment is as follows:

On page 1, restore line 3 in roman type.

On page 1, between lines 3 and 4, insert the following:

TITLE I—SHORT TITLE AND TABLE OF CONTENTS

Sec. 101. Short Title.

This Act may be cited as the "Tax Reform Act of 1976".

Sec. 102. Amendment of 1954 Code.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

Sec. 103. Technical and Conforming Changes.

The Secretary of the Treasury or his delegate shall, as soon as practicable but in any event not later than 90 days after the date of enactment of this Act, submit to the Committee on Ways and Means of the House of Representatives a draft of any technical and conforming changes in the Internal Revenue Code of 1954 which are necessary to reflect throughout such Code the changes in the substantive provisions of law made by this Act.

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On page 61, line 3, restore "Sec. 202." in roman type.

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On page 997, line 1, restore "Title XVII" in roman type.

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On page 1014, line 1, restore "Title XVIII" in roman type.

On page 1017, line 1, restore "Title XIX" in roman type.

On page 1244, line 1, strike out "Title XIII".

Mr. LONG. I yield to the Senator.

Mr. BROCK. Mr. President, I ask unanimous consent that John Backer of my staff be granted the privileges of the floor during the consideration, proceedings, and votes on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, may I say again I hope all members of the Budget Committee and all members of the Finance Committee who can make their arrangements at this late hour will stay in the Chamber long enough to discuss the opinion of the members of the Finance Committee and a potential difference—we will see if there is a real difference—between our view and the view of the Senators on the Budget Committee with regard to the concurrent resolution. It is our judgment that we have conscientiously complied with Concurrent Resolution 109, and I believe we can demonstrate that we have, and I think the RECORD should be made clear.

If it cannot be agreed that the committee has in good faith complied with the budget amendment, then I think we should ask the Senate to decide that issue, and we should decide it in the beginning rather than have this matter drag out over a period of weeks and confuse all the issues about the important tax matters that will be voted on. In other words, those matters, in my opinion, should be decided based on the merits or demerits of each particular amendment, not on the pride of a Senator in his committee or on an issue that is completely irrelevant, in my judgment, because I do not think there is an issue of whether or not the Finance Committee has complied in good faith with the provisions of Senate Concurrent Resolution 109.

So I hope that they will remain in the Chamber. I would like to make the case, and I would like for them to comment on it if they do not agree with it.

I shall discuss the bill briefly.

Mr. President, the Tax Reform Act of 1976, as amended by the Finance Committee, is the most significant tax bill to come before the Senate in many years. The House worked on this bill for 3 full years, and the Finance Committee has been working steadily on the bill since March.

Because of time pressure and the committee's desire to get the bill to the Senate floor as soon as possible, the committee reported the bill with amendments acted upon by the committee before it was able to complete its decisionmaking. The reason for this was to give the staff time to draft this 1,536-page bill and prepare the report. The report includes the committee's decisions up until the time it ordered the bill reported. Subsequent to this, the committee has agreed to additional amendments which will be offered on the floor. These will be described in a supplemental report. The tax bill I will describe to you in general terms at this time refers only to the committee amendments included in the bill and report with one exception which I will note specifically, somewhat later in my statement.

The Tax Reform Act of 1976, as amended by the Finance Committee, is intended to achieve four principal goals. First, there is a series of tax revisions designed to increase the equity of the tax system and improve the performance of the economy. Second, the bill includes several provisions that effect an important simplification of the tax system. Third, the bill extends the 1975 tax cuts for an additional year and makes about half of the tax cuts permanent. Finally, the bill improves the administration of the tax laws, particularly in terms of strengthening taxpayers' rights.

There are in this bill tax reform revenue raising provisions which will increase tax receipts by almost $2.6 billion in the fiscal year 1977 and by $3.6 billion four years later. I know that there are Senators who want still further increases, and perhaps the Senate will agree to some of them, but I want to point out to the Senate that there already are substantial increases provided in the Finance Committee version of the bill.

On an overall basis, it depends on how items are classified between tax reform and tax cuts as to what the totals are. If all revenue reducing provisions are treated as a part of the tax reduction provided by the committee bill rather than being included in the tax reform category, then the net tax reform provisions in the fiscal year 1977 are estimated to raise $2.5 billion and the tax reduction measures $17 billion. Classified in this manner—and this is the most appropriate characterization—the totals for fiscal 1977 come remarkably close to the totals of the Budget Committee in its report for fiscal year 1977.

In any event, the only requirement which is binding on the Senate and House is that the net amount of the reduction be less than $15.3 billion in the fiscal year 1977. On this basis, the committee amendments result in a net reduction for the fiscal year 1977 of $14.5 billion. This is well within the $15.3 billion limit in the budget resolution. A further tax reduction in the standard deduction which I will also offer as a committee amendment will provide a further revenue reduction of $491 million. This will bring the net tax reduction in the committee amendment to about $15 billion which certainly is close to the budgetary limit of $15.3 billion.

By 1981, the estimates indicate—again characterizing all tax reducing measures as a part of the reduction—that the tax reform on a net basis raises $3.6 billion. On the same basis, tax cuts at that time amount to $16.6 billion. If the increases in the standard deduction which I intend to offer as a committee amendment are taken into account, there will be a further reduction of approximately $2.4 billion.

This is slightly more than twice the liability effect in the fiscal year 1977 since the standard deduction increases in this case are made available for a full year in merely one-half year. This means that the tax reduction in 1981 will amount to $19 billion while the tax reform made in that year will raise about $3.6 billion.

Let me now describe the major provisions of the committee amendment.

The bill contains a major strengthening of the minimum tax. The current minimum tax was enacted in 1969 in order to insure that high-income individuals paid at least some minimum amount of tax on their tax preferences. It has not been very successful. In 1974, the minimum tax raised only 130 million, a very small fraction of tax-preferred income. This bill raises the minimum tax rate and reduces the generous $30,000 exemption. Also, it adds five new tax preferences to the minimum tax base. These changes will increase the yield of the minimum tax by almost $1 billion in fiscal 1977 and by over $1.4 billion in 1981.

Several of the new tax preferences added to the minimum tax deal with tax shelters. A tax shelter occurs where people claim deductions that, under a more precise definition of income, would normally be taken in future years. This acceleration of deductions permits tax deferral and, in some cases, conversion of ordinary income into long-term capital gains. Generally, these tax savings are the result of incentives that Congress has put into the tax code to encourage particular types of business investment. However, there are cases where the tax incentive is so strong that it encourages people to make investments that do not have economic merit. In other cases, people can multiply their tax benefits through leverage in a way clearly not intended by Congress.

The House concentrated its attention on the abuses of tax shelters and approved an extremely complex provision—in fact, they approved what I believe is the most complex tax provision ever proposed by any English-speaking committee anywhere—the limitation on artificial losses, or LAL. In addition to its complexity, the problem with LAL is that it does not distinguish between economically meritorious investments and the real abuses of tax shelters. Thus, it would cause a sharp decline in such important industries as housing and oil and gas. At a time when we are falling far short of meeting both our national housing goals and our goal of energy independence, and when the economy is operating well below capacity, such a tax change would be foolhardy.

The Finance Committee amendment uses three methods of controlling the abuses of tax shelters without doing damage to the economy. At least, doing a minimal amount of damages.

First, many of the deductions responsible for tax shelters are included in the strengthened minimum tax. Second, the bill includes specific provisions to restrict the use of nonrecourse loans to leverage tax shelter benefits, recapture provisions to prevent conversion of ordinary income into capital gains, and other provisions designed to limit the use of limited partnerships to syndicate tax shelter benefits. Third, the bill denies the benefits of the 50-percent maximum tax to the extent an individual is making use of tax preferences.

The 50-percent maximum tax rate on income from personal services was enacted in 1969. Its intent was to limit the tax burden on this type of income and to discourage people from using tax shelters. This discouragement was supposed to result from the fact that there is less incentive to shelter income taxed at a 50-percent rate than income taxed at a 70-percent rate, especially if the investment does not have a very high pretax rate of return, and also from the so-called "preference offset," whereby income eligible for the maximum tax was reduced by tax preferences in excess of $30,000.

That has been referred to by some technicians as the preference poison.

The committee amendment extends the maximum tax to a limited amount of investment income. This provides tax relief to a group of people who are paying more than their fair share of the tax burden; namely, those high-income people who are not using tax shelters and who are, therefore, paying out high wartime tax rates. Also, the amendment eliminates the $30,000 exemption for tax preferences that must offset income eligible for the maximum tax and expands the list of such preferences. With these changes, the maximum tax will become a powerful deterrent to the use of tax shelters.

Another series of tax revisions in the bill concern business expenses under the individual income tax. These include deductions for business use of the home and for expenses related to rental of vacation homes and deductions for foreign conventions. While in theory there is nothing wrong with appropriate deductions for business or investment expenses, in practice it is often extremely difficult to allocate between deductible business expenses and nondeductible personal expenses. The result is that many people are deducting excessive amounts, and the bill places strict limits on these deductions.

The committee amendment makes several important changes in the tax treatment of foreign income. The committee decided to retain the basic structure of the taxation of foreign income—a foreign tax credit for income earned abroad and taxation of income of foreign subsidiaries when returned to this country. However, it eliminates most other incentives for investment abroad. These include the per country limitation on the foreign tax credit and the preferences for Western Hemisphere trade corporations, China Trade Act corporations, and less-developed country corporations. The committee amendment, while retaining the limited exclusion for income earned abroad, has eliminated some of the benefit of this provision for people with high incomes.

The committee believes that multinational corporations should not benefit from tax incentives when they engage in misconduct abroad. Thus the amendment denies several tax incentives for income earned in connection with participation in internatioanl boycotts, such as the Arab boycott of Israel, or in connection with foreign bribes.

The bill also restructures the DISC incentive for exports to make it more efficient. It limits DISC tax deferral only to the excess of a firm's exports over a moving base period level. This change will reduce the revenue loss associated with DISC without materially reducing its effectiveness as a stimulus to exports.

There are several tax changes in the bill designed to promote business investment. I am convinced that we need to step up our rate of investment to fight inflation and to provide the increased standard of living that Americans have a right to expect.

The bill makes permanent the increase in the rate of the investment tax credit to 10 percent. Since the enactment of the credit, there has been a close correlation between the presence of the credit and purchases of equipment. Its repeal in 1966 and 1969 were followed by sharp declines in investment activity; and its enactment in 1962, 1967, and 1971 were followed by investment booms. A study of the committee indicates that for each $1 of revenue loss from the credit, the propensity of businesses to invest goes up by $1.30.

An extremely important provision of the bill modifies the credit to provide an additional 2 percentage points if the taxpayer puts an equivalent amount of stock into an employee stockownership plan. This extends and expands a similar provision enacted in 1975, but technical changes and the 2-percent rate should significantly increase the usage of this provision by business. The spread of employee stockownership serves the twin goals of a more equal distribution of wealth and a greater rate of savings and investment. Also, by giving workers more of an interest in the success of their employers, it should raise productivity.

The bill also makes unused investment credits refundable at the end of the 7-year carryover period to make the full credit available to businesses that have large investments in relation to their taxable incomes.

Since the Arab oil embargo in 1973, we have made no progress in reducing our excessive dependence on foreign oil. Indeed, many actions of the Congress—the repeal of percentage depletion and the oil price rollback—will move us even farther away from energy independence. The committee amendment tries to reverse this trend by providing tax incentives for energy conservation and development of alternative energy sources. The most important of these is a tax credit for expenditures on home insulation. There is also a tax credit for use of recycled waste materials.

The second major goal of the committee amendment is tax simplification. The amendment restructures and simplifies some of the most complex, widely used provisions of the law—the retirement income credit, the child care deduction, the sick pay exclusion, and the gasoline tax deduction. The increases in the standard deduction will make it worthwhile for taxpayers who file 9 million tax returns to use the standard deduction rather than itemizing their deductions. The amendment also eliminates the existing tax tables based on adjusted gross income, a major source of taxpayer error, and substitutes a simpler set of tables based on taxable income. Finally, the committee amendment includes the "deadwood bill," which deletes obsolete and rarely used provisions of the Internal Revenue Code and makes many other changes to shorten and simplify the code.

The retirement income credit was originally designed to give those who retire without social security tax benefits similar to those accorded social security payments. As a result, eligibility for and computation of the credit were designed to track as closely as possible eligibility for and computation of social security benefits. The credit is extremely difficult to compute, requiring an entire page of the tax form, and a large fraction of the people eligible for it either do not claim it or make an error in computing it. In response to this problem, the committee has restructured the credit to eliminate virtually all complexity, even though this means breaking the close link between the credit and social security. The new credit for the elderly will also be fairer than the existing one.

In the case of the equally complex sick pay exclusion, the committee decided that it should be made available only for persons who are permanently and totally disabled. The exclusion for military retirement pay is brought in under this same provision, but only for those who enlist in the future. For those still eligible for the permanent disability provision, considerable simplification is provided. Except for this group, there is no reason why sick pay should be treated more favorably than wage income, particularly in view of the deductibility of extraordinary medical and drug expenses.

A third complex provision is the child care deduction. The bill streamlines this provision and broadens eligibility for it. Also, it converts the deduction into a 20-percent credit, which will be fairer since the deduction is worth more to high-bracket taxpayers than to low-bracket ones and cannot be used by those who use the standard deduction.

The amendment also modifies the gasoline tax deduction, making it available only above a $50 floor. This deduction is very hard to compute accurately, and it is the source of much cheating by taxpayers. Also, allowing such a deduction is contrary to the Nation's policy of energy conservation.

The bill also makes changes in the moving expense deduction and the alimony deduction, and it simplifies the intricate rules relating to accumulation trusts.

Tax simplification has to be an ongoing process. We must reexamine existing provisions to see whether their advantages in terms of equity or of achieving some other social purpose are worth the complexity they add to the tax law. Too often new provisions are added without adequate consideration to how much they complicate the law. Each one may have a relatively small effect in making the law less simple, but together they add up to a tax law and tax forms that are so complex that more than half of all taxpayers are forced to use commercial or professional tax return preparers.

The Finance Committee has instructed the staff to make a major study of ways to simplify the tax system, and the bill directs the Treasury Department to transmit to Congress the results of its studies on the subject.

The third principal purpose of the Finance Committee amendment is to extend the tax cuts enacted in 1975 to stimulate the recovery from the worst economic decline since the 1930's. The tax cuts now in effect involve a revenue loss of $20 billion at annual rates. The tax cuts for individuals—the increases in the standard deduction, the general per-person tax credit, and the earned income credit—total $15 billion. The 10-percent investment credit and the corporate rate cuts for small businesses involve a $5 billion tax cut. Except for the 10-percent investment credit, which is scheduled to expire at the end of this year, these tax cuts expire on June 30.

After examining the economic situation, the committee decided that the economy was not sufficiently prosperous to allow a $20 billion tax decrease. Therefore, it agreed to extend the full amount of the tax cuts for the next 12 months—until June 30, 1977. Also, it agreed that it was appropriate to make permanent about one-half of the tax cut. We did not feel that more than half of the entire $20 billion tax cut should be made permanent because the economic situation is still uncertain, especially with respect to the threat of renewed inflation, and because we do not yet know whether the level of Federal spending will be low enough to allow us to afford a full $20 billion tax cut.

The reason why we chose a June 30, 1977, expiration date for the expiring part of the overall tax cut was that we did not want to tie the hands of the new administration, which will probably want to present its own plan for economic recovery.

We can be more certain of the need to extend the tax cuts for the next 12 months. The unemployment rate is 7.3 percent, compared to a rate below 5 percent in 1973. The rate of capacity utilization is only 84 percent, compared with 96 percent in 1973. Even though the economy's recovery from what was the worst economic decline since the 1930's has proceeded at an adequate rate, we have still only just regained the level of output that existed prior to the recession. In the meantime, the productive capacity of the economy has grown, so that there is still a sizable gap between what we are actually producing and what we are capable of producing. Under these circumstances, a $20 billion tax increase would be a major error.

Our estimate is that failure to extend the tax cuts would reduce gross national product by $20 billion and would increase unemployment by 400,000 workers.

The specific individual tax cuts extended in the bill are the increases in the standard deduction, the general tax credit and the earned income credit.

The bill makes permanent the increase in the minimum standard deduction from $1,300 to $1,700 for single returns and to $2,100 for joint returns; the increase in the percentage standards deduction from 15 percent to 16 percent; and the increase in the maximum standard deduction from $2,000 to $2,400 for single returns and $2,800 for joint returns. These changes involve a tax cut of $4 billion. They represent a major simplification of the income tax because they will make it worthwhile for people who file 9 million tax returns to use the standard deduction.

That is in addition to over 60 million others who already use the standard deduction.

The general tax credit extended through the middle of 1977 equals either $35 per person or 2 percent of the initial $9,000 of taxable income. This is a tax cut at an annual rate of a little less than $10 billion. Together with the changes in the standard deduction, this tax credit is needed to raise the income level at which people must begin to pay income taxes—the tax threshold—above the poverty level. Without these tax cuts, a family of four which is officially defined as being poor could be liable for as much as $222 in income tax.

The Finance Committee did want to make sure that the level of taxation would not dip below the poverty level, and this could occur if Congress next year should decide not to extend the general tax credit beyond June 30, 1977. For that reason, the Finance Committee will propose an amendment to the bill at the appropriate time increasing the standard deduction in 1977 by a further $150 for single returns for that year and by $300 for joint returns for that year. Since this is intended as only a half-year effect, the full-year effect which occurs first in 1978 would be an increase of $300 for single returns and $600 for joint returns. This will cost an additional $491 million in 1977 but is well worth it in order to be sure that the level of taxation does not dip below the poverty level. Should the Congress subsequently decide to extend the general tax credit beyond June 30, this increase in the standard deduction may not be needed, but this is a matter which can be faced up to in 1977.

The earned income credit, made permanent in this bill, is one of the most important innovations made in the tax law in recent years.

This is something, Mr. President, that was not in the House bill. In this respect, our bill is a much better bill for the poor, especially those who work, than the House bill which was sent to us.

This refundable credit equals 10 percent of the first $4,000 of earnings, phased out as income rises from $4,000 to $8,000. It is available only to families with dependent children. This credit gives about $1.3 billion of much-needed tax relief to a hard-pressed group—the lower-income worker. It also provides a work incentive to people who might otherwise be on welfare.

The business tax cuts made permanent in the bill are the increase in the investment credit to 10 percent and the corporate tax rate cuts for small business.

The committee amendment makes permanent the increase in the investment credit to 10 percent, which is an increase from 7 percent generally and from 4 percent for public utilities. This is a tax reduction of $3.3 billion. Per dollar, this tax cut is probably more stimulative and has more efficiency in moving the economy ahead than any other. A study by the committee indicates that for each $1.00 of revenue loss from the investment credit, the propensity of businesses to invest increases by $1.30, an effect that builds up over a 3-year period.

Also, the committee amendment makes permanent the increase in the corporate surtax exemption from $25,000 to $50,000 and the reduction in the corporate rate on the first $25,000 of taxable income from 22 percent to 20 percent. This provides $2 billion of tax relief, largely for small businesses.

The fourth main purpose of the committee amendment is to improve the administration of the tax laws, particularly in order to strengthen taxpayers' rights.

There are rules to limit disclosure of tax returns, an area where there has been much abuse in recent years. The use of jeopardy and termination assessments and of the so-called "John Doe" summons by the Internal Revenue Service are also limited.

These are rules for the disclosure of private letter rulings so that all taxpayers will be able to know how the Service interprets the tax law. Also, charitable organizations are permitted to ask the courts to determine whether they will be tax exempt, since delay in determining this can mean extinction of the organization.

The bill makes several changes in the withholding system. The most important of these is to provide withholding on most gambling winnings in excess of $1,000. Wage and salary income is subject to withholding, and there is no valid reason for giving preferential treatment for gambling winnings.

The provisions I have summarized so far are described in the committee report. The committee also voted to delete a number of provisions in the House bill. I have already stated why we rejected the LAL approach. The committee also deleted House provisions on capital gains and losses. Also, the committee deleted a limitation on the deduction of nonbusiness interest, which would have limited the deduction for home mortgage interest.

Subsequent to ordering the bill reported, the committee has met several times and has agreed to additional committee amendments. These will be described in a supplemental report.

Let me conclude this first phase of the presentation of the Tax Bill by outlining briefly the procedure which I hope it will be possible for us to follow in the consideration of the bill. The Finance Committee amendments are in the form of amendments to the House bill rather than being a complete substitute for the House bill. As a result I hope that it will be possible for us to consider the House bill title by title with the consideration in each case first of the committee amendments to that title. Those who do not approve of the Finance Committee amendments can seek either to perfect the amendments to meet their desire or to offer substitutes for the Finance Committee amendments.

Still another alternative available to them will be to vote to retain the House provision or, for that matter, they can move to amend the House provision.

By proceeding in this matter I am in hopes that it will be possible for us to have an orderly consideration of the bill on the Senate floor. The particular order in which the amendments come up will, under this procedure, be in the order in which the provisions are dealt with in the House bill. In some cases this is not in the order which I might prefer but it is a procedure which should make it possible for us to consider the large and complex measure before us in an orderly manner. If instead we were to simply field amendments on any subject at any time. I fear that the procedure would almost completely break down, and Senators, because of the timing, would not know what we are talking about.

It is vital that we act on this bill promptly. There are important tax reductions in this bill which are presently in effect for individuals which expire on June 30. If we do not complete this bill before that time and also if the conference is not completed by that time, withholding rates for taxpayers generally will go up on July 1—hardly the way to begin celebrating our Nation's Bicentennial on July 4.

I for one am willing to consider serious amendments to the bill but I urge Senators in their presentations to hold the time consumed to the minimum extent possible so that we will not present taxpayers generally with the unfortunate tax increase on July 1.

I shall proceed to take up the bill as I have suggested, title by title and after the general statements are finished I am prepared to offer the Senate Finance Committee amendments to title I of the House bill.

Mr. President, I have discussed the procedure with Senators NELSON, MONDALE, HATHAWAY, KENNEDY, and a number of others who will be offering important and significant amendments to the bill, and I hope that as we go along with this bill, especially after we have concluded the first three titles, we will be able to reach some unanimous-consent agreements which will make it possible to expedite the procedure and to assure them that their amendments will be considered at times they would like to have them considered, and perhaps in the order they would like to have them considered.

I shall discuss that with my colleagues as we go along, and see if we can work out agreements. I certainly hope we can.

Mr. CURTIS. Mr. President, as the ranking minority member of the Committee on Finance, I rise to supplement the remarks of our chairman with respect to this legislation.

First, I must commend our chairman, the distinguished Senator from Louisiana, for his leadership during the lengthy public hearings and mark-up of this tax bill. Since mid-March, the committee has been meeting almost on a daily basis in an effort to bring this bill to the Senate. We received testimony from more than 300 individuals and organizations. Commencing on April 27 and continuing through last Friday, the committee has been in markup sessions. The resulting bill now before the Senate represents the product of this process.

The committee bill is, in my view, a substantial improvement over the House version and it is in full compliance with the overall revenue targets set in the first concurrent resolution on the budget. That the committee has produced this immense piece of legislation in such a short period of time is attributable in no small measure to the leadership of our able chairman. I commend him for his leadership and for his unfailing courtesy to the minority members.

This legislation has four basic objectives:

First, it is designed to make our tax laws more equitable.

Second, it simplifies many of the provisions of existing law and mandates a comprehensive set of studies looking toward more encompassing tax simplification legislation in the future.

Third, the bill is designed to improve the manner in which our tax laws are administered.

Fourth, it is designed to continue for an additional period of time the tax cuts which are due to expire at the end of this month.

The committee bill seeks to assure that individuals with high economic incomes will pay their fair share of taxes, and that those who have been subjected to excessive rates of taxation in the past will receive needed tax relief. To strike this balance between the goals of tax equity and promoting the investment of capital necessary to stimulate our economy, the committee bill imposes a more stringent minimum tax and expands the application of the 50 percent maximum tax to cover a limited amount of income not derived from personal services.

The committee also assures that taxpayers could not avoid their fair share of tax liability by investing in tax shelter ventures which cannot be *justified on* economic grounds alone. In addition to adopting provisions directly applicable to tax shelters, the committee structured the maximum tax to greatly limit its application to individuals with excessive tax preference income.

The committee rejected the complicated limitation on artificial losses contained in the House bill and substituted instead a provision which prohibits taxpayers in certain tax shelter ventures from deducting losses which exceed the amount they have at risk in the venture. The committee's "at risk" approach to tax shelters applies to investments in farming syndicates, movies, equipment leasing, and oil and gas drilling.

The committee decided not to apply the "at risk" limitation to real estate because the committee found no evidence that the use of nonrecourse financing in real estate presented a serious potential for tax abuses. However, the committee did act to assure that investments in real estate could not be used to avoid taxes. Under the committee bill minimum tax applies to construction period interest, to accelerated depreciation on real estate, and to excess investment interest. Additionally, limits are placed on prepaid interest and strict recapture rules apply to sales of real property on which accelerated depreciation deductions have been claimed.

Consideration of tax equity also prompted the committee's decisions with respect to the Federal estate tax. The committee provided for an estate tax credit ultimately rising to $50,000 and applicable to all estates. The committee decided to use such a credit in lieu of increasing the $60,000 estate tax exemption because a credit is more consistent with the progressive nature of our estate tax and thus enabled the committee to target relief where it was needed the most with the least amount of lost revenues. This change will reverse the trend under which moderate sized estates have become subject to the estate tax because of artificial increases in value resulting from inflation.

The committee bill also provides a special estate tax valuation rule for family farms, scenic open spaces, woodlands, and historical sites. Also, to further preserve our family farms and small business enterprises, the committee provides both for an increase in the marital deduction and for more liberal deferred payments of estate taxes.

The committee also took action to encourage capital formation. An increased rate of capital formation is an essential ingredient to our goals of full employment, acceptable levels of inflation, and energy independence. The committee bill provides for a permanent 10 percent investment tax credit, with incentives for the establishment of employee stock ownership plans. Additionally, incentives are provided to encourage particular forms of investment which will enable us to achieve energy independence.

Finally, an amendment offered by Senator Hansen and agreed to by the committee provides for a so-called sliding scale capital gains tax structure. Under this approach, the capital gains tax rates are reduced as the length of the period for which the property has been held increases. It was the judgment of the committee that this sliding scale approach will both encourage a greater mobility of capital and take account of the effect of inflation on the measurement of income. The committee bill does not represent a final answer to the capital formation crisis, but it is an important first step.

The committee bill also contains a series of provisions dealing with the administration of our tax laws. Comprehensive rules are provided for the privacy of tax returns, for the disclosure of so-called private letter rulings issued by the IRS to specific taxpayers, and for assuring that taxpayers will have appropriate opportunities to assert their rights during the course of a tax investigation. In my judgment, the committee bill draws an appropriate balance between the IRS enforcement needs and the rights of taxpayers.

The committee bill also seeks to simplify our tax laws. In the limited time that was available to the committee, it was not possible to undertake a comprehensive approach to tax simplification. However, in specific areas such as the retirement income credit, the committee did act to provide for a greater degree of simplification.

Additionally, the committee agreed to the so-called deadwood bill under which many obsolete or seldom used provisions of the tax code are repealed. Of equal importance to these specific changes is the committee's decision to mandate a series of studies by the joint committee staff and by the Treasury Department on a more comprehensive plan of simplification.

The committee bill also contains a number of specific provisions dealing with tax exempt organizations. As my colleagues will recall, Mr. President, the Tax Reform Act of 1969 included a comprehensive set of provisions with respect to the financial practices and program activities of private foundations. The committee bill reduces the tax on private foundations investment income from 4 percent to 2 percent. It also reduces the mandatory payout for private grant-making foundations from 6 percent of the value of assets to 5 percent. These changes represent a return to the basic decisions made by the Finance Committee in 1969. They do not in any sense represent a weakening of the private foundation provisions of the 1969 act. The foundation payout provision of the committee bill is identical to the legislation that I introduced earlier this year as S. 2475 and which 40 of my colleagues joined me as cosponsors.

The committee bill also contains an extension of the rule under which charitable remainder trusts can be modified to conform to the exceedingly complex requirements imposed upon such trusts by the Tax Reform Act of 1969. Under the committee amendment this transitional rule applies to all wills and trusts executed on or before December 31, 1977, provided the defects are cured or an action to seek judicial approval to do so is commenced by that date. I fully support this provision and believe it is essential that it be retained in the bill that is ultimately sent to the President. However, I also subscribe to the statement in the committee report that this is the last such extension that the committee proposes to grant. Since this will in all probability be the last such extension I am hopeful that the IRS will undertake to publicize the need for a review of such wills and trusts so that taxpayers and their advisers will give special attention to these complex rules.

I will comment in greater detail on other provisions in the committee bill as our debate continues but I want to close these remarks by again commending our chairman, and my other colleagues on the Finance Committee, for their diligence and hard work in presenting to the Senate a comprehensive tax bill in such expedited fashion.

Mr. MOSS. Mr. President, it is my difficult duty to inform the Senate that the impending tax bill does not satisfy the requirements of the congressional budget we adopted 1 month ago.

I speak today for myself, for Chairman Muskie, and I believe for a great many other Senators who want to see the new budget process work.

This bill does not continue the personal tax reduction for the full fiscal year, and is therefore contrary to our plan for economic recovery.

It does not raise $2 billion by closing tax loopholes, and therefore fails to impose the same discipline on the tax side that we have decided to impose on spending.

The Finance Committee's report suggests that the personal tax cut could be extended beyond next June if economic conditions warrant—extended in the middle of the next fiscal year after all other elements of the budget are in place. By that time it will be too late to raise any revenue through loophole closing. So a late and piecemeal extension will only mean a larger deficit.

I regret the necessity for the statement I am making today. I regret very much the fact that these reservations have been billed as the beginning of a confrontation between the Budget Committee and the Finance Committee. Senator Long and his committee have worked diligently for 3 months to produce the bill now before us. No committee has worked harder than Finance to meet the deadlines and requirements of the Budget Act. The Finance Committee spent almost a full week of sessions developing the recommendations included in its March 15 report to the Budget Committee. Senator Long took the time to present his views personally to the Budget Committee in April on the revenue aspects of the first concurrent resolution.

And Senator Long and the rest of my colleagues know very well that it has been our earnest desire that the Budget Committee not get into the business of making "line item" revenue and spending decisions.

The fact remains, however, that the Finance Committee bill in its present form does not support the fiscal policy and priorities choices of the budget both Houses of Congress adopted just last month. With modest amendment it can conform. I cannot escape the obligation to explain these issues to my colleagues today, and I will be working with them throughout this debate to help the Senate achieve consistency with the revenue budget of its first concurrent resolution.

Let me briefly review the revenue elements of that first concurrent resolution which was adopted by both Houses of Congress last month. The resolution set an overall revenue target of $362.5 billion for fiscal 1977.

The committee report accompanying the Senate budget resolution stated that the overall revenue target represented two underlying recommendations:

First, "that the temporary tax reductions enacted in December 1975 be extended at least through fiscal 1977," and

Second, "the enactment of legislation concerning tax expenditures and related provisions that will result in a net increase of $2 billion in fiscal 1977 revenue collections."

So the $362.5 billion revenue target results from the following calculation:

	In billions
Revenue under present law without tax cut extension	$377.8
Less full fiscal year tax cut extension	−17.3
Plus net gain through tax reform	+2.0
Revenue target	362.5

Compared to the $15.3 billion net revenue reduction targeted in the budget resolution, the pending bill would reduce fiscal year 1977 tax collections by $14.5 billion under current law.

The finance bill would extend the principal provision of the 1975 temporary tax reduction—the alternative $35 per exemption credit or 2 percent of $9,000 of taxable income credit—only until June 30, 1977. The expiration 3 months before the end of fiscal year 1977, would increase fiscal year 1977 revenues by $1.8 billion.

The Finance Committee bill would raise only $1 billion in net additional revenues from tax expenditure legislation in fiscal year 1977 and, thus, would fall $1 billion short of the Budget Committee recommendations with respect to net revenue gains from tax reform.

The congressional budget adopted in May is a complete, interrelated plan—as the Budget Act intended it should be. The overall level of spending was coordinated with the overall level of revenue collections to produce an optimum level of economic activity for fiscal year 1977, and maintain the lowest possible deficit. A full-fiscal year extension of the 1975 temporary tax reductions is a keystone in achieving the economic recovery goals. The Finance Committee bill would mean a tax increase of at least $35 per person at an annual rate—$180 for a family of four. Such a withholding increase in mid-1977 would pose a serious threat to the economic recovery that is the ultimate goal of the budget resolution—so serious, in fact, that Congress almost certainly will not let that increase occur. Even if the abbreviated Finance Committee tax credit extension were now adopted, the Senate would adopt legislation offered next summer to extend the credit through the end of fiscal year 1977.

By then it would be too late to recoup the needed revenue offset through tax reform, so the deficit would increase by about $1 billion. Congress will look just that much less effective to the average taxpaying American.

On the spending side we cannot spend our annual budget allocation in the first 9 months of the year and then ask for more, if we expect the budget process to work. The taxing side of the budget is no different.

While I am talking about equal discipline in both spending and taxing, let me make another point:

The budget resolution we adopted last month contained an overall spending ceiling of $413.3 billion. This target constitutes an overall spending reduction of over $8 billion compared with what would be spent under "current policy"—that is under the laws and policies contemplated in the 1976 congressional budget. So we cut about 2 percent.

On the revenue side, the Senate Budget Committee report accompanying the first resolution contained a list of 82 tax expenditures provided by the Joint Committee on Internal Revenue Taxation. The estimated revenue losses associated with the individual provisions total more than $105 billion for fiscal 1977. The $2 billion target for tax expenditure reductions represent just about the same proportion of fiscal discipline—2 percent. The Budget Act contemplates the same standards of review for tax expenditures as for other expenditures. That makes sense—indeed it is essential—if we ever expect to have real control over the whole spectrum of Federal budget management.

Now the argument has been made that the Congress—and more particularly the Budget Committee—should not be concerned with the makeup of revenue legislation as long as it would not breach the revenue floor of a concurrent resolution.

I would point out that the Budget Act specifically requires the report accompanying the Senate and House Budget Committees resolutions to "allocate the level of Federal revenues recommended in the concurrent resolution among the major sources of revenues." Pursuant to this requirement, both budget committees allocated the full $17.3 billion tax reduction between individual and corporate taxpayers, and in addition included $2 billion from tax expenditures and related provisions in a separate category. The conference report accompanying the concurrent budget resolution reiterated the $2 billion net revenue increase tax reform target.

I would further point out that budgeting is not a numbers game. We budget to guarantee economic recovery. We budget to achieve national goals. We budget to save money and control the deficit. That is what Congress thought it was doing when it adopted the first concurrent resolution. Those were the goals we hoped the Finance Committee would help us achieve. With all respect to my colleague Senator Long, the Finance Committee bill falls short.

Moreover, the long term revenue effect of the "reform" segment is even less than the fiscal year 1977 estimated increase of $1 billion implies, and means ever increasing pressures on the deficit in future years. In the following fiscal years, the "reform" segment of the bill would show overall net losses: $80 million loss in fiscal year 1978; $160 million loss in 1979; $128 million loss in 1980, and $263 million loss in 1981.

The relatively higher fiscal year 1977 net revenue effect results principally from calendar 1976 effective dates being used for almost all the major revenue gaining provisions in the bill, while 1977 effective dates are used for almost all its major revenue losing provisions. In addition, the Finance bill contains several new major revenue losing provisions that only will have their full impacts in later years. By comparison, while the Finance Committee bill would lose $263 million in 1981 from its "reform" segment, the House-passed bill reform provisions would raise about $2.2 billion in the same year.

So I am concerned about this bill's failure to extend the tax reductions through fiscal year 1977 and the damage this would do to the economy.

I am concerned about increasing the deficit if the tax cut is subsequently extended.

I am concerned about revenue losses in the future when we have promised the American people we will lead them toward a balanced budget.

And I am concerned that we would be telling the American people that we cannot impose the same kind of restraint on tax loopholes that we impose on spending.

Senators Muskie and Bellmon have written to each Senator stating their views that the 1977 extension of the temporary tax reductions and a $2 billion net revenue increase from tax expenditures must be included in this tax bill to meet the overall budget resolution revenue target.

No, the Budget Committee is not a line item committee. The Budget Committee does not intend to offer its own amendments to bring this tax bill into conformity with the congressional budget. This must now be done by all Senators together here on the floor. I urge all my colleagues to support amendments to extend the tax cut through the fiscal year, to raise the necessary $2 billion through loophole closing and to forestall any new revenue losers unless these fundamental requirements of our congressional budget are satisfied.

I ask unanimous consent that the two "Dear Colleague" letters, one by the Budget Committee and one by the Finance Committee be printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., June 15, 1976.

Dear Colleague: We are writing you about the relationship between the pending tax legislation and the budget Congress adopted last month. After one year of successful operation, the Congressional budget process now faces a severe test. Revenues are no less important than spending in the Congressional budget. The choice we make on this bill will help determine the size of the deficit we will incur this year.

We believe Congress has shown during the past year that the budget process can meet its intended goal of fiscal control. It appears that the spending and deficit totals for fiscal year 1976 will come out where Congress prescribed they should when it adopted the second budget resolution last fall. Based on this record of Congressional commitment to the budget process, we have confidence that the spending limits we have described for fiscal 1977 will be attained as well.

Congressional fiscal policy has also successfully supported the economic recovery. This recovery must be maintained if we are to balance the budget in the near future.

In adopting a Congressional budget for fiscal 1977 that continues to support the recovery, Congress contemplated two major initiatives on the revenue side.

1. Extending the 1975 tax reduction through at least the next fiscal year, which would reduce revenue by $17.3 billion, to maintain the economic recovery in 1977.

2. Increasing revenues through reductions of tax expenditures by $2 billion to help restrain the deficit.

Neither the Congress in its budget nor the Budget Committees in their reports attempted to instruct the tax writing committees as to the details of the tax cut extension or the line items among tax expenditures to be reduced. But the Congressional budget is clearly based upon the assumption of an aggregate tax reduction of $17.3 billion and a reduction of $2.0 billion out of a tax expenditure budget which currently totals $105 billion.

Continued economic recovery, along with the reduction in tax expenditures, was intended to permit a balanced budget in the near future. Unfortunately, we are now faced with a tax bill which does not meet these objectives.

The Finance Committee bill does not breach the numerical revenue floor of the First Concurrent Resolution, but only because it terminates the major personal tax reduction item on June 30 of next year, thereby increasing fiscal 1977 revenues by $1.8 billion. If this termination does take place each individual taxpayer's withholding will increase substantially. This will jeopardize economic recovery. If the tax reduction is extended beyond that date—and the need to do so will probably make the extension inevitable—the shortfall in tax reform provided in the Finance Committee bill will increase the fiscal 1977 deficit by $1 billion.

Looking farther ahead, the $1 billion in tax reform that the Finance Committee bill would raise disappears in fiscal 1978 when the tax losing provisions become effective. Thus, the prospect of reaching a balanced budget would be postponed not only by slower recovery but by a lower tax base as well.

This is not a contest between the Budget and Finance committees. Each committee is doing its duty as it sees it. The Congress is presented with a difference in judgment as to the revenue pattern that is best for this country in the present economic circumstances and in the long run. The Congress has adopted a budget. We believe the revenue assumption behind that budget represents the best course of action for the economy.

For two successive years, the Congressional budget has called for a reduction of tax expenditures in order to help finance personal and corporate tax cuts necessary for economic recovery. In the Second Budget Resolution last year, we accepted the position of the Finance Committee that the tax expenditure reductions the Congressional budget called for last year could not be obtained in the time available during the trial year of the budget process. Now, one year later when we do have time, the Senate is asked once more to abandon the tax expenditure reduction assumption Congress ratified just last month. The question before the Senate is whether to sustain the Congressional budget. We urge you to do so.

Sincerely,

HENRY BELLMON,
EDMUND S. MUSKIE.

U.S. SENATE,
Washington, D.C., June 16, 1976.

DEAR COLLEAGUE: We have seen a "Dear Colleague" by the Chairman of the Senate Budget Committee and we have read newspaper stories concerning the intentions of Mr. Muskie and his committee.

It is apparent from that letter that the Senate will have to decide whether the function of the Budget Committee is to recommend target figures within which each committee will live, or whether the Budget Committee, in addition, is to write the specifications for the bills of other committees within the area of their jurisdiction.

This is not an issue involving the integrity of the Congressional Budget Process. That process is secure and we firmly support it. Instead, this is an issue involving the proper jurisdictional functions of the Senate's committees, especially the Budget and Finance Committees. If there is any question that the budget process is being violated, then the Finance Committee is certainly not a culprit.

The Senate Concurrent Resolution, as recommended by the Budget Committee, provided for $15.3 billion in tax reductions. The Senate Finance Committee recommends a package which adds up to $15 billion. The Committee, thus, is within the budget ceiling for tax reductions with $300 million to spare.

The burden of Chairman Muskie's letter is that the Senate Finance Committee did not act in precisely the fashion that the Budget Committee would have done had it written the bill for us. The language of the Senate Budget Committee's report indicates that it based its calculations on the following:

FISCAL YEAR 1977 (BUDGET COMMITTEE REPORT)

	billions
Extension of December 1975 temporary tax reductions	−$17.3
Net increase from tax expenditure legislation	2.0
Net revenue reduction	−15.3

After four weeks of hearings and five weeks of executive sessions, the Senate Finance Committee recommended as follows:

FISCAL 1977 (SENATE FINANCE COMMITTEE)

	Billion
Tax cuts	−$17.5
Revenue raising provisions	2.5
Net revenue reduction	−15.0

The Finance Committee bill, thus, contains tax increases of $2.5 billion in fiscal year 1977—one-half billion dollars more than the figure used by the Budget Committee in computing the target in the first Budget Resolution. The Finance Committee bill also includes tax cuts of $17.5 billion in fiscal year 1977, slightly more than the $17.3 billion assumed by the Budget Committee. The net result is a bill losing $15.0 billion, less than the $15.3 billion approved by the Congress in the first Budget Resolution.

The Finance Committee figures are clearly consistent with the action of the Congress in approving the first Budget Resolution. Any other conclusion necessarily implies that the Budget Committee has the authority to write our tax laws and that the Finance Committee does not.

If, as the Budget Committee says, it is not up to the Finance Committee to let tax cuts expire, then there may equally well be circumstances where they would say that is beyond the Finance Committee's jurisdiction to propose particular tax cuts, even though such cuts fall clearly within the over-all figures assigned.

The Budget Committee spokesman has stated repeatedly that the Budget Committee cannot tell the Finance Committee or any other committee how to write its bills. Now, if the Finance Committee cannot be told how to write its bills, how can it, nevertheless, be told that tax cuts shall be for stated durations, and in stated amounts?

We doubt that any Senator agrees with every decision of the Committee on Finance. There were more than 200 of them, and I voted against some myself. I doubt that any two Senators would vote the same way with regard to every decision in a 1,500-page bill. That is not the issue.

The issue is whether the other standing committees are expected to make the recommendations within the area of their jurisdictions. The budget Committee has not had the benefit of lengthy hearings and consideration of specific proposals and their impact. Is the Budget Committee to decide in advance what the standing committees are to do and to write their bills for them *in detail?*

The Senate must decide: is it to be one, two or more committees that are to make recommendations to the Senate within a single limited area of jurisdiction.

We are enclosing a copy of an excerpt from the debate of the Budget Resolution when it was under consideration. Mr. Muskie made it plain at that time that the Finance Committee had the discretion to recommend a 12-month extension rather than a 15-month continuation of all items in the temporary tax cut.

He also made it clear that we had the jurisdiction to recommend other tax increases (See Exhibit One). What Mr. Muskie did not say on the Floor is that if the Finance Committee recommended fitting within the Budget Resolution in a way different from the way the Budget Committee would have done it, then the Budget Committee would decide that the budget resolution was being violated.

Is the Senate to respect the right of each committee to make its recommendations? Or is the Senate to expect a single committee to tell all other committees in advance what they should do in detail and police them to see that they do precisely that?

Sincerely,

RUSSELL B. LONG,
Chairman.
CARL T. CURTIS,
Ranking Minority Member.

Mr. FANNIN. Mr. President, I am pleased to commend Senator RUSSELL LONG, the chairman of the Senate Finance Committee for his fine work in preparing the Senate Finance Committee bill. I also commend the ranking minority member, the very capable Senator from Nebraska. After a month of public hearings and a month of legislative mark up, the Senate Finance Committee has drafted a bill of 1,536 pages which attempts to bring about simplicity, equity, and investment incentives to stimulate our economy and bring about more employment. This bill represents the most extensive revision of the tax laws since the 1954 Internal Revenue Code was enacted.

Mr. President, it is commendable that the Senate Finance Committee has been able to meet the requirements of the first budget resolution adopted by the Congress. We have raised in excess of $2 billion additional in revenue and yet have been able to bring about greater equity in the tax laws and provide for investment incentives. There are still inequities that need correction but it will take time to accomplish all our objectives.

Although substantial simplification of the Tax Code is not a part of this bill, attempts have been made to reinstate the confidence of the public in our voluntary compliance system. In order to address ourselves more closely to the problems of simplification, the committee has commissioned an extensive study to be made and to be reported to the committee. In addition to simplification of the Code, there has been a need to bring about equity in our tax laws so that everyone will pay his just tax into the Treasury.

A basic principle of American life is the expectation of equal treatment under the law. Our tax system has been attacked in recent years because it could be manipulated by a few to avoid paying any taxes. Although it is almost impossible to write legislation that will take care of every exception, we have attempted to strive toward the greatest equity practicable for the masses of our people. We have completed extensive revisions in the area of tax shelters, which we trust will be retained in place of the LAL provisions.

Mr. President, it is my opinion that the Finance Committee has taken more responsible steps in this important area of tax revision than has the House. The provisions in the House-passed bill relating to tax shelters are not practical. Enactment of the House provisions would stifle capital investment throughout the economy, particularly in the real estate, farming, equipment leasing, oil and gas, movie, and sport franchise industries.

In addition to providing greater simplicity and equity to our tax laws, the Finance Committee gave serious consideration to the issue of capital formation. This is of utmost importance at a time when unemployment continues at an unacceptably high level, and as this country is coming out of an economic recession. The Senate Finance Committee felt that we must provide incentives to private industry in order to stimulate expansion of our plant and facilities and thereby create new jobs for our growing labor forces, increase productivity, improve our environment and work conditions, and achieve energy independence.

Mr. President, I am pleased that the Finance Committee has added an energy title to H.R. 10612. The energy title contains several provisions which were previously adopted by the committee during its markup of H.R. 6860. Included in this title are new incentives for the development and utilization of solar energy devices as well as the development of the Nation's extensive geothermal energy resources.

In addition to the domestic consideration in this bill, we have given substantial deliberation to foreign tax legislation so as not to place in jeopardy the competitive position of our American companies doing business abroad. If we bring about a disincentive to our American businesses doing business abroad, either through the repeal of tax deferral or DISC, we will not only detrimentally effect the exporting of American products but also bring about a substantial reduction in employment in the United States. The overseas operations of U.S. companies have significantly benefited the domestic economy by creating and maintaining U.S. jobs. They have also produced sources of capital that otherwise would not exist. The imposition of punitive taxation on such operations would be counterproductive to our domestic economy so should be avoided.

Mr. President, the Finance Committee after extensive hearings and with a realization of the favorable atmosphere for making changes in our estate tax has made significant revision. The present rate and schedules of estate taxes were adopted in 1941 and although the purchasing power of the dollar has been eroded substantially by inflation since that time, no substantial change has been made.

There is indeed a tremendous need to provide more equity in reducing the estate tax on small farms and small businesses. The committee felt that although that need is present, an overall revision was needed to provide a greater exemption in the estate tax area for all taxpayers. This legislation will go far to preserve the privately owned small farms and businesses, otherwise they will be absorbed by large conglomerates when they are forced to sell to meet substantial estate taxes.

Mr. President, I commend our chairman once again for his leadership in preparing this tax reform bill.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MOSS. Mr. President, I hope to make a statement for the Budget Committee, as will its ranking minority member, today.

The chairman of the Finance Committee has said be believed this bill did not violate the provisions of the budget concurrent resolution. This, of course, is something that needs to be discussed, I think when a number of Senators can be on the floor. The chairman of the Budget Committee happens to be necessarily absent this afternoon, unfortunately, and will not return until some time tomorrow.

I wonder if we could agree that at 4 o'clock tomorrow, we could have a colloquy. We can try to get most of the Budget Committee and Finance Committee members, along with other Members. This matter, I believe is going to have to be, ultimately, decided by the Senate as a whole.

Is that timing agreeable?

Mr. LONG. I would hope we could do it sooner than that, but of course if the chairman (Mr. MUSKIE) cannot be here prior to that time, I think we should wait until he is here to discuss it. We can read these speeches into the RECORD, of course, this evening.

Mr. MOSS. I intend to read a statement, and I am sure that Senator BELLMON the ranking minority member will present a view. That way Senators can read that in the forenoon tomorrow, and further discussion can take place in the afternoon.

Mr. LONG. I would hope that when we meet tomorrow we could deal with other matters until we get around to this, because I do not want to start voting on amendments until we reach an understanding about this budget matter. I do not think we should do so, and I think that it would be wasting time to do it, unless we understand one another and the Senate understands what we are doing here, and unless the Senate agrees that we are complying with the Senate's resolution.

Let me address myself to that, Mr. President. Here is the Budget Committee's resolution, Senate Concurrent Resolution 109. Here is the language that is significant so far as the Senator from Louisiana is concerned, in subparagraph (1):

> The amount by which the aggregate level of Federal revenues should be decreased is $15,300,000,000;

Mr. President, we bring a bill here that amounts to $15 billion. We are within that Budget Committee resolution item by $300 million. This Senator voted against amendments that would have brought us over that amount, even though he knew they were good amendments, and on their merits should be agreed to. He insisted, as chairman of the committee, time and time again that Senators should postpone the effective dates of their amendments so that those amendments would in no way interfere with this $15.3 billion limitation.

This Senator sought to move dates forward, and pressed the Finance Committee to move dates forward by which taxes went into effect, that would increase revenues, and postpone the dates at which the measures would go into effect that would lose revenues. By doing these things, we came close to our target.

Then we saw something that is apparent to all: That if we were going to do what we thought should be done, that is, propose tax reductions as well as tax increases to deal with the things that we thought were right and the things that Senators over a period of time, by their testimony and their statements on this floor, had convinced us were correct, we could not vote for a $17.3 billion tax cut precisely the way it exists at this time.

So what did we do? We said, "Well, if we cannot afford that much tax cut, how much of it can we afford?" We thought about that, and we said, "Well, if we take one of the most expensive items, namely, the $35 per head tax credit for each individual, and say that instead of that going for 15 months from July 1 up until October 1 next year, we simply say that that goes from July 1, 1976, until July 1, 1977, that would save about $1.7 billion."

Then we proposed an additional amendment which would increase the low income allowance which will benefit those under the poverty level and for the poor generally, so that those people in the lower income levels would not be injured in any respect. That means then that this temporary tax cut insofar as the $35 per head tax credit is concerned would come to an end in July next year, which is a year from now.

If we made no changes, we would be within the resolution, and so we did. We proposed those amendments, and they are before the Senate to be voted upon.

When this matter was before the Senate, Senator PACKWOOD asked Mr. MUSKIE, the chairman of the Budget Committee, if we had the discretion to do that. To me it is unthinkable that we would not. But he asked Mr. MUSKIE, do we have the discretion? Let me read what the Senator said at that time. This appears in the RECORD, page 10280, April 9, 1976:

> Mr. PACKWOOD. If the Finance Committee's judgment at the end of 2 weeks of hearings and markups, they found it impossible to close $2 billion of loopholes, and they chose to fit within the mandate of the Budget Committee by simply reducing the tax reductions from $17 billion to $15 billion and pick up $2 billion that way?
>
> Mr. MUSKIE. That is right.

I will also ask to have printed some other excerpts from that debate.

Mr. President it was made clear by the spokesman of the Budget Committee (Mr. MUSKIE), and I would like to let the Senator read this, that it was clearly within the discretion of the Finance Committee in coming within this $15.3 billion to raise whatever taxes we thought we ought to raise, not only in terms of tax expenditures, but also in terms of additional taxes if we thought that necessary and that if we thought that in order to come within the budget limitation we could not recommend a full $17.3 billion tax cut, we were privileged to recommend less than a $17.3 billion tax cut.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. LONG. Yes; I yield to the distinguished Senator.

Mr. BELLMON. In the tax cut that has been recommended in H.R. 10612, as amended, how much is it on an annualized basis?

Mr. LONG. $15 billion.

Mr. BELLMON. Tax cut.

Mr. LONG. Overall; in other words, on the overall I believe—on an annual basis it is about $17 billion. Then we propose tax increases of about $2.5 billion. That when taken with the additional amendment we will offer will result in about a $15 billion net figure. So, if we follow the Finance Committee's recommendation, we would have a $15 billion tax cut to meet a budget limitation of $15.3 billion.

Mr. BELLMON. If the chairman will yield further, if that $1.8 billion, or whatever it is, tax cut in the last quarter of fiscal year were extended into the full four quarters of the next fiscal year would it amount to something like $7 or $9 billion?

Mr. LONG. Close to $10 billion.

Mr. BELLMON. $10 billion. So the tax cut that is in this on an annualized basis is in the nature of $10 billion.

Mr. PACKWOOD. Tax increase.

Mr. BELLMON. Tax increase.

Mr. LONG. On that particular feature, there is about $10 billion annually involved. There are other features in that tax cut that is presently in effect that bring it up to about $17 billion, but this one feature which does not involve the investment tax credit and does not involve small business. Instead it involves taxpayers generally except that we would protect those in the low income category, would be affected by the termination of the $35 per head temporary tax credit by providing them an increase in the minimum standard deduction.

Now, I note, Mr. President——

Mr. BENTSEN. Mr. President, will the chairman of the committee yield?

Mr. LONG. Just one further moment.

Mr. President, the staff of our Joint Committee on Internal Revenue and Taxation consulted eight economists who have very high credentials, liberal, conservative, and moderate, to see what their thoughts are about this tax cut. Four of them said that they did not think we ought to extend this throughout this entire coming year, and four of them thought we should extend it through the entire coming year. What we would recommend here splits the difference. We extend about half of the $17 billion throughout the entire fiscal year and extend the other half through June 30, 1977.

But we do have additional tax cuts that we recommend, and we do recommend some other measures such as those in the House energy bill. These are measures which have been suggested by many Senators and which would meet with overwhelming approval by the Senate to encourage people to insulate homes, to expand the use of solar energy, and many other energy conserving measures. We have amendments that will cause further tax cuts, and in some respects we are substituting one tax cut for another.

Whether the Senate wants to agree with the wisdom of any particular reduction that we made is a matter for Senators to decide.

But, Mr. President, there is no problem of committee jurisdiction unless someone has a completely different view of the budget procedure than I have. It is my understanding that the Budget Committee is not to specify for us in great details how we write our tax bills, any more than it is to specify to the Appropriations Committee line item by line how much they are to put in their appropriation bill; on the tax side it is supposed to provide an overall target. In view of the fact this is the only committee that handles tax measures in effect they gave us one specific figure that we should use as our guide in either raising more revenue or providing for a tax cut.

I note here that the committee says in its report and this is in their budget report:

> This total includes a recommendation of the temporary tax reduction of December 1975 be extended at least through 1977. The committee also recommends as a target enactment of legislation concerning tax expenditures and related provisions that will result in a net increase of $2 billion in fiscal 1977 revenue collections. The committee recommends against any increase in payroll taxes not already mandated under law.

When this bill was before the Senate in the Senate concurrent resolution, Mr. Muskie explained to Mr. Packwood in colloquy that this was not mandatory on us, that this was in the nature of advice to us as to how they thought it might be desirable to proceed. For example, Mr. Packwood said:

> Do I take that to mean it is not necessarily a mandate that we close $2 billion worth of loopholes, but that we could just as well raise the income tax or the corporation income tax to $2 billion? You are just talking about $2 billion additional revenue, and the reference to tax expenditures does not necessarily mean so-called loopholes.
>
> Mr. Muskie. That is right. The only mandatory number with respect to revenues is the revenue total we have included.
>
> We have, however, indicated in the report, as we are required, our view as to whether any revenue should be generated by tax reform. We have done that, so our view is in the report, but it is not mandated.

Mr. President, I have seen a "Dear Colleague" letter signed by Mr. Muskie, and the inference of it is that the committee report language is more sacred than the Ten Commandments. If that is the case, then the bill should be recommitted because we have a lot of things in here other than the temporary tax extension of $17 billion. Also we do not expend every penny of the limitation. We also make changes in the tax reduction. In addition to that, we do not raise $2 billion. We raise $2.5 billion. So we go above them, and that being the case I suppose that we have gone beyond the specific specificity of the Budget Committee language in their report.

Mr. MOSS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MOSS. I wonder whether we could set this kind of colloquy for a time certain tomorrow, when we could have Senators on the floor, such as Senator Muskie and others who wish to engage in the colloquy.

I agree that there is a point of difference here that has to be presented fully, and the Senate has to make a decision. As the chairman has said, this is very fundamental about how we would proceed with this bill. I think that the two "Dear Colleague" letters should be placed in the Record, so that they would be read as part of the record—the one that was signed by the Budget Committee and the one we just received today from the Committee on Finance. Then that all will be before the Senate when we have the colloquy.

Mr. LONG. I believe it should be; and in due course I will do so, unless the Senator wishes to do so. All this should be available.

I want to make this clear to everybody: I hope that this issue before us will not be decided on the basis of a pride of authorship or some pride in a committee. A matter of this sort should be based not on who is right but on what is right. If I am in error on this, I would like to be corrected. If I am right, the Senate should make it clear that I am.

Mr. MOSS. I agree.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CURTIS. Mr. President, I commend the distinguished chairman, and I fully support him in the matter of how the Committee on Finance acted within the purview of the budget resolution.

I think it is clear that the Committee on Finance could have reported a bill that removed the $35 credit entirely. I believe that if we had come to the conclusion that we wanted that revenue or that we wanted to reduce taxes in some other area, we would have had the authority to do that. If we could remove it entirely, we could remove it in part. We would have a right to change that $35 credit to a $20 credit, and we would be within the spirit and the letter of the budget resolution.

If we would have had a right to lessen the amount of it, we also would have had a right to determine the length of duration of the credit.

I believe that the chairman has made an excellent presentation of the situation. A situation might well arise in which we would be in very great trouble if the Senate did not hold that the Committee on Finance had complied, because this may be precedent setting.

Mr. BELLMON. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield.

Mr. BELLMON. I believe that one of the things that trouble the members of the Budget Committee is this: This elimination of the $35 tax rebate, or whatever it is called, comes in the final quarter; and we would spend money anticipating that this is actually going to occur. If we get to the final quarter and if for some reason that rebate is continued, then we will be roughly $1.8 billion deeper in debt than if we have another source of raising the $2 billion that the Senate will stay with.

Does the Senator from Nebraska feel that this change in the last quarter is one that, in the final analysis, will not be altered by some act of Congress?

Mr. CURTIS. We cannot predict what another Congress will do. Another Congress might meet next January and increase the credit to $50.

Mr. BENTSEN Mr. President, will the Senator yield?

Mr. CURTIS. The chairman has the floor.

Mr. LONG. If it is the judgment of the Senate that we need more money, we will raise more money. We are perfectly content to live with what we are recommending here, and we would be perfectly content for the Budget Committee to hold us to this.

As a practical matter, what I suggest

we do is to go ahead and legislate, however the Senate wants to legislate, in due course. We should try to stay within this $15.3 billion. But if we exceed it, and even if we do not, I personally would welcome an instruction to the conferees on this bill that we should not bring a tax bill in here that would exceed a $15.3 billion tax cut.

There are all kinds of ways we can stay within the $15.3 billion, if we are looking at the Senate bill and the House bill. For example, on this very item, the House bill for the $17 billion tax cut has an expiration date of January 1, 1977.

So in putting together the mix that will become the final bill, between the House bill and the Senate bill, there should be no problem in the conferees putting the pieces together in such a fashion that we are well within the $15.3 billion. At a future date, we may need to raise more revenue.

I say to the Senator that that is where the Budget Committee is going to need to work with the Committee on Finance, and vice versa.

When we were passing the Budget Committee bill, we were not talking about how we were going to share the glory of a tax cut. We were thinking about how we were going to measure up to the brutal, tough responsibility of a big tax increase someday. Anybody can vote for a tax cut; but when it comes to voting for a tax increase, especially when you have to run for office, it is difficult.

When the time comes, we are going to balance the budget, and we are going to need tens of billions of dollars of tax revenues. The only way we are going to get it, if the budget procedure is to be what we hope for, it would be for the Budget Committee to recommend that the tax increase should occur and for the Finance Committee to work in good faith to implement that and vote in the Senate to pass that tax increase. That is what will have to be done if we are to balance the budget. The Senate should let the Finance Committee fill in the blanks on that sheet brought to the Senate floor for consideration by saying, "We will put so much on consumer taxes, we will put so much on gasoline taxes, and so forth," however much it has to be. If the Finance Committee is not going to be permitted the discretion to recommend how this tax increase should be put into effect, then I think the Finance Committee is likely to say, "Mr. Budget Committee, you pass the tax increase. You are going to write it, anyhow. Let's see if you can pass that tax increase."

That is not the kind of cooperation we would need between the two committees to have a major tax increase to balance a budget. We would have to establish such cooperation and understanding between the committees that each committee could support the other within its sphere in moving for a major tax increase, if that is how it is going to have to be in order to balance the budget.

I want to say one other thing about the economies the Budget Committee has called for. A joint committee staff asked eight of the finest economists in the country to make suggestions. One of the four who recommended that we should not extend this tax cut through next year, was Mr. Klein, who Mr. Jimmy Carter has chosen for his economic adviser. So a great number of outstanding people do not think we should extend this throughout the entire fiscal year. In any event, we do extend most of it, and we do stay within the $15.3 billion that was suggested.

Mr. CURTIS. Mr. President, as the ranking minority member of the Finance Committee, I feel compelled to comment on the position that the Budget Committee has taken with respect to this legislation.

As my colleagues are aware, Mr. President, the first concurrent budget resolution passed earlier this year provides for new tax legislation reducing total revenues by $15.3 million. The Finance Committee's bill is well within that target figure.

In a statement to the Budget Committee, Chairman LONG and I stated that the committee would have to make some tax increases retroactive to meet this target. I do not personally favor some of the retroactive tax increase provisions that were included in this bill to meet the budget target for fiscal year 1977. However, as the ranking minority member of the Finance Committee, I felt that the committee was obligated to report to the Senate a bill which meets the overall revenue target.

The committee bill does meet this revenue target. Now, however, we hear from the Budget Committee that this is not enough. We are told that our bill is inconsistent with the budget because the Finance Committee did not follow the suggestions of the Budget Committee as to how we should arrive at this overall revenue figure. This interpretation of the budget resolution is both surprising and wrong.

It is surprising in light of the specific colloquy that occurred between Senator PACKWOOD and Senator MUSKIE on April 9 of this year. Speaking on behalf of the Budget Committee, Senator MUSKIE made it absolutely clear that the Senate was not being asked to agree or to commit itself to anything other than a total revenue figure. Now, however, we are told that, in this tax bill, the question before the Senate is whether to sustain the congressional budget. Quite frankly, this change of position is surprising.

The concept that this bill raises a question under the Budget Act is also wrong. The $2 billion tax expenditure figure does not appear in the budget resolution. It appears in the Budget Committee's report. It is not a requirement and the legislative history of the Budget Act shows that it could not be a requirement.

The function of the Budget Committee is to set overall limits on revenues and on spending. Individual Members of this body may believe that this bill should raise an additional $2 billion in so-called tax expenditure legislation. That is their prerogative and I fully support according to these Members the right to seek to amend the committee bill to achieve this result. However, the argument that such a result is required by the budget resolution or any part of the budget process is fallacious in the extreme. I hope that this bogus issue of compliance with the budget resolution parties will be laid to rest once and for all and that we can, over the succeeding days, debate various tax reform proposals, both those in the bill now and those to be offered by individual Members, on their merits.

The Finance Committee, not the Budget Committee, has jurisdiction to decide how the aggregate revenue target set by the budget resolution is to be satisfied. Members, both individually and collectively, may disagree with the substantive judgment of the Finance Committee and seek a different mix of tax reform provisions. That is their prerogative and, although I disagree with many of the amendments to be offered, I will defend the right of all Members of this body to offer their amendments.

I will not, however, stand by while the Finance Committee is accused by some of disregarding the requirements set by the budget resolution. No such requirements were set and indeed none could have been set. The budget resolution target of aggregate revenue has been satisfied and we should be debating tax reform proposals on their merits, and nothing more.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. RIBICOFF. Mr. President, I say to the distinguished chairman that in no way is the Finance Committee in violation of the budget resolution. The budget legislation came out of the Committee on Government Operations, and the colloquy between the Senator from Maine and the Senator from Oregon is absolutely correct. Senator MUSKIE understood what this resolution was, and his response to Senator PACKWOOD was correct.

As I interpret what was intended, when tax legislation with respect to the Budget Committee comes up, the Congressional Budget and Impoundment Act of 1974 established specific procedures with respect to congressional determination of the appropriate level of Federal revenues and expenditures.

Under these procedures, Congress is required to adopt the first concurrent resolution no later than May 15 of each year. Between May 15 and September 15, the deadline for the second concurrent resolution, the Senate is under no constraint with respect to any tax measures it may consider and act on. During this period, the Senate is kept informed by scorekeeping reports as to the current status of the budget resolution and legislation affecting the resolution.

During the period between the adoption of the First and Second Budget Resolutions, it is in order for the Senate to consider any tax, spending or debt legislation without regard to whether it is consistent with the First Resolution. No later than September 15, the Senate must consider and adopt the Second Budget Resolution which, when adopted, becomes binding. The Second Resolution may either reflect the new figures or revise them.

In summary, the First Budget Resolution sets forth the targets.

And that is all we had on May 15.

> The Second Budget Resolution sets forth the ceilings.

Going back to the legislative history of the Budget Act—and I read from the 93d Congress, 2d session, page 2060—

> When it comes to the First Budget Resolution, all of the figures contained in the Budget Resolution as adopted are to be regarded as guidelines and recommendations to which Congress will make reference as it considers and enacts the various appropriations acts, other spending measures, and revenue and debt limit legislation.

There is nothing binding on what the Finance Committee, any other committee, or the Senate may do after May 15. Now, on September 15, when there is another resolution, that is binding on every Senator and every committee. So in no way has the Committee on Finance been in violation of the first budget resolution. When I have an opportunity, I shall go into this further.

May I say further to the distinguished Senator from Utah, I think it is very seldom that we have as many Senators as we do on the floor, considering the long days we have had, and it is after 6 o'clock. We can discuss it again tomorrow, but I do think it is appropriate to discuss this most important issue, which is preliminary, before we get into the question of the tax bill itself.

Much has been said about the violation of the Committee on Finance. May I say that I expect to find myself overwhelmingly on the side of those who want to change what the Committee on Finance does. But I reject completely and totally that the Finance Committee violated its authority in passing the bill it did. We may differ on what the Finance Committee did and there will be an opportunity given to each of the hundred of us to come up with amendments or reject the actions of the Finance Committee.

I say to the chairman, in no way was he or the Finance Committee in violation of any congressional act or the budget resolution.

Mr. LONG. Mr. President, I thank the distinguished chairman of the Committee on Government Operations for his statement on this subject. I want to ask him a couple of questions:

Are not these targets to which he makes reference supposed to be single figures?

Mr. RIBICOFF. They are figures in which this is an expression of hope, of what we should try to do. But there has never been any intention, in my understanding, that that is binding on the Finance Committee or anyone else. Between May 15 and September 15, there is an opportunity to act by all committees. They can say, the budget, this is what we would like to happen, and this may or may not take place if you exceed it. But the Senate is working its will between May 15 and September 15. At September 15, on that date comes a resolution. That resolution is binding and that we cannot go beyond.

Mr. LONG. Let me read this and ask if this is not correct.

Here is the item I referred to:

> The recommended level of Federal revenues is $362.5 billion—

And here is the important part—

> and the amount by which the aggregate level of Federal revenue should be decreased is $15.3 billion.

That is a single figure.

Mr. RIBICOFF. That is right, and that is there and it is not the Budget Committee's business, or anyone's business, how that $15.3 is arrived at. The Committee on Finance works its will.

Now, the Senate does not have to accept the Finance Committee's will. The Senate then is in a position to work its own will. But the target in the budget resolution was 15.3. The Committee on Finance came up to 15.3. I personally disagree with many of the measures or the amendments in which the 15.3 was arrived at, but the Senate can reject it. But the 15.3 is the target figure. Even that is not binding, but that is the target figure; otherwise, we might as well disband the Committee on Finance.

The Finance Committee had hearings. The Finance Committee worked in executive session long and hard and came up with its conclusions. I disagree with many of them, and I will support most of the amendments proposed by those in disagreement. But I reject completely—I reject completely—the Budget Committee's contention or that of the Senators who said that we are in violation, because at no time was the Committee on Finance in violation of its charter.

Mr. MOSS. Will the Senator yield?

Mr. BENTSEN. Will the Senator yield?

Mr. LONG. The Senator from Texas has been on his feet for quite a time. I yield to him and then I shall yield to the Senator from Utah.

Mr. MOSS. I point out that we have been having exactly the colloquy that I am asking for tomorrow at 3 o'clock or 4 o'clock.

Mr. BENTSEN. I say to the Senator from Utah that some of us will not be here tomorrow at 4 o'clock. Frankly, I would like to express myself now. I have been seeking recognition, and maybe others will do it again tomorrow.

Mr. President, it is a responsibility of the Budget Committee to set and determine the net increase or the net decrease that should be legislated in taxes for the forthcoming fiscal year. But that is the limit of its authority on taxes. When it goes beyond that and starts to determine the appropriate mix of tax deductions and tax increases, it has exceeded its authority and violated its objectives as designated by this Congress. If it can deal with specificity and detail as to which taxes should be raised and which taxes should be lowered, then it has taken over the responsibilities of the Senate Finance Committee. And that is what this debate is all about. It is a question of jurisdiction. It is a question of the authority of the Finance Committee and the Budget Committee. They each are going to continue to fill an important role in the responsibilities of this Congress or the Budget Committee will have taken over the responsibilities of the Finance Committee. A letter which was signed by the distinguished Senator from Maine and the Senator from Oklahoma states that the congressional budget is based upon the assumption of an aggregate tax reduction of $17.3 billion and an increase of $2 billion in taxes. But the resolution itself only talks about the net decrease in tax revenues and that figure is $15.3 billion. The Senate Finance Committee has essentially complied with this target. Remember the May 15 resolution is just that; a target. The September 15 resolution is the binding mandate and the Congress cannot consider any legislature in violation of the second resolution. A point of order can be raised for a violation. The question to be resolved in this debate is one that will extend far beyond the authority of just the Finance Committee. It directly affects Appropriations Committee and, ultimately, every other authorizing committee in the U.S. Senate. Should the Budget Committee prevail in it's point of view that they had the right to tell us not just what the net increase or decrease is to be in tax revenue but also the net increases and decreases in specific areas, then we ought to recommit this bill.

But we should not recommit this bill to the Senate Finance Committee. We ought to recommit it to the Budget Committee and let them write the tax bill. The fact that those of us on the Finance Committee spent many months in hearings and extended markup sessions, have listened to a great number of witnesses from across the economic and political spectrum, then it will all have been for naught.

It will then be the responsibility of the Budget Committee to reschedule such hearings and themselves make those determinations.

Mr. President, nobody questions the responsibility of the Senate Budget Committee to establish an overall figure on Federal revenues and expenditures. I was one of the original sponsors of budget reform legislation. I firmly believe that this new budget procedure is essential for Congress to exercise fiscal responsibility. Since 1866, when they separated the taxing committees from the spending committees, there has not been a mechanism to correlate income to outgo. Sometimes I feel Congress has not even been able to correlate outgo to outgo. Finally, we have had the breakthrough and the mechanics have been constructed to give Congress a handle on the budget. But, if the Budget Committee prevails in this extension of its powers to what will ultimately be the denying of any useful role for the Finance Committee or the Appropriations Committee and, finally, all other committees, then they in turn will have sown the seeds for the failure of the new Budget Reform Act.

The Finance Committee has the responsibility of determining the most appropriate mix of specific tax reductions and tax increases to achieve our Nation's economic objectives. It is the right and the privilege of every Member of this Senate to disagree on any one of those specific tax reductions or tax increases and to propose his amendment to change it, but not under the guise that this violates some mandate from the Budget

Committee. Let us not confuse these issues. What we are basically dealing with here is the jurisdiction of the committees of the Senate and, in particular, that of the Budget Committee; what the majority of us in the Congress had meant to be its objectives.

The Finance Committee must carefully review the economic impact of its decisions on such crucial sectors of our economy as housing, agriculture, business, labor. These decisions will have an important impact on the availability and cost of new housing for potential homeowners across our Nation, the availability and cost of food for every American housewife, the payroll tax and investment capital for economic growth.

Modifications in our estate taxes are essential to insure the survival of family farms and ranches and small business. Estate tax changes are needed to maintain healthy competition in the agriculture and business sectors of our country.

The only way we can effectively achieve our economic objectives is through a careful analysis of alternative tax approaches. The minds of members of the Finance Committee on specific tax approaches have been changed from time to time through the lengthy studies, hearings, and testimonial witnesses. What has been presented to you in this tax bill is the result.

The Senate Finance Committee decided to permanently liberalize the standard deduction and low income allowance. However, the Finance Committee decided to extend the $35 individual tax credit until June 30, 1977. Some of my colleagues in the Senate are arguing that this temporary credit should be extended another 3 months, perhaps even longer. However, that is a decision that should be put off until next year when we better know the state of the economy in 1977.

The Finance Committee asked 8 prominent economists, drawn equally from both major political parties, whether they favored an extension of the existing $20 billion in tax cuts and, if so, for how long. Seven of them were former members of the Council of Economic Advisers. All of the economists favored extension of the tax cuts at least for the rest of this year, but only four of them thought the cuts should be made permanent.

In view of the uncertain economic and budgetary situation, the committee has agreed to make one-half of the $20 billion tax reduction permanent and to extend the other half only for one year—until June 30, 1977. This will afford the Congress and administration next year an opportunity to review economic conditions and the fiscal requirements to see what, if any, further extensions of these tax cuts should be made.

Democracy is truly a consensus of conflicting interests. There are those who decry such compromise and consensus and want a hard line for their own particular point of view but the system just does not work that way. One of the strengths of our great system is that we can bend and we can adjust to work out what we think will benefit the most people, not just in the short run, but in the long range objectives for our country.

As I go back to read the legislative history of the Budget Reform Act, I am comforted by the fact that the distinguished Chairman of the Senate Budget Committee during the debate recognized the responsibility of the Finance Committee to determine the proper mix of tax changes.

During a Senate floor colloquy on April 9, 1976, Senator Packwood referred to a recommendation in the report of the Senate Budget Committee to raise $2 billion through tax reform.

Senator Packwood stated:

> On page 6 of the Committee report where you make reference to the $2 billion in the tax expenditures that you hope the Finance Committee will pick up this fiscal year—do I take that to mean it is not necessarily a mandate that we close $2 billion worth of loopholes, but that we could just as well raise the income tax or the corporate income tax $2 billion? You are just talking about $2 billion additional revenue, and the reference to tax-expenditures does not necessarily mean so-called loop-holes.

Senator Muskie responded:

> That is right. The only mandatory number with respect to revenues is the revenue total that we have included.

Senator Packwood proceeded to say:

> We are not necessarily committing ourselves to a $2 billion closing of tax loopholes—necessarily.

Senator Muskie responded: "That is right."

Senator Packwood added:

> What we are initially committing ourselves to are revenues of $362.4 billion and maybe next September that figure will be $360 billion, may be $365 billion. Who knows?
>
> Then we are saying to the Finance Committee, 'The collective judgement of the Senate is $362 billion. It is up to you, gentlemen, to determine how we go to that figure.'

Senator Muskie responded:

> We, of course, would like to have the Finance Committee look at the Budget Committee report to get whatever insight it chooses to take from the Budget Committee's recommendations and basis for the Budget Committee's judgement.
>
> But in the last analysis, it is the Finance Committee's judgement.

Mr. President, after weeks of hearings and markup, the Senate Finance Committee has reported a bill which raises a substantial amount of revenue through tax reform and the complete Finance Committee bill complies with the overall revenue target for fiscal 1977 which is $15.3 billion in revenue reduction.

The function of the Budget Committee is to set overall limits on revenues and spending. It is not the responsibility of the Budget Committee to dictate a breakdown of these overall limits. The Budget Committee simply did not have the opportunity to carefully scrutinize our tax structure during weeks of hearings and markup and then make a determination of the best approach for meeting that overall ceiling.

Individual Members of this body may believe that this bill should raise an additional $2 billion in so-called tax expenditure legislation. That is their prerogative and I fully support their right to seek to amend the Finance Committee bill to achieve that result. However, the argument that such a result is required by the budget resolution or any part of the budget process is not correct. As one of the original sponsors of the budget reform legislation, I do not believe that Congress intended to give the Budget Committees the responsibility to oversee the detailed decisions of any committee so long as that committee was within the overall budget limits.

It is fully within the oversight of the Budget Committee to set the parameters for the budget process. But it is wholly improper for that committee to determine the specifics within those parameters. That is why we have specific committees within the Senate. In this case, that is why we have a Finance Committee.

We cannot ignore the expertise of the Finance Committee. We cannot ignore the 40 days of hearings and markup that the Finance Committee spent in preparing this bill. Forty days, Mr. President, for a Senate bill. This is an unusual amount of time for consideration. But it was detailed consideration. It was specific, important consideration. And it is only with that kind of consideration can a bill of this nature be drawn.

We have heard a multitude of witnesses in arriving at the conclusions that we have seen here. Let us not fuzz up the votes on these amendments by saying that we are talking about not just whether this is the right economic objective for our country, not just whether this brings about tax fairness, but that we are trying to carry out some mandate of the Budget Committee. If you do that, you are going to cloud the issue.

You have every right, and every Member of the Senate has every right, to question the actions of the Finance Committee on any specific amendment, and to try to change that for what you think is the better for the most people. But let us not set a precedent here today or during these debates that creates a precedent of a substantial invasion of the jurisdiction of the Finance Committee. If that happens, you are going to see this same pattern followed in the Appropriations Committee and, finally, in the other authorizing committees, and you will have seen the destruction, I think, of the Budget Reform Act, and one which I have very strongly supported from the beginning.

Since 1866, this Congress, when it separated the taxing from the appropriation process, has not been able to correlate income to outgo—they have not even been able to correlate outgo to outgo. But you finally have the tools and the mechanics to make a budget work. Let us make it work, and let us not stir up the kind of opposition where you have intruded on the jurisdiction of these other committees, and where you have these committees one by one, as they finally realize what has happened to them, turn against you, and they are not going to support what the Budget Committee is proposing as an invasion of their own jurisdiction.

Mr. LONG. One more thing: It is my understanding that the law requires the

Budget Committee to explain in its report how it arrives at the figure that it is suggesting. So the Budget Committee report stated that in arriving at this figure of $15.3 billion, they were suggesting that you continue the existing tax cut, which would be $17.3 billion, and that you would raise $2 billion in taxes that are not specified.

Now, the way I understand it and the way that up until now the legislative history makes clear is that that was just how they went about arriving at this figure. But that was not to be a mandate or a law to be applicable to some other committee that had the responsibility to conduct the hearings and write the bill; that was only supposed to be a suggestion of a budget target, a specific figure, and explaining how they arrived at that suggestion.

Now, to suggest, as would be inferred from the letter of Mr. MUSKIE, that we had to provide that $17.3 billion cut without changing even a manifest grammatical error, to write it just exactly word for word the way it is, not to change any of the existing tax cut even though we could find other things that might claim a higher priority or other things that we thought were more meritorious in general, is far beyond anything that I ever dreamed when we undertook to work on this bill.

Furthermore, Mr. President, when they proposed that we should have or made reference to this $2 billion of increase in revenue, that was just how they went about arriving at a particular figure, and I think the legislative history is clear that the discretion was left with the Finance Committee to recommend $2 billion, more than $2 billion, less than $2 billion. As it turned out, we recommended more than $2 billion.

I always felt that tax reform is a change in the tax law that I favor, or if it is the other man defining tax reform, it is a change in the tax law that he favors, because tax reform is supposed to be a change for the better. That is what tax reform is supposed to mean.

Well, if you vote for it, I guess you think it is a change for the better. If you vote against it, I suppose you think it is a change for the worse. But by that definition—and may I say, Mr. President, that since I explained this, I have had Senator after Senator who did not agree with that definition in the beginning come back to me and say, "You know, the more I think about it, the more I think you are right. Your definition is correct, that tax reform is what you think it is, a change for the better." You cannot define it for the other man.

Mr. MOSS. Again I ask the chairman would it be possible to set down, say, 3 o'clock tomorrow to begin this colloquy?

Mr. LONG. Mr. President, it would be all right with me except that the leadership may have other ideas.

I do not think we ought to proceed to debate the LAL and vote on it until we have disposed of this jurisdictional matter.

Mr. MOSS. I agree.

Mr. LONG. Now, I would have hoped that we could have proceeded with this sooner, but now if we cannot proceed—I fully respect the suggestion that Senator MUSKIE, as chairman of the Budget Committee, should be here and, perhaps, we ought to simply invite the leadership to take care of some other pressing matters first tomorrow and then go back to this matter at about 3 o'clock tomorrow.

Mr. MOSS. I would agree with that and, if the leadership is agreeable, that it be laid aside temporarily, and to come back at this point. But it was impossible for Senator MUSKIE to be here until—I think he gets back until—2 o'clock tomorrow, and I am suggesting 3.

Mr. LONG. I will try to cooperate to help bring that about tomorrow.

Senator BYRD has left the floor. As Senators know, he is one of the most indefatigable workers in the Senate.

Mr. MOSS. Yes.

Mr. LONG. But he had left it to take care of some pressing matter, and I have the responsibility of moving to adjourn the Senate when this matter is concluded today and, therefore, I do not feel I can speak for the plans of the leadership in other regards, but tomorrow I will be glad to help out if I can.

Mr. MANSFIELD. Mr. President, if the Senator would like to arrive at some agreement tonight we would be more than happy to cooperate.

Mr. LONG. I beg the pardon of the majority leader, I did not see him on the floor. The only point I am making is that we should discuss the jurisdictional matter and the budget resolution with reference to this tax bill starting at 3 o'clock tomorrow. Now, if we do, I would suggest to the leadership that some other pressing matter or some other matter should be discussed between the time we go in at 9 o'clock in the morning and 3 o'clock in the afternoon because I just do not think we ought to be voting on these major amendments with the issue all fuzzed up about whether or not the committee, in proposing an amendment, is in violation of the budget law, and I think we ought to get that clear one way or the other.

Once that matter has been resolved, then I think we ought to vote on these amendments on their merits, and I am sure many of them have a lot of merit. But each Senator can make his case. I do think that if the committee is really destroying the budget process we should not proceed with the bill, just to recommit it.

Mr. MANSFIELD. If I could ask the senior Senator from Oklahoma what are his wishes in this matter.

Mr. BELLMON. Well, let me say to the distinguished majority leader that I concur with the request of the Senator from Utah that, if possible, we set a time certain tomorrow for this colloquy to take place. In my opinion, this is an extremely important matter, and it is one that needs to be settled before we go further into the bill.

Mr. McCLURE. Mr. President, will the Senator yield for just a moment?

UNANIMOUS-CONSENT AGREEMENT THAT DEBATE BEGIN AT 3 TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent, to repeat the request of the distinguished Senator from Utah (Mr. Moss) and the ranking Republican Member (Mr. BELLMON), that the debate on the budget matter begin at the hour of 3 o'clock tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. McCLURE. Mr. President, reserving the right to object, I wonder if the Senator from Idaho might be recognized for just a few minutes to respond to some remarks made by the Senator from Texas before we go off this subject because the Senator from Texas indicated he had to leave and that he cannot be here at 3 o'clock tomorrow?

Mr. MANSFIELD. The Senator from Idaho will have his time. But, in view of the request made, I would renew my request at this time.

Mr. McCLURE. Mr. President, again reserving the right to object, and I shall not object, if I understand that does not cut off the continuing colloquy this evening.

Mr. MANSFIELD. Not at all.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I would hope we could dispose of as many items in the pending bill between 9 o'clock and 3 o'clock tomorrow afternoon as is possible.

Mr. PACKWOOD. Well now, Mr. President, I have the same feeling that the chairman has. I am reluctant to start disposing of other matters in this bill before we get to this colloquy because I think we have two fundamental issues. One is the substance of the bill, whether you like some of these so-called reform proposals or not, but before we get there this question ought to be resolved about budgetary authority, finance authority and, frankly, all other committee authority, and I would object if we are simply going to start in the morning on the substance of this bill without concluding this issue.

Mr. MANSFIELD. Mr. President, the request has been granted by the Chair, and I hope the Senate will continue to be aware of the calendar and the time factors involved before we go out on the 2d of next month.

There is much I think that we can do. I think as far as the Budget Committee is concerned that they are willing to go ahead with whatever amendments want to be offered so we can get on with this bill, which will take too long as it is, anyway.

Mr. LONG. Mr. President, let me make it clear that I do not want to vote on these amendments first. The first vote should come on an amendment involving $400 million, and it is a very controversial amendment. I do not think we ought to vote on that amendment until we have first cleared the Budget Committee question.

Mr. MANSFIELD. If the Senator will yield, we will not vote on the amendment, title I, which I think the Senator refers to.

Mr. LONG. Yes.

Mr. MANSFIELD. The manager of the bill, having to do with——

Mr. LONG. LAL.

Mr. MANSFIELD. Offered by Senators HASKELL and HATHAWAY on LAL.

Mr. LONG. Right.

Mr. MANSFIELD. I am sure that will take some debate and I think we ought to get much debris out of the way, in the meantime, so that we will be able to come within shooting distance of our objectives.

Mr. HANSEN addressed the Chair.

Mr. MANSFIELD. We could vote, if there are amendments brought up, we can pile them up and vote afterward and get that out of the way, depending on the outcome.

But I would hope we would not waste our time tomorrow. I know we have a 9 o'clock convening, but we have made a commitment to the senior Senator from Oklahoma (Mr. BARTLETT) that he will be recognized around that time.

Mr. PACKWOOD and Mr. HANSEN addressed the Chair.

Mr. LONG. Mr. President, I have outlined the procedure I hope we could follow, that we would move in sequence. I think it will save a lot of time that way.

But to do so, we start right out with one of the controversial items. The Senate could see what it wants to do about it. Then go to title II, which is also controversial, and decide that. Then go to title III and decide about the minimum tax. By then we will be well on our way.

But if we start taking amendments out of order in the beginning, my guess is that it will only confuse the matter and cause Senators to feel they can come in with first one thing and the next another, rather than take them in the sequence we find them.

These committee amendments have generally been proposed as substituting a title for a title. So after we get past title II, we will have about 12 votes, substituting one title for the other, where Senators can move to amend the titles.

Mr. MANSFIELD. If the Senator will yield, the Senator is aware of the fact we reached a tentative agreement on yesterday that it would be the desire of Senators HASKELL and HATHAWAY to call up an amendment relative to title I and LAL which will take 3, 4 or 5 hours.

Then it was agreed we would go to title II, then title III, and when title III was disposed of, then the so-called coalition amendments would be considered, in sequence, one, two, three, four, five.

I think we can spend all the time tomorrow debating the Haskell-Hathaway amendment and if, by chance, which I doubt, we could finish the discussion by 3 o'clock, we could put the vote over, pending the outcome of the discussion between the Budget Committee and the Finance Committee.

Mr. PACKWOOD. If the majority leader will yield——

Mr. MANSFIELD. I do not have the floor.

Mr. PACKWOOD. Granted, the request has been made. I am tired, as a member of the Finance Committee, of being accused of fraud by Members of the Senate, who referred to this bill as fraud, violating the letter and spirit of the Budget Committee, and we did not send this out of committee with a fraudulent feeling. I do not want to sit here for 6 hours tomorrow and be beaten over the head about fraudulent experience, the spirit of the Budget Committee, and then get to debate and find we have complied with what they said.

Mr. MANSFIELD. Will the Senator yield?

Mr. PACKWOOD. And have the record colored with that kind of comment.

Mr. MANSFIELD. The leadership has never raised that question.

Mr. PACKWOOD. No, the leadership has not.

Mr. MANSFIELD. I received letters from the Finance Committee and Budget Committee. I still do not know what my position will be. But I do think I have a responsibility to keep the Senate functioning and get as much underway as possible.

I would like, if the Senator would agree, to go ahead as planned and then in the meantime, also, if we reach a hiatus, we can take in some of the bills on which there are time limitations.

Mr. FANNIN. Is the majority leader saying that we will not set any votes, not take any action tonight, that would not be predicated upon what happens as far as the resolution of this particular problem?

Mr. MANSFIELD. Yes.

Mr. FANNIN. We would not have any agreements then?

Mr. MANSFIELD. That is the way it is shaping up.

Mr. FANNIN. I thank the Senator.

Mr. HANSEN. Would my distinguished chairman yield?

Mr. LONG. Yes.

Mr. HANSEN. Mr. President, I would like to ask the chairman of the Finance Committee if it is not a fact that the Finance Committee has held hearings over several weeks of time, interrogated leaders, economists, people in businesses, people in industry, labor leaders, all kinds of people throughout a whole cross-section of America, as to what the impact of certain law changes would be? I ask my chairman if that is a fact.

Mr. LONG. That is correct.

Mr. HANSEN. Is it not also a fact that before we can start talking about the specifics of this bill, we ought to resolve the basic issue that the chairman has addressed?

It seems to me, and I ask my distinguished chairman if he does not agree with me, that before we want to start talking about amendments to the bill, let us understand what the mandate from the Senate to the Budget Committee is.

It is one thing to say that we want to have so many millions of dollars worth of tax cuts—as the chairman pointed out, that is not hard to say. But it is one thing when we start saying where we are going to impose tax increases and it is yet another thing to say what effect these tax law changes will have on jobs.

We have had a lot of testimony that inclines this Senator to believe that if we were to adopt some changes being offered by others than the regular Finance Committee itself, we may find that we have bought something that we did not intend to buy at all, that, though they may seem to have a certain attractiveness, could result in a loss of jobs, or could result in an increase in the balance of payments that we owe to other countries.

I ask my chairman if all of these things were not considered by the Finance Committee before we came up with the specific recommendations now before the full Senate?

Mr. LONG. They were, and we had very impressive testimony, for example, from an outstanding economist that had made a study, with computer expertise to document it, showing that the real estate section alone in the House bill, if enacted, would cause us to lose 300,000 jobs a year.

Now, I have looked at those estimates and they cause me to have great alarm when I think about what could happen if we take away all the tax considerations that favor one going in to endeavor to build a shopping center, hotel or motel, or a rental housing unit. I do not want to be a party to an effort to raise a few hundred million dollars, if one would destroy the whole purpose of a $17 billion tax cut by one or two amendments which would seek to strike at one or two persons whom someone thought were favored taxpayers. In doing so, we would do a great injustice to 300,000 able-bodied working men who want nothing more than the opportunity to earn an honest living.

The Senator does not want that, and I do not believe the Senate wants that.

Mr. MANSFIELD. Will the Senator yield?

Mr. LONG. Yes.

Mr. MANSFIELD. I would hazard the guess that whether or not the position of the Budget Committee or the Finance Committee is upheld, there will be a good deal of debate and discussion on the Haskell-Hathaway proposal. There would be, regardless of the outcome. But I would hope that the Senate would be aware of the situation which confronts the leadership and the Senate, I may say, and that it would agree to allow this matter to come up tomorrow, to have discussion, with probably some discussion tonight.

The leadership will say that if there are any hiatuses in the meantime, we will try to bring bits and pieces of legislation on which there is a time limitation so we can clear that part of the calendar.

Mr. HASKELL. Will the majority leader yield?

Mr. MANSFIELD. Yes.

Mr. HASKELL. We would discuss title I but not vote on it until after the resolution of the Budget Committee-Finance Committee dispute?

Mr. LONG. That is correct, I see no reason why we could not talk about it tomorrow. The Senator can offer to talk about his views on it, suggest what will be his amendment, and so on.

Mr. FANNIN. Mr. Chairman, there is no agreement as to when that will be voted upon?

Mr. LONG. No.

Mr. FANNIN. Is there an agreement that it necessarily will be the first item?

Mr. LONG. I would hope very much that we can make the LAL the first matter to be disposed of.

Mr. FANNIN. I will follow the lead of the chairman.

Mr. MANSFIELD. If the Senator will yield, I think the chairman wants to take the bill in sequence, titles I, II, and III, and then after III is out of the way we have the other coalition amendments coming in. But in the meantime, there will be no vote before 3 o'clock on the bill itself, at which time Senators BEALL and MUSKIE will bring to the Senate their arguments as to what the differences are between the two committees.

Mr. FANNIN. I understand. I say to the majority leader I agree with whatever the Senator from Louisiana would desire to do. He is the chairman of the committee. I commend his leadership because he has worked diligently and has taken into consideration exactly what we are up against.

I commend him because he has made judgment and the committee has made judgment based upon the facts, and our responsibility in connection with the Budget Committee. I support his position.

I do feel we should go forward on the basis he has talked to the Senator from Utah about tonight and not make decisions before the appropriate time.

Mr. HANSEN. Will the distingiushed Chairman yield for a further observation?

Mr. LONG. I yield.

Mr. HANSEN. Mr. President, it seems to me that any serious discussion of any part of this bill, and I do not care if we start with LAL or where we start, is going to overlook some very fundamental, basic, important considerations.

I repeat again that the Finance Committee has held extensive hearings. It may be that people who did not have the benefit of the testimony from a great cross section of people throughout this country, as has been the privilege of members on the Finance Committee, could reach some premature conclusions. They may very well infer from what they have heard that this is no good or that is no good.

On the face of it, that is not a hard position to support.

I make this point: There has been great interest in this country in trying to stimulate the building of low- and moderate-income housing, just to mention one item. How does the LAL impact on that? I guess it would be fair to say that a number of Senators might not know off the top of their heads if it impacts at all.

It impacts very seriously.

Mr. MANSFIELD. This is one Senator who does not know and who is glad to be educated.

Mr. HANSEN. As a consequence, I think before we take up any consideration of the specifics of this bill we ought first to resolve the question that the disinguished chairman of the Finance Committee has said must be worked out with the Budget Committee.

I agree completely with the Senator from Texas that if we misunderstand what has been the time honored responsibility of the Finance Committee, then I, among others, have to be redirected.

If it is our responsibility to consider these proposals and to give our best judgment as to how these tax laws should be changed, where they may be lowered, where they might be raised, then I think we have done our job and done it all right.

I would just have to hope and urge that we did not get into any specific discussion concerning the provisions of this bill until we have resolved that issue. If we do that, we are riding off into the dark; we are going to be talking to people, most of whom have not had the benefit of the hearings or the opportunity to read the voluminous testimony that was taken by the Finance Committee. It would seem to me that we could reach some very premature conclusions that would not be warranted.

I would hope that the chairman might be able to persuade our good friends, all of them, that we should resolve that issue first.

Mr. MANSFIELD. I would hope that the Senator would not push that point. The Haskell-Hathaway amendment will be brought up regardless of the outcome. I think it is going to take some time, and I think it ought to be given considerable discussion.

May I point out that while I agree with the expertise of the members of the Finance Committee, after all, when a committee reports something to the Senate, the Senate is the final judge, not the committee.

I think we are going along with the chairman of the committee trying to operate on the basis of sequence as far as titles are concerned and not bringing in the so-called coalition amendments until after title III is disposed of.

We do not have much time, but I think we will use much time. I am glad the chairman is in agreement, and I hope the Senate will be.

Mr. McCLURE. Will the Senator yield?

Mr. LONG. I yield.

Mr. McCLURE. The Senator from Texas made the comment earlier that he would not be able to attend at 3 p.m. tomorrow and he wanted to raise some of the issues with regard to the Budget Committee colloquy with the Finance Committee. In that connection, he had made two comments which I think are worthy of at least some explanation on the record this evening.

One is at some point he, and I think the Senator from Connecticut also, referred to a mandate in the Budget Committee.

The Budget Committee does not have any mandate. Whatever is adopted in the first concurrent resolution is the action of the Senate, not the action of the Budget Committee. So let us not get trapped into the semantics of saying this is a fight by the Budget Committee to uphold their action. If there is any argument at all as to the effect of the first concurrent resolution, that has to do with what is the effect of the action which has previously been taken by the Senate with respect to the kind of tax legislation that will come to the floor later.

The Senator from Texas also made some reference to the arguments that have been raised in press releases. As far as I know, the Budget Committee has not issued any press releases.

I would hope that Members of the Senate by now have learned to have at least a sufficiently guarded response in comments to the press to recognize that perhaps that is not really the position that the press reports for the committee.

The committee has not indulged in a battle by press release. The committee has no position that has been enunciated by way of an official press release of the Budget Committee.

I am a member of the Budget Committee. I think there are some substantial questions about fiscal and tax policy which need to be discussed in the context both of the budget resolution and of the tax measure now pending before the Senate.

But that does not necessarily yield a jurisdictional battle. I hope we do not get into the question of the jurisdiction of the committees.

I agree with the comments which have been made by the distinguished Senator from Louisiana, who has been working in this vineyard far longer than has the Senator from Idaho, about the expertise of the members of the Finance Committee. I respect the expertise of these committees.

There are, however, embedded in the first concurrent resolution two things which I think are not very clear by statute or by the language of the resolution itself.

The first is the question of what kind of effect does that resolution have? The numbers express one thing. Fiscal and tax policies may be related to the numbers but not necessarily embedded in concrete around those numbers.

What effect do the numbers of the resolution have upon the underlying fiscal policy which the Senate and Congress as a whole adopt in adopting the first concurrent resolution? I do not believe that is a jurisdictional finding. I think it is a question of whether or not the action taken by the Finance Committee is in conformity with the action which Congress earlier took in adopting the first concurrent resolution.

It is not something that you hold in terms of a point of order or a jurisdictional panel about who has the greatest authority at a given moment. It is a question whether the subsequent action of the Finance Committee is in conformity with the earlier action of Congress.

I fully concur with the Senator when he says that the assumptions made by the Budget Committee are only guidelines, as is the figure itself. It is only a guidepost. The assumptions which we have adopted are not binding on anyone.

These are points raised in argument, but they do not bind anyone in the same sense that the numbers themselves are targets that have greater validity than the arguments that support the numbers.

Another thing that I think needs to be brought into the discussion at some time is the effect of the projection that the statute requires the Budget Committee to make. I have no difficulty in going along with the Budget Committee in saying it seems to fall within the letter of the first concurrent resolution, and I think they have exercised their responsibility. I think it is clearly within the targets established by the first concurrent resolution.

However, I think when we get into the second, third, fourth, and fifth year projections, we get into the effects of the out-year projections. The budget law is not clear on the effects of the out-year projections. The first concurrent resolution is not clear on the intended effect of the first concurrent resolution on out-year projections.

I think that is a matter, again, not for a jurisdictional fight between two committees, but it discusses the merits of the legislation with respect to the recommendations made by the Finance Committee and the actions taken earlier by Congress in adopting the first concurrent resolution.

I wanted to make that statement this evening, while the Senator from Texas could be here, because I think he made a very forceful and forthright expression of his belief that the Finance Committee ought to have the latitude to act, and I wanted him to understand that at least from the standpoint of one member of the Budget Committee, I think the Finance Committee does have the latitude to act.

But with these constraints upon their action in the previous action taken by the Congress, and the effects of the out-year projections, which have not yet been discussed, I hope those things will be discussed as we get back to this matter at 3 o'clock tomorrow.

Mr. KENNEDY. Mr. President, I wonder if the Senator from Louisiana will yield for a moment while I ask the ranking Republican member of the Budget Committee a question.

Mr. LONG. I yield.

Mr. KENNEDY. I would like to ask the Senator from Oklahoma if my understanding is correct as to the Budget Committee position on this issue.

As I understand it, the Budget Committee in its resolution made recommendations with respect to tax reductions and tax expenditures, both of which affect the overall level of revenues. On the one hand, the committee recommended a reduction in revenues by $17.3 billion in the form of tax cuts for individuals and corporations. On the other hand, it recommended a very significant reduction in tax expenditures, a reduction of $2 billion. The net result in the final budget resolution, the revenue figure that actually came out, was $15.3 billion.

The question that I would like to address to the Senator from Oklahoma is whether the budget process applies to both direct expenditures and tax expenditures. The appropriations committee and the various authorizing committees have jurisdiction in the area of direct expenditures, and the Finance Committee has jurisdiction over tax expenditures. We know that there has been a very sizable growth in tax expenditures. Those figures will reach in 1977, $106 billion, and are estimated by 1981 to be approximately $140 billion.

So, we have very sizable allocations of Federal resources in terms of both direct expenditures and tax expenditures. Obviously, both of them have an impact on our total economic situation, with implications for employment and our general economic situation. Part of the task of the Budget Committee is to try to coordinate these two areas of spending, and make recommendations to the various committees about the appropriate level of expenditures within their jurisdiction.

However, the Finance Committee, since it is the only committee that deals with revenue raising and tax expenditures, it has a unique position among all of the committees of the Senate. Therefore, the Budget Committee recommends appropriate targets on both direct expenditures and tax expenditures.

That is at least my understanding of the letter that was sent out by the Senator from Oklahoma and the Senator from Maine. I wonder if the Senator from Oklahoma would comment on this aspect of the Budget Committee function.

Mr. BELLMON. Mr. President, I am happy to respond to the distinguished Senator from Massachusetts.

I would call attention to the language in the Congressional Budget and Planning Control Act of 1974, which set up the Senate Budget Committee and also the House Budget Committee, and called for the passage of first and second concurrent resolutions on the budget.

All the Budget Committee is trying to do is live with the instructions which Congress gave to the committee when this law was passed.

On page 11, and also over on page 12—this resolution appears beginning at the bottom of page 11—paragraph (d) says:

> In developing the First Concurrent Resolution on the Budget for such fiscal year, the Committee on the Budget for each House will hold hearings.

And so forth. And then it says:

> Such concurrent resolution shall include, but not be limited to——

And then, in paragraph 6 on the next page:

> The estimated . . . deficit, if any, for each fiscal year in such period.

Then this is the point which I believe answers the Senator's inquiry:

> The estimated level of tax expenditures——

Which is to say, the tax expenditures budget by major functional categories.

It was in keeping with that instruction in the act that the Budget Committee, in its first concurrent resolution, on page 6, inserted this language:

> The committee also recommends, as a target, the enactment of legislation concerning tax expenditures and related provisions that will result in a net increase of $2 billion in fiscal year 1977 revenue.

So that is the part of the report that the Budget Committee, in connection with the Congressional Budget and Planning Control Act, has inserted in the report for the first concurrent resolution.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. BELLMON. I yield.

Mr. PACKWOOD. The resolution itself makes no reference to the $2 billion, does it?

Mr. BELLMON. The report language is what I just read.

Mr. PACKWOOD. But the resolution itself?

Mr. BELLMON. The resolution calls for an extended tax cut of $17.3 billion with a net effect of $15.3 billion reduction in revenues.

That is also in the report.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. PACKWOOD. That is not what the resolution itself says, is it?

Mr. LONG. It did not make reference to it at all. The concurrent resolution here makes no reference at all to tax expenditures. It is only in the Budget Committee report that makes reference to the tax expenditures.

Mr. BELLMON. The report is part of the law as much as the concurrent resolution.

Mr. PACKWOOD. No.

Mr. LONG. No, it is not. That is something we are going to have to understand.

Here is the law right here. That is what the Senate voted on, the concurrent resolution. This report is something in which the committee is required by law to explain how they arrived at that resolution.

Mr. BELLMON. Let me read from the law. Perhaps the Senator was not listening. The law says and this is from the budget——

Mr. LONG. Read it again. I thought I heard the Senator. Go ahead and read that again.

Mr. BELLMON. This is from paragraph D on page 11.

> In developing the first concurrent resolution on the budget referred to in the subsection for each fiscal year, the Committee on the Budget of each House shall hold hearings, . . .

And so forth. Further down it says:

> The report accompanying such concurrent resolution shall include but not be limited to the estimated revenues to be received and the estimated surplus or deficit, if any, for each fiscal year ending such period and the estimated levels of tax expenditures by categories.

Mr. LONG. I hope the Senator gets this straight in his mind, because it is enormously important. The law says that the committee report shall provide certain information, and that is great. I am all for it, as much as I am for any committee report providing information. But the information that is provided, or the way the committee goes about providing it, is not a law at all. It is information that the committee accumulated, based upon which the Senator arrived at his conclusion. Now the conclusion that he reached is what we then proceed to state in the Senate concurrent resolution. That is what the law is as far as the Senate is concerned. That is a concurrent resolution. We are perfectly content to live with that. Where we find our problem is with the confusion resulting because someone seems to think that, since the law requires them to put some information in their committee report, the committee report is a law.

Mr. HANSEN. Well said.

Mr. LONG. Of course, that would have been a law arrived at where no Senator could amend it, where only the committee can write it and when in the Chamber no Senator can amend it.

When we vote for the resolution theoretically, if that were the case, we would have passed a law which not a single Senator in the Chamber had the power to amend. That would be a very silly, sad situation.

Mr. RIBICOFF. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. RIBICOFF. The language in the resolution is controlling and it is very clear. The amount by which aggregate level of Federal revenue shall be decreased is $15.3 billion. The report does go on and talk about what they would like the Finance Committee to do. But that is language of the report, and the report and the legislative history are only necessary when language of the resolution is not clear. But the language of the resolution is very clear. It specifically says $15.3 billion. So the report is not the law. The law is the resolution, and that is very clear.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. LONG. Senator Muskie furthermore in debate on the resolution acknowledged that is not binding on us. If it is a law, it would be binding on us. But it is not a law. It is a committee report. It is the views of the members on the committee, and it explains why the committee is recommending the law that they recommended.

But here is the law. The law does not say anything about tax expenditure. Here is the law as far as the Finance Committee is concerned, the concurrent resolution. It says the recommended level of Federal revenues is $362,500,000,000, and the amount by which the aggregate of Federal level should be decreased is $15,300,000,000. There it is right there.

Mr. BELLMON. That is a concurrent resolution.

Mr. LONG. That is the concurrent resolution. We are happy to live with that.

Mr. BELLMON. Let me ask the Senator a question.

Mr. LONG. Yes.

Mr. BELLMON. One of the concerns of the Budget Committee, as I am sure of the Finance Committee, is that economic recovery be continued, unemployment kept down, and we have a healthy economy. The Budget Committee anticipated these levels and Congress has agreed to those levels of revenues which is consistent with the economic objective that we all share. The bill that is before us from the Finance Committee, in effect, is not a $2 billion tax increase; it is a $9 billion tax increase, and this comes late in the fiscal year so that the next effect for that equivalent period is only roughly $2 billion. But if the effect on the economy is really a $9 billion tax increase that throws off all the other assumptions that underlie the other conclusions of the first concurrent resolution.

Mr. KENNEDY. Will the Senator from Oklahoma just yield?

Mr. BELLMON. I am pleased to yield to the Senator from Massachusetts.

Mr. LONG. If more revenues are needed, we fully expect to provide more revenues depending on what happens to the economy.

Mr. BELLMON. The Budget Committee in the concurrent resolution is not asking for more revenues all in a package put together in anticipation of the $2 billion increase in the taxes, and the bill before us gives us a $9 billion increase late in the fiscal year. If the Senator wants to carry this thing forward and make it ridiculous we could have waited to the last day of the fiscal year and come up with a $100 billion tax increase and come up with $2 billion for the whole year. That would have been a tremendous shot to the economy and that is what the $9 billion is.

Mr. LONG. We have been going along here with a $17 billion tax cut now for a year-and-a-half. We originally passed it for 1 year. There was a shot in the arm to get the economy going.

Mr. BELLMON. And the budget resolution anticipates carrying that right on for the fiscal year.

Mr. LONG. We passed it again to extend it along for 6 more months last year. That is 18 months. All right. Now, we are recommending extending the cuts for a full year with this very huge deficit, and we are also recommending that we continue most of it for beyond that. If this $40-plus billion deficit is going to do some good to stimulating the economy, should it not begin to show some results in 2½ years?

Mr. BELLMON. Will the Senator yield?

Mr. LONG. If running this big deficit is going to get the economy into gear, should it not begin after 2½ years to move the economy? I believe it is. In fact, we are told by the President that it is moving the economy, and the figures indicate it is. Do we not have the right to proceed on the assumption at some point the deficit is going to do some good? If it does we are not going to need this huge deficit forever or to continue this tax cut forever.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. LONG. Could we not proceed on the assumption if we have $15 billion of tax cuts, we will need it more now than we will later on, more than a year from now? Furthermore, we are going to have another President next year, either the same one we have elected in his own right, or we are going to have some other person elected President of the United States. I would think, whoever is President elected in the election between now and then, he is going to want to take a look at all this and make some suggestions himself as to what we do come July a year from now. He might want to suggest that we have a bigger deficit, or he might want to suggest that we move more toward trying to balance the budget. In any event, I make this point, if the Senator wants to, he can have his doubts about the wisdom of whether the Finance Committee should have recommended this mix of tax cuts and tax increases. But when the Senator gives us a figure and that is his figure of $15.3 billion in that resolution, and we stay within that $15.3 billion in that resolution, then we are within that concurrent resolution. To then go beyond that and say we would not have done it the way we did it is totally irrelevant.

As I say in this letter I have written to our colleagues, including the Senator from Oklahoma, I do not think anyone would have put together 200 decisions and agreed to the precise mix of tax cuts and increases and the various and sundry conditions placed on those 200 decisions that were made by the committee. I do not think any individual Senator would have agreed on each one of those decisions. Now, we might think it might be done differently, but that is not what we are talking about.

For example, if the Senator were on the other end of it, and I mandated him, by a concurrent resolution, to come in here and raise $15 billion if there is a tax increase, by the time he got through putting his bill together raising the $15 billion, I might say, "Hold on a minute. That's not the way I would have done it had I written the bill."

That is not what we are talking about. The Senator did what he was supposed to do and he brought in the bill to raise the $15 billion, and the same would be true if he were to say, "Bring in a $15 billion tax cut." When he has brought it in, he has done what the resolution called upon him to do. The Senate might want to change that and put a different mix in here.

For example, the Senator from Connecticut (Mr. Ribicoff), the chairman of the Committee on Government Operations, just told us that he is going to support most of Mr. Kennedy's amendments. He finds a point of difference with the committee on a lot of things the committee did. He is going to vote his conviction and his separate judgment about all that, and I applaud him for doing so. But he also stated that there is no problem about compliance with that concurrent resolution.

That is what I would like the Senator to understand—that while it is true that we might not have put together the pieces as the Senator would have done it had he had that responsibility thrust upon him, we are within that concurrent resolution, and that is all we are talking about here.

Mr. BELLMON. That is not quite all we are talking about. What we are really saying is that this whole budget resolution has a certain fiscal policy for the whole economy; and when the Finance Committee comes along with a $9 billion tax increase, this throws the whole thing out of kilter. We are saying that it is going to result in a detrimental fiscal policy for the whole country.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. BELLMON. I yield.

Mr. KENNEDY. As I understand the

work of the Budget Committee, it recognizes that sizable expenditures of two types are made out of the Treasury—direct expenditures of over $400 billion and tax expenditures of over $100 billion in fiscal year 1977. The Budget Committee made recommendations in both of these areas. It made projections in terms of the impact of both types of expenditures on our national economy, with respect to overall fiscal policy, growth rate, jobs, and other elements.

The shift that has been made by the Finance Committee will have a different impact on the economy than was contemplated by the Budget Committee and by the Senate when the full Senate adopted the budget resolution. This shift has consequences for the health of the economy and the recovery from the recession. This is one of the important reasons behind the Budget Committee's present concern. The fiscal stimulus of tax reductions is not identical to the stimulus of tax expenditures. Many tax expenditures are grossly inefficient. Congress chose sizable individual tax cuts in 1975 as the proper antirecession policy, and the policy has worked well. The Budget Committee and the Senate recommended in the first concurrent resolution that those tax cuts should be continued in order to keep the economic recovery going. Now, the Finance Committee is rejecting that recommendation in favor of greater tax expenditures and smaller tax cuts. Many of us are concerned that this shift may be jeopardizing the recovery from the recession.

Mr. BELLMON. The thing that the Budget Committee is trying to do, as the Senator implies, is to keep the economy moving ahead as best we can.

When the first budget concurrent resolution was adopted last year, unemployment was 8.9 percent. Now it is down to 7.3 percent. The policy we have been pursuing is working.

All the Budget Committee is interested in and all the first concurrent resolution for fiscal 1977 calls for is a continuation of these policies. We are concerned that with this $9 billion tax increase, we are going to produce shocks to the economy that will set it back and cause us to have larger deficits in the future.

There is more to this than the simple $2 billion in revenue. It is important how we get it. If we get it at the rate of $9 billion per year on an annualized basis over a short period, this is going to be upsetting to the economy. That is why I feel this bill is not in accord with the budget resolution.

Mr. LONG. The Finance Committee bill may give slightly less of the $15 billion stimulation at the end of the period. But if this committee bill is going to give less than the $15 billion stimulation a year from now, then, by definition, that has to mean it is getting more stimulation right now, when it is needed most.

If these big tax cuts we have been recommending and passing are ever going to do any good, they should start doing good within 3 years, and I think they are showing results. They are beginning to move this country out of this recession.

Of the economists who were consulted about this matter, four of them, including the president-elect of the Economic Association, the man chosen by Mr. Jimmy Carter to be his economic adviser, Mr. Klein, recommended that we do not continue the tax cut all of next year. Instead he favored continuing it for a while into next year and then see what is needed. That is what we have done. That is what four of the economists consulted, including the man Mr. Carter has chosen as his economic adviser, have said.

It may be that the Senator from Oklahoma thinks we should have all that stimulation a year from now and none of it now; and if he wants to think that, he can offer an amendment to provide that. But when he gives a figure of $15.3 billion and we submit a bill that is within the $15.3 billion, then we have complied with what we are expected to do under that resolution. We have confined ourselves to that.

I heard Mr. McClure say a few words about what happens in the future about these tax cut proposals. Under the Budget Committee legislation, we and all other Senators comprised our right to make tax cuts in any given fiscal year. In effect, we agreed that we were going to go along with this budget procedure and that we would not make tax reductions that were going to upset this year's budget; so we do not do that. We say, "If you have a good proposal for a tax credit to help a child go to college, you can't put anything in for that now, but you can propose a tax cut that starts in 1978."

Senators suggest those kinds of amendments. Why do they do it that way? Because they have been willing to limit their rights to legislate. They cannot do it for now, and they have to put the date a year or so in advance, or 18 months in advance in that case, when someone will begin to get the benefit of it. The committee is cooperating with that.

If next year the committee finds that we cannot afford the tax cut that has been voted for 1978, we will still have to move the dates forward and say that we will postpone it. At some later date, perhaps we can have those tax cuts.

We expect to cooperate in bringing that about, provided there is anybody with whom to cooperate. Cooperation is a two-way street, and committees must work together in order to cooperate. They cannot work together when one is assigned a committee responsibility and when one is assigned to do something and then recommendations are made which, in effect, writes the bill for him. If they do not like it, they should come in as individuals and vote for whatever appeals to them.

Mr. BELLMON. I am only to terminate this colloquy and continue tomorrow at 5. I believe the majority leader is anxious to adjourn.

Mr. President, I ask unanimous consent that the following members of the Budget Committee staff be granted the privilege of the floor during the consideration of this bill:

Robert Boyd, Frank Steindl, Gary Kuzina, Franklin Jones, Hayden Bryan, Charles McQuillen, Bill Stringer, Ted Haggart, and Dave Shilling.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. PACKWOOD. Will the Senator from Oklahoma answer a question? I want this for the Record now, so that we can have it tomorrow.

What does the Budget Committee legally mean by a tax expenditure?

Mr. BELLMON. The definition I will give the Senator is perhaps not the Budget Committee's definition. It is the definition as I understand it. A tax expenditure is, in effect, revenue forthcoming because of exemptions in existing tax law, granted certain elements in the economy for specific reasons.

Mr. PACKWOOD. For example, a personal dependency reduction for children is a tax expenditure.

Mr. BELLMON. I am not sure I can agree with that. I was thinking of such things as the interest that people deduct for mortgages on homes.

Let me give the Senator the definition from the Congressional Budget and Impoundment Act of 1974. This is on page 3, paragraph 3:

> (3) The term "tax expenditures" mean those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability; and the term "tax expenditures budget" means an enumeration of such tax expenditures.

Mr. PACKWOOD. Then a permanent dependency deduction fits that exactly, does it not? Is that not a special exemption in the law which forgoes income we would otherwise have?

Mr. BELLMON. I do not think that fits the definition.

Mr. PACKWOOD. Give me the difinition again, because I do think that fits.

Mr. BELLMON. I can read the definition:

> (3) The term "tax expenditures" means those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability; and the term "tax expenditures budget" means an enumeration of such tax expenditures.

Mr. PACKWOOD. Where does the permanent deduction not fit within that definition?

Mr. BELLMON. As I understand it the permanent tax exemption is a general exemption. There is nothing——

Mr. PACKWOOD. It does not apply to people who do not have children?

Mr. BELLMON. It applies to everyone who does have children.

Mr. PACKWOOD. But it is a preference item to those who have children, they are allowed to take this $750 per child deduction in accordance with the law.

Mr. BELLMON. I think I can say with certainty that that exemption is not a part of the tax expenditures as the Budget Committee considers it.

Mr. PACKWOD. I am asking this with seriousness, because I do not understand. Things like medical deductions; are those tax expenditures?

What I do not understand, if I may say to the Senator from Oklahoma, is there anything that does not fit within that definition that he has read, any kind of exemption we have put in the law that does not fit within that definition?

Mr. BELLMON. There are a good many things that do not fit. I have a list here of the tax expenditures prepared by the Committee on Ways and Means and the Committee on Finance. It lists the items of tax expenditure. There are about three pages of these.

Mr. PACKWOOD. Can the Senator tell me some that are not?

Mr. BELLMON. There are actually 82.

Mr. PACKWOOD. Tell me some that are not. Why is not a personal deduction a tax expenditure? It is an exemption in the law that foregoes income to give a special preference to a certain group of people.

Mr. BELLMON. One of the reasons is it is not listed by the Committee on Finance as a tax expenditure.

Mr. PACKWOOD. Is that the definition, then, that those things that are listed by the committee are tax expenditures? Not what the Senator has defined in that list he has read, but things in that list and only that list are tax expenditures?

Mr. BELLMON. As far as I am concerned, I am willing to accept the list of the Finance Committee as to what tax expenditures are. There could be others that would fit under this definition.

Mr. PACKWOOD. That is what I am afraid we are going to get to tomorrow, that we are going to have a long debate on the limitation of accounting losses and people are going to be talking about tax expenditures; what they mean is that a tax expenditure that I regard as a loophole is a tax expenditure, and that is terrible; however, a particular tax expenditure to achieve something that is good, that I like, I do not really regard as a tax expenditure.

It is getting a bad name. I shall accept the list if that is what the Senator is going to say tax expenditures are. But when we start to debate tomorrow and people are using the term "tax expenditure," and it is not on that list, I hope we will have a correction.

Mr. BELLMON. I simply say that the Budget Control Act requires the Committee on the Budget to consider—I use the term "tax expenditures"—in the same way that we are required to consider appropriations and all the other elements that make up the fiscal policy of the country.

Mr. PACKWOOD. I am advised that that list that the Senator has is simply a representative list that the Committee on Finance has given of the most commonly referred to tax expenditures, but it was not inclusive.

Mr. BELLMON. I really cannot state the underlying basis for this list. It is called an Estimate of Federal Tax Expenditures, and it was prepared by the Committee on Ways and Means and the Committee on Finance.

Mr. LONG. Mr. President, will the Senator let me address myself to one point I wish he would think about overnight, because I believe it is correct? If he agrees with me, I think he is the kind of honorable, forthright man who would say so, if on reflection, he honestly thinks it is correct.

Here is my argument: If this $35 a head tax credit for individuals that we are discussing here is something that will actually stimulate this economy enough to get this economy going and move us further out of this recession that we have been experiencing, it ought to be showing some results after it has been in effect for 18 months.

If, after 18 months of this thing, it is really doing some good, and we are out of that recession, we might not need it. But if we do need it further—if we do need the further stimulation—then the fact that the concentration of the benefit of the tax cut is in its first year ought to give it a better chance to move the economy. And if it does move the economy, maybe we will not need to continue it.

On the other hand, if the economy is still lagging a year from now, then the Budget Committee ought to recommend to us in the first budget resolution that we continue that $35 a head or any amount that it thinks we ought to continue. Then we on the Finance Committee ought to go ahead and provide a further tax cut, extending on into the next year.

But that is something that should be judged based on what happens during this next year. We voted this tremendous temporary tax cut on the theory that this was just a temporary thing and that over the long pull, we could not afford that kind of tax cut because we would never balance the budget. Now, that is something that should be looked at after we have had some experience with the tax cut. If it is true that by that time, with $200 billion of deficits trying to get the country moving, it still has not moved and it is felt that we should try more of the same, then that is something that the Senator's committee can suggest and something that we on the Finance Committee can help implement next year. That is how it ought to be.

Mr. BELLMON. Well, I say to the Senator that the economic policy, the fiscal policies and the tax policies that Congress has been following are working.

Mr. LONG. What did the Senator say?

Mr. BELLMON. The policies we are following are working. The unemployment rate is coming down, people are going back to work, the level of employment is up, inflation is apparently under control; at least, it is way down. All the anticipated was carrying on with these policies for the fiscal year 1977. The objection that I personally have to what this bill anticipates is that we are suddenly, in the third quarter of fiscal year 1977, coming along with a $9 billion tax increase. Maybe that will be justified, but I do not think we should make that decision that far ahead.

Mr. LONG. Let us keep this in mind: The recommendation that the Senator gave us is right here in a single line. That is what we are required to go by as I read it.

Mr. BELLMON. That line does not say a $9 billion tax increase. It says $8 billion.

Mr. LONG. No, it did not say that. It says $15.3 billion.

The committee then explains how it arrives at that $15.3 billion by saying that it thought that it would be a good idea to have a $17.3 billion tax cut and a $2 billion tax increase. It was thoroughly explained on the floor that that was not binding on the Committee on Finance. We could put that mix together however we wanted to put it together. And we did.

Now, there is nothing said here, either in the Senate concurrent resolution or in the Budget Committee, to say that you should take it at equal amounts in each monthly installment.

There is nothing here to say you should have more of it in the first 6 months and less of it in the second 6 months or it ought to be concentrated all in the beginning or all at the end. There is nothing like that in the resolution, nor even in the committee report to say that it ought to be provided at any stated time.

Now, admittedly you said that in arriving at a figure you were looking at the $17 billion of tax cuts and $2 billion of tax increases. Well now, may I say to the Senator, we helped the Senator pick that $17 billion figure because the communications from the Finance Committee to the Budget Committee was that we would anticipate continuing a tax cut of that amount, $17.3 billion. I presume that is where you got your $17.3 billion from.

But that did not mean we were wedded to doing it this year exactly the way that we did it last year. That meant we wanted to have a tax cut of about the same amount that we had last year, and we wanted to have the right to look at all different possibilities of tax reduction, and take the one that looked most desirable to us, and that is what the Senate is going to do, whether we like it or not, whether the Budget Committee or the Finance Committee likes it or not. The Senate is going to vote for the best mix of tax cuts and tax increases as the collective judgment of the Senate sees it.

All I am pleading with the Senator to understand is that when the Budget Committee recommends $15.3 billion as a tax cut, no more than that, and we come out with a tax cut that says $15 billion, we are within the budget resolution. That is all I am asking the Senator to understand.

Now, if the Senator's committee or any other committee writes a bill with which I do not agree, as a Senator I would expect to come before the Senate and offer an amendment to seek to change it in a way that I do think it ought to be. But I would not call a hearing by the Finance Committee—if that is a bill by the Appropriations Committee—call all the witnesses and bring in all the experts and have the Finance Committee resolve that the Nation could not afford the appropriation recommended by the Appropriations Committee. I would simply offer my view to the Senate as a Senator, and we would not have any committee conflict at all.

And, likewise, if the Interior Committee brought in a bill that had an ambitious program which I did not think we could ever find enough tax money to fund, I would not be calling upon the Finance Committee to hold its hearings and bring in all the experts to testify pro and con, and then have the Finance Committee seek to legislate on that Interior Committee bill. I would just offer my amendment and then I would let it go one way or the other depending upon the Senate's judgment.

I do not think when the Budget Committee recommends to us a target figure that the Budget Committee ought to try to write our bill for us, and that is what we are talking about. I hope that we can resolve this matter in a way that we can understand it. We may be in error, and I am sure as far as I am concerned, at least in some respects in which I voted against the committee's judgment, so obviously at that point I thought the committee was in error. But the committee had the right to make that mistake. If it is in error, then the Senate will vote its best judgment. After all, for all we know, the Senate may be in error, but the Senate has the right to make that mistake. I just hope we can do that in a way where each understands the function that is assigned to the other. As I understand, the function of the Budget Committee is to give us a target figure, which is $15.3 billion. We have complied with that budget figure. It seems to me that is all there ought to be to it.

Mr. MOSS. Is there further colloquy.

Mr. BELLMON. May I say two things: I would like to make certain that the record does not indicate that the Senator from Oklahoma or, in fact, any member of the Budget Committee is saying that the Finance Committee is acting in bad faith. I do not believe that at all.

I believe the Finance Committee has done a remarkable job in bringing this bill to us.

Mr. LONG. I would hope the Senator can disassociate himself from that unidentified staff member—assuming that the press is correct in referring to this person—who said that the Finance Committee's judgment on this was a flim-flam. I read that in the press.

Mr. BELLMON. I would do that. I would also disassociate myself from such words as "fraud" and all these other things that appeared in the press, that are not, so far as I am concerned, representing the view of the Budget Committee.

Mr. LONG. Mr. President, it is not like the Senator to use that kind of language in talking about his colleagues, and I appreciate his statement because I never thought that type thing was the doing of the Senator from Oklahoma. The Senator knows, as I do, that all that kind of language does is just lead to more of the same from the other side. Once one side calls the other a fraud and flim-flam, the other side can find equally charged language to express its judgment of the other fellow.

My theory about this is that good will begets good will. Men of good will ought to try to understand one another, they ought to try to work together. I am very proud of the Senators I have had occasion to work with, especially those who serve on the Finance Committee, even though they represent the views of liberals, moderates, and conservatives. Many times we do get together for a unanimous judgment to express our collective good will.

ADDITIONAL STATEMENTS SUBMITTED

Mr. KENNEDY. Mr. President, those interested in achieving substantial reform of our Federal tax system have to regard the tax bill reported out by the Senate Committee on Finance with mixed feelings.

Most of the 1,536 pages of the committee bill is the antithesis of tax reform—it is a fraud to even give it that name.

On the other hand, a determined search through the pages of the bill can disclose scattered provisions that do reprepresent some improvements in the basic structure of our income tax system. For the most part, however, the committee bill is a failure, one of the most disappointing major bills to be sent to the full Senate by a major Senate committee in the entire 14 years I have been in the Senate.

From the standpoint of tax equity, the bill as it comes to the Senate floor is a travesty of tax reform—more tax privileges and benefits for rich and powerful individuals and corporations who are already traveling first class in our society, while continuing the excessive tax burdens and inequities for ordinary citizens.

THE TAX BILL AND THE BUDGET RESOLUTION

Probably our most important ally in the drive for meaningful tax reform is the first concurrent resolution on the budget. The budget process is the most valuable institutional reform that Congress has enacted in many years. Yet the Finance Committee bill undermines the integrity of the budget process in two extremely harmful ways.

First, the revenue estimates accompanying the committee bill demonstrate that the bill is in default under the budget resolution for fiscal year 1977. It fails to meet two essential requirements of the resolution—full extension of the $17.3 billion in tax cuts for individuals, and a net reduction of $2 billion in tax expenditures. In order to pay for the loopholes of wealthy individuals and corporations, the Finance Committee has slashed $1.7 billion from the tax cut for low- and middle-income Americans. And it has raised only $980 million in tax reform—over $1 billion less than the budget resolution requires.

Second, the Finance Committee bill assaults the integrity of the budget process in the future, by providing wasteful new tax loopholes, timed to avoid any substantial revenue effect in fiscal year 1977, but with large and ballooning revenue losses in subsequent years. True, the bill raises $980 million from tax reform in 1977. But in 1978, the revenue gain promptly drops below zero. And by 1981, the commitee bill is actually producing a net revenue loss of $263 million.

Surely, those who supported the budget resolution intended the $2 billion raised in 1977 to continue in future years. But the Finance Committee treats the budget like a train ticket—good for 1 year only and then only for half-fare.

This point is true of the committee bill itself, but it arises in even more dangerous form in the series of so-called committee amendments waiting in the wings, such as the capital gains giveaway and the estate tax giveaway, to be offered by the committee later in the debate as floor amendments to its own bill.

The affront to the budget process is obvious. The committee's action flies in the face of the explicit warnings issued by the Budget Committee for the Senate to exercise caution in creating new tax expenditures that start out small but escalate rapidly. The Senate Budget Committee report stated:

> Tax expenditures are often enacted with phased-in or deferred effective dates. As with some spending programs, such new tax expenditure provisions may have a relatively small influence on revenues in the year in which they are enacted. Their budgetary impact is similar to that of a direct outlay "wedge" which is a small slice of a spending program that is approved with a limited initial outlay that will increase in subsequent years. For this reason, it is particularly important that the long-term budgetary effects of new tax expenditures be carefully considered at the time of enactment. The "wedge" effect also is important in the context of reducing tax expenditures. Because the termination of a tax expenditure provision may involve the choice of an effective date at some time in the future or may be phased over a number of years, revenue gains from a termination of or reduction in tax expenditures may be much smaller in the year of enactment than they will be when they become fully effective. The impact of reducing tax expenditures should not be minimized because the revenue gain may be small in the year of enactment.

Despite this clear cut and eminently sensible advice, the Finance Committee bill and the committee amendments are overloaded with new and expanded tax expenditures—over the next 5 years these new loopholes will cost the country billions of dollars in badly needed revenues—revenues that could be used for homes and schools and jobs and health, and tax relief for low and middle income workers.

Some examples will illustrate the point:

Expanded tax expenditures for ESOP's rise from $235 million in 1977 to $917 million in 1981;

The recycling tax credit starts out in 1977 with an innocuous $9 million, but rises to $345 million by 1981;

The investment credit for pollution control facilities will rise to $200 million by 1981.

It is abundantly clear that the bill reported out by the Finance Committee is directly contrary to both the Senate budget resolution and the Senate budget process.

What the committee has done is put a Trojan horse in the budget. In fact, when future years are taken into account, the committee has planted a whole cavalry of Trojan horses in future budgets.

Fortnuately, the means are at hand to remedy the situation, starting with a reaffirmation of the basic principle of the budget.

A TAX REFORM FLOOR PACKAGE

A bipartisan group of 15 Senators has joined together to introduce a package to meet the twofold requirements of the budget resolution:

The $1.7 billion in tax cuts for individuals and $240 million for the elderly taken away by the committee are restored; and

Tax reforms meeting the $2 billion target are provided.

In effect, what the Finance Committee has done is shortchange low- and middle-income taxpayers and the elderly to pay for continued loopholes for multinational corporations, through DISC and tax deferral for U.S. companies operating overseas, and continued loopholes for wealthy individuals, through tax shelters, a weak minimum tax, and an expanded maximum tax.

This approach to tax reform is unacceptable. The full Senate can do better in meeting its responsibility. Our bipartisan reform package provides for a continuation of the full tax cuts for individuals and for an immediate implementation of the tax credit for the elderly as passed by the House.

To provide the needed $2 billion in tax reforms, we propose:

Curbing tax shelters by adopting the House-passed limitation on artificial losses—LAL—provision, with an exemption for residential real estate;

A strengthened minimum tax;

Deletion of the committee's unwarranted expansion of the maximum tax;

Restricting DISC to an incremental basis:

Repeal over 5 years of the tax deferral allowed for income earned by U.S.-controlled foreign subsidiaries;

Reduction of the limit on the foreign tax credit for oil and gas from 50 to 48 percent.

These amendments to the Finance Committee bill are responsible fiscal proposals and equitable tax reform measures. They constitute the minimum tax reforms that are necessary—not the ideal tax reforms that are desirable and that many of us favor. I urge the Senate to adopt this package. Let us send a signal to the American people that we hear the call for tax reform from around the country as clearly as we hear the clamor of the special interest lobbyists pleading for their loopholes a few yards from this Chamber.

THE TAX BILL IN PERSPECTIVE

Our package amendment is a compromise. It is a reasonable first step toward tax reform, but it is little more. It is important for the Senate to grasp just how far removed the committee bill is from the comprehensive tax reform for which many of us have been striving.

Attached to my remarks is a "Scorecard of Tax Reform Action by the Finance Committee," designed to show as graphically as possible the task that confronts the Senate and the country as we work to convert this bill from a "Tax Relief for the Rich Act of 1976," into a real Tax Reform Act of 1976.

I have divided the Finance Committee decisions into four categories:

Category one contains 10 major areas where the committee failed to take 23 different needed tax reform actions.

Category two contains five major areas where the committee adopted 35 different antitax reform provisions that should be deleted by the Senate.

Category three contains six different areas in which the committee took 16 separate actions that have some reform elements in them, but which require strengthening and improvement on the Senate floor.

Category four contains six different areas in which the committee took actions that should be approved, involving 22 different items.

As the "scorecard" shows, the committee bill contains little true tax reform, but a veritable explosion of new tax loopholes—I have identified 72 different areas where the committee bill is significantly defective on tax reform, and only areas where it can be said to have done a worthwhile job. My intention, within the time reasonably available on the floor, is to try to rectify as many of these deficiencies as possible.

THE TASK AHEAD

Mr. President, the Finance Committee bill presents the Senate with a challenge and an opportunity. We have to show that we are serious about achieving meaningful tax reform. And to be candid, given the proliferation of special interest provisions that riddle the bill, the Senate faces a challenge of enormous proportions to convert this bill into a tax reform measure that will reflect the average taxpayer's desire for tax fairness.

And we also have an opportunity. Seldom is the Senate presented with so clean-cut a choice. Do we want to vote for the average taxpayers of the nation, and give them the relief to which they are entitled? Or, do we want to vote to keep the tax burden on their backs, so that wealthy individuals and powerful multinational corporations can continue to feed at the trough of tax loopholes?

Mr. President, I ask unanimous consent that the scorecard to which I referred and materials describing our tax reform proposals may be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SCORECARD OF TAX REFORM ACTION—SENATE FINANCE COMMITTEE

I. AREAS WHERE SENATE FINANCE COMMITTEE FAILED TO TAKE ACTION

Tax shelters

1. Failed to adopt LAL.

2. Failed to require accrual accounting by syndicated limited partnerships and large farm corporations (thus treating them like other large corporations).

3. Deleted provision in House bill limiting deduction for interest.

Maximum tax

4. Failed to repeal.

Multinational corporations

5. Failed to repeal tax deferral for U.S. controlled foreign subsidiaries.

6. Failed to repeal DISC.

7. Failed to repeal exclusion for income earned by U.S. citizens working abroad.

8. Failed to require study before granting increased tax subsidies to U.S. corporations operating in Puerto Rico and other possessions.

Capital investment

9. Failed to adopt capital gains at death.

10. Failed to repeal ADR.

11. Failed to adopt immediately refundable and incremental investment credit.

12. Failed to repeal investment credit for movies.

13. Failed to adopt one-year holding period to qualify for capital gains.

Oil and gas

14. Failed to repeal balance of percentage depletion.

15. Failed to require capitalization of intangible drilling costs, and to require recapture as ordinary income of previously deducted intangible drilling costs.

16. Failed to reduce foreign tax credit to 48% for foreign oil income.

Tax programs for low-income individuals

17. Failed to make child care credit refundable.

18. Failed to extend earned income credit to working couples who have no dependents.

Expense account living

19. Failed to disallow deduction for excess of first class air fare over coach fare.

Aid to State and local governments

20. Failed to adopt taxable bond option to provide federal interest subsidy for state and local governments electing to issue taxable bonds.

Cigarette tax

21. Failed to adopt regulatory tax on cigarettes keyed to level of tar.

Administration of tax laws

22. Failure to adopt withholding on interest and dividends.

22A. Failed to give taxpayers standing to challenge validity of IRS rulings, determinations, and regulations.

II. AREAS WHERE SENATE FINANCE COMMITTEE TOOK ACTIONS THAT SHOULD BE REJECTED BY THE SENATE

Maximum tax

23. Extended present 50% maximum tax on earned income to unearned income.

Capital investment

24. Adopted expanded investment credit for contributions to ESOPs and loosened employee protection standards for ESOPs.

25. Increased WIN tax credit.

26. Repealed 30% withholding tax on U.S. bond interest paid to foreign investors.

27. Increased amount of capital gains that could be excluded from income on a sliding scale basis (top rate on capital gains would be reduced from 35% to 21% for property held over 25 years).

Trusts

28. Repealed capital gains throwback rules.

29. Repealed exact method of computing tax liability of trust beneficiaries who receive distributions of accumulated income.

30. Failed to apply interest charge to tax on accumulation distributions.

Adoption of new and expanded tax expenditures

31. Tax credit for higher education.

32. A tax credit for purchase of recyclable materials.

33. Tax credit for installing home insulation.

34. Tax credit for installing solar and geothermal energy equipment in homes.

35. Tax credit for installing heat pumps in homes.

36. Percentage depletion deduction and in-

tangible drilling deduction for geothermal property.

37. Tax credit for equipment to permit waste to be used as fuel.

38. Tax credit for oil shale equipment and coal slurry pipelines.

39. Tax credit for deep-mining coal equipment.

40. Tax credit for equipment to convert organic material into fuel.

41. Tax credit for insulation of existing business facilities.

42. Tax credit for equipment installed in business facilities or homes which permit use of geothermal heat energy.

43. Deductions for removal of architectural and transportation barriers.

44. Exclusion from income of amounts paid for prepaid legal expenses for employees.

Adoption of special interest provisions

45. Immediate deduction of pre-publication expenses costs.

45A. Special transition rules for certain companies in connection with change in foreign tax credit.

46. Allowed foreign tax credit for production-sharing contracts where IRS has ruled that no foreign tax credit is allowable.

47. Ten-year exemption from rule denying foreign tax credit where oil company has no economic interest in the oil and gas.

48. Expanded percentage depletion deduction for oil companies with retail outlets.

49. Special tax rules for liquidation of foreign subsidiary.

50. Special income tax treatment for face amount certificates.

51. Expanded charitable deduction for contributions of inventory.

52. Exemption from income for payments to private water and sewer companies in aid of construction.

53. Investment credit for shipping companies for investment out of tax free funds.

54. Reduction of income payout requirements for private foundations.

55. Expansion of industrial development bond exemptions.

56. Extension by two years of carryover period for unused foreign tax credits.

III. AREAS WHERE SENATE FINANCE COMMITTEE TOOK ACTIONS THAT SHOULD BE MODIFIED

Minimum tax

57. Deduction for regular taxes paid must be repealed completely.

58. Exemption should be set at $10,000 (and phased out at $20,000) of preference income.

59. Changes in minimum tax should be applied to corporations.

60. Expand items of tax preference (including both House and SFC items).

Tax shelters

61. Recapture of depreciation on commercial real estate: Full recapture should be applied to commercial real estate for *all* depreciation.

Tax treatment of individuals

62. Repeal deduction for gasoline taxes entirely (not for amounts under $50).

63. Restore full individual income tax reduction

64. Increase retirement income credit immediately.

65. Eliminate completely tax preference for stock options.

Tax exempt organizations

66. Allow direct lobbying but do not allow grassroots lobbying.

Estate and gift tax

67. Basic exemption should remain at $60,000 (or $9,500 tax credit).

68. Credit equal to $38,000 should be granted to estates with farms and small businesses that face liquidity problems.

69. Unlimited marital deduction should be adopted.

70. Full unified transfer tax should be adopted.

Expense account living

71. Rules on deducting costs of attending foreign conventions should be applied to any convention outside of U.S.

IV. AREAS WHERE SENATE FINANCE COMMITTEE ACTIONS SHOULD BE APPROVED

Tax shelters

1. Limitation on deductions to amount at risk in case of farms, movies, equipment leasing and oil and gas.

2. Capitalization of production costs in case of movies, poultry syndicates.

3. Allocation of purchase price in sports franchise.

4. Rules governing partnerships.

5. Limitation on deduction of prepaid interest.

6. Recapture rules applicable to residential real estate.

Foreign operations

7. Tightening of tax rules on foreign trusts.

8. Adoption of overall method of computing foreign tax credit.

Tax treatment of individuals

9. Tighten rules on deductions for office in home.

10. Revise treatment of alimony deduction.

11. Revise sick pay exclusion.

12. Revise moving expense deduction.

13. Rejection of House provision allowing increased amount of capital losses to be deducted against ordinary income.

14. No charitable deduction for gifts of Congressional Record.

15. Repeal of 25% alternative tax on capital gains.

Tax treatment of business

16. Adoption of swap fund rules.

Estate tax

17. End abuse of generation-skipping trusts.

Administration of tax laws

18. Procedures for disclosure of private letter rulings.

19. Procedures for disclosure of tax returns under FOIA.

20. Revised procedures for IRS summons and assessments.

21. Rules for federal collection of state income taxes.

22. Revised rules for publication of statistics of income.

TAX REDUCTION AND TAX REFORM PACKAGE

SPONSORS

Senators Nelson, Hollings, Brooke, Clark, Hart (Colo.), Hart (Mich.), Hartke, Haskell, Hathaway, Huddleston, Humphrey, Kennedy, Mathias, Mondale, Proxmire.

OUTLINE OF TAX REDUCTION AND TAX REFORM PACKAGE

1. Restore $1.7 billion in tax cuts for individuals for FY 1977 deleted by the Finance Committee bill.

2. Strengthen the minimum tax on wealthy individuals and corporations.

3. Delete the maximum 50% tax on unearned income proposed in the Committee Bill.

4. Restrict the use of tax shelters.

5. Restrict the DISC incentive for exports by limiting the benefit to incremental exports over a base period level.

6. Phase out the benefit of tax deferral used by multinational corporations to avoid tax on foreign income.

7. Limit the foreign tax credit allowed for oil and gas to the U.S. corporate tax rate of 48%.

8. Make the retirement income credit provided by the House bill for the elderly effective immediately, rather than phased in under the Committee bill.

9. Revenue effect of package: complies with the First Concurrent Budget Resolution for FY 1977, by restoring the tax cut for individuals and by raising $2.3 billion in tax reforms.

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SUMMARY OF REVENUE EFFECTS OF TAX REDUCTION AND TAX REFORM PACKAGE

Tax reduction: Restore full tax cut for individuals—Fiscal year 1977

[In billions]

Tax cut extension contemplated by first concurrent budget resolution	$17.3
Tax cut extension voted by Finance Committee	15.6
Tax cut taken away by Finance Committee	1.7
Tax cut restored by package	1.7
Total tax cut extension if package enacted by Senate	17.3

TAX REFORM

[In millions of dollars; fiscal year]

	Revenue gain over current law				
	1977	1978	1979	1980	1981
1. Minimum tax on individuals:					
House bill	1,083	1,188	1,302	1,416	1,544
Finance Committee	980	1,077	1,187	1,306	1,437
Reform amendment	1,277	1,405	1,545	1,700	1,870
Minimum tax on corporations:					
Finance Committee	0	0	0	0	0
Reform amendment	550	1,150	1,208	1,268	1,331
2. Maximum tax on unearned income:					
Finance Committee	−49	−333	−401	−481	−577
Reform amendment	0	0	0	0	0
3. Shelter provisions:					
House bill	490	363	444	485	560
Finance Committee	165	107	98	105	126
Reform amendment	422	270	245	243	253
4. DISC:					
House bill	454	531	512	603	550
Finance Committee	84	306	431	422	495
Reform amendment	476	664	791	877	959
5. Foreign tax deferral:					
Finance Committee	0	0	0	0	0
Reform amendment	25	82	142	202	264
6. Oil and gas excess foreign tax credits:					
Finance Committee	0	0	0	0	0
Reform amendment	27	60	60	60	60
7. Improved tax credit for elderly:					
House bill	−340	−340	−340	−340	−340
Finance Committee	−101	−270	−270	−270	−270
Reform amendment	−340	−340	−340	−340	−340
Overall revenue impact:					
Finance Committee bill, as reported	980	−80	−160	−128	−263
Finance Committee bill, with reform package	2,338	2,324	2,456	2,800	2,923

TAX REDUCTION: EXTENSION OF TAX CUT FOR INDIVIDUALS

First concurrent budget resolution

Contemplates full extension of 1976 tax cut for individuals and corporations through calender year 1977.

Revenue loss: $17.3 billion.*

Finance committee bill

Terminates $1.7 billion of individual tax cuts on June 30, 1977.

Revenue loss: $15.6 billion.

Proposed floor amendment

Restore full tax cut for individuals.

Revenue loss: $17.3 billion.

MINIMUM TAX

House bill

Raises 10% rate to 14%.

Reduces $30,000 exemption to $20,000 of tax preference income, phasing out at $40,000 of preference income.

Repeals deduction for regular taxes paid.

Adds additional tax preference items.

Retains existing law for corporations.

Increases revenues by $1.1 billion.

Finance Committee bill

Raises rate to 15%.

Provides exemption equal to greater of $5,000 or regular taxes paid.

Adds additional tax preference items.

Generally retains existing law for corporations.

Raises revenues by $1.0 billion.

Proposed floor amendment—effective January 1, 1976, individuals and July 1, 1976, on corporations

Raises rate to 15%.

Reduces exemption to $10,000.

Repeals deduction for regular taxes paid.

Includes the tax preference items in the Finance Committee bill.

Generally applies all changes to corporations.

Raises revenues by $1.8 billion: $1.3 billion from individuals; $500 million from corporations.

Need for proposed floor amendment

Present minimum tax has been a major disappointment:

244 individuals with over $200,000 AGI paid no tax in 1974.

3,273 individuals with over $50,000 AGI paid no tax in 1974.

Both figures are higher than in 1969 when the minimum tax was introduced to insure some tax contribution by these high-income individuals.

The present $30,000 exemption and the deduction for regular taxes paid lower the present 10% rate to an effective rate of only 4% of preference income; these proposed changes generally would raise this effective rate to 8–12%.

The changes must be applied to corporations to maintain the present equality of minimum tax treatment between individuals and corporations.

MAXIMUM TAX

House bill

Contains no provision changing present 50% maximum marginal rate on earned income.

Finance committee bill

Provides that 50% maximum marginal rate will apply to unearned income (dividends, rents, royalties, etc.) equal to the amount of the taxpayer's earned income (subject to an upper limit of $100,000).

Revenue loss is $49 million in FY 1977 and $600 million in long run.

Proposed floor amendment

Deletes SFC action applying maximum tax to unearned income.

Retains maximum tax on earned income.

Need for proposed floor amendment

Maximum tax only benefits the top 1% of income individuals—generally those with over $50,000 of AGI.

Present maximum tax provides a $660 million benefit to this group; it should not be expanded.

Maximum marginal rate should not be reduced for dividends and interest of highest income individuals in country until tax burden of low- and middle-income wage earners is lightened.

TAX SHELTERS

House bill

Adopted Limitation on Artificial Losses (LAL) as proposed by Treasury in 1973.

Requires that accelerated deductions from an investment be used only against income produced by the investment (under present law accelerated deductions can reduce or eliminate the tax on other unrelated income).

Applies to tax shelters in real estate, oil and gas, farm operations, movies, equipment leasing, and sports franchises.

Increases revenues by $490 million.

Finance committee bill

Rejects LAL.

Adopts a few anti-tax shelter provisions.

Increases revenues by only $165 million.

Proposed floor amendment—Effective January 1, 1976

Adopts House LAL rules except that LAL would not apply to residential real estate.

Increases revenues by $422 million.

Need for proposed floor amendment

Tax shelters are major avenue by which high income individuals reduce taxes to zero or near zero.

Tax shelters distort market economy.

Artificially drive up prices of farm land;

Contribute to boom and bust cycles;

Drive capital away from sound ventures into marginal ventures where profit is produced by tax benefits;

Create unfair competition for legitimate real estate developers, farmers, etc., who have to make real profit—not tax profit—to survive.

Tax shelters involve an enormous waste of federal funds—as much as 35–40% of federal tax benefits are diverted away from the legitimate business for which the tax incentives were provided—real estate developers, oil drillers, etc.—to doctors, movie stars, dentists, professional athletes, corporate executives, and their lawyers and accountants.

Tax shelters destroy taxpayer morale since their benefits are available only to 50% or higher bracket individuals—who represent only 1% of Americans.

DISC

House bill

Retains DISC (which allows tax to be deferred—and virtually exempted—on one-half of qualified export income) on incremental basis.

DISC benefits would apply to export sales income in excess of 75% of the average of a three-year base period (1972–74 initially, becoming a moving base period in 1981).

Allows full DISC benefits for small businesses.

Repeals DISC for agricultural and military export sales.

Raises revenue by $450 million (repeals about one-third of DISC).

Finance Committee bill

Adopts House incremental approach, but allows DISC benefits for export sales income in excess of 60% of average of three-year base period (three out of four years, 1973–76, which becomes a moving base in 1980).

Retains full DISC for agriculture until 1980, incremental thereafter and allows incremental DISC for competitive military sales.

Provides small business exemption.

Raises revenues by $84 million in FY 1977 and $400 million in first full year (repeals about one-fourth of DISC).

Proposed floor amendment—effective January 1, 1976

Retains DISC for incremental export sales in excess of 75% of average of a 3-year base moving period (three out of four immediately preceding years).

Applies to agricultural sales.

Repeals DISC for military export sales.

Retains DISC for small businesses.

Raises revenues by $500 million in FY 1977 (similar to House bill initially, but stronger in long run).

Need for proposed floor amendment

DISC was designed to aid U.S. exports in a world of fixed exchange rates; that world no longer exists and DISC involves a significant waste of money.

A major part of tax benefits go to foreign consumers.

DISC means that goods produced for American consumption are taxed more heavily than goods produced for foreign consumption.

DISCs are just paper corporations that only exist in a file drawer—there is little persuasive evidence that they provide a net increase in either jobs or exports.

Export profits of large multinationals don't need a tax subsidy—their profits from export sales are 17.3% before taxes, more than double the profits for domestic sales.

DISC is a windfall to the largest multinational corporations in the U.S.—over ½ the DISC benefits went to 59 companies, all with assets in excess of $250 million.

The fat should be taken out of DISC so that its benefits are available only to companies that are increasing their exports and to small businesses.

TAX DEFERRAL FOR U.S.-CONTROLLED FOREIGN SUBSIDIARIES

House bill

No provision.

Finance Committee bill

Deferral benefits denied for corporations paying foreign bribes or boycotting Israel.

Proposed floor amendment—effective January 1, 1977

Earnings and profits of US controlled foreign subsidiaries would be taxed currently to the US parent after a year transition period (i.e., deferral would be repealed completely after 1981).

50% of earnings would be eligible for tax deferral in 1977, with this figure reducing by 10% each year thereafter.

Foreign tax credit would be fully available.

Earnings and profits of all controlled foreign subsidiaries would be consolidated.

Increases revenues by $25 million for FY 1977; $250 million in long run.

Need for proposed floor amendment

Tax deferral provides an incentive to US companies to locate abroad, thus costing jobs for US workers.

Tax deferral provides an incentive to US companies to invest capital abroad thus depriving the US of badly needed investment capital.

Tax deferral promotes international tax avoidance.

The existence of tax deferral is used to justify the continuation of DISC.

EXCESS FOREIGN TAX CREDITS FOR OIL OPERATIONS

House bill

No provision.

Finance Committee bill

No provision.

Proposed floor amendment

Prohibits oil companies from claiming foreign tax credit in excess of US 48% rate.

Authorizes Treasury to deny foreign tax

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*Revenue figures are for fiscal year 1977, unless otherwise indicated, and represent gains or losses from current level.

credits where payments in fact constitute royalties.

Increases revenues by $25 million in FY 1977 and $60 million in long run.

Need for proposed floor amendment

Many arrangements between multinational oil companies and foreign oil producing countries are actually royalties rather than taxes.

The foreign tax credit should not be available for such payments.

In cases where the payment may be a tax, no credit should be allowed in excess of the US tax rate.

This will reduce incentive for oil companies to try to convert royalties into "taxes".

RETIREMENT INCOME CREDIT

House bill

Reform and revision of the credit for the benefit of low and middle income elderly taxpayers.

Revenue loss: $340 million.

Finance Committee bill

Substantially same as House bill, except changes phased in over three years.

Revenue loss: $100 million in FY 1977; $270 million thereafter.

Proposed floor amendment

Same as House Bill.

Revenue loss: $340 million.

AMERICAN FEDERATION OF LABOR,
AND CONGRESS OF INDUSTRIAL
ORGANIZATIONS,
Washington, D.C., June 9, 1976.

HON. GAYLORD NELSON,
221 Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR NELSON: When the tax reform bill (H.R. 10612) comes to the Senate floor, scores of amendments—good and bad—will be offered, but organized labor has decided to concentrate on five key major reforms.

The current tax reductions that are slated to expire on June 30 have our support, and should be extended thru fiscal year 1977, including the individual tax credit which the committee bill would end on June 30, 1977.

Further, if we are to prevent a heavier tax load from being shifted from the corporations and the wealthy to the backs of working Americans, major reforms must be added on the Senate floor.

The AFL–CIO urges your support for the following key tax reform amendments:

1. An end to deferral on taxes of the profits by U.S. multinational companies abroad. At present, these firms can keep their foreign profits untaxed as long as they remain abroad. Companies use these funds to expand their operations abroad, instead of here. This "subsidy" in the law costs the U.S. millions of dollars in taxes, and hundreds of thousands of jobs. Repeal will end this loophole. We urge you to support Senator Vance Hartke's amendment.

2. A limit to the foreign tax credit now used by U.S. multinational corporations. This "subsidy" also costs taxes and jobs. The amendment to be offered by Senator Hartke will limit the tax credit for oil and gas to the statutory tax rate of 48%. There is no rational justification for any higher rate. The amendment will also deny foreign tax credits which are clearly royalties.

3. Restoration of the House-passed limitation on tax shelters (LAL). This provision has now been weakened in the bill before the Senate. The House-passed bill would limit the opportunities for wealthy Americans, doctors, dentists and executives "paper" losses in real estate, leasing, movies, and sport franchises to avoid taxes on the income from their regular line of work. A specific exemption would apply to investments in residential real estate.

4. Strengthening of the minimum tax. This provision is a catch-all that is designed to extract a minimum amount of tax money from the wealthy who have used various tax gimmicks to avoid the normal rules of taxation. The provision would exempt the first $10,000 of preference income and levy a tax of 15%.

5. A further step toward the repeal of DISC. The export subsidy has provided virtually no jobs at a cost of $1.5 billion per year. It should be ended. An amendment will be offered to strengthen the incremental requirement of the committee bill.

These amendments will be a major thrust of tax reformers on the Senate floor. Together they will raise millions of dollars, they will help save U.S. jobs and help economic recovery.

These amendments are compromises; they are steps toward genuine reform of the tax code. Your support is most important to the working men and women of America.

Sincerely,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

STATEMENT OF LEONARD WOODCOCK, PRESIDENT, UNITED AUTO WORKERS, ON TAX REFORM

The pervasive loss of confidence among the American people in governmental institutions is a threat to the strength of our democratic traditions. One of the major causes of the lack of confidence is the unfairness of our tax system, with its myriad provisions favoring the wealthy at the expense of the fundamental principle of equity and a tax code based upon ability to pay.

The outrage felt by working people, hard pressed by a combination of disproprotionate tax burden and high rate of inflation in recent years, now threatens the public programs that are essential to meeting the needs of the American people. Ordinary taxpayers just do not believe they are getting their money's worth from their tax dollars—and they are right.

The tax bill passed by the House is a modest step in the direction of tax reform. Such reform is one of the necessary elements in restoring public confidence in our institutions. By supporting amendments to the Finance Committee bill restoring the modest reforms of the House version and making multinational companies pay a fairer share, the Senate will have an opportunity to go on record in favor of strengthening our democratic institutions and public confidence in government.

The UAW strongly urges the Senate to do so.

COMMON CAUSE,
Washington, D.C., June 16, 1976.

DEAR SENATOR: Common Cause supports Senators Nelson, Hollings, and a bipartisan group of twelve other Senators in their effort to amend the tax cut bill, H.R. 10612, to bring it into compliance with the terms which requires the Senate to raise $2 billion this year from tax reform.

Even though the Finance Committee was obligated, under the Congressional Budget Resolution, to raise $2 billion in government revenues from tax reform, the Committee disregarded this mandate. It dismantled even the modest reforms in the House-passed bill, and then went on to add hundreds of millions of dollars in new tax breaks for special interests. Under the pretense of attempting to comply with the $2 billion budget requirement, the Committee has cut back on tax cuts for the average taxpayer and postponed tax relief for retired persons. It has also delayed the effective date of some new tax favors so that the revenue loss will not occur until future years—in effect, mortgaging the future budgets of the nation.

The Nelson-Hollings package of reform amendments will raise the $2 billion in revenue mandated by the budget resolution by significant tax reform and not by measures that would deprive low and middle income wage earners and the elderly of sorely needed tax reductions.

It is imperative that the Senate pass the Nelson-Hollings package to maintain the integrity of the Congressional Budget process. Common Cause urges you to vote for these proposals.

Sincerely,

JOHN GARDNER.

PUBLIC CITIZEN—STATEMENT ON TAX REFORM

Public Citizen's Tax Reform Research Group strongly supports the efforts of Senators to introduce some real tax reform into the Senate Finance Committee's "tax reform" bill. After years of promises, the House passed a tax reform bill which can be considered a worthwhile first step in restoring public confidence in the equity of our tax system.

Thanks to intensive lobbying by oil, real estate, and exporting industries and the multinational corporations, the Finance Committee dismantled many of these reforms, while providing new tax breaks for the wealthy and influential. The Committee has cynically ignored its responsibility under the Budget Resolution to raise $2 billion through tax reforms. Instead, it has attempted to cover up its failure to raise revenues through reform by cutting back on needed tax relief for average taxpayers and the elderly.

We urge the full Senate to prove it is serious about tax reform by supporting this package. It will raise billions of dollars of new revenue from those who pay less than they fairly should. It will also provide enough revenues to continue the full tax cut for individuals and to give needed tax relief to the elderly. But the effort will succeed only if Senators begin to hear from average taxpayers, and not just from the special interest lobbyists who unduly influence our tax laws.

RALPH NADER.

STATEMENT OF THE NATIONAL COUNCIL OF SENIOR CITIZENS, JUNE 1976

The current concerns over fiscal responsibility should legitimately extend to the federal tax system as well as to government expenditures. This seemingly obvious proposition seems to have eluded the Senate Finance Committee, which is reporting out a tax reform bill which does not achieve an acceptable degree of sharing of tax burdens. In fact, it appears that fiscal responsibility is to be the burden of low and middle income workers and of the elderly. We deplore the results of the Finance Committee deliberations which are presented under the misnomer of "tax reform."

Minimum taxes, limitations on tax benefits, elimination of tax deferral provisions which favor exportation of jobs, limited DISC preferences, and limitation of the foreign tax credit for oil and gas—all would move in the direction of substantive tax reform.

The immediate extension of the retirement income credit is a matter of crucial concern and particular urgency, since the elderly have little time to wait.

We, therefore, urge support of the proposals by members of the Senate which include the above provisions. The integrity of the Senate and people's confidence in their government demands that significance be restored to the words "Tax Reform."

STATEMENT OF ECONOMISTS ON TAX REFORM

As citizens and economists, our top priority goal for economic policy today is a reduction of the unacceptable level of unemployment and a return to non-inflationary prosperity that would enhance both living standards and investment throughout the economy. At the same time, we strongly believe that the nation's tax system should be improved by eliminating or reducing some of the most inequitable and inefficient tax expenditures.

We are convinced, moreover, that these two objectives—recovery of the economy and reform of the tax system—go hand in hand. Additional federal revenues raised from tax reform can be appropriately re-allocated to the economy, either through general tax reductions or strengthening high priority federal programs. By eliminating inefficient tax expenditures like DISC and tax deferral for multinational corporations, such a reallocation of federal resources could actually increase overall employment, production and purchasing power in the economy, in line with the goals of the Employment Act of 1946.

In particular, we offer this professional judgment after having examined various arguments that have been set forth in support of the economic stimulus of tax shelters. These shelters operate as indirect, roundabout subsidies for special types of investment activity, in special forms available only to persons in the highest income brackets.

Such tax shelters are an inherently inefficient technique for stimulating investment. Better uses can be found for these tax subsidies, either in promoting investment or achieving other national goals.

Congress made a wise decision in adopting a budget resolution that envisioned $2 billion of revenues to be raised in fiscal year 1977 from reduction in tax expenditures. These reductions are an important component of the overall decisions in the budget resolution on the extension of the general tax cuts and the appropriate level of total Federal expenditures. We believe that the resolution is well designed to reduce unemployment and promote the nation's economic recovery, and we hope that Congress will follow through on this essential fiscal policy.

To this end, we are pleased to endorse the package of tax reform proposals that we understand will soon be offered by a number of Senators to strengthen the minimum tax, limit tax shelters, reduce the benefits of DISC, repeal the deferral of taxes on foreign income of U.S. corporations operating overseas, and reduce the foreign tax credit for oil.

Gardner Ackley, University of Michigan.
Harvey Brazer, University of Michigan.
George F. Break, University of California, Berkeley.
Wilbur J. Cohen, University of Michigan.
Otto Eckstein, Harvard University.
Robert Eisner, Northwestern University.
R. A. Gordon, University of California, Berkeley.
Walter W. Heller, University of Minnesota.
Lawrence R. Klein, University of Pennsylvania.
Robert Lekachman, Lehman College, CUNY.
Richard A. Musgrave, Harvard University.
Arthur M. Okun, Brookings Institution.
Joseph A. Pechman, Brookings Institution.
George L. Perry, Brookings Institution.
Paul A. Samuelson, Massachusetts Institute of Technology.
Charles L. Schultze, Brookings Institution.
James Tobin, Yale University.

NELSON-HOLLINGS TAX REFORM WILL HELP HOUSING NOT HURT IT

Mr. PROXMIRE. Mr. President, whenever tax reforms are proposed, the industry that benefits from excessive preferences cloaks itself in the mantle of the public interest and issues dire warnings that have become entirely predictable. They warn that if shelters are reduced, investment will dry up, costs will rise and be passed along to the public, and jobs will be lost.

As chairman of the Committee on Banking, Housing, and Urban Affairs, I have some particular observations about real estate shelters. Most of the arguments for tax reform go to the inequities of certain tax shelters. While most Americans pay a steep portion of their true economic income in taxes, certain tax loopholes create tax millionaires. On grounds of tax equity alone, these loopholes must be closed.

TAX SUBSIDIES MAY BE INEFFICIENT

But there is another concern that often gets lost in the tax reform debates: Apart from the equity considerations, the present tax subsidies often produce inefficient investments and poor products. Real estate is a case in point. Billions of dollars in tax revenues are lost on the theory that tax shelters are necessary to induce investment into the real estate sector, yet the investment produced frequently results in poorly managed housing, inflated land prices, distorted use of credit, and overbuilding in the luxury sector.

That is why I support sweeping reform of real estate shelters even though I am an advocate for housing. Tax reform will not only create better tax equity, it will also produce better housing.

The existing system of using inflated paper tax losses as the inducement for investment in rental housing produces several undesirable results from the viewpoint of housing policy.

QUALITY DEPRECIATION

First, it gives the developer a minimal stake in the quality of the project. The real product being produced is tax shelter, not housing. In a syndication deal, the developer or general partner literally sells the excess tax shelter to offset their other income. Under accelerated depreciation, the windfall shelter is greatest in the early years of a project.

Consequently, the limited partners who are putting up most of the capital have even less interest in the quality of the project than the general partner. Both expect to sell out after a few years. From the viewpoint of tax shelter investors, the worst possible outcome is for a project to show a net profit, in which case rather than generating tax shelters it generates taxable income.

Thus, the incentives created by this system are exactly the reverse of those in a true free enterprise system. The investor does not care whether the project is viable in the long run; he has no incentive to promote good management or upkeep; he has a disincentive to show a profit. It is not surprising, given this system, that a great many subsidized projects that depended largely on excess tax shelter to attract investment are in serious trouble.

TAX SUBSIDIES CAUSE BAILOUTS

In the case of section 236 subsidized rental housing, which depends heavily on this sort of syndication deal HUD has already bailed out about 12 percent of the projects, and this is expected to exceed 20 percent. This is partly the result of rising costs and unanticipated expenses, and unstable tenants, but it is also due to the poor management generated by the tax preference system.

The case of section 220 housing is even more interesting, for that is unsubsidized rental housing insured by FHA, so that the problems cannot be blamed on low income tenants. Yet in the case of section 220's more than one project in three has already been bailed out by HUD, with substantial losses to HUD's insurance fund. And in the computations of tax subsidies associated with these tax preferences, we do not include the billions of dollars in losses that result when HUD has to bail out a project that was poorly designed and managed—in large part because the developer and the investors were looking to the tax benefits for their return rather than any true economic return from the project.

RECORD SHOWS KILLING TAX SHELTERS DOES NOT STOP INVESTMENT

Now, the Congress had heard from the tax developers that in the absence of these preferences, there will be less investment and fewer housing starts. Yet the record reflects that interest rates to a much greater degree than tax shelters influence housing starts. In 1969, Congress took the first timid steps toward damping down some of the excessive real estate shelters. For example, the 200 percent declining balance depreciation deduction was lowered to 150 percent in the case of commercial and industrial buildings. At that time, spokesmen for the shopping center industry warned we would put developers out of business, and freeze development of new shopping centers, and take the private investor out of the market, and predictably, eliminate jobs.

Congress, nonetheless, did take away some of the shelter. And what happened? In 1971, shopping center construction increased by 15.9 percent. In 1972, it increased 32.3 percent over 1971. In 1973, when interest rates began to go up, it still increased by another 3.4 percent. And understandably in 1974, a period of very tight money, it dropped 21.6 percent.

Interest rates, obviously, are much than tax shelter. Despite the dire warnings, shopping centers continued to grow until tight money choked off further development.

This is also true of residential real estate housing. According to an econometric projection done for the Banking Committee by the Library of Congress, a drop in the interest rate of 100 basis points translates into an increase in housing starts of between 100,000 and 500,000.

There is another ironic result of using tax preferences to stimulate investment in real estate: Tax preferences encourage leveraging. The more money you borrow and the less money of your own you invest, the higher is the rate of return produced by tax shelter on your own capital. Therefore, the investor who is taking advantage of real estate tax preferences is being irrational to the extent that he invests his own money, and rational to the extent that he uses borrowed money.

In investigating some of the multifamily fiascos of recent years, both GAO and HUD's own auditors reached precisely this conclusion. Some projects were leveraged so highly that the developer and the limited partners had almost no stake in the outcome. In some projects, the loan exceeded the value of the project. Nearly all of the windfall return was on the front end.

BETTER MANAGEMENT

To the extent that Congress takes away the exaggerated front end return through tax shelter and leveraging, we will be creating better management and better maintenance. That is what tighter recapture does, and that is what LAL would do. It would require that the developer make his return from the true economic viability of the project, and not from artificial tax profits.

Let me turn to one other problem created by the present tax preferences in real estate. You may wonder why it is so rare to see an existing office building restored rather than torn down and replaced by a new structure. The answer is to be found in the tax code. The depreciation deductions are much more generous for new commercial construction. At a recent conference on tax and real estate, Oliver Carr, a prominent Washington developer, candidly admitted that as long as the tax code provided greater breaks for demolition and new construction, the rate of return would always be higher on new construction, and his company would never go in for restorations.

PRESENT TAX CODE—DEMON DEMOLISHER

Because of the tax code, all of our downtown areas will soon look like K Street. And this is not simply an esthetic matter. Thousands of viable, solidly built commercial buildings are being torn down rather than restored solely because the tax code artificially generates a higher rate of return on new construction, whereas if the tax code were simply neutral between restoration and new construction, many old buildings would be salvaged, and the capital that goes into redundant commercial overbuilding could go where it is more desperately needed—into housing.

Mr. President, overbuilding is another argument against the present real estate tax preferences. If we are spending public money to subsidize, those subsidies should be targeted. Yet tax subsidies are blind subsidies. They make no distinction between a building which is needed and one that merely adds to the overbuilding of so many of our downtowns. The tax break comes in any case. In New York City, it has been estimated that some 50 million square feet of commercial space are currently vacant, largely as the result of overbuilding.

Yet tax dollars continue to go to stimulate construction where it is not needed, which in turn drives up the price of downtown land.

If we are going to subsidize, let us put the subsidy dollars where they are needed—into low and moderate income housing and into restoration of dilapidated structures. Yet the present tax code subsidizes housing for rich and poor alike. It subsidizes luxury apartment buildings and shopping centers, and it encourages mismanagement.

The committee bill would wring some of the excess depreciation subsidy out by tightening recapture rules at time of sale. That is helpful as far as it goes. The proposed amendment would apply the LAL rule to commercial and industrial construction. I certainly endorse that proposal because I don't think we need to artificially subsidize commercial construction.

EXTEND LAL TO RESIDENTIAL REAL ESTATE

I would prefer to go even further and extend the LAL rule to residential real estate, with a 5-year phase-in for low- and moderate-income housing. Just as we do not need to artificially subsidize office buildings and shopping centers through the Tax Code, we do not need to artificially subsidize luxury rental housing.

In the case of low- and moderate-income housing, I recognize that we need subsidies, but if they are to be tax subsidies, I submit that they should be different tax subsidies than the ones we have today. A 5-year phase in would provide time to redesign either tax preferences or direct subsidies so that they would be consistent with good housing policies. The tax preferences currently on the books are not. They encourage premature demolition of existing housing; they stimulate poor management and excessive turnover of new rental housing. They do not promote adequate expenditure on maintenance.

Mr. President, just as the shopping center people cried wolf in 1969, I am convinced that the real estate interests who are warning against tax reform today do not have a sound case.

One industry study done for the National Realty Committee initially tried to demonstrate using faulty assumptions that application of the LAL rule would reduce investment in real estate by nearly $6.7 billion, with consequent catastrophic effects on jobs and tax revenues, and GNP. Yet a reexamination of the assumptions by the staff of the Joint Committee on Internal Revenue Taxation pared down that estimate to between $200 and $300 million.

The present tax shelters distort investment and stimulate it in the wrong sectors. The committee bill would take a first step in a more positive direction. The proposed amendment would take another step. I would support the original House bill as the best alternative.

On balance, these modifications will produce more rational investment in real estate, and better housing. Even if the reforms are applied to low- and moderate-income housing, where investment must be artifiically induced to some extent, the 5-year phase in would give us time to devise more appropriate subsidies to replace the present inefficient tax preferences.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

APPROVAL OF BILL

A message from the President of the United States announced that on June 15, 1976, he approved and signed S. 1699, an act for the relief of Mrs. Hope Namgyal.

WITHDRAWAL OF NOMINATION

A message from the President of the United States announced that the nomination of **James F. Hooper III**, of Mississippi, to be a member of the Board of Directors of the Tennessee Valley Authority, submitted to the Senate on June 16, 1976, is withdrawn.

AGREEMENT BETWEEN THE UNITED STATES AND TURKEY—MESSAGE FROM THE PRESIDENT

The Presiding Officer laid before the Senate the following message from the President of the United States, which was referred to the Committee on Foreign Relations:

To the Congress of the United States:

I am hereby requesting that Congress approve and authorize appropriations to implement the Agreement Between the Governments of the United States of America and of the Republic of Turkey Relative to Defense Cooperation Pursuant to Article III of the North Atlantic Treaty in Order to Resist Armed Attack in the North Atlantic Treaty Area, signed in Washington, March 26, 1976, and a related exchange of notes. Accordingly, I am transmitting herewith draft legislation in the form of a Joint Resolution of the Congress for this purpose.

The United States and Turkey have long enjoyed a close mutual security relationship under the North Atlantic Treaty, as well as bilateral cooperation in accordance with Article III of that Treaty. The new Agreement, like its predecessor, the Defense Cooperation Agreement of 1969 which this Agreement would supersede, implements the Treaty. It has been signed as an executive agreement. The Agreement was negotiated with the understanding that it would be subject to Congressional approval and expressly provides that it shall not enter into force until the parties exchange notes indicating approval of the Agreement in accordance with their respective legal procedures. Full Congressional endorsement of this Agreement will give new strength and stability to continuing U.S.-Turkish security cooperation which has served as a vital buttress on NATO's southeast flank for more than two decades.

The new Agreement is consistent with, but not identical to, the preceding Defense Cooperation Agreement of 1969. Founded on mutual respect for the sovereignty of the parties, the Agreement (Articles II and III) authorizes U.S. participation in defense measures related to the parties' obligations arising out of the North Atlantic Treaty. It is understood that when the Agreement enters into force pursuant to Article XXI, activities will resume which were suspended by the Government of Turkey in July 1975, when the Turkish Government requested negotiation of a new defense cooperation agreement.

The Agreement provides a mutually acceptable framework for this important security cooperation. The installations authorized by the Agreement will be Turkish Armed Forces installations under Turkish command (Articles IV and V). Article V clearly provides for U.S. command and control authority over all U.S. armed forces personnel, other members of the U.S. national element at each installation, and U.S. equipment and support facilities.

The installations shall be operated jointly. In order to facilitate this objective, the United States is committed to a program of technical training of Turkish personnel.

Other provisions of the Agreement deal with traditional operational and administrative matters, including: operation and maintenance of the installations; ceilings on levels of U.S. personnel and equipment; import, export and in-country supply procedures; status of forces and property questions.

Article XIX specifies the amounts of defense support which the United States plans to provide Turkey during the first four years the Agreement remains in force. We have provided such support to this important NATO ally for many years to help Turkey meet its heavy NATO obligations. The Article provides that during the first four years the Agreement remains in force, the United States will furnish $1,000,000,000 in grants, credits and loan guaranties, to be distributed equally over these four years in accordance with annual plans to be developed by the Governments. It further provides that during the first year of the defense support program, $75 million in grants will be made available, with a total of not less than $200 million in grants to be provided over the four-year life of the program. The Article also sets forth our preparedness to make cash sales to Turkey of defense articles and services over the life of the Agreement.

The related exchange of notes details defense articles we are prepared to sell to the Republic of Turkey at prices consistent with U.S. law. It further provides for Turkish access to the U.S. Defense Communications Satellite System, and for bilateral consultations regarding cooperation in modernizing Turkish defense communications.

The defense support specified in Article XIX and in the related exchange of notes will be provided in accordance with contractual obligations existing and to be entered into by the Governments, and with the general practices applicable to all other recipient countries. The accompanying draft legislation accordingly provides that the generally applicable provisions of our foreign assistance and military sales Acts will govern this defense support, and that it will be exempted from the provisions of section 620(x) of the Foreign Assistance Act as amended. The draft legislation further provides that it fulfills the requirements of section 36(b) of the Foreign Military Sales Act as amended and section 7307 of Title 10 of the United States Code with respect to the transfer of materiel pursuant to the related exchange of notes.

The Agreement will have a duration of four years, and will be extended for subsequent four-year periods in the absence of notice of termination by one of the parties. As the four-year defense support program comes to an end, the Agreement provides for consultation on the development of a future program as required in accordance with the respective legal procedures of the two Governments. Article XXI stipulates the procedures under which the Agreement can be terminated by either party, and provides for a one-year period following termination during which the Agreement will be considered to remain in force for the purposes of an orderly withdrawal.

This Agreement restores a bilateral relationship that has been important to Western security for more than two decades. I believe it will promote U.S. interests and objectives on the vital southeastern flank of NATO and provide a framework for bilateral cooperation designed solely to reinforce NATO and our common security concerns. To the extent that the Agreement restores trust and confidence between the United States and Turkey, it also enhances the prospects for a constructive dialogue on other regional problems of mutual concern.

I therefore request that the Congress give this Agreement and the accompanying draft legislation prompt and favorable consideration, and approve its entry into force and authorize the appropriation of the funds for its execution.

GERALD R. FORD.

THE WHITE HOUSE, *June 16, 1976*.

MESSAGES FROM THE HOUSE

At 2:20 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the amendments of the House to the bill (S. 2529) to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes.

The message also announced that the House agrees to the amendments of the Senate to the bill (H.R. 10268) to amend title 38 of the United States Code in order to clarify the purposes for which the Administrator of Veterans' Affairs may release the names and addresses of present and former personnel of the armed services and their dependents.

The message further announced that the House has passed the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes, in which it requests the concurrence of the Senate.

At 7:35 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12384) to authorize certain construction at military installations and for other purposes.

The message also announced that the House disagrees to the amendment of the Senate to the bill (H.R. 8800) to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles; asks for a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. TEAGUE, Mr. FUQUA, Mr. MCCORMACK, Mr. BROWN of California, Mr. THORNTON, Mr. MOSHER, and Mr. GOLDWATER were appointed managers of the conference on the part of the House.

The message further announced that the House disagrees to the amendment of the Senate to the bill (H.R. 13655) to establish a 5-year research and development program leading to advanced automobile propulsion systems, and for other purposes; asks for a conference with the Senate on the disagreeing votes of the two Houses thereon; and that Mr. TEAGUE, Mr. FUQUA, Mr. MCCORMACK, Mr. BROWN of California, Mr. THORNTON, Mr. MOSHER, and Mr. GOLDWATER were appointed managers of the conference on the part of the House.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The Presiding Officer laid before the Senate the following letters, which were referred as indicated:

REPORT OF THE ASSISTANT SECRETARY OF DEFENSE

A letter from the Assistant Secretary of Defense transmitting, pursuant to law, the report of Department of Defense procurement from small and other business firms for July 1975–March 1976 (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

A letter from the Chairman of the Board of Governors of the Federal Reserve System transmitting, pursuant to law, the annual report of the Board for the calendar year 1975 (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

REPORT OF THE CIVIL AERONAUTICS BOARD

A letter from the Chairman of the Civil Aeronautics Board transmitting, pursuant to law, the annual report of the Board for the fiscal year 1975 (with an accompanying report); to the Committee on Commerce.

REPORT OF THE NATIONAL TRANSPORTATION SAFETY BOARD

A letter from the Chairman of the National Transportation Safety Board transmitting, pursuant to law, the annual report of the Board for 1975 (with an accompanying report); to the Committee on Commerce.

REPORT OF THE DEPARTMENT OF STATE

A letter from the Legal Adviser of the Department of State transmitting a report relating to the granting of direct and indirect access to the International Court of Justice (with an accompanying report); to the Committee on Foreign Relations.

REPORT OF THE DEPARTMENT OF STATE

A letter from the Assistant Secretary of State transmitting, pursuant to law, a report on excess defense articles delivered to foreign governments in the third quarter of fiscal year 1976 (with an accompanying report); to the Committee on Foreign Relations.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General transmitting, pursuant to law, a report entitled "Improvements Still Needed in Federal Energy Data Collection, Analysis, and Reporting" (with an accompanying report); to the Committee on Government Operations.

REPORT OF THE GENERAL SERVICES ADMINISTRATION

A letter from the Deputy Administrator of General Services transmitting, pursuant to law, a report entitled "The Manner in Which Materials Allocation Authority in P.L. 94-163 Will Be Administered" (with an accompanying report); to the Committee on Interior and Insular Affairs.

PROPOSED LEGISLATION OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Under Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to alter the services provided at hospitals of the Public Health Service (with accompanying papers); to the Committee on Labor and Public Welfare.

AMENDMENT TO BUDGET REQUEST FOR FOREIGN ASSISTANCE—(S. DOC. 94-219)

A letter from the President of the United States transmitting an amendment to the budget request for the fiscal year 1977 in the amount of $55,750,000 for foreign assistance (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MUSKIE, from the Committee on the Budget, without amendment:

S. Res. 464. A resolution—Waiver under section 402(a) of the Congressional Budget Act with respect to the consideration of S. 3557 (Rept. No. 94-950).

By Mr. PELL, from the Committee on Labor and Public Welfare:

S. Res. 468. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S.J. Res. 203. Placed on the calendar.

By Mr. GRAVEL, from the Committee on Public Works, without amendment:

H.R. 12545. An act authorizing additional appropriations for prosecution of projects in certain comprehensive river basin plans for flood control navigation, and for other purposes (Rept. No. 94-951).

By Mr. HASKELL, from the Committee on Interior and Insular Affairs, with an amendment, and an amendment to the title:

S. 158. A bill to amend the Wild and Scenic Rivers Act of 1968 by designating a segment of the New River as a potential component of the national wild and scenic rivers system (Rept. No. 94-952).

By Mr. MONTOYA, from the Committee on Appropriations, with amendments:

H.R. 14261. An act making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1977, and for other purposes (Rept. No. 94-953).

By Mr. PELL, from the Committee on Labor and Public Welfare, without amendment:

S.J. Res. 203. An original joint resolution to amend the Higher Education Act of 1965, and for other purposes (Rept. No. 94-954).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. DOLE, from the Committee on Agriculture and Forestry:

Robert L. Martin, of Illinois, to be a Commissioner of the Commodity Futures Trading Commission.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE BILL REFERRED

The following bill was read twice by its title and referred to the Committee on Appropriations:

H.R. 14236. An act making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HUMPHREY:

S. 3570. A bill to provide for a coordinated national food policy, and for other purposes. Referred to the Committee on Agriculture and Forestry.

By Mr. ALLEN:

S. 3571. A bill to amend the Immigration and Nationality Act, and for other purposes. Referred to the Committee on the Judiciary.

S. 3572. A bill to prohibit aliens from employment in the Federal competitive service. Referred to the Committee on Post Office and Civil Service.

By Mr. TOWER:

S. 3573. A bill to repeal titles XV and XVI of the Public Health Service Act. Referred to the Committee on Labor and Public Welfare.

By Mr. BURDICK:

S. 3574. A bill for the relief of Romeo V. Kabatay, Esperanza Tinio Kabatay, Rhodora Kabatay, Ronaldo Kabatay, and Erlinda Hernandez;

S. 3575. A bill for the relief of Oscal Fadul, Fe G. Fadul, and Katherine G. Fadul; and

S. 3576. A bill for the relief of Dennis M. Viacrucis. Referred to the Committee on the Judiciary.

By Mr. HARTKE:

S. 3577. A bill to amend title XVIII of the Social Security Act to eliminate the requirement that extended care service follow hospitalization in order to qualify for payment thereunder. Referred to the Committee on Finance.

By Mr. DURKIN:

S. 3578. A bill for the relief of Elias Smirnioudis. Referred to the Committee on the Judiciary.

By Mr. JOHNSTON:

S. 3579. A bill entitled "Military Retiree Health Benefits Act of 1976." Referred to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HUMPHREY:

S. 3570. A bill to provide for a coordinated national food policy, and for other purposes. Referred to the Committee on Agriculture and Forestry.

TOWARD A NATIONAL FOOD POLICY AND AGRICULTURAL POLICY

Mr. HUMPHREY. Mr. President, the legislation I am introducing today represents a major new initiative to assure an adequate and stable American food supply and income security to those who produce this food.

This is a subject of major importance for both consumers and producers. Unfortunately, in my view, the policies of this administration have served to drive these two groups apart—in spite of their many common interests.

On March 5 of this year, the President announced the creation of a new Cabinet-level Agricultural Policy Committee. This followed considerable criticism of the manner in which decisions affecting food and agricultural policy were being made by the current administration.

I am pleased that the President has recognized the failure of the current food and agriculture decisionmaking process by restructuring the machinery for policy coordination. It is a deficiency of which both farmers and consumers have been painfully aware. But I am afraid that, as too often is the case, cosmetic changes may be mistaken for effective solutions.

The appointment of the Secretary of Agriculture to head the Agricultural Policy Committee represents a shift in the position of actors but not of policy. In the case of the interventions of the Federal Government in agricultural export sales over the last few years, it was not individual Cabinet members who had an overriding influence in the outcome. Rather, the decisions were the product of the politics of that particular moment in time.

The consolidation of the two White House food policy coordinating councils into a single body under the chairmanship of the Secretary of Agriculture may establish a degree of legitimacy to the Department of Agriculture's proclaimed interest over international food matters, but it does nothing to insure that there will not be unpredictable and sporadic intervention of the Federal Government into export marketing in the future. Nor does it provide any assurance or security for consumers against commodity price volatility which will continue to bite into family budgets already strained by unprecedented inflation. The time has come for us to develop something better.

The people affected by food and agricultural policy decisions—and that is essentially everyone—expect and deserve a known and explicit national food policy. A haphazard and ad hoc crisis approach to policymaking is not a necessary consequence of the increasing uncertainty which has come to characterize our domestic and international food and agricultural situation.

If the rules and procedures by which policy decisions are to be formulated were developed in advance, if we had an independent and ongoing assessment of the interrelationships of the elements of our food system, if we had a single person in the administration clearly responsible and, most importantly, accountable for food policy, if only we had a mechanism for regular public consultation on food policy issues, we could then avoid actions and decisions by the Federal Government which needlessly hurt individuals or groups.

The time is long overdue to sit down and begin to put together a national food policy appropriate to the current needs and situation of the national and international economy.

Earlier this year the Foreign Agricultural Policy Subcommittee, which I chair, held hearings on improving the coordination of U.S. foreign agricultural policy.

We heard from a number of public Government leaders, and reviewed several major recent decisions affecting U.S. food and agricultural policy.

The conclusions of those hearings were clear—we can do a better job of balancing and interrelating the interests of the groups and individuals affected by food and agricultural policy decisions.

In this review, our Subcommittee found that while there are a number of groups within the Government charged with the coordination of the many and diverse elements affected by food policy decisions, these seem to be little more than a battleground for various officials representing the respective agency's advocacy positions.

Conversely, there does not seem to be an independent focal point to provide cohesion to U.S. food agricultural policy formulation. There also does not seem to be any mechanism to provide an independent assessment of the interrelationship of the interests involved or the long-term impact of policy alternatives.

And finally, there is no opportunity for regular public advice or consultation with representatives of groups and individuals affected by food policy decisions.

In order to provide for these most important deficiencies, I am introducing today a bill which would create as a matter of national policy an explicit commitment to provide for a balance of interests, both short and long term, in decisions affecting food and agriculture.

This bill would establish a body of experts to make periodic and independent assessments of the impact on all groups and individuals affected by actual and prospective policy decisions in the area of food and agriculture. Such a group, which would be called the Council of National Food Policy Advisors, would be similar in structure to the Council of Economic Advisors and would assure that the complete facts are before the President, the Congress and the people when food and agricultural policy decisions are made.

My bill would also establish an official in the Executive Office of the President who would serve as Assistant to the President for Food and Agricultural Affairs with clear responsibility for the coordination of food and agricultural policy. This individual would be appointed by the President as his chief policy advisor and assistant with respect to food, agricultural and nutritional matters. Such a person would not represent any specific Government agency or public interest group but would independently weigh the effects of policy decisions and advise the President from an impartial perspective.

In addition, my bill would create a Public Advisory Committee on National Food Policy consisting of representatives from agriculture, food processing, marketing and distribution, labor, small business, exporters, consumer groups, farmer cooperatives and the public at large. This group would provide the President, through the Assistant to the President for Food and Agricultural Affairs, with advice on decisions and the formulation of policy relating to food and agriculture.

STRUCTURAL CHANGES IN AGRICULTURE

The time has come to accept the fact that things have changed greatly in recent years—the result being a vastly more complex food and agricultural system. With the new forces which have come to bear on food policy and recognizing its increased importance, we clearly need a better and more responsive mechanism for developing information and providing advice on policy formulation. The new context for developing food and agricultural policy must reflect the recent structural shifts in the United States and the world.

Since the sale of approximately 19 million tons of grain and soybeans to the Soviet Union in 1972, our food supply situation has changed from one of plenty to one of uncertainty. It also has changed many of our past assumptions regarding food and agriculture.

World grain production had dropped by 4 percent in 1972, but this was little noted at that time. Since then, increasing demand for American agricultural produce, poor weather in various regions in the world, combined with a rapidly growing population in the developing nations has kept world food stock supplies in a taut condition.

With world population growing from 70 to 80 million each year and world grain consumption exceeding production in 5 of the last 6 years, this condition is likely to continue even though the United States itself may face increasing stock build-ups.

Until the sale of grain to the Soviet Union in 1972, the United States had been preoccupied with food surpluses. During the decade from 1963–72, food stocks averaged around an 80-day supply, and the United States regularly kept 60 to 80 million acres out of production.

In the developing world, food production had expanded more rapidly during the 1960's than in the developed nations, and it appeared that growth in food production in these countries might someday catch up with population growth.

The rapid increase in the use of the new "miracle" wheat and rice varieties under the widely heralded "green revolution" held out the hope of continued increases in food production and even self-sufficiency for countries such as India and the Philippines.

But these hopeful trends have not continued in this decade. The recent sharp variability in world food production, exacerbated by the policy of the Soviet Union to significantly expand livestock production, adds additional uncertainty to an already unstable food supply situation.

This political commitment on the part of the Soviet leadership to provide a major improvement in the level of meat availability to its consumers, combined with its own unpredictable weather, has made it dependent on western grains to meet that commitment to its people. And, as the world's largest and most variable consumer of grains, the Soviet Union represents the greatest threat to stability in the world cereal markets.

As the Soviet dependence on outside grain has increased, so, too, has the U.S. agricultural economy increased its dependence on world markets. For example, only 5 years ago, the United States exported less than one-fifth of our entire grain production. In recent years, that figure has gone up to nearly one-third.

However, the world demand for U.S. grain production can vary sharply from year to year. Between fiscal 1972 and 1973, for example, U.S. total grain exports increased by 45 percent. On the other hand, U.S. grain exports fell by 23 percent between fiscal 1968 and 1969, and 37 percent between fiscal 1966 and 1969. All of these changes have profound implications for food and agricultural policy in the United States.

IMPLICATIONS OF CHANGES FOR THE AMERICAN FOOD SYSTEM

At the same time, the American farmer, asked to go all out and produce to his limit, has been confronted with major uncertainties and, in some cases, many have been forced toward the possibility of bankruptcy. In 1973, net farm income was $33 billion, in 1974, this figure dropped sharply to $26.6 billion, and in 1974, it was about $26 billion.

But, as farm income was going down, operating costs were going up—21 percent in 1973, 18 percent in 1974 and around 6 percent in 1975. It is understandable that agricultural indebtedness increased from $52.5 billion in 1971 to $90.3 billion in 1975.

These economics, while possibly transsitory, are forcing our small producers—those who just don't have the assets to absorb these variabilities—out of business and leading to the concentration of farm production in a few larger units.

The situation for the future, to say the least, remains uncertain. The poor harvest of the Soviet Union last year and its extensive grain purchases served to prevent our grain farmers from being ruined by the overproduction many had feared in early 1975.

We need only look at the case of soybeans, however, to see the prospects of too much production in the near future. In the case of soybeans, increased production, export competition from Brazil, and reduced livestock requirements have led to increasingly large carryovers and reduced prices to producers.

And with a year or two of bumper wheat and corn crops, we could, despite large export sales, face sharply increased stocks and sharply declining prices to farmers which would barely meet production costs. It is expected that our wheat carry-over stocks will increase from 525 to 725 million bushels during the current year.

We should not overlook earlier statements of Secretary Butz that the American farmer should lead the way in the fight on inflation by increasing production. Early in both 1974 and 1975 it was expected by the Department of Agriculture that bumper crops would lead to substantial surpluses, thereby sharply reducing inflation.

This development did not occur last year because of bad weather in the Soviet Union and other parts of the world. But our farmers will continue to face this possibility in the years ahead which would result in further downward pressure on farm income. To most serious observers, the need for protection against this eventuality still prevails.

In the absence of a policy designed to buffer year to year fluctuations in production, farmers face the prospect of each year having bumper grain crops and depressed prices or short supplies and high prices. And the harvests of India, the Soviet Union and the Peoples Republic of China will play a major role in determining world grain supplies and prices.

Likewise, grain availabilities and prices will each year determine whether our livestock producers will expand or contract their operations.

INADEQUACY OF PRESENT POLICIES

The answer to these uncertainties proposed by the present administration is a "market oriented" or free market agriculture.

Free market agriculture, as interpreted by the current administration, means that Government should keep out of farming—except when farm prices drop sharply, or when food prices rise. In other words, free market agriculture means that the Government interferes with the market mechanism only when it is politically expeditious to do so.

The record of free market agriculture under this administration has been unprecedented and unpredictable intervention in the marketing of agricultural commodities. In the case of the 1973 soybean embargo and the subsequent embargoes of grain shipments in 1974, and again in 1975, the administration felt compelled to limit exports. This alone certainly should represent an admission of failure in terms of stated administration goals.

Farmers and farm organizations have been extremely angry at this action because they had earlier been denied adequate protection in terms of improved floor prices, and later the Government intervened, contrary to all promises, in such a way as to prevent them from capitalizing on the export market. Thus, farmers felt that they had no protection at the bottom, and they were denied the maximum return for the risk which they bore alone.

The administration has negotiated a long-term purchase arrangement with the Soviet Union whereby it has agreed to purchase a minimum of 6 to 8 million tons of wheat and corn annually.

This arrangement may help reduce the very sharp swings in Soviet purchases in years of poor growing conditions. However, if the Soviet Union, in a future year, were to again experience a 75 to 80 million ton shortfall in production, we would still be faced with extreme instability in world grain markets in spite of the recently established purchasing arrangement.

On the other hand, in years of surplus production, the long-term grain arrangement with the Soviet Union could be offset by increased Soviet grain sales to Eastern European countries.

BASIC ELEMENTS OF A BALANCED FOOD POLICY

Our farmers understand these facts, but they are rightly concerned that their interests will be ignored as policy decisions are made. There is no reason why they need to absorb all of the risks involved in this highly unpredictable economic endeavor.

On the other hand, our consumers believe that there is no end to the upward spiral in food prices which have gone up by 28 percent in the last 3 years. Many people realize that the farmer obtains a small share of their food dollar, but they feel frustrated as to what to do.

The realities of today are that we can no longer afford to have just an agricultural policy. The interrelationships between producer and consumer interests must be represented in a national food policy. Somehow, we must develop a broader context for the public to assess the complex interrelationships affecting agricultural and food policy.

The consuming public, for the most part, does not seem to appreciate that many short-term solutions may only create disruptions and exacerbation of the problems over the long term. But this reaction could be prevented in many instances by having a broader focus.

A comprehensive food and agricultural policy must set priorities between these competing demands. Our primary aim must be to assure adequate food supplies to meet our own domestic requirements. This means meeting not only the need of our urban consumers, but also livestock producers who are the major users of feed grains. In my view, adequate food and fiber is every bit as essential as adequate preparation for national defense.

As a basic requirement, it is essential that our food and agricultural policies receive a higher level of attention and coordination than has been the case in recent years. This is not an exclusive area for the Department of Agriculture; however, this Department must continue to play the lead role in developing a balanced policy.

It is also essential that we establish programs whereby the Government is in a position to make purchases during years of excess production.

With the cost of producing a bushel of wheat now over $3 and the cost of producing a bushel of corn over $2, we can no longer allow sale prices to drop back to their levels of the 1960's. We need to assure farmers that they will not be ruined in case they produce bumper crops.

It will be necessary to draw up the rules for acquisition and disposal of grain reserves with great care so that we do not serve to depress or inflate the prices for agricultural produce. We must establish carefully defined rules whereby the release of stored grains can be effected in times of shortage, with minimal impact on farm prices and incomes.

It also becomes exceedingly important that we improve our agricultural information system worldwide. We have only made a start in this area, and it must be made clear to our customers that one of the conditions for obtaining access to our market will be a cooperative sharing of agricultural production estimates and related weather information.

In addition, we and other nations must work with the developing countries to upgrade their information system so that on a worldwide basis we will have an improved picture of likely supply and demand estimates.

Our food and agricultural policy carries major implications for international relations. It undoubtedly is a major diplomatic tool in our relations with other nations. And for confirmation of this, we need only look at the importance of food in our relations with the Soviet Union, Eastern Europe, the Middle East, and Japan.

Agricultural exports earned $22 billion in gross income and about $12 billion in net revenues during the past year. Everyone takes these agricultural exports for granted as providing the means to purchase our petroleum imports and give some strength to our balance of payments.

We need a set of short supply management rules that clearly establish in advance how and under what conditions buyers can purchase from the United States during years of poor harvests. We also must establish some system of priorities for our regular trading partners.

Such a policy will help assure our consumers and other nations which depend on us that our food supplies will be reliable. And we will be in a better position to deal with abrupt changes in world demand.

In addition, we must provide at least

some minimum quantity of our farm production for humanitarian feeding programs to be able to assist needy people in food deficit nations throughout the world, and encourage agricultural production in the developing world.

We can, thereby, help provide some stability in the world and, at the same time, develop future export markets. With population increasing in many developing countries by over 2.5 percent per year, this is a major asset in helping meet the world's food needs.

Beyond the traditional concerns over production, distribution and the international aspects of a national food policy, we also need to think in terms of our nutritional programs, goals and priorities.

To date, much of our consumer debate has been related to export levels and their implications for food prices. The focus of the debate should begin to shift with a greater emphasis placed on what is available for the consumer's food dollar.

Our people are concerned over having adequate supplies of food and at reasonable prices. But they are also increasingly concerned over the safety, quality and nutritional value of what they consume.

There are no nutritional goals for the Nation. Rather, we have a collection of programs to help improve the diets of our elderly, needy nursing mothers and infants and schoolchildren.

A great deal of interest has been shown in recent years in improving our nutritional awareness through nutrition education and labeling programs. But again, there has not been any attempt to pull together these elements into a comprehensive program. Because of the urgency and the importance of this area, we need to begin the process of developing a nutritional program as part of a total food policy.

A balanced food and agricultural policy also must include important concerns such as adequate supplies of fertilizer and energy at reasonable prices, credit at reasonable rates, nondiscriminatory trade and transportation policies and investments designed to facilitate the marketing of agricultural commodities.

And we must give greater attention to agricultural research which can provide the breakthroughs needed to increase productivity, by establishing a program with clear priorities and implementation targets.

The critical importance of our food policies has become evident to many of our people. However, if we want to be sure that we are prepared for the next crisis, it is urgent that we proceed to define the rules for the contingencies we can expect ahead.

ACTION AGENDA FOR A NATIONAL FOOD POLICY

Someone has to take the lead in providing alternatives which provide a balance between consumer and producer interests. Such an approach must not sacrifice the interests of one group on behalf of the other.

As a first step toward this goal, the bill I am introducing today would establish a National Council of Food Advisors, a Public Advisory Committee, and a single individual responsible for the coordination of all the elements which comprise a national food policy. It also would afford appropriate recognition of the growing importance of food as an issue for all our people and, indeed, the world as well. I hope that this bill will spark a national debate on food policy.

The ingredients of a balanced national food policy, which must be addressed and which I intend to address in the coming months, are as follows:

First. A domestic agricultural policy which assures the American consumer of an adequate supply of high quality nutritious and safe foods at reasonable prices while, at the same time, providing sufficient incentive for domestic producers to reach full production efficiencies.

Second. Income protection to farmers to insure that their out of pocket investment will be covered by target prices which reflect the variable costs of production, and which are adjusted annually to reflect changes in these costs.

Third. A program of 2-year nonrecourse loans to enable farmers to market their production in an orderly manner.

Fourth. A market stabilization program that permits the market to signal the allocation of production resources within a reasonably broad range but which provides for protection of domestic markets at the extremes through the accumulation and dispersal of reserve stocks of basic farm commodities. While the government might participate in the responsibility for stockholding, farmers would be given a large share of the responsibility for maintaining such stocks and for making basic supply management decisions.

Fifth. A set of short supply management rules by which programs shall be implemented and disengaged when the estimated carryover of a commodity—counting both privately and publicly held total grain stocks—is estimated to approach minimum levels. The programs could include a tightened system for reporting export sales including provision for prior approval of sales contracts; rules whereby the government could dispose of its stock holdings without depressing market prices; and procedures to prevent any country from purchasing excessive quantities in a short supply situation.

Sixth. An expanded long-range agricultural research program developed with increased emphasis on the most urgent priorities for increasing food production. Also, the Government should increase its collection and analysis of information in relation to food production and utilization in foreign countries. The Government should take a more active leadership in expanding and improving the cooperative food and weather information gathering and dissemination programs maintained by the Food and Agricultural Organization and other major grain producing and exporting nations.

Seventh. A humanitarian food aid program appropriate to world needs and our own resources. Humanitarian food aid programs should be given a high priority with programming targets announced early in the fiscal year so that orderly implementation of projects can be carried out. Minimum program targets should be established at the beginning of the year with total program levels being no less than 5 million tons except in case of national emergency.

Eighth. A comprehensive nutrition program outlining our nutritional goals and the means and techniques whereby these targets are to be accomplished.

The nutrition program would detail any specific problem areas where remedial action is needed. This could include improved feeding programs for children, the elderly and the indigent, improved coordination of ongoing activities, and an expanded nutrition education effort.

The bill I am introducing today is the first element in developing a comprehensive and complete national food and agricultural policy.

It would be irresponsible to wait until the next crisis to consider ways to improve the process of food and agricultural policy formulation. The rules and mechanisms must be firmly established in advance.

It was clear from the Secretary of Agriculture's testimony before my subcommittee that we cannot count on the Federal Government to refrain from intervention in the marketplace. Nor should we expect that the increasing variability of the forces affecting our food and agricultural system will not require known safeguards to provide supply and price security to producers and consumers alike.

By setting the rules in advance, we can also provide for a policy which represents a carefully worked out balance of the various interests which might be affected and reduce the possibilities for government intervention generally, rather than continuing to let policy decisions be shaped by the pressures and politics of the moment.

Had an independent body existed to assess the long-term impact of price ceiling on meat products when feed prices were rising, we might not have exacerbated the eventual rise of prices and pushed producers into a boom and bust cycle from which the industry took several years to recover.

Had we had a coordinator for food and agricultural policy, we might not have faced a situation in which the Secretaries of State, Agriculture and the Special Representative for Trade Negotiations each independently articulated different, if not contradictory, signals on American agricultural trade policies which resulted in a last minute political patchwork in the formulation of export policy decisions.

Had we had a vehicle for regularly seeking advice from the groups and individuals affected by food and agricultural policy decisions, such groups and individuals might not have been unnecessarily burned by the decision to precipitously limit agricultural exports.

Now is the time to begin to shape a national food policy appropriate to the structure and complexity of our food and agricultural system and also to the needs of producers and consumers, both at home and abroad.

Today, I offer an important element

in developing that policy, and I ask my colleagues in the Congress and the other leaders of government to help in these constructive efforts to assure a continued and strong American food system.

Mr. President, I ask unanimous consent that the text of my bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3570

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Food Policy Act of 1976".

DECLARATION OF POLICY

SEC. 2. It is the policy of the United States to—

(1) maintain reasonable and stable food prices to consumers;

(2) assure a continued and viable domestic farm economy by providing adequate income security to producers and an appropriate balance between the various sectors of agriculture;

(3) provide an adequate level of safe and nutritious food for all Americans with special consideration to the needs of indigent and other vulnerable groups;

(4) foster and promote free competitive enterprise in the production and marketing of food;

(5) maintain stable and expanding foreign markets for domestic agricultural productivity;

(6) improve the health and well-being of consumers through nutrition education and research;

(7) continue, in concert with other nations, humanitarian food assistance programs in needy foreign countries for the purpose of increasing food production in such countries; and

(8) provide a coordinating context within which the impact of national policy decisions can be related to the various components of the domestic and international food and agricultural system.

ESTABLISHMENT OF A COUNCIL OF NATIONAL FOOD POLICY ADVISERS; FUNCTIONS; POWERS

SEC. 3. (a)(1) There is hereby created in the Executive Office of the President a council to be known as the Council of National Food Policy Advisers (hereinafter called the "Council").

(2) The Council shall be composed of three members who shall be appointed by the President, by and with the advice and consent of the Senate. Each member appointed to the Council shall be a person who, as a result of his training, experience, and attainments, is exceptionally qualified to—

(A) analyze and interpret factors affecting the domestic and international production, marketing, and consumption of food;

(B) analyze and interpret the interrelationship of such factors within the domestic and international economy;

(C) appraise programs and activities of the Government in light of the policy expressed in section 2; and

(D) formulate and recommend national policies designed to assure (i) reasonably stable food prices, (ii) the continuation of a strong American farm economy, (iii) adequate nutritional food for all Americans, (iv) an appropriate American response to food requirements abroad, and (v) an equitable balance of such factors within the American economy.

(3) The Secretary of Agriculture and the Chairman of the Council of Economic Advisors shall serve as ex officio members of the Council, but shall have no vote.

(4) The President shall designate one of the members of the Council as chairman. One member shall be designated by the chairman to be acting chairman in the absence of the chairman.

(5) A vacancy in the Council shall not affect its powers. Two members shall constitute a quorum, but one member may conduct hearings.

(b) The Council may, in carrying out the provisions of this Act, sit and act at such times and places, hold such hearings, take such testimony, request the attendance of such witnesses, administer oaths, and have such printing and binding done, as the Council deems advisable.

(c) Subject to such rules and regulations as may be adopted by the Commission, the chairman shall have the power to—

(1) appoint and fix the compensation of an executive director, and such additional staff personnel as may be necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification in General Schedule pay rates, but at such rates not in excess of the maximum rate for GS-18 of the General Schedule under section 5332 of such title; and

(2) procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code.

(d) It shall be the duty and function of the Council—

(1) to assist and advise the President on matters pertaining to food and agriculture;

(2) to gather timely and authoritative information concerning developments and trends affecting food and agriculture, both current and prospective; to analyze and interpret such information in the light of the policy expressed in section 2 for the purpose of determining whether such developments and trends are interfering, or are likely to interfere, with the achievement of such policy, both with respect to the immediate or longer term; and to compile and submit to the President studies relating to such developments and trends;

(3) to appraise the various programs and activities of the Federal Government in the light of the policy expressed in section 2 for the purpose of determining the extent to which such programs and activities are contributing, and the extent to which they are not contributing, to the achievement of such policy, and to make recommendations to the President with respect thereto;

(4) to assess future information and research needs relating to food and agriculture and, on the basis of such assessment, to establish guidelines and goals for current and prospective programs of research;

(5) to prepare and submit to the President and the Congress not later than 90 days before the beginning of each fiscal year a report to be known as the Annual Food and Agriculture Assessment Report which shall include (A) a review of trends and problems affecting the domestic production and marketing of food, (B) a review of the status of nutritional security for domestic indigent and vulnerable groups, (C) a review of the efforts of the United States to meet humanitarian food needs abroad, (D) a survey of the anticipated domestic and international food supply situation in the coming fiscal year, and (E) a survey of the next five-year period with respect to the outlook for domestic and international agricultural production and food security, including the availability and prices of agricultural inputs, the structure of the domestic food and agricultural system, and the adequacy of transportation, storage, and other components of the food marketing system.

(e) In exercising its powers, functions, and duties under this Act, the Council—

(1) may consult with such representatives of industry, agriculture, labor, consumers, State and local governments, and other groups, as it deems advisable;

(2) shall, to the fullest extent possible, utilize the services, facilities, and information (including statistical information) of other Government agencies as well as of private research agencies, in order that duplication of effort and expense may be avoided.

(f) Each department, agency, and instrumentality of the Federal Government is authorized and directed to furnish to the Council such reports, documents, materials, books, papers, records, and other information as the Council deems necessary to carry out its functions under this section.

ASSISTANT TO THE PRESIDENT FOR FOOD AND AGRICULTURAL AFFAIRS

SEC. 4. (a) The President shall appoint an Assistant for Food and Agricultural Affairs by and with the advice and consent of the Senate.

(b) The Assistant to the President for Food and Agricultural Affairs shall be the President's chief policy advisor and assistant with respect to food, agricultural, and nutrition matters. In addition to such other functions and duties as the President may assign him, the Assistant to the President for Food and Agricultural Affairs shall—

(1) advise the President (A) on matters relating to food, nutrition, and agriculture in regard to the immediate and longterm impact on the various sectors of the domestic agricultural economy, on the economy as a whole, and on domestic consumers, with special consideration of the needs of the indigent and other vulnerable groups, (B) on the agricultural trade of the United States, (C) on the ability of the United States to respond to the humanitarian food requirements of the developing world, and (D) on matters relating to the foreign relations of the United States insofar as food and agriculture are concerned;

(2) assist the President in providing general leadership and coordination of the various food and agricultural policies and programs of the Federal Government;

(3) develop, review, revise and recommend priorities in the formulation of food, nutrition, and agricultural programs and policies;

(4) assess and advise on policies for international cooperation in food, nutrition, and agriculture which will advance the international objectives of the United States; and

(5) maintain liaison with the Council of National Food Policy Advisors, the Public Advisory Committe on National Food Policy, and with all other councils and offices of the Executive Office of the President, including the National Security Council, the Council of Economic Advisors and the Domestic Council.

(c) The Assistant to the President for Food and Agricultural Affairs is authorized to appoint such officers and employees as he may deem necessary to perform the functions now or hereafter vested in him and to prescribe their duties.

(d) The Assistant to the President for Food and Agricultural Affairs may (1) obtain services as authorized by section 3109 of title 5 of the United States Code, at rates not to exceed the rate prescribed for grade GS-18 of the General Schedule by section 5332 of title 5 of the United States Code, and (2) enter into contracts and other arrangements for studies, analyses, and other services with public agencies and with private persons, organizations, or institutions, and make such payments as he deems necessary to carry out the provisions of this Act without legal consideration, without performance bonds, and without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(e) The Assistant to the President for Food and Agricultural Affairs may utilize with their consent the services, personnel, equipment, and facilities of other Federal agencies with or without reimbursement, and may transfer funds made available pursuant to this Act to other Federal agencies as reimbursement for the utilization of such services, personnel, equipment, and facilities.

PUBLIC ADVISORY COMMITTEE ON NATIONAL FOOD POLICY

SEC. 5. (a) The President shall solicit information and advice from representative elements of the public with respect to decisions, policies, and programs of the Federal Government relating to food, nutrition, and agriculture.

(b) (1) The President shall establish an advisory committee to be known as the Public Advisory Committee on National Food Policy (hereinafter referred to as the "Committee"). The Committee shall be composed of not more than 45 individuals, and shall include representatives of the respective sectors of the agricultural economy, the food processing, marketing, and distribution industry, labor, small business, social service organizations, exporters of agricultural commodities, consumer groups, farmer cooperatives, and the general public.

(2) The Committee shall meet at the call of the Assistant to the President for Food and Agricultural Affairs who shall act as its chairman; but in no event shall the Committee meet less often than twice annually. Whenever practical, the Assistant to the President for Food and Agricultural Affairs shall call a meeting of the Committee to seek advice on specific major policy decisions affecting food, nutrition, or agriculture. Members of the Committee shall be appointed by the President for a term of two years and may be reappointed for two additional terms.

(3) The Assistant to the President for Food and Agricultural Affairs shall make available to the Committee such staff, information, personnel, and administrative assistance and services as the Committee may reasonably require to carry out its functions.

(c) It shall be the duty and function of the Committee to—

(1) provide general advice to the Assistant to the President for Food and Agricultural Affairs on programs and policies of the Federal Government in areas relating to food, nutrition, and agriculture;

(2) advise the Assistant to the President for Food and Agricultural Affairs on the immediate and long-term impact of policy alternatives and decisions on the various sectors of the domestic agricultural economy and the economy generally, domestic consumers (with special consideration of the needs of the indigent and other vulnerable groups), the agricultural trade of the United States, the ability of the United States to respond to the food requirements of the developing world, and the foreign relations of the United States; and

(3) provide the Assistant to the President for Food and Agricultural Affairs with technical advice and other information relating to the impact of the policy alternatives and decisions referred to in paragraph (2).

(d) The Committee may issue periodic reports on decisions and policies of the Federal Government relating to food, nutrition, and agriculture. Such reports may inwhat extent such decisions and policies proclude advisory opinions on whether and to mote the economic interests of the United States as a whole and whether they provide for equity among and within the category of individuals or the groups or sectors of the economy which are affected by such decisions and policies.

(e) The Assistant to the President for Food and Agricultural Affairs shall not be bound by the advice or recommendations of the Committee, but he shall inform the Committee and the Congress of his disapproval of any such advice or recommendations and his reasons for disapproval.

(f) In addition to the reports of the Committee, the President shall provide a continuing opportunity for private organizations and other groups representing the various sectors of the agricultural economy, the food processing, marketing and distribution industry, labor, social service organizations, agricultural exporters, farmer cooperatives, consumer interests, and the general public to submit to him policy recommendations relating to food, nutrition, and agriculture.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 6. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

COMPENSATION OF MEMBERS OF THE COUNCIL OF NATIONAL FOOD ADVISORS AND THE ASSISTANT TO THE PRESIDENT FOR FOOD AND AGRICULTURAL AFFAIRS

SEC. 7. (a) Section 5313 of title 5, United States Code, is amended by adding at the end thereof a new paragraph as follows:

"(23) Assistant to the President for Food and Agricultural Affairs.".

(b) Section 5315 of title 5, United States Code, is amended by adding at the end thereof a new paragraph as follows:

"(105) Chairman, Council of National Food Advisors.".

(c) Section 5316 of title 5, United States Code, is amended by adding at the end thereof a new paragraph as follows:

"(137) Members, Council of National Food Advisors.".

By Mr. ALLEN:

S. 3571. A bill to amend the Immigration and Nationality Act, and for other purposes. Referred to the Committee on the Judiciary.

S. 3572. A bill to prohibit aliens from employment in the Federal competitive service. Referred to the Committee on Post Office and Civil Service.

EMPLOYMENT FOR CITIZENS

Mr. ALLEN. Mr. President, on June 1, 1976 the Supreme Court issued its opinion in the case of Hampton against Mow Sun Wong, docket No. 73–1596. The Court held, as Senators know, that the U.S. Civil Service Commission regulation barring aliens from employment in the Federal competitive civil service was unconstitutional. As a result of the decision, aliens will be permitted to fill Federal civil service jobs which would otherwise be reserved for citizens of the United States.

Mr. President, I believe there are compelling reasons for Congress to act to remedy the anomalous situation created by the Court's decision in which citizens remain unemployed in the millions while aliens are permitted to hold jobs in our Government and receive pay from our Treasury. Mr. President, I doubt that there is a single job in the Federal civil service which could not be held successfully by a qualified citizen of the United States, and I therefore, can see no valid reason to fill a position in the Federal civil service with an alien and thereby to deprive a citizen of this country of employment.

Although the Court's decision was based on the constitutional ground that the Commission's regulation denied due process under the fifth amendment of the Constitution, the Court took care to point out that Congress or the President would be free to make a determination that employment of aliens by the Federal civil service was not desirable in sensitive positions and thereafter for practical reasons to bar such employment entirely. In such case, the Court indicated there would be no violation of the Constitution. Mr. Justice Stevens writing for the majority said in this connection:

> (T)he need for undivided loyalty in certain sensitive positions clearly justifies a citizenship requirement in at least some parts of the federal service, and ... (a) broad exclusion serves the valid administrative purpose of avoiding the trouble and expense of classifying those positions which properly belong in executive or sensitive categories.
>
> We may assume with the petitioners that if the Congress or the President had expressly imposed the citizenship requirement, it would be justified by the national interest in providing an incentive for aliens to become naturalized, or possibly even as providing the President with an expendable token for treaty negotiating purposes; but we are not willing to presume that the Chairman of the Civil Service Commission, or any of the other original defendants, was deliberately fostering an interest so far removed from his normal responsibilities.

Mr. President, the Court's holding was thus based on only the relatively narrow ground that the Commission itself was incapable of making the constitutionally required determination which is necessary to support a Commission regulation barring alien employment. Congress and the President are left free to act.

Mr. President, since the Court has, in effect, thrust the decision on Congress and taken the decision out of the hands of the Civil Service Commission, Congress ought to accept responsibility and act promptly to bar alien employment in the civil service. The bill I am introducing would accomplish that objective, and I urge that the bill receive prompt consideration in the committee to which it is referred and that it be reported favorably to the Senate for action in this Congress.

Mr. President, civil service jobs at least under Hampton against Mow sun Wong will be available only to aliens whose resident status in the United States is lawful. An even greater problem is posed by aliens living in the United States illegally. At a time in which every available job in the country should be filled where possible by an American citizen, we nevertheless see ever-increasing numbers of illegal aliens filling jobs which properly should belong to citizens of this country. Although frankly no one appears to know the exact number of aliens residing illegally in this country, estimates go well into the millions and New York City alone is believed to have 1 million persons who have entered the United States contrary to our laws.

Mr. President, I suppose out of a natural American sense of fairness, Congress has seen fit to provide a very orderly procedure which guarantees great care on the part of immigration authorities in the expulsion of an illegal alien. Unfortunately, our laws in this area have been exploited to an extent that an illegal alien may succeed in remaining in the United States for several years during deportation proceedings.

The principal deficiency in the law as it is presently written is contained in section 244 of the Immigration and Nationality Act—8 United States Code, section 1254. Subparagraph E of that section contains a provision for the granting of voluntary departure to an alien who is the subject of a deportation proceeding.

Regulations implementing this section are set forth at 8 Code of Federal Regulations section 244. The regulations state simply that a special inquiry officer considering a deportation case may authorize voluntary departure if an alien establishes that he is willing and has the immediate means to depart. The regulations also authorize a district director to grant voluntary departure.

Senators may ask what is the actual effect of the law and regulations I have described. In practice an alien subject to deportation will request a series of voluntary departures and thereby forestall actual deportation.

Let me for a moment give Senators a typical example of a case that will show why a change in this law is very necessary.

An alien is located working illegally; he is granted voluntary departure by the district director, usually 30 days. When the 30 days is up, the alien or his employer comes in with a request for an additional 30 days, on grounds that they are attempting to obtain a labor certification. Thirty days later certification has been denied, and the alien still has not departed. An order to show cause is issued calling on the alien to show cause why he should not be deported in a deportation hearing scheduled about 30 days later. The alien appears and either requests a postponement to obtain counsel or appears with counsel, who requests a postponement because he has allegedly just been retained. In either case another 30-day delay is granted. Thirty days later a hearing is held; voluntary departure is requested and granted, usually for 60 days, never less than 30. The alien thus gets to remain in the United States and continue his employment for 6 months and sometimes for a much longer period notwithstanding the fact that he is displacing a U.S. citizen. This loophole should be eliminated.

Mr. President, there is a further loophole in the Immigration and Nationality Act which should be immediately shut.

Vast numbers of students enter this country from foreign countries each year ostensibly to secure the advantages of American education. While a majority come solely for that purpose, many abuse their status as a student and enter the country primarily for the purpose of obtaining work. Many enter the country legally as students, obtain employment illegally, and thereafter with the assistance of their employer have their status adjusted so that they are deemed lawfully admitted for permanent residence, thereby effectively circumventing the quotas established by the act. This loophole is being used to great advantage by a very large number of students from the Indian subcontinent. Many of these students no doubt ultimately make exemplary citizens; however, I believe it is a poor start to citizenship to violate the immigration laws by working illegally and by circumventing the quotas under which immigration from particular countries is controlled.

Mr. President, the bill I have introduced would close the student loophole by prohibiting any adjustment of the status of those who enter the United States as nonimmigrants solely for the purpose of attending American schools. This would accord with a similar prohibition on adjustment in status which applies to alien crewmen who, like students, are theoretically only present in this country for a relatively short period of time.

Mr. President, in a time of extremely high unemployment, I believe it is the duty of this Congress to close immediately the loopholes I have described, which unnecessarily permit aliens to obtain illegally jobs which would otherwise go to our own hard-pressed citizens.

Mr. President, I ask unanimous consent that articles on this subject which I have in hand from U.S. News & World Report, the Wall Street Journal, and Nation's Business be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

RISING FLOOD OF ILLEGAL ALIENS: HOW TO DEAL WITH IT

(As recession worsens, concern is mounting over foreigners who slip into U.S. undetected and take jobs from citizens. Here is a nationwide, in-depth look at a big and growing worry.)

A swelling tide of illegal aliens coming into the United States is stirring alarm nationwide.

This year, says the Immigration and Naturalization Service, 2 to 2.5 million "illegals" will sneak into the country. More than half will go undetected.

Illegal aliens already are filling at least 1 million well-paying jobs at a time when unemployment is rising among U.S. citizens.

Some jobless aliens are turning to crime. Others are illegally siphoning off welfare money, medical aid and unemployment benefits.

INS Commissioner Leonard F. Chapman, Jr., reports that the number of illegal aliens living in the United States has risen to 6 or 7 million, and is still going up.

The number caught has increased nearly 10 times within a decade, to almost 800,000 in 1974. Even so, probably 2 out of 3 escaped detection—and chances are that fewer will be caught and expelled in 1975 than last year, because of a shortage of funds.

Double and redouble. With unemployment growing abroad, says the Commissioner, the influx—particularly of Europeans—is certain to increase this year. If the present trend continues, he predicts, the present illegal population will double within about five years, then double again shortly thereafter.

To deal with this problem, Mr. Chapman is asking for the addition of about 2,000 more trained investigators and border-patrol officers—about a 25 percent increase in the present INS staff, and a near-doubling of the present number of patrolmen and investigators.

These and other measures to help stem the flow of illegals would mean an increase of about 50 million dollars a year to a budget that now runs at 175 million.

Among the new measures foreseen: a tamper-proof, plastic identity card to be carried by all legal aliens. Such a card, including magnetic imprints that make it almost impossible to counterfeit, would be issued to some 5 million legal aliens. Many illegals in the past have used counterfeit cards to come in.

The biggest need, Commissioner Chapman feels, is for Congress to make it unlawful for an employer to hire an illegal alien. The INS believes this would cut heavily into jobs available to such aliens, thus reducing their incentive to come in illegally. Such a bill has been passed several times by the House, but never by the Senate.

To tell how much of a problem the influx is bringing to metropolitan areas around the country, "U.S. News & World Report" bureaus filed the following accounts:

NEW YORK

The flow of illegal aliens into this city is increasing "almost in direct proportion to the decline in economic conditions abroad—especially in the Western Hemisphere, where most of the illegal immigration comes from."

So reports Maurice F. Kiley, director of District 3 of the Immigration and Naturalization Service, covering New York City's metropolitan area.

Right now, according to Mr. Kiley, more than 100,000 jobs in the New York area are held by aliens who are there illegally—though a majority of the illegals are employed as unskilled or semi-skilled laborers. The average pay of the illegal aliens apprehended in New York last year was about $150 a week.

No one is sure how many live in this city. In recent years, the INS has caught between 12,000 and 15,000 yearly. In the past five years, it has deported 5,300 and verified the voluntary departure of 55,000 others. Even so, officials estimate that from 1 to 1.5 million illegal aliens live in the metropolitan area.

To cope with the growing population of illegals, the local INS is now trying to get a larger detention facility that will hold 1,000 detainees instead of 70 as at present.

Nearly 80 per cent of the aliens living illegally here now, officials say, came from Latin America. Most of the rest are Chinese, Filipinos, Italians or Greeks—including many crew members who jumped ship in New York.

Drug traffic is a growing problem among illegals in this city, Director Kiley reports. As an example, 50 per cent of the 210 people arrested in October in connection with a cocaine-smuggling operation here were illegal aliens.

Immigration officials report that "many" of the illegals have been drawing welfare payments, particularly aid to dependent children, although the numbers involved are uncertain. Others are said to be collecting unemployment insurance and medicaid benefits.

DETROIT

An increasing number of illegal aliens are entering Michigan, Ohio and Kentucky—and taking more and more jobs sought by Americans. Between 30,000 and 40,000 illegals are holding jobs in Michigan. And the positions they have are mostly union-scale, industrial jobs, according to Armand J. Salturelli, director of Detroit's INS district office.

"To clean the illegal aliens out of our State," he says, "we'd have to double our present staff of 21 investigators."

In the Detroit area, where the auto industry attracts large numbers of these aliens, the mix of nationalities appears to be different than that found in other major centers.

Says Mr. Salturelli: "A wild guess would be that about 15 per cent to 20 per cent of the illegal aliens here are Canadian; about 40 per cent European—largely Polish; 20 per cent Asian, 10 per cent Latin-American and Mexican, and the other 10 per cent African and Caribbean."

Catching the U.S.-bound illegal alien is an especially tough problem, officials point out. There are few cultural barriers, or language barriers, and border relations are on an almost casual basis between Detroit and Windsor, Ont. Many Europeans come in through Canada, too, living there long enough to become landed immigrants and then coming here for jobs.

Elsewhere in this region, immigration officials estimate that there may be as many as 8,000 illegal aliens in Ohio and 2,000 in Kentucky. They often come as crew members of Great Lakes vessels and then jump ship.

Mexican illegals, says Stanley F. Perryman, INS district director in Cleveland, frequently work in agriculture and food processing.

This district is authorized to have 18 immigration investigators, but actually has only 12 on duty.

Says Mr. Perryman:

"We'd probably have to at least double our force in order to make even a substantial inroad into the number of illegal aliens in Ohio and Kentucky."

MIAMI

Illegal aliens from the whole Caribbean are a growing problem here.

An estimated 50,000 illegals live in the Miami area alone. Another 15,000 to 25,000 live elsewhere in Florida. At least 60 to 70 per cent are from the Caribbean, reports Louis T. Gidel, acting INS district director.

They come into Florida usually as cruise-ship crewmen, stowaways, temporary visitors who stay on, contract workers who skip out or immigrants with false identifications.

An easy way to get false documents here, says an immigration official, is to obtain a legitimately issued voter registration card. This official recounts how one Jamaican stowaway used such a card to get a driver's license, then loaned the card to at least four friends to aid in their illegal entry.

Behind the large number of Caribbean entries, officials explain, is the growing unemployment in that area and the relatively high pay available in the U.S.

That also applies to Mexicans, the second largest group of illegal aliens here, who work their way to Florida's citrus and vegetable-growing centers. "Mexicans say they can work one or two months here and even if they get caught, they make more than in a year at home," said an official.

As a result, much money is sent home by these illegals, often without payment of income taxes.

Florida employers, immigration officials say, often are tempted to hire illegal aliens because they are nonunionized, work hard for less, and do not care when Social Security payments are omitted. Says one official:

As a result, much money is sent home by employers who know they are here illegally. But there is no penalty for the employer so they continue to do it."

CHICAGO

On a typical day, agents from the Chicago office of the INS will enter a local restaurant, motel or factory and emerge with 20 to 30 illegal aliens who have been working for $2 to $6 an hour.

It's a year-round routine, says William Bartley, INS district director, "but we're getting further behind every day." He adds that the agents sometimes receive co-operation from management. But sometimes they are asked to leave, as employers say they are breaking no existing law.

About once a week, a chartered bus from Chicago carries illegal Mexican aliens apprehended here—and in St. Louis and Kansas City—back to the Mexican border.

"Sometimes everyone on the bus is very happy and laughing because they are glad to be getting a free ride back home," Mr. Bartley says. But most are back within a short time, "and sometimes a few will even beat the agents back to Chicago."

In Chicago, with its huge Spanish-speaking population, it is fairly easy for an illegal Mexican to go undetected for months, even years, at a time—especially if he has counterfeit papers or has had an "arranged" marriage in the U.S. Most employers do not deliberately hire illegal aliens, Mr. Bartley believes. Yet some do, and have admitted it to him. "They tell me there is no law against it, and the illegals make better employes."

SAN FRANCISCO

More than 32,000 illegal aliens are thought to be holding various jobs in the San Francisco Bay area. A substantial portion are in high-paying white-collar and manufacturing jobs.

Richard L. Williams, district INS director, says that fewer than 10 per cent are ever caught and deported back to their home countries.

These illegals who get to San Francisco and do not find work often manage to get on welfare, receive food stamps and qualify for free medical care.

The trend is for more and more of the illegal aliens, however, to locate and hold down skilled jobs that are sought by unemployed Americans. Examples:

A Canadian behavioral scientist was teaching illegally at a local junior college at $9 an hour when discovered.

A design engineer from India was employed by a Bay area engineering firm at $6.25 an hour when he was reported.

A Mexican was picked up while working as a semiskilled laborer in heavy construction at $6.78, the prevailing union hourly wage.

Few such illegals are caught, however.

Funding cutbacks have all but stopped efforts to arrest and deport aliens who are not causing social or criminal problems in the Bay area.

Illegal aliens, at this point, are thought to comprise most of the 75,000 foreigners now living in the San Francisco area. Many are Chinese, who come from Hong Kong as ships' crewmen and jump ship here. But Mexicans and Central Americans probably make up 80 per cent or more of the illegals.

Others come from all over the globe. Recent deportees, for example, were sent home to Nigeria, Brazil, Ethiopia and the Philippines.

An even greater number of illegal aliens—at least 120,000—are believed to be working in California's lush Central Valley, doing agricultural work. "For every one we catch, we miss four or five," says a U.S. border-patrol official. Last year, his unit was responsible for the apprehension of 46,000 illegal aliens, nearly 80 per cent of whom were employed at the time of their arrest.

LOS ANGELES

"We were apprehending 200 illegal aliens a day in Los Angeles and Orange Counties not long ago," says Joseph C. Dernetz, deputy INS director here. "But now we only have funds enough to take in 75 to 100 a day."

The reason: Southern California's budget was cut from its normal $75,000 or more a month down to $32,000, as of January 1.

About 200,000 illegal aliens were caught in the past fiscal year in southern California—about 18,000 of them in the Los Angeles area.

"Illegal aliens are working at everything," the INS official says. "A number of them are hired knowingly by employers. In one factory we surveyed last fall, 108 of the 150 employes were illegal. All went back to Mexico, most of them voluntarily."

An earlier INS survey of fish canneries in this area showed that many illegals were earning $3 to $5 an hour there. But in this industry, at least, the canneries are reported to have begun policing themselves and getting rid of all the illegals that they find.

The Los Angeles area has an estimated 250,000 illegal aliens. And crime is a growing problem in this group. Lt. Dan Cooke a Los Angeles police-department official, gave this explanation:

"They can't get work as easily as they once did. The recession is hitting them, too. So they are starting to rob and steal in order to get by."

Increased burglaries in the West San Fernando Valley have been attributed largely to illegal aliens. A survey of one precinct of Los Angeles where many aliens live showed that 36 per cent of all felony arrests last October involved illegal aliens.

HOUSTON

With unemployment rising south of the border, illegal aliens are swarming into this part of the country in growing numbers—depriving U.S. citizens of jobs, depressing wages, drawing welfare payments and draining millions of dollars from the local economy.

About 90 per cent of the illegal entrants come from Mexico, sneaking across a poorly guarded 1,500-mile border and simply overwhelming the Immigration and Naturalization Service. The INS office in Texas recently announced, in fact, that it will no longer arrest illegal aliens and ship them back to Mexico unless they are involved in a serious crime.

"The problem is snowballing," warns B. Warren O'Neal, deputy INS director in El Paso.

No longer are the illegal aliens working mainly at low-paying agriculture jobs in the border region. A growing number earn prevailing wages in manufacturing and construction jobs in such distant cities as Denver, Kansas City and Washington, D.C.

In Texas itself most illegal aliens now are concentrated in service and construction occupations, according to Kelly Sayre, district director of the Texas employment agency in Dallas.

Most of the Mexicans who enter illegally simply walk across the border, then arrange to be transported north. Smugglers currently are charging $250 a head for a trip fom El Paso to Chicago. Says one border patrolman:

"You get 50 of them in a U-Haul truck and you can make over $10,000 in a single trip.

"And the penalty for smuggling people into this country is less than for smuggling narcotics, so that many former dope runners have gotten into the alien-running business."

Many aliens escape detection by purchasing counterfeit identification papers in Mexico.

For around $300, a Mexican reportedly can purchase a counterfeit "green card" with an INS stamp, which permits an alien to work legally in the U.S., plus a fake Social Security card and a U.S. driver's license.

Such accounts, across the nation, tell the story of an illegal inflow that is raising problems more troublesome than those created many decades ago by the "huddled masses" waiting docilely on Ellis Island for entry to the promised land.

Americans' traditional sympathy for people driven to the desperation of illegal entry is being tempered because of the jobs they are taking from U.S. citizens in hard times.

Yet it is not certain that countermeasures, even on an all-out scale, can fully stem the flood if worsening economies in poor countries send still bigger hordes of aliens to the U.S. borders.

What immigration authorities are dealing with is a bolder and more sophisticated breed of arrival—willing to take his or her chances on finding anonymity and survival in urbanized and welfare-conscious America. And the concerns such people are creating may be around for a long time.

Soon: A Ban on Hiring Illegal Aliens?

Prospects are rising that Congress this year finally will make it a crime for an employer to have illegal aliens on his payroll.

Basis for that outlook—

A Senate Judiciary Subcommittee presided over by Senator James O. Eastland (Dem.), of Mississippi, shows signs of relaxing its strangle hold on illegal-alien legislation.

Immigration authorities and labor-union

officials have been pressing Congress for years to zero in on employers who knowingly hire foreigners not authorized to work in this country.

Now Senator Eastland—whose role is important because he also heads the full Judiciary Committee—says that hearings are to be convened "soon."

If so, it is generally agreed, it would mean that before long the way could be cleared for enactment of legislation that, in the view of one expert, "has already been studied to death."

The House of Representatives held extensive hearings and then adopted in 1972—and again in 1973—its own illegal-alien bill.

PROPOSED PENALTIES

The House version—which some critics say would give employer violators no more than a "slap on the wrist"—called for:

Warning citations for first-time offenders.

For second offenders, civil penalties of up to $500.

Criminal sanctions—a fine of up to $1,000 or a one-year prison term or both—for each subsequent violation.

Though approved by large margins in the House, the legislation never saw the light of day in the Senate.

One cause of the Senate inaction, Capitol Hill veterans say, has been the opposition by Southwestern farmers, who claim it would be nearly impossible for them to find enough field hands to harvest their crops if the House-passed bill were adopted.

To meet those objections, Senate sources say that Senator Eastland—himself a plantation owner—may propose letting employers hire specially imported foreign workers for as long as two years if no native employes are available in the vicinity of the jobs.

Labor leaders—who say the Gongress should focus its attention on making jobs available for now-unemployed Americans—are signaling they would fight that approach. One union official told "U.S. News & World Report": "Eastland wants a new 'bracero' program. We don't need that again."

Under the "bracero" program, large numbers of Mexican farm workers were brought into the United States between 1951 and 1963.

While sharp legislative skirmishes seem inevitable, many observers predict that illegal-alien legislation could be on the books before the 94th Congress winds up it first session late this year.

"There'll be a lot of give and take," one Committee aide predicts. "But the key ingredients seem to be there—pressure from the Administration, a lot of noise from the unions, and those unemployment figures."

[From the Washington Post, Aug. 17, 1975]

ILLEGAL ALIENS CAUGHT IN JOB SQUEEZE

(By Karen Rothmyer)

NEW YORK.—Ever since he lost his job at a New Jersey bank eight months ago, Josef Louis-Jean (not his real name) has been living as an illegal alien in New York. The 24-year-old Haitian's day-to-day existence is a shadowy one, demanding that he be guarded even when he is with friends. He knows that, if discovered, he could be deported at any time—a prospect that terrifies him because he fears reprisals from the Duvalier regime in Haiti.

"At first, after I was fired, I got scared, really scared," Louis-Jean says. "I used to wake up four or five times a night to make sure the door was locked. But I won't go back. If I'm sent back, I'll hang myself."

Louis-Jean came to the United States in 1968 to attend college and stayed on after graduation when he was offered a trainee job by the bank. His new employer assured him that it would get the necessary government certification that no U.S. citizen could be found to fill the position. After working 18 months—and still without proper certification—Louis-Jean was fired. Bank officials explained that other employees had complained that he was doing work that should rightfully be given to an American citizen.

Until recently, the American public cared little about the presence of illegal aliens in their midst. With jobs relatively plentiful, the aliens' impact on the economy went all but unnoticed. Now, however, with unemployment topping 8 per cent—and 20 per cent among teenagers—there has been an increasing clamour from organized labor and the jobless for their removal from the labor force.

Proposals for tackling the illegal-alien problem range from a complete overhaul of the nation's immigration laws to issuance of identification cards to all U.S. citizens. Congress is considering a bill that would make it illegal for employers knowingly to hire illegal aliens. While bureaucrats and lawmakers debate these and other measures, illegal aliens continue to flock into this country by the thousands. The government spent $18 million last year to detain and deport those it caught.

No one knows just how many foreigners have slipped across U.S. borders undetected or have remained in this country after their temporary tourist or student visas expired. As recently as 1973, a General Accounting Office study put the figure at 2 million. Now, largely because of a recent tightening of immigration quotas, the Immigration and Naturalization Service estimates that there are 6 to 8 million illegal aliens in the U.S. with 1 million of them employed. Their impact is disproportionately large in major cities, where they are concentrated.

Some critics view the latest figures skeptically, noting that the immigration service is in the midst of a vigorous campaign to increase its budget. Yet even the skeptics agree that the influx of illegal immigrants has been rising steadily since the mid-1960s.

At that time, the federal government placed a quota on immigration from the Western Hemisphere for the first time. The number was set at 120,000 annually, compared with the existing quota of 170,000 annually from the Eastern Hemisphere. For these Western Hemisphere immigrants, the waiting period for a permanent resident visa is currently 2½ years.

NOT ALL GRAPE PICKERS

At about the same time, the United States abolished the so-called *bracero* program, under which seasonal Mexican farm workers were allowed to come to this country temporarily, and began tightening up on the number of "job certifications"—or work permits—it grants. (Highly skilled workers get preference; a study based on 1970 data showed that 32 per cent of the work permits were issued for professional or technical jobs, while household, service and farm jobs accounted for less than 13 per cent of the permits.)

Together, these measures created a sudden explosion of illegal immigrants from the Western Hemisphere. Of the 788,000 illegal aliens apprehended last year, more than 750,000 were from the Western Hemisphere, and 710,000, or about 95 per cent, were Mexicans.

About half the illegal aliens found working held industrial jobs, where they often earned respectable—and sometimes high—salaries. "It's a myth that everyone is chopping lettuce or picking grapes," says Richard Williams, head of the immigration office in San Francisco. "They're causing an impact on all levels." Immigration authorities have found illegal aliens working as $5-an-hour janitors, $6-an-hour wholesale butchers, and $13.50-an-hour denture makers. Not long ago, two Greek brothers were apprehended as they left their $8-an-hour union jobs painting the Statue of Liberty.

Even those pressing hardest for removal of illegal aliens from the U.S. work force concede that not all the jobs vacated by foreigners would necessarily be filled by unemployed U.S. workers. For if some illegal aliens take home good salaries, many do undesirable jobs at pay too low to attract many American workers. Of the 4,776 employed illegal aliens apprehended in five major U.S. cities in June, fewer than half were earning $2.50 an hour or more.

Bernard Cowan, the owner of a Los Angeles belt factory who recently pleaded guilty to the charge of harboring illegal aliens, says that at wages averaging $2.35 an hour, he finds it difficult to hire and keep citizen workers. Cowan, whose son was caught driving 23 illegal aliens away from the factory in a van as inspectors arrived to search the premises, admits his jobs have little appeal. "It's not attractive," he says. "It's drudgery work. The ones who are citizens, they'd rather be on welfare or unemployment. They get as much money."

For similar reasons, the American Farm Bureau Federation, the nation's largest farmers' organization, favors reinstatement of something like the *bracero* program to meet the demand for scarce farm labor. The number of seasonal farm workers permitted to enter the United States dwindled to about 22,000 last year from a high of about 459,000 in 1956, when the *bracero* program was still in effect. The program was fraught with difficulties. Mexican workers were exploited, not only by some U.S. farm owners but also by some Mexican officials who extorted money from workers wishing to come to the United States. Both the United States and Mexican governments oppose its reinstatement.

"We've got a big push to get our own people working," explains a Labor Department management-development specialist. But he concedes: "It's hard to get a lot of American workers to do that kind of work. I guess some of our people, including myself, are sort of spoiled. And we can't force anyone to take a job."

A Farm Bureau spokesman says it isn't the wages (a median of $107 a week, according to latest (Census Bureau statistics) that are the major obstacle to recruiting U.S. citizens for farm work. "They won't work at temporary employment," he says.

But others argue that tight-fisted employers simply don't want to pay the higher salaries that U.S. workers demand. James Bishop, secretary-treasurer of the painters' local to which the Greek brothers belonged, says his union wages a constant battle against employers who, by hiring illegal aliens, can underbid contractors paying scale wages. "The only reason employers hire the aliens is for cheap labor," he says. Bishop sees no reason to bar illegal aliens from his union, however. "If a shop votes to go union, I can't refuse to take (aliens) in. I have nothing against them. I feel we all came from the other side. They're only coming for a better life. I'm against their being exploited."

NO IMMEDIATE REMEDY

An immediate legislative remedy for the illegal-alien problem isn't in sight. A federal law designed to prevent them from using Social Security cards to get work has been only minimally effective since it took effect last year. Though Social Security cards can be issued to aliens for such limited purposes as opening a bank account, the government set up an intricate checking system to prevent them from using the cards to apply for jobs as well. But many aliens have disregarded the law, figuring that the bureaucracy would be slow to catch up with them. Other job seekers use forged cards or give fictitious Social Security numbers.

Rep. Peter Rodino (D-N.J.) has introduced a bill that would bar employers from knowingly hiring illegal aliens. The House passed the bill twice in the past, but both times it died in the Senate immigration subcommittee before reaching the floor. An aide says that while Sen. James Eastland (D-Miss.), the subcommittee chairman, isn't opposed to such legislation, he believes it must be tied to a relaxation of regulations governing the importation of seasonal farm labor.

(Two states—California and Connecticut—passed measures similar to the Rodino bill. But both statutes were thrown out by the courts on the ground that the states had improperly assumed powers vested only with the federal government.)

Despite vigorous backing from organized labor, the Rodino bill is opposed by the Farm Bureau and the National Association of Manufacturers, which argue that it is the responsibility of the government—not the employer—to keep tabs on aliens within U.S. borders.

Staunchly in this camp is Howard Stern, president of EZM Corp., a Westbury, N.Y., based hospital-supply concern where 41 workers were seized as illegal aliens earlier this year. "I can't see passing the buck to the employer," Stern says. "No way do we have the resources. I think the onus has to be on the government. To make the employer a policeman—that's tough."

Frank W. Considine, president and chief executive of National Can Corp., thinks otherwise. His company supports the Rodino bill and is leading a voluntary effort among employers actively to discourage illegal aliens from seeking jobs.

"I believe the business community has a responsibility to take some leadership in this area," Considine says. "We are really the ones who can shut off the attraction by shutting off jobs."

National Can routinely asks job applicants if they have the legal right to work, and posts notices in all its plants announcing its intention to cooperate fully with immigration authorities. So far, the plan seems to be working. Immigration officials recently visited the National Can plant in Long Beach, Calif., where 25 illegal aliens were apprehended last year. This time, a company spokesman says, federal authorities found none.

AMNESTY PROPOSED

A number of liberal groups have voiced concern that the move to oust illegal aliens from the United States may lead employers to discriminate against legitimate aliens. They suggest that illegal aliens currently in this country be granted amnesty and that crackdowns be directed only against those who try to enter the United States illegally in the future.

Ronald Muller, an economist and co-author of a book on multinational corporations, is among those who advocate revision of U.S. immigration laws as the proper way of handling the illegal-alien problem. Muller argues that by favoring highly skilled immigrants, the present system encourages illegal entry by low-skilled workers and drains away talent from less-developed nations. "These are occupational skills that those countries may terribly need," he says.

A study done for the U.S. Labor Department and released last year recommends a number of revisions in the immigration law. Among those relating to illegal aliens: restricting or expanding the flow of legal immigrants depending on U.S. economic conditions; more judicious issuance of visas to persons, such as students, who are likely to work illegally, and denying work permits to anyone working illegally at the time an application for job certification is filed.

Though Muller favors changes in the law, he also thinks the current flood of illegal immigrants may eventually subside naturally. "During the 1950s and 1960s," he says, "the kinds of technologies used in Third World countries were not job-creating but job-destroying. Unemployment in the Third World increased by leaps and bounds." He notes, however, that in the past decade, large U.S. corporations have located plants abroad and have trained foreign nationals to staff them. As a result, he says, job prospects in underdeveloped nations have improved at a time when they have been declining in the United States. "I am much more optimistic about unemployment in Third World countries than in the United States," he says.

Such comments give small comfort to people like Louis-Jean, who must live underground as long as U.S. efforts to oust illegal aliens continue.

"We are told that we take jobs from Americans," he says. "But for a long time Americans wanted illegal aliens to come in. They never caused any trouble. They expected the worst. Now they are being made scapegoats."

[From the Nation's Business, May 1975]

HOW ILLEGAL ALIENS ROB JOBS FROM UNEMPLOYED AMERICANS

During 37 years of Marine Corps duty that included four in the top spot of commandant, Gen. Leonard F. Chapman, Jr. was not a man to throw up his hands in the face of a challenge.

But now, as head of the Immigration and Naturalization Service, he bluntly concedes that mastering the major difficulty facing his agency is "totally beyond our capabilities—just totally."

Gen. Chapman, who was named immigration commissioner in 1972 after retiring from the Corps, is referring to the huge—and growing—problem of illegal aliens.

"It has reached what I consider really alarming proportions," he told NATION'S BUSINESS. "There are literally millions of them here."

How many millions?

"My best guess is seven to eight million, with at least one million holding jobs—many of them good-paying jobs—at the same time eight million Americans are out of work.

"It's a moving target, increasing very substantially every year. Ten or 15 years ago, there were a few hundred thousand, nearly all in agricultural jobs in the Southwest. If things don't change, there will be 13 million to 15 million, scattered all over the country, within the next three or four years."

Last year, 800,000 foreigners who entered the country illegally were caught and sent back, but Gen. Chapman thinks that's only a third to a half of the total number who came in.

How do they evade detection?

By swimming the Rio Grande to Texas in classic "wetback" fashion, or walking across the 800-mile Southwestern land border between El Paso, Texas, and the Pacific.

"MARRIAGE" MILLS

Or by using more sophisticated techniques. There are millions of aliens in the country who have:

Entered legally as tourists or students and simply stayed on after their visas expired.

Been smuggled in on boats or in hidden compartments of trucks by organized rings charging up to $700 each.

Used fraudulent passports, visas or other documents.

Employed the services of brokers of bogus marriages, who arrange for an alien to "marry" a U.S. citizen, enabling the foreigner to qualify for permanent residence in this country. Charges for such services run as high as $1,500. The U.S. partner to the "marriage" may enter into several such arrangements a month—without benefit of divorce.

Most of the illegal aliens are Mexicans, but the number coming from other countries has been growing steadily, and today every part of the world is represented. Significantly, half or more of those holding jobs in the U.S. are not Mexicans, Gen. Chapman says.

He adopts a somewhat sympathetic attitude toward the majority of these people who so frustrate him and the agency he heads.

Noting the lengths to which they go to get here, he says: "The attraction of a job in this country is so great that no risk and, apparently, no price are too high for them."

He adds: "Most of them are good, hard-working people who look to this country as the only place where they can earn a decent living. You can't blame them very much for that.

"Our investigators checked out a cleaning crew in a big Chicago office building recently and found 41 of the women working there were Polish citizens. I don't doubt they were probably the best cleaning women anybody has ever seen. I really mean it."

Illegal aliens, he says, "send money back to their families, save, and, in most cases, eventually go back home and live relatively well."

But many never go home and many more might stay—and bring in relatives—were it not for the fear of being caught, Gen. Chapman says.

If the nation doesn't effectively deal with the problem of illegal aliens, he warns, "if we just throw open our doors, it wouldn't be many years before we had India's population problems."

WHERE YOU FIT IN

For the businessman, the issue has many facets.

While it is a crime for any aliens to represent themselves as American citizens, and for most of them to accept employment in the U.S. (the exceptions, of course, are limited to aliens legally in the country—and only to some of them), an employer commits no crime by hiring one, nor is there any obligation on the employer's part to ascertain a job applicant's nationality.

Many employers unknowingly hire "illegals," as they are called. A small number, Gen. Chapman says, hire them knowingly.

The general notes that such hirings can have short-range economic benefits for an employer: "He pays lower wages than he would have to pay Americans; and sometimes the working and living conditions he provides are substandard."

But, Gen. Chapman adds, "we are all subsidizing" any savings an individual makes in labor costs by hiring an alien: "That worker sends his children to school, his family uses hospitals and other public facilities, and he might even go on welfare. And many are paying no taxes at all."

The California Social Welfare Board estimated after a 1973 study that illegal aliens in its state were receiving $100 million a year in welfare payments and services. Nationally, that figure is in the billions, the Immigration Service estimates.

In a pilot program that the Service conducted jointly last year with Internal Revenue, 1,700 illegal aliens suspected as tax dodgers were found to owe $250,000 in income taxes, and $168,000 was actually collected.

Another adverse economic impact: The effect on the U.S. balance of payments of dollars—which Gen. Chapman says are conservatively estimated to total 1.5 billion a year—earned here and sent back to the aliens' home countries.

"So the taxpayers as a whole are footing the bill for whatever an employer saves by hiring illegal aliens," the general says.

Another reason that aliens are hired for certain jobs, he points out, is that "the employer can't get an American to do his farm work or punch his cattle or whatever he needs help for."

A farmer or other employer unable to recruit workers who are U.S. citizens can take advantage of a Labor Department program under which aliens are brought into the country to work for short periods. But paperwork is involved for the employer.

"The local labor office of the state employment service is required to give certification if the farmer can't get American laborers, but in point of fact the farmer often doesn't make the request," Gen. Chapman says. "Why should he? Why should he go through all the damn red tape when he probably has 200 fellows standing right outside his main gate ready to go to work, and there's no law that says he can't hire them?"

A BURDEN FOR BUSINESS?

The Immigration Service is backing legislation, introduced by Rep. Peter W. Rodino Jr. (D.-N.J.), making it an offense to knowingly hire an illegal alien. A job-seeker would have to certify to the prospective employer that he is a U.S. citizen (or that he's in the highly limited category of legal aliens entitled to obtain employment in this country—in which case, he would have to produce documentation).

If he's American, the job-seeker's statement can be oral or written, as the employer wishes. The Justice Department at one point wanted the measure to include a provision requiring all U.S. applicants for work to produce papers identifying them as citizens—a move criticized as smacking of a police state. The new Attorney General, Edward H. Levi, scratched the idea.

After posing the question and receiving the answer, the employer would have no further responsibility under the law—the burden would shift to the employee, who could be punished for misrepresentation.

On the other hand, an employer found to have knowingly hired an illegal alien would be liable to a warning for a first offense, and to a fine, imposed by the Immigration Service in a noncriminal proceeding, of up to $500 per alien for a second offense. For a third offense, the employer would face a criminal misdemeanor charge with a maximum penalty per alien of a year in jail and a $1,000 fine.

Challenges to the Rodino bill have come from the American Farm Bureau, the nation's largest employer of farm labor, which favors keeping illegal aliens out but proposes other ways than the pending legislation, and from religious organizations urging "amnesty" for illegals already here.

At its annual meeting last February, the Farm Bureau adopted a policy statement that said in part:

"We continue to oppose legislation that would put the burden of proof on employers as to whether a person is an illegal alien. We feel . . . [it] would place an unwarranted burden for law enforcement on employers . . . and would prove to be unworkable and ineffective in solving the problem of illegal aliens entering this country.

"This is no longer a farm employment problem. Most illegal aliens in almost every area of this country are working in nonfarm occupations.

"Instead of shifting the burden of enforcement to employers, we favor legislation that would make it illegal for any public agency or public official to approve or provide public services to illegal aliens. Tightening up procedures involved in the issuance of Social Security cards and requiring that those who apply for welfare, food stamps and other such social services show proof of their legal status as citizens or legal aliens would be more effective in locating such aliens and in discouraging their entry than other plans that have been advanced."

A Farm Bureau spokesman explains that employers may not be able to cover themselves under the law as easily as it might seem. For one thing, he says, many previous laws have been passed with official assurance of a minimal impact on businessmen—but the impact has turned out to be much more burdensome and costly because of rules drafted by enforcing agencies.

The United States Catholic Conference is the largest of organizations urging amnesty—granting illegal aliens now in the country legal status with the right to work and eventually become citizens. Most of these foreigners came to this country, these organizations say, at a time of economic boom, filling lower-paying jobs that Americans shunned.

Gen. Chapman questions the general amnesty approach on the ground that providing it would lead to recurring demands to allow later waves of illegal aliens to stay on. But he thinks special consideration might be given aliens who have been in the country for a decade or more and have deep roots here. Basically, however, he wants to confront the problem as it now stands: "I have told Congress several times that, with the Rodino bill and a couple of thousand more agents, we could do a number of things—one of which is to open up a million jobs for unemployed Americans."

The commissioner gives these insights into his current manpower difficulties.

Electronic devices that detect the presence of humans and relay the information to a headquarters (equipment originally developed for Viet Nam battlefields) have been installed at many points along the Southwestern land border but the Border Patrol is spread so thinly that half the alarms go unanswered.

There are fewer than 1,000 immigration investigators—officers assigned to nab foreigners who have managed to get into the country illegally—compared with the estimated eight million illegal aliens. There are 200 investigators and an estimated one million illegals in the New York City area: 100 investigators and a half-million illegal aliens in Chicago.

But it's not just a question of manpower, Gen. Chapman emphasizes.

"How can you man 6,000 miles of land border, not to mention two seacoasts?" he asks. "You'd probably have to have officers standing shoulder to shoulder. And you could turn the entire Marine Corps into immigration investigators and it wouldn't provide enough personnel to sort through 215 million people to locate seven to eight million illegal aliens when, at the same time, two or three more were coming in for every one you found."

He adds: "What we need more than anything else is the Rodino bill to make it illegal to hire them knowingly."

In pressing for the legislation's passage, Gen. Chapman bears down heavily on the opening up of jobs for Americans.

It's a mistake, he says, to dismiss the alien problem by saying that the illegals are just filling menial jobs Americans would spurn in any event.

"At one time, it was generally true that nearly all the illegal aliens working in this country were Mexicans doing stoop labor," he concedes. "But that's not the case anymore. Only about a third of the million aliens holding jobs are in agriculture. The biggest concentration now is in industry and in the service fields."

FROM PLUMBING TO INVESTING

He slides across his desk a long list of recently caught illegal aliens.

It includes a Greek earning $12 an hour as a plumber; two other Greeks receiving $9.71 an hour as painters (and arrested while working with a crew painting the Statue of Liberty); a wirephoto operator from Trinidad, $6 an hour; a Jamaican carpenter, $7; a jeweler from Colombia, $4.49; an airline office worker from Japan, $4; a real estate secretary from Germany, $5 an hour; and an art restorer from Israel, $9 an hour.

Also on the list: a restaurant owner, a bookkeeper, an auto mechanic, a computer technician, an investment adviser and the director of a university residence hall.

One recent investigation turned up four illegal aliens working as janitors in a private Washington, D.C., office building where a major tenant is—you guessed it—the Immigration and Naturalization Service.

By Mr. TOWER:

S. 3573. A bill to repeal titles XV and XVI of the Public Health Service Act. Referred to the Committee on Labor and Public Welfare.

Mr. TOWER. Mr. President, for the last several months I have looked with increasing alarm at a piece of legislation which the Congress passed in late 1974—the National Health Planning and Resources Development Act, Public Law 93–641.

This controversial measure was enacted in response to the fact that existing health planning programs had faced major problems over the years due to overlaping agencies at the State and local levels and the inability of the existing agencies to enforce planning decisions. There was general agreement in the Congress that some revision of health planning programs was necessary. This legislation mandated the creation of health systems agencies—a new national network of local planning agencies—in order to prevent unnecessary development of and to establish priorities for the development of health facilities and services and to monitor the use of Federal health funds in those designated areas.

While I was in accord with the assessment that some change in health planning programs was desirable, I strongly opposed the passage of this particular act, because I felt that its comprehensive regulatory provisions and Federal requirements would undercut the flexibility of State and local governments, impede the freedom of individuals to determine their own health needs, and minimize input by the medical community, subsequently leading to an overall decline in the quality and availability of health care.

Since Public Law 93–641 was enacted, I have followed it carefully, and I am even more convinced than ever of its odious ramifications. Because I have such grave reservations, I am today introducing a bill to repeal the National Health Planning and Resources Development Act of 1974, titles XV and XVI of the Public Health Service Act. I ask unanimous consent that the text of the bill be included in the Record at the conclusion of my remarks.

It is obvious that many of the health service areas created by Public Law 93–641 will face greater problems or difficulties than others, regardless of how the HSA's are comprised. Whether they are metropolitan or rural, or what groups are designated to run them. Nonetheless, a great deal of concern has been expressed to me from people in all aspects of the health care sector about the complexities of this act and the effects it will have on the distribution and quality of health care.

I especially fear the impact that this legislation will have on nonmetropolitan communities and the health facilities and services in those areas. I am concerned that the National Health Planning and Resources Development Act will totally disrupt the health delivery systems of rural areas. It will do this by establishing an essentially dichotomous system of medical care. Title XV, section 1502 mandates:

> (1) [t]he provision of primary care services for medically underserved populations, especially those which are located in rural or economically depressed areas,
>
> (2) [t]he development of multi-institutional systems for coordination or consolidation of institutional health services (including obstetric, pediatric, emergency medical, intensive and coronary care, and radiation therapy services),
>
> (7) [t]he development by health service institutions of the capacity to provide various levels of care (including intensive care, acute general care, and extended care) on a geographically integrated basis.

The long-term implications of these provisions should be apparent. I believe that, for a myriad of reasons, they would ultimately deprive the rural population of good medical care. These provisions would result in smaller, rural hospitals providing primary care, while specialty care would be available only in metropolitan health care centers. The subsequent transferral of seriously ill patients to metropolitan health care centers would drastically reduce the income to rural hospitals, effectuating a loss of personnel and the discontinuance of many services. Furthermore, good physicians cannot be expected to remain long in an area of primary care where they can participate in only a part of a patient's treatment, and young doctors will not be attracted to a rural practice limited in such a way. In light of the health manpower maldistribution problems that we are presently facing and the efforts the Federal Government is making to entice young physicans to rural areas, I find this provision somewhat paradoxical. It will be hard indeed to draw medical personnel to rural areas in which there are sadly inadequate medical facilities and where they will have little opportunity to stay abreast of current medical developments.

Moreover, the proposed plan will by no means achieve its stated objective of saving money. We are all well aware of the differential in the costs of medical and hospital services between rural and metropolitan areas. To this we must now add the expense of an administrative bureaucracy as well as the cost of tranfering patients to cities. Not only would this system prove extremely inconvenient to patients and their families, but the necessary travel to accompany the patients and the cost of accommodations away from home would place a heavy and unwarranted burden on many families and would likely precipitate a loss of income for some of the employed members of these families.

And finally, I find one of the most patently objectionable aspects of the National Health Planning and Resources Development Act to be that the freedom of choice of hospital facilities, treatment, and physicians will be replaced by a cumbersome and mechanized bureaucratic plan totally devoid of the human element so necessary in effective medical care.

Mr. President, I have dwelt on the problems that will ensue in rural areas as a result of Public Law 93-641, but there are innumerable other implications which I feel to be equally untenable. In my own State of Texas—which I doubt is too unlike any other State in this regard—there is already evidence that many of the health systems agencies designated to manage the health service areas will be unrepresentative of the community interests which they are supposed to serve. Battle lines have been drawn between competing groups anxious to gain control so that they might administer one of the most potentially powerful organizations in the entire health industry.

One of the reasons I am so concerned over the National Health Planning and Resource Development Act of 1974 is because of the underlying premise of this legislation that it will faciiltate the implementation of a national health insurance program if and when it comes into being. By seeking to establish at the Federal, State, regional, and local levels an interrelated system through which health planning, regulation, and allocation of resources will be determined, Public Law 93-641 represents a very real and unprecedented effort in nationalizing our health care system. Virtually all health facilities and services will be subject to regulation—not to mention funding—by health systems agencies, subject to HEW guidelines. I find this a frightening proposition. We have seen all too often in the past what excessive, though well-intentioned, Government regulation can do. Because of this act's potential for undermining efficient administration of health care programs, we shall inevitably get poorer health care in the bargain.

Mr. President, I think it obvious that the National Health Planning and Health Resources Development Act of 1974 is the proverbial ill-wind that blows nobody good. In fact, I believe that Public Law 93-641 is one of the most singularly ominous pieces of legislation ever to make its way through these hallowed halls of Congress. I, therefore, urge my colleagues to view it scrupulously and join with me in seeking its immediate repeal.

ADDITIONAL COSPONSORS

S. 2812

At the request of Mr. Percy, the Senator from Texas (Mr. Bentsen) and the Senator from Connecticut (Mr. Weicker) were added as cosponsors of S. 2812, the Regulatory Reform Act of 1976.

S. 3379

At the request of Mr. Mansfield, the Senator from Indiana (Mr. Hartke) was added as a cosponsor of S. 3379 the International Contributions, Payments and Gifts Disclosure Act.

S. 3424

At the request of Mr. Mansfield (for Mr. Jackson), the Senator from New Hampshire (Mr. Durkin) was added as a cosponsor of S. 3424, to minimize the use of energy.

S. 3547

At the request of Mr. Humphrey, the Senator from Pennsylvania (Mr. Hugh Scott) was added as a cosponsor of S. 3547, to amend title 38 of the United States Code.

SENATE RESOLUTION 357

At the request of Mr. Church, the Senator from Maryland (Mr. Beall) was added as a cosponsor of Senate Resolution 357, relating to prescription drug price disclosure.

AMENDMENT NO. 1750

At the request of Mr. Haskell, the Senator from New Hampshire (Mr. McIntyre) was added as a cosponsor of amendment No. 1750, intended to be proposed to S. 495, the Watergate Reorganization and Reform Act.

AMENDMENTS NOS. 1837, 1838, AND 1839

At the request of Mr. Domenici, the Senator from Nebraska (Mr. Hruska) was added as a cosponsor of amendments Nos. 1837, 1838, and 1839, intended to be proposed to the bill (S. 3422) the Natural Gas Act Amendments.

SENATE CONCURRENT RESOLUTION 121—SUBMISSION OF A CONCURRENT RESOLUTION PROVIDING FOR THE PUBLICATION OF "TODAY IN CONGRESS"

(Referred to the Committee on Rules and Administration.)

Mr. METCALF (for himself, Mr. Gravel, and Mr. Domenici) submitted the following concurrent resolution:

S. Con. Res. 121

Resolved by the Senate (the House of Representatives concurring), That (a) until otherwise provided by law, the Joint Committee on Printing (hereinafter in this concurrent resolution referred to as the "Joint Committee") may provide for the printing of a daily publication entitled "Today in Congress" (hereinafter in this concurrent resolution referred to as the "publication"). The purpose of the publication shall be to provide a summary of the planned daily activities of the Senate and the House of Representatives and to present a brief description of the manner in which the Congress conducts its activities.

(b) Not more than 10,000 copies of the publication shall be printed in daily form during each session of the Congress, except that the Joint Committee shall have authority to suspend printing of the publication for any period during any such session.

(c) The Joint Committee shall control the arrangement and style of the publication.

(d) The Clerk of the House and the Sergeant at Arms of the Senate shall provide for the distribution of the publication.

Sec. 2. (a) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this concurrent resolution.

(b) Until funds are appropriated under subsection (a), expenses incurred under this concurrent resolution shall be paid from the contingent fund of the House of Representatives.

TODAY IN CONGRESS

Mr. METCALF. Mr. President, today, along with Senators Mike Gravel and Pete V. Domenici, I am submitting a concurrent resolution providing for the printing of a daily publication entitled "Today in Congress." This publication is intended to provide tourists visiting the Capitol with a summary of the planned daily activities of the Senate and the House of Representatives. It also will contain a brief description of the manner in which Congress conducts its activities. A similar resolution is being introduced in the House by Congressman JACK BROOKS.

Mr. President, for 12 legislative days earlier this year the Joint Committee on Congressional Operations, with the assistance of the Joint Committee on Printing and the Government Printing Office, issued this proposed publication on a test basis. Each day during the test, 1,000 copies of "Today in Congress" were distributed to tourists in the rotunda of the Capitol. The Capitol guides have informed us that the publication was informative and helpful to visitors. One indication of its acceptance by the public is that copies were not found littering the Capitol grounds; obviously, they were kept by the recipients.

The format of the publication is meant to help tourists understand Congress. The front cover explains the purpose and use of the publication. The inside pages, extracted from the Daily Digest of the CONGRESSIONAL RECORD, provide information of today's meeting of the House and Senate, followed by all committee meetings scheduled for today. On the inside and outside back covers, visitors will find the office and telephone numbers of all Members of Congress.

Mr. President, it is particularly appropriate that we inaugurate "Today in Congress" in this Nation's Bicentennial Year. I urge the appropriate committees in both bodies to act expeditiously on this resolution.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENTS NOS. 1863 THROUGH 1866

(Ordered to be printed and to lie on the table.)

Mr. FORD submitted four amendments intended to be proposed by him to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1869

(Ordered to be printed and to lie on the table.)

Mr. ALLEN submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1871

(Ordered to be printed and lie on the table.)

PREVENTION OF ONE-THIRD REDUCTION IN SSI BENEFITS FOR DISASTER VICTIMS

Mr. CHURCH. Mr. President, I submit for printing my amendment to H.R. 10612 which would provide that recipients of SSI benefits who leave their own households, because of a major disaster would not have their benefits reduced by one-third. On June 5 a part of the Teton Dam collapsed, causing extensive flooding within a five-county area in Idaho.

The impact has been devastating: 6,000 families have been affected in one form or another; 1,014 homes have been destroyed; and 2,620 dwellings have been damaged.

The dollar cost of the flood varies considerably, with some estimates as high as $1 billion.

But the human tragedy is even worse. This is especially true for low-income aged, blind, and disabled persons who have been uprooted from their homes.

There are 1,048 supplemental security income recipients in the three counties most seriously affected—Jefferson, Madison, and Fremont. Of this total, approximately 854 live in their own households.

The social security district office serving these three counties estimates that one-half to three-fourths of all the SSI recipients have been adversely affected by the disastrous flood.

Many of these individuals have been forced to abandon their dwellings and seek temporary shelter elsewhere—typically in another person's household.

This can cause further economic hardship to SSI recipients, because their basic grants are reduced by one-third when, first, they reside in the household of another, and second, they receive support and maintenance.

Beginning next month, this means that the Federal SSI monthly income standard of $167.80 will be reduced by $55.93, to $111.87 for qualifying individuals. In the case of couples similarly situated, the SSI income standard would be reduced by $83.93, from $251.80 to $167.87.

These individuals who are now struggling on limited incomes can ill afford to have their basic benefits slashed by one-third. Their living expenses have already increased—and quite often substantially—because of the disaster.

They did not, of course, seek a new residence voluntarily but only because of necessity.

The bill that I now introduce is designed to remedy this situation. Specifically, it would allow SSI beneficiaries to continue to receive their full benefits for 6 months, if they are forced to leave their household because of a major disaster declared by the President under the Disaster Relief Act.

To my way of thinking, SSI recipients should not be penalized when they are forced to reside in another household because of a disaster.

The 6-month grace period in my bill would provide sufficient time for these individuals either to establish their own new residences or return to their former residences.

If they do not under these circumstances, their basic benefits would be reduced by one-third.

This approach, it seems to me, is imminently fair. Moreover, it can prevent an even greater hardship for low-income persons victimized by circumstances beyond their control.

Mr. President, I have personally observed the destruction caused by the flooding of the Snake River. And I strongly believe that our Nation should attempt to do everything possible to alleviate the suffering of these individuals, as well as insure that existing laws do not operate to their disadvantage.

For these reasons, I urge prompt approval of this legislation.

Mr. President, I ask unanimous consent that the text of the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1871

At the appropriate place in the bill, insert the following new section:

SEC. . AMENDMENT TO SUPPLEMENTAL SECURITY INCOME PROGRAM.

(a) IN GENERAL.—Section 1612(a)(2)(A) of the Social Security Act is amended—

(1) by striking out the word "and" which appears at the end of clause (i) thereof and by inserting a comma in lieu of such word, and

(2) by inserting immediately before the semicolon at the end thereof the following: ", and (iii) support and maintenance shall not be included and the provisions of clause (i) shall not be applicable in the case of any individual (and his eligible spouse, if any) for the period which begins with the month in which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in a residential facility (including a private household) maintained by another person and ends with the close of the month in which such individual (or such individual and his eligible spouse) ceases to receive support and maintenance while living in such a residential facility (or, if earlier, with the close of the fifth month following the month in which such period began), if, not more than 30 days prior to the date on which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in such a residential facility, (I) such individual (or such individual and his eligible spouse) were residing in a household maintained by such individual (or by such individual and others) as his or their own home, (II) there occurred within the area in which such household is located (and while such individual, or such individual and his spouse, were residing in the household referred to in subclause (I)) a catastrophe on account of which the President declared a major disaster to exist therein for purposes of the Disaster Relief Act of 1974, and (III) such individual declares that he (or he and his eligible spouse) ceased to continue living in the household referred to in subclause (II) because of such catastrophe".

(b) EFFECTIVE DATE.—The amendments made by this Act shall be applicable only in the case of catastrophes which occur on or after June 1, 1976.

AMENDMENT NO. 1873

(Ordered to be printed and to lie on the table.)

Mr. HANSEN. Mr. President, since the Tax Reform Act of 1969, the Congress and the Internal Revenue Service have provided moratoriums on the implementation of provisions of the act which would include the value of both moving and storage expenses in the gross income of service personnel. The Government has thus clearly recognized that these provisions of the act are not revenue producing. The Finance Committee has approved language to provide a permanent exclusion from gross income for all moving expenses provided by the Government for military personnel, but due to oversight and the press of time, did not address storage expenses for military personnel. Storage of household goods in an integral part of many oversea moves, and service personnel have no option but for the Government to store their goods. This storage is for the benefit of the Government and saves considerable expense. The cost of this storage should not be imputed as income to them. Section 912 of the Internal Revenue Code already excludes from gross income expenses of storage in the case of Federal civilian employees assigned to oversea areas where they are prohibited from taking household goods.

Failing to provide for this will change the present treatment of these items, substantially impact on morale, and cost over $1 million for the Department of Defense to administer.

The amendment I submit applies to military personnel. It does not categorize storage expenses as a deduction. It merely excludes involuntary storage expenses, part of nearly every oversea move, from the income of military personnel. We have wisely provided such exclusion for all other incidents of a move pursuant to military orders. We should likewise do so for these involuntary storage expenses, just as the law already provides for Federal civilian employees.

In addition, my proposed amendment clarifies certain provisions of section 507 of the bill to conform with the circumstances of military moves and with what the administration recommended. It provides for situations involving service moves not incident to a permanent change of station such as when a member is ordered to move into or out of on-base quarters but remains assigned to the same base.

It also clarifies the provisions concerning dependents' moving and storage expenses when they do not accompany a member overseas. The bill before us fails to provide relief for an unaccompanied tour to Hawaii, fails to provide relief when dependents are moved to a location other than in the United States—a move that is authorized by the Secretary concerned in certain cases, and fails to provide relief for moving expenses when the dependents are moved from the authorized location to join the member at his subsequent duty station.

In summary, by adopting this amendment, section 507 of the bill will have the following effects for military personnel:

First. The requirement for a move to be of over 35 miles and employment to be for over 39 weeks before certain expenses are deductible will not apply to moves made pursuant to military orders.

Second. The Secretary of Defense will not be required to report to the Internal Revenue Service the value of moving and storage expenses furnished in kind to service members or dependents moved pursuant to military orders.

Third. The value of moving and storage expenses furnished in kind will not be includable in the gross income of service members moved pursuant to military orders.

Fourth. The value of moving and storage expenses furnished in kind to dependents who are moved to a designated location while the service member serves an unaccompanied overseas tour will not be includable in the gross income of the service member or dependents.

Mr. President, I urge approval of this amendment and I ask that it be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 211, lines 24 and 25, strike the words "and incident to a permanent change of station."

On page 211, line 25, insert the words "and storage" after the word "moving".

On page 212, strike lines 6 through 17, and insert in lieu thereof the following:

(2) Separate moving expenses of dependents

If a member of the Armed Forces of the United States, on active duty, moves pursuant to a military order to a location outside of the continental United States (exclusive of Alaska) and his dependents move to a location approved by the Secretary concerned or from such approved location to the member's next duty station to which his dependents are authorized to travel, this section shall apply to the moving and storage expenses of the dependents of such member.

On page 213, lines 6 and 7, strike the words "and incident to a permanent change of station,"

On page 213, strike line 8 and insert therefor "apply to the moving and storage expenses which are furnished in kind incident to those orders"

AMENDMENT NO. 1874

(Ordered to be printed and to lie on the table.)

Mr. HATFIELD. Mr. President, today I am submitting an amendment to H.R. 10612 which would increase the exclusion from gross income gained from the sale or exchange of a residence by an individual who has attained the age of 65. This would involve a relatively minor change in the law and would not result in a serious revenue loss. The amendment is identical to my bill, S. 1142, cosponsored by Senators BEALL, HUMPHREY, and YOUNG.

The Revenue Act of 1964 added a new feature to our tax code which gives a $20,000 exclusion from capital gains tax for persons over 65 who sell their homes. As pointed out by the Senate Finance Committee when this provision was enacted:

> The elderly person whose family has grown and who no longer has need for the family homestead . . . may desire to purchase a less expensive home or move to an apartment or to a rental property at another location. He may also require some or all of the funds obtained from the sale of the old residence to meet his and his wife's living expenses.

This feature of the tax law has served retired people well during the past 10 years. At the same time it has not become a significant tax "loophole." According to the Department of Treasury in its Special Analyses to the Fiscal Year 1977 Budget, the cost of this exclusion in tax dollars not collected is only $50 million, a very small percentage of the total "tax expenditures" which reduce individual income tax payments.

The sale price of homes has gone upward along with the general price level since the senior citizen exclusion was instituted in 1964. According to the National Association of Realtors, the median sales price of existing single family homes in 1966 was $18,760. This figure reached $23,030 by 1970 and $32,040 in 1974. The most recent figure, for April, 1976, was $37,670. In other words, the sale price of homes has more than doubled since the exclusion was established.

Mr. President, to restore the senior citizens exclusion to its comparable level in 1964 and to achieve fairness to those who sell their homes after age 65, my bill would increase the exclusion to $35,000.

It should be noted that the House Ways and Means Committee in a report on August 22, 1974, indicated a tentative committee decision to extend the exclusion to $35,000. Although the House did not take action on that particular bill, I think it is time to update this provision of the tax code.

This change in the tax laws is not contrary to the spirit of income tax reform which I have advocated in connection with my simpliform tax plan, S. 802. The increase in the senior citizens exclusion would not result in a substantial revenue loss and would restore the original intent of the law, that the average senior citizen would not pay capital gains tax on the sale of his or her home. Until we are able to eliminate other, more costly tax breaks, this provision of the law needs to be made more equitable.

AMENDMENT NO. 1875

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself, Mr. HOLLINGS, Mr. MATHIAS, Mr. BROOKE, Mr. CLARK, Mr. GARY HART, Mr. PHILIP A. HART, Mr. HARTKE, Mr. HASKELL, Mr. HATHAWAY, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. KENNEDY, Mr. MONDALE, and Mr. PROXMIRE) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 10612), supra.

AMENDMENTS NOS. 1876 AND 1877

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY submitted two amendments intended to be proposed by him to the bill (H.R. 10612), supra.

SURETY BOND GUARANTEE FUND INCREASE—S. 3370

AMENDMENTS NOS. 1867 AND 1868

(Ordered to be printed and to lie on the table.)

COMPENSATION FOR LOSSES SUSTAINED ON ACCOUNT OF INSOLVENCY OR BANKRUPTCY OF SURETY COMPANIES

Mr. BUMPERS. Mr. President, on December 12, 1975, the Senate agreed to my amendment No. 1256 to S. 2498, the Small Business Investment Act Amendments of 1975. The amendment is explained in some detail on pages S22007 and S22008 of the RECORD for that day.

The situation that gave rise to the amendment may briefly be described as follows. Under existing law, the Small Business Administration is authorized to guarantee surety companies against up to 90 percent of their losses as a result of the breach of the terms of a bond in certain circumstances. In general, SBA will guarantee the terms of a bond if the contractor who is the principal of the bond is a small business concern and is unable to obtain the bond on reasonable terms and conditions without a guarantee from SBA. There must also be a reasonable expectation that the contractor will perform the contract with respect to which the bond is required. Under this program, a number of small-business contractors have been able to secure contracts that they would otherwise have been unable to handle. Surety companies, relying on

SBA's guarantee, have been willing to issue performance bonds that would not otherwise have been issued.

From time to time, however, it unfortunately happens that contractors and surety companies become bankrupt or insolvent. In this event, the obligee of the bond, the person for whom a building, say, is being constructed, not only sustains the loss occasioned by default of the contractor, but also is without a solvent surety company with the ability to make him whole, as contemplated by the bond to begin with. In this situation, present law forbids SBA to make a payment directly to the obligee of the bond. The law requires SBA to make payments in the event of loss only to the surety companies themselves. If a surety company is insolvent or bankrupt, SBA still makes payment to the surety, or to its trustee or receiver. Consequently, the benefit of the payment may actually never reach the owner of the project on which the contractor has defaulted. Other creditors of the insolvent or bankrupt surety may share, in whole or in part, in the payment made by SBA to it.

The situation does not arise very frequently, but it has happened a couple of times quite recently, and statutory correction would be relatively simple. I, therefore, proposed, and the Senate agreed to, amendment No. 1256. The amendment would simply have added a new section at the end of title I of S. 2498. This section would have required SBA, in the event of default by a surety company in the event of insolvency or for any other reason, to make payment directly to the owner of the project with respect to which the bond was issued, instead of to the surety company or its receiver. In this way, the person who has really suffered a loss, and for whose benefit the bond was issued, would have been made whole, or nearly so, and the purpose of the guarantee program would have been better fulfilled.

The distinguished Senator from North Carolina (Mr. Morgan), who was managing S. 2498 at the time, graciously accepted the amendment. He said on the floor of the Senate:

> I think it is a contingency that would seldom arise, but one that would need a remedy if it should arise.

When the bill went to conference, however, this amendment met with some resistance. The amendment, it was pointed out, would operate not only in cases of insolvency, but also in cases of default by surety companies on account of "other cause." Probably the phrase "or other cause" should not have been in the amendment in the first place. It was never my intention to convert the surety bond guarantee program into a direct relationship between SBA and obligees in all instances of failure of payment by sureties. A surety, for example, might be perfectly solvent and able to pay, but yet decline to make payment because of some substantial defense, either under the terms of the bond or otherwise. In such cases, it was not my intention, and it would be unwise, to require SBA to make payment directly to the obligee of the bond. My intention in offering amendment No. 1256 was to meet the narrow problem created when surety companies become insolvent or bankrupt. I can understand, accordingly, why the committee of conference chose not to retain the provisions of amendment No. 1256 in the conference report on S. 2498.

Mr. President, there is now another bill on the calendar, S. 3370, to which this amendment would be relevant. This is a bill to amend section 412 of the Small Business Investment Act of 1958, Public Law 85-699, to increase the authorization for the Surety Bond Guarantee Fund from $35 million to $88 million. I intend to offer an amendment to S. 3370 to accomplish the purposes of amendment No. 1256, but the new version of the amendment will omit the offending phrase "or other cause." The new form of the amendment would create a direct obligation by SBA to make payment to obligees only in the case of insolvency or bankruptcy of a surety company. As already indicated, this was my original intention, and the new wording will make clear that the legislation would be limited to this narrow but meritorious class of cases.

Mr. President, I ask unanimous consent that the text of the amendment, together with a technical amendment to the title of the bill S. 3370, be printed in the Record.

There being no objection, the amendments were ordered to be printed in the Record, as follows:

AMENDMENT No. 1867

On page 1, line 6, insert the following: "Section 2. Section 411 of Title IV of Public Law 85-699, as amended, is hereby amended by inserting at the end thereof the following new subsection (e):

" '(e) If there is a breach by the principal of the terms of a bid bond, performance bond, or payment bond, resulting in loss to the obligee, and if the surety by reason of insolvency or bankruptcy defaults and does not discharge its obligation to the obligee, the administration shall, notwithstanding any other provision of law, pay the obligee whatever sum would otherwise have been payable to the surety under Subsection (b) of this Section 411.'."

AMENDMENT No. 1868

Amend title of the bill to read as follows: "A bill to amend the Small Business Investment Act of 1958 to increase the authorization for the Surety Bond Guarantee Fund, and for other purposes."

EXPORT ADMINISTRATION ACT EXTENSION—S. 3084

AMENDMENT NO. 1870

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted an amendment intended to be proposed by him to the bill (S. 3084) to extend the Export Administration Act of 1969, as amended.

ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION AUTHORIZATIONS ACT—S. 3105

AMENDMENT NO. 1872

(Ordered to be printed and to lie on the table.)

Mr. GRAVEL. Mr. President, today I am submitting an amendment to S. 3105, the bill authorizing fiscal year 1977 appropriations for the Energy Research and Development Administration.

My amendment concerns ERDA's nuclear weapons activities. Under the provisions of the amendment, ERDA would be directed to cease the production of new plutonium for use in weapons. In addition, the Secretary of Defense would be ordered to make public certain nonsensitive information about the size of our nuclear arsenal; and the amendment would provide for meaningful congressional participation in any decision to increase the size of that arsenal.

I would like to explain each of these provisions.

PLUTONIUM

S. 3105 authorizes the continued production of weapons-grade plutonium. I believe, however, that the United States already possesses more than enough plutonium to maintain a completely adequate deterrent force. The production of new plutonium, itself a hazardous activity creating huge quantities of radioactive wastes, should be stopped. The U.S. stock of fissionable materials for weapons was already so large more than 10 years ago that the Government offered to cut off production on a bilateral basis. In the decade since, even more of these materials have been accumulated. These fissionable materials do not lose their potency, and they can be reused in new weapons when older warheads become obsolete. We have some 30,000 weapons deployed now, in addition to a huge stockpile of nondeployed weapons and fissionable materials. There is no question that in these weapons and in the stockpile there already exists enough plutonium and highly enriched uranium to assure a completely credible nuclear deterrent. In other words, a fully modernized nuclear force can be maintained without producing new weapons-grade plutonium. Since all the plutonium we need exists already in deployed weapons and in the stockpile, it can simply be transferred from these sources to new weapons, as the need for modernization may require. In this way, too, the environmental hazards involved in plutonium production would be averted. Already, more than 200 million gallons of high-level radioactive wastes have been generated in our production of weapons-grade plutonium; and ERDA projects 32 million more gallons over the next 10 years. The ultimate storage of these wastes, like the wastes of commercial nuclear powerplants, is still an unresolved problem.

SECRECY

The military and ERDA rely on excessive secrecy to squelch legitimate public debate on the nuclear threat. Nuclear secrecy is so extreme that even the most basic facts about our nuclear arsenal are not generally known. This amendment would not require disclosure of truly sensitive information. But it would require that the basic facts be made known: the total number of U.S. nuclear weapons, their total destructive power, and the size of our stockpile of weapons-grade materials. This information must be in the public domain if citizens are to affect nuclear policy. I believe that if the size of our nuclear arsenal becomes widely known, citizens will call for fewer atomic weapons, not more.

CONGRESSIONAL CONTROL

This amendment would require the President to announce any projected increase in the U.S. nuclear arsenal, whether the increase be in terms of numbers of deployed weapons or in terms of total megatonnage. Either House of Congress would then have 60 days to disapprove the increase. This would give to Congress the control it should have over nuclear weapons policy without at all taking away the President's initiative. It also would not affect weapons modernization—it relates only to the size of the nuclear arsenal.

The threat of nuclear war is, in my opinion, the greatest one facing the world today. Unlike food or resource shortages, it is a problem over which we have a large degree of control. The nuclear arms race is a central feature of our national life today. And yet we in Congress rarely even discuss the subject, and we act as though it is outside our control. This, it seems to me, is the course that will lead us to disaster.

Given the magnitude of the nuclear threat, the measures which I propose are modest, merely a first step toward a sane nuclear defense policy—and a first step, too, toward the "new manner of thinking" that Albert Einstein told us we would need in order to survive the atomic age:

> Our world is threatened by a crisis whose extent seems to escape those within whose power it is to make major decisions for good or evil. The unleashed power of the atom has changed everything except our ways of thinking. Thus, we are drifting toward a catastrophe beyond comparison. We shall require a substantial new manner of thinking if mankind is to survive.

Mr. President, I ask unanimous consent that the text of the amendment be printed in the Record at this point.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

AMENDMENT No. 1872

At the end of the bill, add the following:

TITLE IX—PROHIBITION AGAINST THE PRODUCTION AND PURCHASE OF NEW PLUTONIUM FOR USE IN WEAPONS

Sec. 901. Notwithstanding any other provision of this Act, the Energy Research and Development Administration is hereby directed to cease, within 60 days after the date of enactment of this Act, the production and purchase of fissionable nuclear materials for use in weapons. Thereafter, the production or purchase of such materials for use in weapons made be made only if specifically authorized by legislation enacted after the date of enactment of this Act.

Sec. 902. The Secretary of Defense is hereby directed to submit a report to the Congress, within 30 days of the enactment of this Act, setting forth:

(1) the total number of nuclear weapons deployed and the total number of such weapons stored by the United States as of the date of enactment of this Act;

(2) the total potential explosive yield of nuclear weapons deployed by the United States; and

(3) the total amount, in weight, of weapons grade plutonium and of weapons grade uranium possessed by the United States.

Sec. 903. (a) The United States shall not deploy nuclear weapons in excess of the number deployed as of the date of enactment of this Act, as reported pursuant to section 902(1); nor shall the total potential yield of such weapons exceed the yield figure reported pursuant to section 902(2); except that the President may authorize an increase in such number of deployed weapons and/or the potential yield thereof if—

(1) he reports to the Congress the extent of such increase and certifies to the Congress in writing that such increase is essential to the national defense of the United States;

(2) 60 days of continuous session of the Congress have expired following the date on which certification with respect to such increase is received by the Congress; and

(3) neither House of Congress has adopted, within such 60-day period, a resolution disapproving such increase.

(b) For purposes of this section, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of such 60-day period.

NOTICE OF HEARINGS ON DEFAULT OF POTATO CONTRACTS ON NEW YORK EXCHANGE

Mr. HUDDLESTON. Mr. President, the public has been made aware in recent days of the default of major proportions on contracts for future delivery of potatoes traded on the New York Mercantile Exchange.

In order that the Congress be better informed of what caused this major default, and what steps are being taken by the New York Merctantile Exchange and the U.S. Commodity Futures Trading Commission, the Subcommittee on Agricultural Produtcion, Marketing, and Stabilization of Prices has scheduled a hearing next week.

The hearing will commence at 10 a.m., on Monday, June 21, in room 322, Russell Senate Office Building, the hearing room of the Committee on Agriculture and Forestry.

The subcommittee intends to hear from the Honorable William Bagley, Chairman of the Commodity Futures Trading Commission, and Mr. Richard B. Levine, President of the New York Mercantile Exchange.

ADDITIONAL STATEMENTS

THE MAGNITUDE OF THE TETON DAM DISASTER

Mr. CHURCH. Mr. President, on Saturday, June 5, the newly constructed Teton Dam located a few miles northeast of Rexburg, Idaho, burst. The resulting flood waters swept down the Teton and Snake River Valleys devastating everything in their path.

Fortunately, the death toll from this disaster has remained relatively low, with 10 people now reported dead and one other person still missing.

However, the personal damage sustained by the people of this area of Idaho is hard to believe. Estimates of the damage to homes, businesses, and farms have gone as high as a billion dollars.

The early newspaper reports from throughout Idaho tell a very sad but graphic story about the magnitude of this disaster. So that my colleagues might be aware of just how much the failure of this Federal dam will cost the residents of my State, I ask unanimous consent that these early newspaper accounts be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Idaho Statesman, June 7, 1976]

ESTIMATES OF DAMAGE SKYROCKET

(By Jerry Gilliland)

The rushing brown waters of the Teton River caused more than $500 million in property damage Saturday, including damage to 2,900 homes and 1,000 farm buildings in Madison County.

That was the preliminary estimate issued Sunday by Madison County officials who said the $559,840,000 estimate probably is "low."

The river flooded when the nearly completed Teton Dam failed Saturday. The wall of water unleased by the broken dam smashed homes and farm buildings, sweeping many off their foundations and carrying them downstream.

After an aerial survey county officials poured over assessment records and estimated that 2,900 homes had suffered at least 80 percent damage—an estimated loss of $139,200,000.

In addition, buildings on 1,000 farms were at least 50 per cent damaged, for a loss of $25 million. The loss of equipment on the 1,000 farms is estimated at $50 million.

Crop damage was estimated to be $80 million and livestock loss at $4.9 million.

Some 700 miles of roads and bridges were reported damaged at an estimated cost of $84 million. Equipment of various kinds valued at $5 million was lost.

Businesses in Madison County were estimated to have suffered $150 million in damages. Eyewitnesses said Sugar City was flattened, but no one Sunday seemed to know what happened to the four potato warehouses there.

The fate of the Rogers Brothers Food Co. food processing plant north of Rexburg also could not be determined Sunday.

Witneses said they saw water flowing through the second-story windows of businesses in downtown Rexbury during the height of the flood Saturday afternoon indicating at the least heavy water damage to merchandise.

Damage to United Pacific railroad tracks was put at $1.74 million. John Hough, administrative assistant to Gov. Cecil D. Andrus said he saw one section of track bent into a quarter-mile-wide horseshoe by the waters.

Telephone and electrical lines and poles were swept away. Damages to public utilities were estimated at $20 million.

Utah Power and Light Co. had a helicopter and crew from Ogden on the scene by Saturday night, ready to restore the estimated 200 miles of power lines downed in the Rexburg area.

State Transportation Director Darrell Manning said Sunday that a full scale review of damages to state highways in the area will be made today.

Both Interstate 15 and U.S. Highway 191 had water over them and were closed, Manning said.

"Two major bridges appear to both be damaged and one overpass near Sugar City was washed out", Manning said. "Damage assessments in some areas can't be made today because of high water still."

He said he hoped by today to be able to estimate the time required to put the two highways back into service and the cost of the repairs.

"We will attempt to open it as rapidly as possible." Manning said "In other floods we've had, we have been able to restore service relatively soon.

[From the Blackfoot News, June 8, 1976]

Many Missing Flood Victims Turn Up Alive

(By Bob Kuesterman)

Idaho Falls, Idaho.—Many of the missing began turning up alive Monday as flood waters spread as far as 60 miles downstream from the collapsed Teton Dam, a structure at least two geologists had said might leak because of poor soil conditions.

Seven people were confirmed dead in flooding along the Teton and Snake rivers after the recently completed dam collapsed Saturday. Officials said 298 persons were treated for injuries, but only five were hospitalized.

The Red Cross said at least 3,000 homes were destroyed. Damage was estimated in the hundreds of millions of dollars.

A Boy Scout troop of 80, listed as missing for more than a day, turned up safe, said Bob Howard, Red Cross spokesman. This reduced the count of missing to about 60. He said 6,000 cattle were lost in the area of Rexburg, a city of 10,000 hardest-hit by the flood.

The flood water spread Monday to the Blackfoot area, 60 miles downstream, flooding a shopping center, a golf course and a hundred homes.

But upstream, the water was receding in Rexburg and other cities where damage estimates reached $350 million. In upstream areas, there was fear of disease from animal carcasses and water poisoned by farm pesticides.

Some people started removing their belongings from their waterlogged homes, fearing that thieves might take whatever little was left.

Others had nothing to retrieve. One of the destroyed farms belonged to Harvey Klein, who said he spent 21 years building the place, 18 miles from the dam.

Klein said that when he heard the flood was coming he took his family away first, hoping to return to salvage something.

"But then I looked about a quarter of a mile and the water was just rolling 10 feet deep, trees in front of it, nothing but just a big old cloud of dust where the water was bringing these trees through.

"I think it was going 15–20 miles an hour, the water coming over that hill.

"We just barely made it out. Never saved a thing. Everything's gone," said Klein.

His wife Irene said, "I feel a lot of hard work gone. We don't really have anything left. We don't know what we're going to do. But we're glad we've got our kids."

"There's no future here, I don't think," said Mrs. Klein, crying as she looked at shattered buildings and broken farm equipment.

The 307-foot-high, earthfill dam was being filled for the first time when it gave way at noon Saturday.

Fishermen and environmentalists had opposed it, but their lawsuit was dismissed by a federal court. The 9th U.S. Circuit Court of Appeals upheld the lower court's dismissal.

Two government geologists had questioned the stability of the canyon around the dam.

In 1973, a former Bureau of Reclamation geologist, Shirley Pytlak, warned that the $55-million dam might leak because of the nature of the soil in the area. Testifying in federal court, she said 300 gallons of water a minute poured into test holes where the dam was to be built.

"It just soaked it up," she said. "If this much water can be absorbed by drill holes, how much would leak from the whole reservoir?"

The flooding and threatened flooding stretched over 100 miles of the Teton and Snake rivers in eastern Idaho between the dam site and the 50-year-old American Falls Dam, itself weakened by age and kept below capacity pending replacement.

There were relatively few people in the area between Blackfoot and the dam. In the Blackfoot area, population 10,000, about 400 people had been evacuated. About 100 homes were damaged, mostly in nearby Firth.

Flood May Have Long-Time Effect

(By Emily Hone)

Although damages from the Teton Dam flood are expected to run into the hundreds of millions of dollars, the true scope of the disaster has yet to be realized.

Farmers feel the flood may very well be the biggest disaster ever to hit the state, both in terms of personal property loss and damage to the state's economy which will result from lost irrigation sources and future crops.

They foresee at least 20 years of reclamation work in the 100-mile stretch of the Upper Snake River Valley affected by the flood.

The flood occurred at a critical period in the growing season, when irrigation of emerging crops was just beginning.

In addition to the thousands of acres of crops lost to the flood, virtually every canal heading on the Snake River from the Teton Dam to American Falls has been damaged. If the canals cannot be repaired in time to irrigate, farmers depending on this source for irrigation water will also lose their crops.

In addition, growers whose land was not in the path of the flood and who utilize sprinkler irrigation are also being affected. Many have been ordered to turn off or reduce usage of their pumps to avoid further strain on electricity supplies. The electricity of other growers has been interrupted by power outages.

Growers west and north of Blackfoot have gone two days without irrigating their new crops.

"If we have to shut off four more days, we may as well have a flood out there too," one said.

Also affected will be the farmers north of Rexburg and in the St. Anthony area who were slated to draw their irrigation water from the Teton. Alternate sources of water will probably not be provided in time to save their crops.

The area directly affected by the flood was one where the chief method of irrigation was surface water. Because the lands will have been eroded and rearranged by the force of the water, most will no doubt convert to sprinkler systems rather than releveling their land.

But the power companies will have all they can handle for quite some time just getting power back into the private residences. Providing electricity for new sprinkler systems will not be first on the priority list.

Lost in the flood was the Rogers Brothers processing plant at Rexburg, one of the largest in east Idaho.

Because of the projected loss of future crops due to the flooding, speculation among farmers is that both the Rogers Brothers plant and the Simplot processing plant destroyed by fire at Caldwell earlier this spring will be rebuilt in Washington where there is still a ready supply of potatoes.

[From the Idaho Statesman, June 6, 1976]

Shaken Victims Camp at Ricks College

(By Pat Thornton)

Rexburg.—Glassy-eyed, disbelieving people sat taking what comfort they could from shade trees, scattered across the Ricks College campus.

They were isolated, cut off from the rest of the world by communications blackouts and by the glistening, but muddy waters that surrounded them.

This water, their captor, was also responsible for shattering many of their lives, their dreams, their hopes.

It had swept away their homes, their pets, their livestock and perhaps some of their loved ones.

A couple of thousand people wandered aimlessly from building to building, accepting free soup and coffee from a hastily set up campus kitchen and from motor homes. The scene at Rexburg was devastating. Muddy, foamy, brown water inundated everything. Cars floated by. Tree were uprooted. Farm equipment was scattered like abandoned toys.

Tiny islands held clusters of two and three cars or trucks, with people huddled together waving frantically hopefully at the helicopters passing overhead.

Miles of Union Pacific railroad track was under water, and that which was not served as a collection point for debris of every kind.

There was a Hereford cow kneedeep in mire along the track, passively chewing her cud.

A half mile farther on, another cow was not so lucky.

Many other pets also were unlucky.

Hal Ferguson said he left four kittens and his neighbor has been evacuated without "some very expensive horses. We didn't know how much time we had," he said.

"So we just left everything."

"Everything" included what Ferguson described as a "big truck we could have lived out of if we had it here . . . but I hadn't started it up for the summer yet."

Army field telephones were set up and manned throughout the campus. It was the only means of communication available.

At one, an unidentified policeman said he was from Ririe—"That's a little town I hope is still there," he said. He said when the news of the dam break first came out, "The guy over the radio laughed. He thought it was a big joke."

Sgt. C. C. Hammer of the Rexburg Police Department was obviously shaken by what he saw amid that debris.

He described seeing an entire house float by, followed by a barn and animals.

He also said, "You know that concrete bridge? Well, it just snapped like so many toothpicks.

"I know there were some people who did not get out. They just didn't know about it. And when that wall of water hit them . . ."

Reid Wilding of Sugar City called it "a big wall of crap. You know, brush, houses, cars, logs."

His wife said she was in the doctor's office in Rexburg when the report came in, and went the four miles straight home to pick up her son.

Although they didn't know exactly how much time they had, the Wildings took enough time to put many of their personal possessions on the second floor of their house. He also took the time to carry seven lambs to the hayloft of the barn.

"I just put them up there with a bale of hay and said goodby."

He shook his head, pulled a floppy-brimmed hat to shade his eyes. "To think we wanted that dam. We still do. It's a good thing."

[From the Idaho State Journal, June 7, 1976]

Pre-Flood Rexburg Rapidly Organized

(By Dan Flynn)

Rexburg.—We arrived in a city that was fleeing to higher ground. Everywhere people were rushing, Saturday, trying to take care of last details before the onslaught of the wildly rushing waters of the Teton River.

Merchants in the largely Mormon community of Rexburg were sandbagging their store fronts as we arrived.

We left Pocatello as soon as the police radio announced the huge Teton Dam was breaking. Four Idaho State Police roadblocks slowed us only slightly as we explained to officers in charge that as reporters we had to get as far north as possible before the flood waters hit.

Already we knew that Rexburg would be the end of the line for us. The police and a St. Anthony radio station were reporting the road north of Rexburg blocked as a 15-foot wall of water rushed down from the new dam.

Except for a few merchants, downtown Rexburg was a ghost town when we arrived. State police, Rexburg city police, Madison County sheriff's officers, and national guardsmen were rushing about directing townspeople to higher ground around Ricks College.

We were trying to find a command post. We were first told a CP was set up at the city police station, but only two officers remained, and they were getting ready to pull out. They suggested we try the National Guard Armory.

There, guardsmen were evacuating all trucks, jeeps, and other equipment to higher ground behind Ricks College. Guardsmen told us their armory, located in north Rexburg would soon be indundated by water.

Our next thought was to check the route, U.S. 191 and 20, north of Rexburg. We stopped to take some "before" pictures of the river from a small bridge north of Rexburg. About a hundred head of cattle were lazily grazing along the banks.

The time was 2:10 p.m. As we stood on the bridge, state police cars with all lights flashing came flying past.

Since state troopers don't usually seem like excitable types, we thought it best to follow. We pulled in behind a deputy who was stopping at the police station.

"That water will be here in ten minutes," he said. "We just saw it. It's pushing tractors, houses, and everything else."

His prediction was essentially accurate. By 2:30 p.m., the little bridge, the police station, and the entire northside of Rexburg was under water.

As the flood water swamped Rexburg to an estimated eight to ten feet, local authorities were trying to get a command post organized at the Army Reserve Center above Ricks College.

Madison County commissioners, Civil Defense coordinators, guardsmen, Rexburg city officials, Idaho State Police, and others were represented.

Back and forth across a make-shift conference table flew suggestions, as dozens of people went in and out of the room. "We'll have to take precautions against looting," said one.

"The governor has been notified; the state patrol and the guard will be available," added a trooper.

"We'll need life jackets and all the nylon rope we can get," a county commissioner said. A local store owner was sent off to round up those items.

Emergency preparations continued throughout hundreds of interuptions and much confusion over who was in charge of what.

Problems with water, power, and telephone communications, spotting victims trapped by flood waters, landing pads for helicopters, typhoid inoculations, the homeless, and countless other details were handled by authorities in the command post.

"You coordinate that," was heard again and again as problems would come to the attention of the CP.

Stan Fenn, Bonneville County Jeep Patrol, was placed in charge of search and rescue operations. He quickly informed others the rescue of live flood victims would be of first priority, then dead bodies, and then the recovery of property.

Search and rescue operations were monitored from Fenn's Jeep just outside the command post. The roar of the huge Jeep engine, which kept his radio going, made a warm afternoon hot.

Bill Stacy, rural Rexburg, came in to town to see if he could help. He quickly became responsible for logging all information coming into the headquarters. He could then make sure no vital request was overlooked.

By this time, word had arrived in the reserve center that city water was contaminated. Two big fires were burning downtown. Both fires were surrounded by water and would be left to burn themselves out.

At the Rexburg hospital, located on high ground on the north side of town, water was rising within about a block of the building. The command post ordered markers placed at the water level near the hospital. If it rose much more, the building would have to be evacuated. Fortunately, the water dropped fairly quickly to a four foot level and remained there as the flood continued through Rexburg.

Outside the command post, hundreds of individuals were milling around the hillside. They watched with amazement as water covered the city and valley below.

"It's the uncertainty that is bad," one man said. "My family is safe, but our home and place where I work are under that water. I just don't know what this is going to mean."

Inside, authorities were ordering blankets and food for 12,000 to 15,000 people. Manwaring Center, on campus, was handling homeless persons who had nowhere else to go.

Over a thousand had registered there by early evening, according to Clark Whitehead, Ricks College personnel director.

Whitehead was rounding up items needed by homeless persons. One problem was a baby who needed goat's milk. He said Ricks College had contacted Mormon Church officials who were sending additional supplies from Salt Lake City.

Tetanus and typhoid inoculations were set up for as many as 35,000 people at the college health center.

By late afternoon, about a dozen choppers and as many planes filled the skies above the city. Word circulated that the governor was up there in one of them.

"This is going to affect everybody," said a man whose high ground home now housed three families.

Dozens of tourists (many with campers) whose Bicentennial vacations up the Yellowstone Highway were cut off by flood waters, were also victims.

South of Rexburg; the Henry Doyle Hall family had about one hour to evacuate their farm house. They returned wearing hip boots after the water had resided a bit to find all their belongings floating around inside their house.

"Our animals are gone. We had to kill an injured goat. Our 200 chickens drowned, and our deep freezer and frozen meat is floating around inside the garage," said Mrs. Hall.

"We got some kind of insurance," said Mr. Hull, "but I don't know if it will cover this."

[From the Idaho Statesman, June 6, 1976]

Eyewitness Tells of Seeing Dam Go

(By Ross Carletta)

St. Anthony.—The phone rang at 9 a.m. at radio station KIGO.

The caller was Robbie Robison, a Bureau of Reclamation engineer at the uncompleted Teton Dam about 14 miles to the east. His message was short and terse:

The dam had sprung a leak. The station was asked to put out announcements warning residents of flooding.

The station's owner, Ted Austin Sr., and a Fremont County sheriff's deputy drove to the dam's north side, where they were met by construction workers from Morrison-Knudsen, the dam's general contractor.

"By the time we got there," Austin said, "it was evident what was going on. The M-K crew told me to get on the air and tell them (the people in St. Anthony, Teton City, Sugar City and Rexburg) to get the hell out of there."

The word already was being broadcast as Austin moved in for a closer look at the rupturing dam that stretched 3,000 feet across the canyon. Behind the dam rested the 17-mile-long Teton Reservoir, filled nearly to capacity for the first time.

"A hole 25 feet in diameter had just given way on the dam's north side," Austin said from a telephone booth near St. Anthony. "As I watched, more and more dirt fell . . . at the northside roadway. Between 10:30 a.m. and noon the hole at the base climbed up the entire side of the dam."

Suddenly the north side of the 310-foot-high dam "fell off," Austin said. Water gushed through as the rupture steadily grew.

"I never saw a cascade of water like that," Austin said. "It was 50 to 60 feet deep. It took out equipment and the power station below the dam."

From then on, it was "mass confusion," Austin said. There was no way of telling how much damage the massive flood was causing, he said, "but I could see houses, cattle, mobile homes being swept away."

At 12:30 p.m., Austin got a ride to Teton City, five miles from the dam, the first town in the flood's path.

"The town was deserted," he said. "The water had not reached that area yet, but as I stood on the highway to contemplate what to do, I could see a wall of water about 20 feet high cover the Teton Highway between Teton City and St. Anthony.

"At that point I saw a frame house come down with it, I saw an automobile and I saw the water pick up cattle in the fields."

Austin went back to the dam, where he found the crumbling had widened toward the center.

"By 1 p.m., 100 feet of water had dropped through the wall, leaving another 100 feet of water still pouring through."

[From the Idaho Statesman, June 7, 1976]

135 Missing in East Idaho—6 Found Dead, 81 Injured

Rexburg.—Six persons were known dead, 81 injured and another 135 unaccounted for last Sunday night in the wake of Saturday's collapse of Teton Dam.

The flood-swollen Snake River surged through Idaho Falls, destroying two small power dams and threatening bridges.

While an accurate assessment of the damage remained impossible, Red Cross and local officials have estimated the loss at $150 million in Rexburg alone, and in excess of $550 million in Madison County, the hardest hit by the wall of water that came pouring through the earthen dam. Estimates from other areas were incomplete Sunday night.

President Ford, acting quickly on a request from Gov. Cecil D. Andrus, early Sunday declared Madison, Fremont, Bonneville and Bingham counties a major disaster area, thus opening the way for immediate financial assistance for those who lost their homes and businesses.

While sticky, brown mud replaced the roaring water in the Rexburg area, residents of Idaho Falls, Shelley and Blackfoot continued to prepare for the flood crest Sunday evening.

Two hundred houses in Idaho Falls were under water Sunday night.

"We still got thousands and thousands of acres of water to come," Bonneville County Sheriff Blaine Skinner said.

The sheriff estimated the water may continue to rise for 12 to 24 hours.

He said Firth was half under water, but floodwaters from the raging Snake had not overflowed into Shelley.

Tired workers continued massive sandbagging at the Broadway Bridge in downtown Idaho Falls, and a diversion ditch was cut at the west end of the bridge. Shortly after 9:30 p.m., the muddy water flowed over the top of the span.

Two power dams, one above and one below Idaho Falls, were destroyed by the flood waters. The dams were providing about 10 per cent of the city's electricity. Power was cut off to customers along the river bank.

More than 3,000 volunteers—men and women and even children as young as 10—were sandbagging the river bank. Salvation Army and townswomen provided food and drink to the sandbaggers every 90 minutes.

"It's been a very tight-knit community effort," Randy Sayer of Idaho Falls said. "There's been very little griping. People are working around the clock."

"We sandbagged the whole west side and evacuated our whole motel area," Bonneville County Civil Defense spokesman T. J. Wadsworth said.

Wadsworth said the river had risen about seven feet since it was first monitored when the dam broke Saturday morning. He said a U.S. Geological Service precision gauging station at Roberts recorded an increase in flow to 36,700 cubic feet per second at 3 p.m. Sunday, up from 14,000 cfs at 9 p.m. Saturday.

He estimated the flow hit 60,000 cfs at Roberts at 5 a.m. Sunday.

Hardest hit during the initial rush of flooding Saturday appeared to be Sugar City, where Red Cross officials estimated that 250 homes had been destroyed, Salem, where 150 houses were leveled, and Wilford, with 125 homes destroyed.

"There's not much left of Sugar City, is there?" Lt. Gov. John Evans asked a National Guardsman as Evans arrived in Rexburg early Sunday with a group of state and federal officials touring the area.

Observers at Sugar City, which remained closed to all but official searchers Sunday night, said homes were swept off their foundations or simply crushed into kindling and rubble. Farm equipment, pickup trucks and cars were strewn across swamped fields as if tossed about by a child throwing a tantrum.

Although the official death toll remained low Sunday night, officials continued to be pessimistic as they conducted a search for additional victims, particularly in the small communities most severely damaged.

"We're checking overturned cars and trailerhouses," said weary Keith Walker, chairman of the Madison County Commission.

"What we're afraid of are those people who may have been out working in the fields (when the dam collapsed). They didn't get the word. They're the ones who are lost."

A house-by-house search also was begun in Rexburg, where an estimated 1,750 homes were damaged. Officials said 29 homes were evacuated earlier in the day because of extensive damage.

Madison County Sheriff Ford Smith said rescuers also were attempting to locate 25 mobile homes from one trailer park and 10 from another that had been washed away.

The status of their occupants was uncertain.

An estimated 4,500 persons were homeless in Madison County. Of these, approximately 1,500 were spending the night at Ricks College, where an emergency center had been established. The remaining 3,000 were being lodged in the homes of relatives and friends who escaped the brunt of the flood.

A temporary morgue also was set up at Ricks, which is on high ground above Rexburg.

Madison County Coroner Jed Clawson said one flood victim's body was found two miles north of the community of Teton. He said another victim, a young man, clung to a tree in cold water, but died of exposure after being rescued.

One elderly woman died of a heart attack brought on by the disaster. Details of the deaths of the other two confirmed victims were not available Sunday night.

The search for persons believed to be missing was an arduous task. Ricks officials said they had the names of 50 persons yet unaccounted for. Red Cross spokesmen, while saying their figures could not be precise, said 135 persons had not been located.

Angie Lyman, who has lived in Rexburg for 38 years, stood outside her two-story home Sunday afternoon inspecting the damage.

I can take anything anybody else can, she said "I'll not fuss about it. I'll just have to take it."

A car had washed up into her front yard, a pile of soggy rubble and another auto rested against one side of her mud-stained home, and a 30-foot long storage tank rested against the other side of the house.

Who could believe this could happen? Lyman asked nobody in particular "We'll probably be all summer getting this mud off here particularly if we don't get more water."

Most of Rexburg was without drinking water because of broken and flooded mains. Officials were urging residents to boil all water used for drinking or cooking.

A few blocks away from the Lyman home, Nesta Woolf forlornly looked at her house, which had been pushed off the foundation into her neighbor's yard.

"We can't decide if it's worth fixing or worth destroying. Right now, we're looking for another place. It looks like we'll have to move to another town," she said.

Gov. Andrus, who made his second tour of the area in as many days, said, "It would be an absolute miracle if we get by with a small number of casualties."

Andrus and Evans were joined on the tour shortly after dawn Sunday by Sen. FRANK CHURCH, who left his Democratic presidential campaigning in Ohio to return to his home State; U.S. Sen. JAMES McCLURE, and U.S. Reps. GEORGE HANSEN and STEVE SYMMS, all R-Idaho, and several Federal and State officials.

CHURCH was quick to question the procedures used by the U.S. Bureau of Reclamation, which has supervised construction of the yet-unfinished dam and the 17-mile-long reservoir it created.

"It's obvious there's a fatal flaw somewhere," CHURCH said after flying over the flooded area. "It either was in selection of the site or construction of the dam itself. It appears there is prima facie evidence that the Federal government is responsible for the disaster."

"We don't know what caused the breakage," CHURCH told a news conference in Rexburg, "but there's got to be more than an in-house investigation."

Bureau of Reclamation officials met with Andrus Sunday and concurred with the governor's request for an outside inquiry into the cause of the disaster.

Gilbert Stamm, U.S. commissioner of reclamation, who had spent 12 years with the bureau in Idaho, fended off any questions about the possible cause.

"Regardless of where the fault is, the thing is to rectify it," Stamm said.

John Watson, an operating engineer who was working on the top of Teton Dam when the base of the structure gave way late Saturday morning, said Sunday he believed the "mountain behind the dam gave way. The dam itself was OK."

Watson said the first seepage in the structure was noticed Friday afternoon, but officials and workmen didn't think much about it since this is common with new earthen structures.

Teton Dam, which stretches 3,000 feet across Teton Canyon, was nearly complete when it collapsed. The reservoir, created by blocking waters of Teton River, was about 75 per cent full.

Watson said the first hole in the structure appeared Saturday morning. It quickly became the size of a ranch-style house, Watson said, adding that the hole created a natural bridge and workmen continued their efforts from atop the dam for some time before the entire western third of the dam collapsed.

35TH ANNIVERSARY OF THE DEPORATION OF BALTIC PEOPLES TO SIBERIA

Mr. BUCKLEY. Mr. President, this week Americans of Baltic descent are commemorating a tragic event in their history: the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. It is estimated that over 100,000 persons were sent to Siberia during this phase of the Soviet attempt to destroy Baltic identity.

The destruction of the consciousness of the Baltic people was foreshadowed by the actions of the Soviet Government toward non-Russians in the U.S.S.R. from the very birth of this Government. Soon after the conclusion of the Hitler-Stalin Pact of 1939, Soviet authorities began planning for the cultural genocide of the Baltic people. The clear evidence of this is found in N.K.V.D. Order No. 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Yet these numbers only tell part of the story. Those deported included every profession and every age group from infants to persons over 70 years of age. The Soviet authorities did not discriminate in their terror campaign.

The people were rounded up at gunpoint and transferred by trucks, most of which were American lend-lease equipment, to train stations where the people were loaded into boxcars, just as cattle are loaded. Fifty to sixty persons were loaded into boxcars which lacked food, water, and heating. Many perished before reaching their destination due to lack of food and water, disease, and the harshness of the climate. Many more perished in Siberia in the mines and forests.

Some, however, managed to survive and some even made their way to the West to tell the story of their ordeal. Their testimonies stand as an indictment of a system that has no value or respect for human life.

But 1941 is not an isolated incident in Soviet history but rather an example of the type of system that exists in the Soviet Union. The events of 1941 took place prior to that date and since that time. Events such as those of 1941 are taking place today.

It is estimated that the Communists murdered or deported about 350,000 people from Lithuania, the total exceeding 10 percent of the population. Latvia and Estonia have similarly suffered.

Yet the Soviet attempt to destroy the national consciousness of the Baltic people has clearly failed. The desire for freedom and national identity still remains for Lithuanians, Latvians, and Estonians.

The memory of 1941 has strengthened the resolve of the Baltic people to expose the Soviet system and to continue the struggle for freedom. This sad anniversary should also strengthen our resolve to aid in this struggle.

PAPERMILLS AND CLEAN AIR

Mr. MUSKIE. Mr. President, the Senate has heard much debate on the issue of protection of clean air areas through the significant deterioration provision in the pending amendments to the Clean Air Act.

Much controversy has been generated regarding the extent to which new industrial facilities can be built in clean areas, the possible sizes of such installations, and the cost of their construction. The Environmental Protection Agency has just completed a report which provides answers to these questions for the paper industry. This analysis supports the fact that there is no basis for charges that S. 3219 would foreclose economic development in major portions of the country, or in any specific case, despite the grave concerns expressed by the kraft pulp and paper industry.

The EPA study is based on an analysis of new mills and expansions at sites selected as optimal by the industry in the absence of nonsignificant deterioration requirements.

Its major conclusions are:

House and Senate proposed amendments to prevent significant deterioration of air quality will not prevent the construction of new economically sized kraft pulp and paper mills. Rather, the Congressional proposals will require some new mills to use different air pollution control strategies such as further control of sulfur dioxide emissions, construction at an alternative site, use of taller stacks, etc.

The cost of non-significant deterioration proposals on the pulp and paper industry should be very small. Capital cost impacts in the 1980–1990 decade should not exceed 5% of industry baseline capital expenditures. Annual cost impacts should not exceed 4% for the capacity additions over the decade. The overall impact will be about a 1.5% increase in total annual costs for the industry nationwide in 1990.

All new kraft mills and capacity expansions announced since 1971, covering the period through 1978, could have been built as planned under both the Senate and House non-significant deterioration proposed air quality increments without additional control technology or altered fuel use. In fact, *all* capacity announced since 1971 could have been built under the Senate and House proopsals even if all plants burned coal and met Federal new source performance standards (NSPS).

I ask unanimous consent that the entire study be printed in the RECORD following my remarks.

Mr. President, I recommend EPA's findings to my colleagues as yet another example of the complementary nature of prevention of significant deterioration and future industrial expansion. I reiterate that S. 3219 is designated not to halt development but rather to protect our air resources for the use of future generations.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

PREFACE

The following is one of a series of technical reports prepared by EPA concerning the impact of alternative proposals to prevent significant deterioration of air quality on major industrial and energy air pollution sources. The purpose of these analyses is to assist Congress in its consideration of alternative approaches to achieving the goal of protecting and enhancing "the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity and cost impacts of its population."[1] This report discusses EPA's analysis of the capacity of the Congressional proposals on the kraft pulp and paper industry.[2]

The kraft pulp and paper industry has expressed concern over the impact of Senate and House proposed amendments to the Clean Air Act and of EPA's current regulatory approach to the prevention of significant deterioration (described in Appendix A) because of the location of kraft mills in fairly hilly terrain and the possible proximity of kraft mills to Class I areas. An analysis was made, therefore, using actual topography and location of a sample of mills selected as representative of sites meeting the industry's needs in the absence of a program to prevent significant deterioration of air quality. A determination was made of capacity affected and cost impacts under a number of control technology and fuel use assumptions.

EPA ANALYSIS OF THE IMPACT OF ALTERNATIVE NON-SIGNIFICANT DETERIORATION PROPOSALS ON THE KRAFT PULP AND PAPER INDUSTRY

1.0 Summary and conclusions

This report is an analysis of the impact of alternative non-significant deterioration proposals on future kraft industry expansion. Actual data on specific sites for new mills and capacity expansions at existing sites under investigation by the major pulp and paper manufacturers are closely guarded and have not been made public beyond 1978. In the absence of this information, historical and projected data through 1978 were used under the premise that non-significant deterioration proposals were in effect at the time the identified kraft pulp capacity was proposed for construction. Thus the mill sites identified reflect sites selected as optimal by the industry in the absence of non-significant deterioration requirements. New mills and capacity expansions from 1971–1978 were analyzed. For these mill sites, three capacity scenarios were examined:

Actual new mill and expansion capacities 1971–1978;

Duplication of total site capacity including existing and new announced expansions;

The construction of a prototype 1000 ton per day bleached kraft mill at each of the sample sites.

In addition, the cost impact of best available technological control requirements was assessed for projected capacity from 1980 to 1990.

1.1 General conclusions

House and Senate proposed amendments to prevent significant deterioration of air quality will not prevent the construction of new economically sized kraft pulp and paper mills. Rather, the Congressional proposals will require some new mills to use different air pollution control strategies such as further control of sulfur dioxide emissions, construction at an alternative site, use of taller stacks, etc.

The cost impact of non-significant deterioration proposals on the pulp and paper industry should be very small. Capital cost impacts in the 1980–1990 decade should not exceed 5% of industry baseline capital expenditures. Annual cost impacts should not exceed 4% for the capacity additions over the decade. The overall impact will be about a 1.5% increase in total annual costs for the industry nationwide in 1990.

1.2 Specific conclusions

All new kraft mills and capacity expansions announced since 1971, covering the period through 1978, could have been built as planned under both the Senate and House non-significant deterioration proposed air quality increments without additional control technology or altered fuel use. In fact, all capacity announced since 1971 could have been built under the Senate and House proposals even if all plants burned coal and met Federal new source performance standards (NSPS).

Eighty-nine percent of the sample mill sites would have no difficulty in duplicating total site capacity even if the mills were forced to burn coal and just met NSPS. By examining total site capacity the analysis covered 43% of the industry's Kraft pulping capacity nationwide, including announced additions through 1978. In this manner the analysis had greater applicability. Capacity precluded at the affected sites would be minimal (less than 1%) if mills used or were required to control beyond NSPS (low sulfur oil were burned or stack gas scrubbers with locally available coal). The cost of compliance nationwide under both the Senate and House proposals totaled less than one percent of total capital and annual costs in the sample mills. The cost estimate is considered to be conservative and could be reduced if alternative sites or modified design parameters were introduced into the analysis.

Eighty-seven percent of the sample mill sites would have no difficulty in supporting a prototype 1,000 ton per day bleached Kraft mill burning coal meeting NSPS and generating all electricity on-site. Capacity precluded at the affected sites would be minimal (less than 1%) if mills were required to control beyond NSPS (low sulfur oil or stack gas scrubbers with locally available coal). The cost of compliance under both the Senate and House proposals nationwide totaled less than one percent of total capital and annual costs in the sample mills. This cost estimate is considered to be conservative and could be reduced if alternative sites or design parameters were introduced into the analysis.

If provisions requiring BACT were defined as requiring control beyond NSPS,[1] the House and Senate proposals would increase the industry's capital requirements up to a maximum of $570 million in the 1980 to 1990 decade assuming all new additions burned coal and had to employ scrubbers. This is equivalent to a 5% increase in industry's capital needs. The comparable estimates for annual cost increases in 1990 were $173 million which is equivalent to an increase of 4% for the mills built between 1980 and 1990. If BACT were defined only to require compliance with current NSPS, as is possible under the Senate proposal, the cost impact would be significantly less for this period and is anticipated to be comparable to those impacts defined for the mills announced capacity additions in the 1971–78 period.

If mills are required only to meet existing NSPS, regional impacts would vary considerably in mills which would have to employ additional controls or alter fuel use in order to duplicate total site capacity and comply with proposed allowable air quality increments under the Senate and House proposals. Impacts identified in the analysis were concentrated in the northeast and mountain and Pacific regions ranging up to 10 and 16 percent of capacity potentially precluded in these regions under the Senate and 17 to 24 percent of capacity potentially precluded in these regions under the House Class I and II and if additional steps were not taken to reduce emissions. Under the House proposal, the Class III increment would eliminate almost all of these regional capacity constraints. If BACT were defined as requiring control beyond NSPS, or if all of the affected mills used low sulfur oil or scrubbers with coal, almost all of the capacity noted above could have been built in these regions. These additional controls would not impose a significant cost (less than 4% of annual costs) and should allow almost any economically sized mill to be built. However, siting will have to be more selective in both the northeast and mountain and Pacific areas of the country. The other four economic regions had minimal to no impact attributable to the proposed Senate and House air quality increments.

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[1] Clean Air Act as amended, 1970.

[2] S. 3219 (Clean Air Act Amendments of 1976), March 29, 1976. H.R. 10498 (Clean Air Act Amendments of 1975), May 15, 1976.

[1] When BACT was assumed to require control beyond Federal NSPS under the House and Senate proposals, a mill was projected to employ a stack gas scrubber with medium sulfur coal (.32 lbs/SO million Btu). It should be noted that the use of lower sulfur coal with a scrubber would further reduce emissions. Since the Senate proposed amendments would leave the determination of BACT requirements to the States on a case-by-case basis, costs are presented as a range from controls, needed just to meet NSPS and the significant deterioration increments at the low end to control beyond NSPS at the high end. The House proposal requires the Administrator of EPA to revise NSPS to reflect the best available technology considering cost, energy and other environmental impacts. While no range is presented for the House proposal, it is possible that a less restrictive definition of BACT would be determined by EPA.

2.0 Characteristics of sample kraft pulp and paper mills

The most ideal sites to analyze to determine the impact of proposals to prevent significant deterioration of air quality (NSD) are the ones currently under consideration by the major corporations in the pulp and paper industry. However, future site planning is a closely guarded secret and it has not been possible to gather this information from individual firms or the American Paper Institute (API). An alternative approach which is used in this report is to analyze historical data under the hypothetical premise that NSD regulations went into effect at the time the mills were proposed for construction. Locational decisions during this period actually ignored NSD considerations and it is, therefore, possible to isolate whatever impact NSD could have had in terms of capacity precluded and additional pollution control costs.

The kraft mill sites selected for analysis cover all known expansions and new mills since 1971 including announced capacity expansion to be completed by 1978. A sample of 46 kraft mills representing 40% of all kraft mill operations was identified in this manner. (See Table 2-1.) The sample indicates that most of the capacity growth took place through expansion at existing sites. New mills represented only 9 of the mill sites and 33% of sample capacity. (See Table 2-2.) Existing mills do not have the site flexibility of new mills but are generally much smaller additions. Expansions at existing sites averaged 215 tons per day compared to 633 tons per day for new mills.

REGIONAL AND SIZE DISTRIBUTION OF SAMPLE MILLS

TABLE 2-1.—ANNOUNCED KRAFT MILL EXPANSIONS AND NEW MILLS 1971-78

Region	Number of mills	Percent total	Capacity added (tons per day)	Percent total
Northeast[1]	8	17.4	3,025	17.7
North-central[2]	4	8.7	845	5.0
South Atlantic	11	23.9	3,675	21.5
East south-central	6	13.0	2,115	12.4
West south-central	12	26.1	6,362	37.3
Mountain and Pacific[3]	5	10.9	1,045	6.1
Total	46	100.0	17,067	100.0

[1] New England and Mid-Atlantic.
[2] East and west north-central.
[3] U.S. Census Region, west.

Sources: "Pulp & Paper" annual capacity surveys (1968-76). "Paper Trade Journal" annua' capacity surveys (1969-74). Company annual reports (1970-75). Company news releases. API announced pulp, paper and board capacity expansions, 1975.

TABLE 2-2.—NEW KRAFT MILLS, (1971-78 START-UP) IN SAMPLE[1]

Region	Number of mills	Capacity (tons/day)
Northeast	2	1,340
North-central	1	600
East south-central	2	1,150
West south-central	4	2,610
Total	9	5,700

[1] See table 2-1 for notes on regions and sources.

Capacity growth is expected to increase during the next 8-year period. Increases in total kraft pulping capicity of 32,390 tons per day from 1978 to 1985 as contrasted to 17,067 tons per day contained in the sample have been projected by Arthur D. Little, Inc.[2] Therefore, the total sample capacity studied in this report was reviewed under a number of capacity scenarios to adequately reflect future growth requirements of the kraft industry over the next decade.

2.1 Alternative capacity scenarios analyzed

The limitations of using historical data to predict future activity was recognized. A different set of sites will assuredly be involved in future capacity expansions. It is not expected, however, that the pattern of future development will change markedly in the foreseeable future, i.e., the majority of additions will take place at existing sites and will be generally smaller in nature than entirely new mills. At some point, however, economies of scale or woodland constraints will limit this form of expansion for future development. Therefore, several alternative cases were explored.

As a second capacity scenario, the total capacity at each site was examined assuming that the total site capacity was new. This essentially had the effect of increasing the average site size from 371 tons per day to 974 tons per day. In addition to the nine new mills included in the sample, an examination of total site capacity at sample mills supporting expansions was also considered to be a realistic indicator of possible future kraft industry impacts as these capacities are indicative of capacities actually supportable by total woodland supplies at particular sites, although not indicative of a total national increase in capacity.

A third case was evaluated assuming that the capacity additions at each site were 1,000 tons per day. Although the average new mill size is 633 tons per day, some of the new mills under construction are as large as 1,000 tons per day. It is anticipated that new mills will be increasing in size. It was, therefore, determined that as a worst case the analysis should assess whether a prototype 1,000 ton per day bleached kraft mill could be built at the sampe sites under alternative non-significant deterioration proposals. This analysis was made, however, ignoring capacity limitations imposed by woodland supply which in some cases would not support a 1000 ton per day mill.

TABLE 2-3.—TOTAL SITE CAPACITY OF SAMPLE MILLS

Region[1]	Number of mills[2]	1970 capacity (tons per day	Total site capacity[3]	Percent of total
Northeast[4]	6	3,030	4,715	12.0
North-central	3	1,265	1,510	3.9
South Atlantic	11	10,030	13,705	35.0
East south-central	4	2,705	3,670	9.4
West south-central	8	6,385	10,137	25.9
Mountain and Pacific	5	4,335	5,380	13.8
Total at existing mills	37	27,750	39,117	100.0
New mills	9		5,700	
Total sample capacity	46		44,817	

[1] See table I for notes on regions.
[2] Does not include sites on which new mills will be built.
[3] Includes announced expansions since 1971 through 1978.
[4] Does not include IP's Ticonderoga, N.Y. mill which was closed when new mill came on stream in 1971 (counted as new mill).

Source: "Lockwood's Directory of the Paper & Allied Trades—1971-72." "Post's Pulp & Paper Directory, 1971."

2.2 Comparison of sample and U.S. kraft industry

Tables 2-4 and 5 compare the sample capacity to total U.S. kraft pulping capacity. As can be seen in Table 2-5, considering total capacity at sample sites, the average size mill at the 46 sites in the sample is close to the national average mill size, i.e., 888 tons per day nationally compared to 956 tons per day in the sample.

Using total sample site capacity, the analysis covered 32% of national kraft pulping capacity in 1970 and 43% of national capacity through 1978. A comparison of the Regional distribution of sample site and national capacity totals as of 1970 indicates coverage of at least 17% of the mills and at least 18% of the capacity in each region of the country.

2.3 Fuel use in sample and kraft industry

Most of the existing mills in the sample burn oil, gas or bark in the power boilers. Only 12% of the mills burn coal: coal and/or bark (6%); or burn coal, oil and bark (6%). This breakdown is comparable to the American Paper Institute's reported statistics for the industry as a whole. A comparison and regional breakdown are presented in Tables 2-6 and 2-7.

Fuel mix can make a significant difference in emissions from the mills. As can be seen in Table 2-8, a mill burning low sulfur oil or using a scrubber with coal emits only 40% of the SO emissions of a mill of comparable size burning coal just meeting New Source Performance Standards (NSPS) in the power boiler. Comparing the more typical case, a mill burning oil or oil and bark will emit only 70% of the SO emissions of a mill comparable size burning coal just meeting New Source Performance Standards. Therefore, assumed fuel mix will have an important impact on the results of the analysis. This report includes an analysis of the impact of alternative non-significant deterioration policies assuming that the mills use what they actually are burning, and also assesses the impact of the contingency that national energy policy will dictate the increased use of coal.

In addition, as indicated in Table 2-8, the purchase of electricity from off-site sources can also reduce emissions on-site. However, because almost all of the sample mills generate electricity on-site, the "purchase" option which is an alternative means of reducing emissions was not specifically analyzed.

3.0 Methodology

Using actual topography and location of the sample of 46 kraft mill sites, results from EPA approved air quality impact modeling were used to determine maximum allowable kraft pulping capacity at each of the sites under alternative non-significant deterioration proposals.

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[2] The Economic Impact of Environmental Regulations on Pulp and Power Industry. (Final report to be published in September 1976.)

TABLE 2-4.—COMPARISON OF SAMPLE MILLS TO TOTAL U.S. KRAFT MILLS (1970)

Region	Total U.S., 1970		Sample, 1970		Sample percent of region	
	Mills	Capacity (tpd)	Mills	Capacity (tpd)	Mills	Capacity (tpd)
Northeast	8	3, 978	6	3, 030	75. 0	76. 2
North-central	18	2, 798	3	1, 265	16. 7	45. 2
South Atlantic	28	34, 725	11	10, 030	39. 3	28. 9
East south-central	21	14, 772	4	2, 705	19. 0	18. 3
West south-central	23	16, 107	8	6, 385	34. 8	39. 6
Mountain and pacific	22	14, 256	5	4, 335	22. 7	30. 4
Total	120	86, 635	37	27, 750	30. 8	32. 0

[1] See table I for notes on region.

Sources: API Capacity Survey 1970-73, table III.

TABLE 2-5

Average Kraft Mill Size (US)[1], 888 tons/day.
Average Kraft Mill Size in Sample,[1] 956 tons/day.

Average Capacity Expansion (1971-1978), 215 tons/day.
Average New Mill Capacity Since 1971, through 1978, 633 tons/day.

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[1] These capacity data include capacity existing in 1970 plus expansions both incremental and new mills since 1971 and projected through 1978.

TABLE 2-6.—KRAFT MILL FUEL USE IN UNITED STATES, 1972[1]

Region	Fuel use (percentages)					
	Natural gas	Oil	Coal	Purchase of electricity	Process wastes	Other
Northeast	5. 5	56. 1	13. 6	7. 3	14. 6	2. 9
South	20. 6	20. 2	6. 9	2. 8	47. 9	1. 6
North-central	33. 8	8. 8	40. 7	6. 1	9. 6	1. 0
Mountain and Pacific/Alaska	22. 9	13. 3	--------	9. 8	40. 6	13. 4
Total, United States	20. 9	22. 0	11. 7	4. 8	37. 1	3. 5

[1] American Paper Institute: "Patterns of Fuel and Energy Consumption," March 1974.

TABLE 2-7.—KRAFT MILL FUEL USE IN SAMPLE, 1975

[Use in new mills startup after 1975, as reported to date]

	Number of mills						
	Total in sample	Natural gas	Oil	Coal	Number of generators of electricity	Bark	No information
Northeast	8	--------	8	--------	1	4	--------
South Atlantic[1]	11	5	10	2	--------	9	--------
East south-central[1]	6	6	6	2	2	3	--------
West south-central[1]	12	10	6	1	2	9	1
North-central	4	2	2	3	--------	3	--------
Mountain/Pacific	5	5	5	--------	--------	1	--------
Total, United States	46	28	37	8	5	29	1
Total, South[1]	29	21	22	5	4	21	--------

[1] Sources: "Lockwood's Director of The Paper and Allied Trades, 1976;" "Post's Pulp and Paper Directory, 1976;" company annual reports; industry information.

TABLE 2-8.—EMISSION CALCULATIONS

[1,000 tpd ADP]

	Emission rate, pounds per hour	
	SO_2	Particulates
On-site power generation (966×10^6 Btu/hr):		
Coal (1.2 lb. $SO_2/10^6$ Btu)	1, 127	235
Oil (0.8 lb. $SO_2/10^6$ Btu)	840	189
Coal and bark	947	266
Oil and bark	725	220
Coal plus FGD (0.32 lb. $SO_2/10^6$ Btu)	451	235
Low sulfur oil (0.3 lb. $SO_2/10^6$ Btu)	451	189
Purchased power (777×10^6 Btu/hr):		
Coal	1, 000	216
Oil	688	180
Coal and bark	820	247
Oil and bark	570	211
Coal plus FGD	375	216

Note: For different size mills, emissions may be adjusted in direct proportion to size, i.e., 500 tpd mill emissions are 50 percent of above figures.

Model results for two prototype bleached kraft mills in varied terrain and under three meteorological situations were used as a basis from which impact calculations were made. The methodology used to apply the air quality impact model results to the sample was devised solely as a screening procedure. Modeling would have to be performed for individual mills to determine if a restriction, in fact, exists. Nevertheless, the procedure was conservative and should give a reasonable approximation to the results that could be obtained through individual modeling at each of the mill sites.

Analyses were performed for each site using the three site capacity scenarios and varied fuel use assumptions described in Section 2.0. The different factors examined in the study are summarized in Table 3-1. A summary of the provisions of the House and Senate proposals is contained in Appendix A.

3.1 Emission assumptions

Two prototype bleached kraft mills were modeled with 1,000 and 400 tons per day of capacity, respectively. Under all of the non-significant deterioration proposals, new kraft mills and modifications must use best available control technology (BACT). Any existing national new source performance standard that is applicable would meet this requirement under EPA's regulations. A more stringent definition might apply under the Senate and House proposals, principally with respect to the allowable emissions from the power boiler. In order to analyze the impact of the separate provisions under both the Senate and House non-significant deterioration proposals, the impact of proposed air quality increments under the area classification schemes are assessed assuming new additions need only comply with NSPS. Mills requiring additional control beyond NSPS in order to comply with the applicable increments are then identifiable. The economic analysis section assesses the costs to the industry of employing additional controls beyond NSPS.

Emission and plant design assumptions generally were based upon prototype kraft mill characteristics described in the report prepared by Environmental Research and Technology for the American Paper Institute (API) on the Impact of Non-Significant Deterioration Proposals. The report was used principally to estimate fuel requirements and plant design characteristics. BACT for SO from the kraft recovery furnace was assumed to be 30ppm (1.6 lb. per ton or 67 lb. per hour). Emissions for the coal and oil combustion cases were calculated directly from existing or tentative NSPS for kraft mills and steam generators, except that for particulate matter from oil combustion, the AP-42 uncontrolled emission factor was used. Where bark is being burned, the API report supplied the necessary data, adjusted to account for the lower SO emissions from the recovery furnace and lower particulate emissions from oil combustion, as discussed above.

TABLE 3-1.—*Summary of analysis of sample kraft mills*

CAPACITY SCENARIOS AT SAMPLE SITES

New Mills and Announced Capacity Expansion 1971-78.

Total Sample Site Capacity including Existing Capacity in 1970.

A 1,000 Ton Per Day Bleached Kraft Mill at Each Site.

FUEL USE SCENARIOS AT SAMPLE SITES

Coal Meeting NSPS (1.2 lbs. $10_2/10^6$ Btu).
Oil.
Coal and Bark.

Oil and Bark.
House Mandatory Class I Area Designa-
Low Sulfur Oil (0.30 lb. $SO_2/10^6$ Btu).

NON-SIGNIFICANT DETERIORATION PROPOSALS

Senate/EPA Class II Increment.
House Class II and Increments.
House Class II and III Increments.
Senate Mandatory Class I Area Designations.
Coal Plus FGD (0.32 lb. $SO_2/10^6$ Btu).
tions.
House Discretionary Class Area Designations.
House and Senate BACT requirements.

LESS THAN FULL USE OF THE CLASS II AND CLASS III INCREMENTS

Half the Senate Allowable Class II.
Collocation of Kraft Mills in Sample.
Collocation of Kraft Mills and Sample of 74 New Power Plants.

3.2 Air quality modeling

Four variations of air quality impact models were used to assess the potential air quality impact of prototype kraft mills depending upon the critical terrain and relevant meteorological conditions around the mill.

3.2.1 Class II and III impact analysis flat or moderate terrain case

EPA's Single Source Model (CRSTER) was run for both the 1,000 and 400 ton per day prototype mills with actual meterological data from sites in the northeast, northwest and southeast. The sites were chosen as representative of regions of the country where kraft pulping capacity is concentrated and where new mills have recently been constructed:

Concord, New Hampshire (Northeast)
Huntsville Alabama (Southeast)
Portland, Oregon (Northwest)

The CRSTER model is used where terrain features are below the mill stack height. The results are summarized in Appendix B.

TERRAIN EXCEEDING STACK HEIGHT

Where terrain is above the stack height but below the height where plume impingement was assumed to occur, maximum concentrations were assumed to occur under high wind, neutral stability conditions, (see Appendix B).

PLUME IMPINGEMENT CASE

The EPA Valley model was run for the prototype 1,000 and 400 ton per day kraft mills to determine 3 hour and 24 hour concentrations for SO_2. The Valley model is applicable where terrain is equal to or greater than the combined height of the stack and plume under stable conditions. Air pollution concentrations are highest under this case because the plume impinges directly on elevated terrain. Meteorological assumptions and model results are presented in Appendix B. It would be noted that the Valley model uses worst case assumptions as input rather than actual meterological conditions.

3.2.2. Class I impact analysis

FLAT OR MODERATE TERRAIN

The Class I analysis is concerned with long distance transport. A Gaussian plume model assuming limited mixing within inversion layer was used (see Appendix B for specific assumptions and results).

PLUME IMPINGEMENT CASE

As in the case of Class II and III, described in Section 3.2.1, the EPA Valley model was run for the prototype 1,000 and 400 ton per day kraft mills to determine 3 hour and 24 hour concentrations for SO_2. The Valley model is applicable where terrain is equal to or greater than the combined height of the stack plume as described in the previous subsection.

3.3 Application of model results to sample mill sites

As indicated in the previous section, terrain makes an important difference to predicted air pollution concentrations from a given source. Each sample mill, therefore, was mapped to determine whether critical topographical features exist at the site. UTM coordinates, and where available, longitude and latitude in seconds, were used to obtain as precise location of the mills possible.

Class II and III increments were examined within a 7 km radius (defined by the minimal air quality concentrations anticipated beyond this distance by the various models discussed above and detailed in Appendix B) to screen bills with:

a. stacks exceeding terrain by 100, 300, or 500 feet. [i.e., the "flat or moderate terrain case" were terrain is at or below the top of the stack]

b. terrain between the top of the mill stack and height of the plume rise under stable conditions

c. terrain above the stock plus plume rise. [i.e., the plume impingement case].

The distance and altitudes of critical terrain features were recorded and model results applied. For case (a) the CRSTER model results were applied to determine the concentration from a 1,000 ton per day mill meeting NSPS. In no case would there be a capacity limit imposed on mill sites with these terrain characteristics due to the low predicted concentrations. Therefore, such mills were categorized as not constrained by Class II and III increments. For case (b), the Turner model results were used to predict air pollution concentrations. Where there was a terrain feature that led to plume impingement (case c) at a further distance within the critical 7 km radius, the high wind, neutral stability results were compared to the Valley model results used for case (c) and the higher concentration was selected. For case (c), the Valley model results were applied. To determine maximum allowable capacity at a site under the terrain conditions (b) and (c) where potential size limitations may arise, the concentrations of the graphs in Appendix B for 100 lb./hour were adjusted for different fuel mix assumptions from Table 2–8 and any levels above allowable increments were scaled proportionately to meet the increment and reflect reduced size below 1,000 tons per day. Similar scaling factors were used to adjust for allowable capacities greater than 1,000 tons per day.

Maximum allowable capacities for the sites under the various allowable increments and fuel mixes were then compared to the three capacity scenarios to identify any capacity limitations or fuel use constraints. Sample mill sites also were mapped to determine the direction and distance of Class I area designations. If the Class I area was located at a distance within which the applicable Class I increment could be exceeded, the terrain was determined within the Class I area relative to the stack height of the sample mill. Depending upon whether significant terrain characteristics existed, the Valley model or Limited Mixing Model results were applied.

4.0 Class II and Class III impacts

4.1 New mills and capacity expansions announced since 1971

All announced new mills and capacity increases in the Kraft industry since 1971, which represented a total capacity of 17,067 tons per day, could have been built at planned sites under both the Senate and House Class II increments if the non-significant deterioration programs were applicable. No additional control technology would be required nor altered fuel use. All announced capacity increases could even have been built if all the new mill and additions burned coal meeting NSPS. The conclusion is unaffected if actual stack height, i.e., 200 feet instead of the assumed stack heights of 300 feet, is used in the analysis. (See Tables 4–1 and 4–2.)

4.2 Total capacity at sample mill sites

Under the Senate Class II increment, total capacity at sample sites, including announced additions since 1971 could be duplicated without restriction (using planned fuels with no additional control technology) at all but five mill sites. (See Table 4–1.) Three of the mills are in the northeast and two are in the mountain and pacific region. Capacity that would have been precluded if the mills did not alter fuel use would be 1,460 tons per day of capacity, only 3.2% of the total sample. This represented 632 tons per day in the northeast (10% of regional capacity in the sample), and 828 tons per day in the mountain and pacific region (16% of regional capacity in the sample). If the five mills burned low sulfur oil or used a stack gas scrubber with coal only 160 tons per day of capacity in the northeast at two mill sites would have been precluded representing only .04 percent of total sample capacity or 2.6 percent of northeast regional capacity in the sample. Under the most conservative and unlikely assumption that all of the sample mills burned coal just meeting NSPS, all but the five mills could duplicate total site capacity under the Senate Class II increment without any additional pollution control beyond that which is already required under the Clean Air Act (NSPS). To prevent a total of 2,902 tons per day of capacity representing 6.5% of the total sample capacity from being precluded, these five mills would have to employ a stack gas scrubber in order to burn locally available coal. With the use of a scrubber only 160 tons per day would be precluded.

Under the House Class II increment total capacity at sample sites, including announced additions since 1971 also could be duplicated without restriction (using planned fuels with no additional control technology) at all but five mill sites. (See Table 4–2.) Three of these sites are in the northeast and two are in the mountain and pacific region. Assuming actual fuel burned at these sites, capacity limitations at the five mill sites total 2,240 tons per day in the northeast (17% of regional capacity in the sample), and 1,211 tons per day in the mountain and pacific region (24% of regional capacity in the sample). If the five mills that were affected used low sulfur oil or a scrubber with coal, the total sample capacity would still be limited at four mill sites. However, only 473 tons per day or 1% of the sample capacity nationwide would be precluded.

TABLE 4–1.—CUMULATIVE IMPACTS UNDER ALTERNATIVE NONSIGNIFICANT DETERIORATION PROPOSALS

Senate proposal	Number of mills	Total capacity in sample
Baseline for study:		
1971–78 additions	46	17,067
Total sample site capacity	46	44,817
Prototype 1,000 ton per day	46	46,000

	Senate class I		Senate class II		Aggregate impacts	
	Number of mills affected	Capacity affected (tons per day)[1]	Number of mills affected	Capacity affected (tons per day)[1]	Number of mills affected	Capacity affected (tons per day)[1]
Oil and bark:						
1971–78 additions						
Total sample site capacity			5	1,457	5	1,457
Prototype 1,000 ton per day	1	441	5	2,377	6	2,818
Coal/NSPS:						
1971 additions						
Total sample site capacity	2	542	5	2,902	6	3,185
Prototype 1,000 ton per day	1	441	5	2,377	5	2,377
Coal/NSPS/FGD or low sulfur oil:						
1971–78 additions						
Total sample site capacity			2	160	2	160
Prototype 1,000 ton per day			2	419	2	419

[1] These numbers represent capacity precluded under the capacity and fuel scenario indicated. It should be noted, however, that under the assumption that total site capacity or the prototype 1,000 ton per day mill would be built new, these mills also have the option of alternative sites or a reduction in size.

TABLE 4-2.—CUMULATIVE IMPACTS UNDER ALTERNATIVE NONSIGNIFICANT DETERIORATION PROPOSALS

House proposal	Number of mills	Total capacity in sample
Baseline for study:		
1971–78 additions	46	17,069
Total sample site capacity	46	44,817
Prototype 1,000 ton per day	46	46,000

	House Class I[1]		House Class II		House Class III		Aggregate impacts[2]	
	Number of mills affected	Capacity affected (tons per day)[3]	Number of mills affected	Capacity affected (tons per day)[3]	Number of mills affected	Capacity affected (tons per day)[3]	Number of mills affected	Capacity affected affected (tons per day)[3]
Oil and bark:								
1971–78 additions								
Total sample site capacity	1	385.0	5	2,240	1	49	2	434
Prototype 1,000 ton per day			4	1,891	2	432	2	432
Coal/NSPS:								
1971–78 additions								
Total sample site capacity	3	657	5	3,121	5	1,285	7	1,863
Prototype 1,000 ton per day	3	−969	6	2,741	3	1,326	5	2,016
Coal/NSPS/FGD or low sulfur oil:								
1971–78 additions								
Total sample site capacity			4	473				
Prototype 1,000 ton per day			3	906				

[1] Class I includes both House mandatory and discretionary areas. It should be noted, however, that only House discretionary class I areas had any effect on kraft mill sites.

[2] Aggregate impacts include House class III and House class I impacts only.

[3] These numbers represent capacity precluded under the capacity and fuel scenario indicated. It should be noted, however, that under the assumption that total site capacity or the prototype 1,000 ton per day mill would be built new; these mills also have the option of selection of alternative sites or a reduction in size.

This represents 299 tons per day of capacity in the northeast (5% of regional capacity in the sample), and 174 tons per day of capacity in the mountain and pacific region (3% of regional capacity in the sample) which would be precluded if industry capacity were duplicated under the nonsignificant deterioration requirements.

If the regions with the five mill sites were reclassified Class III under the House NSD proposal, capacity at only one mill site would have to use lower sulfur oil or stack gas scrubbing with coal to prevent 50 tons per day of capacity from being precluded.

Under the most conservative and unlikely assumption that all of the sample mills burned coal just meeting NSPS, all but five mills could duplicate total capacity under the House Class II increment. To prevent 3,121 tons per day or 7 percent of total sample capacity from being precluded if the mills burned coal, the five mills would have to employ a stack gas scrubber which would leave the capacity impacts noted above. However, if the regions with these mill sites were reclassified to Class III under the House proposal, capacity at only one mill site would have to use either lower sulfur oil or scrubbers with coal to prevent 50 tons per day of capacity from being precluded.

4.3 Prototype 1,000 ton per day bleached kraft mill

1,000 ton per day bleached kraft mills burning coal to generate all electrical capacity on-site could be located at all but five (under the Senate Class II increment) or six (under the House Class II increment) of the 46 sites in the sample. Three or four of these sites are located in the northeast and two are located in the mountain and pacific region. An increase or decrease in stack height would not change the results.

With the use of a scrubber or low sulfur oil at the mills, however, all but two mill sites could expand up to 1,000 tons per day under the Senate Class II increment. Both of the affected mill sites are located in the northeast and are located in extremely steep terrain (i.e., 6.4 and 11 percent slope, respectively). Capacity at these sites is limited to 693 and 888 tons per day, respectively. This represents a loss of 1 percent of the total sample capacity if it were assumed that a 1,000 ton per day mill were built at each of the 46 sites in the sample.

With the use of a scrubber or low sulfur oil, all but three of the mill sites with capacity constraints using coal meeting NSPS could expand up to 1,000 tons per day under the House Class II increment. Two of these mill sites are located in the northeast and one mill is located in the mountain and pacific region. Capacity at these sites is limited to 578, 688 and 828 tons per year, respectively. This represents a loss of 2% of total sample capacity if it were assumed that a 1000 ton per day mill were built at each of the 46 sites in the sample. Total site capacity of 1,000 tons per day could be built at all but two mill sites if the area around six mill sites were reclassified to Class III under the House NSD proposal. Capacity precluded at the two mill sites in the northeast would only be 432 tons per day all of the 1,000 ton per day capacity and could be built if low sulfur oil were used. Similarly, if coal were required as a fuel, and three of the mills were to use stack gas scrubbers, reclassification to Class III would allow all of the 1,000 ton per day capacity to be built.

5.4 Impact of allowing less than full use of the class II increment

5.1 Half the allowable class II increment

Some industry spokesmen have expressed concern that faced with an intractable air quality limit under which a State would have to absorb reasonable economic growth, a State might consider limiting a given industrial source to only half of the Class II increment. While none of the non-significant deterioration proposals limit the full use of allowable increments and there is no precedent for the imposition of such limitations in implementation measures already established under the existing Clean Air Act requirements, the analysis of this scenario was performed.

5.1.1 New mills and capacity expansions announced since 1971

All new mills and all but one capacity expansion in the sample could be built if the capacity additions were only permitted to utilize half of the Senate Class II increment. Ten tons per day that would otherwise be precluded could be built if low sulfur oil were used at the mill. All but three mill expansions could burn coal meeting NSPS and generate all electricity on-site and still comply with these requirements. It would be necessary to use a stack gas scrubber at the three mills if capacity additions were both forced to shift to coal and limited to half of the Class II increment as defined under the Senate proposal. All of these mills are in the northeast.

All new mills and all but two expansions could be built if the mills were only permitted to utilize half of the House Class II increment. 102 tons per day at the two mill sites that would otherwise be precluded could be built if low sulfur oil were used. All but four mill expansions could burn coal meeting NSPS and generate all electricity on-site and still comply with these requirements. It would be necessary to use a stack gas scrubber at the four mills if capacity additions were both forced to shift to coal and limited to half of the Class II increment as defined under the House proposal. Three of these mills are in the northeast and one is in the north central region. If areas around all of the affected mill additions were reclassified to Class III, all of the mill expansion could burn coal meeting NSPS and comply with half of the allowable Class III increment.

5.1.2 Total capacity at sample sites

Total capacity at sample sites could be duplicated under the Senate Class II proposal at all but five mill sites if the mills were limited to half the allowable increments. Three of these sites are in the northeast, two are in the mountain and pacific region. Capacity that would be precluded under half the Senate Class II increment without the use of additional control technology or altered fuel use would total 3,166 tons per day or 7% of capacity nationwide. This would be comprised of 1,363 tons per day of northeast capacity (23% of regional capacity in the sample) and 1,803 tons per day of mountain and pacific capacity (35% of the regional sample). If low sulfur oil were used at five of the mills in the sample, constrained capacity would only be 1,594 tons per day under half the Senate Class II increments representing a loss of .5 percent of total sample capacity at the 46 sites. The regional breakdown of precluded capacity under half of the Senate Class II increment would be 242 tons per day in the northeast region (4% of regional capacity in the sample) and 1,352 tons per day in the mountain and Pacific region (26% of regional capacity in the sample). The same results would occur if all but five sample mills burned coal meeting NSPS and the five mills employed stack gas scrubbers.

Under half of the allowable House Class II increment, total sample capacity that would be precluded without the use of additional control technology or altered fuel use would total 3,794 at five sites or 8.5% of the total sample site capacity. The regional breakdown would be 1,740 tons per day of capacity in the northeast (29% of regional capacity in the sample) and 2,054 tons per day of capacity in the mountain and pacific region (40% of regional capacity in the sample). If all five mills used low sulfur oil, 2,371 tons per day (53% of total sample capacity) would be precluded under half of the allowable House Class II increment. This represented 834 tons per day of capacity in the northeast (14% of regional capacity in the sample) and 1,537 tons per day in the mountain and Pacific region (30% of regional capacity in the sample). Half of the Class III increment under the House proposal would have the same impact as the full House Class II. If all sample mills were forced to burn coal, seven mill sites would require stack gas scrubbers in conjunction with locally available coal if only permitted to utilize half of the allowable House Class II increment. Once again, if allowed only half of the Class III increment under the House proposal, capacity limitations and the need for additional control technology would be the same as that noted for the full Class II increment.

5.1.3. Prototype 1000 ton per day bleached kraft mill

If only half of the Senate or House Class II increment were allowed and if a 1,000 ton per day bleached kraft mill burning coal meeting NSPS and generating all electrical capacity on-site were built at each of the 46 sample sites, only six mill sites would experience capacity constraints. Four of these sites are in the northeast, two are in the mountain and Pacific region.

The use of low sulfur oil or a scrubber would eliminate constraints at one of the northeast mill sites under half of both the Senate and House Class II increments and would eliminate constraints at one of the mountain and Pacific sites under half of the Senate Class II. Affected capacity at the other four or five mill sites under these assumptions would be reduced to 1,910 and 2,349 tons per day, respectively, under half of the Senate and House Class II increments. This represents a loss of 4.2 percent and 5.1 percent of total capacity, respectively, under half of the Senate and House Class II proposals if all 46 mill sites supported 1,000 tons per day of capacity. Impacts under half of the allowable House Class III increment, assuming affected mills employ control beyond NSPS are comparable to those impacts identified under the full use of the allowable House Class III. These impacts were significant, 50 tons per day at one mill site.

5.2 Collocation of kraft pulp mills

The modeling studies indicate that at least two 1,000 ton per day Kraft pulp and paper mills fueled by coal meeting NSPS could be located at one site in areas of flat or moderate terrain. In areas of hilly terrain, however, the collocation of two such mills would require some spacing or additional control technology. Two 1,000 ton per day mills meeting NSPS would have to be located 20 to 22 km. apart under the Senate and House Class II increments, respectively, in hilly terrain. The House Class III would facilitate collocation in hilly terrain and reduce this distance to as close as 13 km. Mills could employ additional control technology beyond NSPS to permit siting at closer distances. For example, two such 1,000 ton per day mills controlled beyond NSPS would have to be located only 13 to 16 km. apart in hilly terrain in the East and 5 to 7 km. apart in the West under the Senate and House Class II increments. Again, the House Class III increment in conjunction with control beyond NSPS would allow siting of the 1,000 ton per day mills 3 to 10 km. apart in hilly terrain in the West and East.

An analysis of the distances between the 46 industry sites under study indicated that only one mill site in the northeast would have been limited by the location of a second mill within close proximity to it. However, the limitations imposed on the mill capacity were identical to those imposed by the full Class II increments due to the topography around the mill. Only one of the two mills were affected because the topographical features imposed limitations for winds blowing in only one direction.

The pulp mills tended to be located in remote areas with ample spacing between mills to avoid potential problems.

5.3 Collocation of kraft pulp mills and power plants

None of the mill sites in the sample would have been limited because of proximity to coal-fired power plants.

6.0 Impact of class I area designations

6.1 New mills and capacity additions announced since 1971

No announced expansion or new mill built between 1971–78 would have been affected by the Senate or House Class I mandatory or discretionary area designations. The results are summarized in Table 4–1 and 4–2.

6.2 Total capacity at sample mill sites

6.2.1 Senate mandatory class I areas

Total capacity at sample mill sites could be built without altered fuel use or control technology given the current Senate mandatory Class I area designations. All but two mills would be unaffected even if total capacity at the sample sites including announced additions through 1978 burned coal meeting NSPS with complete on-site electrical generation. One of these sites is in the northeast, the other is in the southeast. The total capacity of the affected mills could be built, however, if they burned oil and bark. Therefore, even it all mills were forced to burn coal, the one mill in the northeast and one mill in the southeast, with total potential capacity losses representing only 2 percent of the sample capacity which could be precluded if the mills just met NSPS, could be built if scrubbers were used with the coal.

6.2.2 House mandatory and discretionary class I areas

Total capacity at sample mill sites could be built given the current House mandatory and discretionary Class I designations. Only one mill in the sample in the west south central region would have to take any additional steps to comply with non-significant deterioration requirements by burning low sulfur oil or using a scrubber with coal. If forced to burn coal, three mills would have been affected by the House Discretionary Class I area designations if total capacity at the sites including announced additions through 1978 burned coal meeting NSPS with complete on-site electrical generation. Two of these mills were in the northeast, one in the west south central area. The total capacity of the two affected mills in the northeast could be built if oil were burned or bark were burned along with coal. All of the 1,400 ton per day mill capacity in the west south central could be built if low sulfur oil were used or if a stack gas scrubber were used with the coal.

6.3 Prototype 1,000 ton per day bleached kraft mill

6.3.1 South mandatory class I areas

One mill site would have been affected by Senate Mandatory Class I designations if a 1,000 ton per day capacity bleached kraft mill burning coal meeting NSPS and generating all electricity on-site were built at each of the sample sites. The capacity at the site would be limited to 541 tons per day. A 1,000 ton per day mill could be located even at the affected site if the mill burned low sulfur oil or used a stack gas scrubber with the coal.

6.3.2 House mandatory and discretionary class I areas.

Prototype 1,000 ton per day bleached Kraft mills and could be built at all sample sites if at three affected mill sites the mills used either low sulfur oil or a stack gas scrubber in conjunction with locally available coal. Two of these sites were in the northeast, one was in the west south central regional. Under the most conservative assumptions, capacity at three sites could be limited to 655, 655 and 721 tons per day, respectively, if the prototype 1,000 ton per day bleached Kraft mills used coal meeting NSPS.

7.0 Cumulative capacity and economics impacts of alternative non-significant deterioration proposals.

Cumulative impacts on the Kraft industry of alternative non-significant deterioration proposals are summarized in Tables 4–1 and 4–2. As can be seen in the tables once additional pollution control is employed at those select mills whose capacities are adversely affected by the allowable air quality increments, capacity constraints are minimal, less than one percent of sample capacity. The important issue that is explored in the following analysis is the cost of meeting the applicable air quality increments and best available control technology provisions under non-significant deterioration proposals and any regional effects that would lead to regional dislocation or particular regional advantage.

7.1 Costs of compliance.

To determine the price and cost effects of compliance with non-significant deterioration proposals, baseline costs were compared to the two pollution control scenarios: low sulfur oil and the use of a stack gas scrubber in conjunction with locally available coal. To simplify the anaysis it was assumed that the entire capacity of the mill would be fueled by low sulfur oil or supported by a stack gas scrubber if it were determined that any capacity would be constrained by the applicable air quality increments. This means that the costs reported for meeting the proposed air quality increments are conservative as only partial use of the low sulfur fuel or stack gas scrubber is necessary in most cases.

Baseline industry costs are estimated using a new 800 ton per day bleached Kraft market pulp mill. In mid-1975 dollars, the capital costs were assumed to be $196 million and operating and maintenance costs were estimated at $181 per ton per day. Annual costs were calculated to reflect both operating and maintenance costs and annualized cost of capital at 18%. These numbers were derived by Arthur D. Little Inc. The assumed new mill costs were used solely for two of the capacity scenarios, i.e., total sample site capacity and the 1000 ton per day prototype mill. Costs would vary. The assumed new mill costs were used considerably among the mills for the expansions in the sample announced since 1971, and there was no need for additional pollution control identified for the announced new mills and capacity expansions since 1971. Therefore, baseline estimates were not derived for this scenario. A fuel penalty of $.20 per million BTU was imposed for mills that were forced to employ low sulfur oil. This is considered to be the preferred control for most mills as they were currently burning oil and bark. If all mills are forced to increase the use of coal, it was assumed that stack gas scrubbers would be employed at costs indicated in Table 7–1.

For the prototype 1,000 ton per day new kraft mill, a maximum annual cost penalty of $1.6 million or 1.5% of total annualized costs including capital and operating costs would be imposed if the mill were forced to burn low sulfur oil. In the unlikely event that mills were forced to shift to coal as a fuel, a mill may have an additional expense of $12.8 to $13.7 million or 7% increase in capital cost of the mill and an increase in total annualized cost of $4 million or a 3.7% increase if the mill were forced to use a stack gas scrubber along with locally available coal. As noted previously in most instances affected mills would not be required to reduce emissions to this extent in order to meet the proposed air quality and if these mills were, in fact, to be rebuilt under new NSD requirements siting, design and capacity alternatives would be available to significantly reduce if not eliminate these potential costs.

Nationwide, the costs of meeting the Senate and House proposed non-significant deterioration air quality increments appear to be minimal, less than a one percent increase in capital costs and approximately one percent increase in annual costs if 43% of total kraft pulping capacity including announced additions through 1978 were duplicated. These conclusions remain the same even if the mills were forced to burn coal. Table 7–2 summarizes the economic cost analysis assuming the capacity under study need only meet NSPS and was utilizing fuels actually burned.

7.2 Costs of compliance with BACT requirements

A separate provision under both the Senate and House non-significant deterioration proposals requires all new mills and capacity expansions to employ best available control technology (BACT) regardless of whether the mills will comply with the proposed air quality increments merely by meeting national new source performance standards (NSPS). The House BACT provision requires EPA to establish for national applicability more stringent new source performance standards than currently exist. For the purposes of analysis, the House BACT provision is conservatively interpreted as requiring either low sulfur oil (.3 lb. SO/million BTU), or stack gas scrubbers to be employed with high sulfur coal (.32 SO/million BTU), on all new mills as described in Table 7–1. The Senate provision is interpreted as a range of costs with the House requirements as an upper bound and EPA's current NSPS as a lower bound depending upon the case-by-case determinations made by a State.

Tables 7–3 and 7–4 are analyses of the cost impact of the BACT provisions on sample site capacity scenarios as compared to costs of just meeting the air quality increments. For additions through 1978, control costs take actual expansion size into account. As Table 7–1 indicates, there is a decrease in control costs per ton of capacity for larger additions due to economies of scale. For the other two sample site capacity scenarios, i.e., duplicating total sample site capacity and constructing a prototype 1,000 ton per day bleached kraft mill at each sample site, control costs were based on the 1,000 ton per day prototype mill. In determining baseline costs, the capital and annual costs were based on the prototype 800 ton per day bleached kraft mill described in section 7.1.

TABLE 7–1.—COST OF ADDITIONAL EMISSION REDUCTION BEYOND NSPS FOR PROTOTYPE BLEACHED KRAFT MILLS

	In millions of dollars[2]		
	Capital	O/M	Annual
250-ton-per-day bleached kraft mill:[1]			
Baseline	61.35	16.06	27.085
Incremental increases:			
Oil: Low sulfur		.412	.412
Coal:			
Scrubber with sulfur recovery[1]	4.3	.707	1.481
Scrubber without sulfur recovery	4.0	.719	1.439
1,000-ton-per-day bleached kraft mill:			
Baseline	245.0	64.26	108.36
Incremental increases:			
Oil: Low sulfur		1.65	1.65
Coal:			
Scrubber with sulfur recovery[1]	13.7	1.474	3.941
Scrubber without sulfur recovery	12.8	1.713	4.017

[1] Assumes an operative cost savings of $20 per ton of sulfuric acid or salt cake due to sulfur recovery. This is $320,000 for the 1,000-ton-per-day mill and $25,000 for the 250-ton-per-day mill.

[2] Annual cost includes cost of capital at 18 percent.

Source: PEDCo Environmental.

TABLE 7–2.—COSTS OF ADDITIONAL CONTROL BEYOND NSPS TO MEET SENATE AND HOUSE NONSIGNIFICANT DETERIORATION INCREMENTS[1]

	Capital costs (millions)	Annual costs[3] (millions)
Baseline:[2]		
1971–78 additions	NA	NA
Total sample site capacity	$10,980	$2,037
Prototype 1,000 ton per day	11,270	1,984

	Coal as fuel		Oil as fuel, annual costs
	Capital costs	Annual costs	
INCREMENTAL COST INCREASES			
Senate proposal:			
1971–68 additions			
Total sample site capacity	78–83	24	10
Prototype 1,000 ton per day	64–69	20	10
House proposal:			
No class III:			
1971–78 additions			
Total sample site capacity	99–106	31	13
Prototype 1,000 ton per day	102–110	22	10
Class III:			
1971–78 additions			
Total sample site capacity	99–106	31	13
Prototype 1,000 ton per day	64–69	20	8

[1] These estimates assume that all new additions need only meet current NSPS and that all of the capacity at affected mill sites would have to burn either low sulfur oil, under the oil option, or employ stack gas scrubbers in conjunction with medium sulfur coal to comply with applicable class I, II or III increments.

[2] Baseline costs are estimated on the basis of a prototype 800-ton-per-day mill as explained in the text. This was deemed to be inappropriate for the small expansions included in the analysis of 1971–78 additions; therefore, no estimates were made for this capacity scenario.

[3] Annual costs include operating and maintenance expenses plus annualized capital costs at 18 percent.

[4] Ranges represent costs without and with sulfur recovery

TABLE 7–3.—CAPITAL COSTS OF COMPLIANCE WITH BEST AVAILABLE CONTROL TECHNOLOGY REQUIREMENTS[1]

	Coal as fuel				
	1971–78 additions	Total sample site capacity		Prototype 1,000 ton per day	
Baseline:[2]					
Capacity (tons per day)	17,067	44,817		46,000	
Capital cost (dollars in millions)	N/A	$10,980		$11,270	
	Cost (dollars in millions)	Cost (dollars in millions)	Percent increase	Cost (dollars in millions)	Percent increase
Incremental cost increases:[3]					
Senate/BACT[4]	0–258	78–574	1–5	64–589	1–5
House/BACT	258	574	5	589	5
Senate/NSPS	0	78	1	64	1
House/NSPS[5]	0	99	1	64–102	1

[1] Control beyond NSPS as may be required under the Senate and House provisions requiring best available control technology (BACT) was assumed to require the use of stack gas scrubbers in conjunction with coal on all new additions as a worst case analysis. Low sulfur oil is another possible additional control requirement beyond NSPS, however, its use imposes no additional capital costs for the pulp and paper industry.

[2] Baseline costs were derived from a prototype 800 ton per day bleached kraft mill as explained in the text.

[3] Costs represent costs of scrubbers without sulfur recovery.

[4] The Senate provision permits States to define BACT on a case-by-case basis, therefore, Senate costs are presented as a range from the costs of just meeting the applicable increments (NSPS) to the costs of compliance with the requirements to control beyond NSPS for all new mills.

[5] The low end of the House cost range represents costs associated with the House Class III increment; the upper range assumes that mills are only allowed to use the House Class II increment.

TABLE 7–4.—ANNUAL COSTS OF COMPLIANCE WITH BEST AVAILABLE CONTROL TECHNOLOGY REQUIREMENTS[1]

	1971–78 additions	Total sample site capacity	Prototype, 1,000 ton per day
Baseline:			
Capacity	17,067	44,817	46,000
Annual cost (millions)[2]	N/A	$4,856	$4,985

TABLE 7-4.—ANNUAL COSTS OF COMPLIANCE WITH BEST AVAILABLE CONTROL TECHNOLOGY REQUIREMENTS [1]—Continued

	Oil	Coal	Oil	Coal	Oil	Coal
Incremental cost increases (millions of dollars):						
Senate/BACT [3]	0-28	0-93	10-74	24-180	10-73	20-185
House/BACT	28	93	74	180	73	185
Senate/NSPS	0	0	10	24	10	20
House/NSPS [4]	0	0	13	31	8	20

[1] Control beyond NSPS as may be required under the Senate and House provisions requiring best available control technology (BACT) was assumed to require the use of stack gas scrubbers in conjunction with coal on all new additions as a worst case analysis. Costs are also derived for the worst case assumption that all new additions were required to burn low sulfur oil.

[2] Annual costs are operating and maintenance costs plus annualized capital costs.

[3] The Senate provision permits the States to define BACT beyond NSPS on a case-by-case basis, therefore, Senate costs are presented as a range from the costs of just meeting the applicable increments assuming mills just have to meet NSPS up to the costs of compliance with the requirement that all new mills control beyond NSPS.

[4] Estimates assume that all affected mills are allowed to increase pollution up to the Class III increment.

As can be seen in Tables 7-3 and 7-4, the capital cost of employing scrubbers with locally available coal, which is a worst case assuming all new additions burn coal, would only cause a 5% increase in industry capital requirements under the various scenarios. Annual costs (including operating and maintenance plus annualized capital costs) would increase by a maximum of only 2 to 4% depending upon whether new additions use lower sulfur oil or stack gas scrubbers with coal. When costs of control for the period 1971-78 were projected over the industry as a whole, as was done for the decade 1980-90 (see Table 7-5), annual costs would increase a maximum of 1.5% by 1990. Thus, the costs of even the most stringent control alternatives, nationwide, should not impose a significant burden on the industry.

7.3 Regional impacts

As discussed in Section 2, for the purposes of analysis the country was divided into six economic regions based upon U.S. Economic Census data. The alternative non-significant deterioration proposals affected the national economic regions quite differently. The regions with the principal impacts are presented in Tables 7-6 and 7-7. No new mills or capacity expansions since 1971 were required to alter fuel use or ulitize additional control technology to comply with Senate or House increments. However, if total capacity at sample sites were duplicated under proposed Senate Class I and Class II increments, 16% of capacity in the mountain and Pacific region and 10% of capacity in the northeast would have been precluded if additional controls were not employed or fuel use altered. These numbers increase to 31% and 22% in each region, respectively, if it is assumed that coal meeting NSPS is burned at all mills in the sample. Under the proposed House Class I and Class II increments 24% of capacity in the mountain and Pacific region and 17% of capacity in the northeast would have been precluded if additional pollution control were not employed. These numbers increase to 35% and 24% in each region, respectively, if it is assumed that coal meeting NSPS is burned at all mills in the sample. Other regions of the country would have had no impact or minimal impacts on total sample mill capacity.

TABLE 7-5.—PROJECTED COST AND IMPACT OF BEST AVAILABLE CONTROL TECHNOLOGY REQUIREMENTS 1980-90 [1]

[Dollar amounts in millions]

	Capacity (tons per day)	Capital cost	Annual cost
Baseline: [2]			
Projected:			
Total U.S. [3] capacity, 1990	155,000	$38,000	$20,000
Capacity additions, 1980-90	44,000	10,900	4,800

	Cost	Percent increase	Cost	Percent increase
Incremental cost increases:				
Oil: Low sulfur			$73	2
Coal:				
Scrubber without sulfur recovery	$563	5	279	6
Coal:				
Scrubber with sulfur recovery	607	5	178	4

[1] These estimates represent the cost of BACT under the House provisions assuming mills would either be required to use low sulfur oil or employ a stack gas scrubber in conjunction with high sulfur coal to comply with the House definition of BACT beyond current NSPS. The Senate provisions leave the definition of BACT to a case-by-case determination by the States. Therefore under the Senate proposed amendments, these costs are a maximum range of costs.

[2] Baseline costs were derived from a protoype 800-ton-per-day bleached kraft mill as explained in the text.

[3] Capacity projections are approximate and are bassd upon a straight-line projection of anticipated capacity increases by A. D. Little, Inc., as noted in sec. 2.0 of this report.

Almost all of this capacity could have been built in these regions if low sulfur oil or scrubbers were employed. The reasons for the variation in regional impact were the terrain characteristics in the northeast and mountain and Pacific regions. Capacity constraints that were identified under the Senate and House Class II increments occurred at mill sites in very hilly terrain with slopes greater than 6% within a 7 km radius around the mill. Among the sites in the sample, such terrain features were found exclusively in the northeast and mountain and Pacific regions. Siting will have to be more selective in these areas of the country. Nonetheless, low sulfur oil option for the impacted mills will not impose a significant cost (less than 5% of annual costs) and should allow most any economically sized mill to be built in terrain that is not extreme. Moreover, if all new capacity additions were required to employ control beyond NSPS, there would be much less distinction in impacts between regions. The House provisions requires EPA to determine what additional controls are required. The Senate provision leaves the question of additional controls up to the discretion of the individual State.

TABLE 7-6.—REGIONAL IMPACTS: SENATE PROPOSAL (CLASS I AND II)

	Northeast		Mountain and Pacific		South Atlantic	
	Number of mills	Capacity	Number of mills	Capacity	Number of mills	Capacity
Baseline in sample:						
1971-78 additions	8	3,025	5	1,045	11	3,675
Total sample site capacity	8	6,055	5	5,130	11	13,075
Prototype 1,000 tons per day	8	8,000	5	5,000	11	11,000
	Number of mills	Capacity precluded	Number of mills	Capacity precluded	Number of mills	Capacity precluded
IMPACTS						
Oil and bark:						
1971-78 additions						
Total sample site capacity	3	632	2	828	1	43
Prototype 1,000 tons per day	2	1,021	1	375		
Coal NSPS:						
1971-78 additions						
Total sample site capacity	3	1,339	2	1,563	1	283
Prototype 1,000 tons per day	3	1,714	2	663		
Low sulfur oil/scrubbers:						
1971-78 additions						
Total sample site capacity	1	72				
Prototype 1,000 tons per day	2	419				

TABLE 7-V.—REGIONAL IMPACTS: HOUSE PROPOSAL (CLASSES I, II) [1]

	Northeast		Mountain and Pacific		West south-central	
	Number of mills	Capacity	Number of mills	Capacity	Number of mills	Capacity
Baseline in sample:						
1971-78 additions	8	3,025	5	1,045	12	6,362
Total sample site capacity	8	6,055	5	5,130	12	12,647
Prototype 1,000 tons per day	8	8,000	5	5,000	12	12,000
	Number of mills	Capacity precluded	Number of mills	Capacity precluded	Number of mills	Capacity precluded
IMPACTS						
Oil and Bark:						
1971-78 additions						
Total sample site capacity	3	2,029	2	1,211	1	385
Prototype 1,000 tons per day	3	1,404	1	487		
Coal NSPS:						
1971-78 additions						
Total sample site capacity	5	1,456	2	1,810	1	745
Prototype 1,000 tons per day	5	2,441	2	910	1	345
Low sulfur oil/scrubbers:						
1971-78 additions						
Total sample site capacity	2	299	2	174		
Prototype 1,000 tons per day	2	734	1	172		

[1] Note that reclassification to class III under the House proposal would significantly reduce these impacts. See table 4-2.

APPENDIX A: ALTERNATIVE POLICIES FOR THE PREVENTION OF SIGNIFICANT DETERIORATION AND RELATED POLICY ISSUES

As indicated in Table A-1, the general approach to "significant deterioration" taken by EPA and by the Congressional Subcommittees is similar, although numeric limits and coverage vary considerably. In all cases, significant deterioration is prevented by establishing area classifications designed to correspond to the overall air quality intended for the area, and to reflect the amount of energy or industrial growth desired. These "classes" were established by the EPA regulations as follows:

Class I—Applies to areas in which practically any air quality deterioration would be considered significant, thus allowing little or no energy or industrial development.

Class II—Applies to areas in which deterioration that would normally accompany moderate, well-controlled growth would not be considered significant.

Class III—Applies to areas in which deterioration would be permitted to allow concentrated or very large scale energy or industrial development, as long as the national secondary ambient air quality standards are not exceeded.

It should be noted that a critical aspect of the EPA regulations is that all regions are initially designated as Class II, subject to redesignation as Class I or Class III by initiative at the State and local level. EPA anticipated that Class I designations would be made to protect existing clean air resources in areas such as national parks and wilderness areas, and the Class III redesignations would occur where State or local policies called for extensive industrial development, requiring increment air quality increases up to the national ambient air quality standards. To date, no known formal application has been made by communities, states or Federal land managers to reclassify regions to the Class I or Class III designations.

TABLE A-1.—ALLOWABLE AIR QUALITY INCREMENTS UNDER ALTERNATIVE SIGNIFICANT DETERIORATION PROPOSALS

[ug/m^3]

Pollutant standard	Class I			Class II			Class III		
	EPA regulations	Senate proposal	House proposal [1]	EPA regulations	Senate proposal	House proposal [1]	EPA regulations [2]	Senate proposal	House proposal
Sulfur dioxide:									
Annual	2	2	1.6	15	15	20	80	(3)	40
24-hr	5	5	7.3	100	100	91	365	(3)	183
3-hr	25	25	26.0	700	700	325	1,300	(3)	650
Total suspended particulates:									
Annual	5	5	7.5	10	10	19	75	(3)	38
24-hr	10	10	15.0	30	30	38	150	(3)	75

[1] The increments for the House proposal are based on limitations of 2 percent of NAAQS for class I, 25 percent for class II, and 50 percent for class III, except that the limit for total suspended particulates in class I is 10 percent of NAAQS. In addition, the House proposal stipulates that the concentration of all pollutants cannot exceed 90 percent of the national ambient air quality standards in any of the classes.

[2] EPA's class III allows degradation up to the NAAQS:

	Sulfur dioxide	TSP
Annual	[a] 80	[a] 75
24-hr [b]	[a] 365	[b] [c] 150
3-hr [b]	[c] 1,300	

[a] Primary.

[b] The 24-hour and 3-hour standards are not to be exceeded more than once per year. There are no primary 3-hour standards for sulfur dioxide and particulates, nor is there a 24-hour primary standard for particulates.

[c] Secondary.

[3] No class III.

CLASS I AREAS UNDER SENATE AND HOUSE APPROACHES TO SIGNIFICANT DETERIORATION

Senate[1]

Mandatory Class I

International Parks, 5,000 acres and over.

National Parks, 5,000 acres and over.

National Wilderness Areas, 5,000 acres and over.

National Memorial Parks, 5,000 acres and over.

House[2]

Mandatory Class I

National Parks, 25,000 acres and over.

National Wilderness Areas, 25,000 acres and over.

Discretionary (Initially Class I can be made Class II)

National Parks, 1,000 acres and over.

National Wilderness Areas, 1,000 acres and over.

International Parks, 1,000 acres and over.

National Preserves, 10,000 acres and over.

National Monuments, 10,000 acres and over.

National Primitive Areas, 10,000 acres and over.

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[1] S. 3219 (Clean Air Act Amendments 1976), March 29, 1976.

[2] H.R. 10498 (Clean Air Act Amendments 1976), May 15, 1976.

TABLE A-3.—SUMMARY OF MAJOR DIFFERENCES OF ALTERNATIVE APPROACHES TO SIGNIFICANT DETERIORATION

Issues	EPA	House	Senate
Sources covered	19 source categories	Any facility emitting more than 100 tons/yr of any regulated pollutant.	Major emitting facility.
Pollutants covered	TSP and SO^2	All	TSP, SO^2, others to be established later.
Control technology requirements	Equivalent to NSPS where NSPS exist; and determined on a case-by-case basis where NSPS does not exist.	Best available control technology; determined by the administrator of EPA taking into account cost and energy impacts.	Maximum degree of emission control achievable; determined on a case-by-case basis.
Class I areas	No mandatory (at State and Federal discretion with procedures for full public participation).	Designation of some areas as mandatory class I and others to be designated by States as either class I, II or III (see table A-2).	Designation of some areas as mandatory class I and others to be designated by States as either class I or class II (see table A-2).
Class III areas	Procedures for designation of areas as class III	Procedures for designation of areas as class III	No provision for class III.
Numeric limitations for class II	See table A-1	See table A-1	See table A-1.
Maximum allowed concentration	National ambient air quality standards standards (NAAQS).	Secondary national ambient air quality standards or 90 percent of national primary standards.	National ambient air quality standards.
Allowable stack height	No limitation on stack height if the source installs best available control technology.	Stack height limited to 2½ times the height of the source unless a higher stack is necessary.	None specified.

As indicated in Table A-1, the Senate numerical limits for Class I and II areas are the same as EPA's. However, the Senate approach has several substantial differences:

The Senate version eliminates Class III designations.

The Senate requires the designation of some areas of national importance as mandatory Class I and other areas as discretionary Class I unless they are redesignated by agreement between the States and the Federal government. (See Table A-2).

The House also adopts the EPA approach but contains the following differences:

The House has fewer mandatory Class I designations than the Senate. (See Table A-2).

The House version includes different numerical limits for the Class I and II increments, but the only significant difference is that the three-hour sulfur dioxide Class II increment is less than half of the EPA and Senate Class II increments. (See Table A-1).

The House, like EPA, has a Class III but the allowed increment is half the NAAQS. In addition, a general air quality ceiling of 90% of the national primary ambient air quality standards or 100% of national secondary ambient air quality standards, whichever is more stringent, is imposed.

The other important differences among the alternative proposals are summarized in Table A-3. One of these is related to the control technology a new power plant must install regardless of the applicable air quality increment. While EPA's significant deterioration regulations require compliance with New Source Performance Standards (NSPS) or State regulations where they are more stringent than NSPS, the Senate requires the maximum degree of control technology achievable as determined on a case-by-case basis. Similarly, the House proposal requires the best available control technology which (taking into account cost, other environmental impacts, and energy requirements) the Administrator of EPA has determined to be adequately demonstrated.

Another important difference is that the House proposal provides for limitations on the allowable stack height for new power plants. Specifically, the House proposal restricts the allowable stack height to two and a half times the height of the power plant unless the source can demonstrate that a greater height is necessary to insure that

emissions from the source do not cause excessive concentrations of any air pollutant in the immediate vicinity of the source as a result of atmospheric downwash, eddies, and wakes.

APPENDIX B: AIR QUALITY IMPACT OF NEW KRAFT PULP MILLS

To assist in determining the impact of the House and Senate significant deterioration amendments on Kraft pulp mills, the air quality impact of two mill sizes was examined under various stack height and terrain conditions. The results are intended to be used as a screening procedure only; specific modeling must be performed for individual mills to determine if a restriction, in fact, exists.

Modeling assumptions

EPA's Single Source Model (CRSTER) was used with meteorological data from sites in the northeast, northwest, and the southeast for the cases where terrain is below the physical stack height. The meteorological data was selected to be representative of sites where pulp mills would be located. At longer downwind distances for such cases, the maximum concentrations predicted by the Single Source Model were for very stable and/or calm wind situations. Since plume travel time is not accounted for in the model, these concentrations are not realistic and should not be used for the Class I intrusion analysis. The conditions used in deriving Figure 3 are considered much more realistic for longer downwind distance calculations.

EPA's Valley Model, which uses assumed worst case meterological conditions (E stability; u=2.5 mps), was used for cases where the plume impinges on elevator terrain (135 meters higher than the stack for a 1000 ton per day mill).

For the case where terrain features are above the physical stack height but less than the height where plume impingement was assumed (135 meters higher than the stack for the 1000 tpd mill) a different modeling approach was used.

A PTMAX run was made with terrain exceeding the stack by 150 feet to see which meteorological conditions resulted in the highest concentrations. The results, which are based on the stack parameters for the 1000 tpd mill, were as follows:

TABLE 1.—PLUME IMPINGEMENT: CONCENTRATIONS AS A FUNCTION OF METEOROLOGICAL CONDITIONS

Stability	Wind speed m/sec.	24-hr concentration[1]	Distance to maximum kilometer
C	15	26	0.35
D	20	[2]106	.23
E	5	12	2.6
F	5	21	2.9

[1] Concentrations based on normalized emission rate of 100 pounds per hour.

[2] Plume centerline exceeds terrain by less than 14 meters.

TABLE 2.—PARAMETERS FOR DIFFUSION MODELING OF EXAMPLE KRAFT PULP MILLS

Capacity, t/d ADP	1,000
Exit Gas Temperature, °F (430°K)	315
Flue gas flow rate (ft³/sec):[1]	
Recovery boiler	5.78×10^3
Lime kiln	$.69\times10^3$
Smelt tank vent	$.64\times10^3$
Power boiler[2]	3.57×10^3
Total	10.68×10^3
Stack height (feet)	300

[1] For 400 t/d mill, flow rate assumed to be 40 percent of 1,000 t/d mill.

[2] Heat input capacity 966×10^6 Btu/hr.

Using the D stability, 20 mps run as the worst-case situation, concentrations were plotted as a function of distance (Figure 1). For comparison purposes, the concentrations for plume impingement are also shown (upper lines in Figure 1).

The maximum concentrations for C and D stability in the table above and in Figure 1 are overestimates, since under unstable and neutral conditions, the plume is normally assumed to follow the terrain (see Figure 2). Thus, there was little point in examining cases where stack height exceeded terrain by more than 150 feet for the C and D stability cases.

The stack parameters used in the diffusion modeling are summarized in Table 2. A normalized emission rate of 100 lb/hr was used in most of the model runs, so that the predicted concentrations must be adjusted, as described below, to be consistent with the specific new mills being considered. To simplify the modeling, all emissions were assumed to be released through single stack. Annual averages were not calculated, since the short term increments are expected to be controlling.

Separate model runs were not made for the case where a scrubber is used to control the power boiler emissions, since there is little difference in the stack parameters for the scrubber and non-scrubber cases. Due to the reheating effect of the recovery furnace flue gas, the final stack gas temperature when a scrubber is used is approximately 280°F, as compared to 350°F for the non-scrubber case. An average of these two temperatures was used in the modeling.

Emissions

Table 3 lists the emissions for a 1000 tpd mill for various fuel and power generation conditions. BACT for sulfur dioxide from the recovery furnace is assumed to be 30 ppm (1.6 lbs per ton or 67 lbs per hour). Emissions for the coal and oil combustion cases were calculated directly from existing or tentative NSPS for Kraft mills and steam generators, except that for particulate matter from oil combustion, the AP-42 uncontrolled emission factor was used. Where bark is being burned, the numbers on page B-2 of ERT's report on Kraft mills were used as a basis, but were adjusted to account for lower sulfur dioxide emission from the recovery furnace and lower particulate emissions from oil combustion, in accordance with the assumptions discussed above.

Results and use of data

The highest concentrations predicted with the Single Source CRSTER Model (Tables 4 and 5) adjusted for the highest emission rate in Table 2 (1127 lb SO_2 per hour), were 48 ug/m³, 24 hour average; and 130 ug/m³, 3 hour average. Thus, when terrain does not exceed the physical stack height, the House and Senate Class II increments would both permit mills in excess of 2000 tpd. In this terrain situation, the 1000 ton per day for the highest emission rate would not exceed the Class I increment in an adjacent area if it were located more than 15 km under the Senate proposal or 9 km under the House proposal.

TABLE 3.—EMISSION CALCULATIONS

[1,000 tpd ADP]

	Emission rate, lb/hr	
	SO_2	Particulates
Onsite power generation (966×10^6 Btu/hr):		
Coal (1.2 lb $SO_2/10^6$ Btu)	1,127	235
Oil (0.8 lb $SO_2/10^6$ Btu)	840	189
Coal and bark	947	266
Oil and bark	725	220
Coal plus FGD (0.32 lb $SO_2/10^6$ Btu)	451	235
Low sulfur oil (0.3 lb $SO_2/10^6$ Btu)	451	189

	Emission rate, pounds per hour	
	SO_2	Particulates
Purchased power (777×10^6 Btu/hr):		
Coal	1,000	216
Oil	688	180
Coal and bark	820	247
Oil and bark	570	211
Coal plus FGD	375	216

Note: For different size mills, emissions may be adjusted in direct proportion to size, i.e., 500 tpd mill emissions are 50 percent of above figures.

Where the plume impinges on elevated terrain (Figure 4), a 1000 tpd mill would violate the Senate Class II increments out to 5 km (24 hour increment is controlling) and the House Class increment out to 6 km (3 hour increment is controlling) while the Senate Class I increments would be exceeded out to 45 km (24 hour increment is controlling) and the House Class I would be exceeded out to 32 km (3 hour increment is controlling). The plume impingement curves of Figure 4 are valid when the terrain exceeds the stack height by 135 meters for the 1000 tpd mill or 100 meters for the 400 tpd mill (based on plume rise under E stability, u=2.5 mps). Since E stability with constant direction winds was assumed to persist for no more than 12 hours, the curves of Figure 1 are not valid beyond 81 km for 3 hour average (9 hours of travel time plus 3 hours of impingement) or 54 km for 24 hour average (6 hours of travel time plus 6 hours of impingement).

The following screening procedure was used to determine whether an individual mill would be restricted by either the Class II or III (House) increments or an adjacent Class I area.

1. Use the runs that correspond most closely to the individual mill (i.e., size and area of the country).

2. Using topographical maps, find the minimum emission height (stack height minus maximum terrain height) at various downward distances.

3. For each downward distance, find the normalized concentration from the appropriate figure or table, as follows:

A. Terrain up to the height of the stack.

Tables 4 and 5 contain results that should be used for non-impingement cases for detaining maximum concentrations (Class II analysis only). For Class I intrusion analyses and the interaction of two sources at distances greater than the location of the maximum concentration, Figure 3 should be used.

B. Terrain between 0+135 meters higher than top of stack.

Figure 1 curve c should be used.

C. Plume impingement (terrain greater than 135 meters above top stack).

Figure 4 should be used out to the limits discussed above. For greater distances, Figure 3 should be used.

4. Adjust normalized concentration according to the ratio of the actual emissions, [i.e., $X_1=X_n\ (Q_1/Q_n)$, where the subscript 1 denotes the individual mill, n denotes the normalized mill, X is concentration, and Q is emission rate in consistent units for both 1 and n.

5. Compare resulting concentrations with Senate and House increments applicable at each downwind distance. Where interaction of two sources is being examined, consider only terrain that is colinear with the two sources, adding concentrations at appropriate downwind distances.

TABLE 4.—PREDICTED CONCENTRATIONS (ug/m³) FOR 1,000 TPD KRAFT PULP MILL (CRSTER RUNS) Q=100 lb/hr

Height of stack above terrain	Downwind distance, km									
	1.0		2.5		5.0		10.0		20.0	
	24-hr maximum	3-hr maximum	24-hr maximum	3-hr maximum	24-hr maximum	3-hr maximum	24-hr maximum	3-hr maximum	24-hr maximum	3-hr maximum
Northeast location:[1]										
0	1.7	11.5	3.0	9.1	2.4	8.0	1.9	8.4	1.2	8.0
100	.9	5.4	1.5	6.0	1.6	4.2	1.2	4.3	.8	4.2
300	.3	2.8	.7	3.8	.6	2.9	.5	2.2	.4	1.4
500	.3	2.4	.4	2.7	.4	2.6	.3	2.1	.2	1.1
Southeast location:[2]										
0	1.6	6.2	2.9	8.8	2.7	8.2	1.8	9.2	1.4	8.3
100	1.0	5.8	1.6	6.5	1.9	4.2	1.2	3.6	.8	4.0
300	.9	5.0	1.1	5.8	.7	3.8	.7	2.5	.4	1.7
500	.8	4.3	1.0	5.4	.7	3.6	.4	2.1	.3	1.5
Northwest location:[3]										
0	2.1	9.2	4.3	9.7	3.4	7.3	2.2	6.6	1.1	6.6
100	.9	6.7	2.3	5.6	2.4	4.2	1.6	3.3	.9	3.8
300	.7	5.4	.9	3.8	.9	2.9	1.0	1.8	.7	1.2
500	.6	4.5	.6	3.4	.5	2.6	.4	1.7	.4	1.1

[1] Concord, N.H. surface data; Albany, N.Y., upper air data.
[2] Huntsville, Ala., surface data; Montgomery, Ala., upper air data.
[3] Portland, Oreg., surface data; Salem, Oreg., upper air data.

TABLE 5.—PREDICTED CONCENTRATIONS (ug/m³) FOR 400 TPD KRAFT PULP MILL (CRSTER RUNS) Q=100 lb/hr

Heigh tof stack above terrain	Downwind distance, km									
	1.0		2.5		5.0		10.0		20.0	
	24-hr maximum	3-hr maximum	24-hr maximum	3-hr maximum	24-hr maximum	3-hr maximum	24-hr maximum	3-hr maximum	24-hr maximum	3-hr maximum
Northeast location:[1]										
0	11.2	36.9	7.9	20.1	5.3	20.6	3.4	22.2	2.3	17.6
100	2.7	15.6	4.3	11.0	2.9	7.8	1.9	8.9	1.3	9.0
300	.8	6.7	1.3	7.9	1.1	5.7	1.0	4.3	.7	2.4
500	.8	6.3	.9	6.0	.9	5.3	.8	4.0	.5	2.3
Southeast location:[2]										
0	11.3	34.6	9.6	20.2	5.2	23.0	3.9	22.6	2.5	16.1
100	2.9	13.9	5.1	11.1	3.6	8.9	2.0	8.0	1.2	7.5
300	1.8	12.2	1.5	7.1	1.4	5.5	1.0	3.1	.7	2.6
500	1.6	11.4	1.3	6.8	1.2	5.2	.8	2.8	.4	1.7
Northwest location:[3]										
0	16.5	39.1	11.9	20.2	6.8	17.1	3.2	17.5	2.6	15.8
100	3.7	14.3	8.2	13.5	5.3	8.7	2.7	8.0	1.4	7.1
300	1.3	10.3	1.5	8.2	1.6	5.0	1.2	4.6	.7	2.5
500	1.1	8.5	1.1	7.5	.9	4.4	.9	4.2	.6	7.4

[1] Concord, N.H. surface data; Albany, N.Y., upper air data.
[2] Huntsville, Ala., surface data; Montgomery, Ala., upper air data.
[3] Portland, Oreg., surface data; Salem, Oreg., upper air data.

TIMBER MANAGEMENT IN NATIONAL FORESTS

Mr. **HUDDLESTON**. Mr. President, during May the Senate Committee on Interior and Insular Affairs and the Senate Committee on Agriculture and Forestry reported S. 3091, a bill to amend the Forest and Rangeland Renewable Resources Planning Act of 1974 and the Organic Act of 1897.

Work began on this important forest management legislation following a court decision that the Forest Service could harvest only dead and mature trees, as set forth in the 1897 Organic Act. The Forest Service estimated the court ruling would reduce harvesting in the national forests by 50 percent or more.

The approach of the committees was not merely to correct the law so that timber harvesting could be resumed. Rather, the committees drafted an approach which provides that all resources of the forests, such as watersheds, wildlife, and soils be given equal consideration with timber when resource management decisions are made. The bill further provides for full public participation in policy formation, and the use of all other appropriate scientific disciplines as well as forestry for making decisions.

An editorial appeared in the Louisville Courier-Journal on June 1 regarding the pending forestry bill. It was pointed out that S. 3091 is a compromise bill that has the support of much of the timber industry and many environmental groups. In my judgment, this is sound legislation and I urge my colleagues to support it when it is considered by the Senate.

Mr. President, I ask unanimous consent that the editorial entitled, "A Compromise Shield for the Forests," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A COMPROMISE SHIELD FOR THE FORESTS

As is the way of compromises, the middle-ground legislation agreed upon by two Senate committees to modernize the law governing timber management in America's national forests has left both extremes in the controversy unhappy.

That isn't necessarily bad, because neither the legislation sought by the timber industry nor that backed by some environmentalists was flawless. The compromise bill may not be perfect either. But it is an improvement over both Senator Hubert Humphrey's bill, favored by the industry, and Senator Jennings Randolph's bill, backed by environmentalists.

The conflict arose after a 1974 federal court decision that in effect banned clear-cutting (the harvesting of all timber, big and little, in a given area) in the Monongahela National Forest in West Virginia. An appellate court ruling last year upheld the decision and extended the ban throughout the court's jurisdiction in West Virginia, Virginia, North Carolina and South Carolina.

That forced Congress to take a long-overdue look at the law governing timber-cutting on public land. The court could have ruled nothing else, because the 1897 law that governs such logging clearly forbids cutting anything other than mature, selected trees.

Senator Humphrey's bill would have simply thrown the ball back to the Department of Agriculture and its offshoot, the U.S. Forest Service. It basically would have required the Secretary of Agriculture to issue guidelines on forest management, while nullifying the prohibition against clear-cutting.

The Randolph bill, by contrast, set out specific managemet practices for the Forest Service and would have severely limited clear-cutting. Environmentalists, aware of serious abuses of clear-cutting, favored that approach. Professional foresters condemned it as contrary to sound forest management. But even such leaders as William Towell, executive vice president of the American Forestry Association, acknowledged that the Humphrey bill would be stronger "if it had some restraint, if there were some guidelines in there to restrict the Forest Service" on policies and principles.

That view is sound. The Humphrey bill's practically unlimited discretion was no favor to the Forest Service. The service is under a powerful political leader, the Secretary of

Agriculture. It must deal constantly with the politically and economically powerful timber industry. The opportunities for pressure are enormous (as was illustrated by the case of Army Secretary Callaway's ski resort). Reasonable guidelines would be a shield for the Forest Service as well as for the public.

The compromise bill would set no acreage limits on clear-cutting, as the Randolph bill proposed to do. But it would provide that clear-cuts be as small as possible and restricted by regulations based on the degree of slope, soil, water and other conditions that can make clear-cuts damaging.

Also required would be continued oversight by Congress and by commissions on the national and individual forest levels. The sustained-yield concept—that forests may not be cut beyond their capacity to produce timber—would be written into law. The multiple-use concept would be strengthened, particularly by requirements that the advisory groups have membership with expertise in varied forest-related fields.

Counties contianing national forests would get a break in the form of increased revenues from timber sales—unfortunately a small-change proposition in Kentucky and Indiana but more substantial in Western states. Companies could be required to build roads that have future utility for fire control and recreation—a feature that accounts for much of the timber industry opposition to the bill.

The Senate compromise bill depends heavily on regulations that haven't been written yet. But the guidelines for writing them appear to go far in assuring sound management of the forests. The bill is supported by a number of conservation groups, including the National Wildlife Federation, The Forest Service apparently isn't too unhappy, and a spokesman for the Society of American Foresters calls the bill "workable."

The compromise bill, if it becomes law, will demand vigilance on the part of those who want to see the national forests managed for permanent protection as sources of timber, recreation, and scenic beauty. Some of the strengthening amendments that are expected to be offered on the Senate floor may have merit. But the present committee bill is vastly better than the original blank-check approach sponsored by Senator Humphrey.

REFORMING FEDERAL REGULATION: THE SUN ALSO SETS

Mr. PERCY. Mr. President, recently it was my privilege to speak before the National Conference on Regulatory Reform. This 3-day conference was organized and sponsored jointly by the Center for Policy Process, and the National Center for Productivity and the Quality of Working Life. These groups should be commended for an excellent job in running this conference, as well as for their intense interest in this important subject. I extend a special note of thanks to Ms. Kristin Shannon, the Director, and Mr. John Naisbitt, Chairman of the Board, of the Center for Policy Process, for their outstanding and tireless efforts. I ask unanimous consent that the text of my speech be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PERCY. Mr. President, I am also pleased to add as cosponsors of S. 2812, the Regulatory Reform Act of 1976, the distinguished junior Senator from Texas (Mr. BENTSEN), and the distinguished junior Senator from Connecticut (Mr. WEICKER). Their cosponsorship is indicative of the strong bipartisan support that has been building behind S. 2812, which Senator ROBERT BYRD and I introduced last December. With the Government Operations Committee having just completed 4 days of hearings on this comprehensive measure, as well as other regulatory reform measures, I look forward to timely committee action in this area in the near future.

EXHIBIT 1

REFORMING FEDERAL REGULATION: THE SUN ALSO SETS

As a society, we are still experiencing a crisis of lost confidence. A week-old Harris poll confirms that there is a widespread and growing disaffection with the way government in this country operates. Nationwide, 76 percent of those sampled felt that elected officials had lost control of the bureaucrats, and 68 percent indicated that the people running Washington are out of touch with the country. Big government is considered the single greatest threat to the country's well-being by a whopping 64 percent of those surveyed.

This widespread disillusionment with Washington is all too readily passed off as an outgrowth of Watergate. Certainly it does stem in part from the revelations of corruption and abuse in our highest offices. But it goes much deeper. It is far more fundamental. At the core, anti-Washington feeling is the gut reaction of a free people against a government, however benevolent or well-intentioned, that is encroaching more and more upon their freedom to make decisions affecting their daily lives.

Public reaction against big government is really quite understandable. There is virtually nothing we do—from ashes to dust (and even beyond, in view of the recent FTC rule on funeral homes)—that is not within the purview of federal regulation. The federal government has become an equal opportunity regulator, all too willing to tell people what to do and how to do it regardless of age, sex, race or religion.

And what is being dished out is no free lunch. The tab comes to over $60 billion per year, according to the General Accounting Office.

FAILURES OF REGULATION

There is nothing wrong with regulation per se, where it is soundly based and responsibly exercised. But we can do without regulation that is time-worn or arbitrary, excessive or anti-competitive; that merely procrastinates or delays. It is precisely such misdirected regulation which has—

Fueled inflation;

Stifled competition;

Caused excessive paperwork;

Resulted in job losses;

Reduced productivity;

Imposed unreasonable and costly delays;

Interfered with the production of new goods and services;

Reduced the flexibility and adaptability of industry; and

Delayed the adoption of new technology.

What is unnecessary are the sweetheart relationships and special favors, the loopholes and exemptions, the secret deals and hidden subsidies, the lapdog regulators, the ex parte communications, the prolonged delays, the monumental costs, and the utter waste of so much of regulation.

Regulation need not necessarily cause disarray, but it breeds it. Sure, we can open up the process of decision-making—add sunshine if you like—and we should.

We can close loopholes and prohibit special treatment, and we should.

We can provide for better citizen access and consumer representation, and we should.

We can insist upon better appointments to regulatory positions, and we should.

We can improve antitrust enforcement and Congressional oversight, and we should.

We can require tighter conflict of interest laws, added disclosure, and improved cost-efficiency, and we should.

We can do all this, and certainly improve on what we have. But we still end up with a cuckoo's nest of agencies, laws, and rules that, taken together, defy common sense.

What we end up with are rates, routes, licenses, exemptions, and certificates of necessity and convenience; along with them, bans, seizures, prohibitions, recalls, cease and desist orders, and the rest. Altogether, in the absence of a comprehensive review and overhaul we have something akin to the zaniness of "Saturday Night Live," but with a cast of thousands and a budget of billions. And believe me—if something isn't done soon to correct the situation, the American public will be using their votes to present Golden Yak Fat awards for "Worst Performance of the Year" to those in office who could do something about the problem but refuse to.

Most Americans, including American businessmen, aren't asking for special favors. All they want is a fair shake. And that has been denied them by much of the government's regulatory activity.

Is it fair that the Rock Island Railroad went bankrupt while the ICC delayed for over 13 years on its application for a potentially life-saving merger?

Is it fair that the FCC wastes taxpayer monies for over 35 years in failing to resolve, with finality, a conflict between two radio stations?

Is it fair that EPA and OSHA requirements have forced the closing of some 350 foundries and thousands of small businesses without substantially improving air quality or reducing work-related injuries?

Is it fair that some communities have inadequate air service while the CAB, since 1950, has turned down all 79 applications by new firms to provide competing domestic air service?

And while these are admittedly some of the more egregious examples of regulatory insanity, they are by no means isolated cases.

DILEMMA OF REGULATION

This is not to say that all regulation should be dumped. As a result of regulation, our cars and products for the home, our clothing and shelter, and our food and drugs are probably the safest in the world. And who would argue against stringent safety standards for airplanes and nuclear power plants? Who would reasonably assert, today, that investors should not be infomed, or borrowers protected?

This then is the dilemma of government regulation. We need some of it but not all of it. We need less of it generally, yet recognize the need for more in a few areas. But most of all we need to redirect regulation to make it better. To make it work. We need to understand when and where it makes sense, under what circumstances, and to what extent. And, we need to know how best to do what it might and to avoid what it should.

In every instance, it is essential to review the specific circumstances to see if regulation is really needed. Then, and only then, should we begin to consider appropriate agency functions, structure, and performance. And lest we be destined to repeat past mistakes, even after reassessing the nature and scope of regulation, there must be periodic update and review to make sure that regulation continually adapts to changed circumstances.

PROPOSALS FOR REFORM

Of recent vintage, there has been a growing awareness of just how serious the problem has become, and, corresponding to this, an increasing effort to do something about it. In fact, there are currently several dozen proposals before Congress that seek to add some sense to a process which has become nonsensical.

These proposals tend to fall within one or another of nine basic categories. Specifically, these are:

Proposals for further study, such as by a National Commission or Hoover-like Commission.

Proposals for Congressional review of agency regulations, with either or both Houses passing upon specific regulations.

Proposals for a joint Congressional Regulatory Oversight office.

Proposals to eliminate or phase out certain designated agencies, unless the President and Congress act to save them.

Proposals for changing agency structures and administrative procedures.

Proposals for substantive reform in specific areas such as trucking and air transport.

Proposals for a cost-benefit analysis of proposed regulations.

Proposals for periodic zero-base budget review of agency effectiveness.

Proposals for enhanced antitrust enforcement.

It is senseless and impractical to arbitrarily wipe out any number of named agencies without good reason. It is equally defeating merely to call for more study in the absence of a program and discipline for action.

Some of the other proposals contain useful ideas. But most reflect certain common flaws. To understand these, we need to consider what regulation is all about; that is—

What are the appropriate regulatory functions?

What are the most suitable regulatory structures?

What is the desired regulatory performance?

Any reasoned attempt to deal with regulation must adddess these questions of appropriate function, structure, and performance. Yet most of the proposals before Congress deal only with agency performance, and do not touch on matters of function and structure. Of these, cost-benefit analysis and zero-base review could be profitably applied after a truly comprehensive reform, based on regulatory theory, determines that a particular agency's mandate and structure are in order.

Also, most of the proposals are tied exclusively to one approach which is presumed to apply to all regulatory problems. Upon examination, it may be advisable to eliminate certain agencies, to adopt administrative and organizational changes, and to step up antitrust enforcement in some areas. But such conclusions will depend upon the particular circumstances involved, and should not be presupposed. Just as no one medicine can cure all ills, it is ludicrous to think that any one regulatory solution will be best in all cases. It might turn out to be altogether inappropriate in certain areas.

ROADBLOCKS TO REFORM

Unfortunately, there are serious roadblocks in the way of reform. Foremost among these is the opposition of special interest groups which, even if not enamored of the status quo, have grown comfortable and lazy in their regulated cocoons. Although many pay lip service to the virtues of free enterprise and the need for reform, when reforms are actually being considered, their reaction is often as hypocritical as it is self-interested. They are quick to assure us that their concern is for our interests. They raise the familiar bogeymen that reform will disrupt service, raise costs to the consumer, leave small communities abandoned, and so on. But behind such professed altruism is a blind fear of the very competition they claim to embrace.

And all too often these interest groups are joined in their opposition by the agency bureaucracies and by the affected committees and subcommittees of the Congress. This cozy relationship of mutual accommodation is far and away the single greatest obstacle to reform. For this reason, a broad-based and timely agenda is essential if we are to move from the dilemma of do-nothingism to a discipline for reform.

A brief look at the Administration's reform efforts provides some valuable lessons on the need for such a discipline. Initially, the Administration pursued a "targets of opportunity" approach, selecting specific areas where there was a good deal of research completed and a reasonable chance of success. Bold proposals focused on trucking, airline, and railroad reform. The fair trade laws were also targeted. But this policy of regulatory roulette, in which all the chips were randomly placed, was destined to falter. At best, its results had to be limited because of the limited number of areas in which there had been adequate economic analysis. Moreover, such targeting invited the entrenched opposition of powerful special interests which felt they were being unfairly singled out.

The last time the Administration attempted to place its bet, back in April on the subject of cable TV, it found that the stakes were too high. They *knew* they were right in pushing cable, but they couldn't convincingly prove their case. And certainly you don't take on the broadcasters, in an election year yet, when you are not on solid ground. As a result, it appears that the White House called a halt to the "targets of opportunity" approach. The opportunities were turning out to be fleeting, and the targets increasingly few. Without sound analysis, and a disciplined agenda, truly comprehensive reform was seen to be impossible.

S. 2812. A COMPREHENSIVE DISCIPLINE

Five months earlier, back in December of last year, Senator Robert Byrd and I had come to the same conclusion, which led us to develop the timetable and the discipline embodied in S. 2812, the Regulatory Reform Act of 1976.

The legislation sets forth an action program for both Congress and the President. From 1977 through 1981, the President would submit to the Congress, by March 31 of each year, comprehensive plans for reforming five specific sectors of government regulation, namely:

Banking and finance (1977);

Energy and the environment (1978);

Commerce, transportation and communications (1979);

Food, health and safety, and industry trade practices (1980); and

Housing, small business, labor-management relations, government procurement, and equal employment opportunity (1981).

This order reflected a desire to develop a momentum for successful reform by taking up what were thought to be the less difficult areas first. However, Senator Byrd and I are certainly not wedded to this sequence. Recent experience indicates that banking and finance reform will be anything but easy. For this reason, the legislation most likely will be amended so that energy and environmental regulation will be dealt with first, followed by transportation and communications regulation in the second year, and so on.

Each Presidential plan would include recommendations for increasing reliance on market forces and for major procedural, structural, and functional reforms—including the merger, modification, establishment, or abolition of agency functions, structures and specific regulations.

The President's plans would be referred to the appropriate oversight committees and to the Government Operations Committees of the Senate and the House. By September 15, these committees would be mandated to report a comprehensive reform bill, or the President's original proposals, which would become the pending business in both Houses. If no Presidential plan is submitted, the committees would write and report their own plans for consideration by that date.

Should Congress fail to enact comprehensive reform in the designated area by December 31, the President's plan would automatically go into effect the following March unless specifically disapproved by either House. If there is a resolution of disapproval, Congress has until the end of June of the following year to enact comprehensive reform in that area. If it does not, all economic benefits conferred by the affected agencies would be of no further force or effect.

This timetable will in no way delay reform efforts already underway, or which may arise in the interim, until the designated year for that area of concern. Thus, it does not mean that transportation reform must wait until 1979, or health and safety reform until 1980. Rather, it ensures that if no comprehensive reform has been accomplished by these dates, then the action-forcing discipline of the bill will come into law. If Congress wants to act sooner, all the better.

By putting everyone on notice that a given sector of government regulation will be dealt with by a certain date, a timetable will allow for maximum coordination of effort—by Congress and the President, by think-tanks and universities, by citizen groups and affected interest groups, and by everyone else with a stake in reform. Only with such broad-based participation will we be able to develop the best possible reform plans in each of these sectors.

But a timetable alone, without something to assure that it will be followed, is not enough. Accordingly, the second key component of S. 2812 is its action-forcing discipline. These provisions should cause interest groups which might otherwise be tempted to oppose reform to have serious second-thoughts about such opposition, for they risk losing many economic benefits if reform is not enacted. Under the circumstances, all groups should realize that their best bet is to participate positively in formulating the reform plan.

A particular advantage of S. 2812 is that it does not tie the Congress and the President to any single reform approach. Instead, it provides a procedure through which we can carefully examine the situation each year and implement the best solution in each area. And the coordination of efforts which the fixed timetable will allow should ensure that, if possible, this solution will be found.

Moreover, S. 2812 should provide an appropriate vehicle for full discussion and debate of the best of the other substantive reform plans. It would also be an excellent complement to the current study being conducted jointly by the Senate Government Operations and Commerce Committees, and to other such inquiries, for it would provide a means for considering and implementing the findings of these studies.

ADMINISTRATION PROPOSAL

Before concluding, I would like to address a few remarks to the Administration's plan. Two weeks ago, the President submitted to Congress his Agenda for Government Reform Act. This move was an important affirmation of the need to agree upon a plan for timely and comprehensive action. The proposal adopts the two underlying concepts of S. 2812 which I discussed earlier: that there is need for an orderly timetable for reform, and for a discipline to ensure that reform plans will actually be acted upon.

There are, however, important differences. The Administration's "sectors of industry" approach reflects some serious internal inconsistencies which are minimized by the "sectors of government regulation" approach of S. 2812.

And more importantly, the Administration bill does not include the vital "sunset" provisions of S. 2812, which should go a long way toward ensuring that reform will take place. The Administration bill incorporates only the first two of the action-forcing mechanisms of the Percy-Byrd bill, namely that the President must submit a plan to Congress and that regulatory reform will become the pending business of both the House and the Senate by a date certain. It omits the final two provisions—that the President's plan will automatically become law if Congress fails to act, unless it is specifically disapproved by either House; and that agency rules conferring economic benefits will be terminated if reform is not adopted.

By taking the teeth out of the Percy-Byrd approach, the Administration plan invites the full-scale opposition of interest groups that would have nothing to lose and everything to gain by killing or just stalling a reform plan. Under S. 2812, the interest groups risk losing key economic benefits by opposing reform.

Some question has been raised concerning the constitutionality of the legislative veto provision of S. 2812. Senator Byrd and I feel that no such problem exists. There is a crucial difference between S. 2812 and those proposals which provide for a Congressional veto of all agency regulations. In these latter proposals, a problem arises where new legislation confers a veto power over regulations issued pursuant to earlier and entirely separate statutes. In S. 2812, however, a single statute both authorizes the Presidential initiatives and reserves to Congress the power to check the President's exercise of such authority.

Congress' veto would apply only to those Presidential actions taken under this bill. It is absolutely clear that Congress does not intend to authorize the Presidential initiative unless it is subject to the legislative veto. Congress is not giving up anything in advance, but is reserving for itself the power to decide later on whether what the Executive recommends is sound public policy which should become law.

The Justice Department has suggested that this constitutes an unconstitutionally broad delegation of power. That doctrine has, for all practical purposes, been virtually discarded by the courts. If the Department's contention were correct, then several recent and highly important laws would be rendered unconstitutional, incuding the War Powers Act and the Presidential Papers Act. Moreover, several dozen executive agencies, created pursuant to the now-lapsed Reorganization authority, would have been unconstitutionally established. These include the White House Domestic Council, the Office of Management and Budget, the Environmental Protection Agency, and the Drug Enforcement Administration which is within the Department of Justice itself.

Reorganization authority existed from 1932 through 1973, having been renewed periodically during that span of years. Under that authority, the President could submit to Congress plans for reorganizing the executive branch, and these would take effect subject usually to a one-House Congressional veto. Although over 150 reorganization plans were submitted—the great majority of which were accepted—no Constitutional challenge was raised in the courts by the Justice Departments of any of several successive Administrations, all of which sought the extension of such authority.

CONCLUSION

The very nature of regulatory reform requires that reform efforts must be bipartisan to be successful. It is crucial that all affected parties work together to achieve worthwhile and lasting results. As a starter we must accept the fact that comprehensive reform must be just that: there can be no prior vetoes and no sacred cows.

Only then will we begin to let the sun set on those agencies and those functions and those regulations which have become parched and petrified over the years. Without disciplined reform, we know all too well that the sunsets are few and far between for government agencies. And, for each that expires, the sun also rises many times over, as new agencies and new regulatory functions come onto the horizon. That process must be reversed.

Reforming regulation will be no easy task. Few things of this magnitude ever are. It will cause some uncertainty while the system is being revamped. But foolish opposition to reform is the hobgoblin of little minds which are making a big mistake. If we can overcome the short-sighted objections of certain self-interested groups, the rewards should be substantial. As we shake off the shackles of needless regulation, we will regain the dynamism which made America the richest and most powerful Nation in the world.

Two hundred years ago, our founding fathers waged a war to win independence from an oppressive and tyrannical government. Today, this bicentennial year is a fitting time for us to begin a new struggle to free ourselves from needless government intrusion into our lives. Our rallying cry should be "No regulation without justification." The ends of this modern day revolt are no less important simply because the means by which we seek them are less dramatic.

DEVELOPING A NATIONAL FOOD POLICY

Mr. HUMPHREY. Mr. President, I share with this body the remarks I made on June 9 to the Grocery Manufacturers of America Public Policy Forum, outlining my views on a national food policy.

I spoke on the need for a comprehensive food policy and pointed out the present administration's record of driving farmers and consumers apart. As many Americans are realizing, the net result of the administration's "market-oriented" farm policy has been to create instability, with farm income down in the last 2 years while food prices have risen dramatically. Even the administration's talk of free access to world markets has lost credibility because of its continued and sporadic interference in our export markets.

I also pointed out the importance of legislation to establish a National Food Commission in order to study the costs, pricing, structure, and performance of the food industry as a means of providing a solid foundation for a national food policy.

A national food policy should be based on a commitment to abundance, with an adequate supply of food for the American consumer and a fair return for the American farmer.

I also expressed my firm belief that trade and food aid concerns must be included in the development of food policy. For the sake of America's own interest and our moral leadership position, it is imperative that we take steps to use some of our abundance to help the starving of the world.

I emphasized the need to establish a world food reserve for emergency situations as well as a domestic reserve policy which would help stabilize supply and prices from year to year in addition to providing for disasters.

One new initiative to increase world food production is the International Fund for Agricultural Development which the United States as well as the OPEC and other developed countries are helping to finance. The food issue is vital to Americans, but it is a matter literally of life and death to millions who exist near the point of starvation in underdeveloped nations. It is our duty and obligation to shape a food policy to assure greater food security here and abroad.

Mr. President, I ask unanimous consent that these remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR HUBERT H. HUMPHREY

Events of recent years have pointed up the need for a comprehensive food policy.

And yet this administration, by design or default, has served to drive producers and consumers apart—in spite of their many common interests.

Since the sale of 19 million tons of grain and soybeans to the Soviet Union in 1972, our food stocks have become depleted, and prices paid to farmers have fluctuated wildly. Net farm incomes fell by 25 percent from 1973 to 1975.

At the same time, world food supplies have been allowed to dwindle from a supply of several months to less than one month.

But our consumers usually see little if any change in their food costs when farm prices drop.

In 1975, as wheat prices dropped over a dollar per bushel, bread prices went up by ten percent.

The farmer, in the midst of this new turbulent price and supply situation, has faced one constant fact—his production costs have been steadily increasing. They were up 21 percent in 1973, 18 percent in 1974 and around 5 percent in 1975. In many cases, this has meant, more than a doubling of land and machinery costs, along with sharp increases in labor, fuel and taxes.

Meanwhile, farm indebtedness has increased from $52.5 billion in 1971 to over $90 billion today.

Despite these danger signals and turbulent conditions, the administration in 1975 refused to accept the emergency one year farm bill to provide farmers more realistic support prices.

Consumers were told that the price of such legislation was prohibitive—the cost would run to billions of dollars—when, in fact, the Senate Agriculture Committee estimated that the cost might run only up to $200 million.

In passing that legislation, Congress was concerned with what would happen to farm prices in the case of a build-up of U.S. grain stocks. Soviet purchases, as a result of their disastrous harvest last year of only 140 million tons, served to prevent an excessive U.S. stock build-up, but only temporarily.

Barring new weather disasters, our American farmers today face the build-up of grain stocks and a further deterioration in prices. For example, wheat stocks are likely to increase from 525 to 725 million bushels during the 1976–1977 crop year.

However, for this crop year, price support loan levels on wheat and feed grains are less than 40 percent of parity. And target prices are well below the production costs.

But consumers should not view this situation with enthusiasm. Falling prices will hurt farmers and perhaps slow wholesale price inflation, but this will not mean lower consumer food prices.

Contrary to Secretary Butz's earlier support of increased production to blunt inflation, I believe that farmers need to obtain a fair return if we expect to have abundant food supplies.

Consumers have not benefited from the uncertainty regarding food prices and supplies. Food prices increased by 28 percent over the past three years, and the American housewife has been thrown into competition with the world's giant trading companies.

Consumers and producers have been given the full taste of the Butz boom and bust farm policy, and it has been bitter.

The Nixon administration made a great fuss over freeing the farmer and moving away from farm stabilization programs which, the argument ran, cost too much. It's true, the farm programs did cost some money—about $40 billion from 1933 to 1972.

But little mention is made of the fact that the food bill for our consumers has increased by $57 billion in just the last three years alone.

In short, there doesn't have to be any great debate about what has happened to producers or consumers since we went to the so-called "market-oriented" farm policy. Farm incomes fell while food prices rose dramatically.

We have seen exports curbed in one way or another in each of the last three years. It is no wonder that our farmers are extremely distrustful over the administration's so-called full production policy.

They must find it very difficult to believe the President on the campaign trail with Secretary Butz in tow, when he again promises not to curb exports.

The White House always seems reluctant to act on farm imports—whether it be dairy, beef or palm oil. But it has been almost eager to interfere with farm exports.

So really, the administration's rhetoric about the free market and access to world markets is just that.

And farmers, consumers and importing nations have no clue as to when the government may next intervene in the market.

What can Congress do to turn the situation around?

First we can give consumers the full food picture from farm to supermarket.

I have introduced legislation to do that—to establish a blue ribbon National Food Commission, able to conduct an in-depth study of the costs, pricing, structure and performance of the food industry. The Commission would specifically examine:

The trends and changes related to food industry performance;

Recent trends in economic concentration and anti-competitive structures and practices;

The degree of responsiveness, of the food marketing process to changes in farm-level prices;

The impact of facts affecting labor costs in food marketing;

Consumer protection provided by local, State and Federal laws and regulations and their impact on the total food system;

The relationship between costs and nutritional quality of food production and market promotional activities employed for such products; and

The effectiveness of present statutes, policies, and programs bearing upon food marketing in servicing national objectives and needs, and the need for changes in such statutes, policies and programs.

That's quite an assignment, but we need these answers to determine how we should proceed in the future.

I also have developed legislation to begin the process of putting together a national food policy.

We need an approach which strikes a balance between the needs of consumers and producers—an approach that does not sacrifice the interests of one group on behalf of the other. There is no need to turn our livestock industry off and on again in order to prove an outdated notion of the free market—the kind of contraction which saw the value of our cattle industry drop from $41 billion in 1974 to $21 billion in 1975.

The legislation I have developed would establish a National Council of Food Advisors, and a Public Advisory Committee, and provide for the appointment of a high-level official with full responsibility for the coordination of all the elements of a national food policy. It also would afford appropriate recognition of the growing importance of food as an issue for all of our people and, indeed, the world as well.

The National Council of Food Advisors would make periodic and independent assessments of the impact of actual and prospective policy decisions in the area of food and agriculture. This group, similar in structure to the Council of Economic Advisors, would assure that the President, the Congress and the people have the facts at hand when food and agricultural policy decisions are made.

My bill also would establish an official in the Executive Office of the President to serve as an objective Assistant to the President for Food and Agricultural Affairs with clear responsibility for the coordination of food and agricultural policy.

Such a person would not represent any specific government agency or public interest group. He would independently weigh the effects of policy decisions and provide impartial advice to the President.

In addition, my bill would create a Public Advisory Council on National Food Policy consisting of representatives from agriculture, food processing, marketing and distribution, labor, small business, exporters, consumer groups, farmer cooperatives and the public at large.

This group would bring a useful public participation to food decisions which has been sadly lacking.

What should our national food policy include?

There are certain basic principles which must serve as a foundation for developing such a comprehensive policy.

With our great productive capacity and the world's food shortage, a national food policy must be based upon a commitment to abundance. And it must be integrated with measures relating to food production, processing, marketing distribution, exports, trade, consumption and nutrition.

The ingredients which need to be included are:

1. A domestic agricultural policy which assures the American consumer an adequate supply of high quality nutritious and safe foods at reasonable prices;

2. A fair return to farmers to ensure a high level of production;

3. A program of extended crop loans to enable farmers to market their production in an orderly manner;

4. A market stabilization program providing for the protection of domestic markets at the extremes through the accumulation and dispersal of reserve stocks of basic farm commodities;

5. A set of short-supply management rules which would be implemented when the estimated carry-over of a commodity is estimated to approach minimum or "danger" levels, along with a program to assure our reliability as a supplier of food and fiber on the world export market;

6. An expanded long-range agricultural research program, giving priority attention to the urgent need for increased food production;

7. A program of food information collection and analysis, including world climate trends;

8. A humanitarian food aid program appropriate to world needs and our own resources;

9. Assurance of adequate fertilizer, fuel, transportation and credit to meet agricultural production requirements; and

10. A comprehensive nutrition program outlining our nutritional goals and the means and techniques whereby these targets are to be accomplished.

In developing a comprehensive food policy, we must include the international side of the issue.

And we need to foster a cooperative new internationalism based—not on the old imperatives of diplomacy and security—but on a sense of our interdependence in the areas of commodities, technology, production and trade.

The developing nations of the world have shown their intention to coordinate their policies and demand a better price for their raw commodities.

To demonstrate our serious intentions, we must make a more serious effort to establish a world food reserve. And we need to be hard-boiled about insisting that the reserve be used for emergency and food security purposes, not manipulated to drive the farmer out of business or to hold down prices.

At next week's World Food Council meeting in Rome, I hope that our government will give support to the world food security reserve proposal.

At the same time, we should develop a domestic reserve policy, under which reserves would be held by farmers and the government.

These reserves would be accumulated in years on surplus supply, and released into the market in years when demand exceeds current production. The reserve would be insulated from domestic markets by a release price set well above the price at which the government acquired the reserve.

The existence of such a reserve would stabilize both supplies and prices from year to year.

It would enable us to take advantage of commercial opportunities in years when others suffer crop reverses, and it would ensure an adequate supply to meet our commitments to the developing countries in all foreseeable circumstances.

Secretary Butz's contention is true that we currently have a cushion of grain stocks in the United States. But to imply that we already have a system or a program of reserves is, at best, misleading.

To say, as he did, that we do not stockpile automobiles, shoes or bathing suits is really not relevant. Are producers of these goods affected by the weather? Can a farmer shut down his production like an assembly line?

Beyond facing the reserve issue squarely, we also need to make a greater effort to relate our food aid and technical assistance efforts, designed to avert famine.

The food deficit nations can significantly increase their own production by utilizing today's existing technology. For example, rice yields in Bangladesh are only 53 percent of the world average and 24 percent of the U.S. average.

When we provide food aid, it also is important that the recipient nations not discourage their own producers through cheap food policies. This means using our food, not as an instrument of coercion, but as a tool for development and for peace.

And we must more sharply focus our aid programs on food production, rural credit, family planning, research and education—programs which ultimately tie back to poverty and inadequate food production.

With grain consumption exceeding production in five of the last six years and world population increasing by 70 to 80 million each year, the world food situation is critical.

A promising new initiative to increase world food production—first proposed in

1974 at the World Food Conference in Rome—is the International Fund For Agricultural Development.

The fund will begin operating shortly since pledges of nearly $1 billion—to be spent over the next three years—have been received. These funds are to be furnished by the OPEC countries and the developed countries.

Saudi Arabia and other oil exporting countries are contributing to the Fund, along with Japan and Western Europe. The Congress has acted to fulfill Secretary Kissinger's pledge in his September UN speech that the United States would contribute $200 million to the Fund.

A bipartisan group of twenty-six Senators and Representatives developed the proposal to set aside repayments on past U.S. bilateral foreign aid loans to finance this contribution. Use of these loans for this purpose would ensure that the U.S. contribution was a net addition to the levels of U.S. aid.

For a billion people in India, Bangladesh, and sub-Saharan Africa, the food problem may be, quite literally, a matter of life and death.

As Fred Sanderson pointed out in the May 1975 issue of Science, "the situation of these countries continues to be grim, with hundreds of millions of people living on or below the margins of physical subsistence."

Increasingly, we have to be concerned with the struggle of these people and nations—from the standpoint of our moral leadership in the world and our own self interest.

Father Theodore M. Hesburgh, President of Notre Dame University declared:

"With a vision of a world which is larger than ourselves and our concerns of the moment, we can see that isolated lives of abundance would be mocked by indifference to the needs and desires of the vast majority of the human family."

We have an obligation, in developing a food policy, to look beyond our own producers and consumers. Ultimately, our decisions will have a major impact on the political stability of the food deficit nations.

Our nation is not an island. We do defend on other countries for many raw materials. The oil embargo should remind us of the folly of a "go-it-alone" policy.

Today we face the challenge of food insecurity—whether we like it or not. We live in a dangerous world—like it or not. It is estimated that by 1985, developing countries may face a food deficit of 85 million tons.

We need to respond to that stark reality by shaping a policy which can lead to greater food security—here and abroad.

We have both a great opportunity and a responsibility. I pledge my best effort to this task.

ITALY'S OPENING TOWARD COMMUNISM

Mr. THURMOND. Mr. President, many Senators share with me my deep concern about the political situation in Italy which can bring Communists into the Italian Government this month. I am speaking about the general election that will take place in Italy on June 20 and 21.

The build up of the Communist influence in Italy was a gradual development and it has very little to do with the democratic process as we know it. The Italian Communist Party is a very undemocratically controlled organization based on the Soviet principle of "centralized democracy." The succession of leadership and internal party operation are exactly the same as they are in the Soviet Union, with the line of autocratic party bosses from Palmiro Togliatti to Luigi Longo and the present aggressive leader, Henrico Berlinguer, decided in closed "politburo" manner.

The party itself is run in strictly disciplinary fashion. It is again organized on a professional full-time basis as are the party's organizations in the Soviet Union, Poland, East Germany, or any other Communist country. In this respect the Italian Communist Party in no way compares with other political parties in Italy which are loosely organized political organizations typical of all Western democracies. The Italians themselves call the Italian Communist Party a typically non-Italian, strictly disciplinarian system which operates within the Italian democratic society under completely foreign principles. The Italian Communist Party is a foreign party, influenced and controlled from outside. The elaborate system of financial support has been tied to the economic exchange between the Communist countries of Eastern Europe and Italy.

This economic interdependency between the exchange in Italian trade and industrial relationships with the Communist world, and the financial growth of the Italian Communist Party, is another serious totalitarian trick imposed on the body of Italian politics. In order to promote trade with the Soviet Union, Italian industry and commerce must support the local chapters of the Communist Party and the Communist trade unions. On the basis of this arrangement a constant flow of funds has been provided for the organizational work of the Italian Communist Party in particular in Bologna and other areas where the Communist administration is already strong.

To facilitate this channeling of funds for the Communist operations the party organized trade organizations for relationships with Eastern Europe. The income of these agencies is plainly part of the operational fund of the party. No other political party in Italy, or for that matter any place in the Western World, has a steady income from the enterprises and agencies dealing in export-import or industrial investment abroad. This "duty" imposed on the Italian industry when dealing with Eastern Europe is now the primary source of financial strength of the Communist Party of Italy which cannot be compared in any way with the occasional and very irregular assistance given to the democratic parties of Italy by Western Europe or the United States.

Indirect pressure from the trade unions is another source of power of the Communist Party. The Communist-controlled unions are now the strongest unions in Italy. They exercise enormous pressure on the private enterprise sector by the constant threat of strikes and disorders. But the real day-to-day influence is accomplished by the direct impact of local trade union committees which force the business leaders to take actions which comply with the interests of the Communist Party.

This is the way the press in Italy became leftist to about 80 percent: It is not because publishers or editors-in-chief have gone left, but because the local union committees force the editorial policies of the newspapers to support and popularize the Communist Party in the country. The Communist Party is being pictured as a democratic force compatible with the pluralistic society that Italy is today.

The highly organized and centrally controlled trade union movement of Italy very effectively paralyzed the economic life of the country by strikes. Those are political, not economic strikes, but they cost the Italian economy billions of man-hours in recent years. The Communists developed in the country a very high degree of irresponsibility among the workers. Italy has the highest rate of industrial absenteeism in the world and the most frequently occurring strikes for reasons other than wages and worker benefits. The Communist Party deliberately weakened the economy and the ability of the Government to run an efficient government. Their purpose is to force themselves into the Government. These strictly totalitarian methods of the unions are used by the Communist Party to defeat the control of the Government by the democratic parties.

The general misconception is that the Communist Party is using democratic methods to achieve influence and political power in Italy. But, in reality, in all levels of life—education, industry, commerce, politics—the Communists are using totalitarian, dictatorial, centrally controlled methods of operation to destroy the democratic society of Italy, and create conditions under which they will be invited to participate in the government.

Such participation of the Communist Party in the Italian Government will obviously jeopardize the effectiveness of NATO operations in the Mediterranean Sea and will make the entire northern flank of NATO defenses an open book to Soviet intelligence. The consequences of this development for the freedom of Western Europe cannot be overestimated.

WHY PIOUS EVASION OF THE BRIBERY ISSUE?

Mr. PROXMIRE. Mr. President, the lead editorial in this morning's New York Times properly describes the first report of the President's Cabinet level task force on bribery as "Pious Evasions."

The report, which is contained in a letter to me from Secretary Richardson, is inadequate in several respects. While rhetorically condemning bribery in the strongest language, the Richardson report fails to recommend that we outlaw bribery. According to Secretary Richardson, we should not outlaw bribery by American companies overseas because it might present enforcement problems.

Mr. President, criminal law enforcement is never easy, but we outlaw murder, we outlaw armed robbery. And we outlaw certain activities by American citizens even though they may take place abroad, like antitrust violations, securities fraud, tax evasion, and the like.

Second, the Richardson report recommends that American companies disclose any bribes to foreign officials, but wants the disclosure made to the Department of State or the Department of Commerce, and not to the SEC. These are precisely the two departments that have shown the least interest in combating corporate bribery—that have been the most protective of corrupt allies abroad and corrupt corporations at home. And further, Mr. Richardson recommends that the filings be kept secret up to a year. The Richardson panel seems to want to keep the SEC out of the enforcement process because the SEC is the one agency that has shown some spine.

If the Richardson task force is serious about a disclosure requirement, the disclosures should be made to the SEC. The State Department and the Commerce Department do not have the enforcement machinery to check on the accuracy of the filings and to punish companies that make incomplete or misleading filings. The SEC does. Further, enforcement of a tough disclosure law will not be any easier than enforcement of a direct prohibition. The Richardson panel's idea that the disclosure approach will be easier to enforce than criminalization is true only if they take the company's word in every instance and never check on the accuracy of the disclosures. I hope that is not what Secretary Richardson has in mind.

While the administration's belated recognition of the need for legislation represents some progress, the proposed legislation is, in the words of the Times, a pious evasion. We need both a direct prohibition and a workable disclosure requirement, with the disclosures made to the SEC and to the public. I ask unanimous consent to have the Times editorial printed in the Record, together with Secretary Richardson's letter.

There being no objection, the editorial and letter were ordered to be printed in the Record, as follows:

[From the New York Times, June 16, 1976]

Pious Evasions

Policing bribery in international commerce is no easy task, but the business community and public have a right to more than has been heard so far from President Ford's task force on payoffs and other questionable payments by United States corporations abroad.

The first report of this Cabinet-level group, headed by Commerce Secretary Elliot Richardson, correctly singles out the requirement for public disclosure as the most effective inhibition against such dubious—if well-established—business practices. Neither the payor nor the recipient of a bribe is normally interested in having the transaction become public knowledge. It need hardly have taken two and a half months of high level study to arrive at this conclusion.

The President and his study group became distressingly vague when moving into questions of how and to whom such disclosure is to be made and, more important, what means the Government would establish to pry the required information out of a reluctant business concern. By leaving disclosure ultimately to the discretion of the firm, the Federal Government would only leave an inviting loophole for those few companies that choose to regard bribery as a necessary fact of their business life.

The Administration's resistance to stronger measures could even be taken by some concerns, and their overseas connections, as a green light to business as usual. In the murky realm of trans-national wheeling and dealing, it takes more than moral exhortations to curb the flow of cash.

Alternative legislation pending in the Senate would declare bribery by American businesses a criminal offense, wherever it occurs. Admittedly difficult to enforce, such a first step might at least give pause, alongside effective disclosure requirements; for any businessman wishing to do so this could be cited as reason enough for refusing questionable payments—whatever may have been past practice and expectations.

The Administration argues that an outright ban on these payments could put American business at a competitive disadvantage with exporters of other nations which have not yet absorbed this country's post-Watergate scruples. To this, Senator Proxmire, sponsor of the Senate bill, retorted: "Most of the foreign bribes revealed thus far involved American companies competing with American companies for the same business."

The Secretary of Commerce,
Washington, D.C., June 11, 1976.

Hon. William Proxmire,
Chairman, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

Dear Senator Proxmire: In testifying before your Committee on April 8, 1976 I promised to provide you with comments on your proposed legislation concerning questionable corporate payments abroad. At that time, the Task Force on Questionable Corporate Payments Abroad had just been created (on March 31). In order to allow the Task Force time to perform relevant preliminary analysis of the issues involved—and with the schedule of the Congress also in view—we agreed that these comments should be provided by June 1. On May 19, you graciously agreed to my request that the June 1 date be changed to June 10. This letter provides comments in accord with our agreement.

Your bill, S. 3133, amends the Securities Exchange Act of 1934 and the Securities Act of 1933 to require disclosure of certain foreign payments and to provide for criminal prosecution of payments made to influence actions of foreign governments.

S. 3133 would require each issuer of a security registered with the Securities and Exchange Commission (SEC) to report to the SEC all payments in excess of $1,000 made to: (i) representatives or employees of foreign governments; (ii) any foreign political party or candidate for foreign office; or (iii) any person retained to assist with obtaining or maintaining business with, or influencing legislation or regulations of, a foreign government. S. 3133 requires that such reports be made publicly available and that they contain a statement of amount, purpose and the name of the recipient of each payment.

In addition, S. 3133 would amend the Securities Act of 1933 to allow the SEC to initiate, prosecute or appeal criminal actions against issuers who use the mails or any instrumentality of interstate commerce to pay or agree to pay or give anything of value to a foreign government official, agent or representative of such official or to any foreign political party or candidate, for the purpose of inducing such individual or party to use his or its influence with a foreign government "to obtain or maintain business for or with the issuer or to influence legislation or regulations of that government." Further, S. 3133 would make unlawful any payment made in a manner or for a purpose which is illegal under the laws of the foreign government having jurisdiction over the transaction.

In commenting upon your bill, this letter discusses the following:

(1) The Questionable Payments Problem
(2) Relevant Current Law
(3) The Current Administration Approach to Treatment of the Problem
(4) Alternative Approaches Which Might Supplement the Current Administration Approach
(5) Recommendations with Respect to the Need for Additional Legislation at this Time
(6) Conclusion

(1) The Questionable Payments Problem—

As you know, the Task Force is charged with responsibility for policy development and not with responsibility for investigation. Ongoing investigative responsibilities rest with auditing agencies (e.g., the Defense Contract Auditing Agency), the Internal Revenue Service, the SEC, and the Department of Justice—upon whose work the Task Force has drawn in its attempt better to understand the character and scope of the problem.

It is clear on the basis of information already at hand that the "questionable payments problem" is, in fact, real—i.e., that:

A significant number of America's major corporations, in their dealings with foreign governments, have engaged in practices which violated ethical and in some cases legal standards of both the United States and foreign countries.

To carry out these practices, certain American corporations have falsified records, lied to auditors, and used off-the-books "slush" funds.

In some cases, improper foreign payments have been unlawfully deducted as ordinary and necessary business expenses for U.S. income tax purposes.

In the case of a number of major corporations, employment of improper business practices abroad has coincided with past illegal political contributions in the United States. (Some allege that a major area of abuse involves the possible direct connection between questionable payments abroad and illicit domestic payments.)

"The problem" is, of course, a set of problems—often interrelated, but distinguishable, as follows:

The problem of "petty corruption." So-called "grease" or "facilitating" payments are, a business requirement in a number of less developed countries—where they are often culturally, if not legally, accepted as a means of remuneration for an underpaid civil service. Further, petty corruption is a "fact of life"—although presumably to a lesser extent—in many developed countries.

The problem of "competitive necessity." It is frequently argued that American firms are required to bribe in order to "outcompete" foreign competition. (While this hypothesis may be valid, no substantial evidence to support this hypothesis has, as yet, been presented to the Task Force. In several cases, payments have been made to intermediaries, but have not been transmitted to the intended governmental decision makers. In a number of questionable payments cases—especially those involving sales of military and commercial aircraft—payments have been made *not* to "out-compete" foreign competitors, but rather to gain an edge over other U.S. manufacturers.)

The problem of extortion. In some instances, improper payments have been extorted from U.S. companies by corrupt officials or agents purporting to speak for such officials.

The problem of adverse effect on foreign relations. The manner of disclosure of allegations regarding past practices, the substance of the allegations revealed, and in some cases the practices themselves, have had adverse impact on the political and social fabric of countries friendly to the United States—and have, thereby, adversely affected U.S. foreign relations.

The problem of adverse impact on multinational corporations. Exposure of the questionable payments problem has exacerbated concerns about multinationals' accountability to the national legal constraints of both home and foreign "host" countries. It has raised the level of concern that such enterprises have the capacity to conduct independent foreign policy including the subordining of host country political and governmental processes. Increased anxiety regarding multinationals' legal and political accountability could lead to national and international "backlash" in the form of laws or regulations which could seriously handicap such enterprises with resulting deteriment to the United States economy, to world commerce and to the pattern of world development.

The problem of eroding confidence in "free" institutions. Revelations of questionable payments—with off-book accounting—may have undermined, to some degree, investor confidence in the adequacy of regulatory mechanisms intended to assure the provision of information necessary for the honest and efficient functioning of capital markets. The payments themselves may have distorted the allocation of resources within a would-be competitive system—or, in some cases, may have distorted representation within a political system. But most fundamentally, the uncovering of these improper past practices has eroded confidence in corporate responsibility and in democratic and capitalist institutions generally.

At this stage, some would argue that the pattern of illegal and questionable behavior already exposed is highly atypical—that most international corporations have conducted themselves as "good citizens." The SEC analysis indicates that at least 95 corporations have disclosed possible questionable or illegal payments. And the SEC would suggest that the actual scope of the problem is not likely to be significantly greater than that which has already been voluntarily revealed—because criminal sanctions attach to the willful filing of a false or incomplete report, i.e., the incentive fully to disclose "voluntarily" has arguably been high.

Others argue that the pattern of voluntary disclosure to the SEC has shown corporations to have been less than wholly forthcoming—that in many instances additional investigation has shown initial disclosures to have been inadequate. Some note further that SEC reporting requirements have not reached those companies whose counsel have, on one ground or another, advised against disclosure.

In short, the extent to which disclosures to date do or do not fully represent the scope of the problem remains in dispute. It is the current view of the Task Force and the President that the overwhelming majority of U.S. corporations do conduct themselves as good citizens—and that they are to some extent now the victims of a public mood which alleges guilt-by-association.

More definitive delineation of the precise dimensions of the questionable payments problem must await further investigation by corporations investigating themselves with the approval of the SEC and the courts (the "Gulf model"), by the IRS whose intensified review of the problem is in its initial stages, by the Federal Trade Commission, and by the Department of Justice.

It is clear, however, that the nature of the problem—and the extent of the problem as revealed to date—are sufficient to justify the remedial measures already under way and serious consideration of possible additional measures.

(2) Relevant Current law—

The discussion which follows in sections (a)-(d) outlines current law and in section (e) analyzes its sufficiency for the task of deterring future improper payments by American firms abroad.

(a) Securities Laws—

The securities laws are designed to protect investors from misrepresentation, deceit, and other fraudulent practices by requiring public disclosure of certain information pertaining to the issuers of securities. Such disclosure is accomplished, first, through the mechanism of a registration statement which is required to be filed with the SEC as a precondition to a public offering of securities pursuant to the Securities Act of 1933, 15 U.S.C. § 77a et seq. (1970), the "1933 Act;" and, second, through the annual and other periodic reports and proxy materials required to be filed by registered companies with the SEC pursuant to the Securities Exchange Act of 1934, 15 U.S.C. § 78a et seq. (1970), the "1934 Act."

There is no specific requirement that questionable payments to foreign officials be disclosed in registration statements filed pursuant to the 1933 Act or in the annual or periodic reports or proxy materials filed pursuant to the 1934 Act. However, in addition to the specific instructions and requirements incident to each of these filings, the SEC requires the disclosure of all material information concerning registered companies and of all information necessary to prevent other disclosures made from being misleading, *e.g.*, 17 C.F.R. §§ 230.408, 240.12b-20, 240.14(a)-9(a) (1975). Thus, facts concerning questionable payments are required to be disclosed insofar as they are material.

Materiality has been defined by the SEC as limiting the information required "to those matters as to which an average prudent investor ought reasonably to be informed before purchasing the security registered." Rule 405(1), 17 C.F.R. § 230.405(1) (1975). The materiality of any fact is to be assessed, according to the courts, by determining:

". . . whether a reasonable man would attach importance [to it] . . . in determining his choice of action in the transaction in question. [Citation omitted.]" (Emphasis supplied.) This, of course, encompasses any fact ". . . which in reasonable and objective contemplation might affect the value of the corporation's stock or securities . . . [Citation omitted.]" (Emphasis supplied.) Thus, material facts include not only information disclosing the earnings and distributions of a company but also those facts which affect the probable future of the company and those which may affect the desire of investors to buy, sell, or hold the company's securities." *SEC* v. *Texas Gulf Sulphur Co.*, 401 F.2d 833, 849 (2d Cir. 1968). Alternatively stated, the test is whether ". . . a reasonable man might have considered . . . [the information] important in the making of [his] decision." *Affiliated Ute Citizens* v. *United States*, 406 U.S. 128, 153-54 (1972).

The courts have not yet addressed the issue of whether and under what circumstances questionable payments made by a U.S. corporation to foreign officials would be material information which should be disclosed publicly.[1] Thus, the SEC, through its enforcement program and its voluntary disclosure program,[2] has been the sole arbiter as to the materiality of such payments.

The extent of the Commission's activities with respect to both foreign and domestic payments and practices has created a great deal of uncertainty as to how the materiality standard applies to improper foreign payments. The SEC has not issued a release containing disclosure guidelines on this subject to date. However, in a report submitted to your Committee on May 12, 1976, the SEC has given some guidance as to its current position ("Report of the Securities and Exchange Commission on Questionable and Illegal Corporate Payments and Practices).

In this Report, the SEC takes the position that questionable or illegal payments that are significant in amount or that, although not significant in amount, relate to a significant amount of business, are material and required to be disclosed. Other questionable payments may also be material, according to the Report, regardless of their size or the significance of the business to which they relate. Thus, the Report indicates (at page 15) that: ". . . the fact that corporate officials have been willing to make repeated illegal payments without board knowledge and without proper accounting raises questions regarding improper exercise of corporate authority and may also be a circumstance relevant to the 'quality of management' that should be disclosed to the shareholders."

Moreover, even if expressly approved by the board of directors, the Report states (at page 15) that ". . . a questionable or illegal payment could cause repercussions of an unknown nature which might extend far beyond the question of the significance either of the payment itself or the business directly dependent upon it"—and for that reason might have to be disclosed.

(b) Tax Laws—

Section 162(c) of the Internal Revenue Code provides that bribes and kickbacks, including payments to government officials, cannot be deducted in computing taxable income if the payment (wherever made) would be unlawful under U.S. law if made in the United States.

The principal mechanism for the detection of improper deductions is the corporate income tax return and, in the case of foreign subsidiaries and affiliates, certain information returns. Criminal and civil sanctions may be applicable if an improper payment is deducted from earnings.

The Internal Revenue Service (IRS) does not routinely require taxpayers to furnish information as to the payment of bribes or kickbacks. However, in August 1975, the IRS issued guidelines to its field examiners providing techniques and compliance checks to aid in the identification of schemes used by corporations to establish "slush funds" and other methods to circumvent federal tax laws. In April and May of 1976, additional instructions were issued focusing on illegal deductions of questionable payments to foreign officials abroad. The IRS is now engaged in investigating hundreds of the nation's largest companies regarding possible improper deductions of such payments and related tax improprieties.

(c) Antitrust Laws—

The antitrust laws may have an impact on improper payments in a variety of ways. Depending on the factual circumstances, an improper payment could violate Sections 1 or 2 of the Sherman Act, 15 U.S.C. §§ 1, 2 (1970); Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45 (1970) the "FTC Act"; or Section 2(c) of the Clayton Act, the so-called brokerage provision of the Robinson-Patman Act, 15 U.S.C. § 13(c) (1970).

As a general rule, an American corporation which pays a bribe to gain favorable legislation abroad, or to facilitate a sale at the expense of a foreign competitor, will not be in violation of the U.S. antitrust laws. On the other hand, payment of a bribe by one U.S. company to assist its sales at the expense of another U.S. company may well be an unfair method of competition within the meaning of Section 5 of the FTC Act. A conspiracy among two or three U.S. companies to bribe a foreign official to keep another U.S. company out of an overseas market would probably violate Section 1 of the Sherman Act; however, it is not clear that an improper payment involving one firm and one government official can constitute a conspiracy for the purposes of this section. Bribes paid by one company for the purpose of monopolizing a foreign market might violate Section 2 of the Sherman Act.

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[1] The conviction of a director and chief executive officer of a company for bribing U.S. public officials has been held to be a material fact which should have been disclosed. Cooke v. Teleprompter Corp., 334 F. Supp. 467 (S.D.N.Y. 1971).

[2] In addition to its regular enforcement program, the SEC has established special procedures for registrants seeking guidance as to the proper disclosure of questionable foreign payments. These procedures, frequently referred to as the "voluntary disclosure program," provide a means whereby companies can seek the informal views of the Commission concerning the appropriate disclosure of certain matters. The program is intended to encourage publicly-owned corporations to discover, disclose, and terminate, on a voluntary basis, the making of questionable payments and related improper activities.

Section 2(c) of the Clayton Act prohibits the payment of commissions or other allowances, except for services actually rendered, in connection with the sale of goods in which either the buyer or seller is engaged in commerce (including commerce with foreign nations). Section 2(c) encompasses commercial bribery and bribes of state government officials to secure business at the expense of U.S. competitors. Although there do not appear to be any Section 2(c) cases involving dealings with foreign governments, the statute might be applicable to the payment of a bribe by a U.S. corporation to a foreign official to assist its business at the expense of its U.S. competitor.

(d) Criminal Statutes and Other Laws—

Present federal law does not prohibit, per se, bribery or similar questionable practices by American companies or persons with respect to foreign officials, companies, or persons in furtherance of commercial gain. However, criminal or civil liability may attach from collateral false reporting practices. Most particularly, false statements filed with federal agencies may constitute a violation of 18 U.S.C. § 1001 (1970) or other specialized false statement statutes. Relevant provisions are summarized below:

(i) The Export-Import Bank of the United States (Eximbank). Certificates prepared by American firms whose goods are purchased with Export-Import Bank loans must declare any commissions, fees, or other costs above and beyond the actual value of the goods sold which constitute any part of the contract price. Several cases of possible fraud have recently been referred to the Criminal Fraud Section of the Department.

(ii) The Agency for International Development (AID). Under the Foreign Assistance Act, 22 U.S.C. § 2399 (1970), AID makes loans of hard currency available to foreign countries for purchase of American commodities for importation. An American exporter who makes a sale under this program must file a supplier's certificate with AID certifying that no kickbacks or commissions were paid. AID officials compare contract prices with current market prices and occasionally discover discrepancies requiring legal action, including referrals to the Department of Justice for possible fraud prosecutions. It has been held that a concealment of improper payments in AID forms constitutes a violation of the federal statute making it unlawful to conceal any matter within the jurisdiction of any United States department or agency, 18 U.S.C. § 1001 (1970). *U.S. v. Olin Mathieson Chemical Corporation,* 368 F.2d 525 (2d Cir. 1966).

(iii) State Department Export Licenses. Registered dealers may sell for export items on the U.S. Munitions List provided an export license is obtained from the State Department (22 C.F.R. § 121–27). The application forms for such licenses require that the cost be listed, but without a breakdown. The International Security Assistance and Arms Export Control Act of 1976 (which was vetoed on May 7, 1976, but then reintroduced in altered form as S. 3439 and H.R. 13680) would add a new provision to the Foreign Military Sales Act, 22 U.S.C. § 2751 et seq. (1970), to require reports to the Secretary of State, pursuant to regulations issued by him, concerning political contributions, gifts, commissions and fees paid by any person in order to secure sales under Section 22 of the Foreign Military Sales Act. No such payment could be reimbursed under any U.S. procurement contract unless it was reasonable, allocable to the contract, and not made to someone who secured the sale in question through improper influence. Similar reporting requirements would be required with respect to commercial sales of defense articles or defense services licensed or approved under Section 38 of the Foreign Military Sales Act. All information reported and records kept would be available to Congress upon request and to any authorized U.S. agency. It should be noted that even at the present time, the Defense Department requires disclosure of all fees and commissions paid in the sale of military equipment pursuant to the Foreign Military Sales (FMS) program. False statements made pursuant to these disclosure requirements would constitute possible violations of 18 U.S.C. § 1001 (1970).

(iv) Securities and Exchange Commission. The failure to report in corporate financial statements filed with the SEC bribes and kickbacks to foreign officials or governments may constitute criminal fraud. However, to fall in that category under present law, the errors or omissions must have a material effect on the financial picture of the company as a whole as presented by the report.

In conjunction with violations in all of the foregoing areas, depending on the facts of a particular case, additional charges may be appropriate for conspiracy, 18 U.S.C. § 371 (1970), mail fraud, 18 U.S.C. § 1341 (1970), or fraud by wire, 18 U.S.C. § 1343 (1970). Furthermore, attempts to circumvent or defeat a regulatory system designed to ensure the integrity of a government program may constitute a conspiracy to defraud the United States.

(e) Analysis—

The following analysis addresses the issue of whether new legislation is required to deal with improper corporate payments or whether the laws and regulations described above are, taken together, sufficient to deter such practices. Another way to state the question is whether the company that would consider the making of an improper payment—or the foreign official that would demand one—will be deterred from doing so by the existing laws and regulations.

The dimensions of the improper payments problem suggest, to some, the singular ineffectiveness of existing laws and regulations. On the other hand, some argue that the past failure of deterrence may be a function of insufficiently vigorous enforcement of existing authorities. My personal assessment is that even the most vigorous enforcement of existing law would not be an adequate solution to the problem, and that the shortcomings of existing law are the result of statutory and jurisdictional limitations rather than of enforcement policy.

It is clear that the provisions outlined above are insufficient to deal adequately with the questionable payment problem. Indeed, the requirements of the SEC are the only ones which, as a practical matter, deserve detailed consideration. For ease of presentation, it may be useful to discuss first the laws and regulations of lesser significance.

With respect to taxation and antitrust, both systems are theoretically applicable to all U.S. corporations doing business abroad but only to the extent that the making of a questionable payment also results in a violation of certain statutory prohibitions.

The tax laws only reach those transactions in which a questionable payment is deducted as a business expense. If a company making an improper payment does not take a deduction, the only source of potential liability arises from the maintenance of "slush funds" to circumvent federal tax laws generally. Although the IRS could require reporting of questionable payments, the information obtained could not be disclosed to the public because of the confidentiality of tax administration. Moreover, the mission of the IRS in the area of questionable payments abroad is to administer and enforce the tax law. All of the procedures and programs which the IRS has adopted, or might adopt in the future, are designed to accomplish that central objective—the enforcement of the tax statutes.

The antitrust laws are generally inapplicable to an improper payment unless it can be shown that there is an anticompetitive effect on U.S. foreign commerce, for example, where a bride is paid to exclude the product of a U.S. competitor or to monopolize a foreign market. There also exist substantial constraints to the justifiability and enforceability of applications of antitrust laws to foreign transactions. These include traditional legal doctrines regarding sovereign immunity of foreign governments and compulsion by foreign governments and consideration of comity between nations.

The Eximbank, AID, and FMS programs only apply to companies taking advantage of these particular programs. Moreover, none of them at the present time requires public disclosure. They are designed merely to ensure that the Government does not aid in the financing of questionable payments. In the case of the FMS program, pending legislation (as noted above) would provide for disclosure to the Congress but, in any case, it would still be limited to companies making sales of military equipment. Thus, as a practical matter, these programs taken together affect the actions of a limited number of companies doing business abroad and the FMS program, through its disclosure requirement (assuming passage of the new legislation), is the only one which contains a deterrent element.

There are several reasons why the SEC disclosure requirements may be inadequate to deter improper payments. First, they only apply to public companies, i.e., to companies with securities registered under the 1934 Act or to companies making public offerings. Second, they only apply to the extent that the questionable payment is "material." Third, as a general rule, they do not require disclosure of the names of recipients of questionable payments. Fourth, they are not designed to protect adequately the interests that would be served by new legislation. Nonetheless, the utility of the SEC disclosure requirements must be examined in some detail, since the Commission itself believes that current securities laws are adequate to require sufficient disclosure of questionable payments and that any remaining problem can be solved by strengthening the corporate financial reporting system.

First, with respect to the coverage of the SEC program, there are at present approximately 9,000 corporations, not all of which do business abroad, which regularly file documents with the Commission. On the other hand, there are some 30,000 U.S. exporters and an additional number of U.S. firms doing business abroad which do not export from the United States. Indeed, some of the more important U.S. firms doing business abroad are private companies which are not subject to the SEC disclosure requirements.

Second, the Commission's authority to require disclosure is limited in that a questionable payment must be reported only if it is "material." On page 15 of its Report, the SEC sets forth the view that any payment, regardless of amount, may be "material" because it can lead to "repercussions of an unknown nature" or reflect on the quality or integrity of management. This very broad concept of materiality is at substantial variance with other recent discussions of materiality by the SEC. For instance, in facing the issue whether a company is required to report unlawful discrimination in employment, the SEC stated—in a release issued less than one year ago—that:

"The Commission's experience over the years in proposing and framing disclosure requirements has not led it to question the basic decision of the Congress that insofar as investing is concerned the primary interest of investors is economic. After all, the principal, if not the only reason, why people invest their money in securities is to obtain a return. A variety of other motives are probably present in the investment decisions of numerous investors; but the only common thread is the hope for a satisfactory return, and it is to this that a disclosure scheme intended to be useful to all must be primarily addressed." Freeman, "The Legality of the SEC's Management Fraud Program," 31 Bus. Law. 1295, 1301 (March 1976).

In the same release the Commission stated that "there is no distinguishing feature which would justify the singling out of equal employment from among the myriad of other social matters in which investors may be interested." The release then listed 100 so-called social matters in which investors may be interested (including "activities which would be illegal in the U.S. but which are conducted abroad") but which, presumably, are not material per se. As stated not long ago by then Chairman Ray Garrett:

". . . as you can see, if you require disclosure of all violations of law against bribery or political contributions on the ground that illegal payments are material per se, we may be hard pressed to explain that other illegal corporate acts are not equally material for the same reason." Securities Act Release No. 5627, October 14, 1975, p. 37.

The Commission's current position with respect to questionable payments, however, seems to suggest the emergence of a new theory, namely, that with respect to illegal conduct the illegality itself is of consequence—regardless of the nature of the offense and of its effect upon the value of the stockholder's investment. Indeed, with respect to questionable payments, it does not even appear to matter to the SEC whether they are actually illegal, that is, whether subject to indictment by prosecuting authorities in the United States or abroad. The Commission's enforcement policy in this area, however laudable, may be based on tenuous legal grounds. At the very least, given the extent of the Commission's enforcement activity, there is a good possibility that the matter will be presented to the courts.

The remarks of former SEC Chairman Garrett underscore the fact that the Commission's policy is a function of its composition at any particular time. New Commissioners may be disposed to take different interpretations. Thus, even assuming the legality or propriety of the views espoused by the present Commission, it is uncertain whether this will continue to be SEC policy. There may be virtue in a legislative scheme which does not depend for its viability on the continued zeal or militancy of its administrators.

Third, the SEC does not require disclosure of the names of the recipients of questionable payments, and it is hard to see how it could do so, at least in most cases, even under the most expansive interpretation of the materiality doctrine. The SEC Report states that while, in some cases, disclosure of the identity of the recipient might be important to an investor's understanding of the transaction, more frequently his identity may have little or no significance to the investor (at page 60).

More generally, the SEC system of disclosure is simply not adequate to the task at hand.

The questionable payments problem has sensitive and broad-ranging public policy and foreign relations implications. Moreover, it may be asked whether the SAC, in its expansive definition of materiality, has not raised serious questions as to the purpose and scope of the securities laws and the statutory role of the Commission. In remarks delivered in December 1975, then Commissioner Sommer urged the Commission to go slowly in expanding the area in which SEC disclosure becomes a substitute for the enforcement of other substantive laws. In particular, he pointed out that:

". . . Materiality is a concept that will bear virtually any burden; it can justify almost any disclosure; it can be expanded all but limitlessly. But we must constantly bear in mind that overloading it, unduly burdening it, excessively expanding it may result in significant changes in the role of the Commission, the role of other enforcement agencies, and our ability to carry out our statutory duties." SEC News Digest, December 12, 1975.

Whatever definition is given "materiality" by the SEC or the courts, SEC disclosure is designed to protect the interests of the prudent investor. It is, arguably, not an appropriate mechanism to deal with the full array of national concerns caused by the problem of questionable payments.

(3) The Current Administration Approach to Treatment of the Problem—

The current Administration approach is comprised of the following:

(a) Vigorous enforcement of current law (as summarized in (2) above).

Investigative enforcement activities are being conducted by audit agencies, the IRS, the Federal Trade Commission, the Department of Justice, and the SEC. The SEC has provided you with a Report based on the findings of its "voluntary program." As noted, the investigative activities of all these agencies are ongoing—and the product of their investigations will continue to emerge in accord with fair and orderly legal process.

It is reasonable to conclude that the exposures to date have increased the attentiveness of responsible enforcement agencies in general—and that they have increased the deterrent effect of current law thereby. A particularly noteworthy example is provided by the IRS's guidelines of May 10, 1976—requiring affidavits concerning "slush funds" and concerning bribes, kickbacks or other payments, regardless of form, made directly or indirectly to obtain favorable treatment in securing business or special concessions; or made for the use or benefit of, or for the purpose of opposing, any government, political party, candidate or committee.

(b) Pursuit of international agreements.—

We anticipate endorsement of a code of conduct for multinational corporations at the coming Organization for Economic Cooperation and Development (OECD) Ministerial Conference later this month. The Code will include as agreed declaratory policy the following language:

"Enterprises should:

(i) not render and they should not be solicited or expected to render—any bribe or other improper benefits, direct or indirect, to any public servant or holder of public office;

(ii) unless legally permissible, not make contributions to candidates for public office or to political organizations;

(iii) asbstain from any improper involvement in local political activities."

Ambassador Dent has asked the General Agreement on Tariffs and Trade to take up the questionable payments issue, as called for in Senate Resolution 265. The resolution proposes negotiation in the Multilateral Trade Negotiations of an international agreement to curb "bribery, indirect payments, kickbacks, unethical political contributions and other such similar disreuptable activites." The U.S. has ndicated that negotiation of such an agreement is a matter of top priority.

Most significantly, the U.S. proposal for negotiation in the United Nations of a treaty on corrupt practices was made on March 5 at the second session of the UN Commission on Transnational Enterprise in Lima. The proposal is for an agreement to be based on the following principles:

(i) It would apply to international trade and investment transactions with governments, i.e., government procurement and other governmental actions affecting international trade and investment as may be agreed;

(ii) It would apply equally to those who offer to make improper payments and to those who request or accept them;

(iii) Importing governments would agree to establish clear guidelines concerning the use of agents in connection with government procurement and other covered transactions, and establish appropriate criminal penalties for defined corrupt practices by enterprises and officials in their territory;

(iv) All governments would cooperate and exchange information to help eradicate corrupt practices;

(v) Uniform provisions would be agreed upon for disclosure by enterprises, agents and officials of political contributions, gifts and payments made in connection with covered transactions.

The proposal was forwarded to the UN Economic and Social Council (ECOSOC) with a recommendation that ECOSOC give the issue priority consideration.

The U.S. objective is to have ECOSOC, at its July 12–August 6 meeting in Geneva, pass a resolution on corrupt practices which will create a group of experts charged with writing the text of a proposed international treaty on corrupt practices and reporting that text back to ECOSOC in the summer of 1977. The U.S. goal would then be to forward an agreed text to the UN General Assembly for action in the fall of 1977.

(c) Further policy development and coordination—

On March 31, 1976 the President established the Cabinet Task Force on Questionable Corporate Payments Abroad—which, as you know, I chair. Members of the Task Force include: The Secretary of State; The Secretary of the Treasury; The Secretary of Defense; The Attorney General; The Special Representative for Trade Negotiations; The Director, Office of Management and Budget; The Assistant to the President for Economic Affairs; The Assistant to the President for National Security Affairs; and The Executive Director, Council on International Economic Policy.

In establishing the Task Force, the President said:

"Although the Federal Government is currently taking a number of international and domestic steps in an attempt to deal with this problem, I believe that a coordinated program to review these efforts and to explore additional avenues should be undertaken in the interest of ethical conduct in the international marketplace and the continued vitality of our free enterprise system."

The President directed the Task Force to coordinate further policy development concerning the questionable payments problem and to provide the President with interim status reports and a final report before the end of the calendar year.

The full Cabinet Task Force has met four times—most recently, yesterday, with the President. Staff groups have prepared interim analyses of: current knowledge as to the character of the problem; pending legislative initiatives; possible alternative legislative initiatives; pending international initiatives;

and possible supplementary international initiatives. We have consulted with a wide range of business representatives, legal experts, concerned U.S. citizens and foreign officials—and, I should note, it is clear that there is a wide range of differing opinions within and among these groups.

The comments which follow reflect the thinking of the Task Force as developed to date—except in those instances where I note my personal views or the specific decisions of the President.

(4) Alternative Approaches Which Might Supplement the Current Administration Approach—

There are three broad categories in relation to which possible supplementary initiatives may be conceived: (a) further administrative initiatives within current law; (b) further international initiatives; and (c) further U.S. legislative initiatives. These categories, of course, are not mutually exclusive—although alternative approaches within each category may be.

Within the first category, I include the stepped-up enforcemnt activities to which I have referred. In addition, the Task Force is now examining the need for changes in Executive Branch administrative operating procedures and guidelines.

But the basic premise from which I know you start is that current law is not sufficient—a premise with which, as noted and qualified in (2) above, we would concur.

In our view, the ultimate legal basis for adequately addressing the questionable payments problem must be an international treaty along the lines proposed by the United States at the second session of the UN Commission on Transnational Enterprises in Lima. A treaty is required to make the "criminalization" of foreign bribery fully enforceable—for, in the absence of foreign cooperation, it would be extremely difficult, and in many cases impossible, for U.S. law enforcement officials and potential defendants to be assured of access to relevant evidence. A treaty is also required to treat the actions of foreign as well as domestic parties to a questionable transaction. And a treaty is required to assure that all nations, and the competing firms of differing nations, are treated on the same basis.

However, a realistic assessment of prospects for international action would have to suggest that it is probable the desired international agreement may—in spite of our best efforts—take a considerable amount of time to achieve. International prospects are, in any case, highly uncertain.

In order to advance the prospects of favorable international action with respect to the U.S. proposal, the State Department has coordinated a special series of direct representations to foreign governments.

I am pleased to report that, in addition, the President has decided to accelerate progress toward an international agreement by direct efforts with our major trading partners. The U.S. Government—the President in particular—is serious about taking every reasonable step to achieve a responsible international agreement as quickly as possible.

It is with respect to U.S. legislation, then, that the question remains as to what else can and should be done.

The President and the Task Force have, as I have already noted, decided that current law is not sufficient to deal fully with the questionable payments problem. However, before outlining the legislative approach that we have decided upon, it is useful to review the considerations which underpin our choice of measures.

There are two principal competing general legislative approaches—a disclosure approach or a criminal approach. While it is possible to resign legislation—as indeed is the case with S. 3133—which requires disclosure of foreign payments and makes certain payments criminal under U.S. law, the Task Force has unanimously rejected this approach. The disclosure-plus-criminalization scheme would, by its very ambition, be ineffective. The existence of criminal penalties for certain questionable payments would deter their disclosure and thus the positive value of the disclosure provisions would be reduced. In our opinion the two approaches cannot be compatibly joined.

The Task Force has given considerable scrutiny to the option of "criminalizing" under U.S. law improper payments made to foreign officials by U.S. corporations. Such legislation would represent the most forceful possible rhetorical assertion by the President and the Congress of our abhorrence of such conduct. It would place business executives on clear and unequivocal notice that such practices should stop. It would make it easier for some corporations to resist pressures to make questionable payments.

The Task Force has concluded, however, that the criminalization approach would represent little more than a policy assertion, for the enforcement of such a law would be very difficult if not impossible. Successful prosecution of offenses would typically depend upon witnesses and information beyond the reach of U.S. judicial process. Other nations, rather than assisting in such prosecutions, might resist cooperation because of considerations of national preference or sovereignty. Other nations might be especially offended if we sought to apply criminal sanctions to foreign-incorporated and/or foreign-managed subsidiaries of American corporations. The Task Force has concluded that unless reasonably enforceable criminal sanctions were devised, the criminal approach would represent poor public policy.

The Task Force did give serious consideration to one criminalization scheme, whereby the standards of U.S. law against official bribery would be applied to improper payments made abroad, provided the country in which such payments were made had entered a mutual enforcement assistance agreement with the United States and had enacted its own criminal prohibitions against official bribery. (A review by the Task Force reveals that practically every country in the world has a law against official bribery.) While such an approach to criminalization could be enforceable and would eliminate potential affronts to other nations' sovereignty, it would, however, apply only to payments made in countries willing to enter enforcement agreements with the U.S.—whose number might not be large. In addition, as is the case with domestic bribery standard, it would entail the drawing of very difficult distinctions between criminal payments on the one hand and proper fees or political contributions on the other.

The Task Force has similarly analyzed the desirability of new legislation to require more systematic and informative reporting and disclosure than is provided by current law. The Task Force recognized that additional disclosure requirements could expand the paperwork burden of American businesses (depending upon the specific drafting) and that they might, in some cases, result in foreign relations problems—to the extent the systematic reporting and disclosure failed to deter questionable payments and their publication proved embarrassing to friendly governments.

At the same time the Task Force perceived several very positive attributes of systematic disclosure. First, it deemed such disclosure necessary to supplement current SEC disclosure, which as noted already covers only issuers of securities making "material" payments, and does not normally include the name of the payee. Such disclosure would provide protection for U.S. businessmen from extortion and other improper pressures, since would-be extorters would have to be willing to risk the pressures which would result from disclosure of their actions to the U.S. public and to their own governments. It would avoid the difficult problems of defining and proving "bribery." It would offer a means to give public reassurance of the essential accountability of multinational corporations.

(5) Recommendations for Additional Legislation—

Based upon analyses of the sufficiency of current law and of optional legislative approaches summarized above, the President has decided to recommend that the Congress enact legislation providing for full and systematic reporting and disclosure of payments made by American businesses with the intent of influencing, directly or indirectly, the conduct of foreign governmental officials. At the same time, the President has decided to oppose, as essentially unenforceable, legislation which would seek broad criminal proscription of improper payments made in foreign jurisdictions.

The President has directed the Task Force to draft this disclosure legislation for submission to Congress as soon as possible—in order to allow Congressional action on the proposal in this session of Congress. The Task Force has not yet had an opportunity to develop, nor has the President had an opportunity to review, detailed specifications for such legislation. However, it is possible at this time to state in conceptual terms the basic outlines of the disclosure legislation which I would recommend:

All American business entities, whether or not they have securities registered with the SEC, would be required to report all payments in excess of some floor amount, made directly or indirectly to any person employed by or representing a foreign government or to any foreign political party or candidate for foreign political office in connection with obtaining or maintaining business with, or influencing the conduct of, a foreign government.

Such reports would include, at a minimum, the amount or value of the payment; its purpose; and the name of the recipient.

These reports would be required to be made to some Executive Branch department, such as the Department of Commerce or State and not the SEC.

The State Department, at its discretion would convey the contents of such reports to the affected foreign government. The reports would become available for public inspection after an appropriate interval, such as one year, to protect proprietary concerns and to allow opportunity for constructive diplomatic intervention prior to public controversy regarding a given payment.

Civil and/or criminal penalties would be set for negligent or willful failure to report. (Deliberate misrepresentation on such reports would be covered by current criminal law, 18 U.S.C. § 1001) (1970.)

The requirement for such reports would apply to all American business entities and through them to controlled foreign subsidiaries. Penalties for failure to report would apply only to U.S. parent corporations and their officers.

It is readily apparent that the approach outlined above in conceptual terms is, in a number of respects, similar to the disclosure portion of S. 3133. Our approach does differ, however, in at least one important respect. As already noted, reporting would not be made to the SEC. The SEC's jurisdiction, limited to "issuers" of registered securities, is inadequate to the problem. Further, the Task Force believes that the SEC would be an inappropriate agency for this reporting, which is directed at important national and foreign policy concerns and not simply to investor confidence.

The further extent to which the Administration's disclosure approach may differ from that embodied in S. 3133 remains to be determined through detailed drafting and the process of resolving points which remain at issue within the Task Force.

In addition to deciding to recommend the proposed new disclosure legislation, the President has decided to endorse the legislative approach to improve private sector internal reporting and accountability first proposed to your Committee by Chairman Hills in his Report of May 12 and recommended by the Task Force. That approach would:

Prohibit falsification of corporate accounting records;

Prohibit the making of false and misleading statements by corporate officials or agents to persons conducting audits of the company's books and records and financial operations;

Require corporate management to establish and maintain its own system of internal accounting controls designed to provide reasonable assurances that corporate transactions are executed in accordance with management's general or specific authorization, and that such transactions are properly reflected on the corporation's books.

For reasons suggested above, I firmly believe that enactment of the disclosure and accountability legislative proposals, as recommended by the President, will provide the best approach to remedying the inadequacies of current law—and to restoring confidence thereby. Should you or your colleagues wish, I would be happy to provide further elaboration of reasons for this belief—by whatever means may be most convenient to the Committee.

(6) Conclusion—

Let me conclude with several summary points drawn from the above discussion:

(a) The questionable payments problem is serious—as is the need for additional initiatives to address it. The improper actions of a few have not only disturbed foreign relations, but have caused a further erosion of confidence in American business and American institutions. Remedial actions taken to date have been insufficient to restore confidence.

(b) Although current investigative and enforcement activities are considerable, current law is not fully adequate to deter improper payments.

(c) The "disclosure" approach and the "criminalization" approach to additional legislation are not compatible with each other. For reasons stated, the Administration believes the disclosure approach to be a more effective and manageable means to deterrence.

(d) Although the preferred long-term approach to solution must be an enforceable international treaty (as proposed by the U.S. in Lima), the prospects for prompt adoption of such a treaty would, in the ordinary course, have to be viewed realistically as unlikely. There is a need for the U.S. to accelerate efforts to achieve its proposed international agreement.

(e) Accordingly, the President has reached the following decisions which are fully consistent with my own views:

(i) The President has decided to initiate special efforts to accelerate progress toward achievement of an international agreement—along the lines proposed by the United States in Lima.

(ii) The President has decided to endorse legislation to assure the integrity of corporate reporting systems and the accountability of corporate officials—legislation first proposed to your Committee by Chairman Hills in his Report of May 12.

(iii) The President has decided to propose additional legislation requiring reporting and disclosure of certain payments by U.S.-controlled corporations made with the intent of influencing, directly or indirectly, the conduct of foreign government officials.

We know you share with us a conviction that what is fundamentally at stake is not merely the impropriety of certain financial transactions. What is at stake ultimately is confidence in, and respect for, American business, American institutions, American principles—indeed, the very democratic political values and free competitive economic systems which we view as the essence of our most proud heritage and our most promising future. With this in view, we look forward to working with you and your colleagues toward enactment of legislation which will best serve the fundamental public interests which require a responsible solution to the questionable payments problem.

Sincerely,

ELLIOT L. RICHARDSON.

THIRTY-FIFTH ANNIVERSARY OF THE DEPORTATION OF 100,000 BALTIC PEOPLES TO SIBERIA

Mr. BEALL. Mr. President, June 14 and 15, 1976, marked the 35th anniversary of the deportation of approximately 100,000 people from Latvia, Lithuania, and Estonia to Siberia and other remote regions of the Soviet Union. This mass deportation reflected the brutality of the Soviet occupation of the Baltic States.

I have sought to draw attention to these atrocities in speeches on the floor of the Senate marking Captive Nations Week and the independence days of the Baltic States. On May 4, 1976, I offered an amendment to the "détente resolution"—Senate Resolution 406—which reaffirmed the U.S. nonrecognition policy toward the illegal seizure and annexation of the Baltic nations by the Soviet Union. In addition, I have worked on a number of individual cases involving efforts to reunite Maryland families with their relatives who are seeking to leave Soviet occupied Estonia, Latvia, and Lithuania.

Mr. President, the deportation of Baltic peoples to Siberia began shortly after Soviet forces occupied the three nations. Ms. Ruta V. Svilpis, the secretary of the Joint Baltic American Committee has been active in the Baltic Prisoners of Conscience Project. They have "adopted" Olgert Osenieks, a Latvian high school student who was arrested in October of 1940. In June 1941, he was deported to Siberia and his family does not know what happened to him. In 1967, his mother received unofficial word that her son might still be alive. To this day she was unable to confirm the rumor.

Gunars Meierovics, chairman and Edward Sumanas, public relations director of the Joint Baltic American Committee have compiled additional data on the 1941 deportations and I ask unanimous consent, Mr. President, that this summary entitled "35th Anniversary of the Deportation of Baltic Peoples to Siberia" be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

35TH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

This year, about one million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asian Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order number 001223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There are 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages of 10 to 18; 3,986 from the ages of 18 to 30 years; 7,778 persons from the ages of 30 to 50; 1,681 from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with fifty to sixty persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic states to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexander Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions.

Four young Lithuanian girls, who were deported to Siberia, have secretly written a prayerbook, which through underground channels, has been smuggled to the western world. It was published in English, and titled: "Mary Save Us."

These young girls wrote: "The day has closed its eyes. Fatigue closes my eyes. My feelings have dried up, my strength has left me . . . with icy lips, with tear-filled eyes, tormented by despair, we fly to your straw-covered crib, o Holy Babe. . . . We are drained of our strength, our feelings have faded away, our hearts are benumbed thoughts we cannot control. . . . Jesus help those who die in foreign lands without consolation of the Church or their dear ones, without the comfort and aid of their friends."

The Soviet Union also deported people from the Baltic Sea in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the

USA. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow".

"About four o'clock in the morning of May 22nd (1948), I heard a knock on my door. . . I opened the door and froze with fear. . . There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport. . . He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet states. . . I had only a half hour to prepare myself for the deportation journey. Awakened by the noise, my son started to cry. . . I was told that I could take no suitcases, but must pack everything into a potato sack. . .

"When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village. . . Some twenty-five families had been collected. . . Each family sat on their sacks in a group. No one talked.

"Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment . . . At first, I thought all Lithuanians were being deported. . . . The village of Aukstuoliai was left completely empty. . .

At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food. . . Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons. . . The feelings of humans beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected. . . In one car, a woman with two small children whose husband was in prison, went mad, jumped from the moving train, and was killed. . . The biggest problem in our car was an 83 year-old paralyzed lady. . .

After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia. . . We were ordered to get out. . . We stood there for about four hours in a cold rain mixed with snow. The children cried all the time. . ."

The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes: "It was clear to everyone that we had been sent here to die."

On starvation rations, they were forced to cut trees in the forests five miles away from the barracks. The work norms were very high, and they had only primitive tools. The regimen for prisoners was severe. Mrs. Armonas writes: "I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on the beds."

Fortunately for Mrs. Armonas, Khrushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding ten percent of the population, and these figures are also the same for Latvia and Estonia.

INDIA'S NUCLEAR EXPLOSION AND THE EXPORT REORGANIZATION ACT

Mr. RIBICOFF. Mr. President, on Friday, June 11, I disclosed that the Government of India now possesses a significant quantity of U.S.-supplied heavy water that is not covered by the safeguards of the International Atomic Energy Agency—IAEA. That means that India, which has not ratified the Nuclear Non-Proliferation Treaty—NPT—is free to use this heavy water to produce material for its nuclear-explosion programs. In fact, there now are strong and disturbing indications that India did use it to produce the plutonium for its nuclear explosion in 1974 and is still using it for its nuclear explosion program.

Had the existence of this material, and its likely use in producing India's version of an atomic bomb, been known publicly at that time, there would have been strong moral and political pressure on the United States to join with Canada in rebuking India for the misuse of peaceful nuclear assistance.

Canada immediately cut India off from further nuclear assistance because India had used an unsafeguarded Canadian-supplied research reactor to produce the material for the nuclear explosion. India also had used U.S.-supplied heavy water to run the Canadian reactor—the essential ingredient that makes the reactor work and that converts natural uranium, a nonexplosive material, into plutonium, the stuff that atom bombs are made of. This particular reactor, known as the CIRUS, produces 19 pounds of plutonium a year, enough for at least one bomb of the size that the United States dropped on Nagasaki.

But the United States had not made public its export of 21 tons of heavy water to India for use in the CIRUS reactor, either at the time of the export in 1956, or after the explosion of 1974. Two days after the explosion of May 18, 1974, a spokesman for the Atomic Energy Commission said there was "no reason to believe" that U.S.-supplied material was involved. A month later, during a press conference on June 17, Secretary of State Kissinger said:

> The India nuclear explosion occurred with material that was diverted not from an American reactor under American safeguards but from a Canadian reactor that did not have appropriate safeguards.

What the Secretary did not say was that the United States had exported the heavy water needed to run the reactor, and that if the safeguards on the reactor were "not appropriate," neither were the safeguards on the heavy water.

Both exports—the reactor by Canada and the heavy water by the United States—had been made subject to written understandings that the nuclear assistance would be used only for peaceful purposes. The United States and Canada each had asserted to India prior to India's explosion that an explosion did not constitute a peaceful use. India did not acknowledge these assertions and went ahead with its peaceful nuclear explosion anyway. Canada, in agreement with the United States that there is no technical difference between a peaceful nuclear explosion and an atomic bomb, imposed a nuclear embargo on India. The United States did not join in the embargo. Why?

The answer to that question, Mr. President, is not yet clear, but it must be clarified if we are to know whether U.S. nuclear nonproliferation policy is sufficient to prevent the spread of nuclear weapons. The answer is being sought by the Senate Committee on Government Operations, of which I am chairman, as part of its continuing inquiry into Federal interagency management of the U.S. nuclear export program. The principal agencies involved in nuclear exports and the Nuclear Regulatory Commission—NRC—the Energy Research and Development Administration—ERDA—the State Department and the Commerce Department.

On May 13, the committee reported S. 1439, the Export Reorganization Act of 1976, to upgrade Federal interagency controls over nuclear exports and nonproliferation policymaking. The bill was referred for 60 days to the Joint Committee on Atomic Energy and the Senate Foreign Relations Committee.

I wish to stress, Mr. President, that several principal provisions of the bill apply directly to the problems raised by the Indian nuclear program. For example:

First. Section 6(c) (2), offered by Senator GLENN, a principal cosponsor of the bill, would require that government-to-government nuclear transfers, such as the heavy water export to India, be licensed by the NRC. At present, these transfers—including peaceful exports of weapons-grade uranium and plutonium to other governments—are made by ERDA without any public scrutiny.

Second. Section 5(b) would require that when heavy water is to be exported commercially—by an American company rather than by the U.S. Government—this license, too, would be issued by the NRC. At present, the authority under the Atomic Energy Act to license the export of nuclear components is being exercised by the Commerce Department rather than by the NRC.

Third. Section 4(a) would make the State Department the lead agency for negotiating all nuclear agreements and subsequent arrangements with other nations, with the close cooperation and technical assistance of ERDA. At present, these agreements and arrangements are negotiated by ERDA, as they were by its predecessor agency, the AEC, including the agreement to export heavy water to India.

Fourth. Section 7 would require the Arms Control and Disarmament Agency (ACDA) to prepare Nuclear Proliferation Assessment Statements on all proposed nuclear agreements and on all significant proposed exports and other significant arrangements made pursuant to those agreements. ACDA's technical assessments would be submitted to the NRC and to Congress and would cover such significant exports as the enriched uranium fuel shipments for the U.S.-supplied Tarapur power reactors in India, and such arrangements as India's request to reprocess plutonium from the spent fuel of these reactors.

Fifth. Section 6(c) (3) and (4), offered by Senator PERCY, who introduced the original bill, would require Congress to review any nuclear export license application if the NRC disagreed with the State Department that the license should be issued. A disputed license would take effect after 60 days of referral unless Congress passed a concurrent resolution of disapproval. This procedure would place a greater responsibility on the Congress for the conduct of our nuclear export program and would relieve the NRC of the burden of vetoing a Presidential export policy of which the commission disapproved.

Sixth. Section 10, offered by Senators JAVITS, GLENN, PERCY, and myself, includes a provision—subsection (c)(3)—that would direct the President to determine which U.S. nuclear agreements should be modified through renegotiation because of activities in customer nations inconsistent with peaceful-use requirements in the agreements. Such activities would include the explosion of a nuclear device and the refusal of customer nations either to accept IAEA safeguards on all nuclear activities or to take a no-explosion pledge.

The bill generally shifts the lead executive agency responsibility for nuclear exports from ERDA to the State Department to insure that foreign policy interests predominate over nuclear promotional considerations. It also consolidates in the NRC all regulatory responsibility for approving and licensing nuclear exports, thereby establishing an independent check on the export proposals of the executive agencies. I ask unanimous consent that the summary of major provisions of the bill, as contained in the committe's report, be printed in the RECORD as exhibit D at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit D.)

Mr. RIBICOFF. Mr. President, the circumstances surrounding the U.S. export of heavy water to India and the conduct of U.S. nuclear relations generally with Indian, point up the need for reorganization of our nuclear export program.

The State Department, in response to questions that I posed in a letter to Secretary of State Kissinger, acknowledged that no effort was made to verify private statements by India's ambassador and atomic energy chief that only Indian material was used to produce the plutonium for its explosion.

I ask unanimous consent that the State Department response to my inquiry be printed in the RECORD as exhibit A at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. RIBICOFF. The State Department quoted an estimate by ERDA that heavy water in the CIRUS reactor degrades at about 10 percent a year, and that this indicates total replacement of the U.S. heavy water with heavy water from a small German-built Indian plant during the first decade of the reactor's operation, ending in 1970—four years before the explosion.

However, there is substantial evidence that ERDA's calculation is in error. A calculation performed at my request by the Congressional Research Service indicates that even at a loss rate of 10 percent a year, U.S. heavy water would still make up a third of the reactor's inventory by the time of the explosion. Of greater seriousness, however, is information provided the committee by the Atomic Energy Control Board of Canada that the rate of loss of heavy water from the CIRUS reactor is virtually nil. This indicates that practically all of the heavy water in the CIRUS reactor at the time of India's nuclear explosion was of American origin unless India deliberately drained the reactor and substituted its own heavy water—something India has not claimed to have done.

To illustrate this point, the Congressional Research Service also calculated the depletion of heavy water in the CIRUS reactor at an annual rate of 2 percent a year—still substantially above the three-tenths of 1 percent rate estimated by Canadian offiicals, based on experience with their own version of the CIRUS research reactor in Canada. This calculation shows that U.S.-supplied heavy water would make up over 90 percent of the CIRUS reactor's inventory at the time of India's nuclear explosion.

I ask unanimous consent that the CRS calculations be printed in the RECORD as exhibit C at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit C.)

Mr. RIBICOFF. Mr. President, this data contains the deeply disturbing message that our heavy water is still in India in an unsafeguarded condition and is being used in a manner not known to us. There is no question that, beginning in 1963, when the CIRUS reactor reached full power operation, that heavy water was being used to produce plutonium—enough for at least one Nagasaki bomb a year.

We do not know how that plutonium has been used, and it seems that our nuclear experts and our diplomats have not been anxious to ask. The Indian contention that U.S. material was not applied toward the nuclear explosion does not seem credible under the circumstances. Nevertheless, our officials were content to let Canada take the heat for India's explosion because only the Canadian export of a reactor, not the U.S. export of heavy water, was known at the time.

The U.S. reaction casts doubt on the strength and sincerity of our intentions to prevent the spread of nuclear weapons capability around the world. We did not make clear to India from the start that our heavy water was not to be used for a nuclear explosion; nor did we rebuke India, as Canada did, after India set off its nuclear explosion. Instead, we looked the other way, not even requiring India to produce documents in support of its assertion that our heavy water was not used to produce the plutonium for its atomic bomb. Now there are very strong indications, based on the Government Operations Committee inquiry, that our heavy water was used in this fashion despite Indian denials.

This sets a very dangerous precedent and may, in fact, encourage other developing nations to misuse peaceful nuclear assistance for development of nuclear weapons. Pakistan's recent order of a plutonium reprocessing plant from France, for example, is considered to have been motivated by India's nuclear explosion. Unless the United States, as the world's leading nuclear technology nation, makes clear that we will not tolerate such abuses, the world may soon be put at peril by the rapid spread of nuclear weapons material and capability. The prospect of regional nuclear wars triggering a Third World War, and even of terrorist groups using stolen nuclear material for purposes of blackmail and mass destruction, will become very real.

I am, therefore, today submitting additional questions to Secretary of State Kissinger asking for a determination as to:

First. How the U.S.-supplied heavy water is now being used in India and whether we have seen Indian records pertaining to it.

Second. Whether continued use of U.S. heavy water in the CIRUS reactor, or in another unsafeguarded reactor for explosive applications, constitutes a violation of the peaceful-use agreement.

Third. How the misleading calculation showing no U.S.-supplied heavy water remaining in India was arrived at, and the results of the revised calculation.

Fourth. Whether the United States still accepts the Indian assertion that no U.S. material was used in India's nuclear explosion program, and the basis on which we accepted the original assertion.

Fifth. How much plutonium has been produced utilizing the U.S.-supplied heavy water, and the status of this plutonium at the time of, and subsequent to, the Indian nuclear explosion.

Sixth. Why the United States made no statement and took no action rebuking India at the time of the explosion in view of every indication that some plutonium was produced in the CIRUS reactor utilizing U.S.-supplied heavy water.

Seventh. What action the United States is now prepared to take to insure the peaceful use of the heavy water and of all plutonium now in India as a result of U.S. nuclear assistance, including the plutonium in the spent fuel of the U.S.-supplied Tarapur reactors.

Eighth. How U.S. national interests are being advanced by India's continued possession of this heavy water and plutonium, and by continued U.S. nuclear assistance to India, if India continues to refuse to pledge not to use the materials and the assistance for nuclear explosions.

I ask unanimous consent that the text of the letter to Secretary Kissinger be printed in the RECORD as exhibit B at the close of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. RIBICOFF. Mr. President, the State Department, in response to my earlier question as to what reference was made to nuclear explosions in the understanding with India regarding peaceful use of the heavy water, stated:

> There was no explicit or implicit reference to peaceful nuclear explosions in this agreement; the concept of a peaceful nuclear explosion had not been developed at that time.

However, the committee inquiry has determined that peaceful nuclear explosion—PNE—programs were already underway at the AEC's Los Alamos and Livermore national laboratories by 1956, when the heavy water was exported to India. Furthermore, the underground testing of PNE's by the United States was completed in 1973, a year before India's explosion, by which time we had adopted the policy that nuclear explosions had no commercial, and therefore no peaceful, application. There was ample time, therefore, to make this policy clear to India.

Mr. President, I also inquired as to why the heavy water had never been brought under the safeguards of the International Atomic Energy Agency—IAEA. The heavy water was exported to India before the Agency was established, but there was an opportunity to negotiate an IAEA safeguards agreement on the heavy water in 1963 when an agreement was reached to place the two U.S.-supplied Tarapur power reactors under IAEA safeguards.

The State Department stated in response that the United States settled for a "power only" safeguards agreement, instead of the usual "power and research" agreement covering the heavy water as well, because "this requirement ran strongly counter to Indian preferences" and could have jeopardized reaching agreement on IAEA safeguards for the Tarapur reactors.

It seems that the United States permitted India to dictate the conditions under which it would and would not accept international safeguards on our nuclear exports. This established a bad precedent and led directly to India's nuclear explosion. This, in turn, set a dangerous precedent that other developing nations will be tempted to follow.

I wish to stress that although India placed the Tarapur reactors under IAEA safeguards, it still refuses to accept the U.S. position that the plutonium produced by these two power reactors should not be used for nuclear explosions. Instead, the State Department has obtained what it terms "a functional equivalent"—an understanding that any plutonium reprocessed from the Tarapur spent fuel would be recycled as fuel in the reactors.

If the Indians are prepared to agree to use this plutonium only for recycling, I do not understand why they will not take a nonexplosion pledge with respect to it as well. There is now about 1,000 pounds of plutonium—the equivalent of 100 atomic bombs—in this spent fuel, and India is now seeking our permission, as required, to reprocess and stockpile the plutonium. I do not believe the United States should give that permission until India takes a no-explosion pledge. It should be remembered that India has refused to ratify the NPT. Furthermore, there is now no commercial need for plutonium as reactor fuel, nor is the IAEA presently capable of adequately safeguarding large quantities of separated—weapons-grade—plutonium. The United States has not approved reprocessing of U.S.-supplied material by any other country, and I do not believe we should start with India in view of its stand on nuclear explosions.

It is noteworthy that in response to my question as to why the United States did not join with Canada in cutting off further nuclear sales to India following the Indian explosion, the State Department cited:

> Substantial quantities of plutonium (in the spent fuel of the Tarapur reactors) whose continued safeguarded condition depends on the continued validity of our Agreement for Cooperation with India.

It also should be noted that India can take control of the spent fuel if it deems the United States to be in abrogation of its agreement to supply fuel for the Tarapur reactors. That is why it is being speculated in arms control circles that India is engaging in a subtle form of blackmail by reason of the 1,000 pounds of Tarapur plutonium now located within its borders. At the very best, the United States should seek to end the present uncomfortable and uncertain situation by exercising an option we have to buy back the plutonium generated by these power reactors.

Of course, the United States can demand the return of the spent fuel, and all other U.S.-supplied nuclear material, technology and equipment, if we deem India to be in abrogation of the peaceful-use provisions of its agreement.

The time has come to put an end to the policy of expediency that the United States has been following in its nuclear export program. Unless we can be sure that our nuclear exports will be used only for meeting legitimate energy needs—and not for satisfying secret weapons ambitions—we should follow Canada's example of not exporting at all to a suspect nation.

At the same time, we should do everything possible to win the cooperation of the other major nuclear suppliers—namely the Soviet Union, Great Britain and particularly France and Germany.

The international nuclear fuel cycle must be brought under strict control now.

EXHIBIT 1

DEPARTMENT OF STATE,
Washington, D.C., June 2, 1976.

Hon. ABRAHAM RIBICOFF,
Chairman, Committee on Government Operations. U.S. Senate.

DEAR SENATOR RIBICOFF: The Secretary has asked that I reply to your letter of May 24, 1976, requesting documents and information related to U.S.-India nuclear relations.

The answers to your seven specific questions are enclosed. Some of the information requested required review of documents now almost twenty years old and since many of these documents had been retired by the Atomic Energy Commission (or its successor agency, the Energy Research and Development Administration) with whom they originated, it is possible that some information or documents may inadvertently have been overlooked in our efforts to meet the Committee's deadline.

I hope that this information will be helpful to you and the members of the Committee.

Sincerely yours
ROBERT J. MCCLOSKEY,
Assistant Secretary for Congressional Relations.

Enclosure: As stated.

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1. The specifications, and the agreement and export documents, relating to the transfer to India of heavy water that was subsequently used in the CIRUS research reactor.

Answer. The only relevant document which our search has uncovered is the Agreement (Contract) of March 16, 1956, itself. The Agreement includes the specifications of the material. Restrictions on retransfer of the heavy water and requirements for its use in peaceful research are covered in Article 9. Since the transaction was on a Government-to-Government basis, no export licenses were involved. Normally, under these circumstances a letter was prepared advising the Collector of Customs at the port of export of this fact; ERDA has not been able to furnish this document, however.

2. A summary of the peaceful or civil use understanding with India regarding utilization of the heavy water, including any explicit or implicit reference to peaceful nuclear explosions.

Answer. On March 16, 1956, an Agreement was signed between the United States Atomic Energy Commission and the Government of India for the sale of 21 short tons (42 thousand pounds) of heavy water to India. (See Response to Question 1.) This agreement stipulated that the heavy water was for use only in India by the Government of India in connection with research into and the use of atomic energy for peaceful purposes. It was further agreed that the heavy water should be retained by the Government of India or by other parties authorized to receive it, and should not be resold or otherwise distributed.

There was no explicit or implicit reference to peaceful nuclear explosions in this agreement; the concept of a peaceful nuclear explosion had not been developed at that time.

3. An explanation as to why the agreement for cooperation negotiated with India was a power-only agreement dealing with the U.S. supplied Tarapur reactors, not power-and-research agreement that would have included the heavy water previously exported for use in the CIRUS reactor.

Answer. At the time of negotiation of the Agreement for Cooperation with India, a principal U.S. objective was to secure Indian agreement to the administration of safeguards by the International Atomic Energy Agency. Until that time, the U.S. had followed a permissive policy in which safeguards could be implemented by the Agency or by the U.S., largely dependent on the wishes of the other country. The Indian agreement was widely recognized, as the crucial test case for a new policy under which the United States would require the implementation of safeguards by the IAEA.

This requirement ran strongly counter to Indian preferences. As a result, it was essential, in order to achieve agreement, to accomplish this important U.S. policy objective and to limit the scope of the Agreement for

Cooperation specifically to the Tarapur project.

It was the judgment of the negotiators at the time that U.S. insistence on a broader scope for this agreement, encompassing both prior or unspecified future cooperative undertakings, would have made it impossible to achieve the U.S. objective of safeguards administration by IAEA.

4. A description of the circumstances surrounding the U.S.-supplied heavy water during and after the time that the CIRUS reactor was used to produce the plutonium utilized in the Indian explosion of 1974.

Answer. The United States sold 21 short tons of heavy water to India in 1956 under an Agreement which contained a "peaceful purpose only" guarantee. This quantity of heavy water met the moderating requirement of the CIRUS research reactor which began operation in July 1960 and achieved full power operation in 1963. Energy Research and Development Administration has indicated that heavy water degrades at a rate of about 10 percent per year which would indicate that, even without deliberate substitution, the U.S.-supplied heavy water would have been totally replaced by about 1970.

India has a small heavy water production plant operated in conjunction with a fertilizer plant at Nangal. This plant, which was built with German assistance, began operating in 1962, and has a capacity of 15 short tons of heavy water per year. A heavy water reconcentration plant at Trombay began operating in 1965 and is capable of upgrading heavy water to 99.84 percent. Since the Nangal plant can produce in about one and a half years the requirements of the CIRUS reactor, it is believed that U.S.-origin heavy water was replaced from this source. The existence of excess heavy water in India during this period is borne out by the fact that it leased ten tons to Belgium.

5. An explanation as to why the United States did not join Canada, the supplier of the CIRUS reactor, in protesting the explosion as a violation of peaceful-use understandings if, in fact, the U.S.-supplied heavy water was used in the reactor that produced the plutonium used in the explosion.

Answer. In testimony before the Senate Committee on Government Operations on March 9, 1976, Secretary Kissinger stated in response to a question about the official U.S. reaction to India's 1974 nuclear explosion, "We deplored it strongly and we have made clear to India that we saw no need for it, that we do not see the peaceful uses of nuclear energy in India that would justify the doubts and insecurities that have been raised. We objected strongly, but since there was no violation of U.S. agreements involved, we had no specific leverage on which to bring our objections to bear."

6. If India advised the United States that the heavy water was not to be used, or was not in fact used, in the explosion program, in what ways was this verified?

Answer. On July 6, 1974, a letter was sent by the Indian Ambassador to the United States, Ambassador Kaul, to Secretary Kissinger in which he stated that the plutonium used in the Indian nuclear explosive had been produced by using one hundred percent Indian material, technology and personnel.

At a meeting in Vienna in September 1974 when Dr. Ray then Chairman of the U.S. Atomic Energy Commission met with Dr. Sethna of the Indian A.E.C., Dr. Sethna confirmed that Ambassador Kaul's statement was correct.

No effort was made to verify this statement, since it would have been impossible to determine the origin of the heavy water actually in CIRUS at the time the plutonium used in the nuclear explosive device had been produced.

7. A reaction to the recent decision by the Canadian government to maintain its nuclear boycott of India until a satisfactory safeguards agreement can be reached; please include the reasons as to why the United States did not choose to participate in this boycott.

Answer. The U.S. greatly appreciates the strong and effective support which the Government of Canada has consistently shown to the achievement of the non-proliferation objectives which our two governments have in common. There are, naturally, as in all such cases, some differences in judgment on how these objectives can best be met. There are also important differences in the framework in which the two governments must operate. In the case of the Canadian decision to discontinue its nuclear assistance to India, we assume that a significant factor was the fact that one of the two power reactors supplied by Canada which would have been covered by this agreement had not yet been completed, and Canadian assistance would assure its completion in a relatively short time. In the case of the United States agreement with India, Tarapur reactors had been completed and in operation for a number of years and have already produced substantial quantities of plutonium whose continued safeguarded condition depends on the continued validity of our Agreement for Cooperation with India. It is the United States' judgment that steps on the part of the U.S. which might lead to termination of this agreement and a discontinuance of the important control provisions which it contains, would be contrary to U.S. non-proliferation objectives and to our national security interests.

Agreement made this 16th day of March, 1956, by and between the United States Atomic Energy Commission (hereinafter referred to as the "Commission") and the President of India (hereinafter referred to as the "Government").

Witnesseth that the parties agree as follows:

1. The Commission shall sell and deliver to the Government and the Government shall buy and accept twenty-one (21) short tons (forty-two thousand (42,000) pounds avoirdupois) of heavy water (deuterium oxide D_2O) of not less than 0.9975 purity (i.e., the content of deuterium, calculated as D_2O, shall not be less than 99.75 mcl per cent or 99.775 per cent by weight.)

2. The price to the Government shall be Twenty-Eight Dollars ($28.00) (U.S.) per pound of heavy water, payable in U.S. currency at the time of delivery, plus such additional amounts as shall represent the actual cost to the Commission under paragraph 5.

3. The foregoing prices shall be f.o.b. plant site to be designated in each instance of delivery by the Commission and delivery shall be accepted by the Government at such site.

4. Delivery and acceptance of the heavy water sold and purchased under this Agreement shall be made in accordance with the following schedule:

5 Short Tons on or about March 15, 1956
6 Short Tons on or about April 15, 1956
5 Short Tons on or about May 15, 1956
5 Short Tons on or about June 15, 1956

The Government may postpone any of the above scheduled deliveries if it notifies the Commission at least two weeks prior to the specified delivery date of the shipment which the Government wishes to postpone. The Commission shall make delivery of the shipment so postponed on a date indicated by the Government, which date shall be communicated by the Commission at least thirty (30) days before the date the shipment is desired. Delivery dates under the above schedule may be advanced by mutual agreement of the parties.

5. Prior to delivery, the heavy water sold under this Agreement shall be packed for shipment in stainless steel containers provided by the Commission. The containers shall be cleaned, tested and marked for delivery by the Commission. Cost of containers and other costs incurred by the Commission under this paragraph shall be certified by the Commission and reimbursed by the Government as provided in paragraph 2.

6. Heavy water sold under this Agreement shall be at the sole risk of the Government from the time delivery is accepted by the Government and from such time shall be without warranty, either expressed, implied or statutory. Such risk shall include any loss or damages resulting from containers or packaging, or other acts of the Commission performed in accordance with paragraph 5 of this Agreement. Notwithstanding the foregoing, the Commission will furnish additional quantities of heavy water to replace any heavy water lost or damaged in transit at the same price and under the other terms and conditions of this Agreement.

7. Weight and deuterium content of heavy water sold under this Agreement shall be ascertained by the Commission in accordance with its normal practice and shall be certified. In accordance with procedures to be mutually agreed, the Government may test the heavy water for purity prior to accepting delivery. Any claim must be made before delivery and acceptance.

8. The Commission shall not be liable for any failure to deliver or delay in delivering the heavy water under this Agreement when such failure or delay is due to any cause beyond its control.

9. The Government agrees that neither this Agreement nor any interests thereunder shall be assigned. The heavy water sold hereunder shall be for use only in India by the Government in connection with research into and the use of atomic energy for peaceful purposes, and shall be retained by the Government, or by other parties authorized by the Government to receive it, and not resold or otherwise distributed.

10. This Agreement shall be construed in accordance with the laws of the United States of America.

(Exhibit 2)

U.S. Senate,
Committee on
Government Operations,
Washington, D.C., June 16, 1976.

Hon. Henry A. Kissinger,
Secretary of State,
Department of State,
Washington, D.C.

Dear Mr. Secretary: I have received Assistant Secretary McCloskey's response of June 2 to the questions I posed to you in my letter of May 24 concerning the United States export of heavy water to India.

The Department's response to these questions leaves several important issues unresolved, however, and I would appreciate a response directly from you to the additional questions listed below. I believe that they deal with matters of the most urgent national interest because they bear directly on the sufficiency of United States nonproliferation policy to prevent the spread of nuclear-weapons capability and material.

1. Information provided this Committee by the Atomic Energy Control Board of Canada, and calculations done for the Committee by the Congressional Research Service, indicate that a substantial amount of U.S.-supplied heavy water, possibly as much as 90 percent of the original shipments, remains in India. How is this heavy water now being used? Has the United States asked to see records pertaining to its use?

2. If the U.S. supplied heavy water is still being used in the CIRUS reactor, or in any other unsafeguarded Indian reactor for explosive applications, does the United States

regard this as a violation of the original peaceful-use agreement?

2. How was the misleading calculation showing no U.S.-supplied heavy water remaining in India arrived at? What is the Department's corrected calculation?

4. In view of revised calculations as to the depletion rate of heavy water in the CIRUS reactor, does the United States still accept the assertion of the Indian government that no U.S. material was used in India's nuclear explosion program? On what basis did the United States accept the Indian assertion at the time of the explosion?

5. How much plutonium has been produced by India utilizing this heavy water? What was the status of this plutonium at the time of India's nuclear explosion and what is the status subsequent to the explosion? Has the United States asked to see Indian records pertaining to this plutonium?

6. Why did the United States make no statement and take no action rebuking India at the time of the explosion in view of every indication that U.S.-supplied heavy water was used at some point to produce plutonium in the CIRUS reactor, and that it was plutonium from this reactor that was used in India's nuclear explosion? What distinction can be made between plutonium produced at different times in an unsafeguarded reactor?

7. What action is the United States now prepared to take to ensure the peaceful use (i.e., no applications for explosions) of the heavy water and of all plutonium now in India as a result of United States nuclear assistance, including the plutonium in the spent fuel of the U.S.-supplied Tarapur reactors? For example, are we prepared to buy back the heavy water and all U.S.-derived plutonium?

8. How are United States national interests being advanced by India's continued possession of this heavy water and plutonium, and by continued U.S. nuclear assistance to India, if India continue to refuse to pledge not to use the materials and the assistance for nuclear explosions? In this regard, please explain the significance of India's agreement to recycle the Tarapur plutonium as fuel for the reactors, but its refusal to agree not to use the plutonium for nuclear explosions.

The world nuclear community and the general public now know that our heavy water was used, and possibly is still being used, in an unsafeguarded reactor that is a part of India's nuclear explosion program. It is essential, therefore, that the United States act decisively to ensure that all U.S.-supplied nuclear material not be used for explosive purposes. Your responses to the above questions will help make clear what the United States is prepared to do to make our nonproliferation policy credible.

Thank you for your interest and cooperation in this urgent matter.

Sincerely,

ABE RIBICOFF.

EXHIBIT 3

TABLE I.—ESTIMATED CHANGES IN HEAVY-WATER INVENTORY OF CIRUS REACTOR, 1963–75 FOR DEPLETION RATE OF 10 PERCENT

Year	Total inventory (tons)	Annual makeup at 10 percent (tons)	Original inventory remaining (tons)	Makeup		Allocation of inventory			
				United States	India	U.S. tons	Percent	India tons	Percent
1963	18	1.8	16.2	1.8	0	18	100	0	0
1964	18	1.8	14.6	1.2	.6	17.4	96	.6	4
1965	18	1.8	13.1	0	1.8	15.6	87	2.4	13
1966	18	1.8	11.8	0	1.8	14.1	78	3.9	22
1967	18	1.8	10.6	0	1.8	12.6	70	5.4	30
1968	18	1.8	9.5	0	1.8	11.4	63	6.6	37
1969	18	1.8	8.6	0	1.8	10.3	57	7.7	43
1970	18	1.8	7.7	0	1.8	9.3	51	8.7	49
1971	18	1.8	6.9	0	1.8	8.4	46	9.6	51
1972	18	1.8	6.0	0	1.8	7.6	42	10.4	58
1973	18	1.8	5.4	0	1.8	6.8	38	11.2	62
1974	18	1.8	4.9	0	1.8	6.1	34	11.9	66
1975	18	1.8	4.4	0	1.8	5.5	30	12.5	70
Total		23.4		3.0	20.4				

ASSUMPTIONS

(1) Simple rather than compound depletion rate used.
(2) U.S. makeup limited to 3 tons.
(3) Reactor operations were constant in nature, i.e. 10 percent representing R. & D. mode of operation; 2 percent representing plutonium production mode.

Source: Computation by **Dr. Warren H. Donnelly**, senior specialist—energy, Congressional Research Service.

TABLE II.—ESTIMATED CHANGES IN HEAVY-WATER INVENTORY OF CIRUS REACTOR, 1963–75 FOR DEPLETION RATE OF 2 PERCENT

Year	Total inventory (tons)	Makeup at 2 percent (tons)	Original inventory remaining (tons)	Makeup		Allocation of inventory			
				United States	India	U.S. tons	Percent	India tons	Percent
1963	18	0.36	17.64	0.36	0	18	100	0	0
1964	18	.36	17.29	.36	0	18	100	0	0
1965	18	.36	16.95	.36	0	18	100	0	0
1966	18	.36	16.62	.36	0	18	100	0	0
1967	18	.36	16.29	.36	0	18	100	0	0
1968	18	.36	15.97	.36	0	18	100	0	0
1969	18	.36	15.66	.36	0	18	100	0	0
1970	18	.36	15.31	.36	0	18	100	0	0
1971	18	.36	15.01	.12	.24	17.76	98	.24	2
1972	18	.36	14.71	0	.36	17.41	96	.59	4
1973	18	.36	14.42	0	.36	17.06	94	.94	6
1974	18	.36	14.13	0	.36	16.72	92	1.28	8
1975	18	.36	13.95	0	.36	16.39	91	1.61	9
Total		4.68		3.00	1.68				

ASSUMPTIONS

(1) Simple rather than compound depletion rate used.
(2) U.S. makeup limited to 3 tons.
(3) Reactor operations were constant in nature, i.e. 10 percent representing R. & D. mode of operation; 2 percent representing plutonium production mode.

(EXHIBIT 4)

EXCERPT FROM REPORT OF SENATE GOVERNMENT OPERATIONS COMMITTEE ON S. 1439, THE EXPORT REORGANIZATION ACT OF 1976

SUMMARY OF MAJOR PROVISIONS

The major provisions of S. 1439:

Consolidate in the Nuclear Regulatory Commission all peaceful nuclear export licensing and approval authority, including regulatory functions now exercised by the Energy Research and Development Administration with respect to technology (knowhow) and by the Commerce Department with respect to components (sections 5 (a) and (b)).

Designate the State Department as the lead agency for negotiating, renegotiating and entering into all agreements for nuclear cooperation with other nations, and all subsequent arrangements made pursuant to those agreements, with the close cooperation and technical assistance of ERDA (section 4 (a)).

Require State Department to take into full consideration the recommendations and policies of the NRC with respect to licensing and approving nuclear exports, before negotiating, renegotiating and entering into nuclear agreements and subsequent arrangements (section 4(b)(1)).

Require the Arms Control and Disarmament Agency (ACDA) to submit to NRC, State Department and Congress, Nuclear Proliferation Assessment Statements on all U.S. nuclear agreements, on all subsequent arrangements of strategic significance with other countries and on all strategically significant nuclear-export applications made under those agreements and arrangements (section 7).

Require the State Department to furnish

NRC with appropriate Executive Branch data and recommendations, and additional data and recommendations as required by NRC, to make nuclear export licensing decisions (section 4(c) (1)).

Require the NRC to take into account the adequacy of safeguards against nuclear diversion, theft and sabotage in a recipient country in determining whether an export to that country would be inimical to the common defense and security and public health and safety of United States (section 6(e)).

Require the NRC to provide public access to information for export licenses.

Require the NRC to publish a detailed summary of export license provisions including a description of the safeguards to be required (section 6(b) (2)).

Provide that any special nuclear material distributed directly by ERDA to any nation or group of nations for nonmilitary purposes shall require an NRC export license (section 6(c) (2)).

Require written approval by the Department of State before any nuclear export license can be issued by the NRC (section 6(c) (1)).

Provide for Congressional review of unresolved disagreements between the NRC and the Department of State for the issuance of an export license. A disputed license will take effect within 60 days of the referral to Congress unless Congress passes a concurrent resolution of disapproval (sections 6(c) (3) (4)).

Authorize $1,400,000 to be appropriated for fiscal year 1977 to help NRC carry out its nuclear export safeguards responsibilities (section 6(d)).

Require the President to review all nonproliferation activities of Government agencies and to report annually to Congress on efforts to prevent stockpiling of weapons-grade material, to promote adherence to the NPT, to strengthen IAEA safeguards, to improve physical security against nucelar terrorism, to recover stolen or diverted material, and to impose sanctions against uncooperative nations (section 8(c)).

Require the NRC to submit to the President and Congress a study on the differences and interactions between nuclear safeguards as applied by the United States and the International Atomic Energy Agency (IAEA), with recommendations for upgrading them (section 8(b)).

Require ERDA, in consultation with NRC to establish a safeguards training program for nations receiving peaceful nuclear assistance from the United States (section 8(a)).

Declare U.S. policy to strengthen th safeguards program of the IAEA and to authorize an appropriation of $5 million as a U.S. contribution to IAEA safeguards activities (section 9).

S. 1439 also contains major provisions for further nonproliferation policy objectives, specifying for the first time commercial nuclear activities which Congress considers to be non-peaceful; requests the President to seek major advances in agreements with other nuclear supplier countries for cooperative supply of nuclear fuel services and for limitations upon sensitive nuclear exports and requests the President to seek international agreement on physical protection for nuclear facilities and materials, recovery of stolen nuclear materials, sanctions against nations that persist in actions contributing to proliferation and recovery of nuclear facilities and materials from nations that violate nonproliferation commitments. It further requires the President to examine U.S. agreements for nuclear cooperation to ensure that they do not contribute to further proliferation, and urges the renegotiation of any agreements which the President determines are inadequate to protect the national interest (section 10).

ADULT SMOKER PROPORTION DECREASES

Mr. MOSS. Mr. President, yesterday, the Public Health Service released the results of its most recent attitudinal study with respect to cigarette smoking. The results of that study offer some measure of satisfaction and yet provoke me to speak to the issue of additional steps which should be taken in order to break the habit of cigarette smoking or alternatively, to reduce the hazards for those who insist upon smoking.

I found particular satisfaction in the reduction, in the average cigarette which is now on the market, of tar and nicotine content. The evidence indicates that these lower tar and nicotine products are less hazardous to smokers than are the higher tar and nicotine cigarettes. The cognizance by the public of the health hazards of smoking has led, in a large measure, to this increased consumption of less hazardous cigarettes. I believe that a large measure of this change is due to the legislation which the Congress passed which eliminated broadcast cigarette advertising. The print media, although there is too much advertising in it, does lend itself to more rational messages concerning smoking. As such, the cigarette companies have been competing for smokers on the basis of "less hazardous" cigarettes. We have now reached the point where the consumer, aware of his hazards, has become discriminating in his product selection, choosing more often than not those cigarettes which are lower in tar and nicotine. Thus, even with a modest increase in the number of cigarettes smoked, the hazards to the general population have decreased.

To be more specific, the study indicates that all adult men have not increased their per capita consumption of cigarettes. However, they have reduced the tar and nicotine of the cigarettes which they smoke. Thus, even without reducing the numbers of cigarettes, they are reducing the hazards which they ingest from the cigarettes.

The disheartening note about the study is the increase in per capita consumption among women and the increase in teenagers. Surely we must direct our efforts at these population groups and work to encourage the young not to take up the habit, and encourage women to cease smoking.

There still is no coherent Government program to reduce smoking. I deeply regret this situation. We have the National Cancer Institute working on development of less hazardous cigarettes. We have the Center for Disease Control working on public education about the hazards of smoking, but too little is spent in this respect to be sufficiently effective. Lastly, we have the Government subsidy programs for tobacco growth which must be terminated if we are ever to convince our young people that cigarette smoking is of sufficient Government concern to warrant their attention. Shortly, I will propose to the Senate an amendment on the agriculture appropriations bill to strike these funds so that we no longer follow a schizophrenic path in our attitude toward tobacco and the hazards of smoking it.

Mr. President, I ask unanimous consent that an article discussing the Public Health Service survey be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ADULT SMOKER PROPORTION DECREASES

(By Stuart Auerbach)

The proportion of adult Americans smoking cigarettes has decreased during the past five years, and most of those who still smoke are inhaling safer cigarettes, the government reported yesterday.

A government survey also showed that both smokers and nonsmokers increasingly believe that further restrictions should be placed on where cigarette smoking should be allowed.

"More than half the smokers at the present time would like to see smoking allowed in fewer places than it is now, despite the fact that there are more and more restrictions on places where people are allowed to smoke," the Public Health Service said.

"The American who smokes today is finding his world narrowing," said Dr. David J. Sencer, director of the Center for Disease Control, which released the study. The center is part of the Public Health Service.

The American smoker "is becoming increasingly beleaguered and is usually ambivalent about smoking," Sencer added. "He continued to rationalize the hazards."

The survey found that 33.8 per cent of adult Americans smoked cigarettes in 1975, compared with 36.3 per cent in 1970 and 42.5 per cent in 1964.

Probably the brightest note in the entire report is the change in the kind of cigarettes most Americans are smoking.

The average cigarettes now produces 18.3 milligrams of tar and 1.18 milligrams of nicotine, which are believed to be the most hazardous substances in cigarettes. Twenty-five years ago, said Dr. Daniel Horn, director of the Clearinghouse for Smoking and Health, the average cigarette produced more than twice as much of those substances—40 milligrams of tar and 2.3 milligrams of nicotine.

There was one pessimistic note—an increase in smoking among young women—in the generally upbeat report on changes in American smoking habits in the 11 years since the U.S. Surgeon General reported in 1964 that smoking is bad for health and is linked to increased incidences of lung cancer and heart disease.

The 1975 survey showed that the proportion of women between the ages of 21 and 24 who smoke increased from 32.3 per cent in 1970 to 34 per cent.

Women between 55 and 64 are also smoking more now—up from 24.2 per cent in 1970 to 25.9 per cent.

In 1964, two of three American men between 21 and 24 smoked. In 1970, the number decreased to one in two, and by last year 41.3 per cent still smoked. The percentage of men between 35 and 44 who smoked also decreased—from 59.9 per cent in 1964 to 47.1 per cent last year.

The survey showed that men smoke more than women—an average of 23 cigarettes a day compared with 19 for women. But women are smoking more now than they used to—an increase of two cigarettes a day since 1970.

The highest smoking rates are among men and women who are either divorced or separated, the survey found.

The government data were based on a survey of 12,000 adult Americans, smokers and non-smokers. The survey was the largest ever made of cigarette smoking, with a sample group twice as large as three previous government surveys.

SEA GRANT AND LOUISIANA STATE UNIVERSITY

Mr. JOHNSTON. Mr. President, the Senate has reauthorized the Sea Grant program, and I wanted to take a moment at this time to explain the importance of this program to Louisiana State University. Before the Sea Grant program was begun, marine-oriented research activities were scattered throughout several academic departments and the Central Resource Institute, but with no central theme or focus. The Sea Grant program has succeeded in bringing together biologists, earth scientists, food and fishery technologists, engineers, lawyers, and economists for investigation, management, and development of coastal areas and resources. More specifically, LSU's achievements within the Sea Grant program include programs in systems ecology, waste effects, fisheries and seafood industries, coastal zone planning and development, law and socioeconomics, education and training and advisory services.

In the area of systems ecology, great progress has been made in the study of animal populations of fish, shrimp, and bottom mud invertebrates; microbial flora of the water and bottom muds; marsh grasses phytoplankton and epiphytic algae; and yeast, fungi, and bacteria. Chemical analyses of waters and muds and recordings of water quality and meteorological parameters were also included in the program.

Much progress has also been made in the area of waste effects. These projects apply the knowledge gained in the systems ecology—which seek to understand how the natural, unstressed ecosystem functions—to assess the effects of man's waste disposal practices on natural systems and ultimately himself. Such projects insure that there, systems are utilized in the most effective manner.

The Sea Grant program also enables LSU to contribute to the continued success of Louisiana fisheries and seafood products. Seafood product technology, invertebrate rations development, and aquaculture are all areas of concentration of Sea Grant. More specifically, in Louisiana, great strides have been made in maintaining and improving our nationally recognized level of excellence in production of catfish, crawfish, and other gastronomic delicacies obtained from our waters and enjoyed by the rest of the Nation as well.

These are only a few of the many ways in which the public benefits from the far-reaching research made possible by the projects of Sea Grant at LSU. I welcome this opportunity to explain to my colleagues in the Senate the exciting and ambitious programs that our State university has conducted as part of this Federal effort. We certainly have made the prudent decision to continue Federal Sea Grant activities for the future.

MANY CITIES ARE LAGGING BEHIND THE NATION IN ECONOMIC RECOVERY

Mr. MONTOYA. Mr. President, the Wall Street Journal in its June 16 issue presents a devastating summary of the very slow economic recovery many of our cities are experiencing as the rest of the economy continues to recover from the recent disastrous recession.

Unemployment is alarmingly high: Seattle metro area, 9 percent; Erie, Pa., 10.6 percent; Compton, Calif., 20 percent; San Francisco-Oakland area, 11.4 percent; Miami metro area, 11.5 percent; West Palm Beach, 13.2 percent; Fort Lauderdale-Hollywood metro area, 14.6 percent; and Detroit, 13.4 percent.

Cities are suffering a loss of manufacturing with dim hopes of recovering this economic base. At the same time, taxes are being raised to provide for increasingly expensive services. Central cities continue to decline as persons and industries leave.

As chairman of the Subcommittee on Economic Development, I am particularly impressed by the unevenness of our economic recovery and the continued high unemployment in so many places in the country as described in this Wall Street Journal survey.

This article makes a good argument for the signing into law by the President of the Public Works Employment Act of 1976. This article makes a good case also for more funding and greater authority for the economic development administration. S. 2228 is presently on the Senate calendar. It provides for the 3-year extension of the Public Works and Economic Development Act. Our committee agrees with the Wall Street Journal, and we have increased funding authorizations in recognition of the growing economic problems of our cities over, particularly those over 50,000.

The bill to extend the Public Works and Economic Development Act (S. 2228) pending before the Senate contains a proposal for a White House conference on balanced national growth and economic development. Mr. President, this article makes a convincing argument for such a conference.

STORM OVER THE CANAL

Mr. McGEE. Mr. President, in the May 16 issue of the New York Times Magazine, there appeared an excellent article on the Panama Canal Treaty negotiations written by Richard Hudson.

Entitled, "Storm over the Canal," the article is a balanced presentation of the critical issues involved in the present negotiations.

It is apparent there is a growing body of diversified interests in the United States who perceive a successful negotiation as the most rational and effective means of protecting U.S. stakes in the Panama Canal, in particular, and throughout Latin America in general. The U.S. Chamber of Commerce, representing a broad cross-section of the American business community, has endorsed the treaty negotiations along the lines of the Tack-Kissinger proposals. The Department of Defense has recently spelled out its position in support of the treaty negotiations. The President of the American Institute of Merchant Shipping has spelled out that industry's vital interest in a successful conclusion to negotiations. More and more Americans from all walks of life are giving serious consideration to the implications of impaling ourselves on myths of the past.

The article by Richard Hudson is an important contribution to understanding the issues associated with the treaty negotiations and I urge my colleagues to give careful thought to his conclusions.

I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Storm Over the Canal

(By Richard Hudson)

We paid for the land and furnished the machinery, paid the workmen and provided the know-how to construct the canal. Without us, more than likely there would be no canal or even a Panama. The only people who would benefit the most if we do not keep the canal would be the Communists. We have already given away too much. What have we gained by so doing? Only the contempt of the receivers. . . . Perhaps a larger payment than what we are giving Panama now would be advisable. But let us have no tampering with the original treaty.

A LETTER RECEIVED BY THE STATE DEPARTMENT

On Feb. 7, 1974, Secretary of State Henry Kissinger and the then Panamanian Foreign Minister, Juan Antonio Tack, initialed a public agreement explicitly stating that a new treaty would be concluded that would set a date for the termination of United States jurisdiction over the Panama Canal Zone and ultimately the canal itself. Since then, there has been a storm of protest. Whether or not to renegotiate the original 1903 treaty has become something of a hot issue in the Republican Presidential primary race, and, depending upon who eventually become the Presidential candidates, the Panama Canal may even emerge as the Quemoy-Matsu of the 70's.

President Ford's former campaign manager, Howard H. ("Bo") Callaway, once referred to the canal as our moon shot of the first half of this century. To many Americans, especially those over 50, the idea of parting with the Canal Zone seems totally unacceptable and touches off a highly emotional response. Perhaps Daniel J. Flood, the flamboyant Democratic Congressman from Pennsylvania, comes closest to explaining the feelings of those ordinary Americans who have so far been the most vocal on the subject when he says, "Everyone thinks the Panama Canal is as American as apple pie. This has been ingrained in them, they believe this all through their lives, and they just don't give away something that's as close to them . . . which they feel is an American thing. . . . The average American feels this so very deeply that . . . it's over my dead body, that kind of thing. . . . This is the feeling. You can't reason with it. It's ingrained and deep, deep dyed in their hearts."

Exactly how support of an American-controlled canal became inextricably linked with Americanism in the American psyche is difficult to pinpoint, but conservative politicians like George Wallace and, most notice-ably, Ronald Reagan—who, after defeating Ford in the North Carolina primary, raised the issue of the canal in a nationally televised speech—have been keeping what they call the "Panama Canal giveaway" in front of the public as a gadfly to the Ford Administration. And in the South and Southwest especially they have found a particularly receptive audience.

In a CBS–TV interview with Walter Cronkite on May 1, immediately after Regan captured all 96 Republican delegates in the Texas primary, John Connally credited Reagan's position regarding the canal with being one of the major factors that helped the Californian defeat Ford. Referring to "the Panama Canal situation" as a very emotional issue in his state, the former Texas Governor said: "To us, the Panama Canal is just across the Gulf of Mexico. They're our neighbors, so to speak. Houston is the third largest port in the United States and most of our shipping goes through the Panama Canal, so there's a real sensitivity to the control of the Panama Canal in Texas."

But evidently the canal's vote-getting abilities are not confined to Texas. Claiming the canal is a sovereign United States territory "every bit the same as Alaska and all the states carved from the Louisiana Purchase," Reagan has worked his condemnation of the impending new treaty into his standard primary speech, often raising his objections after stating that Ford and Kissinger have allowed the United States to become No. 2 militarily.

Reagan's success with the issue brought out both Senator Barry Goldwater and Vice President Nelson Rockefeller in rebuttal. Goldwater declaring that he thought Reagan would support Ford's position of renegotiating the canal treaty "if he knew more about it," and Rockefeller accusing Reagan of being "totally deceptive in the way he is raising the issues. . . . He says that we had the same sovereign rights over Panama that we had over Louisiana. That is a factual misrepresentation." But Reagan, whose position of maintaining the status quo in the Canal Zone and keeping the canal a United States operation forever is strongly supported by the American Legion, the V.F.W., the D.A.R., the John Birch Society, the conservative bloc in Congress and the more than 40,000 Americans living and working in the Canal Zone, is hardly likely to stop talking about it, as Goldwater suggested he do, or change his tune.

The argument about the Panama Canal goes back to the 1903 treaty between Panama and the United States. A classic story of gunboat diplomacy in the high imperial tradition, the way this original treaty came about was that after Colombia balked at signing a treaty which would have permitted the United States to build the canal through Panama—then part of Columbia—Panama, with United States encouragement, revolted and proclaimed its independence; when the Colombians dispatched troops to put down the insurrection, they found their way blocked by Americans who had positioned two cruisers on the Caribbean side of the Isthmus. Though Teddy Roosevelt boasted that he "took" Panama, today that takeover would be called a "covert operation."

Nonetheless, the result was a treaty whose duration was "in perpetuity" and which allowed the United States to build the canal in a 10-mile-wide, 51-mile-long zone bisecting Panama. The treaty granted the United States ". . . all the rights, power and authority within the zone mentioned . . . which the United States would possess if it were the sovereign of the territory . . . to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."

The treaty's language stating the United States had "all the rights" in the Canal Zone it "would possess if it were the sovereign" has been the focus of the running debate between those for and those against negotiating a new treaty with Panama.

Ellsworth Bunker, who is presently carrying out the Panama Canal negotiations, has stated the Administration's position on the sovereignty question bluntly: "The United States does not own the Panama Canal Zone. Contrary to the belief of many Americans, the United States did not purchase the Canal Zone for $10 million in 1903. Rather, the money we gave Panama then was in return for the *rights* which Panama granted us by treaty. We bought Louisiana; we bought Alaska. In Panama, we bought not territory, but rights. . . . It is clear that under law we do not have sovereignty in Panama."

Senator Strom Thurmond, a spokesman for the opposition, is equally blunt. With 37 Senate cosponsors, more than the one-third needed to block a new treaty, the South Carolina Republican has submitted a resolution to the Senate Foreign Relations Committee "urging retention of undiluted United States sovereignty over the Canal Zone."

An interview I had with Senator Thurmond in December went like this:

Q: Do you take the position that the word *if* in the treaty—that the United States can act as *if* it were sovereign—has no meaning? As you know, the Panamanians say that they have the sovereignty and we are—.

A: (*interrupting*): They say they have the sovereignty? Well, that's untrue. . . . We own it, title in fee simple. We bought it from the Government. We bought it from individuals. We paid over $163 million for it, and then in connection with other expenses on it with regard to security, we've spent between $6 billion and $7 billion on the canal. It's ours. It belongs to the United States. It can only be disposed of by an Act of Congress that is passed by both bodies and signed by the President.

Q: You don't attach any significance to the word *if* in the 1903 treaty, that the United States can act as *if* it were sovereign?

A: It's clear we bought and paid for it. I mean, there's no question about it. I think anybody with any experience at all there acknowledges we own the canal. We own it in perpetuity.

Moved by Secretary Kissinger from being mildly anti- toward being mildly pro-new-treaty, the Pentagon, which usually sees eye-to-eye with Thurmond, is not joining its traditional allies in Congress on the Panama Canal issue for two main reasons. The first, simply put by Lieut. Gen. Welborn Dolvin, who was recalled from retirement last October to serve as liaison between the State Department and the Pentagon, is this: "When the Commander in Chief says move out, you've got to salute." General Dolvin, who spends mornings in the State Department and afternoons at the Pentagon looking out for U.S. military interests in the ongoing negotiations, thinks he was chosen for the job partly because he is an Army man—the canal is operated under the aegis of the Secretary of the Army—and partly because he has never served in the Panama Canal Zone. "I think they wanted someone who might be part of the solution rather than part of the problem," he said.

The second principal reason the Pentagon is willing to go along with a new treaty is that the case claiming the Panama Canal is vital to the security of the United States no longer stands up under scrutiny. The canal is useful but it is not vital. Even in peacetime, big American aircraft carriers and oil-carrying tankers cannot fit through the canal, and because they have to surface in transit, nuclear submarines are forced to give away their positions. In wartime, the canal could be easily knocked out with anything from missiles to small bombs planted by guerrillas.

The nature of its construction leads to the waterway's extreme vulnerability. When a ship enters the canal, water flowing by gravity hoists it through a series of three locks to 85 feet above sea level, the height of the artificially created Gatun Lake dam in the middle of the system. If the locks or Gatun Lake were bombed, the water in Gatun Lake would flow into the sea. Even if the damage were repaired immediately, it might be two years before enough rainwater filled the lake to make the canal usable again.

The canal has a certain military usefulness during peacetime or in limited war in that it facilitates ship movements between the Atlantic and Pacific, and the zone serves as a location for the Southern Command, which—in addition to its primary mission of defending the canal—oversees United States military assistance to Latin America, engages in disaster relief and operates the School of the Americas, best known for the training it provides Latin Americans in counterinsurgency warfare. But all these subsidiary activities could be based elsewhere, and, in fact, some of them are already being scaled down.

The economic value of the canal is declining as well. Opponents of a new treaty point out that about two out of every three ships using the canal are going to or coming from an American port. But treaty proponents note that in 1972 only 9 percent of total United States imports and exports were transported through the canal and that this represented less than 1 percent of the United States gross national product.

In addition, the flow of traffic, formerly about 14,000 to 15,000 transits a year, is expected to decrease to fewer than 13 thousand this year because of the increasing use of tankers and cargo vessels too large for the canal, the reopening of the Suez Canal and a worldwide economic slump. A study made last year by the Library of Congress concluded that "while the Panama Canal is indeed an important facility for world and U.S. commerce, it is not of overwhelming or critical economic importance."

But facts do not always determine feelings. And for many Americans brought up on Kiplingesque versions of American history, in the wake of the United States failure in Vietnam, the thought of withdrawal from the Panama Canal—which the United States has held for most of this century in its very own hemisphere—is humiliating.

Congressman Flood, whose passion for the Panama Canal was nurtured in his boyhood when he listened to the stories his grandfather, Daniel John McCarthy, the first general counsel of the United Mine Workers, used to tell about his close friend Teddy Roosevelt, grows intense as he explains why the canal is "the jugular vein of hemispheric defense."

"You go from Maine to Puget Sound," he told me, "and there is no stream of water anywhere, in the whole perimeter, as important to the Western Hemisphere as the Panama Canal, and certainly to the United States. . . .

"If and when, God forbid under any circumstances, the sovereignty of the United States would be surrendered in the Panama Canal, somebody would have to run it. Now Panama certainly can't run it . . . with the type of leadership you have in Panama, with Cuba where it is—you can stand in the plaza in Havana, and if you have a good right arm you can hit the canal with a bottle of Bacardi rum—and you know the relationship between Cuba and the Soviet. I'll give you one guess who would operate it. Not Panama. It wouldn't be Uganda. It'd be the Soviet."

Mail addressed to Congress and the Administration tends to agree with Flood's thesis. Letters favoring a new treaty come mainly from academia, liberal religious organizations and the foreign-policy community. (Recently the U.S. Chamber of Commerce has joined the pronegotiation forces, feeling that a new treaty would enhance the atmosphere for doing business both in Panama, an important new banking center, and throughout Latin America, where the Panama Canal has become a symbol of Yankee colonialism.) But these letters are in the minority. The majority of those heard from want the United States to stand firm.

The amazing thing about this majority "Panama Canal lobby" against a new treaty is that it seems to function without an office in Washington or even one salaried lobbyist. Among the assortment of individuals giving their time to the effort—including a veteran diplomat, a retired Navy captain and a writer for the John Birch Society magazine—by far the most active is Phillip Harman, a 55-year-old Southern California businessman who single-handedly turns out a torrent of mail. Calling himself "the grandson-in-law of the founder of the Republic of Panama," because of his marriage to Graciela Arango de la Guardia, whose grandfather, José Augustin Arango was a member of the junta that established the first Panamanian Government, Harman asserts that the Community Party in Panama really runs the country and, in addition to demanding the ouster of leftward-leaning, 47-year-old Brig. Gen. Omar Torrijos Herrera, (ironically, a graduate of the School of the Americas), he calls for the reinstatement of former President Arnulfo Arias, now living in Miami.

A ubiquitous figure in Panamanian politics, Arias has been thrice deposed from the presidency, the first time being in 1941 when, after a year in office, he was removed for being "pro-Fascist."

Last November, Harman arranged a meeting between Arias and Ronald Reagan in Boca Raton, Fla., and afterward a Reagan spokesman reported that the Republican Presidential aspirant "shared several common goals" with the 74-year-old Panamanian ex-President ousted by Torrijos in a 1968 coup—this time only 11 days after his election.

Actually, the current round of negotiations dates from before the coup. It stems from a fracas that erupted in January 1964 when United States high school students illegally displayed an American flag at an unapproved location in the Canal Zone and Panamanian students reacted, a confrontation which left about 20 Panamanians and four Americans dead. The following December, President Johnson announced that the United States would negotiate a new treaty recognizing Panama's sovereignty over the zone and creating a pattern of equal partnership between the two countries with regard to the canal.

A decade of ups and downs in the negotiations between the United States and Panama followed, until February 1974 when the Kissinger-Tack "Eight Principles" were initiated. Supposed to underlie the new treaty, the "Eight Principles" made it clear that a firm date will be set for Panama's taking full control, but the document does not set the date or itemize what the relationship between the two countries will be in the meantime.

Both sides expected the new treaty to be wrapped up in a matter of months, but it soon became apparent that Kissinger had miscalculated the temper of Congress. By April 1974, Thurmond had introduced his sense-of-the-Senate resolution calling for continued United States sovereignty over the Canal Zone. And in the House, Flood and his allies asserted that, since it would be disposing of United States property, under the Constitution a new canal treaty would also require House approval.

The more time that goes by, the more strain is put on those living in the Canal Zone and on Panamanian-American relations. Not surprisingly, feelings about the canal in Panama are even more deeply emotional than they are in the United States. "It's a symbol of identity more than anything else," says Ambassador Nicolas Gonzalez-Revilla, Panama's 30-year-old representative in Washington. "Panamanians feel that the biggest piece of wealth in the nation they have not been able to use for their own benefit, that they have been humiliated by the excessive presence of the United States . . . that Panama was not considered a country."

The relationship between the United States and Panama has always been an uneasy one as far as Panamanians are concerned. Americans might understand Panamanian feelings better if they considered that—in proportion to size—it would be as if a foreign power had total authority over America's longest river, the Mississippi-Missouri system, in a strip almost 17 miles wide and 3,710 miles long, running from northern Montana to the Mississippi Delta in Louisiana. "What nation of the world can withstand the humiliation of a foreign flag piercing its own heart?" General Torrijos asks.

Growing impatient with U.S. delays, last September Panama unilaterally released a report on the status of the negotiations, noting the points of agreement and disagreement. The United States did not challenge its accuracy.

Apparently the two sides agree that, three years after approval of the new treaty, the Canal Zone will disappear and Panama will take over the government of that area, including police, courts, fire protection and postal services. The Panama Canal Company, which now manages the waterway, will be replaced by an entity comprising representatives of both countries. And defense of the canal will be carried out jointly.

Among the principal points of disagreement is the duration of the treaty. Panama does not want it extended past the end of the century, (when the treaty expires, Panama assumes control of the canal). The United States now accepts 25 years, but wants defense responsibility beyond that time. Another point of disagreement is military bases. The United States wants to keep 14 during the treaty period, while Panama proposes three. And whereas Panama suggests 10 percent of the present zone for administration and defense of the canal, the United States asks for 85 percent. The question of Panama's income from the canal is in dispute, as are the rights and privileges of the 40,000 United States Zonians, some of whom are third-generation.

Everyone on both sides is aware that the Panama Canal is caught up willy-nilly in this year's election campaign; that Ford, who when in Congress opposed any lessened American authority over the canal, as President must defend his inherited position that Reagan, whatever becomes of his candidacy, has brought the issue to the fore of the American consciousness and has forced the Administration to pass the word that no new treaty should be sent to Congress this year.

General Torrijos says, "We don't want our most vital issue to become a political football in the U.S. election campaign. It's too important to us. We are willing to wait, to keep our people calm, providing the U.S. shows good faith in negotiating efforts." But, he says, "If there were an uprising (of students), if there were terrorism, I, as commander of the National Guard, would have two options: to crush them or lead them. And I can't crush them."

Prolonged political frustration aggravated by bad economic conditions in Panama could cause almost any kind of unpleasantness. And in recent months, there has been trouble within Panama from all sides.

In September, when Kissinger made a statement in Florida that seemed to cast doubt on the United States intention to set a firm date for turning the canal over to Panama, several hundred students in Panama City hurled rocks at the United States Embassy. In March, in response to what they considered a betrayal of their interests by the Administration, 700 employees of the Panama Canal Company closed down the canal for six days.

But beyond the immediate problems, the Panama Canal issue raises questions about the future of American foreign policy. Despite American sentiment concerning the canal, it is virtually impossible to look at the current situation—a 10-mile-wide swath cut right through a country from coast to coast completely controlled by another, bigger, more powerful country—without recognizing it as colonialism.

In an extraordinary meeting of the United Nations Security Council that took place in Panama City in March 1973, it became clear that the United States will be isolated on the Panama Canal issue until it negotiates a new treaty transferring effective sovereignty to Panama. Voting with the majority for a resolution to this effect were three good friends of America—Austria, Australia, and France—with Britain abstaining.

The Organization of American States backs Panama, and many Latin American leaders have indicated that the Panama Canal is now the No. 1 issue in hemispheric affairs. In a future full-blown debate in either the United Nations Security Council or the General Assembly, the United States could again find itself in a lonely position, looking like a stubborn colonialist.

As Ellsworth Bunker summarizes it: "In our negotiations we are attempting to lay the foundations for a new, more modern relationship which will enlist Panamanian cooperation and better protect our interests. Unless we succeed, I believe that Panama's consent to our presence will continue to decline, and at an ever more rapid rate. Some form of conflict in Panama would seem virtually certain."

This assessment seems realistic. As the months go by, will the Panama Canal issue become "an example for the world of a small nation and a large one working peacefully and profitably together," as Bunker puts it, or will the deep conflicting emotions of Americans and Panamanians lead to further bitterness and the spilling of blood?

HUMAN RIGHTS VIOLATIONS IN CAMBODIA

Mr. PELL. Mr. President, I have long been concerned about human rights and have urged successive administrations to take a forthright position in condemning human rights violations regardless of whether or not they are committed by rightist or leftist regimes. Today, the focus of human rights is on Chile—and rightfully so, as there is clearly a consistent pattern of gross violations of human rights in that troubled land.

Nevertheless, I am disturbed that the focus on Chile may, inadvertently, divert attention from other areas where gross violations of human rights are also occurring. In this connection, I have been shocked to read the recent press accounts of mass killings, forced evacuations from urban areas, and the generally brutal treatment of the Cambodian population by the new regime.

On June 3, the New York Times published a brief article quoting a French journalist who interviewed hundreds of Cambodian refugees in camps in Thailand as saying that it is "plausible if not certain" that the Communist regime in Cambodia has killed 1 million Cambodians since the regime came to power in April 1975. If that is true, approximately one-fifth of the Cambodian population has been annihilated—a record of barbarous butchery which is surpassed in recent history only by the Nazi atrocities against the Jews during World War II.

Despite the existence of reports indicating that Cambodia has one of the most—if not the most brutal government in the world today, I am amazed that so little has been done to investigate and condemn what is happening in Cambodia. The U.N. Human Rights Commission has so far ignored the situation in that country, and no other organization or nation has taken any action to fill the void left by the Commission's inactivity.

The next scheduled occasion for the discussion of human rights issues will be the U.N. General Assembly meeting this fall, particularly the deliberations of the Third Committee of that body. While it is difficult for the United States to take the initiative—because of our involvement in Cambodia during the Vietnam war—to become directly involved in an effort to expose human rights violations in Cambodia, I believe nevertheless that the United States must make its concern in this matter known in New York this fall and make every effort to insure that the debasement of the human condition in Cambodia is not ignored or papered over by the United Nations.

Mr. President, I ask unanimous consent that the New York Times article of June 3 be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BIG CAMBODIA TOLL CALLED 'PLAUSIBLE'

PARIS, June 2.—Charges by refugees that the Communist forces have killed one million Cambodians since they took over in April 1975 are "plausible if not certain," according to a copyrighted article by a French journalist, Yves-Guy Berges, in the newspaper France Soir.

Mr. Berges said he interviewed hundreds of refugees in camps in Thailand. He said they reported "collective assassinations, reprisals, manhunts after the middle class, massive deportations, forced labor, disappearances, death, always death, familiar, omnipresent, to the point of nausea." "In these conditions, the figure of a million victims since April 17, 1975, the day of the 'liberation' of Phnom Penh, is plausible, if not certain," he said.

Mr. Berges said one 50-year-old refugee told him:

"I am like a frog. I see only what is around my eyes. But when it rains, thousands of frogs see the same things as me."

The refugee, named Pall, said on his long journey to Thailand he had spent time searching for his missing brother. He did not find him, but found corpses "like a field of locusts."

ARTHUR BURNS EXPRESSES CONCERN OVER INFLATION

Mr. CHILES. Mr. President, last Friday, the Chairman of the Federal Reserve Board of Governors, Arthur Burns, gave an address at the commencement exercises of the Florida Institute of Technology in Melbourne, Fla. The title of Dr. Burns' address was "The World-Wide Problem of Inflation."

In his speech to the graduating class, Dr. Burns expressed his profound concern for the disease of inflation and the harm that it can do to our own society and to the world. He expressed his belief that an alert citizenry can help fight against inflation and his conviction that fiscal responsibility at the Federal level is also crucial. Dr. Burns recognized the role of the new congressional budget process in helping to come to grips with inflation.

Because I think his address will be of interest to Members of Congress, I ask unanimous consent that the commencement address of Dr. Arthur Burns at Florida Institute of Technology be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE WORLD-WIDE PROBLEM OF INFLATION

I am pleased to join this audience in a tribute to the members of the graduating class, and also to their parents and teachers who have done so much to make this day possible.

I would like to discuss with you today the dangerous disease of inflation—which strikes me as the economic equivalent of high blood pressure. The medical profession has recently urged all of us to have our blood pressure checked. High blood pressure damages the human body and threatens the lives of those who suffer from it. Fortunately, when diagnosed promptly, it can usually be treated successfully and brought under control.

I am not a physician, but I do know something about the economic disease of inflation. The effects of inflation are pervasive. Persistent inflation saps the energies of a nation and undermines economic and political institutions. In recent years, inflation has done great damage to the economies of many countries, including our own.

Inflation is a man-made disease. If properly treated, it can be brought under control. All of us—and especially those of you who are embarking on a new career—have a vital interest in bringing an end to the forces of inflation.

During your years here at the Institute, you have lived through the worst inflation since World War II. Over the past four years alone, consumer prices in our country have risen by 35 per cent—an average increase of over 8 per cent a year. Of late, the rise has moderated—from 12 per cent in 1974 to about half that rate currently. An annual advance of 6 per cent in prices, however, is still very troublesome. If such a rate persisted, the price level would double every 12 years. By 1988, the purchasing power of each of your dollars would be cut in half, and twelve years later—or by the year 2000—your already shrunken dollars would be cut in half once again.

In most other countries, inflation has been proceeding at an appreciably faster pace than in the United States. On the average, consumer prices around the world rose by 15 per cent in 1974, and they were still increasing at a rate of 11 per cent during the past twelve months.

There is nothing inevitable about inflation, as experience in our own and other countries indicates. The over-all level of prices in the United States remained relatively stable from 1952 through 1956, and again from 1960 through 1964. During the latter period, wholesale prices actually declined a little, while consumer prices increased at an average annual rate of about 1 per cent. There were similar periods of relative price stability in a number of other countries—including Canada, West Germany, Belgium, Switzerland, and Japan—during the 1950's and early 1960's.

The disease of inflation will not be cured until an aroused citizenry demands corrective measures. The intellectual leadership that you in this graduating class and your counterparts around the country can provide to the public at large will play a critical role in the success of this endeavor.

Let me therefore describe briefly the characteristics of inflation, the havoc it creates in the economic body, and the course that must be pursued to regain a stable price level and a healthy economy.

The current inflation in our country began in the middle years of the 1960's. The exuberant mood that then emerged in the business community soon gave rise to a series of interrelated and partly overlapping waves of speculation. The first speculative movement involved corporate mergers and acquisitions. Entrepreneurs who displayed special skill in such maneuvers were hailed as financial geniuses—until their newly-built empires began to crumble.

Many businessmen were so preoccupied with corporate acquisitions that they lost sight of traditional business objectives. The productivity of their businesses suffered, and so too did the nation's productivity.

This speculative merger movement was reinforced, and to a degree made possible, by the speculation that developed during the late 1960's in the market for common stocks. The prices of many stocks shot up with little regard to actual or potential earnings. Speculation in common stocks, moreover, was not confined to the United States. From the late 1960's until about 1973, nearly every major stock exchange in the world experienced a large run-up in share prices, only to be followed by a drastic decline.

The third speculative wave in our country occurred in the real estate market. It involved widespread building of shopping centers, office structures, and recreational facilities, besides land speculation and an extraordinary boom in residential construction. Between January of 1970 and January of 1973, the volume of new housing starts doubled and a huge inventory of unsold homes piled up. Once a condition of overbuilding was recognized, residential construction plunged and for a time virtually came to a halt in some sections of the country.

The real estate boom in the United States also had its parallel in other countries. For example, speculation in land and properties became rampant in the United Kingdom during the early 1970's. And in Germany, the boom in residential construction during 1971–73 led to an enormous increase in unsold housing units—and to an inevitable downturn in homebuilding.

It is in the nature of speculative movements to spread from one country or market to another. Just as the speculative wave in real estate was beginning to taper off in 1973, a new wave of speculation got underway—this time in inventories. It involved massive stocking up of raw materials, machinery, parts, and other supplies in the United States and in other industrial countries. Serious bottlenecks and shortages began to develop in numerous industries. In the resulting environment of scarcities, the rise in prices of industrial commodities quickened both here and abroad.

One of the unfortunate consequences of inflation is that it masks underlying economic realities. As early as the spring of 1973, the trend of consumer buying in this country began to weaken. Many members of the business community, however, paid little attention to this ominous development.

Nor did they recognize that standard accounting practices, which had served well enough in an era of price stability, were now masking the deterioration taking place in business profits. Caught up in the euphoria of inflation, they built up inventories out of all proportion to actual or prospective sales, thus setting the stage for a subsequent sharp decline in production and employment.

The corrosive influence of inflation goes far beyond the distortion of businessmen's perspectives. Inflation erodes the purchasing power of wages. Inflation reduces the real value of the savings deposits, pensions, and life insurance policies of consumers. Inflation creates havoc in financial markets as interest rates are driven up, funds for mortgage lending diminish, and even some large and well-managed industrial firms encounter difficulty in raising funds needed for plant expansion. In short, inflation upsets much of the planning that business firms and households customarily do. The state of confidence deteriorates, and the driving force of economic expansion is blunted.

Concerned as we all are about the economic consequences of inflation, there is even greater reason for concern about its impact on our social and political institutions. We must not risk the social stresses that persistent inflation breeds. Because of its capricious effects on the income and wealth of a nation's families and businesses, inflation inevitably causes disillusionment and discontent. It robs millions of citizens who in their desire to be self-reliant have set aside funds for the education of their children or their own retirement. It hits many of the poor and elderly especially hard. And it eventually leads to business recession and extensive unemployment, such as we have just experienced to our sorrow.

In recent years, governments have toppled in Argentine, Chile, and other countries—in large part because the citizens of those countries had lost confidence in the ability of their leaders to cope with the problem of inflation. Among our own people, the distortions, injustices, and hardships wrought by inflation have contributed materially to distrust of government officials and of governmental policies, and even to some loss of confidence in our free enterprise system. Discontent bred by inflation can provoke profoundly disturbing social and political change, as the history of other nations teaches. I do not believe I exaggerate in saying that the ultimate consequence of inflation could well be a significant decline of economic and political freedom for the American people.

Part of the world-wide problem of inflation in recent years is attributable to special factors—such as the extraordinary rise of OPEC oil prices in 1973, and the crop shortfalls of 1972 and 1974. But the fundamental source of inflation in our country and others has been the lack of discipline in governmental finances.

The current inflation began when our government embarked on a highly expansionist fiscal policy in the middle 1960's. Large tax reductions occurred in 1964 and early 1965 and were immediately followed by an explosion of Federal spending. New and substantial tax reductions occurred again in 1969 and 1971, and they too were followed by massive increases of expenditures. Over the past ten fiscal years, the public debt—including obligations of the Federal credit agencies—has risen by nearly $300 billion.

Deficit spending by the Federal Government can be justified at a time of substantial unemployment. It becomes a source of economic instability, however, when deficits persist in good times as well as bad. Actually, the Federal budget has been in deficit every year but one since 1960. The huge and persistent deficits of the past decade added enormously to aggregate demand for goods and services, but they added little to our capacity to produce. They have thus been directly responsible for a substantial part of the inflation problem.

It is sometimes contended that the Federal deficits of recent years have been only a minor source of economic or financial instability, since the amounts have usually been small relative to total borrowing by the private sector. This is a faulty argument. We must never confuse the power or responsibility of private citizens with the power or responsibility of government. Business firms and consumers have no way of acting in concert to prevent an inflationary expansion of credit, and their private actions may conflict with national objectives. The basic responsibility for economic stabilization lies with the Federal Government. Unless our government exercises that function better than it has in the past, there will be little hope for restoration of stability in the general price level.

There are some indications, I believe, that our government has of late been taking its fiscal responsibilities more seriously. Thus, the President has recommended a very small increase in budget outlays for the forthcoming fiscal year. Moreover, the Congress has been acting constructively in the exercise of its responsibilities under the Congressional Budget Act of 1974.

There is therefore some reason for hope that total Federal expenditures will not continue to advance at the frightening pace of recent years.

State and local governmental budgets are also receiving closer scrutiny nowadays. The difficulties encountered by New York City have had a tempering influence on the financial practices of States and their political subdivisions—as well as on those of other economic units—across our land. The emphasis on sound finance that is now underway enhances the chances of achieving a lasting prosperity in our country. Governments abroad are also more conscious of the need to brake the growth of public expenditures in order to contain the forces of inflation.

Monetary policy too has an important role to play in the fight against inflation, and we at the Federal Reserve are well aware of that fact. We intend to see to it that enough money and credit are available to finance a good rate of economic expansion. But we firmly intend to avoid excesses that would aggravate inflation and create trouble for the future. Many central bankers abroad aspire to a similar course of policy, but some of them are unable to adhere to it because of pressures from their finance ministers or other governmental bodies. Fortunately, under our scheme of governmental organization, the Federal Reserve can make, and stick to, the hard decisions that are at times avoided by decision-makers subject to the day-to-day pressures of political life.

Prudent fiscal and monetary policies are essential ingredients of a national program to restore general price stability, but they alone may not accomplish that objective within the limits of our national patience. Structural policies are also needed to help restore full employment and to aid in correcting the long-run inflationary bias in our economy.

For example, governmental efforts are long overdue to encourage improvements in productivity through larger investment in modern plant and equipment. A vigorous search should be made for ways to enhance competition among our business enterprises. Governmental policies that affect labor markets should also be reviewed. The Federal minimum wage law is still pricing many teenagers out of the labor market; the Davis-Bacon Act is still escalating costs and prices in the construction industry; and governmental programs for income maintenance now provide benefits on such a generous scale that they may be blunting incentives to work.

In some countries—for example, Canada, the United Kingdom, the Netherlands—attempts are being made to hold down wage and price increases through ceilings or guidelines. In the United Kingdom, the government has recently reached an agreement with trade union leaders to grant tax reductions in return for holding wage increases to an average of about 4½ per cent during the year beginning on August 1. Such a policy would involve some decline in real income for workers in the United Kingdom. It offers promise, however, of cutting the inflation rate sharply, and of relieving the downward pressures on the pound in foreign exchange markets.

In our own country, I doubt that arrangements of that kind would be practical. It is clear, however, that restraint on the part of both workers and businesses would be helpful at the present time.

The current economic recovery is now just over a year old. In some sectors of the economy, the advance of prices has already begun to quicken—even though unemployment remains extensive and a significant part of our industrial plant is still idle. If workers now began to demand large catch-up increases in wage rates or greatly enlarged fringe benefits, or if business firms began to raise prices faster than costs to increase profit margins, prospects for a gradual further abatement of inflation and a prolonged and stable prosperity would be endangered.

I am confident that we will succeed in curing the disease of inflation if the American people remain alert to the challenge. I hope that members of this graduating class will join with me and other citizens across the country in a national crusade to protect the integrity of the dollar. This objective is within our means and is essential to a future of stable prosperity in our nation.

GENOCIDE AS A MATTER OF INTERNATIONAL CONCERN

Mr. PROXMIRE, Mr. President, in the 26 years since the Genocide Convention was first submitted to the Senate for ratification we have heard a number of objections to its approval. I have been answering these objections, and today, I too deal with a general one that has often been raised—that genocide is a domestic matter that cannot appropriately be dealt with through the treaty-making process.

In a declaration made by the unanimous action of the General Assembly of the United Nations, the international community affirmed that genocide is an international crime. The charter of the Nuremberg tribunal, of which the United States is a party, declares crimes against humanity to be of international concern. Under this tribunal, individuals were prosecuted, convicted, and punished for committing these offenses, establishing their status as international crimes.

When we look at the political aspects of genocide, its international status is reaffirmed. When looking back on recent history, one can see horrendous examples such as Nazi Germany's persecution of the Jews. More recently we have seen how violent ethnic, racial, and religious hatred between Greek and Turk, Moslem and Hindu, Protestant Irish and Catholic Irish, can lead to the outbreak or danger of international conflict.

Seen in this framework, it should be clear that genocide cannot be limited and categorized along national boundaries.

Any act by one government that could touch off an international crisis deserves to be handled on the international level. The united resolve of the world community is needed to control the problem. The Senate should dispel any doubt as to America's belief in and commitment to this effort and give its long overdue approval to the Genocide Convention.

SOVIET DISSIDENTS FEEL PINCH OF CUSTOMS, CURRENCY RULES

Mr. JACKSON. Mr. President, the Soviet Government has taken one more drastic step to make life harder for would-be emigrants and other dissidents. The latest harassment is a sharp increase in the tariffs levied on gifts sent from abroad. This follows the Soviet doubling in January of this year to 70 percent the tax on money gifts to Soviet citizens.

Such citizens, who lost their jobs because they applied for exit visas or because they spoke up for human rights, have relied heavily for their livelihood on gifts of money, clothing, food, even medicines sent from the United States and other Western countries. This latest Soviet measure is designed to drastically reduce—if not end—that support.

The Washington Post's Moscow correspondent Peter Osnos wrote on June 14:

> The revised rules, which apply to all Soviet citizens, affect millions of ordinary people whose relatives or friends send them money or parcels as gifts. But the principle target of the changes seems to be dissenters and Jewish would-be emigrants whose political activities prevent them from getting jobs.

Many residents of the Baltic countries—Lithuania, Latvia, and Estonia—who have been receiving help from their relatives here are also expected to be hard hit by the new regulations.

Mr. President, I ask unanimous consent that the full article by Peter Osnos from the June 15 Washington Post be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIET DISSIDENTS FEEL PINCH OF CUSTOMS, CURRENCY RULES

(By Peter Osnos)

MOSCOW, June 14.—The Soviet Union has moved decisively to restrict foreign financial support for Soviet citizens—particularly dissenters—and greatly curtail their access to high-quality or imported consumer goods.

With a series of complicated changes in customs and currency regulations over the past year, the Kremlin has plugged one loophole after another through which modest sums of money from the West could be converted into enough cash to sustain whole families in reasonable comfort—and a few in unusual luxury.

The latest change, which is to take effect Tuesday, is a sharp increase in the city charged on many imported items. A fur coat, for instance, will now carry a duty of 125 rubles (about $150 at official exchange rates), which is nearly 10 times more than the old duty.

The revised rules, which apply to all Soviet citizens, affect millions of ordinary people whose relatives or friends send them money or parcels as gifts. But the principal target of the changes seems to be dissenters and Jewish would-be emigrants whose political activities prevent them from getting jobs.

These people depend almost entirely on remittances from outside supporters, and the changes have had a profound impact on them. "This means an end to the help we receive from abroad," said a mathematician who has been refused permission to emigrate.

A curious feature in the difficult and frequently dangerous lives of such Jewish activists and prominent dissenters has been their relatively high living standard. Paradoxically, their ostracism from Soviet society and consequent dependence on outside support brought them benefits that the Kremlin give only its mostly highly regarded citizens.

Money they received as gifts from the West was converted into certificates for use in special stores that supply better foods and consumer goods to foreigners—and to selected Soviets whose reliability or position entitles them to such coupons.

These "birch tree" shops are bastions of privilege with well-stocked shelves, counters and catalogues that make the goods in ordinary Russian stores look very meager by comparison. The demand for coupons is so great, therefore, that they could be sold at as much as six times their face value.

So a person receiving a gift of $100 had the enviable choice of shopping for himself and his family in the "birch tree" shops or selling the coupons—which is technically illegal—for as much as 600 rubles.

As of Jan. 1, however, the money from abroad is converted into rubles only at an official rate of about $1.25 per ruble. Moreover, a hefty handling tax brings the number of rubles that $100 now produce down to about 50.

That change alone meant a drastic drop in living conditions for out-of-work dissenters.

Now the raising of import duties, which had remained steady for seven years, will add new problems. Nearly every category of coats, suits, dresses, fabrics, shoes and other garments has been reassessed, with customs fees generally doubled or in a few instances boosted even higher.

Some of these goods are used by the recipients themselves; others are sold to friends or to state second hand stores for cash. In that case, they can attract very high prices—700 rubles, say, for a sheepskin coat—which reflect the represented demand here for quality consumer items.

In most categories, the new duties are still not outrageously high—suits, including extremely popular blue-jeans outfits, are going up from eight rubles to 20, for instance—but the boost is enough to be discouraging. In addition, only one suit per package is allowed, instead of previous two.

Customs costs are generally paid by the senders, and the concern here is that the added costs may lead to a drop in support.

Soviet authorities may have had another motive for these stringent new regulations aside from harassing dissenters: curbing the black-marketeering and speculation in coupons and imported goods, a "parallel" economy value in the millions of rubles.

But the system still offers access to desirable merchandise to those it wishes to reward; it is now cutting off only the dissenters who are forced to live on such trading.

"The state is always chipping away at us," said a lawyer who ran into trouble for defending dissidents and now needs help to meet personal expenses, "and this is undoubtedly another chip."

PHILIPPINES INDEPENDENCE DAY

Mr. McGOVERN. Mr. President, on June 12, Independence Day was celebrated in the Philippines. Surely it is appropriate, as we now prepare to celebrate the Bicentennial of our own Declaration of Independence, to take a few moments to acknowledge the struggle for *freedom* of a people whose history and ideals are so intimately connected with ours.

Our history is our glory and our guide. The right to self-government is the right we have proclaimed, throughout our history, as among the most basic of human rights. For this right, our forefathers risked their lives and fortunes 200 years ago. And for this right, the Filipino people, 78 years ago, revolted against 350 years of Spanish colonial oppression. Today, it is the right for which the Filipino people are still forced to struggle, in a cruel repetition of earlier events.

In 1898, President McKinley told the American people that Filipinos were incapable of self-government. Yet when Admiral Dewey reached Manila Bay, Philippine armies had all but destroyed their opposition and were readying a constitution for promulgation. Except for one corner of Manila, the entire country had been liberated. On June 12, 1898, an American representative was detailed to witness the declaration of the first democratic republic in Asia. How tragic and ironic that the same Filipinos who looked to the United States for their inspiration were, within a year, locked in war with the United States to preserve the freedom which they had already won at such great sacrifice.

How tragic and ironic that the freedom we formally restored to the Philippines in 1946 is today almost nonexistent. It is tragic not only because of the brutality of the government there now, but because we have been made partner to the martial law dictatorship of President Marcos.

Today we read reports that thousands of Filipinos are the victims of secret arrests and waste away in prisons without hope of a fair trial. Hundreds more may have been tortured and killed. Several hundred thousand are refugees from a 4-year guerrilla war in Mindanao. Real elections have not been held for 5 years. The people have no representative body in which to debate alternatives for the future. The press is strictly censored. The Supreme Court acts only at the President's behest. Mr. Marcos and his wife, whom he recently appointed Governor of Manila, have declared their intention to rule by decree for as long as they choose. They appoint every official in the national and local governments. The violation of human rights is well documented. Only last week our newspapers reported that, as Mrs. Marcos addressed the United Nation Human Settlements Conference in Vancouver, thousands of Manilans were arrested for protesting their lack of representation at that conference and in governmental planning.

Despite this situation, the United States since 1971 has virtually doubled its military assistance to the Philippines, and next year's new base agreement will likely bring with it a substantially larger military aid package.

Given the potential inherent in military aid for interference in domestic affairs, it is scarcely conceivable that our aid should increase to a government which consistently violates human rights, yet this nightmare is the plain fact of our present policy toward the Philippines.

If one lesson of our history is that our policy towards the Philippines has not always been consistent with our ideals, it is surely a more hopeful lesson that the thirst for freedom is everywhere and in all peoples unquenchable. Resistance to the martial law government of Marcos and his wife is steadily increasing. In all sectors of the population, critics are risking their lives and their fortunes to denounce the suppression of human rights. Five thousand Filipinos violated the ban on all political activity to stage a demonstration during President Ford's visit there. Voices of opposition have ranged from Cardinal Jaime Sin, the Archbishop of Manila, to ex-Senator Jose Diokno, the founder of the Civil Liberties Union of the Philippines, who was incarcerated for 3 years without charges being pressed against him, to Mr. Diosdado Macapagal, the former President of the Philippines to whom the United States denied political asylum, to Mrs. Trinidad Herrera, a squatters organizer, who, although named the Philippines' official delegate to the U.N. "Habitat" Conference, was unable to attend when her group's opposition to Mrs. Marcos' beautification plans left her no alternative but to go into hiding. Many other heroic Filipinos could be mentioned. I hope the Senate will join me in expressing profound sympathy with their efforts to regain their freedom.

We cannot persist in the illusion that the spirit of freedom is divisible. We shall not long remain free at home if we are repressive abroad. Insofar as the freedom of any country is jeopardized by American policies, our freedom is also threatened. In rededicating our lives and our work to the spirit which attended our Nation's birth, let us hope, Mr. President, the Filipino people can soon join us in celebrating true independence and freedom.

HOW GOV. PATRICK J. LUCEY DOES HIS JOB

Mr. PROXMIRE. Mr. President, the State of Wisconsin has a long history of progressive, efficient, and honest Governors and government. The present Governor, Patrick J. Lucey, has not only followed in that tradition but has added luster to it through a series of actions and policies which have improved the well-being of the people of Wisconsin.

Whether it is spending policies, tax policies, school policies, or environmental issues, Governor Lucey has had both the intelligence and managerial skill to develop a progressive policy and the political ability to get it adopted. It is a unique combination which has served both the State and the Nation well. It continues the great tradition from the days of old Bob LaFollette that Wisconsin is the nursery and the incubator of progressive ideas which the Nation later adopted.

In an article in the Nation for June 19, 1976, Eugene Harrington, the Madison bureau chief of the Milwaukee Journal tells us how Governor Lucey gets this done.

I ask unanimous consent that the article, entitled "How One Governor Does His Job," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LUCEY OF WISCONSIN: HOW ONE GOVERNOR DOES HIS JOB

(By Eugene C. Harrington)

(The "anti-government" rhetoric of this year's politics has been focused on Washington, not yet on the fifty State Houses. If there is really to be a substantial return of the functions of government to more local levels, the states' political and administrative performance will merit a closer look than they generally receive. In this article The Nation takes a look at a Governor who is widely regarded as one of the most competent and effective in the country and examines the problems he and his state face and how they deal with them.)

MADISON, WIS.—Seated in a corner of his relative austere office, Patrick J. Lucey, 39th Governor of Wisconsin, met with the press. The informal gathering last December was unusual, for the Governor and the reporters were probing into the wreckage of one of Lucey's ambitious legislative efforts that had been thwarted the day before in a special session of the legislature. The Democratic-controlled legislature had sharply rebuffed Lucey, also a Democrat, by refusing even to consider his major proposal to reorganize the State Transportation Department and to revise the method of financing state transportation systems.

"Was this the worst defeat you have suffered as Governor?" one reporter asked. "Well, if it was my first defeat, I guess you could say it was my worst," Lucey replied, chuckling. The characteristics of the man and his approaches to governing were largely epitomized by the sequence of events that led to the meeting. It had been a typical Lucey performance:

Develop and fervently promote a bill that shows the Governor taking charge of an issue—in this case, leading rather than following public opinion.

Push for legislation because of its need, even though it has stirred substantial opposition.

Place the proposals in a comprehensive bill, rather than attack the problems in piecemeal, separate measures.

If it loses, accept the loss with self-deprecating humor, but begin planning a new approach.

What was uncharacteristic was that Lucey had lost—not, as he said, for the first time—but clearly in the most embarrassing setback of his gubernatorial career. His record in dealing with the legislature since he took office in January 1971, has been one of major accomplishment and upheaval in a state which ranks high in terms of progressive government. During the past five years, largely because of Lucey's boldness, the state has had:

A sharp reversal of inequities in the formulas whereby the state shares taxes with local governments—placing the money where the people are, instead of letting it be siphoned off into "tax islands" that had developed because high-value property or wealthy people were within the municipal boundaries.

The consolidation of two university systems which had been duplicating programs and competing for funds, a merger that some of the original critics now concede has brought economy and efficiency.

A big step toward equality in elementary and secondary education by requiring school districts with high property taxes—the source of state school financing—to share funds with less wealthy districts.

A heavy infusion of state money, by meticulous budgeting and use of federal revenue sharing, to ease property taxes in a high-tax state. By imposing heavier income taxes on corporations and wealthy individuals and by increasing and broadening user fees, the state avoided general income or sales-tax hikes through two successive two-year budget cycles.

An alliance of labor and management to enact substantial tax relief for industry and thus encourage industrial growth and stimulate new jobs.

The development, rare among the states, of a plan for tighter control over where future electric generating plants and transmission lines are to be located.

A stronger open-meeting law, financial disclosure requirements as part of a code of ethics for state officials, campaign finance reform and easier voter registration procedures—all intended to promote confidence in government in the wake of Watergate and to counteract a national denigration of governmental institutions.

A strong consumer protection measure, eliminating abhorrent credit practices and providing closer scrutiny, through state regulatory agencies, of consumer credit transactions.

Not all of these accomplishments were initiated by Lucey, but whether the ideas came from his office or from the legislature, he supported them all strongly and used various political techniques to get them enacted. That, he thinks, is how a Governor should lead a state.

There had been general agreement in Wisconsin the formula for sharing taxes was archaic. Funds were being allotted according to where the taxes had been levied. Thus, bedroom suburbs for the wealthy and areas where manufacturing plants or utilities were located received large returns, despite their relatively small populations and lesser need for municipal services.

One small community in northeastern Wisconsin, for instance, received substantial returns from the state largely because it was the site of a major natural gas pipeline operation. The community set up a municipally operated fund from which college tuition grants were made to the young people of that area. At the same time Milwaukee was struggling to meet the heavy demands for services because of its large population and difficult social problems.

Lucey, of course, recognized the weight of big-city votes in the legislatures and appealed to the Milwaukee delegation and its counterparts. But the beneficiaries of the old system, through their representatives, fervently resisted change. A strong debate ensued in the legislature. Lucey overcame the opposition by incorporating the proposed tax-formula changes in the state budget bill and then letting the lawmakers know that he would veto any budget bill that did not retain them.

He also included the university merger plan in the bill, a provision that appealed to a wider constituency and improved the chances of passage. There were, of course, provincial concerns about keeping a university as it had been, in the legislators' back yards. But, at that time, 1971, the public backlash against campus protests and clashes with the police and concern that faculty members were more involved with research than with teaching, were important selling points.

Lucey's tough stand on the two issues paid off. The budget bill, normally enacted in the summer, was not approved until October—a delay that brought a steady increase of pressure for operating funds from state agencies and their constituencies. By fall, Lucey had compromised somewhat, but not to the point where the basic goals were lost. And, to get the bill passed, Lucey and his aides would apply pressure on majority Republican Senators, offering them help in the future. One Republican Senator whose vote was critical Lucey later appointed to the bench.

A different technique was used on the school financing change. Lucey frequently resorts to the task-force approach, a device that allows him to send up trial balloons without becoming directly involved. The school fund proposal came from one such task force and was fortified thereafter by U.S. Supreme Court decisions that equal educational opportunity could not be provided when the property tax was used as the basis for school financing.

To get the change approved—in yet another budget bill—Lucey played on those decisions and on intense public concern over school spending. He took the same "no-retreat" position he had assumed two years earlier vetoing separate bills that would delay the start of the program to have the wealthy districts support the less affluent ones. He was helped by the fact that the so-called negative aid concept was to be phased in over ten years, with only nineteen of 416 school districts being immediately affected.

Lowering property taxes is obviously a popular issue and Lucey has exercised great budgetary ingenuity to make it possible. The budget bills he has submitted are carefully constructed, with selective taxes on some special-interest groups and new administrative procedures that have accelerated payments and thus accumulated more interest on funds held by the state. In addition, a number of state agency services that had been financed through taxes are now paid for by the imposition of, or increases in, fees. Lucey has also leaned hard on the Wisconsin office in Washington to capture more federal dollars. At the same time, he has channeled all federal revenue-sharing funds into the new school-aid formula, thus lightening property taxes. He has threatened to reduce the school-aid formula next year if revenue sharing is not continued by the Congress; this puts pressure on the Wisconsin Congressional delegation to battle for extension of the program.

The tax concessions to industry are remarkable in a state where it had been assumed that Democratic Governors were not particularly friendly to the business community. But Lucey—a fiscally conservative Governor when he has to be—saw the advantages of increasing the state's revenue base; at the same time, he helped convince union leaders that business improvements meant more jobs in a period of recession. When Lucey encouraged Republican legislators to take the lead on the proposal, the changes sailed through. Representatives of units of government that lost revenues when the industrial tax base was lowered were too late in their opposition.

Another Lucey approach is to take over some legislation, initiated outside his office, which he feels is needed. He convinces his legislative allies of his interest, promotes the legislation at every opportunity in appearances throughout the state and, when the bills require compromise between opposing interests, insures that his position is known. Democratic legislators took the lead on the power plant and campaign finance reform bills. When opposition developed, they met with opponents to work out compromise legislation. During these negotiations, Lucey's aides were at the legislative elbows, constantly transmitting his views, pro and con, on various provisions. And Lucey spoke publicly on the need to balance future energy needs against possible damage to the environment and appealing to concerns raised by the then recent activities of the Committee to Re-Elect the President.

That approach was evident also in the Wisconsin Consumer Act—the product of intensive negotiations between consumer groups, financial institutions and legislators for more than a year. In the end, Lucey's legal counsel was a key figure in developing legislation which became a model for other states.

The Governor, for the most part, has conducted an open administration, so it was natural for him to support such bills as a tougher open meeting law, the code of ethics and the broadening of voter registration. He was among the early leaders in the call for more responsiveness on the part of government at all levels.

Lucey's success with legislation stems largely from his mastery of various political techniques and his usually perceptive reading of the public mood. He has, in effect, a political tool box from which he draws the specific device for the specific issue. But even more, his success stems from the personal characteristics he brings to the executive office. Few, if any, of his predecessors have attacked the job with as high a degree of intellectual curiosity and hard work. Lucey, now 58, is no back-slapper or partygoer, nor is he much interested in the ceremonial trappings of office. He is a quiet man, impelled by an urge to succeed in whatever he does and is committed to learning all he can about the operation of state government. It may be relevant that his academic degree is in philosophy, not business or political science, but he was also a successful real estate man before seeking public office.

He turned to state party work in the late 1940s, helping to bring the Democratic Party out of a decline, slogging through heavy organizational work and fund raising. He became a dominant, forceful party chairman in the last 1950s, when Democratic candidates began surging into command of the state (both U.S. Senators; seven of nine U.S. Representatives; control of all state constitutional offices and a majority in both houses of the legislature by 1975). He was a state Assemblyman in 1949, lost a race for Congress in 1950, served as lieutenant governor under his GOP predecessor, Warren P. Knowles.

Lucey has called legislators into special sessions more times than any Governor in state history. He loads budget bills with nonbudgetary matters to the point where they creak with the weight. He makes personal appearances at legislative caucuses. He dangles judicial and administrative appointments before eager legislators. He has made a science of the partial veto, getting what he wants by eliminating phrases, words, or even numbers. He once infuriated a Republican attorney general by striking the "2" from a $25 million appropriation. Lucey, contending he still was right, nevertheless backed off.

His dealings with the state civil service and administrative agencies have been equally aggressive; he insists on increased productivity, a revision of traditional civil service procedures. And, of course, he installs as department heads men and women who share his views.

All of this brings complaints that he is ruthless, scheming, vindictive and a political boss type in a state which has a tradition of no patronage and a repugnance toward political machines. But his friends and foes agree that he is unusually courageous in pushing through his positions, even though it means tackling some of the most powerful lobbyists and special-interest groups in the state.

That quality, plus his years as a demanding, controversial party chairman, has created an impression in the general public that he is a wheeler-dealer, grasping politician. But Lucey offsets this judgment somewhat by his accomplishments and his sensitive appraisal of what the public wants and needs.

He is also lucky to be the first Governor elected to a four-year term in the history of the state. To his credit he saw the advantages and used them, taking the time to get things done, rather than concentrating from the start on re-election. He took office when the economy was strong and the state had a healthy surplus of funds, but he knew how to economize when the slump came and has helped the state retain its top credit rating in the bond market.

He became Governor when civil unrest had abated on the campuses and in the big cities, and he was not harassed by the need to extinguish fires. He has worked from the start with Democratic Assemblies and in 1974 the Senate became Democratic for the first time in this century. His two Republican opponents for governor have been relatively lackluster and Lucey won by margins of more than 181,000 and 160,000 votes.

That Lucey can fail is evident in the defeat of the transportation bill. In that case, it appears, that he was too far out in front of the people—warning of the dire consequences of letting roads and bridges deteriorate, rail service wither away and city bus systems operate with serious deficits. Appeals to conserve fuel and save the environment by placing less reliance on automobiles met resistance from a car-conditioned society. A split between rural and urban legislators and the proposals to raise additional revenues from heavier fees on vehicles (as the legislature neared an election year) combined to send the bill down to defeat.

He has not succeeded in getting all the reforms that he wants in the prison and welfare systems; he has not managed to put controls on health-care costs; he supports, but has not gotten, a no-fault auto insurance system, and the state has not moved toward the land use and other environmental measures that Lucey backs.

Increasingly Wisconsin thinks that Lucey will try for a third term, but that may depend on what happens in the Presidential election this year. It will not be easy: Lucey has made enemies and twelve years in office is unprecedented for a Governor of this state (indeed, eight years is unprecedented). However, given his record, the job's still not finished, and his intense drive to be a dominant figure in Wisconsin politics, Lucey will probably accept the challenge.

CORPORATE BRIBERY AND KICKBACKS

Mr. CHURCH. Mr. President, I rise to welcome President Ford, however belatedly, to the ranks of those who have been concerned with the problem of corporate bribery and kickbacks and its cousin, the problem of corporate political involvement abroad.

President Ford's three major themes are ones to which exception cannot be taken. The problem is, as he says, serious, and legislation is imperative. American society cannot, as he says, accept corporations which keep false books and systematically mislead their accountants. Finally, international agreement is, as he says, necessary to solve the problem.

Alas, the major themes find little support in the detail of the President's proposals. To understand why requires a careful look with an eye to who will enforce the law and to whom disclosure will be made. After looking, I believe President Ford is not serious and is trying to paper over the problem.

The remedies we create must be enforceable and enforced. If there is any question about our resolve and the willingness of this Government to catch and punish the lawbreakers, the ensuing cynicism will further erode confidence in the free enterprise system.

The one agency which has tried to solve the problem of corporate payoff and improper accounting is the Securities and Exchange Commission. Of all the agencies working on the problem, it alone has the expertise and the skill to enforce whatever standards we set. The Presidential proposals appear on their face to take the question of enforcement from the SEC and place it in the hands of the State Department which has no enforcement capacity or experience. Any antipayoff law with the State Department as watchdog will be a voluntary proposition.

Our proposal, S. 3379, calls for SEC enforcement with a report on the findings to be given to the State Department for assessment of the foreign policy impact. We believe the corporate community will take the SEC seriously on these matters.

The President's proposal also suggests that the State Department has the option of burying the information on payoffs for foreign policy reasons if it deems it sensitive. If it had been up to the Department of State, none of the current specific disclosures about corporate malingering would have been made. State's interest is in not rocking the boat. By its very nature, law enforcement rocks the boat. If disclosure is to be a serious deterrent, it must go to all the relevant law enforcement agencies and to the Congress. That distribution will insure that companies will not risk impropriety.

A generalized negotiation in the United Nations is the last place to go for an international bribery convention. A general discussion in the U.N. will quickly bog down in a morass of peripheral issues and in the more general debate over the distribution of wealth and resources.

The two places for serious action are the OECD—organization for Economic Cooperation and Development—and in our bilateral relations with Switzerland. Virtually all of the multinationals which have been involved in payoffs are headquartered in OECD countries or depend on OECD markets. Agreement among these countries is possible. It can be enforced. When the subcommittee staff discussed the prospects in Paris several months ago, the consensus was that a strong American initiative for an agreement would get support, and it was realistic to expect more than hortatory language.

The Swiss problem is a bilateral one. American companies have used Switzerland as a convenient place to hide their dubious transactions. The Swiss combination of bank secrecy, the prohibition against allowing foreign government agents to investigate their own nationals in Switzerland and the law which prohibits compliance with a subpena—if the company does not want to comply with it—have made the country a natural hiding place. In my judgment the Swiss are willing to discuss these issues reasonably, and we should immediately press for a broadening of the recently signed Judicial Assistance Treaty. If negotiation fails, we should consider legislation which would sharply limit the ability of American companies to do business using Switzerland as a base.

Mr. President, I was certain that the White House, along with all of us, would favor honesty. I confess to being somewhat surprised by how long it took the White House to make up its mind, and I am more than a little disappointed in the lack of teeth in its proposal.

I would hope that those of my colleagues who were impressed with the administration's statement of faith would look at the actions proposed to back it up. They are mighty thin.

THE NEED FOR CLIMATE RESEARCH

Mr. HUMPHREY. Mr. President, the Public Affairs Research Organization, Inc., has prepared a study entitled "Climate Research: An Urgent Priority" which aptly discusses the need for additional climate research. I have long been concerned about the agricultural production capabilities of this country, and every year, despite our technological advances and Government incentive programs, the weather always has the largest impact on the size of the harvest. Actually, we have been lucky. The weather during the first part of this century has been the most favorable for agricultural production out of the last 1,000 years.

The authors of this study, Richard S. Morris and David Lenefsky, discuss the historical changes in climate and the effect of pollution on climate change. Noting the work of Dr. Reid Bryson, director of the Institute for Environmental Studies at the University of Wisconsin-Madison, they comment:

> The trend over the past century has been to create about 17 percent of the Arctic temperature variance due to man-generated particulate emissions, with the ratio recently rising to about 30 percent, the remainder due to volcanic activity.

Morris and Lenefsky suggest that a higher priority in climate research should be given to climate modeling and obtaining more comprehensive and accurate statistical data so that the prediction of climate a year in advance might become possible.

The authors suggest that increased funding for climate research through both the Office of Climate Dynamics of the National Science Foundation and the National Oceanic and Atmospheric Administration, in combination with the following elements of a climate program, would provide the basis for a fruitful attempt to better understand the climate. These elements are:

A focus on causality with the special emphasis on the extent of human impact;

An interdisciplinary model cf climate change which translates obtainable raw data into bottom line food production predictions and actionable proposals for accommodation of such production limitations; and

The development of predictability of climate variations by region on a season-in-advance basis, with such focus as would permit the alteration of plantings in particular parts of the globe to take account of such input.

Mr. President, I ask unanimous consent that this study be printed in the Record.

There being no objection, the study was ordered to be printed in the Record, as follows:

Climate Research: An Urgent Priority

(By Richard S. Morris and David Lenefsky)

As mankind begins to lose the race between population growth and food supply, the changing pattern of our climate must become an increasingly pressing concern. Few pieces of news loom as seriously for a world faced with a need to increase food supply by two and one-half times by the year 2000 to keep pace with population and consumption growth, than that world climate has taken a sharp turn for the worse.

The first half of the twentieth century was the best period for food production in the last 1,000 years, but our luck is fading. Due to a global cooling trend in progress since 1945, we are beginning to face severe disruptions in agriculturally favorable weather, particularly in the monsoon regions of the world—where overpopulation is most acute.

Six years of drought in the Sahelian or sub-Saharan countries, the unusual droughts in Russia, Central America, West Africa, Australia, and South Asia in 1972, and poor weather conditions in much of 1974, are indicators of this adverse trend in climate.

To date, we have tended to look at weather problems in terms both of day-to-day forecasting and of long range statistical trends. We tend to track climate rather than understand it, observe it rather than grasp it. Our approach fails to inter-relate the various disciplines concerned with climate and its impact. The climate expert traces observed weather patterns, the food production expert examines the requisites for food generation, the socioeconomist traces the economies of agriculture in developing nations, the geographer focuses on analysis of geographic influences of climate, the environmentalist monitors emissions, but neither communicate across academic lines.

No ongoing effort is made, except in isolated circumstances, to co-relate the findings of the climate expert on likely rainfall patterns with those of the food production expert on the various needs of different crops for rain with those of the socioeconomist on the likely agricultural habits of the impacted areas nor with the geographer in the likely crop patterns in each area. Neither are the findings of the climate expert related to the researches of the environmental expert, despite ample proof that man is altering his climate by his environmental emissions.

Neither is climate research accorded a high priority. Annual appropriations are small and often poorly directed. Agencies overlap in jurisdiction and too little coordination is evident.

This paper examines these issues and recommends alternatives for coping with the problem.

CHANGING CLIMATE PATTERNS

The climate of the earth is highly unstable and is subject to rapid change. While some have discussed the approaching new ice age as a possible climate occurrence during the next thousand years, most have ignored the very real climate changes through which we are now progressing, which will have a key impact on food production in the immediate future.

In over-simplified terms, rainfall location is a function of wind patterns. In monsoon regions—including all of South Asia and sub-Sahara Africa—rain comes when moist air from the equatorial seas enters the continents, replacing the dry air of the anticyclone winds. These moist winds come as the anticyclones move toward the pole in the summer. The deeper the penetration of moist air, the greater the monsoon rain. The advancing edge of moist monsoon airstream is called the interropical discontinuity (ITD), north of which there is no rain.

As arctic temperature drops, the anticyclones remain farther southward and the penetration of the ITD is decreased. Even slight variations in arctic temperature can create very substantial southward containment of the monsoon rainfall. Equally, a warmer arctic indicates a likely favorable pattern of rainfall in the critical monsoon area, where over half the world's population lives.

The table on the following page, reproduced from a paper by Dr. Reid A. Bryson, Director of the Institute for Environmental Studies at the University of Wisconsin, indicates the sharp drop we have experienced in temperature in the Arctic region in the past decade. The period between 1900 and 1950 was marked by exceptionally warm temperatures—the warmest since records were begun in the year 900 A.D. But since 1960, temperature has fallen to levels unequalled except during heavy international drought periods of the seventeenth, mid-eighteenth, and late nineteenth centuries.

The impact of this arctic temperature drop can be dramatically seen in the six year drought in Sahelian Africa. According to Dr. Bryson "the decline in summer mean temperature in the Arctic may be very roughly estimated at 0.5° C, . . . This . . . would . . . decrease the northern Nigerian rainfall by 10–14 inches."

More serious has been the decline in rainfall in India. In 1950–1960, only 4 percent of the weather stations in India reported below average rainfall during the monsoon period. But between 1968 and 1974, 12 percent of stations reported such below average rainfall.

A related impact upon climate is the increase in the carbon dioxide content of the atmosphere. Carbon dioxide causes heat to be re-radiated downward to the earth's surface—the "greenhouse" effect. In temperate climates, this effect offsets the overall cooling of the temperature we are experiencing. But in monsoon regions, the carbon dioxide acts to suppress the monsoon rains. The calculated increase of temperature at the earth's surface as a result of the increase in carbon dioxide since 1940 has been 0.1°C, decreasing northern Nigerian rains, for example, by about three inches.

THE CAUSE OF TEMPERATURE AND RAINFALL CHANGE

Current climate theory points to two key variables in changing climate:

The extent to which the Arctic temperature is lowered by particulate matter suspended over the Arctic, blocking sunlight; and

The extent to which carbon dioxide concentrations raise surface temperature impacting monsoon wind patterns.

These variables present an interesting possibility that we may be adversely affecting the climate of the world through pollution. Most of the carbon dioxide concentrations are caused by the increasing rate of combustion of fossil fuels, clearly a man-made influence.

The more serious impact of particulate matter over the Arctic is partially due to volcanic activity and partially to man-made emissions. According to Dr. Bryson, the trend over the past century has been to create about 17% of the Arctic temperature variance due to man-generated particulate emissions, with the ratio recently rising to about 30%, the remainder due to volcanic activity.

Much of the relatively favorable temperature of the first half of the twentieth century has been due to a low level of volcanic activity since the eruption of Mt. Katmai in 1915. However, since 1955, volcanic activity has increased, its impact augmented by increases in human-generated particulate pollution.

From 1890 to 1940, according to Bryson, transparency variations resulting from human activity ranged from an 1890 transparency level of about .997 to a 1940 total of about .990. By 1960, transparency decreased due to human activity to about .952.

During the same period, carbon dioxide in the atmosphere rose from 295 ppm in 1890 to 315 in 1960.

WHAT WE CAN DO

Several clear priorities must be addressed in climate research. Progress must proceed on two levels:

An effort at climate modeling to develop a predictive capacity for climate on a year in advance basis. This modeling must be so-related with data on rainfall-crop yield ratios and with economic incentives to alter planting patterns to meet expected alterations in climate.

An effort to develop further our statistical ability to predict climate. This area should include greater efforts to co-relate observeable mean temperature data with drastic climate changes such as droughts as well as an effort to develop co-relations between various current and atmospheric events and climate variations. This effort must include better data gathering and analysis of historic climate information.

CLIMATE MODELLING

We are approaching the day when our understanding of the impact of particulates and carbon dioxide on climate will be sufficient to permit us to undertake climate modelling on a broad scale. With a proper research focus, it is the option of many of the major climate scientists that it may be possible to develop a comprehensive climate model including:

Rainfall projections a season in advance for each part of the Northern Hemisphere.

Mean temperature predictions a season in advance.

Projection of the possibility of drastic climate variations such as droughts a season in advance.

Projections of crop yields after climate projections are coupled with rainfall-crop yield correlations.

Suggestions for variations in planting patterns to maximize yield in view of probable rainfall patterns.

Projections of the exact nature of crop shortfalls in certain parts of the globe to permit planting decisions elsewhere which compensate for such predicted shortfalls.

Modelling can develop a capacity to help us cope with a coming period of poor weather. It will allow us to understand the precise nature of the likely weather patterns and to plan the world's agriculture around it.

It is also possible that sophistictaed modelling will make possible weather modification. As evidence accumulates that Arctic cooling may be due, in part, to man-generated particulate emissions, in addition to volcanic emissions, the potential for curbing the cooling trend becomes more substantial. Similarly, the impact of carbon dioxide on weather patterns also points to possible weather modification efforts.

Unfortunately, weather modification cuts two ways and the possible military uses of such modification are frightening indeed.

Ozone depletion and its impact on climate are a matter of further concern which might be addressed with profit in research on climate.

The key to such research efforts is that they be inter-disciplinary. Only by relating climate to rainfall projections to crop *yield to* agricultural decisionmaking to demographic data to agricultural economics can we exploit the advantages of a climate modelling approach.

BETTER STATISTICAL DATA

Stress on short term statistical and data development is likely to enhance significantly our ability to cope with climate variations. By focusing such data generation efforts, it is possible to develop important co-relations which impact our climate predictive capability. Such efforts should include:

Improvement of weather monitoring in many parts of the globe.

Statistical efforts to co-relate mean temperature levels with the likelihood of drastic weather variations such as hurricanes and droughts.

Analysis of historical climate data now in raw form for analysis in the context of current climate research.

Extensive research of the co-relation of various atmospheric and ocean currents with weather changes. By focused data collection, it will often become possible to cite "indicators" of climate change on a season in advance basis.

Analysis of the impact of reduced rainfall on crop yield for various crops and hybrids. Through such efforts, we can begin to understand the impact of our climate predictions on weather experience.

CURRENT RESEARCH BY NSF

The National Science Foundation funds a variety of climate research projects through its Office of Climate Dynamics. In fiscal 1975, a total of $1 million was spent through such NSF climate research grants. NOAA funded a variety of other climate research projects which will be covered in an addendum to this paper now in preparation.

The NSF projects divide into two categories:

Six projects costing $412,000 seek to evaluate historical climate data to lay the basis for further understanding of climate theory. These include:

(a) Univ. of Arizona. Tree ring analysis. $93,000.

(b) Univ. of Arizona. Stable isotopes in terrestrial organic matter as indicators of past climate. $75,000.

(c) Cal. Tech. D/H ratio in wood as past climate indicator. $8,100.

(d) Univ. of Mass. Past Glacial Activity in High Arctic. $41,800.

(e) Univ. of Cal. Ancient Ice Ages. $45,000.

(f) Woods Hole Oceanographic Inst. Digitizing North Atlantic climate data from 1940–1950. $49,400.

Four projects pursue climate modelling efforts. Their total cost of $588,000 indicates the limited resources available for this crucial effort. Projects include:

(a) UCLA. Simulation of Atmospheric General Circulation. $125,000.

(b) Univ. of Wisconsin. Interdisciplinary Program in Climate Dynamics. $199,800.

(c) RAND. Ocean-Atmosphere Climate Models. $200,000.

(d) Brown. Dynamics of Natural Climatic Change. $162,800.

Only the Wisconsin project is inter-disciplinary and recognizes the importance of co-relating weather with other key disciplines such as agricultural economics, demography, geography, etc.

In any case, the funding for modelling efforts is most limited. The RAND project allows the employment of one senior physical scientist, one senior researcher and four research associates. The Brown project supports three faculty members, one postdoctoral student, and three graduate students. Budgets for the Wisconsin and UCLA projects are as limited. We are literally relying on a small handful of people—fewer than a dozen scientists—to carry our effort in this area crucial to the economy of the world and the hunger of hundreds of millions of people.

Several of the NSF projects are taken over from the Department of Defense Advanced Research Projects Agency (ARPA) and were quite set in their orientation before NSF commenced funding.

RECOMMENDATIONS

A bold effort in climate is clearly needed. One need only examine the dire weather predictions for the next two decades our current knowledge indicates we face to grasp the critical nature of such an effort. By tackling the dual problems of climate modelling and data evaluation with adequate resources, the state of the art indicates that important breakthroughs may be in the near future.

But neither should such an effort be an intensive, short range one. Climate theory may take several years to develop and patience is necessary. An adequate project of data generation as outlined earlier is estimated to cost $2–$4 million over a three year period based on an analysis by staff members of the National Center for Atmospheric Research in Boulder, Colorado.

Climate modelling requires a larger commitment of resources running to between $2 and $3 million annually for a five year period.

But as important as is the aggregate funding is the orientation of the research. It is crucial that certain key elements be included:

A focus on causality with especial emphasis on the extent of human impact.

An inter-disciplinary model of climate change which translates obtainable raw data into bottom line food production predictions and actionable proposals for accommodation of such production limitations.

The development of predictability of climate variations by region on a season in advance basis with such focus as would permit the alteration of plantings in particular parts of the globe to take account of such input.

REPORT TO THE SENATE FROM THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. TALMADGE. Mr. President, I ask unanimous consent that a report from the Committee on Agriculture and Forestry to the Senate pursuant to section 302(b) of the Congressional Budget and Impoundment Control Act of 1974, be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

SENATE COMMITTEE ON AGRICULTURE AND FORESTRY: DISTRIBUTION OF ALLOCATIONS FROM THE FIRST CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 1977

The Part I listing below provides the Committee's distribution of its functional allocations for the programs within its "spending jurisdiction." The Part II listing provides the distribution for the Committee's "entitlement" programs.

In the following listings, each account is identified in a parenthetical notation following the account title, as being "relatively controllable" (RC) or "relatively uncontrollable" (RU). For this particular submission, the Committee adopted the relatively controllable and relatively uncontrollable classification of accounts used by the Office of Management and Budget.

The below listings of programs within the spending jurisdiction of this Committee, and the entitlement programs of interest to this Committee are based upon a printout compiled by the Congressional Budget Office:

PT. I.—PROGRAMS WITHIN SPENDING JURISDICTION OF THE COMMITTEE

[Dollars in thousands]

	Distribution of committee's 1st concurrent resolution allocations for fiscal year 1977	
	Budget authority	Outlay
NATURAL RESOURCES ENVIRONMENT AND ENERGY (300)		
Department of Agriculture		
Soil Conservation Service:		
05–78–8200–0–7–300		
Miscellaneous contributed funds (RU)	$1,500	$1,440
Forest Service:		
05–96–8028–0–7–302		
Cooperative work (trust fund) (RU)	72,900	71,300
05–96–9999–0–2–302		
Forest Service permanent appropriations (RC)	280	178
Total spending allocation, Function (300)	74,680	72,918
AGRICULTURE (350)		
Department of Agriculture		
Agriculture Research Service:		
05–18–8200–0–7–352		
Miscellaneous contributed funds (RU)	725	804
Animal and Plant Health Inspection Service:		
05–21–5222–0–2–352		
Animal quarantine station (RC)	327	471
05–21–9999–0–7–352		
Miscellaneous trust funds (RU)	2,632	2,265
Cooperative State Research Service:		
05–24–8200–0–7–352		
Miscellaneous contributed funds (RU)	5	5
Statistical Reporting Service:		
05–33–8200–0–7–352		
Miscellaneous contributed funds (RU)	22	22
Economic Research Service:		
05–36–8200–0–7–352		
Miscellaneous contributed funds (RU)	2,411	2,411
Farmer Cooperative Service:		
05–48–8200–0–7–352		
Miscellaneous contributed funds (RU)	50	48
Federal Crop Insurance Corporation:		
05–63–4085–0–3–351		
Federal crop insurance fund		–3,605
Commodity Credit Corporation:		
05–66–5210–0–2–351		
National Wool Act (special fund) (RU)	45,211	36,290
Agricultural Marketing Service:		
05–81–5070–0–2–352		
Perishable Agricultural Commodities Act Fund (special fund) (RU)	1,590	1,820
05–81–9999–0–7–352		
Agricultural Marketing Service trust funds (RC)	43,498	44,119
Total spending allocation, function (350)	96,471	84,650
COMMUNITY AND REGIONAL DEVELOPMENT (450)		
Department of Agriculture		
Farmers Home Administration:		
05–75–4155–0–3–452		
Rural development insurance fund (RC)	167,000	
Total spending allocation, function (450)	167,000	
INCOME SECURITY (600)		
Department of Agriculture		
Agriculture Marketing Service:		
05–81–5209–0–2–604		
Funds for strengthening markets income and supply (sec. 32) (RC)		–4,308
Food and Nutrition Service:		
05–84–3506–0–1–604		
Institutional nutrition support (RU)	1,111,000	[1] NA
Total spending allocation, function (600)	1,111,000	–4,308
REVENUE SHARING AND GENERAL PURPOSE FISCAL ASSISTANCE (850)		
Department of Agriculture		
Forest Service:		
05–96–9997–0–2–852		
Forest Service permanent approrpiations (special funds) (RC)	36,640	36,640
Total spending allocation, function (850)	36,640	36,640
Total spending allocation, all functions	1,485,791	189,900

[1] Not applicable. According to the Senate Budget Committee, outlay amounts related to "Section 32" permanent budget authority are assigned to the spending jurisdiction of the Appropriations Committee.

PT. II.—ENTITLEMENT PROGRAMS THAT REQUIRE APPROPRIATIONS COMMITTEE ACTION

[Dollars in thousands]

	Distribution of committee's 1st concurrent resolution allocations for fiscal year 1977	
	Budget authority	Outlay
AGRICULTURE (350)		
Department of Agriculture		
Agricultural Stabilization and Conservation Service:		
05–60–3314–0–1–351		
Dairy and beekeeper indemnity program (RU)	$4,050	$4,050
Total entitlement allocation, Function (350)	4,050	4,050
INCOME SECURITY (600)		
Department of Agriculture		
Food and nutrition programs	7,804,000	8,456,000
Total entitlement allocation, Function (600)	7,804,000	8,456,000
Total entitlement allocation, all functions	7,808,050	8,460,050

COMMERCE WRONG, SEC RIGHT ON BRIBERY

Mr. PROXMIRE. Mr. President, I was puzzled and disturbed to see Secretary Richardson make an unwarranted attack on the Securities and Exchange Commission in his report to me dated June 16.

The Richardson letter questions the Commission's enforcement policies and suggests they may be on "tenuous" legal grounds. Yet the Commission's enforcement program has been upheld repeatedly by the courts.

Secretary Richardson's letter, though it endorses a disclosure scheme, inexplicably assigns jurisdiction to the Commerce Department or the State Department, although the one agency that has shown determination in the bribery area is the SEC. The gratuitous remarks about the SEC's enforcement efforts only add insult to injury.

It may seem to some that the administration wants to punish the SEC for taking the bribery problem too seriously.

In my view, the SEC has not exceeded its authority, but has done what is required under the law.

This afternoon, Chairman Hills wrote a strong letter to Secretary Richardson defending the SEC's enforcement efforts. I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SECURITIES AND EXCHANGE COMMISSION,
Washington, D.C., June 16, 1976.
HON. ELLIOT L. RICHARDSON,
The Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: I was pleased to learn that the President and the Task Force support the Commission's proposed legislation submitted to the Senate Committee on Banking, Housing and Urban Affairs on May 12, 1976. Our proposal seems to have attracted considerable support in Congress as well, and presently appears to be the only one over which no substantial disagreement exists. I therefore am hopeful that the Congress will move swiftly to enact it while consideration is being given to the Administration's proposal and others. We will be prepared to offer our comments on the Administration's proposal when called upon.

Your letter of June 11, 1976, to Senator Proxmire seems to contain a curious criticism of the manner in which the Securities and Exchange Commission has dealt with matters involving questionable or illegal corporate payments. We consider your comments to be particularly unfortunate since neither you nor anyone on your staff previously discussed them with us.

You suggest that the Commission's enforcement policies in this area "may be based on tenuous legal grounds." This may reflect a failure to distinguish between some disclosures made voluntarily by certain corporations and the disclosures we have required under the federal securities laws. The Commission has to date brought seventeen actions in the United States District Court alleging that the named defendants have violated applicable provisions of the federal securities laws by failing to disclose material domestic or foreign payments. In none of the cases that arose during their respective tenures did Mr. Garrett or Mr. Sommer, whose statements you quote, express opposition to the institution of the actions. All of the actions have been concluded by the entry of final judgments of permanent injunction against the corporate defendants, consented to by them.

The Department of Justice and Department of State expressed an interest in certain of these actions, and neither those departments nor any other branch of government previously has criticized the Commission's handling of these cases or the legal theories on which they were based. The Commission is concerned that your comments may cast an ambiguous cloud over our activities and that they may be erroneously cited by those who may be the subject of current or future enforcement actions.

You also characterize the present SEC policy as one of "continued zeal or militancy," apparently suggesting an antagonism to prior Commission action that could have been more responsibly raised in discussion directly with me or our staff.

You go on to indicate that "it may be asked whether the SEC, in its expansive definition of materiality, has not raised serious questions as to the purpose and scope of the securities laws and the statutory role of the Commission."

That your letter was delivered on the same day that the Supreme Court of the United States expressly endorsed the Commission's standard of materiality in *TSC Industries, Inc.* v. *Northway, Inc.* (No. 74–1471 June 14, 1976), *slip op.* at 11, n. 10, is perhaps of slight significance. Again, however, the more important point is that you seem to have challenged the Commission's action on a broad front without either identifying the instances to which you refer or offering the Commission an opportunity to respond.

Your decision to use the Task Force report to broadly criticize the Commission and ambiguously challenge the authority under which we have acted is unfounded, inappropriate and ill-timed. It is our firm belief that the Commission's report to the Senate Committee on Banking, Housing and Urban Affairs on "Questionable and Illegal Corporate Payments and Practices" presents a responsible analysis of how the Commission is proceeding in this area and that our actions, so described, are entirely within our statutory authority.

If you believe we are incorrect, we would appreciate a more useful articulation of the problems you perceive.

Sincerely,

RODERICK M. HILLS,
Chairman.

GI EDUCATIONAL BENEFITS

Mr. HUGH SCOTT. Mr. President, some time back I introduced legislation to extend, for 5 years, the GI bill delimiting date for educational benefits.

To date, the Veterans' Affairs Committee has not scheduled any action on this legislation—citing cost as the reason. Fiscal restraint is a valid concern, but I find it difficult to weigh dollars and cents against the future of an individual, especially a man who has served his country during a time of military conflict. Therefore, I am proud to cosponsor Senator HUMPHREY's bill to extend benefits to those eligible veterans still pursuing a program of education at the end of the 10-year delimiting period.

Mr. President, many of the veterans pursuing their education could not afford to continue their program without veterans' benefits. Those veterans unable to complete their education would necessarily be tossed into an already tight employment market.

We are all aware how severe our Nation's unemployment problems are, and, we are all aware that several months ago, 10 percent of all veterans from 20 to 34 years of age were out of work—a percentage more than double the national average. Without an extension of some type, we will be forcing even more veterans on to the unemployment rolls.

It is my hope that we will remember our veterans by helping them complete their educations and move successfully into society which owes them so much. At the very minimum, we should extend the benefits to those who have already shown the initiative and drive to try to help themselves, those who have already begun the educational process that not only helps themselves, but helps keep America great.

SALUTE TO ISRAEL

Mr. BUCKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD some brief remarks on Israel that I delivered at the "Salute to Israel" festivities in New York last Sunday. It occurs to me that as one of the older nations of pioneers, there is a great deal we can profitably be reminded of by this nation of modern pioneers.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

SALUTE TO ISRAEL

During today's Salute to Israel, it is important not only to reaffirm our commitment to provide Israel with the moral and material support essential to her survival, but to reflect as well on some of the things that we can learn from modern Israel.

Israel can remind us that loyalty to one's country, patriotism, is not something that is obsolete or archaic, but rather a vital component of a nation's pride and self-esteem, inseparable from loyalty to family, to neighbors, to ancestors, to roots. Israel can teach, or rather remind us, that among the noblest human virtues are to be numbered courage, discipline, and self-sacrifice. Israel can remind us, too, that the world is a dangerous place, requiring vigilance and involvement and a commitment to defend the principles and values we share. And, finally, Israel can teach, or re-teach us, an old and simple truth: that life is never easy, either for an individual or for a nation.

These are valuable lessons at a time when such simple verities are often forgotten, or simply ignored, by too many Americans. We are deeply grateful to Israel for reaffirming the value and relevance of these truths, and today offer her a heartfelt and affectionate salute.

ORDER FOR THE SENATE TO CONVENE AT 9:30 A.M. TOMORROW

Mr. MOSS. Mr. President, I ask unanimous consent that the order for the convening of the Senate tomorrow be modified from the hour of 9 a.m. to the hour of 9:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MOSS. I also ask unanimous consent that all committees be granted permission to meet until the hour of 1 p.m.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

PRIVILEGE OF THE FLOOR—H.R. 10612

Mr. MOSS. Mr. President, I ask unanimous consent that the following Budget Committee staff members be granted the privilege of the floor during the consideration of the pending bill and during the votes thereon; Doug Bennett, John McEvoy, Ira Tannenbaum, Arnie Packer, Lou Ashley, and Sid Brown.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ADJOURNMENT TO 9:30 A.M. TOMORROW

Mr. MOSS. Mr. President, if there is no further business tonight, in accordance with the previous order, I move that the Senate stand in adjournment until the hour of 9:30 a.m. tomorrow.

The motion was agreed to; and at 7:36 p.m., the Senate adjourned until Thursday, June 17, 1976, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate June 16, 1976:

TENNESSEE VALLEY AUTHORITY

Thomas L. Longshore, of Alabama, to be a member of the board of directors of the Tennessee Valley Authority for the term expiring May 18, 1984, vice Donald Opie McBride, term expired.

IN THE MARINE CORPS

The following-named officers of the Marine Corps for temporary appointment to the grade of lieutenant colonel:

William R. Abele, Jr.
Billy W. Adams
Sidney C. Adkins
Walter P. Aleksic
Joseph H. Alexander
George N. Allerton
Kenneth L. Ammons
Jesse E. Anderson, Jr.
Alfred A. U. Arroyo
Robert B. Austenfeld, Jr.
Claude A. Austin
Edward V. Badolato
William W. Bahnmaier
Clarence L. Baker
Larry L. Baldwin
Robert E. Barker
Paul V. Barra
Connie A. Barsky, Jr.
Hubert M. Bartel, Jr.
Ernest B. Beall, Jr.
Leonard J. Beaudoin, Jr.
Donald D. Bergman
Thomas R. Betz
Edward O. Bierman
Richard P. L. Bland
Dwight L. Bledsoe
Robert N. Bogard
Walter E. Boomer
Wilburn R. Bowers
David M. Brahms
Martin L. Brandtner
James V. Bronson
George W. Brooks III
Herman C. Brown
James B. Brown
Mark T. Brown
Austin R. Brunelli, Jr.
Ronald L. Bub
Richard S. Burgess
Francis M. Burke
George W. Burkley
Leslie D. Burnett
Bobby G. Butcher
Larry E. Byers
Frank L. Capin
John A. Caputa
Paul L. Carlson
Thomas J. Carroll
George L. Cates
Bernard J. Cauley
Alfred F. Cazares, Jr.
Ronald H. Chalmers
Bobby D. Chambless
Daniel B. Chapla
John L. Clark, Jr.
William B. Clark
John E. Clements, Jr.
Eric J. Coady
Robin W. Cobble
Bobby F. Cole
Larry M. Collins
Thomas M. Collins
Edmund J. Connelly, Jr.
Wayne A. Coomes
William J. Cooper
Robert S. Coulter
William C. Cowperthwait
Donald C. Cox
Frederick B. Craig
Lyle P. Creadick
Donald S. Creal, Jr.
Charles A. Cushman
William H. Dabney
Jack N. Daniel
Lawrence E. Davies
Christian F. Defries, Jr.
Robert H. Dietrich
Gerald L. Diffee
Chris G. Dokos, Jr.
Richard J. Dove
Billy H. Draffen
Robert J. Driver, Jr.
Thomas R. Durham
Donald G. Eirich
William P. Eshelman
Leonard L. Etcho
Timothy J. Fallon
David E. Fanning
Steven E. Field
Ernest T. Fitzgerald
Matthew Flessner
Robert A. Furtado
Vincent R. Gallery
Robert B. Gann
William H. Ganz
Donald R. Gardner
Phillip E. Gardner
Frederic L. Gatz
George E. Gaumont, Jr.
Harry R. Gentry
Timothy J. Geraghty
Joseph W. Gibbs III
Leroy H. Gonzales
James H. Granger
Ronald R. Grega
Robert C. Gregor
James A. Gress
Donnie M. Griffay
George R. Griggs
Edward A. Grimm
Ronald J. Gruenberg
Charles R. Gruning
Louis T. Gundlach
Paul E. Hackert
Jack B. Hammond
Herman G. Hannah
Chester E. Hanson
Richard I. Harris
Harry G. Hartley
Barclay Hastings
Maurice A. Holder
Robert S. Holman
John M. Holt
Harvard V. Hopkins, Jr.
Herbert E. Hoppmeyer
Frank J. Horak, Jr.
Otis D. Howe III
Walter R. Hoyle
Carl O. Hubbell II
Richard H. Huckaby
Frank A. Huey
Gerald C. Huggin
James L. Hughes
Carl R. Ingebretsen
Leo R. Jamieson
Thomas R. Jensen
Anthon C. Johnson, Jr
Donald W. Johnson
Gerald M. Johnson
Robert L. Johnson
John H. Keating
Charles F. Kellenbarger
Reginald C. Kelley, Jr.
Robert L. Kerzic
William M. Keys
Joe J. Kirkpatrick
Robert E. Kirkpatrick
Donald P. Klingler
Donald R. Knepp
John T. Komar
Thomas W. Krimminger
Burrell H. Landes, Jr.
James E. Lary
Thomas E. Lewis
Melton G. Lilley
Gerland E. Lindgren
Wesley A. Lokken
Gary N. Loveland
Francis L. Loving
James L. Lumsden
Charles L. Lynch
Gerald E. MacDonald
Robert A. Mallard
John C. Marshall
Billy R. Massey
Claude A. Matson
James S. May
Joseph C. Mayers
William J. McCallum
Peter R. McCarthy
Billy L. McClain
John C. McDonald
James R. McElroy, Jr.
Robert C. McInteer
Werner W. McIver
Samuel K. Mckee III
Paul A. McLaughlin
Charles T. McMullin
Clarence I. Meeks III
Gilbert R. Meibaum
John H. Messick
Harry R. Metzler
Thomas P. Miller
Roger L. Miner
Larry G. Mitchell
Alfred L. Mize
Lenus C. Morrison
Robert R. Mullins
John M. Mushallo, Jr.
Joseph F. Nardo
Robert L. Neff
Philip L. Noggle
Raymond A. O'Neill
Alan L. Orr
William H. Osgood
Robert F. Ott
Hugh P. Pate
John K. Payne
Jeremiah W. Pearson III
Lawrence E. Peterson
Francis L. Pieri, Jr.
Charles M. Pisanchin
Lloyd G. Pool
John Powers
Richard A. Prestera
Norman E. Pridgen, Jr.
David A. Quinlan
Charles J. Ramsay
Albert J. Ransom
John M. Reardon
John H. Redgate
Robert M. Reed
Thomas L. Reeves
Lawrence P. Reiman
Richard C. Rich
Tom V. Richardson
Franklin D. Richey
Howard L. Richey
Ernest G. Rivers
George K. Robinson, Jr.
Torrence W. Rogers
Robert A. Ross
Ronald K. Roth
James R. Ruffini
Jaime Sabater, Jr.
Ramiro Saenz
Joseph R. Sales
Joaquin S. Santos, Jr.
Harold D. Scarbrough
Richard C. Schamay
Joseph G. Schamber
Peter G. Scharf
Daniel W. Schrader
William F. Schwab
Manfred E. Schwarz
Richard B. Scibeck
James R. Shaffer
Louis E. Shaw
James P. Sheehan
James T. Sehulster
Winfield W. Sisson
David T. Sites
Hardy A. Slone
Leonard K. Slusher
Clyde D. Smith
Gid B. Smith
Vincent M. Smith
William S. Smith
Thomas J. Smyth
Munson R. Snedeker
Thomas J. Solak
Richard M. Stacy
Donald R. Stanton
James E. Stanton
David L. Steele
David R. Stefansson
Mitchell Steinberg
James J. Stewart
Donald L. Stiegman
Donald L. Stoner
John A. Studds
Warren E. Sweetser III
Lawrence A. Taylor
John Telles, Jr.
Richard E. Thomas
Richard K. Thompson
William A. Tilley, Jr.
Henry L. Trimble III
James M. Tully
George E. Turner, Jr.
Thomas D. Ungar
Charles R. Upshaw
Donald V. Vacca
James E. Vanfleet
John W. Viglione
Robert L. Vogt
Kimball R. Wakefield
Sanford B. Wanner
Richard T. Ward
Michael F. Waters
Robert C. Watson
Richard J. Weidner
Philip S. Weigand
Gerald A. Wessels
Vincent M. Whelan
Howard M. Whitefield
Justin H. Wickens
Kelton M. Wilson
Herbert T. Winston
David L. Wiseman
Herbert H. Wood
David G. Workmon
William E. Wright
Kenneth N. Zike
Robert F. Zumbado

The following-named women officers of the Marine Corps for permanent appointment to the grade of lieutenant colonel:

Barbara E. Dolyak
Joan Hammond

The following-named officers of the Marine Corps Reserve for temporary appointment to the grade of lieutenant colonel:

Junius R. Tate
Thomas W. Toler

The following-named woman officer of the Marine Corps Reserve for permanent appointment to the grade of lieutenant colonel:
Gale L. Stienon

WITHDRAWAL

Executive nomination withdrawn from Senate June 16, 1976:

James F. Hooper, III, of Mississippi, to be a member of the board of directors of the Tennessee Valley Authority for the term expiring May 18, 1984, vice Donald Opie McBride, term expired, which was sent to the Senate on June 12, 1975.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 16, 1976:

NATIONAL CREDIT UNION ADMINISTRATION

Wade Choate, of Texas, to be a member of the National Credit Union Board for a term expiring December 31, 1981.

C. Austin Montgomery, of Illinois, to be Administrator of the National Credit Union Administration.

DEPARTMENT OF STATE

Philip C. Habib, of California, a Foreign Service officer of the class of career minister to be Under Secretary of State for Political Affairs.

William D. Rogers, of Virginia, to be Under Secretary of State for Economic Affairs.

Arthur W. Hummel, Jr., of Maryland, a Foreign Service officer of the class of career class of career minister, to be an Assistant Secretary of State.

Harry W. Shlaudeman, of California, a Foreign Service officer of class 1, to be an Assistant Secretary of State.

Viron P. Vaky, of Texas, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Venezuela.

Robert V. Keeley, of Florida, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Mauritius.

Joseph Z. Taylor, of Virginia, to be Deputy Inspector General, Foreign Assistance.

Phillip V. Sanchez, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Colombia.

U.S. ARMS CONTROL AND DISARMAMENT AGENCY

James F. Chambers, Jr., of Texas, to be a member of the General Advisory Committee of the U.S. Arms Control and Disarmament Agency.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Robert E. Fulton, of Massachusetts, to be Administrator of the Social and Rehabilitation Service.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee on the Senate.

THE JUDICIARY

John P. Crowley, of Illinois, to be U.S. district judge for the northern district of Illinois.

Mary Anne Richey, of Arizona, to be U.S. district judge for the district of Arizona.

HOUSE OF REPRESENTATIVES—*Wednesday, June 16, 1976*

The House met at 10 o'clock a.m.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

The Lord is my Shepherd; He leads me in the paths of righteousness for His name's sake.—Psalms, 23: 1, 3.

O Lord, we pray that in this hallowed moment of prayer we may find refreshment for our spirits and restoration for our souls. Be Thou our Shepherd leading us in the paths of righteousness and when we walk through dark valleys give us the assurance that Thou art with us always.

Send Thy spirit into our hearts that there may be not less talking but more thinking, not less working but more worshipping, not less playing but more praying, and not less seeking office for our good but searching for opportunities to do good for our country.

Speak Thy Word to us, O Lord, and give us faith enough and patience enough to be willing to hear it and having heard it give us strength enough and courage enough to obey it. So will we be a great body in a great day doing a great work for a great country.

In Thy holy name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 11481. An act to authorize appropriations for the fiscal year 1977 for certain maritime programs of the Department of Commerce, and for other purposes;

H.R. 12567. An act to authorize appropriations for the Federal Fire Prevention and Control Act of 1974 and the Act of March 3, 1901, for fiscal years 1977 and 1978, and for other purposes;

H.R. 13035. An act to amend the National Sea Grant College and Program Act of 1966; and

H.R. 13655. An act to establish a 5-year research and development program leading to advanced automobile propulsion systems, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 18. An act to amend the act of August 31, 1922, to prevent the introduction and spread of diseases and parasites harmful to honeybees, and for other purposes; and

S. 3161. An act to authorize the Secretary of the Interior, with the approval of the Architect of the Capitol, to locate flagpoles on the U.S. Capitol Grounds in order to fly the flag of each of the States of the United States, and its territories and possessions.

SECRETARY USERY'S REMARKS AT TEAMSTERS' CONVENTION UNTIMELY

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PICKLE. Mr. Speaker, I disagree with Secretary of Labor W. J. Usery's assessment that his ringing endorsement of the Teamsters Union leadership will not affect a Department of Labor investigation of the union. It is a matter of commonsense—when the investigators' bossman breaks bread and gives a toast to the targets of investigation, it just has to affect the morale of the investigators.

Secretary Usery's remarks were not only untimely, they were regrettable. Secretary Usery has shown promise of being one of our better Labor Secretaries. Normally he is a practical man, but it seems the cheers of a big audience allowed him to get carried away with his rhetoric.

The Secretary's action is especially regrettable because the Labor Department investigation of the large Central States pension fund of the Teamsters is the first major test of the effectiveness of the fiduciary responsibility standards included in the Employee Retirement Income Security Act of 1974.

Last October in testimony before a Senate committee the Department of Labor promised to conduct a tough and complete investigation of this fund to see if it was complying with the ERISA law. The Oversight Subcommittee of the Ways and Means Committee is also looking into the manner in which IRS is investigating this pension fund. Our Federal agencies have a big job ahead in policing huge pension funds. The actions by Secretary Usery make me wonder how much we can expect.

CALL OF THE HOUSE

Mr. BAUMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 383]

Andrews, N.C.
Badillo
Bell
Blouin
Boggs
Brown, Calif.
Buchanan
Burke, Fla.
Chisholm
Cochran
Conlan
Conyers
Crane
Daniels, N.J.
Dellums
du Pont
Esch
Eshleman
Flood
Ford, Mich.
Fountain
Fuqua
Giaimo
Gude
Harsha
Hays, Ohio
Heckler, Mass.
Heinz
Helstoski
Hinshaw
Howe
Jarman
Jeffords
Jones, Ala.
Karth
Kemp
Litton
McDade
McKinney
Matsunaga
Milford
Mills
Mink
Moss
O'Hara
O'Neill
Rees
Riegle
Rinaldo
Roberts
Rooney
Rosenthal
Santini
Scheuer
Schneebeli
Shuster
Solarz
Stanton, James V.
Stark
Steiger, Ariz.
Stephens
Stuckey
Symington
Udall
Vander Jagt
Vanik
Waxman
Wiggins
Young, Alaska
Young, Texas

The SPEAKER. On this rollcall 361 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CLARIFYING AUTHORITY OF ADMINISTRATOR OF VETERANS' AFFAIRS TO RELEASE NAMES AND ADDRESSES OF PRESENT AND FORMER PERSONNEL OF ARMED SERVICES AND THEIR DEPENDENTS

Mr. SATTERFIELD. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 10268) to amend title 38 of the United States Code in order to clarify the purposes for which the Administrator of Veterans' Affairs may release the names and addresses of present and former personnel of the armed services and their dependents, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert: That (a) section 3301 of title 38, United States Code, is amended by—

(1) inserting "(a)" before "All";

(2) striking out "follows:" and inserting in lieu thereof "provided in this section.", and inserting thereafter the following new subsection:

"(b) The Administrator shall make disclosure of such files, records, reports, and other papers and documents as are described in subsection (a) of this section as follows:";

(3) redesignating paragraphs (6), (7), (8), and (9) as subsections (c), (d), (e), and (f), respectively;

(4) striking out "The" at the beginning of subsection (e) (as redesignated by clause (3) of this subsection) and inserting in lieu thereof "Except as otherwise specifically provided in this section with respect to certain information, the"; and

(5) striking out subsection (f) (as redesignated by clause (3) of this subsection) and inserting in lieu thereof the following new subsections:

"(f) The Administrator may, pursuant to regulations the Administrator shall prescribe, release the names or addresses, or both, of any present or former members of the Armed Forces, and/or their dependents, (1) to any non-profit organization if the release is directly connected with the conduct of programs and the utilization of benefits under this title, or (2) to any criminal or civil law enforcement government agency or instrumentality charged under applicable law with the protection of the public health or safety if a qualified representative of such agency or instrumentality has made a written request that such names or addresses be provided for a purpose authorized by law. Any organization or member thereof or other person who, knowing that the use of any name or address released by the Administrator pursuant to the preceding sentence is limited to the purpose specified in such sentence, willfully uses such name or address for a purpose other than those so specified, shall be guilty of a misdemeanor and be fined not more than $5,000 in the case of a first offense and not more than $20,000 in the case of any subsequent offense.

"(g) Any disclosure made pursuant to this section shall be made in accordance with the provisions of section 552a of title 5.".

(b) The amendments made by subsection (a) of this section with respect to subsection (f) (as redesignated by subsection (a)(3) of this section) of section 3301 of title 38, United States Code (except for the increase in criminal penalties for a violation of the second sentence of such subsection (f)), shall be effective with respect to names or addresses released on and after October 24, 1972.

Amend the title so as to read: "An Act to amend title 38 of the United States Code in order to clarify the purposes for which the Administrator of Veterans' Affairs may release the names and/or addresses of present and former members of the Armed Forces and their dependents.".

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. HAMMERSCHMIDT. Mr. Speaker, reserving the right to object, and I do not plan to object, I take this time to ask the gentleman from Virginia (Mr. SATTERFIELD) to give us an explanation of his unanimous-consent request.

Mr. SATTERFIELD. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. I yield to the gentleman from Virginia.

Mr. SATTERFIELD. Mr. Speaker, I thank the gentleman for yielding.

It will be recalled that we passed this bill in the House to authorize the Administrator of the Veterans' Administration to establish regulations under which the names and addresses of present and former members of the armed services and their dependents could be released to law enforcement officials, and health officials who are charged with the responsibility of protecting the public health and safety in proper cases.

The amendments which have been made by the other body are basically technical and clarifying. In essence, they would provide the criteria for the release of this information. It would be released only to criminal and civil law enforcement agencies or instrumentalities which are charged under applicable law with the protection of public health and safety, and then, only on the condition that a qualified representative of that agency or instrumentality requested it in writing, stating that the need was in conformity with the requirements of law.

The amended measure takes care of the situation where there may be an overlap between title 38 and the Privacy Act insofar as the Veterans' Administration is concerned. It guarantees that the most strict application of confidentiality would be maintained in every case.

The only substantive change made by the other body has to do with the penalty provision. The bill passed by the House provided that any organization or any member thereof, or any other person who knowing that the use of the name and address is limited, willfully releases that name and address for some purpose other than those enumerated, would be subject to a $1,000 fine for the first offense and a $5,000 fine a second offense. The Senate amendment would raise the penalties to $5,000 for the first offense and $20,000 for the second and subsequent offenses.

Mr. HAMMERSCHMIDT. Mr. Speaker, I thank the gentleman from Virginia for the explanation he has given as to the Senate amendments.

Mr. Speaker, I thank the gentleman for his explanation of the Senate amendments. I too will support these amendments and urge that the bill be passed.

It was December 15 of last year, Mr. Speaker, when this body passed this bill clarifying the intent of Congress with respect to the authority of the Administrator of Veterans' Affairs to release the names and addresses of veterans to Federal, State, or local government agencies when, in the judgment of the Administrator, such release was necessary to protect the public health and safety.

The legislation was made necessary by opinion of the General Counsel of the Veterans' Administration that existing law prohibited the release of such names and addresses of persons having communicable disease to State public health agencies.

When the bill was first considered in this body, I said, "I, for one, do not agree with this rather arbitrary opinion of the Veterans' Administration that has had such a devastating effect upon an extremely important and longstanding cooperative arrangement with State and local public health authorities." I repeat today for emphasis, "I do not want the health of this Nation placed in jeopardy by this ridiculous interpretation of law by the Veterans' Administration."

Mr. Speaker, the amendments of the other body are in part technical amendments that rearrange the provisions of the existing statute. The substantive amendments, as the gentleman has stated, make more severe the penalties for the unauthorized disclosure of names and addresses and insure that any disclosure of such information shall be in accordance with the terms of the Privacy Act of 1974.

Mr. Speaker, we have already waited too long to perfect this measure. I urge that the Senate amendments be agreed to and the bill be forwarded to the White House for the President's approval.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

GENERAL LEAVE

Mr. SATTERFIELD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the legislation just considered, and to include extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

VETERANS HOUSING AMENDMENTS ACT OF 1976

Mr. SATTERFIELD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 2529), to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes, with Senate amendments to the House amendments thereto, and concur in the Senate amendments to the House amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendments to the House amendments, as follows:

In lieu of the matter proposed to be inserted by the House amendment to the text of the bill, insert:

That this Act may be cited as the "Veterans Housing Amendments Act of 1976".

Sec. 2. (a) Subchapter I of chapter 37 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 1807. Service after July 25, 1947, and prior to June 27, 1950

"Each veteran whose only active duty service occurred after July 25, 1947, and prior to June 27, 1950, and who—

"(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

"(2) served for a period of 180 days or less and was discharged or released for a service-connected disability;

shall be eligible for benefits of this chapter.".

(b) The table of sections for subchapter I of chapter 37 of title 38, United States Code, is amended by adding at the end thereof the following new item:

"1807. Service after July 25, 1947, and prior to June 27, 1950.".

Sec. 3. Section 1811(d) of title 38, United States Code, is amended—

(1) by striking out in paragraph (2)(A) "$21,000" the first time it appears and inserting in lieu thereof "$33,000", by striking out in paragraph (2)(A) "$21,000", the second time it appears and all that follows thereafter and inserting in lieu thereof "$33,000."; and

(2) by striking out in paragraph (3) "$21,000;" and all that follows thereafter and inserting in lieu thereof "$33,000.".

Sec. 4. Section 1818(a) of title 38, United States Code, is amended to read as follows:

"(a) Each veteran who served on active duty, any part of which occurred after January 31, 1955, and who—

"(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable;

"(2) has served more than 180 days in active duty status and continues on active duty without a break therein; or

"(3) was discharged or released from active duty after such date for a service-connected disability;

shall be eligible for the benefits of this chapter, subject to the provisions of this section.".

Sec. 5. Section 1819(c)(3) of title 38, United States Code, is amended by striking out "30 per centum" and inserting in lieu thereof "50 percent" in the first sentence.

Sec. 6. Section 1823 of title 38, United States Code, is amended—

(1) by striking out in subsection (a) all of the last sentence thereof; and

(2) by striking out in subsection (c) before the period at the end of the last sentence ", and not later than June 30, 1976, he shall cause to be so deposited all sums in such account and all amounts received thereafter in repayment of outstanding obligations, or otherwise, except so much thereof as he may determine to be necessary for purposes of liquidation of loans made from the revolving fund and for the purposes of meeting commitments under section 1820 (e) of this title".

Sec. 7. Chapter 37 of title 38, United States Code, is amended—

(1) by striking out in section 1801(a)(2) "widow", "her own", and "her husband" wherever they appear and inserting in lieu thereof "surviving spouse", "the spouse's own", and "the spouse", respectively;

(2) by striking out in section 1801(a)(3) "wife" and "her husband" wherever they appear and inserting in lieu thereof "spouse" and "the spouse", respectively;

(3) by striking out in section 1802(b), including clause (3), "he" and "his" and inserting in lieu thereof "the Administrator" and "the veteran-transferee's", respectively;

(4) by striking out in subsections (c) and (d) of section 1802 "He", "him", and "he" whenever they appear and inserting in lieu thereof "The Administrator". "the Administrator", and "the Administrator", respectively;

(5) by striking out in subsections (e) and (g) of section 1802 "him" and "his wife" wherever they appear and inserting in lieu thereof "the Administrator" and "the veteran's spouse", respectively;

(6) by striking out in section 1803(d)(3) "he" and inserting in lieu thereof "the Administrator";

(7) by striking out in section 1804(c) "he" and "his" wherever they appear and inserting in lieu thereof "the veteran" and the veteran's", respectively;

(8) by striking out in section 1804(d) "he" and inserting in lieu thereof "the Administrator";

(9) by striking out in section 1805(a) "his" wherever it appears and inserting in lieu thereof "the Administrator's";

(10) by striking out in section 1806(a) "his" and inserting in lieu thereof "the seller's";

(11) by striking out in section 1810(a) "him", "his", and "he" wherever they appear and inserting in lieu thereof "the veteran", "the veteran's", and "the Administrator", respectively;

(12) by striking out in section 1811(b) "he" and "He" and inserting in lieu thereof "the Administrator" and "The Administrator", respectively;

(13) by striking out in section 1811(c) "he" wherever it appears and inserting in lieu thereof "the veteran";

(14) by striking out in section 1811(g) "him" and "he" and inserting in lieu thereof "the Administrator";

(15) by striking out in section 1811(k) "his" and "he" wherever they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(16) by striking out in section 1815(a) "he" and inserting in lieu thereof "the Administrator";

(17) by striking out in subsections (a) and (b) of section 1816 "his" and "he" wherever they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(18) by striking out in section 1817(a) "him" wherever it appears and inserting in lieu thereof "the veteran", by striking out "he" the first time it appears and inserting in lieu thereof "the Administrator", by striking out "has obligated himself" and inserting in lieu thereof "is obligated", and by striking out "he" the second and third time it appears and inserting in lieu thereof "the transferee";

(19) by striking out in section 1817(b) "him" and "he" and inserting in lieu thereof "the veteran" and "the Administrator", respectively;

(20) by striking out in paragraphs (1) and (3) of section 1819(c) "he" wherever it appears and inserting in lieu thereof "the Administrator";

(21) by striking out in paragraphs (1) and (3) of section 1819(d) "his" and "he" wherever they appear and inserting in lieu thereof "the Administrator's and "the Administrator", respectively;

(22) by striking out in paragraphs (4) and (5) of section 1819(e) "subparagraph", "he", and "his" and inserting in lieu thereof "subsection", "the veteran", and "the veteran's", respectively;

(23) by striking out in subsections (f), (h), (k), and (l) of section 1819 "he" and "his" wherever they appear and inserting in lieu thereof "the Administrator" and "the manufacturer's", respectively;

(24) by striking out in clauses (1) and (5) of section 1820(a) "his" and "he" wherever they appear and inserting in lieu thereof "the Administrator's" and "the Administrator", respectively;

(25) by striking out in section 1820(a)(6) "him" and inserting in lieu thereof "the Administrator";

(26) by striking out in paragraphs (1) and (2) of section 1820(e) "he", "him", and "his" wherever they appear and inserting in lieu thereof "the Administrator", "the Administrator", and "the Administrator's", respectively;

(27) by striking out in subsections (a) and (c) of section 1823 "he" and "his" wherever they appear and inserting in lieu thereof "the Administrator" and "the Administrator's", respectively;

(28) by striking out in section 1824(d) "his" and inserting in lieu thereof "the Administrator's";

(29) by striking out in section 1825 "he" and inserting in lieu thereof "said person";

(30) by striking out in section 1826 "he" and "widow" wherever they appear and inserting in lieu thereof "the Administrator" and "surviving spouse", respectively; and

(31) by striking out in subsections (a) and (b) of section 1827 "he" and "his" wherever they appear and inserting in lieu thereof "the Administrator" and "the Administrator's", respectively.

Sec. 8. (a) The provisions of the constitution of any State expressly limiting the amount of interest which may be charged, taken, received, or reserved by certain classes of lenders and the provisions of any law of that State expressly limiting the amount of interest which may be charged, taken, received, or reserved shall not apply to—

(1) any loan or mortgage which is secured by a one- to four-family dwelling and which is (A) insured under title I or II of the National Housing Act, or (B) insured, guaranteed, or made under chapter 37 of title 38, United States Code; or

(2) any temporary construction loan or other interim financing if at the time such loan is made or financing is arranged, the intention to obtain permanent financing substantially by means of loans or mortgages so insured, guaranteed, or made is declared.

(b) The provisions of this section shall apply to such loans, mortgages, or other interim financing made or executed in any State until the effective date (after the date of enactment of this section) of a provision of law of that State limiting the amount of interest which may be charged, taken, received, or reserved on such loans, mortgages, or financing.

Sec. 9. (a) Except as provided in subsection (b), the provisions of this Act shall become effective on the date of enactment.

(b) Sections 2 and 3 shall become effective on October 1, 1976. Section 5 shall become effective on July 1, 1976.

Amend the amendment of the House to the title so as to read: "An Act to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. HAMMERSCHMIDT. Mr. Speaker, reserving the right to object, and I do not plan to object, but I do so, so as to yield to the gentleman from Virginia for an explanation of the Senate amendments to the House amendments.

Mr. SATTERFIELD. Mr. Speaker, I would in turn ask the gentleman from Arkansas to yield to the gentleman from Georgia (Mr. Brinkley), the distinguished chairman of the Subcommittee on Housing for an explanation.

Mr. HAMMERSCHMIDT. I yield to the gentleman from Georgia.

Mr. BRINKLEY. Mr. Speaker, I thank the distinguished gentleman from Arkansas, Mr. Hammerschmidt, for his inquiry, and it is a pleasure to respond to him as to the principal differences between the Senate measure and the original House bill.

Mr. Speaker, on May 13, 1976, the Senate unanimously passed S. 2529, a bill to amend chapter 37 of title 38, United States Code, relating to various provisions of the Veterans' Administration's home loan program. On May 18, 1976, the House passed a companion bill, H.R. 13724, by a vote of 386 to 2 and then substituted the text of that bill for S. 2529 which it returned to the Senate. On Friday, June 11, 1976, the Senate passed S. 2529 as amended and returned the measure to the House.

A principal difference between the Senate measure and the original House bill concerns the direct loan program. As originally passed, the Senate bill would have increased the maximum direct loan amount from $21,000 to $30,000 and further would have increased the maximum amount in excess cost areas from $25,000 to $35,000. The House-passed bill would have increased the maximum direct loan amount from $21,000 to $29,000 for all areas and eliminated the "excess cost area" provision of the law. As a compromise, the bill as amended by the Senate would establish a single standard for all direct home loan areas in the maximum amount of $33,000.

S. 2529 as amended, also adds a new

section 1807 to title 38, United States Code, which extends home loan entitlement to veterans who served exclusively between World War II and the Korean conflict prior to July 25, 1947, and prior to June 27, 1950. This provision is identical to section 5 of H.R. 9576 which passed the House on October 6, 1975.

Further, the bill, as amended by the Senate, would preempt a State constitutional usury provision which limits the interest rates chargeable on FHA/VA mortgages by a certain type of lender while not imposing rate limits on mortgages made by other lenders. At present, this section would apply only to California. The California legislature, on April 16, 1975, unanimously passed Senate Joint Resolution No. 12 petitioning the U.S. Congress to provide relief from the State usury limitation as applied to FHA/VA mortgages.

Finally, the Senate amendment removes various, unnecessary gender references in title 38.

I want to assure my colleagues that the amendments added by the Senate will not result in additional costs to the Federal Government. It is a good bill and it is essential that we get it to the President without delay. Otherwise, the direct loan program will not be able to continue beyond June 30, 1976.

Mr. HAMMERSCHMIDT. Mr. Speaker, I thank the gentleman for his explanation, I agree that those changes can strengthen the legislation.

Mr. Speaker, further under my reservation, I yield to the gentleman from California (Mr. EDWARDS).

Mr. EDWARDS of California. Mr. Speaker, I want to compliment the chairman of the full committee, Mr. ROBERTS, and the chairman of the Subcommittee on Housing, Mr. BRINKLEY, Mr. ABDNOR, the ranking minority member of the subcommittee, and others who have labored to get this bill to the President prior to June 30. Unless we enact this bill, the direct loan revolving fund will terminate and the direct home loan program for veterans will be discontinued. We cannot allow this to happen.

S. 2529, as amended, would provide for the indefinite continuation of the direct loan revolving fund. The direct loan program enabled otherwise eligible veterans, living in areas where private funding is not available, to obtain financing from the Veterans' Administration for housing.

In addition, the bill would:

First. Raise the direct home loan ceiling from $21,000 to $33,000, thus providing veterans with greater opportunities to purchase suitable housing for themselves and their families.

Second. Extend eligibility for housing benefits for the first time to veterans whose service was exclusively following the official termination of World War II and prior to the commencement of the Korean conflict—after July 25, 1947 and prior to June 27, 1950. This provision is identical to section 5 of H.R. 9576 passed by the House on October 6, 1975.

Third. Increase the maximum Veterans' Administration mobile home loan guaranty provisions for the purchase of mobile homes from 30 to 50 percent. It is hoped the raising of the rate will stimulate participation in the mobile home loan program by lending institutions thus making more funds available to prospective veteran purchasers.

Finally, Mr. Speaker, the bill would correct a situation that presently exists only in my State of California which, under certain conditions, has had the effect of denying to veterans access to the VA guaranteed and FHA insured home loans provided for them as a matter of Federal policy. The bill would preempt a State constitutional usury provision which limits the interest rates chargeable on FHA/VA mortgages by a certain type of lender while not imposing rate limits on mortgages made by other lenders. At present, this provision of the bill would apply only to the State of California.

The California Usury Law originated with the "initiative usury law" enacted in 1918 which set the usury ceiling at 12 percent. In 1934 an amendment was adopted to the California constitution which reduced the usury ceiling to 10 percent. This amendment specifically exempts virtually all commercial lenders such as banks and savings and loan associations from its provisions, although the legislature is empowered to regulate the exempted lenders, including the interest rates they may charge.

Historically, the development of the mortgage banking industry as the primary originators of FHA-insured and VA-guaranteed home mortgages in the United States did not occur until after World War II. As such, this form of mortgage banking activity was not in existence when the 1934 California constitutional amendment was adopted. Consequently, the mortgage banking industry has been interpreted as subject to the 10-percent usury ceiling under the California constitution. As a result, FHA/VA mortgage activity is severely restricted in California when the overall yield on FHA/VA mortgages begins to approach the 10-percent ceiling, thus denying to the intended beneficiaries of these two Federal programs access to low interest rate mortgage funds. For the last 4 years, interest rates on interim construction financing in California have been over the 10-percent ceiling, thereby precluding mortgage bankers from rendering a valuable service to veterans and their families.

Mr. Speaker, it should be noted that the California constitution and the initiative usury law can be amended only by a statewide vote. Measures can be put on the ballot for consideration only by a two-thirds vote of the legislature or by referendum after 500,000 registered voters have so petitioned. Securing a constitutional amendment is an extremely difficult and costly process. Therefore, the California Legislature on April 16, 1975, unanimously passed senate joint resolution No. 12 petitioning the U.S. Congress to provide relief from the State usury limitation as applied to FHA/VA mortgages. The bill before us is designed to provide such relief for the veterans and their families who reside in the State of California. It is not designed to impose the will of the Federal Government over State laws. To reflect the congressional policy of permitting a State the primary opportunity to determine its usury statutes, the bill would allow the State to override the exemption by taking the appropriate action at the State level to reassert or restate any usury provision that may have been altered or affected by the passage of this provision of the bill.

Mr. Speaker, I strongly support S. 2529 and urge my colleagues to concur in the Senate amendments so that the bill may be sent to the President for his signature.

Mr. HAMMERSCHMIDT. Mr. Speaker, I want to thank the gentleman for his excellent explanation of the changes made by the other body to the House-passed version of the veterans' housing bill, S. 2529. I feel that these additions are noteworthy and will strengthen the legislation.

As the gentleman has stated, the additional provisions would entitle veterans who served between July 25, 1947, and June 27, 1950, to housing benefits and would make permanent the Veterans' Administration loan guaranty program. Through a series of amendments since its inception, the veterans' home loan program has been transformed from a short-term readjustment benefit to a permanent ongoing program. Therefore, on September 10, 1975, following public hearings before our Subcommittee on Housing, it was recommended that the program be made permanent in nature. This provision along with a provision to include those who served between 1947 and 1950 was incorporated into H.R. 9576, which was passed by this body on October 6, 1975. Since this body has already acted upon these provisions, approval at this time merely represents ratification of our previous action.

As it passed the House, S. 2529 increased the maximum direct loan from $25,000 to $29,000. The other body has increased this ceiling to $33,000. I feel, however, that this is quite reasonable, especially considering the rising cost of housing. My home State of Arkansas has a considerable amount of Veterans' Administration direct loan business. I'm certain that even a $29,000 maximum would soon limit the type of adequate housing required by many veterans. Therefore, a $33,000 maximum is quite reasonable. The other body has also included a section exempting both FHA and VA home loans from their State's constitutional and statutory usury provisions. This provision is necessary if the State of California is to be in a position to make GI loans.

The State Legislature of California on April 16, 1975, unanimously passed a resolution petitioning the U.S. Congress to provide relief from their State usury limits on FHA/VA mortgages. The remaining section deals with the effective dates, and the major change is that the increase in mobile home guaranty will be made effective July 1, instead of October 1, 1976. This 3 months will, of course, give the revised VA mobile home loan program an earlier start and, hopefully, will enable more veterans to purchase a mobile home under this program.

Therefore, Mr. Speaker, I strongly endorse the bill as it is currently written and urge my colleagues to approve this proposal in order that we can get it to the White House for the President's signature. These changes in the VA home loan program will greatly strengthen this program and will continue our commitment to this Nation's deserving veterans.

Mr. Speaker, I withdraw my reservation of objection.

Mr. ABDNOR. Mr. Speaker, as ranking minority member of the Veterans' Affairs Subcommittee on Housing, I rise in reluctant support of this proposed legislation as it is currently written. As cosponsor of the House passed bill, H.R. 13724, and as a sponsor of two of the major provisions in this bill, the increase in the direct loan maximum and the continuation of the direct loan revolving fund, I am in agreement with all but one of the Senate changes in our version.

Section 8 of S. 2529 provides for the preemption of State constitutional usury provisions which limit the interest rates chargeable on FHA/VA mortgages by a certain type of lenders while not imposing rate limits on mortgages made by other lenders. According to the Senate report, only California is presently affected by this section. Currently the California State constitution has a 10-percent usury ceiling; however, banks, savings and loans, and other commercial lenders are exempt from this usury limit. However, the mortgage banking industry, which came into popularity with FHA/VA loans after the constitutional exemptions became effective, is not exempt from the 10-percent usury limit. Therefore, since mortgage bankers do a large share of the originating of Veterans' Administration home loans, I can understand the desire to get around this 10-percent usury limit. Because as the interest rates approach 10 percent, the mortgage bankers are unable to close FHA/VA loans.

Since this is a State constitutional matter, however, it would seem that the proper manner to rectify this problem would be for California to change its State constitution. It is my understanding that an effort to make such a change in the California constitution failed in 1970. In essence, therefore, since a majority of Californians voted against changing the constitution, the U.S. Congress is stepping into a State matter and circumventing the will of the people of California. With the outcry for less Federal interference in local matters, section 8 of this bill seems contrary to general desire for less Federal intervention.

I realize, however, that it is sometimes difficult to change State constitutions, as rhetoric often clouds the true issues involved and I know that the California State Legislature has petitioned the U.S. Congress for such an exemption. I also realize that section 8 contains a provision allowing California, or any other State which may be later affected, to override this Federal edict by taking the appropriate action on the State level to reinstate the usury limits.

Although this makes section 8 more palatable, I would hope that California would in the near future try again to resolve this problem so that this provision which is geared especially for California could be later deleted from the United States Code. The gentleman from California (Mr. Edwards), an able member of our Housing Subcommittee, is rightfully concerned that if interest rates again rise to near 10 percent, many California veterans may be precluded from utilizing the Veterans' Administration home loan program. I share that concern and only hope that California on its own can resolve this problem in the near future. Although I understand that it is remotely possible to interpret this section to pertain to states other than California, it is clearly the congressional intent to presently affect only California.

In conclusion, Mr. Speaker, I strongly endorse the other provisions of this bill as it will continue the direct loan program and raise the direct loan ceiling to a reasonable amount of $33,000. This will enable veterans in rural areas the same opportunity to purchase adequate housing as veterans in urban areas. With the increase in guaranty from 30 to 50 percent for mobile homes, it also will, hopefully, add vitality to the Veterans' Administration mobile home loan program, thus enabling our young Vietnam veteran the opportunity to obtain housing which is within his budget. This bill will also make permanent the Veterans' Administration home loan program. In their statement before the Veterans' Affairs Housing Subcommittee on July 30, 1975, the VA stated they would have no objection if Congress decided to continue the VA loan guaranty program for post-Vietnam-era veterans. On September 10, 1975, the Housing Subcommittee recommended that the VA home loan program be made permanent. That recommendation was contained in H.R. 9576 which passed this body on October 6, 1975.

Therefore, Mr. Speaker, although I do have reservations about section 8, I would not want to deny veterans in California the opportunity to utilize the VA home loan program, nor would I want to deny any of our deserving veterans the needed changes contained in this bill. Thus, I urge that we unanimously pass this proposed legislation in order that it can be sent to the White House for signature before expiration of the direct loan revolving fund which is scheduled to revert to the U.S. Treasury on June 30, 1976.

Mr. Speaker, I applaud all those whose efforts have made this bill possible and hope that it will give more of out Nation's deserving veterans the opportunity they need to house their families.

The SPEAKER. Is there objection to the request of the gentleman from Virginia (Mr. Satterfield).

There was no objection.

GENERAL LEAVE

Mr. SATTERFIELD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

AGRICULTURE AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. WHITTEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 14237) making appropriations for agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Mississippi (Mr. Whitten).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 14237, with Mr. Gibbons in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on Tuesday, June 15, 1976, the gentleman from Mississippi (Mr. Whitten) had 53 minutes of general debate time remaining, and the gentleman from North Dakota (Mr. Andrews) had 1 hour of general debate time remaining.

The Chair recognizes the gentleman from Mississippi (Mr. Whitten).

Mr. WHITTEN. Mr. Chairman, in view of the time limitation last evening, we only touched briefly on the bill now before us. I would like to commend the report that accompanies this bill to all of my colleagues. I hope they will put our report into their files because I think it contains lots of information that would be very valuable to the Members to keep on file. Lots of work, study, and background investigation went into the report.

At this time I think we need to have some understanding of the role that agriculture plays in this country and, one might say, around the world.

THE IMPACT OF AGRICULTURE

Mr. Chairman, in this National Bicentennial Year, as we present this bill recommending funds for the Nation's agricultural and related programs, we do so with some degree of pride in having foreseen and tried to meet many of the problems now facing American agriculture and the urban consumer.

This committee recognized a number of years ago that, with the continuing and increasing urbanization of this country, the need would inevitably follow that food, clothing and shelter for the many people would have to be supplied by the ever fewer people remaining on the Nation's farms. Its members realized that, with the Supreme Court's "one-man one-vote" decision rapidly moving Members of Congress from rural areas to urban communities—there are now only 14 out of 435 congressional districts classed as rural—it was necessary to give increased attention to the need for everyone to be aware that this is an "all-American" bill in which the urban population has as much of a stake as those living in rural areas. The committee was aware, too, that there was a close and inseparable interrelationship between the benefits to urban areas provided by this bill and the necessity for urban people, through their Representatives in Congress, to help support the programs carried in this bill.

In our efforts to promote better understanding of mutual problems of urban and rural people, the committee has had outstanding assistance, support and counsel from a number of urban Members of Congress. While there may be certain programs in this bill involving governmental actions and financial commitments mandated by law with which some individual members may differ, the fact remains that they are obligations to be met and, therefore, must be recognized and provided for. Thus, it becomes imperative that we all look after our country and those agricultural programs which contribute to its continued economic health and development.

While the Department of Agriculture is usually identified with the less than 5 percent of our people who live and work on farms, its activities also have a significant impact on the more than 95 percent of our nonfarm population. American agriculture provides the food, clothing, and shelter for all Americans and provides the largest market for the goods and services produced by the urban sector.

As pointed out frequently by this committee, this bill might be considered "A Bill for the Benefit of the Urban Population," for its carries the funds to support various programs which contribute directly and significantly to the well-being of urban populations. In addition to the funds included for the production, protection, and distribution of our food and fiber supplies, over 64 percent of the funds herein are for the food consumption programs of the Nation. These include school lunch, other feeding programs such as special milk, food donations, elderly feeding, special food for women, infants and children, and food stamps. An additional 10 percent is provided for overseas consumption programs, primarily through Public Law 480.

Increased financial resources are being provided through this bill for nutrition aides to sponsor 4-H type programs and to promote improved nutritional practices in the depressed areas of our cities. Also, the Department of Agriculture is being equipped to provide technical assistance to urban residents who are interested in doing some part-time family farming or gardening as an interesting and healthy pastime and as a means of increasing their supply of wholesome and nourishing food. Further, through its activities which assist in the modernization and improvement of the antiquated wholesale markets in the major cities, the USDA is contributing in an important way to the improvement of quality and reduction of cost of food in urban markets.

This might well be called "A Bill for the Protection of Public Health." It carries funds for the inspection of the meats, vegetables, and other food products consumed at home and abroad. It also provides funds for the control of plant and animal diseases and pests, thereby assuring improved quality and wholesomeness of our food supplies. As a result, the American consumer enjoys the finest foods at the lowest cost of any other consumer on earth.

As noted in previous reports, food is the American consumer's best buy. According to USDA figures, the average U.S. household spends about 16 percent of its income for food, as compared to 21 percent in Canada, 28 percent in England, 29 percent in Italy and South Africa, and 39 percent in the Soviet Union. If an additional 12 percent of our gross income were required for food as in England, the consumers of the United States would have some $118 billion less per year for other less basic consumer goods. If an additional 23 percent were spent for food as in Russia, there would be some $225 billion less to purchase nonfood products from labor and industry. The contribution of the agricultural programs funded in this bill to the high standard of living in this country has been one of the most remarkable achievements of the past two centuries.

This might also be referred to as "A Bill for the Protection of Industry and Labor," for in order to produce the high standard of living for the 95 percent nonfarm population, American agriculture has become the country's largest market for products of industry and labor. Because of the requirements of our agricultural establishment, more employment is provided for nonfarm people than by the transportation, steel and automotive industries combined. In the past year, it employed some 3.4 million people at an estimated cost of $6.5 billion. USDA data shows that farm people spend around $76 billion a year for goods and services required for production purposes and another $40 billion a year for their living expenses. Annual farm purchases include $8.5 billion in new farm tractors, machinery and other farm vehicles, and another $5.7 billion for fuel, lubricants, and maintenance. The Nation's farms use 360 million pounds of rubber—enough for tires for some 7 million automobiles. They use some 30 billion kilowatt hours of electricity and 7 million tons of steel annually. Each year they spend some $7 billion for fertilizers and soil nutrients and around $2 billion for materials required to combat weeds, insects and plant and animal diseases.

Or this measure might be labeled "A Bill for the Development of Rural America." It contains funds to expand and strengthen the programs of the Farmers Home Administration, with its loans and grants for sewer and water systems, housing and related programs. It also includes funds for the Rural Electrification Administration and the Soil Conservation Service which provide the financial and technical support for food production and rural living requirements. In addition, the programs of the Agricultural Research Service, Cooperative State Research Service, and Extension Service provide the scientific data and technical assistance to enable farmers to produce our bountiful supplies of food and fiber.

Likewise, this could be cited as "A Bill To Reduce Pollution," for it includes the funds for our agricultural conservation program and the other soil conservation and watershed protection and flood prevention programs, where accomplishments have been extremely valuable to the preservation of the basic physical assets of this Nation and the control of sedimentation and pollution in our streams, rivers, and lakes. The results of these programs will pay tremendous dividends to succeeding generations of Americans and others throughout the world who depend on this country for food assistance.

INTERDEPENDENCE OF RURAL AND URBAN PEOPLE

As we consider changes in the United States, we are reminded that 9 out of 10 Americans lived on a farm 200 years ago. Today it is the other way around, with more than 9 out of 10 people—over 95 percent—living in our towns and cities.

It has been pointed out many times in the past that, from the beginning of history, man's progress in obtaining the good things of life has been determined by the amount of time he has had left for pursuits other than providing his basic needs—food, clothing, and shelter. Fortunately, the development of a highly productive agricultural system in the United States makes it possible for less than 5 percent of our people to provide the food and fiber requirements for the entire population of this country, plus sizable quantities for export to needy people in other parts of the world. This has enabled the 95 percent of our people who are engaged in nonfarm pursuits to enjoy the highest standard of living ever known by man. Unfortunately, this remarkable accomplishment has tended to cause the nonfarm segment of our population to take these bountiful supplies of food and fiber for granted. They have frequently lost sight of the many problems which face those who provide these plentiful supplies and have often failed to recognize the need for close cooperation and understanding between rural and urban people.

There has been increasing evidence in the past several years that a closer understanding and interdependence between urban and rural people is developing. Changing social and economic conditions, together with increased mobility of our people, are causing more nonfarm people to move to the rural fringes of the cities, where they have increased exposure to rural influences. This is also affecting rural people and institutions and providing increased opportunities to bring rural and urban Americans closer together.

Recognizing the urgent need a few years ago for this closer relationship between farm and nonfarm segments of our population, this committee earmarked $7.5 million in the 1970 appropriation bill to initiate 4-H type programs in the depressed areas of our cities. In its report on that bill the committee stated:

> The Committee has approved an appropriation of $30,000,000 for the Nutrition Aide Program initiated last fall. This is in line with the latest budget recommendation and places existing programs on a yearly basis. Of this sum, $7,500,000 shall be available for professional workers to promote 4-H type programs in the depressed areas of our cities. This program involves educational work among low-income groups to reduce the incidence of malnutrition, by providing homemaker aides who will use available information, knowledge and skills to teach needy people to utilize all resources toward the achievement of a more nutritionally adequate diet.
>
> In this connection, the Committee feels that full use should be made of the Nation's 3 million 4-H Club members to promote 4-H Club type work with the youth of our towns and cities. The success of this program in rural areas has forcefully demonstrated the effectiveness of this approach. It may well be found that the most successful results from nutritional education of low-income families will come through work with the younger members of the family.

The results of this effort have been increasingly rewarding. The 4-H Clubs now have more than 5½ million members, with another 1.8 million associated through the urban nutrition aides program. Today, less than 25 percent of 4-H Club members live on farms. The remainder live in towns and cities, including 10.4 percent in the inner cities of our large metropolitan areas. The largest club in the world is in downtown Indianapolis, Ind.

It appears that much of the increased understanding of interrelated urban problems is due to this involvement of urban people in agricultural-type activities, with increasing support of city Members of the House for agricultural programs.

PART-TIME FAMILY FARMING

Mr. Chairman, last year, the committee reported on the increasing interest in part-time family farming and gardening on the part of urban dwellers. In last year's report the committee quoted from testimony received from Congressman George E. Brown, Jr., of California, concerning the large number of favorable responses he had received from his constituents in a largely urban area to his offer to provide seeds for planting vegetable gardens, as follows:

> I offered to provide help in the form of a packet of half a dozen different kinds of vegetable seeds for people who would write in and ask for them, assuming if it took a little work that it would be serious.
>
> I was overwhelmed by the kind of response. I have had between 15,000 and 20,000 people write in for a starter kit for a garden which includes a little instruction on how to begin a small garden.
>
> I gave them the address or phone number of the local extension agent for technical service; 15,000 to 20,000 people out of my congressional district is a tremendous number of people to take an interest in urban gardening.

In view of the importance of this development to urban-rural relationships as well as its contribution to the Nation's food supply, the committee added funds to the bill last year to provide special assistance and training in part-time farming and gardening in urban areas. The committee report stated:

> Information has been presented to the Committee which indicates a renewed interest among a sizeable number of people in both urban and rural areas in part-time family farming. In these times of high food prices, unemployment, and other financial stresses, there appears to be an increasing desire among people who are engaged in non-farm pursuits to plant family sized farm plots and gardens to provide less costly food for family use and even to market some excess production through local markets. In the opinion of the Committee, this is a very wholesome movement which should be encouraged in every possible way. It should help provide additional food supplies which are greatly needed by today's consumers. In addition, it could provide more opportunities in rural areas and thereby help to ease some of the problems of the larger inner-city areas of the country.
>
> The Department and all of its related institutions should devote an appropriate part of the funds carried in this bill to increase research and training related to family farming and to provide adequate farm loans and other assistance to enable part-time farmers to acquire the necessary land, equipment, seed, fertilizer and other farm inputs needed to develop small family-operated agricultural plots. The Committee has added $2 million ($1 million for the Land-Grant Colleges and $1 milion for the 1890 Colleges and Tuskegee Institute) to enable these institutions to provide special educational assistance to those who are interested in entering into part-time family farming. The Farmers Home Administration, Agricultural Research Service, Cooperative State Research Service, Extension Service and other agencies involved should give consideration to the creation of separate units where necessary to strengthen work in this area.
>
> The Committee intends to follow-up on this matter in the future to assure that the necessary authority and funding are available to support this worthwhile development.

The committee has also tried to help further with the selection of the subjects in the 1975 Agriculture Yearbook, entitled "That We May Eat!"

It is gratifying to note that the urban press is evidencing an increasing interest in this matter. For example, the March 29, 1976, issue of U.S. News & World Report carried an article entitled, "Grow It Yourself Craze Getting Bigger Than Ever," a portion of which I would like to read:

> It's that time of the year again—and a check across the nation finds a new generation of Americans is returning to the land.
>
> The enthusiasm for home gardening that sprang up in America three or four years ago amid fast-rising food prices has taken firm root.
>
> For the first time since World War II, more than half of all U.S. households—51 percent—plan to have a vegetable garden in 1976. That's the finding of the Gallup Poll.
>
> Again this spring, business is booming in seeds and fertilizer, with supplies of both reported plentiful. Tools, such as mechanical soil tillers, are readily available, sometimes at bargain prices.
>
> All signs indicate, too, that there will be plenty of lids for canning jars this season. A survey by the Department of Agriculture finds that the industry expects to double its production in 1976.
>
> W. Stanley Stuart, Jr., vice president of Ball Corporation, at Muncie, Ind., estimates that there will be about 35 million home vegetable gardens during 1976, up from 32.5 million last year.
>
> Among the biggest municipal programs is one in Los Angeles. Says its director, Mark Casady:
>
> "The city of Los Angeles currently has over 30 acres of spare land involved in this project, and we expect this to be increased to 100 acres next year."
>
> In Atlanta, the antipoverty agency Economic Opportunity Atlanta is preparing 20-by-30-foot plots for some 8,000 people this spring. Most of this land, in sites ranging from 1 to 1.5 acres, is leased from the city and housing authorities for $1 a year.
>
> Many colleges are providing plots for married students living on campus. Oklahoma State University, for instance, is making 240 plots available this year. Ohio State University, at Columbus, is renting out 400 plots for $15 each.
>
> Among corporations, Hewlett-Packard in Palo Alto, Calif., is providing 200 plots for use by company employees during lunch breaks and after work. Across the Bay at Fremont, a General Motors assembly plant has set aside 135 plots, each 20 by 40 feet, and has a waiting list.
>
> At North Hempstead, Long Island, N.Y., Frank Pistone, commissioner of community services, reports that he has a waiting list for 400 plots that have been turned over to community residents—especially senior citizens.
>
> Massachusetts passed legislation last year to allow increased use of public land, and expects to triple the number of plots being tilled on community property this year.
>
> Oregon has assigned four horticulturists to assist its Cooperative Extension Service in increasing both home and community gardening in the State.
>
> In Pennsylvania, an "inflation garden" program was begun last year with 200,000 plots under cultivation. That number is expected to double in 1976.
>
> Home gardening, this cross-country survey finds, is becoming more than just a fad. For many, the spur is other than economic. Says Robert Frost at San Jose City College, in California:
>
> "It's downright therapeutic to grow your own food. I have my own garden at home and I find it's my sanity away from work. I thoroughly enjoy it."

Even air travelers can read about how to grow vegetables at home. The April 1976 edition of Sky—the inflight magazine of one of the larger U.S. airlines—includes a feature article entitled, "The Great American Victory Garden," by Robert Smaus. Let me read a few excerpts from this article:

Let's see, you want to grow some vegetables: carrots for sure, because they're so much crunchier popped out of the garden and into your mouth. Tomatoes too, so you can pick them when they're really red, ripe, and juicy. Of course, you'll also want some lettuce, radishes, and maybe shallots for fresh, crispy salads. And don't forget corn; it's so much sweeter cooked just seconds after picking.

But, will you have room to plant all of this? Doesn't a vegetable garden take lots of space? Well, yes, the traditional row after row vegetable garden does need space, but there are less traditional, more intensive ways to grow vegetables. You may be surprised at how many vegetables you can squeeze into whatever space you have.

Unless you live in a windowless cave, you can grow at least some kinds of vegetables that grow well in containers or window boxes, and most of the information that follows applies to either situation.

The first step in starting a space-saving vegetable garden is to catalog your spaces. Look for spots that get a full day's sun, the most important requirement for growing vegetables. If you're going to garden intensively, you're going to need quick, strong growth and only vegetables that get a full day of sun grow that way.

If you're gardening on a balcony, or in a window box, here's hoping it faces due south; next best is east, then west. If you're gardening down on the ground, make sure your vegetable plot is well away from competing tree roots.

The April 1976 edition of Reader's Digest carries an article entitled, "Vegetable Gardening: How To Double Your Yield," which is condensed from Family Circle by E. H. Brindle. This article encourages home gardening by stating in the opening paragraph:

> With a little ingenuity and intelligent planning, the yield of the average garden can be doubled—even tripled. Here are tested ways to help *you* get more abundance—and more fun—from your garden this summer.

These are but a few examples of the increasing attention given to this subject by our magazines and periodicals.

WHOLESALE MARKET DEVELOPMENT

Mr. Chairman, another aspect of city life to which the programs of the USDA have made an important contribution is the modernization and improvement of the antiquated, inefficient and costly food marketing systems—especially in the larger cities of the country, such as Boston, New Orleans, Los Angeles, New York, Baltimore, and others. In New York City, for instance, agricultural products shipped by train from the Midwest and Far West had to be unloaded from boxcars onto barges for transport across the Hudson River. Then they had to be reloaded on trucks for delivery to the terribly overcrowded wholesale district of lower Manhattan. Due to the very high costs resulting from triple handling and wasted time in the congested narrow streets of this market area, it was estimated by USDA officials that about 50 percent of the retail cost of food consumed by New York residents was added after the produce reached the Hudson—even for shipments from as far away as California.

The work of the Department in this instance resulted in the relocation of a significant part of the lower Manhattan wholesale markets to Hunts Point in the Bronx, a less-congested area with more ready accessibility by rail and highway. This has not only reduced handling and transportation costs, but has added to the freshness and quality of products consumed in the New York markets.

Let me read some examples supplied by USDA of developments under this program in some of the major cities of the Nation indicating the valuable contribution made to urban areas by these agricultural study and assistance projects:

IMPROVED CITY WHOLESALE FOOD MARKETS

The typical wholesale food marketing system in many cities throughout the United States is characterized by large numbers of wholesalers, processors, and distributors at scattered locations in old, inadequate, and congested facilities which do not meet the needs of modern food distribution. Their operations are inefficient and wasteful, and add unnecessarily to the cost of marketing food. This is a problem affecting producers, processors, distributors, retailers, and consumers alike. Our program is concerned with improving the wholesale food marketing facilities in cities by providing technical assistance in the form of research and planning studies to evaluate the present facilities and handling methods in use, to determine needs, and to develop recommended plans for improvement. The studies are made in cooperation with the local food industry, government agencies, consulting and engineering firms, chambers of commerce, colleges and universities, citizens groups, and others interested in improving local food distribution. After studies are completed, follow-up technical assistance is provided to help bring about the wholesale food marketing facilities needed to hold down food marketing costs.

Boston, Mass.—The opening of the New England Produce Center and Boston Market Terminal facilities at Everett-Chelsea in 1968–69 was the climax of the relocation of many produce wholesalers from old, outmoded facilities scattered throughout the Boston area. The initial 1962 ARS study, which led to the construction of the new facilities, estimated that saving of about $6 per ton in the cost of handling produce would be possible in the improved facilities. A follow-up study was made in 1971 at the improved facilities to learn the actual savings that had resulted. Data from a sample of firms on the New England Produce Center showed that the volume of produce handled had increased by 75 percent over the volume handled in the old facilities.

Dallas, Tex.—A study has been completed and a plan developed for a new wholesale fruit and vegetable distribution center of about 60 acres. A report of the study has been published.

Asheville, N.C.—A study of the food distribution facilities in a two-county area around Asheville is completed and plans for improved facilities are developed. The recommended plan was presented at a public meeting in Asheville in July 1975, which was attended by about 200 farmers, food processors and wholesalers, government officials, and businessmen from throughout western North Carolina. The State appropriated $1 million to implement the ARS-recommended 30-acre, $3 million farmers market and wholesale food facilities.

Memphis, Tenn.—A study is underway of the wholesale distribution and farmers market facilities in Memphis. Data is being analyzed and a plan is being developed for improvement. The city of Memphis, the local Memphis food wholesalers, the Shelby County Growers Association, the University of Tennessee, and ARS are cooperating in the study.

Los Angeles, Calif.—Studies of the wholesale distribution facilities for both food and floral commodities have been completed. The city of Los Angeles is currently studying what type of facility they want and where they want to build it, based on the information provided by the ARS study.

Northeastern New Jersey.—Data to evaluate the existing wholesale food marketing facilities and operations in Passaic, Bergen, Morris, Essex, Hudson, Union, Somerset, and Middlesex Counties are being gathered. Over 1,600 wholesale food firms are involved. The data will be analyzed and recommendations for improvement will be developed. The Governor's Interdepartmental Committee on a Wholesale Food Distribution Center, the New Jersey State Department of Agriculture, the New Jersey Food Council, Rutgers University, and local food wholesalers and industry organizations are cooperating.

New York.—A new 40-acre meat and poultry wholesale section is opened and operating at the Hunts Point Market. Some 50 meat and poultry wholesalers, who reportedly handle one-third of all the meat and poultry consumed in the New York City area, are in this latest addition to the 400-acre market at Hunts Point in the Bronx.

Baltimore, Md.—The 400-acre Maryland Wholesale Food Distribution Center at Jessup, Md., was dedicated on January 9, 1976. Thirty-eight acres will be devoted to fruits and vegetables and the remaining acreage will be allocated to meat, seafood, dairy products, public and chain store warehousing. Gov. Marvin Mandel, speaking at the dedication, acknowledged the role of the ARS, various State agencies, the University of Maryland, and leaders of the fruit and vegetable industry in developing. "* * * the newest and most modern terminal market in the Nation, serving a price population area of 15 million consumers."

Macon, Ga.—The Georgia Department of Agriculture held dedication ceremonies at the new State Farmers' Market in Macon, Ga., which was constructed after plans developed by the ARS and the Georgia State Department of Agriculture. Commissioner of Agriculture Thomas T. Irvin, described this modern 32-acre, $3 million facility as a model for other farmers' market development in Georgia and the Southeast.

San Antonio, Tex.—A new $1 million farmers market facility was officially opened on January 17, 1976. The city of San Antonio, in collaboration with ARS, planned and constructed this modern 70,000 square foot market facility to be used by local farmers in the San Antonio area.

GARDENING AND NUTRITION EDUCATION IN NEW YORK CITY

Mr. Chairman, this year the committee received a most informative and encouraging statement from Congressman FRED RICHMOND from the 14th Congressional District in New York City, concerning the need to "bridge the gap between rural America and urban America". I would like to read a few excerpts from his testimony, which appears in full on pages 19–24 of part 6 of the hearings on the 1977 budget:

> This committee deserves praise for showing such farsightedness and understanding of urban America's need to rediscover its agricultural roots. The committee will be pleased to know the results of the action taken last year.
>
> The New York State Cooperative Extension Service at Cornell University has developed a pilot program in Brooklyn which includes:

(1) Establishing a master-gardener program, to train community aides in urban gardening;

(2) Developing, implementing, and evaluating a program of urban vegetable gardening;

(3) Working with and disseminating information to community groups, individuals, and youth groups;

(4) Developing demonstration gardens, using vacant lots, backyards, containers, and rooftops;

(5) Publishing a leaflet on vegetable production for urban home gardens; and

(6) Employing part-time 4–H aides to assist urban gardeners.

In recent years, people have begun to realize that agriculture affects people in the city as much as it affects the rural farmer. In urban areas throughout the country, interest in growing plants and vegetables has increased at a rapid rate. Plants appear in windows, on fire escapes, rooftops, and backyards where they have never been seen before. Interest in nature, ecology, and food production is evident in all socioeconomic groups. I have been deluged by requests for assistance in vegetable gardening from community groups and individuals in my district. My Brooklyn office is now distributing 3,000 packets of free seeds to eager urban farmers.

There is a crying need to get more current information on food consumption and dietary levels in the United States. This data is needed to establish the most efficient food stamp allotments and school lunch plans, for determining poverty guidelines, for developing food programs for the elderly and pregnant women, and for updating institutional diet plans for schools, hospitals, and prisons, for establishing research priorities, developing nutrition education materials, and assessing the overall nutritional status of the American people.

Food consumption has changed in 11 years. We need to know more about diet patterns and consumption of new processed foods. We need to learn the nutritional impact of the food stamp program. We need a yardstick to plan our agricultural production according to consumer demand. And we need to have current information in order to plan programs and conduct research in the most efficient, productive way possible.

The expanded food and nutrition education program is unusual among Federal programs—it involves direct contact, on a 1 to 1 basis, between nutrition aides and low-income families. Families are taught the basics of good nutrition and learn how to get the most for their food dollar. Jobs and training are provided to nutrition aides, who themselves come from low-income families.

The President's proposed cutbacks will include a loss of $50,000 in Federal funds and drop over 1,700 families from this worthwhile program in my district alone. My district in Brooklyn is the third poorest in New York State. These families spend up to 39 percent of their income on food, more than twice the national average. Sixty-seven percent of them are on public assistance, 69 percent are on food stamps, and 23 percent have an eighth grade education or less. These people need nutrition education. Nationwide 91,000 families, a third of those participating, would be dropped from the program; 6,800 jobs would be lost.

This program is designed to give intensive help to the poorest of the poor. Even now, it cannot reach all those in need of nutrition assistance. We should be expanding nutrition education, not cutting back.

Expansion of this program will serve other purposes, too. In recent weeks, I have received many inquiries from other Members of Congress concerned about this program. Over half a dozen New York City Members alone have expressed their concern to me already. This is an agriculture program that urban Members recognize as valuable and important to their constituents. Providing additional money for nutrition education in urban areas is an important step forward towards creating an urban-rural coalition here in Congress and across the Nation.

Mr. Chairman, recognizing the urgent need for the continuation of nutritional assistance to our larger cities, the committee has restored the proposed $10,170,000 budget cut for nutrition aides Also, it has earmarked $1,500,000 under the Extension Service for the first year's cost of a 3-year pilot project for our largest cities such as New York, Chicago, and Los Angeles to employ nutrition aides having the general qualifications of extension agents to assist in teaching and demonstrating gardening, 4–H type work and nutritional assistance so as to make the greatest contribution to the people of these communities.

Further, the committee has recommended research funds for a national food consumption survey costing $4,500,000. The data provided by a previous survey on food consumption and dietary levels in the United States is now 12 years old. Current data is urgently needed by schools, hospitals, prisons, and similar institutions to determine dietary levels for their feeding programs. Such up-to-date information is also essential for those who are responsible for the determination of poverty guidelines and for the operation and administration of our food stamp, child nutrition, and other food consumption programs.

MAN'S WASTE OF HIS NATURAL RESOURCES

We have taken the silver out of our coins and have removed gold from behind our currency. If we permit the fertility to be taken out of our soil, we will have nothing left to support our money and our economy.

A review of history reveals what has happened to those past civilizations which have failed to heed these words. As pointed out previously by this committee, perhaps man's greatest single fault through the annals of recorded history has been his failure to preserve and protect the natural resources which provided him with his basic necessities of life—food, clothing, and shelter. History indicates that each civilization through the course of the centuries, regardless of the degree of sophistication and advancement attained has disappeared from the Earth because of man's abuse of the soil, water, trees, and other basic resources passed on to him for his use and custodianship.

One of the most serious questions facing our highly developed civilization in this Bicentennial Year is whether or not, through more intelligent use of our natural resources and more advanced agricultural technology, we can meet the ever increasing demands of rapidly expanding populations for food, clothing, and shelter. A review of earlier civilizations in the worn-out and food-deficit areas of the world indicates what has resulted from the failure of man through the ages to apply an adequate portion of his wealth to the protection of the soil, the forests, the rivers, and lakes, and other resources as he used them to feed and clothe himself.

Previous committee reports have noted that, in 3500 B.C. the valleys of the Tigris and Euphrates Rivers supported a large and prosperous civilization. By the year 2000 B.C. great irrigation developments had turned this part of the Middle East into the granary of the great Babylonian Empire. Today, however, less than 20 percent of this area is cultivated because, as they became urbanized, the people of that civilization failed to continue to preserve the productive capacity of the land. According to LaMont C. Cole of Cornell University:

> The landscape is dotted with mounds, the remains of forgotten towns; the ancient irrigation works are filled with silt, the end product of soil erosion; and the ancient seaport of Ur is now 150 miles from the sea, its buildings buried under as much as 35 feet of silt.

Extensive irrigation systems were established in the Valley of the Nile before 2000 B.C. to create the granary for the Roman Empire. This land, which is made fertile by the annual overflowing of the Nile, continued to be protective for many centuries. However, in recent years, as the result of more intensive use of the land and inadequate attention to conservation measures, the soils have deteriorated and salinization has decreased the productivity in the valley to the point where this area is now largely dependent on food shipments from other parts of the world to feed its people.

Ancient Greece had forested hills, ample water supplies, and productive soil. In parts of this area today, the old erosion-proof Roman roads stand several feet above a barren desert. Ancient irrigation systems in many parts of China and India are abandoned today and filled with silt. Most of India's present land problems are due to excessive deforestation, erosion, and siltation made necessary by tremendous population growth during the past two centuries.

The highly developed civilizations of ancient Guatemala and Yucatan are merely history today. Archeologists believe that they exploited their land as intensively as possible until its fertility was gone and their prosperous civilizations vanished.

It is important to recall that the city-states throughout history have failed to realize that the cost of food, clothing, and shelter is going to be paid, either by the consumer or by the land from which they come. They have ignored the fact that soil cannot be cultivated year after year unless as much fertility is put back each year as is taken out.

WASTE OF NATURAL RESOURCES IN THE UNITED STATES

For years it was believed that cheap raw materials made the United States a great Nation. In this Bicentennial Year, we are reminded that during the early years of our country's existence we wore out, used up and destroyed vast amounts of the plentiful supply of natural resources which were here when the Pilgrims landed at Plymouth Rock. We are also reminded that the continuation of such abuse could eventually reduce this country to a barren wasteland, with the low standard of living found in much of Asia and the Middle East.

According to USDA estimates, this country had some 8,000 billion board feet of timber about 200 years ago. Today we have around 2,400 billion board feet left—only 30 percent of the original stand—and we would have far less than that, except for government aid in reforestation in recent years. This terrible waste of timber resources points up the extent to which our highly competitive economy can deplete a national asset in the generation of new wealth. It points up the need for continuing and expanding conservation efforts on a national basis.

Information obtained from USDA indicates that only 200 years ago we had 500 million acres of fertile soil in this Nation, that we have already wasted 200 million acres—40 percent—and another 100 million acres—20 percent—is washing away today. It has been estimated that an average of 40 acres of topsoil flows down the Mississippi River and is lost for food production purposes each day of the year. Also, estimates are that more than 1 million acres of arable land are lost to residential areas, highways, and other urban developments each year.

Testimony has been presented to the committee to the effect that nearly one-fourth of the people of this Nation face problems of water shortage, poor water, or both. Experts have indicated that the demand for water is increasing steadily and in just a few years in the future we will need three times the water we use today. It has been reported that in many areas of the country, we are already finding that expansion of population and industry is limited by the lack of adequate sources of water.

It has been previously noted that today over 200 million Americans are abusing the privilege of using and handling the Nation's water resources. As a result, our lakes and rivers have become catch basins for the residues of our factories, automobiles, and for human wastes from thousands of villages, towns, and cities.

NEED FOR CONTINUATION OF CONSERVATION EFFORTS

Mr. Chairman, according to USDA data, three-fourths of our land area is in private ownership and 60 percent is in farms and ranches. Therefore, our farmers and ranchers are the principal managers of the Nation's soil and water resources for all the people. If this Nation is to survive and prosper, we must continue to assist these custodians of our natural resources to reforest our lands, protect our watersheds, harness our streams for electricity, and conserve soil and water.

If we leave to future generations a fertile land, this country will be able to meet its future domestic problems, international threats, and financial needs. As noted above, money alone is of no value. It must be supported by natural resources adequate to generate new wealth for future generations.

In our private lives, we could live prosperously for a short time by cashing in our insurance, using our savings, and mortgaging our assets. As a nation, we can do the same if we are willing to "cash in" on our land, leaving to our children what is left—like previous generations have done in India, China, and the rest of the world we help to feed and clothe today.

It is considered good financial practice for a successful industrial concern to invest a portion of its income in the maintenance and preservation of its basic productive plant. It is equally important that our Nation continue to invest a portion of its wealth in the protection of our food production capacity and its preservation for future generations.

PROGRESS IN SOIL, WATER AND TIMBER CONSERVATION

In our first 200 years as a nation, we have seen a transformation in our treatment of the land from careless exploitation of basic resources to planned husbandry of soil and water. The change to conservation farming, for example, was so rapid between 1935 and World War II that America was able to meet record wartime production goals without serious damage to the soil. And today, millions of acres of once eroded lands are green and productive again, the people being spurred on by the agricultural conservation programs, at an expense of less than 4 percent of what we provide foreign countries in aid and less than two-tenths of 1 percent of estimated military expenditures next year.

Remarkable progress has been made in soil and water conservation in the United States since 1935. During this period we have planted about 7 billion trees, have constructed over 2 million water impoundment reservoirs and have treated hundreds of millions of acres of land to reduce soil erosion. Under the agricultural conservation program, where the farmer puts up about half the cost plus his labor, we have had the following major soil and water conservation accomplishments:

Total accomplishments 1936–74

Practice	
Water impoundment reservoirs constructed to reduce erosion, distribute grazing, conserve vegetative cover and wildlife, or provide fire protection and other agricultural uses (structures)	2,308,000
Terraces constructed to reduce erosion, conserve water, or prevent or abate pollution (acres)	34,215,000
Stripcropping systems established to reduce wind or water erosion or to prevent or abate pollution (acres)	114,346,000
Trees and shrubs planted for forestry purposes, erosion control, or environmental enhancement (acres)	5,590,000
Forest tree stands improved for forestry purposes or environmental enhancement (acres)	4,636,000
Wildlife conservation (acres)	[1] 13,894
Sediment pollution-abatement structures or runoff control measures (acres)	[2] 9,006,000

[1] From 1962 with certain data estimated.
[2] 1970–73 only.

MAJOR PART OF CONSERVATION JOB LIES AHEAD

As we begin our third hundred years, we start with the hard-earned knowledge that all Americans must have an interest in preserving, developing and restoring the soil—not merely those who have a direct stewardship for a period of time.

Despite the significant accomplishments outlined above, the major part of the soil conservation job still lies ahead. The United States continues to suffer heavy soil erosion losses. Some 120 million acres are endangered seriously, USDA data indicates, and only about a third of our land is safeguarded adequately. About half the estimated $2.3 billion average annual flood water and sediment damage in the United States occurs on the headwater streams and small tributaries. And sediment causes costly damage to the Nation's 10,000 major water storage reservoirs. It is to be recalled that the amount of erosion-produced sediment dredged annually from our rivers and harbors exceeds the volume of earth dug for the Panama Canal.

Yet today, despite our progress in soil and water conservation throughout the country, we are faced with the possibility of a recurrence of the Dust Bowl tragedy which struck the Nation in the 1930's. This has been most aptly described in the March 15, 1976, issue of Time, which I would like to quote:

A NEW DUST BOWL

> Little by little the sky was darkened by the mixing dust, and the wind felt over the earth, loosened the dust, and carried it away ... The finest dust did not settle back to earth now, but disappeared into the darkening sky ... The corn fought the wind with its weakened leaves until the roots were freed by the prying wind and then each stalk settled wearily sideways toward the earth.—The Grapes of Wrath, 1939
>
> For many farmers, John Steinbeck's description of the Dust Bowl is as tragically apt today as it was in the 1930s. The drought and winds that four decades ago turned large parts of the U.S. into an agricultural disaster area have returned to some areas of the Great Plains, parching crops and whipping topsoil into sun-darkening clouds. In the 1930s the victims of the drought—the impoverished Okies memorialized in Steinbeck's novel—were lured westward by California's verdant fruit groves. But this time California is suffering from its most severe drought since 1921 and is in the midst of an agricultural crisis.
>
> Some experts attribute the lack of rain to an absence of sunspots, others to recurring drought cycles. In any event, parts of the Great Plains have received so little rain that they are actually drier than at the onset of the great drought of 1934. Starved for moisture, the rich topsoil in hard-hit areas of the Great Plains is turning into a fine brown silt. Winds hurl the dust particles against the still-growing sprouts, until they lose their color and die.

In describing to this committee recently the soil erosion problems in the Pacific Northwest, the Hon. Thomas S. Foley, chairman of the House Agriculture Committee, had this to say:

> I am appearing before you once again to urge your continued support for a coordinated regional research program to attack

> the severe soil erosion problem in the Pacific Northwest. As you know, this is a highly productive agricultural area, with a record winter wheat yield of 132 bushels per acre. Since over 80 percent of our winter wheat crop in recent years has been exported to Japan and other Asian countries, this productivity plays an important role in maintaining our country's balance of payments. In addition, this area grows virtually all of the commercial dry beans and lentils in the United States, as well as a significant amount of barley.
>
> Much to our distress, however, this productive soil is eroding into flats, ditches, and waterways at an alarming rate. An estimated 110 million tons of soil are being eroded by wind and water every year from 8.5 million acres of cropland in contiguous parts of eastern Washington, northern Idaho, and northeastern Oregon. On some very severely affected lands in southeastern Washington, average annual soil erosion exceeds 20 tons per acre.
>
> Present rates of silt accumulation in the vast reservoir system behind Pacific Northwest dams will drastically shorten the life of hydroelectric generating facilities in what is currently the greatest power-producing complex in the world. As reservoirs become silted, the capacity for irrigation water storage dwindles and water quality deteriorates.
>
> Costs of removing silt from roadsides and ditches in the area have climbed to several million dollars annually. Much land is already ruined and the productive capability of other fields has been greatly reduced because of topsoil loss.

Mr. Chairman, in recognition of the severity of the wind erosion problems in the Great Plains because of drought conditions, the committee recommended and Congress approved an additional $17 million in the second supplemental bill for 1976, $15 million for cost-sharing contracts under ACP, and $2 million for the Great Plains conservation program. The committee was advised that as of the end of February over 4.5 million acres were damaged, that crops or cover were destroyed on an additional 1.3 million acres, and that 17 million acres were in condition to blow.

Testimony received from other Members of Congress and public witnesses, indicates that similar conditions exist in many other parts of the country, aggravated by a reluctant Department of Agriculture which has tried in almost every way possible to kill these programs, including the ACP program where more than 1 million Americans annually have tried to protect and restore our natural resources for the benefit of generations to come, putting up two-thirds of the cost.

These facts make it almost impossible to rely on the Secretary of Agriculture, the Director of the Office of Management and Budget, and even the Assistant Secretary for Administration, where protection of natural resources is concerned. After having tried to scuttle the ACP program they again recommend its abolishment next year.

The need for constantly greater quantities of food, and the resources for its production is universal. Increased farm production resulting from tremendous advances in science and technology tends to obscure the fact that, to meet food and fiber needs of a few years hence, this country will need the production equivalent of around 200 million more acres, based on current yields. Since we do not have this much additional good cropland available in the United States, this production must come largely from increased yields on existing cropland. This is in the face of continuing annual losses of some 400,000 acres of cropland because of erosion, and three times that amount each year through conversion of good farming land to urban and industrial uses.

CONSERVATION—AN ANTI-INFLATIONARY ENDEAVOR

In these times of large budget deficits and great financial pressures on our economy, we must increase our support for programs designed to protect our natural resources. In these times of damaging inflation and high unemployment, we must expand our efforts to preserve our land, reforest our hillsides, and protect our sources of water supply. Only by maintaining our capacity to produce new wealth can we hope to continue to curb inflation, maintain our economy, and keep our money supply tied to something of tangible value.

Increased agricultural productivity is a positive anti-inflationary force since it provides additional supply to offset increased demand. It is to be noted that each dollar of wealth taken from the soil generates about $7 of financial value thoughout the rest of the Nation's economy.

History reminds us of the disastrous effects of inflation on earlier generations and civilizations. During Nero's reign (A.D. 37–68), he devalued the currency by minting 45 aurei gold coins to the pound instead of 42 and by minting 96 denarii instead of 84 to the pound of silver. He not only fiddled while Rome burned, but he made money cheaper while the Roman Empire declined.

During the American Revolution, debts were paid with paper money called continentals. At that time a barrel of flour cost $1,200, a pound of butter cost $12 and a pair of shoes cost $120. Inflation reached the point where no one would accept continentals—thus the saying "Not worth a continental."

In 1862 in the North, a pair of shoes was worth $150, flour sold for $300 a barrel, and beef was $6 per pound. Civil War greenbacks became virtually worthless. In the Confederacy conditions were many times worse.

In Germany during World War I the quantity of paper marks increased from 2 billion in 1914 to 500 quintillion 10 years later. During World War II, the United States loaned Nationalist China $300,000,000, much of which was used by that country to have Chinese currency printed in the United States. Soon thereafter, China had us stop printing $10 bills, because it cost more to print them than they would buy.

Today, with gold removed from our currency, our greenbacks are only a promise to pay, as was the case during our Revolution and the Confederacy in its last days. If inflation continues to devalue our currency, that promise will become less and less dependable—unless we maintain our physical resources at a highly productive level through continued conservation efforts. It has been estimated that, if the 1974 inflation rates were to continue for 24 years, the dollar would be worth 5 cents in 1998.

In determining our budgetary priorities, therefore, we must distinguish between productive expenditures for which a tangible end-product is received and those which produce nothing of use, but provide increased amounts of money to purchase decreased supplies of material goods, with resulting inflation of prices. Since the conservation programs of the Department of Agriculture are productive in nature, they are anti-inflationary in effect. Accordingly, it is far better to spend money and provide employment for the conservation and preservation of our productive physical resources than to use our dollars on nonproductive activities which add to inflationary pressures.

In the opinion of a majority of the Members of this committee the restoration of the President's budget cuts for the agricultural conservation program and the other soil and water conservation programs carried in this bill is not only justified but mandatory—not only because the funds are needed to preserve and protect the basis of our food and fiber supply, but also because expenditures on preservation and improvement of our agricultural production capacity will help to offset the inflationary pressures from other sources.

ORDERLY MARKETING ESSENTIAL

Mr. Chairman, under present farm programs as administered by the Department of Agriculture, orderly marketing is no longer available to the American farmer. With the market stability formerly provided by price support loans gone, many of today's agricultural producers are faced with almost insurmountable threats to their continued operation. In addition to the normal hazards of weather, pestilence, growing financial investment and increasing production costs, all of which most farmers have been able to meet through ingenuity and hard work, agricultural producers are now being also forced to take on the hazards of market instability. With CCC loans no longer available all too frequently the farmer must sell his crops as soon as harvested, regardless of market conditions, thereby often saturating the market and driving prices down to or below the cost of production.

This is especially damaging to our farm economy at this time of great financial strain and increasing financial burdens. The average agricultural producer today must invest as much as $200,000 to begin farming. This is about twice as much as the investment required for each factory worker in industry. It has been estimated that a Midwest wheat farm can require as much as $500,000 or more in capital.

Further, the farmer must finance increasingly inflated costs of farm labor, equipment and other production inputs without adequate assurance of income to meet such expenditures. Frequently, the cost of producing a crop requires the expenditure of a sum equal to the total value of his land. USDA figures indicate that the January 1976 index for prices received by farmers was 186 compared to an index of 191 for prices paid by farmers. Compared to a year earlier, prices received increased by 9 points, whereas prices paid increased by 11 points. This is obviously a losing situation for the farmer.

The average farmer is also faced with increasing land values which make it virtually impossible for him to expand his farming operation to help offset rising production costs or losses at the marketplace.

Further, the normal risks of weather and pestilence—either of which can wipe out his investment overnight—present a continuing threat to farm production. Where formerly it took 7 years of crop losses to put the average farm unit out of business, today a farmer can lose his total investment in a single crop year.

In addition, the 1977 budget proposes to use the entire amount of section 32 funds to support the food and nutrition programs next year. If approved, this would completely eliminate funds which have traditionally been available for use, if needed, to stabilize the prices of perishable agricultural commodities by the purchase and distribution of excess production. Without the availability of these funds, many farmers, faced with the prospect of not recovering their production costs, would be forced to decrease production, with resultant increased food costs to the consumer as demand exceeds supply. The section 32 mechanism can only be effective if adequate funds are kept constantly available to enable USDA to announce that it will move into the market, if necessary, to prevent a glut of one or more commodities, and purchase whatever quantity necessary to balance supply and demand and thereby stabilize the market. The committee has provided in this bill that a minimum of $300 million of the estimated $1,111 million of section 32 funds for 1977 shall be retained by the Agricultural Marketing Service for the traditional production support purposes of section 32 as intended by Congress. To shift these "production-related" funds entirely to the direct support of consumption programs would be to invite the day when there would be too little food to consume because there was not enough produced.

CREDIT NEEDS OF FARMERS

Because of the increasingly insecure financial position of a large number of the Nation's farmers due to the lack of market stability and the other risks outlined above, private financial institutions are turning down an increasing number of farm loans. Information before the committee shows that they have doubled their investments in Federal bonds and other lower risk nonagricultural investments. Contrary to previous practices, they are now referring their agricultural borrowers to Federal lending agencies and are urging the Congress to increase loan funds to the Farmers Home Administration to meet this need. Even the Production Credit Associations of the Farm Credit System are encouraging more of their borrowers to go to FmHA for credit in view of the damaging effect of market instability on the farmer's ability to repay his loan.

USDA figures show that, whereas the average loan for farming operations in the middle 1930's was about $4,000, it is over $100,000 today. Total farm debt has increased by 250 percent in the past 11 years, from about $37 billion in 1965 to around $92 billion today.

The Kiplinger Agricultural Letter of April 23, 1976, had this to say about the growing capital requirements and future debt prospects of American farms:

> Lenders are shocked by the sharply rising capital needs of farms. Runaway costs: Farmland. Machinery. Buildings. Labor. Supplies. A few years ago, a person could get started for $200,000. Now $500,000. And while net worth of farmers is 3 or 4 times that of nonfarm people, their assets are tied up in the stuff that they need to make a living. They live poor . . . and die rich. The wealthiest folks in the cemetery.
>
> Meanwhile lenders worry about the big risks . . . going out too far.
>
> New ways of farm financing will be needed, credit experts agree, because young farmers will not be able to pay off the debt load required. They would be too pinched. Monthly payments too high for good cash flow.
>
> Perpetual debt will be a way of life with many farm operators. People buying in. Meeting interest charges. But little amortization. A man will hold title to a farm and carry debt as General Motors does. In many cases, there will be openended credit . . . farming on the cuff. People who inherit the farm will inherit the debt and will pass it on. This may strike you as far out, but economists don't see any other way.

MUST RETURN TO STABLE FARM PRICES

Mr. Chairman, it is essential, therefore, that we restore some system of price assurance at a level which will protect the agricultural producer at least on his cost of production, plus a reasonable margin of profit to enable him and his family to continue to produce the food and fiber needed to meet the demands of consumers, both at home and abroad. Anything less will certainly bring financial ruin for our agriculture establishment, with a resulting severe depression extended to all segments of our economy. Even the urban press is now recognizing that the severe fluctuations of market prices for agricultural products are as damaging to the consumers as to the producers. And, urban consumers now recognize the necessity for those engaged in agriculture to receive cost of production plus a reasonable profit if they are to stay in business.

It becomes necessary, also, to reconsider channeling into and out of the Commodity Credit Corporation stocks of grain, cotton and other agricultural products to enable an arm of our Government to assure that our commodities remain available in world markets at competitive prices. To retain our overseas customers, we must provide quality merchandise and must assure them of a continuing source of supply. Also, we must have sufficient quantity on hand to make unnecessary any future embargoes on foreign sales—a practice which in recent years has shaken the confidence of our customers in this country as a consistent supplier.

As pointed out last year, farm exports of $21.3 billion in 1974 helped to pay for agricultural imports of $9.6 billion and provided some $11.7 billion toward the 1974 increase of nearly $16 billion in foreign oil imports. The picture for 1975 is much the same, with exports of about $22 billion and imports of $10 billion, leaving about $12 billion of net exports to strengthen the dollar in international markets. And, according to USDA officials, the world economy is expected to recover gradually in 1976, creating demand for U.S. farm products in the future.

THE LESSONS OF HISTORY

To refresh our memories as to the consequences of a serious farm depression, we need to recall the causes and effects of the Great Depression of the 1930's. As pointed out in previous committee reports, in the late twenties and early thirties, a drop in the purchasing power of those engaged in agriculture not only wrecked farming but dragged down the economy of the whole Nation.

History reminds us that the seeds of the Great Depression of the 1930's were sown in the agricultural depression of the 1920's which followed the First World War. The failure to maintain farm exports or to support farm prices and income during this period, and thus to maintain farmers' purchasing power, weakened banking and business throughout the country. Yet, people frequently fail to remember the lessons of the terrible financial crises of the 1920's and 1930's. It was graphically illustrated in 1921, in 1929, and again in 1937 that, if the farmer's prices and purchasing power collapse, the whole economy suffers both in the cities and in the rural areas.

It will be recalled that after the First World War ended, the Government announced that it would no longer support the price of wheat. Wheat which had brought $2.94 a bushel in Minneapolis in July 1920, brought $1.72 in December 1920, and 92 cents a year later. Agricultural prices in general collapsed. Cotton fell to a third of its July 1920 price and corn by 62 percent. The Yearbook of Agriculture of 1922 shows that the total value of agricultural products dropped from $18,328 million in 1920 to $12,402 million in 1921. As a result of the agricultural crash of 1920–21, 453,000 farmers lost their farms. Many others remained in serious financial trouble which, in turn, were reflected by failures of local banks.

It has been said there were more suicides during this period among those who didn't know what a farm was than in any other period in our history. This tragic depression was the result of the breakdown in farm or commodity prices which had led to a fall in prices, income and values throughout the economy.

It was a sad way to learn it, but people at that time came to realize that real wealth starts with material things—corn, wheat, cotton, food crops of all kinds, and other raw materials—and that the general economy was primed by the sale of raw materials since, in general, the total national wealth averages some seven times the sales value of the farm or raw material production.

With less than 5 percent of our people engaged in agricultural production, with only 14 out of 435 congressional districts classified as rural, and with a news media that appeals to the urban-oriented nonfarmers, it is increasingly urgent that these lessons of history be reviewed frequently by each new generation and that they be heeded constantly by those who are responsible for the preservation of a sound and productive agricultural establishment in the United States. Further, it is essential that urban and rural interests cooperate fully to assure that we remain a Nation of plenty.

We can no longer afford to gamble with our food supply on a "boom-or-bust" basis. If we keep agriculture prosperous, our whole economy will be prosperous. But, if we let agriculture fail, the rest of our country will fail with it! History shows that this has been so in the past and will continue to be so as long as this Nation exists in its present form!

SUMMARY OF COMMITTEE ACTION ON THE BILL

Mr. Chairman, the major problem facing the committee in the consideration of the 1977 budget was the President's proposal to reduce many ongoing programs, largely for essential conservation and rural development programs, by nearly $700 million. Testimony received from departmental, congressional and public witnesses concerning the serious financial problems facing many farmers today, the threatening dust bowls and the other serious conservation problems in large areas of the country, indicates conclusively that this is not the time to reduce our efforts in these areas, which are so essential to the production of adequate supplies of food and fiber and to the protection of the basis for the economic health of agriculture and the Nation. Accordingly, the committee recommends the restoration of approximately $645 million of these proposed cuts, a complete list of which appears on page 28 of this report. This is fully offset by a recommended reduction in funds requested to restore capital impairment of the Commodity Credit Corporation.

The bill recommended by the committee provides a total of $11.7 billion of new obligational authority—NOA—for fiscal year 1977, a decrease of nearly $1.9 billion from the amount provided for 1976. The increase of $238 million over the 1977 budget estimate, is due to the subsitution of $300 million of NOA for the proposed transfer of this amount from section 32 funds for the child nutrition programs, with some offsetting reductions throughout the bill in GSA space costs and other lower priority items. This additional $300 million of NOA, therefore, is fully offset by the reduction in section 32 transfers.

The bill also includes loan authorizations totaling $6.5 billion, a decrease of $280 million from 1976 because of disaster loans and a net increase of $670 million over the budget estimate.

Over $7.2 billion—61.7 percent—of the total new obligational authority carried in the bill is for the domestic food programs of USDA, including child nutrition programs, elderly feeding, special food for women, infants, and children, food donations, and food stamps. In addition, the bill authorizes the transfer of $811 million from section 32 funds for these programs, thereby providing a total of over $8 billion—64.2 percent—for title III of the bill. The committee has agreed to the full budget estimates for these programs and has restored the budget reduction proposed for the special milk program. It has also restored funds for nonfood assistance and nutritional training surveys within the total provided for the child nutrition programs. The full budget request of $4,794.4 million for the food stamp program is recommended; however, actual expenditures required in the next fiscal year for this purpose will depend largely on proposed changes in departmental regulations and/or legislative revisions finally adopted.

The sum of $1,208 million of NOA, approximately 10 percent of the bill, excluding loan funds, is provided for the international consumer programs under title IV of the bill. This includes $1,169 million, the full budget estimate, for the sales and donation programs under Public Law 480.

Thus, a total of over $9.2 billion is recommended under titles III and IV for the domestic and overseas consumption programs of USDA, which is nearly three-fourths of all funds in the bill, excluding loan authorizations. This is about six times as large as the NOA included under title I for the programs of USDA which contribute to the production, processing, and marketing of the agricultural products required to meet the demands of domestic and foreign consumers. It is over six times greater than the NOA provided for the rural development and assistance programs under title II which contribute to the quality of rural living and to the conservation of our natural resources required to provide these basic supplies of agricultural commodities. It is three times larger than the combined total of these production type programs under titles I and II of the bill.

The committee again points out the necessity of maintaining a reasonable balance between the programs under titles I and II which help to provide our food supplies and the program under titles III and IV which provide assistance to the consmers of those commodities. The level of funds required for the consumption programs is primarily determined by basic law and, therefore, is largely beyond the discretion of the committee. The committee has felt it essential, therefore, to recommend the restoration of most of the budget cuts, plus a small amount of additional money for the research, extension, conservation, rural development, and other production programs in the bill to assure a proper balance between the two major areas of USDA program responsibility.

At this point in the RECORD I would like to insert a table which summarizes the major budget cuts the committee has recommended restoring:

SUMMARY OF BUDGET CUTS RESTORED

[Amounts available in 1976, the budget cuts proposed for 1977, and the restorations recommended in the bill]

	NOA, 1976	Budget cut, 1977	Restoration, 1977
TITLE I—AGRICULTURAL PROGRAMS			
Agricultural Research Service: Dairy herd improvement	$1,500,000	−$1,500,000	+$1,500,000
Animal and Plant Health Inspection Service:			
Burrowing nematode	372,000	−372,000	+1,500,000
Japanese beetle	1,159,000	−1,159,000	
White-fringed beetle	115,000	−115,000	
Total	1,646,000	−1,646,000	+1,500,000
Cooperative State Research Service: Rural development research	1,500,000	−1,500,000	+1,500,000
Extension Service:			
Nutrition education program	50,560,000	−10,170,000	+10,170,000
Rural development	1,000,000	−1,000,000	−1,000,000
Title V, Rural development	1,500,000	−1,500,000	+1,500,000
Total	53,060,000	−12,670,000	+12,670,000
Statistical Reporting Service: Floriculture surveys	161,000	−161,000	+161,000
Agricultural Marketing Service: Payments to States and possessions	1,600,000	−1,600,000	+1,600,000
TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS			
Agricultural Stabilization and Conservation Service:			
Agricultural conservation program	190,000,000	−190,000,000	+190,000,000
Water Bank Act program	10,000,000	−10,000,000	+10,000,000
Forestry incentives program	15,000,000	−15,000,000	+15,000,000
Total	215,000,000	−215,000,000	+215,000,000

SUMMARY OF BUDGET CUTS RESTORED—Continued

[Amounts available in 1976, the budget cuts proposed for 1977, and the restorations recommended in the bill]

	NOA, 1976	Budget cut, 1977	Restoration 1977
TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS—Continued			
Farmers Home Administration:			
Rural development grants	11, 875, 000	−11, 875, 000	+11, 000, 000
Rural water and waste disposal grants	250, 000, 000	−250, 000, 000	+200, 000, 000
Rural housing for domestic farm labor	7, 500, 000	−7, 500, 000	+6, 000, 000
Mutual and self-help housing	9, 000, 000	−9, 000, 000	+9, 000, 000
Rural community fire protection grants	3, 500, 000	−3, 500, 000	+2, 500, 000
Total	281, 875, 000	−281, 875, 000	+228, 500, 000
Soil Conservation Service:			
River basin surveys and investigations:			
Cooperative surveys	10, 343, 000	−500, 000	+500, 000
Watershed planning	10, 834, 000	−1, 200, 000	+1, 200, 000
Watershed and flood prevention operations:			
Public Law 534 operations	25, 383, 000	−6, 029, 000	+6, 000, 000
Public Law 566 operations	119, 223, 000	−5, 181, 000	+5, 000, 000
Great Plains conservation program	20, 379, 000	−15, 201, 000	+15, 201, 000
Resource conservation and development:			
Technical assistance	16, 514, 000	−2, 701, 000	+8, 500, 000
Cost-sharing assistance	10, 300, 000	−5, 800, 000	
Total	212, 976, 000	−36, 612, 000	+36, 401, 000
TITLE III—DOMESTIC FOOD PROGRAMS			
Food and Nutrition Service:			
Child Nutrition Programs:			
Nonfood assistance (earmarked)	(20, 650, 000)	(−20, 650, 000)	(+28, 000, 000)
Nutritional training and surveys (earmarked)	(700, 000)	(−700, 000)	(+700, 000)
Special milk program	144, 000, 000	−144, 000, 000	+144, 000, 000
Total	144, 000, 000	−144, 000, 000	+144, 000, 000
TITLE IV—INTERNATIONAL PROGRAMS			
Foreign Agricultural Service:			
Agricultural attaches	9, 942, 000	−191, 000	+2, 000, 000
Foreign market development	20, 064, 000	−1, 288, 000	
Total	30, 006, 000	−1, 479, 000	+2, 000, 000
Grand total	943, 324, 000	−698, 043, 000	+644, 832, 000

OTHER COMMITTEE RECOMMENDATIONS

Mr. Chairman, in addition to the restorations of budget cuts I have mentioned the Committee has found it necessary to recommend a modest increase above the budget in funds for certain essential purposes which I will also provide for the record.

Title I—Agricultural programs:	
Agricultural Research Service:	
National food consumption survey	[1] $1, 650, 000
Research on minor use pesticides	500, 000
Blueberry-cranberry research	100, 000
Sugar beet research	215, 000
Research on cherries	107, 000
Rsearch on dried beans	150, 000
Sugarcane research (Houma, La.)	450, 000
	3, 172, 000
Animal and Plant Health Inspection Service: Witchweed eradication	1, 200, 000
Cooperative State Research Service:	
Soil erosion in Pacific Northwest (STEEP)	200, 000
Research on minor use pesticides	500, 000
	700, 000
Extension Service:	
1899 Land-Grant Colleges and Tuskegee Institute	500, 000
Increased urban activities and penalty mail costs	5, 000, 000
Funds for pilot projects in New York, Chicago, Los Angeles and other major cities (earmarked)	(1, 500, 000)
	5, 500, 000
Title II—Rural development and assistance programs:	
Farmers Home Administration: 400 additional positions	5, 000, 000
Very low-income housing repair grants	5, 000, 000
Total	20, 572, 000

[1] Provides a total of $4.5 million for this purpose.

Further, Mr. Chairman, the committee has retained a minimum of $300 million of the estimated $1,111 million of Section 32 funds for 1977 for use by the Agricultural Marketing Service for the traditional production-support purposes intended by Congress when it established this fund. This has been necessary to assure that adequate funds are available to enable USDA to announce a program when required and to purchase commodities which might become surplus to market demand and thereby stabilize the market by bringing supply and demand back into balance. By having sufficient funds available in the past, the Department has frequently had to spend little or nothing to provide such stability. The withdrawal of these funds from use for the food and nutrition programs has made it necessary for the committee to recommend an offsetting amount of NOA to fully fund such programs at the level proposed in the 1977 budget.

Also, Mr. Chairman, the committee has restored funds for the loan programs of the Farmers Home Administration under title II. I will provide a table for the record, detailing these restorations:

	Millions
Water and waste disposal loans	$130
Farm ownership loans	100
Soil and water loans (individuals)	50
Subsidized loans:	
Domestic farm labor (Sec. 514)	10
General purpose housing (Sec. 502)	250
Rental or cooperative housing (Sec. 515)	120
Unsubsidized loans:	
General purpose housing (Sec. 502)	−10
Rental or cooperative housing (Sec. 515)	25
Repair loans [1]	−5
Net restoration	670

[1] NOTE.—The Committee has continued $20 million for minor housing repairs—$15 million for housing repair loans and $5 million to reinstate housing repair grants under Sec. 504, to be limited to needy elderly persons in rural areas.

Mr. Chairman, in addition, an increase of $500,000,000 is recommended for guaranteed loans for moderate-income housing under section 502.

For the Rural Electrification Administration under title II, the committee recommends that no monetary limitations be placed on the guaranteed loans for electrification and telephone programs. It also recommends that the insured loan programs for both purposes be approved at the levels proposed by the 1977 budget—a continuation of the 1976 level.

MEASURING THE RISK—DELANEY CLAUSE

Mr. Chairman, with regard to the Food and Drug Administration and measuring technology, the committee would like to point out that it is not how small an amount that can be measured but it is the effect that is important. I would like to read from a table which is illustrative of how much of a banned substance a human would have to consume to equal the amounts given experimental animals:

* * * the following are ingredients that have been banned as a result of the lack of proof of safety, and because they induced cancer in laboratory testing of animals. The equivalencies of required intake by man of affected products are, of course, just simple mathematical projections. They are intended only to provide a general perspective of required consumption based on the levels of carcinogens used in laboratory experiments.

Cyclamate.—A 12 ounce bottle of soft drink may have contained from one-quarter to 1 gram of sodium cyclamate. An adult would have to drink from 138 to 552 12 ounce bottles of soft drink a day to get an amount comparable to that causing effects in mice and rats.

Oil of Calamus.—In order to get an amount comparable to that which caused effects in rats, a person would have to drink 250 quarts of vermouth per day.

Safrole.—A person would have to drink 613 12 ounce bottles of root beer flavored soft drink or eat 220 pounds of hard candy per day to get an amount comparable to that which caused effects in rats.

1.2 - Dihydro - 2.2.4 - trimethylquinoline: polymerized.—A plasticizer used in packaging material. If all foods in the diet were to be packaged in this material, a person would have to eat 300,000 times the average daily diet to get an amount comparable to that which caused effects in rats.

4.4 Methylenebis (2-chloranaline).—A plastic curing agent used in food contact surfaces. If all foods in the diet were exposed to this material, a person would have to eat

> 100,000 times the average daily diet to get an amount comparable to that which caused effects in rats.
>
> *DES.*—Based on findings of 5 percent of liver samples containing 2 ppb of DES, and assuming that 2 percent of the average diet is beef liver, a person would have to consume 5 million pounds of liver per year for 50 years to equal the intake from one treatment of day-after oral contraceptives.

Mr. Chairman, in the 1950's instruments could measure in parts per million, in the 1960's in parts per billion, and in the 1970's in parts per trillion. In other words, measuring devices are one million times more sensitive today than when the controlling law was enacted. Thus, improved analytical methods now permit the detection, identification, and measurements of substances which had once been considered to be absent: "zero residues." In a regulatory context, this means that an acceptable product may have to be designated as a non-acceptable product, not because of actual changes in the material itself, but because of changes in the techniques used to examine it. What should be emphasized is the practical effect on human health rather than the technological pursuit of measuring infinitely small quantities against a zero tolerance.

The committee has been pleased to note that the news media is beginning to recognize these facts, particularly since, if the present trend continues, food prices could get beyond the ability of people to pay.

There can be no such thing as absolute safety. It is impossible to prove that any substance will under no circumstances injure anybody, anywhere, at any time. But one can say, after careful scrutiny of all known factors, that a given substance in given quantities is very unlikely to hurt anyone.

Some sort of balance must be sought between the ability to perform more sensitive and finer analyses and the interpretation of the findings which derive from such analyses. There should be realistic standards of risk upon which regulatory judgments can be based. At the very least, if it would be physically impossible for a person within his lifetime to consume a sufficient quantity of a substance to equal the amount which caused effects in test animals, then it appears logical that the substance should not be banned solely on the basis of high-dosage laboratory phenomena. This line of reasoning accrues additional significance in light of the problems of continuing to provide consumers with cheap and abundant food. This attitude was once captured in a few lines I will read from the New England Journal of Medicine:

> So let your life be ordered. By each documented fact. And die of malnutrition. But with arteries intact.

Testimony before the committee has highlighted the fact that the Secretary of HEW is charged with the responsibility of approving a method for the measurement of residues. The law does not require the present practice of using the most sensitive method available. The committee has called for attention to selecting practical criteria for approving a method, or methods, which protects public health.

GSA CHARGES

Also, Mr. Chairman, for each agency in the bill, the committee has recommended denial of increased funding to the General Services Administration for charges relating to space rental and services. It is the intent of the committee, as it was last year, that agencies not be directly or indirectly charged, and that their Treasury accounts not be drawn against, for any amounts to GSA in excess of those specified in the report.

NATIONAL FINANCE CENTER

Recently the Department contacted the committee regarding a proposal to provide to the Environmental Protection Agency the financial data processing services of the National Finance Center. The committee believes it is evident that the Department has enough problems of its own at this time without getting into new reimbursable contracts with other agencies. The Department's data processing activities and related problems have been of continuing concern to the committee. Several days ago, we received a letter from the Commodity Futures Trading Commission expressing its dissatisfaction with services offered by the National Finance Center. Both the EPA and USDA would be better off without adding EPA to those being served by the National Finance Center.

Mr. Chairman, I could go on and on, but I think all of these things are spelled out in great detail in our bill. We bring the Members a good bill. I am proud to say, throughout the years we have had a very fine staff and a fine group of associates on the subcommittee. We have always brought to the Members a committee bill. This bill reflects not only the views that I have, but the views of the members of the subcommittee. We, in turn, hear hundreds of witnesses, counsel with our friends on other committees, and do everything we can to bring the Members a bill based on honest, straightforward information.

I say again, our good friend from Tennessee, Joe Evins, yesterday said that the public works bill was an all-American bill. I say to the Members that the bill before them today is the basis of our total economy. Everything that we have, everything that we owe, every obligation we incur, goes back to the land. In this period when we have taken silver out of our coinage, when we have taken gold from behind our currency, when the money in our pockets is nothing but a promise to pay, and no man signs anybody's notes, the one thing we can do is see that those who have the means of taking care of the land for the rest of us prosper in line with the rest of the country so that we may eat, so that we may pay our debts abroad, so that we might keep the other 95 percent able to do something else.

Mr. Chairman, we bring the committee a good bill and we ask for its support.

Mr. JOHNSON of Colorado. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum will have a minimum of 15 minutes to record their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 384]

Andrews, N.C.
Badillo
Beard, R.I.
Bell
Blouin
Brown, Calif.
Burton, John
Cederberg
Chisholm
Conlan
Conyers
Corman
Crane
D'Amours
Daniels, N.J.
de la Garza
du Pont
Emery
Esch
Eshleman
Evins, Tenn.
Ford, Mich.
Harsha
Hawkins
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Jarman
Karth
Kemp
LaFalce
Leggett
Litton
McKinney
Mathis
Matsunaga
Meeds
Milford
Mink
Nowak
Obey
O'Hara
Passman
Rees
Riegle
Roberts
Rooney
Rousselot
Roybal
Satterfield
Scheuer
Schneebeli
Schroeder
Shuster
Stark
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Thompson
Thone
Udall
Vanik
Waxman
White

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Gibbons, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14237, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 363 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to reemphasize what the distinguished subcommittee chairman has already pointed out. It is a pleasure to work with him and the other members of our committee. This is not just a funding bill for farmers. Out of the $12.5 billion provided in this bill, more than 64 percent goes for domestic food programs, much of which is mandated and other which the Committee on Appropriations has little, if any, control.

Only $1.5 billion goes for the actual operations of all our land and water conservation and agricultural research programs. This $1.5 billion for agricultural programs is a very modest investment to maintain the massive productive food and fiber capacity in our land. Year after year not only do our 2 million farmers produce an abundance of food for more than 200 million people in this country, but we are also exporting more than $23 billion worth of food to foreign markets, which is the main reason we can maintain a favorable balance of trade and pay for the tremendous amounts of oil we must import to keep our factories running.

Mr. Chairman, I would like to point out to my colleagues representing metropolitan constituents that while their people, just like my wife, complain about the high cost of food in the grocery store, this Nation has the best buy in food of any country in the world. Less than 17 cents of every take-home dollar goes to purchase food in the United States, compared to 45 cents in Russia and Japan, for example. There is that loaf of bread that we have heard a lot about in the last 2 or 3 years with fables about how agricultural exports and better farm prices are increasing the cost of a loaf of bread. Despite what the bakers and other people may want us to believe, there is only 1.2 cents worth of wheat in a loaf of bread for every dollar a bushel of wheat is worth. Today, with wheat selling at $4 a bushel, there is 4.8 cents worth of wheat in that loaf of bread. The consumers of this country get a whale of a lot more benefit from the export of wheat, of which we produce three times as much as we can consume in this country every year, than they ever really realize.

Mr. Chairman, may I also point out that if we did not have our $23 billion in farm exports, we would have a deficit balance of payments that would further devaluate the dollar and trigger more inflation.

People in the cities should be just as ardently in favor of farm exports as people on the farms. Further, our food power pays for our fuel power, without which our utilities and factories cannot run and our unemployment would sharply increase. Last month, as we know, we passed the dividing line when for the first time in history we imported more oil than we produced domestically.

Mr. Chairman, in this frame of reference also I would like to note that our subsidy to food users in the past decade has risen from $6 million to $6 billion, mandated by the Congress. A decade ago we were spending $6 billion on production incentive programs; subsidies, if we want to call them that, to keep the price of food low and these subsidies to the farmer made up for what he did not get in the market place.

The public demanded, and this Congress reacted, to cut out these production subsidies, and we did, so we remove $6 billion from the production side. The public asked help for the welfare recipient, and the Congress responded. We added $6 billion for food stamp and other food programs. The $6 billion removed from the production and added to the demand side is a net increase of $12 billion in food demand created, not by the consumer, but by this Congress. It is a matter of arithmetic that more people should be aware of.

Relatively unnoticed during the same period of time was the fact that farm exports have climbed from a level of $6 billion annually to nearly $23 billion now. This is a net increase of some $17 billion, and last year that $17 billion amounted to just about what the Arab oil nations charged us extra for their oil. Without the farmers' productivity, we could not possibly have afforded the increased price of oil to keep the factories running in Massachusetts, Pennsylvania, and New Jersey, and our Nation's economy would be in a whale of a lot worse shape.

This is why the public—certainly the Congress—should realize that the provisions for agricultural research, the incentives in this bill to protect our land, the other provisions on the agricultural side of this budget, help the entire country, wherever people may live.

Finally, and most important of all, is the role our agriculture plays in contributing to world peace and as a bargaining instrument in international relations. I am sure all the Members saw a story in this morning's Washington Post about the impending global food disaster in the world by 1985, a problem that already exists throughout the so-called famine belt. The gentleman from Washington (Mr. FOLEY) and I were honored to be delegates from this House of Representatives to the FAO meeting last fall in Rome. While there, we had the opportunity of talking first hand to individuals from the "have not" countries around the world. Their problem is, how do you raise your children to age 10 without having them die of malnutrition before they get out of childhood—and half the children in some of these underdeveloped countries face that fate.

Actually, I think it is long past time more of us realize how the countries in this world look at America. They are not all that impressed with our atomic weaponry, nor even with our man in space or our man on the Moon, but they are impressed with the productivity of the American family farm, which produces enough food for America and quite a bit left over. It is the greatest weapon for peace we can have, because it is an example to show that the American system works, and it is one of the reasons why a lot of these underdeveloped countries still hang on, looking toward our Nation as the potential moral leader in a more and more troubled world.

We can talk all we want to about the oil power of the OPEC nations but people cannot eat oil. We can talk about giving tanks, planes and arms to restless, hungry nations—and we have done our share of that—but people do not eat bullets. We have in this Nation the productive factor of our land, our farmers, our water, our climate, to create the most enduring peace in our history. This agricultural research and land conservation area is where we put increases over the budget, but we still have a bill well under the restrictions of the House Budget Committee.

Mr. Chairman, I urge the support of my colleagues for the bill.

Mr. WHITTEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Kentucky (Mr. NATCHER), a longtime member of the subcommittee.

Mr. NATCHER. Mr. Chairman, the Subcommittee on Agriculture and Related Agencies Appropriations once again brings to the floor of the House for your approval the annual appropriations bill for fiscal year 1977.

In this bill, we recommend a total of $11.7 billion for new obligational authority for fiscal year 1977. This is a decrease of nearly $1.9 billion from the amount provided for 1976. The increase of $243 million over the 1977 budget estimate is due to the substitution of $300 million of NOA for the proposed transfer of this amount from section 32 funds for the child nutrition programs with some offsetting reductions throughout the bill in GSA space costs and other lower priority items. This additional $300 mililon of NOA, therefore, is fully offset by the reduction in section 32 transfers.

Mr. Chairman, this bill also includes loan authorizations totalling $6.5 billion, a decrease of $280 million from 1976 because of disaster loans and a net increase of $670 million over the budget estimate; 61.7 percent or $7.2 billion of the total new obligational authority carried in the bill is for the domestic food programs of USDA, including child nutrition programs, elderly feeding, special food for women, infants and children, food donations, and food stamps. We have restored a number of amounts for important services which were deleted in the budget presented to our committee.

I believe that one way to assist agriculture is to keep our farm land in production and through our soil conservation and ACP programs see to it that it is preserved. Along with our production we must have an increase in income. Our Extension Department, Soil Conservation Service, Agricultural Stabilization and Conservation Service, Rural Development Service, Farmers Home Administration, Foreign Agricultural Service, Research and Control Services have all along with all of the other agencies within the Department of Agriculture produced great benefits for our American farmer.

Nearly every year the members of our Subcommittee on Agriculture Appropriations have to restore funds in the bill for Soil Conservation Service. This year for our Soil Conservation Service we had to restore for all the programs under this Service, funds totaling $36,401,000 which were deleted. For watershed planning, we restored $1,200,000 and for technical assistance and cost sharing, we restored $8,500,000.

In the Farmers Home Administration we had an overall reduction in the bill as presented to our committee. We restored the sum of $10 million for rural development grants and $200 million for rural water and waste disposal grants. The sum of $9 million was placed back in the bill for mutual and self-help housing and $6 million was added for the rural housing for domestic farm labor program.

In our Extension Service we restored the sum of $10,170,000 for the nutrition education program and $1 million for rural development.

Mr. Chairman, throughout the bill we have placed amounts which at least carry existing programs at the 1976 level and we have restored amounts which are essential to this bill.

There are only about 4½ percent of the people in this country engaged in agriculture, and those engaged have an average investment of some $169,000 to $188,000 per farmer. As we all know, Mr. Chairman, our country is rapidly becoming the food basket of the world and the American farmer should be receiving more income for his products.

When the Secretary of Agriculture appeared before our subcommittee to testify in behalf of his budget request for the fiscal year 1977, I asked him the same question that I did a year ago concerning the necessity of additional income for the American farmer. Unless the American farmer receives a more adequate share of our national income we will be in more serious trouble economically than we are today. When agriculture is in trouble our whole economy is in serious trouble. An average of nearly 800,000 people have left the farm in each of the last 5 years and we are now down to a farm population of about 10 million people as compared to 2½ times that number in 1950.

Mr. Chairman, a great many of our young people on our farms have no chance to get started in agriculture unless they either inherit a farm or succeed in borrowing a large sum of money to invest in land which is adequate for a living. This is one of the main reasons, Mr. Chairman, why the bill that I introduced a number of months ago which increases the Federal estate exemption from $60,000 to $200,000 should be enacted.

Our farmer knows how to produce and today our country is the world's largest exporter of food to the other nations of the world. If our country is to survive and prosper, we must continue to be interested in and to assist when necessary our custodians of the natural resources in this country. It is imperative that we reforest our lands, protect our watersheds, and conserve the soil and water in this country. We must leave to the future generations a fertile land and a land sufficient to produce food for our people.

For our Agricultural Research Service we recommend the sum of $267,570,000. This Service directs research which is beneficial to our entire country and especially to the American farmer.

We have an adequate amount in this bill, Mr. Chairman, for our tobacco program. For research we have an amount which could be and should be increased at least up to the 1970 fiscal year level.

For Extension we recommend, Mr. Chairman, the sum of $236,947,000. During the hearings, I directed questions to the Administrator of this Service concerning the salaries of Extension agents in Kentucky. During the past 7 years we have succeeded in having our agents' salaries increased, but salaries are still too low in the State of Kentucky. The hearings disclose fully the colloquy that I had concerning this matter.

Mr. Chairman, for our Agricultural Marketing Service we recommend $56,984,000.

For our Packers and Stockyards Administration we recommend $5,226,000.

The assets invested in agriculture today exceed those of any of the next 10 largest industries. Agriculture employs more workers than any other major industry, and, in fact, employs 23 times the number of people employed in the coal and oil industry and five times more than the number employed in the automobile industry. Agriculture is one of the major markets for the products of labor and industry. Agriculture spends more for equipment than any of the other large industries. It uses more steel in a year than is used for a year's output of passenger cars. It uses more petroleum products than any other industry in this country. It uses more rubber each year than is required to produce tires for 6 million automobiles. Its inventory of machinery and equipment exceeds the assets of the steel industry and is five times that of the automobile industry.

Today in our country we have in cultivation some 385 million acres of land. We have some 300 million acres in crops harvested.

Mr. Chairman, under no circumstances should amendments be adopted to this bill which seek to destroy programs which are now producing benefits to the American farmer. Again, I want to say that when agriculture is in trouble, our entire economy is in trouble.

Mr. Chairman, we recommend this bill to the House of Representatives.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. Robinson), a member of the committee.

Mr. ROBINSON. Mr. Chairman, the gentleman from Mississippi mentioned in his opening remarks with respect to this bill that it is the basis for our total economy, and he cited the excellent report which does accompany the bill, a remark with which I certainly concur because I think it is an excellent report, and I commend it to the study of my colleagues.

Mr. Chairman, I particularly would like to refer to the comments in the report on pages 2 and 3. This is the time when it is very popular to attach very provocative titles to bills that we bring to the floor. The suggestion is made in the report that this bill might have such a provocative title and, in fact, a number of such titles. It is mentioned that it might be called "A Bill for the Protection of Public Health," for example, because it carries the funds for the inspection of meats and vegetables and other foods, and it makes sure that the food that does come to our tables is good and wholesome.

It is mentioned that it might be called "A Bill for the Protection of Industry and Labor," for in order to produce the high standard of living for the 95-percent nonfarm population, American agriculture has become the country's largest market for products of industry and labor.

Or it might be called "A Bill for the Development of Rural America," because it contains funds to expand and strengthen the programs of the Farmers Home Administration, with its loans and grants for sewer and water systems and for loans to the farmers themselves.

Likewise, it might be called "A Bill to Reduce Pollution," for it includes the funds for our agricultural conservation program and other soil conservation and watershed protection and flood prevention programs, in order to reduce the amount of pollution that would otherwise be caused by too much water running down too many hills.

But I think the most significant comment to be made with respect to this bill was that which was mentioned by the gentleman from North Dakota, in terms of the proportion of the bill that goes for the various programs that are covered by the funding that it includes. I am referring particularly to the shift in the direction of funding in the bill over the period of the last several years, from the point where we had $6 billion in programs to support agriculture and encourage production, to where we now have $6 billion being devoted to food stamps instead. If we include the overseas food programs which are listed under title IV of the bill, $1.2 billion in new obligational authority—which is about 10 percent of the bill—we then find that 74 percent of the new obligational authority in the bill, nearly three-fourths of the bill's funds, are for the consumption side of agriculture—to encourage consumption, to buy food in various programs, nutritional programs, for the children, for the elderly, food stamps, and a variety of others, including the milk program. Three-fourths of the money in this bill goes for projects in this direction at the present time.

I suggest to the Members that it is wise and proper that we have restored the programs that were suggested for elimination by the administration, in terms of bringing our agriculture a balanced program. Only one-fourth of the money in this bill is going to encourage agricultural production and to support agricultural research.

I think that that one-fourth is a reasonable balance and one which should be maintained in the interest of having a healthy agriculture and thus a healthy economy, as our subcommittee chairman said, because this bill is the basis for the total American economy. A most significant economic impact is wrought by this bill and the economy it addresses; it assumes greater importance than any other single factor in our economy today.

Mr. Chairman, I highly recommend the bill to my colleagues.

Mr. WHITTEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Michigan (Mr. Traxler), a member of the subcommittee.

Mr. TRAXLER. Mr. Chairman, I rise in complete support of H.R. 14237, the fiscal 1977 appropriations bill for the Department of Agriculture. As a member of the Subcommittee on Agricultural Appropriations, I am very much aware of the quantity and quality of requests for funding that were placed before our subcommittee, and I am quite pleased that under the able leadership of Chairman WHITTEN, and with some excellent assistance from Mr. ANDREWS of North Dakota, this legislation balances out the need for programs of benefit both to rural areas and farmers. I would like to take this opportunity to discuss with you and all of my colleagues today the importance of this legislation.

We were faced with a budget request from the President that would have eliminated the effective expansion of any USDA program, would eliminate many needed grant programs, and tacked on additional funds for administrative expenses which did little to help the American farmer or our small cities and villages.

We heard from witnesses within the Department who told us that USDA programs could continue to provide services to our rural areas, but they could not quantify in any respect the impact that the proposed cuts would have on the operations of these programs.

We heard these same witnesses tell us that USDA could afford to eliminate rural grant programs under the Farmers Home Administration because rural areas could receive grants for waste water treatment and development from other Federal agencies. When we asked what those agencies were and how they could help rural America, the only response they could provide us with was a vague one which indicated how much money was in the total program, but not how much would go to rural areas. When we provided them with the record of the availability of these alternative programs in rural areas, they could not deny that rural America received only a minuscule portion of these funds and that there was absolutely no reason for us to believe that the level would change. Again, all they could tell us was that the money was there if we looked at the whole budget for the "other programs."

We also heard from witnesses who represented the farmers that produce the food in this country. They told us that if we accepted the budget as designed, we could expect to see the ability of American farmers to produce high yield, quality crops to diminish. Research funds did not go far enough to protect our crops. Elimination of programs such as the dairy sire summary program would force American dairy farmers to lose access to the most effective statistical summary of dairy production and analysis in the entire world.

We heard all of these witnesses and we decided that the American farmer would suffer a terrible injustice if we accepted the budget as it was presented to us. The administration cuts in funding for agricultural programs were far greater on a percentage basis than the cuts in the programs of any other Department. In fact, these cuts were in the programs that time after time the Congress has most overwhelmingly supported. We studied the facts and provide to you today what we consider to be the program that is essential to preserve the strength of our farmers, our rural areas, and all programs that will have an impact on what food is available for the American consumer.

We have restored the grant programs in the Farmers Home Administration, and we have essentially maintained them at fiscal 1976 levels. We have restored programs that service our rural areas such as the agricultural conservation program and the forestry incentive program and the water bank program within the Agricultural Stabilization and Conservation Service. We have restored the dairy sire summary program to maintain an excellent source of information and services for our dairy farmers. We have restored cuts in the expanded nutrition program, State administrative expenses in the school lunch program, and restored entirely the special milk program. All of these will guarantee that all Americans will have the opportunity to have sources of assistance if they would like to improve the nutritional value of their diets, and that our schoolchildren will be able to continue to have available to them nutrition-filled programs of school breakfasts and school lunches where such programs are in use.

We have in several instances increased research funding within the Agricultural Research Service to maintain programs which will continue to eradicate diseases that plague our crops and livestock, as well as continue programs which will allow us to increase the yields of these crops and help us learn new ways in which to increase the digestability of many of our food products.

I am especially pleased that the subcommittee has provided $150,000 over the budget request for dry bean research. This crop is one which holds long-term promise for our farmers as an excellent cash crop, and this is especially true when we realize that more and more nations throughout the world are using dry beans as the main protein source in their diets. Increased competition from abroad forces our farmers to improve the quality of their crops in order to remain competitive in the world market. Dry beans are an important crop for the State of Michigan, and especially for the Eighth Congressional District.

We also provided an additional $215,000 for the research programs being conducted on another specialty crop, sugar beets. The United States is importing more and more sugar each year, and unless we continue research into the improvement of parental lines and to reduce the losses among stored sugar beets, we may soon see the day that we will destroy the sugar-producing industry in this country because we did not have the foresight to conduct sufficient research on this important crop. Sugar beets are a very important item in the agricultural economy of Michigan, North Dakota, and several other States. We need to protect these farmers if we want to see this industry continue. The failure to extend the Sugar Act caused severe problems for the American sugar industry, and a failure to maintain research programs would spell certain disaster.

Mr. Chairman, we were careful in our budget analysis. We maintained one simple principle: Maintain the quality of programs already in effect, and cut waste where we can. It is for that specific reason that we have not increased all programs, and in some instances cut them from 1976 levels. Certain programs are not needed as they were previously and we have recognized the need to cut unnecessary expenditures. However, we charge the USDA with the very same responsibility. While they have proposed cuts in programs that have distinct benefits for American farmers and consumers, they have increased funding for administrative expenses. Simply put, the Department has requested more money to administrate fewer programs. The logic of such a course of action does not exist.

The chief reason for increases in the Federal budget are the costs that we incur in the administration of these programs. If the various departments streamlined their operations and looked more closely at their own expenses, I am certain that we could save the American taxpayer millions of dollars each year. We have taken a simple course of action. In a period in which we cannot expect to expand programs because of the strain it may cause on our tax dollars, we can only hope to maintain these programs at previous levels. We have maintained that philosophy within the agricultural appropriations bill.

While we have apparently increased in some instances the funding of some programs as compared to the President's budget, it is important to note that when we sum it all up, this bill is more than $61 million below the President's budget request, and more than $2 billion below the authority provided for agriculture within the first budget resolution. No one can accuse this subcommittee of being a budget-buster, especially when we remember that this Nation receives the highest return per dollar spent in agriculture.

I recommend to all of my colleagues that they act with favor upon the fiscal 1977 agriculture appropriations bill.

Mr. WHITTEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Kentucky (Mr. BRECKINRIDGE).

Mr. BRECKINRIDGE. Mr. Chairman, I rise in support of the bill, and I wish to offer my congratulations to the chairman of the subcommittee, the gentleman from Mississippi (Mr. WHITTEN), and to the ranking minority member, the gentleman from North Dakota (Mr. ANDREWS) for the outstanding work they did under a very trying timetable in bringing this measure before us.

Mr. Chairman, it is a good bill which recognizes the need for continued assistance to many areas of rural America.

In April, Chairman WHITTEN gave a panel of the Congressional Rural Caucus—CRC—a special hearing to make the case for more adequate appropriations for rural development programs. As the chairman of the Executive Committee of the Congressional Rural Caucus, I was most grateful for this consideration and later for the increases made by the subcommittee in several budget items.

The subcommittee was faced, on one hand, with an administration budget that called for cuts in most programs, and on the other hand, by the demands of a new congressional budgetary system emphasizing fiscal discipline. It is fortunate for rural America that neither constraint prevented the subcommittee from producing a bill that will permit growth.

I was particularly pleased to see that several of the critically important grant programs have been continued over the objections of the administration. One of the most critical is the water and waste disposal grant program, a key component of the Rural Development Act of 1972, which was enacted to assist rural communities to help themselves.

One of 3 Americans—over 70 million people—live in our Nation's rural communities. The people of rural America must receive a fair share of programs and resources of the Federal Government.

I commend the subcommittee, as well as the full committee, for recommending $200 million for water and waste disposal grants and $600 million for water and waste disposal loans. The need for good water and waste disposal systems is in many cases the chief obstacle for business and industrial development. Unemployment levels remain high in many rural communities, and new and improved systems will help maintain a healthy economy by keeping and attracting new employers. There presently is a backlog of 9,924 applications for $489 million for this grant program.

The appropriation of $200 million in water and waste grants and $600 million in loans is a recognition of the true importance and need of rural areas. Moreover, it is a step toward insuring that the men, women, and children of rural America are treated equally and receive a fair share of our Nation's resources.

I also congratulate the subcommittee for including funds for grants for farm-labor housing, mutual and self-help housing and business and industrial grants. The new grant program to repair houses for the elderly gives me special gratification.

I wish to insert here a letter placing emphasis on grant programs for rural development to Chairman Brock Adams of the House Budget Committee. The letter, signed by me, the six other members of the CRC Executive Committee and Mr. Blouin, chairman of the CRC Committee on the Rural Development Act, follows:

Congressional Rural Caucus,
Washington, D.C., May 27, 1976.

Hon. Brock Adams,
Chairman, House Committee on the Budget, House of Representatives, Washington, D.C.

Dear Brock: We in the Congressional Rural Caucus understand the difficulty of your task in reporting out the First Budget Resolution for Fiscal 1977, faced as you were with so many competing demands and we thank and commend you for your efforts.

We want to associate ourselves with your February 13, 1976 remarks appearing in the Congressional Record wherein you stated: "Our people . . . look to their leaders in Congress . . . for some sense of direction for the Nation . . ." and went on to say, ". . . I recommend a major reorientation of priorities that better reflect the Nation's needs."

Knowing that you will have some flexibility within its limits we urge that, in preparing the Second Budget Resolution, you give early attention and priority to a much-neglected field of activity: that of grants for the rural areas of America.

Congress said in Title IX of the Agricultural Act of 1970, "The Congress commits itself to a sound balance so essential to the peace, prosperity and welfare of all our citizens that the highest priority must be given to the revitalization and development of rural areas . . .", and in furtherance thereof enacted the Rural Development Act of 1972 (P.L. 92–419).

The Executive agency with primary responsibility in this area has been peculiarly insensitive to the needs of Rural America. It has only half-heartedly implemented most of the promising new initiatives under that Act, with totally inadequate recommendations for funds, and has failed entirely to implement 25 percent of the programs contemplated.

Congress has a responsibility to this and the next generation to correct this failure and to make good on its 1970 and 1972 commitment to the quality of rural life, its development and extension. Our study and analysis of the problem indicates that we can get the necessary programs moving for the relatively small additional budget outlay of only $348.5 million in fiscal 1977, or .08 per cent of the projected 413.7 billion budget.

The Administration's Budget proposes no money at all for 13 key rural development grant programs. We need not emphasize that the Nation's major cities could not survive without similar grant programs. It is neither reasonable, equitable nor prudent to withhold similar types of assistance from those rural areas to which the most recent data shows our people are increasingly returning.

The Congressional Rural Caucus, which has conducted a detailed review and analysis of the rural assistance programs attached, estimates that a $531 million outlay for those 13 grant programs would fulfill their needs. That is only $348.5 million more than was included in the First Budget Resolution. A list of the 13 programs, together with the amounts included in the First Budget Resolution follows: (Estimates provided by House Budget Committee Staff)

[In millions of dollars]

	Funding already provided in budget resolution	CRC recommendation
1. Water and waste disposal development grants	150.0	300
2. Water and waste disposal planning grants		30
3. Rural development planning grants		10
4. Pollution abatement project grants		50
5. Rural development grants	12.0	50
6. Small enterprise pollution abatement grants		25
7. Rural community fire protection grants	4.0	7
8. Mutual and self-help housing grants and technical assistance (Public Law 90–448)	9.0	10
9. Very low income housing repair grants (sec. 504)		10
10. Research and study program grants (sec. 506)		1
11. Rent supplement payments grants (sec. 516)		13
12. Domestic farm labor housing grants (sec. 516)	7.5	20
13. Technical and supervisory assistance grants (sec. 525)		5
Total	182.5	531

Note: $531,000,000 minus $182,500,000 equals additional $348,500,000 plus as recommended by the CRC.

The Farmers Home Administration, which handles many diverse programs in assisting rural areas, is currently crippled in certain areas by a lack of adequate and qualified staff. It cannot adequately handle existing programs, let alone new programs enacted in the Rural Development Act of 1972, the Housing and Community Development Act of 1974, the Emergency Livestock Credit Act of 1974 and other programs. The Farmers Home Administration must be accorded adequate funds for staffing if it is to provide the necessary services.

On July 1, 1974, the Farmers Home Administration was servicing the accounts of about 751,000 individual borrowers and 9,270 association borrowers serving approximately 3 million families. A year later, on July 1, 1975, essentially the same size staff was attempting to handle a much increased workload of 845,000 individual borrowers and 10,000 association borrowers serving approximately 4,065,000 families.

Your referenced February 18 statement also stressed the importance of over-all long-range planning to achieve maximum results from federal dollars. Yet, for rural development, neither the Administration nor the House Budget Committee proposed any money for either rural development planning grants or water and waste disposal planning grants as authorized by the 1972 Act. Since enactment of the 1972 Act, no funds have ever been requested or provided for these planning programs. As noted above, the Congressional Rural Caucus recommends that for fiscal 1977, Congress should appropriate $10 million for rural development planning grants and $30 million for water and waste disposal planning grants, figures representing the annual authorizations contained in the 1972 Act.

In accordance with the setting of national priorities which, as you have stated, is a vital part of the new budgetary process, Congress can thus finally begin to come to grips with such serious national problems as population imbalance, urban overcrowding, rural proverty and the lack of capital that makes it so difficult to build the infrastructure needed to bring a new and expanding life to our rural areas.

We urge your attention to these fundamental priorities and your support in the shifting of .08 percent of the budget outlay toward these rural area grants so that effective action can begin. Doing this would help achieve a "major reorientation of priorities" as you recommended on February 18.

Please refer to the Separate Views of Congressman John B. Breckinridge, submitted with the recommendations of March 15 of the House Agriculture Committee, which emphasized the importance of increasing the loan authority under the Rural Development Insurance Fund. The grant money discussed in this letter could serve as seed money to make these loan programs fully effective, utilizing practical loan and grant funds participation for feasible financial packaging.

Thank you for your consideration.

John B. Breckinridge, Chairman, Executive Committee; Bob Bergland, Member, CRC Executive Committee; Ed Jones, Member, CRC Executive Committee; Gillis Long, Member, CRC Executive Committee; Gunn McKay, Member, CRC Executive Committee; Charlie Rose, Member, CRC Executive Committee; Don Young, Member, CRC Executive Committee; Michael T. Blouin, Chairman, CRC Committee on the Rural Development Act.

Mr. Chairman, to say that I am completely satisfied with H.R. 14237 would be an overstatement. Its funding levels fall short of those recommended by the CRC Executive Committee and its advisory committee, composed of organizations and individuals outside Congress concerned about rural America. The Rural Caucus is made up of more than 100 Members of the House from both parties, representing both urban and rural areas. We are united in believing that a healthy rural America is essential to solving the problems of both rural areas and the Nation's crowded cities. The revitalization of rural areas clearly is a national goal in the national interest.

The CRC, which was organized by a handful of members in July 1973, has as a major goal the full implementation of the Rural Development Act of 1972. The administration has only halfheartedly implemented most of its programs. In several instances, it has failed to implement programs at all.

Mr. Chairman, we believe that the funding levels the CRC proposed are based on a realistic assessment of the needs of rural America, which is facing new economic growth but remains saddled with severe economic problems. The programs operated by the Farmers Home Administration for housing, rural development, and farmers are a vital part of the economic life of rural America. It is imperative that these programs grow to meet the needs of rural areas.

To complement the grant programs, the CRC has urged adequate authorizations for loan programs for the Farmers Home Administration. We did so for several reasons: First, because rural areas are credit-poor and the private sector has been unable to supply the needs in all areas, especially so in long-term loans such as those for housing; second, because the loan programs have little if any budgetary impact; even when there is a subsidy attached to the loan, the impact is minimal; and third, the loans that are made generate new sales and jobs and a monetary return to the U.S. Treasury in the form of taxes. We believe that the expansion of the loan programs as suggested by the CRC is a matter of good business as well as good economics and good community development policy.

In a personal statement to the House Budget Committee, I focused on increasing the obligational authority for insured loans from the rural development insurance fund. I emphasized that my recommendation would have no impact on actual budget outlays for fiscal 1977 and that ultimately they would cost only $55 to $60 million in fiscal 1979, making available now an additional $2 billion for developmental loan purposes under the Rural Development Act. The revolving fund thus augmented would generate an initial 200,000 new jobs under preapplications and applications already pending with the Farmers Home Administration.

I was disappointed that these and other loan levels that emerged in H.R. 14237 were not closer to the CRC recommendations. In many cases these levels are the same or slightly above fiscal 1976 levels. This will permit little growth and in some cases will not even keep up with inflation. In addition, critical problems remain. Millions of rural people still live in substandard housing; the backlog of applications for housing loans at the Farmers Home Administration has climbed to more than 100,000; decent housing for areas going through an economic revival is nonexistent; and, the absence of decent water and sewage systems continues for thousands of rural communities, preventing growth. The list goes on and on.

Mr. Speaker, we recognize the problems faced by the subcommittee with the new budget process and the threat of a veto by the administration. At the same time, we see tremendous needs in rural areas for an expansion of grant and loan programs of the Farmers Home Administration.

These programs cost little money in proportion to the good they will do.

While we may not be able to change this year's appropriations bill, Mr. Chairman, we of the congressional rural caucus believe that all relevant congressional committees must reevaluate their positions on budget levels for rural programs.

The CRC through its membership and supporters outside Congress will continue to carry its message for substantial increases in the share of natural resources in rural areas for housing, the farmer, and community development programs. No better investment in America can be made.

To make a record, I wish to conclude by inserting the rural development budget recommendations approved by the CRC in a report dated April 27, 1976. These recommendations, which follow, will serve as a guide in budget preparations for fiscal 1978:

Congressional Rural Caucus,
House of Representatives,
Washington, D.C.

Subject: CRC budget proposals for key rural grant, loan, and special programs.

From: Congressman John B. Breckinridge, Chairman (225–4706).

Contact: Frank G. Tsutras (225–5080).

This special report is for your immediate attention and consideration.

The President's 1977 Budget Proposal and the H. Con. Res. 611, First Concurrent Budget Resolution, do not even begin to satisfy the needs of Rural America. The absence of needed, and fully justified, rural grant programs will adversely affect many small communities, because criteria, eligibility, and related planning requirements will prevent their participation in other Federal programs. The references to "other programs" and "other sources" are more words than action. If for no other reason, adequate and qualified personnel are not in place to fully service the needs of Rural America.

Farmers Home Administration is now recognized as the largest Federal loan agency dealing directly with borrowers.

The full-time personnel levels have decreased from 7,700 (1971) to 6,800 (1976), however, there has been a staggering increase in dollar volume from over $2.4 billion (1971) to over $5.4 billion (1975), an increase of over $3 billion.

On 1 July 1975, FmHA was servicing 845,000 individual borrowers (1974=751,000) and 10,000 association borrowers (1974=9,270) serving 4,065,000 families (1974=2,934,000), excluding those benefitting from watershed loans, with a principal indebtedness of $15,863,236,000 (1974=$12,718,315,000).

These are just a few of the many valid reasons to warrant an increase in the Rural Development grant and loan authorization levels for 1977 and succeeding years.

The need for increased loan authorization levels is reflected in this report. Please take note that these increases do not impact on budget outlays for 1977. They are for loans and repayable over a period of time into respective funds.

This report will be considered by your CRC Executive Committee for formal action this Thursday morning, 29 April 1976, 9 AM, in 309 House Office Building #1. If you have any comments, suggestions, or any other ideas, please call the CRC office or forward a written statement for proper consideration by your Executive Committee. All comments and responses will be evaluated and incorporated into a more comprehensive report which will be presented to appropriate Congressional Committees. Please reply not later than Tuesday noon, 4 May 1976.

Thank you.

I. INTRODUCTION

The Congressional Rural Caucus has been committed to the full and effective implementation of the Rural Development Act of 1972 (PL 92–419).

The Act has been, and continues to be, the victim of a philosophical difference between the Executive and Legislative Branches.

The Executive Branch, and more specifically the U.S. Department of Agriculture, has failed in its initiative and leadership to transmit, on time, to the Congress any of three (3) required Annual Rural Development Goals Reports prior to 1 September each year as required by the Act.

The *first* report was due prior to 1 September 1973, but it was several months late. The *second* report was due prior to 1 September 1974, but it was several months late.

The *third* report was due prior to 1 September 1975. As of April 1976, the report has not been transmitted to the Congress. It is now eight (8) months late!

If available, on time or otherwise, the third report could have been evaluated for use in preparation of the 1977 and succeeding budget proposals, possibly resulting in a more realistic Rural Development budget.

The proposals in the CRC report are the result of several contacts and discussions with CRC members, the CRC Executive Committee, CRC Staff Designees, CRC and CRS Advisory Teams, and responsible Government and Non-Government sources.

They are presented for consideration with H. Con. Res. 611, the First Concurrent Resolution for Fiscal Year 1977, and for subsequent action.

II. SUMMARY OF CRC 1977 BUDGET PROPOSALS FOR KEY RURAL GRANT, LOAN, AND SPECIAL PROGRAMS

A. That the *Rural Grant Programs* (RGP) be increased from zero to a revised total of

$531 million. This includes $472 million grants under the Rural Development Act and $59 million grants under the Housing Act of 1949, the Housing and Community Development Act of 1974, and related programs. (Refer to the RGP section for details.) (The $531 million total would net out to $348.5 million new budget authority if added to H. Con. Res. 611.)

B. That the *Agricultural Credit Insurance Fund (ACIF)* be increased from a total loan authorization level of $1.420 billion to $2.0975 billion (+$677.5 million). (Refer to the ACIF section for details.)

C. That the *Rural Development Insurance Fund (RDIF)* be increased from a total loan authorization level of $1.020 billion to $3.042 billion (+$2.022 billion). (Refer to the RDIF section for details.)

D. That the *Rural Housing Insurance Fund (RHIF)* beincreased from a total loan authorization level of $2.716 billion to $5.1 billion (+$2.384 billion). (Refer to RHIF section for details.)

E. That the *Self-Help Housing Land Development Fund (SHHLDF)* be increased from zero to $1.0 million (+$1.0 million). (Refer to the SHHLDF section for details.)

F. That the *Rural Development and Small Farm Research and Education (RDSFRE)* sections of Title V, Rural Development Act, be increased from zero to $20 million. This includes $5 million for Extension Service (Sec. 502 (a)): $5 million for Cooperative State Research Service (Sec. 502(b)); and $10 million for Small Farm Extension, Research, and Development (Sec. 502(c)). (Refer to RDSFRE section for details.)

G. That *Farmers Home Administration Salaries and Expenses (FmHA)* be increased from $168 million to $210 million (+$42 million). This includes $32 million for 1,600 to 2,000 additional FmHA full-time personnel and $10 million for education, training, and travel for existing and additional personnel. Salaries are estimated from $20,000 each (1,600) to $16,000 each (2,000). (Refer to FmHA section for details.)

H. RECAP OF RURAL GRANT, LOAN AND SPECIAL PROGRAMS

	1977 President's budget proposal	1977 CRC budget proposal	1977 CRC (+ or −)
A. Rural grant programs total	0	531.0	+531.0
B. Agricultural credit insurance fund	1,420.0	2,097.5	677.5
C. Rural development insurance fund	1,020.0	3,042.0	2,022.0
D. Rural housing insurance fund	2,716.0	5,100.0	2,384.0
E. Self-help housing land development fund	0	1.0	1.0
Total loan authorization levels	5,156.0	10,240.5	+5,084.5
F. Rural development and small farm research and education, title V, RDA	0	20.0	20.0
G. Farmers Home Administration salaries and expenses	168.0	210.0	42.0
Total special program levels	168.0	230.0	+62.0

I. IMPACT OF CRC 1977 BUDGET PROPOSALS ON H. CON. RES. 611, FIRST CONCURRENT RESOLUTION ON THE FISCAL YEAR 1977

1. Beginning 1 October 1976, H. Con. Res. 611 would establish targets for Fiscal Year 1977 as follows:

[In billions of dollars]

a. Revenues	$363.0
b. Budget authority	452.3
c. Outlays	413.6
d. Deficit	50.6
e. Public debt	711.9

2. The proposed *$531 million Rural Grant Program* would require a $348.5 million increase in New Budget Authority if added to H. Con. Res. 611.

[In millions]

a. Rural Grant Programs	531.0
b. Water and waste disposal development grants	−150.0
c. Rural development grants	−12.0
d. Rural community fire protection	−4.0
e. Farm labor housing grants	−7.5
f. Mutual and self-help housing and T/A grants	−9.0
g. Total deductions (b thru f)	(−182.5)
h. Budget authority increase required for any proposal over H. Con. Res. 611	348.5

3. The estimated Budget Outlay Impact would be projected at approximately $35 million for 1977. (10% of $350 million)

4. The proposed *$10,240,500,000 total loan authorization levels* would not require any outlay consideration. The loans would be guaranteed or insured, repayable to each fund. It would not affect H. Con. Res. 611 for 1977.

5. Using a $10,000 investment per job created or required to create a job, the $531 million Rural Grant Programs could create 53,100 jobs. The $10,250,500,000 loan authorization levels could create 1,025,000 jobs. The total would be 1,078,000 jobs to be created from the investment of grants and loans.

III. RURAL GRANT PROGRAMS (RGP): RURAL LOAN PROGRAMS (RLP) AND RURAL SPECIAL PROGRAMS (RSP)

The following presentation includes Rural Grant Programs which have never been, or are not being, proposed for funding by the President: Rural Loan Programs for farmers, the community, business, industrial, and housing; and Rural Special Programs with impact on agricultural and rural development. The grant, loan, and program obligations are presented from 1974 thru 1976, followed by the President's 1977 Budget Proposal: the CRC 1977 Budget Proposal; and the resulting increase or decrease. A special comments section explains each program. ($=millions)—(CFRDA=Consolidated Farm and Rural Development Act)—(ELCA=Emergency Livestock Credit Act of 1974)—(HA=Housing Act of 1949)—(HCDA=Housing and Community Development Act of 1974)—(RDA=Rural Development Act of 1972).

[Dollars authorized)

	Grant obligations			1977 President's budget proposal	1977 CRC Budget proposal	1977 CRC. (+or−)
	1974 actual	1975 actual	1976 estimate			
A. RURAL GRANT PROGRAMS (RGP)						
1. Water and waste disposal development grants ($300)	23.8	156.9	125.0	0	300.0	300.0
2. Water and waste disposal planning grants ($30)	0	0	0	0	30.0	30.0
3. Rural development planning grants ($10)	0	0	0	0	10.0	10.0
4. Pollution abatement project grants ($50)	0	0	0	0	50.0	50.0
5. Rural development grants ($50)	10.0	13.8	2.5	0	50.0	50.0
6. Small enterprise pollution abatement grants ($25)	0	0	0	0	25.0	25.0
7. Rural community fire protection grants ($7)	0	0	3.5	0	7.0	7.0
8. Mutual and self-help housing grants and technical assistance (Public Law 90-488) ($10)	0	5.7	0	0	10.0	10.0
9. Domestic farm labor housing grants (sec. 516) ($25)	0	5.0	0	0	20.0	20.0
10. Appalachian Regional Commission grants	2.4	14.9	20.0			
11. Department of Commerce grants	6.5	4.2	4.6			
12. Department of Army grants	1.5	.7	.4			
13. Very low income housing repair grants (sec. 504)				0	10.0	10.0
14. Research and study program grants (sec. 506) ($1)				0	1.0	1.0
15. Rent supplement payments grants (sec. 516)				0	13.0	13.0
16. Technical and supervisory assistance grants (sec. 525)				0	5.0	5.0
17. Total, RGP (Nos. through 16)	44.2	201.2	156.0	0	531.0	+531.0

	Loan obligations			1977 President's budget proposal	1977 CRC budget proposal	1977 CRC (+ or −)
	1974 actual	1975 actual	1976 estimate			
B. AGRICULTURAL CREDIT INSURANCE FUND (ACIF)						
1. Farm ownership loans	352.2	351.6	450.0	350.0	476.5	126.5
2. Farm operating loans	525.0	550.8	625.0	625.0	725.0	100.0
3. Recreation loans to individuals	1.0	.8	2.0	2.0	2.0	
4. Emergency loans	128.3	735.0	400.0	100.0	400.0	300.0
5. Soil and water loans to individuals	3.6	3.1	53.0	3.0	54.0	51.0
6. Irrigation and drainage loans	.5	.9	1.0	1.0	1.0	
7. Grazing loans	2.8	3.8	4.0	4.0	4.0	
8. Recreation facilities loans	.05	.2	0	0	0	
9. Indian tribe land acquisition loans	9.9	9.7	10.0	10.0	10.0	
10. SCS watershed protection loans	19.8	20.0	23.0	23.0	23.0	

	Loan obligations			1977 President's budget proposal	1977 CRC budget proposal	1977 CRC (+ or −)
	1974 actual	1975 actual	1976 estimate			
B. AGRICULTURAL CREDIT INSURANCE FUND (ACIF)						
11. SCS flood prevention loans		.2	.4	.4	.4	
12. SCS resource conservation and development	1.1	1.9	3.6	3.6	3.6	
13. Emergency livestock credit loans		352.9	750.0	298.0	398.0	100.0
14. Total, ACIF (No. 1 through 13)	1,044.2	2,030.9	2,322.0	1,420.0	2,097.5	+677.5
C. RURAL DEVELOPMENT INSURANCE FUND (RDIF)						
1. Water and waste disposal loans	470.0	470.0	470.0	470.0	1,400.0	930.0
2. Community facility loans	49.8	200.0	200.0	200.0	542.0	342.0
3. Business and industrial loans	200.0	350.0	350.0	350.0	1,100.0	750.0
4. Total, RDIF (Nos. 1 through 3)	719.8	1,020.0	1,020.0	1,020.0	3,042.0	+2,022.0
D. RURAL HOUSING INSURANCE FUND (RHIF)						
1. *Low income* subsidized loans (insured)						
2. Repair loans very low income (direct) (sec. 504)	4.4	4.8	20.0	20.0	10.0	(−10.0)
3. General purpose loans, low income (sec. 502)						
(a) Purchase new dwellings	555.6	859.8	760.0	733.0	1,568.0	835.0
(b) Purchase existing dwellings	148.6	319.8	560.0	538.0	700.0	162.0
(c) Repair, refinancing, and rehabilitation of existing dwellings	1.2	6.0	73.0	72.0	100.0	28.0
4. Domestic farm labor loans (sec. 514)	10.0	8.1			25.0	25.0
5. Rental or cooperative loans (sec. 515)	135.0	242.6	267.0	300.0	600.0	300.0
6. Total low income subsidized loans (Nos. 1 to 5)	854.8	1,441.1	1,680.0	1,663.0	3,003.0	+1,340.0
7. Low income unsubsidized loans (insured)						
8. General purpose loans (sec. 502)	102.5	97.8	110.0	111.0	111.0	
9. Site loans (sec. 524)	.8	1.2	2.0	2.0	5.0	3.0
10. Total low income unsubsidized loans (Nos. 7 to 9)	103.3	99.0	112.0	113.0	116.0	+3.0
11. Moderate income unsubsidized loans (insured)						
12. General purpose loans, moderate income (sec. 502)	782.0	643.3	840.0	838.0	1,579.0	741.0
13. Rental or cooperative loans (sec. 515)	38.3	49.8	73.0	100.0	400.0	300.0
14. Site loans (sec. 524)	.8	.9	1.0	1.0	1.0	
15. Mobile home park loans (sec. 527)				1.0	1.0	
16. Total moderate income loans (Nos. 11 to 15)	821.1	694.0	914.0	940.0	1,981.0	+1,041.0
17. Total, RHIF (Nos. 6 plus 10 plus 16)	1,779.2	2,234.1	2,706.0	2,716.0	5,100.0	+2,384.0
E. SELF-HELP HOUSING LAND DEVELOPMENT FUND—MUTUAL AND SELF-HELP HOUSING SITE LOANS (SHHLDF)	1.0	.2	0	0	1.0	+1.0

	Program obligations			1977 President's budget proposal	1977 CRC budget proposal	1977 CRC (+ or −)
	1974 actual	1975 actual	1976 estimate			
F. RURAL DEVELOPMENT AND SMALL FARM RESEARCH AND EDUCATION (TITLE V, RDA)						
1. Extension Service (sec. 502(a))	1.5	1.5	1.5	0	5.0	5.0
2. Cooperative State Research Service (sec. 502(b))	1.5	1.5	1.5	0	5.0	5.0
3. Small Farm Extension, research and development (sec. 502(c))	0	0	0	0	10.0	10.0
4. Total, title V, RDA	3.0	3.0	3.0	0	20.0	+20.0
G. FARMERS HOME ADMINISTRATION SALARIES AND EXPENSES (FmHA)						
1. Salaries and expenses (millions)	$121.0	$133.5	$159.0	$168.0	$210.0	+$42.0
2. Personnel (end of fiscal year):						
(a) Full time	6,600	6,550	7,000	7,000	8,600	1,600
(b) Part time		2,878	3,300	3,300		
(c) Man-years		8,359	8,783	8,942		
(d) Average GS grade, full time		8.14	8.06	8.06		
(e) Average GS salary (thousands) full time		$13,380	$13,902	$13,902		

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield such time as he may consume to the gentleman from Kansas (Mr. SEBELIUS).

Mr. SEBELIUS. Mr. Chairman, I rise in opposition to the language on page 65 of the committee report on the bill. I do so in order to reflect the fact that some of us who are members of the legislative Committee on Agriculture do not share the opinion of the Appropriations Committee.

In its report the committee recommends two changes that would constitute a distinct downgrading of our rural development effort, and would impede progress in helping rural communities help themselves to a better life. I certainly hope the Secretary of Agriculture would not consider following such a recommendation.

The committee recommends ending the status of the Rural Development Service as an independent agency within the Agriculture Department and would make it a part of the Farmers Home Administration. In addition, no funds would be provided for the Federal assistance program retrieval system that was set up by the Rural Development Service to help rural community leaders identify programs to assist their communities. If it is to be continued the FmHA would have to do it out of existing funds.

I cannot believe that the intent in doing this was to reduce the range of services now provided to rural communities, but that will certainly be the practical effect of these changes.

The Rural Development Service is an independent agency within the Agriculture Department for good reason. It is a coordinating agency, and its separation from the program agencies is the very thing that allows it to act as an impartial third party in working with these agencies to combine the best of their programs for the benefit of rural America. If it is made a part of an old-line program agency, it loses that advantage, that lever to coordinate Federal programs for rural communities.

The Rural Development Act of 1972 assigned the Secretary of Agriculture the responsibility for coordinating a national program of rural development because Congress thought he was the logical one to do it. And he is. But the Department of Agriculture is certainly not the only agency in the Federal Government with programs that affect rural areas. Far from it. The fact is that most of the 600 programs in the 42 departments and agencies that can provide assistance in rural development are administered by agencies with a predominantly urban orientation. The Farmers Home Administration has many rural programs, but it is only a small part of the whole picture.

The Secretary of Agriculture is mandated to coordinate this whole picture, and that is why an independent Rural Development Service was established in USDA. To make it a part of one of the agencies it is supposed to coordinate just undermines the whole effort. It does not make sense. The RDS would not be able to maintain its identity or it's functions after such a move.

The administration opposes these committee actions, Mr. Chairman, and for the reasons just outlined I feel they represent a blow to rural development.

Of course we cannot amend or change report language here on the floor but I want to make clear my opposition to this recommendation as a member of the Family Farms and Rural Development Subcommittee which has jurisdiction over the Rural Development Service. As I said, I would hope the Secretary of Agriculture would not consider following such a recommendation.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, I rise in support of the words of my colleague on the Committee on Agriculture who has pointed out very well the need for maintaining the Rural Development Service as a separate entity within the Department of Agriculture.

Many times over the past 2 years we have heard loud protests from the other side of the aisle which produced a chorus of complaints that the administration was not doing enough to provide leadership and direction for our national rural development effort. Today, in the bill before us, through report language the majority on the Appropriations Committee seems to be telling us that even less should be done. Clearly the merging of two agencies, taking one which has total independence and placing it within another agency with very limited responsibilities for making loans and grants, will diminish the growing rural development effort within the Department of Agriculture.

Where are the voices who have been saying too little is being done in rural development? I support their concept that not enough assistance is available to rural communities compared with large urban centers, but dissolving an agency within USDA which is effectively working with HUD, HEW, Commerce, EPA, DOT, and others, and causing some of their urban-oriented programs to be delivered to our rural communities is without question, a step in the wrong direction.

The Rural Development Service has been a big help to me and the people of my district. I know it has also helped every one of us with rural areas in our distritcs whenever we have called upon it.

The merger of RDS and FmHA will seriously hamper the ability of USDA to work with other departments in the Federal Government to obtain their programs for meeting our rural area needs. We had better be ready to sharply amend the Rural Development Act, because in that act we authorize and direct USDA to move out and work with non-USDA departments and agencies to obtain their program benefits for rural areas.

We now have in RDS a one-stop service center for locating Federal technical and financial help for nearly any rural need. That will be jeopardized if this small, but hard-working agency is merged with Farmers Home Administration, as will other innovative programs such as locating Federal help for rural areas wherever it exists in the Government, the National Rural Development Leaders' School, and the new and effective Federal assistance programs retrieval system. This is not to say that FmHA is not a major rural development agency. Obviously it is, but its traditional focus has been on the implementation of hardware programs, such as water, sewer, and housing. There is no reason to believe that this traditional focus would be changed by the acquisition of the Rural Development Service. Thus, the proposed transfer could well result in a deemphasis on the very useful leadership and coordination functions that have been provided by the Rural Development Service.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield such time as he may consume to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Chairman, I rise in support of the pending agriculture appropriation bill for 1977. As one who represents a district in which agriculture and related businesses are a most important part of the economy, I know the subcommittee has worked long and hard on drafting an appropriation which will meet the essential needs of our national farm community.

Those of us who have the honor of representing rural areas in the Eastern United States sometimes feel that the small farmer is forgotten when Federal agricultural policies are formulated and administered and I am pleased to see the emphasis which your report places on the family farm and its continued place in American agriculture.

Mr. Chairman, one area of the pending bill does concern me considerably. That is the overall spending figure allowed for agricultural research. The gentleman from Virginia (Mr. ROBINSON) noted a few moments ago that this bill, in one manner or another does devote nearly a quarter of its funding to research. That, in my view, is essential since the future of national and world food supplies is directly dependent on developing new and disease resistent strains of grains, vegetables, and fruits.

As the members of the Appropriations Subcommittee know, I have appeared before your distinguished members on several occasions in the last 3 years in support of funding for increased research on vegetables and fruits which are grown in the Middle Atlantic States. I have done so in conjunction with leaders of such groups as the Mid-Atlantic Food Processors Association and the National Peach Council.

The problem which faces fruit and vegetable producers in the East was very well summed up by a statement made by Calvin W. Mowbray, the executive vice president of the Mid-Atlantic Food Processors who appeared last year before your subcommittee, and I quote:

> Vegetable acreage for processing in the Mid-Atlantic states decreased 40 percent during the past two decades. Nationally, in the same period, such production increased 40 percent. Major factors contributing to the drastic decline in vegetable production in the Mid-Atlantic states were, competition for land from expanding population centers, yield depressing effects of air pollutants, insufficient labor and lack of adapted, pest-resistant, high quality vegetable cultivars. Yields per acre on vegetables for processing during the past two decades in the Mid-Atlantic area have remained practically static while overall production has declined. For instance, in New Jersey, asparagus production declined from 20,700 tons in 1953 to 2,600 in 1973. Sweet corn production in Maryland declined from 84,000 tons in 1953 to 50,000 in 1973. Similar reductions in production of tomatoes, lima beans, and spinach also have occurred during the same period. Because of the energy crises and to avoid huge increased costs of processed foods to Eastern consumers, and to revitalize the food processing industry, it is imperative that the efficiency and magnitude of vegetable production in the close-to-market Mid-Atlantic area be increased.

Mr. Chairman, Mr. Mowbray's statement illustrates why it is important for the Agricultural Research Service and the cooperating state research programs to develop high quality, pest-resistent strains of sweet corn, asparagus, and other garden vegetables. This will ultimately benefit not only the farmer but the consumers who will have available lower costs food products.

I want to commend the subcommittee for including in this bill the amount of $1,493,900 for research on peaches. Last year members of the National Peach Council, including Mr. Robert Kemp of Princess Anne, Md., testified before your committee in support of peach research. Again this year Mr. Kemp presented a statement for your group's consideration and I was pleased by the assurances given to me by the gentleman from Mississippi (Mr. WHITTEN) that Mr. Kemp's views were carefully considered by the committee. I am sure that this explains the inclusion of these funds in the bill, although I am informed that the Department of Agriculture did not request any funding at all for peach research. In his statement Mr. Kemp told the committee, and I quote:

> National Peach Council represents peach producers in 29 peach producing states. The majority of these peach producers have small family farms. Because of the size of these operations, the average peach grower is unable to solve for himself many of the production problems which require long-term research. And peach research, like nearly all research concerning fruit production, is naturally long-term in nature.
>
> It is for this reason that we are requesting that Congress appropriate the sum of $1,500,000 to be used by the Agricultural Research Service of USDA for peach research. This will allow ARS to provide the expertise and long-range research programs which are needed to help the thousands of small peach growers throughout the nation.
>
> From the standpoint of the Federal government, this money spent on research can be considered as an investment, for it will result in improvements in fruit which will provide increased income for producers, give the impetus for additional capital investments, and benefit the consumers through the production of better quality peaches in larger quantities, which will help provide better values in fresh, healthful peaches for consumers.
>
> * * * * *
>
> The National Peach Council estimates that peach tree losses in the United States cost

> the growers an estimated $20-million a year. This loss is eventually passed on to the consumer both in higher costs for the fruit that is produced and in the lack of availability of peaches at various times during peach season in many areas.
>
> This nation's steadily increasing population, and the realization by more and more people of the value of fresh fruits and vegetables for a healthful diet, point to the need for new research to solve the pressing problems of peach production which have already been allowed to reach a point where they seriously threaten the future of this nation's peach industry.
>
> It is our judgment that $1,500,000 is needed for the coming fiscal year for these identified research projects, in addition to what the state and Federal research projects are already doing.

Mr. Chairman, I hope that the subcommittee and its members will keep in mind the importance of full funding for research of the type which I have mentioned here today. Ultimately the welfare of the American people and the world depends upon the ability of American farmers to produce ever increasing amounts of foodstuffs, and vegetables and fruit production is an important part of those future needs.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield 5 minutes to the gentleman *from* New York (Mr. Peyser).

Mr. PEYSER. Mr. Chairman, I take the well at this time, first, to also extend my congratulations to the committee for the diligent effort and work that has gone into this bill. I am, however, going to raise a question on two points that I think are very important to the American people and to the farmers who are involved in this legislation.

I listened with great interest to my good friend, the gentleman from North Dakota (Mr. Andrews), when he spoke of the world food disaster projected by 1985, and I recognize that this is the truth, that we are facing a major food problem in the world. We are facing it right now, but it is obviously going to get worse.

It is for this reason that I think we ought to direct ourselves to one of the areas of this bill; namely, the section concerning the peanut program. I am going to offer an amendment at the appropriate time on this subject. That amendment does not eliminate all the money from this peanut program, but it makes a substantial reduction in this money in order that two things may be accomplished: No. 1, that we will proceed to open acreage in peanut production to other crops that are needed in the world market today.

We now have 1,600,000 acres of peanut production, and that, according to the USDA and a study by the GAO, indicates that in the next 3 years, until 1980, will cost the American taxpayer $961 million.

Cost or not, what disturbs me is that we have an overproduction of nearly 600,000 acres that could be used for food production.

Therefore, Mr. Chairman, I will be offering an amendment to reduce the amount to $59 million from a projected $163 million and offer a program that is already in committee to phase out the program over 5 years.

Second, Mr. Chairman, I am going to offer an amendment at the appropriate time with respect to one facet of this bill that I think today more than ever makes very little sense; and that is the program which under the food for peace program, appropriates $15 million, which is really a paltry sum in terms of the tobacco industry, to be used to purchase tobacco for distribution under the food for peace program to countries around the world.

As a matter of interest, Mr. Chairman, in the last 21 years we have purchased $703 million of tobacco under the food for peace program, and the overwhelming majority of this production, of this expense, really, has gone to Vietnam, Cambodia, Indonesia, Bolivia, Chile, India, the Philippines, Pakistan, Colombia, and Zaire.

Mr. Chairman, the purpose of this program was to stimulate business so that these countries would now turn around and want to buy tobacco from us.

I can tell my colleagues that these countries to which we have been sending the tobacco were never in any position to come back to us and start being productive in the sense of increasing our exports of tobacco. Therefore, I am going to request that this be stricken and that the $15 million be dropped from this program of food for peace. I do this not in any way to hurt the tobacco industry because when we look at the production of the tobacco industry, which is an outstanding one, we see that the exports in tobacco this year, the paid-for-exports by countries who want to purchase tobacco from the United States, is $368 million. Consequently, it is not as though we are striking some blow at the tobacco industry. We are merely saying that we do not think that under the food for peace program we should be sending tobacco to these impoverished countries.

With that, Mr. Chairman, I will wait for the appropriate time to offer my amendments.

Mr. WHITTEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas (Mr. Mahon), the distinguished chairman of the Committee on Appropriations.

Mr. MAHON. Mr. Chairman, I am very much encouraged by the tremendous job that has been done on this bill by the Committee on Appropriations.

The chairman of the subcommittee, the gentleman from Mississippi (Mr. Whitten), and the gentleman from North Dakota (Mr. Andrews), the ranking minority member of that subcommittee, held exhaustive hearings, extensive hearings. They have done a skillful job.

Mr. Chairman, the subcommittee has, over a period of years, devoted extensive study to agriculture and the essential part it plays in our national economy and in the economy of the world. The subcommittee has acquired a wealth of knowledge in this area and I commend to the attention of Members the statements which have been made today in this debate, particularly the statement of the gentleman from Mississippi (Mr. Whitten) and the gentleman from North Dakota (Mr. Andrews). I also commend to the attention of Members the report which accompanies this bill. It is excellent.

Mr. Chairman, the full committee has approved the work of the subcommittee; and presented the bill to the Members here today for passage.

It seems to me that, under the circumstances, after having worked for months on this legislation through the subcommittee and otherwise, the House should accept the subcommittee and full committee recommendations.

Mr. Chairman, it would be possible, I realize, for us to undertake to write a new farm program in this appropriation bill; but an appropriation bill is not the place in which to try to legislate a new farm program. This is a bill for appropriations.

Next year we are going to have to write a new farm bill which will cover wheat, cotton, rice, tobacco, peanuts, and other subjects; but I am hopeful that we can postpone until next year trying to revamp the present legislative basis for our various farm programs.

Mr. Chairman, the farmers have difficulty in some areas, but they have made tremendous progress. They are doing a marvelous job.

As a result of what Congress has done and of what the farmer has done, agriculture has become the miracle of the century.

What we have done by way of benefiting our balance-of-trade situation by reason of our $22 billion of exports of farm crops is indispensable to the economic stability of this country.

I would say to the Members from both urban and rural areas that we ought to thank Heaven for what agriculture has done, is doing and let us try to move forward with the programs supported in this bill. Let us make sure we do not put any roadblocks in the path of the further expansion of production by the farmers and ranchers of our Nation.

I thank the chairman, the gentleman from Mississippi (Mr. Whitten) for yielding to me and I urge that the House accept the recommendation of the committee.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield 5 minutes to the gentleman from Colorado (Mr. Johnson).

Mr. JOHNSON of Colorado. Mr. Chairman, I probably will not take my full 5 minutes but I did want to talk to those members of the committee who are here about the proposed Peyser amendments. I think those members who are here know that I am the ranking minority member on that so-called peanut committee and that I have been a student of this problem and of that program for the last 4 years—involuntarily, I might add—nevertheless, that is the case. Since I do not have any peanuts that are raised in my district, nor do we have any rice that is grown in my district, I think that I speak with some degree of objectivity on this program and problem. I also realize that the Peyser amendment would kill the program. I repeat, it is obvious to me, after 4 years of being on that committee, that the Peyser amendment would kill the program that is vital to the economy of the States that are involved. It would kill the program without knowledge, without justification. It is a politically desirable amendment, I recognize that but, nevertheless, it is not an amendment which makes a great deal of sense once one analyzes and studies the program.

So I urge those Members who are present on the floor to be alert to the problem when the Peyser amendment comes up.

I would also like to point out to the Members that this program has been handled in such a fashion that this year it will cost $150 million—that is the estimate. But last year it only cost $4 million and the year before that it only cost $3 million.

There have been charges of manipulation of the program so that it would perhaps look worse than it actually is. I am not trying to make those charges but I am reporting to the Members that those charges have been made and there is some degree of legitimacy, it seems to me, when you examine those figures.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I will yield to the gentleman from New York in just a moment.

Mr. Chairman, I would also like to make the point that the program has been made more expensive and more criticized by the way that the regulations have been handed down, because of the different ways that peanuts are grown in Virginia and North Carolina and those peanuts that are grown in Georgia and Oklahoma and other parts of the country.

There is a new bill pending. We have held hearings this summer, we have yet to pass it through the full committee. That is one of the problems we have, with scheduling. But, this is a complicated program. It has been in existence so long and the economy of the whole region is dependent upon this, and to just out of hand come along and make a major change in the program could be a mortal wound.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from New York.

Mr. PEYSER. Mr. Chairman, I have asked the gentleman from Colorado to yield just for one statement that I would like the gentleman from Colorado to confirm with me.

Over 20 years of the program, the payments never reached the $3 to $4 million level until 1973 and 1974 when the extreme drought in Africa, which is one of the world's largest producers of peanuts, practically eliminated the peanut market from there, making our peanuts more necessary on the markets of the world. That was a very important factor, that drought.

Mr. JOHNSON of Colorado. That is one factor, but I do not know that anybody could say that is the only factor. I think there are others, the way we changed the regulations, that has had something to do with the varying costs. I think the changes in production are another, the type of peanuts that have been developed, the runner type peanuts that are grown in Georgia and elsewhere have made a tremendous increase in the costs from 1969 or 1970, whenever those runner peanuts developed.

We have and are trying to deal with that program through the Committee on Agriculture and our subcommittee, and I feel that the gentleman's approach is unwarranted.

Mr. PEYSER. I thank the gentleman.

Mr. WHITTEN. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. Sisk).

Mr. SISK. Mr. Chairman, I express my deep appreciation to the gentleman from Mississippi for yielding me a brief amount of time. I do not wish to impose too long on the committee's time. I want to express appreciation to this Subcommittee on Appropriations for the great work they have done through the years. I think the gentleman from Mississippi and the gentleman from North Dakota, my good friend (Mr. Andrews) have both outlined basically the importance of agriculture and what it has done for this country. I think it is a little bit tragic—and I was just visiting with the gentleman from New York (Mr. Richmond) about it—that basically about the only people on the floor are those who have some direct interest in agriculture. Maybe we should have more people here really understanding the significance of agriculture and its importance not only to our country but to the whole world.

Let me concentrate, if I may, Mr. Chairman, very briefly on a subject about which I am particularly concerned. I want to commend the committee on some language in the report on pages 92 and 93.

Mr. Chairman, in studying the committee report on this appropriation bill, I found on pages 92–93 reference to tests employed to provide a basis for banning the use of certain substances. Among those mentioned are cyclamates, the artificial sweetener banned in 1969–1970. The committee report points out the ridiculously large amounts of these substances which had to be employed in animal feeding tests before any bad effect could be detected. In the case of cyclamates, according to the committee report, this would amount to at least 138 bottles of soft drink in one day and similarly ridiculously large amounts would be required of other products such as canned fruits which contained even smaller percentages of these sweeteners.

In this context, I wish to draw the attention of the House to a recent decision by the Commissioner of Food and Drug for which he must offer justification beyond so far offered to the Congress, to industry, and to millions of concerned consumers.

I refer to the Commissioner's decision to continue the present ban on the use of cyclamates as artificial sweeteners.

It has been reported in the press that in reaching his decision the Commissioner disregarded the recommendation of experts in his own Bureau of Foods. That bureau had recommended that cyclamates be allowed to return to use.

The decision has been sharply questioned I am told by scientists of high standing and impeccable reputation.

A committee was appointed by the National Cancer Institute to review the scientific evidence concerning cyclamates. You will recall that their published report clearly stated that there is no valid evidence to establish cyclamates as being cancer-causing.

That committee was only appointed after a protracted period during which the Food and Drug Administration appeared unwilling to grapple with the fact that worldwide scientific evidence indicated cyclamates are not a cause of cancer. The long delay exceeded the period provided for by law. It led to the suspicion that the administration might be delaying because it wished to avoid embarrassment which might follow an admission that the decision made by HEW in 1969–70 to ban the use of cyclamates was premature and was based on scanty and inappropriate evidence. After many long months the FDA finally said that it could not decide what the evidence showed. It asked the National Cancer Institute to appoint a committee so that FDA could learn from that committee what the evidence showed. That committee of distinguished scientists conducted a prolonged study of the matter, even sending an investigating team overseas to contact scientists who conducted the tests which so strongly held that cyclamates are innocent of the charge that they cause cancer. The committee said that in all the valid evidence there was nothing to prove that cyclamates cause cancer. It went on to say that contrary evidence came only from tests regarded as unreliable. Those tests considered unreliable by these experts uniformly gave the same verdict: cyclamates do not cause cancer.

Since the Secretary of HEW announced a cyclamate ban in 1969 more than a score of carefully designed tests have been conducted to determine whether cyclamates are cancer-causing. Each of these may be described as far more reliable than the test on which the ban was based. The accumulated weight of evidence from these tests has led a number of nations, including most recently Finland and West Germany, to permit wider use of cyclamates. It has also led to the decision of the World Health Organization of the United Nations that cyclamates cannot be considered cancer-causing. Our neighbor nation, Canada, never placed a complete ban upon use of cyclamates. Canadian authorities have stated that our Food and Drug Administration has given undue attention to tests conducted with techniques not generally accepted in international scientific circles. It appears that the Commissioner's decision is sadly out of step.

Interested parties in the food and beverage industry charge that Commissioner Schmidt has distorted the report of the National Cancer Institute in order to justify his decision.

Such charges are not made lightly. They must be given an airing. The Commissioner must offer a complete justification of his act. Those who took part in studying the evidence must also receive an opportunity to air their views. I feel that these concerns should be pursued so that this matter is not swept under the rug. The Food and Drug Administration should furnish to the Congress all necessary documents and records pertinent to this case. Ultimately, Mr. Chairman, it may be necessary to request that the appropriate committee schedule hearings at which the Commissioner and his appropriate agency personnel, the members of the National Cancer Institute review committee, and additional witnesses from the scientific community as well as from interested groups may present their views.

Evidence of the dissatisfaction with the Commissioner's decision and lack of trust in the reasons for it are found in a variety of documents which I will make a part of the RECORD. I am assured that I have the support of other Members of the House in calling for an objective reexamination of this decision.

I have been talking to the distinguished chairman of the subcommittee, the gentleman from Mississippi (Mr. WHITTEN) and also to the distinguished chairman of the Subcommittee on Intergovernmental Relations and Human Resources of the Committee on Government Operations, the gentleman from North Carolina (Mr. FOUNTAIN) regarding the matter in connection with the testing and the orders of the Food and Drug Administration as they pertain to many of our additives in connection with food today.

If we look on pages 92 and 93, the committee discussed at length "measuring the risk." and I will not take the time to read all of the language. I did want to comment very briefly and then ask a couple of questions of my good friend, the gentleman from Mississippi, if I could. He states:

> In the 1950's instruments could measure in parts per million, in the 1960's in parts per billion, and in the 1970's in parts per trillion. In other words, measuring devices are one million times more sensitive today than when the controlling law was enacted.

It goes on in the same paragraph, and discusses what in essence used to be so-called zero residues as compared to today.

I was particularly intrigued with the quote that the committee came up with, which I think is so true of the kind of shape we are getting ourselves into today dealing with this business of finding something wrong with about everything in the world in the way of a food product or food commodity or in the food chain.

Finally they quote from a New England Journal of Medicine of some time ago in which they state, and I quote:

> So let your life be ordered, By each documented fact, And die of malnutrition, But with arteries intact.

That is just about the condition we have gotten ourselves into.

I have the greatest respect in the world for my colleague on the Committee on Rules on which I sit, the gentleman from New York (Mr. DELANEY). A great deal of blame sometimes is placed upon the so-called Delaney amendment when we get into a discussion of this particular subject. But I am intrigued by information furnished by the committee, again at the bottom of that paragraph, dealing with measuring the risk where it says:

> Testimony before the Committee has highlighted the fact that the Secretary of H.E.W. is charged with the responsibility of approving a method for the measurement of residues. The law does not—

I emphasize does not——

> Require the present practice of using the most sensitive method available. Attention should be given to selecting practical criteria for approving a method, or methods, which protects public health.

Along with this they cite the total amount that would have to be consumed, for example, in connection with cyclamates. That happens to be the matter I am discussing here and have placed in the RECORD. The same thing is true of DES and others. For example, just to give the Members an idea, they cite here that we, according to their test, would have to consume 5 million pounds of liver per year—not in a lifetime but per year—for 50 years to equal the intake from one treatment of day-after oral contraceptives.

This just gives us some idea really of how ridiculous this situation can become, and I am very critical frankly of some recent decisions by the Food and Drug Administration. I would like to ask my friend, the gentleman from Mississippi, whether and to what extent his committee has discussed this matter with the Food and Drug people and what are their answers to the questions that are raised here. I think these are excellent. I am grateful to the committee for raising them.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, periodically we have had this matter up with the Commissioner and with the Environmental Protection Agency, when this committee had jurisdiction over that agency, in an effort to try to get them to discuss it with the author of the Delaney amendment, and to try to modernize that amendment.

Actually, they can use an ultra-sensitive measurement now. While the Delaney amendment had proposed a zero tolerance, the techniques have now been developed to a point where there is no such thing as zero tolerance. I think anyone would agree that in 1958 when the amendment was originally written into law and in 1962 when the amendment was amended, that it was done with the thought in mind of using the then existing measuring devices.

I think quite clearly that is a basis for the Secretary of HEW to review this, and for the Food and Drug Administration to review this, and to make recommendations for the modernizing of that amendment. This statute has done a great deal of good, but it can be brought up to date in a practical fashion.

I think there is no question but that many of the things we use every day today are in violation of that law if we were to use the ultra-sensitive methods we have at the present time.

We are doing what we can. I understand the gentleman from North Carolina (Mr. FOUNTAIN) will be doing what he can to bring the determination of measuring devices down to a practical level. As in the illustration the gentleman made about the liver, this applies across the board: to cyclamates and to everything else. We just have to use atronomical amounts of the substances for them to be injurious. We can now measure down to so many parts per trillion. Some years ago it was said this would be equivalent—and it is hard to conceive—to isolating a dime in a budget of hundreds of billions of dollars. That shows how ridiculous it is.

I appreciate the gentleman raising this matter here. As the gentleman knows, the press does not carry this side of it; they just carry the other side. It happens in this as in so many cases. But I thank the gentleman for his contribution.

Mr. SISK. I thank the gentleman from Mississippi for his contribution.

I see my good friend, the gentleman from North Carolina (Mr. FOUNTAIN), on the floor. I wonder if he would make a brief comment in view of some of the circumstances cited here as well as those by the gentleman from Mississippi as to what the gentleman from North Carolina (Mr. FOUNTAIN) thinks could be done to possibly correct this situation.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. Mr. Chairman, I certainly understand and appreciate the concern of the gentleman from California (Mr. SISK) about the cyclamate situation. I am quite familiar with the circumstances under which these artificial sweeteners were banned in 1970 by the Food and Drug Administration.

I want to say to the gentleman however that our subcommittee staff has not thoroughly reviewed the more recent studies upon which the FDA Commissioner based his decision not to permit remarketing of cyclamate sweeteners at this time. However, our subcommittee is presently engaged in a comprehensive review of the national cancer program, because the cancer rate continues to go up and up and up.

Mr. Chairman, I will certainly request the staff to look into this matter in connection with our review of the cancer program.

I might say that this business, the report makes reference to the equivalent of at least 138 bottles of soft drinks a day to approximate the animal feeding studies. This can be misleading, since large doses of a food additive or drug are needed in animal studies, so we are told, to compensate for the very small number of animals used in such studies, as well as the short lifespan of the laboratory animals. I have not heard any of the scientific authorities complain that the cyclamate dosages used in making these experimental studies are excessive, thereby making their results invalid or unreliable.

Mr. Chairman, I am advised by the staff that it is their understanding that Commissioner Smith is not delaying approval altogether on the question of the carcinogencity of cyclamates, but also because of other potential hazards which animal studies have revealed, such as the damage to animal testicles, which allegedly was observed in some of the studies.

Mr. Chairman, it is my further understanding that the Commissioner is waiting for more definitive results as to these potential hazards before saying that the additives are safe; because as we know, once, under the Delaney clause, cancer is produced in animals by these tests, the burden is on the company to satisfy the Food and Drug Administration that the items are safe. Our subcommittee has never attempted to pass judgment on the merit of the Delaney amendment to the Food and Drug laws, nor on the basic scientific decisions of FDA. However, one of these days whether or not the Delaney clause needs to be amended or changed is a question this Congress may need to take another serious look at.

In any event, when questions arise as to the safety of certain food additives or drugs, the FDA really has no responsible alternative but to follow the law and its own regulations promulgated pursuant thereto in the interest of protective health and well-being of the American people.

Mr. SISK. Mr. Chairman, I appreciate very much the statement of my colleague, the gentleman from North Carolina. It indicates to me that the gentleman's committee, and hopefully, as I understand, the committee of the gentleman from Mississippi, the Committee on Appropriations, will continue to be vigilant and look into these matters.

I think we are, unfortunately, caught in a trap by our inability to test, that there is no food on earth today that cannot be proven injurious in feeding and the only way to avoid it is starvation.

It has been proven by German scientists and others that that is the situation with regard to cyclamates.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, one of the problems we run into is that they completley ignore dosage. There are many things that in reasonable quantities, or even 10 times reasonable quantities, are harmless; but so many of these reports ignore dosage.

I have been told by these same scientists that water will kill us if we drink too much of it. There just is not anything that is not injurious if taken in sufficient quantities. In most of these studies they do not even bring it down to a quantity that would be 10 times what would be expected. That is one of the weaknesses. Public sentiment being what it is in the last 4 or 5 years, I think it is just a reaction to the news media and it is changing. If folks get hungry, it may change some more.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. SISK. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, the gentleman certainly has touched an area in which the committee was concerned and spent some time questioning FDA. We examined and listened to the testimony of the FDA on this, because there have been some decisions made by FDA which have been quite injurious, not only to the producers of food, health products, and in some instances the production of some types of medicines; but it also has been injurious to the consumers, because they have made some decisions which have been extremely costly.

The thing that concerns me is that we frequently have to develop a benefit-cost ratio before we move in this Congress upon some projects. We cause others to have environmental impact statements; but it is obvious the FDA moves without proper examination, without proper exploration of all the alternatives.

Red dye No. 2 is probably the most recent one. There was a big scare over red dye No. 2. It is my understanding since that time they have realized they were wrong; but what was the damage they cause by jumping in prematurely with their statements and unfounded news.

I think the gentleman has touched on something here that FDA needs to be given some strong guidelines on. We recognize that we need the FDA, but they do not have proper guidelines or proper supervision reporting the facts today. They can move in and destroy an industry and take materials off the market that need not be taken off. I am afraid that too often, their decisions are arbitrary and are made without sufficient evidence to support those decisions. This Congress should take action to place more control over FDA and to require FDA to be more accurate in its conclusions and decisions.

Mr. SISK. I appreciate the comments of my colleague from Indiana. What the Food and Drug Administration did by an arbitrary decision back in 1969 practically bankrupted two very large farm co-ops in my area. I just think it is imperative that this Congress start requiring better accounting in some of their decisions.

Mr. WHITTEN. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. RICHMOND).

Mr. RICHMOND. Mr. Chairman, an important change has taken place in this year's agriculture appropriation bill which heralds, I believe, the beginning of a new era of understanding and cooperation between rural and urban America, and a great deal of the credit for this change must go to the distinguished chairman of the subcommittee, the gentleman from Mississippi (Mr. WHITTEN), and the ranking minority member, the gentleman from North Dakota (Mr. ANDREWS). We have a bill before us today which, for the first time, recognizes the unique interrelationship between American agriculture and the urban consumer.

Mr. Chairman, as the committee report states, this is an all-American bill in which the urban population has as much of a stake as those living in rural areas. The committee calls this "A Bill for the Benefit of the Urban Population" and I agree.

While no bill of this scope can be 100 percent satisfactory to everyone, on balance, I believe this is a good bill for the urban consumer and the family farmer.

This bill restores the administration's $10 million cut in nutrition education.

This bill provides $4.5 million for the household food consumption survey, to evaluate the food stamp and other feeding programs.

This bill provides $1.5 million for a pilot program in urban gardening.

This bill benefits migrant farmworkers, as well. The chairman, Mr. WHITTEN, should be commended for recognizing the need to provide adequate housing for these persons, by restoring $6 million for the domestic farm labor housing program.

Mr. WHITTEN, with the 400 new FmHA employees created by this $6 million appropriation, I hope each State will now have a full-time person to work on domestic farm labor problems, and I trust that the housing built for farmworkers will meet all requirements for sanitation and decency, and will be provided to applicants without discrimination.

We have an opportunity today to further the urban-rural coalition so vital to our country, and I urge my colleagues from both sides of the aisle to support this important bill.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding. Mr. Chairman, I was very interested in the gentleman from New York's comment about $1.5 million for urban gardening. Could the gentleman describe that program?

Mr. RICHMOND. This is a wonderful pilot program which involves New York City, Chicago, and Los Angeles.

Mr. ROUSSELOT. What do they do, use window boxes?

Mr. RICHMOND. No. New York City alone has 550,000 backyards. Chicago and Los Angeles also have hundreds of thousands of them.

Mr. ROUSSELOT. I am very familiar with the backyards in Los Angeles, but how does the program benefit the average consumer?

Mr. RICHMOND. We also have many, many empty lots which are being converted to community gardens. It is a great credit to our subcommittee on appropriations for agriculture that it understands the need to develop an urban gardening program in every single city in the United States. We want to interest more urban people in growing food, understanding the value of food, understanding how difficult it is to grow food, and finally bringing a source of fresh vegetables to our urban population.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WHITTEN. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York.

Mr. NATCHER. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Kentucky.

Mr. NATCHER. Mr. Chairman, I want to commend the distinguished gentleman from New York City (Mr. RICHMOND), who stands in the well at this time, on the statement he has just made to the committee. Further, I want to commend the gentleman on the outstanding work he is doing as a member of the Committee on Agriculture.

I have served for a number of years in this House, Mr. Chairman, and on many occasions we have had Members of the House from New York City and other large cities who have questioned the contents of our bill and the amounts carried in our bill. From time to time, we have believed, Mr. Chairman, on our committee, that maybe we do not at all times receive the assistance that we should from our large cities and the members who represent our cities.

The gentleman standing in the well appeared before our committee. He made an excellent statement concerning the matters that he has just stated to the committee. The distinguished chairman of our committee, the gentleman from Mississippi (Mr. WHITTEN), thought so much of the statement that the gentleman who stands in the well made to the committee, that he incorporated a part of it in the committee report. Members of this Committee will be interested in examining the committee report, which starts on page 11.

I want to commend the gentleman. He is an outstanding Member of Congress. I want to concur in the statement he just made to the Committee.

Mr. RICHMOND. I thank the gentleman from Kentucky.

Mr. ANDREWS of North Carolina. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, I wonder if the gentleman from New York (Mr. RICHMOND) could tell us a little more about the urban gardening program, the amount of $1,500,000 for backyard gardening. Do we provide a direct subsidy for backyard gardeners, or what is it?

Mr. RICHMOND. This $1.5 million will be divided among three cities. It will be administered by the land grant college in that State.

For example, in New York the program is being administered by Cornell University.

Basically, the problem with the urban gardener is that he does not know how to grow a garden. What we will do, for the first time in history, for the first time in the history of the United States, the urban areas will actually have agriculture extension offices in the city, to help urban people learn how to grow gardens. This is an excellent program, not only for the source of food, but for learning how to grow gardens.

Mr. ROUSSELOT. Does the money go mostly for the personnel that will be placed in the cities, to go out and instruct the people? I know that my colleague, the gentleman from Massachusetts—and I am sorry he is not here—has had a vegetable garden seed program for some time. I am wondering if that is included in this bill.

Mr. RICHMOND. No.

Mr. ROUSSELOT. How does the consumer actually benefit? Is it in salaries?

Mr. RICHMOND. The consumer benefiets because he gets an incentive to help him grow a garden. The average person does not know how to grow a garden. He does not know what type of fertilizer to use and he does not know what kind of seeds to use.

Mr. ROUSSELOT. What type of fertilizer to use?

Mr. RICHMOND. Or what type of vegetables will grow in his backyard or in his garden.

Mr. ROUSSELOT. Most of this is for people and fertilizer?

Mr. RICHMOND. No. Most of it is for people, to instruct.

Mr. ROUSSELOT. For instruction on how to grow a garden in one's backyard?

Mr. RICHMOND. People from the land grant colleges who come down into the cities to teach people how to grow gardens in urban areas.

Mr. ROUSSELOT. Incredible!

Mr. RICHMOND. I am glad the gentleman likes it.

Mr. ROUSSELOT. I did not mean to imply that I favor the program. So this is a program that the gentleman expects to expand throughout cities. We used to subsidize crops. We have stopped that. Now we are going to subsidize people to grow gardens in their backyards.

Mr. RICHMOND. We are not subsidizing anybody. We are giving an incentive to much needed education in urban areas on how to grow gardens.

Mr. ROUSSELOT. The gentleman has not been around here for long. He will soon learn that any small program like this grows into bigger and better things. I would really like to see the backyard gardening program for New York City. I think that would be fascinating to see.

Mr. RICHMOND. The gentleman is welcome to come into our district any time, and we will show him what we are doing.

Mr. ROUSSELOT. If the gentleman from New York can provide the proper police protection, I will be glad to come.

Mr. WHITTEN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, may I have the attention of the gentleman from California?

The gentleman from California (Mr. BROWN) last year sent out a questionnaire in his district in Los Angeles. He had 20,000 replies from downtown Los Angeles from people who wanted information about gardening.

So far as the provision in this bill for $1.5 million to help people grow gardens, there are estimates that there will be over 51 percent of American families this year growing gardens. Last year they could not get fruit jar tops.

When one goes to New York City they tell you that there is a 3-day food supply inside the city limits; that if transportation were cut off, there would only be sufficient food for 3 days.

When we get to the practical side of this, we find about 80 percent of the Members of this Congress come from city districts. It is time that we developed an understanding of their problems, and it is time from a general standpoint that they developed an understanding of ours. We are very proud of this provision, and we are proud of the fact that we are the ones who put it in the bill. I am also proud to say that we are getting excellent acceptance of it.

Mr. Chairman, I yield such time as he may consume to the gentleman from Arkansas (Mr. ALEXANDER), who has done an outstanding job in this field in his district and in our area and who is very interested in agricultural problems.

Mr. ALEXANDER. Mr. Chairman, I thank the gentleman for yielding this time to me.

Mr. Chairman, the appropriations bill before us today is one of the most important bills the Congress considers annually. Though less than 13 percent of the funding provided under this bill directly benefits agricultural production, processing, marketing and farm income stabilization programs, it literally makes it possible for millions of Americans in our cities to have food.

Agricultural appropriations are essential for farm programs to function. Farm programs will not work without appropriating Federal funds that will permit the implementation of legislative programs. In fact, the degree of national commitment to a farm policy can best be measured by the amount of dollars budgeted by the President, and appropriated by the Congress.

During the past decade, especially, the emphasis in this bill has been away from assisting in the production and marketing of food and fiber to the funding of programs to feed people. So great has this shift been that almost 58 percent of the funds in the current bill are earmarked for financing people feeding programs.

RESOURCE CONSERVATION—A NATIONAL CONCERN

The 60 percent of our Nation's land is situated in farms and ranches. This, as the Committee on Appropriations report points out, makes our farmers and ranchers the principle managers of our Nation's soil and water resources.

While many of our citizens have been born since the "Dust Bowl" days of four decades ago that so threatened our Nation's natural resources, most of us are at least somewhat aware of the fact that such a threat did exist. Many of us are familiar with the superhuman labor put forth by agricultural landowners and the millions of dollars worth of conservation and rehabilitation programs that were required to combat that threat.

Droughts and the pitiless ravages of wind are again attacking the vitality, the production capacity, of our soil and water resources. Experts tell us that the adverse weather we are getting not only in the United States but throughout the world may very well become the usual and familiar rather than the unusual.

Agriculture experts have begun voicing concern over the decreases in per acre productivity that have been showing up in some parts of the world.

Protection of our soil and water resources must be a matter of national concern. It is these natural resources which have made it possible not only to grow food for the people of our Nation but millions of people throughout the world.

The trends in weather and soil and water productivity that United States and international experts have identified ought to mark a time for increasing national efforts to help farmers and ranchers protect our soil and water heritage, not mark a time for decreasing these efforts as has been proposed by the administration.

The President's budget proposed to cut the Department of Agriculture's soil and water conservation and forestry incentives programs $251,612,000 below the funding Congress provided in last year's appropriations bill. The Committee on Appropriations deserves the praise and support of the Nation for its courage in recommending the restoration of $251,401,000 of these proposed slashes.

SHARING SOIL, WATER PRODUCTION COSTS

One of the most important programs helping farmers and ranchers in their efforts to conserve and protect our soil and water resources is the agricultural conservation program. Congress appropriated $190 million for this program last year. The President asked for no funds this year. The Committee on Appropriations recommends $190 million in this bill.

This is a program which benefits the whole Nation and I share the committee's feeling that the Nation should share the cost with the farmers and ranchers. Under the program agricultural producers match the Federal dollars on a one-to-one basis and in addition, supply labor and management to carry out the environmental conservation practices.

Americans expect our farmers and ranchers not only to produce food and fiber but to use the land and water in such a way that production will continue and increase in generations to come. The agricultural conservation program is one way that Americans can shoulder some of their rightful share of the burden of protecting and conserving productive land and water resources. I believe that it is time we ended the annual ritual of shortsighted attempts to drastically reduce or end this program.

Also, of special importance to the future of agriculture is the farm ownership loan program operated by the Farmers Home Administration. The reports we have been getting from colleges of agriculture across the Nation is that there is renewed interest in farmer and ranching among young people. This trend ought to be encouraged since the average age of our agricultural producers has been rising.

We cannot afford for the expertise of these vital men and women to be lost to our Nation. Nor can we afford for healthy competition in the agriculture industry to deteriorate. One of the ways to guard against that is to help young people establish themselves in farming and ranching.

In the 1930's it took about a $4,000 capital investment to set up a farming operation. Today the average cost of getting into agricultural production is $200,000. More and more frequently banking firms, and even farmer cooperatives, are encouraging potential borrowers to seek help through the Federal farm loan programs. Despite this, the President proposed a $100 million reduction in loan funds for this program in fiscal year 1977. I am very pleased that the Committee on Appropriations has recommended against approving that cut.

AIDING COUNTRYSIDE COMMUNITY DEVELOPMENT

Another group of programs funded under this bill that are of special national importance are the community development loan and grant programs. These are also administered by the Farmers Home Administration.

Since the early 1970's experts on the trends in people migration have been identifying a reversal of the decades-old shift of population between the countryside and the cities. In the past the shift was to the cities. Today the nonmetropolitan regions of the countryside are gaining population faster than are the metropolitan regions.

A major key to the shape of our future as a nation will be the progress our countryside communities, towns, and cities make in meeting the challenge of new population growth. To meet this challenge successfully, many of these communities, towns, and cities must have Federal grant and loan assistance.

Despite the need documented through applications for and interest expressed in rural community development programs, the President proposed that the 1977 budget for community development loans and grant programs be cut by $768.4 million. The bulk of these slashes were proposed in the rural housing programs, $490 million, and in the water and sewer grant programs, $250 million. In addition, the President proposed no increases in the water and sewer loan programs, the community facility loan programs, and the business and industrial loan programs.

In most instances, the committee has rejected the President's proposed cuts, and in the cases of the moderate-income housing and water and sewer program has recommended an increase in program levels.

The need for water and sewer loans and for business and industrial loans in rural areas seems to be far greater than the credit that can be supplied through commercial lending sources and the FmHA programs. I would hope that since these programs are not a direct drain on the Treasury, and the funds are to be repaid, final congressional action will lead to increases in the levels at which the programs will operate.

HOUSING NEEDS ARE UNMET

When the Housing and Urban Development Act was passed in 1968 a housing production target of 26 million units was set for the 10-year period of 1969 to 1978. Six million of these homes were to be federally subsidized for low and low-moderate income families. Since 31 percent of all the substandard housing in the Nation was located in nonmetropolitan areas 1,860,000 of the 6 million federally-assisting housing units were allocated to countryside areas.

During the first 7 years of this program less than half of the rural housing goal was met. The 773,002 subsidized and nonsubsidized housing units produced under Farmers Home Administration programs during this time equalled only 18.5 percent of the number of households living in substandard housing in FmHA service areas. If the housing production rate does not increase over that of the past, it would take 37 years to replace all the currently existing substandard housing.

There is obviously a chronic and pressing need for expansion in the federally-assisted housing programs for countryside citizens. While the committee has recognized that need by increasing the housing loan program level $400 million over the current levels, I am very much concerned over the effect one aspect of the committee's action may have.

The moderate-income housing level recommended by the committee is $1,338,000,000. Of this amount, the committee recommends that $500,000,000 worth of the loans should be made through a program under which FmHA will guarantee lending by commercial lenders. I have long supported the guaranteed loan program concept as a means of encouraging private lender involvement in rural community development.

Nevertheless, I am apprehensive that the committee's recommendation with regard to the loan program may have the effect of reducing the number of rural borrowers who can benefit from this housing program either because of the inability to find private lenders willing and able to participate in the program or because the increased interest rates under this program will be used to eliminate potential borrowers.

FMHA REQUIRES MORE STAFF

Finally, FmHA has been experiencing major and rapid increases in its program responsibilities but has not been allowed to increase its staff to adequately handle these responsibilities.

Last year the Congress attempted to bring about a correction in this staffing problem through a designation of funding to be used for hiring additional staff. The administration ignored the will of the Congress in this matter and diverted the funds to other purposes.

In this bill the committee is again recommending increases in the FmHA staff, totalling 400 positions. The positions which the Congress intended to be filled last year were meant, primarily, to support FmHA office operations. It is to be hoped that the administration, in fiscal year 1977, will follow congressional intent not only an increasing FmHA staff but in concentrating the new staff assistance at local levels.

Mr. WHITTEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Chairman, I just want to state that I have always been mystified by the quarrels I have seen in the 40 years I have served in legislative bodies when it came to agricultural legislation. These are quarrels between the so-called city folks and the farm folks.

I come from an area where the population is about evenly divided among small cities, small towns, and farms, so I have had to do some skating on thin ice on a very narrow and small rink. I have learned over the years that a great deal of the opposition comes from a complete misunderstanding of agricultural programs.

It is necessary for us to understand that we have the cheapest food in the world. The smallest part of our dollar goes for food, even in spite of the increased costs. Most of the increased cost has come about not from the farmers and their prices but from the packaging. In most instances we find that the packaging of many products costs more than the food that is packed within the package. The whole situation has been very badly handled by some consumer groups.

This is a consumer bill, because the ultimate use of the food product is by the consumer.

When we speak of activating a garden program for the cities, I want to say we could not spend any money anywhere in the world better than that. I have never been without a garden in my whole life. Last year and every year of my life my wife and I put up all the frozen food that we needed for all winter, and that came out of our garden. During the last couple of days I treated some of the boys to free lettuce, free onions, and free radishes that came out of my garden. By the 4th of July I will pick a half-dozen nice-sized tomatoes.

You cannot beat having a farm garden at home. Mine is a small garden; it is only 60 feet long and 16 feet wide. We grow not only enough for our family but we grow it for our son and our daughter, who are too busy to plant a garden, or think they are.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. DENT. I will yield briefly. I do not want to use too much time.

Mr. PEYSER. Mr. Chairman, I thank my good friend, the gentleman from Pennsylvania, for yielding. There is one item on which I want to comment.

I know of no amendments that will delete any of its important areas, with the exception of two amendments that will be forthcoming; namely, the amendment to reduce the peanut subsidy—and that is certainly not a food demand item—and the amendment to delete a small amount of money from the food for peace program; and that is money that is used to purchase tobacco.

I want to say that I support this program and agree with what the gentleman is saying and what the subcommittee chairman is saying, and that the only amendments to be offered are dealing with two items that have nothing to do with food for our people.

Mr. DENT. They have nothing to do with food for our people? Is that what the gentleman is saying?

Mr. PEYSER. No. Let me restate it.

Mr. DENT. Will the gentleman clarify what he means?

Mr. PEYSER. Mr. Chairman, I am saying that I support this bill, and the only amendments that take anything away from this bill are these: The amendment to reduce the amount of money for the peanut sudsidy program and the amendment to delete an amount from the food for peace program that relates to the purchase of tobacco. I am supporting everything else in the bill.

Mr. DENT. Has the gentleman never heard of peanut butter? Perhaps I will bring the gentleman some of my homemade peanut butter.

Mr. PEYSER. But the fact is that we have a billion pounds of peanut in storage now.

Mr. WHITTEN. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. BADILLO).

Mr. BADILLO. Mr. Chairman, I rise in support of this bill and particularly in support of the urban grading program of my colleague, the gentleman from New York (Mr. RICHMOND).

Mr. Chairman, I want to point out to the gentleman from California (Mr. ROUSSELOT) that the specific problem that we have in areas like mine is that we have large areas of vacant land. This land became vacant as a result of model cities program which was approved in 1966. Pursuant to the model cities plan, we relocated the families living in existing housing in 1967, 1968, and 1969. We demolished the buildings in 1970 and 1971. We prepared new plans for redevelopment in 1972. On January 1, 1973, President Nixon declared a moratorium on housing and the entire program came to a halt.

We finally passed a new Housing Act in 1974 which provided for funds to continue the program. For practical purposes, however, New York City went bankrupt in 1975, so the land remains vacant still.

Therefore, Mr. Chairman, I am working on a program known as the "Greening of the South Bronx," whereby we get community people to work on planting vegetables on the vacant land. They do it on a volunteer basis, but the problem is that the land has a lot of lead in it because there were buildings standing there for many years, and one needs a special compost or fertilizer in order to make the land arable.

Mr. Chairman, this is what we are working with Cornell University on. Basically, the work will be done by community people. They will not be paid for it; but, obviously, as we must realize, it is a very poor neighborhood. Therefore, we cannot expect them to pay for the materials that are necessary in order to at least plant some vegetables so that we do not have these bombed-out area that look deserted and which reflect so much discredit not only to the people of New York City but to the people of this Nation.

Mr. Chairman, that is why we support the program—purely as an interim program until we can get the financial resources we need to make these central city areas into meaningful and vibrant neighborhoods once again.

Mr. ROUSSELOT. Mr. Chariman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from California.

Mr. ROUSSELOT. How many salaried people are there in this program, or does any of the money go to salaries?

Mr. BADILLO. At the present time there are no salaried people. None of the community people get any salaries at all.

With respect to the program with Cornell University, as far as we are concerned in my district, the money will have to go to fertilizer and the special material that is required to be prepared.

None of the people who will be working in the program from my district or who are working in it now are receiving any salaries whatsoever.

Mr. ANDREWS of North Dakota. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. CRANE).

Mr. CRANE. Mr. Chairman, I thank the gentleman for yielding.

I want to direct my remarks to my good friend, the gentleman from Pennsylvania (Mr. DENT).

I have not yet had the opportunity to taste the succulent tomatoes or the lettuce that he has grown, but I do think that he has a better understanding of the proper amounts of fertilizer to put on his garden than any of us here in the House.

Mr. WHITTEN. Mr. Chairman, I yield myself 2 minutes.

Mr. WHITTEN. Mr. Chairman, may I say that I appreciate the support we have seen here today.

Recognizing that our people are getting more and more urban, our subcommittee started about 7 years ago to provide 4-H type work in our cities.

Recently I had the privilege of speaking to 250 4-H Club leaders from all over the United States. It develops that only 25 percent of them lived on farms, the remainder came from cities and suburbs.

Mr. Chairman, 10.4 percent of 4-H members now live in the inner cities of our larger metropolitan areas.

The biggest 4-H Club in the United States is in downtown Indianapolis, Ind.

I am proud of the fact that we have been able to get these traditionally rural programs into the cities. If we can keep it up, the people of our inner cities will greatly benefit.

Moreover, Mr. Chairman, we have many senior citizens, retired citizens in our cities, and this matter of a garden may cost a little bit for each vegetable they get, but it is important for them to have something to do, and what is being achieved is unbelievable.

Mr. BALDUS. Mr. Chairman, as a member of the House Agriculture Committee, I would like to offer my comments on various sections of the agriculture appropriations bill.

Today, more than ever, agriculture is the backbone of our economy. The large volume of sales on the world market of

U.S. food products has created a more favorable balance of trade for the Nation. We must continue our commitment to effective agricultural programs that will promote the long-term interests of our agricultural producers.

Next year the Congress will consider an omnibus farm bill which will undoubtedly point our agricultural policies into new directions and which hopefully will replace the patchwork quilt-like policies that we now have. That bill will also have to reflect an understanding that a significant part of our agricultural successes in the last few years have been the result of excellent climate conditions in the United States coupled with poor climate conditions in other major food producing areas. Any long-term agricultural policies must be based upon a consideration of the possible reversal of that favorable climatic situation.

In the first half of this decade, the Congress has created certain programs within the Farmers Home Administration to specifically direct Federal funds to rural areas. This was done because of a general understanding that rural areas were not receiving a commensurate share of funds from general programs being implemented across the Nation in rural and urban areas.

To insure that rural areas truly receive their proper share of Federal assistance, the Congress created the rural water and waste disposal grants program, the low-income elderly housing program, the mutual and self-help housing program, and the rural development grants program. These programs have been effective in helping rural areas to cope with the problems of the seventies.

And yet, these programs have been the constant target of the Nixon-Ford administration. The programs have been frustrated by impoundments, rescissions, and deferrals. The President's 1977 budget proposed a discontinuation of funding for these programs, citing the availability of such funding from similar programs. Such a proposal ignores the history of insufficient funding for rural areas which prompted the Congress to create these special programs. It also ignores the efficacy of FmHA in dealing with such problems as a result of the existence of its offices in almost every rural county in the country manned by local people who are aware of local needs and problems.

A great deal of my personal efforts since taking office has been directed toward pursuing a realistic share of Federal moneys for rural development. There is no doubt in my mind that these programs are more fair to rural areas than similar programs were which were applied universally across the Nation.

One cannot speak about the future of our agricultural policies without considering the special importance of conservation. The future economic strength of the Nation is dependent upon our future agricultural strength. There can be no future strength in agriculture without effective conservation of our soil and other resources.

To quote from the report which accompanies this bill:

> Increased agricultural productivity is a positive anti-inflationary force since it provides additional supply to offset increased demand. It is be noted that each dollar of wealth taken from the soil generates about seven dollars of financial value throughout the rest of the nations economy.

Increased agricultural productivity is absolutely dependent on effective conservation of our soil.

The President's budget recommended zero funding for the agricultural conservation program. After due consideration of his suggestions, we on the Agriculture Committee, as well as the members of the Agriculture Appropriations Subcommittee, concluded that the restoration of funding for this and other conservation programs was essential to the continuation of high levels of food production which will help to offset inflationary forces within our economy.

There has been discussion in the past year which suggests that long-term conservation decisions are more ably made by officials in Washington and on the State level of government. I would like to stress the value of the participation of ASCS county committeemen in making such decisions.

These farmer-elected committeemen are local farmers who know their areas and who are thoroughly familiar with the special problems inherent in their areas. They know the area farmers, are responsive to their needs, and are available to those farmers to discuss conservation policies. They exemplify the rediscovered policy of turning the direction of governmental programs back out to the people themselves and away from the bureaucratic enclave in Washington. I hope that we will not forget their importance.

The Ford budget also recommended a discontinuance of funding for the sire summary program. This program provides valuable records of cattle ancestry which have allowed a higher degree of breeding and which promotes continued increases in the productivity of our livestock. Good breeding practices have resulted in a higher production of milk per cow. The sire summary program has contributed greatly to our productivity, and I believe it is proper that funding for the program has been included in this bill.

In general, the provisions of this bill are not utopic, but are good considering the climate of relations between USDA, the Ford administration, and the Congress. I am hopeful that, with the omnibus farm bill of next year and with the possibility of a Secretary of Agriculture and an administration which are more sympathetic and understanding of our agricultural situation, we will have a much better bill next year. I intend to vote for this bill, however, and I urge my colleagues to do the same.

Mr. VIGORITO. Mr. Chairman, I wish to voice my support for a number of provisions of H.R. 14237, the agriculture and related agencies appropriation bill for fiscal year 1977.

The bill, as reported by the Committee on Appropriations, contains a substantial improvement over the administration's budget recommendations with regard to rural development programs. Continuation of funding for water and waste disposal, rural economic development, rural fire protection, rural housing, rural electrification, and related programs can help to make rural areas more attractive as places to live and as feasible locations for job-producing business enterprises.

The restoration of $1.5 million of funds for the national dairy herd improvement program is desirable, because that program is one of our best hopes for continued increases in productivity in the Nation's dairy herds through sire improvement and other selective breeding methods. This program, while very minimal in cost, will have cumulative beneficial effects both for progressive dairy producers and for consumers of dairy products.

The committee-approved bill also places greater emphasis on food nutrition. H.R. 14237 restores the funding for nutrition aides in the Extension Service budget to last year's level, and includes additional money for the Department of Agriculture to complete the National Food Consumption Survey.

In other areas, H.R. 14237 would continue funding for the agricultural conservation program, water bank program, forestry incentives program, and other programs that must be continued at full strength in order to conserve our land, water and forestry resources.

Mr. Chairman, the Appropriations Committee has been able to restore the cuts recommended by the administration's budget for the programs which I have noted, as well as others, while holding overall expenditure levels some $1.9 billion below last year and with little increase in total expenditures recommended by the administration for fiscal 1977.

Mr. FITHIAN. Mr. Chairman, I am hopeful that the House today will see fit to approve the agriculture appropriations bill with the funding level recommended by the Committee on Agriculture for the agricultural conservation program.

It is essential that farmers be encouraged to follow good soil and water conservation practices. Over the past three decades, the Congress has gone on record many times in support of Federal cost-sharing assistance for conservation practices which are approved at the county level in accordance with national guidelines.

The disregard which has been demonstrated by the administration toward soil and water conservation efforts is visible in the fact that no funds for ACP were recommended by the Office of Management and Budget when the budget was submitted to Congress this year. By restoring $190 million for this valuable program, we will be affirming the intent of the Congress to insure effective conservation practices in agriculture.

USDA has estimated that $3.5 billion in soil conservation work is urgently needed. Water pollution abatement efforts will take about $4 billion of public funds. It only seems to make good sense that we should allocate funding for a program which seeks to limit a major water pollutant: soil erosion.

Millions of tons of fertile soil can be prevented from becoming a stream pollutant and kept in production if effective conservation practices are followed. The agricultural conservation program, through county committees, is the best way we have of accomplishing this worthwhile goal, and I encourage my colleagues to support this funding level for ACP in our consideration today of the Agriculture Appropriations Act.

Mr. GREEN. Mr. Chairman, I am pleased that the committee has included $190 million in its bill for the agricultural conservation program. Once again, this program was funded over the objections of the administration, which requested no money at all for ACP.

ACP is vital to the future of agriculture. Without continued stewardship of the land, it cannot maintain—much less increase—its yield of food and fiber to meet the needs of this Nation and the world.

In Pennsylvania, the program can help to make at least a dent in the backlog of acreage which need greater conservation efforts. On over 82 percent of Pennsylvania's cropland, erosion is the dominant problem, and it is particularly serious in the western part of the State. Only 3.2 percent of Pennsylvania's cropland has no need for conservation treatment at this time.

Over two-thirds of Pennsylvania's pastures need conservation treatment, and in counties in the middle part of the State, that percentage goes up to as high as 85 percent. Since Pennsylvania is one of the major livestock producing States, pasture conservation is especially important.

Statewide, many of the same counties with higher than average conservation needs are the same counties with lower than average production yields. The need for the ACP program is clear, and I commend Chairman WHITTEN for his active role in restoring funds for it once again.

Mr. JOHNSON of California. Mr. Chairman, I rise to express my appreciation and support for the efforts of Chairman JAMIE WHITTEN and the members of the Subcommittee on Agriculture and Related Agencies Appropriations for their inclusion of $190 million for the agricultural conservation program. I feel this is a very important program to American agriculture and the Appropriations Committee has recognized this fact and has included funds to continue this important program.

The objective of the agricultural conservation program are to: First, restore and improve soil fertility; second, reduce erosion caused by wind and water, and third, conservation of water on land. This is a cost-sharing program which is furnished to individual farmers and ranchers throughout our Nation for the specific purpose of carrying out approved soil building and soil and water conservation practices on their farms. The assistance from the Federal Government, I should point out, represents only a part of the cost of performing the practices. The farmer himself bears the balance of the cost and in addition supplies labor and management necessary to carry out the practices.

Through the use of funds allocated in this legislation, it will become possible to enhance the conservation of our greatest natural resources: our soil and water. Some 4 billion tons of soil are lost to erosion each year. Experts have noted that we are draining these two resources faster than either India or China did. We all know the problems that they are suffering today because of their lack of conservation practices.

The President in sending his budget to Congress this year recommended a zero budget for the agricultural conservation program. At the same time, the U.S. Department of Agriculture estimates conservation needs in this country to be over $3.4 billion.

It is important to note that we are willing to spend billions of dollars under the Environmental Protection Agency to clean up our waterways. At the same time, the President is recommending that we spend nothing for soil and water conservation. I strongly support cleaning up our waterways, but I also realize that soil runoff contaminates our waterways more than all the Nation's sewage. Each legume plant retains many times the soil in place that a grass plant does. Cover crops not only retain moisture and soil where they belong, but also keep the soil from blowing away or washing into streams.

As I indicated earlier, this is not another Government giveaway program. Instead, it calls on farmers to invest their own funds in order to help protect their soil and water resources. These farmers are not only protecting their own land, but protecting the food and fiber production potential of our Nation, thus, their resource is a national resource, one which I feel deserves our assistance.

Mr. Chairman, if the farmers are ready to invest $400 to $500 million of their own money in matching Federal dollars to bring about basic conservation of our soil and water resources, I feel that we as a Nation should be willing to provide them with the matching funds. For this reason, I am particularly pleased with the action of the Agriculture Appropriation Subcommittee and recommend that my colleagues fully support the committee's action in this area.

Mr. DRINAN. Mr. Chairman, with respect to H.R. 14237, the bill making appropriations for the Department of Agriculture and related agencies for fiscal year 1977, I urge the passage of the provision that will allocate $5 million for the salaries and expenses of 400 new permanent Farmers Home Administration employees, with all new employees to work outside of Washington, D.C.

Mr. Chairman, I speak from experience in praising the House Appropriations Committee for including funding for 400 new positions in the bill and in asking my colleagues in the House and Senate to approve that funding. Many of my constituents have complained to me about the discouraging and astonishingly long delays that occur between a citizen's application for a Farmers Home Administration loan and the consideration of the application. These delays, of course, would be alleviated by an increase in personnel to handle loans.

A couple in Fitchburg, Mass., in my congressional district, recently waited approximately 7 months—from September 1975 to April 1976—before their home loan application was even considered. Although there was never any question raised about this couple's eligibility for an FmHA loan, the couple suffered substantial hardship due to the amazingly long delay.

Although the couple applied for a loan in September, it was not until October 22 that the FmHA office in Holden, Mass., wrote to the couple to advise them that it would be "several months" before the office reached the couple's file number and to say, "Please do not look for a house or get firm estimates to build until we notify you that we can give further consideration to your application."

The couple had a strong need to move from their apartment to a house because the wife was expecting a child. Therefore, the couple located a house that suited their needs and that they wanted to buy. They gave a realtor a deposit on the house. But due to the long delay at the FmHA office the couple could not obtain consideration of its loan application and lost the right to purchase the house.

I contacted the FmHA central office in Washington and the State office in Vermont—which is responsible for Massachusetts—through a personal visit in my office, several letters, and even more telephone calls, but still the application was not considered in time. Therefore, as a result of the delays of the FmHA, the couple had to foresake a suitable house, rent a larger apartment at a higher cost, search a second time for a house, move from one apartment to another just before the birth of their child, and then move from the second apartment to a house soon after the birth of the child.

If the provision for 400 new employees is approved, stories like this one will be fewer. To make experiences like this as few as possible, however, it is important that the FmHA fairly allocate the added 400 employees as well as all its other personnel. The allocation of employees must be based solely upon a formula that accurately reflects the needs of each area of the Nation. When the Congress last approved an increase in FmHA personnel, the FmHA did apply a carefully conceived formula.

Nevertheless, the results of the formula were not implemented without adjustment. Instead, the Administrator of the FmHA decided that increases in the personnel of States needing more employees could be made only to the extent possible without decreasing the number of employees in another State.

Many Representatives and Senators from New England, including myself, as well as a number of other Members of Congress from other parts of the Nation, have worked for years to reduce the delays in the FmHA's processing of loans. The proper allocation of funds for the hiring of 400 new employees will help reduce these delays.

Mr. HAMILTON. Mr. Chairman, I am pleased that the committee has recommended a $190 million funding level for fiscal 1977 for the agricultural conservation program.

This program, which is administered by the Agricultural Stabilization and Conservation Service—ASCS—with technical assistance provided by the Soil Conservation Service, provides cost-sharing assistance to farmers and ranchers for carrying out approved soil building and soil and water conserving practices on their farms and ranches.

I have seen this program in operation in southern Indiana and I know how effective it is. Our farmers and ranchers are the principal managers of our Nation's soil and water resources and I believe it is essential that we continue to assist them in carrying out practices that build the productive capacity of the soil and insure its value for future generations.

Much progress has been made since the inception of this program, although much remains to be done. The Department of Agriculture indicates that only about one-third of our land is adequately safeguarded against erosion. Each year we lose about 400,000 acres of cropland because of erosion and three times that amount each year through conversion of good farming land to urban and industrial uses.

One of the important priorities of this Nation must be to halt the abuse and waste of our Nation's natural resources. Only by preserving our soil and water resources can we maintain our capacity to produce new wealth. Dollars spent on conservation will help us provide additional food and fiber supply to offset increased demand. They are the best possible safeguard against inflation. To spend money and provide employment for the conservation and preservation of our productive physical resources is one of the best uses of our dollars.

A $190 million funding level will continue this valuable program at a cost of less than two-tenths of 1 percent of estimated military expenditures next year. This is not too high a price to pay for the conservation and preservation of our productive physical resources.

I strongly support this program and urge my colleagues to join me.

Mr. WHITTEN. Mr. Chairman, I have no further requests for time.

Mr. ANDREWS of North Dakota. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

FARM INCOME STABILIZATION

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

SALARIES AND EXPENSES

For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301–1393); sections 7 to 15, 16(a), 16(b), 16(d), 16(e), 16 (f), 16(i), and 17 of the Soil Conservation and Domestic Allotment Act, as amended and supplemented (16 U.S.C. 590g–590q); sections 1001 to 1010 of the Agricultural Act of 1970 as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501 to 1510); the Water Bank Act (16 U.S.C. 1301–1311); and laws pertaining to the Commodity Credit Corporation, $157,410,000: *Provided*, That, in addition, not to exceed $74,958,000 may be transferred to and merged with this appropriation from the Commodity Credit Corporation fund (including not to exceed $33,492,000 under the limitation on Commodity Credit Corporation administrative expenses): *Provided further*, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this appropriation: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $100,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That no part of the funds appropriated or made available under this act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PEYSER: On page 17, line 22 delete period and insert instead thereof a colon and add the following: "*Provided further*, that no more than $59,000,000 of this appropriation shall be made available under this act to formulate or carry out a price support program for the 1976 crop of peanuts."

Mr. WHITTEN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Mississippi (Mr. WHITTEN) reserves a point of order on the amendment.

Mr. PEYSER. Mr. Chairman, as I stated before, during the general debate, I am offering now an amendment to reduce the peanut subsidy program from an estimated $163 million this year to $59 million. The $59 million, Mr. Chairman, is an amount that has been set so that a phaseout over the next 5 years of this program can take place.

It is very interesting to me to listen to the debate that has gone on so far. We have made a great thing out of $1 million on something that was going for gardening in the city areas and yet we are talking about a bill that represents a substantial amount of money. There is one program here, however, the peanut program, that does not answer any of the needs that have been brought up by the Members on either side, neither as a program that will help solve a world food crisis or a program that will provide additional foods for us here in this country, and it does involve a significant amount of taxpayer funds.

May I say to my colleagues that we have 1 million pounds of peanuts in warehouses around this country today. We have 200 million pounds of peanut oil in storage around this country today. As my good friend the gentleman from Pennsylvania (Mr. DENT) said, "You know, we can use peanut butter." But we are using all of the peanut butter we can possibly use in the school lunch program and otherwise but yet we are still committed to a program that makes no rational sense at all. I think it is important that we recognize that. We are talking about $961 million between now and 1980 to support this program.

My good Lord, what is the matter with us when we need food in the world! We have 600,000 acres of overproduction of peanuts every year, and we know it today. We know right now we are producing 600,000 acres of peanuts more than we need, when those peanut producers could be producing soybeans. They could be producing crops that are valuable and needed for the world and for this country. I just do not understand what we are trying to defend here.

This has nothing to do with gardens in the city. It has nothing to do with welfare in the city. It has to do with a program where I feel we could make a major step forward for the farmers to give them the independence and to let them grow crops that are meaningful to us. If there is one defense for continuing a program that is guaranteed to produce a surplus that we cannot use, I would like to hear it now. I do not know what it is, particularly today when we face a world food shortage.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I thank the gentleman for yielding.

May I say I have reserved a point of order which I shall insist upon.

Of course, I do not agree with my colleague in his analysis of the situation. I think the record shows that one of the finest foods in the history of mankind is the peanut. I think it has been well demonstrated back through the years.

Second, world trade being what it is, there is a market for any kind of food that we have. We have to make the price competitive. For many years we did not.

I will say to the gentleman who is a member of the Committee on Agriculture, if a change is needed in the law, the proper place is there. I shall at the proper time point out that his amendment does not touch what he wishes to do and that it is clearly subject to a point of order and would be completely ineffective. I do give him a chance to make his argument, but I am convinced that it does not touch what he wishes to do.

Further, I completely differ with the gentleman insofar as his facts on the value of this program. The gentleman overlooks the situation that the only way he and I, and the rest of us who draw salaries or live off other activities, are going to eat is to make it worthwhile for others to produce. If we get rid of all of the agricultural laws, we will all go hungry.

Mr. PEYSER. I thank the gentleman, but I am not talking about that. I am supporting this legislation today. I think the gentleman has made a major contribution in this agriculture bill, but I hope the gentleman is not saying that we need more than a billion pounds of peanuts. Those are the figures I have been given by the Department of Agriculture. They say today we have a billion pounds of peanuts in storage.

Mr. WHITTEN. If the gentleman will yield, we should store them under the current situation.

POINT OF ORDER

Mr. WHITTEN. Mr. Chairman, I insist on the point of order.

This amendment is directed, if the Members will notice, to the part of the section having to do with the Commodity Credit Corporation. That Corporation, as the Members have heard me point out many times here, Mr. Chairman, was first created under the laws of Delaware. It was created by action of Congress. That Corporation is charged with certain responsibilities, and it has control over its funds that is fixed by the charter itself.

Not only that, but if the Chair will look on page 25, section 9 of Deschler's Procedure, "Limitations Affecting Executive Duties on Discretion." About the middle of the second column, the Chair will read:

> Where an amendment in the form of a limitation but placing restrictions on and interfering with commitments under the price support and land retirement programs was ruled out as legislation.

The gentleman is a member of the Committee on Agriculture, and that committee has helped pass the laws which we act under. This program is set up by statute. The funds in this bill that he attempts to reach are funds in the Commodity Credit Corporation which are committed to the price of food and other programs found essential if we are to provide food for the 215 million people that we have.

Thus, I say, Mr. Chairman, that this amendment is out of order in that it is legislation changing not only the existing law, which is in the jurisdiction of the committee on which the gentleman serves, but it would also change the law and the authority of the Commodity Credit Corporation which was created by another statute. It comes clearly within the line of the ruling I have just pointed out because the Corporation is charged with the responsibility of carrying out the policies of which this is a part. So I insist on the point of order, Mr. Chairman.

The CHAIRMAN. Does the gentleman from New York wish to be heard?

Mr. PEYSER. I would like to be heard, Mr. Chairman.

My understanding of the rules dealing with the appropriation bills and amendments thereto is that three major criteria are set forth. One is that the amendment is designed to reduce and retrench, and that is what I am trying to do with this amendment. I am trying to reduce the amount of money involved and retrench this program.

The second criterion that is established is that no extra burden be placed on the department. Well, this will place no extra burden because the department is faced with the burden of the allocation program and the distribution of the funds we are going to allocate under any circumstances, so it is just a different amount of money and that is all.

The third criterion is that this would be negative in its nature. And it is negative in its nature and calling for a reduction.

It would seem to me what we are dealing with here is a very basic principle that says if we want to amend an appropriation program we put an amendment in to reduce the amount. I have heard amendments on this floor that have been upheld by the Chair saying we will reduce by 5 percent across the board, reduce everything in the bill. I am trying to be very specific and conform to the regulations as they appear. It would seem to me, Mr. Chairman, that this Congress should have the opportunity to express its point of view on the continuation of this particularly outrageous program. This opportunity should be given to the Congress, and I think the amendment does qualify.

The CHAIRMAN. Does the gentleman from Mississippi wish to be heard further?

Mr. WHITTEN. Mr. Chairman, on the questions the gentleman has raised, these funds are applying to legislation presently in existence. The Corporation carries out those responsibilities which are set forth in its charter. This would interfere with its discharge of those responsibilities under the charter and would have the effect of changing the legislation under which these funds become due. What I cited in my first presentation applies.

Mr. PEYSER. Mr. Chairman, if I may be heard further, what the gentleman has just said I think would preclude any amendment to reduce any phase of this legislation, and because of that we would be operating under a closed rule. This is an open rule which allows us to amend and reduce.

This amendment does not eliminate the Commodity Credit Corporation. This just says there is less money in their program with which to work.

Mr. WHITTEN. Mr. Chairman, I would like to be heard further. I would like to call attention to the fact that the amendment as written is completely opposite to the amendments that have been heard before and completely different from the basis on which earlier amendments have been held in order.

The CHAIRMAN. The Chair is prepared to rule.

As the Chair reads the amendment it says that provided further that no more than $59 million of the appropriation for the Agricultural Stabilization and Conservation Service shall be made available to carry out a price support program for peanuts. The gentleman from Mississippi has argued it goes further, but unfortunately the Chair has to contend with a whole line of precedents here, some of which are cited on page 279 of Deschler's Procedure, chapter 25, sections 14.2 and 14.6. It would seem that relying upon those precedents the Chair must overrule the point of order.

Mr. WHITTEN. Mr. Chairman, may I say if I could be heard further, I do not care to appeal from the ruling of the Chair, but I would like to be heard at the moment to make an expression.

The earlier precedents had to do with restrictions upon the administrative funds in the bill. May I call to the attention of the Chair that this completely fails to follow the precedent that the Chair has pointed out, and I will stick by that.

The CHAIRMAN. The Chair has already ruled.

The Chair would point out to the gentleman from Mississippi that this amendment negatively restricts the funds in this bill. The point of order is overruled.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we in this country live in a Nation where various laws supported by many people have been enacted. One of those has to do with providing minimum wages.

Mr. HALEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 385]

Archer
Bell
Brown, Calif.
Burton, John
Cederberg
Chisholm
Conyers
Daniels, N.J.
Diggs
Dingell
Drinan
du Pont
Edwards, Calif.
Eshleman
Flowers
Fraser
Goldwater
Hays, Ohio
Helstoski
Hinshaw
Howe
Jarman
Karth
Kastenmeier
Kemp
Litton
McKinney
Maguire
Meeds
Milford
Mink
Montgomery
Moorhead, Pa.
Murphy, N.Y.
Obey
O'Hara
O'Neill
Passman
Perkins
Pike
Railsback
Rees
Richmond
Riegle
Rogers
Rooney
Rosenthal
Scheuer
Schneebeli
Skubitz
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Treen
Udall
Ullman
Vanik
Waxman
Young, Alaska

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GIBBONS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14237, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 371 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Committee will rise informally in order that the House may receive a message.

MESSAGE FROM THE PRESIDENT

The SPEAKER resumed the chair.

The SPEAKER. The Chair will receive a message.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Roddy, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On June 15, 1976:

H.R. 11438. An act to amend title 5, United States Code, to grant court leave to Federal employees when called as witnesses in certain judicial proceedings, and for other purposes.

On June 16, 1976:

H.J. Res. 92. Joint resolution relating to the publication of economic and social statistics for Americans of Spanish origin or descent.

The SPEAKER. The Committee will resume its sitting.

AGRICULTURE AND RELATED AGENCIES APPROPRIATION BILL, 1977

Mr. MATHIS. Mr. Chairman, I rise in opposition to the amendment.

Mr. MATHIS. Mr. Chairman, I rise in opposition to this amendment today for a number of reasons. I must say to my friend, the gentleman from New York (Mr. Peyser), that I was a little disappointed when he came to the well and talked about the high cost of this program and then did not share with the Members of this Committee the reason why the cost of the program has been so high.

When he talks about the program being changed, he as a member of the Committee on Agriculture knows full well that the program is in the process of being changed. The gentleman attended several days of hearings before the Subcommittee on Oilseeds and Rice of the Committee on Agriculture that were held to try to determine if substantial and positive changes in the program could be made.

Subsequently the subcommittee has unanimously reported a bill to the full Committee on Agriculture, and that bill is to be considered, it is my understanding, I will say to the gentleman from New York (Mr. Peyser), immediately following the pending business before the committee, which the gentleman well knows, is the long-awaited reform of the food stamp program. The chairman of the full committee is here today, and I am sure he will join me in telling the gentleman that that will be the first order of business.

Mr. Chairman, the gentleman from New York (Mr. Peyser) further knows full well about the bill that the subcommittee has reported and that I expect very strongly the full committee will report. Hopefully, it will be adopted by the House and the other body and signed by the President. It substantially would reduce the cost of the program.

Mr. Chairman, I would like to concur completely with the distinguished chairman of the subcommittee, who earlier pointed out the fact that the peanuts the gentleman from New York (Mr. Peyser) said we have in storage today could have been sold and the cost of this program could have been substantially less had not the Secretary of Agriculture chosen not to sell those peanuts and, in fact, deliberately made the cost of the program go up. I think the gentleman is fully aware of that because he sat through the same hearings that I chaired and that other members of the subcommittee sat through. We heard witness after witness who testified that these peanuts could have been sold at reasonable prices, and the cost of the program could have been reduced.

All of that is in the past, however. The subcommittee has moved. As I said earlier, the full committee is prepared to move immediately upon completion of this food stamp legislation.

Mr. Chairman, if I may have the attention of the chairman of the full Committee on Agriculture, who is here, I would ask him to share with the House his plans for disposing of the peanut legislation that the subcommittee has before it.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I agree fully with what the gentleman in the well has said.

The Subcommittee on Oilseeds and Rice has reported a major revision of the peanut program. That has been reported now for several weeks. It normally would have reached the full committee for consideration by this time, as we had hoped; but because of protracted hearings and markups on food stamp legislation, it has not yet come to the full committee.

Mr. Chairman, it is one of two principal bills that I expect to be considered as soon as we conclude the action on the food stamp bill.

Mr. MATHIS. Mr. Chairman, I appreciate very much the contribution of the chairman, the gentleman from Washington (Mr. Foley).

I would also like to point out very briefly that this amendment which the gentleman from New York (Mr. Peyser) has offered, while I respectfully disagree with the Chairman of the Committee of the Whole and with his ruling on the point of order made by the gentleman from Mississippi (Mr. Whitten), is not only unworkable; but there is no way in which we can place the $59 million figure on a program in which the Secretary is instructed or mandated by law to support the product at 75 percent of parity. There is no way by which we can get away from that until the legislation can be changed.

Mr. Chairman, the legislation will be changed, and hopefully it will be done in time for the 1977 crop.

Mr. FUQUA. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Florida.

Mr. FUQUA. Mr. Chairman, I thank the gentleman for yielding.

I want to say that I certainly agree with the argument that the gentleman is making to the effect that the Secretary is mandated, on one hand, to do one thing, and by this bill we would tell him to do another, even though he may like to do one or the other.

In any event, Mr. Chairman, I do appreciate the gentleman's explaining what a detriment this would be to many, many small farmers whom we have throughout Georgia and north Florida.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, there is one thing that should be touched upon so that Members will understand what we are going to do.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. Mathis) has expired.

(On request of Mr. Evans of Colorado and by unanimous consent, Mr. Mathis was allowed to proceed for 2 additional minutes.)

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, I thank the gentleman for yielding.

The gentleman is very familiar with this program and I hope he will correct me if I am wrong. As I understand existing law, we have a certain allotment available for the raising of peanuts in this country; is that correct?

Mr. MATHIS. The gentleman is correct.

Mr. EVANS of Colorado. And under that law and those allotments, if the production and the prices are of a certain character, automatically certain payments are made to those farmers, but they do not get paid unless certain things happen in production and in the price structure; is that correct?

Mr. MATHIS. The gentleman is substantially correct. The payments are not payments in that sense of the word. They are loans made to the farmer for the crops he brings in, for the peanuts to be sold by the Commodity Credit Corporation.

Mr. EVANS of Colorado. Is it not correct that under existing law, these are rights that exist for the benefit of peanut farmers and that they have a right to apply for any benefits the law permits them to apply for?

Yet if the amendment offered by the gentleman from New York, Mr. Peyser, is adopted, the present existing provisions in the law will probably be cut somewhere near in half. Is that correct?

Mr. MATHIS. The gentleman is correct.

Mr. EVANS of Colorado. When do the peanut farmers plant their peanuts?

Mr. MATHIS. The peanut farmers, I would say to the gentleman from Colorado, have already planted their crop and their crop will be harvested in August and September.

Mr. EVANS of Colorado. So that we then have here with this proposed amendment something that will do irreparable damage to an ongoing program. Is that correct?

Mr. MATHIS. It is highly likely

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. Mr. Chairman, I am not sure whether the gentleman from Georgia (Mr. Mathis) has put this in the Record or not, but I think if he has not, that it should be noted that the proposed pending peanut legislation has the approval of the USDA and, in all probability, will encounter little or no opposition along the line. Is that correct?

Mr. MATHIS. The gentleman is correct and I thank him for his contribution.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I am happy to yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I do not know very much about this question but I would like some information.

First, Mr. Chairman, I would ask the gentleman from Georgia what this money is going for? Is it going to the farmers or to the expense of storing the peanuts, which, according to the information I have been given, the Secretary of Agriculture has refused to sell? Who is this money going to go to if the Peyser amendment does not pass?

Mr. MATHIS. Let me state to the gentlewoman from New Jersey that I am not sure if I am capable of explaining the situation in such a brief period of time. Simply stated, the money is used to replenish the funds that have been expended by the Commodity Credit Corporation in the on-going peanut program. Part of that money would be used for the expense of storing these peanuts that the Secretary of Agriculture has refused to sell.

Mrs. FENWICK. Why is that?

Mr. MATHIS. Because of the Secretary's determination, apparently, to raise the cost of the program to cause embarrassment to those farmers who participate in the program and to try and obtain legislative changes.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. MATHIS was allowed to proceed for 3 additional minutes.)

Mrs. FENWICK. Mr. Chairman, if the gentleman will yield further, how much of this money is going to the farmers and how much of this money is going for storage?

Mr. MATHIS. I would say to the gentlewoman from New Jersey that in terms of this amendment I could not give her a breakdown because nobody knows what the effect of it will be.

Mrs. FENWICK. No, not the effect, but the money that is already in the bill for the peanut farmers, for the peanut program?

Mr. MATHIS. I would say again that I have no way of knowing because I do not know what the policy of the Secretary of Agriculture will be in regard to storing peanuts next year and in regard to the payments to the farmers. We know the Secretary must make these loans to the farmers at the rate of 75 percent of parity. We cannot tell the gentlewoman what the cost of the program is going to be because we do not know how many peanuts will be raised and how many peanuts will be stored.

Mrs. FENWICK. What was the cost last year?

Mr. MATHIS. I would say to the gentlewoman from New Jersey that the cost of the program at 75 percent of parity was somewhere in the neighborhood of $184 million, I believe.

Mrs. FENWICK. $184 million was the cost last year?

Mr. MATHIS. I believe that is correct.

Mrs. FENWICK. What was the cost the year before that?

Mr. MATHIS. I would say to the gentlewoman from New Jersey I believe the cost was $200 million for the year before but the cost for the year before that was nil. The cost for the year before that was about $3 million. I am picking these figures off the top of my head, I might add.

But the cost last year would have been no more than $20 million had the Secretary of Agriculture not made his decision to escalate the cost of the program and not to sell the peanuts.

Mrs. FENWICK. To whom were the peanuts previously sold?

Mr. MATHIS. To the world market, for lack of better terminology, the export market to people abroad who would purchase peanuts at the price of the world market prevailing at the time, that is the price at the time.

Mrs. FENWICK. Has the price of peanuts gone up?

Mr. MATHIS. The price of peanuts has gone up.

Mrs. FENWICK. Is it because the price has gone up that this 75 percent of parity is to be higher?

Mr. MATHIS. I am not sure I follow the gentlewoman's question.

The top price went up sharply in 1973 and 1974 and dropped back down a little bit during 1975.

Mrs. FENWICK. But the price of the program went up?

Mr. MATHIS. It did indeed because the Secretary of Agriculture chose not to sell the peanuts.

Mrs. FENWICK. Does the world price affect the parity price?

Mr. MATHIS. In no way.

Mrs. FENWICK. In no way?

Mr. MATHIS. No.

Mrs. FENWICK. The parity price is fixed separately from the world price.

Mr. MATHIS. It is fixed in the law at 25 percent. The bill that my subcommittee has reported and that I expect the full committee to report would lower that and would substantially reduce the cost of the program. I think that even my distinguished expert peanut friend, the gentleman from New York (Mr. PEYSER) will agree with that.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Texas.

Mr. KAZEN. I thank the gentleman for yielding.

In light of what the gentlewoman from New Jersey asked, had the Secretary sold our crop year before last, we would not have lost a dime because the world price was above parity. He did not sell it.

Mrs. FENWICK. If the gentleman will yield, why do not the farmers sell abroad if the world price is higher than the parity price?

Mr. MATHIS. If the gentlewoman would have an hour or so to spend with me sometime, I would be delighted to explain this to her, and then maybe she could explain to me why the Secretary of Agriculture makes these decisions.

Mrs. FENWICK. If the gentleman will yield further, it seems a crazy situation when the farmer could sell at a higher world price but persists in selling at a lower parity price.

Mr. MATHIS. The gentlewoman is correct.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in very strong opposition to the amendment offered by the gentleman from New York, and I would like to concur in everything that the gentleman from Georgia has said.

We have a very anomalous situation here. I would like very much for the members of the committee who are present here to listen to this because this is true and it is not denied.

The Secretary of Commerce for a number of years has announced his intention of abolishing the present peanut program. He has set our methodically, intentially, deliberately, and effectively in many instances to wreck the ongoing peanut program. He has done all that he could do administratively, and when that did not work, he came to the Congress itself. The prediction was always that it was too expensive a program. When they were predicting a $50 and $60 million deficit 3 years ago or 4 years ago, it came in as a zero deficit, and this was embarrassing. So his predictions were wrong.

Therefore, for the past year or 2 years, rather than selling the peanuts when he could have sold them and taken perhaps a 10-percent loss—which would not have been very substantial—he elected not to sell them and to sit on them.

It was reported in the press that some of the people in the Agriculture Department said they would store them in Florida and store them in places they had not stored peanuts in before and hoped the stink got so bad that it would reach all the way to Washington where, in fact, they could abolish the peanut program.

The Committee on Agriculture has been dealing with this program and dealing with the Department of Agriculture. We have dealt effectively, I think. We have for the first time an agreement by the Department of Agriculture with the Committee on Agriculture and with the varied segments of the industry, whether they be the producers or the shellers or the storers. For the first time that I am aware of, almost everyone connected with the peanut program is in agreement.

The Committee on Agriculture has a bill reported out of subcommittee waiting for action of the full House. So what happens now? If this amendment is passed, we are going to subvert the whole legislative process. We are going to make an end run. We are going to say that everything—all of the hearings that have been held by the Committee on Agriculture, the testimony given by the various experts, by those directly affected by the peanut industry, and within the peanut industry—we are going to ignore all of that, and we are going to wreck the program very effectively if we pass this Peyser peanut amendment.

I do not know what expertise the

gentleman from New York (Mr. PEYSER) has in this field. I am sure he is sincere in offering the amendment, but I tell the Members this. There are 13 counties in my State that grow peanuts. It just so happens I represent those 13 counties. The sale of their peanut crop amounted to $85 million last year to our peanut farmers—and that ain't peanuts.

We need the bill that has been agreed upon by the administration for the first time. We need the program that all segments have agreed to. We do not need to wreck it at this time by a—it is not a frivolous amendment but it is an irresponsible amendment offered by the gentleman from New York that will not affect one dime in the price of peanuts in his district unless one eats peanut butter in New York.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Florida (Mr. SIKES).

Mr. SIKES. Mr. Chairman, the distinguished gentleman from Alabama is exactly correct in his argument. The amendment will not only wreck the program but it will also wreck every farmer who is depending upon peanuts for his cash crop. Their crops are in the ground now, planted at high prices, and dependent upon the existing program for a return which can assure solvency. This amendment will effectively wreck the program and the farmer's hope for a fair return for his crop.

I agree with the gentleman from Alabama (Mr. DICKINSON) and with the statement advanced by the gentleman from Georgia (Mr. MATHIS). This amendment will be ruinous to the peanut industry.

Mr. DICKINSON. Mr. Chairman, let me emphasize again what the gentleman from Florida has said.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(By unanimous consent, Mr. DICKINSON was allowed to proceed for 2 additional minutes.)

Mr. DICKINSON. Mr. Chairman, the crops we are talking about are planted, they are in the ground. The farmers have a right to rely on the Government program from year to year.

If we are going to change the program, then let us do it in an orderly fashion. Let us do it in a timely way so that the bankers who lend the money and the machinery sellers who sell the equipment and the farmer who has to buy the equipment and plant the seed will know at least 1 year ahead what the program is and what they might reasonably expect, so that they are not cut off after the crop is planted.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, I had not planned to support the amendment offered by the gentleman from New York (Mr. PEYSER), but according to what the gentleman from Alabama has said as well as the gentleman from Georgia has said, the Secretary of Agriculture should have sold these peanuts and we would not have the cost we have today. In the colloquy between the gentlewoman from New Jersey and the gentleman from Georgia it was mentioned that part of the money would go for storage. If we adopt this amendment cutting the program back, the Secretary of Agriculture would not have the money to pay for the storage and he would have to sell the peanuts in storage and would be forced to do what you want. Am I wrong?

Mr. DICKINSON. The gentleman is exactly wrong. By way of explanation the Secretary did not have to run up the storage costs. He could have sold these peanuts long ago if he had elected to do so. By not electing to sell when the world market was at its peak, he elected to sit on the peanuts until the world price goes down, so when we start paying off 75 percent of parity, he incurred the storage costs and a lesser price and when we cut off the money he cannot pay the storage.

Mr. MYERS of Indiana. Then he could have sold the peanuts?

Mr. DICKINSON. He could have sold but he did not sell them and he incurred the storage costs.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(On request of Mr. FOUNTAIN, and by unanimous consent, Mr. DICKINSON was alowed to proceed for 2 additional minutes.)

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from North Carolina.

Mr. FOUNTAIN. Mr. Chairman, I associate myself with the views expressed by the distinguished gentleman from Alabama and the distinguished gentleman from Georgia. It would be catastrophic if this amendment were adopted cutting out funds for our peanut program. Peanut farmers are already at the low end of the totem pole. This would place thousands upon thousands of them on the welfare rolls.

I strongly oppose this amendment, and urge my colleagues to defeat it.

I thank the gentleman for yielding.

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment of the gentleman from New York (Mr. PEYSER) relating to the peanut program.

I received the gentleman's "Dear Colleague" letter and note that his amendment will limit to $59 million the appropriations to carry out the peanut price support program for the 1976 crop of peanuts. As far as I am concerned, Mr. Chairman, the gentleman's amendment is both impractical and unfair.

The reason it is impractical is that the peanut price support program is based on a law that offers all peanut farmers price supports at 75 percent of parity. It also prescribes a minimum national allotment of 1.6 million acres. The law, for better or for worse, guarantees every peanut grower the legal right to grow his share of the 1.6-million-acre allotment and to receive the Government-guaranteed support level. As the gentleman points out in his "Dear Colleague" letter, that cost is approaching the $163 million level. To now try to limit that obligation—and let me emphasize that this is a solemn obligation of the U.S. Government to thousands of peanut growers throughout the country—simply would not work. Who would receive the $59 million benefits? Would it be on a first-come, first-served basis, or would the Secretary of Agriculture be forced to ration both loans and acreage to the peanut farmers?

At the same time, this would be most unfair. Peanut growers have already planted their 1976 crops in reliance on the present law. To change the rules in the middle of the game by decreeing either a smaller acreage or a reduced level of loan activity would be to create the greatest of distrust and animosity toward our Government. It would also, obviously, create an enormous hardship on many hard-working, honest peanut growers.

Finally, Mr. Chairman, the House should understand that the Committee on Agriculture has at present before it a bill, H.R. 12808, which has been approved by the Oilseeds and Rice Subcommittee and which attempts to make some adjustments in the 1977 peanut program. I am confident that in due course the Committee on Agriculture will act both carefully and fairly on peanut legislation. It is for these reasons that I urge the Committee to reject the gentleman's amendment.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, I spoke earlier against the amendment during the general debate. I do not wish to amplify that; but I would like to emphasize some points to the members of the committee who are present here. Speaking as one without a southern accent and speaking as one who raises no peanuts in his district, having been on this Subcommittee on Oilsteeds and Rice for the last 4 years, I am not one generally in favor of subsidy programs. I think my record bears that out; but this amendment is not a responsible way to deal with the peanut problem. What has been said by the gentleman from Virginia and other speakers who are representing their districts very capably is exactly the truth. This program has been handled in such a fashion where it is made to look more expensive than it actually is. The new bill coming out will attempt to deal with the problem as it exists.

Mr. Chairman, I urge defeat of the amendment.

Mr. WAMPLER. Mr. Chairman, I think the RECORD should note that the distinguished gentleman from Colorado (Mr. JOHNSON) is the ranking minority member of the Oilseeds and Rice Subcommittee that has devoted valuable time and work to trying to fashion what I hope will be a reasonable peanut bill to be acted upon in this session of Congress.

Mr. HILLIS. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I yield to my colleague, the gentleman from New York (Mr. PEYSER).

Mr. ROBERT W. DANIEL, JR. Mr.

Chairman, I move to strike the requisite number of words.

Mr. Chairman, the offerer of the amendment has attempted to make a scapegoat out of the farmers in the peanut industry at large for faults with the peanut program which are the direct responsibility of the Department of Agriculture.

Before the Secretary began tampering with the program through his so-called minimum sales policy, the cost of the program had been reduced from $96.5 million for the 1971 crop to a minimal $4.8 million for the 1973 crop. However, the cost of the 1974 crop was a different story, and the blame rests squarely on the shoulders of the Secretary of Agriculture.

It is quite obvious that the opponents of the program and the Secretary of Agriculture as well as the Office of Management and Budget share one goal—to destroy the peanut program. The Office of Management and Budget in its "Budget-In-Brief" booklet blandly refers to the excessive costs of mandatory programs where market forces have not been permitted to work. But the Secretary's own minimum sales policy is the reason for the cost to the Federal Government of $115 million in 1974. He imposed the policy. He would not permit the forces of the market to work. Beginning with that crop year, the Department of Agriculture would not accept bids which were below the acquisition cost of the surplus peanuts. Because world peanut prices for the 1974 crop were below USDA acquisition costs, large inventories of surplus peanuts were accumulated under the Secretary's policy.

If retail outlets in this country practiced this same philosophy of no profit, no sale, they would frequently have to destroy their inventories instead of disposing of them by special sale. The Secretary could have saved the taxpayers of this country a large portion of that $115 million if he had not been adamant in his position. It seems that his only desire was to destroy the program. That is the purpose of the offered amendment.

There is no justification for destroying the program. Such action will cause havoc in the industry. We should put the blame where it belongs, squarely on the shoulders of the Secretary of Agriculture and force him to abolish the minimum sales policy and let peanuts be sold at the price they will bring on the market.

This, at least, would save the taxpayers the larger portion of the cost of the peanuts.

The proposal to abolish the peanut program is unjustified and ill-advised.

Mr. POAGE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I do not want to go into the question of who is to blame for the unhappy situation we are now facing. There is plenty of blame to go around, but I think this House should give some consideration to the proper procedure in considering legislation.

The proponents of this amendment say, "Yes, we have a bad situation. So we are going to cure it by an amendment on the appropriation bill, without one word of hearings, without the testimony of a single witness, without discussion with anybody who is involved or anybody who has ever raised a peanut.

The expert from New York sets himself up to completely revise—or effectively destroy—the peanut program. He does not grow a peanut and his district does not grow one. With these outstanding qualifications he sets himself up as a complete authority on how this peanut program should be handled, without a word of advice from any peanut grower, but only as a campaign issue in the Senate race in New York State. I cannot believe that the Senate race in New York State is a sound basis on which to determine an issue of this kind. True, it involves the economic welfare of thousands of families, but those families are not in New York State.

Regardless of what the Chair has held—and I am not arguing with the recent decision in that regard—it is legislative in its effect. Regardless of the technicalities, the practical effect of this amendment is to change legislation.

If we are going to change legislation, we ought to change it in an orderly manner. We ought to change it in the committees which are clothed with the jurisdiction and the responsibility for the legislation.

The Committee on Agriculture has that jurisdiction and that responsibility. Those who have attended the hearings in the Committee on Agriculture know that that committee is presently actively working on this very problem, trying to come up with a sound and fair and workable revision of the peanut program. And they know that the peanut bill has been approved by the subcommittee. That it is only awaiting action by the full committee because the food stamp bill is presently the subject of consideration in the Committee on Agriculture and the committee is conducting that discussion of the food stamp program and cannot take up the subcommittee's peanut bill without setting aside the food program, which I am sure the gentleman from New York does not want to do. I am sure he wants us to continue the food stamp program, and unless we set that bill aside we cannot take up the peanut program. But this House ought not interfere with the orderly procedure of the Committee on Agriculture. It should allow us to go ahead and consider the peanut program in a proper way, at the proper time.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from New York.

Mr. PEYSER. I thank the gentleman for yielding.

Mr. Chairman, I think the gentleman in the well, the former chairman of the Committee on Agriculture, well remembers that long before I launched myself in the Senate race in New York State I was a member of this committee and very actively fighting this very same program. So I think it is a little unfair to discuss this as a campaign issue. I think the only issue is that we are seeing everybody bring everything in. We are talking about food stamps, welfare, gardens. We are not talking about the program.

This is a horrible program, and I say the way to do it is to pass the amendment, and by passing the amendment we are not driving the farmer out of business. We are having the Secretary do something that all of the gentlemen say he is not doing, to sell this billion pounds of peanuts to get the money they need. I think we can have the best of both worlds.

Mr. POAGE. We certainly are just going to make it impossible to have the good of any world if we pass the gentleman's amendment. We will just be forcing the farmer out of business; we would just be forcing him to go broke, that is all. Most of these peanut farmers must borrow money to make a crop. In practically all cases that money has already been borrowed, and a considerable part has been spent. The peanut farmer has borrowed the money to make this year's crop on the commitment that is now in the law. His creditors have advanced money relying on the law. Both have had a right to so rely.

If we adopt this amendment, we in effect repeal the present law before that farmer, who has made expenditures, can take advantage of what he had a legal right to expect when be planted that crop, but that does not seem to bother the expert from New York.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I yielded to the ruling of the Chair a while ago, but I think I will have to present my argument again and repeat the facts, despite the technicalities involved.

As the gentleman from Texas (Mr. POAGE) said, the effect of this amendment is to repeal existing law in such a manner as to make it completely unworkable. Existing law provides that peanut growers can vote to bring themselves within the peanut program, under which they will be assured a loan at a certain level. That is the law. The Commodity Credit Corporation in turn was created by the Congress through a charter and is charged with the responsibility of making money available to carry out that loan program under the law.

Now, this is June, 1976. Peanuts have been planted, and in planting those peanuts farmers were relying upon the law which said if they vote the limitation on themselves and pay penalties on amounts exceeding their acreage, they shall be entitled to certain loans. This amendment limits the money available to carry out that loan program to $59 million, according to the way it is worded and according to the ruling of the Chair.

How is the Secretary going to determine which of those people who relied on the law are going to get the loans and which are going to be left without because the money is not available? Who is going to explain that the Commodity Credit Corporation, which is given authority by act of Congress, cannot do what it must do because of the decision made here today?

We have these programs because of the past history. I have the committee report in front of me, and I hope the Members read pages 22 and 23 in that report. The people in this country thought they could let everything else go sky-high and let farm prices go to the bottom. In 1921, 453,000 farmers lost their farms. There were more suicides then than in any other period of our history. Price supports for farm programs were not given as a relief program to the farmer; they were given to regenerate purchasing power.

Mr. Chairman, I say that in the middle of this crop year, after the expenses have been incurred and after farmers have relied upon the law in good faith, we should not come in here and repeal a part of the law and make this money not available. Even though the charter of the Commodity Credit Corporation says we cannot do it, some are here trying to do it.

It has been said that the Secretary will just withhold these peanuts from the world market. That may be true, but I have something here that has served us for a long time. I had this reprinted. It is from the year 1955, and the present Secretary of Agriculture was then the Assistant Secretary. They held $11 billion worth of commodities off the world markets because this would make them more competitive. They broke the farm program, and as a result of that, they upset the sales market. I heard some of my friends complaining because the sales market was upset.

As a result of action which received the support of the Congress, they were made to offer these commodities for sale. There were 8 billion bales of cotton, and I believe they proposed to sell them in 1 year's time. They sold that cotton in 5 weeks because they made the price competitive.

Mr. Chairman, I say to the Members that it is essential for us to have a law making the producer of the raw material a recipient of such a program and giving him some security in an economy where we have the bargaining power of unions and other powerful groups. It is essential that we provide that benefit.

Whether we differ with that concept or not, it is the law. We should let the man plant his crop and operate his farm under this law, and changing the rules in the middle of the game is an injustice. You would be changing the law, and the Secretary cannot say who gets a loan and who does not get a loan, in view of the absence of this money.

The Commodity Credit Corporation will be crippled in carrying out the law which says it shall make these funds available. All of that will happen if this comes out of the bill.

Mr. Chairman, it would be grossly unfair to operate under these conditions. Furthermore, the legislative committee is in the process of writing a new law for next year.

Therefore, Mr. Chairman, I say in the name of reason, now certainly is not the time to adopt this amendment. Let us vote it down and go before the legislative committee and recommend such changes as we wish to.

Mr. Chairman, the Secretary does have authority to sell. We made him sell years ago. We can do it again, but he should not be permitted to withhold it and to break the law.

Mr. Chairman, I urge that the Members vote down this amendment.

Mr. YOUNG of Georgia. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Georgia.

Mr. YOUNG of Georgia. Mr. Chairman, I think the gentleman for yielding.

I would just like to say that this program I do not put in the category of a massive agribusiness subsidy.

The people affected by this program are the small family farmers basically in my State, and this kind of program helps to keep them on the land and to keep them farming. It is a staple crop that they can count on and they have a stable income.

Otherwise, Mr. Chairman, we would have many more people leaving the family farms and going to the cities. I think that, in itself, would be against the interests of the gentleman from New York (Mr. Peyser).

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Peyser).

The question was taken; and on a division (demanded by Mr. Peyser), there were—ayes 18, noes 70.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Findley: Page 17, line 22, strike the period after the word "regulations" and insert the following: ": *Provided further,* That none of the funds appropriated or made available under this Act shall be used to formulate or carry out a program for the 1977 crop year under which producers who plant a nonconserving crop on cotton allotment acres are eligible for payments under the second sentence of Section 103(e) (2) of the Agricultural Act of 1949 as amended."

Mr. WHITTEN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Mississippi (Mr. Whitten) reserves a point of order on the amendment.

Mr. FINDLEY. Mr. Chairman, the Agricultural Act of 1973 has a provision in it under which farmers who are prevented from planting certain crops are eligible for payments from the U.S. Treasury, representing about a third of the value of the crop that they would otherwise have harvested.

The Agricultural Act of 1973 has several sections, one applying to wheat, one applying to feed grains, and another applying to cotton.

If we will take out the language of the act and examine carefully the wording of this disaster relief provision for each of these commodities, we will find that the wheat and feed grain language is identical. The only difference that exists between the language of those two sections and the language of the cotton section is an omission of several key words. The omission of those key words has enabled farmers who are prevented from planting their crop to get the payment and still go ahead and harvest a profitable crop from that same land, usually soybeans or other such crops.

Mr. Chairman, the Committee on Agriculture, I am sure, with very few exceptions, never intended that there be any difference whatever in the handling of benefits for cotton farmers as opposed to wheat and feed grain farmers.

Yet those key words do not appear, they were omitted and, naturally, cotton farmers being resourceful people, discovered that they could get paid for being prevented from planting cotton because of weather conditions and yet, if weather conditions permitted later on, plant a crop of soy beans and get two harvests in a season: Harvest the cash from the crop that they grow and harvest, and also harvest a crop from the U.S. Treasury.

The total effect of my amendment is to correct that inequity so as to place the cotton farmers on exactly the same benefit basis, as the wheat and the feed grain farmers. That is the total effect of it.

In fact, I would never have known of this unfortunate outrage, had it not been for a resourceful reporter from the Washington Post who dug up the fact that during the last 2 years cotton farmers got about $38 million in disaster payments but, nevertheless, most of them went ahead and planted another crop and got their harvest from that crop, as well as from the U.S. Treasury.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, my colleague, the gentleman from Illinois, has mentioned equity. I would ask the gentleman if he agrees I am right that if this amendment were to prevail, cotton would be the only commodity for which a second crop would be out of the question?

Mr. FINDLEY. I am sorry, I did not understand the gentleman's question.

Mr. WHITTEN. I say, do you agree, am I right that if the gentleman's amendment were to prevail, it would leave cotton the only commodity for which a second crop would be out of the question entirely? Because, under existing law, with wheat and feed grains, if you plant another crop, you get a reduced payment. With cotton however you would cut cotton out entirely. You would leave wheat and feed grains where they are entitled to the difference and discriminate against cotton. Is that correct?

Mr. FINDLEY. No. The gentleman from Mississippi must be speaking of another type of disaster relief and there are two types. One is prevented planting and the other is destruction of crops, which occurs after that crop is planted.

If the gentleman will examine the language which establishes the authority for prevented planting benefits the gentleman will find that the farmer is disqualified from benefits if he plants a non-conserving commodity.

Mr. WHITTEN. May I ask the gentleman from Illinois where the gentleman received his information? I have been advised that the Department of Agriculture says I am correct about it.

Mr. FINDLEY. I will say to the gentleman that the language of my amendment was referred to the Department of Agriculture and the Department saw no objection to the language and entered no objection to the acceptance of this language, and the department recognizes that an inequity exists.

May I say further that beyond the article by the Washington Post reporter there was a report from the General Accounting Office which pointed out the discriminatory nature of the prevented planting feature of the act of 1973. No doubt it was the GAO report that inspired the Washington Post reporter to dig up the facts.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield further?

Mr. FINDLEY. Of course I yield to the gentleman from Mississippi.

Mr. WHITTEN. I read the report of the General Accounting Office and while they do say that under existing law there is discrimination in favor of cotton, they also have been advised that the Department of Agriculture says I am right about the amendment. The gentleman would shift it to the other side where it would be a discriminating act against cotton.

Mr. FINDLEY. The gentleman is misinformed. The language to which I refer, and I find it here under the feed grains section, as follows:

> If the Secretary determines that the producers on a farm are prevented from planting any portion of the farm acreage allotment to feed grains or other non-conserving crop, because of drought, flood, or other natural disaster or condition beyond the control of the producer, the rate of payment on such portion shall be the larger of . . .

And then it sets forth the rates of payment. Payment occurs only if the Secretary determines that the farmer is prevented from planting feed grains or other nonconserving crops. So that disqualifies him completely from any benefits.

The effect of my amendment is to treat on exactly the same basis cotton allotment farmers, feed grains farmers, and wheat farmers. I am sure the gentleman does not wish any discrimination to exist in the administration of the program which would favor cotton farmers over feed grains or wheat farmers. I urge support for my amendment.

May I make one further statement. It takes 20 Members to stand to obtain a vote. I do not know whether there are enough Members of this body interested to stand with me. A standing Member represents $1 million, because $19 million savings in taxpayers' money will be accomplished by my amendment.

POINT OF ORDER

Mr. WHITTEN. Mr. Chairman, I desire to be heard on the point of order.

The amendment provides, and may I read it:

> That none of the funds appropriated or made available under this Act shall be used to formulate or carry out a program for the 1977 crop year under which producers who plant a nonconserving crop on cotton allotment acres . . . .

There is nothing in existing law that requires the Secretary of Agriculture to determine which farmers plant a nonconserving crop on cotton allotment land. To carry out that amendment would certainly impose on the Secretary an additional duty to determine whether or not that was true. Since there seems to be a mixture of argument pro and con, as well as directed to the matter before us, I would like to call attention to the fact that the crop in this instance as discussed by the proponent is soybeans. Had we not provided those soybeans, the executive branch probably would have kept the embargo on exports longer than it did.

There is no reason to say that $19 million will be saved. It would not be even if the amendment were not subject to a point of order. It would mean that those producers in a short time, when we need soybeans, can earn dollars in world trade and keep us from once again antagonizing the Japanese and others who felt the ill effects of our embargo—it would just mean that they would not plant another crop at a time when we badly need it.

I repeat again, Mr. Chairman, that there is no way in the world that the Secretary of Agriculture can determine which producers plant a nonconserving crop on cotton allotment acres without doing something he does not do now and is not required to do now. That brings it where it is clearly subject to a point of order.

The CHAIRMAN. Does the gentleman from Illinois desire to respond?

Mr. FINDLEY. I do, Mr. Chairman.

Mr. Chairman, this amendment is parallel in all points to a series of amendments that I have offered over the years which have been challenged in each case by the gentleman from Mississippi and in each case unsuccessfully. In a sense perhaps it is pointless to repeat the arguments that have been made effectively in past years. It is retrenchment to a withholding of funds. It clearly is within the Holman Rule.

The question was raised as to whether it imposes a new duty upon the Secretary. While the key words, of course, are "formulate or carry out a program," the formulation or carrying out of a program to which the limitation applies would not impose a new duty upon the Secretary because everyone who seeks to get relief under the Disaster Relief program must fill out an application form. It would, of course, therefore, be a very simple matter for this form to require the applicant to state whether or not a nonconserving crop has been planted, if that would indeed be a point in question before the Chair; but there have been at least 15 other almost identical amendments that have been successfully sustained by the Chair in the past, and I feel confident that the Chair will sustain the point of order.

The CHAIRMAN. Is it the point of the gentleman from Illinois that the determinations called for in the last 4 lines of the amendment are already carried out under existing law? Is that the contention?

Mr. WHITTEN. They are not.

Mr. FINDLEY. Mr. Chairman, in order to carry out the disaster relief provisions of the existing law, a farmer must make application, and on this application he must state certain things and certify certain things. Therefore it is my opinion that this imposes no additional duty upon the administrator of this act for the determination to be made that producers are not planting a nonconserving crop.

The CHAIRMAN. Could the gentleman elaborate on that specific point, about whether or not in order to qualify the farmer is required now under existing law to make application?

Mr. FINDLEY. Absolutely that is an essential step that applies equally to all farmers who seek relief under the disaster relief provisions of the law.

The CHAIRMAN. Does the gentleman from Mississippi wish to be heard?

Mr. WHITTEN. Mr. Chairman, in my opinion the gentleman in the well has acknowledged that additional duties are required. There is nothing in my knowledge that in the department they have anything which shows that certain crops were planted. They do not have any such record. If this amendment were adopted they would have to start keeping such records.

As I understand the gentleman he said there is nothing to keep them from bringing in such a certificate. If these were brought in, the department would have to go over them and determine this, that and the other. There have been a few times in history when they accepted such papers and there was one time when they had certificates certifying more crops than were ever planted.

As I understood the gentleman, he acknowledges that an additional certificate would have to be supplied with additional information, and from that the Secretary would have to make a new determination, one he does not now have to make.

The CHAIRMAN. The Chair is prepared to rule.

The proponent of the amendment carries the burden of proof to show that a new duty is not required. Based on that the Chair is going to rule that the gentleman from Illinois has not shown that the Department of Agriculture would not be required by his amendment to make new determinations of eligibility under the cotton allotment program, or institute new recordkeeping procedures, and the Chair sustains the point of order.

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. PEYSER: On page 17, line 22 delete period and insert instead thereof a colon and add the following: "Provided further that no more than $59,000,000 of this appropriation shall be made available under this act to formulate or carry out a price support program for the 1977 crop of peanuts."

Mr. PEYSER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

Mr. WHITTEN. Mr. Chairman, reserving the right to object, I have not seen the amendment.

Mr. PEYSER. Mr. Chairman, if the gentleman will yield, I am going to explain what it is. It just changes one word in the past amendment unless the gentleman wants it to be read.

Mr. WHITTEN. One word could be changing "no" to "yes."

Mr. PEYSER. Mr. Chairman, I withdraw the unanimous-consent request.

Mr. WHITTEN. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Mississippi (Mr. Whitten) reserves a point of order on the amendment.

The Clerk will conclude the read- of the amendment.

The Clerk concluded the reading of the amendment.

Mr. WHITTEN. Mr. Chairman, I reserved a point of order on the amendment. I would be opposed to the amendment but in deference to the earlier ruling of the Chair, I withdraw the point of order.

The CHAIRMAN. The gentleman from New York (Mr. Peyser) is recognized in support of his amendment.

Mr. PEYSER. Mr. Chairman, the reason I did not ask for a record vote on the last peanut amendment was for the simple reason that one of the points, even though I did not agree with it, did certainly influence a number of Members. That was the fact that we had a program for peanuts that were in the ground and planted and here we were changing the program in the middle of the road and putting these people at a disadvantage.

I did not happen to agree with that, but be that as it may, what I propose now is to make the amendment effective with the 1977 crop, which falls within the full conformity of this appropriation bill. By virtue of the ruling of the Chair, which I also agree with, we now will have the opportunity to vote on the peanut amendment, which will have absolutely no effect on the peanuts planted in the ground this year. It will not injure the farmer, and it will give farmers plenty of time to prepare for next year's crop. We have heard Members on both sides of the aisle say there is a real food shortage in the world today and something must be done in the immediate future. This is a chance to do something.

Mr. Chairman, I am saying that we have 600,000 acres of highly developmental farmland ready with the capabilities to produce meaningful food. Incidentally, no one would be required to leave the farm, as my good friend, the gentleman from Georgia mentioned. The purpose of this amendment is to help keep the small family farmer there. We can have him produce a crop of which we are in desperate need and we can save the taxpayers $800 million over the next 4-year period.

Mr. Chairman, I hope we will support this amendment affecting the 1977 crop.

The CHAIRMAN. Does the gentleman from Mississippi (Mr. Whitten) insist on his point of order?

Mr. WHITTEN. Mr. Chairman, I withdrew it earlier. In view of the prior ruling of the Chair I felt there was no use pressing it.

Mr. JONES of North Carolina. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, under the rules of this Committee during the debate on the original amendment by the gentleman from New York, it was pointed out that there is pending legislation from the subcommittee to the full Committee on Agriculture which will change the entire concept of the present peanut program, which will, indeed, reduce the administrative cost as predicted by those of us responsible for this legislation.

Mr. Chairman, again I remind the House that the USDA approves the bill pending; that we anticipate no trouble with it, no difficulty. Therefore, I think it is absolutely ridiculous to consider the amendment of the gentleman from New York, with the pending legislation which will follow through the normal legislative process. Therefore, I urge the committee to vote against the amendment.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment.

Mr. Chairman, I think a great deal of weight should have been attributed to the argument that farmers are already halfway through the crop. This changes that to a degree. Our friend, the gentleman from New York, with all the gentleman's background and the gentleman's experience here, is on the floor without benefit of hearings to change a law that is now being considered by the Committee on Agriculture. Our distinguished friend, the gentleman from Washington (Mr. Foley) and the gentleman from Virginia (Mr. Wampler) on the Republican side, have not completed hearings on this. For the gentleman from New York to say we should decide this now without having held appropriate hearings is more than is sound and more than this body should accept.

Mr. Chairman, I respectfully ask that we defeat this amendment, leave this subject in the hands of the legislative committee which will be having hearings.

Mr. Chairman, again I would point out that if this amendment were adopted and became law, it would be impossible to enforce. I respectfully urge the amendment be defeated, that the legislative committee work its will and recommend to the Congress in the weeks ahead.

Mr. JENRETTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I concur with everything the distinguished subcommittee chairman has said. I hope that the amendment will be defeated.

Whatever may be the judgment of this body concerning the peanut price support program, I hardly think the Agriculture appropriations bill is the proper place to levy such drastic limitations as Mr. Peyser proposes with a $59 million appropriations ceiling. I rise in opposition to this untimely and inappropriate amendment.

We are all aware that the peanut program has become a political football, subject to easy and emotional attack. While many of us here may doubt the basis for the attack, no one would dispute the need to review the peanut program in its entirety, by looking at how it affects the farmer, and how it affects the consumer.

This process is now underway in the Subcommittee on Oilseeds and Rice. My colleagues and I have undergone an extensive study of the peanut program, and are in the midst of marking up important legislation in this field.

In an even broader context, the Agriculture Committee will be revising the farm bill within the next 8 months, giving serious attention to the subject under discussion today.

I would therefore urge my colleagues to reject this irresponsible amendment, and to return the reform of the peanut program to its proper legislative jurisdiction.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Peyser).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. PEYSER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred and two Members are present, a quorum.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from New York (Mr. Peyser) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 175, noes 229, not voting 27, as follows:

[Roll No. 386]

AYES—175

Abzug
Anderson, Calif.
Anderson, Ill.
Archer
Armstrong
Ashbrook
AuCoin
Badillo
Bafalis
Bauman
Biaggi
Biester
Blanchard
Blouin
Bonker
Brodhead
Broomfield
Brown, Mich.
Brown, Ohio
Burgener
Burke, Fla.
Byron
Carr
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cohen
Collins, Tex.
Conable
Conlan
Conte
Conyers
Coughlin
Crane
D'Amours
Dellums
Derwinski
Devine
Diggs
Dodd
Downey, N.Y.
Drinan
Early
Edgar
Edwards, Calif.
Eilberg
Emery
Erlenborn
Esch
Eshleman
Evans, Ind.
Fenwick
Findley
Fish
Fisher
Florio
Ford, Mich.
Forsythe
Fraser
Frenzel
Gilman
Goldwater
Goodling
Gradison
Green
Gude
Hagedorn
Hall
Hamilton
Hansen
Harrington
Harris
Hechler, W. Va.
Heckler, Mass.
Heinz
Hillis
Holt
Holtzman
Howard
Hughes
Hutchinson
Hyde
Jacobs
Jeffords
Johnson, Pa.
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Lagomarsino
Latta
Lent
Long, Md.
Lujan
McClory
McCloskey
McDade
McDonald
McHugh
McKinney
Madigan
Maguire
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Moakley
Moffett
Moorhead, Calif.
Mosher
Mottl
Myers, Pa.
Nedzi
O'Brien
Ottinger
Paul
Pettis
Peyser
Pike
Pritchard
Railsback
Rangel
Rees
Regula
Rhodes
Rinaldo
Rodino
Roe
Rogers
Rosenthal
Roush
Rousselot
Roybal
Ruppe
Russo
Ryan
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Seiberling
Sharp
Simon
Solarz
Stanton, J. William
Stark
Steiger, Wis.

Stratton
Studds
Sullivan
Symms
Talcott
Traxler
Tsongas
Van Deerlin
Vander Jagt
Vander Veen
Walsh
Whalen
Wiggins
Wilson, Bob
Wirth
Wolff
Wydler
Wylie
Young, Fla.
Zeferetti

NOES—229

Abdnor
Addabbo
Alexander
Allen
Ambro
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Bingham
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Brown, Calif.
Broyhill
Buchanan
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carney
Carter
Clay
Cochran
Collins, Ill.
Corman
Cornell
Cotter
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Dickinson
Dingell
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Edwards, Ala.
English
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fithian
Flood
Flowers
Flynt
Foley
Ford, Tenn.
Fountain
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Grassley
Guyer
Haley
Hammerschmidt
Hanley
Hannaford
Harkin
Harsha
Hawkins
Hayes, Ind.
Hefner
Henderson
Hicks
Hightower
Holland
Hubbard
Hungate
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Krebs
Krueger
LaFalce
Leggett
Lehman
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lundine
McCollister
McCormack
McEwen
McFall
McKay
Madden
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mills
Mitchell, Md.
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Passman
Patten, N.J.
Pattison, N.Y.
Pepper
Perkins
Pickle
Poage
Pressler
Preyer
Price
Quie
Quillen
Randall
Reuss
Richmond
Risenhoover
Roberts
Robinson
Roncalio
Rose
Rostenkowski
Runnels
St Germain
Satterfield
Sebelius
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, James V.
Steed
Steelman
Stokes
Symington
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Treen
Udall
Ullman
Vigorito
Waggonner
Wampler
Waxman
Weaver
White
Whitehurst
Whitten
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—27

Adams
Bell
Chappell
Chisholm
Daniels, N.J.
du Pont
Hays, Ohio
Hébert
Helstoski
Hinshaw
Horton
Howe
Karth
Landrum
Litton
Milford
Mink
O'Hara
Patterson, Calif.
Riegle
Rooney
Schneebeli
Spellman
Steiger, Ariz.
Stephens
Stuckey
Vanik

The Clerk announced the following pairs:

On this vote:

Mr. Adams for, with Mr. Hébert against.

Mr. Horton for, with Mrs. Mink against.

Mr. Steiger of Arizona for, with Mr. Rooney against.

Mr. Schneebeli for, with Mr. Stuckey against.

Mr. du Pont for, with Mr. Stephens against.

Mr. Bell for, with Mr. Landrum against.

Mr. Dominick V. Daniels for, with Mr. Chappell against.

Mr. Helstoski for, with Mr. Milford against.

Mrs. Chisholm for, with Mrs. Spellman against.

Messers. **SARASIN**, **McHUGH**, **HALL**, and **WIGGINS**, changed their vote from "no" to "aye."

Mr. **ALLEN** changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The **CHAIRMAN**. The Clerk will read.

The Clerk read as follows:

CORPORATIONS

The following corporations and agencies are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act as amended, as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation or agency, except as hereinafter provided:

Mr. **CONTE**. Mr. Chairman, I move to strike the last word.

Mr. Chairman, at this point I would like to get the attention of my good friend and colleague, the gentleman from Mississippi (Mr. WHITTEN), the chairman of the Subcommittee on Agriculture and Related Agencies of the Committee on Appropriations, for a question.

Mr. Chairman, the gentleman from Mississippi (Mr. WITTEN) knows, over the years I have been a leading fighter in the Congress against public moneys for Cotton Incorporated. As I look at the bill, H.R. 14237, on page 18, I do not see any mention of Cotton Incorporated. Can I be assured that there is no money in this legislation for Cotton Incorporated?

Mr. **WHITTEN**. Mr. Chairman, will the gentleman yield?

Mr. **CONTE**. I yield to the gentleman from Mississippi.

Mr. **WHITTEN**. Mr. Chairman, may I say to the gentleman from Massachusetts that the gentleman has been most active in this area for several years and, I might add, has created a little work on this side. The law, as the gentleman will recall, provided that this promotional fund for cotton, which was handled by Cotton Incorporated, was written into the law by my predecessors. This committee, in turn, was not required to appropriate anything for Cotton Incorporated since it was provided for by permanent law.

But, over the years, as the gentleman from Massachusetts knows, this committee has tried to hold that down to a lower level than that provided in the law. And this year we have provided that none of the administrative funds in this act shall be used to carry out that law, which expires this year, as I understand. In this regard, the bill prevents the further use in Cotton Incorporated of funds in the next fiscal year. It is eliminated. We did take affirmative action since it was in the original act.

Let me add that the gentleman from Massachusetts has made a continuing fight in this area and it is a question as to where the funds should come from. May I say that the gentleman's efforts were realized when we shifted to the cotton producers to provide their own funds, and it is hoped that they will not suffer, as a result of that. But we have prevented further use of these funds.

Mr. **CONTE**. The gentleman from Mississippi knows, in regard to the checkoff required on a bale of cotton and on public funds that I supported that legislation and spoke in favor of the legislation.

Mr. **WHITTEN**. If the gentleman will yield further, let me say that I do appreciate that. Let me say further that my colleague from Massachusetts has served with the Committee on Appropriations for a long time and that the gentleman usually is on the floor at the same time that this bill is brought up. I am glad to see the gentleman here and I am glad to have his help. The gentleman has been a great help in solving not only this but other problems.

Mr. **CONTE**. Mr. Chairman, I thank the gentleman from Mississippi for the comments he has made. Let me say that the feeling the gentleman has for me is mutual. We have had a good association over many years. I commend the gentleman and the committee for taking this action.

Mr. **WHITTEN**. I appreciate the gentleman's statement.

The **CHAIRMAN**. The Clerk will read.

The Clerk read as follows:

LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed $41,220,000 shall be available for administrative expenses of the Commodity Credit Corporation: *Provided*, That $3,133,000 of this authorization shall be available to support the position of Sales Manager who shall work to expand and strengthen sales of U.S. commodities in world markets (including those of the Corporation and those funded by Public Law 480) pursuant to existing authority (including that contained in the Corporation's charter and Public Law 480), and that such funds shall be used by such Sales Manager to form an agency to carry out the above activities. Such Sales Manager shall report directly to the Board of Directors of the Corporation of which the Secretary of Agriculture is a member. Such Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation and Public Law 480, including grade and quality as sold and as delivered and shall submit quarterly reports to the appropriate committees of Congress concerning such developments: *Provided further*, That not less than 7 per centum of this authorization shall be placed in reserve to be apportioned pursuant to section 3679 of the Revised Statutes, as amended, for use only in such amounts and at such times as may become necessary to carry out program operations: *Provided further*, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof.

Mr. WHITTEN. Mr. Chairman, on page 19, line 16, inadvertently there is a misprint. The word "Commodity" appears as "Community." Mr. Chairman, I ask unanimous consent that this typographical error be corrected so that instead of reading "Community" it would read "Commodity."

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

RURAL COMMUNITY FIRE PROTECTION GRANTS

For grants pursuant to section 404 of the Rural Development Act of 1972, as amended (7 U.S.C. 2654), $3,500,000 to fund up to 50 per centum of the cost of organizing, training, and equipment for rural volunteer fire departments.

Mr. MOORE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, on page 23 of the bill, line 19, under title II, there is a figure of $350 million for industrial development loan guarantees. From what I have been able to learn, this program has worked exceptionally well. I would like to have seen the committee come in with an increase in that appropriation, however, I will not offer an amendment to increase it because the loan guarantees can be increased without it.

According to a Library of Congress report dated August 22, 1975, this program of $350 million in industrial development loan guarantees is expected to increase employment by some 12 to 15,000 permanent jobs per year. The Farmers Home Administration, however, is using this $350 million appropriation as a 100 percent reserve figure. In other words, they are not guaranteeing loans one penny in excess of their appropriation of $350 million. This is not the way the Small Business Administration operates or any other prudent lending institution because they will normally take their appropriation or reserves and lend many times that figure. The Farmers Home Administration are guaranteeing loans evidently on the projection of losing every cent of every loan guaranteed as if this was not true, then a 100-percent reserve of then-appropriation would not be necessary.

If the Farmers Home Administration would follow the normal guarantee practice, we would see a great number more industrial development loan guarantees made under this program, a great many more permanent jobs created, and a definite improvement in our economy which I believe was the intent of Congress in creating this program.

I would simply hope that in the future, since there is nothing in the authorizing or appropriating legislation to prevent this from happening, that the Farmers Home Administration would use this $350 million not as 100-percent reserve ceiling but actually as a reserve and guarantee loans reasonably in excess of this appropriation.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

FOOD STAMP PROGRAM

For necessary expenses of the food stamp program pursuant to the Food Stamp Act of 1964, as amended, $4,794,400,000: *Provided,* That funds provided herein shall remain available until expended in accordance with section 16 of the Food Stamp Act of 1964, as amended: *Provided further,* That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed $100,000 shall be available for employment under 5 U.S.C. 3109: *Provided further,* That no part of the funds appropriated by this Act shall be used during the fiscal year ending September 30, 1977, to make food stamps available to any household, to the extent that the entitlement otherwise available to such household is attributable to an individual who: (i) has reached his eighteenth birthday; (ii) is enrolled in an institution of higher education; and (iii) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household: *Provided further,* That funds provided herein shall be expended in accordance with section 15(b) of the Food Stamp Act of 1964, as amended.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: On page 37, line 12, strike the figure "$4,794,400,000" and insert in lieu thereof: "$4,000,000,000".

Mr. ROUSSELOT. Mr. Chairman, there has been a great deal of discussion about the food stamp program and the misuses therein. The committee itself in its report on page 84 says they are still concerned about the misuses that occur in this program.

Let me quote to the House the specific comments made by the committee on page 84 of the report:

> The Committee remains concerned about the reports of widespread irregularities and abuses in the Food Stamp Program which result in increased costs. As we have demonstrated in previous reports, most of the program abuses are subject to action by the Department. The Committee takes note that the Department has announced that it will soon begin to curb abuses through regulatory action.
>
> There are indications before the Committee that enforcement of regulations pertaining to program abuses by authorized retailers has largely been limited to rural areas. The Committee urges the Department to extend full and equitable enforcement to urban areas, including the larger chain stores.

The reason that I have chosen to offer this amendment to reduce the program to $4 billion, is my hope each Member will take the time to read this portion of the committee report, because, throughout, the committee states that there are abuses and the program is being misused.

The Department of Agriculture and others such as OMB which have responsibilities in this program tell us there are roughly 16 million people on the food stamp program.

The dollar figure in this amendment is not just picked out of the air. Four billion dollars would be more than adequate to cover all the families who are in fact at the level of the poverty figure of $5,500 a year; $5,500 is still a fair level of income. In other words, the $4 billion would more than adequately cover all families that require food stamps, that are genuinely in need.

I believe that this is the way we can speak to those who administer this program and say that it is truly to be for the people who find themselves disadvantaged, and no more. It does not in any way touch the elderly program or any of the other phases of elderly support programs.

I know the committee will now say we have cut what we spent in the current fiscal year. This is a definite reduction and I understand that and I compliment the committee for making that effort, but I believe we should actually in this time, when the credibility of this Congress is being tested whether we really search for reduction of expenditures, cut the amount to the funds actually needed by those supposedly in poverty or disadvantaged in the cities. So I hope my colleagues will support this amendment.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. The gentleman from California has made a statement that the cut will not have an effect on the elderly. How does he come to this conclusion?

Mr. ROUSSELOT. There is an elderly program in the next part of the bill, roughly $22 million. I have not touched that and I believe it more than adequately handles those in the elderly bracket. We have many other elderly programs, as the gentleman knows, such as meals on wheels and other things.

I know the argument will be made that this will somehow attack the elderly. It will not. Most of the abuses in the program, as the report says, still exist. The best way to make sure no more abuses occur is to cut the program dollarwise to the funding actually needed. I have been assured by those who know about the program that $4 billion will adequately cover the program. So it is my belief this does not touch the elderly programs on the books, such as meals on wheels and other programs, but it will make sure that the administrative process does not spend any more on this program than is actually projected as needed.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield further?

Mr. ROUSSELOT. I am delighted to yield to my colleague, the gentleman from Colorado, who is from a State where I know they want to cut expenses down.

Mr. EVANS of Colorado. The gentleman will agree that regardless whether we operate on the Rousselot rules or the Evans rules or somebody else's rules, as a matter of fact under the law, the old ones or those being developed by the Department of Agriculture, whatever the rules are we will have to foot the bills and we will have to pay them, either here or elsewhere. I do not believe, I will say to the gentleman, that we will by changing the amount in this bill, remove the abuses, if the rules are not changed and the law is not changed. The program will not operate by my rules or by the rules of the gentleman from California. The bills will come due and they will have to be paid.

Mr. ROUSSELOT. Mr. Chairman, I have heard all those arguments before. We are supposed to wait on the authorizing committee to give us new rules. The trouble is that the taxpayers that foot the bill that earn $8,000, $9,000, $10,000 a year, are getting sick and tired of funding abuses.

The CHAIRMAN. The time of the gentleman from California (Mr. ROUSSELOT) has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for an additional 2 minutes.)

Mr. ROUSSELOT. Mr. Chairman, I again refer to page 84 of the committee report:

> The committee remains concerned about the reports of widespread irregularities and abuses in the Food Stamp program which result in increased costs.

That is right in the gentleman's own committee report. My belief is, and I think most American taxpayers believe this, the people that pay for the bill just say, "Let's put the dollar where it belongs." At the $4 billion level, nobody claims that is a miserly amount. The OMB and the Department of Agriculture and others will say that is more than adequate to take care of the people who are in poverty and are truly disadvantaged; that is, $5,500-a-year income or less.

Mr. Chairman, my belief is that the House should vote for this amendment.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I would be delighted to yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, what is it in the gentleman's figure of $4 billion that is going to cleverly exclude all these people who have been improperly receiving food stamps?

Mr. ROUSSELOT. The gentleman knows full well that I cannot "cleverly exclude" all the people misusing the food stamp program; but I do know when we put a limitation of $4 billion on this program, which in my judgment is more than adequate to take care of the people in genuine need, that will put a clear limitation on what the administration of this program will have to spend. The Administrators will be able to use the funds more carefully and make sure that the people that are genuinely in need receive appropriate attention.

I can say to my colleague, the gentleman from Colorado, there is no way I can get all the Members here to spend their House allowances correctly, either. Recent events prove that neither he nor I can guarantee that. But I do know that when we put a proper limitation on a bill of the taxpayers' hard-earned money, that is the best way to make sure that the program is used for what it was intended, especially when we raise the questions that have been discussed.

Mr. ANDREWS of North Dakota. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, actually, the tragedy of this whole section is that the gentleman's figures are just as valid as the figures in the bill or anyone's, because when the Department came before us, they could not give us the exact figures of what would be needed. Actually, no one in the Department knows what figures are needed. The appropriation process has no options under the terms of the legislation. We have to appropriate whatever is necessary to run whatever kind of program they put out. This administration is going to have to do a better job of administrating the program.

Mr. Chairman, there was a discussion in our hearings, and my colleagues on the committee remember this, that there is a space provided on the inside cover of these food stamp books where the person who has the book issued signs for it. They do not have any procedure set up to ascertain whether even that is done or whether there is profiteering in food stamps at the expense of those people who really need this help and are not getting their real needs.

The tragedy of this whole business is that the people who are God's poor, who are handicapped and cannot get a job, often cannot get what they need under the welfare program. There is not enough to take care of their legitimate needs, because of profiteering and misuse and racketeering and poor administration siphoning off funds that should be alleviating human suffering.

Mr. Chairman, I appreciate the gentleman's statement. The gentleman brought up the discussion of how loosely run this whole thing is and by pointing that up to the House and to the American people, the gentleman has done everybody a service. This program is too important to be as mismanaged as it has been for far too long.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I think the gentleman makes an excellent point, that by this House addressing this issue and saying to those that have the responsibility, "You have not given us precise enough figures. You have said yourself it could, in fact, be only $4 billion that is needed," the administrators would be required to manage this program more carefully and would understand that this Congress is saying to them "Watch this program with greater care."

I am glad that the committee itself and our subcommittee chairman forced a reduction in this program, because the American people as a whole understand that it should be cut and overhauled. I think the point the gentleman makes is an excellent one, that by confining it even slightly more than the committee did, we would force better administration of the program.

Mr. ANDREWS of North Dakota. I think one point should be made crystal clear, and that is that the food stamp program potentially is one of the finest welfare programs we have in this country. The tragedy is that it is not being administered properly, and that responsibility falls on those people downtown. I would hope they would be shaping up sooner rather than later.

Mr. DOWNEY of New York. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from New York.

Mr. DOWNEY of New York. Mr. Chairman, the gentleman from North Dakota makes a cogent point. I am concerned, however, that the arguments he made could be turned around to say that if, in fact, the stores will report and if, in fact, the people who really do need the stamps are not being cared for, then the gentleman's amendment might exacerbate this situation even more.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. ANDREWS of North Dakota. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I think the answer to that concern is that if we have miscalculated—which I do not think we have—on this $4 billion figure, we have the supplemental appropriations process. As the gentleman knows, it is used frequently. I think he will find in this program, as the committee said very clearly on page 84, that there are widespread abuses, and this amount will be an appropriate figure to supply the needy.

There was a grand jury investigation of food stamps in Los Angeles, and they found that over one-third of the people using them did not deserve them, should not have them. That was only a short year and a half ago. I believe that one way we can show our constituencies that we realize that this prorgam has been misused, is to cut it to a lower level of $4 billion. Again, I would like to say that is not a miserly amount. The committee itself has cut it from last year. Let us cut it to a more manageable level.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, there is no question but what, on every hand, we learn that this program has been very poorly handled at just about every level. Some levels have the explanation that their workload is such that they cannot handle it. The District of Columbia, I know, has been in the papers concerning how poorly managed it was here, and most other places have too.

I have frequently claimed that I have done almost any kind of work one can manage, one of which was helping in a country store when I was a boy. There are so many little things that could be done if people would do them. Then, we have here, and we put it in our report last year, that if they would require a second stamp, one when they get it, and then signed again when they use it, they would have a way to show that the person who got it spent the money. That is one thing.

I also learned in my own area that the only people who seemed to have the law enforced on them were rural country stores. We had a report from the department, and it will surprise the Members to know that the number of disqualified stores which are generally recognized as chain stores who have been disqualified are four; tow of them in New York and two in Tennessee. "Others," which means small town stores, 1,453. Let me provide for the RECORD the results of our survey.

AUTHORIZED RETAILERS DISQUALIFIED FROM THE FOOD STAMP PROGRAM JAN. 1, 1974 THROUGH DEC. 31, 1975, STATE AND NATIONAL TOTALS

State	Number of disqualifications	Number of disqualified stores generally recognized as chain stores
Alabama	82	0
Alaska	1	0
Arizona	4	0
Arkansas	14	0
California	22	0
Colorado	1	0
Connecticut	11	0
Delaware	0	0
District of Columbia	7	0
Florida	105	0
Georgia	78	0
Hawaii (Guam)	1	0
Idaho	0	0
Illinois	59	0
Indiana	12	0
Iowa	4	0
Kansas	3	0
Kentucky	73	0
Louisiana	72	0
Maine	0	0
Maryland	12	0
Massachusetts	0	0
Michigan	31	0
Minnesota	5	0
Mississippi	95	0
Missouri	23	0
Montana	1	0
Nebraska	1	0
Nevada	0	0
New Hampshire	0	0
New Jersey	48	0
New Mexico	4	0
New York	262	2
North Carolina	49	0
North Dakota	0	0
Ohio	101	0
Oklahoma	4	0
Oregon	8	0
Pennsylvania	41	0
Puerto Rico (Virgin Islands)	0	0
Rhode Island	1	0
South Carolina	44	0
South Dakota	1	0
Tennessee	78	2
Texas	39	0
Utah	1	0
Vermont	0	0
Virginia	23	0
Washington	2	0
West Virginia	23	0
Wsconsin	7	0
Wyoming	0	0
National total	1,453	4

I wrote in the report this year—and some of my colleagues thought that I was stirring up a hornet's nest and that we would have enough without that—language suggesting that the chain stores have a line to handle food stamps. One or two of my colleagues thought that this would reflect on a person, to go down a particular lane where one could see that they might be eligible. I do not think so. I think perhaps one is identified a little more when the person in front is paying cash and the person behind is paying cash, and it is probably calling you something under his breath, or maybe not under the breath.

It was objected to, so we struck that section out, however, that does not prevent the Department from adopting my suggestion.

The point I am making here is that what is needed is an improvement—and may I go further—an improvement in the handling and an improvement in the identification.

Then we need an improvement in prosecution. A district attorney is handling all of these cases that he considers big or important, or perhaps felonious, and it is next to impossible to get him to deal with food stamps due to his lack of time. It is not his lack of desire to discharge his duties, but actually they do no want to fool with that type of a case. So that is one problem.

Another problem is that, in the handling of it—and we showed it last year—every complaint I have read about, in the way of eligibility, the Secretary has authority, by change in regulations, to correct. This year, in hearings, three or four times he acknowledged that he had the authority. Let me read from our report on the first supplemental appropriation bill:

In recommending an additional appropriation for the food stamp program for that part of fiscal year 1976 from February until June 30, 1976 of $1,750,000,000, the Committee has made $100,000 of such funds available only to revise regulations as authorized by existing law. This should put an end to many existing violations. In this connection the committee takes note of section 5(a) of the Food Stamp Act which authorizes the Secretary of Agriculture to establish eligibility standards and specifically provides:

"* * * participation in the food stamp program shall be limited to those households whose income and other financial resources are determined to be substantial limiting factors in permitting them to purchase a nutritionally adequate diet."

Section 10(e) provides that the Secretary must approve State plans and specifies:

"The State agency of each State desiring to participate in the food stamp program shall submit for approval a plan of operation specifying the manner in which such program will be conducted within the State * * *"

and section 10(f) authorizes the Secretary to withhold funds:

"If the Secretary determines that in the administration of the program there is a failure by a State agency to comply substantially with the provisions of this Act, or with the regulations issued pursuant to this Act, or with the State plan of operation, he shall inform such State agency of such failure and shall allow the State agency a reasonable period of time for the correction of such failure. Upon the expiration of such period, the Secretary shall direct that there be no further issuance of coupons in the political subdivisions where such failure has occurred until such time as satisfactory corrective action has been taken."

Section 11 authorizes the disqualification of retail stores and wholesale concerns under the following conditions:

"Any approved retail food store or wholesale food concern may be disqualified from further participation in the food stamp program on a finding, made as specified in the regulations that such store or concern has violated any of the provisions of this Act, or the regulations issued pursuant to this Act. Such disqualification shall be for such period of time as may be determined in accordance with regulations issued pursuant to this Act. The action of disqualification shall be subject to review as provided in section 13 of this Act."

In addition, other sections of the Food Stamp Act, as amended, deal with the authority of the Secretary to establish terms and conditions for participation in the program.

Therefore, it would seem apparent that most of the abuses of the program, which have been so widely reported, are subject to action by the Department. Some officials estimate that close to 1 out of every 5 food stamp dollars are used improperly. Improper issuance, lax regulations, fraud, blackmarketing, and loose eligibility standards may be costing $1 billion per year.

For example, testimony before the Committee revealed that under existing regulations an individual could own a $100,000 home and a new luxury automobile, but as long as he was unemployed and had less than $1,500 in the bank he could get food stamps; two airline pilots with income in the $50,000 per year bracket drew food stamps during an airline strike; and it was reported that in some States a food stamp caseworker must complete as many as a dozen different forms in order to certify an applicant eligible under existing regulation. These and similar cases could be prevented by a change in regulations.

It has also been reported that food stamps are widely used to purchase liquor, cigarettes, hard drugs, or make installment payments on television sets and other major items. This would be greatly reduced through the countersigning procedure.

With regard to the complaints of issuance of food stamps to students contrary to the intent of the act, the Committee calls attention to the following provision contained in the Appropriation Act for fiscal year 1976:

"*Provided further,* That no part of the funds appropriated by this Act shall be used during the fiscal year ending June 30, 1976 to make food stamps available to any household, to the extent that the entitlement otherwise available to such household is attributable to an individual who: (i) has reached his eighteenth birthday; (ii) is enrolled in an institution of higher education; and (iii) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household."

In this case all that is needed is for the Department and others to enforce the law.

It becomes evident that at least a billion dollars a year could be saved if the Department would change the regulations and enforce them. For the purpose of enforcement, the Committee authorized for the fiscal year the transfer of an additional $6,094,000 to the Inspector General. This is in addition to other enforcement activities.

The Committee repeats below the language which it recommended in the Conference Report (94–528) on the fiscal year 1976 bill which appropriated funds for the food stamp program for the first seven months of fiscal year 1976 and for the transition period:

"FOOD STAMP PROGRAM

"The conferees are extremely concerned about the increasing reports of widespread irregularities and abuses in the Food Stamp Program, resulting in greatly increased costs. Unless this situation is corrected it could jeopardize the program. This cannot be allowed to happen since food assistance to the truly needy is an accepted responsibility. Numerous suggestions have been made in years past in an effort to more properly supervise handling of the program.

"Under current regulations of the Department of Agriculture, the recipient, upon receipt of the coupons, must sign his name on the inside cover of the coupon book. Such a procedure aids in the recovery of lost or stolen coupons, and the Department should do everything possible to see that this regulation is faithfully complied with at the local welfare or other issuing offices.

This regulation does not protect the program, however, from various abuses such as black marketing, theft, and other improper uses. The conferees are of the opinion that many of these problems could be solved by the adoption of a similar regulation requiring recipients to countersign each coupon at the time of surrender for goods purchased in the presence of a responsible employee, of the establishment where food is purchased with such coupons, and such employee should initial such stamps as being signed in his or her presence.

"This should be no more work for the local store than someone cashing a personal check, and there should be no additional administrative cost to the local or Federal governments. If properly enforced, such a requirement would help to prevent the black market and related abuses which appear to exist. It would make lost or stolen coupons more difficult to use and would aid in prosecution since forgery would be involved and appropriate penalties could be established for use or acceptance without following in full the regulations.

"Therefore, the conferees strongly recommend that the Department adopt some such regulation to provide added protection for both the legitimate recipient and the Federal Government. The Department is also requested to consult with the appropriate Committees of the Congress on this proposal and other means of tightening-up the administration of the program so as to preserve it for those who have a real need for such assistance."

These and other suggested changes must be made in the regulations immediately if the program is to be preserved for the legitimate recipient. The Committee has earmarked $100,000 of the fiscal year 1976 appropriation for the specific purpose of revising program regulations so as to minimize existing misuse and unwarranted expenditures. The Department has indicated its willingness to try to bring the abuses in this program under control. The Department can and should immediately start to revise their procedures to bring them in line with the law. Since approximately three months remain before these funds are needed the Department should have in full force and effect such changes and revisions as are necessary on or before February 1, 1976. In view of this, the $1,750,000,000 recommended by the Committee, together with carryover funds, should provide for the program level contemplated by the Congress for fiscal year 1976. Available also is the $3,453,000,000 appropriated by Public Law 94–122 for the period June 30, 1975 to January 30, 1976, and approximately $586,000,000 in unobligated funds carried over from fiscal year 1975. Testimony before the Committee revealed that the Administration's request was overstated due to the recent decline in program participation, because of improvements in the economic condition of the Country as well as the availability of carryover 1975 funds which were not anticipated at the time the request was prepared. Therefore, the Committee is able to recommend a reduction in the fiscal year 1976 request of $1,387,095,000.

With the new regulations, the $1,039,117,000 previously appropriated for the transition period, plus carryover funds, should be adequate. Therefore, the Committee does not recommend the appropriation of any additional funds for the transition period at this time. Should a need develop, the matter could be dealt with in subsequent appropriation bills.

The Secretary is in the process of trying to bring about a change in the regulations. How wise they will be, I do not know. But he was carried into court by a sizable group who wished to prohibit the changes in the regulations, claiming there were a great many people excluded who were in need. So we have that problem.

The legislative committee in the House is considering now the changes to be made into law. The best laws in the world are self-enforcing. Unless we get some improvement in the enforcing, I do not know how much a changed law would help.

The figure the Members see in our bill is the budget estimate. We made substantial reductions in this program last year, and the bill is below many requests we have received this year.

One may ask why I am making this kind of an argument here. It is because that is the best I can do. I will say to my colleague from North Dakota that I have never worked with a more pleasant and more able and finer person in my experience here. We worked together. We do not agree on everything, but we agree in principle as to where we are driving. But I used to have a good colleague on that side, and we would settle something today at the lowest possible figure, and then in the morning we would come back and start all over again.

So I say that our committee has held the figure as low as we could, under the circumstances. When one handles a lawsuit and gets the best he can, he has to sign it. So I signed this. I am going to vote for it.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman.

Mr. ASHBROOK. I thank the gentleman for yielding.

Mr. Chairman, I just want to commiserate with my friend, the chairman of the committee, in his very tortured explanation and his very tortured fatherhood of this provision, which I think he is very properly trying to handle delicately. I think we all understand the situation. I think most of us know that it is a fraudulent program in many respects, and as the gentleman said, that is what he agreed to and that is probably what he will stick with.

Mr. WHITTEN. May I say that we have provided extra money from time to time for enforcement. We have printed all of this in the Record so the Members can see it. We have done everything we know to do, in the way of legislative action, to bring about these corrections, even to the point of getting the Secretary of Agriculture to agree that they had the authority, that they had the authority to draw eligibility standards. So we have done everything this year, short of repealing the law.

Mr. ASHBROOK. I would respectfully say that probably the greatest criticism we have throughout the country is that we do so much in the way of legislation in this body which, after becoming law, we are not proud of. Most of the legislation that comes out of this body really does not have many strong advocates.

We say, "Oh, that is what we had to agree to." Or, "We had to compromise on it. We do not really like that."

I think this is one of those instances. I think right now we could maybe clean it up a little.

Mr. WHITTEN. I have letters, from time to time, asking me about my position. I say, "Do I serve in Congress to report my views, even though they be isolated, or do I try to bring things to the state of affairs as nearly as I can?" I follow the latter course. I think I should stay in there pitching, make it as good as I can, instead of recording my individual position.

Mr. ASHBROOK. I agree with my friend, who has been a champion of many fine causes. That is why I am not going to be too hard on him. I happen to think in this particular case that his tortured explanation leaves me a little bit sorry for him. I think I know what he should do to improve this program.

But the gentleman is fairly well committed to stick with the committee's figures. I am not at all being overly critical with the gentleman; I know that is a real obligation of this body. I feel, however, that we ought not conform, as my friend said, to what the situation is, but I think we ought to set our sights on what it ought to be. Maybe we ought to direct ourselves a little bit toward that end.

Mr. Chairman, I have nothing but the kindest thoughts for the gentleman, having served with the able gentleman from Mississippi (Mr. Whitten), and I certainly am not going to be overly critical on this issue. I do, however, kind of wish he had just used a little sharper knife on this one particular item.

Mr. WHITTEN. Mr. Chairman, I will not argue with the gentleman's feeling in that regard. Perhaps if I did not have this position, I would have different thoughts on a lot of things. But when one is trying to carry a load, he tries to make the best settlement he can and hopes that he can get the approval of the Members.

Mr. ASHBROOK. I know that most of the load the gentleman has is carried with years of experience.

Mr. ANDREWS of North Dakota. Mr. Chairman, if the gentleman from Mississippi will yield, whether the figures of the subcommittee or the figures of the committee or the figures given by anybody else are proper, we do not know, and that is what we candidly point out. Perhaps the figures the gentleman might give are just as good as the committee figures or those from anybody else. This program has been run far too loosely.

Our figures, I will say to the gentleman from Ohio (Mr. Ashbrook) may well prove to be too low, through no fault of ours. They may well prove to be too high. The end figure is uncontrollable by appropriation simply what we have to put in it, considering the way this program is run under the statutes.

Mr. ASHBROOK. Mr. Chairman, if my friend and colleague, the gentleman from Mississippi, will yield, I hope the gentleman from North Dakota is not taking the position that he thinks the figure might be a little bit too low. Is the gentleman saying to the taxpayers of the country, the people throughout the country and in his district, and to the Members of this body that he thinks that is the right figure and that it should not be cut?

Mr. ANDREWS of North Dakota. Mr. Chairman, I am saying that the Committee on Appropriations does not have the exact control over this figure because it is an open-end authorization. We must respond to what they do with the regulations down town, and they are not doing a very good job. In all candor and honesty, the figure the committee has given here might have to be increased through a later supplemental.

Mr. ASHBROOK. And in the meantime the American people and we in the

Congress are caught by this whipsaw. The law on this appropriation says that it is obligated and we cannot do much about it, and then the American taxpayers are left in between.

Mr. ANDREWS of North Dakota. But I hope with this discussion we are having the American taxpayer will get a little better look-see at how this program is run.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have listened with great interest to the discussion that just took place, and I honestly do not think that my dear friend, the gentleman from Ohio (Mr. ASHBROOK), should have referred to the explanation of the subcommittee chairman as "tortured." Given the responsibility of the chairman of the subcommittee, that was a very logical, expected defense of the program.

I would say that what we have here is a classic case of a program that is out of control because it has gone far, far beyond its original intent. My recollection is that the food stamp program was passed by the Congress primarily to help unload the surplus products that our farmers were producing. It has now become a symbol of tremendous abuse because of the breakdown of welfare programs and welfare administration in most of our 50 States.

This should also point out to all of us the impossibility of proper legislative oversight. There is no way that the Congress could really control a program that grows and grows and grows as this one has.

Mr. Chairman, I am very sensitive to this kind of development since, as a member of the Committee on Post Office and Civil Service, which created the new Postal Service, I live daily with that headache. I know that deep down in his heart the gentleman from Mississippi (Mr. WHITTEN) understands the problem on this issue.

I think the issue is this: That sooner or later—and hopefully sooner—the Congress has to take steps to correct the abuses that have developed in the food stamp program.

The Chicago Tribune has been running a series of articles in the last few days on the abuses in the welfare program, and these abuses include such things as using accumulated food stamps to purchase all sorts of nonfood items. Many abuses of that nature are now being disclosed. That abuse must be quickly corrected and unless its correction also means controlling the cost of the program, it will bring about a huge public uproar.

So I suggest that we either move effectively now or the abuses will become so great that the public will demand far, far more correction. I do not say that as an expert in the field; I say that just as an observer of public reaction whenever growing abuses are spotlighted.

Therefore, I will support the amendment.

Mr. GONZALEZ. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to this amendment offered by the gentleman from California (Mr. ROUSSELOT).

I wish to point out that the President, through Executive fiat, has, in effect, very much restrained this program. In fact, I would say too much in some categories.

Mr. Chairman, I would like to compliment the chairman and his committee. If I have any criticism, it is that the program does not really reach as many Americans who, under the law, even under the various conditions in the 50 States, are entitled to food stamps.

Mr. Chairman, I have heard all of the gruesome stories about how some obese woman would come into a grocery store and buy three carloads of groceries; and she then stepped into a brand-new Lincoln Continental and proceeded somewhere with the food stamp-purchased food.

Mr. Chairman, in my home district, for the size of the city that I represent, we probably have the greatest amount of per capita poverty in this country. I have over the years monitored the various programs, even before I had the honor of serving in the Congress, when I was in the State senate. I can say that the food stamp program is a tremendous asset over and above the whole surplus commodity program.

Mr. Chairman, we used to hear the same things about the surplus commodity program, but I did go into the homes of those that had to have food stamps; they were absolutely forced into some kind of program. The caseworkers would refer them to the surplus commodity program. I saw on more than half a dozen occasions the animals or weevils in the flour that was given to the families who were supposed to eat that. Rather than eat it, they would go hungry.

Mr. Chairman, I witnessed that, so I was one of those who did everything that one honest, individual man could do in 1964 to see that the food stamp program was operating on a proper basis nationally and would be extended to every jurisdiction in the country that thought it could use it, not just as a pilot program in some few selected areas.

Mr. Chairman, I think, by large and far, that it is more efficiently administered than it was the other way around. I think that for each one who might abuse it, we will have 100,000 honest-to-goodness Americans who are destitute and qualify and I think that every Member who would examine these cases with me would tell me that he agrees that they should qualify for food stamps.

Mr. Chairman, in my home district I have gone to the dispensing offices. I have gone into the homes of those who qualify, but the most important thing that I have noticed has been that I have had persons voluntarily come to my district office in San Antonio and they did not even know that they were entitled to food stamps. Further, Mr. Chairman, they were in dire need of food stamps.

I think that nobody ever wishes to endorse any waste or any misspent use of resources that the Congress, in its wisdom, in its generosity, and in its feeling for humanity, has instituted for the help of the qualified Americans, those who should be on food stamps because of need.

Mr. Chairman, I will say that I have had many people who did not even know they were entitled to food stamps, whom we referred from my office, and who were qualified for food stamps but were unaware of the program. There are more of those than there are people who in any way, directly or indirectly had been accused of abusing or misspending or in any way violating the proper functioning of the program.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. ROUSSELOT, and by unanimous consent, Mr. GONZALEZ was allowed to proceed for 1 additional minute.)

Mr. GONZALEZ. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I think the problem that many of us have is that we do not disagree with my colleague, the gentleman from Texas, to help those in genuine need. The problem is through the way the legislation was written. It has been interpreted that 40 million people in this country are eligible for food stamps. That is the problem we see.

In many areas of this country there have been investigations of food stamps, as there was in Los Angeles County by the grand jury. In the report submitted by that grand jury it showed that almost one-third of the people who are receiving food stamps in that area did not deserve them and should not have been recipients.

I think that is what we are driving at with this amendment. We are trying to say to the administration, "You will have $4 billion." That is more than enough. We are saying, "You must administer it more carefully and make sure the people who genuinely need it get it and stop the misuse that is now occurring. Has the gentleman from Texas read the report?

Mr. GONZALEZ. Yes, I have.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. ROUSSELOT, and by unanimous consent, Mr. GONZALEZ was allowed to proceed for 1 additional minute.)

Mr. GONZALEZ. Mr. Chairman, all I am saying is that it may be well and true that in some given jurisdiction you have fraud or abuse and criminal culpability. If we have that then we must have the Federal district attorney prosecute them. The point I am driving at and trying to make is that in no way is this amendment of the gentleman, which fixes an arbitrary figure, applicable.

Mr. ROUSSELOT. It is not an arbitrary figure. The gentleman I am sure heard my colleague, the gentleman from North Dakota say that most of the people who administer the program are not sure what the amount is. That is how loose it is.

Mr. GONZALEZ. But the gentleman's amendment is not targeted to remove that abuse.

Mr. ROUSSELOT. It is absolutely. Because we cut out the money that could otherwise be misspent.

Mr. GONZALEZ. But in most instances

where we cut anything there seems to be an uncanny ability to cut those that should not have been cut and to let those on the gravy train continue on the gravy train.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. POAGE. Mr. Chairman, I move to strike the last six words.

Mr. Chairman, I think my colleague, the gentleman from Texas, put his finger on the basic difference of opinion which exists in this House and all over the country when the gentleman referred to certain people as being entitled to food stamps and who just could not get them under the law.

In my judgment, no one is entitled to food stamps, regardless of whether he can or cannot get them under the law. No one has any entitlement to food stamps except that which the law gives them. Some of my colleagues feel that the Government has a duty to feed everyone. I think that is really our basic difference of opinion.

There are many Members of this House, and many, many individuals in the country who believe that people are entitled to be fed by the Government just as a matter of right. I do not believe the Government has an obligation to take care of anybody. The Government has an obligation to try to give people an opportunity to care for themselves but it is up to them to take advantage of that opportunity.

Many advocates of food stamps, certainly not all, believe as the gentleman from Texas has indicated, that people have some kind of an inherent right to have the Government feed them regardless of what they do to earn that food. I think the Government has an obligation to try and provide an opportunity for those people to feed themselves and, having done that, it is up to those people to take the steps to take advantage of that opportunity. Most of our differences as to the amount we should spend on food stamps grows out of this basic difference judgment.

This amendment provides enough money to give food stamps to every family whose income falls within the poverty level. I just doubt that you can make much of a case for feeding people who are able to feed themselves.

Mr. GONZALEZ. Mr. Chairman, will the gentleman yield?

Mr. POAGE. Certainly I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Chairman, I am afraid that it is through my inability in the relatively short period of time that I had to explain properly and completely. I was trying to explain and to make clear, because of the misinterpretation that the gentleman draws from my statement, that there are hungry and needy people through no fault of their own.

Let me say that I do not believe that any one of us has a basic entitlement to any privilege as a matter of law. What I am saying is that Americans who are destitute through no fault of their own, such as a mother who has been abandoned with children and who is not employable, or a parent who has been a marginal employee and suddenly finds himself, through no fault of his own, unable to support and feed his family. What I am saying is that even those who were eligible were not trying to take advantage of the program. They did not know about it.

Mr. POAGE. People are not destitute who are making $6,000 a year, and the amount of money provided in this amendment would enable every family in the United States below the poverty level to receive food stamps. It is just a question of whether we believe that we should take care of people whose income is presently above the poverty level, and I do not believe it is. I believe in helping those in need, but I do not believe those who are able to feed their families have any right to ask the Government to assume the obligation. I believe the Government should help people, but I believe it should help those who are destitute rather than those who are able to help themselves.

Mr. ICHORD. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Missouri.

Mr. ICHORD. I thank the gentleman for yielding.

I think it is very helpful that the gentleman from Texas (Mr. GONZALEZ) has brought up the matters which he did, and I, too, have seen some of the things that the gentleman from Texas recounted awhile ago under the Commodity Credit Corporation program. But I would state to the gentleman from Texas (Mr. GONZALEZ) that there is more involved than fraud in the program. There is more than abuse involved. There is more than the poor administration.

For example, a few weeks ago I received a call from the director of welfare in one of the counties in my district. The first question he asked me was, "Have you all gone crazy up there in Washington?" I spent a few minutes trying to convince him that I had not gone crazy. Then I moved over in defense of the rest of the Members of the House, arguing that they had not gone crazy.

What had happened was that a district court, I believe one here in Washington, had handed down a decision that the administrators of the food stamp program were not putting out enough information about who were qualified for food stamps. So down in the bowels of the agency a new affirmative action program was formulated to comply with the court decision. I think they called it Operation Outreach. By the time it got out of the bowels of the bureaucracy and got to the State government——

The CHAIRMAN. The time of the gentleman has expired.

Mr. ICHORD. Mr. Chairman, I ask unanimous consent that the gentleman from Texas be permitted to continue for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. WHITTEN. Reserving the right to object, Mr. Chairman, and I am not going to object, I wonder if I might see if we could limit debate. I said here yesterday I was hoping we could get through with this bill. I have some friends who have been waiting all day today to get to theirs.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 3:30 o'clock.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

Mr. POAGE. Reserving the right to object, Mr. Chairman, I have been a little generous in yielding. Out of my 5 minutes time I have spoken less than 2 minutes, and I would like to present certain views to the House, which I think are important, if I might have as much as 3 minutes.

Mr. WHITTEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close at 3:35 o'clock, which would give time to the gentleman who is presently on the floor now.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri (Mr. ICHORD) that the gentleman from Texas (Mr. POAGE) be allowed to proceed for 3 additional minutes?

There was no objection.

Mr. ICHORD. If I may continue, if the gentleman will yield further, by the time the program came out of the agency and down to the State agency, this county welfare director was told by his supervisors in the State that he had 18,000 people in this particular county.

According to statistical information 10,000 are qualified to receive food stamps, but only 3,000 are on them. The Director was therefore required under Operation Outreach to make an effort by advertising in the news media to bring the number of people on food stamps up to 10,000. Under such a program as Operation Outreach, I will say to the gentleman from Texas, the effect is to convince many people they are qualified for food stamps whether they are or not, I fear that the initiative of many of these people who are persuaded to receive food stamps is being destroyed.

Mr. POAGE. May I suggest that the adoption of this amendment may be helpful in that this legislation is pending before the Agriculture Committee. We lack about three votes of having enough to do anything effective in the Agriculture Committee, anything important. The committee voted by 21 to 18 to take up a bill that adds about a half million dollars to the present expenditures and to reject the legislation that I and others had presented that would have reduced these expenditures to approximately the amount of this amendment. I think that it might help us, those of us who believe that we should reduce the expenditures in the food stamp program considerably, if we could adopt this amendment. I think it might change two votes in the Agriculture Committee, and if it did it would change the entire result of what is going to happen in that committee, because that committee right now is deciding whether they are going to add a half million dollars or whether they are going to take away $1.5 billion.

I hope that this House might give some expression of this view that we would like to reduce rather than to increase the expenditures of the food stamp program. To those Members who feel we should increase food stamp expenditures, I would call their attention to the fact that they may very well lose the whole thing unless we make some corrections. Regardless of what you may personally want, it seems clear to me that our people feel very strongly that there must be some substantial cut in the money we are putting into this program.

The CHAIRMAN. The Chair recognizes the gentleman from Idaho (Mr. Symms).

Mr. SYMMS. Mr. Chairman, I thank the gentleman from Texas (Mr. Poage) for having made a very important point for those of us who are here in the committee this afternoon, that acceptance of this amendment here on the House floor today would be very helpful to those in the House Agriculture Committee who would like to see the program curtailed and contained. This program has gone in a little over 10 years up by 14,000 percent.

I was interested in the comments of the gentleman from Texas (Mr. Gonzalez) about some mothers who have been abandoned with five children. Some of us get concerned when the mothers have five more children after they have been abandoned and continue to get food stamps.

But we are aiming at the voluntary poor, the college students and the strikers and the people above the poverty level who get food stamps. Certainly we could be doing something for the taxpayers of America if we would accept this amendment and then reform this badly misused program.

What we are doing so far, as the gentleman from Texas (Mr. Poage) points out is that we lose all the reform measures by about three or four votes in the committee. This might, by changing three or four votes, permit the Members of the House to go home and tell their constituents that, yes, we are doing something to reform the food stamp program. I know the Members all hear about it. This gives us an opportunity to do something about it, instead of doing nothing but spending more, more, and more of the taxpayers' money.

I hope the Members will vote "yes."

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Charles H. Wilson).

Mr. CHARLES H. WILSON of California. Mr. Speaker, I ask unanimous consent that I may be permitted to yield my time to the gentleman from Washington (Mr. Foley) who was here on the floor a moment ago.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. ASHBROOK. Mr. Chairman, I object.

Mr. CHARLES H. WILSON of California. Mr. Chairman, may I yield to the gentleman and let him be recognized when he returns to the floor?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. Robinson).

Mr. ROBINSON. Mr. Chairman, I am not going to endear myself to my subcommittee chairman when I say I am going to support this amendment, but I am much too far committed to the reduction of the food stamp program to do otherwise.

Mr. Chairman, I do think it is wise to point out, however, what the implications are and what is going to occur if we do not pass and implement the significant basic changes in the legislation which have been suggested by the gentleman from Texas (Mr. Poage). As he inferred, barring a better consideration of the Food Stamp Act as it presently exists, I fear it is going to be made worse under the committee action. As I understand it, we are not going to see the program reduced to anything near the $4 billion level that is suggested by this amendment. The level at which we have it in the bill, the $4.7-billion level, is a level which infers that the regulations that are presently being promulgated by the Department of Agriculture will stand. We know that they are now being tested in court. They have been taken to court by 22 States and various agencies as well. If they do not stand, it is certain that this $4.7-billion level will not be high enough and we will have to come in here with a supplemental to increase that amount at a later date.

Now, if this cut to a level of $4 billion carries, and if the House does not act to change drastically the authorizing legislation, then certainly we will be back here with a supplemental to increase this appropriation. Unfortunately this is an open-ended program with mandated funding. The House Agriculture Committee needs a signal.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa (Mr. Grassley).

Mr. GRASSLEY. Mr. Chairman, I rise in support of the Rousselot amendment. All the Rousselot amendment says is that the Congress and the people who have been talking about reforming the food stamp program, ought to either put up or shut up. The reason it says that is that we have been talking so long, ever since the first day of this 94th Congress, about doing something about reforming the food stamp program. One of the first votes we as freshmen cast in this Congress was not to go along with the President's program for putting more restrictions on the food stamp program. We were told, "Don't do it. We are going to reform the food stamp program."

Well, here it is 18 months later and we are still horsing around with reform. Last November this very same Committee on Appropriations came forth with a report accompanying a supplemental appropriations bill saying we are going to put up $100,000 for the administration to use to reform the food stamp program, by rewriting the rules and regulations, and we were told it would save billions of dollars.

We still have not done that and it is about time somebody makes a decision. We have to decide who is captain of the ship and get the show on the road.

A favorable vote on the Rousselot amendment would be a step in the direction of bringing about the reform we have all been talking about for the last 18 months.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Chairman, I believe I basically made the point previously that the committee report itself on page 84 says:

> The committee remains concerned about the report of widespread irregularities and abuses in the Food Stamp Program which result in increased costs.

Mr. Chairman, there is one way that this Congress has the ability to control how administrative agencies of this Government work, that is, control the pursestrings. We are not asking to gut this program. We are asking to put a cap of $4 billion on it, which is more than enough to cover the people that are genuinely in poverty.

Mr. Chairman, I ask that my colleagues support a genuine and reasonable request to put a cap of $4 billion of our constituent-taxpayers' money on this program. The Committee on Appropriations admits that this is a runaway program. Let us use the pursestring vote that we have with this amendment and vote to help our overworked taxpayers.

The CHAIRMAN. The Chair now recognizes the gentleman from Mississippi (Mr. Whitten).

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the distinguished chairman of the Committee on Agriculture.

Mr. FOLEY. Mr. Chairman, I would like to advise the Members that I think the amount in the bill is very conservative, considering the fact that the amount in the bill will, in the best estimate that we have, probably not carry the cost of the regulations that the Department has issued that are now in court, nor would this carry the cost of the bill the administration had recommended.

A $700 million cut would certainly not approach the administration's own recommended program, either through legislation or through the regulations, nor would it pay for the so-called Michel-Buckley bill, which many Members of this House have cosponsored. I repeat that a $700 million cut will clearly not find any of the proposals that have been advanced by the administration for the consideration of the Congress, and would obviously require a supplemental in order for such program or regulations to be adequately funded. In my judgment, this amendment is misleading and not responsible appropriations policy.

Mr. WHITTEN. Mr. Chairman, there is one statement I think I should make in respect to this. This is the type of thing on which anyone can state an opinion as he sees it. The figures we have are the best projected figures that we could get if the change in regulations which we pointed out in the supplemental last year, in which the Secretary has the authority today, were carried out.

This is the figure agreed to, but it would carry with it some carryover of funds from last year. That would result if regulations are imposed, so it is the best figure we could get, believing and acting on the fact that the changes would be made as suggested and as the Secretary has the authority.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ROUSSELOT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 184, noes 222, not voting 25, as follows:

[Roll No. 387]

AYES—184

Abdnor
Andrews, N.C.
Annunzio
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Biaggi
Breaux
Brinkley
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Davis
Delaney
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
Emery
English
Erlenborn
Eshleman
Evans, Ind.
Fenwick
Findley
Fish
Fithian
Flowers
Flynt
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Hechler, W. Va.
Hefner
Henderson
Hightower
Hillis
Holland
Holt
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Landrum
Latta
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McEwen
McKinney
Madigan
Mahon
Mann
Martin
Mathis
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mottl
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nichols
O'Brien
Passman
Patterson, Calif.
Paul
Pettis
Pickle
Poage
Pressler
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Roberts
Robinson
Rousselot
Runnels
Santini
Sarasin
Satterfield
Schulze
Sebelius
Shipley
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Spence
Steelman
Steiger, Wis.
Stratton
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Treen
Vander Jagt
Waggonner
Walsh
Wampler
Whitehurst
Wiggins
Wilson, Tex.
Winn
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.

NOES—222

Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Clay
Cleveland
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
D'Amours
Danielson
de la Garza
Dellums
Dent
Derrick
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Evans, Colo.
Fary
Fascell
Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fraser
Gaydos
Giaimo
Gonzalez
Green
Gude
Hall
Hamilton
Hanley
Hannaford
Eilberg
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Heckler, Mass.
Heinz
Hicks
Holtzman
Horton
Howard
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Jones, Ala.
Jordan
Kastenmeier
Kazen
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Long, La.
Long, Md.
Lundine
McCormack
McDade
McFall
McHugh
McKay
Madden
Maguire
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patten, N.J.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Preyer
Price
Randall
Rangel
Rees
Reuss
Richmond
Rinaldo
Risenhoover
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Stokes
Studds
Sullivan
Symington
Thompson
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vigorito
Weaver
Whalen
White
Whitten
Wilson, C. H.
Wirth
Wolff
Wright
Yates
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—25

Bell
Chisholm
Daniels, N.J.
du Pont
Esch
Evins, Tenn.
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Karth
Litton
Milford
Mink
O'Hara
Riegle
Ruppe
Schneebeli
Steiger, Ariz.
Stephens
Stuckey
Vanik
Waxman
Wilson, Bob

The Clerk announced the following pairs:

Mr. Hébert for, with Mr. Dominick V. Daniels against.

Mr. Stuckey for, with Mr. Helstoski against.

Mr. Stephens for, with Mrs. Chisholm against.

Mr. Milford for, with Mr. Riegle against.

Mr. Steiger of Arizona for, with Mr. O'Hara against.

Mr. Schneebeli for, with Mr. Waxman against.

Mr. Evins of Tennessee for, with Mrs. Mink against.

Mr. FUQUA and Mr. JONES of Tennessee changed their vote from "no" to "aye."

Mr. JACOBS changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

PUBLIC LAW 480

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701–1710, 1721–1725, 1731–1736d), as follows: (1) sale of agricultural commodities for foreign currencies and for dollars on credit terms pursuant to title I of said Act, $680,465,000 and (2) commodities supplied in connection with dispositions abroad, pursuant to title II of said Act, $488,790,000.

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Add the following language on page 39, line 19: "No funds appropriated under this title for carrying out Public Law 480 program shall be used for India."

Mr. ASHBROOK. Mr. Chairman, I will not take the full 5 minutes.

Mr. Chairman, this is a rather simple amendment although I recognize it is very important because it cuts very deeply. But, just look at an article in tonight's Washington Star which says: "Labor Leader's Arrest in India Hurts Opposition."

It says that one George Fernandes was arrested Thursday and that no charges were announced, but under laws passed during the state of emergency a prisoner can be jailed for 2 years without officials having to give a reason or specify any charges.

The entire article is as follows:

LABOR LEADER'S ARREST IN INDIA HURTS OPPOSITION

NEW DELHI.—Labor leader George Fernandes, sought for a year, has been arrested, dealing a crippling blow to any opposition hopes of violent action or uprisings against Prime Minister Indira Gandhi's government, Indian sources said yesterday.

Fernandes, 46, a Roman Catholic who once studied for the priesthood, had been hunted by police since Gandhi declared a nationwide state of emergency a year ago and ordered mass arrests of political opponents.

He was arrested Thursday in Calcutta. No charges were announced, but under laws passed during the state of emergency a prisoner can be jailed for two years without officials having to give any reason or specify charges.

The prime minister flew home yesterday from a six-day tour of the Soviet Union.

The record has been replete with examples of repression in India. I think it is rather unusual, that so many Members of this body are always concerned about repression in certain countries, they talk about Rhodesia and they talk about South Africa, but when it comes to India or the Soviet Union, instead of trying to do something about it, they turn their backs.

The United States since fiscal year 1959 has given more than $9 billion to India. This does not include aid from multilateral sources, to which we have also been the major contributor, and which aid was thoroughly defended by the rationale that India might not always agree with us but it was the largest democracy in the world.

Our liberal friends proceed on the rationale that while India might be the type of country which says, "A plague on all your houses," including us, nevertheless, they are the largest democracy in the world and therefore they should be aided. It seems to me that that type of rationale, considering the harassment and the repression that is going on in India should be open to question. That is the reason I offer the amendment and that is why I offer the amendment.

Mr. WHITTEN. Mr. Chairman, I rise in opposition to the amendment.

As the Members know, for many years I have voted against the foreign aid program, since it was our only foreign policy, and I did not vote for it until the Congress passed the Public Law 480 sales, and I have insisted from the beginning that we might make sales available where conditions warrant us to do so under Public Law 480 where there are two sections, one where we sell on credit and one where we donate them for certain purposes.

Here we have India which we picked out which had rupees. We have always had surplus rupees. We could not find any good use for them even in India. It is my belief that with no more knowledge than we have of just what the effect of this particular selection of this country might be, and in the absence of changing our minds about Public Law 480, I would feel that we would be stepping out of order here to pick out one country without a hearing, without any debate, and we might say discussing what is involved, and eliminate one country from a program that we have going pretty much around the world. I think that would be a mistake.

I think this is a matter that should be dealt with by the appropriate committee after due hearings. It is one we did not go into, and yet I do not know that there is a whole lot that we can do for India with or without Public Law 480. I do not know that we can do much without Public Law 480, whatever we may do. So I just think this piecemeal type of approach on foreign policy with which I differ is not the way to do it.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to my colleague, the distinguished gentleman from Colorado, a member of the subcommittee.

Mr. EVANS of Colorado. I thank the gentleman for yielding.

The sponsor of the amendment is referring to past action of the House in declining aid to nations that are found to be oppressive. The aid in those instances that we were talking about was military aid. In this bill we are talking about food. I think there is a great difference.

I agree with the comments made by the subcommittee chairman, and I hope the amendment is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. ASHBROOK).

The amendment was rejected.

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. PEYSER: On page 39, line 18 after the number "$488,790,000" delete the period and insert instead thereof a colon and add the following: "Provided that none of the funds contained in this appropriation shall be made available to purchase or export tobacco."

Mr. PEYSER. Mr. Chairman, this amendment is a very simple one, and I feel one that should be quite easy for the House to accept. We are dealing with a Public Law 480 program known as the food for peace program. One item, and only one item, in the entire program really does not deal with the welfare of the people of the world whom we are helping. That one item is tobacco.

It may interest the Members to know that since 1954 we have given under this food for peace program $703 million worth of tobacco, purchased by the Government, to various countries around the world. One of the objects, as has often been stated, is to stimulate the interest in tobacco in other countries of the world and then they will in turn purchase tobacco, which will increase the exports of our country and enhance our tobacco farming. If that were the case, I think there might be some merit to this particular effort. But let me tell the Members the countries that we have been giving this tobacco to over the last 20 years.

We have been giving it to Vietnam, Cambodia, Indonesia, Bolivia, Chile, India, the Philippines, Pakistan, Colombia, and Zaire. Most of this year's allotment for some reason is going to Syria.

I cannot understand nor in any way justify to anybody why in this program of food for peace we should be taking $15 million to purchase tobacco to send to Syria.

I would also like to call to the attention of Members that I have talked to people in AID and I asked them what this $15 million would mean if we put it into the food for peace program. They said it would provide food for 1 year for 500,000 people. Can Members imagine us trading off $15 million of tobacco that at the best is not very edible, trading that off for half a million people who could receive food under this program?

I would urge my friends to vote for this amendment.

I want to give Members one more figure which I think is important. The tobacco industry last year—and I say, listen, it is free enterprise and the tobacco industry does an outstanding job—sales came to $15.6 billion. That is tremendous. Their exports came to $368 million. So this $15 million to the tobacco industry is a drop in the bucket, but what we are talking about is the potential of a half million people who could get extra food.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, could the gentleman explain whether or not the $15 million of the program that is going to Syria is going under title I or under title II of the food for peace program? If it is under title I, it is in the charitable gifts, and the gentleman would have a point, but if it is under title II it is under the long-term sales program and that would be different.

Mr. PEYSER. Under the title II not $1 has come back to this country in 20 years from those countries who received these products.

Mr. JOHNSON of Colorado. Is it under title II?

Mr. PEYSER. I just characterized it as under the Public Law 480 program. I do not know whether it is under title I or under title II. We do know that under both programs, because I inquired, there has not been a dollar come back to us in 20 years on the tobacco production.

Mr. JOHNSON of Colorado. Is the gentleman saying under title II for 20 years these countries are in default? That has not been my understanding.

Mr. PEYSER. Vietnam, for instance, has been receiving tobacco under title I, which is a giveaway. Cambodia also has been receiving tobacco under title I.

Mr. JOHNSON of Colorado. But that was for their soldiers and that was part of our food-for-war program. That was not a food-for-peace program.

Mr. NATCHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, no tobacco or tobacco products are shipped abroad under the food-for-peace Public Law 480 program as a donation. Not 1 pound of tobacco. Every pound of tobacco that is shipped abroad under this program is a sale, Mr. Chairman. The countries that insist upon the tobacco make the request of our country and the tobacco must be purchased. This tobacco must be purchased for dollars. That is the only way it can be handled.

If we examine the justifications of the Department of Agriculture under title I and under title II we will find at no time under this program has any tobacco been shipped abroad as a donation. Therefore, Mr. Chairman, I say that the amendment offered by the gentleman from New York should be rejected.

Tobacco, as we well know, Mr. Chairman, is produced in 25 States and has been a major agricultural commodity throughout the years. It is the fifth largest income producing crop to farmers. Tobacco is grown on 420,000 farms. This commodity provides $5,597,396,000 in direct taxes to the Federal, State, and local governments.

Tobacco is a $10 billion industry and there are nearly a hundred thousand men and women who have jobs in factories and plants that turn out products manufactured from this commodity.

Only corn, soy beans, wheat and cotton produce more money to those who cultivate these crops than tobacco. The tobacco crop is sold each year by the farmers for nearly $2 billion. Beginning with West Virginia, that produces nearly $3 million worth of tobacco, we go up the list to North Carolina that produces nearly $800 million worth of tobacco. My home State of Kentucky produces tobacco that sells for about $300 million annually. We are the second largest tobacco producing State in the country. North Carolina, Kentucky, Virginia, South Carolina, Tennessee, Georgia, Florida, Connecticut, Maryland, Ohio, Pennsylvania, Wisconsin, Indiana, Massachusetts, Missouri, and West Virginia are the major producing tobacco States in this country.

The tobacco program is administered by the Department of Agriculture. Most tobacco farmers through periodic referendums have continuously favored marketing quotas. Because of production controls, less tobacco is produced at higher prices than would likely be the case without them.

When growers approve marketing quotas for a certain type of tobacco, price supports for it are mandatory. Under the price support program, the Commodity Credit Corporation makes loans to farmers through their assets with the tobacco as collateral. The associations handle and sell the tobacco and repay the loans as the tobacco is sold. The realized cost of the price support program since its start in 1933 has been about 0.14 percent of the cost for all farm commodity price support operations.

Tobacco is legally grown and sold and is eligible for sale under title I of Public Law 480. It is used by the tobacco industry in foreign countries for manufacture of cigarettes and other tobacco products for sale to consumers. No tobacco or tobacco products are shipped abroad under the food for peace—Public Law 480—donation programs as in the case of other commodities. Public Law 480 sales of tobacco are made only at the request of foreign governments and not at the insistence of the United States. If requests for sale of tobacco were denied, the countries that requested the tobacco would buy it elsewhere to satisfy consumers' demand. Tobacco comprises only a small part of the Public Law 480 programs—usually 2 to 5 percent.

In this country, we have over 900 warehouses located in the major tobacco producing States. All of these warehouses employ people. In the tobacco factories throughout the country, we have thousands of people employed. There are about 179 tobacco products factories, large and small in 24 States; 66,100 men and women are employed in tobacco manufacturing plants. A recent study shows that tobacco industry sales generate more than 125,000 jobs not including those involved in tobacco retailing and wholesaling.

The United States is the leading tobacco exporter and the third largest tobacco importer. In recent years, about one third of the U.S. tobacco crop has been exported. In 1973, U.S. exports of leaf tobacco and manufactured products totaled some $970 million. Imports totaled approximately $212 million.

Tobacco has played an important part insofar as our balance-of-payments program is concerned. We all know the important position that agriculture operates as far as exports are concerned.

If amendments should be adopted that take the tobacco program completely out from under the Department of Agriculture, then tobacco would continue to be produced throughout the tobacco producing States in unlimited quantities. Thousands upon thousands of acres of tobacco would be produced that now are not permissible under the controlled program that we have in operation.

Mr. Chairman, shortly after Dr. Terry released his report on smoking and health in 1964, I talked to the Governor of Kentucky urging that a building be constructed to be used for tobacco research. Kentucky had a $4.5 million building constructed and this building, along with other facilities, is now in use for tobacco research. In addition, Kentucky is appropriating from tax money nearly $3 million a year to be used for tobacco research. If tobacco is harmful to the health of our people, my people in Kentucky want to do something about it and they have clearly demonstrated the fact that they intend to do something about it.

Mr. Chairman, this amendment should be defeated.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to my friend the gentleman from New York.

Mr. PEYSER. Mr. Chairman, believe me, the gentleman is a good friend of mine and I value that friendship a great deal.

The question I am going to raise, as the gentleman indicated, that this tobacco was in exchange for dollars; if I understand the gentleman correctly, what the gentleman said was the countries were paying for this tobacco they received under the food for peace program.

Mr. NATCHER. The gentleman is correct. No tobacco moves under the food for peace program, Public Law 480, as a donation. In the Commodity Credit Corporation we have an amount that can be borrowed and loans made; but the tobacco must go as a sale, not as a donation. At no time has tobacco ever gone as a donation.

Mr. PEYSER. Mr. Chairman, will the gentleman yield further?

Mr. NATCHER. I yield further to my friend from New York, and Mr. Chairman he is my friend and is one of the able Members of the House.

Mr. PEYSER. Mr. Chairman, my understanding in discussing this with the Department of Agriculture is not the same as the gentleman.

I would raise the question, if this is an exchange for sale, why does it have to be under the Public Law 480 program at all, because we are exporting $368 million of tobacco other than through the Public Law 480 program; so my understanding from the Department of Agriculture is very plain, that this is an expenditure made to these countries and particularly the countries we listed, as they had no capability of either paying or repaying any type of advance or loan, nor do they.

I am not going to argue with the gentleman, but I would recommend a clarification.

Mr. NATCHER. Mr. Chairman, under title I programs, the food for peace programs, Public Law 480, we have the tobacco item, as I just pointed out to the gentleman. This money is placed in the Commodity Credit Corporation request. It is set up under title I and has to be that way, because this is the sale provision. If it is a donation, it has to come under title II.

All the gentleman has to do is just examine the justification notes here of the Department of Agriculture and the gentleman will be convinced that the tobacco the gentleman is talking about that will be shipped is a sale and not a gift. It is not a donation. It must be sold for dollars. This is the only way that the Department of Agriculture can set it up.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

(At the request of Mr. Peyser, and by unanimous consent, Mr. Natcher was allowed to proceed for an additional 2 minutes.)

Mr. PEYSER. Mr. Chairman, if the gentleman will yield further, because this is a vital part of the discussion, it seems to me, is the gentleman saying that the countries of Vietnam and Cambodia paid us for the tobacco we shipped to them over the years of the war?

Mr. NATCHER. Of course, as the gentleman knows, as far as these two countries are concerned, that money has not been paid and will not be paid. Bankruptcy is the answer to that.

Now, as far as the sale is concerned, long-term, low-interest rate loans, no donation; every pound of tobacco has to be sold.

Mr. PEYSER. Mr. Chairman, I concur with all the gentleman says; but the evidence, and I believe the record will show this, the very record the gentleman has, is that the money we put out for tobacco for Zaire, India, Chile, and Bolivia, none has ever been returned to us.

The gentleman would be welcome to see the figures, but what I have been told is that we have yet to see any dollars come back for those so-called loans.

Mr. NATCHER. At the time of the sale, the tobacco was sold for dollars. This money should be repaid. That was the idea at the time of the sale. The sale was made on the basis that the money would be repaid.

Mr. PEYSER. I thank the gentleman.

Mr. JONES of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from North Carolina.

Mr. JONES of North Carolina. Mr. Chairman, the gentleman from Kentucky may be interested to know that I have in my hand a communication from the U.S. Department of Agriculture, wherein the last paragraph on page 2 is as follows:

> Expenditures for tobacco under Public Law 480 (Food for Peace Program) during the 1974 fiscal year totaled $30.9 million, which represented the sale of leaf tobacco and tobacco products for U.S. dollars on credit terms, as no tobacco is donated under Public Law 480.

Mr. NATCHER. Mr. Chairman, I ask that the amendment be defeated.

Mr. WAMPLER. Mr. Chairman, I move to strike the last word.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to my colleague, the gentleman from Virginia.

Mr. DAN DANIEL. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York.

The Public Law 480 program has served, and is serving, a worthwhile purpose and one from which this country derives considerable benefit. Tobacco has been a valid part of this program from its inception and should continue to be.

Upon checking, I was advised by the Foreign Agricultural Service that, through 1975, the Public Law 480 program has moved 545.4 million pounds of tobacco at a value of $455.7 million. While this is a small fraction of the total value of the program, since 1955, it does represent international trade which this country may not have otherwise had.

In 1975, FAS advises that the total movement of tobacco, under Public Law 480 was 1.9 million pounds, worth $2.6 million, to South Vietnam. With this avenue closed to us, the business thus far in 1976 is 7.1 million pounds, worth $11.3 million, to Egypt. Negotiations are underway with Syria and other possibilities exist for future arrangements.

All of this is a part of the agricultural contribution to our balance of payments. Last year, agriculture accounted for $22 billion of our total exports, which resulted in $12 billion benefit to our balance of trade.

Of this, tobacco accounted for $1 billion in sales.

Last year, we exported $900 million worth of unmanufactured tobacco and $400 million in products, while we imported tobacco valued at $300 million.

While the gentleman's amendment is another aspect of his continuing attempts to take the Government out of the tobacco program, we need to once again remind ourselves that the Federal Government itself is a very active beneficiary of the results of tobacco production. Last year, taxes derived from the sale of tobacco products in the United States amounted to $5,940 million, of which the Federal share was $2 billion. In addition, the State and local taxes amounted to $3.5 billion.

This money goes into the general fund which benefits all the States and without which additional sources of revenue would have to be found.

By comparison, those who grow tobacco received about $2 billion from their labors.

With this in mind, we should seek to retain that which we have without undercutting our own trade objectives.

Mr. WAMPLER. Mr. Chairman, I rise in opposition to the amendment of the gentleman from New York (Mr. PEYSER) in regard to the tobacco program.

I note in the gentleman's "Dear Colleague" letter regarding his amendment that he objects to tobacco being included in the Public Law 480 program because it supposedly discredits our international reputation for providing food to needy people everywhere.

The fact is, and the fact has been since its inception in 1954, that Public Law 480 is and has always been "The Agricultural Trade Development and Assistance Act".

The statute has always been intended to develop markets for U.S. agricultural commodities in foreign nations. Its popular name, as "Food for Peace", has been the result of the humanitarian donation of millions and millions of dollars worth of food to needy people.

But tobacco is an agricultural commodity. So is cotton. Neither of these commodities can be eaten by people, but both have been important in developing new market opportunities for U.S. growers and for developing a strong balance-of-trade advantage for the people of the United States. To adopt the gentleman's amendment now would be to deny access to new foreign markets for a commodity which is legal and proper to grow in the United States. And without that access to foreign markets it is obvious that a surplus would begin to develop in the United States, thereby causing either greater Government costs or lower producer returns, or both.

Therefore, if you feel that we as a country should continue to sell agricultural commodities overseas that are sold in the United States, I hope you will join in rejecting the gentleman's amendment.

Mr. DAN DANIEL. Mr. Chairman, will the gentleman yield further?

Mr. WAMPLER. I yield to the distinguished gentleman from Virginia.

Mr. DAN DANIEL. Mr. Chairman, is it not true that 35 new markets have been developed for tobacco under the program since its inception?

Mr. WAMPLER. The gentleman is correct.

Mr. DAN DANIEL. Last year, did we not realize over $1 billion in our balance of trade, balance of payments, as a result of our sale of tobacco overseas?

Mr. WAMPLER. The gentleman again is correct.

Mr. DAN DANIEL. I thank the gentleman.

Mr. FOUNTAIN. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the distinguished gentleman from North Carolina.

Mr. FOUNTAIN. Mr. Chairman, I would like to associate myself with the remarks made by the gentleman from Virginia (Mr. DANIEL), the gentleman from Kentucky (Mr. NATCHER), and others, in opposition to this amendment.

I would also like to make the observation that agricultural commodities, including tobacco, amounted to about 22 or more billions of dollars in exports just last year. Those Public Law 480 sales, are very significant in helping us to establish overseas sales of tobacco.

This amendment should therefore be defeated.

Mr. WAMPLER. I thank the gentleman for his comments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. PEYSER).

The amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE V—RELATED AGENCIES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the Food and Drug Administration; for payment of salaries and expenses for services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; for rental of special purpose space in the District of Columbia or elsewhere; for miscellaneous and emergency expenses of enforcement activities, authorized or approved by the Secretary and to be accounted for solely on his certificate, not to exceed $10,000; $236,771,000.

AMENDMENT OFFERED BY MR. SYMMS

Mr. SYMMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SYMMS: Page 40, line 5, after "$10,000", strike out "$236,000,000" and insert "$207,805,000".

Mr. SYMMS. Mr. Chairman, I offer this amendment for the fact that the Food and Drug Administration, according to the committee report, had requested some 71 people earlier this year, and then they raised it by 606 new people that they are hiring.

As the members of this committee know, the Food and Drug Administration not only sees that drugs are safe, but they try to prove the point that they are effective. Maybe that is both well and good. However, that seems to take a lot of time and money, and it is costing the American people literally billions of dollars and it is also removing drugs from the market that the sick and the needy people of this country require. I am just wondering if the chairman of the subcommittee, the gentleman from Mississippi, would care to comment on the testimony that came before the committee. I offer this amendment for the purpose of bringing up this point—I am referring to page 90 of the committee report—of how many of these people are going in here to continue this drug lag the American people have forced upon them because of the excessive bureaucracy we suffer from.

Mr. WHITTEN. Mr. Chairman, if the gentleman will yield, may I say to my colleague that this is a subject that is difficult to reach a definite conclusion on. As the gentleman knows, the public attitude, is one of providing all the safety in the world. As a result of that, I think I have never been too pleased with the action of the Food and Drug Administration. That, of course, comes under HEW. There are certain regulations and restrictions that seem to slow FDA down on many of the actions that it should take. I have not been pleased. I could cite some possible examples of years of delay in passing judgment on whether a food or drug is proper to use. I know that in one case it has been 20 years, and they have not decided yet whether it is proper to use it or not. Once those groups who wish FDA to be more and more restrictive, get organized, they push through the bureau's budget a great number of increases in personnel, and we are kind of caught. We do not want to be in the position of being responsible by failing to provide personnel. I say, frankly, that I have not seen the courage of conviction and the speed of action that I think this agency should have. In times past I have seen it in worse shape than that. But I do recognize that I think they yield too readily to pressures from groups that are shortsighted, and I think they defeat the very purpose for which they were organized.

Mr. SYMMS. I thank the chairman for his remarks.

I point out that, although I am not a physician, some of my friends who are physicians tell me that they doubt that penicillin could ever be approved by FDA today, and that some drugs are being suppressed and the manufacture of new drugs to help sick people in this country are being suppressed because of the latent bureaucracy of FDA.

I wonder if it would not be helpful if this Congress would cut off some of the money for some of the regulators who are making the rules down there. This amendment puts it back to the funding level of where it was last year.

Mr. WHITTEN. Mr. Chairman, if the gentleman will yield, I would oppose the amendment. I would be glad to join with the gentleman to try to get more results. I do say that under present conditions it is highly risky to invest worlds of money in trying to develop new drugs, not knowing who is going to object. If it is good, it should be made available to consumers.

Mr. SYMMS. That is right.

Mr. WHITTEN. I would say to the gentleman that in this agency they need to apply themselves with a greater rate of speed. Decisions should be made. I would hope they would not yield, as they have done in some instances, to a very partisan group.

We have taken action earlier in connection with the Delaney amendment. We are going to have to get back to sensible tests.

Protect the public health? Yes. But let us not make the rules on public health sufficient cause for them not to approve drugs that are used around the world, that are used everywhere except here.

Mr. Chairman, I oppose the amendment, and I hope the gentleman will withdraw his amendment.

Mr. SYMMS. Mr. Chairman, I ask unanimous consent that I may be permitted to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

BUILDINGS AND FACILITIES

For construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of or used by the Food and Drug Administration, where not otherwise provided, $3,125,000.

Mr. FOUNTAIN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I want to commend the very able gentleman from Mississippi (Mr. Whitten) and his colleagues on the basic quality of the committee report on this bill. However, I am concerned about that part of the report which deals with FDA's use of advisory committees.

The Committee on Appropriations states in this connection on page 94 that it "will expect FDA to take whatever steps it finds necessary to see to it that the use of each advisory committee is proper, essential, and that the related costs are accurately and fully recorded."

I have serious doubts about the effectiveness of this particular admonition. FDA officials have repeatedly stated in recent months that they intend to continue expanding the use of advisory committees, despite the unanimous report issued last January by the Committee on Government Operations describing glaring examples of improper, nonessential, and wasteful use of advisory committees by the FDA. That report was prepared by the Subcommittee on Intergovernmental Relations and Human Resources which I have the honor of chairing, after very comprehensive hearings on FDA's use of advisory committees. It was adopted unanimously by both the subcommittee, and the full Committee on Government Operations chaired by the distinguished gentleman from Texas (Mr. Brooks).

This serious matter was brought to the attention of Secretary Mathews of HEW more than 4 months ago. He was requested to provide a report on HEW's plans for correcting this situation, as recommended by the Committee on Government Operations. I regret to say we have not as yet received from the Secretary a reply, even with repeated followups with the Department.

When it has been amply documented by a House committee that FDA is violating the Federal Advisory Committee Act, as well as the Federal Food, Drug, and Cosmetic Act, I think it is important that the Committee on Appropriations back up those recommendations and findings in the strongest possible way. This is especially important when the Department has done absolutely nothing during the past 4 months to correct the problem.

As a matter of fact, the number of standing committees in the Bureau of Drugs increased from 1 in 1970 to 17 in 1974, a year after the Federal Advisory Committee Act went into effect.

In the FDA as a whole, the number of standing advisory committees increased from 26 in 1973—when the act took effect—to 66 in 1974. For Government as a whole the number decreased during the first year of the act's operation by 16 percent. We have not discouraged useful and necessary committees. However, Mr. Chairman, if the agency does not take prompt action to correct the wasteful and illegal practices reported by the Committee on Government Operations, I hope the distinguished gentleman from Mississippi (Mr. Whitten) and his committee will see fit to take steps to withhold part of the money in this bill in the future for the funding of FDA advisory committees, particularly all of those committees which are perfunctory and those where the record shows they are not really serving a necessary or essential purpose.

In any event, I want to assure my friend, the gentleman from Mississippi that our subcommittee will continue its surveillance of FDA's performance in this area. It is my hope that your committee will strongly support the efforts of the Government Operations Committee to obtain FDA compliance with the law.

I will be glad to send the gentleman's subcommittee another copy of our record of hearings, as well as a copy of our report.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, may I say to my friend, the gentleman from North Carolina (Mr. Fountain), that our committee is aware of the very fine job that he and his colleague, the gentleman from Texas (Mr. Jack Brooks), and their associates do in the Committee on Government Operations, not only in this area, but in many, many others.

In this particular instance, my own personal information is not as complete as it might be. I can appreciate the conclusion that the gentleman's subcommittee had reached in some other areas where we have dealt with advisory committees back through the years, beginning with the Public Research and Marketing Act of 1946.

We thought the advisory committees would be very helpful. They would come in and say what they needed to do.

It developed, Mr. Chairman, that frequently by the time they got acquainted, had a dinner and came up to Capitol Hill and asked Members of Congress to vote them more money, they did not have much time to tell the Department what needed to be done.

Mr. Chairman, I can assure the gentleman from North Carolina (Mr. Fountain) that I shall ask the investigators of the committee to look into this matter and the staff of the committee to review the hearings before the gentleman's committee so that we can do that which we feel is appropriate for us to do.

I think he would agree that we do need to make our own investigation so that we would be acting on a first-hand basis. I am sure the gentleman will release his hearings to us as assistance.

Mr. FOUNTAIN. Mr. Chairman, if the gentleman will yield, I want to thank the gentleman for his comments and to let him know that we have a full record of the hearings.

Mr. WHITTEN. There is no question that if we do take action, we need to say "We know" as against "We have been told."

Mr. FOUNTAIN. Mr. Chairman, I thank the gentleman.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 603. Except to provide materials required in or incident to research or experimental work where no suitable domestic product is available, no part of the funds appropriated by this Act shall be expended in the purchase of twine manufactured from commodities or materials produced outside the United States.

POINT OF ORDER

Mr. FRENZEL. Mr. Chairman, I make a point of order.

The CHAIRMAN. The gentleman from Minnesota will state his point of order.

Mr. FRENZEL. Mr. Chairman, I make a point of orduer against section 603, which includes lines 15 through 20, on page 41.

Section 603 violates rule XXI, clause 2, and constitutes legislation in an appropriation bill.

Mr. Chairman, as a precedent, I cite the point of order made the day before yesterday by the distinguished gentleman from Colorado (Mr. Armstrong), which point of order was conceded.

That point of order related to a similar buy-American clause for metal flatware in the Treasury and Post Office appropriation.

My point of order is exactly the same

one as raised by the gentleman from Colorado (Mr. Armstrong), and I respectfully ask, Mr. Chairman, that it be sustained.

The CHAIRMAN. Does the gentleman from Mississippi (Mr. Whitten) desire to be heard on the point of order?

Mr. WHITTEN. I do, Mr. Chairman.

I am not familiar with the matter that the gentleman has raised or that, at least, has been raised in the subcommittee and in the House on numerous occasions.

I would respectfully submit that the last half of this provision says as follows:

> . . . no part of the funds appropriated by this Act shall be expended in the purchase of twine manufactured from commodities or materials produced outside the United States.

Mr. Chairman, that is clearly in order. It is also in order that when a limitation is provided, the limitation would, in my opinion, make the first part merely a limitation or restriction on how much is limited or restricted.

Therefore, Mr. Chairman, I would respectfully submit that the point of order should not be sustained.

The CHAIRMAN. The Chair is prepared to rule.

The Chair has examined section 603 and finds in the exception in section 603 this language:

> . . . where no suitable domestic product is available . . .

This undoubtedly places an additional duty upon some Government official to make that determination of suitability, and the exception from the limitation in the section thus contains legislation.

Therefore, the point of order is sustained and the section is stricken from the bill.

The Clerk concluded the reading of the bill.

AMENDMENT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Miller of Ohio: On page 43, after line 23, add the following paragraph:
>
> Sec. 613. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

Mr. MILLER of Ohio. Mr. Chairman, and Members of the Committee, this is the third time that I have offered this amendment. This is the third appropriation bill that we have had before us and this is the third time that we should say that of the total budget authority provided in this act for payments—and I want to make sure that we understand—payments not required by law, 5 percent shall be withheld from obligations and expenditure: Provided, that of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed 10 percent.

What we are saying is that everything that is mandated by law shall be funded. For these items in the bill not mandated by law, no one line item would be reduced more than 10 percent. If a very important line item should not be reduced then it is held at zero, another item of the same amount could be reduced 10 percent, making the average 5 percent.

It means that we have flexibility to say where we want to cut down.

Why should we cut down? The Members are aware that 2 days ago we approved legislation that said that we will increase the temporary debt limit to $700 billion. That was approved. That means that we will have an interest charge of $45 billion a year. That means that we will be paying $125,300,000 per day interest on that debt without paying a penny on the debt.

I think it is vitally important that we find some way, somewhere, to reduce our expenditures.

I would like to convey to the Members the amount we are talking about here. Under this bill, it is estimated that 71 percent would be mandatory spending, 29 percent is not mandatory spending, and therefore it could be reduced by 5 percent, and 5 percent of that total is approximately $169.7 million.

It is vitally important that we find a way to stop the spending and cut spending now.

One other thing I believe should be conveyed to the Members that for this week, and the next week and for a couple of days in the following week, we will be talking about appropriation bills. We have some 12 appropriation bills to be acted on in 11 days.

In 1962 we had a budget at the Federal level of $100 billion. It took 186 years to get to that first budget of $100 billion. In 9 short years later, in 1971, we had a budget of $200 billion.

In 4 short years, by 1975, after having the $200 billion budget in 1971, we then in 1975 came up with a $300 billion budget. Two years later, in this year, for the fiscal year 1977 that we are planning on right now, 2 years later we come up with a $400 billion budget. Somewhere—somewhere we must find a way to reduce, or we will be going the direction of many countries before us.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURLESON of Missouri. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to commend my friend, the gentleman from Ohio, for his concern about deficit spending and about the public debt. I think I share that concern equally with him. I think, however, that concern should not and cannot reasonably be directed toward this bill.

He mentioned that he had offered this amendmnt on two previous appropriations bills, and I assume that it will be offered in those to come. But I want to emphasize to the House that if there is one of the 13 appropriations bill to which this amendment is not apropos, it is the agricultural appropriations bill.

I recall last year when we were working on the current fiscal year 1976 bill. I spent a great deal of time in the presence of the Director of the Office of Management and Budget and the Secretary of the Treasury before the full committee, and the Secretary of Agriculture before our subcommittee, emphasizing the fact that of the 15 functions of Government into which our budget is broken down, only the Department of Agriculture was cut. It is interesting to note that this 1977 appropriations bill is cut below the budget.

Our committee has cut it $61 million below the President's recommendation. More significantly, this bill is $2 billion below appropriations for the current fiscal year.

I am saying to my friends in the House that Agriculture perennially is the function of Government that is earmarked for budget cuts, and this subcommittee, the full committee, and the House have gone along. But I think from these figures that I have mentioned it must be obvious that if the gentleman from Ohio's amendment has merit with respect to some of our appropriations bills, it does not with the bill that is now before us.

Mr. Chairman, I yield back the remainder of my time.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

The amendment has a lot of appeal, I know, in that we should be in favor of reduced public spending. However, in this case our committee had hearings for many months. We had a total of 4,517 pages of testimony and we heard from 302 witnesses. We had several hundred letters from our colleagues and several hundred more from people from all parts of the country. They were all asking for substantial increases above the budget but in many cases above what we put into this bill.

As I said at the outset, the greater our debt and the more we owe, the more serious our situation is, the more imperative it is that we take care of the land and food production and do the things contemplated in this bill. As far as the proposed amendment, this would cut such things as the water and sewer grants to cities under 10,000 in population, the soil conservation programs we have to try to prevent dust storms, employees for Farmers Home Administration, special milk funds, the number of trees we will be able to put out, and it would probably eliminate new construction starts for our Conservation Service.

So I think on review that the Members can clearly see we do not want to cut out our production at a time when we have not enough to go around anyway. This is one place this amendment is inappropriate.

The committee has held this bill as tightly as we could and still do the job this country needs to be done and still be ready to stand by our commitments at home and abroad.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. Miller).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. MILLER of Ohio. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred eighteen Members are present, a quorum.

The pending business is the demand of the gentleman from Ohio (Mr. MILLER) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Mr. ROBINSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to my colleague, the gentleman from Virginia (Mr. WAMPLER), the ranking minority member of the Committee on Agriculture.

Mr. WAMPLER. Mr. Chairman, I thank my friend, the distinguished gentleman from Virginia, for yielding to me.

On Friday, June 11, the House adopted the rule and completed general debate on H.R. 11743, the National Agricultural Research Policy Act. Later this week the House is scheduled to take up amendments under the 5-minute rule and vote on H.R. 11743.

My question to you is, since H.R. 11743 authorizes an increase in appropriations in the fiscal year 1977 agricultural budget of approximately $20 million in two new competitive research grant programs and an additional $90 million for increasing existing agricultural research programs for Hatch Act and in-house research programs, as well as increases for a new mission-oriented research programs at our agricultural colleges, and since certain provisions were previously made for funding H.R. 11743 in the first concurrent resolution on the budget, and since this bill, H.R. 14237, agricultural appropriations for fiscal year 1977, does not provide for this much needed initiative from the House Committee on Agriculture, and inasmuch as the national agricultural research policy bill may become law, will your committee fund this legislation?

Mr. ROBINSO. Mr. Chairman, I will say to my colleague that I certainly will do everything in my power to see that the bill to which the gentleman refers is fairly and fully considered with respect to the first supplemental. I, too, am fully cognizant of the necessity to examine carefully our agricultural research, in order to have a balanced Federal agricultural program.

We are now spending three times as much to consume food and educate consumers as we are to increase the production of it. For that reason, I think it bears careful and serious consideration.

Mr. WAMPLER. Mr. Chairman, I thank my distinguished colleague.

Mr. WHITTEN. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MCFALL) having assumed the chair, Mr. GIBBONS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14237) making appropriations for agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. MILLER of Ohio. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. MILLER of Ohio moves to recommit the bill (H.R. 14237) to the Committee on Appropriations with instructions to report the same back forthwith with the following amendment: On page 43, after line 23, add the following paragraph:
>
> SEC. 613. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Ohio (Mr. MILLER) in support of his motion to recommit.

Mr. MILLER of Ohio. Mr. Speaker, I will not take the 5 minutes.

I have voted for this amendment on the first two appropriation bills. I also voted against the bills, because an amendment was not attached. Believe me, I had plenty of items in those bills for my district, just like others have in their districts.

Mr. Speaker, I am sincere. I feel that we need to reduce the spending. I hope that the House will pass the recommital motion with instructions.

Mr. WHITTEN. Mr. Speaker, I rise in opposition to the motion. In so doing, however, may I say to my colleague, the gentleman from Ohio (Mr. MILLER), that both he and the other gentlemen that the gentleman mentioned, are good friends. I can appreciate your point of view.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. MILLER of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 103, nays 298, not voting 30, as follows:

[Roll No. 388]

YEAS—103

Archer
Armstrong
Ashbrook
Bafalis
Bauman
Bennett
Blanchard
Brinkley
Broomfield
Brown, Mich.
Broyhill
Burgener
Burke, Fla.
Butler
Clancy
Clausen, Don H.
Clawson, Del
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Devine
Dodd
English
Erlenborn
Eshleman
Evans, Ind.
Findley
Fish
Forsythe
Frenzel
Frey
Gilman
Goldwater
Goodling
Gradison
Haley
Hansen
Harsha
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hillis
Holt
Hutchinson
Jacobs
Johnson, Pa.
Jones, Okla.
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Landrum
Latta
Lent
Levitas
Lott
Lujan
McCollister
McDonald
Maguire
Mann
Martin
Miller, Ohio
Moffett
Moorhead, Calif.
Mosher
Mottl
Myers, Ind.
Myers, Pa.
O'Brien
Paul
Pettis
Pike
Pritchard
Risenhoover
Rogers
Rousselot
Sarasin
Schroeder
Schulze
Shriver
Shuster
Skubitz
Snyder
Spence
Stanton, J. William
Steelman
Stratton
Symms
Treen
Van Deerlin
Vander Jagt
Wampler
Whitehurst
Wiggins
Winn
Wolff
Wydler
Wylie
Young, Fla.

NAYS—298

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Brown, Calif.
Brown, Ohio
Buchanan
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Grassley
Green
Gude
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hefner
Henderson
Hicks
Hightower
Holland

Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Keys
Koch
Krebs
Krueger
LaFalce
Leggett
Lehman
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lundine
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Mahon
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Poage
Pressler
Preyer
Price
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Robinson
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarbanes
Satterfield
Scheuer
Sebelius
Seiberling
Sharp
Shipley
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Staggers
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stokes
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Udall
Ullman
Vander Veen
Vigorito
Waggonner
Walsh
Weaver
Whalen
White
Whitten
Wilson, C. H.
Wilson, Tex.
Wirth
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—30

Bell
Chisholm
Daniels, N.J.
du Pont
Esch
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Karth
Litton
Madigan
Milford
Mills
Mink
Nolan
O'Hara
Peyser
Riegle
Roberts
Schneebeli
Steiger, Ariz.
Stephens
Stuckey
Vanik
Waxman
Wilson, Bob
Wright

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Mr. Milford.
Mrs. Chisholm with Mr. Hays of Ohio.
Mr. Hébert with Mr. Karth.
Mr. Helstoski with Mr. Howe.
Mr. Litton with Mr. Roberts.
Mrs. Mink with Mr. Bell.
Mr. Nolan with Mr. Bob Wilson.
Mr. O'Hara with Mr. Stuckey.
Mr. Riegle with Mr. Stephens.
Mr. Vanik with Mr. Peyser.
Mr. Waxman with Mr. Schneebeli.
Mr. Wright with Mr. Steiger of Arizona.

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MILLER of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 377, nays 26, not voting 28, as follows:

[Roll No. 389]

YEAS—377

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grassley
Green
Gude
Guyer
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wylie
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—26

Anderson, Calif.
Archer
Bennett
Clancy
Clawson, Del
Collins, Tex.
Conable
Conlan
Crane
Eshleman
Evans, Ind.
Gradison
Jacobs
Kindness
McDonald
Miller, Ohio
Moorhead, Calif.
Mottl
Paul
Pike
Rousselot
Symms
Wiggins
Wolff
Wydler
Young, Fla.

NOT VOTING—28

Bell
Chisholm
Daniels, N.J.
du Pont
Esch
Hagedorn
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Karth
Litton
Milford
Mills
Mink
O'Hara
Peyser
Riegle
Roberts
Schneebeli
Steiger, Ariz.
Stuckey
Vanik
Waxman
Wilson, Bob
Wright

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Mr. Bell.
Mrs. Chisholm with Mr. Steiger of Arizona.
Mr. Helstoski with Mr. Mills.
Mr. Hébert with Mr. du Pont.
Mr. Waxman with Mr. Vanik.
Mr. Wright with Mr. Esch.
Mr. O'Hara with Mr. Schneebeli.
Mrs. Mink with Mr. Hagedorn.
Mr. Milford with Mr. Stuckey.
Mr. Litton with Mr. Karth.
Mr. Riegle with Mr. Peyser.
Mr. Roberts with Mr. Hays of Ohio.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on H.R. 14237, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 13655, AUTOMOTIVE TRANSPORT RESEARCH AND DEVELOPMENT ACT OF 1976.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to take from the

Speaker's table the bill (H.R. 13655) to establish a 5-year research and development program leading to advanced automobile propulsion systems, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington? The Chair hears none, and, without objection, appoints the following conferees: Messrs. Teague, Fuqua, McCormack, Brown of California, Thornton, Mosher, and Goldwater.

APPOINTMENT OF CONFEREES ON H.R. 8800, ELECTRIC VEHICLE RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1975

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 8800) to authorize in the Energy Research and Development Administration a Federal program of research, development, and demonstration designed to promote electric vehicle technologies and to demonstrate the commercial feasibility of electric vehicles, with a Senate amendment thereto, to disagree to the Senate amendment, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington? The Chair hears none, and, without objection, appoints the following conferees: Messrs. Teague, Fuqua, McCormack, Brown of California, Thornton, Mosher, and Goldwater.

CONFERENCE REPORT ON H.R. 12384, MILITARY CONSTRUCTION AUTHORIZATION, FISCAL YEAR 1977

Mr. ICHORD. Mr. Speaker, I call up the conference report on the bill (H.R. 12384) to authorize certain construction at military installations and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. McFall). Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 9, 1976.)

Mr. ICHORD (during the reading). Mr. Speaker, in view of the fact that the conference report, designated as Report No. 94–1243, has been printed and available to the Members since Wednesday, June 9, 1976, and is also available in the Congressional Record of Wednesday, June 9, 1976, on pages 17098 through 17105, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. Ichord) will be recognized for 30 minutes and the gentleman from Virginia (Mr. Whitehurst) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Missouri (Mr. Ichord).

Mr. ICHORD. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, on May 7, 1976 the House passed H.R. 12384 which is the fiscal year 1977 military construction authorization for the Department of Defense and Reserve components.

On May 20, 1976 the Senate considered the legislation, amended it by striking all language after the enacting clause, and wrote a new bill.

H.R. 12384, as passed by the House of Representatives, provided new construction authorization to the military departments and the Department of Defense for fiscal year 1977 in the total amount of $3,324,264,000.

The bill, as passed by the Senate, provided new construction authorization in the total amount of $3,289,785,000.

As a result of the conference between the House and the Senate on the differences in H.R. 12384, the conferees agreed to a new adjusted authorization for military construction for fiscal year 1977 in the amount of $3,323,989,000. The amount of new authority approved is $44,226,000 below the amount requested by the Department of Defense.

The total authority granted is $34,204,000 above that granted by the Senate and $275,000 below the House figure.

There were 107 differences in the House and Senate bills. However, we were able to arrive at an agreement on each one of these differences. I will not go into great detail because House Report 94–1243, the conference report on military construction authorization, explains the actions of the conferees.

The two items that stimulated the most discussion during the conference were the community impact assistance for the Trident project and section 612 on base realinements.

The controversy over the community impact assistance centered on the serious doubts of the House conferees that the $11 million requested could be used prudently. After much discussion and convincing arguments from the Senate conferees that State and local government applications for community impact assistance might require the full $11 million requested, the House conferees reluctantly receded to the Senate position.

By far the most difficult issue that had to be resolved was that of base realinements. Section 612 of both the House and Senate acts included language directing the Department of Defense to establish a procedure for an economic analysis and a rigid reporting schedule for base realinements. The intended purpose of section 612 was to permit Congress to assess each proposal and to exercise its oversight responsibility for base realinement jut as it does in authorizing the establishment of new facilities.

The House act provided that none of the funds authorized could be used to realine, close, or reduce installations if such action would cause a reduction in civilian personnel by 50 percent, until the elapse of 1 year after notification of the Congress including a 3-month period after which the Armed Services Committees of both Houses had been provided with detailed justification for the action. An installation was defined as any with 500 or more civilian employees.

On the other hand, the Senate provided that no action could be taken to reduce or close any installation whenever 250 civilian personnel are to be reduced or if there is to be a 50-percent reduction of civilians at a base employing 250 or more civilian workers, until 9 months after Congress is notified. During the 9-month period a detailed justification of the full range of impacts which could result from the realinement was required to be submitted to the Armed Services Committees of both Houses. In any event, the realinement action could not begin until 90 days after the detailed submission and 9 months after the announcement.

The compromise language would institutionalize a 1-year procedural schedule for the Department of Defense to follow in accomplishing base realinements where more than 1,000 civilian positions are to be reduced, or where there is to be a 50-percent reduction of civilian employment at bases employing 500 or more civilian workers. Conferees further agreed to make the base realinement provision permanent law effective through September 30, 1981.

The Senate conferees took the position that the estimates of unemployment compensation, manpower retraining, and relocating expense, the military construction costs at other bases, as required in the House act, were by no means the limit of the requirements to be submitted under the economic impact statement, and that by specifically listing these three, it could be interpreted these were the only details to be included. It should be understood by the Department of Defense that conferees expect a complete disclosure and analysis of all factors that could be expected to result from a base realinement.

Conferees on both sides philosophically agreed that procedures and schedules for base realinements should be institutionalized; and it was finally agreed to select the best of both proposals and compromise on the language appearing in section 612 of the conference report before you.

This year the conferees agreed that both Houses had brought to the conference table many highly desirable and high priority construction projects; but it was soon realized that, because of budget restraints, some had to be eliminated. It was the expressed desire of the conferees that the eliminated items be revalidated and, where appropriate, included in the 1978 budget request.

The conferees have brought to the House a good bill and conference report that will adequately provide for the construction needs of the military establishment during fiscal year 1977. I want to assure the House that all amendments adopted by the conference are germane to the bill.

I want to thank the gentleman from Virginia (Mr. WHITEHURST) for his dedication and assistance during our hearings and conference. I also want to thank the other members of the Military Installations and Facilities Subcommittee for their dedication and assistance.

We have worked long and hard to bring this conference report to you and I urge its adoption.

Mr. CARR. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Michigan, a member of the House Armed Services Committee.

Mr. CARR. Mr. Speaker, I thank the gentleman for yielding to me. I want to congratulate him on the hard work he has done on this conference report.

I was just reading the conference report, and I wanted to ask the distinguished chairman how many days the conference committee met and which, if any or all, of those days did the conference go to closed session under rule XXVIII, section 6.

Mr. ICHORD. We wrapped this matter up in 1 day of meeting, I would say to the gentleman from Michigan.

Mr. CARR. Was that an open or closed session?

Mr. ICHORD. Actually, I do not remember any motion being made. I suppose it was an open session, because under the rules of the House, in order to close a session we have to make a motion and have a rollcall on it. We did not have a rollcall so I suppose it was open.

Mr. CARR. I thank the gentleman.

Mr. WHITEHURST. Mr. Speaker, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Virginia.

Mr. WHITEHURST. I thank the gentleman for yielding.

In answer to the gentleman's question, no motion was made, as the gentleman has stated, and, to the best of my knowledge, the only people in attendance were the conferees and the authorized staff.

Mr. ICHORD. Specifically, I would state that there were no members of the Committee on Armed Services other than the gentleman from Michigan and the gentlewoman from Colorado who requested to attend this meeting.

Mr. CARR. I thank the gentleman from Missouri for his answer, and I would point out that I am glad to know that the Committee on Armed Services and the conferees on the military construction bill can operate in the light of day.

Mr. ICHORD. Mr. Speaker, I reserve the balance of my time.

Mr. WHITEHURST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, my colleague, the distinguished chairman of our Military Installations and Facilities Subcommittee, has explained the details of our conference with the Senate on the military construction authorization for fiscal year 1977. I will not go into the matters already discussed by him nor those other details fully explained in the conference report that is before you.

This bill authorizes some 486 essential construction projects at 313 military installations.

I recognize that many of my colleagues might have desired certain line items which were omitted or, conversely, some line items which are included you might have preferred omitted. But, on balance, we are very satisfied with the conference report.

I want to congratulate my colleagues on the Conference Committee for their dedication and efforts to bring this conference report to the House. Also, I especially want to point out to the Members of the House the excellent leadership provided by the gentleman from Missouri (Mr. ICHORD) is chairing the House side of the conference.

Mr. Speaker, I urge the adoption of the conference report.

Mr. Speaker, I yield back the balance of my time.

Mr. ICHORD. Mr. Speaker, if there are no further questions, then I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 375, nays 20, not voting 36, as follows:

[Roll No. 390]

YEAS—375

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bergland
Bevill
Biaggi
Biester
Blanchard
Blouin
Boggs
Boland
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harris
Harsha
Hawkins
Hayes, Ind.
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Robinson
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Steelman
Steiger, Wis.
Stephens
Stratton
Studds
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—20

Abzug
Badillo
Bedell
Bingham
Conyers
Dellums
Edwards, Calif.
Harrington
Hechler, W. Va.
Holtzman
Kastenmeier
Maguire
Mitchell, Md.
Nolan
Rangel
Richmond
Scheuer
Stark
Stokes
Weaver

NOT VOTING—36

Bell
Bolling
Chisholm
Daniels, N.J.
de la Garza
du Pont
Esch
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Karth
Litton

McHugh
Melcher
Milford
Mills
Mink
Moorhead, Pa.
O'Hara
Peyser
Riegle
Roberts
Rodino
Schneebeli
Steiger, Ariz.
Stuckey
Sullivan
Teague
Vanik
Waxman
Whitten
Wilson, Bob
Wright

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Mr. Riegle.
Mr. Teague with Mr. Bell.
Mr. Hébert with Mr. du Pont.
Mrs. Chisholm with Mr. O'Hara.
Mr. Moorhead of Pennsylvania with Mr. Hays of Ohio.
Mr. Waxman with Mr. Bob Wilson.
Mr. Rodino with Mrs. Sullivan.
Mr. Roberts with Mr. Karth.
Mr. McHugh with Mr. Steiger of Arizona.
Mr. Helstoski with Mr. Esch.
Mr. de la Garza with Mr. Melcher.
Mr. Wright with Mr. Schneebeli.
Mr. Whitten with Mr. Heinz.
Mr. Stuckey with Mr. Mills.
Mr. Litton with Mr. Vanik.
Mr. Milford with Mr. Peyser.
Mrs. Mink with Mr. Howe.

Mr. ZABLOCKI and Mr. MADDEN changed their vote from "nay" to "yea."

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 13680, INTERNATIONAL SECURITY ASSISTANCE AND ARMS EXPORT CONTROL ACT OF 1976

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on H.R. 13680, to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection

REQUEST FOR PERMISSION OF SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, AND INTERNATIONAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT TOMORROW DURING THE 5-MINUTE RULE

Mr. EILBERG. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration, Citizenship, and International Law of the Committee on the Judiciary be permitted to sit tomorrow during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. SYMMS. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PERMISSION FOR COMMITTEE ON RULES TO HAVE UNTIL MIDNIGHT THURSDAY, JUNE 17, 1976, TO FILE CERTAIN PRIVILEGED REPORTS

Mr. LONG of Louisiana. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tomorrow, Thursday, June 17, 1976, to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

MILITARY CONSTRUCTION APPROPRIATION BILL, 1977

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1288 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 1288

Resolved, That during the consideration of the bill (H.R. 14235) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clause 2, Rule XXI are hereby waived: beginning on page 2, line 1 through page 6, line 16.

The SPEAKER. The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. DEL CLAWSON) pending which I yield myself such time as I may consume.

Mr. Speaker, House Reoslution 1288 provides that during the consideration of H.R. 14235, the Military Construction Appropriation bill for fiscal year 1977, all points of order against certain provisions in the bill for failure to comply with the provisions of clause 2, rule XXI, are waived. Clause 2, rule XXI prohibits the appropriation of any funds unless that appropriation is authorized by law. The legislation authorizing the appropriations for which the waiver has been provided is H.R. 12384, the Military Construction Authorization Act, 1977, which has now passed both Houses and the conference report on the bill was adopted by the House this afternoon.

Mr. Speaker, I urge the adoption of House Resolution 1288 to permit the orderly consideration of H.R. 14235.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as my colleague from Louisiana has aptly noted, House Resolution 1288 provides that upon the consideration of H.R. 14235, Military Construction Appropriations for fiscal year 1977, all points of order against the designated provisions of the bill for failure to comply with the provisions of rule XXI, clause 2—unauthorized appropriations—shall be waived. The section of the bill requiring a waiver of points of order commences on page 2, line 1 through page 6, line 16.

H.R. 14235 appropriates $3.3 billion in fiscal year 1977 for the acquisition, development, construction and renovation of military facilities throughout the United States and abroad. The total appropriation reflects a reduction of $292 million from fiscal year 1976 appropriations. At the same time, the fiscal year 1977 budget requests were reduced by $174 million.

In appropriating funds for military construction in fiscal year 1977, the committee has acted upon several major projects. Among these are approval of a $437 million request for an aeropropulsion systems test facility and full funding for family housing construction, amounting to $1.3 billion. The committee further acted by placing a ceiling of $15 million on Defense Agencies' funds designated for cleaning up the nuclear debris sustained at the U.S. testing program site at Enewetak Atoll.

Cuts were made in the fiscal year 1977 construction requests of the Army, Navy, Air Force, and Defense Agencies. The committee curtailed the President's request for Army construction by $77.9 million, providing a total of $571.6 million.

The Navy construction appropriation estimate was pared down by $68.9 million, to a total of $526.3 million.

While shaving the Air Force's fiscal year 1977 appropriation request by $24.4 million, an increase of $227.3 million above fiscal year 1976 funding is reflected in the $77.9 million total.

The administration's request for the Defense Agencies was lessened by $40.2 million, resulting in an overall figure of $40.9 million.

Despite significantly reducing military construction funds for the active forces, the committee appropriated an increase of 25.3 percent over the Presidential request for National Guard and Reserve Forces. Recommending funds totaling $186.2 million, the Appropriations Committee demonstrated strong support of Reserve manpower.

The committee supported the request of $1.2 billion for military family housing, a sum $34 million less than in fiscal year 1976. While appropriating funds for the construction of 1,054 new housing units, it was observed that the real problem related to current housing is not lack of units, rather it is a need for adequate maintenance.

Mr. Speaker, the Committee on Appropriations reported H.R. 14235 by voice vote. I am aware of no controversy surrounding the rule and therefore support its adoption.

Mr. Speaker, I have no requests for time and reserve the balance of my time.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. SIKES. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14235) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from New York (Mr. MCEWEN) and myself.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Florida (Mr. SIKES).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14235, with Mr. NEDZI in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement the gentleman from Florida (Mr. SIKES) will be recognized for one hour, and the gentleman from New York (Mr. MCEWEN) will be recognized for 1 hour.

The Chair recognizes the gentleman from Florida (Mr. SIKES).

Mr. SIKES. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first let me express my very genuine appreciation to the dedicated and able members of the committee who have labored long and hard on this bill and who, in my opinion have produced an excellent product: Messrs. PATTEN, MCKAY, MURTHA, STEED, CHAPPELL, MCEWEN, and TALCOTT; and my appreciation to the members of the staff who always have faithfully carried out their responsibilities to the committee and who have been helpful to the members in every possible way: Messrs. Nicholas, Allen, and Shulaw.

Mr. Chairman, the request before you is for $3.293 billion. This shows a reduction through actions of this committee and the Armed Services Committee of $173.9 million. Coincidentally, the bill is also $173.9 million below the congressional budget target.

Funds for construction at military installations in 43 States, the District of Columbia, and 10 overseas locations are included in the bill. Details by State are listed in the report starting on page 41.

The committee approved $437,000,000 for the Air Force for an aeropropulsion systems test facility to permit ground testing of future generations of subsonic and supersonic engines under realistic conditions at Arnold Engineering Development Center, Tullahoma, Tenn. The bill contains 242 family housing units and $123,019,000 to complete phase IV of construction of Trident facilities at Bangor, Wash., a $700 million project and possibly the most important single deterrent in our weapons program. The bill grants the three services $180,493,000 for air and water pollution abatement and funds energy conservation projects to the tune of $120,830,000; $104,791,000 has also been included for nuclear weapons security required by the three services. The committee allowed $100,463,000 for construction of facilities at Forts Ord, Calif.; Polk, La.; and Stewart, Ga.; the posts at which the Army's three new divisions are to be stationed; in addition 652 family housing units were approved for Fort Polk. The bill provides $80,000,000 for a NATO cost-sharing program to construct military facilities in member nations. The committee allows Defense Nuclear Agency $15,000,000 to clean up Enewetak Atoll in the Marshall Islands and return it to the Enewetakese displaced years ago so the islands could be used for U.S. nuclear testing.

The bill is $292 million less than last year's bill. The budget request this year is lower than that of last year and the committee does not feel that this year's budget request was fully realistic. We think it is too low.

Military construction is an area which each administration appears to feel can be cut without seriously disrupting ongoing functions of the Department of Defense. Budgets that are too low disregard the impact of reduced construction activity upon the depressed construction industry, and even more importantly they overlook the continuing need for more modern facilities if the military services are to be properly housed and trained.

A matter of equal concern to this committee is the fact that maintenance of real property is an area in which one administration after another seems to believe that deferrals can safely be taken. This means postponement of needed maintenance. Obviously this is not economy. The costs of repairing the additional damage which results when maintenance is neglected too long simply accelerates. Postponement means higher costs or replacement much earlier than should be necessary. Buildings fall down or become unuseable if they are not properly maintained.

This year's budget also largely neglects family housing for which there are substantial unfilled needs. This committee has strongly supported family housing and through these efforts very substantial progress has been made toward improving living conditions on base for military families. However, only 1,054 new family housing units were recommended in the budget for this year's bill.

In all of these areas, regardless of need, it is difficult, if not impossible, for the committee to go above the amounts budgeted and authorized for new projects and for operation and maintenance.

The committee regreted to find that it was necessary, under current budget procedures in the House, to report this year's bill on the basis of the authorizing legislation only by the House of Representatives. At the time our bill was marked up, the Senate authorizing bill had not been reported or passed. As we anticipated, there have been significant changes in the authorizing bill as reflected in the conference report which was just adopted. Some of the projects which are funded in this bill will have to be dropped, because of lack of authorization. Others will be added because of changes in the authorization. These matters can now best be worked out in conference, because the President has not signed the authorization bill into law.

AEROPROPULSION SYSTEMS TEST FACILITY

The largest single item in this year's bill is an aeropropulsion systems test facility at Arnold Engineering Development Center at Tullahoma, Tenn. The cost is $437 million. More than any other, this project has dominated the fiscal 1977 military construction requests, because of its cost and its complexity. It is second only to the Trident project at Bangor, Wash., in total cost among current military construction programs. It accounts for about 15 percent of this year's budget. Many needed facilities throughout the Nation could have been built with the money in this project. Nevertheless, the importance of the project has outweighed other considerations. It comes to us very highly recommended from the Nation's top scientific experts, including Dr. Malcolm Currie, who heads our Nation's defense research program.

I can assure you the committee looked long and hard at this project. The one-half billion dollar item is striking in size. We consulted with GAO, NASA, the National Science Foundation, and the major producers of aircraft engines in our country. We inquired into the possibility of a joint project with other nations. We explored commercial development or participation, because the commercial aeronautics industry will benefit fully as much as defense from this project. None of these offered helpful alternatives. The Department of Defense has to bite this bullet in its entirety.

The fact that the Department of Defense, through the Air Force, is having to accept full funding responsibility for the enormous cost of this project means that reasonable amortization probably can not be shown to Defense. I want to be very frank with the House on this subject. The Air Force must have the capability to test advanced engines and to develop advanced aircraft. We can not afford to stand still. We do not have the facilities which will permit the Air Force to stay abreast of developing technology worldwide. The significant point is the commercial aviation industry is equally concerned with staying abreast of advanced aircraft development but the commercial industry does not have the facilities for testing and has no plans to develop such facilities. Without the new test center proposed in this bill, the United States will fall steadily behind both in military and commercial aircraft. We will lose one of the greatest economic advantages we possess.

As the committee knows, we have at Arnold Testing Center the greatest capability for aircraft engine testing in the United States. We have probably, in many respects, the best testing capability in the free world. Only the Russians have greater capability. Unfortunately, what we have is getting out of date and it is only about half of what is needed. We require a capability to test very large subsonic engines and to provide better testing of engines in high performance aircraft. The present testing capability does not permit development which is essential if we are to continue to be in the forefront in the field of aeronautics.

Already we have missed our chance to be first with an SST. This is a situation which can snowball against us unless we develop testing facilities for the high performance aircraft which are inevitable in the years ahead. The committee deals with this subject in detail beginning on page 6 of the report. We feel that the project is essential for the continued development of high performance aircraft whether military or commercial. No one else is going to pick up the tab, and America needs this program if we are to stay ahead in a very important area of our economy.

The commercial aircraft companies' which will need the facility nearly as much as the military, will reimburse the Federal Government for operating and amortization costs incurred by the Government in testing performed for them. This is a proper procedure. I think they should do more toward meeting the initial capital cost of the facilities but they have shown no inclination to do so and possibly the state of their finances is such that they can not.

ENEWETAK

The subject of the cleanup of the Enewetak Atoll in the Marshall Islands is dealt with in what we hope is an effective manner. It is considered that we are obligated to make Enewetak habitable for the natives who were moved away from the atoll in 1946 so that nuclear testing could be conducted there.

As the committee can well understand, most of the atoll is a shambles from the nuclear testing program. Radioactive material and debris must be removed, productive vegetation planted and housing provided before it can be used for human habitation.

When the testing was found necessary, the natives were moved to Ujelang Atoll. There was no treaty, but there was a commitment by representatives of the U.S. Government that the natives would be allowed to return. Their number has grown from just over 150 to 453. At present the island where they now live is approximately 150 miles from Enewetak. Ujelang is now barely capable of supporting the people who live there. Agitation has grown each year among the islanders that they be allowed to return to Enewetak. How long Enewetak can support the increasing number of islanders is unpredictable.

We know the cost of cleanup and resettlement may run very high. In fiscal year 1975, $4 million was requested to clean up the islands. This was only a starter. No funds were appropriated. In fiscal 1976 it was estimated that the total cost by contract would be $39.9 million for cleanup, plus rehabilitation costs of $12 million by the Department of Interior, plus $3 million for radiological monitoring, or approximately $55 million. The Armed Services authorized $20 million last year for cleanup cost and directed that the cleanup be performed by construction forces of the military services. Even at this level the cost would represent over $77,000 for each person involved.

The committee has explored potential measures to reduce the cost and to utilize the existing facilities where possible. We had testimony from the hereditary chiefs and magistrate of the Enewetak people. They insisted that it is their overwhelming desire to return to their homeland. They refuse to accept a cash settlement or any other solution. They can and probably would take legal action.

The committee is proposing to appropriate for cleanup $15 million with a proviso that this money not be spent until a certification has been provided that there is an agreement that this amount will constitute the total commitment of the Government of the United States for the cleanup of the Enewetak Atoll. Otherwise Enewetak can become an endless drain on the U.S. Treasury. This may not be enough and it does not include money from the Department of Interior or other Federal agencies for resettlement or subsistence.

TRIDENT

We are continuing the Trident program. This is the largest project now under construction and this is the fourth military construction appropriation. Total cost for the site is estimated to be $718.9 million; $354 million has been appropriated previously. This year's appropriation is $123,019,000. The cost undeniably is extremely high, yet the fact remains that this probably is the most important single deterrent in our strategic weapons system. At the time that we undertook the construction of Trident, we felt that we clearly would have the most advanced submarine in the world. We still think this is true. But there is little doubt that the Russians also are building very large submarines in larger numbers and that they already possess a capability for a missile with a range of 4,200 miles. This simply means that they, too, recognize the importance of very large submarines that can move quietly and wait underneath the waters of any sea in the world undetected and represent a positive counter to enemy forces.

At one time it appeared that there would be an east coast site as well as a west coast site dedicated to refit for Trident. Possibly because of cost, the Navy is seeking alternatives. A survey of possible sites is underway at which to base Poseidon submarines armed with Trident missiles. This would include submarines which presumably will be returning from the Navy base at Rota, Spain. If Tridents are to be based on the east coast, it is possible that missile support and personnel support facilities can be located at a site other than the ship berthing and support location. This study is now in progress.

MEDICAL FACILITIES

This committee has strongly supported the Defense medical facilities modernization plan. At the same time, it has encouraged and supported the administration in measures to tighten up the management of medical programs and to eliminate duplication of functions or facilities. The committee has, time and again, stressed the importance of using Government hospital facilities of whatever kind wherever they are located, rather than to build new ones so that each service or each program could have its own facility in each area.

The committee also has been exploring the possibility that the requirements for beds may have been overstated.

The military hospitals normally keep patients in a hospital longer than civilian hospitals. This is because of the fact that people in uniform who are ill often do not have a home or other facility for convalescing, so they are kept in hospitals and use hospital beds. This suggests that alternative procedures can be found in order to shorten the period for which a patient remains in a hospital. On the other side of the coin is the fact that retired personnel and their dependents are constantly increasing in number and they, too, are entitled to use military hospital facilities when they are available. Although CHAMPUS has taken much of the pressure off military hospitals, there still are those who are eligible and who seek to use military hospitals. We do not have all the answers. The committee is aware that there has not been full satisfaction with the operation of the military hospitals and CHAMPUS programs. We want eligible personnel to receive adequate care. We also want economies to be achieved where it is possible. We will search for the best solution to the problems which are existent.

NATO

The bill provides continuing support for NATO and provides $80 million for this purpose. It is well known that our conventional forces are sized and shaped to counteract the greatest threat to the peace of the free world, which is in Europe. The amounts in the bill are to provide facilities to support existing divisions and three new Army divisions in the United States which could be deployed to NATO in a conflict. Facilities to support basing and training of tactical air units of the Air Force and Navy are provided as are tactical aircraft shelters in Europe and facilities and housing at NATO bases in Iceland. Direct funding is provided for projects at U.S. Army installations in Europe.

Probably no project is more important than aircraft shelters. Until this program is completed, Americans and our NATO allies remain vulnerable to sudden attack of the kind inflicted upon Egypt's air force during the 1967 war in the Middle East.

The committee continues to press for greater participation by the NATO allies in the construction which is required in Europe and we can report that this picture is improving.

LACK OF HUD SUPPORT

The committee must report a disappointing lack of support from HUD in providing housing for military families. Hopefully, in very recent weeks we are noting a change in HUD's attitude in this area. Here is the background:

It is the policy of DOD to place as much reliance as possible upon the communities surrounding military installations to house married personnel. The committee supports this policy. We consider it undesirable to separate and segregate military families from the communities in which they live. Military families can do a great deal to communicate their mission, their dedication, and their worth to the people in the communities in which they live. Military families, involved with their civilian neighbors, not only can create much greater understanding between the military installation and the community, but can appreciate better the viewpoints of their fellow citizens, or foreign citizens if they are stationed overseas.

Off-base housing is built, financed, and owned by private enterprise and strengthens the private sector of our economy.

The expense of acquiring land, building housing on base, and operating and maintaining that housing is large and, if carried solely by the Government, serves to inflate Federal budgets and increase taxes.

Six years ago this subcommittee, with the assistance of the Housing Subcommittee of the Committee on Banking and Currency, embarked upon an effort to obtain greater support from HUD for off-base housing near military installations and, at the same time, to assist personnel in lower enlisted grades to have decent housing at fair prices. This was accomplished through a set-aside program under the section 236 program, which also made them eligible for rent supplemental assistance.

At the same time, the Military Construction Subcommittee began to exert pressure on the Department of Defense to make better provision on its own, for lower grade enlisted personnel, to provide on-base housing for them. Not only was this accomplished, but the committee supported legislation to declare marginal on-base quarters inadequate. This put certain housing within a price range achievable for lower paid military families. The picture is improving in other areas also. We are glad to report that most of the on-base housing built in recent years has been for lower rank officers and enlisted personnel. The years have passed and volunteer forces pay raises have substantially increased. With higher pay, military personnel can acquire or rent satisfactory homes off base where available.

The pinch continues to be felt where there are small or few communities near a military installation. Again, with the help of the House Subcommittee of the Banking and Currency Committee, provision has been made in section 318 of the Urban Development Act of 1974, which enabled a HUD "Special Risk Insurance Fund" to be utilized in military impacted areas. This would permit FHA loan guarantees for private builders in the area of major bases such as Forts Hood and Polk; there are others, which are permanent, but which have no large cities nearby. It has been very disappointing to the committee that HUD refused to implement this legislation. Meetings have been held with representatives of HUD, with representatives of the Department of Defense and with representatives of the House Subcommittee of the Banking and Currency Committee in an effort to induce HUD to participate in the program. New language was suggested by HUD and with the able assistance of the distinguished chairman of the Housing Subcommittee, Mr. Ashley of Ohio, this language was incorporated in the Housing and Urban Development Act, 1976 which recently passed the House. If the Senate concurs, it appears that the situation may be nearing a satisfactory resolution. There should be vigorous action on the part of the administration to see that HUD does not further delay the program.

MOVE OF PERSONNEL OUT OF WASHINGTON

The Committee is unable to report substantial progress in its efforts to obtain relocation of military personnel from defense activities in the Washington, D.C., area. There is a strange magic for the military, as well as for other governmental programs, which acts as a magnet and results in continuing concentration of military and other governmental activities in the Washington area. Apparently everybody wants to be close to the throne. This is a very high cost area. The danger from overcrowding of military activities in metropolitan Washington simply means that a more inviting military target is being presented to a potential enemy. Today's rapid communications systems negate any argument that the average military activity can function better in Washington. Nevertheless, the services act very slowly to move activities out of Washington.

We have found instances where defense programs wanting to move to Washington, but being unable to obtain the construction of new facilities in the Washington area, simply propose to come to Washington anyway, move into leased quarters, and after a year or two, appear on Capitol Hill with a request for new construction. The committee has not welcomed this approach with open arms.

Yet despite constant prodding by the committee, little progress seems to have been made in moving military activities from the Washington area to other locations in the Nation. Other areas benefit when military activities are more widely dispersed.

The committee emphasizes to each of the services that they should pursue the matter of relocations from Washington in accordance with stated congressional policy. Certain construction projects have been withheld because of this situation.

In its work with the military services, to keep a military presence in many areas, the subcommittee has placed particular stress on the importance of maintaining military establishments throughout the United States. The trend in recent years has been away from this concept. The result has been a consolidation of military activities in fewer bases in certain areas of the Nation. The services have felt that this is necessary in order to effect economies in management and operations and they seek to take advantage of weather conditions that afford a greater number of hours for training. These objectives are understandable and even creditable. However, it is the subcommittee's attitude that there have been instances where this trend has been unnecessarily precipitate and the effect has been to abandon, wholly or partially, usable facilities which must be duplicated elsewhere at high cost. Of equal, if not greater, importance is the need for maintaining the presence of uniformed personnel in all parts of the Nation. The presence of Military Establishments and the traditions and patriotism associated with the services provide a wholesome influence and an economic benefit. These, in the opinion of the subcommittee, should be shared nationwide where this is possible.

Because of this concept, the subcommittee has successfully urged the continued utilization of a number of facilities which were threatened with closure. We believe that the long-range economic benefits of base closure and consolidation are, at least in some instances, countered by the importance of having military facilities located throughout our country and having uniformed personnel and their families assuming a role in community activities in as many areas as possible.

We are convinced the efforts of the subcommittee have produced beneficial results. The bill overall is a good product and we ask your support.

Mr. HICKS. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Washington.

Mr. HICKS. Mr. Chairman, the gentleman made reference to the conference report which was just adopted. In the course of that, there were changes in the so-called impact aid for the Trident base in my district. My question to the gentleman is this: He mentioned that there would be a lot of items that would be taken up in conference. Would it be his preference not to discuss those now?

Mr. SIKES. It would be our preference not to discuss the matter in detail at this time. The House authorization bill contained $2 million for the impact program. It was raised in the other body to $11 million. The conferees accepted the $11 million.

Because this was not authorized at the time we marked up, we did not consider the $11 million request, and we are not prepared to discuss it at this point. We will give it full consideration when we go to conference.

Mr. HICKS. The gentleman from New Jersey (Mr. PATTEN) was presiding in the gentleman's committee when the Navy did make their presentation. It was after the Armed Services Committee, on which I serve, had limited it to $2 million. I called that to the attention of the gentleman from New Jersey (Mr. PATTEN) when he was chairman. The gentleman does have evidence. I would think the gentleman is not committing the House on passing this bill with the $2 million impact aid.

Mr. SIKES. We based this bill on the action of the House Armed Services Committee, which did authorize $2 million. We marked up our bill on that basis. We have an open mind. We will look at the evidence presented when we go to conference.

Mr. HICKS. I thank the gentleman for his statement.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Virginia.

Mr. HARRIS. Mr. Chairman, the

House Appropriations Subcommittee on Military Construction Appropriations and the full committee have no doubt worked long and hard to produce a commendable bill, H.R. 14235, meeting the country's needs for military construction for 1977. However, I am concerned that this bill does not include funding for a very necessary project at Cameron Station in Alexandria, Va., in which certain Defense Supply Agency activities are currently located.

The Department of Defense requested $8 million to make essential health and safety repairs to buildings 3 and 4 occupied by the Defense Supply Agency. The Defense Supply Agency utilizes space for its headquarters' activities and a few field activities. Approximately 1,100 personnel work in these two buildings. The DSA Headquarters activities are integral to the operations of the various Department components since DSA services all the military services. These DSA activities are firmly established here and need to be near other defense headquarters' activities, where major procurement decisions are made. DSA carries out a unique role in our Federal Government—it is the single agency that provides logistics support to all the military services and unified and specified commands. DSA reports directly to the Secretary of Defense and maintains a close liaison and coordination with the Joint Chiefs of Staff.

Additionally, the Cameron Station is an excellent one, because of its central location. It is next to a railroad and within minutes of Washington National Airport; there is direct access to the Capital Beltway—Interstate 495, and it is next to a future subway stop. Its location is quite convenient in relation to other defense and Federal Government activities.

The buildings, 35 years old, already represent a considerable investment on the part of the Department. For example, the two buildings in question are part of a central air conditioning and heating system that serves all eight buildings and 2,500 personnel at Cameron Station.

The Department has requested $8 million to make health and safety repairs on these two buildings. DOD intends to repair the roof support system by installing steel beams for the timber beams, which are now drying out and shrinking and seriously deteriorating. These repairs are basic structural repairs; no "beautification" work is planned. On March 19, I personally viewed the buildings and am convinced that the safety of the 1,100 employees who work there is threatened.

The Department has examined a number of alternatives and has concluded that repair of these buildings is the least costly route for the Department and the taxpayer. For example, the cost per square foot to repair these structures is $31; the Department estimates that the cost for construction of Government-owned buildings on currently owned land is $65 per square foot.

Significantly, this project has been approved in H.R. 12384, the military construction authorization bill for fiscal year 1977. The conference report approved just this afternoon authorizes full funding for this project.

An underlying issue is whether the DSA activities currently conducted at Cameron Station will continue to be carried out there. The morale and work performance is as much at stake as the safety of the roofs. I believe that the buildings are basically sound and can be used for some time. I believe that Cameron Station is an excellent location for these DSA activities. Congress must today decide this question. Because of DSA's important and essential role here in our Nation's Capital, I intend to offer an amendment to restore the $8 million for these repairs and I call on my colleagues to join me in support.

I am especially concerned about a rather small item in the bill that is not currently in the bill that the gentleman brought before us. It has to do with Cameron Station, where a very important operation of DSA is carried on.

I must admit that the House authorization bill contained it. At the time the gentleman's subcommittee was working on it, it was not put in the bill on the Senate side, but as we know and as the gentleman probably noted, the conference report as it was approved this evening contained the $8 million authorization to rehabilitate two buildings that are about 30 years old.

I am very concerned that we do have that in the House bill because I have personally gone through these buildings and have seen the need to do some very basic structural repairs to them. I am impressed with how important this service is to the defense agency. I know we want to keep the defense installation there, and I think the buildings should be improved.

I wonder if the chairman of the subcommittee could tell me if, in fact, in his consideration he feels that this agency should be moved out or that these buildings should be improved, or is it just a question of further study? What is the subcommittee's opinion on this?

Mr. SIKES. Mr. Chairman, I am familiar with the Defense Supply Agency's request for funds for Cameron Station. The request is for $8 million for the rehabilitation of two rather large buildings, and on the heels of that there will be a possible request next year for another $8 million for the rehabilitation of two additional buildings.

The committee was interested in investigating whether that much money should be spent at Cameron Station. We have, quite frankly, been concerned about the effect of having so many of the military headquarters staffs wanting to gather as much activity as they can around them in Washington. Everybody, it seems, wants to be close to the throne.

In addition, we are concerned about having so many people in the military establishments stationed unnecessarily in Washington. For one thing, this is a high cost area, for another thing, it is becoming a highly crowded metropolitan area, and finally, it makes Washington a much more attractive military target. We want to be sure we do not spend money on facilities to house people who do not have to be here at all.

It has been evident for some time that it is not the long-range plan to retain all these activities at Cameron Station. Two years ago a request was made by this same agency for a project of about $2½ million at Richmond, Va., that would have entailed moving some of the activities away from Cameron Station. The project was approved, but never built.

Last January, I asked one of my subcommittee staff men to go out to Cameron Station and take a look. Later, a subcommittee member visited the proposed project. They each came back with some misgivings about the requirement for spending $8 million this year and another $8 million next year on facilities to house missions which could be moved elsewhere.

Mr. Chairman, I want to assure my distinguished friend, the gentleman from Virginia (Mr. HARRIS), that I appreciate his concern. I applaud his zeal in speaking up for his own area. Let me just assure the gentleman that we are going to take a long and careful look at this when we go to conference.

I hope that sometime soon I can go out and see this project. I will assure the gentleman, although I give him no commitment as to what the conferees will do, that we are going to take a good look at it, and we will keep in mind the concern of the gentleman who has spoken on this installation.

Mr. HARRIS. Mr. Chairman, will the gentleman yield further?

Mr. SIKES. Of course.

Mr. HARRIS. Do I understand, then, that perhaps both the gentleman from Florida and I could visit the site within the next week or so and personally take a look at it?

Mr. SIKES. I personally hope to go out there, and if I go, I would like the gentleman to go with me.

Mr. HARRIS. Mr. Chairman, I thank the gentleman very much.

Mr. LEGGETT. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Chairman, I thank the chairman of the subcommittee. I want to commend the gentleman on the excellent bill he has brought before the House.

Mr. SIKES. Those are welcome words, and I invite the gentleman to take all the time he likes.

Mr. LEGGETT. I thank the gentleman. I have all my projects in and have been well taken care of.

Mr. Chairman, I do want to discuss generally the subject of hospitals. The subject came up in my office today, and, coincidentally, I see the subcommittee has devoted 4 or 5 pages in the report to the subject of how to measure the need and the number of beds or replacement facilities. The report indicates that some of these formulas are perhaps not working too well. I know the GAO has made its report and has questioned some of the existing formulae.

In my own case we have a huge retirement community that has developed in the Sacramento Valley. People there have come to rely on military hospitals, and they use them. I know that in some areas they do not. We at one time had programed a 600-bed regional hospital to replace an existing hospital. We broke the bank with a $150 million to $200 million programed facility so we aborted it.

We are now talking about a replacement facility costing perhaps $50 million or $60 million, but it is only going to provide 120 beds, although we had over 260 beds in the existing facility last month, a lot of them used by retirees.

The gentleman indicated, I think, in the report that we cannot have a hard-and-fast formula and that we have to look at the community facilities.

We do not have community facilities locally even though we built all we could. I would just hope that when we finally come down to a program we allow for sufficient flexibility so that we can modernize, where necessary, but still keep an adequate bed capacity to handle the retirees.

I have been reading the defense bill that is coming up tomorrow, and that provides for CHAMPUS. It seems to me that we are cutting down about 10 percent on what is being asked for CHAMPUS funding.

We cannot have it both ways. We are either going to provide for our retirees in house or through a CHAMPUS program, but we cannot cut them off at the pass on both sides.

Mr. SIKES. The gentleman from California (Mr. LEGGETT) quite obviously has a very good grasp of this situation. It is a many-sided problem. On the one side, as a result of the GAO report and other studies, there is concern that we may have been providing more hospital beds than may be necessary for military personnel. One possible reason is that military personnel usually remain in a hospital for a longer period of time than a person with a similar affliction in a civilian hospital. That is because the average person in uniform has nowhere to go to recuperate. If he is in a barracks, they do not want to leave him in the barracks to recuperate, so they keep him in the hospital longer than he would normally stay. That means more hospital beds are used than are absolutely necessary.

From that standpoint, therefore, we are trying to find ways to cut down on the number of beds we build to make that number something comparable to the number of beds required for civilians in a civilian community.

On the other hand, as the distinguished gentleman has pointed out, we have an increasing number of retirees near every military installation who prefer to use the facilities of the military hospital. Yet, we provide CHAMPUS for those who cannot or do not use the military facilities.

It is a difficult problem. I do not know what the final answer is going to be. We have to feel our way along in order to arrive at the best solution. The military is now requesting fewer beds than they were just a few years ago. They should study what they need in the event of mobilization. We may find ourselves short of beds if we have to mobilize but have just enough facilities to take care of the peacetime situation, as it exists at present.

Mr. LEGGETT. Mr. Chairman, I appreciate the gentleman's comments, and I hope we keep our options open.

Mr. PATTEN. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the distinguished gentleman from New Jersey (Mr. PATTEN), the ranking majority member.

Mr. Chairman, may I pay particular tribute to the able gentleman from New Jersey (Mr. PATTEN), who has filled in for me so many times as acting chairman of the subcommittee and whose help has been invaluable in formulating this bill.

Mr. PATTEN. Mr. Chairman, I thank the gentleman for yielding.

In the last few years we have been more than generous in helping the military modernize their hospital facilities.

The GAO developed a procedure for estimating the beds required which would result in a little tighter program than the present military guidelines allow. I can tell the Members right at this minute that I think the military is going to heed the GAO report, perhaps in a modified manner.

Mr. LEGGETT. Mr. Chairman, if the gentleman will yield further, I would just hope they have some flexibility if they follow that because a rule that is good in one area is lousy someplace else.

Mr. BRINKLEY. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Georgia.

Mr. BRINKLEY. Mr. Chairman, I thank the gentleman for yielding.

Prior, in your colloquy with the gentleman from Virginia (Mr. HARRIS), did I understand the gentleman from Florida to say that increasing emphasis was being placed on geographical balance with respect to the military structure?

Mr. SIKES. I would not say that the Department of Defense is placing additional emphasis on geographical balance. That has not been the trend in recent years. The trend has been toward consolidation.

I personally feel that it is better to have a military presence all over the country.

Mr. BRINKLEY. I would assume, however, that the gentleman is considering the spillover benefit in the minority view, and that he would agree with me that the primary concern would always be the needs and requirements of the military establishment itself; is that correct?

Mr. SIKES. Of course, we have to support the military in accomplishing its missions. That is the first consideration.

I am not sure that I understand the thrust of the gentleman's question. I would like to have proper facilities provided whenever they are needed to support military activities. On the other hand, I would like to see military activities carried on throughout the country. I think it is wholesome for the military and for the people of our Nation that there be this association and mutual understanding.

Mr. BRINKLEY. If the gentleman will yield further, I would like to ask a third question.

I certainly agree with the gentleman from Florida that it is a wholesome thing to gain respect for the Military Establishment, but I would suggest that the two most important considerations are the needs of the military and, second, the cost-effective nature of that operation.

Mr. Chairman, I thank the gentleman for his responses.

Mr. SIKES. The gentleman certainly has not done badly for his installation, however the gentleman measures this requirement. He has been an effective spokesman for his district.

Mr. FREY. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Florida.

Mr. FREY. Mr. Chairman, I thank the gentleman for yielding and I want to add to the comments made by the gentleman from Florida that we do have a problem with the hospital in my area and it is one that the gentleman is aware of. The subcommittee in considering the problem for the past several years has been extremely fair with us and we certainly appreciate it and we know they will continue to work with us. As the gentleman knows, that hospital was built in early World War II. It has over 50 broken down units to it. It has been condemned as a hospital yet it still has to serve as a greater veterans hospital in terms not only of the active duty personnel, but the retired military as well. It is the hope that you can come up with a project for this in the future. We do know that the staff and the committee are aware of the situation and we appreciate their efforts.

Mr. SIKES. The gentleman is aware that there is a new hospital at the Navy training center in Orlando. The old hospital the gentleman refers to is outdated and costly to manage and to operate. It is the desire of the military to have it replaced with a somewhat smaller hospital. That has given the committee no small measure of concern because, as I said, I am very apprehensive about what would happen in the event of mobilization. The military believes it will be large enough to provide for the present needs. However, the hospital is designed so that additions can be made as necessary.

Mr. FREY. I thank the gentleman. That was my understanding. But if the need to increase proves out, then we will be back to see the gentleman.

Mr. McEWEN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from Florida (Mr. SIKES), our distinguished chairman of the Military Construction Appropriations Subcommittee, has again ably described this bill. I would like to compliment him, and my other colleagues on this subcommittee, on coming up with an excellent bill under difficult circumstances. The extremely limited time allowed this year for full consideration of a bill which requires the individual scrutiny of many line items, and the fact that its markup had to be accomplished before we had a completed authorization bill, made this a more difficult task. Nevertheless, through diligent effort on the part of the members of this committee and of a very competent staff, all aspects of this bill have been thoroughly examined.

Although I am supporting this bill for

what I believe to be in the best interests of our national defense, it is not without some misgivings.

In its report No. 94-1222, the committee has expressed serious concern over some aspects of military planning. These are contained on pages 20 to 22 of the report under the headings "Importance of Military Presence Throughout the United States" and "Data and Planning Reliability." The committee has expressed similar concerns in prior year reports, during extensive hearings, and on the floor of the House. Other Members of Congress have expressed some of these views individually and in coordinated efforts with numerous colleagues. However, little or no recognition of them has been evidenced in subsequent planning by the military.

In the hope that the Department of Defense and the military departments will give urgent recognition to these concerns of the Congress, seven of my colleagues on the Appropriations Committee and I have joined in including in this year's report, as additional views, an elaboration of some of these concerns, with specific examples. I would like to summarize the nature of them at this time.

We are concerned, as are many others, by the trend toward consolidation of active military activities in fewer bases and in limited geographical areas, while major areas of the Nation are—or are becoming—devoid of an active military presence. Whole generations of young people are growing up with little or no visible awareness or patriotic association with the active military. Those who do enlist in many regions can never expect to be assigned near home.

It is also disturbing, when Congress has appropriated funds for a costly facility, to be told only a couple of years later of a new concept which requires a new and duplicate facility elsewhere and the abandonment of a just completed facility.

We are disturbed when a needed project is presented, but conflicting testimony, both by individual witnesses and by two or more witnesses on the same or related subjects, casts doubt as to whether it is being accomplished at the right place or by the right means. The committee must then decide whether the urgency of the projects dictates voting approval with misgivings, or whether a year's delay for further study will be harmful to our defense, rather than decide solely on the merits of the project.

Finally, we are disturbed when vast amounts of money are funded and construction is underway, and then studies are conducted to determine the type of units required and the best location to station them, and the amount of land needed. These things should be decided before funds are appropriated.

As a result of a seeming lack of prudent forethought in planning and in presenting numerous major projects to the Congress by the military departments, we believe that we are not getting the best, and most, for the military construction dollars appropriated by Congress. Further, premature public announcements of major actions which would affect various areas of the country, but which after scrutiny by Congress are denied funding or deferred, has caused an appearance of divisiveness in Congress at a time when we need to demonstrate to the Nation and to the world solid unity of purpose on all matters relating to national defense.

Therefore, while supporting defense military construction needs in this bill, I strongly urge that these frequently expressed, but heretofore unheeded, concerns of many Members of the Congress, be given immediate serious consideration both by the Department of Defense and the Congress.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from Florida.

Mr. SIKES. I thank the gentleman for yielding.

Before the gentleman yields the floor, I want to express my personal appreciation to the distinguished gentleman from New York, who is very able and has done excellent work as the ranking minority member of the subcommittee. He certainly has given excellent service. He has been very diligent in his work for the subcommittee, and we have a better product because of his careful attention to every detail of this very big and complicated bill.

Mr. McEWEN. I thank the Chairman for his comments.

Mr. BRINKLEY. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I will be happy to yield to the gentleman from Georgia.

Mr. BRINKLEY. I thank the gentleman for yielding.

Mr. Chairman, I should like to add my comments to those of my friend, the gentleman from Florida, commending the gentleman from New York for his very able service to the subcommittee. But I do have a couple of questions concerning the minority and additional views of the gentleman in the well. I noticed that he used some of the same language when he spoke of his concern with change of step of the military and studies being conducted after moneys have been appropriated. I would remind him of a situation which occurred last year when this very committee on which the gentleman serves required studies to be made, for example, at Fort Benning, Ga., to determine whether barracks authorized and funded should be for trainees or permanent party military personnel; and so I ask the gentleman how he can reconcile his philosophy with that particular action, after the fact?

Mr. McEWEN. I would say to my friend, the gentleman from Georgia, that, first, he is well aware of my feelings about Fort Benning. I think that Fort Benning is one of the fine military installations that we have. I think the basic thing that Fort Benning has going for it is it has the right terrain, and it has ideal land for maneuvers and for training of troops.

As the gentleman from Georgia knows, the question asked for that study was: What type of use is going to be made, whether we are going to have trainees or whether we are going to have active troop units there. That stems, I would say to the gentleman from Georgia, from what came about by the untested and unproven concept of one-station-unit-training, which I believe would be really the genesis of the whole problem and why we asked the Army to restudy this.

Mr. BRINKLEY. Could I ask the gentleman when that study referred to on page 54 is due, on which the committee agreed to withhold funding, pending the result of a further study after investigation by the Army at several locations, and particularly concerning one-station-unit-training? Was that not November 1976?

Mr. McEWEN. My understanding is that the gentleman is correct. It is November of this year.

Mr. BRINKLEY. The gentleman knows as well as do the members of his subcommittee my gratitude to the committee for bringing the substandard facilities there up to date with modernization programing.

I do not fault the committee for the study. I applaud the study. But I would submit that if this committee is given the hard facts by the Army concerning the justification regarding one station unit training, whereby the training time were reduced from 16 weeks to 13 weeks, and if that results in substantial cost savings, then the reverse would be accomplished than that which the gentleman feels, which he refers to as costly consolidation and replacement programs. In other words, if it is more cost effective I am sure the gentleman in the well would be more inclined to favor it.

Mr. McEWEN. That is exactly, I would say to my friend, the gentleman from Georgia, what we are looking to see. Is this cost effective? Does it justify this investment? That is what I expect we will be getting information on when that report is made to us.

Mr. BRINKLEY. I thank the gentleman. My concern about the geographical argument is that it will not be a device that would address itself to one military installation in favor of another.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, if the gentleman's test is whether a facility is cost effective, why did the gentleman's committee approve the ASTF in the amount of $437 million when according to the military there is no cost effectiveness for the military?

Mr. McEWEN. I do not know that I would agree with the gentleman from Illinois on that.

Mr. YATES. That is in the report of the committee itself, on page 8, where it says:

> The Committee is not convinced that it can be proven that ASTF will be cost effective to the government. In fact, data developed by a detailed economic evaluation of ASTF performed by Analytic Services, Inc., under contract from the Air Force, indicates that, using conservative assumptions, ASTF would not be cost effective to the military. However, if other potential savings to U.S. industry are considered, it becomes cost effective.

Is it the purpose in this bill to build installations for industry?

Mr. McEWEN. It is not.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the chairman of the subcommittee.

Mr. SIKES. Mr. Chairman, I do not intend to preempt my distinguished colleague's answer but I would like to point out that even though we would have a difficult time showing a speedy amortization as far as the military purposes alone are concerned, the fact remains that without this facility we are not going to have modern effective aircraft in the future, and if we do not have aircraft and engines which are as good or better than the enemy's, we are inviting national suicide.

As far as the commercial utilization is concerned, private industry will use this facility and they are going to pay for their use of it. They will reimburse the Government for the time they actually use the facility. But if they do not have access to the facility they will not be able to develop the next family of aircraft engines which are essential if America is to retain its position as a leader in the world of civil and military aeronautics.

Mr. YATES. Mr. Chairman, will the gentleman yield further?

Mr. McEWEN. I yield to the gentleman from Illinois.

Mr. YATES. As far as the commercial utilization of this facility, and I am referring to page 492 of the hearings, this testimony is shown:

> Mr. Sikes. Do you anticipate a requirement to develop an engine for a follow-on aircraft to the B-1 before 1995?
>
> Colonel Hale. No, sir.

And then the testimony also shows that there is no need for this facility for the B-1. They have already come through. There is no need for another 30 years for another family of engines.

Mr. McEWEN. I do not agree with my friend, the gentleman from Illinois, that there is no need for another 30 years. I agree with my chairman. There is a need for the development of these new families of engines and, happily, civilian use can contribute to the cost effectiveness of the operation to make it justifiable and cost effective.

I would say to the gentleman the facility we have there now is something we brought home after World War II from Germany. It is hardly the most modern facility and yet wonders have been done at the air base with that facility.

Mr. YATES. If the gentleman will yield further, referring to page 467, this refers to the possibility of new engines; it says this:

> Two new engine families would then remain for consideration of their market potential within the next decade: one for an advanced supersonic military fighter and one for a subsonic commercial transport/freighter. With a reasonable degree of certainty, the contractor predicted that those two engine families would be developed in the next two decades even without the ASTF capability.

So we do not need the capability of the facility.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, there are great numbers of experts who say there will be a requirement for the development of four or five new engine families starting at the time this facility will become available in 1983 and continuing until the turn of the century.

Mr. McEWEN. Mr. Chairman, I yield to the gentleman from New Jersey (Mr. Patten).

Mr. PATTEN. Mr. Chairman, the Air Force testified it would be cost effective. That is their testimony, too.

Mr. ANDERSON of California. Mr. Chairman, the last active Army base in southern California, Fort MacArthur, is located within the congressional district I represent.

The fort has been an integral part of the community of San Pedro, Calif., for nearly a century. This 310-acre facility was vital to the economic and social climate of the area. It provided jobs, generated revenue, and contributed to the local tax base. If the Department of Defense determines that the fort should be closed, it will be a great loss to the community in terms of taxes lost, local business losses, and unemployment and welfare costs.

Presently, the base employs 92 military and 178 civilian personnel. It is used as a staging area, support facility for California National Guard, and the U.S. Army Reserves. As the only base in southern California the fort serves eight surrounding counties.

The Army's contention that it is a "single mission post with a high per capita operating cost" is wrong, and runs contrary to a 1974 study by the GAO showing that it would actually cost the Government more to close the fort than to keep it open.

For these reasons, I am supporting the gentleman from Maryland, Mr. Long's amendment to the 1977 military construction appropriation bill. The gentleman's amendment insures that no tax dollars "will be spent elsewhere" until the Secretary of Defense has seen the full environmental impact statement, including local citizens' and officials' comments.

Mr. CONTE. Mr. Chairman, I will support the amendment of the gentleman from Maryland (Mr. Long) when it is offered. I wish to express my concern over the increasing concentration of active military activities in fewer and fewer bases, while major areas of the Nation are being denied the economic and other benefits associated with the presence of military establishments.

In the context of the appropriations bill presently before us, I am especially concerned about the appropriation of funds for military construction projects without adequate analysis of the needs for these projects or assurance that the essential construction of today will not become the abandonment of tomorrow.

The armed services seem to have followed a policy of "spend and construct first and study the need later" in many cases.

Mr. Chairman, I would like to illustrate this point with an example from my own State of Massachusetts. As recently as 1973, when the Army was seeking funds for the barracks at Fort Devens, witnesses were citing the $100 million capital investment at Fort Devens as one reason to maintain that installation.

Only 3 years later, the Army announced that it was considering plans to phase out Fort Devens. If these plans are implemented, there will be no active Army troop units in training activities in all of New England.

The shifting of military installations out of the Northeast is troubling on several grounds. First of all is the effect on our military posture. We are constantly told that our Nation's greatest threat is in Northern Europe and that rapid reinforcement of our NATO forces would be essential in an emergency. The training and stationing of troops in the Northeast is essential to maintain our forces in readiness for such a mission.

As cochairman of the New England caucus, I am, of course, also concerned with the economic dislocations caused by the closing of military installations in the Northeast. Such closing, which may offer short-term cost savings to the military units involved, often result in large net losses after taking such things as unemployment benefits and retraining costs into consideration. My concern is that closing of military installations in the Northeast result in severe economic disadvantages without compensatory military or tactical advantages.

Mr. Chairman, I offer such remarks today not simply because I am upset about the possible closing of Fort Devens—which I am—but because this is only one example of the manner in which decisions seem to be made about military construction. I share the concerns of the members of the committee on this matter, and commend their efforts to improve the planning and attention to detail by the armed services in connection with the preparation of the military construction budget.

Mr. SIKES. Mr. Chairman, I have no further requests for time, and I reserve the balance of my time.

Mr. McEWEN. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk proceeded to read the bill.

Mr. SIKES (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida (Mr. Sikes)?

There was no objection.

The CHAIRMAN. Are there any points of order against the language of the bill? The Chair hears none.

AMENDMENT OFFERED BY MR. LONG OF MARYLAND

Mr. LONG of Maryland. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Long of Maryland: On page 9, immediately after line 9, insert the following:
>
> Sec. 111. None of the funds appropriated or otherwise made available under this Act

> shall be obligated or expended in connection with any base realignment or closure activity, until all terms, conditions and requirements of the National Environmental Policy Act have been complied with, with respect to each such activity.

Mr. LONG of Maryland. Mr. Chairman, my amendment is a very simple one. It requires that before taxpayer dollars are spent on construction to accommodate a military realinement, all the facts about the impact of that shift be known.

Briefly, my amendment has five purposes. First, it covers all base closures and realinement activity, regardless of the size of the civilian population at each installation. Second, it insures that local communities will receive a full and fair hearing before, not after, tax dollars have been spent on preparing for a move. Third, it insures that the Secretary of Defense will have the benefit of the thoughts and comments of local citizens before he commits funds or makes his decision. Fourth, it reinforces Congress determination that the National Environmental Policy Act will apply just as fully to military activities as to those of civilian agencies. Fifth, it offers protection against the "whittling away" of the Defense Department, in which a large base suffers small cut after small cut until finally it is shut down on the ground that it is at that point too small to be economical.

In some respects, Federal agencies have been viewing environmental impact statements and other requirements of NEPA as necessary evils, and have used these forums as justifications after the fact of their decisions. This disregard of the law and the intent of Congress should stop, Mr. Chairman. My amendment draws the line with regard to military construction programs.

Moreover, the military services in justifying base closures and moves have too often ignored the requirement spelled out in law that the impact on the "human environment" is to be assessed. They concentrate on fish and wildlife rather than the myriad factors which comprise the quality of human life. Agencies occasionally may acknowledge to some economic considerations—but only if these support their own position.

Time and again, local jurisdictions and local citizens have pointed out the costs of increased welfare caseloads, increased unemployment insurance payments, increased demands for food stamps and medicaid assistance, sharp cuts in local tax revenues, business losses sometimes leading to business failures—which creates more unemployment and greater demand for public services, the human cost of laying off teachers when students depart en mass from the community, the budgetary costs of the maintenance of and bonded indebtedness for public schools which are left empty, the costs to local taxpayers of public works—such as water and sewer service—built to meet the needs of a town with a much higher number of families and business concerns.

I have mentioned only a few of the costs which usually go unnoticed in so-called environmental impact statements. Citizens who must face these costs have a right to be heard and the Secretary of Defense has an obligation to be cognizant of the exact burden he would be placing on a locality by his decision—before any money is spent to implement that decision.

I urge that my amendment be adopted.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I want to commend the gentleman for the gentleman's consistent and constant efforts. The gentleman has been a member of this subcommittee and a valued member of the committee. I know and appreciate the gentleman's objective with this amendment. The gentleman is trying to assure many Members who have bases in their districts that these installations will not be closed or reduced unnecessarily or the functions of these installations and their employees moved away without full consideration of all the facts. It is entirely reasonable to expect the Department of Defense to comply with the requirements of the National Environmental Policy Act both as to environmental assessments of such relocations and as to hearings and other procedures in connection with environmental impact statements where these are required. Everyone, I think, wants this to happen. All of these matters should be carefully and fully considered by the executive branch.

Frankly, I think the language is redundant. I do not think it adds anything to assure compliance with existing law. The executive branch is presently complying with the law; but I do not oppose the gentleman's amendment. The gentleman has offered it and if the committee sees fit to accept it, I do not intend to oppose it.

Mr. McEWEN. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from New York.

Mr. McEWEN. Mr. Chairman, the minority has no objection to the amendment.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding, and I rise in support of the amendment offered by the gentleman from Maryland (Mr. LONG) to H.R. 14235, the military construction appropriations bill for the fiscal year 1977, prohibiting the expenditure of appropriated funds in connection with the realinement or closure of Federal bases until all the requirements of the National Environmental Policy Act have been met.

In my congressional district, the Defense Department has proposed terminating 150 employees at Stewart Airport, which will have a significant impact on our local economy.

Mr. Chairman, although I supported the amendment offered by the distinguished majority leader (Mr. O'NEILL), I believe that the Long amendment will be more beneficial to our smaller communities in that it prohibits the realinement or closing of all bases, not just those with 500 or more civilian employees, as proposed in the O'Neill amendment, without first conforming to the requirements of the National Environmental Policy Act, necessitating a review of the economic impact of lost jobs.

The closing of a Federal facility can have a devastating impact of lost jobs, a diminution of revenues, and a decrease in the purchasing power of the local community. The realinement or closing of a base affects the economic well-being of the entire community. Before a decision of such magnitude is made, it is vitally important that there be a thorough study of the economic impact that such a relocation or closing would have upon the community.

Accordingly, Mr. Chairman, I urge my colleagues to support the Long amendment in order to prevent the premature realinement or closing of our military bases.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maryland (Mr. LONG).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. YATES

Mr. YATES. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment relates is as follows:)

MILITARY CONSTRUCTION, AIR FORCE

> For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, and facilities for the Air Force as currently authorized in military public works or military construction Acts, and in sections 2673 and 2675 of title 10, United States Code, $777,900,000, to remain available until expended.

The Clerk read as follows:

> Amendment offered by Mr. YATES: On page 2, line 24, strike "$777,900,000," and insert in lieu therein "$340,900,000,".

Mr. YATES. Mr. Chairman, this amendment authorizes $437 million which is earmarked for a program known as the aeropropulsion systems test facility, ASTF. It is a plant facility for testing and developing high performance supersonic jet aircraft engines. For a number of reasons, this facility is ill-conceived, wasteful and completely unnecessary.

In support of my contention, Mr. Chairman, I invite the attention of the Committee to the committee report itself. My good friend, the gentleman from New York (Mr. McEWEN) and I had an interchange a few minutes ago on the need for cost effectiveness in order to test the need and validity of any proposed military facility.

The committee itself, in its report on page 8, concedes that this installation has no valid military necessity. I read from the committee report on page 8:

> The Committee is not convinced that it can be proven that ASTF will be cost effective to the government. In fact, data developed by a detailed economic evaluation of ASTF performed by Analytic Services, Inc., under contract from the Air Force, indicates that, using conservative assumptions, ASTF would not be cost effective to the military.

It only becomes cost effective if U.S. industry is considered. This is a military construction bill. Why should this bill be used to subsidize the construction of a supersonic aircraft?

Mr. McEWEN. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from New York.

Mr. McEWEN. Mr. Chairman, may I say to the gentleman that I firmly believe that there is a need for this when we combine the military and civilian. I would ask the gentleman, let us suppose that this appropriation had been put in the Department of Transportation appropriation. Then, could he not raise the same objection and say that it is not cost effective for our civilian industry to have this sort of a facility? It needs military use.

In other words, this argument could be raised wherever it might be included in a bill.

Mr. YATES. Not necessarily. It could not be raised on the same basis in a Department of Transportation bill because it would then be devoted to a civilian purpose, and it would be proper to be placed in that bill. Being devoted to a civilian purpose, it is not proper in this bill, because the only cost effectiveness for this facility, as the committee says and points out itself, is its cost effectiveness as a civilian facility.

That is sustained by the contractor itself. The Air Force was requested to obtain the careful, studied view of an outside contractor. Let us look at page 467 of the hearings, where the views of the contractor were set forth in the report by GAO. This is what it says:

> A commercial supersonic transport requiring one of the new engine families would, in his opinion, not be financed by the U.S. Government within the next two decades because of increased fuels costs, high fuel consumption per passenger mile and possible environmental limitations.

That, in itself, argues against a possible use even for commercial purposes. Then, the report moves to military purposes, and the contractor says this:

> A new engine family for advanced supersonic military bombers is unlikely because the experience with the B-1 bomber shows high development and procurement costs, development running behind schedule, and the B-1 program may be canceled. The contractor also expressed doubt about developing a follow-on bomber before 1995 because future U.S. strategic policies are not clear and because of a possibility that strategic arms agreements may limit future development of supersonic bombers.

In my interchange with the distinguished gentleman from Florida (Mr. SIKES), I pointed out the place in the hearings where Colonel Hale, representative of the Air Force, admitted that until 1995 there was no possible use for a facility of this kind. Why? Because there would be no need for a follow-on engine to the B-1 until that time.

I continue with the report:

> A new engine family for a large subsonic military transport aircraft with long-range capability is doubtful in the contractor's opinion, because it considered that the requirement would more likely be satisfied by an existing or follow-on engine to those already approaching a 60,000-pounds-rated-thrust capacity.
>
> A new engine family for one of the advanced supersonic fighters was considered unlikely because the contractor concluded that the engine family in current fighters, such as the F-15, would remain in production until the late 1980s and that this would be encouraged by higher costs of acquiring new fighters and operating and maintaining them.
>
> A new engine family for a new commercial freighter with a gross takeoff weight of 1 million pounds was considered unlikely because, in the contractor's opinion, it depends upon DOD to partially fund its acquisition costs.

In other words, Mr. Chairman, the contractor, this independent contractor who was hired by the Air Force for an opinion on the validity of this installation, came out completely against the installation.

The committee itself says that there is no cost effectiveness for this facility for a military purpose.

This is a wasteful facility. There is no military need for it. It should be stricken at this time.

Mr. Chairman, I urge the support of my amendment.

Mr. EVINS of Tennessee. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I had not intended to speak again so soon on the floor following passage of the public works appropriations bill on yesterday, but as I am familiar with the proposed aeropropulsion system test facility project, I feel compelled to support the distinguished chairman of the Committee, Chairman SIKES, of Florida, on this item and to oppose the amendment offered by the gentleman from Illinois (Mr. YATES).

The Arnold Engineering Development Center in Tullahoma, Tenn., has served a useful purpose as an aircraft and aerospace engine test facility over the years.

This center was built following World War II after German wind tunnel equipment was captured and brought to this country. The Air Force located the facility in Tennessee.

The State of Tennessee gave to the U.S. Air Force some 33,000 acres of land on which this facility—the AEDC—is located.

There is ample land available for expansion—the present facilities are becoming outdated—and this new facility is needed to build up our test capability in high-performance, advanced aircraft engines.

This is a vital project—an essential project—and a project that must move forward to completion at the earliest time possible to assure this Nation of a testing capability competitive with the Soviets—right now the Russians are ahead of us in aircraft engine testing facilities and capability.

The Department of Defense and the Committee on Appropriations have been looking at this long and hard. It is needed and justified.

The expansion of this Nation's aerospace testing capability is essential to the national security—essential to the development of high performance, advanced military aircraft with sophisticated engines capable of tremendous speeds under varying conditions.

Planning for this aeropropulsion systems test facility, ASTF, has been in process for 10 years.

This facility is vital to our national defense because it will provide a complete testing facility where tests can be conducted on military aircraft planned for development in decades to come.

This facility holds the key to future aircraft development in the United States.

Our military and civilian leaders are in agreement that this project must be approved and completed at the earliest time possible.

The project is budgeted and recommended by the President. The Joint Chiefs have recommended this project.

The Air Force and NASA officials have testified in favor of this project.

Planning has been completed and the time has come to get this project off the drawing boards and into the construction stage.

My friend, the gentleman from Illinois (Mr. YATES), opposes this project on the basis that this facility will not only be used to test military aircraft engines, but will also be available for civilian aircraft testing.

I must respond that, first and foremost, this facility is designed for military aircraft testing of high performance, advanced military aircraft.

Any commercial aircraft testing is of secondary importance.

Currently, facilities at the Arnold Center are being used periodically for testing aircraft of private industry on a contract and fee basis.

Private industry pays—and has paid for 25 years—a service charge for their research testing.

This charge is based on three things—direct costs—indirect costs—and a rated share of the initial costs of the facility.

This will be the continuing policy.

Yes, private industry may use the facilities for testing—but will pay for testing required and services rendered.

What we are talking about is the next generation of fighter planes—military aircraft.

We are talking about new subsonic and supersonic engines.

We are talking about development of large engines for future military or commercial aircraft.

We may be talking about as many as five categories of new engines.

I joined my friend, the gentleman from Illinois (Mr. YATES) a few years ago in opposing development of the supersonic transport. Now we know the result of that action.

The British and the French have developed the Concorde and flights are now being made on a regular basis into the United States. By that action, we fell behind.

We are lagging behind today in this area of aircraft technology.

The United States must have a test facility to test high performance, advanced aircraft engines at supersonic speeds— both military and civilian.

We need this new facility because these highly sophisticated engines must be ground tested to assure high performance efficiency.

The time has passed when we can depend upon computer simulations and trial and error test flying.

As the committee report points out, these engines must be tested in an environment that will duplicate the environment and the conditions in which they will fly.

We must solve the problems on the ground—not in the air at a cost of additional millions to taxpayers as defects develop after planes are in production and on line.

It costs too many lives to permit high performance, advanced aircraft engines to go into service without adequate and thorough ground testing.

To give you an example—the aircraft engines of the future will be capable of adjustment by computer to variable cycles of flying for different missions—flights at low-level, combat maneuvering, supersonic flights at high levels—and variables between these extremes.

On the issue of full funding versus incremental funding—there have been suggestions made in some quarters that this facility be subjected to incremental funding rather than being fully funded as recommended in the bill we are considering today.

This matter has been thoroughly considered and debated in committee and the decision has been reached that full funding will cost less and provide for a more efficient construction schedule.

Incremental funding—piecemeal funding—would delay the project—provide for cost overruns—and cost the taxpayers more in the long run.

Full funding will permit the Air Force to secure prime contractors who can then secure their subcontractors and proceed with this project on a planned, orderly basis.

Incremental funding in this instance does not make sense—full funding as proposed will save time and money and is needed and most important.

This is a needed project—an important project in the public interest. I strongly urge rejection of the Yates amendment.

The CHAIRMAN. The time of the gentleman from Tennessee (Mr. Evins) has expired.

(By unanimous consent, Mr. Evins of Tennessee was allowed to proceed for 2 additional minutes.)

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, I believe the gentleman from Tennessee (Mr. Evins) was on the floor when I read the report of the contractor showing that there was no military need at all for this facility. Is the gentleman familiar with the report?

Mr. EVINS of Tennessee. Mr. Chairman, I have read the testimony, and I am familiar with the matter. I have been briefed on it for a period of 10 years. It has been a matter of long study. It is cost effective, and as I said in my statement, it is primarily for military aircraft testing. However, civilian aircraft testing can be done there also upon the request of private industry, but they would have to pay for the costs of testing.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, let me say in reply to the comments of the distinguished gentleman from Illinois (Mr. Yates) that I have three pages of references from our hearings which show the essentiality of this facility and they will be placed in the Record at the appropriate time.

Mr. QUILLEN. Mr. Chairman, will the gentleman yield?

Mr. EVINS of Tennessee. I yield to the gentleman from Tennessee.

Mr. QUILLEN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment and in support of the project. It is a very worthwhile project, it is very necessary, and it is very important that we go forward this evening and pass this legislation as it is without adopting the amendment.

Mr. EVINS of Tennessee. Mr. Chairman, I thank my friend, the gentleman from Tennessee.

Mr. ICHORD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by my good friend, the distinguished gentleman from Illinois (Mr. Yates).

I think that I should state for the Members of the House that I personally consider this to be one of the most ill-advised amendments that could be offered. It is an amendment which could strike a greater blow to the defense of America in the future than any amendment we will have presented against any of the military appropriation bills this year.

If we do not go forward with this program, I feel very strongly that we will lose our position in the world and will not be able in the future to build fighter planes and bombers to keep up with Russia and the other nations of the world.

This is why I say that: This is a very complex facility. It is one that I had a great deal of question about when it was first presented before the subcommittee that I chair, the Subcommittee on Military Installations and Facilities.

Subsequently, I went down to the district of the gentleman from Tennessee (Mr. Evins) and visited Tullahoma. I received several briefings on this project, and as far as testimony as to the necessity for this program for the defense of America is concerned, I would refer the gentleman from Illinois (Mr. Yates) to about 100 pages of testimony that was taken by the subcommittee.

This is the problem, I would say to the gentleman from Illinois (Mr. Yates), and I fear that he really does not understand the nature of the project.

It is not very easy, I would say to the gentleman from Illinois, to build an airplane or build an engine that will function at maximum efficiency all the way from sea level up to the upper limits of flight. We can build one at sea level very easily. We can build one that will function with maximum efficiency at 30,000 feet, but to build one that will function at maximum efficiency from sea level all the way up to the upper limits of flight is an extremely difficult matter.

This is why we need this facility, to simulate air flow conditions, to simulate air pressure conditions, to simulate temperature conditions, to simulate angle of attack conditions that the plane will be in all the way from sea level up to the upper limits of flight. It is also a safety measure, I would say to the gentleman from Illinois Mr. Yates). It is very dangerous to have to use a test pilot for testing these engines in actual flight when it can be done more cheaply and safely in this facility.

In fact, I would state to the gentleman from Illinois that if we are able to build this facility, we can save the cost of $437 million in the development of even one major aircraft engine. We will also be able to save fuel by building this facility. If we can develop engines in this facility that will reduce fuel consumption only 5 percent we can save enough fuel in 100 transport planes over a 10-year period to completely amortize this facility.

Mr. Chairman, the Russians have such a facility. The English have something pretty similar to it. We do not have it. If we are going to keep up, we have to build this facility.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, I am impressed by the gentleman's presentation, but may I refer the gentleman to the committee report of our Committee on Appropriations. I will confess that I did not read the hearings of the gentleman's subcommittee on the facility.

Mr. ICHORD. I wish the gentleman had. I think he would now have a different opinion.

Mr. YATES. Being on the Committee on Appropriations, I read the hearings of the Committee on Appropriations on this subject.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. Ichord) has expired.

(On request of Mr. Yates and by unanimous consent, Mr. Ichord was allowed to proceed for 1 additional minute.)

Mr. ICHORD. Did the gentleman read Dr. Stever's report?

Mr. YATES. If the gentleman will yield further, I want to point out to the gentleman what the report of the committee said on this subject.

I read from page 8 of the committee's report.

Mr. ICHORD. What committee?

Mr. YATES. This committee. I read from the report as follows:

> Several witnesses claimed that there were five categories of new engines for which ASTF's capabilities would be required by 1991, but the Committee is somewhat skeptical of these claims. However, there is a strong likelihood of additional types of engines for which ASTF's test capabilities will be necessary in addition to the two discussed above.

Then it goes on to say as follows:

> The Committee is not convinced that it can be proven that ASTF will be cost effective to the government.

Mr. ICHORD. Let me say to the gentleman that Dr. Stever's testimony before the subcommittee that I happen to chair would very likely change the gentleman's mind since that testimony would answer most of the gentleman's questions.

Mr. SIKES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, as I stated earlier today, the committee is quite concerned about the cost of the Arnold Engineering Development Center, but its importance outweighed all other considerations. We consulted with GAO, NASA, the National Science Foundation, the major producers of aircraft engines in our country, and the top experts in our own Department of Defense. There is general opinion that there is a need for and a virtual certainty of the development of new, more sophisticated, larger aircraft engines in the years ahead. Without the proposed center, there will be no facility in which to adequately test those engines. We cannot afford to stand still.

The Air Force obviously must have the capability to test advanced engines and to test advanced aircraft. The commercial aviation industry is equally concerned with staying abreast of advanced aircraft development worldwide. The Concorde is one illustration of new development in aircraft. But we and other countries also are developing new aircraft and new engines, both in the subsonic and the sonic fields. The United States has consistently been a leader in aircraft development. This provides one of our most important economic advantages. Without the new test center, the United States will fall steadily behind in worldwide competition in both military and commercial aircraft.

The National Science Foundation stated that appreciable improvements in propulsion efficiencies are possible, and that the present fuel crisis and increasing concern for the level of performance achieved by foreign military aircraft has generated increased interest in improving U.S. aircraft technology. This appears in our hearings on pages 568 and 570.

Dr. Currie, Director of Defense Research and Engineering, has stated that we are entering a whole new regime of maneuverability and thrust-to-weight performance. This appears on page 425 of our hearings.

Representatives of private industry stated that they foresee an expanded need for larger engines for both commercial and military applications. This is on pages 531 and 533 of the hearings.

The President's Science Adviser stated we will need more efficient and more powerful engines in the future to retain military air superiority. This is found on page 553 of the hearings.

Industry and NASA witnesses anticipate much larger engines for the large transport planes of the future than the present jumbo jet engines. This is found on pages 531, 533, 536, and 546 of the hearings.

There are numerous other references.

There is general agreement that greatly expanded test capability is required if we are to avoid in the future the types of serious and costly problems that already have been encountered in aircraft propulsion systems. This is found in the hearings on pages 499, 520, 521, and 530.

Problems in current aircraft programs can be traced directly to insufficient capability to test the aircraft propulsion system under well controlled conditions in altitude simulation facilities. The Arnold Test Center is intended to provide that capability. This is shown in our hearings on pages 417, 539, 544, 545, and 576.

GAO has taken a hard look at this area. There is a definite question about cost effectiveness if we consider only military requirements. I cannot tell you there will be a favorable amortization schedule. I can tell you that without this facility we will have inferior aircraft. When you consider the necessity for aircraft equal to or superior to enemy aircraft, you do not look at costs. The second-best airplane is an invitation to suicide in warfare.

The new engine families are expected to be developed over the time frame from 1983 to 1995. This center will be ready for use at that period. One cost-effectiveness study projected only one new fighter engine family and one transport engine family. In contrast, the Air Force projects five major engine developments during the period specified. NASA postulates four major engine developments for both military and civilian applications. In addition, NASA foresees the development and eventual testing in the Arnold Center of future generations of fuel-conservative engines for commercial and military use.

The witnesses before the subcommittee were virtually unanimous in agreeing that current test facilities are inadequate to meet either present or future test needs for military and large civilian aircraft. They also agree that present facilities cannot be economically modified to provide needed test capability. This problem has been studied and restudied for 8 years. The witnesses say that the facilities we have can no longer do the job.

The aircraft industry is one of the most important that we have. World competition is steadily increasing. In Europe there is renewed stimulus in the development of both fighter and commercial aircraft.

It is always difficult for us to pinpoint Russian capability in any new fields of technology. However, the facility which we know they have is much larger than the facility we have at Arnold. We know their great capabilities for the development of new weapons. We have to assume that they, at the least, are not falling behind. If the facility which we can see on the ground is fully utilized, they have the equivalent and possibly more than the equivalent, of what we propose to build at Arnold.

I repeat—for 8 years this problem has been before us. I do not think Congress wants to be responsible for costing the Nation additional time and additional progress in this very important field.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. YATES).

The amendment was rejected.

AMENDMENT OFFERED BY MR. MILLER OF OHIO

Mr. MILLER of Ohio. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. MILLER of Ohio: On page 9, after line 9, add the following paragraph:
>
> SEC. 111. Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, that of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum.

Mr. MILLER of Ohio. Mr. Chairman, I do not intend to take the full 5 minutes because today this amendment was offered to the previous bill.

The amendment states that of the total budget authority provided in this act for payments not required by law—and I want to make that very clear—not required by law, 5 percent shall be withheld from obligation and expenditure: Provided, that of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed 10 percent.

This means that no line item would be reduced more than 10 percent. That means the facilities that were discussed a few moments ago would not be stopped because they could not be reduced by more than 10 percent.

I would like to convey one message, and that is that we seem to be working toward the congressional budget target for fiscal year 1977, but it will require approximately $50 billion to be borrowed in order to pay the bills. But under that particular budget, each household will have a cost of $5,533. I feel that we can reduce the amount in all of the bills that will be coming before us. I believe there should not be sacred cows. I feel that it is possible to do this reduction of 5 percent and still stay strong in America because under this bill we are talking about military construction.

I request that the amendment be approved.

Mr. SIKES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I shall not use the full 5 minutes. I would like to say that if it is the purpoes of the gentleman's amendment to achieve a 5 percent cut in military construction obligations, this already has been done by the committee; we have cut the bill 5 percent, in the best manner that we could.

The bill started with a low budget. This was $118 million below the amount approved last year and this despite an increase of approximately 9 percent in construction costs during the year. Our bill is about $292 million below last year's allowance. This in itself is a reduction of more than 8 percent for last year.

This amendment would cut the bill another $165 million. It would mean a total cut of 13 percent in the bill.

If the object of the proposed cut is to anticipate cost savings, then we have already anticipated those and done just that. We have reduced the Services' requests by $51 million to anticipate what we believe will be future cost savings.

If the gentleman from Ohio is worried that construction by the military may be too lavish, I would refer the gentleman to the cost limits on barracks and family housing and the other construction which have been set very carefully by the Committee on Armed Services. This year I can assure the gentleman from Ohio that there are no frills. There is not a tighter budget or a tighter bill than the one we have brought to the floor of this House.

I can tell the Members what the amendment would do, it would delay construction projects which the military needs. It would reduce employment in the construction industry and it would further aggravate a serious problem of maintenance of facilities on military installations.

I sincerely trust that the amendment will be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. MILLER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. MILLER of Ohio. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 391]

Aspin
Badillo
Bell
Boland
Bolling
Brown, Calif.
Chisholm
Conlan
Conyers
Coughlin
Daniels, N.J.
Dent
Diggs
Downing, Va.
Drinan
du Pont
Esch
Fish
Florio
Ford, Mich.
Harsha
Hawkins
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Jones, N.C.
Karth
Kemp
Landrum
Litton
McDade
McFall
Meyner
Milford
Mills
Mink
Moorhead, Pa.
Murphy, N.Y.
O'Hara
Peyser
Rees
Riegle
Risenhoover
Roberts
Ryan
Santini
Scheuer
Schneebeli
Sisk
Skubitz
Solarz
Stanton, James V.
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Sullivan
Taylor, N.C.
Udall
Vanik
Waggonner
Waxman
Whitten
Wiggins
Wilson, Bob
Wright
Young, Tex.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. NEDZI, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14235, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 361 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Ohio (Mr. MILLER) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 151, noes 232, not voting 48, as follows:

[Roll No. 392]

AYES—151

Abdnor
Abzug
Ambro
Anderson, Calif.
Andrews, N.C.
Archer
Armstrong
Ashbrook
AuCoin
Baucus
Bedell
Bergland
Bingham
Blanchard
Blouin
Brademas
Brodhead
Broomfield
Broyhill
Burke, Calif.
Burke, Fla.
Burton, John
Burton, Phillip
Carr
Clancy
Clausen, Don H.
Clawson, Del
Clay
Collins, Ill.
Collins, Tex.
Conable
Conyers
Coughlin
Crane
Dellums
Devine
Dodd
Drinan
Eckhardt
Edgar
Edwards, Calif.
English
Erlenborn
Eshleman
Evans, Ind.
Fenwick
Fithian
Ford, Tenn.
Fountain
Fraser
Frenzel
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hamilton
Hammerschmidt
Harkin
Harrington
Harsha
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Henderson
Holtzman
Hutchinson
Hyde
Jacobs
Johnson, Colo.
Kasten
Kastenmeier
Kemp
Ketchum
Kindness
Koch
Latta
Lehman
Lent
Levitas
Lujan
McCormack
Madden
Maguire
Martin
Meeds
Metcalfe
Meyner
Mezvinsky
Miller, Ohio
Mitchell, Md.
Moffett
Mosher
Mottl
Myers, Ind.
Myers, Pa.
Neal
Nolan
Nowak
Oberstar
Ottinger
Pattison, N.Y.
Paul
Pettis
Pike
Pressler
Pritchard
Rangel
Reuss
Richmond
Rinaldo
Risenhoover
Rodino
Rogers
Rosenthal
Roush
Rousselot
Roybal
Runnels
Russo
Ryan
Santini
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shriver
Shuster
Simon
Skubitz
Snyder
Spellman
Stark
Steelman
Steiger, Wis.
Stokes
Thone
Vander Jagt
Vigorito
Wampler
Weaver
Winn
Wolff
Wydler
Wylie
Yates
Young, Fla.
Young, Ga.

NOES—232

Adams
Addabbo
Alexander
Allen
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Ashley
Bafalis
Baldus
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bevill
Biaggi
Biester
Boggs
Boland
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Cederberg
Chappell
Cleveland
Cochran
Cohen
Conte
Corman
Cornell
Cotter
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Derwinski
Dickinson
Diggs
Dingell
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
Early
Edwards, Ala.
Eilberg
Emery
Evans, Colo.
Evins, Tenn.
Fary
Findley
Fish
Fisher
Flood
Florio
Flowers
Flynt
Foley
Forsythe
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Green
Gude
Haley
Hall
Hanley
Hannaford
Hansen
Harris
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kazen
Kelly
Keys
Krebs
Krueger
LaFalce
Lagomarsino
Leggett
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McClory
McCloskey
McCollister
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madigan
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Melcher
Michel
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Nedzi
Nichols
Nix
Obey
O'Brien
O'Neill
Passman
Patten, N.J.
Patterson, Calif.
Pepper
Perkins
Pickle
Poage
Preyer
Price
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Robinson
Roe
Roncalio
Rooney
Rose
Rostenkowski
Ruppe
St Germain
Sarasin
Sarbanes
Satterfield
Sikes
Slack
Smith, Iowa
Smith, Nebr.
Shipley
Spence
Staggers
Stanton, J. William
Steed
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Teague
Thompson
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Waggonner
Walsh
Whalen
White
Whitehurst
Wiggins
Wilson, C. H.
Wilson, Tex.
Yatron
Young, Alaska
Zablocki
Zeferetti

NOT VOTING—48

Aspin
Badillo
Bell
Bolling
Brown, Calif.
Chisholm
Conlan
Daniels, N.J.
du Pont
Esch
Fascell
Ford, Mich.
Hawkins
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Karth
Landrum
Litton
McFall
Milford
Mills
Mink
Moorhead, Pa.
O'Hara
Peyser
Rees
Riegle
Roberts
Schneebeli
Sisk
Solarz
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Taylor, N.C.
Udall
Vanik
Waxman
Whitten
Wilson, Bob
Wirth
Wright
Young, Tex.

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Mr. Bell.
Mr. Badillo with Mr. O'Hara.
Mr. Hébert with Mr. Bob Wilson.
Mrs. Chisholm with Mr. Hays of Ohio.
Mr. Moorhead of Pennsylvania with Mr. Karth.
Mr. Waxman with Mr. Steiger of Arizona.
Mr. Helstoski with Mr. Esch.
Mr. Wright with Mr. Schneebeli.
Mr. Stuckey with Mr. Heinz.
Mr. Litton with Mr. Mills.
Mr. Milford with Mr. Vanik.
Mrs. Mink with Mr. Peyser.
Mr. Brown of California with Mr. Conlan.
Mr. Fascell with Mr. du Pont.
Mr. Ford of Michigan with Mr. Landrum.
Mr. Hawkins with Mr. Rees.
Mr. McFall with Mr. Riegle.
Mr. Roberts with Mr. James V. Stanton.
Mr. Sisk with Mr. Udall.
Mr. Wirth with Mr. Whitten.
Mr. Taylor of North Carolina with Mr. Stephens.
Mr. Solarz with Mr. Howe.

Messrs. CONYERS, RODINO, MITCHELL of Maryland, and RINALDO changed their vote from "no" to "aye."

Mr. DUNCAN of Tennessee changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. **SIKES**. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. Nedzi, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14235) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The **SPEAKER**. Without objection, the previous question is ordered.

There was no objection.

The **SPEAKER**. The question is on the amendment.

The amendment was agreed to.

The **SPEAKER**. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The **SPEAKER**. The question is on the passage of the bill.

Mr. **SYMMS**. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 361, nays 22, not voting 48, as follows:

[Roll No. 393]

YEAS—361

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harris
Harsha
Hayes, Ind.
Heckler, Mass.
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McHugh
McKay
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Montgomery
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Reuss
Rhodes
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Steed
Steelman
Steiger, Wis.
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Zablocki
Zeferetti

NAYS—22

Abzug
AuCoin
Bedell
Conyers
Dellums
Edwards, Calif.
Harrington
Hechler, W. Va.
Holtzman
Kastenmeier
Maguire
Miller, Ohio
Mitchell, Md.
Nolan
Rangel
Richmond
Ryan
Scheuer
Stark
Stokes
Weaver
Young, Ga.

NOT VOTING—48

Aspin
Badillo
Bell
Bolling
Brown, Calif.
Chisholm
Conlan
Daniels, N.J.
du Pont
Esch
Ford, Mich.
Hawkins
Hays, Ohio
Hébert
Heinz
Helstoski
Hinshaw
Howe
Karth
Landrum
Litton
McFall
Milford
Mills
Mink
Mollohan
Moorhead, Pa.
O'Hara
Peyser
Rees
Riegle
Roberts
Schneebeli
Sisk
Solarz
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Taylor, N.C.
Udall
Vanik
Waxman
Whitten
Wilson, Bob
Wirth
Wright
Young, Tex.

The Clerk announced the following pairs:

Mr. Dominick V. Daniels with Mr. Bell.

Mr. Badillo with Mr. Bob Wilson.

Mr. Hébert with Mr. Hays of Ohio.

Mrs. Chisholm with Mr. Karth.

Mr. Moorhead of Pennsylvania with Mr. Steiger of Arizona.

Mr. Waxman with Mr. Esch.

Mr. Helstoski with Mr. Schneebeli.

Mr. Wright with Mr. Heinz.

Mr. Stuckey with Mr. Mills.

Mr. Litton with Mr. Vanik.

Mr. Milford with Mr. Peyser.

Mrs. Mink with Mr. Conlan.

Mr. Ford of Michigan with Mr. du Pont.

Mr. Hawkins with Mr. Landrum.

Mr. Roberts with Mr. Riegle.

Mr. Sisk with Mr. James V. Stanton.

Mr. Wirth with Mr. Udall.

Mr. Aspin with Mr. Stephens.

Mr. McFall with Mr. Brown of California.

Mr. Mollohan with Mr. O'Hara.

Mr. Solarz with Mr. Rees.

Mr. Whitten with Mr. Taylor of North Carolina.

Mr. Howe with Mr. Young of Texas.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. **SIKES**. Mr. Speaker, I ask unanimous consent that all Members speaking on the bill just passed may have 5 legislative days in which to revise and extend their remarks, and that I may revise and extend my remarks on the bill just passed, and include extraneous matter and tabulations.

The **SPEAKER**. Is there objection to the request of the gentleman from Florida?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON MONOPOLIES AND COMMERCIAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT TOMORROW FROM 10 O'CLOCK TO 12 O'CLOCK NOON DURING THE 5-MINUTE RULE

Mr. **McHUGH**. Mr. Speaker, I ask unanimous consent that the Subcommittee on Monopolies and Commercial Law of the Committee on the Judiciary may meet during the 5-minute rule tomorrow.

The **SPEAKER**. Is there objection to the request of the gentleman from New York?

Mr. **ROUSSELOT**. Mr. Speaker, reserving the right to object, is this a unanimous consent request to meet from 10 o'clock to 12 o'clock noon?

Mr. **McHUGH**. This is a unanimous consent request for the Subcommittee on Monopolies and Commercial Law to meet during the 5-minute rule tomorrow from 10 o'clock a.m. to 12 o'clock noon, yes.

Mr. **ROUSSELOT**. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER**. Is there objection to

the request of the gentleman from New York?

There was no objection.

TO AUTHORIZE APPROPRIATIONS TO IMPLEMENT AGREEMENT BETWEEN UNITED STATES AND TURKEY PURSUANT TO ARTICLE III OF NORTH ATLANTIC TREATY MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. No. 94-531)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on International Relations and ordered to be printed:

To the Congress of the United States:

I am hereby requesting that Congress approve and authorize appropriations to implement the Agreement Between the Governments of the United States of America and of the Republic of Turkey Relative to Defense Cooperation Pursuant to Article III of the North Atlantic Treaty in Order to Resist Armed Attack in the North Atlantic Treaty Area, signed in Washington, March 26, 1976, and a related exchange of notes. Accordingly, I am transmitting herewith draft legislation in the form of a Joint Resolution of the Congress for this purpose.

The United States and Turkey have long enjoyed a close mutual security relationship under the North Atlantic Treaty, as well as bilateral cooperation in accordance with Article II of that Treaty. The new Agreement, like its predecessor, the Defense Cooperation Agreement of 1969 which this Agreement would supersede, implements the Treaty. It has been signed as an executive agreement. The Agreement was negotiated with the understanding that it would be subject to Congressional approval and expressly provides that it shall not enter into force until the parties exchange notes indicating approval of the Agreement in accordance with their respective legal procedures. Full Congressional endorsement of this Agreement will give new strength and stability to continuing U.S.-Turkish security cooperation which has served as a vital buttress on NATO's southeast flank for more than two decades.

The new Agreement is consistent with, but not identical to, the preceding Defense Cooperation Agreement of 1969. Founded on mutual rspect for the sovereignty of the parties, the Agreement (Articles II and III) authorizes U.S. participation in defense measures related to the parties' obligations arising out of the North Atlantic Treaty. It is understood that when the Agreement enters into force pursuant to Article XXI, activities will resume which were suspended by the Government of Turkey in July 1975, when the Turkish Government requested negotiation of a new defense cooperation agreement.

The Agreement provides a mutually acceptable framework for this important security cooperation. The installations authorized by the Agreement will be Turkish Armed Forces installations under Turkish command (Articles IV and V). Article V clearly provides for U.S. command and control authority over all U.S. armed forces personnel, other members of the U.S. national element at each installation, and U.S. equipment and support facilities.

The installations shall be operated jointly. In order to facilitate this objective, the United States is committed to a program of technical training of Turkish personnel.

Other provisions of the Agreement deal with traditional operational and administrative matters, including: operation and maintenance of the installations; ceilings on levels of U.S. personnel and equipment; import, export and in-country supply procedures; status of forces and property questions.

Article XIX specifies the amounts of defense support which the United States plans to provide Turkey during the first four years the Agreement remains in force. We have provided such support to this important NATO ally for many years to help Turkey meet its heavy NATO obligations. The Article provides that during the first four years the Agreement remains in force, the United States will furnish $1,000,000,000 in grants, credits and loan guaranties, to be distributed equally over these four years in accordance with annual plans to be developed by the Governments. It further provides that during the first year of the defense support program, $75 million in grants will be made available, with a total of not less than $200 million in grants to be provided over the four-year life of the program. The Article also sets forth our preparedness to make cash sales to Turkey of defense articles and services over the life of the Agreement.

The related exchange of notes details defense articles we are prepared to sell to the Republic of Turkey at prices consistent with U.S. law. It further provides for Turkish access to the U.S. Defense Communications Satellite System, and for bilateral consultations regarding cooperation in modernizing Turkish defense communications.

The defense support specified in Article XIX and in the related exchange of notes will be provided in accordance with contractual obligations existing and to be entered into by the Governments, and with the general practices applicable to all other recipient countries. The accompanying draft legislation accordingly provides that the generally applicable provisions of our foreign assistance and military sales Acts will govern this defense support, anl that it will be exempted from the provisions of section 620(x) of the Foreign Assistance Act as amended. The draft legislation further provides that it fulfills the requirements of section 36(b) of the Foreign Military Sales Act as amended and section 7307 of Title 10 of the United States Code with respect to the transfer of material pursuant to the related exchange of notes.

The Agreement wil have a duration of four years, and will be extended for subsequent four-year periods in the absence of notice of termination by one of the parties. As the four-year defense support program comes to an end, the Agreement provides for consultation on the development of a future program as required in accordance with the respective legal procedures of the two Governments. Article XXI stipulates the procedures under which the Agreement can be terminated by either party, and provides for a one-year period following termination during which the Agreement will be considered to remain in force for the purposes of an orderly withdrawal.

This Agreement restores a bilateral relationship that has been important to Western security for more than two decades. I believe it will promote U.S. interests and objectives on the vital southeastern flank of NATO and provide a framework for bilateral cooperation designed solely to reinforce NATO and our common security concerns. To the extent that the Agreement restores trust and confidence between the United States and Turkey, it also enhances the prospects for a constructive dialogue on other regional problems of mutual concern.

I therefore request that the Congress give this Agreement and the accompanying draft legislation prompt and favorable consideration, and approve its entry into force and authorize the appropriation of the funds necessary for its execution.

GERALD R. FORD.

THE WHITE HOUSE, *June 16, 1976.*

BILL PLACING MINORITY BUSINESS EFFORT ON PERMANENT BASIS INTRODUCED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. STEELMAN) is recognized for 5 minutes.

Mr. STEELMAN. Mr. Speaker, I have introduced a bill today which places the minority business effort on a permanent statutory basis. This effort was begun in 1969 under Executive Order 11458 and strengthened and expanded in 1971 under Executive Order 11625.

The opportunity for full participation in our free enterprise system by socially and economically disadvantaged persons is essential if we are to attain maximum social and economic justice. Millions of minority Americans have not been afforded a decent opportunity to participate in our free enterprise system, which is costly not only in dollars but also in human terms. The private enterprise system must be preserved and strengthened, and this calls for a national strategy to insure significant minority development and expanded ownership.

This bill provides for the establishment of a Minority Business Development and Assistance Administration in the Department of Commerce to carry out and expand the functions of the Secretary of Commerce now being exercised through the Office of Minority Business Enterprise. The Administration is under the direction of a new Assistant Secretary for Minority Business Development and Assistance. The Assistant Secretary will assist or conduct demonstration projects, develop a national strategy to insure significant minority business development, provide technical and management assistance to businesses owned by disadvantaged Americans, and coordinate the resources and participation of all governmental departments and agencies in an increased minority enterprise effort. The Assistant Secretary will also conduct a review of all Federal activities with respect to minority enterprise.

This review will be the basis for a Presidential reorganization plan for the transferring to the Secretary of Commerce of any separable activity of any agency of the United States which relates primarily to the development of or assistance to minority business enterprises. Presently, there are over 17 different agencies of the Federal Government that administer these programs. Each agency operates virtually independent of the others. The result is a diffused and inefficient effort to assist the minority business community.

Congressional sanction of a minority enterprise program, with public recognition of the need for minority participation in economic growth, will substantially bolster the private sector role in aiding new and disadvantaged businesses. The importance of this bill is further underscored by its emphasis on the hard core of the Nation's unemployed, since minority group citizens and, in particular, minority group teenagers suffer the highest unemployment rate. I hope this important legislation will receive expeditious consideration.

H.R. —

A bill to establish a Minority Business Development and Assistance Administration in the Department of Commerce for the purpose of improving Federal assistance to minority business enterprises, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Minority Business Development and Expanded Ownership Act of 1976".

FINDINGS

SEC. 2. The Congress hereby finds and declares:

(1) Socially and economically disadvantaged individuals must have an opportunity to fully participate in our free enterprise system in order that they may obtain social and economic justice and improve the functioning of our economy. All Americans operate under one private enterprise system, and all Americans should have the basic right to participate equally in that system.

(2) Many Americans are prevented from developing their fullest potential. This unutilized potential is costly, both in terms of economic cost and human cost. The Nation can no longer afford this waste. The private enterprise system will be preserved and strengthened by allowing all individuals an opportunity to freely and fully participate in that system.

(3) The United States must have a national strategy to assure significant minority development and expanded ownership. This Act is designed to promote such a strategy by placing all Federal programs in support of minority business enterprise under a new Assistant Secretary of Commerce and by authorizing this new Assistant Secretary to provide improved assistance to minority business enterprise, including to assist in projects demonstrating methods for minority business enterprise development and to provide technical and management assistance to such enterprises.

DEFINITIONS

SEC. 3. For purposes of this Act the term—

(1) "Administration" means the Minority Business Development and Assistance Administration established by section 4 of this Act;

(2) "Assistant Secretary" means the Assistant Secretary of Commerce for Minority Business Development and Assistance to be appointed pursuant to section 4 of this Act;

(3) "minority business enterprise" means a business enterprise that is owned or controlled by any socially or economically disadvantaged individual; such disadvantage may arise from cultural, racial, chronic economic, or other similar circumstances; such individual includes a Negro, Puerto Rican, Spanish-speaking American, Asian American, American Indian, Eskimo, and Aleut;

(4) "Secretary" means the Secretary of Commerce; and

(5) "State" means any State, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

ESTABLISHMENT OF THE MINORITY BUSINESS DEVEOPMENT AND ASSISTANCE ADMINISTRATION

SEC. 4. (a)(1) There shall be in the Department of Commerce, in addition to the Assistant Secretaries now provided by law, one additional Assistant Secretary of Commerce, to be known as the Assistant Secretary of Commerce for Minority Business Development and Assistance, who shall be appointed by the President by and with the advice and consent of the Senate. The Assistant Secretary shall receive compensation at the rate prescribed by law for Assistant Secretaries of Commerce, and shall perform (in addition to the duties prescribed by this Act) such duties as the Secretary shall prescribe.

(2) The Assistant Secretary may issue such rules as may be necessary to carry out the purposes of this Act.

(3) Paragraph (12) of section 5315, title 5, United States Code, is amended to read as follows:

"(12) Assistant Secretaries of Commerce (8)."

(b) There shall be in the Department of Commerce the Minority Business Development and Assistance Administration which shall be under the direction of the Assistant Secretary. The Assistant Secretary shall—

(1) establish goals for activities of agencies of the United States which may affect the establishment, preservation, and strengthening of minority business enterprises, and evaluate the compliance of such agencies with such goals;

(2) promote the mobilization of activities and resources of State and local governments and of other public and private groups toward the growth of minority business enterprises, and facilitate the coordination of such activities and resources with the activities and resources of agencies of the United States;

(3) establish a center for the development, collection, and dissemination of information that will promote the establishment and successful operation of minority business enterprises;

(4) review all proposed training and technical assistance activities with respect to minority business enterprises conducted by agencies of the United States in order to attain consistency and eliminate duplication in such activities;

(5) convene meetings of personnel from agencies of the United States the programs and activities of which may affect the furtherance of the purposes of this Act;

(6) convene meetings of business leaders, educators, and other individuals in order to propose, evaluate, and coordinate public and private activities in furtherance of the purposes of this Act; and

(7) design methods for locating individuals who may participate in the ownership of minority business enterprises and for educating such individuals in various forms of such ownership.

TECHNICAL AND MANAGEMENT ASSISTANCE

SEC. 5. The Assistant Secretary may make grants to and enter into contracts with any person (including any agency of the United States or of any State or political subdivision of any State) for purposes of—

(1) providing management and technical assistance to minority business enterprise, including—

(A) planning and research assistance, including feasibility studies and market research;

(B) identifying and developing new business opportunities; and

(C) providing services useful to minority business enterprises, including business counseling, management training, and legal services, with emphasis on—

(i) the development of such services using the resources of the business and academic communities, and

(ii) the provision of such services in sufficient scope and duration to develop entrepreneurial and managerial self-sufficiency; and

(2) developing community support for minority business enterprises by—

(A) establishing and strengthening business service agencies, including trade or professional associations and cooperatives;

(B) encouraging the placement of contracts and subcontracts with minority business enterprises, including providing incentives and other assistance to persons which assist in the training of minority business entrepreneurs;

(C) furnishing economic feasibility information and other services to financial organizations in connection with applications for financial assistance submitted by a minority business enterprise or in connection with the creation of such enterprises;

(D) conducting pilot or demonstration projects designed to overcome the special problems of minority business enterprises or otherwise to further the purposes of this Act; and

(E) providing tuition and other assistance to any socially or economically disadvantaged individual (as described in section 3 (3) of this Act) for the development of skills relating to any aspect of business management.

TRANSFER OF FUNCTIONS

SEC. 6. (a) There are hereby transferred to and vested in the Assistant Secretary all functions, powers, and duties of the Secretary and other officers and offices of the Department of Commerce (including the Office of Minority Business Enterprise) pursuant to Executive Order No. 11625, dated October 13, 1971.

(b) The personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available or to be made available, of the Department of Commerce (which are related to the area of assistance to minority business enterprises) are transferred from the Secretary and the Office of Minority Business Enterprise (to the extent assigned by the Secretary to the Office of Minority Business Enterprise) to the Assistant Secretary.

(c) In any case where all of the functions, powers, and duties of any office are transferred pursuant to this Act, such office shall lapse on the date such transfer is effective.

RESPONSIBILITIES OF AGENCIES OF THE UNITED STATES

SEC. 7. (a) Upon request of the Secretary, each agency of the United States shall furnish information and assistance to the Assistant Secretary for carrying out the purposes of this Act, including an evaluation of such agency's compliance with goals published by the Administration for the activities of such agency which may affect the establishment, preservation, and strengthening of minority business enterprises.

(b) Upon request of the Secretary, the head of each agency of the United States shall assign to an Under Secretary or other individual of similar authority in such agency primary responsibility for the participation of such agency in matters concerning minority business enterprise. Upon request of the Secretary, such individual shall inform the Assistant Secretary of the policies and activities of such agency affecting minority business enterprise, including any proposed budget, plan, or program with respect to such policies and activities.

ADMINISTRATION INDEPENDENCE

SEC. 8. (a) Whenever the Administration transmits any budget estimate, request, or information, or any recommendation, testimony, or comment on any legislation or legislative proposal to the President of the United States or to the Office of Management and Budget, it shall concurrently submit a copy thereof to the Congress.

PAYMENT OF EXPENSES TO ATTEND MEETINGS

SEC. 9. While away from their homes or regular places of business in the actual performance of duties vested in the Administration, individuals requested by the Administration to attend meetings shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703 of title 5 of the United States Code.

REVIEW OF FEDERAL ACTIVITIES WITH RESPECT TO MINORITY BUSINESS ENTERPRISES

SEC. 10. Not more than 120 days after the date of the enactment of this Act, the Secretary shall prepare and submit to the President and each House of Congress a report containing—

(1) the results of a study conducted by the Secretary of all activities of the United States which relate or should relate primarily to the development of or assistance to minority business enterprises in furtherance of the purposes of this Act, and

(2) any recommendation for improving the assistance such activities provide to minority business enterprises.

REORGANIZATION PLAN

SEC. 11. Not more than 180 days after the date of the enactment of this Act, the President shall submit to each House of Congress a reorganization plan (in accordance with sections 906 through 913 of title 5, United States Code), for transferring to the Secretary any separable activity of any agency of the United States which the Secretary has determined relates primarily to the development of or assistance to minority business enterprises.

ANNUAL REPORTS

SEC. 12. Within 15 months after the effective date of this Act, and at one-year intervals thereafter, the Assistant Secretary shall submit to the President and each House of Congress a report concerning his activities.

SAVING PROVISIONS

SEC. 13. (a) All orders, determinations, rules, regulations, permits, contracts, certificates, licenses, and privileges—

(1) which have been issued, made, granted, or allowed to become effective in the exercise of functions, powers, or duties which are transferred under this Act by (A) any agency, any functions of which are transferred by this Act, or by (B) any court of competent jurisdiction; and

(2) which are in effect at the time this Act takes effect,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or repealed by the Assistant Secretary, by any court of competent jurisdiction, or by operation of law.

(b) The provisions of this Act shall not affect any proceedings pending at the time this section takes effect before any agency or subdivision of such agency, functions of which are transferred by this Act; but such proceedings, to the extent that they relate to functions so transferred, shall be continued before the Administration. Such proceedings, to the extent they do not relate to functions so transferred, shall be continued before the agency before which they were pending at the time of such transfer. In either case, orders shall be issued in such proceedings, appeals shall be taken therefrom, and payments shall be made pursuant to such orders, as if this Act had not been enacted; and orders issued in any such proceedings shall continue in effect until modified, terminated, superseded, or repealed by the Assistant Secretary, by any court of competent jurisdiction, or by operation of law.

(c)(1) Except as provided in paragraph (2)—

(A) the provisions of this Act shall not affect suits commenced prior to the date this section takes effect, and

(B) in all such suits proceedings shall be had, appeals taken and judgments rendered, in the same manner and effect as if this Act had not been enacted

No suit, action, or other proceeding commenced by or against any officer in his official capacity as an officer of any agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. No cause of action by or against any agency, functions of which are transferred by this Act, or by or against any officer thereof in his official capacity shall abate by reason of the enactment of this Act. Causes of actions, suits, actions, or other proceedings may be asserted by or against the United States or such official of the Administration as may be appropriated and, in any litigation pending when this section takes effect, the court may at any time, on its own motion or that of any party, enter an order which will give effect to the provisions of this subsection.

(2) If, before the date on which this Act takes effect, any office, agency, or officer thereof in his official capacity is a party to a suit, and under this Act—

(A) such office or agency is transferred to the Assistant Secretary, or

(B) any function of such office, agency, or officer is transferred to the Assistant Secretary, then such suit shall be continued by the Assistant Secretary (except in the case of a suit not involving functions transferred to the Assistant Secretary, in which case the suit shall be continued by the office, agency, or officer which was a party to the suit prior to the effective date of this Act).

(d) With respect to any function, power, or duty transferred by this Act and exercised after the effective date of this Act, reference in any other Federal law to any department or agency, officer or office so transferred or functions of which are so transferred shall be deemed to mean the officer or agency in which this Act vests such function after such transfer.

EFFECTIVE DATE

SEC. 13. This Act shall take effect on October 1, 1977.

SECRETARY SIMON'S DECISION COULD HAVE PROFOUND IMPACT ON COURSE OF FEDERAL-MUNICIPAL RELATIONS

The SPEAKER pro tempóre. Under a previous order of the House, the gentleman from Iowa (Mr. GRASSLEY) is recognized for 10 minutes.

Mr. GRASSLEY. Mr. Speaker, on July 2, the Secretary of the Treasury must make a crucial decision which could have a profound impact on the course of Federal-municipal relations in the United States. The Secretary will have to decide if New York City has complied with conditions set out in by the Secretary and the Emergency Financial Control Board in order to restore fiscal integrity to the city, thereby making New York eligible to receive further Federal loans.

In a letter dated June 9, 52 Members of the House including me wrote Secretary Simon expressing grave concern regarding New York's commitment to resolving the financial crisis it has brought upon itself through years of unsound management and deceptive manipulation of the financial facts of life.

In that letter, we noted that New York's employees receive overinflated fringe benefits and that the city's leaders have yet to make cuts essential to insure their compliance with conditions set forth by the Secretary and the Emergency Financial Control Board. A copy of our letter and the Secretary's reply are herewith submitted for inclusion in the RECORD.

I have just received from Secretary Simon a response to the June 9 letter in which he concurs with virtually all the assertions contained therein. For example, the Secretary notes that New York will receive no more loans unless the city's principal labor contracts "are settled without any net increase in overall compensation costs."

In addition, Mr. Simon has expressed his belief that New York's pension and fringe benefit costs should be reduced by 1 percent before any new labor contract is approved. He adds that, as suggested in our letter, "no provision has been made at this time for retiring outstanding New York City notes now subject to a moratorium on principal payments until the fall of 1978." While the Secretary feels that New York can meet its fiscal year 1976 obligations under the financial plan, there is far less certainty regarding the city's willingness to take those corrective actions necessary to see its way through fiscal year 1977 and 1978.

To conclude my remarks, I hope all of my colleagues will note the last sentence in the second paragraph of Mr. Simon's letter where he remarks:

> In short, unless the criteria set forth in your letter—criteria essential to a finding of a reasonable prospect of repayment—are satisfied, the Federal loan program will be terminated.

THE SECRETARY OF THE TREASURY,
Washington, June 15, 1976.

Hon. CHARLES E. GRASSLEY,
House of Representatives,
Washington, D.C.

DEAR CHUCK: As we reach the point where a decision must be made regarding loans to New York City for fiscal year 1977, it is most helpful to me to have your views regarding the fiscal situation in New York City. Let me state at the outset that I share to a large degree your concern regarding the current Financial Plan and your conviction that a sound and credible plan for fiscal years 1977 and 1978 is required before funds can be advanced for seasonal financing in early July.

In recent weeks, we have reiterated our position that a financial plan satisfactory to us and fully approved by the Emergency Financial Control Board must be in place by late June or no funds will be forthcoming. We have made it equally clear that unless the City's principal labor contracts are settled without any net increase in over-all compensation costs, no funds will be forthcoming. In short, unless the criteria set forth in your letter—criteria essential to a finding of a reasonable prospect of repayment—are satisfied, the Federal loan program will be terminated.

Let me turn now to some of the specific matters raised in your letter. I have been expressing my concern with the level of fringe benefits and the burden they place on New York City's finances for more than a year. Indeed, my first Congressional testimony on New York City—before Congressman Rosenthal's Government Operations Subcommittee—devoted considerable detail to this issue. And my concerns were most recently confirmed by the report of New York City's Temporary Commission on City Finances which urged major reductions in benefits.

The importance of reducing fringe benefits is reflected in the recent wage policy resolution of the Emergency Financial Control Board. That resolution provides, in effect, that contracts will not be approved unless they include procedures for a reduction in pension and fringe benefit costs. I believe the members of the Control Board share my view that such reductions must be substantially in excess of 1 percent.

The Financial Plan does provide for satisfaction of debt service requirements on New York City bonds. However, as you suggest, no provision has been made at this time for retiring outstanding New York City notes now subject to a moratorium on principal payments until the fall of 1978. Approximately one-third of the $1.6 billion of notes subject to the moratorium was converted into long-term Municipal Assistance Corporation bonds in December 1975. A second exchange offer which, if fully successful, could reduce the balance of notes outstanding to approximately $500 million, is currently open. I would expect the remaining balance to be funded in one of two ways: through additional MAC exchange offers prior to the end of the three-year period or, if the Financial Plan succeeds, through an exchange of long-term New York City securities in the fall of 1978.

With respect to New York City's compliance with the Financial Plan, we believe that expenditure reductions in fiscal 1976 will be largely in line with the original financial plan requirements. There is considerably less clarity with respect to the status and feasibility of reductions for fiscal years 1977 and 1978, given, as you note in your letter, the concerns expressed by the Emergency Financial Control Board staff. It is precisely because of such concerns that I have insisted on a revised financial plan, fully approved by the Control Board, prior to the making of any advances in fiscal 1977. Moreover, I will also be requiring prompt submission of a program for 1979.

The New York City Seasonal Financing Act of 1975 was conceived by Congress as part of a "bridge" program to provide New York City with time to implement the fiscal and financial reforms which will enable New York City to regain access to the capital markets. I believe it to be my responsibility to leave my successor with a program consistent with this vital objective. Accordingly, I will do everything within my power to insure that the necessary steps are taken at the State and local level.

I also share your concern about the considerable waste that continues to exist, notwithstanding the good faith efforts of New York City officials to deal with these problems. I have consistently identified—most recently at the Proxmire oversight hearings—the numerous areas which must be addressed: not only fringe benefits, but also the broad range of services which few, if any, other cities provided.

But in dealing with these problems, Congress did not authorize me to dictate local priorities, to take from local officials the responsibility to make choices regarding specific programs. Instead, Congress gave me the discretion, indeed the duty, to terminate the loan program if the entire set of choices made at the local level was inconsistent with the statutory standard of repayment.

While, in the broadest sense, the program Congress has directed me to administer may be viewed as inconsistent with the philosophy of government I know we share, I have attempted to make each of my actions under the program as consistent with that philosophy as possible. Your thoughtful comments, and your continued interest, have been most helpful to me in carrying out that objective.

With best regards,

Sincerely yours,

William E. Simon.

House of Representatives,
Washington, D.C., June 9, 1976.

Dear Mr. Secretary: We are writing to you as the administrator of the New York City Seasonal Financing Act, to express our concern about the New York City Loan program.

We have not supported the New York City loan program; we believe that New York City was responsible for its financial crisis, and hence should be responsible for solving it. Recent developments, we believe, have substantiated our belief, and have raised serious doubts whether the loan program should be allowed to continue.

We were deeply disappointed by the Senate Banking Committee's oversight hearings (in which you participated) on the New York City loan program which revealed the extent and significance of New York City's slippage from it's Financial Plan. It is clear:

1. that the city still offers its employees fringe benefits more generous than those offered by any other governmental units or private industry, and that it plans on reducing those benefits by only one percent;

2. that it will have substantial debt obligations coming due which it is not prepared to repay;

3. that the city has not made and, in some instances, cannot make the expenditure reductions required by its Financial Plan. (This has been confirmed repeatedly by Sidney Schwartz, Deputy Comptroller for New York City: of $340 million planned to be saved by the city in 1977, for example, Mr. Schwartz said the city could not be sure of $240 million.)

We believe that these revelations strongly suggest that New York City's borrowing needs are not simply due to seasonal shortfalls as some have alleged, and that its Financial Plan is unworkable.

We are also disturbed by recent disclosures indicating that other areas of substantial waste still exist in the New York City budget, and that apparently no efforts are being made to correct the situation.

For example:

1. There are 100,000 more children on welfare in New York City than the total number of children the Census Bureau lists for the city, according to a two-year, $200,000 study by the Foundation for Child Development, a private organization. This suggests—of course—that there is welfare fraud of plague proportions in the city. The welfare authorities have been unable to provide an explanation.

2. Although the City University of New York is expected to charge its 270,000 students at least partial tuition, even charging full tuition would still leave the university with a budget shortfall of $48 million.

3. New York City has far more hospitals than it needs. Several studies have revealed that even if the city closed down half of its municipal hospitals, it would still have more hospital beds per capita than Chicago. Another indication that there are too many municipal hospitals: the Health Systems Agency, a Federal audit unit, has reported that at least 30 private and proprietary hospitals could be closed without jeopardizing its residents' health needs.

On the basis of these findings, we are convinced that strict audit controls should be placed on New York City's finances; that New York City should drastically revise its financial plan; and unless its Plan is satisfactorily revised, that the "July 2" and subsequent loans not be approved. Unless these modifications are made, it is inconceivable how the Federal government can be a responsible participant in the New York City loan program.

We recognize that you share our deep concern about the loan program and we ask that you use the full authority of your office to assure full compliance with the provisions of PL 94–143.

Charles E. Grassley IA–3

THE SOVIET MILITARY THREAT TO OUR NATIONAL SECURITY: THE REAL FACTS AND FIGURES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Kemp) is recognized for 30 minutes.

Mr. KEMP. Mr. Speaker, I am very much concerned about Soviet Russia's international objectives and their relentless drive to acquire the ability with which to achieve these objectives. Since I have been a member of the Defense Appropriations Subcommittee, I have been exposed to a great deal of evidence which tells me that my concerns are not misplaced. I have increasingly noticed a discrepancy between the actual evidence and popular belief.

Since World War II, most Americans have taken our national security for granted. The facts now show that we can no longer take it for granted. It is in jeopardy. This jeopardy stems primarily from two basic factors.

One factor is the Soviet Union's relentless drive to achieve military superiority, both in conventional forces and strategic nuclear weapons. Accompanying this drive is the development of a civil defense program, or more accurately a war survival program, which is also upsetting the strategic balance by making the Soviet Union less vulnerable, at least in the realm of perceptions.

The other factor is the belief of Americans that both sides have the ability to destroy each other many times over and that, as a consequence, nuclear war would be so devastating that it is unthinkable to the Soviet Union as well as to us. This American belief in "overkill" draws comfort from the "balance of terror," and makes many Americans question our defense expenditures.

I want to speak to these two factors. Too many people just do not recognize the facts. Indeed, the myth of "overkill" destroys the incentive to even learn the facts and explains the ease with which some people brush off the evidence of the Soviet effort to achieve military superiority.

The present argument over who is No. 1 today is both confusing and misleading. The important point is not how each side stands today, but what have been the trends of the past 5 to 10 years and what are the trends 5 and 10 years into the future. The relevant point is not what each side has in its nuclear arsenal but what it can do with what it has. Since our national security is based on the policy of deterrence, the question we must face is whether Soviet strategic forces in their eyes can render ours ineffective. The relevant measure of defense strength is not what is currently in the respective arsenals, but which side would have the upper hand after a counterforce exchange. Our deterrent loses its credibility the day the Soviet Union believes it can attack our strategic forces and emerge from a counterforce exchange with strategic superiority and the ability to hold our urban population hostage.

ADVERSE TRENDS IN THE MILITARY BALANCE

What have been the trends in the military balance? Secretary Rumsfeld testified before one Appropriations Subcommittee on Defense that—

> The trends of the past 5 to 10 years are adverse with respect to the military balances.

Some Members of Congress disagree with him. More importantly, however, Andrei Gromyko, Foreign Minister of the Soviet Union, agrees with Secretary Rumsfeld's assessment. Interpreting the same trends, Mr. Gromyko stated last September that the forces of international communism now have a "visibly increased preponderance" and may now be in a position "to lay down the direction of international politics." Whether they are or are not in that position at this time, there is every indication that they intend to be in that position soon.

It is certainly in the interests of the American people, and in the interests of peace and freedom in the world, for us in the Congress to do our part to help prevent the Soviets from achieving the position toward which they are driving to make it useless for them to try.

There has been a great deal of talk and confusion about comparisons of Soviet and American military expenditures in dollars and in rubles, about the quality of our weapons offsetting the Soviet quantitative superiority, and so forth. I want to speak to the facts of these issues, but even more importantly I want to speak to the difference in concepts and attitudes about nuclear war.

THE OVERKILL MYTH

In the United States the prevailing attitude is that an overkill capability exists on both sides, thus assuring mutual destruction. In this view, nothing new is needed in our arsenal and further strategic expenditures are superfluous. In this view, it is absurd and insane to think of winning a nuclear war. Nuclear war is simply unthinkable. As a result of this attitude, Americans have taken refuge behind "overkill" in the way the French took refuge behind the Maginot Line.

Let us look at the kind of misleading calculation upon which the myth of "overkill" is based. Take for example the article in a recent issue of the "Bulletin of the Atomic Scientists" in which it is stated that the present stockpile of American nuclear weapons is sufficient to destroy the world's population 12 times over. How did the article arrive at this calculation? It did so by multiplying the casualties per kiloton in Hiroshima and Nagasaki by the total number of kilotons in our nuclear arsenal and dividing by the number of people living in the world.

In other words, if the world's population were gathered up and packed together in the same density as existed in Hiroshima and Nagasaki, kept unwarned and unprotected, and all our weapons dropped on this relatively small area, then we have overkill.

But in these terms overkill is not unique to nuclear weapons. We have it in terms of conventional explosives as well, and it existed in World War II and in the Vietnam War. Ten billion pounds of TNT were dropped on Germany, Japan, and Italy during World War II, which comes out to 50 pounds for every man, woman, and child. During the Vietnam war 25 billion pounds of TNT were dropped—an average of 130 pounds per person. Yet this overkill did not inflict enough death and destruction to defeat the enemy.

In the case of the Soviet Union with its enormous expanse, its hardened missile silos, its extensive civil defense program, and the dispersal and hardening of its industry, we do not have overkill. Even less do we have it if we take into account that we do not have a first-strike doctrine or capability and count up our nuclear weapons which would survive a Soviet attack and be delivered on target.

Mr. Speaker, "overkill" is a myth which gives us a false sense of security.

SOVIETS EMPHASIZE VICTORY IN NUCLEAR WAR, NOT DETERRENCE

Soviet military doctrine and military writings have never accepted the concept of "overkill" or the concept of "mutual assured destruction." These concepts—and the latter is the basis of our defense posture—are rejected in the Soviet Union. There one does not find the doctrine that once a certain nuclear force level exists, one has nuclear sufficiency to deter an aggressor regardless of his force level.

Instead, the Soviet emphasis is on survivability and victory in nuclear war or at least making the rest of the world think so.

The Soviet Union simply does not accept our idea that mutual destruction would be the only outcome of nuclear war. The Soviet Government does not encourage this idea among its people or armed services. To the contrary, the official Soviet position denounces as "bourgeois pacifism" our idea that both sides would be destroyed and that there can be no victor. The Soviet Government is very critical of the idea that defense against nuclear weapons is not possible. Instead of saying that nuclear war is insane, they have said it is a permissable and valid instrument of policy.

Judging by Soviet writings and statements, they are psychologically conditioned to the concept of nuclear war, and they are willing to take advantage of both a superior ability to wage it and our paralyzing fear of it. This conditioning is reflected in an extensive civil defense program which stresses that adequate measures can greatly reduce the destructive potential of nuclear weapons and in Soviet military strategy which speaks openly of surprise nuclear attack. Soviet force structure itself reflects the blitzkrieg strategy of Soviet military doctrine in which it is stated that "the path for the advance of the troops will be cleared by nuclear weapons," as does the capability of Soviet forces to operate in radiological, chemical, and bacterial environments.

Soviet thinking simply does not mirror our emphasis on the deterrent characteristic of nuclear weapons or our faith that mutual destruction is assured by existing force levels. Perhaps nothing contrasts more starkly with our idea that once the button is pushed it is all over for both sides than the fact that the Soviets have developed a cold launch technique for ICBM's that allows the missile silos to be reloaded.

IMPLICATIONS OF SOVIET ATTITUDES FOR OUR SECURITY

This difference in attitudes means many things which are important—indeed crucial—to our defense posture. It means, for example, that we may have more confidence in our deterrent than the Soviets have respect for it. The French had greater faith in the Maginot Line than did the Germans, and this differing assessment led not only to war but to the defeat of France. Today or in the future, it makes little difference whether we overvalue our deterrent or the Soviets underestimate it, because war could result from either mistake.

It also means that the Soviets may be up to different things than we are. Whereas we are busy deterring, the Soviets may be busy preparing for aggression. That is one possible reading not only of the massive Soviet military buildup, but of the comprehensive Soviet program in which population survival measures are combined with the dispersal of key industries, underground and hardened industrial sites, hardened facilities for protecting the political leadership and the nationwide command and control structure and for preserving communications and control operations. If we add to this their massive air defense system and their strategic doctrine which calls for blunting the enemy's nuclear capability by means of a preemptive counterforce first strike, there seems to be a plausible indication that the Soviets do not share our deterrent concept of nuclear weapons. Their own statements are indicative of their thinking in this regard, for example:

> The Party reached the conclusion that the Armed Forces and the country as a whole must prepare for a war in which nuclear weapons will be widely used; which will represent a decisive, classic collision of two opposing social systems; and which will be distinguished by unprecedented violence, dynamic force, and high maneuverability of combat operations.

Mr. Speaker, I am not arguing in favor of nuclear war, or for that matter, conventional war, both are indeed abhorrent to me. I am arguing that we must take into account differences in preparedness and concepts. It is probably not possible for a humane people to be as tough-minded as a totalitarian regime that has inflicted mass terror on its own people, but we should take into account that nuclear war could result from the belief that it is unthinkable, if only one side has that belief.

Some people may find it hard to believe that we could seriously misread Soviet intentions, but we have seriously underestimated much simplier things such as the Soviet Union's ability to acquire MIRV capability even as we sold them the machinery for producing MIRV components. General Brown, Chairman of the Joint Chiefs of Staff, testified before the Appropriations Defense Subcommittee this year that "it now appears that we underestimated the scope and the intensity of the Soviet ICBM program since both missiles—the SS-17 and the SS-19—have been deployed" in addition to the SS-18 which "is capable of destroying any known fixed target." In the light of our inability to successfully estimate the scope and intensity of the Soviet ICBM development and deployment, I am concerned about our estimate of our ability to inflict assured destruction in response to a Soviet first strike. There was more evidence of the Soviet ICBM program than there is evidence that the Soviets are committed to a deterrent concept of nuclear weapons.

DRASTIC REDUCTION IN U.S. DEFENSE EFFORT

I am concerned that many of the people who are critical of the level of our country's defense expenditures are the same people who play down Soviet defense spending.

It is the major weapon systems which make up the triad of the Nation's defense posture that are under attack. That defense can be so popular for Congressional attack means that too many people are not familiar with these trends and these facts of life.

In real terms the fiscal year 1977 defense budget reported out of committee is less than the fiscal year 1964 defense budget. Since 1964 the defense budget has fallen both as a percentage of the Federal budget and as a percentage of the gross national product.

In spite of these facts there has been a lot of inaccurate talk about how much defense spending is always increasing. That is pure balony, and at this time I want to insert into the RECORD a table which compares 1977 budget outlays to 1962 outlays by function, in money terms, that is, in dollars unadjusted for inflation. Except for agriculture which declined only one budget function, International Affairs, has increased by less than national defense. All others have increased by more. Whereas defense outlays have increased 100 percent since 1962, budget outlays for natural resources, environment and energy have increased by 420 percent. Outlays for education have increased 772 percent; outlays for health have increased 2,778 percent; income security by 505 percent, law enforcement and justice by 708 percent; revenue sharing and general purpose fiscal assistance by 4,174 percent; and interest on the Federal debt by 400 percent.

When outlays for education have increased 7.7 times more than expenditures for defense in spite of the increasing Soviet threat, when outlays for health have increased 28 times, outlays for income security 5 times, for law enforcement 7 times, for revenue sharing 42 times, and defense outlays doubled, where is there any evidence for the oft-repeated allegation that the level of our defense outlays prevents us from meeting our domestic responsibilities? There is not any evidence whatsoever for this gross misrepresentation that is bandied about in the Congress and in the country.

TABLE 1.—OUTLAYS PROPOSED IN 1977 BUDGET COMPARED TO OUTLAYS IN 1962, BY FUNCTION

	1962	1977	Change, 1962–77	
			Dollars	Percent
National defense	50,376	101,129	50,753	100.7
International affairs	4,264	6,824	2,560	60.0
General science, space, and technology	1,722	4,507	2,785	161.7
Natural resources, environment and energy	2,647	13,772	11,125	420.3
Agriculture	3,557	1,729	−1,828	−51.4
Commerce and transportation	5,705	16,498	10,793	189.2
Community and regional development	441	5,532	5,091	1,154.4
Education, training, employment and social services	1,241	16,615	15,374	1,238.8
(Education only)	(868)	(7,573)	(6,705)	(772.5)
Health	1,195	34,393	33,198	2,778.1
Income security	22,666	137,115	114,449	504.9
Veterans benefits and services	5,625	17,196	11,571	205.7
Law enforcement and justice	424	3,426	3,002	708.0
General government	982	3,433	2,451	249.6
Revenue sharing and general purpose fiscal assistance	172	7,351	7,179	4,173.8
Interest	8,321	41,297	32,976	396.3
Allowances		2,260	2,260	
Undistributed offsetting receipts	−2,525	−18,840	−16,315	646.1
Total	106,813	394,237	287,424	269.1
Nondefense	(56,467)	(293,108)	(236,641)	(419.1)

Source: "Weekly Report for Minority Members," House Committee on Appropriations, June 10 1976, p. 11.

CONTINUAL INCREASE IN SOVIET MILITARY SPENDING

During this same period Soviet military spending has been steadily increasing in real terms, and is continuing to increase regardless of SALT talks. As Secretary Rumsfeld testified, "the momentum of this buildup shows no sign of slackening." This steadily mounting military spending has produced—

An increase of 1,600 Soviet ICBM's;

An increase of 700 Soviet sea-launched ballistic missiles;

The development of four new ICBM's, two of which are currently being deployed with MIRV's;

The production of a new generation of ballistic missile submarines;

The development of mobile ballistic missiles;

Large MIRV's with high-yield warheads;

A 1-million-man increase in Soviet military personnel with added tanks, artillery, and armoured personnel carriers;

An increase of 2,000 tactical aircraft and more sophisticated fighter/attack aircraft;

An increase of 2,000 Soviet strategic warheads and bombs;

An increase of 800 in Soviet naval ship construction;

An extensive program of civil defense against nuclear weapons; and

A large and growing military production base.

SOVIETS REJECT PARITY

During this long period of tremendous and rapid buildup in Soviet strategic forces, our own strategic force level remained essentially constant. Our relative inactivity was justified by the following arguments:

One, allowing the Soviet Union to catch up and achieve strategic parity would put them at ease and take the pressure off the arms race.

Two, once a certain force level is achieved by both sides, mutual destruction is assured and further increases are strategically meaningless and economically wasteful.

These arguments upon which we based our own security carry no weight whatsoever in the Soviet Union.

I have already pointed out that the Soviets themselves say they do not accept the doctrine of mutual destruction. And Soviet behavior shows what they think of the parity argument. How does a person understand in terms of parity the fact that in addition to the four large and advanced ICBM systems that are presently entering the Soviet inventory, the Soviets are pushing ahead with the development of newer and better strategic missiles? The military production base necessary for the production and deployment of this new family of missiles is also known to be large and growing. Even if we take the sanguine view of the explosive growth of Soviet ICBM development and attribute it to the inertia of the Soviet bureaucratic process, the fact remains that the U.S.S.R. is rapidly acquiring a credible first-strike capability.

Mr. Speaker, we should all notice that those people who justify the Soviet buildup on the grounds of the Chinese threat are scornful of any American buildup in face of the Soviet threat.

THE MEANING OF THE SOVIET THROW-WEIGHT ADVANTAGE

We should also all notice that the counterforce asymmetry which could by the early 1980's, and which could subject us to intimidation and to nuclear blackmail, will be a result of the tremendous Soviet advantage in throw-weight, an advantage that has been institutionalized by SALT.

Since some may not know what the Soviet advantage in throw-weight means, I want to help explain.

Throw-weight advantage means advantage in number and size of warheads. With the Soviet advantage in throw-weight, which comes from their larger and more powerful missiles, and the Vladivostok ceiling of 1,320 MIRV'ed missiles, by the early 1980's, and perhaps by the end of this decade, the Soviet Union will have deployed three to four times as many ICBM warheads as the United States, with accuracy equal to ours and average yields at least five times as great.

Since no new U.S. ICBM systems have been developed during this time which has seen a burst of Soviet ICBM development and deployment, no increase in U.S. missile throw-weight is possible in time to prevent the Soviets from obtaining nuclear superiority.

What does nuclear superiority mean? Some people who know better have asked this question rhetorically. It deserves an answer, and Paul Nitze, who knows the answer, has given it even before the question was asked.

It means that within a very few years we will be faced with a severe problem of the credibility of our deterrent.

Nitze has pointed out that when the Soviets complete their current ICMB deployment by the early 1980's, they could "destroy 1,200 fixed points at land, blanket 400,000 square miles of aircraft escape areas, and barrage 100 aim points at sea," and "approximately half the Soviet ICBM throw-weight could be kept in reserve."

In other words, the Soviet throw-weight advantage, which has been guaranteed to them by SALT, is so great that the Soviets can hit our entire land-based ICBM force, plus hit 1,000 aircraft escape areas of 400 square miles each or 400 such areas 10 times each with blast and radiation effects sufficient to destroy an aircraft in flight, plus hit our submarines in 100 sea areas of 300 square miles each, and still have half of their land-based ICBM throw-weight plus all of their submarine and bomber nuclear forces in reserve with which to hold our population centers hostage in the event we have anything left with which to retaliate.

Many people have the idea that our nuclear submarines hidden under water are invulnerable. However, water is a much more effective carrier of blast force than air, and our submarines are already under substantial pressure at operating depths. Underwater nuclear blasts transmit substantially increased pressure over a sufficiently wide area that it is not necessary to pinpoint our submarines in order to destroy them. To place them within a 30 square mile area may be all that is required for the Soviets to destroy them. With knowledge of the range of our SLBM's and the number of submarines we have at sea at any one time, it may not be that difficult to locate them. Of course, few are deployed at any time, and most would be caught in the open at their home bases.

I do not want to play the role of an alarmist, but there are many facts which need to be brought to the attention of the American people, and Nitze's figures demonstrate the challenge that the tremendous Soviet throw-weight presents to our ability to maintain a high quality deterrent.

Irresponsible commentators have manufactured a false sense of security by dramatizing in a totally misleading way our current superiority in warheads. They have played down the Soviet throw-weight threat by pointing out that even with their current throw-weight advantage of 6 million pounds to our 2.8 million pounds, or better than 2 to 1, the Soviets were only able to deploy 1,600 ICBM warheads compared to our 2,154. They have said that this proves throw-weight is not an advantage, and that with our existing advantage in warheads and accuracy, we should continue to rely on SALT negotiations to achieve strategic weapons reductions. In fact, SALT has become a fourth leg of our defense posture. The Secretary of Defense and Joint Chiefs have all testified before the Defense Appropriations Subcommittee that the fiscal year 1977 defense budget is based on the assumption that the current strategic arms limitation talks will be successful.

I want to put into the RECORD at this point a table which shows clearly why we have been misled by the argument that plays down the Soviet throw-weight advantage. The argument is based on the older generation of Soviet ICBM's—the SS-7, 8, 9, 11, and 13—that are being replaced currently with the SS-16, 17, 18, and 19. What these new Soviet missiles mean is that within a time period that is too short for the United States to develop and deploy any new class of ICBM, the Soviets will have a throw-weight advantage of up to 14 million pounds to our mere 2,800,000 pounds, and up to 8,400 warheads to our 2,154. It is also expected that by this time the accuracy of their missiles will be greatly improved and may equal ours. By the early 1980's there can be no more talk about our quality offsetting their quantity.

TABLE 2.—UNITED STATES AND SOVIET ICBM FORCES UNDER SALT

Type	SS-7: SS-8	SS-11	SS-13	SS-9	Total
A. SOVIET ICBM's					
SALT I interim agreement:					
Warheads/missile	1	[1] 1	1	1	
Throw-weight/missile [2] (pounds)	8,000	2,000	2,000	10-15,000	
1972-74 deployment (numbers)	209	1,012	60	288-313	1,600
Aggregate throw-weight (pounds)	1,600,000	2,000,000	100,000	3,000,000	6,000,000
Aggregate warheads	209	1,012	60	288-313	1,600
	SS-17	SS-19	SS-16	SS-18	
New systems:					
Warheads/missile	4	6	1	8	
Throw-weight/missile [2]	5,000	7,000	2,000	15,000	
1980-83 deployment (numbers)	1,000-1,280	1,000-1,280	0-60	313	[3] 1,400-1,600
Aggregate throw-weight (pounds)	5-6,000,000	7-9,000,000	0-100,000	4,700,000	10-14,000,000
Aggregate warheads	4,000-5,000	6,000-7,000	0-60	12,500	[4] 6,600-8,400
	Titan II	Minuteman II		Minuteman II	Total
B. U.S. ICBM's					
Interim agreement and 1980: [5]					
Warheads/missile	1	1		3	
Throw-weight/missile [2]	8,000	2,500		2,500	
Deployment (numbers)	54	450		550	1,054
Aggregate throw-weight (pounds)	400,000	1,000,000		1,400,000	2,800,000
Aggregate warheads	54	450		1,650	2,154

[1] Some SS-11's are understood to have been deployed with "triplet" multiple reentry vehicles (MRV's). Since these are not independently targetted (that is, are not MIRV's), they are not shown here.

[2] Throw-weight estimates are highly approximate. They may vary for a given missile, as there is a trade-off between throw-weight and range; and some missiles may be given less throw-weight (for example, by off-loading some MIRV's) in order to reach more distant targets. Estimates are for the maximum useful load propelled in tests to intended ranges.

[3] The number of Soviet ICBM's in 1980 depends, among other things, on whether the old SS-7's and SS-8's are replaced with new ICBM's or, as is also permitted under the interim agreement as well as the Vladivostok guidelines, with SLBM's.

[4] The upper limit of aggregate Soviet warheads in the early 1980's is shown here as determined by the Vladivostok ceiling of 1,320 MIRVed missiles.

[5] The only change in U.S. forces from 1972 to 1980 is the completion in 1975 of the deployment of Minuteman III.

Source: "Arms, Men, and Military Budgets," edited by William Schneider and Francis P. Hoeber, 1976.

SOVIETS ACHIEVING NUCLEAR SUPERIORITY UNDER SALT

Mr. Speaker, what is also not acknowledged by the irresponsible opponents of a strong American defense posture is that the Soviets will have achieved nuclear superiority perfectly legally under the terms of SALT and the "Vladivostok Understanding."

What the critics of a strong American defense posture who instead want us to base our national security on a policy of trusting the Soviet leadership, do not tell the American people or the Congress is that the Interim Agreement did not stop the expansion of Soviet strategic forces. In the first 2 years of the Interim Agreement, Soviet test ranges showed a great burst of activity that demonstrated dramatic new capabilities. By 1975 they had started deployment of a whole new generation of strategic systems, which, with our relative inactivity, is giving them nuclear superiority. These new Soviet systems were in development before the SALT talks started in 1969.

The testing of MIRV systems in three

ICBM systems 1 year after SALT I was the first step in exploiting the Soviet throw-weight advantage. Then we discovered after SALT I that the Soviets had developed four new ICBM's, the deployment of which is doubling their throw weight, thus quadrupling their advantage. The Soviets obviously reject the concept of "overkill."

And this is not the end of it. We have evidence that as many as 10 new Soviet ICBM's are under development even before they complete the deployment of their new generation of ICBM's in production.

During this period we have relied on SALT to protect us, and no new U.S. systems have been developed.

Mr. Speaker, if those people who view our own defense establishment with suspicion, yet see the Russians through rose-colored glasses, now succeed in preventing us from upgrading our triad deterrent by blocking the B–1, Trident, and Minuteman III procurement, we will have greatly reduced the risk of nuclear war to the Soviet Union and greatly increased the risk to ourselves. Our interests will be respected only if the Soviets believe we can defend those interests. Restraint will prevail only if its absence is known to mean heavy risks. If we let our defense posture crumble, we will have indeed made the world safe for Communist imperialism.

This Congress has been subjected to so much nonsense from unilateral disarmament lobbyists that is an insult to our intelligence. We have heard that the Soviet Union is a large land-based defense power whose large military force is necessary to protect her immense land mass and to defend her borders from NATO and Chinese attacks. Today this is nonsense. Neither the NATO nor the Chinese force has the offensive structure or mobility to attack the Soviet Union. The NATO and Chinese commanders know that just as well as the Soviet commanders do.

SOVIET FORCES AND DOCTRINES ARE GEARED TO THE OFFENSIVE

On the other hand, Soviet force structure and military doctrine clearly indicate a military machine designed for the mass and lightning attack of the offensive. As Jeffrey Record has put it in a recent Brookings Institution study:

> The magnitude, disposition, and structure of the Soviet Army clearly reflect willful preparation for massive, rapid offensive operations at the theater level in Europe. . . . any remaining doubts as to the army's "blitzkrieg" orientation vis-a-vis Europe are unlikely to survive investigation of Soviet doctrine governing the use of ground and other general purpose forces.

Mr. Record says that the most salient features of Soviet doctrine are "the primacy of the offensive, the decisive role of nuclear weapons, the extraordinary emphasis on mass and surprise, and postulated rapid rates of advance."

With respect to the latter, Mr. Record writes that—

> The fearsomeness of Soviet offensive operations is bolstered by the stunning rate of advance postulated for armored and motorized rifle formations that are to be the cutting edge of the advance. A sustained advance averaging no less than approximately 70 miles per day is deemed the minimum required to fulfill the ambitious goals of offensive operations. In Europe such a pace would bring Soviet forces to the Rhine in less than 48 hours and to the Channel ports within a week; against China it would mean a lightning penetration in depth and an envelopment of Manchuria before Chinese forces could organize an effective territorial defense.

Mr. Record says that the Soviet Army is not only doctrinally propelled toward the primacy of the offensive, but toward offensive operations which have as their major aim the prevention of an effective military defense on the part of opponents through preemptive attack on potential adversaries.

The day the Soviets can achieve these goals may be our last as a free nation. It is our responsibility in the Congress to be sure that day does not arrive. That is why I am pointing out that the Soviets might have intentions that we do not even contemplate. Any American defense posture that does not take into account the character of Soviet doctrine and force structure rests on very shaky and risky grounds.

We have been misled by people who have assured us that the Soviet Union is committed to a deterrent concept of nuclear weapons like ourselves, and that they have a defensive force structure and doctrine. The fact of the matter is that Soviet doctrine stresses war-fighting capability and not deterrence. As Mr. Record points out in his study, "the complete destruction of an enemy's armed forces and the conquest of its homeland can hardly be subsumed under the rubric of simple self-defense," and "unlike other military establishments that have worshiped the offensive, the Soviet Army appears eminently capable of responding to the demands of its doctrine."

Our military doctrine, which disavows the first-strike and which emphasizes the defensive, the deterrent concept of nuclear weapons, and the selective and controlled use of theater nuclear weapons for political signaling purposes, seems based on the idea that general nuclear war could only result from miscalculation or error. We have done more to avoid a nuclear war from starting as a result of a mistake in the Pentagon than we have to protect ourselves from a Soviet nuclear offensive. It should be a warning to us that our strategy is the subject of derision in Soviet doctrine.

While our doctrine emphasizes deterrence, Soviet doctrine states that defensive operations, although sometimes unavoidable, are "a forced and temporary form of combat actions." The Soviets say that "a side which only defends is inevitably doomed to defeat." As Jeffrey Record puts it:

> The celebration of the attack that permeates Soviet attitudes toward virtually all forms of combat cannot be overstated.

Mr. Speaker, the Soviet emphasis on the offensive applies also to strategic nuclear attack—and not just the offensive, but the surprise offensive. For example, V. Ye. Savkin states in "The Basic Principles of Operational Art and Tactics," published in 1972, that the advent of "nuclear weapons has considerably increased the role and importance of surprise."

As for the Soviet view of preemptive nuclear strikes, A. S. Sidorenko states in "The Offensive," published in 1970, that—

> A delay in the destruction of means of nuclear attack will permit the enemy to launch the nuclear strikes first and may lead to heavy losses and even to the defeat of the offensive. The "accumulation" of such targets as nuclear weapons and waiting with the intention of destroying them subsequently is now absolutely inadmissible.

Not since the war preparations of Nazi Germany under Hitler in the 1930's has a major nation at peace devoted such a high percentage of its resources to the production of weapons and to the buildup of the related scientific, technical, and industrial base for military production. The sooner we in the United States realize that the Soviets are engaged in a tremendous military buildup that will allow them to use nuclear blackmail and intimidation to, in the words of Andrei Gromyko, "lay down the direction of international politics"—or, if need be, to fight and win a nuclear war—the greater the chance for peace and freedom in the world.

Mr. Speaker, before Members of this Congress come to us again and ask support for their efforts to delay or even prevent the upgrading of our Triad by deleting procurement funds for the B–1 bomber, the Trident submarine, and the Minuteman missile, I think all Members should take the time to become more familiar with Soviet force structure and doctrine. The Soviet writings from which I have quoted in this speech are now available in English translations, so there is no longer any justification for Members of this Congress to be misinformed about the nature of the threat that we face. I do not want to listen to people telling me that the Soviets do not have a first-strike doctrine when I read Soviet doctrine stating the firm belief that "to refuse the 'first strike' is to be derelict in responsibility to the homeland."

Let them read the Soviet civil defense doctrines and become familiar with existing Soviet practices. Let them learn that the Soviets estimate that they could hold their population losses in a nuclear war to the range of 6 to 8 percent, lower than their World War II casualties and lower than the self-inflicted casualties of the great purge.

When they ask their political question, "Is nuclear superiority really usable," let them read the Soviet answer, which is "yes."

Good intentions based on humane feelings, but which are badly informed, can be a great danger to our security, and are much more likely to lead to an unintentional nuclear war than a mistake in calculations.

Just because something is unthinkable to us does not mean it is unthinkable to the Soviets.

The Soviets know that no one can attack them today and expect to win. They know that when we had unquestioned superiority and could have destroyed them at little or no cost to ourselves, we did not do so. They do not keep their forces on the kind of alert that we do, because they do not expect to be attacked.

The buildup of the Soviet strategic missile forces has gone far beyond anything that can be construed as a deterrent, and it is continuing as is their buildup of mass superiority in conventional forces on the ground, in the air, and on the sea. Her actions in placing herself astride the oil supply line to Western Europe and acquiring African bases have nothing to do with the defense of the Soviet homeland. We would have to stick our heads even deeper in the sand to fail to see the additional threat to the effectiveness of NATO of growing Communist political power in Europe.

The erosion of Western military supremacy over the last three decades has been accompanied by a phenomenal increase in warfare and political instability throughout the world. Look at the Middle East today—in spite of the tremendous peace efforts on our part.

MISPLACED TRUST AND MISPLACED SUSPICION ENDANGER U.S. SECURITY

I say to all the Members of the House and to the American people that this is no time to further erode our counterforce capability by blocking the development of MARV, the high-accuracy maneuvering reentry vehicle which can give us the ability to knock out hardened Soviet missile silos. This is no time to increase our vulnerability by delaying the upgradng of our Triad. Those people who emphasize that it is always our defense expenditures which heat up the arms race need to explain why Soviet military expenditures in support of their offensive strategy never contribute to the arms race. Why is it that it is always our efforts to defend ourselves that are the cause of the arms race? They need to explain how world peace benefits from us losing an arms race. And they need to acknowledge the fact that whereas we are hardly racing, the Soviets are galloping.

Mr. Speaker, I hope the security of the American people and the chances for peace and freedom in the world are not compromised by misplaced trust and misplaced suspicion. We should at least be as suspicious of the Russians as we are of our own Defense Establishment.

I hope this Congress does not go along with the anti-defense lobby just because they have made it easier by shifting from defense cuts to defense "deferrals." At this crucial time, to defer national security is to forgo national security.

THE MENSWEAR RETAILERS OF AMERICA ADOPTED RESOLUTION URGING RETENTION OF THE ROBINSON-PATMAN ACT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. **GONZALEZ**. Mr. Speaker, the Menswear Retailers of America, at their recent 61st annual convention, held in Chicago, Ill., adopted a strong resolution urging that the Robinson-Patman Act be retained because it is, fact, the "Magna Carta of small business."

The Ad Hoc Subcommittee on Antitrust, the Robinson-Patman Act, and related matters held extensive hearings regarding recent efforts to amend or repeal the Robinson-Patman Act. These hearings were held as a result of efforts on the part of some officials of the Antitrust Division of the Department of Justice to urge and persuade others to support their views to amend or repeal the Robinson-Patman Act, which has since 1936 been a part of the Clayton Antitrust Act.

The hearings held by the ad hoc subcommittee, of which I have the honor to be its chairman, are contained in three volumes of testimony, the last of which is expected to be issued very shortly.

In connection with this matter, I deem it of importance to invite the attention of my colleagues in the Congress to this strong resolution adopted by the Menswear Retailers of America.

That resolution is as follows:

REPORT OF THE RESOLUTIONS COMMITTEE OF THE MENSWEAR RETAILERS OF AMERICA TO THE 61ST ANNUAL CONVENTION

Menswear Retailers of America, conscious of its responsibility as the recognized spokesman for this industry in its relations with consumers, Government, suppliers and retailers, adopts the following resolutions recommending action on programs affecting the welfare of the retailer and the manufacturer with ultimate benefit to the customer.

I. THE ROBINSON-PATMAN ACT

A. *Preservation*—Menswear Retailers of America view with deep concern Administration support for repeal of the Robinson-Patman Act, the "Magna Carta" of small business since its 1936 enactment.

While our organization welcomes the Administration's announced aim of seeking less regulation of business, Robinson-Patman is the wrong target.

Rabinson-Patman is a basic anti-trust statute which makes wholesale price discrimination between small and large retailers unlawful. It is fundamental to the survival of small business and a competitive marketplace.

Our organization rejects the arguments advanced by the U.S. Justice Department that the Act protects inefficient small operators, promotes retail price inflexibility, denies entry by new businesses and results in higher consumer prices.

Such arguments, while politically attractive, are fallacious and result directly from an orchestrated attempt to confuse the Robinson-Patman Act with fair trade laws.

The Robinson-Patman Act only assures small businessmen an equal opportunity to compete by granting equal footing at the wholesale price starting line. Without it, buying clout would dictate wholesale price levels with smalls being discriminated against simply because they are small. Many smalls would not survive, leading to greater marketplace concentration, oligopoly pricing, less competition and higher consumer prices.

B. *Enforcement*—Law is only as good as its enforcement. The Congressional Intent of the Act has been undermined by the Federal Trade Commission in its refusal to enforce the Act, particularly where small businessmen are affected.

This lack of enforcement, publicly acknowledged by a high-ranking FTC official, is tantamount to unlawful repeal of an Act of the Congress of the United States.

We urge that the Congress preserve this Act and take such measures as are necessary to cause the FTC to aggressively investigate complaints and compel enforcement where violations occur.

Menswear Retailers of America wish to express their deep appreciation to the House Small Business Committee for its prompt and outstanding leadership role undertaken to preserve the Act.

THE TRAGEDY OF NURSING HOME FIRES: THE NEED FOR LEGISLATION AND A NATIONAL COMMITMENT TO SAFETY

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 10 minutes.

Mr. **PEPPER**. Mr. Speaker, the House Select Committee on Aging's Subcommittee on Health and Long-Term Care, on which I serve as chairman, held a joint hearing on June 3 with the Senate Subcommittee on Long-Term Care on recent nursing home fires, including two in Chicago earlier this year killing 32 defenseless elderly persons and injuring 50 others.

As a result of the findings at our hearing, I am today introducing legislation to require automatic sprinkler systems in all medicare and medicaid skilled and intermediate nursing homes and to provide direct low-interest Federal loans to assist facilities in installing sprinkler systems.

Prompt action by the Congress and the executive branch is needed to make certain that repetitions of the Chicago tragedies and other similar fires elsewhere—which we now learn were clearly avoidable if adequate standards were in effect—do not recur.

At our hearing, the U.S. General Accounting Office released the results of an investigation, conducted at my request, on the Chicago fires.

The General Accounting Office report, dated June 3, is entitled, "Federal Fire Safety Requirements Do Not Insure Life Safety in Nursing Home Fires."

According to the GAO report:

Multiple deaths occurred in the two Chicago fires this year and several earlier fires elsewhere even though the buildings were of fire resistive construction and were in substantial compliance with the Federal fire safety requirements;

Neither Chicago facility was fully protected with an automatic sprinkler system designed to activate an alarm and begin fighting the fire immediately;

Although local fire departments responded promptly to both alarms, the fire departments were unable to prevent the deaths which occurred;

Employees tried to evacuate residents and extinguish the fires, but in neither case were they successful;

Experts said automatic sprinklers would have prevented the deaths which occurred;

Excessive processing time by HEW, tangling procedures by the Department of HUD prohibiting loan insurance after work has

> begun, and a lack of publicity about the loan programs have resulted in the approval of not a single loan under a public law authorizing loans for sprinkler construction.

In addition to the requirement for an automatic sprinkler system, the legislation I am introducing today provides for direct low interest Federal loans approved solely by HEW. The current loan insurance program, with bureaucratic tangling between HEW and HUD, which now have joint authority to issue the insurance but have approved not one loan anywhere in the country, has proven totally ineffective.

The excessive processing time and the prohibition against loan insurance after work has begun are a "Catch 22" situation which have produced a stalemate.

The legislation I am introducing will achieve greater effectiveness by direct HEW loans, and we will also be providing a cost effective method of assuring life safety. The loans will be repaid to the Government with up to 6-percent interest over a maximum 20-year period.

At the June 3 hearing, Senator Frank Moss, chairman of the Senate Subcommittee on Long-Term Care, said:

> It is a little bit disappointing, after all the hearings we have held on this subject and all of the legislation that we have enacted providing increased fire safety protection for nursing home residents, to learn that tragic fires are still possible. It is clear that we have more work to do.
>
> Senator Charles H. Percy, Ranking Republican of the Senate Subcommittee, representing the State of Illinois where the most recent fires occurred, said:
>
> "The recent nursing home fires at the Wyncrest Nursing Home and Cermack House in my home state remind us that nursing home residents are frail, often suffering from multiple physical and sometimes mental disabilities. In short, they must trust others for their protection against the dangers of death by fire."

I am pleased to note that Representative John Heinz, the ranking minority member of our subcommittee, is introducing similar legislation.

The General Accounting Office report "recommends that the Congress enact legislation requiring all nursing homes to be fully protected with automatic sprinkler systems." Other experts in the field, including the National Fire Protection Association, the National Fire Prevention and Control Administration of the U.S. Department of Commerce, and the Special Studies Subcommittee of the House Government Operations Committee have issued similar recommendations for universal sprinkler coverage. There have never been multiple deaths in sprinkler-protected facilities.

Current fire safety standards to protect our elderly in nursing homes are simply inadequate.

Must we wait for the next tragic fire—with more deaths and injuries—before we act? I sincerely hope not.

I urge the prompt enactment of this legislation.

H.R. 14406

A bill to amend the Social Security Act to require automatic sprinkler systems in all nursing facilities and intermediate care facilities certified for participation in the medicare or medicaid program, and to provide for direct low-interest Federal loans to assist such facilities in constructing or purchasing and installing automatic sprinkler systems.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1861(j) of the Social Security Act is amended—

(1) by striking out "except that the Secretary may waive" in paragraph (13) and inserting in lieu thereof "except that (subject to the last paragraph of this subsection) the Secretary may waive"; and

(2) by adding at the end thereof the following new paragraph:

"No waiver of or exemption from the requirement of the Life Safety Code that all nursing homes be fully protected on floors with an automatic sprinkler system shall be allowed under paragraph (13) with respect to any facility on the basis of construction classification; and no such waiver shall be granted on any other basis unless a certification has been made to the Secretary, by a person qualified in fire protection engineering, that the facility meets all of the conditions and standards established by the Secretary for such waiver. The conditions and standards established by the Secretary under the preceding sentence shall insure that any facility with respect to which a waiver from the automatic sprinkler requirement is granted will be otherwise protected from fire, and that such waiver will not adversely affect the health and safety of the patients." Such conditions and standards shall be established by the Secretary within 6 months of the date of enactment of this Act.

Sec. 2. (a) Section 1902(a)(28) of the Social Security Act is amended by inserting after "requirements contained in section 1861(j)," the following: "including specifically a provision that any such facility (and any other nursing facility receiving such payments) must satisfy all of the requirements with respect to automatic sprinkler systems which are imposed by or under paragraph (13) and the last paragraph of that section;".

(b) Clause (3) in the first sentence of section 1905(c) of such Act is amended by striking out "meets such standards" and inserting in lieu thereof "meets the same requirements with respect to automatic sprinkler systems as those which are imposed upon skilled nursing facilities by section 1902(a)(28), and meets such other standards".

Sec. 3. (a) In order to assist long-term care facilities in protecting the health and safety of their patients and residents in a manner which complies with the applicable requirements of Federal law, the Secretary of Health, Education, and Welfare (hereinafter referred to as the "Secretary") is authorized to make loans to such facilities as provided in this section for the construction or purchase and installation of automatic sprinkler systems.

(b) A loan under this section may be made only to an eligible facility (as defined in subsection (c)), and only for the purpose of assisting such facility in constructing or purchasing and installing an automatic sprinkler system which complies with the requirements imposed by or under paragraph (13) of section 1861(j) of the Social Security Act (and the last paragraph of such section), or the requirements of section 1902(a)(28) or 1905(c)(3) of such Act, as may be applicable. Any such loan shall—

(1) be in such amount as may be reasonable and necessary, in addition to any other funds available to the facility, to construct or purchase and install such system, as determined in accordance with regulations prescribed by the Secretary;

(2) bear interest at a rate not exceeding 6 per centum per annum on the outstanding balance;

(3) have a maturity, not to exceed twenty years, as determined by the Secretary on the basis of the facility's ability to repay and the projected useful life of the structure or structure involved; and

(4) be subject to such additional terms, conditions, and provisions as the Secretary may impose in order to assure that the objectives of this section and the purposes of the medicare and medicaid programs will be effectively carried out.

Each application for a loan under this section shall be accompanied by certification to the Secretary that the installation will be made in accordance with the standards established by the National Fire Protection Association (No. 13, 1975 edition). No such application shall be approved unless such certification is made to the Secretary.

(c) As used in this section, the term "eligible facility" means a skilled nursing facility, nursing home, or intermediate care facility (within the meaning of titles XVIII or XIX of the Social Security Act) which has been certified for participation in the medicare program under such title XVIII or in a medical assistance program under a State plan approved under such title XIX, or which is seeking or proposes to seek such certification.

(d) There are authorized to be appropriated such sums as may be necessary for purposes of this section. Amounts so appropriated shall be placed in and constitute a revolving fund which shall be available to the Secretary for use in carrying out this section.

Sec. 4. The amendments made by the first two sections of this Act—

(1) shall apply with respect to all facilities on which construction is commenced on or after the first day of the sixth month following the month in which this Act is enacted; and

(2) shall apply with respect to all facilities already in existence (or on which construction is commenced before the first day of such sixth month) effective from and after the first day of the eighteenth month following the month in which this Act is enacted.

ADDRESS OF CONGRESSMAN JOHN BRADEMAS, SOUTHWEST REGION CONFERENCE, NATIONAL REHABILITATION ASSOCIATION, HOT SPRINGS, ARK., JUNE 11, 1976

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. Alexander) is recognized for 60 minutes.

Mr. ALEXANDER. Mr. Speaker, I am pleased to note that our distinguished colleague, the gentleman from Indiana, the Honorable John Brademas, on June 11, 1976, in Hot Springs, Ark., received an award from the Southwest Region of the National Rehabilitation Association, "In grateful appreciation for unparalleled National Leadership in the promotion and improvement of the State-Federal Vocational Rehabilitation Program."

Congressman Brademas is chairman of the Select Education Subcommittee of the Committee on Education and Labor of the House of Representatives and is the principal sponsor of the Vocational Rehabilitation Act Amendments of 1976.

I want to commend our colleague on his leadership in this field, so important to handicapped Americans, and I insert his address in Arkansas at this point in the RECORD:

ADDRESS OF CONGRESSMAN JOHN BRADEMAS, SOUTHWEST REGION CONFERENCE, NATIONAL REHABILITATION ASSOCIATION, HOT SPRINGS, ARK., JUNE 11, 1976

I am honored to have been invited to address the Southwest Regional Conference of the National Rehabilitation Association, and I am deeply grateful for the award you have given me for my work on legislation in the rehabilitation field. To be recognized by persons whose professional lives are devoted to strengthening opportunities for handicapped people is a compliment which I greatly appreciate.

Indeed, I count it a privilege to chair the Subcommittee in the House of Representatives with jurisdiction over legislation to help those in our society whom we might call the vulnerable—the very young, the elderly and the handicapped.

Today I want to take the opportunity to talk to you about the work we in Congress have been doing to help those persons who, by reason of physical or mental handicap, are not always able easily to fend for themselves.

EDUCATION FOR ALL HANDICAPPED CHILDREN ACT

In fact, I believe that the most significant education measure which has so far been enacted into law during the 94th Congress deals with disabled persons. I refer to the Education for All Handicapped Children Act, legislation I believe to be an historic advance in meeting the challenge of educating America's handicapped children.

Let me speak to you briefly of this new law. It was in large part inspired by the pattern of increasing decisions by courts across the land and by state legislatures holding that handicapped children have a constitutional right to an education appropriate to their needs.

Yet we all know that it costs far more to educate a handicapped child than it does a child without any disability and we know, too, that only about 40 percent of the eight million handicapped children in this country are now receiving the special education they should be getting.

The new law which my colleagues in Congress and I shaped will channel Federal funds to states and local school systems to help them meet the burden of educating handicapped children and will do so, beginning in fiscal year 1978, by means of an incentive mechanism which links the amount of Federal funds the local school district or state receives to the number of handicapped children the district or state actually serves.

Under this Act, the Federal share of the cost of educating handicapped children will rise gradually until it reaches approximately 20 percent by 1982.

In fiscal year 1978 the Federal funds will be equally divided, half to the states and half to the local schools.

Thereafter, 75 percent of the money will be expended by local school systems with the remaining 25 percent going to the states for administrative costs, technical assistance and supportive services.

The legislation requires that the Federal funds received by local or state education agencies be spent only for the additional expenses attendant to the higher cost of educating handicapped children.

The law also contains a program of incentive grants to states of $300 per each handicapped child being served between the ages of 3 and 5.

The new Education for All Handicapped Children Act can, if adequately funded, mean new hope for millions of physically or mentally disabled youngsters and an enrichment of our society.

PRESIDENT FORD OPPOSES HANDICAPPED LEGISLATION

President Ford was opposed to the legislation but the 404–7 vote by which the House passed it and the similar margin which the bill won in the Senate apparently caused him to reconsider and sign it into law. I am, by the way, pleased to tell you that the only votes cast against this bill from the states represented at your conference were those of the two Senators from Oklahoma and of two Congressmen from Texas. So you did your part to help.

I should mention here, too, a significant victory on a special supplemental appropriations bill that passed the House earlier this year—one that has the effect of fully funding the new handicapped education statute for fiscal year 1977.

Let me explain what I mean. Of the $200 million authorized by the Education for All Handicapped Children Act for the state grant program for fiscal 1977, $110 million had been advance-funded prior to passage of the new measure. During the course of consideration of the supplemental money bill, the House Labor-HEW Subcommittee of the Appropriations Committee had approved a further appropriation of $30 million of the remaining $90 million authority. Then, when that supplemental bill came to the floor of the House last April, an amendment to appropriate the remaining $60 million (to meet the full $200 million authorization) was offered and won on a resounding vote of 318 to 68. With that vote, my colleagues and I in the House thereby expressed the strong support of Congress of the benchmark decision we had endorsed five months earlier in passing the Education for All Handicapped Children Bill.

This particular appropriations bill has been signed into law, but, as you all know, we have today in the White House the most veto-prone President of modern times—one who has not hesitated in the past to turn down legislation to benefit handicapped persons as well as a wide variety of other kinds of Americans who need help from their government.

Let me remind you, for example, of President Ford's veto of the Education Appropriations Bill—a move to kill or slash funds not only for education for the handicapped but also for bilingual education, education for the disadvantaged, vocational education, higher education, libraries, educational broadcasting, environmental education and school facilities as well as occupational and adult education, emergency school aid, and the National Institute of Education.

It is, I think, heartening, that the House override Mr. Ford's veto with an overwhelming bipartisan vote of 379–41 while the vote in the Senate was 88–12.

And again, this past January, Congress refused to accept the President's veto of another important money bill—the appropriations legislation that provides funds for the Departments of Labor and Health, Education and Welfare.

In overriding that veto, Congress voted to continue Federal support for rehabilitation for the handicapped and for such programs as Head Start, nutrition for the aging, maternal and child health care, prevention and treatment of drug abuse, alcoholism and mental illness and research on cancer and heart disease.

I hope the time will not be long when we will have a President in the White House who shares the commitment of Congress to support those services so crucial to the lives of so many.

VOCATIONAL REHABILITATION ACT

Today, though, I am mindful of another legislative measure important to handicapped people, the Vocational Rehabilitation Act.

I think it is widely agreed that the vocational rehabilitation program has been one of the most effective and beneficial programs we have. It has made possible services that physically and mentally handicapped people need to prepare them for employment and productive, useful living.

The Vocational Rehabilitation law has been helping handicapped people for some fifty-five years with medical care and therapy, employment training and counseling, assistance in securing the tools and licenses needed to work on a job, reader services for the blind and interpreter services for the deaf, and placement assistance to help handicapped individuals secure employment.

Since the inception of this Federal-state program in 1920, over 3 million handicapped people have been rehabilitated.

Under the Act, state vocational rehabilitation agencies now serve over one and a half million handicapped individuals annually. In fiscal year 1975, 338,000 people were rehabilitated and overcame the disabilities that interfered with acquiring and keeping employment.

Those people who were rehabilitated in fiscal year 1974 received annual earnings of $1.4 billion, a net increase of $1.2 billion over their earnings at the time they entered rehabilitation.

Indeed, the overall achievements of the vocational rehabilitation efforts clearly indicate the value of making an increased Federal investment in these services.

Several cost-benefit analyses of the rehabilitation program have been completed, and although they differ with respect to methods and assumptions, they all agree on one crucial fact—the benefits of the rehabilitation program are many times its cost.

Indeed, so positive have been the results, over the years, of the rehabilitation effort, that it is my strong conviction that, whether or not a Democrat or Republican is elected President—and may I say as a Democrat, I could not feel more optimistic!—there will continue to be a commitment by Congress to support rehabilitation.

ISSUES IN REHABILITATION

There are, of course, important issues in the rehabilitation field still unresolved, such as serving the severely handicapped.

I am aware, too, of the barriers still confronting handicapped people in our country—the architectural and transportation barriers that deny the handicapped access to the full lives they deserve, and I know as well as the attitudinal barriers the handicapped face in employment, housing and education. We must not flag or falter in our continuing efforts to overcome these barriers.

And there is another important point I feel I must make to you who have the responsibility at the state and local levels for the wise and effective expenditure of vocational rehabilitation funds. We in Congress have sought to provide to you and others around the country the resources to make the law work as Congress intended.

COMPLYING WITH THE INTENT OF CONGRESS

Our task is to ensure that the people for whom the legislation is written, the handicapped who need these rehabilitation services, will not in any way be adversely affected by conflicts developing between the explicit language of the Federal law and the clear intent of Congress, on the one hand, and, on the other, the interpretation of the law by state agencies providing rehabilitation services.

Congress clearly intends, for example, that the state vocational rehabilitation agency must be responsible for its own program development, its own budget, and its own staffing—including the ability to hire and fire—and for maintaining a viable, visible position of advocacy for the rehabilitation needs of handicapped people.

I make this observation because, as some of you know, there have been efforts, in a couple of states, to circumvent the law and subvert the intent of Congress.

Perhaps I can best describe what I am saying by reading to you some of the colloquy from the oversight hearings my Subcommittee on Select Education conducted last December on the proposed extension of the Rehabilitation Act.

HEW WILL ENFORCE THE LAW

In the hearing of December 10, 1975, I was questioning Assistant Secretary for Human Development, Department of Health, Education and Welfare, Stanley B. Thomas, Jr.

Mr. Brademas. Let me ask you about another matter with which I know you are concerned.

Last summer I wrote to then Secretary Weinberger, and subsequently to Secretary Matthews, objecting to the request of the State of Florida for a waiver of the law with respect to the requirement in the Rehabilitation Act regarding State organizational structures and arrangements.

Can you report to the subcommittees on the status of this matter?

Mr. Thomas. I can, Mr. Chairman.

We clearly see that at the present time there is no waiver authority available to the Secretary or the Commissioner relative to the structure of the State organization.

In response to the specific area of your concern, the State of Florida's proposed plan is not acceptable.

Unless we can come to closure on this point, on which the Commissioner is working with the Florida State officials, we will have no alternative but to not accept their plan and follow the procedure that is established in that instance.

I would say however, Mr. Chairman, that one of the areas that we hope the Congress will take a look at would be the whole question of those situations where, on the basis of some very sepcific criteria that we develop and publish in the Federal Register, we could have situations where waiver might be permitted.

We think that would be a good thing. The real reason we think that a demonstration effort along those lines might be propitious, as I am sure you are aware, is our interest in being able to utilize the resources made available in a State through a whole host of different categorical programs which conceivably could be more effectively brought to bear on the handicapped person.

So that while we see no alternative at the present time in terms of their particular plan, we do hope that the Congress would look to the possibility of developing a method for us to do certain kinds of demonstrations and experiments on the basis of some very specifically designed criteria, all to the ultimate purpose of integrating more effectively the services that could be made available to handicapped people.

Mr. Brademas. I appreciate your statement that you intend to enforce the law because I note that in Dr. Adams' presentation on page 10, among the important emphases that he says he proposes to stress is to insure that State organizational structures comply with the Federal law.

In my letter of October 7, 1975, to Secretary Matthews I noted that the program at both the State and Federal level must be responsible for its own program development, its own budget, its own staffing, including ability to hire and fire, as well as maintaining a viable, visible and high advocacy position at the State level.

Then I went ahead, if I may be forgiven for quoting myself, to tell the Secretary that though we might argue the merits and demerits of such plans as that submitted by Florida and debate various delivery mechanisms, at least it was my own view that if we had learned anything from the period known as Watergate, it is that the law and the intent of Congress must be complied with, and the fact that some persons may disagree with the law is no excuse for ignoring and disobeying it and that the proper forum for changing the law and recommending changes is through the legislative process.

I take it you do not disagree with that and when you talk about developing specific criteria to be published in the Federal Register you did not have in mind doing that without legislative authorization?

Mr. Thomas. No. As a matter of fact, Mr. Chairman, consistent with your comments, we have obviously no question about our responsibility to enforce the law.

We are simply saying that conceivably a legislative change followed by the development of criteria which would be made public it would be possible to approve specific demonstration programs. In that regard, we would like at a future date to submit to the committee our proposal.

Under the present circumstances we have no option but to enforce the law.

Needless to say, I was encouraged at this testimony that the Department of Health, Education and Welfare is committed to enforcing the law.

CONGRESS WILL OVERSEE EXECUTIVE BRANCH

I want to assure all of you here today that, so long as I am Chairman of the Subcommittee with responsibility for the vocational rehabilitation program, we will watch carefully the actions of the executive branch to be sure that the law is, indeed, enforced and that the intent of Congress that the program be administered to serve the needs of the handicapped is complied with.

Let me say, finally, that I am confident that many of the concerns I have here expressed are yours as well. For our goal is the same—to encourage an atmosphere in which all of the handicapped people of our land have an opportunity to live the full and rewarding life which must be the birthright of every American.

FDIC AND CONFIDENCE IN THE BANKING SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. St Germain) is recognized for 15 minutes.

Mr. ST GERMAIN. Mr. Speaker, today I would like to give recognition to an agency through which our Nation has found a means of fully restoring the confidence of the public in our banking system—the Federal Deposit Insurance Corporation—on the occasion of its 43d anniversary. Because of this confidence and the consequent psychological impact, our banking system has been enabled to expand its service to the public in fields and forms unknown 40 years ago.

Mr. Speaker, during the past 2 or 3 years there has been a great deal of publicity and a considerable public concern about problems in our Nation's banking system. Beginning in the 93d Congress, the Subcommittee on Financial Institutions conducted a series of extensive hearings relating to the largest bank failures in our Nation's history. Specifically, the subcommittee inquired into the facts and circumstances, including regulatory weaknesses, contributing to the failures of U.S. National Bank of San Diego, Franklin National Bank, and Security National Bank. These failures or the near failures of several large banks no doubt has been the cause of much concern to the public. However, we have found that the failure of a billion-dollar bank has not sent shock waves through the system, causing loss of public confidence. There is no doubt in my mind that this stability is attributable to the presence and activities of the FDIC, but most importantly, to its deposit insurance function which has brought comfort and peace of mind to millions of small depositors who may enjoy the convenience of keeping their savings in a local bank with confidence and certainty that they will not be wiped out through bank failure.

The fact that no depositor lost a penny in any of the recent failures of the large banks, and that over 99 percent of the depositors in all banks failing in this period received their deposits in full, must be recognized as having contributed immeasurably to stabilizing a situation which otherwise might have resulted in a serious loss of public confidence. This record of depositor protection has been sustained in large part as a result of the recent increase of deposit insurance coverage from $20,000 to $40,000 per account, which was provided for in legislation I introduced and was under consideration by my subcommittee when U.S. National Bank of San Diego failed.

In view of the magnitude of the failures of the past few years, it is most significant to note that a recent Gallup poll found that an overwhelming majority of the public considers their bank deposits to be safe, and the proportion expressing this confidence is somewhat higher than it was when a similar poll was taken about a year ago. The survey showed also that more than two-thirds of all respondents now regard bank failures as a not-too-serious problem. Although the poll did not ask the respondents why they felt safe about bank deposits and why they considered bank failures as not too serious, the obvious answers would have been "because of the Federal Government's deposit insurance system and the increased insurance protection provided by it."

The fact that means are available to deal effectively with a situation of threatened loss of confidence in bank deposits, in and of itself is not sufficient. Without the courage and candor of the individuals guiding the FDIC through the years and their continuous efforts to raise the standards of bank supervision throughout the country, the banking climate which has made possible these present years of general betterment for all our people might not have occurred. The Congress and the public must hold every agency of Government and its responsible officials accountable for their performance of duty. Since we must continually search for ways to improve our banking system to ensure the continued stability of our economy, it is most noteworthy that each of the Federal bank regulatory agencies recently reached agreements with the GAO to permit a performance audit which will include a sampling of the agencies' examination reports and supervisory processes in specific cases. The performance audit which was requested by the late Chairman Wright Patman, Chairman Reuss and myself, in an effort to obtain an independent outside appraisal of the effectiveness of the agencies' supervision, in all likelihood would not be a reality today had not the assistance of the former chairman of the FDIC Frank Wille and his successor, Chairman Barnett, been so forthcoming. The willingness and desire of the FDIC to actively participate with the Congress in the process of finding more effective techniques of examination and supervision was indeed instrumental in providing the impetus for the agreement of the other Federal banking agencies to the performance audit.

Mr. Speaker, before concluding, I would like to briefly mention something that I believe probably all my colleagues have heard. Over a year ago, Chairman Reuss and I announced plans for your Committee on Banking, Currency and Housing to conduct a comprehensive study of our Nation's banking system. For over a 5-year period now—beginning with the recommendations of the Hunt Commission—sustained efforts have been underway to find ways and means to reform our existing financial system in a manner designed to respond to the credit needs of our modern-day society. While it is true that the Members may not see the comprehensive reform envisioned by Chairman Reuss and myself in this session—because of the massive opposition heaped on our attempts by vested interests, including some of the bank regulatory agencies—I promise each of you that as long as I am a Member of this body, financial institution reform will not fade away until our financial institutions become more responsive to the needs of all the people. To the FDIC, I give my sincere appreciation for its support of our attempts to bring about reform. While all may recognize and agree that there exists a need for comprehensive financial reform, the FDIC alone came to the forefront in presenting positive suggestions and specific proposals for Federal banking agency restructuring, much of which was incorporated in the Financial Reform Act recently recommitted to my subcommittee.

Mr. Speaker, we have indeed been fortunate that the management of the FDIC over the years has been composed of individuals of high principles and character, resulting in our confidence in the system. I, for one, look forward to the continued support of the Corporation and its new Chairman as we continue our efforts to bring banking to the people.

Mr. ROUSSELOT. Mr. Speaker, I am pleased to join my distinguished colleague, Chairman St Germain, of the Subcommittee on Financial Institutions, in commemorating the 43d anniversary of the establishment of the FDIC.

The FDIC, through the leadership of former Chairman Frank Wille, and his able successor, Robert E. Barnett, has indeed played a most constructive part in the efforts of the Banking Committee to provide continuing oversight of the bank examination and supervision process. The recent agreement reached between the FDIC and the GAO for a performance audit of the bank examination function, as well as similar agreements reached by the Federal Reserve Board and the Office of the Comptroller of the Currency, should greatly enhance the ability of our committee to provide the kind of oversight which is necessary to maintain a high level of confidence in our Nation's banking system, and it is for this reason that I strongly urged the expeditious adoption of a workable performance audit procedure.

The responsible actions of the examining agencies demonstrate that sometimes the most significant financial reforms are not achieved quickly and with great fanfare. Rather, they are achieved gradually, through the diligent efforts of all parties involved. I join my colleague in expressing my appreciation for the contributions which the FDIC has made during its first 43 years to protecting the safety and soundness of the banking system.

GENERAL LEAVE

Mr. MINETA. Mr. Speaker, I ask unanimous consent that all Members may revise and extend their remarks and include therein extraneous material on the subject of the special order today by the gentleman from Rhode Island (Mr. St Germain).

The SPEAKER pro tempore (Mr. Mikva). Is there objection to the request of the gentleman from California?

There was no objection.

CALIFORNIA STATE SENATOR RANDOLPH COLLIER OBSERVES FIFTY GOLDEN YEARS IN PUBLIC SERVICE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. McFall) is recognized for 5 minutes.

Mr. McFALL. Mr. Speaker, it is my privilege to bring to the attention of my colleagues a comment by Tom Arden, veteran political writer for the McClatchy newspapers of California, in which he mentioned my former colleague in the California Legislature, and good friend, Senator Randolph Collier, Democrat of Yreka. Mr. Arden's comments point out that the Senator is not only the dean of the California Legislature, having served continuously since 1938, but with his experience in local justice court, he is likewise the dean of California public officials with a record of 50 years service.

Recognizing Senator Collier's golden anniversary of service to the people of California, the State legislature recently extended their highest commendations to him for his countless accomplishments.

A copy of Tom Arden's remarks and the resolution of the legislature follow.

Tom Arden's Town

Sen. Randolph Collier, D–Yreka, is dean of the California Legislature, having served continuously since his election in 1938. But Collier may very well be dean of public office holders. He was a public official in Siskiyou County before his election to the State Senate and the combined service adds up to an impressive 50 years. Senate President Pro Tempore James R. Mills, D-San Diego, and Assembly Speaker Leo McCarthy, D-San Francisco, did not let the half-century anniversary escape unnoticed. They saw to it that he was presented with a resolution citing his accomplishments as a state legislator and giving him "deserving special recognition" for his 50th year in public office.

California Legislature Resolution

Whereas, The Honorable Randolph Collier of Yreka, Member of the California State Senate, has served with distinction as a State Senator since 1939, beginning with the district embracing the County of Siskiyou, and is deserving of special recognition upon the occasion of his 50th year in public office; and

Whereas, Senator Collier, from the beginning of his service in the California State Senate, has devoted his efforts to problems of the entire State of California and enthusastically supported legislation which, over the years, has been to the benefit of all sections of the state and all its diversified business, commercial, industrial, and government enterprises; and

Whereas, He pioneered the improvement of old age pension benefits in California when few people were concerned with the plight of the aged and likewise inaugurated the first law in the state extending unemployment insurance benefits beyond the normal 26 weeks, providing income in time of crisis; and

Whereas, Senator Collier's concern for good roads, highways, and freeways to move the people and goods of the State of California has earned him commendation from virtually every section of the state, as well as national and international bodies, as a person who understands the value of transportation in all its dimensions; and

Whereas, His interest goes far beyond the transportation of goods and people and encompasses an awareness of what is vital to a flourishing economy and the basis of successful business enterprises, particularly to the State of California; and

Whereas, It would be impossible to cite all the Senator's accomplishments in various fields such as water development, flood control, parks and recreation, fish and wildlife management forestry and numerous other important enterprises in this one single resolution, now therefore, be it

Resolved by the Joint Rules Committee of the Senate and the Assembly, That the Members in testimony to his almost countless accomplishments in the 38 years he has served in the California State Senate, extend their highest commendations to Senator Randolph Collier for his many years of service in the Senate; and be it further

Resolved, That a suitably prepared copy of this resolution be transmitted to the Honorable Randolph Collier.

EXPLANATION OF LEGISLATION AFFECTING INTERNATIONAL INVESTMENT AND TENDER OFFERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. REES) is recognized for 5 minutes.

Mr. REES. Mr. Speaker, Friday, I introduced three separate pieces of legislation—two affecting international investment, H.R. 14318, House Joint Resolution 982, and a third, H.R. 14317, relating to tender offers. I would like to insert in the RECORD the accompanying press releases and a section-by-section analysis:

REES INTRODUCES TWO INTERNATIONAL INVESTMENT MEASURES

Congressman Thomas M. Rees (D-Calif), Chairman of the Subcommittee on International Trade, Investment and Monetary Policy introduced two bills today related to foreign direct investment. "The climate faced by international investors is plagued by increasing uncertainties," said Rees. "Plans for new investment are being curtailed because of host country political opposition, unrealistic requirements placed on investors, and fears of expropriation and nationalization," added the Subcommittee Chairman in discussing his legislation.

"Foreign investment continues to grow. It is of vital importance to both the U.S. and other developed countries, and to developing countries as a source of capital, technology, employment and development. The time has come to face squarely the problems encountered by overseas investors and those experienced by host countries in accepting foreign investment." Rees welcomed the recently negotiated "Guidelines for Multinational Enterprises" which will effect international investment within the developed countries of the Organization of Economic Cooperation and Development, but said that "foreign investment in developing countries is the real area of controversy."

The first measure introduced by Congressman Rees is a Joint Resolution which directs the Secretary of the Treasury to convene an international conference of finance ministers under U.S. auspices. The purpose of the conference is to conclude a truly international code of behavior for international investors and a code of conduct for host countries. "An integral part of any such agreement must be effective and binding dispute settlement mechanisms," Rees added.

The second bill establishes a legislative mandate for the "Committee on Foreign Investment in the United States" which was established under Executive Order 11858 in May 1975. "The function of the Committee would be to monitor planned foreign investment in the U.S. economy. The Committee's purpose would be twofold: First, to generate data on inward investment for policy making purposes and second, to advise foreign investors of potential legal or political hindrances before they are encountered," said Rees. He emphasized that the measure was not intended to restrain or deter lawful investment in the U.S.

Both measures will be considered by the Rees Subcommittee during their hearings on International Investment and Multinational Corporations later this summer.

REES INTRODUCES TENDER OFFER PRENOTIFICATION BILL

Congressman Thomas M. Rees (D-Calif.), Chairman of the Subcommittee on International Trade, Investment and Monetary Policy introduced a far reaching measure today to amend the Security and Exchange Act of 1934 as it relates to tender offers.

"Several recent hostile tender offers have shown that the cards are stacked in favor of the aggressor company and against the target company and the stockholders," Rees said in discussing his legislation. Congress recognized in 1970 that it was difficult for a company to resist a tender offer which it opposed and sought to redress the imbalance in the Williams Act, but, said Rees, "we failed to go far enough in protecting the interests of stockholders and management."

The Rees legislation makes several important changes effecting the tender offer process. "It requires the offeror to notify the SEC and the target company twenty-one days in advance of a proposed tender offer. This would give the SEC time to study the legality of the offer and give the target company time to weigh the merits of the offer, to mount an opposition, or to seek an alternative offer," said Rees.

Another provision of the bill tightens the reporting requirements for companies planning tender offers and requires that detailed information be on file with the SEC thirty days prior to a tender offer. The offeror would be required to report the source of any bank loans it receives in support of the tender and to detail any material relationships between the bank and the target or the aggressor company. "The questionable practice of paying higher compensation to large shareholders would be outlawed as would payments to brokers for recommending tendering to their customers."

Finally the bill limits persons eligible to tender shares of stocks to those owners of record when the offer is filed. "This provision should limit the destabilizing stock speculation by professional traders which accompanies the slightest hint of a tender offer," said Rees.

Rees emphasized that he believes strongly in the value of the tender offer mechanism to remove ineffective management from promising companies, "but the target company and the shareholders who want to stick by it, deserve a real chance. Shareholders should not feel obliged to tender their shares out of the fear that the shares will be delisted. A tender offer opposed by management should not be successful solely because management lacked the time to mount a defense."

REES TENDER OFFER PRENOTIFICATION BILL: SECTION-BY-SECTION ANALYSIS

Section 1 requires that anyone making a cash tender offer for more than 5 percent of a class security must have filed with the SEC a registration statement listing certain information about the company (comparable to that required by the SEC for issuers of securities), thirty days prior to a tender offer. The purpose of this section is to make detailed information on the offering company available to stockholders who wish to weigh the merits of the tender offer.

Section 2 broadens the list of those subject of the periodic reporting requirements of Section 13 of the Act to include tender offerors. The periodic reporting requirement of Section 13 would apply to the offering company as long as the tender offer was in effect and would again aid shareholders in evaluating the offer.

Section 3 removes the provision which exempts the offering company from reporting the source of bank loans it receives in support of a tender offer. In addition, this section adds a new provision which requires the offeror to detail any relationship between itself and the financial institution funding the tender offer as well as any relationship between the financial institution and the "target" company.

Section 4 requires additional information from the tender offeror with respect to arrangements made to preserve the rights and interests of those stockholders choosing not to tender.

Section 5 provides that the statement required of the tender offeror be submitted to the SEC twenty-one days prior to the effective date of the offer and obligates the offeror to provide a copy of the statement to the officers of the target company.

Section 6 lengthens the period in which a shareholder may withdraw his tendered shares from seven days to twenty-one days and thereby provides more time in which to evaluate the terms of the tender without jeopardizing the holders ability to tender during a short offer period.

Section 7 limits persons eligible to tender shares of securities to those that are holders of the securities on the date when the offeror filed the tender offer statement with the Commission.

Section 8 adds two new subsections to Section 14 of the Act. The first makes unlawful the practice of offering higher compensation to holders of large blocks of securities. The second makes unlawful the practice of payment of solicitation fees to brokers and other financial advisors to make recommendations to shareholders to tender. Compensation paid to brokers to advise shareholders of the existence of the offer must be based on the cost incurred rather than on the number of shares of stock tendered.

Section 9 establishes an effective date of September 1, 1976.

AFRICAN ELEPHANT PROTECTION ACT OF 1976

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. VIGORITO) is recognized for 5 minutes.

Mr. VIGORITO. Mr. Speaker, the African elephant is one of nature's monuments. This animal inspires feelings of awe and grandeur in all who witness its majestic passage. However, man now also poses a threat to the survival of this species. It is incumbent upon the Members of Congress to act to give the African elephant respite from the ravages of man's insatiable greed.

It is because of this threat that today I have introduced the African Elephant Protection Act of 1976. This bill provides for the treatment of the African elephant as an endangered species, and will have the effect of extending the jurisdictional scope and impact of the Endangered Species Act of 1973 to the African elephant.

This action would be unnecessary if the current protective laws of the countries within the range of the African elephant were fully and effectively enforced. However, reports of widespread poaching have filtered out of these countries. Some of these reports even indicate that this poaching may occur with unofficial Government sanction, if not participation. As a result of such activity, several researchers estimate that between 10,000 and 20,000 elephants are now being slaughtered annually in Kenya alone, and that Kenya's herds may be exterminated in 10 years if the present rate continues.

Why are individuals, and even governments, butchering so many elephants? The answer, Mr. Speaker, is ivory. The price of ivory rose from $2.80 per pound in 1969, to an incredible peak of $80 per pound in 1972, and back down to between $30 and $35 per pound in 1975. This fantastic price rise, and the huge profits attainable as a result, have sparked the increased killing of elephants. If responsible parties do not act soon, there may be irreparable damage done.

The United States must take the lead once again to provide the world with a law that is a standard for comparison by treating the African elephant as an endangered species. We must act at once to protect and preserve one of man's most awesome inheritances from nature.

REMARKS OF THE HONORABLE RICHARD L. ROUDEBUSH ADMINISTRATOR OF VETERANS' AFFAIRS AT THE 30TH ANNIVERSARY OF THE NEWTON D. BAKER CENTER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from West Virginia (Mr. Staggers) is recognized for 5 minutes.

Mr. STAGGERS. Mr. Speaker, during this Bicentennial year there is much activity in various degrees in just about every community and State across the Nation.

Sunday, June 13, 1976, was a most memorable and historic day in Martinsburg, W.Va., of my congressional district. At that time, the 30th anniversary of Newton D. Baker Veterans' Administration Center was celebrated.

It was a great privilege to have had the Honorable Richard L. Roudebush, Administrator of Veterans' Affairs, in Berkeley County on this special occasion.

I should like to call to your attention the remarks made by our former colleague, Richard L. Roudebush. I know many of you will recall our having served together here in the House of Representatives. It is my feeling, as well, that Dick is doing a great and outstanding job at the "helm" of the Veterans' Administration which gives such fine service to the deserving veterans of our Nation.

The remarks of Mr. Roudebush follow:

Remarks of the Honorable Richard L. Roudebush, Administrator of Veterans' Affairs

It is good to be with you this afternoon to help celebrate an anniversary that means a great deal to this center, to the community, to veterans of the area and to many of you personally.

I am honored to have been asked to spend this important day with you.

This visit is a pleasure to me not only because this is an occasion we have all looked forward to and not just because you have planned such an interesting program.

It is good to be here to witness firsthand the work that is being done by employees of the center and to see the success you are having in helping meet the needs of those special citizens who come here for care. It is good to see the accomplishments I have heard about, to see for myself why you have acquired such a reputation for good service.

During the past few weeks it has been my privilege to visit a number of VA hospitals in locations across the country. I have been impressed by what I have seen at each of them, impressed by the skill, the energy and dedication of VA people, impressed by what is being achieved and impressed by the reputation for quality care that VA hospitals have earned.

I think I can report to you, employees of the Newton D. Baker VA Center and its friends and supporters, that VA is performing its medical duties well and is contributing significantly to the health of the Nation.

I do not make this report without full knowledge that there are many areas in which we need to improve our ability and our service, and I would never make a report that we are doing a good job without adding that we plan to do better.

But I have found that VA employees and the institutions they serve have a good sense of their mission and are functioning so as to carry it out to the best advantage of America's veterans.

I am sure you agree that this center, to which many of you have devoted great portions of your lives and have shown great loyalty, is carrying out its mission in admirable fashion and has been doing so for years.

This is not a day, however, to look to the past, even though we mark an anniversary. We know, because of President Ford's recent announcement that long-awaited new facilities are to be built here, that opportunities for service will be even greater in the years ahead and that the best years of this institution are in the future.

We look forward to the building of this hospital's replacement. We are grateful that we will have a better place in which to do its important work and grateful that the ability of its employees to provide good care will be enhanced.

But, as much as we anticipate and appreciate the improved facilities that will be available to us, I am confident that we will never assume that good buildings make a good hospital. I am confident that we will never rely on pleasant and convenient physical surroundings to the neglect of other qualities that must be present if we are to fulfill our mission.

We are fortunate that when we move into a new physical plant we will be backed by a tradition of service and that we will be fortified with all the skill and knowledge that has accumulated among the staff of this institution since it first began serving veterans right after World War II.

The things that are best new . . . buildings and equipment . . . will be new. Those things that serve an institution well because they have stood the test of time . . . spirit, dedication, expertise, the support of outside friends . . . will be passed along intact.

I join you in the pleasure you feel in anticipation of the building that is to take place.

This event today not only marks the Thirtieth Anniversary of the Martinsburg VA Center but is a Bicentennial observance. I think it is appropriate that both birthdays be celebrated at one time and I think that in some respects the two call for similar thought and similar reaction by those observing them.

The same pride in accomplishment that leads us to celebrate the Bicentennial is present among those who have seen this center develop and reach its present stage of capability.

The same need to look at where we have been and to catch a glance at where we are going that has caused the Nation to pause in reflection and anticipation this year exists here today.

The same desire to acknowledge the achievement and the personal dedication of individuals that prompts us to honor national heroes this year prompts us to recognize and thank those who have served this institution.

And both observances give those marking them a sense of personal participation and involvement that they might not have otherwise, a feeling that they are a part of the past, present and future of an important undertaking and that they have a contribution to make.

Besides all this, there is the fact that everybody likes a birthday party . . . and that alone makes this event worthwhile.

In observing the Nation's anniversary, as in observing the anniversary of this center, special attention is given to those who have defended us and fought our wars. They have made it possible for us to survive as a country and to arrive at our 200th birthday safely and with our founding principles intact.

They are the reason this center is here, of course, and they are the reason that we are here on this special day.

Since our establishment as a nation, Americans have felt that those who went to war were entitled to special help if they needed it after returning home. To be sure, this help was meager and given unevenly throughout our early history and only the last few generations of veterans have received assistance approaching the level deserved.

Thirty years ago, the same year this hospital came under VA operation, another significant occurrence took place in VA.

VA's Department of Medicine and Surgery was created and VA hospitals were organized into a real system, a network of health facilities that has grown into the largest medical system in the free world.

VA medical facilities are now in 193 cities in the United States, Puerto Rico and the Philippines.

There are 171 hospitals with 94,500 beds in this vast system. There are 86 nursing homes with 7,100 beds. There are 18 domiciliaries with 10,200 beds. There are 214 outpatient clinics. There are some 175,000 VA medical employees.

The American people, continuing the special and traditional interest in veterans that I mentioned, have committed themselves to a medical program that calls for expenditures this year of more than $4 billion.

It is apparent that the people have made quite a commitment and quite a monetary investment in health care for veterans. I am sure you agree that it is an appropriate response to those who made such a personal commitment and such a personal investment to provide for our defense and our safety.

I know that you are proud to live in a community that is so important to the VA medical program and proud to have a part in the success it has attained.

I know of no hospital in the system where the needs of veterans are being met with greater skill or greater dedication. I know of no community with a VA hospital where local interest is keener or is more effectively expressed.

For thirty years this hospital has given exceptional service . . . thanks to the energy, the skill and devotion of its employees . . . thanks to the support of good neighbors in the Martinsburg area . . . thanks to hospital volunteers who have given their time and themselves so generously . . . thanks to the institutions affiliated with and cooperating with the hospital, their instructors and their students.

So my message to you this afternoon must be . . . thanks. Thanks to all of you for all you have done.

The decision to build a new center here is a manifestation of our determination to continue into the future the service that has been given here and to expand it and improve it. The fact that the construction has a high priority among all VA projects is evidence of how important we feel this center to be.

We look to the past with great satisfaction. We experience the present, grateful for the opportunity to carry on the work of the past and determined to do it well. We look to the future with hope and with pleasure, confident that the best years of this institution are yet to come.

It seems to me that this is the way an anniversary should be . . . that all of the necessary ingredients to make this a happy and auspicious occasion are present . . . and I appreciate, so much, getting to share in it.

To those who planned and conducted this program, my special thanks. To all of you, my best wishes and my gratitude for your interest and for your hospitality.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Drinan) is recognized for 10 minutes.

Mr. DRINAN. Mr. Speaker, on June 14, 1976, I joined Army Secretary Martin R. Hoffman and other officials in a fact-finding tour of Fort Devens which is located in my congressional district. The visit of Secretary Hoffman was pursuant to the Army's announced intention to reduce the military population of the fort by 92 percent. As a result of attending this important meeting, I was unavoidably absent when the House considered H.R. 14261, the Treasury, Postal Service, and general government appropriation bill, 1977.

Had I been present, I would have voted "yea" on the Symms amendment—rollcall No. 367—to prohibit compensation to informers in return for information leading to the prosecution of tax evadors. I would have voted "no" on the Miller of Ohio amendment—rollcall No. 368—and on the Burlison amendment—rollcall No. 369. Finally, I would have voted "yea" on final passage of the bill—rollcall No. 370.

THE PRETENSE OF CIVILIAN GOVERNMENT ENDS IN URUGUAY

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, anyone familiar with the situation in Uruguay was not surprised when the military deposed President Juan Bordaberry, the titular head of the government. The military has effectively controlled the government since 1973. Now, the military has stated its intention to return Uruguay to a democratic form of government. What kind of "democracy" the military has in mind is subject to debate. The military was not pleased with President Bordaberry's blunt statement that "This is not a democracy anymore," and his proposal that all political parties be outlawed. But why? The military did not clash with Bordaberry in defense of the democratic system. Rather, the clash was over the means by which Uruguary will be transformed into a military-dominated dictatorship similar to that of Brazil and Chile. The systematic violation of human rights is continuing as it did under the "civilian" government. Let no one be misled by the rhetoric of the Uruguayan military, for it was the military that killed democracy in Uruguay.

My amendment to the fiscal year 1977 foreign assistance appropriations bill has been accepted by the full Appropriations Committee without dissent. The State Department is now actively opposing my amendment and will try to have the Senate delete the amendment when the bill reaches conference. Several State Department officials have talked to me at length about the situation in Uruguay. I received this week a letter from Hewson Ryan, Acting Assistant Secretary for Inter-American Affairs attacking my amendment. I was struck by his assertion that Uruguay is not a military dictatorship. I am appending the letter from the State Department about my amendment and my response.

I am also appending an article from the New York Times which gives some background on the political situation in Uruguay. What it does not give are the details of the repression in Uruguay: 5,000 political prisoners, widespread use of torture, press censorship, a ban on labor union activity, and military control of the courts. Nor does the article indicate that the Congress will no longer support military assistance to this regime. This aid cutoff should serve as a symbol of the U.S. outrage at the systematic violations of human rights being practiced in many countries. Hopefully, other countries will see that time is running out and change their present course of repression.

I would like to add that Congressman Donald Fraser will be holding hearings on the human rights situation in Uruguay on Thursday, June 17, from 2 to 4 p.m., in 2255 Rayburn. Wilson Ferreira Aldunate, who was a presidential candidate in Uruguay in 1971, will be testifying on human rights violations in Uruguay and the plight of refugees in Argentina. Mr. Ferreira is a political exile who is now living in Europe, having recently fled Argentina.

The correspondence with the State Department and the article from the New York Times follow:

Department of State,
Washington, D.C., June 11, 1976.

Hon. Edward I. Koch,
House of Representatives,
Washington, D.C.

Dear Mr. Koch: I am sorry that you have sponsored an amendment to the Foreign Assistance Appropriation Act to cut off all security assistance to Uruguay. I particularly regret that in support of your amendment you have stated that "terrorism by the Uruguayan Government against its own people is a well established fact, documented by Amnesty International and confirmed by the State Department" and that you have cited a Department witness as having "confirmed Amnesty International's assertion that Uruguay is at least the equal of Chile in terms of torture." While we share Amnesty International's concern about human rights in Uruguay we do not share their conclusions about the human rights situation there.

It is in our national interest to maintain good relations with Uruguay, in part because of the influence that Uruguay—in spite of its small size—exerts in hemispheric and world affairs. Uruguay has been consistently friendly toward the United States and plays a moderating and constructive role in the Organization of American States and the United Nations. Last year, when most of Latin America was attacking our Trade Act, Uruguay's reaction was moderate and realistic. In the UN General Assembly Uruguay sided with the United States on such important issues as the anti-Zionism resolution and Korea.

The human rights situation in Uruguay leaves much to be desired. There have undoubtedly been cases of serious violations of human rights and the police and judicial procedures are not such as to provide guarantees against recurrences. However, the situation is clearly better than it was when the struggle against the Tupamaro terrorists was at its height two or three years ago. Furthermore, the friendly relations between our two governments has permitted us to discuss this problem in a frank and friendly matter. We have been assured that such violations as may occur are contrary to the Uruguayan Government's policy. We believe that our private diplomatic representations have had a positive effect in strengthening the Uruguayan Government's resolve to improve the human rights situation in that country.

It is inaccurate to describe the Uruguayan Government as a military dictatorship. In fact, power is shared by the civilian government, with which we conduct our formal relations, and the military, with whom we deal primarily through US military contacts, which are facilitated by our modest security assistance program. In view of the complexity of the political situation in Uruguay and the open channels of communication to the Uruguayan Government which our traditional friendly relations have given us, the Department does not believe that a legislated denial of assistance to Uruguay would serve the cause of human rights in that country or serve the interests of the United States in international affairs.

If you would like to discuss further the human rights situation or the political situation in Uruguay, either formally or informally, the Department would be happy to make officers with the appropriate background available to you.

Sincerely,

Hewson A. Ryan,
Acting Assistant Secretary for Inter-American Affairs.

House of Representatives,
Washington, D.C., June 15, 1976.

William Luers,
Deputy Executive Secretary Department of State, Washington, D.C.

Dear Mr. Luers: I appreciate your having taken the time to come by to discuss the human rights situation in Latin America. I found our exchange most interesting and constructive.

I would like to share with you a letter I received today from the Acting Assistant Secretary for Inter-American Affairs, Hewson Ryan. I am particularly struck by the statement, "It is inaccurate to describe the Uruguayan government as a military dictatorship." I thought it was widely accepted that the military effectively controlled the government. Certainly, the deposition of President Bordaberry indicates that this is the situation.

While delicate use of semantics may be required in diplomacy, I do not think it is useful to apply it here. I am sure you agree that a full and frank discussion of the shortcomings of the Uruguayan government is necessary in the consideration of bilateral assistance, especially military assistance, as those requests come before the Congress.

All the best.

Sincerely,

Edward I. Koch.

[From the New York Times, June 15, 1976]

URUGUAY AWAITS FORM OF DEMOCRACY ARMY SAYS IT WILL EVENTUALLY RESTORE

(By Jonathan Kandell)

Montevideo, Uruguay, June 1.—The overthrow of the elected president, Juan Maria

Bordaberry, has eliminated the last pretense of democratic government in Uruguay.

But the military, which closed Congress, suspended labor union activity, and brought the press and court system under its control in the last three years, maintains that the ouster of Mr. Bordaberry on Saturday will pave the way for an eventual return to democratic process.

Whether in Chile, Argentina, Brazil or Uruguay, Latin American military leaders in the last decade have asserted that they felt compelled to take power in order to save traditional democratic values against Marxist subversion, irresponsible civilian politicians and economic chaos.

Eventually, the armed forced contend, they will restore democratic institutions and return to the barracks. But the democratic system conceived by Latin American military leaders often bears little resemblance to Western parliamentary governments and contains important qualifications designed to insure a continued voice for the armed forces and a permanent prohibition on potentially dissident political groups.

THE APPEAL OF BRAZIL

The Brazilian regime exerts great appeal as a political and economic model for most other military governments on the continent. But 12 years after the Brazilian armed forces took power, the Government is little more than a military dictatorship with a parliamentary facade.

The single legal opposition party is sharply circumscribed on the issues it can raise, and the pro-Government party does little more than follow initiatives of the military president, Gen. Ernesto Geisel.

Labor unions have no right to strike. The press is either censored or self-censored. Political expression beyond the two legal parties is virtually forbidden. And military courts have exclusive responsibility in cases that are deemed to involve political dissent or subversion.

The Uruguayan military leaders appear to be looking to their giant northern neighbor for some of the guidelines of the "democratic restoration" they promised after Mr. Bordaberry's overthrow.

According to a blueprint disclosed by military spokesmen in recent days, the interim president, Alberto Demichieli, an 80-year-old lawyer, will step down in the next 70 days.

CIVILIAN CANDIDATE LIKELY

He will be replaced by a candidate—probably a civilian—elected by 21 military leaders and the 25 members of the Council of State, a rubberstamp legislative body of elderly conservative civilian figures appointed to replace the elected Congress.

The new chief executive will reportedly remain in office about three years, at which time the two traditional political parties—the Colorados and the Blancos—will be reactivated, and will select a consensus President to govern the country for five years.

Only after these two Presidencies—extending at least eight years—will the military allow the Colorados and Blancos to run their own candidates in a contested election. No other political parties will be allowed, and even the Colorados and Blancos will resume political activity only after 500 of their most prominent members have been purged by the military.

Diplomatic and political sources point out that this projected return to a traditional civilian government system by 1984 could be derailed by an ambitious military leader even though the current ranking officers in the armed forces have declined until now to assume formal control of the government.

THE THREAT OF MARXISM

But the logic of a slow restoration of two-party civilian politics was probably best spelled out earlier this year by the Uruguayan Finance Minister, Alejandro Vegh Villegas.

"The disappearances of the traditional parties encourages the formation of a popular front controlled by Marxism that would reach power as the military-technocrat government loses vigor," said Mr. Vegh Villegas, probably the most influential civilian in politics now that Mr. Bordaberry has been overthrown.

Mr. Bordaberry had insisted that even a two-party system would be vulnerable to Marxist infiltration, and that the best solution was to institutionalize the present system giving the military a permanent, dominant political voice. When he also offered himself for three additional years as President, the military leaders overthrew him, asserting that their differences with Mr. Bordaberry had become "irreconcilable."

The military sees the return to a purged two-party system as only part of the task the initially set out out to accomplish during what they call "the period of reconstruction."

Uruguay—once called the "Switzerland of Latin America" for its democratic politics and prosperous welfare economy—had been undergoing a 20-year political and economic decline by the time the military assumed a role in government.

BIG CLIMB IN PRICES

Economic stability ended as the cattle and sheep herds ceased to grow, imports rose, and government spending increased. By the early '70's, one of every four working Uruguayans was a member of the country's stultifying bureaucracy.

For the ordinary Uruguayan, this decline was reflected most dramatically in a rise in prices of more than 1,200 percent since 1968.

The economic deterioration is also evident in Montevideo's once splendid parks, now partly overgrown with weeds, in the decaying facades of old mansions along the broad beaches, and in the large number of vintage automobiles of the 30's and 40's that still cruise the city streets.

Then, the two traditional parties began to fragment, making impossible the emergence of a strong majority Government or even a legislative consensus needed to face the mounting economic crisis.

In the late 60's and early 70's, an effective urban guerrilla movement—the Tupamaros, the sons and daughters of an increasingly impoverished middle class—rocked the traditionally nonviolent political scene.

The military's involvement in politics—for the first time in 40 years—began in 1972 as a drive against the Tupamaros. Gradually, the armed forces acted to overturn or control most civilian institutions, arguing that the guerrilla movement was only a manifestation of the decay of Uruguayan society.

Today, the guerrillas have been wiped out. But in the process, well over 10,000 people—terrorist suspects, other leftists and even moderates—have passed through detention, and documented charges of torture have been widespread. Several thousand people still remain under detention for political reasons.

Besides their success in counterinsurgency, the military has gained enough confidence to talk about an eventual return to civilian politics because of its successes in the economic field.

A harshly austere economic program, emphasizing the predominant role of private enterprise, has brought a 15 percent decline in real wages in the last four years, and led to an exodus of younger Uruguayans that has virtually frozen the population at 2.8 million.

But after almost a decade of no growth, the economy expanded about 4 percent in 1975. In the first five months of this year, prices have increased only 7.7 percent, compared with 23 percent in the same period in 1975.

The country had a trade surplus of $16 million from January to May of this year, compared with a $72 million deficit in the first five months of 1975. The figures are all the more impressive since Uruguay produces none of its oil.

About the only government expense that has not been cut in recent years has been the military budget. The armed forces have more than doubled their size to an estimated 25,000 men in the last three years, and military expenses are believed to be the most significant cause of a 25 percent deficit in public spending.

PROPOSAL TO PROVIDE HONORARY U.S. CITIZENSHIP FOR VALENTYN MOROZ

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I rise today for my colleagues Mrs. FENWICK, Mr. DODD, and myself to speak on behalf of Valentyn Moroz, the Ukrainian historian who has languished in Soviet prisons for the past 6 years on charges of anti-Soviet propaganda. To date, 97 of our colleagues have joined the Koch/Fenwick "Free Moroz Resolution," expressing the sense of Congress that Valentyn Moroz should be allowed to leave the Soviet Union and accept an invitation to teach at Harvard University, "in accordance with the spirit of détente."

Beyond the resolution, 75 House Members joined Mrs. FENWICK, Mr. DODD, and me in cosigning letters to General Secretary Brezhnev, President Podgorny, and Ambassador Dobrynin, again urging "compassionate intercession" on behalf of Moroz. At present, Moroz has been sent to a psychiatric hospital for "evaluation."

Mr. Speaker, yesterday's events make this situation even more grave and pressing: Valentyn Moroz's wife, Raisa, was interviewed by the Washington Star and she brings an important message from her husband. We are appending the full article, which we hope our colleagues will carefully consider, but we would now like to briefly quote from her remarks:

> He [Moroz] asked me to say that he renounces his Soviet citizenship because of this most recent and all earlier measures taken against him—the government attitude toward him and the treatment he has received. It has all been so inhuman, and now this—placing him, a healthy person, in a psychiatric hospital. *He renounces his USSR citizenship and asks the U.S. Congress for political asylum.* (emphasis added).

Needless to say, such a statement could easily provoke even more abusive treatment and certainly increases the danger of the situation—it is a courageous challenge, and Moroz is a brave man. The pressure of strong world opinion is needed now more than ever to help protect and save Moroz. Some doubt the positive effects of the types of supportive actions which Members of this Congress have engaged in—we are delighted to say that Mrs. Moroz believes, and we will quote, that such acts have a very positive effect:

> I think that if it had not been for public opinion, he would have simply died during his five-month hunger strike in 1974 to protest prison conditions. They would have sim-

ply written him off, saying let him starve himself. As it was, they did, after all, force-feed him. Doctors did watch and examine him somewhat. In any case, they didn't let him die.

She now appeals to this body for help and support. If our words do nothing more than encourage Moroz to continue his fight for human rights and freedoms, then we have done much. If we have done nothing more than cause the Soviet Union to think twice about one life that they would otherwise have discarded, then we have done much. Moroz has made himself critically vulnerable by speaking the truth and by asking that he be allowed to come to the United States—in the interest of this man and in the spirit of freedom which he represents, we urge our colleagues to echo this call to "Free Moroz." Let us make it known that he will be welcomed and protected in this Nation.

We would, therefore, propose that we symbolically welcome him now by offering him "Honorary Citizenship" as we did for Winston Churchill and as we are now attempting to do for Alexander Solzhenitsyn. There are some who will ask why select Valentyn Moroz for such an honor. The answer is that there are very few true heroic figures in any age, and in the Soviet Union today there are at least four: Alexander Solzhenitsyn, Andrei Sakharov, Benjamin Levich, and Valentyn Moroz. And if focusing attention on Moroz by such an honor can help alleviate his present condition or perhaps even save his life, it is indeed little to ask.

Mrs. Fenwick, Mr. Dodd, and I will be circulating a resolution to confer such honorary citizenship and we urge our colleagues to become cosponsors before introduction next week. Even if the resolution does not pass, the gesture will have been made, and we believe that is important in itself.

For the convenience and interest of our colleagues, we will now include the full text of the interview of Mrs. Rasia Moroz:

[From the Washington Star, June 15, 1976]

Wife Speaks of Confined Ukrainian

Ukrainian historian Valentyn Moroz has spent 10 years in Soviet prisons and labor camps for "anti-Soviet propaganda and agitation" as the author of essays exposing the legacy of Stalinism and urging Ukrainians to protest government policies aimed at destroying Ukrainian culture, language and identity. He has become the symbol of the Ukrainian dissident movement. Now he is in a psychiatric hospital for "evaluation"—a move interpreted in the West as a possible step toward lifetime confinement without a trial. His wife, Raisa Vasylivna Moroz, was interviewed by telephone in Ivano-Frankivsk, Ukrainian S.S.R., by Washington Star Staff Writer Philip Shandler with the help of interpreters from the Moroz Defense Committee of Human Rights Research, Inc.

Question. After six years in prison on his latest conviction because of his writings, where is Valentyn Moroz right now?

Mrs. Moroz. Well, he has been at the Serbsky Institute since May 10 for a psychiatric examination.

Question. Is there any possibility that the government will give your family permission to emigrate?

Answer. I don't know if they will allow this. I have no idea, no idea whether we can expect this. He asked me to say that he renounces his Soviet citizenship because of this most recent and all earlier measures taken against him—the government attitude toward him and the treatment he has received. It has all been so inhuman, and now this—placing him, a healthy person, in a psychiatric hospital. He renounces his USSR citizenship and asks the U.S. Congress for political asylum. He asked me to tell this, inasmuch as he doesn't have the opportunity to do it right now. He wants political asylum in the United States. This is what he asked me to pass on.

Question. What is the state of your husband's health?

Answer. I have already seen him three times at the institute. The last time I went there with our son and my husband's father was on June 7. Physically he is feeling much better. He has been very emaciated, but they feed him better there and we can send him food.

Q. Before he was transferred to the institute, did the Soviet government in any way let either him or you know that he might be considered mentally ill?

A. After his hunger strike a year and a half ago, my husband told me that he did not know if he would be going to a camp, because they had threatened him with a psychiatric hospital. A psychiatrist—Rogov, who was on the Vladimir prison medical staff—has threatened more than one person with the psychiatric hospital. He is supposed to have threatened, "I will throw you into a crazy house yet." That is what he said, literally.

Q. In your opinion, why did the Soviet government decide to have Valentyn Moroz undergo a psychiatric examination right at this time? After all, his sentence was for six years in prison to be followed by three years in a labor camp and then five years internal exile. Since his prison term is finished, he is eligible for the camp, a more lenient facility.

A. I think it was because up to this time that it was possible to keep him in the prison. But now they must move him to a camp, where the conditions are a bit easier, where personal visits are supposed to be allowed—they might give a day or two, or a 24-hour period. And there he will have work to do rather than sitting in a cell and he can be among friends—obviously this means a lot to Valentyn. Without question, these are better conditions which they don't want to give him. And he understands this, too. He says a year and a half ago they threatened to send him to a psychiatric hospital. Why didn't they have him undergo and examination at that time? Because they wanted to keep him in the prison for another year and a half under impossible conditions. And now when he is finishing his six-year term in prison under such horrible conditions, now, when he is to have it somewhat easier, they have thought up new tortures for him. This is what he thinks.

Q. When is a decision expected to be delivered in your husband's case?

A. They said a decision will be delivered by the middle of June. He had been there a month on June 10. I was told an examination takes a month or maybe 40 days, but the last time I went to see him, they had told him that this might be extended for a few more days.

A. How is he holding up mentally under all of this pressure?

A. He is holding up absolutely fine. He is healthy and he insists that he will not accept a decision on his mental state until experts from the West have been contacted.

Q. In your opinion, what will the government probably do to your husband?

A. I expect that, after all, they will not put him in a psychiatric hospital but will declare him to be healthy and move him to a camp.

Q. Do you know which psychiatrists of the institute are involved in your husband's case? There is quite a bit of interest in the West about the identity of psychiatrists in cases such as this.

A. They don't tell me much, but the psychiatrist treating him is Marharyta Feliksivna. I don't know anything else.

Q. Your husband's being moved to the Serbsky Institute—is this connected with an intensification of pressure by the government on the dissident movement in general, or is it possibly a reaction by the government to what is being done in the defense of Valentyn Moroz here in the West?

A. It is completely incomprehensible to me why they have done this. Obviously, it could be that all this was considered earlier, because they treated him in prison like they did perhaps no one else. He endured all sorts of types, like the ones that cut him up four years ago. He had unbelievable neighbors—all sorts of bandits, cutthroats. He spent an unbelievably long time in solitary, almost four years. In any case, very difficult conditions were created for him. Perhaps it had been determined long ago that a psychiatric hospital lay in store for him. They had threatened him with it. I do not think that it is connected with any pressure against this movement.

Q. There is disagreement here in the West over the question whether defense activity here gives positive results or may hurt. What is your opinion on this?

A. My opinion is that it should have a positive effect. I think that if it had not been for public opinion, he would have simply died during his five-month hunger strike in 1974 to protest prison conditions. They would have simply written him off, saying let him starve himself. As it was, they did, after all, force-feed him. Doctors did watch and examine him somewhat. In any case, they didn't let him die. Now, I have appealed to the World Psychiatric Association, to various countries, to Ukrainians in Canada and the United States and to the U.S. Congress.

Q. What effect did the offers of Harvard and Brown Universities to give your husband professorships have on his situation?

A. It's difficult to say. For one thing, I failed to receive the second offer *from* Harvard. I heard there was such a repeated invitation. It appears that it was lost somewhere in the mail. I told him about the first one while he was on his hunger strike and just now I told him about it again.

Q. How are things for you and your son? Are you experiencing any unpleasantries?

A. For now, I am experiencing no unpleasantries, but while he was on his hunger strike, then there were unpleasantries.

Q. In your opinion did the Soviet government pick Valentyn Moroz out from many political prisoners for special treatment?

A. Yes, I believe so. I think that this is a personal kind of harassment on the part of the KGB (Soviet Secret Police).

Q. Do you think this is connected with your husband's having become a symbol of the entire Ukrainian dissident movement?

A. I think it was at first. Now, I think it is because he wrote his essay, "A Report from the Beria Reserve," which disclosed very sharply certain aspects of Soviet life. It could be that they are being spiteful toward him because of the essay.

Q. Can you tell us to what extent dissidents of different national groups in the Soviet Union cooperate among themselves? For example, Ukrainians and Jews, Ukrainians and Russians?

A. I think that decent people among the Russians, among the Jews, among the Ukrainians will support one another.

Q. Taking into consideration the signing of the Helsinki agreement and the increased interest in the world in the problem of human rights, do you think the Soviet government will respect human rights any more than it has up to now? Are you optimistic about this?

A. No, I am not very optimistic about it.

Q. Do you have anything to add, anything to say to the American public?

A. I want to express my thanks that the American public is concerned about the fate of my husband, and I'm grateful for the fact that I am not alone here. During a meeting with him, I said that "people are very interested in you." And when he heard this his spirits were lifted. He felt that he was not alone there.

"ORPHANS OF THE EXODUS"

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, all of the nations which signed the Helsinki Final Act, including the Soviet Union, pledged to do everything possible to reunite families separated by political boundaries.

Because the Soviet Union is not living up to that promise Members of Congress are conducting a vigil on behalf of the families which remain separated.

A case history of these families entitled "Orphans of the Exodus," dramatically details this tragic problem. At this time I would like to bring to our colleagues' attention the situation of the Zigelboim family.

Bella Zigelboim, age 28, lives with her husband Efim, age 29, in Vilnius, Lithuania. They have a 4-year-old son Yakov who has never seen his grandparents. Harsher yet, the grandparents have never seen him. They can love him only from a distance and from photos.

And yet this love travels the miles and comes through as a poignant and powerful force. The anguish of separation is keenly felt by the entire family.

In a letter dated November 27, 1975, Bella's mother wrote from Israel:

> I, Zlata Kuras, my husband Leib, and daughter Sally, turn to you with an earnest plea to help our family.
>
> In 1971 we emigrated to Israel from Vilnius, Lithuania SSR. Our daughter Bella and her husband Efim, were not permitted to leave together with us. The reason given has to do with his occupation in the war regime after his discharge from the Army.
>
> It is impossible to describe the anguish this forcible separation has been causing me. You can imagine the feelings of a grandmother and grandfather not being able to see their first grandson.
>
> And so we come to you . . . with an appeal to do everything possible to help our family in the Soviet Union join us in our own homeland.

It is my hope that the Soviet Union will live up to its Helsinki pledge and allow the Zigelboim family, along with the many other "Orphans of the Exodus," to be reunited.

LOS ANGELES POLICE OFFICER JEFFREY LINDENBERG DIES IN HELICOPTER CRASH

(Mr. GOLDWATER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GOLDWATER. Mr. Speaker, it was with a great deal of sadness that I read in today's Los Angeles Times about the death of Los Angeles Police Officer Jeffrey Barton Lindenberg of Canoga Park, Calif. Officer Lindenberg was also the nephew of our colleague, BILL KETCHUM, who is a fellow Californian.

Officer Ronald Dean Corbin, of Simi Valley, Calif., was also severely burned when the helicopter in which he and Officer Lindenberg were riding crashed in a rugged area north of the Griffith Park Observatory.

The crash cause is unknown at this time; an eyewitness said the helicopter seemed to tip over and fall. The intense heat set brush afire, and caused police ammunition to go off all around the helicopter, thereby severely hampering rescuers.

Officer Lindenberg leaves his wife, Lesa Anne, and a 7-month-old daughter, Tina Michelle. He was a 7-year veteran of the force, and his last job rating was "outstanding." My heart goes out to his family, which has lost a devoted husband and father, and to the Los Angeles community, which has lost a fine and dedicated police officer.

My best wishes and prayers also go to Officer Corbin, with hope for his speedy recovery and return to the force; I know his wife Kathleen, and sons Jeffrey and Steven will give him great moral support and encouragement.

REPORT OF COMMITTEE ON BANKING, CURRENCY AND HOUSING ON ALLOCATION OF BUDGET TOTALS BY SUBCOMMITTEES FOR FISCAL YEAR 1977

Mr. REUSS. Mr. Speaker, pursuant to section 302(b)(2) of the Congressional Budget Act of 1974, I hereby submit the report of the Committee on Banking, Currency and Housing regarding the allocation of budget totals by subcommittees for fiscal year 1977.

ALLOCATION OF BUDGET AUTHORITY AND OUTLAYS FOR FY 1977 IN ACCORDANCE WITH SECTION 302(b)(2) OF THE CONGRESSIONAL BUDGET ACT OF 1974

Mr. REUSS, of the Committee on Banking, Currency and Housing, submitted the following report.

After consultation with the Senate Committee on Banking, Housing and Urban Affairs, the Committee on Banking, Currency and Housing submits the following report, in accordance with Section 302(b)(2) of the Congressional Budget Act of 1974.

AMOUNTS ALLOCATED TO THE COMMITTEE ON BANKING, CURRENCY AND HOUSING

The Statement of Managers accompanying the conference report on the First Concurrent Resolution on the Budget for Fiscal Year 1977 allocates the following amounts to the House Committee on Banking, Currency and Housing: $3,124 million in budget authority, and —$1,427 million in outlays.

ALLOCATION OF BUDGET AUTHORITY AND OUTLAYS BY SUBCOMMITTEES

Pursuant to section 302(b)(2) of the Congressional Budget Act, this Committee has subdivided its allocated budget authority and outlays by subcommittee, relying on the data provided by the Committee on the Budget. Inasmuch as all of the funds attributed to the Banking Committee represent uncontrollable amounts, there is no need to further subdivide these figures in accordance with section 302(b)(2)(B) of that Act.

The amounts allocated to the Subcommittees are as follows:

[In thousands of dollars]

	Budget authority	Outlays
Subcommittee on Economic Stabilization:		
050 National defense		201
400 Commerce and transportation		—4,507
800 General Government		—424
Total		—4,730
Subcommittee on International Trade: 150 International affairs (total)	2,925,300	
Subcommittee on Housing and Community Development:		
400 Commerce and transportation	154,881	—345,654
450 Community and regional development	26,787	28,821
500 Education, training		6,922
600 Income security	5,568	—1,368
700 Veterans benefits		—9,220
Total	187,236	—320,499
Subcommittee on Financial Institutions Supervision, Regulation and Insurance: 400 Commerce and transportation (total)		—1,113,461
Subcommittee on Historic Preservation and Coinage: 800 General Government (total)	3,500	3,500
Subcommittee on Domestic Monetary Policy: 900 Interest (total)	8,025	8,025
Committee total	3,124,061	—1,427,165

"COAL SLURRY PIPELINE—11" THE INABILITY OF THE SLURRY PIPELINE TO BE A COMMON CARRIER

(Mr. SKUBITZ asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, beginning with May 26, I have called attention to the House of a bill, H.R. 1863, the coal slurry pipeline bill, which is now pending before the House Interior Committee. This bill would grant Federal powers of eminent domain to the slurry pipelines.

I have discussed the question of eminent domain, this can be found on page 15521 of the May 26 RECORD; the fact that this is transportation legislation not energy legislation, page 15878 of the May 27 RECORD; the railroad capability of handling the increased coal production, pages 16078 of the June 1 RECORD; the effect of coal transportation on railroad economic viability, page 16246 of the June 2 RECORD; on June 3, I spoke of the railroad industries innovative handling of coal, this is on page 16740; on June 7 I spoke of the slurry pipeline lobby, which is on page 16805; June 8 I spoke on the question of whether a study by the Office of Technology Assessment should precede congressional action on a slurry pipeline bill, this is on page 16902; June 10 I spoke on the fact that railroads can haul coal without the need for new laws, this can be found on page 17594; June 11 I spoke on how slurry needlessly exploits valuable water resources, which can be found on page 17795; June 15 I spoke on the subject of how slurry pipelines are environmentally unsound, this can be found on page 17889.

Today I intend to discuss the inability of the slurry pipeline to be a common carrier.

Mr. Speaker, the concept of whether or not coal slurry pipelines are common carriers is important to understand. For those who support legislation which would permit the construction of the coal slurry pipeline, the tag common carrier enhances their case that such an action would be in the public interest. After all, the common carrier concept has been the sole reason that we have given certain groups privileges which are in the nature of monopoly privileges. The telephone company, for better or worse, was made a common carrier primarily for two seasons. First, it required a great deal of capital to institute a comprehensive telephone system; second, once instituted, the system could be available for anyone in the community to use. Note that the second characteristic of a common carrier is that anyone in the community should be able to use it.

In the area of transportation, railroads were given operating rights throughout the country on the condition that they would be common carriers, that it, that the railroad would take anyone's freight shipment no matter how small or infrequent.

Likewise, operating rights are given to motor carriers on the condition that they be common carriers. They have to take the skim milk with the cream or else the special privileges given to them are revoked.

The proponents of H.R. 1863 insist that coal slurry pipelines would be common carriers. According to the proposed legislation they would be called common carriers. Nevertheless, it is my contention that coal slurry pipelines can not truly be common carriers.

It seems to me that what we have here is a reverse twist on an old saying. We have something that does not look like a duck, does not act like a duck and does not make noises like a duck. Neverthless, certain people insist upon calling it a duck.

Does that make it a duck? I don't think so.

There are certain characteristics which are generally understood to be distinctive of common carriage.

Common carriers, for example, may not discriminate among shippers. Generally speaking, they must accept any properly tendered traffic and treat shippers equally as to rates.

Coal slurry lines would not meet these characteristics.

In testimony before the Interior Committee, Burlington Northern chairman, Louis Menk described the way the pipeline promoters intend to do business. His description has been confirmed by the promoters themselves in their published materials.

No coal slurry pipeline will be built until its operators have concluded a throughput contract with a customer for the delivery of coal. The throughput contract guarantees that the customer will take delivery on—or at least, pay for—a specified annual tonnage of coal for a long period of time—usually 20 to 30 years. Railroads, by the way, have not been permitted to enter into such contracts.

In the case of the Energy Transportation Systems Inc., pipeline, what is being discussed is the delivery of 25 million tons of coal per year to Arkansas Power & Light—an affiliate of Middle South Utilities—for about 30 years. I do not mean to suggest that such contract now exists—I do not know if it does or not. But the president of Middle South outlined such an arrangement—while making a different point—in testimony before the Interior Committee.

This interesting colloquy took place during the hearings before the Interior Committee and I quote from page 772 where Mr. Lewis, president of Middle South Utilities says:

> Mr. LEWIS. Being a very capital-intensive type of investment—which means a big pile of money—I do not think it is possible for such a project to be built without firm commitments from cutsomers who will provide the wherewithal to service the huge capital required to build the project. I think they have to know that going in.
>
> Mr. STEIGER. Could you advise the committee as to the discussed lengths of such a relationship, the length of time?
>
> It seems to me again that you have a unique problem in that the pipeline has to be amortized, and the fossil fuel burning plant has to be assured a product, so you are talking about a 30-year amortization of the fossil fuel generating plant. Do you enter into any negotiations on a 30-year basis?
>
> Mr. LEWIS. Yes, sir. Our discussions have been in terms of 30 years or longer.

Mr. Lewis complained that the railroads would not discuss a 30-year contract—now Mr. Lewis and the members of the committee know that under the Interstate Commerce Act the railroad cannot quote a 30-year contract. Nor can any other regulated common carrier—the rates are regulated by the Commission. So we see that giving common carrier status under this act we are giving them an advantage over any other regulated common carrier.

During the testimony of Mr. Lewis and his explanation of how the pipeline would be required to serve a certain group—would serve only ETSI—Mr. Seiberling on page 772 makes this statement:

> Mr. SEIBERLING. So this is not really a common carrier in the sense we usually think of it, because once the line is built it will be built to serve a certain group or individual company, and no one else is going to be interested in getting in on that line unless there happens to be excess capacity at that time.

Other testimony revealed that the planned capacity of the ETSI pipeline will be 25 million tons a year.

So whom are they trying to kid about common carriage?

This is contract carriage, pure and simple.

Remember, ETSI does not buy the coal for resale to the power company. It just carries it. It will be carrying the coal of the shipper from whom the power company bought the coal. Let us call him Shipper X.

Now, let us suppose that Shipper Y shows up at the mouth of the ETSI pipeline with a load of coal which he would like to have sent to Arkansas. How is the pipeline going to carry it? The pipeline is already carrying a capacity load.

Contrast this with a railroad situation. Railroads may operate unit trains which have certain resemblances to the pipeline operation. But they may not commit their entire capacity to such service. They are required to retain the capability to serve smaller shippers, whose movements may not justify unit train service. So the situation that I have described with regard to the pipeline could not exist on a railroad.

A pipeline's very nature makes it impossible for it to function as a true common carrier. There is no network of pipelines contemplated. Rather, what is contemplated is a number of discrete operations, each carrying specific tonnages from one point to one point.

The economics of pipelining make capacity—or near-capacity—operations essential. And the throughput contract device assures an insulation from competition.

Railroad testimony has called this operation cream-skimming—and this seems an apt characterization.

Not only is it not common carriage—it is destructive of common carriage.

I have little doubt that railroads, as private businesses, would seek to maximize their profits by seeking to concentrate on unit train movements of coal. However, as common carriers, railroads are required to provide service to all shippers—small, large or occasional. They may not concentrate exclusively on the large shipments. In return for this requirement, railroads are supposed to be protected by controls on entry into their markets.

What this legislation would do is encourage a new transportation mode to enter the coal market and skim away its most profitable segments—leaving the true common carriers with the dregs.

Summing up, I would say that it is certainly possible for the Congress to pass a law mandating that a vulture will henceforth be called a duck. But the inevitable result would be a certain lowering in the quality of duck soup.

BOMBING OF YUGOSLAV EMBASSY

(Mr. SKUBITZ asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, I am sure I speak for all Americans in deploring the outrageous bombing of the Yugoslav Embassy last Wednesday, June 9.

This was the latest in a series of terrorist actions aimed against the Yugoslav diplomatic mission and their personnel.

None have been solved. And, apparently, at least through last Wednesday, no way has been found to prevent their recurrence.

Mr. Speaker, the American people and their Government have over the years enjoyed peaceful, friendly, and open relations with the people and Government of Yugoslavia. We have agreed to ever-expanding trade, commercial, and cultural exchanges.

These bombings—by unknown people of unknown origin—on our soil, are condemned and repudiated by the American people, and must not be permitted to interrupt the normal friendly relations between our two countries.

At the same time, these terrorist activities must not be allowed to continue. The Executive Protection Service, the Federal Bureau of Investigation, local police in all jurisdictions where Yugoslav diplomats and diplomatic facilities are located, must recognize this pattern of violence for what it is—and take whatever extra precautions are necessary to prevent their continuation.

Thank you.

AMENDMENT TO CONTROL FEDERAL SPENDING

(Mr. MILLER of Ohio asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MILLER of Ohio. Mr. Speaker, yesterday I offered an amendment to the public works appropriation bill which would have withheld 5 percent of the budget authority in the bill for payments not required by law. I intend to offer this amendment on subsequent appropriation bills. I believe that the amendment is responsive to the desire of many Members, and many, many taxpayers, to control Federal spending. I believe that the amendment is a responsible approach to the control of Federal spending, for it does not affect payments which are required by law, and it specifically provides that no program or project can be cut by more than 10 percent.

During the debate on the Miller amendment, the gentleman from Washington (Mr. ADAMS), the chairman of the Committee on the Budget, stated that the public works bill was "approximately $500 million below the target set in the first budget resolution." Later in the day, the gentleman from Washington further informed the House that the Agriculture bill was "within the budget resolution allocation made to the Appropriation Committee," and that "approval of this bill leaves about $2 billion in budget authority still remaining within the subcommittee's budget resolution allocation."

Mr. Speaker, these statements cannot stand on the record without some explanation.

First, there is no target or allocation in the budget resolution by committee or subcommittee. A simple reading of the resolution, Senate Concurrent Resolution 109, will establish this fact.

Second, in the conference report on the budget resolution, House Report 94–1108, there is an allocation, as provided by section 302 of the Budget Act, of budget authority to each committee. The allocation to the Committee on Appropriations was $299,278,000,000, and that amount was subdivided by function.

Third, in its report to the House of May 24, 1976, House Report 94–1190, the House Committee on Appropriations allocated the $299,527,000,000 by subcommittee, as provided by section 302 of the Budget Act. However, this allocation by subcommittee, plus $6,574,318,000 not distributed by subcommittee, constitutes all of the budget authority estimated in the budget resolution for fiscal 1977. Each subcommittee allocation includes amounts, some in the billions of dollars, which will be acted on later.

To suggest that these appropriation bills are "under" the subcommittee allocation as an indication of fiscal restraint is not warranted, and cannot be warranted until all bills containing fiscal 1977 budget authority are considered, and enacted.

Finally, Mr. Speaker, even if we do end up "under" the budget resolution, it proves absolutely nothing, because the levels in the resolution were, in my opinion, irresponsibly high to begin with.

Those of us who hoped that the new budget process in general, and the budget resolutions in particular, would provide us with vehicles of fiscal responsibility have been bitterly disappointed. To the contrary, levels in the budget resolution have been set so high that virtually anything we do will be within those levels, and therefore, by some unique logic, "responsible."

Mr. Speaker, the Miller amendment is based on my belief, which in turn is based on my service on the Committee on Appropriations, that except for payments required by current law, virtually any Federal program can be cut by 5 percent, without serious damage to any single program. I say this without reference to the congressional budget, or for that matter, to the President's budget.

The issue is elementary: shall we, or shall we not, initiate some modest restraint on Federal spending? The Miller amendment is a practical, legislative answer to this question.

I include the following:

[From the CONGRESSIONAL RECORD, page 18192, June 15, 1976]

Mr. ADAMS. Mr. Chairman, we have analyzed each of the current bills that will be coming out this week from the Committee on Appropriations, and the Members of the House will receive these before the end of the week. I reported yesterday on the status of that bill, and I report on this status, as compared with the budget authority. We have divided the bills by subcommittees within the Committee on Appropriations, compared them to the first target resolution, and this bill is approximately $500 million below the target set in the first budget resolution.

Mr. Chairman, I point out if there is a later supplemental that comes along the target could be endangered. But this subcommittee has done an excellent job of staying within the budget targets set at that time.

[From the CONGRESSIONAL RECORD, page 18197, June 15, 1976]

Mr. ADAMS. Mr. Chairman, the House is now considering the Agriculture and related agencies appropriation bill (H.R. 14237) for fiscal year 1977.

As reported, this bill is within the budget resolution allocation made to the Appropriations Committee and that committee's subdivisions as reported to the House. Specifically, approval of this bill leaves about $2 billion in budget authority still remaining within the subcommittee's budget resolution allocation. Problems will occur if additional initiatives are funded and certain program levels assumed in the budget resolution but not presently funded in this bill are appropriated at a later date.

S. CON. RES. 109

Resolved by the Senate (the House of Representatives concurring), That the Congress hereby determines and declares, pursuant to section 301(a) of the Congressional Budget Act of 1974, that for the fiscal year beginning on October 1, 1976—

(1) the recommended level of Federal revenues is $362,500,000,000, and the amount by which the aggregate level of Federal revenues should be decreased is $15,300,000,000;

(2) the appropriate level of total new budget authority is $454,200,000,000;

(3) the appropriate level of total budget outlays is $413,300,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $50,800,000,000; and

(5) the appropriate level of the public debt is $713,100,000,000, and the amount by which the temporary statutory limit on such debt should accordingly be increased (over amounts specified in section 3(5) for the transition quarter) is $65,900,000,000.

SEC. 2. Based on allocations of the appropriate level of total new budget authority and of total budget outlays as set forth in paragraphs (2) and (3) of the first section of this resolution, the Congress hereby determines and declares pursuant to section 301 (a)(2) of the Congressional Budget Act of 1974 that, for the fiscal year beginning on October 1, 1976, the appropriate level of new budget authority and the estimated budget outlays for each major functional category are as follows:

(1) National Defense (050):
(A) New budget authority, $112,500,000,000.
(B) Outlays, $100,800,000,000.
(2) International Affairs (150):
(A) New budget authority, $9,100,000,000.
(B) Outlays, $6,600,000,000.
(3) General Science, Space, and Technology (250):
(A) New budget authority, $4,600,000,000.
(B) Outlays, $4,500,000,000.
(4) Natural Resources, Environment, and Energy (300):
(A) New budget authority, $17,000,000,000.
(B) Outlays, $15,700,000,000.
(5) Agriculture (350):
(A) New budget authority, $2,300,000,000.
(B) Outlays, $2,000,000,000.
(6) Commerce and Transportation (400):
(A) New budget authority $18,200,000,000.
(B) Outlays, $17,700,000,000.
(7) Community and Regional Development (450):
(A) New budget authority, $7,400,000,000.
(B) Outlays, $7,800,000,000.
(8) Education, Training, Employment, and Social Services (500):
(A) New budget authority, $24,600,000,000.
(B) Outlays, $23,000,000,000.
(9) Health (550):
(A) New Budget authority, $39,300,000,000.
(B) Outlays, $37,900,000,000.
(10) Income Security (600):
(A) New budget authority, $158,900,000,000.
(B) Outlays, $139,300,000,000.
(11) Veterans Benefits and Services (700):
(A) New budget authority, $20,100,000,000.
(B) Outlays, $19,500,000,000.
(12) Law Enforcement and Justice (750):
(A) New budget authority, $3,400,000,000.

(B) Outlays, $3,500,000,000.

(13) General Government (800):

(A) New budget authority, $3,600,000,000.

(B) Outlays, $3,500,000,000.

(14) Revenue Sharing and General Purpose Fiscal Assistance (850):

(A) New budget authority, $7,350,000,000.

(B) Outlays, $7,350,000,000.

(15) Interest (900):

(A) New budget authority, $40,400,000,000.

(B) Outlays, $40,400,000,000.

(16) Allowances:

(A) New budgets authority, $2,850,000,000.

(B) Outlays, $1,150,000,000.

(17) Undistributed Offsetting Receipts (950):

(A) New budget authority, −$17,400,000,000.

(B) Outlays, −$17,400,000,000.

SEC. 3. The Congress hereby determines and declares, in the manner provided in section 310(a) of the Congressional Budget Act of 1974, that for the transition quarter beginning on July 1, 1976—

(1) the recommended level of Federal revenues is $86,000,000,000;

(2) the appropriate level of total new budget authority is $96,300,000,000;

(3) the appropriate level of total budget outlays is $102,200,000,000;

(4) the amount of the deficit in the budget which is appropriate in the light of economic conditions and all other relevant factors is $16,200,000,000; and

(5) the appropriate level of the public debt is $647,200,000,000 and the amount by which the temporary statutory limit on such debt should accordingly be increased in $20,200,000,000.

[From H. Rept. No. 94–1108]

FIRST CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1977

May 7, 1976.—Ordered to be printed.

Mr. ADAMS, from the committee of conference, submitted the following conference report to accompany S. Con. Res. 109.

On page 10 of the conference report begins the following table:

ALLOCATIONS OF BUDGET AUTHORITY AND OUTLAYS TO HOUSE AND SENATE COMMITTEES

Pursuant to section 302 of the Budget Act, the conferees make the following estimated allocation of the appropriate levels of total new budget authority and total budget outlays for fiscal year 1977 among the committees of the respective Houses:

ALLOCATION OF SPENDING RESPONSIBILITY TO HOUSE COMMITTEES (SEC. 302)

[In millions of dollars]

	Budget authority	Outlays	Entitlement authority
Agriculture Committee	336	176	
300 Natural resources, environment and energy	122	114	
350 Agriculture	41	30	
450 Community and regional development	137	(1)	
600 Income security	0	−4	(2)
850 Revenue sharing and general purpose fiscal assistance	37	37	
Appropriations Committee	299,278	276,735	
050 National defense	113,778	102,404	
150 International affairs	6,718	7,142	
250 General science, space, and technology	4,599	4,499	
300 Natural resources, environment and energy	18,932	16,794	
350 Agriculture	2,311	2,023	
400 Commerce and transportation	13,594	19,294	
450 Community and regional development	7,217	7,817	
500 Education, training, employment, and social services	24,132	22,528	
550 Health	22,500	22,646	
600 Income security	49,970	37,826	
700 Veterans benefits and services	19,387	19,421	
750 Law enforcement and justice	3,403	3,510	
800 General government	6,774	6,710	
850 Revenue sharing and general purpose fiscal assistance	5,170	3,361	
900 Interest	0	(1)	
Allowances	790	760	

[From H. Report No. 94–1190]

ALLOCATION OF BUDGET TOTALS TO SUBCOMMITTEES FOR FISCAL YEAR 1977

Submitted pursuant to section 302 of the Congressional Budget Act of 1974 by the Committee On Appropriations.

On page 2 of this report, is the following table:

ALLOCATION TO SUBCOMMITTEES

In accordance with amounts allocated to the Committee in the joint explanatory statement accompanying the conference report on the First Concurrent Resolution on the Budget—Fiscal Year 1977, the Committee has subdivided budget authority and outlays among its Subcommittees as follows:

SUBCOMMITTEE ALLOCATION

[In thousands of dollars]

	Budget authority	Outlays
Appropriations Committee total	299,527,000	[1] 276,956,000
Subcommittee:		
Agriculture and Related Agencies	14,582,580	13,034,481
Defense	107,131,719	96,166,259
District of Columbia	396,894	467,843
Foreign Operations	5,457,148	6,109,945
HUD-Independent Agencies	55,938,419	37,147,775
Interior	6,714,407	6,001,692
Labor-Health, Education, and Welfare	66,208,566	68,835,612
Legislative	980,686	964,376
Military Construction	3,467,000	3,197,000
Public Works	10,137,095	8,925,737
State, Justice, Commerce, and Judiciary	7,291,894	7,415,180
Transportation	6,071,592	14,693,790
Treasury-Postal Service-General Government	8,574,682	8,565,575
Undistributed at present	6,574,318	5,431,125

[1] Does not add due to rounding.

Starting on page 3 are the subcommittee allocations, by function, of which the following allocation is illustrative:

AGRICULTURE AND RELATED AGENCIES

[In thousands]

	Budget authority	Outlays
International affairs:		
Mandatory under existing law		
Other	$1,169,255	$995,910
Total	1,169,255	995,910
Natural resources-environment-energy:		
Mandatory under existing law		226,919
Other	797,945	444,637
Total	797,945	671,556
Agriculture:		
Mandatory under existing law	902,702	963,209
Other	1,408,298	1,059,791
Total	2,311,000	2,023,000
Commerce and transportation:		
Mandatory under existing law	175,429	−462,467
Other	28,615	33,801
Total	204,044	−428,666
Community and regional development:		
Mandatory under existing law		165,193
Other	387,074	206,487
Total	387,074	371,680
Health:		
Mandatory under existing law		57,222
Other	458,728	401,004
Total	458,728	458,226
Income security:		
Mandatory under existing law	9,254,534	8,942,775
Other		
Total	9,254,534	8,942,775
Subcommittee total:		
Mandatory under existing law	10,332,665	9,892,851
Other	4,249,915	3,411,630
Total	14,582,580	13,034,481

FISCAL 1977—COMPARISON OF PRESIDENT'S REVISED BUDGET ESTIMATES AS OF MAR. 25, 1976, WITH THE FIRST CONCURRENT RESOLUTION ON THE BUDGET, S. CON. RES. 109

	President's revised budget estimates	S. Con. Res. 109 first budget resolution	Comparison
Budget authority	431,219,000,000	454,200,000,000	+22,981,000,000
Outlays	395,813,000,000	413,300,000,000	+17,487,000,000
Revenues	351,262,000,000	362,500,000,000	+11,238,000,000
Deficit	44,551,000,000	50,800,000,000	+6,249,000,000
Debt	710,393,000,000	713,100,000,000	+2,707,000,000

MCPL EDUCATION FUND SPEAKER SERIES—DR. HOMER JACK'S TALK ON "DISARMAMENT PROGRAMS—THE UNITED STATES AT THE UNITED NATIONS"

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, today I am placing in the RECORD the summary of the discussion meeting of Tuesday, March 9, 1976, in which Dr. Homer Jack, Secretary-General of the World Conference on Religion and Peace and a leading observer, writer, and reporter on worldwide developments in arms control and disarmament, discussed with Members of Congress and congressional staff the U.S. role in United Nations disarmament proceedings. This talk was part of the continuing series sponsored by the MCPL Education Fund dealing with various subjects under the general heading of "New Directions in Foreign Policy, Defense Policy, and Arms Control."

In response to requests from Members desiring to study them, I have placed summaries of talks by other speakers in this series in the RECORD earlier and will place further summaries in the RECORD after the various speakers have completed reviewing them for accuracy. The text of the summary of the discussion with Dr. Jack, along with a memorandum which he submitted to the participants in the discussion, follows these remarks:

DR. HOMER A. JACK, TUESDAY, MARCH 9, 1976

The 30th session of the UN General Assembly, adopted last December a resolution which created an Ad Hoc Committee on the Review of the Role of the UN in the Field of Disarmament. Under the terms of the resolution, all states are invited to communicate to the UN Secretary General their "views and suggestions on the strengthening of the role of the UN in the field of disarmament".

Last December, as an American observer at the UN, Dr. Jack suddenly became aware of the alarmingly lax posture of the U.S. toward UN disarmament endeavors:

"How can the role of the U.S. be described, at the 30th session of the UN? It has hardly been a positive or forthcoming one. The U.S. has maintained a posture of stonewalling the nonnuclear States, of collusion with the Soviet Union on certain nuclear issues, of putting part-time negotiators in Geneva and New York, and of maintaining—understandably in the circumstances—an extremely low visibility."

The 30th session of the General Assembly adopted 25 resolutions on disarmament. All were "good" resolutions. Only one was a bit dubious, the Five-Power resolution. The latter, introduced by the Soviet Union, called upon all nuclear weapons States to enter into negotiations not later than 31 March 1976 to reach agreement on the complete and general prohibition of nuclear tests. This resolution was a non-starter, (mainly propagandistic against the Chinese), since it in no way enticed China to attend. (The U.S. voted negatively on this resolution).

In general, the U.S. voting record on the 25 resolutions was not good. The U.S. voted for 13 out of the 25 resolutions. Eight of these were simply "yes" votes by consensus. Two resolutions received "no" votes, and 10 was abstentions. Our voting record vis-a-vis other nations is mathematically poor. Rumania, Mexico and Nigeria voted for all 25 resolutions. Sweden voted for 23 out of 25. Even France, with one "no" vote, had a much better record than the United States.

Question: To what do you attribute the poor voting record of the U.S.?

Answer: The U.S. likes to keep its options open. It's difficult to get a decision from Washington. The U.S. doesn't want to be pushed, even though it's up against a deadline. Many times it will simply abstain. In one of the cases, however, the U.S. abstained because of a firm position. This involved the Mass Destruction Weapons Resolution. It was proposed by the Soviet Union, and pledged that each State Party not develop or manufacture new types of weapons of mass destruction or new systems of such weapons. The U.S. felt, however, that "before making a commitment to seek restraints on new weapons of mass destruction, it is essential to obtain a clear understanding of the issues involved". The U.S. did not agree that at this time it is necessary to conclude a treaty. Thus the U.S. abstained.

Question: What is the SALT resolution that was voted on?

Answer: It urged the superpowers to get going on reducing ceilings, and to keep in touch wtih all UN members. The U.S. and U.S.S.R. both spoke the same language—"nyet."

Question: Can you explain for us this next set of resolutions? (See final page, Voting Record of Twelve States). Nuclear Free Zone.

Answer: The U.N. asked the CCD (Conference of the Committee on Disarmament at Geneva) to make a comprehensive study of the question of nuclear-weapon-free-zones. The next resolution went beyond the comprehensive study. It attempted to outline the concept of a nuclear-weapon-free-zone, and define the obligation of the nuclear weapons States toward the zone and the States included within. This resolution, out of the 25, obtained the lowest number of votes—82. The U.S. did have some justification for abstaining here. We felt affronted by Mexico asking that it be put to a vote at this session. In the U.S. opinion, Mexico should allow us one year's time to study further the question.

Question: The most prominent U.S. position is one of abstention. Why has this been repeatedly the U.S. voting pattern?

Answer: In any legislative body, there are different styles at different times. At the UN today, an abstention is often the same as a "no" vote. Most nations today don't vote "no", but abstain.

Question: Is this so no one can accuse them of a "no" vote?

Answer: Right.

Question: In Congress, you can't abstain or your constituency immediately complains, "What's the matter—Can't you make up your mind? I suppose that in the diplomatic world it's different. You don't have to please anyone.

Answer: That's right. There is no constituency. There could be, but there often isn't.

Question: Two years ago, I (Barry Schneider) worked for the Center for Defense Information. I realized at that time there was a grave disparity between the number of people working in arms control and the number of people interested in building arms. It was also evident that the group within the DoD, working on disarmament, was far larger and always seemed to take a different position from those in ACDA and in outside groups that study disarmament. How big is the group that speaks up on disarmament at the UN?

Answer: The size of the U.N. missions vary. The U.S.S.R. mission is very large. Some countries don't even have a mission in Geneva. The NGO Committee on Disarmament (at UN Headquarters) can really do business with these states which don't have their own staff in Geneva. Many states are drawn into Geneva through representative regional groupings. During the six weeks of disarmament discussions at the General Assembly in New York beginning last October, 110 out of 135 countries participated. They *actively* participated in debate.

Question: How many people are involved in all?

Answer: There are many different forums for the disarmament talks and negotiations. In addition to the Geneva Conference, there are 3 or 4 Ad Hoc committees concerned with disarmament. I would estimate 200 or more diplomats.

Question: How similar are the voting records of nuclear weapons states?

Answer: The allegation that the U.S. and the U.S.S.R. are atomic bedfellows is borne out by the fact that, on 19 resolutions, the U.S. and the U.S.S.R. voted identically. This is a 76% identity. Compare this to a 54% identity of the U.S. votes with that of all Member States on these disarmament issues. Or compare it to an identity of only 60% with its Pacific ally, Japan

Question: Do the less developed countries take more or less interest in disarmament?

Answer: The Third World spends $39 billion on conventional weapons. That's more than 10% of the total spent. None of these Disarmament resolutions at the UN deal with conventional weapons. It just isn't on the General Assembly's agenda. They tried to put terrorism on the agenda, which would in a sense encompass conventional arms, but it was slapped down a few years ago. About the only thing we can do at present is publicize the high amount of spending in conventional arms. Traditionally there has been a disinclination on the part of the West to tie disarmament to development. Holland, and even Sweden, for example, say we must have development even if we don't have disarmament. The fact is we don't have the money for both.

Question: Did you get any response from the State Department yet—concerning their view of the UN Review Conference on the UN Role in Disarmament?

Answer: The State Department will go into this operation in good faith. They will send a response. At the committee meeting in January they were well represented. In June, a substantive meeting of the Ad Hoc Committee will be held. Whether the U.S. will be forward looking, and not defensive, remains to be seen.

Question: Wasn't it part of Ambassador Moynihan's duty to endorse the DOD opinion at the disarmament talks?

Answer: During the six weeks of meetings on disarmament of the First Committee, he didn't once attend them. It was just too important a matter for the DOD to put in his hands! In the past, Bush and Stevenson, at least made an appearance, although they were not qualified as chief negotiators.

The DOD was probably afraid that Moynihan would "shoot from the hip" thus he wasn't given the task of making a single speech.

Question: What should the role of Congress be toward the UN disarmament discussions?

Answer: Information about them should be put in the record, in order to raise consciousness. Modest hearings should be held in committee about what the U.S. role should be. Some Congressmen have had experience that can be helpful.

Question: Is it the general feeling that disarmament must first be worked out by the major powers? The UN disarmament talks would provide a forum for other ideas to be floated.

Answer: That's what the U.S. and the U.S.S.R. would like you to believe. The stalemate in SALT and piles of weapons prove this is not so. In addition, the second powers must be taken into consideration. India knocked on the nuclear door. It can't be ignored! A new forum beyond SALT should be created. This raises two questions:

1. How can we bring China into the mix?

2. How should we go about convening a world disarmament conference? This should not be an end in itself. It should:

a. raise a world consensus about disarmament,

b. close down the Geneva CCD, and open up a new one where France and China would participate. No reforming of the CCD could entice China and France to come in. A whole new forum is needed—new name, new constituency. France is definitely ready, perhaps China could be sometime soon enticed to come in.

Remark: One additional thing has become clear to me (Seiberling). Due to technological advances, SALT will be eclipsed. It will have become a meaningless exercise, since other ways will be found to get around ceilings and detection. By that time a lot of other powers will be ready to get into the act.

Response: Exactly. This will lead to a totally new disarmament forum. Some of us, however, are now prepared to begin on a much more modest level.

Yugoslavia had a bright idea. They suggested that a Special Session of the General Assembly, devoted to disarmament could be convened. China and France would have to come. It is expected that the 31st General Assembly will approve such a Special Session. It is a step in the right direction, although it is not enough. The UN should convene a Special Session as a step toward a world disarmament conference.

Question: What part would the Third World play in a World Disarmament Conference?

Answer: It would be understood that a World Disarmament Conference would have to include conventional weapons. In that context, they would have to go along with the idea of World Disarmament Conference.

Question: We have a whole crew of presidential hopefuls before us. Is there any one among them whom you feel that have outstanding credentials in arms control?

Answer: I am impressed with both Kennedy and Humphrey. Each has good advisors and good positions. Harris also seems to have a good position on the issues related to arms control and disarmament.

THIRTEEN OUT OF TWENTY-FIVE: THE U.S. DISARMAMENT RECORD AT THE 30TH U.N. GENERAL ASSEMBLY

(By Dr. Homer A. Jack)

1. INTRODUCTION

U.S. Ambassador Daniel P. Moynihan told the closing moments of the 30th session of the U.N. General Assembly that it was "repeatedly the scene of acts which we regard as abominations." The session was a "profound, even an alarming disappointment." If this judgment is true, or partly true, it is not only because 72 Member States voted that Zionism was a form of racism, but because of other votes and other issues.

The U.S. position on disarmament issues at the 30th session of the U.N. General Assembly was indeed an "abomination," even if the State Department apparently felt that these items were too sensitive to leave in the hands of Ambassador Moynihan. He never once dealt with the 19 disarmament items which should be of more than casual interest to the spokesman of that handful of "functioning, representative democracies in the world."

The spotlight on the Arab initiative to condemn Israel in the U.N. managed to conceal what the U.S., and its atomic bedfellow, the U.S.S.R., are doing to resist even modest efforts of other nations—including some of America's NATO allies—to break the stalemate in the world arms race.

For too many years the action, or rather inaction, of the U.S. at the U.N. and related disarmament discussions and forums has been obscured by "more important events." For too long the negative, truculent posture of the U.S. in the field of disarmament has been masked at the U.N. only because it has only been duplicated by similar action by the U.S.S.R.

But the posture of the U.S. during the 30th session of the General Assembly is too hypercritical to escape notice at a time when the U.S. is making accusations about other States at the U.N. on a whole series of issues.

The 30th session of the General Assembly adopted 25 resolutions on disarmament. All were acceptable resolutions—and a number of Member States (such as Mexico, Nigeria, and Romania) voted for all 25. Some resolutions were better and more important than others. None received less than 82 votes and eight were adopted by consensus. However, of these 25 resolutions, the U.S. voted in favor of only 13 or 52 per cent. U.S. Ambassador Joseph Martin also admitted that, if the U.S. had a choice and there was no agreement for certain consensus votes, the U.S. would have abstained on another three resolutions!

The U.S.S.R. at least voted for 15 or 60 per cent of these resolutions. China, which allegedly "is not yet ready for disarmament," also voted for 60 per cent. And such allies of the U.S. as Canada and Japan voted for 20 and 21 resolutions respectively.

This Memorandum is devoted to giving—and exposing—the voting record of the U.S. at this latest session of the U.N. General Assembly. The world is marching toward nuclear war and the U.S. voting record is about as constructive as that of Albania.

This Memorandum gives the comments of U.S. Ambassador Joseph Martin on these disarmament issues made during the 30th General Assembly. No responses are given from "the other side," but in a sense the response is given in the final tally of votes on each resolution. For a full discussion of each of the issues, see the author's forthcoming memorandum, "Disarmament at the 30th U.N. General Assembly," published by the World Conference on Religion and Peace (WCRP), which also published similar memoranda for the 26th, 27th, 28th, and 29th sessions of the General Assembly.—H.A.J.

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3. NUCLEAR DISARMAMENT ISSUES

A. Strategic Arms Limitation Talks (SALT II)

Seven non-aligned members of the Conference of the Committee on Disarmament (CCD meeting at Geneva) introduced a draft resolution into the First Committee of the 30th session of the U.N. General Assembly on SALT II. This regretted (an earlier draft used the word, "deplores,") the absence of "positive results during the last two years" of SALT II. Further, it expressed "concern for the very high ceilings of nuclear arms set for themselves by both States, for the total absence of qualitative limitations of such arms, for the protracted time-table contemplated for the negotiations of further limitations and possible reductions of the nuclear arsenals, and for the situation thus created." Finally, it urged anew that the two States "broaden the scope and accelerate the pace of their strategic nuclear arms limitation talks," and stressed once again "the necessity and urgency of reaching agreement."

U.S. Ambassador Joseph Martin (to CCD and the 30th General Assembly) in his opening address to the First Committee recognized that "all members of this body have an important stake in the outcome of those negotiations (SALT II), which affect both the strategic balance between the two countries and the security of the world at large." He pledged "to keep the General Assembly fully informed of the results of those negotiations." (1) * (Previous U.N. resolutions on this point were hardly implemented by the U.S. or the U.S.S.R. Indeed, it was not until November 25, 1975, that the two super-powers bothered to circulate to the U.N. the communique of Vladivostok, dated November 24, 1974.) (2)

Ambassador Martin further declared that "the U.S. hopes to conclude in the near future the negotiation of a SALT II agreement based on principles set out in the summit meeting at Vladivostok a year ago." By imposing equal limits on the aggregate number of strategic delivery vehicles on each side, "the new agreement will eliminate many of the uncertainties that have driven the competition for nuclear arms." He added: "But frankly, curbing this competition is not enough. We must work vigorously to reduce the nuclear arsenals that have already been assembled. Therefore, my Government intends to proceed as soon as possible to follow-on negotiations aimed at achieving further limitations and reductions." (3)

Just before the vote, Ambassador Martin said that his delegation welcomed the "interest shown by the world community in the SALT talks, and the U.S. reaffirms its desire to achieve, at the earliest possible date, a SALT II agreement limiting quantitative and qualitative aspects of competition in strategic arms." He announced that the U.S. would vote against the resolution.** Indeed, he wanted to register "strong objections in particular" to the statements in two operative paragraphs which, he said, "seriously misrepresent the facts." He called the Vladivostok Accords "a major breakthrough." (4)

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* For notes and U.N. documentation, see the final section of this Memorandum.

**It is the current fashion in the U.N. to abstain rather than vote negatively. Indeed, in the votes on 25 disarmament resolutions, there were only 34 negative votes, but 272 abstentions.

The draft resolution was adopted 102 to 10, with 12 absentions. (5) Joining the U.S. with negative votes were the Soviet Union and eight of its Warsaw Pact allies. The 12 absentions included eight NATO States, Cuba, Japan, Mozambique, and Tanzania. However, such friends of the U.S. as Australia, Ireland, Israel, Netherlands, New Zealand, Norway, Spain, and Sweden voted in favor of the resolution.

Comment of author: The U.S. (or the U.S.S.R.) need not have reacted so sharply to the resolution. The U.S. could at least have abstained; indeed, the U.S. could have voted in favor of the resolution, showing that it, too, wanted more progress in the negotiations.

B. Comprehensive test-ban agreement

1. FIVE-POWER NEGOTIATIONS

The first of two test-ban resolutions was introduced by the Soviet Union, but eventually in its revised form it attracted 11 cosponsors. All were socialist States except Costa Rica, Finland, and Mauritius. This was not a "bad" resolution, but it was unrealistic in that it called upon all nuclear-weapon States to enter into negotiations, not later than 31 March 1976, to reach agreement on the complete and general prohibition of nuclear weapon tests. It also invited 25 to 30 non-nuclear-weapon States, to be appointed by the President of the General Assembly, to participate in these negotiations. A similar formula was suggested by the Soviet Union several years ago to discuss convening a world disarmament conference. This met many political obstacles and indeed the discussions never were held. It is felt that this formula will in no way entice China, among other nuclear-weapon States, to participate, and thus the resolution is a non-starter.

U.S. Ambassador Martin made the following observation on the resolution: "The Soviet draft does not appear to solve the problem that must be solved if we are to achieve that objective (a complete halt to all nuclear-weapon testing). In particular, reliance on national means of verification is not, in our view, an adequate basis for clearing up uncertainties as to whether ambiguous seismic signals are caused by an earthquake or by a nuclear explosion. Moreover, the draft does not specify verification measures for peaceful nuclear explosions, but merely states that such explosions would be governed by a separate agreement. This approach leaves unresolved the critical question of whether, under a comprehensive test ban, an adequately verifiable accommodation for peaceful nuclear explosions can be worked out." (6)

In a further statement Ambassador Martin said: "It is clear that it is not realistic to expect all nuclear-weapon States to agree to join comprehensive test-ban negotiations in the near future. Under these circumstances, we frankly believe that the only sound course of action is to continue consideration of the test-ban issue in existing negotiating forums, particularly the CCD." (7) Thus the U.S. would abstain in voting on the draft resolution.

This resolution was adopted 94 to 2 with 34 abstentions.(8) China and Albania voted against, while other States which abstained included France, the Federal Republic of Germany, India, Kenya, Portugal, Spain, Turkey, Tanzania, and Zambia.

Comment: The U.S. could have voted in favor of this resolution, while recording its understandable doubts that it is a realistic approach. Such allies of the U.S. as Australia, Belgium, Canada, Ireland, Israel, Italy, Japan, the Netherlands, Norway, and the U.K. did vote in favor of this resolution.

2. Suspension of Tests

The second draft resolution on the subject of a comprehensive test-ban was introduced by Australia and co-sponsored by 11 States. It condemned "all nuclear weapon tests, in whatever environment they may be conducted." Deploring the continued lack of progress towards an agreement, it called upon all nuclear-weapon States to "bring to a halt all nuclear weapon tests through an agreed suspension subject to review after a specified period, as an interim step towards the conclusion of a formal and comprehensive test ban agreement." It finally urged CCD to give highest priority to conclude an agreement.

Ambassador Martin began his comments on this text by asserting that members of the General Assembly "would be deluding themselves to believe that significant progress can be made (on reaching agreement) without recognizing and coming to grips with the problems that must be solved if that objective is to be realized." He felt the draft resolution ignored or minimized the problems.

The American spokesman said that the U.S. believes "that it is illusory to expect States to enter into an agreement affecting their basic security interests in the absence of sufficient confidence that the terms of the agreement will be fully respected." A test-ban agreement must contain a verification system capable of performing two essential functions. First, it must "provide adequate assurance that clandestine weapon tests are not going undetected and unidentified." This requires, he insisted, "the ability to determine whether ambiguous signals—even relatively small signals—are caused by an earthquake or a nuclear explosion." So far there is no agreement. Second, a verification system "must assure participants that weapons-related information is not being obtained from nuclear explosions carried out ostensibly for peaceful purposes." Again he insisted that "no solution to this complex problem has yet been found." The international community has "hardly begun to examine the critical question of whether, under a comprehensive test ban, an adequately verifiable accommodation for peaceful nuclear explosions is possible." Further, the U.S. cannot agree that an agreed suspension of tests is "an interim step towards" an effective treaty.

The draft resolution "simply ignored" the Threshold Test-Ban Treaty, signed by the U.S. and U.S.S.R. (but not yet ratified). While "legitimate and sincere differences of opinion can exist concerning the adequacy of progress towards a comprehensive test ban," to deny, "as this paragraph does," that progress has been made, is not only a "distortion of the historical record but could also work against the comprehensive test ban objective if opportunities are missed to build upon the progress that has already been achieved." (9)

The draft resolution was adopted 106 to two (Albania and China), with 24 abstentions. (10) In addition to a number of Warsaw Pact and NATO States, others abstaining included Algeria, Burundi, Cuba, and Mozambique. On the other hand, allies of the U.S. which voted for the resolution included Australia, Canada, Ireland, Israel, Japan, the Netherlands, New Zealand, and Norway.

Comment: This would be a hard resolution for the U.S. to endorse unless it changed its longtime policy. But why does it not change its policy and at least announce a suspension of all tests, asking the Soviet Union to join?

C. Peaceful nuclear explosions

PNEs—peaceful nuclear explosions—have lurked in the background of disarmament talks, but came out into the open with the Indian test in 1974 and the Non-proliferation Treaty Conference in 1975. The Netherlands and 12 other States co-sponsored a draft resolution on PNEs of an omnibus character. It appealed "once again to all States, in particular nuclear-weapon States, to exert concerted efforts in all appropriate international forums" to cease the nuclear arms race. It noted that the U.S.S.R. and the U.S. had not yet held consultations to conclude a special agreement on nuclear explosions for peaceful purposes as envisaged in Article V of the NPT and invited them to do so. It also stressed "the need to ensure, particularly in the context of a comprehensive test ban, that any testing or application of nuclear explosions for peaceful purposes does not contribute to the testing or refinement of the nuclear weapon arsenals of nuclear-weapon States or to the acquisition of nuclear explosive capability by other States."

Ambassador Martin pointed out that, in CCD, his delegation suggested that if peaceful nuclear explosions were to be accommodated under a comprehensive test ban, a verification system would have to be devised that, at the minimum, could provide adequate assurance that peaceful nuclear explosions did not involve 1—the testing of a new weapon concept, 2—the use of a stockpiled weapon to verify its performance, and 3—the carrying out of studies of the effectiveness of nuclear weapons." He said that, "quite frankly, no solution to this problem has yet been found."

The American Ambassador felt that "further consideration of that difficult problem could provide a better understanding of how it might be possible to achieve adequate assurance that nuclear weapons-related benefits would not be obtained if peaceful nuclear explosions were permitted under a comprehensive weapons test ban." He recalled that a second aspect of the problem was examined by CCD—the implications of peaceful nuclear explosions for non-proliferation. He recalled that "there was a very wide measure of agreement in the Committee, based on evidence presented by technical experts, that acquisition by a non-nuclear-weapon State of a capability of conducting peaceful nuclear explosions is incompatible with the objective of preventing the spread of nuclear weapons." He said the recently formed Ad Hoc Advisory Group on Peaceful Nuclear Explosions of the International Atomic Energy Agency (IAEA) should make headway in laying the "legal and procedural foundation for the international service that would be required if the remaining questions concerning the feasibility and utility of peaceful nuclear explosions should be resolved."(11)

In explaining why the U.S. would abstain in the vote, Ambassador Martin said that the subject was "of great importance" to his country. He felt that operative paragraphs five and six were unnecessary and would convey a "misleading impression" about the process of working out the special agreement contemplated in Article 5 of the NPT. Since much activity was under way within the IAEA, he questioned "whether any constructive purpose is served by noting that—as of May 1975 presumably—no consultations on the subject had taken place." He also pointed out that CCD had concluded that, "because of their common inherent technical characteristics, all nuclear explosive devices, regardless of their particular design features or intended application, could be employed in some fashion as a nuclear weapon." He felt that there was no basis "for believing that it could be possible to develop a strictly peaceful nuclear explosive device—that is, one not capable of military application." Mr. Martin did point out the constructive elements in the resolution and was prepared to support it in the form originally introduced by the Netherlands and regretted that the amendments compelled the U.S. to abstain.(12)

The resolution was adopted 97 to five, with 24 abstentions.(13) China and India were among those voting against, while those abstaining included more Warsaw Pact States—including the Soviet Union—than NATO

States. Indeed, those voting in favor included Belgium, Australia, Canada, Federal Republic of Germany, Ireland, Israel, Italy, Japan, Norway, Sweden, and the U.K.

Comment: Why couldn't the U.S. go along with some of its friends on this vote?

D. Nuclear-free zones

1. The Comprehensive Study

The 29th General Assembly asked CCD to make a comprehensive study of the question of nuclear-weapon-free zones. This was done.(14) Finland introduced a draft resolution urging that all Governments study the report and transmit to the Secretary-General, before 30 June 1976, views and suggestions on the study as they may deem appropriate. It also urged that the report be published and distributed.

Ambassador Martin observed that the study "merits serious consideration by Governments," since it "provided a more realistic and complete assessment than heretofore existed of the prospects for and potential value of nuclear-weapon-free zones." This study was not, however, within the recent tradition of unanimous expert-consultation reports supervised by the Secretary-General. However, Mr. Martin felt this was a strength, since "the experts carrying out this study outlined areas of disagreement as well as areas of agreement." This method "made it possible to explore problems that otherwise would not have been considered."(15)

The resolution was adopted 126 to none, with two abstentions (Greece and Uganda). (16) The U.S. voted in favor of the resolution.

2. The Concept

Six States co-sponsored a resolution which went beyond the comprehensive study and attempted to outline the concept of a nuclear-weapon-free zone and defined the principal obligations of the nuclear-weapon States toward the zones and the States included therein. This draft resolution caused perhaps the most controversy within the First Committee during the 30th session. The resulting resolution obtained the lowest number of votes—82—among all 25 disarmament resolutions adopted.

Ambassador Martin during an address in the general debate of the First Committee said that "while nuclear-weapon-free zone projects can be given an initial impetus by General Assembly resolutions, there is no substitute for the development of specific zone arrangements by the States concerned." (17) When the draft resolution was introduced Ambassador Martin wanted to express the "strong" opposition of the U.S. "at the earliest practicable moment." He felt that the study showed that the questions of the obligations of nuclear-weapon States toward these zones are "both highly complex and subject to widely divergent views." He recalled that his Government "made it clear that it will not commit itself to any particular set of undertakings towards a nuclear-weapon-free zone in advance of negotiations of specific arrangements for the zone." The U.S. Government in addition questioned "the proposed definitions in and of themselves, as well as the utility of seeking universally valid definitions of the nuclear-weapon-free zone concept." His strongest objections concerned the implications in the draft for the role, competence, and authority of the General Assembly. He asserted that "there is absolutely no justification in the U.N. Charter or international law for arguing that 'endorsement' or 'recognition' by the General Assembly can be either a necessary or a sufficient condition for entry into force of a nuclear-weapon-free zone or for the assumption of obligations towards the zone by States not located in the region." Finally, he felt it unfortunate that the resolution should have been presented before Member States had an opportunity to present their views on the issues raised by the comprehensive study. (18)

The draft resolution was somewhat amended, but just before the vote in the First Committee Ambassador Martin indicated that "these changes do not, in our opinion, respond in a satisfactory manner to the objections we expressed last week." Consequently, the position of the U.S. was "unchanged and we will vote against the draft resolution." (19)

The U.S. did so in the First Committee and in the plenary. In the latter the resolution was adopted 82 to 10, with 36 absentions. (20) Those voting in favor included China, Finland, Iran, Mexico, and Yugoslavia. A number of NATO members voted negatively with the U.S. The socialist bloc abstained as did Canada, Israel, Japan, Norway, and Sweden.

Comment: This is probably the one resolution in which the U.S. could honorably have abstained. However, it is still a good resolution and the U.S. would have encouraged the creation of new nuclear-free zones by voting in favor of this resolution.

3. The Indian Ocean

The General Assembly in 1971 declared the Indian Ocean as a Zone of Peace. An Ad Hoc Committee on the Indian Ocean was established to attempt to implement this Declaration. However, of the five permanent members of the Security Council, only China voted in favor of the Declaration and only China so far is a member of the Ad Hoc Committee.

Sri Lanka, chairman of the Ad Hoc Committee, introduced a draft resolution which acknowledged the report of the Ad Hoc Committee and recognized that an agreement had been reached in principle to convene a conference on the Indian Ocean. The resolution further requested the Ad Hoc Committee to continue its work and invited all States, "in particular the great Powers and the major maritime users of the Indian Ocean, to cooperate with the Ad Hoc Committee."

The U.S. did not discuss the resolution or the Declaration, this session, but its skepticism about the Indian Ocean Zone of Peace is well known in the General Assembly. Nevertheless, the resolution was adopted 106 to none, with 25 abstentions. (21) Those joining the U.S. in abstaining included major NATO and Warsaw Pact States, including the Soviet Union, the U.K., and France. Those voting in favor included Australia, China, India, Japan, and Sweden.

Comment: The U.S. is short-sighted in not voting for such a resolution and for not cooperating fully with the Ad Hoc Committee.

4. The South Pacific

New Zealand and Papua New Guinea submitted a draft resolution on the establishment of a nuclear-weapon-free zone in the South Pacific. This endorsed the idea of the establishment of a zone, invited the countries concerned "to carry forward consultations about ways and means of realizing this objective," and expressed the hope that all States, and "in particular the nuclear-weapon States," would cooperate fully in achieving these objectives.

Ambassador Martin explained the abstention of the U.S. because "the U.S. is not prepared to endorse the establishment" of such a zone. The U.S. would have welcomed the resolution if it called on the States concerned to engage in consultations "without implying a commitment in advance to the establishment of such a zone." He revealed that the representative from New Zealand indicated that its proponents intended to seek its extension eventually to include areas of the high seas. He said that "the U.S. cannot endorse a proposal that contemplates restrictions on internationally recognized rights of navigation and overflight of maritime areas, including the rights of innocent passage through territorial seas." (22)

The resolution was adopted, 110 to none, with 20 abstentions.(23) Those joining the U.S. included mostly Warsaw Pact and NATO States. Those voting affirmatively included Australia, Canada, Denmark, Ireland, Israel, Japan, the Netherlands, and Sweden.

Comment: The U.S. could easily have voted affirmatively.

5. South Asia

India and Pakistan both submitted draft resolutions on a nuclear-weapon-free zone in South Asia. The Indian draft decided "to give due consideration to any proposal for the creation of a nuclear-weapon-free zone in an appropriate region of Asia, after it has been developed and matured among the interested States within the region concerned." The Pakistan draft narrowed the area to South Asia: "Urges the States of South Asia to continue their efforts to establish a nuclear-weapon-free zone in South Asia." Some efforts were made to bring the two drafts together; these failed and it was agreed to vote on both drafts. Moreover, it was agreed to adopt both by consensus.*

6. The Middle East

Egypt and Iran submitted a draft resolution similar to one adopted by the 29th General Assembly. It recommended that Member States in the area, pending the establishment of the zone under effective safeguards, "proclaim solemnly and immediately their intention to refrain, on a reciprocal basis, from producing, acquiring or in any other way possessing nuclear weapons and nuclear explosive devices, and from permitting the stationing of nuclear weapons, in their territory or the territory under their control by any third party." It also recommended the nuclear-weapon States refrain from any action contrary to the purpose of this resolution.

Ambassador Martin asserted that the U.S. "supports the objective of the establishment of a nuclear-weapon-free zone in the Middle East under conditions which we have enumerated in the past for assuring the effectiveness of such a zone." He added that the U.S. was "prepared to lend our cooperation to efforts to achieve this objective." The U.S. did question "the approach of asking States to undertake commitments in advance of the negotiations of a zone arrangement."(26)

The resolution was adopted 125 to none, with two abstentions (Israel and the United Republic of Cameroon).(27) The U.S. voted with the majority.

Comment: It is somewhat of a mystery why the U.S. voted for this resolution, while it abstained in voting on roughly similar resolution on creating nuclear-free zones elsewhere.

7. Africa

Since 1961, attempts have been made to make the African continent a nuclear-free zone. However, no efforts have been made to implement the attempt as in Latin America with the Treaty of Tlatelolco. A resolution was introduced by a number of African States once again reaffirms its call upon all States to consider and respect the continent of Africa, as a nuclear-weapon-free zone. Further, it reiterates its call upon all States to refrain from testing, manufacturing, deploying, transporting, storing, using or threatening to use nuclear weapons on the African continent.

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*In recent years there has been a precedent of the passage of two resolutions on the same subject which tend to contradict each other; e.g., the two resolutions on Korea adopted also by the First Committee during the 30th session. A consensus, in recent U.N. tradition, is an agreement not to put a resolution to a vote, but to agree to adopt it without a vote—unanimously. However, some nations may indicate beforehand that they will not participate in the consensus. Others may indicate afterwards that, had there been a vote, their delegation would have abstained.

Both resolutions were adopted by consensus.(24) However, Ambassador Martin indicated that, had there been a vote, his delegation would have abstained. It was the U.S. view that "this year's resolutions embody quite different approaches to the stated objective, just as they did last year." He emphasized consultations and careful preparations and added that "an important consideration is determining the attitude of the U.S. toward any particular zone arrangement is based on whether it effectively prohibits the indigenous development of any nuclear explosive capability for whatsoever purpose." (25)

After the vote, Ambassador Martin said that the affirmative vote reflected the long-held view that "the establishment of nuclear-weapon-free zones in appropriate regions of the world could usefully complement the Non-Proliferation Treaty as a means of preventing the spread of nuclear weapons." He warned, however, that the U.S. would "have to examine specific nuclear-weapon-free zone arrangements in the light of the criteria we have enunciated in the past."(28)

The resolution was adopted 131 to none.(29) (Since a vote was taken, this is not technically a consensus.)

8. Treaty of Tlatelolco, Protocol I

For many years Latin American States have urged certain States to sign and ratify Additional Protocols I and II of the Treaty for the Prohibition of Nuclear Weapons in Latin America—the Treaty of Tlatelolco. The U.S. ratified Protocol II, but not Protocol I. The latter deals with territories lying within the zone of the Treaty. The U.K. and the Netherlands have ratified this Protocol. The draft resolution again urges France and the U.S. to sign and ratify the Protocol "as soon as possible, in order that the peoples of the territories in question may receive the benefits which derive from the Treaty and which consist mainly in removing the danger of nuclear attack and sparing the squandering of resources on the production of nuclear weapons."

Ambassador Martin told the First Committee that the U.S. does not believe that either the U.S. Virgin Islands or Puerto Rico could be included in the zone because the former is "a part of U.S. territory" and the latter "has a special relationship with the U.S." He also said that the Guantanamo base could be included if the Government of Cuba were to sign and ratify the Treaty and that the Treaty should also apply to the Canal Zone upon return of jurisdiction over the zone to Panama under the new Treaty now being negotiated. Hence the U.S. would abstain. (30)

Ambassador Alfonso Garcia Robels of Mexico answered by asking the U.S. to take a plebicite in Puerto Rico—"through one of those referendum which are frequently held in Switzerland"—to ascertain whether they would agree to the U.S. signing and ratifying Protocol I. He asserted that "there is nothing in either international law or international practice to prevent a State from deciding, in exercise of its sovereign freedom, not only to denuclearize militarily, but even to demilitarize completely, a Territory that is under its jurisdiction." He gave numerous examples to show that "there is no insurmountable obstacle at all to compliance with this draft resolution." (31)

The resolution was adopted 113 to none, with 16 abstentions. (32) The U.S. abstained. So did the U.S.S.R. and France.

Comment: The U.S. could take a modest initiative by signing and ratifying Additional Protocol I, without jeopardizing its security.

9. Treaty of Tlatelolco, Protocol II

The U.S., France, China, and the U.K. are parties of Additional Protocol II of the Treaty for the Prohibition of Nuclear Weapons in Latin America—the Treaty of Tlatelolco. They pledged not to use nuclear weapons toward any member of this zone. However, the Soviet Union has not signed and ratified this Protocol. The draft resolution "again urges" it to sign and ratify the Protocol II.

The resolution was adopted 115 to none, with 12 abstentions. (33) The U.S. voted in favor of this resolution. However, 12 States abstained, including the Soviet Union and its allies.

4. CONVENTIONAL DISARMAMENT ISSUES

A. Indiscriminate weapons

The U.N. for several years has tried to outlaw the use of napalm and other incendiary weapons. To date the U.S. has not been exactly helpful in promoting this goal. Sweden introduced a draft resolution on this subject, ultimately co-sponsored by 16 States. This in effect keeps the subject alive by urging the third session of the Diplomatic Conference on the Reaffirmation and Development of International Humanitarian Law Applicable in Armed Conflicts (meeting in Geneva) to continue its consideration of the use of specific conventional weapons, "including any which may be deemed to be excessively injurious or to have indiscriminate effects, and its search for agreement for humanitarian reasons on possible rules prohibiting or restricting the use of such weapons." The resolution had the effect of broadening concern for napalm and other incendiary weapons to "other specific conventional weapons which may be the subject of prohibitions or restrictions of use for humanitarian reasons."

The U.S. in the First Committee did not comment on this subject during this 30th session. Indeed, it is thought that the Pentagon may be more positive in the future, than in the recent past, on some action to ban or otherwise restrict the use of some of these weapons.

The resolution was adopted by consensus, in which the U.S. joined. (34)

Comment: Here is a new field for the limitation of arms. The U.S. should begin to take the lead instead of following fitfully Sweden, Mexico, and other States with humanitarian concerns in this field.

B. Chemical weapons

For some years CCD has tried to complete a treaty prohibiting the production and stockpiling of chemical weapons. There have been considerable resistance and delays, especially by the U.S.

Twenty-four States co-sponsored a resolution which reaffirmed the objective of reaching early agreement on the "effective prohibition of the development, production, and stockpiling of all chemical weapons and on their elimination from the arsenals of all States." It further urged all States to make every effort to facilitate early agreement, especially through CCD which would negotiate this matter with high priority.

Ambassador Martin recalled that, since the General Assembly last met, the U.S. completed its ratification of the Geneva Protocol (after almost 50 years!). He said that "it is no secret to members of this Committee that the negotiation of a ban on chemical weapons has proved more complex and difficult than many of us anticipated. Because the production and stockpiling of chemical weapons can be concealed more easily than many other military activities, particularly in countries with large chemical industries, verifying compliance with a treaty can present great difficulties. Nevertheless, the goal of finding effective solutions has been pursued in good faith and, without in any sense attempting to minimize the difficulties ahead, I think it fair to say that there has been at least some progress." He indicated that the U.S. has concluded that "an initial chemical-warfare measure should deal with all lethal chemical weapons." He pledged that "in the months ahead, my Government will continue its efforts in this field with the hope that they will point to promising approaches to a possible joint initiative at the CCD during 1976." (35)

The resolution was adopted by consensus, in which the U.S. joined. (36)

Comment: The U.S. has been dragging its heels in Geneva on completing this Treaty.

C. Mass destruction weapons

The Soviet Union introduced a new agenda item entitled, "Production of the development and manufacture of new types of weapons of mass destruction and new systems of such weapons." The revised-draft resolution, co-sponsored by 18 States, urged that an appropriate international treaty be concluded." It asked the CCD, with the assistance of qualified experts, to work out the text of such a treaty. The Soviet Union appended a draft treaty, with article one pledging each State Party not to develop or manufacture new types of weapons of mass destruction or new systems of such weapons, including those utilizing the latest achievements of modern science and technology. Significantly, the definition of such types of weapons was to be specified through subsequent negotiations.

Ambassador Martin stated that the U.S. shared with the co-sponsors the concern "over the dangers posed by the possible development of new weapons of mass destruction." The U.S. felt, however, that "before making a commitment to seek restraints on new weapons of mass destruction, it is essential to obtain a clear understanding of the issues involved." However, the U.S. could not agree at this time that it is necessary to conclude a treaty or that CCD proceed as soon as possible to work out the text. Thus the U.S. would abstain. (37)

The resolution was approved 112 to one (Albania), with 15 abstentions. (38) The latter included, in addition to the U.S., some nine NATO States, Israel, Malawi, Mauritania, Morocco, and Uganda. However, the following friends of the U.S. voted in favor of the resolution: Australia, Canada, Japan, New Zealand, Norway, and Sweden.

Comment: The U.S. could easily have voted in favor of the resolution and waited to a later stage to abstain if strong reasons for disapproval arose.

D. Climate and environment

The CCD had received identical draft texts of a convention on the prohibition of military or any other hostile use of environmental modification techniques, submitted by the U.S. and the U.S.S.R. A number of States co-sponsored a draft resolution noting "with satisfaction" the existence of these identical drafts and requesting CCD to continue negotiations with a view to reaching early agreement.

Ambassador Martin told the general debate in the First Committee that "while environmental warfare is not a present practicable means of military action on a significant scale, our understanding and technology in the field are advancing." Thus the U.S. believes that "action should be taken now to adopt effective restraints—that is, before techniques are perfected and their potential threat materializes." He listed four conceptual challenges with which, he felt, the draft convention deals successfully. He warned that the prohibitions should not "impede the full realization of any peaceful benefits that may result from environmental modification." He admitted that the draft does not attempt to prohibit research and development. (39)

The resolution was adopted by consensus, in which the U.S. joined. (40)

5. PROCEDURAL ISSUES

A. World Disarmament Conference

Efforts to convene a world disarmament conference have continued for many years, especially since 1971. For two years an Ad Hoc Committee on the World Disarmament Conference has been meeting at New York, composed of 40 Member States and whatever of the five nuclear-weapon States which wanted to associate themselves with the Committee. Despite public and private negotiations, the Ad Hoc Committee has been unable to announce that the political situation was ripe to convene a Preparatory Committee for a world disarmament conference. Twenty-five States co-sponsored a draft resolution at least to keep the Committee alive. It renewed the mandate of the Committee and asked it to submit a report to the 31st session of the General Assembly.

The U.S. did not speak at this session about the Ad Hoc Committee, or a world disarmament conference. The U.S. has been, however, the chief opponent of convening a world disarmament conference—together with China. Also the U.S. and China have been the two members of the nuclear club which have not physically participated in the meetings of the Ad Hoc Committee.

The resolution was adopted by consensus, in which the U.S. joined. (41)

Comment: The U.S. has nothing to lose in the convening of a world disarmament conference—and the people of the U.S. and the world have much to gain. The U.S. could at least begin by taking its seat in the meetings of the Ad Hoc Committee and urging China to do likewise.

B. Military expenditures

The Soviet Union in 1973 introduced a resolution that would ask the five permanent members of the Security Council—China, France, U.S.S.R., U.S., and U.K.—to make a reduction of ten percent in their annual military expenditures. While this resolution (42) was adopted, only the U.S.S.R. was ready to implement the resolution.. Mexico and other States did, however, try to rescue part of the proposal by suggesting that a group of consultant-experts study the reduction of military budgets. This was completed and presented to the 29th General Asesmbly. (43) Mexico and Sweden submitted to the First Committee a draft resolution. In its operative clauses it urged "the two States with the highest levels of military expenditures, in absolute terms, pending such agreement (among the permanent members of the Security Council), to carry out reductions of their military budgets." Also it requested the Secretary-General, assisted by a group of qualified experts, to prepare an in-depth analysis defining the military sector and military expenditures, the valuation of resources in the military sector in different economic systems, examining methods of measuring real expenditure trends, and considering methods for accurate currency comparison of military expenditures.

Ambassador Martin revealed that the U.S. in CCD suggested that the latter organize a study of the questions that must be answered to determine the feasibility of agreed military expenditure limitations. He asked three questions: First, how can one measure the military spending of different countries so as to permit effective comparisons when we must take into account their different currencies, their different fiscal and financial practices, and their different kinds of armed forces? Second, how can limitations be formulated and applied so that no country will feel that its security could be endangered by an agreement encompassing such limitations? Third, how can compliance with a limitation agreement be assured?(44)

After the vote, Ambassador Martin explained the abstention by the U.S. It was unacceptable that an operative paragraph singled out two States. He did not understand "how any State can be expected to reduce its defence expenditures without some assurance that doing so would not jeopardize its security." Under present conditions, "it is not even feasible for one State to compare its own defence expenditures with those of other States." However, the U.S. abstention did not reflect disagreement with "the central purpose of the draft resolution as set out in the last five paragraphs." Indeed, it represented "in our view, an essential step forward toward creating conditions in which agreed limitations on military expenditures can become a serious possibility." Although the U.S. suggested the CCD be a venue, he could agree that the Secretary-General assume the responsibility. Further, the U.S. was prepared "to cooperate fully in the preparation of the report called for in the draft resolution."(45).

The resolution was adopted 108 to two (Albania and China), with 21 abstentions.(46) Joining the U.S. was the U.S.S.R. and eight NATO States and seven Warsaw Pact States. However, among those States voting were Australia, Denmark, Ireland, Israel, Japan, New Zealand, and Norway.

Comment: The U.S. could easily have asked for a separate vote, in the First Committee or in the plenary, or those preambular or operative paragraphs to which it took exception, in order to go on record to oppose them without abstaining in a vote on the whole resolution. This is established U.N. procedure, which the U.S. uses often.

C. Economic and social consequences of the arms race

A group of consultant-experts prepared for the Secretary-General in 1971 a report on "Economic and Social Consequences of the Arms Race and of Military Expenditures." Romania introduced a draft resolution on this subject, co-sponsored by 14 additional States. It requested the Secretary-General to update the report, using qualified consultant-experts, and taking into account any new developments.

Ambassador Martin indicated, after the vote in the First Committee, that had the resolution been put to a vote, the U.S. would have abstained. He did not object to updating the report, but he did object to the establishment of a group of consultant-experts. He also objected that the resolution contained a specific reference to the Charter of Economic Rights and Duties of States—a concept which the U.S. rejects, and its position "remains unchanged."(47)

The resolution was adopted by consensus, in which the U.S. joined. (8)

Comment: This study entailed an additional appropriation of $79,000.(49) The U.S. objection to paying its share of this amount—or approximately $20,000—is unbelievable in juxtaposition to a U.S. military budget of more than $100 billion annually.

D. Role of the U.N.

The Secretary-General in the Introduction to his annual report to the General Assembly,(50) suggested that a basic review be made of the role of the U.N. in the disarmament field. Sweden took the initiative, later joined by eight States, in introducing a resolution establishing an Ad Hoc Committee of the General Assembly, open to the participation of all Member States, to carry out a basic review of the role of the U.N. in the disarmament field. Further, all States would be invited to communicate to the Secretary-General, no later than 1 May 1976, their views and suggestions; in June/July 1976 there would be a two-week substantive session and one week in September 1976.

Ambassador Martin announced, after the vote, that the U.S. abstained because the basic concern of the U.S. was with the underlying idea of the resolution that "multilateral disarmament efforts would be facilitated by adjustments in negotiating procedures or organizational changes." While the U.S. is fully prepared to consider in a constructive spirit means by which existing multilateral machinery could be improved, it did "not believe that organizational and procedural changes are of central importance to progress in disarmament." He felt that "focusing on organizational questions could in fact divert attention from those problems and even create false expectations, with the possible effect of undermining rather than strengthening the efforts under way in existing bodies." He concluded that "the establishment of a new ad hoc committee . . . offers little potential for improving prospects for concrete achievements in multinational disarmament negotiations."(51)

The resolution was adopted 108 to two (Poland and the U.S.S.R.),* with 14 abstentions.(52) In addition to the U.S., those abstaining included three NATO Pact States and five Warsaw Pact States. Those friends of the U.S. which voted in favor of the resolution included Australia, Canada, France, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, and Sweden.

Comment: There is no real reason for the U.S. to abstain, except to keep U.N. expenses low. However, while the servicing costs for the Ad Hoc Committee were estimated to run to almost one-half million dollars, the Fifth Committee decided that conference services of the U.N. could fit the Committee's meetings within its regular budget and no additional appropriation would be required. (53) Thus it is even more difficult to find a reason for the U.S. to abstain, except to keep the Russians company.

E. The disarmament decade

The 1970s is the Disarmament Decade and the 30th session had an agenda item entitled, "Mid-term review of the Disarmament Decade: Report of the Secretary-General." The report of the Secretary-General included responses from some Member States. (54) Nigeria introduced a draft resolution co-sponsored by 12 additional States. This reiterated "the central interest of the U.N. in all disarmament negotiations," deplored the "wastage of resources," and called upon Member States "to intensify their efforts in support of the link between disarmament and development." It also decided to include on the provisional agenda of the 31st session an item entitled, "Effective measures to implement the purposes and objectives of the Disarmament Decade."

Ambassador Martin said that the U.S. had "some reservations concerning its elements and language." He questioned "the value of asserting an essential link between Disarmament and development." He said that while both of these objectives are important, "progress in achieving disarmament depends upon the solution of problems that in many respects are fundamentally different from those of development." He concluded that "in our view, disarmament and development should be pursued on their own merits, without being made mutually dependent." (55)

The resolution was adopted by consensus, in which the U.S. joined. (56)

Comment: The U.S., and other Western States, tend to repeat the ritual that disarmament and development should be pursued on their own merits, and that any link is slight. Yet whenever the obvious development needs of the developing world in dollars are made known, the only place such magnitude of sums are available in the U.S. budget is from that of the Pentagon.

F. Strengthening the disarmament secretariat

Austria introduced a resolution, co-sponsored by 11 additional States, which requested the Secretary-General to take appropriate steps for the strengthening of the Disarmament Affairs Division of the U.N., including the addition of staff necessary for the effective carrying out of its increased responsibilities. The latter included an augmented load of conferences as well as implementation of decisions adopted by the General Assembly in this field.

Ambassador Martin requested a recorded vote. The U.S. abstained in the voting because he said that the U.S. felt that the Secretary-General's budget estimates for 1976–77 provided adequately for the Disarmament Affairs Division. He further asserted that the requirements arising from new responsibilities given to the Division could and should be set by reallocating available resources.(57) In a vote in the Fifth Committee on the initiative of Mexico, an additional appropriation of $149,200 was approved for the biennium 1976–77, plus an additional staff assessment of $31,600.(58)

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*The verbatim record indicated that Poland and the U.S.S.R. subsequently gave notice that they intended to abstain and not vote negatively.

The resolution was adopted 115 to none, with 13 abstentions.(59) In addition to the U.S., those abstaining included eight NATO States and Japan, New Zealand, and Nicaragua.

Comment: This was again a cheap-shot by the U.S. which spends more than $149,200 each minute for its defense budget.

G. Sea-Bed Treaty

The Treaty on the Prohibition of the Emplacement of Nuclear and Other Weapons of Mass Destruction on the Sea-Bed and the Ocean Floor and in the Subsoil Thereof provides for the convening of a review conference five years after its entry into force or sometime after May 1977. Denmark and six additional States co-sponsored a resolution requesting the Secretary-General to render necessary assistance and provide services for a preparatory committee of parties to the Treaty It also expressed the hope for the widest possible adherence to the Treaty.

The U.S. made no statement about this Review Conference.

The resolution was adopted 126 to none, with two abstentions (Cuba and France).(60)

6. VOTING RECORD OF 12 STATES

TABLE I.—THE VOTING PATTERN OF 12 SELECTED STATES ON 25 DISARMAMENT RESOLUTIONS ADOPTED BY THE 30TH SESSION OF THE U.N. GENERAL ASSEMBLY, DECEMBER 1975

	China	U.S.S.R.	Romania	United States	United Kingdom	France	India	Canada	Japan	Mexico	Nigeria	Sweden	Y	N	Ab	(Number)
Nuclear Dis.:																
SALT II	nv	N	Y	N	Ab	Ab	Y	Y	Ab	Y	Y	Y	102	10	12	(3484C)
Five-Power	N	Y	Y	Ab	Ab	Ab	Y	Ab	Ab	Y	Y	Ab	94	2	34	(3478)
Suspension	N	Ab	Y	Ab	Ab	Ab	Y	Y	Y	Y	Y	Y	106	2	24	(3466)
PNE's	N	Ab	Y	Ab	Y	Ab	N	Y	Y	Y	Y	Y	97	5	24	(3484A)
N-Free Zones:																
Comp. Study	nv	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	126	0	2	(3472A)
Concept	Y	Ab	Y	N	N	N	Ab	Ab	Ab	Y	Y	Ab	82	10	36	(3472B)
Indian Ocean	Y	Ab	Y	Ab	Ab	Ab	Y	Ab	Y	Y	Y	Y	106	0	25	(3468)
South Pacific	Y	Ab	Y	Ab	Ab	Ab	Y	Y	Y	Y	Y	Y	110	0	20	(3477)
South Asia	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	consensus			(3476A)
South Asia	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	consensus			(3476B)
Mid-east	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	125	0	2	(3474)
Africa	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	131	0	0	(3471)
TT, I	Y	Ab	Y	Ab	Y	Ab	Y	Y	Y	Y	Y	Y	113	0	16	(3473)
TT, II	Y	Ab	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	115	0	12	(3467)
Convent. Dis.:																
Ind. Weapons	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	consensus			(3464)
Chemical	Yc@	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	consensus			(3465)
Mass Dest	nv	Y	Y	Ab	Ab	Ab	Y	Y	Y	Y	Y	Y	112	1	15	(3479)
Climate	Yc@	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	consensus			(3475)
Other Issues:																
World Conf	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	consensus			(3469)
Military Bud	N	Ab	Y	Ab	Ab	Ab	Y	Ab	Y	Y	Y	Y	108	2	21	(3463)
Econ. Conseq	Yc	Yc	Yc	Yc#	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	consensus			(3462)
Role U.N.	a	N*	Y	Ab	Ab	Y	Y	Y	Y	Y	Y	Y	108	2	14	(3484B)
Dis. Decade	Yc@	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	Yc	consensus			(3470)
Secretariat	nv	Y	Y	Ab	Ab	Ab	Y	Ab	Ab	Y	Y	Y	115	0	13	(3484D)
Sea-bed	nv	Y	Y	Y	Y	Ab	Y	Y	Y	Y	Y	Y	126	0	2	(3484E)
Yc—Consensus	8	8	8	8	8	8	8	8	8	8	8	8				
Y—Yes	7	7	17	5	7	5	15	12	13	17	17	15				
N—No	4	2	—	2	1	1	1	—	—	—	—	—				
Ab—Abstain	—	8	—	10	9	11	1	5	4	—	—	2				
nv—Not vote	4	—	—	—	—	—	—	—	—	—	—	—				
a—absent	2	—	—	—	—	—	—	—	—	—	—	—				

*The U.S.S.R. announced that it had intended to abstain.

@If put to a vote would not have participated.

#If put to a vote would have abstained.

7. SUMMARY AND CONCLUSIONS

1. The First Committee of the 30th session of the U.N. General Assembly discussed a record number of disarmament agenda items—19—and adopted a record number of disarmament resolutions—25. (Also a few items related to disarmament came to the plenary from other committees.)

2. However, no progress in disarmament was perceived during the session. Activity should not be mistaken for action—at least in the field of disarmament. Disarmament is at dead center and has been so for some years.

3. It is difficult and perhaps futile to pin the label of blame for this inaction on any one State or group of States. Yet if just the U.S. or the U.S.S.R., or both, were to begin in earnest the process of disarmament, it is likely that the whole disarmament picture and climate would change—and world security would increase.

4. The voting pattern of States on disarmament issues at the U.N. can be instructive in determining political trends. However, there can be no objective evaluation of votes, because there is no way to compare resolutions. Some are more important than others, whether procedural or substantive. Having given this caveat against any quantitative approach, one can attempt to perceive trends by considering first selected resolutions and then by using all resolutions adopted in one field.

5. A subjective selection would indicate that the following eight disarmament resolutions may have perhaps been the most important adopted during the 30th session: SALT II, suspension of nuclear tests, PNEs, concept of a nuclear-free zone, indiscriminate weapons, weapons of mass destruction, military expenditures, and economic and social consequences of the arms race. On these eight issues, the U.S. voted in favor of only one (and this was part of a consensus). The U.S.S.R. voted in favor of two. China also voted in favor of two. Such allies of the U.S. as Canada and Japan voted for five resolutions. Sweden voted for six. Such States as Mexico, Nigeria, and Romania voted for all eight.

6. If all 25 disarmament resolutions are considered, the U.S. voted for only 13, and stated that, had there been no agreement for consensus on three, it would have abstained on these three. Using the 13 figure, this is a percentage of 52. The Soviet Union voted in favor of 15, for a percentage of 60. China, also voted for 60 per cent. Two of the closest allies of the U.S., Japan and Canada, voted for 80 and 84 per cent respectively. Indeed, many States voted for all resolutions, such as Mexico, Nigeria, and Romania.

7. The allegation that the U.S. and the U.S.S.R. are atomic bedfellows is borne out by the fact that, on 19 resolutions, the U.S. and the U.S.S.R. voted identically—yes, abstention, or no. This is a 76 per cent identity. Compare this to a 52 per cent identity of the U.S. votes with that of all Member States on these disarmament issues. Or compare it to an identity of only 60 per cent with its Pacific ally, Japan.

8. How can the role of the U.S. be described, at least in the field of disarmament at the 30th session of the U.N.? It has hardly been a positive or forthcoming one. The U.S. has taken no initiative and made no new proposals in the disarmament field in the past decade. The U.S. has maintained a posture of stonewalling the non-nuclear States, of collusion with the Soviet Union on certain issues, of putting part-time negotiators in Geneva and New York, and of maintaining—understandably in the circumstances—an extremely low visibility.

9. This stance of the U.S. is not new; and it is not limited to disarmament. The U.S. during the 29th General Assembly in the autumn of 1974 had a record of voting for only 12 disarmament resolutions out of 21 or 57 per cent. This record was, at that time, also matched by the Soviet Union. Even China voted in favor of more disarmament resolutions in 1974, while such States as Mexico and Japan voted in favor of 21 and 20 resolutions respectively. Also the low level of U.S. voting performance may be universal in the U.N. system. The "U.N. Voting Box Score" on 20 Vital Issues before the 30th General Assembly prepared by Mr. Donald Keys of the World Association of World Federalists gave the U.S. a low score of 45 per cent in 1974. The 1975 rating is also low, an identical 45 per cent, whereas Albania is 40 per cent and Sweden is 98 per cent.

10. If the U.S. can put a prettier face on its disarmament posture at the U.N., let the White House, U.S. Arms Control Agency, the Pentagon, or the Permanent Mission of the U.S. to the U.N. try to do so.

8 NOTES AND U.N. DOCUMENTATION

1. A–C.1–PV.2073, p. 12. This is a provisional verbatim record of the 2073rd meeting of the First or Political Committee. 2. A–C.1–1069. 3. A–C.1–PV.2073, p. 12. 4. A–C.1–PV. 2108, pp. 71–72. 5. See Report of the First Committee, A–10438, for the text of the final resolution. The record of the vote in the plenary is in A–PV.2439. 6. A–C.1–PV.2073, pp. 13–15. 7. A–C.1–PV.2107, p. 21. 8. A–10447. A–PV.2437. 9. A–C.1–PV.2106, pp. 48–51. 10. A–10434. A–PV.2437. 11. A–C.1–PV.2073, pp. 15–16. 12. A–C.1–PV.2108, pp. 51–55. 13. A–10438. A–PV.2439. 14. A–10027–Add.1. This will be issued as Official Records of the General Assembly, Thirtieth Session, Supplement No. 27A(A–10027–Rev. 1–Add.1.) 15. A–C.1–PV.2073, p. 17. 16. A–10441. A–PV.2437. 17. A–C.1–PV.2073, p. 17. 18. A–C.1–PV.2098, pp. 27–32. 19. A–C.1–PV.2108, p. 23. 20. A–10441. A–PV.2437. 21. A–10436. A–PV.2437. 22. A–C.1–PV.2100, p. 47. 23. A–10445. A–PV.2437. 24. A–C.1–PV.2105, p. 61. 25. A–C.1–PV.2106, p. 18. 26. A–10443. A–PV.2437. 27. A–C.1–PV.2106, p. 82. 28. A–10440. A–PV.2437. 29. A–C.1–PV.2100, p. 57. 30. A–C.1–PV.2100, pp. 71–77. 31. A–10442.A–PV.2437. 32. A–10435. A–PV.2437. 33. A–10432. A–PV.2437. 34. A–C.1–PV.2073, p. 11. 35. A–10433. A–PV.2437. 36. A–C.1–PV.2107, pp. 43–45. 37. A–10448. A–PV.2437. 38. A–C.1–PV.2073, pp. 3–6. 39. A–10444. A–PV.2437. 40. A–10437. A–PV.2437. 41. Resolution 3093 (XXVIII). 42. A–9770. U.N. Publication Sales No. E.75.I.10. 43. A–C.1–PV.2073, pp. 7–10. 44. A–C.1–PV.2107, pp. 61–62. 45. A–10431. A–PV.2437. 46. A–C.1–PV.2100, pp. 67–70. 47. A–10430. A–PV.2437. 48. A–10484. 49. A–10001–Add. 1. 50. A–C.1–PV.2108, p. 66. 51. A–10438. A–PV.2439. 52. A–10488. 53. A–10294 and A–10294 Add. 1. 54. A–C.1–PV.2107, pp. 13–15. 55. A–10439. A–PV.2437. 56. A–C.1–PV.2108. 57. A–10488. 58. A–10438. A–PV.2439. 59. A–10438. A–PV.2439.

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D33. *Disarmament at the World Food Conference.* December 1974. 12 pp. 50¢.

D34. *Disarmament at the 29th U.N. General Assembly.* January 1975. 13 pp. 60¢

D35. *Disarmament and Hunger: Life and Death for Planet Earth,* U.S. Inter-religious Committee on Peace. January 1975. 7 pp. 35¢

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ROTC AT WYOMING SHOULD BE RETAINED

(Mr. RONCALIO asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RONCALIO. Mr. Speaker, I intend to offer an amendment to section 745 of the defense appropriations bill, H.R. 14262, when it is on the floor of the House for consideration. Section 745 eliminates appropriations for senior ROTC units which do not meet specific enrollment requirements, outlined in the bill.

Approximately 93 schools will be affected by this legislation; 10 of these are land-grant colleges and universities. In my State of Wyoming, the University of Wyoming is the only university, and therefore the only institution where ROTC is offered.

The concept of military training in civilian colleges is an old one in American history. The wide variety of civilian educational backgrounds is a guarantee against military cliques and provides training in relation to the geographical and sociocultural differences in the United States.

I urge your support of this amendment, to insure that each land-grant college or university be allowed to maintain an ROTC program.

CONFERENCE REPORT ON H.R. 13680

Mr. MORGAN submitted the following conference report and statement on the bill (H.R. 13680) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 94–1272)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 13680) to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "International Security Assistance and Arms Export Control Act of 1976".

TITLE I—MILITARY ASSISTANCE PROGRAM

AUTHORIZATION

SEC. 101. Section 504(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a) (1) There is authorized to be appropriated to the President to carry out the purposes of this chapter $196,700,000 for the fiscal year 1976 and $177,300,000 for the fiscal year 1977. Not more than the following amounts of funds available for carrying out this chapter (other than funds appropriated under section 507 of the International Security Assistance and Arms Export Control Act of 1976) may be allocated and made available to each of the following countries for such fiscal years:

Country	Fiscal year 1976 amount	Fiscal year 1977 amount
Greece	$31, 000, 000	$33, 000, 000
Indonesia	13, 000, 000	15, 000, 000
Jordan	50, 000, 000	55, 000, 000
Republic of Korea	55, 000, 000	8, 300, 000
Philippines	17, 000, 000	17, 000, 000
Thailand	16, 000, 000	16, 000, 000
Turkey	31, 000, 000	50, 000, 000
Ethiopia	6, 000, 000	6, 000, 000

The amount specified in this paragraph for military assistance to any such country for fiscal year 1976 or for fiscal year 1977 may be increased by not more than 10 per centum of such amount if the President deems such increase necessary for the purposes of this chapter.

"(2) Not to exceed $6,000,000 of the funds available for fiscal year 1976 to carry out the purposes of this chapter, and not to exceed $3,700,000 of the funds available for fiscal year 1977 to carry out the purposes of this chapter (other than funds appropriated under section 507 of the International Security Assistance and Arms Export Control Act of 1976), may be used to provide assistance to international organizations and, subject to the limitations contained in paragraph (3), to countries which are not designated in paragraph (1).

"(3) Funds available for assistance under this chapter may not be used to furnish assistance to more than 20 countries (including those countries designated in paragraph (1)) in fiscal year 1976. Funds available for assistance under this chapter (other than funds appropriated under section 507 of the International Security Assistance and Arms Export Control Act of 1976) may not be used to furnish assistance to more than 12 countries (including those countries designated in paragraph (1)) in fiscal year 1977.

"(4) The authority of section 610(a) and of section 614(a) may not be used to increase any amount specified in paragraph (1) or (2). The limitations contained in paragraphs (1), (2), and (3) shall not apply to emergency assistance furnished under section 506(a).

"(5) There is authorized to be appropriated to the President, for administrative and other related expenses incurred in carrying out the purposes of this chapter, $32,000,000 for the fiscal year 1976 and $70,000,000 for the fiscal year 1977.

"(6) None of the funds appropriated under this subsection shall be used to furnish sophisticated weapons systems, such as missile systems or jet aircraft for military purposes, to any less developed country not specified in paragraph (1) unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress.

"(7) Amounts appropriated under this subsection are authorized to remain available until expended.

"(8) Assistance for Turkey under this chapter shall be subject to the requirements of section 620(x) of this Act.".

SPECIAL AUTHORITY

SEC. 102. Section 506(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a) (1) If the President first determines and reports to Congress in accordance with section 652 of this Act—

"(A) that an unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization;

"(B) that a failure to respond immediately to that emergency will result in serious harm to vital United States security interests; and

"(C) that the emergency requirement cannot be met under authority of the Arms Export Control Act or any other law except this section;

he may order defense articles from the stocks of the Department of Defense and defense services for the purposes of this part, subject to reimbursement from subsequent appropriations made specifically therefor under subsection (b).

"(2) The total value of defense articles and defense services ordered under this subsection in any fiscal year may not exceed $67,500,000. The authority contained in this subsection shall be effective in any fiscal year only to the extent provided in an appropriation Act.

"(3) The President shall keep the Congress fully and currently informed of all defense articles and defense services ordered under this subsection.".

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

SEC. 103. Section 514 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 514. STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES.—(a) No defense article in the inventory of the Department of Defense which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country may be made available to or for use by any foreign country unless such transfer is authorized under this Act or the Arms Export Control Act, or any subsequent corresponding legislation, and the value of such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred. For purposes of this subsection, 'value' means the acquisition cost plus crating, packing, handling, and transportation costs incurred in carrying out this section.

"(b) (1) The value of defense articles to be set aside, earmarked, reserved, or intended for use as war reserve stocks for allied or other foreign countries (other than for purposes of the North Atlantic Treaty Organization) in stockpiles located in foreign countries may not exceed in any fiscal year an amount greater than is specified in security assistance authorizing legislation for that fiscal year.

"(2) The value of such additions to stockpiles in foreign countries shall not exceed $93,750,000 for the period beginning July 1, 1975, and ending September 30, 1976, and $125,000,000 for the fiscal year 1977.

"(c) Except for stockpiles in existence on the date of enactment of the International Security Assistance and Arms Export Control Act of 1976 and for stockpiles located in countries which are members of the North Atlantic Treaty Organization, no stockpile may be located outside the boundaries of a United States military base or a military base used primarily by the United States.

"(d) No defense article transferred from any stockpile which is made available to or for use by any foreign country may be considered an excess defense article for the purpose of determining the value thereof.

"(e) The President shall promptly report to the Congress each new stockpile, or addition to an existing stockpile, described in this section of defense articles valued in excess of $10,000,000,000 in any fiscal year.".

TERMINATION OF MILITARY ASSISTANCE ADVISORY GROUPS AND MISSIONS

SEC. 104. Section 515 of the Foreign Assistance Act of 1961 is amended—

(1) by striking out "Effective July 1, 1976," and inserting in lieu thereof "(a) During the period beginning July 1, 1976, and ending September 30, 1977,"; and

(2) by adding at the end thereof the following new subsections:

"(b) (1) After September 30, 1977, no military assistance advisory group, military mission, or other organization of United States military personnel performing similar military advisory functions under this Act may operate in any foreign country unless specifically authorized by the Congress.

"(2) The President may assign not more than three members of the Armed Forces of the United States to the Chief of each United States Diplomatic Mission to perform such functions as such Chief of Mission determines necessary with respect to international military education and training provided under chapter 5 of this part, to sales of defense articles and services under the Arms Export Control Act, or to such other international security assistance programs as the President may designate. After September 30, 1977, no such functions or related activities may be performed by any defense attaches assigned, detailed, or attached to the United States Diplomatic Mission in any foreign country.

"(c) After September 30, 1976, the number of military missions, groups, and similar organizations may not exceed 34.

"(d) As used in this section, the term 'military assistance advisory group, military mission, or other organization of United States military personnel performing similar military advisory functions under this Act' does not include regular units of Armed Forces of the United States engaged in routine functions designed to bring about the standardization of military operations and procedures between the Armed Forces of the United States and allies of the United States.".

TERMINATION OF AUTHORITY TO FURNISH GRANT MILITARY ASSISTANCE

SEC. 105. Chapter 2 of part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 516. TERMINATION OF AUTHORITY.—(a) Except to the extent that the Congress may, subsequent to the enactment of this section, authorize the furnishing of military assistance in accordance with this chapter to specified countries in specified amounts, the authorities contained in this chapter (other than the authorities contained in sections 506, 514, and 515(b) (2)) may not be exercised after September 30, 1977, except that such authorities shall remain available until September 30, 1980, to the extent necessary to carry out obligations incurred under this chapter on or before September 30, 1977.

"(b) Funds available to carry out this chapter shall be available notwithstanding the limitations contained in paragraphs (2) and (3) of section 504(a) of this Act—

"(1) for the winding up of military assistance programs under this chapter, including payment of the costs of packing, crating, handling, and transporting defense articles furnished under this chapter and of related administrative costs; and

"(2) for costs incurred under section 503 (c) with respect to defense articles on loan to countries no longer eligible under section 504(a) for military assistance.".

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 106. (a) Part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new chapter:

"CHAPTER 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

"SEC. 541. GENERAL AUTHORITY.—The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine (but whenever feasible on a reimbursable basis), military education and training to military and related civilian personnel of foreign countries. Such training and education may be provided through—

"(1) attendance at military educational and training facilities in the United States (other than Service academies) and abroad;

"(2) attendance in special courses of instruction at schools and institutions of learning or research in the United States and abroad; and

"(3) observation and orientation visits to military facilities and related activities in the United States and abroad.

"SEC. 542. AUTHORIZATION.—There are authorized to be appropriated to the President to carry out the purposes of this chapter $27,000,000 for the fiscal year 1976 and $30,200,000 for the fiscal year 1977. After June 30, 1976, no training under this section may be conducted outside the United States unless the President has reported and justified such training to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.

"SEC. 543. PURPOSES.—Education and training activities conducted under this chapter shall be designed—

"(1) to encourage effective and mutually beneficial relations and increased understanding between the United States and foreign countries in furtherance of the goals of international peace and security; and

"(2) to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness, thereby contributing to greater self-reliance by such countries.".

(b) The Foreign Assistance Act of 1961 is amended as follows:

(1) Section 510 is repealed.

(2) Section 622 is amended—

(A) in subsection (b) by inserting "and military education and training" immediately after "(including civic action)"; and

(B) by amending subsection (c) to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance, military assistance, and military education and training programs, including but not limited to determining whether there shall be a military assistance (including civic action) or a military education and training program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.".

(3) Section 623 is amended—

(A) in subsection (a) (4) by inserting "and related civilian" immediately after "military"; and

(B) in subsection (a) (6) by inserting ", education and training" immediately after "assistance".

(4) Section 632 is amended—

(A) in subsections (a) and (e) by inserting ", military education and training" immediately after "articles" wherever it appears, and

(B) in subsection (b) by striking out "and defense articles" and inserting in lieu thereof ", defense articles, or military education and training".

(5) Section 636 is amended—

(A) in subsection (g) (1) by inserting ", military education and training" immediately after "articles"; and

(B) in subsection (g) (2) and in subsection (g) (3) by striking out "personnel" and inserting in lieu thereof "and related civilian personnel".

(6) Section 644 is amended—

(A) by amending subsection (f) to read as follows:

"(f) 'Defense service' includes any service, test, inspection, repair, publication, or technical or other assistance or defense information used for the purposes of furnishing military assistance, but does not include military educational and training activities under chapter 5 of part II."; and

(B) by adding at the end thereof the following new subsection:

"(n) 'Military education and training' includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aids, orientation, and military advice to foreign military units and forces.".

(c) Except as may be expressly provided

to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law amended or repealed by this section shall continue in full force and effect until modified, revoked, or superseded by appropriate authority.

(d) Funds made available pursuant to other provisions of law for foreign military educational and training activities shall remain available for obligation and expenditure for their original purposes in accordance with the provisions of law originally applicable to those purposes or in accordance with the provisions of law currently applicable to those purposes.

TITLE II—ARMS EXPORT CONTROLS

CHANGE IN TITLE

Sec. 201. (a) The first section of the Foreign Military Sales Act is amended by striking out " "The Foreign Military Sales Act" and inserting in lieu thereof "the 'Arms Export Control Act".

(b) Any reference to the Foreign Military Sales Act shall be deemed to be a reference to the Arms Export Control Act.

ARMS SALES POLICY

Sec. 202. (a) Section 1 of the Foreign Military Sales Act is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:

"It shall be the policy of the United States to exert leadership in the world community to bring about arrangements for reducing the international trade in implements of war and to lessen the danger of outbreak of regional conflict and the burdens of armaments. United States programs for or procedures governing the export, sale, and grant of defense articles and defense services to foreign countries and international organizations shall be administered in a manner which will carry out this policy.

"It is the sense of the Congress that the President should seek to initiate multilateral discussions for the purpose of reaching agreements among the principal arms suppliers and arms purchasers and other countries with respect to the control of the international trade in armaments. It is further the sense of Congress that the President should work actively with all nations to check and control the international sale and distribution of conventional weapons of death and destruction and to encourage regional arms control arrangements. In furtherance of this policy, the President should undertake a concerted effort to convene an international conference of major arms-supplying and arms-purchasing nations which shall consider measures to limit conventional arms transfers in the interest of international peace and stability.

"It is the sense of the Congress that the aggregate value of defense articles and defense services—

"(1) which are sold under section 21 or section 22 of this Act; or

"(2) which are licensed or approved for export under section 38 of this Act to, for the use, or for benefit of the armed forces, police, intelligence, or other internal security forces of a foreign country or international organization under a commercial sales contract;

in any fiscal year should not exceed current levels.".

(b) (1) The President shall conduct a comprehensive study of the arms sales policies and practices of the United States Government, including policies and practices with respect to commercial arms sales, in order to determine whether such policies and practices should be changed. Such study shall examine the rationale for arms sales to foreign countries, the benefits to the United States of such arms sales, the risks to world peace as a result of such arms sales, trend in arms sales by the United States and other countries, and steps which might be taken by the United States to provide for limitations on arms sales. In addition, such study shall include an evaluation of the impact of United States arms sales policies on the economic and social development of foreign countries and consideration of steps which which be taken by the United States to encourage the maximum use of the resources of the developing countries for economic and social development purposes.

(2) Not later than the end of the one-year period beginning on the date of enactment of this section, the President shall submit to the Congress a report setting forth in detail (A) the findings made and conclusions reached as a result of the study conducted pursuant to paragraph (1) of this subsection, together with such recommendations for legislation as the President deems appropriate, (B) the efforts made by the United States during the five years immediately preceding the submission of such reports to initiate and otherwise encourage arms sales limitations, and (C) the efforts being made by the United States at the time of the submission of such report to initiate and otherwise encourage arms sales limitations in accordance with the policies stated in the amendment made by subsection (a) of this section.

TRANSFER OF DEFENSE SERVICES

Sec. 203. (a) Section 3(a)(2) of the Foreign Military Sales Act is amended, effective July 1, 1976, by inserting immediately after "article" each time it appears "or related training or other defense service".

(b) Section 505(a) of the Foreign Assistance Act of 1961 is amended, effective July 1, 1976, by inserting immediately after "articles" each time it appears "or related training or other defense service.".

APPROVAL FOR TRANSFER OF DEFENSE ARTICLES

Sec. 204. (a) Section 3 of the Foreign Military Sales Act is amended by adding at the end thereof the following new subsections:

"(e) The President may not give his consent under paragraph (2) of subsection (a) or under the third sentence of such subsection to a transfer of a defense article, or related training or other defense service, sold under this Act and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961 unless, 30 days prior to giving such consent, the President submits to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a written certification with respect to such proposed transfer containing—

"(1) the name of the country or international organization proposing to make such transfer,

"(2) a description of the defense article or related training or other defense service proposed to be transferred, including the original acquisition cost of such defense article or related training or other defense service,

"(3) the name of the proposed recipient of such defense article or related training or other defense service,

"(4) the reasons for such proposed transfer, and

"(5) the date on which such transfer is proposed to be made.

Any certification submitted to Congress pursuant to this subsection shall be unclassified, except that information regarding the dollar value and number of defense articles, or related training or other defense services, proposed to be transferred may be classified if public disclosure thereof would be clearly detrimental to the security of the United States.

"(f) If the President receives any information that a transfer of any defense article, or related training or other defense service, has been made without his consent as required under this section or under section 505 of the Foreign Assistance Act of 1961, he shall report such information immediately to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.".

(b)(1) The second sentence of subsection (a) of section 3 of the Foreign Military Sales Act is amended by striking out ", and prior" and all that follows thereafter through "transferred" the second time it appears.

(2) The first sentence of section 505(e) of the Foreign Assistance Act of 1961 is amended by striking out ", and prior" and all that follows thereafter through "transferred" the second time it appears.

SALES FROM STOCKS

Sec. 205. Section 21 of the Foreign Military Sales Act is amended to read as follows:

"Sec. 21. Sales From Stocks.—(a) The President may sell defense articles and defense services from the stocks of the Department of Defense to any eligible country or international organization agrees to pay in United States dollars—

"(1) in the case of a defense article not intended to be replaced at the time such agreement is entered into, not less than the actual value thereof;

"(2) in the case of a defense article intended to be replaced at the time such agreement is entered into, the estimated cost of replacement of such article, including the contract or production costs less any depreciation in the value of such article; or

"(3) in the case of the sale of a defense service, the full cost to the United States Government of furnishing such service.

"(b) Except as provided by subsection (d) of this section, payment shall be made in advance or, if the President determines it to be in the national interest, upon delivery of the defense article or rendering of the defense service.

"(c) Personnel performing defense services sold under this Act may not perform any duties of a combatant nature, including any duties related to training, advising, or otherwise providing assistance regarding combat activities, outside the United States in connection with the performance of those defense services.

"(d) If the President determines it to be in the national interest pursuant to subsection (b) of this section, billings for sales made under letters of offer issued under this section after the enactment of this subsection may be dated and issued upon delivery of the defense article or rendering of the defense service and shall be due and payable upon receipt thereof by the purchasing country or international organization. Interest shall be charged on any net amount due and payable which is not paid within sixty days after the date of such billing. The rate of interest charged shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the United States as of the last day of the month preceding the billing and shall be computed from the date of billing. The President may extend such sixty-day period to one hundred and twenty days if he determines that emergency requirements of the purchaser for acquisition of such defense articles or defense services exceed the ready availability to the purchaser of funds sufficient to pay the United States in full for them within such sixty-day period and submits that determination to the Congress together with a special emergency request for the authorization and appropriation of additional funds to finance such purchases under this Act.

"(e)(1) After September 30, 1976, letters of offer for the sale of defense articles or for the sale of defense services that are issued pursuant to this section or pursuant to section 22 of this Act shall include appropriate charges for—

"(A) administrative services, calculated on an average percentage basis to recover the full estimated costs of administration of sales made under this Act to all purchasers of such articles and services;

"(B) any use of plant and production equipment in connection with such defense articles; and

"(C) a proportionate amount of any nonrecurring costs of research, development, and production of major defense equipment.

"(2) The President may reduce or waive the charge or charges which would otherwise be considered appropriate under paragraphs (1)(B) and (1)(C) for particular sales that would, if made, significantly advance United States Government interests in North Atlantic Treaty Organization standardization, or foreign procurement in the United States under coproduction arrangements.

"(f) Any contracts entered into between the United States and a foreign country under the authority of this section or section 22 of this Act shall be prepared in a manner which will permit them to be made available for public inspection to the fullest extent possible consistent with the national security of the United States.

"(g) In carrying out section 814 of the Act of October 7, 1975 (Public Law 94–106), the President may enter into North Atlantic Treaty Organization standardization agreements for the cooperative furnishing of training on a bilateral or multilateral basis, if the financial principles of such agreements are based on reciprocity. Such agreements shall include reimbursement for all direct costs but may exclude reimbursement for indirect costs, administrative surcharges, and costs of billeting of trainees (except to the extent that members of the United States Armed Forces occupying comparable accommodations are charged for such accommodations by the United States). Each such agreement shall be transmitted promptly to the Speaker of the House of Representatives and the Committees on Appropriations, Armed Services, and Foreign Relations of the Senate.".

SALES FROM STOCKS AFFECTING UNITED STATES COMBAT READINESS

Sec. 206. Section 21 of the Foreign Military Sales Act, as amended by section 205 of this Act, is further amended by adding at the end thereof the following new subsection:

"(h)(1) Sales of defense articles and defense services which could have significant adverse effect on the combat readiness of the Armed Forces of the United States shall be kept to an absolute minimum. The President shall transmit to the Speaker of the House of Representatives and the Committees on Armed Services and Foreign Relations of the Senate on the same day a written statement giving a complete explanation with respect to any proposal to sell, under this section, any defense articles or defense services if such sale could have a significant adverse effect on the combat readiness of the Armed Forces of the United States. Each such statement shall be unclassified except to the extent that public disclosure of any item of information contained therein would be clearly detrimental to the security of the United States. Any necessarily classified information shall be confined to a supplemental report. Each such statement shall include an explanation relating to only one such proposal to sell and shall set forth—

"(A) the country or international organization to which the sale is proposed to be made;

"(B) the amount of the proposed sale;

"(C) a description of the defense article or service proposed to be sold;

"(D) a full description of the impact which the proposed sale will have on the Armed Forces of the United States; and

"(E) a justification for such proposed sale, including a certification that such sale is important to the security of the United States.

A certification described in subparagraph (E) shall take effect on the date on which such certification is transmitted and shall remain in effect for not to exceed one year.

"(2) No delivery may be made under any sale which is required to be reported under paragraph (1) of this subsection unless the certification required to be transmitted by paragraph (E) of paragraph (1) is in effect.".

PROCUREMENT FOR CASH SALES

Sec. 207. (a) Section 22(a) of the Foreign Military Sales Act is amended by adding at the end thereof the following: "Interest shall be charged on any net amount by which any such country or international organization is in arrears under all of its outstanding unliquidated dependable undertakings, considered collectively. The rate of interest charged shall be a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding short-term obligations of the United States as of the last day of the month preceding the net arrearage and shall be computed from the date of net arrearage.".

(b) Section 22(b) of the Foreign Military Sales Act is amended by striking out the first sentence and inserting in lieu thereof the following: "The President may, if he determines it to be in the national interest, issue letters of offer under this section which provide for billing upon delivery of the defense article or rendering of the defense service and for payment within one hundred and twenty days after the date of billing. This authority may be exercised, however, only if the President also determines that the emergency requirements of the purchaser for acquisition of such defense articles and services exceed the ready availability to the purchaser of funds sufficient to make payments on a dependable undertaking basis and submits both determinations to the Congress together with a special emergency request for authorization and appropriation of additional funds to finance such purchases under this Act.".

EXTENSION OF PAYMENT PERIOD FOR CREDIT SALES

Sec. 208. (a) Paragraph (1) of section 23 of the Foreign Military Sales Act is amended by striking out "ten years" and inserting in lieu thereof "twelve years".

(b) The amendment made by subsection (a) shall apply with respect to financing under agreements entered into on or after the date of enactment of this Act for the procurement of defense articles to be delivered, or defense services to be rendered, after such date.

ANNUAL ESTIMATION AND JUSTIFICATION FOR SALES PROGRAM

Sec. 209. (a) Immediately after section 24 of the Foreign Military Sales Act, add the following new section:

"Sec. 25. Annual Estimate and Justification for Sales Program.—(a) The President shall transmit to the Congress, as a part of the presentation materials for security assistance programs proposed for each fiscal year, a report which sets forth—

"(1) an estimate of the amount of sales expected to be made to each country under sections 21 and 22 of this Act, including a detailed explanation of the foreign policy and United States national security considerations involved in expected sales to each country;

"(2) an estimate of the amount of credits and guaranties expected to be extended to each country under sections 23 and 24 of this Act;

"(3) a list of all findings which are in effect on the date of such transmission made by the President pursuant to section 3(a)(1) of this Act, together with a full and complete justification for each such finding, explaining how sales to each country with respect to which such finding has been made will strengthen the security of the United States and promote world peace; and

"(4) an arms control impact statement for each purchasing country, including (A) an analysis of the relationship between expected sales to each country and arms control efforts relating to that country, and (B) the impact of such expected sales on the stability of the region that includes the purchasing country.

"(b) Not later than thirty days following the receipt of a request made by the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives for additional information with respect to any estimate submitted pursuant to subsection (a), the President shall submit such information to such committee.

"(c) The President shall make every effort to submit all of the information required by this section wholly in unclassified form. In the event the President submits any such information in classified form, he shall submit such classified information in an addendum and shall also submit simultaneously a detailed summary, in unclassified form, of such classified information.".

(b) Section 634(d) of the Foreign Assistance Act of 1961 is amended by striking out "and military sales under this or any other Act" in the fourth sentence.

MILITARY SALES AUTHORIZATION

Sec. 210. (a) Section 31(a) of the Foreign Military Sales Act is amended by striking out "not to exceed $405,000,000 for the fiscal year 1975" and inserting in lieu thereof "not to exceed $1,039,000,000 for the fiscal year 1976 and not to exceed $740,000,000 for the fiscal year 1977".

(b) Section 31(b) of such Act is amended to read as follows:

"(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed $2,374,700,000 for the fiscal year 1976, of which not less than $1,500,000,000 shall be available only for Israel, and shall not exceed $2,022,100,000 for the fiscal year 1977, of which not less than $1,000,000,000 shall be available only for Israel.".

(c)(1) Section 31 of such Act is further amended by adding at the end thereof the following new subsections:

"(c) Funds made available for the fiscal years 1976 and 1977 under subsection (a) of this section shall be obligated to finance the procurement of defense articles and defense services by Israel on a long-term repayment basis either by the extension of credits, without regard to the limitations contained in section 23, or by the issuance of guaranties under section 24. Repayment shall be in not less than twenty years, following a grace period of ten years on repayment of principal Israel shall be released from one-half of its contractual liability to repay the United States Government with respect to defense articles and defense services so financed for each such year.

"(d) The aggregate acquisition cost to the United States of excess defense articles ordered by the President in any fiscal year after fiscal year 1976 for delivery to foreign countries or international organizations under the authority of chapter 2 of part II of the Foreign Assistance Act of 1961 or pursuant to sales under this Act may not exceed $100,000,000 (exclusive of ships and their on-board stores and supplies transferred in accordance with law).".

(2) Subsections (a), (b), (c), and (e) of section 8 of the Act entitled "An Act to

amend the Foreign Military Sales Act and for other purposes", approved January 12, 1971 (Public Law 91–672; 84 Stat. 2053), are repealed effective July 1, 1976. All funds in the suspense account referred to in subsection (a) of such section on July 1, 1976, shall be transferred to the general fund of the Treasury.

REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS; CONGRESSIONAL ACTION

SEC. 211. (a) Section 36 of the Foreign Military Sales Act is amended to read as follows:

"SEC. 36. REPORTS ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS; CONGRESSIONAL ACTION.—(a) The President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate not more than thirty days after the end of each quarter an unclassified report (except that any material which was transmitted in classified form under subsection (b) (1) or (c) (1) of this section may be contained in a classified addendum to such report, and any letter of offer referred to in paragraph (1) of this subsection may be listed in such addendum unless such letter of offer has been the subject of an unclassified certification pursuant to subsection (b) (1) of this section) containing—

"(1) a listing of all letters of offer to sell any major defense equipment for $1,000,000 or more under this Act to each foreign country and international organization, by category, if such letters of offer have not been accepted or canceled;

"(2) a listing of all such letters of offer that have been accepted during the fiscal year in which such report is submitted, together with the total value of all defense articles and defense services sold to each foreign country and international organization during such fiscal year;

"(3) the cumulative dollar amounts, by foreign country and international organization, of sales credit agreements under section 23 and guaranty agreements under section 24 made during the fiscal year in which such report is submitted;

"(4) a numbered listing of all licenses and approvals for the export to each foreign country and international organization during such fiscal year of commercially sold major defense equipment, by category, sold for $1,000,000 or more, together with the total value of all defense articles and defense services so licensed for each foreign country and international organization, setting forth with respect to the listed major defense equipment—

"(A) the items to be exported under the license,

"(B) the quantity and contract price of each such item to be furnished, and

"(C) the name and address of the ultimate user of each such item;

"(5) projections of the dollar amounts, by foreign country and international organization, of cash sales expected to be made under sections 21 and 22, credits to be extended under section 23, and guaranty agreements to be made under section 24 in the quarter of the fiscal year immediately following the quarter for which such report is submitted;

"(6) a projection with respect to all cash sales expected to be made and credits expected to be extended to each country and organization for the remainder of the fiscal year in which such report is transmitted;

"(7) an estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel present in each such country at the end of that quarter for assignments in implementation of sales and commercial exports under this Act; and

"(8) an analysis and description of the services being performed by officers and employees of the United States Government under section 21(a) of this Act, including the number of personnel so employed.

For each letter of offer to sell under paragraphs (1) and (2), the report shall specify (i) the foreign country or international organization to which the defense article or service is offered or was sold, as the case may be; (ii) the dollar amount of the offer to sell or the sale and the number of defense articles offered or sold, as the case may be; (iii) a description of the defense article or service offered or sold, as the case may be; and (iv) the United States Armed Force or other agency of the United States which is making the offer to sell or the sale, as the case may be.

"(b) (1) In the case of any letter of offer to sell any defense articles or services under this Act for $25,000,000 or more, or any major defense equipment for $7,000,000 or more, before such letter of offer is issued, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect to such offer to sell containing the information specified in clauses (i) through (iv) of subsection (a). In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request—

"(A) a detailed description of the defense articles or services to be offered, including a brief description of the capabilities of any defense article to be offered;

"(B) an estimate of the number of officers and employees of the United States Government and of United States civilian contract personnel expected to be needed in such country to carry out the proposed sale;

"(C) the name of each contractor expected to provide the defense article or defense service proposed to be sold (if known on the date of transmittal of such statement;

"(D) an analysis of the arms control impact pertinent to such offer to sell, prepared in consultation with the Secretary of Defense;

"(E) the reasons why the foreign country or international organization to which the sale is proposed to be made needs the defense articles or services which are the subject of such sale and a despcription of how such country or organization intends to use such defense articles or services;

"(F) an analysis by the President of the impact of the proposed sale on the military stocks and the military preparedness of the United States;

"(G) the reasons why the proposed sale is in the national interest of the United States;

"(H) an analysis by the President of the impact of the proposed sale on the military capabilities of the foreign country or international organization to which such sale would be made;

"(I) an analysis by the President of how the proposed sale would affect the relative military strengths of countries in the region to which the defense articles or services which are the subject of such sale would be delivered and whether other countries in the region have comparable kinds and amounts of defense articles or services;

"(J) an estimate of the levels of trained personnel and maintenance facilities of the foreign country or international organization to which the sale would be made which are needed and available to utilize effectively the defense articles or services proposed to be sold;

"(K) an analysis of the extent to which comparable kinds and amounts of defense articles or services are available from other countries;

"(L) an analysis of the impact of the proposed sale on United States relations with the countries in the region to which the defense articles or services which are the subject of such sale would be delivered; and

"(M) a detailed description of any agreement proposed to be entered into by the United States for the purchase or acquisition by the United States of defense articles, services, or equipment, or other articles, services, or equipment of the foreign country or international organization in connection with, or as consideration for, such letter of offer, including an analysis of the impact of such proposed agreement upon United States business concerns which might otherwise have provided such articles, services, or equipment to the United States, an estimate of the costs to be incurred by the United States in connection with such agreement compared with costs which would otherwise have been incurred, an estimate of the economic impact and unemployment which would result from entering into such proposed agreement, and an analysis of whether such costs and such domestic economic impact justify entering into such proposed agreement.

A certification transmitted pursuant to this subsection shall be unclassified, except that the information specified in clause (ii) and the details of the description specified in clause (iii) of subsection (a) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States. The letter of offer shall not be issued if the Congress, within thirty calendar days after receiving such certification, adopts a concurrent resolution stating that it objects to the proposed sale, unless the President states in his certification that an emergency exists which requires such sale in the national security interests of the United States.

"(2) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(3) For the purpose of expediting the consideration and adoption of concurrent resolutions under this subsection, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(c) In the case of an application by a person (other than with regard to a sale under section 21 or section 22 of this Act) for a license for the export of any major defense equipment sold under a contract in the amount of $7,000,000 or even more or of defense articles or defense services sold under a contract in the amount of $25,000,000 or more, not less than 30 days before issuing such license the President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate an unclassified numbered certification with respect to such application specifying (1) the foreign country or international organization to which such export will be made, (2) the dollar amount of the items to be exported, and (3) a description of the items to be exported. In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request, a description of the capabilities of the items to be exported, an estimate of the total number of United States personnel expected to be needed in the foreign country concerned in connection with the items to be exported and an analysis of the arms control impact pertinent to such application, prepared in consultation with the Secretary of Defense. A certification transmitted pursuant to this subsection shall be unclassified, except that the information specified in paragraph (2) and the details of the description specified in paragraph (3) may be classified if the public disclosure thereof would be clearly detrimental to the security of the United States.

"(d) In the case of an approval under section 38 of this Act of a United States commercial technical assistance or manufacturing licensing agreement for or in a country not a member of the North Atlantic Treaty Organization which involves the manufacture abroad of any item of significant combat equipment on the United States Munitions List, before such approval is given, the President shall submit a certification with respect to such proposed commercial agreement in a manner similar to the certification required under subsection (c) containing comparable information, except that the last sentence of such subsection shall not apply to certifications submitted pursuant to this subsection.".

(b) The amendment made by subsection (a) of this section shall apply with respect to letters of offer for which a certification is transmitted pursuant to section 36(b) of the Arms Export Control Act on or after the date of enactment of this Act and to export licenses for which an application is filed under section 38 of such Act on or after such date.

CONTROL OF LICENSES WITH RESPECT TO ARMS EXPORTS AND IMPORTS

SEC. 212. (a) (1) Chapter 3 of the Foreign Military Sales Act is amended by adding at the end thereof the following new section:

"SEC. 38. CONTROL OF ARMS EXPORTS AND IMPORTS.—(a) (1) In furtherance of world peace and the security and foreign policy of the United States, the President is authorized to control the import and the export of defense articles and defense services and to provide foreign policy guidance to persons of the United States involved in the export and import of such articles and services. The President is authorized to designate those items which shall be considered as defense articles and defense services for the purposes of this section and to promulgate regulations for the import and export of such articles and services. The items so designated shall constitute the United States Munitions List.

"(2) Decisions on issuing export licenses under this section shall be made in coordination with the Director of the United States Arms Control and Disarmament Agency and shall take into account the Director's opinion as to whether the export of an article will contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

"(b) (1) As prescribed in regulations issued under this section, every person (other than an officer or employee of the United States Government acting in an official capacity) who engages in the business of manufacturing, exporting, or importing any defense articles or defense services designated by the President under subsection (a) (1) shall register with the United States Government agency charged with the administration of this section, and shall pay a registration fee which shall be prescribed by such regulations. Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies or for any State or local law enforcement agency) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance or sales program of the United States, whether or not enhanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

"(2) Except as otherwise specifically provided in regulations issued under subsection (a) (1), no defense articles or defense services designated by the President under subsection (a) (1) may be exported or imported without a license for such export or import, issued in accordance with this Act and regulations issued under this Act, except that no license shall be required for exports or imports made by or for an agency of the United States Government (A) for official use by a department or agency of the United States Government, or (B) for carrying out any foreign assistance or sales program authorized by law and subject to the control of the President by other means.

"(3) No license may issued under this Act for the export of any major defense equipment sold under a contract in the amount of $25,000,000 or more to any foreign country which is not a member of the North Atlantic Treaty Organization unless such major defense equipment was sold under this Act.

"(c) Any person who willfully violates any provision of this section or section 39, or any rule or regulation issued under either section, or who willfully, in a registration or license application or required report, makes any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading, shall upon conviction be fined not more than $100,000 or imprisoned not more than two years, or both.

"(d) This section applies to and within the Canal Zone.

"(e) In carrying out functions under this section with respect to the export of defense articles and defense services, the President is authorized to exercise the same powers concerning violations and enforcement which are conferred upon departments, agencies and officials by sections 6(c), (d), (e), and (f) and 7 (a) and (c) of the Export Administration Act of 1969, subject to the same terms and conditions as are applicable to such powers under such Act. Nothing in this subsection shall be construed as authorizing the withholding of information from the Congress.".

(2) Section 2(b) of the Foreign Military Sales Act is amended—

(A) by inserting "and exports" immediately after "sales" both times it appears; and

(B) by inserting "and whether there shall be delivery or other performance under such sale or export," immediately after "thereof,".

(b) (1) Section 414 of the Mutual Security Act of 1954 is repealed. Any reference to such section shall be deemed to be a reference to section 38 of the Arms Export Control Act and any references to licenses issued under section 38 of the Arms Export Control Act shall be deemed to include a reference to licenses issued under section 414 of the Mutual Security Act of 1954.

(2) All determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under section 414 of the Mutual Security Act of 1954 shall continue in full force and effect until modified, revoked, or superseded by appropriate authority.

CANCELLATION AND SUSPENSION OF LICENSES AND CONTRACTS

SEC. 213. Section 42 of the Foreign Military Sales Act is amended by adding at the end thereof the following new subsection:

"(e) (1) Each contract for sale entered into under sections 21 and 22 of this Act shall provide that such contract may be canceled in whole or in part, or its execution suspended, by the United States at any time under unusual or compelling circumstances if the national interest so requires.

"(2) (A) Each export license issued under section 38 of this Act shall provide that such license may be revoked, suspended, or amended by the Secretary of State, without prior notice, whenever the Secretary deems such action to be advisable.

"(B) Nothing in this paragraph may be construed as limiting the regulatory authority of the President under this Act.

"(3) There are authorized to be appropriated from time to time such sums as may be necessary (A) to refund moneys received from purchasers under contracts of sale entered into under sections 21 and 22 of this Act that are canceled or suspended under this subsection to the extent such moneys have previously been disbursed to private contractors and United States Government agencies for work in progress, and (B) to pay such damages and costs that accrue from the corresponding cancellation or suspension of the existing procurement contracts or United States Government agency work orders involved.".

ADMINISTRATIVE EXPENSES

SEC. 214. Section 43 of the Foreign Military Sales Act is amended by designating the present section as subsection (a) and by adding at the end thereof the following new subsection:

"(b) Administrative expenses incurred by any department or agency of the United States Government (including any mission or group) in carrying out functions under this Act which are primarily for the benefit of any foreign country shall be fully reimbursed from amounts received for sales under sections 21 and 22.".

DEFINITIONS

SEC. 215. Section 47 of the Foreign Military Sales Act is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon; and

(3) by adding immediately after paragraph (2) the following new paragraphs;

"(3) 'defense article', except as provided in paragraph (7) of this section, includes—

"(A) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war,

"(B) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of making military sales,

"(C) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this paragraph, and

"(D) any component or part of any article listed in this paragraph,

but does not include merchant vessels or (as defined by the Atomic Energy Act of 1954) source material, byproduct material, special nuclear material, production facilities, utilization facilities, or atomic weapons or articles involving Restricted Data;

"(4) 'defense service', except as provided in paragraph (7) of this section, includes any service, test, inspection, repair, training, publication, technical or other assistance, or defense information (as defined in section 644(e) of the Foreign Assistance Act of 1961), used for the purposes of making military sales.

"(5) 'training' includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, or contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aid, orientation, training exercise, and military advice to foreign military units and forces;

"(6) 'major defense equipment' means any item of significant combat equipment on the United States Munitions List having a nonrecurring research and development cost of more than $50,000,000 or a total production cost of more than $200,000,000; and

"(7) 'defense articles and defense services' means, with respect to commercial exports subject to the provisions of section 38 of this Act, those items designated by the President pursuant to subsection (a)(1) of such section.".

ANNUAL FOREIGN SALES REPORT

SEC. 216. Section 657 of the Foreign Assistance Act of 1961 is amended as follows:

(1) The section caption is amended by inserting "AND MILITARY EXPORTS" after "FOREIGN ASSISTANCE".

(2) Paragraph (1) of subsection (a) is amended to read as follows:

"(1) the aggregate dollar value of all foreign assistance (including military education and training), foreign military sales, sales credits, and guaranties provided or made by the United States Government by any means to all foreign countries and international organizations, and the aggregate dollar value of such assistance, sales, sales credits, and guaranties, by category, provided or made by the United States Government to or for each such country or organization during that fiscal year;"

(3) Paragraph (3) of subsection (a) is amended to read as follows:

"(3) the aggregate dollar value and quantity of defense articles and defense services, and of military education and training, exported to each foreign country and international organization, by category, specifying whether the export was made by grant under chapter 2 or chapter 5 of part II of this Act, by sale under chapter 2 of the Arms Export Control Act, by commercial sale licensed under chapter 3 of that Act, or by other authority; and".

(4) Paragraph (4) of subsection (a) is repealed.

(5) Paragraph (5) of subsection (a) is amended—

(A) by redesignating such paragraph as paragraph (4), and

(B) by striking out "(4)" and inserting in lieu thereof "(3)".

REPORT ON SALES OF EXCESS DEFENSE ARTICLES

SEC. 217. Not later than February 28, 1977, the President shall transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a full and complete report regarding all sales made under the Arms Export Control Act during the period July 1, 1976, through December 31, 1976, of excess defense articles to foreign governments and international organizations (other than any such article sold solely for scrap). Such report shall set forth—

(1) the number of such sales;

(2) the total acquisition costs of the articles sold;

(3) the total gross price paid for such articles exclusive of administrative surcharges and costs of repairing, rehabilitation, or modifying such articles;

(4) the data set forth under paragraphs (1), (2), and (3) totaled separately for those sales made at less than 33⅓ per centum of the acquisition costs thereof; and

(5) the estimated total proceeds of sales of articles included under paragraph (4) if such articles had been sold instead through United States Government surplus property disposal operations and the percentage thereof that would have been paid out of such proceeds to meet direct expenses incurred in connection with such dispositions pursuant to law.

STUDY OF THE EFFECTS OF ARMS EXPORT CONTROL PROVISIONS

SEC. 218. (a) The Secretary of State, in consultation with the Secretary of Defense, shall conduct a comprehensive study of the effects of the enactment of the arms export control provisions contained in this title with a view to determining the consequences of such provisions on (1) the foreign policy of the United States, (2) the balance of payments of the United States, (3) the trade with foreign countries, (4) unemployment in the United States, and (5) weapons procurement by the Department of Defense.

(b) The Secretary of State shall submit the results of such study to the President and the Congress within one year after the date of enactment of this section, together with such comments and recommendations for legislation as he deems appropriate.

TITLE III—GENERAL LIMITATIONS

HUMAN RIGHTS

SEC. 301. (a) Section 502B of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 502 B. HUMAN RIGHTS.—(a) (1) It is the policy of the United States, in accordance with its international obligations as set forth in the Charter of the United Nations and in keeping with the constitutional heritage and traditions of the United States, to promote and encourage increased respect for human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion. To this end, a principal goal of the foreign policy of the United States is to promote the increased observance of internationally recognized human rights by all countries.

"(2) It is further the policy of the United States that, except under circumstances specified in this section, no security assistance may be provided to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights.

"(3) In furtherance of the foregoing policy the President is directed to formulate and conduct international security assistance programs of the United States in a manner which will promote and advance human rights and avoid identification of the United States, through such programs, with governments which deny to their people internationally recognized human rights and fundamental freedoms, in violation of international law or in contravention of the policy of the United States as expressed in this section or otherwise.

"(b) The Secretary of State shall transmit to the Congress, as part of the presentation materials for security assistance programs proposed for each fiscal year, a full and complete report, prepared with the assistance of the Coordinator for Human Rights and Humanitarian Affairs, with respect to practices regarding the observance of and respect for internationally recognized human rights in each country proposed as a recipient of security assistance. In determining whether a government falls within the provisions of subsection (a) (3) and in the preparation of any report or statement required under this section, consideration shall be given to—

"(1) the relevant findings of appropriate international organizations, including nongovernmental organizations, such as the International Committee of the Red Cross; and

"(2) the extent of cooperation by such government in permitting an unimpeded investigation by any such organization of alleged violations of internationally recognized human rights.

"(c) (1) Upon the request of the Senate or the House of Representatives by resolution of either such House, or upon the request of the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives, the Secretary of State shall, within thirty days after receipt of such request, transmit to both such committees a statement, prepared with the assistance of the Coordinator for Human Rights and Humanitarian Affairs, with respect to the country designated in such request, setting forth—

"(A) all the available information about observance of and respect for human rights and fundamental freedom in that country, and a detailed description of practices by the recipient government with respect thereto;

"(B) the steps the United States has taken to—

"(i) promote respect for and observance of human rights in that country and discourage any practices which are inimical to internationally recognized human rights, and

"(ii) publicly or privately call attention to, and disassociate the United States and any security assistance provided for such country from, such practices;

"(C) whether, in the opinion of the Secretary of State, notwithstanding any such practices—

"(i) extraordinary circumstances exist which necessitate a continuation of security assistance for such country, and, if so, a description of such circumstances and the extent to which such assistance should be continued (subject to such conditions as Congress may impose under this section), and

"(ii) on all the facts it is in the national interest of the United States to provide such assistance; and

"(D) such other information as such committee or such House may request.

"(2) (A) A resolution of request under paragraph (1) of this subsection shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(B) The term 'certification', as used in section 601 of such Act, means, for the purposes of this subsection, a resolution of request of the Senate under paragraph (1) of this subsection.

"(3) In the event a statement with respect to a country is requested pursuant to paragraph (1) of this subsection but is not transmitted in accordance therewith within thirty days after receipt of such request, no security assistance shall be delivered to such country except as may thereafter be specifically authorized by law from such country unless and until such statement is transmitted.

"(4) (A) In the event a statement with respect to a country is transmitted under paragraph (1) of this subsection, the Congress may at any time thereafter adopt a joint resolution terminating, restricting, or continuing security assistance for such country. In the event such a joint resolution is adopted, such assistance shall be so terminated, so restricted, or so continued, as the case may be.

"(B) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(C) The term 'certification', as used in section 601 of such Act, means, for the purposes of this paragraph, a statement transmitted under paragraph (1) of this subsection.

"(d) For the purposes of this section—

"(1) the term 'gross violations of internationally recognized human rights' includes torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges and trial, and other flagrant denial of the right to life, liberty, or the security of person; and

"(2) the term 'security assistance' means—

"(A) assistance under chapter 2 (military assistance) or chapter 4 (security supporting assistance) or chapter 5 (military education and training) of this part or part VI (assistance to the Middle East) of this Act;

"(B) sales of defense articles or services, extensions of credits (including participations in credits, and guaranties of loans under the Arms Export Control Act; or

"(C) any license in effect with respect to the export of defense articles or defense services to or for the armed forces, police, intelligence, or other internal security forces of a foreign country under section 38 of the Arms Export Control Act.".

(b) Section 624 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(f) (1) There is established in the Department of State a Coordinator for Human Rights and Humanitarian Affairs. The Coordinator shall be appointed by the President with the advice and consent of the Senate. He shall be responsible to the Secretary of State for matters pertaining to human rights and humanitarian affairs (including matters relating to refugees, prisoners of war, and members of the United States Armed Forces missing in action) in the conduct of foreign policy. The Secretary of State shall carry out his responsibility under section 502B of this Act through the Coordinator for Human Rights and Humanitarian Affairs.

"(2) The Coordinator for Human Rights and Humanitarian Affairs shall maintain continuous observation and review of all matters pertaining to human rights and humanitarian affairs (including matters relating to refugees, prisoners of war, and members of the United States Armed Forces missing in action) in the conduct of foreign policy including—

"(A) gathering detailed information regarding humanitarian affairs and the observance of and respect for internationally recognized human rights in each country to which requirements of sections 116 and 502B of this Act are relevant;

"(B) preparing the statements and reports to Congress required under section 502B of this Act;

"(C) making recommendations to the Secretary of State and the Administrator of the Agency for International Development regarding compliance with sections 116 and 502B of this Act; and

"(D) performing other responsibilities which serve to promote increased observance of internationally recognized human rights by all countries.".

PROHIBITION AGAINST DISCRIMINATION

SEC. 302. (a) Section 505 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(g) (1) It is the policy of the United States that no assistance under this chapter should be furnished to any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) from participating in the furnishing of defense articles or defense services under this chapter on the basis of race, religion, national origin, or sex.

"(2) (A) No agency performing functions under this chapter shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(B) Each contract entered into by any such agency for the performance of any function under this chapter shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(3) The President shall promptly transmit reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate concerning any transaction in which any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the furnishing of assistance under this chapter, or education and training under chapter 5, to any foreign country. Such reports shall include (A) a description of the facts and circumstances of any such discrimination, (B) the response thereto on the part of the United States or any agency or employee thereof, and (C) the result of such response, if any.

"(4) (A) Upon the request of the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives, the President shall, within 60 days after receipt of such request, transmit to both such committees a statement, prepared with the assistance of the Coordinator for Human Rights and Humanitarian Affairs, with respect to the country designated in such request, setting forth—

"(i) all the available information about the exclusionary policies or practices of the government of such country when such policies or practices are based upon race, religion, national origin, or sex and prevent any such person from participating in a transaction involving the furnishing of any assistance under this chapter or any education and training under chapter 5;

"(ii) the response of the United States thereto and the results of such response;

"(iii) whether, in the opinion of the President, notwithstanding any such policies of practices—

"(I) extraordinary circumstances exist which necessitate a continuation of such assistance or education and training transaction, and, if so, a description of such circumstances and the extent to which such assistance or education and training transaction should be continued (subject to such conditions as Congress may impose under this section), and

"(II) on all the facts it is in the national interest of the United States to continue such assistance or education and training transaction; and

"(iv) such other information as such committee may request.

"(B) In the event a statement with respect to an assistance or training transaction is requested pursuant to subparagraph (A) of this paragraph but is not transmitted in accordance therewith within 60 days after receipt of such request, such assistance or training transaction shall be suspended unless and until such statement is transmitted.

"(C) (i) In the event a statement with respect to an assistance or training transaction is transmitted under subparagraph (A) of this paragraph, the Congress may at any time thereafter adopt a joint resolution terminating or restricting such assistance or training transactions.

"(ii) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(iii) The term 'certification', as used in section 601 of such Act, means, for the purposes of this paragraph, a statement transmitted under subparagraph (A) of this paragraph.".

(b) Chapter 1 of the Foreign Military Sales Act is amended by adding at the end thereof the following new section:

"SEC. 5. Prohibition Against Discrimination.—(a) It is the policy of the United States that no sales should be made, and no credits (including participations in credits) or guarantees extended to or for any foreign country, the laws, regulations, official policies, or governmental practices of which prevent any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) from participating in the furnishing of defense articles or defense services under this Act on the basis of race, religion, national origin, or sex.

"(b) (1) No agency performing functions under this Act shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or aboard, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(2) Each contract entered into by any such agency for the performance of any function under this Act shall contain a provision to the effect that no person, partnership, corporation, or other entity performing functions pursuant to such contract, shall, in employing or assigning personnel to participate in the performance of any such function, whether in the United States or abroad, take into account the exclusionary policies or practices of any foreign government where such policies or practices are based upon race, religion, national origin, or sex.

"(c) The President shall promptly transmit reports to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate concerning any instance in which any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prevented by a foreign government on the basis of race, religion, national origin, or sex, from participating in the performance of any sale or licensed transaction under this Act. Such reports shall include (1) a description of the facts and circumstances of any such discrimination, (2) the response thereto on the part of the United States or any agency or employee thereof, and (3) the result of such response, if any.

"(d) (1) Upon the request of the Committee on Foreign Relations of the Senate or the Committee on International Relations of the House of Representatives, the President shall, within 60 days after receipt of such request, transmit to both such committees a statement, prepared with the assistance of the Coordinator for Human Rights and Humanitarian Affairs, with respect to the country designated in such request, setting forth—

"(A) all the available information about the exclusionary policies or practices of the government of such country when such policies or practices are based upon race, religion, national origin or sex and prevent any such person from participating in the performance of any sale or licensed transaction under this Act;

"(B) the response of the United States thereto and the results of such response;

"(C) whether, in the opinion of the President, notwithstanding any such policies or practices—

"(i) extraordinary circumstances exist which necessitate a continuation of such sale or licensed transaction; and, if so, a description of such circumstances and the extent to which such sale or licensed transaction should be continued (subject to such conditions as Congress may impose under this section), and

"(ii) on all the facts it is in the national interest of the United States to continue such sale or licensed transaction; and

"(D) such other information as such committee may request.

"(2) In the event a statement with respect to a sale or licensed transaction is requested pursuant to paragraph (1) of this subsection but is not transmitted in accordance therewith within 60 days after receipt of such request, such sale or licensed transaction shall be suspended unless and until such statement is transmitted.

"(3) (A) In the event a statement with respect to a sale or licensed transaction is transmitted under paragraph (1) of this subsection, the Congress may at any time thereafter adopt a joint resolution terminating or restricting such sale or licensed transaction.

"(B) Any such resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(C) The term 'certification', as used in section 601 of such Act, means, for the purposes of this paragraph, a statement transmitted under paragraph (1) of this subsection.".

PROHIBITION OF ASSISTANCE TO COUNTRIES GRANTING SANCTUARY TO INTERNATIONAL TERRORISTS

SEC. 303. Chapter 1 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC 620A. PROHIBITION AGAINST FURNISHING ASSISTANCE TO COUNTRIES WHICH GRANT SANCTUARY TO INTERNATIONAL TERRORISTS.—(a) Except where the President finds national security to require otherwise, the President shall terminate all assistance under this Act to any government which aids or abets, by granting sanctuary from prosecution to, any individual or group which has committed an act of international terrorism and the President may not thereafter furnish assistance to such government until the end of the one year period beginning on the date of such termination, except that if during its period of ineligibility for assistance under this section such government aids or abets, by granting sanctuary from prosecution to, any other individual or group which has committed an act of international terrorism, such government's period of ineligibility shall be extended for an additional year for each such individual or group.

"(b) If the President finds that national security justifies a continuation of assistance to any government described in subsection (a), he shall report such finding to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.".

INELIGIBILITY

SEC. 304. (a) Section 505(d) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(d) (1) Assistance and deliveries of assistance under this chapter to any country shall be terminated as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, the Mutual Security Act of 1954, or any predecessor Foreign Assistance Act, in substantial violation (either in terms of quantities or in terms of the gravity of the consequences regardless of the quantities involved) of any agreement entered into pursuant to any such Act (A) by using such articles or services for a purpose not authorized under section 502 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 502, for a purpose not authorized under such agreement; (B) by transferring such articles or services to, or permitting any use of such articles or services by, anyone not an officer, employee, or agent of the recipient country without the consent of the President; or (C) by failing to maintain the security of such articles or services.

"(2) (A) Assistance and deliveries of assistance shall be terminated pursuant to paragraph (1) of this subsection if the President so determines and so states in writing to the Congress, or if the Congress so finds by joint resolution.

"(B) The President shall report to the Congress promptly upon the receipt of information that a violation described in paragraph (1) of this subsection may have occurred.

"(3) Assistance to a country shall remain terminated in accordance with paragraph (1) of this subsection until such time as—

"(A) the President determines that the violation has ceased; and

"(B) the country concerned has given assurances satisfactory to the President that such violation will not recur.

"(4) The authority contained in section 614(a) of this Act may not be used to waive the provisions of this section with respect to further assistance under this chapter.".

(b) (1) Section 3(c) of the Foreign Military Sales Act is amended to read as follows:

"(c) (1) (A) No credits (including participations in credits) may be issued and no guaranties may be extended for any foreign country under this Act as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, or any predecessor Act, in substantial violation (either in terms of quantities or in terms of the gravity of the consequences regardless of the quantities involved) of any agreement entered into pursuant to any such Act (i) by using such articles or services for a purpose not authorized under section 4 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 4 for a purpose not authorized under such agreement; (ii) by transferring such articles or services to, or permitting any use of such articles or services by, anyone not an officer, employee, or agent of the recipient country without the consent of the President; or (iii) by failing to maintain the security of such articles or services.

"(B) No cash sales or deliveries pursuant to previous sales may be made with respect to any foreign country under this Act as hereinafter provided, if such country uses defense articles or defense services furnished under this Act, or any predecessor Act, in substantial violation (either in terms of quantity or in terms of the gravity of the consequences regardless of the quantities involved) of any agreement entered into pursuant to any such Act by using such articles or services for a purpose not authorized under section 4 or, if such agreement provides that such articles or services may only be used for purposes more limited than those authorized under section 4, for a purpose not authorized under such agreement.

"(2) The President shall report to the Congress promptly upon the receipt of information that a violation described in paragraph (1) of this subsection may have occurred.

"(3) (A) A country shall be deemed to be ineligible under subparagraph (A) of paragraph (1) of this subsection, or both subparagraphs (A) and (B) of such paragraph in the case of a violation described in both such paragraphs, if the President so determines and so reports in writing to the Congress, or if the Congress so determines by joint resolution.

"(B) Notwithstanding a determination by the President of ineligibility under subparagraph (B) of paragraph (1) of this subsection, cash sales and deliveries pursuant to previous sales may be made if the President certifies in writing to the Congress that a termination thereof would have significant adverse impact on United States security, unless the Congress adopts or has adopted a joint resolution pursuant to subparagraph (A) of this paragraph with respect to such ineligibility.

"(4) A country shall remain ineligible in accordance with paragraph (1) of this subsection until such time as—

"(A) the President determines that the violation has ceased; and

"(B) the country concerned has given assurances satisfactory to the President that such violation will not recur.".

(2) Section 3(d) of the Foreign Military Sales Act is repealed and subsections (e) and (f) of such section, as added by section 204 of this Act, are redesignated as subsections (d) and (e), respectively.

NUCLEAR TRANSFERS

SEC. 305. Chapter 3 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 669. NUCLEAR TRANSFERS.—(a) Except as provided in subsection (b), no funds authorized to be appropriated by this Act or the Arms Export Control Act may be used for the purpose of—

"(1) providing economic assistance;

"(2) providing military or security supporting assistance or grant military education and training; or

"(3) extending military credits or making guarantees;

to any country which—

"(A) delivers nuclear reprocessing or enrichment equipment, materials, or technology to any other country; or

"(B) receives such equipment, materials, or technology from any other country;

unless before such delivery—

"(i) the supplying country and receiving country have reached agreement to place all such equipment, materials, and technology, upon delivery, under multilateral auspices and management when available; and

"(ii) the recipient country has entered into an agreement with the International Atomic Energy Agency to place all such equipment, materials, technology, and all nuclear fuel and facilities in such country under the safeguards system of such Agency.

"(b) (1) Notwithstanding the provisions of subsection (a) of this section, the President may, by Executive order effective not less than 30 days following its date of promulgation, furnish assistance which would otherwise be prohibited under paragraph (1), (2), or (3) of such subsection if he determines and certifies in writing to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that—

"(A) the termination of such assistance would have a serious adverse effect on vital United States interests; and

"(B) he has received reliable assurances that the country in question will not acquire or develop nuclear weapons or assist other nations in doing so.

Such certification shall set forth the reasons supporting such determination in each particular case.

"(2) (A) The Congress may, by joint resolution terminate or restrict assistance described in paragraphs (1) through (3) of subsection (a) with respect to a country to which the prohibition in such subsection applies or take any other action with respect to such assistance for such country as it deems appropriate.

"(B) Any such joint resolution with respect to a country shall, if introduced within 30 days after the transmittal of a certification under paragraph (1) with respect to such country, be considered in the Senate in accordance with the provisions of section 601 (b) of the International Security Assistance and Arms Export Control Act of 1976.".

TITLE IV—PROVISIONS RELATING TO SPECIFIC REGIONS OR COUNTRIES

MIDDLE EAST POLICY STATEMENT

SEC. 401. Section 901 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

"It is the sense of Congress that the United States will continue to determine Middle East Policy as circumstances may require and that the authority contained in the joint resolution entitled 'Joint resolution to implement the United States proposal for the early-warning system in Sinai', approved October 13, 1975 (Public Law 94–110), and the authorizations contained in the amendments made by the International Security Assistance and Arms Export Control Act of 1976 do not, and shall not in any way be construed to, constitute congressional approval, acceptance, or endorsement (1) of any oral or written commitment, understanding, assurance, promise, or agreement, whether expressed or implied, or any other expression, oral or written (other than the 'United States Proposal for the Early Warning System in Sinai'), made by any official of the United States which Israel, Egypt, or any other nation or organization might construe or interpret as a basis on which it could rely or act, or (2) of any characterization of any such commitment, understanding, assurance, promise, or agreement, or other expression, as constituting a 'codification' of existing, congressionally approved United States policy.".

AID FOR CYPRIOT REFUGEES

Sec. 402. Section 495 of the Foreign Assistance Act of 1961 is amended by striking out "$30,000,000" and inserting in lieu thereof "$40,000,000".

ASSISTANCE TO TURKEY

Sec. 403. Section 620(x) (1) of the Foreign Assistance Act of 1961, as amended by section 2(c) of the Act of October 6, 1975 (Public Law 94–104), is amended by striking out *"Provided,"* and all that follows through the end of paragraph (1) and inserting in lieu thereof the following: *"Provided,* That for the fiscal year 1976, the period beginning July 1, 1976, and ending September 30, 1976, and the fiscal year 1977, the President may suspend the provisions of his subsection and of section 3(c) of the Arms Export Control Act with respect to cash sales and extensions of credits and guaranties under such Act for the procurement of such defense articles and defense services as the President determines are necessary to enable Turkey to fulfill her defense responsibilities as a member of the North Atlantic Treaty Organization, except that (A) during the fiscal year 1976 and the period beginning July 1, 1976, and ending September 30, 1976, the total value of defense articles and defense services sold to Turkey under such Act, either for cash or financed by credits and guaranties, shall not exceed $125,000,000, and (B) during the fiscal year 1977, the total value of defense articles and defense services sold to Turkey under such Act, either for cash or financed by credits and guaranties, shall not exceed $125,000,000. Any such suspension shall be effective only so long as Turkey observes the cease-fire on Cyprus, does not increase its military forces or its civilian population on Cyprus, and does not transfer to Cyprus any United States supplied arms, ammunition, or implements of war. The determination required by the proviso in the first sentence of this paragraph shall be made, on a case-by-case basis, with respect to each cash sale, each approval for use of credits, and each approval for use of a guaranty for Turkey. Each such determination shall be reported to the Congress and shall be accompanied by a full and complete statement of the reasons supporting the President's determination and a statement containing the information specified in clauses (A) through (D) of section 2(c) (4) of the Act of October 6, 1975 (Public Law 94–104). In any case involving the sale of significant combat equipment on the United States Munitions List in which the congresional review provisions of section 36(b) of the Arms Export Control Act do not apply, the President may not issue the letter of offer or approve the use of the credits or guaranty, as the case may be, until the end of the thirty-day period beginning on the date on which the report required by the preceding sentence is submitted to the Congress.".

LIMITATION ON CERTAIN ASSISTANCE TO AND ACTIVITIES IN ANGOLA

Sec. 404. (a) Notwithstanding any other provision of law, no assistance of any kind may be provided for the purpose, or which would have the effect, of promoting or augmenting, directly or indirectly, the capacity of any nation, group, organization, movement, or individual to conduct military or paramilitary operations in Angola unless and until the Congress expressly authorizes such assistance by law enacted after the date of enactment of this section;

(b) If the President determines that assistance prohibited by subsection (a) should be furnished in the national security interests of the United States, he shall submit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a report containing—

(1) a description of the amounts and categories of assistance which he recommends to be authorized and the identity of the proposed recipients of such assistance; and

(2) a certification that he has determined that the furnishing of such assistance is important to the national security interests of the United States and a detailed statement, in unclassified form, of the reasons supporting such determination.

(c) The prohibition contained in subsection(a) does not apply with respect to assistance which is furnished solely for humanitarian purposes.

(d) The provisions of this section may not be waived under any other provision of law.

SOVIET INTERVENTION IN ANGOLA

Sec. 405. The Congress views the large-scale and continuing Soviet intervention in Angola, including active sponsorship and support of Cuban armed forces in Angola, as being completely inconsistent with any reasonably defined policy of détente, as well as with Articles 1 and 2 of the United Nations Charter, the principle of noninterference in the affairs of other countries agreed to at Helsinki in 1975, and with the spirit of recent bilateral agreements between the United States and the Union of Soviet Socialist Republics. Such intervention should be taken explicitly into account in United States foreign policy planning and negotiations.

LIMITATIONS ON ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, SALES, AND SALES CREDITS FOR CHILE

Sec. 406. (a) (1) No military or security supporting assistance and no military education and training may be furnished under the Foreign Assistance Act of 1961 for Chile; and no credits (including participations in credits) may be extended and no loan may be guaranteed under the Arms Export Control Act with respect to Chile. No deliveries of any such assistance, credits, or guaranties may be made to Chile on or after the date of enactment of this section.

(2) No sales (including cash sales) may be made and no export license may be issued under the Arms Export Control Act with respect to Chile on or after the date of enactment of this section.

(b) (1) Nothwithstanding any other provision of law, the total amount of economic assistance which may be made available for Chile during the period beginning July 1, 1976, and ending September 30, 1977, may not exceed $27,500,000. For purposes of this subsection, economic assistance includes any assistance of any kind which is provided, directly or indirectly, to or for the benefit of Chile by any department, agency, or other instrumentality of the United States Government (other than assistance provided under chapter 2, 4, or 5 of part II of the Foreign Assistance Act of 1961 or credits or guaranties extended under the Arms Export Control Act), but does not include commodities furnished under title II of the Agricultural Trade Development and Assistance Act of 1954. This subsection shall not be construed to authorize the furnishing of any assistance which is prohibited under any other provision of law.

(2) The $27,500,000 limit set forth in paragraph (1) of this subsection may be increased by not to exceed $27,500,000 if the President certifies in writing to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that the Government of Chile—

(A) does not engage in a consistent pattern of gross violations of internationally recognized human rights, including torture or cruel, inhuman, or degrading treatment or punishment, prolonged detention without charges or trial, or other flagrant denials of the right to life, liberty, or the security of person;

(B) has permitted the unimpeded investigation, by internationally recognized commissions on human rights (including the United Nations Commission on Human Rights and the Inter-American Commission on Human Rights of the Organization of American States) of alleged violations of internationally recognized human rights (as described in subparagraph (A) of this paragraph); and

(C) has taken steps to inform the families of prisoners of the condition of and charges against such prisoners.

CONTROL OF MILITARY FORCES IN THE INDIAN OCEAN

Sec. 407. (a) It is the sense of Congress that the President should undertake to enter into negotiations with the Soviet Union intended to achieve an agreement limiting the deployment of naval, air, and land forces of the Soviet Union and the United States in the Indian Ocean and littoral countries. Such negotiations should be convened as soon as possible and should consider, among other things, limitations with respect to—

(1) the establishment or use of facilities for naval, air, or land forces in the Indian Ocean and littoral countries;

(2) the number of naval vessels which may be deployed in the Indian Ocean, or the number of "ship-days" allowed therein; and

(3) the type and number of military forces and facilities allowed therein.

(b) Not later than December 1, 1976, the President shall transmit a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate with respect to steps he has taken to carry out the provisions of this section.

UNITED STATES CITIZENS IMPRISONED IN MEXICO

Sec. 408. (a) The Congress, while sharing the concern of the President over the urgent need for international cooperation to restrict traffic in dangerous drugs, is convinced that such efforts must be consistent with respect for fundamental human rights. The Congress, therefore, calls upon the President to take steps to insure that United States efforts to secure stringent international law enforcement measures are combined with efforts to secure fair and humane treatment for citizens of all countries.

(b) (1) The Congress requests that the President communicate directly to the President and Government of the Republic of Mexico, a nation with which we have friendly and cooperative relations, the continuing desire of the United States for such relations between our two countries and the concern of the United States over treatment of United States citizens arrested in Mexico.

(2) The Secretary of State shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one hundred and twenty days after the date of enactment of this section, and every one hundred and twenty days thereafter, on progress toward full respect for the human and legal rights of all United States citizens detained in Mexico.

EMERGENCY FOOD NEEDS OF PORTUGAL

Sec. 409. It is the sense of the Congress that the President should undertake immediately an evaluation of the emergency food needs of Portugal. It is further the sense of the Congress that the President should take timely action to alleviate such emergency by providing Portugal with food commodities under the provisions of pertinent statutes.

STRIFE IN LEBANON

Sec. 410. It is the sense of the Congress that the situation in Lebanon, a nation traditionally friendly to the United States, poses a danger to peace in the Middle East.

The Congress deplores the armed civil strife and the continuing erosion of national institutions which threaten to destroy the political and economic fabric of Lebanon with such tragic impact on all its people. The Congress views with grave concern any outside efforts to exploit the current strife with the purpose of transforming Lebanon into a radical state in confrontation with Israel. The Congress requests that the President use his good offices to secure an end to the civil strife and national discord in Lebanon toward the United States.

REPORT ON KOREA

Sec. 411. Chapter 3 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 668. Report on Korea.—Within ninety days after the enactment of this section, and at least once during each of the next five years, the President shall transmit to the Speaker of the House of Representatives and to the Committees on Foreign Relations and Armed Services of the Senate a report which (1) reviews the progress made under the announced program of the Republic of Korea to modernize its armed forces so as to achieve military self-sufficiency by 1980, (2) reports on the role of the United States in mutual security efforts in the Republic of Korea, and (3) reports on the prospects for or implementation of phased reduction of United States Armed Forces assigned to duty in the Republic of Korea, in coordination with the timetable of the Republic of Korea for military self-sufficiency.".

KOREA

Sec. 412. The Congress views with distress the erosion of important civil liberties in the Republic of Korea and requests that the President communicate this concern in forceful terms to the Government of the Republic of Korea within sixty days after enactment.

REPEAL OF INDOCHINA ASSISTANCE

Sec. 413. (a) Part V of the Foreign Assistance Act of 1961 and sections 34, 35, 36, 37, 38, 39, and 40 of the Foreign Assistance Act of 1974 are repealed. All determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by this section shall continue in full force and effect until modified, revoked, or superseded by appropriate authority.

(b) Subject to the availability of appropriation therefor, the President is authorized to adopt as a contract of the United States Government, and assume any liabilities arising thereunder (in whole or in part), any contract which had been funded or approved for funding by the Agency for International Devolpment prior to June 30, 1975, for financing with funds made available under the Foreign Assistance Act of 1961 or the Foreign Assistance Act of 1974, or any equitable claim based upon a letter of intent issued prior to April 30, 1975, in which the Agency had expressed its intention to finance a transaction subject to the availability of funds, between the former Governments of Vietnam or Cambodia (including any of their agencies) or the Government of Laos (or any of its agencies) and any person and to apply with respect to any such contract the authorities of the Foreign Assistance Act of 1961.

(c) Funds made available for the purposes of part V of the Foreign Assistance Act of 1961 and of section 36 of the Foreign Assistance Act of 1974 (including amounts certified pursuant to section 1311 of the Supplemental Appropriation Act, 1955 (31 U.S.C. 200), as having been obligated against appropriations heretofore made) are authorized to be appropriated, and thereafter, to remain available until expended, to meet necessary expenses arising from the actions authorized by subsection (b) of this section and such funds are authorized to remain available until expended to meet necessary expenses arising from the termination of assistance programs authorized by such part and such section 36, which expenses may include but need not be limited to the settlement of claims and associated personnel costs.

LEBANON HOUSING RECONSTRUCTION

Sec. 414. Section 223(j) of the Foreign Assistance Act of 1961 is amended by striking out "and" in the last sentence and by inserting immediately before the period at the end of such sentence ", and in Lebanon, not exceeding a face amount of $15,000,000".

ITALY RELIEF AND REHABILITATION

Sec. 415. Chapter 9 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 495B. Italy Relief and Rehabilitation.—(a) In addition to amounts otherwise available for such purpose, there is authorized to be appropriated $25,000,000 for the fiscal year 1976 to furnish assistance under this chapter for the relief and rehabilitation of the people who have been victimized by the recent earthquake in Italy. Amounts appropriated under this section are authorized to remain available until expended.

"(b) Obligations incurred prior to the date of enactment of this section against other appropriations or accounts for the purpose of providing relief and rehabilitation assistance to the people of Italy may be charged to the appropriations authorized under this section.".

LEBANON RELIEF AND REHABILITATION

Sec. 416. Chapter 9 of part I of the Foreign Assistance Act of 1961, as amended by section 415 of this Act, is further amended by adding at the end thereof the following new section:

"Sec. 495C. Lebanon Relief and Rehabilitation.—(a) The Congress, recognizing that prompt United States assistance is necessary to alleviate the human suffering arising from civil strife in Lebanon and to restore the confidence of the people of Lebanon, authorizes the President to furnish assistance, on such terms and conditions as he may determine, for the relief and rehabilitation of refugees and other needy people in Lebanon.

"(b) There is authorized to be appropriated to the President for the purposes of this section, in addition to amounts otherwise available for such purposes, $20,000,000, which amount is authorized to remain available until expended.

"(c) Assistance under this section shall be provided in accordance with the policies and general authority contained in section 491.

"(d) Obligations incurred prior to the date of enactment of this section against other appropriations or accounts for the purpose of providing relief and rehabilitation assistance to the people of Lebanon may be charged to the appropriations authorized under this section.

"(e) Not later than sixty days after the date of enactment of appropriations to carry out this section, and on a quarterly basis thereafter, the President shall transmit reports to the Committees on Foreign Relations and Appropriations of the Senate and to the Speaker of the House of Representatives regarding the programing and obligation of funds under this section.".

TITLE V—MISCELLANEOUS AUTHORIZATIONS

SECURITY SUPPORTING ASSISTANCE

Sec. 501. (a) Section 532 of the Foreign Assistance Act of 1961 is amended to read as follows:

"Sec. 532. Authorization.—(a) There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1976 $1,766,200,000, of which not less than $65,000,000 shall be available only for Greece, $730,000,000 shall be available only for Israel, and $705,000,000 shall be available only for Egypt, and for the fiscal year 1977 $1,860,000,000, of which not less than $785,000,000 shall be available only for Israel, not less than $750,000,000 shall be available only for Egypt, not less than $27,500,000 shall be available only for Zambia, and not less than $27,500,000 shall be available only for Zaire. Amounts appropriated under this section are authorized to remain available until expended.

"(b) (1) None of the funds made available under this section for Zaire and Zambia may be used for military, guerrilla, or paramilitary activities in either such country or in any other country.

"(2) Assistance furnished under this chapter to Zaire and Zambia for fiscal year 1977 shall not be counted for purposes of the limitation contained in the last sentence of section 531 on the number of countries which may receive assistance under this chapter in any fiscal year.".

MIDDLE EAST SPECIAL REQUIREMENT FUND

Sec. 502. Section 903 of the Foreign Assistance Act of 1961 is amended—

(1) in subsection (a), by striking out "for the fiscal year 1975 not to exceed $100,000,000" and inserting in lieu thereof "for the fiscal year 1976 not to exceed $50,000,000 and for the fiscal year 1977 not to exceed $35,000,000"; and

(2) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) Funds appropriated under subsection (a) shall be available to assist the Governments of Egypt and Israel in carrying out activities under the Agreement of October 10, 1975, and to pay the costs of implementing the United States proposal for the early warning system in Sinai. Such funds may be obligated without regard to the provisions of subsection (b) of this section to the extent that the proposed obligation has been justified to the Congress prior to the enactment of this subsection.

"(d) Of the amount authorized to be appropriated in subsection (a) for the fiscal years 1976 and 1977, not less than $12,000,000 for each such year shall constitute a contribution by the United States toward the settlement of the deficit of the United Nations Relief and Works Agency for Palestine Refugees in the Middle East, if the President determines that a reasonable number of other countries will contribute a fair share toward the settlement of such deficit within a reasonable period of time after the date of enactment of the International Security Assistance and Arms Export Control Act of 1976. In determining such fair share, the President shall take into consideration the economic position of each such country. Such $24,000,000 shall be in addition to any other contribution to such Agency by the United States pursuant to any other provision of law.

"(e) Funds made available under this section may be obligated without regard to the provisions of subsection (b) of this section for programs contained in the presentation materials submitted to Congress for the fiscal year 1977.".

CONTINGENCY FUND

Sec. 503. Chapter 5 of part I of the Foreign Assistance Act of 1961 is amended—

(1) in the chapter heading, by striking out "Disaster Relief" and inserting in lieu thereof "Contingency Fund"; and

(2) in section 451(a)—

(A) by striking out "for the fiscal year 1975 not to exceed $5,000,000," and inserting in lieu thereof "for the fiscal year 1976 not to exceed $5,000,000 and for the fiscal year 1977 not to exceed $5,000,000";

(B) by striking out "or by section 639"; and

(C) by adding at the end thereof the following new sentence: "Amounts appropriated under this section are authorized to remain available until expended.".

INTERNATIONAL NARCOTICS CONTROL

SEC. 504. (a) Section 482 of the Foreign Assistance Act of 1961 is amended by inserting immediately before the period at the end of the first sentence ", $40,000,000 for the fiscal year 1976, no part of which may be obligated for or on behalf of any country where illegal traffic in opiates has been a significant problem unless and until the President determines and certifies in writing to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate that assistance furnished to such country pursuant to the authority in this chapter is significantly reducing the amount of illegal opiates entering the international market, and not to exceed $34,000,000 for the fiscal year 1977".

(b) Section 481 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(c)(1) Notwithstanding any other provision of law, no officer or employee of the United States may engage or participate in any direct police arrest action in any foreign country with respect to narcotics control efforts.

"(2) The President shall carry out a study with respect to methods through which United States narcotics control programs in foreign countries might be placed under the auspices of international or regional organizations. The results of such study shall be transmitted to the Speaker of the House of Representatives and the President of the Senate not later than June 30, 1977.".

AUTHORIZATION FOR INTERNATIONAL ATOMIC ENERGY AGENCY

SEC. 505. Section 302 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(1) In addition to amounts otherwise available under this section, there are authorized to be appropriated for fiscal year 1976 $1,000,000 and for fiscal year 1977 $2,000,000 to be available only for the International Atomic Energy Agency to be used for the purpose of strengthening safeguards and inspections relating to nuclear fissile facilities and materials. Amounts appropriated under this subsection are authorized to remain available until expended.".

INTERIM QUARTER AUTHORIZATIONS

SEC. 506. (a) Any authorization of appropriations in this Act, or in any amendment to any other law made by this Act, for the fiscal year 1976 shall be deemed to include an additional authorization of appropriations for the period beginning July 1, 1976, and ending September 30, 1976, in amounts which equal one-fourth of any amount authorized for the fiscal year 1976 and in accordance with the authorities applicable to operations and activities authorized under this Act or such other law, unless appropriations for the same purpose are specifically authorized in a law hereinafter enacted.

(b) The aggregate total of credits, including participations in credits, extended pursuant to the Arms Export Control Act and of the principal amount of loans guaranteed pursuant to section 24(a) of such Act during the period beginning July 1, 1976, and ending September 30, 1976, may not exceed an amount equal to one-fourth of the amount authorized by section 31(b) of such Act to be extended and guaranteed for the fiscal year 1976.

BASE AGREEMENTS WITH SPAIN, GREECE, AND TURKEY

SEC. 507. (a) In addition to any amounts authorized to be appropriated by any amendment made by this Act which may be available for such purpose, there are authorized to be appropriated such sums as may be necessary for the fiscal year 1977 to carry out international agreements or other arrangements for the use by the Armed Forces of the United States of military facilities in Spain, Greece, or Turkey.

(b) No funds appropriated under this section may be obligated or expended to carry out any such agreement or other arrangement until legislation has been enacted approving such agreement or other arragement.

TITLE VI—MISCELLANEOUS PROVISIONS

EXPEDITED PROCEDURE IN THE SENATE

SEC. 601. (a)(1) The provisions of subsection (b) of this section shall apply with respect to the consideration in the Senate of any resolution required by law to be considered in accordance with such provisions.

(2) Any such law shall—

(A) state whether the term "resolution" as used in subsection (b) of this section, means, for the purposes of such law—

(i) a joint resolution; or

(ii) a resolution of either House of Congress;

(iii) a concurrent resolution; and

(B) specify the certification to which such resolution shall apply.

(b)(1) For purposes of any such law, the continuity of a session of Congress is broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the period indicated.

(2) Paragraphs (3) and (4) of this subsection are enacted—

(A) as an exercise of the rulemaking power of the Senate and as such they are deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of resolutions described by subsection (a)(1), of this section; and they supersede other rules of the Senate only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of the Senate to change such rules at any time, in the same manner and to the same extent as in the case of any other rule of the Senate.

(3)(A) If the committee of the Senate to which has been referred a resolution relating to a certification has not reported such resolution at the end of ten calendar days after its introduction, not counting any day which is excluded under paragraph (1) of this subsection, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution introduced with respect to the same certification which has been referred to the committee, except that no motion to discharge shall be in order after the committee has reported a resolution with respect to the same certification.

(B) A motion to discharge under subparagraph (A) of this paragraph may be made only by a Senator favoring the resolution, is privileged, and debate thereon shall be limited to not more than 1 hour, to be divided equally between those favoring and those opposing the resolution, the time to be divided equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(4)(A) A motion in the Senate to proceed to the consideration of a resolution shall be privileged. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(B) Debate in the Senate on a resolution, and all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, to be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

(C) Debate in the Senate on any debatable motion or appeal in connection with a resolution shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control on the passage of a resolution, allot additional time to any Senator during the consideration of any debatable motion or appeal.

(D) A motion in the Senate to further limit debate on a resolution, debatable motion, or appeal is not debatable. No amendment to, or motion to recommit, a resolution is in order in the Senate.

PROCUREMENT FROM SMALL BUSINESSES

SEC. 602. In order to encourage procurements from small business concerns under chapter 4 of the Foreign Assistance Act of 1961, the Administrator of the Agency for International Development shall report to the Congress every six months on the extent to which small businesses have participated in procurements under such chapter and on what efforts the Agency has made to foster such procurements from small business concerns. The Small Business Administration shall lend all available assistance to the Agency for the purposes of carrying out this section.

PAYMENT OF CONSULTANTS

SEC. 603. Section 626(a) of the Foreign Assistance Act of 1961 is amended by striking out "$100 per diem" and inserting in lieu thereof "the daily equivalent of the highest rate which may be paid to an employee under the General Schedule established by section 5332 of title 5, United States Code".

FEES OF MILITARY SALES AGENTS AND OTHER PAYMENTS

SEC. 604. (a) Section 36 of the Foreign Military Sales Act, as amended by section 211 of this Act, is further amended as follows:

(1) In subsection (a)—

(A) strike out "and" at the end of paragraph (7);

(B) redesignate paragraph (8) as paragraph (9); and

(C) insert the following new paragraph immediately after paragraph (7);

"(8) a description of each payment, contribution, gift, commission, or fee reported to the Secretary of State under section 39, including (A) the name of the person who made such payment, contribution, gift, commission, or fee; (B) the name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid; (C) the date and amount of such payment, contribution, gift, commission, or fee; (D) a description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid; and (E) the identification of any business information considered confidential by the person submitting it which is included in the report; and".

(2) In the first sentence of subsection (b), insert immediately before the period "and a description, containing the information specified in paragraph (8) of subsection (a), of any contribution, gift, commission, or fee paid or offered or agreed to be paid in order to solicit, promote, or otherwise to secure such letter of offer".

(b) Chapter 3 of the Foreign Military Sales Act, as amended by section 212 of this Act, is further amended by adding at the end thereof the following new section:

"SEC. 39. FEES OF MILITARY SALES AGENTS AND OTHER PAYMENTS.—(a) In accordance with such regulations as he may prescribe, the Secretary of State shall require adequate and timely reporting on political contributions, gifts, commissions and fees paid, or offered or agreed to be paid, by any person in connection with—

"(1) sales of defense articles or defense services under section 22 of this Act; or

"(2) commercial sales of defense articles or defense services licensed or approved under section 38 of this Act;

to or for the armed forces of a foreing country or international organization in order to solicit, promote, or otherwise to secure the conclusion of such sales. Such regulations shall specify the amounts and the kinds of payments offers, and agreements to be reported, and the form and timing of reports, and shall require reports on the names of sales agents and other persons receiving such payments.

The Secretary of State shall by regulation require such recordkeeping as he determines is necessary.

"(b) The President may, by regulation, prohibit, limit, or prescribe conditions with respect to such contributions, gifts, commissions, and fees as he determines will be in furtherance of the purposes of this Act.

"(c) No such contribution, gift, commission, or fee may be included, in whole or in part, in the amount paid under any procurement contract entered into under section 22 of this Act, unless the amount thereof is reasonable, allocable to such contract, and not made to a person who has solicited, promoted, or otherwise secured such sale, or has held himself out as being able to do so, through improper influence. For the purposes of this section, 'improper influence' means influence, direct or indirect, which induces or attempts to induce consideration or action by any employee or officer of a purchasing foreign government or international organization with respect to such purchase on any basis other than such consideration of merit as are involved in comparable United States procurements.

"(d)(1) All information reported to the Secretary of State and all records maintained by any person pursuant to regulations prescribed under this section shall be available, upon request, to any standing committee of the Congress or any subcommittee thereof and to any agency of the United States Government authorized by law to have access to the books and records of the person required to submit reports or to maintain records under this section.

"(2) Access by an agency of the United States Government to records maintained under this section shall be on the same terms and conditions which govern the access by such agency to the books and records of the person concerned.".

(c) The amendments made by this section shall take effect sixty days after the date of enactment of this Act.

USE OF PERSONNEL

SEC. 605. (a) Nothing in this Act is intended to authorize any additional military or civilian personnel for the Department of Defense for the purposes of this Act, the Foreign Assistance Act of 1961, or the Arms Export Control Act. Personnel levels authorized in statutes authorizing appropriations for military and civilian personnel of the Department of Defense shall be controlling over all military and civilian personnel of the Department of Defense assigned to carry out functions under the Arms Export Control Act and the Foreign Assistance Act of 1961.

(b) Section 42 of the Foreign Military Sales Act, as amended by section 213 of this Act, is further amended by adding at the end thereof the following new subsection:

"(f) The President shall, to the maximum extent possible and consistent with the purposes of this Act, use civilian contract personnel in any foreign country to perform defense services sold under this Act.".

ASSISTANCE FOR PRODUCTIVE ENTERPRISES

SEC. 606. Section 620(k) of the Foreign Assistance Act of 1961 is amended by inserting immediately before the period at the end of the first sentence ", except that this sentence does not apply with respect to assistance for construction of any productive enterprise in Egypt which is described in the presentation materials to Congress for fiscal year 1977".

EXTORTION AND ILLEGAL PAYMENTS

SEC. 607. Within 60 days after receiving information which substantiates that officials of a foreign country receiving international security assistance have (1) received illegal or otherwise improper payments from a United States corporation in return for a contract to purchase defense articles or services from such corporation, or (2) extorted, or attempted to extort, money or other things of value in return for actions by officials of that country that permit a United States citizen or corporation to conduct business in that country, the President shall submit to Congress a report outlining the circumstances of such payment or extortion. The report shall contain a recommendation from the President as to whether the United States should continue a security assistance program for that country.

EXTENSION OF AIRPORT AT PINECREEK, MINNESOTA

SEC. 608. The consent of Congress is hereby granted for the State of Minnesota or a subdivision or instrumentality thereof to enter into an agreement with the Government of Canada, a Canadian Province, or a subdivision or instrumentality of either, providing for the extension of the Pinecreek Airport at Pinecreek, Minnesota, into the Province of Manitoba, Canada, and the operation of the airport by a joint Canadian-American airport authority. The effectiveness of such agreement shall be conditioned on its approval by the Secretary of State.

And the Senate agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
DANTE B. FASCELL,
CHARLES C. DIGGS, Jr.,
LEE H. HAMILTON,
WM. S. BROOMFIELD,
EDWARD J. DERWINSKI,
Managers on the Part of the House.

JOHN SPARKMAN,
FRANK CHURCH,
GALE MCGEE,
GEORGE MCGOVERN,
H. H. HUMPHREY,
CLIFFORD P. CASE,
JACOB J. JAVITS,
HUGH SCOTT,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (H.R. 13680), to amend the Foreign Assistance Act of 1961 and the Foreign Military Sales Act, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment.

The committee of conference recommends a substitute for both the House bill and the Senate amendment to the text of the House bill.

Except for clarifying, clerical, and necessary conforming changes, the differences between the two Houses and the adjustments made in the committee of conference are noted below.

The committee of conference agreement contained authorizations for international security assistance for fiscal year 1976 of $3,191,900,000 which is identical to the House figure, represents an increase of $25 million in the Senate figure and represents a reduction of $56,200,000 in the amount requested by the executive branch.

For fiscal year 1977 the committee of conference agreement contains authorizations for international security assistance of $2,973,500,000, which represents a reduction of $166,200,000 in the House figure, an increase of $176,500,000 in the Senate figure and a reduction of $56,200,000 in the amount requested by the executive branch.

The amounts approved by the committee of conference compared to the amounts requested by the executive branch and recommended by the House and Senate follows:

FUNDS AUTHORIZED FOR FISCAL YEARS 1976 AND 1977 BY H.R. 13680

[In millions of dollars]

	Executive request		House recommendation		Senate recommendation		Conference substitute	
	1976	1977	1976	1977	1976	1977	1976	1977
Grant military assistance	357.4	209.0	196.7	209.0	196.7	75.3	[1] 196.7	[1] 177.3
Grant military assistance administration	37.1	70.0	32.0	70.0	32.0	70.0	32.0	70.0
Foreign military education and training	30.0	30.2	27.0	30.2	27.0	30.2	27.0	30.2
Foreign military sales credits	1,065.0	840.0	1,039.0	840.0	1,039.0	680.0	1,039.0	740.0
Contingency fund	10.0	10.0	5.0	10.0	5 0	5.0	5.0	5.0
Narcotics control	42.5	34.0	40.0	34.0	40.0	34.0	40.0	34.0
Security supporting assistance	1,873.3	[2] 1,886.5	1,766.2	[3] 1,886.5	1,756.2	1,826.5	1,766.2	[3] 1,860.0
Middle East special requirements fund	50.0	35.0	50.0	35.0	50.0	35.0	50.0	35.0
Aid to Cypriot refugees			[4] 10.0			[4] 20.0	10.0	
International Atomic Energy Agency			1.0	5.0	1.0	1.0	1.0	2.0
Disaster relief for Italy			25.0				25.0	
Disaster relief for Lebanon				20.0		20.0		20.0
Total	3,465.3	3,114.7	3,191.9	3,139.7	3,146.9	2,797.0	3,191.9	2,973.5

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[1] In addition to amounts authorized to be appropriated for grant military assistance programs, recoupments and reimbursements of $28,300,000 for fiscal year 1976 and $26,700,000 for fiscal year 1977 are authorized to be made available for such programs.

[2] Includes $85,000,000 in supplemental request for Southern Africa.

[3] Includes $85,000,000 authorized and earmarked for Zaire, Zambia, and the countries of Southern Africa.

[4] Includes $27,500,000 earmarked for Zaire, $27,500,000 for Zambia and $20,000,000 pursuant to the supplemental executive request.

[5] These funds are in addition to the $30,000,000 authorization for such purpose contained in H.R. 9005.

SHORT TITLE

The short title of the House bill was the "International Security Assistance and Arms Export Control Act of 1976".

The short title of the Senate amendment was the "International Security Assistance and Arms Export Control Act, fiscal years 1976–1977".

The committee of conference adopted the House title.

MILITARY ASSISTANCE PROGRAM (MAP) ALLOCATIONS

The House bill amended section 504(a) of the Foreign Assistance Act to authorize $209 million for MAP in fiscal year 1977. Such sum plus recoupments was allocated among eight specified recipients.

The Senate amendment authorized $75,300,000 for MAP in fiscal year 1977, allocating this sum plus recoupments among six specified recipients but in different amounts from the House bill.

The committee of conference agreed to a substitute MAP authorization of $177,300,000 and to MAP allocations as follows:

[In millions of dollars]

	House	Senate	Conference substitute
Greece	33.0	—	33.0
Indonesia	19.4	13.0	15.0
Jordan	70.0	40.0	55.0
Korea	8.3	8.3	8.3
Philippines	19.6	17.0	17.0
Thailand	20.0	15.0	16.0
Turkey	50.0	—	50.0
Ethiopia	11.7	5.0	6.0
Unallocated	3.7	3.7	3.7
Total	[1] 235.7	[1] 102.0	[1] 204.0

[1] Includes $26,700,000 in recoupments and reimbursements.

CEILING ON STOCKPILING

The House bill amended section 514 to permit new stockpiles or additions to stockpiles located in foreign countries of not to exceed $93,750,000 for the period July 1, 1975 to September 30, 1976 and not to exceed $125 million in fiscal year 1977.

The Senate amendment also amended section 514 and placed a ceiling of $75 million on new stockpiles or additions to stockpiles in foreign countries in fiscal year 1976, $18,750,000 for the transition quarter and $50 million for fiscal year 1977.

The committee of conference agreed to a ceiling of $93,750,000 for the period July 1, 1975 to September 1, 1976 and $125 million for fiscal year 1977.

ROLE OF THE SECRETARY OF STATE

The House bill restated the provisions of section 622(c) of the Foreign Assistance Act to make clear that, under the direction of the President, the Secretary of State is responsible for the continuous supervision and general direction of economic assistance, military assistance, and military education and training programs, including but not limited to determining whether there shall be a military assistance or a military education and training program for a country and the value thereof.

The Senate amendment did not contain a comparable provision.

The committee of conference adopted the House provision.

APPROVAL FOR TRANSFER OF DEFENSE ARTICLES

The House amendment required the President to report to the Congress his intention to approve the transfer of defense articles or defense services, or related training, to any country in an unclassified form except for the dollar value and the number of items to be transferred.

The Senate amendment did not contain a comparable provision.

The committee of conference adopted the House provision.

FOREIGN MILITARY SALES (FMS) CREDITS

Authorization

The House bill amended section 31(a) of the Foreign Military Sales Act to authorize $840 million for FMS financing for fiscal year 1977.

The Senate amendment authorized $680 million for fiscal year 1977.

The committee of conference adopted a substitute authorization level of $740 million.

Aggregate ceiling

The House bill amended section 31(b) of the Foreign Military Sales Act by setting a ceiling of $2,059,600,000 on the aggregate total of FMS credits or participation in credits, extended under section 23 of the act, and of the principal amounts of loans guaranteed under section 24 of the act, during fiscal year 1977.

The Senate amendment established an aggregate ceiling of $1,732,600,000 for fiscal year 1977.

The committee of conference agreed to an aggregate ceiling of $2,022,100,000.

REPORTS AND CONGRESSIONAL REVIEW ON COMMERCIAL AND GOVERNMENTAL MILITARY EXPORTS

Information in supplemental FMS section 36(b) reports

The Senate amendment contained a provision which required the President to furnish a detailed description of any reciprocal agreement by the United States to buy foreign arms and an analysis of the impact and costs of such agreement.

The House bill contained no comparable provision.

The committee of conference agreed to adopted the Senate provision.

Reports and congressional review of commercial licenses

The Senate amendment contained a provision which required that all proposed licenses for the export of "major defense equipment" valued at $7 million or more be reported to the Congress.

Congress would have 30 calendar days to disapprove the issuance of the licenses by concurrent resolution.

The House bill did not contain a comparable provision.

The committee of conference agreed to adopt the Senate provision with an amendment to delete the authority for Congress to disapprove the issuance of the letter of offer by concurrent resolution.

Reporting of certain commercial technical or manufacturing license agreements

The Senate amendment required the President to submit to Congress a certification, similar to that required on proposed commercial export licenses, in the case of a proposed export license with respect to certain commercial technical agreements or manufacturing license agreements for all non-NATO member countries. No congressional disapproval procedure was provided for in the provision.

The House bill contained no comparable provision.

The committee of conference agreed to accept the Senate provision.

ANNUAL ARMS CEILING

The House bill placed a $9 billion annual ceiling on U.S. arms sales.

The Senate amendment contained no comparable provision.

The committee of conference agreed that U.S. arms sales should not exceed the current level. It is the intention of the conferees that the President nevertheless take into account the serious concern of the Congress at the rapidly accelerating pace of U.S. arms sales. Accordingly, the President should examine the ramifications of a ceiling on arms sales and the possibilities of multilateral negotiations with the other major arms suppliers toward this end. The President is invited to submit a report to the Congress with respect to his findings on this subject, together with his recommendations as to whether or not an arms sales ceiling is feasible within one year after enactment of this act.

DEFINITION OF DEFENSE ARTICLE AND DEFENSE SERVICE

The Senate amendment provided that the definition of defense articles and defense services applied to "making military sales".

(a) The House bill provided that the definition of defense articles and defense services applies to articles and services used for "furnishing military assistance".

The committee of conference agreed to adopt the Senate provision.

(b) The House bill included language in the definition of defense article which excluded "byproduct material" (as defined in the Atomic Energy Act of 1954) from the definition of defense article.

The Senate amendment deleted the exclusion of byproduct material from this definition.

The committee of conference agreed to adopt the House provision.

HUMAN RIGHTS

The House bill contained three principal provisions: First, it prohibited security assistance, except in specified circumstances, for countries violating human rights. Second, it required a finding by the President on whether a serious question of human rights violation exists in a recipient country. His report of this finding was required to be submitted upon request of the Senate Foreign Relations Committee and the House International Relations Committee. Failure to submit a report required termination of assistance for the rest of the fiscal year. Third, the provision allowed termination of assistance by concurrent resolution if the Congress determined that human rights violations, when considered in relation to U.S. foreign policy interests, required termination. It gave Congress 90 days of continuous session to act after receiving a human rights report.

The Senate amendment contained four principal provisions: The first provision specified that a principal goal of U.S. foreign policy shall be to promote the increased observance of internationally recognized human rights; stated that it is the policy of the United States that no security assistance be provided to any country the government of which engages in a consistent pattern of gross violations of human rights, except in accordance with provisions stated in this section. In furtherance of this policy the Senate amendment also directs the President to formulate and conduct international security assistance programs so as to accomplish that objective, and also directed that such programs be conducted in a manner which does not identify the U.S. Government with gross violations of human rights.

Second, it established a new position of Coordination for Human Rights and Humanitarian Affairs within the Department of State. Third, it required reports by the Secretary of State, upon request of the aforementioned Committees or of the Senate or House as a whole. Such report was to contain (1) detailed descriptions of human rights practices of the recipient, (2) remedial steps already taken by the United States, and (3) whether any extraordinary circumstances exist which necessitate continuing such assistance in the face of human rights violations. Fourth, it allowed termination, restriction, or continuation of assistance by joint resolution of Congress. No time limit was set for Congressional action but an expedited procedure for consideration in the Senate was provided for.

The committee of conference agreed to adopt the Senate provision.

The committee of conference intends that the Coordinator for Human Rights and Humanitarian Affairs shall assist the President in ascertaining the facts in cases involving alleged discrimination against American citizens in foreign countries and shall, when called upon, be available to the House International Relations Committee or the Senate Foreign Relations Committee, to report on the facts on cases of alleged discrimination against American citizens.

DISCRIMINATION AGAINST U.S. PERSONNEL

The Senate amendment required a Presidential recommendation to the Congress on what action should be taken in response to continuing discrimination against U.S. personnel. If the recommendation is not given within 60 days of receipt of reliable information that discrimination continues or within 60 days of a request for such a recommendation by either committee, the assistance transaction must be terminated. After receiving a recommendation, Congress may, by joint resolution, take such action as it deems appropriate with respect to the assistance transaction. Such a resolution would be considered in the Senate under an expedited procedure.

The House bill contained no provision relating to termination of assistance for such reason.

The committee of conference agreed to adopt the Senate provision with an amendment which provides that upon the request of the Senate Foreign Relations Committee or the House International Relations Committee, the President shall within 60 days transmit to such committees a report, prepared with the assistance of the Coordinator for Human Rights and Humanitarian Affairs in the Department of State, with respect to the country designated in such request. The report shall set forth all the available information about the exclusionary policies or practices of the government of such country when such policies are based upon race, religion, national origin or sex and prevent any such person from participating in the performance of any sale or licensed transaction under this act; the response of the United States thereto and the results of such response; whether in the opinion of the President notwithstanding any such policies or practices extraordinary circumstances exist which in his view necessitate a continuation of such sale or licensed transaction and, if so, a description of such circumstances and the extent to which such sale or licensed transaction should be continued, subject to such conditions as Congress may impose under this section. The President will also provide any other information either committee may request.

In the event a report from the President is not transmitted within 60 days after receipt of such request, such sale or licensed transaction shall be suspended unless and until such statement is transmitted.

After receipt of the report and the appropriate explanations the Congress may at any time thereafter adopt a joint resolution, under an expedited procedure in the Senate pursuant to the provisions of section 601(b) of this bill, terminating or restricting such sale or licensed transaction.

Nothing in this section is intended to limit the scope of section 617 of the Foreign Assistance Act of 1961 as amended, relating to the termination of assistance.

It is the intent of the committee of conference to conform this section to the corresponding provision of the human rights section of the bill. The committee of conference intends that the Coordinator for Human Rights and Humanitarian Affairs shall, when called upon, be available to the House International Relations Committee or the Senate Foreign Relations Committee. He shall, as in cases involving volations of human rights, prisoners of war, missing in action, and refugees, report the facts on cases of discrimination against American citizens. A full, public airing of the facts in such cases is, in the view of the committee of conference, an important tool in helping to bring to an end the illegal practice of discrimination against U.S. citizens.

The action by the committee of conference parallels and expands upon section 318 of the International Development and Food Assistance Act of 1975. The intent of the Congress is that the U.S. Government does not acquiesce in discrimination against its own citzens.

Analogous provisions were agreed to with respect to military sales and export licenses.

INELIGIBILITY

The Senate amendment amended section 3(c) of the Foreign Military Sales Act to prohibit credits and guaranties to any country which uses defense articles or defense services furnished under the Foreign Military Sales Act in substantial violation of any agreement entered into under the act by using such articles or services for a purpose not authorized by U.S. law, by transfering them without U.S. consent or by failing to maintain the security of such articles or services. This provision also prohibited cash sales or deliveries to any country committing a substantial violation by using defense articles or defense services for a purpose not authorized by U.S. law.

Ineligibility for military sales, credits, or guaranties occurred if the President so determined and stated in writing to the Congress, or if the Congress found a country to be ineligible by joint resolution.

The Senate required the President to report to the Congress information indicating that a substantial violation may have occurred. The information in the report could constitute the basis for either a Presidential or a congressional determination of ineligibility.

A violation of either the purpose for which assistance is provided as specified in the Act or of the terms of the agreement itself, constituted grounds for ineligibility.

The Senate also permitted the President to waive the termination requirements of this section with respect to cash sales and deliveries if he found that a termination would have a significant adverse impact on U.S. security. The waiver authority could not be used if Congress adopted a joint resolution declaring a country ineligible for such sales.

The Senate amendment allowed the restoration of eligibility and the resumption of sales, credits, or guaranties when the President determined that the violation had ceased and the country concerned had given assurances satisfactory to the President that such a violation would not recur.

The House bill did not contain a comparable provision.

The committee of conference adopted the provision of the Senate amendment.

INTERNATIONAL TERRORISM

The House bill prohibited all assistance under the Foreign Assistance Act to any country granting sanctuary from prosecution to any individual or group which has committed an act of international terrorism. This provision also provided that if the President found that national security justified a continuation of assistance to any such government, he shall report such finding to the Congress.

The Senate amendment contained a similar provision except that if the President found that national security justified a continuation of assistance to any government granting sanctuary from prosecution to any individual or group which has committed an act of international terrorism, he shall report such finding promptly to the Congress.

The committee of conference agreed to accept the Senate provision.

NUCLEAR TRANSFERS

The Senate bill included a provision amending Chapter III of Part III of the Foreign Assistance Act of 1961 to add a new section on nuclear transfers. The Senate provision would not allow economic assistance, except for assistance under Title II of the Agricultural Trade Development and Assistance Act in the event of natural disasters or to meet other urgent relief requirements, military assistance, security supporting assistance, grant military education and training, and military credits or guaranties to any country supplying or receiving nuclear enrichment or reprocessing equipment; materials or technology unless: (1) the supplier and recipient agree to place all transferred equipment, materials, and technology under multilateral auspices and management, when available, and (2) the recipient agrees to International Atomic Energy Agency (IAEA) safeguards on everything transferred and on all nuclear fuel and facilities in the recipient country. The House bill did not contain a similar provision.

The Committee of Conference discussed the Senate provision in some detail and received the views of the executive branch. The Committee then agreed to the Senate provision with an amendment.

The amendment provides that the President may, by Executive Order effective in not less than 30 days, permit deliveries to a country to which the provision would otherwise apply if he (1) determines that the termination of asssistance would have a serious adverse effect on vital U.S. interests and (2) certifies that he has received reliable assurance that the country in question will not acquire or develop nuclear weapons or assist other nations to do so. This determination and certification would be transmitted to the Congress with specific supporting reasons. In the event that the President issues an Executive Order permitting delivery and transmits the requisite determination and certification, the Congress may terminate or restrict assistance to the country in question by a joint resolution introduced within 30 days of the President's transmittal to Congress. Such joint resolution shall be considered in the Senate under expedited procedures.

AID FOR CYPRIOT REFUGEES

The Senate amendment authorized $20 million for assistance to the refugees in Cyprus for fiscal year 1977.

The House amendment contained no comparable provision.

The committee of conference agreed to delete the Senate provision.

ASSISTANCE TO TURKEY

The House bill amended section 620 (X) of the Foreign Assistance Act to permit during fiscal year 1977 the sale of defense articles to Turkey under the Foreign Military Sales Act in order to enable that country to fulfill its NATO responsibilities and to permit financing for such sales under the act. This provision placed a ceiling of $125 million on such sales for fiscal year 1977 and limited financing through credits or guaranties under the Act to the items sold within that ceiling.

The Senate amendment contained no comparable provision.

The committee of conference agreed to adopt the House provision.

POLICY STATEMENT ON ANGOLA

The Senate amendment contained a policy statement expressing the sense of Congress that the Angolan people should determine their own future without outside military interference and that the President should seek an agreement to end hostilities in that country.

The House bill contained no comparable provision.

The committee of conference agreed to delete this provision in order to reflect the situation as it exists in Angola at the present time.

PROHIBITION ON MILITARY ASSISTANCE AND SALES TO CHILE

The House bill prohibited the furnishing of grant military assistance or security supporting assistance under the Foreign Assistance Act and the extension of any credit or guaranty of any loan under the Foreign Military Sales Act, with respect to the purchase of defense articles and services by Chile. This provision also stopped delivery of any military or security assistance in the pipeline and precluded the conclusion of any new credit agreement or the issuance of any new guaranty under the Foreign Military Sales Act.

The Senate amendment prohibited the furnishing of any grant military assistance, including military education and training or security supporting assistance under the Foreign Assistance Act, and the extension of any credit or the guarantee of any loan under the Foreign Military Sales Act, with respect to the purchase of defense articles and services by Chile. This provision also prohibited cash sales under the Foreign Military Sales Act and commercial sales of military equipment. The amendment prohibited the delivery of items currently in the pipeline.

The committee of conference agreed to adopt the Senate prohibition as regards the furnishing of a grant assistance, sales, credits, guaranties, and the issuance of licenses for the export of any defense articles after the date of enactment of this section. It is the intent of the commitee of conference that those Chilean personnel currently entered in military education and training courses under either the Foreign Assistance Act or the Foreign Military Sales Act be permitted to complete their course of instruction. The committee of conference also agreed to prohibit the delivery to Chile of equipment furnished as grant assistance or financed by credits or guaranties.

LIMITATION OF ECONOMIC ASSISTANCE FOR CHILE

The House bill limited economic assistance for Chile during the transition quarter and fiscal year 1977 to $25 million. It defined economic assistance to include any assistance of any kind which is provided, directly or indirectly, to or for the benefit of Chile by any department, agency, or other instrumentality of the U.S. Government, but did not include commodities furnished under title II of Public Law 480 or assistance which is prohibited by section 406 above. (This definition of economic assistance applied both for the new transition quarter—fiscal year 1977 ceiling and for the fiscal year 1976 ceiling of $90 million contained in existing law.)

The Senate amendment limited economic assistance for Chile during the transition quarter and fiscal year 1977 to $30 million, with an additional $38 million permitted if the President certified to Congress that the Government of Chile does not engage in a consistent pattern of gross violations of internationally recognized human rights, permits investigations of human rights, informs prisoners' families of their condition and the charges against them. It provided a definition of economic assistance similar to that in the House section.

The committee of conference agreed to the basic House provision setting a ceiling on economic aid to Chile, but decided to split the difference on the limitation and to establish a ceiling on economic assistance of $27,500,000. The committee of conference has also agreed to a provision which would permit an increase in assistance by $27,500,000 if the President certifies to the Congress that the Government of Chile does not engage in a consistent pattern of gross violation of internationally recognized human rights, has permitted the unimpeded investigation of alleged violations of human rights by internationally recognized commissions, and has taken steps to inform the families of political prisoners of the charges against such prisoners and their status.

The ceiling applies to programs of concessional aid to the Government of Chile. The ceiling is not intended to apply to programs which directly go to the people of Chile, namely, programs administered by the Inter-American Foundation and the Peace Corps. Food aid programs under Title II of Public Law 480 are specifically exempt from the ceiling. Disaster relief programs are also beyond the scope of this provision, because of the authority in section 491.

The ceiling on economic assistance is also intended to extend to other concessional aid activities by the U.S. Government, such as extended risk guaranties by OPIC and similar activities by the Export/Import Bank. It is not intended to apply to usual commercial-type, non-concessional OPIC insurance, Export/Import Bank loans, guaranties and insurance, and credits through CCC.

In making the initial allocation of the $27,500,000, the administration is directed to allocate $12,500,000 for AID loans and grants and $15 million for Public Law 480 Title I sales.

CIVIL LIBERTIES IN KOREA

The House bill stated that the Congress views with distress the erosion of important civil liberties in the Republic of Korea and requests that the President communicate this concern in forceful terms to the Government of the Republic of Korea within 60 days of enactment.

The Senate amendment contained no such provision.

The committee of conference agreed to adopt the provisions of the House bill.

LEBANON HOUSING RECONSTRUCTION

The House bill authorized the issuance prior to October 1, 1977, of $15 million in housing guaranties for Lebanon under title III of chapter 2 of part I of the Foreign Assistance Act without regard to the requirement of Foreign Assistance Act section 223(j) that guaranties be issued only for housing projects which are specifically designed to demonstrate the feasibility and suitability of particular kinds of housing or of financial or other institutional arrangements.

The Senate amendment authorized the issuance of housing guaranties under title III of chapter 2 of part I of the Foreign Assistance Act for the relief and rehabilitation of refugees and other needy people in Lebanon without time limitation, but subject to the general limitation that the face value of guaranties issued in any fiscal year for a country may not exceed $25 million. The Foreign Assistance Act section 223(j) requirement that guaranties be used only for demonstration projects, is not expressly waived by the Senate.

The committee of conference agreed to adopt the provisions of the House bill.

DISASTER RELIEF FOR ITALY

The House bill authorized $25 million in disaster assistance for Italy in fiscal year 1976.

The Senate amendment contained no such provision.

The committee of conference agreed to adopt the provisions of the House bill.

SECURITY SUPPORTING ASSISTANCE AUTHORIZATION

(*a*) The House bill amended section 532 of the Foreign Assistance Act to authorize $1,766,200,000 for fiscal year 1976.

The Senate amendment authorized $1,756,200,000 for fiscal year 1976.

The committee of conference agreed to adopt the provisions of the House bill.

(*b*) The House bill authorized $1,886,500,000 for fiscal year 1977 of which $785,000,000 was earmarked for Israel, $3,500,000 for population planning in Egypt, $30 million for Zaire, $30 million for Zambia, and $25 million for countries in southern Africa. The House bill also contained a prohibition on aid to Mozambique and an exception from the 12-country limitation on recipients of security supporting assistance.

The Senate amendment authorized $1,826,500,000 for fiscal year 1977 of which $785 million was earmarked for Israel, $750 million for Egypt, $25 million for Zaire and $25 million for Zambia. The Senate amendment further provided that none of the funds for Zaire and Zambie could be used for military, guerrilla, or paramilitary activities either in those countries or elsewhere and that no funds authorized by this act or any other act could be made available to Mozambique until the Rev. Armand Doll of Pennsylvania is released.

The committee of conference agreed to compromise language which authorizes $1,860 million with the following earmarkings:

[In millions]

Israel	$785.0
Egypt	750.0
Zambia	27.5
Zaire	27.5

It is the intent of the committee of conference that the remaining funds be allocated as follows:

[In millions]

Jordan	$77.5
Portugal	55.0
Syria	78.4
UNFICYP	9.6
Bahrain	.4
Malta	9.5
Operating	19.6
Other	20.0

The committee of conference agreed to retain language prohibiting use of funds for assistance to Zaire and Zambia for military, guerilla or paramilitary activities and exempting Zaire and Zambia from the 12-country limitation on security supporting assistance.

The committee of conference urges the President to exert every effort in order to secure the release of the Rev. Armand Doll of Pennsylvania.

The committee of conference notes with approval the initiatives being made by the Government of Egypt in the area of population and health planning and is hopeful that every effort will be made to support and expand these commendable undertakings.

MIDDLE EAST SPECIAL REQUIREMENTS FUND: UNRWA ALLOCATION

The House bill earmarked $12 million of the fiscal year 1977 Middle East Special Requirement Fund money for United Nations Relief and Works Agency for Palestinian Refugees.

The Senate amendment had no such earmarking for fiscal year 1977.

The committee of conference adopted the House provision. The conferees also agreed that the House International Relations Committee and the Senate Foreign Relations Committee will send members of their respective staffs to make an on-the-spot study of U.S. participation in UNRWA.

CONTINGENCY FUND AUTHORIZATION

The House bill authorized $10 million for use by the President as a contingency fund for fiscal year 1977.

The Senate amendment authorized $5 million for such purpose.

The committee of conference adopted the Senate provision.

LIMITATION ON NARCOTICS CONTROL FUNDS

The Senate amendment made applicable for fiscal year 1977, the fiscal year 1976 limitation that narcotics control assistance may not be provided to a country where illegal traffic in opiates has been a significant problem unless the President certifies that such assistance is significantly reducing the amount of illegal opiates entering the international market.

The House bill had no comparable provision.

The committee of conference adopted the House position.

INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) AUTHORIZATION

The House bill authorized $5 million for the IAEA to be used for the purpose of strengthening safeguards and inspections.

The Senate bill authorized $1 million for the same purposes.

The committee of conference adopted an authorization of $2 million for the IAEA.

AUTHORIZATION FOR BASE AGREEMENTS WITH SPAIN, GREECE, AND TURKEY

The House bill authorized such additional sums as may be necessary to carry out the base agreements or other arrangements with Spain, Greece, and Turkey, but prohibited use of these funds until such agreements or other arrangements have been approved by Congress.

The Senate amendment contained no such provisions.

The committee of conference adopted the House provision.

EXPEDITED PROCEDURE IN THE SENATE

The Senate amendment made expedited procedures applicable to joint resolutions as well as other resolutions.

The House bill contained no comparable provision.

The committee of conference adopted the Senate provision.

ASSISTANCE FOR PRODUCTIVE ENTERPRISES

The House bill provided an exemption from Foreign Assistance Act section 620(k) (no assistance in excess of $100 million for construction of any productive enterprise) in the case of any project in Egypt described in the fiscal year 1977 presentation materials.

The Senate amendment provided an exemption from Foreign Assistance Act section 620(k) for any project described in the presentation materials for any year so long as the excess is not more than $10 million and is the result of inflation or cost overruns.

The committee of conference adopted the House provision.

EXTORTION AND ILLEGAL PAYMENTS

The House bill required a report if the President determines that officials of a foreign country receiving security assistance have received illegal or otherwise improper payments from a U.S. corporation in return for a contract to purchase defense articles or services or that such officials extort money or other things of value in return for allowing a U.S. citizen or corporation to conduct business in that country. Such reports must contain the President's recommendation on whether security assistance should be continued to the country.

The Senate amendment contained no such provisions.

The committee of conference adopted the House provision with an amendment that removes the requirement for a Presidential determination and instead provides for a report upon receipt of information which substantiates illegal payments to or extortion by foreign officials.

ASSISTANCE TO ECONOMICALLY DEVELOPED COUNTRIES

The Senate amendment provided an exemption from Foreign Assistance Act section 620(m) (no grant assistance to an economically developed country) in the case of a program under Foreign Assistance Act part II (grant military assistance, security supporting assistance, and military education and training) which is described in the presentation materials for any year.

The House bill contained no comparable provision.

The committee of conference agreed to the House position.

STUDY OF IMPACT OF ARMS EXPORT CONTROL PROVISIONS OF THE ACT

The Senate amendment required a one-year study and a report on effects of arms export control provisions in this Act on (1) U.S. foreign policy, (2) U.S. balance of payments, (3) U.S. trade with foreign countries, (4) U.S. unemployment, and (5) weapons procurement by D.O.D.

The House bill contained no comparable provision.

The committee of conference adopted the Senate provision.

MINNESOTA-CANADA AIRPORT AGREEMENT

The Senate amendment granted consent of Congress to an agreement between Minnesota and Canada for an extension of certain airport facilities on the U.S.-Canadian border.

The House bill contained no comparable provision.

The committee of conference adopted the Senate provision.

FOREIGN CURRENCY REPORTS

The Senate amendment shifted the burden of reporting the expenditure of foreign currency for travel from congressional committee chairmen to individual Members or employees incurring such expenses.

The House bill contained no comparable provision.

The committee of conference adopted the House provision.

REPORTING OF INTERNATIONAL AGREEMENTS

The Senate amendment required that any international agreement be reported to the Department of State within 20 days after it enters into force.

The House bill contained no comparable provision.

The committee of conference adopted the House position with the understanding that separate legislation on this subject will receive early consideration in the Congress. In the meantime, it is the hope of the conferees that the Executive agencies reexamine their procedures with a view to making the required reports more promptly.

Thomas E. Morgan,
Clement J. Zablocki,
Dante B. Fascell,
Charles C. Diggs, Jr.,
Lee H. Hamilton,
Wm. S. Broomfield,
Edward J. Derwinski,
Managers on the Part of the House.

John Sparkman,
Frank Church,
Gale McGee,
George McGovern,
Hubert H. Humphrey,
Clifford P. Case,
Jacob K. Javits,
Hugh Scott,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Waxman (at the request of Mr. O'Neill), after 2:30 p.m. today through June 18, 1976, on account of attending as a delegate to the Symposium on Parliamentary Government in Canada.

Mrs. Chisholm (at the request of Mr. O'Neill), for June 15 and 16, 1976, on account of illness.

Mr. Helstoski (at the request of Mr. O'Neill), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Gradison) and to revise and extend their remarks and include extraneous matter:)

Mr. Steelman, for 5 minutes, today.
Mr. Grassley, for 10 minutes, today.
Mr. Railsback, for 5 minutes, today.
Mr. Kemp, for 30 minutes, today.
Mr. Miller of Ohio, for 10 minutes, today.

(The following Members (at the request of Mr. Mineta), to revise and extend their remarks, and to include extraneous matter:)

Mr. Gonzalez, for 5 minutes, today.
Mr. Annunzio, for 5 minutes, today.
Ms. Abzug, for 15 minutes, today.
Mr. Pepper, for 10 minutes, today.
Mr. Alexander, for 60 minutes, today.
Mr. St Germain, for 15 minutes, today.
Mr. McFall, for 5 minutes, today.
Mr. Rees, for 5 minutes, today.
Mr. Vigorito, for 5 minutes, today.
Mr. Staggers, for 5 minutes, today.
Mr. Drinan, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Seiberling, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $2,167.50.

(The following Members (at the request of Mr. Gradison) and to include extraneous matter:)

Mr. Lujan.
Mr. Ashbrook in three instances.
Mr. Conable in two instances.
Mr. Abdnor.
Mr. Bob Wilson in two instances.
Mr. Steelman in two instances.
Mr. Anderson of Illinois.
Mr. Crane in two instances.
Mr. Archer in two instances.
Mr. Forsythe.
Mr. Steiger of Wisconsin.
Mr. Coughlin.
Mr. Wiggins.
Mrs. Pettis.
Mr. Walsh.
Mr. Heinz.
Mr. Hyde.
Mr. Esch.
Mr. Brown of Ohio.
Mr. Rhodes.

(The following Members (at the request of Mr. Mineta) and to include extraneous material:)

Mr. Yatron.
Mr. McFall in two instances.
Mr. Gonzalez in three instances.
Mr. Anderson of California in three instances.
Mr. Lloyd of California.
Mr. Bonker.
Mr. Young of Georgia.
Mr. Edgar in two instances.
Ms. Abzug.

Mr. Wolff.
Mr. Teague.
Mr. Fary.
Mr. McDonald.
Mr. Russo.
Mr. Dent.
Mr. Fraser.
Mr. Won Pat.
Mr. Mazzoli.
Mr. Hannaford in two instances.
Mr. Brinkley.
Mr. Bevill.
Mr. de la Garza.
Mr. Delaney.
Mr. Neal.
Mr. Jenrette in two instances.
Mrs. Schroeder.
Mr. Stark.
Mr. Dellums.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 18. An act to amend the Act of August 31, 1922 to prevent the introduction and spread of diseases and parasites harmful to honeybees, and for other purposes; and

S. 3161. An act to authorize certain flagpoles to be located on the Capitol Grounds, and to improve the flow of traffic to and from the U.S. Capitol Grounds and the National Visitor Center.

ADJOURNMENT

Mr. MINETA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 10 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, June 17, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3499. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting notice of the location, nature, and estimated cost of a construction project proposed to be undertaken for the Army National Guard, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

3500. A letter from the Director of Legislation, Office of Legislative Affairs, Department of the Navy, transmitting notice of the intention of the Department of the Navy to donate certain surplus property to the Newport Restoration Foundation, Newport, R.I., pursuant to 10 U.S.C. 7545(c); to the Committee on Armed Services.

3501. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate William W. Maguire and his family, pursuant to section 6 of Public Law 93-126; to the Committee on International Relations.

3502. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate Henry E. Catto, Jr., and his family, pursuant to section 6 of Public Law 93-126; to the Committee on International Relations.

3503. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a letter from the Chief of Engineers, Department of the Army, submitting a report on Ponce Harbor, Puerto Rico (H. Doc. No. 94-532); to the Committee on Public Works and Transportation and ordered to be printed with illustrations.

3504. A letter from the Assistant Secretary of the Army (Civil Works), transmitting a letter from the Chief of Engineers, Department of the Army, submitting a report on Jekyll Island, Ga. (H. Doc. No. 94-533); to the Committee on Public Works and Transportation and ordered to be printed with illustrations.

3505. A letter from the Chairman, Civil Aeronautics Board, transmitting the annual report of the Board for fiscal year 1975, pursuant to section 205 of Public Law 85-726; to the Committee on Public Works and Transportation.

3506. A letter from the Chairman, National Transportation Safety Board, transmitting the annual report of the Board for calendar year 1975, pursuant to section 305 of Public Law 93-633; to the Committee on Public Works and Transportation.

3507. A letter from the Assistant Secretary of Defense (Installations and Logistics), transmitting a report on Department of Defense procurement from small and other business firms for July 1975–March 1976, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

Received From the Comptroller General

3508. A letter from the Comptroller General of the United States, transmitting a report on improvements needed in Federal energy data collection, analysis, and reporting; jointly, to the Committees on Government Operations, Interior and Insular Affairs, and Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ULLMAN: Committee on Ways and Means. Report on section 302(b) allocation of budget totals of the Committee on Ways and Means (Rept. No. 94–1266). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROBERTS: Committee on Veterans' Affairs. Report on allocation of budget totals to subcommittees (Rept. No. 94–1267). Referred to the Committee of the Whole House on the State of the Union.

Mr. ULLMAN: Committee on Ways and Means. H.R. 9889. A bill to amend section 2055(e)(3) of the Internal Revenue Code. (Rept. No. 94–1268). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROBERTS: Committee on Veterans' Affairs. H.R. 14298. A bill to amend title 38 of the United States Code to increase the rates of disability and death pension and to increase the rates of dependency and indemnity compensation for parents, and for other purposes; with amendment (Rept. No. 94–1269). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROBERTS: Committee on Veterans' Affairs, H.R. 14299. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans; to increase the rates of dependency and indemnity compensation for their survivors; and for other purposes (Rept. No. 94–1270). Referred to the Committee of the Whole House on the State of the Union.

Mr. FLOWERS: Committee on the Judiciary. S. 2447. An act to amend title 4 of the United States Code to make it clear that Members of Congress may not, for purposes of State income tax laws, be treated as residents of any State other than the State from which they were elected (Rept. No. 94–1271). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORGAN: Committee of conference. Conference report on H.R. 13680 (Rept. No. 94–1272). Ordered to be printed.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X,

Referral of H.R. 12112. A bill to provide additional assistance to the Energy Research and Development Administration for the advancement of nonnuclear energy research, development, and demonstration; to the Committees on Banking, Currency and Housing, Interstate and Foreign Commerce, and Ways and Means, extended for an additional period ending not later than June 25, 1976.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. STAGGERS (for himself, Mr. Dingell, Mr. Devine, and Mr. Brown of Ohio):

H.R. 14394. A bill to extend the Federal Energy Administration Act of 1974 until September 30, 1976; to the Committee on Interstate and Foreign Commerce.

By Mr. CHAPPELL:

H.R. 14395. A bill to amend title 38, United States Code, to improve the quality of hospital care, medical services, and nursing home care in Veterans' Administration health care facilities; to require the availability of comprehensive treatment and rehabilitative services and programs for certain disabled veterans suffering from alcoholism, drug dependence, or alcohol or drug abuse disabilities; to make certain technical and conforming amendments, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. CONTE (for himself, Mr. Whitehurst, Mr. Roe, Mr. Bowen, Mr. Mollohan, Mr. Emery, Mr. Rodino, Mr. Oberstar, Mr. Baldus, Mr. Helstoski, Mr. Gude, Mr. Nolan, Mr. Derrick, Mr. Drinan, Mr. Bedell, Mr. Jones of North Carolina, Mr. Jeffords, Mr. Harrington, Ms. Spellman, Mr. Melcher, Mr. Studds, Mr. Andrews of North Dakota, Mr. Waxman, Mr. Leggett, Mr. Burke of Massachusetts):

H.R. 14396. A bill to amend the Public Health Service Act to provide assistance for the planning and development of schools of veterinary medicine; to the Committee on Interstate and Foreign Commerce.

By Mr. CONTE (for himself, Mr. Wampler, Mr. Hayes of Indiana, Mr. Andrews of North Carolina, Mr. Rose, Mr. McCollister, Mr. Findley, and Mr. Charles H. Wilson of California):

H.R. 14397. A bill to amend the Public Health Service Act to provide assistance for the planning and development of schools of veterinary medicine; to the Committee on Interstate and Foreign Commerce.

By Mr. DINGELL (for himself, Mr. Stokes, Mr. D'Amours, Mr. Rose, and Mr. Harris):

H.R. 14398. A bill to reform electric utility rate regulation, to strengthen State electric utility regulatory agencies, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DODD (for himself, Mr. Tsongas, Mr. Studds, Mr. Zeferetti, Mrs. Heckler of Massachusetts, Mr. Blanchard, Mr. Hannaford, Mr.

Mitchell of Maryland, Mr. Chappell, and Mr. Patterson of California):

H.R. 14399. A bill to amend title 18, United States Code, and title 23, District of Columbia Code, to grant to courts power to deny pretrial release to persons charged with the commission of certain crimes of violence; jointly to the Committees on the Judiciary, and the District of Columbia.

By Mr. HEINZ (for himself and Mr. Fithian):

H.R. 14400. A bill to establish a National Commission on Regulatory Reform; to the Committee on Interstate and Foreign Commerce.

By Mr. HUGHES:

H.R. 14401. A bill to incorporate the American Blood Commission; to the Committee on the Judiciary.

By Mr. JENRETTE:

H.R. 14402. A bill to amend the Federal Food, Drug, and Cosmetic Act to require that the identity of the manufacturer of a prescription drug appear on the label of the package from which the drug is to be dispensed; to the Committee on Interstate and Foreign Commerce.

By Mr. NOLAN:

H.R. 14403. A bill to adjust target prices and loan and purchase levels on the 1976 crops of corn, wheat, and soybeans, to provide price support for milk at 100 percent of parity with quarterly adjustments for the period ending March 31, 1978, and for other purposes; to the Committee on Agriculture.

By Mr. PATTERSON of California:

H.R. 14404. A bill to amend the Food Stamp Act of 1964 to prohibit any individual enrolled in an institution of higher education from receiving food stamps if such individual receives at least one-half of his income from any other individual who is a member of another household which is ineligible for food stamps; to the Committee on Agriculture.

H.R. 14405. A bill to amend the Occupational Safety and Health Act of 1970 to provide that the Administrator of the Small Business Administration may render onsite consultation and advice to certain small business employers to assist such employers in providing safe and healthful working conditions for their employees; to the Committee on Education and Labor.

By Mr. PEPPER:

H.R. 14406. A bill to amend the Social Security Act to require automatic sprinkler systems in all nursing facilities and intermediate care facilities certified for participation in the medicare or medicaid program, and to provide for direct low-interest Federal loans to assist such facilities in constructing or purchasing and installing automatic sprinkler systems; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. VIGORITO:

H.R. 14407. A bill to treat the African elephant as an endangered species; to the Committee on Merchant Marine and Fisheries.

By Mr. WINN (for himself and Mr. Shriver):

H.R. 14408. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to grant additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. CARTER (for himself and Mr. Madigan):

H.R. 14409. A bill to permit the United States to provide indemnification against claims for injury related to inoculation with vaccine under a comprehensive nationwide influenza immunization program; to the Committee on Interstate and Foreign Commerce.

By Mr. DODD:

H.R. 14410. A bill to amend part B of title XI of the Social Security Act to assure appropriate participation by optometrists in the peer review and related activities authorized under such part; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. HARRIS (for himself and Mr. Moffett):

H.R. 14411. A bill to provide that the rates of pay for Members of Congress shall be the rates in effect on September 30, 1975, until such time as they are fixed otherwise by law, and for other purposes; to the Committee on Post Office and Civil Service.

By Ms. KEYS:

H.R. 14412. A bill to amend title XVIII of the Social Security Act to provide for the coverage of certain psychologists' services under the supplementary medical insurance benefits program established by part B of such title; to the Committee on Ways and Means.

By Mr. LUJAN:

H.R. 14413. A bill to clarify and strengthen the authority for certain Department of the Interior law enforcement services, activities, and officers in Indian country, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. McCLORY:

H.R. 14414. A bill to amend the Internal Revenue Code of 1954 to allow individuals to designate $1 of their income tax liability to be used for purposes of reducing the public debt of the United States; to the Committee on Ways and Means.

By Mr. McCORMACK (for himself, Mr. Ginn, Mr. Teague, Mr. Mosher, Mr. Jones of Alabama, Mr. Harsha, Mr. Walsh, and Mr. Goldwater):

H.R. 14415. A bill to establish in the Energy Research and Development Administration a program of research, development, and demonstration designed to promote energy conservation for residential, commercial, and industrial buildings and develop methods for calculating life cycle capital and operating costs relating to energy consumption for such buildings; and to provide through the General Services Administration for the demonstration of energy conservation technology and equipment in Federal buildings; jointly to the Committees on Science and Technology, and Public Works and Transportation.

By Mr. McKINNEY (for himself, Mrs. Mink, Mr. Patterson of California, and Mrs. Spellman):

H.R. 14416. A bill to amend the Mineral Leasing Act of 1920 and the Trans-Alaska Pipeline Authorization Act to require the development of a plan to assure the equitable allocation of available crude oil and petroleum products, and for other purposes; jointly to the Committees on Interior and Insular Affairs, and International Relations.

By Mr. MEEDS (for himself, Mr. Lujan, Mr. Don H. Clausen, and Mr. Symms):

H.R. 14417. A bill to authorize Indian tribes to consolidate their land holdings, to provide for inventories of Indian trust resources, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. OBERSTAR:

H.R. 14418. A bill to establish a pilot program to compensate persons who suffer loss or damage from predation by endangered species; to the Committee on Merchant Marine and Fisheries.

By Mr. PATTERSON of California:

H.R. 14419. A bill to amend the Federal Food, Drug, and Cosmetic Act to require the label on certain food products to disclose the total sugar content thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. ROE:

H.R. 14420. A bill to amend the Internal Revenue Code of 1954 to provide a deduction for clothing purchased and used by taxpayers serving in volunteer firefighting organizations; to the Committee on Ways and Means.

By Mr. ROYBAL:

H.R. 14421. A bill to provide a special program for financial assistance to Opportunities Industrialization Centers in order to provide 1 million new jobs and job training opportunities, and for other purposes; to the Committee on Education and Labor.

By Mrs. SCHROEDER (for herself, Mr. Corman, Mr. Coughlin, Mr. Baldus, Mr. Simon, and Mr. Metcalfe):

H.R. 14422. A bill to amend title 38 of the United States Code in order to extend from 10 years to 15 years the period in which veterans' educational assistance may be used; to the Committee on Veterans' Affairs.

By Mr. SEIBERLING (for himself, and Mr. Fithian):

H.R. 14423. A bill to amend title II of the Social Security Act to require that procedures be established for the expedited replacement of undelivered benefit checks, to require that decisions on benefit claims be made within specified periods and to require that payment of benefits on approved claims begin promptly; to the Committee on Ways and Means.

By Mrs. SMITH of Nebraska:

H.R. 14424. A bill to amend the Forest and Rangeland Renewable Resources Planning Act of 1974 (88 Stat. 476) and the act of June 4, 1897 (30 Stat: 35); to the Committee on Agriculture.

H.R. 14425. A bill to amend the Interstate Land Sales Full Disclosure Act for the purpose of exempting from the act individuals who engaged as sellers in a limited number of interstate transactions concerning real estate; to the Committee on Banking, Currency and Housing.

By Mr. SYMMS (for himself, Mr. Ottinger, Mr. Badillo, Mr. Collins of Texas, Mr. Conlan, Mr. Crane, Mr. Johnson of Pennsylvania, Mr. Ketchum, Mr. Kindness, Mr. Lagomarsino, Mr. LaFalce, Mr. Lehman, Mr. McDonald of Georgia, Mr. Paul, Mr. Sisk, Mr. Treen, Mr. Bob Wilson, Mr. Charles H. Wilson of California, Mr. Rangel, Mr. Bedell, Mr. Pattison of New York, Mr. Patterson of California, Mr. Krueger, Mr. Santini, and Mr. Waggonner):

H.R. 14426. A bill to expand the medical freedom of choice of consumers by amending the Federal Food, Drug, and Cosmetic Act to provide that drugs will be regulated under that act solely to assure their safety; to the Committee on Interstate and Foreign Commerce.

By Mr. BROOKS (for himself, Mr. O'Hara, Mr. Cleveland, and Mr. Ashbrook):

H. Con. Res 657. Concurrent resolution providing for the publication of a periodical document entitled "Today in Congress"; to the Committee on House Administration.

By Mr. HEINZ (for himself and Mr. Frenzel):

H. Con. Res. 658. Concurrent resolution relating to the establishment of an Office of Independent Auditor; to the Committee on Rules.

By Mr. DON H. CLAUSEN:

H. Res. 1306. Resolution to require the adoption of a resolution by the House of Representatives to carry out the establishment or adjustment of certain allowances to Members, officers, and standing committees of the House of Representatives; to the Committee on House Administration.

By Mr. DENT:

H. Res. 1307. Resolution to serve as a permanent monument of memory to Maj. Gen. Arthur St. Clair; to the Committee on Post Office and Civil Service.

By Mr. HANLEY, for himself, Mr. Anderson of Illinois, Mr. Andrews of North Carolina, Mr. Ashley, Mr. AuCoin, Mr. Benitez, Mrs. Boggs, Mr. Bonker, Mr. Breaux, Mr. Brinkley, Mr. Burke of Massachusetts, Mr. Carney, Mr. Delaney, Mr. Dellums, Mr. Dent, Mr. Dingell, Mr. Duncan of Tennessee, Mr. Edwards of Alabama, Mr. Evans of Indiana, Mr. Ford of Tennessee, Mr. Green, and Mr. Hillis):

H. Res. 1308. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

By Mr. HANLEY (for himself, Ms. Holtzman, Mr. Krueger, Mr. Latta, Mr. Lujan, Mr. Metcalf, Mr. Mitchell of New York, Mr. Montgomery, Mr. Morgan, Mr. Murtha, Mr. Nowak, Mr. Quillen, Mr. Rees, Mr. Rodino, Mr. Roe, Mr. Russo, Mr. McKinney, Mr. St Germain, Mr. Schulze, Mr. Stephens, Mr. Symington, and Mr. Udall):

H. Res. 1309. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

By Mr. HANLEY (for himself, Mr. Roush, Mr. Natcher, Mr. Giaimo, Mr. Myers of Indiana, Mr. Bauman, Mr. Grassley, Mr. Kelly, Mr. O'Brien, Mr. Conte, Mr. Blouin, Mr. Risenhoover, Mr. Railsback, Mr. Riegle, Mr. Ruppe, and Mr. de Lugo):

H. Res. 1310. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

By Mr. HANLEY (for himself, Mr. Vander Veen, Mr. Wirth, Mr. Wolff, Mr. Stokes, Mr. Diggs, Mr. Won Pat, Mr. Wright, and Mr. Young of Alaska):

H. Res. 1311. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

By Mr. LENT (for himself, Mr. Badillo, Mr. Bevill, Mr. Coughlin, Mr. Gilman, and Mr. Harrington):

H. Res. 1312. Resolution condemning the Soviet Union's failure to observe existing international conventions to which it is a party, especially the newest restriction respecting the delivery of parcels from the United States; to the Committee on International Relations.

By Mr. PATTISON of New York (for himself, Mr. Beard of Rhode Island, Mr. Bingham, Ms. Collins of Illinois, Mr. Flood, Mr. Hawkins, Mr Long of Maryland, Mr. Lundine, Mr. McKinney, and Mr. Tsongas):

H. Res. 1313. Resolution to create a Select Committee on the Fiscal Problems of Cities; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HORTON:

H.R. 14427. A bill for the relief of the estate of Joseph C. Revesz; to the Committee on the Judiciary.

H.R. 14428. A bill for the relief of Joseph P. Mahady; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XX,

498. The SPEAKER presented a petition of the Fourth Northern Mariana Islands Legislature, Susupe, Saipan, Mariana Islands, Trust Territory of the Pacific Islands, relative to the Honorable Franklin Haydn Williams, which was referred to the Committee on Interior and Insular Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 13179

By Mr. BEDELL:

Page 10, immediately after line 9, insert the following new section:

FOREIGN CURRENCY REPORTS

Sec. 14. Section 502(b) of the Mutual Security Act of 1954 is amended by adding at the end thereof the following new sentence: "Each such consolidated report shall be published in the Congressional Record within ten legislative days after it is forwarded pursuant to this subsection.".

H.R. 13179

By Ms. HOLTZMAN:

Page 10, immediately after line 9, insert the following new section:

DISCRIMINATION

Sec. 14. None of the funds authorized to be appropriated for the Department of State by this Act may be used for the dissemination of any information about opportunities for, or for participation or other assistance by any officer or employee of the Department of State (including the Agency for International Development) in the negotiation of any contract or arrangement (involving trade or any other subject) with a foreign country, individual, or entity, if the Department of State has reason to believe that—

(1) any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) would be prohibited from entering into such contract or arrangement, or

(2) such contract or arrangement would require that any such person be excluded from participating in the implementation of such contract or arrangement,

on account of the race. religion, national origin, or sex of such person in the case of an individual or, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof.

H.R. 14239

By Ms. HOLTZMAN:

Page 23, line 2 strike out "$600,000,000" and insert in lieu thereof "$738,000,000".

H.R. 14262

By Mr. COHEN:

Page 16, line 3, immediately after "September 30, 1979" insert the following: "except that none of the funds appropriated under this section shall be obligated or expended for the procurement of the Belgian-made MAG–58 coaxial machinegun until—

(1) the appropriate committees of the House complete an investigation of all the facts and circumstances which entered into the decision (announced on March 29, 1976) of the Department of the Army that the MAG–58 machinegun, rather than the domestically-produced M–60 E2 machinegun, will replace the M–219 machinegun which is in current use;

(2) the Comptroller General completes his report on the protest of the proposed procurement of the MAG–58 machinegun filed on April 7, 1976; and

(3) the entry of final judgment, and the resolution of any appeal or the expiration of the time for filing such appeal, in the case brought on May 19, 1976, by Maremont Corporation, et al. against Rumsfeld, et al. in the United States District Court for the District of Columbia."

By Mr. RONCALIO:

On page 48, Title VII, Section 745, line 25, add the following new sentence: "The provisions of the preceding sentence shall not be applicable to Land Grant Colleges and Universities."

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the Congressional Record of June 15, 1976, page 18224:

HOUSE BILLS

H.R. 13851. May 18, 1976. Post Office and Civil Service. Directs the Postmaster General to issue a special postage stamp in honor of Doctor Martin Luther King, Junior.

H.R. 13852. May 18, 1976. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13853. May 18, 1976. Ways and Means. Amends the Medicare and Medicaid programs of the Social Security Act to include rural health facilities of 50 beds or less within the definition of the term "hospital".

H.R. 13854. May 18, 1976. Interstate and Foreign Commerce; Government Operations. Abolishes the Federal Energy Administration created by the Federal Energy Administration Act of 1974. Transfers the functions of enumerated Offices of the Administration to specified agencies.

H.R. 13855. May 18, 1976. Judiciary. Amends the Omnibus Crime Control and Safe Streets Act of 1968 to authorize the Law Enforcement Assistance Administration to make grants for the training and education of private security personnel of small business concerns.

H.R. 13856. May 18, 1976. Judiciary. Raises the minimum dollar value of any public contract to which the Miller Act applies.

H.R. 13857. May 18, 1976. Small Business. Amends the Small Business Act to authorize the Administrator of the Small Business Administration to reduce the amount of performance and payment bonds in connection with any subcontract made with a small business concern.

H.R. 13858. May 18, 1976. Small Business. Amends the Small Business Act to require the utilization of small business as a condition of receiving specified amounts of Federal financial assistance for the procurement of articles, equipment, supplies, services, materials, or construction work.

H.R. 13859. May 18, 1976. Interstate and Foreign Commerce. Prohibits refiners and distributors of motor fuels from terminating, canceling, or failing to renew motor fuel franchises without prior written notification in accordance with specified criteria and procedures.

H.R. 13860. May 18, 1976. Interstate and Foreign Commerce; Public Works and Transportation; Ways and Means. Revises the warning label on cigarette packages and requires the inclusion on such packages of a label bearing a statement of the tar and nicotine content.

Prohibits smoking in any enclosed area open to the public in any Federal facility or any interstate passenger carrier facility.

Requires the separation of smokers and nonsmokers in any restaurant, other dining facility, recreation room, or lounge in any Federal facility or interstate passenger carrier facility. Recommends, whenever possible, the separation of smoking and nonsmoking Federal employees.

Imposes an increased tax on cigarettes and authorizes the use of such revenues for cigarette-related disease research.

H.R. 13861. May 18, 1976. Interior and Insular Affairs. Directs the Secretary of Agriculture to review for suitability as wilderness specified lands in the Sam Houston National Forest, the Saline National Forest, and the Davy Crockett National Forest, Texas.

H.R. 13862. May 18, 1976. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-age, Survivors, and Disability Insurance benefits.

H.R. 13863. May 18, 1976. Ways and Means. Establishes a national lottery in the Department of the Treasury and creates a trust fund to be known as the Lottery Trust Fund. Provides that revenues from such lottery be used to render assistance to low-income senior citizens in paying their electric and telephone bills.

H.R. 13864. May 18, 1976. Atomic Energy. Directs the Nuclear Regulatory Commission to cease the granting of licenses for construction authorizations for certain nuclear power plants pending the outcome of a comprehensive study by the Office of Technology Assessment. Requires a five-year independent study of the nuclear fuel cycle by the Office of Technology Assessment with final reports and recommendations to be made to the Congress.

H.R. 13865. May 18, 1976. Merchant Marine and Fisheries. Amends the Marine Mammal Protection Act of 1972 to modify regulations with respect to the taking of marine mammals incidental to commercial fishing.

Directs the Secretary of the Treasury to ban the importation of commercial fish or fish products which have been caught with technology which results in the death or serious injury of ocean mammals in excess of United States standards.

H.R. 13866. May 18, 1976. Government Operations. Amends the Federal Reports Act of 1942 to forbid the use of forms by a Federal agency to collect information from more than ten persons unless such forms were approved by the Comptroller General. Allows approval only if such information gathering is reasonably necessary and not overly burdensome on the persons to whom they are directed.

H.R. 13867. May 18, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13868. May 18, 1976. Interstate and Foreign Commerce. Amends the Public Health Service Act to authorize the Secretary of Health, Education, and Welfare to make grants, contracts, and loan guarantees for the planning, initial development, and initial operation costs for comprehensive medical practices.

Directs that studies be made of health care delivery systems. Authorizes the Secretary to fund training and research projects related to support services, management, and education for comprehensive medical services.

H.R. 13869. May 18, 1976. Ways and Means. Amends the Internal Revenue Code to provide a $5,000 tax exclusion from gross income for any amount received as an annuity, pension, or other retirement benefit. Limits the exclusion to $5,000 for married couples as well as individuals.

H.R. 13870. May 18, 1976. Interstate and Foreign Commerce. Amends the Securities Exchange Act of 1934 to require each registered issuer of securities to file periodic reports relating to any payment of money over $1,000 to any person including one employed by a foreign government and a foreign political party or candidate.

Prohibits any issuer of securities to make use of the mails or any instrumentality of interstate commerce to offer, pay or promise such payments.

EXTENSIONS OF REMARKS

TRINITY RIVER PROJECT

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. TEAGUE. Mr. Speaker, I have been a Member of this body for over 30 years and, during that time span, I have supported and voted for the Trinity River project each time it was before this body for consideration.

The question of the continuance of the comprehensive improvement and development of the Trinity River has been raised in this body on several previous occasions, using the economic feasibility of the project as a basis for questioned continuance.

There have been any number of studies made in this regard, and I would like to list these studies in order that Members of this body will know of them.

First. Dr. Floyd Durham, professor of economics at Texas Christian University, reports that construction of this project will create an estimated 6,913 jobs and would produce an annual payroll in excess of $65 million throughout the construction period of 10 to 12 years. This will further be enhanced by the purchase of building materials within the region and the need for housing and services for employees. Dr. Durham further states that by 1990 the project directly and indirectly will have produced 358,000 new jobs with annual payrolls in excess of a billion dollars.

Second. A study conducted by a team of agricultural experts from my alma mater, Texas A. & M. University, has determined that the flood control aspects of the Trinity River project, if implemented would increase the agricultural production in the basin anywhere from 10 to 15 percent for most crops; and, the production of rice could be increased as much as 77 percent.

This team also reports that the primary flood control facilities affecting agriculture in the project are the Tennessee Colony Lake and the multiple purpose channel. The land inundated by Tennessee Colony Lake currently produces at only 48 cents per acre. Frequent flooding has precluded any productive use of this land. Increased production resulting from the project designed flood controls could increase household income in the region as much as $12.1 million a year.

Third. Prof. Marvin Barloon, Carlton, professor of economics at Case Western Reserve University shows that the cost-benefit ratio, using Federal Government guidelines is about 1.71 to 1 after a reevaluation of the navigation economics. This figure is well above the 1.45 to 1 upon which the project was authorized. Professor Barloon noted that the traffic volume considered for the Trinity was extremely conservative, particularly in light of the market growth since 1968 and the energy crisis.

Further, Professor Barloon has stated that the 3¼ percent interest rate used in evaluating the Trinity River project is high. He pointed out that REA loans money at 2 percent to its cooperatives. The current interest rates of 7 to 10 percent constitute a reimbursement to lenders for future inflation. Professor Barloon pointed out, while the actual interest is somewhere between 2½ to 4 percent. He further stated that Federal waterway and harbor projects are not financed by borrowed funds, but rather by tax revenues, upon which no interest is actually paid. In closing his report, Professor Barloon stated:

> The Trinity River navigation project differs from most public expenditures in that it represents an investment in a long-lived productive facility rather than a consumptive outlay. So viewed, it promises to return economic benefits to the public in the form of higher incomes and property values fully equivalent to the construction investment plus an annual return of about 6%.

BERLIN ANNIVERSARY

HON. JAMES J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. DELANEY. Mr. Speaker, tomorrow, June 17, marks the 23d anniversary of the 1953 workers' uprising in East Berlin—a reminder to us all of the spark of liberty which burns within the hearts of all the German people. It was John Fitzgerald Kennedy who said:

> There are many people in the world who really don't understand, or say they don't, what is the great issue between the free world and the Communist world. Let them come to Berlin. There are some who say that Communism is the wave of the future. Let them come to Berlin. . . . And there are even a few who say that it is true that Communism is an evil system, but it permits us to make economic progress. "Lasst sie nach Berlin kommen."

Despite a partial thawing of relations between the Federal Republic of Germany and the "German Democratic Republic," we must not be lulled into complacency.

The catalytic force that transformed long-simmering unrest into open revolt against the Communists in 1953 was a demonstration by the so-called "elite brigade" working on the prestigious "Stalinallee" project, on the morning of June 16. Overnight, mobile units of the Volkspolizei and Soviet armored divisions moved into East Berlin. The Soviet Army, 275,000-strong, was deployed in and around the city and, on the morning of the 17th, when tens of thousands of workers from the capital and its environs gathered once again in front of government buildings, they were driven back by Soviet tanks.

It was an unambiguously anti-Communist and anti-Soviet revolt with 50,000 East Berliners gathering at the Brandenburg Gate to tear down the red flag in defiance of Soviet tyranny and the puppet Ulbricht regime. From Rostock on the Baltic to Chemnitz in the south, from Magdenburg in the West to Frankfurt-on-the-Oder, more than 370,000 workers in 274 localities participated in a general strike and were joined by farmers protesting the collectivist state, only to be crushed by Soviet tyranny.

Mr. Speaker, by the summer of 1961, some 3.5 million East Berliners left their homes and jobs for the refugee centers and airports of West Berlin, dramatizing to all the world their choice of freedom over communism. We are all aware of the Soviet response—the infamous Berlin Wall has blocked the passage to liberty ever since that fateful day in August 1961. To quote Vice President ROCKEFELLER who spoke in Frankfurt on May 15, on his recent official visit to Germany:

> In Berlin yesterday, I experienced the powerful and unforgettable emotion of viewing at first hand the contrasting results of democracy and communism. And there can be no more striking proof of the superiority of our system than the fact that the Communists had to build and reinforce that wall to keep their people from escaping to freedom.

The Berlin Wall, Mr. Speaker, sealing off the border between the two sectors, a high, grim barrier of concrete and barbed wire separating families and friends, is but an extension of the brutality the Russians demonstrated in crushing the revolt of 1953.

On this day of commemoration, I salute our citizens of German descent and pray that their relatives in the East may soon enjoy the freedom that is theirs.

SUPPORT FOR RED CROSS APPEAL ASKED

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. WON PAT. Mr. Speaker, the American National Red Cross is currently conducting a nationwide drive to raise at least $10 million to pay for their emergency relief work on Guam, which was severely damaged by a typhoon on May 21 and in other disaster stricken areas in the United States.

I have just returned from Guam where I was appalled at the extent of the destruction. Typhoon Pamela hit the island with winds up to 190 miles an hour. Almost 6,000 private homes were destroyed or very heavily damaged. Our entire network of public utilities, including water, power, and telephone was heavily damaged. Roads were cut off and at least $5 million in structural damage was done to our schools, not counting supplies and equipment.

Worst of all is the effect on the lives of our citizens. As of this writing, emergency assistance officials are working to find shelters for 5,000 families. For many of these unfortunate individuals all they own, except for the clothes on their backs, is gone forever.

The Red Cross and the Federal Disaster Assistance Administration have both done a tremendous job of helping Guam back on its feet. Yet, much more remains to be done if the typhoon victims on Guam and nearby islands are to return their shattered lives back to normal.

Red Cross officials have recently informed me that the lack of news in the national press about the intensity of the damage on Guam is hampering their fundraising efforts. For my part, I am doing all I can to publicize the Red Cross effort on Guam's behalf and am taking this opportunity to ask that you and your staff join me in supporting the Red Cross drive.

Thank you.

OUTSTANDING SOUTH TEXAS TEACHER RETIRES AFTER LONG SERVICE

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. DE LA GARZA. Mr. Speaker, a constituent of mine, Miguel A. Cavazos, has helped to shape the lives of a multitude of boys and girls during his 37 years as a teacher. For most of those years he has been a vocational agriculture teacher in the Rio Grande City High School.

On his recent retirement, Mr. Cavazos said:

> To see some of my pupils go into the field of agriculture locally with the state and federal government has been a memorable experience and I'll never forget it.

Nor will the young people who have had the benefit of his guidance ever forget Miguel Cavazos. He has given notable service to them and the community. I salute him as he retires from his teaching position and I, like his many other friends, am pleased to know that he will continue to lead an active life.

Mr. Speaker, wishing to share with my colleagues some knowledge of this fine citizen, I am appending with my remarks a story about him published in the South Texas Reporter, one of our area's great newspapers:

MIGUEL A. CAVAZOS

Way back in 1934, the Hidalgo School District hired Miguel A. Cavazos as a teacher. Ever since then, Mr. Cavazos has been at it, at the profession he thoroughly enjoyed.

In 1944 he came to Rio Grande City, and here he remained until his retirement this year, after 37 years of teaching.

"I thoroughly enjoy teaching," he said. "What has satisfied me most is teaching vocational agriculture to boys and girls.

"To see some of my pupils go into the field of agriculture locally with the state and federal government has been a memorable experience and I'll never forget it."

Cavazos attended La Joya High School. He acquired his B.S. Degree from Sam Houston University in 1932, then obtained his masters in 1952 at Texas A&I.

Known as "restless" by his brothers, Cavazos likes to stay active. Asked what he planned to do now that he has retired from the teaching field, he answered, "Open an office as a consultant in my field. I also intend to study law." With a smile, he added, "I'll practice a little magic also, and I'll open a nursery to keep busy during my free time."

Cavazos was born in Penitas, Hidalgo County, on August 7, 1910, one of four children—three brothers and one sister. He has been happily married for over 35 years and has one son, Miguel, Jr., who is office manager for the SBA in Corpus Christi, Texas, and one daughter, Ernestina C. Trevino, a language arts teacher at Rio High.

Mrs. Trevino, talking about her father to The South Texas Reporter, said, "Dad is easy to talk to. He's there when I need him. He is both a father and friend to me."

His younger brother, Narciso, had this to say: "Having known my brother as a coach, teacher and fellow instructor, it is a great privilege to state that he has well-balanced his books in his lifetime—and I am sure he has fulfilled his Heavenly Father's assignment on this earth."

Humberto, his older brother, who retired as art teacher at Rio last year, said, "Now that Mike has retired also, he'll be coming to bother me everyday, he's so restless."

For those of us who know Mike, as he is called by his friends, we can't think of a better guy to come and bother us any time. He is the life of the party, he is the guy with the right joke at the right time, the friend with the right advice for a friend in need. He is the guy with the infectuous happy smile, who will cheer you up in one second flat.

OF NASA'S EFFORTS FOR THE ELDERLY

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. TEAGUE. Mr. Speaker, NASA has undertaken in conjunction with HEW a pilot program applying lessons learned in our space program on food and nutrition to a program to better feed the rural elderly. A recent news article criticized this experimental program. Astronaut Joseph P. Kerwin, in a letter to the editor of the New York Times, provided a nontechnical and warmly human support for this modest but significant effort. Because it is another example of the contribution of space program derived technology to our daily lives, I am including Astronaut Kerwin's letter in the RECORD.

OF NASA'S EFFORTS FOR THE ELDERLY

To the Editor:

John Keats wrote recently on your Op-Ed page about a modest NASA effort to provide meals for elderly people. In it, he managed to misunderstand just about every aspect of what we are doing, to put down the elderly and to rouse my ire in the process.

Some old people need help to get adequate food to eat. Congress has recognized this fact and has stimulated the sponsorship of group meals for them in various city centers. For the millions who cannot get to group meals, programs such as "Meals on Wheels" deliver hot food to the homebound. But if you live in a small town, or in the country, or need a hot meal on a weekend, "Meals on Wheels" can't help you. So the Texas Governor's Committee on Aging came to NASA and asked: Could we help develop good-tasting, easy-to-prepare, easy-to-deliver meals for people not reached by current programs?

Despite the fact that the Space Act of 1958 was a little vague on the point of NASA feeding the elderly, we said yes.

We can help because our food engineers know a little about packaging and shelf life, and we are working with agencies which know a lot about the kind of food people like to eat. To correct a few misapprehensions:

The food is commercially prepared, not "space food." Some of it is freeze-dried, like campers' food, and some isn't. It's packaged in cans or pouches—nary a squeeze-tube, no problem for "palsied, arthritic fingers." It doesn't "require no preparation," but it's easy to prepare, using the recipient's own dishes and silverware. It will be up to the using agency whether to mail it or not; if it does (a week's worth at a time), it will arrive in good condition. The food has a two-year shelf life.

We care because we have relatives who are old, and because we'll be old ourselves soon—if we're lucky. And if packaged meals are the alternative to being put into a nursing home for the convenience of the government or our relatives, we'll make the obvious choice, even if the cuisine isn't up to Mr. Keats's continental standards.

People do need caring. When I flew, the chow was good, but the people who put it together for us were great—they were on our side, and they busted their butts to do the job for us. Now they're trying to use their talents to do the job for old people. The technology is good, but it's the caring of which I am most proud.

JOSEPH P. KERWIN,
NASA Astronaut.

HOUSTON, *May 2, 1976.*

BALTIC CITIZENS—UNIQUE SPIRIT

HON. EDWIN B. FORSYTHE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. FORSYTHE. Mr. Speaker, the Baltic States of Latvia, Lithuania, and Estonia continue to inspire our admiration during this Bicentennial Year. This year, it is estimated that about 1 million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia on June 14–15, 1941. These courageous people are to be commended on their continued fight for freedom and the right to maintain their cultural identity.

The present struggle for relief from oppression began over 35 years ago. This oppression began with the forcible entry and subsequent annexation of the Baltic States by the Soviet Union, and was followed quickly by a public policy of tyranny, repression, and cruelty which began with thousands of deportations to Siberia. Tyranny by the Soviet Union continues to this day to forcefully restrain independent action by Baltic citizens.

This repression, however, does not diminish the spirit of Baltic citizens, but nourishes the unique spirit of independence and unity. Let us in our Bicentennial Year, a celebration of freedom, respond to their tireless efforts for freedom by continuing to refuse recognition of the annexation and incorporation of the Baltic States by Soviet Russia. We must stand firm in our resolve to continue our moral support to those people who resist oppressive governments where basic human rights are denied.

A POLITICAL LETTER

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. MICHEL. Mr. Speaker, politics can be a very crazy game to play at times and I just feel compelled to bring to the attention of my colleagues a letter which I received today and since it comes from a group with no personal signatures I am taking the liberty of reading it into the RECORD. The lady who wrote obviously wants to give me some guidance in the selection of our next President, even though none of the 26 members of her club made up of both men and women bothered to vote in the Illinois primary election in March.

It is interesting to note that the emphasis is placed again on the critical side. But then, she really puts the frosting on the cake when she says that we "could have had a candidate in Reagan who has oratorical ability and personality and is especially popular with the female voters. "Now those are really compelling reasons to vote for a President in this lady's mind. How many more of them are there who have no more strong feeling as to what makes a good President?

The communication reads as follows:

DEAR MR. MICHEL: At our club meeting this week there were 26 members present both men and women and none of them voted in the primary but will vote in the election. Of the 26 present 4 preferred Ford, 5 Carter and 15 Reagan. All but four said that if Ford was nominated they would either vote Democratic or not vote at all.

All acknowledged that in a rough campaign any Democrat could beat Ford because of his many mistakes such as few following:

1. Pardon Nixon before found guilty—a deal;
2. Clemency for draft dodgers;
3. O.K. excessive grain deals to Russia at low prices which increased cost of bread;
4. Signing German boundary agreement with Russia; and
5. Urging and allowing vast numbers of prolific Vietnamese into this country at a time when millions were unemployed and most of them are now on welfare.

These are just a few that people remember. Ford is a sure loser in the coming election if nominated.

I am disappointed to see the Republicans run Ford when they could have had a candidate in Reagan who has oratorical ability and personality and is especially popular with the female voters which Ford does not possess.

In summing up the situation it should be apparent to everyone that the citizens want a man for President with a new approach and new ideas who has never been involved in government in Washington, D.C.

This information is for your guidance before it is too late.

SECRETARY,
G & H Club.

FIFTH DISTRICT OF TEXAS QUESTIONNAIRE

HON. ALAN STEELMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. STEELMAN. Mr. Speaker, it is my annual practice to send a comprehensive questionnaire to the residents of the Fifth District of Texas each spring. At this time, I would like to share with my colleagues the results of the 1976 questionnaire and also, would like to thank those constituents who took the time and trouble to answer the questions and return the form to my Washington office. This questionnaire is the best method I have of gauging the feelings of my district on issues that I must vote on in Congress.

1976 FIFTH DISTRICT QUESTIONNAIRE

(1) I support a bill to provide mandatory prison sentences for using or carrying a firearm during commission of a federal crime:

	Percent
Strongly agree	85.3
Mildly agree	7.7
No opinion	2.4
Mildly disagree	1.6
Strongly disagree	3.0

(2) Controls on natural gas prices should be removed (deregulation):

	Percent
Strongly agree	37.2
Mildly agree	14.8
No opinion	12.1
Mildly disagree	10.6
Strongly disagree	25.2

(3) Public employees (including policemen, firemen, school teachers) should have the right to strike in bargaining for better wages and benefits:

	Percent
Strongly agree	13.9
Mildly agree	10.2
No opinion	4.1
Mildly disagree	13.1
Strongly disagree	58.7

(4) The activities and expenditures of U.S. intelligence organizations (such as the CIA) should be closely monitored by a Congressional Oversight Committee:

	Percent
Strongly agree	35.2
Mildly agree	22.1
No opinion	5.4
Mildly disagree	14.5
Strongly disagree	22.8

(5) The United States should retain its control over the Panama Canal:

	Percent
Strongly agree	76.5
Mildly agree	10.8
No opinion	6.1
Mildly disagree	3.0
Strongly disagree	3.6

(6) The General Revenue Sharing Program should be continued:

	Percent
Strongly agree	49.4
Mildly agree	21.3
No opinion	6.7
Mildly disagree	6.6
Strongly disagree	16.0

(7) I support Secretary of State Kissinger's policy of détente with the Soviet Union:

	Percent
Strongly agree	10.2
Mildly agree	18.9
No opinion	14.0
Mildly disagree	17.6
Strongly disagree	39.3

(8) I support legislation to open meetings of Federal regulatory agencies to the public:

	Percent
Strongly agree	62.3
Mildly agree	17.5
No opinion	10.0
Mildly disagree	4.9
Strongly disagree	5.3

(9) I support the decision to allow the British-French Concorde (SST) to land at Dulles and J.F.K. airports on a 16-month trial basis:

	Percent
Strongly agree	31.9
Mildly agree	25.5
No opinion	12.1
Mildly disagree	8.3
Strongly disagree	22.2

(10) Legislation should be passed to provide federal funding for child care and other supportive services in families where both parents are working and the services are requested:

	Percent
Strongly agree	10.5
Mildly agree	7.4
No opinion	3.5
Mildly disagree	12.3
Strongly disagree	66.3

(11) In your opinion, what action or combination of actions at the federal level would be most beneficial to stimulating employment?:

A. Appropriating more federal money for public service jobs—13.4%.

B. Increasing federal spending to stimulate employment—5.6%.

C. Increasing tax incentives to private industry in order to encourage expansion in the private sector—44.0%.

D. No federal action; let economy take its own course—37.0%.

(12) If the current trend continues, the Social Security fund may be in serious financial difficulty. In view of this, do you think Congress should:

A. Raise Social Security tax rates—10.4%.

B. Increase the maximum amount of wages that is subject to Social Security tax—32.0%.

C. Cover the shortage in Social Security revenues with general tax revenues—27.6%.

D. Reduce Social Security benefits and cost of living increases—15.9%.

E. Gradually increase the retirement age, for example from 65 to 67—14.1%.

(13) The amount of money allotted to Defense Spending in the projected Federal budget is $101 billion, or 26% of the total budget. Do you think this is:

A. Too much—22.2%.

B. About right—46.8%.

C. Not enough—31.0%.

DEDICATION OF LAKE SUCCESS JEWISH CENTER

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. WOLFF. Mr. Speaker, on June 13, 1976, I had the honor of attending the cornerstone laying and the dedication service of the Lake Success Jewish Center. In this Bicentennial Year of America's celebration as a "nation of nations," this dedication seems to signify the continued activity of the American Jewish community. It is particularly exciting to note that this center is in the same area of the community of Lake Success as the first United Nation's building was located in 1948, the year in which the nation of Israel was founded. This should remind us of our need to direct the U.N. to be committed to the security of Israel during its 28th year.

The service itself was very lovely. After the national anthem was sung, Cantor Sol Lesh gave a very moving rendition of Hatikvah, the Israeli national anthem. Moses Heyman made an interesting presentation on the historic significance of the cornerstone. The dedication of the center was made by Herbert Seaman, who deserves great commendation as both the driving energy and the guiding spirit which led to the building of this new synagogue, which is named after his father, Noah Seaman. I must also mention the strenuous efforts and lauditory remarks by Herbert Brown, the congregation's president and Morris Bauman, who introduced the guests of honor. The service was concluded by Rabbi Seymour Baumrind, with all participating in a closing hymn.

Finally, I would like to include in the RECORD the very beautiful inscription found on the memorial scroll of this center—words which we should never forget:

> Because we remember . . . This Light shall burn perpetually as a memorial to our six million Jewish brethren who were victims of Nazi brutality. Their sacred memory is enshrined in our hearts forever. Let this stand as a stern warning to all men, never to be silent in the face of tyranny.

SEEDS FOR THE FUTURE

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. ABDNOR. Mr. Speaker, as Bicentennial fervor mounts, it is sometimes difficult for many of us to comprehend that some of our American citizens can rightly ask: "Why should we celebrate your Bicentennial?"

The question is pertinent when asked by our native Americans—they were not contesting taxation without representation and the tyranny of a mother country across the sea. They had no knowledge of such matters.

Elise Lussier, of Pickstown, S. Dak., posed the question—together with some answers at the 1976 South Dakota Girls' State. Her insights and perspective merit consideration by all Americans. I would like to share the reasons that one Indian young lady finds for celebrating the Bicentennial with my colleagues:

THE BICENTENNIAL AND ME

(By Elise Lussier)

As you know this is the year of the Bicentennial. Many grand parties are held on the eve of the most grand of them all—the fourth of July.

I've read history books and studied the subject several times and yet it has left me with a kind of empty feeling. We Indians have been here for hundreds of years, why should we celebrate your bicentennial? Of course, that feeling and others must be projected to many of my people. You see, for part of your independence you had to defeat us! This land, this big beautiful land we called "home" was no longer ours. We were shoved onto reservations and told to keep our place! Discrimination against the native American was outrageous!

Sure we got "so-called free land"; our own piece of the rock I guess you'd say—the reservation. When I was young I didn't live on a reservation, my family was the second of two Indian families attending our school. Let me tell you, those were the most fantastic years of my life! I was accepted as no different from anyone else. I didn't really know I was different until I moved with my family onto a reservation. I couldn't believe the separation—no, not segregation—these are two different things. We were separate—separate souls, the whiteman was so much better than me. I had no class, no value. I was rated low, because I had the misfortune to be born brown!

But let me tell you—you people had made a mistake! In my young years, seeds were planted within me—within my heart. It was those seeds that lead me on. They were the seeds of loyalty, honesty, love of country and patriotism. Each year I learned to love and cherish these sprouting seedlings. Each year they grew more and more until they were so enrooted in my soul, no one could remove them. I love "Old Glory" with all my heart and if necessary would die for her!

I have gone through more hassles and red lights than most of you. I had to take the four ships that often are abandoned at the dock: scholarship, leadership, citizenship, and most dear to me, friendship. Without my friends, who loved and understood, without them, I could have become a defeatist, accepted my lot and tried not to improve my situation. I, like many others, may have missed the boat, but they supported me, told me I must strive for a better America. I continue to toil.

Enough about me, let me tell you about you young women here at Girls' State, you possessed enough of these hard-to-obtain qualities to get here. You believe in America, be assured America believes in you.

I am no longer empty. I'll celebrate this bicentennial as the mark of a new society, a society built on truth, justice and love. I stand for America and I know deep in my heart and soul that America stands for me and it will continue to stand as long as mankind strives towards new and better horizons.

I believe together we citizens can awaken, yes, together with every American in this magnificent nation will grow and spread our seeds to the many deprived nations. Deprived of this land of the free and home of the brave.

ALLEN L. HUNTER RECEIVES RED CROSS CERTIFICATE OF MERIT

HON. MARK W. HANNAFORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. HANNAFORD. Mr. Speaker, Mr. Allen L. Hunter, of Seal Beach, Calif., has been awarded the Red Cross Certificate of Merit. This is the highest award given by the American National Red Cross to a person who saves or sustains a life by using skills and knowledge learned in a volunteer training program offered by the Red Cross in first aid, small craft, or water safety.

On December 23, 1975, Mr. Hunter was in the parking lot of a local medical center when a car pulled into the space next to him. A passenger in the car was slumped over, unconscious, and not breathing. Mr. Hunter immediately began administering mouth-to-mouth resuscitation, restoring the victim's breathing and permitting his removal to a hospital. Mr. Hunter's prompt action sustained the victim's life.

It is an honor to bring to the attention of my colleagues Mr. Hunter's generous action. If we all exhibited his compassion and concern for the needs of others, the world would be a better place in which to live. I congratulate Mr. Hunter for the award he has received and express the thanks of all the people of the 34th District.

RETIREMENT OF WILBERT KAUTZ

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. FARY. Mr. Speaker, within the Fifth Illinois Congressional District is an area of Chicago called the "back of the yards" neighborhood, noted for the community spirit of its people and the good works performed by its civic and fraternal organizations.

The Back of the Yards Journal for May 19, 1976, carried an article by Joseph Hamzik which appears below. It describes the career of an outstanding "back of the yards" athlete of former days, Wilbert Kautz, who later became a community leader and public servant in the field of public recreation.

I am proud to acknowledge that I have had the privilege of "Wibs" Kautz' friendship for many years. The profound influence for good that he has exerted on the lives of thousands of youngsters deserves the highest praise.

He has helped mold the character of generations of young users of McKinley Park by instilling confidence in them through his supervision of their activities and games and by counseling them on the problems inevitably to be encountered in adult life.

I wish him the very best as he enters upon his well-earned retirement.

The article follows:

McKinley Park Supervisor Retires

The former All-American basketball star, Wilbert "Wibs" Kautz, supervisor of McKinley Park for the past 16 years will retire June 1st. Wibs grew up in the Back of the Yards community while attending Everett Public School and Tilden Tech High. He was propelled into national fame as the leading scorer of the outstanding Loyola basketball teams of 1937–38–39. In his senior year, Loyola possessed an undefeated record with 20 victories when the team was invited to play in what is now the National Invitational Tournament in Madison Square Gardens.

As an eastern newspaper read "It will be unbeaten Long Island against unbeaten Loyola of Chicago, a game between the last two undefeated titans in the country". The following day before 18,000 spectators Loyola lost in a closely contested game, which did not alter the selection of Wibs as an All-American for his stellar play throughout his spectacular college career. He joined the Chicago Bruins professional basketball team owned by George Halas, legendary boss of the Chicago Bears football team. Kautz was chosen to the All-Star teams in his first two seasons in the pro league. With the outbreak of World War II, Wibs joined the military and served in the intelligence branch. He concluded his brilliant basketball career after playing one season with the Chicago Stags following the end of the war.

Wibs joined the Chicago Park District in 1953, and has been the supervisor of McKinley Park and a member of the Back of the Yards Recreation Committee since 1960. In 1970, he was made a charter member of the new Loyola Athletic Hall of Fame with 20 other outstanding stars in celebration of the university's 100 years of sports history.

This Spring Wibs Kautz was chosen to represent the Chicago Park District in the 8th Annual Superior Public Service Awards competition sponsored by the Chicago Association of Commerce and Industry. Other representatives were selected from the City of Chicago, Chicago Board of Education, City Colleges of Chicago, Chicago Housing Authority, Cook County, Metropolitan Sanitary District, and the Chicago Transit Authority. Wilbert Kautz was voted the winner and was presented with the Superior Public Award by Chicago mayor Richard J. Daley at a banquet in his honor at the Hyatt Regency Hotel. He and his lovely wife, the former Ada Black, plan to leave for the West Coast immediately in their new motor house for their retirement haven in San Diego.

LESTER LEE TIDWELL

HON. TOM BEVILL

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. BEVILL. Mr. Speaker, all of us who work on Capitol Hill lost a good friend this past weekend when Mr. Lester Lee Tidwell was tragically killed.

Mr. Tidwell was a distinguished member of the Capitol Hill Police force who I am sure many of you have met and talked with during your work in the Capitol.

Mr. Tidwell was a native of Winston County, Ala., part of the Fourth Congressional District, which I represent.

Through this connnection, I came to know Lester Lee Tidwell shortly after coming to Congress. Since meeting Mr. Tidwell, I have come to think of him as the epitome of a Capitol Hill policeman. His courtesy, friendship, and desire to serve in an admirable manner were all traits I came to respect. And all of those traits will be missed by those of us who knew Lester Lee Tidwell.

Mr. Tidwell came to the Washington area in 1965 and worked with the Federal Bureau of Investigation until 1967 when he joined the Capitol Hill Police force. He was promoted to the rank of sergeant in 1971. In August of 1973, he was again promoted for his outstanding service, this time to the rank of lieutenant.

Lester Lee Tidwell will be buried in his hometownn of Double Springs, Ala., on Friday, June 18, 1976. I want to express my extreme sympathy to the family and many friends of Lester Lee Tidwell—a man who served in an outstanding manner during his years on Capitol Hill.

WILLIAM ODIE WRIGHT TO RETIRE

HON. MARK W. HANNAFORD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. HANNAFORD. Mr. Speaker, Mr. William Odie Wright, superintendent of the Long Beach, Calif., Unified School District and the Long Beach Community College District since 1962, will retire on June 29, 1976. Odie Wright has a long career of accomplishments that do him and his family credit. He began his career as an English teacher at Long Beach's Polytechnic High School in 1938. During World War II, he served as director of instruction and research at the U.S. Armed Forces Institute, returning to Long Beach in 1946 as dean of the general adult division of Long Beach City College. In 1952, he became principal of Polytechnic High School, and he held that position until 1955, when he became deputy superintendent of schools and director of educational personnel for the Long Beach Unified School District. In 1962, he was named superintendent.

Odie's contribution to the community has not been limited to working hours. He has served on many community organizations, including the Rotary Club, Community Redevelopment Corporation, Chamber of Commerce Education Committee, YMCA, Red Cross, Cancer Association, Heart Association, Tuberculosis Association, Salvation Army, and Children's Clinic.

He also has held several professional positions. In 1971, he was chairman of the Superintendents of Schools of Large U.S. Cities. He is a member of the American Association of School Administrators and the Association of California School Administrators. He is a former member of the executive committee and Council on Intergovernmental Relations, State of California, and the California Commission on Vocational Education.

Mr. Wright has received many well-deserved awards during his long and distinguished career. During 1976 alone he has been named the 1976 Distinguished Graduate by the Long Beach Citizens Committee for Public Schools Week, the 1976 recipient of the Long Beach Human Relations Commission Award, and Citizen of the Year by the Exchange Club of Long Beach.

The Long Beach School District, under the direction of Superintendent Wright, has become one of the finest in the Nation. Mr. Wright has established model educational programs that are emulated by other districts throughout the State and Nation. Mr. Wright's dedication to his profession and efforts to make our community a better place in which to live for all of us have made him a fine example for the youth of our area.

I have known and worked with Superintendent Wright for 24 years. He is a compassionate man, deeply committed to insuring that all the young people in our area receive a first-rate education.

All of us in the Long Beach area will miss Odie's leadership of our schools, but I am sure he will maintain his interest and dedication to the community and its people.

LT. LENDON R. DAVIS RETIRES

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. RUSSO. Mr. Speaker, today I would like to pay tribute to an outstanding public servant and conscientious citizen. Lt. Lendon R. Davis, a veteran of 20 years with the Evergreen Park Police Department, and acting chief of police from 1968 through 1970, is retiring. Lieutenant Davis' friends are numerous, and they are organizing a gala retirement party in his honor on June 24. It is a special recognition well deserved by this fine man.

Perhaps anyone born on July 4th, as Lieutenant Davis was back in 1922, is destined to create some fireworks. And throughout his life, Lieutenant Davis has demonstrated that he is not only an able, effective and willing participant, but one who is capable of leading and charting a direction for others as well.

He began his career in law enforcement in 1956, in 1963 was promoted to sergeant and made lieutenant in 1966. It has been a career notable for its achievements and perhaps the aspect that should be particularly noted is that Lieutenant Davis never reached a point when he decided it was OK to stop growing, when he became complacent and disinterested in improving in his work and in bettering the community.

Lieutenant Davis continued participation in training programs in law enforcement by taking special courses from such institutions as the University of Chicago, Northwestern University, Southern Illinois University and the FBI. He demonstrated his commitment to improving community-police relations by becoming an active participant himself in community activities.

Lieutenant Davis was for 4 years assigned to the juvenile division. Even after leaving there, he did not abandon his caring involvement with youth. It is a sensitive and informed person who, as Lieutenant Davis did, establishes a 24-hour aid service in juvenile deliquency cases which provides, regardless of religious denomination, guidance from clergy in the Village.

As chief of police, he set up the training division within the Evergreen Police Department and was personally responsible for establishing the police cadet program in Evergreen.

There are other specifics that could be cited—serving with honor in the U.S. Navy, his active membership in organizations such as the American Legion, Lions Club, St. Bernadette Youth Society and the South Suburban Juvenile Association. But perhaps the simplest statements say the most: the measure of a person is in the lengths to which he goes for others. Lieutenant Davis has given much of himself. His integrity and his commitment have surely illuminated a path for many seeking a way to serve others.

Lieutenant Davis and his wife Marge raised two children and have resided in Evergreen Park for 25 years. How fortunate for that area. Now the community is saying "thank you" for Lieutenant Davis' years of dedicated and selfless service. I know my colleagues join with me in commending Lieutenant Davis and wishing for him a most happy and fulfilling retirement.

CONFERENCE REPORT ON H.R. 9771

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. MOAKLEY. Mr. Speaker, next week the House will vote on the conference report on the Airport and Airway Development Act Amendments of 1976 (H.R. 9771).

At that time, I will urge the defeat of the report. My objection is to only one provision of the report: Section 19 of the version adopted in the other body. But the parliamentary situation will not permit a separate vote.

Since the early days of the airline industry, it has been understood that the Federal Government will provide the following services for incoming international flights, during normal working hours, Monday through Saturday:

U.S. Customs Service.

Immigration and Naturalization Service.

Public Health Service.

Agriculture Department quarantine—the three services are: Plant, veterinary, and meat and poultry.

If airlines or the individual and corporate owners of private international jets wish to bring in international flights at odd hours or on Sundays and holidays, they have always paid for the resultant overtime.

The Senate amendment would shift much of that cost to the taxpayers. The total estimated bill could exceed $24 million.

The irony is that the conferees, as members of the Committee on Public Works and Transportation, will never have to find money to pay for this amendment. Every cent of the $24 million will have to be diverted from programs authorized by the following committees:

Judiciary.

Ways and Means.

Interstate and Foreign Commerce.

Agriculture.

The most shocking example of how this will work is the case of the U.S. Customs Service. H.R. 14261, adopted in the House Monday, provides funding for Customs. The only new money in the bill provides 622 new positions for drug enforcement. This entire increase in efforts to stem the flow of illegal drugs will be wiped out to pay for the proposed gift to the airlines.

I regret, Mr. Speaker, that the question on passage of the conference report will be the only opportunity the House will have to vote on this amendment. It has been the focus of far too little attention. It was adopted in the Senate as a "perfecting" amendment and was not subject to much discussion in conference.

However, it is the only vote we will have on this matter. Since our constituents may not agree with the case for this unbridled generosity, I think we owe it to them to send the bill back to conference if that is the only way of defeating the Senate amendment.

I make this proposal with complete confidence in the ability of my able colleagues on the Committee on Public Works and Transportation to reassemble the conferees and bring back a report deleting this matter. There is no reason to believe that this cannot be done within a week. Considering the cost of this questionable proposal, a brief delay in final passage of a bill—first acted on in the House 6 months ago—seems reasonable.

ORPHANS OF THE EXODUS

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Ms. ABZUG. Mr. Speaker, all of the nations which signed the Helsinki Final Act, including the Soviet Union, pledged to do everything possible to reunite families separated by political boundaries.

Because the Soviet Union is not living up to that promise, Members of Congress are conducting a vigil on behalf of the families which remain separated.

A case history of these families entitled "Orphans of the Exodus" dramatically details this tragic problem. At this time I would like to bring to the Members' attention the situation of the Greenshpun family.

Lea Greenshpun is living in Moscow with her husband Aleksandr and their 7-year-old daughter, Yulia. None of the family members has been exposed to state secrets. Nevertheless, the government has repeatedly refused all exit visa applications for some vague reason which they call "regime."

Meanwhile, Lea's parents live in Israel and count the days till they will be able to be reunited with their daughter and her family.

In a letter from Israel, the mother wrote:

> My husband and I are old sick people on pensions. My husband is 77 and I am 73 years old.
>
> My husband suffers from multiple sclerosis; having his feet affected, he has to walk with the help of a cane. I have a heart ailment.
>
> My husband and I arrived from Moscow on December 21, 1971. In March 1973, my son with his family also arrived from Moscow. We have no other relatives, besides our daughter. The emigration papers for her family were

submitted on August 24, 1973. The refusal was received on October 12, 1973 and repeatedly since then. At first, the authorities claimed that my son-in-law's father was against the emigration, but lately the refusal was for reasons of "regime." In this formula one can include anything. . . . But neither my daughter nor her husband has had secret work. Never did either have access to classified information.

Continuous appeals on behalf of my daughter and her husband to the corresponding authorities have gone without any answer. We greatly suffer from this prolonged separation from our daughter and her family.

Mr. Speaker, the travails of the Greenshpun family are not unique. The many case histories placed into the Record as part of this vigil, as well as the frequent letters from concerned Americans, demonstrate that the Soviet Union is still engaged in a policy of restricting the emigration of Jews and that the harassment, punishment, and imprisonment of those who seek to leave the country or attempt to exercise their religious rights continues unabated. I hope that our message is heard in the Soviet Union. All obstacles to the free emigration of Soviet Jews, and others who wish to live in other countries, must be removed.

THE "SUNNERS": NEW WORLD TRI-CHAMPIONS

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. YATRON. Mr. Speaker, the Rising Sun Hotel, a tavern in Reading, Pa., has given the United States an added feather in its Bicentennial cap by sharing the Amateur Softball Association World Softball Championship in Lower Hutt, New Zealand, with Canada and New Zealand.

The "Sunners," under the supervision of John Kramer and manager Rocco Santilli, and now sponsored by Manson-Billard, Inc., of Reading, finished the World Championships with an 11-2 record and had reached the championship game when a tropical storm forced the cancellation of the remaining games.

The Sunners scored victories over Japan, South Africa, New Zealand, Guam, Taiwan, and Canada. Their only two defeats were to Canada during the qualifying round. In the first game of the finals, however, Rising Sun topped Canada, 1-0.

Rising Sun pitching ace Ty Stofflet established six world records, tied another and drove in the winning run in two games and was named the tournament's most valuable player.

Stofflet set records for innings pitched (59), strikeouts (97), and tied the mark for the lowest earned run average (0.00). His game records included innings pitched (20), longest no-hitter (20), strikeouts (32), and consecutive batters retired (56).

Stofflet was named the most valuable player in the National Tournament for the third time and catcher Carl Solarek, shortstop Gary Distasio, and utility player Art Weida were first team all-Americas. Utility player Bob Yoder and second baseman Joe Lalli were named to the second team.

The team's 1975 accomplishments were: Atlantic Seaboard Major Softball League Champions; Central Atlantic Regional Softball Tournament Champions; and National Fastpitch Softball Tournament Champions.

In 1976 the team was the Amateur Softball Association world softball championships tri-champions and finished the season with a 66-13 record.

The members of the Sunners are: Ty Stofflet, Larry Bergh, George Ulmer, John Erney, Carl Solarek, Greg Radka, Robert Yoder, Joe Lalli, Gary Distasio, Rennie Petre, and Paul Troika. Also, Art Weida, Gordy Frack, Brian Stufflet, Richard DeLong, Barry Distasio, Paul Price, Ralph Kerschner, John Snyder, Rocco Santilli, Carl Walker, Jerry Defiglio, John Kramer, and Denny Marchalonis.

OFFICE OF INDEPENDENT AUDITION

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. HEINZ. Mr. Speaker, over the course of the last several years, and particularly in light of recent events, the American people have become increasingly alarmed and outraged over reported abuses, improprieties and conflicts of interest among Members of Congress and their employees.

The allegations concerning the payroll abuses and the improprieties of Congressmen have subjected Members and employees of this body to unparalleled attack and cynicism. We presumably have been elected to uphold the public trust, yet there is virtually no group in this country trusted less than our own.

Our system of government is based on respect for law and the democratic process. How can we expect our society of laws to stand when some of our most prominent lawmakers are also our most flagrant lawbreakers? The people of this country have a right to expect that Congressmen who establish a high standard to public morality also meet the same high standard for private conduct as well.

Typically, the congressional response to public criticism of the unethical conduct of its Members has been the adoption of myriad rules, regulations, codes of conduct and criminal statutes governing their behavior in office.

But the American people are impatient with the lip service being paid to rules and regulations that go unenforced; they are frustrated by the slowness of Congress to investigate charges of misconduct brought against its own Members; and they are infuriated by the hesitancy of the Congress to put its own house in order.

Because the unseemly conduct of a few Members reflects on all of us who have been elected to serve in the Congress, and seriously undermines our ability to provide effective leadership, it is essential that we take immediate steps to restore public confidence.

The best means of achieving this restoration is through the creation of a totally independent and impartial office to investigate alleged violations of ethical standards by Members of Congress and their employees.

Mr. Speaker, what I am proposing today is legislation declaring it to be the sense of the Congress that there shall be created an Office of Independent Auditor, with the power to fully investigate and publicly report facts and recommendations concerning alleged violations of ethical codes by Members of Congress and their employees.

Only through the creation of such an independent office can we reassure the American people that alleged abuses of the public trust by Members of Congress will be thoroughly and objectively investigated and made public. An Independent Auditor can effectively restore public confidence in the integrity of Congress, and in the willingness of its Members to act quickly to insure that the high ethical standards of conduct which they have adopted are maintained.

I hope that this legislation will receive the consideration and support of my colleagues.

The text of my proposal follows:

CONCURRENT RESOLUTION

Whereas, there is widespread public concern and outrage over the belief that there exist abuses, improprieties and conflicts of interest among Members of Congress, its officers or employees;

Whereas, there exist numerous rules, regulations, codes of conduct, constitutional requirements and criminal statutes governing the Members of Congress, its officers and employees;

Whereas, immediate action must be taken by the Congress to restore public confidence in its ability to ensure that all Members of Congress, its officers and employees fully comply with each of these rules governing their conduct;

Whereas, this public confidence can best be restored by the creation of an independent and impartial office for the House and Senate to investigate alleged abuses, improprieties and conflicts of interest: Therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress of the United States that there shall be created for the House and Senate jointly an Office of Independent Auditor, who shall have the power to investigate and publicly report facts and recommendations pertaining to any alleged violation by a member, officer or employee of the House or Senate of any law, rule, regulation or other standard of official conduct applicable to that individual's conduct in the performance of his or her duties.

FINANCIAL STATUS OF CONGRESSMAN ROBERT W. EDGAR

HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. EDGAR. Mr. Speaker, as a firm believer in financial disclosure of public officials and candidates, I am submitting for the Record a listing of Mrs. Edgar's and my assets and liabilities, as well as our 1975 income and taxes:

FINANCIAL STATEMENT OF CONGRESSMAN AND MRS. ROBERT W. EDGAR

ASSETS—AS OF DECEMBER 31, 1975	
Savings account	$49.52
Cash on hand in checking account	689.10
1971 Volkswagen	1,400.00
1975 Ford Granada	2,500.00
House in Broomall, Pa	37,000.00
House in Arlington, Va	60,000.00
Household goods and miscellaneous personal property	11,000.00
U.S. Civil Service Retirement Fund	2,930.41
Total assets	115,569.03
LIABILITIES—AS OF DECEMBER 31, 1975	
Mortgage on house in Broomall, Pa	19,370.92
Mortgage on house in Arlington, Va.	56,750.00
Personal loans	958.95
Total liabilites	77,079.87
Net worth	38,489.16
1975 TAXES	
Federal	4,579.01
Pennsylvania (state)	782.01
Pennsylvania (local)	646.80
Virginia (local)	403.96
Total taxes	6,411.78
1975 INCOME	
Salary as a Member of Congress	39,072.08
Interest on savings account	28.59
Total income	39,100.67

COMMERCE'S COMMISSIONER OF PATENTS AND TRADEMARKS C. MARSHALL DANN RECEIVES 1976 JEFFERSON MEDAL

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. BOB WILSON. Mr. Speaker, inventiveness has always been a trademark of Americans. The term "Yankee Ingenuity" is known worldwide. This is why, Mr. Speaker, I am particularly pleased that the Department of Commerce's Commissioner of Patents and Trademarks, C. Marshall Dann, has been selected by the New Jersey Patent Law Office to receive a particularly prestigious award and I insert the article in the RECORD:

C. Marshall Dann, Commissioner of Patents and Trademarks, U.S. Department of Commerce has been selected by the New Jersey Patent Law Association to receive the 1976 Jefferson Medal. The medal will be awarded to Commissioner Dann in recognition of his noteworthy contributions to the patent system and the Patent and Trademark Office during a career that spans both industry and government. The presentation will take place June 4, 1976 at the Chanticler in Milburn, New Jersey.

The Association began granting the award in 1951 to recognize outstanding contributions by individuals to the American Patent System. Past recipients include Charles Kettering, inventor of the automobile self-starter and former Vice President for research at General Motors Corporation; John W. Anderson, President of the National Patent Council; and Vannevar Bush, Honorable Chairman of the Massachusetts Institute of Technology and member of the Advisory Committee of the National Security Resources Board.

Dann has served as Commissioner of Patents and Trademarks for over two years, since February 11, 1974. Prior to his appointment as Commissioner, he had been Chief Counsel of the Patent Division of DuPont Company in Wilmington, Delaware since 1968. He also served as Chairman of DuPont's Patent Board from 1966 until August 1973. Dann began working for DuPont in 1935 as a chemist. He transferred to the legal department in 1945.

In addition, Dann is a past president of the American and Philadelphia Patent Law Associations. Currently, he is a member of the American, Delaware and District of Columbia Bar Associations and the Association of Corporate Patent Counsel. He is a trustee of Worcester Polytechnic Institute and a holder of the Goddard Medal.

For further information contact Isaac Fleischmann, Director, Office of Information Services 703 557-3428.

QUESTIONNAIRE RESULTS FROM 35TH CONGRESSIONAL DISTRICT, NEW YORK

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. CONABLE. Mr. Speaker, people of the 35th Congressional District have recently responded to my annual poll on national issues and I would like to share the results with my colleagues. My constituents expressed their views on public jobs programs, marihuana, national health insurance, Government spending, revenue sharing, abortion, relations with the Soviet Union, the performance of Government institutions and environmental controls. They cited as the Nation's No. 1 need a cut in Government spending, with more honesty in Government and more jobs as other high priority matters.

Under unanimous consent, I submit a list of the questions contained in the poll and the results expressed in percentages of the replies:

RESULTS OF 1976 CONGRESSIONAL QUESTIONNAIRE OF CONGRESSMAN BARBER B. CONABLE

1. Should Congress approve continuation of federal revenue sharing which returns $6 billion a year to state and local governments to use as needed?

	Percent
Yes	84.7
No	15.3

2. Should the U.S. Constitution be amended to prohibit abortion?

Yes	26.4
No	73.6

3. Should the federal government provide a job, regardless of the cost, for everyone who can't find employment elsewhere?

Yes	18.0
No	82.0

4. Should possession and use of marijuana be made legal?

Yes	26.5
No	73.5

5. Do you favor delay of stronger environmental pollution controls in order to improve energy conservation?

Yes	57.5
No	42.5

6. Should we continue to seek improved cultural, political and economic relations with the Soviet Union?

Yes	71.3
No	28.7

7. There are a number of national health insurance proposals before Congress. Which do you favor?

	Percent
A plan of complete health care financed from taxes and administered by the federal government?	21.6
A plan covering only the most costly illnesses, financed by taxes?	35.0
No new national program?	43.4

8. Demands for government spending exceed the funds available, making spending priorities necessary. What priority would you assign to the following primary uses of your federal tax money:

Crime Prevention	1
Education	4
Energy Research	2
Environmental Protection	6
Health Services	5
Housing	7
National Defense	3
Transportation	8
Social Services	9
Postal Rate Subsidy	10

9. How do you rate the performance of these federal offices or institutions?

	Percent
The President:	
Good	31.3
Fair	47.6
Poor	21.1
Congress:	
Good	10.8
Fair	50.4
Poor	38.8
Social Security Administration:	
Good	17.7
Fair	44.5
Poor	37.8
Postal Service:	
Good	12.3
Fair	31.4
Poor	56.3
Internal Revenue Service:	
Good	22.3
Fair	49.2
Poor	28.5

10. What is the nation's number 1 need?

(1) Cut government spending.
(2) Honesty in government.
(3) More jobs.
(4) Curb inflation.

CORE: A LEADER IN THE FIGHT FOR EQUALITY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. RANGEL. Mr. Speaker, Tuesday marked the 34th anniversary of the founding of the Congress for Racial Equality. This civil rights organization was in the vanguard during the struggle to achieve equality for black Americans.

They engaged in such "direct action" as sit-ins and voter registration which were all designed to reduce the remaining vestiges of racial discrimination in this Nation.

As we continue to celebrate our Bicentennial, I think it is only fitting that we recognize the contributions of organizations like CORE, who attempted to make the American dream a reality for all Americans.

CITIZEN SOLDIERS

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. BOB WILSON. Mr. Speaker, we have always been a Nation of "citizen soldiers." In times of crisis or war, we call upon our civilians to transform themselves into fighting men to defend our country and our way of life. At the conclusion of conflict, our men and women come home and return to their former lives.

It is in the readjustment phase that America is unique, for no other country makes such efforts in behalf of its veterans as the United States.

Recently, the Honorable Richard L. Roudebush, Administrator of Veterans' Affairs was the keynote speaker at the Noncommissioned Officers Association business meeting at their international convention in San Antonio, and commented on this fact. I include remarks in the Record for the consideration of all Members:

WASHINGTON, D.C.,
June 7, 1976.

Hon. BOB WILSON,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN WILSON: Again, my sincere congratulations for being presented the NCOA "L. Mendel Rivers Award for Legislative Action" at our 15th Annual International Convention. I know of no one else in Congress today who truly deserves this recognition.

In relation to the convention, the Honorable Richard L. Roudebush, Administrator of Veterans Affairs, was our key note speaker the morning of June 3, 1976. Would you be so kind as to insert his remarks in the Congressional Record? The Association will be most grateful.

As Mr. Fred Darling, NCOA Executive Coordinator for Military and Veterans Affairs, advised you on your return trip to the San Antonio Airport, the NCOA will host a congressional reception in your honor sometime in September. We will be in touch with you at a later date to confirm arrangements.

With warm, personal regards, I am,
Respectfully,
C. A. "MACK" MCKINNEY,
Director of Legislative Affairs.

SUGGESTED REMARKS

Mr. Speaker, recently I had the honor and privilege to be the recipient of the Noncommissioned Officers Association of the U.S.A.—NCOA—"L. Mendel Rivers Award for Legislative Action." The presentation was made on June 3, 1976, at the NCOA's 15th annual international convention, San Antonio, Tex.

Earlier that day, the Honorable Richard L. Roudebush, Administrator of Veterans' Affairs, was the keynote speaker at the association's annual business meeting. I believe his remarks are pertinent and should be included in the Record.

Mr. Roudebush's remarks are as follows:

REMARKS BY THE HONORABLE RICHARD L. ROUDEBUSH

I am grateful for the opportunity to spend a few minutes with you and to participate in your national convention.

This is not only my first time to address this organization, it is my first convention of the 1976 season, the first on a schedule that will be quite full toward the end of the summer.

So I have a special greeting for you not only as members of the first veterans group I have had the pleasure of addressing in convention this year.

I hope your meeting has gone well, that it has been both enjoyable and productive and that it will lead to a year of growth and progress.

As one of your newer members, I am willing to rely on you who have been around for a long time to do most of the work and to make the proper decisions. But I expect you to do the best you can in looking after the interests of those of us who are junior to you in membership and don't have much to say about the way things are run.

I know I can count on your capable leadership.

I am sure that during your proceedings here you have taken notice of the fact that we are in our Bicentennial year and that just one month from now the Nation will observe this most important birthday.

The Bicentennial observance has great meaning for the American people and nearly everything of a public nature that is done this year is influenced by or at least considered in terms of our countrys 200-year history.

I think this is appropriate for it gives us cohesiveness as a people and it gives us a national theme to rally around. And certainly we have much to be proud of and great reason to respond to a joyous salute to our history.

There are, of course, no citizens who have had a more responsible role in our history and have greater reason to celebrate the success of America than those who have served in our armed forces.

Nearly every generation in the last 200 years has been called on to defend and fight for the principles that were first proclaimed when the Nation was born. The fact that we are today strong and free can be attributed to the dedication and the valor shown by Americans who answered a call to service when we were endangered.

I am sure you have no argument with the rather commonplace assertion that non-coms are the backbone of our armed services, the part of the structure that makes the whole arrangement work.

If this is true, then you and others who have been non commissioned officers are very special people indeed in the history of America.

You have had a great deal to do with making us strong militarily, with giving us the ability to turn back attacks against us and the freedom we cherish, in campaigns here and around the world.

I salute you, your predecessors and your successors as non-coms for the contribution you have made to all services and, thus, to a safe and free country.

I would also like to recognize you for what you have done since you came out of service, to congratulate you for your determination that you will do no less for your communities and your country now that you are civilians. This organization gives you a means of expressing that determination and I hope it grows, becomes increasingly effective and lives up to its bright promise.

Ever since Americans were first called on to bear arms and to defend and fight against our enemies, the Nation has felt a special obligation to provide care and service for those who returned from military duties with disabilities and with special needs.

The attention given ex-servicemen has not always been good, or even always adequate, throughout our years as a nation. For much of our history it consisted of meager pensions paid to disabled veterans and homes to shelter those who were old and feeble and had nowhere else to go.

I think it is a mark of the success and growth of America that we have become progressively more aware of the needs of those who have served us in uniform and have developed and improved in the way we respond to those needs.

The old-soldiers home mentality that governed for so long disappeared many years ago in favor of programs that have become increasingly more humane, more pertinent to need, more productive and a more appropriate and accurate reflection of the gratitude and indebtedness we feel toward those who served us well.

It was for the men of World War II that wholesale changes were made in our thinking about how to compensate veterans for time, opportunity and health lost in service. The G.I. Bill and other developments gave veterans' programs meaning and sophistication they had never had before.

Education and training were offered as a means of rehabilitation and readjustment. Veterans were given help in buying homes and starting businesses. Medical care was improved and VA hospitals were developed into a real system that coordinated with the Nation's other health resources.

We took giant steps during that period and we have continued to build both in programs and facilities since that time.

The result is that America offers its veterans more avenues of assistance than ever before and their opportunity to overcome obstacles and build happy and productive lives has never been greater.

No other nation in history has given so much attention to the needs of its returned servicemen. No nation has provided the depth and the quality of assistance that is available to American veterans today.

I know that you, as an organized veterans group, have your opinions as to the effectiveness of what is being done and that you have certain goals and intentions relating to improvement of programs and improvement of service.

There is no question that improvements are needed, no question at all that some needs of veterans require more attention that they are getting, no question that there are areas of concern that have not been treated as well as others and no question that new problems continue to arise.

We do not claim to have reached all our goals and we not only respect your opinions and your solicitations, we encourage them. We know you have valuable ideas and information to offer, as a group and as individuals.

But I know that you join me in the gratitude I feel toward the American people for their support and their generous provision of resources that make it possible for us to have the effective programs of assistance that we have today.

I believe that one of the great things about America that we have to celebrate in this Bicentennial year is the development over our history of such an enlightened philosophy toward the needs of our veterans and the establishment of facilities and means to carry it out.

What we do in this field is an indication of the level of responsibility and civilization we have attained.

There are today nearly thirty million veterans in the United States. While most of them never need anything from the Veterans Administration other than benefits that assist in adjustment from military to civilian life, requirements of veterans and dependents are still sufficient to require a VA budget in excess of $18 billion this year.

This makes VA the third largest federal agency in expenditures. In employment it is the second largest agency, behind only the Department of Defense, with more than 200,000 persons working across the United States in Puerto Rico and the Philippines.

Those are some overall dimensions that indicate the size of VA. There are other indications, such as the fact that VA has the largest hospital system in the free world, administers a more than $100 billion insurance program, is providing education and training for some two million persons and makes pension and disability payments to nearly five million persons.

Having established the size of the VA mission, I will not go into additional current statistics of VA but would like to offer this historical statistic:

During the 200-year history of this country VA and predecessor agencies have spent in excess of a quarter of a trillion dollars on assistance to veterans and dependents.

I mention this fact both to illustrate what I have been saying about what the Nation has done in this field and to preface some brief remarks about the future of veterans' programs.

We know that it will be a long future. We hope that there will be no more wars to produce veterans, but wars already fought will require service to veterans and their families for as many years ahead as anyone can see at this time.

We still pay pensions to Civil War widows. We pay pensions to needy parents of World War I veterans. The last dependent of the War of 1812 died after World War II. The last dependent of the Mexican War, which ended in 1848, died during the Vietnam War.

It is a safe prediction that for years after America celebrates its Tricentennial dependents of Vietnam Era veterans will be requiring assistance.

But that is far in the future and is brought up only as an intriguing thought at this time.

What is important, and I hope more interesting to you, is the more immediate future. We know that it will be a busy time.

There are today 13½ million veterans of World War II alone and their average age is 56 years. We know they will be needing more medical care and other services.

Veterans of the Korean Conflict are only a little younger. They and the millions of men and whomen who have seen service since Korea are also likely to call on VA in increasing numbers as they get older, especially for health services.

There are some 900,000 veterans of World War I still living and we hope we will have the privilege of serving veterans of this era for many more years.

The message I want to leave with you is that we at VA intend to meet our obligations to all veterans. We plan to be ready for them when they are ready for us to give them assitance.

We know that the American people support our endeavors, that they will expect us to perform well and that they will provide the proper resources.

New evidence of that support was provided recently when President Ford anounced plans to construct eight new VA hospitals. These are facilities that will be built, largely, to replace old hospitals and expand and improve service now being given. They will be phased into the VA system over a period of several years.

We at VA appreciate this indication of the President's interest. He is saying that we must look ahead to future needs, that the work of VA must not be handicapped by lack of facilities.

And he is saying that, despite his belief that government spending must be kept to a minimum and despite his dedication to reduced spending, care for veterans is a special obligation and we can not postpone our attention to it.

I have enjoyed these few minutes with you this morning and have appreciated the chance to discuss with you something about veterans' programs, past, present and future.

I know that you have a special interest in this subject because you are an organization of veterans. I hope I have been informative and I hope that I might even have led you to be a little more interested than you were previously.

We at VA value your ideas and we respect your judgment. We solicit your involvement in efforts to assist your fellow veterans and we hope to work closely with you.

I wish you well, individually and as an organization, and I appreciate your having me on your program.

THE SOVIET ANNEXATION OF LITHUANIA

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. COUGHLIN. Mr. Speaker, it has been 36 years since the sovereignty of Lithuania was forcibly stripped by the Soviet Union. After only 22 years of independence, Lithuania's right to self-determination perished.

This Baltic nation paid dearly in its futile fight to retain independence. Thirty thousand Lithuanians died in the resistance to Soviet annexation. Thirty thousand more suffered the hardships of prison or exile. To people of Lithuanian descent throughout the world, the sorrow that has afflicted their homeland has not been eased by the years that have passed since the days of World War II.

Documented cases of ruthless Soviet persecution of Lithuanians continue to reach the West. The abrogation of the right to worship, the right to dissent, the right to emigrate, and the right of free expression persists.

Although Soviet oppression can claim Lithuania's autonomy as one of its victims, the Lithuanians' proud spirit of freedom continues to fluorish. Dissidents from the Lithuanian scientific and intellectual community battle at great personal risk for the rights that have been withheld. Lithuanian worshipers of every faith are not allowing Soviet repression to smother the expression of their religious reverence.

As a nation which was founded on the primacy of individual liberties, the United States must never allow its dedication to human rights to diminish. In this 200th commemoration of our struggle for independence, Americans are reaffirming their commitment to freedom. This commitment must continue to be exercised as an inspiration to those whose rights have been crushed. We must not forget the plight of the Lithuanians and the millions of others who have been silenced by Soviet oppression.

As a Congressman who has strongly supported resolutions to protest the illegal seizure of the Baltic States, I salute the Lithuanian-American community for its constant efforts on behalf of its homeland. With the support and endeavors of millions throughout this country and other nations, the just cause of Lithuanian self-determination will not be abandoned. I pray that our united stand will one day result in the return of Lithuania's true independence.

THE EFFECTS OF DIVESTITURE

HON. BILL ARCHER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. ARCHER. Mr. Speaker, we are witnessing a movement in our country—and in this Congress—seeking to break up the U.S. petroleum companies which are vertically integrated. A number of companies in the petroleum industry are involved in the areas of discovering crude oil, producing this crude oil, the process of refining it into finished products; for example, fuel oil, gasoline, and marketing it to distributors and/or consumers. The same companies may also be involved in transporting these petroleum products at various stages including pipelines, seagoing vessels, and trucks. These companies became vertically integrated to promote efficiency in this very capital intensive industry.

Critics of our petroleum industry are promoting "vertical divestiture," which would break up the oil companies. Before the House of Representatives considers such a measure, I believe it is essential that we look at the harmful results of such actions. When the United States is facing an energy crisis and must rely more and more on foreign sources of energy, divestiture would deter our country from developing and becoming self-sufficient in oil and gas. Additional effects would be to eliminate the great efficiencies and cost savings which have resulted from vertical integration. The long range effect would be a shortage of supplies and significant price increases for the consumers. Economically, there would be chaos and confusion in the investment markets. If divestiture occurs, the United States would be taking a major step backwards in energy independence and efficiency.

Knowledgeable experts in the field have analyzed and given us their judgment on this situation. Testifying before the Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary, Mr. Raymond B. Gary, managing director of Morgan Stanley & Co., an investment banking firm in New York City, stated his view on divestiture legislation:

> I believe that such legislation would impair the financial strength of the major portion of the U.S. petroleum industry.

Mr. W. T. Slick, Jr., senior vice president of the Exxon Co., in testimony before the same subcommittee, discussed the eventual effects of successful divestiture legislation:

> The dismemberment of the nation's twenty largest vertically integrated petroleum companies into separate functional entities would reduce the nation's domestic energy supplies, significantly increase the costs of energy to consumers, frustrate, if not reverse, attempts to recover from the recession, reduce competition in the petroleum industry, and have harmful effects upon the many millions of investors whose savings, incomes and pensions depend upon the returns from stocks and bonds.
>
> If dismemberment legislation were to be passed, there would be significant transitory effects which would have both long and short-run implications. During the time between the passage of such legislation and the time it is implemented, the industry will be operating in an environment of total uncertainty. The immediate impact of such legislation on most affected companies in our judgment would be to suspend capital spending programs and focus top management attention on developing its dismemberment plan and on reevaluating and restructuring short and long-range plans.

And my distinguished colleague from the other body, Senator DEWEY F. BARTLETT of Oklahoma, in presenting his view reminded the subcommittee of some essential history of the petroleum industry and the consequences of mistaken action:

> "Petroleum firms integrated in the first place not because of a sinister plot, but because of natural economic forces. Vertical integration enhances a firm's ability to compete. This subcommittee should know how the petroleum industry would look after divestiture. Would it be more competitive than it is now? Would it be better able to supply more energy to this Nation at a lower price?
>
> I am not aware of any studies which answer these questions in a way supportive of divestiture. Most of the evidence with which I am familiar indicates that vertical integration evolved in order to lower overall costs and to increase the reliability of operations.
>
> * * * * *
>
> Before we in Congress legislate divestiture, it is imperative that we understand exactly what we are doing. This subject should be pursued with great caution, sobriety, and care.
>
> Keep in mind that once divestiture occurs, it will not be possible to piece the industry back together again. If we make a mistake, the people in the United States will suffer the consequences by enduring great discomfort due to loss of services and by paying unnecessarily high prices for the energy in short supply.
>
> The present system has worked well. Before destroying it, we must be certain our actions are right and in the national interest. The burden of proof is on the proponents of this legislation.

Every Member should review the highlights of this testimony before the Subcommittee on Antitrust and Monopoly of the Senate Judiciary Committee. Vertical divestiture would be a disaster for our energy industry and would be detrimental to our economy.

UNCOMMON VALOR

HON. WILLIAM F. WALSH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. WALSH. Mr. Speaker, it is my pleasure today to honor five of my constituents who have exhibited uncommon valor in performing one of the noblest actions known to man—that of risking one's own life in saving another. With all thoughts of personal well-being cast aside, these heroes rescued victims who, without aid, almost certainly would have drowned.

Eric Brockley is a 22-year-old student at Eisenhower College in Seneca Falls, N.Y., who, ignoring all personal peril, rescued a young local woman from the waters of a canal.

On Tuesday evening, May 11, Eric witnessed the young woman plunging off a bridge into the canal. He dived after her and swam with her to an abutment, where an unidentified couple aided them. The young woman was taken home unharmed.

Police Chief Anthony J. Casamassima of Seneca Falls presented Eric with the Good Citizenship Award of the Seneca Falls Police Department for his valor, pointing out that the water was over 30 feet deep at the place of rescue.

Michael Marrapese, Joseph Felice, and his son, Gary Felice are employees of the Seneca Knitting Mills Co., Seneca Falls, who, disregarding imminent danger, rescued an elderly woman from the swift current of the Seneca River.

At midday, Friday, April 3, the woman descended from a bridge abutment into the icy waters and was carried downstream. The three mill employees sighted the struggling woman from a window at the plant, rushed outside and rescued her at a point about 200 feet from where she originally entered. The woman was treated at a nearby hospital.

Police Chief Casamassima credited the saving of the woman's life to the courage and quickness of the three men.

Patrick MacDougall is a 7-year-old first-grader at B. C. Cate Elementary School in Montour Falls, N.Y., who, acting with great courage, saved his younger brother's life.

On the frigid evening of Thursday, March 11, 5-year-old Michael MacDougall, dressed in winter clothes, stepped across the thin ice of the family swimming pool and plunged into the numbing water below. Patrick, the son of Mr. and Mrs. Bernard MacDougall, Odessa N.Y., immediately dived into the chilling water and pulled his brother out of the pool to safety.

Young Patrick's instantaneous response was instrumental in rescuing his brother.

I commend the meritorious deeds of Eric Brockley, Michael Marrapese, Joseph Felice, Gary Felice and Patrick MacDougall. The noble actions these distinguished people have performed demonstrate not only a selfless disregard for personal well-being, but also a noble regard for the welfare of others.

EDUCATIONAL PROBLEMS FACING URBAN NATIVE AMERICANS—PART V

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. FRASER. Mr. Speaker, I would like to call my colleagues' attention to the final article in a five-part series on Indian education which recently appeared in the Minnesota Daily, the University of Minnesota newspaper. This article, written by Morgan O'Brien, Donna Soutor, and Robert Hudson, describes the Red School House in St. Paul, an alternative school for Indian elementary and secondary students.

The Red School House was founded in 1972 by E. Benton Banai as an alternative to the programs offered in the St. Paul public schools. The school is oriented around the notion of survival skills—skills that will enable Native American students to understand and take a place in contemporary society. It seeks not only to help students master fundamental mathematics, reading, and communication skills but also to increase students' awareness and appreciation of Native American history, values, and wisdom.

Although the Red School House does interact with the St. Paul public school system, it has maintained a sovereign decisionmaking process. Such a course has presented hardships, particularly in the school's finances. But it has also allowed the students, staff, and community to structure a bold and independent educational alternative.

The article follows:

RED SCHOOL HOUSE: ALTERNATIVE FOR SURVIVAL—PART V

(By Morgan O'Brien, Donna Soutor, and Robert Hudson)

While a national television network camera crew packed up after two days of filming at the Red School House in St. Paul several weeks ago, Gabe Horn, the school's Native American history instructor, gave an impromptu lesson in survival to the assembled students.

"Why should we let other people tell about us? Who's better qualified to talk about Native Americans than ourselves? We're the ones who should be taking the pictures and writing the stories," he said.

Founded in 1972, the Red School House was begun as an alternative to public school education to teach survival skills to any person, but particularly Native American Indians lost in mainstream America. Surviving as a school has become the most relentless test of that vision.

Survival skills, according to staff member Joe Liles, are the three R's of traditional education—reading, writing, arithmetic—along with an understanding of how modern society, such as the government and the economy, works.

"For a long time Indian people have been so uncomfortable, so poverty stricken and so bewildered by it all. Survival skills mean reducing that confusion and having our kids take their place in society, even in leadership roles," Liles said.

Religion is the cohesive center of the school's dynamics even though it is not treated as a separate subject. The most visible and constant evidence is the Sacred Circle. Any gathering of the student council, classes, pipe or drum ceremonies at the beginning or end of the day are held in a circle, symbolizing the group's unity with the natural universe and each other, while recognizing each member's equality and uniqueness.

Merri Medanis, 14, from Grand Rapids, Mich., thinks Indian youths in public schools are too afraid to learn. "They don't feel at home. They're afraid to raise their hand to answer a question. I know I was; I was in a shell. I wouldn't even sit at the front of a class."

A supportive, noncompetitive atmosphere among students is encouraged by grouping them into four areas based on their age and ability, with no threat of nonadvancement.

A staff of 18 currently serves 125 students. Instructors are not necessarily accredited by the State Department of Education. Some of them, like Maggie Folendorf, an English literature graduate of Macalester College and the the school's primary grades instructor, don't have any formal training in their teaching area.

"But I like it a whole lot and can't imagine being at any other school. I can't see many of these kids in a public school because you can't hold them down. You can't tell them to sit and be quiet," Folendorf said.

"I sympathize with the public school teacher who has 30 kids of her own all day. I think I'd make them sit too if I were in that situation. But I don't think kids should have to be quiet. I just keep it down to a dull roar," she said.

While the public schools had a holiday on Washington's birthday, classes were scheduled as usual at the school and attendance was hampered only slightly by the lack of public school transportation.

Horn sees the school's emphasis on self-acceptance as a key to the school's nonpunitive attendance policy.

"A lot of these kids couldn't read a sentence when they first got here and they were in the seventh or eighth grade," Horn said.

"Now you can't keep a book out of their hands because they're reading books about Indians, about themselves, their religion and their history; how many people are going to turn away from that? That's why they come here.

"A lot of times you hear these kids referred to as dropouts. It seems to me most of the students are here because they want to be. 'Yeh, they had trouble getting along in public school, but who wants to go there anyway when they can be coming here and learning things that are natural to themselves and giving them an identity?' "

As a teacher, Horn is hard on his students. "I expect them to do their absolute best whether it's writing, reading or thinking. If they hand me a paper that's sloppy, I give it right back to them, but I give it to them with an Indian value inserted in it, saying, 'We take pride in what we do.' "

The teacher's task is seen as creative, but difficult, according to graphic arts instructor Liles. "A lot of what a teacher does in his classroom comes out of his own head. We're dealing with subjects and perspectives in this curriculum that haven't ever been taught before."

At the lower grade level, the few reading work books are considered a luxury. Staff members are trying to write texts and teaching guides of their own use and to pass on to other Indian schools struggling with the same lack of funds and materials.

While the school would welcome cooperaation from the St. Paul Public School System, they are not interested in becoming a part of it and giving up their Indian sovereignty in the decision-making process of the school, according to E. Benton Banai, the school's founder. Policy is now set by equal representation, he says, of an executive board, parents advisory committee and the student council.

Financing the school over the past five years has been a struggle. Discussing the future finances, Banai said simply, "We pray a lot."

Banai said the school could use more than twice the money they are now spending. While this was the first financially stable year in its history, the need for renovation of the 79-year-old building at 643 Virginia Avenue (formerly) St. Vincent's Parochial School) is critical for the safety of their students and a better learning environment. Money is also needed to match much sought after state grants.

Last Saturday's 15-mile "Walk for Survival" was the latest in a series of fund-raising efforts to realize some of the school's plans. A school spokeswoman said the unofficial pledge total was about $16,000 from the 1,000 pledge cards turned in after the walk. The figure is more than organizers had said would make the walk a worthwhile effort, so the support the school needs to continue appears to be, at least in part, from the white community.

THE 35TH ANNIVERSARY OF THE DEPORTATION OF BALTIC PEOPLES TO SIBERIA

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. HYDE. Mr. Speaker, this year, about 1 million Americans of Baltic descent are commemorating the 35th anniversary of the mass deportations of Lithuanians, Latvians, and Estonians to Siberia which took place on June 14–15, 1941. During these first arrests, 100,000 persons were deported to various places in Asia Siberia. This was done to subdue the Baltic States, which had been illegally occupied by the Soviet Union against the will of the people.

The Soviet Government began planning for mass extermination of the Baltic people soon after the conclusion of the Hitler-Stalin pact of 1939. The clear evidence of this is found in N.K.V.D. Order No. 01223 regarding the "deportation of anti-Soviet elements from Lithuania, Latvia, and Estonia." According to data collected by the Lithuanian Red Cross, 34,260 persons were deported from Lithuania, 35,102 from Latvia, and 33,500 from Estonia.

Statistics on age groups and professions have also been provided from a list of 20,974 persons. There were 1,626 infants; 2,165 children from the ages of 4 to 10; 2,587 persons from the ages of 10 to 18; 3,986 from the ages of 18 to 30 years; 7,778 persons from the ages of 30 to 50; 1,681 from 50 to 70 years; 427 over 70 years of age; and the remainder of undetermined age.

The largest groups were elementary and secondary school students: 6,378. There were 3,389 farmers, 1,865 housewives, 1,591 government employees, 1,098 teachers, 879 workers, 622 servicemen, and 416 university students.

All of these people were loaded into freight cars with 50 to 60 persons in each car. The windows of the cars were boarded over, husbands separated from wives, and children separated from parents. They all were locked in the cars lacking air, food, and water.

The long journey from the Baltic States to Siberia killed many weak and sick. Some dead children were thrown out of the cars by guards and left by the railroad, disregarding the enormous grief of their mothers.

In the following years, many other deportations took place. Baltic deportees were transported to northern Russia, western and eastern Siberia, and Kazakhstan. They were used for slave labor and many of them perished in the mines and forests, or they were annihilated by the cold, the starvation, and diseases because they lacked proper clothing, food, and medical attention.

Some managed to survive. A few even reached the United States, and readily testified to the inhuman conditions of life and to the cruelty of their imprisonment. Even Alexandr Solzhenitsyn in his book "Gulag Archipelago" witnessed how Baltic deportees were tortured and forced to live under inhuman conditions,

Four young Lithuanian girls, who were deported to Siberia, have secretly written a prayerbook, which through underground channels, has been smuggled to the Western World. It was published in English, and entitled: "Mary Save Us."

These young girls wrote:

> The day has closed its eyes. Fatigue closes my eyes. My feelings have dried up, my strength has left me . . . with icy lips, with tear-filled eyes, tormented by despair, we fly to your straw-covered crib, O Holy Babe . . . We are drained of strength, our feelings have faded away, our hearts are benumbed thoughts we cannot control . . . Jesus help those who die in foreign lands without consolation of the Church or their dear ones, without the comfort and aid of their friends.

The Soviet Union also deported people from the Baltic States in following years. A Lithuanian woman, Barbara Armonas, was deported in May of 1948, but after many years of slavery, she managed to emigrate to the United States of America. She describes her deportation from Lithuania in her book: "Leave your tears in Moscow":

> About four o'clock in the morning of May 22nd (1948), I heard a knock on my door . . . I opened the door and froze with fear . . . There was a whole detachment of soldiers, about thirty altogether, all with heavy weapons. In the yard, a machine gun had been set up. The officer pushed me aside, went into the house, and demanded my passport . . . He took a letter from his pocket and read in a monotonous voice that the state had decided to deport me from Lithuania to other Soviet states . . . I had only a half hour to prepare myself for the

> deportation journey. Awakened by the noise, my son started to cry . . . I was told that I could take no suitcases, but must pack everything into a potato sack . . .
>
> When the half hour was up, my son, myself, and our belongings were put into a buggy and escorted under heavy guard to the neighboring village . . . Some twenty-five families had been collected . . . Each family sat on their sacks in a group. No one talked.
>
> Some two hundred families had been collected and put into trucks, each guarded by four Russian soldiers with guns. These trucks were nearly all American Lend-Lease equipment . . . At first, I thought all Lithuanians were being deported . . . The village of Aukstuoliai was left completely empty.
>
> At the railroad station, we were put into cattle cars, about forty to sixty people to a car. The train stood in the station at Panevezys for two full days. We were given no food . . . Our transport consisted of sixty cars, so it can be estimated that it contained about 2,400 persons . . . The feeling of human beings herded into cattle cars are impossible to describe. No one knew where we were going or what could be expected . . . In one car, a woman with two small children whose husband was in prison, went mad, jumped from the moving train, and was killed . . . The biggest problem in our car was an 83-year-old paralyzed lady . . .
>
> After about fifteen days, we stopped in a station about 160 miles from Irkutsk, the largest city in Siberia . . . We were ordered to get out . . . We stood there for about four hours in a cold rain mixed with snow. The children cried all the time . . .

The deportees were placed in barracks with broken doors and windows in company with many thieves, and Mrs. Armonas writes:

> It was clear to everyone that we had been sent here to die.

On starvation rations, they were forced to cut trees in the forests 5 miles away from the barracks. The work norms were very high, and they had only primitive tools. The regime for prisoners was severe. Mrs. Armonas writes:

> I was always hungry. We were not allowed to wear shoes in our rooms. We could not sit on the beds.

Fortunately for Mrs. Armonas, Krushchev's amnesty released her from the slave labor camps, but there are still tens of thousands of Baltic deportees in Siberia, and tens of thousands buried there in unmarked graves.

The Communists murdered or deported about 350,000 people from Lithuania, the total exceeding 10 percent of the population, and these figures are also the same for Latvia and Estonia.

MONUMENT OF MEMORY TO MAJ. GEN. ARTHUR ST. CLAIR

HON. JOHN H. DENT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. DENT. Mr. Speaker, today I am privileged to introduce a House resolution that in itself will serve as a "monument of memory" to Maj. Gen. Arthur St. Clair.

Maj. Gen. Arthur St. Clair was a Continental Army Officer, a President of the Continental Congress, the first Governor of the Northwest Territory, a commandant of West Point, and a commandant of Fort Ligonier. He was a military hero at Trenton and Princeton at the beginning of the Revolution and his maneuvers at Saratoga led to the defeat of General Burgoyne of the British Army, a turning point in the Revolution. It was Maj. Gen. St. Clair who was chosen among all others to deliver the address at George Washington's funeral.

He left a successful career as surveyor for the Penn family, justice of the peace, judge of the probate court, recorder of deeds and general law enforcement officer so that he could serve in the Continental Army. It was out of such a self-sacrificing and dedicated spirit that America was born.

The existing inscription above Maj. Gen. St. Clair's grave reads—

> The earthly remains of Major General Arthur St. Clair are deposited beneath this humble monument which is erected to supply the place of a nobler one due from his country. He died August 31, 1818 in the 84th year of his age.

It is clear to me that a more permanent memorial was intended for this man. What more fitting tribute could thus be paid than a permanent monument of memory in the form of a resolution by the people's House of the Government of the country that he gave his life and riches to create? I think that in this Bicentennial year it would be particularly appropriate to finally dedicate such a "monument of memory" to this great American.

ENEMIES OF THE INTELLIGENCE COMMUNITY CONTINUE THEIR ATTACKS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. McDONALD. Mr. Speaker, the Organizing Committee for a Fifth Estate, publishers of the magazine Counterspy, has recently released the latest issue of their magazine. As I have pointed out previously, the function of OC–5 and Counterspy is to serve the Soviet and Cuban Communist intelligence services by attacking the American intelligence community. Former CIA Director, William Colby, has accused OC–5 of being in large part responsible for the murder of Richard Welch, the CIA station chief in Athens, Greece.

The latest issue of Counterspy, dated spring 1976, carries a full page of names of alleged CIA agents in Africa. The names had been provided by the leftwing Paris newspaper, Liberacion, and by the Black Panther Party.

Another full page of names were alleged to be CIA agents in London. This list which included U.S. Embassy staff members, including young secretaries, revealed the home addresses of the intended victims. The London list had been provided by the International Marxist Group in England, the British section of the Trotskyite terrorist Fourth International. The leader of the IMG, Tariq Ali, is also a member of the International Executive Committee of the Fourth International. According to the Socialist Workers Party, Tariq Ali has publicly taken a position, "very favorable to the use of terrorism."

The Socialist Workers Party is the American section of the Fourth International. The SWP has also revealed that their British comrades in the IMG have been the major support for a terrorist group called Saor Eire which has committed murders and done bombings in both England and Ireland. The collaboration of OC–5 with such people in identifying alleged CIA agents is tantamount to setting up assassinations.

The same issue of Counterspy also carried an attack on this Member of Congress. I became the subject because a member of my staff is married to a man who publishes a newsletter called Information Digest which OC–5 finds objectionable. Counterspy refers to John Rees and his wife, Louise, who is employed on my staff as "extremely dangerous people." Is this another invitation for physical attack by the violence prone leftwing?

Much of the Counterspy article including large sections which are inaccurate or completely confused, were supplied by William Haddad, an employee of the New York State Assembly speaker, Stanley Steingut. I have previously discussed the peculiar career of Haddad who has acted as a source for Jack Anderson for many years.

I would like to call to the attention of my colleagues testimony which I gave before the U.S. Senate Subcommittee on Internal Security on March 26, 1976. The testimony concerns the Organizing Committee for a Fifth Estate. It appears under the title Subversion of Law Enforcement Intelligence Gathering Operations, part I.

THE HAYS AFFAIR

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. HAMILTON. Mr. Speaker, I include my Washington Report entitled, "The Hays Affair":

THE HAYS AFFAIR

> If the Wayne Hays affair prompts the U.S. Congress to investigate itself to determine whether its members are abusing the prerogatives of high office, it could be one of the better things that has ever happened to the Congress.
>
> As all the world must know by now, Congressman Hays first denied, and then admitted, that he had had a sexual affair with a former secretary, who said she had been hired with government funds solely to be his mistress. The central issue in the Hays controversy is not the sexual morals of a member of the Congress, but the abuse of power and the possible misuse of public funds.
>
> This incident has sent public shockwaves across the country, and has provided the nation with a sex scandal it apparently relishes. More importantly, it calls attention to the

deficiencies in the operation of the Congress and it will have served a useful purpose if the Congress, which delights in investigating others, begins to investigate its own practices. The Hays affair shows that the House has failed to keep its own affairs in good order.

It may be accurate, and I think it is, to say that the majority of the Congressmen and Senators are honest, hard working and sober, but it is also accurate to say that there are just too many areas where Congressional conduct raises questions in the minds of the public. Although 12 members of the Congress have been convicted of crime in the last 20 years, the real problems exist below the level of criminality and with a wide range of questionable practices. Confidence in the Congress will not be fully restored unless these practices are examined and an effort is made to develop strict standards of public conduct.

This task is not as easy as it might appear. Travel abroad by a Congressman can be an important, even essential, part of his public responsibility. It can also be a junket at public expense. How can the two situations be distinguished and who should decide which trip is useful and which trip is not? Should a member accept lecture fees from special interest groups, own shares of stock in a corporation seeking federal contracts or favorable legislation, or belong to a law firm representing clients involved with the federal government? If a Congressman has a financial interest in a particular industry, is it unethical for him to vote on bills affecting that industry? Are the perquisites of office, for staff salaries, travel, and other allowances, too generous?

Although nepotism (the hiring of relatives) is illegal, what about the employment practices on Capitol Hill that enable Congressmen to put on the payrolls elevator operators, mailing clerks and other patronage employees? With more than 17,000 workers employed by the Congress and a payroll of more than $100 million, there is no centralized system of supervising, hiring, or firing employees, and, other than the rules on nepotism, no guidelines or restrictions on how individual members of Congress can use their payrolls.

The answers to these questions are not quite as easy as they may appear at first glance. But what strikes me is that the Congress does not really address them in any sustained and systematic way. The overall record of the Congress in the area of overseeing the conduct of its members is poor. In recent years the list of instances of questionable conduct is long enough (Thomas Dodd, Adam Clayton Powell, Robert Baker) to persuade me that the Congress must go beyond the investigation of individual cases to a consideration of whether offensive practices may be more widespread, and to determine what practices are acceptable standards of conduct and what practices are not.

People are demanding heightened standards of conduct by those of us in public office. Those standards should be encouraged by the Congress through the vigorous and diligent performance of its own Ethics Committee. So long as the Congress keeps only a sleepy eye on its own members and their practices, it will stand low in public esteem.

My hope is that the Hays affairs will create pressures for far-ranging reforms within the Congress. There are some encouraging developments. Most observers of the Congress agree that the vast majority of Congressmen, and especially the younger members, are able, dedicated and responsible. Citizen groups and the press apparently plan to keep the heat on the Congress, as they should. The House Ethics Committee is beginning to function again after years of inactivity, and a special task force appointed by the Speaker is reviewing the prerequisite of offices, such as payrolls, expenses and newsletters.

The goal is a Congress that operates at a high level of ethical conduct. I happen to believe that the Congres has made progress toward that goal in recent years, but the struggle to do even better goes on. No final victories over dishonesty, illegality and unethical conduct by all members of the Congress will ever be won, or should be expected. But, by striving for that goal we resist the "deadly sin" of cyncism, and by moving to put our own house in order we begin to restore the respect of the people for an institution that is essential for their liberty.

H.R. 14143

HON. ROBERT W. EDGAR

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. EDGAR. Mr. Speaker, extending the delimiting date for GI educational benefits continues to be a major concern of a great many Members of the House, evidenced by a bill which I introduced, H.R. 14143, which now has 116 cosponsors. Because of the many calls I have received from Congressmen asking to be cosponsors, I plan to reintroduce this bill in the near future.

H.R. 14143 will extend the delimiting date for 1 year not just for those veterans affected by the May 31, 1976, date, but it will also include all veterans whose delimiting date will expire in the future. During that year a veteran will be able to use a maximum of 9 months of educational assistance—1 school year—at any time during the 1 year extension. This will enable the veteran to better plan his education around the financial assistance available through the Veterans' Administration and his own financial situation. This bill will grant no additional monthly educational assistance to a veteran but will only allow him time to use the benefits he has left.

To be eligible for this extension, the veteran must be pursuing a program of education during his 10th year of eligibility. The extension will terminate when the veteran completes or ceases to pursue the program of education or training in which he was enrolled during his 10th year of eligibility, or at the end of 11 years from his last date of discharge or release from active duty. Since May 31 has already passed, this bill will go back and include those veterans whose eligibility period expired on or since that date but prior to the date of enactment.

Mr. Speaker, this legislation is designed to assist those veterans who have already made a commitment to furthering their education. It is important to remember also that those Vietnam era veterans whose delimiting date will be expiring within the next few years will be eligible for this 11th year "teach down."

Mr. Speaker, the Subcommittee on Education and Training of the House Committee on Veterans' Affairs held hearings on the extension of the delimiting date on May 19, 20, and 21. Since 9 of the 11 members of that subcommittee supported my amendment to the budget resolution to provide an additional $610 million to the veterans' budget for a possible extension of the delimiting date, I am certain that they are as anxious as I for the subcommittee chairman to schedule a markup session.

Mr. Speaker, in order for my colleagues to better understand what has taken place regarding this issue, I have inserted the following excerpts from an article which appeared in the Stars and Stripes on May 27, 1976:

Ford, VA, AL, VFW, DAV, Teague, Roberts, Oppose Education Extension

American veterans have always stood tall, scared, hungry and dirty, but fought bravely regardless of the power of the enemy. Wednesday, Thursday and Friday (May 19, 20 & 21) the Vietnam veterans proved this again in their young lives, in the military arena and in the political arena.

Too often our troops have had to fight battles that should never have had to be fought in the first place. This time, the Vietnam veterans had the support of the National Association of Concerned Veterans, National Association of Veterans Program Administrators, College Veterans Clubs, International Conference of Police Associations, Unions and many Members of Congress.

From the time the First House Concurrent Budget Resolution hit the floor of the House, the battle objectives were clear and the parties to the battle were well known.

The objective: extend the 10-year delimiting date beyond May 31, 1976, even to the point of giving up the forthcoming cost-of-living increase to help provide funds if necessary.

The parties: the President and the Veterans Administration, who want to restore the 8-year delimiting date from the present 10 years; The American Legion; the Veterans of Foreign Wars; the Disabled American Veterans; Chairman of the Subcommittee on Education and Training, Rep. Olin E. Teague (D-TX); and Chairman of the full House Committee on Veterans Affairs, Ray Roberts (D–TX).

Congressmen fought for the recommendations of their Budget Committee and many stated their support was to "preserve the integrity of the Budget process" now that they finally have a Budget Target to work with. According to several, the Budget did not include several items badly needed by veterans. These items were left out of the President's Budget, and, regardless of the merit of the programs, the Budget Committee was not going to include them and give the President an opportunity to accuse the Congress of being "budget busters".

The President did leave out cost-of-living increases for disability compensation, pension, educational assistance, death benefits, military retirement recomputation, hospitals and medical care, among many other programs.

Representative Jim Wright (D-Tex.) was successful in obtaining $1.2 billion for those programs pertaining to veterans and Rep. Robert W. Edgar (D-Pa.) was successful in obtaining $610 million hopefully for extension of the educational delimiting date for over 500,000 veterans enrolled in college whose entitlement will expire May 31, 1976. The Budget compromise with the Senate reduced this $610 million to approximately $200 million.

After the First Concurrent Budget Resolution was locked up (passed), the President announced his desire that Congress find funds to build 8 new VA Hospitals with funding starting at $249 million.

No one could disagree with the President that the 8 VA Hospitals were needed. The good and bad news about the announcement was expressed by many that they hoped the President did not expect the $249 million to come out of the current VA Budget Target of $19.5 billion and if Congress amends the VA Budget Target to grant the President's wishes by increasing the $19.5 billion, Congress could also amend it to provide further funds for the extension of the delimiting date.

The Vietnam veterans express a fear that if the extension was not granted it would set a greater stage for further erosion of veterans' programs in the future. The American Legion, Veterans of Foreign Wars and the Disabled American Veterans, in their opposition, were fearful that funds for the extension would rob funds needed for compensation, pensions and medical needs. They were assured repeatedly by the members of the Subcommittee that funds for these programs were already in the Budget. The AMVETS did not appear, nor was a statement from them available at the hearings.

The following are excerpts from the testimony of Rufus H. Wilson, Chief Benefits Director of the Veterans Administration:

1. Underlying purpose of all GI Bills has been to help veterans adjust from military to civilian life by affording them monetary aid to obtain an educational status they might normally have aspired to and obtained had they not served their country, never a continuing benefit but a readjustment measure from service to civilian life.

2. History: WWII must start within 4 years from separation and finish within 9 years or July 25, 1956; Korean must start within 3 years from separation and finish within 8 years or January 31, 1965; PL 89–358 provided that veterans discharged after January 31, 1955 (end of Korean War) were allowed 8 years from June 1, 1966 or date of separation to finish. No time limit was required to start; PL 93–337, effective July 10, 1974, extended the 8-year delimiting date to 10 years. Applies only to those separated prior to June 1, 1966; thus, the present delimiting date of May 31, 1976.

3. Approximately 50 bills have been introduced to revise or eliminate the delimiting date.

4. Such proposals are inconsistent with the readjustment intent of the education programs and would discriminate against the WWII and Korean veterans who did not receive the same eligibility.

5. The VA has consistently opposed, and continues to do so, any extension or removal of the delimiting date, and at the request of the Administrator on February 6, 1975, H.R. 3702 was introduced to reinstate the 8-year delimiting period.

6. Veterans under the current GI Bill are in a better position than either their WWII or Korean counterparts—more time to complete and more educational opportunities and programs.

7. Those most likely to benefit from extension of May 31, 1976 are some cases who have been out of service as long as 20 years. All have had ample time to utilize their readjustment benefits for the purposes for which they were intended.

8. As the Chairman of your Committee has pointed out, the GI Bill is "not intended to subsidize educational institutions . . . is not a form of supplemental income for veterans who are not making enough money . . . or another form of unemployment insurance." GI Bill benefits are—and should be—what they are titled: readjustment benefits.

9. VA has notified those whose benefits will expire May 31, 1976 that VA Regional Office personnel and Vet Reps stand ready to assist them in obtaining benefits from HEW's Basic Educational Opportunity Grant Program, Supplemental Educational Opportunity Grant Program, College Work-Study Program and Student Loan Program.

10. With so many other resources available to them, with greater benefits and a longer time to use such benefits, we feel that today's veteran has been provided with adequate educational assistance from the Veterans Administration.

Debating the extension is somewhat similar to the issue two years ago when the delimiting date was increased from 8 to 10 years. Rep. Margaret M. Heckler (R-MA) reminded her colleagues that at that time she had tried unsuccessfully to extend the delimiting date by 4 years instead of 2. The following are her remarks on the House floor on April 28, 1976:

Mrs. Heckler: Mr. Chairman, I rise in support of this amendment. Before addressing the issue, I wish to commend the distinguished gentleman from Texas (Mr. Roberts), the Chairman of the Committee on Veterans Affairs. Although he and I do not always agree on every issue, I respect his leadership and am pleased to be one of his colleagues on the committee.

Two years ago, in the 93rd Congress, I was the author of an amendment in the Veterans Affairs Committee to extend the delimiting period for 4 years, from 8 to 12 years. In the committee procedure, with an honest difference of opinion, the committee sought and succeeded in setting the period at 10 years.

I think at this point we are still considering how long the GI Bill should be functional for the Vietnam era veteran. In support of the Edgar amendment, let me say that I think there is a significant difference between the level of benefits received by the veterans of World War II and Korea, and the level of benefits received by Vietnam era veterans.

For many years after the onset of the Vietnam conflict, the level of benefits were exceedingly low, and it was not really until the 93rd Congress that the level of benefits was increased sufficiently to attract a significant number of veterans into the program. Those veterans who were attracted 2 years ago found, finally, that their veterans' benefits would cover the cost of their tuition, but they also learned that they would only have 2 years' worth of education.

The question before this Congress is whether or not we really want them to complete their education. In my view, it would be fiscally wasteful, rather than fiscally responsible, to withdraw educational assistance from the nearly one-half million veterans who are enrolled in the program. If we refuse to approve the funds for extension we will force many of these veterans to become college dropouts—an outcome which I find unconscionable. I urge my colleagues to approve funds for extension, in order to allow full review of the numerous bills to eliminate the delimiting period which is now pending before this Congress. Otherwise, hearings on this issue, scheduled tentatively for mid-May, will be invain. Let us resolve to deal with the issue—to meet the educational needs of hundreds of thousands of veterans who will be abandoned on May 31—by authorizing funds for the VA budget today.

The following are excerpts from the testimonies of those Congressman who appeared in person to testify to the Subcommittee on Friday, May 21, 1976:

Representative Christopher J. Dodd (D-CT), "The majority of Members of the House indicated their support for the extension by voting in favor of the Edgar Amendment . . . this gives us some indication of the substantial support which exists among our colleagues for the continuation of these benefits . . . I, also, have introduced and co-sponsored legislation for the elimination of this time restriction . . . it puts undue pressure on a veteran to enroll in a program just to beat the deadline, even though the program may not be best for that individual . . . the real rate of unemployment remains at 10.5% and in my own State of Connecticut it is 12.1% . . . unemployment will increase if veterans are denied completion of their education."

Representative Robert J. Cornell (D-WI) responded that Congress has been more concerned with the dollars involved rather than with people. Rep. William F. Walsh (R-NY) said that Connecticut was like New York in that the cost of an education was too high in many areas for veterans to start immediately after separation from service. Rep. Clifford Allen (D-TN) stated that he was going to offer an amendment to the Foreign Military and Economic Aid bill to remove some of the fat, especially aid to many countries that would not lift a finger to help America, and one of the major reasons he is going to use in his rationale is to obtain funds for the extension.

Representative Benjamin A. Gilman (D-NY), "I have sought delimitation on the floor of the House and I hope this committee will help eradicate what I believe to be a misguided provision . . . occupational and family demands have hampered veterans from making full utilization of their education entitlement timely . . . many across the country are policemen and firemen and other shift-worker types that prevent full use within a time element . . . only the veteran can determine when best to use those benefits . . . the time factor is irrelevant . . . why is it so important that we, as legislators, tell these loyal men and women that this Nation intends to impose an artificial time barrier on the exercise of their hard-earned benefits? . . . not since the Civil War has a conflict divided this Nation so sharply, so bitterly, for so many years—a "war" that lasted for more than a decade, that created havoc to the Nation's political system and educational centers with such divisiveness, rancor and hostility . . . these are the reasons that distinguish the Vietnam era conflict from World War II and the Korean conflict, thereby meriting special consideration."

Representative Gilman was asked what he thought about the opposition of The American Legion, VFW and DAV. He responded that large numbers of Vietnam veterans have not taken advantage of membership in the major veterans' organizations and, therefore, we should think about all Vietnam veterans rather than just those that the major veterans' organizations can speak for as members. Rep. Walsh stated that as long as Rep. Gilman was in Congress, the Vietnam veterans need not worry that they have no word in Congress.

Representative Ronald A. Sarasin (R-CT), "I urge the Subcommittee to report out a bill that would exempt those now enrolled . . . when Congres passed this GI Bill, it did not at the same time provide a mechanism for informing veterans of the availability of this benefit . . . it was in 1972 that Congress passed provisions for the VCIP program, six years later . . . the VCIP and their outreach programs have produced a higher enrollment than the average GI Bill participation rate increase thereby attending to the success of the program . . . only since 1972 have thousands of veterans become aware that they had an educational entitlement . . . to NOT allow them to complete would be a waste of time and money already expended . . . in meeting with approximately 200 veterans who came here from Connecticut earlier this month to inform us of their need to complete their education, they also informed the Connecticut Congressional delegation that The American Legion, Veterans of Foreign Wars and the Disabled American Veterans do not speak for the Vietnam veterans."

Representative Cornell agreed that since Congress saw fit to pass the VCIP program in 1972, it points out that Congress was convinced that veterans were not informed of their rights. Reps. Sarasin, Allen and Walsh agreed that if the Committee can get a bill to the floor of the House that it would pass.

Representative Thomas J. Downey (D-NY); "A one-year extension is not enough—it should be completely eliminated . . . it is extremely important to prevent our distaste for the Vietnam experience from adversely affecting our treatment of Vietnam veterans who were the first of our war veterans not to be the recipients of a universal respect and admiration from the American people . . . employers did not welcome them back with open arms and job offers as in the aftermaths of World War II and the Korean War . . . surely the ramifications of the nature of the Vietnam War form a convincing argument for a longer "readjustment" period to civilian life . . . Mr. Chairman, I contend that while it has been argued that educational assistance was not intended to be a continuing benefit, the consequences of having served in the armed forces DO continue, whether we like it or not."

Representative Edgar stated that a readjustment period may take 11 years. Previously, Rep. Edgar was told by the DAV that some veterans adjust very well very soon, others longer, and some never, it depends upon the individual and the help he receives. However, the DAV stated that further extension discriminated against the WWII and Korean veterans who were not given this much time. Rep. Edgar countered that if we are going to talk about discrimination among veterans, then why don't we give the WWI veterans the same amount of $270 a month so that they will have the same and can live out their remaining years much better than they have now? The question went unanswered.

Representative Anthony Toby Moffett (D-CT), "With me is Julius Nido, President of the Veterans Association at Post College in Waterbury, CT . . . A young European prince once wrote in a letter to the young, 'Go out into the world and find what you need to survive and then go back to school and ask that your teachers teach you that' . . . It is in this spirit of such a mature and goal-oriented approach to their education that the veterans who may be about to lose their benefits have been attending college. I find them to be, in most cases, among the most serious and successful students on campuses in Connecticut . . . I find it disappointing to see an institution like the Veterans Administration taking a position of opposition without acknowledging that it was the VA's own incompetence and lack of outreach to veterans that put us in the current crisis situation . . . How can the VA take a position that these veterans have had enough time to complete their studies when hundreds of Members of Congress have heard from constituent veterans that they were never informed or learned of it late in the ten-year period? . . . Mr. Chairman, I am not suggesting that a Federal agency has an obligation to find every last eligible person and inform him of his eligibility . . . Congress intended for the VA to get the word out, and the VA did a terrible job . . . this failure is also reflected by the Congress creating the VCIP program . . . The American Legion, Veterans of Foreign Wars and the Disabled American Veterans do not speak for the Vietnam Era veteran . . . we should also take a look at some of the billions we spend on expensive military weapons and equipment, foreign aid to unfriendly nations . . . we are not talking about students of Harvard, Princeton or Yale—it's the student of the smaller colleges . . . perhaps we can extend for one year or some other measure, but we must act quickly."

Representative Cornell commented that it is not possible for the VE veterans to obtain most scholarships as they are usually restricted to those age 17–20 and the Vietnam veteran is too old to qualify. He stated that most Members of the Subcommittee tried to assure the AL, VFW & the DAV that the Budget contained monies for increases in programs that were their priority.

Representative Edward P. Beard (D-RI), a member of the full committee, testified: "I am very distressed that the AL, VFW & DAV are opposed to additional time for education . . . they are not looking to the future in building their organizations . . . if this continues, they will ge able to hold their National Conventions in a closet because the Vietnam veterans will not be there."

Representative Cornell stated that no one is more outspoken for the common man than Mr. Beard. Also, he found it significant that most of the Congressmen who were testifying were from eastern states where the unemployment was the highest. He added that The American Legion claim 600,000 Vietnam veterans as members; however, apparently the Vietnam veteran has little influence in The American Legion policies.

Rep. Edgar complimented Rep. Beard that, "like me, we have come to Congress as working people rather than as a lawyer or businessman, and I thank you for bringing this new perspective."

Representative Frederick Richmond (D-NY), "According to the VA, payments are being stopped in complete disregard to where the veteran stands in his training program . . . Education is not a give-away program and this is not a give-away program . . . it is an entitlement which has been earned and an investment in America's future . . . we should do everything possible to encourage its use . . . the delimiting date will mean that many millions of hours of study will go unused as it did for World War II veterans when an estimated 500 million hours of study were allowed to expire."

Rep. Cornell stated that, "your reference to an investment reminds me that the Secretary of the Treasury told us to talk about the money we would be saving if we cut back to the 8 years from the present 10."

Repeatedly throughout the hearings Rep. Clifford Allen, a Freshman first-termer Congressman, made reference to the Freshman of Congress when addressing another Freshman. Most of the Congressmen who testified are Freshmen.

Many stated that the Vietnam veterans can count on the Freshman class in Congress. This remains to be seen. Vietnam veterans also have many Congressional friends who are beyond the Freshman class. Two hundred and eighteen, to be exact, however, several Congressmen stated the number would increase if a vote was taken on the extension right now.

THE HAND THAT ROCKED JIMMY CARTER'S CRADLE

HON. ANDREW YOUNG

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. YOUNG of Georgia. Mr. Speaker, I am a romantic and an idealist and I have been somewhat moved by the American people's response to the 1976 Presidential primaries—particularly, those Americans who know difficulty, confusion and frustration. The single most significant chord that has played again and again, as the voters have expressed their preferences, is that of honesty, integrity, and decency.

The black community has always known that its allies were those who dared to live by their religious principles and who have been through the fire of persecution because of it. Jimmy Carter, the former Governor of the State of Georgia and the certain nominee of the Democratic Party in New York in July, is one of those romantic personalities who dared to stay and work effectively to deal with the problems of economic deprivation and race in the South. A stubborn, independent spirit and deep compassion enabled him to survive the moral contradictions exploding all around him. And I am convinced that he learned to love, and to know the nature of love, from his mother, one of the truly great women of our time. Southern women, whether black or white, have always been more free than the majority of the society.

Orde Coombs, a gifted young black writer who by his own admission is a bit cynical about the motives and actions of the liberal operatives in this country, journeyed south to discover from whence Jimmy Carter came. What Mr. Coombs discovered was that, "Lillian Carter's morality works for her son in 1976. It is morality based simply on doing for your neighbor what you would like him to do for you."

Mr. Speaker, Dr. Martin Luther King, Jr., was fond of quoting:

> Greatness is characterized by antitheses strongly marked. A great man must be one with a tough mind and a tender heart.

Because I believe that the South is offering for leadership its best, and because I think I know from whence it came, I commend Mr. Coombs' article in the June 14, 1976, issue of New York magazine to my colleagues for their reading:

The Hand That Rocked Carter's Cradle

(By Orde Coombs)

I knew Jimmy Carter was going someplace when Aunt Bessis, black, 76, a lifelong Republican who still can't stand Franklin Roosevelt, told me that she was going to vote for Carter because of his mother. She had come to New York from Preston, Georgia, near where Jimmy Carter was born, and in her Bedford-Stuyvesant apartment she was happy to lecture me: "You young people don't know nothing, do you? You don't know that there are quality white people, even though most of them are nonquality. And you don't know that Lillian Carter nursed more than half of the colored people in her part of Georgia."

And then I read that Congressman Andrew Young had declared that Carter's mother was "one of the truly great women of our time." When I talked to him, he said: "I knew Lillian Carter long before I knew Jimmy, and I learned from her and others that the difference between Southern liberals and Northern ones is the difference between partnership and paternalism."

I decided I had to meet this quiet legend, and so recently I flew down to Plains and made my way to her house before the Georgia sun had gotten hot.

Lillian Gordy Carter comes out of her modest brick house, with its dull paneling and its "family-antique" furniture, and I can see the smile starting, so that by the time we shake hands, it has already sliced her face and brought me quickly into the vortex of her "Southern charm." Age has wrinkled her face, which now rests somewhere between the cragginess of Lillian Hellman's and the canyons of W. H. Auden's in his last days. She is not without vanity, but she firmly believes that, as a woman born in August 15, 1898, she has "earned the right to carry the years" where they show. The rest of her is styled, prepared, ready. She has gotten used to giving interviews, to "helping Jimmy in really the only way I know how, and that's by telling the truth."

I watch this septuagenarian with critical eyes and I notice the dime-sized brown spot on her right cheek; the neatness of her light-blue pantsuit; the small feet encased in navy-blue canvas shoes; and the hair—full, gossamer whiteness that has been perfectly coiffed—and I am thinking that no adman could conceive a more perfect picture of white middle-class American grandmotherhood.

"Some bugs are eating my grass," she says. Look at that. They are eating from the house to the road. Did you ever see such? Come on in. Be careful of that step. More newsmen have tripped over that than anything else. They claim they can't see it. Now, where do you want to sit?" I keep my frozen smile and say nothing, for she is not going to snow me with Southern kindness and calculated disingenuousness.

She starts up again. "Do help me with this chair. I can't lift a thing. Is the sun too much for you over there?" And then, suddenly, it hits me, and I know why the words tumble out, why Lillian Carter cannot stop her meanderings. She is the out-of-place doyenne of Plains, Georgia—a woman who has been ahead of her time and still is in her hometown, but who has suddenly found that the times have caught up with her, that now she can get off her chest all she ever wanted to during the past 50 years among people who could not stand her eccentricities, her deviations from normal racist behavior.

"I never had close friends," she tells me. "I was never one to be running in and out of people's homes. Smalltown people can sometimes be afraid of independent minds."

"But weren't you able to do as you wished?" I ask. "After all, you were relatively well off."

"I have not always been well off," she counters, "but I've always had a mind of my own."

This statement was seconded later in the day by a 98-year-old black woman: "Miss Lillian is afraid of no man," she told me. "She says what's bothering her, and shoot, if you don't like it, she ain't about to stop to ask you why."

But a white woman shopping in Turner's Hardware Store was not so admiring: "Lillian Carter always felt she was better than us. She always felt she was a great reader. She brought up that church-integration thing in 1954, just so she could show us up. She didn't want colored people in there any more than we did. She thinks she is so smart and we're so dumb. Jimmy's much nicer."

As I sit on a yellow-and-brown-striped couch, she pulls her right leg under her and plops down in a yellow chair. "I must have my rest from twelve noon till one. But we can talk after that. If I haven't tired you out."

"Don't you always watch soap operas at that time?" I ask her. "Don't you always watch *The Young and the Restless* and *All My Children*?"

"You found me out," she squeals, "so stay and watch them with me. I started to look at them when I had my cataracts removed, and now I'm hooked. But it is a rest period for me, because I just sit here and laugh and carry on my own dialogue with the actors."

As she speaks about her unanswered conversations with television actors, I remember the TV "star" who is the reason I am in this small town in Sumter County, Georgia, where the Seaboard Line train runs through the center carrying yellow Hustler-brand peanut pickers and where the Carter Worm Farm office is a stone's throw from the Sandcraft tourist shop that sells peanut jewelry. This is an area that saw bloody civil-rights battles during the sixties, but now boldly displays a poster of the Sumter County Improvement Association, with its picture of black hands and its legend:

HANDS THAT PICK COTTON NOW CAN PICK OUR PUBLIC OFFICIALS

It is from this place that the most successful politician of the year has emerged, a man who is so Janus-faced, they say, that he is able to win the fervor of disparate people who ought to be natural antagonists. Because of this propensity, other presidential candidates have ganged up to attack Jimmy Carter, but they have all ended up sounding like Jimmy-one-note.

"We don't really know what Jimmy Carter stands for," says Gerald Ford.

Mr. Carter is waging a "campaign of generalities calculated not to offend people who may disagree with him," says Frank Church.

"Who is the real Jimmy Carter? What's behind the smile?" asks Jerry Brown.

Carter is a "waffler," says Mo Udall.

And so I've come to this town with no jail, with only one (white) policeman by day and one (black) by night, to find out what I can about a peanut metaphysician who, like a parrot I once owned, keeps saying to 215 million people, "trust me, trust me." I figure that if there was any person who could reveal the chinks in his armor—that granite control and iron will—it would be the woman who rocked his cradle, changed his diapers, and guided him to manhood.

I quickly got down to business. "Why do you think that your son, who has spent so much of his life in a little town in Georgia, should be the president of the United States? What qualifications does he have to make him even dream of this high office?"

Mrs. Carter folds and unfolds her hands. "Well, he is an honest man. An intelligent man. A hardworking man. A man devoted to his country and his God. And his heart is full of love and compassion." (Here it is again! Carter's own theme, one that worked so well in the rough steel towns of Pennsylvania that he won 65 out of 67 counties. Can it be that behind those hard, blue-collar exteriors lie closet hippies waiting to proclaim love as a philosophical imperative?)

I look at her looking at me, and I say coldly: "I could say all those things about the man who runs my neighborhood delicatessen, and God knows, he must work even harder than your son. But I certainly wouldn't want to see him president of the United States."

"Of course not," she snaps. "Your delicatessen man probably never dreamed large dreams and worked to see them come true. Besides, I don't think you can compare Jimmy's record and what he's trying to do now with selling roast beef."

She has had to learn how to talk back carefully, how to make her point and not offend, for her roots are deep in the red Georgia, clay, even though her spirit has always soared with Dostoevski and Tolstoy. She was born in Richland, a simple southwest Georgia town, and she moved from there to Plains in 1921. She has traveled to many countries around the world, but she has remained a small-town woman, anchored in Christian beliefs and in an unflinching devotion to what is right and opposition to what is wrong. It was her postmaster father who taught her "compassion," she says. He provided for his eight children, as well as his two adopted ones, and a grandmother who had nowhere else to live. "With thirteen of us around the table for supper, we had to learn that we couldn't always have an extra slice of bread just because we wanted it. Someone else might have a greater need." He also taught her not to judge people by the color of their skin, for Bishop William D. Johnson of the African Methodist Episcopal Church was a regular visitor to the Gordy house. These two men would talk about the Bible and "the living Christ." They would talk about the solace they got from the Methodist church, and then, raising their voices in disharmony, would sing:

> The King of love my Shepherd is,
> Whose goodness faileth never;
> I nothing lack if I am His
> And He is mine for ever.

Lillian Gordy never forgot those early years, so by the time she married James Earl Carter in September, 1923, she was so rooted in what she was that neither his aggressive pursuit of money nor his antiblack stance could unsettle her sense of herself. "He was considered a fine catch, you know. He had a grocery store, a dry-cleaning place, and a farm. I was working for the Wise brothers, who had a sanatorium here. Dr. Sam Wise thought that Earl would go far and that I would be a good wife for him, so he introduced us." Her eyes wander off for a moment and I can see nostalgia pulling her away. I bring her back abruptly to the present.

"Your son says that your husband was a segregationist, and all the black people around here who knew him say he was a terrible man."

For the first time today, Lillian Carter's jaws get tight, and she rises in her chair to defend the man with whom she lived for 30 years. "Earl was of his time. Of his time. He was not like me, certainly, but he did not stop me from doing what I wanted to do. You are too young to know, but I am talking about the twenties when we had nearly 200 black people working for us on our farms. It shames me now to talk about it, but they made practically no money, so they couldn't pay for any medical expenses. Well, I would go to their homes and nurse them and deliver their babies. And Earl, yes, Earl, would pay for their expenses. He never interfered with me, and in spite of everything, he was compassionate. Oh, he said things. He believed in the black man's inferiority, but he was no different from all those people around here and all over the country who are now trying to pretend they were never prejudiced. Earl would have changed, like everybody else who has changed. It annoys me to hear people denounce him when he was simply a Southern man who lived at a certain time."

She is breathless, and as I look at those watering gray-blue eyes, I understand the passion and pain of Jimmy Carter, and I sense where the chinks in his armor lie, why he plays it both ways. For he was born to a land that can boast only of pine trees, peanuts, and corn. A land where the heat comes hissing out of the red clay and the undulating highway is littered with dead possums. It is a land from which all dreamers must escape or go mad. And he was born to a father whose business was his life and who remained, for as long as he lived, a stranger to the world of books and new ideas. And to a mother to whom the spiritual life and her moral convictions meant so much that she would not warp her conscience to fit the society's mold. But because she knew how easily the land could claim a boy, she prevailed upon her brother to send books and postcards from around the world to Jimmy, so that he would realize that Plains should not be the center of his universe. And when her flights of fancy went beyond what she knew, she entrusted him to the crippled, plain, and almost blind Julia Coleman, who taught school and who handed him *War and Peace* when he was twelve.

It must have been from that time that Jimmy Carter began to wonder about his future possibilities. But he was raised a dutiful son and so he never rebelled against his father. Although the pull of his mother's light was strong, he always refused to curse his father's darkness. When disagreement with his father about racial matters came to a head in 1950, he decided never to bring up the question of black equality again. So Jimmy Carter learned early to attempt to synthesize varying points of view, and when those attempts failed, he learned "to waffle." And so he can say with equal ease: "I am and have always been a conservative. . . . I'm basically a redneck" (1970) and "I've always been a liberal on civil rights" (1976). Though he was sympathetic to Martin Luther King Jr. and his cause, he prevented his mother from joining King's voting-rights marchers in Albany, Georgia. He didn't want her to get involved; it was too close to home.

In Lillian Carter's blue, four-door Caprice Classic, we drove to the pond house which her children built for her when she came back from India, aged 70 and 30 pounds lighter, after having spent two years as a Peace Corps volunteer. As we walk around the grounds, she tells me she has a lot of faith in God, but that she does not talk about it "as much as some people." "Like your son?" I ask. She smiles. "What I mean is that I'm a devout Baptist, but my practice is not as strong as my daughter Ruth's, who is an evangelist and faith healer, or Jimmy's, who worked up North spreading the word."

I interject, "It bothers me that your son feels that he is in direct communication with God. Doesn't it bother you?"

"We are all in communication with God," she answers firmly. "Some know it, others don't. Too much has been made of this religious issue. It's a private thing. I can tell by looking at you that you don't believe in what I'm talking about, about the power of prayer. But in India, when they placed me in the family-planning unit, I was very unhappy and I prayed to be moved out of it and into an area where I could do some good. My prayers were answered almost immediately."

I ask her if she prays for her son's victories. "No. Just that all will be right for him, and whatever God decides is fine, because it is all in his hands anyway."

Lillian Carter opens her arms to the sudden Georgia wind. "It's been a good life. Sometimes I feel like just sitting out here with a fishing pole and a book and looking at the squirrels run up these pine trees." I know those are mere words, for although she is 78, she feels she is too young to vegetate.

And suddenly I am thinking of old illiterate, black Ephraim in Faulkner's *Intruder in the Dust*, who says: "If you got something outside the common run that's got to be done and can't wait, don't waste your time on the menfolks; they works on what your uncle calls the rules and the cases. Get the womens and the children at it; they works on the circumstances." Faulkner knew that women like Lillian Carter existed, and that they always worked on the circumstances and always broke the rules when the heart had its reasons.

And then I remembered that she had said something that struck me as strange at first, but later made sense. "The black people are having a harder time adjusting to the new situation than the whites." I asked her what she meant, and she talked of the hostility of young blacks to all whites. "They know nothing of the old order. They haven't suffered very much from it, but now they feel that they must make us pay. They have to convince themselves they are forever free from the fear of white people. But they still have to contend with racists like Uncle Buddy, my husband's brother, and others in this family. There's a lot of work to be done."

All of Lillian Carter's morality works for her son in 1976. It is a morality based simply on doing for your neighbor what you would like him to do for you. It is part of being a "good Christian." And it is part Pollyanna. It may be what the country needs now, but it will not take us into a new century, for it is essentially a morality of the past.

But for now the old morality will do. Lillian Carter knew that there were principles too dear to be compromised. She knew, too, that no matter how much she was vilified, she would eventually be proved right. For today, all over the South, mothers who could not understand Lillian Carter's "pussyfooting around" and insisting on principles are gazing in amazement at their sons.

WHAT IS OUR REAL POLICY ON CHILE?

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. BONKER. Mr. Speaker, it has been heartening at last to hear Secretary Kissinger defend the more idealistic of our American values at the OAS session in Santiago, where, in polite terms, he noted that Chile's lax observance of human rights "impaired" our relationship. Heretofore, he had generally argued that anything but quiet diplomatic nudging—even of those countries getting our arms hand-outs—smacked of interference in sovereign domestic affairs, engendered resentments, and in the end proved counterproductive. Unfortunately, this philosophy, ennobled or not, met with a conspicuous lack of success. About its only result was to put Congress in the uncomfortable position of either going along in the hope it would work, but in the meantime feeling an accomplice in bolstering repression, or being labeled irresponsible by the President.

Those of us who supported Representative FRASER's milestone human rights amendment accepted the latter fate and apparently contributed to provoking a veto of the fiscal year 1976 security assistance bill. Yet Congress was not exercising mere whim. It intended, on the contrary, only to exercise a proud, and one would have thought bipartisan, moral mandate. Our country was founded on individual liberty, and its foreign policy has since attempted to express this tradition. Congress leaned over backward to develop consensus language, simply affording the opportunity for a majority of our Nation's elected representatives to suspend military assistance on proof, in a given instance, of "a consistent pattern of gross violations of internationally recognized standards of human rights."

I believe it is becoming increasingly evident that our real and ultimate allies are those who share our political and philosophical values, who truly believe in, and will defend, liberty and justice and social progress, not those countries whose small and shaky elites simply happen to have material interests that for the time being coincide with ours. Marriages of convenience just do not last, and even while they do, they are not so happy. The fact is that we are supporting a number of authoritarian regimes which fly in the face of the ideals for which America has stood for 200 years. Perhaps it can be argued that stability is a precondition for just and effective change, that an orderly evolution is more productive than a chaotic revolution, that communism thrives on disorder. Yet discontent in a right-wing society does not seem so good either, practically or morally. Nevertheless, a number of regimes that we have long been supporting have made no headway, or even attempt, at uplifting their impoverished, repressed, and potentially rebellious peoples.

Mr. Speaker, I am hopeful that Secretary Kissinger's statement signifies a moral new direction in our foreign policy. Regrettably, however, the rest of the administration is not yet entirely in tow and may even work to frustrate this rare and admirable initiative.

I want to call attention to a column from yesterday's New York Times which explains the problem:

TWO-FACED POLICY ON CHILE

(By Tom Wicker)

If the Ford Administration can be said to have a left hand, it seems to knoweth not what the right hand does in Chile.

Just last week, Secretary of State Henry Kissinger, in Santiago for the Organization of American States meetings, belatedly criticized Chile for human-rights violations which he said had "impaired" relations between the two countries. Congress, meanwhile, was sharply restricting further economic aid to Chile.

Sixteen American and Canadian banks nevertheless have made a new $125 million loan—without opposition from and probably with the tacit approval of the Treasury Department—to the repressive Government of General Pinochet in Chile. That Government was denounced at the O.A.S. meeting not only by Mr. Kissinger but in an official report of the Inter-American Human Rights Commission.

Chairman Henry Reuss of the House Banking and Currency Committee has pointed out however, that it is not just the Pinochet Government's record of jailing and torturing its opponents that makes the American loan inadvisable; Chile at the moment is also about as little "credit-worthy" as any nation in the world.

Mr. Reuss said the monthly inflation rate had almost doubled, to 13.5 percent since last November, and that payments and service on the more than $4 billion of Chilean foreign debt will eat up 38 percent of Chile's export earnings in 1976. Unemployment is above 16 percent and the gross national product declined more than 12 percent in 1975. Various Western European nations, apparently more prudent than the American and Canadian bankers, are refusing to renegotiate their loans to Chile or to ease repayment terms.

The Treasury through the Comptroller of the Currency, managed to choke off loans to democratic Italy two years ago, Mr. Reuss recalled. He thinks the current Chilean loan, at least the American share of it, could and should have been discouraged in the same way. But when he wrote the Comptroller, James E. Smith, last May 4 to inquire what was being done, he at first received no reply. When after many phone calls, a reply was received in the second week of June, it was too late. The loan had gone through on May 21.

That was just two weeks after Treasury Secretary William Simon visited Santiago; he came away praising Chile's "economic freedom" and saying that General Pinochet had assured him that human rights conditions would be improved. The new loan follows by a few months a generous World Bank loan, to which virtually every democratic member nation except the United States was opposed.

This is in sharp contrast to the economic squeeze the United States took the lead in imposing on the previous Chilean regime, the legally elected but Marxist Government of Salvador Allende Gossens. And it appears to be in contradiction of Mr. Kissinger's newfound reservations about General Pinochet's political prisons.

The Secretary of State's criticism, his support of the report of the Human Rights Commission, and his advocacy of increased powers for that agency all tended to deny General Pinochet's Government the international respectability it needs to ease its present debt burden and to find new credit sources. But the Treasury Department apparently did nothing to prevent the $125 million loan—even though it was in violation of the banks' own stipulation that Chile first obtain a standby loan from the International Monetary Fund. No I.M.F. loan has been made but the banks went ahead anyway.

The Senate made its attitude clear on June 11, when it put a ceiling of $30 million on economic aid to Chile for 1976 and 1977; the figure for 1975 had been $200 million. Another $38 million would be provided if Chile met stiff requirements on human rights. The House already had taken similar action. The Senate, moreover, has forbidden any further military aid to Chile, a provision expected to be accepted by the House in the final version of the military assistance bill.

Why the Treasury Department should have looked the other way when the 16 banks made the latest loan to Chile (credits to General Pinochet from the United States and the world organizations it strongly influences already totaled about $1.8 billion) is not entirely clear. Mr. Simon can hardly be so naive as to believe that the release of a handful of political prisoners after his visit to Santiago was anything but a charade. He knows that major industries in this country badly need credit. Such a hard-nosed inflation fighter as he could have few illusions about the Chilean economy.

What is clear, however, is that the $125 million bank loan tends to shore up the Chilean junta at a time when both the State Department and Congress are bringing greater pressures against it.

PROSPECTS FOR CIVIL AVIATION

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. LLOYD of California. Mr. Speaker, I would like to bring to the attention of my colleagues, a speech delivered today by Dr. John L. McLucas, Administrator, Federal Aviation Administration, to the Iron Gate Chapter, Air Force Association of New York City.

Last month, the Subcommittee on Aviation and Transportation, of which I am a member, and under the chairmanship of Congressman DALE MILFORD of Texas, held a week of hearings on the "Future of Aviation in the United States." The hearings took a comprehensive look at the future of aviation in this country. Historically, the United States has led the world in commercial aviation. This Nation's aviation industry has blossomed to the point where it not only supplies our aeronautical needs, but that of most of the world. Yet, in spite of its past successes, and proven importance to our national economy, our aviation industry is facing the severest problem in its history—foreign competition.

Dr. McLucas's speech reemphasizes the testimony he gave before the Subcommittee on Aviation and Transportation last month. It is important that Congress, and the American people become aware of the need for reviewing the problems that plague American civil aviation.

PROSPECTS FOR CIVIL AVIATION

(Remarks by Dr. John L. McLucas)

The growth of air transportation is one of the most remarkable developments of the Twentieth Century. It provides almost unlimited mobility to hundreds of millions of people all over the world. Many of the most distant and hitherto inaccessible regions of the world are easily reached by air, a fact of immense importance to industry and national economies, not to mention the benefits to individual people. And its tactical and strategic value in battle certainly needs no recounting by me to this group of aviation enthusiasts.

In the United States, the aviation industry has become one of our most important national resources. Currently, we produce about 85 percent of the commercial and general aviation aircraft used in the free world. The net "gold flow" for the aerospace industry is something like $8 billion a year. Other U.S. industries that export a large amount of goods are most often counter balanced, sometimes outweighed, by imports of similar goods. The automotive industry, for example, once the world leader, now imports more units than it exports.

While we take great pride in the success of our aviation industry, we must be alert to the possibility that our lead will be lost. There already is evidence that our preeminence is slowly eroding.

Something substantial must be done to revitalize our national competitive stance, to renew the national interest in being first with the best, and to rekindle the "love affair" this nation once had with aviation. I believe that, as a nation, we may have lost sight of the importance of aviation to our well-being socially, politically and economically. After agriculture, aviation and aerospace contribute more than any other industry to the balance of payments. The number of people directly employed in the industry is 942,000. Beyond these measurable ingredients, aviation contributes to innovation in many other parts of our economy.

If we believe that the continued health of the industry is essential to the overall health of our economy, then we must accept as a national objective the development of a plan and the fostering of actions related to that plan. This will allow our manufacturers to develop and produce new aircraft which will meet the needs of today's and tomorrow's air carriers. And these airplanes must be available on financial terms which will be competitive in the world's markets.

Today, the majority of our Congressional leaders, most elements of the press, and the public as well, have turned their attention to other matters: health care, education, law enforcement, urban transportation, and environmental concerns, to name some of the most pressing socially oriented problems confronting America.

This is not to say that we have not heard considerable discussion of stated goals for aeronautics in the U.S. Congress and in the Administration. But today, there is no clear mandate for specific federal action to support and direct progress in this major American industry.

The exception to our industry's problem areas is in the field of general aviation. Fortunately, this segment of civil aviation has enjoyed a period of growth and prosperity for several years. In fact, April billings in general aviation sales (amounting to $114.5 million for 1,439 planes) are the highest of any month in history.

And, for the first quarter of this year, billings amounting to more than $400 million are 14 percent higher than for the same period in 1975. For general aviation, business has never been better. So in my remarks today, due to the essentially healthy state of general aviation, I won't dwell on this aspect of the industry.

But for our industry as a whole, we are confronted by the question of what the government can do with respect to the major manufacturing side and to the airline segments of the industry as well. Fortunately, in recent months two significant actions—the debate on the Administration's proposed Aviation Act of 1975 and, more recently, the House hearings on the future of aviation—show some promise of financially strengthening and revitalizing the competitive and innovative prowess of U.S. aviation. While the proposed Aviation Act of 1975 has not met with universal acclaim as the answer to all the problems of our industry. I hope that out of the discussions and debates pro and con surrounding the Act, we can finally arrive at rate and route structures which will make it once more attractive for the principal owners of capital to look favorably on aviation.

Secretary of Transportation Coleman, during his testimony before the Milford Committee, said he felt the proper role of government is to create an environment in which the normal market forces can act. I think we can all agree on that. But translating that maxim into specific government action is no easy task. I am not discouraged about our ability jointly to get the job done. We are already beginning to move in the right direction—when we finally admit the existence of the problem. There is growing awareness that our industry has become "an endangered species" that we have to do something about.

In the past, military aviation has paced aeronautical technology, with civil aviation as the beneficiary. But today, as many of you may know, civil aviation has begun to press heavily on technology in its own right to meet the public transport demand. This is not to say that civil aviation is growing any less dependent upon the benefits of military research and development efforts. The level of military R&D which is applicable in one way or another to civil aviation ranges somewhere between $2 and $3 billion a year—a sum that dwarfs the aviation R&D efforts of all other government agencies, including NASA, in combination. DOD contributions to aeronautical technology, innovative research in aerodynamic structures, engine development and in the field of electronics are far too numerous to mention. I believe the future of civil aviation will always be beholden to the military for much of its progress, particularly in areas of advanced research. Nevertheless, our national priorities are changing. And with the changes, the economic health of many of our basic industries is endangered with many industries facing major organizational surgery and, in some cases, financial trauma. This is especially true of the aviation industry, particularly the civilian segment, both manufacturing and airline.

In this country development of new aircraft for civil use has always been primarily the responsibility of private industry even though industry has had considerable help both from technology developed by the military and from production orders for military versions of many of the most successful civil transports. But in the last few years, the costs of research and development and other pre-production costs related to producing a new aircraft have virtually brought the introduction of new aircraft designs suited to the major airlines to a standstill. As a case in point, pre-production costs of one of our latest jumbo jets topped out at about $2 billion. Some combination of government and private initiative is going to be needed to finance the next generation of transports. There is room here for much closer cooperation of several government departments—Defense, Transportation, Commerce, Treasury and State—to fill the existing void.

As for the airline industry, there will be demand for an impressive number of new aircraft in the years ahead to replace its aging fleet and to provide the additional capacity which normal growth will require. Airline and industry sources estimate the need over the next 10 years at more than a thousand new aircraft, representing an investment of about $20 billion. The financial climate within which our airline industry now operates, with some equipment units priced at upwards of $25 million per plane, prohibits new acquisitions for all but the most prosperous airlines. Indeed, most carriers can now afford only to lease badly needed planes. The specter of another $20 billion investment is just that—a specter!

So there's little doubt that we are facing some very difficult problems ahead in all aeronautical and aerospace matters. Solving them is going to take all the wisdom we can muster. One of our major difficulties, I believe, has been that in the past, like "Topsy," we have "Just growed." And because the necessary things were done, we took them for granted. The public enchantment with the wild blue yonder, the safety, speed and comfort of air travel, the economy and attractiveness of business aviation, the promise of space exploration, and the wonderful prowess of military aviation all have led us to expect continuing progress automatically and have not prepared us for the challenges we are beginning to face. It appears that our industry has marched off in so many directions, listening to so many drum beats, government and public, that it has lost its sense of direction.

What is needed now is better coordination among the industry, military, NASA, the FAA and other government agencies concerned with aerospace matters to prevent further deterioration, indeed, to bolster the competitive prowess of our industry. The creative national teamwork that waned after putting men on the moon needs urgently to be rekindled and redirected toward strengthening the U.S. in productivity, innovation and international competitiveness. The cost of the technology of today, and increasingly that of the future, requires the best thinking of economists, industry and government if the stance of aviation is to improve. Many are speaking out for the compelling need for much better overall coordination of air and space transportation matters. Whether such responsibility can be placed in one individual and just where that person would sit, in the Executive Office, in a special advisory council office, or in the DOT are problems for further study and Congressional consideration. But I believe such an official could assist considerably in helping to clarify our goals and objectives related to maintaining our preeminence in aviation.

The stagnant R&D activities related to a future American SST needs review and reevaluation. And, I believe, the merits of the consortium approach to aviation research and production matters should be the subject of more favorable consideration—particularly in view of the staggering costs of "new" aviation and aerospace products.

The recent statement by French Transport Minister Marcel Cavaillet that the British and French are investigating the possibility of a second-generation supersonic transport and would welcome U.S. cooperation in this effort should receive very careful study in this country. There is considerable merit in the idea of continued close cooperation with our European allies on advanced technological programs such as a second-generation SST. The exchange of research and other data is a worthwhile activity that can help expand the frontiers of aeronautical knowledge. Certainly those frontiers need significant expansion if we are going to be ready with the aerodynamics, the materials, and the clean, quiet, efficient engines which will allow us to fly the new SST economically in the late 80's or early 90's.

The Concorde represents a great step forward in aviation and we share the British and French desire to keep this technology alive now that those two nations have decided not to build more than the 16 Concordes originally committed to production. Certainly, the United States could make important contributions to any such cooperative undertaking on the basis of our experience in building and operating military supersonic aircraft and our research and development work with the civil supersonic transport. Although our own SST program was cancelled in 1971, we have continued to explore, under NASA's leadership, the feasibility of developing environmentally and economically acceptable supersonic cruise vehicles.

But the SST is not the only aerospace project involving possible trans Atlantic cooperation. A number of U.S. aerospace firms are exploring possible joint ventures with their European counterparts. A few are already well along on joint venture programs. Most notable are the interactions on the "10 ton" engine between General Electric and Snecma and among Pratt & Whitney, MTU, Rolls Royce and Fiat. Boeing also is pursuing a number of projects with the French, Italians and others. Scarcity of capital at home and antitrust complications of intercompany working agreements have led to the increased interest in forming alliances abroad.

This increased interest in foreign partners may be one answer to the imposing capital requirements of funding new projects. It also may satisfy the rising demand by the European aviation industry for a more significant role in the world marketplace. A joint effort to advance the prospects and the design of a next-generation SST would be in keeping with this new spirit of international cooperation. Frankly, I believe that a properly paced, well thought out program would receive favorable consideration by both the private and public sectors in this country.

We're all waiting to see how, or if, the Concorde SST service proves out from an economic as well as environmental point of view. NASA's work gives us confidence that engine noise could be significantly reduced in a second-generation SST. And NASA research also indicates that a second-generation SST might well approach today's narrow-body jets pound for pound in fuel consumption. As for the United States entry into this controversial area, I believe that eventually there wil be an American SST program because this nation has demonstrated time and again in aviation that we may not always be first but we usually end up being the best. The next successful SST is likely to be American, or to be the result of a cooperative American-European effort.

In closing, ladies and gentlemen, the investments we as a nation have made in science and technology have always paid substantial dividends. This is as true today as it was in the early development of this country when we put our science and technology to work to develop our basic transportation systems. And today, this nation must not run the risk of reducing its aeronautical lead.

In this Bicentennial year, we all are finding occasions for celebrating the progress of the past and for being thankful that we live in a country where progress has been possible and still is possible. Transportation is a field where our continental dimensions and our sense of adventure have combined over the centuries to produce some dramatic developments. One example of the dramatic is the parade of tall ships which I expect to have the pleasure of seeing here in New York harbor on July 4. An example of some of the problems which progress engenders is the special air traffic rules which we will have in effect here because of the large number of sightseerers who are expected to jam the air in the vicinity of this impressive fleet of sailing ships. But the Bicentennial is also a time for taking stock, for seeing where we have been, what we think of where we are, and where we are going as a society of free people.

We are fortunate to live in a nation with an economic system capable of producing goods almost without limit, a system resourceful enough to produce prosperity with freedom and opportunity unmatched in the history of nations; and most important, a system flexible enough to change its ways dramatically when circumstances call for a change. For our aviation/aerospace industry the time is now.

Our industry has problems. Both manufacturers and airlines are in serious trouble. Aircraft noise is not only affecting the quality of life near our major airports, but has become a serious drag on our ability to expand ground facilities necessary to our future economic health. To overcome these problems, we need to demonstrate some of that well known flexibility and imagination.

If we are to maintain a healthy aviation industry, keep our world trade position, then we must exhibit new dedication and vision. We must demand a vigorous national commitment to continuous and aggressive advancement of our industry. And those of us in the public and private sectors must pool our resources and talents to see that an enlightened public policy provides the opportunity for an enlightened private industry to satisfy our transportation objectives to the ultimate profit and good of all of us.

EPISODE IN LENINGRAD—THE LENINGRAD TRIAL OF 1970

HON. BELLA S. ABZUG

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Ms. ABZUG. Mr. Speaker, in recent months many of our colleagues have drawn our attention to those citizens of the Soviet Union who have been denied the right to emigrate to Israel. It is generally recognized that the event which first focused world attention on these "orphans of the exodus" was the Leningrad trial of 1970. At this time I would like to share with my colleagues an account of the trial and the events surrounding it. This account, a portion of which I am including in the Record, is entitled, "Episode in Leningrad". Veteran journalist Murray Seeger of the Los Angeles Times is the author of the piece which appeared in Present Tense, the magazine of World Jewish Affairs.

EPISODE IN LENINGRAD

(By Murray Seeger)

For the Jews of the Soviet Union who had been struggling to win the right to emigrate to Israel, the historic turning-point was the trial in 1970 of eleven foolish, naive young people who hoped to steal a small airplane and fly to freedom in Scandinavia.

The international reaction to the severe sentences was so strong that the government had to reduce all of them. In the years since the defendants were carted off to jails and prison camps, the flow of Jewish emigrants rose from an average of 2,000 for each year from 1967 to 1970 to a peak of 35,000 in 1973. Never before had so many individuals won the right to leave the closed borders of the Russian homeland in such a brief period. Through 1974, when the annual flow was reduced, the total outpouring from the date of the trial exceeded 100,000.

In the late summer 1974, the Kremlin bowed to continued international pressure and granted an amnesty and immediate exit to Silva Zalmanson, the heroine of the Leningrad trial. She has provided for the first free testimony about the planning of the hijack, the conduct of the trial and life in a contemporary Soviet prison camp.

Silva Zalmanson's route to the prison camp at Potma, a forbiddingly bleak, swampy area about 350 miles east of Moscow, started in Riga, the capital of Latvia. She was trained as a mechanical enigneer, worked as an industrial designer and participated in the preparation and distribution of underground literature, known as *samizdat*.

Hillel Butman of Leningrad, one of Silva's associates in the distribution of *samizdat*, called her excitely in February 1970 and made a date to meet her on Gorky Street, Riga's central artery.

Afraid he was about to be arrested, Butman told Silva about a tentative plan to organize a large group of Jews who, with the help of an already enlisted pilot, would hijack an airplane.

The code word for the enterprise was to be "wedding." Silva was to recruit a delegation of trusted people from Riga who would join those already lined up by Butman.

Silva took Butman to the apartment where she lived with her brother, Israel; her father, Joseph, and her new husband, Eduard Kuznetsov. A former student at Moscow State University, the country's most prestigious school, Kuznetsov had been released in 1968 after serving seven years in camps and the notorious Vladimir Prison for "anti-Soviet" activities. He was twenty years old when he was arrested in 1961 along with his friends, Anatoly Ivanov and Yuri Osipov, for publishing an illicit magazine, *Phoenix-61*.

Butman and Kuznetsov "took a walk," the safe way to carry on a conversation when a Soviet citizen assumes he is under surveillance by the KGB. As a former prisoner, under the section of the law concerning "anti-Soviet activities," Kuznetsov had to assume he was being shadowed as a potential security risk. As a Jewish activist, Silva expected the same attention. Although they had not met before, "Edik" Kuznetsov and Butman quickly became friends.

According to Kuznetsov's diary, during their conversation Butman said: "I have a friend who is a good pilot. We have no other way out but to organize a group."

The plotters knew they had to be extremely cautious. Even among the Jews there were police informers "I thought, 'It will end this way, in talks, in discussions and in preparations,' " Silva said. "I thought that the matter would never reach the point when all of us would have to sit in the airplane. So I thought, but in spite of that, I dreamed of the day."

On the spur of the moment, she told her older brother, Wolf, an Army lieutenant who was home on leave from his post in Lithuania, about the scheme, Wolf said: "I cannot even dream of Israel. When I shall be released from the Army, the law of secrecy will apply to me for many years, and this thought alone makes me mad." He, too, joined the plotters.

Kuznetsov went to Leningrad to meet with Butman and the pilot, Mark Dymshits, and returned home more enthusiastic than ever. "It seemed that his will was as strong as steel and could move mountains," his wife remembered. The organizers of the Riga delegation gathered at Zalmanson's apartment to hear Eduard's report and to plan the next steps.

The first date picked for the "wedding" was May 2, 1970. At Kuznetsov's insistence, two non-Jews, Yuri Fyodorov and Elik Morzhenko, had been invited to join them. Kuznetsov personally vouched for both men, whom he had met in prison camp, but others in the group were opposed to taking anyone except dedicated Jews. The two were finally accepted. On April 28, four days before the target date, Butman called from Leningrad. "Silva, the wedding is postponed until fall," he said. "That's all—don't ask questions.

Eduard and Silva met with Dymshits and Butman in Leningrad. "I weighed everything, the risk is too big," Butman explained. "Too many people know of our plan, so many that certainly also the KGB knows. There is no sense in committing 'kamikaze.' "

Despite an intense argument, Butman held firm to his opinion. The other three decided to abandon him. Keeping only the code name for their plan, the trio set out to make a less ambitious attempt to grab a twelve-seat biplane, the Antonov-2, from the strip at Smolny Airport, a small field near Leningrad.

On May 28 in Riga, Silva received a coded message indicating that Israeli government officials opposed any attempted hijacking. Silva answered that the plan was cancelled but, as she said later, "I lied—we decided to go the limit."

A week later, Dymshits telephoned from Leningrad. "The wedding will take place," he announced. "Edik is invited to the engagement party."

The new plan called for the sixteen plotters to split into two groups. Kuznetsov and Dymshits would lead the larger one to Smolny Airport to board a regular AN-2 flight bound for Priozersk, north of Leningrad and then to Satavalla, a former Finnish city inside the restricted border zone. The twelve boarding at Smolny were to act like strangers to each other. Silva, Mary and Leib Knokh, and Boris Penson were to camp out in the forest near the Priozersk runway. When the plane was on the ground, the passengers were to grab the pilots, tie them up and put them in sleeping bags under the trees. The four on the ground would then also board the plane and it would be flown to freedom by Dymshits.

On June 14, Kuznetsov watched from a distance as Penson and Silva bought tickets at the Finland Station in Leningrad for the rail stop near Priozersk. "They are following us," Kuznetsov told the others. When Silva and her friends went to the baggage room to retrieve their luggage, they found it had been searched. Still, the four Jews boarded the train heading north.

"We did not encounter the followers and entered the forest," Silva recounted. "Very soon we lost our way. Penson and Knokh went to find the way but could not find the airport in the night darkness. We decided to make a small fire and to sleep until about six in the morning. After sunrise, it would be easier for us to find our location."

"My watch ended at three in the morning and I was about to wake Borya Penson for his watch, but at that moment a man in uniform stepped from the trees and asked for a light for his cigarette," Silva went on. "I passed the matches to him and he lighted his cigarette, stepped back to the woods and then turned back to us with a gun in his hands. He fired a shot over my head and shouted madly: 'Hands up.'

Five hours later, Kuznetsov, Dymshits and their friends walked out of the small terminal building at Smolny and headed for the 8:30 flight to Priozersk. They never got to the plane—two large groups of KGB agents from Moscow and Leningrad surrounded them and competed with each other to make arrests and rough them up. The "wedding" was over.

The formal investigation ended on October 27. The trial date was scheduled for November 20. On October 28, Kuznetsov refused the services of a lawyer because, he said, "In political trials the defense has no significance," and on November 20 he refused to eat or drink. But there was an unexplained delay.

The postponement gave Kuznetsov more time to think and on Dec. 10 he changed his mind about making a defense and met with a lawyer. He was advised to "speak and behave like a repentant criminal resigned to his fate." "I don't like his proposal," Kuznetsov wrote in his diary. "It is good to love people and Russia, but from afar. In the West they have no idea of what's happening in the Soviet Union. They don't know that here we seek bread, not butter."

The government put eleven defendants on trial together on December 15. Two other wives and two young girls arrested with the Kuznetsov-Zalmanson group were released without explanation. Wolf Zalmanson was to be tried individually as an Army officer, following the main trial but before a second arraignment of hijack defendants. Those in the first trial were charged with violating Chapter 64–15 of the criminal code of the Russian Republic, the crime of treason for trying to leave the country without permission, and Section 93–15, theft of government property. Eight were also charged with breaking Section 70, generating anti-Soviet propaganda, and Section 72, participating in an anti-Soviet organization.

"I was brought into the courtroom as the last one," Silva recalled. "At last, I saw our whole company. I was impressed at once by their being clean-shaven and properly dressed—everything was ready for the 'parade.' All of us were put into the dock. We exchanged a brief 'shalom' and expressed all other words only in hurried glances. I looked at Edik and he looked at me. In my thoughts I asked him to forgive me everything I might have said improperly during the investigation, and his return glance told me that he understood and forgave me."

Prisoners in the Soviet Union assume from the moment of their arrest that they will be punished. The criminal justice and political security systems assume a position of infallibility. Some defendants, as Solzhenitsyn has reported, defy their captors, argue with their interrogators and persistently refuse to admit their guilt regardless of the pressures put on them. But most are willing to admit a great deal in the hope that their sentences will be moderated.

Silva and Israel Zalmanson, Dymshits and Mendel Bodnya pleaded guilty to the charges against them while Fyodorov pleaded innocent. The others entered modified pleas, admitting many of the facts presented against them but not the government's legal conclusions.

On December 22, the prosecutor, S. Y. Solouyev, summed up the evidence and expanded widely on the alleged evils of the "intrigues of international Zionism." The defendants were shocked to hear the severity of the penalties he requested from the court. Probably determined in advance by the KGB and party officials, the sentences sought were: Kuznetsov and Dymshits, death by firing squad; Fyodorov, a Russian, and Murzhenko, a Ukrainian, fifteen and fourteen years respectively; Leib Knokh, thirteen years; Anatoly Altman, Israel Zalmanson and Boris Penson, twelve years; Silva Zalmanson, ten years in strict regime and Bodnya, five years. The two non-Jews were to be committed to the toughest kind of prison camp and Bodnya the mildest, with "strict regime," the middle level of confinement, for the others.

The defendants were then asked to make any final statements before the court pronounced its sentences. As Kuznetsov noted in his diary, "Silva's words were the best." Recorded by her relatives and dispatched to the Western press in Moscow and around the world, Silva's words became a rallying cry for the entire international movement in support of Soviet Jews.

"The prosecutor has not proposed that heads should roll for something that has not been done," she said. "And if the court agrees, then such wonderful people as Kuznetsov and Dymshits will die. I don't think that Soviet law can consider anyone's 'intention' to live in another country 'treason' and I am convinced that the law ought to bring to court those who unlawfully deny our right to live where we want to.

"Let the court at least take into consideration that if we were allowed to leave there would be no 'criminal collusion' which has caused so much suffering to us and even greater distress to our families. . . . Our dream of living in Israel was incomparably stronger than fear of the suffering we might be made to endure. . . . Even now, I do not doubt for a minute that sometime I shall go after all and that I will live in Israel. . . . This dream, illuminated by two thousand years of hope, will never leave me. . . . If I forget you, O Jerusalem, let my right hand wither away."

The next day the court imposed the sentences the prosecutor had requested, except in three cases—Israel Zalmanson was given eight years and Penson ten, each instead of twelve; Bodnya four instead of three.

Apparently because of widespread huge international revulsion expressed against the sentences levied in Leningrad, the Russian Republic Supreme Court examined the defendants' appeals in six days instead of waiting the normal two weeks.

On Dec. 31, the court announced it had found it possible to commute the two death sentences because the plan of Kuznetsov and Dymshits "was stopped at the stage of an attempt, while the death penalty is an exceptional measure of punishment." The two leaders were given fifteen years, Kuznetsov in the toughest type of camp and Dymshits in the "strict regime." The sentences of three others—Mendelevich, Knokh and Altman—were reduced. There was no change in Silva Zalmanson's sentence.

Silva arrived at Camp 10 in Potma, Mordovia, in June 1971. Her husband and most of her friends were confined in other parts of the same complex of two dozen camps in the desolate, wooded swamps 335 miles east of Moscow.

"The camp in Potma, in which I was imprisoned, is a prison for political criminals, people whose opinions differ from those of the authorities—democrats, religious people, nationalists from the Baltic countries and others dreaming of the liberty of their fatherland and of its independence from the Moscow metropolis; members of illegal, anti-Soviet organizations, individual rebels who used to paste up anti-government slogans; fugitives from the Soviet Union, and we Jews claiming the right of going to Israel.

"All these people, apart from us, the Jews, aspired when they were free to change the Soviet regime. They sought truth, justice and an honorable life. One can say that those who got to the camp were fortunate—many have been sent to prisons and, still worse, to psychiatric prisons. A citizen protesting against the regime of compulsion and injustice is considered by the authorities as an 'anti-Soviet,' as a dangerous and crazy person, whom one should send to a camp or an asylum for the mentally sick—'to isolate him from the healthy population,' as it is usually stated in the Soviet Union."

In the women's barracks, Silva found informers who were given extra rations of food in return for their reports on more troublesome prisoners. One of the spies was Kogan, a Jew sentenced to seven years for mailing anonymous critical letters to the government. Another was a Tatar woman, Bakdoleeva, jailed for making critical remarks, who was also an anti-Semite. When Bakdoleeva persistently made anti-Jewish remarks to Kogan, Silva lost her temper and attacked her.

Silva had been in the camp fifteen months when this incident occurred. She was charged with "violating discipline," and given six months in the tougher "strict regime barracks." She considered herself lucky not to be sent to a more distant camp.

"I was given the worst cell in the whole building which was set aside for political prisoners, but a single cell which was originally designed for two. There were two iron cots between which I could choose," she said.

Instead of cloth netting, the cots had grids of narrow iron strips. "This would not have been so bad," she remarked, "except that at the places of welding of the strips there were long, sharp knots. Such a bed is probably suitable for a Yogi who is prepared to sleep on nails."

"During the night hours I used to spring up every ten minutes out of bed and start hopping like mad, trying to speed up the blood circulation in my veins. But for such hopping one needs strength and I had none—the food was just sufficient so that one did not die of hunger. Without a letter from Edik, I don't know what would have been the end of it."

The message from her husband was simply a short note smuggled hand-to-hand from his nearby camp to the strict barracks where Silva was confined. "You are cold, I know," he wrote. "You are to hop. Imagine that you were sent to a sports contest for six months—so hop!"

"Who else could know except Edik, who spent so much time in the punishment cell and solitary confinement," she said. "So, I hopped until I ran out of strength. Unless I did so, I would have frozen to death."

In December 1972, a rumor swept through the strict barracks that an amnesty was to be declared—a common wishful thought among Soviet prisoners for decades. Silva's neighbors first told her the amnesty would apply to those with terms of ten years or more. They then amended that to five years and finally to terms of less than five years. "I decided to believe in the first version; it made me feel warmer," Silva said.

"I sat in my cell," Silva continued. "My teeth knocked from the cold. I waited. When will the lieutenant colonels come to free me? I hear a rattle at the door and somebody asks from the threshold: 'Are there any complaints?'

"I thought: 'What is the use of complaining now when I am being released?' And then I said, 'No complaints.' The lieutenant colonels retreated from the threshold and the door closed. 'Well,' I thought, 'they apparently went to fill out the documents for my release. Perhaps there is no amnesty but because I received so many encouraging cables I shall be released anyway.' "

Silva's term in the cell ended in February and, by comparison, she found living in the barracks with other prisoners again "almost a paradise." A major improvement was the food—"boiling soup for dinner and there is bread," she observed.

Returning to the barracks also meant going back to sewing canvas work gloves. They worked in poor light with machines that broke down frequently to meet work quotas that entitled them to a little extra food. Ordinarily, breakfast consisted of a thin soup but those who met their quotas were able to get, in addition, a cereal augmented with vegetable fats and sometimes sugar. Lunch was usually cabbage soup and a thin cereal. At night there might be some fried fish and again cereal. The small wages paid for the work could be spent by prisoners in good standing for tobacco, margarine, cheese, canned fish, grey bread and jam at a camp store.

During her term, Silva suffered frightful stomach pains and persistent nausea. The sewing work hurt her back and she had trouble with her eyes from the combination of bad light and close work; she could not meet her quotas. She semed to be losing her hearing and as the result of an accident in the barracks she burned her foot seriously and was sent to the camp hospital. There she met Olya, the wife of a worker from near Moscow.

One evening in the spring of 1974, Silva was called to the visitors' room. She had been expecting her younger brother, Syoma, to visit but did not know when he would come because of the long, difficult process required to get permission and arrange for such a trip. With great excitement she entered the visitors' room but instead of her brother she found her codefendant, Yuri Fyodorov, sitting there with his wife, Natasha. Then, belatedly, Syoma entered the room and they sat at a second table to talk.

Silva assumed that much of what she said would be overheard by Fyodorov and conveyed to her husband, since the men were confined to the same barracks. She was surprised to hear her brother suggest: "Silva, appeal for a pardon; it is worthwhile for you to appeal in writing for a pardon." Natasha then turned and made a similar plea.

"No, I do not want a pardon. I do not want their pardon!" Silva answered.

An inspector soon entered the room and ordered the two couples to separate. Silva and her brother were moved to another room and talked for another hour. But she was convinced the joint meeting was staged by the KGB to persuade her to ask for mercy and to give them an excuse to show their generosity and counteract the massive international campaign generated by Jews and their supporters around the world.

Silva's release was announced without advance notice to her in midsummer, 1974. "Zalmanson, you got an amnesty," a guard told her.

"But I did not ask for amnesty," she answered.

"Asked for it or not, it makes no difference," he said. "Take your things, you are free."

Silva went to the Moscow office for overseas passports (OVIR) on August 23, 1974, but insisted she would not leave the country until her husband and brothers were also released. She found this effort was useless, however, so she finally accepted the "pink piece of paper opening the gates of the fatherland for which it was worthwhile to fight and to risk one's life."

The other Leningrad defendants are still imprisoned. While the Soviets gained substantial humanitarian credit points by releasing the one woman punished for the escape attempt, they hold her friends as a warning to any other Jews who might be willing to take incredible risks to win the right of emigration.

WHAT HUMPHREY-HAWKINS WOULD MEAN

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. ESCH. Mr. Speaker, in the past 2 weeks several issues regarding the Humphrey-Hawkins bill have been addressed, particularly economic issues concerning inflation, employment, and the bill's counterproductive economic effects. A thorough discussion of the bill must include views from many sides. The bill, of course, was authored by those who would be called economic "liberals," and it has recently attracted much comment from liberal economists. Two weeks ago, Business Week published the views of several leading liberal economists. It is very important to point out that these men oppose the Humphrey-Hawkins proposal rather than favor it. Their discussion centers on various aspects of the bill that would rekindle double-digit inflation such as forced tight labor markets, fiscal-stimulus requirements, mandated wages, and other problems. Their analysis is stimulating and provides some important insights. The article is herewith inserted in the RECORD for the consideration of all Members:

WHAT HUMPHREY-HAWKINS WOULD MEAN

Despite the economy's strong recovery in the past year, the Democrats believe that the critical issue in the Presidential campaign is still unemployment. To sharpen the issue, they have made the proposed Full Employment and Balanced Growth Act of 1976, sponsored by Senator Hubert H. Humphrey (D-Minn.) and Representative Augustus F. Hawkins (D-Calif.), their vehicle for convincing the Amercian public that they really care, while the Republicans do not. Indeed, Democratic leaders in Congress are counting on President Ford to veto the bill, which they are certain will pass both houses, and are planning to write it into their party platform to keep the issue hot.

One trouble with the Democrats' script, however, is that, while it may have wide political appeal, Humphrey-Hawkins is playing badly with a crowd that should have loved a full-employment bill: the liberal economics establishment that normally provides the ideas and intellectual muscle for the Democrats' legislative programs.

The critics read like a *Who's Who* of liberal economics: Charles L. Schultze of the Brookings Institution, who says, "Call me a friendly critic"; his Brookings colleague Arthur Okun, former Democratic chairman of the Council of Economic Advisers, who concedes that the bill is "beautiful poetry"; Franco Modigliani of MIT; former CEA member James Tobin of Yale; manpower expert Sar Levitan of George Washington University; and Otto Eckstein of Harvard, another Democratic CEA veteran.

Inflation fear: Most of them either decline to endorse Humphrey-Hawkins in its present form, or do so with many qualifications. Their biggest concern is that the bill would be wildly inflationary yet makes no provision for dealing with a potential wage-price explosion. In deference to the AFL-CIO, it omits any reference to wage and price controls or, for that matter, to any form of incomes policy.

Humphrey-Hawkins would establish "the right of all adult Americans able, willing, and seeking work to opportunities for useful paid employment at fair rates of compensation." But unlike the Employment Act of 1946 which stated the same general goal, the bill sets up a mandatory process for achieving it and puts some hard numbers on the objective. It specifies full employment as a 3% adult unemployment rate, and it orders the coordination of all government economic policy to achieve this level within four years of enactment. In addition, the bill would:

Put the government into economic planning through an elaborate process that would involve the President, his CEA, Congress, the Federal Reserve Board, and a bevy of advisory groups. They would be required to come up with an annual "full employment and balanced growth plan."

Require the government to take steps, primarily through coordinated fiscal and monetary policy, to fulfill the plan, and if the long-term goals cannot be met in a given year, require the government to act as employer of last resort, using public service job programs.

Mandate that pay scales for jobs sponsored by the government reflect prevailing wage rates.

The 50-page bill contains a great deal of detail and would require numerous pieces of enabling legislation to implement it fully. But even in its broad outlines, most economists consider it overambitious. Currently, for example, the House version defines an "adult" as 16 years old and above. Humphrey wants to raise that to 18, but even at 18, the 3% adult unemployment target implies an over-all rate of roughly 3.5%, according to both Administration and Congressional economists. And the U.S. has never achieved a 3.5 rate over a sustained period.

In fact, and regardless of whether an adult is defined as 16 or 18, achievement of 3% would require phenomenal growth rates in gross national product. Says Levitan: "You'd have to keep real GNP growing at least 7.5% a year through 1980, and we've never grown so fast for so long a period."

Prediction. No one really knows what kind of inflation would occur if the economy steamed up that much, but economists are sure it would be explosive. Michael Wachter of the University of Pennsylvania, a member of Democrat Jimmy Carter's economic advisory team, estimates that "an attempt to get down to 3% unemployment by 1980 or so chiefly with aggregate-demand stimulus could cause inflation of 15% or more."

Carter has endorsed Humphrey-Hawkins in principle, but Wachter fears that the bill could turn out to be "an albatross for Jimmy, assuming he's nominated," if the bill's proponents succeed in their efforts to write it into the party's platform.

"Given the economics profession's widespread opposition to the bill in its present form," says Wachter, "it will be a liability for Carter. It's the wrong bill to deal with the problems that we face. The Democrats should be putting real issues into the platform—measures that deal specifically with structural unemployment and supply problems. This is what they should test Ford on."

From Levitan, the inflation warning comes through even more alarmingly: "We can do much more to reduce unemployment than Ford wants to do, but not this way. What Congress is doing with this bill is shooting at a rapidly moving target." As if 3% were not tough enough, says Levitan, the wage provisions would make public jobs so attractive that business would be forced to raise wages to attract workers back to the private sector. This, he says, would in turn "bring people out of the woodwork and into the job market. As a result, the labor force will grow—without exaggeration—by 3% to 4% more than it would otherwise.

Schultze, too, says that the wage provision would set a new general wage pattern and be too inflationary. To deal with inflation, he advocates some form of incomes policy short of controls, "perhaps a social contract arrangement such as the British are trying, where tax cuts are given in return for wage moderation." In addition, he would like to see the targets in the bill made "less specific."

Similarly, Tobin says he "would look more kindly on the bill if it had an incomes policy alternative," but he adds that "this mechanism should be available at the start of such an effort, not when the economy gets into trouble." Tobin and Wachter both argue that the structural reforms suggested in the bill should come into play at the outset, or else Humphrey-Hawkins would merely pump up the economy and never get to underlying labor market problems.

Rubbing noses. With all the bill's flaws, it is, as Okun says, "the litmus test for liberalism in economics." And most of the liberals do have some good things to say about it. Schultze says, "We must keep rubbing the government's nose in the problem of chronic unemployment." All agree on the need for a government process that coordinates macro and microeconomic policies, with special emphasis, as Eckstein puts it, "on making the Fed cooperate in achieving over-all economic goals instead of just reacting to weekly data."

Eckstein thinks that Humphrey-Hawkins involves "principally a set of plans, studies, reports, and advisers to advise the advisers." But he also sees it as an alternative "to telling the public we've got to live with high unemployment for years and are so intellectually bankrupt we won't even try to do something."

Does Eckstein endorse the bill? "No," he says, "I don't have to. I'm not running for President."

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on June 18, 1776, the Continental Congress, attempting to curb the many abuses and illegal actions to which loyalists had been subjected, adopted the following resolution—

That no man in these colonies, charged with being a tory, or unfriendly to the cause of American liberty, be injured in his person or property, or in any manner whatever disturbed, unless the proceeding against him be founded on an order of this Congress, or (a duly constituted body) of the district wherein he resides; provided, that this resolution shall not prevent the apprehending any person found in the commission of some act destructive of American liberty, or justly suspected of a design to commit such act, and intending to escape, and bringing such person before proper authority for examination and trial.

Although innocent of any wrongdoing, thousands of loyalists and their property confiscated, were imprisoned and suffered many indignities.

THE MIDDLE WEST: BALANCE WHEEL OF THE REPUBLIC

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. BRADEMAS. Mr. Speaker, I insert in the Record a splendid column by Nick Thimmesch published in the New York Times of June 6, 1976.

The column, "The Middle West: 'Balance Wheel' of the Republic," follows:

The Middle West: Balance Wheel of the Republic

(By Nick Thimmesch)

Dubuque, Iowa—The rich, black soil of Iowa plays host to the recently planted corn. Farmers claim that only inclement weather can stop them from having another boomer year. Unemployment is lower here than in other regions. The Middle West, in this Bicentennial year, remains the balance wheel to the Republic. The heartland stretches from Ohio westward halfway through Nebraska, and from Minnesota south well into Missouri. It is not the most spectacular region in the nation, but surely is the steadiest. The Middle West considers the East's dictums and the West's enthusiams, perhaps indulging itself for a while, but always comes to its senses, thus moderation.

The political liberalism in the Middle West is usually practiced by people unafflicted with urges to destroy. The conservatism is the sort which judged Barry Goldwater radical in 1964, because it perceived him to be against Social Security, assistance to agriculture and reckless with peace.

This year Middle Westerners seem comfortable with Jimmy Carter. They ask a visitor from Washington whether Carter would be a good President, and they also want to know, of late, what kind of man is California Gov. Edmund (Jerry) Brown.

Talk to Republicans and you will hear concern about President Ford's challenge from Ronald Reagan. The question which keeps popping up is, will Reagan really beat the President out of the nomination?

Middle Westerners are more interested in Barbara Walters and her $1-million-a-year job than they are in the Panama Canal. Hell, said one man whose patriotism is above reproach, what is the canal good for anymore anyhow? He had read a lot about it and figured that while it was just fine that Teddy Roosevelt was so proud of it, today the canal isn't worth going to war over.

People who live along the Mississippi River enjoy catfish and avoid extremes. Inland, around the cities and towns which dot the undulating prairie, brown and black now until the corn shoots emerge, there seems to be contentment from not thinking about politics or great issues. It would be difficult to get anyone from Algona, Iowa, worked up over Angola.

There is great value to the nation in having this Middle Western balance wheel. The East has its high practitioners of doomsaying. Too many of the influential in the great metropolises are jaded. Still, the East holds considerable power, generates many new ideas and has a corner on the communications and opinion-making business.

The West has always been a refuge from the East, especially whenever the East became problematic. The West also lured those who were bored in the Middle west or failing in it. Adventurism always characterized the West. Frederick Jackson Turner's thesis that the West served as a national safety valve stands up well.

Take a chance in the West because people out there don't care who you are or where you came from, but can you do it? So the West became freeways and hopeful transients and neon greetings to open spaces. The West goes without neckties, has dinner on the patio and doesn't worry that much about Henry Kissinger.

Again, historically, the Middle West functions as a balance wheel between the rambunctious West and the more rigid institutionalized East. But in recent years, the West has become more subtle in its life style and has even become concerned about its alluring qualities. The states of Washington, Oregon and California aren't at all eager to accept newcomers. They want to sit back and enjoy without being pestered by visitors and unseemly growth.

The great surge of movement, of growth, in America is felt in the South and Southwest; the balance wheel can handle it. The South is in a marvelous renaissance, freed of its fetters over race and receiving overdue respect. Visit the Southwest and you'll wonder if there ever was a recession. High-rises shooting like beanstalks. Glistening new shopping centers proudly sprawling. Excitement and vigor, and that's why they do get worked up over the Panama Canal. Lusty red, white and blue—that's the tone in the sunbelt states.

All of this amounts to generalization, of course. Walls do not isolate our great regions. There is big traffic back and forth in people and ideas. Our nation is vitalized because of such intercourse.

But it's reassuring to reflect on the whole, as we move closer to the 200th birthday of the Republic and realize that the Middle West quite nicely fills the role of the national balance wheel. Ours is a society capable of great gyrations and regional shimmy. But in the heartland there is a stability and measured approach—in fact, word and deed—which serves the Republic so well.

WHAT DIRECTION FOR LIBERAL EDUCATION?

HON. WILLIAM A. STEIGER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. STEIGER of Wisconsin. Mr. Speaker, recently the House of Representatives debated and passed two bills on post-secondary education. During the course of debate, scant attention was given to liberal education. Though it was a topic of little discussion, liberal education is something we should ponder if we are not to lose our focus on where we have been and where we are going, both individually and collectively.

Robert Goldwin, Special Consultant to the President, recently described the future of liberal education in a very thoughtful speech at the University of Nebraska—Omaha.

Because of the importance of this subject I commend Dr. Goldwin's remarks to my colleagues attention:

The Future of Liberal Education

Several months ago, I was asked to talk to you about "The Future of Liberal Education." I have been thinking about and even worrying about it, ever since. And the more I thought, and the more I worried, the more clear it became to me that I have three kinds of news to deliver about the future of liberal education.

I

First, I'll tell you the bad news: Liberal education is in danger; its future is precarious at best.

The United States is, above all else, a nation of very practical-minded people. If we spend time and money and effort, we want a return. We like to know quite specifically what we're buying. It's easy to estimate the value of a course on how to upholster a chair, or repair an automobile; easy to judge what price makes it worth your while, whether for a vocation as an upholsterer or an auto mechanic, or for a do-it-yourself hobby.

But how does one know how much money or time is a good investment to study Victorian literature or ancient and modern theories of political society? You might be convinced that such things are important, but how do you put a price on it? As every salesperson knows, and every consumer knows, when the price is in doubt, the sale is in doubt.

Some people say that price isn't a problem because there are now so many courses available that are free or have a very low tuition charge. But, of course, there is no such thing as a free service. Courses offered in public institutions, or in some private institutions, may cost the user relatively little, or even nothing, but that just means the service is subsidized by others, either by donors or taxpayers, which means that it is paid for at full cost, but in a different way. And there is no way for others to subsidize the student's cost in personal effort.

So the question still remains, what is important enough to teach and study at considerable cost to individuals or to society as a whole? And is liberal education part of what is important? Liberal education is in a precarious position in these times because the answer to that question is not obviously and automatically, YES; the answer takes some thinking about.

II

The future of liberal education is precarious. That's the bad news. The second kind of news I have to tell you is worse: Liberal education has always been in danger, has always been in a precarious situation. The primary reason can be stated briefly and bluntly: It is part of the nature of liberal education that it is annoying, and the people who are liberally educated are annoying—they may be helpful, they may provide beauty and joy to our lives, they may even be absolutely indispensable, but above all they are annoying: they are truly a public nuisance.

The aim of liberal education is to know the truth, and the activity of liberal education is to ask unsettling questions. Liberal education questions what society does not question; it challenges beliefs that society accepts as true; it insists that things that are obscure, complicated, difficult, and even dreary, are really more deserving of our attention than things that are clear, simple, easy, and immediately entertaining. What could be more annoying?

Liberal education also claims to know what is good for us; in fact, it claims to know better than we know ourselves, what is good for us. And we keep asking, if it's so good for us. why does it so often bore us and fatigue us and make us feel like rebellious children waiting for the school bell to ring?

Also, not just in 20th century America, but in all times and societies it has been hard to see just what you can do with a liberal education, just how you can make a living with it. Long ago a liberally educated man wrote that "to a starving man, bread is more important than philosophy." At what financial distance from starvation does the balance start to shift away from bread to philosophy? The liberally educated are often seen waiting at the doors of the rich and powerful, but how often are the rich and powerful seen waiting at the doors of the liberally educated?

Legitimate doubts, annoyances, and complaints endanger liberal education, now in all times, and make its future precarious, inevitably. Liberal education can thrive only with strong support from the public or powerful patrons, and why should we expect such support for what is considered a public nuisance and even a threat to those who are powerful?

If anyone doubts what I am saying, about the annoyance power of liberal studies and the people who make them a full-time occupation, if anyone thinks I am exaggerating, just remember ancient Athens and Socrates.

Socrates was the glory of Athens—in my opinion, more so than their poets, their playwrights, their sculptors, their architects, their political leaders—and Athens was the best city in the ancient world, perhaps the best ever. What authority do I have that latter claim? Socrates himself. He never left Athens except in military service. Even when death was the alternative, Socrates refused an offer to leave Athens to live elsewhere. But the Athenians executed Socrates, for the crime of annoyance—extreme, upsetting, aggravated annoyance. What annoyed them? His complete dedication to thinking and questioning and seeking the truth. He questioned everything, and that was intolerable. And if ancient Athens did not tolerate the finest example of liberal education, what kind of society will be hospitable to those who try to follow his example? The obvious answer to that question explains why I say that liberal education is, and always has been, and probably always will be, in danger.

III

I have talked all this time about liberal education without telling you what I think it is, without defining my terms. It is not easy for me to be very precise because I am not one who thinks of liberal education primarily in terms of certain courses or subjects to study.

It is much easier for others, who think liberal education is a certain list of subjects, to tell you what liberal education is. English literature is, for example, carpentry is not, according to most people. "I teach the liberal arts," someone says, and we guess, is it philosophy, poetry, history, languages, literature, theology, or some interdisciplinary combination of them? We know it isn't carpentry. Too practical. We are not sure that physics or biology should be included; we are not sure that sciences are part of liberal education: they have a fairly direct practical use, after all.

When I speak of liberal education, I do not start by thinking of certain subjects or authors or books, although I may end that way, as I will explain. Liberal education seeks to develop liberal skills, liberal arts within a student. These liberal skills or arts are internal in their purpose and direction; that is, the aim is not to produce some artifact or product external to the maker; the aim of liberal education is to make the student a disciplined person, with skills of the mind and character akin to the physical skills of a pole vaulter or a ballet dancer or a tightrope walker. Liberal education aims to develop the skills of the human psyche, to make us aware of its extraordinary range of abilities which means a greatly increased capability for understanding, for achievement, for happiness, and—alas—for misery and sorrow, too. Liberal education gets its name from its power to liberate the human psyche from the fetters of ignorance, superstition, fear, greed and other follies that tend to enslave human beings, to diminish us, to make us less than we are capable of being.

Let me explain why I use the word psyche, originally, of course, a Greek word. Whatever psyche is, it is what psychology studies and psychiatry treats. Psyche is sometimes translated from the Greek as mind, sometimes as soul, sometimes as spirit. We moderns are in the strange position of putting great faith in psychology and psychiatry—but doubting the existence of the psyche; of eating soul food, listening to soul music, speaking of people as lacking soul or having soul—but doubting the existence of the soul; of singing spirituals, having spirited conversations, celebrating the Spirit of '76—but doubting the existence of the human spirit. We are not sure that anything really exists that is not composed of matter.

That is what we mean when we acknowledge that we are materialistic, and materialism is another reason why liberal education, the education that seeks to liberate the psyche, is in danger. Psyche is not exactly the same as soul, not exactly the same as mind, and not exactly the same as spirit, but psyche is everything that we human beings are that is not physical, material, matter, body. Those who are convinced that there is nothing that is not matter, and their numbers are great, are unlikely to be strong advocates and defenders of liberal education, which exists to give freedom to the psyche.

If liberal education is not defined by the subjects studied, how can we defend it? Surely everyone of us has taken a course usually considered a part of liberal education and found that it not only did not free our psyche, it put it into a state of numbness closely akin to death. Great dramas, wonderful poetry, Shakespeare himself, can be taught in such a way that any human being feels himself being enslaved, feels the handcuffs and ankle-chains tightening, and realizes that boredom can be so severe as to make one long for death. Why should such activity be called liberal education?

Less common, is that rare encounter with the master teacher who can guide you to uncover deep meaning in the activity of shaping pieces of wood or a lump of clay or even a bunch of flowers. When I speak of deep meaning I do not mean that you see it in the wood or the clay or the flowers. No, you see it in yourself. Why should such activity not be called liberal education?

If I am right, almost any learning effort can be liberalized or stultifying, and the decisive thing will not be the name of the course but the aim of the effort and whether it develops a skill that liberates the psyche, a little or a lot.

IV

When my third daughter, the Merit Finalist, was studying mathematics, languages, literature, history, and sciences at one of the nation's most renowned high schools, I think the most liberating teacher she had was the man who taught her the skills of horsemanship, after school. I'm not sure she would agree, but his instruction seemed to affect her psyche, and her understanding of what a human can accomplish, more, and more directly, than did her academic studies.

But let me give you a better and loftier example, before you begin to get the idea that I am anti-school, and anti-intellectual, which properly understood, I definitely am not.

Consider Analytic Geometry. Is it part of liberal education? Most people who have studied analytic geometry would say no. It is hard to learn; it is almost always studied for directly practical reasons; it has applications in engineering; and few people discover much about their psyche while studying analytic geometry, except that they have less endurance than they need, or more than they thought possible.

Descartes, the great French philosopher, wrote the first book of analytic geometry. You don't need to be a mathematician to follow what I am about to tell you, and I promise not to draw any diagrams. Descartes' book begins by saying that there is a certain problem of geometry, called the problem of Pappus, that has gone unsolved for more than a thousand years. He describes it and draws the diagram; it takes a page or two just to state the problem. Then he says, now I will show you the power of my new method of geometry: I will solve this thousand-year-old unsolved problem.

Step one: Consider the problem solved. Step two: How did I do it? And in a few pages Descartes leads the reader to an understanding of a new method of mathematical reasoning, analysis. This new problem-solving technique, as we would now call it, starts at the end, with the task complete, and goes backward, breaking it down into parts: that is, analyzing it. Immediately we see what we have always half-known. For example, it is easier, after we have made a trip, to say what route we took, step by step, than to lay out the route in advance, especially if we have never been there, and even more especially if we are not sure where we are going.

Further, once Descartes developed the method of analysis, it occurred to him, and to others since, that ancient geometry, euclidean plane and solid geometry, now called synthetic geometry, to distinguish it from analytic geometry, had no visible method of its own but was really analytic geometry disguised. That is, in order to know how to solve a difficult problem in euclidean geometry, you may have to see the answer first, see the problem in its entirety, analyze it into its parts, and see how the problem was solved. Descartes suspected that the ancients then erased it from their awareness, and proceeded step by step to the solution as if they were approaching it anew, without ever having been there.

That's why euclidean geometry can be so delightful and also so frustrating: frustrating because you feel you are proceeding blindly, delightful because there are such wonderful surprise endings—*if* you get there. Descartes took away both the frustrations and the delightful surprises—an alteration of the human condition now called modernity.

If you did not follow everything I just said about analytic geometry, it doesn't matter. The main point is that analytic geometry can indeed be taught as a liberalizing skill, as a way of lifting and strengthening and enlightening the human psyche, showing you what it is for, what it can accomplish, how it can build new worlds, how it can see the unseen and give new shape to the heretofore shapeless.

Only one thing gives more joy than making, and that is the understanding that enables us to make. The great liberators of human beings are the ones who have shown us new ways of making, and more important, new ways of understanding. That is why Descartes ranks as one of the great human benefactors, one of the greatest liberal educators, and why he and the few others like him are to be studied and restudied.

It is not wrong, as I may have seemed to be saying, to think that there is a connection between liberalizing study and certain subjects, certain books, certain authors. What distinguishes Descartes from most other mathematicians is exactly what I have been describing, the liberalizing dimension of his thought, the skills he can impart to his reader that tend to free the psyche by giving it new power. His geometry can be taught without soul, and horsemanship can be taught with soul, but the greatest treasures of liberal education are there in the greatest works of the greatest minds, and it is no mistake that they are considered the source of human riches, even though few teachers know where the gold is or how to help students prospect for it.

V

Do you wonder what this has to do with the White House and the Department of Defense, and what I can possibly contribute to better government? First, let me assure you that I wonder sometimes, too. But, second, and this is my first hint that there is good news, it has been my experience in the world of practical affairs, that the higher one goes, the greater the awareness of the importance of the liberal skills—yes, even in a conservative Administration.

Many of the people I serve with now, I first met when they came to liberal arts seminars I ran at The University of Chicago and Kenyon College, including, among many others, my two present "bosses," then-Congressmen Gerald Ford and Donald Rumsfeld. The strong urge to understand, to learn more, to get to the bottom of things, to grasp the sources and origins of problems—these are characteristic of the best practical men and women.

I have never met a truly practical person, a real leader and manager of grand enterprises, who regularly reacted to inquiry in the tone of, "That may be all right in theory, Professor, but it won't work in practice." The truly practical leaders know very well how directly, and powerfully, understanding and action are linked, and the deeper the understanding, the more likely that action will be effective and will accomplish the desired results.

And that brings me to the good news and the conclusion of this talk simultaneously. There is no need to despair for liberal education's future because so long as there are human beings, they will never cease their efforts to understand—and that is what liberal education is, the effort, the striving, the struggle to understand.

It isn't true of all of us, or perhaps even of most of us, however we may try to show how "practical" we are, that we will exert ourselves only if there is some monetary or material reward. In fact, we human beings will go to the greatest lengths, against terrible odds, at the risk of sanity and even life, to understand, once we are puzzled; to answer a question, once it begins to bother us; to see more clearly with our mind's eye, once we perceive that there is something there, however dimly glimpsed.

If I am right, that the will to understand is a powerful and perhaps irresistible force of human nature, and that it cannot be suppressed in some of us even by the fiercest repression, and can be awakened in most of us, at least to some extent, by the right kind of questioning, then it is also clear that what we call liberal education is human education, perhaps the only education, surely the education most akin to our nature.

I conclude that the future of liberal education is inseparable from, and perhaps even identical to, the future of humanity itself.

THE NATIONAL DEBT SHOULD NOT BE INCREASED

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. CRANE. Mr. Speaker, at a time when the national debt is at an alltime high, when that debt is fueling a serious problem of inflation and resulting unemployment and recession, it is irresponsible to consider expanding the debt limit. To expand the debt limit would simply be to increase that inflation, unemployment, and recession. It would be a stab in the back to the economic recovery which appears now to be beginning.

In testimony before the House Committee on Ways and Means, Alan W. Bock, director of the Libertarian Advocate, asked some very important questions.

Mr. Bock asked:

> How much longer can the conventional wisdom sustain this Government? How much longer can you keep spending far beyond what the people of this country are remotely willing to pay, and pretend that it is all for the benefit of those same people? How much longer can you keep the printing presses running, cranking out fiat money and destroying the value of hard-earned money before the citizens revolt and say, "No more. We're not paying any more."

Mr. Bock, in his testimony, urged the defeat of the request for an increase in the national debt limit and asked the Government to "face the same problem an overextended private citizen faces, and meet it honestly. To increase the debt ceiling and print up more money robs every honest citizen. The cycle should be stopped now."

In his testimony, Mr. Bock calls for a form of modern accrual accounting for the Federal Government. Such a step is essential to make sense of Federal spending and in this connection I have introduced legislation to implement accrual accounting which would provide for truth in Government accounting procedures. This legislation now has 116 cosponsors.

In addition, Treasury Secretary William Simon has announced that his Department plans to implement accrual accounting throughout the Federal Government in early 1978. This will accomplish two major goals: it will clarify the cumulated long-term debts of the Federal Government, such as social security; and it will present the Federal Government's financial situation in a much more accurate light. In the private sector, proper accounting controls and sound financial reporting on an accrual basis are prerequisites to fiscal responsibility and an accurate understanding of a unit's financial condition. Accrual accounting in the Federal Government will provide similar controls over governmental affairs and financial reporting.

The one point in Mr. Bock's testimony with which I disagree is his recommendation that the U.S. Government should repudiate its past debts. To do so, would harm countless innocent citizens and would eliminate the respect which a government must have if it is to govern. Nevertheless, it does seem clear that now is the time to call a halt to debt increases. Let us slowly pay the debt which exists at this time and then resolve to put our government on a pay-as-you-go basis. Only by pursuing this course can economic health be restored.

I wish to share with my colleagues the testimony of Alan W. Bock, director of the Libertarian Alternative, as it was presented before the House Committee on Ways and Means on June 1, 1976, and insert it into the RECORD at this time:

STATEMENT OF ALAN W. BOCK

Mr. Chairman, Members of the Committee, ladies and gentlemen. I am Alan Bock, Director of Libertarian Advocate, an action and lobbying organization formed to promote individual human liberty and to seek legislative avenues to maximize freedom for all Americans.

Well, here we are again, with the ever-more-frequent request to raise the legal ceiling on the National Debt—again. What used to occur every few years now happens every few months as Congress and its government continue spending money they are afraid to extract from the people directly.

This time the precise timing is strictly political. When this Committee last raised the ceiling in February, you could have boosted it enough to last through September or even November. But the figure needed might have been too high—who would have wanted to acknowledge a public debt as high as $645 billion right in the middle of a campaign? So you took the lower figure—around $630 billion—to get you through June.

Yes, now is the time to do it. Almost all the primaries are over. There will be a lull, and then the conventions will be upon us like a plague of locusts. You can pretty well count on the voters' attention being focused on the Presidential battles, which have become interesting in both major parties. You can be fairly sure that a new debt ceiling passed now, high enough to get you past the November elections, will have slipped out of the voters' consciousness in the hullaballoo of the coming months. Only a few cranks will work up enough indignation to threaten anybody's reelection.

Far be it from a libertarian to lack a realistic cynicism about politicians. There's not much I can do about it except to congratulate you on your ability to operate within the traditional bounds of what the conventional wisdom considers political pragmatism.

I wonder how much longer the conventional wisdom will be enough to sustain you. The political tide seems to be rolling in an anti-Washington direction this spring. You may be shrewd to raise the national debt ceiling during a political lull. But raising the ceiling should certainly give more ammunition to the anti-Washington candidates—as well as contributing to the further alienation of those, now almost always a majority, who indicate their respect for the political system by staying home on election day.

How much longer can the conventional wisdom sustain this government? How much longer can you keep spending far beyond what the people of this country are remotely willing to pay, and pretend that it is all for the benefit of those same people? How much longer can you keep the printing presses running, cranking out fiat money and destroying the value of hard-earned money before the citizens revolt and say, "No more. We're not paying any more." The best-kept secret in the country is the magnitude of the tax revolt, the massive numbers of people who just aren't paying any more. How long before those legions become so numerous that the government has to creak to a painful stop? I don't know, for sure, but surely the irresponsibility which this government shows in handling the money it takes from its citizens can't go on forever. Someday the reckoning must come.

There is one bright side to the magnitude of the national debt and the immense size of the deficit. It blows to smithereens the theory that there is any demand by the people for more government. There is one objective way to measure how much government the people want, and this is to figure out how much government they're willing to pay for. The existence of a national debt of more than $600 billion, of a deficit hovering around $80 billion, is an objective indication that the supply of government far exceeds the demand.

Very few politicians want a deficit and a huge national debt. If you could erase the deficit and the debt by raising taxes, you'd do it right away. But our antennae are sensitive enough to know that the people think taxes are too high already. In fact, most Congressmen are trying to find gimmicks to lower taxes. Let's extend the tax cuts, add some deductions, make the people happy. The demand for government, expressed in willingness to tolerate the taxes needed to pay for it, has come very close to its peak. The supply is larger than the effective demand. It can't continue forever.

Libertarian Advocate's recommendations are very similar to those we suggested the last time the debt ceiling was raised:

1. Defeat this request for an additional authorization for more "temporary" national debt. Let the government face the same problem an over-extended private citizen faces, and meet it honestly. To increase the debt ceiling and print up more money robs every honest citizen. The cycle should be stopped now.

2. For heaven's sake, adopt some form of modern accrual accounting for the federal government, and do it right away. I believe several members of this Committee have sponsored bills to get the government onto accrual accounting. What's the problem? The present stone-age method of accounting which the government uses is downright deceptive, seriously understating deficits and concealing expenditures and obligations. Most Members of this Committee should be familiar with the recent study by the accounting firm of Arthur Andersen. A private company which used the accounting methods employed by the United States government wouldn't last twenty minutes. But then private companies don't have access to the legalized thievery known as taxation—unless they do a lot of government contract work.

3. Once again, I raise the possibility of repudiating the national debt and declaring bankruptcy. The national debt is not owed "to ourselves" but to investors in Treasury Bonds and other government securities. Every investor takes a risk that his investment might go sour. But to protect the investments of certain foreign and domestic moneybags, we are now systematically robbing each citizen of ths country—through taxes and government-created inflation. The poorest among us are those most seriously damaged by this process. The game should be called to a halt, and the government should get back on a sound fiscal basis.

Libertarian Advocate is concerned with personal freedom. Freedom is not just an abstraction to us. It is given flesh and bones by the ability to do as much as your talents and resources allow you to do, without artificial or arbitrary constraints. When your resources are stolen from you by an ever-growing government, your freedom is limited. A reduction in the burden which the government's debt places on each citizen would be an important step toward increasing the liberty of each person in this country.

The time to make that commitment to increased liberty is now.

PASSAGE OF CONGRESSMAN FINDLEY AMENDMENT TO CHANGE COTTON DISASTER PAYMENTS WOULD BE A DISASTER

HON. JOHN W. JENRETTE, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. JENRETTE. Mr. Speaker, the Findley amendment is both an inappropriate and ill-timed effort to deprive cotton producers of their limited insurance protection. I urge its defeat for several reasons.

Primarily, the Agriculture and Consumer Protection Act of 1973 dictates the provisions under which cotton producers in 18 States receive disaster payments for their crop losses. It was recognized by the able lawmakers of that time that cotton and wheat are not identical commodities, and should be treated differently under the act. Among the dissimilarities are the late planting time and higher preplanting expenses for cotton, which necessitates special treatment under the disaster loan program.

In another 8 months, the farm bill will be reviewed in light of farmers' crop alternatives and rotation systems. The effect of disaster programs will get special attention, and the particular needs of farmers for insurance protection. In view of the extensive hearings to come, I feel an amendment on this subject to an appropriations bill is highly inappropriate.

Let us remember that we are debating a system which provides protection to farmers for disasters. Crop yield must fall below two-thirds of their normal level before the producer is even eligible, with payments limited to the underproduction at only one-third of the target price. I do not believe any of us would like to callously abandon cotton producers under these circumstances.

Let us defeat the amendment, and allow the Agriculture Committee to fully investigate the ramifications of such a change at the proper time.

THE 58TH ANNUAL BEAUMONT CHERRY FESTIVAL

HON. SHIRLEY N. PETTIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mrs. PETTIS. Mr. Speaker, for 57 years, the community of Beaumont, Calif., has held a festival to celebrate the harvest of the 45 cherry orchards in the area.

The highlight of this year's festival, which will be held June 16 through June 20, will be a 76-mile nonstop run by Jim Caulfield, president of the International Boxing Hall of Fame, to raise money for the San Gorgonio Pass Area Amateur Youth Boxing Club. Pledges have been secured from local civic organizations and individuals for each mile Mr. Caulfield runs. Proceeds will be used to purchase equipment and insurance for the boxing club.

The Riverside County Board of Supervisors recently adopted a formal resolution praising and supporting the efforts of Mr. Caulfield to establish amateur boxing clubs for the youth of the San Gorgonio Pass area. I would like to take this opportunity to insert the resolution and to offer my commendation to Mr. Caulfield for the fine work he is doing on behalf of the youth in several of the communities which I am proud to represent.

The resolution follows:

RESOLUTION

Whereas, the International Boxing Hall of Fame, an organization to perpetuate and enhance the sport of boxing, received its initial start in the City of Palm Springs, County of Riverside, and

Whereas, the president of the International Boxing Hall of Fame, Jim Caufield is engaged in a campaign to establish amateur boxing clubs for the benefit of youth in our communities, and

Whereas, the president of the International Boxing Hall of Fame is proposing to headline such campaign efforts by participation in the Annual Cherry Festival in Beaumont June 16 to 20, 1976, and

Whereas, the special participation by Jim Caulfield on behalf of amateur boxing clubs will be a run of 76 miles non-stop to stimulate support for such amateur club for the San Gorgonio Pass Area including Banning, Beaumont and Cherry Valley, and

Whereas, the efforts of the International Boxing Hall of Fame on behalf of youth has been endorsed by the city council of Banning, city council of Beaumont, the Beaumont Chamber of Commerce, and interested citizens of the Pass Area and the County of Riverside, now therefore,

Be it resolved, and proclaimed, by the Board of Supervisors of the County of Riverside, State of California, in regular session assembled on June 1, 1976, that commendation is due Jim Caulfield and the International Boxing Hall of Fame for their efforts on behalf of our youth, and urges the people of the County of Riverside to encourage the efforts of this group during the 76 mile run in connection with the Annual Cherry Festival at Beaumont.

REVENUE SHARING

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. RAILSBACK. Mr. Speaker, I was very pleased with action of the House last week in approving an extension of the State and Local Fiscal Assistance Act. I have noted the success of this program in my congressional district and across the country since its enactment in 1972 and fully supported this effort to continue the sharing of Federal revenues with the State and local officials. As we are all aware, our State and local governments are facing grave financial difficulties and, in most cases, have seen revenue sharing as an attractive alternative to raising property taxes in view of the current financial problems of so many Americans.

I favored the recommendation of the administration on revenue sharing, which would have provided $39.5 billion for a $5\frac{3}{4}$-year extension. While the legislation which passed extended the program for only $3\frac{3}{4}$ years, granting $25 billion in funding, I was glad, as I know the mayors and local officials will be, that efforts on the House floor to require that this assistance be subject to annual appropriations approval by Congress failed. The legislation was passed as an entitlement program, granting the cities and States the $6.65 billion a year, and this amount may not be reduced by Congress during this $3\frac{3}{4}$-year period. Unfortunately, the President's recommendation for $150 million in annual increments was not in the bill as passed by the House.

I was also pleased to see that provisions for supplemental fiscal assistance and for requiring each State to prepare and submit to the Secretary of the Treasury a master plan and timetable for modernizing and revitalizing State and local governments were deleted from the final bill as passed by the House. The proposed change in the allocation formula that would have based allotments in part on the number of families below the poverty line instead of per capita income was also fortunately stricken from the bill. Elimination of the priority categories provision of the program will allow the units of government to use funds as they determine.

I am hopeful that the Senate will follow the action of the House on this legislation, perhaps adding an amendment providing an additional $150 million in annual increments to cover inflationary increases. I would like to see the final bill passed with the fewest possible strings and changes in the present program which has worked so well.

LAW ENFORCEMENT

HON. MANUEL LUJAN, JR.

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. LUJAN. Mr. Speaker, discussions of crime and the need for law enforcement reflect the concerns of all of our citizens, and the bill I am introducing today is directed at improving the law enforcement capacity of the special officer and the deputy special officers, who, as employees of the Bureau of Indian Affairs, are responsible for law enforcement services on 123 Indian reservations in 22 States.

At the present time, the primary authority on which the actions of the officers are based is an interpretation of the Snyder Act of November 2, 1921, and Department of Interior Appropriations Acts, which while providing statutory recognition of the BIA's law enforcement functions, do not provide clearly stated and adequate authorities for those functions.

The bill I am introducing will do so. It has three important sections in this regard:

First. It provides specific statutory authority for BIA commissioned law enforcement officers to carry firearms. At the present time, this authority comes through the interpretations mentioned above.

Second. It provides clear authority for BIA law enforcement officers to make searches and arrests. At present, such authority is clearly provided only for liquor law violations and the necessary authority in all other cases again is dependent on the interpretations discussed previously.

Third. It provides express authority for the issuing of BIA law enforcement officer commissions to tribal law enforcement officers and to State and local law enforcement officers as well. Such use of non-Federal law enforcement personnel is essential to the provision of effective law enforcement services in Indian country. Without such assistance, the BIA could not provide anywhere near a level of adequate services without a significant increase in BIA employed law enforcement personnel.

I would like to urge that this bill be given expeditious handling so that it can be enacted as soon as possible.

HOUSE JOINT RESOLUTION 92 BECOMES LAW

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. STARK. Mr. Speaker, today President Ford signed into law House Joint Resolution 92, a bill to improve the collection and use of census data on this Nation's 12 million citizens of Spanish origin. As a cosponsor of this measure in the 93d Congress and author of an amendment to this year's final version, I am particularly glad to see Congress act directly and affirmatively on such a complex question.

We have reached an important point with this resolution. The Federal Government has finally recognized a failure to determine accurate social and economic needs of the Spanish origin people because of its inability to make regular, nationwide evaluations of their social and economic status. House Joint Resolution 92 requires the Bureau of the Census to gather as exact and complete information on this nearly invisible segment of our population as is possible, through improved enumeration programs which show greater sensitivity to the bilingual culture of Spanish origin citizens.

A lack of vital statistics about this group of Americans has denied them equal attention of Federal policymakers and an inadequate allocation of Government resources. So, as PATRICIA SCHROEDER, the distinguished chairwoman of the Subcommittee on Census and Population stated, it was "incumbent upon us to insure that the Government is fulfilling its obligation and is carrying out its responsibility to collect accurate and complete data on all Americans."

Mr. Speaker, I know my colleagues join me in recognizing the efforts of Congressman EDWARD ROYBAL and Congresswoman SCHROEDER, who as prime sponsors of House Joint Resolution 92 deserve much credit for bringing this problem to the attention of Congress and leading us to a good legislative solution.

With the passage of this measure into law, we have taken a significant step in the continuing process of understanding and addressing the real effects of benign neglect of this group of our forgotten citizens.

SWEDEN'S LIBERAL UTOPIA IS SHEER BUNK

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. ASHBROOK. Mr. Speaker, for years on the debate trail throughout the country, spokesmen for the American left invariably point to Sweden when put in a factual corner. How many times have I heard a debate opponent retort with "it works in Sweden" or "look at the Swedish experience" when huckstering more of their socialistic nonsense.

Even the liberal Washington Post now points out that the liberal utopia of Sweden is turning up sour. It does not work there or anywhere because the liberal's stock argument that government must have more and more power always backfires. Power brings corruption and abuse. We conservatives have known that. Centuries have proven it infallible. Too bad our liberal opponents cling to this outmoded concept.

It is the same format there. Egghead liberals and union leaders cooperate with the socialist politicians—just like in the United States. The result is disaster as this article tells. I urge my colleagues to read it.

[From The Washington Post, June 14, 1976]

DEBATE OVER BUREAUCRACY—SWEDES TRY TO HUMANIZE SOULLESS GOVERNMENT

(By Bernard D. Nossiter)

STOCKHOLM.—When actress Bibi Andersson was hauled into a police station here last winter, she was questioned for three hours before she discovered why: her Liechtenstein corporation was suspected of tax fraud.

The police, and the tax inspectors who are supposed to remain silent, questioned her with a Kafka-like intensity, according to unpublished but authoritative reports here. Andersson was obliged to prove her innocence of a charge that had not been made.

She pleaded to telephone her child, sources say. Permission denied. She asked to call a lawyer. Which one? Her questioners asked. She named him. He wouldn't do. She proposed four more. All were turned down.

Andersson reportedly was stripped, as a guard against suicide, and put in a cell for the night. The next morning she named another lawyer who was acceptable and he had her out in 30 minutes.

Unsurprisingly, Andersson now talks of never returning to Sweden. Her friend, director Ingmar Bergman, who was taken by police from a rehearsal to explain his Swiss corporation, has already renounced his native land. The fact that it is governed by their close friend, Prime Minister Olof Palme, adds a stroke of irony.

The tax troubles of these artists and those of Astrid Lindgren, a highly successful writer of children's books, have been seized upon by Palme's foes at home and abroad to demonstrate that a soulless bureaucracy dominates the world's most advanced welfare state.

But one thing is certain: From Palme on down, Swedes have become sensitive to the problems that flow from half a million civil servants in a state of 3 million—problems that every modern society faces. There is, moreover, the beginning of a debate here over how to make the government servant a human being.

The 68-year-old Lindgren, a lively woman with a fey sense of humor, is the creation of Pippi Longstocking, the strongest nine-year-old in the world. But even Pippi's feat of lifting her own horse is not as impressive as the force her author unleased with a single question.

What must I pay, she asked the tax authorities, on royalties of 2 million kroner ($450,000)?

They answered: 2.02 million, or 101 per cent.

"There aren't that many per cents," Lindgren replied, and wrote a mock fairly tale for Expressen, the biggest selling daily, to prove it.

"It was like an avalanche, Lindgren recalled in her modest apartment the other day.

She was swamped with several thousand letters and phone calls from grateful Swedes, enchanted to find a voice for their rage against government. People complained of arbitrary tax assessments, of inadequate pay for property that had been seized, of too many forms, of bureaucratic refusals to correct mistakes.

"If you call a department, every little girl at the switchboard thinks she's the government," Lindgren said indignantly.

"In my heart I am a socialist," she said. "That's why I am so depressed. They don't have as clean hands as when they started. I have voted SD (Social Democrat) for 30 years, but I can't do that anymore. With bleeding heart, I will not vote SD in September."

Sven Lundquist is a leading leftist author who reports on China and Latin America. He staunchly defends Sweden's social democracy and its civil servants, "as honest and as efficient as any in the world."

But Lundquist senses that something has gone wrong, that civil servants are too remote from the people they are supposed to serve. As a Marxist, he blames this on class. The bureaucracy, he observes, is largely drawn from upper income and better educated groups.

In his newest book, "Change of Work," he proposes a Chinese-style solution: a system encouraging and compelling officials to leave their desks for a spell of common work. A judge might become a prison guard, an Education Ministry official a teacher. This, he argues, would make bureaucrats respond more readily to those they administer, and give the working class greater influence over decision-making.

One of Sweden's most thoughtful agency chiefs, a highly regarded ex-diplomat, talks of the "arrogance of power." Bureaucratic loftiness, he thinks, reflects in part the long dominance of the Social Democrats now in power for 44 years.

He thinks the highly publicized tax cases of the artists are far from typical, but acknowledges that there "is an acute problem."

Part of it, he contends, lies in the lack of an adequate education for many. A poll showed that 1 million Swedes did not know where to turn in government when they had a problem; more than 2 million confessed they could not write a letter to a government agency.

Palme is pulled in two directions by a debate he himself is encouraging. On the one hand, he speaks of his pride in the "loyalty, independence and incorruptibility" of the civil servants who carry out the reforms he zealously pilots through the Parliament. On the other hand, he is beginning to speak out in public about the need for "a more gentle society."

He denied that the issue of bureaucratic arrogance would figure in the coming election campaign, but he readily agreed that the three notorious cases—Andersson, Bergman and Lindbren—had caught his Social Democrats off balance, provided a focus for accumulated grievances against the government and accounted for his party's depressed standing in recent polls.

He has put one deputy minister to work on a plan transferring tasks from the central government to the regions and towns. Decentralization is a major demand of the biggest opposition group, the Center Party.

In addition, Palme has assigned a professor of linguistics to his personal office to propose simpler and more understandable government communications.

Palme, however, strongly resists any suggestion that sheer size of the bureaucracy or the number of tasks it undertakes accounts for the weight of oppression felt by ordinary citizens.

"We don't have too many, but too, few bureaucrats," he insists. "They are often overloaded."

Despite the furor over bureauratic behavior, few Swedes show any disposition to give up the worlds highest living standards, most extensive welfare benefits, full employment and an economy run with such skill that it continued to expand while the rest of the West suffered a severe recession.

Even opposition political parties—apart from the Conservatives who represent a business bureaucracy—do not pose any real challenge to the far-flung civil service or the high taxes that pay for the benefits. At bottom, the opposition says simply that it will run the same things better. Unlike Norway or Denmark, no anti-tax party has emerged here.

Gosta Ekman is the chief tax collector, head of the national tax board and an unrepentant bureaucrat. He said with some smugness that "there is some credit for us in this," referring to the Andersson-Bergman-Lindgren cases.

He meant that ordinary Swedes would take pleasure in the humbling of prominent artists, a reflection of the envy that is a less pleasant side of Swedish egalitarianism.

Ekman insisted, "We must have rules. I think the Swedes would not be content without rules. They like very clear rules."

Ekman acknowledged grudgingly that the police, not his "boys," "perhaps were going too far" in carting Andersson off to jail and pulling Bergman from his rehearsal. As for Lindgren, her anomalous 101 per cent tax was the fault of politicians, not bureaucrats, who made a tax change without consulting his experts. Anyway, the Parliament was now correcting its error.

Some 167 years ago, Sweden invented an institution for citizens to bring complaints against the all-powerful authorities whom Ibsen was later to describe so vividly. The ombudsman has been copied in other nations, but now many Swedes say it is a weak instrument.

Its four judges tend to be legalistic and focus on violations of rules. They toss out six of every seven complaints presented to them and receive only about 3,000 a year.

The ombudsmen are said to be timid in the face of ultimate authority. They declined to crack down on the Swedish intelligence service when, CIA-style, it was caught spying illegally on Swedish citizens. Similarly, an ombudsman excused police who unlawfully held some children for eight hours.

Ulf Lundvik, the handsome, silver-haired chairman of the ombudsmen, said he thought "there is a risk" that he and his colleagues are too sympathetic toward the civil servants they are policing.

But he contended that it was "an exaggeration" to say his team simply supported the government.

A thoughtful outside observer would agree that Swedish civil servants are as efficient and honest as any. Honesty and efficiency, however, are not the issues. What Swedes are questioning is arrogance, high handedness and inhumane treatment. Apart from the conservatives, they are not ready to link these traits to the bureaucracy's sheer size.

OUR CITY

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. NEAL. Mr. Speaker, Mrs. Marley Willard, a friend and constituent of mine in Winston-Salem, N.C., has dedicated much of her life to teaching young people. She has discovered that youngsters learn best when their interest is stimulated and she has been experimenting with techniques to motivate them—first in creative dramatics, and now with variations in that technique. She has been able to raise the reading skills of first graders to much higher levels, mainly by stimulating their interest in other areas which require that they learn to read in order to learn about the subject which has captured their fancy. By using this procedure, they learn to read rather effortlessly.

As part of one project, Mrs. Wyatt's first grade class at Brunson Elementary School in Winston-Salem prepared a book for me. In it, they describe much of what life is like in Winston-Salem, N.C. It is a fascinating volume, especially because it was done by first grade students. The text is not burdensome, and I would like to share some of these children's wisdom with my colleagues. I believe the technique used by Mrs. Willard could be used for the great benefit of children throughout our country and I commend it to my colleagues. The text of "Our City" follows:

OUR CITY

(To Congressman Neal from Mrs. Wyatt's First Grade Class, Brunson Elementary School, Winston-Salem, N.C., April 18, 1976)

CONTENTS

A Special Thanks.
Chapter 1: People.
Chapter 2: Schools.
Chapter 3: Industry.
Chapter 4: Recreation.
Chapter 5: Construction.
Chapter 6: Old Salem.
Chapter 7: Beautification.
Chapter 8: Woods and Forests.

A Special Thanks to:

Mr. Marvin Ward, Mayor; Franklin Shirley, The County Commissioners, The Recreation Department, The Chamber of Commerce, Mrs. Anne-Marley Willard, and Mrs. Doretha Black.

CHAPTER I—PEOPLE

(By Scott Bennett, Larry Howard, Sandra Smith)

People

We have more nice people than bad people in Winston-Salem. People make houses, grow food, and make clothes for other people. They also make schools for children to learn in. People share things with each other. God really makes things grow, but the people have to help Him by digging the holes, putting the seeds in, covering them up, and watering the plants. Some people are messy. Some people are dumb. Some people like to be bossy and silly, but most people are smart and kind to others.

There are 137,000 people living in Winston-Salem.

They do all kinds of work. There are 2,146 six year old boys, and 2,115 six year-old girls in Winston-Salem. Most children start school when they are six years old. Winston-Salem is a good place to live because people help those who are sick or old. The black people and the white people got together, and now they are kind to each other and everybody has his own way.

If you don't already live in Winston-Salem you can come and visit with us. We will be kind to you and show you our city.

CHAPTER 2.—SCHOOLS

(By Michael Dunn, Stephen Lackey, Charles Lassiter, Carlette Russell)

Schools

The schools in Winston-Salem are nice. They have trees, flowers, grass, and playgrounds. In the halls are pictures that students have drawn. The plants inside and outside are beautiful. The books for students are good to read. The children's work is nice.

The teachers teach us good things to know and help us. There are twelve grades in the public school system. There are 66 schools. 45,000 children attend those schools. There are 2,000 teachers. 405 school buses take the children to school.

We went to visit the superintendent of schools. He showed us a map of his work and Brunson School. Stephen Lackey told Mr. Ward that he fell off his bike and broke his mandible. Mr. Ward said he was sorry to hear that. We had a good time when we went to see the superintendent. He was nice to us. We would like to go see him again.

CHAPTER 3—INDUSTRY

(By Kimberly Griffin, Wendy Hanes, Keith Kadlec)

Industry

Industry is stores, buildings, and factories that make things. It helps people. It gives them food and money and room for a living. When there is lot of industry in a town, people have good places to live, things to do, plenty of food, and pretty clothes to wear. Winston-Salem has all kinds of industry. We have factories that make tobacco, beer, electrical things, and clothes. We have factory stores, radio stores, clothing and other kinds of stores. Some stores give you trees and grass seed and bug spray that kill the bugs but not the grass. If it killed the grass you wouldn't have a nice yard. It would turn brown. You can buy anything in our stores except a giraffe because his neck is too long to fit in the store. His neck would have to be bent all his life.

There are very nice jobs in Winston-Salem. But how many people can fit in Winston-Salem? If too many people came there wouldn't be enough houses unless the builders built some more. They might not have the pieces or time to do it. We had better not get any bigger because we don't have enough room.

CHAPTER 4—RECREATION

(By Elizabeth Fox, Susanna Paisley, Deava Ray)

Recreation

The parks in Winston-Salem are big and beautiful. We have a lot of fun things to play on. There are swings, slides, monkey bars, merry-go-rounds. and lots more things you can do! The whole family can go and have picnics. There are places in the parks where people can roast and cook hotdogs, and other good food. In the parks you can play golf and other sports. There are 114 softball and baseball fields, 15 golf courses, 11 swimming pools, 79 places to play tennis, and 4 bowling lanes. The Y.W.C.A. looks after you if your mother works and there is nobody to look after you at home. It has a playground for you to play on. It stops at 5:25 p.m.

There is a park across the stream from the Y.M.C.A. Three bridges go across the stream. There are table tennis courts at the Y.M.C.A. Anyone can play there. Everybody who goes to the parks and recreation centers in Winston-Salem knows they are fun and they have a good time in them!

CHAPTER 5—CONSTRUCTION

(By William Holoman, Darryl Mason, Billy Padgett, Denise Parker)

Construction

We have a nice town because the buildings are built well. We went to a hospital, and we saw people molding bricks out of mud. Then they laid one brick on top of another, they cemented them together, and made a building. They started the building by digging a hole 40 feet deep in the ground, and putting steel pipes into the ground. They did this to keep the building standing. The new building will be used for emergencies, clinics, and to keep people if they are real sick and can't go home or work. The street lights in Winston-Salem look real neat! They turn on at night and turn off real early in the morning. The street lights help people to see at night. If their car lights are burned out they won't fall off bridges or have wrecks. If some of the street lights fall down on the road they can make them over again or repair them.

Some of the buildings in Winston-Salem are old and some are new. When a building is worn out they can make it over again.

Some of the roads are old and bumpy, and some are new and have no bumps. Trucks can't pass other cars when roads are narrow.

A double yellow line in a road means you can't pass. When broken lines are on your side you can pass. We like our town because it has pretty buildings, parking lots, nice stores, and schools.

CHAPTER 6—OLD SALEM

(By Angela Crews, Cordi Rumph, Robert Wiley)

Old Salem

Once upon a time there was a place called Old Salem. They made candles, cookies, coffee, pipes, food, and thread for cloth.

Back in those days the young men built furniture when they were fourteen. The young boys and girls lived separately because if they were together it would be too squishy. The boys had lots of brothers, and the girls had lots of sisters. Old Salem is very old, but they have fixed it up so that it doesn't look old. One hundred twenty-seven people lived in Old Salem 200 years ago. Some of the people in Old Salem could not read or write so shopkeepers made pictures and hung them outside the store so people could know if they were going in the right store. The coffee pot was the sign for the tin shop. It is rusty and dried now because it is so old. The organ is in the church room, and they sang to it when someone played the organ. It was built in 1797 and brought to Old Salem from Pennsylvania. Moravians lived in Old Salem. They are old people.

To make Moravian cookies you make dough, add sugar and cinnamon, roll it out, get the cookie cutter, and cut the cookies out. Put them in the oven and let them cook. They are great!

Old Salem is a good place, and we like it. Why don't you go and visit it some time?

CHAPTER 7—BEAUTIFICATION

(By John Goodwin, Stacy Hairston, Curtis Turner)

Beautification

Our city is a pretty city. The people in Winston-Salem don't litter. They put trash in garbage cans. They keep our city clean. Our city is called the Rose city because there are roses along the highways.

Winston-Salem has a horticulturist who takes care of the roses and other flowers. New trees are planted every year. They plant grass every year. Gardens grow flowers everywhere. When the old buildings get old, raggedy, and the paint comes off, the people clean them to keep them looking nice.

Across from the County Commissioner's place are pictures on the windows. They paint pictures on the outside walls of some buildings because it makes the buildings look pretty. The city of Winston-Salem has a flag. The colors are red, blue, white, and gold. There is a seal with the date 1849 on it.

We like the beautiful flag.

If you want a nice place to live come here and join us. We will be happy to have you with us.

CHAPTER 8—WOODS AND FORESTS

(By Christopher Brown, Tracey Keck, Eduardo Martinez)

Trees and forests

Trees are fun to look at and climb. But they are scary when wolves live in them. Woods are nice places for rabbits to live. You can find food in the woods. If you want to shoot a wolf in the woods you had better not miss, because he will come after you. There are many animals and trees in the woods. That is where they live. There are deer, rabbits, wolves, foxes, bears, snakes, squirrels, chipmunks and birds. We have many trees in Winston-Salem. The city plants trees every year to make sure that we have enough. They have somebody to take care of the trees. When trees are chopped down the wood is used for houses, furniture, firewood, and paper. If we didn't have wood life would be hard because we wouldn't be able to make this book, or have houses to live in, or places for dogs to live. Flowers on trees are the most beautiful things in the world. We get many things to eat from trees. There are apples, oranges, tangerines, bananas, nuts, peaches, pears, lemons, limes, and cherries. Some of the food that comes off trees is the very best to eat. You had better take good care of trees because if we didn't have any trees life would be really hard. Don't chop down trees because one day you may not have any food to eat and you might get in trouble.

PASSAGE OF CONGRESSMAN PEYSER AMENDMENT TO PROHIBIT PUBLIC LAW 480 SALES OF TOBACCO WOULD BE UNJUST TO AMERICAN FARMERS

HON. JOHN W. JENRETTE, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. JENRETTE. Mr. Speaker, before we rashly act upon Mr. Peyser's proposal to eliminate tobacco from the Public Law 480 program, let us put the matter into proper perspective.

The Public Law 480 program is divided into two titles, title I being a concessional loan program, and title II comprising donations through relief agencies, the U.N., and bilateral agreements. Tobacco falls under the first category, meaning it is purchased by foreign governments according to their needs and foreign exchange capabilities.

Unlike what Mr. Peyser would like us to believe, the U.S. Government is not cramming tobacco down the throats of foreign officials. We are not dictating tastes or personal habits. But we are serving the neighborly intentions which the program connotes, and we are assisting small American farmers expand their long-term markets abroad.

Quite frankly, I cannot think of a worse threat to our credibility than to restrict the sale of a desired item overseas simply because it has been imperialistically decided that the item is unworthy of foreign consumption.

In closing, I would only remind the

Members that the two governments receiving Public Law 480 sales of tobacco this year are Egypt and Syria. Beyond this very real foreign policy consideration, let us not forget those Americans here at home to whom the amendment would cause a great injustice. With tobacco prices expected to be depressed later in the season, the Public Law 480 outlet for export sales could be critical to farm income in the United States.

I urge the defeat of the gentleman's amendment.

A LOOK AHEAD

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. BRINKLEY. Mr. Speaker, I would like to bring to the attention of the House an attention-holding, thought-provoking speech delivered by Mr. Otis B. Burnham, president of Burnham Enterprises, Inc. The occasion was the National Furniture Warehousemen's Association's 1976 Convention. These ingenious remarks address, in part, the important issue of effective regulation by the Interstate Commerce Commission, a concern which has merited careful House consideration for many months.

Mr. Burnham's speech follows:

A Look Ahead

(Remarks by O. B. Burnham)

Following such an august and astute panel sure makes me feel very inadequate. When Bob Tull asked me if I would make a few comments about the future and to "take a look ahead" I was flattered and said, "Yes." So one day soon after the invitation, I took out a pencil and paper and decided to quickly write something brilliant . . . lo and behold, the paper remained blank for minutes, hours, days and it went into weeks: however, gradually little bits and pieces began to fall into place. Nothing brilliant nor earth shaking came out of it but maybe a few words about the challenge of the future, will inspire us to respond creatively to an industry that has been good to all of us and cause us to fulfill an obligation to that industry and its customers. In one of the NFWA's bulletins about the convention, they said something about a "far-out look." Well, some of the ideas may seem far out, far-fetched and in the future, but the future is like change . . . and change is the only permanent thing we have today and just like birthdays, it will come faster than you and I think. The future is just ahead.

Like Eli Whitney and his cotton gin, which I'm sure many people said could not possibly be practical. There were members in the storage industry that said there was no way to containerize household goods . . . that the old, open storage, stack it on the floor, wrap it in brown craft paper was the only way. Yet, the cotton gin made history and palletization of household effects made our industry more progressive and successful, a creative idea made practical.

At a recent American Management Association seminar on long-range planning, a comment was made that would be appropriate for our convention and the subject of these comments. Planning, as you and I see it, can be preventative medicine, and you have only to dwell on that for a short period of time to see that a look in the future will require planning today. Peter Drucker, father of professional business management, said, "That the plan itself is really not so important. What is important is the planning process . . ." meaning those people that took the time to think and dwell and work on a plan and the advantages reaped, not necessarily of a "final plan" but the interim benefits derived from the process and thinking about the plan—the future. This might very well be where the moving and storage industry is today. The far-out look at the future is not nearly so important as the planning and thought process that the industry will go through in the next decade or two to be ready for what we think year 2000 will demand of our industry.

Think about this, dogs can't dig holes any quicker now than they did two hundred years ago, but man, through technology can surely dig holes quicker than he did two centuries ago. This technology does not necessarily advance because of public demand, but it advances because businessmen from the very beginning of the industrial revolution to the present, have marketed that technology and have marketed it profitably.

What could some of the technological changes mean to the moving and storage industry? How does this grab you?

All power units, that is the trucks and the tractors, will now be nuclear powered. They won't pull one or two trailers, they'll pull three or four trailers.

Whereas now it takes 10 or 15 minutes to properly hook up a tractor/trailer unit, hooking up in the future will be a very simple matter of driving the tractor into place under the trailer, flipping a switch and through a powerful magnet the unit is safely and completely connected.

Once the unit is hooked up, it's driven to a metropolitan air freight port and is placed in a form of air craft that whisks the tractor, trailer, driver, family, dog, furniture and car together to their destinaton 2,500 miles away in three hours . . . impossible, fantastic? We only have to recall the C5A and probably the C10B that will be its successor. We have only to think of the Concord supersonic airliner to remind ourselves that it is possible.

As we look deeper into this subject of "a look ahead," it becomes fairly apparent that change is the very essence of the future, the future of the moving and warehousing industry. People implement concepts, they cause change, they predict the future through planning today, not fighting change, but fostering change.

I would like to share with you now, a concept of the future, a look ahead if you will, about a specific and more sophisticated type of management and effective measurement of the results of that management that might well be implemented in the late 70's or early 80's. I'm not sure we're ready yet—maybe we are.

In a rather thought provoking management book, "New Patterns of Management" by Rensis Likert, he points out that traditionally, management is measured by end results variables, such as productivity and cost. Now we are quick to agree that there's nothing wrong with this and that we acknowledge that hierarchically controlled management can, and usually does, produce favorable and impressive results . . . for the short term, but this could very well be at the expense of the human aspects of an organization.

Hierarchically, authoritative and traditional management measures an organization's effectiveness by the end results, such as production, sales, profits, percent of net earnings to sales, etc. This is coupled with a fair amount of information about market and the company's share of that market.

Much less attention, however, is given to another class of variable, which sgnificantly influences the end results. These variables, seriously neglected in decades gone by, and in even the present measurements, are a challenge of the 80's. They reflect the current condition of the human investment, of the internal state of an organization, its loyalty, skills, motivations and capacity for effective interaction, communication and decisionmaking. These variables are called intervening variables and received a lot of attention and research that is stated in Likert's "New patterns of Management." Actual tests prove, that attention to the human factors pays off—for everyone.

The present practices of watching closely, only the level of performance of the end results variables, is leading to faulty conclusions as to what kinds of management and leadership yield the best results. What often confuses the situation is that pressure oriented, threatening supervision can achieve amazing and impressive, short-run results.

But what may happen is absenteeism, turnover, high-scrap content in waste baskets, excessive attention to inspection and quality control, resentment and hostility displayed by subordinates. Management may become perplexed at the higher rates of grievances and slowdown, poor production and similar disturbances . . . wondering why?

Well, what do you do about this situation? A possible solution to this dilemma would be the introduction of periodic measurements of the intervening variables to reveal the current character and quality of the human organization. Estimates or opinions of the supervisors and managers and what they think the organization's pulse is have been proven seriously and dangerously inaccurate in test after test. An organization should get a reading from the "supervisee."

Until adequate measurements of the intervening variables are regularly obtained, warehouse managers and presidents will continue to be confronted by the serious dilemma. Moreover, confusion as to the underlying causes of many developments, both favorable and unfavorable, will still reign. This concept and concern about the human factors and the intervening variables will show up in the more progressive, sophisticated and successful management of the 80's. It won't be easy—it'll take guts but the results will be reflected in the survivors and progressive companies.

Whew! After such heavy stuff, let's "blue sky" a little bit. When you think about "blue sky" you think of fate, luck, and what it's done to you—like why man blames fate for all accidents but feels personally responsible when he makes a hole in one?

The following "dreams" were fun to think about—maybe not practical . . . yet . . . but who knows—maybe some day

All of us here today could in a very few seconds recap the steps and the activities involved in giving an estimate to move a family. But let me give you something to think about of how this might be done ten years from now. Oh, it may take fifteen, but here we go.

Of course, the quickest and simplest way to move a family in the future will be to order up the AAA Airlift Relocation Company and have their sky crane move the entire house and contents several hundred miles to its new location on a vacant lot. Rocket ship transportation to the Moon and Mars is left to the dreamers of 2050. We'll stay just this side of 21st century.

On the flip side of that record is the fact that there wouldn't be any move at all because all furniture, although extremely attractive and durable was disposable and you merely put it in the garbage compacter and get new attractive, very inexpensive furniture at the next location.

Or as in "future shock"—you don't move your furniture or family. The bread winner, man or woman, merely goes to the new location and is matched up with another family that has the same profile as the one they started. There may be some advantages to this but it sure will be tough on the mover and warehouseman.

One other thing before we get into the routine move, is that you no longer have a great deal of packing to do because all dishes except for the very best that great, great, grandmother left the grandchildren, are disposable, and by that I mean you don't even need a dish washer, you just merely throw them in the garbage disposal and they are ground up and disposed of in that way. It sure is a blessing for everybody that doesn't like to wash and dry dishes.

The certified moving consultant's job and his challenge of giving accurate cost information on a move becomes much easier. He merely takes a small scanner and aims the optical scanner at each piece of furniture located in the house which transmits this information directly to a central processing unit, maintained by the American National Relocation Association that records the item, gives weight, comparable charges, and ultimately prints out a hard copy at a portable terminal that the CMC has with him. The CMC then turns to this portable, data processing terminal, and gets the instant information he needs: point-to-point miles, rates, reservations for the move, motel, he can even call up the realty listings, etc., all on the boob tube.

Sounds far-fetched? Not necessarily, the furniture manufacturer could very well put magnetic tapes on all pieces of furniture for ease of inventoring and weighing . . . similar to what they do with the packages in the grocery stores now.

Suppose, however, you don't have a scanner, well, an inventory will be done in the 1980's by a high-speed, economical Polaroid type camera that photographs all the furniture, all sides, thus eliminating the necessity of an inventory.

As the furniture is loaded on the van, a harmless and invisible spray puts a protective film on all fabrics and pieces of furniture, eliminating the need for pads, etc.

Realizing that no NFWA member ever has any damage, but just in case he might have, this means that the protective film would have been either marred or broken so when the furniture is unloaded from the rear of the trailer, a harmless ray illuminates all of this damaged area and causes a slight discoloration of the protective film applied at origin. It's pretty easy to spot and determine if the damage did occur while in the possession of the mover, and a quick, prompt settlement of that claim makes for a happy customer. Incidentally, this film disappears 48 hours after exposure to the ray beam and does not harm the air that you breathe nor the furniture it covered.

Let's leave the actual move for a minute and talk about things in general as they might appear in 1985 or early 1990's but surely by year 2000.

Since crime seems to be in the forefront these days, in this new era, you merely flip a switch and surround your entire premises, not just your house, with a security ray. Any friends wishing to visit you know about it as they have one too, and they only have to "ring the bell" and at your mere thought about seeing who is at the door, activates a picture like, three dimensional color security screen that shows you who is your visitor, on voice command the security door "opens" and your friends enter.

Inertia powered, nonpollutant and noiseless vehicles, whisk us to and from our origin and destinations over short distances through the sky, all radar controlled to prevent any type of collision. Parking is no problem, you merely put the craft in hovering position and proceed with the business of the day.

You will find laser beam controlled expressways from major metropolitan areas where your power unit and the three or four trailers that it may be pulling are locked into the laser beam and whisk it 300 miles an hour from origin to destination without drivers, to be met at the terminal by a competent van operator that makes the final delivery.

In the meantime, the family has locked itself onto a laser way, not an expressway, for a more leisurely trip, with stop options in route, and lope along at about 100 or 150 miles an hour.

There will no longer be any railroads but airrodes over which trains (that's an antiquated expression, however) travel silently and swiftly, point-to-point on $\frac{1}{64}$ of an inch of air.

Well, by now you are probably gathered that I have completely lost my mind and that these ideas are absolutely ridiculous and you're probably right.

Without giving away my age, I'm sure that it was really wierd for anyone to look at a Buck Rogers or Flash Gordon film and see images of people shown up on some ole kind of glass tube, that really was ridiculous, wasn't it? Or a crazy looking space ship skooting through space. As you reflect back, not only was it improbable that the Wright brothers thought anybody could fly it was certainly forever and perpetually impossible that they would fly faster than the speed of sound. Whoever heard of such a thing?

Did you ever think that polio could be cured or prevented?

Did you envision that a beam generated from a precious stone, such as a ruby, could develop into something they call a laser beam? On the one hand in a matter of seconds burn a hole through 6 inches of hardened steel and on the other hand perform delicate eye surgery to micromillimeter accuracy?

There were some wild ideas about sending sound through the air called radio. Some people even thought about and dreamed about sending a space ship to the moon. It was kind of ridiculous to think that they could send a message, much less a picture back from the moon, so far away. And, whoever would believe that man would walk on the moon and return safely to earth.

Twenty years ago could you have envisioned eye banks, heart and kidney transplants? Could you have even envisioned a small calculator that could do all the complicated calculations of this little instrument.

Brilliant scientists, creative individuals and people of vision caused all those things to happen. Did you know, that there are more scientists living today than have *ever lived* in the past—combined—so we have the potential.

Well, let's go from the ridiculous to maybe not quite so far-fetched . . . something to think about at a more practical but still challenging level. William Shakespeare once said . . . "thoughts are but dreams till their effect be tried."

I believe the business and moving executive who wants to function effectively in 1985 will have to be a very farsighted individual and who has the ability to discern that which is obvious, but to also prepare for the eventualities that may come . . . and they will come . . . like the future, much sooner than most people think. Here are some of those things for our industry leaders to think about.

Eliminate the word "can't" because the phrase, "I can't" . . . eliminates any effort whatsoever and it's up to us to implement progressive, creative ideas to serve our customers better.

Here are 15 "happenings" that could become a reality in 1985 . . . or there about.

1. Total standardization of container sizes. That's not far-fetched. Imagine what canned good manufacturers had to go through to get standard size canned goods.

2. In 1985, origin and destination agent's services by the local warehouseman who is a carrier's agent very much like 1976 *but* the actual transportation from origin to destination could be handled by any certificated carrier. Reservations and execution of the long haul move made "just like the old Timey Air Lines space reservations were made way back in 1976."

3. Management expertise is elevated to a much higher level for more effective sophisticated planning. More awareness of the human factors, the intervening variables mentioned earlier.

4. Since land has become so expensive, silo type storage warehouses will become a reality. Not going 2 and 3 high but 10, 20 and 30 high. All automated and retrieved by an economical "lift arrangement."

5. Local moving, now in 1985, could really mean the relocation of the entire house. The use of the sky crane may even swap houses on lots.

6. Meaningful and effective regulation by the ICC (it survived the onslaught of the threat of deregulation efforts of 1975–76 because everyone from "The Hill" to the consumer recognized the value of the ICC and what it meant to the greatest transportation system in the world). The industry really rallied for this one and convinced everyone that the efforts to retain regulation were not self-serving but public need and necessity. In their, that is those who cause things to happen, infinite wisdom, did cancel all the regulations that had been adopted prior to 1976 because of ineffective overlap, overlay and conflicting requirements. It seems that the thought of a completely new set of effective ICC regulations (particular for moving and storage companies) was suggested in 1976 and the regulatory, consumer and industry leaders started the mammoth but challenging task of writing *new* regulations during 1976–77. They were published in the Federal Register in 1978 and adopted in 1979. Guess we better give that a pretty high priority, shouldn't we?

7. DOD finally realizes the importance of the moving/storage services rendered to the service member world wide and assigns an Under Secretary of Defense the total responsiblity for supervising and coordinating and directing of all transportation activities with military and industry representatives. He has full power and authority over all services in matters of transportation importance and is the final word. This Under Secretary is a shirt-sleeve position of hard work, day-today involvement and direction. He works directly with a military/industry panel at policy and implementation levels.

8. The General Accounting Office recognizes that costs involved in moving are not just direct dollars and cents by the "total relocation process and cost", including but not limited to, quality service, making service members happier, more willing to relocate. GAO believes in this so strongly they recommended to Congress and they passed the law that quality service is the prime responsibility and cost is second in priority. This is supported by their approval of CERS IV that became effective in 1980 giving emphasis to quality service. GAO further recognized that service members were not trained in, nor expected, nor permitted to move themselves. That they were military men trained to serve their country, and for that dedication, were entitled to and will receive quality, professional moving and storage service provided by an equally dedicated moving and storage industry.

9. On board weighing devices perfected and used during the interim time between 1976 and 1979. This on board weighing device becomes obsolete before 1980 because of changes

in the methods of determining costs involved in relocation.

10. Estimating completely changed over to a science and not an art. This switch came about because a group of industry leaders working with consumer groups came up with an entirely unique and "never thought of" way to determine charges for relocation services and gained unanimous ICC support.

11. The general public now insists on discussing their relocation plans only with certified moving consultants.

12. Could you believe this . . . and believing could make it so, that there was one American National Relocation Association and under this organization a common board of directors with the various divisions that has as their responsibilities, areas such as tariffs, warehousing, local moving, long distance moving, relocation services, research and development, and management development. Wow, that's a wild one, isn't it? Probably many obstacles why it wouldn't work . . . things like antitrust, pride, change, all of the obstacles that we see impairing these achievements, are just the horrible things we see when we take our eyes off of that goal. A goal so worthwhile that we should not let anything stand in our way. It's about as wild an idea as some folks had amound Williamsburg back in the 1770's. It took them quite awhile to put that one together, didn't it? Wonder how long it will take us to, not look at the "excuses" as why it won't work, but to look at the advantages it offers when it does become a reality. And it can.

13. Now, since the industry has "seen the light" and have grouped under one legally constituted umbrella association, one of the very first significant benefits that shows up is the tremendous impact such a vast association has on anything, but especially in Washington. Can you imagine the influencing leadership and direction that could come from this association when every warehouseman and his people, every carrier and his people, all from virtually every point in the postal guide, is motivated to drop a line to Washington? Well, this was recognized and in 1984 a significant legislative proposal was introduced into Congress and passed. The crystal ball wasn't clear what this was exactly . . . just that the industry finally took the offensive, and aggressive posture, rather than continuing the defensive one it had maintained since its inception.

14. Peace restored to the world, no through detente, strength, or threat, co-existence nor reprisal but by prayer, to the *One* from whom all things flow. It was finally recognized that capitalism without *God*, is just any other "ism."

15. An outstanding, intellectually proficient person of the highest moral standards, loyal to no party only to the country they are to serve, elected by an overwhelming majority of all votes cast by a write-in ballot and this person becomes . . . the first lady president of the United States . . . incidentally, she was born and raised in a small town in west, central Georgia.

Now that we have reflected on some of the things that have happened and some of the things that could happen, let me mention just a few that have not yet been resolved in this year, 1986.

1. You still have to wait for your luggage at destination.

2. The tires on whatever type vehicle you are using, still won't last over 12,000 miles. Excuse me, that's 19,308 kilometers.

3. Ladies' stockings still run the second time they are worn.

4. Light bulbs still burn out about every month or month and a half.

5. After dinner speakers continue to show up.

6. Although you have arrived at a destination by some sophisticated means, it still takes you 35 minutes to check into the hotel and 30 minutes to check out.

7. Buttons still come off at the wrong time and at the wrong place.

8. Within one millisecond from the time the light turns green, the fellow behind you will still blow his horn.

In conclusion, let me leave you with a thought provoking definition of creativity by Jack Taylor, because we in the moving and storage industry have before us the "look ahead", a challenge and a responsibility to be creative in our plans for the future. Creativity, as defined by Taylor is . . . "The imaginatively gifted, recombination of known elements into something new. . . ."

All of these comments can be summed up in just four words: "Hang in there baby!"

PASTORAL LETTERS

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. DELLUMS. Mr. Speaker, in April of this year a number of distinguished members of the clergy issued a pastoral letter regarding our past involvement in Vietnam, and our continuing responsibilities toward healing the wounds of that terrible war. This pastoral letter is a powerful reminder to all of us that we cannot run away from our responsibility to our fellow human beings, regardless of their race or nationality, who were victimized by that long and devastating war.

Mr. Speaker, I insert this letter, along with the names of the signers, into the RECORD:

NEW YORK, *April, 1976.*

You shall not take vengeance or bear any grudge against the children of your own people. You shall love your neighbor as yourself.
—Leviticus 19: 18.

For more than 30 years Viet Nam has suffered the destruction of a merciless war. For the past 10 years that same war has caused pain and division within our own nation.

We now celebrate the first anniversary of peace in Viet Nam on April 30. We rejoice that people are returning to the land to till their rice fields once again. Reconstruction is in progress and reunification of families has begun. Viet Nam is at one and at peace!

Yet the pain and division of the war continues. Our government maintains its refusal even to recognize Viet Nam, a step which would begin to normalize diplomatic and cultural relations between our two peoples.

Our country, which was so unmerciful in destruction, must be generous in rebuilding. Land mines still explode as farmers plow their fields and bomb craters pockmark the paddy land. Bubonic plague, malaria, and tuberculosis add new victims as the legacy of war continues. Factories bombed; whole towns destroyed.

We call upon our government to meet Vietnamese requests for medicine, agricultural needs and industrial equipment. A government willing to spend $150 billion on destruction should be willing to spend two percent as much on rebuilding.

More than one million American sons and daughters are still penalized for their opposition to the war in Viet Nam. Veterans with less than honorable discharges: 792,500; draft violators: 10,000; non registrants: 1–2 million; civilian war protestors: unknown: AWOL still at large: 25,000. Many are denied jobs because of bad discharges, others remain in exile.

The time has come to bind up the wounds of war and division both at home and with Viet Nam. We appeal to the President and the Congress to carry out the healing task of reconciliation.

RECOGNIZE VIET NAM—HELP RECONSTRUCT VIET NAM

Grant full amnesty to all war resisters.

And, we say to ourselves: Our past caution and inaction were factors in the escalation of the war in southeast Asia. We confess this grievous fault and ask forgiveness—forgiveness from God, and also from His children victimized by our timidity. We dare not, by perpetuating a feeble witness, neglect the needs of the Vietnamese and our own people. We pray for new insight and fresh courage to act within ourselves and through our communities to heal the spiritual and physical wounds still remaining from that long and painful war.

SIGNERS OF APRIL 1976 PASTORAL LETTER

(Organizations listed for identification purposes only)

Bishop James Armstrong, Methodist, The Dakotas.

John C. Bennett, President Emeritus, Union Theological Seminary.

Rev. Daniel J. Berrigan, S. J.

Peggy Billings, Women's Division, United Methodist Church.

Eugene Carson Blake, Former General Secretary, World Council of Churches.

Malcolm Boyd, Episcopal Priest & Author.

Rabbi Balfour Brickner, Union of American Hebrew Congregations.

Rev. John Pairman Brown, Ecumenical Peace Institute, San Francisco.

Dr. Robert McAfee Brown, Union Theological Seminary.

Bishop John H. Burt, Bishop, Episcopal Diocese of Ohio.

Rev. William Sloane Coffin, Jr.

Wallace T. Collett, Chairman of the Board, American Friends Service Committee.

Dr. Harvey Cox, Professor, Harvard Divinity School.

John J. Dougherty, Auxiliary Bishop of Newark.

Martin L. Deppe, United Methodist Pastor, Chicago; Board of Directors CALC.

Lloyd A. Duren, Pastor, St. Mark's United Methodist Church, Brooklyn.

Rev. Richard Fernandez, Institute for World Order, Inc.

H. Lamar Gibble, Peace and International Affairs Consultant, World Ministries Commission, Church of the Brethren General Board.

Jim Gittings, Presbyterian Editor, *A.D. Magazine.*

Bishop Thomas Gumbleton, Archdiocese of Detroit.

Donald Harrington, Minister, The Community Church of New York.

Rabbi Charles D. Lippman, Pearl River, N.Y.

Don Luce, Director, Clergy and Laity Concerned.

Rev. Paul Mayer, Theologian.

Rt. Rev. Paul Moore, Jr., Episcopal Bishop of Diocese of N.Y.

Rev. Robert V. Moss, President, United Church of Christ.

Rev. Jack Mendelsohn, Unitarian Church of Chicago.

Dr. Paul McCleary, Director, Church World Service.

Vern Prehein, Asia Director, Mennonite Central Committee.

Rabbi Alexander M. Schindler, President, Union of American Hebrew Congreg.

Michael A. Robinson, Rabbi, Temple Israel of Northern Westchester, N.Y.; Chairman, Committee on Justice & Peace, Central Conference of American Rabbis.

Bishop Walter J. Schoenherr, Auxiliary Bishop Archdiocese of Detroit.

A. Finley Schaef, minister, Park Slope United Methodist Church, Brooklyn, N.Y.

Joel K. Thompson, Assoc. Gen. Sec. Gen. Board, Church of the Brethren.

Donald W. Shriver, President, Union Theological Seminary, New York.

Dr. Dorothee Sölle, Professor, Union Theological Seminary.

Eugene L. Stockwell, Assoc. General Secretary for Overseas Ministeries, National Council of Churches.

Sister Mary Luke Tobin, Church Women United.

Dr. George Webber, President, New York Theological Seminary.

Dr. Charles West, Professor of Christian Ethics, Princeton Theological Seminary.

Rabbi Arnold Wolf, Hillel Foundation, Yale University.

Dr. Robert Nelson West, Pres. Unitarian-Universalist Assoc.

WILL THE CARRIER FOLLOW THE BATTLESHIP INTO THE ARCHIVES?

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mrs. SCHROEDER. Mr. Speaker, the fiscal year 1977 defense appropriations bill, H.R. 14262, will be considered by the full House tomorrow. Included in this bill of almost $106 billion is $350 million for the funding of long leadtime items for our next aircraft carrier.

In the administration's original defense budget request this year money for an additional aircraft carrier was not requested. However, the Armed Services Committee independently added this funding in its authorization bill passed last April by the House. At that time, an attempt by my colleague Mr. HICKS to delete the funding from the authorization bill failed by a very narrow margin. This same question will be put to the House once again tomorrow.

The main reason for removing this $350 million item from the fiscal year 1977 budget is this: A full review of the usefulness of the aircraft carrier—and its optimum size—has yet to be completed. Many questions remain about the vulnerability and overall usefulness of the carrier in the years to come. These questions should be answered before we begin funding of a carrier likely to cost more than $17 billion before its life is through. This is a lot of money; sums like this should not be approved lightly.

The aircraft carrier has been the mainstay of our fleet since World War II. In view, the carrier has served the interests of this country well since that time. But the question facing us today is whether the present *Nimitz*-class of carrier will continue to be as suitable for our future needs. Technological advances will be posing new threats to our carriers in the years to come.

Our decision this year is made especially significant by the magnitude of the money involved here. The total 35-year life cycle cost of just one additional *Nimitz*-class carrier and its air group is, according to figures supplied by the Navy, more than $17.5 billion. Furthermore, we are not only considering replacing one of our carriers; we are faced with a need to replace eight of our aging *Forrestal* carriers. Before we commit ourselves to the spending of such sums, we must establish whether the investment is truly justified.

The present debate over the usefulness of the aircraft carrier brings to mind a similar debate which raged between the First and Second World Wars. At that time, the Navy was faced with the decision over whether the battleship had outlived its utility as the Navy's capital ships and whether, in fact, the new concept of the aircraft carrier would completely revise future naval warfare. The U.S. Navy position at that time was that the battleship was, and would continue to be, the mainstay of our naval power. They were, of course, wrong. However, the Navy tendency to continue their allegiance to a proven concept even though new circumstances may have made the traditional approach obsolete may once again be behind the Navy's all-out commitment to bigger and better supercarriers.

As we now know, the Navy was wrong in its commitment to the battleship. The mistake in judgment at that time was not, however, fatal. Back in those days, we had enough time—boosted by the buffer of two oceans—to recover from any mistakes once they were discovered. This is not the case anymore.

I can quite honestly say that I am not absolutely certain that a decision to continue our plans for our next aircraft carrier would be a mistake of the same serious magnitude as the loyalty which typified our relationship with the battleship. I am certain, however, that the serious questions raised about problems which may be plaguing the carrier in the future have not been satisfactorily answered.

The naval affairs specialist at the Library of Congress has recently reviewed the historical record of the battleship debate. His paper, "Conditions That Led to the Tactical Obsolescence of Battleships" is well worth the attention of my colleagues. The paper raises the possibility that the use of missiles at sea just might change naval history as drastically as the introduction of the airplane at sea did during World War II. The result would have serious implications for the future vulnerability of the aircraft carrier itself.

This issue should be a critical consideration in any decision to continue production of *Nimitz-class* carriers. I think that my colleagues will find the discussion most useful.

The issue of changing threats at sea that will be facing the carriers in the future should be a critical consideration in any decision to continue production of *Nimitz*-class carriers. I think that my colleagues will find the discussion most useful.

The paper follows:

CONDITIONS THAT LED TO THE TACTICAL OBSOLESCENCE OF BATTLESHIPS

During the interwar years (1918–1941), a continuing debate took place in the United States between advocates of battleships and those who believed that aircraft carriers would be the most effective fighting ships in future wars. The debate was intense in 1920–1922, prior to the Washington disarmament conference. Thereafter, with the size and composition of the U.S. Navy controlled by treaty, the controversy was muted but did not die. Naval ship construction fell behind treaty limits and the fleet aged considerably after 1922.

In 1934, Congress passed the Vinson-Trammell Act which authorized new naval construction to increase and modernize the fleet within the limits prescribed by the treaties. Subsequent amendments and associated naval appropriations resulted in the construction of ten fast battleships in accordance with provisions of this act, prior to and early in World War II. These new battleships were used during World War II primarily as escorts for the fast carriers which came to replace the battleships as the backbone of the fleet.

This paper outlines the capabilities that made battleships the primary ships of the world's naives and identifies the factors that led to their tactical obsolescence. Appendix I contains the background material for the report and should be consulted for a more complete understanding of the matters discussed in this paper.

BATTLESHIPS DEVELOPED AS GUN SHIPS

Warships achieve their purpose by applying force, or the threat of force, against enemy ships or shore installations. Weapons used have varied throughout history. Early warships were platforms for seagoing soldiers who needed to get close enough to board the enemy ship or to land and attack his installations on foot.

The ram bow and early devices that hurled projectiles, including flaming liquids, began to alter this form of sea warfare. The invention of firearms accelerated the change. At the time of the Spanish Armada, British gunnery proved an effective alternative to boarding, but boarding and capture was regarded as an essential naval capability well into the 19th century. But that time, guns had become the primary ship-based weapons.

The "automobile" torpedo, introduced prior to World War I, provided a potential alternative to the naval gun for sea battles but not for use against land targets.[1] After that war the gravity bomb, delivered by aircraft, became a promising weapon for use against naval targets at sea or ashore.

Battleships were the most advanced warships developed to employ naval guns. They became the backbone of the world's navies after the defeat of the Spanish Armada and remained so until World War II when aircraft carriers superseded them as the principal offensive warships. A discussion of the capabilities important to winning naval battles, and how these capabilities were embodied in battleships, will be helpful in understanding the tactical advantages which eventually permitted carriers to replace them.

CAPABILITIES IMPORTANT TO WINNING SEA BATTLES

Superior range and firepower of offensive weapons, mobility, and defensive strength are important to winning sea battles.

Superior range and firepower[2] of offensive weapons convey the ability to destroy an enemy before he can begin to retaliate. Ships with shorter-range weapons can be attacked with impunity unless the battle closes to a range where their inferior capability can be used.

Mobility means speed and endurance (cruising radius). Superior speed enables the ship to engage or disengage at will, and to choose the most favorable battle scene and direction from which to attack unless restricted endurance interferes.

Footnotes at end of article.

Defensive strength includes agility, defensive firepower, and passive features such as armor and interior compartmentation designed to limit damage caused by enemy action. Agility is helpful in evading the enemy's retaliatory efforts. Defensive firepower is not necessarily the same as offensive firepower; the big gun that destroys enemy ships and reinforced concrete shore fortifications is not always the best weapon against attacking aircraft, small craft or submarines. As is true in the offensive case, the advantages of longer-ranged weapons is important.

Ships can be passively hardened against damage by extensive interior compartmentation [3] and by the installation of armor plates on both vertical and horizontal surfaces. These forms of passive defense have been highly developed and are effective, but they detract from speed and agility, are costly to install, and create difficulties when it becomes necessary to perform major repairs or alterations to equipment installed within the armored citadel.

BATTLESHIPS OPTIMIZED FOR WINNING GUN BATTLES

The fast new battleships available to the world's principal sea powers in World War II were optimized for gun battles in the following ways: Their 9 or more 16-inch guns could shoot over 20 miles and deliver enough firepower to ensure quick destruction. They were fast enough to keep up with other fleet units in all but the calmest seas and could outrun most smaller ships in moderate weather.[4] They were heavily armored and had excellent compartmentation, were equipped with the best defensive gun batteries in the fleet, and were highly maneuverable. Battleship endurance was great enough not to be a consideration under ordinary circumstances.

In a gun battle, no other ship was a match for the battleship. However, battleships were superseded by aircraft carriers as the principal offensive units of their navies because planes possessed superior tactical capabilities over guns.

TACTICAL SUPERIORITY OF AIRPLANES OVER GUNS

Aircraft speeds were far greater than the speed of any ship, and by the beginning of World War II their endurance was adequate to permit sustained engagements provided that a nearby base was available. Carriers were mobile airbases that insured the sustained availability of air power. Aircraft could deliver bombs and torpedoes to ranges well beyond the 20 mile range of a battleship's guns. The aircraft carrier could remain safely outside retaliatory range while launching attacks.

Although highly vulnerable when hit, the agility of the aircraft made it a difficult target for the rudimentary antiaircraft weapons installed in ships at the beginning of the war. Ultimately air defenses were devised that effectively defended fleet units against all but the most determined attacks (by Kamikaze pilots and guided munitions). By that time the airplane was recognized as a superior offensive weapon and the fast new battleships with their fine defensive armament were principally employed to defend aircraft carriers against air attack.[5]

Although the carrier had less integral defensive power than the battleship, the relative vulnerability of the two types of ship to enemy attack did not prevent the shift to the aircraft carrier. In retrospect, it is apparent that the primary tactical advantage of the aircraft carrier over the battleship was the much greater distance at which its payload could be delivered to the target. This advantage had been recognized in 1921. (See the testimony of Admiral W. S. Sims in Appendix I.)

POTENTIAL FUTURE CHANGES

The principal tactical weakness of the airplane is its vulnerability when hit. During and after World War II, fleet air defense weapons and tactics became increasingly effective. The proximity fuse was a technological triumph.[6] Guided missiles were developed. The use of radar and digital computers for raid detection, fighter direction, and control of defensive fire became accepted practice. Air defense tactics were worked out that coordinated the efforts of a group of ships with those of the carrier's protective aircraft to achieve an effective defense for the entire force. These measures inhibited penetration to the target with gravity bombs and short-range torpedoes, and prompted efforts to develop weapons for aircraft which could be fired from outside the defensive perimeter. The production of glide bombs and guided missiles responded to this need.

Missiles can be fired from ships and submarines as well as from airplanes, and this raises the possibility that use of manned aircraft to transport ordnance to the target, or even part way to the target, may be curtailed in future in favor of missile-delivered ordnance for some missions. Submarine-launched ballistic missiles have already replaced carrier aircraft as the U.S. Navy's primary weapon for the strategic mission. Whether a similar shift will occur in general purpose force missions remains to be seen.

FOOTNOTES

[1] Early "torpedoes" were not self-mobile. They were either moored in seaways, like today's mines, or attached to small craft (sometimes on a long pole) and rammed into the side of their intended victim. The invention of the automobile torpedo, driven by small steam engines, was a major evolutionary step for this weapon.

[2] Firepower is a measure of the number of targets that can be effectively engaged by a particular weapon system or the combination of weapon systems in a ship, or group of ships, in a specified period.

[3] If the interior of a ship is "honeycombed" with watertight compartments, battle damage that opens the skin of the ship results in only limited flooding.

[4] However, most first-line aircraft carriers were faster than battleships.

[5] Availability of battleships in carrier task groups also insured that the carrier would be defended against enemy battleships and other surface warships if they came close enough to be a threat.

[6] Proximity-fused projectiles were designed to explode at, or near, their closest approach to the target. Their invention was a significant advance over earlier time-fused projectiles which depended on very precise measurements of range to the target and exact knowledge of its course and speed, information very hard to acquire under battle conditions against a maneuvering airplane.

Appendix I—Public Record and Professional Journal Articles Concerning The Debate Over the Future of Battleships

Hearings Before the Committee on Naval Affairs of the House of Representatives on Sundry Legislation Affecting the Naval Establishment, 1920–1921. 66th Congress, 3rd Session. (Extracts)

Naval Appropriation Bill, 1922. Hearing Before the Subcommittee of House Committee on Appropriations. 66th Congress, 3rd Session. Pp. 933–938.

"The Battleship and the Junk Heap," *Scientific American*, April 16, 1921.

"Case of the Airplane Against the Battleship," *The New York Times Book Review and Magazine*, August 28, 1921.

"Bomber versus Battleship," *The American Army and Navy Journal*, February 25, 1922.

"The Battleship," *United States Naval Institute Proceedings*, May 1938.

"Battleships," *United States Naval Institute Proceedings*, August 1940.

"The Genesis of the Modern U.S. Navy," *U.S. Naval Institute Proceedings*, March 1966.

Vinson-Trammell Act, 1934. P.L. 73–135. 73rd Congress, 2nd Session.

Naval Construction Act, 1938. P.L. 75–528. 75th Congress, 3rd Session.

LETTERS ON ENERGY ACTION

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. BROWN of Ohio. Mr. Speaker, yesterday, I attempted to insert in the Record the Federal Energy Administration's transmittal letters on energy actions Nos. 3 and 4, an amendment to the FEA price and allocation regulations which would exempt middle distillates—heating oil, diesel fuel, and kerosene—from price and allocation controls. Unfortunately, the second transmittal letter was not printed in the Record.

Therefore, I ask that both letters be inserted at this time so that my colleagues will be aware of the FEA action. I urge each of you to give careful consideration to these energy actions and the supporting documents that should have arrived in your office today. The House has until June 30 to act to disapprove such action if that is the wish of this body.

The letters follow:

Federal Energy Administration,
Washington, D.C., June 15, 1976.

Hon. Carl Albert,
Speaker of the House of Representatives, Washington, D.C.

Re: Exemption of Middle Distillates (Other Than No. 2 Heating Oil and No. 2–D Diesel Fuel) from the Mandatory Petroleum Allocation and Price Regulations (Energy Action No. 4).

Dear Mr. Speaker: On April 21, 1976, the Federal Energy Administration gave notice of a proposal to exempt No. 1 heating oil, No. 1–D diesel fuel, kerosene and other middle distillates from the Mandatory Petroleum Allocation and Price Regulations and to revoke Part 215 (Low Sulphur Petroleum Products Regulation). Written comments from interested persons were invited through May 11, 1976, and a public hearing regarding the proposal was held on May 12 and 13, 1976.

FEA has now completed its consideration of all the information available in this proceeding and has determined that the proposal to exempt middle distillates should be adopted and that Part 215 should be revoked. As required by section 455 of the Energy Policy and Conservation Act, Pub. L. 94–163 (EPCA), which added section 12 to the Emergency Petroleum Allocation Act of 1973, as amended (EPAA), each amendment exempting a refined product category from regulation must be submitted separately to each House of the Congress for review pursuant to section 551 of the EPCA.

FEA is, therefore, herewith submitting the amendment revoking Part 215 and exempting No. 1 heating oil, No. 1–D diesel fuel and kerosene (which are defined in the EPCA as a single product category) to the House of Representatives, and is concurrently submitting this amendment to the Senate, for Congressional review. By Energy Action No. 3, FEA is separately submitting to each House of Congress an amendment exempting the other middle distillates (No. 2 heating oil and No. 2–D diesel fuel), which are defined in the EPCA as a separate refined product category, for review pursuant to section 551 of the EPCA.

The findings and views supporting this amendment, which are required by section 455 of the EPCA, are set forth in the enclosed document enitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations".

The Administrator of the Federal Energy Administration has been delegated by the President all the authority granted to him by the EPAA (E.O. 11790, 39 F.R. 23185, June 27, 1974).

Unless disapproved by the Congress as provided by section 551 of the EPCA, the enclosed amendment will be effective July 1, 1976 or on the first day following expiration of the review period provided for by Section 551 of the EPCA, whichever is later.

Sincerely,

JOHN A. HILL,
Acting Administrator.

FEDERAL ENERGY ADMINISTRATION,
Washington, D.C., June 15, 1976.

Re Exemption of No. 2 Heating Oil and No. 2–D Diesel Fuel from the Mandatory Petroleum Allocation and Price Regulations (Energy Action No. 3).

Hon. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On April 21, 1976, the Federal Energy Administration gave notice of a proposal to exempt No. 2 heating oil, No. 2–D diesel fuel and other middle distillates from the Mandatory Petroleum Allocation and Price Regulations and to revoke Part 215 (Low Sulphur Petroleum Products Regulation). Written comments from interested persons were invited through May 11, 1976, and a public hearing regarding the proposal was held on May 12 and 13, 1976.

FEA has now completed its consideration of all the information available in this proceeding and has determined that the proposal to exempt middle distillates should be adopted and that Part 215 should be revoked. As required by section 455 of the Energy Policy and Conservation Act, Pub. L. 94–163 (EPCA), which added section 12 to the Emergency Petroleum Allocation Act of 1973, as amended (EPAA), each amendment exempting a refined product category from regulation must be submitted separately to each House of the Congress for review pursuant to section 551 of the EPCA.

FEA is, therefore, herewith submitting the amendment revoking Part 215 and exempting No. 2 heating oil and No. 2–D diesel fuel, which are defined in the EPCA as a single refined product category, to the House of Representatives, and is also concurrently submitting the amendment to the Senate for Congressional review. By Energy Action No. 4, FEA is separately submitting to each House of Congress an amendment exempting the other middle distillates (No. 1 heating oil, No. 1–D diesel fuel and kerosene), which are defined in the EPCA as another refined product category, for review pursuant to section 551 of the EPCA.

The findings and views supporting this amendment, which are required by section 455 of the EPCA, are set forth in the enclosed document entitled "Findings and Views Concerning the Exemption of Middle Distillates from the Mandatory Petroleum Allocation and Price Regulations".

The Administrator of the Federal Energy Administration has been delegated by the President all the authority granted to him by the EPCA (E.O. 11790, 39 F.R. 23185, July 27, 1974).

Unless disapproved by the Congress as provided by section 551 of the EPCA, the enclosed amendment will be effective July 1, 1976 or on the first day following expiration of the review period provided for by Section 551 of the EPCA, whichever is later.

Sincerely,

JOHN A. HILL,
Acting Administrator.

SELF-STYLED CONSUMERIST ASSAILS BUSINESS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. ASHBROOK. Mr. Speaker, little by little the bark is starting to peel off of the Nader image. Like most things in politics, he is 90 percent image and 10 percent substance. As the substance is becoming better known, Americans are waking up.

Only yesterday we saw an example on the floor of a Member who became an instant expert in floor control and public works. He evidently took the Nader short course. You know you can take that and know about everything from bridges to gas mains to nuclear generating facilities.

This article by George C. Roche III which appeared in Human Events is quite revealing and should be read by all Members of this body who still think there is something in the 10-percent substance of Ralph Nader.

SELF-STYLED CONSUMERIST ASSAILS BUSINESS

(By George C. Roche III)

A recent Center for Constructive Alternatives seminar at Hillsdale College featured an examination of government regulation and its effects on American society. One of the speakers appearing as a part of the program was Ralph Nader. The invitation to Mr. Nader was in keeping with the CCA belief that the best means of sorting out the most (and the least) constructive alternatives on any issue is by providing a forum for widely differing views.

The Nader appearance provided a convincing demonstration of just how constructive his policy recommendations are likely to prove. Despite receiving and agreeing to the standard instructions for a CCA speaker—a 50-minute lecture followed by a 20-minute question period—Nader chose to hold forth a speech of nearly two hours before the questions ever began. Perhaps he needed more than double the usual time to inject all of the hit-and-run, partially examined innuendoes and half-truths on which his case depends.

To correct all the factual and logical errors which were advanced in those two hours would take more time than the original Nader speech. It is always easier to hit-and-run than to explore in depth. But there are several basic questions which should be answered. Some of those questions were raised in the question period following the lecture, but with wholly inadequate time for systematic analysis. Nader made comments which cried out for refutation.

For example, Nader made much of the "empirical" basis for his position, implying a cool, objective approach deeply grounded in the "facts" and the "latest findings." Yet he cited examples of "corporate power," especially the instance of John D. Rockefeller and Standard Oil which have been totally refuted in carefully documented historical studies available for years.

Professors Ralph and Muriel Hidy of Columbia University studied the business records of Standard Oil and its competitors and demolished the "robber baron" thesis in their pioneering work over a decade ago. The work of the Hidys is the accepted work on the subject within the historical profession. Yet Nader ignores the existence of such material and trots out the old false charges, telling us all the while that he is dealing in "facts" and the "latest findings."

As another case in point, Nader makes much of the interest groups, noncompetition and special privilege which exist when the power of the regulatoray state is used to favor some at the expense of others. All of the Nader examples are drawn from the corporate community, displaying a remarkable tunnel vision which conveniently ignores the abuses of government power which have grown from other special-interest groups.

Special interests are bred by government power as different groups struggle to exercise that power for their own purposes. Today we have not merely one, but many such special-interest groups, embracing not only the corporate community but education, the professions, welfare groups, local governments, state governments and every group of would-be beneficiaries out to use political power to their own advantage.

Nowhere has that political power been more abused than in two areas which Nader never mentions: labor and the bureaucracy itself. The empire-building, special privilege and abuse of the consumer within organized labor and within the regulatory agencies themselves are widespread, yet do not seem to concern Mr. Nader at all.

In his highly selective approach to the misuse of political power, Nader does great harm to the truth. We share Mr. Nader's concern that political power and government regulation have done so much damage to this country. We decry special privilege wherever it appears, but these are arguments against the granting of such great regulatory power—for any purpose.

Nader wishes us to believe that all will be well if we grant vast political powers to those who share his vision of society. Are we really to assume that Ralph Nader will prove an incorruptible and infallible regulator of our affairs? Is it possible that Nader's Raiders and their bureaucratic allies do not share the human frailties of the rest of us?

Nader's advocacy of vast governmental authority for regulatory agencies is based on the argument that such powers have always been abused. That is the best possible argument for suggesting, not that those powers should be increased, but that they should be sharply reduced or eliminated.

PERSONAL EXPLANATION

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. HARKIN. Mr. Speaker, I was unable to be present in the House of Representatives for the session of June 14, 1976, due to a tornado which caused widespread disaster in my congressional district, and which made it necessary to remain there on that day. Had I been present, I would have voted "no" on rollcall No. 367, which would prohibit funds appropriated in H.R. 14261 to be used in the IRS informer program. I would have voted "aye" on rollcall No. 368, which would withold 5 percent of the total budget authority under H.R. 14261 for payments not required by law.

I would have voted "no" on rollcall No. 369, which would prohibit the use of IRS funds appropriated under H.R. 14261 for compiling and making public records of contacts made by members of Congress with respect to matters pending before the IRS. I would have voted "no" on rollcall No. 370, the vote on final passage of H.R. 14261, the Treasury, Postal Service and general Government appropriation bill for fiscal year 1977.

I would have voted "aye" on rollcall No. 371, the vote on the rule providing for consideration of H.R. 14114, which would temporarily increase the public debt limit. I would have voted "no" on rollcall No. 372, the vote on final passage of H.R. 14114.

Finally, on the following amendments to H.R. 6218, the Outer Continental Shelf Lands Act Amendments of 1976, I would have voted "no" on rollcall numbers 374, 375 and 376.

LITHUANIA

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 16, 1976

Mr. RHODES. Mr. Speaker, as we in America near the observance of our 200th anniversary as a free Nation, it is appropriate that we pause amid our celebration and give some thought to those in the world who bear the burdens of tyranny and oppression.

Just 36 years ago, on June 15, the proud little nation of Lithuania was occupied by the Soviet Union and incorporated into their Communist country. Destruction of the free Government of Lithuania was followed by dispersal of many of its people. Many went to Siberia because of their forthright opposition to the shackles of the Communist form of government.

This anniversary is a rueful event for the thousands of Americans of Lithuanian descent, who still keep alive the dream that their homeland shall one day again be aglow with the light of freedom.

It should, also, be a reminder to all of us who enjoy the blessings of liberty that we must maintain eternal vigilance in a world harboring aggression and inhabited by many who are ill-disposed toward our Republic. It is appropriate that the House remember the date of Lithuania's fall, and that we use this occasion to rededicate ourselves to the support of freedom around the world.

SENATE—*Thursday, June 17, 1976*

The Senate met at 9:30 a.m. and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Eternal Father, in whom we live and move and have our being, before whom the generations rise and pass away, we quiet our hearts in reverent remembrance of the emissaries of this Nation whose lives have been taken in the rampant violence of this age. O God of all comfort, be near to all their loved ones, assuaging their grief and comforting their hearts.

We thank Thee for devotion, even unto death, of those in far-flung foreign posts across the Earth who serve this Nation and the peace of the world. Be with them and their families in times of loneliness and isolation.

Into our hearts send Thy peace and with peace give us power and wisdom. When times are tense and the days are heavy with work, keep our hearts in tune with Thee lest we miss the sudden insight, the clear perception, the moment of high vision. Reward our labor with the inner satisfaction of doing our best in Thy strength.

We pray in the Redeemer's name. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, June 16, 1976, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the Executive Calendar under "New Report."

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nomination will be stated.

COMMODITY FUTURES TRADING COMMISSION

The second assistant legislative clerk read the nomination of Robert L. Martin, of Illinois, to be a Commissioner of the Commodity Futures Trading Commission.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

WAIVER OF SECTION 402(a) OF CONGRESSIONAL BUDGET ACT—CONSIDERATION OF SENATE JOINT RESOLUTION 203

Mr. MANSFIELD. Mr. President, on behalf of the Senator from Rhode Island (Mr. PELL) I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 468. This has been cleared all the way around.

The ACTING PRESIDENT pro tempore. The resolution will be stated.

The assistant legislative clerk read as follows:

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S.J. Res. 203. Such waiver is necessary because S. 2657, the Education Amendments of 1976, which was reported to the Senate on May 14 (Report No. 94–882), will not be enacted into law by June 30, 1976. S.J. Res. 203 is necessary to continue the authority of the Commissioner of Education to insure loans under the Guaranteed Student Loan Program during the Transition Quarter and to continue the Emergency Insured Student Loan Act of 1969 for the same period.

The ACTING PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

Without objection, the resolution (S. Res. 468) was considered and agreed to.

HIGHER EDUCATION ACT AMENDMENT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 905, Senate Joint Resolution 203.

The ACTING PRESIDENT pro tempore. The joint resolution will be stated.

The assistant legislative clerk read as follows:

A joint resolution (S.J. Res. 203) to amend the Higher Education Act of 1965, and for other purposes.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution (S.J. Res. 203) was considered, ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S.J. RES. 203

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Technical Provisions Act of 1976".

SEC. 2. (a) The first sentence of section 424 (a) of the Higher Education Act of 1965 is amended by striking out "for the fiscal year ending June 30, 1975" and inserting in lieu thereof the following: "each for the fiscal year ending June 30, 1975, for the fiscal year ending June 30, 1976, and for the period beginning July 1, 1976, and ending September 30, 1976".

(b) Section 428(a)(5) of such Act is amended by striking out "June 30, 1975" and inserting in lieu thereof "September 30, 1976".

(c) Section 2(a)(7) of the Emergency Insured Student Loan Act of 1969 is amended by striking out "July 1, 1975" and inserting in lieu thereof "October 1, 1976".

(d) The amendments made by this section shall not be deemed to authorize the automatic extension of the programs so amended, under section 414 of the General Education Provisions Act, beyond the date specified in such amendments.

(e) For the purposes of section 446(b) of the Higher Education Act of 1965, the period beginning July 1, 1976, and ending September 30, 1977, shall be treated as one fiscal year, any other provision of law to the contrary notwithstanding.

(f) Section 411 of the Higher Education Act of 1965 is amended by inserting at the end thereof the following new subsection:

"(c) Any institution of higher education which enters into an agreement with the Commissioner to disburse to students attending that institution the amounts those students are eligible to receive under this subpart shall not be deemed, by virtue of such agreement, a contractor maintaining a system of records to accomplish a function of the Commissioner.".

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, I wish to yield 5 minutes of my time to the distinguished Senator from Wisconsin (Mr. NELSON), but before I do so I have a few words to say.

DEATH OF AMBASSADOR FRANCIS E. MELOY, JR.

Mr. MANSFIELD. Mr. President, I have a few words to say about an old, dear, and trusted friend who was assassinated in Lebanon on yesterday. I refer to Francis E. Meloy, Jr., with whom I had a very excellent relationship since we first became acquainted while he was attached to the U.S. Embassy in Saigon, almost 25 years ago.

There have appeared a number of editorials and commentaries about the services of this distinguished man and his associate, Robert O. Waring.

Mr. President, I ask unanimous consent at this time that editorials from the Baltimore Sun, the New York Times, a news story from the Baltimore Sun, and two articles which appeared in today's issue of the New York Times, one entitled "Envoy 30 Years in Foreign Service; Economic Aide Had Lebanese Contacts" and the other entitled "Four U.S. Diplomats Slain in Eight Years," be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, June 17, 1976]

ENVOY 30 YEARS IN FOREIGN SERVICE; ECONOMIC AIDE HAD LEBANESE CONTACTS

(By David Binder)

WASHINGTON, June 16.—Francis Edward Meloy Jr., the United States Ambassador to Lebanon who was killed in Beirut, was a career diplomat whose 30 years in the Foreign Service had taken him all over the world.

He came from one of Washington's oldest families, being a direct descendant of James Nourse, the first Comptroller of the Currency in 1800's. The family settled in Washington in 1800.

It was Ambassador Meloy's quick and sure performance in coordinating the United States relief effort for Guatemala when it was devastated last February by earthquakes that caused him to be chosen April 21 for the difficult assignment in Lebanon.

"He had all the talents that led to him being plucked out of Guatemala and sent to Lebanon," said William D. Rogers, who was then his superior as Assistant Secretary of State for Inter-American Affairs.

The envoy was no stranger either to the Middle East or to situations involving terrorists.

FIRST POST IN DHAHRAN

His first diplomatic post was in Dhahran, Saudi Arabia, where he served in 1946 as vice consul. He had been sent out shortly after joining the State Department, having completed four years in naval intelligence as a reserve officer.

While ambassador to the Dominican Republic in March 1970, Mr. Meloy spent three days negotiating the successful release of his military attaché, Lt. Col. Donald J. Crowley, who had been kidnapped by terrorists.

"I learned respect and affection for him then," recalled Frank J. Devine, who was his deputy chief of mission at the time. "We had a terribly close relationship."

Mr. Meloy was born March 28, 1917, in Washington, the son of Francis E. Meloy Sr., and Anne Teresa Connor. The senior Meloy had become a government employee in 1898 and served as a geographer in the Philippines and China in the course of a 40-year career. He died at 96 in the Dominican Republic in 1973 in the home of his son.

The Meloys were a close family. Daniel Meloy, a New York business consultant, said today he was too deeply affected by the killing to talk about his only brother. A third cousin, Thomas Meloy, a Washington businessman, called him "my closest friend." The envoy was a bachelor.

Returning from Dhahran in 1946, he worked as a personal assistant to Secretary of State Dean Acheson until the end of the Truman Administration in 1953. It was an experience he always treasured, colleagues said today.

His later posts included those of political officer in Saigon, from 1953 to 1956, and then in Paris, until 1959. He directed the Office of Western European Affairs from 1962 to 1964. For the next five years he was the deputy chief of missions in Rome and then was named ambassador to the Dominican Republic.

ROBERT O. WARING

Robert Olaf Waring, the economic-commercial counselor who was killed in Beirut along with the ambassador, joined the State Department as a clerk in 1944 but became an economic expert at embassies beginning in the early 1960's.

The 56-year-old New York native, who received his B.A. and M.A. degrees from Fordham University, arrived with his family in Beirut in June 1972. He became a senior member of the embassy staff, frequently called upon to fill the role of chargé d'affaires.

As the economic stability of Lebanon collapsed, Mr. Waring turned his expertise increasingly to political matters. State Department officials said he had established "extremely good contacts" in the Lebanese business and political community, in particular with Elias Sarkis, former director of the Central Bank, who is now President-elect.

After serving with the War Department in 1943 and 1944, Mr. Waring joined the Foreign Service, holding administrative posts in Casablanca, Rabat, Salonika, Athens, West Berlin, and London. From 1961 to 1966, he served as economic officer in Vienna in West Berlin before returning to Washington in 1971.

Mr. Waring is survived by his wife, the former Irene Pollax, and four children.

[From the New York Times, June 17, 1976]

FOUR U.S. DIPLOMATS SLAIN IN 8 YEARS—7 SENIOR OFFICIALS ABDUCTED SINCE 1968, DATA SHOW

WASHINGTON, June 16.—Seven senior United States diplomats have been kidnapped in the last eight years and four United States ambassadors or chiefs of missions have been killed, according to State Department figures.

In addition, Palestinians have kidnapped a number of United States diplomats in Jordan and Lebanon since 1970. A partial chronology of such attacks since 1968 follows.

Aug. 28, 1968—J. Gordon Mein, Ambassador to Guatemala, killed while attempting to avoid kidnapping by revolutionaries in the capital.

Sept. 4, 1969, C. Burke Elbrick, Ambassador to Brazil, kidnapped by revolutionaries in Rio de Janerio. He was released unharmed three days later after Brazil released 15 political prisoners.

April 5, 1970—Curtis S. Cutter, a Consul General, wounded while trying to avoid kidnapping by revolutionaries in Porto Alegre, Brazil.

June 1970—In Amman, Jordan, members of the Popular Front for the liberation of Palestine kidnapped two diplomats in Jordan; raped the wives of two officials; shot and killed an Army attache and held 60 people hostage in two hotels.

July 31, 1970—Tupamaro guerrillas kidnapped Daniel Mitrione, a public-safety adviser in Uruguay. His body was found on Aug. 10.

Jan. 23, 1973—Clinton E. Knox, Ambassador to Haiti, and Consul General Ward Christensen were held hostage in Mr. Knox's residence by kidnappers. They were freed in return for $70,000 and the release of 12 political prisoners.

March 1, 1973—Cleo Noel, the Ambassador to the Sudan, and his deputy chief of mission, George Moore, were seized by Palestinian guerrillas in Khartoum, and later killed with the Belgian charge d'affaires.

May 4, 1973—Terrence G. Leonhary, the Consul General, was kidnapped by revolutionaires in Guadalajara, Mexico, and freed two days later in return for the release of 30 Mexican political prisoners and an $80,000 ransom.

Aug. 19, 1974—Rodger Davies, the Ambassador to Cyprus, was shot and killed after demonstrators beseiged his Embassay in Nicosia.

Feb. 26, 1975—Guerrillas kidnapped and killed John P. Egan, the consular agent in Cordobza, Argentina.

April 1975—Palestinians held John McKay, an official of the United States Drug Enforcement Agency, hostage for two days at a refugee camp in Beirut.

May 1975—Palestinians in Beirut kidnapped and beat Michael Konner, a diplomat and released him after 14 hours.

June 29, 1975—Col. Ernest Morgan of the Army was kidnapped by Palestinian guerrillas from a taxi and released two weeks later in return for food, clothing and building materials.

Oct. 22, 1975—Palestinians in Beirut kidnapped two United States Information Service employees; Charles Gallagher and William Dykes, and held them for four months.

Dec. 23, 1975—Richard S. Welch, a Central Intelligence Agency official assigned as first secretary at the Embassy in Athens, was killed by unidentified assailants.

[From the Baltimore Sun, June 17, 1976]

MELOY IS 4TH U.S. AMBASSADOR SLAIN WHILE ON TOUR OF DUTY SINCE 1968

Francis E. Meloy, Jr., the U.S. ambassador to Lebanon, was the fourth American ambassador to have been killed on a tour of duty since 1968.

The White House reported the death of Mr. Meloy and Robert O. Waring, an economic attache, in Lebanon yesterday after they disappeared en route to a meeting with Lebanese officials.

Rodger P. Davies, the ambassador to Cyprus, was shot to death in his embassy in Nicosia shortly after the Turkish-Greek Cypriot clash on the Mediterranean island in the summer of 1974.

Mr. Davies was hit in the chest by a stray bullet August 19, 1974, as he huddled in a corridor outside his office while about 600 Greek Cypriot demonstrators rioted outside.

The Greek Cypriots believed the Americans had favored the Turkish invasion of the island that followed an attempted coup against President Makarios by Greek Cypriots favoring union with Greece.

Mr. Davies, 53, had been at his post about one month, as had Mr. Meloy.

In March 1973, the American ambassador to Sudan, Cleo Noel, and an embassy counsel, George C. Moore, were murdered by eight Palestinian guerrillas who invaded the Saudi Arabian embassy in Khartoum during a farewell reception for Mr. Moore.

The guerrillas killed Mr. Noel and Mr. Moore after their demands for the release of terrorists held in several countries and for a flight to the United States were refused. The assassins were convicted of the murders but subsequently released.

In 1968, Ambassador John Gordon Mein was killed during a kidnap attempt in Guatemala.

Earlier this year, Palestinian radicals in Beirut kidnapped a black U.S. Army colonel and held him until the Lebanese government delivered free food and other supplies demanded in ransom.

Col. Ernest R. Morgan, 43, was released after two weeks by kidnapers calling themselves the Socialist Revolutionary Action Organization. Mr. Morgan had been stationed in Ankara, but had stopped in Beirut with a U.S. aid mission en route to Pakistan when he was kidnaped.

[From the New York Times, June 17, 1976]

Fallen Ambassador

Three senseless deaths were added to the tens of thousands of innocent victims already fallen to marauding civil war in Lebanon: the United States Ambassador, his Economics Counselor and the embassy driver, executed in Beirut by elements unknown.

Ambassador Francis E. Meloy Jr. had been at his post only 35 days. Setting off on his last drive through the rubble of a Beirut no-man's-land, he was about to have his first working encounter with Lebanon's President-elect Elias Sarkis. No rational purpose can explain this act of criminality—only a desperate intent to provoke a great power.

Some day, perhaps, the full story of United States mediation efforts to resolve the Lebanese tragedy will be revealed; for the present it seems clear that all responsible governments of the area—Syria, Israel, the rival leaders of Lebanon itself—have found the American role essential and helpful. Responding to provocation now would only undo what has been accomplished and serve no interests except those of the terrorists. In this awareness, President Ford rightly declared that the United States would "not be deterred from its search for peace," the search in which the Ambassador was himself engaged in his last hour.

The most fitting monument to the memory of Ambassador Meloy and his colleagues will be a truce and a political settlement in which all sides can join to restore Lebanon to the pride and standing of a nation at peace.

[From the Baltimore Sun, June 17, 1976]

In the Service of Their Country

Francis E. Meloy, Jr., distinguished himself earlier this year as Ambassador to Guatemala when, after living through the earthquake, he organized the American relief efforts. In recognition, he was posted to Lebanon. The nation is in the debt of such courageous diplomats as Ambasador Meloy and his economic counselor, Robert O. Waring, who were assassinated while crossing no-man's land in Beirut yesterday. They were on a normal mission, to call on the president-elect of the country, in most abnormal times.

Mr. Meloy died in the service of his country, but as in Guatemala, his work was also to help the people of the nation where he served. American diplomacy, while hardly the central focus of Lebanese affairs, is now directed toward a settlement of internal strife. The unknown assassins, who must have known who he was and what he was about, can only have wanted the turmoil and killing and misery to go on. Until now, the important personages in the Lebanese drama, domestic and foreign, have led charmed lives. The sister of the leftist Druze leader, Kamal Jumblatt, was assassinated; leaders themselves have lived. The president, Suleiman Franjieh, felt compelled to flee Beirut and any exercise of office. The Palestinian leader, Yasir Arafat, has absented himself from the country while directing his followers.

Mr. Meloy appears to have been moving without heavy security. Few will, now. Lebanon is a less safe country for everyone today. President Ford is right to demand that the assassins be brought to justice. But there is no justice while Lebanon is in anarchy. And all efforts must go forward, as he said, to find Lebanon an internal peace to end that anarchy.

Mr. HUGH SCOTT. Mr. President, may I just say that I join with the Majority Leader in the shock and sadness of the assassination of Mr. Meloy, whom we in the Foreign Relations Committee had recently confirmed and with whom we had the greatest understanding.

We are grieved by this violent act which resulted in his assassination and that of Mr. Waring and the driver of their car.

The risks assumed by members of the foreign service are not well understood in this country, but it is, in its own way, a battleline, and these are frontline fighters for peace, as the distinguished majority leader has noted.

I extend on behalf of all of us on this side our sincere condolences to the families aggrieved by this sad and deplorable event.

Mr. MANSFIELD. Mr. President, I appreciate the words of the distinguished Republican leader. I am sure that we speak for all Members of the Senate in expressing our deep regret and sadness.

The Senate as a whole extends its condolences to the members of Frank Meloy's family.

STRENGTHENING THE TAX REFORM ACT OF 1976

Mr. NELSON. Mr. President, on behalf of myself and 14 other Senators, I am proposing a package of tax reform amendments designed to strengthen in a number of important respects the Tax Reform Act of 1976 as reported by the Committee on Finance.

We believe that the Congress should take a bolder and firmer step toward meaningful tax reform at this time than what has been recommended by the committee. Five of us who are sponsoring this package of strengthening amendments are members of the Finance Committee, Senators Hartke, Mondale, Hathaway, Haskell, and myself. We believe that much of the voluminous work accomplished by the committee in its consideration of the Tax Reform Act over the past few months is valuable and should be enacted.

But the general posture of the Finance Committee bill on tax reform is weak and inadequate. The bill suffers from serious deficiencies.

It does not achieve adequate tax reform.

It does not raise the modest $2 billion revenue needed to meet the Budget Committee recommendation for fiscal 1977.

As a direct result of these failures, the bill would actually raise taxes on nearly every taxpaying family and single person in the country in the middle of 1977, and would deprive elderly taxpayers of needed tax relief for another year.

And finally, in every future year the committee's tax reforms will actually lose more revenues than they gain.

Overall, the committee bill is too weak in trimming back on existing tax privileges and special tax benefits, and too vigorous in opening up a host of new special interest tax breaks. Many of these new tax breaks in the committee bill would primarily benefit the wealthiest taxpayers in the country, as many existing loopholes do.

The committee bill takes away some existing tax benefits from the very wealthy with one hand, and extends new ones with the other. On balance, it largely protects the economic interests of the wealthiest few taxpayers. And it does far too little to advance the interests of the average taxpayer.

We recognize that what we refer to as "tax reform" is enormously complicated, intensely controversial and politically difficult. Conscientious people differ over what is and what is not "reform" and how it should be achieved. Many of us believe there should be a major overhauling of the whole tax structure, but we recognize that to involve a long tough fight. We believe that our proposals represent a significant step in the right direction and, in our judgment, they represent about the maximum achievable at this time. If we prevail, we think it will be a breakthrough that will pave the way for further significant reforms in the near future.

Mr. President, I ask unanimous consent that at the conclusion of my statement a summary outline be printed in the Record. It explains in detail the differences between the House bill, the Senate bill, and the proposed amendment, as well as attached statements endorsing the package of proposals we have made.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. NELSON. Mr. President, I ask unanimous consent to have printed in the Record at the conclusion of my remarks a memorandum drafted by tax specialists evaluating various aspects of the issues which are raised within this tax bill and relative to the reform amendments that the 15 Senators are proposing.

I ask that this memorandum be printed at the conclusion of my remarks and after the item I have already supplied for the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 2.)

Mr. NELSON. We believe we must take stronger steps than the Committee on Finance has been willing to take in trimming back the lush growth of these special tax favors, most of which are not available to the average taxpayer. We must begin to deal seriously with the favoritism that little by little has crept into our tax system, and the unrestrained growth in tax expenditures that has resulted.

To this end, we are offering a balanced package of moderate strengthening amendments to the committee bill. Our package does not attempt to achieve all-out tax reform. It does aim to make a more meaningful effort at starting on serious reform than what the committee is recommending.

We have tailored our proposal to:

First, raise needed revenue, sufficient to meet the Budget Committee's recommended $2 billion target for trimming back on our rapidly growing "tax expenditures," or special tax breaks under the Internal Revenue Code;

Second, continue the 1975 tax reductions throughout 1977 for family and individual taxpayers and businesses in general;

Third, provide immediate tax relief to the elderly through an improved retirement income credit;

Fourth, avoid the net loss in new revenues in future years that would result from the committee's version of "tax reform," in which its newly opened tax loopholes will actually outweigh its meager loophole closing by 1978, and every year thereafter;

Fifth, close or reduce some significant loopholes in the Tax Code.

We believe it is vital that we make a start now. We can break the log-jam of inertia that has paralyzed efforts at tax reform, by adopting a moderate, balanced, but distinctly more vigorous program of reforms than the committee bill contains. That is what our proposal aims to do.

The integrity of our entire system of income taxation, relying as it does so heavily on self-reporting and the responsibility of the individual taxpayer, may very well depend on the ability and willingness of the Congress to show that we can be serious about tax reform.

The issue of tax reform is the best test issue as to whether the Congress will now be seen as legislating fairly on behalf of the average citizen, rather than predominately in the interest of the country's wealthy investors and large business corporations.

Tax reform is the issue that does put Congress to this test most clearly. Because the heart of what tax reform is all about is the direct tradeoff that exists between allowing special tax breaks to continue and expand for a growing list of specially-situated firms and individuals—at a cost in lost tax revenues of billions every year—or providing that same degree of tax reduction to individuals and businesses generally, through general tax relief to the fullest extent possible within the overall fiscal balance required by the condition of the economy at each period of time.

Over the past 10 years, direct expenditures of all kinds by the Federal Government have grown 146 percent, a very great—many would say an excessive—rate of increase. But over that same period, we have had an even greater growth, and largely a hidden one, in so-called tax expenditures—by a total of 176 percent.

In fact, these "tax expenditures"—all the various special benefits to particular groups of taxpayers through deviations from the basic provisions of the tax law—have grown faster than any other major economic category, as shown by the following figures:

	Rate of increase 1970–77 Percent
GNP	67
Budget receipts	54
Budget outlays	87
Tax expenditures	123

By 1977, tax expenditures of all kinds will total $105 billion, compared with total direct Federal expenditures of $413 billion in all categories. In 1970, tax expenditures were equivalent to 23 percent of budget receipts; this year, 1976, they will be equivalent to 33 percent of total receipts.

In 1970, Federal tax expenditures amounted to 4.6 percent of GNP. By fiscal 1976, that proportion has grown to 6.2 percent. Clearly, the growth of these special tax breaks has not yet been brought under effective budgetary control. And, it is equally clear that our over-all budgetary discipline over the use of tax revenues can be fatally undermined unless we begin to exercise the same deliberate budgetary discipline over the use of potential tax revenues in the granting of tax breaks as we have begun to establish over the use of actual revenues in the various programs of direct Government expenditures.

This basic point, that the growth of tax expenditures has not been under effective overall budgetary control, is clearly addressed in the report of the Senate Budget Committee on the "First Concurrent Resolution on the Budget for Fiscal Year 1977."

> The Committee believes it is as important to control the growth of tax expenditures as it is to control the growth of direct spending programs. Tax expenditures must be subject to the same standards of review as are spending programs if the new congressional budget process is to have a positive effect over the complete spectrum of Federal Budget management.

The name "tax expenditures" causes some confusion, since what we are talking about are normal tax revenues not collected. But the point is that these revenues not collected represent the large and growing number of special tax preferences, tax benefits, tax breaks to particular individuals and corporations in special circumstances reducing their taxes below what their regular and normal taxes would be.

And the more we allow these special tax breaks to grow, the less we are able to provide the general tax relief that the taxpaying public needs.

It is this direct tradeoff between special tax breaks on the one hand and general tax relief on the other that is the heart of what tax reform is all about.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point tables which show the revenue effects of the Finance Committee bill and of our proposed strengthening amendments in six major areas of reform.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE I.—*Extension of genral tax reductions—fiscal year 1977*

	Billion
Tax cut extension contemplated by first concurrent budget resolution	$17.3
Tax cut extension voted by Finance Committee	15.6
Tax cut taken away by Finance Committee	1.7
Tax cut restored by package	1.7
Total tax cut extension if package enacted by Senate	17.3

TABLE II.—EFFECT OF STRENGTHENED TAX REFORM IN 6 MAJOR AREAS AND IMPROVED TAX RELIEF FOR THE ELDERLY; OVERALL REVENUE EFFECT OF THESE REFORMS ON FINANCE COMMITTEE BILL

[In millions of dollars; fiscal year]

	Revenue gain over current law				
	1977	1978	1979	1980	1981
1. Minimum tax on individuals:					
House bill	1,083	1,188	1,302	1,416	1,544
Finance Committee	980	1,077	1,187	1,306	1,437
Reform amendment	1,277	1,405	1,545	1,700	1,870
Minimum tax on corporations:					
Finance Committee	0	0	0	0	0
Reform amendment	550	1,150	1,208	1,268	1,331
2. Maximum tax on investment income:					
Finance Committee	−49	−333	−401	−481	−577
Reform amendment	0	0	0	0	0
3. Shelter provisions:					
House bill	490	363	444	485	560
Finance Committee	165	107	98	105	126
Reform amendment	422	270	245	243	253
4. DISC:					
House bill	454	531	512	503	550
Finance Committee	84	306	431	422	495
Reform amendment	476	664	791	877	959
5. Foreign tax deferral:					
Finance Committee	0	0	0	0	0
Reform amendment	25	82	142	202	264
6. Oil and gas excess foreign tax credits:					
Finance Committee	0	0	0	0	0
Reform amendment	27	60	60	60	60
7. Improved tax credit for elderly:					
House bill	−340	−340	−340	−340	−340
Finance Committee	−101	−270	−270	−270	−270
Reform amendment	−340	−340	−340	−340	−340
Overall revenue impact:					
Finance Committee bill, as reported	980	−80	−160	−128	−263
Finance Committee bill, with reform package	2,338	2,324	2,456	2,800	2,923

Mr. NELSON. Table 1 shows the level of continuing tax reduction that will prevail in fiscal year 1977 if all of the emergency tax reductions first voted in 1975 are extended throughout the year. This amounts to $17.3 billion, and is the general tax-cut extension contemplated for next year by the first concurrent budget resolution.

The Finance Committee bill provides a full-year extension of only part of these general tax reductions, which are presently in effect but are due to expire on June 30. It would make all these earlier tax reductions permanent except for the individual and family tax credit of $35 per dependent, or 2 percent of the first $9,000 of taxable income.

This important personal tax reduction would be extended by the committee only through June 30, 1977. In this way, the continuation of the earlier voted general tax reductions, presently in force, is cut back by $1.7 billion in fiscal 1977 by the committee's action. By cutting off the personal tax credit in midyear, the committee's general tax-cut extension in fiscal 1977 would amount to only $15.3 billion of general tax reduction, instead of the full $17.3 billion contemplated by the budget resolution.

Upon the expiration of the personal tax credits in mid-1977 as contemplated by the committee bill, the effect would be either a tax increase for every taxpaying family and individual in the country, or the legislation of a further extension at that time, which would necessarily break the overall revenue target of the first concurrent budget resolution. Our amendment will call for full extension of the personal tax credits in fiscal 1977, thereby restoring the full $17.3 billion of tax-cut extensions called for by the budget resolution.

The Finance Committee bill reduces tax expenditures—that is, raises new revenue through tax reforms—by only $980 million in fiscal 1977.

The remainder of the $2 billion reduction in tax expenditures recommended by the report on the budget resolution was taken out of the tax cuts for individuals by terminating the $35 per person credit after June 30, 1977. The Finance Committee also relays the effective dates of a much needed set of changes in the retirement income credit, solely in order to finance new tax expenditures proposed by the committee. The House and Senate have both agreed that the retirement income credit should be simplified and expanded to help relieve the burden of inflation on those elderly Americans with small or fixed incomes. Those changes should be effective immediately.

The Finance Committee bill, while cutting back on these two provisions that are most important to low- and middle-income and retired taxpayers, thereby increasing the tax burden for these taxpayers, lowers taxes for the wealthiest Americans by reducing from 70 to 50 percent the top bracket tax rates on unearned investment income such as dividends, interest, and royalties. This provision would provide $300 million in tax benefits annually to the richest 1 percent of the people in the country. By contrast, to help pay for this provision, the tax bill of all low- and middle-income individuals will go up more than $35 per year starting on July 1, 1977.

Our package would continue all components of the general tax cut and make the retirement income credit effective immediately. We would raise the needed revenues through a series of needed reforms.

First, our package would strengthen the minimum tax in an attempt to insure that wealthy individuals pay their fair share of tax.

The minimum tax was enacted is 1969, after a Treasury report that 155 individuals with over $200,000 of adjusted gross income paid no Federal income tax. But the minimum tax has been extremely disappointing in its performance. By 1974, the Treasury reported that 244 individuals with $200,000 AGI paid no tax.

One of the major weaknesses of the present minimum tax is the deduction from preference income for taxes paid on other income. Our proposal eliminates that deduction and substitutes a $10,000 exemption for the present $30,000 figure. The minimum tax rate would be raised from 10 to 15 percent. The changes will also apply to corporations. Taken together, these minimum tax amendments will correct the major weaknesses of the Finance Committee bill in this important area.

Second, the unjustified tax cut for the wealthy—the minimum 50-percent rate on dividends and interest—would be deleted from the bill.

Third, our amendment would limit the tax benefits from tax shelter investments used by wealthy taxpayers to avoid paying tax on their income earned as doctors, dentists, lawyers, professional athletes, corporate executives and movie stars. We propose to adopt the LAL provisions in the House bill, with an exception for investments in residential real estate. LAL is a concept originally proposed by the Treasury in 1973, and will effectively curb the tax shelter abuse.

Fourth, it is vital to end the export of jobs for U.S. workers by repealing the tax deferral provisions which encourage American-based multinational corporations to locate plants overseas. Under present law, the profits of foreign subsidiaries are not taxed until they are returned to this country. As a result, multinational corporations have a positive tax incentive not to bring that much needed capital home and not to create jobs in the United States. Instead, they continuously invest and reinvest their profits in foreign countries, building factories and businesses abroad that should be built in this country, and providing jobs for foreign workers that should go toward reducing the unemployment rate at home. Our proposed amendment will close this "runaway plant and runaway job" loophole.

Fifth, the provision granting tax relief to multinational corporations for their export income—DISC—should be made much more efficient. DISC has been widely attacked as a wasteful, inefficient and counter-productive tax incentive. In fact, the current incentive is a creation of a world which no longer exists—the world of fixed exchange rates. With the introduction of flexible exchange rates in 1971, DISC is to a large extent a $1.50 billion windfall for exporters, and may actually be costing jobs for U.S. workers. Some of us favor outright repeal of DISC. At the very least, all of us agree that the Senate should take the fat out of DISC, through a provision to allow the tax benefit to larger exporters only to the extent they actually increase their export activity. Adoption of our so-called incremental DISC amendment would close less than half of the existing loophole, while leaving the benefit intact for multinational corporations that actually increase their exports, and for all smaller exporters.

Finally, the amendment would limit the amount of the foreign tax credit for oil and gas to the statutory corporate tax rate of 48 percent. Since the foreign tax credit is intended only for the purpose of avoiding double taxation of the same income by two countries, the credit should be limited to the actual U.S. tax rate. The Tax Reduction Act of 1975 limited the allowable credit to 50 percent, and our amendment would reduce it to 48 percent. The amendment would also allow the Treasury to deny foreign tax credits in cases of payments to foreign governments which are obviously royalties, not taxes, and which should therefore properly be taken as tax deductions, not tax credits.

The proposed package of amendments is not, of course, comprehensive tax reform. But it is a start in the right direction, it is a vast improvement over the Finance Committee bill, and it complies with both the letter and the spirit of the Senate budget requirements.

Of course, each of us, as supporters of this package, also feel that in many other areas, much stronger tax reform is needed as well. We intend to propose or support additional floor amendments during the Senate debate in such areas to improve the bill, to delete objectionable provisions and new tax loopholes added by the Finance Committee, and to offer additional reforms in areas where the committee failed to act.

The time has come to stop using platitudes to feed the average taxpayer's hunger for tax reform. What is needed now are Senate votes that prove our real commitment to a fairer tax system for every citizen.

Mr. President, I believe the first issue in the package of tax reform amendments will be the LAL, the debate on that issue to be handled, in the main, by Senator HASKELL and Senator HATHAWAY. Each of the other proposals in this tax package will be the special responsibility of other cosponsors of this whole package.

EXHIBIT 1

TAX REDUCTION AND TAX REFORM PACKAGE

Sponsors: Senators Nelson, Hollings, Brooke, Clark, Hart (Colo.), Hart (Mich.), Hartke, Haskell, Hathaway, Huddleston, Humphrey, Kennedy, Mathias, Mondale, Proxmire.

OUTLINE OF TAX REDUCTION AND TAX REFORM PACKAGE

1. Restore $1.7 billion in tax cuts for individuals for FY 1977 deleted by the Finance Committee bill.
2. Strengthen the minimum tax on wealthy individuals and corporations.
3. Delete the maximum 50% tax on unearned income proposed in the Committee Bill.
4. Restrict the use of tax shelters.
5. Restrict the DISC incentive for exports

by limiting the benefit to incremental exports over a base period level.

6. Phase out the benefit of tax deferral used by multinational corporations to avoid tax on foreign income.

7. Limit the foreign tax credit allowed for oil and gas to the U.S. corporate tax rate of 48%.

8. Make the retirement income credit provided by the House bill for the elderly effective immediately, rather than phased in under the Committee bill.

9. Revenue effect of package: complies with the First Concurrent Budget Resolution for FY 1977, by restoring the tax cut for individuals and by raising $2.3 billion in tax reforms.

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SUMMARY OF REVENUE EFFECTS OF TAX REDUCTION AND TAX REFORM PACKAGE

Tax reduction: Restore full tax cut for individuals—Fiscal year 1977

[Dollars in billions]

Tax cut extension contemplated by first concurrent budget resolution	$17.3
Tax cut extension voted by Finance Committee	15.6
Tax cut taken away by Finance Committee	1.7
Tax cut restored by package	1.7
Total tax cut extension if package enacted by Senate	17.3

TAX REFORM

[In millions of dollars; fiscal year]

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	1977	1978	1979	1980	1981
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TAX REDUCTION: EXTENSION OF TAX CUT FOR INDIVIDUALS

First concurrent budget resolution—

Contemplates full extension of 1976 tax cuts for individuals and corporations through calendar year 1977.

Revenue loss: $17.3 billion.[1]

Finance Committee bill—

Terminates $1.7 billion of individual tax cuts on June 30, 1977.

Revenue loss: $15.6 billion.

Proposed floor amendment—

Restore full tax cut for individuals.

Revenue loss: $17.3 billion.

MINIMUM TAX

House bill—

Raises 10% rate to 14%.

Reduces $30,000 exemption to $20,000 of tax preference income, phasing out at $40,000 of preference income.

Repeals deduction for regular taxes paid.

Adds additional tax preference items.

Retains existing law for corporations.

Increases revenues by $1.1 billion.

Finance Committee bill—

Raises rate to 15%.

Provides exemption equal to greater of $5,000 or regular taxes paid.

Adds additional tax preference items.

Generally retains existing law for corporations.

Raises revenues by $1.0 billion.

Proposed floor amendment—(effective January 1, 1976 on individuals and July 1, 1976 on corporations)—

Raises rate to 15%.

Reduces exemption to $10,000.

Repeals deduction for regular taxes paid.

Includes the tax preference items in the Finance Committee bill.

Generally applies all changes to corporations.

Raises revenues by $1.8 billion: $1.3 billion from individuals, $500 million from corporations.

Need for proposed floor amendment—

Present minimum tax has been a major disappointment:

244 individuals with over $200,000 AGI paid NO tax in 1974.

3,273 individuals with over $50,000 AGI paid NO tax in 1974.

Both figures are higher than in 1969 when the minimum tax was introduced to insure some tax contribution by these high-income individuals.

The present $30,000 exemption and the deduction for regular taxes paid lower the present 10% rate to an effective rate of only 4% of preference income; these proposed changes generally would raise this effective rate to 8–12%.

The changes must be applied to corporations to maintain the present equality of minimum tax treatment between individuals and corporations.

MAXIMUM TAX

House bill—

Contains no provision changing present 50% maximum marginal rate on earned income.

Finance Committee bill—

Provides that 50% maximum marginal rate will apply to unearned income (dividends, rents, royalties, etc.) equal to the amount of the taxpayer's earned income (subject to an upper limit of $100,000).

Revenue loss is $49 million in FY 1977 and $600 million in long run.

Proposed floor amendment—

Deletes SFC action applying maximum tax to unearned income.

Retains maximum tax on earned income.

Need for proposed floor amendment—

Maximum tax only benefits the top 1% of income individuals—generally those with over $50,000 of AGI.

Present maximum tax provides a $660 million benefit to this group; it should not be expanded.

Maximum marginal rate should not be reduced for dividends and interest of highest income individuals in country until tax burden of low- and middle-income wage earners is lightened.

TAX SHELTERS

House bill—

Adopted Limitation on Artificial Losses (LAL) as proposed by Treasury in 1973.

Requires that accelerated deductions from an investment be used only against income produced by the investment (under present law accelerated deductions can reduce or eliminate the tax on other unrelated income).

Applies to tax shelters in real estate, oil and gas, farm operations, movies, equipment leasing, and sports franchises.

Increases revenues by $490 million.

Finance Committee bill—

Rejects LAL.

Adopts a few anti-tax shelter provisions.

Increases revenues by only $165 million.

Proposed floor amendment (effective January 1, 1976)—

Adopts House LAL rules except that LAL would not apply to residential real estate.

Increases revenues by $422 million.

Need for proposed floor amendment—

Tax shelters are major avenue by which high income individuals reduce taxes to zero or near zero.

Tax shelters distort market economy:

Artificially drive up prices of farm land;

Contribute to boom and bust cycles;

Drive capital away from sound ventures into marginal ventures where profit is produced by tax benefits;

Create unfair competition for legitimate real estate developers, farmers, etc., who have to make *real* profit—not tax profit—to survive.

Tax shelters involve an enormous waste of federal funds—as much as 35–40% of federal tax benefits are diverted away from the legitimate business for which the tax incentives were provided—real estate developers, oil drillers, etc.—to doctors, movie stars, dentists, professional athletes, corporate executives, and their lawyers and accountants.

Tax shelters destroy taxpayer morale since their benefits are available only to 50% or higher bracket individuals—who represent only 1% of Americans.

DISC

House bill—

Retains DISC (which allows tax to be deferred—and virtually exempted—on one-half of qualified export income) on incremental basis.

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[1] Revenue figures are for fiscal year 1977, unless otherwise indicated, and represent gains or losses from current level.

DISC benefits would apply to export sales income in excess of 75% of the average of a three-year base period (1972–74 initially, becoming a moving base period in 1981).

Allows full DISC benefits for small businesses.

Repeals DISC for agricultural and military export sales.

Raises revenue by $450 million (repeals about ⅓ of DISC).

Finance Committee bill—

Adopts House incremental approach, but allows DISC benefits for export sales income in excess of 60% of average of three-year base period (three out of four years, 1973–76, which becomes a moving base in 1980).

Retains full DISC for agriculture until 1980, incremental thereafter and allows incremental DISC for competitive military sales.

Provides small business exemption.

Raises revenues by $84 million in FY 1977 and $400 million in first full year (repeals about ¼ of DISC).

Proposed floor amendment (effective January 1, 1976)—

Retains DISC for incremental export sales in excess of 75% of average of a 3-year base moving period (three out of four immediately preceding years).

Applies to agricultural sales.

Repeals DISC for military export sales.

Retains DISC for small businesses.

Raises revenues by $500 million in FY 1977 (similar to House bill initially, but stronger in long run).

Need for proposed floor amendment—

DISC was designed to aid U.S. exports in a world of fixed exchange rates; that world no longer exists and DISC involves a significant waste of money.

A major part of tax benefits go to foreign consumers.

DISC means that goods produced for American consumption are taxed more heavily than goods produced for foreign consumption.

DISC's are just paper corporations that only exist in a file drawer—there is little persuasive evidence that they provide a net increase in either jobs or exports.

Export profits of large multinations don't need a tax subsidy—their profits from export sales are 17.3% before taxes, more than double the profits for domestic sales.

DISC is a windfall to the largest multinational corporations in the U.S.—over ½ the DISC benefits went to 59 companies, all with assets in excess of $250 million.

The fat should be taken out of DISC so that its benefits are available only to companies that are increasing their exports and to small businesses.

TAX DEFERRAL FOR U.S. CONTROLLED FOREIGN SUBSIDIARIES

House bill—

No provision.

Finance Committee bill—

Deferral benefits denied for corporations paying foreign bribes or boycotting Israel.

Proposed floor amendment (effective January 1, 1977)—

Earnings and profits of U.S. controlled foreign subsidiaries would be taxed currently to the U.S. parent after a year transition period (i.e., deferral would be repealed completely after 1981).

50% of earnings would be eligible for tax deferral in 1977, with this figure reducing by 10% each year thereafter.

Foreign tax credit would be fully available.

Earnings and profits of all controlled foreign subsidiaries would be consolidated.

Increases revenues by $25 million for FY 1977; $250 million in long run.

Need for proposed floor amendment—

Tax deferral provides an incentive to U.S. companies to locate abroad, thus costing jobs for U.S. workers.

Tax deferral provides an incentive to U.S. companies to invest capital abroad thus depriving the U.S. of badly needed investment capital.

Tax deferral promotes international tax avoidance.

The existence of tax deferral is used to justify the continuation of DISC.

EXCESS FOREIGN TAX CREDITS FOR OIL OPERATIONS

House bill—

No provision.

Finance Committee bill.—

No provision.

Proposed floor amendment—

Prohibits oil companies from claiming foreign tax credit in excess of US 48% rate.

Authorizes Treasury to deny foreign tax credits where payments in fact constitute royalties.

Increases revenues by $25 million in FY 1977 and $60 million in long run.

Need for proposed floor amendment—

Many arrangements between multinational oil companies and foreign oil producing countries are actually royalties rather than taxes.

The foreign tax credit should not be available for such payments.

In cases where the payment may be a tax, no credit should be allowed in excess of the US tax rate.

This will reduce incentive for oil companies to try to convert royalties into "taxes".

RETIREMENT INCOME CREDIT

House bill—

Reform and revision of the credit for the benefit of low and middle income elderly taxpayers.

Revenue loss: $340 million.

Finance Committee bill.—

Substantially same as House bill, except changes phased in over three years.

Revenue loss: $100 million in FY 1977; $270 million thereafter.

Proposed floor amendment—

Same as House Bill.

Revenue loss: $340 million.

Washington, D.C., June 9, 1976.

Hon. Gaylord Nelson,
Russell Senate Office Building, Washington, D.C.

Dear Senator Nelson: When the tax reform bill (H.R. 10612) comes to the Senate floor, scores of amendments—good and bad—will be offered, but organized labor has decided to concentrate on five key major reforms.

The current tax reductions that are slated to expire on June 30 have our support, and should be extended thru fiscal year 1977, including the individual tax credit which the committee bill would end on June 30, 1977.

Further, if we are to prevent a heavier tax load from being shifted from the corporations and the wealthy to the backs of working Americans, major reforms must be added on the Senate floor.

The AFL–CIO urges your support for the following key tax reform amendments:

1. An end to deferral on taxes of the profits by U.S. multinational companies abroad. At present, these firms can keep their foreign profits untaxed as long as they remain abroad. Companies use these funds to expand their operations abroad, instead of here. This "subsidy" in the law costs the U.S. millions of dollars in taxes, and hundreds of thousands of jobs. Repeal will end this loophole. We urge you to support Senator Vance Hartke's amendment.

2. A limit to the foreign tax credit now used by U.S. multinational corporations. This "subsidy" also costs taxes and jobs. The amendment to be offered by Senator Hartke will limit the tax credit for oil and gas to the statutory tax rate of 48% There is no rational justification for any higher rate. The amendment will also deny foreign tax credits which are clearly royalties.

3. Restoration of the House-passed limitation on tax shelters (LAL). This provision has now been weakened in the bill before the Senate. The House-passed bill would limit the opportunities for wealthy Americans, doctors, dentists, and executives "paper" losses in real estate, leasing, movies, and sport franchises to avoid taxes on the income from their regular line of work. A specific exemption would apply to investments in residential real estate.

4. Strengthening of the minimum tax. This provision is a catch-all that is designed to extract a minimum amount of tax money from the wealthy who have used various tax gimmicks to avoid the normal rules of taxation. The provision would exempt the first $10,000 of preference income and levy a tax of 15%.

5. A further step toward the repeal of DISC. The export subsidy has provided virtually no jobs at a cost of $1.5 billion per year. It should be ended. An amendment will be offered to strengthen the incremental requirement of the committee bill.

These amendments will be a major thrust of tax reformers on the Senate floor. Together they will raise millions of dollars, they will help save U.S. jobs and help economic recovery.

These amendments are compromises; they are steps toward genuine reform of the tax code. Your support is most important to the working men and women of America.

Sincerely,

Andrew J. Biemiller,
Director, Department of Legislation.

Statement of Leonard Woodcock, President, United Auto Workers on Tax Reform

The pervasive loss of confidence among the American people in governmental institutions is a threat to the strength of our democratic traditions. One of the major causes of the lack of confidence is the unfairness of our tax system, with its myriad provisions favoring the wealthy at the expense of the fundamental principle of equity and a tax code based upon ability to pay.

The outrage felt by working people, hard pressed by a combination of disproportionate tax burden and high rate of inflation in recent years, now threatens the public programs that are essential to meeting the needs of the American people. Ordinary taxpayers just do not believe they are getting their money's worth from their tax dollars—and they are right.

The tax bill passed by the House is a modest step in the direction of tax reform. Such reform is one of the necesary elements in restoring public confidence in our institutions. By supporting amendments to the Finance Committee bill restoring the modest reforms of the House version and making multinational companies pay a fairer share, the Senate will have an opportunity to go on record in favor of strengthening our democratic institutions and public confidence in government.

The UAW strongly urges the Senate to do so.

Common Cause,
Washington, D.C., June 16, 1976.

Dear Senator: Common Cause supports Senators Nelson, Hollings, and a bipartisan group of twelve other Senators in their effort to amend the tax cut bill, H.R. 10612, to bring it into compliance with the terms of the Congressional Budget Resolution, which requires the Senate to raise $2 billion this year from tax reform.

Even though the Finance Committee was

obligated, under the Congressional Budget Resolution, to raise $2 billion in government revenues from tax reform, the Committee disregarded this mandate. It dismantled even the modest reforms in the House-passed bill, and then went on to add hundreds of millions of dollars in new tax breaks for special interests. Under the pretense of attempting to comply with the $2 billion budget requirement, the Committee has cut back on tax cuts for the average taxpayer and postponed tax relief for retired persons. It has also delayed the effective date of some new tax favors so that the revenue loss will not occur until future years—in effect, mortgaging the future budgets of the nation.

The Nelson-Hollings package of reform amendments will raise the $2 billion in revenue mandated by the budget resolution by significant tax reform and not by measures that would deprive low and middle income wage earners and the elderly of sorely needed tax reductions.

It is imperative that the Senate pass the Nelson-Hollings package to maintain the integrity of the Congressional Budget process. Common Cause urges you to vote for these proposals.

Sincerely,

JOHN GARDNER.

[From Tax Reform Research Group, Washington, D.C.]

STATEMENT ON TAX REFORM

Public Citizen's Tax Reform Research Group strongly supports the efforts of Senators to introduce some real tax reform into the Senate Finance Committee's "tax reform" bill. After years of promises, the House passed a tax reform bill which can be considered a worthwhile first step in restoring public confidence in the equity of our tax system.

Thanks to intensive lobbying by oil, real estate, and exporting industries and the multinational corporations, the Finance Committee dismantled many of these reforms, while providing new tax breaks for the wealthy and influential. The Committee has cynically ignored its responsibility under the Budget Resolution to raise $2 billion through tax reforms. Instead, it has attempted to cover up its failure to raise revenues through reform by cutting back on needed tax relief for average taxpayers and the elderly.

We urge the full Senate to prove it is serious about tax reform by supporting this package. It will raise billions of dollars of new revenue from those who pay less than they fairly should. It will also provide enough revenues to continue the full tax cut for individuals and to give needed tax relief to the elderly. But the effort will succeed only if Senators begin to hear from average taxpayers, and not just from the special interest lobbyists who unduly influence our tax laws.

[From the National Council of Senior Citizens, Inc., Washington, D.C.]

STATEMENT OF THE NATIONAL COUNCIL OF SENIOR CITIZENS, JUNE 1976

The current concerns over fiscal responsibility should legitimately extend to the federal tax system as well as to government expenditures. This seemingly obvious proposition seems to have eluded the Senate Finance Committee, which is reporting out a tax reform bill which does not achieve an acceptable degree of sharing of tax burdens. In fact, it appears that fiscal responsibility is to be the burden of low and middle income workers and of the elderly. We deplore the results of the Finance Committee deliberations which are presented under the misnomer of "tax reform."

Minimum taxes, limitations on tax benefits, elimination of tax deferral provisions which favor exportation of jobs, limited DISC preferences, and limitation of the foreign tax credit for oil and gas—all would move in the direction of substantive tax reform.

The immediate extension of the retirement income credit is a matter of crucial concern and particular urgency, since the elderly have little time to wait.

We, therefore, urge support of the proposals by members of the Senate which include the above provisions. The integrity of the Senate and people's confidence in their government demands that significance be restored to the words "Tax Reform."

STATEMENTS OF ECONOMISTS ON TAX REFORM

As citizens and economists, our top priority goal for economic policy today is a reduction of the unacceptable level of unemployment and a return to non-inflationary prosperity that would enhance both living standards and investment throughout the economy. At the same time, we strongly believe that the nation's tax system should be improved by eliminating or reducing some of the most inequitable and inefficient tax expenditures.

We are convinced, moreover, that these two objectives—recovery of the economy and reform of the tax system—go hand in hand. Additional federal revenues raised from tax reform can be appropriately re-allocated to the economy, either through general tax reductions or strengthening high priority federal programs. By eliminating inefficient tax expenditures like DISC and tax deferral resources could actually increase overall employment, production and purchasing power in the economy, in line with the goals of the Employment Act of 1946.

In particular, we offer this professional judgment after having examined various arguments that have been set forth in support of the economic stimulus of tax shelters. These shelters operate as indirect, roundabout subsidies for special types of investment activity, in special forms available only to persons in the highest income brackets.

Such tax shelters are an inherently inefficient technique for stimulating investment. Better uses can be found for these tax subsidies, either in promoting investment or achieving other national goals.

Congress made a wise decision in adopting a budget resolution that envisioned $2 billion of revenues to be raised in fiscal year 1977 from reduction in tax expenditures. These reductions are an important component of the overall decisions in the budget resolution on the extension of the general tax cuts and the appropriate level of total Federal expenditures. We believe that the resolution is well designed to reduce unemployment and promote the nation's economic recovery, and we hope that Congress will follow through on this essential fiscal policy.

To this end, we are pleased to endorse the package of tax reform proposals that we understand will soon be offered by a number of Senators to strengthen the minimum tax, limit tax shelters, reduce the benefits of DISC, repeal the deferral of taxes on foreign income of U.S. corporations operating overseas, and reduce the foreign tax credit for oil.

Gardner Ackley, University of Michigan.

Harvey Brazer, University of Michigan.

George F. Break, University of California, Berkeley.

Wilbur J. Cohen, University of Michigan.

Otto Eckstein, Harvard University.

Robert Eisner, Northwestern University.

R. A. Gordon, University of California, Berkeley.

Walter W. Heller, University of Minnesota.

Lawrence R. Klein, University of Pennsylvania.

Robert Lekachman, Lehman College, CUNY.

Richard A. Musgrave, Harvard University.

Arthur M. Okun, Brookings Institution.

Joseph A. Pechman, Brookings Institution.

George L. Perry, Brookings Institution.

Paul A. Samuelson, Massachusetts Institute of Technology.

Charles L. Schultze, Brookings Institution.

James Tobin, Yale University.

EXHIBIT 2

AMENDMENT TO END TAX SHELTER SYNDICATES

Tax shelters do the most violence to the fairness of our tax laws. Tax shelters are the unintended result obtained by piling up tax preferences. When cash accounting was adopted to help the small unsophisticated farmer, it was never anticipated that city dwelling doctors and lawyers would use that cash method to avoid taxes on their medical and legal fees by buying into publicly syndicated limited partnerships involving rosebush or pistachio growing deals. Likewise, when Congress passed tax incentives for oil drilling or real estate construction, the intention was to increase the after tax rate return of these investments. Indeed, because of the generous tax treatment presently accorded these investments, both promise a relatively tax-free return on equity—a return that is generally quite attractive to normal investors. Tax shelters go beyond this "no tax" situation to actually produce a "negative" tax-promising not only tax free treatment of the investment earnings but additional tax write-offs to lower taxes on unrelated earnings.

Essentially, a tax shelter operates with artificial or accelerated tax write-offs. These artificial write-offs, instead of being applied against income from the investment, are applied to unrelated income—sheltering otherwise highly taxed salaries or professional fees. This mis-matching of income and artificial losses results in a deferral of taxes to a future year—in effect, an interest free loan from the Treasury.

These artificial deductions are usually expanded through the use of non-recourse loans. Leveraging produces large "losses" that reflect large investments even though the investor has no personal liability for most of his investment. When the investment is finally sold, the gain is often taxed at capital gain rates (half the ordinary rates) even though the losses sheltered ordinary income originally.

Tax shelters are unfair and undermine the average taxpayer's confidence in the tax system. Information published by the Ways & Means Committee taken from thirty-seven representative actual tax returns of high income individuals demonstrates the enormous tax avoidance aspects of tax shelter partnerships. To cite just one case: one individual with $427,000 of executive salary was able to shelter enough income from three syndicated real estate shelters and one farm shelter to reduce his federal income tax to 0.3%.

Tax shelters encourage wasteful investments:

Tax shelters are a wasteful and inefficient means of stimulating investment. First of all, many tax shelters, worth billions of dollars annually, are "packaged" by brokers who get commissions for their services. Some of the investment dollars, even if these activities were economically sound, are siphoned off by middlemen who receive a good deal of the tax expenditure money themselves. These marginal operators bid up the cost of goods, services and land, thereby damaging legitimate operators. Their investments are often poorly managed.

Secondly, because of the tax benefits of shelters, the investments don't have to be economically sound to be profitable to the high bracket taxpayer. Becaues of tax deferral, leverage, and capital gains rates, the investment can lose money, while still providing significant economic benefits to wealthy taxpayers. The operation of tax shelters therefore directs vitally needed capital into economically questionable investments.

Limitation on artificial accounting losses:

The Finance Committee bill partially curbs farm and movie shelters by disallowing leverage but leaves the two biggest shelters—oil and real estate—virtually untouched. The bill would raise only $75 million per year compared with $500 million per year raised by the House bill.

To end the abuse of tax shelters, the House enacted a Limitation on Artificial Accounting Losses (LAL) similar to that first proposed by the Nixon Administration in 1973. LAL in no way limits real economic losses. It allows accelerated write-offs (accelerated depreciation, and intangible deductions, for example) to offset income from the investments that generate those write-offs. Real estate, oil drilling and other investments currently receiving significant tax incentive will continue producing relatively tax free return from the investment.

LAL simply does not allow artificial write-offs to be used to shelter other income:

LAL must apply to all tax sheltered investments. Closing a few of the sheltering opportunities in agriculture and movies but ignoring the major ones—real estate and oil—will simply drive all high income individuals into the remaining shelters creating more waste and greater distortion. All shelters must be closed off.

Ending tax shelters will not affect the supply of capital:

The same capital will still be available. But instead of being misdirected by tax gimmicks into marginally productive promotional syndicates, it will flow into economically sound investments.

This amendment will end shelters by adding to the committee bill the LAL provisions passed by the House.

The amendment to strengthen the minimum tax on preferences or "loophole" income and to remove the maximum tax ceiling:

Even where there is no "sheltering" of other unrelated income as is the case with tax shelter syndicates, tax preferences themselves provide substantial tax free income for many wealthy individuals. The minimum tax was originally designed to place some tax on this "loophole" income but it has been notoriously ineffective. Persons who incur liability under the present 10% minimum tax pay such tax at an average effective rate of only 4.4%, and, in 1974, 873 persons with adjusted gross incomes over $100,000 (including 5 with million dollar incomes) managed to pay no regular tax and no minimum tax at all.

The committee bill raises the present 10% rate, but only to 15%—barely above the 14% statutory rate applicable to even the poorest taxpayer. So low a rate has no conceptual justification.

The bill doesn't even touch the most glaring deficiency of present law. The existing 100% deduction for regular taxes paid (the "Executive Suite Loophole") allows many wealthy individuals to escape minimum tax altogether by sheltering loophole income subject to the tax with regular taxes paid on ordinary income from e.g. an executive's salary. This deduction was never part of the minimum tax as originally proposed by the Treasury. It was added to the 1969 Tax Reform Act by an eleventh hour Senate floor amendment, and presently allows 55% of those otherwise liable for minimum tax to avoid paying any minimum tax whatsoever. It presently shelters income of more than 2.5 billion dollars that would otherwise be taxable at a minimum rate. The fact that a taxpayer might pay regular taxes on other income, just like everyone else, does not justify complete non-taxation of loophole income. The minimum tax should impose a minimum tax on loophole income, and this can be achieved only by completely eliminating the deduction for taxes paid.

The "taxes paid" deduction will perpetuate the popularity of tax shelter syndicates. For example, a single person with taxable income of $150,000 might use syndicated tax shelter write-offs of $50,000 to reduce his taxable income to $100,000. Because he will owe a tax of $53,000 on this taxable income, he will owe no minimum tax at all on the $50,000 which he has sheltered. Paying taxes on some of your income thus becomes a "license" to avoid taxes on the rest of your income.

The committee bill adds a few items to the list of tax preferences subject to the minimum tax, notably non-business interest deductions and oil and gas intangible drilling deductions. However, drilling deductions are taxed only to the extent they exceed all of the taxpayer's income from the oil and gas business. Thus, most people in the oil and gas business are untouched, and the provision (not surprisingly) is expected to raise less than $5 million.

Existing law applies the minimum tax to corporations as well as individuals. Each tax currently raises roughly $250 million. However, the committee bill strengthens only the tax on individuals—making no change in the avenues of tax avoidance presently available to those who set up corporations.

In order to disguise the bill's weakness the committee extended the number of people subject to the tax. The House bill exempts preferences of less than $20,000 and thus applies to only the 120,000 people who have preferences above this amount. This tax will average $10,000. It will add another $1.1 billion to existing minimum tax revenues of $250 million. The Senate bill taxes preferences above $5,000 and thus affects 550,000 people. It will add revenues of $1 billion. But their tax will average $2,000.

Perhaps the most transparently uncalled for provision in the committee bill is the "maximum tax" limit—the reduction in the maximum rate of tax on up to $100,000 of non-earned income (dividends, rents and royalties) to 50% from the existing 70% rate. Only if a broadsweeping effort were made to purge the tax code of most of the preferential write-offs and exclusions, etc. which now foster tax avoidance and drastically lower the effective overall rate actually paid could such a rate cut be justified. It should be noted that existing law was amended in 1969 to cut the tax rate on salary income to 50% but this has not discouraged people from seeking further tax savings by investing in tax shelters. Syndicate sales have continued to grow steadily. Yet the ludicrous claim is made that the committee's action is the best way to curb tax shelter syndicates.

The provision is a $270 million gift to 250,000 people who are among the wealthiest one percent of all taxpayers. A single taxpayer with taxable income of $200,000 presently paying $123,090 would receive a tax savings of $28,800. Of course, he may also have untold amounts of untaxed preference income.

This amendment makes oil drilling deductions subject to the tax, eliminates the deduction for regular taxes paid, boosts the minimum tax rate and removes the 50% maximum tax ceiling.

Amendment to end the windfall in the Domestic International Sales Corporation (DISC) export tax subsidy:

DISC has been acknowledged to be a wasteful and unneeded export tax subsidy by staff studies by OMB and the House Budget Committee and the weight of testimony from independent tax experts. A recent Treasury report which reached a heavily qualified conclusion that DISC boosts U.S. employment has been declared by a Library of Congress study to be subject to so many questionable economic assumptions and dubious procedures as to be worthless.

DISC was enacted in 1971 to allow small U.S. manufacturing companies to set up export subsidiaries to encourage the export of American goods and create more jobs. The encouragement is in the form of indefinite tax deferral (in effect tax-free income) on one-half of the profits of the subsidiary. For DISC to encourage exports, companies would have to use the tax break to lower their prices to become more competitive worldwide. Unfortunately, the expensive tax subsidy has not worked.

First, DISC has done little to stimulate exports. Several independent studies have concluded that DISC at a cost of $1.5 billion increased exports by about $250 million in 1972 and 1973; more favorable data supplied by DISC companies indicates increases of $400 million to $1 billion. In any case, the increase is less than 1% of total U.S. exports.

Exports increased from $47 billion in 1972 to $73 billion in 1973 and $98 billion in 1974, but this was primarily due to a devaluation of the dollar, which made U.S. exports much cheaper abroad. Based on Treasury Department figures, DISC tax breaks, even if completely passed on, provide only a 1.7% decrease in DISC export prices (one-half DISC tax deferral times 48% corporate tax rate times 7.2% average DISC profit margin on sales) this compares with a 28% reduction in the value of the dollar vis-a-vis the West German Mark. Curbing our domestic inflation and boosting productivity are also more important factors than DISC.

Common sense would also dictate that much of the exports under DISC would be sold anyway, because these U.S. products are in great demand worldwide (items such as computers, jumbo jets, grain, fighter planes, nuclear reactors and other utility plants, oil drilling equipment and large household appliances among others). In these areas as well as others where American companies have a relatively monopolistic position, DISC benefits need not go into lower prices but have undoubtedly simply increased corporate profits at the expense of the Treasury. Indeed, Treasury reports show that the before-tax profit margins on exports average about twice as high as profit margins on similar goods sold in the U.S. (17.3% vs. 8%).

Second, DISC is a bad bargain for creating jobs. The House Budget Committee staff study estimates, using Bureau of Labor statistics, that the $400 million increased exports (even if due entirely to DISC) created 15,000 new jobs in 1974. If the $1.5 billion in DISC lost revenues were used in other federal expenditure programs, many more jobs could probably be created: 112,000 jobs in defense or 120,000 jobs in health, or 150,000 jobs in education, or potentially 240,000 public service jobs or 90,000 jobs if used to cut corporate taxes from 48% to 46%.

Third, even assuming DISC increases exports, in a world of floating exchange rates, DISC makes little sense. Since increased exports drive up the value of the dollar relative to other foreign currencies DISC makes imports cheaper, thereby increasing them and displacing jobs here at home. The irony here is that imports tend to consist of more labor intensive products (autos, clothing, and shoes), while exports consist of less labor intensive products (computers, ball bearings, etc.)—the result may be that DISC displaces more jobs than it creates.

Finally, DISC benefits go primarily to giant corporations to pay them to do what they would do anyway. Seventy-five percent of DISC income accrues to corporations with assets in excess of $100 million, and in fact, 39% goes to just 29 corporations. These firms tend to be already well established in the export field.

The Committee professes to remedy this latter problem by applying the tax breaks only to profits resulting from the net increase in export sales over previous years. However, the base period level is arbitrarily defined as 60% of the average sales in any 3 of the 4 years, 1973, 1974, 1975 and 1976 with this low base remaining constant for 2 years and then moving up one year each year beginning in 1979. This proposal lacks any conceptual justification other than placating DISC recipients and in 1977 will reduce the $1.5 billion cost of DISC to the Treasury by only about ⅓ or $450 million.

If DISC is retained for actual increases in sales, the more realistic approach would be to use 100% of the average for the immediately preceding three years. This would cut the cost of DISC by about 2/3 or $1 billion in 1977, and would raise an almost 4 billion dollars more than the committee bill through 1981.

Inexplicably, the Committee bill grants favored treatment to exporters of agricultural products by postponing the effective date until 1980. Almost all of the $50 million in annual benefits from this postponement go to about a halfdozen exporters, such as Cargill. By contrast the House bill makes agricultural products totally ineligible for any DISC benefits—even under the incremental approach since price reductions play a minor role in the sale of grain and other produce. Including agriculture is simply a windfall for a few large exporting corporations.

Similarly, the House bill totally repeals DISC for military sales but the Committee bill retains DISC where competition is determined to exist with foreign suppliers. How this determination is to be made is not clear. It makes no sense to provide a tax subsidy costing up to $50 million per year to promote arms exports (now totaling about $10 billion annually).

This amendment will remove the exceptionally favorable treatment for agricultural exporters, repeal DISC for military sales and allow DISC only for actual increases in sales.

Amendment to end the deferral of taxes on the foreign earnings of U.S. multinationals!

Tax breaks enjoyed by multinational corporations have lowered their tax burden while driving jobs and capital overseas. At a mimimum our tax laws should have a neutral impact on the decision of whether to invest job creating capital in the U.S. or abroad.

The credit for foreign taxes (as distinct from oil and mineral royalties) paid to foreign countries might be argued to achieve neutrality by avoiding double taxation. However, deferring U.S. taxation until earnings are actually brought back to the U.S. and reinvested here tips the balance in favor of investing abroad.

U.S. multinationals have invested over $160 billion overseas for plants and equipment since 1958. In 1974 alone, they spent $25.8 billion abroad, a sevenfold increase in 14 years from the total of $3.8 billion in 1960.

Some claim that to change the laws would unduly penalize U.S. firms, and that other nations give their multinational firms total freedom. Such is not the case. Other major industrial nations regulate the operations of their multinational corporations through government policies and institutional pressures—thus restraining their opportunities to move abroad. Japan closely screens foreign investments, France has foreign exchange regulations and national planning, Sweden requires central bank approval and Britain closely supervises capital flows and has national planning.

Of course some operations must, by their very nature, or because of foreign non-tariff trade barriers be conducted abroad. But the tax laws should be neutral in this determination. Repeal of deferral will remove the disinclination of U.S. multinationals to press for the right to service foreign markets from U.S. facilities.

Several studies from limited, self-serving corporate samplings have been used to defend foreign investment.

For example, an internal survey of 111 selected U.S. multinational manufacturing corporations conducted by Business International Corporation—a front for multinational businesses—shows that these firms expanded U.S. employment by 3.3%, between 1970–1973 while the rest of U.S. manufacturing was expanding only half as fast. But it takes the biggest, most financially secure firms, including their mergers and acquisitions, and compares them to the rest of the U.S. manufacturing.

More importantly, the firms expanded their employment in the U.S. by 90,283 jobs in this four year period for a 3.3% increase, while the foreign subsidiaries of these same 111 firms increased their employment by 360,373 jobs during the same period, a growth of 31.5% abroad.

A study done in 1975 by Professors Frank and Freeman of Cornell for the U.S. State Department indicates that the U.S. could have had over one million more jobs between 1966 and 1973 if U.S. multinationals had attempted to serve foreign markets from American production sites instead of from their foreign subsidiaries with the aid of U.S. tax breaks.

The Frank and Freeman study argues that, in the long run, the large-scale export of American technology, managerial skills and capital amounting to more than 20 percent of annual domestic corporate capital formation in recent years, may: contribute to a decline in the nation's productive capacity and productivity; and contribute to a neglect of domestic investment opportunities.

They also conclude that most foreign investment directly displaces domestic investments.

A 1975 study by Professor Peggy Musgrave concluded:

"In the long run, perhaps the major effect of foreign investment is through its impact on domestic capital formation in the U.S. To the extent that domestic capital formation is displaced, foreign investment will reduce the level of income originating within the U.S. as well as the labor share in national income . . ."

"The private net rate of return from foreign investment lies above the national net rate because foreign taxes paid on U.S. investment income received abroad are lost to the U.S. economy. Our estimates show the national net rate of return from foreign investment to be negative."

Economists Robert Gilpin and Paul Samuelson have noted that the U.S. is tending to emulate Britain by becoming a rentier economy—one which lives off foreign investment income—thereby incurring numerous risks such as expropriation in the future.

In 1974, $53.6 billion of U.S. foreign-source income generated only $1.7 billion U.S. income tax payments. That's an effective U.S. rate of less than 3.2 percent—down from the 7.5 percent collected in 1968 and the 5.0 percent paid in 1972. Repeal of deferral will yield estimated tax revenues of about $350 million. The availability of the foreign tax credit will clearly negate any conceivable claim that repeal of deferral will unduly burden commerce. It is important to note that compromise proposals to repeal deferral on 50% of earnings may yield as little as $50 million since they will permit some highly technical avoidance techniques.

Widely professed concern over the adequacy of capital formation should prompt immediate repeal of deferral. This amendment will repeal deferral.

Amendment to end the abuse of excess foreign tax credits used by oil, gas and mineral companies:

Many contend that foreign tax credits are a proper means of preventing double taxation. But it is clear that some of the "taxes" paid to foreign governments by oil and mining companies are actually mineral royalties. Below is a comparison of "taxes" paid to the U.S. and foreign governments by eight oil companies:

[Millions of 1974 dollars]

Name of company	U.S. Federal	Foreign
ARCO	56.6	377.4
Continental	62.1	493.6
Exxon	623.0	7,734.0
Gulf	190.0	2,600.0
Mobil[1]	[2] 400.0	[3] 2,000.0
Standard Oil (California)	[4] 100.0	648.0
Standard Oil (Indiana)	309.5	410.0
Texaco	45.4	1,186.5
Total	1,786.6	15,449.5

[1] Mobil does not segregate U.S. taxes paid.
[2] Not over.
[3] Over.
[4] Under.

The total credits for all petroleum companies in 1974 was $23.5 billion of which $10.3 billion represented excess credits (not needed to reduce U.S. taxes).

Several oil companies have incorporated their tanker subsidaries in Liberia and other tax haven countries. Theoretically, these companies would owe no taxes to the tax haven but would owe a 48% tax to the U.S. However, excess tax credits from, say Saudi Arabia are used to offset any U.S. taxes which might otherwise be owing when shipping profits (untaxed in Liberia) are brought back to the U.S. In 1974, one major oil company was able to shelter several hundred million dollars in shipping profits in this manner.

This abuse can be curbed by not permitting credits in excess of the U.S. corporate tax rate (48%) in any one country, such as Saudi Arabia, to be used to reduce the U.S. taxes on income from any other foreign country. The 1975 Tax Reduction Act took a large step in this direction with respect to oil companies, but as a matter of compromise set the limitation at 52.8% in 1975, 50.4% in 1976, and 50% in 1977 and thereafter. This amendment would lower the limit to 48% in 1977 and extend it to cover all other mining companies who claim disguised royalty payments as taxes. Doing so would raise over $100 million annually.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Pennsylvania seek recognition?

Mr. HUGH SCOTT. Mr. President, I yield back my time.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Oklahoma is recognized for not to exceed 15 minutes.

MANAGEMENT AND POLICY STRIKE FORCES

Mr. BARTLETT. Mr. President, today I introduce what I consider to be exciting legislation directed to one of the major concerns of the people of this Nation—the need for efficiency and economy in the operation of our Federal Government, the need to operate the Federal Government within our means, the tax revenues.

This issue, though certainly timely, is not exactly a novel one. More than 25 years ago the public's demand for economy in Government led to the creation of the first Hoover Commission, established to develop means of cutting the cost of Government and improving the delivery of services. According to the Library of Congress estimates, the Commission's efforts resulted in actual savings of $2 billion, which in today's dollars would be $4.66 billion. This savings represented a 4-percent reduction in the Federal Budget for fiscal year 1951. In 1953 a second Hoover Commission produced further economies.

I applaud the work of the two Hoover Commissions and I believe the time has come for another comprehensive effort of a similar, but improved, approach. However, in the years since these commissions were active, significant changes have occurred. The Federal Government is bigger, the problems of inefficiency and waste more complex, congressional oversight impossible and ineffective, and the bureaucracy is more impervious to reform. The challenge as well as the potential benefits are much greater.

I do not believe this challenge can be met solely by those within Congress, the administration, or the bureaucracy. To some degree the success of the original Hoover Commissions was impaired by such members of Government who were responsible for creating the problems, and who frequently supported the status quo rather than much needed change or reform. What is needed today is a program providing a study of the Federal Government from the outside by knowledgeable and dedicated people with no vested interest in government itself, but a keen interest in better government through efficiency, economy, and competent policies. The study must be conducted in a manner which will insure that the public remains knowledgeable, and thus insistent on the success of the program.

Mr. President, the legislation I introduce presents such a program. It is based on a management and policy study concept already well tested and proven at the State government level.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks an article published in the May 1976 issue of the Reader's Digest, entitled "They Are Trimming the Fat From State Government."

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BARTLETT. I also ask unanimous consent that the bill be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See exhibit 2.)

Mr. BARTLETT. I can personally attest to the value of this approach which was utilized by the State of Oklahoma when I was Governor. In 1967 State government expenditures in Oklahoma, exclusive of Federal funds, had increased from $269 million in 1957 to $455 million in 1966, an escalation of 69 percent. During this same period, State population rose only 8.8 percent. This jump in spending was more than eight times greater than population growth. Thus, the need to implement the most effective operating methods was a matter of prime importance. This became the main objective of the Oklahoma Management Study Committee. This private sector group conducted a study of our State government without cost to the State. The project was initiated by executive order and Warren King and Associates was retained by the task force as their consultants.

Guided by a 1½-man consultant team, the 52-man Oklahoma committee worked full time over a period of 6 months, carefully reviewing the operation of 36 departments, agencies, boards and commissions of State government employing approximately 26,000 people. Emphasis was placed on developing specific, practical operating methods. This resulted in the formulation of 399 cost saving recommendations, most of which could be implemented administratively. Total implementation would have provided a net annual savings of about $46 million—10 percent of the total budget, plus a one-time savings of over $4 million.

Actual annual savings of $21 million—5 percent of the State budget—were attained by implementing completely or partially 297 recommendations. As Governor, I implemented 88 percent of these recommendations through administrative action. The remaining 12 percent were implemented through legislation, an excellent record considering that four-fifths of the legislature were members of the opposing political party. In addition to the savings achieved, the caliber of the services provided by the State were significantly improved.

In the late 1960's and early 1970's management and policy commissions were utilized by 26 States. In some States these commissions were called Little Hoover Commissions or Governor Task Forces. By implementing 40 to 60 percent of the recommendations through administrative action and 20 to 25 percent through legislation, the States conserved a total of $5.5 billion, and improved the efficiency of government beyond measure.

In early 1975 Congress enacted legislation to establish the American Indian Policy Review Commission. That legislation contained my amendment authorizing a management and policy strike force to review the Bureau of Indian Affairs, the agency responsible for administering the vast majority of programs that benefit Indian people. This review has just begun and will, I believe, chart a dynamic course for the future of the Bureau of Indian Affairs as well as serve as a model for the legislation I am introducing today.

The legislation employs a concept more far reaching and effective than the successful Hoover Commission, the concept thoroughly tested and proved in most of the States, including large ones such as California, Ohio, and Pennsylvania. The bill would establish an office responsible for the coordination of a number of independent management and policy study task forces known as Management and Policy Strike-Forces—MAPS. This coordination office will consist of seven members: the President, the Comptroller General, the Director of the Office of Management and Budget, two members of the House appointed by the Speaker of the House, and two members of the Senate appointed by the President pro tempore of the Senate.

The coordination office will act initially to divide the Federal Government into functional, structural, or other conceptual areas such as departments, units, agencies, bureaus, boards, commissions, offices, or operations, so that the structural and functional operations of the Government may be identified and subjected to a management and policy study by an appropriate MAPS.

Having decided upon a targeted area for review, the coordination office will then appoint three commission members to the MAPS assigned to that area. In this legislation I have taken certain steps to insure that the members of each MAPS are independent of the bureaucracy they have been chosen to review. No person may serve as a board or task force member of a MAPS who is serving or has previously served as a Member of Congress, or who is employed by the Federal Government or has been employed by the Federal Government at any time during the preceding 5 years.

I have also taken steps to insure that this legislation does not create positions for professional MAPS members. Board and task force members of the MAPS serve as unsalaried volunteers, receiving compensation only for expenses incurred by their service. No more than one member of a MAPS may have served on another MAPS, and no person may serve on more than one MAPS at a time.

Basically, the function of each MAPS is to direct the management study of administration and policy of the particular area of Government to which it was assigned. With one member serving as chairman, the three-member strike force shall recruit staff personnel including a salaried executive director responsible for the administration of the commission. They shall contract with professional experts in the field of management study for the operation of the management and policy study. They shall under specific direction of the legislation, recruit and utilize, to the fullest extent, the volunteer services and skills of capable and qualified individuals from the business community, the academic community, and elsewhere in the private sector.

The legislation describes the management studies of administration and policy as in-depth analyses "to promote economy, efficiency, and improved service in the transaction of the public business in the departments, bureaus, agencies, boards, commissions, offices, independent establishments, instrumentalities, and authorities of the Government, by proposing such reforms which will have the effect of: first, limiting Government expenditures to the lowest possible amount consistent with the efficient performance of essential functions; second, limiting duplication and overlapping functions; third, consolidating functions of a similar nature; fourth, abolishing functions obsolete or unnecessary to the efficient conduct of Government; and fifth, defining and limiting those functions, services, and activities which are appropriate to the executive, legislative, and judicial branches."

The MAPS have the power to subpena witnesses and information from the Government, as well as the power to conduct research necessary to their study upon their own initiative. Upon completion of such an analysis, the MAPS will submit a report of its findings, conclusions, and policy and administrative recommendations including proposed legislative changes, to the coordination office for dissemination.

Mr. President, other attempts to review the operation of the Federal Government to bring about reforms have failed, but this one will not. Its success is assured by the unique weekly reporting procedure provided by the strike forces, a procedure which guarantees that the press and public interest will be sustained, and that public insistence for reforms will not be ignored.

Prior to completion of their final analysis, the MAPS shall issue interim reports or updates on its study, a reporting procedure which proved invaluable to our effort in Oklahoma, in which the interim reports were generally issued at weekly press conferences. With the failings or shortcomings of Government policy or procedure thus exposed to the critical eye of the press, the public is kept well informed; the high visibility provided by the press plus the resulting public pressure are together able to penetrate the barriers of the bureaucracy, the administration, and Congress. In the case of Oklahoma many tentative suggestions outlined at a weekly press conference were put into effect administratively long before the final report was completed.

Upon final completion of its study the MAPS shall submit a report of its findings, conclusions, and recommendations, including legislative changes, to the coordination office for dissemination. The MAPS shall dissolve within 60 days after submitting its final report.

The authority of the coordination office shall be limited to the dissemination of the MAPS report, and the coordination office is specifically denied authority to accept or reject, amend, suppress, or otherwise act upon the report of the MAPS. In essence, the coordination office is a clearinghouse for the reports of the MAPS.

The goal of each MAPS is to achieve at least a 5-percent conservation in the cost of the Government function it has studied. Considering that most of the average States saved 5 percent of their annual budgets of State dollars and that the Federal Government has been more profligate in its spending than States, it can be argued that an 8-percent savings in the Federal budget is reasonably achievable. Therefore, I consider a 5-percent savings a realistic goal. In terms of fiscal year 1977 dollars, this could result in a total savings of $20 billion, or a 40-percent reduction in the deficits. There are also many intangible benefits of such a study, measured in terms of active management participation, improved working climate, better morale among Government employees, and greater public confidence in Government.

I urge colleagues to examine closely the legislation I am introducing and to join with me in this dynamic, promising, and proven approach to efficiency and economy in the Federal Government.

EXHIBIT 1

[From the Reader's Digest, May 1976]

THEY'RE TRIMMING THE FAT FROM STATE GOVERNMENT

(By Trevor Armbrister)

By December 1974, Wisconsin's Division of Motor Vehicles (DMV) was disastrously behind in its work, and citizen complaints were mounting. It took eight weeks to process auto-title registrations—with a backlog of more than 50,000. Gov. Patrick J. Lucey decided to call for help from the business community. Allen A. Sieczkowski, a 28-year-old budget manager for the J. C. Penney Co. in Milwaukee, accepted the challenge.

Studying procedures at the DMV main office in Madison, Sieczkowski found administrative disorder and a crying need for modernization: "They had buried themselves under a mountain of red tape." Drawing on his own experience, the young businessman recommended solutions. There were far too many steps in the processing; cut some of them out. Applications were processed manually; a computer could do the work more efficiently. Job assignments should be more clearly defined; DMV employes agreed. By December 1975, the office work load had been substantially reduced, the backlog had disappeared, and processing time had been slashed to ten days.

Quietly, without fanfare, businessmen all across America are volunteering their skills to help state governments cut costs and perform more efficiently. The names of these programs, and their accomplishments, vary from state to state. Yet, over the past dozen years, they've saved taxpayers an estimated $5.5 billion. The contribution has been costly to the firms which pay the salaries of businessmen spending time away from their own jobs. But by helping state governments function more smoothly, they've created a healthier business climate, and that in the long run has been a more than adequate reward. Dr. Richard T. Tesher, president of the U.S. Chamber of Commerce, stresses, "Businessmen have a big stake in helping government get along on less."

BETTER WAY

The 1960s witnessed a disturbing, accelerating trend all across the United States. While state populations increased only slightly—most by less than 15 percent—state payrolls ballooned. Government at the state and local level became one of the fastest growing "industries" in the country and, as demands for services multiplied, expenditures began climbing out of sight. Raising taxes provided only temporary relief.

When James A. Rhodes took office as governor of Ohio in 1963, the state, despite increased taxes, had unpaid bills of more than $100 million. Unemployment was high and rising rapidly; corporations were moving out of state. What was needed was a total reorganization of Ohio's state government.

State finance director Richard Krabach remembered how a blue-ribbon commission headed by former President Herbert Hoover had once probed the federal government's efficiency. Couldn't similar scrutiny be directed at state government? Krabach consulted with Hoover in New York, then sought further advice from Warren J. King, president of Warren King and Associates, a Chicago-based consulting firm. Quickly, the two men drew up ground rules: It would not suffice to "borrow" executives one or two days a week. They would have to recruit the best talent in the state, on a full-time volunteer basis, until the job was done. Governor Rhodes enthusiastically issued an executive order establishing the Council for the Reorganization of Ohio State Government.

At a meeting of the top executives of two dozen Ohio firms, Krabach called for volunteers. "We're not looking for checkbook patriotism. What we want from your companies is talent. And not just anyone; we need the people you can't spare."

"Who do you want from me?" asked Alfred S. Glossbrenner, then president of Youngstown Sheet & Tube Company.

"Howard Bishop, your chief industrial engineer."

With Bishop as their chairman, 94 Ohio businessmen studied every department of state government. Three months later, they presented 511 recommendations—to save Ohio taxpayers $50 million a year. Reforms included abolition of specific jobs, such as that of the employe whose duty it was to measure the depth of the Toledo-Cincinnati canal—which had been closed for 63 years. Other recommendations called for application of modern business techniques, and even consolidation of whole overlapping agencies. Rhodes implemented nearly 75 percent of the recommendations. Actual annual savings were $60 million—or $10 million above the estimate—and for the next five years Ohio led the United States in its rate of industrial growth.

COST-CUTTERS AT WORK

Encouraged, consultant King took the idea to other states' chief executives. In 1965, Gov. Dan Evans of Washington agreed to give the concept a try. Ninety of that state's top business executives hammered out a report with 670 recommendations. Two-thirds of these were implemented, to save some $20 million per year. Oklahoma businessmen suggested 399 ways to streamline their state's government; 250 of them were okayed, for annual savings of $15 million.

Then, in 1967, Gov. Ronald Reagan of California asked King to coordinate a study in his state. The 252 "loaned executives," divided into seven teams, weighed in with 2000 suggestions. These enabled Reagan to cut spending by $175 million a year.

By 1976, some 20 states had asked King to coordinate management reviews of their governments. More than 1500 businessmen had participated. They offered 14,500 suggestions which could, if put into action, save taxpayers a monster $4.8 billion. (Encouragingly, a large number of those suggestions came from state employes themselves.) Meanwhile, other states—including Missouri, Minnesota and Wisconsin—had instituted programs of their own, and savings there over the years had run into the hundreds of millions.

In almost every state, cost-cutters discovered that government could become more efficient by:

Restructuring agencies to provide services more efficiently. During the 1960s, West Virginia's welfare rolls had increased dramatically. Thus, when Gov. Arch A. Moore, Jr., took office in 1969, one of his first acts was to ask state businessmen for recommendations to "help bust the welfare cycle." Accepting their suggestions, he merged the state's Welfare and Employment Security departments. He expedited welfare applications by reducing the number of offices—county, district and state—through which they had to make their way, and by installing computer terminals in the county offices.

Moore added refinements of his own. At his instigation, West Virginia became the first state to require that recipients, if able to work, accept appropriate employment. Before, 14,000 welfare fathers had received benefits. Today fewer than 1000 do. Recipients used to average 20 months on the rolls. Today they average seven. The six-week processing time for new applications has been cut to one. Savings thus far: $60 million. Between 1970 and 1974, the nation's welfare rolls increased by 36.2 percent; in West Virginia, the rolls dropped by 32.4 percent.

Reorganizations and consolidations haven't been limited to welfare departments. Inspired by businessmen's recommendations, Florida is working on the development of a "one-stop" automotive services system to replace its 690 locations for such services as driver's licenses, vehicle inspection, license-plate sales, and processing of titles.

In Connecticut, alarmed by the high cost of maintenance at state buildings in Hartford, businessmen discovered that a private firm would do the job for one-third the price. The saving: $760,000 per year.

Insisting on tighter money management. In Minnesota, members of Gov. Wendell Anderson's volunteer task force found that it took Revenue Department employes an average of 4.5 days to process each incoming check. By depositing checks the day they arrived, the department could reap additional interest of nearly $700,000 per year. In New Jersey, businessmen recommended saving $1.5 million by reducing the amount the state kept in checking accounts and investing the money in securities. Another $4 million could be realized simply by improving the investment portfolio of state pension funds.

Stopping unnecessary purchasing. Almost everywhere, businessmen have found, states are buying items they don't need, paying more than they should, and keeping excessive supplies in inventory. Simply by purchasing compact cars instead of standard-sized vehicles, businessmen discovered, North Carolina could have $265,000 per year. In Ohio, businessmen learned that one state hospital had bought enough sugar to last it for 16 years.

In Minnesota, executives found that the highway department had enough supplies for 18 months. Their recommendation: keep on hand only enough for three to four months. The department agreed. The $5 million that had formerly been funneled into excess inventory every year was poured instead into concrete, asphalt and blacktop. Result: the state has been able to continue its highway construction program, while some states—because of reduced gasoline-tax revenues and heavy inflation—have had to shut down their programs.

Charging users fair fees for state services. Copies of birth certificates, professional licenses, driving permits—the list of services that citizens expect from state government is varied and long. Often, states don't charge enough to defray the costs.

Ever since 1927, for example, New Jersey had charged a constant $5 fee for issuing teaching certificates—though in the interim teachers' salaries had increased by 700 percent, and the Department of Education was losing money. The businessmen's suggestion: raise the certificate fee to $20, and glean an additional $600,000 per year.

In Alabama, the Governor's Cost Control Survey discovered that the Alcoholic Beverage Control Board was spending $75 to process each annual license renewal for retail beer outlets, but charging just $10. Raise the fee, the businessmen said. (This has not been done, as of this writing.) In Iowa, executives concluded that the state could earn $1.4 million by increasing its charges for hunting and fishing licenses and boat registrations. (This was one of the minor recommendations by a blue-ribbon Economy Committee, which has helped Gov. Robert D. Ray cut taxes, expand services, and establish a substantial surplus in the state treasury.)

FACING FISCAL REALITY

The mere establishment of a businessmen's task force is, of course, no panacea for the problems that plague state government. Without a determination by the governor to recruit the best talent available, without his firm commitment to implement as many of the recommendations as possible, without following-through by the businessmen themselves, the effort can fail. Some suggestions may prove impracticable; legislatures may stall others for reasons of their own. Yet, in all but a few of the states which have attempted to improve their management functions, the result has been more efficient, more economical government. And that is what taxpayers want.

Recently, Ohio and Pennsylvania invited businessmen back to study their operations for a second time. One executive involved in the Pennsylvania study—Otto Ehrsam of Bethlehem Steel—was visiting a correctional facility with other members of his team. Invited for lunch, they discovered to their surprise that they did not have to pay. Checking further, they discovered that the state provided free meals to 2700 correctional-bureau employes every day. Annual cost: $745,000. "We decided that this ought to stop," Ehrsam recalls. "We said that there should be no such thing as a free lunch in state government."

EXHIBIT 2

S. 3580

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Management and Policy Strike-Force" Act.

DECLARATION OF POLICY

SEC. 2. It is hereby declared to be the policy of Congress to promote the economy and efficiency as well as the improved delivery of services in transaction of the public operation of departments, bureaus, agencies, boards, commissions, offices, independent establishments and instrumentalities of the Executive Branch of the Federal Government by

(1) limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities and functions;

(2) eliminating duplicative and overlapping procedures, activities, services and functions;

(3) consolidating services, activities and functions of similar nature;

(4) abolishing services, activities and functions that are obsolete or unnecessary to the efficient conduct of the Federal Government; and

(5) defining and limiting executive functions, services, procedures and activities.

POLICY-MANAGEMENT STUDY COORDINATION OFFICE

SEC. 3. (a) There is hereby established as an independent instrumentality of the United States a Policy-Management Study Coordination Office (hereinafter referred to as the "Office").

(b) The Office shall be composed of 7 members as follows:

(1) The President of the United States.

(2) The Comptroller General of the United States.

(3) The Director of the Office of Management and Budget.

(4) Two Members of the House of Representatives appointed by the Speaker of the House of Representatives.

(5) Two Members of the Senate of the United States appointed by the President pro tempore of the Senate.

(c) Any vacancy in the Office shall not affect its powers and shall be filled—

(1) in the case of members described in paragraphs (2) and (3) by their successors or by their deputies; or

(2) in the case of members described in paragraph (4) or (5) in the same manner in which the original appointment was made.

(d) The President shall serve as Chairman of the Office. The Office shall elect a Vice-Chairman from among its members other than the President.

(e) Four members of the Office shall constitute a quorum.

DUTIES

SEC. 4. It shall be the duty of the Office—

(1) to study and analyze the Government of the United States of America, dividing it along functional, structural, or other conceptual lines such as departments, units, agencies, bureaus, boards, commissions, offices, or operations so that the structural and functional characteristics of the Government of the United States may be segregated, designated, and reviewed by an appropriate Management and Policy Strike-Force as provided by Section 11;

(2) to appoint to each Management and Policy Strike-Force, by majority vote, 3 individuals who by reason of background, experience, or education are particularly suitable for such appointment;

(3) to require the submission of interim and final reports of each of the Management and Policy Strike-Force at such times according to such schedule as the Office may require; and

(4) to receive and disseminate the reports and recommendations of the Management and Policy Strike-Force to the Congress, the President, and the public.

POWERS OF THE OFFICE

SEC. 5. (a) The Office, or on the authorization of the Office, any subcommittee thereof, may, for the purpose of carrying out the provisions of this Act, sit and act at such times and places as the Management and Policy Strike-Force may deem advisable.

(b) The Office may acquire directly from the head of any department, agency, independent instrumentality, or other authority of the executive branch of the Government available books, papers, documents, statistics, studies, reports and any other information which the Office deems useful in the discharge of its duties. The Office is authorized and directed to request appropriate information from the appropriate officials of the legislative and judicial branches of the Government. All department, agencies, and independent instrumentalities, or other authorities of the executive branch of the Government and the appropriate officials of the legislative and judicial branches of the Government shall cooperate with the Office and furnish all information requested by the Office to the extent permitted by law.

ADMINISTRATIVE PROVISIONS OF THE OFFICE

SEC. 6. (a) Subject to such rules and regulations as may be adopted by the Office, the Office shall have the power—

(1) to appoint and fix the compensation of an Executive Director and such additional staff personnel as it deems necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter II of chapter 53 of such title relating to classification and General Schedule pay rates, but—

(A) in the case of the Executive Director, at a rate equal to that for level V of the Executive Schedule under section 5316 of title 5, United States Code; and

(B) in the case of all other personnel, at rates not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of such title; and

(2) to produce temporary and intermittent services to the same extent as is author-

ized by section 3109 of title 5, United States Code.

(b) The Office is authorized to enter into agreements with the General Services Administration for procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of the Office in such amounts as the President may determine.

MANAGEMENT AND POLICY STRIKE-FORCES

Sec. 7. (a) There are established so many study commissions to be known as Management and Policy Strike-Forces as the Office shall deem necessary for the purpose of conducting in depth management studies as the Office may determine.

(b) Each such Management and Policy Strike-Force shall be composed of three Commissioners appointed pursuant to section 8.

MEMBERS

Sec. 8. (a) A Management and Policy Strike-Force shall be composed of 3 members, appointed by a majority vote of the members of the Office pursuant to section 4, and shall constitute the sole source of authority and direction for each Management and Policy Strike-Force.

(b) Not more than one member of a Management and Policy Strike-Force may have served on any other Management and Policy Strike-Force.

(c) No person may serve simultaneously as a member of two or more Management and Policy Strike-Forces.

(d) No person shall serve as a member of a Management and Policy Strike-Force who is presently serving or has previously served as a member of either house of Congress, or is presently an employee of the Government of the United States of America or has been an employee of the Government of the United States of America at any time during the five years proceeding the date of enactment of this legislation;

(e) Two members of a Management and Policy Strike-Force shall constitute a quorum.

(f) Each management and policy strike force shall elect a chairman from among its members.

COMPENSATION

Sec. 9. (a) The members of the Office shall serve without compensation in addition to that received for their services in the executive branch or as Members of Congress, as the case may be, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of duties vested in the Office.

(b) All members of a management and policy strike force shall be reimbursed for travel, subsistence, and other necessary expenses incurred in connection with their activities as members of a management and policy strike force.

COMMISSION UTILIZATION OF PRIVATE SECTOR RESOURCES

Sec. 10. Each management and policy strike force shall, in carrying out the duties provided for in section 11 of this Act, to the fullest possible extent utilize the volunteer services and skills of capable and qualified individuals from the private sector.

DUTIES

Sec. 11. Each management and policy strike force shall—

(1) conduct an in-depth analysis and study of the subject matter area for which it is responsible, as determined by the Office, in order to promote economy, efficiency, and improved service in the transaction of the public business in the department, bureaus, agencies, boards, commissions, offices, independent establishments, instrumentalities, and authorities of the Government by proposing such reform, changes, and legislative measures as will have the effect of—

(A) limiting expenditures to the lowest amount consistent with the efficient performance of essential services, activities, and functions;

(B) eliminating duplication and overlapping of services, activities, and functions;

(C) consolidating services, activities, and functions of a similar nature;

(D) abolishing services, activities, and functions obsolete or not necessary to the efficient conduct of government; and

(E) defining and limiting appropriate executive, legsilative, and judicial functions, services, and activities;

(2) submit a report of its finding proposed legislative changes, to the Office within such reasonable time schedule as the Office may require.

POWERS OF THE MANAGEMENT AND POLICY STRIKE-FORCE

Sec. 12. (a) A Management and Policy Strike-Force or, on the authorization of a Management and Policy Strike-Force, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents as such a Management and Policy Strike-Force or such subcommittee or member may deem advisable.

(b) (1) Subpoenas shall be issued under the signature of the Chairman or any member of a Management and Policy Strike-Force designated by him and shall be served by any person designated by the Chairman or by any member. Any member of such a Management and Policy Strike-Force may administer oaths or affirmation to witnesses appearing before such a Management and Policy Strike-Force.

(2) The provisions of sections 1821 of title 28, United States Code, shall apply to witnesses summoned to appear at any such hearing. The per diem and mileage allowances to witnesses summoned under the authority conferred by this section shall be paid from funds appropriated to such a Management and Policy Strike-Force.

(3) Any person who willfully neglects or refuses to appear, or refuses to qualify as a witness, or to testify, or to produce any evidence in obedience to any subpoena duly issued under the authority of this section shall be fined not more than $500, or imprisoned for not more than 6 months, or both. Upon the certification by the Chairman of a Management and Policy Strike-Force of the facts concerning any such willful disobedience by any person to the United States Attorney for any judicial district in which such person resides or is found, such attorney may proceed by information for the prosecution of such person for such offense.

(c) A Management and Policy Strike-Force may acquire directly from the head of any department, agency, independent instrumentality, or other authority of the executive branch of the Government available books, papers, documents, statistics, studies, reports, any other information which the Management and Policy Strike-Force deems useful in the discharge of its duties. A Management and Policy Strike-Force is authorized and directed to request such information from the appropriate officials of the legislative and judicial branches of the Government. All departments, agencies, and independent instrumentalities, or other authorities of the executive branch of the Government and the appropriate officials of the legislative and judicial branches of the Government shall cooperate with a Management and Policy Strike-Force and furnish all information requested by a Management and Policy Strike-Force to the extent permitted by law.

(d) A Management and Policy Strike-Force may conduct its own research activity which it shall deem necessary to fulfill its duties.

ADMINISTRATIVE PROVISIONS FOR MANAGEMENT AND POLICY STRIKE-FORCES

Sec. 13. (a) Subject to such rules and regulations as may be adopted by a Management and Policy Strike-Force, a Management and Policy Strike-Force shall have the power—

(1) to appoint and fix the compensation of an Executive Director, and such additional staff personnel as it deems necessary, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but—

(A) in the case of the Executive Director, at a rate equal to that for level V of the Executive Schedule under section 5316 of title 5, United States Code; and

(B) in the case of all other personnel, at rates not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of such title;

(C) in the case of the Executive Director, no person shall be appointed to serve as Executive Director who is presently serving or has previously served as a member of either House of Congress or who is presently or has previously been an employee of the United States Government, with the exception of active or reserve service with one of the branches of the United States Armed Forces.

(2) to procure temporary and intermittent services to the same extent as is authorized by section 3109 of title 5, United States Code; and

(3) wherever possible, accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(b) Each Management and Policy Strike-Force is authorized to enter into agreements with the General Services Administration for procurement of necessary financial and administrative services, for which payment shall be made by reimbursement from funds of such Management and Policy Strike-Force in such amounts as may be agreed upon by the Chairman and the Administrator of the General Services Administration.

RECEIPT OF REPORTS AND RECOMMENDATIONS

Sec. 14. The Coordination office has no authorization, after receiving an interim or final report from a Management and Policy Strike-Force as authorized in Sec. 11 to reject, alter, abridge, suppress, or otherwise modify such report or the recommendations contained therein.

TERMINATION

Sec. 15. Each Management and Policy Strike-Force shall terminate not later than sixty days after the date on which it transmits its final report to the Office pursuant to section 11.

APPROPRIATIONS

Sec. 16. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

Mr. BARTLETT. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HATHAWAY. Mr. President, I ask

unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HOLLINGS). Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business not to exceed 15 minutes, with statements therein limited to 5 minutes.

Mr. HATHAWAY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF FLOOR—H.R. 10612

Mr. LEAHY. Mr. President, I ask unanimous consent that during floor debate and votes on the matters before the Senate today that Herb Jolovitz and Judy Heffner of my staff be given the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I make a similar request for Mr. Charles McQuillen of the Budget Committee staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent that the following additional staff be permitted floor privileges during Senate consideration of H.R. 10612:

From the Finance Committee staff: Bob Best, Michael Rowny, and Dick Rivers.

From my personal staff: John Steen, Jim Guirard, Doug Svendson, Dot Turnipseed, George Foote, and Bruce Feingerts.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, please understand that I do not anticipate that they would all be on the floor at one time. One at a time should suffice. May I say to the Presiding Officer that I hope that all other Senators who have asked that people be on the floor, people from their staff or from committee staffs, will not bring them all on the floor at one time because, having heard some of these requests, I just do not think the Senate Chamber is big enough to hold all these advisers at one time. But if they bring them in when we need them we can work things out.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HANSEN. Fully understanding the wisdom that undergirds the chairman's observation that all these people should not be on the floor, it would be my full intention to comply in spirit with that admonition, and with that understanding I would like to ask permission that Bill Corbett and Linda Gould might be on the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Further, Mr. President, I ask unanimous consent, on behalf of the Joint Committee on Internal Revenue Taxation, that Larry Brown be granted the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that my legislative assistant, John Craford, be allowed the privileges of the floor during debate on this bill and any votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NELSON. Mr. President, I ask unanimous consent that Gary Bickel of my staff be allowed the privileges of the floor during the course of debate on the pending tax legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, there are going to be so many requests that somebody be permitted to come on the floor that I would just ask unanimous consent that I might be permitted to keep a list here at my desk, and those who want to add names, give them to me and I will just send them up to the desk. I ask unanimous consent that I might do that.

Mr. LEAHY. Mr. President, if the Senator will yield, I ask unanimous consent for one more person, Mary Jo Manning of the Presiding Officer's staff, be allowed the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I think it should be clear to all Senators why I ask to be permitted to keep a list here and send up to the clerk the additional names that come in without interrupting this debate every time we get ready to do something. When a Senator wants to bring someone else in, I would just send up the list.

The PRESIDING OFFICER. Without objection, it is so ordered.

(Routine morning business transacted today is printed later in today's RECORD of Senate proceedings.)

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

TAX REFORM ACT OF 1976

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business, H.R. 10612, which the clerk will state by title.

The legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The Senate resumed the consideration of the bill.

The PRESIDING OFFICER. The clerk will state the first committee amendment.

The legislative clerk read as follows:

On page 1, between lines 3 and 4, insert a new table of contents.

The amendment is as follows:

On page 1, between lines 3 and 4, insert the following:

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Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Victor Chao of my staff be granted the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, the first matter that we will debate on the bill will be title I, the so-called LAL. It was more or less agreed that we were going to debate the budget resolution at about 3 o'clock to see if we could reach some agreement on that issue, and that being the case, I would suggest that the Senators who want to discuss the LAL provisions withhold offering their amendment but simply direct their remarks to it with the understanding that they will offer their amendment after we have disposed of the budget resolution.

In other words, there is nothing to keep us from debating the issue. As a matter of fact, the first amendment, Mr. President, would be the table of contents of the bill, and I would think we could probably agree to that by unanimous consent. There would not be any particular reason to argue about that, and then we could proceed to, I would hope what we could discuss, the LAL amendments that the Senators will offer. But I would hope they would withhold offering them until after we dispose of the budget issue so that we can proceed to legislate knowing where we stand.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment.

The amendment was agreed to.

Mr. NELSON. Mr. President, Senator HASKELL or Senator HATHAWAY or I, whoever is here, would wish to offer, when the chairman of the Finance Committee offers the motion to strike the LAL, one of us would wish to offer, as a substitute to that motion the House language on the LAL, with an amendment which would exempt residential real estate.

So do I understand the chairman to say that whereas it is perfectly acceptable that the opponents of the substitute wish to discuss the LAL, the Senator would want them to withhold offering the substitute until after the afternoon's discussion at 3 o'clock and until the chairman brings up the motion to strike; is that correct?

Mr. LONG. Yes.

Until we can dispose of the budget issue. When Mr. MUSKIE is here, and we are all available to discuss this issue, I think the Senate, if we cannot agree amongst ourselves, ought to decide for us with regard to the budget issue. Then once that matter can be resolved, it seems to me, we can go ahead and debate these matters, like LAL, completely on their own merits. I think that is how they ought to be decided.

In other words, we can decide whether the Finance Committee is right about LAL after we decide the budget issue. It seems to me that we will make time and save time by deciding the budget issue first and then deciding that we will then decide about LAL, and then go on to the other provisions. Meanwhile we can talk about LAL. It is perfectly all right to talk about it.

Mr. NELSON. That is up to the Senator from Colorado or the Senator from Maine, who are cosponsors with me on this. I just want the chairman to know at the time the motion to strike is made, that amendment is called up, that one of us will want to offer a substitute, which would be the House provision with a modification exempting residential real estate.

Mr. LONG. That is exactly right, and that is how we agreed, and that is how the rules would require us to proceed, and I think that would be the ideal procedure under the circumstances.

Mr. HASKELL. Mr. President, will the Senator yield?

As I understand it, the motion to strike is the pending business. Am I correct in that?

The PRESIDING OFFICER. The Senator is correct.

The clerk will report the second committee amendment.

The legislative clerk read as follows:

On page 1, strike out all after lines 3 over to and including all of page 40.

Mr. HASKELL. Mr. President, if the Senator from Louisiana's motion to strike is the pending business, would this not be the appropriate time to offer the substitute amendment adverted to by the Senator from Wisconsin? Then we would be in proper parliamentary order. We can then discuss it. We will all agree that there will be no voting until after the budget discussion takes place at 3 o'clock.

I would like to ask the Senator from Louisiana, Would that not be appropriate?

Mr. LONG. I have no objection to the Senator's offering his amendment. I just do not think we ought to vote on that or on our motion to strike, before we decide the budget issue.

Mr. HASKELL. I agree.

Mr. LONG. But I think there is no harm done, and perhaps it would expedite our procedure, for the Senator to go ahead and make his case on LAL and we might discuss this in some detail before 3 o'clock. Then after we decide the budget issue, we will come back to it.

Mr. HASKELL. I agree.

Then just to get it in the proper parliamentary order, I think the Senator from Wisconsin has this substitute amendment and if we could send that as a substitute to the Senator from Louisiana's motion to strike, we will go ahead and discuss it.

We will agree there will be no votes until after the complete discussion of the budget resolution commencing at 3 o'clock. If that is satisfactory to the Senator from Louisiana, I ask the Senator from Wisconsin——

Mr. McCLURE. If the Senator will yield before doing that, I think this discussion presupposes that the discussion of the proposed substitute will last from now until 3 o'clock.

In the event that did not happen, there might be the necessity to set this aside by unanimous consent until after 3 o'clock.

Would the Senator from Colorado and the Senator from Wisconsin agree that is a possibility?

Mr. HASKELL. On my part, that is understood. Last night, the leader indicated any bills could be taken up at the conclusion of the debate on LAL.

Mr. NELSON. Mr. President, it is to substitute, and to ask unanimous consent that action on the substitute not be taken until after the dialog on the budget question is completed sometime this afternoon. I am not asking immediately, but thereafter sometime.

Mr. McCLURE. And if necessary, by unanimous consent it would be set aside and other matters could be brought up in the interim.

UP AMENDMENT NO. 57

Mr. NELSON. Mr. President, I send to the desk and move this substitute to the motion to strike. I ask unanimous consent that action on the voting on this substitute not occur until some time after the budget discussion is completed this afternoon. I am not asking for a date certain, it may be tonight or tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. McCLURE. Reserving the right to object——

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. I think one further thing might be mentioned. That is the possibility of amendments to the substitute.

If the substitute is laid down, an amendment might be laid down and discussed, but not voted on prior to 3 o'clock.

Mr. NELSON. I would include that in my unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Wisconsin (Mr. NELSON) (for himself, Mr. HOLLINGS, Mr. MATHIAS, Mr. BROOKE, Mr. CLARK, Mr. GARY HART, Mr. PHILIP A. HART, Mr. HARTKE, Mr. HASKELL, Mr. HATHAWAY, Mr. HUDDLESTON, Mr. HUMPHREY, Mr. KENNEDY, Mr. MONDALE, and Mr. PROXMIRE) proposes an unprinted amendment No. 57.

The amendment is as follows:

SEC. 104. LIMITATION ON ARTIFICIAL LOSSES.

(a) IN GENERAL.—Part II of subchapter E of chapter 1 (relating to methods of accounting) is amended by redesignating subpart D as subpart E and by inserting after subpart C the following new subpart:

"Subpart D—Limitation on Artificial Losses

"Sec. 446. Taxable year for taking certain accelerated deductions which would cause artificial losses.
"Sec. 467. LAL property; classes of LAL property.
"Sec. 468. Accelerated deductions; net related income.
"Sec. 469. Dispositions of LAL property.
"Sec. 470. Other definitions and special rules.

"SEC. 466. TAXABLE YEAR FOR TAKING CERTAIN ACCELERATED DEDUCTIONS WHICH WOULD CAUSE ARTIFICIAL LOSSES.

"(a) ACCELERATED DEDUCTIONS DEFERRED TO EXTENT THEY EXCEED RELATED INCOME.—

"(1) IN GENERAL.—Except as otherwise provided in this subpart, in the case of any taxpayer subject to this subpart, accelerated deductions which are attributable to a class of LAL property and which (but for this section) would be allowable for the taxable year shall not be allowed for such year to the extent that such deduction exceed the net related income for such year from such class of property.

"(2) TAXPAYERS SUBJECT TO SUBPART.—Except as provided in paragraph (3), the following shall be subject to this subpart:

"(A) an individual,

"(B) an electing small business corporation (within the meaning of section 1371 (b)), and

"(C) with respect to LAL farm property, a corporation to which section 447(a) (relating to method of accounting for corporations engaged in farming) does not apply.

"(3) EXCEPTION FOR CERTAIN ACCRUAL TAXPAYERS ENGAGED IN FARMING.—Paragraph (1) of this subsection and subsection (b) shall not apply to any taxpayer with respect to property described in section 467 (a)(3) if the taxpayer uses an accrual method of accounting with respect to such property and capitalizes preproductive period expenses described in section 468(c) (1).

"(b) DEFERRED DEDUCTIONS PLACED IN DEFERRED DEDUCTION ACCOUNT.—Each taxpayer to whom subsection (a) applies for any taxable year shall establish and maintain a deferred deduction account for each class of LAL property. The deductions not allowed for any taxable year solely by reason of subsection (a) with respect to any class of LAL property shall be placed in the deferred deduction account for such class of property.

"(c) DEFERRED DEDUCTIONS ALLOWED IN LATER YEARS.—In the case of any taxpayer to whom subsection (a) applied with respect to any class of LAL property for any taxable year, if the net related income from such class of property for any subsequent taxable year exceeds the accelerated deductions attributable to such class of property for such subsequent year, if there shall be subtracted from the deferred deduction account and allowed as a deduction for such subsequent year an amount equal to the lesser of—

"(1) such excess, or

"(2) the amount in the deferred deduction account for such class of property at the close of such subsequent taxable year (determined without regard to the application of this subsection to such subsequent taxable year).

"SEC. 467. LAL PROPERTY; CLASSES OF LAL PROPERTY.

"(a) LAL PROPERTY DEFINED.—For purposes of this subpart, the term 'LAL property' means property described in any of the following paragraphs:

"(1) LAL REAL PROPERTY.—Real property—

"(A) which is or will be either property described in section 1221(1) or property held for rental, and

"(B) which is not section 1245 property (as defined in section 1245(a)(3)).

"(2) LAL LEASE PROPERTY.—In the case of a lessor, any section 1245 property (as defined in section 1245(a)(3)) which is leased or held for leasing.

"(3) LAL FARM PROPERTY.—Any property—

"(A) which is held for use in the trade or business of farming, or

"(B) which is described in section 1221(1) and held in connection with the trade or business of farming.

"(4) LAL FILM PROPERTY.—Any motion picture film or video tape created primarily for use as public entertainment and any right to produce, distribute, or display such a film or tape.

"(5) LAL OIL AND GAS PROPERTY.—Any interest in an oil or gas well which is not an exploratory well.

"(6) LAL SPORTS FRANCHISE PROPERTY.—Any interest in a franchise to conduct a sports enterprise.

"(b) CLASSES OF LAL REAL PROPERTY.—For purposes of this subpart, all property of the taxpayer described in subsection (a)(1) is one class of property.

"(c) CLASSES OF LAL LEASE PROPERTY.—For purposes of this subpart, each item of property described in subsection (a)(2) is a separate class of property.

"(d) CLASSES OF LAL FARM PROPERTY.—For purposes of this subpart—

"(1) IN GENERAL.—Except as provided in paragraph (2), all property of the taxpayer described in subsection (a)(3) is one class of property.

"(2) RULE FOR FARMING SYNDICATES.—In the case of any interest in a farming syndicate, property described in subsection (a)(3) attributable to each activity on each farm begun during any taxable year is a separate class of property.

"(3) FARMING SYNDICATE DEFINED.—

"(A) IN GENERAL.—The term 'farming syndicate' means—

"(i) a partnership engaged in the trade or business of farming if at any time interests in such partnership have been offered for sale in any offering required to be registered with a Federal or State agency having authority to regulate the offering of securities for sale,

"(ii) a partnership engaged in the trade or business of farming, if more than 50 percent of the losses during any period are allocable to limited partners, and

"(iii) any other enterprise engaged in the trade or business of farming if at any time interests in such enterprise have been offered for sale in an offering described in clause (i) or if the allocation of losses in such enterprise is similar to an allocation described in clause (ii).

"(B) HOLDINGS ATTRIBUTABLE TO ACTIVE MANAGEMENT.—For purposes of clause (ii) of subparagraph (A), in the case of any individual who has actively participated (for a period of not less than 5 years) in the management of any trade or business of farming, any interest in a partnership which is attributable to such active participation and which is held by such individual (or by any member of his family within the meaning of section 267(c)(4)) shall be treated as an interest which is not held by a limited partner. A rule similar to the rule provided by the preceding sentence shall apply for purposes of so much of clause (iii) of subparagraph (A) as relates to clause (ii) of subparagraph (A).

"(e) CLASSES OF LAL FILM PROPERTY.—For purposes of this subpart, each item of property described in subsection (a)(4) is a separate class of property.

"(f) CLASSES OF LAL OIL AND GAS PROPERTY.—For purposes of this subpart, each property (within the meaning of section 614) is a separate class of property.

"(g) CLASSES OF SPORTS FRANCHISE PROPERTY.—For purposes of this subpart, each franchise to conduct a sports enterprise is a separate class of property.

"SEC. 468. ACCELERATED DEDUCTIONS; NET RELATED INCOME.

"(a) REAL PROPERTY.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(1), means—

"(1) CONSTRUCTION PERIOD INTEREST AND TAXES.—All—

"(A) interest paid or accrued on indebtedness incurred or continued to acquire, construct, or carry real property, and

"(B) real property taxes,

to the extent such interest and taxes are attributable to the construction period for such property and would be allowable as a deduction under this chapter for the taxable year (determined without regard to this subpart).

"(2) ACCELERATED DEPRECIATION.—The excess of—

"(A) the deduction allowable under this chapter (determined without regard to this subpart) for the taxable year for depreciation or amortization, over

"(B) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

"(b) LEASE PROPERTY.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(2), means the excess of—

"(1) the deduction allowable under this chapter (determined without regard to this subpart) for the taxable year for depreciation or amortization, over

"(2) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

For purposes of paragraph (2), useful life shall be determined as if section 167(m)(1) (relating to asset depreciation range) did not include the last sentence thereof.

"(c) FARM PROPERTY.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(3), means—

"(1) PREPRODUCTIVE PERIOD EXPENSES.—

"(A) IN GENERAL.—Any amount which is attributable to crops, animals, or trees (or to any other property having a crop or yield) during the preproductive period of such property and which is allowable as a deduction for the taxable year (determined without regard to this subpart).

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply—

"(i) to taxes and interest,

"(ii) to any amount incurred on account of fire, storm, flood, or other casualty or on account of disease or drought,

"(iii) to grain, oil seed, fiber, pasture, tobacco, silage, and forage crops (including expenses of planting, seeding, residue processing, fallowing, plowing, or any other soil preparation), and

"(iv) to livestock other than poultry.

Clauses (iii) and (iv) shall not apply in the case of an interest in a farming syndicate (as defined in section 467(d)(3)).

"(C) PREPRODUCTIVE PERIOD DEFINED.—For purposes of this paragraph, the term 'preproductive period' means—

"(i) in the case of property having a useful life of more than 1 year which will have more than 1 crop or yield, the period before the disposition of the first such marketable crop or yield, or

"(ii) in the case of any other property, the period before such property is disposed of.

For purposes of this subpart, the use by the taxpayer in the trade or business of farming of any supply produced in such trade or business shall be treated as a disposition.

"(2) PREPAID FEED, SEED, FERTILIZER, ETC.—

"(A) IN GENERAL.—Any amount paid for feed, seed, fertilizer, or other supplies which are on hand at the close of the taxable year.

"(B) EXCEPTIONS.—Subparagraph (A) shall not apply to—

"(i) any amount paid for supplies which are on hand at the close of the taxable year on account of fire, storm, flood, or other casualty or on account of disease or drought, or

"(ii) in the case of a taxpayer (other than a farming syndicate as defined in section 467(a)(3)) who, on the average, produces more than 50 percent (by volume) of the feed consumed by such taxpayer's livestock (other than poultry), any amount paid for feed which is on hand at the close of the taxable year.

"(3) ACCELERATED DEPRECIATION OF ANIMALS, TREES, ETC., DURING PRODUCTIVE PERIOD.—In the case of animals, trees, or other property having a crop or yield, the excess of—

"(A) the deduction allowable for the taxable year under section 167 (determined without regard to this subpart), over

"(B) the deduction which would have been allowable for the taxable year had the taxpayer depreciated the property under the straight line method for each taxable year of its useful life for which the taxpayer has held the property.

"(d) FILM PROPERTY.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(4), means any amount allowable for the taxable year under this chapter (determined without regard to this subpart) as a deduction—

"(1) for depreciation or amortization, or

"(2) for amounts attributable to producing, distributing, or displaying such property.

"(e) OIL AND GAS PROPERTY.—For purposes of this subpart, the term "accelerated deduction', when used with respect to a class of property described in section 467(a)(5), means the excess (if any) of—

"(1) the intangible drilling and development costs described in section 263(c) allowable under this chapter (determined without regard to this subpart) for the taxable year with respect to such class of property, over

"(2) the amount which would have been allowable for the taxable year if such costs had been capitalized and straight line recovery of intangibles (as defined in section 57(f)) had been used with respect to such costs.

Such term does not include intangible drilling and development costs described in section 263(c) allowable under this chapter which are attributable to a well drilled solely to inject water or other substances to stimulate or increase the production of oil or gas.

"(f) SPORTS FRANCHISE PROPERTY.—

"(1) IN GENERAL.—For purposes of this subpart, the term 'accelerated deduction', when used with respect to a class of property described in section 467(a)(6), means any amount allowable for the taxable year under this chapter (determined without regard to this subpart) as a deduction under section 167 for the LAL portion of the basis of player contracts.

"(2) LAL PORTION OF THE BASIS OF PLAYER CONTRACTS DEFINED.—For purposes of paragraph (1), the LAL portion of the basis of player contracts means, in the case of any franchise, the excess of the amount allocated to player contracts by the transferee over the sum of—

"(A) the aggregate adjusted bases of the player contracts in the hands of the transferor immediately before the transfer of the franchise, plus

"(B) the ordinary income (if any) recognized by the transferor on the transfer of the franchise.

"(3) PLAYER CONTRACT DEFINED.—For purposes of this subsection, the term 'player contract' means any contract for the services of an athlete which, in the hands of the taxpayer, is of a character subject to the allowance for depreciation provided in section 167. Such a contract shall be taken into account for purposes of this subpart only if the franchise acquired such contract in connection with the transfer of the franchise.

"(4) ESTABLISHMENT OF FRANCHISE TREATED AS TRANSFER.—For purposes of this subsection, the establishment of a franchise shall be treated as a transfer.

"(g) NET RELATED INCOME.—

"(1) IN GENERAL.—For purposes of this subpart, the net related income from a class of property for a taxable year is the excess of—

"(A) the gross income from such class for such year, over

"(B) the sum of the deductions (other than accelerated deductions) for such year attributable to such class.

"(2) SPECIAL RULES.—For purposes of paragraph (1)—

"(A) any excess of the deductions (other than accelerated deductions) attributable to an item of property shall not be taken into account,

"(B) the net operating loss deduction provided by section 172 shall not be taken into account,

"(C) any deduction under section 1202 (relating to deduction for capital gains) and any capital loss carryback or carryover under section 1212 (relating to capital loss carrybacks and carryovers) shall not be taken into account, and

"(D) any deduction allowed under section 469 (a) by reason of section 469(b)(4) (relating to nonproductive oil and gas wells) shall be treated as a deduction which is not an accelerated deduction.

"(3) CERTAIN PROCESSING INCOME TREATED AS FARMING INCOME.—

"(A) IN GENERAL.—For purposes of paragraph (1) of this subsection and for purposes of section 470(b)(3), the net income of any person from the processing of (including the application of one or more manufacturing processes to) a farm product produced by such person shall be treated as net income of such person attributable to the business of farming if such processing is performed by such person or by any partnership, electing small business corporation, or cooperative of which such person is a member.

"(B) PARAGRAPH NOT TO APPLY TO SYNDICATED FARMING INTEREST.—This paragraph shall not apply with respect to any interest in a farming syndicate within the meaning of section 467(d)(3).

"SEC. 469. DISPOSITIONS.

"(a) GENERAL RULE.—If the disposition of any LAL disposition class is completed during the taxable year, there shall be allowed as a deduction any amount remaining in the deferred deduction account allocable to such class at the close of the taxable year after the application of this subpart other than this section.

"(b) DISPOSITION CLASSES.—

"(1) IN GENERAL.—For purposes of this section, except as provided in paragraphs (2), (3), and (4), the term 'LAL disposition class' means any class of LAL property (within the meaning of section 467).

"(2) SPECIAL RULE FOR REAL PROPERTY.—For purposes of paragraph (1), in the case of property described in section 467(a)(1), the term 'LAL disposition class' means any item of such property.

"(3) SPECIAL RULE FOR FARM PROPERTY.—For purposes of paragraph (1), in the case of property described in section 467(a)(3), the term 'LAL disposition class' means—

"(A) except as provided in subparagraphs (B) and (C), all such property which is attributable to one activity on one farm begun during any taxable year,

"(B) in the case of any interest in a farming syndicate, all such property attributable to any one activity, and

"(C) any feed, seed, fertilizer, or other supplies consumed during the taxable year which were on hand at the close of a prior taxable year.

Notwithstanding the preceding sentence, in the case of an interest in farming which is not an interest in a farming syndicate, the taxpayer may elect to treat the portion of each crop or yield disposed of during any taxable year as a separate LAL disposition class.

"(4) Nonproductive oil and gas wells.—For purposes of this section, in the case of LAL property described in section 467(a)(5), the completion of a nonproductive oil or gas well shall be treated as the disposition of a separate LAL disposition class.

"(c) Deemed Dispositions.—

"(1) Property ceases to be real property or lease property.—For purposes of this section, property described in paragraph (1) or (2) of section 467(a) shall be deemed disposed of when in the hands of the taxpayer it ceases to meet the requirements of such paragraph.

"(2) Films.—Property described in paragraph (4) of section 467(a) which has not therefore been disposed of shall be deemed disposed of at the earlier of—

"(A) the close of the 1st taxable year following any taxable year by the close of which 95 percent or more of the income forecast for such property has been received or accrued, or

"(B) the close of the 7th taxable year following the taxable year in which such property is placed in service by the taxpayer. Subparagraph (A) shall not cause any property to be deemed disposed of earlier than the close of the 2d taxable year following the taxable year in which such property was placed in service by the taxpayer.

"(d) Certain Transfers Not Treated as Dispositions.—

"(1) In general.—For purposes of this subpart, a transfer of property—

"(A) by gift,

"(B) in a transaction in which gain or loss is not recognized in whole or in part,

"(C) in a transaction between parties whose relationship is described in section 267(b),

"(D) to the estate of a decedent by reason of the death of such decedent, or

"(E) in a transaction for which the taxpayer elects to return income under section 453 (relating to the installment method),

shall not be treated as a disposition.

"(2) Transferee succeeds to the deferred deduction account.—In the case of any transfer described in subparagraph (A), (B), (C), or (D) of paragraph (1) (other than a transfer also described in subsection (e)), the transferee of the property shall succeed to the deferred deduction account of the transferor with respect to such property.

"(e) Special Rules for Certain Transfers.—For purposes of this subpart—

"(1) Transfer by death.—In the case of the transfer of property by reason of death (other than a transfer to the estate of the decedent), the basis of the property in the hands of the transferee immediately after the transfer shall be the higher of—

"(A) its basis determined under section 1014(a) (relating to basis of property acquired from a decedent), or

"(B) the sum of (i) the lower of the adjusted basis of the property in the hands of the decedent or the fair market value of the property at the time of his death, and (ii) the balance in the deferred deduction account with respect to such property at the time of the transfer.

If any transfer referred to in the preceding sentence is a transfer from the estate of the decedent, the basis so determined shall properly reflect adjustments to basis during the period the property was held by the estate.

"(2) Corporations or other persons to which subpart does not apply.—In the case of any transfer described in subparagraph (A), (B), (C), or (D) of subsection (d)(1), if the transferee of any property is a person which is not subject to this subpart, then the basis of the property in the hands of the transferee shall be increased by the balance in the deferred deduction account with respect to such property in the hands of the transferor.

"(3) Installment sales.—In the case of a transaction described in subsection (d)(1)(E), the final payment on the obligation or the disposition of the installment obligation (within the meaning of section 453(d)) shall be treated as a disposition.

"Sec. 470. Other Definitions and Special Rules.

"(a) Definitions.—For purposes of this subpart—

"(1) Construct.—The term 'construct' includes reconstruct and erect, and the term 'construction' includes reconstruction and erection.

"(2) Construction period.—The term 'construction period', when used with respect to any item of property described in section 467(a)(1), means the period—

"(A) beginning on the date on which construction of the building or other improvement begins; and

"(B) ending on the date on which the item of property is ready to be placed in service or is ready to be held for sale.

"(3) Residential real property.—The term 'residential real property' means property which is or can reasonably be expected to be—

"(A) residential real property as defined in section 167(j)(2)(B), or

"(B) real property described in section 1221(1) held for sale as dwelling units (within the meaning of section 167(k)(3)(C)).

"(4) Farming.—The term 'farming' means the cultivation of land or the raising or harvesting of any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of animals. For purposes of the preceding sentence, trees shall be treated as an agricultural or horticultural commodity.

"(5) Exploratory well.—The term 'exploratory well' means any well—

"(A) each point on which, at the time such well is completed, is more than 2 miles from the nearest point on the nearest producing well, or

"(B) which—

"(i) is completed 2 years or more after the completion of the last producing well which does not meet the requirements of subparagraph (A), and

"(ii) the taxpayer establishes (in the manner provided in regulations prescribed by the Secretary) by maps and other evidence that the well will not tap any reservoir from which there has been significant oil or gas production.

Subparagraph (B)(ii) shall be treated as not having been met with respect to any well if, on completion of such well, the bottom hole pressure or any other evidence indicates that there has been significant oil or gas production from any reservoir tapped by such well.

"(b) Special Adjusted Gross Income Rule for Farming.—

"(1) Accelerated deductions not deferred where nonfarm adjusted gross income for taxable year does not exceed $20,000.—In the case of any individual (other than a trust), subsections (a) and (b) of section 466 shall not apply to deductions attributable to a class of property described in section 467(a)(3) if the individual's nonfarm adjusted gross income for the taxable year does not exceed $20,000.

"(2) Phaseout between $20,000 and $40,000.—In the case of any individual (other than a trust), subsections (a) and (b) of section 466 shall not apply to so much of the excess for the taxable year of the accelerated deductions described in section 468(c) over the net related income from farming as does not exceed the excess of $40,000 over such individual's nonfarm adjusted gross income for the taxable year.

"(3) Nonfarm adjusted gross income defined.—For purpose of this subsection, the term 'non-farm adjusted gross income' means adjusted gross income computed without regard to income or deductions attributable to the business of farming.

"(4) Married individuals filing separate returns.—In the case of a married individual filing a separate return for the taxable year, in applying paragraph (1) and (2) the items referred to therein of both spouses shall be combined. For purposes of this paragraph, marital status shall be determined under section 143.

"(c) Subpart Not To Apply to Certain Real Property.—

"(1) In general.—This subpart shall not apply to real property the construction period for which begins before January 1, 1976.

"(2) Residential real property.—This subpart shall not apply to residential real property.

"(d) Other Special Rules.—

"(1) Basis adjustments under section 1016.—Any deduction not allowed for the taxable year by reason of section 466(a) shall be treated as allowed for such year for purposes of section 1016 (relating to adjustments to basis).

"(2) Deduction or income attributable to more than one class of property.—If any deduction or income is attributable to more than one class of LAL property or to more than one LAL disposition class, such deduction or income shall be allocated to one of such classes or among such classes in accordance with regulations prescribed by the Secretary.

"(3) Determination of straight line depreciation for leased property.—In determining what depreciation would have been for leased property under the straight line method, rules similar to the rules provided by section 1250(b)(2) shall apply.

(4) Partnerships.—For purposes of this subpart—

(A) Items treated as held directly by partners.—Any item of property held by a partnership shall be treated as held by each partner in accordance with his distributive share of the taxable income or loss (whichever applies) of the partnership for the taxable year.

"(B) Dispositions of partnership interests.—The disposition of any partner's interest in the partnership shall be treated as a disposition of the partner's interest in each item of property.

"(5) Coordination with certain recapture sections.—In applying sections 1245 (relating to gain from dispositions of certain depreciable property), 1250 (relating to gain from dispositions of certain depreciable realty), 1251 (relating to gain from disposition of certain farm recapture property), 1252 (relating to gain from disposition of farm land), and 1254 (relating to gain from disposition of interest in oil or gas property), the adjustments to basis taken into account for purposes of such sections shall properly reflect any adjustment to basis provided by this subpart.

"(6) Coordination with certain other provisions.—This subpart shall be applied after section 461(g) (relating to accrual of prepaid interest), after section 464 (relating to deductions limited to amount at risk in case of films, livestock, and certain crops), and after the second sentence of section 263(c) (relating to intangible drilling and development costs)."

(b) Technical Amendments.—

(1) Each partner makes separate election.—Section 703(b) (relating to elections of the partnership) is amended by striking

out "or under section 163(d)" and inserting in lieu thereof "under section 163(d)", and by inserting after "investment indebtedness)," the following: "or under section 467 (b)(3) (relating to election to aggregate residential real property for purposes of limitation on artificial losses),".

(2) Percentage depletion.—Section 613A (relating to limitations on percentage depletion in case of oil and gas wells) is amended by adding at the end thereof the following new subsection:

"(f) Coordination With Limitation on Artificial Losses.—For purposes of subsection (d)(1) and section 613(a), taxable income for any taxable year shall be determined without regard to subpart D of part II of subchapter E of this chapter (relating to limitation on artificial losses)."

(c) 10-Year Spread of Adjustments Where Taxpayer Changes to Accrual Method of Accounting With Respect to Farming.—If, for his first taxable year ending after December 31, 1975, a taxpayer referred to in section 466(a)(2) of the Internal Revenue Code of 1954 computes his taxable income from farming on an accrual method of accounting and with the capitalization of preproductive expenses described in section 468(c)(1) of such Code, and if such method of accounting constitutes a change in his method of accounting with respect to his taxable income from farming, then—

(1) such change shall be treated as having been made with the consent of the Secretary of the Treasury.

(2) for purposes of section 481(a)(2) of such Code, such change shall be treated as a change not initiated by the taxpayer, and

(3) under regulations prescribed by the Secretary of the Treasury or his delegate, the net amount of the adjustments required by section 481(a) of such Code to be taken into account by the taxpayer in computing taxable income shall (except as otherwise provided in such regulations) be taken into account in each of the 10 taxable years beginning with the year of change.

(d) Clerical Amendment.—The table of subparts for part II of subchapter E of chapter 1 is amended by striking out the item relating to subpart D and by inserting in lieu thereof the following:

"Subpart D. Limitation on artificial losses.
"Subpart E. Inventories."

(e) Effective Dates.—

(1) General rule for real property, farm property, and oil and gas property.—Except as provided in paragraph (6), in the case of property described in paragraph (1), (3), or (5) of section 467(a) of the Internal Revenue Code of 1954 (as added by subsection (a)), the amendments made by this section shall apply to amounts paid or incurred after December 31, 1975, in taxable years ending after such date.

(2) General rule for lease property and movies and video tapes.—Except as provided in paragraphs (3) and (4), in the case of property described in paragraph (2) or (4) of section 467(a) of the Internal Revenue Code of 1954, the amendments made by this section shall apply to amounts paid or incurred after September 10, 1975, in taxable years ending after such date.

(3) Special rules for lease property.—

(A) In general.—In the case of property described in section 467(a)(2) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply with respect to—

(i) leases entered into before September 11, 1975;

(ii) leases where the property was ordered by the lessor or lessee before March 11, 1975, and such property is placed in service before January 1, 1976; and

(iii) leases where the lessor is a partnership formed before September 11, 1975, for the purpose of acquiring and leasing personal property, the property was ordered before September 11, 1975, by the person who becomes the lessee, and the property is placed in service before January 1, 1976.

(B) Holding of interests for purposes of subparagraph (A)(i).—Subparagraph (A)(i) shall apply only to taxpayers who held their interests in the property—

(i) on September 11, 1975, or

(ii) in the case of property placed in service before January 1, 1976, on December 31, 1975.

(C) Holding of interests for purposes of subparagraph (A)(ii) and (iii).—Clauses (ii) and (iii) of subparagraph (A) shall apply only to taxpayers who held their interests in the property on December 31, 1975.

(4) Special rule for movies and video tapes.—

(A) In general.—In the case of property described in section 467(a)(4) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply to—

(i) deductions for depreciation or amortization with respect to property the principal production of which began before September 11, 1975, and for the purchase of which there was on September 11, 1975, and at all times thereafter a binding contract, and

(ii) deductions attributable to producing, distributing, or displaying property the principal production of which began before September 11, 1975.

(B) Exception for certain agreements where principal photography begins before 1976.—In the case of property described in section 467(a)(4) of the Internal Revenue Code of 1954, the amendments made by this section shall not apply to deductions attributable to the producing of a film the principal photography of which began on or before December 31, 1975, if—

(i) on September 10, 1975, there was an agreement with the director or a principal motion picture star, or on or before September 10, 1975, there had been expended (or committeed to the production) an amount not less than the lower of $100,000 or 10 percent of the estimated costs of producing the film, and

(ii) the production takes place in the United States.

Subparagraph (A) shall apply only to taxpayers who held their interests on September 10, 1975. Subparagraph (B) shall apply only to taxpayers who held their interests on December 31, 1975.

(5) Treatment of depreciation and amortization.—For purposes of this subsection, any amount allowed or allowable for depreciation or amortization for any period shall be treated as an amount paid or incurred for such period.

(6) Special rule for groves, orchards, and vineyards.—The amendments made by this section shall not apply to that part of a grove, orchard, or vineyard which was planted before September 11, 1975.

(7) Special rule for sports franchises.—In the case of property described in section 467(a)(6) of the Internal Revenue Code of 1954, the amendments made by this section shall apply in the case of franchises established or transferred after November 4, 1975 (or pursuant to a binding contract in existence on such date and at all times thereafter), in taxable years ending after such date.

Sec. 105. Amendment of Section 167(k).

(a) Extension for 2 Years.—Paragraph (1) of section 167(k) (relating to depreciation of expenditures to rehabilitate low-income rental housing) is amended by striking out "January 1, 1976" and inserting in lieu thereof "January 1, 1978".

(b) Increase in Aggregate Expenditures Taken Into Account With Respect to Any Dwelling Unit From $15,000 to $20,000.—Paragraph (2)(A) of section 167(k) is amended by striking out "$15,000" and inserting in lieu thereof "$20,000".

(c) Effective Date.—The amendment made by subsection (b) shall apply to expenditures incurred after December 31, 1975.

Mr. HASKELL. Mr. President, I think this is an appropriate time to discuss the LAL provision.

I would like to ask the chairman of the Finance Committee if he would prefer to proceed and indicate his preference to strike these provisions. I could follow with the reasons I do not concur. It makes no difference to me.

Mr. LONG. Mr. President, I explained in my opening statement why the provisions should be stricken. Let me just explain briefly the problems involved.

In the first place, this LAL provision, or so-called limitations on artificial losses, is extremely complex.

If this were in the law, it would be the most complicated provision of tax law ever voted by any English-speaking body. Of that I am sure, because I defy anybody to show us here how this proposal would work; that is, if he is going to say anybody agrees, because nobody can agree on how it would work.

It would require substantial additional bookkeeping on a cost accounting basis by individual taxpayers.

Here is the catch. When we undertake to do a tax return and start allocating expenses, there is no agreed cost accounting method, even among the accountants, as to how we would do it.

In other words, a number of different cost accounting procedures are used by accountants. Each of them has certain strong points and certain weak points. Each of them can be contended to be a good way and, depending upon a particular situation, one would be more appropriate than another. But accountants themselves cannot agree on that.

It is not specified, and no one would know, just which accounting procedure would be the best to use under a given set of circumstances. So there is no way anybody can read that law and tell us which cost accounting method is to be used.

Under the circumstances, Mr. President, I believe people would find we cannot even find two accountants or two tax lawyers, who are also CPA's, who could figure tax liability under these provisions and arrive at the same figure, even if they were members of the same firm.

If we put them in two separate rooms, they could not come up with the same figure, even though they both went to the same school.

Mr. TALMADGE. Is it not true under the taxing provisions which came over from the House, under certain conditions the taxes a person has already paid could not be deducted?

Mr. LONG. Yes, that is part of it.

But in order to say what one can and cannot deduct, he would say he relies upon accounting practices, and accountants themselves cannot agree on what the accounting practices ought to be, so how can we allocate costs?

Mr. President, this is the most impossible matter for anyone to try to compute that has even been put in the tax law, recommended anywhere by anybody. I await with interest to see how well the advocates of this procedure can defend it.

In my judgment, Mr. President, it is hard enough already to have the Secretary of the Treasury going around the Nation making speeches, as he did in New York to the Tax Foundation, where he had a standing ovation.

He said in his speech that the law is so complicated even now that two Internal Revenue agents seeking to assess a taxpayer cannot agree on what the taxpayer owes, so that by the time they get through with their accountants and lawyers, trying to assess the tax, one agent thinks he owes one figure and the other thinks he owes a different figure, and neither one can agree among themselves what the taxpayer owes.

So how can the taxpayer say what he owes when even the lawyers cannot tell him, because the two agents cannot agree?

Mr. TALMADGE. Does not the LAL add 33 more pages of complexity?

Mr. LONG. All I am saying, Mr. President, is that the Senator is exactly correct. It is more than 32. But it is not the number of pages, it is that these 32 pages contain the most incomprehensible, complicated, impossible provision to administer that has ever been conceived by the mind of man.

As it already stands, we are confronted with the problem that the Internal Revenue agents, be they lawyers or accountants, cannot agree on what a taxpayer owes the way it is now.

All I am saying is, "You ain't seen nothing yet."

This LAL proposal makes it 10 times as bad. There is no way one can hope for a taxpayer to compute his own liability. Even if he hires a lawyer, there is no way that one can expect a lawyer, even if he is an accountant as well, to come up with the figure that the Treasury will agree to, and there is no way we can expect two Treasury agents, be they acountants or lawyers, to agree that that figure is correct.

That is what we are up against when we try to move in this area. It will result in endless arguments, and there is no way on earth that anybody could ever arrive at the proper figure that a taxpayer should pay.

In the second place, this LAL provision, insofar as it could be enforced, would have the adverse effect of cutting back on the economy by cutting down on investments in the areas that are covered. This would be true in whatever area it applies. For example, in the housing industry, in the construction industry, in the oil and gas industry, in the farm economy, in the movie industry, in the equipment leasing industry, or in sport franchises.

I find it amusing, Mr. President, that the principal difference between the House bill and the substitute being offered by these Senators is that they would exempt residential real estate, residential housing, from this provision. Why? I can only assume that it is because during the consideration of this bill the home builders came to town, held a convention, and discussed this matter as to what it meant. Then they came down and talked to their Senators.

After they talked to the Senators, even the sponsors of the amendment agreed that the residential homebuilders should not be required to try to live with this proposal.

It is too bad that all the other construction industry members could not have been in town to talk with their members, too bad the energy producers could not have come to town, too bad the farmers could not have come to town, too bad the movie people could not have come to town, too bad the sports franchise people could not have come to town, and tell their Senators the same message that our distinguished Members gained after they talked to the homebuilders.

Mr. PACKWOOD. Will the Senator yield?

Mr. LONG. I yield.

Mr. PACKWOOD. I just want to ask one question. Perhaps the Senator from Wisconsin, or others, can answer it.

In the amendment offered on the House LAL provisions, they did not have any exemption on residential real property. Has that been included in this or not?

Mr. LONG. They have.

Mr. HATHAWAY. The substitute, if adopted, would include residential property.

Mr. PACKWOOD. So it does differ from the House in that particular?

Mr. HATHAWAY. That is the only respect.

To answer a question of the Senator from Louisiana, the Senator from Louisiana well knows that in trying to put together a package, such as the group of us tried to put together, we have to make compromises with various individuals in order to get as broad a base of support as possible. Ideally, if I were voting on it, I would not exempt residential real estate. But some of those who wanted to support it said, "I will support it only if you exempt residential real estate."

We have the same problem with respect to deferral and all the other aspects of the package.

It is not an ideal package. It is not one upon which all of us were in entire agreement. But, as the Senator knows, in making up a package one has to compromise in areas in order to get a broad base of support.

Mr. LONG. Mr. President, this I predict to come: As much as I respect the wisdom of Senators leaving out anybody, be it residential housing or anybody else, I predict with confidence that they will never succeed in explaining this proposal to the satisfaction of anybody to whom it is applicable. That I will guarantee beyond any peradventure of doubt.

Mr. CURTIS. Will the Senator yield?

Mr. LONG. I yield.

Mr. CURTIS. I thank my distinguished chairman. I commend him for the position he takes on this.

Mr. President, if there is one thing the people are crying for now, it is simplification. The simplification cannot ever reach the ultimate because life is complicated, our businesses are intricate, and so on. But certainly Congress should not deliberately make something more complicated.

I would like to call the attention of the Senate to the hearings, part one, page 354, where a witness, Mr. Faber, testifies. He testified against LAL, not because he wanted to preserve a loophole, but he testified against the procedure involved.

This loophole is closed by the Committee on Finance elsewhere in the bill. So this is an exercise to complicate, nothing more. Here is what Mr. Faber said:

> On pages 7 through 15 of my written testimony, I have sketched the steps necessary for a general practice lawyer to answer a very simple question if his client asks it: What is the effect of LAL on me if I invest in real estate? Let me state in order to do this research, a very simple job, the lawyer would have to go through numerous separate steps involving review of 26 separate Code revisions and having done that he would not have a clear answer for his client.

The LAL provision has 26 changes in the code and a lawyer would have to go through all of them.

At the end, he would not know how to advise his client. The details are right there on pages 354, 355 and 356.

If the Finance Committee, after weeks of hearings, had not dealt with this loophole, then there would be some reason for hastily getting up some language here, even though it would be very objectionable. But that is not true.

The abuses in this particular instance have been taken care of, so this is an exercise in order to make life complicated for taxpayers. That is what is involved here.

Also, there is reliable testimony to support the position that if the Senate should adopt this LAL language, it is so complicated it would stifle a lot of activity and a great amount of revenue could be lost.

The Treasury will gain more money under the Finance Committee's language than they will ever gain from this LAL language.

One witness, I believe his name was Mr. True, testified that these complications, this stifling activity, this calling something artificial when it is not, would result in over $2 billion in lost revenue. He may be wrong, but I am sure he is right, that it would cause some loss of revenue.

I thank my chairman for yielding.

Mr. LONG. Mr. President, Senators, especially those who are lawyers—anyone who has ever dealt with a tax problem or any accountant, be he a CPA or otherwise—will enjoy reading what I am getting ready to place into the record. It is the testimony to which the Senator just referred in which a tax lawyer explains what his problem would be if his client came to him wanting to know whether he should go into a business venture to build a shopping center, build an office building, or do any one of a great number of things that businessmen do which is good for the economy.

That tax lawyer explained all the steps one would have to go through to try to be in a position to advise his accountant, all the time that it would take, over a period of 2 or 3 days, and after he gets through with that, he finally concludes this way:

> Having (he hopes) completed his research, he calls up his client and tells him that he is not absolutely sure that he thinks there may be a problem. He discusses some of the principles involved, including additional record keeping expenses, at which point his client cuts in with an exasperated tone and says "look, I don't care about all these fancy rules, should I buy that property or shouldn't I?" At this, the lawyer shouts into the telephone "how should I know, ask your Congressman!" and hangs up in disgust.

That is the kind of law our friends want to get us. So I say to the Senator, "If we put this thing on the statute books, your friend is going to be asking you, 'What shall I do, my lawyer cannot tell me?' And you are not going to be able to tell him."

I am anxious to see if my able friend, who is a good lawyer and knows a great deal about taxes, can tell us how this lawyer could advise his client, after going through all this rigamarole, with certainty whether he should or should not go into the business venture the client was considering.

Here was a proposition that might be a good deal, or might not, depending on the construction one places on the law, and when the best tax lawyers cannot tell you what it means, or whether a client can do certain things or he cannot, and what the tax liability would be. When the best tax lawyers in America cannot tell us what we are going to owe, but that it all depends on how the law will be construed, I wonder if the American people are not entitled to a better tax law than that.

Mr. HASKELL. Mr. President, will the Senator yield for a few comments?

Mr. LONG. Mr. President, I yield the floor.

Mr. HASKELL. I thank the Senator.

Mr. President, we have to put LAL in context. We have to go to the facts, and this was in the House report, recognize that our tax laws are shot through with artificial deductions—"Artificial" is a mild word; "phony" is perhaps more accurate and would be more readily understood.

Let me give a few examples

It makes sense to say "if I buy something and use it in business and it wears out, I am entitled to depreciation." But we also have been saying, "you can take twice the normal depreciation." That is clearly a phony deduction.

The House report points out that an artificial deduction is one not related to actual expense. An example of artificiality—and really it is so crass that I do not think most people believe that such things could exist in the Internal Revenue Code—we provide from the U.S. Treasury an amount equal to 10 percent of the cost of any equipment bought by anybody in business.

My car is wearing out, and I would be delighted if the U.S. Government would pay me 10 percent of the purchase price of a new car. They are not going to do that, and they should not do it in any instance.

Nevertheless the committee recommends a change in the Internal Revenue Code to make permanent an arrangement whereby, if DuPont, General Motors, Exxon, or any other business enterprise buys a million dollars, a hundred thousand dollars, or ten thousand dollars worth of equipment, the American taxpayer is going to pay 10 percent of the purchase price.

This is a ripoff. I think it is a little hard to understand how it got there. The people who are for the investment tax credit say it is a great thing for corporations to get equipment, and it is going to create jobs, and people are going to be able to sell equipment. The idea, basically, is to provide a subsidy for those who are in a position to buy all this expensive equipment.

Mr. President, this is the Calvin Coolidge trickle-down theory of economics. In my view, the way to stimulate the economy is to increase the purchasing power of people generally.

The distinguished Senator from Louisiana and the distinguished Senator from Nebraska say, as to the LAL provisions, "Well, they are complicated," and they point out that simplicity is very desirable.

If I had my "druthers" I would eliminate these artificial deductions, and in so doing I could get rid of quite a few sections of the Internal Revenue Code. As a matter of fact, I would not only get rid of the sections that bring in the artificial deductions, but also the sections that try to balance the results of them, the various recapture provisions. I will have an amendment to do that, and the Senate will have an opportunity to vote on it, to try to put some equality into the tax laws.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HASKELL. If the Senator will let me finish.

It will raise about $15 billion in revenue, and return the revenue to small businesses and to citizens generally through a reduction of social security taxes, which is really the way to stimulate the economy, really the way to put purchasing power into the economy, by going at it directly.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. HASKELL. I shall yield in a moment. I think we have to attack the worst aspects of these various loopholes, and this is really what LAL seeks to do.

The individual with a $200,000 or a $100,000 income can use these various artificial deductions and in effect make all of us a partner with him in his drilling deal, in his real estate deal, or in his movie production, by making the U.S. Government pay a good portion of his investment. That is because these artificial deductions allow an offset against substantial salary or investment income.

All we are trying to do is not permit such an individual to have the U.S. Treasury bear the brunt of the investment that he is making in something not related to his normal business activities. I admit that the LAL is complicated, but of necessity it must be, if we feel that this is a desirable end.

Mr. HATHAWAY. Mr. President, will the Senator yield at that point?

Mr. HASKELL. I think the Senator from Georgia was the first to request me to yield.

Mr. TALMADGE. I thank the distinguished Senator, our colleague from Colorado, a member of the committee.

The Senator has addressed himself not only to LAL but also to the investment tax credit and other provisions of the bill.

Will the Senator yield for one or two questions?

Mr. HASKELL. I am delighted to yield.

Mr. TALMADGE. One of the provisions we stuck on LAL in the House bill was as to these matters that could not be deducted under the LAL provision; in general, that was any amount which is attributable to crops. Will the Senator explain how that provision of LAL would work?

Mr. HASKELL. Will the Senator refer me to the exact language?

Mr. TALMADGE. It is on page 15 of the bill, "Preproductive Period Expenses."

Mr. HASKELL. Page 15 of H.R. 10612?

Mr. TALMADGE. Yes, on line 9.

Mr. HASKELL. Line 9. OK.

> For purposes of this subpart, the term "accelerated deduction", when used with respect to a class of property described in section 467(a) (3), means
>
> (1) Preproductive Period Expenses. (A) In general. Any amount which is attributable to crops, animals, or trees (or to any other property having a crop or yield) during the preproductive period . . .

I believe that that would be an attempt to get at the following tax shelter practice by people, I should point out, who are not in the farming business, not real farmers.

Mr. TALMADGE. It does not say that. It says any amount attributable to crops.

Mr. HASKELL. If the Senator will allow me to continue, the whole concept of LAL is not to touch the farmer or the realtor. But it would be very advantageous for an outside individual in a year of high income to prepay an entire year's supply of feed in advance and that I believe is what is referred to as the preproductive period expenses. But I point out, so the record is clear, that the whole concept of LAL is to prevent the use of these various deductions by high-income people not in the business.

Mr. TALMADGE. I am not talking about prepaid feed. I am talking about the concept of the language of this bill. He could not deduct any amount which is attributable to crops. How is the farmer going to allocate that? Is fertilizer attributable to crops? Is insecticide attributable to crops? Is a tractor, supplies, gas, and oil attributable to crops?

Mr. HASKELL. In the first place, we are not referring to people who are in the farming business.

Mr. TALMADGE. We are. That is what it says.

Mr. HASKELL. We are referring to doctors, lawyers, executives, and other people in a high-income tax bracket who buy into a syndicated operation.

Mr. TALMADGE. I am not talking about lawyers and doctors. I am talking about crops.

Mr. HASKELL. What I am saying is

that the syndicates take these prepaid expenses, and amortize them over the actual productive period of the farm, the orchard, or in the case of animals being raised, the animal's productive life.

Mr. TALMADGE. I think we closed that loophole on prepayment of feed. The Senator voted and so did I. But as to this provision of the act, and I am asking the Senator, he changes the subject on me and he talks about nonfarmers instead of farmers.

I am talking about a farmer who has to keep the records of his costs of production. Yet this language in the bill prohibits him from deducting any amount which is attributable to crops, animals, or trees. How is a farmer going to farm if he cannot deduct his cost of producing crops, animals, or trees?

Mr. HASKELL. I point out to the Senator that all these deductions are deductions to the extent that the syndicate has income from the operation and they are merely to the extent——

Mr. TALMADGE. This is not the syndicate provision.

Mr. HASKELL. Will the Senator repeat his remark?

Mr. TALMADGE. This is not the syndicate provision. This is an individual.

Mr. HATHAWAY. If the Senator will yield, as to these provisions, in section 468 on page 13 we talk about accelerated deductions. These are the deductions that are going to go into the LAL so it will not affect the individual farmer except to the extent that he has outside income above $20,000.

So he can take these deductions as he has been taking them in the past. This is simply the laundry list of those deductions which would have to be put into the deferred account.

Mr. TALMADGE. If the Senator will yield, it does affect the farmer if he has outside income.

Mr. HATHAWAY. Yes. There is a provision, and I do not have the section of the bill in front of me, which states that with respect to farm income there is a dollar for dollar offset on outside income above $20,000, so that if his outside income is above $40,000, he would be subject to the LAL provisions.

Mr. TALMADGE. It would affect the farmer under those conditions.

Mr. HATHAWAY. As far as the farmer is concerned, if he obtains all his income from farming, he is not concerned with this list at all. It is the person on the outside who is concerned about how many of these deductions he can take against his outside income. The House provision, of course, limits him, as I mentioned, to $20,000, taking off dollar for dollar above that up to $40,000 and then eliminates it all together. Of course, he has the additional advantage of taking these deductions up to the net income from the farming operation itself.

Mr. TALMADGE. A great many farmers, as the Senator knows, do have outside income. In my State usually some member of the family has to work in town to support the farm. We have many farmers whose wives are teaching school, many others who are working in textile plants, and many other members of the family doing public work, and so on. Yet this would put an impossible condition on a farmer. If he has outside income, he could not deduct expenses of producing his crop. That is what the Senator's provision would do.

Mr. HATHAWAY. That is up to $20,000, with a dollar-for-dollar reduction above $20,000. When his outside income reaches $40,000, of course, that would erase the entire first $20,000.

Mr. TALMADGE. How is the farmer going to know whether his income will be $20,000 from outside income? How is the farmer going to know whether or not his outside income will get to $20,000?

Mr. HATHAWAY. He would know that at the end of his taxable year how much money he made on the outside, I presume.

Mr. TALMADGE. If he happens to sell a piece of real estate and receives $1 over then he could not deduct expenses of producing his crop?

Mr. HATHAWAY. It would be a dollar for dollar reduction above $20,000 so when he reaches $40,000 dollar for dollar that would eradicate the entire first $20,000.

Mr. TALMADGE. The Senator would not recommend someone in Maine to go into farming on that sort of basis if he could not deduct the cost?

Mr. HATHAWAY. I do not know many farmers in Maine making $20,000 in outside income.

Mr. TALMADGE. People have important potato crops in Maine.

Mr. HATHAWAY. Many farmers are involved in making money selling potatoes, and it is the same for dairy farmers and poultry farmers.

Mr. TALMADGE. The Senator would not want his poultry farmers, dairy farmers, and potato farmers in Maine being in the incongruous position where they could not deduct the cost of producing the crop, would he?

Mr. HATHAWAY. He can deduct that against the income of the farm and deduct what we have been talking about with the limitation on his outside income of $20,000 tapering off dollar for dollar above that. That is what his limitation is. I do not have the benefit of the hearings before me to determine how the House decided to draw the line at $20,000. Maybe it could be raised. Maybe it should be lowered. It seems to me it is a reasonable requirement to make. The farmers can be the beneficiaries of these shelters as much as other people can.

Mr. TALMADGE. I thank the distinguished Senators from Colorado and Maine for yielding. I still disagree with the premises that the farmer ought not to be able to deduct the cost of producing his crop. I yield the floor.

Mr. HATHAWAY. Mr. President, I believe that the Senator from Colorado still has the floor.

Mr. President, I just want to make this point, while we are on the point about the complexity that this LAL provision is supposed to give us.

I am sure that if we had enacted a benefit for those who are getting shelters and made the shelter more attractive, regardless of how complicated the accounting procedures might be, we would not be hearing any squawk about it. Regardless of that, I am sure that if there are complications in the accounting for the various losses and expenditures and costs, they can be handled adequately, as they have been in the past, through proper regulations by the Treasury.

The Internal Revenue Code is complicated. We have many other complicated provisions of the code. Most of them are enacted for some purpose.

We are dealing in a very complicated area, and I think we have to expect complications. The fact that a person has to go through various exercises in order to determine just how the outside investor's income is going to be determined under this bill is really no different from other sections of the law.

You can point to almost any section of the law and say, "What does this really mean?" We do not know, and we go to the treasury regulations, and perhaps they do not explain it. So we have to go to a tax court decision or an IRS ruling of some kind. Often, as any of us know who have helped clients prepare their tax returns, it takes a considerable amount of time to determine just what the law is with respect to almost any problem that might arise under the Internal Revenue Code. So I do not think that is a valid objection.

The other objection I heard this morning is that the Senate provision is a lot simpler and takes care of the shelters as well as the House does, so why accept the LAL provision? Let me read some of the differences in the revenue gains, without explaining the difference between the House and the Senate provisions.

With respect to real estate, for example, the House provision would save $112 million in 1977. The revenue saving in the Senate provision is $9 million.

As to the revenue saving in the provision with respect to movies, in the House it would be $32 million in 1977; it would be $26 million under the Senate provision.

Under the oil and gas provision, in the House there would be a $99 million saving in 1977 and only a $45 million saving under the Senate bill.

Mr. HANSEN. Mr. President, will the Senator yield on that point?

Mr. HATHAWAY. In all six of the tax shelters contained in title I of the bill there is a considerably greater tax saving under the House bill than under the Senate bill, so we cannot say that the Senate bill is as effective in eliminating the shelters as is the House bill.

I yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I appreciate the Senator from Maine yielding.

When he speaks about the revenue losses that will result if the LAL provisions are stricken from the bill, is he not presuming that everybody is going to keep doing the same things they have been doing in the past, despite a very significant change in the tax law? Is that not a fact?

Mr. HATHAWAY. I am presuming that we are going to get the income tax from that income that has been sheltered by the various methods, the six methods we are talking about in title I of the bill.

Mr. HANSEN. I have talked with a lot of people. The present occupant of the Chair is my distinguished senior colleague from Wyoming, Senator McGee. We have had visits from people in the homebuilding business in Wyoming, as well as visits from realtors and contractors. We have had people representing the low-income people who say that if we make a significant change in the LAL provision there, they will go out of business.

This concept of trying to encourage people with money, not necessarily in the building business, to invest their funds in operations that would look toward the building of homes for low- and moderate-income people, was premised on the presumption that you had to make it attractive for them to put their money in there. I do not think it follows at all that you can change that law and expect everybody to keep on doing what he has been doing. These men are not dumb. They are going to put their money where the chance of profit is greatest. If the law is changed, they are not going to be investing, as we have been told in Wyoming, in the building of low- and moderate-income housing.

I think that the estimates to which the Senator from Maine has referred are fallacious, when the presumption is made that everyone is going to keep doing the same thing he has been doing, despite the fact that the law has been changed and a much larger bite is taken out of the income that he hopes may partly be reflected in profit.

Mr. HATHAWAY. The question is, Are they going to do something else with that money? The money can be put into something else; it cannot be sheltered; so we are going to get the income tax from the other investment.

Mr. HANSEN. You pay income tax only when you make income.

Mr. HATHAWAY. But the Senator is not saying that a person is in the real estate business and is investing and has a tax shelter and cannot find any other place to put his money and make a profit.

Mr. HANSEN. That would depend on how successful he is.

Mr. LONG. Mr. President, will the Senator yield?

Mr. HATHAWAY. I yield.

Mr. LONG. We agree that this revenue is based on the assumption that people will continue to do business the same way, and everybody knows they will not.

For example, look at the testimony of Mr. Allan King, who is an oil and gas producer. He presents a chart and explains how he does business. He explains that in order to stay in the oil and gas business, he must have a cash flow, because he cannot borrow money if his business is not generating a cash flow. Any businessman can understand that.

He further tells you that if you are going to put this LAL provision on him, in addition to all the other taxes he will have to pay, the only way he can protect his cash flow is to reduce his drilling activities, so he will drill fewer wells.

The same would be true of everybody else in the oil and gas business. The only way they can protect their cash flow is to drill fewer wells.

These independent people try to stay in business by finding someone who will put some money into their drilling operation, in any line of endeavor. The one way they can try to prevail on them to do it is to say that they would get a deduction in that tax year. The LAL would deny them that. That means that none of those people are going to put their money into it.

The people who would be working to drill oil wells, especially the independents, would have to lay off thousands upon thousands of people who would be working on drilling wells and providing services to get more energy. When those people are out of jobs, let us assume they try to find a job in the construction trade, building shopping centers or office buildings. Those people would be cutting back because of the LAL situation; and when they try to find someone to put money into a venture for an office building or a shopping center, the deduction they thought they would get would not be available to them, and they would not be interested in putting their money in.

We are told by Dr. Norman Ture that you can expect a reduction of 300,000 jobs in the real estate area alone. So they will be out of work, too.

Then, suppose they want to go into farming. The LAL also gets them in farming. So they will be cutting back in that area, too. Wherever you turn, here is somebody else cutting back.

We do not need more textiles; we cannot sell what we are producing now. We do not need more food. Really, we are producing enough to feed all our people the way it is now, and generally have a surplus. We do not need more automobiles; we are producing all we have a market for and we are worried about imports.

What do we need? The number one need, where we could put a million people to work if we were wise, would be energy. That is the area we would be cutting back on. In other words, in areas where we could provide the jobs, we put people out of work. It is a ridiculous thing to do if this is supposed to stimulate the economy.

If we do not need the jobs, do not produce any more underwear. I have all the underwear I have any use for now. Are we going to produce more shoes? We cannot compete with the Italians in shoes. Are we going to have more electronic equipment? The Japanese will take the market for that, between them and the Taiwanese. So we cannot produce more TV sets. That being the case, the area where we could produce more jobs is the area where we are going to put them out of work.

Mr. HASKELL. Norman Ture is the same man who predicted that if we had a tax cut, we would have 20 percent interest rates this year. So I do not think we think a great deal of Mr. Ture.

Mr. LONG. I say to the Senator, he is just like a lot of other people; sometimes he is right and sometimes he is wrong. I regret to say he is wrong on this one.

Mr. HATHAWAY. Mr. President, who has the floor?

The PRESIDING OFFICER (Mr. McGee). The Senator from Colorado has the floor.

Mr. HASKELL. I shall be glad to yield the floor to the Senator from Maine.

Mr. HATHAWAY. I thank the Senator from Colorado.

In answer to the argument made by the distinguished Chairman of the Committee on Finance, let me say that his argument would be one that we could use against taking away or covering up any loopholes we have in the law, because we are supposed to be taking away a tax break from some individual that is going to be some loss. I agree with the Senator from Louisiana that the Federal Government ought to be helping out certain industries in this country, but I do not think we should be going about it in a helter-skelter manner and saying the movies need to be helped, sports franchises need to be helped. I do not think they are very high up on our priority list. Maybe they would be if we went over all of the more than 200 industries in this country and determined just how well they are doing and how much of a subsidy they need. I do not think it is a very good argument to make that if you take something away from this one, you are doing him a grave injustice and we are going to lose an awful lot of jobs.

Perhaps jobs would be lost in that industry, but I am sure that the money which would normally flow into that industry would go into another industry and create an equal amount of jobs in some other industries. I feel a dollar is a dollar is a dollar is a dollar.

Mr. PACKWOOD. Will the Senator yield?

Mr. HANSEN. Will the Senator yield on that point?

Mr. HATHAWAY. I will in just 1 second.

Until we have extensive hearings to show just what our priorities are, of all the industries in this country, and how we should help them out, if at all, I do not think it is fair to pinpoint these three or these six that we are talking about now and say they need the help and we had better not take this help away from them.

In the second place, the kind of help we are giving them here is not true aid for our economic recovery. The people who invest on the basis of getting a tax shelter are not as interested in the prospering of the enterprise they are investing in as the person who is investing in that enterprise—the stockholders in that enterprise. The doctor, the dentist, the what-not who is trying to shelter his doctor's, dentist's, lawyer's or whatever income he has really is not interested in the economy of the particular industry in which he is investing; he is just investing to save himself from taxes. We know, from computing these various shelters, that even if the business loses, he can still make money.

Take the poultry industry, for example. The poultry industry itself wants us to get these people out of their business, because they are hurting their business. They are investing so much money, there are too many birds, they are flooding the market with them, too many eggs as well; the price is going down.

It is hurting the general poultry or egg farmer, so they want them out. In many other cases they want them out.

The point I am making is that these tax shelters provide, to be sure, capital flowing into these six industries that we are discussing, but it is not flowing in in a way that those who are benefiting from the shelter really care whether the industry survives or not. So we have a sort of distortion of capital flow in the economy by allowing these tax shelters to continue.

I am happy to yield to the Senator from Wyoming.

Mr. HANSEN. Mr. President, I thank my colleague from Maine.

Mr. HATHAWAY. I guess I do not have the floor. The Senator from Colorado has it.

Mr. HANSEN. I think he yielded the floor to my colleague, who yielded to me.

I make two points: No. 1, the distinguished chairman of the Committee on Finance was not trying to say, at all, that every tax shelter should be continued. He is implying precisely the opposite. As a consequence of the extensive hearings which the Committee on Finance has participated in, and having gone through that experience of hearing from experts in many, many fields, the chairman of the Committee on Finance was saying that if we want to give encouragement where, indeed, we should be giving it, energy is one place where we ought to be doing it.

Anybody is concerned by virtue of the fact that we are importing more than 40 percent of the oil that we use today in the United States, anyone is concerned with the fact that 70 percent of the oil that has been discovered since we have been using oil in the United States is still in the ground and could be lifted if we would get people engaged in this business, searching. As the chairman pointed out, we could create one million jobs. We are paying out, I think, between $25 billion and $30 billion annually now to foreign countries. It constitutes a great drain on our balance-of-payments problems. It exacerbates the energy situation in this country insofar as national security goes. If we had another oil boycott, as we had here a couple or 3 years ago, we would actually have lights go out in important cities in the United States.

I can see that my chairman would like to make an observation.

Mr. LONG. Let me make this point, if I may. The amendments of the Committee on Finance seek to look at the problem and deal with the problem. We seek to deal with it in a way that can be administered, in a way that is fair, and in a way that is equitable. For example, in the farming syndicates; that is where a doctor or lawyer gets involved in a farming syndicate, because those people cannot very well put a few dollars into it and then go out and run the farm. We make those syndicates capitalize their investments so they only get the deductions if they actually lose money.

We also provide an at-risk provision, which the farmers think is a good idea, so that they can only claim a deduction or a loss to the extent that they took a risk. So this idea of letting somebody make money by going into a proposition that loses money is dealt with by the committee amendments other than the LAL.

We have pointed out that the LAL, one, just cannot be administered. It is so complicated that nobody can handle it. Furthermore, there is something else wrong about what those who would seek to strike this are trying to do. That is that in almost any business, one can expect that in the beginning, the business will have certain start-up expenses, which will mean that the business will lose money during the first year or so. Those are not artificial expenses. These are actual, out-of-pocket expenses that people have paid. That may be interest on a construction loan or it may be just an interest expense generally, or it may be various expenses of starting a business, a petroleum lease or anything else for the petroleum business. It might be some of the costs in a shelter area, such as accelerated depreciation.

The view of the committee is that, insofar as someone may have favorable tax treatment available to him if he goes into a certain line of business or undertakes a business venture, that favorable tax treatment should be available equally to all Americans who want to go into that business.

The position taken by those who advocate the LAL is that deduction is only available insofar as one has income from that business. Here is what that means: Those who are already in the business can have whatever favorable tax treatment the law would provide for those who are making money in that business. But woe unto anyone else who wants to put some money into it. It is a rule of "insiders in, outsiders out." It is a rule that those as has gets. If you have money, you have income, do not worry about that. The LAL will not bother you. If you are in that business, it is just great. If you are in the oil business and have a lot of income from it, that is fine. You can deduct expenses from income. But if you are a fellow who would like to invest some money, it is just too bad. If you are a newcomer, you cannot take it. You cannot deduct your expenses. That is only for the fellows who are established in that line of endeavor. That is un-American.

Mr. HANSEN. If I could say to my distinguished chairman at that point, since this is the Bicentennial Year of our great Nation, our great country, there has been an interesting series of articles in the Reader's Digest on "What America Means to Me," and what the chairman just now says recalls to my mind the comments made by James Michener. The No. 1 thing, the first point he made in trying to epitomize what America means to him, was that in this country, the United States of America, more than any other nation, any other place in the world, social mobility was assured.

A person who happened to come from a lowly farm family or a bricklayer's family or whatever his father's business may have been had a chance in America to climb the ladder if he wanted to and if he had the ability, and if he was willing to work. I think we do not want to do what those persons who say the LAL is good would, in effect, achieve. They would freeze it in. They would lock him out. They would say precisely what the chairman has said: Them as has gits and them as don't have can stay out in the cold."

I do not think anybody in his right mind wants to have written into the law something that is going to bring about that sort of result. I think that we are proud of the fact—I recall one of the statements that the present Ambassador to Italy, John Volpe made. He said that his family were poor immigrants, and his father was a brick mason. He will never forget the first time he carried a hod full of cement on his shoulder as a little kid in climbing up the ladder. He said his father took hold of the legs of that ladder and helped this young man, later to be Governor of Massachusetts, later to be Secretary of Transportation, later to be Ambassador to Italy, helped him put this hod on his shoulder and start up the ladder. He said he steadied him so that the ladder would not slip. But, he said, from there on after he took the first step "I was on my own."

That is America. That is the way we cannot get into farming or he cannot get into building or drilling or whatever. I happen to know some people in Wyoming who started out as roughnecks——

Mr. HASKELL. Mr. President, will the Senator yield at that point for just one sentence?

Mr. HANSEN. I would be very happy to.

Mr. HASKELL. There is nothing in LAL that says that I or anybody else cannot go into any business. What it does say is that those who are not in the business cannot take advantage of an artificial deduction, that is all.

Mr. PACKWOOD. But if you are in the business you can take advantage of artificial deductions; is that what the Senator is saying?

Mr. HASKELL. That is correct.

I would like to get rid of the artificial deductions, and I would be glad to sponsor a bill——

Mr. PACKWOOD. I want to encourage capital to come into these industries, and I hope the capital will come from doctors, lawyers, Indian chiefs, merchants or anybody else who has got the money to put into it.

But I am curious. First, let me ask, what is the Senator trying to do with these LAL's? Is the Senator trying to prevent these 244 millionaires or people who made over $200,000, whatever it was, is he trying to prevent them from escaping taxation? Is that part of it?

Mr. HASKELL. I think the Senator from Wyoming has the floor.

Mr. PACKWOOD. Mr. President, will the Senator from Wyoming yield to me?

Mr. HANSEN. Yes, I would be happy to without losing my right to the floor.

Mr. PACKWOOD. Is the Senator trying, with his LAL provision, to tax these people who pay no tax?

Mr. HASKELL. The basic purpose of the LAL is to prevent the high income tax people from using artificial deductions and thereby making the U.S. Government bear part of their investment risks. That is the basis of LAL.

Mr. PACKWOOD. What is an artificial deduction?

Mr. HASKELL. Well, I have given the Senator several examples of them. It is a deduction that does not bear a relationship to current expense. That would be one definition.

Mr. PACKWOOD. Well, the Senator from Maine yesterday distributed an article by Hobart Rowen of the Washington Post and, in part, he said:

> In the development stage a real estate project provides tax shelters by piling up taxes and interest costs before there is any substantial income from property.

Is that an artificial deduction, a phony deduction?

Mr. HASKELL. Would the Senator say that again?

Mr. PACKWOOD. Yes.

> In the development stage a real estate project provides tax shelters by piling up taxes and interest costs before there is any substantial income from the property.

Is there an artificial or a phony expense?

Mr. HASKELL. Yes. Under normal accounting practices that would be capitalized. It is merely an option in the code to deviate from what is normal accounting practices.

May I refer the Senator to the report of the Ways and Means Committee on this bill.

Mr. PACKWOOD. I read it.

Mr. HASKELL. This is a definition of accelerated deductions.

Mr. PACKWOOD. We are not talking about accelerated deductions.

Mr. HASKELL. No; the accelerated deductions are by definition artificial.

Mr. PACKWOOD. Well, I am not even talking accelerated deductions.

Mr. HASKELL. Then, may I ask the Senator, what is he talking about?

Mr. PACKWOOD. What I am talking about is when you, as a lawyer or an insurance man or a small businessman decide you are going to put up a little piece of business property. You are going to invest $100,000 or borrow $90,000 of it and put up $10,000 and build a little store, put up a candy store, a grocery store, and a service station, and in order to build you borrow $90,000 and put up $10,000. You borrow $90,000, put a mortgage on your house and anything else. You pay 10 percent interest during those months of construction.

You have roughly $9,000 that your friendly banker expects you to pay cash out of your own pocket for. Is that a phony deduction?

Mr. HASKELL. No.

Let me say to the Senator, I do not quite understand. In the first place, I am going to build something, whether it be a candy store or apartment house——

Mr. PACKWOOD. Let us say you are a lawyer. Let us take a piece at a time.

Mr. HASKELL. I think I can perhaps answer your question. A carrying charge, under normal accounting practices, prior to getting the property into productive use under normal accounting practices is an item that would be capitalized, and just by special dispensation by a special section of the Internal Revenue Code you are allowed to expense what normally would be capitalized.

Mr. PACKWOOD. Under normal provisions the Senator is saying that the lawyer, the insurance man, anybody who might have an excess $10,000 and who borrows $90,000 and puts up this commercial building cannot expense it. But if you are in the real estate business you can expense it?

Mr. HASKELL. That is right. Would the Senator like to do otherwise? Would he like to take it away across the board? I think that would be fine.

Mr. PACKWOOD. I think that is what the Senator wants.

Mr. HASKELL. If the Senator would like to do that I will join him.

Mr. PACKWOOD. I do not want to do it. The Senator wants to do it, but I do not.

Where I say the unfairness of the Senator's proposition is twofold: First, what he is saying is he is not going to close tax shelters. There are still going to be millionaires making millions of dollars and paying no taxes. Under the Senator's proposal they will easily find a shelter to do it by, so we have not stopped the large taxpayer from paying no taxes.

Second, what the Senator is saying is if you are in the real estate business or in the oil business and you have millions of dollars or hundreds of thousands of dollars of income and you put your money into these particular ventures you are going to be able to go ahead and write off your losses. But if you are from outside that business, do not put your money in here. You say, "We do not want your money. We are going to give a break to the people who are in it but not those who want in." That is what the Senator's proposal is saying. This is not uniform treatment for all Americans. This is special treatment for those who have money, who are in the business.

That is unfair.

Mr. CURTIS. Mr. President, will the Senator yield? Is this based on the premise that "he who has gits?"

Mr. PACKWOOD. He who has and is in the business gets. It does not matter whether you have it or do not have it. You do not get it if you are not in the business at all.

Mr. LONG. Mr. President, who had the floor?

Mr. PACKWOOD. May I ask one further question? I do not understand. What is residential real property?

Mr. HASKELL. I suppose residential real property is something people live in.

Mr. PACKWOOD, Is that true of apartments?

Mr. HASKELL. The answer is "Yea."

Mr. PACKWOOD. Does it include condominiums?

Mr. HASKELL. Yes; that would be people living in condominiums.

Mr. PACKWOOD. Does it include mobile homes?

Mr. HASKELL. That is not real estate. I would have to ask the Senator the question on that whether a mobile home is real property.

Mr. PACKWOOD. It varies from State to State depending on how you choose to define it for taxes.

But, let us take apartments in condominiums. Your provision is not limited to low income housing. It is any kind of residential real property?

Mr. HASKELL. It says "residential property" and that is what it means.

Mr. PACKWOOD. So with all of these condominiums going broke anybody who has any money, and it does not matter who he is, who is looking for a tax shelter can go and build 400 apartment condominiums, and in the Senator's amendment write off all his losses occurring in the condominiums?

Mr. HASKELL. I think that would be true.

Mr. PACKWOOD. Why does the Senator make that exception in his provision?

Mr. HASKELL. I do not think that exception is particularly logical, may I say to the Senator. I am not defending that exception.

Mr. PACKWOOD. The Senator is not defending that exception and he is not defending the exception that allows people in the business to benefit from whatever losses they have, but people who are outside of it, the Senator does not defend that either?

Mr. HASKELL. If the Senator would let me answer, I think probably there is where a logical line can be drawn.

Let me say first that in all probability we should completely eliminate all these. That would be preferred, I think, as a course of events.

If Congress gives these artificial deductions, presumably they gave it for some reason. I do not know the reason was to allow people who are in the very high tax brackets to use the artificial deductions as a method of avoiding income tax. I believe the rationale of the LAL provision is to prevent that abuse.

Of course, you have to start with the assumption the Senator thinks the artificial deductions are good to begin with—which I do not.

As I say, I gather the Senator does not think they are very good, either.

Mr. PACKWOOD. The Senator said that for about the fourth time. I do not want the RECORD to show I am agreeing with the Senator any time he makes it. I do not agree.

Mr. HASKELL. Will the Senator repeat that?

Mr. PACKWOOD. I do not agree with the Senator's statement. To read that RECORD and see it is assumed that my distinguished colleague from Oregon agree with these artificial deductions and go on and assume I agree with the Senator.

Mr. HASKELL. Would the Senator mind making this clear?

Mr. PACKWOOD. What?

Mr. HASKELL. Making his position clear?

Mr. PACKWOOD. The Senator referred a while ago to the tax credit as a phony deduction, an artificial deduction. I do not think it is. I think we made a conscious position in the Finance Committee and in this Congress.

Mr. HASKELL. All right.

Mr. PACKWOOD. Let me finish. I want to make my position clear.

This Congress has formulated, when there are good ways; when we think it is necessary to encourage investment, the capital is for the investment tax credit. I think it is a good provision. We can call it what we want, but I think it is a good position. The Senator thinks it is a phony or artificial position.

Mr. HASKELL. I think the Senator made himself clear on that.

What is the Senator's question?

Mr. PACKWOOD. I do not understand for the life of me, if the Senator does not believe that tax shelters are right, and wants to get rid of them, and people with lots of miscellaneous income cannot shelter the income by what the Senator calls artificial losses, why the Senator leaves in this provision to his amendment for residential real property. Why does the Senator not take it out?

Mr. HASKELL. If it were out, would the Senator vote for the amendment as a whole?

Mr. PACKWOOD. No.

Mr. HASKELL. Well, I think that is the answer.

Mr. LONG. Will the Senator yield at this point?

Mr. HANSEN. I am happy to yield to my distinguished colleague.

Mr. LONG. Mr. President, I find myself constantly amused by the Senator referring to these items as artificial deductions.

A man pays his taxes and he pays it with cash to the tax collector.

Mr. PACKWOOD. The bank will not take an artificial check.

Mr. LONG. So he pays the tax to the tax collector, for his taxes. The Senator says that is an artificial deduction. What is artificial about it? The money is gone.

Now, he pays an interest expense in cash. What is artificial about that? His money is gone. He will never see it again.

The Senator said it is artificial. He is out the money. It is gone.

The Senator wants to say that is artificial. Well, it may be artificial if that is the other man's money. If it is his money, there is nothing artificial about that, it is gone. That is the end of it.

If the Senator wants to sa ythat is an artificial deduction, his money is gone. He has been relieved of it. He paid it in taxes or in the bank in interest expenses and he went through cash. If the Senator wants to say something is fictitious about that, go see if he can get the money back.

As I said, when he gets the money back is when it gets to be fictitious. He does not get it back. He is out of his cash, has been separated from it.

The Senator would say that he would consider it a genuine loss if they are in that business and have income from that business. That would be a good solid deduction. It is an out-of-pocket expense if you are in that business, but if you are not, and some poor soul is trying to get into the business, that is too bad.

What justice is that? I thought every mother's son was allowed to get equal justice in this country.

Doing things like the Senator suggests would put us under an economic system like the cartels in Europe, in which a person's position is fixed for life.

That is just not the American way of doing business.

Mr. President, I submit that when somebody has paid an out-of-pocket expense, it is as real an expense for the fellow who is not in the business, as it is for the man who is in the business.

It was not the idea of the taxpayer that we would tax him on a year-by-year basis so that we would try to say, "How much did you make year by year?"

I did not want to make him close his books every year to see where he stands. That was the Government's idea to tax him that way. So he does not know whether he will make or lose money. But when he pays a direct out-of-pocket expense, the question is, can he deduct it. The Senator wants to say that it all depends, if he is in that business he can, if he is somebody that wants to get in that business, it is too bad.

What kind of justice is that?

Mr. BENTSEN. Will the Senator yield?

Mr. HANSEN. I am happy to.

Mr. BENTSEN. I am certainly in total concurrence with the chairman with respect to the proposed limitation on artificial losses. This is an unsound tax proposal which would defeat legitimate economic objectives of our country.

What we are trying to do is maintain an economy where new persons can enter an industry, and that includes young people coming out of college. However, LAL gives a competitive advantage to individuals already in an industry whether it be the building industry or farming and this is wrong. LAL discourages people from entering new ventures and I feel strongly that people ought to be able to pursue new economic endeavors. It is essential to economic growth.

One of the code words in our tax laws that really turns me off is "unearned income." Some persons treat unearned income as something dirty.

If you have a savings and loan account and get interest from that savings and loan account, that is labeled "unearned income." We have that with a widow who has her savings in an account, for example. We have a situation today where a person on earned income has a 50-percent maximum tax. That is fine.

I have heard of a case where an entertainer made $12 million last year and paid the 50-percent maximum tax on earned income.

But take another situation, a venture capital enterprise, which has substantial risk and creates jobs and helps expand the economy, this investment is subject to a 70-percent maximum tax.

If we really want to do away with so-called tax shelters, we should have a maximum of 50 percent, and then people will not make some of the stupid investments we have seen so far.

I am in concurrence with the chairman when we talk about LAL and the complexities of tax laws.

I am a lawyer and have studied tax law, yet I send my tax return to accountants to fill out because of the complexities involved.

Add LAL to our existing tax law and see what a horrendous problem we will have created.

In trying to formulate a sound piece of tax legislation, I think the Finance Committee has done it with the minimum tax. What we have done is increased the minimum tax.

We ought to have in this country a situation where someone can bootstrap his way up.

That means, with borrowed money. The young fellow who is getting out of school, who wants to start out, has to borrow the money to go into a new venture.

If he wants to hold a job in one area and then go into something else to supplement it, he ought to be able to do it and not be locked into one enterprise the rest of his life. That would be discouraged by LAL.

I strongly disagree with that. We have heard witnesses from across this country, from every walk of life, from the whole spectrum of political philosophy.

What we have seen is the composite of that judgment out of the Finance Committee.

We have had to compromise a lot of divergent interests. I think the consensus has been a good one and it is one that helps the most people.

Mr. HANSEN. Mr. President, I thank my distinguished colleague from Texas, a person very knowledgeable in the way business works, for making the important contribution he has.

I would ask him: He spoke about these cliches that strike right in the face of the fact. He mentioned unearned income as an example of one of those. Is it not a fact that a person who has put money into a savings account or invested it in stocks or whatever has already paid taxes on that money, just as the chairman said?

Mr. BENTSEN. Of course he has. Let us get into another matter. That is the normal accounting practices, to which reference was made a while ago.

The Senator from Colorado made reference to what a normal accounting practice is on interest and taxes during a period of construction. I have been down that road. I have seen situations where we were going to base the rent on what the final cost of the project is and then found ourselves virtually in a lawsuit as to whether or not we should have capitalized the interest and capitalized the taxes.

The conflicting point of view was that the normal accounting practice was to take the deductions during construction and not capitalize.

We will find cases split all over the lot on that point.

If we want to find out what is normally done during construction, I think we will find overwhelmingly that they take the charge-offs during the period of construction. That is money out of pocket, as was stated by the chairman. That is money that is gone.

Other types of business are allowed to take that deduction on interest. Why should they not be able to do it on real estate?

Mr. HASKELL. Will the Senator yield for a comment?

Mr. BENTSEN. I do not have the floor.

Mr. HANSEN. I yield to my friend from Colorado.

Mr. HASKELL. I thank the Senator.

There is nothing in this LAL provision that prevents a person from going into a different type of investment. All we are saying is that in the real estate business, a person can go into projects and, because of the structure of the tax laws, they will be free of tax for a great many years.

What we are saying is if he is a dentist he cannot also make his dental income tax-free by using the excess real estate writeoffs against his dentist income.

That is as clear as I can possibly make the purpose of the LAL's.

I thank the Senator.

Mr. BENTSEN. We get to that fellow with our minimum tax. What have we done on it? We have raised the tax to 15 percent, a substantial increase.

I agree with the Senator from Colorado that we should not have a situation where we have a few people who take an accumulation of so-called tax incentives and use them to an excessive degree. I do not care how one tries to explain it. When there is a fellow who has a cash flow of $200,000 or $1 million and he ends up paying no taxes, there is no way it can be justified.

The integrity of the tax system and public confidence in the system is destroyed with these kinds of examples.

The Finance Committee has tried to remedy this with the minimum tax.

In many instances high income taxpayers were not paying substantial taxes simply because they were paying a great deal of interest on the debt they owed. Their interest was not put above the line where it ought to be, where it would have been deducted from investment income.

The unfortunate part about it is the complexities involved and it is very difficult to get that understanding across.

It is also my understanding that in the future that will be reported, or the interest expense directly attributable to investment income will be taken from that for the reporting of the income. I ask the chairman if that is correct.

Mr. LONG. Yes.

Mr. MORGAN assumed the chair at this point.

Mr. HANSEN. Mr. President, I yield to my distinguished colleague, the chairman, and I yield the floor.

Mr. LONG. I am getting ready to say something, and I hope our distinguished friends in the press will come to understand it. When they do understand it, I hope they will report it. We have to rely upon the able people of the press to explain to the public what these things are all about. At the moment, I do not think they understand it, though I think in time they will.

Many times somebody has to explain something to me more times than once for me to understand it. I am going to explain it and then I will have to explain it again, I suppose, but eventually I think the word will get through.

This statement about these 220 people who paid no income tax is very, very much misunderstood. We do not need more misunderstanding. We need information, not misinformation. Let me explain it.

A few years ago when Mr. Cohen was Assistant Secretary of the Treasury, he did a study of people who had an adjusted gross income exceeding $200,000 and paid no income tax. I believe we are going to find about the same problem exists now because the law has not been substantially changed for that type of person.

Here is what he found: That was not $200,000 of net income; that was $200,000 of adjusted gross income, which is a term used by the tax law that fails to include a number of items. For example, it does not include a deduction for investment interest. It does not include casualty losses. It does not include charitable contributions or other contributions that are deductible for tax purposes. It does not include the State or local income tax, or the property tax.

I think any businessman understands the difference between gross income and net income. Gross income is what is made before expenses are paid. Net income is what remains after paying expenses.

Sometimes there is a lot of gross income while the business is not making money at all. There is no net income.

At that time there were a lot of these people who had $200,000 or more of adjusted gross income who had no net income.

For example, 55 percent of them, more than half of them, had an interest expense of an investment nature that exceeded their gross adjusted income. The interest expense alone meant those people had no net income. They had no net taxable income. They just did not owe us any tax because, after expenses recognized by law, they did not make any money.

Fifty-five percent of that group were included there.

Then there is another group of about 15 percent who had paid a tax to the State government which exceeded $200,000. That is sort of hard to believe on the face of it, how someone making $200,000 could owe $200,000 in taxes tc the State government.

After all, we are talking about 220 taxpayers out of a nation of 230 million people. So we are talking about 1 person out of a million. We are talking about the unusual, exceptional types of situations.

These are the odd quirk cases that, just to state a figure, would mislead or confuse.

In that very limited number of cases, which is about 15 percent of the sample, those people had either sold their business, sold their farm or sold their life's assets, you might say, in the previous year, and they had paid a big capital gains tax to the Federal Government. But they did not pay their income tax to the State government until the following year.

For example, if I sold everything I own in life, I would have a capital gains tax to pay, but I would not pay that to the State of Louisiana this year, I would pay it next year, in 1977, and then when I filed my income tax at the end of 1977 I would have a big deduction for the income tax I had paid the State of Louisiana. It could well be that that big deduction would exceed what my adjusted gross income would be for the year 1977.

That, then, accounts for the next big deduction. Another big deduction would be people who had paid a lot of taxes to a foreign government. In that case, you are entitled to a tax credit against what you paid the foreign government. Then there would be people who made big charitable contributions, or gave a lot of money to State universities or something of that sort; and you take that, together with the interest expense, the medical expenses, and all the other expenses they had, and they might wind up with zero taxes.

So by the time the Treasury got through going over the sample of 100, as I recall it, they did not find a single case they felt would indicate that we ought to change the tax law with regard to those taxpayers.

It might be that these 220 cases that people are talking about might not present a single case where the taxpayer owes anything. People ought to keep that sort of thing in mind, Mr. President, and think through this business. The fact that 220 people with adjusted gross incomes of over $200,000 paid no taxes, that might not prove anything at all. There might not be one single person in that group of 220 whose real income was above $200,000.

For lack of anything better to go by, you might get some indication of what we are dealing with by the fact that we wrote a Tax Reform Act that we thought was very good, and yet a Treasury study indicated that of those Americans making $5 million a year or more in adjusted gross income—I wish to make it clear, we are not talking about net income—23 percent of them paid no Federal income tax, and the reason that most of them paid no Federal income tax was that most of them made big charitable contributions, all of which they were entitled to deduct.

We have limited the charitable contributions deduction since that time, and that is one reason that this Treasury study does not indicate a single taxpayer who made $5 million and paid no Federal income tax. Not any. I know of no case at all of that type.

We have taken care of most of the examples with what we have passed already. But more ought to be done. We have directed about $1.3 billion of tax increases in this bill at those taxpayers who have been able to get by paying a very small amount of taxes, who we think ought to pay more. We have a total of about $2.5 billion of additional taxes, and those taxes are derived in such a fashion that they are going to be hitting the people that we think get the best of it.

But we will do the job best if we carefully pinpoint what it is we want to achieve, and not injure too many innocent victims. Otherwise, it would be just as though one went out and went into a barroom to stop the man in the black hat from doing something that was wrong, and finally, after he got through with the shootout, there are all sorts of bodies lying around the place, and, yes, he got the man in the black all right, but he has also shot 20 with white hats on.

We do not want to do it that way. We want to be more specific; and I shall prove later on, as we go along with this debate, that the Finance Committee was far more stringent in drafting those provisions where it gets at those not paying enough taxes, and not doing the blunderbuss sort of thing of hitting innocent victims—not nearly as bad as the House bill or some of these other provisions that people are seeking to offer.

Mr. BENTSEN. Mr. President, I believe that the American people are not nearly so fed up with the amount of taxes they pay as they are fed up with overregulation by the Federal Government, overcomplexity of the laws, and Government gobbledegook that people just cannot understand.

The LAL provisions that would be added to this bill, if the House provisions were to prevail, are exceedingly complex. It well might be called the Lawyers Retirement Act of 1976. You would think that lawyers would be for this kind of complexity, because it might add to the taxpayers' burden and give lawyers some more business; but let me read what the section on taxation of the American Bar Association has stated. They carefully reviewed the House LAL proposals, and strongly urged the Senate Finance Committee to reject this approach, due to the enormous complexity of LAL. The section of taxation of the American Bar Association made the following comments about the House-passed LAL proposals:

> The LAL proposal which is contained in Title I of H.R. 10612 is enormously complex. Title I consists of thirty-four pages and establishes complex accounting rules for deductions attributable to various categories of LAL property, namely, LAL Real Property, LAL Lease Property, LAL Farm Property, LAL Film Property, LAL Oil and and Gas Property, and LAL Sports Franchise Property. The rules applicable to each category of LAL property are intricate and are significantly different as between particular categories. Also, in most cases the categories of LAL property are further subdivided into classes which adds additional confusion.
>
> Intricate accounting record keeping and complex preparation of income tax returns are an inevitable result of the LAL proposal. This additional complexity also makes tax planning more difficult. In many instances under existing law, a computer analysis is essential for planning purposes in order to assess the interactive effect of various provisions. LAL will significantly add to this complexity.

I might also add that I understand that it was the Secretary of the Treasury who was talking about going to a very simplified tax approach, and maybe going down to a 30-percent or 20-percent tax rate, something like that, and yet the House came up with this kind of approach, which I think goes absolutely in the opposite direction.

The section of taxation of the American Bar Association concluded as follows:

> Because of (1) the enormous complexity which LAL adds to an already complex Code, (2) the disparate treatment of different categories of LAL property, and because (3) the reach of LAL and the minimum tax arbitrarily covers only certain so-called tax shelters, we are of the view that the LAL approach should not be adopted.

In place of that complicated, counterproductive, controversial, and certainly new groundbreaking approach, the Senate Finance Committee increased the minimum tax. In addition, with respect to agriculture, the Finance Committee decided to limit the deduction with respect to farm losses to the amount of capital at risk. This would exclude nonrecourse loan financing, as well as amounts which are protected against loss by guarantees, insurance or otherwise. Also approved was a provision to preclude current deductions by farm syndicates for the prepayment of feed, seed, fertilizer or similar farm supplies and amounts spent for the planting, cultivating, maintenance, or development of any grove, orchard or vineyard involving the raising of nuts or fruit. Instead, such expenditures would be capitalized and deducted as used or consumed; in the case of groves, orchards, and vineyards, expenditures would be deducted over the productive life of the trees.

In the case of equipment leasing, the committee decided to limit the deduction for depreciation to the amount which the taxpayer-lessor has "at risk"—plus any amounts of debt from the transaction for which the investor may be personally liable.

In the case of the sale or exchange of a sports franchise the amount of the sales price allocated to player contracts by the purchaser could not exceed the amount of the sales price allocated to these contracts by the seller. In addition a recapture rule was approved under which the amount subject to recapture would be the greater of first, the amount of depreciation taken on player contracts which were initially acquired with the original acquisition of the franchise by the seller or second the amount of depreciation taken on player contracts that are still owned by the seller at the time of sale.

With respect to oil and gas, the Senate Finance Committee decided that the deduction for intangible drilling and development costs should be limited to the amount which the taxpayer has at risk with respect to any oil or gas property. A taxpayer would be considered to be at risk with respect to any borrowed funds used to finance intangible costs to the extent that the taxpayer is personally liable for repayment of the loan or has pledged property of established value as security for the loan.

In addition, the Senate Finance Committee agreed to a series of provisions to limit movie tax shelters. In the case of the production of motion pictures, books, records, and similar property by a service company which does not own the film, the committee decided to require the service company to capitalize its costs of production. This would preclude expensing of costs which would normally be capitalized. In the case of purchases of completed films, the committee decided to limit the deduction for depreciation and losses to the amount which the taxpayer purchasing the film has "at risk". This would preclude the deduction of amounts financed through nonrecourse loans. In the case of the production of motion pictures, an "at risk" rule would also apply unless the following conditions are met:

First. The investor's equity must be at least 25 percent of the film's total cost. Thus not more than 75 percent may be a nonrecourse loan.

Second. The unpaid balance of any nonrecourse loan, at the end of 5 years after the first showing of the film, would be required to be taken into income—recaptured—at that time.

Third. A substantial portion of the film cost—80 percent—is spent in the United States.

Mr. President, I now would like to explain the excessive accounting burdens that would be imposed on farmers and ranchers under LAL. LAL places a limitation on the deduction of so-called artificial losses which are incurred in agricultural operations. As applied to the agriculture and livestock industries, LAL would cause hardships to legitimate agriculture and livestock businesses. Furthermore, LAL would add undue complexity to the law which would make both compliance and administration difficult. It would also be costly and is not needed in order to curb the so-called abuses.

The accounting burdens alone imposed by LAL would be monumental and would cost those legitimately engaged in farming and ranching the additional expense of hiring accountants to maintain sufficient books and records to comply with the provisions of LAL.

Contrary to the representations of the sponsors of LAL that the $20,000 nonfarm income exemption will protect legitimate farmers and ranchers, its enactment will adversely affect substantial numbers of them. In the first place, the report of the Committee on Ways and Means recognizes that many farmers and ranchers do receive nonfarm income. In cases where this nonfarm income comes or can come anywhere near $20,000, the complicated recordkeeping previously referred to must be maintained, because there is always the possibility that the nonfarm figure could exceed $20,000 and LAL would apply. Thus, the farmer or rancher with any substantial nonfarm income just cannot wait around until April 15 to find out whether or not LAL applies for the preceding year. He will have to maintain or try to maintain all the records necessary to comply wtih LAL just in case he has a farm loss in a year when his nonfarm income happened to exceed $20,000. And anyone who says that legitimate farmers and ranchers don't have frequent farm losses is not living in the real world.

Mr. President, I would like to also turn to the adverse impact LAL would have on our efforts to achieve energy self-sufficiency.

In 1970, the United States was only 23 percent dependent on foreign sources of oil. Today our reliance has doubled. Imports of crude oil and petroleum products currently account for over 40 percent of the total petroleum consumed in the United States and it is estimated that our dependence may increase to close to 60 percent by 1980. Between 1970 and the present, domestic production of petroleum liquids declined by over 1 million barrels a day. The LAL provisions relating to oil and gas will only aggravate this situation.

The LAL provisions in the House bill would restrict intangible drilling deductions for so-called developmental wells to income from the particular property in which the investment was made. The LAL provisions on oil and gas would severely reduce investment in domestic oil and gas development at a time when greater investment is desperately needed. It is estimated that this provision could dry up hundreds of millions of dollars of venture capital from outside investors which otherwise would go into domestic oil and gas exploration.

Although the LAL proposal limits intangible drilling deductions for developmental wells, no new limits would be placed on investments in so-called exploratory wells. However, in practical terms there can be no neat and simple distinction between an "exploratory" and a "developmental" well. This distinction would prove to be administratively unworkable and would place the Internal Revenue Service in the business of making sophisticated geological determinations for every oil and gas well. Taxpayers would be subject to endless time delays awaiting an IRS ruling as to the classification of a particular well.

Needless to say this uncertainty would substantially discourage domestic oil and gas investments. Our tax laws are complicated enough as is without the addition of this clearly unworkable concept. In fact, a recent study indicates that 92 percent of all exploratory wells drilled in Texas in 1974 were within 2 miles of the nearest field and thus might be deemed to be "developmental" wells under the House bill.

The LAL provisions will impose a disproportionate burden on independent oil and gas producers who rely heavily on outside sources of capital to raise the funds needed for exploration and development.

One cannot underestimate the extreme risk that independent producers face in exploratory drilling. Only about one wildcat well in nine produces anything. In addition to the risk involved, the costs of drilling have spiraled in recent years.

Oil and gas producers have the experience and the will to expand exploratory drilling and also develop methods of enhanced recovery. It would be very shortsighted indeed to enact legislation which would impose severe restrictions on this important sector of our economy.

Mr. President, I strongly believe that all high income Americans should pay their fair share of taxes. The effectiveness of our system of tax collection, based upon voluntary self-compliance, has been very successful in raising Federal revenues. Indeed, our success is the envy of all other nations around the world. In many nations, the failure to pay taxes seems to be the rule rather than the exception. We cannot maintain public confidence in our tax system unless Americans are convinced our tax laws are fair.

At the same time, our tax laws must include reasonable investment incentives to stimulate the economy and to promote economic growth.

The Senate Finance Committee held months of hearings and markup on tax reform and the bill reported to the Senate floor will help achieve a balance between the need to insure greater fairness and equity in our tax law while at the same time provide reasonable investment incentives.

The Finance Committee decided to reject the House passed LAL provision which is a clearly unworkable and counterproductive proposal. Instead, the Finance Committee decided to substantially strengthen the existing minimum tax provision and enact a series of major changes to eliminate tax shelter abuses with respect to real estate, agriculture, motion pictures, sports, equipment leasing and oil and gas production.

Again and again I say, what we are trying to do is stop the abuses, the accumulated abuses, the excessive use of tax incentives to try to develop a cash flow of $200,000, $300,000, or $400,000 without paying any tax at all. I totally sympathize with those who want to put an end to that. And we ought to put an end to it. You can never explain to the fellow who has a service station making $20,000 a year why this fellow over here with a $400,000 cash flow pays no tax.

We can stop that. And the Finance Committee minimum tax goes a long way in trying to bring that about without unduly complicating the law.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. BENTSEN. I am happy to yield.

Mr. PACKWOOD. Is it not true that in terms of reaching income to tax and wanting to tax income that we can do anything that we wish with a minimum tax? We can make sure that not a single person in this country avoids or evades paying a tax if we choose to do so.

Mr. BENTSEN. That is correct.

Mr. PACKWOOD. We do not have to use the LAL provisions to achieve that end.

Mr. BENTSEN. I sympathize with the objective of seeing that they all pay their fair share.

Mr. PACKWOOD. That is right. But we can achieve that end without the rigidity of the LAL provisions. As a matter of fact, in the provisions that are being offered by those who want us to put in the LAL provisions rather than what we have, we have left in the exemption for residential real property of any kind, and that would include the biggest condominium in the world. We have retained the exemption for those who are in the business so they can use whatever tax deductions that are there to shelter all the income and, thus, pay no taxes. By the very proposal the so-called reformers are proposing, we have not reached the problem they say they wish to reach. If they want to reach it, they are either going to have to change their proposal so that there is no way one can use any of these, and I am using their words, "artificial deductions"; there is no way one can use them, or they are going to have to adopt some kind of minimum tax, in addition to what they have, that they have not yet proposed to reach those people.

Mr. BENTSEN. That is absolutely correct. LAL by itself does not take care of the problem for the one who has excessively used the so-called tax incentive to try and escape any tax.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BENTSEN. I am happy to yield.

Mr. LONG. Before we conclude this debate on LAL, I shall ask the sponsors of this proposal specific questions related to specific problems and ascertain if they can answer them, and, for that matter, determine if they can agree on them because, in my judgment and in the judgment of our staff, there is no way that we can resolve all of this. There is no way that we can administer it. But we will give them a chance to demonstrate it because it applies to specific cases. I simply wish to determine how they would do it.

For example, let us assume, first, that a farmer raises vegetables, apples, wheat, and livestock. Assume, also, that LAL applies. This is a fact. LAL would apply to vegetables and apples, but not to wheat and livestock.

Suppose a farmer has three hired hands. Part of the time these employees are planting or weeding the vegetable garden, spraying and pruning the apple orchard that is being developed.

LAL says a farmer must keep a record of these expenses since if he has more than $20,000 of nonfarm income he must delay taking these deductions until he has revenue from these activities. However, the hired hands are also used to plow the fields for wheat and take care of the livestock. These activities are not subject to the LAL.

How is the farmer to allocate the wages paid the farmhands between the work in the apple orchard, the work in the vegetable garden, care of the livestock, and work in the wheat field? Are the hired hands' wages to be allocated between these activities on the basis of time spent in each? Does this mean the hired hand must punch a timeclock or keep a time record of which activity he is working in day by day and how many minutes he spends on each one?

Mr. BENTSEN. Mr. President, let me ask another question, and I wish to ask this of the chairman.

Let us take a situation of a pecan orchard. Let us take a pecan orchard that probably costs $300 or $400 an acre per year simply to maintain and grow it. That pecan orchard has to get up to about 7 years of age before the farmer can break even and the pecan orchard can carry its own weight.

If a person decides he wants to go into the pecan-raising business, how is he going to do that, if he is not going to have supplemental income from another source to do it? He is going to have a very serious problem, it seems to me, breaking into that business, particularly over an extended period of time.

Mr. LONG. Yes. Furthermore, he could not deduct any of those expenses until after the pecan orchard started making money. Look at the situation he would be in. Hopefully, he would have some income from somewhere else to keep him going, to hold hide and hair together long enough until the pecan tree would grow up and start yielding a crop for him, which would be several years later, but meanwhile he could not deduct the expenses of what he was paying to take care of that pecan orchard or to cut the weeds and fertilize it and do all the things that had to be done. He would have to keep capitalizing all of that and could not deduct a nickel of it.

As a practical matter what it means is unless he is a pretty solid fellow as far as net worth is concerned, unless he has very substantial wealth, he better forget about going in the pecan orchard business because he would not be able to so do.

Mr. BENTSEN. That would give a monopoly to the people in the pecan business now. Is that not what it means?

Mr. LONG. What that means is he could not deduct his expenses from the wages that he is making. If he is working down at the plant and has some income coming in from that source, or he is a lawyer, a doctor, or just anyone, a Congressman or a Senator, or a newspaper reporter, he could not deduct his expenses year by year to do all the things that have to be done to take care of the pecan orchard, to get it in shape to where it makes revenue for him. He has to keep capitalizing that and cannot deduct the expenses.

Mr. BENTSEN. I know that is true.

Mr. LONG. That is true even though he has paid all his money out. What is artificial about that? He has paid the money. They would say this is artificial, this is an artificial deduction. He is out his money. His money is gone. Yet they say it is artificial. I would like to see them get the money back for him.

That is a problem with someone who tries to raise a pecan orchard, and so it goes in other lines of endeavor. It is absolutely an impossible situation.

Mr. BENTSEN. I was in the citrus-growing business in south Texas, and there was nothing artificial about my expenses. It was very painful every time I wrote out that check, whether it was for water, fertilizer, labor, pruning, cultivating, or whatever I had.

Mr. LONG. Let us look at the other ridiculous point about this.

Secretary Simon was a former energy administrator. He understands the problem of people in the oil and gas business. So he sent us a letter in which he said:

> Look, the LAL was fine, but do not apply this to the oil and gas business. I understand their problem. You should not apply LAL to them.

All right. There are friends on the committee who would not vote for the House bill. They would like to apply the LAL, but leave out the residential homebuilders. They say:

> Look, these homebuilders are decent folks. Do not apply it to the householders, the guys building little houses. Do not apply it to them. I know some of those people. They are nice guys. I have sympathy for people in that business. They are honorable. Most of them are very fine people. Let us not apply it to them. That would give them a real problem.

After we study this thing, we will say exactly what the committee said about the farmers after we have heard from them.

> Look, we just did not apply this to farmers. Those farmers are not bad people. They are decent guys. They work hard for what they make. Do not apply it to them.

After a while we get down to the point where we would not want to apply this to anyone for whom we have a sympathetic respect.

The only group we wish to apply it to is the group of bad guys. Let us find some bad fellow, someone we do not like, to apply it to him.

That is about how the LAL has to apply.

Why does the Senator not simply write is his amendment that this only applies to people who wear black hats? We do not like this guy, so put that on him because anyone for whom I have the slightest regard or respect I would not want him to have to live with that.

Mr. HATHAWAY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HATHAWAY. We would be glad to write it in if we thought the Treasury would interpret it the way we want it interpreted, and that would save a lot of trouble.

Mr. LONG. That has always been the case.

Mr. HATHAWAY. It would save us a lot of trouble.

If the Senator will yield further, he had problems he wanted to bring up with regard to the interpretation of the provisions. I hope he will submit them to us so we will have enough time to go over them, at least equal to the time it took the staff to dream up these problems, so that we could give them an adequate answer.

While in the Chamber, let me say something in regard to artificial losses. I think the Senator makes an excellent point. He says they have to take the cash out of their pockets and pay for those expenses. There is no question about that. I think probably the House of Representatives used a bad term or a term that would not really convey their meaning when they refer to these losses as artificial.

What they are talking about is the artificial acceleration of these losses so that they do not match with income. If you were in a business and you were to buy a piece of equipment that would last 5 years and you could deduct the entire cost of the equipment, maybe you could pay out all the cash for the equipment in the first year. That is the kind of artificial loss we are talking about—if you could take the loss the first year, instead of spreading it over 5 years. Probably "artificial acceleration" would be a better term.

The real evil in these tax shelters is not the fact that we have given a tax break in terms of giving these artificially accelerated losses to farmers and the others that are talked about in title I of the bill. Congress decided that these certain businesses should have this type of deduction, even though it does not match up with income. We allow accelerated appreciation. We allow a lot of deductions or expenses that should be deducted over a period of time or capitalized. We allow them to take them in the first year.

What we are objecting to in trying to eliminate these shelters is that these tax preferences were not designed for people not in that business, but people not in that business are taking advantage of the preferences we have given just to certain businesses. I am not sure we were wise in giving them to these businesses in the first place.

If we wanted to join in eliminating these preferences altogether, which in turn would eliminate the shelters, because these businesses would no longer be attractive, then I would be happy to cosponsor an amendment with the chairman to that effect. But I do not think we would get much support for that.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. HATHAWAY. The argument has been made that they are artificial with respect to the person not in that business, but they both have to pay out cash. The fact is that they are artificially accelerated, so that they end up as deductions which another person who is not in that business can use to offset or shelter his outside income. That was not the intent of the law when we gave them these tax breaks in the first place.

Mr. LONG. Mr. President, if we apply the Senator's logic to that, if the Senator had his way and someone wanted to go into the pecan orchard business, if he is earning a living and he is taking what he is earning year by year and applying the earnings to go into the pecan business, he would not be permitted to pay for any expense of clearing the field, fertilizing the field, cutting down the grass, planting the trees, pruning the trees, spraying the trees to fight the insects. None of that could be deducted. He is out the money, and he cannot deduct it against the income he is paying for all these expenses. That is what the Senator would call an artificial deduction. The Senator said he would prefer that a person not be allowed to deduct any of that, even though he is out the money.

Mr. HATHAWAY. I did not say not deducted.

Mr. LONG. What I object to is this: The guy who is in the pecan business and has a producing orchard can get the benefit of those deductions, but as for anyone else who wants to go into the pecan business—woe unto you. This proposal is drawn for the people presently in the pecan business, and anyone else cannot deduct it. You have to have a pecan orchard showing a profit before you can get the benefit.

In my judgment, that is worse than it was the first time, because that is discrimination against some honest soul who would like to go into the pecan orchard business.

As I say, the Senator would force us to choose between two wrong things. In other words, it is an out-of-pocket expense. It is an expense that is being paid. If you are not going to let people deduct the expense, they cannot go into the business. Perhaps the Senator does not want folks to go into the pecan business or into any other orchard business. If that is so, he has a provision calculated to bring that about.

I think that anybody in this country who wants to go into the pecan business has a right to do so and to get the same tax treatment as the guy already in the pecan business—or the person growing citrus trees, or anything else. He should have the same tax treatment.

The Senator wanted us to give him some examples. So far as I am concerned, he can take his experts and work on it all night long and bring in all the tax laws he wants.

Mr. **KENNEDY**. Mr. President, will the Senator yield for a question to the Senator from Maine on this issue?

Mr. **LONG**. I yield.

Mr. **KENNEDY**. As I understand it, it was at the request of the industry itself, the citrus industry and the almond industry, in 1969, that there be a capitalization of costs in those industries, in order to prevent the perversion and distortion of tax shelters in those industies, to prevent outside interests from coming in and being a serious disruptive factor in those particular industries.

Mr. **HATHAWAY**. The Senator is correct.

Mr. **KENNEDY**. Furthermore, do I correctly understand, that under the present situation, where you have a business purchasing a new business, for example, and employees are working on the purchase of a new business, then you have to allocate the time, the salaries, and the costs against that new business?

Mr. **HATHAWAY**. That is correct.

Mr. **KENNEDY**. So that the allocation of salaries or costs is the way of doing business at the present time. Allocating particular salaries or other costs in any of these areas is not a new idea or something radical. Under the amendment of the Senator from Maine, we would expect the same kind of allocation of expenses and costs in the same way.

Furthermore, I understand that one of the reasons for support for this amendment is to prevent the serious disruptions which these various tax shelters have with respect to a variety of industries which are dependent upon the smaller investor and which, because of the LAL provisions, have distorted in a most significant way the market forces.

Mr. **HATHAWAY**. Because of shelters. The Senator is correct.

Mr. **LONG**. What the Senator said that industry asked for is correct, but that is not what the bill does.

It is true that the people in the citrus industry are concerned about more people coming into their business, and they wanted the law fixed so that you would capitalize your expenses when you go into the citrus industry. But everybody has to capitalize—the fellow who is in it as well as the fellow who wants to go in it.

The provision that the Senator is defending here is a provision whereby the fellow who is in the industry gets the benefit and the fellow who is not in it does not get the benefit. The fellow who is in the industry gets the benefit of the deduction, and the fellow who wants to go into that business does not get the benefit of the deduction. That is discrimination; that is unfair. The industry never asked for anything like that, because they would be the first to recognize that it is not fair.

Mr. **KENNEDY**. That is not my understanding, the way the Senator has stated it. There is not that distinction in LAL at the present time.

Mr. **PACKWOOD**. What does the Senator mean, there is not that distinction?

Mr. **KENNEDY**. The distinction and discrimination the Senator from Louisiana mentioned between those in the industry and those outside it.

Mr. **PACKWOOD**. In the amendment that the Senator is presenting now, there is that discrimination in every phase of it, with one exception I do not understand, and that is residential real property.

Mr. **LONG**. As I understand the LAL provision, we could use income from farming to offset the deduction of going into some other farming activity, but we cannot use income from any other area. We cannot use income from wages in some other endeavor or income from any other business that we might have coming to us to offset expenses when we go into the farming business, and that is not fair.

Mr. **PACKWOOD**. Who has the floor, Mr. President?

Mr. **LONG**. I believe that I should complete this list of suggestions, to see just how the sponsors would handle it. Let us assume that a farmer has a tractor which he has used first in an activity subject to LAL, then in one which is not. Unless a time record is kept, how is depreciation on the tractor to be allocated between the apple orchard development cost and the vegetable garden and the wheat crop?

If the farmhands repair a fence which keeps the cattle out of the vegetable garden, is the cost of the materials and the time of the farmhands to be allocated to vegetables, which are subject to LAL, or to the cattle, which is not subject to the LAL?

If the expenses I have referred to above are not to be allocated on a time basis, how should they be allocated? One way would be to do it on the basis of the profit from each. But if the activities in a given area are not profitable, how would that be handled?

Another way is to allocate the overhead expenses on the basis of direct costs. Sometimes this is reasonable. However, at other times one activity has large direct costs but involves little supervisory cost. In this case such an allocation does not make sense. How would we handle that?

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the pending business be laid aside temporarily.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

DISTRICT OF COLUMBIA APPROPRIATIONS, 1976

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that Calendar No. 896, H.R. 13965, be called up at this time. This has been cleared on both sides.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The clerk will state the bill by title.

The legislative clerk read as follows:

A bill (H.R. 13965) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1976, and the period ending September 30, 1976 and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the committee on appropriations with amendments.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

The amendments agreed to en bloc are as follows:

On page 2, in line 3, strike out "$250,000,000" and insert "$249,676,700".

On page 2, in line 12, strike out "$66,500,000" and insert "$65,876,000".

On page 2, in line 25, strike out "$210,000,000" and insert "$209,000,000".

On page 3, in line 17, strike out "$116,861,000" and insert "$116,314,400".

On page 4, in line 20, strike out "$83,400" and insert "$42,100".

On page 4, in line 23, strike out "$13,000" and insert "$15,300".

On page 5, in line 4, strike out "$30,024,900" and insert "$30,098,300".

On page 7, in line 4, strike out "$65,436,100" and insert "$64,499,500".

On page 7, in line 11, strike out "$237,382,300" and insert "$237,325,900".

On page 7, in line 23, strike out "$47,476,500" and insert "$47,465,200".

On page 8, in line 18, strike out "$264,124,200" and insert "$264,074,500".

On page 9, in line 16, strike out "$74,830,900" and insert "$74,871,000 including $333,500 for the improvement of care and treatment of the mentally retarded at Forest Haven,".

On page 10, in line 13, strike out "two" and insert "one".

On page 10, in line 14, strike out "vehicles" and insert "vehicle".

On page 10, in line 14, strike out "and the Chairman of the Council of the District of Columbia,".

On page 10, in line 17, strike out "$26,942,600" and insert "$27,899,400".

On page 10, in line 23, strike out "two" and insert "one".

On page 10, in line 24, strike out "vehicles" and insert "vehicle".

On page 10, in line 25, strike out "and the Chairman of the Council of the District of Columbia".

On page 11, in line 1, strike out "$6,922,400" and insert "$7,167,400".

On page 11, in line 6, strike out "$63,619,700" and insert "$63,492,300".

On page 11, in line 16, strike out "$16,345,800" and insert "$16,311,200".

On page 13, in line 11, strike out "$1,000,000" and insert "$500,000".

On page 13, in line 13, strike out "expended" and insert "September 30, 1977".

On page 14, in line 3, strike out "$135,259,500" and insert "$112,593,700".

On page 14, in line 4, strike out "$3,456,700" and insert "$3,445,700".

On page 14, beginning in line 24, after "lapse" insert a colon and the following: "*Provided further*, That funds in the amount of $5,512,800 shall be redirected from the Burrville Elementary School Replacement to the construction funding for the Roosevelt Senior High School Modernization".

On page 16, after line 16, strike out through the end of line 19.

On page 16, beginning in line 20, strike out "Sec. 7" and insert "Sec. 6" and renumber subsequent sections of the bill.

On page 17, in line 20, strike out "Chairman of the Council of the District of Columbia,".

On page 17, in line 25, strike out "Chairman of the Council of the District of Columbia,".

On page 18, in line 9, after the period, strike out down through line 17.

Mr. CHILES. Mr. President, I am pleased to finally have the opportunity to bring to the Senate the District of Columbia Appropriations Act for 1976.

I began my tenure as chairman of this subcommittee at the beginning of the 94th Congress. Over the intervening months I almost lost hope of having a bill before the Senate before the fiscal year was over. This is the first home rule budget and the budget process has been greatly delayed by the growing pains in the city. We have encountered a similar problem in connection with fiscal 1977, but as we indicate in the report we have an agreement with the Mayor that the full 1978 budget will be submitted by mid-February of next year.

I should note that the original budget for 1976 did not reach the Congress until last November 5, or more than 4 months after the fiscal year began. I started hearings in December only to find that the financial inadequacies highlighted by Senator EAGLETON in the District of Columbia Committee were all unfortunately true. We had to suspend our consideration while the city went back to the drawing board and amended the budget, another process that took until the 6th of May.

During all this time, the District has been operating on a continuing resolution so that what we are mainly doing here today is paying the bills obligated already and providing what it takes to finish out fiscal year 1976. As can be noted on the summary on front of the report, the amended District of Columbia budget totals $1,203,480,300 of which $1,046,830,700 is for operating expenses and the remaining $156,217,600 is for capital improvements. This is the first $1 billion operating budget in the history of the District of Columbia. The committee is recommending $1,155,464,400, a reduction of $47,583,900.

The Federal funds are probably the primary interest of the Senate and the budget estimate totalled $507,841,000, which we reduced $43,476,300 to the level of $464,363,700. The Federal funds are, of course, what we based our subcommittee target on March 15, 1975, that was made part of the budget resolution. Inasmuch as we used the budget levels as our target, we are $47,583,900 under the level submitted for the budget resolution.

The subcommittee analyzed these requests in great detail and as I indicated earlier, there is little by way of increase left in this budget. In fact, the increases for operating expenses over the adjusted base amount to $167.7 million of which $141.4 million are for mandatory costs such as the Metrobus subsidy, annualization of the October 1974 pay raise, the costs of the pay raise of last October and the additional amounts required for the repayment of loans and interest. There is barely $25 million additional in this budget for discretionary increases, and of that amount, some $19.6 million is to cover additional workloads.

METRO

With regard to Metro I want to note that the largest increase in this budget is the $27,336,300 for the Metrobus operating subsidy. As explained on page 25 of the report, a significant portion of this relates to adjustments for fiscal year 1973 and 1974, plus the full amount due for 1975 and 1976. Having to include the 1975 amount is in my mind another manifestation of the budget juggling that went on during that year. Metro is due this money pursuant to the agreement among the local jurisdictions and the delay in processing this bill has forced Metro to obtain loans from local banks, so the follies of 1975 have many hidden as well as visible costs.

The District's share of the 1976 Metrobus deficit is $25,496,841, which is an alarming increase of $15,581,414 over 1975. The District has decided to maintain the 40 cents fare and make up their allocation through subsidy, which of course, means the taxpayers at large pay 26 percent of the bill through the Federal payment. It is hard for me to appreciate the need for a 40-cent fare from one end of the District to the other, while the rider that merely crosses the District line from one of the suburban areas must pay a minimum of 60 cents. I questioned this decision in our hearings and was somewhat persuaded by the number of low-income District residents that use the bus system. However, there have been cost-of-living adjustments in social security, Civil Service pensions, and welfare payments and I expect the District to take that into account the next time the bus fares are established.

There is also $45,484,700 on the capital outlay section of the bill for Metro, of which $41,037,000 goes to the construction of the subway system and the remainder for the purchase of new buses and bus facilities. The District's share of the construction of the subway for fiscal 1976 is $40,149,000 out of a total program of $348 million. The District's share is 35 percent of the local contribution which corresponds roughly to the amount of the subway mileage inside the District line.

There is no doubt in my mind that the District of Columbia is in financial trouble. During 1975 some $40 million was borrowed from the U.S. Treasury to enable the city to pay its bills. During 1976 the city will be going back for an additional advance of $15 million from the Treasury to meet the obligations that will be due and payable by June 30. The city has unfunded pension obligations of $1.8 billion and has capital outlay obligations to the U.S. Treasury also in excess of $1 billion. It is undoubtedly true that a considerable amount of the District's current financial problems can be attributed to many of the shortsighted decisions in the past, many of which were concurred in or even prompted by the Congress. During my consideration of this budget, I have tried to avoid duplicating these decisions or at least not to add to the current dilemma. The financial plan for 1976 is balanced on a cash basis and there will be approximately a half million dollars left in the city's treasury on June 30, 1976. This information, as well as that pertaining to the transition quarter, is outlined in greater detail on page 14 of the report.

Our report is before the Members. It would appear that we reduced the House allowance for operating expenses by only $323,000. However, that is a net amount resulting from decreases of $1,307,000 offset by increases of $984,000. Our major increase is to lift the limitation of 2 cents per kilowatt hour that the city may pay for street lighting. This limitation is outdated due to the tremendous increases in energy costs and unless removed, these costs will have to be passed on to the other consumers.

We have allowed 744 of the 835 new positions requested of which 380 are for staffing and maintenance of new facilities opened during the fiscal year or for continuing programs previously funded by Federal grants. The subcommittee also recommends the additional 317 positions requested by the Department of Corrections of which 252 are to replace the temporary positions established with the opening of the new Detention Center earlier this year.

FOREST HAVEN

Recently there has been considerable attention in the press regarding the deplorable situation at the District's facility for the mentally retarded—Forest Haven. Let me right away express my appreciation to the local media for not letting us forget Forest Haven, which is too easy to do since by design or happenstance it is part of the District's Children's Center near Laurel, Md. Accordingly, Forest Haven is far removed from the mainstream of the District of Columbia. I also want to acknowledge the deep personal interest of the distinguished junior Senator from Minnesota. Senator HUMPHREY has written to the subcommittee on several occasions and his concern has been an inspiration to me.

The committee has always maintained a special interest in Forest Haven. During the committee's hearings it was found that the special improvement increment of $900,000 approved in the 1975 District of Columbia Appropriations Act had largely been dissipated in the maintenance of base operations so that little advance had been made in the improvement of care of the residents of Forest Haven as envisioned in the 8-year plan for this facility. Needless to say, the committee was dismayed by the action of the city in withdrawing the second year increment of the 8-year plan due to the delays encountered in implementing the first year portion.

In view of the numerous delays already cited with regard to the processing of the 1976 appropriation, there is little the committee can do at this late stage for fiscal year 1976. However, the committee is shocked by the continuing revelations of the abuse of Forest Haven residents. In order to help assure their safety, the committee decided not to wait for the fiscal year 1977 budget for action and has made special provision in the transition quarter for 20 of the 80 positions originally requested for the second year of the improvement program. The additional positions recommended by the committee, while less than the committee believes essential, represents a responsible addition during the next 3 months and will all be directed to the direct care of the residents.

The committee has provided that $333,500 is especially made available for the Forest Haven improvement program for the transition period and directs that the city account for these funds separately. This will prevent the previous diversion of funds into the maintenance of an inadequate effort. I am directing that comprehensive monthly reports be furnished regarding the expenditure of these funds so the committee can closely monitor the improvement effort.

Mr. President, this concludes my overall statement on the bill, and I yield to the distinguished ranking minority member of the subcommittee, the distinguished Senator from Maryland.

Mr. MATHIAS. Mr. President, I complement the chairman of our subcommittee, Senator Lawton Chiles, for the excellent work he has done on this bill. It should be clear that neither he nor the subcommittee nor the Congress are in any way responsible for the fact that this bill is now coming to the floor of the Senate during the last month of the fiscal year for which it appropriates funds. The situation concerning the delays in processing this bill, as well as the fiscal year 1977 District of Columbia budget, are well explained in the report accompanying the bill on pages 5 and 6.

The chairman has explained all the parts of the bill and the figures in it, and I will not seek to cover his ground again but will point up a few items of special interest.

No one is pleased with the progress at Forest Haven, and it is very clear that a very great upgrading of that facility for the retarded must be undertaken forthwith. In this bill, we have provided for what can be done between now and the end of the transition quarter, September 30, 1976. What should be done will be addressed in the fiscal year 1977 District of Columbia appropriations bill, and everyone concerned with Forest Haven should be on notice that this committee under the guidance of its chairman insists that dramatic improvements will be instituted forthwith at that institution.

This bill provides additional funding of $2 million for the transition period for the additional burden of providing public safety for our Bicentennial events and its also provides $500 million, mainly for public safety, for the period when this bill is enacted into law until September 30, 1976. These sums represent some cutback from budget requests and the House action on the bill, but it should be understood, as is clearly pointed out in the report, that this subcommittee stands ready to consider appropriating additional funds if they are needed. Only the professional judgement of our public safety officials in the District can be relied upon to determine what is adequate protection during this period when substantially greater numbers of additional visitors will be participating in the Bicentennial celebration in the District. It should be understood that while it may be true that the latest projections of the number of additional visitors to the District are somewhat reduced from former projections, about the same number of Bicentennial events such as parades, the fireworks display and other events will require a dramatic increase in extra duty and overtime for our police force, emergency medical services, and other public safety services.

The report reflects our concern with the very heavy indebtedness of the District of Columbia both in loans outstanding and in unfunded or partially unfunded pension funds. There is not a great deal this committee can do about this in this bill, but I know the chairman plans to address this issue in the fiscal year 1977 District of Columbia appropriations bill, and I will support him in this.

I am pleased to note that the committee has taken steps to include funding for continuation of pretrial third party custody programs. Nonprofit community-based organizations such as Bonabond have been serving as an important link in the criminal justice system by providing pretrial supervision for people accused of crimes in the District of Columbia.

The House Appropriations Committee action eliminating the $100,000 budget request for third-party custody programs could have very unfortunate consequences for public safety in the Nation's Capital. Without the third-party custody program, the city would be faced with the alternatives of increasing the already intolerable overcrowding in the District of Columbia jail or leaving several hundred high-risk cases free on bail without any supervision. By including the third-party custody program in the total allocation for the Department of Corrections, the committee has placed responsibility for this important part of the criminal justice system where it logically belongs.

Finally, I am pleased that the committee has approved additional transition-period funding for the nine law clerk positions which have been authorized and are currently being funded under an LEAA grant. The burden on the courts is tremendous, and they deserve our support.

Again, let me compliment Senator Chiles for the excellent and hard work he has put in on this bill, and let me compliment his staff who have worked so hard and have been so helpful to me.

The **PRESIDING OFFICER.** The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The **PRESIDING OFFICER.** The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 13965) as amended, was passed.

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MONTOYA. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical corrections in the engrossment of the Senate amendments to H.R. 13965.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. MANSFIELD. I move that the Senate insist upon its amendments and request a conference with the House on the disagreeing votes thereon and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. Morgan) appointed Mr. Chiles, Mr. Johnston, Mr. Huddleston, Mr. McClellan, Mr. Eagleton, Mr. Mathias, Mr. Schweiker, and Mr. Young conferees on the part of the Senate.

ORDER FOR CONSIDERATION OF H.R. 8410 AT 1 P.M. TODAY

Mr. MANSFIELD. I ask unanimous consent that the Senate return to unfinished business, but that, at the hour of 1 o'clock, the pending business be laid aside and at that time, the Senate take up Calendar 886, H.R. 8410, an act to amend the Packers and Stockyards Act of 1921, and so forth.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. KENNEDY. Mr. President, we have heard some examples, and I am sure we are going to hear a number more during the course of the debate and the discussion. The fact of the matter is, Mr. President, that we have allocations of various expenses at the present time in a wide variety of different financial endeavors and through the traditional and historic business accounting procedures and measures. They would continue under the amendment that is being offered by the Senator from Maine and the Senator from Colorado.

The point that we are not discussing, that we have not discussed, Mr. President, is the extraordinary distortion in this current situation—whether we are talking about pecan orchards or the various other items which are included in the various tax shelters—real estate, farms, oil and gas, equipment leasing, movies, and the rest—where, basically, we are permitting individuals with high incomes to buy into tax shelters, which are being marketed by a number of different groups in this country. They buy these deductions and expenses and write them off. In effect, they receive an interest-free loan from the Federal Government. The impact is that it is the Federal taxpayer who is underwriting this subsidy. That is a very significant distortion, to the extent that this amendment rakes $450 million in revenues in this area.

I do not think we can get away from the larger picture. We are being asked to respond to particular complex situations. It seems to me that for these various allocations of expenses, we find that such allocations are done every day within the business community. There is no reason in the world why they cannot be done and continue to be done today by any of the groups affected by this amendment.

The other side of the coin is, as the Joint Committee on Taxation has pointed out, that there are the two well-known individuals with incomes in excess of $500,000 who paid no Federal income tax—no Federal income tax. An individual with an income of $2 million paid an effective rate of 2.5 percent. An individual with an income of over $900,000 used tax shelter deductions to the extent that he almost entirely escaped paying any income tax. A corporate executive with almost $450,000 of income was taxed at a rate of 0.3 percent as a result of tax shelter deductions. And a lawyer paid no tax on $151,000 of income. A dentist paid no tax on $156,000. A stock broker, with income of $181,000, paid tax at a rate of 0.6 percent. That is the other side of the coin.

Mr. PACKWOOD. Will the Senator yield for a moment?

Mr. KENNEDY. Not just yet.

What we are seeing is how these various tax shelters are being used to perpetuate extraordinary inequities in the Internal Revenue Code—extraordinary inequities. It is not that poor farmer down in Texas who is trying to buy into a pecan orchard and being denied the ability to do so. It is going to be a lot more difficult for legitimate farmers to stay in business, with the serious economic distortions created at the present time by these tax shelters.

Rather than try to weep crocodile tears over those small business men and women or other individuals who are trying to get into this area, the fact is that unless we adopt this amendment of the Senators from Maine and Colorado, we are going to make it much more difficult; because all those dentists and lawyers in Boston, Mass., are going to own the pecan orchards in other parts of the country, because that is the way they are being marketed up our way. A number of dentists and lawyers and others in our State have no idea of how to run a pecan orchard, but they are able to buy into it and take the various deductions early, and obtain the tax benefit from the Federal Government. Make no mistake about it, the average taxpayer is underwriting these tax benefits. It is that kind of distortion that we are trying to address in terms of the amendment of the Senator from Maine. I think it is well warranted and justified.

In terms of the various housing provisions, the fact of the matter is, Mr. President, that because of the extraordinary need for housing, most of the housing legislation has been passed in this body to take into account the various tax shelter provisions. Were we to include them in LAL at this time, the failure of both the Congress and the administration to come up with an effective housing program, particularly in the low income and middle income area, would have a devastating effect on the housing industry, which I think would produce an unacceptable situation at the present time.

I think if we are able, in terms of housing, to allocate the resources which are necessary for a decent housing program, particularly in the low- and middle-income areas, then at a future time these particular tax shelters should be an area of the Senate and congressional attention.

But I think the impact would be unfortunate and regrettable were we to include housing at this particular time.

Mr. PACKWOOD. Mr. President, will the Senator yield?

Mr. KENNEDY. I would like to yield to my colleague from Maine since we have not been able to have a debate.

Mr. PACKWOOD. Fine. Go ahead.

Mr. HATHAWAY. I am sorry the Senator from Louisiana did not stay because he was making a point about the poor farmers. The Senator from Georgia is still here and, perhaps, I can continue the dialog with him.

As I mentioned to the Senator from Georgia this morning, in answer to the question about whether or not outside income could be used, the farmer was considered by the House of Representatives and it did give him the $20,000 against which he could take some of the farm deduction.

I would like to try to let the Senator from Oregon see the distortion that you get in this tax shelter arrangement. Take the student loan program, for example. We have a student loan program that allows students with a certain family income and under it to get a low-interest loan.

If such a student were to sell that loan to a rich kid who, because his family was making so much money, could not get the benefit of that loan, every person in this body would say that that was a bad thing to do, it was illegal, and we intended to make these low-interest loans just for the poorest students, and the richest students should not be able to take advantage of it and should not be able to buy it from him. It should not be transferrable.

That is exactly what is happening with these tax shelter arrangements, and we are doing nothing about it because the breaks we intended to give to the farmers, to the people in the real estate business, and the people in the other four businesses we are talking about here under title I, are in many cases actually selling their tax deductions to those on the outside, and that is exactly why we are incorporating this provision to curb that practice.

Mr. TALMADGE. Mr. President, will the Senator yield at that point?

Mr. HATHAWAY. We are not concerned about a minimum tax. The fact that 244 people in the country do not pay any tax at all does not really concern me at all. If you could eliminate the basis upon which they do not pay the tax, and one of the bases is this tax shelter arrangement—I certainly would be happy to do that.

Mr. TALMADGE. Mr. President, will the Senator yield?

Mr. HATHAWAY. I think I promised the Senator from Oregon I would yield to him first, and we are under a time limitation.

Mr. TALMADGE. Since the Senator mentioned the agricultural items specifically, and since he referred to the fact that they sell the tax deductions to others not in the business, the Senator is aware, of course, that we dealt with this question of farm syndication and covered that loophole, is he not?

Mr. HATHAWAY. The Senator is correct. I do not say all of them were, but in the real estate——

Mr. TALMADGE. The syndicate is what we were after, and that is what we closed. We were not after the individual farmer, and the reason I object to the LAL provisions here is that the LAL provisions would do a grave disservice and an injustice to the individual farmers.

I have no sympathy whatsoever for those cattle syndicators and others to whom the distinguished Senator from Massachusetts referred a moment ago—lawyers and doctors or dentists trying to get into the farming business on a syndication basis. The committee acted to close that syndication loophole, and I vigorously supported it, and I support it now.

But what I do object to on the LAL provision is the situation involving an individual farmer who makes a legitimate expense as to seed, feed, or fertilizer. Under the LAL provision, unless his income was under $20,000 a year, he could not deduct a legitimate expense.

I thank the Senator for yielding.

Mr. HATHAWAY. The farmer still has the same deductions he had previously.

Mr. TALMADGE. Under the Senator's amendment he would not.

Mr. HATHAWAY. The outsider who was investing in this is going to be hurt.

Mr. TALMADGE. But the farmer would also be hurt. The outsider——

Mr. HATHAWAY. The farmer with outside income is what the Senator is talking about.

Mr. TALMADGE. The Finance Committee closed the loophole on the syndicator. Under LAL, the legitimate farmer would be hurt if he had income in excess of $20,000 a year from nonfarm sources.

Mr. HATHAWAY. The Senator is correct. We gave that farmer, unlike some of the other businesses we covered, that much of a break that he could shelter up to $20,000 on a dollar-for-dollar reduction on income over that.

Mr. KENNEDY. Mr. President, will the Senator yield on this point? I would like to have the attention of the Senator from Georgia. As I understand it, that step was taken with regard to nonrecourse loans, but not with regard to deferral. So you still have the possibility of these kinds of distortions that the Senator from Maine and the Senator from Colorado are talking about in terms of deferral. And, as I support the provisions that were in title II in terms of the nonrecourse financing, I would hope that the same logic and good sense would also apply in terms of the deferral aspects which still create the abuse.

Mr. TALMADGE. What does the Senator refer to by deferrals? I do not have that particular item before me, but I thought the committee acted very effectively to close the loophole on farm syndications.

Mr. KENNEDY. That is the immediate effect of getting an interest-free loan.

Mr. TALMADGE. What is it the Senator is referring to specifically as a deferral?

Mr. KENNEDY. Well, any time that individuals are buying in and buying deductions.

Mr. TALMADGE. Buying what deductions?

Mr. KENNEDY. For any of the citrus, what we are talking about.

Mr. TALMADGE. As the Senator knows, Senator Holland, when he was in the Senate, wanted to prevent an expansion of the citrus industry. Citrus was already in surplus. Therefore, we required the citrus producers to capitalize, and it effectively put a brake on the expansion of the citrus industry and brought supply more in line with demand, and they do capitalize now.

Mr. KENNEDY. That is right.

Mr. TALMADGE. Others do not.

Mr. KENNEDY. That is right.

Mr. TALMADGE. But the LAL provision would hit the little farmer in Georgia who is trying to produce pine trees, and we are urging him to do so because we think there will be a timber shortage in future years, and it takes 52 years to produce saw logs and a loblolly pine tree in Georgia. Under LAL, he would be required to capitalize his legitimate expenses. For 52 years he could not deduct the expense of keeping fire out of his pine trees, the expense of trying to keep insects out of his pine trees, or the expense of loan interest and taxes that he pays while trying to produce his pine trees. I think such a provision is inequitable and wrong.

Mr. KENNEDY. Could the Senator, just on this point——

Mr. TALMADGE. I yield. I think the Senator has the floor. He yielded to me.

Mr. KENNEDY. That is right. But the Senator understands that even with the provisions that the Senator has taken on the nonrecourse loans, which is title II, it is still possible for the dentist from Boston to buy into these tax shelters. He can buy up these tax losses and write them off against income in any particular year and, in effect, get an interest-free loan from the Federal Government. This clearly distorts the farm market areas.

Mr. TALMADGE. As a syndicator, he could not. If he wanted to buy land and plant trees, he could. But I would point out to the Senator that that venture is 52 years, and that is a long time for some fellow to try to figure on utilizing the tax loophole. They do not do it on that basis.

Mr. KENNEDY. I know the Senator is a member of the committee and has a keen understanding of it. But it is my understanding that the syndicator can still provide that opportunity for the rich and the wealthy purchaser of a tax shelter in this area in terms of the deferral aspect. I believe I am right about that, and I would hope that if I am, we could get the support of the Senator from Georgia on this particular amendment, because I think it does have the distortions which the Senator has recognized in supporting the prohibition of syndicating nonrecourse loans. But the deferral is still available to be purchased for tax shelters, even by the syndicates themselves.

Mr. TALMADGE. We worked very long and diligently in trying to close the loophole of syndicates, and I think we effectively did so. I think to go beyond what we did would be unwise, particularly on this LAL provision which, says a loss is not a loss. It says if you pay taxes you cannot deduct your taxes. It says if a farmer bought seed it is not a legitimate expense, and say that other items that are in reality expenses are not expenses. If this amendment becomes law it will say to the taxpayer, "You lost a lot of money but we won't let you deduct it."

Mr. HATHAWAY. It goes into the deferred account. He does not lose it. He is limited to the amount plus $20,000 of outside income, and over and above that he does not deduct it. Do not let Members believe that he never gets a deduction. If he pays for it he is going to deduct it at some time.

The PRESIDING OFFICER. Will the Senator suspend?

Mr. KENNEDY. May I ask unanimous consent that the order be deferred for about 3 minutes so that the Senator from Oregon may be recognized?

Mr. MANSFIELD. I ask that it be extended for 5 minutes.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. KENNEDY. The Senator asked questions of both of us and we did get sidetracked.

Mr. PACKWOOD. We had some discussion prior to the arrival of the Senator from Massachusetts, and the statement was generally made and, I think, agreed to, that all of these wealthy people who are sheltering these incomes, that we could reach that under a so-called minimum income tax if we write it correctly, rather than using the LAL if we chose to take that alternative. Does the Senator from Massachusetts agree that that is a correct statement?

Mr. KENNEDY. I would question it. I am a strong supporter of the minimum tax, but I do not think it will meet the problem.

Mr. PACKWOOD. Of course, all we have to do with the minimum tax, when it gets to the part about preference income, is say that it is not a preference income.

It is definition.

We can be sure it is paid, and a fair portion or a high portion is paid, but it is definition. You do not have to go the route of the LAL.

Mr. KENNEDY. Of course, as now conceived, the minimum tax will take 15 percent of the shelter, which means the other 85 percent will go untouched. That's not much reform.

I suppose we could inprove it by making the minimum tax progressive.

Mr. PACKWOOD. Yes.

Mr. KENNEDY. Which I think would make it stronger. If the Senator wants to suggest that as an amendment, I would support it. But I think it is quite unrealistic to think we would be able to reach it.

It is a question of what is an abuse and what is an incentive. The question applies to all these areas we have talked about—High rise office buildings, movie theaters, shopping centers, motels, and all the rest, would require that we do it in this way.

I think it is most ineffective at the present time. But I agree with the Senator from Oregon that fashioned in progressive ways, which I think is quite unrealistic to expect the Congress to adopt, there could be improvements.

Mr. PACKWOOD. I am still curious about another point—I asked the Senator from Colorado and the Senator from Maine—and that is the inclusion of this residential real property.

I heard what the Senator from Massachusetts said. This is not a low-income provision, not doing what is going into low income, and I have yet to find out it is left in here. The one thing we could have done to help low income, we changed the limit of depreciation. Carla Hills pleaded not to do it. But this is not a low-income provision. This is a high-income tax shelter left in this bill for reasons I cannot fathom.

Mr. HATHAWAY. I answered that earlier this morning. The Senator from Colorado and I would like to see it deleted.

Mr. PACKWOOD. It is the Senator's amendment.

Mr. HATHAWAY. It is not only ours, but of many other Senators. In order to get broadbased support for this entire package of amendments, which includes six different areas, we had to compromise all along the way.

The Senator from Colorado and I would like to cut out all of DISC.

Mr. PACKWOOD. We are building condominiums and apartments. What is the compromise, why the——

Mr. HATHAWAY. This is the argument we made to those who supported it, and we lost.

Mr. PACKWOOD. Why do they say to the Senate——

Mr. HATHAWAY. I do not recall the argument.

Mr. KENNEDY. If the Senator wants to pursue it, he will have my vote.

Mr. PACKWOOD. I do not agree with the whole concept of LAL's, but I believe it is left in because of the hope to pick up two or three votes on it.

Mr. HATHAWAY. That is correct.

Mr. PACKWOOD. We understand it has no merit, but it is the Senator's amendment.

Mr. HATHAWAY. But it is a compromise. I went along with it for broader base support than my own amendment, which would have been entirely different, and maybe would have gotten a couple of votes.

Mr. BROCK. I point out to the Senator from Massachusetts that I will offer a minimum alternative tax that does reach 60 percent of preference income, only a $7,500 exemption. It would substantially increase the tax and it is highly progressive.

PROTECTION OF LIVESTOCK PRODUCERS

The PRESIDING OFFICER (Mr. LEAHY). The hour of 1:05 having arrived, under the previous order the Senate will now proceed to the consideration of H.R. 8410, which the clerk will state by title.

The assistant legislative clerk read as follows:

A bill (H.R. 8410) to amend the Packers and Stockyards Act of 1921, as amended, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Agriculture and Forestry with amendments as follows:

On page 1, line 11, strike "$1,000,000" and insert "$500,000";

On page 2, line 1, strike "section" and insert "paragraph";

On page 2, line 4, strike "said" and insert "the";

On page 2, line 5, after "1921," insert "as amended";

On page 2, line 5, after "read" insert "as follows";

On page 2, line 14 strike:

commerce: *Provided, however,* That nothing in this section shall affect the jurisdiction of the Federal Trade Commission with respect to retail sales of meat, meat food products, livestock products in unmanufactured form, or poultry products as provided in section 406 of this Act

and insert in lieu thereof:

commerce, except that any such general wholesale food brokers, dealers, or distributors shall not be deemed to be 'packers' where the Secretary determines that their inclusion as 'packers' is not necessary to carry out the purposes of this Act

On page 2, line 23, strike "said" and insert "the";

On page 5, line 24, after "1921," insert "as amended";

On page 3, line 1, strike "said" and insert "those";

On page 3, line 5, strike:

(b) Sections 203(b) and 312(b) of the Packers and Stockyards Act (7 U.S.C. 193(b) and 213(b)) are amended by adding at the end of both sections the following new sentences: "The Secretary may also assess a civil penalty of not more than $100,000 for each such violation. In determining the amount of the civil penalty to be assessed under this section, the Secretary shall consider the gravity of the offense, the size of the business involved, and the effect of the penalty on the person's ability to continue in business. If, after the lapse of the period allowed for appeal or after the affirmance of such penalty, the person against whom the civil penalty is assessed fails to pay such penalty, the Secretary may refer the matter to the Attorney General who may recover such penalty by an action in the appropriate district court of the United States.".

and insert in lieu thereof:

(b) The Packers and Stockyards Act, 1921, as amended, is amended by striking out the words "live stock" and "live-stock" wherever they appear in the Act and substituting therefor "livestock".

On page 3, line 24, strike "That the" and insert "The";

On page 4, line 7, strike "while solvent" and insert "purchasing livestock";

On page 4, line 10, strike "Said" and insert "The";

On page 4, line 10, after "Act," insert "1921, as amended,";

On page 4, line 12, strike "to the Act";

On page 4, line 16, strike "the" and insert "this";

On page 4, line 22, strike "the" and insert "this";

On page 4, line 24, strike "bond," and insert "bond;";

On page 5, line 4, after "until" insert "a";

On page 5, line 5, after "until" insert "an";

On page 5, line 20, strike "Subsection" and insert "Section";

On page 5, line 20, strike "said" and insert "the";

On page 5, line 21, after "Act," insert "1921, as amended,";

On page 5, line 24, strike "the" and insert "this";

On page 5, line 25, strike "the" and insert "this";

On page 6, line 4, strike "Said" and insert "The";

On page 6, line 4, after "Act," insert "1921, as amended,";

On page 6, line 11, strike "however,";

On page 6, line 16, strike "representative" and insert "agent";

On page 6, line 17, after "to" insert "the";

On page 6, line 19, after "basis," insert "the";

On page 6, line 21, after "transfer" insert "of possession";

On page 6, line 2, after "to" insert "the";

On page 6, line 24, after "of" insert "the";

On page 6, line 24, strike "however,";

On page 7, line 1, strike "representative" and insert "agent";

On page 7, line 2, strike "demand" and insert "receive";

On page 7, line 10, strike "paragraph" and insert "subsection";

On page 7, line 15, strike "paragraph" and insert "subsection";

On page 8, line 1, strike "the" and insert "this";

On page 8, line 2, after "as used in" strike "the" and insert "this";

On page 8, line 4, strike "Said" and insert "The";

On page 8, line 5, strike "hereby";

On page 8, line 6, strike "thereto";

On page 8, line 24, strike "however,";

On page 9, line 1, strike "$1,000,000" and insert "$500,000";

On page 9, line 4, strike "however,";

On page 9, line 6, strike "fifteen" and insert "thirty";

On page 9, line 8, strike "five" and insert "fifteen";

On page 9, line 17, strike "Said" and insert "The";

On page 9, line 17, after "Act," insert "1921, as amended,";

On page 10, line 2, after "respectively" insert a colon and the following:

Provided, That this section shall not preclude a State from enforcing a requirement, with respect to payment for livestock purchased by a packer at a stockyard subject to this Act, which is not in conflict with this Act or regulations thereunder: *Provided further,* That this section shall not preclude a State from enforcing State law or regulations with respect to any packer not subject to this Act or the Act of July 12, 1943.".

On page 10, line 15, strike "such Act" and insert "the Packers and Stockyards Act, 1921, as amended,";

On page 10, line 18, strike out:

"(d) There is hereby authorized to be appropriated to carry out the purposes of this Act for each fiscal year beginning with the fiscal year ending September 30, 1978, such sums as may hereafter be authorized biennially by the Congress.

On page 10, line 23, strike "(e)" and insert "(d)";

On page 11, line 12, strike "(f)" and insert "(e)"; and

On page 11, line 12, strike "(c)" and insert "(d)".

The PRESIDING OFFICER. Time for debate on this measure is limited and controlled.

Who yields time?

Mr. HUDDLESTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the following staff members of the Committee on Agriculture and Forestry and William E. Seale of my staff, be granted privilege of the floor during consideration of H.R. 8410, including all rollcall votes thereon: Michael R. McLeod, Carl P. Rose, Dale L. Stansbury, Steven A. Storch, William A. Taggart, and Roy Frederick.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Will the Senator yield?

Mr. HUDDLESTON. Yes.

Mr. HELMS. Mr. President, I ask unanimous consent that George Dunlop of my staff be granted privilege of the floor, as stated in the previous request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I thank the Chair and I thank the Senator.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as thus amended be considered as original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUDDLESTON. Mr. President, today we are considering H.R. 8410, legislation that will restore equity to the basic relationship between livestock producers and purchasers. This is needed legislation that will help assure the American public of a readily available source of meat and meat food products. Livestock producers will not continue to raise livestock if they do not have assurance that they are going to be paid for their efforts. H.R. 8410 goes a long way toward providing that assurance.

The Packers and Stockyards Act was enacted in 1921. At that time, over 80 percent of all livestock was sold through large terminal markets. The Secretary of Agriculture was authorized, under the act, to maintain close supervision of the transactions involving the purchase and sale of livestock at these markets. The act has served its purpose well. In 1935, it was amended to bring the purchase and sale of poultry at major markets under the Secretary's regulatory jurisdiction. A basic deficiency in the act was remedied in 1943 when the Secretary was granted permanent authority to require bonds of market agencies and dealers. From 1924 until 1942, the discretionary authority to require such bonds was granted to the Secretary in the Department of Agriculture appropriation acts.

Since 1921, the livestock marketing pattern has changed considerably with the most dramatic changes taking place during the decade following World War II. By the mid-1950's, it was clear that packers were purchasing a large percentage of their slaughter livestock through country auction markets. These markets were brought under the Secretary's supervision in 1958. National livestock marketing patterns continued to change as packers pushed to acquire livestock at its source. Today, the Department of Agriculture estimates that well over 80 percent of all slaughter livestock is purchased by packers directly from producers and custom feedlots.

PACKER FINANCIAL DIFFICULTIES

The change in marketing patterns has had serious ramifications for producers. Data from the Packers and Stockyards Administration show that during the 18-year period, from January 1958 through March 1975, 167 packers have experienced financial difficulties and failed to pay for livestock in the amount of $45.4 million. This is an average of nine packer failures per year.

As of March 1975, only $2.4 million of the $45.4 had been paid leaving an amount still owed of $43 million.

Since March 1975, two additional packers have joined the ranks of the financially troubled, leaving $769,000 and $460,000, respectively, unpaid for livestock purchased. Adding these amounts to the previous total results in $46.4 million owed to unpaid livestock producers over the past 18½-year period.

The situation gained national attention when 1 of the 10 largest meat packers in the country, American Beef Packers, declared bankruptcy. Producers in the States of Iowa, Nebraska, Texas, Colorado, Oklahoma, Kansas, South Dakota, Missouri, Wyoming, Minnesota, New Mexico, Indiana, and California were left unpaid for over $20 million worth of livestock.

The tragedy, as far as livestock producers and feeders are concerned, is that the money generated through their labors—in the form of inventory, accounts receivable, and proceeds—was distributed to the company's secured creditors and not to the unpaid producers and feeders.

This situation must be corrected. The risk livestock sellers now face in dealing with packers must be substantially reduced. No single provision of law can attain these objectives However, the combination of provisions contained in H.R. 8410 is our best assurance that the past losses suffered by producers because of packer bankruptcies will not continue in the future.

SECTION-BY-SECTION SUMMARY

SECTION 1

Section 1 of H.R. 8410 authorizes the Secretary of Agriculture to require reasonable bonds from packers. He already has this authority in relation to market agencies and dealers. It was clear during our committee deliberations that the committee members intended at the minimum that the Secretary would require a bond from packers covering 2-days' average purchases.

In the American Beef Packers bankruptcy, the amount owed unpaid sellers was approximately $21 million. A 2-day bond, had it been required at that time, would have covered about $6 million. It is clear that the bonding provision, in isolation, is not the complete answer. Even if there had been bonding in the American Beef Packers situation, $15 million in money owed to unpaid sellers would remain unpaid.

SECTION 2

Section 2 of the bill amends the definition of the term "packer" as used in the Packers and Stockyards Act. Those persons who are engaged in the business of buying livestock in commerce for slaughter, or manufacturing or preparing meats or meat food products for sale or shipment in commerce would continue to be defined as packers. For the first time, general wholesale food brokers, dealers, or distributors would be deemed to be packers, except where the Secretary determines that such inclusion is not necessary to carry out the provisions of the act.

Box beef brokers are exerting a tremendous influence on the meat marketing system and the indications are that their role will continue to expand in the future. Therefore, it is advisable for the Secretary to have jurisdiction over them. This is also true of brokers, dealers, or distributors who deal in a substantial volume of meat and meat food products and who influence the entire chain of meat marketing. The new language is not intended to include as packers those persons who only incidentally deal with meat, or handle a very small volume of such meat or meat food products.

SECTION 3

Section 3 of H.R. 8410 eliminates the need for the Secretary to prove that each alleged violation of the act is "in commerce" if the respondent is a packer, stockyard owner, market agency, or dealer. The effect of this amendment is to bring within sections 202(a) and 312(a) of the act all transactions of persons subject to the Secretary's jurisdiction under the act, and not merely those transactions which occur in commerce. Under present law, the Secretary must prove that both the defendant is covered by the act and that the particular transaction is in commerce.

SECTION 4

Section 4 of the bill authorizes the Secretary, after he determines that a packer is insolvent: First, to order the packer to cease and desist from purchasing livestock, or second, to allow the packer to continue purchasing livestock only under conditions that the Secretary may prescribe to effectuate the purposes of the act. This new provision would prevent an insolvent packer from recklessly continuing to purchase livestock until moments prior to filing for bankruptcy. This provision would also eliminate the argument that the current law actually encourages packers to purposely increase their buying activities prior to declaring bankruptcy in order to relieve their secured creditors at the expense of producers.

SECTIONS 5 AND 6

Sections 5 and 6 of H.R. 8410 increase the power of the Secretary and private parties to seek relief through the courts. Section 5 would allow the Secretary under specified circumstances to seek a preliminary injunction or temporary restraining order for violations of the Packers and Stockyards Act. Under section 6, packers, stockyard owners, market agencies, or dealers would be liable to the party injured by any violation of the act or order of the Secretary relating to the purchase, sale, or handling of livestock.

SECTION 7

Providing that livestock sellers are promptly paid for their livestock is a major goal of the legislation. Section 7 requires each packer, market agency, or dealer purchasing livestock, before the close of the next business day following the purchase and transfer of possession, to wire transfer funds or deliver to the seller or his duly authorized agent, at the point of transfer of possession, a check for the full amount of the purchase price. Delivery of a draft would not satisfy this requirement.

In the case of a purchase on a carcass or "grade and yield" basis, the delivery of the check or wire transfer of funds would not be due until the close of the first business day following determination of purchase price.

The use of the mails would be permitted if the seller or his authorized agent is not present to receive payment at the point of transfer of possession.

The parties would be free to agree between themselves to either another method of payment that would result in the producer's receiving payment within the time limits established by section 7 or to terms that would extend the prompt payment period. There are two ramifications of these mutually agreed to choices. If the buyer and seller agree to payment by the close of the next business day, any delay or attempt to delay payment shall be considered an "unfair practice" in violation of the act. If the producer and purchaser agree to payment beyond the prompt payment period established by this section, the transaction is not covered by this section and the transaction will be considered a credit sale rather than a cash sale. The producer will, therefore, not be protected by the statutory trust established under section 8 of this bill.

SECTION 8

Section 8 of the bill requires any packer with annual purchases of over $500,000 to hold all livestock, meats, receivables and proceeds therefrom in trust until all producers who have sold livestock to the packer on a cash basis have received payment for such livestock.

At this point, I ask unanimous consent to have printed in the RECORD the response of Marvin L. McLain, Administrator, Packers and Stockyards Administration, to specific questions presented by Representative CHARLES THONE. The answers are most instructive, particularly the Department's perception on how the statutory trust will actually operate. This has been the most misunderstood section of the bill, and I trust that these answers will remove any misconceptions.

There being no objection, the answers were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
PACKERS AND STOCKYARDS ADMINSTRATION,
Washington, D.C., May 4, 1976.
Hon. CHARLES THONE,
House of Representatives,
Washington, D.C.

DEAR MR. THONE: We are pleased to furnish you with the information you requested in your letter of April 30, 1976, concerning H.R. 8410. Our replies to your questions have been arranged in the enclosure numerically as set out in your letter.

If we can supply you with additional information, we shall be pleased to do so.

Sincerely,

MARVIN L. MCLAIN,
Administrator.

INFORMATION CONCERNING H.R. 8410

1. Section 8 of the bill impresses a trust on all "livestock purchased by a packer in cash sales and all inventories of or receivables or proceeds from meat, meat food products, or livestock derived therefrom" for the benefit of all unpaid cash sellers until full payment has been made. It was not intended by the Committee that any on-going segregation of funds (custodial account) would be required by this provision. Do you see any necessity for segregation of such current assets?

Answer: No. There would be no need for any special segregation of such current assets, since under the bill the trust attaches on such livestock, inventories, receivables and proceeds to the extent of the amount owed the unpaid cash sellers and there would be no necessity for a determination of the amount of that trust except in situations, such as bankruptcy, where the interests of various claimants must be specifically determined. The amount of the trust could be determined from the packer's records at any time by an audit. Although the livestock, inventories, receivables and proceeds derived from the livestock purchased by the packer in cash sales would be commingled with all other assets in the normal operations of the business, such an audit would reveal the extent of the interest of the unpaid cash sellers insuch commingled assets and therefore subject to the trust.

2. The Committee did not intend that the trust provisions, section 8, extend to the meats or meat food products purchased (and held) by retailers from the packer in good faith transactions; but rather, that the trust would attach to the accounts receivable, cash (or equivalent) or proceeds received by the packer in payment for such products. For purposes of conveying the practical effects of such a procedure to the Membership on the Floor, could you explain how this would work and whether or not you believe this would work a hardship on the packers or the retail purchasers?

Answer: The Committee Report 94–1043 states at page 7 that: "The trust does not extend to livestock, meats, etc., which have been purchased from the packer in good faith transactions". Upon the purchase by a retailer in the ordinary course of his business, the packer would then have an account receivable from the retailer for the purchase price of the product and that account receivable would be subject to the trust. When the retailer pays the purchase price, the trust would then attach to that payment. In the event of bankruptcy of the packer after the purchase in the ordinary course of business and prior to payment by the retailer to the packer, the relationship of the retailer and the packer would not change in any respect by virtue of the trust. The retailer would still owe the packer the purchase price of the product and when he pays for the product, the payment would be subject to the trust to the extent of the amount owed to the unpaid cash sellers of the livestock. The packer or the livestock seller would not be adversely affected by the fact that the trust would be applicable only with respect to the meat, meat food products, and livestock products in the possession of the packer, and then to the packer's account receivable for the sale of the products, and then to the proceeds paid by the retailer to the packer to satisfy the account receivable.

3. The Committee intended that the trust established by section 8 be a constructive statutory trust arising by operation of law and that it need not specifically identify the livestock, accounts receivable, meat or meat products to which it attaches until the event (insolvency or bankruptcy) occurs which, as a result of its occurrence (marshalling of assets, etc.), results in the identification of certain assets to which it has attached.

As a practical matter, based on the experience of the Packers and Stockyards Administration, should such identification of assets to which the trust would attach, in the event of bankruptcy, cause any difficulty in the administration of this program as outlined above?

Answer: No. There should be no problem encountered in identifying the livestock, accounts receivable, and proceeds from the meat, meat food products, or livestock products subject to the trust for the unpaid cash sellers of the livestock. Under section 401 of the Packers and Stockyards Act, every packer is required to keep such accounts, records and memoranda as fully and correctly disclosed all transactions involved in his business. Insofar as we are aware, every packer keeps books and records from which the amount of the inventories, receivables and proceeds and the amount owed to each unpaid cash seller of the livestock to the packer can be determined by an audit of those books and records. Upon bankruptcy, for example, an audit would reveal the amount of the commingled inventories, accounts receivable and proceeds, the amount owed to the unpaid cash sellers of livestcok to the packer and thus the extent of the application of the trust. The audit would reveal the amount which must be paid to the unpaid cash sellers before the commingled inventories, accounts receivable, and proceeds are freed from the trust. Accordingly, we foresee no problem in the administration of this program as contemplated by the Committee.

4. The Committee intended that existing secured credit transactions entered into between packers and their banks or other financing agents become subject to the trust provisions of this bill upon the date of enactment. Could the Packers and Stockyards Administration generally give publicity to the prospective enactment of this legislation so that packers would be on notice of its provisions? Further, do you believe such an effective date provision would work a hardship on the industry?

Answer: Yes. The Packers and Stockyards Administration would be glad to cooperate with the Committee in advising affected packers of action by the Congress with respect to this provision. It is our understanding that the various packer associations have been keeping currently abreast of developments in connection with the bill and they are no doubt keeping their membership currently advised. Also, various financial organizations have been following the developments in connection with the trust provisions. Accordingly, we would anticipate that all affected packers will receive timely notice of action by the Congress with respect to the trust provision and we would not anticipate any hardship on the industry in this regard.

5. Based on your experience with packers and their credit arrangements, need a "floating lien creditor" arrangement between a packer and his banker or other financing entity be in any way adversely affected by a trust provision such as that contained in Section 8? Explain.

Answer: The Section 8 trust provision would have an effect upon the credit arrangements between a packer and his banker or other financial entity since the lender would no longer have the livestock of the unpaid cash sellers and the products therefrom available as a source of additional security for his loan to the packer, until the livestock sellers have been paid. However, we would not anticipate that this result will have any adverse long term impact upon the credit arrangements of the packing industry.

6. Based on information you provided me, the states of Texas, Oklahoma and Oregon have laws relating to liens on livestock and products therefrom. A suggestion has been made that the Congress pass a bill containing a provision establishing a lien on behalf of the sellers of livestock. Based on your experience, would the cost of a trust provision such as we have in H.R. 8410 cost any more than a federal lien provision?

Answer: Currently three states—Texas, Oklahoma and Oregon—have laws relating to liens on livestock and products therefrom. There is also legislation pending in the states of Florida and California, which provide for liens on livestock sold to packers until payment is received by the seller.

There would not appear to be any material difference in the cost between the trust provision contained in this bill and a federal lien provision. The trust provision is largely self enforcing and would only become effective in the event of bankruptcy or inability of the packer to pay.

7. How many states currently have bonding requirements for packers? (Please provide a list by state.)

Answer: There are currently 26 states with bonding requirements for packers. These requirements vary widely from $1,000 to two full days' average purchases. A list of these states with the amount of bond required is attached.

STATE HAVING LAWS REQUIRING BONDS OF PACKERS AS OF MAY 3, 1976

States with bond requirements

Alabama, $10,000 to $50,000+10% of excess over $50,000.

California, $4,000 (Required only of packers buying direct from producers).

Colorado, $2,000 to $100,000.

Florida, $1,000 to $50,000.

Georgia, $1,000 to $50,000 (Bond to be not less than 1/25 of total annual purchases with maximum of $50,000. Ga. Code requires bonds only of dealers and packers purchasing at sales establishments, but bond form used does not restrict coverage).

Illinois, $6,000 to $50,000+15% of excess.

Indiana, $1,000 to $50,000+10% (Required only of packers operating buying stations).

Iowa, $5,000/up—no maximum (Two full days purchases).

Kentucky, $2,000 to $10,000 (Required only of packers owning buying stations or buying at plant).

Minnesota, $5,000/up.

Mississippi, $10,000 (Required only of packers with buying facilities).

Missouri, $2,000 (Required of packers w/ buying station or buying at plant).

Montana, $5,000/up.

Nebraska, $5,000/up (Bond required of packers buying 500 animal units annually other than through bonded selling agencies) (Two full days purchases).

Nevada, $5,000 to $100,000.

New Mexico, $1,000.

New York, $1,000 to $200,000.

North Dakota, $5,000 to $50,000+10%.

Ohio, $10,000/up (Average of high ten days' business applies only to packers purchasing at least 250 cattle or 500 head small stock).

Oregon, $20,000/up—no maximum (Two full days purchases).

Rhode Island, $10,000.

South Carolina, $3,000 to $25,000 (Satisfactory financial statement acceptable).

South Dakota, $5,000 to $50,000+10%.

Utah, $5,000 to $25,000+10%, maximum $100,000.

Vermont, $5,000 to $150,000.

Washington, $7,500/up—no maximum.

8. How many states currently have prompt payment statutes for packers? (Please provide listing.)

Answer: Nineteen states have prompt payment statutes of some kind which affect packer payment practices. A list of these states is attached.

STATES HAVING LIVESTOCK PROMPT PAYMENT LAWS FOR PACKERS, MAY 3, 1976

State and requirement

Alabama, pay before close of next business day following purchase. Auction operator responsible for collecting from packers.

California, shall pay within 30 days from delivery or as specified in contract.

Colorado, pay within thirty days or time specified in contract.

Florida, auction operator responsible for collecting for livestock sold to packers on date of sale, payment may be made by cash, check or draft.

Georgia, auction operator responsible for collecting for livestock sold to packers on date of sale, payment may be by cash, check or draft.

Illinois, pay within 24 hours from time of purchase or within time agreed upon by seller and buyer.

Iowa, pay within 24 hours or upon determination of purchase price. If sold on grade and yield, must pay 80% at time of delivery and remainder by end of next business day after determining grade and yield and full purchase price.

Kansas, pay by close of next business day following purchase unless otherwise agreed upon by seller and buyer.

Nebraska, pay within 24 hours following purchase or within 24 hours from time determination of purchase price whichever may occur last.

Nevada, shall pay within 30 days from delivery or as specified in contract.

New York, pay within 15 days following date of purchase.

North Carolina, auction operator responsible for collecting for livestock sold to packers on date of sale.

Oklahoma, payment due on day ownership of livestock is transferred. If after banking hours due by close of next business day following transfer of ownership. If sold on grade and yield, payment due on day grade and yield is determined.

Oregon, payment due not later than the second business day after the day the packer takes delivery. If sale is made under contract payment is due within time specified in contract.

South Carolina, auction operator responsible for collecting for livestock sold to packers on date of sale.

South Dakota, grade and yield purchases only covered. 80% due at time of sale or delivery, balance due when grade and yield has been determined, 24 hours.

Texas, payment due on day the transfer or possession occurs. If on grade and yield, payment is due not later than the close of the next business day following determination of grade and yield.

Vermont, payment due 72 hours following time of purchase.

Washington, payment due within thirty days from date of purchase unless otherwise specified in contract.

9. An allegation has been made that the cost of H.R. 8410's bonding (2¢) prompt payment (25¢), and trust provisions (26.6¢) will cost "53.6 cents per head" or about $50 million to the meat industry and $100 million to the consumer. Please examine and comment on this claim based on your experience with the industry.

Answer: It is difficult to estimate the actual cost of H.R. 8410 to the meat packing industry. If all packers slaughtering more than $500,000 worth of livestock are bonded for their livestock purchases, the cost would amount to roughly 2¢ per head for cattle and less for small stock. This cost for delivery of checks would be affected by whether the packer purchases his livestock on a grade and yield basis, at public auction and terminal markets, at its own buying stations or packing plant, or takes title at the feedlot. The contention that the prompt pay provision of this bill would cost packers 25¢ per head or $50 million for a courier service to handle checks has, however, no basis in fact. Actually, payment for most of the approximately 130 million head of livestock purchased for slaughter by packers would not require any delivery services. In most instances slaughter livestock are purchased by packer buyers at their packing plants or buying stations or at terminal or auction markets and feedlots with the weight and price known at time of sale. This permits payment to be made by the buyer or his representative at the time of purchase. Even range lambs are sorted and weighed by the packer buyer so later delivery of a check by courier would for the most part be unnecessary. In fact, the only large number of livestock that might require some extra expense for delivery of payment by check would be those fat cattle purchased at the approximately 700 largest feedlots by packers by telephone or for later delivery when their buyers would not be present.

The actual number of such livestock is not known but would probably not exceed half of the 13 million head sold at these feedlots. This would represent a courier delivery cost at 25 cents a head of possibly $1 million to $2 million instead of the $50 million figure claimed by some in the meat packing industry. However, we have no basis for judgment as to the accuracy of the 25 cents per head cost.

The $100 million cost to consumers is even more difficult to pinpoint and may be as much exaggerated as the $50 million figure referred to above. Much depends on the effort by slaughterers to strengthen their financial condition by bringing new capital into their business. Certainly, if packers would be limited in their ability to borrow as much money as a result of the trust provision as some members of the packing industry indicate, the cost of interest is not likely to exceed its current cost. However, if additional funds should be required by packers in order to pay livestock producers more promptly, then some additional interest expense currently borne by producers should be expected to be paid by packers since the funds obtained from producers through delayed payment is not currently costing the packing industry any interest.

10. How many hogs, lambs, cattle and calves are sold each year? Of these sales, how many cash sales (livestock payable) are outstanding at any one time on the average? How many are for credit sales—if known?

Answer: During the year 1974, packers purchased for slaughter 36,800,000 cattle, 3 million calves, 81,800,000 hogs and 8,800,000 sheep and lambs. The total value of this livestock was approximately $22 billion or about $85 million in purchases per day. We do not have statistics which would show the total amount of accounts payable for livestock owed by this industry at any one time, but it could range from several days purchases to a week or more. We know of no feeders, producers or farmers who intentionally extend credit in selling livestock to meat packers. All sales are intended to be cash sales.

11. Will a federal bonding requirement increase or decrease costs over those for state bonding? Explain? How about time and cost required by packers in complying with a variety of bonding (state) requirements?

Answer: The federal bonding requirement should decrease the cost of bonding for those operating under state bonds. Usually the cost per thousand for federal bonds is somewhat lower than for a state bond. Surety companies usually offer a lower rate for federal bonds because they know P&SA requires financial statements from persons bonded, audits firms in poor financial condition, and has been successful in getting many firms subject to the Act to obtain additional working capital. In addition, it would be more expensive for packers to comply with a number of varying state bonding requirements than to obtain a single federal bond. In addition to paying the higher bond premium; the packers would also have to file the necessary financial papers to obtain bonds under varying conditions and meet a variety of other state requirements.

12. How much bonding would American Beef Packers have carried had this bill been enacted into law in 1974? What proportion of unpaid seller claims would this have met?

Answer: If this bill had been enacted into law in 1974, American Beef Packers would have carried a bond in the amount of $6.6 million if the bond had been figured on the basis of two days' purchases. At the time ABP filed under Chapter XI of the bankruptcy laws, they owed $20.7 million for livestock. By selling plants and other property, approximately $11 million has been paid to livestock sellers. Appropriately $9.7 million remains to be paid on livestock debts. A $6.6 million bond would represent approximately 30% of the original amount owed or approximately 68% of the remaining amount owed to livestock sellers.

13. How many slaughterers (packers) are there in the United States, and how many would be subject to this bill (giving effect to the $500,000 exemption)?

Answer: There are approximately 1,720 slaughterers doing business under federal meat inspection. Approximately 950 of these firms would be subject to the bonding provisions of the bill.

14. Please provide a current summary of failing packers or livestock firms who have gone out of business owing for livestock? How many failures have there been in recent months and where were they doing business?

Answer: During calendar year 1975, eleven meat packers, including American Beef Packers, discontinued business owing a total of $26.85 million for livestock. Since July 1975, there have been five packers discontinuing business owing $2.28 million for livestock and were located in the states of California (3), Florida (1), and Pennsylvania (1).

15. Do you have any information (or have you had complaints) about losses by packers because of payments to sellers who have not disclosed that their livestock was mortgaged? Is information on the frequency of these payments available anywhere that you know of (if you do not collect it)?

Answer: We do not have statistical information available which would indicate the amount of losses by packers as a result of dual payment because of sellers' failure to disclose mortgaged livestock. Very little evidence of serious losses experienced by packers has been brought to our attention, although undoubtedly some losses have been incurred. We are not aware of any available source for this information.

16. How many states (of which you are aware) have legislation under consideration regarding bonding, prompt payment or liens on behalf of sellers or livestock?

Answer: Florida and California are currently considering revamping their state laws to strengthen the protection provided the livestock producers in selling to packers. A number of other states have indicated an interest in doing the same if federal legislation is not enacted. Undoubtedly, most states will hold back on legislation until the type and extent of federal legislation to be enacted is known.

SECTION 9

Mr. HUDDLESTON. At the present time, 26 States have enacted bonding requirements for packers. These requirements vary widely from $1,000 to 2 full days' average purchases. Nineteen States currently have prompt payment statutes of some kind which affect packer payment practices. Section 9 of the bill would preempt these bonding and prompt payment laws. However, the States are not preempted from enforcing a State requirement with respect to payment for livestock purchased by a packer at a stockyard subject to the Packers and Stockyards Act which is not in conflict with the act or the regulations issued thereunder. The States would also retain their authority to enforce State laws or regulations with respect to any packer not subject to the Packers and Stockyards Act or the act of July 12, 1943.

Mr. President, these are the major provisions of H.R. 8410. They complement each other and must be viewed together, since no single provision in isolation can obtain the objectives of this legislation.

I urge my colleagues to support this legislation and thereby restore equity to the livestock marketing system.

I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, how much time remains?

The PRESIDING OFFICER. One hour.

Mr. CURTIS. Mr. President, I yield myself 10 minutes.

Mr. President, it is my pleasure to rise in support of H.R. 8410 as reported by the Committee on Agriculture and Forestry. This bill deals with a very controversial subject.

It is indeed a tribute to the committee and its chairman (Mr. TALMADGE) that this significant legislation is before us today. I also commend the chairman of the subcommittee (Mr. HUDDLESTON) for his efforts concerning this legislation.

Senator CLARK and I have labored long and hard to see this legislation become a reality.

The recent American Beef Packers bankruptcy has focused national attention on the plight of livestock producers. The producers are frequently at the mercy of rising feed prices, weather conditions, and market conditions. Their entire business operation is subject to these uncertainties. On top of all these uncertainties, in recent years producers have had to cope with the uncertainty of ever being paid for the livestock they sell to packers.

Mr. President, one of the largest beef packers in the world, the American Beef Packers, is located in Omaha. Their doors closed under a bankruptcy proceedings. As a result, all of the inventory, all of the cash, all of the accounts receivable went to pay secured creditors. Individuals who had sold livestock for a number of days received nothing. It is estimated there were over $20 million worth of "no funds" checks held by farmers and feeders in the States of Nebraska and Iowa.

Field hearings were held in connection with this bill. Some of these farmers faced a dire situation. Many of them had to put a second mortgage on their land.

I recall one case in particular, a young boy who had worked his way up through the 4-H Club and Future Farmers of America, and had let his cattle accumulate. He had in number about 39. He sold them all to American Beef. He received a worthless piece of paper, a check that could not be cashed.

His cattle went into the chain of operations to be slaughtered. He had no lien on the proceeds, the inventory or anything else.

Neither did any of the other farmers and feeders. Neither was the packer under bond to pay.

This is what this legislation is all about.

Frankly, Mr. President, this will cause a hardship on some packers, but there is no other way out. The packers cannot and should not operate on the farmers' and feeders' money.

I also believe it is a situation where we must have Federal law. Livestock are bought and sold across State lines. Some packing companies have plants in two or more States. To have each State regulate this would cause confusion and controversy over the rights of the parties involved when trouble arises.

Also, if the States undertake to write their own bonding laws, it could be more difficult to buy a bond at a reasonable price. With Federal law there will be one bond required. There is hope there will be competition between these various bonding companies and that these bonds can be purchased without extreme or unreasonable difficulty.

The situation at the present time needs remedy.

This is a glaring inequity. It is an inequity that has been fostered by the Packers and Stockyards Act and the bankruptcy laws. The bill before us today would remedy the situation.

H.R. 8410, as amended by the committee, makes major changes in the Packers and Stockyards Act and the act of July 12, 1943, designed to assure livestock producers they will receive payment for the animals they send to packing plants. The principal provisions of the bill would:

First. Authorize the Secretary of Agriculture to require any packer with average annual purchases of over $500,000 to be bonded.

Second. Require any packer with average annual purchases of over $500,000 to hold all livestock, meats, receivables and proceeds therefrom in trust until all producers who have sold livestock to the packer on a cash basis have received payment for such livestock.

Third. Include wholesale brokers, dealers, and distributors marketing meats, meat food products or livestock products under regulation as packers under title II of the Packers and Stockyards Act, except where the Secretary determines such inclusion is not necessary to effectuate the purposes of the act; and include under the jurisdiction of the Secretary all transactions of packers who operate in commerce—not merely those transactions which are themselves in commerce.

Fourth. Give the Secretary authority to order packers to cease and desist from operating while insolvent except under such conditions as he may prescribe.

Fifth. Give the Secretary specific authority to request the Attorney General to seek a temporary injunction or restraining order in Federal district court, pending administrative action, to prevent irreparable injury to producers or members of the industry which would result if persons subject to the Packers and Stockyards Act were permitted to operate while insolvent or otherwise in violation of the act.

Sixth. Authorize the filing in court of a private cause of action seeking damages against any person subject to the Packers and Stockyards Act arising out of a violation of any provision of the act, or of any order of the Secretary under the act, relating to purchase, sale, or handling of livestock.

Seventh. Require packers, market agencies, and dealers purchasing livestock to deliver to the seller or his agent at the point of transfer of possession of the animals—by check or wire transfer of funds to the seller's account—the full amount of the purchase price before the close of the next business day, unless otherwise agreed in writing. However, if the seller or his duly authorized agent is not present to receive payment at the point of transfer of possession, the packer, market agency, or dealer will wire transfer or place a check in the U.S. mail for the full amount of the purchase price, by the close of the next business day. Any delay or attempt to delay payment would constitute an unfair practice in violation of the Packers and Stockyards Act.

Eighth. Provide that the packer bonding and prompt payment provisions would preempt State laws on the same subject. However, a State would not be preempted from enforcing its prompt payment requirement applicable to packers purchasing livestock at a stockyard, if the State requirement is not in conflict with the applicable act or regulations.

This legislation will protect livestock producers, and by doing so will assure the American public a constant source of meat and meat food products. Livestock producers are businessmen; as businessmen they will not continue in business without assurance that they are paid for their labors. This is simply what every working person expects.

The bill will take a unified view toward livestock marketing. The primary provisions of the bill are packer bonding, packer prompt payment, and the imposition of a statutory trust. When the Secretary's authority to regulate the purchasing activities of insolvent packers is added to this list, it becomes apparent that a recurrence of the disastrous effects of packer bankruptcies is all but removed.

A vibrant, healthy livestock industry is essential to our national well-being. H.R. 8410 will insure the industry's continued vitality. I urge my colleagues to vote for passage of this bill.

Mr. President, I reserve the remainder of my time.

Mr. CLARK. Mr. President, will the Senator from Kentucky yield me 10 minutes?

Mr. HUDDLESTON. I yield 10 minutes to the Senator from Iowa.

Mr. CLARK. Mr. President, I rise in support of H.R. 8410, a bill to amend the Packers and Stockyards Act of 1921 to assure livestock producers that they will be paid for the animals they sell, in the event of packing-plant bankruptcies.

In January 1975, a disaster of major proportions struck more than 950 producers in 13 States. Iowa and Nebraska were the hardest hit. The catastrophe cost people in those two States $12 million at a time when they were already besieged by bad weather and low prices. Like a blizzard or a drought, this disaster was sudden and devastating. The livestock producers and businesses it hit could do little more than try to pick up the pieces and start again. But this was not a natural disaster. It was the financial collapse of one of the Nation's 10 largest packers—American Beef Packers, Inc. of Omaha.

The producers damaged by the failure of American Beef were not speculators. They had sold livestock for cash, expecting to be paid. More than 1 year later, many producers and others are still wondering how it could have happened. The full answer may never be known, but the Packers and Stockyards Administration sent the Congress a report that provides some fascinating and disturbing conclusions. "Deception and callous disregard for the livestock producers; distant bank accounts; special payments to friends; and improper accounting methods"—each had a part in the collapse of American Beef and the $21 million loss to producers that followed it, according to the report, and, to compound the disaster, it seems that the company continued to purchase livestock even though it knew the checks paid to livestock producers were worthless.

The Congress cannot help those victims. Nor can it help the victims of the more than 174 other packer failures that cost livestock producers another $25 million over the past 18 years. But Congress can and must do something to prevent this awful tragedy from happening again.

In response to this situation, Senator CURTIS and I jointly introduced S. 1532, the Packer Bonding Amendments of 1975.

The House Committee on Agriculture reported H.R. 8410 just as the Senate Agriculture Committee was about to begin consideration of S. 1532. Because both bills dealt with the same subject matter and followed the same approach, it was decided that the Senate Agriculture Committee would postpone deliberations on S. 1532 until H.R. 8410 passed the House and was referred to the committee. The bill passed the House on May 6, 1976; was referred to the committee on May 11, 1976; and reported June 4, 1976.

I would like to take this opportunity to commend the Senator from Kentucky (Mr. HUDDLESTON), chairman of the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices for his efforts and his subcommittee's efforts to further this legislation, and the distinguished chairman of the Committee on Agriculture and Forestry, Senator TALMADGE, who was sympathetic to the concerns of the committee members from livestock producing States.

During 1975, the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices held various hearings on this matter in Omaha, Nebr., and in Washington, D.C. In the course of the hearings, we heard from USDA, the Department of Justice, a number of individual livestock producers, many State and national livestock producer and feeder associations, representatives of the grocery and hotel industries, and several packers and national packer organizations.

In spite of the dramatic evidence of need for legislation revealed by those hearings, the Department of Agriculture and the Department of Justice opposed any legislation on the ground that the administration opposed additional regulation. However, on May 5, 1976, Mr. THONE of the House of Representatives received notice from Mr. James T. Lynn, Director of the Office of Management and Budget, stating the administration supports the passage of H.R. 8410.

Mr. President, the need for this legislation is overwhelming. Under existing law, it has become common practice for packers to take delivery on livestock, and then pledge a security interest in the carcasses of those livestock to a third party. Some packers also delay payment for the livestock in an effort to reduce their need for capital. These practices shift a great deal of risk to livestock producers and their bankers, often with disastrous results.

The bankruptcy of American Beef put people out of work. It cheated producers out of millions of dollars, and in my judgement, it dealt a serious blow to the credibility of the entire packing industry. The victims of American Beef are having their day in court. Bankruptcy proceedings are determining amounts of restitution. For many, a settlement has been worked out giving them a limited cash payment together with a claim against American Beef's profits for the next several years until the balance of their claim is paid. Criminal charges were filed against a number of company officials. This process is long, and it is painful. For some producers it has meant bankruptcy.

The effects of the American Beef disaster were not limited to Iowa and Nebraska. Losses were felt in 11 other States as follows: Texas, $3 million; Colorado, $2.5 million; Oklahoma, $1.2 million; Kansas, $0.9 million; South Dakota, $0.5 million; Missouri, $0.3 million; Wyoming, $0.2 million; Minnesota, $56,000; New Mexico, $32,000; Indiana, $27,000; and California, $21,000.

Livestock producers and farmers have learned to live with natural disasters. After all, the weather is something you can only pray about and put up with.

But I do not believe that livestock producers should have to bear the full risk of the mismanagement, the negligence, or the fraud of any packing company they have sold livestock to for cash in good faith. For that is what happened, Mr. President. American Beef had pledged the carcasses and accounts receivable it held to bankers and mortgage firms, many of whom were paid in full—ahead of unpaid livestock sellers.

The circumstances which permit this kind of thing to happen are a fairly recent development. When packers bought most of their livestock at stockyards—as they did until the 1950's—prompt payment rules were rigidly enforced. With the current trend toward packers making direct purchases from producers and feeders, packers have been more and more in a position to shift the risk of financial failure to producers. Under the current Packers and Stockyards Act, those provisions which assure producers of being paid are not enforceable with respect to direct sales from feeders and producers to packers.

H.R. 8410 would correct this situation by amending the Packers and Stockyards Act to provide that producers be paid promptly by packers for their livestock; that meat and other accounts receivable be held in trust for the unpaid sellers of livestock in the event of financial failure or bankruptcy; and that packers be bonded.

Producers and farmers have the right by law to reclaim items sold to a bankrupt party. But when a livestock producer sells to a packer, it is often impossible for him to reclaim his livestock. In the 5 to 7 days before a bad check bounces, the producer's steer is a steak on a dinner table, or a McDonald's hamburger. So, in order to prevent a packer from pledging carcasses or payables derived from the livestock transferred by an unpaid livestock seller, the "constructive trust" was designed very much along the lines of a mechanic's lien. This has the effect of making a widely used legal protection practical and available to livestock producers and feeders—a protection they badly need.

The bill also provides authority for the Secretary of Agriculture to require that any packer with annual livestock purchases greater than $500,000 post a reasonable bond. And, the prompt pay provision requires packers, market agencies, and dealers purchasing livestock to deliver to the seller or his agent at the point of transfer of possession of the animals—by check or wire transfer of funds to the seller's account—the full amount of the purchase price before the close of the next business day, unless otherwise agreed in writing.

However, if the seller or his duly authorized agent is not present to receive payment at the point of transfer of possession, the packer, market agency, or dealer will wire transfer or place a check in the U.S. mail for the full amount of the purchase price by the close of the next business day. Any delay or attempt to delay payment would constitute an unfair practice in violation of the Packers and Stockyards Act.

Mr. President, this provision says that by the close of the following business day after sale and transfer of possession of livestock, the buyer must pay the seller. He can do that three ways:

First. Deliver his check to the point of transfer of possession.

Second. Wire transfer the funds to the seller's account.

Third. Or, if the seller or his authorized agent is not present at the point of transfer to receive the buyer's check, the buyer can mail the check.

If the buyer has a strong preference for one method of payment over another, he can request the seller for permission to use that method. For example, if the seller agrees in writing, the buyer can mail his check to the seller.

Mr. President, a number of packers have been concerned that they might be required to carry their checks repeatedly to the point of transfer in order to establish whether or not sellers are "present to receive" payment. Such an interpretation would be unreasonable. A packer who has made no other arrangement with the seller and who expects to physically deliver his check to the point of transfer would be expected to make but one such delivery. After that he would be free to mail his check. Of course, that delivery would be required to be during normal business hours, and before the close of the next business day following transfer of the livestock.

In addition to the three major provisions I have just mentioned, the bill provides for:

First. The inclusion of wholesale brokers, dealers, and distributors marketing meats, meat food products, or livestock products under regulation as packers under provisions of the act, except where the Secretary determines such inclusion is not necessary to the purposes of the act; and includes under the jurisdiction of the Secretary all transactions of packers who operate in commerce.

Second. Authority for the Secretary to order packers to cease and desist from operating while insolvent except under such conditions as he may prescribe.

Third. Specific authority for the Secretary to request the Attorney General to seek a temporary injunction or restraining order in Federal district court, pending administrative action, to prevent irreparable injury to producers or members of the industry which would result if persons subject to the Packers and Stockyards Act were permitted to operate while insolvent or otherwise in violation of the act.

Fourth. Authority to file in court a private cause of action seeking damages against any person subject to the Packers and Stockyards Act arising out of a violation of any provision of the act, or of any order of the Secretary under the act, relating to purchase, sale, or handling of livestock.

Fifth. That the packer bonding and prompt payment provisions would preempt State laws on the same subject. However, a State would not be preempted from enforcing its prompt payment requirements applicable to packers purchasing livestock at a stockyard, if the State requirement is not in conflict with the applicable act or regulations.

Mr. President, I requested that the Packer's and Stockyards Administration, USA, describe how they would interpret this prompt pay requirement in this bill, and their response is reflected in my earlier comment.

Mr. President, this is a strong bill, well designed to correct an obvious inequity livestock sellers have suffered in recent years. However, in some regards the bill is no stronger than a number of State laws. Texas, Kansas, and Oklahoma, for example, require payment for livestock on the day they are delivered. Twenty-six States have bonding requirements. Nineteen States have prompt pay requirements. H.R. 8410 would pre-empt virtually all of these State requirements so that packers would face uniform requirements from State to State.

It is a sound bill, virtually identical to H.R. 8410, the bill already passed by the House. It has bipartisan support, including endorsement of the administration. Farm groups are strong supporters, including the American National Cattlemen's Association, the National Livestock Feeders Association, the American Farm Bureau Federation, the Independent Bankers of America, the National Grange, the Farmers Union and National Farmers Organization. I strongly recommend to my colleagues the passage of H.R. 8410.

Mr. President, I ask unanimous consent to have printed in the Record additional materials from the Department of Agriculture with regard to this matter.

There being no objection, the materials were ordered to be printed in the Record, as follows:

DEPARTMENT OF AGRICULTURE,
PACKERS AND STOCKYARDS
ADMINISTRATION,
Washington, D.C., June 9, 1976.

Hon. DICK CLARK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CLARK: We are pleased to respond to your request for our interpretation of the following sections of H.R. 8410, currently under consideration by the Senate.

(1) How will the words "demand" and "receive" as used in proposed section 409(a) (page 7, line 2 of H.R. 8410) differ in effect upon the payment practices to be followed by the purchaser?

If the term "demand" is used and the seller or his agent is present at the point of transfer of possession of the livestock, the seller or his agent would be required to make a demand that the purchaser make payment at the point of transfer of possession if the obligation is to be placed on the purchaser to make payment at that point. If a demand is not made, the purchaser could pay by wire transfer or by depositing his check in the mail any time before the close of the business day following the day of the transfer of possession or determination of the purchase price.

If the term "receive" is used and the seller or his agent is present at the point of transfer of possession of the livestock, the purchaser would be under a statutory obligation to make payment at that point by the close of the next business day and could pay by wire transfer or mailed check only upon written agreement of the seller or his agent. However, as a practical matter since the packer and the seller will probably discuss payment for the livestock in most instances, few problems are likely to arise with respect to the place and type of payment.

(2) How will the trust requirement in proposed section 206(b) operate? How long does the trust last?

The trust would be a continuing one lasting as long as the packer continues to purchase livestock in cash transactions and there are unpaid cash sellers. It would automatically attach to all of the livestock, inventories, receivables, and proceeds therefrom held by the packer to the extent of the amount owed the unpaid cash sellers. As additional livestock are purchased in cash sales the interests of those sellers would be automatically covered by the trust and as these are paid their interests would be removed from coverage by the trust.

We foresee no necessity for a determination of the interest of the cash sellers in the trust except in situations, such as bankruptcy where the interests of the unpaid sellers must be specifically ascertained. The amount of the interest of the unpaid sellers in the trust could be determined by an audit of the records the packers are required by the Act to keep. Although all of the livestock purchased in cash sales and in inventories, receivables and proceeds derived therefrom and the livestock purchased in other sales and the inventories derived therefrom would be commingled, this would not present serious problems since an audit would reveal the extent of the interest of the unpaid cash sellers in such commingled assets.

(3) How would the exclusion of certain wholesale food brokers, dealers and distributors by the Department as authorized by proposed section 201(c) be carried out? What effect does inclusion under the Act of wholesale brokers, dealers and distributors of meat have upon their operations?

Proposed section 201(c) would except those general wholesale food brokers, dealers or distributors in instances where the Secretary determines that their inclusion as packers is not necessary to carry out the purposes of the Act. The Department would attempt to make this determination as soon as practical. At this time, however, the Department has limited information with respect to the persons who are engaged in this business, and their relationships with other packers or with other wholesale brokers, dealers or distributors.

A definite trend is developing toward the marketing of meat by packers through "boxed" or other containerized procedures. This will permit wholesale food brokers, dealers and distributors, not involved in the preparation of meat for sale, to exercise a greater role in the marketing of meat than in the past. We do not now have extensive information as to the nature of practices engaged in by many of these firms, nor the extent of problems in connection with "boxed" beef and similar marketing procedures. Therefore, a fairly extensive examination of this segment of the wholesale meat business will be required to determine who may be exempted without impairing the ability of the Department to carry out the purposes of the Act.

We do not anticipate any serious regulatory burden would be imposed upon any wholesale meat broker, dealer or distributor. These persons have not been made subject to either the bonding, the trust or payment provisions in this bill, but would have to conduct their operations in a fair, competitive manner. We would make such investigations as necessary to eliminate unfair or competitive practices which would adversely affect the marketing of meat and meat food products at wholesale. Of course, such jurisdic-

tion as the Department would exercise in this area would be limited to the marketing of meat, meat food products and livestock products in unmanufactured form. Transactions with respect to other food products are currently under the jurisdiction of the Federal Trade Commission and are not, and would not be, subject to the jurisdiction of the Secretary.

If you should desire additional information concerning this matter, please advise.

Sincerely,

MARVIN L. MCLAIN,
Administrator.

DEPARTMENT OF AGRICULTURE,
PACKERS AND STOCKYARDS
ADMINISTRATION,
Washington, D.C., June 11, 1976.

Hon. DICK CLARK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CLARK: We are pleased to furnish the enclosed information you requested concerning several provisions of H.R. 8410 currently under consideration in the Senate.

If you should desire additional information concerning this matter, we shall be pleased to furnish it upon request.

Sincerely,

MARVIN L. MCLAIN,
Administrator.

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1. Section 8 of the bill impresses a trust on all "livestock purchased by a packer in cash sales and all inventories of or receivables or proceeds from meat, meat food products, or livestock derived therefrom" for the benefit of all unpaid cash sellers until full payment has been made. It was not intended by the Committee that any on-going segregation of funds (custodial account) would be required by this provision. Do you see any necessity for segregation of such current assets?

Answer: No. There would be no need for any special segregation of such current assets, since under the bill the trust attaches on such livestock, inventories, receivables and proceeds to the extent of the amount owed the unpaid cash sellers and there would be no necessity for a determination of the amount of that trust except in situations, such as bankruptcy, where the interests of various claimants must be specifically determined. The amount of the trust could be determined from the packer's records at any time by an audit. Although the livestock, inventories, receivables and proceeds derived from the livestock purchased by the packer in cash sales would be commingled with all other assets in the normal operations of the business, such an audit would reveal the extent of the interest of the unpaid cash sellers in such commingled assets and therefore subject to the trust.

2. The Committee did not intend that the trust provisions, section 8, extend to the meats or meat food products purchased (and held) by retailers from the packer in good faith transactions; but rather, that the trust would attach to the accounts receivable, cash (or equivalent) or proceeds received by the packer in payment for such products. For purposes of conveying the practical effects of such a procedure to the Membership on the Floor, could you explain how this would work and whether or not you believe this would work a hardship on the packers or the retail purchasers?

Answer: The Committee Report 94–1043 states at page 7 that: "The trust does not extend to livestock, meats, etc., which have been purchased from the packer in good faith transactions." Upon the purchase by a retailer in the ordinary course of his business, the packer would then have an account receivable from the retailer for the purchase price of the product and that account receivable would be subject to the trust. When the retailer pays the purchase price, the trust would then attach to that payment. In the event of bankruptcy of the packer after the purchase in the ordinary course of business and prior to payment by the retailer to the packer, the relationship of the retailer and the packer would not change in any respect by virtue of the trust. The retailer would still owe the packer the purchase price of the product and when he pays for the product, the payment would be subject to the trust to the extent of the amount owed to the unpaid cash sellers of the livestock. The packer or the livestock seller would not be adversely affected by the fact that the trust would be applicable only with respect to the meat, meat food products, and livestock products in the possession of the packer, and then to the packer's account receivable for the sale of the products, and then to the proceeds paid by the retailer to the packer to satisfy the account receivable.

3. The Committee intended that the trust established by section 8 be a constructive statutory trust arising by operation of law and that it need not specifically identify the livestock, accounts receivable, meat or meat products to which it attaches until the event (insolvency or bankruptcy) occurs which, as a result of its occurrence (marshalling of assets, etc.), results in the identification of certain assets to which it has attached.

As a practical matter, based on the experience of the Packers and Stockyards Administration, should such identification of assets to which the trust would attach, in the event of bankruptcy, cause any difficulty in the administration of this program as outlined above?

Answer: No. There should be no problem encountered in identifying the livestock, accounts receivable, and proceeds from the meat, meat food products, or livestock products subject to the trust for the unpaid cash sellers of the livestock. Under section 401 of the Packers and Stockyards Act, every packer is required to keep such accounts, records and memoranda as fully and correctly disclose all transactions involved in his business. Insofar as we are aware, every packer keeps books and records from which the amount of the inventories, receivables and proceeds and the amount owed to each unpaid cash seller of the livestock to the packer can be determined by an audit of those books and records. Upon bankruptcy, for example, an audit would reveal the amount of the commingled inventories, accounts receivable and proceeds, the amount owed to the unpaid cash sellers of livestock to the packer, and thus the extent of the application of the trust. The audit would reveal the amount which must be paid to the unpaid cash sellers before the commingled inventories, accounts receivable, and proceeds are freed from the trust. Accordingly, we foresee no problem in the administration of this program as contemplated by the Committee.

4. The Committee intended that existing secured credit transactions entered into between packers and their banks or other financing agents become subject to the trust provisions of this bill upon the date of enactment. Could the Packers and Stockyards Administration generally give publicity to the prospective enactment of this legislation so that packers would be on notice of its provisions? Further, do you believe such an effective date provision would work a hardship on the industry?

Answer: Yes. The Packers and Stockyards Administration would be glad to cooperate with the Committee in advising affected packers of action by the Congress with respect to this provision. It is our understanding that the various packer associations have been keeping currently abreast of developments in connection with the bill and they are no doubt keeping their membership currently advised. Also, various financial organizations have been following the developments in connection with the trust provisions. Accordingly, we would anticipate that all affected packers will receive timely notice of action by the Congress with respect to the trust provision and we would not anticipate any hardship on the industry in this regard.

5. Based on your experience with packers and their credit arrangements, need a "floating lien creditor" arrangement between a packer and his banker or other financing entity be in any way adversely affected by a trust provision such as that contained in Section 8? Explain.

Answer: The Section 8 trust provision would have an effect upon the credit arrangements between a packer and his banker or other financial entity since the lender would no longer have the livestock of the unpaid cash sellers and the products therefrom available as a source of additional security for his loan to the packer, until the livestock sellers have been paid. However, we would not anticipate that this result will have any adverse long term impact upon the credit arrangements of the packing industry.

6. Based on information you provided me, the states of Texas, Oklahoma and Oregon have laws relating to liens on livestock and products therefrom. A suggestion has been made that the Congress pass a bill containing a provision establishing a lien on behalf of the sellers of livestock. Based on your experience, would the cost of a trust provision such as we have in H.R. 8410 cost any more than a federal lien provision?

Answer: Currently three states—Texas, Oklahoma and Oregon—have laws relating to liens on livestock and products therefrom. There is also legislation pending in the states of Florida and California which would provide for liens on livestock sold to packers until payment is received by the seller.

There would not appear to be any material difference in the cost between the trust provision contained in this bill and a federal lien provision. The trust provision is largely self enforcing and would only become effective in the event of bankruptcy or inability of the packer to pay.

7. How many states currently have bonding requirements for packers? (Please provide a list by state.)

Answer: There are currently 26 states with bonding requirements for packers. These requirements vary widely from $1,000 to two full days' average purchases. A list of these states with the amount of bond required is attached.

STATES HAVING LAWS REQUIRING BONDS OF PACKERS AS OF MAY 3, 1976

States and bond requirements:

Alabama, $10,000 to $50,000+10% of excess over $50,000.

California, $4,000 (Required only of packers buying direct from producers).

Colorado, $2,000 to $100,000.

Florida, $1,000 to $50,000.

Georgia, $1,000 to $50,000 (Bond to be not less than 1/25 of total annual purchases with maximum of $50,000. Ga. Code requires bonds only of dealers and packers purchasing at sales establishments, but bond form used does not restrict coverage).

Illinois, $6,000 to $50,000+15% of excess.

Indiana, $1,000 to $50,000+10% (Required only of packers operating buying stations).

Iowa, $5,000/up—no maximum (Two full days purchases).

Kentucky, $2,000 to $10,000 (Required only of packers owning buying stations or buying at plant).

Minnesota, $5,000/up.

Mississippi, $10,000 (Required only of packers with buying facilities).

Missouri, $2,000 (Required of packers w/buying station or buying at plant).

Montana, $5,000/up.

Nebraska, $5,000/up (Bond required of packers buying 500 animal units annually other than through bonded selling agencies) (Two full days purchases).

Nevada, $5,000 to $100,000.

New Mexico, $1,000.

New York, $1,000 to $200,000.

North Dakota, $5,000 to $50,000 + 10%.

Ohio, $10,000/up (Average of high ten days' business applies only to packers purchasing at least 250 cattle or 500 head small stock).

Orgeon, $20,000/up—no maximum (Two full days purchases).

Rhode Island, $10,000.

South Carolina, $3,000 to $25,000 (Satisfactory financial statement acceptable).

South Dakota, $5,000 to $50,000 + 10%.

Utah, $5,000 to $25,000 + 10%, maximum $100,000.

Vermont, $5,000 to $150,000.

Washington, $7,500/up—no minimum.

8. How many states currently have prompt payment statutes for packers? (Please provide listing.)

Answer: Nineteen states have prompt payment statutes of some kind which affect packer payment practices. A list of these states is attached.

STATES HAVING LIVESTOCK PROMPT LAWS FOR PACKERS MAY 3, 1976

State and requirement:

Alabama: Pay before close of next business day following purchase. Auction operator responsible for collecting from packers.

California: Shall pay within 30 days from delivery or as specified in contract.

Colorado: Pay within thirty days or time specified in contract.

Florida: Auction operator responsible for collecting for livestock sold to packers on date of sale, payment may be made by cash, check or draft.

Georgia: Auction operator responsible for collecting for livestock sold to packers on date of sale, payment may be by cash, check or draft.

Illinois: Pay within 24 hours from time of purchase or within time agreed upon by seller and buyer.

Iowa: Pay within 24 hours or upon determination of purchase price. If sold on grade and yield, must pay 80% at time of delivery and remainder by end of next business day after determining grade and yield and full purchase price.

Kansas: Pay by close of next business day following purchase unless otherwise agreed upon by seller and buyer.

Nebraska: Pay within 24 hours following purchase or within 24 hours from time determination of purchase price whichever may occur last.

Nevada: Shall pay within 30 days from delivery or as specified in contract.

New York: Pay within 15 days following date of purchase.

North Carolina: Auction operator responsible for collecting for livestock sold to packers on date of sale.

Oklahoma: Payment due on day ownership of livestock is transferred. If after banking hours due by close of next business day following transfer of ownership. If sold on grade and yield, payment due on day grade and yield is determined.

Oregon: Payment due not later than the second business day after the day the packer takes delivery. If sale is made under contract payment is due within time specified in contract.

South Carolina: Auction operator responsible for collecting for livestock sold to packers on date of sale.

South Dakota: Grade and yield purchases only covered. 80 percent due at time of sale or delivery, balance due when grade and yield has been determined, 24 hours.

Texas: Payment due on day of transfer or possession occurs. If on grade and yield, payment is due not later than the close of the next business day following determination of grade and yield.

Vermont: Payment due 72 hours following time of purchase.

Washington: Payment due within thirty days from date of purchase unless otherwise specified in contract.

9. An allegation has been made that the cost of H.R. 8410's bonding (2¢) prompt payment (25¢), and trust provisions (26.6¢) will cost "53.6 cents per head" or about $50 million to the meat industry and $100 million to the consumer. Please examine and comment on this claim based on your experience with the industry.

Answer: It is difficult to estimate the actual cost of H.R. 8410 to the meat packing industry. If all packers slaughtering more than $500,000 worth of livestock are bonded for their livestock purchases, the cost would amount to roughly 2¢ per head for cattle and less for small stock. The cost for delivery of checks would be affected by whether the packer purchases his livestock on a grade and yield basis, at public auction and terminal markets, at its own buying stations or packing plant, or takes title at the feedlot. The contention that the prompt pay provision of this bill would cost packers 25 cents per head or $50 million for a courier service to handle checks has, however, no basis in fact. Actually, payment for most of the approximately 130 million head of livestock purchased for slaughter by packers would not require any delivery services. In most instances slaughter livestock are purchased by packer buyers at their packing plants or buying stations or at terminal or auction markets and feedlots with the weight and price known at time of sale. This permits payment to be made by the buyer or his representative at the time of purchase. Even range lambs are sorted and weighed by the packer buyer so later delivery of a check by courier would for the most part be unnecessary. In fact, the only large number of livestock that might require some extra expense for delivery of payment by check would be those fat cattle purchased at the approximately 700 largest feedlots by packers by telephone or for later delivery when their buyers would not be present.

The actual number of such livestock is not known but would probably not exceed half of the 13 million head sold at these feedlots. This would represent a courier delivery cost at 25¢ a head of possibly $1 million to $2 million instead of the $50 million figure claimed by some in the meat packing industry. However, we have no basis for judgment as to the accuracy of the 25¢ per head cost.

The $100 million cost to consumers is even more difficult to pinpoint and may be as much exaggerated as the $50 million figure referred to above. Much depends on the effort by slaughterers to strengthen their financial condition by bringing new capital into their business. Certainly, if packers would be limited in their ability to borrow as much money as a result of the trust provision as some members of the packing industry indicate, the cost of interest is not likely to exceed its current cost. However, if additional funds should be required by packers in order to pay livestock producers more promptly, then some additional interest expense currently borne by producers should be expected to be paid by packers since the funds obtained from producers through delayed payment is not currently costing the packing industry any interest.

10. How many hogs, lambs, cattle and calves are sold each year? Of these sales, how many cash sales (livestock payable) are outstanding at any one time on the average? How many are for credit sales—if known?

Answer: During the year 1974, packers purchased for slaughter 36,800,000 cattle, 3 million calves, 81,800,000 hogs, and 8,800,000 sheep and lambs. The total value of this livestock was approximately $22 billion or about $85 million in purchases per day. We do not have statistics which would show the total amount of accounts payable for livestock owed by this industry at any one time, but it could range from several days purchases to a week or more. We know of no feeders, producers or farmers who intentionally extend credit in selling livestock to meat packers. All sales are intended to be cash sales.

11. Will a federal bonding requirement increase or decrease costs over those for state bonding? Explain. How about time and cost required by packers in complying with a variety of bonding (state) requirements?

Answer: The federal bonding requirement should decrease the cost of bonding for those operating under state bonds. Usually the cost per thousand for federal bonds is somewhat lower than for a state bond. Surety companies usually offer a lower rate for federal bonds because they know P&SA requires financial statements from persons bonded, audits firms in poor financial condition, and has been successful in getting many firms subject to the Act to obtain additional working capital. In addition, it would be more expensive for packers to comply with a number of varying state bonding requirements than to obtain a single federal bond. In addition to paying the higher bond premium, the packers would also have to file the necessary financial papers to obtain bonds under varying conditions and meet a variety of other state requirements.

12. How much bonding would American Beef Packers have carried had this bill been enacted into law in 1974? What proportion of unpaid seller claims would this have met?

Answer: If this bill had been enacted into law in 1974, American Beef Packers would have carried a bond in the amount of $6.6 million if the bond had been figured on the basis of two days' purchases. At the time ABP filed under Chapter XI of the bankruptcy laws, they owed $20.7 million for livestock. By selling plants and other property, approximately $11 million has been paid to livestock sellers. Approximately $9.7 million remains to be paid on livestock debts. A $6.6 million bond would represent approximately 30% of the original amount owed or approximately 68% of the remaining amount owed to livestock sellers.

13. How many slaughterers (packers) are there in the United States, and how many would be subject to this bill (giving effect to the $500,000 exemption)?

Answer: There are approximately 1,720 slaughterers doing business under federal meat inspection. Approximately 950 of these firms would be subject to the bonding provisions of the bill.

14. Please provide a current summary of failing packers or livestock firms who have gone out of business owing for livestock? How many failures have there been in recent months and where were they doing business?

Answer: During calendar year 1975, eleven meat packers, including American Beef Packers, discontinued business owing a total of $26.85 million for livestock. Since July 1975, there have been five packers discontinuing business owing $2.28 million for livestock and were located in the states of California (3), Florida (1), and Pennsylvania (1).

15. Do you have any information (or have you had complaints) about losses by packers because of payments to sellers who have not disclosed that their livestock was mortgaged? Is information on the frequency of these payments available anywhere that you know of (if you do not collect it)?

Answer: We do not have statistical information available which would indicate the amount of losses by packers as a result of dual payment because of sellers' failure to disclose mortgaged livestock. Very little evidence of serious losses experienced by packers has been brought to our attention, although undoubtedly some losses have been incurred. We are not aware of any available source for this information.

16. How many states (of which you are aware) have legislation under consideration regarding bonding, prompt payment or liens on behalf of sellers of livestock?

Answer: Florida and California are currently considering revamping their state laws to strengthen the protection provided the livestock producers in selling to packers. A number of other states have indicated an interest in doing the same if federal legislation is not enacted. Undoubtedly, most states will hold back on legislation until the type and extent of federal legislation to be enacted is known.

Mr. CLARK. Mr. President, I yield the remainder of my time back to the chairman of the committee.

Mr. HUDDLESTON. Mr. President, I yield such time as he may desire to the Senator from Kansas.

Mr. DOLE. Mr. President, today we are considering legislation that will return to our livestock producers assurance that they will be paid for the livestock they sell to a packing company. Since 1958, 167 packaging companies have gone out of business owing farmers $45.4 million. Up until 1975, 164 firms went out of business owing a total of $21.07 million, averaging 9.6 firms owing $1.171 million per year.

In 1975, however, when only three packing firms went out of business, the total figure amounted to $24.3 million due to the extremely large bankruptcy of one firm: American Beef Packers—$20.7 million. Changes in the methods of paying farmers for their livestock in the past 10 years were one reason for a single financial disaster of this magnitude.

Ten years ago, most farmers were paid for their livestock at the stockyard or feedlot when the animals were loaded for shipment. Then, due to increased production through feedlots, the closing of several large packing plants, and the changes in processing and marketing, it became the practice for more livestock to be purchased directly from feedlots and shipped to distant packing plants. With this change, the practice of mailing checks to the producers became more prevalent. The resulting delay in the producers receiving their checks, coupled with the particular circumstances surrounding the American Beef Packers situation, resulted in about 1,000 livestock producers holding worthless checks amounting to $20.7 million.

This was the largest bankruptcy case in the packing industry history, and through the hearings conducted by the Senate Committee on Agriculture and Forestry, it became evident that there is no assurance that the situation could not occur again. It was felt by the committee that these producers were entitled to some protection against such a recurrence.

So today we consider H.R. 8410, commonly referred to as the Thone Packer-Bonding bill. It provides assurance to our livestock producers that they will be paid for the animals they sell.

Briefly the bill contains three major provisions:

Packers would be required to obtain a bond amounting to approximately the value of animals they purchase in an average 2-day period.

Packers would be required to deliver a check to the seller at the point of transfer of possession of the livestock or wire funds between banks by the close of business the following day. If the seller or his agent is not present to receive the check, the packer may mail the check to the seller.

In the event of bankruptcy, a temporary trust would be established from the inventories and receivables of a packer amounting to what is owed the unpaid sellers of livestock.

Perhaps the most important provision of the bill is the "trust" provision, since it will assure payment to the producer. The prompt payment provision will restore the former procedure of payment at the point of possession. If the seller or a designated representative is not present when the packer delivers the check, then the packer may deposit the check in the mail before the close of business the following day.

Mr. President, the farmers who produce the livestock from which we obtain the meat we eat are entitled to assurance of being paid. Therefore, I urge our colleagues to support this legislation.

I yield back the remainder of my time.

Mr. HUDDLESTON. Mr. President, the Senator from North Carolina had an amendment to offer.

Mr. DOLE. Mr. President, I have a technical amendment that I can offer at this time.

Mr. HUDDLESTON. I yield to the Senator from Kansas.

UP AMENDMENT NO. 58

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Kansas (Mr. Dole) proposes unprinted Amendment No. 58.

On page 6, line 11, strike out the word "agent" and insert in lieu thereof the word "representative".

On page 6, line 17, strike out the word "agent" and insert in lieu thereof the word "representative".

On page 7, line 1, strike out the word "agent" and insert in lieu thereof the word "representative".

Mr. DOLE. Mr. President, this is a technical amendment that changes the term for designation of an agent to representative. There is some fear that agent could be confused with market agent and therefore, to clarify this, I offer the amendment.

This has been discussed with the chairman of the subcommittee, the Senator from Kentucky (Mr. Huddleston), and I think there is no objection to the amendment.

Mr. HUDDLESTON. There is no objection to the amendment. It is a technical clarification and I move that it be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HUDDLESTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUDDLESTON. Mr. President, I yield to the Senator from North Carolina.

Mr. HELMS. I thank the able Senator.

AMENDMENT NO. 1786

Mr. President, I have an amendment at the desk, which I call up, and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from North Carolina (Mr. Helms) proposes amendment number 1786.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 6, line 7, strike out all drawn through page 7, line 9, and insert in lieu thereof:

Sec. 409. (a) Each packer, market agency, or dealer purchasing livestock shall, before the close of the next business day following the purchase of livestock and transfer of possession thereof, deliver a check, wire transfer, or deposit a check for delivery by United States mail, to the seller or his duly authorized agent for the full amount of the purchase price: *Provided, however,* That in the case of a purchase on a carcass or "grade and yield", the purchaser shall make payment by delivery of a check, deposit of a check for delivery by United States mail, or wire transfer of funds to the seller's account for the full amount of the purchase price not later than the close of the first business day following determination of purchase price.

Mr. HELMS. Mr. President, I add my support to H.R. 8410, as reported by the Committee on Agriculture and Forestry. Many members of the committee are strongly persuaded that H.R. 8410 is much-needed legislation, and I agree. I agree that it is essential if the livestock producers of the country are to be able to continue to survive in the marketplace. This bill is considered to accomplish that objective. It will hopefully prevent any future recurrence of the tragedies that producers experienced following the American Beef Packers bankruptcy.

While I strongly support the bill, I am concerned that the prompt payment provision, section 7, may smack a bit of legislative overkill. I do not question the necessity for a prompt payment provision. However, I do believe that such a provision should be commercially feasible and effective. If a requirement places such a heavy burden on the packing industry as to conflict with normal and realistic commercial practices, applicable to all other businesses in this country, its effectiveness will be greatly diminished and it is not unrealistic to envision packers buying only from producers who would agree to other methods of payment.

Besides simply being burdensome, section 7 also seems to the Senator from North Carolina to be ambiguous. I take a moment to explore the operation of this section. Packers, of course, are required to pay for livestock by the close of the business day following purchase and transfer of possession.

This can be accomplished either by actual physical delivery of a check for the full purchase price of the livestock at the point of transfer of possession or by wire transfer of funds to the seller's account for the full amount of the purchase price. Only, and I repeat, only, if the seller or his agent is not present to receive payment at the point of transfer of possession, can the seller pay by mailing a check.

This provision may seem advisable when it is read for the first time. It appears in fact to be almost innocuous. However, what this section is actually saying is that the packer must be prepared to pay the buyer when transfer of possession takes place, or at anytime from that time to the close of the following business day if the seller is present to receive payment at the point of transfer of possession.

This is why I raise the question, and this is the purpose of the amendment that I have called up.

This is an unnecessary burden, and could cause confusion and disruption in the normal daily business affairs of the purchasers business offices.

So, I think it is a very real question, Mr. President, as to whether there is any reason why this industry should be treated differently from all other businesses in this country.

The use of the mails is the commonly accepted means of forwarding payment.

At the same time, I am fully aware that in the past, transmittal of payment by mail has resulted in some packers being able to prolong payment periods and thereby extend their float time. The amendment which is now pending is very simple and it addresses this problem. It would allow a packer to satisfy the prompt payment requirement of the bill by any one of three payment methods.

The three methods are: First, actual delivery of the check; second, wire transfer; or third, deposit for delivery by U.S. mail. The buyer and seller would be free to mutually agree as to which of these payment methods would be utilized for the particular transaction. So long as payment is accomplished by the close of the next business day, the basic objective of section 7 is accomplished.

My amendment specifically allows the use of the mails as a payment method, on an equal footing with actual delivery and wire transfer. Some people would make the point that allowing the use of the mails in all cases undermines the entire prompt payment provision. These same folks will back up their position by stating that a packer can postmark letters on his postage meter and then wait several days to mail the letter. I simply cannot believe that such actions would ever involve more than a miniscule percentage of packers. Furthermore, such delays of payment would constitute unfair practices under the act, and just would not be legal.

There has been only one real objection raised to this amendment. The objection is based on the fact that a producer has a right to be paid in full when he sells livestock. This amendment does not alter that right, nor does it in any way interfere with the private right of contract. If both parties agree, the check will be delivered. All the amendment says is that mail or wire transfer are also accepted methods.

It is not proper, or desirable, for the Federal Government to superimpose its judgment on what methods should be used to effectuate payment between a buyer and a seller. The only exception to this would be where the public interest clearly demands otherwise. My amendment would not allow the use of drafts, since drafts are largely worthless and have resulted in considerable harm to producers. Freedom of contract is an essential principle of our democratic system, and this amendment preserves that principle.

We want to protect producers. The use of the mails protects the producer. If the purchaser sends an insufficient funds check, he would be in violation of the prompt payment requirement, since the purpose or result of such action would be to extend the normal payment period.

By depositing the check in the mail, the purchaser is obligating his funds. The seller is still able to preserve his right under the trust established under section 8 of the bill, if he is unpaid.

My point is simply that my amendment would accomplish the purpose of the prompt payment provision, without imposing an unnecessary burden on purchasers, and without adversely affecting sellers. I urge my colleagues to vote in favor of this amendment.

Mr. President, I do not think enough Senators are in the Chamber, but I ask for the yeas and nays, mainly so that the cloakroom can inform enough Senators to be here for a sufficient second.

The **PRESIDING OFFICER**. Is there a sufficient second? There is not a sufficient second.

Mr. **DOLE**. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. **HELMS**. I yield.

Mr. **DOLE**. Mr. President, I ask unanimous consent that Robert Sindt, a member of Senator's HRUSKA's staff, have the privilege of the floor during the debate and vote on H.R. 8410.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **HELMS**. Mr. President, I ask for the yeas and nays.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AUTHORIZATION FOR THE COMMITTEE ON COMMERCE TO MEET TODAY

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the Committee on Commerce be allowed to meet this afternoon for approximately 15 minutes, to report an important bill, following any rollcall vote, which would be the rollcall vote on the Helms amendment.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

PROTECTION OF LIVESTOCK PRODUCERS

The Senate continued with the consideration of the bill (H.R. 8410) to amend the Packers and Stockyards Act of 1921, as amended, and for other purposes.

Mr. **HUDDLESTON**. Mr. President, I commend the distinguished Senator from North Carolina for his effort and time he has devoted to this measure and his sincere interest in attempting to resolve the problems that producers and feeders of livestock have been faced with throughout the years.

However, I must oppose the amendment that is being offered by the Senator from North Carolina, basically on two points.

First, it takes from the seller the option for making the decision as to how payment is made and transfers it to the buyer.

Second, the amendment offered by the Senator from North Carolina loosens up the process in favor of the purchaser. Some possible abuses that could occur are a purchaser could predate his check, predate his postal meter, and seemingly qualify under the provision of the bill, yet delay for several days or weeks payments to purchasers.

Mr. **HELMS**. Mr. President, will the Senator yield on that point?

Mr. **HUDDLESTON**. I yield.

Mr. **HELMS**. The Senator will agree that the bill otherwise provides that this would be a violation of the law?

Mr. **HUDDLESTON**. That is correct.

Mr. **HELMS**. I thank the Senator.

Mr. **HUDDLESTON**. My position is that the amendment should not be agreed to.

I yield at this time to the Senator from Iowa (Mr. CLARK) for whatever comments he has on this matter.

Mr. **CLARK**. Mr. President, I oppose this amendment.

The prompt-pay section is one of the three basic foundations of the bill. This section, along with the trust section and the bonding section provides a unified set of basic protections needed by livestock producers to insure payment for livestock.

The purpose of the amendment offered by my good friend, the Senator from North Carolina, is to permit packers to mail checks in payment for livestock, and I agree with that purpose. In fact, it is permitted by the language of H.R. 8410 as it stands, and as he has explained it.

H.R. 8410 requires that by the close of the following business day after sale and transfer of possession of livestock, the buyer must pay the seller. He can do that three ways:

First, deliver his check to the point of transfer of possession.

Second, wire transfer the funds to the seller's account.

Third, or, if the seller or his authorized agent is not present at the point of transfer to receive the buyer's check, the buyer can mail the check.

If the buyer has a strong preference for one method of payment over another, he can request the seller for permission to use that method. For example, if the seller agrees in writing, the buyer can mail his check to the seller.

I oppose the proposed amendment because it would take the option of how payment should be made away from the seller and give it to the packer. The proposed amendment was justified on the basis that payment by mail is normal business practice. In fact, in those major livestock producing States—including Kansas, Texas, and Oklahoma—which now require payment the same day the livestock are transferred, payment by mail is not a normal business practice. H.R. 8410 would allow packers more flexibility than they now have in those States. The prompt-pay provisions in those States are working well. There is no reason to believe that H.R. 8410 would impose an undue hardship on packers elsewhere.

One significant reason a number of States have prompt-pay laws that do not permit a packer to mail checks is that this practice was seriously abused, as the Senator from Kentucky said, surely, the excuse "the check is in the mail" must be one of the oldest and best ways to delay payment. Packers have been guilty of mailing checks from very distant points to gain an extra day or two. The fact is that a number of States found that the practice was so susceptible to abuse that they took steps to restrict the circumstances in which it can be used. Mr. President I do not believe we should pass a bill today that leaves producers with less effective protection than they now have.

An additional concern has been raised by the Senator from North Carolina about this section. It is that a packer might be required to carry his check repeatedly to the point of transfer in order to establish whether or not the seller was "present to receive" payment. Such an interpretation would be unreasonable and I would not support the language of this section if I believed such a requirement were implied.

A packer who has made no other arrangement with the seller and who expects to physically deliver his check to the point of transfer would be expected to make but one such delivery. After that he would be free to mail his check, of course, that delivery would be required to be during normal business hours, and before the close of the next business day following transfer of the livestock.

I urge my colleagues to vote to reject this amendment.

Mr. HELMS. Mr. President, the statement by my friend, the able Senator from Iowa, is one with which there can be very little quarrel. In fact, I am delighted that he made the legislative history he did as to the intent of this legislation. That will be exceedingly helpful.

My problem, and my only problem, with the bill is the question of unnecessary intervention of the Federal Government into a normal commercial business process.

I say to the Senator from Iowa, the Senator from Kentucky, the Senator from Kansas, and all other Senators that if this amendment is accepted and if there is thereafter a practice of abusing the intent to assure prompt payment, I will not merely join the Senator from Iowa but I will take the lead in coming back to the Senate and saying, "Let us impose this sort of absolute requirement," because the Senator's motivations and my motivations are the same. We both want to see the producers protected, and I am sure that neither of us wants to impose unnecessary and unwarranted Federal controls on what should be responsible free enterprise.

Without question, producers should get a fair deal. However, I believe that "prompt payment" can and should be defined as payment by mail the following day. If the purchasers violate the law—I am speaking of packers—and engage in practices to extend delay payment; if they play around the float and say "the check is in the mail," as the Senator mentioned, that would be both reprehensible and unlawful, and it should not be allowed. But I think we should test the situation and give the packers the presumption of good faith and see how it works out.

I say to all Senators that if it does not work out, if the packers do not prove to merit the presumption of good faith, I will be on the floor of this Senate leading the effort to apply whatever requirements that may be necessary. But, before we go that far, I believe we should give the free enterprise system a chance to work without further Government intervention.

Mr. HUDDLESTON. Mr. President, I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I reluctantly oppose the amendment.

I think the Senator from North Carolina has indicated that this bill may be tinged with overkill. That is a question the Senator from Kansas raised in the committee during the final markup of this legislation. Cattlemen throughout history have been seriously independent, and I think they have not compromised that independence in requesting legislation that goes this far. Certainly, protection is very much needed and very much desired. I trust that in the operation and implementation and administration of this legislation, we do not have overkill; that we do retain for cattlemen and others directly or indirectly involved in this great industry the fierce independence that they are proud of, and of which they have every right to be proud.

This amendment would nullify one of the three major provisions of this legislation by allowing the packer to mail a check to the seller of livestock. I can certainly understand his concern and rationale for the amendment, for this procedure was extensively researched and considered by the Agriculture and Forestry Committee. The Senator offered this amendment in the full committee markup and it was rejected. The reason for its rejection then still applies. The bill requires a check to be delivered to the seller at the point of transfer of possession of the livestock or wire transfer funds to the seller's account by the close of the following business day. His amendment would remove this requirement and simply allow the packer to mail the seller a check.

I would like to take a few minutes to clarify the situation surrounding the sale of livestock and the method by which the livestock are paid.

EXTENDS CASH SALES

I only point out the one argument, throughout history, as far as I can determine, the sale of livestock has been, and is still considered, by both parties, to be a cash sale.

A cash sale means that the seller receives payment when he delivers the livestock either to a packing house or to a truck for delivery. It is well to remember that farmers attempt to sell their livestock at just the right time—that is, at the time when they will yield the maximum quantity and quality of meat with a minimum of cost for feed. At that time, he must sell or his returns start diminishing. He only has a limited number of packers available to him as purchasers, and therefore, is at their mercy to certain terms.

MAIL DELAYS PAYMENT

Because of this situation in recent years, packers have commenced mailing checks to sellers which take several days to arrive and to clear the bank, 3 to 5 days can hardly be considered a cash sale and with the mail service being what it is today, it may be longer than 3 or 5 days. That is not the fault of either party.

This extended interpretation of "cash sale," its manipulation by using distant banks, coupled with other particular circumstances surrounding the American beef packers bankruptcy, caused nearly 1,000 farmers to hold worthless checks amounting to over $20 million last year.

Because of this, several States, including my State of Kansas and a number of others, have passed laws requiring prompt payment of the packer to a seller, in Kansas, packers are required to deliver a check to the seller by the close of business the same day of transfer of possession. This law has been operating for a year now with no violations.

SHIFTS FINANCIAL COST TO FARMER

Second, another factor in opposition to this amendment, is that when the farmer has been forced from a cash position during this extended period, he must pay interest on his borrowed funds. In some businesses, 3 to 5 days to receive cash payment may be considered an accepted and normal practice, but in the livestock producing business, it is not, 3 to 5 days additional interest on hundreds of thousands of dollars a year can make the difference between profit and losses in some cases.

PROMPT PAYMENT NOT ENFORCED

A final point is that the present regulations of the packers and stockyards administration has had in force since 1964 a requirement that the seller of livestock be paid within 48 hours. P. & S. officials admit they have not tried to enforce this regulation. This amendment would remove the provisions presently in the bill that mandate compliance with current regulations.

Mr. President, if we expect to continue to enjoy an adequate and reasonably priced supply of meat and meat products, we need to give the farmers the assurance contained in the bill as reported from the Agriculture Committee and I, therefore, urge my colleagues to oppose the amendment.

I believe that if we look at the history of prompt payment and we look at the Packers and Stockyards Act—and we had P. & S. officials admit that they had not tried to enforce the regulation—and we balance the equities, I think we must come down on the side of protecting the cattlemen and protecting this industry, not just for their sake but for the sake of consumers. Even beyond that, there is a provision on page 6 of this bill that I think will take care of most problems. In fact, I would predict that a pattern of negotiations and trading would develop, where they could agree in writing on any method of payment, whether it is to be mailed or paid on the site. I think this will eliminate many of the fears that the packers and others have. I think it will, in time, satisfy the very sincere objections raised by the distinguished Senator from North Carolina.

Mr. President, I ask unanimous consent that a copy of the Kansas law be printed in the RECORD. at this point.

There being no objection, the law was ordered to be printed in the RECORD, as follows:

HOUSE BILL NO. 2513

An act relating to payment for livestock purchased for slaughter

Be it enacted by the Legislature of the State of Kansas

Section 1. As used in this act, unless the context clearly requires otherwise, the following words and phrases shall have the meanings ascribed to them in this section:

(a) "Livestock" means cattle, hogs or sheep;

(b) "slaughter" means killing livestock with the intent to process and distribute the meat and by-products of such livestock, regardless of the period of time elapsing between the purchase and the killing of such livestock;

(c) "person" means any individual, firm, partnership, corporation or other organization or business entity;

(d) "payment by check" means the actual delivery of the check to the seller or his representative at the location where the transfer of ownership is accomplished. In the case of "grade and yield" selling, "payment by check" means making the check available at the packing plant, subject to the instructions of the seller or his representative;

(e) "wire transfer" means any telephonic, telegraphic, electronic or similar communication between the bank of the purchaser and the bank of the seller which results in the transfer of funds or credits of the purchaser to an account of the seller.

SEC. 2. (a) Unless otherwise agreed to in writing between the owner and the purchaser or their respective agent or representative for each transaction, it shall be unlawful for any person who purchases livestock for slaughter, whether acting individually or as an agent or representative of another, to fail or refuse to make payment by check or wire transfer of funds to the owner of such livestock, representative, agent or assignee, for such livestock on the business day within which the ownership of said livestock is transferred within the state of Kansas, except that if the transfer is accomplished after normal banking hours said payment shall be made in the manner herein provided not later than the close of the first business day following the transfer of ownership. For the purposes of this section, where livestock is sold and purchased on a "grade and yield" basis, the transfer of ownership shall be deemed to have occurred on the day when the grade and yield is determined.

(b) Whenever payment for livestock purchased for slaughter is made by check, such check shall be drawn on a banking institution within the same federal reserve district in which the transaction takes place, unless otherwise agreed to in writing between the owner and the purchaser or their respective agent or representative.

(c) Any person violating any of the provisions of this section shall be deemed guilty of a class B misdemeanor.

SEC. 3. This act shall take effect and be in force from and after its publication in the statute book.

Mr. CURTIS. Will the Senator yield 5 minutes?

Mr. DOLE. I yield to the Senator from Nebraska 5 minutes, or 10.

Mr. CURTIS. Mr. President, I am opposed to the amendment offered by my distinguished friend, the Senator from North Carolina.

My objection to this amendment is based on my long-time interest in livestock marketing and the opportunity I had during the past year to see and speak to livestock producers who sold their livestock to American Beef Packers. These producers had suffered. They suffered through actions over which they had no control. These producers sold their livestock in good faith with the expectation of being paid for their labors. It is only now, roughly 2 years after the bankruptcy petition was filed, that these producers have a glimmer of hope that they will be paid in full within the next 5 years. Two years is a long time to wait for payment, when you have ongoing obligations which must be paid. It would be a rare individual, indeed, who would be willing to forgo payment for so long.

In this amendment, we are being told that mailing a check is the "commercially accepted" way of doing business. This may be true of other businesses, but it is not now, and never has been, the accepted way of doing business in livestock. It has only been over the past few years that mailing checks has been accepted for paying for livestock, and even now it is far from being the universally accepted method of payment. Presently, we have 19 States that have prompt payment laws, many of which forbid the use of the mails.

What this amendment does in practice is eliminate the producer's bargaining position. It is not farfetched to imagine that if this amendment is passed, packers will, as a matter of course, pay by check through the mails. They would be foolish not to, since the use of the mails would insure them several days of additional float time beyond the normal time it takes for a check to clear for payment. This float time simply allows the packers to play with other people's money.

My good friend, the Senator from North Carolina, is unquestionably motivated by good intentions in offering his amendment. Unfortunately, these good intentions are misplaced. Probably no section of H.R. 8410 has been more misunderstood than the prompt payment provision.

Let me say right now that if the bill required the packer to make two trips to the producer in an attempt to deliver a check, I would be one of the first Senators urging that the section be amended. This would impose an unconscionable burden on livestock sales.

The point is very simple: The bill does not require two attempts at delivery.

I think it would be most instructive if I took a few minutes to analyze this provision. It requires that by the close of the following business day after sale and transfer of possession of livestock, the buyer must pay the seller. This can be satisfied in three ways:

First, the buyer can deliver the check at the point of transfer of possession if the seller or his agent is there to receive it; or

Second, the buyer can wire transfer the funds to the seller's account; or

Third, the buyer is free to mail the check if the seller or his agent is not present to receive payment at the point of transfer of possession.

In actual livestock sales practice, the feedlot management is in fact operating as a representative of the seller. After the sale, all the bill is requiring the packer to do is deliver the check to the feedlot office for the seller. If for some reason, no one is available at the office during normal business hours on the day of the sale or the following business day, the packer is free to mail the check. This is the way the industry presently operates. There is no need for a packer courier service or any requirement for the packer to make more than one attempt to deliver the check during the specified time period.

Actually, what the bill is doing is providing the packer with 2 days' flexibility in satisfying the prompt payment requirement. Three States at the present time—Texas, Kansas, and Oklahoma—already have State laws that require payment on the same day as transfer of possession. The prompt payment provision in H.R. 8410 is less stringent. Contrary to its detractors, the prompt payment provisions of Texas, Oklahoma, and Kansas are operating without complications. There is no reason to suppose that the prompt payment provision of H.R. 8410 will impose any undue hardship on packers, since it is merely a reflection of common practice in the major livestock producing States.

I find it extremely hard to believe that H.R. 8410 is imposing such an unconscionable burden on packers by its prompt payment provisions that the whole direction of that section must be removed. The parties are still free otherwise to agree to whatever method of payment will be employed and whether payment will or will not be accomplished by the close of the business day following the purchase of the livestock and transfer of possession thereof.

We are not tying anyone's hands. If

the parties are agreeable to another method of payment, so be it. You will never hear this Senator even remotely suggest that the Federal Government should interfere with the right of contract between two persons. However, this situation is far different from the Federal Government adding its support to the use of the mails in all livestock transactions. It should be quite obvious to all of us that the producer is usually at the mercy of the packer. With this amendment, producers would simply be relegated to accepting the packer's terms; payment through the mails, or not to sell his livestock to that packer. This is not really a viable choice, since when livestock are ready to go to market, they must either be sold or the producer starts losing money.

H.R. 8410 is a bill that has been carefully considered. Both Chambers of Congress have been working on livestock producer protection legislation for over a year. The bill as reported by the Committee on Agriculture and Forestry will work and will achieve its stated objectives. We are not interfering with contract rights and we should be very careful not to change any provision that will tip the scales in favor of either negotiating a contract. The Helms amendment undoubtedly tips the scales in favor of the packers. I urge my colleagues to vote to defeat the amendment.

Mr. President, I am not happy about opposing this amendment, but I must. I cannot condone any practice that would relieve the buyer of paying for his goods when he gets them. If they want to agree otherwise, the bill permits that. But suppose a 4-H Club boy or a Future Farmers of America young man comes in with one head of cattle or a load of them. He delivers it there. He cannot take it back home; it would take more feed and they will go out of condition. He delivers it to them. They have use of it. They sell it. It is part of their inventory. To say that he is not entitled to the money right now—it will help the packer if he has to pay right on the spot; he will not have half as much trouble getting a bond. In fact, practices require it.

If this amendment is adopted, what can he do? He can mail a check from Point Barrow, Alaska, to a farmer in Georgia and he has complied. That is the U.S. mail. I do not know how long it would take, but even if he mailed it right there, it gives somebody else a chance to use the seller's money—and for no particular purpose. These people should not be buying the livestock unless they can pay for it. That is the point of this legislation.

The purpose of the legislation is not to give them 2 or 3 days grace. I hope the amendment will be defeated.

This amendment, also, in a measure, is a vote of confidence for the Post Office Department. Mr. President, there is some mail sent to me that I never do get. Some of it is days late, months late.

So far as I am concerned, I want the farmers and feeders of the State of Nebraska and the 4-H Club boys and girs, when they deliver their livestock, to get a check for it right there. That is the issue.

Mr. President, I yield the floor.

Mr. HUDDLESTON. Mr. President, I yield back my time on the amendment.

Mr. HELMS. I yield back my time.

The PRESIDING OFFICER. All time is yielded back. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Utah (Mr. Moss) is necessarily absent.

I also announce that the Senator from Missouri (Mr. SYMINGTON) is absent because of illness.

Mr. HUGH SCOTT. I announce that the Senator from New York (Mr. BUCKLEY), the Senator from Arizona (Mr. GOLDWATER), the Senator from Michigan (Mr. GRIFFIN), and the Senator from Nevada (Mr. LAXALT) are necessarily absent.

The result was announced—yeas 16, nays 78, as follows:

[Rollcall Vote No. 297 Leg.]

YEAS—16

Allen
Baker
Beall
Brock
Brooke
Bumpers
Eagleton
Helms
Javits
Mathias
Percy
Ribicoff
Scott, William L
Stevens
Weicker
Williams

NAYS—78

Abourezk
Bartlett
Bayh
Bellmon
Bentsen
Biden
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Randolph
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevenson
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Young

NOT VOTING—6

Buckley
Goldwater
Griffin
Laxalt
Moss
Symington

So Mr. HELMS' amendment was rejected.

Mr. ALLEN. Mr. President, while I voted for the Helms amendment to H.R. 8410, an act to amend the Packers and Stockyards Act of 1976, I do not want my vote for the amendment to indicate that my support for H.R. 8410 is less than full and enthusiastic. I have supported the bill from its inception and gave it my full support in the Senate Agriculture and Forestry Committee. Since there is to be no rollcall vote on final passage of the bill, I make this statement to emphasize my full support of the bill.

Mr. HRUSKA. Mr. President, I rise in support of H.R. 8410, amending the Packers and Stockyards Act of 1921, to provide reasonable payment assurances to livestock producers upon sale of their animals.

This legislation is long overdue and badly needed. Since the inception of the Packers and Stockyards Act, the livestock marketing patterns of this country have changed drastically. No longer is the major portion of our livestock sold through large terminal markets. Now more than 80 percent of slaughter livestock is sold directly from the country to the packer. The Packers and Stockyards Act was mandated to supervise sales at terminal markets. The amendments of 1958 only extended this mandate to include the supervision of sales at country salebarns. Thus current law provides little, if any, protection to the vast majority of our livestock producers as they sell directly to the packer.

The need for reasonable payment protection for our livestock producers has been clearly demonstrated by the events of recent years. During the past 20 years, more than 170 packers have declared bankruptcy. This has resulted in more than $47 million in bad checks being held by our hard-working livestock producers which, in turn, has forced many of them to abandon farming and livestock operations or go into bankruptcy.

The effects of one recent packer bankruptcy alone is justification for this remedial legislation. Most of my colleagues are aware of the situation to which I refer. When American Beef Packers, Inc., declared bankruptcy last year, more than 950 producers in 13 States were left holding worthless checks totaling nearly $21 million. Losses in my home State of Nebraska totaled nearly $5.5 million. The dramatic consequences of the collapse of this major packing company are still being felt, not only by the unfortunate producers, but also by the banks, businesses, and communities with whom they trade. It is imperative that the Congress take action to insure that this situation does not recur. The best way to accomplish this is by passage of H.R. 8410.

Mr. President, it is not often that the senior Senator from Nebraska speaks in support of legislation which provides for further governmental regulation over business. My colleagues know that it is my belief that we already have too much governmental interference in the normal conduct of business. In this instance, however, the need for governmental protection of our livestock producers is clear.

The purpose of H.R. 8410 is not to place unreasonable constraints and regulations on the packing industry. Rather, it is a constructive reform that will make for a healthier packing and livestock industry. Our packers are conscientious people, and most of them operate on a sound financial basis. The industry does, however, require large amounts of capital, and operates on a relatively low profit margin. Given the volatility of livestock prices, and supply and demand, the risk for failure is always present. The large number of bankruptcies in the industry requires us to take this positive, corrective action to protect and strengthen the position of both producers and packers.

It is not my intention to dwell too long on the provisions of this bill, as the managers have explained it in detail. There are several areas that are, however, worthy of highlighting.

First, the prompt payment provision is necessary to protect the livestock producer who sells his animals to a packer. Under the bill, unless the producer and packer agree in writing to the contrary, the producer must receive payment by the close of business on the day following transfer of possession of animals at the point of delivery. If the seller or his agent is not present at that point, the packer may make payment by check through the mails. In this way the seller has the option of determining how payment will be made. This is a reasonable provision.

The second, and perhaps the most important aspect of this legislation, is the provision requiring packers to hold all livestock, meats, receivables and proceeds therefrom in trust until all producers who have sold livestock to the packer on a cash basis have received payment. This provision is essential to adequately protect the livestock producer should a bankruptcy occur. While the bonding requirement will insure protection in most cases, in certain instances it is only the first step. For example, in the case of American Beef Packers, Inc., had the bonding requirement embodied in H.R. 8410 been in effect, it would have covered about $6 million of the $21 million of bad debt. That would have left producers still holding bad checks worth about $15 million, relegating them to the status of a general creditor where they might hope to recover 50 cents on the dollar. They would be out in the cold while financial institutions, having obtained a security interest in the producer's livestock, divided up the proceeds from the sale of the livestock due to their status as a secured creditor. This just does not seem fair or equitable.

The trust provision, however, remedies this situation by requiring that the packer hold the livestock, meats, receivables and proceeds in trust for the benefit of the producer. This provision gives the producer concrete assurance that he will be paid for the livestock he delivers to the packer. It does not burden the packer, nor should it hinder his access to capital. In essence, the trust would not go into effect unless a bankruptcy situation occurs.

In this regard, I would be remiss if I did not give due recognition and commendation to the Congressman from Nebraska, Mr. Thone, for his devotion to this matter. Mr. Thone toiled long and hard to familiarize himself with the problems of providing reasonable payment assurances to livestock producers. He worked out the trust provision, refined it so that it was reasonable and fair to the packers, and fought successfully in the House of Representatives to have the provisions included in H.R. 8410. His efforts should not go unrecognized. I would also like to commend the long and diligent work of the Agriculture and Forestry Committee on this bill, especially that of my colleague from Nebraska, Mr. Curtis. They have done a fine job and a service to the American people in submitting this bill for our consideration.

Mr. President, H.R. 8410 is strong legislation that will provide a clear remedy to a situation where the potential for disaster is great. It has the support of the administration and the strong support of the major farm organizations including the American National Cattlemen's Association, National Livestock Feeders Association, American Farm Bureau Federation, National Grange, Farmers Union, and the National Farmers Organization. The Independent Bankers of America, whose member banks finance a major portion of the operations of our livestock producers, is also strongly in favor of the bill.

Mr. President, we are a meat eating people. We have the most efficient and best livestock producers in the world. They must be assured that they will be paid for their toil if we are to continue to have available to us an abundant supply of meat. H.R. 8410 will provide this assurance without unduly restricting the packing industry. It is a good and sound bill. I urge my colleagues to join me in voting for its passage.

Mr. HUDDLESTON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McGOVERN. Mr. President, I add my voice to support H.R. 8410. As Senators know, the triggering mechanism, for this legislation was the 1975 bankruptcy of an Omaha based firm, the American Beef Packers, Inc. Producer losses attributable to the insolvency of this firm were initially estimated at over $20 million. It is my understanding that proceedings in the bankruptcy courts have mitigated these producer losses somewhat, though it remains a certainty that many heavy losses will never be recovered. Initial losses to South Dakota feeders alone were $491,000.

Mr. President, we must enact the legislation before us requiring solvency for packers and prompt payment for producers, as well as protection through the trust provision of the bill for the protection of the general public and, in particular, for those producers who furnish the red meat for our homes and restaurants. The alternative would sanction ruthless practices of financial manipulators who will continue to endanger the legitimate efforts of farmers and livestock producers who seek only a safe, reliable, and honest marketplace for their products.

Mr. President, there are those who call the trust provisions of this bill "overkill." Let me say that the record of the last 5 years in packer defaults is evidence enough that the tide has now turned. Under this legislation, the payment options are on the part of the seller rather than the buyer. I, for one, think that the record is clear enough to convince this body that such a provision is reasonable.

I support the bill.

Mr. HUDDLESTON. Mr. President, I yield back the remainder of my time.

Mr. DOLE. I yield back the remainder of my time.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 8410), as amended, was passed.

Mr. CURTIS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. CLARK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HUDDLESTON. Mr. President, I ask unanimous consent that H.R. 8410 be printed as passed by the Senate and that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of the Senate amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

The PRESIDING OFFICER. The question recurs on the unfinished business.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid aside temporarily and that the Senate turn to the consideration of the conference report on the military construction bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

MILITARY CONSTRUCTION AUTHORIZATION, FISCAL YEAR 1977—CONFERENCE REPORT

Mr. MANSFIELD. Mr. President, I submit a report of the committee of conference on H.R. 12384 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. Percy). The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 12384) to authorize certain construction at military installations and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the Record of June 9, 1976, beginning at page 17098.)

Mr. TAFT. Mr. President, I ask unanimous consent that Mr. William Lind of my staff be granted privilege of the floor during consideration and voting on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Taft). Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I ask unanimous consent that James Smith of the Senate Armed Services Committee be granted the privileges of the floor in connection with the pending conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JACKSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. CHURCH. Mr. President, I ask unanimous consent that the following staff members be granted the privileges of the floor: Ben Yamajata, Dan Dreyfus, Kit Capels, Owen Malone, Fred Kraft, and Al Timothy.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, on behalf of my distinguished colleague, Senator Symington, who is unable to be here, I have called up the conference report on the military construction authorization bill for fiscal year 1977. The report was signed by all the conferees of the House and Senate, and it has been agreed to by the House.

The bill as agreed to by the conferees is for $3,323,989,000 in new construction authority and represents a reduction of $44,226,000 in the Department of Defense's original request.

Mr. President, this conference was an easy one because the two bills in question were quite similar. The biggest problem confronting the conferees was to determine which projects would have to be deferred to stay within budgetary constraints.

I would like to briefly discuss section 612 as agreed to by the conferees. This is the provision related to the closure or significant reduction of military installations. Both the Senate and the House bills contained language related to base realinements. The version adopted by the conferees is quite similar to the Senate version with only two significant changes.

First, the thresholds of applicability have been raised somewhat so that the language applies to fewer installations. The statement of managers contains a list of the current realinement actions to which the final provision applies.

Second, this provision is applicable for 5 years rather than permanent legislation as passed by the Senate. I do not feel that either of these changes weakens the provision. I would like to state for the record that I was disappointed in the reaction of the Department of Defense toward this legislation. They refused to cooperate in the drafting of the provision or in providing comments as to the acceptability or the impact of the provision. In fact, at the last minute a letter was delivered to the committee just hours before the conference was to convene which threatens to recommend a veto of this bill if it contains any language concerning base realinements.

Mr. STONE. Will the Senator yield for one question about base closings?

Mr. JACKSON. If I may first complete my statement, I would be happy to yield.

Mr. President, I ask unanimous consent that this letter be printed in the Record in full at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. Percy). Without objection, it is so ordered.

(See exhibit 1.)

Mr. JACKSON. With all the difficulty the Department of Defense has encountered in recent years in effecting base closures, I should think they would welcome legislation to formalize the process. I would hope that the President would approve of this provision which has virtually the unanimous endorsement of both Houses of Congress.

I would further like to thank Senator Symington and the ranking minority member of the subcommittee, the Senator from Texas (Mr. Tower) and other Senate colleagues who participated in the conference for their support on the issue of Trident community impact assistance. It took considerable persuasion to convince our House counterparts to recede on a cut of $9 million which they had made in impact assistance authority, and I am convinced that Kitsap County, the site of the Trident facility, would have been in serious trouble without this authority. A letter was received from the Department of Defense during conference deliberations that succinctly outlines the issues and I ask unanimous consent that this letter also be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. Percy). Without objection, it is so ordered.

(See exhibit 2.)

Exhibit 1

The Deputy Secretary of Defense,
Washington, D.C., June 1, 1976.

Hon. John C. Stennis,
Chairman, Committee on Armed Services,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Our review of the Senate and House bills regarding the Fiscal Year 1977 Military Construction Authorization has revealed certain provisions that are of considerable concern. In particular, Section 612 in both the Senate and House versions could prohibit for up to one year and perhaps longer, the realignment, reduction, or disclosure of any military installation and activity in the United States at which more than 250 civilian personnel would be affected. Section 611, added by the House, would prohibit the use of funds authorized in the bill for helicopter pilot training consolidation. We believe that these provisions would represent an unconstitutional intrusion into the President's responsibility for efficient management of the military affairs of the Nation.

In August 1965, President Johnson considered a provision similar to the proposed Section 612 and vetoed the FY 1966 Military Construction Authorization Act. President Johnson concluded that, "We cannot commit ourselves, for the prolonged period required by this bill, to delay action necessary to meet the realities of the troubled world in which we live . . . . The limitations upon the Commander in Chief and the executive branch of the government here sought to be imposed are a clear violation of the separation of powers. The Attorney General has so advised me."

Should either of the two Sections described above be enrolled and forwarded to the President, the Department would be obliged to recommend his veto of the bill.

In other respects, while both bills deferred some projects and added others, the relatively small net reduction to our request demonstrates your Committee's continued support in providing these essential facilities needed to maintain the active and reserve forces. Several provisions in the Senate and House bills will have to be resolved in a conference action and involve issues which from our point of view substantially impact on the Department's initiatives and on the timely and efficient management of our construction programs. There is enclosed a synopsis of our views on these issues and, of course, we will be happy to furnish any additional information required by your Committee. Also, the issues are listed in the sequence that they normally appear in the various titles of the bill. Briefly, the Department of Defense's recommendation and position on these important issues are as follows:

Approve the Defense Systems Management School project at Fort Belvoir, Virginia, which was denied by the Senate but is required now to provide those qualified systems acquisition managers in order to more effectively execute the multi-billion dollar acquisition programs for the Department of Defense.

Approve the Ballistic Missile Processing Support Facility project at Hill Air Force Base, Utah, which is an essential element of the amendment to the FY 1977 budget submitted to the Congress by the President. The project was added by the Senate but was not addressed by the House since the decision to submit the supplemental budget request had not yet been made.

Approve the Sea Launched Ballistic Missile (SLBM) Radar Technical Support Facilities project initially listed as Northwest United States and now sited at Beale Air Force Base, California. Project was denied by the House but is considered vital to the Missile Defense Warning System of the United States.

Approve the buildings alteration project at Cameron Station, Virginia, which was denied by the Senate, but is the most cost effective measure available to provide safe administrative space to support the vast mission of the Defense Supply Agency.

Approve the bachelor housing statutory limitations, as approved by the Senate, needed to keep pace with general construction cost increases so that facilities appropriate to and adequate for the support of armed services personnel may be provided.

Disapprove the provision regarding energy sources, added by the House, which would duplicate work already accomplished by the Department of Defense, duplicate authority already contained in the Energy Policy and Conservation Act, and delay construction awards significantly at a time when unemployment in the construction industry is continuing at unacceptably high levels.

Disapprove the new section in the General Provisions, added by the Senate, which would provide the DoD with the authority to fund studies on alternative uses of military installations that are being closed or abandoned because it unnecessarily duplicates and fragments the Federal real property disposal process.

We are also concerned with those specific project deferrals in the various titles of the bill which, in our view, represent valid requirements, are priority needs which should no longer be deferred, and are urgently needed to meet recently perceived military needs or to slow the effects of obsolescence and aging of our physical plant. Your support in restoring full authorizations for such high priority projects will have a positive effect on the state of readiness of the military establishment. The projects will be addressed separately and in more detail by the Military Department and Defense Agencies.

Your understanding and continued assistance in military construction program matters have been of considerable assistance in the past and your support of the Department's position on the above issues will be greatly appreciated.

Sincerely,

W. P. CLEMENTS, Jr.

EXHIBIT 2

OFFICE OF THE ASSISTANT
SECRETARY OF DEFENSE,
Washington, D.C., June 2, 1976.

Hon. STUART SYMINGTON,
Chairman, Subcommittee on Military Construction Authorization, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Trident Community Impact Program was established by Congress to avoid imposing an "unfair and excessive financial burden" on the communities surrounding the new Trident Support Site. The program was also intended to permit the completion of the necessary off-base municipal facilities and services required to support the Trident base and to accommodate the large population influx (27,300 persons) to rural Kitsap County and the surrounding impact area.

The House action on the Military Construction Authorization Bill would limit the FY 1977 Community Impact Program to a level of only $2 million in relation to a request of $11 million. The House action was predicated on the grounds that the existing $7 million FY 1976 program should be sufficient (with a $2 million increment) to meet the future County/State needs through September 1977.

This House action was taken at the time that when the necessary local planning had just been completed and the *community applications for the public facilities were then being initiated*. To date, a total of $963,447 has been committed for the program including the first major public facility project ($700,000) approved last week. Eleven applications are *presently* with the Federal agencies or DOD totaling $7.5 million. We anticipate that the FY 1976 program will be fully committed by December 31, 1976.

Total FY 1977 requirements are estimated at $7.6 million for Kitsap County ($4.0 million for local share of school construction, $1.5 million for County roads, $1.1 million for sewer, water and low income housing, and $1.0 million for law enforcement, justice, and other County facilities). State requirements are estimated at $3.4 million, principally for additional State road facilities.

The FY 1977 and future year's requirements assume *maximum* Federal agency participation in normal grants with the Trident Community Impact Program being used to finance the net deficit in total requirements or the necessary matching local share. The Federal domestic agencies have been cooperating effectively with a total of $7.8 million provided through March 31, 1976 for the impact area.

With the approval of only $2 million for the Trident Community Impact Program for FY 1977, the County/State requirements for public facilities will not be met without imposing the stipulated "unfair and excessive financial burden" on the area. Given normal construction lead times, the delay will also result in crowded school facilities for the children of our DOD personnel, insufficient sewer-water services for the impact area, and inadequate highways and public services. We will have lost an opportunity to ensure that a major new Defense base does not impose major public facility and environmental burdens upon the community which is accepting a nationally-mandated strategic mission.

We would urge restoration of the full $11 million for the Trident Community Impact Program as requested in the President's budget submission.

Sincerely,

WILLIAM J. SHEEHAN,
Director, Economic Adjustment.

Mr. JACKSON. Mr. President, I urge the adoption of this conference report.

I now yield to the distinguished Senator from Florida.

Mr. STONE. Mr. President, will the distinguished Senator from Washington explain to the Senator from Florida what impact this conference report provision on base closures would have if it becomes law on the bases that the Department of Defense announced they intended to close? One of those bases was the Key West Naval Air Station in Key West, Fla.

Mr. JACKSON. May I say to the Senator that on page 31 of the conference report, I refer to this language at the top of the page, which refers to the section that I have just mentioned, section 612:

> Section 612 is retroactive to January 1, 1976, and the following currently pending realinement actions, as a minimum, are covered by the legislation.

Under "Navy" is listed:

> Key West Naval Air Station, Florida.

That covers the requirement that there be a formal process that runs 12 months, during which there will be—rather than get into all the details of it, there will be an opportunity on the part of those opposing and those proposing to submit their views during that period of time.

They will have to present detailed justification, and I believe that Congress does have a responsibility here to see to it that closings are not undertaken in an arbitrary and capricious manner.

Mr. STONE. I thank the distinguished Senator.

Mr. JACKSON. Mr. President, I yield to the Senator from Texas.

Mr. TOWER. Mr. President, I wish to associate myself with the remarks of the Senator from Washington (Mr. JACKSON), and join him in urging the Senate adoption of the conference report.

I think all of the concerns of various Members of the Senate have been taken into consideration, and I think there is no controversy now remaining. I therefore urge the adoption of the conference report.

Mr. JACKSON. Mr. President, I do not think there are other speakers; I now move the adoption of the conference report.

The **PRESIDING OFFICER.** The question is on agreeing to the conference report.

The report was agreed to.

Mr. TOWER. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. JACKSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PRIVILEGE OF THE FLOOR—H.R. 10612

Mr. BAYH. Mr. President, I ask unanimous consent that Mr. Tom Connaughton of my staff be granted the privileges of the floor during the debate and votes on H.R. 10612.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. TAFT. Mr. President, I ask unanimous consent that Stephen Entin of my staff be granted privilege of the floor during voting and consideration.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I ask unanimous consent that Richard Arnold be granted privilege of the floor during debate and voting on the tax bill.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

TAX REFORM ACT OF 1976

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The **PRESIDING OFFICER.** The Senator from Nebraska will state it.

Mr. CURTIS. What is the pending business?

The **PRESIDING OFFICER.** The question recurs on the unfinished business, which the clerk will state.

The legislative clerk read as follows:

> A bill (H.R. 10612) to reform the tax laws of the United States.

The **PRESIDING OFFICER.** The pending question is on agreeing to the amendment of the Senator from Wisconsin (Mr. NELSON).

Mr. CURTIS. Mr. President, it is my hope that the Nelson amendment will not prevail. I am not totally satisfied with the tax bill as it came from the committee, but I am supporting it because I believe, in the light of the action taken by the House of Representatives, that what we are facing here would be far from the best possible solution.

The proposed amendments relating to elimination of artificial losses follow the example of the House bill. It is exceedingly complicated, it is overkill, and it would go beyond what is necessary to close the loopholes toward which it is directed.

Mr. President, a little earlier today attention was called to the fact that this limitation on artificial losses proposed in the House bill is not only complicated, but that actually it is utterly impossible to determine just exactly what it says. A distinguished lawyer appeared before our committee and pointed out that there were 26 changes in the Internal Revenue Code with reference to this one subject matter. In addition to that, Mr. President, it would stifle activity, because it is an overkill. It is my opinion that it would end up resulting in less revenue, rather than in more.

The objective of tax reform should be to do justice. Sometimes that means action in favor of the taxpayers; sometimes it means action in favor of the Government. But we are headed for error when we say we are going to have tax reform in order to collect $2 billion or $3 billion, or any other amount, because what we mean is to violate the ordinary rules and apply a tax because we have the political power to do it.

In the field of agriculture this proposal is very harsh, because farmers who had outside income would face certain situations under which they could not charge off their losses. We are not talking about men of great wealth, we are talking about the ordinary farmer whose wife may be employed in a job of teaching school or something else in order to make a go of it, and, because the household has outside income, there would be restrictions upon the amount of losses that would actually occur, that they could charge off.

Mr. President, this is not dealing with tax shelters. It is not dealing with an abuse of tax laws. It is an overkill intended to reach the farm syndicates, but it goes far beyond.

Mr. President, I hope that when the vote is taken, this proposed amendment will be overwhelmingly rejected.

I yield the floor.

TETON DAM DAMAGE COMPENSATION

Mr. CHURCH. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from further consideration of S. 3542, and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (S. 3542) to authorize the Secretary of the Interior to make compensation for damages arising out of the failure of the Teton Dam a feature of the Teton Basin Federal reclamation project in Idaho, and for other purposes.

The PRESIDING OFFICER. Without objection, the committee will be discharged and the Senate will proceed to its consideration.

UP AMENDMENT NO. 59

Mr. CHURCH. Mr. President, I send to the desk an amendment in the nature of a substitute for S. 3542, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Idaho (Mr. CHURCH), for himself and Mr. MCCLURE, proposes an unprinted amendment numbered 59, in the nature of a substitute.

The amendment (UP No. 59) is as follows:

Strike all after the enacting clause and insert the following:

"That the Congress finds that without regard to the proximate cause of the failure of the Teton Dam, it is the purpose of the United States to fully compensate any and all parties for the losses sustained by reason of the failure of said dam. The purposes of this Act are (1) to provide just compensation for the deaths, personal injuries and losses of property, including the destruction and settlement of claims for such sulting from the failure on June 5, 1976, of the Teton Dam in the State of Idaho, and (2) to provide for the expeditious consideration and settlement of claims for such deaths, personal injuries, and property losses.

"Sec. 2. All persons who suffered death, personal injury, or loss of property resulting from the failure on June 5, 1976, of the Teton Dam of the Lower Teton Division of the Teton Basin Federal reclamation project which was authorized to be constructed by the Act of September 7, 1964 (78 Stat. 925) shall be entitled to receive from the United States full compensation for such death, personal injury, or loss of property. Claimants shall submit their claims in writing to the Secretary, under such regulations as he prescribes, within two years after the date on which the regulations required by section 5 are published in the Federal Register. Claims based on death shall be submitted only by duly authorized legal representatives.

"Sec. 3. (a) The Secretary of the Interior, or his designee for the purpose, acting on behalf of the United States, shall investigate, consider, ascertain, adjust, determine, and settle any claim for money damages asserted under section 2. Except as otherwise provided herein, the laws of the State of Idaho shall apply: *Provided*, That determinations, awards, and settlements under this Act shall be limited to actual or compensatory damages measured by the pecuniary injuries or loss involved and shall not include interest prior to settlement or punitive damages.

"(b) In determining the amount to be awarded under this Act the Secretary shall reduce any such amount by an amount equal to the total of insurance benefits (except life insurance benefits) or other payments or settlements of any nature previously paid with respect to such death claims, personal injury, or property loss.

"(c) Payments approved by the Secretary on death, personal injury, and property loss claims, shall not be subject to insurance subrogation claims in any respect.

"(d) The Secretary shall not include in an award any amount for reimbursement to any insurance fund for loss payments made by such company or fund.

"(e) Except as to the United States, no claim cognizable under this Act shall be assigned or transferred.

"(f) The acceptance by the claimant of any award, compromise, or settlement under this Act, except an advance or partial payment made under section shall be final and conclusive on the claimant, and shall constitute a complete release of any claim against the United States by reason of the same subject matter.

"(g) The Secretary shall require assignment to the United States of any right of action against a third party, including insurers, arising from the death, personal injury, or property loss with respect to which settlement is made.

"Sec. 4. (a) In the determination and settlement of claims asserted under this Act, the Secretary shall limit himself to the determination of—

"(1) whether the losses sustained resulted from the failure of the Teton Dam on June 5, 1976;

"(2) the amounts to be allowed and paid pursuant to this Act; and

"(3) the persons entitled to receive the same.

"(b) The Secretary shall determine and fix the amount of awards, if any, in each claim within twelve months from the date on which the claim was submitted.

"(c) At the request of a claimant, the Secretary is authorized to make advance or partial payments prior to final settlement of a claim. Such advance or partial payments shall be made available under regulations promulgated by the Secretary under section 5, which regulations shall include, but shall not be limited to, provisions for such payments where the Secretary determines that to delay payment until final settlement of the claim would impose a substantial hardship on such claimant.

"(d) Payments may be made for compensation for direct investments made in on-farm facilities in anticipation of service from the Teton Reservoir to the extent that such facilities are unuseable or are diminshed in value by the denial of such service.

"Sec. 5. Notwithstanding any other provision of law, the Secretary shall within fifteen days after the enactment of this Act promulgate and publish in the Federal Register, final regulations and procedures for the handling of the claims authorized in section 2 of this Act. The Secretary shall also cause to be published, in newspapers with general circulation in the State of Idaho, an explanation of the rights conferred by this Act and the procedural and other requirements imposed by the rules of procedure promulgated by him. Such explanation shall be in clear, concise, and easily understandable language. In addition, the Secretary shall also disseminate such explanation concerning such rights and procedures, and other data helpful to claimants, in the State of Idaho, by means of brochures, pamphlets, radio, television, and other media likely to reach prospective claimants.

"Sec. 6. The claims program established by this Act shall, to the extent practicable, be coordinated with other disaster relief operations conducted by other Federal agencies under the Disaster Relief Act of 1974 (42 U.S.C. 5121) and other provisions of law. The Secretary shall consult with the heads of such other Federal agencies, and shall, as he deems necessary, consistent with the expeditious determination of claims hereunder, make use of information developed by such agencies. The heads of all other Federal agencies performing disaster relief functions under the Disaster Relief Act of 1974 and other Federal authorities are hereby authorized and directed to provide the Secretary, or his designee, such information and records as the Secretary or his designee shall deem necessary for the administration of this Act.

"Sec. 7. In order to expedite the repair and restoration of irrigation facilities damaged as a result of the failure of the Teton Dam, the Secretary is authorized and directed to enter into agreements with the owners of such facilities to finance the repair or reconstruction thereof either by direct payment or through construction contracts administered by the Buerau of Reclamation. The cost of such repairs or reconstruction shall be nonreimbursable.

"Sec. 8. After January 1 and before January 31 of each year following the date of the enactment of this Act, the Secretary shall transmit to the Congress—

"(1) a statement of each claim submitted to the Secretary, during the calendar year preceding the year in which such statement is transmitted, in accordance with this Act which has not been settled by him, with supporting papers, and a report of his findings of fact and recommendations; and

"(2) a statement of each claim settled by him and paid pursuant to this Act during the calendar year preceding the year in which such statement is transmitted. The statement shall contain a brief report concerning the character and equity of each claim, the amount claimed, and the amount approved and paid.

"Sec. 9. (a) No action shall be instituted in any court of the United States upon a claim against the United States submitted to the Secretary, or his designee, under this Act, unless and until the Secretary, or his designee, has made a final disposition of such claim. *Provided*, That the claimant may, upon fifteen (15) days written notice, withdraw such claim from consideration by the Secretary, or his designee.

"(b) Any claimant aggrieved by a final decision of the Secretary under this Act may file within sixty (60) days from the date of such decision with the United States district Court for the District of Idaho a petition praying that such decision be modified or set aside in whole or in part. The Court shall hear such appeal on the record made before the Secretary. The filing of such an appeal shall constitute an election of remedies. The decision of the Secretary incorporating his findings of fact therein, if supported by substantial evidence on the record considered as a whole, shall be conclusive.

"(c) Except to the extent otherwise herein provided, nothing in this Act shall be construed to prevent any claimant under this Act from exercising any rights to which he may be entitled under any other provisions of law.

"(d) Attorney and agent fees shall be paid out of the awards hereunder. No attorney or agent on account of services rendered in connection with each claim shall receive in excess of 10 per centum of the amount paid in connection therwith, any contract to the contrary notwithstanding. Whoever violates this subsection shall be fined a sum not to exceed $10,000.

"Sec. 10. For the purposes of this Act, the term "persons" means any individual, Indian, Indian Tribe, corporation, partnership, company, municipality, township, association or other non-Federal entity.

"Sec. 11. If any particular provision of this Act or the application thereof to any person or circumstance, is held invalid, the other provisions of this Act shall not be affected thereby.

"Sec. 12. There are hereby authorized to be appropriated such funds as may be required to carry out the purposes of this Act."

Mr. CHURCH. Mr. President, as chairman of the Subcommittee on Energy Research and Water Resources, I conducted a hearing on Tuesday of this week to consider legislation introduced by Senator McClure and myself to provide relief for flood victims in Idaho who suffered loss of life and property as a result of the failure of the Teton Dam. I am pleased to report to the Senate that during executive markup session of the Interior Committe on June 16, this legislation (S. 3542) was favorably reported from the Committee on Interior and Insular Affairs by unanimous vote.

The legislation which we introduce at this time, the amendment in the nature of a substitute, is identical to that bill which was favorably reported from the Committee on Interior and Insular Affairs yesterday. Because of the extreme urgency in assuring that relief is forthcoming to the thousands of Idahoans who suffered dreadfully from this calamity, I believe it is necessary to consider this measure immediately.

To that end, I received the concurrence of the majority leader Mr. Mansfield, and my colleague, Mr. McClure, has received the concurrence of the minority leader.

I emphasize that the amendment we offer now is identical to the amended bill that was favorably reported without a dissenting vote from the Committee on Interior and Insular Affairs yesterday. The consideration of this substitute at this time also has the approval of the chairman of the Committee on Interior and Insular Affairs.

I ask unanimous consent that a background memorandum prepared by the staff of the Committee on Interior and Insular Affairs relating to this legislation be printed in the Record at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CHURCH. In addition, I ask unanimous consent that a section-by-section analysis which contains expressions of intent as noted during the executive committee markup of yesterday also be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. CHURCH. Mr. President, the magnitude of this disaster cannot be overemphasized.

Rupture of the Teton Dam constituted a tragic and devastating catastrophe for the citizens of Idaho. Thousands of people in Idaho are homeless; accumulations of a lifetime are gone; prime agriculture land is either buried under sand and gravel or washed away; damaged irrigation works, unless immediately repaired, will precipitate drought-like conditions to an additional 400,000 acres of crop lands and worst of all, 10 lives have been lost with the possibility that others who are presently listed as missing may also have died in the flood. Estimates of total damage range from $500 million to $1 billion.

While I have no doubts that Idahoans will rebuild their homes and towns and farms as quickly as possible, it is self-evident that those who have suffered this great loss need the immediate assistance of their Government in order to recover.

The purpose of this measure is to provide the Federal Government with authority to respond to this tragedy. Without assigning ultimate responsibility for the dam's failure and without making any finding as to the legal liability of any party involved, this amendment merely seeks to assure rapid and responsive relief to Idaho victims. This legislation would authorize the Secretary of Interior to review claims and make direct payments to those parties whom he finds to be eligible for such relief.

The amendment, Mr. President, is not without precedent. In 1947, a manmade disaster occurred in Texas City, Tex. Loaded bags of ammonium nitrate fertilizer stowed for overseas shipment in the holds of two ships blew up. The shipment was destined for France, as part of the U.S. Government's foreign aid program. Hundreds of persons were killed and millions of dollars of damage was wrought upon Texas City. Victims of the disaster instituted legal actions in the Federal courts under the Tort Claims Act. The case went all the way to the Supreme Court where that Court ruled that the Government was performing a discretionary function and that, therefore, it could not be sued under the Tort Claims Act. As a result of this court action in denying relief to the victims, Congress passed and the President signed legislation to provide gratuitous compensation to the disaster victims. The language of this legislation follows very closely that which was utilized in the Texas City case.

Mr. President, I am certain that Idahoans will not allow this disaster to defeat them; their spirit is too hardy. It is my belief, however, that as much as this proposed action is a compassionate gesture on the part of all the American people, its passage is also a responsibility which the Government must assume as a result of the fact that the Teton Dam was owned and operated by the Federal Government. Indeed, construction was just concluded and the reservoir was filling for the first time when the dam gave way.

I ask the Senate to favorably consider this measure.

Exhibit 1

Committee on
Interior and Insular Affairs,
Washington, D.C.

Memorandum

To: Members of the Senate Committee on Interior and Insular Affairs.
From: Dan Dreyfus.
RE: Failure of the Teton Dam in Idaho.

On June 5, the Teton Dam in Idaho failed resulting in widespread flooding in the Snake River Basin in Southeast Idaho. Current information indicates that there are seven dead, 50 missing and property damage could reach $1 billion.

Background

The Teton Dam is a feature of the Federal Lower Teton Basin Reclamation Project. Construction of the project was recommended to the Congress by the Secretary of the Interior on January 27, 1964, following feasibility investigations by the Bureau of Reclamation. The Interior Committee had jurisdiction over legislation to authorize construction of the project. The measure (P.L. 88–583, 78 Stat. 925) was approved on September 7, 1964.

Funds for preconstruction planning were appropriated in FY 1967 and initial construction funds were appropriated in FY 1968.

In 1971, a suit (*Trout Unlimited* v. *Morton*, 509 F. 2d 1276 (1974)) was brought against the project on environmental grounds. The District Court denied injunctive relief and was upheld by the Court of Appeals on December 23, 1974. A review of the issues in the case is attached.

At the time of the failure of the dam, the reservoir was filling for the first time. The construction contractor (Morrison-Knudsen-Kiewit) was still present at the site. Initial deliveries of irrigation water from the reservoir and production of hydroelectric power at the dam were to take place this year.

Physical description

The Lower Teton Division of the Teton Basin Project involved two stages of development. Only the first phase facilities were being constructed at present. The first phase of the project involved the construction of the Teton Dam and reservoir; 20,000 kilowatt powerplant, switchyard, and pumping plant at the dam, and canals and appurtenant facilities to deliver supplemental water to 111,210 acres of land primarily growing potatoes, wheat, hay and feed grains.

The Teton Dam is located on the Teton River, a tributary of the Snake River, in extreme eastern Idaho. The dam is constructed of earth fill. The crest is 390 feet above the foundation and 3,200 feet long.

The dam site is a steep-walled, narrow canyon and the foundation geology consists of volcanic formations and ancient lake and stream deposits. Considerable seepage from the reservoir was anticipated throughout the design and construction of the structure and elaborate grouting (injection of cement water slurry) procedures were used to stabilize the foundation and abutments of the dam.

Technical surveys are presently under way to determine the nature and cause of the failure. Both Federal experts and an independent six-man panel of internationally known consultants will study and report on the situation. It is not yet possible to predict when a professional opinion about the cause can be obtained.

Congressional action

Senator Church, Chairman of the Subcommittee on Energy Research and Water Resources has written the Secretary of the Interior urging an independent, non-Federal technical review of the cause of the failure. Such a review has been initiated. The Subcommittee will review the results of the investigation when they are completed.

Disaster relief measures are in progress under existing authorities. Senators Church and McClure have introduced a bill, S. 3542, which would authorize the Secretary of the Interior to make full compensation for damages from the flood in excess of those provided in general disaster relief legislation.

A hearing on the bill has been held before the Subcommittee on June 15, 1976.

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., June 8, 1976.

MEMORANDUM

To: Dan Dreyfus, Ben Yamagata.
From: Deborah Merrick.

The Teton Dam project was challenged in federal court by a suit brought in 1971 under the National Environmental Policy Act. The trial was held in June and July, 1973 and on January 24, 1974 the District Judge issued Findings of Fact and Conclusions of law. This memorandum discusses the opinion of the 9th Circuit Court of Appeals in the appeal of the District Court's decision. The opinion is necessarily limited to a discussion of questions of law and does not review the evidence on testimony adduced during the trial.

In *Trout Unlimited* v. *Morton*, 509 F2d 1276 (1974) five environmental organizations and three individual plaintiffs sought reversal in the Court of Appeals of a district court opinion holding the environmental impact statement prepared by the Department of Interior for the Teton Dam Reservoir Project adequate under NEPA and denying plaintiffs injunctive relief.

The appellants made four arguments, all alleging non-compliance with the procedural requirements of NEPA. They alleged that (1) the environmental impact statement did not adequately detail the environmental impacts of the project, (2) failed to discuss the environmental impacts of the "Second Phase" of the project, (3) did not adequately discuss alternatives to the project and (4) did not include or discuss the benefit-cost ratio for the project.

The Court of Appeals upheld the decision of the District Court on every issue. On the first argument—lack of detail in the EIS—appellants had contended that the impact statement must discuss the secondary impacts of project (land use pattern changes). While finding some substance in this contention the court found that the failure to discuss secondary impacts in this case did not impair the ability of the EIS to perform the purposes of NEPA. Appellants further argued that the EIS must fully discuss and attach the supporting studies[1] upon which its conclusions are based. The court held that this assertion was without merit in light of prior case law. (This reference to supporting studies is the only part of the opinion which even obliquely refers to studies or reports made about the construction of the dam.) Furthermore the court found that the allegedly inadequate discussion of mitigation measures was sufficiently detailed to inform the decision-maker as required by NEPA.

The second argument involved the question of whether the final EIS for the First Phase[2] of the Teton Dam project should include a discussion of the Second Phase[3] of the project even though the Secretary of Interior had not yet submitted a finding of "feasibility" to Congress with regard to the Second Phase.

The court found the impact statement for the First Phase adequate in this respect. The court rejected appellants argument that the First and Second Phases were "inter-related steps constituing an integrated plan which must be covered in a single impact statement," relying on Congress' clear intent that the First Phase be constructed without regard to whether the Secretary ever submitted a "feasibility" finding for the Second Phase.

The alternatives considered in the EIS were (1) no development whatsoever, (2) ground-water pumping to obtain irrigation water and (3) levees to control flooding in the lower Teton Valley. The costs of doing nothing were considered excessive, ground-water pumping would not alleviate all ice jam type flooding. Under the court's test that alternatives considered need not extend beyond those reasonably related to the purposes of the project, this range of alternatives was viewed as adequate.

Finally the court disagreed with appellants' argument that the EIS should contain a formal and mathematically expressed cost-benefit analysis. The court noted the fact that there was disagreement about how environmental amenities should be valued and held that under the circumstances of the case the absence of a cost-benefit analysis was not fatal to the EIS.

EXHIBIT 2

SECTION BY SECTION

SEC. 1. The bill, as originally introduced and amended, would authorize the Secretary of Interior to fully compensate in an expeditious manner injured parties for: (1) death, (2) personal injury; (3) losses to property; including irrigation works.

SEC. 2. Entitlement section establishes the right of victims to compensation. Adds the language of section 8 of the bill to this section requiring claimants to (a) file claims in writing; (b) file claims within 2 years of issuance of regulations otherwise be barred from filing; and (c) in the case of a dead victim only a duly authorized legal representative could file a claim.

SEC. 3. Subsection (a): Secretary of the Interior or designee is authorized and directed to invesitgate, establish and settle claims. Where settlement cannot be reached provisions governing appeals or other courses of action open to claimants as established in section 9 of the bill shall apply. In establishing the amount of damages due and owing the laws of the State of Idaho apply except that only actual or compensatory damages—measured by money injuries or loss—and not including interest prior to settlement or punitive damages, shall be awarded.

Subsection (b). Any payments received (except life insurance benefits) as a result of the dam failure shall serve as an offset against the awards to be made under this Act.

Subsection (c) and (d). Prohibition of insurance subrogation claims, that is, an insurance company cannot file a claim in the place of an insured party who might otherwise be entitled to an award under this Act except for the fact that he or she was covered by insurance.

Subsection (e). Only the U.S., under provisions of subsection (g) infra, may receive the assignment of a claim recognized under this Act. This provision is meant to prevent the purchasing of possible claims.

Subsection (f). Any final settlement of a claim constitutes a release of any claim the claimant might otherwise have against the U.S.

Subsection (g). Where a final settlement has been made under this Act the Secretary shall require as a pre-requiste the assignment to the U.S. of any cause of action the claimant may have against a third party arising out of the subject matter of the claim.

The purpose of this subsection is to assure that the United States will, as a condition to its settlement of claims under the Act, become subrogated to any rights of action the claimant may have against any third party by reason of the death, injury, or property loss forming the basis of the settlement made under the Act. The subsection is intended to supplement and not to change other laws applicable to the same subject matter.

SEC. 4. Subsection (a). To determine the awards made under this Act the Secretary must confine his determination to: (1) did loss result from failure of dam; (2) how much was the loss; and (3) is the correct party claiming the loss.

Subsection (b). The Secretary has 12 months from the date the claim was submitted in which to determine and fix the amount of a claim. If the claim is still in dispute after that time the section 9 provisions apply.

Subsection (c). At the request of the claimant, the Secretary is atuhorized to make advance or partial payment on a claim in those instances where substantial hardship might be imposed on the claimant if some part of the claim is not paid.

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[1] The record indicates that the following studies were available and utilized: (a) A study of 1959 conducted by the Bureau of Sport Fisheries and Wildlife. This study appeared as a part of House Document 208, printed January 29, 1964. (b) An archaelogical exploration of the Teton Reservoir site was made in 1967 by Idaho State University for the National Park Service. (c) An investigation conducted by the United States Bureau of Mines. (d) An extensive study of the probable effect of the project on the quality of the water, both in the reservoir and downstream in the river, completed by water quality experts of the United States Bureau of Reclamation. (e) Extensive foundation studies of the damsite and reservoir area have been conducted by geologists of the United States Bureau of Reclamation. (f) Studies conducted by the National Park Service and Idaho Department of Parks. (g) Since the early 1950's and even before, the Corps of Engineers of the United States Army, as well as the United States Bureau of Reclamation, had made studies of the magnitude and extent of flooding from the Teton River. (h) Ground water hydrology studies and tests performed over a period of many years by the United States Geological Survey and Bureau of Reclamation.

[2] The First Phase included the actual construction of the dam and reservoir and disposition of 100,000 acre feet of active reservoir capacity for irrigation purposes.

[3] The Second Phase, as authorized by Congress, called for disposition of the remaining 100,000 acre-feet of active reservoir capacity. This Phase could not be implemented until after the Secretary submitted a finding a "feasibility" to Congress and the President.

The purpose of this subsection is to make interim financial relief available to claimants in advance of the final settlement of all their claims under the Act. The subsection expects that the Secretary will exercise his regulatory authority to promptly establish a procedure for advance or partial payments of ascertainable damages prior to final settlement of all claims submitted by a claimant. The subsection intends that the standard of "substantial hardship" employed therein will be liberally construed so as to do equity to claimants.

Subsection (d). Payments may also be made to those claimants who anticipated water service from the Teton reservoir, made expenditures specifically for that purpose, and now without water service those expenditures serve no economic purpose.

This subsection provides authority for the Seecretary to compensate farmers who would have been served irrigation water supplies from Teton Reservoir, and who have made investments in distribution works and other capital improvements in anticipation of such service. It is the intent of the language that all or any portion of such investments which are determined to be associated with facilities which are unuseable or diminished in value without the project water supplies would be reimbursed by the Secretary.

Sec. 5. The Secretary is required to publish and put into effect final regulations to administer this Act. This provision waives the period for notice and comment on regulations otherwise required by the Administrative Procedures Act. This provision requires the Secretary to publish and disseminate easy to understand information about the program authorized by this Act.

Sec. 6. The program established by this Act is to be coordinated with other federal disaster relief programs.

Sec. 7. Authorizes and directs the Secretary to enter into agreements with privately and publically owned irrigation works for direct payments for or reconstruction of such works on a non-reimbursable basis.

Sec. 8. The Secretary is required to report to Congress each year this program is in existence (a) on the claims not settled and the reasons therefore, and (b) those claims settled.

Sec. 9. Subsection (a) Where a claim has been submitted to the Secretary no legal cause of action may be instituted in a court of law (1) until that claim has been finally disposed of by the Secretary or (2) until the claimant withdraws the claim upon 15 days notice to the Secretary.

Under this subsection other claims against the United States based on the same subject matter are barred after the claim is filed and been finally disposed of by the Secretary. However, the claimant may at any time, upon fifteen (15) days written notice withdraw his claim from consideration by the Secretary, and would then be free to pursue whatever other remedies are available to him under the law.

Subsection (b) Once a final disposition has been made of a claim, the claimant has 60 days in which to appeal the decision of the Secretary to the U.S. District Court in Boise. If supported by substantial evidence on the record considered as a whole the Court shall find the Secretary's decision conclusive, otherwise the court may modify or set aside.

Subsection (c) Except as provided herein, the claimant retains all of his rights under law.

Subsection (d) Attorney or agent fees are to be taken out of awards and no more than 10 percent of any award may be claimed for such purpose. Violation of such provision shall result in a $10,000 fine.

Sec. 10. Definitions.

Sec. 11. Separability clause.

Sec. 12. Authorization for the program.

Mr. CHURCH. Mr. President, I yield at this time to my distinguished colleague from Idaho, Senator McClure.

Mr. McCLURE. Mr. President, I thank the distinguished senior Senator from Idaho for his remarks and I am, of course, in full accord with the action being taken and with the remarks the Senator has made.

Mr. President, this is a difficult and tragic time for all those Idahoans who have suffered so many losses as a result of the failure of the Teton Dam. Our sympathy is, of course, extended to the families and friends of those who have lost their lives in this tragedy. We must be thankful that the loss of life was no greater. Under the circumstances, that is no small miracle.

No amount of money can compensate for those losses nor can the efforts of a lifetime and the treasured keepsakes of a family, which were so quickly wiped out, be replaced. But we can, and we must, see to it that full compensation is made for damages suffered as the result of the collapse of this Federal dam.

As the disaster began, our first concern was to protect against losing more lives and reduce the damage while the flood was raging. Our task now is to begin rebuilding.

The reason that the special legislation now before the Senate is needed is that the Federal Government is faced with somewhat of a unique dilemma.

In 1964, the Congress of the United States authorized and later appropriated money for the construction of a Government-owned dam on the Lower Teton River in Idaho. That dam was nearly completed by the Bureau of Reclamation, when, on June 5, 1976, it failed.

I think it is clear that no act of God created the destruction, no act of God took the toll of human lives, and no act of God caused the thousands of injuries suffered when the wall of water, which the people of the area thought was peacefully stored behind this Government structure, suddenly swept down the valley. There is no question that the Federal Government is directly responsible for the consequences of the dam's failure. The legislation we have introduced would see that those residents who suffered so great a loss are at the least monetarily compensated for this disaster which has swept over them through no fault of their own.

The most recent figures show that more than 3,400 homes have been damaged—584 completely destroyed, 1,642 sustaining major damage, and another 1,267 sustaining minor damage. Nearly 98,000 acres of productive farmland are damaged and it is not yet known how much of this year's producion is lost. Between 12,000 and 15,000 head of livestock are missing.

Even more tragic is the loss of human life, which by a miracle only numbers 10.

These people are not victims of a natural disaster, but of a Government structure that failed. This bill provides just compensation for the personal injuries and deaths as well as the loss and damage to property. It does not ask for special privileges for the people of Idaho, but insures simple justice for the victims of this tragedy. The compensation is limited to the actual damage suffered.

Specifically, provided in this special legislation a claimant includes: any individual, Indian, Indian tribe, corporation, partnership, company, municipality, township, association, or other non-Federal entity.

Other major provisions are that—

All persons who suffered death, personal injury or loss of property shall be entitled to receive full compensation.

Claimants shall submit their claims in writing to the Federal Government under regulations to be established.

At the request of the claimant, the Government can make a partial payment prior to the final settlement of a claim.

A claimant has 2 years in which to file a claim. Thus, for example, farmers who may find damages to land not noticeable the first year, will still be able to file for losses the second year.

Irrigation facilities that were built in anticipation of irrigation water from the dam and are now not of use can receive compensation.

The restoration of irrigation structures that were constructed by the Government following the disaster will be fully compensated.

The Federal Government is directed to settle any claims for money damages within 1 year from the date on which the claim was submitted.

Any claimant in disagreement on the final decision of the Federal Government may file within 60 days a claim in the U.S. District Court.

The Secretary of the Interior is directed to carry out this act.

Again, this bill is not a Government subsidy, a charity, or special benefit. It provides for a prompt settlement and directs swift action by the administrative agencies. Timely action on the bill provides not only the compensation to the people of Idaho but is in the best interest of the American taxpayer and the Federal Government. Any delay increases the chances of further losses in the area.

The President has already requested funds for the compensation to the victims of this tragedy. This action indicated widespread support for the principle that indeed the Federal Government is obligated to restore to the people of Idaho that which was taken from them.

Mr. President, the people of eastern Idaho will have to endure the effects of this tragedy for years to come. I urge that S. 3542 be passed today so that the rebuilding process can begin and the victims of this disaster can move toward a return to a normal and productive life.

I also inform the Senate that we will for purposes of legislative history later supplement the Record with what would have been the staff committee report had this legislation followed the usual route, because I think that legislative history may prove to be important.

I also commend the Federal Disaster Assistance Administration for the manner in which they have moved into the area, starting the day after the flood, the way in which they have responded through all of the Federal agencies in marshaling all available assistance to alleviate the loss of life and the loss of property in that area.

I should comment, too, that the President acted very quickly in asking for a supplemental appropriation for the payment of claims, that action having already cleared the House, by way of amendment to the public works appropriations bill, and is in the Appropriations Committee in the Senate at this time, and we hope that it will clear the committee today.

I think, too, both my colleague and I would be remiss if we did not publicly thank the staff of the Committee on Interior and Insular Affairs as well as our personal staffs for the countless hours that they have put in in bringing this legislation to the point that it now is where it is ready for passage in the Senate. It has happened very quickly, but that should not obscure the fact that there are many hours of staff work that has gone into the development of and support for this legislation.

Mr. President, I simply join with my colleague and ask the Senate to give us the assistance to which we believe the people of Idaho are entitled as a result of the disaster brought on by the failure of a Federal structure in our State.

Mr. CHURCH. Mr. President, I concur in the observations that my colleague, Senator McClure, has made, and I join with him in expresions of appreciation, to the administration and the members of the staff of the Committe on Interior and Insular Affairs for their hard work done in response to the urgent need of so many people, the victims of this disaster. I hope that the Senate will now move to approve the legislation.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute.

The amendment in the nature of a substitute was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 3542

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress finds that without regard to the proximate cause of the failure of the Teton Dam, it is the purpose of the United States to fully compensate any and all parties for the losses sustained by reason of the failure of said dam. The purposes of this Act are (1) to provide just compensation for the deaths, personal injuries and losses of property, including the destruction and damage to irrigation works, resulting from the failure on June 5, 1976, of the Teton Dam in the State of Idaho, and (2) to provide for the expeditious consideration and settlement of claims for such death, personal injuries, and property losses.

Sec. 2. All persons who suffered death, personal injury, or loss of property resulting from the failure on June 5, 1976, of the Teton Dam of the Lower Teton Division of the Teton Basin Federal reclamation project which was authorized to be constructed by the Act of September 7, 1964 (78 Stat. 925) shall be entitled to receive from the United States full compensation for such death, personal injury, or loss of property. Claimants shall submit their claims in writing to the Secretary, under such regulations as he prescribes, within two years after the date on which the regulations required by section 5 are published in the Federal Register. Claims based on death shall be submitted only by duly authorized legal representatives.

Sec. 3. (a) The Secretary of the Interior, or his designee for the purpose, acting on behalf of the United States, shall investigate, consider, ascertain, adjust, determine, and settle any claim for money damages asserted under section 2. Except as otherwise provided herein, the laws of the State of Idaho shall apply: *Provided,* That determinations, awards, and settlements under this Act shall be limited to actual or compensatory damages measured by the pecuniary injuries or loss involved and shall not include interst prior to settlement or punitive damages.

(b) In determining the amount to be awarded under this Act the Secretary shall reduce any such amount by an amount equal to the total of insurance benefits (except life insurance benefits) or other payments or settlements of any nature previously paid with respect to such death claims, personal injury, or property loss.

(c) Payments approved by the Secretary on death, personal injury, and property loss claims, shall not be subject to insurance subrogation claims in any respect.

(d) The Secretary shall not include in an award any amount for reimbursement to any insurance fund for loss payments made by such company or fund.

(e) Except as to the United States, no claim cognizable under this Act shall be assigned or transferred.

(f) The acceptance by the claimant of any award, compromise, or settlement under this Act, except an advance or partial payment made under section shall be final and conclusive on the claimant, and shall constitute a complete release of any claim against the United States by reason of the same subject matter.

(g) The Secretary shall require assignment to the United States of any right of action against a third party, including insurers, arising from the death, personal injury, or property loss with respect to which settlement is made.

Sec. 4. (a) In the determination and settlement of claims asserted under this Act, the Secretary shall limit himself to the determination of—

(1) whether the losses sustained resulted from the failure of the Teton Dam on June 5, 1976;

(2) the amounts to be allowed and paid pursuant to this Act; and

(3) the persons entitled to receive the same.

(b) The Secretary shall determine and fix the amount of awards, if any, in each claim within twelve months from the date on which the claim was submitted.

(c) At the request of a claimant, the Secretary is authorized to make advance or partial payments prior to final settlement of a claim. Such advance or partial payments shall be made available under regulations promulgated by the Secretary under section 5, which regulations shall include, but shall not be limited to, provisions for such payments where the Secretary determines that to delay payment until final settlement of the claim would impose a substantial hardship on such claimant.

(d) Payments may be made for compensation for direct investments made in on-farm facilities in anticipation of service from the Teton Reservoir to the extent that such facilities are unuseable or are diminished in value by the denial of such service.

Sec. 5. Notwithstanding any other provision of law, the Secretary shall within fifteen days after the enactment of this Act promulgate and publish in the Federal Register, final regulations and procedures for the handling of the claims authorized in section 2 of this Act. The Secretary shall also cause to be published, in newspapers with general circulation in the State of Idaho, an explanation of the rights conferred by this Act and the procedural and other requirements imposed by the rules of procedure promulgated by him. Such explanation shall be in clear, concise, and easily understandable language. In addition, the Secretary shall also disseminate such explanation concerning such rights and procedures, and other data helpful to claimants, in the State of Idaho, by means of brochures, pamphlets, radio, television, and other media likely to reach prospective claimants.

Sec. 6. The claims program established by this Act shall, to the extent practicable, be coordinated with other disaster relief operations conducted by other Federal agencies under the Disaster Relief Act of 1974 (42 U.S.C. 5121) and other provisions of law. The Secretary shall consult with the heads of such other Federal agencies, and shall, as he deems necessary, consistent with the expeditious determination of claims hereunder, make use of information developed by such agencies. The heads of all other Federal agencies performing disaster relief functions under the Disaster Relief Act of 1974 and other Federal authorities are hereby authorized and directed to provide the Secretary, or his designee, such information and records as the Secretary or his designee shall deem necessary for the administration of this Act.

Sec. 7. In order to expedite the repair and restoration of irrigation facilities damaged as a result of the failure of the Teton Dam, the Secretary is authorized and directed to enter into agreements with the owners of such facilities to finance the repair or reconstruction thereof either by direct payment or through construction contracts administered by the Bureau of Reclamation. The cost of such repairs or reconstruction shall be nonreimbursable.

Sec. 8. After January 1 and before January 31 of each year following the date of the enactment of this Act, the Secretary shall transmit to the Congress—

(1) a statement of each claim submitted to the Secretary, during the calendar year preceding the year in which such statement is transmitted, in accordance with this Act which has not been settled by him, with supporting papers, and a report of his findings of fact and recommendations; and

(2) a statement of each claim settled by him and paid pursuant to this Act during the calendar year preceding the year in which such statement is transmitted. The statement shall contain a brief report concerning the character and equity of each claim, the amount claimed, and the amount approved and paid.

Sec. 9. (a) No action shall be instituted in any court of the United States upon a claim against the United States submitted to the Secretary, or his designee, under this Act, unless and until the Secretary, or his designee, has made a final disposition of such claim: *Provided,* That the claimant may, upon fifteen days written notice, withdraw such claim from consideration by the Secretary, or his designee.

(b) Any claimant aggrieved by a final decision of the Secretary under this Act may file within sixty days from the date of such decision with the United States District Court for the District of Idaho a petition praying that such decision be modified or set aside in whole or in part. The court shall hear such appeal on the record made before the Secretary. The filing of such an appeal shall constitute an election of remedies. The decision of the Secretary incorporating his findings of fact therein, if supported by substantial evidence on the record considered as a whole, shall be conclusive.

(c) Except to the extent otherwise herein provided, nothing in this Act shall be constructed to prevent any claimant under this Act from exercising any rights to which he may be entitled under any other provisions of law.

(d) Attorney and agent fees shall be paid out of the awards hereunder. No attorney or agent on account of services rendered in connection with each claim shall receive in excess of 10 per centum of the amount paid in connection therewith, any contract to the contrary notwithstanding. Whoever violates this subsection shall be fined a sum not to exceed $10,000.

SEC. 10. For the purposes of this Act, the term "persons" means any individual, Indian, Indian tribe, corporation, partnership, municipality, township, association or other non-Federal entity.

SEC. 11. If any particular provision of this Act or the application thereof to any person or circumstance, is held invalid, the other provisions of this Act shall not be affected thereby.

SEC. 12. There are hereby authorized to be appropriated such funds as may be required to carry out the purposes of this Act.

Mr. **CHURCH**. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. **McCLURE**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. **MANSFIELD**. Mr. President, what is the pending business?

The **PRESIDING OFFICER**. The Senate will now resume consideration of the unfinished business.

The pending question is the amendment of the Senator from Wisconsin.

Mr. **CANNON**. Mr. President, I ask unanimous consent that Aubrey Sarvis of my staff have the privilege of the floor during the consideration of this measure.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **FANNIN**. Mr. President, at this time I shall comment on unprinted amendment No. 57 to H.R. 10612, the first amendment that will be under consideration in the measure before us.

I view the House bill as a classic example of the "no growth" legislation which is so popular among many of my colleagues in the Congress.

For example, the House has attempted to deal with certain tax shelter abuses by developing new code provisions, notably the LAL provisions. Final enactment of those features, in my opinion, would stifle capital investment throughout the economy, but particularly in real estate, farming, equipment leasing, oil and gas, movie and sport franchise industries.

It is my view that any tax bill finally adopted by the Congress should encourage investment on a broad basis throughout the economy. This can be achieved by creating positive investment incentives, rather than negative incentives.

The Senate Finance Committee was in mark up on H.R. 10612 for over 5 weeks. The committee spent 2½ of those weeks considering alternative approaches to tax shelter abuses and a minimum tax and maximum tax. I believe we have succeeded in formulating responsible alternatives which meet the objective of eliminating abuses and yet not discouraging vital investment.

I feel that the Congress and particularly the House has lost sight of the fact that many tax shelters are dependent on the use of tax preferences enacted by the Congress for the specific purpose of stimulating certain industries. Preferences such as accelerated depreciation and the expensing of intangible drilling costs were created over the years as a means by which to encourage investment in high risk industries.

I realize that some individuals have been successful in combining a series of tax shelter advantages to avoid paying any taxes. Such abuses are basically wrong. Despite the fact that these individuals may be adding an important boost to the economy, it is difficult to justify their paying no taxes. Extensive hearings were held on these fundamental issues just prior to mark up.

Mr. President, it is my belief that the steps taken by the Senate Finance Committee more carefully recognize the policies implicit in tax preferences than do those taken by the House.

The House chose to deal with the alleged abuses through use of the limitation on artificial accounting losses provisions. These LAL provisions are designed to limit the use of tax shelters by creating new categories and subclasses of property and by establishing intricate accounting rules which produce different results between the various categories of property covered.

From listening to an explanation of the requirements under the LAL provisions of the House—and these, of course, would be adopted in unprinted amendment No. 57, with the only exception being residential real property—we would have a hopelessly unworkable situation.

The Senate Finance Committee received extensive public testimony in opposition to LAL. Virtually all witnesses were opposed to the adoption of the House LAL provisions on the common ground that they were hopelessly unworkable. An additional theme among these several witnesses was that LAL represented a classic case of legislative overkill. That is, while they corrected certain abuses, they went much further in their effect on legitimate economic investments.

The need for capital formation in this Nation today is perhaps one of the most important, if not the most important, factor involved in the continuation of our economic recovery now underway.

Mr. Peter Faber, chairman of the tax section of the New York State Bar Association traced the steps which a lawyer in general practice probably would have to cover in determining whether the LAL provision applied to a client prepared to invest in rental real estate. Mr. Faber isolated no less than 20 steps necessary in this process before concluding that no firm opinion could be provided his client.

The Senate Finance Committee's alternative to LAL has been to address the principal elements of excessive use of tax shelters. These are deferral of tax liability and leveraging. The committee has fashioned special rules applicable to the several industries in which tax shelters are widely used.

For real estate, the committee decided to treat construction period interest—but not taxes—and accelerated depreciation in excess of straight line as an item of tax preference for the purpose of the minimum tax. We did not prohibit deduction against nonrecourse debt in the real estate industry because of the common and pervasive use of this form of financing throughout the industry. Unlike other industries which depend heavily on nonrecourse financing, there is an economic basis in the real estate industry for the legitimate use of such financing due to the value of the real property pledged. The Senate Finance Committee did agree to the House provision relating to recapture of depreciation on real property with slight modification in the area of governmentally subsidized property.

Other industries including farming, oil and gas, motion picture, equipment leasing, and sport franchises are subject to slightly different rules. The most important feature here is the limitation of deductions to the amount of capital at risk. These provisions would exclude the use of nonrecourse loan financing as well as amounts which are protected against loss by guarantees, insurance, or otherwise. Various other tax shelter advantages used in these industries have been added to the new minimum tax which has been adopted by the committee.

Mr. President, the Finance Committee exercised its jurisdictional authority in the most responsible manner by rejecting the House's LAL provisions and replacing them with carefully designed alternatives. I urge the Senate to support the Finance Committee by voting against any amendment to substitute LAL for the provisions in the bill before us.

Mr. President, I feel that the adoption of unprinted amendment No. 57 would be a disaster, for our economy. We are now experience a recovery from an extended period of high inflation and recession. I know the Senate recognizes that we must be concerned that we do not return to another recessionary period.

We must provide the capital formation so that the jobs can be created in the private sector across the Nation. We cannot maintain our present economy or go forward the way that is projected if we do not take advantage of our opportunities.

Mr. President, in this great Nation we have a tremendous need for energy. Plans are going forward, based on present law, including tax laws, to meet our future energy requirements. Low-cost energy is at the base of our economy.

We have been able to compete with many other countries of the world because we do have low-cost energy. We have been able to pay higher wages, been able to provide better working conditions, and do many other things for our working people that are not done in other countries of the world. We can be very proud that that has been possible. But as

I emphasize, it has only been possible because we have had the capital formation to provide the modern equipment to provide the low-cost energy to accomplish these great objectives. Mr. President, we shall be going backward if we decide that we are going to adopt the provisions of unprinted amendment No. 57. I hope that the Members will look into just exactly what is involved. I am sure if they carefully analyze the results that will transpire in their own States and the communities and States around this Nation, they will give further consideration to this legislation.

Mr. President, I yield the floor.

JURISDICTIONAL DEBATE

The PRESIDING OFFICER. The hour of 3 p.m. having arrived, pursuant to the previous order, the Senate will now commence debating the so-called jurisdictional questions.

Mr. LONG. Mr. President, I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, I ask unanimous consent that Mr. Alan Schick of the Congressional Research Service have the privilege of the floor during discussion of this issue.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I believe it could help all Senators understand what we are talking about when we discuss the jurisdictional problem in regard to the Committee on Finance and the Committee on the Budget if we had a blackboard where the figures could all be put down and all Senators could look at the same figure and understand what we are talking about. We do business that way in the Committee on Finance all the time. I ask unanimous consent that our staff be instructed to locate a blackboard and a piece of white chalk so that we can write down some figures which Senators can look at while we are talking.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I believe that those of us on the Committee on Finance have spelled out our view about the budget problem in that Senate Concurrent Resolution 109 states that: First, the recommended level of Federal revenues is $362.5 billion and second, the amount by which the aggregate level of Federal revenues should be decreased is $15.3 billion. It seems to me that the Committee on the Budget did exactly what it should have done insofar as that resolution is concerned. They gave us a figure—$15.3 billion—for revenue reductions for fiscal year 1977. As I read the budget language and the budget law and the legislative history, in which I had a chance to participate, it pretty well dictates that the budget process is a squeezing out process and that the Budget Committee is to assign to each committee and for each category an overall figure.

Then each committee is expected to live within that figure. Now, we on the Committee on Finance had the opportunity to play a part in arriving at the figure that was to be chosen. At the beginning of this process, the Budget Committee invited us to state to the Budget Committee how much revenue, either in terms of increases or reductions, we thought would be appropriate in the year. We simply took the view that in view of the fact that there were $17.3 billion of tax reductions that would expire July 1, if we were permitted $17.3 billion latitude, any recommendations that we had to make on tax increases or tax decreases could be fitted within the $17.3 billion.

After the Committee on the Budget got through with its deliberations, it reduced that figure to $15.3 billion. As far as we on the Committee on Finance were concerned, we were prepared to live within the $15.3 billion. It seems to me that it is very clear, and the legislative history makes it clear, that within that $15.3 billion, the Committee on Finance has the discretion to make the detailed decisions. We had the right either to recommend a lesser amount of tax cuts or we had the right to recommend some tax increases, which would make it possible to have further tax cuts, or we had the right to do some of both—to recommend some larger cuts in some areas, some additional revenue in other areas, to mix the factors up as our best judgment would dictate—so long as we came out with a figure that was about a $15.3 billion revenue reduction.

That is what we have done, Mr. President. I am not here to say that anybody need agree with the particular mix that we arrived at. We could arrive at it however we wanted to arrive at it, I always thought, because we were the ones who were supposed to make the nittygritty decisions—the small decisions. The Budget Committee function was to make the overall decision—and a very important one, I must say—as to the overall amount of money that was available to the Committee on Finance for recommendations with regard to tax cuts or tax increases, all of which would have to fit within the overall figure.

Some of the things we have done do not meet with the agreement of some Senators, but the result is the collective judgment by its members of what the Finance Committee ought to do, and that is all we ought to be recommending.

I do not quarrel with the right of any Senator to disagree with that. I do contend, and I would like to get this settled, that we have the right to recommend it, that we are within both the letter and the spirit of Senate Concurrent Resolution 109, and that that settles that part of it. If the Committee on the Budget or any member of it does not agree with how we recommended it, it seems to me that it is for each individual Senator to suggest how he thinks it should be done. I do not think that we should be arguing about whether the Committee on Finance has respected both the letter and the spirit of Senate Concurrent Resolution 109, because in my judgment, we have fully complied with it. I would be pleased to have the views of the chairman of the Committee on the Budget on this subject.

Mr. PERCY. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. MUSKIE. Yes, of course.

Mr. PERCY. Mr. President, I ask unanimous consent that David Kapnich and Hannah McCornack have the privilege of the floor during further proceedings on H.R. 10612.

The PRESIDING OFFICER (Mr. WEICKER). Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I ask unanimous consent that Mike Joy and Bert Carp have the privilege of the floor during this discussion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I take it there was an interesting debate on the floor of the Senate last night. I regret that I was not here. There probably was a better audience then than we will get this afternoon. I take it, also, that the debate generated considerable heat and that I appear to have been a prime cause for a lot of that heat.

Well, I was not here last evening because, months ago, I had promised the students of the senior class at Presque Isle High School in northern Maine that I would speak to them this morning at their commencement exercises. Normally, at this time of year, since I left at 5 o'clock yesterday afternoon and planned to arrive at 1:30 this afternoon, keeping that promise would not have disrupted the Senate schedule or interfered with the flow of legislation. Unfortunately, it did in this case, apparently, but in any case, I still would have kept my promise.

As I read the debate, as I did while traveling from Boston to Washington this afternoon, I was reminded of an experience I had 2 or 3 weeks ago in Maine. I was visiting an old friend who is in a nursing home, very ill. While I was visiting her, I received a message that another patient wanted to see me. So I stopped by his room and when I walked in, he looked like a thousand years old. He was completely wasted away. I suspect he did not weigh more than 70 or 80 pounds.

But when I approached him more closely I saw there was a very definite sparkle in his eye and vitality in his intellectual processes. He told me he was 94 years old. He said:

> There are just two things I wanted to say to you, Senator. First, I have always voted for you, and I expect to vote for you next November.

Which, I thought, was the height of optimism, given his condition. But the second thing he said was:

> If you hadn't talked so damn much, you might be President.

[Laughter.]

That was my reaction to the Senate debate last night, and I am sorry I was not here. [Laughter.]

Last night, I take it, the Senate opened debate on the pending tax measure by discussing at length the relationship between the bill and the congressional budget. That debate shed some light on the concerns of all committees, not just the Committee on Finance and the Committee on the Budget, about their roles and responsibilities under the rules of the Senate as they may have been amended by the Congressional Budget Act.

But the debate also reflected considerable misunderstanding of the role and the responsibility of the Budget Committee. So, at the outset, Mr. President, I want to make as clear a statement as I can of the Budget Committee's responsibility as I understand it in this matter, and the relationship between this bill and the congressional budget.

First of all, the Committee on Finance is clearly within its jurisdiction in reporting this bill. Second, whether this bill complies with the congressional budget is to be determined by the Senate as a whole, not by the Budget Committee and not by the Finance Committee.

Third, the Budget Committee's responsibility requires us to call the Senate's attention in making its decision on the disparity between the bill and the congressional budget. That budget called for a tax cut for all of fiscal 1977. But this bill will result in a tax increase at the rate of $10 billion a year.

That budget called for a $2 billion reduction——

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. MUSKIE. If I might finish my statement, I will yield at the end. I noted in the Record this morning that the Senator was allowed to make his whole statement and then there was a very interesting colloquy, and I expect if I am allowed to do the same it will be followed by an interesting colloquy. [Laughter.]

That budget called for a $2 billion reduction in tax expenditures to reduce the deficit.

This bill raises only half that amount, and even that $1 billion disappears next year.

That budget called for these tax adjustments in order to continue our march toward economic recovery and a balanced budget at the earliest possible date. This bill pursues a different economic plan.

But no one, Mr. President—I emphasize this, no one—is challenging the Finance Committee's jurisdiction to have reported this bill. No one connected with me is accusing the Finance Committee of bad faith in doing its duty as it sees it. As the letter Senator Bellmon and I sent to all Senators yesterday clearly stated, that committee has done its duty as it saw it. That a significant number of Finance Committee members have joined together to offer amendments to make the committee bill conform more closely to the congressional budget does not in any way impugn the actions or the motives of the other members of the Finance Committee who reported this bill. I want to make that clear.

May I make it perfectly clear that the Finance Commitee bill offered to the Senate today is not a flim-flam, in this Senator's judgment, as some newspapers have alleged. Rather, as the distinguished majority leader pointed out last night, the Finance Committee has laid before the Senate a tax proposal which was that committee's choice to report.

The Budget Committee does not write the tax bill, and the Finance Committee does not write the congressional budget. The Senate and the Congress, in the last analysis, do both. So now it is up to the Senate to choose between that tax bill and the congressional budget Congress adopted just last month, for that is the Senate's choice.

No one on the Finance Committee asserts, unless I have missed something, that this bill meets the policy choices which underlie the budget resolution. In fact, some Senators seem to think Congress had nothing particularly in mind at all in adopting the budget.

Amendments will be offered by members of the Finance Committee and others who bring the bill more clearly into line with the policy assumptions of the congressional budget. The Senate, not the Finance Committee, not the Budget Committee, will determine which of those amendments are adopted.

The Senate will decide whether to uphold the assumptions of the congressional budget. What were those assumptions on the revenue side? The revenue side of the congressional budget, as stated in the Budget Committee reports and in in debate in both Houses and in the conference report, was based on two simple assumptions: one, an extension of the 1975 tax reduction to at least fiscal 1977; and, two, reduction of tax expenditures by $2 billion to help pay for that tax cut and restrain the deficit.

This bill, in all of its 1,500 pages, achieves neither of these simple purposes, so the Senate must decide.

Yet the members of the Finance Committee who favor this bill will argue, as they already have, that this bill meets the requirements of the budget resolution. They will argue, as they already have, that since they have matched the numerical totals of the budget resolution, they have upheld the intent of the congressional budget. They will argue, as they already have, that for the Senate to decide that this bill must execute the revenue assumptions of that budget, and not just some numbers in it, is an intrusion on their jurisdiction.

Much was made in this connection last night of a colloquy between Senator Packwood and myself during the debate on the congressional budget this spring. In that dialog I affirmed and supported the right of the Finance Committee, as I do now again, to report a taxbill which does not execute the policy of the congressional budget. Neither the congressional budget nor the Budget Act and, certainly, not the Budget Committee, can compel the Finance Committee to report a bill which complies with the policy of the congressional budget.

Neither the Budget Act nor the Budget Committee limits the prerogatives of the Finance Committee to shape a tax bill which pursues different assumptions than those assumed in the congressional budget.

But, as I noted in the last portion of my colloquy with Senator Packwood, which Senator Long has circulated in his letter to you yesterday, the Senate is the final arbiter of which shall survive, the tax bill or the congressional budget.

(At this point, Mr. Weicker assumed the Chair.)

The Finance Committee has exercised its prerogative and reported this bill.

Now it is for the committee to defend it.

The Senate must choose between this bill and the congressional budget.

Where the congressional budget proposed an extension of last year's tax cut at least through fiscal 1977, this bill proposes that taxes increase—starting next July 1—by $10 billion a year instead.

Where the congressional budget propose paying for a portion of that tax cut by cutting $2 billion from the $105 billion in existing tax preferences, this bill cuts only $1 billion, and even that savings disappears next year.

Where the congressional budget proposed putting the tax cut for a full year in the hands of the consumer, this bill cuts those tax cuts off 3 months early to finance existing and newly-created tax preferences.

Now what is the Budget Committee's role and responsibility in all of this? Have we no responsibility for the half of the budget which is revenues? Are we supposed to meet each March to propose a congressional budget and then retire to the cloakroom until the fall, when it is too late to advise the Senate of the implications of its tax and spending decisions? And then pop back out like some unwelcome jack-in-the-box each fall to shout, "surprise! You've blown the budget."

Hardly.

No, Mr. President, our responsibility is to shape a budget—report it—help enact it—and then help enforce it. Where Congress wants to change that budget, it can, as in this case. But changes should be conscious and purposeful. It is the Budget Committee's job to make sure they are conscious and purposeful.

It may not be pleasant to hear what the Budget Committee has to say, but so long as I am chairman of it, it will be said.

And who, after all, is the Budget Committee? We did not recently land from Mars on the Capitol Plaza and invade the Senate. Ours is a committee of other committees. Our membership includes senior representatives from virtually every standing committee in the Senate, including two from the Committee on Finance.

We do not duplicate these other committee's work. We do not make line-item decisions. We have proved we can work with other committees to make the budget process work.

Where amendments to appropriations bills have threatened budget targets, we have stood shoulder-to-shoulder with the members of the Appropriations Committee to oppose and defeat those spending proposals.

When committees—as the Armed Services Committee is now—are seeking to hold the budget line in conference with the House, we go to their aid in every way we can.

When Senator Long fashioned the compromise language which persuaded the President to sign the once-vetoed tax cut bill last fall, we helped carry the load of debate against some of his own committee members to persuade the Senate to accept the Long solution. Because that tax bill was part of the congressional budget.

But if this debate is not a contest, Mr. President, between committees, what does it boil down to? The Budget Committee has devoted a few brief—but important—lines in the congressional budget report this year to the meaning of the revenue figure in the budget resolution. Six lines which call for a continued tax cut for all Americans through fiscal 1977, paid for in part by a modest reduction in tax expenditures.

That is clearly policy assumption stated in the report of the committee.

Senator Long says those words are meaningless. That only the numbers in the resolution count.

I fail to understand how he can speak of the letter and the spirit of the Budget Act if only the numbers count.

The numbers are not the spirit. The report is the spirit, because it explains the numbers.

I hope the Appropriations Committee does not begin to take the same position on the Labor-HEW appropriations bill.

In any case, Senator Long knew what the revenue number in the congressional budget meant when it was adopted last month. He spoke at length against the policy it represented. And, speaking of the $2 billion in tax reform it assumed, he warned:

> That was a mistake. We should not be asked to come up with $2 billion of tax increases effective in fiscal year 1977.
>
> I do not question the fact that it would be possible to have this revenue impact over the longer run, but I do think it is unrealistic to expect a $2 billion tax increase in the fiscal year 1977.
>
> There are many ways that the Senate can correct the mistake in the future, and I shall endeavor to show how that can be done at the appropriate time.

I take it that the Senator would not have addressed those comments to the issue unless he understood that this policy in the committee report, the Committee on the Budget, meant something and that it represented policy until it was changed.

Why would he be interested in changing a mistake in a meaningless Senate report?

Now seems to be the time of which Senator Long spoke. Now he is asking the Senate to jettison the budget this Senate and the Congress adopted last month. Abandon it because a majority of the Finance Committee disagrees with it.

Senator Long has been consistent in his disagreement with the revenue policy adopted by Congress in the congressional budget.

Will Congress be as consistent in upholding it?

In answering that question, we are challenged not only by this bill, or by this year's budget. We are being challenged and judged as a Congress.

The Federal budget has more than doubled in size twice since 1960.

The public debt has doubled since 1970.

We have had deficits for 39 of the last 45 years.

And, until 2 years ago, our only answer was that it is "uncontrollable."

Yet, in our frustration we have made a kind of triumph.

We invented the budget process.

And it works.

When the Budget Act became law 2 years ago, no one dreamed we would be finishing its first full year of operation right now.

And no one dared dream that we would finish right on the money—that our spending controls would work and our priority planning could make a difference.

No congressional achievements of our generation, even the impeachment proceedings, outweigh the significance for our country that this new budget process works. The budget process works if we permit it to work. The budget process is not just a committee or a resolution or a set of numbers. The budget process is all of us, Senators, Members of the House, and staff, working together in a new and systematic way to bring measured control into our national tax and spending policy.

Without the cooperation of every Member of this body—that cooperation, in my judgment, having been magnificent—this budget reform would collapse. Congress made the budget process work and Congress can break the budget process.

No point of order, no set of rules, can make the process work unless we are willing to make it work.

Now let us be candid about it. Some may wish the budget process had never been created. Some may think the Budget Committee has gone too far in testing and preserving the structure of this reform process and trying to give it flesh. Some might even say this bill has been shaped and chosen to teach the Budget Committee a lesson; that this bill, because it provides the same revenues as the numbers in the budget resolution should be passed and the policy of the budget resolution should be ignored, even at the price of $10 billion a year in increased taxes starting next July for all our constituents.

Pass it anyway and put the Budget Committee down. Take away the one evidence we have that Congress can discipline itself or can conduct the public business.

This is no dispute, Mr. President, between two committees. This is a contest between a single bill, this tax bill, and the congressional budget. This is a contest for the credibility of the budget process and the credibility of this Congress. Did we mean what we said about decreasing tax expenditures to decrease the deficit just last month? Did we mean what we said about a full fiscal year of tax cuts for our individual constituents?

The floor manager of this bill says it fits both the letter and the spirit of the congressional budget.

Mr. President, the budget is more than just a collection of numbers. It is a coherent fiscal and economic plan to move steadily toward a balanced budget and the changes Congress wants to make in our national spending priorities. That is what this debate is about.

Senator Long says the Budget Committee is not a line item committee. I agree, and I have expressed my agreement to him a hundred times in casual conversation and on the floor.

But extending a $17 billion tax cut is not a line item, like some railroad crossing or some sewage plant.

It is a national economic policy. And reducing some of the $105 billion in existing tax preferences by 2 percent to cut the deficit, as the congressional budget proposes, is not a line item. It is a national priority, adopting its budget.

In adopting its budget Congress did not tell the Finance Committee how to write this 1,500-page bill, but we did all agree some of the things the congressional budget expected this bill to achieve, including a full year's tax cut financed in part by $2 billion in tax reform.

As my colloquy with members of the Finance Committee at the time this budget was adopted records, we did not say the full year's tax cut had to take a certain form, just that it had to be drafted to be consistent with the budget. Even as to that the Finance Committee had full discretion to depart from the budget, but if it did so, it then had to make its case for that departure to the Senate as a whole, make its case for departing from the budget.

We did not say which of 82 line-item tax expenditures should be reduced to help pay for this tax cut, but simply that some should be cut. We did not line item. We do not now. But in describing that budget we said what we meant, meant what we said, and Congress agreed barely 1 month ago.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. MUSKIE. I am almost at the end of my statement.

Now the Finance Committee would have us abandon that plan, in order to preserve tax preference at taxpayers' expense.

It is the right of the majority of a committee to defy the congressional budget.

It is the obligation of the Congress to uphold that budget.

Yet, the congressional budget is not inflexible. Changing conditions mean changing needs. The Budget Act provides that where the economy requires it, a revised budget can be adopted.

No such change has occurred since May.

We should amend the bill to fit the budget we have adopted.

What shall we say otherwise?

That the tax reform and tax cut provisions of the budget resolutions were double talk?

A hoax?

More of the Washington shuffle?

Or shall we just say that the budget resolution is "inoperative"?

I think we all want more than that.

We owe more than that to our States.

We owe more than that to this body.

We owe more than that to ourselves.

And we are better than that.

I do not believe we will turn our backs on the budget reform.

I do not believe we will accept the individual tax increases and preserve tax preferences offered us by this bill.

It would be easy to do so—to follow the course of preserving tax preference and smoothing over the short changing of the average taxpayer.

It would be easy.

And expected.

And wrong.

Wrong to scuttle the budget reform.

Wrong to our fellow citizens.

And wrong to ourselves.

We will either all hang together to preserve the budget process or all hang separately on the gibbet of public scorn.

So let us agree to follow our budget. Let us conform this bill to it.

And let us restore, even if but a little, the hope and confidence of our people in our Government.

And in ourselves.

I would like to close with a reference to the Budget Act, because this was discussed yesterday.

I have not had a chance to research this point thoroughly, but as I recall the Legislative Reorganization Act provides as to all other committees that legislation shall be accompanied by a report, period.

So far as I know, the Budget Committee is the only committee where the minimal contents of that report are spelled out, and for a reason, for a very definite reason.

I had something to do with writing this act. I was a member of the subcommittee. I was a member of the full committee. I was one of the floor managers of the bill in debate. I was one of the ranking conferees with the House. These provisions were put in here for a purpose.

This specifies the contents of the report at great length.

If I may read several items from the act, section 301 lays out the requirements for the budget resolution, including this:

> 3. The amount, if any, of the surplus or the deficit in the budget which is appropriate in light of economic conditions.

It is a clear mandate to the Budget Committee to make an economic judgment about the budget and other related policies influencing the pace of the economy.

"In the light of economic conditions." That relates to the resolution.

Now the report:

> The report accompanying such concurrent resolution shall include—

Mr. President, I ask that all of the items be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

> The report accompanying such concurrent resolution shall include, but not be limited to—
>
> (1) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;
>
> (2) a comparison of the appropriate levels of total budget outlays and total new budget authority, as set forth in such concurrent resolution, with total budget outlays estimated and total new budget authority requested in the budget submitted by the President;
>
> (3) with respect to each major functional category, an estimate of budget outlays and an appropriate level of new budget authority for all proposed programs and for all existing programs (including renewals thereof), with the estimate and level for existing programs being divided between permanent authority and funds provided in appropriation Acts, and each such division being subdivided between controllable amounts and all other amounts;
>
> (4) an allocation of the level of Federal revenues recommended in the concurrent resolution among the major sources of such revenues;
>
> (5) the economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and alternative economic assumptions and objectives which the committee considered;
>
> (6) projections, not limited to the following, for the period of five fiscal years beginning with such fiscal year of the estimated levels of total budget outlays, total new budget outlays, total new budget authority, the estimated revenues to be received, and the estimated surplus or deficit, if any, for each fiscal year in such period, and the estimated levels of tax expenditures (the tax expenditures budget) by major functional categories;
>
> (7) a statement of any significant changes in the proposed levels of Federal assistance to State and local governments; and
>
> (8) information, data, and comparisons indicating the manner in which, and the basis on which, the committee determined each of the matters set forth in the concurrent resolution, and the relationship of such matters to other budget categories.

Mr. MUSKIE. I shall simply read these:

> 4. An allocation of Federal revenues recommended in the concurrent resolution among the major sources of such revenues.
>
> 5. Economic assumptions and objectives which underlie each of the matters set forth in such concurrent resolution and alternative economic assumptions and objectives which the committee considered.

If that does not spell out a responsibility on the part of the Budget Committee to consider not only the numbers that one finds in the concurrent resolution but the economic implications of those numbers, the policy assumptions of those numbers, then I cannot read the English language.

Then let me read section 303:

> It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendments thereto, which provides an increase or decrease in revenues to become effective during a fiscal year until the First Concurrent Resolution on the budget for such year has been agreed to, pursuant to section 301.

Now, if the first concurrent resolution on the budget has nothing to say about revenue and is not intended to influence revenue raising or revenue cutting policy except to the extent that there is a single number in the resolution, then of what importance is it to make its consideration by Congress contingent upon the prior adoption of the first concurrent resolution? To adopt the theory of the budget that has been advanced by my good friend from Louisiana—and I say this with all respect—is to make a hoax of the budget process.

Let me just, in closing, say this about something Senator Long said last December 19, in connection with the debate over the veto of the tax cut bill. He was talking about the President's proposal that we immediately adopt a spending cut of $28 billion, in round numbers. This is what Senator Long had to say:

> When we come back here—

He is talking now about this fiscal year——

> and see what the President's budget is and what the Budget Committees recommend, then we are going to have to approach the Budget Committee and say, "We would like to continue this tax cut, and we are going to have to have spending cuts."

Again he said:

> The Budget Committee will have that difficult problem of trying to suggest, of all these good things we would like to do, where some could come off from one place and some from another so that we could finance this $17 billion from that budget. That is a difficult task, but that would be the problem of the Budget Committee.

That is the mandate we have tried to fill. Tax expenditures, which cost tax dollars, have grown over the past 10 years from something over $40 billion a year to about $105 billion. There is a place where we can cut. Not everybody would like to cut there. Not everybody would like to cut in the same place. But that is true of the appropriations budget as well.

But here is an acknowledgement, I think a candid one, in Senator Long's own words—an acknowledgement of the kind of responsibility that the Budget Committee has.

It is not fun. We are going to step, at some point or another, on every toe in this Chamber, probably. I knew that when I asked for the job. But notwithstanding the heated debate last night, I am still glad I got the job, and I thank you all very much.

I am happy to yield.

Mr. LONG. Mr. President, I would like to be recognized in my own right.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, fundamental to the Senator's argument is that it is not the concurrent resolution that is the budget. Fundamental to his argument is that the budget is the language that one can find in the Budget Committee's report, and whatever thought the chairman and its Members had in mind when they wrote that. That is his argument.

We have no problem whatever, Mr. President, in living within this $15.3 billion figure. Let me show you, with help from the Finance Committee staff, how that figure was arrived at. I would like to ask one of our staff assistants to put the numbers on the board as we proceed with them.

We were asked from the beginning to make our suggestions, having looked at the President's budget, as to how much money we thought would be required from those areas under the jurisdiction of the Senate Finance Committee.

We came up with the following:

$17.3 billion tax cut extension.

$2.9 billion other tax cuts—capital formation.

Add that together, with a line, and that equals the $20.2 billion gross tax cut.

Subtract $0.6 billion tax increase, mainly unemployment insurance.

That, then, gets us to a final figure of $19.6 billion net.

Mr. President, those are suggestions from the Finance Committee, which ought to know best in the area of its jurisdiction, to the Budget Committee.

We at that time fully had in mind that within that top figure of $17.3 billion many Senators, not only on the committee but Senators who were not on the committee, would probably have suggestions about ways in which we could make tax reductions that might take precedence, because they might have more merit in their eyes than some of the things in that $17.3 billion. If so, we felt that we could simply take something out when we put something in, so that, by a squeezing-out process, we would be within the budget.

That is what a budget is supposed to be all about, as I imagine, in this sort of squeezing-out process. If you have something that you think is very good, and it was not inside the budget estimates to begin with, you have to find something to take out so you will still be within the budget.

I would suggest, now, that those figures simply be erased, and then we see what happens after that.

The Budget Committee looked at that. They allowed nothing for capital formation, and they apparently did not seem to be impressed by the possibility of requiring some money for unemployment insurance taxes. They gave us a figure—and I would like to have put on top that figure, $15.3 billion, and that it be written fairly large so we can see what we are talking about.

If one reads their committee report, one can see how the Budget Committee arrived at the $15.3 billion. They took the $17.3 billion that we suggested to them, and they proceeded to put an increase from tax expenditures—just put "tax expenditure legislation, $2 billion."

Then subtract that, and that gives you $15.3 billion.

Now, we on the Finance Committee understand how they arrived at that figure. We understand that. And it was made clear by Mr. Muskie on the floor that when they said "tax expenditures," they did not necessarily mean that you had to raise taxes any particular way; you could raise it however you wanted to.

He also made clear reference, in colloquy with Mr. Packwood, that if the Senate Finance Committee felt that we were not able to raise that $2 billion, that we could recommend to the Senate that it simply reduce taxes less than $17.3 billion.

Mr. MUSKIE. Will the Senator yield on that point?

Mr. LONG. Yes, I yield.

Mr. MUSKIE. I want to be sure my position on that point is clear. As I reviewed the debate on the first concurrent resolution this year, I find myself saying over and over again especially to the distinguished Senator from Louisiana in connection with his amendment affecting appropriations that, of course, these are target numbers and if the committee finds it impossible to meet the target it is its duty to come to the Senate and tell the Senate to make its case and give the Senate an opportunity to change the target. That is not what the Senator is saying in this connection. He is saying he is making these changes and still doing what the budget resolution requires.

There is a different point altogether. The Finance Committee nor any other committee, including the Budget Committee, cannot unilaterally change the budget resolution. Yet if committees find it is impossible to live under the target in the budget resolution, then of course, the committee has the duty to come to the Senate floor and to make its case.

Mr. LONG. The Senator has read some of my language to me. Let me read some of his language to him.

> Mr. Packwood. Would this also be true, because it is slightly related, on page 6 of the committee report where you make reference to the $2 billion in the tax expenditures that you hope the Finance Committee will pick up this fiscal year—do I take that to mean it is not necessarily a mandate that we close $2 billion worth of loopholes, but that we could just as well raise the income tax or the corporate income tax $2 billion? You are just talking about $2 billion additional revenue, and the reference to tax expenditures does not necessarily mean so-called loopholes.
>
> Mr. Muskie. That is right. The only mandatory number with respect to revenues is the revenue total that we have included.
>
> We have, however, indicated in the report, as we are required, our view as to whether any revenue should be generated by tax reform. We have done that, so our view is in the report, but it is not mandated.
>
> Mr. Packwood. If the Finance Committee's judgment at the end of 2 weeks of hearings and markups, they found it impossible to close $2 billion of loopholes, and they chose to fit within the mandate of the Budget Committee by simply reducing the tax reductions from $17 billion to $15 billion and pick up $2 billion that way?
>
> Mr. Muskie. That is right.

And then Mr. Muskie goes on to say:

> What we ask is a recommended level of Federal revenues of $362.4 billion in revenues, and we arrived at that number by assuming $2 billion possible additional revenues on tax expenditures. By the time the committee acts, the revenue picture changes. We may come up with $362.4 billion in some other fashion.

So it goes on. Let me make this clear.

Mr. MUSKIE. Wait a minute.

Mr. LONG. Yes.

Mr. MUSKIE. The Senator was quoting in part from a colloquy.

Mr. LONG. How much does the Senator want me to read?

Mr. MUSKIE. Let me read what I wish to quote. Senator Packwood suggested this colloquy by posing an impossibility. He said:

> If the Finance Committee's judgment at the end of 2 weeks of hearings and markups, they found it impossible to close $2 billion of loopholes, and they chose to fit within the mandate of the Budget Committee by simply reducing the tax reductions from $17 billion to $15 billion and pick up $2 billion that way?

Implicitly, is that optional? Of course, it is.

I have been saying all afternoon that the Finance Committee's jurisdiction to report any bill it chooses is not changed by the budget process. I say in the next column in the Record:

> But in the last analysis, it is the Finance Committee's judgment, and I think the Senators and the Senate subsequently.

I agree, that language in colloquy is not always as precise as it might be, but the whole thrust of this is backed up by continuing colloquy with other Members of the Senate, including the Senator from Louisiana, which I emphasized over and over and over again that the first concurrent resolution numbers are targets, that it is the duty of committees to try to meet them. If they cannot, it is their duty to come to the Senate, make the case for not meeting them, and giving the Senate a chance to decide.

There was nothing in my mind in that colloquy designed to imply that the Finance Committee has the right unilaterally to change the budget resolution.

Mr. LONG. I am pleased to see now the Senator is only talking about the total figure because that is what we ought to be talking about.

Mr. MUSKIE. I am not talking about only the total figure at all.

Mr. LONG. I have the floor. I yielded to the Senator, which was more generous than he was to me.

Mr. MUSKIE. The Senator misquoted me and started the next sentence. I challenged it.

Mr. LONG. Yes.

I insist on my rights for a moment.

If we buy the Senator's argument, then when we read the budget report and listen to the Senator's speech today, what that adds up to is this; that the Budget Committee will give the Finance Committee two things: $17.3 billion, an extension of temporary tax reductions enacted in December 1975 of $17.3 billion through 1977, and another $2 billion for an increase in tax expenditures.

And the Finance Committee, having jurisdiction over all types of legislation, would have no discretion whatsoever as to what goes into that $17.3 billion, because it is clear, according to the Senator's argument, that the Budget Committee made clear what it had in mind. It made its assumption clear and thereby the committee that has prided itself on revenue legislation since the beginning of this Nation has no discretion to recommend anything different than that.

If that is correct, Mr. President, then that same committee has the right to tell the Committee on Armed Services and the Committee on Appropriations:

> We would assume that they should not put anything in here for aircraft. We think aircraft is obsolete. It does not seem to us like anything ought to be in there for aircraft, even though the President and other people recommend it.

Then, if the Committee on Appropriations and the authorizing committee, the Committee on Armed Services, come in here recommending something for aircraft, they would then be told correctly, if the Senator is correct, that they have violated the budget process and they are going to bankrupt this Government buying airplanes because it is implicit in the Budget Committee language that the Budget Committee assumed that nothing was to be recommended in the way of aircraft defense. Therefore, that cannot be considered.

Mr. MUSKIE. Mr. President, if the Senator will yield, this Senator has not made any such statement with respect to appropriations because there is nothing in the Budget Act that gives us that authority. I refer to the Budget Act with respect to its mandate in connection with revenues. It said specifically we have to allocate.

Mr. LONG. I heard what the Senator said.

Mr. MUSKIE. The Senator knows because he was in the Chamber with an appropriation modifying amendment when I told him over and over again that we are not a line item in appropriations and that the assumptions there are simply tentative and demonstrative.

Mr. LONG. Mr. President, I wish to answer that, if my rights to the floor will be respected for a few minutes. The Senator says that the language in this Budget Committee report is the law. I heard Mr. BELLMON say that last night. I could not believe it.

Mr. MUSKIE. I challenge the Senator. I made no such statement.

Mr. LONG. As I said last night, I find it difficult to believe that any Senator would stand here in this Chamber and undertake to tell any other Senator that the language in his committee report is the law. The language in his committee report is exactly what that is, how the committee went about arriving at the recommendation that they made. So to say that that is the law, Mr. President, is to me totally contrary to what one would think.

Mr. President, it seems to me that what we have here is a simple matter. The Budget Committee is expected to recommend to these legislative committees, be they Finance, Appropriations, or even the authorizing committees, Armed Services, Public Works, and all the others, what the overall figure is to be within their function and then within their jurisdiction they are supposed to be the experts who do the nitty-gritty.

I am reminded, Mr. President, of a story that occurred when my dear friend, Alben Barkley, remarried. He has left us. He was one of the most beloved Senators of all times. He is a former majority leader and Vice President. When he remarried, it caused all the ladies to raise their eyebrows and there was a lot of pleasant conversation among people to the effect that it is never too late, that there is always hope, because here he was well into his seventies marrying this fine lovely widow who was much younger than he, almost perhaps young enough to be his daughter. Everybody was pleased about it. There was conversation among all the ladies and the gentleman about it. We were very happy about it.

After he had been married a while, someone asked Vice President Barkley how the marriage was going along. He said:

> It's going just great. My wife and I had an understanding before we married. I would make all the big decisions and she would make all the small decisions. So far, we've been married 6 months, and we haven't had any big decisions to make.

[Laughter.]

Mr. President, the way this thing was supposed to be, I thought the Budget Committee was going to make the big decisions and the Finance Committee was going to make the small decisions. I regret to say that within that $17.3 billion, the chairman of the Budget Committee cannot find anything small enough for the Finance Committee to decide anything about. [Laughter.]

So all we can recommend is taxing somebody. We cannot spread any joy. The Budget Committee did that for us. We do not have that discretion.

The Senator talks about a $10 billion a year tax increase. He surely must have taken a better look at the bill than that.

The reason why we have to recommend taking something out of the $17 billion is that we are putting other things in. It is a squeezing-out process. That is what the budget is all about. So when we vote to do something for mothers who have little children and who want to go to work—better child care; when we do something to help employees own some stock in the company for which they work; when we vote to do something to help the railroads find capital to modernize and stay in business, everything we do that involves the recommendation of perhaps a hundred Senators and their suggestions—any time we do anything along that line, we have to take something else out, in order to stay inside the budget, and we did.

This $10 billion we are talking about on an annual basis really makes no practical difference in the first year, because the $35 per person tax credit with which we are dealing at this moment is something that one handles on an annual basis anyway. It does not even reflect itself in the withholding schedule. I correct that: It is reflected in the withholding schedule. But it is taken at the end of the year in the final return.

So that the overall impact would be about the same as we had in mind to begin with, that we provide far more tax help for the poor than is in the House bill. We provide far more stimulation for the economy than is in the House bill.

We did what might be unpardonable: We exercised our discretion. We listened to witnesses. If we thought they were right, we tried to go along with them. If we thought they were wrong, we turned them down. We did what we thought we should do.

Now we are told that we were wasting our time when we were holding hearings, because the Budget Committee, when it made its assumption, assumed that there was going to be nothing but $17.3 billion in tax cuts; therefore, these people could have stayed home. Everybody who told us that the investment tax credit should be changed, to give them a little more tax relief to help get the economy going, should have stayed home. Those who came here representing the railroads and told us about their plight and how the law should be modified to help them stay in business should have stayed home. Those in the airline business who have their problems and who were seeking some consideration from the tax-writing committees should have stayed home. Those involved in the energy industries who wanted to do something about insulating homes or modernizing furnaces, or wanted to do something about solar energy, or geothermal energy, should have stayed home, even though the House had sent us an energy tax bill with provisions along that line, because it had been assumed in the Budget Committee that nothing of this sort would reflect itself in these tax bills.

If that is how the Senate wants to do business, any other committee can be bound by the same kind of assumption. How would one defend his position?

We read a resolution that says $15.3 billion. That is what the law is supposed to be. We are prepared to live with it; and we will, in good faith, and in good spirit, undertake to comply with it, and we do. When we do, we are told, "You are in violation of the budget process, and you are going to destroy this country."

(At this point Mr. BAKER assumed the chair.)

Mr. NUNN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. NUNN. I think the Senator from Maine and the Senator from Louisiana both agree that good faith in this overall process is indispensable if it is going to work.

The thing that bothers some of us is that when we get around to June 30 of next year and the Senate decides to extend the tax cut through the end of the fiscal year, assuming that happens, then what will inevitably follow from that decision is that there will be a decline of revenue of $2 billion that was not anticipated at this point, and thereby the budget resolution will be out of whack because we will have less revenue. The Senator sees that.

I ask this question: If that happens, will the Senator from Louisiana be willing to pledge to the Senate, for his part, that if the decision is made to extend the tax cut, the Finance Committee will be willing to go back to the drawing board and try to find some way to compensate for that $2 billion?

Mr. LONG. Yes, I do. I am pleased to make that commitment. In fact, I said so previously, to other Senators. Of course, I expect to live with this.

Furthermore, I am willing to make this commitment to the Senator from Georgia: Not only do I propose to live within a $15.3 billion figure here, but also, when we go to the House and undertake to resolve our differences, I expect to live with the $15.3 billion when we come back from conference. So far as I am concerned, I expect to live with what we are recommending to the Senate, and I expect the Budget Committee to hold us to that. So far as I am concerned, that is implicit in this.

Mr. NUNN. Let us assume that the Senate makes it plain sometime next year that that tax cut should be extended, and I think we will know by March of next year whether that tax cut should be extended. Would the Senator from Louisiana's committee then try to find a way to raise that $2 billion in revenue? It does not matter to the Senator from Georgia how the Senator from Louisiana goes about getting it; but would the Senator from Louisiana try to make up for that revenue loss so that we would stay in balance with the budget resolution?

Mr. LONG. I would be happy to do that any time the Senator tells us that is what he wants done.

This is another point about this matter which should be kept in mind: It is unfortunate to make an important decision such as the one we have here, when all we are really talking about is how to cut taxes, because it is not difficult to cut taxes. It is easy to get people to vote for a tax cut. I have tried it both ways, and I find it much easier to get people to vote to reduce taxes.

If we ever are going to balance this budget, we will have to face up to some very difficult decisions. Unless we can quit spending far more than I can anticipate at this point, especially if we are going to have big programs such as health insurance and guaranteed jobs, it will be very difficult ever to balance the budget. In order to do that, the Budget Committee should recommend to the Finance Committee that we should have a big tax increase, and the Finance Committee should go along and help put that tax increase into effect.

It has been my experience that if I am trying to get a bill passed and some Senator has a suggestion about how the bill might be improved upon, if we take that Senator's amendment, he usually will go along and help us pass the bill. If he is denied the right to put his suggestion into it, he is not going to help pass the bill.

If the Budget Committee is going to tell us, right down to the last word, the last comma and semicolon, precisely how that bill should be written, how much cooperation does the Senator think they have a right to expect from the Finance Committee when they tell us to try to pass that bill? They would be better off to try to pass it themselves.

Mr. NUNN. I can speak only for one Senator, but the Senator from Georgia, at least, is interested in the net figure. I am interested in seeing the process work, and the only way it is going to work is if we keep the net figures in mind.

I do not think we should tell the Finance Committee the line items. Those decisions should be made by the Finance Committee.

By the same token, I think it would be somewhat illusory for us to go through this bill without the assurance of the Finance Committee that if the tax cut is extended, which most people anticipate will happen, the Finance Committee is not going to go back to the drawing board and find some way to adjust its policies, its tax policies, so that the net figure really remains the net figure.

Mr. LONG. I say to the Senator that we sought the advice of eight great economists on about how to move with this bill. We did it with the benefit of the staff of our Joint Committee on Internal Revenue Taxation. Two of those great economists recommended that this tax cut should not be extended throughout the fiscal year, that it should be extended for a much shorter period of time than that. Two others recommended it be extended through 1977. Four of them recommended that it should be extended permanently.

One interesting thing. The two who recommended that it should not be extended throughout the fiscal year included Mr. Klein, who is president of the American Economic Association; the highly respected economist at the Wharton School of Finance, and the man Mr. Jimmy Carter, the Democratic front runner for President, chose as his economic adviser. That man said we should not extend this tax cut throughout the entire year.

As a practical matter, we really are extending the $17 billion throughout the entire year—not $17.3 but $17 billion—because, even though we make some savings in one area, the principal reason we are doing that is in order to accommodate some tax reductions that various Senators, both on the committee and in the Senate as a whole, have suggested to us. So the overall is just about what the Senate recommended anyway.

As a matter of fact, I am much more concerned about how the Committee on the Budget would react to a tax cut recommended by the committee to take place in future years, or after the end of the budget year. Under the budget laws that we have now, if someone wants to come up with a new program, like a tax credit for young people going to college, in order to get that passed under budget resolution, he has to put in an effective date to commence in fiscal year 1978, or after October 1977. So there are tax cuts going on into the future. Under this committee-recommended bill, the economy will not falter for lack of tax cuts.

Now, one can argue about what the mix ought to be. That is entirely a different matter—just vote for any amendment that your conscience dictates. I expect every Senator to do that. What I think we should try to avoid is the jurisdictional problem where a committee doing its duty as the good Lord gives it the light to see it is told that they are in violation of the law and the budget resolution, either the letter or the spirit, when they are, in good faith, trying to comply. I have voted against a lot of things I would have liked to vote for in considering this bill, to keep it within this $15.3 billion. On the effective dates that we have for the tax changes, practically all going into effect on January 1; I would much rather make them prospective to give people a chance to see what is going to happen to them before it happens. When we vote the other tax cuts, we make them effective in the future, when the tax increases go into effect, to meet these budget targets.

We have worked diligently to meet this budget figure and to try to comply with both the spirit and the letter of the law in this respect.

I submit to the Senator that I do not think any responsible committee—be it Appropriations or Finance or any other—can live with the suggestion that—let us say in a bill for $17 billion of tax cuts—they have no discretion about the $17 billion, any more than the Appropriations Committee could live with the suggestion that the assumptions were that they would spend every dollar of $17 billion in a category without any discretion whatever.

I think they would say, "Well, if we are not to be permitted any discretion, do not refer the bill to us to begin with."

That is what the legislative committees are there for. They are supposed to make these nitty-gritty decisions. They are the ones who are supposed to put the pieces together. If any Senator disagrees with it, then of course, he has the right to amend the bill and I clearly respect his right to do so.

Mr. CURTIS. Will the chairman yield?

Mr. BROCK. Mr. President, will the Senator yield?

Mr. LONG. In just a minute, because I see the Senator from Minnesota (Mr. MONDALE) on the floor. I think he has been a fine catalyst between the Committee on Finance and the Committee on the Budget to try to reflect in one the views of the other. If the Senator can express it for himself, I wish he would. I would like the Senate to hear his view about the matter and I hope he will state it before the debate is over. His view is that we are not in violation of the budget law, either the letter or the spirit of it. We have complied. He does not agree with the way we have complied. That is his privilege. He is offering amendments to make us comply the way he thinks we should.

Mr. NUNN. The important thing here for all of us, I think, is to separate the philosophical differences about this bill from the jurisdictional battle between the committees. They are two different things and if they spill over, the loser is going to be the budget process, in my opinion.

Mr. LONG. That is how I feel.

Mr. NUNN. I think we have to distinguish between the philosophical differences which all of us are going to have on any tax bill and the decision whether this indeed complies with the Senate budget resolution.

Perhaps by some amendment later on, after we have worked on it and think about it, we can make it clear, if this $2 billion disappears next year, that we are going to do something to replace that, unless the concurrent budget resolution has been changed.

I think that would relieve the minds of a lot of people who are trying to make the budget process work. I speak only for the Senator from Georgia.

Mr. BROCK. Will the Senator yield on just that point?

Mr. LONG. Yes.

Mr. BROCK. I want to point out to the Senator from Georgia, who is on the the Committee on the Budget, that the budget law that we did write and which is law does say, once that second concurrent resolution is passed, it cannot be violated at all. If you make a motion on the floor, it is subject to a point of order. The Senator from Georgia knows that, so in order to extend the tax cut beyond what it is in this bill, legislation would have to be enacted, and it would be subject to a point of order from the Budget Committee. There is not any way in the world that that $2 billion can be spent if the Senator is on the floor and does not want it spent.

Mr. NUNN. In other words, by the end of June 30 next year, if there is a bill that comes up to extend that and no change made by the Finance Committee to accommodate that, then a point of order would lie because it would exceed the second concurrent resolution?

Mr. BROCK. The Senator is correct and that is the whole point of the debate. I do not understand why the chairman of the Committee on the Budget does not realize just what strength he has in this law. He and I worked together to write it. We made absolutely sure that that law is rock hard with regard to the second concurrent resolution, which has to be passed prior to the fiscal year's beginning. That law says you cannot do anything to change these figures without an action of the Senate and it would be subject to a point of order unless the Committee on the Budget changed its own figures. That would take an action of the Senate at large. So the Senator is fully protected that we are going to comply with this law.

Mr. MUSKIE. Will the Senator yield?

Mr. LONG. May I first yield to the Senator from Minnesota, who serves on both committees, and I think has really done a great service to the Nation and the Senate in trying to make each see the viewpoint of the other. I yield to the Senator from Minnesota, if I may.

Mr. MONDALE. I thank the Senator. I have been in the unenviable position of serving on both committees.

It seems to me that there are two levels on which the Committee on the Budget operates. First, we make a recommendation to the Senate, which makes up our concurrent resolution, which sets forth revenue figures. Those figures, in my opinion, have been technically complied with by the bill reported by the Senate Committee on Finance. I think it picks up the revenue that the resolution required of us.

I do, however, think that there are some other functions that the Committee on the Budget has to fulfill, which come to the Senate in the form of recommendations. They are not binding, but they are recommendations and responsibilities imposed upon us that ought to be very seriously considered by the Senate in acting on the pending bill.

If I may have just a couple of minutes, I would like to say why I feel that is the case.

First of all, I am absolutely convinced that we will extend those temporary individual tax cuts come next July. I do not think they will expire. They are $9.4 billion, annually, of cuts that go to families of average income—and they work out to something like $180 per family. If we were to let them terminate next July, we would have unemployment and great unrest, and I do not think that anyone really expects that they will terminate. In fact, I think in our Finance Committee report, we sort of hint that they will be extended.

If I am correct on that, and I believe I am, it means that next year sometime, we are either going to have to increase the deficit or increase taxes or cut appropriations. Therefore, while we are in technical compliance, I would have much preferred to pick up revenue in other areas so that we might certainly extend those temporary tax cuts within the budget ceiling. I hope that is what we end up doing before we complete the work on this finance bill.

I do not think I have a right to have my way as a matter of rule or law, however. I think it is the power and force of the opinion of the Budget Committee and those who might join us which, I hope, will carry the day on the Senate floor in approaching the compliance with the resolution in a different mix of revenues—a mix which, in the crowding out process, would crowd some of the American people back into the bill and some of the super-rich back out of the bill. That is how I hope we do it.

Second, it seems to me that this budget process, to work, requires a good deal of comity between the Budget and the Finance Committees as well as between the Budget Committee and the other committees. The Budget Committee is required to make 5-year projections on the budget, and what we do by way of tax laws and how those tax laws spin out in the years ahead. These projections, once again, are not technically in the budget resolution, but the pending bill, as it is before us, could create tremendous problems for the Congress, for the Senate, in trying to resolve those issues and control the deficit in the years ahead.

Finally, of course, the Budget Committee has this responsibility of trying to deal with priorities. And if we give the budget process fairly clear authority in priorities over appropriations, but very little influence in terms of the way in which tax preferences work in the various categories of American life, we will end up in a situation where most of the restraint of the budget process is imposed upon appropriations and very little restraint imposed upon how we deal in the tax and the tax expenditures field.

So what I am saying basically is this. I do not think an argument can be made that the Finance Committee bill is not in compliance with the resolution. I think it clearly is. But I would hope the Senate, in looking at this finance bill, would help us come up with a different mix, one which picked up substantially more revenue from the so-called tax expenditures and permitted us in this bill to extend those temporary tax cuts—which, I think, we are going to do anyway—and to do so without breaching the budget ceiling which we have established, and without increasing the deficits that we projected over the years.

I think what we are confronting, what the Senate is confronting, is a question that we must face together, and I would hope that the compromise reform amendments presented by Senator NELSON and many of the rest of us would be adopted because, if they are, I think it would permit us to extend those temporary individual tax cuts.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. LONG. Let me make clear, as the Senator suggested, I do not expect to support Mr. MONDALE's amendment or the ones, most of those, that he will be supporting. But the point he makes is what I had in mind, and that is that every Senator should vote for whatever mix of taxes and tax increases and tax cuts his conscience dictates. By the time we get through we ought to see to it that we do not violate this $15.3 billion overall figure, and I will certainly try to keep within that limit.

But there is no jurisdictional problem involved here. We have not violated the budget resolution. We live within it the way majority of the committees think you should live within it. It may be that after we get through discussing this matter the Senate may want to change that rule, and that is their privilege. But all I am saying is that we are living within the budget resolution. We want the other side to live within the budget resolution; we want Mr. MONDALE to live within it, and he proposes to do so. We want Mr. NELSON to live within it, and he proposes to do so. We want those who do not agree with us to live within it just like we do, but we respect their right to support the mix which they think is wise in their conscience, and we propose to do the same.

I yield to the Senator from Nebraska.

Mr. CURTIS. I thank my distinguished chairman.

I wish to propound just a few questions to him that I think will clarify the situation a little bit. But, in preface, I want to point out this huge bill received a great deal of attention from the Finance Committee, 4 weeks of hearings, usually all day, about 3 weeks in executive session to write it up.

No one in this Chamber knows more about the revenue end of our Government than the distinguished chairman of the Finance Committee, and I would like to ask him these questions: Is there any resistance on the part of the chairman or of the Committee on Finance to accepting and being bound by the target figures in the budget resolution?

Mr. LONG. Not the least bit.

Mr. CURTIS. Is it not also true that if we accept the position that we are bound by the assumptions of the Budget Committee in arriving at the target figures that that, in essence, is determining the content of the tax bill——

Mr. LONG. In advance.

Mr. CURTIS. In advance, without hearings, without hearings in detail.

Mr. LONG. That is correct.

Mr. CURTIS. Such as the public is entitled to in a bill of this size?

Mr. LONG. That would amount to deciding in advance, without hearings, without consulting all those people who might be affected by it or letting them have the opportunity to explain their position to the Finance Committee. That would also mean we just might as well say that in the tax reduction area we had no power to grant any relief to anybody.

Mr. CURTIS. It is the opinion of the junior Senator from Nebraska that the requirement of the report is a matter of providing information to the Senate as to how they arrived at the target figures when they considered the budget resolution. Does the Senator concur in that?

Mr. LONG. Yes, I do.

Mr. CURTIS. I think so. It is necessary that we know what the assumptions are so that we know how they arrived at $15.3 billion instead of $12.6 billion or zero deficit. But if the Finance Committee is to say, "Yes, we are bound by their assumptions," then ahead of time the content of the tax bill has been determined without hearings, without an opportunity for the people who pay the bill to be heard.

I believe that to follow such a procedure goes far beyond any prestige or power of any committee. It would be a bad practice, a practice contrary to the tradition of hearings, of tax experts testifying, of long days and weeks in going into these matters.

I also believe it must be conceded that if the assumptions of the Budget Committee are binding upon the Finance Committee, and thus determining the content of a tax bill——

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. CURTIS. I will be happy to yield as soon as I finish this sentence—that likewise the assumptions of the Budget Committee are binding upon the Committee on Armed Services to determine the content of what our expenditures for the Armed Services are to go forth.

I do not believe we can centralize the authority in that manner and serve the cause of good government.

That is why I say this goes far beyond the practice, the power or the prestige of any committee. It is a dangerous practice if we start in centralizing in one committee all of these decisions. Granted that some of the ablest Members in the Senate serve on this committee, but, after all, there are only 365 days in the year, and there are only 24 hours a day, and the authority to work on details to decide what shall be included to meet the target should belong to the traditional committees, and to rule otherwise is a backward step in the government of the people.

I now yield. I do not have the floor.

Mr. LONG. I yield to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, in response to the Senator from Nebraska, let me call his attention to page 11 of the Congressional Budget Act of 1974. I read this last night into the Record, but it makes a point that what the Budget Committee did is strictly in accordance with the law. The report we wrote is mandated in the law passed in 1974.

It says at the bottom of page 11:

> On or before April 15 of each year, the Committee on the Budget of each House shall report to its House the first concurrent resolution on the budget referred to in subsection (a) for the fiscal year beginning on October 1 of such year. The report accompanying such concurrent resolution shall include, but not be limited to—

And they list a whole series of things, including:

> (1) a comparison of revenues estimated by the committee with those estimated in the budget submitted by the President;
>
> (4) an allocation of the level of Federal revenues recommended in the concurrent resolution among the major sources of such revenues;

That is all the committee was doing, following the law.

That is the point I was making yesterday in the record that the Senator from Louisiana referred to.

This report is required by law, that is what I was saying to the Senator.

Mr. CURTIS. It is required by law, we do not dispute that.

Mr. BELLMON. Then the Senator is saying we are trying to write this, but we will not be doing what the law requires us to do?

Mr. CURTIS. No, we are not quarreling with what was put in the report.

Mr. BELLMON. Then what are we quarreling about?

Mr. CURTIS. Just this, that it was required to go into the report for the information of the Senate, so we could make an intelligent decision on the resolution.

We are bound by the resolution, but we are not bound by those assumptions. The material in the report was required in order to inform the Senate how they arrived at the target figures, not to foreclose the legislative process that ordinarily would follow thereafter.

Mr. LONG. I yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator.

I think we lose sight of what the budget process requires. The Senator from Nebraska (Mr. Curtis) a moment ago said to rule otherwise would be to establish a bad precedent.

I do not think we are ruling.

As the Senator from Maine indicated a while ago, the entire budget process requires the affirmative assent of the entire body. It is not up to the Budget Committee to tell the body of the Senate what to do. The Budget Committee cannot do that.

The Senator from Georgia a moment ago was making reference to subsequent Senate action that would change the figures and what happens then?

Well, I think it is very clear in the Budget Act that the Senate is not bound by the first concurrent resolution. The first concurrent resolution establishes targets which all other committees are bound to try to meet. But the Senate is free to vary it. All they have to do is change it. All they have to do is take action that is inconsistent with it.

The Senate is not bound until we get past the second concurrent resolution and then we get into the ability to make points of order that then would have to be suspended by the Senate.

But all the Senate has to do, if it does not like the first concurrent resolution, is take action inconsistent with it.

I think the Finance Committee has acted within the confines of the first concurrent resolution. I agree with the Senator from Minnesota when he says that if we disagree with the action that has been taken by the Finance Committee, the Senate is perfectly free to vary that mix of taxes and make a different judgment, just as we could vary the number if we wish and then come up with a conforming resolution in the second concurrent resolution, which then becomes binding upon future action of the Senate.

I do not think this is a jurisdictional battle. I do not believe it is a confrontation between two committees trying to dictate what should be done because the Budget Committee presents one set of facts and recommendations to the Senate. The Senate acts upon it. Then the Finance Committee, within the confines and the guidelines of the first concurrent resolution, makes its recommendation.

Again, the Senate as a whole acts upon those recommendations—accepts them, rejects them, modifies them.

That is what this entire budget process at this stage is all about and it is not that kind of jurisdictional battle.

Mr. LONG. Let me make it clear; I know we are not bound by it, but I would be perfectly content to be bound by it. That is no problem. If it were subject to point of order, I merely contend the point of order would not lie for the simple reason we have complied.

I think to complete the picture for the benefit of all Senators, I would like to ask a few more numbers be put on the blackboard.

What the committee recommended also went beyond what the Budget Committee figures had in the book, but it is still within the report.

What the Finance Committee recommended, tax cuts $17.5 billion. Tax increases, $2.5 billion. Net reduction, $15 billion.

Now that is within the budget resolution.

Mr. President, just let me make one more point that I think is very important to the Senators.

If the Finance Committee had no right to vary one provision in that $17.3 billion of the existing tax cuts, if we had no right to recommend a change from that, then neither does any Senator have a right to recommend a change.

Does the Senate want to bind itself to that?

I would think any Senator might want to offer his amendment and say, "Here is something I think is a good idea, and I would suggest we do something about this matter because this would help families who are very hard pressed."

Then he can offer his amendment. If the Senate agrees to it, that should be reconciled with the budget process, and at this time it would not be subject to point of order.

But, even so, I think by the time we are through, we ought to first reconcile that bill to a $15.3 billion figure here on the floor, or we ought to commit ourselves that what we come back with from conference will not exceed that.

Mr. DOMENICI. Will the Senator yield?

Mr. LONG. Yes.

Mr. DOMENICI. I agree with two Senators who have spoken here in the last 8 or 10 minutes.

I think the questions of the distinguished Senator from Georgia (Mr. Nunn) are very relevant to what the Senate has to consider. I also agree with Senator McClure, that we are not talking about jurisdiction, that we are not talking about anyone violating the law.

But let me explain to the chairman of the committee how I view this.

I remember distinctly the morning the Senator appeared before the Budget Committee to talk about this $2 billion figure that is really as much at the heart of this dispute as the $17 billion extension, as I see it.

I can remember quite vividly that the Senator, as the chairman of the Finance Committee, was very dubious as to whether or not the Finance Committee could develop a bill, a tax bill, that would accomplish the $2 billion figure that we are talking about by way of cutting out on tax deductions, and the like, to increase revenues.

That is what the Senator told us, that he thought it would be difficult. He explained the philosophy and the theory.

I want to say this to the distinguished chairman of the committee, who has far more experience than I, and certainly, has a great responsibility here today, that this Senator as a member of the Budget Committee thinks it would have been a far better approach to have come to the floor and said: "You asked us to, you suggested it, you recommended it"—whatever word you want to use, because there is no question that we cannot order you to.

If the Senator had come and the Finance Committee had come here and said: "It was a good thing, but we could not do it, we do not recommend it," I think it would describe where we are.

The Senator did not do it, the Senator could not do it, the Senator is not recommending it.

But when the Senator says: "We are totally in compliance with the budget resolution, with the $15.3 billion or the $15 billion figure," it appears to me, and I will at least make this point, that that is saying that we did not do some of the things we were asked to do, but we are still in compliance.

I do not think that is true. This Senate can decide unequivocally that the Senator is right, that the Finance Committee is right, that we could not prudently, in this economic condition we are in, find that $2 billion. I think the Senator should have told us that.

I do not think he should have put in a figure that says: "They are here for a year but they are gone in the next year" and then say, "When you add these up the way we have mixed the $17 billion, we have the same situation that the budget resolution and the spirit of its report recommended to this body."

A little while ago the distinguished Senator used an analogy. He said:

> If you could dictate to the Armed Services Committee and down came a resolution saying there were not to be any airplanes—

Does the Senator recall that example? He left one thing out of that example. He forgot to say that that resolution and that report, explaining why they were left out, came to the Senate for a vote. That was not in the analogy of what might happen.

If it had come to the floor of the Senate, there was only one item within a function and it happened to be airplanes, because we only had one thing in our military arsenal, and under the military function that was all there was. We cut the figure in half which meant we were just going to keep the airplanes we had with no new ones and this body had voted that target figure. Then I submit the Armed Services Committee would have to go and try to do that. But it would only try to do that.

Then they could come back and tell this body in the bill, like the Senator's bill:

> We told you we could not live without any new airplanes. You put it in anyway. We are back here asking you for 300 new airplanes. We hope you will agree that we have to violate if not the technical target or at least we cannot quite do what was recommended.

I am not saying what was dictated, I am not saying what was a matter of law, but they could not quite do what was recommended.

That is how I see it. I think it would have been far better if the Senator had told us that. I think I could have accepted it.

I will say to the distinguished Senator I do not want to be put into the position, and I will not be, that because we recommended the $2 billion figure we are talking about I am committed to support anyone's package over the Finance Committee's that will get that. I think that is my prerogative.

To some extent the Senator is saying, "Here is one way." There are those who will be saying, "This is not in the spirit of the Budget Resolution. Let us put it in some way."

The Senator will have to argue what damage it does to the economy, and the kind of innovations in this bill that will not fit.

I think that is totally the prerogative, and violates nothing of the past traditions of the Finance Committee.

Mr. LONG. Let us talk about what the situation is and then talk about what the situation might be at a different point, because there is some difference.

The Budget Committee was to recommend $17.3 billion.

They thought we were going to recommend $2 billion in tax increases. We recommended $2.5 billion more than they recommended. The figure comes out below their figure, at $15.

As far as the overall figure is concerned, I do not think there is anyone here to complain about it. There is absolutely nothing to argue about.

Now let us get to the next point, something that will require further debate and the Senate will have to deliberate it further in the future. We do not have to decide it now, and I would just as soon decided it later. If we can make one right decision, maybe we can make another correct one later on. I will settle for one right decision now.

Let us take the airplane example, which I gave.

If we do not think there is any place for a manned bomber but just think it is obsolete, the Budget Committee, feeling that, would like to put in a resolution——

Mr. BELLMON. The Budget Committee does not get into line items.

Mr. LONG. Hold on a minute. The example has been made. I insist I have the floor and I would like to explain it.

Suppose on the matter of airplanes the Senator thinks the whole thing is a big waste of money and would bankrupt America for no good purpose, and then the Budget Committee thinks we should not do anything more along that line. I think it would be a mistake for the Budget Committee to put in their assumption that there should not be any more airplanes put on order, built or bought, because they are obsolete if the Armed Services Committee does not agree with that.

Then we are in the process of trying to mandate a committee that does not agree with someone to do something they do not agree with. That is a great frustration and a waste of time.

What ought to be done, if that is how someone feels, is to take those people when they submit their authorization or their appropriation and fight against the item that makes it possible to put these airplanes on order. Then it must be decided up or down, one way or the other.

For example, if the Budget Committee in the area of our jurisdiction wants to tell us, "Look, we think the figure ought to be $15 billion but you ought to put x amount of taxes on, then you ought to put a particular kind of taxes on, and then you ought to have a tax cut that goes beyond that figure—so you are not giving us one figure but you are saying to do two or three different things," I doubt very much that that is the way we ought to work, and I doubt that is inside the budget process.

It seems to me that any time anybody, be he a Senator or a Senate committee, tries to make somebody else do something he does not agree with, that is just a great big waste of time.

When I was an officer in the Navy, if I could not get a seaman to do something, I would do it myself rather than press those fellows all the time to go out and paint the boat. I would rather paint the boat myself. It would be easier to do it than to ask somebody to do it.

Senators will find, as a Senator or as a committee, that it is easier—rather than the Budget Committee trying to tell some committee to do this, that, and so on—just to give the figure, tell them how it was arrived at, and then if a Senator does not agree, offer an amendment to the bill. But I do not think that should be done as a committee. I think it ought to be done as an individual.

Mr. DOMENICI. Will the chairman yield?

Mr. LONG. Yes.

Mr. DOMENICI. The chairman knows I did not intend my example to indicate a line item approach by the Budget Committee. The chairman used the example and I followed it by saying he forgot we would have voted on that issue. I inserted that and I very carefully limited my example to an imaginary function in this budget that had nothing in it but airplanes. There are some functions where there are only two or three items, where it would be clearly discernible that, when they recommended the figure, they did not have something else in it because there is only one item in it.

I was using that as an example of a target, saying obviously when the Senate votes on that they know what is in that target.

I used that because the $2 billion is very specific in here, and the amount of taxes to be reduced is very specific.

When we voted, we had a clear opportunity to vote on the resolution and to have read the report and take its recommendations. That was a vote of this institution.

I only used that as an example to say that there is an ingredient that occurred in between that was voted upon. I would rather have had the Senator say, "We cannot live with it" because I do not think he lived with the report and the resolution. That does not mean that I might not support it, but I say he did not and I say he did not violate any law. I just say he should have squared with us and said he could not. That is what I said.

Mr. **LONG**. I told the Senator in the beginning I thought he would have to give us one figure. That is what I said. That is what I believe now. That is what he did give us in that resolution. He gave us one figure.

I do not think any Senator can bind another Senator by something that he says in a speech or in a committee report. I could not make a speech to commit any one. I could make a speech that commits me, but I cannot commit some other Senator.

In our committee report we can say something which pretty well commits the Senate Finance Committee to a position, but we cannot commit some other committee to a position. Those are the kinds of things we should be aware of.

Mr. **JOHNSTON**. Will the Senator yield for a question?

Mr. **LONG**. First, I must yield to the Senator from Tennessee.

Mr. **BROCK**. I would like to make a couple of points in response to the statement of the Senator from New Mexico.

First of all, to clarify the record about whether or not we are going to come in and say, "Well, we could not meet your quota," we went into this process wanting one figure, a net figure. We proposed one figure to the Budget Committee.

We proposed to the Budget Committee one figure, and they said, "No; break it down a little bit."

OK, we did. We gave them $2 billion for capital formation, $17.3 billion for personal tax cut extensions. They struck out the capital formation without any considerable debate. Then they said, "In crease taxes by $2 billion on capital"—a $4 billion swing—with virtually no debate, with not a bit of hearings, and then they criticize us because they say we did not meet these functional descriptions.

We did exactly what we went in there and said we were going to do. We met the target figure. We are right on the money. We did better than we were asked to do. Instead of saying, "We could not meet your target," I do not agree that we should say that. I think we have met the target.

Speaking for myself as one Senator, I think there is a very good question whether we should continue this tax cut extension next year. We are going to get unemployment down, and we are going to get inflation down, and have a massive deficit that could really crank up the inflation; so I think there is a heck of a question as to whether we should extend this tax cut even to 1977, much less beyond July 1.

As far as I am concerned, this is an absolutely honest statement. As I pointed out to the Senator from Georgia, if anyone wants to hold our feet to the fire on the commitment we make here, all you have to do next June is raise a point of order when any tax cut extension is proposed at all, because we cannot do that without the consent of the Senate, without going back to the Budget Committee and getting them to change the budget resolution, or coming back to the Senate with a tax increase to offset it.

I think we might want to consider next year whether or not we should extend that tax cut, when we are faced with the kind of deficit we owe. We are going to have $100 billion in new debts put on the American people in the next 12 months. That is an intolerable burden, and it is a fair question for us to ask whether we are going to mortgage our children's future, rather than bear the burden today.

I say, as the Senator from Tennessee and not as a member of the committee, that this is an honest figure, and we are complying with every jot and tittle of the law as it was written.

I sat in on the writing of that law, and no one can tell me—the Senator from Maine worked on it, and he knows that that first concurrent resolution is nothing other than a target figure; that is all. Any of us can violate it at any time. We have to reconcile it in September, not now.

If we want to change these figures, we can do it. There is no binding law on us; we are in compliance with the resolution, and even if we were not, nobody can do anything about it until September, and you will have my support at that time.

Mr. **JOHNSTON**. Mr. President, I would like to ask the chairman what we would do if we agree with the budget resolution, that is, the $15.3 billion or whatever it happens to be, and do not agree with the report. What would one do?

Mr. **LONG**. I do not know anything you can do to amend the report. You can amend the resolution. In my opinion, if the Budget Committee wanted to require us to do a certain thing, and it could say, "Here is your $15.3 billion," you can do it this way, that way, or the other way. But you cannot offer an amendment to a committee report. That is not what is before the Senate to be legislated on. That is just an explanation of how the managers of a piece of legislation arrived at their conclusion.

Mr. **JOHNSTON**. So you would be utterly powerless to change what the Budget Committee's view of how you came up with that figure was; all you can do is change the figure in the concurrent resolution?

Mr. **LONG**. That is correct.

Mr. **JOHNSTON**. So, in turn, that means the only action the Senate has taken is the action on the concurrent resolution, which is the target. The Budget Committee does not make the target; it simply recommends a resolution which the Senate may accept or reject, and once accepted or rejected, that resolution becomes the target?

Mr. **LONG**. That is correct.

Mr. **JOHNSTON**. And not the Budget Committee report the committee recommended to the Senate?

Mr. **LONG**. That is true.

Mr. **RIBICOFF**. Mr. President, the Senator from Louisiana is absolutely correct, because the language in the resolution is controlling. The only time you go to the report is when you need to know what the resolution means, for an explanation of the resolution.

I am quite puzzled here, because we have really two of the most brilliant and constructive men in the U.S. Senate, the Senator from Louisiana and the Senator from Maine, and this has been a very heated discussion; and yet, as I listened to the debate, the Senator from Minnesota, the Senator from Georgia, the Senator from New Mexico, and the Senator from Idaho all seemed to understand what this is all about.

I think one of the difficulties that occurs here is, what did we actually pass?

I was on the Government Operations Committee, as were the distinguished Senator from Maine and the distinguished Senator from Tennessee. What came out of the Government Operations Committee was section 301(a)(3), requiring the Budget Committee to estimate revenue needs and their major sources.

Then it went over to the Rules Committee. The Rules Committee deleted "major sources."

As reported out of the Government Operations Committee, under section 301(a)(5), it also required the existing levels of the tax expenditures budget by major budget categories. But that was deleted when it came to the floor.

So when the Budget Committee tries to confine and limit the Finance Committee to tax expenditures, they are talking about something that never went into the final law, which was in the Government Operations Committee version but was not in the final version. What came out in the final version was 301(a), requiring, in the adoption of the budget resolution, 301(a)(4), the recommended level of Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased, by bills and resolutions to be reported by the appropriate committees.

So all it requires is the $15.3 billion, which the Finance Committee has lived up to, and then whether there should be any increases or decreases.

In the report, the Budget Committee came forth with their philosophy, what they considered should be the economic base for their resolution. They are entitled to their philosophy, but their philosophy is not binding on 100 Members of the Senate.

When the Finance Committee came out with its bill, in its report it came out with its philosophy. The philosophy of the Finance Committee is not any more binding on the actions of the Senate than the philosophy of the Budget Committee.

I think the great difficulty came about, because when the 15 Senators came up with their compilation of the amendments, they stated the Finance Committee was in violation of the applicable Budget Committee resolution mandating tax reform.

This got the Senator from Louisiana

hot, and out of that has come all the heat that developed in this entire debate.

I was not one of those 15 Senators. I was not going to say they were in violation, because I did not think they were. It just so happens I will probably vote with the 15 on probably every one of their amendments. I have disagreement with some small part of it, but basically I agree with them; and I am in the minority with the Finance Committee.

But the Finance Committee had a right to work its will, and the Finance Committee is not bound by the philosophy of the Budget Committee.

So we are now in a bind on a jurisdictional basis, when there should not be a jurisdictional problem between the Senator from Maine and the Senator from Louisiana.

I happen to think your objectives are the same, and the decision is not going to be made by either the Finance Committee or the Budget Committee. The decision is going to be made in the next 2 or 3 weeks in a debate on a series of amendments that will be addressed to different sections of this bill, and then a majority of the Senate will come up with its tax philosophy and its final budget philosophy.

I think this is what we are trying to achieve. I do not know what the argument is all about or why it has to be extended any further. I do not think it is a question of whether the Senator from Louisiana is right or wrong or the Senator from Maine is right or wrong. They are two gentlemen, two brilliant men who have different philosophies of what should be the tax bill.

One hundred Senators will be debating and voting on this measure during the next 2 weeks, and then the Senate will decide who they think is right philosophically, the Senator from Louisiana or the Senator from Maine.

But I think what we are trying to achieve in the budget resolution to me is clear, and I cannot understand what the hell the shouting is all about.

Mr. LONG. Mr. President, the Senator made a major contribution to this debate. I was not aware of the fact that in the legislative history in the legislation leading up to the budget resolution, because it did not happen at a point where I was participating actively in the process, that the idea of suggesting that the Budget Committee would recommend in greater specificity what the Finance Committee should do was considered and it was rejected.

Mr. RIBICOFF. No. The Government Operations bill was adopted.

Mr. LONG. Yes.

Mr. RIBICOFF. But this bill then went over to the Rules Committee and the Rules Committee deleted it, so then the budget law then reported back to the Senate and the Senate then adopted the provisions—in this instance it came out of the Rules Committee—and rejected what the Government Operations Committee had adopted. So therefore, the Government Operations Committee specified that they wanted the Budget Committee to talk about from where the major sources of revenue would come. It also set the existing levels of tax expenditure. But the Senate deleted that.

If the Government Operations bill had become law, then what was in the report could have very well been part of the resolution. But that was not what the Senate finally adopted. The Senate did not adopt the original bill that came out of the Committee on Government Operations.

Mr. LONG. The Senator made the same point I have in mind. This matter was considered, as to whether or not the Finance Committee was to be instructed in greater detail, and the answer was that they should not be.

Mr. RIBICOFF. They should not be.

Mr. LONG. They should not be given a single figure.

Mr. RIBICOFF. It should not be. And I think the Finance Committee held numerous days of hearings, heard many witnesses, and when it came to taxes I am sure heard many more witnesses than the Budget Committee. The Budget Committee has its job and is doing an outstanding job. The Budget Act, I think, is one of the major reforms in the history of Congress, and I think the Senator from Maine is about to propound and propose, and I hope the Senate adopts, a major reform in zero budgeting. The work that he has achieved has been landmark work in the entire history of the U.S. Senate.

But there is no question in my mind that it is intended that the Finance Committee should make its decisions when it comes to taxes, what tax proposals should be, and where there should be tax increases and tax decreases. Generally, I am in the minority on the Finance Committee as to where those tax increases and decreases should be. I will vote accordingly when amendments are brought to a vote in the Chamber. But I reject completely and totally that any other committee but the Finance Committee is going to make the decision. The 100 Senators do not have to abide by it. They can change that. But the Finance Committee certainly has a right to do what it does, and I think the Finance Committee was in complete compliance with the requirements of the first resolution of the Budget Committee.

Mr. LONG. I thank the distinguished Senator. I yield the floor, Mr. President.

(Mr. STEVENSON assumed the chair.)

Mr. McCLURE. I shall make one point in regard to the colloquy that has taken place up to now. That is on the question of whether or not the tax cuts will be extended next year. Whatever action the Senate takes now ought to be the best judgment that we can bring to bear and the best judgment that we can make about what will be done with regard to tax cuts.

If, as a matter of fact, we think tax cuts will be extended for the balance of that fiscal year we ought to vote that way now. If we think that they will not be extended we ought not to vote that way now. We ought to vote on the assumption that they will be permitted to expire. So whatever action we take should not be based on the presumption that later on we will take a different action.

We have to make the best judgment that we can possibly make now of what will actually occur affecting those tax revenues during that fiscal year.

It is fallacious to argue that when we get around to the next year we are going to extend them but we are going to act now so they will not be extended. That would be the sheerest hypocrisy on the part of this Senate, and it would totally defeat the entire purpose of the budget process.

I hope that when the Senate votes, whether we have that issue directly before us by way of an alternative proposal which we can vote up or down, or whether we have the package that includes the partial extension but not the full extension of the tax cut, we will vote with a full expectation that whatever action we take will be continued for the entire period of the fiscal year upon which we are now embarked.

Mr. MONDALE. Mr. President, I earlier responded to some questions put to me by the distinguished chairman of the Finance Committee. I would like to expand for just a few minutes if I might.

I think what bothers some of us who are proposing this range of tax reform measures under the leadership of Senator NELSON is the mix that we find in the Finance Committee bill. There are many provisions in that bill that I strongly favor. Many of them are my own proposals. But I think it is virtually certain that the temporary tax cuts that are proposed to be terminated on June 30, 1977, will in fact be extended beyond that date. It is impossible to believe that that would not be the case.

Those temporary tax cuts amount to about $180 for every family in America. There are two alternative temporary individual tax cuts in that package proposed to expire next year.

The first is a $35 per dependent tax credit against one's individual income taxes.

I think that is a beginning of an important new principle in tax law, one where we shift away from the exemption which delivers more relief to persons of great wealth and very little relief to families of modest wealth and does little to reflect upon the difference in family size.

The second provision is the provision that permits taxpayers to credit against their taxes 2 percent of their adjusted gross income up to a maximum of $9,000 income. And that is principally designed to help the single taxpayers or taxpayers with small families who do not receive the same amount of relief from a $35 credit as they would from the 2 percent credit against their taxes.

Those two provisions cost the Treasury about $9.4 billion a year. The effect of terminating those cuts would be a disaster, in several different ways.

First of all, these families of modest means would find that, on the average, $180 would be taken from them; and in many families of larger size, it could be substantially more than that. These are the very families now most sorely pressed by inflation, of modest income, who need that money worst. To permit those tax cuts to expire is irresponsible, it seems to me.

Second, according to the economists—there would be a disastrous loss of employment in America, because the reduction in purchasing power and demand of $9.4 billion annually would cause at least 200,000 jobs to depart from the job market. At a time when we still have impressive unemployment—if you consider discouraged workers, we may have up to 10 million unemployed in America—the idea of pursuing a policy which overnight would force some 200,000 Americans out of the job market is something that I cannot imagine Congress doing. Indeed, I am quite convinced that the Finance Committee does not really expect those temporary cuts to expire next year.

On page 118 of the committee report, it states:

> In early 1977 the committee plants to review the economic situation to see if a further income tax cut is appropriate.

What happens if we pass that bill, as I am sure we will at that time? I expect that before June of next year, Congress simply will add another $1.8 billion to the deficit.

So in that sense, the full cost of this bill—if I am right in those assumptions—is not reflected on its face. The full cost has to reflect an additional $1.8 billion that Congress will add sooner or later, and I think the sooner the better.

Thus, while the Finance Committee bill is in technical compliance, I think that, as a matter of policy, the Senate would be well advised to extend both temporary cuts now, in this bill, as I am sure we will do shortly in any event, and then, through tax reforms and as proposed by the Nelson amendments, pick up the revenue we need to be consistent with the first concurrent resolution.

I believe that, not only from the standpoint of the social equity and the standpoint of wise macroeconomic policies leading toward full employment but also in terms of tax equity, it makes a good deal of sense.

We will be debating later the details of the Finance Committee bill as it is before us, but I think it is fair to say that many preferences, credits, and deferrals are found in that bill which can be repealed or amended or modified, and we can pick up the modest amounts we need. And that can be done without in any serious way interfering with the capital needs of business in America today. It seems to me that it makes much more sense to have that kind of policy mix in the Finance Committee bill than that which is predicated upon the termination of these essential, personal, temporary income tax cuts that otherwise would expire next year under the Finance Committee bill.

Finally, it seems to me that, while the Budget Committee report is not binding upon the Finance Committee, the Senate should seriously consider the wisdom of the pending measure in the light of some other broad policy questions with which the Budget Committee and the full Senate must deal. The budget process is, above all, a process designed to set priorities. I do not believe that we can deal rationally with the budget for housing or welfare or health or retirement or with many other areas of the budget without considering the counterpart aspects of the tax budget as well. That is why the act requires the Budget Committee to state tax expenditures, to develop ways to coordinate tax and direct spending programs, and to report regularly to the Senate.

This year, Congress developed a very tight budget which restrained the normal growth of spending programs, programs that depend upon appropriations and Federal credit policies. The $2 billion tax reform target establishes a counterpart 2-percent reduction in the $105 billion tax expenditure budget. This is an important budget priority which I hope the Senate will retain. If it does not, what we are saying is that the only way the Budget Committee and the Senate can restrain spending is by putting all that pressure upon expenditures that appear in the budget in the form of appropriation, and not upon those that will appear in the form of tax expenditures. If we establish that principle, I do not know how we can ever establish the kind of budgetary restraint we need.

(At this point Mr. DURKIN assumed the chair.)

Mr. LONG. Mr. President, will the Senator yield?

Mr. MONDALE. I yield.

Mr. LONG. Mr. President, more than any other Member of Congress, the distinguished Senator is responsible for this provision, in my judgment, by which people would get a tax credit of $35 each, so that a family of 10 would get a $350 tax credit and a family of one would get $35.

I supported the provision. If, consistent with other objectives, we can find the funds to fund it, I would be pleased to see it remain in the law. The Senator knows, I am sure, that after we decided that, in order to meet the budget requirements, we would cause this matter to come to an end on July 1, 1977, we adopted a further amendment—and the Senator voted for it—to provide some relief to low income people. A result of that is that no one who uses the standard deduction would be disadvantaged by the expiration of the $35 tax credit unless he made between $12,000 and $15,000 in income, depending upon how many he had in his family. That, at least, is there to assure us that the low income people and even the lower middle-income people would not lose anything if the $35 tax credit expired.

The Senator voted for that, and I am sure the Senator would want the record to reflect that the committee, with his support, did undertake to see to it that if we do exactly as the committee had recommended, we would still protect the interest of the low income people and the lower middle-income people. It was modified so that it would be only those in the upper middle-income and the above brackets who actually would get the worst of it.

Mr. MONDALE. I did support that liberalized low-income approach offered by the Senator from Louisiana, which has not yet been added to the pending bill, as I have supported him in many other areas to try to bring some relief to the highest taxpaying taxpayers in America—the very low-income Americans. They are the ones who pay a high proportion of their incomes in excise taxes, real estate taxes, and payroll taxes. I strongly supported that, and I hope it will stay in the bill.

However, as the Senator knows, there are many Americans who are making between $10,000 and $20,000 a year who are as broke as one can be. While the Bureau of Labor Statistics may consider them Americans of great wealth and affluence, the truth is, if you bother to talk to them, that they are having an awful time making ends meet. They are trying to be frugal; they are trying to be careful with their money. By the time they get through with clothing for their children, paying for the cost of the House or apartment, keeping it warm, paying the cost of getting to and from work, paying for medical illnesses or the other adversities that are inevitable for the average family, even though the Bureau of Labor Statistics says that at $15,000 they are doing very well, they are awfully poor.

Then if you try to pay the other costs of going to college or vocational school, or any of the other expenses—a small vacation, maybe a night out at a movie—you are broke. I know the Senator from Louisiana does not disagree with that. I thank him for his continuing support of this tax credit idea, because the idea there is to move slowly away from the exemption which brings the greatest relief to the wealthiest Americans and very little to this group I am talking about and instead, through the credit principle, tries to bring real relief to persons of average income. It is my judgment, and I hope I can prevail on the Senate floor, along with many of my supporters, that this bill can easily be adjusted in a way to pick up more revenue from persons of substantial wealth and in that way extend those temporary cuts beyond the time specified in the Senate Finance Committee bill. I think we can do that and also keep the low-income improvements which the Senator from Louisiana suggests.

Mr. LONG. The Senator knows that there are a lot of different things we can consider. I do not support the LAL provision. I think that would be counterproductive and do more harm than good, for example. But on the other hand, I have a lot of sympathy for the approach of a withholding tax on interest and dividends. The Senator is familiar with my views on that. There are all sorts of ways that we might agree to raise more revenue, some of which the Senator and I might both support.

But we can see what the Senate wants to do and I shall cheerfully accept the Senate's judgment with regard to any of these items. I find tremendous appeal in the Senator's views, now and almost in all cases. He is a very able statesman and he has some very fine suggestions. I regret I cannot agree with him about the LAL; I think that there we have a difference. But it may be that by the time we are through legislating on this bill, there may be revenue suggestions that Senators will propose that I can support. I do think that at least we are approaching a meeting of the minds, and

I approve and applaud the Senator's view that the committee is in compliance with the budget resolutions, but this Senator does not agree with how we got there. Maybe we can work it out before we are through with the bill in a way that he would like better.

Mr. MONDALE. I thank the Senator for his comments. If the Senator from Louisiana would support us on our minimum tax proposals, we would be a long way toward that. I believe the Senator from Louisiana was the first author of the minimum tax. It was his idea that if a wealthy person could structure his income in a way that, through various preferences, he ended up with little or no taxes, we ought to have another net on the other end, called the minimum tax, which would, nevertheless, make that American pay something toward the cost of this society from which he enjoys so many fruits. So we passed a minimum tax around here and I think the bill, as it came out of the Senate Committee on Finance under the leadership of the Senator from Louisiana, called for a flat 10-percent rate against so-called preferred income.

Then, on the Senate floor, someone said, "Why don't we let them deduct the taxes paid on earned income against taxes that would otherwise be due against preferred income?" That passed on the Senate floor and the result was that, instead of a 10-percent flat rate against preferred income, it slipped, I think, to something like 4 percent. So if the Senator from Louisiana can help restore that to its former form and raise the rate a little bit, we would pick up a lot of good revenue.

Then we have another feature in here called the maximum tax. This is a tax designed to give something to somebody who already has everything and needs an additional gift, by extending a 50-percent cap on unearned income taxes, so that they could continue to enjoy great wealth, uninterrupted by a rate that exceeds 50 percent. If we could get rid of that maximum tax ceiling on unearned income, that is new to our tax law, that would pick up another $300 million. And I suspect that that family making $12,000 a year that needs some money to buy some shoes could use the money better than people who are at a 50-percent tax bracket in unearned income.

Mr. LONG. Mr. President, I do not have the slightest doubt that if we proceed under the assumption that the tax laws ought to redistribute the wealth so that those who are getting too little get more and those who are getting a very large amount, or at least more than the average, get less, we could do a lot of elevating upward with our tax laws. And we are doing quite a bit of it.

The Senator from Louisiana was happy to fight for the earned income credit, as it is called now. It had a different name when I introduced it with the cosponsorship of our dear friend, the Senator from Wisconsin (Mr. NELSON). I am happy to say that it is the law that poor people who do not make enough to pay us that income tax can get something from the Government to recognize all the indirect taxes they are paying, and also to give some consideration to the great favor they are doing this country, as little as they are making, to turn to working rather than just to live on welfare. I am happy that the Senator supported that. So we have done some things along that line.

This bill, I hope the Senator will keep in mind, far more than the House bill, is a good bill for the working poor, and we do a lot of things which will help those who have not had their share of this Nation's good things to have more of it. It is not as much as the Senator would like to see, and I will be disappointed if the day comes when Congress ever does as much for the low- and middle-income people as the Senator from Minnesota would like to see, because either we will have gone too far or the Senator will have discarded some of his noble objectives, and I would hate to see either one of them happen.

Mr. MONDALE. The Senator from Louisiana knows I strongly supported him in the low-income workers' tax bonus, because that is the sort of thing we ought to do more of. We were directing revenues back to Americans who are working, who have families, and who are too poor. If they got their pencils out, if they were smart about it, they would just quit and go on welfare; they would make more money. So we said that, out of appreciation for the fact that they are working and the realization that they are dirt poor, it is not fair to withhold that payroll tax—the indirect and direct payroll tax that they are paying—and penalize them. I am glad we were able to do that. I thought it was a good thing and I supported him and I am glad we were able to prevail over the House and the administration.

But there is another group of Americans, the low- and moderate-income level Americans, who are having a desperate time of it. I know the Senator does not argue with that. One does not have to spend much time with average families to know that life is getting very, very tough and inflation is making it much worse. Inflation is related to tax rates, throwing Americans into a higher bracket, so that people are not only earning less but being taxed more. So I proposed to shift this around so we funnel more relief on a permanent basis to families of average income. That is why I am hopeful that, before we finish work on our bill—and I hope we can soon get beyond what I consider to be the phantom issue, the relationship of the two committees, and get on to the merits of this bill—we can pass something that is consistent with an equitable solution and, hopefully, more tilted in that direction.

Mr. GRAVEL. The President, I ask unanimous consent that in the continued deliberations on this legislation, Bill Hoffman, Nancy Leonard, and Terry Adlhoch be permitted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, as every Senator knows the subject of taxation is complicated. And as evidenced by last night's discussion on the Senate floor, too often debate on tax matters only adds to the confusion, with rhetoric frequently getting in the way of understanding. The tax bill before us is extremely complicated. In fact, this bill before us can be thought of as being composed of two parts and I believe that the discussion of this bill will be facilitated if we think of the bill in these terms. One of the two pieces of the bill relates to an extension of the tax cut items originally implemented in the spring of 1975; the second deals with tax reform.

Both pieces affect the budget process. As part of the budget process, Congress adopted the first concurrent resolution for fiscal year 1977 only 1 month ago. This resolution did not focus on spending alone, for the Budget Act requires that the congressional budget establish a recommended floor for total revenues and the act also requires that the congressional budget be concerned with tax expenditures. The congressional budget established 1 month ago did recommend a revenue floor. And as part of the process of determining the appropriate revenue floor, the Budget Committee recommended that the tax reduction items which would otherwise expire June 30, 1976 be extended through fiscal year 1977. This point was explicitly stated in the committee report and in the conference report which accompanied the resolution, both reports being mandated by the Budget Act. This action, to extend the tax reduction items, was felt necessary to insure that the economic recovery, now just over 1 year old, would continue at a controlled rate throughout fiscal 1977. This was deemed to be an appropriate fiscal policy. By an overwhelming majority, the Members of the Senate approved that fiscal policy.

This tax bill reported by the Finance Committee takes a different tack. One of the major tax reduction items, the $35 per person tax credit is extended only for 9 months of the fiscal year, to June 30, 1977, and then it lapses. Failure to extend this item the remaining three months of fiscal year 1977 raises $1.8 billion in tax revenues which would otherwise be returned to individual taxpapers. The effect on the economy of this action, however, is far greater than $1.8 billion. The lapsing of this $35 per person tax credit would cause individual income taxes to go up at an annual rate of $9.5 billion during the last quarter of fiscal year 1977. Make no mistake about it—the effective tax rates will go up next June 30 by an annualized amount of $9.5 billion if the Finance Committee recommendation stands.

A tax increase of this magnitude would have severe recessionary effects on the economy. It represents a fiscal course that is extremely volatile. And, importantly, it represents a fiscal policy that was not envisioned by the Budget Committee and the Congress in the first concurrent resolution.

The Congressional Budget Act in section 301(A)(3) assigns responsibility for fiscal policy to the Budget Committee and the Congress. In arriving at its recommendations, which were subsequently adopted by the Congress, the Budget Committee clearly assumed continuation for the entire fiscal year of the tax reduction items which were so helpful in the economic recovery of the last 12 months. To have a $9–10 billion increase next June 30 is to have a fiscal policy markedly different from the one the Congress adopted.

It has been suggested that a final decision on the tax credit be postponed until next year, in order to have a better idea as to what the appropriate fiscal requirements should be. This suggestion is less than satisfactory because it generates uncertainty as to governmental fiscal policy—something the Budget Act was intended to guard against. It also results in unacceptable consequences of an on again—off again policy. In addition, if the tax credit extension question is postponed now and at some later point the credit is extended through the final quarter of fiscal year 1977, then the budget revenue floor will have been breached, and the budget deficit will be greater.

Last night, it was mentioned that the Finance Committee contacted eight economists concerning the question of extending or not extending various temporary tax cut items. Since economists seldom agree, I am not surprised that only four of the eight thought that the Finance Committee's decision to halt this tax cut item next June 30 was an appropriate step. It is not unknown for politicians to ask questions of economists; however, I have found that politicians use economists somewhat like drunks use lamp posts—more for support than for illumination.

Let me now turn to the second part, of the tax bill, the part dealing with tax reform. Congress sought to increase revenues by $2 billion in the recently approved congressional budget for fiscal year 1977 through tax reform. While not in the resolution, this revenue increase was explicitly stated in both the committee report and the conference report. The language was clear. Tax reform is an elusive concept. Over the years Congress has used tax policy for such perfectly legitimate purposes as assistance to an ailing industry, stimulation of savings and investment, encouragement of exports or pollution control, as well as for many other purposes.

The use of tax policy for accomplishing some of the above purposes has grown in practice to the point that we now have $105 billion dedicated to such items. What was suggested in the report on the congressional budget was that Congress reexamine this form of hidden expenditure and reduce this $105 billion by $2 billion, a reduction of less than 2 percent. Further, what was implicit in the recommended reduction in the $105 billion by $2 billion was that this $2 billion be a straight-forward number; that is, in a normal 12 month time period, whatever combination of changes is enacted—revenue gainers less revenue losers—should total a net revenue again of $2 billion.

The tax bill that we have before us is deficient in tax reform for two reasons: First, the net gain from tax reform in fiscal year 1977 is not $2.0 billion, but only $1.0 billion and second, the fiscal year 1977 net gain is itself an artificial gain produced by early starting dates for most of the revenue gainers and late starting dates for most of the revenue losers—the true impact of tax reform in this bill should be measured when all of the pieces of reform are in place for the same 12-month period and in this case we find that the true impact is not a net revenue gain but in fact a net revenue loss. This loss increases from $80 million in fiscal year 1978 to $263 million for fiscal year 1981. The tax bill is inconsistent with the recommendation of the Congress as evidenced by the report accompanying the first concurrent resolution on the budget for fiscal year 1977.

The first concurrent resolution contains targets. The accompanying report is an attempt by the Budget Committee to make explicit the assumptions and reasoning upon which the first concurrent resolution is based. Clearly, there is a difference between the recommendations adopted by Congress and those of the Finance Committee on the nature of the tax cut as well as tax reform.

It is my belief that the budget process is working. Within 2 weeks we will complete fiscal year 1976, the first year that the budget process was in place. Despite the most uncertain economic conditions in 40 years we will complete this year with Congress having lived within its budget. This is a remarkable achievement. I have every expectation that Congress will live with the discipline of the 1977 budget, but my fondest hope is that Congress will use the budget process to bring about a balanced budget and it is my hope that we will see that balanced budget within the next 2 to 3 years. But this tax bill will make the goal of a balanced budget even harder to achieve. With the effective tax increase in this bill, we run the risk of slowing or even stopping economic recovery next year thus increasing the deficit. Further, this bill hinders achievement of our goal of a balanced budget through the package of tax changes which reduce revenues in the fiscal year 1977, the very time we are striving to reach that balance.

I can only hope that the tax bill which finally passes the Senate will come closer than the tax bill before us now, to accomplishing the objectives of the budget process, a continuation of economic recovery and a balanced budget at the earliest possible time.

Mr. DOLE. Mr. President, the debate today is of major importance to every American taxpayer. The Committee on Finance has reported tax reform legislation which, by and large, charts a middle course between those forces who would preserve and expand tax expenditures without regard to their economic benefit and those who would immediately repeal all tax incentives with equal disregard for the economic detriment of such action.

On balance, I believe we have adopted meaningful tax revisions which will improve the Internal Revenue Code and lessen the public perception that the tax system is prejudiced against middle-income Americans. We have attempted to balance divergent interests by fashioning tax legislation which is equitable to all segments of the American economy—from low-income wage earners to large industrial corporations. By extending the tax reductions and by reducing tax expenditures by over $1 billion, I believe that we have not only complied with the first concurrent budget resolution, but also wisely rejected many so-called reform proposals, the main effect of which would be to stagnate economic recovery and further exacerbate our national unemployment problem.

THOROUGH REVIEW OF TAX INCENTIVES

It cannot fairly be charged that the committee casually ignored egregious loopholes in the Internal Revenue Code. Every major tax credit, deduction, or incentive was carefully reviewed by the committee. Those incentives which were deemed to be ineffective or too generous were cut back. Those deductions, credits, and incentives—loopholes, if you prefer—which were judged to be effective in encouraging important economic activities and sustaining high rates of employment were retained.

Let me be perfectly frank. Some taxpayers—including wealthy ones—will continue to receive favored tax treatment for certain types of investment. But I can assure you that I would not have supported the retention of any tax incentive if I was not convinced that the incentive served a valid national purpose—be it full employment, construction of desperately needed low- and middle-income rental housing, or development of domestic energy supplies.

THE BUDGET PROCESS

There has been considerable discussion about this tax bill and the budget resolution. The Senator from Kansas serves on both the Finance Committee and the Budget Committee. I would therefore like to share with my colleagues my views on the relationship between the two committees, the responsibilities of each, and the present situation.

TAX EXPENDITURES AND THE BUDGET COMMITTEE

The Budget Committee has expressed its concern over the large and growing level of tax expenditures. It is indeed the responsibility of the Budget Committee to assess the appropriateness of this level of tax expenditures—estimated to be in excess of $100 billion in fiscal year 1977—in the context of direct Federal expenditures and the overall Federal budget. A general knowledge and review of these tax expenditures in this broad perspective has led the Budget Committee to the conclusion that some of these expenditures are of marginal effectiveness in serving their intended purpose, or were intended for purposes of questionable merit. And no one doubts that such tax expenditures contribute to the size of the budget deficit. The Budget Committee therefore recommended a reduction in tax expenditures of $2 billion in fiscal year 1977.

The Budget Committee also recommended an extension of the full income tax reductions through the full 1977 fiscal year. In conjunction with the level of Government spending, this extension of the tax cut was essential to sustaining a strong economic recovery.

When combined, these two recommendations produced the revenue target—or floor—which was recommended to the Senate and subsequently approved in the first concurrent budget resolution.

THE BUDGET AND FINANCE COMMITTEES

At the same time the Budget Committee was formulating the budget resolution, the distinguished chairman of the Finance Committee advised against making explicit a recommendation for a $2 billion reduction in total tax expenditures. He indicated that the Finance Committee fully intended to carefully reconsider many tax provisions in order to change or eliminate those that are not sound. But he observed that the committee had only begun hearings on the House-passed tax reform bill, that tax reform was a two-way street—involving revenue losers as well as revenue gainers—that a $2 billion net revenue gain might or might not be realized.

Mr. President, the Finance Committee has done its job. We have carefully reconsidered a broad range of tax provisions in over a hundred hours of hearings and executive sessions. The bill as reported contains many significant and much needed changes in our tax laws. The Finance Committee attempted to change those provisions in a manner that is equitable and consistent with sound economic policy. As a result, over $2.5 billion in revenues will be recaptured by the Treasury.

But, as the chairman of the Finance Committee had cautioned, we also found many instances where equity and economic sense argue strongly for new tax expenditures. As a result, the net revenue gain—around $1 billion—falls short of what had been called for in the statement of managers on the budget resolution.

A DIFFICULT CHOICE

The Finance Committee therefore faced a difficult choice. We could report a tax bill containing extension of the income tax reductions for the full fiscal year and a revenue estimate that fails to meet the budget resolution target—it would fall short by about $900 million. Or, we could report a bill that modified the full year tax cut extension and did meet the revenue target. Our committee chose the latter course of action specifically in order to make clear our desire to meet the budget resolution targets and support the budget process.

Further, the chairman of the Finance Committee has stated that he believes that the tax cut recommendation in the Finance Committee bill is sound economic policy.

THE SENATE'S CHOICE

Mr. President, the distinguished chairman and ranking minority member of the Budget Committee have expressed their objection to the tax package reported by the Finance Committee. In doing so, they have clearly stated the choice that now faces the Senate.

The Senator from Kansas would like to emphasize that before us is a sincere difference in judgment as to the right tax package, and by implication the right budget package, for the economy. The budget process fully anticipated and was designed to accommodate situations and difficult choices such as this. It is my opinion that both committees have properly done their assigned tasks. It is now up to the Senate as a whole to resolve the issue on its merits. Whatever the outcome, neither committee has failed in its responsibilities, neither committee has infringed on the jurisdiction of the other, and neither the budget process nor the tax legislation process has been jeopardized.

FLOOR AMENDMENTS

Mr. President, numerous amendments will undoubtedly be offered—to further extend the tax cut, to further reduce or increase existing tax expenditures, and to reduce or increase new tax expenditures. The Senator from Kansas intends to judge each such proposal on its merits and with a view to what is implied for the economy and the overall budget deficit.

AREAS FOR REFORM

No one denies that tax revision is needed. The Senator from Kansas is particularly interested in revising the antiquated Federal estate tax laws. Reform of the Domestic International Sales Corporation—DISC—provisions is needed to bring that law more in line with the intended goal of encouraging American exports. Existing tax shelters which encourage wasteful investment by wealthy individuals certainly need to be restricted. And the minimum tax needs to be strengthened. I am pleased to have played a role in formulating these much needed changes in our tax laws during Finance Committee deliberations.

SCOPE OF REFORM

Whatever the outcome of the impending debate, I am hopeful that we can pass a meaningful tax reform bill this year. Too many areas of the tax code are in need of reform to let differences over the scope of reform stand in the way of congressional action.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. STONE). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 60

Mr. PACKWOOD. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Oregon (Mr. PACKWOOD) proposes unprinted amendment No. 60.

The amendment is as follows:

At the end of unprinted amendment No. 57, insert the following new section.

Section 106. The Secretary of the Treasury shall report to the Congress, within one year from the date of enactment of this Act, whether any tax shelter opportunities of a substantial nature remain after enactment of this Act.

Mr. McCLURE. Mr. President, will the Senator ask for the yeas and nays on his amendment?

Mr. PACKWOOD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. CURTIS. Will the distinguished Senator yield?

Mr. PACKWOOD. I yield.

Mr. CURTIS. There are many Senators who are willing to stay, but I think it would be helpful to them if they had some idea of the schedule. What is the feeling of the distinguished Senator from Oregon in reference to a time certain for debate on the amendment?

Mr. PACKWOOD. I will frankly say what I have in mind. We debate some significant issues in this body without anybody to listen to the debates. I have asked for a rollcall vote on this amendment, to have all Senators come to the Chamber and vote. By 6:10 or 6:15 they have finished dictating in their offices and most of their staffs have gone home. If they will stay and listen to debate for 1 hour or 45 minutes, if they will listen for that time, I think we could have a motion to table, or have a time certain after debate, by 7 or 7:30, for a motion to table the Nelson-Hathaway-Mondale amendment.

Mr. CURTIS. I am directing the inquiry to the amendment just offered.

Mr. PACKWOOD. I am ready to vote on that amendment now.

Mr. HATHAWAY. Will the Senator yield?

Mr. PACKWOOD. Yes.

Mr. HATHAWAY. Is the amendment an amendment to the substitute now pending?

Mr. PACKWOOD. That is correct.

Mr. HATHAWAY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HATHAWAY. If the amendment of the Senator from Oregon prevails, the substitute is still open for further amendment; is that correct?

The PRESIDING OFFICER. That is correct. It is amendable.

Mr. NELSON. The yeas and nays have not been asked for on the substitute; is that correct?

The PRESIDING OFFICER. The yeas and nays have not been asked for on the amendment of the Senator, they have not been ordered on the amendment of the Senator from Wisconsin.

Mr. NELSON. Am I correct, I have a right to modify my amendment until such time as the yeas and nays are ordered on the substitute?

Mr. PACKWOOD. Mr. President, I have the floor; do I not?

The PRESIDING OFFICER. That is correct, or once it is amended or other action is taken.

Mr. PACKWOOD. Might I ask, who has the floor?

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. Could I ask for the yeas and nays on the Nelson-Mondale amendment?

Mr. NELSON. Will the Senator yield so I may make a parliamentary inquiry?

Mr. PACKWOOD. So long as it is an inquiry, yes.

Mr. NELSON. That is what that was, a parliamentary inquiry.

Mr. PACKWOOD. I yield for an inquiry.

Mr. NELSON. My question remains. If the yeas and nays are ordered on this amendment and voted, do I still have the right to modify my amendment prior to the time the yeas and nays are ordered on the amendment itself?

The PRESIDING OFFICER. Not if the amendment of the Senator from Oregon is agreed to. Then the Senate will have taken action on the Senator's amendment.

Mr. NELSON. Senator EAGLETON has an amendment he wanted to bring up. I hope I am preserving his right. I wonder if the Senator would be willing to withhold his amendment and the yeas and nays until——

Mr. BROCK. Will the Senator yield?

Mr. PACKWOOD. Yes.

Mr. BROCK. If I may respond to the Senator from Wisconsin, there is nothing to preclude the Senator from Missouri offering a subsequent modification as long as it is not a modification offered by unanimous consent.

The PRESIDING OFFICER. The Chair will tell the Senator from Wisconsin that it would take unanimous consent to order the yeas and nays on his amendment at this time. There are a number of amendments pending.

Mr. NELSON. It might be well to ask the distinguished Senator from Oregon if he will withdraw his amendment momentarily.

Mr. PACKWOOD. I would even be receptive, so long as we order the yeas and nays, to a motion to table my amendment.

Mr. NELSON. No, that is not my point. Senator EAGLETON wanted to offer his amendment. If it is objected to, which I do not think it will be, then I will modify my amendment to include it. But if we proceed and have a vote on the Senator's amendment and somebody objected to Senator EAGLETON's amendment——

Mr. PACKWOOD. What is the Senator asking?

Mr. NELSON. Whether the Senator would be willing to withdraw his amendment momentarily and allow Senator EAGLETON to present his amendment. If it is not objected to, fine; if it is, I would want to modify my amendment.

Mr. PACKWOOD. I would be willing, but I want the unanimous-consent agreement to have it stated that his amendment—is he planning to vote on it right now or does he just want it in so there will be a vote on it? I would not want his amendment to have any priority over the amendment I have offered, precluding the vote on this one.

Mr. CURTIS. If the Senator will yield, I must serve notice that I will object. We spent quite a while yesterday and all day today without really getting to a vote on this tax bill. There is a certain risk to all of us when we leave here. We waited until 3 o'clock today to resume work on this. We will have a hard time finishing it and going to conference by the deadline of the expiration of the taxes. We will have to have a great deal of work accomplished just because of the size of the bill.

With the recess coming up, I will be constrained to object to any delaying consents.

Mr. NELSON. Mr. President, I withdraw my request. The Senator from Nebraska took more time to object to what I was going to request than I would have taken if he had stayed out of it.

Mr. BROCK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. I yield to the Senator from Tennessee.

Mr. BROCK. For the purpose of clarifying the point of the Senator from Wisconsin, I think he may have misunderstood the Parliamentarian or the Chair. Even if the Packwood amendment is accepted, voted on, and approved, there is nothing to preclude the Senator from Missouri from then proceeding to offer his amendment. It does not require unanimous consent to offer the amendment. It does not require unanimous consent to vote on it. It would require unanimous consent for the Senator from Wisconsin to modify his amendment, but there is nothing to keep him from offering the amendment and letting the Senate act on it.

Mr. NELSON. I understood that perfectly. I was only trying to preserve my right to simply modify my amendment and dispose of the matter in 10 seconds, instead of going through a lot of hullabaloo, having Senator EAGLETON have to get a rollcall, and wasting all that time.

Mr. BROCK. If it is a good amendment, we will not need a rollcall.

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. I am prepared to vote.

Mr. CURTIS. Will the Senator yield?

Mr. PACKWOOD. Yes.

Mr. CURTIS. I shall support the amendment of the Senator from Oregon. I think it is a request for information that would be most helpful. There will be many Senators who will not agree with the answer that comes in but I think it will be helpful information.

Mr. President, I have raised my voice on this floor many times against motions to table because I felt that matters should be voted upon up or down on their merits.

However, I think we are facing a situation here tonight where we have debated the LAL at considerable length, and to make progress on the bill and meet our obligations by the time of the recess beginning on July 2, I would like to serve notice that if the Senate is still in session and has not otherwise disposed of the LAL at 7 o'clock, I shall make a motion to table.

I thank the Senator.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, I hope the Senator will not insist on that, because it seems to me that the LAL provision is such a complicated provision, it is such a monstrosity, that Senators deserve to know what it is.

It was debated, and I think that Senators had a chance to hear a lot if they were on the floor, but they were not all here, so most Senators have not had a chance to hear the debate. This is such an important matter, I think Senators ought to acquaint themselves with what they are voting on before they vote on a matter of this sort. This LAL provision could put the Nation in a recession.

Mr. CURTIS. Mr. President, will the Senator from Oregon yield further?

Mr. PACKWOOD. Yes.

Mr. CURTIS. Out of deference to the chairman of this committee, who must carry the responsibility to get the matter disposed of, I withdraw my statement that I expected to move to table.

Mr. LONG. What the Senator from Oregon is trying to do is to get Senators in this Chamber to hear the debate. He wants to explain the LAL.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. HASKELL. Mr. President, it might be helpful if we knew what we are about to vote on. I wonder if it would be possible for the Senator from Oregon——

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon to the amendment of the Senator from Wisconsin.

Mr. HASKELL. I appreciate that, but I do not have the faintest idea what the amendment of the Senator from Oregon is all about.

Mr. PACKWOOD. Mr. President, I ask that the clerk read it again. It is a short amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Oregon (Mr. PACKWOOD) offers unprinted amendment No. 60 to unprinted amendment No. 57, which is the Nelson amendment:

At the end of unprinted amendment No. 57, insert the following new section:

Section 106. The Secretary of the Treasury shall report to the Congress, within 1 year from the date of enactment of this Act, whether any tax shelter opportunities of a substantial nature remain after enactment of this Act.

Mr. HASKELL. Mr. President, I might, if I may, ask the Senator from Oregon, this seems to be a relatively innocuous amendment; does he insist on the yeas and nays?

Mr. PACKWOOD. I do, and I have been very frank as to the reason why. I am insisting on it so Senators will come over here, and I hope another 15 or 20 Senators will stay around to listen to the debate on the LAL.

Mr. LONG. Mr. President, I agree with the Senator, for this reason: By the time we get through with the debate on this bill, with its 1,500 pages if any tax shelter opportunities of a substantial nature still exist for people to get out of paying taxes, I want to know about it, as the Senator in charge of this bill. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon (Mr. PACKWOOD) to the amendment of the Senator from Wisconsin (Mr. NELSON). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Utah (Mr. Moss), the Senator from Texas (Mr. Bentsen), the Senator from South Dakota (Mr. Abourezk), the Senator from Ohio (Mr. Glenn), the Senator from Washington (Mr. Magnuson), and the Senator from Arkansas (Mr. McClellan), are necessarily absent.

I also announce that the Senator from Indiana (Mr. Bayh), and the Senator from Missouri (Mr. Symington), are absent because of illness.

I further announce that, if present and voting, the Senator from Washington (Mr. Magnuson), would vote "yea."

Mr. HUGH SCOTT. I announce that the Senator from New York (Mr. Buckley), the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Nebraska (Mr. Hruska), the Senator from New York (Mr. Javits), the Senator from Ohio (Mr. Taft), the Senator from Connecticut (Mr. Weicker), and the Senator from North Dakota (Mr. Young), are necessarily absent.

The result was announced—yeas 84, nays 0, as follows:

[Rollcall Vote No. 298 Leg.]

YEAS—84

Allen
Baker
Bartlett
Beall
Bellmon
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Gravel
Hansen
Hart, Gary
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Johnston
Kennedy
Laxalt
Leahy
Long
Mansfield
Mathias
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Talmadge
Thurmond
Tower
Tunney
Williams

NAYS—0

NOT VOTING—16

Abourezk
Bayh
Bentsen
Buckley
Glenn
Goldwater
Griffin
Hruska
Javits
Magnuson
McClellan
Moss
Symington
Taft
Weicker
Young

So Mr. Packwood's amendment was agreed to.

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REFORM ACT OF 1976

The Senate continued with the consideration of the bill (H.R. 10612) to reform the tax laws of the United States.

Mr. JACKSON. Mr. President, I ask unanimous consent that during the consideration of the pending bill, Mr. Joel Merkel and Mr. Keith Martin, of my staff, have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIDEN. Mr. President, I ask unanimous consent that Richard Andrews, of the Budget Committee staff, have the privilege of the floor during the duration of the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I ask unanimous consent that during the consideration of this measure the following persons have the privilege of the floor: Jack Albertine and Jerry Hill of Mr. Tunney's staff; Andrew Carron of Senator Eagleton's staff; Jon Fleming of my staff; Hal Gross of the Budget Committee staff; Bill Pursley of Senator Stone's staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that Mr. Tom Barnacle, of my staff, have the privilege of the floor during the debate on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FONG. Mr. President, I ask unanimous consent that Mrs. Parker, of my staff, have the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, will the Chair clarify whether a unanimous-consent agreement was entered into earlier in the day to the effect that any Senator who wanted staff members here could sign a list at the desk?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I will have to object to that.

Mr. PACKWOOD. It was agreed to several hours ago.

The PRESIDING OFFICER. The order was entered earlier today.

Mr. LONG. The agreement was that they could sign a list here, and we would send the names up to the desk. That was the agreement.

The PRESIDING OFFICER. That was the order.

Mr. PACKWOOD. Mr. President, while Senators are here, I might be able to give an estimation of the timetable so far as I am concerned.

We are on the subject of limitation on accounting losses or artificial losses, the LAL—call them what we will. We had some discussion this afternoon without too many people here, but I think that with some little degree of discussion, we might be able to get to a vote to table this matter before too long tonight. However, I will take a little time to relate the situation involving LAL and how it can affect every Senator if he were in private life or any of his constituents, in my mind, adversely.

The LAL is the first of a series of amendments being proposed by Senator Nelson and others to the Finance Committee package. The Finance Committe package had another way of handling the same situation, which in essence is what is being amended. The limitation on accounting losses, in essence, says that you cannot offset losses from a business against any income unless it is from the same source. The normal rule has been for years that if you invest in something and it has a loss, you can offset it against income from some other source. It has been a normal rule.

Under the proposal of Senator Nelson and others, if we adopt the LAL provisions, you will no longer be able to do that. I will give some specifics on what I am talking about.

Let us say that you are a young attorney and have a law firm—say, Pastore and Packwood.

Mr. PASTORE. Do not get me into it. [Laughter.]

Mr. PACKWOOD. We reach 30 years of age and we have been practicing for 5 years and have managed to save up $10,000 that we want to invest. So Pastore and Packwood mortgage their homes, borrow $90,000 from the bank, at 10 percent interest, and start to build a commercial building that might house a corner grocery store and a pharmacy or perhaps a gas station.

Mr. HUMPHREY. I will get in on the pharmacy. [Laughter.]

Mr. PACKWOOD. Hopefully, the Senator will not be retired in 3 years; but when he does, we will give him the corner lot. [Laughter.]

We start to build this about the first of April, and we build it in April, May, June, on through the year. We do not have any tenants until we finish it.

Now, in the 9 months since we borrowed the $90,000, we have spent, at 10 percent interest, roughly about $7 thousand in interest in real money. We have taken it out of our pockets and given it to our banker, because we borrowed money from him. We have paid real property taxes on that piece of property, money out of our pocket. These are not artificial losses and the tax collector and the banker will not take artificial checks. They want real money. So we are out $4,000 or $5,000 of money that first year, out of income. You cannot write that off your lawyer's income if you are a lawyer, or you cannot write that off a doctor's income if you are a doctor. You cannot write that off any income, unless you happen to be in the business that you are doing the investing in. If, instead of Pastore and Packwood, lawyers, it were Pastore and Packwood, realtors, and we are both 30 years of age and we have saved up $10,000 and we do the very same thing I have talked about, we can offset that loss against our income from selling real property. I ask the Senators, where is the fairness in that kind of procedure?

First, it is totally unfair to say that if you are in a business, you can write off your losses against your income in that business, but if it is a perfectly legitimate business and you do not happen to be in it but you want to get in it, you cannot write off your losses. That is what this provision does. It applies to farming if you are in farming, it applies to real estate if you are in real estate, it applies to movies, oil—you have to be in the business. And boy, if you are in it and you are rich, you have a bonanza. Not only can you write off all your losses from your income in that business, you have a leg up because anybody not in it is not going to come in.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. PACKWOOD. Yes.

Mr. CURTIS. In the Senator's hypothetical case, what would happen to his plans if he were denied his interest deduction? Would he go through with them?

Mr. PACKWOOD. Well, if the Senator means if I knew ahead of time that I could not take it?

Mr. CURTIS. Yes.

Mr. PACKWOOD. In all likelihood, I would not go into it.

Mr. CURTIS. Suppose the Senator did go into the activity. What happens, revenue-wise, by reason of the activity of building his building?

Mr. PACKWOOD. If I built a $100,000 building, I would probably put 45 people to work for 9 months and I would have an economic activity.

Mr. CURTIS. Including payroll tax.

Mr. PACKWOOD. Payroll tax, wages for the people that built it.

Mr. CURTIS. Income tax?

Mr. PACKWOOD. Yes.

Mr. CURTIS. And he may, in some instances, save on unemployment compensation and a few social or welfare items.

Mr. PACKWOOD. That is correct.

Mr. PASTORE. Will the Senator yield?

Mr. PACKWOOD. No, I am yielding to the Senator from Nebraska right now.

Mr. CURTIS. My quarrel against this limitation on interest paid is this: We should never limit a deduction for interest payment that goes into an operating activity that causes building or functions or things that create jobs. It might be debatable whether or not interest should be allowed without limit where people just buy passing investments in order to build up interest, but that is another debate.

Certainly, the Senator from Oregon is right that what he has proposed here could well result in a loss of revenue and, in addition to all the arguments the distinguished Senator has so well put, we have an impossible law to live under.

I thank the Senator for yielding.

Mr. PACKWOOD. I yield to the Senator from Rhode Island.

Mr. PASTORE. May I ask a question as the Senator's unwilling partner?

Mr. PACKWOOD. Yes.

Mr. PASTORE. Is the Senator defending the situation that we have today——

Mr. PACKWOOD. I am not.

Mr. PASTORE [continuing]. Of buying another company for purposes of a tax break and setting it off?

Mr. PACKWOOD. I am not.

Mr. PASTORE. The Senator is not doing that at all?

Mr. PACKWOOD. Not at all.

Mr. PASTORE. He is not touching that?

Mr. PACKWOOD. I am not touching it.

Mr. PASTORE. I mean he is not disturbing that in the least?

Mr. PACKWOOD. The Senator confuses me with that question.

Mr. PASTORE. Let me state it another way.

Mr. PACKWOOD. All right.

Mr. PASTORE. Is the Senator preserving the present situation that we have today, that you buy a business that is not allied to your own function and allowing yourself to deduct that loss from your own profitable business?

Mr. PACKWOOD. No, I am not. What the Committee on Finance has done, and the bill has six titles and we shall consider all six. When we get to title III, there is something called the minimum income tax. In that income tax, all of this so-called preference income is put and a certain flat minimum percentage is levied on it. It does not matter where your income came from, you cannot get around it, saying this is all my loss, this is all my income, therefore, no tax.

What I am saying is that I think this section ought to be defeated because I think it is unfair, unworkable, and immoral. It is when we get to the minimum income tax or alternative income tax—Senator BROCK is going to offer that—if we want to pick up more income, that is the way to do it. The minimum income tax that the Finance Committee has and what the House has proposed are only $100 million apart. It stops the very abuse the Senator is talking about.

Mr. PASTORE. Let me take it step by step if the Senator from Louisiana does not mind.

The Senator from Oregon is saying if he and I are in partnership as lawyers and we function as lawyers, but we decide to go beyond that—we want to build a building now—he feels that anything that is chargeable against that particular building should be deducted against our income as lawyers?

Mr. PACKWOOD. If he and I have a loss on the building?

Mr. PASTORE. Well, if we have a loss on the building, the Senator is saying that if we have a big profit in our law firm, we can deduct that loss from our profits as lawyers?

Mr. PACKWOOD. That is correct.

Mr. PASTORE. Well, I think it is wrong, so I disassociate myself as the Senator's partner.

Mr. PACKWOOD. What we have done, you see, we have not said that is wrong. We have said it is perfectly all right to deduct that if you happen to be in that business. If you want to be in the real estate business and build that building, even if these losses are theoretically wrong, go ahead and deduct them from your income. But do not try to get into that business if you are not in it, because then it is wrong to deduct it.

Mr. PASTORE. The Senator told me he can deduct that from his profits in his law firm.

Mr. PACKWOOD. That is right.

Mr. PASTORE. I think it is wrong.

Mr. PACKWOOD. Is the Senator from Rhode Island in favor of making sure that nobody can get into these businesses unless they are in it?

Mr. PASTORE. Oh, no, they can deduct the losses from the income of their allied business. I have no objection to that. If they lose money as realtors, that is all right; they can deduct that loss. But why should the Senator take that loss out of his profits from being a lawyer? What does that have to do with building a building?

Mr. PACKWOOD. Where have we ever before said, in the building of this country, that a person should be limited and should be given preference in one field of activity but we do not want him having the same preference that others have in other activities?

Mr. PASTORE. I do not agree with the Senator from Oregon.

Mr. HATHAWAY. If the Senator from Oregon will yield, I think he has inadvertently misstated the case. The person who is the lawyer who is investing in the real estate business and the person in that real estate business are in the same position. They both can take their losses up to the extent of the income from that business. If the person in the real estate business also has outside income, he cannot extend those losses to that outside income.

We are saying, for anybody involved in these six businesses that we are talking about under the LAL, they are limited in taking certain losses—not all losses; ordinary business deductions they can take, economic losses. But certain losses they cannot take beyond the extent of the income from that business, with the exception of the farming exemption, where he can use outside income up to $20,000.

It is the same rule for everybody.

Mr. PACKWOOD. No, it is not the same.

Mr. HATHAWAY. It is the same for the real estate man, the lawyer, the doctor, the dentist.

Mr. PACKWOOD. No, it is not. The man or woman in a real estate business who makes income from selling a house can go out and build that commercial building and offset the losses from that, unrelated to the normal buying and selling of real estate. If they are in the real estate business, they can offset those losses against their real estate income.

Mr. HATHAWAY. That is right, and the person who invests in that business, the lawyers and the dentists, can take those losses against any real estate income.

Mr. PACKWOOD. Not if they are not in the real estate business themselves.

Mr. HATHAWAY. They can take it from the real estate income.

Mr. PACKWOOD. But if there is no real estate income to take it from, they have to pocket the loss?

Mr. HATHAWAY. That is right.

Mr. PACKWOOD. And that is fair?

Mr. HATHAWAY. The person in the real estate business, what does he do? They are both treated the same exactly. The only rule is that you cannot take it against your outside income whether you are in the real estate business or regardless of what business you are in.

Mr. LONG. Mr. President, if the Senator will yield further, this would be a new procedure in the law, adding something in the tax code that favors one in a particular business, say in the real estate business, or that favors someone in any other business—the equipment rental business or the farming business. If you want to invest in that business and you are getting income from that business, you get the break. You do not pay any additional tax. But if you are one who wants to invest some money in that business, you do pay the additional tax. So if you look at the people in the business where they build shopping centers or they build office buildings and you say, well, that looks like a pretty good thing, I would like to put some of my money into it, but you do, the fellow who is in that business gets the deduction. You do not get the deduction.

If you want to plant a pecan orchard, for example, the fellow who already has the pecan orchard can get the deduutions for the spraying and keeping down the weeds and all the other expenses of a pecan orchard. He can take all those deductions.

But if you are a person who is starting out in that business you do not get any benefits from any of that. You have got to wait 7 long years until those trees have grown up and start producing the pecans before you can take a deduction.

Now, that is a new concept to say that those who are in this business can get the advantage of it and those who are not in the business cannot get the advantage of it. If one wants to go into that business that is just too bad.

Furthermore, the complexities of these things are absolutely beyond belief. For example, some of the crops a farmer produces are under the LAL and some of the crops he produces are not under the LAL. This provision would require that he have a record to show how many hours each farmhand worked in field A and how many hours each farmhand worked in field B. He would need a record to show how many hours the tractor was in field A and how many hours the tractor was in field B and how many hours the tractor was somewhere else.

Then, having done all of that, he would then need someone to try to show him some accounting principles that nobody can agree on. Accountants themselves cannot agree on it as to how you go about allocating costs. Do you allocate based on how much time it was there or how much money was spent or do you allocate it on how much profit you made from the overall activity? The accountants themselves cannot agree on those accounting principles. So there are no two lawyers or no two accountants in America who can be expected to come up with the same figure and tell what your tax liability is under those circumstances.

Those who undertook to draft this thing have done some fairly clever things. They said, "We will leave farmers out, all farmers, unless they have $20,000 of outside income."

Then look at this amendment. They leave out residential housing. Why did they want to leave out residential housing? Well, the homebuilders came to town, and they saw what this proposal was, so they talked with their Senators, and it paid off. They said, "Leave out residential housing."

But how about the fellow who builds a shopping center? Unfortunately, he did not come to town. He does not understand the provision, and so they said, "Well enough, he has not made himself heard to his Senators," so they leave him in.

How about the fellow building the office building or something else, how about the man in the equipment rental business?

Mr. PACKWOOD. Mr. President, will the Senator yield to me? Will he stop, because I do not want to leave a misapprehension here. When we talk about residential housing, we are not talking about the little houses that people buy. This residential housing is the highrise apartments, the condominiums with 500 units. They are the very thing that the alleged rich dentist from Boston or the rich lawyer from Boston invests in.

I asked the Senator from Maine why this loophole of all is left in? And his frank answer and honest answer was:

> We hope we will pick up some votes by leaving it in.

Mr. LONG. Furthermore, Mr. William Simon, who is a former Administrator of the FEA, which handles the oil and gas industry, sent a letter in which he said:

> Do not apply it to the oil and gas industry. Those people have enough trouble already. Leave them out.

Mr. NELSON wants to leave out the residential housing people. Someone is going to leave out the people who own the football teams.

> Don't apply it to them because they have enough troubles already dealing with the professional football players.

So what it basically amounts to is that no one here wants to apply this to anybody for whom he has any sympathetic interest at all. He just wants to apply it to people with the black hats, pick out the bad boys.

What you ought to do is to direct this thing at people who are making the pornographic movies, but not the guys who are making other movies. Be careful how you apply it to them.

Apply this to organized crime, and I will vote for it. [Laughter.]

Mr. PACKWOOD. Well, let me emphasize again what is being attempted to be done with the LAL's is to catch people who have high incomes and who invest them in shelters and pay no income tax.

What is attempted to be done with the LAL? All this is, this large loophole for residential real estate can be done with the minimum income tax, can be done with the alternative income tax, can be done by changing, if you want to, the maximum income tax. There is no reason why it has to be done with the LAL's. The same amount of money can be raised, depending upon where you want to put the percentage, but why on earth, with respect to this mobility of capital, why say that lawyers are going to be lawyers and real estate people are going to be real estate people and farmers are going to be farmers, and nobody is going to mix or certainly we are going to write a tax bill that will make it difficult for you to shift your capital from place to place because we are going to give those in it a preference as opposed to those out of it. Where was the fairness? Where was the reason for that?

Mr. BUMPERS. Mr. President, will the Senator yield? I would like to ask a question of the Senator from Wisconsin or the Senator from Maine in response to a question. It says here:

> Artificial losses from farm operations for pre-paid feed, seed, and fertilizer expenses, expenses incurred for crops, animals or trees before the period of production, except for wheat, alfalfa, barley, oats, rye, sorghum, cotton, livestock and poultry.

The reason this gets my attention is because Arkansas happens to be the biggest broiler producing State in the country, and I am curious as to why rice, in which we are No. 1, and soybeans in which we were No. 4, why soybeans, rice, and broilers have not been excluded. Could any of the sponsors answer that question for me?

Mr. HASKELL. I think, if the Senator will yield, I can answer that. The annual crops that the Senator read out were the annual crops and they were eliminated.

If the Senator will indulge me, I would like to make a few general comments on the overall purpose of these things. Would that be all right? It will go a little bit beyond answering the Senator's questions.

Mr. BUMPERS. Certainly.

Mr. HASKELL. I do not have the floor.

Mr. PACKWOOD. Can I ask, Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. I yielded to the Senator from Arkansas.

Mr. BUMPERS. I am perfectly willing for the Senator from Colorado to answer the question because the question is really addressed to who was a proponent.

Mr. PACKWOOD. I would appreciate it if he would initially answer the question.

Mr. BUMPERS. I do not know the answer.

Mr. PACKWOOD. I was curious. But I am not sure I want to get off on another track yet and yield the floor to him for other purposes until the Senator answers the question.

Mr. BUMPERS. Before he answers the question, then I would like to make this observation. When you talk about prepaid feed, seed, and fertilizer expenses, you are not talking about citrus groves or pine forests, but you are talking about any ordinary crop planted, produced, and harvested in the same year.

As I say, I am at a loss to understand why these other annualized crops, such as wheat, alfalfa, barley, oats, and so forth, are excluded from the LAL's and rice, soybeans, and poultry are not, because I certainly want to offer a perfecting amendment if this thing is not tabled. [Laughter].

Mr. FONG. Mr. President, will the Senator yield?

Mr. PACKWOOD. Yes.

Mr. FONG. The Senator has been talking about lawyers, doctors, and dentists. What about the electrician, the laborer, the schoolteacher, the mechanic, who save $10,000 and want to get into, say, a gasoline station, a gasoline station business, or buy a rental unit, not a residential unit but a commercial unit.

Mr. PACKWOOD. Tough luck.

Mr. FONG. Would he be allowed to deduct his losses?

Mr. PACKWOOD. He will not be allowed to deduct the losses that this bill says cannot be deducted. You are just out of luck unless you are in the business.

Mr. FONG. What if I were a laborer and I wanted to buy an automobile to be used in a taxi business, and I find that I have got to borrow some money to buy this automobile. Then, I find that in running the business I have sustained a loss.

Mr. PACKWOOD. That is another anomaly of this bill. You can go into the taxi business and you can write off that loss against your income as a laborer. Taxis are not covered.

Mr. FONG. Taxis are not covered?

Mr. PACKWOOD. Real estate, that is covered, movies, oil, farms—what are the other two? Sports franchises—I will give the Senator the sixth one in a minute.

So here again if the purpose of the amendment is to say we do not want to allow unrelated losses to be written off against unrelated income, the bill certainly does not cover all of them.

Mr. FONG. Why the exceptions?

Mr. PACKWOOD. I do not know why the exceptions. It is their amendment. I do not know.

Mr. FONG. If this amendment goes through then what about the insurance companies and the banks? Are they going to be able to make such loans?

Mr. PACKWOOD. That is another exception. It does not apply to corporations either.

Mr. FONG. It does not apply?

Mr. PACKWOOD. No. Corporations can go out and invest. An insurance company can buy out the pecan crop; they can invest in real estate and they can write the losses off.

Mr. FONG. The Senator does not understand my question. What would happen to the loan business as far as the banks are concerned and the insurance companies are concerned? Who will lend the money needed for investments?

Mr. PACKWOOD. Well, my hunch is you are going—the testimony we had from all segments of commerce was that this LAL concept was going—to depress the gross national product, depress jobs, depress everything, because you——

Mr. FONG. You are going to throw a lot of people out of work.

Mr. PACKWOOD. Oh, yes. We had group after group, and they came forth with specific statistics, studies, as to how many people they figured they would lose in jobs, how much downturn in income, in the gross national product.

Mr. FONG. We already have got an unemployment rate of 8.5 percent.

Mr. PACKWOOD. That is right.

Mr. FONG. And this is going to increase the number of unemployed.

Mr. PACKWOOD. We did not have any witness who testified to the contrary, that in whatever business activity this affected it would help. Every one of them said it would hurt it.

Mr. FONG. I am quite sure this is going to depress business, no question about it.

Mr. PACKWOOD. It is absolutely going to put people out of work.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. PACKWOOD. Yes.

Mr. CURTIS. A witness, Dr. Norman True presented testimony to the committee suggesting that the revenue loss resulting from LAL and other tax shelter provisions of the House bill that applied to real estate could lose as much as $2.8 billion in revenue. The nature of making revenue estimates is sufficiently speculative that Dr. True may be wrong, he may be too high, he may be too low, but you do not have to be an expert to find out that this discourages activity, building, enterprise, and the creation of jobs.

While the Senator is yielding to me, I would like to have the Members turn to page 354 in part I of the hearings and read what one of the eminent lawyers has to say about this LAL provision.

In order to find out where we stand on something, we have got to go through a process of examining 26 revisions of the statutes to apply LAL, and there is not a lawyer in the land that after he completed that would be too sure of his answer.

Mr. FONG. Will the Senator yield for a question?

Mr. PACKWOOD. Yes.

Mr. FONG. Somebody gets the money, correct?

Mr. PACKWOOD. What does the Senator mean, somebody gets the money?

Mr. FONG. I put $100,000 into a business, I lose it.

Mr. PACKWOOD. Yes.

Mr. FONG. Well, then somebody got that $100,000.

Mr. PACKWOOD. Well, you went out and lost it.

Mr. FONG. Yes.

Mr. PACKWOOD. And you are paying the bank interest because you have put up a building, but you have lost it.

Mr. FONG. Yes.

Mr. PACKWOOD. Out of your pocket.

Mr. FONG. It has gone out of my pocket, but somebody has got it.

Mr. PACKWOOD. You do not have it.

Mr. FONG. I do not have it, the man who has got it probably is taxed, is he not?

Mr. PACKWOOD. Hopefully.

Mr. FONG. Hopefully, he will be taxed because he made some money on mine. I have lost that money. It has gone into somebody else's pocket.

Mr. PACKWOOD. Well, no, it is actually a loss of revenue because you are the one who will be taxed. Let us take this situation.

You borrow from the bank.

Mr. FONG. Because of my having lost the money, somebody is going to pay a bigger tax.

Mr. PACKWOOD. No, not a bigger tax. Here is what will happen.

Mr. FONG. Why not?

Mr. PACKWOOD. Take the exact situation, you borrow from the bank at 10 percent interest, $9,000 a year. That is $9,000 income to the bank, and they pay a tax. It is $9,000 lost to you, you pay it out of pocket, but you cannot deduct it from your income.

Mr. FONG. I understand that.

Mr. PACKWOOD. You will pay a higher tax.

Mr. FONG. I will pay more tax. And because the person who is working and getting income despite my loss, he is going to pay some taxes, is that correct?

Mr. PACKWOOD. Yes.

Mr. FONG. The lumber man who sold the lumber and made some profit, he will pay a tax.

Mr. PACKWOOD. Yes.

Mr. FONG. The gasoline man is going to be taxed.

Mr. PACKWOOD. So you have not lost everything, but he is going to pay the tax whether or not you get to pay a reduced tax. There is one additional gain.

Mr. FONG. But if I did not go into the business, he would not have income upon which to pay any taxes.

Mr. PACKWOOD. Correct.

Mr. FONG. And the Government would not get any money from him.

Mr. PACKWOOD. Correct.

Mr. FONG. That is correct.

Mr. HATHAWAY. Will the Senator yield?

Mr. PACKWOOD. I yield to the Senator from Maine.

Mr. HATHAWAY. To answer the question of the Senator from Hawaii, why these six industries were chosen, these were chosen by the administration. The Senator from Oregon singled these out as being areas where there was more abuse. The Treasury does support the House version we are now supporting in our amendment, the LAL restriction, in order to curb the abuses in tax shelters.

I understand, in answer to the question of the Senator from Arkansas, the reason the various items listed were exempted is that there is an at-risk provision in the House bill that the House Members considered to be adequate to curb the shelter activity in those particular farming activities.

So that the LAL is restricted to those where the at-risk provision is not sufficient. But the at-risk provision is simply a limitation on losses based upon the amount of money actually risked in that enterprise, and the Finance Committee has adopted that provision.

Mr. CURTIS. Will the Senator yield right there?

Mr. HATHAWAY. We do not think there is sufficient in all of these shelters to do the job that ought to be done.

Mr. CURTIS. Will the Senator yield? Is it not true that in respect to residential housing there is no at-risk provision, is that not correct?

Mr. HATHAWAY. In whose bill?

Mr. PACKWOOD. In the Senator's amendment.

Mr. HATHAWAY. That is right.

Mr. CURTIS. Yes.

Mr. HATHAWAY. The Senator is correct.

Mr. CURTIS. That was not applied, and we understood a minute ago the Senator was referring to the at-risk.

Mr. HATHAWAY. But in answer to the Senator from Arkansas' question about the various farming activities excluded from LAL that at-risk provision would take care of those particular types of farms.

Mr. CURTIS. In reference to farming, suppose the husband and wife are reporting their taxes jointly, and the wife has a good job, but she decides that she wants to assist her husband in expanding the farming operations, and so on, and her outside income is substantial and they have losses.

Under the Senator's provision, would the loss be denied, the losses incurred in the farming operation?

Mr. HATHAWAY. First of all, the Senator has to tell me what kinds of losses. There has been a lot of confusion here over just what losses we are talking about.

The ordinary business losses are deductible against any, whether they are in the business or out of the business, it does not make any difference.

What we are talking about is the certain losses that are itemized with respect to each one of these activities that are considered the artificial losses.

They are not really artificial, they are accelerated losses.

So the losses the Senator is talking about, he is restricting them to the so-called artificial losses.

It is true that the amount of deduction we can take is limited by the farm income plus $20,000 of outside income, and it is a dollar-for-dollar reduction, for every dollar of outside income above $20,000.

That does not mean they are lost forever. They go to a carryover account to be deducted later on.

Mr. CURTIS. What is artificial about it?

Mr. HATHAWAY. I stated earlier in the day, I think the House adopted a term that does not really convey the correct meaning.

They are not artificial. We pay cash for them.

They really should have said artificially accelerated losses.

Mr. CURTIS. Yes.

Mr. HATHAWAY. So that in the first year, when they ought to be capitalized over the life of the asset, that is all it means.

Mr. CURTIS. Certainly, taxes have to be paid, or there is a lien against the property and interest builds up. Yet the Senator's own amendment treats taxes in some instances as artificial losses or artificial expenditures during the construction period.

There is not a thing in the world artificial about it.

Mr. HATHAWAY. Well, it is not artificial that you do not have to pay them. Certainly, you have to pay them. But they are considered artificial because they are to be capitalized and spread over the life of the property.

It is not an artificial loss if we go out and pay cash for a piece of machinery, but we may have to amortize that over a 10-year period and not take the entire deduction the first year.

That is what we mean by artificial.

Mr. CURTIS. How much revenue does the Senator contend his amendment would pick up?

Mr. HATHAWAY. I think it comes——

Mr. CURTIS. Now, the authorities indicate——

Mr. HATHAWAY. Close to $400 million more than the Senate version.

Mr. CURTIS. Does that assume any change in economic behavior of our economy?

Mr. HATHAWAY. I do not know what justified assumptions we can put into any tax changes we might make.

We assume that if the money is not invested in these various activities, that the losses are going to be limited as far as outside income is concerned and get the tax revenue from an outside income.

If a dentist is limited on his deductions in respect to his investment in any one of these six categories, then he will have to pay the ordinary income tax he would have to pay on his dentist income.

So we are not recovering now because he can shelter that income from taxation. The estimate by the Treasury Department is in the neighborhood of $400 million.

Mr. CURTIS. And one of the things the distinguished Senator is contending is that the payment of taxes be capitalized. If we approve a bill with a one-time expense, it is logical that that be capitalized and spread out. Taxes are a recurring expense. They recur year after year after year.

I would like to have the reasoning for the contention that a payment of taxes ought to be capitalized in any endeavor.

Mr. PASTORE. Will the Senator yield to me so I may ask a question of the Senator?

Mr. PACKWOOD. Yes, I will yield, but I wish also that the Senator would answer the question of the Senator from Nebraska.

Mr. PASTORE. As I understood the original hypothetical question which was raised by the Senator from Oregon, it is if a law firm invested its money, let us say, in building a barber shop and there was a loss, it could be deducted from the profits of the law firm.

Now the Senator comes along and tells me if that law firm builds, let us say, a condominium, they can deduct that loss? Are we not being a little inconsistent here?

Mr. HATHAWAY. Let me say to the Senator from Rhode Island there are undoubtedly areas other than the six which are listed here where people can shelter their income.

Mr. PASTORE. Why does the Senator pick out a condominium?

Mr. HATHAWAY. I suppose the question would be better addressed to the Treasury Department because they recommended these six areas, as the ones where you have the most tax abuse. Undoubtedly, there are other areas where you have front-end cost, where you could invest and get deductions without any income from that enterprise, such as starting up the barber shop, and thereby shelter your law practice income to a certain extent. But there is not that much revenue involved in these others.

Mr. PASTORE. I am talking about the principle involved. Does the Senator think that it is unfair to say that a law firm that invests its money in a commercial business cannot deduct that loss from its profits as a law firm, yet it can deduct the loss if it were a condominium? Are we not being a little inconsistent?

Mr. HASKELL. Will the Senator from Maine yield?

Mr. HATHAWAY. I am happy to.

Mr. HASKELL. I would like to mention to the Senator from Rhode Island that there are certain occupations that have the benefit of these accelerated deductions, accelerated being artificial in the sense that I can take the deduction this year where, if there was not that acceleration, I would have to take it down the road somewhere. One of those areas is building. Another area is farms, another area is movies, another area is oil and gas, another area is equipment leasing, and another area is sports.

For the reason that it is in these areas that these accelerated deductions take place, the thought behind this provision—which incidentally was recommended originally by the Treasury Department—was that it is fine to take those accelerated deductions against the income from those particular enterprises and maybe reduce your taxes to zero from those enterprises but not to reduce your law practice income to zero as well.

In other words, as somebody pretty graphically put it, it is fine to drill oil wells and reduce your income from oil wells to zero by intangible drilling costs, but if you are a dentist do not reduce your income for drilling teeth to zero by the use of these accelerated deductions.

Mr. PASTORE. And does the Senator think that is fair?

Mr. HASKELL. Yes.

Mr. PASTORE. In other words, the Senator is making a distinction between putting your money as a lawyer into a condominium as against a shopping center?

Mr. HASKELL. No, no.

Mr. PASTORE. That is what we are doing. The Senator is saying if you put your money in a condominium and you lose, you can deduct that from your income as a lawyer. But if you put it in a shopping center and you lose you cannot deduct it.

Mr. HASKELL. I would say this, I would welcome an amendment which puts the residential real estate in the same category as the shopping center.

Mr. PASTORE. All right. Now the Senator is talking my language.

Mr. HASKELL. If the Senator will offer it, I will be pleased to support it.

Mr. PASTORE. I am not going to offer it, but I am looking at the consistency and the inconsistency here tonight. When the Senator tells me that I have to vote for an amendment, with which I agree on the example given by the Senator from Oregon, and then it is revealed that if you get into a condominium it does not apply, I think we are being very inconsistent.

Mr. LONG. Mr. President, if the Senator wants to leave residential real estate like the other things in the LAL, all he has to do is withdraw the amendment. That is the only purpose of the amendment, to give the people in the residential real estate construction business an advantage over other people in other construction business.

If they want to treat them alike, just vote against that amendment, and we will vote on the committee amendment to strike the whole thing.

Mr. PACKWOOD. I believe I have the floor, have I not, Mr. President?

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. PACKWOOD. I do not think it will be difficult for the mind of man to figure out new tax shelters. We thought there were six, but now we will let them have the shelter of real estate. A good tax lawyer will still find a way to shelter his income. If we are going to reach it, we must reach it with an income tax.

Mr. LONG. Will the Senator yield to me?

Mr. PACKWOOD. Yes.

Mr. LONG. We have in the law, and in the bill, recapture for real estate gain. We have a requirement to capitalize the cost for these farm syndicate operations. We have an "at risk" provision for oil and gas, farming, movies and equipment leasing. We have a minimum tax to apply in this situation that will raise $1 billion in revenue from people who get by without paying a lot of taxes.

So we go at them four different ways. Why do we have to go at them five different ways?

Furthermore, among the farmers, there are 175,000 returns with farm losses and outside income in excess of $20,000. About 150,000 of these are proprietaryships, which can be regarded as legitimate farmers in the farm business. There are about 25,000 taxpayers out of 175,000 that we do not regard as just being farmers in the ordinary sense of being a farmer.

So in order to go after 25,000 people with the black hats, they shoot down 150,000 more who are wearing the white hats. What kind of sense does that make? Every time they hit the targets, they hit six unintended victims.

Mr. PACKWOOD. What sense does it make to say this does not apply to corporations? If a person wants to go out and sell the wheatlands and the pecan lands, he could put his money into real estate and write off all the losses.

Mr. LONG. All one has to do is incorporate and get away with everything. It is all right for corporations to do this, but just do not do it as individuals.

Mr. PACKWOOD. That is right.

Do I still have the floor, Mr. President?

The PRESIDING OFFICER. The Senator from Oregon still has the floor.

Mr. LONG. Mr. President, I will refer the Senator to this problem of allocating. It looks to me as though it is for political reasons that they put some crops under the LAL and some crops not under the LAL. A lot of farmers produce more than one crop. So here is a farmer—and I want them to show me how he will do this—who has part of his farmland in products under the LAL and part of it farmed in new products not under the LAL. According to this, that farmer needs to know how many hours each farm hand was in this field and how many hours he spent in that field. He needs to know how many hours the tractor was in this field, how many hours it was in that field, and how many hours it was somewhere else.

Then he needs to allocate his cost between all these different fields.

Furthermore, here is a fence between two fields. That raises this question——

Mr. KENNEDY. Will the Senator yield?

Mr. LONG. How are you going to allocate the fence? Suppose it was there already? Are you going to allocate the fence to keeping the cows in or keeping trespassers off the corn?

How much are you going to allocate to the protection of your property, how much are you going to allocate to that which is on the right-hand side, and how much of that which is on the left-hand side?

The PRESIDING OFFICER. Senators are seeking the floor. The Senator from Oregon should yield for questions.

Mr. PACKWOOD. I would like to make a summary statement, because there are Senators here who were not here before, and then I will be happy to yield the floor.

Mr. FONG. Mr. President, will the Senator yield for a question?

Mr. PACKWOOD. Yes.

Mr. FONG. Under the administration of President Johnson, they first asked for the investment credit; is that correct?

Mr. PACKWOOD. That is correct, yes.

Mr. FONG. Then, from time to time, we have cut out the investment credit, and then the administrations have come back and asked for the investment credit because the economy was depressed; is that correct?

Mr. PACKWOOD. That is correct.

Mr. FONG. Now, we still have an investment credit?

Mr. PACKWOOD. That is correct.

Mr. FONG. What will this do? On one hand we are asked to give investment credit to businesses to stimulate business. On the other hand, we are saying, "Let us take away LAL and cut down business activity." Is that not what in essence we are doing?

Mr. PACKWOOD. I think that is what we are doing, yes. And the irony is that the investment tax credit is not touched by the amendment offered by Senator HATHAWAY and others; they have left that in, as if to say, "We want to spur business activity."

Mr. FONG. Is it not true that we are working in opposite directions?

Mr. PACKWOOD. Yes.

Let me proceed, and then I will yield the floor. Let us start out by trying to state the concept of what we are trying to do.

What we are trying to do, basically, is make sure that people who have large incomes cannot hide them in such a way that they pay no taxes. We heard the figure over and over of the 244 millionaires who pay no taxes. None of us would like to continue that.

There are a number of ways to get at it. You can do it through the minimum income tax, you can do it through the alternative income tax, and we will have a chance later on to vote on those, because the Senator from Tennessee (Mr. BROCK) is going to propose an alternative tax as a substitute for the minimum tax in the bill, and Senator NELSON and others have got a minimum tax proposal; so Senators will have, later, an opportunity to vote and say whether they want to put all the preferred income in it—they have not done so; there remains the fact that millionaires can buy municipal bonds to their heart's content, and pay no tax.

But assuming they are willing to put all the income under a minimum tax, you can do it. That is one thing we are trying to do.

But will we try, at the same time, to make it difficult for people to move income from one area to another? Bear in mind, they are going to pay a tax. Is it reasonable to want to try to encourage the immobility of capital? I do not think so. So long as we can pick up the income, so long as we can raise enough money to take care of whatever we think in our hearts this bill is supposed to do, so long as we can make those millionaires pay taxes, why say at the same time, "Uh-huh, but do not you try to move your money from real estate to movies, or from movies to oil, or from oil to farming, or from farming to sports franchises. That is out of line, unless you are a corporation. Then it is OK. Or unless you want to put your money in residential real property, condominiums, 1,000-unit apartments. That is OK if you are an individual or a corporation."

Why? What is the sense? What is gained? If there was a tradeoff, if we were picking up something that we would not be picking up with a minimum income tax, if we were stopping something we wanted to stop, I could see some possible gain. But there is nothing that we cannot achieve in a more rational fashion to be gained by these LAL's, and there are jobs to be lost, economic activity to be lost, capital to be frozen, to no avail.

Mr. President, I am willing to yield the floor. I can see no sense in this, and I will be happy to give the other side a chance to speak.

Mr. KENNEDY. Mr. President, I have listened with some interest to the debate over the last hour and 15 minutes, and during an earlier period during the course of the morning discussion and debate. We have heard a lot of statements made about what this amendment does and does not do, and we have been involved in a number of hypothetical situations during the discussion. I think it is appropriate that we consider some of the basic issues which are involved.

Those of us who support this amendment have been criticized because it does not go far enough, because it does not apply to corporations. But in the past there have not been the serious abuses by corporations that have taken place by individuals in the use of these tax shelters. I myself would have voted, that we include corporations; I think the case can be made.

But nonetheless, it was our judgment not to include corporations. The point was made with regard to housing, whether that should or should not be included. I again would have supported the inclusion of it, but there are those who believe that with the dramatic failure by Congress in other areas of housing, the industry would be hurt unfairly.

This Senator is going to vote for the continued extension of the $1.8 billion in tax cuts that will help low- and middle-income people. And the Senators who are going to vote against this particular amendment had better start thinking. Down the line, with all this discussion and debate about the meaning of the budget process, we have got to start trading some of these matters off. We have to raise the revenues somewhere to pay for the tax cut. We are talking about $400 million in new revenues from LAL. From whom? You cannot benefit from these tax shelters in the Internal Revenue Code unless you are making $50,000 or more. $400 million, from those people who are making $50,000 or more. We are faced with the recommendation by the Finance Committee to raise the taxes of middle-income and low-income people by $1.8 billion. Yet the committee is unwilling to raise $400 million from the wealthiest citizens.

Start thinking about how it is proposed we allocate that $400 million. I know how my vote will be on that particular issue.

We have crocodile tears poured out about the poor farmer. I am not a farmer; I do not claim to be. There are many distinguished Members of this body who know a great deal more about it than I know. But I will ask any Senator who represents a farming State to find me a farmer who can go out and get an interest-free loan. No, sir. You find me a farmer who can go out and get an interest-free small business loan. Where does that exist, under any of the farming legislation? It does not exist there. But it exists for the dentists up in Massachusetts. They can go get it; but no farmer can, and no small businessman out in the farming areas of this country can.

They get interest-free loans from the IRS. That is basically what we are talking about—the ability, under the tax laws to get interest-free loans. They are available only to those in the top 1 percent of American taxpayers. That is what we are talking about. It is not that small farmer, or that small businessman. It is the top 1 percent, and make no mistake about it; and there is not going to be anyone in the Finance Committee or any other committee who can basically dispute that, because that happens to be the fact.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KENNEDY. Not yet. No, I will not. We waited an hour and 20 minutes to try to get the floor, and we waited a good long time last night.

Mr. LONG. Senator, we yielded to you when you asked for the floor.

Mr. KENNEDY. The Senator is quite correct. I appreciate that. I did last evening. The Senator is right. I shall yield in just a moment.

Mr. President, these tax shelter situations, which are available to high-income people that we are talking about, are a basic abuse of the tax system.

Here is one example, and I will make it a part of the Record. It is from Gerald Mandel in Lake Forest, Ill.

> Enclosed is an investment summary of Juron Associates, a limited partnership being formed—

In this case——

> To mine and sell coal from a block of proven reserves of known quality and quantity in—

Randolph, W. Va.

That is one of those five areas that are included in the LAL program.

> This is not an exploration venture; the reserves have been established by independent mining engineers.

Mr. RANDOLPH. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. RANDOLPH. In the reading of the memorandum the Senator has referred to Randolph, W. Va. There is no town in our State by that name.

Mr. KENNEDY. Excuse me. There should be a Randolph, W. Va., named after the great Senator.

Mr. RANDOLPH. I suggest that the location mentioned is Randolph County, in which I reside.

Mr. KENNEDY. Randolph County. It is Randolph County, and I appreciate that correction.

The summary highlights the major characteristics of the offering, namely, a 1976 deductible tax loss of $3.77 per each $1 of investment; in the first year, 1976, cash return of 22 percent; overall return of $5 for every dollar invested over a 17-year time frame.

Mr. President, I ask unanimous consent that this memorandum from Gerald Mandel be printed in the Record.

There being no objection, the memorandum was ordered to be printed in the Record, as follows:

Memorandum

Enclosed is an Investment Summary of Juron Associates, a limited partnership being formed to mine and sell coal from a block of proven reserves of known quality and quantity in Randolph County, West Virginia. This is *not* an exploration venture; the reserves have been established by independent mining engineers.

This summary highlights the major characteristics of the offering, namely:

1. A 1976 deductible tax loss of $3.77 for each $1.00 of investment.
2. First year (1976) cash return of 22%.
3. Overall return of $5.00 for each $1.00 invested over a 17-year time frame.
4. For an investor in the 50% tax bracket, no downside risk, a zero out-of-pocket loss, regardless of the economic success or lack of success of the mining venture.

While I am sure you are familiar with the escalating demand for coal as this nation's only readily available energy resource, you may find pertinent background in the attached articles. Hope you have an interest and I will contact you shortly.

Mr. KENNEDY. This is the kind of document that goes out to individuals making over $50,000. The abuse occurs in the areas of movies, real estate, farms, oil or gas, and many other areas.

And that is what this amendment is about.

If this body is going to make a decision to build more shopping centers, to go out and produce more movies, to perform these other kinds of endeavors in oil and gas and other activities, there are better ways and more effective ways of doing it than providing hundreds of millions of dollars in tax subsidies to the middle men and rich investors in these situations. These people do not care whether they drill an oil well in Oklahoma or downtown Boston, because they are going to get their write-off in any case.

Those who understand how tax shelters distort property values in rural areas and farming communities, among legitimate businessmen and women, make a compelling case. That case has been made and introduced into the Record by those who have supported this amendment.

One cannot find in the Internal Revenue Code any place where we decided that we are going to provide these shelters to encourage shopping centers or movies. The way that this shelter program has worked in the past, every Senator in here knows, the Finance Committee knows, is that it has simply grown up. Sharp lawyers and sharp accountants knew how to weave their way through the Internal Revenue Code and produce the kind of fat writeoffs that the shelters now provide.

We never said:

> Well, we have to build more shopping centers and real estate in all the places and, therefore, we are going to provide a special incentive.

That was never a public policy question. That was never a public issue that was debated and discussed in this Chamber. But it has grown up and it exists. And it is working a serious distortion. Let me go through the figures again.

A businessman with $252,000 income paid no tax; a corporate executive with $1,800,000 in income paid tax at 5.3 percent; a businessman with $390,000 income paid 2.8 percent tax rates.

Wage earners making $10,000 pay an effective tax rate higher than these.

So, Mr. President, I hope that this amendment can be accepted.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. KENNEDY. I yield.

Mr. LONG. The Senator has made an eloquent plea against permitting a lawyer or doctor to invest money in something and take some deductions, and the House bill would undertake to do what the Senator is talking about. We seek to strike that provision.

But the Senator, if I understand it, is speaking for the Nelson amendment, and the Nelson amendment would keep that loophole that he is talking about open for the benefit of those same doctors and lawyers who put their money into luxury high-rise apartment buildings.

Why does he want to save that loophole for them?

Mr. KENNEDY. I refuse to be put in

a position that, because we are not answering all the problems, there is a deficiency in the amendment.

I quite frankly would have supported that. It is wrong to say that, because we do not apply LAL to corporations, because we can pick up some of this income in the minimum tax, or because we are not dealing with housing, therefore, the amendment does not make sense.

It makes sense. If Senators vote for LAL, and we are able to recover these revenues, I think individuals in this body will be able to vote for the extension of that $1.8 billion in tax cuts for average citizens.

If the Senator is asking for my view, I would say that I would include it. I was satisfied when that matter was discussed among the Members of the Senate, that LAL should not apply to housing. It could be done. I would vote for it.

Mr. LONG. All the Senator has to do is vote against the Nelson amendment, and that is exactly what he would achieve because the House bill would not permit a deduction for residential real estate, high-rise apartment buildings for luxury apartments, and deductions of that nature.

That is what the Nelson amendment would protect. I personally think what we have done with the minimum income tax, the recapture provisions, the at-risk provision, farm syndicates, and syndicates generally, takes care of that problem.

But what he is speaking for when he is speaking for the Nelson amendment is to try to protect the residential real estate items that he would define as tax shelters even more than the House would protect those.

So it seems to me, Mr. President, that that would defeat the very thing that he claims he would like to do.

I do say this, Mr. President, also, that these figures the Senator has been using about 244 taxpayers who paid no tax, are very misleading. There have been studies made of similar lists up through 1974, and what they show is that there is a great difference between adjusted gross income and net income.

As to many people who have $200,000 adjusted gross income, in fact the last time a study was made, the 100 people who had $200,000 of adjusted gross income and paid no tax for the most part had no net income at all. Fifty-five percent of them had an interest expense among their itemized deductions that exceeded the $200,000. Fifteen percent of them had paid State and local taxes and exceeded $200,000. About another 15 percent had big charitable deductions which, taken together with their State and local taxes, medical expenses, and other itemized deductions, owed us no income tax. Seven percent of them had paid taxes to a foreign government that exceeded the tax that they would owe to this Government; therefore, they owed us nothing.

We are asking in our bill for the Treasury to actually pull out those returns and study them to see from the point of view of economic income who it was that made a lot of money and actually paid out very little tax. But when we started this, Mr. President, we were looking, and I was the chairman of the committee in 1969, managing the tax reform bill, at income returns in a study that indicated that 23 people making $1 million or more were paying us no income tax, even on an adjusted gross income basis, which failed to take into account the difference between gross and net income. They cannot now produce us one, not a single one in that category.

As a matter of fact, according to the figures they proposed, even on an adjusted gross income basis they only could find one taxpayer who reported a million dollars and paid us no income tax.

The time we went to work on this, we had one return that indicated a man had an adjusted gross income of about $3 million and paid us no income tax. We go a long way, but we go a great deal further with this bill.

The question with regard to the type of people you want to affect is, how many ways do you want to go? We go after them with a recapture provision. We go after them with a minimum tax. We go after them with an at-risk provision. We make business syndicates—individuals syndicated to go into business together—capitalize their farm expenses rather than deduct them. When you are going after people and you shoot one fellow in the black hat while you are shooting six others in the white hat, how much of that do you want to do, loading one thing on top of another, until the complexity and the weight and the mess of it will drive out the people you are not trying to get. It does not make any sense.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. LONG. Does the Senator want me to yield for a question?

Mr. KENNEDY. I thought I had yielded to the Senator from Louisiana for a question.

Mr. LONG. I thought the Senator had yielded the floor.

Mr. KENNEDY. I only want to make one more brief comment, and then I will be prepared to yield the floor.

Mr. LONG. I yield.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I point out that in this area, on the tax shelter provisions, under the bill that came from the Finance Committee, we are talking about $165 million which will be recovered. This is in the report, on page 23. That goes down through 1978 to $107 million; in 1975, $98 million. That is in spite of the fact that there are billions of dollars going pouring through these loopholes.

I will read briefly from a letter in support, and then I will put it in the RECORD. It supports our position on LAL, closing tax shelters. It was written by a distinguished citizen known to all of us. He writes:

> I understand that the first matter to be considered in the Senate debate on H.R. 10612 will be the Limitation on Artificial Accounting Losses (LAL) proposal. Although the Senate Finance Committee voted to delete LAL because of its alleged complexity and adverse economic impact, I would like once again to urge upon you and the other members of the Senate the desirability of enacting this proposal . . .

I ask unanimous consent to have the letter printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. KENNEDY. Mr. President, that letter was not written by a liberal or a Democrat. It was written by a Republican, a Wall Street banker, the Secretary of the Treasury, Mr. Simon.

With respect to the Nelson proposal, there is also a statement by a group of distinguished economists supporting our proposal. Part of this statement reads:

> In particular, we offer this professional judgment after having examined various arguments that have been set forth in support of the economic stimulus of tax shelters. These shelters operate as indirect, roundabout subsidies for special types of investment activity, in special forms available only to persons in the highest income brackets.
>
> Such tax shelters are an inherently inefficient technique for stimulating investment. Better uses can be found for these tax subsidies, either in promoting investment or achieving other national goals.

Seventeen economists signed it, including Larry Klein, whom the chairman of the Finance Committee quoted earlier. Does the chairman know that Mr. Klein signed it?

EXHIBIT 1

SECRETARY OF THE TREASURY,
Washington, D.C., June 16, 1976.

HON. RUSSELL B. LONG,
Chairman, Senate Finance Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I understand that the first matter to be considered in the Senate debate on H.R. 10612 will be the Limitation on Artificial Accounting Losses (LAL) proposal. Although the Senate Finance Committee voted to delete LAL because of its alleged complexity and adverse economic impact, I would like once again to urge upon you and the other members of the Senate the desirability of enacting this proposal, subject to one significant modification mentioned below.

Since 1973, the Administration has supported LAL as an effective vehicle to curb tax shelters which introduce substantial distortions into the income tax system. Under the proposal, tax accounting rules would no longer be permitted to create from a profitable enterprise an artificial tax loss to be deducted against (and shelter from tax) other unrelated income. Artificial accounting losses limited by LAL would neither be permanently disallowed nor capitalized. Instead, they would be suspended and carried forward to be deducted in full against net related income in a future taxable year, thus more correctly matching income with the expense of earning it.

The Administration continues to support LAL and does not believe that it will have the adverse economic impact perceived by the Finance Committee. However, because of recent tax legislation adversely impacting on the oil and gas industry (most notably the substantial repeal of percentage depletion), because of the price rollback feature in last year's energy legislation, and because of the continuance of government-imposed price controls which prevent market incentives from increasing domestic energy supplies, the Administration opposes the application of LAL to oil and gas activities at this time.

Sincerely,

WILLIAM F. SIMON.

Mr. LONG. I am pleased to find that out. I regret to say that he knows more about economics than he knows about tax law. [Laughter.]

Mr. President, the Senator made reference to Secretary Simon's letter. That is interesting. Mr. Simon said yes, he is for the LAL. That applies to about five different groups, about five different businesses. Many are left out. It does not apply to corporations.

The Senator from Massachusetts did not read the remainder of the letter. That man is a former energy administrator. He is for the LAL, but read the rest of the letter. It says leave out the oil and gas industry. So that if you have any sympathetic interest in somebody, if you understand their problem, leave them out. The LAL does not apply to the stock brokerage business, so he does not have to ask to leave them out. That is his old business. He understands the oil and gas business. He asks to leave them out.

The sponsor of the amendment wants to leave out the high rise apartments and the other residential real estate construction. We have another amendment, to be offered by one of our friends who has good liberal credentials, to leave out the people who own the professional football teams and professional basketball teams. Leave them out.

So that if you have a sympathetic interest in anybody, leave them out; and you will never explain satisfactorily to anybody why you put him in. You can explain your good judgment to the fellow that you left out, as to why you left him out, but how are you going to explain to the guy you put in why you put him in?

The whole thing, in my judgment, would be the biggest fiasco the mind of man ever conceived, and you will spend the rest of your life trying to defend it, until it comes off the statute books. It should not become law.

Therefore, Mr. President, I move to table the Nelson amendment, and I ask for the yeas and the nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, I rise in opposition to the amendment of the Senator from Wisconsin. In my view, restoration of the House "limitations on artificial losses"—LAL—provisions, even in the modified form proposed by the Senator from Wisconsin, will unduly complicate the tax code, discourage investment in areas of high national priority, and, thus, stagnate economic recovery.

As our Finance Committee report points out, the blanket LAL approach is not unlike using a shotgun to kill a housefly. It penalizes not only those who seek tax shelters without regard to the economic value of a given investment, but will most assuredly discourage investment in economically worthwhile businesses which, as a matter of national policy, need to be given a high priority. LAL does not distinguish between the taxpayer who invests, through nonrecourse loans, in a highly leveraged enterprise which has little prospect of making a respectable economic return. That taxpayer can fairly be labeled a tax avoider who is taking advantage of a loophole. Undoubtedly, such investments may occur today solely because of market distortions created by our tax laws.

Without the LAL monstrosity, the Finance Committee has closed these loopholes. Without LAL, we have insured that wealthy investors bear a greater share of the overall tax burden. But we have achieved these meaningful reforms without enacting another Lawyers and Accountants Relief Act—which, make no mistake, is precisely what LAL is.

TAX REFORM CONFRONTED HEAD-ON

By considering LAL first, we have the opportunity to face the tax reform issue head on: Do we, in the name of reform and tax purity, want to raise a few more dollars from investors with total disregard for the economic consequences of such reforms? I assure you that tax reform—while it is generally a popular issue with our constituents—will be meaningless to the construction workers, the motion-picture technician, or the oilfield worker who is thrown out of work in the name of tax reform. Nor will the motorist who must pay more for gasoline, or even stand in line for gasoline again, be comforted in the knowledge that some investor had to pay more taxes because the Congress, in its wisdom, enacted something called LAL.

TAX REFORM GOALS

If we want to move toward tax simplification, if we want to encourage investments in areas of high national priority, and if we want to assure a continued strong economic recovery, we should reject LAL. While it may have some appeal to devotees of Rube Goldberg, it would be disastrous as a cornerstone of national tax policy.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Dakota (Mr. Abourezk), the Senator from Texas (Mr. Bentsen), the Senator from Idaho (Mr. Church), the Senator from Ohio (Mr. Glenn), the Senator from Utah (Mr. Moss), the Senator from Kentucky (Mr. Ford), the Senator from Indiana (Mr. Hartke), the Senator from Arkansas (Mr. McClellan), and the Senator from Illinois (Mr. Stevenson) are necessarily absent.

I also announce that the Senator from Missouri (Mr. Symington), and the Senator from Indiana (Mr. Bayh) are absent because of illness.

I further announce that, if present and voting the Senator from Indiana (Mr. Hartke) would vote "nay."

Mr. HUGH SCOTT. I announce that the Senator from Oklahoma (Mr. Bellmon), the Senator from New York (Mr. Buckley), the Senator from Arizona (Mr. Goldwater), the Senator from Michigan (Mr. Griffin), the Senator from Nebraska (Mr. Hruska), the Senator from New York (Mr. Javits), the Senator from Kansas (Mr. Pearson), the Senator from Ohio (Mr. Taft), the Senator from Connecticut (Mr. Weicker), and the Senator from North Dakota (Mr. Young) are necessarily absent.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "yea."

The result was announced—yeas 46, nays 33, as follows:

[Rollcall Vote No. 299 Leg.]

YEAS—46

Allen
Baker
Bartlett
Beall
Brock
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Gravel
Hansen
Hatfield
Helms
Inouye
Johnston
Laxalt
Long
McClure
McGee
Montoya
Morgan
Nunn
Packwood
Pastore
Percy
Randolph
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stennis
Stevens
Talmadge
Thurmond
Tower
Tunney

NAYS—33

Biden
Brooke
Case
Clark
Culver
Durkin
Eagleton
Hart, Gary
Hart, Philip A.
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Mondale
Muskie
Nelson
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stone
Williams

NOT VOTING—21

Abourezk
Bayh
Bellmon
Bentsen
Buckley
Church
Ford
Glenn
Goldwater
Griffin
Hartke
Hruska
Javits
McClellan
Moss
Pearson
Stevenson
Symington
Taft
Weicker
Young

So the motion to lay Mr. Nelson's amendment on the table was agreed to.

Mr. CURTIS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. LONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I would hope that we could dispose of the first committee amendment tonight and go ought first to try to get through these other matters.

Now we are trying to move to the point where we can get unanimous consent to vote on certain major amendments that Senators wish to offer, but I have felt we ought first to try to get through these first three titles.

The committee amendment strikes title I, but there are a lot of significant amendments on title II, and I would hope we could vote on the committee amendment to strike title I. But if we do not, I will understand it.

The PRESIDING OFFICER. The question is on agreeing to the amendment to strike title I.

Mr. HASKELL. Mr. President, I would be compelled to ask for the yeas and nays. But before I do, let me explain why.

A great deal was made by the floor manager of the bill and by the Senator from Oregon about the unfairness of leaving residential real estate out of the LAL provision, and the Senator from Rhode Island, I think, was quite upset, and logically so, by the fact that if you are going to put one real estate shelter in, you should put all real estate shelters in.

For that reason, I would be compelled to ask for the yeas and nays if the Senator wishes to vote on it.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. MUSKIE. Mr. President, will the Senator withhold for just a moment?

Mr. HASKELL. I withhold.

Mr. MUSKIE. Earlier in the day we had an extensive discussion with a smaller attendance than we now have over the issues supposedly raised by the Finance Committee bill and the budget resolution.

It seems to me before we get into an extensive discussion and action on revenue-raising amendments that we ought to settle the fundamental issue of whether or not the tax cut extension mandated by the budget resolution should be approved.

So I have an amendment that I would like to offer to title I of the House bill which would have the effect of extending the tax cut through fiscal year 1977 as provided in the first concurrent resolution.

It seems to me that we ought to resolve that issue one way or another at the outset of this debate before we get into all of these other amendments because until we do Members may well be in doubt as to whether or not we need the additional revenue to fund the tax cut, to fund the budget, or to hold the deficit down. Until that question is answered then, it seems to me, the question of whether this amendment or that amendment ought to be approved is up in the air for every Member of the Senate.

So, if the distinguished Senator from Colorado has no objection to my going ahead along that line——

Mr. HASKELL. I have no objection.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MUSKIE. Yes, I will.

Mr. HASKELL. I have no objection. I would withhold my motion for the yeas and nays. I have no objection. I do not know what the parliamentary situation is.

Mr. MUSKIE. The Chair needs some straightening out.

The PRESIDING OFFICER. The Chair has not announced the order for the yeas and nays.

Will the Senator withdraw his request?

Mr. HASKELL. Mr. President, I withdraw my request for the yeas and nays.

Mr. LONG. Mr. President, if the Senator wishes to offer his amendment, I should like to advise him that I met with a group who are offering amendments on behalf of the five members on the committee who did not agree with the majority, and also Mr. Kennedy and others, and we agreed that we were going to try to vote on these first three titles and vote them up or down with germane amendments to them; and thereafter we were going to seek a unanimous-consent request to vote on certain other important amendments that that group wanted to offer, and I think the Senator is associated with those Senators in their legislative endeavors.

It would seem to me that the amendment the Senator is talking about ought to come at the end of title IV, which is the extension of individual income tax reductions, and I hope that the Senator would withhold his amendment until that point. That is where it belongs in the bill. Our agreement and understanding was that we were trying to go in sequence. We were trying to go seriatum up until we got to title IV, and at that point we were going to try to enter into a unanimous-consent agreement to vote on these other major amendments to accommodate those who were sponsoring them, and let them vote on them at times more to their choosing.

I hope the Senator could cooperate with that because I think the Senator is in agreement generally with Senator Kennedy and Senator Haskell and others who agreed to this, and I am trying to fulfill my end of it, and I would like the others to do the best they can to cooperate in theirs.

Mr. MUSKIE. Let me make my position clear on that. I am not a cosponsor of that package of amendments, and I deliberately did not cosponsor those amendments, so that my responsibility as chairman of the Budget Committee would be clearly separated fom their responsibilities in pursuing their joint interests.

We took this matter up in the Budget Committee yesterday and I made it clear to the Budget Committee that we ought not to sponsor a package of amendments; that we rather ought to present the Budget Committee's point of view of the resolution because we are not a tax-writing committee. We do not want to have anyone confused as to what our role is.

So although I sympathize with some of the amendments that are in this package, and probably will vote for some of them, I have not been associated with them, and so I am not part of that agreement.

The second point I would make is this, may I say to the Senator: I went to Maine last night and I got an emergency call when I arrived in northern Maine, "Senator Long, the floor manager of the bill, refuses to go forward with any votes on the LAL amendments or any of the other amendments until the Budget Committee chairman comes back, engages in a colloquy and a debate to resolve the issues that arise between the Budget Committee and the Finance Committee."

So I came back as fast as I could, and I understood that debate on the bill was delayed until 3 o'clock this afternoon so that we could have that colloquy.

Well, now, we have had this colloquy. The issue has been raised. The question of whether or not the first concurrent budget resolution does mandate a continuation of the tax cuts through fiscal year 1977 is clearly before us.

The chairman of the Finance Committee and the chairman of the Budget Committee are in disagreement on it. So I think it is a fundamental first question for the Senate to resolve. I did not raise it. I went to Maine thinking that you were going to go through the procedure which I understood was in the works, but when I got there I was told that, no, the first issue was the budget resolution.

The clearest issue of the budget resolution is the extension of the tax cuts, and that is the first and primary issue which the Senator from Louisiana himself has raised and made fundamental to the debate. It seems to me we ought to resolve that at this point. Then, whatever way it is resolved, we can proceed to the scheme that has been worked out.

Having come back and engaged in an extensive colloquy with the Senator from Louisiana, I just do not like to see the clarity which we were able to generate in respect to these issues now muddied up by other issues.

I think the Senator has made his position clear. I hope I made my position clear.

So I think this is just the right time to have the Senate act.

Mr. LONG. If the Senator offers that amendment, he will break the budget, because there are other provisions in the bill that do reduce taxes, may I suggest to the Senator.

Mr. MUSKIE. We can debate it after I offer it.

Mr. LONG. May I suggest that if the Senator wants to hold us to the budget resolution, he offer a motion to recommit and let us vote on that motion to recommit.

Mr. MUSKIE. I have never known the Senator from Louisiana to delegate his parliamentary prerogatives to his opponent, so I do not intend to delegate my parliamentary prerogatives to the Senator from Louisiana.

I do not think this is a time for a motion to recommit.

I have tried to make it clear this afternoon that the budget resolution is the accepted policy of this Congress, until the Congress changes it.

It is not for the Finance Committee to change it. It is not for the Budget Committee to change it unilaterally. But this bill does put before the Senate the issue of whether or not the budget resolution should be changed, and because it is the Senator's initiative that has brought this issue before us, I think we ought to resolve it.

Mr. LONG. How does the Senator want to resolve it? The Senator wants to resolve that with a budget-busting amendment. He wants to resolve that with a $17 billion tax cut on top.

Mr. MUSKIE. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Maine has the floor.

Mr. MUSKIE. Very well.

Mr. PACKWOOD addressed the Chair.

Mr. MUSKIE. I offer to debate this after I send it to the desk. The Senator from Louisiana may use his rhetoric thereafter.

But I have watched the managers of the bill control the time for the last 3 hours. Now I have the floor.

AMENDMENT NO. 1887

Mr. MUSKIE. Mr. President, I call up my amendment and ask that it be stated.

Mr. PACKWOOD. Will the Senator yield for a question only?

Mr. MUSKIE. As soon as the amendment is stated.

The **PRESIDING OFFICER.** The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. LONG. I object. I would like to know what the amendment is.

The **PRESIDING OFFICER.** The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. STEVENS. A parliamentary inquiry, Mr. President.

Is it proper to interrupt the reading of the amendment?

The **PRESIDING OFFICER.** The clerk will continue to read the amendment and then if the Senator wishes to address his inquiry, the Chair will recognize the Senator.

The clerk will proceed.

The legislative clerk resumed and concluded the reading of the amendment.

The amendment is as follows:

AMENDMENT NO. 1887

Beginning on page 7, strike title one, and insert in lieu thereof the following:

TITLE I—TAX REFORM

SEC. 101. INDIVIDUAL INCOME TAX REDUCTIONS.

(a) TAXABLE INCOME CREDIT.—

(1) IN GENERAL.—Subsection (a) of section 42 (relating to taxable income credit) is amended to read as follows:

"(a) GENERAL RULE.—

"(1) In the case of an individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the greater of—

"(1) 2 percent of so much of the taxpayer's taxable income for the taxable year as does not exceed $9,000, or

"(2) $35 multiplied by each exemption for which the taxpayer is entitled to a deduction for the taxable year under subsection (b) or (e) of section 151.".

(2) NINE-MONTH RULE FOR 1977.—Paragraph (2) of section 42 (a) (relating to application of six-month rule) is amended to read as follows:

"(2) NINE-MONTH RULE.—Notwithstanding the provisions of paragraph (1), in the case of taxable years ending after December 31, 1976, and before January 1, 1978, the percentage "1.5 percent" shall be substituted for "2 percent" in subparagraph (A) of such paragraph and the amount "$26.25" shall be substituted for the amount "$35" in subparagraph (B) of such paragraph.".

(2) TECHNICAL AMENDMENTS.—

(A) Section 56(a)(2) (relating to imposition of minimum tax), as in effect on the day before the date of the enactment of the Tax Reduction Act of 1975, is amended by striking out "and" at the end of clause (iv), by striking out "; and" at the end of clause (v) and inserting in lieu thereof ", and", and by inserting after clause (v) the following new clause:

"(vi) section 42 (relating to taxable income credit); and".

(B) Section 56(c)(1) (relating to tax carryovers), as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "and" at the end of subparagraph (D), by striking out "exceed" at the end of subparagraph (E) and inserting in lieu thereof "and", and by inserting after subparagraph (E) the following new subparagraph:

"(F) section 42 (relating to taxable income credit), exceed".

(C) Section 6096(b) (relating to designation of income tax payments to Presidential Election Campaign Fund), as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "and 41" and inserting in lieu thereof "41, and 42".

(3) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1, as in effect on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out the item relating to section 42 and inserting in lieu thereof the following:

"SEC. 42. Taxable income credit.".

(b) STANDARD DEDUCTION.—

(1) LOW INCOME ALLOWANCE.—Subsection (c) of section 141 (relating to low income allowance) is amended to read as follows:

"(c) LOW INCOME ALLOWANCE.—The low income allowance is—

"(1) $2,100 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2 (a)),

"(2) $1,700 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,050 in the case of a married individual filing a separate return."

(2) PERCENTAGE STANDARD DEDUCTION.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income, but not more than—

"(1) $2,800 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,400 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,400 in the case of a married individual filing a separate return.".

(3) TECHNICAL AMENDMENTS.—

(A) Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables prescribed by the Secretary.

For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(B) Paragraph (6) of section 3402(c) (relating to wage bracket withholding), as such paragraph existed on the day before the date of enactment of the Tax Reduction Act of 1975, is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

(C) Subparagraph (B) of section 3402(m)(1) (relating to withholding allowance based on itemized deductions) is amended to read as follows:

"(b) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $2,800 ($2,400 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

(D) So much of paragraph (1) of section 6012 (a) (relating to persons required to make returns of income) as precedes subparagraph (C) thereof is amended to read as follows:

"(1)(A) Every individual having for the taxable year a gross income of $750 or more, except that a return shall not be required of an individual (other than an individual referred to in section 142(b))—

"(i) who is not married (determined by applying section 143), is not a surviving spouse (as defined in section 2(a)), and for the taxable year has a gross income of less than $2,450,

"(ii) who is a surviving spouse (as so defined) and for the taxable year has a gross income of less than $2,850, or

"(iii) who is entitled to make a joint return under section 6013 and whose gross income, when combined with the gross income of his spouse, is, for the taxable year, less than $3,600 but only if such individual and his spouse, at the close of the taxable year, had the same household as their home. Clause (iii) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(e).

"(B) The amount specified in clause (i) or (ii) of subparagraph (A) shall be increased by $750 in the case of an individual entitled to an additional personal exemption under section 151(c)(1), and the amount specified in clause (iii) of subparagraph (A) shall be increased by $750 for each additional personal exemption to which the individual or his spouse is entitled under section 151 (c);".

(c) EARNED INCOME CREDIT.—Section 209 (b) of the Tax Reduction Act of 1975 (as in effect on November 30, 1975) is amended by striking out "and before January 1, 1976".

(d) EFFECTIVE DATES.—The amendments made by subsection (a) apply to taxable years ending after December 31, 1975. The amendments made by subsection (b) apply to taxable years ending after December 31, 1975. The amendment made by subsection (c) takes effect on the date of enactment of this Act.

(e) Section 3(b) of the Revenue Adjustment Act of 1975 is amended by striking out "December 31, 1976" and inserting in lieu thereof "December 31, 1977."

(f) DISREGARD OF EARNED INCOME CREDIT FOR CERTAIN PURPOSES.—Any refund of Federal income taxes made to any individual by reason of section 43 of the Internal Revenue Code of 1954 (relating to earned income credit) shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance under any Federal program or under any State or local program financed in whole or in part with Federal funds.

Several Senators addressed the Chair.

The **PRESIDING OFFICER.** The Senator from Oregon.

Mr. PACKWOOD. I was just going to ask a question of the majority whip or the committee chairman.

Mr. MUSKIE. Mr. President——

The **PRESIDING OFFICER.** The Senator from Oregon asked for recognition.

Mr. MUSKIE. I offered the amendment, and I wanted to speak to it.

The **PRESIDING OFFICER.** The Senator lost the floor when the amendment was reported.

Mr. MUSKIE. I will hang around a couple of more hours.

Mr. PACKWOOD. I can assure the Senator from Maine I do not intend to hold the floor for a couple of hours. All I was going to do was ask what we were going to do.

Mr. ROBERT C. BYRD. I was going to ask the same question. I believe I know what the answer is. I do not believe there will be any rollcall votes tonight.

Does the chairman agree with me, that there will be no rollcall votes tonight?

Mr. LONG. I agree.

Mr. ROBERT C. BYRD. Some Senators do want that information.

Mr. MUSKIE. All I want is some time to explain the amendment.

Mr. ROBERT C. BYRD. It is my understanding there will be no rollcall votes the rest of the evening.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MUSKIE. Mr. President, I am sure, with that word, my audience will rapidly shrink, but I want to make clear precisely what my purpose is.

The distinguished floor manager of the bill reacted with his customary vigor. There is the feeling that this is a budget busting amendment. Let me make something clear: The budget as of now is the budget that was adopted this spring. This amendment I am offering was part of that budget. If the budget is changed by the adoption of the essentials of the Finance Committee bill, then it might be appropriate to describe this as budget busting, because, as others have said on the floor today, if we were to adopt the Finance Committee bill and then do what seems inevitable, extend the tax cuts in any case, we would be busting the budget.

What we are offering—and I am offering this, incidentally, in the name of myself and my good friend from Oklahoma (Mr. BELLMON) who feels as strongly about this as I do—is an amendment which implements the budget which the Congress adopted this last spring.

It is part of that budget and it is very much a part of that budget.

That is the issue before us, whether or not we take it out of that budget and substitute for it what is in the Finance Committees bill. That is the issue.

If this particular provision busts the budget, it will only be because we adopt the other provisions of the Finance Committee bill. That is why I want the Senate to come to grips with this issue first. If the Senate does not want this amendment to be a part of our current budget policy any longer, then knock it out by voting against this amendment. Then there will be the money to pay for these additional tax preferences, the maintenance of tax preferences, which the Finance Committee bill represents.

I think the choice is as plain as can be, and I think this is the time to raise it. I think this is the time to settle it.

What this will do, and I will explain the amendment in a little greater length for the RECORD as well as those who are still in the Chamber, is this:

The amendment would extend the temporary tax reduction provision through all of fiscal 1977. As a result, taxpayers could plan on being able to deduct either $35 per exemption or 2 percent of their income up to a maximum income of $9,000 from their taxes next year. That is families and individuals with incomes exceeding $9,000 would have their taxes reduced by $180 or more if there are more than five dependents.

We believe this extension is an essential part of the fiscal policy provided in the first concurrent resolution. The objective of that fiscal policy is to continue the economic recovery and bring unemployment down to 6 perent without accelerating inflation. A critical part of that policy is a clear signal to producers and consumers that our policies will aim for a steady and prolonged economic expansion.

Overall, the tax credit provision would reduce tax receipts by $9.4 billion if it were extended for the full fiscal year. The Finance Committee's proposal to terminate the credit on June 30, 1977 would cost $1.7 billion less than an extension for the full year—the revenue gain in the first 3 months is less than one-fourth of $9.4 billion because of collection lags.

The $9.4 billion that the tax credit pumps into the economy each year is essential to maintain the pace of the recovery. Present forecasts indicate that the unemployment rate will be well above 6 percent in the middle of 1977, and that a further extension of the tax cut will be needed if the unemployment rate is to continue to fall at a satisfactory rate. Past CBO estimates of the effect of tax increases of this size indicate that within a year, 270,000 jobs would be lost due to the expiration of the tax credit. The tax credit is the largest part of the antirecessionary legislation passed by Congress last year. It should be kept at least until the end of the recession.

It is completely unrealistic to assume that the tax reduction will not be continued. So let us do it now. The next action that the Congress takes on personal taxes is likely to be a further reduction, not an increase. The Joint Economic Committee in its report to the Budget Committee suggested the possibility of a further $10 billion tax reduction in January. The President has indicated the possibility of a further tax reduction before 1979.

We all know the reluctance of the Senate to raise personal income taxes, even when economic conditions require it. And it is clear from all of the testimony that we have heard that our economic policy will not require the $10 billion increase next June which would occur if the tax deductions expire.

None of the economists that appeared before our committee suggested terminating the current tax reduction. Most suggested the possibility of increasing it further. Progressive income taxes in conjunction with a rapidly raising GNP means that the average tax burden is increasing. It is already high by historical standards and will increase to unprecedented levels in the near future unless further general tax reductions are made. Therefore, I submit that the Congress was wise when it adopted an economic policy that extended the tax reduction through the next fiscal year and that the Finance Committee's counterproposal is unsound.

Moreover, this is the policy it will surely adopt in the end. The reductions will be extended. Revenues will be reduced by $1.7 billion more than the committee report maintains. If the Congress adopts this tax bill, it will be back next spring to produce a third concurrent resolution increasing the deficit by another $1 billion.

Mr. President, I thought it important that at least that much of my view of this issue be in the RECORD, so that Senators who are a little tired of senatorial rhetoric may by tomorrow morning at least have the opportunity to read it.

Mr. HOLLINGS. Mr. President, I commend our distinguished chairman of the Budget Committee. It is not an easy task to be the keeper of our fiscal conscience. It would be a wonderful thing if we could just all forget about that vote on April 12, when this body voted our budget numbers, after being admonished by the chairman of the Finance Committee that it was unrealistic, that it could not be done, that it could not be assumed. He said the continuation of that tax reduction was totally out of the question, because we would have to raise taxes.

Well, of course, if you look at the Finance Committee's report itself what the distinguished Finance Committee chairman said was unrealistic and impossible, you only have to look at the top of page 22 and find out that he could finally do it, $2.5 billion. What he found impossible on April 9, he comes out on June 16, and says, "Now, here it is, I have found out it is realistic, and I propose it."

But the main thing is the unsavory task that none of us would want, and that is to remind us to put our legislation where we put the law. We passed the law, and we told everybody, budgetwise, in America, "Here is the first concurrent resolution. After May 15, you cannot even propose a bill that has not been authorized and reported. And after the admonitions of the distinguished chairman, voting on the minority side, having considered about what was realistic, we voted 3 to 1 for it, but now we come here when the main revenue bill is before us and are put in the position that we are out of order, we are out of kilter, we are budget busting." So I want to commend the Senator from Maine for being very kind, very considerate, and very patient.

This is the problem. It would be very nice to tinker around with everything, spend a lot of time, and then say, "Oh, well, that is their tax reduction; maybe it was a good idea," when we start increasing taxes on people on June 30 of next year. But that is not what the will of the Senate was when we considered the budget resolution.

I would have been one who perhaps would have preferred the Budget Committee to come out with a package to show that since we had found these amounts and levels we would stick with them and show how to achieve them; but that is another matter. Another package is before us, and I happen to be a part of it. The Senator from Maine, our chairman, has kept the integrity of the Budget Committee and the budget process, and I commend him for that, because we have to either put up or shut up. You could go on talking about the LAL forever, and say, "It is all confusing, and Ernst and Ernst and all the CPA's can never figure it out."

But the $400 million it raises. I can tell you this right now: Every one of those CPA's, Ernst and Ernst, all the accountants and everyone else in this field were able to figure out how to get the $400 million for their clients. But now, when we want to talk about the LAL's which repeal these shelters, it is awfully complex, it is not understood by any of them, no Senator could explain it.

Oh, I can find you people to explain it. My auditor at home can explain it. We are just repealing it, that is all. It is not complicated whatever.

When we get through with this debate, most of the Senate will understand this LAL; but we have got to get to first things first. We have to get to the budget resolution. I wish Senators would turn to the very first part of that resolution, right here at the beginning part. The first thing out of the box on page 6 lists the amounts.

> Fiscal year 1977 revenues tax loss as of January 1, 1976, $377.7 billion, extension of December 1975, temporary tax reduction minus $17.3 billion.

That is the Muskie-Bellmon amendment.

Mr. President, I ask unanimous consent that I may be permitted to be a cosponsor in that particular amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. That is the first order of business.

Then there is the net increase from tax expenditure legislation of $2 billion.

So, it is not only appropriate but very much in order to consider this proposal now.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. HOLLINGS. I am glad to yield.

Mr. ALLEN. I ask the question not to discredit what the Senator said but to obtain information. Would it mean, if this amendment is adopted, adding to the tax reduction $1.8 billion? Would that mean then that we would have to eliminate a like amount, $1.8 billion in tax reductions provided by the Finance Committee plan?

Mr. HOLLINGS. $1.7 billion. Yes.

Mr. ALLEN. Is that what this would entail?

Mr. HOLLINGS. That is right.

What we are going to do is fix that $1.7 billion in and then——

Mr. ALLEN. That would eliminate some of the committee reductions; is that right?

Mr. HOLLINGS. That is right.

What we were doing, and the motion just tabled the proposal eliminating $400 million, picking up $400 million of the $1.7 billion.

Mr. ALLEN. So once this is adopted we would have to start looking for places to reduce $1.8 billion in reductions provided by the committee.

Mr. HOLLINGS. So the Record will reflect an accurate answer, I ask Senator Long, who much would it be? I want the record to reflect the actual amount. I am not sure.

Mr. ALLEN. The amount is not so important.

Mr. HOLLINGS. It is $1.7 billion, I am told.

Mr. ALLEN. We would have to start looking for ways to reduce the reductions provided by the committee bill; is that correct?

Mr. HOLLINGS. That is right, or increase the revenue.

Mr. ALLEN. Yes.

Mr. HOLLINGS. That was one of the measures right in the Nelson amendment that we just voted upon.

Mr. ALLEN. So it is a question of whether we want this particular reduction or the reduction provided by the committee bill.

Mr. HOLLINGS. Also, put so eloquently by the Senator from Massachusetts, we must look out for the low-income or middle-wage earners in America to the tune of $1.7 billion, or forget about them, and look at those in the $50,000 and above income bracket who have all of those nice loopholes with oil wells.

The Senator is right. If we pass this $1.7 billion we are going to have to look around, as I am told, for the next additional $1 billion. By adopting the House approach on limitation of artificial losses $400 million can be raised.

Mr. ALLEN. Would that be more or less a single shot approach?

Mr. HOLLINGS. We have a package here, but the Senator from Louisiana, the distinguished chairman, came up with individual sections rather than as a single package.

So we have tax deferrals, foreign tax credits, and Domestic International Sales Corporations. We have plenty to take care of this particular vote if we vote again as we voted on April 12.

Mr. ALLEN. I thank the Senator.

Mr. HOLLINGS. Every Senator should look at the Record overnight and put it by his pillow as he lays his head to rest and says his prayers and just see what has happened between April 12 and now to change his mind.

Mr. PELL. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. PELL. I think we realize it is much easier to vote tax reductions than increases or leaving them as they are. But this is a political body. We have just seen the fate of what happened to the proposal to eliminate some of the more egregious tax shelters that went down to defeat. It would be very easy to pass this, which also reduces taxes. But would not the net result of that be to increase the deficit, increase the debt, and increase inflation?

Mr. HOLLINGS. No, we have not had a final vote on LAL. I think the Senator from Louisiana and the debate showed it was a mistake to include that.

I was one of those who thought it better, but we had a housing program. I used to work on the Subcommittee on Housing. We were 26 million houses shy. We said some 10 years ago we ought to be building 2.6 million units a year. We were building less than 1.3 million. So, with the depressed housing, the building trades, that particular industry in bankruptcy, and high unemployment, we said this is a matter to look into. Let us as a matter of public policy go along with the residential part.

But we can see now from the debate of the Senator from Louisiana and the Senator from Oregon that that was a mistake.

I think perhaps looking overnight at the LAL's and the objectives now presented by the Senator from Colorado we will get a rollcall vote on it, but we will vote to go ahead with the housing provision.

I am not one of those who thinks we win on the first vote. We do not win easy with the Senator from Louisiana and then do not ever think one wins because whenever he walks on the floor and shakes his head it will fall right on the ground. The Senator from Louisiana will get you. He is the sharpest I have ever seen.

So this thing is just beginning. We are not finalizing anything.

This is the book and we have just gotten under the cover. Frankly, we have not even gotten into the title.

One cannot find a Muskie amendment in here.

Mr. PELL. If we pass the Muskie-Bellmon amendment that is done and that means a reduction of revenue for government by $1.7 billion and assurance that we will retrieve that revenue from somewhere else.

Mr. HOLLINGS. We have plenty of choices for the Senator. We have plenty of chances and choices.

Mr. PELL. We are a political body and when it comes to retrieving that revenue, I notice those votes usually seem to go more adversely.

Mr. HOLLINGS. But more each day we find that the best politics is no politics. That is how we got the Concurrent Resolution No. 1. I think it was quite an advancement.

Mr. MUSKIE. Mr. President, may I respond?

Mr. HOLLINGS. Yes.

Mr. MUSKIE. That gets us to the budget resolution. The whole purpose of that is to give us the game plan, a policy early in the session to which we are all committed. So we are all committed to this.

What I offered here is something that passed the Senate overwhelmingly and passed the House of Representatives overwhelmingly. It has been adopted. Now, if we have faith in our joint decisions, and common decisions, we cannot make every one of these amendments that are pending a single decision. We have to make them in the backdrop of common policy. The common policy still includes this tax extension. If we just adopt the position that we have in the past that we are going to take one of these at a time and if we lose one, we are going to lose the next one, and that relieves us of the obligation that we assumed in adopting the budget process, if we do that we are doing the wrong thing. I am running for reelection. I do not lightly introduce an amendment of this kind, not at all, not in my State.

But I do so with full confidence that my constituents understand that this is offered in the context of a budget policy. For a year and a half we made budget policy work. We have made it stick.

May I say to the Senator that the numbers of the second concurrent resolution for fiscal 1976 on spending are coming out virtually to the penny as we approach the end of this fiscal year.

So we should have some confidence in our ability to support a policy once we make it, but we cannot guarantee what the next vote will be. We cannot guarantee what the next vote on LAL will be. But we can be sure that this policy is a policy that has been overwhelmingly approved by Congress just last month.

Mr. PELL. If the Senator will yield, it is the policy he points out that we all in general have supported and do support. But for a political viewpoint, I see no danger in supporting this resolution because any amendment to reduce taxes is not unfavorably received at home.

The question comes up, what will be our stance if we pass the amendment of the Senator which I am sure we very well can, and we do not sufficiently raise the revenue to compensate it? Is it the intention of the Budget Committee at that point or later on in debate to introduce revenue-saving measures or back away from this?

Mr. MUSKIE. We are not the tax-writing committee, as I have been reminded by reading the RECORD last night and reading the RECORD this morning. If I had asked the Budget Committee yesterday to submit a package of amendments of the kind described by the Senator from Rhode Island, the Senator from Louisiana would have lifted this roof so high I could have seen it from northern Maine last night. The Senator knows that. There are plenty of opportunities, some of which I support, as an individual Senator, to produce the revenues. If in the overall exercise we still have not made the books balance in terms of the budget resolution, the legislation will still be before us. I have not committed myself to vote for this bill when we get to final passage. If it is no different from what it is now, I may well vote against it and urge my colleagues to vote against it.

Mr. PELL. Speaking for myself, my concern is with inflation, which I think is the cruelest tax of all. That is why, to my mind, the most important thing is that net revenue remain the same. I like the approach of the Senator from Maine. It is the same as mine. I would rather have the Senator from Louisiana's approach than have a reduction in revenue, and this is what concerns me.

Mr. MUSKIE. I remind the Senator about last year. Last year, inflation was such that we had double-digit figures. Yet, in March of last year, Congress insisted upon a tax cut, a much bigger tax cut than the President wanted, as a minimal stimulus to the economy.

In addition, we adopted the budget which nominally, on its face, the President said was above his. The record proved that our deficit came out about the same.

A year ago this spring, we were talking about budget deficits on the order of $60 billion. We are ending up with a budget of $72 billion. With that tax cut of last year, which stimulated the economy and turned it around, with the budget policy of last year, the rate of inflation for the first quarter of this year was 3.5 percent. Where was the inflationary impact of last year's congressional budgetary policy? It is not going to stay that way at 3.5 percent because other factors get into it.

The fact is that the congressional budget policy of last year, including tax cuts of the same magnitude we are talking about here, on an annual rate, allow us to cut our budget deficit by a third this year because of the economy's recovery. This progress shows that the congressional budget policy is moving with the economy and with the changes in it.

I hope that last year's performance would give us some confidence that we have a reasonably good handle on the whole business, because I think our experience up to now has been good. We met our budget targets, inflation went down, the economy is recovering, and people have gone back to work. So the whole business has worked out pretty well.

If we had adopted the President's policies, resisting the tax cut, cutting back on programs for unemployment and so on, removing controls on energy, we would not have the same result.

When I talk about the congressional budgetary policy, I am not talking about ED MUSKIE; I am talking about Congress. That tax cut was enacted by Congress before the first concurrent resolution last year. We were consulted; our staffs worked with the leadership. We had not yet gotten into operation. After our examination of the economic situation, we reaffirmed the wisdom of that tax cut last year. This tax cut is the same one.

The interesting thing is that we have had three major tax cuts since I came to the Senate 18 years ago. We have been told about the growth in Government spending. The fact is that, notwithstanding that growth, if we had a full employment economy, notwithstanding those three major tax cuts since I have been in the Senate, the budget would be in balance. Why? Because the progressive nature of the income tax system and continuing inflation push people continually into higher tax brackets, and that increases their tax burden. We have been trying, as a nation, to keep the total tax take at 20 percent to 21 percent of GNP and no more. That is one basic justification for continuing the tax cut. That is why the President says that by 1979 we may have to cut taxes again.

I refer to my good friend the Senator from Minnesota, who is chairman of the Joint Economic Committee. We get this kind of wisdom from that committee and its staff experts as well as from OMB.

So this tax cut should be continued and made permanent, as we look down the road and see the increasing percentage of GNP that the progressive income tax will take unless we do some such thing. All we are doing right now is continuing it for 3 months more, a continuation which is already mandated by the first concurrent budget resolution.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. HUMPHREY. Today, the Joint Economic Committee held hearings with key witnesses on the very subject about which the Senator is speaking. We had one of the vice presidents of one of the large banks, a trust bank, in New York, and we had Arthur Okun and a leading economist from American University. They all pointed out the necessity of the continuity of the tax cut to which the Senator from Maine is relating his argument, the need for a permanent tax cut along the lines that the Senator is speaking of, and to keep the tax take within that 20-percent bracket. If you do not have tax cuts as the economy improves, with the same rate of inflation, you will start to have a tax rate of 21 or 22 percent, which has a regressive action upon the economy.

By the way, the Senator will be interested to know that Mr. O'Leary, the gentleman who is vice president of the trust company bank in New York City, said that he considered the action of Congress in the passage of the Budget Control Act and the action of Congress in supporting the Budget Committee and its budget resolution has had a very good effect on lowering interest rates and in giving some sense of confidence in the investment community and of sparking the kind of confidence that has been necessary for consumers on the one hand and investors on the other.

That testimony is the high praise we had today for the work of the Budget Committee and for the fact that Congress has supported the recommendations that have come from the Budget Committee. I encourage Senators who are interested to take a look at it. We can supply that information for the RECORD tomorrow.

Mr. MUSKIE. Incidentally, the Finance Committee has jurisdiction with reference to the budget. The Finance Committee has half of the budget right off the bat, because it has jurisdiction over all taxes.

In addition, the Finance Committee has jurisdiction over 40 percent of the spending side of the Federal budget. This is all the income security programs, such as social security.

In the conference report on the budget, we allocated to the Finance Committee $176 billion in budget authority, to be distributed in accordance with spending programs, mostly entitlement programs that operate on formulas which originated in that committee.

So the budget process is nothing if the Budget Committee is told that Finance Committee jurisdiction is off limits. The remainder of the budget is not worth anything if we cannot have something to say, as the Senate as a whole, about these areas.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. MUSKIE. I yield.

Mr. ALLEN. It seems to the Senator

from Alabama that the committee has come within the dollar amount of the budget resolution, but it has done this by dropping the reductions, the tax credit, 3 months earlier. It has developed an overall plan, as shown by the bill reported, which would come within the dollar limitations of the budget resolution.

What disturbs the Senator from Alabama is that if the amendment that the Senator from Maine has offered is adopted, it would mean that while the budget might not be busted, the plan of the committee to come within the confines of the budget resolution certainly would be busted. That would mean that the Senate then would have to completely rewrite this bill on the floor.

That is what seems to me to be the questionable feature that is embodied in the Senator's amendment.

Does the Senator think it would be wise to disregard the work of the committee and work this matter out on the floor and put back in $1.8 billion in revenue or cut out $1.8 billion in tax reduction? Is it practical to write a major tax reform bill here on the floor?

Mr. MUSKIE. Well, let me put a question to the Senator: Of what use is it for Congress as a whole to adopt a budget if it then can be unilaterally rewritten by every committee acting on its own? If the Senator will read through the report on this tax bill, he will find, over and over again, that the Committee on Finance is justifying its decisions on the basis of its economic judgment. Well, Congress, as a whole, made its economic judgment in the first concurrent resolution. If each committee is going to adopt its own economic judgment to justify more or less spending, more or less revenues, more or fewer programs, will we not end up in the same kind of anarchy that we had before?

We cannot have it both ways. If the committee had come to us and said, "Look, we scratched our heads and we did our damnedest to come up with $2 billion in tax loopholes and we could not do it—we could not do it; all we could bring up was a net of $1 billion again, so we are coming back to the Senate and saying we could not do it; this is the best we could do"—that would be one thing. But when, instead of doing that, they tell us that they are going to change the economic policy—and that is the effect of it—in the first concurrent resolution; when they conclude that tax cuts ought not to be extended for the last 3 months and, as a consequence, they are able to come technically within the $15.3 billion of tax reduction—that is not the same policy. That is not the same policy at all. If it is, then somebody else ought to be chairman of the Committee on the Budget, because I have no fiscal intelligence whatsoever. If anybody can persuade me that those two policies are the same, I will eat it.

I can understand why a committee may not be able to meet a target, or say, "Now, look, we cannot meet your target on tax reform. We have met your target on tax extension; that leaves us $1 billion short, so we leave it to the Senate. Do you want to increase the deficit by $1 billion because we were not able to come up with that in reforms, or do you want to try to add reforms on the floor, or do you want to end the tax cut as of July 1?"

If those options had been presented to the Senate in that form, that is a legitimate committee report. I can understand that. I expect that the committees in charge of energy legislation may be coming to us before the year is over; indeed, we anticipated that policy in some of the discussion. I think the Senator remembers.

They may say, "Now, look, we have been provided these dollars for energy. But we have gone over everything that we think makes sense and we think we ought to spend another $0.5 billion or $1 billion." The budget process contemplates the possibility of that kind of committee report. We do not have manacles or handcuffs. But to tell me that this bill represents the same policy that the first budget resolution represents and pass it off in that sense, to me, makes a mockery of the whole process. If that is what the Senate is going to make of it, I would rather have nothing to do with it.

Mr. ALLEN. To undo that, it does require the Senate to take on the monumental task of rewriting the bill here, on the floor, is that not correct?

Mr. MUSKIE. Well, it is monumental and I do not like to write tax bills on the floor any more than anyone else. But we do it. We rewrite appropriations bills. We rewrite other complicated legislation. Before long, as the Senator knows, I shall be floor managing another one of these things called the Clean Air Act. That is about as complicated a piece of legislation to try to rewrite on the Senate floor as I can imagine. But the effort is going to be made. Changes may well be adopted. That is what the Senate is all about.

I hope we do not get into a Christmas-tree attitude about it, but I think there are a half-dozen legislative issues which can help us decide whether, on the Senate floor, whether we can make up the revenues to help pay for the extension of the tax cuts. If we cannot do it, the legislation will still be before us for whatever jurisdiction anybody wants to make of it.

Mr. GRAVEL. Mr. President, the Senator from Alabama makes a very good point. That is that if the Muskie amendment is adopted, it will require the rewriting of this entire bill.

Mr. MUSKIE. I would not say that.

Mr. GRAVEL. I have not interrupted the Senator from Maine.

Mr. MUSKIE. "Entire" is a big word.

Mr. GRAVEL. Certainly, it is within the purview of the Senate to rewrite that bill.

The PRESIDING OFFICER. Does the Senator from Maine yield the floor?

Mr. MUSKIE. Yes; I do.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. GRAVEL. I think it must be understood that the first concurrent resolution was really a guideline, backed up by report language. It was more than improved upon by this body as a result of 18 days of hearings and almost a full month of markup. This bill is the best work that this committee could come up with, as it addressed itself in detail to this fiscal issue. This is the product of our work.

It may not fit to a "T" what those who drafted the first concurrent resolution want. But those who drafted the first concurrent resolution did not have 18 days of hearings on these tax issues. How could we expect them to write a bill that would be as precise as what the committee has come forward with?

For the leadership of that committee now to say, you are busting the guidelines of what the Senate has voted on is absurd. The Senate has acquired a good deal more knowledge since that first vote took place, and this tax bill is the product of it.

The Committee on the Budget is not being assaulted. They will continue doing their good work. But their good work is to offer a cap, which we have met, and to offer some guidelines. But, because of our additional knowledge, we should be able to alter and present our alterations to this body.

Mr. LONG. Will the Senator yield for a question?

Mr. GRAVEL. I am happy to yield.

Mr. LONG. Can the Senator explain to me, if the argument of the chairman of the Budget Committee is correct, why were some of us on the Committee on Finance sitting from 9 o'clock in the morning until 5 o'clock in the evening for months, then attending morning sessions and afternoon sessions for 5 weeks, considering the pleas and entreaties of people in all walks of life for some type of consideration in this tax cut, when no relief could be granted to them because the $17 billion was to be sacred, because that is what the chairman had in mind when he gave us a $15.3 billion figure and the committee could not consider the needs of energy producers, or people who wanted to conserve energy, or housewives who had little children to care for, or anything else—low income people or businesses that were suffering. Can the Senator explain to me what would have been the point in inviting all those poor souls to come here at their own expense and explain their problem to us if we could not do anything about it?

Mr. GRAVEL. It would have been an exercise in futility, and I am sure the Senator from Maine did not mean that to be the case. But in a real sense that is essentially the argument he is making—that the Budget Committee report recommendation, is sacred, and that our committee had no jurisdiction to go in and legislate changes based upon numerous hours of hearings.

Mr. LONG. May I ask the Senator, does he agree with me that Mr. MUSKIE's amendment is a budget-busting amendment? It busts the budget.

Mr. GRAVEL. Not only that, but it is filled with difficulties. Of course it is easy to cut taxes. Let him sit and go over the 18 days, go over every little detail.

Of course, the argument they use is a very glib one, and that is that we are protecting the wealthy. I will tell the Senator that poor people buy houses, too, and when you turn around and hurt the housing industry and the savings bank industry in this country it is going to have an impact on the poor people, and it is going to take a lot of middle-income people with it.

Mr. LONG. Mr. President, will the Senator yield for another question?

Mr. GRAVEL. Yes.

Mr. LONG. We agree that Mr. MUSKIE's $17 billion is budget-busting; and if we buy the argument, then the Senate must not agree to any other budget-busting amendment, but only Mr. MUSKIE's budget-busting amendment can be voted for. Otherwise we would bust what Mr. MUSKIE had in mind when he voted for that budget resolution. That is the fact, is it not?

Mr. GRAVEL. No question.

Mr. LONG. May I state that is the strangest endorsement I ever saw pleaded for by a committee chairman—for the chairman of the Budget Committee to plead with the Senate to bust the budget as an endorsement of the Budget Committee, vote to bust the budget because that will endorse the Budget Committee. Has the Senator ever heard a similar entreaty for votes in his life before to ask somebody to do just the opposite of what he is going to be doing—to vote for sin in order to endorse the preacher. Can the Senator explain that kind of logic?

Mr. GRAVEL. I would suggest to the distinguished chairman of my committee that that logic does beg reason a little bit. It does beg reason somewhat.

I thank my colleague. The hour is late and we should hang onto some of our wisdom for tomorrow.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent—does the Senator from Massachusetts seek recognition?

Mr. KENNEDY. Yes.

Mr. President, the hour is late and I will not indulge the Senate long, but I do want to indicate that this is one Senator who supports the position and the logic of the chairman of the Budget Committee and the statements that have been made by the chairman during the course of the discussion earlier here this afternoon in establishing ceilings and recommendations in terms of the tax expenditures.

I thought the presentation of the chairman of the Budget Committee was extremely persuasive. I thought it was extremely logical and I thought it was extremely sensible and compelling.

Mr. President, the basic question the Budget Committee was wrestling with is this: The Budget Committee has responsibilities in terms of the disbursement of appropriations; they have responsibilities in terms of the receipt of revenues. And they have made recommendations in terms of the tax expenditures, the fastest growing expenditures that exist in the whole of the Federal budget, and which have very profound impacts on the economy.

There is a very significant difference between the kinds of tax cuts that are being recommended now by the chairman of the Budget Committee which is to restore $1.8 billion to low- and middle-income people, putting the money into the hands of consumers, with all the implications that has in terms of our economy, and the recommendations of the Finance Committee, which is to take that tax cut away in order to afford more tax expenditures.

There cannot be any question about the dramatic contrast between the impact of these two different proposals on our economy.

So there is an extremely important question as to whether the Senate is going on record for continuing the tax cuts, which would mean support of the Muskie amendment, to return $1.8 billion to American consumers.

So I, for one, I must say I was unpersuaded by the argument that the only function of the Budget Committee was just to set the total number on revenues.

Within that total figure, there can be dramatic differences in terms of the economic impact on this country. Obviously, in establishing the Budget Committee, Congress wanted a more responsible function of the Senate as an institution on economic questions. That was my interpretation in voting for the Budget Committee resolution.

So, Mr. President, I support the position that has been taken by the Budget Committee. If we support that position, we shall have to raise revenues elsewhere. And a good place to start is the amendment of the Senator from Wisconsin (Mr. NELSON) on tax shelters.

Now, that issue has been debated and discussed earlier. If you are satisfied with the reasoning of the chairman of the Finance Committee, I suppose you are not under a compulsion to vote in support of the Muskie amendment. But if you support the budget resolution, which quite frankly, I feel is the only logical position consistent with the establishment of the new budget procedure, this particular amendment makes sense.

It makes sense from an economic point of view; it makes sense from an equity point of view. There is not a Member who cannot support this, and also support the very bare-bones recommendations of tax reform we are asking we will comply with the budget resolution, and we will also provide an additional degree of tax equity for the American people.

I fail to see, Mr. President, how we can accept the measure that was reported out by the Finance Committee, which increases taxes for many families by $180 a year or more. I think every family in this country ought to understand that. If we do not accept the Muskie amendment, their taxes are going up by $180, while the Senate will continue to allow $400 million in tax shelters to go free. We should not take $180 from the average family, and give it to the big boys.

I think that is what the Muskie amendment is all about, and I will look forward to debating the issue more completely tomorrow.

Mr. LONG. Mr. President, I had thought that we had disposed of the budget point when we discussed the matter and everybody on the Finance Committee agreed that the Finance Committee was right, and stood up and said so and everybody on the Budget Committee stood up and said we were right, except one man, Mr. BELLMON. Apparently Mr. BELLMON and Mr. MUSKIE, who sent that letter, were not moved at all, even though everybody on that committee, aside from themselves, stood up and seemed to agree with us.

I did not expect Mr. HOLLINGS to take a different view than he did because I understand from the beginning he urged that the Budget Committee ought to write the tax law for us, and offered it as a substitute for whatever the Senate Finance Committee reported. So I can understand Mr. HOLLINGS would be the third Senator who would agree with the position taken by Mr. MUSKIE—Mr. MUSKIE, Mr. BELLMON, and Mr. HOLLINGS.

But I would think that, based on what the Senators have said here, the majority of those on the Budget Committee who expressed themselves had thought they felt the Finance Committee was clearly within its jurisdiction. There is a compliment implicit in the amendment offered by Mr. MUSKIE. He heard Mr. MONDALE stand here and say that the Finance Committee was clearly within its jurisdiction, even though Mr. MONDALE serves on the Budget Committee. Mr. MUSKIE offered an amendment that included the Mondale amendment in it, so that Mr. MONDALE would, in effect, say that the Finance Committee was outside its jurisdiction when he votes for the Mondale amendment.

Now, the Senator offered this amendment to bust the budget, a bust-the-budget amendment that will be endorsed by the Budget Committee.

As I say, that is about the same thing as a preacher saying, "Go out and commit sin as an endorsement of your preacher."

Mr. President, the President will undoubtedly speculate as to why all this happened. Why would those who seek an endorsement of their position not face the issue straight on, but offer a budget-busting amendment?

Budget busting as a tax cut that would knock the budget out of balance, to seek an endorsement of themselves. I can only assume that either they are not confident of their own position and they do not want a straight up and down vote on the issue, or else it would mean, I suspect more likely, that they were shocked how badly they lost that first vote and that this is a diversionary tactic to reorganize, regroup, and change strategy.

So we will see what the new strategy will be as time goes by.

Mr. President, I had indicated that I wanted to go seriatim, by title in sequence, in considering amendments to this bill.

I thought the group that is going to support the Muskie amendment agreed that was how we would do business under title III, and I thought we had an understanding that we were going to proceed in that fashion.

I see that apparently we do not agree, or maybe some minds have been changed.

But, in any event, we will try to see that the Senate does proceed in that fashion.

I think that Mr. MUSKIE, in seeking to argue the way a preacher can gain endorsement is for his congregation to commit sin, will find we are equally resolved at meeting those tactics and we will find ways to bring this matter to a vote on its merits.

Frankly, Mr. President, as far as this Senator is concerned, if the other side want time to regroup, that is all right with me. We have from now until January 1 to pass this bill and we can take all the time that might be necessary.

I do not have to go to that Democratic National Convention. But I do not think it would be right for us to adjourn and go home without voting on this bill.

So, I say to the Senators, do not worry if you want to drag this on while you regroup and plan your new tactics. It is perfectly all right with the Senator from Louisiana. I will be here all through that convention, and you can be here, too.

So we will work it out and I welcome this deceitful challenge. We will meet it for what it is, and in due course we will get on with the bill. The bill will pass.

Well, the word is out. The bill will pass. The people, indeed, will get their tax cut. It will just take longer, because those who saw the way the first vote went were disappointed and they need time to regroup.

Mr. CURTIS. Will the Senator yield?

Mr. LONG. I yield to the Senator.

Mr. CURTIS. Mr. President, I commend the distinguished chairman of the Finance Committee for his opposition to the Muskie amendment.

Somewhere, we have to put a halt to reducing taxes and reducing taxes, and at the same time increasing expenditures.

It seems to me that fiscal responsibility is going out the window in order to achieve a prestige advantage for a committee.

Mr. President, I view this not only as a dangerous budget-busting proposal, but also almost a bribe to get the Senate to vote a certain way.

I submit that everybody understands, and understood when the budget law was written, that the Budget Committee had jurisdiction over totals and targets.

The committees responsible for holding the hearings and doing the work might well decide that instead of a credit of $35 that they wanted to give it only $25 and use the other money to relieve something that is very much in distress.

Did the budget law take that right away from us?

If we have the right to lower the amount of a reduction, lessen the amount of a reduction, certainly we have a right to have the reduction for a shorter period of time.

But aside from that, aside from the fact that there is a desire to have the Senate take action that really writes a tax bill before the hearings have been held and that taxpayers heard from, this amendment should not be passed on the basis of the addition to the deficit.

Without a doubt, the tax cut in the light of some deficit spurs our economy a little bit, but there is a point where the loss of confidence of the people of the United States toward their Government, that all stimulus fails to act in the expected way.

We can carry this so far. In more tax reduction and more tax reduction, until investors, planners, workers, everybody, decides that Washington is irresponsible, that we never expect to balance our budget, that there will be no bonds ever paid out of a surplus, that the only chance of anybody getting their money on their bonds or even the interest, is to borrow more money.

It is frightening. It is frightening to have the man who is charged with bringing the budget under control to lead the charge to add to the deficit.

It is frightening that that should happen.

Here is something else. The Budget Committee has not brought in an item to eliminate waste, to reduce expenditures, to eliminate an obsolete program. They have never raised their voices, the majority, against the expansion of the welfare state, and that is where the money is going.

Forty cents out of every dollar spent here in Washington goes to direct benefits for individuals. Fifteen cents to States and localities, and they pass on 5 cents of it. That 55 cents, add the 8 cents for interest on the national debt, 26 cents for defense takes us up to 89 cents, and all other functions of the Government only cost 11 cents.

How many years are we going to have to wait on the Budget Committee to come in with some suggestion on the biggest item in our budget?

We will never get rid of a $76 billion deficit. Like tweedledee and tweedledum on a small matter, if you added them up, it could not reduce the budget very much.

We are going to have to decide on less government.

We could go along and borrow and never pay off anything, borrow to pay the notes off, thinking we can slide along until our terms of office are over. But there will be a Congress here which will take it one step too far. We will not go bankrupt, but we can have a ruinous inflation.

It took 185 years for us to reach expenditures of $100 billion. In 9 years we reached $200 billion. In only 4 more years we went to $300 billion and then before we could get our breath the Congress this year voted a budget of over $400 billion, deficits of $75 billion and $100 billion.

I realize there are only a couple billion dollars or so involved here, but it is that much more irresponsibility; it is that much more Government without paying for it.

Who are we benefiting?

The tears have flowed down this aisle tonight for people of low income. Who suffers most from inflation?

We are not doing the poor and the people of modest income, any good by running an irresponsible Government, and that is what we are doing.

I respect the views of every individual Senator here. But take the issue of food stamps. There is over $6 billion for food stamps. The program started out to be a program of nutrition, to keep people from starving, from becoming undernourished. We are heading for having 25 percent of the population on food stamps.

We had 10 rollcalls that would have reduced that program by $2 billion, and a majority of the Budget Committee voted no on every one of them.

I say it is time for them to start a crusade to balance the budget and to be responsible. I am frightened over the idea of a grab for power, with responsibilities thrown out the window and the Members offered a chance to vote for a couple billion dollars further cut. What for? To prove the position of the Budget Committee that their assumptions were binding upon the Senate and upon the Finance Committee.

That is all it is about and everybody knows it. Some people are a little more polite than the junior Senator from Nebraska, but there are certain things that have to be said and have to be told.

The thing that is in back of this is to establish a precedent that not only the totals and what the resolution says are binding on other committees, but that a committee that has not held any hearings, that has never given the taxpayer a chance to appear and testify, determines the content of a tax bill before it is ever introduced and referred to a committee.

Mr. President, I would hope that when the mover of this amendment thinks it over he will withdraw it. He is a man of high standing, character, integrity, and I know he is patriotic, but there is such a thing as financial responsibility.

If we want to serve our country, the best way to serve it is to retard and eventually stop the fires of inflation. That, Mr. President, is the test of who is for the poor and the people of low income.

ADDITIONAL STATEMENTS SUBMITTED

Mr. HUGH SCOTT. Mr. President, facing us now is one of the most difficult issues to face any Congress—tax revision legislation. As we discuss this legislation let us remember that as "No man is an island," neither is any particular provision of this bill without ramification upon our Nation.

For example, U.S. taxation of foreign source income and the DISC provisions all have an impact not only on the amount of taxes generated, but on the entire economy, and at this point in our Nation's economic recovery, we cannot ignore the possible consequences of tax revisions on economic recovery.

A recent survey by the Business International Corp. showed that the elimination of the foreign tax credit and deferral of taxation of foreign-source income would have meant, in the sample year—1973—a loss of $6.61 billion for all U.S. firms.

The elimination of DISC alone could cost U.S. firms as much as $1.4 billion. Such losses would obviously have a deleterious impact upon the U.S. economy.

First of all there would be a loss of jobs. The Library of Congress estimates that the elimination of DISC could cost as many as 104,000 jobs. These losses do not include the possible loss of jobs due to the elimination of tax deferrals and foreign tax credits. The Business International Corp. estimates from its survey that the elimination of these three provisions could cost the U.S. economy as many as 750,000 jobs. I realize that these projections are just estimates, but can our Nation afford at this time, to find out just how much these tax provisions do affect the job market?

Besides the possible loss of jobs, we know there will be other problems created for industry. United States firms would not expand their capacity, productivity would drop, as less goods are required.

Last, less income would adversely affect capital formation. Secretary Simon recently stated:

> Any curtailment of DISC would be particularly unfortunate at this time, when the economy is in the midst of recovery. It would increase our present problem of capital formation by raising taxes on capital at a time when they should be lowered.

Mr. President, others will advocate the elimination of these provisions with all good faith and will quote negligible figures on the cost of jobs and income. But suppose it is their estimates that are incorrect. A wrong move now will not only affect the Treasury, but the entire economy and could halt all economic recovery. I ask each of us to consider what price we would pay for this type of "tax reform."

Mr. HOLLINGS. Mr. President, just 2 months ago, I and several of my colleagues approached the Senate on the subject of tax reform, and we suggested a variety of methods by which the Congress could begin the task of presenting the American people with a more equitable tax code.

It was an appropriate time for discussing tax reform. The Senate had just completed action on the first concurrent budget resolution for fiscal year 1977. That was a rather historic occasion for several reasons, not the least of which was the inclusion in that resolution of a $2 billion target reduction for so-called "tax expenditures," the amount of money the Federal Treasury loses each year because of various tax exemptions and "loopholes." In adopting the first concurrent resolution, the Senate clearly challenged the Senate Finance Committee to commit itself to a meaningful reform of the tax laws.

If it was an appropriate time then for discussing tax reform, today it is absolutely essential, because the Senate Finance Committee—in direct and clear contravention of the mandate presented it by the Budget Committee and the full Senate—has chosen to report to the floor a tax bill which does not achieve significant tax reform, which does not raise the $2 billion in the manner recommended by the first concurrent resolution and which deprives the low- and middle-income wage earners and the elderly of badly needed tax reductions.

What is more, the Finance Committee bill, adding insult to injury, lowers taxes for the Nation's wealthiest taxpayers and effectively limits a series of badly needed reforms of the tax laws relating to the foreign operations of American corporations.

I find the action of the Senate Finance Committee entirely unacceptable for two related reasons. For one, the American people are demanding reform of the tax laws. Each year, the middle-income wage earner finds himself shouldering proportionately more and more of the burden of paying the country's way. He and she are aware of the implications of deficit financing, and they are aware, too, of the sorry record of the Congress in getting a handle on Federal spending. Second, they are certainly aware of the much-ballyhooed new budgetary process we have implemented in the Congress, a process which is designed to bring discipline and planning to our appropriations procedures and which I believe is the best chance—possibly our last chance—to eventually balance the Federal budget.

The Finance Committee bill, in blunt terms, simply lies to the American people and makes a sham of the budgetary process we have worked so hard to embrace. It is a tax ripoff masquerading as tax reform.

Let us look for a moment at the issue in tax expenditures of the loopholes and the shelters which have grown, hodgepodge over the years, into a major area of tax inequity. I have been a Member of the Senate for 10 years, and during that time there have been four "tax reform" bills which purported, in one form or another, to give the American taxpayer a fairer shake. The facts speak otherwise. In 1967, tax expenditures amounted to about $38 billion, and it is estimated that they will amount to $105 billion in fiscal 1977, a figure which exceeds the defense budget. Economists project that lost revenues through tax expenditures will increase to a grotesque $150 billion by 1981 if the Congress takes no action to stem their growth. So much for the four "tax reform" bills which I have been acquainted with during my service in the Senate.

Realizing that each time the Congress tried to come to grips with the Federal deficit it looked almost exclusively at cutting direct expenditures, the Senate Budget Committee, pursuant to the Budget Act, this year examined the realm of tax expenditures, recognizing that they are a potent aspect of Federal spending. And we determined, after a close examination, that a $2 billion reduction in tax expenditures was a realistic target for fiscal year 1977.

The $2 billion figure was a modest proposal. As I pointed out in April, the Congress could take affirmative action in several areas—eliminating the DISC provisions, strengthening the minimum tax provisions, eliminating the deferral of tax on foreign income of U.S. corporations, reducing the foreign oil income tax credit—and raise an immediate $4 billion for fiscal 1977 from tax expenditures. And since that was merely skimming the surface of possibilities, I assumed the budget resolution figure of $2 billion would be easy to achieve.

Somehow, the Finance Committee found even that humble task impossible. After a long and arduous struggle, the committee has reported out a bill that raises just $1 billion through the reduction of tax expenditures. In order to raise the other $1 billion recommended by the first concurrent resolution, the committee has decided to terminate the $35 per person tax credit after June 30, 1977. In order to help finance new tax loopholes in the future, the committee proposes a delay in the effective date of changes in the retirement income credit. At the same time that it takes away the provisions so important for low- and middle-income and retired taxpayers, the Finance Committee bill lowers taxes for the wealthy by reducing from 70 to 50 percent the top tax bracket rates on unearned investment income such as idividends and interest, action which benefits only the richest 1 percent of the people. And it dismantles much of the House-passed legislation aimed at closing tax shelter loopholes.

Additionally, the committee bill plays a neat game of hocus-pocus on the entire question of tax expenditures. The reason the Budget Committee recommended a $2 billion reduction in tax expenditures this year was to give thrust to the idea that we ought to get a handle on this aspect of potential revenues, that we ought to cut its growth. The Finance Committee bill has no effect on reducing these expenditures in fiscal 1978 and, indeed, allows them to grow by $5 billion by 1981.

In no way is this tax reform. It is the same old shell game, and the American people—if we allow it—are the guaranteed losers.

Clearly, the Senate is faced today with a defial of the integrity of its new budgetary process and the certain and definite desire of the American people for real and lasting tax relief. And it is for these reasons that I am supporting the package of amendments we have introduced to the Senate Finance Committee tax bill.

They are simple, straightforward amendments. First, in order to insure that wealthy individuals pay their fair share of taxes, we propose to raise the minimum tax from 10 to 15 percent, repeal the deduction for regular taxes paid, and reduce the exemption from its present $30,000 to $10,000. And we want to apply these changes to corporations. We passed a minimum tax law in 1969 after learning that 155 individuals with over $200,000 of adjusted gross income paid no taxes. Despite the law, there were 244 individuals in 1974 with adjusted gross incomes over $200,000 who paid no taxes. This proposal alone would raise revenues by $800 million in fiscal year 1977.

Next, we propose to delete the Finance Committee's action extending a 50-percent maximum tax rate to unearned income. This benefit would apply only to the richest 1 percent of the people of this country and would cost the Federal Treasury $50 million in fiscal 1977 alone—$250 million in the long run. The rich are already getting a $680 million benefit in the present maximum tax; I see no need to give them more.

The Finance Committee bill rejects the House-passed LAL provision entirely. We propose to put that provision back in the Senate bill, with the exception that LAL would not apply to residential real estate, and we can increase Federal revenues by $375 million in fiscal 1977 by this restoration.

Next, we suggest phasing out the tax deferral provisions which apply to the foreign profits of American multinational corporations. Under the present law, the profits of a foreign subsidiary are not taxed until they are returned to this country. In addition to giving the multinationals a nice tax break, this provision encourages American corporations to develop overseas, with an accompanying outflow of capital and plants—and, importantly, jobs—from the United States. In truth, if I were president of a large corporation, I would do the same thing. If you told me I had to pay taxes on my profits only when I brought them home, I would just never bring them home. I would continue investing and reinvesting in foreign countries with low taxes, building my factories in Saudi Arabia rather than South Carolina. This kind of loophole cannot be justified, especially in a time of high unemployment in the United States. Unfortunately, the Finance Committee seeks to end the deferral only for corporations paying foreign bribes or boycotting Israel. It should be extended across the board, and what we are proposing is to make 50 percent of earnings eligible for deferral in 1977, reducing this figure by 10 percent each year until it is fully repealed. We could increase revenues by $100 million in 1977 and $365 million over the long haul.

Next, we propose a stronger DISC provision, one that would eliminate the fat from the existing law. I, for one, favor the total repeal of the DISC provision, because I am convinced that it has failed in its avowed purpose. At the very least, DISC should be made more efficient. As originally proposed, DISC was designed to aid small companies in setting up export capabilities, thus creating more domestic jobs. Since its implementation in 1971, DISC has been responsible for, at most, $½ to $1 billion in export increases. Total domestic exports amounted to $108 billion in 1975 alone, so you can see the less-than-salutary impact this provision has had. The vast majority of DISC revenues have gone to the large multinationals, and they would have exported whether they had the program or not. Has DISC created more domestic jobs? A recent estimate of the House Budget Committee, using data provided by the Bureau of Labor Statistics, indicates that a $400 million increase in exports, assuming the increase was entirely due to DISC, created 15,960 new jobs in 1974. If we had taken the $1.5 billion we have lost in tax revenues through DISC, we could have applied them through other programs and created many, many more jobs than the 15,000 allegedly created by DISC. We propose the adoption of a so-called "incremental" DISC amendment which is stronger in several respects than that proposed by the Finance Committee. For one, we raise the export sales percentage from 60 to 75 percent, we provide a base period of 3 out of the 4 prior years but we move it immediately instead of allowing a 3-year grace period, and we repeal the provisions for military export sales. We can improve the Finance Committee figures by $100 million in fiscal 1977 and by $700 million over the long run—about half the revenue loss from DISC at the present time. At the same time, we will have applied the provisions where they were meant to have a major impact from the start—the companies actually increasing their exports, especially the smaller companies, to whom we give a small business exemption of $100,000.

Finally, we propose to limit the amount of the foreign tax credit for oil and gas to the statutory corporate tax rate of 48 percent, where the allowable credit now is 50 percent. The amendment also allows the Treasury Department to deny foreign tax credits in cases where a multinational, for instance, is paying royalties and not taxes and which should be declared as tax deductions and not credits. We can raise $100 million in revenues in fiscal 1977 through this provision.

The adoption of these amendments is a beginning toward comprehensive tax reform. While they involve compromise, their adoption will have a significant impact. We would lessen the burden on the lower- and middle-income taxpayer by extending the tax credit for the full year, and we would immediately implement the House reform and revision of the retirement income credit, which is so important to elderly Americans who must live on a fixed income. And while we do these things, we will raise revenues by $1.3 billion above the $1 billion accomplished in the area of tax reform by the Senate Finance Committee.

I submit to the Senate that this course of real tax reform is the one we must take. The budgetary process we have implemented in Congress with great pain and great expectations is still in an embryonic stage. If we choose, we can kill it. We can either shoot it to death by refusing to accept the limitations our budget committees propose, or we can deceive it to death by kidding ourselves about "effective dates" and half-way measures while we look the other way. In either event, death will be just as certain. That is the challenge the Finance Committee bill poses.

I doubt if the committee's tax bill, when its particulars become known, will deceive the American people. They want to be led, not misled. They are not fed up with the institutions of Government. They are fed up with the high-handed attitudes their Government displays. They are not worried about finding solutions to problems in this country. They are afraid that solutions are often diverted by self-interest.

We have an opportunity, by adopting these amendments, to end the rhetoric and platitudes surrounding the issue of tax reform and do something constructive for the working men and women of America. We have the opportunity to restore public confidence in Government in a time when it is sorely needed. We have an opportunity to buttress our new budgetary process, giving it the opportunity to shape responsible action in the future.

I trust we will not ignore these opportunities.

ROUTINE MORNING BUSINESS

(The following routine morning business was transacted today.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Roddy, one of his secretaries.

ACTION ANNUAL REPORT—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was referred to the Committee on Labor and Public Welfare:

To the Congress of the United States:

I herewith transmit the ACTION Annual Report for fiscal year 1975 as required by section 407 of the Domestic Volunteer Service Act of 1973.

GERALD R. FORD.

THE WHITE HOUSE, *June 17, 1976.*

REPORT OF THE NATIONAL ADVISORY COUNCIL ON ADULT EDUCATION—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was referred to the Committee on Labor and Public Welfare:

To the Congress of the United States:

I transmit herewith the Annual Report of the National Advisory Council on Adult Education for Fiscal Year 1976, as required by Section 311(d) of the Adult Education Act of 1966 (Public Law 89–750), as amended.

GERALD R. FORD.

THE WHITE HOUSE, *June 17, 1976.*

PROPOSED LEGISLATION RELATING TO SOCIAL SECURITY—MESSAGE FROM THE PRESIDENT

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was referred to the Committee on Finance:

To the Congress of the United States:

I am today submitting to the Congress a legislative proposal that will correct a serious flaw in the Social Security system. This proposal is one of three components of my 1977 budget and legislative program intended to insure a secure and viable Social Security system. My strong personal commitment to Social Security embraces both a genuine concern for the 32 million persons who currently depend on Social Security benefits for income, and an unyielding dedication to protect the financial integrity of the system for the millions of workers who will depend on it in the future.

My program to insure the integrity of the Social Security system, as outlined in January of this year, includes:

First, a full cost-of-living increase for all beneficiaries, scheduled to take effect in checks sent out in July of this year.

Second, an increase in Social Security payroll contributions by three-tenths of one percent for both employees and employers. This increase would remedy the immediate, short-term financing problem facing Social Security. It would stop the drain on the trust funds—which are now expected to pay out about $4 billion more in benefits each year than they take in. This correction would cost no employee more than $1 per week in additional contributions.

Third, legislation to correct a serious flaw in the Social Socurity benefit structure which, if left unchanged, would undermine the principles of Social Security and create severe long-range financial pressures on the system. My proposal would eliminate this flow and would be a major step toward resolving the long-range financial problem. It would help stabilize the system and permit sufficient time for careful and thorough analysis of the remaining future financial pressures.

What is the status of these items?

I am happy to report that the full cost-of-living increase will be included in July Social Security checks. Unfortunately, the Congress has so far avoided its responsibility to provide a means of paying for the full cost of the system.

The proposal I am submitting today corrects an inadequate method of adjusting benefit payments which, over time, could mean that many new retirees would receive Social Security benefits in excess of the highest earnings they ever received. Such a result was never intended and is clearly undesirable, both from the standpoint of the individual and the excessive costs to the system.

My proposal would correct this defect by ensuring that future retirement benefits are a constant share of preretirement earnings. This produces three important improvements:

—It eliminates the long-term financial deficiency associated with the flaw (about half the projected long-range deficit), and moves more closely to the system which Congress intended to create in 1972;

—It helps to stabilize the system despite variations in the economy; and

—It makes individual benefits more predictable than under the current system.

To insure fairness to those approaching retirement as these proposals are implemented, I am suggesting a 10-year phase-in period during which those persons retiring will be assured that their benefits are no lower under the new formula than they would have been under the old formula at the time the law goes into effect.

The correction of the flaw will be a major step toward bringing the system back into financial balance over the long term. But it is not the complete solution and we should not pretend that it is. The Social Security Trustees estimate that even with this legislation, sizable long-term financial pressures remain.

There is sufficient time, however, to analyze this situation and to correct it. If action is taken promptly on my proposals the system will not be in jeopardy. But this should not delay our efforts to identify the further steps needed to protect the system's permanent financial integrity.

Over the next few years I intend to work with the Congress in resolving these problems. But the time to begin is now. We must begin immediately to solve both the short- and long-range problems. The corrected benefit formula that I am submitting today would eliminate more than half of the estimated long-range financial problem. The 0.3% increase in employee and employer contributions which I proposed earlier this year would bring the system into current balance.

In order to protect both those who currently receive benefits and those who are contributing to the system toward their future retirement, I urge the Congress to move immediately to enact these two vital proposals into law.

GERALD R. FORD.

THE WHITE HOUSE, *June 17, 1976*.

MESSAGES FROM THE HOUSE

ENROLLED BILLS SIGNED

At 9:32 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

S. 18. An Act to amend the Act of August 31, 1922, to prevent the introduction and spread of diseases and parasites harmful to honeybees, and for other purposes.

S. 3161. An Act to authorize certain flagpoles to be located on the Capitol Grounds, and to improve the flow of traffic to and from the United States Capitol Grounds and the National Visitor Center.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. METCALF).

At 1:18 p.m., a message from the House of Representatives delivered by Mr. Berry announced that the House has passed without amendment the following bills:

S. 3147. An act to extend the Marine Protection, Research, and Sanctuaries Act for two years; and

S. 3122. An act to extend the authorization for appropriations to carry out the Endangered Species Act of 1973.

The message also announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 14235. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes; and

H.R. 14237. An act making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The PRESIDING OFFICER laid before the Senate the following letters, which were referred as indicated:

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General transmitting a report, pursuant to law, entitled "Federal Efforts To Protect the Public from Cancer-Causing Chemicals Are Not Very Effective" (with an accompanying report); to the Committee on Government Operations.

PROPOSED LEGISLATION BY THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation to amend the Social Security Act (with accompanying papers); to the Committee on Finance.

REPORT OF THE PUBLIC DEFENDER SERVICE

A letter from the chairman of the board of trustees of the Public Defender Service for the District of Columbia transmitting, pursuant to law, the annual report of the Service for the fiscal year 1975 (with an accompanying report); to the Committee on the District of Columbia.

DONATION OF CERTAIN MATERIAL BY THE NAVY

A letter from the Director, Office of Legislative Affairs of the Department of the Navy notifying, pursuant to law, of the intention of the Navy to donate certain material to the Newport Restoration Foundation, Newport, Rhode Island; to the Committee on Armed Services.

PROPOSED CONSTRUCTION PROJECT OF THE ARMY NATIONAL GUARD

A letter from the Deputy Assistant Secretary of Defense notifying, pursuant to law, of a proposed construction project to be undertaken by the Army National Guard; to the Committee on Armed Services.

REPORT OF THE DEPARTMENT OF THE INTERIOR

A letter from the Assistant Secretary of the Interior transmitting, pursuant to law, the annual report of the Interim Compliance Panel for the calendar year 1975 and through March 1976 (with an accompanying report); to the Committee on Labor and Public Welfare.

PROPOSED LEGISLATION BY THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation relating to the influenza immunization program (with accompanling papers); to the Committee on Labor and Public Welfare.

REPORTS OF THE FEDERAL AVIATION ADMINISTRATION

A letter from the Associate Administrator of the Federal Aviation Administration transmitting, pursuant to law, 12 reports covering four new and eight existing systems of records (with accompanying reports); to the Committee on Government Operations.

PETITIONS

The PRESIDING OFFICER laid before the Senate the following petitions, which were referred as indicated:

A resolution adopted by the Penfield (New York) Town Board relating to planning assistance; to the Committee on Appropriations.

A resolution adopted by the Mid-County Republican Club, Columbiana County, Lisbon, Ohio, relating to conduct of Members of Congress; to the Select Committee on Standards and Conduct.

Resolution No. 189–1976 adopted by the Legislature of the Northern Mariana Islands; to the Committee on Interior and Insular Affairs:

"RESOLUTION NO. 189–1976

"A resolution relative to bestowing the title of Honorary Citizen of the Northern Mariana Islands upon the Honorable Franklin Haydn Williams, the President's personal representative for status negotiations for Micronesia and the Northern Mariana Islands

"Whereas, the Honorable Franklin Haydn Williams, the President's Personal Representative for Status Negotiations for Micronesia and the Northern Mariana Islands, worked with representatives of the people of the Northern Mariana Islands on their future political status since 1972; and

"Whereas, his untiring efforts and his firm belief in the self determination of the people of the Northern Mariana Islands, led to the signing of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America on February 15, 1975; and

"Whereas, after the President of the United States transmitted this Covenant to the United States Congress, Ambassador Williams continued to work with the members of the United States House of Representatives and the United States Senate to obtain favorable consideration of those bodies to the Covenant, which was finally achieved on March 11, 1976; and

"Whereas, the successful efforts of Ambassador Franklin Haydn Williams in negotiating and working for the approval of the Covenant, cleared the way for the people to realize their political ambitions that had been expressed for the past quarter of a century; and

"Whereas, without the efforts of Ambassador Franklin Haydn Williams, the Marianas would not have become a part of the American political family for many more years to come, if at all; and

"Whereas, we, the elected leaders of the people of the Northern Mariana Islands are eternally grateful to Ambassador Franklin Haydn Williams for his efforts, assistance and friendship towards the people in the Northern Mariana Islands; and

"Whereas, in recognition of his assistance, it is the sense of the members of the Northern Mariana Islands Legislature that special recognition and due respect be given to those distinguished Americans who have unselfishly supported our political status and desires in consonance with the principles of American democracy;

"Now, therefore, be it resolved by the Fourth Northern Mariana Islands Legislature, Eighth Regular Session, that the title of Honorary Citizen of the Northern Mariana Islands be and hereby is conferred upon the Honorable Franklin Haydn Williams, the President's Personal Representative to Micronesia and Northern Mariana Islands Status Negotiations; and

"Be it further resolved that the President certify to and the Legislative Secretary attest the adoption hereof and thereafter transmit copies of the same to Ambassador Franklin Haydn Williams, President Gerald R. Ford, Secretary of the United States Department of State, the Speaker of the United States House of Representatives and President Pro Tempore of the United States Senate."

A concurrent resolution adopted by the Legislature of the State of South Carolina; to the Committee on Labor and Public Welfare:

"A CONCURRENT RESOLUTION

"To memorialize the Congress of the United States to support prompt enactment of Senate bill S. 50 and House bill H.R. 50 now pending in the United States Congress, relating to Federal programs for full employment

"Whereas, unemployment throughout the nation is presently our most serious economic problem; and

"Whereas, the persons least able to bear the financial burdens of an economic recession are those most seriously affected by unemployment; and

"Whereas, it is essential that the vast resources of the federal government be utilized to attack the unemployment problem promptly and effectively, and the passage of full employment legislation would help to substantially alleviate the unemployment problem.

"Now, therefore, be it resolved by the House of Representatives, the Senate concurring:

"That the General Assembly by this resolution respectfully urges the Congress of the United States to act promptly to effect the passage of Senate Bill, S. 50 by Senator Humphrey and House Bill H.R. 50 by Congressman Hawkins, both relating to full employment for the people of this nation.

"Be it further resolved that copies of this resolution be forwarded to the Vice President of the United States, the Speaker of the House of Representatives, and each member of the South Carolina Congressional Delegation in Washington, D.C."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. GRAVEL, from the Committee on Public Works:

S. Res. 471. An original resolution waiving section 402(a) of the Congressional Budget and Impoundment Control Act of 1974 with respect to the consideration of the River Basin Monetary Authorization Act of 1976. Referred to the Committee on the Budget.

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 2322. A bill for the relief of Lee Mee Sun (Rept. No. 94–956).

S. 2618. A bill for the relief of Chea Hyo Suk (Rept. No. 94–957).

S. 2770. A bill for the relief of Anthony Augustus Daley and Beverly Evelyn Daley (Rept. No. 94–959).

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment and an amendment to the title:

S. 1477. A bill for the relief of Beatrice Serrano Toledo (Rept. No. 94–955).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments, and an amendment to the title:

S. 2668. A bill for the relief of Arturo Morena Hernandez (Rept. No. 94–958).

By Mr. STENNIS, from the Committee on Appropriations, with amendments:

H.R. 14236. An act making appropriations for public works for water and power development and energy research, including the Corps and Engineers—Civil, the Bureau of Reclamation power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes (Rept. No. 94–960).

REPORT OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE— (S. REPT. NO. 94–961)

Mr. WILLIAMS submitted a report of the Committee on Labor and Public Welfare, pursuant to section 302(b) of the Congressional Budget Act of 1974, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Executive F, 94th Congress, 2d session. Treaty with the Swiss Confederation on Mutual Assistance in Criminal Matters signed at Bern on May 25, 1973, six exchanges of interpretative letters of the same date, and an exchange of interpretative letters dated December 23, 1975 (Exec. Rept. No. 94–29).

By Mr. DURKIN, from the Committee on Commerce:

John Holliday Holloman III, of Mississippi, to be a member of the Federal Power Commission.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE BILLS REFERRED

The following bills were read twice by their titles and referred to the Committee on Appropriations:

H.R. 14235. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes; and

H.R. 14237. An act making appropriations for agriculture and related agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that today, June 17, 1976, he presented to the President of the United States the following enrolled bills:

S. 18. An act to amend the Act of August 31, 1922 to prevent the introduction and spread of diseases and parasites harmful to honeybees, and for other purposes.

S. 3161. An act to authorize certain flagpoles to be located on the Capitol Grounds, and to improve the flow of traffic to and from the United States Capitol Grounds and the National Visitor Center.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. BARTLETT:

S. 3580. A bill to establish a program of management and policy study commissions of the Government of the United States of America and for other purposes. Referred to the Committee on Government Operations.

By Mr. TAFT:

S. 3581. A bill to establish an Office of Maritime Affairs Coordinator in the Executive Office of the President. Referred to the Committee on Commerce.

S. 3582. A bill to amend section 1631(a) of the Social Security Act. Referred to the Committee on Finance.

By Mr. BEALL:

S. 3583. A bill to authorize the Secretaries of the military departments to waive for a period of one year, in the case of female applicants and nominees to the service academies under the respective jurisdictions of such secretaries, the maximum age limitation for admission to such academies. Referred to the Committee on Armed Services.

By Mr. PROXMIRE (for himself and Mr. Griffin):

S. 3584. A bill to extend and increase the authorization for the program to extend the winter navigation season for the Great Lakes-Saint Lawrence Seaway System. Referred to the Committee on Public Works.

By Mr. McGOVERN (for himself, Mr. Percy, Mr. Kennedy, and Mr. Dole):

S. 3585. A bill to amend the Older Americans Act of 1965 to provide a national Meals-on-Wheels Program for the elderly, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. TOWER (by request):

S. 3586. A bill to institute certain due process requirements with respect to the supervisory authority of the Federal banking agencies. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. HUGH SCOTT:

S. 3587. A bill to amend title XVI of the Social Security Act to provide that, in the case of an individual residing in a retirement home or similar institution, certain payments made to such home or institution by relatives of such individual shall not be regarded, for purposes of such title, as income of such individual. Referred to the Committee on Finance.

By Mr. GARY HART:

S. 3588. A bill to provide a pilot program for review of certain existing tax expenditures, and to provide for systematic review of new tax expenditures and existing tax expenditures which are continued. Referred to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BARTLETT:

S. 3580. A bill to establish a program of management and policy study commissions of the Government of the United States of America and for other purposes. Referred to the Committee on Government Operations.

(The remarks of Mr. Bartlett on the introduction of the above bill are printed earlier in today's Record.)

By Mr. TAFT:

S. 3581. A bill to establish an Office of Maritime Affairs Coordinator in the Executive Office of the President. Referred to the Committee on Commerce.

Mr. TAFT. Mr. President, I am today introducing in the Senate a bill to establish a National Maritime Affairs Coordinator, as recommended by the recent report of the Transportation Institute. I believe it is vital that, in the face of the growing Soviet threat at sea, we take better advantage of all of our national maritime resources.

The National Maritime Affairs Coordinator would be responsible for insuring that all of our maritime resources are used in a coordinated fashion to further our national security. In particular, he would improve our use of our merchant marine to support our military services and other aspects of national policy. Our merchant marine should be one of our greatest national assets. Throughout history, a strong merchant marine has been indispensable to sea power; and seapower is the basis of America's national existence. We need to devote more attention to our merchant marine, and to take better advantage of the many capabilities it possesses.

There is a great need for better coordination of all of our maritime policies. Better coordination not only can improve our national security, but it can also save the taxpayers' dollars. Coordination is not expensive itself, but it ensures that the tax dollars committed to our many maritime programs and agencies will not be used in duplicate programs. We must have the most efficient administration of our maritime programs that we can devise, and a national maritime affairs coordinator would greatly improve efficiency in this regard.

As I said in my "white paper on defense," the Soviet Union is now ahead of the United States in integration of maritime resources. We must move decisively to close this gap. My white paper specifically recommends that Navy requirements for cargo ships, oilers, and even ammunition ships must be considered in the context of employing American-flag merchant ships. Not only would this enable the merchant marine to provide a needed service, but it would free Navy shipbuilding funds which could be used to construct more warships.

A National Maritime Resources Coordinator will greatly assist in better using all aspects of our maritime resources to help us face the Soviet naval challenge. That challenge is too serious for us to neglect any tools we may have in meeting it.

Mr. President, the overview section of the report, "An Analysis of the Direct Impact of the Merchant Marine on National Security," prepared for the Transportation Institute, describes well the need for better coordination of all our maritime resources, and the benefits that are to be gained by such coordination:

The analysis also discusses the specific need for a maritime coordinator, and I ask unanimous consent that it be printed in the Record.

There being no objection, the analysis was ordered to be printed in the Record, as follows:

An Analysis of the Direct Impact of the Merchant Marine on National Security Overview

INTRODUCTION

In a recent article in Fortune magazine former Secretary of Defense Schlesinger referred to the present as a "testing time for America." Citing US sea power as the most prominent example, Secretary Schlesinger warned of the hazards to the free world resulting from the demonstrable diminution of American power.

Undoubtedly, this is a testing time not only for American power and will, but also for American ingenuity and creativity in solving difficult problems. Among the most difficult of these problems is the decline of American sea power. The phenomenon of block-obsolescence and the declining number of US Navy and merchant ships is well documented and widely acknowledged. However, the budgetary constraints, coupled with inflation, assure that the naval fleet will continue to decline in numbers. This condition coincides with a period in history when, more than at any other time in our 200 years, use of the sea is essential to the nation for political, economic and military reasons. At the same time, the tremendous growth of the Soviet naval, merchant, research and fishing fleets; the self-reliance lesson of the Yom Kippur War when our allies' airfields, bases and fleets were unavailable; the demise of American influence in Southeast Asia; the tenuous relationship with traditional allies (and our bases in) Portugal, Spain, Italy, Greece and Turkey; and events in Angola all make clear our need for remaining a first class sea power. Clearly, in this context, national security requires new approaches to sea power, approaches that will stretch dollars to provide maximum benefits.

This study examines the US Merchant Marine as one element of sea power. A series of nine issue papers (each supported by more extensive back-up documentation) proposes improvements in US maritime utilization, organization and policy that could enhance our overall sea power and, hence, national security.

The focus of this analysis is on the national security impact of the US Merchant Marine. It should be recognized that "maritime affairs" constitutes a large and complex sea power "system," composed of many elements such as the naval, merchant, ocean research and fishing fleets, the shipbuilding industry, shipping companies, maritime labor, certain Federal departments and agencies, maritime training institutions, and research and development activities. These elements are all interrelated with varying degrees of dependency. Improvement of one element tends to improve other elements and the total improvement can be demonstrated to be a net gain for the Nation as a whole. For example, if the Navy were to start a program of using commercial tug service in one major port on the east and west coast, the added demand for commercial tug services would likely result in shipyard orders for new construction. This would, therefore, benefit the shipbuilding industrial base. The Navy would benefit due to lower charter costs compared to having to continuously operate, man, support and replace their own tug fleet and would, with appropriate authority, be permitted to use the recaptured funds toward procurement of combatant ships, thus further enhancing the industrial base and naval capabilities.

The analysis uncovered a large number of incremental benefits which made the original goal achievement even more attractive. For example, the use of merchant ships for underway refueling of Navy ships could provide direct dollar savings and even increase fleet flexibility. The benefits which would accrue in addition to the primary one of providing comparable services at less cost, would be in developing a broad base of merchant seamen trained to operate with the US Navy. Employment prospects for merchant seamen would be increased and it would also increase US tax revenues. From a military viewpoint it would provide the framework for a worldwide underway refueling capability for the Navy, i.e., any place a US-Flag merchant tanker might be sailing. A recent problem encountered by the

Navy in acquiring fuel in the Indian Ocean is a specific example of a situation where a trained crew and properly equipped US-Flag merchant ships would have handily solved the Navy logistics problem.

This analysis included the relationships of the U.S. Navy, U.S.-Flag Merchant Marine and national security objectives, and indicated a number of ways in which a modern, high-technology merchant fleet can (1) undertake specific naval tasks in peacetime, (2) be prepared to move rapidly from peacetime to wartime operations (and thus increase the deterrent effect of conventional forces), and (3) improve the Navy's war fighting capabilities.

U.S. MERCHANT FLEET TODAY

Throughout history great powers have maintained merchant fleets as instruments of military economic and political policy. In the U.S. the role of the Merchant Marine as a naval auxiliary and instrument of economic policy is established in various statutes and is most concisely set forth in the Merchant Marine Act of 1936 (46 U.S.C. 1101). Most recently, in 1970 the President and Congress set forth a national program to rebuild and revitalize the Merchant Marine, including a provision for a 10-year ship construction program. That program is falling considerably short of its objectives and a substantial portion of the funds requested and appropriated for fleet construction and support (in recent years, about $0.5 billion annually) remains unspent. Nonetheless, today, mid-way through the 10-year program, the active privately owner merchant fleet stands at a level of just over 500 ships. Many of these are among the most modern and efficient ships in the world. This fleet is intended to serve as an auxiliary to the regular Navy fleet of about 480 active ships as the principal components of U.S. sea power.

The inquiry in this study is whether changes in existing U.S. maritime organization and policy can result in (1) enhanced national security, or (2) the present level of national security at less cost, or (3) in the best case, enhanced national security at less cost.

SUMMARY OF ISSUE PAPERS*

1. Performing Peacetime Navy Auxiliary Functions with the Merchant Marine.

Enhanced sea power and reduced cost could result from greater use of U.S. merchant ships to perform auxiliary functions currently performed by Navy ships, i.e., fuel and logistic supply, cargo transport, missile range and space support, research, surveying and tug services. This would result in: (a) cost savings as a result of greater ship use and reduced personnel costs; (b) an increase in the skilled personnel base available for future mobilization; (c) increased national security by applying cost savings from auxiliary or support functions to enhance combat capability and warship construction.

2. Employing Container Concepts for Specialized Military Support in Peace and in War.

Development and use of specialized military support containers, based on the standard-dimension cargo container carried on merchant ships, could enhance national security and reduce costs. Containers housing specialized communications, electronic, intelligence, laboratory, research, surveying and evaluation equipment would add new dimensions of flexibility and versatility to overall U.S. sea power assets. Such containers could enhance the ability of merchant ships to perform cost-effective support for the Navy in peacetime as well as substantially enhance sea power readiness for war or national emergency.

3. Modifying Merchant Ships for Military Sealift During Wartime.

Improved planning and some revised construction features could greatly enhance the military sealift capability of the U.S. merchant fleet, by making them more readily usable to carry military vehicles and equipment during periods of crisis or war.

4. Converting Merchant Ships for Combat Roles.

In previous wars large number of merchant ships have been converted to combat ships. Improved planning and incorporation of specific design features in merchant ships at the time of construction could result in greatly reduced time and cost to convert merchant ships to combat roles such as helicopter/VSTOL carriers and amphibious assault ships. The results could be an increased naval force potential at reduced cost.

5. Employing Merchant Ships to Enhance American Political Presence.

US merchant ships can be more effectively employed to enhance American political and economic influence around the globe, particularly in Third World countries, through increased trade.

6. Developing an Organization for a Strengthened US Maritime Policy.

Government programs and functions relating to the Merchant Marine are at present scattered among various agencies and departments, and are largely uncoordinated. More effective government coordination and management could be accomplished by establishing at the Presidential Assistant level a Maritime Affairs Coordinator who would sit on the National Security Council.

7. Coordinating National Maritime Research Activities.

Greater coordination is required in maritime research and development activities.

8. Comparing National Policies Affecting Sea and Air Transportation and Their Impact on National Defense.

A comparison of national policies affecting sea and air transportation and their impact on national defense should be made.

9. Maintaining a Shipbuilding/Industrial Base Adequate for National Defense.

A coordinated program of naval and merchant ship construction is needed to enhance and maintain the shipbuilding/industrial base and to improve shipyard efficiency and reduce costs.

CONCLUSIONS

The question can be asked: How can the US Navy and US-flag Merchant Marine working together in peacetime provide a higher degree of national security than we presently experience?

In wartime there is no questiocn that the Merchant Marine must operate with the Navy for protection and must provide the sealift required to support and project military forces overseas. Characteristically, most Merchant Marine losses occur early in the conflict, in part the result of the difficulty in making the transition from civilian peacetime control to wartime naval control. The problems and losses associated with transition from peacetime to wartime would be alleviated if the Merchant Marine and Navy operated together during peacetime. The question thus remains, how are peacetime operations to be conducted and what additional benefits might be expected from joint Merchant/Navy operations?

For commercial type services, i.e., tugs, towing, supply, refueling, sealift, etc., the Merchant Marine would perform what it is ideally suited for—commercial type operations. Higher utilization of assets and savings in Navy personnel costs are key factors in reducing overall Navy expenditures.

The issue of maritime strikes is frequently raised when discussing Navy use of Merchant Marine services; however, the record of maritime unions in regard to Defense cargoes is exemplary and there is no record of a US military cargo not being handled due to maritime strikes. Maritime labor leaders have given assurance that "no-strike" clauses would be honored; maritime union discipline would not tolerate illegal strikes, such as those which have occurred in civilian sectors.

Therefore, we have concluded that there is a large and valuable defense reserve potential in a properly coordinated program of Navy-Merchant Marine peacetime operations. Moreover, the use of commercial sources for commercial type services will ultimately result in substantial net savings to the Navy and the taxpayer.

The changing nature of Soviet naval-maritime activities occurring at a time when US dependence on the sea is increasing should be of major concern to American leaders. In this context, the direct or impacts of the US Merchant Marine on national security are of vital importance to the Nation. The attached Issue Papers, taken together, provide a realistic and coherent program to increase the direct impact of the US Merchant Marine on national security.

ISSUE PAPER NO. 6—DEVELOPING AN ORGANIZATION FOR A STRENGTHENED US MARITIME POLICY

Situation and recommendations

The United States has traditionally conducted its peacetime foreign policy through diplomatic means and has attempted to achieve national security by purely military means. Separate and apart, other governmental activities are normally geared toward international economic achievements. However, there is no organizational mechanism through which maritime related efforts to accomplish national political, economic, and military goals are coordinated.

This is in stark contrast to our principal opponent, the Soviet Union, which has a highly integrated maritime posture. The Soviet Merchant Marine, for example, is openly employed to further national political as well as economic goals while providing direct support for Soviet military activities. These efforts are well documented, and the impact of the Soviet merchant, fishing and research fleets has been strongly felt in the political-economic arenas of Asia and Africa, especially along the periphery of the Indian Ocean.

As US naval forces are reduced to their lowest ship levels in more than 35 years, it has become increasingly necessary for the United States to consider methods of ensuring that all national maritime resources are fully and efficiently utilized. For example, using merchant ships to conduct port visits to show the flag in areas where heretofore a warship provided political presence, or using merchant ships to provide underway replenishment (UNREP) and other services to the Navy which heretofore were undertaken by Navy ships are practical cost-effective alternative courses of action.

At various times in American history from the Revolutionary War onward there were examples of integrated naval-maritime efforts. However, the National Security Act of 1947 (as amended) removed the Secretary of the Navy from the cabinet level. This ended the close association of the Navy with other American maritime interests, as the Navy was subordinated within the Department of Defense, essentially a war-fighting organization, and the Secretary of the Navy lost his authority to direct meaningful liaison with such agencies as the State Department, Commerce Department, and Coast Guard without bureaucratic interference. Since the 1947 defense reorganization there has been no senior individual in the Executive Branch to insure the coordination of the Navy and the Merchant Marine as provided in the Merchant Marine Act of 1936.

Similarly, there is no single Congressional committee that can coordinate naval and Merchant Marine interests. The Senate and

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*Numbers indicate attached Issue Papers.

House of Representatives have separate committees on Armed Services which oversee the Navy, while the Senate Committee on Commerce oversees the Merchant Marine and the House has a Committee on Merchant Marine and Fisheries to oversee Merchant Marine activities.

Accordingly, an examination should be conducted of methods to establish an office of Maritime Affairs Coordinator at the White House Assistant level. The goals of this office would be to:

Develop the US Merchant Marine to compete in world commerce, to support national interests, and to serve as naval and military auxiliary in time of war or national emergency.

Introduce maritime alternatives in all applicable policy discussions concerning national interest and national security.

Produce national economic gains by optimum use of maritime transportation in foreign and domestic commerce.

The Maritime Affairs Coordinator would have responsibilities of: (1) establishing and developing specific legislation for a National Maritime Strategy; (2) coordinating US maritime research programs; (3) designing and coordinating an overall naval-merchant shipbuilding program; and (4) ensuring adherence to the provisions of the various existing laws relating to domestic and foreign trade, and to increasing the Merchant Marine's support of national defense objectives. The Martime Affairs Coordinator would provide a forum for the exchange of ideas and the coordination of resources and efforts to insure the maximum return for American investment in maritime-related resources. For example, the coordination of commercial and naval shipbuilding efforts could provide for more efficient utilization of available shipbuilding facilities, could help alleviate current personnel recruiting and training problems in the shipyards, and would ensure that shipyard employment opportunities received wide dissemination.

The Maritime Affairs Coordinator would have authority to work directly with the following agencies to ensure inter-departmental coordination of national naval-maritime interests: (1) Navy, (2) Coast Guard, (3) Maritime Administration, and (4) NOAA. Additionally, he would conduct continuous liaison with other government agencies, as appropriate (e.g., State Department, Office of the Secretary of Defense, Office of Management and Budget), and the relevant Congressional committees. The Maritime Affairs Coordinator would be a member of the National Security Council. The attached fold-out chart displays a suggested organizational structure for the Office of Maritime Affairs Coordinator.

Benefits and risks

A number of political, economic and military benefits can be easily identified with the establishment of an Office of Maritime Affairs Coordinator at the White House Assistant level. In particular would be the direct benefits to national security by White House level coordination and sponsorship of the various programs described in accompanying issue papers.

The Maritime Affairs Coordinator would also ensure that transportation alternatives which involve the use of domestic waterways and coastal waters were fully considered in national transportation planning deliberations. The increased use of waterborne commerce with its inherent energy efficient, low cost features would provide direct economic benefits to the consumer. The general public would gain due to the characteristically reduced noise and air pollution levels associated with waterborne transportation.

No risks have been identified with this issue.

Summary

The establishment of an Office of Maritime Affairs Coordinator would ensure coordination and, hence, maximum effectiveness of US naval and maritime assets. This would be especially valuable in a period when US and world use of the sea is increasing, and US naval-maritime assets are being severely curtailed.

Need

Establish an Office of Maritime Affairs Coordinator at the White House Assistant level, with the Coordinator being appointed by the President with the advice and consent of the Senate. The Coordinator would be empowered to coordinate plans and policies with the nation's various maritime and naval interests, maintain direct liaison with appropriate Congressional committees, and sit in the National Security Council.

Mr. TAFT. Mr. President, I hope my colleagues will join with me in establishing an Office of Maritime Affairs Coordinator. I believe such an office could greatly further our national security, and at the same time better provide for efficient use of the taxpayers' dollars.

I ask unanimous consent that the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3581

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

PURPOSE

SECTION 1. The purpose of this Act is to establish an Office of Maritime Affairs Coordinator in the Executive Office of the President in order to—

(1) promote the development of the United States Merchant Marine to compete in world commerce, to support national interests, and to serve as a naval and military auxiliary in time of war or national emergency;

(2) introduce maritime alternatives in all applicable policy discussions concerning national interest and national security; and

(3) produce national economic gains by optimum use of maritime transportation in foreign and domestic commerce.

ESTABLISHMENT OF OFFICE

SEC. 2. (a) There is established in the Executive Office of the President an Office of Maritime Affairs Coordinator.

(b) Such Office shall be headed by a Maritime Affairs Coordinator (hereinafter referred to as the "Coordinator") who shall be appointed by the President, by and with the advice and consent of the Senate.

(c) Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following:

"(62) Maritime Affairs Coordinator."

FUNCTIONS

SEC. 3. (a) The Coordinator shall—

(1) develop and recommend to the President and the Congress a National Maritime Strategy Program, including, a civil-military shipbuilding program, and necessary legislation to effectuate such program;

(2) coordinate all Federal civil and military maritime research programs;

(3) coordinate all other Federal maritime activities and make appropriate recommendations to insure adherence to the provisions of existing law relating to domestic and foreign trade; and

(4) represent maritime interests in national transportation planning.

(b) The Coordinator shall serve as a member of the National Security Council.

STAFF

SEC. 4. The Coordinator may appoint and fix the compensation of such officers and employees as may be necessary to assist him in the execution of his duties under this Act.

AUTHORIZATION

SEC. 5. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. TAFT:

S. 3582. A bill to amend section 1631(g) of the Social Security Act. Referred to the Committee on Finance.

Mr. TAFT. Mr. President, today I am introducting a bill to extend for 2 years the interim assistance provisions of the supplemental security income program for the aged, blind and disabled—SSI. These provisions, which authorize important assistance for thousands of our poorest aged, blind, and disabled citizens, will expire on June 30, unless Congress acts.

The SSI program's interim assistance provisions offer a negligible-cost means of assuring that applicants receive the financial help they need while the Social Security Administration is processing their applications. Without the program, the Social Security Administration would reimburse successful applicants retroactively for the payments due during these periods. But this would be little consolation during the several months recipients sometimes must wait for eligibility determinations. Food bills, medical bills and other necessary expenses do not wait for the Social Security Administration to make its decisions.

Theoretically, State and local public assistance programs could supply the necessary interim relief. However, many States and localities were reluctant to do so prior to the enactment of the Federal interim assistance provisions. Their concern was that they were not assured of reimbursement by the SSI recipient once the retroactive payment of SSI benefits was made. Thus, many of those in need did not receive help, while some received double payments.

To remedy this situation, in 1974 I proposed and the Congress enacted the present interim assistance provisions. These provisions allow the Social Security Administration to reimburse State and local government agencies directly, from the recipients' retroactive SSI amounts, for any interim assistance supplied to these recipients. The recipient has to consent to this procedure at the time the interim aid is extended and is assured of receiving any retroactive SSI payment still owed to him within 10 working days of its receipt by a State or local agency.

Thus, this program leaves the decision whether to extend interim aid and in what amount to the State and local public assistance systems, but it encourages the extension of aid by providing reimbursement when the SSI payments are made. Twenty-three States, including Ohio, and the District of Columbia have chosen to participate in this program. Six hundred and eighty-two local agencies, including Ohio's 88 county public assistance systems, are being reimbursed directly. Three more States are considering participation. Through January 1976, net disbursements to participating agencies totaled $11.6 million and over 50,000 SSI applications had been involved.

Fortunately, the Social Security Administration has cut somewhat its delays in processing SSI applications. At the time the interim assistance provisions were enacted, only about half of the aged SSI claims were processed in less than 60 days and half of the blind and disabled claims in less than 90 days. By August 1975, about half of the aged claims were processed in less than 30 days and half of the blind and disabled claims were processed in less than 60 days. This speed-up means that other provisions of the SSI law allowing one-time $100 emergency advances to presumptively eligible aged citizens and SSI payments for 3 months to presumptively eligible disabled citizens, can serve adequately an increased proportion of SSI applicants.

However, there still will be thousands of these citizens who will have to rely on the interim assistance program to avoid temporary financial hardships. Furthermore, a recent HEW report to Congress on the program indicated that program's administrative costs, which constitute the only costs of continuing the program, are very low. Thus, the report concluded that "as long as the program continues to help even a small number of people, it is worth extending," and called for making the program permanent. The report also indicated that all participating States would recommend the program's extension, as opposed to expiration.

The interim assistance provisions clearly are no substitute for further improvements in the Social Security Administration's SSI determinations process. Furthermore, I realize that some would prefer to see the Federal Government take more direct responsibility for interim assistance, and I have proposed legislation (S. 1514) which would move in this direction in some respects. But the present program is working and should be retained. At least until Congress agrees upon a better approach. I am proposing a 2-year extension, rather than a permanent program, to help assure that the program receives continued congressional scrutiny.

The only substantive change in the program which I am proposing would allow State and local agencies a maximum of 15 working days, rather than the present 10, to pay SSI recipients any retroactive amount still owed them after the interim aid reimbursement has been deducted. I originally proposed the present limit to assure that recipients receive this money reasonably promptly. However, although the average times nationwide are within the 10-day limit, a significant number of State and local agencies may be discouraged from participating in the program by it. The result is less interim aid extended and greater possibilities of double payments to recipients.

The additional 5 working days I am suggesting could draw more agencies into the program without adversely affecting recipients to any great extent. They would be receiving SSI checks for the current month in any event, and the law still would direct remaining retroactive SSI payments to be made "as expeditiously as possible."

I ask unanimous consent that the bill and a copy of HEW's report to Congress on interim assistance reimbursement without exhibits be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD as follows:

S. 3582

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (A) Section 1631(g)(4)(A) of the Social Security Act is amended by striking out "ten" and inserting in lieu thereof "fifteen". (B) Section 1631(g)(6) of such Act is amended by striking out "June 30, 1976" and inserting in lieu thereof "June 30, 1978"."

REPORT TO THE CONGRESS ON INTERIM ASSISTANCE REIMBURSEMENT, 1976

I. REASON FOR REPORT

Section 5 of Public Law 93–368 (H.R. 8217), signed by the President on August 7, 1974, amends section 1631 of the Social Security Act to provide for Federal reimbursement to States for interim assistance paid by the States to individuals awaiting benefit payments from the supplemental security income program. (See Exhibit A—Public Law 93–368.)

Subsection (g) of the amendment states: "The provisions of this subsection shall expire on June 30, 1976. At least 60 days prior to such expiration date, the Secretary shall submit to Congress a report assessing the effects of actions taken pursuant to this subsection, including the adequacy of interim assistance provided and the efficiency and effectiveness of the administration of such provisions. Such report may include such recommendations as the Secretary deems appropriate."

The following is submitted pursuant to the reporting requirement of the above mentioned subsection of Public Law 93–368.

II. SUMMARY AND RECOMMENDATIONS

The Interim Assistance Reimbursement program, established by Public Law 93–368, has been implemented, in general, smoothly in the 24 participating States. It is now operating effectively to reimburse those States or their local welfare agencies for interim assistance they provide to applicants (who are subsequently determined to be eligible) for Supplemental Security Income (SSI) payments while the applicants' claims are pending.

Most of the participating States are reasonably satisfied with the program because it provides them with reimbursement funds they otherwise would not have been able to recoup or might have recouped only at a high expense. Administrative costs of the program are relatively low.

The program has not been without problems, but most were administrative and were solved in the early stages of operation. Some problems with automated notice generation and systems still exist, but they affect only a small number of the cases. These cases are currently being addressed by the Social Security Administration (SSA). The final tasks for full implementation—an internal accounting system and State reporting requirements—are now being completed.

Because of the program's overall effectiveness and its benefits to the States and, in turn, to those individuals in need, the Department of Health, Education, and Welfare recommends that the Interim Assistance Reimbursement program be extended indefinitely after the current expiration date of June 30, 1976.

III. PROGRAM BACKGROUND

The SSI program was established by Public Law 92–603, a part of the President's proposed 1971 welfare reform legislation. The legislation, approved in October 1972, replaced the former State administered cash assistance programs for the low income aged, blind, and disabled persons with the SSI program.

The law and subsequent amendments established uniform Federal base cash payments to eligible persons. It allows States the option of providing additional supplementation to recipients. It also requires States to provide a cash supplement to the basic Federal payment for any difference between the new payment amount and the amount the individual received just prior to the implementation of SSI (December 1973) if there is no change in the beneficiary's circumstances. States my elect to administer their own supplementation or have Federal administration. The payment of benefits under the SSI program commenced January 1974.

Early in 1974, many States indicated they were making payments of a general assistance nature to people who had applied for SSI but had not received their payments because of delays in the determination of their eligibility.

These payments, though essential to the welfare of the recipient, created some problems in the context of the SSI program. If the general assistance payments were treated as unearned income for the purposes of SSI, when the recipient's initial SSI payments would be reduced by that amount. Thus, the financial burden for a significant number of initial payments would shift from the Federal Government to State and local governments. This would be contrary to the purpose of the SSI legislation.

Alternatively, if the interim State payments were treated as loans, the States might expect to recover from the recipients only a small portion of the loaned funds. Although States desired Federal reimbursement for the interim payments, it appeared that there was no legal mechanism for doing so. Therefore, before SSA could reimburse the States, the statute would have to be amended.

By June 1974, SSA and the American Public Welfare Association (APWA), working together, had developed a legislative proposal providing that the States would be reimbursed for interim assistance payments from any retroactive SSI and/or State supplementary benefits.

Included in Public Law 93–368 (H.R. 8217) signed by the President on August 7, 1974, is a section (section 5) which amends the Social Security Act to allow the Secretary of Health, Education, and Welfare to enter into an agreement with a State for interim assistance reimbursement (IAR) to that State and/or any political subdivision specified in the agreement.

Although the law was enacted in August 1974, planning for its implementation began in May 1974 under the general direction of SSA's "Strike Force," established to coordinate SSI program activities.

On May 30, 1974, the APWA/SSA Liaison Subcommittee on Interim Payments met to discuss SSA/State agreements, implementation plans, and systems approached for IAR.

During June 1974, the States were queried about their use of interim assistance for individuals who apply for SSI for the purposes of developing policies and systems capabilities.

When the legislation was enacted in August 1974, SSA had developed, in draft, a model SSA/State agreement, a model State (or local agency)/recipient authorization form, and language for the award or denial notices to be sent to the recipient and the welfare agency. The model SSA/State agreement was approved in final on September 9, 1974.

During August, States were asked about their interest in IAR. By September 13, 29 States indicated an interest in participating in IAR, 10 did not wish to participate, the remaining 12 (including the District of Columbia) had not yet indicated their positions.

In October 1974, six States—New Jersey, Colorado, Montana, Utah, Oregon, and Washington—executed the first IAR contracts. The IAR process became operative in November 1974, and the first checks were certified in December.

Proposed rules for "Interim Assistance Provisions; Agreements; Payments" were published in the *Federal Register* on November 12, 1975. (See Exhibit B—Notice of Proposed Rules.) At this writing, the rules had not yet been published in final.

IV. PROGRAM OPERATIONS

A. Current status

There are currently 23 States and the District of Columbia participating in the IAR program. The law, however, permits reimbursement to local agencies set forth in the agreement between SSA and a State. The Social Security Administration has determined that it can feasibly reimburse to the county or parish level. Therefore, there are a total of 682 agencies now being reimbursed through the IAR program. (See Exhibit C—List of Participating States.)

Three additional States have been considering participation in the program (Kentucky, Hawaii, Connecticut).

Through January 1976, net disbursements to the participating States total over $11.6 million. A total of over 50,000 SSI applications with IAR involvement have been input. About 24,000 of these were denied. Approximately 17,400 reimbursement checks have been issued. The remainder are pending determination of eligibility for SSI. (See Exhibit D—Interim Assistance Reimbursement Tables.)

B. Procedures

The general procedures for interim assistance remibursement to States by the SSI program are described below—from Federal/State agreement to final State disbursement of and accounting for IAR funds.

A State wishing to participate in the program must first execute, with SSA, a Federal/State agreement. (See Exhibit E—SSI State Manual, Model Agreement No. 6.) All 24 States now participating in the program have executed the model agreement.

In States where the payment of interim assistance is primarily a county or local function, the States may designate that reimbursement be made directly to county or regional agencies. Twelve of the participating States have designated reimbursement to such agencies. In all cases the States must supply SSA with the names and addresses of the agencies to be reimbursed.

The Social Security Administration's central office then programs its computer with this information and notifies the appropriate SSA regional office that it is prepared to start reimbursement.

The State or local welfare agency may then have the person potentially eligible for SSI sign an authorization form which allows SSA to send the recipient's first benefit check (including retroactive payments) to that agency. A model authorization form is included in the SSI State Manual Exhibit E. The agency forwards the authorization form to the appropriate SSA district office and makes interim assistance payments to the potential eligible. (See Exhibit F—State Manual Instructions.)

The Social Security Administration's district office, upon receiving the authorization form, determines if the individual has applied for SSI. If he has, an indication of the receipt of an IAR authorization, form is placed in the automated system. If the individual has not applied, the district office will follow up with that individual to determine if he or she wishes to file for SSI. If he or she does not wish to file, the authorization form is returned to the welfare agency with an indication that the individual declined to file.

If a general assistance recipient, or an individual who might be eligible for interim assistance, in a State having an IAR agreement applies for SSI, the district office will suggest that he or she visit the welfare agency office to sign an authorization. The district office will hold the SSI application briefly to await the authorization (no more than 10 days). (See Exhibit G—Claims Manual Instructions.)

When an individual is determined to be eligible for SSI, the amount he or she is due is calculated, in most cases, by an automated process, and a certification to issue a check is forwarded to the Treasury Department, which issues the first check to the welfare agency. In conjunction, the SSA system produces notices concerning the payment to be sent to the recipient and the welfare agency. Notices are also prepared when SSI eligibility is denied. (Exhibit G—Claims Manual Instructions gives an example of the award notice.)

After the check is received by the welfare agency, that agency has 10 working days to send the recipient any excess over the interim assistance it paid the recipient. The State, even where a local agency received reimbursement, is required to maintain an accounting of the interim assistance reimbursement. (Program Directions, section VI, discusses reporting requirements.)

V. PROGRAM EVALUATION

The consensus of State participants in IAR and a survey of SSA's district offices dealing with recipients in those States indicates that the program was implemented, in general, smoothly and is working efficiently and effectively. Most participating States and counties are satisfied with the IAR program.

Complaints from recipients to either the district offices or the welfare agencies are now minimal. Organizations representing the various categories of beneficiaries have been unusually silent on the IAR program. This fact, of course, cannot be considered a plaudit, but it must be construed as a positive indicator of effectiveness.

The primary reason States give for being satisfied with IAR is that they are now being reimbursed. Before the program, the chance of recovering interim assistance funds from the recipient, even when clearly designated as loans, was low; the costs of recovery were high. The IAR program has made reimbursement simple and essentially automatic. Some States have lauded the program because reimbursed funds go directly back to their general assistance account, and thus, more people may be served.

The IAR program, however, has not been without some issues and problems; most were in the early stages, but a few are continuing. Some common problems and their resolutions, where appropriate, are sketched below:

Administration

Most of the administrative problems occurred in the beginning of the program and, in many cases, resulted from misunderstandings of the program processes. Some States, for example, requested every welfare recipient to sign an IAR authorization form, whether or not the recipient would be considered potentially eligible for SSI. In some cases, even current SSI recipients signed authorizations. This led to an excessive workload in district offices to follow up on the leads. It often led to delays in returning improper authorization forms to welfare offices or delays in inputting IAR authorizations of potential eligibles into the system. These problems have been corrected at the State/local/district office level through normal communications. In some SSA district offices, an IAR coordinator has been designated to be a contact point for welfare agencies. This has substantially increased the efficiency of the follow up process and verification to the State of receipt of authorization forms by the district offices.

The timing of input of information was also an early problem. Often a district office received an application for SSI and suggested the applicant go to the welfare office for interim assistance. If the district office input the application immediately and an authorization form was not received within a few days, often the first payment would be certified to the recipient before the IAR information could be input. Thus, the State would not be reimbursed. In cases mentioned above where district office workload was increased by a large influx of authorizations, some IAR authorizations were not input timely with the same result—the State was not reimbursed. These problems now have been essentially eliminated. The processing is smoother and instructions to hold SSI application information for up to 10 days (if the applicant is eligible for interim assistance) until an authorization form is received are being followed. If the application has already gone to pay, a late authorization form is promptly returned to the welfare agency.

Some States believed that they were obligated by the law to pay interim assistance to everyone who applied for SSI and requested it. As a result, the States expected to pay out excessive sums. These States have been informed that the choice is theirs, and thus, this problem has been resolved. In the same vein, States have asked what, specifically, is meant by basic needs and for other guidelines on reimbursing the recipient extra funds. Since the authorization form is a contract between the State and the recipient, SSA has generally advised the States that it is their prerogative to decide these issues. The recipient may, of course, appeal to the State if he or she believes the State to be in error.

One final administrative problem occurred when an authorization was received in an SSA district office after the SSI application had been denied. Early in the program, the district office might not input the presence of an IAR authorization. Thus, if the applicant appealed the denial and it were reversed, the State would not be reimbursed. This has been corrected by instructions to input the IAR authorization in any such case.

Current procedures also require processing all claims to an ultimate decision, even when the applicant dies, thereby assuring the State reimbursement from any payments due prior to the death.

Notices

As mentioned above under section IV, Program Operations, when a determination of SSI eligibility or ineligibility is made for a person receiving interim assistance, notices are sent to both the recipient and the welfare agency. There has been some problems with their timeliness and content and also with the inability of the automated system to generate notices in certain cases discussed below. Most of these problems have been corrected. Those that remain are being addressed as a part of a total review of SSA's notice generation system.

The Social Security Administration certifies to the Treasury Department the payment of an IAR check to the welfare agency. The check may be issued in 2 or 3 days. Notices, however, are generated by SSA's automated system. It may take 4 or 5 days to print and mail SSI/IAR notices. Considering mailing time and processing by the welfare agency, it can take up to 10 days after the agency receives the check for the notice to be associated with it. The law, however, requires that the agency disburse any excess amount over the interim assistance paid to the recipient within 10 working days of the receipt of the check. In the early stages of the program, many welfare agencies, particularly the larger State administered programs, were unable to meet the 10-day requirement consistently. Recently, SSA's processing times have improved—especially the mailing operations—and agencies are receiving the notices closer to the receipt of the check. State complaints in this area, while not eliminated, have been substantially reduced. Average times throughout State administered programs appear now to be under 10 days. In county administered programs, they are significantly lower. There are, however, no hard statistics available to support these perceptions. There have been almost no recipient complaints about the 10-day disbursement requirement. This is probably because SAA's notice to the recipient suggests a disbursement should be expected within about 2 weeks, and States are, for the most part, meeting this time frame.

The major problem of notice content was that originally the notices sent to the welfare agencies were duplicates of those sent to the recipients and did not bear the current address of the recipient. This added to the delay in disbursement of excess amounts to the recipient because the files—often in local welfare offices—had to be examined to obtain the address. The automated system has now been programmed to print the recipient's address on the bottom of the notice. This has substantially aided the States' disbursement processes.

In a few cases, proper notices are not issued, and welfare offices must turn to the district offices for disbursement information significantly delaying their processing. There are three situations which come from limitations in the automated notice process. The first occurs when the SSI applicant is determined to be retroactively but not currently eligible; i.e., he may now have a disqualifying income. The IAR check and a denial notice are sent to the welfare agency. The denial notice does not contain the information about the period of eligibility for which the payment is made. The welfare agency needs this information to determine any excess amount. The second situation occurs when the "initial payment" results from a reversal of a denial determination. The notice the recipient receives is manually processed in the district office. The welfare agency receives the check but, at present, no copy of the notice. The third situation is where there is no retroactive eligibility, but there is eligibility for the next month's payment. In this case the welfare agency is not entitled to reimbursement for previous months. They receive no check or notice, and thus, the recipient's interim assistance account remains pending.

In addition to the total review of the notice generation system, alternative processes are being considered for the last three situations and for providing the information timely to the States. These include some other form of transmission of the information; e.g., printouts or computer tape, copies of manually prepared notices, updates of lists of IAR authorization forms pending, etc.

Systems

There have been some systems related problems. One example was the notice generation problem previously mentioned.

In the two examples immediately below, the computer programs could be changed to accommodate the situations. The complexities and expense of these changes, however, were balanced against the expected low incidence of cases and acceptable alternatives.

The first occurs whenever the SSI payment must be made "manually." This means that the automated system is unable to compute and certify an SSI payment to an eligible person because of some problem (usually the absence of information) which does not affect the person's eligibility. In these instances—called "force payment" or "one-time payment"—the checks are certified outside of the normal SSA automated system, and thus, reimbursement will not usually be provided to the welfare agency. The agencies are usually informed of this situation as soon as the district office becomes aware of it. These cases are decreasing steadily. Also, where there is IAR involvement, one-time payments are rarely used since interim assistance is being provided.

In the SSI program, an individual applying because of disability may be paid Federal benefits (presumptive disability) for 3 months while a final determination is being made. The determination of disability takes significantly longer than other SSI factors because it requires medical opinion. The applicant, however, may be entitled to some benefits after applying but prior to the first presumptive disability payment. If the disability determination takes longer than 3 months, the SSI applicant may need some assistance until the next payments are made. The system is currently unable to make the first presumptive disability payment to the welfare agency for prior interim assistance, nor is it able to reinstitute IAR after the three monthly payments. While this and an associated notice complication are being reviewed by SSA, the problem has been alleviated by paying interim assistance for the whole determination period in lieu of the presumptive disability payments. Some States were at first concerned about their interim assistance cash flow, but there have been no recent complaints about the process.

Finally, in one State, there was a problem with the implementation date of its IAR program. SSA's central office was not supplied with the systems information it needed about the State IAR agency until 2 months after the expected effective date, and a number of IAR claims were not paid.

Adequacy

In addition to an assessment of the efficiency and effectiveness of the administration of the IAR program, Public Law 93–368 requires an assessment of ". . . the adequacy of interim assistance provided (by the welfare agencies). . . ."

Adequacy is difficult to assess. Aside from the relativity of the term, there are 24 primary jurisdictions providing interim assistance through their own unique programs. Some of these allow each county or municipality to establish its own method of determining need.

Most States use their "general assistance" criteria or pre-SSI program criteria for providing interim assistance to the needy aged, blind, and disabled. In some cases, this means developing a budget for the recipient's needs which could closely proximate the expected SSI payment. In other cases, it is flat grants from $60 per month up.

A survey through SSA's regional offices determined that, in any case, interim assistance appears to be tiding recipients over until SSI payments are made and that the payments are, in most cases, no more nor less than individuals not eligible for SSI would receive from the "general assistance" programs.

VI. PROGRAM DIRECTIONS

As noted in the preceding section, most of the administrative problems have been solved. The remaining notice problems are being addressed on a priority basis as a part of SSA's review of its notices system. The systems problems are being reduced by a reduction in the number of unique cases, by new program development, or by satisfactory alternatives to complex and time-consuming systems changes.

The one major remaining task for SSA is to implement an IAR financial accountability reporting system. A State is required to report to the Secretary of Health, Education, and Welfare the total interim assistance paid, the amount of initial payments received by the State, and the total apportionments thereof. A new reporting form has been developed, and instructions are being made final at this writing. Financial accountability information will be received by this system from the States by the summer of 1976.

The final question is whether or not the IAR program should be extended beyond the June 30, 1976, expiration date. It is clear, on the one hand, that better processing of SSI applications and systems improvements have reduced the need for interim assistance by the States.

In August of 1974, it was estimated that only half of the aged claims were processed in less than 60 days and half of the blind and disabled claims in less than 90 days. By August 1975, about half of the aged claims were processed in less than 30 days and half of the blind and disabled were processed in less than 60 days. Continued reduction in processing times is an SSA goal. The one-time payment in aged cases and the 3-month presumptive disability payments could replace interim assistance in many of these cases.

About half of the States are not participating in the program. In addition, a few States would rather that the Federal Government provide the interim assistance instead of the States. This would be contrary to the legislative intent to provide for reimbursement to the States only if the individuals are found eligible for SSI. If they are not SSI eligible, then the States would probably have to continue providing for the individuals anyway.

On the other hand, even those States which would like the Federal Government to pay the interim assistance consider IAR a very positive facet of the SSI program, and all States would recommend its extension as opposed to expiration. It returns funds to the States that they could not have hoped to recover, and it makes the States more able to help those who need interim aid. Another benefit is that, as mentioned previously, a signed authorization form can serve as a lead to a potential eligible for SSI, and it serves to protect the filing date of an SSI application. This date can serve as the date from which benefits will be paid.

Claims processing times have improved significantly. Until a satisfactory operating norm is reached, however, one-time and presumptive disability payments will not be adequate to meet the needs of some applicants.

Finally, the administrative costs of continuing the program are very low. Once the welfare agency information is entered into the computer, the cost to the Federal Government of paying the agency is the same as paying the recipient except for the minimal cost of handling the authorization form. The States do bear some administrative costs. But, although there is no information available on the actual State costs, these costs can be only a fraction of the benefits they receive. Thus, as long as the program continues to help even a small number of people, it is worth extending.

Therefore, on balance, the Department of Health, Education, and Welfare recommends the indefinite extension of the Interim Assistance Reimbursement program past the expiration date of June 30, 1976.

The Department has no other recommendations concerning this program.

By Mr. BEALL:

S. 3583. A bill to authorize the Secretaries of the military departments to

waive for a period of 1 year, in the case of female applicants and nominees to the service academies under the respective jurisdictions of such secretaries, the maximum age limitation for admission to such academies. Referred to the Committee on Armed Services.

Mr. BEALL. Mr. President, I introduce today a bill to allow the service academies to waive the age limitation for entrance to the academies for women during a period of 1 year.

Last fall, for the first time women were able to apply for admission to the service academies. Since the policy change allowing women's admission, I have had the pleasure of recommending a number of women for admission.

The latter part of last year I received a letter from a young lady expressing her disappointment that she was unable to enter the academy, because at the time of the policy change allowing female applicants, she was over the age limit. She felt this was unfair since she was denied under an earlier policy the opportunity to compete for appointment. This presented a difficult case. Any time society changes existing policy and lines are drawn in legislation, it is inevitable that individuals will fall on one side or the other, and this will make them either eligible or ineligible for a given program.

Nevertheless, I explored her problem with the Defense Department. After further study, I decided on the proposal which I am introducing today. Although not perfect, this bill provides my constituent and other young ladies similarly situated, with the opportunity to compete for admission, notwithstanding the fact that they are beyond the academies' age limitation. This proposal would permit, but not require, the academies at their option to waive the age limitation for women during a 1-year period.

Mr. President, there is nothing magical about the age 22, and I am sure the academies would concede it is somewhat an arbitrary limitation. Individuals develop mentally and physically at different rates. At the same chronological ages individuals may be in different physical or mental conditions. This proposal, then, would enable the academies to accept applications of women who have passed their 22d birthday, and if they decide that such individuals are qualified, they could admit such women.

Mr. President, I repeat that the service academies would not be required to admit such women; this authority is merely permissive. In summary, the bill would permit women who had passed the arbitrary age of 22 and who had been prevented in the past from seeking admission to the academies, to seek such admission for a 1-year period.

Mr. President, I ask unanimous consent that a letter which I received from Patricia Dickinson, whose plea prompted this measure, be printed in the RECORD, together with the text of the bill.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 3583

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, the Secretary of any military department is authorized, for a period of one year following the date of enactment of this Act, to waive, in the case of female applicants and nominees to the service academy under the jurisdiction of such Secretary, the maximum age limitation otherwise applicable for admission to such academy.

ROCKVILLE, MD.

Hon. J. GLENN BEALL, Jr.
U.S. Senator,
Baltimore, Md.

DEAR SENATOR BEALL, I am a graduate of Frostburg State College, currently teaching Health and Physical Education in Prince Georges County, Maryland. I am twenty four years of age and both of my parents are veterans of the U.S. Navy. Also, I am single. Needless to say, I have an interest in the U.S. Navy and would consider it a great honor to be able to attend the U.S. Naval Academy. I feel that my M.S. Degree from Frostburg State College and my three years of teaching experience would be a definite asset. In addition, I have completed thirty hours towards a Master's Degree at Towson State College with a 3.5 cumulative average. I desire to make application for the U.S. Naval Academy, however, since I will be twenty five years of age in April of 1976, I am presently disqualified from doing so. I think that this is unfair since women will be able to enter for the first time in 1976. Is there some way that you could introduce legislation which would waive the age requirement for the first class to enable women under thirty years of age to qualify? I would appreciate any action that you might take in my behalf and an early response to my request. I feel that my request is particularly appropriate in view that the 200th Anniversary of the Navy will be the first time that women will be sponsored for the U.S. Naval Academy.

Very respectfully,
PATRICIA A. DICKINSON.

By Mr. PROXMIRE (for himself and Mr. GRIFFIN):

S. 3584. A bill to extend and increase the authorization for the program to extend the winter navigation season for the Great Lakes-Saint Lawrence Seaway System. Referred to the Committee on Public Works.

Mr. PROXMIRE. Mr. President, because of the need to extend the study of year-round navigation on the Great Lakes and to demonstrate its feasibility, and because current authorization expires on December 31, 1976, I am today introducing a bill to remedy the situation.

The Senator from Michigan (Mr. GRIFFIN) is joining with me in sponsoring this bill.

Current studies of the extension of the navigation season on the lakes are still in the process of being reported to the Congress. Unfortunately, the May 15 deadline for the budget has passed and, as a result, we supporters of a longer navigation season for the Great Lakes were caught up in events.

The introduction of this bill, then, is meant to accomplish two goals: To extend the authorization of the program beyond its expiration date, and, to provide that the Soo locks can be kept open during this coming winter pending the submission of the study reports and the orderly consideration of the program by the Congress.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3584

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 107(b) of the River and Harbor Act of 1970 (84 Stat. 1818, 1820) is amended by striking out "December 31, 1976" and inserting in lieu thereof "June 30, 1979" and striking out "$9,500,000" and inserting in lieu thereof "$15,584,000"; This authority further provides that no less than $384,000 of this total amount to be allocated in fiscal year 1977 to extended operations of the Soo Locks and appurtenant facilities in the Saint Marys River, Michigan, until about January 31, 1977, dependent on weather. Consideration of mitigation measures is implicit in this continuation of demonstration authority.

By Mr. McGOVERN (for himself, Mr. PERCY, Mr. KENNEDY, and Mr. DOLE):

S. 3585. A bill to amend the Older Americans Act of 1965 to provide a national meals-on-wheels program for the elderly, and for other purposes. Referred to the Committee on Labor and Public Welfare.

NATIONAL MEALS-ON-WHEELS ACT OF 1976

Mr. McGOVERN. Mr. President, I am pleased to be introducing today the National Meals-on-Wheels Act of 1976.

My interest in the plight of the Nation's homebound elderly dates back to a hearing the Committee on Nutrition and Human Needs held in my home State of South Dakota on March 18, 1974. At that time the committee heard witnesses, many of them long-time friends of mine, describe the successes of the title VII congregate program. But they asked why something was not being done for those senior citizens who were physically unable to make it to the nutrition site. Today we can begin to answer that question by doing something for the homebound elderly—our most dependent citizens.

We have as a matter of national conscience and integrity pledged ourselves to the elimination of hunger in America. We should not take this commitment lightly, nor can we in good faith now abandon our goal, because the days of unlimited prosperity seem to have ended. The fullest measure of a society is not gained during times of great wealth; we reveal our true character only when commitment requires sacrifice.

When the Constitution declared it the responsibility of the Federal Government to provide for the general welfare, it did not add an exemption for those persons who are disadvantaged or poor; nor did it delegate this responsibility to the States. The Federal Government, having assumed major responsibility for the proper functioning of the economy, cannot then ignore the plight of those who do not enjoy the benefits of economic growth.

This responsibility and commitment are real and apply to all groups and to each individual.

In particular, we have a duty to provide for the welfare of our senior citizens who have over the course of their lives contributed so much to this country.

It is, therefore, disappointing that in our efforts to feed America's hungry, we have failed to reach the 3 to 4 million shut-in elderly, who, due to their physical limitations, are confined to their homes and remain largely outside the scope of current feeding programs. It is time to remedy this tragic situation.

A survey of title VII project directors under the Older Americans Act recently released by this committee highlighted the director's belief that a separate feeding program, operated through and in conjunction with title VII, is essential if we are to extend our agricultural bounties to the homebound elderly.

While persons of all ages share a common need for adequate nutrition, achieving a balanced diet is particularly difficult for the aged. As old age approaches, metabolic changes require a reduction in caloric intake while necessary levels for protein, vitamins, and minerals remain the same.

For the homebound elderly, this is an impossible task. These persons cannot leave their homes to shop; find it difficult to prepare food; and lack the incentives that companionship provides. Quite simply, in their isolation and loneliness, good health is a less compelling pursuit than it is for those of us who are more mobile.

Whether the cause is low income, nutritional ignorance, lack of motivation, poor health, or a wide range of other common afflictions, numerous experts tell us that, even in the general elderly population, millions are malnourished. For the homebound, these diet problems are even more severe and the incidence of malnutrition is higher.

The result has been a disturbingly high level of anemia, mental depression, subclinical pellagra and protein deficiency, as well as higher rates of illness and longer, less complete convalescence.

In response to these unique nutritional problems of the aged, the Congress in 1972 established a nutrition program for the elderly, title VII of the Older Americans Act. Last year this program provided approximately 240,000 hot meals and various supportive services each weekday in a congregate setting.

Title VII is, by philosophy and structure, committed to providing an environment where the lonely and withdrawn senior citizen can meet with friends and enjoy their company as well as a nutritious hot meal. This idea makes as much "good sense" today as it did when enacted in 1972. It deserves our continuing support.

Unfortunately, however, the congregate meal philosophy, when combined with severe budgetary limitations, virtually excludes the homebound elderly. These 3 to 4 million Americans by the nature of their condition, cannot realistically attend the congregate meal site. Yet, last year only 13 percent of title VII meals were delivered to homes, a figure roughly equal to 30,000 of the 240,000 meals served.

Under the current congregate approach, feeding the estimated needy homebound would require a title VII program expansion in the area of 1,700 percent. Attempting to meet the need of the homebound elderly under the present design of title VII without a separate and additional commitment is obviously impractical and highly unlikely.

The evidence clearly indicates that for these several million persons, a home-delivered, nutritious meal often makes the difference between additional years in their own homes or institutionalization in costly nursing homes. When a senior can no longer shop or prepare meals, when hunger becomes a daily experience, there is currently no alternative available other than a nursing home or hospital.

A meals-on-wheels program would, therefore, reduce spending in the health care sector. Expenditures for nursing homes last year reached $9 billion, an increase of over 20 percent from 1974. In fact, these expenditures have grown steadily and substantially in the past 9 years, with the Government paying a major and increasing share. In 1975, public outlays were over $5 billion, 60 percent of which was paid by the Federal Government.

These costs are much higher than they need be. Studies carried out by gerontologists in numerous localities have consistently shown that from 10 to 40 percent of nursing home residents are not in need of institutional care; many are there simply because they cannot cook for themselves. Yet because of the limited choice of services, and in many cases the lack of home-delivered meals, the aged are often forced to seek an institution even though it may not be appropriate to their needs.

The cost of a nursing home is generally over $20 per day, while a home-delivered meal costs under $2. In a few months, staff of this committee will conclude a year-long analysis which we believe will demonstrate, among other things, that an investment of $80 million to provide from 125,000 to 175,000 home-delivered meals per day will reduce nursing home expenditures from $200 to $400 million.

It should be noted that these figures are extremely conservative estimates. They are associated only with a first year savings of nursing home costs based on an $80 million meals-on-wheels program. They do not include the cost savings expected from reductions in the frequency and duration of hospitalization due to nutrition-related illnesses; nor do they project the potential savings of an expanded meals-on-wheels program reaching larger numbers of the homebound elderly.

It is true that a substantial portion of the freed funds would probably go to expanding service needs. But it is at least clear that we can take action which will insure a more efficient use of public funds in this area, while minimizing the excessive institutionalization of our homebound elderly.

Up to this time, the Federal Government has largely left the task of feeding the homebound to chance. While local meals-on-wheels organizations have done a tremendous job with their limited resources, they cannot without Federal assistance tackle more than a small portion of the need.

The bill which I am introducing today along with Senators PERCY and KENNEDY, starts us in the right direction.

Title VII of the Older Americans Act, the elderly nutrition program, would be amended to provide new and additional funds specifically for home-delivered meals: $80 million for fiscal year 1977, $100 million for fiscal year 1978.

These moneys would be distributed to the States in accordance with the current title VII formula; that is, each State receives an amount based on the number of persons 60 years and over in that State as compared to the number of such persons in all States. Each State agency responsible for administering these funds would make grants in cash or in kind to title VII projects or to local meals-on-wheels organizations for the purpose of providing home-delivered meals. Any organization receiving funds under this act may not use more than 20 percent of their funds for administrative purposes.

Preexisting community meals-on-wheels organizations with demonstrated success in home delivery of meals must be given priority in awarding grants. These small, local programs, staffed almost entirely with community volunteers, maintain lower costs than could a Federal program and create a feeling of warmth and sensitivity for the elderly which cannot be matched merely by Federal money.

This preference, however, should also be given with the understanding that not all such groups are capable of quality and efficient operations.

Among the criteria which should be used in such determinations are cost per meal, administrative and personnel expenses, startup and equipment costs, quality of meals served and others which the Commissioner deems advisable.

The title VII project and the meals-on-wheels group should work closely together for referral and other purposes. When an elderly person in the congregate program becomes disabled or otherwise limited in mobility, that person should be referred to the contracting meals-on-wheels group. By the same token, when a temporarily disabled person regains mobility, that person should be referred back to the congregate program and home-delivered service should cease.

It is not intended that persons who are capable of participating in the congregate program receive home-delivered meals. Each potential participant should be screened prior to being served under this act. This screening may be accomplished automatically by referrals from physicians, visiting nurses, or the congregate program or may be undertaken by staff or volunteers of the nutrition project.

Local projects may choose to serve one or more meals a day, so long as participants receive no less than one-third of the recommended dietary allowances 5 or more days per week. Local projects may elect to provide meals on weekends. If they do, these weekend meals must provide no less than 25 percent of the RDA.

This requirement may be met by supplemental foods such as a snack, cold meal, special commercial adult formula or any combinations thereof. It should be noted that these figures represent the minimum standards and in no sense preclude the option of providing higher levels of nutritional support.

An information and referral system would be established for homebound recipients to insure maximum coordination of additional community services. Each meal delivery route must have at least one volunteer or staff member who has been trained to observe conditions in the homes of participants which would seem to necessitate the service of one or more additional community agencies. If such conditions exist, the volunteer or staff member would report these conditions to a volunteer or staff member in the project's central office whose responsibilities would include contacting the appropriate community agency. Within a reasonable period of time, a followup check of that agency's action should be made and noted in participants' files.

In addition, each project would offer an information service to participants, including an easy-to-read flier or poster, which would list names, addresses, and phone numbers of community agencies and emergency services for purposes of information and referral; no greater than 1 percent of funds available under this act may be used.

Each project receiving funds under this act would be strongly encouraged to conduct community outreach, using techniques similar to those used in participant outreach, to attract and use a substantial pool of volunteers. In addition, projects or local organizations could use funds available under this act, when appropriate, to compensate volunteers for transportation expenses incurred in the delivery of meals to the homebound participant.

Complementing the above provisions, the bill would establish a demonstration project to study the National Aeronautics and Space Administration Meal Systems for the Elderly. This system, developed in cooperation with the LBJ School of Public Affairs at Austin, Tex., and United Action for the Elderly, mails or delivers a package of seven complete, shelf-stable, freeze-dried or canned meals to homebound elderly on a weekly basis. Preparation of these meals by the elderly requires only facilities sufficient to boil water. In the past year, the NASA-LBJ project has been tested successfully on over 120 elderly participants in Texas.

It is important to note that this system is not intended to replace either the regular congregate or home-delivered meal programs. Personal contact with the elderly is an important feature of these programs and should not be displaced. Rather, this system is designed to provide meal service only to those persons who are beyond the reasonable reach of any current meal service. The NASA Meal System can effectively serve those persons who are geographically isolated, live in an area where no program exists, or are on waiting lists of programs with limited caseloads.

The pilot project would be conducted in portions of three States, chosen to provide an appropriate mix of rural and urban environments. Each demonstration project will include a medical evaluation to assess, at minimal inconvenience to the participants, the health benefits of nutritional support for the elderly.

At the conclusion of the demonstration project, the Commissioner shall report the results to Congress, together with recommendations for legislation which he deems appropriate.

All other title VII requirements for sanitation, eligibility, participant contributions, and so forth, would be applicable to this act, excepting section 706A(6).

Despite the cost effectiveness of meals-on-wheels, there are many who will say that we cannot now afford to begin such efforts. In fact, we can no longer afford the extravagance of ignoring them.

If spending a dollar today to feed a senior citizen will reduce expenditures by $5 next year in health support services, then we are compelled to do so by the concerns of our budget as well as the dictates of our conscience. The unwillingness to provide adequate medical care for the aged is tragic, but the unwillingness to spend even modest amounts to keep them healthy is even less defensible.

I ask unanimous consent that the National Meals-on-Wheels Act of 1976, together with an analysis of the bill, be printed in the Record.

There being no objection, the bill and analysis were ordered to be printed in the Record, as follows:

S. 3585

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Meals-on-Wheels Act of 1976."

Sec. 2. Section 706(a)(1) of the Older Americans Act of 1965 is amended by inserting "(A)" immediately after "(1)", by inserting after the semicolon the words "and, or", and by adding after such section the following new subparagraph:

"(B) to establish a project (referred to herein as a 'nutrition project') for the elderly, blind, and disabled which, five or more days per week, provides at least one home-delivered meal which assures a minimum of one-third the daily recommended dietary allowances as established by the Food and Nutrition Board of the National Academy of Sciences-National Research Council: *Provided,* That any nutrition project which elects to serve such meals more than 5 days a week must assure, at a minimum, an amount of commercially available ready-for-use nutritionally balanced liquid product or light snack, or both, which provide at least 25 per cent of such recommended dietary allowances for each day in which no home-delivered meal is provided. Preference, where feasible, should be given to the use of organizations, such as meals-on-wheels groups, which have demonstrated an ability to operate such services efficiently and reasonably;"

Sec. 3. Section 706(a) of the Older Americans Act of 1965 is amended by striking out "and" at the end of paragraph (10), by redesignating paragraph (11), and all references thereto, as paragraph (13), and by inserting immediately after paragraph (10) the following new paragraphs:

"(11) to operate an information and referral system for homebound individuals receiving meals under this title by—

"(A) training the delivery personnel so that such personnel may make informed judgments about the additional service needs of meal recipients; and

"(B) reporting the additional service needs to agencies, groups, or individuals who might be of assistance in meeting such needs;

"(12) to seek and utilize volunteer personnel for the provision of home-delivered meals to the maximum extent possible and to compensate such personnel when appropriate for transportation expenses incurred in the delivery of such meals; and".

Sec. 4. (a)(1) Section 708 of the Older Americans Act of 1965 is amended by inserting "(a)" after the section designation.

(2) Section 708(a) of such Act (as redesignated by paragraph (1) of this subsection) is amended by inserting "and paragraph (1)(B), (11) and (12) of section 706(a)" after "section 707(c)" in the parenthetical.

(b) Section 708 of such Act is amended by adding at the end thereof the following new subsection:

"(b) In addition to the sums authorized by subsection (a), there are authorized to be appropriated $80,000,000 for the fiscal year 1977, and $100,000,000 for the fiscal year 1978 for the purpose of providing home delivered meals pursuant to section 706(a)(1)(B): Provided, That not more than 20 per centum of such funds shall be used for administrative expenses and supportive services. Sums appropriated pursuant to this section to carry out the provisions of this Title shall remain available for such purposes until expended."

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION MEALS SYSTEM FOR THE ELDERLY DEMONSTRATION PROJECTS

"Sec. 710. (a) The Commissioner shall conduct a demonstration project involving at least 3 States to determine the feasibility of using the meals system designed by the National Aeronautics and Space Administration for the elderly as a component of or as a substitute for regular nutrition projects assisted under this Act particularly in areas where normal delivery services under such a nutrition project are not feasible or practicable or are too costly. Each such demonstration project shall include a medical evaluation.

"(b) The Commissioner shall report to the Congress on the results of the demonstration projects authorized by this section together with such recommendations including recommendations for legislation as he deems appropriate.

"(c) There are authorized to be appropriated for the fiscal year 1977 such sums as may be necessary to carry out the provisions of this section.".

Explanation of the National Meals-on-Wheels Act of 1976

The following is a brief description of the bill's major provisions.

1. Title VII of the Older Americans Act, the Elderly Nutrition Program, would be amended to provide separate authority for home-delivered meals to the homebound elderly, an extremely vulnerable group not now being reached.

2. The number of meals served each day to the homebound would remain a local project option, so long as participants are provided no less than one-third of the Recommended Dietary Allowances on five or more days per week. Projects may elect to serve meals on weekends. This requirement may be met by delivering on Friday supplemental foods such as a snack, cold meal, or special adult formula. If they do, these weekend meals might provide no less than 25 per cent of the R.D.A.

3. An information and referral system would be established for the homebound recipients, to insure maximum coordination of additional community services. Food de-

livery personnel will be trained to make informed judgments about the additional service needs of the elderly recipients and report these needs to the appropriate agencies, groups or individuals.

4. Each project would be encouraged to attract and utilize qualified community volunteers to deliver this nutrition service. In addition, projects may compensate volunteers, when appropriate, for transportation expenses incurred in the delivery of meals to homebound participants.

5. Preference in awarding grants for the homebound nutrition program must be given to pre-existing community Meals-on-Wheels organizations, which have demonstrated an ability to successfully deliver meals to the homebound.

6. The Act also establishes a demonstration program to study the NASA Meals System for the Elderly. This system, on a weekly basis, mails or delivers a package of complete, shelf stable meals (such as freeze-dried or canned) to homebound elderly. The program is designed to reach those elderly who cannot be served by the current delivery system. The pilot project would be conducted in portions of three states.

At the end of the year-long project, the Commissioner shall report to Congress on the results of the demonstration projects together with such recommendations as he deems appropriate.

7. There are authorized to be appropriated $80 million in FY 1977 and $100 million in FY 1978 for the purposes of providing home-delivered meals and supportive services for the homebound. No more than 20 per cent of these funds may be used for administrative and supportive services costs. Any unspent funds must be carried over to be expended during the following fiscal year.

Mr. DOLE. Mr. President, the Senator from Kansas is pleased to join the Senator from South Dakota in introducing this important legislation. This bill amends the Older Americans Act of 1965 to provide for the establishment of a national meals-on-wheels program. Presently, meals-on-wheels is a local operation, manned by volunteers who deliver one hot meal daily to homebound senior citizens. In addition to expanding the existing program, the bill introduced today will also allow disabled persons of any age to participate in the program. I specifically requested that this provision be included in Senator McGOVERN's bill.

The meals-on-wheels program is one of the most popular of our nutrition programs. Elderly citizens like it not only because they receive one nutritious meal daily, many elderly persons live alone, and through meals-on-wheels they have contact with other persons, thus breaking the monotony of solitary existence. Doctors tell me they see a marked improvement in a person's health after one reestablishes contact with other persons.

One of the key points to this legislation is that it is preventative health care treatment. Experience reveals that one nutritious meal a day allows homebound citizens to live in their own homes instead of moving to a nursing home. One daily meal is but a fraction of the cost of providing nursing home care. When this program begins operation, I anticipate Federal savings to result from decreased costs of institutionalization of senior citizens.

When listening this morning to testimony before the Select Committee on Nutrition and Human Needs, I was impressed by the unexpected rewards received by participants in the meals-on-wheels program. New self-esteem, a rejuvenation of spirit, and a more positive outlook on life are side benefits the shut-ins have experienced. A sense of accomplishment, satisfaction gained from a worthwhile project, and a new understanding of elderly citizens and their difficulties are side benefits gained from volunteers delivering the meals.

I am especially hopeful that this program will retain its present characteristics of a community-oriented service project, and that the personal elements of kindness and concern will be maintained.

By Mr. TOWER (by request):

S. 3586. A bill to institute certain due process requirements with respect to the supervisory authority of the Federal banking agencies. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. TOWER. Mr. President, I would like to submit for the RECORD a letter from a constituent, Michael E. Burns of Houston, who was formerly the minority counsel of the Senate Banking Committee and who was most recently the Executive Assistant to the Comptroller of the Currency, regarding certain due process problems in the banking agency supervisory powers area. Mr. Burns had previously written concerning this subject, and I introduced his letter and a proposed amendment to S. 2304, a supervisory powers bill, in the RECORD on April 8, 1976. There was not time to review the amendments in the committee before the markup on S. 2304 thereafter, but the chairman indicated that he would consider setting a hearing on the questions raised by Mr. Burns' amendments later in this session.

Mr. Burns has since revised his amendments somewhat in response to agency criticism of them, but maintains that the due process issues still must be resolved by legislation of essentially the same nature as earlier proposed. The revised amendments of Mr. Burns are herewith introduced as a separate bill, and I will ask the chairman of the Banking Committee for an early hearing on the new proposal.

As Mr. Burns has pointed out, the personnel of the banking agencies are basically well-intentioned and competent individuals, but from his experience in the bank regulatory field, he has learned that arbitrary statutory power will tend to be used arbitrarily by the agencies, even though usually in a good faith belief that what is being done is in the public interest. I believe that the committee should profit from the advice of this former insider of the agencies, who has seen the public policy issues involved here from the agencies' point of view, from the legislature's point of view, and now from the banker's point of view in the private sector.

The ultimate thesis that Mr. Burns is basing his proposals on is that the banking agencies have so much arbitrary power that they tend to intimidate and impede the banking community generally and impair the ability of bankers to operate their banks according to market principles and influences. Due process is not only owed to every citizen as a matter of constitutional right, but it also helps preserve the market freedoms upon which our entire society and economy is built.

I would also like to submit for the RECORD a recent article from the Houston Post which deals with some of the concerns addressed by Mr. Burns.

I ask unanimous consent that Mr. Burns' letter, the Houston Post editorial, and the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3586

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. Section 8(e) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818(e)), is amended to read as follows:

"(e)(1) Whenever, in the opinion of the appropriate Federal banking agency, any director or officer of an insured bank has committed any violation of law, rule, or regulation or of a cease-and-desist order which has become final, or has engaged or participated in any unsafe or unsound practice in connection with the bank, or has committed or engaged in any act, omission, or practice which constitutes a breach of his fiduciary duty as such director or officer, and the agency determines that the bank has suffered or will probably suffer substantial financial loss or other damage or that the interests of its depositors could be seriously prejudiced by reason of such violation or practice or breach of fiduciary duty, and that such violation or practice or breach of fiduciary duty is either one involving personal dishonesty on the part of such director or officer or one which demonstrates his gross negligence in the operation or management of the bank or a willful disregard for the safety or soundness of the bank, and, in addition, the individual has evidenced his unfitness to continue as a director or officer, the agency may serve upon such director or officer a written notice of its intention to remove him from office, subject to the provisions of paragraph (5) of this subsection.

"(2) Whenever, in the opinion of the appropriate Federal banking agency, any director or officer of an insured bank, by conduct or practice with respect to another insured bank or other business institution which resulted in substantial financial loss or other damage, has evidenced either his personal dishonesty or his gross negligence in the operation or management of the bank or institution or a willful disregard for its safety and soundness, and, in addition, has evidenced his unfitness to continue as a director or officer and, whenever, in the opinion of the appropriate Federal banking agency, any other person participating in the conduct of the affairs of an insured bank, by conduct or practice with respect to such bank or other insured bank or other business institution which resulted in substantial financial loss or other damage, has evidenced either his personal dishonesty or his gross negligence in the operation or management of the bank or institution or a willful disregard for its safety and soundness, and in addition, has evidenced his unfitness to participate in the conduct of the affairs of such insured bank, the agency may serve upon such director, officer, or other person a written notice of its intention to remove him from office and/or to prohibit his further participation in any manner in the conduct of the affairs of the bank, subject to the provisions of paragraph (5) of this subsection.

"(3) In respect to any director or officer of an insured bank or any other person referred to in paragraph (1) or (2) of this subsection, the appropriate Federal banking agency may, if it deems it necessary for the protection of the bank or the interests of its depositors, by written notice to such effect served upon such director, officer, or other person, suspend him from office or prohibit him from further participating in any manner in the conduct of the affairs of the bank, subject to the provisions of paragraph (5) of this subsection. Such suspension or prohibition shall become effective upon service of such notice and, unless stayed by a court in proceedings authorized by subsection (f) of this section, shall remain in effect pending the completion of the administrative proceedings pursuant to the notice served under paragraph (1) or (2) of this subsection and until such time as the agency shall dismiss the charges specified in such notice, or, if an order of removal or prohibition is issued against the director or officer or other person, until the effective date of any such order. Copies of any such notice shall also be served upon the bank of which he is a director or officer or in the conduct of whose affairs he has participated.

"(4) A notice of intention to remove a director, officer, or other person from office or to prohibit his participation in the conduct of the affairs of an insured bank shall fix a time and place at which a hearing will be held thereon. Such hearing shall be fixed for a date not earlier than thirty days nor later than sixty days after the date of service of such notice, unless an earlier or a later date is set by the agency for good cause shown at the request of (A) such director or officer or other person or (B) the Attorney General of the United States. Unless such director, officer, or other person shall appear at the hearing in person or by a duly authorized representative, he shall be deemed to have consented to the issuance of an order of such removal or prohibition. In the event of such consent, or if upon the record made at any such hearing the agency shall find that any of the grounds specified in such notice has been established, the agency may issue such orders of suspension or removal from office, or prohibition from participation in the conduct of the affairs of the bank, as it may deem appropriate. In any action brought under this section by the Comptroller of the Currency in respect to any director, officer, or other person with respect to a national banking association or a district bank, the findings and conclusions of the Administrative Law Judge shall be certified to the Board of Governors of the Federal Reserve System for the determination of whether any order shall issue. Any such order shall become effective at the expiration of thirty days after service upon such bank and the director, officer, or other person concerned (except in the case of an order issued upon consent, which shall become effective at the time specified therein). Such order shall remain effective and enforceable except to such extent as it is stayed, modified, terminated, or set aside by action of the agency or a reviewing court.

"(5) Any notice of intent to issue a removal or suspension order under paragraph (1) or (2) of this subsection, and any notice of suspension or prohibition under paragraph (3) of this subsection, shall, to the extent of the agency's knowledge at the time, contain a statement of the facts constituting the grounds therefor and an assessment of the potential risk of injury to the bank involved from the further participation of the affected individual in its affairs, and of the consequent 'fitness' or 'unfitness' of that individual to participate in the bank's affairs. With respect to the questions of 'personal dishonesty' and 'breach of trust' as they relate to such risk and fitness assessments, the agency or a reviewing court may conclude at any time that the individual concerned is not unfit and does not in fact pose an undue risk to the bank in question by virtue of dishonest conduct or breach of trust, due to any one or more of the following considerations: the technical, unintentional nature of the crime or breach of trust involved, if any; the absence of bad faith conduct with respect thereto; the absence of a predilection toward dishonest conduct or breaches of trust; the absence of an egregious, serious, and willful intent to commit the dishonest act or breach of trust in question, the novelty of the crime, if any, complained of; the presense of good faith reliance upon advice of counsel; evidence of rehabilitation; and any other such considerations commonly utilized by the courts in similar injunctive situation under other laws.

"(6) Any person subject to an order of removal or prohibition under this section shall be entitled to agency reconsideration of such order at any time for good cause shown. The provisions of subsection (h) of this section shall apply anew to any petition alleging such good cause and to any order sustained by the agency against such petition. The agency shall render a decision upon such a petition within sixty days of its submission, but need not hold a hearing with respect to such person's petitions more often than once every three years.

Sec. 2. Section 8(g) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818(g)), is amended to read as follows:

"(g)(1) Whenever any director or officer of an insured bank, or other person participating in the conduct of the affairs of such bank, is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a felony involving dishonesty or breach of trust, the appropriate Federal banking agency may by written notice, in accordance with the procedures and criteria specified in paragraphs (3) and (4) of this subsection, suspend him from office and/or prohibit him from further participation in any manner in the conduct of the affairs of the bank. Such suspension and/or prohibition shall become effective upon service of such notice and shall remain in effect until (1) terminated by the agency, or (2) the information, indictment, or complaint is finally disposed of, without a judgment of conviction, or (3) the completion of the administrative proceedings required under paragraph (3) of this subsection.

"(2) Whenever any director or officer of an insured bank, or other person participating in the conduct of the affairs of such bank, is convicted of the commission of or participation in a felony involving dishonesty or breach of trust, and at such time as the judgment of conviction is not subject to further appellate review, the appropriate Federal banking agency may, in accordance with the procedures and criteria specified in paragraphs (3) and (4) of this subsection, serve upon such director, officer or other person a written notice of its intent to suspend him from office or prohibit him from further participation in any manner in the affairs of the bank. Provided, however, that when there is outstanding a notice of suspension or prohibition under paragraph (1) of this section at the time of the conviction, the agency may issue an order of suspension or prohibition without further proceedings pursuant to paragraphs (3) and (4) of this subsection, although such order shall be subject to the right of review for good cause at any time thereafter pursuant to paragraph (5) of this subsection. Such order shall remain effective and enforceable except to such extent as it is stayed, modified, terminated, or set aside by action of the agency or a reviewing court.

"(3) Any notice of suspension or prohibition pursuant to paragraph (1), and any notice of intent to issue an order of suspension or prohibition pursuant to paragraph (2), shall fix a time and place at which a hearing will be held thereon. Such hearing shall be fixed for a date not later than fifteen days after the date of service of such notice, unless a later date is set by the agency for good cause shown, at the request of (A) such director, officer, or other person, or (B) the Attorney General of the United States. Unless such director, officer, or other person shall appear at the hearing in person or by a duly authorized representative, he shall be deemed to have consented to the issuance of an order of such suspension or prohibition. In the event of such consent, or if upon the record made at any such hearing the agency shall find that such person constitutes an undue risk to the bank by virtue of a predilection to dishonest conduct or breach of trust, or by virtue of probable adverse public reaction to the continued involvement of such person in the affairs of the bank, the agency may issue such an order of suspension or prohibition from participation in the conduct of the affairs of the bank as it may deem appropriate. Any such order shall become effective thirty days after service upon such bank and the director, officer, or other person concerned. Such order shall be subject to the provisions of paragraph (5) of this subsection and shall remain effective and enforceable except to such extent as it is stayed, modified, terminated, or set aside by action of the agency or a reviewing court, and except that an order originating upon the premise of paragraph (1) of this subsection shall terminate upon final disposition of the information, indictment, or complaint without a judgment of conviction.

"(4) Any notice of suspension or prohibition under paragraph (1) of this subsection and any notice of intent to issue a suspension or prohibition order under paragraph (2) of this subsection shall, to the extent of the agency's knowledge at the time, contain a statement of the facts constituting the grounds therefor and an assessment of the potential risk of injury to the bank involved from the further participation of the affected individual in its affairs. The mere fact of the existence of an outstanding information, indictment, complaint, or conviction for a felony involving dishonesty or a breach of trust shall not of itself preclude the appropriate banking agency or a reviewing court from concluding that the individual concerned does not in fact pose an undue risk to the bank in question from the standpoint of dishonesty or breach of trust, due to any one or more of the following considerations: the technical, unintentional nature of the crime or breach of trust involved; the absence of bad faith conduct with respect thereto; the absence of a predilection toward dishonest conduct or breaches of trust; the absence of an egregious, serious, and willful intent to commit the dishonest act or breach of trust involved; the novelty of the crime complained of; the presence of good faith reliance upon advice of counsel; evidence of rehabilitation; and any other such considerations commonly utlized by the courts in similar injunctive situations under other laws. Provided, however, the individual who is the subject of an indictment for or conviction of a felony involving dishonesty or breach of trust shall have the burden of proof in establishing the current absence of a predilection to dishonesty or breach of trust; the agency shall have the burden of proof with respect to any claim that the individual constitutes a threat to a bank or banks by virtue of an undue risk of adverse public reaction regarding his continued association therewith.

"(5) Any person subject to an order issued under paragraphs (2) or (3) of this subsection shall be entitled to agency reconsideration of such order at any time for good cause shown. The provisions of subsection (h) of this section shall apply anew to any petition alleging such good cause and to any order sustained by the agency against such petition. The agency shall render a decision upon such a petition within sixty days of its submission, but need not hold a hearing with respect to such person's person's petitions more often than once every three years.

"(6) If at any time because of the suspension of one or more directors pursuant to this section, there shall be on the board of directors of a national bank less than a quorum of directors not so suspended, all powers and functions vested in or exercisable by such board shall vest in and be exercisable by the director or directors on the board not so suspended, until such time as there shall be quorum of the board of directors. In the event all of the directors of a national bank are suspended pursuant to this section, the Comptroller of the Currency shall appoint persons to serve temporarily as directors in their place and stead pending the termination of such suspensions, or until such time as those who have been suspended cease to be directors of the bank and their respective successors take office."

Sec. 3. Section 8(h) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818 (h)), is amended to read as follows:

"(h) (1) Any hearing provided for in the section shall be held in the Federal judicial district or in the territory in which the home office of the bank is located unless the party afforded the hearing consents to another place, and shall be conducted in accordance with the provisions of chapter 5 of title 5, United States Code. Such hearing shall be private, and the findings, conclusions, and decisions resulting from an administrative proceeding held pursuant to this section shall not be admissible in any criminal proceeding. Within ten days after a hearing held pursuant to this section, the appropriate Federal banking agency or Board of Governors of the Federal Reserve System shall render its decision (which shall include findings of fact upon which its decision is predicated) and shall issue and serve upon each party to the proceeding an order or orders consistent with the provisions of this section. Judicial review of any such order shall be exclusively as provided in this subsection (h). Unless a petition for review is timely filed in a court of appeals of the United States, as hereinafter provided in paragraph (2) of this subsection, and thereafter until the record in the proceeding has been filed as so provided, the issuing agency may at any time, upon such notice and in such manner as it shall deem proper, modify, terminate, or set aside any such order. Upon such filing of the record, the agency may modify, terminate, or set aside any such order with permission of the court.

"(2) Any party to the proceeding, or any person required by an order issued under this section to cease and desist from any of the violations or practices stated therein, may obtain a review of any order served pursuant to paragraph (1) of this subsection (other than an order issued with the consent of the bank or the director or officer or other person concerned) by the filing in the court of appeals of the United States for the circuit in which the home office of the bank is located, or in the United States Court of Appeals for the District of Columbia Circuit, within thirty days after the date of service of such order, a written petition praying that the order of the agency be modified, terminated, or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the agency, and thereupon the agency shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, such court shall have jurisdiction, which upon the filing of the record shall except as provided in the last sentence of said paragraph (1) be exclusive, to affirm, modify, terminate, or set aside, in whole or in part, the order of the agency. Review of such proceedings shall be had as provided in chapter 7 of title 5, United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28, United States Code, and except as provided in paragraphs (e) (5) and (g) (6) of this section."

Sec. 4. Section 8(i) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818 (i)), is amended to read as follows:

"(i) The appropriate Federal banking agency may in its discretion apply to the United States district court, or the United States Court of any territory, within the jurisdicion of which the home office of the bank is located, for the enforcement of any effective and outstanding notice or order issued under this section, and such courts shall have jurisdiction and power to order and require compliance herewith."

Sec. 5. Section 19 of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1829), is amended to read as follows:

Sec. 19. (a) Except with the written consent of the Corporation, no person shall serve as a director, officer, or employee of an insured bank who has been convicted, or who is hereafter convicted, of any criminal offense involving dishonesty or a breach of trust. Upon petition of such a person, setting forth the justification for such consent and describing a specific employment opportunity with an insured bank, the Corporation shall within sixty days either conduct a hearing for the purpose of assessing the potential risk to the bank from the participation of the petitioner in its affairs as a director, officer, or employee, or give its consent based upon its own investigation. The Corporation shall give such consent if it determines that the petitioner does not pose an undue risk of injury to the bank by virtue of dishonest conduct or breach of trust; otherwise it shall issue a written decision denying the petition. A decision shall be rendered on the petition within ten days after any hearing held under this paragraph. The Corporation and any reviewing court may conclude that the individual concerned does not in fact pose an undue risk to the bank in question, due to any one or more of the following considerations, in addition to any other considerations relevant to the risks and equities of the particular situation in question: the technical, unintentional nature of the crime involved, the absence of bad faith conduct with respect thereto; the absence of a predilection toward dishonest conduct or breaches of trust; the absence of an egregious, serious, and willful intent to commit the dishonest act or breach of trust for which he was convicted; the presence of good faith reliance upon advice of counsel in the circumstances for which he was convicted; evidence of rehabilitation; and any other such considerations commonly used by the courts in similar injunctive situations under other laws. For each willful violation of this prohibition, the bank involved shall be subject to a penalty of not more than $100 for each day this prohibition is violated, which the Corporation may recover for its use.

"(b) A person denied permission to serve as a director, officer, or employee of an insured bank after submitting a petition pursuant to subsection (a) of this section, shall be entitled to resubmit a petition at any time for good cause, except that a hearing need not be held with respect to such person's petitions more often than once every three years. Within thirty days after the service upon such person of an adverse decision under subsections (a) or (b) of this section, he may obtain review of the decision by filing in the United States Court of Appeals for the District of Columbia Circuit a written petition praying that the decision of the agency be modified, terminated or set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the agency and thereupon the agency shall file in the court the record in the proceeding, if any, as provided in section 2112 of title 28, United States Code. Upon the filing of the petition and the record, such court shall have exclusive jurisdiction to affirm, modify, terminate, or set aside, in whole or in part, the order of the agency, except that the agency may modify, terminate, or set aside any such order with permission of the court. Review of such proceeding shall be had as provided in chapter 7 of title 5, United States Code. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari, as provided in section 1254 of title 28, and except as provided in the first and second sentences of this subsection.

"(c) With respect to the affairs of any insured State non-member bank, any hearing and decision required by this section may be held or rendered, respectively, by the Corporation in coordination with any similar hearing and order pursuant to subsection (g) of section 1818 of this title, and the specified time periods and other procedural requirements applicable in such case shall be those applicable to said subsection (g)."

Bracewell & Patterson,
Washington, D.C., June 11, 1976.

Hon. John Tower,
U.S. Senator,
Russell Senate Office Building,
Washington, D.C.

Dear Senator Tower: This letter is for the purpose of commenting upon the several letters of the three federal bank regulatory agencies to you which commented upon my letter of March 26, 1976 to them setting forth several proposed amendments to their enforcement powers bill, S. 2304, and to three federal statutes involving enforcement powers. The amendments as introduced by you on April 8, 1976 to S. 2304 were designated as "Amendment No. 1579".

The agencies objected to the amendments upon a basis which might be characterized as a concern for expediency. They did not at the same time analyze the essential question whether these amendments actually interfere with supervisory effectiveness, which they do not. The amendments do add some procedural safeguards and mechanical requirements to present enforcement practice, but these do not interfere with the basic powers of the agencies to deal with truly miscreant bankers and to protect the banking system from wrongdoers. The amendments seek to redress an imbalance in the relevant laws as they now read and as they would read with the enactment of S. 2304, which lies unreasonably in favor of arbitrary and expedient exercise of police powers, as against the due process rights of the affected individuals.

I submit that the imbalance can be corrected with the amendments without impairing the effectiveness of the agencies' police powers to deal with the people who do not belong in banks. The agencies have not been willing to acknowledge as yet even that there is a due process problem with the laws in question. There is, however, an egregious due process problem with these laws, and, it seems to me, at least, that the proper focus of the agencies' attention should be upon a better balancing of the due process concern with the concern for effective policing of the banking system.

After reviewing the agencies' comments, I have undertaken to revise and improve the amendments, although essential due process features of the original version are being retained. The revised amendments are attached in a form suitable for introduction as an independent bill.

During the Banking Committee mark-up on S. 2304, the Chairman indicated that the Committee would attempt to hold a hearing on the propositions involved in Amendment No. 1579 before adjournment, if the Committee schedule could be so arranged. Hopefully, such a hearing will be feasible and the new bill can have an opportunity for close examination by the Committee this year.

Before looking at the specific features of the amendments which appear to cause the most discomfort to the agencies, it is instructive to evaluate their general comments on and approach to the subject of due process. The comments of the Federal Reserve Board and the Comptroller of the Currency in particular on the overall effect of the amendments demonstrate the narrow perspective which characterizes their view of the constitutional issues addressed by the amendments. They commented that: "A main purpose of S. 2304 is to make easier the suspension and removal of bank officials whose actions have demonstrated unfitness to remain in a position of trust. . . . Mr. Burns' amendments would make officer suspension or removal significantly more difficult than under existing law." And: "It appears that the . . . amendments proposed by Mr. Burns would, in general, decrease rather than increase the ability of the regulatory agencies to take effective action in cases where the conduct of a bank officer or director is having or would have a significant adverse impact on the condition of a bank."

Observe the focus on expediency and the conclusionary features of the agencies' general comments: "A main purpose of S. 2304 is *to make easier* the suspension and removal of bank officials whose actions *have demonstrated unfitness*. . . ." And, ". . . the . . . amendments . . . would . . . *decrease rather than increase the ability* of the regulatory agencies to take effective action in cases where the conduct of a bank officer or director is *having or would have a significant adverse impact*. . . ." (Emphasis supplied.) The whole emphasis and interest of the agencies in this matter is toward making it *easier* to remove people from the banking industry whom *they have already concluded,* prior to any proceeding to find and evaluate the facts and risks and without reference to a Congressionally determined set of *substantive* standards, to be unfit to be in the industry. The purpose of my amendments, on the other hand, was to *correct* the extreme bias in favor of expediency against due process already in the law, and to prevent S. 2304 from adding to the injury.

It should not be, in my opinion, "easy" to deprive a man of his career by arbitrary governmental action. It may be necessary to provide for temporary interruption of a banking career while facts or charges raising questions about the risk posed by the banker to the bank concerned are investigated, but such interruptions should not stand for long without an appropriate hearing and findings process. The matter of one's personal right to pursue a career is so important that the government agency concerned should be made to demonstrate properly on the record the facts, findings and conclusions that lead them to the decision to excommunicate someone—subject to substantive standards set by Congress and subject to objective judicial review of the appropriateness of the action.

What the agencies appear to want, on the other hand, is virtual *carte blanche* to excise any banker who *in their privately arrived at opinion* is unfit to be in banking—and they do not want that opinion to be subject to substantive Congressional standards not to review by the courts (to the extent judicial review is not already present, as it is under the removal statute). To its credit the FDIC, though opposing the amendments, has demonstrated some selective concern in fact for due process and fairness in its actual activity under the relevant laws. However, no citizen of our country should have his right to pursue his career rest upon such a discretionary basis with government officials as it now does with respect to bankers—some Congressional reaffirmation of the applicability of due process to this class of individuals is in order.

Turning now to the specific issues involved in the amendments: (1) 12 U.S.C. § 1818(e) Removal.

With respect to the agencies' general objections to Amendment No. 1579 as it affects the removal area ("§ 1818(e)"), I am less concerned about that particular area of the several laws in question because of the existence of at least some substantive standards in the statute that help prevent abuse, intentional or unintentional, by the agencies in this area, and because of the existence of judicial review under that particular procedure.

For my own part, therefore, I would be willing to drop that portion of my removal provision which would have required a violation of a cease-and-desist order for removals based upon "gross negligence" or "willful disregard", relying largely upon the assertions of the agencies that these terms are sufficiently defined in historic legal usage to be appropriately circumscribed from arbitrary use.

I do not believe that the feature of the removal amendment which would explicitly require the observance of certain judicially-derived standards for the issuance of a removal order should be deleted, as advocated by the agencies. The standards apply only to removals based upon purported dishonesty or breach of trust, and constitute a reasonable, common-sense set of factors to consider when evaluating whether an individual is truly a threat to a bank by virtue of the purported inclination toward dishonesty or breach of trust.

In this regard, the removal portion of the agencies' bill itself retains the use of the phrase: ". . . and, in addition, has evidenced his unfitness to continue [to participate in the affairs of the bank]", which is contained in the present removal law in provisions dealing with dishonesty and injury involving other banks and other business institutions. The term "unfitness to continue" relates to the same basic concern to which the proposed injunctive standards spurned by agencies are addressed—whether the individual is in fact a realistic threat to the safety and soundness of the bank. If the agencies can tolerate the concept of "fitness" to participate in the bank's affairs being in the law, there is no sound reason why they cannot also tolerate the proposed standards for judging "fitness", represented by the factors listed in the Amendment and which are presently insisted upon by courts in other injunctive situations as a matter of due process. There is not a sufficient case history in the removal area to have developed such judicial standards under this law as yet, and it would be a progressive step for Congress to simply advance the time-frame of the adoption of these standards in the interests of justice.

Further, the agencies object to the requirement in the removal amendment that they make a finding before removing an individual that he poses or continues to pose an "undue risk of injury to the bank by virtue of personal dishonesty". The purpose of this provision is primarily to prevent the agencies from using an allegedly dishonest act which occurred at an earlier date as a self-sufficient basis for removal, without considering, in the light of the factors proposed in the Amendment, whether the individual still appears to be of a dishonest inclination at the time of the proposed removal action. The concept of continuing "fitness", which is in the present law, does help focus attention on the question of the present status of the individual's good faith, but the underlying concern of that phrase and of the entire statute should be more explicitly set forth—that the further participation in the affairs of the bank by such an individual should not constitute an undue risk to the bank.

In the new bill, I have retained one essential reference to the above concern regarding the "undue risk of injury" (in § 1818(e)(5) of the proposed law), but in order to remove uncertainty as to the impact of that phrase I have deleted the references to it in other sections of the removal provision which were potentially confusing. My intent is to use the phrase only as an explanation of the meaning of "unfitness to continue", not as a separate or more burdensome requirement on the agencies. In this connection, one paragraph of the removal provision does not presently contain the reference to "unfitness to continue", which is § 1818(e)(1), dealing with removable conduct occurring with respect to the particular bank involved in the removal action. Since that paragraph can potentially cover prior conduct, it should have the same reference to the concept of a continuing threat that is in other paragraphs in the present removal law by virtue of the "unfitness to continue" language. The new bill adds such language to § 1818(e)(1).

(2) 12 U.S.C. § 1818(g)(1) Suspension.

As described in my letter of March 26, 1976, the present law regarding the suspension from active involvement in the banking business of persons indicted for or convicted of a felony involving dishonesty, 12 U.S.C. §1818(g)(1) ("§ 1818(g)(1)"), is completely devoid of the types of procedures and standards required to support a constitutionally sufficient injunctive action. If it were not for the judicial withdrawal provision of the statute which affects § 1818(g)(1), there is almost no question that by this time it would have been invalidated by the courts as violative of the due process rights of the individuals affected by it. In the pending case of *Feinberg vs. FDIC*, 522 F. 2d 1335 (1975), a three-judge federal court will rule on the question of whether the combination of the withdrawal provision and the suspension provision acts to deprive the affected individuals of due process.

In the meantime, the statute cries out for corrective Congressional action, which could be accomplished along the lines proposed in Amendment No. 1579 and the new bill derived therefrom which is attached.

However, the agencies object to Congress proceeding upon the suspension aspects of the Amendment. The FDIC has indicated that it may be writing its own version of a new suspension statute, although it does not share with us any of the philosophy or purposes of such a revision.

The Federal Reserve Board apparently believes that it resolves the due process problem by virtue of various due process factors that it supposedly takes into consideration *at its discretion* in connection with a suspension proceeding, where it *may* offer a hearing (to my knowledge, it has offered such a hearing only once, at this firm's recent and elaborately documented request, and in the light of the pending *Feinberg* case). However, it appears not to want to be accountable to the courts or Congress for the rationalia of its decisions under the statute.

The Comptroller of the Currency objects to the amendment because it does not want the responsibility for evaluating the merits of the individual's claim to honesty while a criminal proceeding based on alleged dishonesty is in process (or has already occurred); such a proceeding does not in fact present an irreconcilable conflict of governmental functions, if properly structured.

These objections do not face the overriding issue in this matter squarely: is §1818(g)(1) unconstitutionally unfair to the affected parties and should it be reformed? The answer is unquestionably yes. The further question as to whether it can be reformed in a way which protects the effectiveness of the agencies in dealing with the potentially dishonest individual, and which protects the public's interest in a sound banking system, is also answered by a definite yes. The Amendment proposed to accomplish such a "constitutionalizing" of the statute without sacrificing the protection afforded by it to the banking system.

Specifically, the Amendment would have:

A. Set forth the purpose of the statute in its own text, i.e., that it is intended to be used in circumstances of felony indictment or conviction to provide protection for a bank either from the actions of a person who is in fact a present threat to the bank in terms of dishonesty, or from any adverse public reaction that might reasonably be expected to follow from his continued association with the bank in the face of the notoriety of the criminal charges, whether he appears to be dishonest in fact or not.

B. Provided that the set of equity and risk factors used by the courts in evaluating the merits of similar injunctive-type proceedings based upon purported dishonesty and brought under the Securities Exchange Act of 1934 be made expressly applicable to § 1818(g) suspension orders.

C. Provided for administrative hearings.

D. Provided for judicial review of suspension orders.

E. Provided an opportunity for administrative and judicial review of an outstanding suspension order for good cause.

Some of the technical aspects of the Amendment in the suspension area may appropriately be modified to accommodate the critical comments of the agencies on these provisions, but I do not believe that their fundamental features should be disturbed because they are essential to a constitutional and fair treatment of the affected individuals. Contrary to the fears expressed by the agencies, these provisions do not impair their effectiveness. Specifically, in this case, the changes proposed would not prevent an agency from acting immediately to remove an indicted banker from participation in the affairs of a bank as a safety measure while the agency considers whether the facts appear to justify proceeding toward a more permanent order. The Amendment would impose a short time-frame in order to better protect the affected individual's right to a speedy resolution of his interrupted career rights, but the time-frame is sufficient to allow the agency to either prepare for a hearing on a more permanent order or to decide that there is good reason to drop the temporary order altogether as being unnecessary to protect the bank.

If the agency conducts a hearing and determines that the individual is indeed a threat to the bank, it would still be able to issue its usual order. The principal requirement the Amendment would place upon the agency to support such an order is that it evaluate the facts of the situation as either supporting the thesis that he is not in good faith and is a realistic threat to the bank, or as supporting the thesis that his continued association with the bank would be reasonably likely to have an adverse effect upon the relevant banking public's attitude toward the bank. The Amendment would further have those evaluations and findings subject to potential judicial review, an important reason for which being to screen out the personal biases and prejudices that tend too often to surface in the attitudes of bank regulators regarding the subjects of their regulation.

The agencies raise a fundamental objection to the administrative hearing and the findings ideas which deserves to be answered: they have asserted that they do not want to be placed in the position of having to "try" or "retry" the criminal charges, being merely administrative agencies without appropriate jurisdiction over such charges. I believe that this potential problem is resolvable in this manner:

A. The theory should be that the agency will try to make the best evaluation of the character of the individual that it can, with such objective facts as can be marshaled and placed on the record and with such impressions as it may draw from discussions with subject.

B. There is no specific requirement in the Amendment that the agency actually make a finding that the individual is guilty of the crime as charged, nor is such a finding probably appropriate, even if felt strongly to be a correct one. The agency merely needs to conclude that, based upon the facts before it and upon the hearing proceedings, the individual appears to be of a dishonest predilection, and to build as much of its subjective basis for so concluding into the hearing record or the decision itself as it is feasible to do. Rather than announce any finding pertaining to the conclusion of criminal guilt, the agency could announce a finding (if appropriate) that there is "good and sufficient reason to believe that Mr. Jones did thus-and-so, and that such conduct was motivated by dishonesty", which is a factual finding and not an application of a legal conclusion such as guilt of a particular crime. Admittedly, the factual finding may be the essential and virtually sufficient ingredient for the legal-guilt conclusion, but as this proceeding could be completely private and have no input to the criminal proceeding (except as to common evidentiary matters), there should be no inherent conflict of government roles with this procedure. The new bill specifies that the findings and decisions of the agencies under this procedure will not be permitted as evidence in any criminal proceedings.

C. If the individual, in order to protect his Fifth Amendment right to remain silent with respect to a criminal charge, chooses in the administrative hearing not to invoke such right and not to discuss the facts relating to the criminal charge, the scope of the hearing is less than it otherwise would be. Such an invocation should not prejudice the question of the individual's basic honesty, since there are many reasons not related to the underlying guilt or innocence of the person that may make it tactically unwise not to utilize the Fifth Amendment protection.

D. In order that the indictment or conviction be accorded some appropriate weight, however, particularly in light of the individual's possible invocation of his Fifth Amendment right and the consequent removal of a major portion of relevant facts from the scope of the hearing, it would not be unreasonable that the fact of indictment or conviction should be allowed to create a *presumption* of dishonesty, which it would be up to the individual to rebut in the hearing. If such person decides that it is more important to preserve his Fifth Amendment right to remain silent on the criminal charge, he would be entitled to do so, but such silence may make it difficult for him to overcome the presumption of dishonesty.

It should not, however, be made mandatory for an individual to abandon the Fifth Amendment in order to have the opportunity for a successful rebuttal. If such person can show satisfactorily by virtue of other information, including that developed by the discussion in a hearing and character witnesses, that he is not dishonest, the agency should be capable of making a finding of good character in spite of the indictment and in spite of his invocation of his Fifth Amendment right. In fact, since the whole suspension provision is discretionary with the agency, it is always in the position of being able to drop the proceedings or terminate an order, or even never to bring any proceedings at all. Presumably, it would drop a pending proceeding at any time it concluded that the individual was not dishonest in fact (assuming the expected public-reaction aspect of the continued association would not pose a problem for the bank).

The agencies have further objected to the requirement of two separate hearings—one for the indictment stage and one for the conviction stage—claiming that such a procedure is too burdensome. This problem can be resolved by allowing the hearing and any adverse decision based upon an indictment to stand after conviction, without further proceedings (other than as specified in the provision for "good-cause" review).

Further, if the agency decision based upon the indictment should be favorable to the individual, the agency should have the right to reconsider (upon a rehearing) the initial decision if a conviction results. An adverse agency decision based upon an indictment, which indictment is subsequently terminated by other than a conviction, should continue as in present law to be itself automatically terminated.

Although not a specific objection of the agencies, a further potential administrative burden of the Amendment as it affects the suspension provision might be the feature providing an automatic right for a person suspended to have a review of the suspension order every three years. I would be inclined to amend this provision to read that such a review need only be granted when good cause is shown for such a review. I would contemplate that such good cause could be shown by such indications as evidence of reformed character, new evidence of an exonerating nature relating to the conviction circumstances, or changes in the law involved in the conviction which make the relevant conduct cease to be criminal.

In light of this good-cause modification, I would retract the three-year feature of the Amendment as it applies to an automatic right of review, since these "good causes" for reinstatement should not be barred by such time constraints, nor should the agencies have to hear everyone's attempt to construct a good-cause rationale as a matter of routine every three years. However, in order to avoid an unnecessary administrative burden from repetitive, non-meritorious good-cause petitions, the agencies should be required to hold a hearing with respect to a given individual a maximum of once every three years. This procedure would be subject to the regular judicial review procedure also imposed by the Amendment upon the basic suspension process.

(3) 12 U.S.C. § 1829 Employment.

The section of the Federal Deposit Insurance Act dealing with the employment in an insured bank of a person convicted of a misdemeanor or felony involving dishonesty, 12 U.S.C. § 1829 ("§ 1829"), is deficient in that it does not offer a clear statutory opportunity for formal review of the question of current fitness to be involved with a bank, nor does it provide any Congressionally determined standards to guide the agency in making such a determination. The Amendment's provisions were intended to cure those deficiencies. The fact that the FDIC attempts to offer some due process to those affected and does not read the statute as restrictively as it could be read is commendable, given the general lack of status of the concept of due process in the eyes of the bank regulators, but that in itself does not cure the statutory defect nor the lack of certainty with respect to the affected person's rights.

The FDIC objects to the Amendment's provisions in this area, primarily for mechanical or otherwise curable afflictions. The agency does not wish to: (1) have a "hearing on all [§ 1829] applications, primarily because as a practical matter many of such applications are now resolved in the petitioner's favor without any hearing"; (2) have a hearing subject to the substantive criteria in the Amendment because they are "inappropriate for the consideration of applications of individuals convicted of petty crimes or seeking employment in a non-executive capacity"; and (3) render advisory opinions with respect to the suitability of a given person for some as yet undefined or unknown position in a bank, the identity of which bank may not even be known.

I can accede to these objections because they appear to be reasonable and they can be accommodated without destroying the fundamental reforms which are needed in this particular statute. I have therefore revised the Amendment to:

(1) Extend the time period for holding a hearing under the statute from thirty days to sixty days, in order to provide adequate time for the agency to review the case unilaterally and to make a decision as to whether it will grant the requested permission without the necessity of a hearing; otherwise the hearing should be held within such sixty days.

(2) Clarify that any and all considerations relevant to risk to the bank and equity to the individual may be taken into consideration in dealing with a request for the statutory permission, not just those which are emphasized in the Amendment. This should allow the agency to deal more flexibly with the cases of petty crimes and/or non-sensitive positions as to which it expressed concern.

(3) Require that the applicant specify a particular employment opportunity and bank in his application in order to prevent the agency from having to render advisory opinions; such representations could, of course, be checked for accuracy by the agency and any permission granted could be specific as to the position and bank involved.

With these considerations in mind, then, I recommend to you and to the Congress the revised version of the Amendment attached hereto. The removal, suspension, and employment powers of the agencies are only a small part of the unduly arbitrary powers currently held by the agencies. In a later letter, I hope to transmit to you a draft of a bill that would serve to correct the tremendous arbitrary power inherent in the unrestrained examination-related powers of the agencies and in their effective authority to grant or deny various types of official permission on spurious and irrelevant grounds.

The removal, suspension, and employment powers Amendment is in reality a test case in a confined situation where Congressional action to move forward with reform of the arbitrary powers of the banking agencies could be observed and evaluated before the larger reforms are attempted. The great degree of arbitrary power enjoyed by the agencies detracts seriously from the effectiveness of market principles in governing the behavior of banks, and the public is the ultimate loser because banks generally are less innovative, less inclined to take appropriate lending risks, less responsive to the banking public while their resources and efforts are focused on satisfying unnecessary and inappropriate regulatory demands.

Sincerely yours,

MICHAEL E. BURNS.

[From the Houston Post, May 7, 1976]

TWO-EDGED WEAPON

The Senate Banking Committee, in response to disclosures that a number of banks and bank holding companies were on "problem lists" kept by the federal bank regulatory agencies, has approved legislation strengthening these agencies' supervisory power over the banking system. The agencies that would be given broadened authority by the bill—the Federal Reserve Board, the Federal Deposit Insurance Corporation and the comptroller of the currency—generally favor it. But if the measure becomes law, some of its provisions will require extremely judicious application. Otherwise, individuals and businesses could be damaged unjustifiably.

The law now permits a bank regulatory agency to order the removal of a bank officer or director for fraud or personal dishonesty. But the Senate bill would extend the grounds for removal to "gross negligence" or "willful disregard for the safety or soundness of the bank." The measure would further empower the agencies to order bank holding companies to divest themselves of non-bank businesses that pose a serious risk to banking operations.

Obviously, what constitutes gross negligence or willful disregard in the first instance or serious risk in the second could, under certain circumstances, be subject to close—and controversial—judgment calls by regulators. Fixing individual responsibility for transactions or policies deemed a threat to the soundness of a bank could also prove difficult, if not impossible, in some cases. Take bank loans, for instance. It was the number of shaky loans in their portfolios that landed many of the banks, including some of the nation's largest, on the "problem lists" of the federal regulators. But most banks rely on committees of bank officers, not a single official, to make decisions on loans beyond relatively small, routine sums. They are, in other words, shared decisions based on the knowledge and experience of several bankers.

If the regulatory agencies are armed with the broader powers in the Senate bill, they must take care to distinguish between acts that constitute gross negligence and simple errors of judgment.They must also weigh unforeseen adverse developments, such as the 1974–75 recession. During this period many loans became shaky that would have been sound under normal economic conditions.

Another provision of the Senate bill would give the regulatory agencies new power to levy civil penalties on banks and individuals for breaking certain federal banking laws and rules. Violators of an agency's cease-and-desist order could be penalized $10,000 a day and those violating the Bank Holding Company Act or rules on loans to bank officers could be assessed a penalty of $1,000 a day.

Widely publicized disclosures of the lists of "problem banks" kept by federal bank regulators had no noticeable effect on public confidence in the banking system. They did, however, spur demands for closer scrutiny of banking operations and a stronger federal supervisory role. The Senate bill is one answer to those demands. Its aim is to provide additional weapons to protect the soundness of the banking system without resorting to a drastic overhaul of that system or the agencies that regulate it, as proposed by some members of Congress. But the new weapons would have to be used with care to avoid injuring the industry they were designed to protect.

By Mr. HUGH SCOTT:

S. 3587. A bill to amend title XVI of the Social Security Act to provide that, in the case of an individual residing in a retirement home or similar institution, certain payments made to such home or institution by relatives of such individual shall not be regarded, for purposes of such title, as income of such individual. Referred to the Committee on Finance.

Mr. HUGH SCOTT. Mr. President, I am sure that my colleagues share my sensitivity to the plight of our senior citizens who are victims of constant financial roadblocks.

I would like to cite a particular case which I believe deserves a legislative remedy. An 81-year-old woman living in a retirement home pays a monthly rent of $225. Her income consists of $165 per month in social security benefits and $32 in supplemental security income. The nephew of this woman, her only relative, has been paying the remainder of the balance which amounts to $28. According to supplemental security income regulations, the nephew's contribution was more than she was allowed to receive. This woman received a notice from the Social Security Administration stating that she owed the supplemental security income $733.66 for overpayment and would be removed from supplemental security benefits.

As a result of the injustice in this case, one case out of many thousands, I am introducing a bill to amend title XVI of the Social Security Act to provide that, in the case of an individual residing in a retirement home or similar institution, certain payments made to such home or institution by relatives of such individual shall not be regarded, for purposes of such title as income of such individual. I urge my colleagues to join me in support of this bill which provides for a measure of legislative relief for our senior citizens.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3587

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1612 (a)(2)(A) of the Social Security Act is amended—

(1) by striking out "and" at the end of clause (i), and

(2) by inserting, immediately before the semicolon at the end of clause (ii) the following: ", and (iii) in the case of any individual or his eligible spouse who resides in a retirement home or similar institution, support and maintenance, furnished to such individual or spouse for any month by such institution, shall not be included to the extent that the charge imposed by such institution therefor is in excess of the amount of the monthly supplemental security income benefit payable to such individual or spouse (as determined without regard to this subparagraph) and such excess is paid by a person who is related to such individual or spouse, as the case may be, by blood marriage, or adoption".

(b) The amendments made by this section shall be effective in the case of monthly benefits, under title XVI of the Social Security Act, for months after the month in which this Act is enacted.

By Mr. GARY HART:

S. 3588. A bill to provide a pilot program for review of certain existing tax expenditures, and to provide for systematic review of new tax expenditures and existing tax expenditures which are continued. Referred to the Committee on Finance.

Mr. GARY HART. Mr. President, at a time when the Congress is testing its new technique to control the Federal budget, it is essential that we include one very important form of spending: The revenue which is lost through the special preference provisions of the Tax Code. Over 80 such provisions exist in our laws, through which we now "spend" over $100 billion annually. Many of these "tax expenditures" have never been subject to congressional review, principally because no formal legislative process exists by which it becomes necessary to do so. I am offering today a bill which would provide for the mandatory periodic review of tax expenditure programs.

Earlier this year I introduced a bill to set up a pilot "sunset" system for six Federal independent and regulatory agencies. The measure sets automatic termination dates for each agency, at which time Congress must make a thorough assessment of its value to determine if that agency should be continued. The termination and review process would continue on a periodic basis. The bill I introduce today employs the sunset concept to give the Congress a simple, but effective, means to control tax spending.

The bill has two principal components: A pilot sunset experiment for six specific tax expenditure provisions, and a provision to apply sunset to any new tax expenditure passed by Congress. In both cases, each tax provision must undergo comprehensive review by committees in both Houses of Congress at least every 4 years. On the basis of a detailed study to be prepared by the Congressional Budget Office, and on the testimony of interested parties from the public and from Government, proponents of a tax provision must justify its continued existence. An important aspect of the entire review process is that the burden of proof in determining the value of a tax expenditure to society should rest with those who benefit from it.

The study and review process should satisfy several criteria:

First, the cost of the tax provision. This, of course, should include lost revenue. An accurate estimate of that amount of revenue which is foregone by continuing or establishing a tax expenditure is essential to a definition of its value to the public. But there should also be an effort to assess the "opportunity" cost, or that which is lost to society by not allocating that spending potential to some other purpose. Taxpayers who do not benefit from a special tax provision are those who are paying for it. Tax preferences for one segment of society add to the tax burden being carried by all others. The cost of a tax expenditure should, therefore, be viewed in light of its cost to other taxpayers.

Second, the benefits of the preference to society. The rationale for each special preference should be identified with specific respect to what segment of the society gains from it, to what extent, for what purpose, and under what circumstances it was originally created. Each review should also determine if such a rationale applies to current circumstances.

Third, its effectiveness. The cost and benefits of each special preference should be considered in the context of its intended purposes, with an effort to ascertain the effectiveness of the provision to fulfill its original design, and to determine the value of its continued existence. In making this analysis, evaluation of the tax expenditure's consistency with clear and current national social and economic objectives should be included.

Fourth, its positive or negative relation to, or effect upon, other or similar programs. If it is established that the cost and rationale sufficiently warrant Government action, a comprehensive effort should then be made to determine the appropriate means. The objectives of the tax expenditure might best be accomplished through alternative fiscal mechanisms. For some of these programs, the tax system offers the best means. Others may be better suited to other, and in particular, direct forms of Federal assistance. It should be the job of those reviewing each tax expenditure to identify the better approach. Also, those reviewing each tax expenditure should identify similar Federal expenditure programs to assess whether it may duplicate, or counteract those efforts in that particular policy area.

Fifth, its impact on the income tax structure as a whole. Some expenditures were created to correct inequities in the Federal tax system. But others, primarily to subsidize disadvantaged segments of society or to give incentives, were created without regard to their impact on the progressiveness or fairness of the system. Those charged with examining tax expenditures should ascertain if an inordinate share of benefit is being gained by business or individuals via the provision. This should be an important part of the review process.

The study required of the Congressional Budget Office should include sufficient data, with analysis, to support a comprehensive and clearly formulated assessment of each of these criteria. It should also supply a specific recommendation for its repeal or revision. Testimony from public or private sources can supplement the information contained in the study.

The committees responsible for conducting review are the Finance Committee in the Senate, and the House Ways and Means Committee. It should be emphasized, however, that other committees in both Houses would be urged to participate. These would not only include the various committees which would have legislative jurisdiction over similar expenditure programs funded by budget authority, but also the Budget Committees in both Houses to assist in providing a comprehensive budgetary view of tax expenditures.

The two principal committees in each House are charged with the responsibility of reporting to the House and the Senate respectively their findings, with recommendations. Only then may a bill be considered to reestablish the tax provision. If no review is conducted, the provision automatically expires.

Mr. President, this bill offers a simple, but no-nonsense approach to periodic review of tax expenditures. Your tax benefit must be justified, or it may be lost. This is not an attempt to eliminate any particular tax provision, nor is it a substitute for the long-awaited comprehensive tax reform which the American people have been promised year after year. The bill does offer a defined process by which to evaluate specific provisions of our tax system, and sets out fundamental criteria to correct inequities and misallocation of Federal revenue in each one. As such, it offers a tool to reduce unjustified expenditures of tax revenue, and to eliminate inequities of the Federal income tax structure.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 3588

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Tax Expenditure Review Act of 1976".

FINDINGS

SEC. 2. The Congress finds that the Federal income tax laws include various special provisions which depart from the fundamental purpose of raising revenue and which are not subject to systematic Congressional review. The Congress further finds that, once enacted, such special tax provisions are not subject to automatic termination, but remain as permanent features of the Federal income tax structure without regard to the special circumstances that may have led to their enactment. The Congress believes it necessary to treat such provisions as expenditures subject to periodic review for the purpose of establishing sound fiscal policy. The Congress further believes that the establishment of a system for the automatic termination of each such special tax provision, with provision for detailed and comprehensive review of the justification for its continued existence, is desirable and in the public interest.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) The term "tax expenditures" means those revenue losses attributable to provisions of the Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.

(2) The term "tax expenditure provision" means a chapter, subchapter, part, section, or other provision of the Internal Revenue Code of 1954 or any other Federal income tax law the application of which results in a tax expenditure.

TERMINATION OF CERTAIN TAX EXPENDITURE PROVISIONS

SEC. 4. Subject to the provisions of section 5, the following tax expenditure provisions shall cease to apply with respect to taxable years beginning after December 31, 1978:

(1) Section 79 (group-term life insurance purchased for employees).

(2) Section 116 (exclusion of certain dividends.)

(3) Section 119 (exclusion of meals and lodgings provided for employees).

(4) Section 167(m) (class life system for depreciation).

(5) Section 631 (capital gain treatment for timber, coal, and domestic iron ore).

(6) Section 1348 (maximum rate of tax on earned income).

REVIEW BY COMMITTEES ON WAYS AND MEANS AND FINANCE

SEC. 5. (a) The Committee on Ways and Means and the Committee on Finance shall conduct a comprehensive review of those tax expenditure provisions list in section 4. Such review shall include, with respect to each such tax expenditure provision, and examination of—

(1) its cost, benefit, and effectiveness;

(2) its impact on, and relation to, Federal programs having the same or similar objectives which are funded by budget authority; and

(3) its impact on the Federal income tax structure.

In conducting each such review, such committees shall hold public hearings to receive testimony from representatives of the public as well as of the Government. Each committee of the House of Representatives or the Senate which would have legislative jurisdiction over any such tax expenditure provision if it were a program funded by budget authority may submit its views to the Committee on Ways and Means or the Committee on Finance, as the case may be.

(b) On or before March 31, 1978, or such earlier date as the Committee on Ways and Means or the Committee on Finance may prescribe, the Director of the Congressional Budget Office shall submit to such committees a report on each of the tax expenditure provisions listed in section 4. In addition to the matters described in subsection (a), such report shall include, with respect to each such tax expenditure provision, an examination of such provision within the context of Congressional policy relating to outlays for programs within budget functional and subfunctional categories.

(c) On or before June 30, 1978, the Committee on Ways and Means and the Committee on Finance shall submit to their respective Houses a report, with respect to each tax expenditure provision listed in section 4, setting forth the results of the review of such provision under subsection (a) and its recommendations with respect thereto, if such recommendations are for the continuation or reestablishment of such provision.

SUBSEQUENT REVIEWS OF TAX EXPENDITURE PROVISIONS

SEC. 6. (a) Prior to the termination of the applicability of any tax expenditure provision to a taxable year beginning on or after January 1, 1979 (whether or not such provision is listed in section 4), the Committee on Ways and Means and the Committee on Finance shall conduct a comprehensive review of such provision in the same manner as a review conducted under section 5.

(b) The Committee on Ways and Means and the Committee on Finance shall submit to their respective Houses a report setting forth the results of each review of a tax expenditure provision conducted under subsection (a), and its recommendation with respect thereto, if such recommendations are for the continuation or reestablishment of such provision, and not less than six months before the termination of the applicability of such provision.

CONSIDERATION OF BILLS AND RESOLUTIONS ESTABLISHING OR CONTINUING TAX EXPENDITURE PROVISIONS

SEC. 7. (a) It shall not be in order in either the House of Representatives or the Senate—

(1) to consider any bill, resolution, or amendment which establishes a new tax expenditure provision or continues an existing tax expenditure provision (whether or not in a modified form) if, under the terms of such bill, resolution or amendment, such provision is to be in effect for more than four taxable years; or

(2) to consider any bill, resolution, or amendment which establishes or continues more than one tax expenditure provision, or to consider any amendment which establishes or continues a tax expenditure provision to a bill or resolution which establishes or continues a tax expenditure provision.

(b) It shall not be in order in either the House of Representatives or the Senate to consider any bill, resolution, or amendment which continues (whether or not in a modified form)—

(1) any tax expenditure provision listed in section 4 unless the Committee on Ways and Means or the Committee on Finance, as the case may be, has submitted to its House a report on the review of such provision in compliance with section 5; or

(2) any tax expenditure provision subject to a review under section 6 unless the Committee on Ways and Means or the Committee on Finance, as the case may be, has submitted to its House a report on the review of such provision in compliance with such section.

EXERCISE OF RULEMAKING POWER

SEC. 8. The provision of this section and sections 5 (other than subsection (b) thereof), 6, and 7 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively and as such they shall be considered as part of the rules of each House, respectively, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

ADDITIONAL COSPONSORS

S. 1878

At the request of Mr. TOWER, the Senator from Utah (Mr. GARN) was added as a cosponsor of S. 1878, the navigable waters bill.

S. 2387

At the request of Mr. BAYH, the Senator from Idaho (Mr. CHURCH) was added as a cosponsor of S. 2387, to restore and promote competition in the petroleum industry.

S. 3441

At the request of Mr. HUGH SCOTT, the Senator from Massachusetts (Mr. BROOKE) was added as a cosponsor of S. 3441, the congressional cemetery bill.

AMENDMENT NO. 1829

At the request of Mr. INOUYE, the Sentor from Alaska (Mr. STEVENS) and the Senator from Hawaii (Mr. FONG) were added as cosponsors of amendment No. 1829, intended to be proposed to H.R. 10612, the tax reform bill.

AMENDMENTS NOS. 1837, 1838, AND 1839

At the request of Mr. TOWER, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of amendments 1837, 1838, and 1839, intended to be proposed to the bill (S. 3422) to regulate commerce and assure increased supplies of natural gas.

AMENDMENT NO. 1839

At the request of Mr. TOWER, the Senator from Florida (Mr. STONE) was added as a cosponsor of amendment No. 1839, supra.

SENATE RESOLUTIONS NOS. 469 AND 470—SUBMISSION OF RESOLUTIONS OF DISAPPROVAL OF ENERGY ACTIONS NOS. 3 AND 4

(Referred to the Committee on Interior and Insular Affairs.)

Mr. JACKSON submitted the following resolutions:

S. RES. 469

Resolved, That the Senate does not favor the energy action numbered 3 transmitted to the Congress on June 15, 1976.

S. RES. 470

Resolved, That the Senate does not favor the energy action numbered 4 transmitted to the Congress on June 15, 1976.

Mr. JACKSON. Mr. President, today I am submitting resolutions expressing the Senate's disapproval of energy actions Nos. 3 and 4, the Federal Energy Administration proposals to remove price and allocation controls from home heating oil, diesel fuel and other middle distillate refined petroleum products. The full texts of both FEA proposals appear in the CONGRESSIONAL RECORD of June 15, 1976 at pages 18376–18381.

The provisions of sections 455 and 551 of the Energy Policy and Conservation Act (Public Law 94–163) specify the congressional review procedures for the submission and consideration of proposals by the administration to amend the regulation affecting domestic crude oil and proposed "energy actions" would become effective unless disapproved by either House of Congress within 15 legislative days. In the case of these proposals to decontrol heating oil, diesel fuel and other middle distillates, the 15-day period would end on midnight June 30, 1976.

With respect to the middle distillate refined petroleum products, section 455 of the EPCA requires that a separate decontrol proposal be submitted for the No. 2 oils: No. 2 home heating oil and No. 2–D diesel fuel. FEA has submitted energy action No. 3 to remove price and allocation controls from this refined product category. Energy action No. 4 applies to other refined petroleum products in the middle distillate category; kerosene, No. 1 fuel oil, No. 1–D diesel fuel. Neither proposal relates to aviation fuel.

I anticipate that the resolutions with respect to energy actions Nos. 3 and 4 will be referred to the Committee on Interior and Insular Affairs. The committee has scheduled hearings on middle distillate decontrol for Monday, June 21, to receive the views of the FEA and selected private witnesses. The committee could at any time thereafter favorably report either resolution. In any event, if the committee has not reported the resolutions at the end of 5 days after referrals, section 551(f)(4) of the Energy Policy and Conservation Act provides that any Member of the Senate may move to discharge the committee from further consideration of either resolution. Such a discharge motion would be highly privileged and the debate on the motion would be limited to 1 hour.

These procedures assure that the Senate will have an opportunity to vote on a resolution of disapproval with respect to an energy action. I am introducing these resolutions to preserve this opportunity in the case of the middle distillate decontrol proposals. Home heating oil price and availability affect a great many homeowners who have almost no opportunity to switch to an alternate fuel. I feel strongly that the Senate should examine these FEA proposals very closely between now and June 30. I hope the record established in the Senate Interior Committee will assist in clarifying the issues. If disapproval of these decontrol proposals is warranted, my resolutions will provide an opportunity for the Senate to express itself.

SENATE RESOLUTION 471—ORIGINAL RESOLUTION REPORTED RELATING TO THE CONSIDERATION OF H.R. 12545

(Referred to the Committee on the Budget.)

Mr. GRAVEL, from the Committee on Public Works, reported the following original resolution:

S. Res. 471

Resolved, That the prohibition of section 402(a) of the Congressional Budget and Impoundment Control Act of 1974 as to the consideration by the Senate of legislation authorizing the enactment of new budget authority for a fiscal year is such legislation is not reported to the Senate on or before May 15 preceding the beginning of such fiscal year be waived with respect to the River Basin Monetary Authorization Act of 1976 (H.R. 12545) reported by the Committee on Public Works on June 16, 1976. The waiver is necessary for the Senate to complete action on legislation which provides monetary authorization limitations for thirteen river basins through fiscal year 1977. The authorizations contained in this bill are those recommended by the administration and approved by the House of Representatives on May 17, 1976.

The authorization of funds in H.R. 12545 are within the levels for water resource development by the Corps of Engineers reported to the Senate Budget Committee by the Public Works Committee in the March 15 report. This reported bill provides for continuity in the river basin development plans previously authorized by Congress.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REFORM ACT OF 1976—H.R. 10612

AMENDMENT NO. 1878

(Ordered to be printed and to lie on the table.)

Mr. TAFT submitted an amendment intended to be proposed by him to the bill (H.R. 10612) to reform the tax laws of the United States.

AMENDMENT NO. 1879

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1880

(Ordered to be printed and to lie on the table.)

Mr. BEALL. Mr. President, today I am submitting an amendment to the Tax Reform Act, H.R. 10612, which will equalize the treatment of all those who have retired on disability from the Federal Government, both civilian and military.

The amendment is based on an inconsistency within the Tax Reform Act which I feel is unfair to the civilian employees of our Government. Although the members of the armed services will continue to benefit from the tax exemption of sick pay and disability retirement, civil servants and postal employees will not. It is time that the Federal Government recognize that it is one employer, and should treat all of its employees equally, whether they be in the military sector or the civilian one.

Section 505 of the Tax Reform Act suggests a change in the current tax exemptions for disabled retirees, including those who have already retired. These individuals retired under one system, and it seems unfair to change this system by making these revisions retroactive. Therefore, I have introduced a grandfather clause for those currently receiving Federal disability retirement benefits, similar to the provision enacted in the House for military disabled retirees.

I strongly support the need for tax reform. However, it need not be accomplished by placing undue hardship on our Nation's disabled retirees.

I ask unanimous consent that my amendment be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 1880

on older Americans. All that was neces-
and insert the following: "or was totally or partially disabled for purposes of chapter 81 of title 5, United States Code,".

On page 210, line 8, strike out "before January 1, 1976," and insert the following: "on or before the date of enactment of this Act,".

On page 210, line 11, strike out "January 1, 1976," and insert the following: "on or before the date of enactment of this Act,".

On page 210, line 13, strike out the comma and insert the following: "or was totally or partially disabled for purposes of chapter 81 of title 5, United States Code,".

AMENDMENT NO. 1881

(Ordered to be printed and to lie on the table.)

Mr. BROCK submitted an amendment intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1882

Ordered to be printed and to lie on the table.)

Mr. HASKELL. Mr. President, the tax bill reported by the Senate Finance Committee has generated considerable opposition. Not nearly enough, however, for it is a very bad bill.

The committee began with the House-passed tax bill which contained at least a few halting steps toward honest, structural tax reform. It ended up with a 1,500-page creation which opens new tax loopholes while leaving all the worst existing ones untouched. In between, the committee engaged in some remarkable gymnastics to hurdle the budget resolution's requirement that we raise $2 billion by cutting tax expenditures. Despite the resulting fiscal illusion, the committee bill does not meet the resolution's requirement.

Along the way, the committee raided the paychecks of working Americans with an early termination of the $35 individual tax credit. Further, it delayed simplification and extension of the retirement income credit so urgently needed to ease the inflationary burden on older Americans. All that was necessary to finance new loopholes and to cut the taxes of the richest 1 percent of Americans—this by reducing from 70 percent to 50 percent the tax rates on unearned investment income.

Five of us who sit on the committee, along with several other Senators, will propose an amendment to the committee bill. None of us represents this package as "tax reform." It is merely an attempt to hold the line, to do no harm at least and a little good, while attempting to eliminate the worst features of the committee bill.

Some of us believe that ours is only the minimum acceptable revision of the committee bill and that Congress should go considerably further and enact some real reform legislation.

Such legislation, Mr. President, is the package of amendments I now submit. These amendments would repeal five of the most flagrant of the artificial tax deductions. I propose that the revenues which result from these repeals be used to cut tax rates for small businesses and to lower social security taxes for both employers and employees.

These artificial deductions are just that—phony deductions which have absolutely no relationship to actual expenses. They are nothing less than subsidies given to and used by major businesses. They are not available to the ordinary taxpayer.

The effect of these artificial deductions has been to cut the tax bills of individuals in the top brackets from the 70 percent statutory rate to 32 percent and the corporate rate from 48 to 35 percent. These and other phony deductions have cut the corporate share of Federal revenues from 28 percent in 1956 to 13 percent this year.

Simple fairness demands that we eliminate these deductions and offer some relief to the hard-pressed wage and salary earner, to the farmer and to the small business owner who is increasingly disadvantaged by the economic concentration of giant corporations.

First to go should be the investment tax credit. Through this device, the Treasury pays for 10 percent of all equipment purchased by business. Recent studies by research economists at the Library of Congress emphasize the ineffectiveness of the investment tax credit as a marginal incentive. Simply stated, businesses which plan to invest will do so anyway, and taxpayers will pick up 10 percent of the tab—a tab which runs at least $8 billion per year and is growing.

There is one vitally important exception to this provision. Mr. President, I would retain the investment tax credit for small businesses—those with $2 million or less in assets—and for family farms, defined as those farmed by the owner or providing at least 65 percent of the owner's income.

According to the Treasury Department, 70.8 percent of the benefits of the investment tax credit in 1972 went to two-tenths of 1 percent of the Nation's corporations. These all had assets of $100 million or more. The vast majority of the Nation's businesses, those with assets of under $2.5 million, collected only 13.2 percent of the subsidy's benefits. We know, too, that the investment tax credit tends to favor established businesses over new or smaller businesses which have lower initial earnings and no established credit.

There is ample justification, Mr. President, for allowing small businesses and family farmers to continue to use the investment tax credit. A generation of tax policy in this country has worked to the disadvantage of the small business and to the great advantage of large firms. Yet it is the small business sector which is most competitive and which provides most of the Nation's jobs. Help for that sector fosters both employment and genuine competition.

The family farmer has taken a beating, too, in recent years. Farm prices have not begun to keep pace with inflation which has hit the so-called farm inputs—every thing from fertilizer to tractors. I believe it is important that we do everything possible to help the family farmer who not only provides this Nation's food and fiber but also accounts for a major share of U.S. exports.

My amendment would also repeal two forms of rapid depreciation: ADR, or asset depreciation range, and accelerated depreciation. ADR is so complicated it is used only by the top 1.5 percent of U.S. corporations. But they use it with considerable effectiveness. ADR cost the Treasury $1.6 billion in artificial deductions—over and above the justifiable deductions for true depreciation over the useful life of the asset. Accelerated depreciation costs the Treasury another $1.3 billion a year.

These two provisions are the source of many tax shelters which are far more than just preferences to help business people cut taxes. Shelters are paper-loss investments which help high-income people avoid taxation on ordinary income from other sources.

I also propose to repeal or limit four kinds of natural resource preferences. These provisions allow natural resource industries to exclude a large portion of their income from taxation—at a cost to the Treasury of $3 billion per year.

Finally, Mr. President, I propose to repeal the so-called DISC or domestic international sales corporation provision. Even in the modified form several of us have proposed in our amendment—and which I will strongly support over the committee provisions—DISC would give a subsidy to people doing business overseas. In reality, it is a $1.4 billion per year subsidy which U.S. taxpayers give to foreign consumers through lower prices. Analyses of DISC, done by both the Treasury Department and the Library of Congress, leave little doubt about the ineffectiveness of the subsidy. It has not substantially increased exports, as it was designed to do.

Furthermore, there is no indication that exporters need help in the first place. Their profits on exports are already twice that of profits on the same products sold domestically.

The repeal of these five provisions, Mr. President, would restore some fairness to the tax system, some confidence to American taxpayers and $15.3 billion to the Treasury.

My amendment provides that we use the bulk of this revenue to ease the burden of social security taxes, the tax which falls hardest on the lower and middle income wage earner. This tax, deducted in a flat amount from every paycheck, regardless of size, is regressive, not progressive. It is the single biggest tax many Americans pay.

By allocating $13.3 billion of this saving to the social security fund, we can save the average worker $115 per year. It is important to note that employers will also save an equal amount for every $12,000 per year employee. To that extent, it will make it cheaper for businesses to hire people than to buy machines.

The balance of the revenue raised, $2 billion, should go to the direct tax relief of small business which, as I mentioned, is hard pressed in many ways. First, it does not have access to capital markets as does big business, relying instead on retained earnings. Second, it does not have the simple advantage of size and therefore it can be squeezed out by larger firms. Most important of all, it is small business which is truly competitive. That should be encouraged.

Small businesses have been left with the worst of all possible worlds by the U.S. tax system. As we have seen repeatedly, most business subsidies are aimed primarily at large firms. But no distinction is made between small firms and large for purposes of taxation.

I believe we can correct that simply and equitably through the amendments I introduce today to extend the corporate surtax exemption from $50,000 to $100,000. That would result in a tax rate for small corporations of 20 percent on the first $25,000 of taxable income, 22 percent on the second $25,000 and 25 percent on the second $50,000. Under present rates, a small business would pay $34,500 on $100,000 of taxable income. Under my plan, it would pay $23,000—a savings of $11,500.

My amendment would phase out the increased surtax exemption beginning at $250,000 of taxable income. Firms with taxable incomes of over $500,000 per year would pay the full 48 percent statutory corporate rate.

I believe my amendments offer several advantages, Mr. President. They will eliminate five of the most outrageous and least justifiable tax subsidies in the code. They will target direct and immediate relief to low- and middle-income wage earners and their employers through reduced social security withholding rates. And they will give substantial tax cuts to small businesses.

The tax savings, of course, are important and I do not mean to minimize them. But most taxpayers I have talked to about tax reform do not talk about how much they will save; they talk about fairness. And they talk about it with some bitterness because they know it is absent from the tax code today. It is not so much the tax burden to which they object as the fact that the burden falls unevenly and that some privileged taxpayers escape it altogether.

The amendments I submit today will get us on the road to changing both our tax system and the way American taxpayers perceive that system.

AMENDMENTS NOS. 1883 AND 1884

(Ordered to be printed and to lie on the table.)

Mr. HARTKE submitted two amendments intended to be proposed by him to the bill (H.R. 10612), supra.

AMENDMENT NO. 1886

(Ordered to be printed and to lie on the table.)

LIMITING TAXPAYER LIABILITY FOR UNDERPAYMENT OF TAXES DUE TO INTERNAL REVENUE SERVICE ERROR

Mr. STONE. Mr. President, on May 6, 1975, I introduced S. 1652, a bill which would protect taxpayers from interest penalties on income tax deficiencies when the taxpayer's income tax return was prepared by the Internal Revenue Service. This legislation would prevent taxpayers from being held responsible for mistakes made by taxpayer service representatives of the Internal Revenue Service in preparing taxpayer returns.

Fourteen Senators have joined as cosponsors of S. 1652, and today I am offering this proposal in the form of an amendment to H.R. 10612. The need for this amendment is illustrated by a survey made by the House Ways and Means Subcommittee indicating that incorrect advice was given by Internal Revenue Service agents at least 25 percent of the time in response to inquiries about specific tax matters. I understand that Commissioner of Internal Revenue Service Donald Alexander is concerned about this problem and is working to improve the situation.

Mr. President, I submit this amendment not to discourage the Internal Revenue Service from continuing to provide the excellent and most helpful assistance it has been providing to millions of taxpayers every year. Rather, I submit this amendment to make certain that mistakes made by employees of the Government do not have the effect of penalizing taxpayers who want to take advantage of the taxpayer assistance program of Internal Revenue Service. Indeed, I believe the adoption of this amendment will result in greater use of the Internal Revenue Service's taxpayer assistance program because of its assurance that no taxpayer will suffer from good-faith reliance on Internal Revenue Service advice.

It is important to understand that this amendment relieves the taxpayer of interest liability for unpaid taxes only to the extent that the taxpayer's return is actually prepared by an Internal Revenue Service representative and the taxpayer does not fail to provide information concerning his tax situation to Internal Revenue employees in the preparation of the tax return. The amendment would not relieve the taxpayer of his obligation to pay any additional taxes he might owe to the Federal Government.

Mr. President, I ask unanimous consent that the text of this amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1886

On page 790, after line 9, insert the following:

SEC. 1212. Deferral of interest on errors when return is prepared for taxpayer by the Internal Revenue Service.

(a) IN GENERAL.—Section 6601(c) (relating to suspension of interest in certain income, estate, gift, and chapter 42 or 43 tax cases) is amended by adding at the end thereof the following new sentence: "In the case of an income tax deficiency, if the return was prepared by a taxpayer service representative of the Internal Revenue Service acting under the program established by the

Secretary or his delegate to provide assistance to taxpayers in the preparation of income tax returns, and if the deficiency did not result from a failure by the taxpayer to provide information to the taxpayer service representative who prepared his return, or from a willful misrepresentation of information by the taxpayer, interest shall not be imposed on such deficiency for any period beginning before the 30th day after the date of notice and demand by the Secretary or his delegate for payment of the deficiency.".

(b) Effective Date.—The amendment made by this section applies to returns filed for taxable years beginning after the date of enactment of this Act.

PUBLIC WORKS APPROPRIATIONS, 1977—H.R. 14236

AMENDMENT NO. 1885

(Ordered to be printed and to lie on the table.)

Mr. GLENN submitted an amendment intended to be proposed by him to the bill (H.R. 14236) making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes.

ADDITIONAL STATEMENTS

SCHWEPPE ANALYSIS OF PANAMA CANAL SOVEREIGNTY

Mr. THURMOND. Mr. President, starting in 1967 and continuing through later years, I have made a series of addresses in and out of the Congress covering the significant features of U.S. Isthmian canal policy. These addresses deal primarily with the questions involved in the major increase of capacity of operational improvement of the existing Panama Canal and the necessity for retaining our undiluted sovereign control over its indispensable protective framework—the Canal Zone.

Various national and local polls conclusively show that the people of the United States are overwhelmingly opposed to the projected surrender of U.S. sovereign control over the zone. While Secretary Kissinger and those who support him continue to deny U.S. sovereignty, many of our citizens naturally oppose the expenditure of large sums required for major canal modernization.

Though the treaty provisions under which the Canal Zone was granted in perpetuity to the United States clearly establish that the Canal Zone is a territorial possession of the United States, a calculated campaign of manipulation by Secretary Kissinger through the State Department aims to bring about the surrender of the zone to Panama, a small, weak country allied with the Moscow-Havana Axis. A main feature in this campaign of distortion is the effort to convince the people of the United States that the Canal Zone is not U.S. territory, but Panamanian, and to create a sense of guilt for having deprived Panama of its "greatest natural resource"—the Panama Canal.

The legal position of the United States as sovereign of the Canal Zone is as unassailable as it is on Alaska and the Louisiana Purchase.

In a letter to me on May 25, 1976, Alfred J. Schweppe, of Seattle, Wash., one of our Nation's outstanding lawyers, examines the question of sovereignty over the Canal Zone, clears away some of the contrived confusion, and reaches the conclusion that the United States has "complete dominion over the Canal Zone by the 1903 treaty confirmed in 1939."

Mr. President, Mr. Schweppe's discussion of the sovereignty question is sound and should be of great value to all Members of the Congress, as well as others, especially Secretary Kissinger, in dispelling the fog of confusion fallacies that has featured so much of current rhetoric. I ask unanimous consent for it to be printed in the Record, together with "Kissinger Pledges New Era for Canal," at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the Record, as follows:

Schweppe, Doolittle, Krug, Tausend, Beezer, & Beierle,
Seattle, Wash., May 25, 1976.

Hon. Strom Thurmond,
U.S. Senate,
Senate Office Building,
Washington, D.C.

Dear Senator Thurmond: I note with satisfaction your defense of our Panama Canal ownership (New York Times Magazine, May 16, 1976, pp. 18, et seq.)

Reasonably versed in international law, including the law of treaties, as well as the law of property, I have considered the Isthmian Canal Convention of November 18, 1903, as officially published in Volume 33, Part 2, U.S. Statutes at Large, pp. 2234–2241.

In the preamble (p. 2234) it is recited that in furtherance of the object of constructing a ship canal across the Isthmus: . . . The President of the United States is authorized to acquire within a reasonable time the necessary territory of the Republic of Columbia, and the sovereignty of such territory being actually vested in the Republic of Panama, the high contracting parties have resolved for that purpose to conclude a convention . . .

By Article I, "the United States guarantees and will maintain the independence of the Republic of Panama."

In Article II, "the Republic of Panama grants to the United States in perpetuity the use, occupation, and control of a zone of land and land under water . . ." ten miles wide.

Then comes Article III: The Republic of Panama grants to the United States all the rights, power and authority within the zone mentioned and described in Article II of this agreement and within the limits of all auxiliary lands and waters mentioned and described in said Article II which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such soverign rights, power or authority.

The preamble merely establishes the preliminary fact of existing sovereignty in the Republic of Panama. Then in Article III, "the Republic of Panama grants to the United States all the rights, powers and authority within the zone mentioned . . . which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located, to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights and authority."

Simply stated, Panama having existing sovereignty over the area, by the treaty relinquishes in perpetuity to the United States "the use, occupation and control of a zone of land and land under water . . . to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights."

Persons in the State Department, including Ellsworth Bunker, who is at present conducting the Panama Canal negotiations for the United States, seek to make a hairline distinction between "sovereignty of such territory being actually vested in the Republic of Panama", and the grant to the United States "of all rights, powers and authority within the zone mentioned . . . which the United States would possess and exercise if it were the sovereign of the territory within which said land and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power and authority."

The distinction sought to be made is illusory. The State Department says that we have acquired only "rights" not title. In fact and in law Panama granted all of the rights there are to make full legal title. The exclusive "use, occupation and control" of the zone in perpetuity constitutes legal title. Legal title is a right to exclusive possession in perpetuity good against all the world. Sovereignty is the supreme political power or dominion over an area. Panamanian sovereignty in the area was voluntarily suspended permanently, and legal title (the permanent right to exclusive possession) granted to the United States.

The 1903 treaty appropriately protected private ownerships. Such a treaty is equivalent to a deed in fee simple by one country to another to all public property, saving private rights which then became subject to the jurisdiction of the new owner.

The acquisition of Alaska, for example, was a cession or ceding of territory and dominion to all public property, saving private property rights. 15 U.S. Statutes at Large, p. 539. It was a grant of absolute title (exclusive possession in perpetuity), as in the case of Panama.

Panama had initial sovereignty (exclusive political control and dominion) and also the exclusive right of possession, but it suspended sovereignty in the zone in perpetuity and granted exclusive possession in perpetuity to the United States.

For this suspension of sovereignty in perpetuity, and the grant "in perpetuity" of "the use, occupation and control" of the zone, the United States in Article XIV agreed to pay the Republic of Panama the sum of $10,000,000.00 in gold and an annual payment of $250,000.00 in gold for the life of the convention, beginning nine years from date, presumably on completion of the Canal.

This annual payment has from time to time been negotiated upwards.

Some changes not affecting the sovereignty provisions of the 1903 treaty were negotiated in 1936 and ratified by the Senate in 1939. 53 U.S. Statutes at Large, Part 3, pp. 1807–1826. The principal changes were the superseding of section I, guaranteeing independence (p. 1608) and giving up the right of the United States to keep order in Panama, if the Republic of Panama could not, in the judgment of the United States, maintain such order. This 1939 treaty was intended to remove any possible stigma of the original 1903 treaty that Panama was a dependent and second-class nation and to remove any concept of guardian and ward. All right of intervention and protection outside the zone was entirely surrendered by the United States. In addition, the United States (p. 1818) granted Panama an official corridor over the zone between parts of Panama separated by the zone.

That "General Treaty of Friendship and Cooperation of 1936", negotiated by Cordell Hull and signed by President Franklin D. Roosevelt, is overlooked in the recent discussions.

In Article I (p. 1808), the United States of America and the Republic of Panama declared: . . . that the provisions of the Convention of October 18, 1903, contemplate the use, occupation and control by the United States of America of the Canal Zone and the additional lands and waters *under the jurisdiction of the United States* for the purposes of the efficient maintenance, operation, sanitation and protection of the Canal and its auxiliary works. (Italics supplied.)

Article IV (p. 1814) provides: In view of the fact that the Canal Zone divides *the territory under the jurisdiction of the Republic of Panama,* the United States of America agrees that, subject to such police regulations as the circumstances require, Panamanian citizens who may be occasionally deported from the Canal Zone shall be assured transit through said zone, in order to pass from one part to another of the territory *under the jurisdiction of the Republic of Panama.* [Italics supplied.]

Article VIII (p. 1818) provides: In order that the City of Colon may enjoy direct means of land communication *under Panamanian jurisdiction* with other territory under *the jurisdiction of the Republic of Panama,* the United States of America hereby *transfers* to the Republic of Panama *jurisdiction over a corridor,* the exact limits of which shall be agreed upon by the two governments pursuant to the following description.

[Then follows the description of the corridor 25 to 200 feet wide.]

The United States of America shall enjoy at all times the right to unimpeded access across said corridor at any point, and of travel along said corridor, subject to such traffic regulations as may be established by the Government of the Republic of Panama; . . . (p. 1820).

. . . The Government of the United States will extinguish any private titles existing or which may exist in and to the land included in the above described corridor. (p. 1824)

Article X (p. 1825) provides in part: . . . Any measures for safeguarding such interests, which it shall appear essential for one government to take, and which may affect the *jurisdiction* of the other government, will be the subject of consultation between the two governments. [Italics supplied.]

Article XI (p. 1825) provides: The provisions of this Treaty shall not affect the rights and obligations of either of the two High Contracting Parties under the treaties now in force between the two countries, nor be considered as a limitation, definition, restriction or restrictive interpretation of such rights and obligations, but without prejudice to the full force and effect of any provisions of this Treaty which constitute addition to, modification or abrogation of, or substitution for the provisions of previous treaties.

Please note throughout the quoted paragraphs the word "jurisdiction" and the careful delineation of mutually exclusive complete jurisdiction.

This 1936 treaty reemphasizes the complete legal and political dominion and ownership of the United States over the zone. The corridor granted a legal easement over property of the United States constituting the zone.

Since then the reported negotiations have centered on Panamanian participation in control of the zone and operation of the Canal and reportedly relinquishing the zone altogether at some future date.

In sum, the United States initially acquired and still has complete dominion over the Canal Zone by the 1903 treaty with complete exclusive "jurisdiction" confirmed in 1939 and has fully paid for this perpetual right of "use, occupancy and control" to the exclusion of Panamanian "use, occupancy and control"—the legal equivalent of a deed in fee simple.

While an actual instrument of cession or conveyance was not used, the legal language is the equivalent and gives the United States as good a title as it has to Alaska or Louisiana. The language chosen was simply a diplomatic alternative in expression.

Panama was a province of the Republic of Colombia seeking independence by revolt when President Theodore Roosevelt recognized its independence and then kept Colombian troops at a distance with a show of gunboats and Marines. But Colombia in 1922 granted Panama full recognition and settled the boundary between them. Then in 1923 the United States paid Colombia, and Colombia accepted, $25,000,000.00 in full settlement of Colombian claims, including claims arising in 1903.

There are some persons, swinging wildly, who say we "stole" the Canal and should give it back. If it was stolen from anybody, it was stolen from Colombia, and should hence be given back to Colombia. But Colombia has been satisfied financially by the 1933 settlement. Indeed, nearby Colombia itself has reaped great benefits from the Canal, as has the entire world.

The Canal was not stolen from Panama. Panama got nothing but benefits. It got independence from Colombia and eagerly negotiated a treaty that over the years has brought almost incalculable advantages to Panama. The situation in no way partakes of colonialism.

Even if one accepted the notion of the State Department about the 1903 treaty, that we merely acquired "rights" (ignoring that ownership of property is merely an exclusive right of possession of perpetuity) for the $10,000,000.00 paid in 1903, then why, at the proper time, if it ever comes, do we not sell back those rights to Panama at their then current value, including all of the billions of dollars invested in the canal, appropriately depreciated.

This was a commercial transaction (money for exclusive possession of and jurisdiction over the Canal Zone in perpetuity) made in 1903 and reconfirmed in 1939.

Why even tentatively consider giving away these valuable properties of the American taxpayer?

No doubt Panama's present leadership wants the zone for nothing, as if the United States owed Panama for the Zone for nothing. As a friendly gesture Presidents Eisenhower and Kennedy agreed that the United States would fly the flag of Panama beside the American flag within the Zone, but this does not satisfy the current Panamanian government. In my view, when the rights of the United States are properly analyzed, we owe Panama nothing.

Until the Canal completely ceases to have utility in world shipping, it should not be turned over to Panamanian control. One need look only at Egypt's discriminatory management of the Suez Canal after the United States in concert with Soviet Russia prevented England and France from redressing the illegal seizure.

Professor Samuel Eliot Morrison in "The Oxford History of the American People" says that "Panama leased the Canal Zone 'in perpetuity' to the United States." It is more than a lease; it is a legal title—the exclusive right to possession in perpetuity. That should be our point of departure in any negotiations.

For your convenience I attach copies of the provisions of the Isthmian Canal Convention of 1903 which are applicable to the current debate.

Very truly yours,

ALFRED J. SCHWEPPE.

ISTHMIAN CANAL CONVENTION

Convention between the United States and the Republic of Panama for the construction of a ship canal to connect the waters of the Atlantic and Pacific Oceans. Signed at Washington, November 18, 1903; ratification advised by the Senate, February 23, 1904; ratified by the President, February 25, 1904; ratified by Panama, December 2, 1903; ratifications exchanged at Washington, February 26, 1904; proclaimed, February 26, 1904.

By the President of the United States of America, a proclamation—

Whereas a Convention between the United States of America and the Republic of Panama to insure the construction of a ship canal across the Isthmus of Panama to connect the Atlantic and Pacific Oceans, was concluded and signed by their respective Plenipotentiaries at Washington, on the eighteenth day of November, one thousand nine hundred and three, the original of which Convention, being in the English language, is word for word as follows: "Isthmian Canal Convention."

The United States of America and the Republic of Panama being desirous to insure the construction of a ship canal across the Isthmus of Panama to connect the Atlantic and Pacific Oceans, and the Congress of the United States of America having passed an act approved June 28, 1902, in furtherance of that object, by which the President of the United States is authorized to acquire within a reasonable time the control of the necessary territory of the Republic of Colombia, and the sovereignty of such territory being actually vested in the Republic of Panama, the high contracting parties have resolved for that purpose to conclude a convention and have accordingly appointed as their plentipotentiaries,—

The President of the United States of America, John Hay, Secretary of State, and

The Government of the Republic of Panama, Phillipe Bunau-Varilla, Envoy Extraordinary and Minister Plentipotentiary of the Republic of Panama, thereunto specially empowered by said government, who after communicating with each other their respective full powers, found to be in good and due form, have agreed upon and concluded the following articles:

ARTICLE I

The United States guarantees and will maintain the independence of the Republic of Panama.

ARTICLE II

The Republic of Panama grants to the United States in perpetuity the use, occupation and control of a zone of land and land under water for the construction, maintenance, operation, sanitation and protection of said Canal of the width of ten miles extending to the distance of five miles on each side of the center line of the route of the Canal to be constructed; the said zone beginning in the Caribbean Sea three marine miles from mean low water mark and extending to and across the Isthmus of Panama into the Pacific Ocean to a distance of three marine miles from mean low water mark with the proviso that the cities of Panama and Colon and the harbors adjacent to said cities, which are included within the boundaries of the zone above described, shall not be included within this grant. The Republic of Panama further grants to the United States in perpetuity the use, occupation and control of any other lands and waters outside of the zone above described which may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said Canal or of any auxiliary canals or other works necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said enterprise.

The Republic of Panama further grants in like manner to the United States in perpetuity all islands within the limits of the zone above described and in addition thereto the group of small islands in the Bay of Panama, named Perico, Naos, Culebra and Flamenco.

ARTICLE III

The Republic of Panama grants to the United States all the rights, power and authority within the zone mentioned and described in Article II of this agreement and within the limits of all auxiliary lands and waters mentioned and described in said Article II which the United States would possess and exercise if it were the sovereign of the territory within which said lands and waters are located to the entire exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority.

ARTICLE IV

As rights subsidiary to the above grants the Republic of Panama grants in perpetuity to the United States the right to use the rivers, streams, lakes and other bodies of water within its limits for navigation, the supply of water on water-power or other purposes, so far as the use of said rivers, streams, lakes and bodies of water and the waters thereof may be necessary and convenient for the construction, maintenance, operation, sanitation and protection of the said Canal.

ARTICLE V

The Republic of Panama grants to the United States in perpetuity a monopoly for the construction, maintenance and operation of any system of communication by means of canal or railroad across its territory between the Caribbean Sea and the Pacific ocean.

ARTICLE VI

The grants herein contained shall in no manner invalidate the titles or rights of private land holders or owners of private property in the said zone or in or to any of the lands or waters granted to the United States by the provisions of any Article of this treaty, nor shall they interfere with the rights of way over the public roads passing through the said zone or over any of the said lands or waters unless said rights of way or private rights shall conflict with rights herein granted to the United States in which case the rights of the United States shall

* * * * *

ARTICLE XXVI

This convention when signed by the Plenipotentiaries of the Contracting Parties shall be ratified by the respective Governments and the ratifications shall be exchanged at Washington at the earliest date possible.

In faith whereof the respective Plenipotentiaries have signed the present convention in duplicate and have hereunto affixed their respective seals.

Done at the City of Washington the 18th day of November in the year of our Lord Nineteen hundred and three.

JOHN HAY
P. BUNAU-VARILLA.

And whereas the said Convention has been duly ratified on both parts, and the ratifications of the two governments were exchanged in the City of Washington, on the twenty-sixth day of February, one thousand nine hundred and four;

Now, therefore, be it known that I, Theodore Roosevelt, President of the United States of America, have caused the said Convention to be made public, to the end that the same and every article and clause thereof, may be observed and fulfilled with good faith by the United States and the citizens thereof.

In testimony whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington, this twenty-sixth day of February, in the year of our Lord one thousand nine hundred and four, and of the Independence of the United States the one hundred and twenty eighth.

THEODORE ROOSEVELT.

By the President: JOHN HAY, Secretary of State.

[From the Washington Post, June 8, 1976]

KISSINGER PLEDGES NEW ERA FOR CANAL

SANTIAGO.—Secretary of State Henry A. Kissinger has reported "significant progress" in the negotiations for a new Panama Canal treaty and said the pact will give "full regard to the aspirations of the Panamanian people."

Kissinger told the general assembly of the Organization of American States yesterday that both the United States and Panama seek a treaty that will reflect "a new era of cooperation in the Americas."

He said the negotiators still have not reached agreement on two major points: the duration of the new treaty and the area that U.S. military bases will occupy in the Canal Zone.

The present canal treaty, signed in 1903, gives the United States nearly complete control in perpetuity over the canal and the Canal Zone.

Panamanian governments hope to reach agreement soon on the new treaty. The statement said the negotiations, which began 12 years ago, have been carried out in a spirit of "reciprocal good will."

Republican presidential hopeful Ronald Reagan's opposition to concessions to Panama raised the prospect that the canal would be an issue at the OAS meeting. But the joint declaration headed this off, and the 23 foreign ministers agreed to a resolution saying the statement was a "positive contribution" to hemispheric cooperation.

Kissinger also touched on economic issues in his speech yesterday, proposing a "regional consultative mechanism" to help the American nations deal with fluctuations in commodity prices.

He said this new agency could function within the OAS and could oversee foreign investments in the region to insure that there was no infringement on the sovereignty of host countries.

"Our prospects of working together are brighter than ever before, more so in this hemisphere than in any other region of the world," said Kissinger.

He told the ministers President Ford wants to broaden tariff preferences for U.S. imports from Latin America and will urge Congress to restore most-favored-nation status to Venezuela and Ecuador. The two nations were penalized along with the other members of the Organization of Petroleum Exporting Countries because of OPEC's 1973 oil embargo although neither participated.

Kissinger was flying today to Mexico, the last stop on his four-nation Latin-American tour. During a three-day visit he will meet with President Luis Echeverria, Foreign Minister Alfonso Garcia Robles and Jose Lopez Portillo, who succeeds Echeverria Dec. 1, and will visit the Mayan ruins at Uxmal, in Yucatan, and the Caribbean resort island of Cancun.

NATIONAL BICENTENNIAL HIGHWAY SAFETY YEAR

Mr. RANDOLPH. Mr. President, this is a year for America to celebrate its past and the greatness of its accomplishments. The Bicentennial also provides us with a unique opportunity for addressing those problems which face us today and, by working together, to overcome them.

One of the problems that confronts us every day is the carnage on our highways which kills more than 45,000 Americans, injures and disables many times that number, and, at the same time, exacts a tremendous cost in property damage.

What can be done to solve this problem?

Significant steps have been made over recent years to reduce these fearsome statistics. During 1974, the first full year of the nationwide 55 mile-per-hour speed limit, of which I was principal author in the Senate, fatalities dropped by nearly 10,000. Perhaps more significant, this figure remained stable in 1975, despite the fact that more drivers and cars were on the road and substantially more overall miles were driven than in the previous year.

However, to rest on such laurels, particularly during this special year, would be dangerous and unwise. We are now facing a huge increase in highway travel in connection with the Bicentennial celebration. All over the country, people are planning trips to witness and participate in America's 200 birthday—trips that will take them across town and across the Nation. As a result, the experts project that 1976 will be the highest travel year in our history.

And that poses a serious problem. It is conceivable that, since injuries and fatalities on our roads are directly related to the amount of miles driven, we could see a significant increase this year in the highway slaughter. In fact, the death toll for this past April reflects just that.

The Senate has called attention to the need for emphasis on highway safety by its adoption yesterday of House Joint Resolution 726, calling on the President to officially proclaim the National Bicentennial Highway Safety Year.

Last November 14, I introduced this measure in the Senate as Senate Joint Resolution 147. On the same day, my colleague, Representative WILLIAM H. HARSHA of Ohio, introduced a companion measure in the House of Representatives. The House-passed version was amended in committee to provide that the National Bicentennial Highway Safety Year would officially begin "the first full month following enactment." In order to expedite approval of this vital effort, I urged the Judiciary Committee to act on the House version. I appreciate the action of that committee and its Subcommittee on Federal Charters, Holidays and Celebrations, under the leadership of Senator HRUSKA and Senator MCCLELLAN, for its positive consideration of this measure.

What we have done by passage of the resolution is lend congressional support to a program already underway—a program that has already mobilized individuals and organizations representing more than 4 million Americans in a concerted grassroots effort to save lives this year and in the years following.

Conceived and coordinated by citizens for Highway Safety, a tax-exempt, nonprofit organization, the National Bicentennial Highway Safety Year program will each month focus on a different aspect of highway safety—such as high-hazard identification and removal, children's safety, safety belt usage, alcohol—each of which promises significant lifesaving potential. Organizations and agencies, both public and private, interested individuals, groups, companies and unions are sponsoring the monthly campaigns.

The National Bicentennial Highway Safety Year program provides us with the kind of focus needed to attract the attention and energies of the American people in a most worthwhile, beneficial and unified effort.

ANNOUNCEMENT OF POSITION ON VOTES

Mr. STEVENS. Mr. President, this past weekend I was in Alaska to honor commitments I made several weeks ago. Because of those obligations, I missed several rollcall votes. If I had been present this is how I would have voted:

Roll call No., subject, and position:

ANTITRUST AMENDMENTS

265, motion to compel presence of Senators, nay.

274, Chiles-R. Byrd Amendment No. U.P. 3, yea.

275, Hart Amendment No. 1701, in the nature of a substitute, yea.

276, passage of H.R. 8532, yea.

ITALY

277, Senate Vote on H. Con. Res. 651, yea.

VALLEY FORGE NATIONAL PARK

278, McClure Unprinted Amendment, U.P. No. 5, nay.

NO ARMS NO HANDICAP FOR ANNISTON, ALA., GRADUATE

Mr. ALLEN. Mr. President, every summer throughout this great land, tens of thousands of young people line up in gymnasiums, stadiums, and in high school auditoriums and walk proudly across the stage to accept their high school diplomas. While this is a routine occurrence for most graduates, it was an especially rewarding moment for Miss Eve Adams, who graduated recently from Walter Wellborn High School, in Anniston, Ala. Eve was born without arms; however, for Eve, who possesses an indestructible spirit and an enviable determination, her handicap is really no handicap at all.

Eve is one of the school's few graduates with a job awaiting her. The 18-year-old business student has been working 3 hours a day at Anniston Army Depot and will go full time after graduation. She can type 45 words a minute, take 80 words a minute dictation and do bookkeeping with her feet.

The story of Eve's graduation and her many other accomplishments was carried in the May 27, 1976, edition of the Alabama Journal, Montgomery, Ala.

Mr. President, her story is an inspirational one and I ask unanimous consent that the article entitled "No Arms No Handicap for Anniston Graduate," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NO ARMS NO HANDICAP FOR ANNISTON GRADUATE

(By Monde Murphy)

ANNISTON, ALA.—When Eve Adams walks across the platform at Walter Wellborn High School Stadium tonight to get her diploma, she won't need hands to accept it.

Principal Howard Waldrep will place the diploma on her shoulder and Eve will walk away holding it in place with her head. She was born without arms.

Eve is one of the school's few graduates with a job awaiting her.

The 18-year-old business student has been working three hours a day at Anniston Army Depot and will go fulltime after graduation.

She can type 45 words a minute, take 80 words a minute dictation and do bookkeeping with her feet.

"You just have to keep trying for whatever you want," she said. Her goal is to "just be happy and to lead a normal life."

She started adjusting early. "She learned to hold her bottle with her feet as a baby," said her mother, Mrs. Frances Adams.

"Everything just came natural," Eve said. "Daddy taught me things as a baby, how to stand and to balance. When I was four, he taught me how to swim."

Several attempts to provide Eve with artificial limbs failed because she did not like them. "They just didn't feel natural," she said. "I could do more with my feet."

She has had no medical training or counseling to help overcome her handicap.

"When I was six years old, I read about a girl from Winfield with no arms. I went to see her and she gave me inspiration to go on," Eve said.

Her mother added: "As Eve got older, she met more people with similar handicaps and she got encouragement and was on her way."

Eve said that when she entered high school, "it was scary. I thought people in high school wouldn't have time to help me, but they did. They built special desks for every class and the students and teachers accepted me."

Waldrep said Eve has more than evened the score by helping the school.

"She's so inspirational," he said. "She has shown other students that handicaps can be overcome. But I really don't think Eve considers herself handicapped: she does everything the rest of the class does. Many times she does it better."

At home, Eve vacuums, washes dishes, embroiders, all with her feet.

Tonight, Eve graduates sixth in her class of 150.

Other than working, her summer plans include three major steps: learning to parallel park, buying a car and getting married.

MEETING OUR RURAL HOUSING NEEDS

Mr. HUMPHREY. Mr. President, the Housing and Community Development Act of 1974 (Public Law 93–383) renewed the national commitment to "a decent home in a suitable environment." For rural people this had special significance because more than half of the substandard housing in our country is in nonmetropolitan areas, while only 30 percent of the people reside there. In addition such communities have higher levels of elderly and low-income people.

For the first time, Congress established a percentage of housing resources which were to be allocated to nonmetropolitan areas. In addition, Congress provided several important programmatic changes in the Farmers Home Administration housing programs. These were enacted to enable better service to those most in need of decent housing. Most of these changes were basically designed to provide FmHA with the same tools long possessed by HUD. I believe that the most important of these programmatic additions to the authority of the FmHA was section 514 which established a rental assistance—rent supplement—program to be used in tandem with the rental programs of the Agency.

Mr. President, I take this opportunity to describe this program and its history because it is a classic study in frustration and deliberate dereliction by a Federal agency. The rental assistance program parallels a HUD program which has been successfully used since 1967 to serve over 80,000 families whose incomes are too low to meet the regular subsidized program, such as 236, 221(d)(3) and 202.

The rise in production and operating costs has required rents which in most cases could only serve moderate income people. This was true in the HUD urban programs as well as in the FmHA rural program. However, until the 1974 Housing and Community Development Act, the FmHA did not have the authority to serve lower income families through a rental assistance program.

After some 10 years, equity to rural areas finally was provided. As the House report language stated:

> The higher incidence of poverty and generally lower median incomes in rural areas, coupled with the critical need for additional housing serving very low income families, provide adequate justification for this special assistance. Enactment of this important authority is long overdue. (HR 93–1114)

The enactment of a rural rent supplement program was an important step forward for rural areas and had wide support both in and out of Congress. It was with a great degree of anticipation that many people looked forward to its implementation. For many communities, a much-needed housing resource was finally available.

If I were operating the FmHA I would have welcomed this new aid as a way to serve low-income elderly and families as mandated by the law.

But Mr. President, it should not surprise anyone that an administration which proposed to end most of the FmHA subsidy programs through a moratorium in January of 1973, would be violently opposed to a rental assistance program in August of 1974. And what has happened since is a sad history of duplicity, foot-dragging, doubletalk, and contempt of Congress by this administration.

I am compelled to chronicle this record because I believe that Congress should not accept this affront to its authority and just as importantly, thousands of rural people are losing an opportunity to live in decent housing as a result of the refusal of the FmHA to implement the rural rental assistance program.

The following is a brief chronicle of attempts by Congress to get the FmHA to implement the rural rental assistance program:

First. On November 21, 1974, 3 months after the passage of the 1974 Housing and Community Development Act, the Senate Subcommittee on Housing and Urban Affairs held oversight hearings on rural housing programs. During those hearings, Deputy Assistant Secretary James Bostic was asked by Senator

Hathaway when the rental assistance program would be implemented and when regulations would be promulgated. Mr. Bostic indicated that the Agency was waiting for a signal from Congress that it was serious and really wanted the rental assistance program implemented. In answer to a question on when regulations would be available for use of the rental assistance program, the Agency indicated that procedures and instructions were being developed. Mr. President, may I advise you that to date, some 19 months later, no regulations have been issued.

Second. On November 25, 1974, Senator Hathaway engaged Senator McGee in a colloquy regarding the implementation of the rental assistance program with the hope that some action could be taken in an upcoming supplemental appropriations bill. The distinguished chairman of the Subcommittee on Agriculture Appropriations suggested the need for information from the Agency on the cost and need for the programs. Senator McGee indicated that such a letter had been sent. Mr. President, the Agency did not respond to Senator McGee's letter for 2 months, and when they did they ignored the questions raised; that is, the need and the cost of the program.

Third. It was only after prodding by Senator McGee that FmHA responded with the requested information. Even in this response there was an attempt to inflate the projected cost of a rent supplement program confusing the amounts involved with those of the interest credit portion of the section 515 program. In addition, the Agency claimed that a large increase in staff would be required to administer such a program. However, studies I requested showed these estimates of staff needs to be highly inflated.

Fourth. The fiscal year 1976 Appropriations Act for the Department of Agriculture and Related Agencies (Public Law 94–116) contains language in the act which provides reaffirmation of congressional intent for the Department to implement the rental assistance program. The conference report 94–528 which accompanies H.R. 8561, the appropriation act for agriculture and related agencies, is very explicit when it states—

> The conferees will expect this program (rent supplement) to be carried out so that residents of towns of under 20,000 in population will receive comparable treatment to those who reside in our major metropolitan areas.

Mr. President, it must be clear, except to those who will not see, that Congress intended that the rural rent supplement program be implemented at the earliest possible moment. The Agency has yet to take the first step in developing procedures and regulations and now is attempting to confuse everyone by saying that they are meeting the intent of Congress by using the HUD section 8 program in combination with the FmHA 515 rural rental program. This is nonsense, Mr. President. If Congress had wanted only the section 8 program to operate we would have stated this. Just the opposite is true and no fancy double-talk by the administration will change this.

The FmHA and HUD have been negotiating for almost 2 years now on how best to use the two programs in tandem. There is still no agreement on how best to accomplish this, although I am told that some agreement is imminent. We have been hearing these promises now for almost 2 years, and the much vaunted section 8 program used in tandem with section 515 has produced the tremendous grand total of 774 approvals as of June 1, 1976.

This parallels the miserable record section 8, new construction, is having in all parts of the country. The administration claims that section 8 is the answer to America's housing problems. We know better. In the meantime, thousands of needy rural persons—particiularly the elderly—could be benefitting from the use of the rural rent supplement program are denied this resource because of this illegal action of the FmHA.

Mr. President, the Senate is now considering the fiscal year 1977 appropriation for the Department of Agriculture. Several important issues emerge on the question of rural rent supplements and I want to summarize these now.

First. Congress mandated the use of the rural rent supplement program as enacted in section 514, title V of the Housing and Community Development Act of 1974.

Second. The administration continues, illegally, to ignore this congressional mandate.

Third. The rural rent supplement program would be a more effective program to operate because it would not require the combining of two Federal agencies and the attendant problems which have emerged.

Fourth. The rent supplement concept is a proven method of providing decent housing for low-income elderly and families.

Fifth. According to a report of the Congressional Research Service prepared for Congressman Frank Evans, the rent supplement program would be less expensive than section 8.

Sixth. Millions of rural people continue to suffer from substandard housing because of low income and the use of both section 8 and rent supplements are needed to make a dent in this area of obvious need.

While the administration continues to tinker with the section 8 program and the lives of people, Congress must demand an immediate end to this reprehensible action by FmHA. Mr. President, I urge that language mandating the implementation of the rural rental assistance program be included in the agriculture appropriations bill now being considered by the Senate.

BAYH UNVEILS STRATEGIES AND AGENDA TO MEET SCHOOL VIOLENCE AND VANDALISM CRISIS

Mr. BAYH. Mr. President, for some time now my Subcommittee to Investigate Juvenile Delinquency has been investigating the critical problems of violence and vandalism which confront our Nation's elementary and secondary schools. Following the release more than a year ago of our preliminary study, "Our Nation's Schools—A Report Card: 'A' in School Violence and Vandalism," the subcommittee conducted extensive hearings in which testimony was heard from virtually every element of the educational community, including students, teachers, parents, principals, superintendents, and several prominent educational research organizations.

Today, on the occasion of the release of our two hearing volumes, "Nature, Extent and Cost of School Violence and Vandalism" and "School Violence and Vandalism: Models and Strategies for Change", I urge my colleagues to review these documents and remarks outlining our strategies and our agenda to help meet the school violence and vandalism crisis. I respectfully solicit your comments and advice.

Mr. President, I ask unanimous consent to have printed in the Record my remarks and the accompanying list of organizations.

There being no objection, the material was ordered to be printed in the Record, as follows:

Statement of Senator Birch Bayh Upon Release of School Violence and Vandalism Hearings

The 200th Anniversary of our country is indeed a time to reflect upon our struggles and accomplishments during this relatively short span of history. One of the hallmarks of the American experience has been a strong commitment to public education. In fact, the roots of our public elementary and secondary school systems were firmly planted on this continent decades before the Revolution was fought, the Declaration of Independence was signed or the Constitution was adopted. Throughout the intervening years we as a people have become devoted to the concept of a free public educational system where every citizen has the opportunity to learn the lessons and acquire the skills that in other times and places were reserved only for the aristocracy.

Today, upwards of 50 million students join with over 2 million educators in thousands of schools across the country to study and learn. Almost one quarter of the total population of the United States can be found in our public elementary and secondary schools. Each year the American people spend over $60 billion to support this system which has graduated in excess of 60 percent of our adult population and has produced a literacy rate far greater than most other nations.

While the Bicentennial provides us with an opportunity to recognize our successes, we should also be cognizant of our problems and shortcomings and one of the most troubling situations facing schools today is the shocking trend to greater violence and vandalism. For some time my Senate Subcommittee to Investigate Juvenile Delinquency has been studying the extent of these problems and possible strategies that can be helpful in reducing them. Part of this extensive effort involved a series of public hearings to fully explore these issues and to search for workable solutions and I am today releasing two volumes containing the transcripts of these hearings; *Nature, Extent and Cost of School Violence and Vandalism and School Violence and Vandalism: Models and Strategies for Change.*

Over thirty witnesses, representing every element of the educational community, provided the Subcommittee with a wide and varied perspective on the problems of violence and vandalism. These witnesses included students, teachers, parents, school security directors, principals and superintendents as well as representatives of several prominent educational research organizations, including those with a keen interest in the impact these and related educational problems have on minority students. Their testimony gave us valuable insights and information on schools located in large metropolitan areas, small rural towns and affluent suburban communities across the country. In addition, these volumes contain a series of selected articles, studies and reports to assist the educational community in formulating workable and effective strategies for improving the situation in our schools.

I am proud that our hearings provided the opportunity for an open and candid discussion of these most critical problems. The lack of a uniform nationwide reporting system makes the extent of violence and vandalism in schools somewhat difficult to measure with absolute precision. The difficulty of obtaining an accurate accounting was vividly illustrated by testimony at our hearings on the problems being encountered with the Safe School Study currently being conducted by the Department of Health, Education and Welfare under the mandate of Congress. One observer termed this study a continuation of the "Velvet Coverup" that has shrouded the problems of school violence and vandalism in secrecy for far too long. The Subcommittee is currently working with the Department to assure that the final results of the Safety School Study will more accurately reflect the situation in our schools.

While the range of estimates of the extent of these problems may differ somewhat, however, the testimony contained in these volumes can leave little doubt that our schools are facing disturbing, and at times critical, levels of violence and vandalism. On a national scale we are currently spending almost 600 million educational dollars each year as a result of vandalism in our schools—more money than we spent for textbooks in 1972 and enough to hire 50,000 additional experienced teachers without increasing taxes by one cent. Even more shocking, however, is the almost 20,000 physical assaults on teachers and the literally hundreds of thousands of assaults on students perpetrated in our schools annually.

The effects of these incidents, of course, extend far beyond the immediate victim and the stark statistic. When teachers testify that they are afraid to walk the halls, when teachers are raped in their classrooms in front of their students, when a superintendent attributes the high truancy rate of his district to a fear of gangs, when students describe a wide variety of weapons in schools from knives and chunka sticks to an occasional Saturday Night Special, when students are victimized by organized extortion operations demanding lunch money and when drugs are easily obtained from pushers circulating in our hallways and playgrounds there can be no question that the already challenging task of education becomes almost impossible to carry out.

While certainly not every school in the country is faced with serious rates of violence and vandalism the testimony contained here makes it all too apparent that an increasing number of them are confronting more frequent and intense problems in this regard. Moreover such schools can be found in rural and affluent suburban areas as well as urban settings. A teacher, who himself had been the victim of violence at a school located in one of the wealthiest communities in America, emphasized to the Subcommittee that the day has long since passed when a community could afford to hide from a discussion of these issues behind the brash attitude that it can't happen here.

Too often, however, the shocking incident and the frightening statistic overshadow the more positive developments. The same student who told our Subcommittee of drug dealing, weapons and beatings for hire in his Midwestern high school also pointed out how he was turned away from such activities by his involvement in an alternative education program that gave him the ability and incentive to graduate from school and go on to college.

These hearings contain more than just the statement of a problem by concerned educators. More importantly perhaps is the extensive discussions of the nature of these problems and the various strategies and educational models that can be useful in reducing and controlling them.

Throughout this undertaking we have been cognizant of the fact that our schools are in a certain sense another victim of the general societal problem of crime and especially the sharply increasing crime rate among young people, but it is little solace to the teachers and students of a school beset by violence and vandalism that their classrooms and hallways are no less hazardous than the streets or alleys surrounding them.

Moreover we must be aware that there are forces, many of which are beyond the immediate control of the school, that have a significant impact on the problems within the school. As was extensively explored throughout our hearings, problems involving the home environment, violence on television and in firms, severe unemployment among young people sometimes exceeding 40 percent in certain areas of the country and the lack of adequate recreational activities all have tremendous influence on youth, yet remain largely outside of the school's ability to directly control. In spite of this, however, both the *Nature and Extent and Models and Strategies for Change* volumes contain the clear message that schools can adopt programs and policies to reduce the chances of violence and vandalism occuring as well as reduce the level of such problems in schools where they already exist.

From the beginning of the Subcommittee's effort it has been our intention to seek out and develop strategies that are diverse and multifaceted; a necessity for any meaningful and lasting progress in confronting problems which themselves spring from diverse roots. It should be apparent that there are no easy solutions to problems such as these and programs that promise the quick cure and the easy fix too often fail because they ignore their complex causes. The Subcommittee's study of the nature of school violence and vandalism clearly indicates that a proper structuring of creative solutions must be based on a careful understanding of the source of these problems and our hearings have extensively explored this aspect of the issue. The strategies discussed throughout the hearings therefore are primarily designed to provide long range solutions rather than short term emergency treatment.

Among the strategies integral to assuring a positive approach are:

Community Education programs that can reduce vandalism costs and turn a school from a target of opportunity into a valued community resource;

Optional Alternative Education programs to insure that schools can more adequately respond to the wide variety of learning styles found in any student body;

Alternatives to Suspension that can provide school administrators with additional, more effective methods of responding to non-dangerous, but troublesome student rule violations such as truancy, tardiness or smoking. Through our studies we have found that a great number of incidents involving school violence and vandalism are caused by school age intruders who are not presently enrolled in school. We must seek to provide our educators with the additional measures they need to respond to school violations so that youngsters are not placed out on the street with no supervision whatever purely on the basis of ordinary non-dangerous rule violations. Too often unwarranted suspensions result in an increase of a school's disciplinary problems rather than a decrease.

Codes of Rights and Responsibilities drawn up with the participation of all members of the school community to insure that students, teachers, parents and administrators have a clear understanding of the rules, regulations and the procedures concerning discipline;

Curriculum Reform to expand the methods of presenting material to include "action learning" techniques, various apprenticeship programs and law related education programs;

Police, School, Community Liaison programs to allow these entities to become better acquainted with each other and develop a mutual acquaintancy in a friendly, informative and personable atmosphere;

Teacher Education Courses to help future educators develop more of an awareness of these problems before they enter the classroom and provide them with training in the most effective methods of handling disciplinary situations with special emphasis on fostering sensitivity toward problems of student development;

School Security Personnel properly trained and educationally oriented to control problems once they arise, and additionally, institute programs to avoid critical situations in the future;

Counseling and Guidance programs to help students resolve their problems in an appropriate and positive manner;

Security Programs carefully designed to meet the individual needs of a school, to help reduce vandalism costs due to arson, intrusions or theft during periods the building is not occupied;

Architectural and Design Techniques to reduce the vulnerability of a school building to vandalism incidents and insure a more personalized atmosphere and a greater feeling of positive identity through smaller schools and educational units; and

Student and Parental Involvement in various programs to reduce violence and vandalism as well as other aspects of school life that can be helpful in establishing a positive community spirit.

It should be noted that the programs and strategies emphasized throughout my hearings have as their most essential element the involvement of students, teachers and parents. Promises to resolve the problems of violence and vandalism in schools defined only in terms of legislative enactments whether on the Federal, state or local level create false hopes in the face of the nature of these problems, the diversity of their origins and the intricacies of human behavior. The principle ingredient in our efforts to reduce violence and vandalism in schools is not more money or more laws, but the involvement of the educational community in the kinds of carefully planned and properly implemented programs discussed at our hearings.

While there are no Federal solutions to problems such as these, I do believe that the Federal government can do more to help control violence and vandalism in schools. Last year I introduced the Juvenile Delinquency In The Schools Act to encourage our local, state and Federal governments along with our private sector to pool their experiences and resources to help students, teachers, parents and administrators secure the type of atmosphere in our schools in which education can best take place. This bill, as an amendment to my Juvenile Justice Act passed by Congress in 1974, will require the involvement of students and parents in these efforts and also provide a clearinghouse mechanism for the dissemination of information concerning successful programs to individual school systems throughout the country. A finalized version of that legislation, along with a full report of our study of these problems and a comprehensive discussion of the various strategies briefly outlined here, will be available soon.

I want to point out that both the bill and report are products of efforts involving meetings, correspondence and conversations with innumerable individuals and over seventy organizations and groups from across the country.* The Subcommittee's recommendations are largely a reflection of their ideas and suggestions and I deeply appreciate their assistance.

In closing, let me emphasize that I for one do not agree with the apostles of gloom and despair who tell us that we are poised on the brink of a declining era in American education, marked only by the burned out hopes and fading dreams of an institution that tried to do too much. The spirit, sense of purpose, willingness to strive and the desire to accomplish that were the hallmarks of the American educational effort over our first 200 years, are alive and flourishing in schools across our country today. As we enter our third century, we are obviously facing grave problems in American education, but we have in the past confronted such challenge and have succeeded in producing a public educational system with a breadth and depth unmatched in the history of the world. Indeed, it seems that the very strengths of the system are forged through the experience of overcoming numerous obstacles throughout our history. Today we face yet another challenge, but while there may be reason for concern there is no need for discouragement. Even a casual reader of these volumes cannot fail to be impressed with the vitality and confidence of the students, teachers, administrators and parents confronting these problems. With the cooperation and commitment of all elements of the educational community, I am confident that we can succeed in exchanging the adversity and strife so harmful to education in our schools, for the diversity and debate so necessary for learning.

* LIST OF ORGANIZATIONS

Alternative Schools Network, Chicago, Ill.

American Association of Colleges for Teachers, Wash., D.C.

American Association of School Administrators, Rosslyn, Va.

American Association of University Women, Wash., D.C.

American Bar Association, Wash., D.C. and Chicago, Ill.

American Civil Liberties Union, Student Rights Project, New York, N.Y.

American Council on Education, Wash., D.C.

American Education Legal Defense Fund, Wash., D.C.

American Education Research Association, Wash., D.C.

American Federation of Teachers, Wash., D.C.

American Parents Committee, Wash., D.C.

American Personnel and Guidance Association, Wash., D.C.

Association for Childhood Education International, Wash., D.C.

Black Affairs Center for Management, Wash., D.C.

Black Child Development Institute, Wash., D.C.

Boy Scouts of America, Wash., D.C.

Center for Law and Education, Harvard University, Cambridge, Mass.

Center for Law Related Education, Indiana University, Bloomington, Ind.

Child Welfare League of America, Wash., D.C.

Children's Defense Fund, Wash., D.C. and Cambridge, Mass.

Children's Foundation, Wash., D.C.

Commission on Children, Springfield, Ill.

Committee to End Violence Against the Next Generation, Berkeley, Calif.

Constitutional Rights Foundation, Los Angeles, Calif.

Council of Chief State School Officers, Wash., D.C.

Council of Great City Schools, Wash., D.C.

Education Commission of the States, Denver, Colo.

Girl Scouts of the USA., Wash., D.C.

Human Interaction Research Institute, Los Angeles, Calif.

Institute for Behavioral Research Inc., Silver Spring, Md.

Institute for Development of Educational Activities Inc., Dayton, Ohio.

International Association of College and University Security Directors, Hamden, Conn.

Law in a Changing Society, Dallas, Tex.

Lawyers Committee for Civil Rights under Law, Wash., D.C.

Leadership Conference on Civil Rights, Wash., D.C.

Mid Atlantic Center for Community Education, Charlottesville, Va.

Milwaukee Education Foundation, Milwaukee, Wis.

NAACP, Legal Defense Fund, New York, N.Y.

National Academy of Education, Wash., D.C.

National Association of Counties, Wash., D.C.

National Association of Elementary School Principals, Arlington, Va.

National Association of School Counselors, Wash., D.C.

National Association of School Psychologists, Wash., D.C.

National Association of School Security Directors, Fort Lauderdale, Fla.

National Association of Secondary School Principals, Wash., D.C.

National Catholic Education Association, Wash., D.C.

National Caucus of Black School Board Members, Dayton, Ohio.

National Commission on the Reform of Secondary Education, Melbourne, Fla.

National Committee for Citizens in Education, Columbia, Md.

National Conference of Christians and Jews, Inc., New York, N.Y.

National Conference of State Criminal Justice Planning Administrators, Cockeysville, Md.

National Congress of American Indians, Wash., D.C.

National Congress of Parents and Teachers, Chicago, Ill.

National Council of Churches of Christ, New York, N.Y.

National Council of Juvenile Court Judges Providence, R.I.

National Council of Negro Women, Wash., D.C.

National Education Association, Wash, D.C.

National Institute of Education, Wash., D.C.

National Involvement Corps, Wash., D.C.

National Organization on Legal Problems of Education, Topeka, Kan.

National School Boards Association, Evanston, Ill.

National School Public Relations Association, Arlington, Va.

National School Supply and Equipment Association, Arlington, Va.

National School Transportation Association, Fairfax, Va.

National Urban Coalition, Wash., D.C.

Office of Community Education Research, Ann Arbor, Mich.

Phi Delta Kappa Educational Foundation, Bloomington, Ind.

Pinkerton's Inc., New York, N.Y.

Research for Better Schools, Philadelphia, Pa.

Robert F. Kennedy Memorial, Wash., D.C.

Sister Kenny Institute, Minneapolis, Minn.

Sonitrol Security Systems, Inc., Anderson, Ind.

South Carolina Community Relations Program of the American Friends Service Committee, Columbia, S.C.

Southern Regional Council, Atlanta, Ga.

Stanford Research Institute, Arlington, Va. and Stanford, Calif.

Student Press Law Center, Wash., D.C.

United Foundation of College Teachers, New York, N.Y.

Urban Policy Research Institute, Beverly Hills, Calif.

Urban Research Corporation, Chicago, Ill.

AN ECONOMIC BILL OF RIGHTS FOR THE PEOPLE

Mr. HUMPHREY. Mr. President, enactment of an economic bill of rights which will provide the people of this Nation with the framework to achieve and sustain a full employment and balanced growth economy must be the first priority concern of the Democratic Party during this Bicentennial year.

The history of the past 6 years alone demands that such action be taken as quickly as possible. During that short time we have had two recessions—we are only now slowly emerging from the second, the worst economic crisis since the end of the Great Depression.

Last year some 10 million people were unemployed or underemployed. The unemployment rate for minority workers in many urban centers continues to range at an appalling level of 25 to 30 percent. These conditions, coupled with the double-digit inflation of the last 2 years, have brought us perilously close to the fear and despair that gripped the Nation during the decade of the 1930's.

The faltering condition of our economy since 1969 cannot be viewed as an isolated series of events. In the past 22 years the people of the Nation have been squeezed through five recessions in a pattern which is now recurring with increasing frequency and severity.

It was only during the decade of the 1960's that we consistently moved toward a full employment economy. But the goal of prosperity and economic stability which seemed so close at the end of that decade escaped us in the debacle of the 1970's.

Mr. President, it is one thing to recite the cold statistics of a national economic crisis. All too often we forget the havoc those numbers mask in terms of broken families, the physical and mental sickness induced by men and women desperately seeking work to maintain their sense of dignity and personal worth, the crimes perpetrated by those who lost faith in the ability of the Nation to provide them with opportunities to be productive and useful citizens.

These are unbearable conditions that demand full-fledged pursuit of lasting solutions.

To this end, the Joint Economic Committee held a series of field hearings to listen to the people of this Nation, to know their attitudes and their expectations and to obtain a sense of what they think should be done by Government to respond to the fundamental economic needs of our society.

Virtually every sector of the economy was represented in that testimony—working people and people who cannot find work no matter how hard they seek it, consumers, businessmen and industrialists, State and local government officials, financial and economic experts.

Out of that testimony emerged a broad framework on which to mount the procedures to define, achieve, and sustain the conditions that spell a prosperous, stable economy. Out of that testimony emerged the Full Employment and Balanced Growth Act of 1976 which I have introduced in the Senate and which Representative Augustus Hawkins has introduced in the House.

It was this consensus of need and the actions necessary to meet that need that I tried to convey when I testified before the Democratic Platform Committee. It was my hope then that I was able to articulate the demand for an end to the wrecking ball, boom-and-bust swings of our economy that are smashing the faith of our people in our capitalist system.

I took no pride in making that statement to the platform committee, because it was a message borne out of the failure of our Government to provide the economic leadership to which the people of our Nation are absolutely entitled.

Mr. President, I ask unanimous consent that my statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

STATEMENT OF SENATOR HUBERT H. HUMPHREY

We stand at a historic crossroad in American history. Our citizens have lost confidence in both public and private institutions. They don't believe things work anymore—that business provides them quality products at reasonable prices—and that their government is competent to manage public affairs. They believe that government is run for the privileged few and not for them. They do not believe that their leaders are truthful.

Our party—the party of Roosevelt, Truman, Stevenson, Kennedy, and Johnson—has always had leadership that stood for change and progress. Today more than ever the forces for change confront us—our economy moves up and down like a roller coaster, and new business and technological change are presented to us each day.

It is only our leadership and governing institutions that are not changing, or changing too slowly to keep pace with events. We have lost our way and are mired down in the status-quo.

As Democrats, we need to reaffirm our commitment to change and progress that will serve our people's needs. That progress can build on our tradition of competence in managing government. That progress can be equally shared by all our citizens because of our commitment to economic justice. If we make this commitment, based on the principles of competence and justice, we can once again better our society and restore the confidence of our people.

Today, I want to focus on the need for change in the way we manage the economy. Most Americans have begun to realize that there is something fundamentally wrong with our nation's economy. From month to month, the statistics fluctuate, new patterns emerge and hopes rise and fall. But beneath it all, there are critical problems that threaten the vitality of our mixed capitalistic system.

THE REPUBLICAN RECORD OF MISMANAGEMENT

These are strong words, but let's look at the record.

From 1970 to 1975, U.S. economic growth rates averaged about 1½ percent compared to a historical average of about 4 percent. This means the country has had only half the productivity and prosperity improvement it has experienced traditionally. As a result, the nation lost about $500 billion in production of goods and services in the 1970–75 period. Clearly a period of economic stagnation and scarcity has settled over our land—and its consequences are tragic.

Economic stagnation has driven unemployment from the 3.5 percent rate when the Republicans took office in 1969, to a high of 9 percent, a current level of 7.5 percent, and the promise of a 6.0 percent level until 1980.

Economic stagnation has produced Federal deficits of close to 200 billion since fiscal 1970.

Economic stagnation has brought scarcity and an outrageous inflation in food, energy, housing, medical care, and other necessities for the average family.

Economic stagnation has caused poor sales and profits, underutilized capital, retarded investment, and widespread business failures.

Economic stagnation has brought enormous social costs in increased crime, poor health, and family disruption.

But most importantly, it has caused a stagnation of the spirit and direction of America.

We now tolerate waste instead of spurring productivity. We now give people welfare payments instead of work We now find our national leadership telling our citizens what we can't do, instead of affirming our potential for challenging them to do more.

The Republicans must take responsibility for this decline in both the economy and in national spirit. Since 1946 the U.S. has suffered six major recessions and five of these have occurred under Republican administrations. We have had two recessions under Nixon and Ford, with the second the worst since the Depression.

These recessions have occurred because the Republicans are a party of the past, defending the status-quo and vested interests, with meager concern for the average person, and with no new ideas on how to meet our problems. The Republicans live in a world of upside down values and outmoded theories. This had lead to one economic foul-up after another over the last seven years.

You all recall, I am sure, the "flip-flop" wage and price controls of Mr. Nixon. We had a half dozen major freezes and phases based more on political expediency than any clear intention to attack the problem of inflation.

Budget policy has also been stop-go over this period. In both 1969 and 1974, the Administration's restrictive budget proposals were a primary cause for the recessions that followed.

Tax policy has made little sense, with President Ford resisting a tax cut during the last recession, and finally proposing a tax increase in December of 1974, just as we entered the worst phase of the recession.

Then there was the Russian grain deal that put farm and food prices on a roller coaster that has not yet stopped.

And what about the WIN program, the Whip-Inflation-Now public relations gimmick that was President Ford's first major proposal on the economy.

These are just a few of the examples of the confused economic policy that has put the American economy on a roller coaster over the last seven years. Instead of being used to improve the economy, policy has become a political propaganda tool.

WHAT THE DEMOCRATS STAND FOR

When John F. Kennedy took office in January 1961, the American economy was in the first stages of recovery from the 1960 recession. During the ensuing eight years, the unemployment rate was reduced from 6.7 percent to 3.6 percent. This was accomplished with an average annual rate of increase in the consumer price index (CPI) of 2 percent per annum. All segments of the population benefitted.

Such superior performance is part of the Democratic tradition. Our people can expect it because the Democratic Party stands for concern about our people and competence in the management of public affairs. For the future, we must do these things to carry on that tradition.

We must once again make government work for our people. If this means ending programs that we established years ago, so be it. If it means bedrock reform in the institutions that we use to manage the economy, I'm for it. Let's face it, the Federal Government is out of control, because of the mismanagement of the Nixon-Ford team, and because of some of the forces for inertia in Congress, and only we Democrats have the competence to correct this.

We must also recognize that a great deal of the success of public policies depends upon the receptiveness and viability of our private institutions. Our government policies, therefore, must be geared to encouraging private sector production and employment, for that is where the great strength of America lies.

What, then, should be the goals of a revitalized Federal Government, working hand in hand with our private institutions?

Full employment of our human and capital resources should be the first priority. This is crucial to the overall performance of the economy and to the achievement of our other economic goals. Most of our recent problems—large Federal deficits, welfare, crime, poor health, and the financial difficulties of state and local governments—are all linked directly to high levels of unemployment. Even inflation, in large measure, is the result of our failure to use the resources that are available to us.

To correct these problems, the Democratic Party should fight for the right of all adult Americans able, willing, and seeking work to opportunities for useful jobs. To make that commitment meaningful we should pledge ourselves to make every sensible effort to reduce adult unemployment to 3 percent within four years. Admittedly, this is an ambitious goal. But it can be done, if we are creative with economic policies, and if we work with business and labor in a cooperative fashion.

To achieve full employment, we must put a priority on balanced and sustainable economic growth. We must in the immediate years ahead achieve a real growth rate that exceeds our historical average, if we are to keep our pledge of jobs for all who seek them. This growth should be balanced among the cities and regions of our country, with attention to shifting priorities to meet emerging national needs.

Full employment and balanced growth must be accompanied by price stability, for it is escalating prices that rob people of their purchasing power and eventually bring an end to healthy economic growth. As Democrats, I believe we should pledge ourselves to make every sensible effort to reduce inflation over the next four years to half of what it has been under the Nixon-Ford team.

Let us also pledge that this economic growth is justly shared throughout our society. In 1960, there were 40 million people living in poverty. Over the next eight years of Democratic policies 15 million people moved out of poverty because of increased jobs and incomes. Since 1968, the number of persons living in poverty has been virtually unchanged. We must commit ourselves to a return to such rates of human betterment in the next four years.

If we give our full energies to these goals, and enact policies to achieve them such as I will outline below, we can also achieve the goal of returning the Federal Government to a balanced budget within the next four years. We can substitute work for welfare and unemployment compensation. We can begin again to pay our way as a nation.

If we can agree on these goals, what then are the policies we need to achieve these goals? First and foremost, I urge the Platform Committee to support the Full Employment and Balanced Growth Act of 1976, sponsored by myself, Congressman Augustus Hawkins and many other members of the House and Senate. This measure recognizes that there is no simple path to full employment, balanced growth and stable prices, through a single bill or program, and instead proposes a new economic policy framework for managing the economy, with a package of programs to give that new process direction and meaning. The actual activities will vary from year to year, depending upon economic conditions, and Congressional and Presidential decisions—this flexibility is a major strength of the legislation.

MODERNIZING OUR ECONOMIC POLICY

The first thing we must do to modernize the Federal Government's policy-making process is to create a new institutional structure and process within which the President, Congress and the Federal Reserve are required each year to develop common economic goals and priorities so that a clear national direction is set. Last year, instead of setting goals that would challenge the instruments of economic policy, the economic debate sank to a superficial discussion of the size of the deficit and the rate of the money supply increase.

To correct this, the President should in each Economic Report propose annual numerical goals for employment, production, and price stability. The Congress would review the President's proposals, along with an independent report of Federal Reserve policies and, in conjunction with its analysis and debate on the budget resolution, set national economic goals and policies for each year. This new process will encourage national cooperation on economic policy instead of the conflict and chaos we have had in recent years.

The President should also be required in each Economic Report to make a determination of the extent to which aggregate monetary and fiscal policy can be relied upon to achieve the goals of full employment, production and price stability. This is necessary in order to identify the limits of aggregate monetary and fiscal policy, and determine the extent to which supplementary employment and price policies are necessary.

New institutional requirements should also be placed on the Federal Reserve to make it a full partner in national economic policymaking. The Federal Reserve Board should be required to submit to the President and Congress, shortly after the transmission of the President's Economic Report, an independent statement setting forth its intended policies for the year ahead, and the extent to which these policies will achieve the economic goals proposed by the President.

It is obvious that we must also lengthen the time frame of economic policy. Annual economic goals should be set in the context of a longer-run overall plan about where the country is headed and how we can achieve full employment and reasonable price stability. If we do not begin to plan, and instead continue to careen from crisis to crisis, our economic performance will be damaged and the confidence of our citizens in the institutions of the economy and government will be further weakened.

We need such planning in order to establish long-range goals to meet our most important needs. We also need to set long-range goals go push ourselves and the nation to do the very best. Economic and social goals are not yet just technical considerations, but are broad choices that reflect the moral tone and spirit of a society.

Planning can also assist us in developing information and understanding about the long-run supply side of the economy: our population trends, labor force participation, the supply of certain skills, the availability of capital and natural resources, and our capabilities more generally. This information will enable us to avoid or minimize future shortages and bottlenecks.

Finally, economic planning will help us rationalize the long-range impact of government policies and programs on the economy and avoid duplication and contradiction in government activities. The economy, we must remember, is an integrated whole and, as long as policy is undertaken in a fragmented way, the results will be chaos.

I believe such a coherent policy-making framework is contained in the Full Employment and Balanced Growth Act of 1976, sponsored by myself and Congressman Hawkins, and I encourage you to support it as a part of the platform.

FULL EMPLOYMENT POLICIES

When the Republicans took office in 1969 the unemployment rate was 3.5 percent. Since then it has reached a high of 9 percent, is now 7.5 percent, and is not likely to go below 6 percent for the foreseeable future. Such high levels of unemployment are, in my opinion, a cancer in the American body politic.

To turn this situation around, as I have already indicated, will in the first instance require an ambitious commitment to full employment and a modernizing of the way we manage national economic policies. Annual goals must be set, the Federal Reserve must be made a full partner, monetary and fiscal policy must be carefully coordinated with our goals, and the Federal Government must begin to plan ahead.

But these institutional reforms must be accompanied by a broad range of carefully targeted employment programs that get to hard to employ regions and people. We will not reach full employment by simply pumping up the economy with conventional monetary and fiscal policy. Conventional monetary and fiscal policy must be supplemented with a complete package of specific policies that reduce unemployment in regions, States and among groups in the labor force who have special employment problems. In a sense, we need to formally marry macroeconomic, economic and manpower policies.

The lack of formal coordination between Federal, State and local governments, for example, has led to inconsistent and ineffective national policies that prevent us from achieving our goals. This lack of coordination is particularly manifest during periods of high unemployment. Recessions produce large revenue shortfalls for State and local governments and increased expenditures for many unemployment related services. Each percentage point increase in the national unemployment rate reduces State and local government tax receipts by approximately $6 billion and increases State and local government expenditures by millions more. In 1975, for example, State and local government revenues fell $27.4 billion short of full employment levels due to the recession.

These revenue shortfalls and increased demands for service force State and local governments to undertake austerity measures to maintain balanced budgets. The results are tax increases, cuts in current services levels and capital construction delays or cancellations—actions which directly undermine and contradict Federal Government efforts to stimulate the economy.

The principal element of any comprehensive strategy to coordinate Federal, State, and local government economic policies, therefore, should be a permanent program of countercyclical assistance to State and local governments.

Other lines of defense during economic downturns should be public employment, public works projects and direct stimulus to employment in the private sector. In each case the policies and triggers for these policies should be carefully thought out and set in place *before* a recession begins.

As we have learned from regional hearings held by the Joint Economic Committee, all regional and local economies do not experience simultaneous changes in economic conditions.

Some approach full utilization of labor and capital resources before the national economy reaches full employment. Others lag well behind national indicators. Some remain chronically depressed for long periods.

Aggregate fiscal and monetary policies are not designed to respond to the widely varied economic conditions that individual regions experience. This structural inadequacy becomes increasingly acute as the economy approaches full employment. At that point, additional monetary and fiscal stimulus only places upward pressures on wages and prices in tight labor markets, while doing little to reduce unemployment in depressed areas. More specific policies should be developed to reduce unemployment in regions and areas, particularly central cities, and depressed rural areas that do not participate fully in national economic prosperity.

One component of this regional economic development strategy should be a Domestic Development Bank to make low interest loans to businesses and State and local governments for the purpose of encouraging private sector investment in chronically depressed areas. Such a bank would increase the availability of jobs in areas that experience unemployment rates consistently and significantly in excess of the national average.

In addition to special financial aid to chronically depressed areas, we must also strengthen existing programs to train disadvantaged workers. This includes workers with outdated skills, workers in depressed areas who have no marketable skills, and those who need remedial education in addition to training. Full enforcement of all equal employment for minorities and women, including Federal contract compliance and the provision of adequate resources for the Equal Employment Opportunity Commission is essential.

The special problems faced by young people entering the labor force for the first time persist whether the overall rate of unemployment is close to 4 percent or 8 percent. Even in 1969, when the overall unemployment rate averaged 3.4 percent, the rate for 16–19 year olds was 12 percent. In 1975, when overall unemployment averaged 8.5 percent, the teenage unemployment rate jumped to 20 percent. These double-digit unemployment rates extend also to young adults 20–24 years old. In many inner city ghettos, the unemployment rate for young people exceeds 50 percent.

Many of these young people will lose the opportunity to develop job skills and work experience, to experiment with different kinds of jobs, and to adjust to the demands of the labor market—a healthy process which normally precedes entry into a career job. Prolonged unemployment increases the incidence of crime, drug abuse, and other forms of behavior that can ruin a young person's chance for achieving a productive life in the future.

To meet the particular needs of youth, we should consolidate all existing youth employment and training program. Furthermore, we must combine such activities with better job counselling at the high school and college level. This means a more effective partnership between schools, businesses and labor unions. And finally, as part of a comprehensive youth employment strategy, teenagers and young adults should be eligible for jobs in public employment projects, including conservation, rehabilitation of inner cities, etc.

Whatever structural employment policies are implemented, there is likely to be some residual of people especially difficult to employ. The President should be required through the Secretary of Labor to establish special means for training and locating jobs for these people in the private sector and, to the extent that this is not successful, to provide public employment. It is anticipated that this will be a small number of people if the other policies and programs mentioned are implemented.

Our full employment strategy should endeavour to substitute work for such income maintenance and welfare to the maximum extent consistent with the needs and handicaps of those eligible for such programs.

But the advantages of full employment go far beyond reducing welfare payments. Full employment could add $800 billion to the nation's income between now and 1980, which could mean savings of $6,000 for every man, woman, and child in the United States. Total Federal, State and local tax revenues could be increased by over $400 billion, which would virtually eliminate the red ink of government deficits we have had for years. Welfare costs would be down, we would have less crime and, most importantly, the people who have been unemployed would feel they had a purpose in our society.

ANTI-INFLATION POLICIES

The average annual rate of price inflation under the Nixon-Ford administration was about 7 percent, with double digit inflation in 1974. Inflation under the Nixon-Ford team has been about 3 times the rate of increase that occurred in the 1960's under Democratic administrations.

The costs of this inflation have been enormous and are evident in the disruption of our economy and the division of our society. The main effect is to redistribute income in a highly inequitable and capricious fashion, usually hitting hardest at the weakest and least organized in our society. Increasing prices also erode the real purchasing power of savings and distort investment incentives.

These costs have been made all the more painful by the misguided policies of trying to fight inflation by curtailing production and increasing unemployment. Such policies have done nothing to restrain inflation and only add to the burden of higher prices.

Those who argue that more production and employment cause inflation have got things turned upside down. The way to reduce prices is to increase production, productivity, and the supply of goods and services like food and health care.

I am not propounding a theory, but reporting the facts. During the early 1950's, and again in the mid-1960's, increased production and employment was accomplished by lower rates of inflation. Our recent experience with unemployment and inflation tells the same story. In 1975, when we reached an unemployment rate of about 9 percent, we had an inflation rate that for many months exceeded 10 percent. Since then, as production was increased and unemployment reduced, the rate of inflation dropped by about one half.

Although I believe production and productivity are the best weapons against inflation, I recognize that as the economy approaches full utilization of its human and capital resources, bottlenecks and price pressures are likely to develop. There are also some inflationary biases in the economy because of public and private structural defects that also require attention if we are to reduce inflation. To deal with these problems, we must increase economic stability, strengthen competition, and develop an anti-inflation ethic among all members of our society.

Increased economic stability would reduce inflation by preventing unnecessary shocks to the economy and providing a more predictable environment for private investment. To do this we should focus upon:

Improved coordination and timing in fiscal and monetary policy;

Reducing capacity imbalances and shortages in problem industries and sectors of the economy;

Stabilizing excessive fluctuations in international markets for basic commodities; In some markets, such as those for agricultural grains, this can most effectively be done by maintaining reserve stocks against potential future crop failures.

It is also imperative that we move to improve the flexibility of the economy and its ability to respond to change in a non-inflationary fashion. This can be done through a vigorous promotion of competition in the private sector, a reexamination and reform of the existing regulatory structure, and promotion of a freer system of international trade.

First, in several sectors of the economy we have tolerated a growth and concentration of economic power beyond that which can be justified by economies of scale. Firms have grown through diversification into related industries and through consolidation of production, distribution, and marketing. This growth reduces the risks of large corporations relative to smaller more specialized firms and restricts the entry of smaller firms. I believe that the anti-trust laws must be vigorously enforced as a means of opening these industries to potential entry of new firms. New measures will also be needed to prevent the merger of production, distribution, and marketing functions within a single firm.

Second, the existing structure of government regulation has been, in many cases, ineffective in accomplishing the goals originally set for it; and, in some cases, it has become outmoded because of changing technology. I believe we must support top-to-bottom change in the regulatory area.

Third, for some of our largest industries foreign competition is the most effective deterrent against excessive price and costs increases. The United States currently has a substantial foreign trade surplus and within a system of flexible exchange rates we need not fear that the American economy cannot compete in foreign markets.

The inflationary effect of external shocks and economic instability extends beyond their direct effect on the price level. They set in motion increases of wages and prices in other sectors as workers attempt to restore real income losses and to catch up with the wage increases of others, and as firms in other industries pass cost increases through into prices. This introduces a price-wage spiral into the economy.

Because the Federal Government has a responsibility to moderate this spiral of inflationary expectations, I believe efforts should be made to develop an anti-inflationary ethic among all our citizens. At times, this may call for more direct government involvement in wage and price decisions to speed the return to price stability. This involvement should not be a system of mandatory controls since much can be accomplished through a system of voluntary cooperation between business, labor, and government.

First, the government should provide guidance to private wage and price decisions as a part of a coherent multi-year plan for the reduction of inflation.

Second, the Federal Government should hold public hearings, investigate, and publish the facts on price and wage increases that seriously threaten national price stability. If necessary, such increases should be delayed until a complete public investigation is made.

Finally, tax policy should be used, if necessary to maintain the real income of workers in order to moderate wage demands.

ECONOMIC JUSTICE

This party has a long tradition of opposition against the increasing concentration of wealth and economic power. At the present time, a small number of the American people control most of our productive wealth. The rest of our population—including all working men and women—struggle to make ends meet in the face of rising prices and taxes.

We should repledge ourselves to combat those factors which tend to concentrate wealth and economic power. To that end, the next Democratic Administration should commit itself to the following policies.

The battleground for economic opportunity has shifted from the courtroom to the marketplace. The first and crucial step in that battle, as I have already indicated, is full employment for all those able, willing, and seeking jobs. A productive job means income and an opportunity for our workers to share in the abundance of our economic growth.

The next step is to move vigorously against the concentration of power within the business sector. Part of this can be accomplished by strengthening the anti-trust laws and enforcing these laws. We must do that. But we need to go beyond this negative remedy to a positive policy for encouraging the development of small business.

Presently, small business accounts for one-half of all private employment, 43 percent of all business output, and one-third of the Gross National Product. A healthy and growing small business community surely is a prerequisite for increasing competition and a thriving national economy. While most people would accept this view, the Federal Government has neglected and impeded the growth of small business.

We must now take action to alleviate the capital formation problems of small business. Small business relies much more heavily on retained earnings to finance general operations and future expansion than big business does. Credit policies must be developed that provide capital for small business to grow.

The problem of obtaining capital is compounded by inequitable effective Federal corporate income tax rates. The Federal Trade Commission has determined that manufacturing firms with assets under $50 million have an effective tax rate of almost 51 percent. Firms with assets of $100 million to $250 million pay only 46 percent. And the largest firms, ones with assets of $1 billion and above pay even less—just 35 percent. The Federal corporate income tax code must be changed to remove these inherent inequities and give small business an equal chance to compete with its larger competitors.

At the very least, the corporate surtax exemption level of $50,000 should be made permanent. Congress should, in addition, graduate the Federal corporate income tax code. Presently corporations pay 48 percent on all income in excess of $50,000. I believe that level should be raised to encourage small business.

Estate tax reform for small business is also necessary. Small businesses are adversely affected by Federal estate taxes in two ways. First, payment of levied estate taxes may force the liquidation of small businesses. Second, the estate tax bias toward liquid assets induces owners of small businesses to sell out to large firms to convert their relatively illiquid small business asset into more liquid common stock or cash. The impact of the standard exemption level of $60,000 set in 1942, has also been destroyed by inflation. The $60,000 figure should therefore be increased.

No small business policy would be complete without addressing the Federal paperwork and regulation issues. While Congress must bear some of the responsibility for the large amounts of Federal paper that small businesses must process, it is the agencies and departments of the Executive Branch that design and issue the Federal forms. The next President should direct the Executive Branch to cut the paperwork load heaped on small business.

Small size is no excuse for being exempted from Federal regulations. Federal regulatory agencies, however, must understand that small businesses face special problems in complying with their regulations. In dealing with small business, the adversary relationship between regulatory agency and regulated small business must be replaced by a cooperative one. The two parties must work together to see that Federal regulations are met, but not by applying a stranglehold on the small firm.

The achievement of economic justice will also require a firm commitment to tax reform at all levels. In recent years there has been a shift in the tax burden from the rich to the working people in this country.

The Federal income tax code illustrates this with a "upside down" effect that distorts the distribution of tax benefits in favor of upper income groups. A 1974 study of taxes found that fully 53 percent of the tax benefits went to the 14 percent of taxpayers with incomes of $20,000 or more. As you can see, the Internal Revenue Code offers massive "tax welfare" to the wealthiest income groups in the population, and only higher taxes for the average citizen.

We should pledge ourselves to the long-run review of all special tax provisions to ensure that they are justified, that they work efficiently, and that they are distributed equitably among our citizens.

For the immediate future a responsible Democratic tax reform program could save over $5 billion in the first year. Among the specific reforms at the top of a Democratic tax reform agenda, I propose:

To strengthen the minimum tax, so that every citizen pays at least some tax on all his income, and cannot use loopholes in existing law to escape taxes altogether.

To clamp down on the use of tax gimmicks in areas like oil and gas, farming, real estate and movies, which now allow wealthy individuals to receive excessive tax deductions in these areas to offset income from other sources.

To eliminate inefficient tax incentives to business and substitute more effective incentives for capital formation, including improvements in the Investment Tax Credit.

To end abuses in the tax treatment of income from foreign sources, such as repealing the tax deferral available to multinational corporations, and unjustified incentives that drains jobs and capital from the American economy in favor of foreign operation by U.S. corporations.

To curb "expense account" living, by denying deductions for frills.

To protect the rights of all taxpayers against oppressive procedures, harassment, and invasions of privacy by the Internal Revenue Service.

There are other areas of taxation where change is also needed, apart from the Federal income tax. The Ford Administration's unwise and unfair proposal to raise the regressive social security tax gives new urgency to the Democratic Party's goal of reducing the burden of the social security tax. I believe we must take steps to make the burden less regressive, such as raising the wage base for earnings subject to the tax and providing effective exemptions and deductions, comparable to those in the income tax, to ease the impact on low income workers.

The Democratic Party should also make a reappraisal of the appropriate sources of Federal revenues. The historical distribution of the tax burden between corporations and individuals, and among the various types of Federal taxes, has changed dramatically in recent years. For example, the corporate tax share of Federal revenue has declined from 30 percent in 1954 to 14 percent in 1975.

Taxes are the price we pay for our collective efforts as a society, and I believe their burden must be shared more fairly if we are to make good on our commitment to economic justice.

The final step in achieving economic justice is to broaden the sharing of wealth in this country.

Total personal wealth in 1972 was $4.3 trillion. Nearly one-fourth of the $4.3 trillion of personally held assets were owned by the richest 1.0 percent of the population, while those with a gross estate greater than $60,000, who comprise just 6 percent of the population, own half of those assets. Most wealth is concentrated among a few people.

The U.S. is portrayed as a prosperous middle-class country, but a different picture emerges when it is understood that in 1972, 55 percent of household units had a net worth of less than $10,000 while 12 percent had less than $1,000. For most of our citizens just keeping significantly ahead of debts is not an easy matter.

I believe that the U.S. should develop programs that will spread newly created wealth each year more broadly among its citizens. Consideration must be given to programs that focus on broadening corporate stock ownership in America since it is the asset that holds the greatest potential for providing a broader base of wealth.

Having outlined some of the crucial goals and policies for the future, there are three additional areas I believe we should give special attention to in the Democratic platform.

First, as a part of our commitment to economic justice, we must pledge ourselves to maintaining and improving the purchasing power of the elderly. The most important thing we can do in this regard, as I have already mentioned, is to reject the Ford Administration's unwise and unfair proposal to raise the Social Security tax. The Social Security Fund is in difficulty today because high unemployment over the last four years has reduced revenues to the fund by more than $40 billion. Let's get back to full employment, which will return the Social Security fund to a surplus, and at the same time provide additional job opportunities for our senior citizens, if they choose to work.

Economic justice also dictates that the Democratic Party renew its commitment to give our farmers a fair shake. Although farmers work from dawn till dusk, and in many cases into the night, farm incomes have fallen 13 percent since 1973. This trend must be reversed through the development of a national food policy that decreases the economic uncertainty the farmer faces, encourages maximum production through price support levels equal to production costs, and provides for the orderly expansion of international markets. Both the consumer and the farmer will benefit if we take farm prices off the roller coaster they have been on for the last seven years.

Stable growth for the farmer must be part of the balanced growth of all of our regions, particularly our urban centers. As you all know too well, many of our urban centers are in decline because of the recent recession and high unemployment. They are also in decline because the Nixon-Ford Administrations have not made the cities a national priority. We must not repeat this mistake. I believe the Democratic Party must pledge itself to revitalizing our cities with policies for full employment, general revenue sharing, anti-recession aid, tax reform, improvements in the municipal credit markets and improved housing.

Mr. Chairman, members of the Committee, there are additional recommendations on these problems, as well as other important areas, such as energy and housing, in the Joint Economic Committee's 1976 *Annual Report*. I submit this report to the Committee for your consideration in the drafting of the platform.

If we pursue the policies I have indicated, I believe we can have the creative change in our society that will move us toward full employment, balanced growth, stable prices, and economic justice. The road will not be easy, but the journey is essential.

I thank you for the opportunity to speak today.

CONCENTRATION IN THE OIL INDUSTRY

Mr. GARY HART. Mr. President, on Tuesday I had the pleasure of appearing with Senator BENNETT JOHNSTON on Martin Agronsky's "Evening Edition." During the course of our discussion regarding the desirability of vertically restructuring the major oil companies, Senator JOHNSTON stated that the oil industry was becoming less and less concentrated. When I noted that the trend in a significant segment of the oil industry was in the opposite direction—toward greater concentration—Senator JOHNSTON challenged me to put such evidence in the RECORD.

Mr. President, I ask unanimous consent that a chart reflecting the substantial increase in concentration in crude oil production be printed in the RECORD at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GARY HART. Mr. President, the following chart was compiled by the Federal Trade Commission in its report on "Concentration Levels and Trends in the Energy Sector of the U.S. Economy." It reveals that concentration in crude oil production has been steadily climbing. Indeed, 8 firms control more than half and 20 firms more than three-fourths of domestic crude production. The FTC staff has further indicated that on the basis of incomplete published data, the top 20 crude producers acquired, in whole or in part, 151 production companies.

Mr. President, these statistics do not adequately reflect the full degree of concentration in crude. For example, these same 20 companies by 1970 had control of 79 percent of all proven reserves in the United States and Canada. Even this high degree of concentration ignores the further control over crude the majors exercise through farm out agreements with independent producers and through ownership of pipelines.

It is time this Congress face the ever-increasing dangers to free enterprise posed by excess concentration of vital industries. Vertical restructuring of the petroleum industry is an important first step.

EXHIBIT 1

Crude oil production concentration ratios, selected years 1955–74

	1955	*1965*	*1974*
Four largest	21.2	27.9	[1] 33.1
Eight largest	35.9	44.6	54.0
Sixteen largest	----	----	72.4
Twenty largest	55.7	63.0	[1] 76.9

[1] Four company shares estimated from 8-company Census groups on the basis of individual company reports.

Source: 1955, 1965 from FTC staff report, *Concentration Levels and Trends in the Energy Sector of the U.S. Economy*, March 1974, p. 40. 1974 computed from Bureau of the Census.

PROTECTION OF DUE PROCESS UNDER THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the Genocide Convention reflects the passionate concern for human liberty expressed by our own Declaration of Independence and Bill of Rights. That is why I am particularly disturbed by allegations that article VII of this convention infringes upon the right of every American citizen to a fair trial. Examination of this article reveals that such criticism is without substance.

Article VII mandates two procedures. First, that "genocide * * * shall not be considered as a political crime for the purposes of extradition"; and second, "that the contracting parties * * * pledge themselves * * * to grant extradition in accordance with their laws and treaties in force."

Some claim that this language would enable foreign courts to extradite American citizens under the charge of genocide without regard to constitutional guarantees. They fail to recognize that the Genocide Convention is not self-implementing. It merely authorizes the inclusion of the crime of genocide in extradition treaties.

The very nature of the extradition treatymaking process carefully safeguards the rights of American nationals. Negotiated by the Secretary of State, these agreements contain time limits and are dealt with individually. They are then submitted to the Senate for periodic review on a nation by nation basis. The two-thirds vote required for ratification by this body precludes any attempt to railroad a decision. These conditions allow the Senate to scrupulously investigate each measure, and insure due process for American citizens.

Furthermore, implementing legislation, submitted by the distinguished minority leader (Mr. Hugh Scott) proposes clear limits on the power of extradition. It instructs the Secretary of State to "reserve the right to refuse the extradition of a United States National," even when the crime of genocide was committed outside of the United States. If, in any case, the Secretary of State does not comply—and the rights of American citizens are jeopardized—the Senate can refuse to approve that treaty.

Mr. President, it is clear that these safeguards protect the liberty of all Americans. Therefore, I urge the Senate to reaffirm America's 200-year history of concern for human rights by ratifying the Genocide Convention.

MENTAL RETARDATION: ISSUES AND FACE OF THE FUTURE

Mr. HUMPHREY. Mr. President, I recently had the privilege of addressing Minnesota's first Conference on Mental Retardation.

Sponsored by the Minnesota Association for Retarded Citizens, the conference was unique in that it brought providers of services, volunteers, parents of mentally retarded persons, and mentally retarded individuals together to assess the current level of services available; review the unfulfilled needs of mentally retarded individuals; and develop a positive and realistic approach to create services for Minnesota's mentally retarded to meet their needs.

I have long been deeply concerned for the care, treatment and opportunities provided by this Nation for its handicapped citizens. Through the years I have supported legislation designed to assure every handicapped person the right to achieve that degree of independence of which he is capable. This includes a job, barrier-free access to buildings and transportation, equal education, health and rehabilitation services.

The gifts, abilities, and experiences of handicapped persons can greatly enrich our lives and lift our spirits. We must continue our efforts to acknowledge the worth of every human being and recognize his right to be different.

We must also continue our efforts to eliminate the tragedy of preventable or readily remediable retardation. Most cases of retardation not involving organic or physical causes are associated with conditions arising from environment, poverty, discrimination and family stress. Proper diet, prenatal and postnatal infant care, early testing for metabolic disorders, and equitable education are only a few of the ways we can prevent or alleviate many cases of mental retardation.

In addition, the incidence of mental retardation attributed to biomedical causes can be reduced by half by the year 2000 through the application of biomedical research, genetic counseling, and other techniques.

The human dimension of these facts is compelling. But for those who need an economic justification, let it be pointed out that every dollar spent for prevention is worth $1,000 spent for warehousing or wasted lives.

I cannot believe our country lacks the will or the funds to prevent every case of mental retardation which is preventable.

Mr. President, I ask unanimous consent that the text of my remarks be printed in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

Remarks of Senator Hubert H. Humphrey, Minnesota Conference on Mental Retardation, Bloomington, Minn., June 12, 1976

It is a pleasure for me to join you this morning at Minnesota's first Conference on Mental Retardation. The cause to which you are devoted is one that is close to my heart, and I feel both kinship with you and admiration for your work.

Not many years ago, if a family had a retarded child, it was faced with nearly insurmountable problems—economically, socially, and phychologically.

There was limited knowledge about retarded persons.

There were few facilities for their care, and most were either exorbitantly priced or were large institutions in which the retarded were hidden away without receiving the personal care or individualized attention they so very much needed.

But now we are beginning to emerge from the dark ages. Your efforts here in Minnesota, and the efforts of others, have made self respect, significant self support, and meaningful participation in the life of our society possible for retarded persons.

As a result, we can celebrate today the remarkable gains which have been made for our retarded citizens.

Tremendous changes have taken place in the field of mental retardation over the last 25 years:

New treatment techniques and methodologies have been introduced.

Hundreds of state and federal laws have been enacted.

Thousands of new community programs have been established and many millions of public and private dollars have been expended to improve services to mentally retarded children, teenagers, and adults.

Planning for services has shifted from a program-centered approach to an individual-centered one.

But our happiness with the distance we have traveled thus far cannot blind us to the great work which still needs to be done. Many of the most vital transformations in the opportunities available to the retarded still lie before us. Conferences such as this can help direct our efforts toward helping mentally retarded people, who might otherwise have lived wasted lives, to develop into contributing members of society.

We are making progress by talking about and demonstrating to the people of this country what mentally retarded persons can do rather than what their limitations are.

Over 95 percent of those who are mentally retarded are only mildly or moderately handicapped. And, with assistance, each can and should have the opportunity to achieve whatever degree of self-reliance and self-fulfillment he or she is capable of achieving.

A country as wealthy as ours cannot afford to allow the abilities and productive capacities of our mildly and moderately retarded to go unused.

We are changing the attitude of hopelessness which has prevailed in the past. This is an essential prerequisite for bringing the retarded more fully into our communities, and guaranteeing to them the chance to enhance and use their abilities to the fullest.

Minnesota, I'm proud to say, is a leader in "deinstitutionalization." In the last five years, the number of clients in large public residential facilities has decreased by an estimated 16 percent—well above the national average.

For those few persons who can be served only in an institutional setting, our goal is to provide the best possible care in a more humane living environment. The $16.8 million recently appropriated by the Minnesota legislature for capital improvements in our state hospitals will provide needed funds to make this a reality.

But we also need to provide the maximum opportunity for every mentally retarded person to live in a community setting of his own choosing. It costs more to institutionalize one retarded person for life than it does to provide residential training support for three people.

Associated costs are returned many times over in savings when individuals with handicaps are given the proper care, training, and motivation to leave the hospitals and institutions and become, to the extent possible, self-supporting and productive citizens.

Public agencies, private business and voluntary organizations capable of helping retarded persons find competitive or sheltered employment need to intensify their efforts. The chance to work is crucial to becoming and remaining a full citizen.

It is a fact—nearly two million handicapped persons are unemployed, although employable. And the costs, of this unemployment, both to the public and to the handicapped, are continually rising. Assistance for unemployed disabled persons and their dependents annually costs taxpayers nearly half a billion dollars.

I am pleased that regulations have finally been proposed which will implement legislation I introduced, by prohibiting discrimination against qualified handicapped individuals in any program of activity receiving Federal funds. Other legislation I have introduced which provides for demonstration projects of wage supplements for handicapped persons in sheltered workshops is being reviewed by the Senate Subcommittee on Handicapped as it conducts oversight hearings on the Vocational Rehabilitation Act of 1973.

Both of these measures will help handicapped individuals achieve the independence of which they are capable.

The transformation of public attitudes also would do much to eliminate the tragedy of preventable or readily remediable retardation.

The President's Committee on Mental Retardation recently estimated that in perhaps 85 to 90 percent of the cases not involving identifiable organic or physical causes, mental retardation is associated with conditions arising from the environment, poverty, racial and ethnic discrimination, and family stress.

In comparing a low income environment with a higher income one:

A child is 15 times more likely to be diagnosed as mentally retarded;

Premature births, often resulting in physical and mental defects, are 75 percent more common; and

45 percent of new mothers receive no medical care during pregnancy.

Many of the causes of mental retardation can be alleviated or prevented altogether simply by:

Prenatal and postnatal infant care;

Proper diet;

Early testing for metabolic disorders;

Removal of environmental hazards from lead paint and other toxic substances;

Assistance to low income parents in the early developmental training of their children in their own homes; and

Equitable individualized education for all children.

I cannot believe our country lacks the will or the funds to prevent every case of mental retardation which is preventable.

In the 25 percent of the cases of mental retardation which are attributed to *biomedical* causes, the President's Committee predicts that through the application of biomedical research, genetic counseling, and other techniques, it is possible to reduce the incidence of mental retardation from this source by 50 percent by the year 2000.

The human dimension of these facts is compelling. But for those who also need an economic justification, let it be pointed out that every dollar spent for prevention is worth $1000 spent for warehousing or wasted lives.

The problems of mental retardation cannot be solved in Washington alone—most can only be solved where the work actually is being done. But the Federal Government can provide the funds and supporting services necessary to make your efforts a success.

The Congress recently enacted legislation I have vigorously supported which provides some of the prerequisites for successful prevention and treatment of mental retardation:

the extension and expansion of nutrition programs for women and children;

the creation of diagnostic components in the various pre-school programs; and

the provision of major new funds for health services aimed at preventing or ameliorating handicapping conditions.

Congress has also made considerable progress on providing incentives for a barrier-free environment, access to transportation and housing, and income security for handicapped persons.

In addition, the Education for all Handicapped Children Act and the Developmental Disabilities Amendments, including a Bill of Rights for the Handicapped, have been enacted. I regard these bills as landmark legislation.

There are approximately eight million handicapped children between the ages of three and 21 in this country. Over a million of these children receive no educational opportunities whatsoever. Almost three million children, while in school, receive none of the special services they require in order to make education a meaningful experience.

Over nine million Americans today suffer from developmental disabilities. We have developed new innovative educational techniques and we have gained some understanding of the nature of these handicaps. But we need to provide the facilities, specially trained teachers, and individualized programs to effectively help handicapped people.

Minnesota is one of the more progressive States. But it has fallen below its intended goals, because adequate federal funds have not been made available to help us serve all the handicapped persons we originally planned to serve.

The outlook for other states was equally bleak. But the enactment of the new legislation goes a long way in restoring the basic right to education for all handicapped children and assuring an improved quality of care and facilities.

The process does not stop with the passage of these laws. Too often the gap between new legislation and actual practice is wide.

We must continue to work together as the regulations are formulated to assure that our common goals as parents, teachers, administrators, providers, and concerned citizens are met.

Planning is important in this process. But we must not forget that planning is a means to an end rather than an end in itself. We must get the job done.

Recent extension of the Rehabilitation Act of 1973 at increased authorizations, and the Congressional override of the President's veto of appropriations for the Department of Health, Education, and Welfare, will also help continue and expand the many programs designed to help our handicapped citizens achieve their full economic, social and personal potential.

Minnesota, too, has done much to inspire and supplement the federal effort.

But our work is far from over.

The problems of mental retardation are not and cannot be the sole responsibility of any one department of government. A variety of professional disciplines are required to deliver the full range of health, social, educational, habitation and rehabilitation services needed by retarded persons. There is an important role for citizens, private enterprise, the voluntary agencies, and above all, the individual himself.

Planning for the services of today and tomorrow is necessarily shifting from a program-centered approach to a client-centered one, such as that which you have been reviewing during your meetings this week.

It has been said that in spite of all the ideas and technology in the world, it all comes down to shaping one individual at a time.

No longer is it sufficient that the criterion for success be whether or not the individual is being served. Rather, it is necessary to evaluate how much improvement the person has shown and what other services will help him develop to his fullest potential.

We need to work together as a partnership to achieve these objectives. The system relies heavily on experts and concerned citizens such as yourselves to help set priorities and for the individual, to continually examine the results, to realign these priorities as progress is made, and to look to the future.

Thomas Wolfe once said:

"To every man his chance; to every man regardless of his worth, his shining golden opportunity; to every man, the right to live, to work, to be himself and to become whatever thing his manhood and his wisdom can combine to make him—this . . . is the promise of America."

These words express the promise dreamed of in 1776 when the Declaration of Independence held as self evident "that all men are created equal, that they are endowed by their Creator with certain inalienable rights, that among these are life, liberty, and the pursuit of happiness."

This was the promise made when our government was created of the people, by the people and for the people to establish justice and to promote the general welfare of *all* its citizens.

In this Bicentennial year we must remember that through your efforts you will be making a major contribution to helping others achieve and exercise the rights enjoyed and taken for granted by most Americans.

We *can* reduce the occurrence of mental retardation by at least half by the end of the century.

We *can* encourage the development of both attitudes and service systems that will enable retarded persons to live fuller lives in less restrictive settings.

We *can* assure mentally retarded persons full citizenship and legal rights.

We *can* develop more equitable, coordinated, efficient and effective use of public and private resources in all mental retardation programs.

We *can* achieve a greater understanding of and appreciation for handicapped persons—for their gifts, abilities and experiences can greatly enrich our lives and lift our spirits.

We *can* acknowledge the worth of every human being and recognize his right to be different.

We can do these things and we *must*.

FINANCIAL DISCLOSURE OF SENATOR HUDDLESTON

Mr. HUDDLESTON. Mr. President, each year since being elected to the Senate I have had a policy of making an annual financial disclosure for myself and my wife. For the past 2 years I have also disclosed the form 1040 of my Federal tax return and the form 740 of my State return in Kentucky.

I ask unanimous consent that copies of these three documents be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

WALTER D. AND JEAN P. HUDDLESTON

STATEMENT OF ASSETS AND LIABILITIES (UNAUDITED), DEC. 31 1975

	Cost	Estimated current value	Source of estimated current value
ASSETS			
Cash on deposit	$2,600	$2,600	
Savings accounts	24,172	24,172	
Note receivable (note A)	3,000	3,000	
Accrued interest receivable	404	404	
Contributions to U.S. Government retirement fund.	10,223	10,223	
Marketable securities:			
First Hardin National Bank	900	3,000	NASD quotations or recent trades according to local borkerage firms.
Citizens Bank of Elizabethtown	1,000	3,245	
Citizens Security Life Insurance Co	5,500	3,300	
Miscellaneous securities	6,150	470	
Other corporate investments (note B)	27,800	52,500	Estimate of Mr. W. D. Huddleston.
Partnership interests (note C)	53,355	168,000	Do.
Cash value of life insurance	7,500	7,500	Per policies.
Automobiles	4,000	4,000	Estimate of Mr. W. D. Huddleston.
Residence (note D)	103,000	114,000	Do.
Personal property	3,500	3,500	Do.
Total	253,104	399,914	
LIABILITIES			
Accounts payable	1,100	1,100	
Notes payable (note E)	50,450	50,450	
Accrued interest on notes payable	1,040	1,040	
Note payable, residence (note D)	37,407	37,407	
Balance of income taxes payable on 1975 income.	5,486	5,486	
Estimated income taxes payable on unrealized asset appreciation (note F).		33,953	
Total	95,483	129,436	
Net assets	157,621	270,478	

See accompanying notes to statement of assets and liabilities.

NOTES TO STATEMENT OF ASSETS AND LIABILITIES

[Unaudited]

A. Note receivable:

The note receivable from I-65 Rentals, Inc. bears interest at 10% and is payable upon demand.

B. Other corporate investments:

Name	Business	Shareholders' equity [1]	Percent owned	Estimated current value
Mid-Ky Outdoor Advertising	Real estate investment	$11,377	16.67	$7,500
HNUB, Inc	Motel operation	22,029	10.00	2,500
I-65 Rentals, Inc	Real estate investment	187,145	12.50	42,500
Total				52,500

[1] Represents total shareholders' equity, per latest available unaudited financial statements.

C. PARTNERSHIP INTERESTS

Name	Business	Total partners' capital [1]	Partnership interest (percent)	Estimated current value
Lebanon-Springfield Broadcasting Co	Radio station	$73,422	16⅔	$35,000
Village Shopping Center	Real estate rentals	42,740	33⅓	33,000
Dee and Bob	do	53,742	50	100,000
Total				168,000

[1] Represents all partners' capital accounts, per latest available unaudited financial statements.

D. Note payable—Residence:

The note payable is collateralized by a residence in Arlington, Virginia. The note is payable in monthly installments of $260, including interest at 5¾%.

E. Notes payable:

8% Demand note payable to First Hardin National Bank	$20,750
8% Demand note payable to Liberty National Bank of Louisville	25,000
7½% Demand notes on automobile purchase	4,700
	$50,450

F. Estimated income taxes payable on unrealistic asset appreciation:

Unrealized appreciation in value of assets would, if realized, normally require payment of taxes with such income being reportable as capital gains. A liability has been reported in the statement of assets and liabilities for estimated income taxes applicable to unrealized appreciation at tax rates currently in effect.

G. Contingent liability:

Mr. and Mrs. Huddleston are guarantors on a real estate mortgage of I-65 Rentals, Inc. The unpaid portion at December 31, 1975 was $18,800.

SUMMARY OF INCOME FOR 1975 (UNAUDITED)

Salaries	$44,483
Director fees	3,300
Interest and dividends	1,559
Income from partnerships	12,874
Honorariums	8,000
Gross income for 1975	70,216
Less:	
Congressional living allowance	(3,000)
Dividend exclusion	(68)
Adjusted gross income per 1975 federal tax return	$67,148
Federal and Kentucky income taxes on above income	$21,305

U.S. INDIVIDUAL INCOME TAX RETURN

Income

9. Wages, salaries, tips, and other employee compensation, $44,483.

10a Dividends $178. 10b Less exclusion $68, balance $110.

11. Interest income, $1,381.

12. Income other than wages, dividends, and interest (from line 36) $21,174.

13. Total (add lines 9, 10c, 11, and 12) $67,148.

15. Subtract line 14 from line 13 (Adjusted Gross Income) $67,148.

Tax, payments and credits

16a Tax, check if from. Schedule G, $18,127.

b. Credit for personal exemptions (multiply line 6d by $30) $120.

c. Balance (subtract line 16b from line 16a) $18,007.

17. Credits (from line 54) $81.

18. Balance (subtract line 17 from line 16c) $17,926.

19. Other taxes (from line 63) $1,114.

20. Total (add lines 18 and 19) $19,040.

21a Total Federal income tax withheld, $11,107.

b. 1975 estimated tax payments $2,750.

d. Amount paid with Form 4846, $4,000.

22. Total (add lines 21a through e), $17,857.

Balance due or refund

23. If line 20 is larger than line 22, enter BALANCE DUE IRS, $1,183.

KENTUCKY INDIVIDUAL INCOME TAX RETURN

Credits

6. Enter total of all wages, salaries, bonuses, commissions, and other compensation received in 1975 before payroll deductions, $44,483.

7. Enter dividends and interest (See Instructions), $1,491.

8. Enter total other income from line 29, $21,174.

9. Add lines 6, 7, and 8. This is your Gross Income, $67,148.

Income

10. Enter adjustments from line 34.

11. Subtract line 10 from line 9, $67,148.

12. Enter allowable federal income tax deduction from line 40, $14,767.

13. Subtract line 12 from line 11. This is your Adjusted Gross Income, $52,381.

Tax

14. Enter tax from Tax Table or from Tax Computation (line 46) for Column B—Husband, Joint or Single, $2,265.

15. Add lines 14a and b. This is your Combined Tax Liability, $2,265.

16a. Enter Kentucky Income Tax as shown on attached withholding statements, $1,659.

b. Enter 1975 Kentucky Estimated Income Tax Payments, $300.

17. Add lines 16a and b, $1,959.

18. If line 15 is greater than line 17 enter difference as Additional Tax Due, $306.

EXPORT-IMPORT BANK FINANCING NOTIFICATION

Mr. PROXMIRE. Mr. President, I call to the attention of my colleagues a communication I have received from the Export-Import Bank pursuant to section 2(b)(3) of the Export-Import Bank Act notifying the Congress of a proposed Eximbank loan and guarantee to assist the construction of a conventional powerplant in South Korea. Section 2(b)(3) of the act requires the Bank to notify the Congress of any proposed loan, guarantee, or combination thereof in an amount of $60 million or more at least 25 days of continuous session of the Congress prior to the date of final approval. Upon expiration of this period, the Bank may give final approval to the transaction unless the Congress dictates otherwise.

In this case, the Bank proposes to extend a loan in the amount of $58,505,200 and a guarantee of loans by private lenders in the amount of $43,878,900 to the Korea Electric Co., a government-controlled enterprise, to assist the construction and initial operation of two 320-megawatt conventional powerplants in South Korea. Eximbank's participation will cover approximately 70 percent of the total cost of U.S. goods and services for the project. The loan will bear interest at 9 percent per annum, and the loan and the guaranteed private loans will be repayable over a 10-year period beginning October 12, 1978.

I ask unanimous consent that the letter from Eximbank pertaining to this transaction together with accompanying material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., June 2, 1976.

Hon. WILLIAM PROXMIRE,
Chairman, Senate Committee on Banking, Housing and Urban Affairs, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with section 2(b)(3) of the Export-Import Bank Act of 1945, I have reported to the President of the Senate and the Speaker of the House of Representatives on an application currently pending consideration by the Bank. I respectfully furnish herewith a copy of this statement for your consideration.

Sincerely,
STEPHEN M. DUBRUL, Jr.

Enclosure.

EXPORT-IMPORT BANK
OF THE UNITED STATES,
Washington, D.C., June 2, 1976.

Hon. NELSON A. ROCKEFELLER,
President of the Senate, U.S. Capitol, Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to Section 2(b)(3) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States Senate with respect to the following transaction involving U.S. exports to South Korea:

A. DESCRIPTION OF TRANSACTION

1. Purpose:

Eximbank is prepared to extend a direct credit of $58,505,200 to the Korea Electric Company (KECO), a public company owned 53.4% by the Government of the Republic of Korea, and to guarantee loans by private financial institutions to KECO in the amount of $43,878,900. Repayment of loans by KECO to Eximbank and to the private financial institutions which are guaranteed by Eximbank will be guaranteed by the Korean Exchange Bank (KEB). The purpose of the Eximbank financing and support is to facilitate KECO's purchase of goods and services from the United States for the construction of two 320 MW combined cycle thermal power plants, one in Yongwal (North Central South Korea) and one in Kunsan (Central Western coast). These two plants are needed to forestall serious power shortages that could occur by late 1977.

The equipment will be manufactured in the United States by General Electric Company which will also carry out plant design and management services for the project. The estimated total construction costs are $180,000,000 of which $146,263,000 represents purchases of U.S. goods and services.

2. Identity of the Parties:

(a) Korea Electric Company. Incorporated in 1961, KECO is the country's sole supplier of central station electric power. KECO's installed capacity in 1974 was 4,720 megawatts up from 367 megawatts in 1961. KECO estimates that electricity consumption from 1976–1981 will grow at an average annual rate of 15.4%. By 1981, KECO estimates that 10,225 megawatts of installed capacity will be required to handle the increased demand.

(b) Korea Exchange Bank. KEB will guarantee repayment of principal and interest by KECO to Eximbank and to the private financial institutions which are guaranteed by Eximbank. KEB is wholly owned by the Republic of Korea and its guarantee is backed by the full faith and credit of the Republic.

3. Nature and Use of Goods and Services:

The principal goods to be exported from the United States will be two STAG-400 combined cycle power plants, each including four 55 megawatt (nominal) gas turbine generators, a heat recovery boiler, a steam turbine generator set, controls, fuel treatment equipment, and auxiliaries. Each plant will provide 220 megawatts of power when operated in the simple cycle mode by gas turbines only and approximately 320 megawatts when operated in the combined cycle mode.

KECO is undertaking the project in response to an urgent requirement for additional power generating capacity during the late 1970's. Combined cycle plants were chosen because of the short construction schedule, improved efficiency of the combined cycle plant, and relatively reasonable capital costs.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons:

The proposed extension of credit and guarantee by Eximbank will result in the export of U.S. goods and services valued at $146,263,000 and will have a favorable effect on the U.S. balance of payments, and on the domestic economy by utilizing spare productive capacity and providing employment for substantial numbers of U.S. workers at a time when business activity in the manufacture of generating equipment is slack. It is estimated that about 7,400,000 man-hours of labor will be generated. Moreover, it is estimated that additional business, which is not part of this application but which is expected to follow in the years ahead, for spares and replacement parts for these plants could amount to about $7 million annually.

No adverse impact upon the U.S. economy will be caused by the export of these goods and services. Due to current slowdowns and cancellations of previously planned power facilities by domestic utilities, U.S. manufacturers welcome the opportunity to export such goods and services at this time and can do so without endangering the supplies of equipment available for use in U.S. markets. In fact, it is essential that U.S. power equipment manufacturers obtain export orders to maintain their production work forces which will be needed to meet domestic demand in the future. These exports also assist the United States in maintaining its competitive position in the world's power industry.

In view of the magnitude and terms of the transaction, and the limited availability of private financing, Eximbank's credit and guarantees are necessary to secure this sale for U.S. manufacturers.

2. The Financing Plan:

The total cost of U.S. goods and services to be purchased by KECO is $146,263,000 which will be financed as follows:

10%	Cash payment	$14,626,300
40%	Eximbank credit at 9%	58,505,200
30%	Private credits with Eximbank guarantee	43,878,900
20%	Private credit without Eximbank guarantee	29,252,600
	Total	146,263,000

(a) Eximbank Charges: Disbursements under Eximbank's credit will bear interest at the rate of 9 percent per annum, payable semiannually. A commitment fee of ½ percent per annum, also payable semiannually, will be charged on the undisbursed portion of Eximbank's credit. In addition, the private financial institutions being guaranteed by Eximbank will pay a guarantee fee to Eximbank of 1½ percent per annum on the amounts they have disbursed to KECO and a commitment fee of ⅛ of 1 percent to Eximbank on the undisbursed amounts.

(b) Repayment Terms: Loans by Eximbank and the private financial institutions will be repaid in twenty approximately equal semiannual installments beginning on October 12, 1978, of which the first four and a portion of the fifth installments will be applied to repayment of the private financing not guaranteed by Eximbank; the remainder of the fifth, the next six and a portion of the twelfth installments will be applied to repayment of the private financing guaranteed by Eximbank; and the remainder of the twelfth and all of the last eight installments will be applied to repayment of Eximbank's credit.

Sincerely yours,
STEPHEN M. DUBRUL, Jr.

RETIREMENT OF BERNARD A. BRADY OF THE GENERAL ACCOUNTING OFFICE

Mr. CANNON. Mr. President, over the past 17 years, Congress has been ably served by Bernard A. Brady of the General Accounting Office. Al has been the leader of the small behind-the-scenes group of GAO auditors who are always ready to provide assistance to Members, officers, and committees with their fiscal and management functions.

Al is a native of the District of Columbia and received BCS and MCS degrees from Columbus University, where he later was a faculty member for 5 years. Before joining the General Accounting Office in April 1947, he was associated with two local CPA firms as a senior accountant and junior partner.

He is a certified public accountant in the District of Columbia and Virginia, a charter member of the Association of Government Accountants, and a member of the National Association of Accountants, and the American and D.C. Institutes of Certified Public Accountants. He served on the board of governors of the D.C. Institute for 5 years.

In recognition of his accomplishments

he received GAO Meritorious Service Awards in 1962 and 1971.

Al has announced that he will retire on June 19, 1976. I want to take this opportunity to express, on behalf of the Senate, our appreciation to Al for his dedicated service.

NATIONAL SECURITY AND DEFENSE

Mr. TOWER. Mr. President, in recent months we have witnessed a sharp rise in the tempo of debate on the vital issue of our national security. Unfortunately, much of the public political debate on this issue has been seriously misleading to the American people.

In this regard, I was gratified, recently, to hear the voice of Gen. Fred C. Weyand speak out on national defense. General Weyand is a distinguished soldier who has served the Army and the Nation more than three decades. As Chief of Staff of the Army, he is eminently qualified to speak on the subject of the security of the United States.

At the commencement ceremony at Texas A. & M. on May 8, General Weyand delivered a stirring address on the absolute necessity for military preparedness. He emphasized that our inability to foresee the future demands a constant state of readiness in order to protect and defend the United States in an uncertain and imperfect world. He said:

> This is the point that is of crucial importance today—that while our military forces are strong, if the trends of recent years of cutting the defense budget continue, our forces could decline to the point where they will be inferior to our potential adversaries. . . . I am gratified that the Congress seems to be taking heed to that message.

General Weyand's speech is an important contribution to the dialog on national security. He clearly thinks, as I do, that the President's recommendations will serve to reverse the dangerous trend wrought by excessive defense cuts in recent years. General Weyand's comments corroborate what I have said before—President Ford's actions speak much louder than the rhetoric of those who seek his job.

I heartily recommend to my colleagues the remarks of General Weyand at Texas A. & M. and ask unanimous consent that his speech be printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Address by Gen. Fred C. Weyand

Thank you, Dr. Williams, members of the staff and distinguished guests and graduating students—my friends. As Dr. Williams said, this is a memorable occasion for the University. I must say that it is very much so such an occasion for me to come here and be with all of you at this University that is known throughout the world for the support that it has given to the ideals and hopes of our forefathers. But more meaningful and more important than that is the work that it has done to bring its ideals to reality. And for me it is a very personal privilege and pleasure to be here, because it satisfies a commitment I made to myself some 23 years ago. Twenty-three years ago a very dear and close friend of mine was killed—an officer, a leader—his name was Jack Richmond. We were lieutenant colonels together in the Infantry. Jack was killed in 1953. He was a graduate of Texas A&M, and in the aftermath of that experience, I made a commitment that someday I would come home for him. And so today I fulfill that commitment.

This is a meaningful year for all of us because in the Nation's Bicentennial year and the University's Centennial year we tend to do something that Americans don't often do: look back. It is a healthy thing for us to look back, assess where we have been, where we are and where we are going. There are many valuable lessons to be learned from the past.

In preparing to talk to you I reread a speech that General Omar Bradley made to the graduating class here some 26 years ago on the 2d of June 1950.

And interestingly in that speech, General Bradley did as you would expect—he paid tribute to the more than 70,000 Texas A&M students who had served in the Armed Forces—20,000 of them in World War II of which 14,000 were commissioned officers, 29 were generals and somehow or another one admiral crept into that group; six had won the Medal of Honor. More than 700 of that class of 1950 that General Bradley addressed were veterans. He paid tribute to their service and emphasized the importance of the Reserve Officer Training Program.

In closing, as I suppose most commencement speakers do, he praised the spirit of Texas—the spirit of independent action and forthright courage that has marked Texans all throughout its history—and he quoted from that famous message sent from the Alamo on February 24, 1836 by Colonel William Barrett Travis.

That was a great speech General Bradley gave then. Reading it today it is still a stirring speech. But it was more important for what it did not say than what it said because as it turned out, he, just as we, could not predict the future with certainty. Now remember at that time General Bradley was like me—he was a member of the Joint Chiefs of Staff. But beyond that he was the Chairman of the Joint Chiefs of Staff and thus privy to all of the intelligence that this country had on world conditions.

Yet, as he stood here that day even he could not know that within 24 days the United States would be at war and that many of those sitting out in that audience before him would soon be engaged in armed combat in Korea.

Now I suppose if anyone on that June day in Texas had told the graduating class that before the month was out the United States would be at war in Korea, they would have thought that idea preposterous because we all knew that Korea was outside of our defense perimeter. It was the consensus of our Government that Korea was of no strategic interest to the United States. The Secretary of State had even proclaimed that publicly. Certainly nothing could be more sure than that the United States would not become involved in any land war in Asia. Yet, we did become involved in a bloody 3-year war that ultimately cost us over 33,000 American lives.

What is the lesson that we derived from that? I would say at least one lesson is that even the wisest of us cannot foresee the future. I suppose that is why one of the precepts I have personally fostered as Chief of Staff of the Army is that this Army of ours must be prepared for the unexpected.

Well, if you cannot foresee the future, how then do you provide for the security of the United States? Our Founding Fathers' answer to that problem is contained in Article II of the Bill of Rights which they adopted on December 15, 1791. In that provision they provided that "A well regulated Militia, being necessary to the security of a free State, the right of the people to keep and bear Arms, shall not be infringed."

In those early days the United States provided against unforeseen threats by having a capability to mobilize her citizenry to be ready for the unexpected. In addition, the Constitution provided a small standing army. This was not easy for them because they were opposed to standing armies. You may recall that they fought a revolution to do away with oppression and particularly with armed oppression. And so they did argue in the aftermath of that revolution whether or not they needed an army, or an armed force, and it was Madison who argued and debated the issue of "why an Army." They decided not to make such a prohibition and provision in the Constitution, and they concluded that since they could not stop other countries from having armies—those other countries hostile to us—it would be foolish to prohibit the United States from having an army.

At the same time they were suspicious of armed force, and they wanted to make sure that the United States Army and our armed force remained a people's army . . . a servant, never a master, of the people; and so they did write into the Constitution a provision to insure that. Alexander Hamilton pointed out that the Constitution gave "the whole power of raising armies to the legislature, not to the executive;" Additionally, there was an important qualification in that the appropriation of money for support of the Army could not be made for longer than 2 years, which was a precaution against keeping large standing armies without having, as the Constitution said, evident necessity.

And this isn't just ancient history . . . because, as Chief of Staff, each year I appear before Congress for a prolonged period of sessions with committees of Congress and individual members of Congress to make the case for the Army and the funds necessary to raise, support, and equip the United States Army. The Congress, therefore, bears a very heavy responsibility to insure that, as the debates now go on, we do not become inferior.

In September 1789, the Congress incorporated under the Constitution this army they had inherited from the Confederation. This, too, had a very significant overtone to it because allegiance of this Army that I lead is not one pledged to an individual as is so often the case in other armies of the world—this Army is pledged to the United States Constitution, to bear true faith and allegiance to that Constitution and to defend and support it against all enemies, foreign and domestic.

I have been very proud of the United States Army. In the aftermath of Vietnam, after the people of the United States withdrew their commitment from the country of South Vietnam and from the people of South Vietnam, the United States Army followed by coming home. There were no bitter outcries and no revolts. Our Army is then a very unique army. Look around the world and see the consequence of the withdrawal of other armies from Algeria and the withdrawal of the army from Angola. Those other armies returned from those places in revolt and torn by dissent. We should be thankful that your Army does not pledge allegiance to any single individual. We pledge our allegiance to the Constitution of the United States.

There are a lot of the same questions asked today that were asked 200 years ago. Why do you need an Army? How much is enough? And one particular one has to do with considering our morality as a Nation—is force relevant to the problems and challenges that confront us? Well, I could make a speech on that subject; you could write a book or books about it. But the bottom line, I think, is a fairly simple and straightforward idea. Armed strength and force was relevant to Hanoi not too long ago. It was relevent to the Cubans in Angola. Obviously, it is relevant to the Soviet Union. And thus military strength is very much relevant to the circumstance in which we find ourselves today.

Today the United States has a fine, professional Army, Navy, Marine Corps, Air Force and Coast Guard—and that force is maintained in a constant state of readiness and it is backed up by an increasingly capable Reserve and National Guard force, able to react to protect our national interests in any foreseeable eventuality.

In my opinion, it's the finest, most ready, and best disciplined force we have ever had in peacetime. We must insure that they are of the highest quality because we have a great mission to perform: to insure our survival—to deter conflict and war—to maintain our freedom of action as a people and as a nation—and to uphold our position as not just "a", but "the" leader of the Free World.

You know, we often forget as we turn inward and worry about our own problems, that outside the United States, America is the beacon of hope for those who value the dignity of the individual above the state, for those who cherish, as we do, and still seek those precious freedoms of religion, of thought, of speech, of the press, of assembly, of inquiry, and of dissent—all those freedoms that have sustained us in our quest for a better life. Now, as a general officer, I have no quarrel with those who reject the idea that this country of ours has some God-given destiny to be the world's savior, or as some people say to be the policeman of the world—I never have believed it, but that does not alter the fact that the United States today is, in fact, the main beacon of hope for mankind.

Last March I sat in the House of Representatives with the other members of the Joint Chiefs of Staff, and we listened to the Prime Minister of Ireland—a man by the name of Liam Cosgrave—address a joint session of Congress. In that speech he expressed great pride in what had been accomplished by Americans over 200 years, and he was proud of it because the Irish had been involved to some degree in its accomplishments. His words carried a note of dependence and trust in America and the United States that I have heard in my visits reiterated in virtually every free country throughout the world. He said: "It may indeed seem to you at times that we apply a double standard and that we expect more of you than we expect of others. The simple answer is that we do! The world has always expected more of America; and if at times you are impatient about it, remember that the idea your friends have of you is among your greatest strengths." And he went on to say that, "It is right that you should know that you have friends abroad who still believe in everything that America stands for!" I thought at the time, "Wouldn't it be paradoxical if our friends had more faith in us than we have in ourselves?"

In this as in other things, we should see the world as it is. We should have faith in America; we should continue to look and to move ahead with quiet confidence in our ideals and the strength that flows from them. That is why we are the great nation we are today. I know that it has been difficult in recent years—the aftermath of the Vietnam tragedy, the scandals of Watergate, the abuse of power by governmental agencies—certainly these things have caused many to question the destiny of America and to wonder if this civilization is not in decline and has been seriously weakened. Well, I don't believe it. I believe that this country and our society is the stronger for all of that. The stronger for having uncovered the transgressions that tend to corrupt and to weaken us. Isn't it much more important—and essential, as a matter of fact—to realize what we are, rather than to live in some sort of a dream world thinking that everything is alright while the foundation underneath us is rotten.

I said that we should move forward with confidence and quiet strength. And we have every reason to do that. We have a sound foreign policy. It seeks a world structure based on equilibrium rather than confrontation and there is nothing new about that—that was the policy that was initiated by our forefathers about 200 years ago. It is a policy that actively seeks to maintain a balance based on power to preclude war; it is a policy that seeks partnership with others who seek the same sort of values that we cherish; it is a policy that seeks to negotiate the differences between ourselves and those who would oppose us; it is a policy that lends a helping hand to those newly emerging nations who need it and have asked for it and, above all, it is a policy whose ultimate aim is to preclude the likelihood of a nuclear holocaust.

In each instance, that policy and the policy and the policies and objectives that stem from it are shared and undergirded by our Armed Forces. It is the strength of your military in combination with economic, technological, political, and ideological strengths that gives meaning and substance to that foreign policy.

This is the point that is of critical importance today—that while our military forces are strong, if the trends of recent years of cutting the defense budget continue, our forces could decline to the point where they will be inferior to our potential adversaries. And on that point, having just come from Washington and these hearings before the Congress where I have attempted to justify the basis for the United States Army, I am gratified that the Congress seems to be taking heed to that message.

For us, the task ahead is to halt the erosion of our military strength and to bolster our will, and then do whatever is necessary to maintain relative balance between the Free World and those who threaten us. It is interesting to me to contrast the days of George Washington and today. Just as in those days, our requirements, whatever they are, must be justified in depth and detail to satisfy not just the President, but they must satisfy the Congress and the people of this country. So there is a need to continuously reexamine, redefine, and update the need for military strength so we can explain that complex need in terms that must be understandable.

This is as it should be, although it is difficult. Take, for example, the problem of convincing a farmer out in Kansas that he ought to take the money that he just made selling his wheat to the Soviet Union and give a portion of that to the country to permit it to defend him against the Soviet Union. Now this takes some real doing—at times a complex argument, and we are explaining this to complex people.

I suppose that if you think for a moment about yourself and what you are, you would have to agree that you are a complex individual—that is one of our great strengths. There are strains in Americans that portray great strength, but it is sometimes difficult for us to understand the need for physical force and military security. For example, as Americans we have a long and rather proud American tradition of irreverence toward, and suspicion of, the military. And this isn't anything new. I am sure you have experienced it and certainly I have. Three weeks ago I went to my Alma Mater—the University of California at Berkeley. I went there in uniform. I received an award. I watched the ROTC march on campus in uniform for the first time in 10 years. I suppose two or three years ago I wouldn't have gone on that campus without my bullet proof vest. But times have changed. Americans have changed. But even as we have changed there is this suspicion. I recall a story about General Grant who was very proud of his uniform. In 1843 he went back to his hometown in Bethel, Ohio, and walked down the main street in that resplendent uniform. Well, he was hooted and laughed at and finally shamed off the street. So all this suspicion and irreverence is nothing new. But we can't be discouraged by that. As a matter of fact, we need, even more than ever, to maintain our integrity and to stick up for what we believe, to face the truth, to have the courage of our convictions, and to develop the strength to stand up to criticism.

I'll admit for those of us in uniform, we may not be loved but if we can be respected for our strength—we'll be listened to.

The defense budget of this year is $112.7 billion. That is a huge sum of money. People ask, "Can we afford it?" When you examine it, you will find that it is only slightly over 5 percent of the national productivity of this country. In fact, by relative comparison, I found out that we were spending the equivalent of $300 billion a year in 1945, in war.

So, yes, preparedness is expensive, but it is not nearly so expensive as unpreparedness. When you consider the cost of the wars, just in my lifetime—four of them—not only the billions of dollars, but the hundreds of thousands of Americans killed or wounded in World War I, World War II, Korea, and Vietnam—suddenly that message from history should be clear to us: preparedness is our best guarantee of peace. As a matter of fact, we cannot afford not to afford it.

I realize that preparedness is many things. It includes the money necessary to support our military forces in-being. It includes research and development, guns, ships, tanks, airplanes, and all that. But it is a lot more than "things." The most important part—the absolutely essential ingredient—is the trained men and women of our country. It was in this sense that General Bradley said a quarter century ago that Texas A&M has played such a vital part in our Nation's security.

Even though the ROTC at this University no longer relies on "so called" conscription—it's a voluntary program—it still provides more Reserve officers than any other college or university in the Nation—and they continue to uphold the high standards set by their predecessors whom General Bradley praised 26 years ago.

I hope that at the outset I reflected the deep pride I feel in those Texas A&M graduates who serve or will serve in the Armed Forces of our Nation. At the same time, as I assess the breadth and the nature of the challenge that faces this Nation of ours today—the challenge to our moral strength, to our political unity, to our economic strength, and to our technological superiority—I am deeply conscious of the importance of the contribution that Texas Aggies are making, and will be making, in disciplines other than military.

I was looking at your program before I came down here and was astounded at the diversity of this graduating class—in a way it is representative of the diversity of this modern world, which is becoming more and more complex and interdependent. You can say that our foreign policy reflects this complexity. In our foreign policy, our military forces exist to undergird all the different aspects, but without true national strength—moral and otherwise—all those military forces and that great foreign policy would be meaningless. What I'm saying is that each of us and each of our chosen professions are very significant elements in the scheme of things.

Your University has made a mighty contribution to the political, economic, and military strength of this country. That contribution must continue.

You have come a long way from that day in October 1876 when six students braved the hazards around them and showed up for the first day of class. It is almost impossible to comprehend how far you really have come.

Today, our Nation, and we are faced with problems that do indeed seem overwhelming and insolvable. Even though the present problems are great, compared with the enormous obstacles that have been overcome in the past, trully they are relatively insignificant. Recall George Washington, my counterpart in those days, with that army in Valley Forge starving, hundreds of them dying every day—afraid to tell the American people the plight that the army was in. Do you suppose that he would be overly concerned if he were here today and I told him about my problems and the problems of the United States and her economic problems? Or take Lincoln and the Civil War and compare that with what we hear about the divisive effects of Vietnam. Do you suppose that Lincoln would be unduly concerned over what we see as a lack of unity? I doubt it very much.

As were Washington and Lincoln, your predecessors here at Texas A&M were men of courage and they were men of faith. They were doers and they left a better world than the one they found. They kept faith with those before them who promoted and defended the principles of human dignity, freedom from oppression, freedom of choice and the supremacy of the individual over the state.

As for us, we too must work for a better world. We too must safeguard the precious freedoms for which so much has been sacrificed. We too must justify the sacrifices of others who placed their trust in America and all that America stands for. As the Irish Prime Minister said, we must this do, because we are indeed our brother's beacon.

As Texas A&M graduates, that is your responsibility, that is your obligation, and that you'll do.

I'm certain of it!

DRAMATIC EXAMPLE OF A SELF-MADE MAN

Mr. PHILIP A. HART. Mr. Chairman, early this year George N. Leighton was appointed to the U.S. District Court for the Northern District of Illinois—Chicago. A man with an outstanding reputation in the courtroom, George Leighton provides us with more than his expertise and talents. The story of his youth and his struggle against hardship provide us with a dramatic 20th century example of a self-made man. Judge Leighton demonstrated that such extraordinary careers are possible even today with hard work and determination.

I ask unanimous consent that the biography of Judge George N. Leighton be printed in the RECORD.

There being no objection, the biography was ordered to be printed in the RECORD, as follows:

GEORGE N. LEIGHTON: A BIOGRAPHICAL SKETCH

BACKGROUND AND EDUCATION

George N. Leighton was born on October 22, 1912, in New Bedford, Massachusetts. The vital statistics of that city show his name as George Neves Leitao because he was the son of Anna Silva Garcia and Antonio Neves Leitao, natives of the African-coastal Cape Verde Islands, a 14-island archipelago that has been Portuguese territory for more than 400 years. He was reared in New Bedford and on Cape Cod, Massachusetts. He attended grade schools on Cape Cod and in New Bedford. He finished the sixth grade; but because he had to work early in life, he never entered high school. In the year that he began the seventh grade in public school, he took a job on an oil tanker sailing from Fall River, Massachusetts to Aruba in the Dutch West Indies. This ended his public school education. Between that time and September of 1936, George Leighton read extensively from books, borrowed from various sources. In 1934, he attended night schools; and at one time he studied in the 1934–35 WPA classes.

In the winter of 1935, as a memorial to the sinking of the USS Nantucket by the SS Olympic, the Cape Verdeans of New Bedford, Massachusetts, under the leadership of Alfred J. Gones, a lawyer, created the Cape Verdean Memorial Scholarship Fund. In the early winter of 1936, the first essay contest was held and two prizes were awarded for the best essays submitted. The two prizes, each for $200.00 were to provide initial tuition for the winners in any college of their choice. George N. Leighton won one of the awards.

Early in the winter of 1936, he submitted an application for admission to Howard University; and although his application for a scholarship was rejected, he received a letter from Mr. F. D. Wilkinson, then Registrar to Howard University, informing him that he could attend Howard University as an Unclassified Student. As a postscript to the letter, Mr. Wilkinson stated that if Mr. Leighton proved he could do college work without having attended a high school, Howard would make him a candidate for a degree.

In September of 1936, assisted by the essay scholarship award of $200.00 which had been remitted in part to Howard University to pay for the first semester's tuition, and on the authority of the letter written by Mr. Wilkinson, George Leighton began his studies at Howard University.

At the end of the first semester examinations, because of excellent scholarship, Mr. Leighton made the Dean's Honor Roll. He remained on that roll through four years of college studies. On making the Dean's Honor Roll, Mr. Leighton approached Mr. Wilkinson and reminded him of the postscript to his 1936 letter. As a consequence of the grades earned, he was made a candidate for a degree in the College of Liberal Arts. He was graduated in 1940, *magna cum laude*.

Early in 1940, George Leighton wrote to James McCauley Landis, then Dean of the Harvard Law School. Because of his scholastic record at Howard University, Dean Landis awarded Mr. Leighton a first year scholarship to Harvard Law School. He enrolled in Harvard Law School, September 1940; but in March of 1942, his law studies were interrupted by World War II. On March 10, 1942, he was ordered to active duty and reported to Fort Benning, Georgia, where he attended the 206th Basic Class for Reserve Officers. On June 18, 1942, he was ordered to report to the 93rd Infantry Division at Fort Huachuca, Arizona. He remained with the 93rd Division throughout its service in the Pacific Theatre. In October of 1945, Leighton was relieved from active duty as a Captain in the Infantry. He returned to Harvard Law School on October 24, 1945 and was graduated on October 4, 1946.

PROFESSIONAL AND CIVIC EXPERIENCE

Before completion of his studies at Harvard Law School, Leighton took examinations for the Massachusetts Bar, passed and became a Massachusetts lawyer on October 3, 1946. On October 14, 1946, he arrived in Chicago and was admitted to the Bar of the State of Illinois on January 20, 1947.

From October, 1946 to December 8, 1964, George Leighton was active in civic affairs of Chicago. During 1947–48, he was president of the Chicago Chapter of the Howard University Alumni Association. From 1947–1953, he was a member and the Chairman of the Legal Redress Committee of the Chicago Branch, NAACP. During his chairmanship of the Committee, Leighton was general counsel in the Cicero Riot Case in which he represented Harvey Clark and his family.

Between 1952–53, for two terms, he was President of the Chicago Branch, NAACP; and during the last year of his presidency, he was General Counsel in the Trumbull Park Case representing the Donald Howard family. During the period 1962 to 1964, Leighton again became active in the Chicago Branch, NAACP and served as Chairman of its Political Action Committee and the Legal Redress Committee. In 1964 he became a Life Member in the National Association for the Advancement of Colored People.

In addition to these civic activities, Judge Leighton has been: (a) member of the Advisory Committee of the Illinois Division, American Civil Liberties Union; (b) member of the Advisory Committee, Independent Voters of Illinois (IVI); (c) Chairman of the Legislative Committee, Cosmopolitan Chamber of Commerce; (d) member of the Drafting Sub-Committee of the Citizens Committee for the Adoption of the Fair Employment for the Adoption of an Open Occupancy Statute; (f) member of the Mayor's Citizens Committee on City Revenue and Expenditures (1963); and (g) from December 1961 to April 1970, Judge Leighton was a member of the Public Review Board, UAW.

Presently he is; (1) member of the Board of Directors, Grant Hospital, Chicago, Illinois; (2) member of The Council, National Harvard Law School Associations; (3) member of the Mayor's Committee on Organized Crime Legislation; (4) member of the Board of Directors of the John Howard Association; (5) member of the Board of Directors of the Chicago Tuberculois Institute; and (6) member of the Board of Directors of the Adult Education Council of the City of Chicago; (7) member of the Chicago Committee on Urban Opportunity.

In 1951, together with the late Loring B. Moore, George Leighton organized the law firm, Moore, Ming & Leighton, predecessor to the law firms of McCoy, Ming & Leighton (1959–1964) and McCoy, Ming & Black, 123 West Madison Street. Among the partners in the firm were Fleetwood M. McCoy, William R. Ming, Jr., Walter K. Black and Chauncel Eskridge. From 1953 until the present, the law office has occupied the third floor of the Joel Hunter Building, Chicago, Illinois, and has been considered by the profession to be one of the largest predominantly Black law firms in the United States. Leighton withdrew from the firm in November 1964 when he was elected a judge of the Circuit Court of Cook County.

During his law practice, Mr. Leighton was active in cases that attracted national attention. The first and perhaps the most important of these was the Boswell Amendment Case in which as counsel for ten Negro citizens of Mobile, Alabama, he succeeded in obtaining a judgment declaring the amendment unconstitutional. The opinion of the three judge federal court is reported in *Davis v. Schnell*, 51 F. Supp. 872, and was affirmed by the Supreme Court of the United States. Sun nom *Schnell v. Davis*, 336 U.S. 933, 69 S. Ct. 749.

In 1950, Leighton represented Negro parents of school children in Harrisburg, Illinois in a proceeding which he filed in the United States District Court for the Southern District of Illinois. An injunction was obtained ordering desegregation of the public schools of Harrisburg, Illinois.

In the years before 1964, the cases of importance handled by Mr. Leighton involved convictions of men whose constitutional rights were infringed in the trial court proceedings. The most famous of these cases was that of Earl Howard Pugh who spent seventeen years of penitentiary imprisonment before he was discharged in a proceeding instituted in the Criminal Court of Cook County. In 1953, the Illinois General Assembly passed a bill which authorized the payment of $51,000.00 to Pugh. The story of the case was published in Ebony Magazine, October, 1955. Other cases of constitutional importance were *Napue v. Illinois*, 358 U.S. 919;

Ciucci v. Illinois, 353 U.S. 982; *Townsend v. Sain*, 372 U.S. 293 and *Goldsby v. Harpole*, 263 F. 2d 71; *Lloyd Eldon Miller, Jr. v. Pate*. 226 F. Supp. 541.

During his professional career, Leighton represented plaintiffs and defendants in civil cases of every kind. He represented defendants in more than 200 criminal trials, bench and jury. During this same period he handled more than 175 appeals or reviews, civil and criminal, in state and federal courts.

In addition to these cases, George N. Leighton attracted professional attention of the Bench and Bar in his handling of the habeas corpus proceedings of *Llyod Eldon Miller, Jr. v. Pate*, a case in which a death sentence imposed in Hancock County, Illinois in 1956 was set aside by the United States District Court for the Northern District of Illinois. This case was the subject of an article in the January 24, 1964 issue of Saturday Evening Post. Lloyd Miller was released from incarceration after the decision of the United States Supreme Court reported in 87 S. Ct. 785.

In July, 1963, Leighton attracted nationwide attention when he represented a well known but unpopular plaintiff in *Sam Giancana v. Marlin W. Johnson*, United States District Court, Northern District of Illinois. This case resulted in a rarely granted injunction restraining the Federal Bureau of Investigation from alleged invasions of the plaintiff's civil liberties. One unexpected consequence was the imposition of a fine upon an agent of the Federal Bureau of Investigation, a fine later upheld in the United States Court of Appeals (June 30, 1964).

BAR ASSOCIATION ACTIVITIES

During his years at the Bar, Judge Leighton has been a member of the American Bar Association, the Inter-American Bar Association, the National Bar Association, the Massachusetts Bar Association, the Illinois State Bar Association, the Cook County Bar Association, the National Association of Defense Lawyers in Criminal Cases, and the Chicago Bar Association.

He is a member of several committees of the American Bar Association: Rights and Responsibilities, Judicial Administration, Legal Education. In 1963–64, Judge Leighton served as the Chairman of the Bill of Rights Committee of the Illinois State Bar Association,

He served on committees of the Cook County Bar Association. He has been active in the National Bar Association and has been a member of several of its panels at its national conventions in various parts of the United States.

In the Chicago Bar Association, Leighton was the first member of his race to be elected to its Board of Managers. After serving two years, he was honored with election as Librarian, a position to which he was reelected for two consecutive terms following his original term in that office.

Until November 1963, Leighton served as a Commissioner of the Supreme Court of Illinois on the Committee on Character and Fitness for the First Appellate District of the State of Illinois. In 1961 he served as Chairman of the Committee. As a Commissioner he sat by authority of the Supreme Court of the State of Illinois to hear and pass upon character qualifications of applicants to the Illinois Bar. As a member of the Board of Managers of the Chicago Bar Association, Leighton served as a Commissioner of the Supreme Court of Illinois and a member of the Chicago Bar Association Grievance Committee on which Committee he sat by the authority of the Supreme Court of Illinois hearing cases involving complaints against members of the Bar.

Between 1958 and 1963, Leighton was one of 50 lawyers and judges of the Joint Illinois and Chicago Bar Association Committee for adoption of the Amended Judicial Article. During that same period he was a member of the Joint Chicago Bar and Illinois State Bar Association Committee to revise the Criminal Code. He was member of the Drafting Sub-Committee that prepared the Substantive provisions of the 1961 Criminal Code. He also was a member of the Drafting Sub-Committee that prepared the Code of Criminal Procedure of 1963, being responsible for the appellate sections of the Code which is now the law of Illinois.

Judge Leighton is presently a member of the Criminal Law and Legal Education Committees of the Chicago Bar Association; and for several years, he was a member of its important Judicial Candidates Committee.

In addition to his activities in the respective bar associations of which Leighton has been a member, he has written and had published articles on legal subjects: Leighton, "In Rem Powers of Courts of Equity," 5 National Bar Jour. 1 (March, 1947); Leighton, "Post-Trial Procedures in an Illinois Criminal Case." 47 Ill. Bar Jour. 253 (1958); Leighton, "Post-Conviction Remedies in Illinois Criminal Law," Illinois Law Forum (1967); Leighton, "Federal Supremacy and Federal Habeas Corpus," St. Louis Univ. Law Journal (May, 1967); Leighton, "Pragmatics of Procedure in Illinois Criminal Appeals," 1 John Marshall J. of P. and P. 167 (1968); Leighton, "Elements of Equitable Relief," 2 John Marshall J. of P. and P. 230 (1969);

POLITICAL ACTIVITIES

George N. Leighton has always been a Democrat.

From 1947 to 1952, he served under the late Christopher C. Wimbish as President of the 3rd Ward Regular Democratic Organization. As President of the 3rd Ward, Leighton was active in one of the most influential and powerful ward organizations of the Democratic Party.

From 1947 to 1964, Leighton served on citizens committees for the election of Mayor Richard J. Daley and for the election of every important Democratic candidate in Cook County and the State of Illinois. Leighton was active in the campaign to elect John F. Kennedy as President of the United States.

In 1957, Leighton moved to 8400 South Prairie Avenue. It was then part of the 19th Ward under Ward Committeeman John Duffy. He became active in the 19th Ward Regular Democratic Organization; and when the present 21st Ward was created by re-districting, took an active part in the organization of the Democratic Party in the 21st Ward. Leighton was campaign manager for Melvin McNairy, candidate for Alderman for the 21st Ward in the 1963 campaign. He was active in the present organization of the 21st Ward under the leadership of Ward Committeeman Joseph J. Robichaux as Vice President of the 21st Ward Regular Democratic Organization. Because of his position as a member of the Illinois Judiciary, Judge Leighton has withdrawn as an officer but remains a member of the 21st Ward Regular Democratic Organization.

POSITIONS, ELECTED OR APPOINTED

Geroge N. Leighton served as an Assistant Attorney General of the State of Illinois, 1949–1951. From 1960 to 1964, he was a Master in Chancery of the Circuit Court of Cook County. He has been, by appointment, a member of the Public Review Board, UAW, AFL–CIO on which he sat with six other members as final Arbitrators of internal controversies in one of the largest unions in the world. In November 1964, Leighton was elected to a six-year term as Judge of the Circuit Court of Cook County. In July, 1969 the Supreme Court of Illinois assigned Judge Leighton to sit as an Appellate Court Judge of the Appellate Court of Illinois, First District.

On February 12, 1965, Judge Leighton was appointed an Instructor in Criminal Law and Procedure at the John Marshall Law School in Chicago, Illinois. Since then, Judge Leighton has played a part in the preparation of more than 400 students for the practice of law. In 1966, he originated a seminar in criminal appeals in which he taught third-year students the techniques in the handling of criminal cases on review.

In February 1969, Judge Leighton was elected to a four-year term as a member of the Council of the National Harvard Law School Associations.

At its 1970 meeting in St. Louis, Missouri, the Section of Legal Education and Admissions to the Bar of the American Bar Association elected Judge Leighton to a four-year term and member of the Council of the Section. This is the official accrediting agency for law schools in the United States. The task of this Council is to inspect American Law Schools and superintend the Standards of Legal Education in the United States.

JUDICIAL CAREER

Judge Leighton was elected to the Circuit Court of Cook County on November 4, 1964. He was installed in office on December 7, 1964. From December 8, 1964 to December 1, 1965, he served in the Criminal Division. On December 1, 1965, Judge Leighton was assigned to the Law Jury Division in which he served until September 7, 1967. He then was assigned to the Chancery Division as one of seven Chancellors of the Circuit Court. On July 18, 1969, Judge Leighton was assigned by the Supreme Court of Illinois to sit on the Appellate Court, First District, as Appellate Judge. His Written opinions are to be found beginning in 256 N.E. 2d 56 and is 119 Ill. App. 2d 322.

During the time he has served on the judiciary, Judge Leighton has taken an active interest in post-election programs aimed at education of judges. On a fellowship, he attended the July 1965 session of the Conference of State Trial Judges held in the University of Colorado, Boulder, Colorado. Throughout his judicial career, Judge Leighton has served in a number of seminars for the continued education of Illinois circuit and associate circuit judges.

HONORS AND AWARDS

On May 13, 1961, George N. Leighton was given the Civil Liberties Award of the Illinois Division, American Civil Liberties Union for his services in ". . . repeatedly acting as counsel at great personal sacrifice, for those deprived of due process." As a member of the Joint Illinois State and Chicago Bar Associations Committee to Revise the Criminal Code, Leighton received the 1961 Guy E. Reed Award of the Citizens of Greater Chicago and the 1964 John Howard Award.

On April 7, 1964, the Chicago Junior Association of Commerce and Industry selected Leighton as Chicagoan of the Year in Law and Judiciary ". . . in appreciation of exceptional professional and civic achievements, recognizing their significance to the community, state and nation."

The Cook County Bar Association named George Leighton as the recipient of its 1964 Richard E. Westbrooks Award "For distinguished achievement and outstanding contribution to the legal profession."

On June 7, 1964, Elmhurst College, Elmhurst, Illinois, conferred on Leighton the Honorary Degree of Doctor of Laws ". . . in recognition of distinguished service to the legal profession, the community and the church."

In May 1968, Judge Leighton, by selection, became a Fellow of the American Bar Foundation from the State of Illinois. This honor is restricted to a selected number of lawyers and judges from each of the fifty states and the District of Columbia.

On April 28, 1972, Gamma Chapter of Phi Beta Kappa at Howard University admitted Judge Leighton to its distinguished membership.

On June 11, 1973, the John Marshall Law School conferred on Judge Leighton an Honorary Degree of Doctor of Laws.

Judge Leighton was born and reared a Catholic. He and his family belong to the Congregation of Saint Clotilde, 84th and Calumet Avenue, Chicago, where he has served on the Parish Council and the Parish School Board. He is married to the former Virginia Berry Quivers of Washington, D.C. They have two daughters; Mrs. Virginia Anne Belyn of St. Croix, Virgin Islands; Mrs. Barbara L. Chester of Chicago, Illinois; three grandchildren: Stephen, David and Juliana Belyn.

MS. BEVERLY FIORELLA INSTALLED

Mr. PERCY. Mr. President, it is with pleasure that I call to the attention of my colleagues today an accomplished and distinguished Illinoisan, Ms. Beverly Fiorella. This Illinois resident and public servant is to be installed as president of the American Society for Medical Technology—ASMT. On June 21, 1976, this honor is to be bestowed by 27,000 laboratory professionals during their 44th annual meeting in Chicago.

Ms. Fiorella, who is an associate professor of medical laboratory sciences at the University of Illinois School of Associated Medical Sciences, also serves as section head for immunohematology and assistant director for curriculum in the medical laboratory sciences. Her extensive university activities have also included many committee memberships as well as chairmanships within the School of Associated Medical Sciences. Ms. Fiorella has also served her State and local Chicago professional societies as an officer and active member of many organizations. She is presently a member of the advisory panel on national health insurance, a consultant of the Illinois State Department of Public Health and vice president of the Chicagoland Blood Bank Society.

Mr. President, I know that all of my colleagues will want to join in extending heartiest congratulations to Ms. Fiorella and wish her a most productive year as president of the American Society for Medical Technology.

ARAB BOYCOTT LEGISLATION

Mr. STEVENSON. Mr. President, pending on the Senate Calendar is a bill which I, with the support of a number of my colleagues, have sponsored to deal with the Arab boycott against Israel and its domestic economic and social consequences. The measure, S. 3084, would force public disclosure of American participation in the boycott and prohibit cooperation with foreign attempts to interfere with internal American affairs. The bill was approved as S. 953 by the Banking Committee last February and placed on the Senate Calendar. It was again approved by the Banking Committee in May and incorporated in S. 3084. The bill now awaits Senate action.

A recent editorial in the Washington Post states the case for early congressional action well. It points out that the domestic impact of the Arab boycott is large and growing: Hundreds of millions of dollars in American exports are shipped in compliance with the boycott; and as trade opportunities in the Middle East expand, the pressure to comply with the boycott will intensify.

The time to "act decisively," as the Washington Post, Arthur Burns, and others have urged, is now. Growing numbers of businessmen and other responsible Americans support enactment of legislation to end the power of foreign governments to interfere with the rights of U.S. citizens and force behavior which violates basic American principles. In this emotion-laden area, responsible legislation which protects the rights of American citizens while advancing the common interest in reducing tensions in the Middle East, is essential. It is my hope that S. 3084 will receive early Senate action.

Mr. President, I ask unanimous consent that the Washington Post editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 12, 1976]

ARAB BOYCOTT VICTIMS: AMERICANS

The specific dimensions of the Arab boycott—in fact, a boycott of American firms that deal with or in Israel or whose officers are identified as "Zionists" or simply as Jews—are becoming known for the first time. One House subcommittee has established that in 1974–75, 637 American exporters sold at least $352 million and perhaps as much as $781 million in goods and services under boycott conditions. Another subcommittee found that in the four months running from last December, one bank alone received and executed 824 Arab letters of credit, worth $41 million, containing boycott clauses. In one of a number of such cases, General Tire has been accused (by the SEC) of paying a $150,000 commission to get off the boycott list. Although the Justice Department has filed an antitrust suit against Bechtel Corporation for boycotting another American firm in order to fulfill a boycott requirement, Bechtel is said to be notifying subcontractors that Israel goods or materials shipped on blacklisted vessels cannot be used in a $20 billion Saudi seaport project.

So the Arab boycott is real. It is immense, though sometimes capricious. It seems to be growing as business prospects grow.

What should be done? The Administration believes its own current quiet policies suffice. Further legislation would be "counterproductive," Treasury Secretary William Simon argued the other day. But it is precisely during the last two-year period of discreet administration policy that boycott practices have spread to the point where hundreds of millions of dollars of business a year are affected and where Americans are forced to trample on their own laws and values and each other as they pursue Arab business. It is difficult to imagine a policy that has been more discredited.

The Arabs' *primary* boycott of Israel is their own affair. The need is overwhelming, however, for legislation addressing the *secondary* boycott, by which Arabs try to make American companies their instruments in boycotting Israel; and against the *tertiary* boycott, by which Arabs try to make American firms boycott other American firms that deal with Israel or that have Zionist/Jewish officers. Will the Arabs take their business elsewhere? No doubt some will, but since Arabs want American business ties not just for the goods and services but for the broad political ties that come with them, we are confident that most Arabs will decide otherwise. They are not so blind to their own self-interests as apologists for the boycott tend to claim.

The antiboycott principle has been embodied in American law for 11 year. "It is the policy of the United States," says the Export Administration Act, to "oppose" boycotts imposed against friendly countries, and to "encourage and request" American firms not to take part. What is now involved is to turn that eminently sound principle into actual practice. The State Department has had other—political—matters foremost in mind. The Treasury Department thinks first of dollars. But an increasing number of companies favor legislation that would make it illegal to participate in a practice that—even critics of the legislative approach agree—is fundamentally offensive and un-American. Federal Reserve Board Chairman Arthur Burns stated the other day that it is no longer enough merely to "encourage and request" noncompliance with boycott requests. "It is unjust," he said, "to expect some banks to suffer competitive penalties for responding affirmatively to the spirit of U.S. policy, while others profit by ignoring this policy." He urged Congress to "act decisively." It should.

NEW SHIP CONSTRUCTION AND OVERHAUL IN PUBLIC AND PRIVATE YARDS

Mr. THURMOND. Mr. President, it has come to my attention today that the Newport News Shipbuilding and Dry Dock Co. in Norfolk, Va., has advised the Navy of its unwillingness to continue some Navy construction presently under contract, as well as its intention to no longer accept any business from the Navy.

While I would hope that the Navy and this shipyard can reach some agreement enabling the Navy and the Government to continue utilizing these fine facilities, I would urge at the same time that we accelerate preparations to transfer the Navy business at Norfolk.

The Navy should accelerate forthwith its efforts to prepare other shipyards, both private and public, to undertake the business which Newport News no longer desires. The high cost of ships and the vital requirement for more vessels in the Navy will not permit the Defense Department to allow itself to be at the mercy of any shipyard contractor.

Fortunately, there are excellent private shipyards in the State of Washington and several on the east coast which could undertake construction of the required Navy ships. Furthermore, no matter how the Newport News issue may be resolved, the Navy should undertake to move more overhaul work from private yards to public yards.

Of the eight Naval shipyards in this Nation, six have a nuclear capability. These shipyards have demonstrated ability to overhaul very complex Navy vessels and their capacity should be used to the fullest extent feasible, both from an economic and scheduling viewpoint.

At present, Newport News as well as other crowded shipyards, are in the overhaul business. It would appear from the Newport News situation that the private yards should be targeted more for new ship construction because of our shortage of shipyard capacity.

If Newport News is to stop building Navy ships we should begin immediately to build up the yards of other private contractors who are willing to accept the Navy business. Furthermore, the Navy and the Defense Department should seriously consider outright construction of Navy ships and submarines in public yards. Deputy Secretary of Defense Clements advised the Armed Services Committee this year that nuclear attack submarines could be constructed in some of our public yards.

Presently we have shipyards in Portsmouth, Maine; Philadephia, Pa.; Norfolk, Va.; Charleston, S.C.; North Beach and Mare Island, Calif.; Puget Sound, Wash.; and at Pearl Harbor. All of these shipyards and possibly the addition of others will be needed if our Navy is to meet the threat of the expanding all-ocean Soviet presence.

Mr. President, I am transmitting my concern on this issue to the President of the United States, Secretary of Defense, Secretary of the Navy, Chief of Naval Operations, and key Members of the Congress. If the Newport News Shipbuilding Co. no longer desires Navy work, then we need to begin immediately to identify and meet the resultant problems and commit ourselves to the necessary expenditures to assure our Navy continues to be second to none.

NEW HAMPSHIREMEN'S ROLE IN THE BATTLE OF BUNKER HILL

Mr. McINTYRE. Mr. President, today is the 200th anniversary of the Battle of Bunker Hill, and observance of this historic event sharply points up how little understood—yes, and how little appreciated—has been New Hampshire's role in the War of Independence.

For two centuries that impressive contribution has been largely ignored, for historians have focused most of their attention on what happened in Massachusetts, in Pennsylvania or in Virginia during the Revolutionary years.

Fortunately, Mr. President, the neglect of New Hampshire in that stirring story is now being remedied, and most appropriately as we celebrate our Bicentennial Year.

In cooperation with the New Hampshire American Revolution Bicentennial Commission, New Hampshire Profiles, a highly regarded publication in our State, has published a book titled: "New Hampshire Years of Revolution 1774–1783."

This book, superbly edited by Peter E. Randall, beautifully printed and lavishly illustrated, not only enumerates the accomplishment of New Hampshire's fighting men, but also sets forth the part that New Hampshire played in the economics of victory.

For the Bicentennial commemoration of the Battle of Bunker Hill, I ask unanimous consent to have printed in the Record a chapter from this book that dramatically describes what the presence of New Hampshire fighting men meant on that occasion.

The chapter is simply titled "Bunker Hill," and it was written by Charles H. Eastman, Jr., and Anne M. Eastman.

There being no objection, the material was ordered to be printed in the Reccord, as follows:

Bunker Hill

(By Charles W. Eastman, Jr. and Anne M. Eastman)

The New Hampshire troops had been in the area around Boston since the day after the confrontation at Lexington and Concord. Although many had returned to their homes when they realized the fighting was over, greater numbers had "stood fast" to be formed into loosely defined regiments under their elected leaders—John Stark, James Reed and Enoch Poor.

Now, in June of 1775, this motley collection of "rabble in arms," loosely disciplined, ill equipped and unsure of their fighting capabilities, was about to confront the cream of the British fighting forces.

Col. Stark had been given command of the First New Hampshire Regiment, while James Reed and Enoch Poor led the Second and Third. Stark, by virtue of both his reputation and personality, commanded 12 companies. Reed and Poor commanded ten each, but Poor and his regiment remained in New Hampshire.

About six p.m. in the evening of June 16, troops from Massachusetts and Connecticut marched from Cambridge to occupy Breeds Hill, overlooking Boston harbor. Bunker Hill had been their destination according to orders, but the other hill seemed to offer a better position for fighting, and it was selected as the site of fortifications.

Under the directions of Col. William Prescott, the soldiers constructed a redan or arrow-shaped redoubt. They finished shortly before dawn and had rested only a short time before their work was discovered by the British, one of whose ships, HMS *Lively*, opened fire from the harbor.

With the daylight, Prescott could see that both his flanks were unprotected and the soldiers began working again, especially on the left. At least one man was killed by the naval firing, and others tired and hungry began to have apprehensions about their fate.

Behind the redoubt, the rebel position was rimmed by a 600-foot rail fence which sloped toward the Mystic River. It was defended by Capt. Knowlton and 200 Connecticut militia. In the empty space between the redoubt and the fence, six pieces of artillery had been placed, but were rendered useless by lack of proper ammunition. Knowlton's men quickly did what they could. They gathered hay, dismantling the neat cocks and piles of the first mowing of the season. With this they "upholstered" the fence as best they could.

Prescott was sensitive to the tenuousness of his position. He sent a messenger to Gen. Ward for much needed supplies and reinforcements. Shortly after noon, a contingent of New Hampshire troops from Stark's regiment arrived under Lt. Col. Wyman. They were detailed to fill in gaps in the redoubt at the top of the hill. New Hampshire regiments under the commands of Col. Stark and Col. Reed were also summoned from Medford.

As the New Hampshire troops approached Charlestown Neck, they encountered two regiments which had been halted by bar and chain shot, accurately delivered by the guns of the British ships and barges. At this point, Maj. Andrew McClary requested that the New Hampshire regiments be allowed to pass.

Capt. Henry Dearborn's company was first in the order of march. He was walking beside Stark and suggested they quicken the pace. Stark fixed him with a steely gaze and replied, "Dearborn, one fresh man in action is worth ten fatigued ones," and continued his slow, deliberate gait.

One of the regiments which had been halted was Reed's. It immediately fell in behind Stark's troops, with Lt. Col. Gilman in command, Reed being away sick. The soldiers followed the open road up over the grassy knoll of Bunker Hill, where they encountered Israel Putnam and his Connecticut troops. Upon reaching the top of the hill, Stark issued orders to take up one of two fences which ran parallel with the river and to stuff hay between the rails. He also ordered the construction of a low, short, stone wall between the end of the rail fense and the edge of the Mystic River. When Reed's men arrived, they took positions to Knowlton's left and began to fortify the fence in a similar manner. Stark positioned his troops to Reed's left strengthening Prescott's left flank.

On the British side of the river, the decision to mount a frontal assault in the "best traditions of the European battlefield" had already been made. It was assumed, of course, that the rebel troops consisted universally of "scroundrels" and "cowards" who would flee after the first bayonet charge. The logistics of mounting an amphibious assault were tricky, however, so although the decision was made quickly, considerable time elapsed between it and the actual attack.

From the vantage point of Bunker Hill, raw American troops were treated to an unfolding diorama as 28 barges of disciplined figures arrayed in brilliant color glided rhythmically toward Morton's Point. Flashing oars, polished brass field pieces, oiled metal, gleaming match boxes reflected the warm June sun. In command of this awesome symmetry was Gen. Howe. On landing, he immediately sent back for additional troops and allowed his men to break ranks for a late lunch.

In the American camp, raw recruits faced the coming reality of battle. Bells began to peal in Charlestown and drums beat in assembly and alarm. Col. Stark saw his opportunity to deliver a ". . . short animated address" and was rewarded with three rousing cheers for courage.

By now, the British had begun to use the incendiary cannon balls. Charlestown was in flames! It was mid-afternoon and the moment of truth had come for both sides. The Patriots—many dirty, hungry and tired, and all tense and expectant—awaited the onslaught of the famed British war machine.

Along the beach and through the swamp on their left, Howe's 5th, 2nd and Grenadiers moved forward in disciplined ranks. The assault was spearheaded by Gen. Pigot with the 38th, 43rd and Grenadiers, and on the other flank the 47th and the Royal Marines. As cannons ceased firing, rebels peering over the breastwork could hear hardware clanking against marching legs, the crackling of uncontrolled fires in Charlestown and the pounding of their own hearts and temples. Muffled orders to fire startled many back to reality and the knowledge that the enemy was now less than 50 feet away. The order to fire rang out.

The murderous effect of the rebels' fusillade along the Mystic River front is well described by Richard M. Ketchum in his book, Decisive Day: The Battle for Bunker Hill (Doubleday):

"A row of dull musket barrels leveled along the stone wall, a nasal New England voice twanged and the wall disappeared in a sheet of flame and oily black smoke. The blurt of fire tore apart the leading ranks of Fuseliers and as the rows behind closed up they were shattered by the violent hail of bullets. Officers fell, men spun around and dropped headlong into the shallow water, and the column stopped, recoiled, then came on again. The King's own regiment showing through the broken Fuseliers clambering over the dead and wounded only to be met with that withering fire from the wall. Officers' voices shouted hoarsely through the din, ordering the men forward, but with each advance the men in the lead simply melted away, falling grotesquely and piling up the awful carnage on the narrow beach until there was nothing to do but turn back."

The British stormed again, but with that attempt came another deadly failure.

Howe was, by this time, almost entirely bereft of officers. The 35th regiment, for example, had only six men left, and no leadership. He looked for an opening and decided to attack the space between the redoubt and the fence, using 400 reinforcements recently arrived from Boston. The rebels tried to repulse the attack by firing nails, having used up their supply of powder and shot. They even threw rocks in an attempt to dislodge the long rows of Brown Besses which marched steadily onward. Finally, they were forced to retreat. Knowlton, Stark and Reed protected the withdrawal, sustaining heavier losses than before. The pullback was orderly, with only 31 Colonials falling into the hands of the British. By 5:30 the battle for Bunker Hill was over.

One thousand fifty-four of the 2300 British who had greeted the day with confidence and whole bodies would never do so again. On the American side, estimates have varied. George Washington, for example, has left us the number 450 dead, missing and wounded. New Hampshire regiments reported 74 wounded and 19 missing. In any event, it was a Pyrrhic victory for the British, for on that afternoon something died in the cream of the British soldiery.

Much has been written of the heroism demonstrated by the men of Massachusetts at the Battle for Bunker Hill, but New Hampshire's role in that great Patriot undertaking has been minimized or at least under-publicized. More than 100 men from New Hampshire were in Col. Prescott's Massachusetts Regiment, for example, including a company of 59 men under Capt. Dow from Hollis. The manifest of Col. Reed's regiment dated June 14, 1775, two days before the battle, lists 637 men of whom 448 were fit for duty. A similar document dated July 2, 1775 indicates that Col. Stark drew rations for 679 men. Adding the 60 from Stark's regiment who fell at Bunker Hill, we arrive at the impressive total of 739. While we probably will never know the exact number of New Hampshiremen who served at Bunker Hill, it is reasonable to assume the figure is somewhere in the neighborhood of 1000–1300, virtually all the men New Hampshire had available. In any event, the New Hampshire contingent outnumbered the combined totals of Massachusetts and Connecticut.

The Rev. Increase N. Tarbox, in his life of Gen. Putnam, wrote, "We have the full conviction that the time will come when the whole nation will give the honors of the battle of Bunker Hill largely to the common soldiers of New Hampshire who more than any other men, fought it. . . ."

FEA PROPOSALS ON ENERGY ACTIONS 3 AND 4

Mr. JOHNSTON. Mr. President, the Senate Committee on Interior and Insular Affairs has scheduled a hearing on Monday, June 21, on the Federal Energy Administration's proposals—energy actions numbered 3 and 4—to remove price and allocation controls from home heating oil, diesel fuel, and other middle distillate refined petroleum products. The hearing will commence at 10 a.m. in room 3110 of the Dirksen Senate Office Building. The committee will receive the testimony of the FEA and selected private witnesses, and statements for the record. I understand that hearings on these proposals will also be held in the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce on Tuesday, June 22.

These FEA proposals have been submitted to the Congress under procedures specified in section 12(g) of the Emergency Petroleum Allocation Act and section 551 of the Energy Policy and Conservation Act. Unless one House of Congress adopts a resolution of disapproval prior to mid-night on June 30, 1976, the FEA proposals will become effective.

Mr. President, Members of the Congress and the public should have access to the most complete set of views and information available on these FEA proposals. I hope that the Interior Committee hearing will facilitate the compilation of this record. In addition, I wish to call to the attention of my colleagues the fact that the FEA letters of transmittal to the Senate and the administration's documents describing energy actions numbered 3 and 4 were inserted in the Congressional Record on June 15 by Senator Glenn at pages 18376–18381.

SOLAR ENERGY IS A VIABLE AND AVAILABLE ENERGY SOURCE

Mr. RIBICOFF. Mr. President, as we consider the various energy alternatives available to us, it would be to our advantage to focus greater attention on not only the potential of solar energy, but its practical application at the present time. There seem to be a number of misconceptions about solar power, but the fact exists that solar power is not only viable, but is currently being implemented in many fashions. Solar water heating, for example, is economically competitive in most regions of the country right now. Solar energy is one of the cleanest sources of power and the power of the Sun's rays is virtually inexhaustible and available at almost every point on Earth.

Unfortunately, sufficient funds and attention have not been given to research and development in the area of solar power. There has, for example, been some reluctance on the administration's part to actively pursue solar energy development and, earlier this year, a ranking ERDA official charged the Ford administration with failing to give solar-energy development the priority it deserves. John Teem, the former head of ERDA's solar program, said that solar work in heating and cooling of buildings and in agricultural and industrial processes is scientifically advanced enough so that demonstration programs can proceed at a pace much faster than that outlined in the administration's budget request—a request which was the result of substantial cutting by OMB.

In the absence of substantive action by the executive branch, the Congress is taking some important initiatives in the field of solar energy. A number of pending measures encourage the development of technology in the field by providing the financial resources necessary to conduct appropriate research and development. Many of these bills also mandate that certain Federal departments and agencies accelerate their activity in the solar energy sector. In the Tax Reform Act which will be debated later this week provision is made for a refundable tax credit for expenses of installing solar or geothermal energy equipment in private residences and for an extension of the investment tax credit to solar equipment installed in new and existing business or commercial structures.

A recent issue of New York Magazine carries a very readable and timely article on the use of solar energy. This well-written article discusses four primary misconceptions about solar energy and very ably refutes them. Because of the importance of further research, development, and demonstration in deriving energy from the Sun and in utilizing this important energy source to the greatest extent possible, I would like to share this article with our colleagues. I ask unanimous consent to have printed in the Record this very informative article from the May 31 New York Magazine.

There being no objection, the article was ordered to be printed in the Record, as follows:

Solar Energy Now: Why Aren't We Using It More?

(By Andrew Tobias)

I don't know if it's true about the woman who spread aluminum foil all around her sun chaise and baked herself to death, like a potato, but the general principle is compelling. The sun is a furnace of almost unimaginable proportions. Enough energy in the form of sunlight falls on New York State in one day—if we could collect it all—to power the entire country for a week. (Enough falls on California to power the whole world!) And when I was in Huntsville, Alabama, attending the First Annual Alabama Solar Energy Products Show—an eleven-exhibit affair all too indicative of the fledgling state of the solar-energy industry—I actually did see a man hold a board up in front of a twelve-foot concave reflector he had built in his garage, and watched as the board almost instantly burst into flames. (Then he held up a Coke can, which melted.) The temperature at the focal point of his $200 Mylar-and-bicycle-chain contraption was around 2,000 degrees Fahrenheit. Focus it on a tank of water and you would soon have steam to run a turbine to generate electricity to power your home.

Now, the natural organization for a story like this would be first to demonstrate the overwhelming reasons why solar—not nuclear—energy must become the energy of the future, and then to catalog the ways you and I can use solar energy *right now* to save money and, at the same time, conserve fossil fuels and cut down on pollution. But it is only natural to be more interested in saving money than in saving the world, so I've reversed the order. For now, suffice it to say that when Dr. Edward Teller, "father of the hydrogen bomb and longtime advocate of nuclear-power expansion," as the Los Angeles *Times* characterized him, visited Huntsville a couple of weeks after I did last month, he said that the *long*-term answer to our energy needs lies in solar, not nuclear, energy development, and that this is where our first priority ought to be.

The sun's rays are free, clean, and virtually inexhaustible. The stuff of nuclear energy—both fuels and wastes—which we are now gearing up to produce on a truly grand scale could hardly be more hazardous.

Along with the technological and economic problems standing between 1976 and the "solar age" are four popular misconceptions.

MISCONCEPTION 1

Solar energy is in its infancy, highly technological, unproven . . . wait twenty years.

In fact, some solar-energy applications are simple, reliable, and economically compelling right now.

Anyone who heats a swimming pool—and

more than half a million Americans do—ought to consider installing a solar water heater. Today. A different kind of solar installation makes sense for hot-water-heating. Today. Home space-heating is trickier, but anyone who pays his own heating bills—and certainly anyone planning to build a new house—should read on. Solar-powered air conditioning is trickier still, but not far off.

Upwards of 250 companies nationwide are involved in solar-energy development, ranging from one-man backyard operations to major corporations like PPG Industries, Revere Copper & Brass, Owens-Illinois, and subsidiaries of Mobil and Exxon. Happily, this is an industry ideally suited to the small-business man, with lots of room for ingenuity and competition. Fafco, Inc., a Menlo Park, California, firm with a growing dealership around the country, is installing its solar pool-heating systems at the rate of 6,000 a year—profitably. In Japan, 160,000 solar water heaters were sold in 1974; Hitachi is now offering much the same rudimentary heater, in kit form, for $359 here. Champion Home Builders, of Dryden, Michigan, is beginning to manufacture solar furnaces in nine of its plants, and plans to market them through its 4,000-odd mobile-home dealers. Several hundred such "furnaces"—insulated rock piles that sit beneath solar collectors—have already been manufactured and sold by licensees. Arthur D. Little, the consulting firm, estimates sales of water- and space-heating gear may reach $1.3 billion yearly by 1985.

"This is the number-one thing architects want to know about," says Lola Redford, a prime mover in promoting conservation and solar energy.

There are barely 300 solar houses in the U.S. today, but already Fire Island's first is under construction (designed for environmental lawyer George Davison-Ackley by architect Steven Robinson and solar engineer Fred Dubin), with a second in the planning stage. Can the rest of the nation be far behind?

It is only in the field of solar electric generation—turning the sun's rays into electricity, not just heat—that major technological advances are needed (and being achieved). Even now, photovoltaic cells are becoming economical for low-power applications in outlying areas, such as to power buoy lights at sea. Someday orbiting power stations may collect the sun's energy in space (where it is perpetually sunny) and beam it via harmless microwaves to receiving stations on earth. There it would be converted to electricity and fed into the national power grid. Electric "city cars," like the ones already available from Sebring-Vanguard, could then plug in, charge up, and drive off on what would be, indirectly, batteries full of sunshine. This scheme, the brainchild of Arthur D. Little vice-president Peter Glaser, is seen by some as a possible means by which the nation's space program could eventually become economically self-sustaining.

The problem is that people tend to lump all solar-energy applications together as "space-age," when some have actually been around for centuries. Twenty-four hundred years ago, Xenophon noted that "in houses with a south aspect, the sun's rays penetrate into the porticoes in winter, but in summer the path of the sun is right over our heads and above the roof, so that there is shade." He suggested building houses with tall south walls, to capture the winter sun. Think what he could have done with modern insulation and plate-glass windows!

Windows allow the sun's heat into a room, but impede its escape. Anyone who has entered a parked car facing the sun in the wintertime has probably noticed this "greenhouse" effect. In 1942, in Chicago, there was a brief sensation over a "solar house" that had been designed with huge south-facing windows, much as Xenophon described. In the midst of a severe cold spell, on a day when the temperature ranged from 17 to 5 degrees below zero, this house was able to maintain a 72-degree temperature from 8:30 in the morning to 8:30 at night without burning a drop of fuel. It was a great curiosity, but as the weather warmed up, and with fuel cheap, people quickly lost interest.

Similarly, there were 60,000 solar water heaters operating in Miami in the fifties. But with the advent of cheap natural gas, their use diminished.

Dramatic technological advances in solar-heating equipment are unlikely. There will be important design and engineering improvements, certainly; and it's true that investigating the field and investing in solar heating at this stage require a certain pioneering spirit. But it will not be like buying a $300 electronic calculator only to see the price fall to $19.95 five years later. Rather, what will make solar heaters seem cheaper and cheaper will be the inexorable price increases of conventional fuels.

The reason there's not much room for miraculous breakthroughs in solar heaters is that they're so simple to begin with. Picture a hot black roof under a scorching sun. Now picture a hose that runs water up from your pool (or water tank) to the top of the roof, lets it trickle down, and then runs it back into the pool. That's a solar pool heater. Put a piece of glass or plastic over it, to let the sun in but keep the cold air out, and it will work in January—and attain temperatures hot enough to scald you. Put that hot water in a Thermos bottle, and it will last overnight. Blow air past it and it will heat your living room.

The practical mechanics of all this can be troublesome (corrosion, disintegration, freezing, condensation, leaks, etc.); but the basic concept is just that simple: collector panels on the roof connected to a storage tank downstairs.

MISCONCEPTION 2

Solar energy is fine for Arizona, where it's hot and sunny, but not here.

The idea is not to replace conventional hearing with solar energy but to supplement it. To design a system that relied 100 percent on the sun would be uneconomical in most areas, because the extra collector and storage capacity needed to see you through the very worst weather would be wasted most of the time. Systems are designed instead to shoulder anywhere from 30 to 90 percent of the load. Simple thermostats tell the conventional heater when to kick in and do the rest.

Naturally, solar panels will collect more sun in Phoenix than in New York. But they still make sense in New York. Water in an insulated storage tank will stay warm longer down south than up north. But up north it can still retain its heat overnight, and sometimes over two or three days.

MISCONCEPTION 3

The question is: If I install one of these things, how quickly will it pay for itself? Five years? Seven? I'm patient, but I'm not crazy.

With any solar system, it's the "first cost" that's high. Once installed, fuel is free and maintenance practically nil. *But payback is the wrong concept to use.* When you install some kind of solar heater, you are actually buying your own small utility company. Not just ten shares—the whole thing. You are the chairman of the board and sole stockholder, and you receive monthly dividend checks in the form of savings on your *other* utility bill. These "dividends" are recession-proof, inflation-proof, strike-proof, pollution-proof, terrorism-proof, computer-error-proof . . . and, most important, *tax free*. (The government doesn't tax us on money we save, only on money we earn. "A penny saved is two pennies earned.")

If you put $1,000 in a 7½ percent savings account, after taxes you would earn maybe 5 percent—a $50 "dividend" every year. But if you put it into a solar water heater that cut your gas or electric bill by just $10 a month, you would in effect be getting a $120 annual dividend. One way to look at that is as an eight-year payback, which sounds awful. Another way to look at it is as a 12 percent tax-free return—hard to beat. After ten years you would have received $1,200 in "dividends," compared with $500 from the bank; and, if it had been well made, your original investment would be safe and sound on your roof.

In areas with high utility rates (nowhere higher than New York), the payback can be much shorter than eight years, the tax-free dividends much higher than 12 percent. Even in the Hollywood hills, where low-priced natural gas is still available, one pool owner saw his gas bill drop from $100 a month to $30 after he put in a $1,500 solar heater. He expects to have $600 a year—a 40 percent tax-free return.[1]

It's true you can't withdraw money from your solar heater when you need cash for a vacation; it's true it won't beautify your roof; and it's true only time will tell whether the thing will really hold up for ten or twenty years like other plumbing/roofing-type installations. But consider the pluses:

The interest on your savings account is not likely to rise much above 7½ percent; it could even decline. But the dividends from your solar utility company—the money you save on fuel or electricity—are almost sure to rise. Substantially. If fuel bills climbed only 5 percent a year over the next decade, a conservative estimate, then the solar utility that was saving $120 in the first year would be saving $186 by the tenth—or $1,509 in all. Better than three times what you'd have gotten, after tax, from the savings bank.

Yet look at all the people who put money into banks or stocks or bonds without thinking twice, but who wouldn't dream of investing in a fuel-saving installation that didn't pay for itself in three or four years.

(This applies as much to investing in refrigerators or air conditioners, automobiles or extra insulation, as it does to investing in solar heaters. Very often, the appliance or installation that costs a little more up front is *by far* the better investment—both for the buyer himself and for society as a whole. A Harvard researcher compared two refrigerators and found that *even at the pre-embargo cheap-energy rates then prevailing*, the unit costing $67 less up front would cost $354 more to operate over its twenty-year life. He also calculated that if all color-TV purchasers in 1970 had chosen the most efficient unit on the market, roughly a billion pounds of coal would have been saved—along with the attendant costs of strip-mining it and spewing it out into the atmosphere as pollution.[2])

As for the fact that you can't very well take your solar heater with you when you move, you should nonetheless be able to recoup your investment. This is one home improvement that will really save the new owner money. The pool that once cost $200 or $400 a season to heat (go ahead, show him the bills) is now heated free. That's worth something.

Furthermore, it's bankable. Banks will make home-improvement loans for solar heaters. And the interest they charge is tax deductible. Your tax-free dividends could easily exceed your tax-deductible interest cost—in which case you could even make a profit without putting up any cash of your own.

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[1] The price of natural gas is federally controlled. If it were not, it would about triple. In the meantime, its use has been banned for heating new swimming pools in New York, and California and Illinois are on the verge of taking similar action.

[2] *John Neely thesis in energy utilization: Harvard University, 1972. As cited in* Energy for Survival *(see box, page 37)*.

Two things more:

First, it is always possible that we will experience interruptions in the availability of fuel or power. Natural gas is already being denied some industrial users. It may be little comfort if the lights are out and the world is falling apart, but with your own solar heater your water is likely to be at least lukewarm.

Second, $1,000 invested in solar panels is really different from $1,000 spent over the years on oil or gas. In the first case, it goes for materials like copper and glass, and for labor; in the second, for irreplaceable fossil fuels. Copper can be recycled; once oil is burned, all that remains is pollution. If we survive, there will always be an abundance of labor (it's jobs that are scarce); but someday the fossil fuels will, for all practical purposes, run out. To say this won't happen for 50 or even 150 years is not only optimistic—it's a crime against future generations.

An investment in solar energy is obviously not without risk. As in any young industry there are bugs to be worked out, shysters to be avoided, ten-year warranties backed by companies that may not be around more than ten months, false claims, honest mistakes, inexperienced installers—and so on. But no 12 or 20 or 40 percent tax-free return is without risk.

MISCONCEPTION 4

The energy shortage is a hoax. There's plenty of oil, huge amounts of coal, and limitless nuclear energy.

Well, the country used to be overrun with buffalo, too, and look what happened. The difference is that buffalo can reproduce themselves.

Despite the quadrupled price of oil, production in this country is actually falling. Huge discoveries are being made, and will continue to be made, it's true—but more and more of them will be in places like the North Sea, where the cost of exploration, extraction, and transportation is staggering. Not to mention the cost of pollution, which is not reflected in the price.

It's not a question of whether we will run out of fossil fuels, only when. The earth is a finite planet. By one estimate, there is enough oil in the ground to last another 31 years. But even if there is really *five times* as much oil down there as we've found for sure, it will still run out in just 50 years if consumption grows at 4 percent a year. Under the same assumptions—five times the known reserves but a 4 percent consumption growth—coal would last 150 years. At which point, even if we had been able to find alternative sources of energy, we would have permanently exhausted the raw materials we need to make plastic, synthetic fiber, and a great range of "petrochemicals."

It is becoming a cliché that with less than 6 percent of the world's population, the United States accounts for better than 40 percent of its fossil-fuel consumption. For the rest of the world eventually to achieve our standard of living—which in many areas, and underlying our foreign-aid program, seems to be the implicit long-term goal—per capita world energy consumption would have to sextuple. And with millions of little capitas being added to the energy rolls every week, *aggregate* world consumption would have to *more* than sextuple. So what looks like a 50- or a 100-year energy supply might actually last a more developed world just ten or fifteen years. What then?

"It might be said that energy is for the mechanical world what consciousness is for the human world," writes E. F. Schumacher in *Small Is Beautiful: Economics as if People Mattered*. "If energy fails, everything fails." Either we envision a world in which we live one way and no one else is allowed to, or else we change the way we live.

Enter the deus ex machina, a flotilla of 500 nuclear-power plants bobbing peacefully off our shores and, assuming the rest of the world follows our wise lead, eventually 2,500 more bobbing throughout the rest of the world. Beyond their truly monumental cost; beyond the fanciful notion that one of them might someday, accidently or through sabotage, blow up; and ignoring for a moment that even uranium might someday run out—there remains the problem that these plants would be generating vast quantities of deadly and indestructible wastes. Schumacher quotes Dr. Edward David, once President Nixon's science adviser, as saying: "One has a queasy feeling about something that has to stay underground and be pretty well sealed off for 25,000 years before it is harmless." And there is the problem of nuclear terrorism. It is well known that small atomic bombs are relatively easy to make; the expansion of the nuclear-power industry virtually assures that they will be made. But how can you argue with progress?

Unfortunately, solar energy is by no means a complete answer. But it is part of the answer. Swimming pools aside, water-heating in the U.S. accounts for a full 4 percent of our energy consumption. Two thirds or more of that load could be switched to the sun—a savings in energy that would light every light in the country twice over.

The potential savings in space-heating are substantially greater. About a fifth of all our energy goes to this end. Buildings designed to exploit, not fight, the sun (at no appreciable increase in construction cost), coupled with better insulation of both new and old structures (at very modest cost), could cut the national heating bill by 25 percent or more—a savings in energy sufficient to power every truck, bus, and motorcycle on the road. Solar collector panels and storage systems require more of an initial investment, but would increase the energy savings still further.

BIRMINGHAM NEWS PAYS TRIBUTE TO SENATOR ALLEN

Mr. HELMS. Mr. President, the lead editorial in the June 14, 1976, edition of the Birmingham, Ala., News quite properly pays tribute to the distinguished junior senator from Alabama (Mr. ALLEN).

Entitled "Allen's Moral Victory," the editorial comments upon the valiant fight lodged by Senator ALLEN against the pernicious anti-trust bill which was recently the subject of extended debate in this Chamber.

In addition, the editorial dwells at some length upon the remarks made by Senator ALLEN on June 10, 1976, just prior to Senate passage of the anti-trust bill regarding the obvious shortcomings encountered by the Senate once cloture had been applied. It is interesting to note Senator ALLEN's observation that the anti-trust bill undoubtedly would have been passed sooner had cloture not been invoked inasmuch as full and free debate on the measure would have permitted the Senate to remove certain unwise and detrimental provisions from the bill which it was not possible to do when operating under the cloture rule.

The summation made by Senator ALLEN is so clear and concise that it should be read by every individual interested not only in protecting and preserving the unrestricted right of amendment and of debate, but also in maintaining the time honored parliamentary methods and means which have made the U.S. Senate unique as a bulwark against arbitrary bossism.

Mr. President, I ask unanimous consent that the editorial to which I have referred and the remarks of Senator ALLEN on June 10 be printed in the RECORD.

There being no objection, the editorial and remarks were ordered to be printed in the RECORD as follows:

ALLEN'S MORAL VICTORY

Sen. Mike Mansfield, D-Mont., and majority leader, and Sen. James B. Allen of Alabama have widely differing philosophies, despite the fact that both men are members of the Democratic Party. (Most Alabamians, of course, are pleased at this difference.)

The differing philosophies were sharply profiled during debates on the recently passed compromise antitrust enforcement bill, both from the standpoint of the substance of the new act and the process by which it came to passage.

The bill as passed may not have been all that Sen. Allen wanted it to be, but the fact that it was amended to delete serious liabilities is a tribute to Allen's steadfastness in the face of overwhelming odds and to his canny facility with parliamentary rules.

Mansfield and his fellow liberals would have punitively disregarded the legal rights of firms doing business anywhere in the United States. Allen insisted that these traditional rights, hallowed by 200 years of history, be retained in the bill.

In Allen's own words: "I feel that antitrust legislation should be fair, protect the consumer, and afford adequate protection from unfair harassment for those against whom antitrust proceedings are brought."

Mansfield, of course, accuses Allen and the minority which was seeking improvements in the bill of "dialatory tactics."

Allen, on the other hand, saw Mansfield's and the majority's push for cloture as being a coercive device to shut off debate, an attempt to put the Senate in a straightjacket to assure passage of bill with unwise and unfair requirements.

Allen maintained that cloture is nearly always more time-consuming and costly in terms of unwise legislation than if full and open debate is allowed to develop. Most observers of the legislative process would have to agree with Allen on this point.

Allen also properly lectured Mansfield and the Senate on the danger of suspending Senate rules in order to railroad a bill through.

"This attitude has been shortsighted," Allen told the Senate, "because we have many, many decades and centuries for the Senate to exist, and just to get one piece of legislation passed the Senate has overturned time-honored rules in the Senate. That is a shortsighted policy, because we have to live with these rules after this bill is passed . . . The point I am making, Mr. President, is that no piece of legislation is important enough for the Senate to stultify itself by changing the rules of the Senate—not by normal procedures provided by the rules, but by sheer power or votes in the Senate."

Allen also told the Senate that at any time the attempt was made to use the rules in an unfair or unequal manner, he could be expected to react promptly using every parliamentary device available.

Allen concluded his lecture by saying that the minority's insistence on full debate has resulted in an improved bill, one which protected both the consumer and prospective defendants. Eliminated also was a provision which would have allowed attorneys general to employ other attorneys on a contingent fee basis to press some kinds of antitrust actions.

Alabamians can be proud that they have a senator who insists on observing the great principles of democratic government and on dotting all the Is and crossing all the Ts. Would that all of our senators were similarly persuaded.

THE ANTITRUST IMPROVEMENTS ACT OF 1976

Mr. ALLEN. Mr. President, I favor strong but fair antitrust legislation. As a matter of fact, some of my predecessors in Congress played an outstanding role in securing the enactment of some of the antitrust legislation presently on the Nation's statute books: Gen. John T. Morgan, one of Alabama's great Senators, served in the Senate from 1877 to 1907.

The ACTING PRESIDENT pro tempore. May we have order in the Chamber and in the galleries so the Senator from Alabama can be heard?

The Senator may continue.

Mr. ALLEN. And in the 1890's he was one of the outstanding advocates and authors of antitrust legislaiton.

The Clayton Antitrust Act was authored by Representative Henry D. Clayton of Alabama. And this tradition of support of antitrust legislation has come down to Alabama's delegation in the House and Senate.

I feel that antitrust legislation should be fair, protect the consumer, and afford adequate protection from unfair harassment for those against whom antitrust proceedings are brought. I do not believe that the chief beneficiaries of antitrust suits should be the attorneys, employed by State attorneys general, who operate on contingent fees because all too often the attorneys have been the main beneficiaries of antitrust proceedings.

So it was the hope of the Senator from Alabama that we could agree upon legislation that would be fair to the general public, to the consumer, to the States, and to prospective defendants in these actions.

Mr. President, I believe that the amendment that has been offered by unanimous consent will bring much needed improvement to the substitute before the Senate. Already, some major improvements have been made in the pending legislation by the Senate.

In my judgment, the offer of compromise that has been made has resulted in large measure from the fact that there has been extended debate on this subject. In extended debate, a measure receives very close and careful and studious attention by the Members of the Senate. Focus can be had on the defects in the bill, and efforts can be made to correct some of those defects.

I do feel, however, that there is a tendency on the part of the leadership to move too quickly to cloture before a consensus can be arrived at in the Senate; because once cloture has been voted, the Senate is in a straitjacket. It is limited to the amendments at the desk that were filled prior to the start of the cloture vote. They cannot be changed by so much as a period or a comma without unanimous consent, and all too often that is not given. So I believe that the leadership would do well to move cautiously in filing cloture motions.

There is a possibility that this legislation could have been passed sooner had cloture not been invoked, because it would have allowed the Members of the Senate to shape and improve and perfect and polish this legislation by having the flexibility of offering amendments and amendments to amendments as changes took place in the legislation.

I submit, too, Mr. President, that cloture may well not be the quickest way to obtain passage of the legislation. We have been on this measure, since cloture was invoked, some 5 or 6 days, some 8 days in all. But the moving to cloture did not hasten the passage of this bill at all, in the judgment of the Senator from Alabama. The imposition of cloture put the Senate at a great disadvantage in seeking to shape and perfect this bill.

So I am hopeful that the leadership, in the days ahead, will not be so cloture happy, so trigger happy. Filing cloture motions the very day the legislation is brought up in the Senate is not conducive to harmonious relations.

Mr. President, I must mention again, even though we are now in a spirit of conciliation and agreement, that it is entirely likely that this legislation, after the adoption of cloture, was fought harder, was resisted more, was battled with greater dedication, because of the fact that on Friday a week ago, this matter was brought before the Senate in a method the Senator from Alabama feels was contrary to the Senate rules.

I serve notice right now that on occasions when the Senator from Alabama does not receive the equal protection of the Senate rules as legislation is rammed through the Senate, the Senate is going to see a continuation of efforts to prevent passage of the legislation as to which the rules are not equally applied.

I must also express regret that the Senate, acting at the behest of the leadership, has seen fit to change rules of the Senate on the floor by the raising of points of order and getting rulings from the Chair or from a vote of the Senate, showing a very shortsighted attitude—both the leadership and the membership of the Senate on the side of the majority. When I speak of the majority, I am not talking about the majority party. I am talking about the majority philosophy as to particular legislation.

This attitude has been shortsighted, because we have many, many decades and centuries for the Senate to exist, and just to get one piece of legislation passed, the Senate has overturned time-honored rules in the Senate. That is a shortsighted policy, because we have to live with these rules after this bill is passed. I say it is a shortsighted policy to overturn Senate rules just to get one bill passed. I decry that sort of attitude and that policy.

On one occasion, the distinguished majority leader sought to charge against the Senator from Alabama—on the short period of 1 hour that was accorded him after cloture was invoked—the time it took for the clerk to read the amendments that the Senator from Alabama offered. He made a point of order. The Parliamentarian, knowing full well that the practice for 50 years in the Senate has been not to charge a Senator with time for amendments, in order not to offend the leadership, sought to submit that question to the Senate, knowing full well what the Senate would do—or thinking he knew full well what the Senate would do. But he did not know what the Senate would do, because we had a near rebellion here on the floor of the Senate. The majority leader, using fine wisdom and discretion, withdrew his point of order.

The point I am making, Mr. President, is that no piece of legislation is important enough for the Senate to stultify itself by changing the rules of the Senate—not by normal procedures provided by the rules, but by sheer power of votes in the Senate.

So, yes, this is a great improvement on the legislation that was offered. But I point out again that cloture may not be the easiest way to get a bill passed. It is not the best way. When I feel that the Senate has not had the opportunity to shape legislation on the floor of the Senate and cloture is resorted to, you are going to see the Senator from Alabama making a point of that.

IGNORING THE EVIDENCE

Mr. GARN. Mr. President, on May 4 and May 25 I inserted in the RECORD short summaries of studies of the oil industry carried out by two different universities, Claremont Men's College and George Washington University. Unfortunately, it appears that the members of the Judiciary Committee did not look at the conclusions of these studies. Both studies concluded that the oil industry is competitive and that divestiture would produce nothing more than confusion and disaster.

A third study has now been published, under the auspices of the national energy project of the American Enterprise Institute for Public Policy Research. The study is entitled "Vertical Integration in the Oil Industry," and it is edited by Edward J. Mitchell. I ask unanimous consent that Dr. Mitchell's Introduction be printed at this point in the RECORD.

There being no objection, the introduction was ordered to be printed in the RECORD, as follows:

INTRODUCTION

(By Edward J. Mitchell)

"Breaking up the oil companies" has become a popular idea in Washington. It occurs repeatedly in the campaign rhetoric of presidential aspirants and has already given rise to an unsuccessful but close Senate vote on vertical divestiture of the petroleum industry. Vertical divestiture means splitting companies that operate in many phases of the oil business into separate production, refining, transportation, and marketing companies.

As always, political popularity is derived from public opinion. Polls show that the American people hold a highly unfavorable view of the oil industry. But public opinion is a sound basis for public policy only when that public opinion is informed. And public opinion regarding energy, and the oil industry in particular, is pitifully uninformed. According to polls, the public believes that oil companies make sixty cents of profit on each dollar of sales. In fact, they typically make four to five cents on each dollar of sales.

The question of oil company profits is a simple one compared to the issue of vertical integration and vertical divestiture. If the public is uninformed or misinformed on oil company profits it cannot have the foggiest idea of what the consequences of vertical divestiture might be. With such a foundation of ignorance it is hardly surprising that the issue should give rise to demagogy. Professor M. A. Adelman of the Massachusetts Institute of Technology, one of the world's leading authorities on the petroleum industry, has remarked:

"The public attitude toward the multinational oil companies brings me back to the bad old days of Joe McCarthy. Then, many of our people, frustrated, angry, and a bit fearful of the unreachable leaders of the "monolithic Communist bloc," went out determined to find and bash an enemy at home. Today, unable to do anything about high oil prices, many of our citizens are inclined to take it out on the multinational oil companies."

The purpose of this volume is to remove some of the mystery from the subject of vertical integration and to help the reader arrive at some informed conclusions on the consequences of divestiture. These are not easy tasks, inasmuch as vertical integration is still largely a mystery to economists: indeed, it is fair to say that only in recent years has much serious thought been given to the subject. Recent research has mainly served to raise questions about earlier economic models and theories and about the policy conclusions of earlier economists and lawyers. Thus, this book is in part compensation for whatever misleading advice our predecessors may have offered.

To explain the connection, if any, between vertical integration and competition Professor Wesley J. Liebeler introduces the concept of vertical integration with some very homely examples. He points out that everyone who owns his own home, or washes his own car, or paints his own living-room is engaging in vertical integration. We all know that there is nothing devious about these activities and that our behavior says nothing about competition or monopoly in the housing, car washing, or painting market. Professor Liebeler concludes that corporate integration is equally innocent. Indeed, he concludes that vertical integration should always be presumed to be socially desirable. Even in cases where collusion or monopoly are present he finds no presumption that vertical integration does further harm. Wesley Liebeler is professor of law at UCLA. He has served as director of the office of planning and evaluation of the Federal Trade Commission and as assistant counsel to the President's Commission to Investigate the Assassination of President Kennedy.

Some economists have believed that vertical integration may be harmful if there is already monopoly at one stage of the industry. Professor Richard B. Mancke examines one by one the production, refining, transportation, and marketing sectors of the petroleum industry and finds (on the basis of conventional economic criteria) that each is competitive. Richard Mancke is associate professor of international economic relations at the Fletcher School of Law and Diplomacy, Tufts University. He has written extensively on energy matters and on industry organization generally. In 1970 he served on the staff of the cabinet task force on oil import control.

The first two authors deal with the questions whether vertical integration in general thwarts competition and whether the oil industry in particular is competitive. The next two authors deal with the positive side of the issue: does vertical integration create economies or reduced costs in the oil industry? In my chapter I first explore the nature of economies of vertical integration and then focus on the measurement of one economy, capital cost savings from the risk-reducing effect of vertical integration. I conclude that oil company profits in a nonintegrated petroleum industry would have to be at least 20 percent higher than they are now in order to offset the greater riskiness of nonintegrated companies. Consumer prices of oil products would probably rise by at least a billion dollars per year from this "risk effect" alone. Professor David Teece scans the entire petroleum industry applying the modern theory of integration to the various aspects and details. He finds that the cost-saving interpretation of oil industry institutions is consistent with the facts and that the affirmative rationale of economy is supported. David Teece is assistant professor of business economics at the Graduate School of Business, Stanford University. He is author of *The Multinational Corporation and the Resource Cost of International Technology Transfer* (1977).

The divestiture issue is not new to the oil industry. In 1911 the Standard Oil Trust was dissolved. In part this was a vertical divestiture, in that separate refining, production, transportation, and marketing companies were carved out from what was a highly integrated firm. Professor Arthur M. Johnson tells us what the fruits of that divestiture were. Generally, what happened was that the dis-integrated elements of Standard Oil reintegrated vertically. In the competitive oil industry of the 1920s and thereafter nonintegrated companies were unable to survive. Competition among the old Standard companies and their integrated competitors forced old Standard refiners to merge with producers, pipelines to merge with refiners, and so forth until the industry consisted of a large number of vertically integrated firms, each with a relatively small part of the oil market, the form in which we find the industry today. The dissolution, insofar as it was horizontal, helped spur competition, and competition spurred vertical integration. Arthur Johnson is the A. and A. Bird professor of history at the University of Maine and the author of the two-volume work, *Petroleum Pipelines and Public Policy*.

While the authors of this volume do not agree on every point, there appears to be a consensus on two points: (1) vertical divestiture would not make the oil industry more competitive; (2) vertical divestiture would raise oil costs and prices. In short, breaking up the oil companies would have no economic benefit, but a very real economic cost.

Mr. GARN. Mr. President, I would like to call the attention of the Senate to the final paragraph of the introduction, for emphasis:

> While the authors of this volume do not agree on every point, there appears to be a consensus on two points: (1) vertical divestiture would not make the oil industry more competitive; (2) vertical divestiture would raise oil costs and prices. In short, breaking up the oil companies would have no economic benefit, but a very real economic cost.

I am not a member of the Judiciary Committee, Mr. President, but energy is important to the State of Utah, and I have tried to follow the debate as it has shaped up over the last few years. As part of my study, I read in the newspaper yesterday the reasons given by one member of the committee for seeking to break up the industry.

The reason given was that all the major oil companies raised their prices last year, just before the Fourth of July holiday. I hope that the committee members had some better reason than that, but that is the reason one member gave, as quoted in the paper. I would just like to point out that all the majors did not raise their prices just before the holiday. Exxon, which certainly qualifies under most definitions as a major oil company did not raise its prices until July 26, and neither Marathon nor Union raised theirs at all. Gulf did not raise its prices until after the holiday, and no doubt it reaped a substantial benefit because of the competitive edge.

Most of the majors did act before the holiday, but the explanation for that action was clearly outline by the editors of the Wall Street Journal. As the Journal editorial for July 15, 1975 pointed out, the interference of the Federal Government cause the increases to come, and to come together. I ask unanimous consent that the editorial referred to be printed at this point in the RECORD for the edification of the members of the Judiciary Committee, and for all other Senators.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE GREAT GASOLINE CONSPIRACY

The sudden sharp rise in the demand for gasoline, plus the decline in gasoline stocks, plus the almost simultaneous announcement of gasoline price boosts by most refiners on July 1—all this adds up, in the minds of some Washington politicos, to a great gasoline conspiracy. Senator Henry Jackson, who wants to be President, and Senator Adlai Stevenson, who wants to be President, have announced Senate subcommittee investigations to find out what's going on.

Before they've heard the first witness, though, both gentlemen have announced their findings. Senator Jackson says, "Clearly the oil companies have manufactured a shortage." Senator Stevenson says this is "a classic study in the power of the major oil companies to reverse the normal rules of supply and demand." The prejudgments are a pity, for if the Senators could blot them out of their minds, their hearings would surely prove illuminating and educational.

Take the first question: Why were the price boosts simultaneous? Because under FEA regulations companies can increase prices to pass through costs, but "non-product" costs may be recovered only in the month following the one in which they are incurred. Unlike the cost of crude oil, they cannot be "banked" for recovery in future months when market conditions may be more favorable. In fact recently the companies have been having trouble making price increases stick, so if they are to have any chance to recover non-product costs they have to start as soon as possible. They need no collusion to arrive at the first of the month as the date to post increases. In short, the answer to question one is: The FEA.

On to question two: Why have gasoline stocks dropped so suddenly? Well, the FEA has an obscure rule that requires an oil company to charge everyone in a "class" of customers the same price regardless of geographical location. Before formation of the FEA, a company short on gasoline in California would call other companies and try to buy some, or perhaps swap some for fuel oil. For the right price, a company long in gasoline would sell some to the company that was short.

This no longer happens, because if the second company sold California gasoline at a premium price, it would have to raise its price to similar customers nation-wide. This would mean a loss of market share in other areas, and the premium sale is not worthwhile. So the telephone calls have stopped. It was in these calls when someone started to find that no one else was long on gasoline, that oil men got the first warning of an impending shortage. Without the calls, a shortage can come as a surprise. So to question two, the answer is: The FEA.

On to question three: Why aren't the nation's refiners, who are operating at less than 90% of capacity, importing more crude oil to make more gasoline? Well, imported crude costs $13, and the FEA will not allow refiners to pass along this cost until the next month. if the refiner is making gasoline from a mix of $5.25 price-control oil and $13 imported oil, more imported oil will push up unit costs without any immediate increase in the selling price. Perhaps it would be able to "recover" these costs by higher prices later, but then again maybe not. So the answer to question three is :The FEA.

Now, to give credit where it's due, the FEA runs around frantically writing new regulations trying to undo the damage its past regulations have done. Last week, for example, FEA head Frank Zarb was talking about allowing geographical differentials. But by now, we should be learning that the next regulation will only do something else, that the oil industry cannot be run from Washington without benefit of price signals. That the way to have the oil industry produce gasoline most efficiently, which is to say at the lowest price, is for the government to get out of its way.

Senators Jackson and Stevenson will find, if they conduct fair and honest hearings, that the spot gasoline shortages the nation now faces result not from conspiracy, but from the very controls they and their congressional colleagues created. Once they make this discovery, there no doubt will be public apologies all around to the oil companies and no further attempt to extend controls past the August 31 expiration date. The great gasoline conspiracy was unwittingly concocted on Capitol Hill.

MANSFIELD: A LOW-KEY ROCK OF INTEGRITY

Mr. METCALF. Mr. President, my very distinguished colleague from Montana, the majority leader of the Senate, was the subject of a profile type article in a recent issue of the Christian Science Monitor. It is such a friendly and genuine interview that it catches the spirit and the genius of MIKE MANSFIELD. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MANSFIELD: A LOW-KEY ROCK OF INTEGRITY

(By Louise Sweeney)

WASHINGTON.—When Mike Mansfield closes the double mahogany doors of the Senate Majority Leader's office for the last time, it will be with a soft click and not a slam. That's the style of the quiet man from Montana who is retiring after 34 years in Congress.

To give an idea of how quietly he treads the corridors of power, there is this story, which Republican Sen. Charles McC. Mathias of Maryland tells. It's about how Mr. Mansfield stirred some bipartisan political cream into a breakfast with the President:

Senator Mathias tells it reluctantly, grinning, "I don't suppose it hurts to say this today. . . . When I was running for re-election in '74, as a good Democrat, Mike couldn't do anything that would be overtly helpful to me. . . ." But Senator Mansfield did help.

When Gerald Ford was brand-new as President, the Majority Leader invited the President to the Mansfield home for an intimate breakfast, just the President, Mansfield, a Democrat Senator—and Mathias.

A DIFFICULT SITUATION

"It was a kind of rapprochement between the Majority Leader of the Senate and the new President who had arrived on the scene under very difficult conditions," Senator Mathias remembers.

"Obviously when the President arrives at Mansfield's house, that is covered by the press. And what more eloquent way can Mike have of getting a message across, than inviting you to come on that very special occasion to his house, and yet one which was perfectly proper, no one could object to it."

Michael Joseph Mansfield has been one of the two most powerful men in Congress for a decade and a half, but he feels about power as he felt about fresh peaches in his youth: he doesn't like the taste of it. Too much fuzz.

"I've never felt I was powerful or I had power. I always felt I was one of 100 members and that I was as good as the next one, but no worse. And the power that came to this job I diffused through others, through committees."

It is said of Mike Mansfield that "when he succeeded Lyndon Johnson, everybody in the Senate grew an inch." He says simply of LBJ and himself: "He was vigorous and I was retiring; he was an extrovert. I was an introvert." Those who applauded LBJ as the consummate ringmaster, flicking the whip often, have criticized Mr. Mansfield for not leading forcefully enough. A Washington Post editorial criticizes his "liberality that has involved a kind of abdication" of strong leadership.

SINCE FDR'S DAY

But no one questions the integrity, honesty, or fairness of this Washington landmark. Interviewing Mike Mansfield is like interviewing a mountain. Mount Mansfield is just there, a tall looming, craggy presence, casting his shadow over Washington ever since FDR's day. The familiar face is spare, high-cheekboned, lined, so quiet it is almost expressionless. Until you notice the glints of wit and emotion, like flashes of mica in a rock.

There is a glint now in the gray-blue eyes as he's asked about President Ford's decision not to use the word "detente" any more. "Oh, yes we are! It's a good word. It's in the dictionary and you can't abolish a word with a wave of the hand as Canute tried to abolish the tide with a wave of his spear or trident. The word's there. The meaning is clear."

Senator Mansfield, a prime mover and shaper on the Senate Foreign Relations Committee, was considered a neo-isolationist at one point. He says the word isolationism is still there, too, "but the idea has become outmoded . . . we're not veering back toward isolationism, if for no other reason than the fact that it is impossible to be isolationist in the world in which we live. . . .

"There's hardly a place in the world where you don't know within an hour any event that's happened there . . . we *have* to live with one another. . . ."

SELF-RELIANCE LEARNED EARLY

But Mike Mansfield himself has always had the self-reliance of a loner. He grew up like an orphan after his widowed, Irish immigrant father, a New York hotel porter, shipped him off to Great Falls, Montana, to live with an aunt. But young Mansfield ran away from home at 14, joined the Navy, went back later to Butte as a mucker (shoveler) mining copper until he met a teacher named Maureen Hayes. He had only gone through the eighth grade; she refused to marry him unless he got himself an education. He took on high school and college simultaneously; she taught him, cashed in her life insurance to put him through Montana State University. He got his BA, then MA there, went on to teach Far Eastern history at MSU before his 10-year term in the House.

His heroes are Montana State Sen. Tom Walsh, Western artist Charlie Russell, whose frontier scenes hang in his anteroom, and JFK. "My heroine? My wife."

In windy Washington, he's known as a terse man with a word, who answers many questions with a "yup" or "nope," a technique that once resulted in "Meet the Press" reporters—who had prepared 27 questions—asking 80. This man who sounds a little like Mr. Moody from Fred Allen's program says, "I can't stand extended talk. I think you can say what you want in a sparse, brief manner and the meaning is clear."

Here's his almost voluminous assessment of presidents he's known: "Roosevelt was the most effective . . . Truman the most courageous, Eisenhower for his two terms the best because he was a man of his times and presented a father image. Kennedy would have been a great president in my opinion, but tragedy cut it short. Johnson, the best president on domestic policy. On foreign policy, the Dominican Republic and Southeast Asia were tragedies. Nixon will be remembered for two things: opening the door to China and the Watergate affair. Ford: a more open White House, a candid president, very conservative, consistent in that respect, and really a difficult man for the Democrats to beat, so we can't take him lightly."

UP TO THE PEOPLE

He is asked whether he hopes for any resolution for the current impasse in government, with a President of one faith and a Congress of another. "No, because it will be up to the people to decide, and when they elect a president of one party and a majority of the other party in Congress they are expressing a desire that there should be a lack of conformity, that it shouldn't be a 'yes sir' Congress, that independence is something to be valued. . . . And I wouldn't want a Congress which would automatically come to heel because it had a president of the same party."

In his 24 years as a senator, Mike Mansfield says "the thing I'm most sorry about is the war in Southeast Asia. Tragedy. Costly in men and treasure. Costly in prestige. Utterly unnecessary. A war for which we'll be paying well into the next century."

What is he most proud of? He ticks off four things in his quick, telegraph style: first, obtaining the vote for 18 year olds; second, the part he played in initiating the Watergate investigation; third, the part he played in initiating the Senate intelligence inquiry (and the fact that there have been no leaks); fourth, the "evolution, unpublicized, in the conduct of the Senate."

He explains: "All senators are equal in my opinion . . . there are no superstar senators, there are no second-rate senators, no senators who should spend months or years saying nothing, while their elders speak out on any and all subjects. There is no club in the Senate any more. . . ."

Senate Minority Leader Hugh Scott (R) of Pennsylvania praises Senator Mansfield for that—for opening up the club. He tells of how Mr. Mansfield has opened doors formerly shut to all but the oldest, most powerful members "sharing the panache," Senator Scott calls it. "He's infinitely patient and terribly fair," says the Republican leader who transacts business with him all day long.

Like the college professor he once was, Senator Mansfield maintains a Mr. Chips sort of concern for the new boys. "There are people with potentials, people like Garry Hart, John Glenn, Bumpers, that entire class. Others ahead of 'em."

Sen. Frank Church (D) of Idaho says, "He was always a person I could turn to when I needed advice. . . . He personifies honor in the politics of our land—and in the profession which conspicuously lacks humility, Mike Mansfield is a truly humble man."

"Left, you always turn left in my office," he says, as he leads the way, with a soft lope, past the crystal chandeliers and marble fireplaces. He sits talking in a long buff-colored room about politics—and about poached eggs. Sometimes fixes them for his wife for breakfast. Admits he likes to read history and mysteries (Ross Macdonald, Dashiell Hammett), likes to watch movies "at Jack Valenti's Place," collects "Far Eastern memorabilia," listens to jazz, George Feyer, Enoch Light, Roger Williams.

A LITTLE FISHING

His wife, who sums him up as "kind, tolerant, a loving person," says he sings Edith Piaf and Cole Porter songs around the house. He says that when he quits he's going to do a little fishing in mountain streams.

From where he sits, is he optimistic or pessimistic about the future of the country which some suggest is in its decline and fall?

"Oh, as far as my country is concerned, I'm always optimistic. I become depressed once in a while, did during the war in Southeast Asia. But that's a feeling I can't afford to harbor too long. The country is still young, got lots of room, hopefully the purgatory which we've gone through in Watergate and Vietnam, Southeast Asia, will make us better people, a better nation. . . .

"Even though the government is criticized because of the crises we've passed through, there is a recognition that while democracy is the most desirable of all governments, it operates on a most delicate balance. I think out of all this is coming a better understanding, a greater appreciation, greater hope and confidence in the future."

And how does he want to be remembered? Long pause. Then, soft as a cat's paw: "As a man who did his best."

YOUTH CAMP SAFETY

Mr. RIBICOFF. Mr. President, this summer 8 million American children will attend camp. Tragically, for thousands of young campers the experience will result in serious illness, injury, or death. The cause of such accidents can too often be traced to unsafe camp conditions.

For this reason, I authored a youth camp safety bill in 1967. Now, almost a decade later, no affirmative action has been taken to eliminate the sometimes appalling conditions in many of the Nation's camps. Conditions such as dangerous equipment, unsafe vehicles, poor sanitation facilities, inadequate medical provisions, and unqualified personnel, are all potential sources of disaster. The time is long past that this situation be improved and our young campers and their parents assured of some meaningful level of safety.

The fact is that only seven States have comprehensive camp regulations. A recent HEW study revealed that "State laws relating to camp safety were grossly inadequate." The study found that as many as 24 States have no regulations pertaining to medical aid and services; 45 States have no regulations regarding out-of-camp trips; 35 States have no regulations for day camps; and 10 States have no regulations pertaining to trained supervision of aquatic activities.

These statistics and the continued rise in youth camp accidents prove that there is an urgent need to implement minimum safety standards. The children and youth camp safety bill, S. 422, would do just this. Despite its recognized need, this bill has yet to be enacted.

The measure has received widespread support from a number of camping organizations. The American Camping Association, the Scouting organizations, the Association of Private Camps, the National Recreation and Park Association, the Y Camps, and a number of church-oriented camp groups have all endorsed this legislation. These groups acknowledge the need for camp safety standards and, in the absence of any State or Federal regulations, many have attempted to enforce their own standards. This effort remains purely voluntary and, as such, provides grossly inadequate protection for campers.

The Senate acknowledged the need for camp safety in 1971, when the Ribicoff Youth Camp Safety Act was passed as an amendment to the Higher Education Act. Unfortunately, the provision was dramatically weakened as a result of opposition in the House.

Since the introduction of S. 422, a number of misconceptions have been circulated. These misconceptions, effectively delaying successful consideration of the bill, must be dispelled.

First, the measure is not advocating "Federal control" of the private camping industry. Because States have failed to take the initiative in establishing camp safety standards, S. 422 is designed to spur such action. Financial and technical assistance will be available to those States who move forward to administer a camp safety program.

Second, the bill will not interfere with camp programing. The measure specifically prohibits interference in the activities of a family or religious group. In no way will the measure restrict camp curriculum or ministry.

Third, the bill is not designed to close camps which fail to meet minimum standards. However, it will force submarginal camps to be upgraded to an acceptable minimum level of operation. Camp operators are assured of an input in the drafting of both Federal and State standards.

The children and youth camp safety bill provides that the Secretary of HEW will establish, within 9 months of enactment, minimum standards for the operation of safe and sanitary camp facilities. These standards will be developed in cooperation with an Advisory Council on Children and Youth Camp Safety and must be approved by both the House and Senate. The regulations will go into effect 21 months after enactment.

To comply with these Federal minimum standards, States will have three options. First, the State may choose to accept and enforce the Federal standards. Second, the State may choose to enforce its own safety regulations, which must be at least equal to the Federal guidelines. Third, the State may grant HEW authority to enforce the Federal standards in that State. Financial incentives, up to 80 percent matching funds, are available to those States choosing to enforce the program themselves.

In addition, the bill requires that all camp accidents be reported to the Secretary. Repeated or willful violations of safety regulations will subject the camp operator to financial penalties.

While it may not be possible to eliminate all camp accidents, we can at the very least begin to eliminate the source of a great many of them. The children and youth camp safety bill is a positive approach to this problem and approval of the measure, on behalf of our youth, is long overdue.

To further focus on the urgent need for S. 422, I ask unanimous consent that two very timely articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Boston Globe, May 6, 1976]

SUMMER CAMP SAFETY FACING U.S. SETBACK

(By Bernard Gavzer)

NEW YORK.—A proposed Federal law that would set minimum safety standards for summer camps—and hopefully cut down on a projected 250,000 accidents this summer—appears doomed in this session of Congress.

Three factors played a role in dooming the legislation:

The camp safety law was beaten by two obscure foes: the Texas-based Camping Assn. for Mutual Progress (CAMP) and the Midwest International Christian Camping Council.

Support has evaporated so effectively that Sen. Walter Mondale (D–Minn.), chairman of the Senate Labor and Welfare Committee and chief sponsor of the Youth Camp Safety Bill, won't risk bringing it to the floor.

Should the bill go to the floor and pass, there wouldn't be enough support to override a veto by President Ford, who before he became President voiced strong support for such legislation.

Some 8 million children will head for summer camps this year. It's generally impossible for parents to check out safety standards in out-of-state camps and there is no way for them to know with any certainty that such camps live up to reasonable standards, such as having certified lifeguards on the waterfront.

"Without such a law, you can be sure that there will be children who will drown or be hurt on the rifle and archery ranges," said Mitch Kurman, a Westport, Conn., furniture salesman who has campaigned for camp safety since his son drowned in a YMCA-camp canoeing trip in 1965.

"There is not only no way for parents to really rely on camps they can't visit, but they can't be sure there is any screening to prevent the hiring of people who might sexually molest a child, or who lack the skills to provide healthy and safe food service, medical treatment and so on."

The camp safety bill, which has been approved 8 to 6 by Sen. Mondale's committee, set standards for housing, staffing, medical and food services, as well as safety requirements on the waterfront, waterways, rifle and archery ranges. But in its watered-down version there was no provision for Federal inspections.

Support for the law was voiced by many powerful camp and parent and civic groups including the American Camping Assn., the Assn. of Private Camps, the National YMCA, the National YMHA, the Catholic Camping Federation, the Methodist Church Camps, Girl Scouts, the Boy Scouts of America, the Boys Club of America, the National PTA and the Salvation Army, among others.

Despite this, Sen. Mondale said he received no wide public support for the bill. There just wasn't the mail or the lobbying which would put pressure on senators and committee members to go for the legislation.

But congressmen did hear from those opposed to the law, particularly CAMP followers and those motivated by the International Christian Camp Council.

CAMP raised the issue of states rights, arguing that a Federal law would invade territory which was the province of the state.

Dr. John Kirk, director of the New Jersey State School of Conservation camp in Stokes State Park, said he felt such opposition arose from the mistaken notion on the part of some camp operators that the Federal law would lead to inspections and that while the camps might well meet safety standards there was the fear inspectors might inquire about racial or religious restrictions.

"Some camps deny entry to children because of race and creed and, while the Federal law does not deal with this situation, some operators may feel the question could be raised through any system using inspectors," he said.

Dr. Kirk did a national study of camp safety in preparing his master's degree at the University of Michigan.

Opposition by the International Christian Camping Council took the form of petitions distributed by some churches urging parishioners to tell congressmen they were against a camp law.

Leaflets distributed by ICCC claimed a law would put children under control of "the socialistic, communistic, satanic" Federal government.

Alan Stolz, a New Hampshire camp operator and legislative chairman of the American Camping Assn., called the handbill opposition a "red-herring" campaign designed to frighten the people and confuse the issue.

"These so-called Vacation Bible camps oppose Federal standards because many of them are located on old Civilian Conservation Corps (CCC) camp grounds and would fail to meet even minimum standards of health and safety," he said.

"These groups just don't have the money to renovate or improve the property. But because they can't do that, it doesn't mean that they should escape having to meet standards which provide for the safety of our children."

The opposition radically shifted the margin of support for the bill.

In 1971, the Youth Camp Safety Act passed the Senate 51–0, but when it was brought to the House for action, Rep. J. J. (Jake) Pickle of Texas introduced a bill to have a $300,000 study of the need for such legislation.

A new House bill, sponsored by Rep. Dominick Daniels (D-N.J.), got to the Senate and Mondale's Labor and Welfare Committee. In November 1974, the committee approved a bill 12–1.

But the opposition was gearing up and a reading by Mondale indicated there would be trouble if the bill was brought to the floor for a vote. That's when the teeth were removed. Not only was there no provision for Federal inspection, but the Federal law wouldn't apply in states where there already were camp safety laws, no matter how inadequate or how poorly enforced.

[From the Danbury (Conn.) News-Times, June 9, 1976]

Politics Block Youth Camp Safety

The safety of American children has become a victim of the current political campaign.

As a congressman from Michigan and while House minority leader, Gerald Ford strongly endorsed legislation on youth camp safety.

But as President, Mr. Ford sings a new tune. He's against federal youth camp safety standards because (1) it is a state responsibility and (2) it might cost American taxpayers some money (3 to 5 cents per capita annually).

In his battle with Ronald Reagan for votes on the Republican right, Mr. Ford ignores the simple fact that federal standards are needed because only a few states have adequate camp safety regulations and laws.

Camping is interstate business—big interstate business at that. Clearly there is a federal responsibility and clearly that responsibility has not been met.

The 10-year campaign of Mitch Kurman of Westport for effective youth camp safety standards has been cited in this space many times. Mr. Kurman is the individual most responsible for the steps a few states, including Connecticut, have taken.

He's still plugging away. But President Ford's current position makes it unlikely the Senate will take up in the remaining weeks of its current session the entirely reasonable Youth Camp Safety Act which the House has passed.

The President says he will veto the bill because of his current stance against federal activities and because of the cost—an estimated $7.5 million.

What is $7.5 million compared to the loss of 500 children who drowned in summer camp accidents over the past decade? Many would be alive today if there had been adequate state regulations on camp safety, meeting minimum federal standards.

How many will lose their lives this season? No one can say for sure. But the loss will be beyond measurement in dollars.

The deaths are bad enough. Too few pay attention to the injuries which leave young people crippled for life or which place intolerably high financial burdens on the families of victims.

The News-Times recently received a packet of material from Austin J. Luffman of Pfafftown, N.C. He had heard of our support for the Youth Camp Safety Act of 1976 and sent us clippings concerning the tragedy which struck his family.

His 10-year-old was attending a basketball camp in the summer of 1974 when he went for a swim with other youngsters. Older youths had been assigned as lifeguards to watch over the children, but it turned out some of the lifeguards could not even swim themselves.

The Luffman youngster slipped into deep water, was pulled from the pool and rushed to a hospital. The rescue crew got his breathing restarted, but he never regained consciousness. He remained in a coma for 19 months until his death earlier this year.

Wrote Mr. Luffman: "Congress is supposed to represent the people. Are not the approximately 100 children who die each year worth representing? Are not the nearly 250,000 children who get injured each year worth representing?"

Of course they are. But it is a pragmatic political fact of life at the moment that the necessary effective legislation will not get through the current session of Congress. In our view, a watered down version which sets no mandatory interstate standards and carries no funding would be worse than no bill at all.

So we hope Mitch Kurman and his wife, who have been battling for camp safety since their son was drowned in a camping accident a decade ago, the Luffmans in North Carolina and other supporters of camp safety will not lose heart.

They will have to carry their case again to the next Congress. The sad thing is that there will be new accounts of unnecessary camp tragedies this summer to support their pleas for effective federal action.

MEDICAL MALPRACTICE

Mr. PACKWOOD. Mr. President, I would like to share with my colleagues some of the views of Oregon physicians on the subject of medical malpractice insurance.

I recently submitted to each physician in the State a series of questions relating to rising costs of medical malpractice insurance, flaws in the present tort liability system, and various other concerns involved in the medical malpractice dilemma. I was most anxious to receive their views on how the Federal Government could offer some relief to the problem.

The response was loud and clear; 67 percent of Oregon doctors oppose direct Federal participation in resolving the malpractice controversy. There was a basic preference for State and local controls, plus some views expressed that Federal involvement would create yet another bureaucracy, lead to greater regulations in the medical field, and actually raise costs involved.

The physicians prefer, by a 61-percent majority, to set up State panels of experts to arbitrate disputes over the competency of medical treatment. These boards would presumably act like the present worker's compensation boards. Judgments assessed against a doctor would be limited by a set schedule of compensation.

The physicians view these boards as having several advantages. First, they would reduce the amount of time presently required to litigate malpractice suits. A panel of experts would be more likely to base a decision on the medical facts, rather than on an emotional response to a passionately presented case. A panel of experts would also be less likely to make the mistake of giving a settlement for a bad result or maloccurrence which is inevitable with some types of surgery or medical treatments.

Arbitration panels would also reduce the need for attorneys to go through protracted litigation efforts and research. Physicians see these boards as providing a major portion of the settlement to the actual patient, as opposed to the current practice wherein attorneys often receive a contingency fee of one-third to one-half the settlement.

A number of other suggestions were made by the physicians which deserve consideration:

First. Require a patient to obtain insurance prior to undergoing surgery or treatment to compensate them in the instance of a medical complication due to malpractice or maloccurrence.

Second. Provide for a medical no-fault system similar to no-fault automobile insurance.

Third. Set compensation levels according to the type and degree of injury.

Fourth. Set a maximum settlement level.

Fifth. Limit or eliminate the contingency fee.

Sixth. Institute a shorter statute of limitations.

Seventh. Provide a clear, legal definition in tort law for "malpractice," specifically excluding "bad result" and "maloccurrence."

Eighth. Provide for a congressional investigation of insurance company profits in the malpractice field.

Ninth. Eliminate compensation for "pain and suffering."

Many doctors are shouldering a tremendous financial burden under the present malpractice insurance system. Rates are so high in some cases that several Oregon physicians have completely dropped their malpractice insurance, and remain vulnerable today to suits involving millions of dollars. Other doctors have gone out of practice altogether or have retired early, rather than pay the exorbitant rates now being charged. Physicians reported to me that malpractice insurance rates in certain communities have resulted in widespread departures by doctors. And those physicians who have specialized practices are facing the highest rates of insurance.

Perhaps one of the most unfortunate impacts caused by the increase in malpractice claims is the practice of "defensive medicine." Doctors, anxious to protect themselves from malpractice suits, may order every test imaginable for a patient, so as to leave no room open for legal attack. We have an acknowledged shortage of physicians in many sections of the Nation. This overcure approach to medicine, however, spreads physicians' overtaxed hours more thinly, plus contributes significantly to the high cost of health care.

Many Oregon physicians believe the malpractice dilemma cannot be entirely resolved through restructuring of the current insurance system or by any other means until some of these social attitudes are changed.

I also noted that many physicians have suspicions about the reserve maintained by the insurance industry on the malpractice issue. While 55 percent of Oregon physicians oppose a congressional investigation into malpractice cases, I am left with the clear impression that they would appreciate more accurate information on current practices within the malpractice insurance industry. State-initiated inquiries might be preferable, but physicians would probably support a Federal level investigation, if necessary.

The Oregon Association of Hospitals has reported an average 78 percent increase in rates charged for malpractice insurance. Farmers' Insurance Group, the largest insurer of such liability on the west coast, increased their rates to these Oregon hospitals by $493 per occupied bed.

Oregon and other Northwest States, even given these massive increases, are fortunate when compared with States in other areas of the country. We had the smallest increase in rates, with the exception of the Southern States. Other States, because of significantly higher recoveries, have experienced from 50 percent to 500 percent increases in insurance rates over the past year.

SUMMARY

If we learn nothing else from the physicians in Oregon, we should understand from their responses that extreme caution should attend any move by Congress or the Federal Government to become involved in the malpractice controversy. I am strongly persuaded, in fact, that Congress should refrain from acting on this subject in any regard, except perhaps to encourage the development of arbitration panels.

From the high degree of intelligence, and clear thinking exhibited in letters sent by Oregon physicians to my office, I must say that Congress would do well to respect their views. I have never, in the 8 years of my Senate career, received such a collection of well reasoned thinking. My colleagues in the Senate can learn a great deal from a close communication with these individuals. And, I hope other Senators will be encouraged to contact the physicians in their States on this complex subject.

I ask unanimous consent to have printed in the Record a brief table and outline summarizing the viewpoint of Oregon doctors on medical malpractice insurance.

There being no objection, the material was ordered to be printed in the Record, as follows:

Views of Oregon physicians on medical malpractice

[In percent]

	Favor	*Oppose*
Direct Federal Participation in Solving Problem	20	67
Congressional Investigation of Insurance Industry	26	55
Improve State Laws Regarding Tort Liability	63	5.5
Congressional Encouragement of Arbitration Panels	61	12

FEINGOLD ASSOCIATION OF THE UNITED STATES

Mr. McCLURE. Mr. President, the first national convention of the Feingold Association of the United States was held in Washington, D.C., on May 21–23, 1976. This first convention of FAUS was an important milestone in the years-long effort to help hyperactive children, and is another tribute to the dedication of Dr. Ben Feingold.

Dr. Feingold has achieved dramatic results in helping hyperactive children overcome both learning difficulties and behavioral problems. As a result of his work and dedication, local Feingold Associations have been formed throughout the United States. It has been the success of these community efforts which led to the formation of the national association.

Mr. President, our distinguished colleague from Maryland, Senator J. Glenn Beall, has been active for several years in bringing to our attention the importance of Dr. Feingold's work. Senator Beall recognized the seriousness of hyperactivity and its impact on millions of schoolchildren. In October 1973, he brought to our attention the findings of Dr. Feingold, whose work had helped many of these children. Senator Beall deserves our commendation for his efforts and particularly for the greater recognition of Dr. Feingold's work within the several Federal agencies concerned with this national problem.

Dr. Ben Feingold has earned the gratitude of parents and children throughout the United States. I wish him continued success in his work and offer my congratulations to the new Feingold Association of the United States.

FOUNDRIES IN DILEMMA

Mr. McCLURE. Mr. President, the industrial and military strength of our Nation requires a productive and growing foundry base. Without the primary metals produced by this industry, our economic growth would soon stop. For this reason—among many others—it is necessary that we continue to closely examine the impact of unreasonable Federal regulations.

Two months ago, I discussed the serious impact that many Federal regulations have on our ability to produce military weapons, especially armored vehicles. At that time, I used as a reference an article in National Defense magazine, by Ms. Debbie C. Tennison. Ms. Tennison has now completed a second article, again documenting the serious impact of Federal controls on this vital basic industry.

Mr. President, I believe that the information provided by Ms. Tennison should be available to my colleagues and I ask, therefore, unanimous consent that the article "Foundries in Dilemma," from the May–June 1976 issue of National Defense be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

FOUNDRIES IN DILEMMA

(By Debbie C. Tennison)

While the Russians continue to expand their already extensive industrial foundry base, American foundries are facing increasing difficulties in maintaining and expanding their capacity. And this is posing a serious threat to the viability of an important segment of our industrial base.

It likewise poses a threat to the production of many items necessary for our national defense including: tanks, ships, rifles, shells, bombs, grenades, rocket and missile launchers, fire-control systems, and cast armor and treads for many vehicles besides tanks. Nuclear power plants also are affected, as are virtually all electrical generating systems, and hydroelectric and fossil fuel. Mining equipment and all engines to power ordnance vehicles depend on castings also.

Why are U.S. foundries in trouble? Foundry owners and foundry association officials say problems stem from environmental regulations, safety and health directives, materials shortages, import/export policies, and the inflationary impact on foundry working capital.

The primary-metal industry is affected by environmental regulations since it generates sources of air pollutants such as smoke, fumes, vapors, particulate matter, and odors. Almost all basic foundry operations such as molding, melting, pouring, grinding, chipping, powder burning, and shake-out generate air contaminants. Pollution control regulations require capture, retention, and proper disposal of pollutants from each source at great expense for control equipment, engineering, installation, and maintenance.

SOVIET PRACTICES

Soviet foundry owners, on the other hand, do not have to contend with such restrictive environmental legislation. U.S. Government sources explain that the Soviets are aware of environmental problems, but if they need foundries to produce castings for their armed forces, they aren't going to let environmental problems stop them.

American businessmen who visit Soviet foundries are amazed by the lack of safety and environmental practices there. The Russians have some basic safety guidelines, but they are not enforced. For example, visits to some foundries showed that standard safety equipment required in the United States, such as hard hats, safety shoes, and eye protection, was not in evidence. Output is what counts in the U.S.S.R.

The Soviets have a stable production base because of their long-term planning. They have the clout at the top of their structure to control what their foundries produce. This is in comparison with the U.S. market economy, where economic and commercial interests prevail over defense interests. The result: the Soviets clearly have a faster response to their defense needs. (See Table I for a comparison of the capacity of the defense-industrial base of both countries.)

TABLE I.—CASTINGS PRODUCED IN THE U.S.S.R. AND THE UNITED STATES, 1960–71

[In thousands of tons]

	1960	1965	1968	1971
All castings:				
Russia	14, 583	18, 258	19, 459	21, 159
United States	14, 907	20, 528	19, 527	17, 857
Gray iron: Russia	10, 563	13, 006	13, 857	14, 904
Gray and ductile: United States	11, 594	19, 713	15, 130	13, 839
Castings malleable (or ductile) Russia	456	576	659	672
Malleable iron castings: United States	821	1, 136	1, 007	884
Steel castings:				
Russia	3, 179	4, 088	4, 243	4, 765
United States	1, 392	1, 961	1, 730	1, 583
Nonferrous:				
Russia	285	588	701	818
United States	1, 100	1, 718	1, 660	1, 551

A look at the figures in the table and a study of the foundry industry's problems explain the statement made recently by Assistant Secretary of the Army Harold L. Brownman that our national security is being threatened by the industry's problems. Secretary Brownman first became interested in the industry's dilemma in December 1974 when he became responsible for increasing U.S. tank production. He still maintains a very active interest in the program.

"Foundries have been in this country for many, many years and have been doing very well without the Environmental Protection Agency (EPA) and Occupational Safety and Health Administration (OSHA)," Secretary Brownman comments. "I don't think the industry should be left totally to its own devices, but the laws should be administered with reasonableness and fairness."

Secretary Brownman contends that the environmentalists have gone too far in trying to achieve perfection. He adds that the environmental laws have been promulgated by people with good intentions—but who don't have sufficient background in industrial operations.

EXCESSIVE REGULATIONS

According to the Cast Metals Federation, excessive regulations by EPA and OSHA have greatly affected all U.S. foundries. They have been the principal cause of the closing of many smaller jobbing foundries.

"Foundries must expend capital to meet conflicting, and in many cases immeasurable, standards with unproven control equipment," says Walter M. Kiplinger, Jr., Washington representative of the Cast Metals Federation. "The net results are a major reduction in working capital, vast increases in nonproductive operating and maintenance costs, and escalation of energy consumption—resulting in much less productive capacity."

Those in the foundry industry do not challenge the concepts of the legislative acts of EPA and OSHA but only the manner in which they are implemented. Referring to EPA in particular, foundry officials claim that economic impact studies conducted by that agency grossly underestimate the full cost of compliance to the industry. Such studies rarely, if ever, include the high operating costs and the many exceptional variables which are encountered in installation, engineering, and sometimes relocation.

According to John Butler, chief of compliance of the analysis section of EPA's Office of Enforcement, the usual cost of installing EPA-mandated regulation equipment in a foundry is less than $1 million, but he admits that the small foundries do have problems paying this price.

Disagreeing with Mr. Butler's cost estimate is William B. Huelsen, director of environmental affairs for the American Foundrymen's Society of Des Plaines, Ill., who says the less-than-$1-million estimate "is more the unusual circumstance than the usual."

An example which supports Mr. Huelsen's statement is the Urik Foundry Company, Erie, Pa., which installed a cupola dust collector in 1967. Air pollution regulations changed in the early 1970's, necessitating a new dust collector, costing in excess of $1 million. Other compliance costs will be another $1 million.

In defending EPA, Mr. Butler claims the agency really hasn't focused on the foundry industry but that some industries are harder hit than others. He says the requirements are reasonable.

But what about the costs which foundries must absorb so "reasonable" standards can be enforced? "There are penalties you must pay," answers Mr. Butler. "Spending for the protection of public health purposes can't be termed unproductive."

However, those in the foundry industry view costs to meet the standards as unproductive. Industry officials estimate that compliance with EPA and OSHA standards will drain 15 to 20 per cent of the industry's total capital expenditures throughout the 1970's. This means that significant sums of capital are being diverted from foundry modernization and expansion.

ADMINISTRATIVE BURDENS

But capital investment is not the only problem caused by the enforcement of EPA and OSHA standards. The administrative work required for compliance with these regulations is also a burden to foundrymen. They find it difficult to attend to their business properly when they must fill out numerous forms and spend time with inspectors.

Another problem is that, in some cases, action taken by foundries to control cupola emissions has created a new problem of water pollution. A recent American Foundrymen's Society survey showed that 24 per cent of the respondents had waste water treatment problems. Of those reporting such problems, 78 per cent said this was the result of the operation of dust-collection inspectors.

In the same group of respondents, 79 per cent reported that they had a new solid waste disposal problem, especially in ferrous foundries, and here again is an area of operation that is affected by overlapping or conflicting regulations.

Why is it that lawmakers pass such conflicting regulations? Sen. Dewey F. Bartlett, R-Okla., says: "Any bill becomes a sort of sacred cow once it's passed. We pass too many bills too hurriedly. And we make requirements involving technological changes when we don't understand the full impact on small foundry owners."

As a result, of the 400 foundries which have closed since 1969, at least one-third closed chiefly as a result of the clean-air standards. The foundries that are surviving are finding that it costs 10 times as much to control 99 per cent of foundry emissions as it does to control 93 per cent.

"The new standards promulgated by EPA are getting progressively more strict, and when you must reduce the amount of emissions it means more emissions collection equipment," states Mr. Huelsen.

For example, he explains, a document presented to the National Air Pollution Control Techniques Advisory Committee in December 1975 justifies a proposed standard (0.0052-grain per dry standard cubic foot of exit gas) "which is not attainable in my mind. Certainly the energy requirements associated with this regulation are going to increase considerably. There will be other new source performance standards coming for cupolas and other foundry equipment. If this is any indication of what future proposals are going to be, the impact will be substantial."

One foundry which found that compliance with EPA standards caused substantial increases in energy consumption is the Grede Foundry of Iron Mountain, Mich. It reported that the afterburners used to convert carbon monoxide to carbon dioxide are fired by natural gas, and on an average day those afterburners consume about 44 million Btu's. This is enough natural gas to heat 200 average homes in that town.

Another foundry experiencing increased energy use and higher costs is the Texas Steel Company of Fort Worth, Tex. That company found that to move the 400,000 cubic feet of air per minute to control fugitive emissions will require increasing fan motor power from 200 to 1,500 horsepower. This will increase operating expenses by some $100,000 annually. Additionally, as furnaces are equipped to meet the codes, effective capture of emissions is improved by only 5 to 10 per cent.

Also facing economic difficulties due to equipment for environmental regulation is Ross-Meehan Foundries of Chattanooga, Tenn. The company has found it necessary to raise prices in order to derive revenues to pay for the necessary new air pollution control equipment and its subsequent operation and maintenance because the additional equipment is not productive.

Even though Ross-Meehan Foundries has not been forced to close like many smaller foundries, officials there fully anticipate that the Chattanooga area will be designated a Class I area according to Clean Air Act amendments.

"With that designation, we foresee serious complications (probably insurmountable) in any modernization or expansion effort to remain competitive, with the result that our company, if not relocated, would slowly die, because no additional particulate matter would be permitted in the area," states Harold F. Torok, manager of defense operations for Ross-Meehan.

Present methods for measuring fugitive emissions from plants appear to be arbitrarily at best since interpretation is left entirely to the judgment of a single individual who is not knowledgeably equipped for such measuring. Quite often the source of contaminants is not sufficiently definable to determine proper control measures.

NOISE REGULATIONS

Because of the nature of the industry, it is also greatly affected by OSHA noise regulations. There are numerous operations where metal-to-metal contact is unavoidable, and there is extensive use of high-velocity intake and exhaust fans and compressed air.

OSHA requires costly engineering or administrative controls as a permanent solution to noise problems and considers use of personal protective devices, such as earplugs, as only a temporary solution until economically and technically feasible control measures can be installed and implemented.

According to officials at the Lebanon Steel Foundry, Lebanon, Pa., the 90-decibel maximum noise requirement is an extremely difficult and costly regulation to accommodate in a primary metal industry. Process noise from plants in community surroundings—particularly during summer months when windows are open—are naturally subject to complaints resulting in pressure to apply strong noise-control measures.

Commenting on Lebanon's complaint about the ability to control noise, James Foster of OSHA states: "There's no question that it presents problems, but there are people going deaf too."

He adds that OSHA is not trying to put anyone out of business—or to reap Federal penalties. But foundries do have a substantially high accident rate, he claims—much higher than the national average of 10.4 cases per 100 workers in 1974. In that year, the primary metal industries (which includes foundries) had 19.7 accidents per 100 workers; the national metal industries had 10.9; the malleable iron industry had 42.1; and the iron and steel foundry industry had 32.2.

"It's very hazardous work," Mr. Foster notes, "just from the safety standpoint alone." It is for this reason that OSHA is focusing on foundries in its National Emphasis Program—expected to be implemented late this summer.

This is to be different from the routine OSHA inspection. OSHA will inspect for standard violations, will consider new standards, and will look at the total safety commitment in its inspections. OSHA already has announced its intention to inspect foundries—and it will notify foundrymen as to what it is looking for through intensive education programs. This type of inspection hasn't been performed previously. In the past, OSHA only looked at standards—not at the whole climate.

OSHA will begin training its inspectors in foundry practices in June. "They will train in a foundry so they will know what to look for—so they won't be bamboozled," explains Mr. Foster.

How will this National Emphasis Program affect foundries? For one thing, they will be cited and fined if violations are found. Also, OSHA will give foundrymen suggestions as to how improvements can be made. After keeping very detailed records during inspection, OSHA will return to the foundries at a later time to see if the improvements have been made. The inspection phase of the program will last for approximately 18 months.

According to G. John Tysse, director of OSHA's Occupational Safety and Health Committee, the National Emphasis Program is a major effort to make standards more reasonable. He says OSHA is considering some kind of exception for industries which have special difficulties in complying.

Even so, Secretary Brownman claims that the program will "probably raise holy cane with the foundries. I don't think it's fair for the foundry industry to be singled out for this study."

SILICA DUST

Under OSHA's proposed silica-dust regulation, one man is needed for every 50 employees on the payroll to carry out the monitoring requirements. Record keeping will be horrendous.

If such requirements aren't enough to hinder the larger foundries, perhaps OSHA's new and proposed regulations will be. With OSHA now moving into the health area (new dust and noise standards and heat-stress criteria), the potential outlay for foundries will far exceed expenditures for air and water pollution control.

According to the Cast Metals Federation, OSHA is being implemented in an unrealstic manner, forcing large expenditures of funds by even those foundries which have had outstanding safety records.

MATERIALS SHORTAGES

Some foundrymen seem to be just as worried about materials shortages and related problems as they are about environmentally related quandries. And rightly so, since foundries experience shortages of ferrous scrap, merchant pig iron, carbon products, ferro-alloys, refractory products, chemical and organic binders, coke, electricity, natural gas, and foundry machinery.

The major raw material for ferrous casting is scrap iron and steel, which is supplemented by pig iron and, depending on the metal composition desired, a variety of nonferrous metals. One of the major problems of the ferrous-casting industry has been the availability of scrap, which has been scarce and rising in price.

Ferrous casting industry trade associations and individual producers believe that substantial scrap exports are the main cause of the domestic shortages. In 1973, the industry consumed a total of 21.1 million tons of scrap, according to Bureau of Mines figures. Scrap exports in that year amounted to 11.1 million tons. The price of No. 1 melting scrap rose 251 per cent to $121.67 per gross ton from January 1973 to March 1974.

"Scrap is a form of stored energy," says Secretary Brownman. "So we're exporting energy to other countries."

Action by the Government to embargo or limit the exportation of scrap metal temporarily has been urged by the steel foundry industry. Scrap requires only one-third of the energy needed to get the same castings from virgin ore. Yet the United States remains the only industrial nation which exports it.

Although scrap and other material shortages have not been as much of a problem to the foundry industry in the last year, due to the recession, as soon as business picks up to the 1973 level, the industry expects to be in the same trouble as then.

One major problem, according to Mr. Huelsen, is that "much of the low-sulfur coal that the EPA is literally pushing the power companies to burn is metallurgical coal—which in our lifetime will not be a problem, but it could be better used by future generations for iron and steel production. Many wars have been fought in Europe to control metallurgical coal supplies. We are using it for power generation—while it is invaluable."

Experts from the Illinois Institute of Technology contend that using this special commodity merely for energy-producing purposes is criminal. This coal is the *sine qua non* of high-grade steel production. It is accordingly a natural resource to be carefully husbanded.

CHROME

Another invaluable metal is chrome—which is said to be in short supply for some foundries. Even with the recent defeat by the House on the Rhodesian chrome import restriction bill which should help stabilize chrome's price and availability, America depends on chrome that is under Soviet control. This situation stems from the fact that Rhodesian chrome has no market in the industrial countries, thanks to political sanctions involving racial affairs. So Rhodesian chrome has to be sold—at a discount—behind the Iron Curtain.

According to *Nation's Business,* the Soviets already have a lot of chrome of their own, and Western countries have little, so the Soviets buy Rhodesian chrome and sell it, as well as their own chrome, at premium prices to Westerners.

One foundry owner who produces high-alloyed ferrous castings requiring chrome, nickel, molybdenum, silicons, and other alloys and has had serious difficulty obtaining metallurgical chrome in the past year is Lane Currie, president of H. C. Macaulay Foundry Company, Berkeley, Calif.

He tried to buy chrome alloy from Russia through U.S. contacts both here at home and in Russia in 1975. Responses to these inquires were negative and included such comments as "we regret to inform you that we are not in a position to make you an offer for the goods required," and that "over the past few years Soviet chrome exports have been reduced considerably, principally due to the Soviets' increased domestic demand for stainless steel."

Mr. Currie notes that the Russians do not have a surplus to sell to the U.S. at this time—a condition most likely caused by Russia's ferrous foundry expansion mandate to continue to maintain a metal-casting industry far in excess of U.S. production. Mr. Currie also notes that he recently had been acquiring alloys from Rhodesian sources and is greatly concerned as to the continuance of availability dependent upon our governmental intervention regarding another embargo against Rhodesia and the political situation there.

Chrome, which is 98 per cent imported from foreign countries, has two basic functions in a foundry: it hardens and toughens metal, and it helps resist corrosion.

Without chrome alloys, Mr. Curri's foundry would not be able to produce the many component parts for numerous defense projects which include: cell doors for Western Gear's antiballistic missiles; landing gear arrester parts for Platt Manufacturing of Dayton, Ohio; and test fixtures for Lockheed Missile's space equipment and missiles. The H. C. Macaulay Foundry also provides parts for Argonne National Laboratories of Idaho Falls, Idaho; York Manufacturing of York, Pa.; Westinghouse Electric of Sunnyvale, Calif.; Sargent Industries of Huntington Park, Calif.; and Sandia Laboratories of Albuquerque, N. Mex.

PIG IRON

Shortages also have risen to critical levels for merchant pig iron. During the latter part of the past decade, 10 blast furnaces producing merchant pig iron have been taken out of production or converted to hot-metal use for steel mills. During 1972, three more followed, leaving a total of only five blast furnaces engaged in this activity—with one of these often used for steel-mill hot-metal requirements.

OSHA and EPA regulations, along with a substantial increase in imported pig iron, have been major factors in the decline.

Also in short supply are a variety of carbon products. These range from electrodes for arc furnaces to carbon raisers for the production of gray, malleable, and ductile iron—which represents 83 per cent of the total annual casting tonnage produced.

One shortage which is worldwide is that of raw magnesite—used in refractories for steel foundries and arc furnaces. This is another area being affected by OSHA. In the United States, this material is produced synthetically. Delivery is taking approximately two years—with energy availability being given as the chief cause of the shortage. Other refractory products, such as fire clay and silica brick, are running into problems of lengthening lead times despite availability of raw materials.

Another important problem for the industry is a shortage of foundry machinery. When available, improved foundry equipment enables the industry to improve its productivity and expand its capacity substantially. However, with existing lead times for equipment delivery of up to two years, and with the difficulty of obtaining capital, many foundries are forced to stay at their present production level.

One contributing factor to this problem is the overwhelming number of machinery orders received by U.S. manufacturers from countries such as the U.S.S.R. and Poland.

Even though some economists point out that, in theory, shortages of machinery and other products don't exist and that supply and demand equilibrium is almost always achieved by shifts in price—shortages are indeed very real.

They are real to the purchasing agent placed on allocation for raw material supplies or whose margins and competitive position are damaged by skyrocketing prices. And they are real to the military procurement officer whose lead times for weapon systems have quadrupled overnight.

Some of the larger foundries are not affected by materials shortages. In recent years, Blaw-Knox Foundries of East Chicago, Ind., has not been affected—to a major degree that would reflect curtailed operations—by either scrap or chrome shortages. However, this plant is presently limited on maximum natural gas consumption, and production could be curtailed should extreme cold weather conditions exist.

Bob Buckley of Blaw-Knox notes that the industry is given a maximum allocation of gas. However, this allocation can be reduced in order to give preference to residences, hospitals, and other public users. Gas at the East Chicago plant is used mainly for the heat-treating furnaces, and, should gas be in short supply, this part of the operation would have to be reduced.

INFLATIONARY IMPACT

Foundries also are affected by inflation, just as any other industry. The 1971–1974 period of wage and price controls seriously impacted on the ability of the industry to generate profits because of a low profit margin base period. The industry was exempted a few months prior to the expiration of controls, but long after severe damage had been done.

According to the Cast Metals Federation, wage and price controls were not the answer then—and are not the answer to the industry's problems today.

Foundrymen contend that severe environmental, health, and safety controls are not the answer to pollution and safety problems either. And they have supporters in industry and Government.

One is the U.S. Chamber of Commerce, which is supporting amendments to the Water Pollution Control Act, the Clean Air Act, and the Occupational Safety and Health Act—to provide for reasonable, attainable, and cost-effective standards, and compliance schedules to consider social, employment, economic, and energy impacts on a case-by-case basis. The amendments are now being debated by Congress.

Solutions to the foundry industry's problems as outlined in this article will be dealt with in the next installment of this series, to appear in the July–August 1976 issue of National Defense.

THE PUPFISH AND INDIAN WATER RIGHTS

Mr. KENNEDY. Mr. President, on June 7 a unanimous decision of the Supreme Court granted protection to a rare species of desert fish name "pupfish" which inhabit Devil's Hole in Nevada. The Court affirmed a lower court's decree limiting the pumping of underground water by adjacent ranchers. In doing so, the Court breathed new life into the federally reserved water rights doctrine established in earlier cases and cast a shadow across the alleged entitlement of farmers, ranchers, and other water users who pump underground water from sources depended upon by Indian reservations. This decision holds special significance for the Five Tribes of Central Arizona. It also bodes warning to those who, by pumping underground wells adjacent to the reservation, deprive the tribes of water to which they are entitled under Federal law.

In the case of Cappaert against United States, the Court reiterated that:

> When the Federal Government reserves land from the public domain, by implication it reserves water rights sufficient to accomplish the purpose of the reservation.

The purpose, in that case, was the conservation of the Devil's Hole cavern pool and its resident pupfish under the Act for the Preservation of American Antiquities.

Similarly, Indian reservations are entitled to water rights sufficient to accomplish the purposes for which they were created—namely, the preservation and well-being of Indian communities and their economies. The language employed by the Court in Cappaert is unequivocal:

> This Court has long held that when the Federal Government withdraws its land from the public domain and reserves it for a federal purpose, the Government, by implication, reserves appurtenant water then unappropriated to the extent needed to accomplish the purpose of the reservation. In so doing the United States acquires a reserved right in unappropriated water which rests on the date of the reservation and is superior to the rights of future appropriators. Reservation of water rights is empowered by the Commerce Clause, Art. I, Sec. 8, which permits federal regulation of navigable streams, and the Property Clause, Art. IV, Sec. 3, which permits federal regulation of federal lands. The doctrine applies to Indian reservations and other federal enclaves, encompassing water rights in navigable and non-navigable streams.

The Court then cited approvingly the two most important Indian water rights cases in its history, Winters against United States, the foundation of Federal law in this area decided in 1908, and Arizona against California, decided in 1963.

Mr. President, the "pupfish" case explodes the notion that Indian reservations lack an effective judicial remedy to prevent the diversion to other uses of water that is legally and justly theirs. It also underlines the importance of prompt congressional consideration of and action upon S. 3298, the Central Arizona Indian Tribal Water Rights Settlement Act of 1976, which I introduced on April 13, with the cosponsorship of the Senator from Michigan (Mr. HART), the Senator from Minnesota (Mr. MONDALE), and the Senator from South Carolina (Mr. HOLLINGS).

The Committee on Interior and Insular Affairs has not yet scheduled hearings, though hearings are urgently needed to show that Congress is serious about the settlement of Indian water rights and also to prevent a proliferation of pupfish-inspired suits against central Arizona water users—a development which could wreak havoc upon the economy of that area.

PRESIDENT FORD SPEECH TO THE SOUTHERN BAPTIST CONVENTION

Mr. SCHWEIKER. Mr. President, I think it is appropriate today to call to the attention of my colleagues President Ford's remarks to the 1976 Southern Baptist Convention this week. In a decade when public confidence in Government fell to an alltime low, the need for public officials to set a good example for others is greater than ever. The President put it well when he said:

> The American people, particularly our young people, cannot be expected to take pride or even to participate in a system of Government that is defiled and dishonored, whether in the White House or in the halls of Congress.

I ask unanimous consent to have printed in the RECORD the text of the President's remarks.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE REMARKS OF THE PRESIDENT TO THE 1976 SOUTHERN BAPTIST CONVENTION—SCOPE CONVENTION CENTER

Dr. Weber, Congressman Downing, Congressman Daniel, Mayor Hill, members of the Executive Committee, ladies and gentlemen:

It is truly a great honor for me to be the first President of the United States to address this Southern Baptist Convention. I recall with great interest the last time I was introduced at an event sponsored by the Southern Baptists. It was a Brotherhood Commission prayer breakfast in Dallas almost exactly two years ago when I was Vice President. The man introducing me was very considerate, very generous in his remarks and very friendly. I was introduced as a man with an open mind and a compassionate heart, and today I would like to return that compliment to the gentleman who introduced me then—Governor Jimmy Carter.

The honor you have paid me with the invitation to speak at this convention is very special to me in a very personal way. Although our religious denominations are different, I have long admired the missionary spirit of Baptists and the fact that you strive to keep the Bible at the center of your lives. I also respect and appreciate your commitment to health care and educational advancement of your fellow citizens, as exemplified by the many hospitals, universities and seminaries supported by Baptist churches.

My oldest son, Mike, who is now a divinity student at Gordon-Conwell Seminary in Massachusetts, was graduated from the Baptist-affiliated Wake Forest University, and it was my pleasure four years ago to be the speaker at his graduation ceremony.

We meet today in a year of historic importance and national celebration—the Bicentennial year of American independence. Even as your denomination has grown from fewer than 500 people in America at the beginning of the 18th Century to almost 13 million today, Baptists have played a very fundamental part in the birth and growth of America.

An early champion of religious freedom—which the great Baptist Minister George Truett once called "the supreme contribution of the New World to the Old"—was Roger Williams, founder of Providence, forerunner of Jefferson and giant among Baptists. The principle of democracy itself was rooted deeply in the Baptist Church long before there was a United States of America. Thomas Jefferson so admired the Baptist form of church government that he called it the purest democracy in the world.

Abraham Lincoln's mother, a devout Baptist, was perhaps the most important and enduring influence in the memorable life of her son, implanting in him a deep faith in God and always encouraging him to be somebody. History gives us many, many more examples of profound Baptist influence on American life, a tradition still being enriched today.

Billy Graham came from your ranks to become one of today's most influential Christian evangelists and one of the most admired men of our times. Brooks Hays—twice the President of this convention, a former colleague of mine in the House of Representatives and a very dear friend, has stood through his distinguished career as a man of courage and a man of conviction, a man of towering moral strength, a man who sets a good example for all of us in public or private life.

These rich contributions of religious liberty, democratic principles, social equality, evangelistic fervor and moral strength have reserved for your people an honored place in American society. You have always jealously guarded the separation of church and State but you have always believed that private morality and public service can and must go hand in hand.

The essential task of leadership in our modern age as in ages past is to inspire, to teach, to act with courage, to live with honor and to show the way.

The minister in the pulpit, the teacher in the classroom, the foreman on the dock, the executive in the boardroom, the commanders of armies and navies, the parents of children all share the burden and the satisfaction of leadership fully as much as those who serve in government.

What is required of us all if we are to lead successfully, as a long moral foundation? We cannot stand very long on the shifting sands of "situation ethics." History proves that power and prestige are slippery peaks from which the mighty have often fallen into disgrace. Jesus said, "What is a man profited, if he shall gain the whole world and lose his own soul?"

We stand in danger today of losing the soul of America to the seductions of material gain and moral apathy, to a new code of conduct which revives the basic truths and mocks the basic beliefs on which this Nation and much of religion were founded.

Forgiving hearts and tolerant attitudes are among the greatest lessons of Christian teaching, but at some point we must take a stand and say this is right, this is wrong—there is a difference.

In this Bicentennial year we celebrate our independence from a foreign power, but we reaffirm our dependence upon a higher power. We recognize, just as George Washington did in his first inaugural address, that no nation on earth can owe more to providence than the United States of America. Our greatness is because of our goodness. Should we cease to be good, we would soon cease to be great.

Public officials have a special responsibility to set a good example for others to follow, in both their private and public conduct. The American people, particularly our young people, cannot be expected to take pride or even to participate in a system of Government that is defiled and dishonored, whether in the White House or in the halls of Congress.

Jesus said, "Unto whomsoever much is given, of him shall much be required." Personal integrity is not too much to ask of public servants. We should accept nothing less.

The American people have seen too much abuse of the moral imperatives of honesty and of decency upon which religion in Government and civilized society must rest. To remedy these abuses we must look not only to the Government but, more importantly, to the Bible, the church, the human heart. We must look to the family for the instruction in righteousness and for the stabilizing influence so important in a complex, confusing and ever-changing world. We must look to the faith of our fathers. The laws of God were of very special importance to our Founding Fathers and to the Nation they created.

The early history of our country was written by men who valued the freedom of religion and had in common a deep faith in God. I believe it is no accident of history, no coincidence that this Nation, which declared its dependence on God even while declaring its independence from foreign domination, has become the most richly blessed Nation in the history of mankind and the world. For it is as true today as it was in the Old Testament times that "blessed is the nation whose God is the Lord." I believe that very deeply and so do you.

In my own life and throughout my career in public service, I have found in the passages of the Bible a steady compass and a source of great strength and peace. As each of my predecessors in the Presidency has done, I asked for God's guidance as I undertook the duties of this office. I have asked for that guidance many times since. Just as Roger Williams and his followers found refuge in Providence, more and more Americans today are turning for refuge to the safe harbor of religious faith—a fact born out by your own rapidly increasing membership roll.

This rekindling of religious conviction, this new appreciation for Biblical teaching we see in America today is an encouraging development as we move into our third century as a Nation. It means that we will resolve to make our society not only prosperous but noble, not only progressive but constructive. We may come to know peace not as the mere absence of war but as a climate in which understanding can grow and human dignity can flourish.

While we are far from attaining heaven on earth, we can make this earth a better place to live. That must be our constant goal, whether we labor in Government or in the kingdom of God.

The Southern Baptist Convention has sought throughout most of its history to overcome the enemies of the world—ignorance, disease, poverty, tyranny, injustice, greed and war itself—even while setting your sights on the gates of heaven.

As America enters its third century still battling these enemies, still reaching for life on a higher plane, we could ask no better inspiration than these words of a favorite passage of mine from the Book of Proverbs: "Trust in the Lord with all thine heart and lean not unto thine own understanding. In all thy ways acknowledge Him and He shall direct thy paths."

Thank you very, very much.

AMNESTY INTERNATIONAL

Mr. KENNEDY. Mr. President, recently, the U.S. affiliate of Amnesty International sent a cable to the OAS General Assembly urging greater action on behalf of human rights in the hemisphere.

In addition, the Organization raised additional questions concerning the status of human rights violations in Chile, Argentina, Uruguay, Brazil, and Cuba. I believe it is important that we recognize what is occurring in too many countries within the hemisphere as well as examining to what degree our own policies in the hemisphere have helped cause this situation. I bring to the attention of my colleagues the cable and the accompanying statement of Amnesty International, which I ask unanimous consent to have printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Amnesty International, USA Cables OAS General Assembly

Professor Ivan Morris, Chairman of the Board of Amnesty International, sent the following cable June 4, 1976 to His Excellency Alejandro Orfila, Secretary General of the Organization of American States:

Amnesty International, USA most respectfully submits the following recommendations upon the occasion of the 6th general assembly meeting of the OAS.

1. The Inter-American Commission on Human Rights of the OAS be allowed free access to investigate all reports of violations of human rights in any member state.
2. The U.N. Human Rights Commission visit Chile within the next 30 days as announced following U.S. Secretary of the Treasury William E. Simon's visit to Chile in mid-May.
3. The Inter-American Commission on Human Rights Report on Chile be thoroughly discussed at this General Assembly.
4. The rights of refugees and exiles in all member nations be guaranteed according to international legal norms.

Signed,

Professor Ivan Morris, Chairman of A.I. U.S.A.

Professor Morris sent the cable in the light of increasing violations of human rights in Latin America, including systematic use of torture, disappearances, the recent murders of parliamentarians in Argentina, and uncontrolled activities of military intelligence services.

Amnesty International urges the OAS to fully discuss the agenda item of the report of the Inter-American Commission on Human Rights in Chile. This report which accuses the military junta of "very grave violations of human rights" is dated November 21, 1974. At last year's meeting, following a private agreement among member nations, the OAS General Assembly refused to discuss the report, giving as a reason the impending visit to Chile of the U.N. Human Rights Commission which was then denied entrance by the Chilean government.

As pointed out in a recent article in the New York Times by Jose Zalaquett, a leading Chilean human rights lawyer arrested and deported to France after having spoken to three visiting U.S. Congressmen about human rights violations, "Although the junta is carrying out fewer arrests, it has recently undertaken new measures to increase fear and silence critics. They are directed primarily against the churches, universities, labor unions and some elements of the news media."

Amnesty International has recently learned of new arrests of at least 185 people in Antofagasta May 18th, and of further arrests of trade union leaders and members of the Communist party in the Santiago region on the 17th and 18th of May. Those arrested in Antofagasta have been taken to prison in Santiago.

This recent wave of arrests only underlines another point by Zalaquett, "A sophisticated totalitarian government is more dangerous than a crude one and the recent Chilean developments show the increased sophistication of the junta. But there is no evidence of any real progress for human rights."

The situation of "disappeared persons" is extreme in Chile and becoming so in Argentina. In his testimony before the U.S. House of Representatives subcommittee on International Organizations on May 5, 1976 Jose Zalaquett testified that the files of the Chilean ecumenical Committee for Peace included approximately 1,040 prisoners who have disappeared after being arrested whom the government does not acknowledge as even being placed under arrest. According to estimates of the Committee for Peace, about 95,000 people were arrested during the first 18 months of the military government for a period of at least 24 hours, a report accepted by the New York Times as recently as April 12, 1976. In Argentina, because of the news blackout, there are no reliable estimates.

If the OAS does not produce a clear statement on the issue of human rights, then the Chilean government will have succeeded in its tactic of making small temporary concessions with human lives during periods of increased international pressure, while continuing to silence all internal protest.

A.I.U.S.A. notes with deep regret the recent deaths of Uruguayan exiles arrested in Buenos Aires. Their bodies, most bearing marks of torture, were found in the outskirts of Buenos Aires on May 20th. These included two former Uruguayan parliamentarians, Senator Zelmar Michelini and Hector Gutierrez Ruiz, former President of the Uruguayan Chamber of Representatives. Another Uruguayan, Dr. Manuel Liberoff, disappeared at the same time and is still missing.

A.I.U.S.A. is alarmed at the recent tendency toward the abandonment of the traditional right to asylum and lack of tolerance toward political exiles and refugees.

In his inaugural address as President of Argentina in March, General Jorge Rafael Videla promised to respect human rights. Foreign Minister Cesar Augusto Guzetti assured the United Nations High Commissioner for Refugees April 5th that the thousands of political refugees from other countries living in Argentina will not be persecuted or returned to their countries of origin. There is overwhelming evidence to the contrary.

On April 10, Chilean refugee Edgardo Enriquez Espinosa was abducted from his home in Buenos Aires together with a Brazilian woman, Regina Macondes. In early May it was reported that he had been repatriated and was held in a torture center in Chile. The Argentinian authorities are reported to have denied the repatriation, but they continue missing.

In spite of statements made by the new Argentine authorities that international law would be respected and the rights of refugees protected, reports from Argentina prove otherwise. There are approximately 9,000 defacto refugees who have been declared eligible for U.N. High Commission for Refugees protection but who have not been granted asylum. There are reports of "black lists" that have been circulated to embassies in Argentina naming people who must not be granted asylum.

It is alarming to us that the Argentine government has banned the press to report on arrests, disappearances or killings. Reports received by Amnesty International range from between nine and 30,000 arrests since the military takeover, but there are no reliable estimates as lists of detainees have not been issued even in the face of increasing international pressure. This lack of information is clearly disturbing to the population and to the relatives of arrested or disappeared persons who have no access to information about the fate of their family members.

A.I.U.S.A. questions what measures have been taken to investigate allegations that foreign political police agents (Chilean, Paraguayan and Uruguayan) operate inside Argentinian territory with impunity. There is evidence of collaboration between the political and military police of neighboring countries throughout the Southern Cone.

A.I.U.S.A. also is concerned at reports that members of the Argentinian police and military are involved in the parapolice organization, Argentinian Anticommunist Alliance (AAA) responsible for over 2,000 killings before the March 1976 military coup and for at least 300 further assassinations after. It questions what steps have been taken to curb the activities of the AAA.

Just as in Chile after the September 1973 coup, Latin American exiles in Argentina are subject to persecution, torture and assassination because, in the eyes of the security forces, exiles are seen as potential "subversive" elements. Some of the exiles have been politically active in their countries; others have been persecuted simply because they were relatives of alleged subversives, intellectuals or officials of a former government, or sometimes for no apparent reason whatsoever.

Amnesty International mounted a worldwide campaign this spring to exercise pressure on the Uruguayan authorities and to create mode awareness about the human rights situation in Uruguay. There are further reports that torture has not stopped—further reports brings the total to 28 known cases of death under torture. Amnesty International estimates there are 4000 political prisoners in Uruguay, a county of 2.5 million people.

Reports from Brazil indicate that many journalists (including Vladimir Herzog, who died in custody in October, 1975), trade unionists, lawyers and workers have been arrested during the past year for alleged connections with the Partido Comunista Brasilero (PCB), and there has been a consistent pattern of torture used to extract confessions, aimed at substantiation of the government's claims that the Movimiento Democratico Brasileiro (MDB) has links with the illegal communist party. Many of the accused have consistently denied the charges or retracted confessions extracted through torture. The estimated number of persons detained over the period of January to November 1975 has been put at 1500. Almost all reports of detention received by Amnesty International over the past 12 months have been accompanied by allegations of maltreatment which range from psychological intimidation to the most brutal forms of torture.

Another wave of repression was launched by the Paraguayan authorities in early April, 1976, after the alleged discovery of a new guerrilla network, called the Organizacion Politico-Militar (OPM). Similar waves of violent repression in Paraguay have been carried out in the past. A conservative estimate says that about 350 people were arrested during April 1976. The Police Investigation Department—a place noted for the continuing use of barbaric torture was still crowded with many of the 200 people reportedly arrested or disappeared in late November and throughout December 1975. On March 17, 1976, Amnesty International sent a letter to the OAS Inter-American Commission on Human Rights urging an investigation of reports of gross violations of human rights in Paraguay, citing 55 cases of persons arrested and maltreated late last year.

Amnesty International continues to receive repeated allegations of long-standing serious violations of human rights in Cuba, notably numerous cases of imprisonment under subhuman conditions for long periods of time. The Cuban government has still failed to agree to accept any impartial investigations by Amnesty International or other human rights organizations, but we shall continue to press for such an investigation.

Amnesty International does not single out any country or group of countries for criticism. It works for the release of men and women imprisoned anywhere for their beliefs, color, language, ethnic origin or religion, provided they have not used or advocated violence.

PUBLIC WORKS EMPLOYMENT ACT OF 1976

Mr. WILLIAMS. Mr. President, yesterday the Senate approved, by an overwhelming margin, the conference version of S. 3201, the Public Works Employment Act of 1976. As a strong supporter of this bill, I am pleased the Senate has taken affirmative action to meet the needs of unemployed and underemployed Americans. I am confident the House will again demonstrate its commitment to putting Americans back to work and approve this legislation.

The Public Works Employment Act of 1976 provides $2 billion in antirecessionary public works authorization which would go to State and local governments for public works projects. Simply stated, this bill means more jobs for unemployed Americans. It offers hope to hundreds of thousands of the unemployed. At a time when millions are seeking jobs, there exist numerous vital public works projects that need to be undertaken to improve life for everyone. I know a majority of my colleagues agree, expenditures for public works, such as road construction and repair, the construction of public buildings, and transportation and recreation facilities would be far more productive than spending money on unemployment compensation.

The administration has shown that it does not care about putting people back to work, and the country is paying a terrible price for the President's lack of commitment. The national unemployment rate remains at an unacceptable 7.3 percent. The national rate among the construction industry, which is targeted for much of the relief in this bill, is nearly twice that figure. In some areas of my State of New Jersey, the unemployment rate for the construction trade hovers around an intolerable 40 percent. These statistics underscore the need to provide jobs quickly.

Mr. President, the job creating provisions in S. 3201 require urgent approval. The President says we should solve unemployment by stimulating corporate growth and hoping jobs will trickle down to those in need. But complex economic formulas and the promise of jobs at some future date provide little consolation to the unemployed with a family to support. I submit, the best way to attack joblessness is with jobs. S. 3201 provides jobs immediately for those who need them most.

I am particularly pleased to express my full support for the part of this legislation which provides countercyclical, antirecession aid to the States and localities which have been hardest hit by the economic crisis. For a great number of States and local communities, economic recovery is still months away. This legislation would extend badly needed Federal funds to allow them to maintain vital public services.

The recession has forced many State and local governments to face the hard choice of reducing expenditures or raising taxes in order to maintain balanced budgets. Some have been forced to do both. These cutbacks have meant fewer public services, job layoffs, reduced tax revenues and a continuing cycle of recession. It may be almost impossible for some areas to break out of this cycle without the kind of emergency assistance provided under this legislion.

My home State of New Jersey has been forced to cut more than $350 million from a $3.7 billion budget that would have done little more than maintain services at their fiscal 1975 level. Education, health and medical services, and public safety have all felt the weight of these cutbacks.

Of course, the need to maintain public services is not the only problem which this legislation addresses. The Federal Government's efforts to stimulate the economy and to encourage the process of recovery is weakened if the fiscal problems of our State and local governments are permitted to go unrelieved. The Tax Reduction Act of 1975 and the subsequent extension of the tax cuts were among the most important tools that Congress has used to combat the recession. However, if State and local governments must increase their own taxes in order to support a minimum level of services, the beneficial effects of the tax cut are reduced, and the Federal Government's effort to bring about full economic recovery is substantially undermined. We should also note that States and localities are highly dependent on regressive property taxes which are least conducive to economic recovery.

Under the countercyclical antirecession aid part of this legislation the Federal Government would authorize a maximum of $1.375 billion of which New Jersey would receive a sizable share. This amount would be spread over five succeeding calendar quarters to begin with the third quarter of 1976, which begins July 1, 1976. To trigger this assistance, the national unemployment rate must have reached 6 percent during the previous calendar quarter. The size of the payments to be received by the State and local governments would depend on the amount they receive in revenue-sharing funds, and the extent to which the unemployment rate exceeds the national average. Local governments could expect to receive the largest share of antirecessionary payments, as they are allocated the largest portion of revenue sharing funds.

It is essential we mount a direct attack on the problem of unemployment by providing immediate jobs for those who need them. At the same time we must produce a coordinated, long-term, antirecessionary program. The antirecessionary public works legislation we approved yesterday provides a responsible method of channeling urgently needed financial assistance to areas where recession has jeopardized the delivery of essential public sevices. Furthermore, it enhances the overall Federal effort to provide a stable economic climate.

Mr. President, yesterday's overwhelming approval of S. 3201 has demonstrated again Congress strong commitment to helping the unemployed. The needs of America's jobless require this legislation to become law at the earliest possible date.

SEC PERFORMING A SERVICE TO THE NATION IN ROOTING OUT CORPORATE MISCONDUCT

Mr. PERCY. Mr. President, in a recent letter to our distinguished colleague Senator Proxmire, the Secretary of Commerce, Elliot Richardson, criticized recent actions which the SEC has taken against corporations which have made illegal and questionable bribes and payments. In his letter, Mr. Richardson contends that the SEC actions "may be based on tenuous legal grounds."

I am pleased, though not at all surprised, to report that the Chairman of the SEC, Rod Hills, came quickly to his agency's defense in a strongly worded letter to Secretary Richardson. Chairman Hills termed Secretary Richardson's broad criticism of the agency and his vague challenge of the authority under which it has acted "unfounded, inappropriate, and ill-timed."

Mr. Hills expressed the Commission's concern that the Secretary's comments "may cast an ambiguous cloud over our activities."

Chairman Hills, and the entire staff at the SEC, deserve our strong support and praise, for the courageous actions they have taken in investigating illegal corporate bribes and kickbacks both here and abroad. The SEC has been virtually the only executive branch Government agency which has to date shed light into this sordid area, and their activities constitute a valuable public service.

Although I do not know the full background leading to Secretary Richardson's criticisms, it would seem that Chairman Hills was well-justified in suggesting that, before the Secretary went public with his charges, those charges could "have been responsibly raised in discussions directly with me or our staff."

Clearly, as Secretary of Commerce, Mr. Richardson feels an obligation to articulate the views of segments of the business community which are upset, that certain "established" modes of doing business are now being challenged. Perhaps this is the "zeal and militancy" to which he alludes. I would suggest, however, that my own statements before the Business Council, on the Senate floor and during the course of public hearings of the Multi-National Subcommittee of the Foreign Relations Committee as to the grave dangers to democracy and the free enterprise system of continued payoffs, bribes, kickbacks, and submission to extortion, may have sounded zealous and militant to some but have been fully supported by an overwhelming majority of responsible business leaders in America.

In my view, however, the pressures that are undoubtedly being exerted in an election year, should not cause us to ignore the need for integrity in the international marketplace and a higher standard of corporate responsibility. Payoffs, bribes, kickbacks, and the like are indefensible. And to the extent that the SEC is boldly trying to root out these practices—under the glare of public exposure—that Agency and its Chairmen are performing a service for this Nation and for American business. For that, they deserve our gratitude.

Mr. President, I ask unanimous consent that an article from this morning's Washington Post which describes this matter be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

SEC Criticism Splits Richardson, Hills

(By John F. Berry)

Chairman Roderick M. Hills of the Securities and Exchange Commission told Commerce Secretary Elliot L. Richardson yesterday that his recent criticisms of the SEC were "unfounded, inappropriate and ill-timed."

Richardson could not be reached for comment, but an aide predicted the secretary "will want to answer Hills in a conciliatory fashion."

What angered the SEC chairman was a letter on Monday from Richardson to Sen. William Proxmire (D-Wis.) that raised legal doubts about the SEC's recent suits against corporations for illegal and questionable payments.

In laying out the administration's own proposal for legislation to stem foreign payoffs, Richardson had said the SEC's approach "may be based on tenuous legal grounds."

Richardson also rapped the young staff of the SEC enforcement division, which is often under fire from the business community. "There may be virtue in a legislative scheme which does not depend for its viability on the continued zeal or militancy of its administrators," Richardson wrote.

Hills, in his strong reply yesterday, told Richardson, "The commission is concerned that your comments may cast an ambiguous cloud over our activities and that they may be erroneously cited by those who may be the subject of current or future enforcement actions."

He said that Richardson's mention of "zeal or militancy" suggested "an antagonism to prior commission action that could have been responsibly raised in discussion directly with me or our staff."

Hills, who was in Los Angeles on Monday when Richardson's unexpected letter was released and who has since had laryngitis, worked on the letter at home with an aide.

Hills told Richardson, "Your decision . . . to broadly criticize the commission and ambiguously challenge the authority under which we have acted is unfounded, inappropriate and ill-timed."

He concluded, "If you believe we are incorrect, we would appreciate a more useful articulation of the problems you perceive."

Over the past two years the SEC has been virtually alone among government agencies in investigating bribes, kickbacks, and questionable and illegal payments both in the United States and abroad. It has sued 17 companies for failing to disclose domestic and foreign payments. In addition, more than 100 companies have voluntarily admitted making such payments.

Proxmire has introduced legislation that would provide criminal penalties for illegal foreign payments. Richardson, in his letter to Proxmire, laid out the administration's milder bill.

Companies that do not report questionable payments could be subject to criminal or civil penalties, but there would be no sanctions against companies that volunteer information about such payments. The State or Commerce departments would be charged with enforcement, and reports of the illegalities would not be made public for "an appropriate interval, such as one year," Richardson wrote.

The legislation proposed by Richardson was drawn up by a task force appointed by President Ford. According to administration sources, Richardson's letter was not reviewed by other task force members. Sources say some members of the force, which includes the Secretaries of State, Treasury and Defense, and the Attorney General, called Hills to apologize for the criticism of his agency in Richardson's letter.

Reportedly the White House opposed submitting any legislation on the payoffs' question. Sources said State and Treasury officials were against anything that might burden businesses and at the same time cause problems with foreign governments.

Richardson reportedly was in favor of legislation, and to support his contention, his staff drafted a strong advocacy statement. Among other things, it claimed that legislation was needed because the SEC was on rocky legal grounds in its various suits. This same point has been raised by some corporate lawyers, although the SEC suits have not been challenged in court.

With Proxmire calling on the administration to state its position, the Richardson letter was quickly drafted. Much of the advocacy statement, prepared by Richardson's staff, was included without editing.

THE ASSASSINATION OF AMBASSADOR MELOY

Mr. PELL. Mr. President, once again members of the Foreign Service who were serving their country abroad bravely and with great distinction have paid for their dedication with their lives. Yesterday, Ambassador Francis Meloy, his economic counselor Robert Waring, and an embassy chauffeur were assassinated in Beirut, Lebanon. Their coldblooded murder in a country beset by a tragic and cruel civil war is yet further evidence that, since the end of the Vietnam war, diplomacy is probably the most dangerous of occupations.

The names of Ambassador Meloy and Mr. Waring will soon take their places on the grim and growing list of Foreign Service personnel who have lost their lives in the line of duty. The marble tablets in the diplomatic lobby of the State Department building on which their names will soon be inscribed serve as reminders of the grave risks which American diplomats and their families run as a normal part of a Foreign Service career.

Since 1968, there have been 37 major acts of violence against Foreign Service personnel abroad, including 11 deaths at the hands of terrorists and 20 kidnappings. Among those killed by political assassins were four American Ambassadors, the latest victim being Ambassador Meloy.

Ambassador Meloy was an old, good friend of mine and of my wife. He joined the Foreign Service the same time I did. I knew him to be a highly gifted, dedicated, and intelligent man—an example, in fact, of the finest that the Foreign Service has to offer our Nation. All of us who knew and worked with him will miss him greatly.

We live in an age of increasing political violence and violent politics in which assassination, kidnappings, and hijacking are employed in the name of one political cause or another. Yet such acts are senseless, as they cannot change American policy or advance the causes of their perpetrators. In the end, those causes are discredited by the acts of violence carried out in their name. The search for peace in Lebanon has certainly not been furthered by the senseless killing of two Americans who were trying to help in that search.

Mr. President, in this regard, I ask unanimous consent that an editorial which appeared in today's New York Times be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the New York Times, June 17, 1976]

Fallen Ambassador

Three senseless deaths were added to the tens of thousands of innocent victims already fallen to marauding civil war in Lebanon: the United States Ambassador, his Economics Counselor and the embassy driver, executed in Beirut by elements unknown.

Ambassador Francis E. Meloy Jr. had been at his post only 35 days. Setting off on his last drive through the rubble of a Beirut no-man's-land, he was about to have his first working encounter with Lebanon's President-elect Elias Sarkis. No rational purpose can explain this act of criminality—only a desperate intent to provoke a great power.

Some day, perhaps, the full story of United States mediation efforts to resolve the Lebanese tragedy will be revealed; for the present it seems clear that all responsible governments of the area—Syria, Israel, the rival leaders of Lebanon itself—have found the American role essential and helpful. Responding to provocation now would only undo what has been accomplished and serve no interests except those of the terrorists. In this awareness, President Ford rightly declared that the United States would "not be deterred from its search for peace," the search in which the Ambassador was himself engaged in his last hour.

The most fitting monument to the memory of Ambassador Meloy and his colleagues will be a truce and a political settlement in which all sides can join to restore Lebanon to the pride and standing of a nation at peace.

INVESTIGATION INTO DEATHS OF AMERICAN CITIZENS IN CHILE

Mr. KENNEDY. Mr. President, 2 days ago, Congressman Dante Fascell, chairman of the House Subcommittee on International Political and Military Affairs, and I requested that the State Department investigate new information that a high Chilean military officer ordered the execution of a U.S. citizen, Charles Horman, at the time of the Chilean coup.

In a letter to the Secretary of State, we also urged the Secretary to investigate whether the additional information also applied to the death of another U.S. citizen, Frank Teruggi, Jr. who also was killed after being arrested by Chilean military officials.

We previously had requested and obtained a special GAO study on the adequacy of U.S. Embassy procedures to protect U.S. citizens abroad. The study found serious inadequacies and particularly noted that in Chile after the coup protection of U.S. citizens was hindered by departmental policies. Also, the study noted that even though high level informal discussions occurred, they did not cover the problems of detained Americans. In fact, several Americans received refuge in foreign embassies and in the apartment of a U.S. official, but requests for refuge in the U.S. Embassy and Consulate were not acted upon.

The letter followed news reports of an interview with a Chilean military intelligence officer alleging he was present when a high Chilean military officer ordered the execution of Charles Horman.

I ask unanimous consent that the letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Committee on
International Relations,
Washington, D.C., June 10, 1976.

Hon. Henry A. Kissinger,
The Secretary of State,
U.S. Department of State,
Washington, D.C.

Dear Mr. Secretary: Today's Washington Post carries a news report that a former Chilean intelligence officer, now in refuge in the Italian embassy in Santiago, has alleged that Chilean officers, whom he identified, ordered the death of Charles Horman, a U.S. citizen who was killed in the wake of the 1973 Chilean coup.

Our Subcommittees would appreciate your Department's full and prompt investigation into these charges. If the allegations are confirmed we would expect the United States Government to take all appropriate steps to see that those responsible are brought to justice. Please furnish us with a complete report on your findings as expeditiously as possible, consistent with the requirements of a thorough investigation.

Please also advise us of any new information furnished by the Chilean intelligence officer, Mr. Rafael A. Gonzalez Verdugo, or others regarding those responsible for the death of U.S. citizen Frank Teruggi, Jr., during the coup.

In addition, we would appreciate being advised of the status of the application of Mr. Rafael A. Gonzalez Verdugo and his family to come to the United States and of any steps being taken by our government in behalf of the Gonzalez family.

Sincerely,

Dante B. Fascell,
Chairman, Subcommittee on International Political and Military Affairs, U.S. House of Representatives.

Edward M. Kennedy,
Chairman, Subcommittee on Refugees and Escapees, U.S. Senate.

ORDER DESIGNATING PERIOD FOR THE TRANSACTION OF ROUTINE MORNING BUSINESS AND RESUMING CONSIDERATION OF UNFINISHED BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the two leaders or their designees have been recognized under the standing order on tomorrow there be a period for the transaction of routine morning business, not to extend beyond the hour of 9:30 a.m., with statements limited therein to 5 minutes each, and that at the conclusion of routine morning business the Senate resume consideration of the unfinished business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR STONE ON THURSDAY, JUNE 24, 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on next Thursday, Mr. Stone be recognized for not to exceed 15 minutes after the two leaders or their designees have been recognized under the standing order.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 9 a.m. tomorrow. After the two leaders or their designees have been recognized under the standing order, there will be a period for the transaction of routine morning business not to extend beyond the hour of 9:30 a.m. with statements limited therein to 5 minutes each. At the conclusion of morning business, the Senate will resume consideration of the unfinished business. There will be rollcall votes tomorrow.

ADJOURNMENT TO 9 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move in accordance with the previous order, that the Senate stand in adjournment until the hour of 9 a.m. tomorrow.

The motion was agreed to; and at 9:25 p.m., the Senate adjourned until tomorrow, June 18, 1976, at 9 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate June 17, 1976:

Commodity Futures Trading Commission

Robert L. Martin, of Illinois, to be a Commissioner of the Commodity Futures Trading Commission for the term expiring June 19, 1981.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Thursday, June 17, 1976*

The House met at 10 o'clock a.m.

Father Harry J. Tasto, St. Gertrude's Church, Litchfield, Minn., offered the following prayer:

You will show me the path of life: in Your presence is fullness of joy.—Psalms 16: 11.

Almighty God and Eternal Lord of Life, our religious experience is built around our faith in Your abiding presence in creation. It is built around accepting Your love as a gift. It is built around accepting the fact that we are accepted by You. But this kind of faith in You is expressed in obedience to Your plan in creation. Help us to show our sincerity; help us to show our depth and the reality of our faith through obedience.

Help us to learn from those who are alert and sensitive to the signs of Your presence. Help us not only to see the signs of Your presence but to follow as well. Guide us in this journey of life so we may make the necessary changes and sacrifices as we carry on the work of creation.

In all the expectancy of our Bicentennial, help us to read the signs to a better world and in obedience to Your plan of creation help us to follow them. In the name of the Lord of Creation, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment joint resolution of the House of the following title:

H.J. Res. 726. Joint resolution to authorize and request the President to establish a "National Bicentennial Highway Safety Year."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3201) entitled "An act to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 11670. An act to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and off-shore establishments, to authorize for the Coast Guard a year-end strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes; and

H.R. 13069. An act to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands.

The message also announced that the Senate had passed bills and joint and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 2477. An act to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes;

S. 3380. An act for the relief of Miss Mary Vance Trent;

S.J. Res. 179. Joint resolution to authorize the President to issue a proclamation designating July 2, 1976, a "National Bicentennial Day of Prayer of Thanksgiving and Guidance"; and

S. Con. Res. 122. Concurrent resolution directing the Secretary of the Senate to make corrections in the enrollment of S. 3201.

FATHER HARRY TASTO

(Mr. NOLAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NOLAN. Mr. Speaker, on behalf of the House of Representatives, I would like to welcome this morning Father Harry Tasto of St. Gertrude's Church in Litchfield, Minn.

Fifteen years ago, the President of the United States reminded us that we are the instruments of God here on Earth—that His work here must be our work. Father Tasto's ministry has been one of involvement—in his church, his community, and his Government. He is a man with ideas and the courage and commitment to turn his ideas into practical action. It is appropriate, then, that he lead the House of Representatives in prayer this morning before we sit down to the task of turning our commitments into workable programs to better the lives of all Americans.

THE LATE ROBERT O. WARING, FOREIGN SERVICE OFFICER

(Mr. REUSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REUSS. Mr. Speaker, Robert O. Waring, a Foreign Service officer and economic counselor to our Ambassador in Beirut, was murdered yesterday as he escorted the Ambassador, Francis E. Meloy, Jr., who was also slain, on a visit to the Lebanese President-elect.

Mr. Speaker, Bob Waring was my neighbor and my friend. His children played with my children. His wife dyed Easter eggs with my wife. With him I spent many an evening talking, among other things, about how to keep this country strong and good. There never was a public servant more dedicated to his service than Bob Waring. There never was a Foreign Service officer who better represented his fellow Americans abroad.

Now he has gone to join the goodly company of patriots who have died in their country's service. Let his widow, Irene, and his four fine children, mix with their sorrow pride in this good man.

MINORITY LEADER'S BOOK PUBLISHED ON ANNIVERSARY OF WATERGATE

(Mr. O'NEILL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I understand that today is the official publication date for the memoirs of my colleague and sometime golfing partner, the distinguished minority leader. He has chosen an appropriate day. This is the fourth anniversary of another Republican outrage—the Watergate break-in. I understand that the gentleman's memoirs are also an exercise in futility. May it be a best seller for him.

MINORITY LEADER'S BOOK DESCRIBED AS "EXPLOSIVE"

(Mr. RHODES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RHODES. Mr. Speaker, I am deeply touched by the kind words of my dear friend and golfing companion, the gentleman from Massachusetts (Mr. O'Neill). I am sure that the sales of the book will be enhanced by his approbation.

The fact that the fourth anniversary of Watergate was picked came about, of course, by accident, because as the gentleman well knows, had I been aware of the fact that Watergate occurred on this day, it is the last date I would have picked.

Mr. O'NEILL. Mr. Speaker, if the gentleman will yield, I accept his apology.

Mr. RHODES. However, I think, Mr. Speaker, on reflection that it might be important to opine that the contents of the book might be just about as explosive as far as the Democratic Party is concerned as Watergate was as far as the Republican Party is concerned.

PRINTING OF BOOKLET ENTITLED "DUTIES OF THE SPEAKER"

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I call up the concurrent resolution (H. Con. Res. 623) providing for the printing of a booklet entitled "Duties of the Speaker," and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. Con. Res. 623

Resolved by the House of Representatives (the Senate concurring), That ten thousand copies of a booklet entitled "Duties of the Speaker" be printed as a House document for the use of the Speaker of the House of Representatives.

Sec. 2. The Joint Committee on Printing and the Joint Committee on Arrangements for the Commemoration of the Bicentennial shall control jointly the arrangement and style of the booklet authorized to be printed by the first section of this concurrent resolution.

SEC. 3. The number of copies authorized to be printed by the first section of this concurrent resolution shall be in lieu of the usual number of copies.

PRINTING OF WALKING TOUR MAP OF AREA SURROUNDING U.S. CAPITOL

Mr. BRADEMAS. Mr. Speaker, by direction of the Committee on House Administration, I call up the concurrent resolution (H. Con. Res. 624) providing for the printing of a walking tour map of the area surrounding the U.S. Capitol, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 624

Resolved by the House of Representatives (the Senate concurring), That five hundred thousand copies of a walking tour map of the area surrounding the United States Capitol be printed for use by the Joint Committee on Arrangements for the Commemoration of the Bicentennial. Such walking tour map shall include drawings, selected stops and descriptions, a general historical background of the area surrounding the United States Capitol, and space for personal compliments from Members of the Congress.

SEC. 2. The Joint Committee on Arrangements for the Commemoration of the Bicentennial shall provide for the manner in which the walking tour map authorized to be printed by the first section of this concurrent resolution may be distributed and shall control the arrangement and style of such walking tour map.

SEC. 3. The number of copies authorized to be printed by the first section of this concurrent resolution shall be in lieu of the usual number of copies.

With the following committee amendment:

Page 2, lines 4 through 6, delete section 3.

The committee amendment was agreed to.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

EXTENDING AUTHORIZATION FOR APPROPRIATIONS FOR ENDANGERED SPECIES ACT OF 1973

Mr. LEGGETT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3122) to extend the authorization for appropriations to carry out the Endangered Species Act of 1973, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. FORSYTHE. Mr. Speaker, reserving the the right to object, I will not object, but I take this time to ask the chairman of my subcommittee to explain just what the contents of this bill are.

Mr. LEGGETT. Mr. Speaker, will the gentleman yield?

Mr. FORSYTHE. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Speaker, on March 15, 1976, the House passed H.R. 8092, a bill similar to S. 3122.

Mr. Speaker, H.R. 8092, as it passed the House, would amend the Endangered Species Act of 1973 to extend the authorization for appropriations to carry out the act. In this regard, the bill would authorize to be appropriated to the Secretary of the Interior $25 million for fiscal years 1977 and 1978. The bill would also authorize to be appropriated to the Secretary of Commerce $500,000 for the transition period—from July 1, 1976, to September 30, 1976—and $5 million for fiscal years 1977 and 1978.

Mr. Speaker, S. 3122 as it passed the Senate, is identical to the House passed bill, except S. 3122 would authorize to be appropriated to the Secretary of the Interior the sum of $1.8 million for the transition period.

Mr. Speaker, the Department of the Interior, in its report on the legislation, advised that it was unnecessary to provide an appropriation authorization for the transition period for the Department since funds to cover this period—amounting to $1.8 million—had been included in the Department's fiscal year 1976 appropriations pursuant to the authority contained in Public Law 94–144. Consequently, the appropriation authorization for the transition period for the Secretary of the Interior—as provided in S. 3122—is merely duplicative of the appropriation authorization contained in Public Law 99–144.

Mr. Speaker, the difference between the two versions of the bill is technical in nature and instead of insisting on the Senate passing the House bill, H.R. 8092, and substituting the language of S. 3122 as it passed the Senate and returning the House bill to the House for consideration, as it should have done, I am urging the House to adopt S. 3122, as it passed the Senate.

Mr. Speaker, it has been the practice in the past to send to the President for signature the bill which passed the House or Senate first and I realize the action I am recommending at this time is an exception to this practice. However, I am recommending that we take the Senate bill in this instance in order to avoid an extra step in the legislative process.

Mr. Speaker, S. 3122 would not result in any additional cost to the Federal Government and I urge its prompt passage.

Mr. Speaker, I hope the Senate will not make this unusual procedure necessary in the future.

Mr. FORSYTHE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3122

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 15 of the Endangered Species Act of 1973 (16 U.S.C. 1542) is amended—

(1) by striking out "(A) not to exceed $4,000,000" and all that follows through "$10,000,000 for fiscal year 1976," in paragraph (A) thereof and inserting in lieu thereof "(1) not to exceed $10,000,000 for the fiscal year ending June 30, 1976, not to exceed $1,800,000 for the fiscal transitional period ending September 30, 1976, and not to exceed a total of $25,000,000 for the fiscal year ending September 30, 1977, and the fiscal year ending September 30, 1978,"; and

(2) by striking out "(B) not to exceed $2,000,000" and all that follows through "$2,000,000 for fiscal year 1976," in paragraph (B) thereof and inserting in lieu thereof "(2) not to exceed $2,000,000 for the fiscal year ending June 30, 1976, not to exceed $500,000 for the fiscal transitional period ending September 30, 1976, and not to exceed a total of $5,000,000 for the fiscal year ending September 30, 1977, and the final year ending September 30, 1978,".

Mr. RUPPE. Mr. Speaker, I rise in support of this legislation to extend the authorizations for appropriations for the Departments of the Interior and Commerce to implement their respective responsibilities under the Endangered Species Act of 1973.

The Endangered Species Act was generated by Congress' concern for the preservation and protection of the world's fauna and flora. The act has two key elements, namely, the listing of species as endangered or threatened and the designation of habitats critical to the survival of those species. Once listed as endangered or threatened, the act prohibits the taking, importing, exporting, and interstate transport of endangered species or any parts and products thereof. These protections against commercial exploration have been a vital factor in the continued survival of hundreds of animals. Of equal and perhaps greater importance than the listing of a species as endangered is the determination of the habitat and the protection of the habitat critical to that species' survival.

Unfortunately, the Departments of Commerce and the Interior have been unable to perform their responsibilities at the optimal level. Although many species of wildlife have been listed as endangered and threatened, the Departments have a backlog of several thousand species which they feel might require protections afforded by listing. Due to the lack of personnel and adequate funding, the Departments have been unable to begin working on these species.

The Departments' record with respect to the designation of critical habitat has been more severely restricted by lack of resources. Although it has been determined that there are 108 species of fauna which should have a high priority in the designation of critical habitat, the Departments' resources have only permitted them to begin work on nine. Again, the central limiting factor has been the lack of personnel and adequate funding necessary to undertake the scientific research and surveys.

Recognizing the need to provide both the Department of Commerce and the Department of the Interior with the tools necessary to achieve the objectives of the act, the Merchant Marine and Fisheries Committee approved and the House passed legislation authorizing a modest increase in the authorizations under the act. This increase is reflected in the legislation before us today. I urge my colleagues support for this measure.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING THE CENTRAL, WESTERN, AND SOUTH PACIFIC FISHERIES DEVELOPMENT ACT TO EXTEND APPROPRIATIONS AUTHORIZATION THROUGH FISCAL YEAR 1979

Mr. LEGGETT. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 13380) to amend the Central, Western, and South Pacific Fisheries Development Act to extend the appropriation authorization through fiscal year 1979, and for other purposes, with a Senate amendment thereto, and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert: That the Central, Western, and South Pacific Fisheries Development Act (86 Stat. 744; 16 U.S.C. 758a note) is amended—

(1) by striking in section 2 the words "three-year";

(2) by striking in section 4 the words "June 30, 1976, a complete" and inserting in lieu thereof the words "January 30 of each year, an annual"; and

(3) by striking section 7 and inserting in lieu thereof the following: "There is authorized to be appropriated to the Secretary for purposes of carrying out the provisions of this Act not to exceed $300,000 for the transitional fiscal quarter ending September 30, 1976; not to exceed $1,333,333 for the fiscal year ending September 30, 1977; not to exceed $1,333,333 for the fiscal year ending September 30, 1978; and not to exceed $1,333,333 for the fiscal year ending September 30, 1979. Such sums as may be appropriated under this section shall remain available until expended.".

The Clerk read the amendment to the Senate amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

That the Central, Western, and South Pacific Fisheries Development Act (86 Stat. 744; 16 U.S.C. 758a note) is amended—

(1) by striking in section 2 the words "three-year";

(2) by striking in section 4 the words "June 30, 1976, a complete" and inserting in lieu thereof the words "January 30 of each year, an annual"; and

(3) by inserting ", and for the period beginning July 1, 1976, and ending September 30, 1979, the sum of $3,000,000," in section 7.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. FORSYTHE. Mr. Speaker, reserving the right to object, and I will not object, may I again ask my chairman, the gentleman from California (Mr. LEGGETT), to explain this.

Mr. LEGGETT. Mr. Speaker, will the gentleman yield?

Mr. FORSYTHE. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Speaker, on May 18, 1976, the House passed H.R. 13380, to extend the Central, Western, and South Pacific Fisheries Development Act from July 1, 1976 until September 30, 1979, and to authorize to be appropriated during that period the sum of $3 million.

In addition, the bill, as it passed the House, would retain the requirement for the Secretary of Commerce to report on his activities under the act on or before June 30, 1976, for the current 3-year period, and it would add a requirement for him to file a similar report on or before September 30, 1979, for the second 3-year period.

Mr. Speaker, the Senate, when it passed the bill, on May 21, 1976, amended the bill in two respects. First, it rewrote the appropriation authorization section to authorize to be appropriated a total sum of $4,300,000 as follows: $300,000 for the transition period and $1,333,333 per year for each of fiscal years 1977, 1978, and 1979. Second, it removed the requirement under present law for the Secretary to file a report on his activities by June 30, 1976, and substituted in lieu thereof a requirement that he make annual reports not later than January 30, of each year.

Mr. Speaker, we have worked closely with the Senate in trying to resolve the differences between the two versions of the bill and, instead of asking for a conference on the bill, we have agreed that the House should concur in the Senate amendment, with an amendment, which would result in retaining the House version of the bill as it relates to the appropriation authorization, and the Senate version of the bill as it relates to the reporting requirement.

Mr. Speaker, the bill, with the amendment, would result in authorizing to be appropriated during the new 3-year extended life of the program the sum of $3 million and in requiring the Secretary to report on his activities under the program on an annual basis by January 30 of each year.

Mr. Speaker, I urge the House to concur in the Senate amendment to H.R. 13380, with an amendment.

Mr. FORSYTHE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

EXTENDING THE MARINE PROTECTION, RESEARCH, AND SANCTUARIES ACT FOR 2 YEARS

Mr. LEGGETT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3147) to extend the Marine Protection, Research, and Sanctuaries Act for 2 years, years, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. FORSYTHE. Reserving the right to object, Mr. Speaker, I do so for the same purpose as before on consideration of the prior legislation. Will the gentleman from California (Mr. LEGGETT) explain this for us.

Mr. LEGGETT. Mr. Speaker, will the gentleman yield?

Mr. FORSYTHE. I yield to the gentleman from California.

Mr. LEGGETT. Mr. Speaker, on May 3, 1976, the House passed H.R. 11505, a bill similar to S 3147.

Mr. Speaker, H.R. 11505 as it passed the House, would amend the Marine Protection, Research and Sanctuaries Act to authorize appropriations for fiscal year 1977. In this regard, it would authorize to be appropriated $4.8 million to carry out title I of the act, $5.6 million to carry out title II of the act, and $500,000 to carry out title III of the act. In addition, the bill would change from June 30 to March 1 the date on which the Administrator of EPA would be required to report on his administration of title I of the act.

Mr. Speaker, S. 3147 is identical to the House passed bill, except S. 3147 would require the Secretary of the Army and the Secretary of the Department in which the Coast Guard is operating—in addition to the Administrator of EPA—to make an annual report by March 1 of each year on their respective activities in carrying out title I of the act.

Mr. Speaker, the differences between the two versions of the bill are technical in nature and instead of insisting on the Senate passing the House bill, H.R. 11505, and submitting the language of S. 3147 as it passed the Senate and returning the House bill to the House for consideration, as it should have done, I am urging the House to adopt S. 3147, as it passed the Senate.

Mr. Speaker, it has been the practice in the past to send to the President for signature the bill which passed the House or Senate first and I realize the action I am recommending at this time is an exception to this practice. However, I am recommending that we take the Senate bill in this instance in order to avoid an extra step in the legislative process.

Mr. Speaker, I urge the passage of S. 3147 and I trust the Senate will not make this unusual procedure necessary in the future.

Mr. FORSYTHE. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3147

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 111 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1420) is amended—

(1) by striking out "and" immediately after "fiscal year 1976,"; and

(2) by adding immediately after "September 30, 1976)," the following: "and not to exceed $4,800,000 for fiscal year 1977,".

SEC. 2. Section 112 of the Maritime Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1421) is amended—

"(1) by striking out "Administrator shall" and inserting in lieu thereof "Administrator, the Secretary, and the Secretary of the department in which the Coast Guard is operating shall each individually";

"(2) by striking out "June 30 of each year" and inserting in lieu thereof "March 1 of each year".

SEC. 3. The last sentence of section 204 of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1444) is amended by inserting immediately before the period the following: ", and not to exceed $5,600,000 for fiscal year 1977".

SEC. 4. Section 304 of the Maritime Protection, Research, and Sanctuaries Act of 1972 (16 U.S.C. 1434) is amended—

(1) by striking out "and" immediately after "fiscal year 1976,"; and

(2) by adding immediately after "September 30, 1976)" the following ", and not to exceed $500,000 for fiscal year 1977".

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FORYSTHE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 14262, DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1977

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 1292 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 1292

Resolved, That during the consideration of the bill (H.R. 14262) making appropriations for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, all points of order against the following provisions in said bill for failure to comply with provisions of clauses 2 and 6, Rule XXI are hereby waived: beginning on page 14, line 3 through page 16, line 3; beginning on page 17, line 15 through page 20, line 7; beginning on page 21, line 3 through page 23, line 15; and beginning on page 24, line 11 through page 27, line 2.

The SPEAKER. The gentleman from Louisiana, Mr. Long, is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. Latta) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 1292 provides that during the consideration of H.R. 14262, all points of order against certain specified provisions for failure to comply with clauses 2 and 6 of rule XXI are waived. Clause 2, rule XX prohibits the appropriation of funds which are not authorized by law. There are provisions in titles IV, V, and VI appropriating funds which are not authorized by law. Clause 6, of rule XXI prohibits the reappropriation of unexpended balances of appropriations. There are provisions within the bill which authorize funds previously appropriated for one purpose to be made available for another, thus violating this rule.

Mr. Speaker, H.R. 14262 contains most of the appropriations for military functions of the Department of Defense. Enactment of this bill would provide approximately $106 billion in new appropriations for fiscal year 1977.

Mr. Speaker, I urge the adoption of House Resolution 1292 to permit the orderly consideration of H.R. 14262.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as explained by the gentleman from Louisiana, this rule waives points of order against H.R. 14262—the Department of Defense appropriation bill of 1977. Specifically, the rule waives points of order for failure to comply with clauses 2 and 6 of rule XXI, which is the rule prohibiting unauthorized appropriations and reappropriations. The areas involved are in title IV—procurement and title V—research, development, test, and evaluation and title VI—special foreign currency program.

The bill would provide $105,947,887,000 in new appropriations for fiscal year 1977, and $196,800,000 in new appropriations for fiscal year 1977, and $196,800,000 in transfer authority for a total of $106,144,687,000.

Although the administration supports passage of the necessary appropriations contained in this bill, it strongly recommends the inclusion of the cost saving efficiencies proposed in the budget such as phaseout of commissary subsidies, changes to active and reserve military pay and allowances and reductions in reserve strengths and training bills. Enactment of these proposals would permit a reduction in appropriations and improve efficiency without impairing military capabilities.

Mr. Speaker, under the Budget Act Congress must complete action on all appropriations no later than the 7th day after Labor Day. In order to meet this deadline, these appropriations bills must clear the House on schedule.

Mr. Speaker, I have no requests for time. I know of no objection to the rule. I reserve the balance of my time.

Mr. LONG of Louisiana. Mr. Speaker, I have no requests for time.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appear to have it.

Mr. WYDLER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 375, nays 2, not voting 54, as follows:

[Roll No. 394]

YEAS—375

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harris
Harsha
Hawkins
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
O'Brien
O'Neill
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—2

Harrington
Weaver

NOT VOTING—54

Andrews, N.C.
Ashley
Aspin
Badillo
Bell
Brooks
Chisholm
Conyers
D'Amours
Daniels, N.J.
Duncan, Oreg.
Edwards, Calif.
Evins, Tenn.
Fraser
Giaimo
Hayes, Ind.
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Jacobs
Jarman
Karth
Keys
Litton
McDonald
McKinney
Madden
Matsunaga
Meeds
Milford
Mills
Mink
Moorhead, Pa.
Obey
O'Hara
Peyser
Riegle
Roberts
St Germain
Solarz
Steelman
Steiger, Ariz.
Stuckey
Teague
Udall
Vanik
Waggonner
Waxman
Wilson, Bob
Wirth
Young, Alaska
Young, Ga.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Andrews of North Carolina.

Mr. Dominick V. Daniels with Mr. Duncan of Oregon.

Mrs. Chisholm with Mr. Ashley.

Mr. Helstoski with Mr. Hayes of Indiana.

Mr. Roberts with Mr. Hays of Ohio.

Mr. St Germain with Mr. Bell.

Mr. Matsunaga with Mr. Conyers.

Mr. Moorhead of Pennsylvania with Mr. Jarman.

Mr. O'Hara with Mr. Karth.

Mr. Giaimo with Mr. Madden.

Mr. Edwards of California with Mr. Evins of Tennessee.

Mr. Waggonner with Mr. Litton.

Mr. Waxman with Mr. Meeds.

Mr. Young of Georgia with Mr. Aspin.

Mrs. Keys with Mr. Mills.

Mr. Jacobs with Mr. McDonald.

Mr. Teague with Mr. Fraser.

Mr. Wirth with Mr. Peyser.

Mr. D'Amours with Mr. McKinney.

Mr. Brooks with Mr. Solarz.

Mr. Badillo with Mr. Young of Alaska.

Mr. Milford with Mr. Vanik.

Mr. Obey with Mr. Steelman.

Mrs. Mink with Mr. Bob Wilson.

Mr. Riegle with Mr. Udall.

Mr. Stuckey with Mr. Steiger of Arizona.

Mr. JONES of Alabama changed his vote from "present" to "aye."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid upon the table.

PERMISSION FOR SUBCOMMITTEE ON OCEANOGRAPHY OF COMMITTEE ON MERCHANT MARINE AND FISHERIES TO MEET DURING 5-MINUTE RULE ON TODAY, THURSDAY, JUNE 17, 1976

Mr. BREAUX. Mr. Speaker, I ask unanimous consent that the Subcommittee on Oceanography of the Committee on Merchant Marine and Fisheries be allowed to meet this afternoon during the 5-minute rule for the purpose of taking testimony.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON ADMINISTRATIVE LAW AND AND GOVERNMENTAL RELATIONS OF COMMITTEE ON THE JUDICIARY TO MEET UNTIL NOON TODAY, THURSDAY, JUNE 17, 1976

Mr. FLOWERS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Administrative Law and Governmental Relations of the Committee on the Judiciary be allowed to sit until 12 o'clock noon today.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON CONSUMER PROTECTION AND FINANCE OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE TO MEET TODAY, THURSDAY, JUNE 17, 1976

Mr. MURPHY of New York. Mr. Speaker, I ask unanimous consent that the Subcommittee on Consumer Protection and Finance of the Committee on Interstate and Foreign Commerce be permitted to sit this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

REPUBLICAN BASEBALL TEAM SURE WINNER

(Mr. CONTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CONTE. Mr. Speaker, with so much turmoil on the baseball scene this week, I want to give my colleagues a scouting report on next Monday's congressional baseball game in Baltimore.

I am proud to report that my Republican team is in tiptop shape and ready to trounce our hapless opponents. The Republicans are looking so good that I have been plagued this week by phone calls from a well-known owner of a California baseball team who wants to buy my entire pitching staff.

He must have seen Bill Cohen shaking the Maine frost off his arm in pitching practice this morning. He will be burning fastballs by the Democrats so hot that sportswriters will be calling Cohen "the Washington singe benefit."

His battery mate, Bill Frenzel, has also been taking special training to stop any runs from scoring on close plays at homeplate. Like our mascot, the elephant, my Republican players have long memories and remember how the winning run in last year's game was bulldozed across homeplate by a Chicago freshman who had not yet learned the amenities of the seniority system. We will be ready to stonewall such attempts this year.

This is a preview of next Monday's action. I urge my colleagues to make plans now to attend this glorious comeback by the Republican team.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 14262) making appropriations for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, and that I may be permitted to include tables and extraneous material in connection with the bill H.R. 14262.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1977

Mr. MAHON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 14262) making appropriations for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited to not to exceed 2 hours, the time to be equally divided and controlled by the gentleman from Alabama (Mr. Edwards), the ranking minority member of the subcommittee, and myself.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. Mahon).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 14262, with Mr. Rostenkowski in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Texas (Mr. Mahon) will be recognized for 1 hour, and the gentleman from Alabama (Mr. Edwards) will be recognized for 1 hour.

The Chair recognizes the gentleman from Texas (Mr. Mahon).

Mr. MAHON. Mr. Chairman, we adopted a strict schedule for the handling of appropriation bills in this session of the Congress. There were many, in their skepticism, who said it could not be achieved. The members of the Committee on Appropriations said it had to be done. And it is being done. We are now in the midst of a 2-week period in which we are presenting to the House on schedule 12 of the 13 annual appropriation bills. We have not been able to present the appropriation bill for the District of Columbia because of the long delay in its submission to Congress. So I think we have some reason to be proud of the fact that we are making our system work. We are finding ways to expedite our business. That, I think, should be heartening to those who care about the House of Representatives, as all of us do.

Mr. Chairman, when the Members vote for this defense appropriation bill or vote against this defense appropriation bill, they will have voted for or against the largest single appropriation bill in the history of this Government. I do not say that to boast, nor do I say it as an apology. The Committee on Appropriations has tried to bring forth a bill that was geared to the times, the dangers, the problems which confront us in the world, and we have come up with this product which provides for a very sizable sum of money; namely, about $106 billion.

Mr. Chairman, we had problems because we lack authorization. We do not have authorization for certain funds in this bill. The authorization bill for procurement and research and development has passed the House, has passed the Senate, but it has not been settled in conference. When we drafted this bill there was no authorization bill in the Senate. Consequently we were compelled to make certain judgments as to what programs and amounts might be contained in the final version of the authorization. There were unlimited possibilities. So in drafting the bill we provided for those programs and for those sums of money which we thought were in the best interests of the country. We did the best we could under the circumstances with a very difficult and complex situation.

Mr. ANDERSON of Illinois. Mr. Chairman, will the distinguished gentleman from Texas yield for a question at that point?

Mr. MAHON. I yield to the distinguished gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. I thank the gentleman for yielding.

Mr. Chairman, I appreciate very much the statement the gentleman is now making, and I recall his statement several days ago before the Committee on Rules, when he came to us, not only with this bill, but with a total of eight appropriation bills, asking for waivers of points of order, largely on the grounds the authorization bills had not been finally enacted into law.

At that time the gentleman from Texas stated, as I recall it, that he felt the Committee on Appropriations could possibly have done an even better job had the authorization process been completed.

Mr. Chairman, my question is this: Are we facing this year an anomalous situation due to effort that is being made to enact the appropriation measures before we recess because of the Democratic Convention, or is there some implicit flaw in the budget control process under which we now operate that means that year after year we are going to be faced with the kind of situation that we are this year, of acting on appropriation bills without final action having been taken on the authorization measures?

If so, then those of us who have hailed the Anti-Impoundment and Budget Reform Act as being the signal reform in the 20th century in the Congress, it seems to me, have to go back to the drawing boards and find out if there is some way we can better accommodate both the appropriation and authorization process to the new budget procedure.

Mr. MAHON. Mr. Chairman, the gentleman from Illinois (Mr. ANDERSON) raises a very pertinent, interesting, and important question.

This is our first major effort to carry out this new procedure. The Committee on Appropriations has been able to achieve success in getting bills to the floor. This is June, this is the sixth month of the year. Almost half the year is gone. More than half the session is gone. It seems that if we can get our bills out, involving hundreds of billions of dollars, we should have all the authorization bills also. The budget control legislation contemplated this.

I believe that other committees of the Congress must start in January to bring those authorization bills out in a timely way. Further, I am hoping that we can begin to get authorizations a year in advance or authorizations that extend over a 2-year period so we will not get ourselves in this box.

Mr. Chairman, we have not achieved great reductions in expenditures this year as a result of the new budget system, but it does present the framework for achieving some very valuable contributions to the legislative process. I am hoping that we can work this out. The gentleman's point is very well taken.

Mr. ANDERSON of Illinois. Mr. Chairman, will the gentleman yield further?

Mr. MAHON. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Chairman, I wish to make one additional observation. I merely want to compliment the chairman of the Committee on Appropriations for his suggestion that we ought to look more to multiyear authorizations so we can get more prompt action as required by the new process. I believe the gentleman's suggestion is one that is eminently sound.

Mr. MAHON. Mr. Chairman, I thank the gentleman for his excellent contribution.

I would say further that the committee has been keenly aware of the problem associated with late authorization bills. We have had this problem for years but it became much more critical this year by virtue of the requirements of the Congressional Budget Act. In its March 15 report to the Budget Committee of the House of Representatives, the Committee on Appropriations addressed this problem and under leave to revise and extend my remarks and include extraneous material I shall insert in the RECORD at this point an excerpt from that report on this subject:

TIMELY AUTHORIZATIONS FOR APPROPRIATIONS

The budget control legislation mandates that a well-ordered sequence of events occure in the legislative process so that the objectives of the Act might be fulfilled. The key ingredients are timely action on bills providing authorizations for appropriations and the appropriations bills themselves. Traditionally the appropriations bills are reported on a timely basis once authorizing legislation is made available. It is the authorization process that in the past has resulted in frequent delays. Without timely action on *all* authorizations, the process cannot work as envisioned.

The Joint Study Committee on Budget Control in its final report in April 1973, expressed the opinion that appropriation bills could be speeded up appreciably if the authorizations did not occur in the same year as the appropriations and in fact recommended that "authorizations take effect no earlier than the fiscal year after the fiscal year in which they are enacted." In other words, it was contemplated that authorizations would be in place in advance of the commencement of the budget and appropriations process.

The House version of the Congressional Budget Act contained a requirement that authorizations bill be reported by March 15. Under the circumstances, this decision represented an acceptable benchmark in a workable legislative budget timetable. However, the Senate version of the bill, and ultimately the conference agreement, provided for reporting authorizing legislation by May 15, two months later than the House bill required. This date change is presenting serious problems.

Early last fall the committee began struggling with a schedule for handling the fiscal year 1977 appropriations bills within the framework of the new budget legislation and has now implemented a plan which calls for concluding all subcommittee hearings in April and marking up all appropriation bills between April 26 and May 7. The Full Committee would then consider all subcommittee recommendations between May 24 and June 4. A summary report of Committee recommendations would be rendered to the House pursuant to Section 307 of the budget act and all appropriation bills would be considered by the House between June 15 and July 2. This would leave about six work-weeks for Senate and final conference action on spending measures before the mid-September date for action on the Second Concurrent Resolution.

Obviously, if authorizing committees wait to report legislation until the deadline of May 15, it will have a minimal impact or no impact on appropriation bill mark-ups which must be concluded by May 7. If the new budget process is to succeed—an objective to which this Committee is dedicated—the legislative machinery of the House must be timed to produce authorizing legislation in advance of the May 15 date contained in the law. While considerable effort has been directed at accelerating the consideration of authorizing legislation, the Committee notes that during this session very few bills containing major authorizations for 1977 appropriations have come to the House floor.

If authorizations are not available in a timely manner in such sensitive areas as national defense, international affairs, health, education, science, energy, and others, the legislative budget process will flounder, and the Congress will have forfeited a rare opportunity to implement effectively its will in setting national priorities and establishing legislative budget controls.

In connection with this matter, I should say that in the bill before us there is over $300 million for programs that are not in the authorization bill that passed the House nor in the authorization bill which passed the Senate. Therefore, it is going to be necessary for the committee to offer amendments to strike the funds from the bill and the programs from the bill that are not authorized in either of the authorization bills. That will take place, of course, during the amendment stage.

There is no effort on the part of the Committee on Appropriations, which is a can-do committee—and I do not have to tell the Members that—to come back here and supersede or embarrass the authorization committees. The Members of the Committee on Appropriations of the other body have now marked up the appropriation bill for Defense, and the chairman of the committee issued a press release yesterday outlining in general the actions taken.

The chairman of that committee, Senator JOHN MCCLELLAN, in his press release states that if appropriation changes are necessary to reflect authorization in conference agreement, they will be made when the full Senate Committee on Appropriations considers the bill.

So this bill is being presented in good faith by the Committees on Appropriations of the House and the Senate.

Mr. DELLUMS. Mr. Chairman, will the distinguished chairman of the committee yield?

Mr. MAHON. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, perhaps the gentleman's latter response may have answered my question, but specifically for the record, let me ask this:

Given the fact that the authorization bill is the guideline upon which we appropriate funds, how do we reconcile the difference between the total amount appropriated as a result of today's process once the authorization bill is enacted into law and this other amount, if there is some monetary difference? How do we ultimately reconcile those 2 figures?

Mr. MAHON. Mr. Chairman, the authorization bills, as the gentleman knows, have passed both the House and the Senate. Several meetings by the conferees have been held, and there is no doubt in my mind that before the Senate Appropriation Committee takes action the authorization bill will be enacted into law, and, therefore, the other body will be able to accommodate to that situation.

With respect to items which we know will not be authorized, we in this bill will offer amendments, which hopefully the House will approve, to strike out funds for these programs. I myself do not favor eliminating some of the programs these amendments would eliminate, but we must comply with the rules and the procedures of the House, and we will ask the House to cooperate with us in this matter.

Mr. DELLUMS. Mr. Chairman, if the gentleman will yield further, I have just one other specific question.

For example, in one part of the bill the Committee on Appropriations cut out $500,000 for human relations programs that were requested by the Army. The authorization process did not cut those funds out. How do we reconcile the difference there?

Mr. MAHON. Well, of course, if the authorization bill contains certain authorities and those authorities are not funded in the appropriation bill, that is standard procedure, as the gentleman knows, because we do not undertake to fully fund everything that is authorized.

Mr. DELLUMS. Mr. Chairman, I thank the distinguished gentleman.

Mr. MAHON. This question of authorization is a complex situation that confronts us.

The hearings were very extensive. We could have continued them longer. We could have hearings all year for a bill of this magnitude; but we have to make our system work and we have to work as expeditiously as possible.

There is considerable expertise in the committee. Some of the Members have been on this committee for many years. We have a very expert staff that is very dedicated and we have drawn on their expertise over many years. We have investigators for the committee who are very professional who have enabled us to get information which we ourselves personally, as members of the committee, do not have the time to acquire.

In the last 10 years, my colleagues, we have cut requests by the Executive for defense appropriations in a sum in excess of $40 billion. There are some who deplore the fact that we have made these reductions. I have no apology to make for them.

I think in the past we have tried to achieve as much economy and as good management as possible in the operation of the Defense Department. Despite the savings that have been made by the Congress, we do not doubt at all that this country is No. 1 militarily in the world.

We did not in the overall cut much this year. We reduced the President's request by a very considerable sum, $1.9 billion; and we increased the President's budget by about $1 billion. Therefore, we are in this bill, in total, about $800 million below the President's budget. However, the question arises, What do we do about the target, about the budget control resolution?

We had that in mind, but we felt that we should use our best judgment as to what should be provided. Consequently, if we take into account the pay supplemental which will be required next spring, we are about $400 million above the budget target. However, with the amendment which we will offer today, we will be substantially at the budget target.

The Soviet Union is engaging in a terrific buildup of its military strength. It has been very spectacular. If the Soviet Union continues to progress as it is today with its military program, and if we should stand still, we would soon be No. 2 in the arms race. Our effort should be to be strong enough to make a contribution to some kind of a slowing down of the arms race, and that is one of the reasons that in this legislation today we are substantially at the President's budget, from the standpoint of dollars.

In the SALT talks, SALT I, we placed ourselves at a disadvantage with the Soviet Union. Our advisers, the President and the Joint Chiefs, went on the theory that we should not have any additional intercontinental ballistic missiles. They went on the theory that the Soviet Union was going to continue to increase its number of intercontinental ballistic missiles.

In SALT agreement No. I, this Nation agreed that the Soviet Union could have 1,500 intercontinental ballistic missiles on launchers, whereas we would just have 1,000 intercontinental ballistic missiles on launchers.

Many of us on the Committee on Appropriations have felt for some time that there ought to be a greater balance or a better balance between the two countries in that regard; but there has been no budget request to provide for this additional ballistic missile power, and there has been no authorization to provide for this additional ballistic missile power. Therefore, we have not had the authority or opportunity to increase our strategic strength in that respect.

Of course, while the Soviets have more ship-launched ballistic missiles than we have and more land-launched ballistic missiles than we have, it is true that we have multitargeted missiles. In other words, we have more warheads on our missiles than the Soviets.

So in warheads we continue to be superior to the Soviet Union. The Soviet Union is far ahead of us in tank production and in tank strength and ahead of us in several very important fields. We are ahead in the field of bombers, in expertise and in carriers, and so forth.

The Department of Defense chooses to say that as between the United States and the Soviet Union we have a position of rough equivalency. There is considerable merit to that description of the situation.

We are not only concerned about our strategic strength but we are concerned about our general purposes forces. After the unfortunate difficulties in Vietnam and the letdown that we have had with respect to that matter and after our backing away from Angola, we have had to take a new look at our non-strategic forces.

As the Members and I know, Arab oil is of great significance to the free world. As the Members and I know, the Soviet Union is moving in as far as it can into the eastern Mediterranean and into Africa and there is every reason why we need to have greater power in the field of non-strategic weaponry and forces. So the pressures are very great at this time. In response to those pressures what have we done? We are, in this bill, $13 billion plus, over last year's bill. And when we consider the pay supplemental which will come on next spring, we will be $15.5 billion above the appropriation of last year. This, of course, is a very sizable figure. It is in response to existing conditions. It is in response to the pleas of the Joint Chiefs of Staff and the President, and it is in response to world conditions that confront us.

In the light of those facts, we have provided additional funds in the bill before us today.

Some of the funds that are provided result from the fact that we have so much inflation. Some of the funds represent real growth in our military structure.

I could go through the first five pages of this 250-page report on this bill and enumerate where we have gone above the budget in certain areas and where we have gone below the budget in certain areas.

In unbudgeted items, we have in the bill $70 million to maintain Navy selected reserve strength. We have $45 million to provide additional drills for the Army and Air Force reservists, which were not in the President's budget.

We have $92 million to provide for continuation of present subsidies for military commissaries. This has a morale implication but, of course, no real military implication.

We provide $125 million to procure 12 A-6E attack aircraft for the Navy, the only aircraft of that type in the world.

We have $120 million to procure 24 A-7D attack aircraft for the National Guard which we think are very much needed to modernize that force because they are now using planes that are about 20 years of age.

Since the committee report is available to all Members I will not undertake to include all details in my remarks.

I would now make some reference—and this is shown in the first 5 pages of the report—to the items which we did not fund and for which there was a budget estimate.

There was a $200 million reduction in procurement accounts to be offset by the recoupment of free assets.

A $229.8 million reduction in the amount provided for the stock fund surcharge. This is a technical matter but a matter that has had the close attention of our committee. We think it is a step probably in the right direction. There is a lot of interest in intelligence agencies of the Government. We reduced the funds in the bill for various intelligence programs by the sum of $101.4 million. For intelligence-related activities we made a reduction of $20 million. We could go on and on with the reductions which are made in the bill.

With respect to research and development, I might add that there was a sharp reduction in research and development in the authorizing bills in both the House and Senate. We had too much money in this bill for research and development and we propose to take it out, not because we oppose the funds but because of the procedures under which we operate.

Then we think there is too much change of duty movement within the Army. We took out $90 million in the Army for the permanent change of station travel funds. We took out $75 million for the so-called non-nuclear lance missiles, and so on.

I can enumerate many more of these, but I think we need to move as soon as we reasonably can to the amendment stage and spend our time more profitably discussing the numerous amendments which will be offered.

The bill provides huge sums, about $2 billion, in research and development for the Trident submarine and the Trident submarine missile. It provides about $1½ billion to initiate actual production of the B-1 bomber, three of which are financed through this bill. They are among the major procurement items in the bill.

The committee approved generally the force levels recommended in the budget. In the Armed Forces we have about 2 million men and women in the Active Forces. In the Reserves, we have about 900,000 men and women. We have just over 1 million civilian employees. That is the situation which confronts us there.

There are those who will raise an eyebrow over unexpended balances. When we appropriate funds for the long leadtime for a carrier which is provided in this bill, it may be 5 years before these funds will all be spent, so we cannot appropriate on a 1-year basis for many of these procurement programs.

For the unobligated balances in fiscal year 1976, which is drawing to a close, there will be an unobligated balance of $10 billion-plus. The estimate in unobligated balances for this year, for fiscal year 1977, will be $12 billion-plus, and unexpended funds at the end of fiscal year 1977 are estimated to be $58 billion, an astronomical sum which will require some explanation which I will not undertake to go into in detail at this time. I would hope that we may move along with this bill and pass it today and send it to the other body. I would hope that it will not be too long before we can send it to the President for his approval.

I think the committee has done a reasonably adequate job with respect to this legislation. I know it does not please everyone. It does not please all members of the committee. There are matters here on which there are sharp differences of opinion, but I believe we can live with this bill. I believe it will be a signal to our own people that we propose to remain strong, that we propose to oppose aggression in instances where the interests of the United States are vitally involved. We propose to signal to the world that we will not back away from our position of world leadership.

Hopefully the time is approaching when some reliable accommodation can be reached with the Soviet Union and we can slow down the arms race and have more available funds for other purposes and come nearer to balancing the budget, which is now woefully out of balance much to the discomfort of all of us who believe in a sound fiscal policy.

Under leave granted to extend my remarks and to include certain tabulations, I insert summary tables and statements from the committee report:

SUMMARY OF BILL BY MAJOR CATEGORIES

[Note: All amounts are in the form of "appropriations" unless otherwise indicated]

Agency and item	New budget (obligational) authority, fiscal year 1976[1]	Revised budget estimates of new (obligational) authority, fiscal year 1977[2]	New budget (obligational) authority recommended in bill	Bill compared with—	
				New budget (obligational) authority, fiscal year 1976	Budget estimates of new (obligational) authority, fiscal year 1977
(1)	(2)	(3)	(4)	(5)	(6)
RECAPITULATION					
Title I—Military personnel	25, 441, 059, 000	25, 497, 907, 000	25, 442, 699, 000	1, 640, 000	−55, 208, 000
Title II—Retired military personnel	7, 325, 600, 000	8, 493, 400, 000	8, 493, 400, 000	1, 167, 800, 000	----------
Title III—Operation and maintenance	28, 979, 602, 000	32, 285, 400, 000	32, 020, 276, 000	3, 040, 674, 000	−265, 124, 000
Title IV—Procurement	21, 205, 700, 000	29, 627, 400, 000	29, 329, 400, 000	8, 123, 700, 000	−298, 000, 000
Transfer from other accounts	(99, 300, 000)	(----------)	(196, 800, 000)	(97, 500, 000)	(196, 800, 000)
Title V—Research, development, test and evaluation	9, 443, 609, 000	10, 854, 400, 000	10, 652, 847, 000	1, 209, 238, 000	−201, 553, 000
Title VI—Special foreign currency program	2, 668, 000	3, 665, 000	3, 665, 000	997, 000	----------
Title VII—General provisions (additional transfer authority, sec. 733)	(750, 000, 000)	(750, 000, 000)	(750, 000, 000)	(----------)	(----------)
Title VIII—Related agencies	1, 300, 000	----------	5, 600, 000	4, 300, 000	5, 600, 000
Total, Department of Defense (NOA)	92, 399, 538, 000	106, 762, 172, 000	105, 947, 887, 000	13, 548, 349, 000	−814, 285, 000
Transfer from other accounts	(99, 300, 000)	(----------)	(196, 800, 000)	(97, 500, 000)	(196, 800, 000)
Total funding available	92, 498, 838, 000	106, 762, 172, 000	106, 144, 687, 000	13, 645, 849, 000	−617, 485, 000)
Transfer authority	(750, 000, 000)	(750, 000, 000)	(750, 000, 000)	(----------)	(----------
Distribution by organizational component:					
Army	23, 043, 122, 000	26, 005, 882, 000	25, 602, 224, 000	2, 559, 102, 000	−403, 658, 000
Navy	30, 654, 110, 000	36, 708, 712, 000	36, 706, 464, 000	6, 106, 354, 000	50, 752, 000
Transfer from other accounts	(75, 000, 000)	(----------)	(196, 800, 000)	(121, 800, 000)	(196, 800, 000)
Air Force	27, 823, 540, 000	31, 584, 974, 000	31, 174, 895, 000	3, 351, 355, 000	−410, 079, 000
Transfer from other accounts	(24, 300, 000)	(----------)	(----------)	(−24, 300, 000)	(----------)
Defense agencies/OSD	3, 551, 866, 000	3, 969, 204, 000	3, 911, 304, 000	359, 438, 000	−57, 900, 000
Retired military personnel	7, 325, 600, 000	8, 493, 000, 000	8, 493, 000, 000	1, 167, 800, 000	----------
Related agencies	1, 300, 000	----------	5, 600, 000	4, 300, 000	5, 600, 000
Total, Department of Defense (NOA)	92, 399, 538, 000	106, 762, 172, 000	105, 947, 887, 000	13, 548, 349, 000	−814, 285, 000
Transfer from other accounts	(99, 300, 000)	(----------)	(196, 800, 000)	(97, 500, 000)	(196, 800, 000)
Total funding available	92, 498, 838, 000	106, 762, 172, 000	106, 144, 687, 000	13, 645, 849, 000	−617, 485, 000
Transfer authority	(750, 000, 000)	(750, 000, 000)	(750, 000, 000)	(----------)	(----------)

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[1] Includes amounts in 2d supplemental appropriation bill (H.R. 13172).

[2] Includes changes proposed in House Documents Nos. 94-472 and 94-476.

Summary of Committee Recommendations

The Committee considered amended budget estimates for fiscal year 1977 totaling $106,762,172,000 for those activities of the Department of Defense and related agencies covered in the accompanying bill. Enactment of the bill as recommended would provide $105,947,887,000 in new appropriations for fiscal year 1977 and $196,800,000 in transfer authority for a total availability of $106,144,687,000. The total recommended is $814,285,000 less in new appropriations than the amended budget request and $13,548,349,000 more than the total sum provided to date for the same purposes for fiscal year 1976. Including transfers recommended, the sums recommended are $617,485,000 less than the new budget authority requested.

The fiscal year 1976 amount reported above includes $1,932,577,000 in the Second Supplemental Appropriation Bill for pay raise costs and other requirements. Historically, similar pay cost requirements, adjusted for inflation, are carried annually in Supplemental Appropriation bills. It is realistic to anticipate a similar requirement for fiscal year 1977. The fiscal year 1977 Budget includes a contingency sum of $1.4 billion for defense pay cost increases over and above the $106.8 billion request. It is therefore realistic to anticipate a total increase in appropriations in fiscal year 1977 of some $15.5 billion more than has been appropriated for the current fiscal year when anticipated supplementals are included.

Included in the Committee's action is approval of the budget amendment of April 27, 1976 requesting $317,000,000 for the continued production of Minuteman III missiles and the initiation of production of the Mark 12–A reentry vehicle.

The Committee's actions do not include consideration of the budget amendment dated May 10, 1976 requesting $1,174,000,000 relating to the Navy's shipbuilding program. The Committee began executive meetings to mark up the bill on May 5th. Thus the amendment was received too late for consideration at this time. A delay in action on the bill was not feasible in view of the requirement to report all appropriation bills before considering any of them in the House. Such a delay in reporting the Defense Appropriation Bill would have disrupted the entire appropriation schedule of the House of Representatives.

The reduction of $617,485,000 is the net result of actions in which total decreases from budgeted amounts totaling approximately $1.9 billion were offset in the amount of approximately $1.1 billion by the recommended funding of various programs and activities not included in the budget, and by the transfer of $196,800,000 from prior year accounts in lieu of new appropriations.

The accelerated appropriation bill schedule mandated by the Budget Control Act precluded the Committee from waiting for final authorization action before marking up the Defense Appropriation Bill. There are probably programs for which the Committee is recommending funds which will not be authorized. It is anticipated that authorization action will be completed prior to Senate action on the appropriation bill and the required adjustments can be implemented by the Senate and affirmed in the Joint Conference. Since final authorization action was unknown at the time of the markup, the Committee recommended funding of those items which appeared to be adequately justified without regard to authorization status.

The bill would provide general transfer authority, to the Department of Defense of $750 million in fiscal year 1977 as requested in the budget. The same amount of general transfer authority was provided in the fiscal year 1976 Defense Appropriation Act. This provides the Department with the flexibility to respond to program changes and unforeseen emergencies through reprogramming rather than supplemental funding requests.

The following is a list of some of the major funding actions recommended by the Committee to the fiscal year 1977 request:

UNBUDGETED ITEMS FUNDED

$70 million to maintain Navy selected reserve strength at a level of 102,000.

$45 million to provide additional drills for Army and Air Force reservists and to offset other reductions relating to reserve readiness proposed in the President's budget.

$92 million to provide for continuation of present subsidiaries for military commissaries.

$125 million to procure 12 A–6E attack aircraft for the Navy.

$120 million to procure 24 A–7D attack aircraft for the Air National Guard.

$350 million to provide long lead time procurement for a new *Nimitz* class attack carrier. This amount is considered as an addition to the budget request since the May 10th budget amendment was not considered by the Subcommittee.

$213 million to provide for the modernization and repair of the USS *Belknap* in fiscal year 1977.

$15 million for competitive development of a new engine for the F–14 fighter aircraft of the Navy.

$17.5 million for the Navy to continue separate basic training for helicopter pilots.

BUDGET ITEMS NOT FUNDED

$200 million reduction in procurement accounts to be offset by recoupment of free assets, the reduction of excessive unobligated balances, and other savings.

$229.8 million reduction in the amount provided for the Stock Fund surcharge. The concept of the Stock Fund surcharge was approved.

$101.4 million reduction in intelligence community programs.

$20 million reduction in intelligence-related activities.

$27 million reduction in funds available for commercial airlift. Airlift requirements are to be accomplished by Military Airlift Command training flights.

$15.5 million reduction to buy 4 Defense Satellite Communication System II satellites rather than 6 as requested in the Air Force budget.

$20 million reduction to delay full scale development of the Defense Satellite Communication System III satellite by the Air Force.

$25.5 million reduction in advance procurement funding for the Advanced Tanker Cargo Aircraft. The Committee recommended $11.7 million of the request.

$29.3 million reduction to deny initiation of the Civil Reserve Air Fleet Aircraft modification program.

$23.7 million reduction to defer initiation of procurement of the GBU–15 Modular Guided Glide Bomb of the Air Force until more complete testing is accomplished. The Committee added $8 million for further research and development of this weapon.

$19 million reduction for the Airborne Command Post, including a reduction of $5.2 million to deny initiation of the Airborne computer system.

$30 million reduction to terminate development of the Precision Location Strike System of the Air Force.

$12.7 million reduction for transportation cost related to Reforger exercises of the Air Force. The Committee included funds budgeted for the Army part of the Reforger exercise but which is to be used for other exercises by our European forces.

$15 million reduction in advertising cost related to recruitment of military personnel.

$90.6 million in Army Permanent Change of Station travel funds.

$75 million reduction to deny all funds for the production of Non-Nuclear Lance missiles.

$48.4 million reduction which would delay initiation of Army's Stinger missile production until fiscal year 1978.

$18 million reduction in Army's Ballistic Missile Defense program.

$10.1 million reduction which was budgeted for Army training of Navy helicopter pilots.

$234 million reduction in the fiscal year 1975 PHM patrol hydrofoil missile ship program, including recoupment of prior year funds.

$170 million reduction in the Navy's US–3A Carrier On-Board Delivery aircraft. The Committee recommended $40 million above the budget for the competitive development of a new COD aircraft.

$12.7 million reduction deleting all procurement funds for the Condor missile of the Navy.

$15 million reduction from the Navy's Seafarer Extremely Low Frequency communications program, including deletion of all funds requested for initial development at the selected site. Amount approved provides for investigation of alternative means of communicating with submarines.

$20 million reduction from the budget request for the Submarine Launched Cruise Missile program of the Navy.

$16.1 million reduction deleting all funds requested for development of the Shipboard Intermediate Range Combat System of the Navy.

The Committee approved funds requested for major weapon systems; such as, the B–1 strategic bomber, the Trident submarine launched ballistic missile program, the Airborne Warning and Control System, the F–15 aircraft, the F–16 aircraft, the F–18 aircraft, the A–10 aircraft, the Utility Tactical Transport Aircraft System, and the Navy ships included in the President's January budget including funds for cost growth and escalation in prior year's shipbuilding programs.

The Committee generally approved the military force levels and the operating cost therewith as proposed in the President's budget.

Basis of Committee Recommendations

The Committee believes that the provision of $105,947,887,000 in new budget authority for fiscal year 1977 will permit the Department of Defense to fund the programs and activities necessary to maintain the military security of the United States at a time when the Soviet Union is rapidly augmenting and improving its military capability.

It appears, based on testimony presented to the Subcommittee by a number of witnesses, including the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Secretaries and Chiefs of the Military Services, that at the present time the United States is unsurpased by any other nation in overall military capability. There are areas in which the Soviet Union has numerical superiority in certain classes of weapons and other areas in which the United States has a similar numerical superiority. On balance, it appears that the United States has the weapons needed for defense of its national integrity today and has programs in being and underway which, if fully implemented, will project this capability into the foreseeable future.

The Committee continues to be concerned about the advantage in both land and submarine based intercontinental ballistic missiles which the Soviets possess. Mid-1976 estimates presented by the Secretary of Defense indicate that the Soviets have some

1,500 intercontinental ballistic missiles on launchers and we have 1,054. The Soviets have some 850 submarine launched ballistic missiles and we have some 656. Although this advantage of the Soviets is at least in part offset by the numerical advantage the United States has in strategic long-range bombers, the U.S. has 421 and the Soviets 180, it would be a serious mistake to ignore further Soviet advances in the ICBM area. For this reason, the Subcommittee urged the Administration to support continuation of Minuteman III production and the development of the Mark 12A warhead. After the Committee stated its support, the budget amendment was submitted. The Committee, of course, recommends the appropriation of sufficient monies to fully support the amended budget. The Committee also recommends full funding for the development and initial production of the B-1 strategic bomber and the Trident submarine and missile.

If a new strategic arms limitation agreement is reached and the Soviet Union alters the direction of its strategic force augmentation and modernization efforts downward, adjustments may be possible in the strategic weapons programs of the United States. To make such adjustments unilaterally would not be in the best interest of the United States.

The Committee has, of course, been cognizant of the debate this year both in Congress and elsewhere as to the relative military strengths of the United States and the Soviet Union. The Committee has attempted annually to assess the military position of the United States in the world in order to provide the funds necessary to maintain the required level of military strength. Experience has taught that there is no easy way to accurately evaluate the overall strengths of two major military powers. Full reliance can not be placed on intelligence estimates. Intelligence estimates are estimates only and are often changed and updated. Intelligence analysis is a subjective process. Nations generally both protect information about their military capabilities and disseminate misleading information to confuse opponents.

A reasonably good job can be done in estimating numbers of rather visible large weapon systems and the numbers of military personnel. It is far more difficult to evaluate such important military factors as leadership, tactics, training and morale, and national resolve. All of these factors must be included in an accurate assessment of relative military strengths. It is both easy and dangerous to oversimplify the process of evaluation. Considerable knowledge, wisdom, and objectivity is required for a valid analysis.

It is equally difficult to compare spending on military forces by two great powers. It is especially difficult when the two powers have such different economic systems as the United States and Soviet Union have and one has a closed society. Many of the estimates of Soviet defense costs made here are based on an estimate of the equivalent U.S. cost of known Soviet military forces. The Soviets, of course, do not pay U.S. prices. Under the Soviet system, pay and allowances of military personnel, for example, are a small percentage of comparable costs of military personnel in the United States. Thus, the Soviets can support larger standing armies with smaller monetary outlays. In any case, comparative costs, even if accurate, do not measure comparative military strengths. Strength depends on how effectively the funds are spent as well as the sums involved.

In comparing military forces, it is also useful to compare the military forces of countries closely allied to the various opponents. It is also necessary to address the geographical and political situation of the opponents. The Soviet Union has a long, hostile border with China, a border with NATO, and a western border with less than enthusiastic allies such as Poland.

Large NATO tactical military force concentrations are relatively close to the Soviet-western border. The United States has no hostile borders and a far different relationship with our allies. These factors too must be considered in an analysis of comparative military strengths.

After reviewing the military situation as carefully as possible, the Subcommittee feels that although there is no present military threat to the United States that Soviet military growth could present a threat in future years if proper responses are not made now. The appropriation of the funds recommended will provide the resources to initiate the necessary responses. It is with regret that the Committee notes that we have reached another plateau of military spending but believes that the alternative is to accept at some time in the future a military status secondary to that of the Soviet Union.

INFLATIONARY IMPACT STATEMENT

Pursuant to Clause 2(A)(4), rule XI of the House of Representatives, the Committee makes the following statement with regard to the impact the recommendations made in the accompanying bill will have on the nation's economy.

The provision of $105,947,887,000 as proposed by the Committee would be less inflationary than would be the appropriation of $106,762,172,000 as proposed by the President in the fiscal year 1977 Budget. In addition, reductions recommended by the Committee will reduce defense expenditures in future years.

It is impossible to state categorically whether or not any appropriation is in and of itself inflationary. In the view of some, all government spending is inflationary. In the view of others, all military spending is inflationary. Undoubtedly, the provision of $105.9 billion to the Department of Defense will have a greater inflationary impact on the nation's economy than not appropriating that amount would have. When compared with the Budget, the appropriations proposed by the Committee are not inflationary. The withholding of $800 million from the nation's marketplaces is a deflationary action.

The accompanying bill does provide for appropriations which exceed those of the previous year for the same purposes by $13.5 billion. This increase is in part a response to economic inflation which has already occurred and in part is a response to the continued military buildup of the Soviet Union.

Mr. MARTIN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Sixty-five Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

The CHAIRMAN. A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 395]

Andrews, N.C.
Ashley
Badillo
Bell
Bingham
Brooks
Brown, Calif.
Burke, Calif.
Burton, John
Cederberg
Chappell
Chisholm
Conyers
Corman
Coughlin
Daniels, N.J.
Davis
Diggs
Edwards, Calif.
Erlenborn
Esch
Eshleman
Fraser
Hannaford
Harsha
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Heckler, Mass.
Helstoski
Hinshaw
Horton
Howe
Jarman
Karth
Lehman
McFall
McKinney
Matsunaga
Meeds
Milford
Mills
Mink
Montgomery
Moorhead, Pa.
Morgan
Murphy, N.Y.
Myers, Ind.
Obey
O'Hara
O'Neill
Peyser
Pickle
Riegle
Rinaldo
Roberts
Rose
Rosenthal
Scheuer
Stanton, James V.
Steiger, Ariz.
Stuckey
Sullivan
Udall
Vigorito
Waggonner
Waxman
Wilson, Bob
Winn
Wirth
Wolff
Young, Alaska
Young, Ga.
Young, Tex.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. ROSTENKOWSKI, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 14262, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 356 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. At the time the Committee had risen the gentleman from Texas (Mr. MAHON) had consumed 26 minutes.

The Chair recognizes the gentleman from Alabama (Mr. EDWARDS).

Mr. EDWARDS of Alabama. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, at the outset I would like to commend our very distinguished chairman of the subcommittee and the chairman of the full Committee on Appropriations, the gentleman from Texas, for the able leadership he provided during our long and difficult deliberations on the bill. We all feel particularly grateful to the committee staff for their untiring dedication and for the knowledge and assistance they contributed to the entire process. We certainly could not have done it without their help.

America's military preparedness has become a major issue in the Presidential campaign. Various theories and all sorts of statistics are being kicked around. Some say we are ahead. Others say the Soviet Union is. We, on the Defense Subcommittee, have tried to stick to the facts and keep the defense bill outside the realm of politics.

All the discussion on defense, despite its apparent complexity, seems to boil down to one set of questions: How much is enough? How much do we need to spend to maintain deterrence vis-a-vis the Soviet Union, and if we fail at that, what would we need to fight a war? I cannot answer those questions, and I am not convinced that anyone else can either.

Each year the Defense Subcommittee takes on that task. We try to approach the problem in a rational manner. This year we heard a great deal of testimony on the rapid growth in Soviet weapons programs and what we need to do to cope with it. We then reviewed all the key issues in detail with the staff before arriving at the recommendations made in our report. We did the best we could, but in the end, I know we have done a less than perfect job. This year is no exception.

In the past several years, our subcommittee made some very substantial reductions in the budget. In retrospect I think we cut too much. I believe that we must reverse the trend, and we have taken a small step in the right direction this year. To do otherwise would jeopardize our national security. We took a hard look at the programs and the budget, making all essential cuts, but we concluded that it would not be possible to make large reductions this year without adversely affecting our defense effort.

Our reluctance to cut deeper stemmed from a growing concern over the continuing Soviet military buildup. These concerns were fully justified by all the evidence presented in testimony to the committee. The implications of the rapid Soviet military buildup is starting to hit home. It is serious. I think everyone is beginning to realize it, and the time has come for us to do something about it. That is what we have tried to do with this bill. I believe that the proposed funding levels represent an important first step toward the strengthening of our Armed Forces.

Certainly the question of how much we spend is a key factor in keeping pace with the Soviets in the area of military capabilities. However, of equal importance in my view is how well we spend each appropriated dollar.

There is no question that we must maintain a strong defense posture, but at the same time, I am convinced that it is possible to make carefully reasoned cuts aimed at eliminating waste and duplication from weapons acquisitions programs and training activities, improving management procedures, and above all, fostering greater competition in the development and production of new weapons.

In the markup this year, we reviewed many weapons systems for which procurement funds were being requested for the first time. The committee agreed to a number of cuts because it was felt that development and testing was not sufficiently advanced to warrant production moneys at this time. Hopefully, by making these relatively modest reductions now, we will avoid far greater modification costs that inevitably result from premature initiation of production.

We have fully funded such things as the 1-percent kicker, dual compensation, and continued subsidies for the commissaries. These benefits were debated at great length because they are provided at the expense of much needed hardware. However, the committee believes that action on its part prior to a change in the authorizing legislation would be inappropriate.

There is another problem that is causing growing concern within the NATO alliance, and that is the lack of standardization in NATO weapon systems. That results from a situation in which the nations involved undertake independent but parallel development of essentially equivalent weapons systems. This degrades the capabilities of the NATO forces to operate effectively together and to supply one another in wartime. The United States certainly contributes to that problem. We are continuing to produce advanced weapons that are similar in function and capability to those in production in Europe but are sufficiently different in design to require separate logistic systems.

Because of the advantages we hold in key areas of the various military technologies, they buy much more from us than we do from them. Well, this situation is beginning to cause some friction within the alliance, especially in the case of F–16 and AWACS buys. Now, I know that we must be ever mindful of the "buy American" policy, but at the same time, we need to come to a mutually agreed upon defense production program that will reduce unnecessary duplication and that will increase standardization, interchangeability, and generally increase NATO military capabilities. It has to be a two-way street.

OVERALL BUDGET REQUEST

The President initially submitted a request for new budget authority in the Department of Defense appropriation bill of $106.7 billion.

Two subsequent budget amendments produced a net increase in the request of $95.7 million: First, a proposed $317 million increase for Air Force missile procurement; and second, the deletion of $221.3 million for naval petroleum reserves, permanently transfering this account to another bill. A third amendment was referred to the committee on May 10 that proposed a $1.2 billion increase for the Navy's shipbuilding program. However, since it was received after our markup had started and owing to the confusion surrounding the entire shipbulding program, the committee chose not to give this amendment full consideration and will take it up at a later date, possibly in conference or as a supplemental request.

Since the May 10 budget amendment could not be given full consideration, the subcommittee reviewed a revised request of $106.8 billion. The recommended appropriation is $105.9 billion, a net reduction of $814.3 million. The proposed appropriation is $13.5 billion above the amount provided in the fiscal year 1976 Department of Defense Appropriation Act.

Our recommendations do not conform precisely with those of the Budget Committee. Initially, in our "Views and Estimates on the Budget Proposed for Fiscal Year 1977" submitted to the Budget Committee on March 15, 1976, we recommended a net reduction of $930 million. We have adhered closely to that target. As best as I can figure, the Budget Committee agreed in conference to apply a general reduction to this bill which exceeds our recommended cut by some $450 million. However, it is becoming very clear that the application of the first budget resolution to the various appropriations bills is by no means an exact science. We feel as though the difference of $450 million is only a rough estimate that has been worked out by the committee staffs involved.

Final action on the authorization bill by the Armed Services Committee could take us closer to the figure recommended by the Budget Committees.

Before I review our major recommendations, I think it is essential to try to put our actions into the proper perspective.

In comparison to last year's bill, we are allowing a $13.5 billion increase in appropriations. That is a very substantial increase indeed, which will provide a surge in operations, maintenance, and weapons acquisition. Of the recommended increase, approximately 50 percent would cover inflation only and the remainder would represent real program growth. The bulk of the proposed increase is concentrated in three areas: $8.1 billion, procurement; $3 billion, operation and maintenance; $1.2 billion, research and development. The two largest single increases are $2.8 billion for shipbuilding and $2.4 billion for Air Force aircraft procurement.

We have fully funded proposed force levels, steaming and flying hours, maintenance and training activities, and all major weapons acquisition programs such as the B–1, Trident, A–10, F–15, F–16, F–18, E–3A, known as the AWACS, Minuteman III missile production, tanks, and shipbuilding and conversion.

Overall, the dollar value of the unbudgeted items recommended for funding in the bill total approximately $1.1 billion. These include the following: $92 million in subsidies to maintain the commissaries; $125 million for 12 A–6E aircraft; $120 million for 24 A–7D aircraft, which I will discuss later; $350 million in long lead time funds for a new *Nimitz*-class attack aircraft carrier; and $213 million for the Belknap conversion. None of these items were requested by the President in the original budget proposal.

The reductions recommended by the Committee, by comparison, total about $1.9 billion. Major cuts were as follows: $200 million in DOD-wide non-program procurement accounts offset by recoupment of free assets and unobligated balances, $229.8 million in the stock fund surcharge, $101.4 million in the intelligence programs, $90.6 million in Army PCS travel funds, $75 million for non-nuclear Lance missiles, $234 million in prior year funds for the PHM, $170 million for the COD aircraft to name a few.

In summary, I believe that the $106 billion recommended in this bill is the amount required to provide the strength and readiness needed to guarantee our own security and to fulfill our commitments worldwide both now and in the future.

For the reasons given in separate views of the committee report, I intend to offer an amendment adjusting Army and Navy funds so that the Defense Department can proceed with the plan to consolidate undergraduate helicopter pilot training as proposed in the President's budget. I also reluctantly intend to offer an amendment striking certain items from the bill which have not been authorized. These include $196 million in research and development funds and $120 million in procurement moneys for A–7D aircraft. At the time of our markup we had no way of knowing whether or not these items would be authorized. We merely acted in a way which we deemed most appropriate.

I think if you have had an opportunity to read some of our detailed hearings and to look through our report, you will find that we have carefully scrutinized the defense budget and programs again this year. I think we have done the best job possible under the circumstances. Thus, I feel as though this is a good bill, and ask all of you to support it.

Mr. MAHON. Mr. Chairman, I yield such time as he may consume to the gentleman from Florida (Mr. SIKES).

Mr. SIKES. Mr. Chairman, the bill now before the House shows a realistic acceptance by the Defense Subcommittee and the Committee on Appropriations of the essentiality of an adequate defense for the United States. For the first time in many years, this bill approximates the budget recommendations. This is highly unusual, particularly in peacetime. Obviously there is a new awareness of the growing Soviet military power and of the increasing concern by the American people that this added Russian military might is a threat to the peace and security of the world.

I sincerely hope that the House will support the committee recommendations. To do less would serve notice to the Russians that adventurism is in order; that they can encroach upon other nations without concern for the attitude and ability of the United States to resist aggression and to uphold the rights of the free world.

It should be understood that the bill which is now before us is not in itself a cure for the problems of modernization and adequate numbers of weapons. It is a start in the right direction. We have been going downhill for a number of years. We cannot overcome deficiencies in one budget. We shall need to continue to fund at a realistic level for America's defense needs for several years just to stay in the ballpark among the world's major military powers. But at least this is an important start in the right direction.

It appears unquestionably true that the quantitative military balance since 1965 has shifted substantially in favor of the Soviet Union.

Our country's numerical superiority in strategic nuclear weapons, which was still evident a decade ago, has dissolved.

The United States had three times as many intercontinental ballistic missiles as the Soviet Union in 1965. The Soviets had more ballistic missile submarines, but we had four times as many sub-launched missiles, because U.S. boats mounted 16 tubes each and theirs averaged only three. Neither side had yet developed multiple independently targetable reentry vehicles—MIRV's—but 176 of our Polaris A-3 SLBM's carried three multiple reentry vehicles each by June 1965, so the warhead totals stood at 1,702 United States and 390 Soviet.

Today, the United States lags in every category except for NIRV'ed launchers and aggregate warheads. Continued U.S. ascendancy in quantities of heavy bombers and air-launched cruise missiles compensates in part, but Soviet superiority in sea-launched cruise missiles offsets that advantage to a great extent. We are far behind in that category—both defensively and offensively.

U.S. tactical nuclear delivery systems are concentrated in general-purpose land- and carrier-based fighter/attack aircraft and tube artillery. Conversely, the Soviets feature specialized cruise and ballistic missiles, a field in which they are far ahead. Impressive backfire bombers are beginning to supplement their fleet of obsolescent Badgers, whose penetration prospects admittedly are poor against well-defended targets in Eurasia.

Air power gives the United States an evident global edge in forces for tactical nuclear purpose. The Soviets, in turn, evince extreme quantitative superiority in central Europe, where their surface-to-surface missiles outnumber ours by about 10 to 1 and their nuclear-capable aircraft by something like 2-to-1.

The numerical strength of U.S. ground forces, including Marines, has never matched Moscow's massive army. Soviet personnel strength presently is 2½ times that of the U.S. establishment, and our divisions are out numbered 9 to 1. Some 9,000 U.S. main battle tanks compare unfavorably with 34,500 in the Kremlin's armored force, which has 40,000 steel-plated personnel carriers, double the size of the U.S. contingent, and infinitely better. Their stock of antitank missiles is almost triple ours. America has only two clear quantitative advantages: we have many more helicopters, and the U.S. Marine Corps dwarfs its Soviet counterpart, which fields a small fraction as many men, has no divisions, and no organic air support.

Ten years ago, the Soviet Navy had already outstripped the United States 2-to-1 in attack submarines, but its surface fleets had just begun to break out of their coastal cocoons and compete on high seas. Today, they have more major combatants in every category except aircraft carriers, and a virtual monopoly on surface-to-surface antiship cruise missiles, which are mounted on cruisers, destroyers, submarines, and small craft. The Soviets have even surpassed us in numbers of amphibious ships—not because they built many more, but because we have halved our Forces since 1965.

Three important U.S. pluses compensate in part for otherwise lopsided statistical comparisons in Soviet favor. First, the U.S. Navy includes seven nuclear-powered surface combatants. The Soviet Navy has none—although its 75 nuclear attack and cruise missile submarines outnumber our 63. Second, U.S. carrier, airpower is unsurpassed. Moscow as yet has no fighter/attack aircraft afloat, and still will rely on short range, vertical/short takeoff and landing versions when ships of the Kiev class enter active service. Last, but surely not least, the U.S. Navy not only has more ASW aircraft afloat, but more shore based as well.

America's land- and carrier-based combat aircraft, excluding forces for strategic air defense, quantitatively outclassed Soviet tactical airpower in 1965 as they do today. However, that comparison is deceptive, since a large segment of our naval arm is dedicated to fleet defense. The Soviet Air Force presently has 25 percent more fighter/attack aircraft and medium bombers than the U.S. Air Force and Marine Corps combined. Total tactical air transport ratios favor the Soviet Union. America's sealift assets under Military Sealift Command and in the U.S. merchant marine were more than twice as large as those of the Soviet Union in 1965. Since then, the situations have reversed.

Technological supremacy traditionally has been a strong U.S. suit, and remains so in many areas. The day has passed, however, when U.S. scientific ascendancy can be taken for granted. Soviet efforts already equal our own in several respects, surpass us in others, and exhibit strong momentum.

In other words they are gaining all along the line. It is not a pleasant picture. It is one we must accept as realistic and gird ourselves to provide a defense which will provide for America's security in the years ahead. It can only be achieved through more adequate funding than we have provided in recent years.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 10 minutes to the very able gentleman from Virginia (Mr. ROBINSON).

Mr. ROBINSON. Mr. Chairman, much has already been made of the fact that this bill is substantially at the budget target with regard to the figure that has been suggested of $106.8 billion, and that by the time we get through considering the amendments regarding unauthorized items that will be offered we are going to be substantially at that figure.

I think it is interesting to look at the trend in the Defense Department budget from 1976 until the one we are considering today. In the area of military personnel, active and retired, which is, of course, about one-third of what we are looking at, we find that the budget has not increased significantly. It has gone up only $1.2 billion from the level of 1976 to a level of what adds up to $33.9 billion at the present time. This, of course, does not include the figure that will be necessary to add when we get the first pay supplemental; but the important thing to note is that it has not gone up significantly.

In operation and maintenance, the same thing is true. There is enough in the bill to take care of the increase of doing business and a little bit more, mainly we are way behind in our shipbuilding maintenance and overhaul.

It is only when we get down to title IV and we begin to look at procurement that we really find a significant increase in the amount of money over and above the amount in the 1976 bill. Here we do find a real increase. It adds up to a total of $8.1 billion; but with good reason, because in recent years we have been falling farther and farther behind our potential enemies in terms of providing our military personnel with the hardware they need to fight a winning war, if it becomes necessary to do so.

Mr. Chairman, I would like to return for a moment to the area of military personnel and discuss the category of retired military personnel. In this area we are finding that the budgeted amounts are increasing at a rapid rate that is becoming of more and more concern. I think we are going to have to look carefully at our retirement program in future years in order to keep it from expanding at a rate which we will not be able to afford.

In RDTE—research, development, test and evaluation—we find again that the increase is about in line with what we would expect in order to keep up with the cost of doing business, or about 10 percent.

Now, in terms of military end-strength—the amount of people that we are going to have in the Armed Forces—we find that we are looking at an Army of 785,000 men, which includes 16 divisions, 6 separate brigades and 3 armored cavalry regiments.

We have a Navy of 532,000. That mans 489 ships, as compared with 496 as far back as just 1975.

Marines: 195,000 strength.

Air Force: 579,000.

This adds up to a total of 2.1 million people in uniform, as projected by the fiscal year 1977 budget. It is interesting to note that for every two persons in uniform, we still have a civilian employee. Including foreign nationals, DOD will have 1,035,000 civilian employees in 1977.

A few of the particular items that are going to be of important consideration as we go through this bill are, first, the Navy shipbuilding program. As we are all aware, the excessive operating requirements of the Vietnam conflict required the Navy divert a large portion of funds, funds which would normally have been used to replace its aging ships, to the maintenance and operation of the fleet. Our older ships become obsolete and unable to maintain and, as a result, the country has experienced a dramatic shrinkage in the size of its operating fleet.

The Navy has had to retire many of the older ships from active service while, at the same time, under fiscal restraints, building an average of only 11 or 12 replacement ships per year over the past several years. The combination of these two factors has meant that we have now seen a reduction from a recent high of 976 ships in 1968 to a projected level of only 475 ships at the end of this fiscal year; a reduction of 51 percent. This results in the lowest total active fleet number since well before World War II.

Last year, 15 new ships were funded for construction. For fiscal year 1977, including the May 10, 1976, budget amendment, the Navy has requested that we appropriate funds for 21 new fleet units. Unfortunately, the shipbuilding amendment arrived too late to be considered by the committee, as was mentioned by the gentleman from Alabama, and in the bill before the House today we recommend appropriations for all 16 new ships in the original fiscal year 1977 budget, plus advance procurement for a fourth nuclear-powered aircraft carrier. The importance for going in this direction now to what we see in this country is exemplified by an article which appeared in the Chicago Tribune under date of June 5, with a Tokyo dateline:

> A Japanese white paper on defense, the first Japan has issued in six years, says the United States has been replaced by the Soviet Union as the predominant military power in the Far East.
>
> A 26-page English language summary of the white paper shows the Soviet Union with 120 warships in the Pacific while the U.S. 7th fleet has 60.

A few days ago the Chief of Naval Operations, Admiral Holloway, made a talk and laid to rest some of the myths that have been broadcast with respect to the situation that exists today regarding the Navy. He said:

> There is a myth that says that the U.S. Navy is outbuilding the Soviet Navy. In reality the situation is this: In the past fifteen years since the Soviet Naval buildup began, the Soviets have delivered to their fleet a total of 1,312 naval vessels and logistic ships. During this same time the U.S. Navy has delivered a total of 326 new ships.

He goes on to say:

> A second point to be made is that the United States is not engaged in a shipbuilding race with the Soviets. What we are determined to do is to maintain maritime superiority in the face of Soviet expansion. Shipbuilding is a part of this.

Another matter of significant concern and cost, since it adds to the total of $1.5 billion in this bill, is the matter of the B–1 bomber. Of this total, and for the first time, funds are provided to procure the first three production versions—aircraft for our operational inventory—of this new bomber. This is the year for the decision on whether or not the B–1 is needed to replace the aging B–52. The committee is recommending the full amount requested by the Air Force and has decided that we need the B–1. We will hear a great deal more about that when we get to the 5-minute rule.

Finally, in terms of specific matters in the budget, our intelligence program, which has been under such serious and severe scrutiny by the Congress, the committee has continued its vigorous review of intelligence programs, making reductions of $101.4 million in the fiscal year 1977 intelligence budget. Additional reductions totaling $20 million were made in intelligence-related budgets and programs.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 2 additional minutes to the gentleman from Virginia.

Mr. ROBINSON. The committee has taken a significant step by providing a separate appropriation of $5.6 million for intelligence community oversight. These funds will support the intelligence community staff and the U.S. Intelligence Board, which were previously funded in the CIA budget. Providing a separate funding source should, and I think will, increase the independence and the vigor of these two institutions.

Mr. Chairman, I feel that we have brought to the Members to day a bill which will turn the corner, as our chairman has said, in terms of getting us back into a position where we can again be certain that our defense system is ready to turn back any threat against us.

Mr. MAHON. Mr. Chairman, I yield such time as he may require to the distinguished gentleman from Pennsylvania (Mr. Flood).

Mr. FLOOD. Mr. Chairman, this is a very good bill. We see many of them here in this position on the floor. It gives a strong position to the United States in the matter of defense in a very troubled world.

Mr. Chairman, the House has before it today the largest peacetime military budget in the history of the United States. The bill recommended provides the greatest sum ever appropriated for the military in a period in which we were not at war in the history of the United States. These large amounts are not entirely new to inflation. There is substantial real growth in buying power for the Department of Defense in the proposed bill.

The President requested a fiscal year 1977 Defense budget totaling $106.7 billion. The committee recommends the appropriation of $105.9 billion, a reduction of $800 million. Of this $800 million reduction, $200 million is not a real reduction but deletes new appropriations because funds appropriated in prior years are transferred and made available in the new fiscal year. The real reduction in the fiscal year 1977 budget program is $600 million.

The appropriations recommended, if enacted, would provide to the Department of Defense $13.5 billion more than the total amount appropriated for the Department of Defense for fiscal year 1976. If the anticipated pay raise supplemental for fiscal year 1977 which we will consider early next year is included, the comparative increase is $15.5 billion.

The question in the minds of the Members on hearing this is why shoulld we provide such a huge increase in military spending? Why at a time when our people in the cities and our people in rural areas have a great many needs which could at least in part be satisfied if these funds were made available for those purposes instead of for national defense. I say to my colleagues that the answer is that the United States is in danger of becoming second best militarily to the Soviet Union. We believe that it is not in the best interest of the United States to be second best militarily to the Soviet Union and that we must provide funds to maintain our military forces on a very broad scale or roughly equivalent to those of the Soviet Union.

In recent months, our military and civilian leaders of the Department of Defense have come before the committee and have told of ever increasing Soviet military strength. Those in charge of our intelligence gathering tell the committee of great numbers of Soviet military programs designed to both modernize and enlarge the military forces of the Soviet Union. We on the committee have seen the increasing Soviet strategic intercontinental ballistic missile forces. We have seen them overtake the intercontinental ballistic missile forces of the United States in numbers and we have seen them gain superiority in this very important field where we at one time were far superior. I have said many times that I thought various administrations had failed in not bringing forward new intercontinental ballistic missile deployment so that we might maintain our superiority in this area. The answer has been that this matter was not of great concern since the United States maintained an overwhelming superiority in long-range strategic bombers which offset the Soviet intercontinental ballistic missile advantage, and this is true but I have never been satisfied that we were proceeding in the best way. But Defense officials under several administrations, seemed content with the situation and did not budget funds for additional strategic missiles for the United States.

This strategic area is not the only area of Soviet military increases. The Soviets have increased the strength of their conventional general-purpose forces as well. This, of course, poses a threat to the eastern Mediterranean and to the Middle East, to Israel and to the oil rich Arab countries upon whom we depend so heavily for our energy resources. The increase in Soviet conventional warmaking strength adds to the threat to the NATO countries of Western Europe and provides military resources for Soviet adventures in America and elsewhere.

It is our position that we must respond now to Soviet military increases by increasing our own military strength lest we become deficient in future years in areas that could be detrimental to our national well-being. We have seen the Soviet pressures in the Middle East. We have seen Soviet success in Angola. We have seen Communist forces win sweeping victories in Southeast Asia. The tide does not appear to be running our way and we must take steps to reverse the trend.

Members will say, "but Mr. FLOOD, there is waste in the military" and I will say to my friends, that no one knows better than I do that there is waste in various Department of Defense programs and activities. Down through the years the Subcommittee on Defense Appropriations has been the No. 1 opponent of wasteful spending in the Department of Defense and many billions of dollars in funding reductions have been made as a result. I know full well that we cannot deter the Soviet Union by hurling dollars at them. We must be able to use the dollars provided by the people of this country and appropriated by the Congress in such a way as to provide real military strength. There may well be programs funded in the $106 billion bill we are presenting that we will not complete but I would say that this is a year for giving the Department of Defense and the military services sufficient flexibility to try a number of programs designed to enhance our military strength. It will cost us something to do this but in future years we can deny funds either in the President's budget or in congressional action for a program which do not appear to be fruitful.

The requirement to meet the time schedules imposed by the Budget Control Act had a substantial impact on the consideration of the defense appropriation bill this year. The subcommittee did not have time to hold a detailed hearing which has customarily been held in the past. We covered the entire budget request. Much of our deliberation was more general and less detailed than has been the case in recent years. Of course, our hearings have been supplemented by studies by the Surveys and Investigations staff, by studies made by the General Accounting Office and by analyses made by the committee staff. The printed hearings are less voluminous than they have been and you will note that the report is less lengthy. The subcommittee streamlined its procedures in order to meet the requirements of the Budget Control Act. We were still able, as the printed hearings and the report will demonstrate, to review in considerable depth a large number of individual programs and activities.

In its deliberations with regard to funds required for national defense, the committee did not confine itself to merely reviewing requests of the administration where the committee thought the administration had erred in not providing funds for important programs. The committee has recommended that those funds be included in the bill.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama (Mr. DICKINSON).

Mr. DICKINSON. Mr. Chairman, it is very disconcerting and really frustrating when we have a bill of this magnitude, $112 billion, affecting the very life of our country, when matters of such diversity and such intricacy have to be discussed and we look around on the floor and we see that we have less than 100 people here to participate and listen to the debate. Of course, during the amendment process we will get into matters in more detail, but I cannot help but be concerned, Mr. Chairman, as a member of the Committee on Armed Services, over what we are buying and how we are buying it. Everybody says, "Yes, we should save money in defense." I cannot argue with that. I agree. I think we are foolish to waste money anywhere.

I will admit that we do waste money in defense. Can we help the waste? Yes, we can. Unfortunately, we are locked into some positions that will be very difficult to change.

Where does our money go in defense? First, it goes to pay people. It goes to pay people either in uniform or out of uniform, either on active duty or retired. But only 55 cents out of every dollar that we appropriate goes to pay people, those who are retired, those who are on active duty, or whatever. How does one reduce this figure? Are we going to lay off people? Are we going to say we are going to have less civilians? We can do that. Are we going to say we are going to reduce the number in uniform? Yes, we can do that. But I do not think that is the wise thing to do.

Are we going to reduce the amount of the remuneration, the salaries, of those in uniform? Not if we are going to continue to have an All-Volunteer Army. And that is what this Congress says we should have.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Kentucky.

Mr. CARTER. I thank the gentleman for yielding.

Mr. Chairman, I would like to ask the distinguished gentleman in the well if that is not one of the causes of one of the great increases of the funds spent in the military.

Mr. DICKINSON. That is true without a doubt. We doubled the amount of income to the serviceman 3 or 4 years ago. When I first went in the service, privates were getting $21 a month. Today the minimum salary for a private, I believe, is something like $320 or $370 a month. Compared to what they were getting before, these have been tremendous increases.

Yes, this is where the tremendous expense comes in. That is the point I am trying to make.

If I may continue on that point with the gentleman wrom Kentucky (Mr. CARTER), I will ask: How do we cut? How do we get more economies in Government? How can we reduce our defense spending? Are we going to cut out people? Are we going to cut down salaries? Realistically, we cannot do that.

Where else does the money go? I would like the people of the country as well as the members of this committee to realize that the way in which we procure our weapons systems brings about enormous waste. Let us take the carrier-on-deck delivery system that we just voted on this floor recently to eliminate. That is a matter of controversy today in conference with the Senate; that is the COD system. This airplane is going to cost about $12 million apiece, and its use is to transmit from shore to ship or from ship to ship people and equipment, machinery, and other items, that have to be transmitted within the fleet. We are now producing this in an antisubmarine version at about $12 million apiece, and the cost is more than $12 million with the antisubmarine equipment on it. That costs $2.5 just for ASW equipment. If we take that off, we are buying them for $12 million apiece.

We are producing them at the rate of 41 per year, but what we are planning to do now or what has been proposed—the House rejected this, but the Senate is still insisting on it—is to make this a civilianized version or a cargo-carrying version, and instead of building 41 per year, we would reduce the production to 12 a year. As a result, just the simple streach-out for the manufacture of these planes is going to increase the cost per unit over a million and a half dollars per airplane, for no reason at all, except that we are going to build one per month instead of 41 per year. That is a tremendous waste.

The stretching out of the Trident program, by which we are stretching out the production and not building at the most efficient rate, is going to cost over $1 billion more. What do we get for that money? Nothing. It is just that much money wasted because we are not producing at the most efficient rate.

We are going to have a decision in this bill which amounts to a go/no-go decision on the B-1. This is the point where we should decide first whether we need an advance follow-on bomber. If we say yes, we do need it, then we should make the decision and ask ourselves: What is the most economical rate for producing this bomber?

We were told last year—and I believe it—that if we did not advance $77 million in long-lead-time items, just the failure to provide $77 million in long-lead-time items would cause a stretchout in the program of approximately 1 year. Just the stretch-out of 1 year would amount to nearly an additional billion dollars to the program, just because we would not spend $77 million for long leadtime. We would get nothing for the money.

Mr. HILLIS. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Indiana.

Mr. HILLIS. Mr. Chairman, I want to compliment the gentleman on what he is saying here. I think his words should be taken very seriously by all Members of the House.

I wish to ask the gentleman if he is familiar with the M-60 tank program?

Mr. DICKINSON. Yes, I am familiar with the program, but I do not have all the figures right here.

Mr. HILLIS. I do not have the figures with me either, but that is very much in line with the gentleman's point. It is the other side of the coin exactly with reference to what the gentleman is talking about, in that through efficiency of optimum production we have been able to get more tanks at a lower cost per tank down the production line. As a result, we have ended up with more tanks for the same number of dollars.

I think the point the gentleman is making is that we need to set optimum targets as we produce these systems so that the taxpayer gets the most defense for the dollar.

Mr. DICKINSON. Mr. Chairman, the gentleman is entirely correct, and I thank him for his remarks.

I am sure that I will get to the point where I will be boring the Members, because I am going to continue to talk about this. I am going to continue to stress the fact that we are foolish to waste money when we make a decision to acquire a weapons system, and we are wasting money when we decide not to go forward and acquire these units at the most economical rate of production.

Mr. Chairman, $1 billion being thrown away on the Trident program and $50 million on the COD program is just absolutely indefensible.

Mr. CARR. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Michigan.

Mr. CARR. Mr. Chairman, I want to commend the gentleman from Alabama (Mr. DICKINSON) and endorse his statement.

What the gentleman is saying is very important. We are losing a lot of nonproductive money on program stretchout. On the particular point of the COD, the stretchout is at least $50 million, and in some respects it is more.

I want to point out to the gentleman that a statement was received in my office by a Lockheed official as to why we are stretching out the COD program. In the particular case of the COD, it has come to us that we are not proposing to stretch it out just because of budgetary restraints this year. This is a relatively small program. We could buy all 30 aircraft in 1 year, but the reason that was given to me by a company official from Lockheed was that they wanted a stretchout to give Lockheed time to attempt to sell the antisubmarine warfare—ASW—version to the West Germans, and hopefully persuade the Navy later on down the line that this same aircraft could be used as a tanker. Therefore, the taxpayers of the United States are being asked to stretch out and to spend a lot of money in order to preserve marketing options for the Lockheed Aircraft Co.

Mr. DICKINSON. I do not know as much about what the gentleman has said as the gentleman from Michigan. I do not have any reason to doubt what he has said, because whether it be this program or any other program, quite often we say that we should keep the production line going or we should keep the hot line going because if we ever need it in the future, we will be able to meet that need. Therefore, we have to keep it going.

This is such a threadbare argument that I hope it will soon be discredited if it is not discredited today.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Chairman, I thank the gentleman for yielding.

I was listening to his remarks, and I am impressed with the argument that he has made.

Mr. Chairman, I appreciate his bringing these points to the attention of the members of the committee.

There is one specific point I would like the gentleman to comment upon, if he would. That relates to the B-1 bomber program and the proposal to defer the final production decision on that.

The CHAIRMAN pro tempore (Mr. HUNGATE). The time of the gentleman from Alabama (Mr. DICKINSON) has expired.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 3 additional minutes to the gentleman from Alabama (Mr. DICKINSON).

Mr. LEVITAS. Mr. Chairman, will the gentleman yield further?

Mr. DICKINSON. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Chairman, as I was about to say, earlier this week I attended a briefing at which former Secretary of Defense Schlesinger made a presentation. He was asked the question whether a deferral decision would adversely affect this program. His answer, if I remember it correctly, was "No, it would not, provided we put in $110 million"—I believe that was the figure—"to continue the employees on the production line so that they would be available if there was a 'go' decision made next year."

Would the gentleman comment on that response that Dr. Schlesinger gave?

Mr. DICKINSON. I did not hear Dr. Schlesinger's comment, and I would not be in a position to contradict anything our former Secretary of Defense has said, but we have been briefed on the B-1 program.

Let me say first that we are faced with the very hard, and real decision now, which is this: Do we buy the B-1 bomber? There is also the first question, do we need an advanced manned bomber?

If we say yes, then we have another alternative: Whether we are talking about a stretchout of the FB-111 or whether we are talking about extending the life of the B-52 which is already stretched as far as it can go.

First we have to decide whether we want another bomber. Once the decision is made, we are locked in. We must procure the B-1.

Yes, it will cost a minimum of $100 million to stretch out for a very brief time, maybe 6 months, the procurement of the B-1.

It is very difficult to come up with hard-and-fast figures, because of the game played within the Department of Defense and played by the manufacturers also.

If one asks, what is the price of an airplane? I could give six different prices as to what that airplane costs, and each one is true.

It depends on how you ask the question, whether you mean fly-away costs, with or without Government furnished equipment, whether you are talking about the total program and so forth, which the Members are probably all familiar with.

Mr. Chairman, if I might, in the short time left, go on and present one other little problem and that is that there is a tremendous area in which we are far behind and where we need the money, and this committee has provided the money, and that is in the area of research and development. We have fallen behind our adversaries, the Russians, in the total amounts spent for R. & D. That is the best intelligence estimate that we have been given and we have nothing to contradict it.

The CHAIRMAN pro tempore. The time of the gentleman has again expired.

Mr. EDWARDS of Alabama. I yield 2 additional minutes to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, it is in this area of research and development that one cannot turn it on and off. In procurement, yes, you can put more men on the job and you can build more airplanes, perhaps, and maybe turn out more ships, and you can build more of whatever you are going to build once you know what it is that you are going to build and you get the plans and specifications, the engineering drawings, and so forth, but it is not possible to turn it on and turn it off and go up and down in effort in the area of research and development.

And in technology we do, in fact have, and it is truly conceded, at this time a lead over the Soviet Government but it is a diminishing lead. They are spending more money, very large amounts more each year in their R. & D. to overcome their deficiency, than we are. If we do not go forward with whatever is necessary to maintain our lead when the graphs are crossing, now, then we will have an irretrievable lag or gap, and this is according to Dr. Curry, who is head of our entire DOD research and development effort, in the very near future.

The problem is that it costs so much that we cannot afford our technology. For instance, the SR–71 airplane. We have an airplane now that flies past mach III, it is no secret. It broke the international speed record from New York to London at the last international air show. Members of our committee were there to see it come down and land and we were very proud, as Americans, that we were able to do this. It flew from New York to London in less than 2 hours. It flew so fast that it had to go over the Baltic Sea and slow down and cool off before it came down to land, because it had a skin temperature of over 800 degrees.

If we were to fire a 30.06-rifle bullet at the same time that that airplane left New York City, and that bullet maintained its speed, the airplane would beat the bullet there by 17 minutes.

So, Mr. Chairman, I support the bill and urge the Members of the House to support the budget presented by the committee here, and I will later ask for certain specific changes or amendments.

The CHAIRMAN pro tempore. The time of the gentleman has again expired.

Mr. MAHON. Mr. Chairman, I yield 10 minutes to the gentleman from New York (Mr. ADDABBO), a member of the committee.

Mr. HILLIS. Mr. Chairman, will the gentleman yield?

Mr. ADDABBO. I yield to the gentleman from Indiana.

Mr. HILLIS. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I want to commend my colleague, the gentleman from Alabama (Mr. DICKINSON) for focusing the attention of the House on the escalation of cost figures brought about through procurement methods as a result of stretch outs as set by the Congress.

In many areas we are badly behind in the production of adequate amounts of conventional weapons systems in comparison with efforts being made by the Warsaw Pact nations. Such an example may be shown in our tank inventory where by conservative estimates we are behind by 4–1 tanks in the field and by 2–3 tanks in annual production rates.

In the past when a national emergency has forced conversion from normal manufacturing pursuits to wartime production, our country has responded most adequately. For instance, during World War II, 17 tank producers were able to meet our needs with the assistance of 38 foundries which supplied them with necessary castings. Today, however, the all important foundry industry is becoming a casualty of Government regulations through OSHA and EPA. Slowly but surely their demise will cause a large number of other important industries to close their doors. This fact has drastic implications on our future ability to produce during periods of need.

Casting represents the beginning of all manufacturing processes. The sudden loss of the relatively small number of foundries producing strategic castings could result in the shutdown of the entire U.S. manufacturing complex. This would be critical during a time of national emergency. If the foundry industry is to survive in a viable way, it appears there must be some relaxation of overregulation which could lead to economic suicide in the United States.

May I suggest that the following points be considered by the Congress as possible approaches to the present difficulties experienced by the foundry industry:

First. A 5-year moratorium, with qualification, on EPA, OSHA, and similar legislation affecting foundries;

Second. Conduct economic impact studies for the foundry industry by an agency other than those who set standards;

Third. Conduct realistic economic studies as to what level of efficiency is the most practical to achieve;

Fourth. Quick writeoff or other subsidy for the extraordinary high costs of environmental control;

Fifth. Investment allowance and accelerated writeoff for capacity expansion; and

Sixth. Establishment of an industry advisory committee whose members are knowledgeable of the industry and whose recommendations would be fully recognized and accepted with the attitude of encouragement for the industry and the country's economic balance.

Mr. ADDABBO. Mr. Chairman, I first wish to take this opportunity to commend the chairman of our subcommittee, the gentleman from Texas (Mr. MAHON), and the ranking minority member, the gentleman from Alabama (Mr. EDWARDS), and all of the other members of the subcommittee for their outstanding efforts in spending so many hours in conducting the hearings. I also wish to take this opportunity to commend our outstanding staff that is headed by Ralph Preston, for their expertise and their untiring efforts.

Mr. Chairman, the committee has broken significant new ground this year by providing in title VIII a separate appropriation of $5.6 million for "intelligence community oversight." This is the first time the appropriations committee has ever identified any part of the intelligence budget.

By providing this separate appropriation, the committee hopes to assure that the intelligence community staff is absolutely independent. It should not be beholden to the CIA, or the NSA or any other element of the intelligence community. It should be able to knock heads together where necessary. It should reduce overlap and duplication.

All these actions will be unpopular and will require difficult decisions. This can only be achieved if the intelligence community staff has its own appropriation. Without control of its own budget, the intelligence community staff could be intimidated by the CIA or whoever funded its program.

Like many other Members, I believe the entire intelligence budget could be made public without harm to the national security. The Congress has not chosen to follow that path, but the committee has agreed to provide for strong, effective oversight by providing for a separate appropriation for "intelligence community oversight." I strongly applaud this action, and believe the committee should receive great credit for taking this first step toward assuring vigorous oversight of the intelligence community.

Mr. Chairman, I believe in a viable national defense system, just as I believe in giving little children health food. But what we have done in this budget is to pervert the process. We have not provided a strong defense budget, we have advocated gluttony. We have provided so much money that in many cases the service would not be able to spend all of it if we appropriated it. We have also endorsed spending heavily on some programs, that, as of the moment, have dubious futures.

Later, when I and others on the Defense Appropriations Subcommittee offer amendments which would cut back slightly on the gluttony, I am certain others will rise to protest loudly. They will claim that these amendments will cut the guts from the defense budget and render the United States vulnerable to attack from our enemies. I am sure that those who will make those statements will believe that to be the case; Lord knows they made it often enough throughout the extensive hearings we held in subcommittee.

But the facts of the matter do not bear out that contention the United States has a commanding lead over the Soviet Union in critical areas. Let me give you some examples. The United States has 8,500 strategic nuclear weapons compared with 2,500 for the Soviet Union. In intercontinental bombers, the United States has over 400, while the Soviets have 160 but without the necessary refueling planes. We have 1,100 fixed-wing planes at sea, whereas the Soviets have none at all.

We are doing very well in our defense posture, my colleagues, so well, in fact, that we could be called a veritable arsenal.

Certainly there are areas of our national defense posture that need to be improved and upgraded. We must continue to do the research necessary to keep our weapons supply up to date. We must continually refine our on-line services to keep abreast of developments throughout the world for we must meet other threats than nuclear warfare from a nation nearly our equal in power.

But we do not need to spend ourselves into ruin to accomplish this. We are spending more money than at any other time in our history for defense, and at a time when our Nation is at peace and shows every sign of staying at peace for the foreseeable future.

You and I know full well why we are presented with such a top-heavy defense budget this year. It has to do with domestic politics far more than it does with international threats to our security. Well, I for one say that the Congress has the obligation to look at the facts as they exist, not just as some would portray them to be for their own political advantage.

This budget could be cut by $8 billion and not harm a single critical program. This is the only appropriation including a $7 billion inflation factor. It will not be cut that extensively, though it ought to be. I will be satisfied if we can eliminate some of the more frivolous spending programs contained in this bill. I would be happy if we could delay spending billions for a B-1 bomber that will not have its avionics tested for at least 3 years and which has yet to satisfactorily complete its preliminary testing program. I would be happy if we could delay the procurement for the Trident missile which has experienced so many test failures. I would be happy if we would eliminate billions from this year's budget that the Defense Department accountants have squirreled away in unobligated fund accounts.

We have before us in this budget billions of dollars which will be wasted in programs which have no need to be implemented. They are not vital to our national defense, and there is some question whether some of them even work. We have volumes of testimony which are the greatest testimonial to rewarding waste and inefficiency.

Billions of dollars for other programs of importance to our citizens will be lost if we accept this bill as it is brought to the floor. I would hope that you would join with me later when these amendments are offered in cutting back the spending level of this bill to a point where we can look the American people in the face and say, "We have been prudent and careful but we have not been wasteful."

Like a healthy child who has been fed too much of the good foods, the Pentagon budget this year is so swollen that it cannot be sensible to let it remain as it is. I urge you to listen to the debate carefully, to read the committee report and the separate views, to look over carefully the factsheets that many of you have received, and to support the perfecting amendments when they are offered.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. ADDABBO. I yield to the gentleman from Connecticut.

Mr. GIAIMO. I thank the gentleman for yielding.

The gentleman will agree that the separate independent appropriation of $5.6 million for necessary expenses for intelligence community oversight is a worthwhile effort to get some independent oversight over the intelligence community, including not only the CIA but all of the other facets of the intelligence community. Nevertheless, the fact remains that this oversight is done by the DCI or the Director of Central Intelligence, who is the man in charge of all intelligence operations. In a real sense he coordinates them all. Nevertheless, the fact remains that this oversight which is being done by the DCI is in fact being done by the man who also, when he puts on his other hat, is the head of the CIA.

Mr. ADDABBO. I fully agree with the gentleman from Connecticut.

Mr. GIAIMO. If the gentleman will yield further, then we should not be carried away into believing that we are going to get a real independent oversight over the intelligence agencies. In other words, the oversight over the intelligence agencies, while it now has a separate appropriation, will be done by the gentleman who is the head in fact of the CIA, and that is sort of merely an internal oversight.

Mr. ADDABBO. I fully agree with the gentleman from Connecticut, who has been an outstanding spearhead in this fight. The only reason I pointed this out this morning is that I believe this is a 100-percent turnaround from where we were last year when the gentleman led the fight.

Mr. MAHON. Mr. Chairman, I yield such time as he may consume to the gentleman from Georgia (Mr. FLYNT), a member of the committee.

Mr. FLYNT. Mr. Chairman, I of course support the committee recommendations contained in the Defense Appropriation bill; it is explained fully and extremely accurately in the 228-page report which accompanies this bill.

This Defense appropriation bill carries the largest dollar amount ever carried in a Defense Appropriation bill in war or peacetime. Let me explain that during a part of the period of 1942 through 1945 there were certain fiscal years in which the total funds appropriated for a given fiscal year exceeded the amount in this bill but those amounts were the result of a combination of two or more separate appropriation bills, where this appropriation bill for the Department of Defense carries the largest single amount ever contained in a single bill for the Department of Defense.

Mr. Chairman, the committee has not arrived at the component parts of this bill hastily and without due consideration. I think that a careful reading of the report, especially when it is compared with the budget request, will show that the subcommittee through long hours of diligent and tireless effort and work has come forth with a bill which the committee was proud to recommend to the full committee and which the subcommittee and full Committee on Appropriations recommend to the House today. The Subcommittee on Defense Appropriations did not take the budget as submitted by the President and the Office of Management and Budget without modification resulting from hearings and the application of years of expertise in the field of defense appropriation.

Mr. Chairman, at the proper time I will ask permission to include certain portions of the committee report as a part of these remarks. These will show that there were substantial reductions recommended by the Subcommittee on Defense Appropriations.

On the other hand, the report will show that there were many unbudgeted items which the subcommittee, with the concurrence of the full committee, have included in the recommendations to the House that are contained in this bill here today.

Mr. Chairman, of course, as in practically all appropriations bills appropriating funds for the Department of Defense, we find this bill divided generally into four categories.

The first category is the cost of pay and allowances for active duty, retired personnel, reserves and national guard personnel.

The second major category is the category which we refer to as operation and maintenance, the daily expenditures, the training, the consumable goods, which are used day to day in equipping and training a defense establishment which we hope will remain second to none in the world in which we live.

The third area of this bill addresses itself to procurement. Briefly, the procurement section of this bill provides the hardware including, but not limited to, things like aircraft for the Department of the Air Force, the Department of the Army, and Department of the Navy, for shipbuilding and conversion of naval vessels, for use by the Department of the Navy, weapons systems and weapons, tanks and other tracked vehicles and practically everything that this committee recommends to the Congress to appropriate funds for in order to adequately and properly equip the men and women of the Armed Services of the United States.

Then we come to the fourth major category in this bill, that which we refer to as the title involving research and development. In past years in an effort to keep this appropriation bill at the lowest possible figure, I, along with many of my colleagues in this subcommittee of the full committee and Members of this House who are on either the subcommittee or the full Committee on Appropriations feel that some areas of research and development have been neglected.

Let me point out, Mr. Chairman, that when we are dealing with research and development, experimentation, if we please, everything that we appropriate money for in the research and development title of this bill does not work out exactly the way we would like it to; but that is true in the general overall area whenever we are experimenting and whenever those scientists who are charged with research and development for the Armed Services, as well as for the civilian services of this country, everything that goes into this section of the bill does not necessarily work out as we would prefer that it would.

On the other hand, the funds which we include in the research and development title of this bill are what we call the insurance premium on the future security and defense of this country.

Mr. Chairman, as I said earlier in my remarks, this bill has not been casually or lightly put together by the Subcommittee on Defense Appropriations. It may not be a perfect bill, but we sincerely and honestly believe that it is the best bill that we could recommend to the committee today and we urge approval of the bill making appropriations for the Department of Defense as near as possible in the form in which the Committee on Appropriations reports it to this Committee of the Whole House.

Mr. Chairman, at this time I include as a part of my remarks that portion of the committee report which summarizes the committee's recommendations and the basis for those committee recommendations:

Summary of Committee Recommendations

The Committee considered amended budget estimates for fiscal year 1977 totaling $106,762,172,000 for those activities of the Department of Defense and related agencies covered in the acocmpanying bill. Enactment of the bill as recommended would provide $105,947,887,000 in new appropriations for fiscal year 1977 and $196,800,000 in transfer authority for a total availability of $106,144,687,000. The total recommended is $814,285,000 less in new appropriations than the amended budget request and $13,548,349,000 more than the total sum provided to date for the same purposes for fiscal year 1976. Including transfers recommended, the sums recommended are $617,485,000 less than the new budget authority requested.

The fiscal year 1976 amount reported above includes $1,932,577,000 in the Second Supplemental Appropriation Bill for pay raise costs and other requirements. Historically, similar pay cost requirements, adjusted for inflation, are carried annually in Supplemental Appropriation bills. It is realistic to anticipate a similar requirement for fiscal year 1977. The fiscal year 1977 Budget includes a contingency sum of $1.4 billion for defense pay cost increases over and above the $106.8 billion request. It is therefore realistic to anticipate a total increase in appropriations in fiscal year 1977 of some $15.5 billion more than has been appropriated for the current fiscal year when anticipated supplementals are included.

Included in the Committee's action is approval of the budget amendment of April 27, 1976 requesting $317,000,000 for the continued production of Minuteman III missiles and the initiation of production of the Mark 12–A reentry vehicle.

The Committee's actions do not include consideration of the budget amendment dated May 10, 1976 requesting $1,174,000-000 relating to the Navy's shipbuilding program. The Committee began executive meetings to mark up the bill on May 5th. Thus the amendment was received too late for consideration at this time. A delay in action on the bill was not feasible in view of the requirement to report all appropriation bills before considering any of them in the House. Such a delay in reporting the Defense Appropriation Bill would have disrupted the entire appropriation schedule of the House of Representatives.

The reduction of $617,485,000 is the net result of actions in which total decreases from budgeted amounts totaling approximately $1.9 billion were offset in the amount of approximately $1.1 billion by the recommended funding of various programs and activities not included in the budget, and by the transfer of $196,800,000 from prior year accounts in lieu of new appropriations.

The accelerated appropriation bill schedule mandated by the Budget Control Act precluded the Committee from waiting for final authorization action before marking up the Defense Appropriation Bill. There are probably programs for which the Committee is recommending funds which will not be authorized. It is anticipated that authorization action will be completed prior to Senate action on the appropriation bill and the required adjustments can be implemented by the Senate and affirmed in the Joint Conference. Since final authorization action was unknown at the time of the mark-up, the Committee recommended funding of those items which appeared to be adequately justified without regard to authorization status.

The bill would provide general transfer authority to the Department of Defense of $750 million in fiscal year 1977 as requested in the budget. The same amount of general transfer authority was provided in the fiscal year 1976 Defense Appropriation Act. This provides the Department with the flexibility to respond to program changes and unforeseen emergencies through reprogramming rather than supplemental funding requests.

The following is a list of some of the major funding actions recommended by the Committee to the fiscal year 1977 request:

Unbudgeted items funded

$70 million to maintain Navy selected reserve strength at a level of 102,000.

$45 million to provide additional drills for Army and Air Force reservists and to offset other reductions relating to reserve readiness proposed in the President's budget.

$92 million to provide for continuation of present subsidies for military commissaries.

$125 million to procure 12 A–6E attack aircraft for the Navy.

$120 million to procure 24 A–7D attack aircraft for the Air National Guard.

$350 million to provide long lead time procurement for a new *Nimitz* class attack carrier. This amount is considered as an addition to the budget request since the May 10th budget amendment was not considered by the Subcommittee.

$213 million to provide for the modernization and repair of the USS *Belknap* in fiscal year 1977.

$15 million for competitive development of a new engine for the F–14 fighter aircraft of the Navy.

$17.5 million for the Navy to continue separate basic training for helicopter pilots.

Budget items not funded

$200 million reduction in procurement accounts to be offset by recoupment of free assets, the reduction of excess unobligated balances, and other savings.

$229.8 million reduction in the amount provided for the Stock Fund surcharge. The concept of the Stock Fund surcharge was approved.

$101.4 million reduction in intelligence community programs.

$20 million reduction in intelligence-related activities.

$27 million reduction in funds available for Commercial airlift. Airlift requirements are to be accomplished by Military Airlift Command training flights.

$15.5 million reduction to buy 4 Defense Satellite Communication System II satellites rather than 6 as requested in the Air Force budget.

$20 million reduction to delay full scale development of the Defense Satellite Communication System III satellite by the Air Force.

$25.5 million reduction in advance procurement funding for the Advanced Tanker Cargo Aircraft. The Committee recommended $11.7 million of the request.

$29.3 million reduction to deny initiation of the Civil Reserve Air Fleet Aircraft modification program.

$23.7 million reduction to defer initiation of procurement of the GBU–15 Modular Guided Glide Bomb of the Air Force until more complete testing is accomplished. The Committee added $8 million for further research and development of this weapon.

$19 million reduction for the Airborne Command Post, including a reduction of $5.2 million to deny initiation of the Airborne computer system.

$30 million reduction to terminate development of the Precision Location Strike System of the Air Force.

$12.7 million reduction for transportation cost related to Reforger exercises of the Air Force. The Committee included funds budgeted for the Army part of the Reforger exercise but which is to be used for other exercises by our European forces.

$15 million reduction in advertising cost related to recruitment of military personnel.

$90.6 million in Army Permanent Change of Station travel funds.

$75 million reduction to deny all funds for the production of Non-Nuclear Lance missiles.

$48.4 million reduction which would delay initiation of Army's Stinger missile production until fiscal year 1978.

$18 million reduction in Army's Ballistic Missile Defense program.

$10.1 million reduction which was budgeted for Army training of Navy helicopter pilots.

$234 million reduction in the fiscal year 1975 PHM patrol hydrofoil missile ship program, including recoupment of prior year funds.

$170 million reduction in the Navy's US–3A Carrier On-Board Delivery aircraft. The Committee recommended $40 million above the budget for the competitive development of a new COD aircraft.

$12.7 million reduction deleting all procurement funds for the Condor missile of the Navy.

$15 million reduction from the Navy's Seafarer Extremely Low Frequency communications program, including deletion of all funds requested for initial development at the selected site. Amount approved provides for investigation of alternative means of communicating with submarines.

$20 million reduction from the budget request for the Submarine Launched Cruise Missile program of the Navy.

$16.1 million reduction deleting all funds requested for development of the Shipboard Intermediate Range Combat System of the Navy.

The Committee approved funds requested for major weapon systems: such as, the B–1 strategic bomber, the Trident submarine launched ballistic missile program, the Airborne Warning and Control System, the F–15 aircraft, the F–16 aircraft, the F–18 aircraft, the A–10 aircraft, the Utility Tactical Transport Aircraft System, and the Navy ships included in the President's January budget including funds for cost growth and escalation in prior year's shipbuilding programs.

The Committee generally approved the military force levels and the operating cost therewith as proposed in the President's budget.

BASIS OF COMMITTEE RECOMMENDATIONS

The Committee believes that the provision of $105,947,887,000 in new budget authority for fiscal year 1977 will permit the Department of Defense to fund the programs and activities necessary to maintain the military security of the United States at a time when the Soviet Union is rapidly augmenting and improving its military capability.

It appears, based on testimony presented to the Subcommittee by a number of witnesses, including the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the Secretaries and Chiefs of the Military Services, that at the present time the United States is unsurpassed by any other nation in overall military capability. There are areas in which the Soviet Union has numerical superiority in certain classes of weapons and other areas in which the United States has a similar numerical superiority. On balance, it appears that the United States has the weapons needed for defense of its national integrity today and has programs in being and underway which, if fully implemented, will project this capability into the foreseeable future.

The Committee continues to be concerned about the advantages in both land and submarine based intercontinental ballistic missiles which the Soviets possess. Mid-1976 estimates presented by the Secretary of Defense indicate that the Soviets have some 1,500 intercontinental ballistic missiles on launchers and we have 1,054. The Soviets have some 850 submarine launched ballistic missiles and we have some 656. Although this advantage of the Soviets is at least in part offset by the numerical advantage the United States has in strategic long-range bombers, the U.S. has 421 and the Soviets 180, it would be a serious mistake to ignore further Soviet advances in the ICBM area. For this reason, the Subcommittee urged the Administration to support continuation of Minuteman III production and the development of the Mark 12A warhead. After the Committee stated its support, the budget amendment was submitted. The Committee, of course, recommends the appropriation of sufficient monies to fully support the amended budget. The Committee also recommends full funding for the development and initial production of the B–1 strategic bomber and the Trident submarine and missile.

If a new strategic arms limitation agreement is reached and the Soviet Union alters the direction of its strategic force augmentation and modernization efforts downward, adjustments may be possible in the strategic weapons programs of the United States. To make such adjustments unilaterally would not be in the best interest of the United States.

The Committee has, of course, been cognizant of the debate this year both in Congress and elsewhere as to the relative military strengths of the United States and the Soviet Union. The Committee has attempted annually to assess the military position of the United States in the world in order to provide the funds necessary to maintain the required level of military strength. Experience has taught that there is no easy way to accurately evaluate the overall strengths of two major military powers. Full reliance can not be placed on intelligence estimates. Intelligence estimates are estimates only and are often changed and updated. Intelligence analysis is a subjective process. Nations generally both protect information about their military capabilities and disseminate misleading information to confuse opponents.

A reasonably good job can be done in estimating numbers of rather visible large weapon systems and the numbers of military personnel. It is far more difficult to evaluate such important military factors as leadership, tactics, training and morale, and national resolve. All of these factors must be included in an accurate assessment of relative military strengths. It is both easy and dangerous to oversimplify the process of evaluation. Considerable knowledge, wisdom, and objectivity is required for a valid analysis.

It is equally difficult to compare spending on military forces by two great powers. It is especially difficult when the two powers have such different economic systems as the United States and Soviet Union have and one has a closed society. Many of the estimates of Soviet defense costs made here are based on an estimate of the equivalent U.S. cost of known Soviet military forces. The Soviets, of course, do not pay U.S. prices. Under the Soviet system, pay and allowances of military personnel, for example, are a small percentage of comparable costs of military personnel in the United States. Thus, the Soviets can support larger standing armies wtih smaller monetary outlays. In any case, comparative costs, even if accurate, do not measure comparative military strengths. Strength depends on how effectively the funds are spent as well as the sums involved.

In comparing military forces, it is also useful to compare the military forces of countries closely allied to the various opponents. It is also necessary to address the geographical and political situation of the opponents. The Soviet Union has a long, hostile border with China, a border with NATO, and a western border with less than enthusiastic allies such as Poland.

Large NATO tactical military force concentrations are relatively close to the Soviet-western border. The United States has no hostile borders and a far different relationship with our allies. These factors too must be considered in an analysis of comparative military strengths.

After reviewing the military situation as carefully as possible, the Subcommittee feels that although there is no present military threat to the United States that Soviet military growth could present a threat in future years if proper responses are not made now. The appropriation of the funds recommended will provide the resources to initiate the necessary responses. It is with regret that the Committee notes that we have reached another plateau of military spending but believes that the alternative is to accept at some time in the future a military status secondary to that of the Soviet Union.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. Kemp).

Mr. KEMP. Mr. Chairman, I rise in very strong support of this defense appropriation bill this morning. I would like to begin by saying what a privilege it is to serve on the committee under the leadership of our distinguished chairman, the gentleman from Texas (Mr. Mahon), and under the leadership of my very good and able friend from Alabama (Mr. Edwards). I appreciate serving on such a bipartisan committee, a committee that truly represents the interests of this country above any political considerations.

While there are always debates and differences of opinion, I think the committee has done an outstanding job in bringing to the House, a bill that, as my friend from Georgia said earlier, is not perfect but is an attempt to reverse some of the adverse trends that have taken place in the last few years vis-a-vis Soviet Russia. At this moment, I would also like to express my appreciation to the staff of the committee. I think Mr. Preston and his very able staff have also served this committee in a very bipartisan way, and while there are differences, to be sure, between the Members and our staff, I think it has been a very healthy process by which we have been able to bring this bill to the floor for consideration.

My colleagues on the committee have discussed rather thoroughly many of the aspects of this bill that are extremely important in reversing those trends I talked about just a few minutes ago. It is my purpose in rising at this point to bring to the attention of the committee and to the House some of the concerns I have about the military effort that is being made by our chief adversary, Soviet Russia, that impacts upon our consideration of this bill.

It is quite obvious to any student of history, especially those who have looked at recent American history, that since World War II many of the American people have taken our national security for granted. The facts, however, show that we cannot take our national security for granted.

One very strong factor in my observation that we cannot take for granted the national security of the United States is the Soviet Union's relentless drive to achieve military superiority, both in conventional as well as strategic nuclear weapons.

Accompanying this drive is the development by the Soviets of a civil defense program, or perhaps more accurately a war survival program, which could very well upset the strategic balance by making the Soviets far less vulnerable, at least in the realm of perceptions, and it is, after all, very obvious that the major deterrent to war is the credibility of the United States. That involves the perceptions that Soviet Russia has, or can conclude, about our defense capability and deterrent ability.

The present argument over who is No. 1 today is both confusing and misleading. The most important point, it seems to me, is not how each side stands right here, right now, today, but what the trends are; what the trends of the past 5 to 10 years have been and what the trends in the next 5 to 10 years into the future will be. The relevant point is not what each side has right now in its nuclear arsenal, but what it could do with what it has.

Since our national security is totally predicated upon the policy of deterrence, the question we must face is whether Soviet strategic forces will be able to render ours ineffective.

The relative measure of our defense strength is not what is currently in our arsenal, but what would remain after we absorb a Soviet first strike.

The CHAIRMAN pro tempore (Mr. Hungate). The time of the gentleman from New York has expired.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 5 additional minutes to the gentleman from New York (Mr. Kemp).

Mr. KEMP. Mr. Chairman, our deterrent loses credibility the very day that the Soviet Union believes that it can attack our strategic forces and emerge from a counterforce exchange with strategic superiority and the ability to hold our population hostage.

What have been the trends in the military balance? Secretary of Defense Rumsfeld testified before our Appropriation Subcommittee on Defense that "The trends of the past 5 to 10 years have been adverse"—let me repeat "adverse"—"with respect to the military balance."

Some Members of Congress disagree. But more importantly, it is whether or not the Soviet Russians agree or disagree.

Andrei Gromyko, the Foreign Minister of the Soviet Union, interpreted the same trends that Mr. Rumsfeld interpreted, and he made the statement last September that "The forces of international communism," that is, the Soviet Union, "now have a visibly increased preponderance of strategic capability and may now be in a position to lay down the direction of international politics."

If we add to that statement their actions in the Middle East, their actions in Africa, their actions in Southeast Asia, their actions in Italy, Portugal, France, and so forth, it seems to me that it is quite obvious that they are laying or attempting to lay down the direction of international politics, not necessarily in every case by the use of force, but at least in negotiations through the use of intimidation.

Whether they are or are not in that position at all times or at this time, there is every indication, as I said earlier, that they intend to be in that position soon unless these trends are reversed. I think, Mr. Chairman, that this is what this defense appropriation bill attempts to do, to make sure they are not in that position. That is why I also strongly support it.

I am arguing that we must take into account the differences in preparedness and perceptions. It is probably not possible for a humane people, as I sincerely believe the United States is, to be as tough-minded as a totalitarian regime that has inflicted mass terror on its people such as the world has never known through the Gulag Archipelago.

Some people find it hard to believe that we could so seriously misread the Soviet intentions. But we have seriously underestimated such things as the Soviet MIRV, multiple independently targeted reentry vehicle capability—even as we were selling them the machinery for developing MIRV capability, hardware, and technology. That machinery was sold to the Soviet Union by the United States at the very time the Secretary of Defense in the past administration was suggesting that the technological capability of the Soviet Union was 5 or 6 years behind that of the United States. Joint Chiefs of Staff, testified before the subcommittee this year that:

> It now appears we far underestimated the scope and intensity of the ICBM program, since both missiles, the SS-17 and the SS-19, have been deployed, in addition to the SS-18 which is capable of destroying any known fixed target.

In the light of our inability to successfully estimate the scope and intensity of the Soviet intercontinental ballistic missile program, I am deeply concerned about our estimate of our ability to inflict assured destruction in response to a Soviet first strike.

There was more evidence of the Soviet ICBM program than there is evidence that the Soviets are committed to just a deterrent concept of nuclear weapons.

In real terms, Mr. Chairman, the fiscal year 1977 Defense budget reported by our committee is less than the fiscal year 1964 Defense budget. Since 1964 the Defense budget has fallen, both as a percentage of the Federal budget and as a percentage of the gross national product—and I might also add parenthetically as a percentage of State and local spending—to its lowest point in many years. As a percentage of total spending at the Federal, State, and local levels, comprising spending by all public sectors, it is at its lowest point since prior to the Korean war.

Mr. Chairman, not since the war preparations of Nazi Germany under Hitler in the 1930's has a major nation at peace devoted such a high percentage of its resources to the production of weapons and to the buildup of the related scientific, technical, and industrial base for military production. The sooner we in the United States realize that the Soviets are engaged in a tremendous military buildup that could allow them to use blackmail or intimidation to, in the words of Gromyko, "lay down the direction of international politics," the greater will be our chance for freedom and peace, and the greater will be our contribution to that freedom and peace throughout the world.

Mr. Chairman, the amendment to preclude further production of the Minuteman III intercontinental ballistic missile is reckless. It flies in the face of massive evidence that the Soviet Union is producing four new intercontinental ballistic missile systems, that the Soviet Union is forging ahead of the United States by almost every index of military capability, and that future asymmetries in the United States-Soviet military balance will favor the Soviet Union, not the United States.

The Minuteman III is the only ICBM production line in the free world. It is the only program now underway that can augment the strategic capabilities of the United States. Unilateral termination of the Minuteman III line not only leaves the United States with no flexibility to add to our Minuteman force later in this decade, but it constitutes a distinct disincentive to the Soviet Union to engage in serious arms limitation at the SALT II table. What do the Soviets stand to gain by giving up any of their weapon systems, when it appears certain that the United States will unilaterally abandon certain capabilities regardless of what the Soviet Union does, or does not, contribute to the field of genuine arms control.

The administration has always recognized the importance of maintaining the capability to produce additional Minuteman III. Secretary of Defense Rumsfeld clearly stated to Congress during initial consideration of the Defense Department appropriation request, that additional funding for the Minuteman III program was very much dependent upon the pace and projected outcome of the ongoing SALT II negotiations.

We have not concluded these negotiations, and by all accounts are not near concluding the negotiations. The 5-year lifetime of the original SALT accord is drawing to a close, and will expire in October 1977. No one in this Chamber can predict with certitude what sort of follow-on accord we will reach with the Soviet Union, or when such an accord can be finalized. Indeed, the President stated at the end of April, when this Minuteman funding was requested, that he could not predict "even whether there will be a SALT II agreement."

The $300 million provided in this appropriation bill to keep the Minuteman III line operation will allow the United States to maintain options to flexibly respond to Soviet ICBM initiatives later in this decade.

The MX program—the proposed follow-on missile to the Minuteman III—has always had my full support. The MX is being designed to give the United States an ICBM capability superior to that of the Minuteman force. The new program will play upon the strengths, and correct the perceived weakness, of our existing ICBM's. As such the program ought to be accelerated by Congress in order to insure deployment by the middle of the next decade.

As great as the potential of the MX program is, I find it misleading and disingenuous in the extreme to argue, as some persons have, that we do not need additional Minuteman III production capability because the MX will be superior to the Minuteman. As I stated, the MX is being designed to eliminate weaknesses in the Minuteman force. It has a projected deployment date around the middle of the next decade. But the MX is not now near final operational configuration. It is, at this stage of development, a collection of concepts for a follow-on missilie. Supporters hope to see the MX deployed by the mid 1980's. However, the vicissitudes of congressional funding of any new weapon program being what they are, it is dangerously misleading to use the MX program as an argument against continuing Minuteman III production capability. It is an old axiom that a bird in the hand is worth two in the bush—and it is certainly a truism of warfare that any weapon system that can be used during an attack today is far superior to any weapon system on the drawing board. My point here is that terminating the Minuteman III production line—as proposed by this amendment—will leave the United States totally dependent upon some follow-on ICBM system that despite its projected merits, is still on the drawing board.

I have heard the argument that under the Vladivostok ceilings set for MIRV'ed vehicles, the United States would be limited to 1,320 MIRV's, and additional deployment of Minuteman III, which are MIR'Ved, would require offsetting reductions in our Poseidon launchers. This argument is flawed, and needs to be put in perspective. The argument presupposes that the ceilings reached at Vladivostok are binding upon the United States, and will be reflected in a final SALT II accord. It has already been established that the Minuteman production funds were requested because of an inability to project the substance and date of a SALT II accord. The MIRV limit is a goal set for the ongoing SALT bargaining. It represents a working guideline for negotiators—a guideline that has never been presented to Congress for approval and carries no guarantee of being incorporated unmodified in a final SALT accord. The United States is not bound by Vladivostok ceilings, nor is the Soviet Union. It makes no sense to base our Minuteman III production capability on the nonbinding working paper of the stalemated SALT negotiations.

As a point of information, however, the question of the relation between additional Minuteman III production and the MIRV ceilings of Vladivostok has been addressed by the Department of Defense. In a letter dated May 6, 1976, to Senator JAKE GARN, Gen. Ralph J. Maglione, Director of the Air Force Legislative Liaison states, in part:

> While it is true that we have considered the 1320 level in our deliberations on future force structure, we have been careful to maintain the distinction . . . that the ceilings agreed to at the Vladivostok Summit are guidelines for the negotiations and not firm limitations. During the deliberations which led to the formulation of the Fiscal Year 1977 budget request, there was considerable optimism that an agreement which embodied these guidelines would be achieved soon. We therefore felt it prudent to plan for a mix of MIRVed ICBMs and SLBMs which would accommodate U.S. negotiating objectives while maintaining a balanced deterrent force. It was thought that to ignore the terms of the Understanding would undermine the credibility of our desire to negotiate such limits.
>
> Since then, there has been time to note the continued Soviet ICBM deployments and to assess the consequence of the slow pace of negotiations. As a consequence, we have recently requested approval of funding that will provide us with the necessary options to continue Minuteman III production.

I think, Mr. Chairman, that the issue of Minuteman III production vis-a-vis the requirements of Vladivostok is quite cogently set in perspective by General Maglione. While it had been U.S. intention to express commitment to the thrust of Vladivostok, subsequent lack of progress in the SALT talks has made it prudent to maintain Minuteman production options.

It is important to note that even if one did assume that a SALT II agreement will embody the precise MIRV limits of Vladivostok—a very risk assumption—deployment of additional Minuteman III's would not impact upon our Poseidon program until 1982 or 1983 at the very earliest, assuming no further delays in the Trident program—another very risky assumption given the fact that here today a motion is being offered to delete funds for procurement of 80 Trident missiles.

Mr. Chairman, I have addressed my perceptions of the increasing Soviet threat elsewhere in the debate today. Suffice it to say here, however, in the words of Thomas Paine:

> The price of freedom is not free. Those who would reap the benefits of freedom must undergo the fatigue of supporting it.

The House Armed Services Committee earlier this year recommended an increase in defense spending for the first time in 9 years, stating that—

> The fact is that the Soviet Union continues to build its war machine at a pace well ahead of ours.

Earlier, the Library of Congress, in a study undertaken to assess the United States/Soviet military balance, concluded that—

> The quantitative military balance since 1965 has shifted substantially in favor of the Soviet Union . . .

The testimony taken by the Defense Appropriation Subcommittee on which I sit has ably documented the real growth in Soviet strategic capabilities. The Soviet Union is the only nation on Earth capable of denying us the freedoms we have held dear for 200 years. We mortgage the freedoms entrusted to us by the Founding Fathers when we fail to realistically assess—and respond to—Soviet warmaking and warwinning capabilities.

The House Armed Services Committee has determined it would "be shortsighted in the extreme" to close the Minuteman III production line. The Senate Armed Services Committee has authorized funding for the option of maintaining the production line, and the full Senate has defeated an attempt to delete this funding. Similarly, the House Appropriations Committee has determined continued production options are in our national interest. Brig. Gen. John W. Hepfer, Deputy for Minuteman, U.S. Air Force Space and Missile Systems Organization, has stated:

> It takes a long time to develop and deploy an improved weapon system . . . and the stakes are too high for us to be caught without further options.

The Minuteman has served as our primary land-based strategic deterrent for 15 years. The Minuteman III remains our only ICBM in production. We stopped producing Titans in 1964 and we stopped producing Minuteman II's in 1969. The Minuteman II has far surpassed the expected shelf life of its propellents. We do not know how much longer this mispected shelf life of its propellants. We simply have not had enough experience with the aging process to know what to predict with respect to the reliability of the Minuteman II missile in the coming years. It is not unreasonable to postulate that we could discover at any time now that the aging process has rendered the Minuteman II missile useless for its intended mission. We have already detected some deterioration of the liner between the propellant and the case. The question of Minuteman II aging was brought up during Senate Armed Service Committee hearings this year, and I include for the RECORD an exchange between Chairman STENNIS, and Gen. Alton D. Slay, Deputy Chief of Staff, Research and Development Headquarters, USAF:

> Senator STENNIS. Does the Air Force have any concern over the expected useful life of the Minuteman II missile because of aging or other problems? When would the Air Force expect to discontinue operational status of the Minuteman II missile forces based on present conditions?
>
> General SLY. We have detected some deterioration of the liner between the propellant and case on the Minuteman II Stage II motor. Although this condition has not affected motor performance, it is an area of concern which will be monitored closely. The Minuteman II weapon system has been in the operational inventory since 1965 and, based on present conditions, we would expect its service life to continue for many more years. An on-going Aging and Surveillance Test Program provides data which allows us to confidently project the service life two years into the future. However, it is recognized that the weapon system will eventually degrade due to age, so we are presently considering long term alternatives for phase out of Minuteman II.

Mr. Chairman, maintaining the Minuteman III production line, by defeating the amendment before us today, means that we can consider replacing some of our Minuteman II's with Minuteman III's to upgrade the force, or at least keep an option open to replace the Minuteman II's—an important hedge against the uncertainties of the aging process.

Last year, the United States exercised unilateral restraint by defering the Minuteman III deployment beyond the 550 level. The Soviets continued MIRV deployment, and they stepped up international adventurism. Keeping the Minuteman III line warm—by leaving the funding intact in this appropriation bill—means that we will maintain a timely, visible, and forceful strategic capability to respond to Soviet ICBM advances, and to encourage Soviet ICBM restraint.

Due to the fact that not all of our sea-launched ballistic missiles and bombers are on alert, we could expect to lose a substantial number of them in a Soviet attack. Consequently, the importance of our ICBM force should not be understated. The Minuteman III is the best element of our ICBM force. Through the accuracy improvement program and the Mark 12A program, the Minuteman III offers the greatest potential for cost-effective, incremental increases in our defense capability now and later in this decade as we proceed with the MX program.

In conclusion, Mr. Chairman, I would like to emphasize that regardless of what we do here today, the Soviet Union is clearly proceeding to develop and deploy four advanced ICBM's and two new SLBM's. The new array of Soviet missile systems has the potential of up to eight times the throw weight of the Minuteman III, and exhibit great potential for improvement in hard-target capability. While the Soviet systems are not at this time as technically proficient as our own, the Soviets are vigorously pursuing such proficiency at a time when some would have the United States restrain ICBM initiatives.

The Minuteman funding contained in this appropriation bill will insure that our own ICBM options are not foreclosed. This funding will not be used to produce Minuteman to pile up in storage somewhere. The funding will be used to keep open an option of producing Minuteman III's which can be utilized—depending upon the outcome of SALT II—for deployment, testing, or upgrading of Minuteman II's. The amendment to eliminate this funding would deny us these options—at great cost to us and no cost to our chief adversary. The Addabbo amendment ought to be placed in this light—and soundly defeated and this legislation strongly supported in the interest of our Nation and the free world.

Mr. MAHON. Mr. Chairman, I yield 5 minutes to the distinguished chairman of the Committee on the Budget, the Gentleman from Washington (Mr. ADAMS).

Mr. ADAMS. Mr. Chairman, after the Budget Control Act of 1974 was passed, there were many critics who said it would never work. Among other things, these critics predicted a clash between the Appropriations and Budget Committees.

I rise today to inform the House that these critics were wrong and that the budget system is working well. It is working well in large measure because of the tremendous personal efforts of the distinguished chairman of the Appropriations Committee, George Mahon.

This is truly an historic first. Systems have been tried in the past but none have succeeded. Because of Mr. Mahon's deep dedication to the public interest, and to the House of Representatives, he has succeeded where many good men have failed previously.

The House is considering 12 separate appropriations bills in a 10-day legislative period before the end of June. All Members of the House must realize that this is being accomplished in the first year the process is fully implemented only by the heroic efforts of the distinguished chairman, his committee, and staff.

The House Appropriations Committee has succeeded in accomplishing, in a timely manner, the incredibly complex task of subdividing the budget resolution targets into subcommittee allocations and reporting out bills which are generally consistent with the first budget resolution targets established by the Congress. As a result, the House is providing the leadership to insure that Congress assumes its primary role over the Federal purse strings as intended by the Constitution.

The defense appropriation bill which is under consideration today is slightly over target in budget authority and slightly under target in outlays. As noted on page 9 of the report accompanying this bill, House Report 94–1231 budget authority exceeds the subcommittee allocation by $440 billion. However, I understand the distinguished ranking minority Member is going to offer amendments reducing the total provided by $316 million to eliminate items which require authorization but are not included in either the House or Senate authorization bills now being considered in conference.

At the proper time, I plan to offer an amendment to eliminate funding of the "1-percent kicker" for military retirees in accordance with the assumptions contained in the budget resolution which will save another $111 million which puts us almost exactly on target.

Again, I would like to express my deep admiration for the distinguished chairman and compliment him and the ranking minority Member on the superb job they have done in handling these appropriations bills under the new budget procedure.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I appreciate the remarks of the distinguished gentleman. I, of course, am pleased that there has been such concurrence in the thinking and in the work of the distinguished committee which he heads as well as that of the Committee on Appropriations and in particular the Subcommittee on Defense.

Mr. Chairman, I think my good friend, the gentleman from Washington (Mr. Adams), will take pleasure in the fact that on yesterday when the military construction appropriation bill was under consideration, I pointed out the fact that the cut by the subcommittee of $173 million, or 5 percent, coincides exactly with the recommended reduction of the Committee on the Budget.

Mr. ADAMS. Mr. Chairman, I thank the gentleman.

I should have been on the floor yesterday at the time the gentleman was stating that.

May I state, Mr. Chairman, that the military construction bill yesterday was below the target that had been established. Each of the bills as they have come in have been, and I am happy to state today that this bill will be on target. That is why I wanted to rise today to indicate to the Members what the Committee on Appropriations has done, which I think has just been excellent and it has been a historic first.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Texas (Mr. Mahon), the distinguished chairman of the committee.

Mr. MAHON. Mr. Chairman, I want to thank the gentleman for his generous and extravagant remarks in regard to me and the Committee on Appropriations. It is very much appreciated.

I want to say that I express the view of the Members of this House generally when I say that the gentleman from Washington (Mr. Adams), now in the well of the House, has done a superb job in trying to make this new budget system work. I think we all owe him a debt of gratitude. While we have not performed any miracles, I think we are on the right track in moving toward better control of our expenditures.

Mr. ADAMS. Mr. Chairman, I thank the gentleman.

(By unanimous consent, Mr. Pepper was allowed to speak out of order.)

LEGISLATION TO MANDATE THAT NURSING HOMES HAVE SPRINKLER SYSTEMS

Mr. PEPPER. Mr. Chairman, in February of this year in two nursing homes in Chicago 32 senior citizens lost their lives and 50 were seriously injured in nursing homes which had no sprinkler systems.

Last night in Roanoke, Va., four elderly inmates of nursing homes lost their lives in a fire and 28 were injured in nursing homes which had no sprinkler systems.

Mr. Chairman, that makes 36 senior citizens in the nursing homes of this country, who were provided Federal aid under medicaid or medicare to be there, who have lost their lives this year in nursing homes without a sprinkler system.

At my request, the General Accounting Office made a study of whether or not there have been any losses of life in nursing homes that have had sprinkler systems. They reported that there has not been a single instance of multiple loss of life of senior citizens in nursing homes which had sprinkler systems in them.

Mr. Chairman, after the Chicago fire the city of Chicago required all nursing homes in that city to have installed and have in operation adequate sprinkler systems.

I just introduced legislation yesterday (H.R. 14406) requiring all nursing homes which care for elderly people who receive medicaid or medicare funds or Federal assistance to keep those people there to have sprinkler systems in operation in those nursing homes. This legislation will provide Federal loans extending over a long period of time with a reasonable rate of interest to assist the nursing homes that need financial assistance in installing sprinkler systems.

Mr. Chairman, I commend that legislation to the consideration of my colleagues and hope that we can enact it at an early date in order to save the lives of many of the elderly people of this country in nursing homes.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 2 minutes to the gentleman from Maine (Mr. Cohen).

Mr. COHEN. Mr. Chairman, I would like to take this opportunity to direct a few questions to the gentleman from Alabama (Mr. Edwards). I was interested in the gentleman's remarks about the need to adopt a policy of standardization with the other NATO forces.

I would like to call the gentleman's attention to the fact that the Buy American Act requires that we award contracts and purchase American made materials and supplies provided they are of satisfactory quality and available in sufficient quantity. The only exception to this rule is where the head of the department determines that the purchase of U.S. manufactured items would be inconsistent with the public interest or where the cost would be unreasonable.

May I direct the gentleman's attention to the specific amount of money that is provided in this bill that would award a contract to Belgium for the purchase of certain machinegun weapons.

I would like to ask the gentleman from Alabama (Mr. Edwards), first, what is the immediacy of this funding for the purchase of Belgian weapon when it appears that there is substantial evidence that there may have been a violation of the Buy American Act? That, in fact, the House Committee on Armed Services is now conducting an investigation, as is the Senate Committee on Armed Services conducting an investigation; that there is a suit pending before the U.S. District Court in the District of Columbia; and there is an appeal pending now before the GAO.

It would seem to me that fairness would require that we simply defer this small amount of money, some $15 million until such time as the courts have passed on whether or not there has been a violation of the Buy American Act.

Mr. EDWARDS of Alabama. If the gentleman will yield, the question as to the immediacy, I think, involves problems with the weapons on the M–60 tank. This has to be replaced, and, in addition to being replaced, it has to be replaced just as soon as it can be.

Mr. COHEN. Is the gentleman from Alabama aware of the fact that there is an American company, based in Illinois, with a branch in Maine that stands ready, willing and able and is prepared to produce a modification of that weapon which indeed meets the acceptable level of the United States Army?

The CHAIRMAN pro tempore. The time of the gentleman has expired.

Mr. EDWARDS of Alabama. I yield 2 additional minutes to the gentleman from Maine.

Mr. Chairman, if the gentleman from Maine will yield, certainly I am aware of the fact that there is a company in Maine that has developed the M-60 machine gun in competition with the Belgion machine gun. They have been evaluated on a side by side test which was monitored by the GAO, as to fairness, and the test was handled in a proper way. The test resulted in the conclusion that the Belgian machine gun was superior to the American made machine gun and that it was more cost effective.

Mr. COHEN. Mr. Chairman, I would point out to the gentleman from Alabama that the GAO has found that there is substantial question as to its superiority. I would point out that the Belgian weapon costs twice as much as the American made weapon. That their performance is acceptable, both of them, however that the American weapon in fact is more durable.

Mr. Chairman, it seems to me that this comes at a time when the country is shocked by the revelations of corporate payoffs to foreign governments to induce them to purchase American products and yet we have a situation where at least there is a very strong foundation of evidence that we have used the purchase of the Belgian weapon as an inducement for the Belgians to purchase our F-16 aircraft. Which to me is worse than the current scandals involving corporate payoffs to foreign governments. We now have a governmental payoff, or, in essence, a governmental bail-out for the country of Belgium.

I think in fairness since we have pending the question in the House Committee on Armed Services that is now conducting an extensive investigation into the alleged violation of the Buy American Act, and with a court suit pending, that we certainly should consider deferring the appropriation of that money at this time.

The CHAIRMAN pro tempore. The time of the gentleman has again expired.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I would like to have the attention of the gentleman from Maine.

If I may have the gentleman's attention just for a couple of comments, there is nothing unusual whatsoever about agreements between countries. We sell them some of our equipment. We in turn agree to buy some of theirs. I spoke in my opening remarks about the fact that we have sold the F-16 to a number of NATO countries. The AWACS, of course, we are trying to sell to NATO countries, and I spoke in those remarks about the fact that there is a need for a two-way street, and it is brought home to us frequently.

I am not suggesting to the gentleman that this is the only reason to buy the Belgian gun, but I cannot agree with the gentleman that in effect these are payoffs or something equated with the corporate payoffs the gentleman referred to.

Mr. COHEN. Mr. Chairman, will the gentleman yield further?

Mr. EDWARDS of Alabama. I yield to the gentleman from Maine.

Mr. COHEN. I thank the gentleman for yielding.

Is the gentleman aware that the Comptroller General's Office has indicated that the American-made machinegun would contribute more to standardization than would the Belgian weapon?

Mr. EDWARDS of Alabama. The gentleman is aware that probably neither the Belgian machinegun nor the American machinegun is standard, but the Belgian machinegun is used in 60 nations. It is produced in three different nations. There is no problem with the ammunition. I think from that standpoint it fits the question of standardization as well or better than the American-made machinegun.

Mr. COHEN. If the gentleman will yield further, only three of the current NATO nations use the Belgian-made weapon. In fact, the Comptroller General has indicated the American-produced weapon would contribute more to standardization than the Belgian weapon.

Mr. EDWARDS of Alabama. I am sure the gentleman is going to offer an amendment, and I am sure that we and others can carry on this colloquy. Somehow I do not like to stand here alone at this point arguing on behalf of a Belgian-made machinegun, but I am sure we will get into it later.

Mr. COHEN. I thank the gentleman.

Mr. MAHON. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY of New York. Mr. Chairman, I will be participating in the debate later on the sections for military procurement, but I think it is important at this time just to mention a few of the items that are really outstanding as the largest portions of this bill and items we pay far too little attention to. The biggest one of them is the increasing cost of manpower. Over 53 percent of this bill is devoted to the cost of paying, housing, and, in general, caring for our Armed Forces. The cost of military retirement alone, as for example, is $8.49 billion.

One of the things that this House is going to have to address itself to in the next few years is the 20-year retirement system, whether or not that is fair, and whether or not that is equitable to the taxpayer.

Another thing we are going to have to address is whether or not this should be a contributory pension system. By the mid-1980's the cost of retirement in the armed services will be $15 billion, and yet we have not really addressed ourselves to that growing and escalating cost. I think it is important that we recognize that we cannot sustain a $110 billion or $130 billion defense budget unless we begin to pare back the escalating costs of military manpower.

Mr. Chairman, I yield back the remainder of my time.

Mr. Chairman, I yield 2 minutes to the gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO. I thank the Chairman for yielding.

Mr. Chairman, I have on record in today's CONGRESSIONAL RECORD at page 18749 a very short amendment which merely states that the provisions of section 745 terminating ROTC programs with less than 20 students shall not apply to land-grant colleges and universities.

The reason for this is that I would like to respect the basic organic act for land-grant colleges which stated that not only shall agriculture and mechanics be taught, but also military tactics. That is the organic act for the creation of public land-grant colleges, and I think we should continue to respect the intent of our predecessors in the Congress.

Second, other States, like Wyoming that I represent, also have but one 4-year college and university. In Wyoming there is one basic route that a young man or woman can pursue to obtain a commission in the Army, with the possibility of a Thompson Act career or a commissioned officer. It is at the University of Wyoming, Laramie.

I happen to be a product of the ROTC of Wyoming, which preceded my OCS work at Fort Benning and a 4½-year stretch in the infantry in World War II.

I would like to preserve for those constituents of mine who do not have the money for out-of-State education an opportunity for a commission if they want it, and even though we have schools with less than 20 graduates per year in the class, I should think the chairman would be gracious enough to accept my amendment which would affect the following schools among others:

University of Alaska.
Bishop College.
Bucknell University.
University of California, Santa Barbara.
Campbell College.
Carson-Newman College.
Central Michigan University.
Central State University.
University of Cincinnati.
Creighton University.
DePaul University.
University of Detroit.
Dickinson College.
East Central University.
University of Michigan.
Michigan Technological University.
Missouri Western State College.
University of Montana.
Nicholls State University.
University of North Alabama.
North Dakota State University.
Northern Illinois University.
Northern Michigan University.
Northwestern State College.
University of Oregon.
Panhandle State College of A & AS.
Polytechnical Institute of New York.
Princeton University.
Rensselaer Polytechnical Institute.
University of Rhode Island.
Rider College.
Ripon College.
Rochester Institute of Technology.
Saint Augustine's College.
Saint Lawrence University.
Saint Norbert College.
Saint Peters College.
Sam Houston State University.
San Jose State University.
University of Santa Clara.
Seattle University.
Seton Hall University.

Southeastern Louisiana University.

Southern State College.

Southwestern Oklahoma State University.

Stephen F. Austin State University.

Tarleton State University.

Tulane University.

Approximately 10—or one-fourth—of these are land grant colleges and universities.

The concept of military training in civilian colleges is an old one in American history. The wide variety of civilian educational backgrounds is a guarantee against military cliques and provides training in relation to the geographical and sociocultural differences in the United States.

I urge your support of this amendment, to insure that each land-grant college or university be allowed to maintain an ROTC program.

Washington & Jefferson College.

West Texas State University.

West Virginia State College.

Western Michigan University.

Westminster College.

Wheaton College.

Wichita State University.

William Marsh Rice University.

University of Wisconsin, Stevens Point.

University of Wisconsin, Whitewater.

University of Wyoming.

Xavier University.

CONSORTIUMS

Georgia State University.

Carnegie-Mellon University.

Duquesne University.

Florida Southern College.

Mr. EDWARDS of Alabama. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. McCLORY).

Mr. McCLORY. Mr. Chairman, my attention has been called to the very important dental research work which is being done at the Great Lakes Naval Training Center in my district, particularly research with respect to caries and periodontal disease. I notice there is a projected cut in the Navy appropriation of $250,000 with respect to dental research. I am hopeful this cut will not in any way impair the important programs of research at this base and that very careful and thoughtful consideration will be given to continuing this very valuable program which I understand has been very beneficial to Navy personnel in reducing cavities and other dental problems of naval personnel.

The research which is being done at Great Lakes in these important areas of dentistry is not being duplicated anywhere in the world. The Navy personnel included in these research programs are examined for caries, or tooth decay, at the time of their entrance into the service—particularly those who have no history of tooth decay prior to their naval service but who then develop caries during the first year of their service. The significance of this research is to determine the genesis of this disease as well as periodontal disease. According to my information the Great Lakes dental research program has developed a tremendously cost-effective method of applying fluorides to retard tooth decay.

Mr. Chairman, I hope that the cuts in the dentistry research programs will not, however, in any way impair the important research programs being carried on at Great Lakes.

May I have the assurance of the committee that it will give careful consideration to this subject?

Mr. EDWARDS of Alabama. Mr. Chairman, if the gentleman will yield, the answer is yes, the committee is giving careful consideration.

Mrs. SCHROEDER. Mr. Chairman, I would like to express my wholehearted support for the amendment being offered by Mr. ADDABBO to postpone the spending of $1.037 billion to begin production of the B–1 manned strategic bomber force. I urge my colleagues to support this amendment even if you are not convinced that the program is unnecessary.

The rationale behind this amendment is that the Air Force has so far failed to prove beyond a reasonable doubt that the B–1 program is necessary to strengthen our national defense posture. This reasoning represents a breakthrough in congressional review of Pentagon money requests for weapon systems. It represents a level of responsibility that we can be proud to associate ourselves with.

The Addabbo amendment does not end the B–1 bomber program. What it does do is say that it would be premature for any funding to be approved for production of the planes until all of its present series of tests have been completed successfully. The point here is that the burden of proof for justifying this program should rest with the Air Force. It should not be the responsibility of concerned Members of Congress to prove beyond a reasonable doubt that the planes are not necessary. It should be enough for us to prove that there are serious questions remaining to be answered about whether the planes are necessary.

Approval of this amendment would support the principle that funding for the production of military systems should not be approved until these systems have been proven to work well—and that these systems fill the requirements of their job. No more, no less. This approach represents only the soundest of business principles.

If we still have questions about the performance of the B–1 bomber, then we should not be committing ourselves to the $22 billion purchase of the planes. And questions still exist. I should emphasize that the $22 billion figure quoted by the Air Force in its March 31, 1976, Systems Acquisition report is also only this year's figure. These costs increase from year to year. Why, only 5 years ago—in 1970—the Air Force estimated in the same report issued that year that the total cost of the B–1 program would be $11.2 billion. The estimates of the B–1 purchase costs almost doubled in 5 years. The point here is that when we consider the expense of this program we have to think in terms of "at least." The cost of building a fleet of 244 B–1 bombers will be at least $22 billion.

The reason for questioning the B–1 program does not, however, rest with its expense. Obviously, if there were no questions about either the need for the plane or its performance record, then the high cost would not be a decisive issue. It would be reckless to reject a weapon program simply because it was expensive. However, because of the incredibly huge sums of money that are affected by our decisions on defense programs, we should make every effort to be sure that these programs are each necessary. We will be moving a little closer to this objective by passage of the Addabbo amendment today.

Mr. Chairman, I am very concerned about the principle involved here—and would like to emphasize it. All too often our questions about defense programs are interpreted as evidence that we do not think that it is important for the United States to have a strong national defense. The Department of Defense loves to paint the issue in this light. The result of this misrepresentation is that Members of Congress who have serious questions about the military programs being funded by a $106 billion defense budget are put in the position of paying for them simply to prove that we feel the objective of national defense itself is important.

But, the issue before us today is not whether we think that the United States should defend itself in a world that is inherently unstable, insecure, and dangerous. I know that I certainly feel that we should take every step necessary to make sure that the United States will not be faced with another war—and that, if we fail in preventing another war, then we should be able to defend ourselves well. But that is not the issue here.

The issue before the House of Representatives today is whether we feel that the B–1 manned strategic bomber is necessary to fulfill our defense objectives. The B–1 will do little to increase our conventional capabilities. It is an aircraft designed for a nuclear mission. But, if we do not need these aircraft, and if we commit at least $22 billion to buying them, we will only be hurting ourselves by imposing unnecessarily heavy budget constraints on other weapons programs that may be more needed in the years to come. The supply of money for our Government to buy things is not—quite simply—endless. We cannot afford to buy something simply because "it would be nice to have it."

By voting for the Addabbo B–1 amendment today, we are not saying "who cares?" to the question "do we need this aircraft?" We are saying to the Department of Defense "you have not done a good enough job in answering the questions which we still have about this program—and—we will not give you a check to go out and build these planes unless these questions have been satisfactorily answered."

If this is an irresponsible position to be taking—then the world is standing on its head.

I am including in the RECORD for the reference of my colleagues a copy of the March 31, 1976, report of program acquisition costs as quoted by the Department of Defense. This should be useful in letting us see how the estimates of total program costs have changed over the years from the time when the first estimates of these costs were made—the "program base year"—to the most recent figures being quoted.

The table follows:

SAR PROGRAM ACQUISITION COST SUMMARY AS OF MAR. 31, 1976

[Dollar amounts in millions]

			Development estimate—Program cost			Cost changes to date				Current estimate—Program cost			Cost changes this quarter			Percent cost growth	
Weapon system	Status	Program base year	Program base year dollars	Projected escalation	Total	Quantity changes in program base year dollars	Other changes in program base year dollars	Actual and projected escalation	Total	Program base year dollars	Actual and projected escalation	Total	Program changes in base year dollars	Actual and projected escalation	Total	Base year adjust for quantity	Total adjust for quantity
Army:																	
Lance (battalions)	Proc	1970	638.0	14.9	652.9	144.5	94.2	112.8	351.5	876.7	127.7	1,004.4		−2.2	−2.2	12	14
IMP-Hawk (battery sets)	Proc	1969	588.2		588.2	−8.2	225.5	246.3	463.6	805.5	246.3	1,051.8		−1.8	−1.8	39	59
SAM-D (fire sections)	Dev	1972	4,239.6	1,000.9	5,240.5	−1,031.2	215.2	1,529.3	713.3	3,423.6	2,530.2	5,953.8	21.3	.9	22.2	7	43
UTTAS	Dev	1971	1,941.7	365.6	2,307.3	−20.2	−224.2	1,303.8	1,059.4	1,697.3	1,669.4	3,366.7	1.2	42.1	43.3	−12	47
MICV	Dev	1972	207.4	38.0	245.4	146.0	65.5	306.1	517.6	418.9	344.1	763.0	.6	5.7	6.3	19	41
AAH	Dev	1972	1,452.8	347.4	1,800.2		141.1	1,186.3	1,327.4	1,593.9	1,533.7	3,127.6	93.0	157.1	250.1	10	74
XM-1	Dev	1972	2,328.3	677.1	[1] 3,005.4		2.3	1,911.4	1,913.7	2,330.6	2,588.5	4,919.1	2.2	463.7	465.9		64
Roland (fire units)	Dev	1975	838.0	281.5	[1] 1,119.5	−35.2	46.1	29.4	40.3	848.9	310.9	1,159.8	41.9	−20.6	21.3	6	9
CLGP	Dev	1975	842.9	397.8	1,240.7		−1.9	−19.5	−21.4	841.0	378.3	1,219.3		−20.4	−20.4	0	−2
XM-198	Dev	1972	111.1	10.8	121.9	19.5	22.6	82.6	124.7	153.2	93.4	246.6	.2	.3	.5	17	52
Navy:																	
A-7E	Proc	1967	1,465.6		1,465.6	325.9	457.6	888.1	1,671.5	2,249.0	888.1	3,137.1	26.9	30.4	57.3	26	57
E-2C	Proc	1968	531.4	54.8	586.2	368.3	322.7	619.6	1,310.6	1,222.4	674.4	1,896.8	25.5	27.5	53.0	36	45
F-14A	Proc	1969	5,391.4	774.6	6,166.0	−30.3	1,082.8	1,294.7	2,347.2	6,443.9	2,069.3	8,513.2	.5	.2	.7	20	31
F-18	Dev	1975	8,005.6	4,825.5	12,831.1					8,005.6	4,825.5	12,831.1					
P-3C	Proc	1968	1,294.2		1,294.2	792.5	349.6	1,105.7	2,247.8	2,436.3	1,105.7	3,542.0	−.7	9.4	8.7	17	34
S-3A	Proc	1968	2,461.1	430.0	2,891.1	−59.1	16.2	473.7	430.8	2,418.2	903.7	3,321.9	1.7	.1	1.8	1	18
AeGIS	Dev	1970	394.2	33.4	427.6		88.5	66.6	155.1	482.7	100.0	582.7				22	36
Captor	Dev	1971	303.6	25.6	329.2	−6.4	166.7	310.5	470.8	463.9	336.1	800.0	.5	.3	.8	56	148
Condor	Proc	1970	434.0	7.0	441.0	−115.0	128.4	107.3	120.7	447.4	114.3	561.7	.3		.3	40	54
Harpoon	Dev	1970	795.0	236.8	1,031.8	−36.4	79.2	350.0	392.8	837.8	586.8	1,424.6	−1.3	−.7	−2.0	10	40
Phoenix	Proc	1963	536.4		536.4	13.2	205.2	549.0	767.4	754.8	549.0	1,303.8	.4	.3	.7	37	125
Sidewinder AIM-9L	Dev	1971	87.2	12.5	99.7	31.1	57.9	83.7	172.7	176.2	96.2	272.4				49	70
Sparrow III F	Proc	1968	453.6		453.6	−154.1	169.3	345.1	360.3	468.8	345.1	813.9				57	170
Trident	Dev.[2]	1974	11,294.4	1,136.7	12,431.1	637.8	486.4	4,935.1	6,059.3	12,418.6	6,071.8	[3] 18,490.4	5.8	−21.4	−15.6	4	33
MK-48 MOD 1	Proc	1972	1,690.0	63.8	1,753.8	−355.4	260.0	327.4	232.0	1,594.6	391.2	1,985.8	−3.3	−3.6	−6.9	19	37
Surtass	Dev	1975	205.9	53.4	259.3		101.6	123.6	225.2	307.5	177.0	484.5	2.2	.4	2.6	49	87
SSN-688	Proc	1971	5,126.8	620.7	5,747.5	1,121.5	92.1	2,729.7	3,943.3	6,340.4	3,350.4	9,690.8	−17.1	11.9	−5.2	1	26
DD-963	Proc	1970	2,394.6	186.6	2,581.2		116.6	1,113.0	1,229.6	2,511.2	1,299.6	3,810.8	5.3	75.4	80.7	5	48
CGN-38	Proc	1970	722.3	98.1	820.4	183.2	42.4	205.7	431.3	947.9	303.8	1,251.7				5	12
LHA	Proc	1969	1,291.3	89.0	1,380.3	−436.9	105.9	151.2	−179.8	960.3	240.2	1,200.5				12	27
FFG-7	Proc	1973	2,620.4	624.1	3,244.5		1,230.3	3,955.3	5,165.6	3,850.7	4,579.4	8,430.1	−60.4	14.9	−45.5	47	160
PHM	Dev	1973	644.6	81.6	726.2	−482.7	136.1	27.8	−318.8	298.0	109.4	407.4	10.8	12.2	23.0	84	111
CVAN68 class	Proc	1967	1,860.4	175.8	2,036.2		198.3	444.7	643.0	2,058.7	620.5	2,679.2				11	32
Air Force:																	
A-10	Proc	1970	1,768.4	721.3	2,489.7		389.8	1,325.3	1,715.1	2,158.2	2,046.6	4,204.8				22	69
B-1	Dev	1970	9,853.8	1,305.0	11,218.8	9.5	1,239.6	9,151.1	10,400.2	11,102.9	10,516.1	1,619.0	105.1	94.9	200.0	13	93
F-5E	Proc	1971	291.8	23.7	315.5	79.5	4.2	31.5	115.2	375.5	55.2	430.7				1	94
F-15	Proc	1970	5,988.1	1,367.1	7,355.2		1,200.9	2,880.3	4,081.2	7,189.0	4,247.4	1,436.4	6.8	1.2	8.0	20	55
F-16	Dev	1975	4,376.8	1,677.7	6,054.5					4,376.8	1,677.7	6,054.5					
E-3A (AWACS)	Proc	1970	2,150.9	510.7	2,661.6	−127.7	317.9	707.9	898.1	2,341.1	1,218.6	3,559.7	12.1	9.1	21.2	16	43
E-4 (AABNCP)	Dev	1974	442.9	41.4	484.3	−52.0	157.0	105.8	210.8	547.9	147.2	695.1	−6.6	−1.8	−8.4	40	64
EF-111A	Dev	1973	413.4	218.5	631.9		−27.4	−18.1	−45.5	386.0	200.4	586.4				−7	−7
Maverick	Proc	1968	331.5	51.9	383.4	31.8	6.0	174.4	212.2	369.3	226.3	595.6				2	36
Minuteman III	Proc	1967	4,673.8		4,673.8	190.9	750.3	1,905.6	2,846.8	5,615.0	1,905.6	7,520.6				15	50
Sidewinder AIM-9L	Dev	1971	115.0	18.7	133.7	33.1	93.8	132.1	259.0	241.9	150.8	392.7	1.8	1.2	3.0	63	102
Sparrow III F	Proc	1968	200.8	47.3	254.1	153.1	82.7	321.5	557.3	442.6	368.8	811.4				23	44
Program cost summary:																	
Army			13,188.0	3,134.0	16,322.0	−784.8	586.4	6,688.5	6,490.1	12,989.6	9,822.5	22,812.1	160.4	624.8	785.2	5	44
Navy			50,004.0	9,530.0	59,934.0	1,797.2	5,893.7	20,207.5	27,898.4	57,694.9	29,737.5	87,432.4	−2.9	157.3	154.4	11	35
Air Force			30,613.2	6,043.3	36,656.5	318.2	4,214.8	16,717.4	21,250.4	35,140.2	22,760.7	57,906.9	119.2	104.6	223.8	14	55
Grand total			93,805.2	18,707.3	112,512.5	1,330.6	10,694.9	43,613.4	55,638.9	105,830.7	62,320.7	168,151.4	276.7	886.7	1,163.4	11	43

[1] Planning estimate; engineering development not yet approved.

[2] Applies to missile only; submarine in procurement.

[3] Trident current estimate excludes Trident (C-4) backfit program costs estimated at $2,877. 3M as of March 31, 1976.

Mr. JENRETTE. Mr. Chairman, the amendment currently before the House would delay the start of production of the B–1 aircraft until such time as the President certifies that such production is in the national interest. I believe that approval of this amendment would be wrong for two reasons: First, the production of the B–1 has already been demonstrated to be in the national interest, and second, that a delay in the production program at this point will cause unnecessary cost increases to the program without good reason. Let me explain these points in greater detail.

The requirement for a manned bomber is clear. The fact that we have three different elements in our strategic forces, the bomber, the submarine launched ballistic missile, and the land based intercontinental ballistic missile, prevents an enemy from carrying out a successful disarming first strike on the United States. The elimination of the bomber element would make the probability of a successful first strike much higher. The bomber is the only element of our strategic forces that can be launched on warning of an impending attack and then recalled. It serves as an expression of power to potential enemies without actually using weapons. The bomber is the most accurate of our long-range delivery systems, and is thus able to surgically destroy targets hardened against nuclear effects. The bomber's contributions to our strategic forces go on and on.

The B–52, our current heavy strategic bomber, has served this country long and well. But the last of these aircraft were built in 1962 and they are growing old. By the mid-1980's, they will be unable to effectively penetrate the heavily defended part of the enemy airspace to attack the targets they must hit. Thus, since the bomber is required and the current bomber will soon not be effective at its task, we need to modernize the bomber portion of our strategic forces.

What should we choose to effect this modernization? Should we modify the B–52 further? We would then have an old aircraft with a little more capability—but it would cost $45 million for each one. Should we modify the FB–111? We would then have an aircraft designed as a fighter bomber—with the inherent payload and range limitations that that design infers—as our first line strategic bomber. Should we build cruise missiles? A useful weapon in its place, but its place is to attack targets undefended by surface-to-air missiles and as an addition to the manned bomber, not a replacement. Or should we decide on an aircraft designed to do the job at hand, to take off fast, then fly low through enemy defenses to accurately attack the hard targets.

The choice is easy when seen in this light—we must buy the B–1. It is quite obviously in our national interest to do so.

Now, when should we buy the B–1. We should, of course, wait to see that the aircraft can be built and can perform the mission. Three test aircraft have been built and are showing that the design is good. They have already proven that the aircraft has the required structural integrity, that it flys and handles well, and that its engine performs as required. The aircraft has been undergoing tests for almost 6 years. Testing which started on the ground is now being verified in the air. A vast number of structural tests have been performed, starting with pieces and moving up through components and assemblies to the complete aircraft. Over 22,000 hours of wind tunnel testing has been accomplished and 10,000 hours of engine operating time has been accumulated. The total flight time is now about 190 hours. This aircraft has had more preproduction testing than any other aircraft ever produced. More than enough test data will be available to award the production contracts.

We should wait until the contractors are ready to build the production aircraft. Last year, we provided the Air Force long lead funds to get ready. The plan was developed and work is going on. By November, all will be ready.

So the time to provide funds for the B–1 is now, and the time to award the production contract is November 1976.

So why delay? The President who takes office in January may see things differently, some say. If he does, he can always cancel the program then. He can do that any time by following the prescribed procedures. But if we delay and the President wants to go on with the program, it will cost an extra $½ billion to $1 billion. The delay will result in the elimination or deferral of over 18,000 B–1 aerospace jobs. These are high costs to pay for the supposition that the President may not like the B–1.

Gentlemen, we need the B–1 and we should buy it as scheduled. I urge you to defeat this amendment.

Mr. ANDERSON of California. Mr. Chairman, I wish to comment on the advanced tanker/cargo aircraft—ATCA—provision of this bill.

Recently, I have received many letters from employees of the Douglas Aircraft Co.—a division of McDonnell Douglas Corp.—who reside in our area of southern California. The first sentence of most of the letters was: "My job at Douglas Aircraft Co., Long Beach, Calif., depends upon the continued building of airplanes."

The dichotomy between the right to a job, and our inflationary defense spending struck me. Are all of these programs necessary? If they are not, will it put people out of work and into the unemployment-welfare mess. And, if they are, where will it end?

We must allay the "politics of fear" in our negotiations with the Soviet Union. The United States can no longer afford the "you spend-we spend" syndrome to flourish. Hopefully, a Congress will one day decide an appropriation measure without considering "the Soviets are doing it bigger and better" rationale.

I am really here to say that the advance tanker/cargo aircraft program specifies the use of a version of a commercial wide-bodied aircraft as a baseline vehicle, equipped to provide inflight refueling to cargo-carrying tactical aircraft. McDonnell Douglas has submitted the DC–10 as their candidate aircraft.

Mr. Chairman, California's unemployment is higher than the national average. Douglas Aircraft tells us that current employment at their plants in California is approximately 17,000. This is down from 57,000 in the peak of 1967. Layoffs in 1975 numbered 4,900 people, and Douglas expects to lay-off an additional 4,600 employees in 1976.

Therefore, I am pleased to see and support this provision of the Defense appropriation bill for 1977. I urge the Department of Defense to award their contract to the McDonnell-Douglas Corp. of California.

Mr. WAMPLER. Mr. Chairman. I rise in support of the fiscal year 1977 Department of Defense appropriations bill and, in particular, in support of the $902 million for the procurement of Army ammunition appropriation. Included therein is approximately $44 million for production of propellants at the Radford Army Ammunition Plant. This facility is highly significant in maintaining the readiness posture of the U.S. Army at a high level since it is the Army's only active producer of ammunition propellants. The funding provided in this bill is therefore very important to defense preparedness.

Additionally, it is important to the maintenance of good relationships with the communities surrounding the Radford Ammunition Plant in that it will provide stability for the current workforce and maintain the expertise so vital to continuity of production.

Mr. EMERY. Mr. Chairman, I have recently been made aware of breakthroughs in reentry materials development for missiles, specifically strategic missile nose tips. This new class of material, called reinforced carbon-carbon, has successfully flown on several ICBM flights without any failures and with significantly improved performance and accuracy. These confirming flight tests have demonstrated the superiority of materials developed by the BMD materials program. These unique advances, being incorporated in strategic missiles systems, reflect the materials technology leadership of the Army's BMD materials development program. This leadership and its potential for additional future contributions to strategic missile systems and to the more difficult flight environment of defensive missiles, make it prudent to insure continuation of this program at a level of at least $5 million for fiscal year 1977.

In general, I believe that greater emphasis on strategic missile materials and structures research and development is necessary. The DOD concept of a triservice exploratiory development program directed at developing ballistic missile defense interceptors and reentry and launch vehicle materials and structures technologies appears to be the most effective mechanism for the utilization of the best technical talents in the United States while allowing satisfaction of individual service mission requirements. However, the DOD technology base in these areas is in serious need of considerably more emphasis than it is now receiving. The downward funding trends must be reversed. In particular, the Army should reestablish its ballistic missile defense interceptor and tactical missile materials and structures exploratory development projects, and Navy should strengthen their reentry and launch vehicle materials and structures technology base programs.

The CHAIRMAN pro tempore. The Clerk will read.

Mr. EDWARDS of Alabama. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. Evidently a quorum is not present.

The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 396]

Andrews, N.C.
Archer
Ashbrook
AuCoin
Beard, R.I.
Bell
Blouin
Boggs
Bolling
Brooks
Burton, John
Cederberg
Chisholm
Collins, Ill.
Conyers
Daniels, N.J.
Davis
Dickinson
Diggs
Drinan
Duncan, Oreg.
Edwards, Calif.
Esch
Eshleman
Evins, Tenn.
Fish
Fraser
Harsha
Hawkins
Hays, Ohio
Hébert
Helstoski
Hinshaw
Horton
Howe
Jones, Okla.
Karth
Kastenmeier
Koch
Leggett
Long, La.
Madden
Mathis
Matsunaga
Mikva
Milford
Mills
Mink
Moorhead, Pa.
Mosher
Murphy, N.Y.
O'Hara
Passman
Peyser
Rhodes
Riegle
Risenhoover
Roberts
Rosenthal
Rostenkowski
Santini
Scheuer
Schneebeli
Shuster
Spellman
Stanton,
James V.
Steiger, Ariz.
Stephens
Symington
Thompson
Udall
Ullman
Waxman
Weaver
Wiggins
Wirth
Young, Alaska
Young, Ga.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. McFALL) having assumed the chair, Mr. HUNGATE, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill, H.R. 14262, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 353 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN pro tempore. The Committee will rise informally in order that the House may receive a message.

MESSAGES FROM THE PRESIDENT

The SPEAKER pro tempore (Mr. McFALL) assumed the chair.

The SPEAKER pro tempore. The Chair will receive messages.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Roddy, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1977

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

Military Personnel, Army

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere); $8,538,349,000.

AMENDMENTS OFFERED BY MR. EDWARDS OF ALABAMA

Mr. EDWARDS of Alabama. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. EDWARDS of Alabama: On page 2, line 10, strike "$8,538,349,000"; and insert in lieu therof $8,539,249,000;

And on page 2, line 18, strike "$6,012,497,000"; and insert in lieu thereof $6,008,497,000";

And on page 6, line 2, strike "$8,041,335,000"; and insert in lieu thereof "$8,050,635,000";

And on page 6, line 12, strike "$9,563,664,000"; and insert in lieu thereof $9,553,164,000";

And on page 18, line 2, strike "$2,949,600,000"; and insert in lieu thereof "$2,946,600,000".

Mr. EDWARDS of Alabama. Mr. Chairman, I ask unanimous consent that the amendments may be considered en bloc.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. EDWARDS of Alabama. Mr. Chairman, the purpose of these amendments is to restore $10.1 million to the Army budget and to delete $17.5 million from the Navy budget so that the Department of Defense can proceed with the plan to consolidate undergraduate helicopter pilot training, as proposed in the President's budget. For reasons that are not clearly stated in the report, the committee has chosen to reject this proposal.

The proposal, as presented in the budget request, would consolidate Army, Navy, Marine Corps, Air Force, and Coast Guard undergraduate helicopter pilot training into an all-rotary wing program at Fort Rucker, Ala., beginning on October 1, 1976. At the present time there are two separate undergraduate helicopter training programs sponsored by the Defense Department. One is for Army and Air Force pilots, and they are trained at Fort Rucker; and the second is for Navy, Marine Corps, and Coast Guard pilots, and they are trained at Pensacola, Fla.

Key considerations in the decision to consolidate are the significant dollar and related manpower savings projected by the various studies that have been made over the years. Total net savings in fiscal year 1977 alone are estimated at $30.4 million. In future years the savings would be $37.4 million a year, and according to the best available information, the consolidation would yield cumulative savings through fiscal year 1982 of more than $200 million. Manpower savings of more than 2,300 training personnel could be expected in fiscal year 1977 and in future years.

Although the estimates of costs and savings are seldom precise, as we on the subcommittee well know, the estimates associated with this proposal reflect full and complete consideration of all aspects of the program.

Mr. Chairman, the Defense Department has analyzed the pros and cons of consolidation for a number of years. A task force of the Interservice Training Review Organization, consisting mostly of military aviators, has also studied the problem. The General Accounting Office has studied it, and all have concluded that this is the way to go.

Mr. Chairman, after having reviewed all of this data myself, I feel satisfied that the question has been more than adequately studied, and all results fully support the Department's decision to move forward with consolidation. To continue this dual training approach is utterly ridiculous.

Mr. Chairman, in 1970 the Defense Appropriations Committee report ordered that the services start moving toward consolidation because of the great expense of having a dual-type training. In fact, the Air Force, in 1970, as a result of the committee's efforts, did consolidate its training with the Army; and the Army now trains the Air Force helicopter pilots along with its own pilots. In addition to that, the Army trains many of the NATO helicopter pilots.

I think, again, that is is ridiculous for us to continue down this two-way dual street as far as our training of helicopter pilots is concerned. In addition to that, the Navy and Marine Corps instructors would be used in the consolidated program.

Mr. Chairman, it is clear that the Army program would be adjusted to meet all special Navy and Marine Corps requirements. I am sure that it is.

After basic training, the Navy and Marine Corps helicopter pilots would go on to advanced service-oriented helicopter training, just as is presently the case with the Air Force and the Coast Guard.

The issue at stake here today, Mr. Chairman, goes far beyond the question of Fort Rucker versus Pensacola. A much higher principle is involved, and this is whether or not base closures, realinements, and interservice training consolidations are desirable.

Mr. Chairman, I am convinced that they are. First, they save money; and second, in the case of basic helicopter training, absolutely no damage is done to the readiness or ability of our pilots.

Mr. Chairman, if we decide to stop this consideration, then I do not know how in the future we could in good conscience disapprove others. This is an important test case as far as I am concerned.

The CHAIRMAN pro tempore. The time of the gentleman from Alabama (Mr. EDWARDS) has expired.

(By unanimous consent, Mr. EDWARDS of Alabama was allowed to proceed for 5 additional minutes.)

Mr. EDWARDS of Alabama. Mr. Chairman, if we reject this consolidation movement, I would guess it would be a long time before the Defense Department is willing to devote time and money to other consolidation programs.

I want to reiterate that this consolidation comes in great part from the actions of this very same subcommittee in writing its report on the fiscal year 1970 bill that was before us some years ago.

Several significant training consolidations have already taken place.

Mr. Chairman, I would remind the Members that we deleted funds from last year's bill in anticipation of savings from the various interservice training programs.

Other schools, such as those training navigators, air-traffic controllers, and weather observers, have been approved for consolidation.

Additional consolidations are under review, and specific proposals can be expected in the near future.

In sum, Mr. Chairman, consolidation is a continuing effort designed to save dollars by eliminating duplication in training activities.

Mr. Chairman, it seems to me when we are here today on the floor with this $106 billion Defense bill, the largest bill of any kind that we have ever had in the history of this country, we must find ways to save dollars where we can. We must have a strong military effort. We must be second to none in this world as far as the defense effort is concerned. I think that means that in trying to accomplish that goal, we do it with good management practices, but we do away with dual training where we can and that we do away with duplication in effort.

I also think, Mr. Chairman, that we should try to get the best we can for the taxpayers' dollars.

What I am proposing here today will save $30 million in this year's budget. It will save $37.4 million each year from now on. It will save 2,300 training personnel, and we will end up with the same well-trained helicopter pilots that we have today. If I did not believe that, I would not be up here offering an amendment of this type before this body.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, I would say to the gentleman from Alabama is it not true that every service has a different use for their helicopters and if we are going to train them all to one standard then they are not going to be able to perform the mission of the particular military service, which is different, such as the Marine Corps and the Navy.

Mr. EDWARDS of Alabama. The point taken by the gentleman from Texas (Mr. WHITE) has some merit. I want to remind the gentleman from Texas that what we are talking about here is the basic training of helicopter pilots, that is, basic training only. The Air Force trains with the Army. When its helicopter pilots finish basic training, they go to advance training in their own service- and mission-oriented fields. The Coast Guard trains today with the Navy. When those pilots finish, they go to general training in their own service-oriented field. There is nothing wrong with bringing together in basic training helicopter pilots from the various services. There would be Marine Corps instructors, Navy instructors, Army and Air Force instructors at Fort Rucker. They would give clear attention to service- and mission-oriented training.

One of the great misconceptions is that we are going to try to take all of these helicopter pilots and mold them into one type of helicopter pilot and that is not so. We are merely talking about the bringing together of the training activities of all these services rather than all of them supplying their own basic training. They will be given clear attention to their own missions in their own branch, and then they will all, as is always the case, go on to advanced training in their own branches.

Mr. WHITE. If the gentleman will yield further, is it not true that this program such as the gentleman has proposed, has been studied by the Pentagon officials, and that some of them have reported that they felt that this would lead to further inefficiencies and greater costs in the long run, rather than the efficiencies that are hoped for by the gentleman from Alabama?

Mr. EDWARDS of Alabama. I am sure that in the Pentagon you can find views on almost any subject one can think of.

But, let me add that the Secretary of Defense has studied it and is for it. The Secretary of the Navy has studied it and is for it. The Chief of Naval Operations has studied it and is for it. The President's budget in this regard is for this. The GAO has studied it and the interagency task force, made up of military aviators in large part support it. The Defense Department supports this. This very committee has given it great consideration.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(On request of Mr. YOUNG of Florida, and by unanimous consent, Mr. EDWARDS of Alabama was allowed to proceed for 2 additional minutes.)

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Florida.

Mr. YOUNG of Florida. Mr. Chairman, I would ask the gentleman from Alabama, in view of his comments that the advanced training will be provided by the individual services, that means that they will have to have the facilities. They would have to have the instructors. They would have to have the equipment. Would the gentleman from Alabama explain to us how this savings is going to be accomplished?

Mr. EDWARDS of Alabama. The advanced training in these services goes on daily. There is no change in the need for advanced training, or the fact that there will be advanced training. The helicopter pilots go on to advanced training. There is nothing unusual about that. All we will be doing is taking the basic training and having the helicopter pilots trained at one place, and by doing that we will save some $37 million a year.

Mr. YOUNG of Florida. I understand, and I agree with what the gentleman from Alabama says, but I still do not comprehend how the savings is going to come about.

Mr. EDWARDS of Alabama. The savings will come about from the fact that we will need 2,300 fewer people. It will come about from the fact that we will need fewer planes. It will come about from the fact that we do not have to buy additional simulators that are being requested by the Navy because the Army has the most up-to-date simulators in this training program of any training facility anywhere. The savings will come about from the fact that we will not have to buy duplicative pieces of training equipment.

Mr. YOUNG of Florida. I thank the gentleman.

Mr. DICKINSON. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I spoke earlier in the well today on the need for saving and methods of accomplishing savings in our defense budget. My colleague, the gentleman from Alabama (Mr. EDWARDS), has just pointed out one very startling, to me, and very important way that we can effect a real savings within the defense budget at no cost of efficiency or anything else.

Let me say first that Fort Rucker is in my district. I have a very parochial interest here, and I am the first to admit it. I am sure some of the opponents of this will be very open to say that if the training is moved, it might be from their districts. But aside from that, let us just talk about the facts and figures—just the facts and the figures. There have been studies and studies and studies as to whether or not it should be consolidated and what the savings would be. As has been pointed out, this recommendation is made by the Department of Defense—this has nothing to do with parochialism; it has nothing to do with my district—recommended a consolidation in 1971.

In 1972 the General Accounting Office made a study and recommended a consolidation. That was not enough, so the Committee on Appropriations wanted another study, and another study was made by the training review organization. Again they recommended consolidation, not the consolidation of every type of helicopter training but of the simple basic helicopter pilot training.

Seventy-five percent of all helicopters owned by the Department of Defense are flown by the Army. Over 75 percent of the missions flown during the Vietnam war were flown by Army pilots. If there is a service-oriented peculiarity such as the Navy might have, or the Coast Guard, or the Air Force, of course they go on to specialized training, if that is required. We are not talking about that. We are talking about the basic skills of flying a rotary-wing aircraft.

There has been a difference of opinion between the Navy and other services as to whether or not one must learn to fly fixed-wing aircraft before he flies rotary. It just so happens that the Army says it is not necessary, and I think they did a pretty good job in Vietnam by proving they had helicopter pilots as good as anybody flying anywhere.

The Air Force does not require fixed-wing training before helicopter training. If that is an additional skill, fine. That can be put on top of it by whatever service might require it, but it is not necessary.

We are talking about a savings here in the next 5 years of over $200 million that does not cost the service anything in proficiency. It is readily identifiable savings that the Secretary of Defense has been trying to get for 5 years, one that the various Secretaries, that the General Accounting Office, that every study that has been made, prove is sound, is viable, is economical, and exercises common sense. The only reason that we do not do it, that I can see, would be because we are going to take some training from one person's base and put it in another person's base. Aside from the personalities, every study that has been made, every argument that has been advanced, and all the proof points to the fact that this is a real savings. It is to the interest of the Department of Defense; it is to the interest of the taxpayer; it is common, sound business sense that this be done.

I would urge, Mr. Chairman, that the House agree to cut these 2,300 jobs per year. We are in conference now with the Senate arguing about the numbers of employees that the military can have. This will save 2,300 jobs a year.

Let me just say before my time runs out that at the height of the Vietnam war we trained at Fort Rucker over 7,800 pilots per year. They are training less than 1,000 now. The facilities are there. The simulators are there. The trained personnel by way of instructors are there to do the job. Why should there be duplication of this training? There is no logical reason, I would submit, Mr. Chairman.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. White, Mr. Dickinson was allowed to proceed for 1 additional minute.)

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Texas.

Mr. WHITE. I thank the gentleman for yielding.

I want to advise the gentleman in the well that in fact, the Navy does not support this concept. The Navy and the Marine Corps have had this under consideration and have tried this tack. These services have had Army pilots previously Army trained in landings. They have had to retrain these pilots at a great cost.

Now if the Navy and Marine Corps have their helicopter pilots trained in land landings, when these pilots come to the very complicated aircraft carrier landings they are going to have to retrain the pilots.

Mr. DICKINSON. Either my friend cannot understand or he will not understand we are talking about basic training on which the Navy can put any additional training they deem necessary. So the studies have been made. They have been proven statistically. The money studies have been made. It has been shown that it will result in a savings in dollars.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

(On request of Mr. White, and by unanimous consent, Mr. Dickinson was allowed to proceed for 30 additional seconds.)

Mr. WHITE. Mr. Chairman, if the gentleman will yield, I want to point out that this is not a matter at all of overlaying on top of basic training. This is training from the inception where they start from the very beginning to train the pilots to do the aircraft carrier landings and other things consonant with Navy needs. The Navy requires a different concept from the Army in the modes of training and their needs.

Mr. DICKINSON. I understand the Navy always has to do things differently, but not in this case.

(Mr. SIKES asked and was given permission to proceed for an additional 5 minutes.)

Mr. SIKES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have noted the letter from the Chief of Naval Operations, Admiral Holloway, quoted by my good friend, Mr. Edwards. You will note that the admiral says he is supporting the budget. That tells all we need to know. He has a choice. He can support the President's budget or he can lose his head. That is the choice that is given all military personnel, to do what you are told by your leaders, never mind your conscience or integrity, just do what you are told or you are out of a job. That is what the Chief of Naval Operations has done.

I have here testimony by the Chief of Naval Operations, the Commandant of the Marine Corps, and the Commandant of the Coast Guard that shows how they feel about the consolidation of helicopter training. There appears in our hearings that all are opposed to it. I will quote if time permits.

I have very high regard for my good friends, the two distinguished gentleman from Alabama, who are supporting the amendment. They propose what the Department of Defense calls "a money-saving amendment." It may in fact save a few dollars if dollars are all we want to consider. We have been given figures but I question that we have been given facts. They are not Navy figures. They are Office of the Secretary of Defense figures. The consolidation is much more likely to cost lives and airplanes. That should be a much more important consideration. It will cost lives and airplanes because Army helicopter training simply is not adequate for the more exacting requirements of the Navy, the Marine Corps, and the Coast Guard. The Army has no requirement for overwater flights or for landing on ships. Consequently, their standard of training is not as complete, not as detailed, and not as thorough.

To give the graduates of helicopter training the competence required by the Navy, the Marines, and the Coast Guard, additional advanced training will be required. That costs money, requires personnel. When that is completed, it is doubtful there will be any monetary saving. If it is not done, lives and planes will be lost.

Quite properly, the Army trains its helicopter pilots to fly its flights applicable to the mission of the Army which is concentrated in the recognition of support of ground activities and missions against tanks and artillery. The Navy's flight syllabus is more heavily oriented toward open-water navigation, ship-to-shore, and ship-to-ship operations, and bad weather flights involving heavy emphasis on instrument training.

The Marine Corps has concrete evidence that the training of 492 Marine Corps pilots by the Army during the last 3 years of the Vietnam war proved costly and ineffective. The Marines have always utilized Navy training for their helicopter pilots and since Navy training includes fixed wing as well as helicopter training, a Navy trained Marine Corps pilot could later be assigned into fixed wing flight activities after initial helicopter tours.

Congress in its report on the fiscal 1976 Defense Appropriations bill specified that there should be no consolidation of these training activities without approval of Congress. The administration sought to overcome this by an end run in which the consolidation of helicopter training was budgeted. This does not conform to the mandate of Congress. The administration did not openly ask the blessing of the Congress, instead they budgeted the consolidation prior to the approval of Congress, leaving the assumption that if the budget were approved, it would show acceptance by Congress of the proposal. That, it occurs to me, is a little bit backhanded. Whatever interpretation is placed on it, this fact remains. The House procurement authorization bill and the House Defense Appropriations bill have refused to approve the consolidation. The gentleman from Alabama now proposes to set aside the work of the Congress and its committees which accept the need for a continuation of a safe and tested training program, until proper evidence to the contrary is submitted.

The administration arbitrarily has ordered the consolidation of helicopter training. It has ignored the arguments of the Navy; it has ridden roughshod over their reclama to the directive; it has gone even further; it has ordered Navy, Marine, and Coast Guard personnel to keep their mouths shut, whether or not they feel the consolidation is feasible. That is why you are given figures purportedly coming from the Navy which show savings. They came from Office of the Secretary of Defense with instructions that the Navy use them, like them, and if necessary, eat them.

The Office of the Secretary of Defense is dealing with a training program that has not yet been developed. The only ones in existence are the Navy and Army programs. The Army representative of the Tri-Service Board has said the Army training syllabus at Fort Rucker does not meet the requirements of all the services.

The Congress asked last year that the Department of Defense come to the Congress with a fully developed and analyzed program on which the Congress could properly base its decision before any consolidation of the helicopter pilot training programs is made. This has not been done and the Congress does not have any credible cost data on which it can make its decision. One example of how the analysis on which we are expected to act is weak is that DOD has said they can save some $23 million by a reduced Navy buy of T-34 fixed-wing trainers of some 70 aircraft. Since these flight hours must be met in some airplane, we find it would take an additional 53 helicopters for the Army at Fort Rucker which would cost $79 million. How can we on one hand reduce one buy of $23 million and be faced with another buy of $79 million and call that a saving? The Navy wants one simulator, the Army wants two—cost is $3 versus $6 * * *

This is only a part of the story the Navy says, but the Office of the Secretary of Defense does not list if consolidation is done. I shall list for the record annual recurring costs which total $22.2 million. The budget overstated annual recurring costs in the amount of $24 milllon and one-time costs in the amount of $3.8 million. These I shall also list. The added cost per year, according to reliable Navy sources, total $46.6 million and added one-time cost of $90.3 million. This is far different than the Bureau of the Budget has instructed Congress to receive.

In other words, you can have your choice of figures. It is my strong belief that the Navy's figures provided independently and not under OSD's direct instructions, are certainly as reliable—if not more reliable—than OSD figures which are intended to prove a case which has not been substantiated.

The fact is that no one knows what it is going to cost additionally if this is done. It was for that reason that the Congress instructed OSD to provide us with a plan of training and accurate cost figures. They have not done this. The will of the Congress should not be circumvented.

I repeat, DOD has not defined its program. We have fragmented statements, uncertain cost figures, and an obvious attempt at an end run to avoid the directive of Congress that the Department of Defense justify helicopter training consolidation. This they have not done. They have simply inserted it in the budget. They are saying to Congress. "This is all the justification we need to give you." Let us wait until we can act with certainty.

The CHAIRMAN pro tempore. The time of the gentleman from Florida (Mr. SIKES) has expired.

(On request of Mr. MONTGOMERY and by unanimous consent, Mr. SIKES was allowed to proceed for 1 additional minute.)

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, I appreciate very much the gentleman yielding to me. As he knows, I serve on the Personnel Subcommittee of the House Armed Services Committee, and when we had the service chiefs before our subcommittee, no major testimony was presented to our subcommittee about the consolidation of the rotary blade training, nor was there anything mentioned about the reduction of service personnel because of the consolidation.

Since this has all come to light, we find that the services are now talking about consolidating the major fixed wing training into one branch of the service.

My point, Mr. Chairman, is that I do not think the Congress necessarily should tell the services what type of training they should have, but I think that Congress should know what they are getting ready to do. My point is that they are not coming to the Congress and telling us about these major changes.

What we passed in the Armed Services Committee when we marked up the procurement bill, a bill which passed on this floor, was that in section 706, in effect it tries to correct what the services are now doing, making training changes without the Congress knowing about it. In section 706, in essence, it says that the Secretary of Defense will have to come to the Congress and tell the Congress what major changes are being made in the training programs of the different services. So, in effect, the amendment offered by the gentleman from Alabama is flaunting in our faces something that the Congress did not have the proper information and are trying to find out about these actions.

I certainly hope that the amendment will be defeated and that the services will come in and tell us what training changes they are going to make, and not make these changes and then tell us about them.

Mr. SIKES. And what the real cost facts are.

Mr. MONTGOMERY. That is correct.

Mr. CHAPPELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it has been alleged here today that we are, with this amendment, saving money. I submit to the members of the committee that simply is not a fact. Every few years, the bureaucrats over in the office of the Secretary of Defense come up with an idea for consolidation, and tell us we are going to save a lot of money by it.

Any Member who knows anything about the TFX will remember that this was one of the times the bureaucrats over in the office of the Secretary of Defense told us what consolidation would do. We found out that it was a tremendous waste. They said that we could build the same plane for the Air Force and the Navy. It did not work. Specialization is the name of the game. Consolidation of the Navy, Marine Corps, Army, and Coast Guard, would make as much sense as the consolidation here being considered. It would not work.

Let us talk about the proposed savings of personnel.

There is not one scintilla of evidence that we save one person. The Secretary of Defense, in wanting to make this look good, simply arbitrarily cut out some 2,300 personnel in the overall program. We all know we cannot cut back on personnel if we are going to train the same number of pilots, fly the same number of hours, and do the same kind of job now being done in specialization. It does not make sense. It does not make sense either that we can save aircraft. We are going to go through the same number of hours of training and use the same number of pilots. There is no such thing as saving any money on aircraft.

There is one thing that is extremely important to recognize here, and that is that each service has its own training indoctrination, which indoctrination starts from the first day a man comes into training. Army indoctrination does not suit the Navy and the Marines. There must be nautical indoctrination for the Navy and Marines, and another indoctrination for the Coast Guard. We are either going to have to bring a section of the Navy over to the Army base, or wait until the Army gets through training the pilots and give them the indoctrination at a naval installation. It does not make sense to follow that kind of argument.

I have some experience as a Naval aviator. I know that from the beginning, the training has to be different. The terminology has to be different. We utilize pilots from the Navy, Marines, and Coast Guard to fly under all kinds of conditions. They have 130 hours of instrument training against some 50 for the Army. That is a big difference. When the gentleman says that the Army trains as well as the Navy and the Marines, I wonder why the Army did not go into Khesanh when there was a problem in taking supplies in. The only pilots who could go in and attempt the job were the Marine and Navy pilots because they had the training to do it, and the Army simply did not. For anybody to argue that we can save money and still get the quality of training we have to have for the specialized services simply is not facing the facts. I think we ought to face the facts if we are to do it right.

I urge defeat of this amendment.

Mr. ROBINSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, claim has been made that this is going to cost lives and airplanes, a very serious contention. I wonder why it is, if such is the case, that the Department of Defense would recommend such a plan, because they certainly have to be cognizant of the constraints of the budget today, not to mention lives of the pilots. I do not believe the Department of Defense would make such a recommendation involving such serious criticism without serious consideration.

Claim is also being made that this is being accomplished as an end run because it is in the budget, because of the known opposition of the Congress and the Department of Defense to the prospect.

I do not know of any better way or any more logical way to present it than to put it in the budget, which is exactly what the Department of Defense did, and they did it in an absolutely straightforward way.

The claim is also made that bureaucrats have come up with this proposal and we can lay it in their laps. Bureaucrats did not come up with this proposal. This proposal comes from a proposal that was made by this committee and this subcommittee back in the defense appropriation bill report of 1970, when the committee said it believes it would be desirable for the Navy and the Air Force, in cooperation with the Office of the Secretary of Defense, to give serious consideration to allow the Army to train our helicopter pilots.

Mr. SIKES. Mr. Chairman, will my distinguished colleague yield?

Mr. ROBINSON. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, if the recommendation made in fiscal year 1970 or the one made in 1969 had been any good, it seems as though the Department would have acted on it long ago.

Mr. ROBINSON. Mr. Chairman, the Department of Defense, as we all know has been giving it serious consideration since that time, and now it finally comes up. We all know how they lag on recommendations the committee makes to them on other subjects as well.

In addition to that, we have more than the Department's recommendation. We have also the report of GAO released on May 3, 1974, in which they came out very strongly in favor of a consolidated program.

We are looking at an undergraduate helicopter program; we are not looking at something that develops the finished product. When we send our young people to college, is it not true that for the first 2 years, regardless of what they are studying, they are going to get about the same basic kind of education and then for the last 2 years they will specialize in whatever it is they want to make their special skills? This is exactly the same principle.

We are involved in an undergraduate helicopter program that is intended to develop the basic skills only, and those basic flying skills are the same all the way across the board in all services.

Mr. Chairman, I sincerely hope that my colleagues will adopt these amendments in the interest of saving a substantial amount of money, both in aircraft which are presently available, thus avoiding the purchase of new aircraft, and in personnel.

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Chairman, I thank the gentleman for yielding.

This country's military is still run by civilians. That is the way it was set up in our Constitution, and that is the way it should be. We should not be comparing Navy figures with DOD figures. Where in the world did the Department of Defense get those figures except from the Navy. They worked those figures in, and they got figures also from the Army, from the Air Force, from the Coast Guard, and from the Marines, and they came to this committee, not today with the Edwards amendment, but years ago. Last year they tried to do this and we held them off and asked them to wait until they came back with a proposal again. This is not something I dreamed up to present here on the floor today.

The gentleman from Florida (Mr. CHAPPELL) mentioned the fact that it took the Marines to go into Khe Sanh with their aircraft because the Army could not do it. Let me read a letter dated August 4, 1971, signed by L. F. Chapman, Jr., Commandant of the Marine Corps. This is addressed to "Dear Westy," and to those who do not know who that is, that is Gen. William C. Westmoreland, who was Chief of Staff of the U.S. Army.

In that letter General Chapman said:

> I would like to take this opportunity to express my appreciation for the assistance rendered by the United States Army Aviation School in providing undergraduate pilot training for 492 of our Marine pilots during the last three years. The training was accomplished in a timely and professional manner and contributed greatly to the accomplishment of the Marine Corps' mission during an extremely turbulent and trying period. Once again, please accept my sincere thanks for a job well done.

The CHAIRMAN pro tempore. The time of the gentleman from Virginia (Mr. ROBINSON) has expired.

(On request of Mr. EDWARDS of Alabama and by unanimous consent, Mr. ROBINSON was allowed to proceed for 3 additional minutes.)

Mr. EDWARDS of Alabama. Mr. Chairman, to go on, if the gentleman will yield further, I will say this: Sure, the Marine Corps helicopter pilots went into Khe Sanh, having been trained at Fort Rucker by the Army to do their job.

I want to reiterate that nobody is trying to put these helicopter pilots or any one of these forces into some kind of mold and say they are all going to be like the Army. What we are trying to do is to consolidate the training effort in a facility which was equipped to accommodate 2,400 helicopter pilots because of the Vietnam build-up. They have only 700 pilots there now and can easily handle the additional people.

Finally, if the gentleman will yield further, on this question of the DOD being characterized as some ogre compared to the uniformed services as being saints, let me read a letter dated June 17, 1976, from J. L. Holloway III, Chief of Naval Operations. The letter is addressed to me, and it says as follows:

> As you are aware the consolidation of Undergraduate Helicopter Pilot Training has become an issue in the Congress. Proposals of this general nature have been studied by various agencies of the Department of Defense for the past several years. The President's budget for 1977 proposes to consolidate all Department of Defense Undergraduate Helicopter Pilot Training at Fort Rucker, Alabama, commencing in Fiscal Year 1977. As the Chief of Naval Operations I support the President's budget.

Mr. Chairman, I think that pretty well clears it up. Savings can be made, and the savings should be made. It is utterly ridiculous to go down this dual path.

Mr. ROBINSON. Mr. Chairman, I thank the gentleman for his comments.

I urge adoption of the amendments.

Mr. FLYNT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment under consideration. This amendment would consolidate helicopter pilot training in a single place under a single training program.

The stated purpose of this proposed consolidation is to save money but the figures submitted in support of this claim are, I believe, unintentionally incomplete and possibly misleading. There are intangibles which cannot be quantified which nevertheless would be real costs which do not appear in the figures used to support the proposed consolidation.

The great increase in numbers of helicopters and pilot trainees engaged in training operations in the same physical space will increase the likelihood of accidents resulting in equipment loss and property damage as well as injury and death to those involved in the training effort. Although it may be possible to predict the expected increase in cost of equipment loss and property damage, we cannot quantify the cost of personnel injury and loss which might be involved. The claimed savings could be wiped out by a single accident caused by unwise concentration.

The techniques of helicopter operation from shipboard are not the same as for ground assault operations, and where time and money are involved it is wasteful to train ground assault pilots in shipboard operations when it is unlikely that they would ever be required to engage in ship-based operations.

This proposed consolidation is no more practical than it would be to train every soldier to be a shoremaster or a boatswain's mate.

Mr. Chairman, I cannot accept the premise that economics is the primary goal in determining how our fine young men and women shall be trained as helicopter pilots. If this is done we are asking for an increase in accident rate and loss of the most essential esprit de corps that is developed in the early days of service life and training.

Mr. CHAPPELL. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from Florida.

Mr. CHAPPELL. Mr. Chairman, I thank the gentleman for yielding.

It has been implied, I think, that some of these services really believe that consolidation is good. Is it not true that the Army and the Secretary of Defense's office are the only ones that have come up with the idea that this would be a good thing? Is it not true that the Navy and the Marine Corps and the Coast Guard are all opposed to it? Is it not also true that it has been implied that the Interservice Training Review Organization, which was set up to make a study of this, thought consolidation was a good thing?

Mr. Chairman, I want to clarify this to make certain that we understand it. That is not true. As a matter of fact, that organization says:

> This option, while generating the most cost savings and providing for more efficient use of current Army resources does not satisfy the requirements of all of the services.

Mr. Chairman, I think that is vitally important for us to recognize.

Mr. FLYNT. Mr. Chairman, I think the statement that the gentleman from Florida (Mr. CHAPPELL) just made is entirely accurate.

We have attempted in the past to consolidate types of flight training among the services.

Mr. Chairman, this just cannot work. We can no more consolidate this type of pilot training than could we put everybody in one uniform and have everybody in one service instead of in the Air Force, the Army, the Marine Corps and the

Navy. These branches all have separate duties. They each have different roles. They each have a different mission. They need special training for these different roles and for these different missions. Let us continue to do this on an individual service basis.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 4 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN pro tempore. The Chair will state that the Chair will recognize all Members who were standing at the time the unanimous consent request was made for approximately two-thirds of a minute each.

The Chair recognizes the gentleman from Florida (Mr. Chappell).

Mr. CHAPPELL. Mr. Chairman, I ask unanimous consent to yield my time to the chairman of the committee, the gentleman from Texas (Mr. Mahon).

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. ASHBROOK. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. CHAPPELL. Mr. Chairman, I think I have made my point clear. I think it is absolutely unproven, it is unreasonable to believe, that we can save any money or personnel. I believe it is unreasonable to think we can do anything other than mess up what is now good training in the separate specialized services, by any such proposal that is suggested here.

I urge defeat of the amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Virginia (Mr. Robinson).

Mr. ROBINSON. Mr. Chairman, I think that the case has been adequately made that we can save money and personnel. I believe the facts speak for themselves. I think the amendment is worthy of favorable consideration by this body.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Iowa (Mr. Harkin).

Mr. HARKIN. Mr. Chairman, I rise in support of the amendment. I heard the argument made that you cannot combine the training. Let me say that as a former Navy flier I was trained with the Marine Corps. I think you can combine this training, at least up to the point where you reach the advanced stage. I believe all basic training can be done together. When the basic training is completed and the pilots go to their respective squadrons, such as in the Navy and the Marine Corps and the Army, then they can concentrate on their own basic mission oriented tasks at that time, once they go to the fleet, as we say in the Navy, or their squadron in the Army and Marine Corps.

I think the amendment has great merit and I urge its support.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Alabama (Mr. Dickinson).

Mr. DICKINSON. Mr. Chairman, I would just like to add to what the gentleman from Iowa (Mr. Harkin), who immediately preceded me had to say, and that is that the attempted obfuscation here is that you cannot make a pilot for the Navy the same as you can a pilot in the Army. But the fact is that here we are talking about the basic rudimentary pilot training for rotary wing pilots. After that, any additional service, or peculiar training that the Navy requires or that the Coast Guard requires or the other services require, can be added on by that particular service.

I repeat, what we are talking about here is just the first stage of their rotary wing training. They have the capacity to provide for this at Fort Rucker. They have the space.

I think this is a commonsense amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Alabama (Mr. Edwards).

Mr. EDWARDS of Alabama. Mr. Chairman, I think most of the arguments have been made.

The truth is that the Air Force for years now have been training at Fort Rucker. They have got some of the best pilots in the world in the Air Force. I do not think anybody can take anything away from them.

The thing we need to keep in mind is that the Secretary of the Navy and the Chief of Naval Operations both testified at one of the hearings that there is no problem as far as danger or safety is concerned. This issue of safety has been kicked around quite a bit, but there is no substance to it. They said that, of course, they are not going to have any program where there will be danger to the pilots, they would not even recommend them.

Finally, Mr. Chairman, we are talking about $37 million a year savings in the future, every year. I think we should do this.

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words. I rise in support of the position of the House Committee on Appropriations, which means I rise in opposition to the amendment which is pending. I ask that the amendment not be approved.

The CHAIRMAN pro tempore. The question is on the amendments offered by the gentleman from Alabama (Mr. Edwards).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. EDWARDS of Ababama. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 288, noes 110, not voting 33, as follows:

[Roll No. 397]

AYES—288

Abdnor
Abzug
Adams
Addabbo
Allen
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Bauman
Beard, R.I.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Butler
Carney
Carr
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, R. W.
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Emery
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Fary
Fenwick
Findley
Fish
Fisher
Fithian
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Gaydos
Giaimo
Gilman
Gradison
Grassley
Green
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hannaford
Harkin
Harrington
Harsha
Hayes, Ind.
Hechler, W. Va.
Hefner
Heinz
Hillis
Holtzman
Horton
Hughes
Hutchinson
Hyde
Ichord
Jacobs
Jeffords
Johnson, Pa.
Jones, Ala.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kelly
Ketchum
Keys
Kindness
Koch
Krebs
LaFalce
Latta
Lent
Litton
Lloyd, Calif.
Long, La.
Long, Md.
Lujan
Lundine
McClory
McCloskey
McCollister
McCormack
McDade
McHugh
McKinney
Madden
Maguire
Martin
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Moore
Moorhead, Calif.
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Ottinger
Patterson, Calif.
Pattison, N.Y.
Paul
Perkins
Pettis
Pike
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rooney
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shriver
Shuster
Simon
Skubitz
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Wis.
Stokes
Studds
Symington
Talcott
Taylor, Mo.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Walsh
Wampler
Weaver
Whalen
Wiggins
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Yates
Yatron
Young, Tex.
Zablocki
Zeferetti

NOES—110

Alexander
Bafalis
Beard, Tenn.
Bennett
Bowen
Breaux
Brinkley
Brown, Calif.
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Byron
Chappell
Cochran
Daniel, Dan
Danielson
Davis
de la Garza
Dingell
Downing, Va.
Eilberg
English
Eshleman
Evins, Tenn.
Fascell
Flood
Flynt
Frey
Fuqua
Gibbons
Ginn
Gonzalez
Goodling
Gude
Haley
Hanley
Hansen
Harris
Heckler, Mass.
Henderson
Hicks
Hightower

Holland
Holt
Howard
Hubbard
Hungate
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kazen
Kemp
Krueger
Lagomarsino
Leggett
Lehman
Levitas
Lloyd, Tenn.
Lott
McDonald
McEwen
McFall
McKay
Madigan
Mahon
Mann
Mathis
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Morgan
Mottl
Murphy, N.Y.
Natcher
Obey
O'Brien
O'Neill
Passman
Patten, N.J.
Pepper
Pickle
Price
Randall
Rogers
Roncalio
Rose
Satterfield
Shipley
Sikes
Sisk
Slack
Spence
Stephens
Stratton
Sullivan
Symms
Taylor, N.C.
Teague
Vigorito
Waggonner
White
Whitehurst
Whitten
Wolff
Wylie
Young, Fla.

NOT VOTING—33

Anderson, Ill.
Bell
Brooks
Chisholm
Daniels, N.J.
Diggs
Edwards, Calif.
Goldwater
Hawkins
Hays, Ohio
Hébert
Helstoski
Hinshaw
Howe
Karth
Landrum
Matsunaga
Milford
Mills
Mink
Moorhead, Pa.
O'Hara
Peyser
Riegle
Roberts
Rostenkowski
Steed
Steiger, Ariz.
Stuckey
Waxman
Wirth
Young, Alaska
Young, Ga.

The Clerk announced the following pairs:

Mr. Dominick V. Daniels for, with Mr. Roberts against.

Mr. Helstoski for, with Mr. Hébert against.

Mrs. Chisholm for, with Mr. Wirth against.

Mr. Young of Alaska for, with Mr. Waxman against.

Mr. Anderson of Illinois for, with Mr. Riegle against.

Mr. Steiger of Arizona for, with Mr. Moorhead of Pennsylvania against.

Mr. PHILLIP BURTON changed his vote from "no" to "aye."

Mr. RANDALL changed his vote from "aye" to "no."

So the amendments were agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

NATIONAL GUARD PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air National Guard on duty under sections 265, 8033, or 8496 of title 10 or section 708 of title 32, United States Code, or while undergoing training, or while performing drills or equivalent duty, as authorized by law; $216,515,000.

Mr. SIKES. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I believe my stand on national defense has spoken forcibly for itself over the years. In order to be effective in retaining and asserting our rightful leadership in this world which so sorely needs stable and powerful guidance, we must be recognized as a strong nation—strong diplomatically, strong in character and understanding, but also strong militarily. I would like to address, for a moment, our military forces; which I consider our Reserve Forces to be one of our soundest investments in producing a total military capability second to none, let me tell you what has been accomplished during the past few weeks to strengthen these forces.

Under our total force policy this Nation is placing a greater demand on our Guard and Reserve forces than ever before. At long last, these components are receiving some of the newest and best weapons and equipment in our Defense inventory; they have been assigned missions alongside their active duty counterparts, and should the need arise, they are ready and well trained to take their places beside the active duty forces.

With this greater reliance being placed on our Reserve components, the House Appropriations Committee was dismayed to note that the fiscal year 1977 budget submitted by the administration failed to provide the tangible support commensurate with this reliance. The committee's concern was manifested early in deliberations of the Defense subcommittee, on which I have long been privileged to serve. Having heard testimony from many witnesses, the subcommittee weighed the messages, some stated and some unsaid, and based on this evidence, plus independent studies and some wisdom born of collective multiyears of experience in dealing with Reserve problems, presented the following recommendations to the full Appropriations Committee:

First. Disallowed the administration's proposal to eliminate administrative duty pay for Reserve component commanders, being convinced this compensation to be necessary.

Second. Disallowed a deletion of $45 million, which action would have ended the controversial so-called dual compensation for Government employees.

Third. For the Army Reserve, restored funding for personnel who were scheduled for transfer from 48 to 24 drill status, negating that action; restored funds for continuing additional training drills of 4 hours duration as in fiscal year 1976; and funded the pay group P program which allows drill pay for enlisted personnel prior to their initial active duty for training.

Fourth. For the Naval Reserve, restored funding to bring Selected Reserve strength to approximately 102,000 as required; restored funds to reassign some 24 drill status personnel to 48 drill status; restored funds to continue additional training drills of 4 hours duration as in fiscal year 1976.

Fifth. For the Marine Corps Reserve, restored funding for additional training drills and for the pay group P program as for the Army Reserve.

Sixth. For the Air Force, restored funding for reassigning personnel from 24 to 48 drill pay status, restored funds for additional training drills and for use of the pay group P program, as was done for Army and Marine Corps Reserve.

In the important area of Reserve military construction the House Appropriations Committee has once again demonstrated its deep understanding and appreciation of the vital role our Reserve Forces play in shaping the military might and capability of our Nation. I am pleased to point out that the Subcommittee on Military Construction which I have the honor to chair, was able to recommend for the Reserve Forces of the Army, Navy/Marine Corps, and Air Force an increase of more than $14 million over the amount contained in the 1977 budget submitted by the Department of Defense. This now will allow the Army Reserve to construct a much-needed 600-man Army Reserve training center with a medical wing at Little Rock, Ark.; a 400-man training center with a maintenance support activity at Buckley ANG Base, Colo.; a training center at Ukiah, Calif.; and some important additions and alterations to the existing training center at Lakewood, Calif.

The Navy/Marine Corps Reserve team, with the provided increase, will now be able to realize safety and maintenance requirements long overdue by construction of an air traffic control tower and radar air traffic control center at NAS, Glenview, Ill., an avionics shop capable of safe and complete maintenance for the latest aircraft at Willow Grove, Pa., modernization of the NAS, New Orleans maintenance hangar to provide for patrol aircraft, and an anticorrosion aircraft maintenance facility, also at New Orleans. In addition, training facilities to replace World War II buildings will be constructed at Norfolk, Va., and Winston-Salem, N.C., also for joint use by the Navy and Marine Corps Reserve units.

The Air Force Reserve, with their modest increased appropriation will now be able to build a fire station at Youngstown, Ohio, which has been sorely needed, and to make a required addition to the existing fire station at Dobbins AFB, Marietta, Ga.

I am most pleased to be able to announce these actions which represents a total increase of $133,769,000 over the administration's proposed budget for the Army, Navy, Marine Corps, and Air Force Reserves. These are significant improvements, which demonstrates again the strong interest of Congress in the Nation's Reserve components.

While this amount is considered significant, even more important is the restoration to our Reserves Forces of the capability for meaningful training, recruiting, and retention incentives, and the means for enhancement of their morale which together with the other capabilities will assure a truly Ready Reserve.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

TITLE II

RETIRED MILITARY PERSONNEL

RETIRED PAY, DEFENSE

For retired pay and retirement pay, as authorized by law, of military personnel on the retired lists of the Army, Navy, Marine Corps, and the Air Force, including the reserve components thereof, retainer pay for personnel of the Inactive Fleet Reserve, and payments under section 4 of Public Law 92-425 and chapter 73 of title 10, United States Code; $8,493,400,000.

AMENDMENT OFFERED BY MR. ADAMS

Mr. ADAMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAMS: On page 5, line 17, strike "$8,493,400,000" and insert in lieu thereof "$8,381,700,000".

Mr. ADAMS. Mr. Chairman, in considering the budget resolution for fiscal year 1977, as all the Members are aware, we spent a great deal of time debating the President's pay package, and in particular the so-called 1-percent kicker.

The 1-percent kicker provides that if one is receiving retirement payments, whenever the cost-of-living index increases 3 percent, above the last base month then annuities are increased by 1 percent more than the highest monthly increase since the last base month. This is the 1-percent kicker and it goes far beyond the concept that was originally intended when this was placed in the law.

The current law, which has been effective since 1969, has triggered nine raises—through August 1975—which combining the kicker with the cost-of-living increases has increased the annuities by 63 percent while during the same period the cost of living—CPI—has risen only 50 percent.

My amendment would continue to provide funds for cost-of-living increases. That is a subject matter the whole Congress is going to have to take up later. But it would eliminate the 1-percent kicker.

There are several reasons and arguments in favor of it. It is clearly stated in the committee report which accompanies this bill, on page 95, that:

> . . . actual retired pay cost-of-living increases since 1969 have increased some 15 percent more than has the consumer price index as a result of the addition and compounding of the 1-percent kicker.

I realize to eliminate the 1-percent kicker a change in the current law is required. The purpose of this amendment is to continue the presumption of the first budget resolution that such legislation would be forthcoming. In fact, there has already been action by the authorizing committees to eliminate the 1-percent kicker.

First, the Department of State authorization bill, which will be on the floor, as H.R. 13179, eliminates the 1-percent kicker for Foreign Service personnel.

Second, the House Armed Services Committee, in their March 15 report to the committee, supports the elimination of the 1-percent kicker for retired military personnel.

The Senate version of the military authorization bill eliminates the 1-percent kicker.

The authorization bill is now in conference. I discussed the matter with the chairman of the Committee on Armed Services. I have sent a letter to the chairman of the Senate Armed Services Committee supporting the Senate action to control the budget. However, we still must have the Post Office and Civil Service Committee action or its concurrence in action on this matter. I discussed this with the chairman of the Post Office and Civil Service Committee and the chairman of the subcommittee having jurisdiction over this. They need to report a bill or support other legislation on the 1-percent kicker, which I hope will come on in due course.

Perhaps the greatest problem and the reason I am here in the well today speaking on this bill is to point out the long-term effects of the 1-percent kicker on the budget. Elimination of the 1-percent kicker for all of the Federal retirees is the direction of the budget resolution. I am recommending that action from these three separate committees will save $3.8 billion over the next 5 years. I think it is hard for all of us to recognize how these very small provisions in the law provide enormous swings in the budget. I am certain that every Member here has a lot of places they would like to put $3.8 billion. Elimination of the 1-percent kicker does not injure the people who are involved, because the seven increases that have taken place since 1969, with the doubling and compounding effects that have taken place, have put them far beyond the effect that was originally intended and ahead of similar retired groups in the Nation.

I also have available here an analysis of this week's bills and I will place copies for the Members on the front table. This was mailed to all of the Members' offices. Some of the Members I understand have not received it yet, so I will leave them here. They are also in the back of the Chamber. This is an analysis of all of the appropriation bills that have come up this week. We supply the Members on Monday an analysis of the rest of the bills for next week. They are all within target. The exception is this bill, which is very, very close to meeting the target.

The CHAIRMAN pro tempore. The time of the gentleman from Washington has expired.

(By unanimous consent, Mr. ADAMS was allowed to proceed for 2 additional minutes.)

Mr. ADAMS. Mr. Chairman, I understand the series of amendments on items that were not authorized by either body and, therefore, the appropriations are not necessary, will be offered later by Mr. EDWARDS and supported by many members of the committee. If those amendments and this 1-percent kicker amendment are adopted the bill will be almost precisely on target.

I think that is a good thing. Those Members who have received copies of the analysis of all these bills have seen this. I regret the Budget Committee could not supply these analyses earlier, but in our first year of operation we have found that the sheer mechanics of getting all the reports in and reporting to you takes time. As I said earlier in general debate the chairman of the full Committee on Appropriations and the subcommittees and their staffs have done a beautiful job of helping us break out the totals of the budget resolution into the subcommittee bills which has made it possible for us to present these analyses to you.

Mr. Chairman, I hope the Members will support this amendment. It will save $111 million this year, and I think it is a good amendment.

Mr. FISHER. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Virginia.

Mr. FISHER. Mr. Chairman, I would like to ask the gentleman if he knows whether or not the substantive committees that have jurisdiction over Government-paid civil servants and military personnel have held hearings on the matter of the 1-percent kicker.

Mr. ADAMS. They have. This military retired section is at the present time in conference. The Senate has passed the bill eliminating this 1-percent kicker, the House committee has recommended it in its report, and both of them are in conference at the present time.

Mr. FISHER. They have held hearings specifically on this matter?

Mr. ADAMS. That is my understanding.

Mr. FISHER. Mr. Chairman, I would like also to ask a question concerning the $3.8 billion savings that the gentleman cited looking ahead a number of years.

Mr. ADAMS. Looking ahead 5 years.

Mr. FISHER. If some substitute were found whereby the 1-percent kicker would be dropped and instead of that there would be a more prompt translating of cost-of-living increases into paychecks without the lag of 5 months, would the savings still be $3.8 billion, or would it be considerably less?

Mr. ADAMS. There would be less savings, but it would be a saving.

The CHAIRMAN pro tempore. The time of the gentleman from Washington (Mr. ADAMS) has expired.

(By unanimous consent, Mr. ADAMS was allowed to proceed for 1 additional minute.)

Mr. ADAMS. Mr. Chairman, one of the problems that we had is that most people in the private sector have to wait for their increases in pay. Those who are basically in the social security system have to wait until they receive it, and they get no compensation for the fact that the cost of living may go up at one time and they get it a little later.

If we were to index the social security system with the 1-percent kicker, it would break the system in about 4 years. What we are trying to do is to be fair to everybody and say, "You have got to wait until you get your money and your payment increase." That is the usual way this is done in the American economy.

Mr. FISHER. Mr. Chairman, if the gentleman will yield further, I think the case for speeding up translation of cost-of-living increases into the civil service, military, and foreign service paychecks is that the lag of time is substantial and is more than that which occurs in many forms of employment in the private sector.

The CHAIRMAN pro tempore. The time of the gentleman from Washington (Mr. ADAMS) has again expired.

(On request of Mr. FISHER and by unanimous consent, Mr. ADAMS was allowed to proceed for 2 additional minutes.)

Mr. FISHER. Mr. Chairman, will the gentleman yield further?

Mr. ADAMS. I yield to the gentleman from Virginia.

Mr. FISHER. Mr. Chairman, I would like to establish the point that there is a long lag for Government employees and that if the 1-percent kicker is to be given up—and I say, "if"—then I think it would only be fair to reduce that lag as much as possible. For example, the computation could be made comparable with the system used in private employment, where frequently wage bargains are reached in advance of these matters, and failing that, adjustments are sometimes made retroactively.

I would hope that all the committees concerned with this would give careful attention to the matter before too quickly and too easily abandoning the 1-percent feature that was put into the law a number of years ago. I think we should be very careful of that.

Mr. ADAMS. Mr. Chairman, I thank the gentleman for his contribution.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, I think it is very important that we realize that the gentleman from Virginia (Mr. FISHER) is talking about two different things. He is talking about salaries in one case and pension retirements in another.

It is true that in terms of salaries there is very often an immediate increase, and then sometimes they go back and retroactively update salaries in order to bring them up to the cost of living. However, there is hardly any retirement program in the private sector that allows anywhere for a cost-of-living increase. Fewer than 5 percent of all retirement programs have at any time a cost-of-living escalator, never mind a 1-percent kicker.

As we know, the social security increases come only annually, and there is no going back and making up for months in which the cost of living increased and in which the recipients got no pay increase.

Therefore, while I am not too unsympathetic with what the gentleman from Virginia (Mr. FISHER) has said about this, I find it a problem in the sense that what we are doing here is that we are being excessively concerned about the Federal employees without being concerned about anybody else.

The CHAIRMAN pro tempore. The time of the gentleman from Washington (Mr. ADAMS) has expired.

(On request of Mr. MAGUIRE and by unanimous consent, Mr. ADAMS was allowed to proceed for 2 additional minutes.)

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. Mr. Chairman, I thank the gentleman for yielding.

I wanted to ask the gentleman whether one of the problems with the 1-percent kicker is not that the 1 percent in each succeeding year feeds on itself so that ultimately the impact, even percentagewise, is much greater than anyone would have imagined when this was first put in to deal with the time-lag problem.

Could the gentleman tell us what that 1 percent becomes compounded over 5 or 10 or 20 years?

Mr. ADAMS. Mr. Chairman, I can tell the gentleman, for example, in the 7 years since 1969, it has caused an increase in the pension benefit which is approximately 15 percent more than the cost-of-living increase was. In other words, it is 63 percent, about, compared to a little over 50 percent.

Mr. MAGUIRE. So the 1 percent compounded becomes 15 percent by the seventh year, and continues compounding itself indefinitely into the future?

Mr. ADAMS. That is right.

If one tracks this out to the year 2000 and we continue it, we will arrive at a point where a person makes more money retired than he ever did when he was working, and the system itself just goes out of kilter completely.

Mr. MAGUIRE. Then we have something like a geometric progression in the compounding of this 1 percent to 15 percent and beyond?

Mr. ADAMS. That is right; we have a geometric progression.

Mr. MAGUIRE. Mr. Chairman, I share the concern of the gentleman from Virginia (Mr. FISHER) that retirees receive their pension cost-of-living adjustments in a fair and timely fashion, but I wanted to have this point clarified as to the unintended self-multiplying fiscal impact of the 1-percent kicker. I thank the gentleman from Washington (Mr. ADAMS).

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Would the gentleman from Washington (Mr. ADAMS) explain to the members of the committee the position of President Ford in this matter of the 1-percent kicker?

Mr. ADAMS. Yes. The position of the administration was that the 1-percent kicker should be eliminated.

Mr. GIAIMO. And he has recommended legislative changes to accomplish that; is that not so?

Mr. ADAMS. That is correct. They have been recommended to the several committees which are in various stages of considering them.

Mr. GIAIMO. Is it not so that the purpose of the 1-percent kicker was to bring about comparability for civil service retirees and military retirees and that, in fact, it was to do so for all kinds of retirees, military and nonmilitary?

The CHAIRMAN pro tempore. The time of the gentleman from Washington (Mr. ADAMS) has again expired.

(On request of Mr. GIAIMO and by unanimous consent, Mr. ADAMS was allowed to proceed for 1 additional minute.)

Mr. GIAIMO. Will the gentleman yield further?

Mr. ADAMS. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Is it not true that, in fact, retirees, military and nonmilitary, of the Federal Government have not only attained comparability, but have perhaps gone beyond that and are among the better paid retirees in the Nation? Is that not a fact?

Mr. ADAMS. That is correct. That is what the studies have indicated.

Mr. MAHON. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the Committee on Appropriations included the $111.7 million in the bill in accordance with existing law, feeling that the decision should be made as to the 1-percent kicker by the appropriate committees of Congress.

I have no objection whatever to the amendment which has been proposed. In fact, I am in support of the amendment which has been proposed, but I must point out, of course, that if legislation is not enacted to provide for the modification of the present law, it will be necessary for the Congress to restore this sum of money in the spring supplemental. I must also point out that it would be unequitable to stop this pay for military retirees and allow civilian retirees to continue to receive the extra 1 percent with each cost-of-living increase.

With these thoughts in mind, I am hopeful that the 1-percent kicker will be eliminated for all Federal retirees, and it will not be necessary for this money to be restored.

However, Mr. Chairman, I am thoroughly in accord with the recommendation of the gentleman from Washington (Mr. ADAMS) that the amendment be approved.

Mr. ADAMS. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Washington.

Mr. ADAMS. Mr. Chairman, I am very grateful that the gentleman from Texas (Mr. MAHON) made these points.

I meant to make them in my prepared remarks.

The chairman of the Committee on Appropriations is absolutely correct that if this is not done in the authorized legislation, we will need a supplemental later, and this amount of money will have to be restored.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Chair will recognize those Members who were standing at the time of the unanimous-consent request for approximately one-half minute each.

The Chair recognizes the gentleman from Virginia (Mr. HARRIS).

Mr. HARRIS. Mr. Chairman, I rise in opposition to the amendment. It is a pure case of trying to legislate an an appropriation bill. I think the argument that we can come back and substitute a supplemental appropriation afterwards is a mighty poor argument. The matter should be considered as a whole and should be considered by the committee of appropriate jurisdiction. I do not think the committee should be short-circuited in this manner. Our retired military, our veterans, deserve better treatment. They earned better treatment from this country and from this Congress.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Chairman and members of the committee, the institution of the 1-percent kicker has created an unusual and costly inroad into stability of retirement funds, and instead of it there should be a cash outlay for the time lag, because retirees deserve some kind of aid for this loss of increase. The total repeal of any compensation for the lag would create an injustice on service retirees on fixed income who are undergoing hardships under the present escalating economy. I feel that we should be given a chance to change the substantive law before we pass such an amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentlewoman from Maryland (Mrs. SPELLMAN).

Mrs. SPELLMAN. Mr. Chairman, I rise in opposition to this amendment. Why are we legislating such an important matter in an appropriation bill? Why are we butchering where surgery is called for? If the 1-percent kicker is to be removed, we should simultaneously establish a system of prompt updating for cost-of-living increases.

Mr. Chairman, we realize that what happens here will ultimately affect all Government employees.

I am a member of the Committee on Post Office and Civil Service. That is the proper place for this kind of legislation to be discussed before any action takes place on this floor. That committee has held no hearings on this subject. I would strongly urge the Members to allow the proper committees to take the necessary actions in order that a judicious and intelligent course may be followed in this matter.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, the distinguished chairman of the House Budget Committee (Mr. ADAMS) has moved an amendment to remove the 1-percent kicker for retired military personnel. His amendment conforms to the House budget resolution.

His statement that his amendment will save $3.8 billion over the next 5 years, including over $100 million this fiscal year, is governing here. It illustrates the compounding spending effect of the 1-percent kicker. Equity does not require that the kicker be maintained. On the contrary, fiscal sanity demands that it be repealed.

I believe that, if the chairman passes his amendment, he will have, in this one stroke, easily justified the existence of the Budget Act and the Budget Committee. It will be politically difficult to vote against the kicker, but such a vote is absolutely essential.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, I think it is just now dawning on Members of this body that in Federal retirement pay, including congressional retirement, we have created an economic time bomb that is going to explode with devastating effect one of these days. We ought to recognize that the amendment offered by the gentleman from Washington (Mr. ADAMS), while highly desirable, is only a small step toward needed reform.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Virginia (Mr. FISHER).

Mr. FISHER. Mr. Chairman, I rise in opposition to the amendment for two reasons. One is that the amendment does shortcircuit the substantive committees that have not had proper hearings on this matter in the light of a possible supplemental coming down the road later on.

The second reason is that we should consider the dropping of the 1-percent kicker in the context of some other adjustment for Federal retirees, either a cash payment or prompter adjustment to cost of living increases.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Chairman, there is no desire whatever to short circuit the legislative committee, of course. The President submitted this proposal in January, and it has been now nearly 6 months during which action could have been taken. If the action is not taken, then this will be due the retirees and there will have to be a supplemental for about $111 million. That is the picture as it appears to be now. I think the amendment should be approved.

The CHAIRMAN pro tempore. The time of the gentleman has expired. All time has expired.

The question is on the amendment offered by the gentleman from Washington (Mr. ADAMS).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mrs. SPELLMAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 331, noes 64, answered "present" 3, not voting 33, as follows:

[Roll No. 398]

AYES—331

Abdnor
Abzug
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Ashbrook
Ashley
Aspin
AuCoin
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Butler
Byron
Carney
Carr
Cederberg
Clancy
Clawson, Del
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
Crane
Daniel, Dan
Danielson
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Downey, N.Y.
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fithian
Flood
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harrington
Harsha
Hayes, Ind.
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Henderson
Hightower
Holland
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
LaFalce
Landrum
Latta
Leggett
Lent
Levitas
Litton
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McClory
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Minish
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
Ottinger
Passman
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Rinaldo
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Ryan
St Germain
Sarasin
Satterfield
Scheuer
Schneebeli
Schroeder
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Staggers
Stanton, J. William
Stanton, James V.
Steiger, Wis.
Stokes
Stratton
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whalen
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Yates
Yatron
Zablocki
Zeferetti

NOES—64

Armstrong
Badillo
Bafalis
Brinkley
Burton, John
Carter
Chappell
Clausen, Don H.
Conlan
Conyers
D'Amours
Daniel, R. W.
Davis
Dodd
Downing, Va.
Duncan, Tenn.
Eilberg
Fisher
Florio
Frey
Ginn
Gonzalez
Green
Gude
Hannaford
Harris
Hefner
Hicks
Hillis
Holt
Jeffords
Jones, Ala.
Kazen
Krebs
Krueger
Lagomarsino
Lehman
Lujan
McCloskey
Mineta
Moakley
Murphy, N.Y.
Quillen
Randall
Risenhoover
Rose
Russo
Sarbanes
Schulze
Spellman
Spence
Stark
Steed
Steelman
Stephens
Stuckey
Studds
Van Deerlin
White
Whitehurst
Wilson, Bob
Wolff
Young, Fla.
Young, Tex.

ANSWERED "PRESENT"—3

Lloyd, Calif.
Sullivan
Teague

NOT VOTING—33

Bell
Brooks
Chisholm
Daniels, N.J.
Edwards, Calif.
Ford, Mich.
Goldwater
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Matsunaga
Milford
Mills
Mink
Moorhead, Pa.
O'Hara
O'Neill
Peyser
Riegle
Roberts
Rostenkowski
Santini
Sikes
Simon
Steiger, Ariz.
Ullman
Waxman
Wirth
Young, Alaska
Young, Ga.

Mr. **PREYER** changed his vote from "no" to "aye".

Mr. **MOAKLEY** and Mr. **LEHMAN** changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The **CHAIRMAN**. The Clerk will read.

The Clerk read as follows:

TITLE III—OPERATION AND MAINTENANCE

Operation and Maintenance, Army

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Army, as authorized by law; and not to exceed $2,929,000 can be used for emergencies and extraordinary expenses, to be expended on the approval of authority of the Secretary of the Army, and payments may be made on his certificate of necessity for confidential military purposes; $8,041,335,000, of which not less than $480,000,000 shall be available only for the maintenance of real property facilities.

Mr. **FUQUA**. Mr. Chairman, I move to strike the last word.

(By unanimous consent Mr. Fuqua was allowed to speak out of order.)

U.S. SCIENTISTS DISCOVER EVIDENCE FOR NEW ELEMENTS ON EARTH

Mr. **FUQUA**. Mr. Chairman, it is my privilege to announce today that at this very moment, U.S. scientists, at a meeting of the American Physical Society in Quebec, Canada, are revealing the discovery of evidence for new elements here on Earth, the first found since 1925.

If the evidence is substantiated, a whole new area of nuclear physics will be opened. In addition to implications directly associated with nuclear physics, the new finding would affect present theories of the origin of elements and the geologic history of the Earth.

This is an achievement in which I take particular pride in that the scientists, whose funding came largely from the National Science Foundation, are from Oak Ridge National Laboratory, the University of California at Davis, and the Florida State University at Tallahassee, which is in the heart of my Second Congressional District.

The experiments, which were performed at Florida State's Tandem Accelerator Laboratory, one of only a few places in the Nation equipped to accommodate this type research, were successfully performed by Dr. Thomas A. Cahill, Dr. Neil R. Fletcher, Henry C. Kaufmann, Dr. Larry R. Medsker, and Dr. J. William Nelson, Jr.

Elements, as you recall, are substances like hydrogen, oxygen, iron, and uranium which have a fixed nuclear charge and well-defined chemical properties. Known elements are either natural or made by man with the help of large accelerators of "atom smashers."

For quite a while, scientists have theorized that elements considerably heavier and with much higher charge might exist. What was in doubt was whether they would exist long enough for them to be found on Earth today.

Although elements have been artificially produced in recent times, the last naturally occurring element, rhenium, was discovered in 1925. Rhenium is a rare metallic chemical resembling manganese.

The evidence for these new elements, which have not yet been named, will be published by the scientist in the July 5, 1976, Bicentennial issue of the Physical Review Letters, a publication of the American Institute of Physics.

The most dramatic aspect of the discovery, according to the scientists, is the fact that the superheavy elements were found in extremely ancient rocks. This indicates, they explained, that they possess considerable stability. Many nuclear theorists had predicted much shorter lives for these elements.

The discovery capped a 7-year effort by the team of scientists working under NSF and Energy Research and Development Administration—ERDA—funds. Robert V. Gentry, of Oak Ridge National Laboratory, had been attempting to explain the origins of the large rings of radiation damage around the crystals called "giant halos." Extensive analytical efforts had failed to provide an explanation prior to the present work at Florida State.

In conclusion, I would like to point out that Federal grants for such basic research projects have recently come under considerable scrutiny and, more often than not, have been strongly criticized as a waste of money. In fact, the scientist who worked on this very project told me that if their experiments were unsuccessful and a negative paper published, that in their judgment nearly all research funding on this particular program would have ceased.

I think their success strongly supports the value of such "basic research" programs and the scientific community, as well as the entire Nation, is greatly indebted for the perseverance and outstanding accomplishments of this dedicated team of scientists.

The **CHAIRMAN**. The Clerk will read.

The Clerk read as follows:

Procurement of Weapons and Tracked Combat Vehicles, Army

For construction, procurement, production, and modification of weapons and tracked combat vehicles, equipment, including ordnance, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, without regard to section 4774, title 10, United States Code, for the foregoing purposes, and such lands and interest therein, may be acquired, and construction prosecuted thereon prior to approval of title as required by section 355, Revised Statutes, as amended; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; $1,117,300,000, to remain available for obligation until September 30,1979.

AMENDMENT OFFERED BY MR. COHEN

Mr. **COHEN**. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Cohen: Page 16, line 2, strike out "$1,117,300,000" and insert "$1,102,200,000".

Mr. **COHEN**. Mr. Chairman, there is $15,100,000 appropriated in this bill for the procurement of Belgium-made Mag-58 coaxial machineguns. This amendment would strike that fund for the current year.

I appreciate having this opportunity to at least comment on the intent and the effect of this amendment.

One of the ongoing debates today is the debate with the member nations of NATO as to the issue of weapons standardization. While on its face, this policy has some merit, I am concerned about its potential for abuse in "package deals," whereby the Secretary of Defense could bind us to purchase weapons from foreign nations in exchange for their purchasing our weapons.

It seems to me that this raises questions which this Congress should be concerned about.

First, we should consider whether or not we are acting to the detriment of domestic manufacturers and workers. In this particular case, I am concerned about 600 workers in my State who will be laid off if this contract is allowed to stand.

Second, it seems to me that such agreements, if they are entered into, raise fundamental questions of business and governmental ethics. The promise of the United States to purchase a foreign-made weapon, unless fully disclosed and considered on its merits, can be viewed, in my opinion, as a payoff to foreign countries for their privilege of doing business. I submit the issue is not different from the considerations that are raised by the cash payments of multination corporations to other countries, such as the shakeup of the foundations in Japan and other countries now. To purchase a foreign-made weapon at substantially increased cost—and here is one of the crucial issues involved—for this Government, the Secretary of Defense, to purchase a Belgium-made weapon at a cost substantially higher than an American-made weapon, is, it seems to me, tantamount to the same kind of corporate payoffs to foreign government officials, and is equally scandalous.

Package deals also run counter to the "Buy America" concept that has been in effect for some 40 years.

During the general debate, I had the opportunity to address questions to the gentleman from Alabama (Mr. Edwards) and I appreciate the opportunity of having that colloquy.

My good friend, the gentleman from Alabama (Mr. Edwards) did indicate one of the reasons for proceeding with the Army's award to Belgium is that we have an inadequate weapon currently on our tanks. I am the first to agree we indeed do have inadequate weapons on our tanks, and he raised the issue of immediacy.

It would take the Belgians a year and a half to tool up for the production of that weapon, and it would take the Maremont Co., which is based in Illinois and has a production plant in Maine, only 6 months. The reason for that is that in the weapon we would make, 63 percent of the parts are interchangeable with parts of existing weapons, and it could be produced at substantially less than the cost of the Belgian weapon.

One of the reasons we allegedly agreed to purchase the Belgian weapon was in exchange for their agreement to purchase the F–16. The problem with such an arrangement is that it works to the detriment of our people. I believe there was a quid pro quo, as disclosed last year by the New York Times, although it was denied by the Defense Department and the administration. And now we are told, "Well, what we have is a two-way street." As a result, in exchange for the purchase of the F–16 by the Belgians we have agreed to purchase their weapons to the detriment of about 600 people in my own State.

Mr. Chairman, I would simply suggest that the manufacturers of the F–16 should be willing to stand on the merits of their own plane. If they in fact have a superior product, that is reason enough for the Belgians to want to purchase it. We should not ask this Government to intervene and to provide a so-called sweetener or inducement to the Belgians by agreeing to purchase their machinegun to the detriment of American workers.

It seems to me this is not any different, as I suggested before, than having the multinational corporations engage in payoffs to foreign governments to encourage them or induce them to buy American-made products.

The people in my State only ask that they be allowed to compete openly and fairly, with no secret backroom deal being struck that puts them out of work and into unemployment lines. And in Maine the people in unemployment lines, those who are out of work, comprise approximately 10 percent of the total working force of the State.

Mr. Chairman, that is the purpose of my amendment. The Committee on Armed Services is sufficiently concerned that they are now conducting an intensive investigation, and the Committee on Armed Services in the Senate is doing the same. The matter is before the GAO, and I have just received a letter indicating they are going to fully review the award. In the meantime, we have been forced to file suit over this action.

The CHAIRMAN pro tempore. The time of the gentleman from Maine (Mr. COHEN) has expired.

(By unanimous consent, Mr. COHEN was allowed to proceed for 2 additional minutes.)

Mr. COHEN. Mr. Chairman, the Maine delegation has been forced to bring suit against the Department of Defense to enjoin them from making this award, pending an investigation by the Committees on Armed Services of the House and Senate. It just seems to me that in fairness we should defer this amount of money. Then if in fact the investigations prove to be without foundation and we have no claim or if the court finds against us, then we can always come back with a supplemental.

Mr. Chairman, I believe we should not go on record as being in favor of a Belgian-made product over an American-made product, which is produced at less cost and to the detriment of our workers. In addition to that, it flies in the face of "Buy America" Act and it flies in the face of the principles of fairness.

Mr. EMERY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I think my colleague, the gentleman from Maine (Mr. COHEN), has summed up the situation very well.

The Maremont Corp. plant in Saco, Maine is apparently going to be denied the opportunity to manufacture the M60E2 machinegun for the Army in favor of the Belgian MAG–58.

The area around Saco, Maine, is an area that is chronically plagued by high unemployment. During the last 20 years it has faced increasing rates of unemployment. Industries have left, including textile factories and shoe factories. The Biddeford-Saco area has faced time and time again the problems of finding new employment for its skilled workers.

The Maremont Corp. is the only domestic manufacturer of this type of weapon in the United States of America. Let me repeat that: The Maremont Corp. in Saco, Maine, is the only domestic manufacturer in the United States of this type of weapon. Maremont has developed capabilities to manufacture the parts, master the difficult technology, construct components, and they have perfected methods of boring and fashioning steel that no other domestic manufacturer is able to do effectively and efficiently.

However, during our examination of the GAO report to the Maine delegation and the testimony brought to us by Army and Defense officials, we find some glaring inconsistencies in the results from Maremont testing and from the testing of the GAO and the Army.

Instead of the Belgian weapon operating at the efficiency claimed, we find such things as cracked receivers and missing rivets, dissimilar side-by-side test procedures, cost discrepancies. And a fraction of the total number of test-firings have been completed without gross component failure as opposed to the American weapons.

Mr. COHEN. Mr. Chairman, will the gentleman yield?

Mr. EMERY. I yield to the gentleman from Maine.

Mr. COHEN. Is it not also true that an agreement, in fact, was reached by the Secretary of Defense meeting with the Belgian Minister behind closed doors that in consideration of their buying the French Mirage, they would buy the F–16 and that we would give consideration to the purchase of the Belgian weapon and then, and only then, was it disclosed to Maremont that they had a competitor?

Mr. EMERY. That is correct.

In fact, the Maine delegation has received copies of documents that indicated exactly that—documents that originated within the Defense Department of the United States.

Mr. COHEN. Mr. Chairman, I thank the gentleman.

Mr. EMERY. Mr. Chairman, I would also draw the House's attention to a very basic problem with respect to our defense policy, and that is a policy that would allow the technology and manufacturing capability of a very basic weapon of our Armed Forces to be exported to a foreign country—exporting the ability to manufacture a machinegun, and to produce that weapon in quantities large enough to compete with our Armed Forces.

Mr. Chairman, with all the other considerations aside—machineguns, fighter planes, defense contracts, employment—it is basically an insane defense policy to export the ability to produce a basic weapon so that we would need nearly 2 years to reestablish that capability. In my opinion, we should never trade away the ability to produce our own weapons. I urge support of the amendment.

Mr. WRIGHT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I am, perhaps understandably, loath to rise in opposition to an amendment offered by any of my colleagues who are attempting to improve employment prospects and production contracts in their own districts. However, I think in this particular case there is something of overshadowing importance that we must not neglect. That is the viability of our NATO alliance.

Indispensable to the capability of Western Europe to defend itself is the capability of Western Europe to produce items of defense that it needs. An indispensable ingredient to our mutuality of effort should be our willingness, when and if our allies can produce a particular item which our own military considers superior to one that we produce, to accept that weapon just as they are purchasing and accepting a great many American-built weapons for their own use.

The NATO allies, for example, have just purchased from the United States, $2 billion worth of aircraft for their common use in the NATO defense system. Those aircraft are produced in the United States—$2 billion worth.

According to our Army, Belgian manufacturers are capable of providing $30 million worth of machineguns which the Army considers to be superior to the comparable American-made product.

Mr. Chairman, I am not an authority on machineguns. I do not think any of us presumes the wisdom to make selections between one weapon system and another in each of the many items contained in this bill. To make precise evaluations and comparisons between competing models is the responsibility primarily of the defense officials.

However, I have in my hand a letter written to me by Norman R. Augustine, the Acting Secretary of the Army, on March 29, 1976, explaining that specific decision which is the subject of this amendment and a decision which, incidentally, was monitored carefully by the General Accounting Office to insure that it was fair and impartial.

Secretary Augustine said:

> This decision was made on the basis of providing our soldiers the most effective weapon available.

He goes on to say this:

> The Army conducted extensive side-by-side development and operational tests of the MAG-58 and M60E2.
>
> The technical and operational results of the test and evaluation, as well as considerations of production, logistical support, and comparative costs, were analyzed and presented for use in reaching the final decision.

He said that the Army is convinced that its decision will provide the American soldier with the best weapon possible so that their battlefield capability will be improved to an extent that fully justifies the money to be expended.

Mr. Chairman, in a matter of this kind, I just have to rely upon that kind of competent judgment.

I do believe that all of us, given our understandable zeal and desire to promote contracts in our own areas, must have some understanding of the necessity for some reciprocity with the NATO allies in countries where they too have high unemployment, in those particular areas of production where they actually have the capability to produce a better weapon system, and the Army says that this is the case in this instance.

Mr. COHEN. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Mr. Chairman, I yield to the gentleman from Maine.

Mr. COHEN. Mr. Chairman, I appreciate the gentleman's concern about protecting and advocating projects which would benefit our own constituents, and in that respect, of course, Texas has a very substantial interest. The fact is that Secretary Augustine has not seen fit to provide the gentleman with the GAO report that says the testing was inadequate. The fact is that we would produce a weapon acceptable to the Army, and at a far cheaper price in this country. We have the only company in this country that produces this weapon. This will put 600 people on the unemployment lines, people that produce a better product.

Mr. WRIGHT. Mr. Chairman, I understand the very sincere concern of the gentleman from Maine and I sympathize with the gentleman, but, according to my information, stated in the GAO report, the Army and the GAO have found that this Belgian-made machine gun is supposed to be 3½ times more reliable. I do not know whether their tests were good tests. I just have to assume that they were.

Mr. MAHON. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I am not an expert, as the gentleman from Texas has said of himself, in differentiating between machineguns. I do not really think that is too much my function. If I was from Maine I am sure I could be easily persuaded that the manufacturers there were entitled to their day in court and would certainly be inclined to support them. But there are several factors here that we must bear in mind. Our NATO allies buy airplanes, weapons, and other military equipment of all types, in large quantities, from the United States. We buy practically nothing of a military character from them.

So, trade really is a two-way street. Of course, when one is on the wrong end of it, one does not like that, but it really is a two-way street and we might just as well accept that as a fact of life.

I am also sure that the M-60 machinegun manufactured in Maine is a good weapon, but the Army says it is not as good as the MAG-58 machinegun that they have decided to buy and which we have financed in this appropriation bill.

I think the Members will agree with me that the American soldier, if he is going to lay his life on the line, and he is charged with using a machinegun, regardless of cost, or any other factor, he ought to have the best that can be bought.

I think I would be voting a disservice against the American soldier if I compelled the Army to buy a gun which it says it does not want and is 3½ times less reliable than MAG-58 gun. I just hope that we will not try to tell the Army here they cannot buy the gun which they think is best for the American soldier; that they have to buy the other gun. That is my feeling about this whole matter.

The General Accounting Office has observed the tests of both guns. The American gun has its good qualities. It is superior in some respects. It is more durable, whatever that means. But from the standpoint of reliability, the American gun jams too much. That is why they say it is 3½ times less reliable than the Belgian gun.

So I would hope that without much further discussion on this matter we might support the Army, support the Committee on Appropriations, and provide the military with the gun which they say they want and need.

I ask unanimous consent, Mr. Chairman, that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN pro tempore. Members standing at the time the unanimous consent request was granted will be recognized for 1¼ minutes each.

The Chair recognizes the gentleman from Maine (Mr. Emery).

(By unanimous consent, Mr. Anderson of Illinois yielded his time to Mr. Emery.)

Mr. EMERY. Mr. Chairman, we have just heard the gentleman from Texas (Mr. Wright) mention the GAO study. I would like to inform the House of some of the inconsistencies that the Maine delegation has uncovered in that GAO study. First of all, we found out that the Maremont weapon succeeded in completing the specified number of test rounds. The Belgian MAG 58 did not. We also learned after some probing and some discussion that the MAG 58, the Belgian weapon, suffered two critical failures, one at two-thirds of the way through the test, and one at barely 40 percent of the way through the tests. At two-thirds of the way through, cracks occurred in the receiver, and the weapons had to be removed from the test vehicles, put on a stationary firing mount, and then fired to a point, and it was found that in most cases the weapon failed completely before the specified number of test rounds could be completed.

This is like testing a Ford against a Chevrolet, starting them off at the starting line, and specifying that they will drive 100 miles. For the first 20 miles the Chevrolet outperforms the Ford. But after 30 miles the Chevrolet's engine falls out. Which one is better? This is an analogous situation to the one that shows some very, very serious drawbacks in the design of the MAG 58, and more cost-effective dependability of the American M60E2.

Second of all, in the cost analysis the GAO study showed that the cost is about the same, some $223 million for the Belgian weapons and about $204 million for the same number of American weapons.

However, we found out that the GAO had averaged in the cost of the ammunition estimated to be consumed—$163 million—during the 15-year period for which the weapons were to be used. Subtract the cost of the ammunition, which is identical in both cases, and the Maremont weapon costs 47 percent less.

That is like the chairman and I each buying a razor. I buy one for $2 and he buys one for $1.50. His is less expensive, but then we average in the cost of the shaving cream for 15 years, and we can say they are about the same. This is a sample of the twisted, convoluted logic by which the GAO and the Army have sought to convince us that we should not buy American.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The Chair recognizes the gentleman from Maine (Mr. Cohen).

Mr. COHEN. Mr. Chairman, I would simply point out in response to the Chairman's remarks that this committee has not been furnished with all of the evidence. Simply to quote from Norman Augustine, who has a substantial interest in this matter, without quoting fully from the GAO report, it does not do justice to this committee.

I point out to the Chairman that certainly the chairman of the Committee on Armed Services would not undertake an investigation if there were not some evidence of a violation of the "Buy America" Act. The chairman of the Committee on Armed Services would not have undertaken an investigation which, by the way, has been supported by the Textile Workers Union of America, the AFL-CIO, at their 19th biennial convention with a resolution supporting the investigation. The GAO would not agree to review the bidding procedure on appeal now if there was not merit to the question of whether we violated the "Buy America" Act by agreeing to buy, behind closed doors, a Belgian weapon that costs more money and is less durable.

I ask the committee to defer action on this until the House Committee on Armed Services can make a judgment on this, and then we can make a judgment.

Mr. Chairman, I yield back the remainder of my time.

Mr. MAHON. Mr. Chairman, the Army wants this machinegun and they made elaborate tests and studies, and I would assume that we would want the Army to have the weapon which it thinks is safest and best for the American soldier. The money was put in the budget by the Defense Department. As I understand it, it has been authorized by the appropriate committees of the House and the Senate. It seems under the circumstances that there is no really logical position to take here other than to give the Army the weapon it says it wants for the American soldier.

I ask for a vote against the amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Maine (Mr. Cohen).

The question was taken; and on a division (demanded by Mr. Cohen) there were—ayes 25, noes 38.

Mr. COHEN. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Weapons Procurement, Navy

For construction, procurement, production, modification, and modernization of missiles, torpedoes, other weapons, and related support equipment including spare parts, and accessories therefor; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title as required by section 355, Revised Statutes, as amended; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; $2,192,300,000, to remain available for obligation until September 30, 1979.

AMENDMENT OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Addabbo: On page 18, lines 15 and 16, strike "$2,192,300,000" and insert in lieu thereof "$1,524,300,000".

Mr. ADDABBO. Mr. Chairman, my amendment reduces the total figure by $668 million. It would strike the $888 million approved by the committee to initiate production of the first 80 Trident missiles, and add $220 million to the $253.3 million approved for advance procurement funding. If adopted, the amendment would provide a total of $473.3 million for long-leadtime components and production continuity and a reduction of $668 million in the fiscal year 1977 program. This reduction will not delay deployments of the Trident missile, as I will discuss in a few moments.

Mr. Chairman, this program is a classic example of the "old way of doing business" which the Congress rejected several years ago. There is no semblance of "fly-before-buy" in this program. As presently constituted, it is almost total concurrency. The Navy proposes to enter production and complete development at the same time, probably even before a complete Trident missile has been flight tested. But do not take my word for it. When pressed on this issue in hearings this year, Admiral Smith, who heads the Trident missile program testified, and I quote:

> The Trident 1 (C4) missile program is most certainly not a "fly-before-buy" program and to the best of my knowledge has never been represented to the Congress as a "fly-before-buy" program. In fact, at least once, a Navy witness testified to a congressional committee that the Trident 1 (C4) missile program was *not* planned to be a "fly-before-buy" program.

Our hearings further disclosed that the Navy is having serious problems with the second-stage motor of the Trident missile. In 14 development tests, there have been 6 successes and 8 failures. More importantly, in May 1974 and again in June 1975 the second-stage motor exploded. The Navy is not certain the cause of these explosions is known. During testimony this year, the committee asked if the Navy has positively identified the cause of these explosions. Admiral Smith answered:

> I believe we have . . . we now have very good evidence, although it is contained in a large number of small-scale tests, and a large number of smaller motor tests . . .

Subsequent to the above testimony, and after the Defense Subcommittee marked up this bill, a first-stage motor exploded during static testing on May 4, 1976. Clearly, the cause of the motor problems, which appear to involve the propellent, are not positively known. The Navy has now decided to delay the first flight test of a Trident missile by 5 or 6 months and delay initiation of production by that length of time.

As I said in my separate views in the committee report, which I wrote prior to the last static test motor explosion, the Trident is too important a program to manage carelessly. We must avoid the pitfalls of the past which warn us of the danger of prematurely entering into production before adequate testing is completed. Certainly, one Trident missile flight test is not sufficient evidence to make an intelligent production decision, especially in view of the recent and serious problems experienced and the fact that about $1 billion, or almost one-third of the total research and development funding, remains to be provided by Congress.

Navy witnesses testified that the impact of denial of full funding for the 80 Trident missiles in fiscal year 1977 could be reduced by increasing the amount of advance procurement funding by about $220 million. This funding profile would extend the development flight test program by 1 year, would avoid a gap in the production line, would hold the slip in operational availability to 1 year, and would permit recovery of the currently planned deployed levels by 1983. Trident missiles will be possibly available when the first Trident submarines enter the fleet in 1979.

The amendment that I have offered conforms to the above data provided by the Navy. It is a reasonable and prudent course of action to take in view of the missile motor problems being experienced, as well as the slippage being experienced in the Trident submarine construction program. Mr. Chairman, I urge adoption of my amendment.

AMENDMENT OFFERED BY MR. ROBINSON AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. ADDABBO

Mr. ROBINSON. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. Robinson as a substitute for the amendment offered by Mr. Addabbo: On page 18, lines 15 and 16, strike out "$2,192,300,000" and insert in lieu thereof "$2,027,300,000".

Mr. ROBINSON. Mr. Chairman, this amendment is intended to implement a letter which recently has been forwarded by the Secretary of Defense with reference to the Trident missile program. The portion of the letter which pertains to the Trident missile program reads as follows:

> h. *TRIDENT Missiles*. The House and Senate approved the procurement funds requested for the TRIDENT I missile. A recent test event has caused the Department to recommend a six-month program delay as a prudent program adjustment. Specifically, a reduction of $165 million in procurement funds and an increase of $50 million in RDT&E are recommended for a net reduction of $115 million. Missile operational availability will be delayed by five months. No other TRIDENT program authorization requests need be affected, as explained in detail in the enclosure.

Now, Mr. Chairman, I will offer at the appropriate time an additional amendment to add $50 million to the R.D.T. & E. program of the Trident missile research and development.

Now, the recent detonation of a first-stage Trident missile motor did not involve the missile itself. It was caused by a failure of the flight termination system which permits the range safety officer to terminate the flight of an errant missile during missile tests. The faulty flight termination system is not a part of the operational Trident missile.

Redesign of the flight termination system will necessarily delay Trident missile availability by from 2 to 5 months, to September 1979, at the latest. However, this date coincides with the availability of the lead Trident submarine.

We feel that the missile will still be ready when the submarine is ready.

Satisfactory progress in Trident missile development dictates the granting of all the program funds requested in order to commence deployment of the Trident submarine and the Trident back-fit program in a timely manner.

With respect to the earlier problems, since the second stage motor propellant explosion of June 1975, there have been six tests, and the Navy is confident that the problem with the propellant has been solved. Mr. Chairman, we cannot tolerate unwise and unwarranted reductions in this important program. Denial of the Trident missile production funds would delay deployment up to 1 year, even though the Trident submarine will be available to meet the currently scheduled dates, and missile development is proceeding satisfactorily.

Mr. Chairman, I strongly urge the adoption of the substitute amendment to allow this most important program to proceed.

Mr. KEMP. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in opposition to both amendments. I would like to underscore one very strong point made by my colleague from Virginia: The Trident program should not be delayed or slowed down because of the added costs involved, and the critical nature of the Trident program as it relates to a triad deterrent.

The Trident is our only long-term Navy program for the modernization and replacement of our aging Polaris and Poseidon submarines, which comprise a vital one-third of our triad strategic defense force. Critics have continued to press for reducing the Trident program and the building rate despite the growing evidence that the Polaris and Poseidon submarines must eventually be replaced due to old age and the increasing Soviet threat.

In order to provide for the orderly replacement of Polaris and Poseidon, I believe it is essential that our commitment to the Trident building program be maintained at the level provided for in the fiscal 1977 appropriation bill before us today. I do not believe we ought to ratify any slippage and allow this program to be slowed down. Any further funding delay, such as would be mandated by these amendments, cannot be expected to improve the ultimate effectiveness of the program, but can be expected to result in greatly increased overall costs.

The Trident submarine is the most cost-effective sea-based strategic deterrent our Nation can produce. We made a commitment, and we need to proceed now on the basis of solid evidence that this program can achieve the purpose for which it has been designed and developed.

The gentleman from Virginia has talked about the various problems with the program. There have been some. Obviously, there has been some slippage, as the gentleman mentioned. With respect to the earlier problems, however, it is important to point out that since the second stage motor propellant explosion in June 1975, there have been six tests of the motor. The propellant has burned properly in all of those tests, and the Navy is confident that the problem with the propellant has been solved.

Mr. Chairman, I would only add that the Trident submarine, as I said earlier, is a vital component of the system. There has not been great opposition to this procurement program because I believe most of my colleagues recognize the greatly enhanced range capability these missiles offer our underwater deterrent forces. Without the submarine, these advanced missiles would be left for deployment on submarines technologically out of date and near the end of their service life. I do not believe that we can afford further cuts on any aspect of the Trident program, and I strongly urge defeat of both these amendments.

Mr. ROBINSON. Mr. Chairman, will the gentleman yield?

Mr. KEMP. Of course, I yield to the gentleman from Virginia.

Mr. ROBINSON. Mr. Chairman, I think it is important to point out that this is a suggestion which is made by the Secretary of Defense. It acknowledges that slippage has taken place that is going to require that the missile will be delayed in its deployment. We are simply accommodating a fact of life with respect to the substitute amendment. If appropriated, the money would not be spent. Were it not for this, I would not be standing here to urge the adoption of the substitute amendment, because no one is stronger in his support of the Trident missile than am I. I think it is important to know as well that this does not speak to the research and development of the Trident II, which is also a very important part of the Trident II program.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman's support of the program and of the Trident II missile.

I was only addressing myself to the fact that I do not think we should ratify the slippage. It was the Congress itself that told the Navy to go ahead with the Polaris program in the 1950's. Congress should send a strong signal now that we want this program continued and completed. We should not be in the position of allowing this program to be slowed down. If the money should not be spent, it will not be spent. But it seems to me that it should not be our position at this critical juncture in the life of this program to allow for any slowdown or any reduction in the amount of money appropriated by this Congress.

I appreciate my friend's position on this issue, and I recognize his strong support of the program. I am, however, opposed to any cut in the overall funding of this program.

Mr. FLYNT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I oppose the amendment and the substitute amendment now before us. In my judgment, we cannot afford a further delay in the deployment of the Trident–I missile with its parent Trident submarine, which the adoption of this amendment would necessarily do.

First of all, the Trident is a part of the triad system of deterrents. All three components of that triad—the intercontinental ballistic missile system, the manned bomber, whether a continuation of the present bomber or a different manned bomber, and the Trident submarine system—are necessary and vital to our national security and our national defense. I believe that a delay of any kind in the Trident weapons system program could have grave consequences for our national defense posture.

I am very much aware of the fact that during a recent unsatisfactory flight termination system test, the first stage development motor for the Trident–I missile itself was detonated. I would urge my colleagues to realize, however, that a test system failure does not in any way mean that the development of the tactical missile itself is not progressing satisfactorily. The flight test termination system involved in the recent episode is not part of the tactical missile configuration. The Trident–I tactical missile is meeting its development milestone satisfactorily.

Denial of the $688 million procurement funding this bill provides would result in delay of the initial Trident system and Trident backfit development of up to 1 year and possibly more. Very candidly, I think that the Trident submarine will be ready, but its missiles would not be ready if this amendment is adopted.

Mr. Chairman, I urge a vote against the amendment before us, and for a continued strong defense posture which development and deployment of the Trident submarine and the Trident–I tactical missile represents. In my judgment, Mr. Chairman, we cannot afford to delay the development of the Trident missile system.

Mr. GIAIMO. Mr. Chairman, I move to strike the last word, and I take this time to pose an inquiry to the gentleman from Virginia (Mr. ROBINSON).

I wish the gentleman would take some time to explain how his amendment alters the Addabbo amendment. If I understand correctly, the Secretary of Defense, Mr. Rumsfeld, is in accord with the gentleman's suggestion. Is that not so?

Mr. ROBINSON. That is correct.

Mr. GIAIMO. Would the gentleman explain to us what his amendment would do? As I understand it, the Addabbo amendment would eliminate the procurement money and would continue research and development. What would the amendment offered by the gentleman from Virginia do?

Mr. ROBINSON. The amendment which I suggest has to do with procurement funds only.

Mr. GIAIMO. Right.

Mr. ROBINSON. And in a letter from the Secretary of Defense, directed to the chairman of the Committee on Armed Services, the gentleman from Illinois (Mr. PRICE), dated June 8, he acknowledges that there has been a delay in the Trident missile program but it is a delay which does not affect the whole program.

It does affect it to the extent that they would not require $165 million for procurement, but it recommends that an additional $50 million be put in R. & D. in order to continue the R. & D. for the missile and bring it on line when the first submarine is ready.

Mr. GIAIMO. By inference the suggestion is that elimination of the procurement money would not delay the program; is that correct?

Mr. ROBINSON. That is relating to the $165 million. He is very firm, however, in saying that if the whole amount is deleted, it will delay the program substantially.

Mr. GIAIMO. And certainly if we would go along with the gentleman's substitute amendment, it would not delay the program?

Mr. ROBINSON. That is what the Secretary says in his letter.

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Addabbo amendment.

Come, let us reason together. We are inferior to the Soviets in numbers of intercontinental ballistic missiles. The Soviets have over 1,500 on launchers and we have 1,054. We have agreed in SALT–I to be inferior to the Soviet Union in numbers of submarine-launched ballistic missiles.

The Members can say what they believe, but what I believe is this: that the submarine-launched ballistic missile is the most secure and survivable of all our strategic weapons that are available to try to deter war. I would hate to see anything happen that would slow down the Trident program.

The Committees on Armed Services of

the House and the Senate are working on an authorization bill. The Secretary of Defense has told them that as a result of recent developments they do not need $165 million of the missile production funds requested. I thought it was very well that he wrote this letter to Congress. He said that they did not require those funds. He could have failed to write the letter; the Navy could have failed to make the recommendation. It seems to me they were rather forthright about it. So it seems to me, I would say to my friends in the House, that the authorizing committees will not authorize funds that are not required by the Secretary of Defense. In other words, if we defeat the Robinson amendment, I think the funds will have to come out in the other body because I do not believe the authorization will cover it. I think the authorization will be $165 million less.

Mr. Chairman, to go with the Addabbo amendment—and I recognize the gentleman offered the amendment in good faith and is acting with sincerity in this matter—and cut the Trident missile program by $668 million, I think, would lead to an intolerable situation. I oppose that amendment, cutting $668 million, with all of my energy. I think we can cut the $165 million, as proposed by the gentleman from Virginia (Mr. ROBINSON) but not the $668 million.

Mr. GIAIMO. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Connecticut.

Mr. GIAIMO. Mr. Chairman, I just want to make this clear. Is the chairman of the committee suggesting that we should support the Robinson amendment?

Mr. MAHON. I do not see any alternative but to support it.

Mr. GIAIMO. Fine. I thank the gentleman.

Mr. MAHON. I say that because it seems to me it is going to ultimately happen that way. We should support the Robinson amendment and oppose the amendment offered by the gentleman from New York (Mr. ADDABBO).

It is very important that we go forward as fast and as well as we can with the Trident missile. It is a deterrent to war, in my opinion. We must rely more and more on submarine-launched intercontinental ballistic missiles.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, my amendment would still not unduly delay the program. However, I will accept the amendment offered by the gentleman from Virginia (Mr. ROBINSON) in view of the fact that the letter from the Secretary of Defense came out after my amendment was offered in the full committee. He knew they were caught short. He knew that we knew about these problems during full committee. And the Congress now knows there have been failures in the Trident missile program. Therefore, he decided at that time to admit it and sent the letter to the Committees on Armed Services.

Mr. MAHON. Mr. Chairman, I would hope that good faith has been practiced in regard to this matter, and I hope that the Robinson amendment will be adopted and that the amendment offered by my friend, the gentleman from New York (Mr. ADDABBO) will be defeated.

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Chairman, I thank the gentleman for yielding.

I want to rise in support of the chairman's statement and to commend the gentleman from Virginia (Mr. ROBINSON) for offering this substitute.

Mr. Chairman, I think this is the proper way to go, and I urge adoption of the substitute.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Virginia (Mr. ROBINSON) as a substitute for the amendment offered by the gentleman from New York (Mr. ADDABBO).

The amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. ADDABBO), as amended.

The amendment, as amended, was agreed to.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

SHIPBUILDING AND CONVERSION, NAVY

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title as required by section 355, Revised Statutes, as amended; as follows: for the Trident submarine program, $791,500,000; for the SSN–688 nuclear attack submarine program, $958,700,000; for the CG–26 U.S.S. *Belknap* conversion program, $213,000,000; for the CVN nuclear attack aircraft carrier program, $350,000,000; for the CSGN nuclear strike cruiser program, $170,000,000; for the DDG–47 AEGIS destroyer program, $858,500,000; for the FFG guided missile frigate program, $1,179,500,000; for the AD destroyer tender program, $260,400.-000; for the AS submarine tender program, $260,900,000; for the AO fleet oiler program, $102,300,000; for service craft, outfitting, post delivery, cost growth, and escalation on prior year programs, $1,473,500,000, and in addition, $192,800,000, of which $92,300,000 shall be derived by transfer from "Shipbuilding and Conversion, Navy, 1975/1979", and $100,500,000 shall be derived by transfer from "Shipbuilding and Conversion, Navy, 1976/1980", in all: $6,618,300,000, and in addition $192,800,000 in transfers hereinbefore provided, to remain available for obligation until September 30, 1981: *Provided*, That none of the funds herein provided for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign shipyards for the construction of major components of the hull or superstructure of such vessel: *Provided further*, That none of the funds herein provided shall be used for the construction of any naval vessel in foreign shipyards.

AMENDMENTS OFFERED BY MR. BURLISON OF MISSOURI

Mr. BURLISON of Missouri. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. BURLISON of Missouri: Page 19, lines 10 and 11, delete "for the CVN nuclear attack aircraft carrier program, $350,000,000."

Page 19, line 23, strike "$6,618,300,000" and insert "$6,268,300,000."

Mr. BURLISON of Missouri. Mr. Chairman, I ask unanimous consent that the amendments be considered en bloc.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. BURLISON of Missouri. Mr. Chairman, the amendment deletes $350 million for long leadtime items for a proposed new nuclear carrier.

This item survived by only seven votes on the authorizing bill earlier this year here on this floor. It was deleted in the Senate, and it is now in conference. Therefore, obviously, any decision to move forward this year is marginal. In my judgment, there is an excellent chance that it will be deleted in the authorizing process.

Mr. Chairman, there must be somewhere in this defense budget that restraint is called for, and this spot is my candidate.

This bill, at $106 billion, is an increase of 15 percent above last year; but more astoundingly, ship construction is up 78 percent, from the $3.8 billion for fiscal year 1976 to the $6.8 billion in this bill.

Mr. Chairman, we can delete this item, we can pass this amendment, and still have a 69 percent increase above last year's budget for ship construction, Navy.

When the 1977 budget came to Congress last January, these long-lead-time items were programed for the 1978 fiscal year budget. The President had a sudden and unexplained change of mind about this matter. There is some speculation that this change of mind may have been precipitated by an extraordinary and unusual Presidential election campaign.

Let us permit the President to take another look at this proposal when he submits the budget for fiscal year 1978 in January. If the President does submit this proposal in the 1978 budget, I certainly will carefully consider and probably support it at that time; but there has not been justification, my colleagues, for speeding this up and putting these long leadtime items in the 1977 appropriations bill.

Mr. HICKS. Mr. Chairman, will the gentleman yield?

Mr. BURLISON of Missouri. I would be delighted to yield to the gentleman from Washington who was the author of the Hicks amendment on the authorizing bill that I referred to when this amendment, in essence, was defeated by seven votes.

Mr. HICKS. Mr. Chairman, I want to commend the gentleman from Missouri for the remarks he has made and to support his amendment.

Mr. Chairman, I am a believer in a strong Navy and I want the most effective Navy that we can afford. But is another *Nimitz* the right way to go? As Admiral Zumwalt says in his new book, "On Watch," the U.S. Navy is in relatively good shape to carry out its collateral mission of power projection. But the Navy is in extremely poor shape to carry out its primary mission of sea control. And yet, we are on the verge of appropriating funds for another aircraft carrier—a power projection ship. And the $17½ billion that we will spend on this one ship and its aircraft over its useful life cannot be spent again. As high as this figure may sound, it is actually understated, as it does not include the effects of inflation, nor does it include the cost of the carrier's escorts which are needed for self-protection.

Our Navy has been built around the aircraft carrier since World War II, but the carrier did not become the capital ship of the Navy without a good deal of controversy. In the years between World Wars I and II, there was a continuous debate between backers of the carrier and supporters of the battleship, which was then the centerpiece of the Navy. Most officials within the Navy were firmly behind the battleship. A few voices in the wilderness argued that the day of the battleship had been eclipsed by the advent of the airplane. These individuals argued that the United States should begin to build aircraft carriers instead of battleships, but the Navy lined up firmly behind the battleship. Here is what the Navy's General Board reported to Congress on February 2, 1921:

> The General Board, having kept in touch with naval progress along all lines, reiterates its belief in the battleships as forming the principal units of the fleet. Without them, the United States cannot hope to cope with existing navies.

As we know, World War II proved beyond question that the aircraft carrier had replaced the battleship as the principal ship of the U.S. Navy. But, at the time of the attack on Pearl Harbor, this country was in the process of building 10 battleships. Fortunately, we had the time and the protection of two oceans to compensate for our failure to recognize that the airplane had changed the nature of naval warfare. In any future war, we cannot count on either time or the oceans to be of aid to us.

Today, as in the 1920's and 1930's, we are faced with new naval weapons. We really do not know the capabilities of the nuclear attack submarine—there has been no general war at sea since World War II. But here is what Admiral Rickover said about it a number of years ago:

> If this country or Russia ever turned their forces of submarines loose, they would devastate the seas.

In this statement, Admiral Rickover went on to say that the capabilities of nuclear attack submarines were beyond the comprehension of most naval officers. Admiral Rickover said:

> They cannot grasp the significance of this military capability. It is beyond their comprehension because they are too loyal to their previous concepts and to the regime and environment in which they have been brought up.

We also do not really know the capabilities of antiship missiles. But the editor of "Jane's Fighting Ships," Capt. John E. Moore, thinks so highly of the antiship missile that he states:

> The cruise missile has altered the naval equation beyond recognition. (Foreword of the 1975–1976 edition.)

Here is what the U.S. Navy has to say about our own antiship missile, the Harpoon:

> It is reasonable to assume that a Harpoon hit would cause considerable damage to even the largest combatant (and) that a series of hits would result in complete neutralization or sinking. (Admiral Frank Price testifying before the Senate Appropriations Committee, FY 76 Hearings, part 3, page 34.)

There are some things that we do know, however. The Soviet Union is concentrating its forces in nuclear attack submarines and antiship missiles. If the past is any guide, the U.S.S.R. can continue to assemble one nuclear submarine every 5 weeks and one missile-firing major surface combatant every 10 weeks during the 7 or 8 years it will take to build another *Nimitz*.

If we continue to build our fleet around $2 billion carriers and $1 billion escorts, we may well be building a Navy consisting of very few, high value targets for an adversary to concentrate upon. We may also be building a Navy which may become easy prey to the new military technologies of the nuclear-powered submarine and the cruise missile.

I am by no means sure that there is a direct historical parallel between the controversy over the battleship and the controversy over the carrier. But I am convinced that there is enough substance to this comparison to justify the most intensive congressional review. In the debate over the battleship, there was a straightforward alternative at hand. In today's debate, I believe there is no simple substitute to the Navy's capital ship. That is why I believe wisdom dictates that we proceed carefully, thoughtfully, and only after the most thorough review. That is what this amendment is all about.

I have voted in support of our first four nuclear-powered aircraft carriers. But recent Soviet and American naval trends have led me to rethink my position. In my view, it would be unwise to present the Soviet Navy with a small number of high value targets; I also believe it would be unwise to orient the Navy around its secondary, rather than its primary mission.

I, therefore, urge my colleagues to support the amendment of the gentleman from Missouri.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. BURLISON of Missouri. I will be glad to yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, this amendment would delete the $350 million added by the committee to fund long-leadtime components for CVN–71 nuclear-powered aircraft carrier. This would represent a fourth nuclear-powered aircraft carrier to follow CVN–70, the U.S.S. *Carl Vinson*.

The Navy did not originally request this carrier this year, however, the $350 million was included in a fiscal year 1977 budget amendment in the amount of $1.2 billion transmitted to the Senate on May 10, 1976, after the President lost the Texas primary. The amendment arrived too late for consideration by the House. The Navy estimates that this carrier will cost $1.9 billion.

In my opinion, the initial funding of another large nuclear-powered attack carrier is premature. We are not certain at this time that the administration has in fact decided on whether or not large nuclear-powered carriers will be the most cost effective approach to naval air in the 1980's and beyond.

The National Security Council and the Department of Defense are currently studying the future composition and size of our Navy for the 1980's and 1990's. This study has not been completed. This study could well recommend that smaller, less complex, and less costly carriers utilizing V/STOL aircraft technology is the way to go. The Navy has approximately $60 million in the fiscal year 1977 research and development budget for V/STOL aircraft development.

We have only one shipyard capable of building a nuclear-powered aircraft carrier. This shipbuilder is seriously behind schedule in the construction of almost every Navy ship in his yard, including two nuclear-powered carriers. Furthermore, this shipbuilder is embroiled in a massive claims dispute with the Navy, and he has threatened to stop work on several nuclear-powered ships unless and until the claims are settled.

Currently, the Navy has 13 aircraft carriers in the fleet. The Navy has not reduced this number, even though the Secretary of Defense directed a couple of years ago that the number of aircraft carriers be reduced to 12. In addition, we learned this year that the Navy plans to extend the service lives of several of the current aircraft carriers by 10 years or more. This plan should eliminate the need for funding an additional carrier at this time, until we are able to assess the results of the National Security Council study on the future size and composition of our Navy.

Mr. Chairman, I urge the adoption of this amendment.

Mr. SIKES. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, extensive studies by the Navy spanning many years, as well as a critical examination this year by naval experts, confirm there is no substitute or alternative weapons system for the nuclear carrier in the foreseeable future. Long lead funding for CVN–71, the fourth *Nimitz*-class carrier, was recommended by the President after an assessment of future naval force level requirements by the National Security Council.

The issue is the balance and number of forces required for the future. Twelve deployable major carriers are planned for the future. The $350 million long leadtime funding is timely in maintaining 12 deployable carriers into the 1990's. CVN–71 is the nominal replacement for

U.S.S. *Midway* which will have been in service for 40 years when replaced. Even with the CVN-71, the *Forrestal*-class carriers will have to be extended in service well beyond the 30 years they were expected to serve in order to maintain 12 deployable carriers into the 1990's.

Denial of the $350 million now, will delay the delivery date of CVN-71 1 year, to October 1985, and will increase the end cost of the ship about $178 million. Additionally, there is serious concern that nuclear propulsion plant component manufacturers will have to shut down or divert to other work and delay the delivery greater than 1 year and increase costs to as much as $200 million.

I urge defeat of the amendment.

We have a global responsibility. We are spread thin worldwide. The Russians are improving their naval power year by year.

Trends in the naval balance over the past 10 years have seen the United States shift from unquestioned superiority to a position in which the U.S.S.R. is favored in many areas.

If we are to remain in a leadership position trends must be arrested—and reversed.

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. I thank the gentleman for yielding.

I want to commend the gentleman on his statement. I agree with him on what he has said. I think everybody agrees that this is probably going to be the last of this type ship. It is needed by the Navy to fill out its complement of these types of ships, and I think we all have a relatively clear understanding that in the future the Navy will be building a smaller or another kind of carrier. But in order to do an adequate job and fill out its fleet with this type ship, this one is needed. It is ridiculous to drift a year; it is ridiculous to have a $178 million additional cost by delaying it for a year.

Mr. SIKES. And possibly more.

Mr. EDWARDS of Alabama. That is right, and quite likely more. I agree with the gentleman, and I join him in his comments.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(At the request of Mr. BURLISON of Missouri, Mr. SIKES was allowed to proceed for 3 additional minutes.)

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. SIKES. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. I appreciate the gentleman's yielding.

The gentleman mentioned that if we delay this appropriation there would be an increase in cost of perhaps $178 million.

Mr. SIKES. Possibly $200 million.

Mr. BURLISON of Missouri. Or as much as $200 million.

Mr. SIKES. And a delay of at least 1 year on the availability of the ship.

Mr. BURLISON of Missouri. I ask the gentleman from Florida if this allegation of additional cost does not stem from the lag time between the CVN-70 and the CVN-71, the additional lag time?

Mr. SIKES. Not according to the information that is available to me. I feel that my statement is accurate; that a delay in funding would be critical at this time, and I sincerely hope that the House will not approve the delay.

I know the gentleman acts in good faith. He is a very able Member of Congress and a very valued member of the committee. But I feel that it would be a mistake to accept his amendment. It will mean additional costs and it will delay the availability of the ship. Both are undesirable.

Mr. BURLISON of Missouri. Will the gentleman yield further?

Mr. SIKES. I yield to the gentleman.

Mr. BURLISON of Missouri. On this point it is stated in the committee report, and I quote:

> . . . failure to provide long leadtime funding for CVN-71 in fiscal year 1977 will cause a five year gap between it and CVN-70 . . . Such a slip would increase the cost of CVN-71 by at least $178,000,000. A recent Navy estimate indicates the savings could be as much as almost $200,000,000.

So from this statement in the committee report, it is bottomed on the lag factor. The record, Mr. Chairman, is that the CVN-68 was delivered 20 months after its contract delivery date specified in the contract. The CVN-69 is now projected for delivery 24 months after its contract delivery date. Then we have the 70 yet coming, so it must be obvious that because of the long lag time in the previous CVN's, certainly it will be even longer. Thus, the argument that the gentleman is making does not follow.

Mr. SIKES. I do not think we can base our decision other than on the information made available to us by the Department of Defense. Otherwise we are hypothecating about what may happen or what may not happen. I do not feel that is a realistic approach. We have to accept the facts made available by those who are expert in this field. I do not want to take a chance for being responsible for what may happen due to the delay in funding. I consider the project essential.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

Mr. BINGHAM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to support the amendment offered by the gentleman from Missouri.

I would just like to make one simple point. There is a very real possibility that a new administration a year from now or 2 years from now will decide that this carrier is not needed. Let us remember one thing about the argument for this carrier. It does not depend on the Soviet threat, on which so much of the argument for our defense procurement depends. This is not an area where the Soviet threat is a factor. This is, first of all, not a strategic weapon. It is a weapon to be used for other purposes. It is recognized that it is not of significance in a strategic sense.

This is an area where the Soviets have no strength. They have no equivalent to any of our attack carriers. They have one medium carrier and one more, I believe, under construction. So it is not an area where we are responding to a Soviet threat.

What we have been told we should be concerned about is that the Soviet Union has been building a navy with a great many ships and we are told we are falling behind because of this. Thus, a year from now a decision might be made to go for more ships and for less expensive carriers that will not end up costing us $3 or $4 billion apiece.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, much has been made of the fact that a year's delay may cost $300 or $400 million. If we do change our minds we have the possibility of saving $4 billion, $2 billion for the carrier and $2 billion for the planes on it. We ought to keep our options open.

Mr. BINGHAM. The gentleman is entirely correct.

Mr. YATES. In addition there is a possible saving of all the billions of dollars that will not accrue at a time when we may want to decide to put our Navy's money into the other forms of ships than this huge carrier.

Mr. BINGHAM. I thank the gentleman for his contribution.

Mr. ROBINSON. Mr. Chairman, I rise in opposition to the amendment and move to strike the requisite number of words.

Mr. Chairman, it is true that there were no funds in the original fiscal year 1977 budget for the CVN-71, which is a nuclear-powered aircraft carrier. But testimony received by our subcommittee indicated a failure to provide a long leadtime funding for the CVN-71 in fiscal year 1977 will cause a 5-year gap between it and the CVN-70, the *Carl Vinson*, and that is most significant with regard to the desirability and necessity for this carrier. Yes, $178 million, perhaps $200 million could be saved by not allowing a gap in production to occur.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield on that point?

Mr. ROBINSON. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I appreciate my friend, the gentleman from Virginia, yielding.

Is not the 5-year lag time argument somewhat or very questionable, I would say to my friend, in view of the fact that there is a tremendous slippage that we have had in the prior CVN's that I mentioned in my colloquy with the gentleman from Florida? I would submit that the CVN-69 is now programed for delivery 24 months behind schedule. On the 70, we do not know how far it will be behind schedule, but I would submit it will probably be longer than the 24 months in the slippage for this. So in view of those facts, does not the gentleman think it is very questionable to say there will be 5 years between the CVN-70 and the CVN-71?

Mr. ROBINSON. I do not think the slippage will be nearly as great with regard to the CVN-71 because, as was pointed out earlier, these CVN's are all built in the same yard. Along the line they are going to learn how to build them more efficiently and more quickly.

I do not believe the slippage is going to increase rather than decrease. Indeed, I am assuming a substantial decrease in slippage as the time goes on.

Mr. CHAPPELL. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman from Florida.

Mr. CHAPPELL. Mr. Chairman, I would ask my friend, did not Admiral Rickover before our committee make it very clear that slippage of the CVN-69 would have no effect or no influence on slippage of the CVN-70, and as a matter of fact he brought out the fact that the CVN-70 should be on time or ahead of time? Is that not the testimony?

Mr. ROBINSON. That is correct.

Mr. CHAPPELL. Is not the key point here the nuclear powerplant? If I remember correctly, Admiral Rickover said if we did not provide these funds this year, the first year we could really get this plant ready, if we did not do it this year, would be 1984.

Mr. ROBINSON. That is correct, and it causes very bad problems in getting this carrier started. We absolutely have to have the powerplant increments available when we start or we will not get them in time.

Mr. CHAPPELL. That is right.

Mr. ROBINSON. Now, the Navy is committed to a program of 12 carriers. That is one carrier less than the number we have now and the reason for that is very simple. It is because of the fact that over the years the number of air bases available to us has declined. Furthermore, during the Yom Kippur war we learned we cannot always rely on those air bases being always available to us. For the foreseeable future, therefore, the aircraft carrier will be the principle offensive striking arm of the Navy for providing the tactical air power beyond the range of land bases and in the event the use of available land bases is denied to us. As we continue the present trend toward fewer carriers, this increases the number and types of airplanes the remaining carriers must accommodate. Therefore, our carriers must remain large in size and highly complex until we are able to perfect and introduce into the fleet optimum V/STOL fighter-attack aircraft, which is the kind of aircraft that the Russians are putting on the small carriers they are currently building. A viable V/STOL aircraft, with the capability we think is necessary, is many years away.

There is no question about the fact that the aircraft carrier today is costly to build and that this has had, indeed, an unfavorable and detrimental effect on the numbers the Navy has been able to budget in recent years.

The CHAIRMAN. The time of the gentleman from Virginia (Mr. Robinson) has again expired.

(By unanimous consent, Mr. Robinson was allowed to proceed for an additional 2 minutes.)

Mr. ROBINSON. Mr. Chairman, for this reason, the Navy plans to extend the service lives of several of the current carriers by 10 years or more, when they acknowledge they are beyond their proper useful life. This plan will require, however, decommissioning the older carriers for extended lengths of time for major rework. Thus, it becomes imperative that another *Nimitz*-class carrier be initiated with fiscal year 1977 long leadtime funding to enable the Navy to maintain an adequate carrier force in the active fleet through the 1990's. This advance procurement has been authorized by the House. It was not something dreamed up by this subcommittee. I trust that this body will reject the amendment to delete the CVN-71.

Mr. HICKS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to discuss with the gentleman from Virginia for a moment some questions I have, if I could. The gentleman impresses me with his grasp of the situation.

Who is going to build this carrier, I would ask the gentleman from Virginia (Mr. Robinson)? I read in the newspapers that Newport Shipbuilding says they are not interested in any more shipbuilding. Is the gentleman getting the same information I am?

Mr. ROBINSON. Well, if the gentleman will yield, I am certainly cognizant of the fact there are substantial arguments between the Navy and Newport News Shipbuilding and Drydock. I assume that those things can be worked out and I have no doubt they will be worked out. They are too valuable an asset to our economy and to our Navy. They will be worked out and they will build this carrier.

Mr. HICKS. That could have some effect on the operations that the gentleman from Missouri (Mr. Burlison) was talking about.

Mr. ROBINSON. It is possible, but it is based on the hearings we had with Admiral Rickover, who as we are well aware is the burr under the saddle with respect to the Newport News Shipbuilding and Drydock. He feels that the disagreements will be substantially eliminated.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. HICKS. I yield to the gentleman from New York.

Mr. ADDABBO. Mr. Chairman, to clarify one point, I have a copy of a letter dated June 14, 1976, from Newport News Shipbuilding, addressed to the Honorable William P. Clements, signed by J. P. Diesel, president, and it states:

> I have today sent to Admiral F. H. Michaelis a summary of the status of our Nuclear Naval shipbuilding contracts, including a brief statement of our proposed course of action with regard to each of them. Included in that letter is a description of a method to achieve an orderly withdrawal from our continued participation in the Nuclear Naval shipbuilding program if we are unable to promptly reach a reconciliation. This proposal includes cooperation in transferring the CVN70 to Puget Sound Naval Shipyard and of the follow-on SSN 711-715 ships to Mare Island Naval Shipyard. We anticipate that our position is correct with regard to DLGN41 and that it will be cancelled.

Mr. ROBINSON. Mr. Chairman, will the gentleman yield?

Mr. HICKS. I yield to the gentleman from Virginia.

Mr. ROBINSON. Mr. Chairman, I note that in the letter the gentleman from New York referred to, the stipulation is made, "If these differences cannot be resolved."

It is my understanding, based on conferences with the Navy, that they are going to be resolved; that this is not going to be tolerated in future; that it will be straightened out. It is my presumption that this indicates that there will be a further Navy shipbuilding program at Newport News Shipbuilding & Dry Dock Co.

Mr. HICKS. My question, though, was this: Since this was not originally put in the President's budget, and for some reason or other it was decided to be put in, and we have to resolve the situation, why is it not all right to defer these funds? What is the urgency of driving full speed ahead and adding $350 million, in effect, to this budget which is already overblown, when we could cut the $350 million, get this matter resolved and bring it back next year, if that is what it is determined to do? It does not hurt the defense budget one bit.

Mr. DOWNEY of New York. Mr. Chairman, will the gentleman yield?

Mr. HICKS. I yield to the gentleman from New York.

Mr. DOWNEY of New York. Mr. Chairman, I just want to say that while I do not agree with the gentleman at all times, I have, however, enjoyed serving on the Armed Services Committee with him. I am going to miss him.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. HICKS. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I want to commend the gentleman on his statement. It seems to me that the Navy has expressed an awful lot of equivocation on this issue, as well as the President. It was just in the May issue of Seapower magazine that the Chief of Naval Operations said:

> "We are going to have to have the capability to take effective air power to sea for the foreseeable future," the CNO said, "But I have less confidence today in what the requirement for the next carrier will be. I do not feel confident to say that we'll have to build *Nimitz*-class carriers on into the future."

Now, in fairness to the Chief of Naval Operations, he was referring to the follow-on carriers after the CVN-71, but I think even in that context we have to recognize the equivocation of the Navy itself.

The CHAIRMAN. The time of the gentleman from Washington has expired.

(On request of Mr. Robinson and by unanimous consent Mr. Hicks was allowed to proceed for 1 additional minute.)

Mr. ROBINSON. Mr. Chairman, if the gentleman will yield further, I do not concede that this defense budget is overblown, as the gentleman suggested. With regard to the necessity for the carrier, and long leadtime for its funding at this time, it is most important due to the gap which will be created if the carrier is not otherwise put on program so that we will not have a gap. We need a 12-carrier Navy in order to properly defend our two shores between two oceans. That is why we need it at the present time.

Mr. BOB WILSON. Mr. Chairman, will the gentleman yield?

Mr. HICKS. I yield to the gentleman from California.

Mr. BOB WILSON. Mr. Chairman, I am gravely concerned that the Appropriations Committee considers the present system in the Navy of maintaining naval districts as outmoded and unnecessary and that the naval district management system is no longer viable and should be abolished.

In all of the Navy organization, there is no other mechanism by which the community can work in concert with the Navy in full partnership for the efficiency and betterment of our national defense.

The Navy district provides coordination for virtually all local government, civic and social group concerns. By representing the Secretary of the Navy and the Chief of Naval Operations, each commandant is the main line of communication between the community and the military.

The naval districts relieve force commanders from the necessity of maintaining individual community relations staffs, staffs which would perform overlapping functions in areas with a great many separate commands. They eliminate confusion within the civilian community in deciding which force or unit to contact to request action or assistance.

Should the naval districts be disestablished and the functions reassigned and distributed to other staffs, two results can be assured: those commands with primary responsibility for specific fleet or national security functions would be impeded, and various city and county agencies would find it more difficult to obtain required planning and assistance coordination so necessary for any community's continued growth.

In my home district of San Diego, the Commandant of the 11th Naval District performs innumerable functions, among which are: to act as the primary point of contact and liaison between community officials and the Navy; to serve as the Emergency/Disaster Coordinator with the community; coordinates Navy real estate transactions and negotiations with local commmunity and real estate officials; coordinates environmental plans and control actions with local and regional regulatory agencies; coordinates the Navy shore patrol as an adjunct to local law enforcement agencies, and serves as Admiralty Claims Review Official in relationship with local residents.

Mr. Chairman, it is my belief that there is no way that these functions, in addition to the myriad others in which the naval district is involved, could be spread throughout the various local command structures and still be performed effectively. Should the naval districts be abolished, in my opinion the present civilian-military community harmony would be jeopardized and could result in the hardening of antimilitary attitudes within the community.

Liaison is vital between the military and the civilian community. Liaison leads to understanding and cooperation. Should the naval district system fade into extinction, gone would be the coordination, the community leadership, and the direct and only link between the Naval Establishment and local citizen.

I therefore strongly urge, Mr. Chairman, that the Appropriations Committee's decision to let the Naval District Management System die on the vine be carefully reviewed in light of the loss of centralized control, probable community disillusionment with the military and the drastic reduction in cooperation and coordination so necessary to healthy military/civilian relations.

Mr. Chairman, I too am greatly disturbed and distressed that the Committee on Appropriations saw fit to recommend that the funding for the Precision Location Strike System be eliminated and that the program be abolished. I believe the committee's action is unwise. The decision to stay with technically inferior systems presents potential dangers of rather large magnitude.

Owing to enhanced technical skills, mobile SAM and AAA threat emitters, the incidence of penetration by our forces is reduced thus as a concommittant, we must enhance our technical ability to penetrate. The alternative is an unacceptable high loss rate of manpower and equipment. The Precision Emitter Location and Strike System will give us such a capability—a capability far more versatile and able than any other system presently in our inventory or in the planning and development stages.

The density of threat emitters in potential theaters of operation, such as Europe, is especially dangerous and cannot be countered by conventional electronic countermeasures alone. This is due to sophisticated developments utilizing alternative schemes such as intermittent operation during strikes, electro-optical tracking, and so forth.

The F-4G Wild Weasel system served during the Vietnam war as a hunter-killer on a one-on-one basis against a given emitter. It is the principal system in the Air Force inventory today, to destroy antiaircraft radars. However, to do its job, the Wild Weasel must penetrate enemy airspace, therefore exposing aircraft and crew. Thus, the urgent need and a standoff capability, enabling elimination of the antiaircraft defensive position without being subjected to retaliation.

A strike system must be developed, which can sort through emitter radiations, select multiple targets and launch many missiles simultaneously against important emitters. This is the reason for PELSS. The alternative target acquisition/strike systems discussed in the appropriations bill do not satisfy the requirement for PELSS. I appreciate the fact that the committee looked at these systems as part of the overall target acquisition problem for the Defense Department, but I again emphasize that the critical thrust of PELSS is the major advancement project in the PLSS line item and PELSS deserves all possible support by the Congress.

The greater standoff range of PLSS equates to survivability, a critical factor during the first few days of an intense conventional conflict. PELSS would pay for itself through reduced attrition of manpower and equipment in such a situation.

I believe the Congress should take a good, hard look at PLSS—what it can do, and how it can do it and restore the funding for this important project.

Mr. GOLDWATER. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I have listened to the debate intently here, and I think I am convinced by the arguments made by those who support the construction of the CVN-71, the nuclear-powered aircraft carrier.

It just seems to me that both congressional and executive recommendation of the merit of the development and the establishment of a naval force is overpowering and convincing.

The Congress has for a long time been in the lead where nuclear-powered naval vessels are concerned. The Military Procurement Authorization Act set forth the policy of the U.S. goal in this matter of developing a nuclear Navy and, obviously, the advantages of nuclear power far outweigh the oil-fueled naval vessels of the past. I guess the nuclear vessels are limited only to the endurance of their crews, ammunition, and stores.

Of course, I do not know, but if in fact we can save $200 million, as claimed, and if in fact this would allow an earlier delivery date, this I think is something we should weigh very heavily, that the delay of this procurement will obviously increase the cost and put out for a further date the increase in our nuclear capability.

So, therefore, Mr. Chairman, I would rise in support of the procurement of the nuclear-powered aircraft, and I would urge a negative vote on the amendment offered by the gentleman from Missouri (Mr. Burlison).

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this new carrier is to be the follow-on to the U.S.S. *Midway*. When the carrier *Midway* is retired, she will have been in service for about 40 years. Other carriers, when they are retired, will be over 30 years of age. So we are not overbuilding with respect to carriers.

As has been pointed out by the gentleman from Virginia (Mr. Robinson), our Navy wants to maintain 12 deployable carriers.

So I would hope that we could go along with the long leadtime funds for this carrier. We must not lose sight here today of the fact that we are being watched here in this country by all nations of the world. We pulled out from Vietnam, we pulled away from Angola. I am not saying unwisely, but we did.

The Soviet Union, through its navy and military advisers, is extending its influence in the Middle East and in Africa and in the Indian Ocean. I do not want to send a signal to the other countries of the world, and to our opponents, that we are getting soft and that we are not going to maintain our determination and strength in the area of defense and world leadership.

I recognize that the gentleman from Missouri, in offering this amendment, has offered it in all good faith, and that an argument can be made for his position. But it seems to me that at this particular time in history it is not good for us to make further reductions in the bill which is before us. I do not want to see this Congress, made up of a Democratic majority and a Republican minority, carry into the Presidential campaign too much diversity of opinion with respect to maintaining the strength and power of the United States.

So I am hopeful that this amendment will be defeated and that we can proceed with the funding of long leadtime items which, it is estimated by the Navy, might save as much as $200 million if we build the carrier. I just believe that this is the position we want to be in, Democratic and Republican Members of this Congress, in support of the United States of America. That is what counts. I would urgently hope that this amendment would be defeated and that we may provide for the long leadtime items for the carrier.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from New York.

Mr. ADDABBO. I thank the gentleman for yielding.

Is it not a fact that in this budget we are supporting 13 carriers, and it is the Navy's intention to reduce that to 12 carriers eventually?

Mr. MAHON. That is true but many of these carriers are so old, as are many of our Navy ships, and less modern than the ships of the Soviet navy that we have got to retire many of them.

Mr. ADDABBO. But is it not true the Soviet Union has no fleet of carriers such as we have?

Mr. MAHON. The gentleman is correct. Their navy, of course, has a different mission than our Navy has.

Mr. LEGGETT. Mr. Chairman, the question that faces us as we take up the Burlison amendment is really twofold. On one hand, we have a familiar issue which has confronted us repeatedly over the last several years: Do large aircraft carriers of the *Nimitz* class fill a military need and role that is so great as to warrant their enormous cost, and can we justify building a fourth one of these huge ships at a cost approaching $2.5 billion? We formed a joint House-Senate committee to study this basic question back in 1970, when we were debating the merits of the administration's request for funds to build the third *Nimitz*.

It appears to me that the issues in the roles and missions argument are essentially the same as they were in 1970. I believe we should avoid getting mired again in a debate on questions such as whether large carriers are too vulnerable to attack submarines and cruise missiles to be worth buying, or how many of them should we have in the event of a major war.

What I would like to see us focus on here is a second and more practical question. Can we build a fourth *Nimitz* class carrier at this time no matter how much money we provide?

As we all know, only one shipyard is now capable of building these huge, nuclear-powered supercarriers. That is the Newport News Shipbuilding and Drydock Co.

Newport News is now building not only numerous attack submarines and nuclear frigates, but also the second and third of the *Nimitz*-type carriers. And let us get two facts clear in our minds about those programs.

One is that Newport News has filed $894 million worth of claims for additional, above-contract payments on its various naval shipbuilding programs. The other is that the Navy now has no firm contractual commitment from the company on the cost and schedule for construction of the third carrier—the *Vinson*. I submit that these two facts are not unrelated.

The company has made it clear that unless its claims, many of which have yet to be audited by the Government, are settled promptly, it may not choose to proceed with additional Navy work. DOD's response, as Mr. Clements has made clear, is to proceed with immediate settlement of these and other claims under the provisions of Public Law 85-804, the national emergency law, without the audit and review which the Navy normally conducts of all claims.

With the claims pending, it is unclear on what terms, or even whether, Newport News will proceed now with construction of the third carrier, the *Vinson*. Work on it is now going forward on what the Navy calls a "letter" contract, with no firm, fixed price for construction of the entire ship. And as I understand it, less than $200 million of the yard's work on the *Vinson* has been "definitized" or actually placed on the contract.

Let me remind you that this ship is the legendary "CVAN 70" on which we had such a hot and heavy debate back in 1970. It has been 7 years since we first voted funds for this ship, and we still do not have a firm contract price. And apparently our contractor is dragging its heels on "definitizing" the entire contract—negotiating a fixed price, schedule and other terms—while its claims on other ships are pending. This situation appears to me to be what in another context one might call extortion.

In my judgment, what we ought to be doing at this point is trying to assure that we can get the third *Nimitz*-class carrier at a tolerable cost and schedule, let alone start piling up money for a fourth one. We are given estimates that the fourth would cost between $2 and $2.5 billion, but we do not even have a firm contract price on the *Vinson*. As far as I know, we have no commitment from the prospective contractor on what the fourth ship would cost. Back in 1970, when we debated CVAN 70, we at least had a contract option for its construction, and you can see how much cost protection that gave us. But for the fourth ship we do not even have that luxury.

We are told that providing this $350 million down payment now on the fourth *Nimitz* will save us $200 million. I submit that such a fond hope is equal parts chimera and illusion. I have every expectation that the hoped-for saving will go the way of so many we have promised—up in the smoke of inflation, claims, delays, change orders—the list could go on. And I emphasize that the argument for savings must not have been too compelling in the Department of Defense last fall, because these funds were excluded from the budget request at that time, and added only recently by amendment.

I urge my colleagues not to be persuaded by promise of chimerical savings, and not to add this further reward to those which our contractor is seeking with arrogant and seemingly extortionate behavior. If we want to have better managed procurement programs, and a greater orientation toward the public interest on the part of our contractors, we will have to stop piling up unneeded funds in response to ill-planned, last-minute requests.

I hope you will support the Burlison amendment as an important step in that direction.

Ms. ABZUG. Mr. Chairman, I rise in support of the amendment.

This amendment makes a very reasonable proposal. It would simply delay the procurement decision on the B-1 bomber program until full testing of the aircraft has been completed. It would give the next administration the opportunity to make a rational decision with the full test results in hand and in an atmosphere of calm undisturbed by the election year hysteria we are now witnessing on defense matters. It seems to me that we have everything to gain by delaying the decision and nothing to lose.

I make no secret of my long-standing opposition to the B-1. As I have stated in the past, this plane cannot be justified militarily. It is an exotic weapons system which we cannot afford. It poses threats to the environment which are not yet fully understood and require more evaluation. Unfortunately, it has become a political football as well.

At the very least, the production decision should be delayed until February 1977. If we make a decision too hastily, the result could well be a $21 billion commitment to build a fleet of planes which does not add appreciably to our national security.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Missouri (Mr. BURLISON).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. BURLISON of Missouri. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The Chair will count. Eighty Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN pro tempore. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN pro tempore. The pending business is the demand of the gentleman from Missouri, Mr. BURLISON, for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 179, noes 213, not voting 39, as follows:

[Roll No. 399]

AYES—179

Abzug
Adams
Addabbo
Allen
Anderson, Calif.
Andrews, N. Dak.
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Brademas
Brodhead
Brown, Calif.
Brown, Mich.
Broyhill
Burke, Calif.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Clay
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conyers
Corman
Cornell
Cotter
Coughlin
Delaney
Dellums
Dingell
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Eilberg
Emery
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Giaimo
Gibbons
Goodling
Green
Hamilton
Hannaford
Harkin
Harrington
Harris
Hayes, Ind.
Hechler, W. Va.
Heinz
Hicks
Holland
Holtzman
Howard
Hughes
Hungate
Jacobs
Jordan
Kastenmeier
Keys
Koch
Krebs
Krueger
Leggett
Lehman
Litton
Long, Md.
McCloskey
McCormack
McEwen
McHugh
McKay
McKinney
Madden
Maguire
Meeds
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mosher
Moss
Mottl
Murphy, Ill.
Myers, Pa.
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pickle
Pike
Pritchard
Quie
Railsback
Rangel
Rees
Regula
Reuss
Richmond
Rodino
Roncalio
Rosenthal
Roush
Ruppe
Russo
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Seiberling
Sharp
Simon
Smith, Iowa
Solarz
Spellman
Stanton, James V.
Stark
Steelman
Steiger, Wis.
Stokes
Sullivan
Symington
Thompson
Thone
Traxler
Tsongas
Udall
Van Deerlin
Vander Veen
Whalen
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Abdnor
Alexander
Ambro
Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Boggs
Bowen
Breaux
Breckinridge
Brinkley
Broomfield
Brown, Ohio
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Conte
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Downey, N.Y.
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
English
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fary
Fithian
Flood
Florio
Flynt
Fountain
Frey
Fuqua
Gaydos
Gilman
Ginn
Goldwater
Gonzalez
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hammerschmidt
Hanley
Hansen
Harsha
Hébert
Heckler, Mass.
Hefner
Henderson
Hightower
Hillis
Holt
Horton
Hubbard
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
LaFalce
Lagomarsino
Landrum
Latta
Lent
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McClory
McCollister
McDade
McDonald
McFall
Mahon
Mann
Martin
Mathis
Mazzoli
Melcher
Michel
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Murphy, N.Y.
Murtha
Myers, Ind.
Neal
Nichols
O'Brien
O'Neill
Passman
Paul
Pepper
Perkins
Pettis
Poage
Pressler
Preyer
Price
Quillen
Randall
Rhodes
Rinaldo
Risenhoover
Robinson
Roe
Rogers
Rooney
Rose
Rousselot
Roybal
Santini
Satterfield
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Steed
Stephens
Stratton
Stuckey
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thornton
Treen
Vander Jagt
Vigorito
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Yatron
Young, Fla.
Young, Tex.
Zablocki

NOT VOTING—39

Bell
Brooks
Chisholm
Conlan
Daniels, N.J.
Dodd
Edwards, Calif.
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Howe
Jones, Ala.
Karth
Lundine
Madigan
Matsunaga
Metcalfe
Milford
Mills
Mink
Moorhead, Pa.
O'Hara
Peyser
Riegle
Roberts
Rostenkowski
Runnels
Steiger, Ariz.
Studds
Talcott
Ullman
Vanik
Waxman
Weaver
Wilson, Bob
Wirth
Young, Alaska
Young, Ga.

The Clerk announced the following pairs:

Mr. Dominick V. Daniels for, with Mr. Roberts against.

Mrs. Chisholm for, with Mr. Runnels against.

Mr. Edwards of California for, with Mr. Young of Alaska against.

Mr. Ullman for, with Mr. Steiger of Arizona against.

Mr. LAGOMARSINO and Mr. ERLENBORN changed their vote from "aye" to "no."

Mr. PIKE changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

AIRCRAFT PROCUREMENT, AIR FORCE

For construction, procurement, and modification of aircraft and equipment, including armor and armament, specialized ground handling equipment, and training devices, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land without regard to section 9774 of title 10, United States Code, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to the approval of title as required by section 355, Revised Statutes, as amended; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; $6,351,300,000, to remain available for obligation until September 30, 1979.

AMENDMENT OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADDABBO: On page 22, line 6, delete period after "1979" and add the following: ": *Provided*, That none of the funds appropriated in this Act may be used prior to February 1, 1977, for procurement of the first three production aircraft of the B–1 bomber."

PARLIAMENTARY INQUIRY

Mr. EDWARDS of Alabama. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state his parliamentary inquiry.

Mr. EDWARDS of Alabama. Mr. Chairman, I have an amendment on line 5, page 22. I want to be sure that I am protected in the right to offer that amendment.

The CHAIRMAN pro tempore. The gentleman will be protected. Both amendments are protected.

The CHAIRMAN pro tempore. The gentleman from New York (Mr. ADDABBO) is recognized for 5 minutes in support of his amendment.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. ADDABBO. I yield to the gentleman from Illinois.

Mr. YATES. Mr. Chairman, is this the same amendment that was offered in the other body by the Senator from Iowa (Mr. CULVER)?

Mr. ADDABBO. This is the same amendment except that it is on an appropriation bill so that, of course, there is no limiting language.

Mr. YATES. I thank the gentleman.

Mr. ADDABBO. Mr. Chairman, my amendment would delay the order to initiate production of the first three B–1 bombers to February 1, 1977; which is only an actual delay of 30 days since the

Air Force has stated the contract cannot and will not be let till December 1976. The amendment would permit advance procurement funding of long-leadtime components in order to produce continuity to the program. In other words, those contractor and subcontractor personnel currently employed in the manufacture of certain critical long-leadtime components would be maintained on the employment rolls of their companies.

Mr. Chairman, this aircraft is being developed and tested in a vacuum—a state of isolation from outside influence. Our testimony shows clearly that DOD has yet to approve specific and well-defined cost, schedule, and performance thresholds. Without these thresholds, neither the President, the Secretary of Defense, nor the Congress can objectively assess the probability of acquiring a mission-capable weapon system within cost and time limitations. Furthermore, the Air Force is unable to provide to Congress a flight test plan for the B–1. In general, they state, flight testing is predicated on the results of the preceding flights.

The flight test program thus far has not been as impressive as advertised. Eleven out of 26 flight tests were either aborted or they were unable to accomplish the primary objectives due to problems. For example, test flight No. 9 lost an underwing fairing panel; test flight No. 12 had an engine failure; test flight No. 13 resulted in an engine access door separating from the aircraft nacelle; and on test flight No. 23 they experienced a hydraulic system failure. More importantly, on seven test flights including the 23d and 24th, they have experienced a very low frequency vibration of the aircraft at critical speeds. The cause is unknown and is being investigated. This vibration could cause the failure of very critical avionics equipment.

Furthermore, the Air Force testified that extensive flight testing at the primary mission speed and altitude will not be done because of safety reasons. They have flown for only 5 minutes at that specified speed and altitude. They claim that before such tests can be made, airloads must be measured first on aircraft No. 2 which is not scheduled for delivery until July of this year. The inflight airloads tests will not be completed until 1979. The Air Force "hopes" to be able to conduct about 10 hours of flight tests at the required speed and "near" the specified low altitude before the November 1976 production decision.

How many of you here today realize that under the present schedule a total of 35 B–1 bombers will be delivered without their defensive avionics? This means we will build and deliver 35 bombers to the Air Force but they cannot be used to bomb the Soviet Union, because they do not have their required defensive avionics. Defensive avionics tests are not scheduled to be completed until August 1979 in aircraft No. 4 which will not be delivered until February 1979.

Mr. Chairman, about $1.2 billion of the $3.9 billion B–1 research and development effort has yet to be funded by Congress. It is not realistic to enter production on a program as important as this with about one-third of the cost of the development and testing program yet to be funded by Congress.

The March 31, 1976, selected acquisition report shows the B–1 now has a production unit cost of $72.8 million and a program unit cost of $88.6 million in escalated dollars. This compares with an initial estimate of $35.4 million and $45.6 million, respectively, in escalated dollars. In a program as costly as this one, we should assure ourselves that the B–1 can perform as advertised. Only with additional and realistic testing can a meaningful production decision be made and such a decision cannot possibly be made this year.

It should remain until February, next year, when the next President can take a look at this program. There are funds for the continued research, for the continued advance procurement. What we are asking would be an actual delay of less than approximately 30 days. There would be no additional cost by this delay.

Mr. Chairman, I urge adoption of my amendment.

Mr. ALEXANDER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. JONES of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Oklahoma.

Mr. JONES of Oklahoma. Mr. Chairman, I rise in opposition to this amendment. The central question here is whether or not you believe that America's defense posture needs a bomber for the future to replace the B–52. I firmly believe that the B–1 bomber is absolutely necessary as an integral part of our triad defense system. In fact, in many respects our bomber force may be the most important part of the triad system since it is the only missile delivery system which can be recalled to avoid a possible nuclear war.

We should not delay the B–1. I have heard many speeches about the escalating costs of the B–1. What they do not say is that a good part of those escalating costs are due to the delaying tactics which were used to stall the development of this bomber. Any further delays will just add to the cost of this important weapons system and I do not want to be a part of any effort which increases governmental costs.

Furthermore, we should give some attention to the unemployment which will result from delaying the B–1. Many men and women who work on this bomber will be laid off if we delay. These are skilled people and we may not be able to get them all back to work on the B–1 next year.

But the most important consideration is the national defense of the United States. We need this bomber. We need to press ahead on procurement of the B–1 as rapidly as possible. When it comes to the defense of this country, we should not be dilly-dallying around. The Air Force says they need the B–1. I urge my colleagues to vote the funds necessary to give our military this vital weapons system as soon as possible.

Mr. ALEXANDER. Mr. Chairman, I once again rise in opposition to this attempt to delay production of the B–1 bomber.

In the interest of a strong national defense we must proceed with the orderly production of the B–1 to replace the "obsolete" B–52, now some 20 years old. The B–52 was produced from technology of the 1940's and 1950's. While it may be ample for current needs, the B–52 simply does not measure up to the needs of the 1980's. The B–52 is slow. It is easily seen by enemy targets. The time required for its launch is relatively long. It has limited low-altitude, terrain-following maneuverability.

The B–1 bomber will meet the needs of the 1980's. The B–1 has been under development for the past 6 years and under extensive study by the Air Force for the past 15 years. During that time, the Air Force and its contractors have demonstrated in the laboratory, in the factory, and in the air that the B–1 bomber meets the performance specifications of speed, of altitude, of range, of weapon capacity, of electronic countermeasures and of bomb navigation systems. We have delayed production the B–1 bomber long enough.

To delay this production will result in substantial increases in the cost of the B–1, as well as threaten American capabilities to divert nuclear war. Engineers from my district advise me that a delay as called for in this amendment would cost an additional $1.2 billion in construction costs.

Advancing Soviet capability dictates that the B–1 must be produced now. The substantial Soviet submarine-launched ballistic missile capability must be taken into account in planning the launch of a bomber force. Where we were dealing in minutes with the B–52's, we are now dealing in seconds when we are planning a launch against a missile capability.

The House rejected a similar amendment to the defense authorization bill and should reject this one also. Our national defense cannot be allowed to falter if the United States is to remain a strong world power. The orderly production of the B–1 bomber is integral to that defense capability.

Mr. Chariman, the Washington Post recently carried an editorial favoring delay in the production of this manned bomber. Secretary of the Air Force Thomas C. Reed replied to the editorial in a subsequent edition. I would like to insert in the Record at this point both editorials:

To B–1 or Not to B–1?

That is the question confronting the House-Senate defense procurement conference opening today—whether to proceed at once into production of the B–1 bomber or to put the question over to the next administration. The case for a few months' delay is, in our view, overwhelming. The wait would ensure that the issue is decided in an atmosphere free from campaign passions—Mr. Ford and Mr. Reagan have outdone each other in ardor for the plane. It would ensure that a positive decision, if taken, would be carried forward by a supportive President and not questioned by a skeptical one—Jimmy Carter and all other Democratic contenders have presented themselves as skeptical about the B–1. And a wait would permit completion of key flight tests, thus providing a better basis than now exists for demonstrating that the B–1 is not the strategic turkey its detractors claim it to be.

In fact, the B–1 is probably an idea whose time came and went some years ago. It was planned in a palmier period when (1) the Air Force assumed there would be no high budgetary or political hurdles to replacing its faithful B–52s; (2) strategic bombers had a greater weight in deterrence than they do now that sea-based (and land-based) missiles are relatively more important; and (3) refitting B–52s with stand-off cruise missiles, which obviates the need for a new plane that can penetrate enemy air defense, was not yet a feasible alternative. But the B–1 project has flown right on through this political, strategic and technological flak. Efforts to lower its costs have resulted in sharp declines in expected performance. Support for it among defense experts is minimal: Only one of the last seven Secretaries of Defense—the incumbent, Donald Rumsfeld, whose judgment on this issue is suspect—has favored procurement. We suspect that more than a few Air Force officers gulp at the prospect of consigning $90 billion from future service budgets to this plane; others, of course, will assume, given Congress' general softheadedness about anything new and shiny, that the B–1 won't count against other needs.

The House-Senate conference considering this issue should understand that it is not being called upon to put the United States out of the strategic bomber business. The B–52s, which have proven themselves eminently serviceable and modifiable aircraft, are expected to fly into the 1990s. So there is no need to rush into a decision to build a replacement, when neither the need for one, nor the desirability of this particular choice, has been established. The conference has other matters than the B–1 to resolve. The B–1 is important enough and clear-cut enough, however, not to be made the subject of general bargaining. The Senate voted on the floor to let the next President decide the question. The House only narrowly defeated a proposal that would have let the next President decide, subject to congressional concurrence. There is a general willingness in both houses to put the matter over for a few monthss, and that is the judgment the conference should respect.

"To B–1 or Not to B–1": A Response

(By Thomas C. Reed)

I would like to address several of the points made in your June 11 editorial "To B–1 or Not to B–1."

Testing: The key flight tests on the B–1 have already been conducted. The structural integrity, flying qualities, and engine capability—the three crucial aspects of a new airplane—have been established by the most extensive testing program ever conducted on a new airplane. Remaining flight tests—and they are extensive—are concentrated more in refining and reaffirming than in exploring new ground. The actual contribution of the added flight tests to the decision process for a production go-ahead would be negligible.

Deterrent Role: More than half the megatonnage of our entire strategic capability today is allocated to bombers; and they have some unique characteristics that make them vital to our national security. For one, bombers are the only strategic system that give clearly visible indications of their alert status, useful in signaling our intentions to the other side. They can be launched under human control and they can be recalled. Because of their longer time en route to target, there would be time for deliberate decision-making and negotiations. Finally, bombers cannot reasonably be conceived by the other side as a first strike threat.

Air Launched Cruise Missile: Extensive, in-depth analyses—the most recent of which took over 6,000 hours of computer time and 40 man-years of effort—show that cruise missiles are a complement to but not a replacement for the penetrating bomber. Moreover, those analyses show that cruise missiles by themselves are not cost-effective, and more importantly, that they are incapable of accomplishing the retaliatory mission against the threat in the 1980s and beyond.

Performance: As B–1 development has progressed, cost-performance trade-offs have been made to hold the line on costs, but no performance parameter vital to mission accomplishment has been sacrificed. For its primary mission, today's B–1 will still carry the same payload at the same altitude and speed and to the same range originally envisioned for it when the program began six years ago.

DOD Support of Production: Each of the four Secretaries of Defense since 1970 has had to evaluate the need and the progress of the B–1 program. Each of them supported the research and development program, which always had an ultimate goal of production should the aircraft design prove viable. That design goal has been met. Further, the precious Secretary, Dr. Schlesinger, requested and defended the long lead procurement funds that were appropriated by the Congress last year.

Cost: The estimated cost of acquiring the 244 B–1s sought is $21 billion, not the $90 billion some have claimed. Moreover, for equal deterrent effectiveness, the cost of the B–1 is demonstrably less than for any other plausible alternative.

Continued Utility of B–52: While it is true that the B–52s have proven themselves and will be able to fly for several more years, that doesn't mean that the B–1 program should be delayed. If procured on the current schedule, the B–1 will not be fully deployed until early 1986. At that time the older B–52s will be over 30 years of age. To get an idea of what that means, consider how few 1950s-vintage automobiles are still in daily service. How many of those would you expect to be running ten years from now? The B–52 is a noble and veteran warrior, but in the 1960s it simply will not be able to perform effectively against a continually evolving threat.

Need: Our national security has been based on a team of strategic nuclear forces: land-based ICBMs, submarine launched ballistic missiles, and manned bombers. We must not neglect the timely modernization of each element in that proven combination. The B–1 is the product of an extensive, decade-long design, analyses, and development effort to determine what was needed to do the manned bomber job through the remainder of this century.

Delayed Production Decision: As to the judgment aspects of "putting the matter over for a few months," those are the province of Congress. Informed citizens might question the judiciousness of needless turbulence in the program at this crucial time of transition to production, needless additional costs (almost a half-billion dollars), and needless delays. Thoughtful Americans certainly should be concerned about establishing a precedent of disrupting orderly programs because of speculation, political or otherwise. Such a precedent is especially dangerous when it involves the future security of this nation.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

The $1.2 billion figure was bandied around here in the debate on the authorization bill when the amendment was offered. Subsequent to that, Secretary Rumsfeld at a press conference stated:

> Secretary Reed has used figures ranging between $300 million and $500 million.

Secretary Reed, on May 24, came up with a figure of $492 million, but said that if the program were continued, he could absorb most of that cost.

It seems to me that with all these different figures floating around, they lack a certain degree of credibility. Furthermore they have never been documented.

Mr. ALEXANDER. I would advise the gentleman that it is believed or it is speculated that the additional cost would be at least $300 million, and it could be $500 million. In either case, the cost of delaying this is great.

I urge the defeat of this amendment.

Mr. FLYNT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, we have listened for months and years to the debate over the future of the B–1 bomber. The charges and countercharges concerning requirements, cost, testing, alternatives, Soviet initiatives, arms limitation implications, and every other topic under the sun have flown back and forth. Now the gentleman from New York proposes that maybe we should wait just a few more months and let the next President decide about this important program.

It is my view that the issues concerning the B–1 should be debated and in fact have been debated. But, this amendment, irrespective of the careful rhetoric in which it is couched, is designed to kill the B–1 program right now. It represents nothing more than the most negative vote the opponents of this program believe that this body will accept. All of this under the thin guise of giving the next President a choice. Does the gentleman from New York not know that the President can terminate any defense program at any time he deems that it is not in the national interest? Such an act would not be unprecedented. Both the Skybolt air-to-surface missile program and the F–108 interceptor were terminated after the commitment of production funds. The conditions under which a President may impound or defer spending appropriated funds were carefully documented by the 93d Congress in the Congressional Budget Act. That Congress worked very hard to reestablish our authority over the decision of the executive branch not to spend funds that we the Congress had already appropriated. So, there is good reason why we should vote now on this issue. The new administration has the ability to propose changes to the course of our defense planning, and adequate safeguards exist to insure that the new Congress—the 95th—will have a voice in such a change.

Now, the gentleman through his carefully worded amendment will actually set a precedent by giving the next President the power to make a major decision affecting the very nature of our strategic deterrent force without the concurrence of the next Congress. Does the gentleman really want the 94th Congress, to legislate away the constitutional responsibility of the 95th Congress, which has yet to be elected and therefore has no voice in the matter? Are we to usurp its power to raise and maintain forces necessary for the security of this Nation by giving the issue, which is rightfully ours to decide, to the next President without requiring him to even consult with his new Congress? If this were any year other than an election year, I am sure my colleague would not even consider offering this amendment which is both blatantly political and shamefully costly.

What are the fiscal implications of this step? In the conceivable instance in which we defer the release of production funds until the next President chooses to proceed, a 2 to 4 month, at minimum, gap in the production process would occur and the subsequent restructuring of the program would cost up to one-half a billion dollars. How does the gentleman propose that we account to our constituents for this waste of Government money? How will the next Congress with no voice in the matter explain this to their constituents? Is it really possible that the American people will not see through this costly sham? How can they not see our stalling on this issue by passing onto the President the responsibility for the program without the next Congress having an opportunity to decide the issue themselves? Does the gentleman from New York really want to risk or accept the responsibility for the waste of perhaps $4 to $500 million worth of taxpayers' money on a program which has already continued under three Presidents from both political parties and six Secretaries of Defense?

In my view, the potential for such an unconscionable waste of money on the thin premise that we must provide the next President a choice is unthinkable—the President already has the choice for this or any other program as does the Congress. The next President and the next Congress will have a responsibility to the American people, who in a few short months will be electing them in accordance with our constitutional process, to decide as we do each and every year what programs will proceed, based on merits—not on politics. Let us accept our responsibility now and let the next Congress make its decision then. This body should not, in good conscience, tie the hands of our successors by this obviously politically motivated amendment. So let the gentleman from New York say what he means by voting either for or against the B–1—but the amendment before us is a political ploy and none of us should condone such irresponsible behavior with public funds.

Mr. HOLLAND. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the gentleman from South Carolina.

Mr. HOLLAND. I thank the gentleman for yielding.

Mr. Chairman and members of the committee, on the previous vote concerning the B–1 bomber, and in my campaign to become a member of this body, I opposed it on what I thought, and still think, were reasonable grounds and logical conclusions.

It has been one of the most difficult problems that I have had to face since I have been here during this year and a half. As I say, I voted against it consistently and I am proud of it at this time. However, I have talked with Air Force generals and I have talked with good friends of mine in this House who are opposed to the B–1 bomber. I have cross-examined the military as best I could about this matter because I had questions and reservations and doubts about an expenditure of this size.

I want to speak directly to those friends I have in this House who have opposed the B–1 bomber as I have. I think it is a critical matter. I have asked about the alternatives, and nobody has offered a reasonable alternative to the B–1 bomber.

It is a difficult proposition for me to change my mind, but I think, on a logical examination of the factual information available, we have committed ourselves to a course of developing this bomber, and we are bringing upon ourselves by this very debate an aura of indecision. I think that indecision is the worst thing that could happen to our defense posture.

Mr. Chairman, I urge the defeat of the Addabbo amendment. The next President may have to make a decision based on his judgment by February 1, 1977. He will have far more advice than any Member I know of on this question. If we continue the development of the B–1, I am given to understand that until that date we will have spent $110 million more.

Yesterday one of my subcommittees voted $3.3 million to put a new roof on the Kennedy Center. I think we have to consider these things as they relate to importance in our Nation. I love the Kennedy Center. I also believe this $110 million that can be spent between now and the next President's decision is not waste, and I urge the defeat of the Addabbo amendment.

Mr. BRINKLEY. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to my colleague, the gentleman from Georgia (Mr. BRINKLEY).

Mr. BRINKLEY. Mr. Chairman, I thank the gentleman for yielding.

I, too, rise in opposition to the Addabbo amendment. As a former Air Force pilot, I think of bombers as planes that fly over towns and cities and drop bombs.

The name, "B–1 bomber," is a misnomer. It is not a bomber; it is a missile launcher. It will shoot the SRAM missile that is equipped with nuclear warheads if ever that need occurs.

Mr. Chairman, this is an important item for the insurance survival needs of this country. If we consider the cost of the B–1 bomber and compare it to the cost of an ICBM missile, which is the most expensive, they are not too far apart. The most expensive missile in our arsenal costs $41 million, but that is not reclaimable. The B–1 bomber is, and, Mr. Chairman, it behooves us to move with dispatch and with promptness in developing this insurance need for our very great country.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. FLYNT. I yield to the distinguished gentleman from Florida (Mr. HALEY).

Mr. HALEY. Mr. Chairman, I thank my colleague, the gentleman from Georgia, very much for yielding.

Mr. Chairman, I very seldom take this microphone, but I just want to say this: We should remember that in other wars we have had a shield. In the next war we will have no such protection, and as far as I am concerned, although I may be counted as a hawk or whatever anyone wants to call me, I am interested in this great Nation of ours. I have defended it on the battlefields of the world, and I think that up to a point we should give the military people of this Nation what they think is necessary for the protection of the American people, because we can be destroyed not in hours or weeks or months but in minutes.

So I rise to say that we should defeat this amendment and get the show on the road.

The CHAIRMAN pro tempore. The time of the gentleman from Georgia (Mr. FLYNT) has expired.

(By unanimous consent, Mr. FLYNT was allowed to proceed for 1 additional minute.)

Mr. FLYNT. Mr. Chairman, I wish to thank my colleagues, the gentlemen from South Carolina, Georgia, and Florida, for their contributions to this debate. I want to associate myself with the remarks of each one of them.

I wish also to point out that the Constitution of the United States does not fix the responsibility upon the executive branch for the raising and equipping of our defense forces.

That responsibility is quite properly placed by the basic organic law of this land, the Constitution, in the Congress of the United States.

Mr. Chairman, the amendment offered—I know in all good faith—by my colleague, the gentleman from New York (Mr. ADDABBO), would have a devastating effect upon this program. Its language would not appear to be devastating to the program; but, Mr. Chairman, make no mistake about it, if this amendment is adopted, it would be the same thing as voting against the entire program.

Mr. KETCHUM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in total opposition to the Addabbo amendment to defer funding for production of the B–1 bomber until February 1977.

Efforts to delay and delete funds for the production of the B–1 are not new. I have addressed my colleagues on numerous occasions urging support for funds to continue the production and testing of the three prototype B–1 aircraft and I am pleased to say that the majority of Members have consistently given the project their approval. This year, the House Armed Services, in preparing fiscal year 1977 Department of Defense authorization legislation, thoroughly reviewed all aspects of the B–1 program and concluded it is the most cost effective weapons system to support the land and sea components of the Triad, on which our defense is based. The Appropriations Committee, in recommending the full funding of $948 million for production of the three test planes and $89 million in advance procurement for eight additional bombers in fiscal year 1978, has expressed its satisfaction that the need for the B–1 and its ability to fulfill its mission, have been ably demonstrated.

In his separate views to the Appropriations Committee report on the defense appropriations bill, the distinguished gentleman from New York (Mr. ADDABBO) has stated that he believes his amendment to defer production funds for the B–1 until February 1977 will allow the final decision on this important issue to be made "without the immediate pressure of politics." If the gentleman's amendment is adopted, it will means that this crucial matter of national defense may be decided primarily on the basis of politics. I am sure that it is hoped by those who are advocating this amendment that the individual who occupies the White House in February of 1977 will be an opponent of the B–1. If this is not playing politics with the issue, I cannot imagine what would be.

As we all know, the B–1 is intended to modernize our strategic bomber force, the air defense component of the Triad, by replacing the B–52's. The B–52's are good planes which have served our Nation well but they will be approaching 30 years of age by the early 1980's when the B–1 is scheduled to replace them. I am sure there can be little doubt in anyone's mind that the bomber force must be brought up to the levels of the most modern technology. We are modernizing the sea-launched missile component with the Trident submarine and missile and exploring the modernization of the land-based missiles with the M–X program. It is inconceivable that we would not take steps to do likewise with the manned bomber force.

Alternatives to the B–1 have been thoroughly examined. In May of 1974, the Senate Armed Services Committee requested the Department of Defense to conduct a comprehensive cost-effectiveness study of the B–1 and all other alternatives. The report, submitted to the appropriate congressional committees on December 23, 1974, by Dr. Malcolm Currie, Director of Defense Research and Engineering, examined various options, including refurbished B–52's, stretched FB–111's and wide body transports as standoff cruise missile carriers.

To overhaul the B–52's would cost about $27 million per plane and would not be as cost effective as the B–1. The B–52's would still be, in essence, 20-year-old planes. A stretched FB–111 would mean the development of that aircraft with an extended range. Yet it would only be able to carry about one-half of the B–1 weapons load and would still be range limited. This alternative is only about one-fourth cost effective as the B–1.

The use of a wide-bodied transport to carry standoff air-launched cruise missiles presents a host of problems. It would be less effective than the B–1 in both launch and penetration capabilities, yet the cost, estimated at $50 million a plane, would be comparable to the B–1.

I believe that the Department of Defense and the Senate and House Committees having jurisdiction over this matter have carefully reviewed and considered the various alternatives to the B–1 and concluded that it is the most cost effective method of modernizing our strategic bomber force, a conclusion I heartily endorse.

I would like to review some of the features of the B–1 which make it such a necessary component of our national defense. The B–1 is designed to penetrate Soviet airspace below the defensive radar detection threshold and deliver strategic nuclear weapons on selected targets with a high degree of reliability, accuracy, and a minimum of collateral damage. In conjunction with sea- and land-based delivery systems, it is designed to deter a Soviet first strike.

The B–1, only two-thirds the size of the B–52, is to carry nearly twice the B–52's payload. Its variable geometry wing will enable it to fly at a speed of mach 2.2—2.2 times the speed of sound—at high altitudes, to climb above 50,000 feet, to cruise at mach 0.85 at near treetop level, and permit faster takeoff from shorter runways than those required by the B–52. Its rapid acceleration, short runway requirement, subsystem design and increased resistance to nuclear blast will allow it to reach a safe escape distance from its home base much quicker than the B–52. The shorter runway requirement will enble the B–1 to use 150 more existing runways than are available to the B–52. Furthermore, its ability to attain higher speeds at lower altitudes combined with its small radar cross section and advance electronic countermeasure will give the B–1 far greater ability to penetrate an enemy's defense than existing aircraft.

Proponents of this amendment have raised some questions over the extent and the results of the testing on the B–1, currently being carried out at Edwards Air Force Base, Calif. According to Secretary of the Air Force Thomas Reed, the structural integrity, flying qualities and engine capability have been established by the most extensive testing program ever conducted on a new airplane. The basic airworthiness of the plane has been thoroughly tested and proven. From now until November, the major testing emphasis will be on the total weapon systems effectiveness in all phases of its primary operational mission.

The test results thus far have been very successful. While of course some problem areas have developed—in what new project have they not—they have been and are being corrected. There is no reason to suppose that the integration of the avionics and airframe will prove less successful, or be tested any less thoroughly, than what has been accomplished to date.

As I have stated previously, the House has consistently demonstrated its support for the B–1 bomber program. I urge my colleagues to continue their support and reject this amendment which could only in the long run prove detrimental to our Nation's security.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, you have no doubt received the letters from some of our colleagues regarding the expected amendment to the defense appropriations bill to delay production of the B–1 strategic bomber. We are being told that a vote for or against this amendment is not a vote for or against the B–1, but it is noteworthy that practically all of those who are pushing this amendment have been totally opposed to the B–1 bomber program from the beginning. In fact, it was said in an anti-B–1 briefing yesterday that Jimmy Carter, the likely Democratic Presidential candidate is opposed to the B–1 and would probably halt it if elected. So, instead of skirting the real issue, why we do not debate the B–1 openly on its merits and have a straight up or down vote? In fact, the President elected in November has both the opportunity and the responsibility to cancel any program that is not in the national interest. He does not require an amendment of the type proposed to exercise his responsibilities.

The B–1 is ready for production this year. Withholding production funds pending a delayed decision next year would bring on added costs to the program and would be a mistake unless, of course, one is opposed to the B–1 totally; then the delaying tactic provides another chance to kill the program altogether next year.

Mr. Chairman, statements alleging major structural problems appear to be innocent of the facts. Failures in structural testing have occurred in testing to ultimate, where failures are expected to occur, in order to find the failure point. The wing has been successfully tested to 150 percent of the 360,000-pound gross weight design load for 2.5g takeoff conditions. The 395,000-pound gross weight number applies to the airplane after it is airborne and undergone maximum fuel loading. As a matter of fact, the aircraft can takeoff at 395,000-pounds under 2.3g takeoff conditions. The B–1 has had more preproduction testing than any previous military aircraft. There are no major structural problems uncovered in 1,800 fracture mechanics tests, 680 tests of parts and components of structure. Eight major components have completed 150 percent design load tests with one failure of the wing outer panel at 141 percent of design load; this was fixed by a slight increase in strength of the material with no retest required. Aircraft No. 2 has been subjected to design load test successfully. In addition, six major components are being subjected to four lifetimes of fatigue. All of them will have at least two lifetimes completed by November and four of the six will have completed four lifetimes. The problem of a small crack in the tail section was due to a flaw in the metal and has now been solved. The alleged problem with the bomb bay doors has been solved.

The B–1 engines will meet all mission requirements. Cost effectiveness trades show that the Air Force did just what Congress wanted them to do—trade performance for cost savings where the trades make sense. That is why money is not being spent to improve specific fuel consumption and reduce weight. Production verification endurance testing now in progress is on schedule. Over 8,500 hours of testing has been accomplished on the engine.

The March 1976 GAO report was based on data obtained in the summer and fall of 1975 and is not representative of current status. For example, the GAO report cites low reliability of the Doppler radar. On April 1, 1976, when the highly successful first flight of the avionics in aircraft No. 3 was flown, an off-the-shelf Teledyne/Ryan Doppler had replaced the unreliable Doppler radar noted in the GAO report. Also, electromagnetic pulse—EMP—modifications for off-the-shelf avionics have always been recognized as being required, and funds have been included in the program for that effort. Contracts have been executed for the work which is well within current technology and poses no risk to the development nor production program.

Also, the March 1976 GAO report stated that aircraft No. 3 was five weeks behind schedule; however, No. 3 actually flew on April 1, 1976, within 1 day of the Air Force scheduled date. The GAO reported that aircraft No. 2 was four weeks behind schedule, but No. 2 is now several weeks ahead of schedule. Aircraft No. 1 was reported to be nine weeks behind flight test objectives, but by year end 1975 aircraft No. 1 had completed all scheduled flight test objectives but one minor item. No. 1 is now totally on schedule in its flight testing.

It is important to understand that flight test hours per se are not a good measurement of the performance of the flight test program. What is important is setting and meeting aggressive flight test objectives. In that respect, the B–1 has exceeded all planned objectives and criteria to date. It has in fact exceeded the number of flight test hours including seven hours at 200 feet altitude and mach 0.85.

Mr. Chairman, much has been said about the proposed 747/cruise missile alternative.

It has been proposed that a Boeing 747-type aircraft carrying up to 50 cruise missiles would be a more cost effective alternative to manned penetrating bomber like the B–1. The aircraft component of this system would cost at least $60 million per plane due to the necessary modifications and upgrading of a 747. Survivability is a key question. In any case, the limited payload of a cruise missile precludes the carrying of ECM—electronic countermeasures—and its light construction and fuel limits mean that it will have to fly at a closer to mach 0.5—slower than the B–1—than mach 0.9, so that it may prove vulnerable to even limited low-altitude air defenses in the 1980's. Also, the 747 carrier aircraft would be vulnerable to interception—much more so than a B–1 or even a B–52—before they could launch their cruise missiles. Furthermore, the advocates of this alternative to the B–1 have never addressed the question of how the 747/cruise missile system would be handled in the SALT negotiations. The Soviets are already insisting that any bomber aircraft—B–52 or B–1—carrying cruise missiles be counted against the MIRV limitation—they insist, for example, that a B–1 carrying cruise missiles be counted a three against the MIRV limit. So this would seem to present a definite problem.

Finally, it has not gone unnoticed that many of those who are strongly advocating this cruise missile alternative to the B–1 were, just 6 months ago, strongly opposing the strategic cruise missile on the grounds that it was provocative, that its high accuracy made it a destabilizing "hard target killer" and that its verification problems—range, payload, et cetera—would present unsurmountable problems in the SALT talks. So, there has been an interesting turnaround on this point—temporarily at least.

In conclusion, I believe that B–1 production is in the national interest. It is required to meet the projected threats in the 1980's. The B–52 cannot act as the primary strategic bomber into the 1990's because of limitations imposed by penetration velocity, penetration altitude, radar cross section, nuclear hardness, and high operation and maintenance costs. Consequently, for these reasons along with the rapidly shifting strategic balance between the United States and the Soviet Union I urge you to reject any amendment to delay production of the B–1 bomber.

Mr. Chairman, the February 19, 1975, GAO study on the strategic bomber program concluded that the B–1 was the most cost effective system. The study took into account various alternatives to the B–1 in addition to the B–1 performance capabilities.

Mr. Chairman, I would urge a "'no" vote on the Addabbo amendment.

Mr. ROUSH. Mr. Chairman, I move to strike the requisite number of words.

Mr. BAUCUS. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Montana.

Mr. BAUCUS. Mr. Chairman, I too, rise in support of this amendment.

Although I believe it is not a political decision, let us leave it to the next President, whomever he may be. The administration should decide this question. Essentially, I think this decision should be postponed for several months.

Mr. BEDELL. Mr. Chairman, will the the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York (Mr. Addabbo) which would prohibit the use of any funds in the Defense Department Appropriations bill for the procurement of production models of the B–1 bomber prior to February 1, 1977. Adoption of this amendment would postpone the procurement decision on the B–1, currently scheduled for November 30, 1976, for 2 additional months. It would do so in order to provide for more complete testing of the bomber and to allow the new Administration—whether Democratic or Republican—to thoroughly review B–1 test results before making a final commitment to B–1 production. The Addabbo amendment would leave advance procurement and research funds for the B–1 intact and its adoption would give House approval to a position already endorsed by the Senate.

My opposition to the B–1 program is no secret. On the basis of my research, I have concluded that the B–1 project is excessively costly and of dubious military value. In my judgment, the proposed multi-billion dollar commitment to the B–1 fleet will not contribute to our national security and may in fact detract from it by necessitating corresponding sacrifices in other vital defense areas and in efforts to meet pressing domestic needs.

Nevertheless, I do recognize that many do not share this view. What I do not understand is the necessity for rushing ahead prematurely with the procurement decision on the B–1 before all the facts are in.

Past testing of the B–1 bomber has been notably less than successful. Eleven out of 26 test flights were aborted or were unable to meet primary objectives. The plane has to date flown only 5 minutes at primary mission speed and altitude. Tests have revealed serious engine and structural defects in the aircraft. A GAO report, issued last March, showed that the B–1 test program is over 2 months behind schedule and concluded that it could not possibly be completed prior to the November 30 production decision date.

Under these circumstances and in light of the fact that the Air Force has stated that the procurement contract on the B–1 cannot possibly be let before December 1976 the logical question which comes to my mind is, why cannot we afford to wait for 2 additional months, as the Addabbo amendment proposes to do, before committing ourselves to a weapons system that will cost an estimated $85 million per plane, over $21 billion for the requested 244-unit fleet, and over $92 billion during the 30-year life of the program?

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentlewoman from New York.

Ms. ABZUG. Mr. Chairman, I rise in support of the amendment.

(By unanimous consent, Mr. Roush was allowed to proceed for 2 additional minutes.)

Mr. ROUSH. Mr. Chairman, I rise today in support of the amendment of Mr. Addabbo providing that none of the funds appropriated in this act may be used prior to February 1, 1977, for procurement of the first three production aircraft of the B–1 bomber.

I fully realize the seriousness of the decisions we make here today. I feel, and I know every member of this body feels, the burden of these decisions. We realize we are dealing with the security of the Nation. But to make a reckless decision—to make an emotional decision—to make a decision without facts and complete knowledge—one way or the other would not speak well for the House. In making my decision on the question before us I have weighed several questions: First, is the cost reasonable? Is it cost effective? Second, is this the time to make that decision? Third, are there sufficient facts and is there sufficient data upon which to make a decision? Fourth, are there alternatives which will provide the same measure of security that the B–1 bomber will provide at less cost to the American taxpayer?

First permit me to speak of the cost. I strongly object to a commitment at this time on a project which will ultimately cost us some $21 billion to build a fleet of B–1's and up to $70 billion to arm and maintain them.

Before spending that kind of money, committing the Congress to the production of new aircraft, I would need to be sure that this was the most effective aircraft defense we could buy for the future.

That is certainly not the case today. Costs of the B–1 program have already nearly tripled at the same time that the plane's capabilities have been seriously downgraded to save additional costs.

The GAO March study of the B–1 indicates that the B–1 may never be capable of performing its proposed mission. According to the GAO, certain criteria crucial to the effectiveness of the plane have been altered and weakened. Data indicate that the B–1 has suffered performance slippage of 27 percent in supersonic penetration speed, 11 percent in gross weight, 15 percent in takeoff distance.

Discouraging as these facts are, there are worse. According to the GAO, the Air Force agreed in 1974 that the B–1 program should meet a number of conditions prior to a production commitment, including certain flight tests, test missions, tests to validate the design structural limits of the aircraft. None of these has been completed. We know now that the development, testing, and evaluation program for the B–1 bomber will not be completed before early 1977.

Does it make sense then to rush into production ahead of schedule, with an expensive program before we know what we are getting, whether it can perform? I think not. Businesses that operated that way would not survive for long.

All the Addabbo amendment asks is that we wait. That seems reasonable to me.

I am also reminded of the situation in 1962 when the congressionally approved B–70 bomber was rejected by a newly elected President. We are in the midst of an election year. One major candidate has already indicated his opposition to the B–1. I am convinced that whoever occupies the White House in 1977 should have the opportunity to take a fresh look at the B–1, without the pressures of an election year to distract and distort the picture and with the benefit of a completed review of the B–1.

What do we lose from waiting? Nothing. The Defense Department indicates that they expect to keep up the B–52's currently in use.

What do we gain from waiting? Perhaps billions of dollars. We need to make sure that the Air Force completes the tests both they and the GAO think are necessary. That alone will be invaluable to eliminating errors.

Second, there is an alternative to the B–1 that should be given careful consideration before we begin actually buying planes. The standoff bomber carrying cruise missiles promises to be less expensive, possibly more effective, and more technologically advanced than the present B–1. The Brookings Institute and the Department of Defense agree that our present fleet of B–52's will be structurally sound well into the 1990's. B–52's equipped with cruise missiles having the maximum range SALT permits offer an alternative which could save the American taxpayer in the range of $10 to $15 billion—or another kind of plane could be used for the same purpose.

There are strong defense pluses to use of cruise missiles. These nuclear-tipped missiles offer the advantage of being nearly impossible to detect by radar and thus not easy to destroy. They are so inexpensive that large numbers could be launched, and we could thereby saturate enemy defenses—with a minimum manpower loss—because carrier planes could stand off at a sufficient range to avoid penetrating enemy airspace.

Mr. Chairman, I am not saying that we must make the decision to turn to the cruise missile instead of the B–1 bomber. I do believe that while testing remains unfinished we should carefully consider such alternatives, and we should not rush to action because we think our country vulnerable unless B–1's are immediately under construction. That is not the case.

At the present cost projection of the B–1—and undoubtedly this will go higher—if we fail to pass this amendment we are then rushing to start producing the most expensive weapons program in this country's history before basic testing and evaluation are completed.

Since we are talking about our aircraft defense system for the future beyond this century, we cannot afford to make a mistake. This program, the B–1 bomber, will undoubtedly drain money from other defense programs. If it merits that high a priority, it should receive it. But if we make a procurement decision here before we have accumulated adequate data on performance, we might possibly be making an irresponsible decision costly to the American people in terms of dollars and their national defense. I urge that the Addabbo amendment be adopted.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(On request by Mr. EDGAR, and by unanimous consent, Mr. ROUSH was allowed to proceed for 1 additional minute.)

Mr. EDGAR. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Chairman, I rise in support of the amendment, and I ask unanimous consent to revise and extend my remarks.

Mr. Chairman, the amendment we are considering today is not the same amendment we considered last year. It is not an attempt to sound the death knell for the B–1. What it is is a well-constructed, fair compromise between two factions of my colleagues who are very concerned that making the decision to build this airplane in November is not in our best interests. One group of us, and I include myself in that category, is strongly opposed to the entire program of the B–1 and we support a closer look at more economical options which would not limit the strength of our defense posture. Another group of us see this authorization for procurement as a virtual green light for a positive production decision. This group is concerned that the plane has not been adequately tested, and that if a new administration took over next January, its policies would be handcuffed by this production decision planned on the eve of a national election.

Mr. Chairman, if there was evidence to suggest that a delay of 5 years, or even 10 years in implementing the B–1 program would in any way compromise our ability to deter an attack or respond to one. I would have to oppose this amendment. It takes 42 months before a B–1 rolls off the assembly line and can be made operational. But as our MIRV's are deployed, our ultrasophisticated Trident submarines come on line, and the remainder of our strategic force is modernized. I can sympathize with the view of many of my colleagues that the manned, penetrating bomber is becoming obsolete. At the most, it adds only marginal value to our strategic deterrent of a first strike. And it will force a reaction from the Soviet Union to build countermeasures to it, creating another spiral in the arms race.

Historically, procurement of technologically advanced weapons of death have not added to our security. They act only as an impetus for our potential adversaries to develop counterweapons to neutralize ours, and produce their own doomsday weapons, which we spend billions of dollars in research and development to neutralize. It is clear to me that our security will only be enhanced by devising procedures at the negotiating table which will assure to all parties that the other side is negotiating in good faith. Such procedures need aggressive and creative leadership and some measure of trust.

Mr. Chairman, could we imagine the savings we could realize and the decrease in the instability in the world if we invested this $948,000,000 in exploring strategies for minimizing the arms race instead of fueling it? We are entering a new phase of the history of our civilization when both superpowers will soon have the capability to destroy the other with limited damage to itself. The failure of negotiations in the last decade failed to prevent the deployment of MIRV's. The present talks may fail to prevent the testing of new ultimate weapons which are impossible to monitor such as the MIRV and long-range cruise missiles. If these talks are unsuccessful, the result will be another irrevocable notch in the arms race, and the building of weapons which increase the precariousness which characterize our relationship with our foreign competitors.

Mr. Chairman, there have been arguments advanced today which suggest that dismantling the B–1 pipeline, delaying advanced procurement for the 240 planes, and the fourth prototype, would increase the cost of the program. I agree with this evaluation. However, because of our present economic difficulties, we are running a high budget deficit. If options are available which will accomplish the B–1's mission at a lower cost, or if production of the B–1 can be delayed until we can afford to pay for it, this should be actively pursued. Both could be done without damaging our deterrent capabilities. And both could be done without impairing our ability to react massively or selectively should the need arise.

Our present force of B–52's is more than adequate to fulfill the mission it was created for. These planes can remain operational into the 1990's with modifications, according to the Defense Department. In fact, DOD plans to keep part of the B–52 strategic force as a complement of the B–1 should the plane be built. Our fleet of B–52G/H's are undergoing $350 million worth of modernization to their electronic countermeasures systems. These planes could be modified to carry air-launched cruise missiles.

Mr. Chairman, the final decision to produce these planes is expected to be made in November if the procurement funds are authorized. Approval of these moneys will severely prejudice the decision in favor of construction. Already, over $2 billion has been spent developing the B–1, and it appears that regardless of its ability to meet its specifications, or complete its testing cycle, the momentum will be in favor of construction unless this amendment is approved.

The embarrassment this Congress has had over its role in producing a C–5A which performed half of its anticipated capabilities at twice the price should not be repeated. I strongly endorse the Air Force's "fly before you buy" policy. However, these procurement funds will be a virtual green light for production of the B–1 despite the fact that the planned testing of these aircraft is behind schedule. The planes were supposed to be tested at least 345 hours of flight time in a variety of modes. So far, I understand that the first plane has logged only 134 hours, the second only 4 hours in the air, and the third has not left the ground. I do not see the possibility that the B–1 will complete the testing necessary to comply with the standards of the Air Force for purchasing it when, and if, the decision is made in November.

Mr. Chairman, I mentioned earlier that I included myself in the group that was opposed to building the B–1 at any time. I would have supported an amendment which would have indefinitely deferred procurement funding.

During the past several weeks, I have had discussions with high level staff of, both the Defense Department and the Air Force concerning the need for this plane. Much of the justification I have heard relates directly to perserving the integrity of the Triad of strategic bombers ICBM's and SLBM's which we have heard so much about during today's debate. The deification of this Triad concept has contributed to much of the nearsightedness which comes out of the Pentagon supported by its multimillion-dollar public relations arm.

I do not feel that we should blindly accept this Triad concept. It advances three redundant systems when two redundant systems may be all that is necessary. The other two systems are invincible now and technologically advanced modification are being added now.

Certainly, the increased emphasis on this one part of the Triad, the strategic bomber force, will make necessary delays in the improvement of our tactical forces. In the next few years, the budget allocated for the strategic bomber will double, if the B–1 is built. Such sacrifices may have far-reaching and unfortunate consequences to our ability to respond to emergencies other than full-scale nuclear war.

Mr. Chairman, there is little doubt in my mind that the B–1, if it meets its specifications, will improve our ability to penetrate enemy defenses with strategic weapons under many scenarios. It is flexible, resistant to nuclear attack, can utilize relatively short runways, and can deliver its armaments faster than our existing strategic force. But in considering its purchase, there is a need to compare its procurement cost, its operations and maintenance cost, and the need for a tanker fleet, with the alternatives available which can accomplish the same mission. We must consider its ability to escape detection and confuse defenses, its ability to survive a nuclear blast, and its payload. We must take into account the number of planes needed to accomplish its mission.

There have been a number of analyses I have seen which question the validity of the arguments advanced by the Air Force in support of this plane. The most often quoted is the study done by Quanbeck and Wood of the Brookings' Institution which I have reviewed. I know many of my colleagues have also studied it. After reading this study, I can see the advantages of a B–52 fleet, equipped with accurate cruise missiles. It would not have to penetrate a sophisticated air defense system at relatively crawling speeds as would be the case with the B–1. It would not have as large an infrared signature as the B–1, although its radar shadow would be larger. It could fire short range attack missiles 100 miles from enemy targets which would rocket at 2.5 times the speed of sound with a nuclear warhead each 10 times the yield of the Hiroshima bomb.

The air-launched cruise missile—ALCM—currently being developed by the Air Force, would extend the capability of the B–52 as a credible deterrent. It would have a range of 1,500 miles, with a projected accuracy of allowing half of the missiles fired to strike within 600 feet the air target. If B–52's were modified to launch them, they could be fired from outside the boundaries of Soviet Union, and still reach its major population centers. The missiles would fly as low as 100 feet and have a very low radar cross section. The Department of Defense has testified that it would cost the Soviet Union billions of dollars to mount a defense against them, in addition to the billions of dollars it would cost to develop such a system. This would place a severe handicap on the resources of the Soviet Union to mount a defense against our existing ICBM and SLBM force.

The projected cost of the B–1 has increased each year, Mr. Chairman. Currently, latest estimates are $84 million per copy. Modifications to the B–52 to launch cruise missiles and modernize the plane with changes in its wings, engines, and other parts, would cost no more than $50 million, and possibly significantly less. I believe that the capability of the air-launched cruise missile makes the B–1 bomber obsolete. In fact, the Brookings study documents the reluctance of the Air Force to totally develop the full strategic potential of the cruise missile for fear that it would endanger the B–1 program. The SCAD program, a forerunner of the ALCM program, was canceled by the Air Force in 1973, according to the Senate Arms Services Committee (S. Rept. 93–385, p. 28) because the application of its use as a strategic weapon was promising. It would "jeopardize the B–1 program, because it would not be necessary to have a bomber penetration if a standoff missile was available as a cheaper and more viable alternative," according to the report.

It is my understanding that the Air Force plans to deploy the air-launched cruise missile in the 1980's for use both by the B–1, if it is built, and for the B–52. This is further evidence that the marriage of the B–52 and the ALCM is an effective one.

Mr. Chairman, if the B–52–ALCM team will work, I see no need to invest billions of dollars unnecessarily, particularly during a time of recession and high unemployment. When I return to my district, I want to explain to my constituents that I supported the most cost-effective strategic program, not the least cost-effective public works project in our history.

Mr. RONCALIO. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Wyoming.

Mr. RONCALIO. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the logic of my colleague, the gentleman from Indiana's argument. I rise in support of the B–1 bomber and of the delay on this decision, as incorporated in the provisions in this amendment. For these reasons, I shall again vote to support this position.

Mr. ROUSH. I thank the gentleman for his comments.

Mr. SCHEUER. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from New York.

Mr. SCHEUER. I thank the gentleman for yielding.

I support the amendment; I support the gentleman's eloquent statement.

Mr. CARR. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Michigan.

Mr. CARR. I thank the gentleman for yielding.

Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Indiana.

Mr. NOLAN. Mr. Chairman, will the gentleman yield?

Mr. ROUSH. I yield to the gentleman from Minnesota.

Mr. NOLAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment. In my judgment, the construction of the B–1 bomber is far too costly a program for us to continue to fund without further evidence of its effectiveness. A study published earlier this year by the Minnesota clergy and laity concerned, calculated that it is costing every family of 4 in Minnesota over $1,600 a year to finance the B–1. The residents of my State alone have already paid over $35 million for the B–1, and if production is continued, they will pay more than $1.5 billion.

The study also estimates that Minnesota will be losing more than 56,000 jobs if the project continues. Minnesotans will pay $917 million in taxes to fund the program. If the money were left in the State, it would generate over 27,000 jobs in mass transit, 46,000 jobs in housing construction, or 58,000 in health, welfare, and sanitation.

The Minnesota clergy and laity concerned did a careful analysis of the cost in lost services for each of the congressional districts in Minnesota. I would like to use my own district for illustration since I believe it is representative of the enormous cost of the B–1 for all American taxpayers. The money saved by the Sixth District of Minnesota over 30 years by not producing the B–1 fleet could be used for all of the following:

First, $2 million to improve health services in an area which suffers from a chronic shortage of doctors;

Second, sufficient funds to double the present transit system of St. Cloud, Marshall, and Pipestone with five additional buses equipped for the elderly and handicapped;

Third, funds for the establishment of legal assistance centers in three counties;

Fourth, an extra $180,000 for the Onamia Indian School; and

Fifth, seven new nutritional centers to service a portion of the district's 58,000 senior citizens. Additional funds could also be provided for home health care for the elderly, and 125 persons could be added to the senior companion program.

Not just one, but all of these services could be provided for less than what the Sixth District will pay for the B–1 bomber. But it is not just Minnesota which will be adversely effected. The B–1 will take its toll in human services in every State in the Nation. Knowing the penalty we will pay for continued construction, I believe we must take the time to carefully assess whether there are sufficient benefits to outweigh these costs. I, therefore, urge my colleagues to support the amendment.

Mr. KEMP. Mr. Chairman, I rise in opposition to the Addabbo amendment. The testing issue is a false issue. The B–1 bomber is the most tested aircraft in the history of the U.S. military. It has demonstrated that it can meet or exceed all of the original mission requirements.

The review issue is a false issue. The B–1 bomber program has been reviewed by three presidents, seven Secretaries of Defense, and five past Congresses. There is no conceivable way in which the aircraft at this late date can significantly benefit from further review.

The next president of the United States will be free to make whatever recommendation he would like to Congress regarding the B–1 bomber program. He patently does not need the authority of this amendment to state his case next January.

The real issue today is production. The B–1 bomber is ready for production. The bill before us today provides funds for initial production of the plane, and I submit that the merits of production are what we ought to be talking about and voting upon at this time. The withholding of production moneys now will only result in a type of cost escalation that all of us deplore. It will postpone the day of responsible decisionmaking with respect to the modernization of our strategic bomber force.

Our defense posture in the nuclear age has been based upon deterrence. No would-be aggressor can attack us on a surprise first strike without incurring an unacceptable amount of retaliatory damage. Our deterrence is based upon the Triad: land-based missiles, sea-launched missiles, and the bombers. The complementary characteristics of the three systems comprising the Triad assure that a preemptive strike against one system will not leave the United States devastated or subject to nuclear blackmail.

Additionally, the three systems mix to accommodate a technological or other temporary lag in any one system and assure that such a lag will be offset by the strengths of the remaining two systems.

I only dwell upon the Triad because it is the basis of our defense posture in this nuclear era and because to date no president, no Secretary of Defense, and no Congress has ever declared this concept invalid. Any discussions of dismantling the B–1 bomber program, which is what we are really discussing today, should be made in the knowledge that such a move effectively dismantles one-third of our defense Triad, something I am sure we all agree should not be done lightly.

The B–1 bomber was designed as the follow-on and the replacement for the B–52. By the time the first B–1's would be available, the latest B–52's would be 20 years old. The B–52's have been modified; however, their ability to adapt to change and modification is not infinite. The basis of the B–52 is 1950 technology.

Although several alternatives suggested to the B–1 have centered around upgrading the B–52, these alternatives would provide short-term, expensive improvements. They cannot provide long-term sufficiency. It is interesting to note that the importance of a viable strategic bomber has been acknowledged by even the foremost critics of the B–1 bomber program. The opening remarks of the Brookings Institution study on the B–1 bomber read in part:

> Uniquely, strategic bombers and strategic bombardment continue to play a major role in the contemporary American military posture.

The manned bomber capabilities of the B–1 will maintain our current Triad deterrence posture and maintain the current key element of flexibility of response.

The B–1 is much more cost-effective than critics admit. Eighty-eight percent or more of the cost hikes involved in the B–1 bomber program to date have been the result of inflation, a phenomenon over which the Department of Defense has no control.

There is no evidence to suggest that the cruise missile/747 platform offers a cost effective, viable alternative to the B–1 bomber program. The issues currently being discussed in conjunction with this so-called alternate have been around for a long time and were discarded a long time ago.

Both the House Armed Services Committee and the House Appropriations Committee have determined B–1 production to be in the national interest. The full House has already defeated an attempt to kill the program or to slow it down or to stretch it out.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. SEIBERLING, and by unanimous consent, Mr. KEMP was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I will yield but only after making one final point: This amendment represents unilateral curtailment of a key U.S. defense capability at a time when major asymmetries in favor of the Soviet Union are emerging in the U.S.-Soviet military balance.

Now I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I am astonished at the statements of the gentleman that this has been the most tested airplane. I am sure he is not talking about flight testing which will not be completed until November at the earliest.

I might point out that 26 flight tests were aborted or were unable to meet primary objectives. Defects have included engine failures, under-wing defects, hydraulic system failures, and so forth.

Mr. KEMP. I would say to my friend this is indeed the most tested airplane in the U.S. military and civilian history. It has been tested for thousands of hours.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Iowa.

Mr. SYMMS. I might point out this airplane has been flown for 2,000 hours at Mach 1 in tests.

The CHAIRMAN. The time of the gentleman from New York has expired.

(On request of Mr. Sikes, and by unanimous consent, Mr. Kemp was allowed to proceed for 3 additional minutes.)

Mr. WHITE. Mr. Chairman, if the gentleman will yield, as a matter of fact, if we do not have the B-1 bomber, by 1990 we will have no bombers because the B-58 and the B-52, and the FB-111 are not adequate and cannot do the job. If this amendment passes and we continue with this kind of attitude, we might as well forget any kind of Triad.

Mr. KEMP. My friend makes a good point. It is not that we are talking about a defense capability in the seventies, but we are talking about the 1980's and on into the 1990's.

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Florida.

Mr. SIKES. I commend my distinguished friend for his very effective statement and I associate myself with his comments. He is exactly right in saying that the President can make any decision he sees fit to make without instructions from Congress. Certainly we should not tie his hands.

The B-52, which has been a great weapon, is becoming obsolescent. It is getting out of date. It is questionable that effective additional modernization against modern defenses will long be possible. We must have a replacement or we will not have an effective Triad.

We know perfectly well qualitatively and quantitatively the Russians are moving ahead. They are moving ahead effectively. If we slow down the production of the B-1 we are going to destroy the only effective new airborne weapon we have now under development. The B-1 is essential to maintain an effective U.S. strategic capability.

We realize that the foundation of deterrent capability rests upon a Triad of forces:

The U.S. bomber force carries a significant fraction of U.S. warheads and megatonnage.

Manned bombers possess unique characteristics:

Only bombers can be launched on warning and recalled or redirected in flight.

Bombers are capable of greater delivery accuracies with more diverse weapon loads than are missiles.

Human intelligence provides discriminate weapons delivery based on real time damage assessment.

Bombers can perform a variety of collateral missions due to range and payload capabilities.

This tells us why we need bombers—modern bombers.

Mr. KEMP. I appreciate the comments of my friend.

Mr. GOLDWATER. There has been a very thoughtful persuasive argument and we should look very hard at this argument made by the gentleman from Ohio concerning these tests. Any new aircraft that is tested, whether military or civilian, has problems. It is a new airplane. The important thing we must remember about the B-1 is that its basic concept is sound. Sure, there has been a hydraulic leak here and an engine problem there. But they have been fixed, and the airplane is basically on schedule and basically sound, it is an aerodynamically sound aircraft.

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield, the actual speed it has been expected to fly at has been reduced from an expected Mach 2 to Mach 1.6. That is one of the results of the tests.

Mr. KEMP. Those results reflect a reduction in funds by the Congress.

Mr. SEIBERLING. There has been a 30-percent decrease in the range. The range has been decreased. It is not even the same plane before the testing is even completed.

Mr. KEMP. I would suggest to the gentleman that is not the fault of the plane but of the Congress.

Mr. YATES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I yield to the gentleman from New York (Mr. Downey).

Mr. DOWNEY of New York. Mr. Chairman, I promise not to take the full 5 minutes.

We have heard a great deal of discussion this afternoon about whether or not we would have a Triad if we did not have the B-1, we will.

There are alternatives to the B-1. Many "Dear Colleague" letters have been circulated that lament the age of the old B-52 that is capable of flying into the 1990's. There was discussion about the air-launch cruise missile as alternatives to the B-1 bomber.

We do need a bomber wing for the Triad. We do not need the B-1 as a bomber wing of that Triad. The air-launch cruise missile if placed in the 747, which could hold as many as 50 ALCM's, could be used to be fired into Soviet territory to saturate its target.

By the way, it has 100th the radar cross section of the B-1. It flies a little slower than the B-1, but it accomplishes essentially the same mission.

The point to remember here is that we have time. There is no reason to produce the B-1 bomber. The cruise missile is available.

We have already done extensive testing of the ALCM and the SCAD, which was a forerunner to the ALCM. There has been a tremendous amount of research done and there is absolutely no reason to rush into the B-1 when the alternative air-launch cruise missile has been extensively developed and is available.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, our Secretary of Defense said just this spring that the B-52 G's and H's would be good into the 1990 time frame, so this talk about the aging B-52 fleet is just talk.

Further, the Secretary of the Air Force, Mr. Reed, said they expect over 300 B-52's remaining in the active inventory to the end of the century. So let us quit talking about the aging fleet. We have a good strategic bomber fleet and will continue to have one for years—long enough to explore less expensive and more effective alternatives to the B-1.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Georgia.

Mr. LEVITAS. Mr. Chairman, I would like to say that on each occasion that the B-1 bomber has been before this House, I have voted for it, to continue the funding, for a continuation of the testing, for the continuation of research and development.

Indeed, I happen personally to believe that this is an essential part of our essential Triad defense system, but today I intend to vote for the amendment offered by the gentleman from New York (Mr. Addabbo), because I think the commitment in terms of resources of this country is so tremendous that it is imperative for the next President of the United States, elected by the people of the United States, to have the decisionmaking power to determine whether to proceed or not to proceed with the procurement, because as soon as we decide for the procurement, we are locked in.

I happen to believe in this B-1 system; but I think the President of the United States, elected by the people, ought to make that final decision. After all we are only talking about a deferral of 1 month.

Mr. Chairman, I would like to make one other point in this respect. Earlier this week I had occasion to hear the former Secretary of Defense, Mr. Schlesinger, speak to this very issue. In response to a question whether a delay in the procurement decision would critically affect this program, his answer was that it would not, if we provided the funding to continue with the research, testing, and development of this program, that it would not adversely and critically affect the development of this program.

For that reason, I think Dr. Schlesinger, being one of the greatest proponents of the B-1 system, we ought to heed the admonishment of Dr. Schlesinger saying that it will not adversely affect this program.

We cannot be second to any nation in defense. And I will vote for this bill. But we cannot afford to waste taxpayers money for any purpose under any guise. For that reason, although I favor the B-1 system, I see no harm to take the fiscally responsible step of providing a 1-month delay to let the elected President make this final decision next year.

That way we can assure the hard-pressed taxpayers of America that they are getting a dollar's value for a dollar spent.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from New York.

Mr. BINGHAM. Mr. Chairman, I think the points in favor of the amendment have been extremely well made.

I rise in support of the Addabbo amendment which puts off the final decision for production of the B-1 Bomber until February 1977. There are a number of compelling reasons for this approach, and I should like to discuss some of them.

First of all, I think it is a mistake to appropriate funds at a time when the testing program for the B-1 prototypes is barely half completed. For example, one of the most crucial aspects of the bomber is its low level subsonic penetration capability. That is, in fact the major "selling point" for the B-1; if this capability is in doubt, the program makes no sense. At the present time, we have had only 5 hours of flight tests at 500 feet or below, and only 5 more hours are planned before November. Penetration of enemy airspace is likely to occur at an altitude of only 200 feet; up to now there have been only 5 minutes of testing at this altitude, where maximum loads and buffeting occur. Furthermore, there have been problems found with the bomb bay doors and the tail section. For these reasons alone, it would be premature for the President to make a final decision in November. With 2 months of additional testing, the contractor has estimated that there will be between 16 and 20 percent additional flight test hours.

There is a second reason to postpone a decision, and this revolves around the nature of the system itself. The B-1 has become one of the most controversial systems ever devised, and, if finally approved, it will be one of the most expensive. The debate over the B-1 has raged, inside and outside the halls of Congress. The B-1 has become an issue in the election campaign, and it seems to me that President Ford's enthusiasm for the program is part and parcel of election year pressures. I welcome the debate, but I doubt very seriously that a cool and responsible decision can be made, given the current highly politicized atmosphere.

The central issue is this: Do we need 244 B-1 Bombers to be built over the next 7 years at a cost of approximately $21 billion to retain our deterrent bomber capability?

The question is not a simple one to answer. There are plausible arguments and counterarguments on each side. These are replete with many suppositions, variables, unknowns, and projections.

The immediate problem concerns the capability of the B-1. Will it do what the Air Force says it will do? Given the preliminary test results, the jury is still out. Furthermore, the current prototypes are rather different from those which were originally projected. In 1970 the Air Force projected a plane which had extraordinary capabilities. It could fly supersonically or subsonically, and low enough to avoid Soviet radar detection—unlike the B-52's—had rapid takeoff capabilities, lower radar cross section and larger payload. Yet, in an attempt to cut down cost overruns, the Air Force has been forced to scale down all of these capabilities. The weight has increased, the range and payload have decreased, a longer takeoff distance is required, the plane is more dependent upon vulnerable tankers, and it requires increased landing distance. Infrared suppression devices, the self-contained crew capsule and the low light level TV have been eliminated. The Air Force has admitted that range may go as low as 4,330 nautical miles. Electronic control measures—ECM—have also been scaled down to avoid increased cost and weight liability. The B-1, projected as a Rolls Camargue, is now a run-of-the-mill Cadillac—an $84 million Cadillac.

But if I may continue my imagery, is this Cadillac the only car in town? Is it the best and most up to date available? I do not believe so. Arguments have been raised, and they are persuasive, that the B-1 will become obsolescent almost concurrent with its going into full production. Technological advances are proceeding at a very rapid pace, just as the Air Force is scaling down the B-1. What then are the possibilities and the alternatives to the B-1?

First of all, let me say that for present purposes I am not seeking to challenge the proposition that the bomber force, the third element of the strategic "Triad," should be retained. But if one looks at cost effectiveness and the strategic expectations of the system, a strong case can be made for cheaper and equally effective alternatives to the B-1.

There are several of these alternatives. Each system is less costly, and each promises capabilities that in certain vital areas are superior to those of the current B-1 prototype. I should like to touch briefly on two of these.

The first entails the installation of new engines in the B-52. The replacement of the eight existing engines on the B-52 by four modern jet engines would increase the range of the plane significantly, give greater target flexibility, higher penetration speed, larger payload and shorter takeoff distance. The total cost of this changeover would be in the range of $2 billion, a tiny fraction of the cost of the B-1. Let us not make the mistake of assuming that the B-52 is obsolete. Just last April, Secretary of the Air Force Reed said:

> We envision over 300 B-52's remaining in the active inventory for the rest of the century.

The B-1 has not been developed to meet a present threat. It is purported to deal with a hypothetical future danger. The reengined B-52 will give us adequate time to assess that danger, if it arises. Furthermore, rapid advances in Air Force research and development will give us new options to deal with any new threat.

A second alternative would be the creation of a single purpose standoff bomber platform. Either the 747, the DC-10, or the C-5A airplane could be converted into a combined, advanced tanker/cargo aircraft; this at a cost which is two-thirds of the B-1. The standoff bomber would carry 67 more warheads than the B-1, and thus be a much more powerful strategic weapon.

These and other suggested alternatives are not manufactured from whole cloth. All have been discussed, and many important specialists, from within and without the Defense Establishment, have admitted their value. The problem is that the Air Force has decided to poor mouth its own alternative systems in the process, so that the Congress will make a commitment to the highly controversial B-1.

Proponents of the B-1 argue that a 2-month delay in procurement contracts will result in large cost increases. Originally a figure of $1 billion was bandied about. This has now been more than cut in half, and the latest guess of "several hundred million dollars" is based on several unprovable assumptions. The Secretary of the Air Force has admitted that any delay might be made up in later years. Moreover, the estimates of increased costs depend on the accuracy of guesses about inflation rate, learning curves and diseconomies, none of which can be calculated with any degree of certainty.

The essential point, in any case, is this: If the next administration decides, as I believe it will, not to go ahead with the B-1 program, savings of many billions of dollars will have been achieved. Compared to such potential savings, the possible additional cost of a delay in the final decision is slight indeed.

In conclusion, let me express my own conviction that the B-1, if built, will prove to be obsolete within a very few years. The Soviets will be forced to develop an effective defense against a low flying supersonic bomber, and they will, without doubt, do so.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I would say to my friend, the gentleman from Georgia, two things.

No. 1, the fact that we go into the procurement does not preclude the possibility of any future President at any time making a decision predicated upon the facts as he interprets them.

Many of us in this House were fortunate enough last Wednesday to breakfast with Dr. Schlesinger. He talked about the issue. I would agree that he perhaps could have given that impression, but he has told us all that he believes very strongly in this program.

The CHAIRMAN pro tempore. The time of the gentleman from Illinois has expired.

(On request of Mr. LEVITAS and by unanimous consent Mr. YATES was allowed to proceed for 3 additional minutes.)

Mr. KEMP. If the gentleman will yield further, my understanding at that breakfast and my clarification with Dr. Schlesinger after the meeting was that he is very much in favor of this procurement program at this time. I would say to the gentleman that he did agree that this amendment would not kill the program, but he is very much for going into production at this time, and agrees with me that the next President could make a decision at another time.

Therefore, I urge defeat of this amendment.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, if Dr. Schlesinger is of that opinion, then he has changed his mind in the last 3 months, because I talked to him earlier this year and he indicated that he did not think we should go ahead now with production.

Mr. MAHON. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Let me say, Mr. Chairman, that we have been working on the B–1 now for about 6 years. We have provided about $2.7 billion for this program. The airplane has been in flight testing since December 1974. It has been tested, retested, and will, of course, through its lifetime continue to be tested just like the B–52 and other aircraft continue to be tested and improved; there is no doubt about that.

But we have come now to the hour of decision on production. Last year we said that we would provide certain long leadtime funds for the B–1, but, "You are forbidden to go further with production." This is the year we set as the year of decision with respect to going ahead with production of the operational inventory aircraft. So, the B–1 will come into the inventory, in a limited way, in 1981. By that time, the latest model B–52's will be 16 to 20 years of age.

We should understand that a start-and-stop procedure is unimpressive to an opponent, to an adversary? Do we not understand that we lose time and momentum? Do we not understand that we fire and rehire personnel and waste money? We do not need a start-and-stop approach to the B–1. We have worked now for these 6 years with respect to it, and this is the year, in my opinion, when we should make the decision.

So, we do not want the employees of the companies and we do not want the employers of the companies—and there are many of them indeed in this B–1 venture—to go into just a make work kind of proposition in some ways, and lay off large numbers of their personnel during this period of hesitation.

It seems to me that it is up to Congress to make this decision. Someone said that the new President ought to make this decision. We do not know who he may be. We know he will be Commander in Chief. But we also know that the Constitution will still be in force, which says that Congress shall make the determination with regard to providing for and supporting the Armed Forces. That is our duty. If we are wrong, that is too bad. But we have to face our responsibility, and I propose to face it today by voting against this amendment before us.

Let me say this about this matter, if I may: Let us keep the momentum going on the B–1. Let us provide the funds that are in the budget for this program, and then if we have a new administration and the new President can convince the Congress that we ought to suspend the program, we would waste less time and money than we would waste by slowing down the program now and then restarting it.

So, it seems to me that now is the time to face up to this problem and make the decision here in the Congress. This is our decision to make, and on every vote on the B–1 the proponents of the programs have generally prevailed. There are many questions properly involved here, such as the great cost of the program, and so forth, but the defense and security of this country is expensive and is highly important to all our people.

I do not want it said by the American people or by our opponents that the Congress is vacillating and hesitating as to whether or not it proposes to be No. 1 militarily in the world.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Texas (Mr. MAHON). He has hit the nail on the head.

It seems curious to me that this new reform Congress which wanted to take back the power from the White House and restore it to the Congress now wants to give it back to the White House.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 20 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. SYMMS. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 30 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. EVANS of Colorado. Mr. Chairman, reserving the right to object, and I do not like to object, and I do not think I will, but I wish to goodness we would stop making the same argument time after time after time. If Members have something new to contribute, fine. But we have heard these arguments time after time.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas that all debate on this amendment and all amendments thereto close in 30 minutes?

Ms. ABZUG. Mr. Chairman, I object.

The CHAIRMAN pro tempore. Objection is heard.

Mr. EDWARDS of Alabama. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall not take 5 minutes.

I agree with what I think I hear in this Chamber. I think we have debated this subject to death and we have debated it for so long, for so many years, that we know what the other Members are going to say before they get up to say it.

Mr. Chairman, this is a decision of the Congress to make. We can talk all we want to about putting this off until February 1, 1977; but that is very misleading. That does not say, for those who seem not to be reading the amendment clearly, that on February 1, 1977, some new President is going to appear before the Congress and say whether we are going to have a B–1 or not. We are simply putting it off until then. Assuming the present occupant of the White House is to be reelected, we know what we are going to do. We are going to have the B–1. On the assumption he is not, are we suggesting that we are going to sit around here and wait for the new President to tell us whether or not we are going to have a B–1 bomber. There is no way in the world he can come in, in 10 days from January 20 to February 1, and tell us whether we are going to have a B–1. If this is going to be our posture, we are going to sit here for months and months until he gets himself oriented and makes a decision. It is not a decision for him to make. It is up to this Congress to supply our Armed Forces, and we should have guts enough to stand up and face the issue. We have been fiddling around with this issue for years. We have delayed this inevitable day when we have had to stand up and be counted on procurement, and that is today. Let us close this debate off and get this vote over with.

Mr. BRINKLEY. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Georgia.

Mr. BRINKLEY. Mr. Chairman, I will take just 30 seconds, which I think is enough. Much has been made of the fact that this B–52 will last until the 1990's. But that is not the issue, whether or not the B–52 will be operational or flyable in the 1990's. The issue is whether or not that airplane will be comparable or superior to what our adversaries have. Today is the day we are going to make that determination.

Mr. GOLDWATER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from California.

Mr. GOLDWATER. Mr. Chairman, I would only say that the gentleman from Alabama (Mr. EDWARDS) makes an excellent point, as does the chairman of the Committee on Appropriations. The responsibility lies here in the Congress and not in the White House.

We have over this last year and a half taken back that responsibility. We are assuming the responsibility, and I am proud of what we did because it belongs here. Now, with this amendment we are perpetrating a charade, and we would be reversing ourselves.

The responsibility lies here, the decision should be made here, and we should not be putting ourselves in the position of delaying our action on this procurement.

Mr. Chairman, I rise in support of the planned continuation of the B–1 bomber program and in opposition to the amendment to postpone production of this aircraft.

I would first like to note that many of the supporters of this amendment, as was the case in the Senate when it recently considered this same question, have been long-standing opponents of the advanced strategic bomber program and the B–1 in particular. Further, many of these individuals have switched their position on that cruise missile program. They have switched from calling the cruise missile a dangerous escalation of the missile race and a wasteful project to calling it a reasonable, cost-effective, legitimate alternative for the B–1. It would appear that a convoluted situation ethic is working here that does both the House and the B–1 issue a disservice.

What is at stake here is the strength, flexibility, credibility and mission capability of our national defense. Our national defense posture is based on a Triad concept of land-based missiles, Naval missile bases relying on submarines, and manned bombers. The B–52, which is currently the manned bomber component, is rapidly approaching a situation in which its age and technological limitations will render it obsolete as the mainstay of the manned bomber part of the Triad. The B–1 is specifically designed to replace it. As a matter of fact, in 1981 when the B–1 is deployed the B–52 will be 30 years old. The antiaircraft capability of our potential opponents is rapidly overtaking the B–52. Thus, age, physical and technological limitations, and the capabilities of our opponents—all of which have been known and understood for some time—brought on the development of the B–1. These problems have not suddenly gone away. Our potential enemies have not abandoned their commitment to surpass the U.S. militarily. They have not recanted their determination to achieve first-strike capability. They have not abandoned their resolve to make the United States a second class military and world power. The situation that brought about the development of the B–1 is still present. Thus, the clear need for going ahead with the program remains.

Contrary to all the rumors and allegations that technical problems with the B–1 cannot be legitimately and satisfactorily solved, the B–1 testing program is proceeding well. The aircraft has passed all of its tests. Further, the problems that arose over the bomb-bay doors and in the tail section were solved—without impairment of the quality or capability of the plane. As a matter of fact, many components of the plane have been tested for as much as two to four lifetimes of the expected life of the craft. It is the purpose of such testing to identify problems so that they can be corrected. To my knowledge what problems that have arisen have been corrected. The project is going as it should and every report I have seen firmly indicates the B–1 will be ready for development on time.

I readily admit that the cost of the B–1 program is high. But, the alternatives, such as substantially modifying the B–52, relying on the yet unproven cruise missile concept, or allowing the United States to become a second rate power are clearly less desirable. Modifying the B–52 is not cost-effective and cannot overcome the aging problem. The cruise missile is far from proven as a concept and is not the strategic equivalent of the manned bomber. We have no idea what its status will be by 1981, the year we will need a new, more sophisticated manned bomber capability. And, the cost of letting our Nation become a second rate military power is far greater than the price of the B–1 program.

I believe the B–1 program is needed. It is militarily sound. A postponement only jeopardizes our Nation's security. I urge my colleagues to defeat this amendment.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, in considering whether or not the B–1 program should be delayed, canceled, or put into production we must look at the overall strategic picture and especially at the trends. The B–1, even if put into production this year, will not enter active service in SAC until 1980. What will be the level of the Soviet threat by then, considering their aggressive R. & D. effort and their strategic weapon programs?

Most defense analysts agree that if the present trends continue the 1980–84 period will be one of maximum strategic instability. It would appear that if the Soviet Union continues to make substantial qualitative improvements in their strategic weaponry that along about 1982–84 the Soviets would emerge from a nuclear exchange with the United States, one in which they shot first at our military forces, with a very substantial strategic advantage—an advantage that would give them a nuclear war fighting/war winning capability when their civil defense program is taken into account.

Should the United States not proceed immediately with production of the B–1 this time period could very well be devastating for us in foreign relations, giving the Soviets unquestioned coercive capability both militarily and economically. This is the main problem we face in making this decision. There simply is not enough time to start all over on designing and developing a different airplane than the B–1. We are getting too close to the period of "strategic crunch" in 1980–84; in any case we would not be able to come up with anything for less money that would have the required capabilities to meet the Soviet threat.

In further consideration of the proposal for stand-off cruise missiles launched from a 747 type airplane as an alternative to the B–1 system, strategic policy must be taken into account. Even if the pure cruise missile system would be as sound as its proponents claim it would be—which it would not—there is the problem of limited payload. The cruise missile envisioned for this role simply cannot carry a very large warhead. It would be limited to 100 kilotons in all likelihood. The advocates of this 747/cruise missile system as an alternative to the B–1 openly state that their analysis is based on the assumption of a "minimum deterrence" concept. That is, they would rely only on the ability to do moderate damage to civilian population targets as the deterrent concept.

They are apparently ignoring any need for hard-target counterforce capability or the need to adopt a counterforce deterrent policy. The "minimum deterrence" policy, as advocated by the authors of the Brookings Institution study which recommends the stand-off cruise missile as an alternative to the B–1, would clearly allow the Soviets to achieve a coercive war fighting/war winning capability. If we are to structure our strategic posture so as to deny the Soviets this advantage then we must have the B–1 due to its greater capabilities, high megatonnage payload—and hard-target kill capability.

MOTION OFFERED BY MR. MAHON

Mr. MAHON. Mr. Chairman, I move that all debate on this amendment and all amendments thereto conclude in 8 minutes.

The motion was agreed to.

The CHAIRMAN pro tempore. Members standing at the time the motion was agreed to will be recognized for 20 seconds each.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Montana (Mr. BAUCUS).

Mr. BAUCUS. Mr. Chairman, I rise today to briefly explain my strong opposition to an immediate procurement decision on the B–1 bomber. My general policy framework for this decision is simple: We must have a strong national defense and this can be accomplished with less waste. In the context of this B–1 procurement decision, a strong national defense with less waste translates into putting our money into tomorrow's research and development efforts rather than into production of what may be yesterday's military hardware.

Our military budget this year will be far in excess of $100 billion. Contrary to the views of some, most of this money has been well justified by our defense planners and is necessary to maintain a strong national defense. But the budget has some obvious soft spots and the B–1 bomber advanced procurement is one of these. At a time when the Department of Defense has a huge unobligated—not just unspent—balance in its account, they are asking us to rush into a production decision that will commit an amount equal to this year's entire defense budget to one airplane over the life of that plane.

The amendment offered today will delay this production decision by only 2 or 3 months. The cost of this delay will be minimal and the savings potentially astronomical. I support this amendment for three reasons I am sure of and three more that I am fairly sure of. I am sure that the B–1 is extremely expensive; I am sure that it is not yet thoroughly tested; and I am sure that there is no major harm done by a short delay in a production decision while additional tests are carried out. And, I strongly suspect that the B–1 may be unnecessary, may be obsolete by the time it is in full service, and may be damaging to the environment. The B–1 production decision should be delayed if the plane proves to be just one of these things: unproved, unneeded, too expensive, obsolete, or environmentally damaging.

While reams of paper have been written on each of these points, I would like to mention the facts on each that I find most persuasive.

First, the B–1 is extremely expensive. Six years ago it was supposed to cost under $10 billion to buy the production run of B–1's. Now, the same number of planes is estimated to cost well over $20 billion.

Inflation accounts for less than half of this price rise. And, the total life cycle cost of these planes will probably run well over $100 billion.

Second, the plane is as yet unproved. The B–1 has not completed enough testing of defense avionics, low altitude penetration, maximum speed capability, load and fatigue testing, weapons delivery, and many other systems. Further, even though many performance standards have been reduced over the last few years, the B–1 has failed many performance tests of its avionics, mechanical parts, and structure. A short delay would allow the accumulation of enough additional test data to make a better decision.

Third, the B–1 may be unneeded. It would be limited to strategic warfare because throwing close to $100 million worth of airplane time after time against sophisticated antiaircraft batteries is out of the question. And, for strategic warfare, a combination of B–52 bombers and air-launched cruise missiles—as the air-launched part of our Triad defense which includes inter-continental ballistic missiles and submarine-launched ballistic missiles—can carry us to the year 2000. As a strategic attack plane, the B–1 has few major advantages over the existing B–52. Its supersonic capacity cannot be used while attacking and will not reduce flight time substantially under the B–52's time. In other areas, such as prelaunch survivability and penetration ability, it is only slightly more useful than the B–52. And, in payload and call-back capability, it has no advantages. Needless to say, B–52's are far cheaper.

But B–52's are not the only inexpensive alternative to the B–1. Developments in air-launched cruise missiles have proceeded at such a pace, that launching new generations of cruise missiles from modified 747 passenger planes may prove far superior, not only in costs, but in attack capabilities. Cruise missiles are inexpensive, small, and highly accurate. In addition, 747's and B–52's have the ability to "stand off" from the attack territory and avoid antiaircraft devices while delivering cruise missiles accurately. Further, we can put together a 747 cruise missile system sooner than we can get a B–1 operational.

Fourth, B–1's may be obsolete halfway into their projected life cycle. So many of the B–1's originally impressive performance characteristics have been reduced that it is not clear whether it will be a strong first-line attack bomber even 10 years from now. Its weight has been increased over 10 percent; its take-off distance increased 15 percent; and its fuel consumption and range reduced similarly. In addition, its supersonic capability has been cut by 50 percent, its missile-carrying capacity reduced by 25 precent, and its sophisticated avionics reduced significantly.

Fifth, while the evidence is unclear, it is possible that the B–1 could be extremely damaging to the environment by depleting ozone in the stratosphere. While this is not a major consideration, due to the fact that the B–1 will not spend very much of its flight time high enough to do any damage, it is one more factor weighing into the balance of my decision.

Finally, there is no need to rush into a procurement decision that could commit us to $100 billion in one vote when a delay of only a few months in the procurement decision, and only two or three months in the actual program procedures, is proposed. A short delay in procurement will have no effect upon development and testing. But even if it had some small effect, there should be no rush to produce the B–1 immediately because our B–52 force is certainly viable for at least the next few years. Postponing this production decision until after the election will allow the country to make a decision based on total defense requirements, rather than on the basis of symbolic value of one very costly plane in an election year. By rushing ahead now, we may be compromising our ability to marshall our financial and other resources behind a military hardware program that we know is necessary and that we know will work, rather than one that is plagued with the difficulties and uncertainties of the B–1 in its present state of development.

The CHAIRMAN pro tempore. The Chairman recognizes the gentleman from Florida (Mr. Chappell).

Mr. CHAPPELL. Mr. Chairman, I rise in opposition to the amendment, and I wish to associate myself with the remarks of the chairman of the committee, the gentleman from Texas (Mr. Mahon), and the gentleman from Alabama (Mr. Edwards).

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Illinois (Mr. Price).

Mr. PRICE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am very concerned and distressed over recent allegations offered against the B–1 manned strategic bomber. During our debate on the defense appropriations bill within the next few days, I am sure that many of these allegations will be used as a basis for either the deletion or deferral of procurement funds for this vitally needed aircraft.

My purpose in rising is to convey to you the facts relative to the B–1 issues and trust that you will reach a decision on this program accordingly. The entire strategic posture of this Nation, as many of you know, is built around a triad that consists of an ICBM force, a submarine force, and the manned strategic bomber. The importance of a strategic bomber is acknowledged by most critics of the B–1 program. On the very first page of the highly publicized Brookings Institution study, the author states:

> Uniquely, strategic bombers and strategic bombardment continue to play a major role in the contemporary American military posture.

If we as a nation hope to deter war, it is imperative that we have the tools to discourage any adversary from launching a preemptive first strike against us. The B–1 is one of these tools. I hope that in reaching your decision on the B–1 you will consider the following facts:

WHICH BOMBER

The critics of the B–1 allege that the B–2 or a force of F–111's will provide a less costly alternative to the B–1.

THE FACTS

The B–52 will be 25 years old in the very early 1980 time frame.

The B–52 does not have the low-level penetration capability that the B–1 bomber will provide. During its low-level design test, attempts to fly the B–52 at half the speed that the B–1 has already flown at 200 feet resulted in the structural deformity of one B–52 and the disintegration of a second B–52, resulting in the death of the entire crew.

An upgraded B–52 would cost approximately $45 million per aircraft and still not provide the capability of a B–1.

A stretched version of the F–111 would cost about one-third as much as a B–1; however, to provide equal force capability the 20-year life cycle cost of an F–111 force would cost $8 billion more than the force of 244 B–1 aircraft.

B–1 COST

The B–1 is not a $90 billion program as the critics allege. For example, they attribute the cost of an entirely new tanker force to the B–1. The fact is, the B–1 does not require a new tanker force. Numerous refuelings with the KC–135 have already been accomplished. A new tanker force will be required regardless of whether or not the B–1 is procured. The total cost of the B–1 program including research, development, procurement of 244 aircraft and 10 years of escalation is $21.6 billion. The cost of the B–1 procurement in today's dollars is $11 billion.

TEST AND EVALUATION FACTS

The B–1 has been in design and test for over 6 years.

No aircraft, military or civilian, has had more extensive preproduction and test planning.

Structural tests have been accomplished successfully on over 6,200 structural elements; 8 major subsystems have been tested to loads 150 percent greater than those expected in actual flight.

Wind tunnel testing on the B–1 spans over 5 years for a total of over 22,000 hours.

There are over 10,000 hours of successful engine operation to date.

CURRENT TEST AND EVALUATION STATUS

Over 180 hours of actual flight tests have already been accomplished. More importantly, however, is the extensive ground test that has been accomplished and verified through these 180 hours of flight.

Speeds in excess of Mach 2 have been achieved.

Low level flight at Mach .8 at 200 feet altitude has been achieved with extremely high ride quality and no structural deformity or damage.

The B–1 to date has flown in every mode that is required in its operational lifetime.

CONCLUSIONS

While the B–1 has experienced some technical problems in its development phase, these problems have been amplified by the critics of the program and taken out of context. For example, a skin crack was detected in the tail section of the prototype B–1 aircraft. What the critics do not address, however, is the fact that the crack was due to a flaw in the metal and even with that crack, the aircraft could have flown an entire successful lifetime.

The fact is the B–1 is flying—has had a highly successful test and evaluation phase—and will meet the entire mission requirement that the Air Force defined for it in 1970 and reaffirmed in 1976.

The strategic scenario that has faced every President since President Eisenhower will exist for the next President. The only change is that the targeting list is far greater now than it was in 1950. The need for the B–1 bomber has been demonstrated by the Department of Defense bomber study and confirmed by the General Accounting Office.

Deferral of the program by even a mere few months will only add several hundred million dollars to its cost. There is not just one contractor involved in the development of the B–1 bomber, but several thousand. Contracts, development plans, and other factors are developed on almost a daily basis. The ripple effect of even a 2- or 3-month delay translates into added costs.

In summary, I urge you to consider the facts that I have presented and trust that you will distinguish them from the emotional allegations that may be used as a basis for amendments intended to delete or defer funds for this important and essential weapon system. The decisionmaking process is better served by the agreement or disagreement with the facts than it is by the belief of ill founded allegations.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I just want to make one point, and it is a point that has not been made so far.

With the B–52, improved as it has been—and it can be further improved—we have a weapons system that the Soviets do not have. So I believe we are responding here to a nonexistant threat so far as the Soviets are concerned, because they do not have a long-range penetrating bomber fleet.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from California (Mr. DELLUMS).

Mr. DELLUMS. Mr. Chairman, I rise in support of the amendment to delay the decision on production of the B–1 aircraft, and I offer for your consideration the following detailed arguments:

1. Production of the B–1 aircraft should not begin until the Air Force completes the testing program that was agreed upon. According to GAO, the Air Force in August, 1974, agreed that the B–1 program should meet the following conditions prior to a production commitment: 250 to 300 flight test hours; 75 hours of offensive avionics flight tests; completion of a few realistic test missions; flight tests to validate the design structural limits of the aircraft; essential completion of the engine qualification test program; completion of static testing and fatigue testing of major components. The Air Force has so far failed to meet every one of these conditions, although the Administration and the Air Force have already announced their firm decision to produce the B–1.

Congressional appropriation of production funds today, therefore, would in effect constitute an immediate commitment to build the B–1. Such an action would deprive the B–1 production decision of the benefits of 8 months of test results collected between now and February 1st. As of May 31, 1976 there have only been 180 hours, 41 minutes of B–1 flight testing. A delay from November 30, the present date for B–1 contract awards, to February 1, will permit some 30 percent additional flight test hours (according to information provided Senator Culver by the Air Force). Should further testing be required after February, the President would be under no obligation to commence production until satisfactory results were obtained.

2. According to GAO and information provided by the Air Force to Senator Culver, the following tests will not be completed until after the official production decision in November:

A. Defensive Avionics, which detect and jam enemy radar and "is essential for B–1 survival in hostile atmospheres." (GAO p. 43).

B. Low Altitude penetration, an essential capability for flying under Soviet radar. Only five minutes of testing have occurred at planned penetration altitude of 200 feet. Routine flight at 200 feet will not begin until after November.

C. Maximum speed capability, will only be tested several minutes by November.

D. Static Testing, designed to measure ability of the aircraft and its components to withstand operation loads. The wing carry-through structure and the aft fuselage have not been completely tested; no testing of the assembled airframe under the maximum weight criteria is planned although there is clearly "a risk involved in deleting the test." (GAO p. 36).

E. The wing carry-through structure and fuselage will receive only half the fatigue testing specified "to insure safe usage to one lifetime." (GAO p. 37). Fatigue testing of the assembled aircraft won't begin until after November.

F. "The B–1 will not be tested for all weather capability (and) weapons delivery . . . before the scheduled production decision. In addition, testing before the production decision will not fully assess the (1) capability of the automatic terrain following radar and (2) capability of the aircraft to withstand electromagnetic pulses created by radiation from a nuclear explosion." (GAO p. 30).

3. Accomplishment of test objectives, and not merely the accumulation of flight test hours, provide the data necessary to assess the capability of the B–1 to perform its mission. (GAO p. 23–24). To make a decision before these objectives have been met would be premature. The following test objectives have not been met:

A. Buffeting and vibration exceed expected levels and could "affect the ability of the B–1 to carry out a typical mission." (GAO p. 29).

B. Numerous failures in offensive and defensive avionics which may affect their ability to fulfill their functions. (GAO pp. 44–49).

C. Engine fuel consumption, weight and bird injestion will not meet original contract specifications. (GAO p. 40).

D. Failure Engine Quick Start Capability, essential for escape before enemy attack, fails to operate as quickly as predicted. "(T)he engine starting time must be kept to a minimum. Neither cost involved nor a schedule has been established to solve the problem." (GAO pp. 27–28).

E. Bomb bay doors failed to open. Design modification required.

F. Serious cracks have appeared in a wing slat (GAO p. 37) and in the tail section. (Washington Post, May 6, 1976).

4. Performance standards for the B–1 have been compromised as a result of its testing program, and many more can be expected in the future. Given the fact that better, cheaper, and more effective options to the B–1 may be readily available in the near future, it would be unwise not to wait to make sure that the B–1 is fully capable of performing its presently proposed mission.

Study by the staff of the General Accounting Office B–1 Aircraft Program Department of the Air Force (PSAD 76–101), March 5, 1976.

The following functions have already been degraded:

A. Gross take-off weight increased by 11%. (GAO p. 15).

B. Take-off distance increased 15% from 6500 ft. to 7500 ft. (GAO p. 15).

C. Fuel consumption increased as result of weight increase. (GAO p. 40).

D. Range/Payload decreased from 10,000 to 6100 miles with probable 11 to 29 percent future decrease and 100,000 to 50,000 lbs., respectively. Range reduction detracts from target coverage ability, evasive maneuvering capability, loiter time, and supersonic capability (Cong. Record, p. 11122, Apr. 26, 1976, Remarks of Senator William Proxmire).

E. Increased dependency on tankers. (Ibid.)

F. Supersonic capability cut by 50% from 2.2 mach to 1.6 mach. (GAO p. 15).

G. SRAM missile capacity reduced from 32 to 24 (GAO p. 15).

H. Crew escape capsule, Infrared suppression devices and low light level television have been eliminated. (Proxmire, Op. Cit., Cong. Rec., p. 11122, Apr. 26, 1976).

I. Reduced Avionics. (GAO p. 16).

5. Production of the B–1 fleet should not begin until the Air Force submits an Environmental Impact Statement (EIS) for the program, as required by law (National Environmental Policy Act of 1969). While the B–1 could wreak havoc on the environment, to date the Air Force has not assessed its impact on the environment and that assessment will not be made available before Congress votes. According to the most recent information, the B–1 has the following environmental effects—stratospheric flight of the B–1 could create a dangerous threat to the delicate layer of ozone which filters out 99% of the sun's deadly rays—the B–1 would consume more than enough fuel each year to keep all mass transit systems in America going with a lot left over—at take-off the B–1 is twice as loud as FAA standards permit—the B–1 would generate a more powerful sonic boom than the SST.

6. There is absolutely no urgency in producing the B–1 now. As Secretary of the Air Force Reed stated on April 15, 1976, "We envision over 300 B–52's remaining in the active inventory for the rest of the century." And as the Brookings Institution Study, Modernizing the Strategic Bomber Force concluded, "there is only a remote possibility that any potential enemy action could threaten the military effectiveness of the B–52 force before that time (well into the 1990's)." Certainly a delay of merely a few months in B–1 procurement could have no effect on the military preparedness of the United States during any time frame.

7. A B–1 decision made in the heat of a Presidential Election year could tie the hands of Presidents for the next eight years. Given the American experience with the nonexistent bomber and missile "gaps," it should be apparent that it would be in the interest of both the military and the American taxpayer to wait until a reasoned strategic, and not political, decision concerning our future bomber force can be made.

This year's B–1 bomber appropriation is

designed primarily to set up the production line to build 244 bombers over the next eight years. Only a small fraction of these planes will come off the assembly line before the 1980's. Thus an immediate production decision by Congress would force the President into a dilemma of committing the full $21 billion for a fleet of planes that he might not want, or of taking a multi-billion dollar loss on a program which will have yielded no strategic benefits by the end of fiscal year 1977.

8. Delaying the B–1 decision until February 1977 could save the U.S. billions of dollars. In the event that Congress should proceed with B–1 appropriations this year, the President would have no choice but to spend the one billion dollars in fiscal '77 production funds unless he could convince Congress to rescind the appropriation. And he would be under increased pressure in FY '78 to extend the life of the then fully operational assembly line. Thus a reasonable delay for completion of testing this year could save us $21.6 billion over the next eight years.

Unnecessary starting and stopping of a production run can add excessive costs to a program—but the B–1 production program has not yet begun. As Senator Gary Hart pointed out, "It is also alleged that even a short delay will mean that the contractor will lose its skilled personnel. In respect to that point, the GAO tells us that the factory workers on this project are already at a low level due to the program delays and that new contractor personnel could not be introduced fast enough to meet the existing schedule. Therefore, this amendment (to delay production until February) will not force the breaking up of the team at the factory." (Cong. Record, 5/20/76, p. 14831, Remarks of Senator Gary Hart).

Finally, guided by past experience, the present cost of the B–1 program can be expected to increase, or the capabilities of the aircraft will be further degraded, as the problems that crop up during the test program force modifications in the plans for the production aircraft. And if the testing program has been circumvented by the production decision, it is entirely possible that we could produce 240 defective B–1's. It is certainly unsound business practice to gamble on potentially unlimited cost increases and performance degradations before all data from the testing program becomes available.

(By unanimous consent, Mr. Maguire, Mr. Scheuer, and Ms. Holtzman yielded their time to Mr. Addabbo.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Tennessee (Mr. Allen).

Mr. ALLEN. Mr. Chairman, 20 seconds does not give one very much time.

I just want to give the Members a quotation by McGeorge Bundy summarizing the views of James Schlesinger, who said that it seems especially unwise to make a procurement decision at this time, with tests incomplete and costs not clear, in the heat of an election campaign.

Mr. Chairman, I say that as one who voted for this when it was up before.

The CHAIRMAN. The Chair recognizes the gentleman from Georgia (Mr. Brinkley).

Mr. BRINKLEY. Mr. Chairman, I rise in opposition to the amendment. There is a time for debate, and there is a time for decision. And the time for weeping will not be in the 1990's. It will be tonight.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. Yates).

Mr. YATES. Mr. Chairman, I rise in support of the amendment, and yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. Robinson).

Mr. ROBINSON. Mr. Chairman, an inert short range attack missile—SRAM—was released from a B–1 bomber for the first time yesterday to test how it separates from the aircraft. It was a weighed SRAM shell of about 2,300 pounds containing no engine or electronics.

The successful SRAM drop was the first of several tests conducted during the 7-hour and 43-minute flight of B–1 prototype No. 1, and the first of several flight tests the B–1 will perform with the SRAM during the next few months. It was dropped at 9:15 a.m., Pacific daylight time, over the Edwards Air Force Base bomb range as the bomber flew at an altitude of 10,000 feet and a speed of 0.6 mach or 450 miles per hour. The B–1 is designed to carry 24 of these strategic, air to surface missiles internally.

The first 3 B–1 prototypes have successfully completed 40 missions for a total of 195 hours and 46 minutes of flight testing. Six hours and twenty-three minutes of that time have been at supersonic speeds.

I include the following:

[News Release, United States Air Force]

SRAM Drop Successful in B–1 Flight Testing

Edwards Air Force Base, Calif.—The Air Force's B–1 bomber released an inert Short Range Attack Missile (SRAM) today for the first time in a test to determine how it separates from the aircraft.

The SRAM (AGM–69) built by Boeing Aerospace Co. was dropped by the first prototype B–1 at 9:15 a.m. PDT over the bomb range here while the bomber flew at an altitude of 10,000 feet and speed of .6 Mach or 450 m.p.h.

The missile dropped today was a weighted SRAM shell of approximately 2,300 pounds. It contained no engine or electronics, and its guidance fins were locked in a fixed position.

During the next few months, the B–1 will perform several captive flight tests with SRAM, the strategic air-to-ground missile of the B–1 bomber. The B–1 is designed to carry 24 SRAMs internally.

Measuring 14 feet long and 18 inches in diameter, a SRAM weighs approximately 2,230 pounds. Inertially guided, the missile is powered by a two-pulse, solid propellant rocket motor. SCRAM can be fired on command and provides flexibility in missiles speeds and trajectories. When armed, it carries a nuclear warhead and provides a capability to attack heavily defended targets.

The SRAM drop today was the first of several tests conducted during the 7 hour, 43 minute flight. Other tests included checks of B–1 acceleration capabilities, cruise and penetration performance, flying qualities and propulsion subsystems. Most of these tests were performed over the Pacific Ocean.

Crew members for today's flight were: Charles Bock of RI; Lt Col J. S. Smith, USAF; and Michael DeMarino, RI.

The first three B–1 prototypes have successfully completed 40 missions for a total of 195 hours and 46 minutes of flight testing. Six hours and 23 minutes of that time have been at supersonic speeds.

The top speed achieved during today's B–1 flight was .85 Mach or 665 m.p.h.; top altitude was 25,000 feet.

Air Force Systems Command's Aeronautical System Division at Wright-Patterson AFB, Ohio, is responsible for overall B–1 system development and procurement. Major General Abner B. Martin is the B–1 program director.

[News Release, Office of Assistant Secretary of Defense (Public Affairs)]

Maiden Flight of Third Prototype B–1

Secretary of the Air Force Thomas C. Reed said today that last night's maiden flight of the third B–1 "further assures that all test objectives will be met or exceeded by November when we expect to award production contracts."

"In the 39 test flights already flown by the B–1 prototypes, the aircraft has demonstrated clearly its capability to fly its primary mission. It has had more pre-production testing than any military aircraft yet produced, and our store of test data will continue to grow as the three prototypes continue to fly. By November, by any measure of merit, it will be time to proceed with production of this essential modernization of our defensive forces."

Announcement of first flight of third B–1 is attached.

[News Release, United States Air Force]

Third B–1 Completes First Flight

Palmdale, Calif.—The Air Force's third prototype B–1 bomber successfully completed its maiden flight today. The aircraft took off from Air Force Plant 42 here at 3:37 p.m. PDT, and landed at nearby Edwards AFB after a flight of 2 hours and 9 minutes.

The third of four B–1 prototypes being built for the Air Force by Rockwell International's B–1 Division, the aircraft rolled out here on May 11. Since that time, it has undergone fuel and propulsion system checkouts, aircraft subsystem tests, low and high speed taxi tests and a complete review of the plane's readiness to fly.

This aircraft successfully completed eight months of structural proof loads testing at Lockheed Aircraft Corporation's Palmdale facility in June 1975. Designed to demonstrate the aircraft's structural integrity, the tests subjected the airframe to static loading over a wide range of simulated flight and ground conditions representative of the loads the B–1 is expected to experience during its operational life. The B–1 is the first large, swing-wing aircraft to complete such a complex ground test program this early in its development.

Primary flight test objective for the third B–1 is the acquisition of structural airloads survey data to verify predicted B–1 design loads. Testing will also evaluate the aircraft's stability and control, performance, propulsion, air induction control system, flight controls, landing gear and subsystems. Test missions will be flown at both subsonic and supersonic speeds.

Today's flight involved a general shakedown of the aircraft and its subsystems at 10,000 feet, a functional check of the automatic flight control system, and the gathering of initial structural airloads data. Highest altitude reached during the flight was 10,000 feet; top speed was .45 Mach, approximately 335 m.p.h.

Crew members for the flight were Rockwell's Doug Benefield, pilot; Air Force Lt Col Ed McDowell, copilot; and Jack Baldwin, Rockwell flight test engineer. It was Baldwin's first flight in the B–1.

The first three B–1 protoypes have successfully completed 39 missions for a total of 188 hours and 03 minutes of flight testing. Six hours and 23 minutes of that time has been at supersonic speeds. Test accomplishments to date include a top speed of 2.1 Mach (approximately 1,350 m.p.h.), top altitude of 50,000 feet, demonstration of the plane's low altitude penetration capability, operation of offensive avionics equipment and proven compatability with the Strategic Air Command's KC–135 aerial tanker.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Chairman, I rise in opposition to this amendment.

The B-1 bomber is needed now. It is militarily sound. A postponement of this program only jeopardizes our national security, hurts our national defense, and undermines the ability to secure a safe future.

(By unanimous consent, Mr. MYERS of Indiana yielded his time to Mr. GOLDWATER).

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. EVANS).

Mr. EVANS of Colorado. Mr. Chairman, I rise in support of the amendment and yield back the balance of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Chairman, the B-52 is an old bomber. It cannot fly much longer to meet our requirements. The FB-111 has not the range.

Mr. Chairman, the B-1 bomber is our only hope. Therefore, I ask the Members of the House to defeat the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, I rise in support of the amendment.

(By unanimous consent, Mr. SEIBERLING yielded his time to Mr. ALLEN).

The CHAIRMAN. The Chair recognizes the gentleman from Tennessee (Mr. ALLEN).

Mr. ALLEN. Mr. Chairman, I would call attention of the House to a statement reported in the Los Angeles Herald-Examiner that Jimmy Carter has served notice that he will not spend the money appropriated for the B-1 bomber, even if this Congress appropriates it.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY of New York. Mr. Chairman, one of the arguments we have heard in support of the B-1 bomber is that the Soviet Union is building a backfire bomber.

That makes absolutely no difference to us. Both are offensive weapons systems.

That is not a valid argument for us to build a B-1 bomber. The B-1 will not contest the backfire and the backfire will not bother the B-1.

Mr. Chairman, in several months the Department of Defense will tell us they do not need the money for more Minuteman III's but that the money should be used for something else. I urge the committee to reject this charade and vote for the Addabbo amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. GOLDWATER).

Mr. GOLDWATER. Mr. Chairman, I want to again rise in opposition to this amendment.

We cannot pass the buck to the White House. We bite the bullet here and make the decision here, and I urge my colleagues to vote "No" on the Addabbo amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. ADDABBO).

Mr. ADDABBO. Mr. Chairman, the B-1 bomber, if procured would be the most expensive single weapons program that the United States has ever bought. The Defense Department puts the B-1 program at $21.4 billion. That is $87.7 million each for 244 airplanes. This, as Senator PROXMIRE suggests, is the cost equivalent per plane of the entire Rayburn—House of Representatives—Office Building. Moreover, the projected life-cycle costs of the 244 B-1s would run roughly $90 billion, a figure that is two-thirds the dollar costs of the Vietnam War to the United States.

One would hope that for this amount of money that we would be very careful to see that the B-1 bomber at least was very thoroughly tested before commiting a dime to its procurement. An ultra-strict policy of "fly before you buy" ought to be implemented prior to a decision to procure the B-1. For this reason the Addabbo amendment to postpone the procurement decision on the B-1 until February 1, 1977 makes good sense.

Too often in the past we have been burned by weapons systems that were bought before they had been thoroughly tested. As a recent analysis issued by the Center for Defense Information makes clear previous failures to adopt a "fly before you buy policy" have cost the taxpayers millions and millions of dollars because a decision to build was hurried before full testing was complete. This is the unfortunate story on such costly weapons systems as the:

C-5 cargo airplanes;
Minuteman missile program;
F-111 fighter plane;
Mark II avionics system;
Cheyenne helicopter; and
MBT-70 battle tank.

The full list is much longer. I would hope that my colleagues would read the list of past blunders articulated by the Center for Defense Information report on those systems where we "rushed to judgment."

The CHAIRMAN. The Chair recognizes the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Chairman, I rise in opposition to the amendment and yield back the balance of my time.

Ms. HOLTZMAN. Mr. Chairman, I rise in strong support of the amendment offered by my distinguished colleague from New York (Mr. ADDABBO) which would defer funding for production of the B-1 bomber from November 30, 1976 to March 1, 1977.

A commitment to production of the B-1 bomber means an expenditure of $1 billion in the next fiscal year growing to $21.4 billion over the next 8 years. Arming the bombers, operating them, and adding tankers bring the total program cost to an estimated $95.2 billion.

Mr. ADDABBO's proposal to delay this expensive decision for 4 months is certainly a moderate one. I would favor a complete halt to the B-1 bomber program. At the least, however, the Congress should adopt the Addabbo amendment and hold this serious question for consideration after the Presidential election. Furthermore, 4 months of additional testing will provide further test data for the hard core B-1 believers.

Our fleet of B-52 bombers are continually improved and will be structurally sound into the 1990's. Studies of the B-1 show that already its design is outdated and impractical. Its costly supersonic capability is of little value since it must fly at subsonic speed over the Soviet Union to avoid detection and its fuel capacity does not allow sustained supersonic flight without multiple refuelings.

The B-1 is an antique extravaganza. Rather than an idea whose time has come, the B-1's time has long since gone.

Mr. DRINAN. Mr. Chairman, I rise in support of the amendment. It would be unconscionable for the Congress to commit the American taxpayers to the production of the B-1—at a cost which could approach $100 billion—at a time when testing is incomplete, the need for such an aircraft is dubious, there is absolutely no urgency involved, and a national election is approaching. The amendment by the gentleman from New York is carefully designed to meet the specific problems at hand; rather than canceling this program outright, it simply requires further testing and a certification by the next President that the B-1 is indeed in the national interest.

There are grave doubts as to whether the B-1, the most expensive weapons system in history, meets any legitimate national defense needs. To date, the abbreviated and incomplete testing of the aircraft has confirmed, rather than removed, these doubts.

It is well known that manned bombers are the least cost-effective means of delivering strategic nuclear weapons. It is also well established that there is absolutely no urgency in producing the B-1 now; the existing bomber force, composed of B-52's and FB-111's, will remain effective into the 1990's. Secretary of the Air Force Reed stated on April 15, 1976, that—

> We envision over 300 B-52's remaining in the active inventory for the rest of the century.

According to a Brookings Institution study:

> There is only a remote possibility that any potential enemy action could threaten the military effectiveness of the B-52 force before that time (well into the 1990's.)

As McGeorge Bundy, former National Security Adviser to the President and a staunch opponent of the B-1, has noted:

> The B-52 has proved to be one of our most durable and improvable aircraft. It is not any present need, but an intense desire to get the matter settled their way that is moving the military and industrial advocates of the B-1.

Mr. Bundy is hardly alone among defense experts in his opposition to the B-1. Clark Clifford, Maxwell Taylor, Paul Warnke, Roswell Kilpatrick, William Foster, George Kistiakowsky, Herbert York, and Gen. Douglas Kinnard have all expressed their opposition to production of the B-1. The Washington Post has noted:

Only one of the last seven Secretaries of Defense—the incumbent, Donald Rumsfeld, whose judgment on this issue is suspect—has favored procurement (of a new strategic bomber).

According to the March 5, 1976, GAO report and estimates provided by the Air Force, many crucial tests of the B–1's performance capabilities will not be completed until early next year. Appropriation of production funds now would deprive the critical B–1 procurement decision of the benefits of these test results. Mr. George Bundy observed:

> The B–1 has not completed its tests and to ask Congress to make its procurement decision before these tests are complete is to violate the separation between research and development and purchase on which recent Secretaries of Defense have rightly insisted.

The costs of the astronomically expensive B–1 program have already nearly tripled, while tests conducted to date have required serious downgrading of the aircraft's capabilities. Supersonic speed over enemy territory, once touted as the B–1's most important feature, has been eliminated; takeoff distance, range, and payload have been seriously reduced. According to the March GAO report, the tests have revealed so many deficiencies that the B–1 may never be capable of performing its mission as originally proposed.

There is absolutely no need for Congress to rush into this crucial decision. Our B–52 bomber force remains effective; the Soviet Union does not possess nor is it developing a credible manned strategic bomber force; and the United States is at the present time capable of launching 40 devastating nuclear warheads at every city in the U.S.S.R. with a population of more than 100,000 persons. In the light of the serious questions as to the need for this program, the discouraging and incomplete test results, and the highly charged atmosphere of an ongoing Presidential campaign, both fiscal responsibility and sound defense policy require that Congress defer the critical decision to begin production of the B–1.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Addabbo).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ADDABBO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 186, noes 207, present 1, not voting 37, as follows:

[Roll No. 400]

AYES—186

Abzug
Adams
Addabbo
Allen
Ambro
Anderson, Ill.
Andrews, N.C.
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Brademas
Brodhead
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Delaney
Dellums
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
du Pont
Duncan, Oreg.
Early
Eckhardt
Edgar
Eilberg
Emery
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fithian
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fraser
Frenzel
Gaydos
Gibbons
Grassley
Green
Gude
Hall
Hamilton
Hanley
Harkin
Harrington
Harris
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Holtzman
Horton
Howard
Hughes
Hungate
Jacobs
Jeffords
Johnson, Colo.
Jordan
Kastenmeier
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Levitas
Litton
Long, Md.
Lundine
McClory
McCloskey
McHugh
McKinney
Madden
Maguire
Mazzoli
Meeds
Melcher
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mosher
Moss
Mottl
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
O'Neill
Oberstar
Obey
Ottinger
Pattison, N.Y.
Paul
Perkins
Pike
Pressler
Pritchard
Rangel
Rees
Reuss
Richmond
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Smith, Iowa
Solarz
Spellman
Stanton, James V.
Stark
Stokes
Sullivan
Symington
Thompson
Thornton
Traxler
Tsongas
Udall
Vander Veen
Vigorito
Weaver
Whalen
Wolff
Yates
Yatron
Zeferetti

NOES—207

Abdnor
Alexander
Anderson, Calif.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Boggs
Bowen
Breaux
Breckinridge
Brinkley
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Dent
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
English
Erlenborn
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Fisher
Flood
Flowers
Flynt
Fountain
Frey
Fuqua
Giaimo
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Guyer
Hagedorn
Haley
Hammerschmidt
Hannaford
Hansen
Harsha
Hébert
Hefner
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Hubbard
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
Lagomarsino
Landrum
Latta
Lent
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
Madigan
Mahon
Mann
Martin
Mathis
Michel
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Nichols
O'Brien
Passman
Patten, N.J.
Patterson, Calif.
Pepper
Pettis
Pickle
Poage
Preyer
Price
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Rinaldo
Risenhoover
Robinson
Rose
Rousselot
Ruppe
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Sisk
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steiger, Wis.
Stephens
Stratton
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Treen
Van Deerlin
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Winn
Wright
Wylie
Young, Fla.
Young, Tex.
Zablocki

PRESENT—1

Clay

NOT VOTING—37

Bell
Brooks
Chisholm
Daniels, N.J.
Edwards, Calif.
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Howe
Karth
Matsunaga
Metcalfe
Milford
Mills
Mink
Moorhead, Pa.
O'Hara
Peyser
Riegle
Roberts
Rostenkowski
Runnels
Steelman
Steiger, Ariz.
Stuckey
Studds
Talcott
Ullman
Vanik
Waxman
Wilson, Bob
Wilson, Tex.
Wirth
Wydler
Young, Alaska
Young, Ga.

The Clerk announced the following pairs:

On this vote:

Mr. Clay for, with Mr. Hawkins against.

Mr. Dominick V. Daniels for, with Mr. Roberts against.

Mr. Edwards of California for, with Mr. Runnels against.

Mr. O'Hara for, with Mr. Steiger of Arizona against.

Mr. Helstoski for, with Mr. Young of Alaska against.

Mr. Young of Georgia for, with Mr. Stuckey against.

Mr. CLAY. Mr. Chairman, I have a live pair with the gentleman from California (Mr. Hawkins). If he were present, he would have voted "no." I voted "aye."

I withdraw my vote and vote "present."

Mr. MEED changed his vote from "no" to "aye."

Mr. CARTER changed his vote from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. ALLEN. Mr. Chairman, I voted to postpone the letting of any contracts for the production and procurement of the B–1 bombers until February 1, 1977, for the following reasons:

First. According to GAO, the Air Force in August 1974, agreed that the B–1 program should meet certain specified tests and conditions prior to a production commitment.

Second. According to GAO, and information provided by the Air Force to Senator Culver, these tests will not be completed until November or December of this year. Thus no contracts could be let for the production and procurement of these B–1 bombers until December or January, at earliest.

Third. Therefore, the proposed amendment of the gentleman from New York could not delay the actual granting of such procurement contracts by more than approximately 1 month, at most. In the meantime, money is provided in this bill to continue with requirements and tests of this aircraft, so that we can make a more intelligent decision, based on actual performance tests, to assure us that the decision we make is a wise one.

Fourth. McGeorge Bundy, in an article written for the Washington Post, quotes former Secretary of Defense in support of his position that—

> It seems especially unwise to make a procurement decision of this kind, with tests incomplete and costs unclear, in the heat of an election campaign.

Fifth. Furthermore, the Los Angeles Herald Examiner of April 30, 1976, page 6, reported that—

> All of the major Democratic presidential contenders have opposed the B-1 bomber and frontrunner, former Georgia Gov. Jimmy Carter has served notice that he will not spend money for the aircraft if Congress does appropriate it.

Sixth. Thus if contracts are let in December or January, and if the Honorable Jimmy Carter should be elected President, he would be faced with the alternative of going ahead with the program against his own best judgment or of seeking to cancel the contracts at great penalties and costs to the American taxpayers.

For these reasons, I reluctantly voted for the amendment to postpone the final decision on going ahead with this program until the performance tests have been completed and thoroughly evaluated, and until the President, who will take his oath of office on January 20, 1977, has had time to indicate to the Congress his considered judgment and decision as to whether or not we should proceed with the construction and procurement of these aircrafts, which are estimated will cost the taxpayers more than $21 billion.

This was an especially difficult decision for me, because I voted for the B-1 bomber's inclusion in the authorization bill, when it was before the House several weeks ago. However, in view of these further facts and developments, which have been brought to my attention, I felt that to vote otherwise today would have been irresponsible.

I reserve my ultimate decision until all the facts are in, and the tests completed, at which time I can better evaluate the aircraft and such other factors I may consider relevant, and vote accordingly.

AMENDMENT OFFERED BY MR. EDWARDS OF ALABAMA

Mr. EDWARDS of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. EDWARDS of Alabama: On page 22, line 5, strike "$6,351,000,000;" and insert in lieu thereof "$6,231,300,000;".

Mr. EDWARDS of Alabama. Mr. Chairman, what I am about to say and do is very important, although it is not the kind of thing that will require a record vote, but it is necessary to be done.

Mr. Chairman, I have offered an amendment to strike out $120 million for 24 A-7D aircraft. I will subsequently, when recognized, offer three other amendments having to do with R.D.T. & E. research and development, because of the failure of authorization at the levels provided in the bill which we bring to the House today.

Mr. Chairman, the reason these amendments are being offered is that the Committee on Armed Services objected to our coming to the floor with a bill that had funds in it that exceeded the higher amounts of either the House or the Senate Armed Services bills in certain areas.

Our intention, as we stated in our committee report, was to let the Senate take out what needed to be taken out, because by the time they get to these items and to our bill the authorization, no doubt, would have been completed. Then we could have also worked all this out in conference; but because the Committee on Armed Services was concerned about this and because we are not interested in creating conflict with our committee friends on the Committee on Armed Services, we advised the Committee on Rules and the Committee on Armed Services that we would offer these amendments. That is the purpose of this first amendment.

Mr. Chairman, I must say on the A-7D that taking this action is not something the members of this subcommittee would like to do. These are for the Air National Guard. That was our intention. We feel very strongly that they are needed.

Yet, we have no choice but to offer the amendment. I might say here, Mr. Chairman, that I have had quite a discussion with the gentleman from Texas (Mr. TEAGUE) about this. He is greatly concerned about it. He feels that this money ought to stay in, as I do and as other members of our subcommittee do, but there is no authorization for the $120 million and so we are going to have to have this amendment agreed to.

I will tell the Members now that I will be offering three additional amendments, two on page 24 and one on page 25, having to do with research and development. I will make very limited comment on those, so that the Members will know what we have offered. We really have no choice, and I would urge the Members to help us keep faith with the Rules Committee and the Armed Services Committee and vote for this amendment.

Mr. EDWARDS of Alabama. Mr. Chairman, my amendments would delete a total of $316,554,000 from the bill. These are funds which are above the amounts which are included in the Defense Authorization bill of either the House or the Senate for these individual appropriations.

These amendments are offered on behalf of the Committee on Appropriations and after expressions of concern by senior members of the Committee on Armed Services.

In order to meet the schedule deadlines imposed by the Budget Control Act, the Appropriations Committee has had to greatly expedite the consideration of the various appropriation bills. Heretofore, the Appropriations Committee has generally waited until authorizing legislation was enacted into law or until a conference agreement was reached before proceeding with consideration of appropriation bills on the floor. This year, in order to meet the schedule imposed by the Budget Control Act and to insure that appropriations are enacted prior to the beginning of the new fiscal year, the Appropriations Committee was required to report bills whether or not authorizing legislation had been completed.

The Appropriations Committee began subcommittee markup of the Defense Appropriation bill on May 5. The House Armed Services Committee had reported the bill authorizing procurement and research, development, test and evaluation appropriations on March 26, but the Senate Armed Services Committee did not report their bill until May 14 after we had marked up.

We did not know then and still do not know today how much money will eventually be authorized in some of these categories. We had the guidance of the House authorization bill but the administration and the Defense Department vigorously opposed some of the main actions taken in that bill. Various subcommittees of the Senate Armed Services Committee had made important changes. We were faced with the problem of either waiting until the authorizing action could be completed or of trying to guess what might be authorized and proceeding with the appropration bill.

In the report on the bill now before the House, we stated that there would be items in the House version of the appropriation bill for which authorization would ultimately not be received. We stated that the Senate Appropriations Committee would act later and could delete those items and we would agree to those items in the joint conference. This seemed like the only way we could proceed without disrupting the program of the House drastically. We had hoped that this would be generally acceptable. After the bill had been reported, we found out it was not acceptable to at least some members of the House Armed Services Committee. They came to us and said, and said quite correctly, there are some funds in the House Appropriations bill which exceed the amounts for those appropriation accounts in either the House or Senate Authorization bill.

"We had thought that since we must make a number of changes before the appropriation bill is finally enacted and after authorization is finalized that we would make those adjustments at the time that we make other adjustments. Since this is not acceptable, to some of the members of the Armed Services Committee, and since the Appropriations Committee does not wish a controversy between our committees, we have agreed to offer amendments deleting the objectionable funds. I must say to my colleagues that in the view of the Defense Appropriation Subcommittee, the Armed Services Committee went too far in making reductions for research, development, test and evaluation. My amendment would delete $196,500,000 from the

R.D.T. & E. appropriations of the military services. I would rather have seen this money provided, but since the money is not authorized and it does not appear that it can be authorized, the only course to follow at this time, as I see it, is to delete the money.

The reduction of the $120 million in the appropriation "Aircraft Procurement, Air Force" is for procurement of A-7D attack aircraft. The budget did not propose further procurement of the A-7D. The authorization bill, as passed the House, contained no funds for continuation of production of the A-7D. The bill as reported from the Senate Armed Services Committee provided $120 million for procurement of 24 A-7D aircraft for the Air National Guard for the purpose of accelerating the modernization of the Air National Guard. At the present time the Air Guard has a number of 20-year old F-100 aircraft which are totally obsolete. Since the A-70D is in production, is a proven aircraft and would fit the rules and missions requirements, we thought it would be good to provide these planes at this time and we followed the lead of the Senate Armed Services Committee in this matter. When the authorization bill was on the floor of the Senate, an amendment was offered to strike unbudgeted A-7D funds and this carried by one vote. So, the A-7D is not authorized in either the House or Senate version of the bill. Although I think the procurement of these aircraft is a good idea, and I feel strongly that the Air Guard requires this modernization, in view of the authorization situation, we have, in my view, no choice but to delete the funds from the appropriation bill.

Mr. Chairman, I am not happy about having to offer these amendments, but we must follow the rules. I therefore urge the adoption of the amendments.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I am happy to yield to the chairman.

Mr. MAHON. Mr. Chairman, as the gentleman from Alabama has pointed out the Appropriations Committee does not feel it should undertake to provide funds above authorized amounts. When we worked out the bill, we did not know for sure what programs would be authorized and what programs would not be authorized. So, I hope we can quickly accept the amendments which are being offered here and comply with the procedures of the House with respect to the jurisdiction of committees.

I urge that we vote for this amendment and move rapidly toward the consideration of other amendments.

I would hope we will not have separate rollcall votes on each of these amendments, because we have various views as to the need for these funds. Under the circumstances it is not possible to provide the funds in this bill—not appropriate nor possible under the circumstances. I hope that we can move to a voice vote at this time.

The CHAIRMAN pro tempore. The time of the gentleman from Alabama has expired.

(On request of Mr. SIKES and by unanimous consent Mr. EDWARDS of Alabama was allowed to proceed for 2 additional minutes.)

Mr. SIKES. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I understand the purpose of the gentleman's amendment as part of the agreement that was made with the Armed Services Committee before the Rules Committee. Personally, I think it is a most unfortunate situation. I recognize, as does the gentleman from Alabama, and the gentleman from Texas, that these are needed projects, all of them are important.

I am particularly disturbed about the A-7, which the National Guard needs very badly. This is only a small part of the number the National Guard needs.

May I ask the gentleman, what would be the situation if the House voted against this amendment? Would the Department be precluded from spending the money because there was no authorization?

Mr. EDWARDS of Alabama. I would have to say that the Senate would have to take it out, or we would have to knock it out in conference. There is no choice.

Mr. MAHON. It places us in an intolerable situation because the Appropriations Committee could lose credibility in the eyes of the House and of the Rules Committee.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. Mr. Chairman, the Air Guard is the loser but I understand the situation. I would like to point out to the gentleman in the well that 36 percent of the tactical fighter squadrons in our Nation are in the National Guard, of those, 60 percent of the National Guard squadrons have the old F-100's. The wings in some cases are falling off the old F-100's and endangering the pilots. It is a serious situation we find ourselves in, but I commend the Appropriations Committee for voting the funds and I am sorry for this parliamentary situation.

Mr. FLOOD. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Alabama. I yield to the gentleman from Pennsylvania.

Mr. FLOOD. Mr. Chairman, I agree with the statements made by the gentleman in the well and the chairman of the committee. This does not concern the Guard in Pennsylvania under the circumstances, but we certainly appreciate the position. We must go along with the proposals made by the committee.

Mr. MAHON. Mr. Chairman, in fairness, it should be said further that with respect to the A-7, it was in the Senate authorization bill as reported but has been knocked out on the floor of the Senate.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Alabama (Mr. EDWARDS).

The amendment was agreed to.

The CHAIRMAN pro tempore. The clerk will read.

The clerk read as follows:

MISSILE PROCUREMENT, AIR FORCE

For construction, procurement, and modification of missiles, rockets, and related equipment, including spare parts and accessories therefor, ground handling equipment, and training devices; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land without regard to section 9774 of title 10, United States Code, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to the approval of title as required by section 355, Revised Statutes, as amended; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; $1,853,700,000, to remain available for obligation until September 30, 1979.

AMENDMENT OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. ADDABBO: On page 22, line 21, strike "$1,853,700,000" and insert in lieu thereof "$1,536,700,000".

Mr. ADDABBO. Mr. Chairman, my amendment would delete the $297 million recommended in the bill to produce an additional 60 Minuteman III missiles and to initiate production of the new MK-12A reentry vehicle which will carry a larger nuclear warhead, but would permit the continued production of the guidance systems.

Continued production of the Minuteman III missile and initial production of the MK-12A reentry vehicle were not recommended in the fiscal year 1977 budget. In fact, the President and the Department of Defense had originally recommended closing the Minuteman III line because continued production could not be justified. Funding the initiation of production of the MK-12A reentry vehicle was considered but deleted in the budget review process because the development program could not be accelerated. It was not until the President lost a primary election that a budget amendment was submitted in April 1976, to continue Minuteman III production and begin producing the MK-12A reentry vehicle.

We currently have 550 Minuteman III's and 450 Minuteman II's in silos, and sufficient numbers of additional Minuteman III missiles for contingencies and for operational tests to take us through 1988. In fact, we could deploy additional Minuteman III's now without additional production. But the administration does not even propose deploying additional Minuteman III's in silos when the 60 missiles are produced. These 60 missiles are to be stored for later utilization. They cannot be deployed without causing a technical violation of the Vladivostok limitation of 1,320 MIRV launchers.

The budget amendment justification states that these 60 additional Minuteman III missiles "Provide major advantages and options to the United States, providing flexibility to the United States during the SALT negotiations." This is pure nonsense. We do not impress the Soviet Union by merely buying Minuteman III missiles beyond our operational test requirements and placing them in storage. We are wasting hard earned tax revenues.

Let us recognize continued Minuteman III production and premature MK–12A reentry production for what it is, purely a political move to enhance the election of the President. I urge adoption of my amendment.

Ms. ABZUG. Mr. Chairman, will the gentleman yield?

Mr. ADDABBO. I yield to the gentlewoman from New York (Ms. Abzug).

Ms. ABZUG. Mr. Chairman, I rise in support of this amendment.

I would like to begin by quoting a succinct statement which expresses my position exactly:

> Any additional deployments beyond the current level of 550 (Minuteman III Missiles) would not add significantly to the U.S. military capability * * *

That clear and unequivocal statement was made by none other than President Ford's Secretary of Defense Donald Rumsfield, on January 27, when he testified before Congress.

Why, then, has the administration asked for these funds? The answer is that it has invoked one of the most deceptive doctrines imaginable—the so-called bargaining chip theory—to justify these missiles. But can there be doubt any longer that weapons systems which begin as bargaining chips end up as roadblocks to arms control agreements. That was the case with MIRV warheads and I am convinced it will be the case with the strategic sea-launched cruise missile as well.

How can these missiles be called a bargaining chip when, if produced, they would push U.S. strategic MIRV launcher vehicles over the limit negotiated at Vladivostok. The Vladivostok limits would allow us 1,320 MIRV'ed launchers. But with these extra Minuteman III missiles, if other planned programs remain constant, the United States would either exceed this limit by 16 or else it would have to demobilize other launchers.

This amendment includes the MK–12a warhead as well as the missiles. I hope Members will serious consider that these funds represent the first production request for these warheads. The MK–12a is a heavier and more accurate MIRV'ed warhead with a higher yield than the current Minuteman III warhead. It is in actuality a counterforce reentry vehicle and thus is designed to improve the first-strike capability which we should not be developing. I am totally opposed to this counterforce doctrine.

We have not yet held enough hearings or debated the issue thoroughly to arrive at the decision to begin putting counterforce warheads on our Minuteman III missiles. President Ford did not request this initial production money until after this House had completed action on the defense authorization bill. Since we have not adequately considered this dangerous step over the counterforce threshold, I urge you to support this amendment.

Mr. DOWNEY of New York. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I realize that it is getting late, but I would just like to highlight the remarks of the gentleman from New York (Mr. Addabbo) and the remarks of the Secretary of Defense, Mr. Rumsfeld, with some graphic presentations.

Let me first quote from Secretary of Defense Rumsfeld's posture statement delivered to the Congress before my committee on January 27. I am quoting from Mr. Rumsfeld's statement:

> Any additional deployments beyond the current level of 550 Minuteman III's would not add significantly to the U.S. military capability but would increase the strategic budget by more than $300 million for each further year's production.

Mr. Chairman, there have been substantial arguments in this House as to what constitutes the capability of a missile. Is it its accuracy or is it megatonnage? Is it the number of hard targets that we can kill or the area of destruction?

This is an assessment based on figures that the Pentagon uses of the increased capability that the 50 additional Minutemen will give us. Reading from right to left, the number of launches remains exactly the same. We are replacing 50 Minutemen III's with 50 Minutemen II's.

If missile throwaway is your thing, you will see that the 50 additional Minutemen II's increase our missile throwweight by the preposterously low percentage of four-tenths of 1 percent.

If you are interested in megatonnage—and we are always hearing about the increase the Soviet Union has in deliverable megatonnage, this missile "improvement" actually provides a decrease in missile megatonnage.

If reentry vehicles are your thing and I might add that we have an advantage; the fact is we have 8,500 reentry vehicles to 2,500 reentry vehicles for the Soviet Union. But with this move it is increased by 1.3 percent.

If soft-target capability is what you are interested in, soft-target capability is the ability to destroy cities and other soft targets like factories. The increase is 0.7 of 1 percent. This would increase hard-target capability, the ability to deliver from other missile silos, by 1.5 percent. It is clear that 50 Minuteman II's does not add any capability to our ICBM force.

With that in mind, the question then becomes this: Is this going to become a bargaining chip? How is it going to be a bargaining chip if it does not do anything? The only thing that would have the effect of a bargaining chip to the Soviet Union is something that we could hold over their heads, something we are going to do to them that we cannot do today. It would be something, for instance, that would advance antisubmarine warfare, something which could detect and find submarines, and maybe that would scare them. Anything else, I postulate to the Members, would not only not scare them but would cause them to laugh at us.

The last point—and I think possibly this is the most important—is the whole question of the Vladivostok agreement. Under Vladivostok we have decided along with the Soviet Union to only have 1320 MIRV launches. By the mid-1980's we can see here that with 496 Poseidons, with 264 Tridents, and 550 Minutemen, that leaves room for only 10 more.

What are we proposing here? This is for 50 additional Minutemen. Let me read once more from Secretary Rumsfeld's posture statement:

> Under the provisions of the Vladivostok understanding, additional deployments of Minuteman III's would require offsetting reductions of Poseidon locations in the 1980's.

Mr. Chairman, that means that would have to reduce Trident or the reduction would have to come from Poseidon.

Mr. DELLUMS. Mr. Chairman, will the gentleman yield?

Mr. DOWNEY of New York. I yield to the gentleman from California.

Mr. DELLUMS. Mr. Chairman, let me ask the gentleman this:

Is it true that President Ford requested these additional Minuteman III's 4 days prior to the Texas primaries?

Mr. DOWNEY of New York. The gentleman is correct. The President made this request 4 days prior to the Texas primary after what happened to him in North Carolina.

I think that the gentleman from New York (Mr. Addabbo) has clearly pointed out that by any stretch of the imagination this does not add missile capability, it does not provide a bargaining chip, but it is a $300 million pot of reprogramming money with which the Pentagon would like to fool around.

Mr. Chairman, I suggest to the Committee that the Members vote for the Addabbo amendment and vote against increasing the budget by this amount, because it is clearly not needed.

Mr. KEMP. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition, strong opposition, to the amendment.

Issue has been taken with respect to what type of capability it would give to the United States to continue the production line of our Minuteman III missile.

Mr. Chairman, I would like to address myself to this particular argument because I think it is the source of much of the opposition to the continuation of Minuteman III production.

A great deal turns on the word "significantly" in the posture statement of the Secretary of Defense. He said that it would not add significantly to U.S. military capability. A great deal, as I said, turns on the word "significantly."

Mr. Chairman, I am not certain that I know exactly what he was trying to say, but let me point out what I consider to be the advantages of the Minuteman III over the Minuteman II and let the Congress judge for itself rather than passing the buck to the administration or to the OSO.

The Minuteman II's are not hardened against dust and debris on flyout, while the Minuteman III's are. The Minuteman III's are much more survivable in the event of attack. The reentry vehicle of the Minuteman III is hardened against the electrical discharges that would accompany an attack against our missile silos. Furthermore, Mr. Chairman, Minuteman III is much more accurate than Minuteman II. In fact, it is the most accurate of all of our missiles, including the Poseidon and the Trident. This is increasingly important as the Soviets increase their numerical lead in reentry vehicles.

The Minuteman III can be retargeted in 36 minutes or less. This is particularly important in reaching time sensitive targets such as unfired missiles. Since most of the Minuteman III's are probably aimed at such targets, time is of the essence, and it takes more than 24 hours to retarget the Minuteman II. Tests indicate Minuteman III boosters have a longer life than those of the Minuteman II.

Mr. Chairman, one of the things we want to do is to replace the Minuteman II with the Minuteman III, and this appropriation bill gives us the flexibility that we need in the absence of a SALT II accord.

Mr. Chairman, the issue posed by this amendment can be simply stated: Should the United States dismantle its only ICBM production line at a time when there is no SALT II agreement with the Soviet Union? Should we create a situation in which only the Soviet Union, with its demonstrated capability to add to its land-based missile system will be capable of increasing its strategic posture? I would only say, parenthetically, that at this moment they have four land-based intercontinental missile systems in production, the SS-16, SS-17, SS-18, and SS-19, plus two sea-launched ballistic missile programs going full speed ahead.

Mr. Chairman, is this agreement adequate to safeguard America's nuclear security? Should we close down our only ICBM production line within a week or two of the publication of evidence that the Soviets are again violating the SALT I accords?

Mr. Chairman, to these questions I believe the answer is no and a resounding no.

It is time, I believe, that this Congress go on record as telling the Soviet Union that we are not going to stand by and allow violations to occur of the SALT I agreement, that we are not going to allow them to continue as they have in the give-and-take process; always taking and never giving.

It seems to me, Mr. Chairman, that without a SALT II agreement in sight, we face a period in which there will be no incentive for the Soviets to limit their ICBM production. I think that we are creating an incentive for the Soviets to negotiate in good faith if we take this position of support for Minuteman III production.

Call it a "bargaining chip." Call it whatever you will. It seems to me that this is the signal that the United States should send that we are not going to allow the termination of the only production line of ICBM in the free world. The only prudent course of action it seems to me is to keep our powder dry until a SALT II agreement is reached that provides the American people with the protection they need and deserve in international strategic relations with the Soviets.

Mr. ADDABBO. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to my friend from New York.

Mr. ADDABBO. Mr. Chairman, I thank the gentleman for yielding.

I wish to point out that we are not going to close down the production line. The line remains open. The only thing we are stopping is the production of a missile which has no use. That has been testified before our committee, and the money will probably go for four other purposes rather than for the purpose for which it is being requested at this time.

Mr. ROBINSON. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Virginia.

Mr. ROBINSON. Mr. Chairman, some doubt has been expressed by some of the Members with regard to support by the Secretary of Defense of the Minuteman III. I wonder if the gentleman in the well is familiar with the facts recited in a letter from the Secretary of Defense of June 8, 1976, which says:

> The Minuteman funds are necessary to keep open the option to continue production in FY 1977. The proposed procurement of the improved re-entry vehicle would provide for arming additional Minuteman III systems, should a deployment decision be made, or to retrofit missiles already deployed. I urge that $317 million be accepted by the House Conferees, recognizing that the President's request was submitted after the House acted.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

(By unanimous consent, Mr. Kemp was allowed to proceed for 2 additional minutes.)

Mr. KEMP. Mr. Chairman, I appreciate the comments and contribution of my friend, the gentleman from Virginia.

Let me say that this new limitation that we observed because of Vladivostok is a self-imposed limitation because it was obvious that the Soviets were not equally limiting the development of their intercontinental ballistic missile system and indeed have violated both the spirit and the letter of our agreements.

Mr. DOWNEY of New York. Will the gentleman yield?

Mr. KEMP. I yield to the gentleman from New York.

Mr. DOWNEY of New York. The gentleman has stated that the Soviet Union would be influenced by our keeping this production line open. To me, the fact that there is really no significant increase in the capability causes me to ask why would the Soviets be so influenced?

Mr. KEMP. The influence on the Soviet Union, at a time when they have four new lines open and others coming forward, seems to me is their recognition of the fact that the United States is not going to stand by and shut down its only ICBM production line.

Mr. DOWNEY of New York. But the gentleman from New York has not really given us a reason. Do we really threaten the Soviet Union with a hard attack with the Minuteman III missile at a time we have arranged for discussions?

Mr. KEMP. I cannot go over all the arguments again at this time, because my time is so restricted, but I mentioned seven or eight very strong reasons why the Minuteman III production line should be kept open and kept in production because of the capability it would give us in replacing the aging Minuteman II's.

There is an honest disagreement between the gentleman from New York and myself. I happen to think that this is the way to say to the Soviet Union that we are serious about SALT and we do not want to create a disincentive for them to come to an agreement.

Mr. MAHON. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, the gentleman from New York (Mr. Kemp) has ably presented the opposition to this pending amendment. The Soviet Union has four ICBM missile production lines open and operating. They have 1,500 land-based ICBM launchers. We have 1,000, as we have pointed out a couple of times here. But, here is the significant point: SALT I expires in 1977. If we are going to be in the best position in coming negotiations and otherwise, we need to have this production line continue. We need to have this production line open so that if the "stall" continues on SALT II, and there has been a lot of stalling and delay in trying to get a SALT II agreement, we will occupy an improved position.

So, Mr. Chairman, I think it would be a serious mistake not to keep the line open with the funds which have been provided in the pending bill.

Reference has been made to the fact that the request was submitted shortly before the Texas primary. Let me say that in March, about the 15th of March, the committee made the decision, without any budget request that it would be desirable to continue the Minuteman III production line.

I would hope that the amendment will be defeated. Despite the arguments that have been made to the contrary, this will put us in a better posture from the standpoint of the danger which confronts us and from the standpoint of SALT negotiations.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 5 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN pro tempore. Members standing at the time the unanimous consent request was granted will be recognized for 40 seconds each.

The Chair recognizes the gentleman from Florida (Mr. Sikes).

Mr. SIKES. Mr. Chairman, this amendment would delete $260.7 million for procurement of Minuteman III missiles, and $56.3 million for procurement of MK-12A reentry vehicles.

The amendment would terminate the only U.S. strategic system now in production and that portion of the fiscal year 1977 budget amendment request for initial production of MK-12A reentry vehicles—$56.3 million.

The Secretary of Defense has stated that the possibility of continued production of Minuteman III might be required, depending on strategic arms limitation negotiations progress and Soviet improvements in strategic offensive capability.

The slow pace of arms limitations negotiations make it prudent at this time to provide the option for continued production. The Secretary of Defense plans to review SALT progress along with other issues in the September 1976 time period to finalize a course of action. If the money is not needed it will not be spent.

Soviet actions since December 1975 clearly show a continuing lack of restraint in strategic missile deployments. The advanced ICBM's, and two new SLBM's programs are underway by the Soviets, and are continuing unabated. In the event of a SALT breakdown, deployment of additional Minuteman IIIs would permit the United States to reduce the growing disparity between Soviet and U.S. capability, and provide a clear signal of our intentions to react positively to Soviet escalations.

Continuation of the Minuteman III production has a collateral benefit because it provides a capability to modernize the currently deployed Minuteman II force.

The Soviets have a dramatic program underway to harden major portions of their strategic and industrial elements. In view of this and continued Soviet growth in hard target kill capability the DOD has reevaluated projected U.S. capabilities. As a result, the fiscal year 1977 budget amendment includes $56.3 million for accelerated procurement and deployment of the MK-12A reentry vehicle.

The capability possessed today by the United States against targets resistant to nuclear effects is limited and can be expected to decline with Soviet hardening of a broad spectrum of targets. The increased yield of the MK-12A will improve Minuteman III effectiveness against all types of targets and particularly those which have been or are being hardened against nuclear effects.

Basically, two benefits accrue from the development and deployment of the MK-12A. First, we will improve our confidence in the modest capability possessed to execute a limited attack against targets resistant to nuclear effects. Secondly, it will provide a hedge in the event missile accuracy in an actual exchange is not as good as predicted.

Defeat of the request for fiscal year 1977 Minuteman III missile procurement could also jeopardize the MK-12A. If we are to continue to stimulate restraint in Soviet actions, it is important that improvements be incorporated in our strategic forces.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The Chair recognizes the gentleman from Wyoming (Mr. Roncalio).

Mr. RONCALIO. Mr. Chairman, the argument of the gentleman from New York (Mr. Kemp) persuades me to have some restraint in voting for this amendment. I may vote against it for this reason. In spite of the fact that we get no additional thrust or capability, at least it gives us a better launched Minuteman. There are casehardened modifications, for example, in the Minuteman III compared to the Minuteman II, and this should thus have been called modification and modernizing the Minuteman, rather than an addition to our capability.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The Chair recognizes the gentleman from New York (Mr. Kemp).

(By unanimous consent, Mr. Robinson yielded his time to Mr. Kemp.)

Mr. KEMP. Mr. Chairman, the MX or the advanced ICBM system of this Nation will not be available until 1985. It is now only on paper. We will not be able to deploy a submarine-launched ballistic missile until 1979 or 1980. It seems to me without SALT II and with SALT I terminating in 1977, the only incentive that we can give to the Soviets to restrain themselves is to continue the production line of the Minuteman III. It makes eminent sense to replace our old Minuteman II missiles with the Minuteman III missiles.

There is some question in the minds of many observers that the shelf life of the Minuteman II is reliable or predictable, that the propellant deteriorates, and that the lining that holds the propellant deteriorates. I would suggest that to replace the Minuteman II with the Minuteman III is an extremely important part of anticipating shelf-life deterioration, and I urge a no vote on the Addabbo amendment.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The Chair recognizes the gentleman from New York (Mr. LaFalce).

Mr. LaFALCE. Mr. Chairman, first I would like to concur in the remarks of those opposing the amendment, especially the gentleman from New York, and make some very telling points of my own.

I am deeply concerned that this amendment would cease production capability for the Minuteman III. The production line is scheduled to close down at the end of fiscal year 1976. When this line closes down, there will no longer be a production line in the free world producing strategic missiles.

For fiscal year 1976 we agreed to a request for a reprograming for purchasing long-leadtime items to retain the option to keep the Minuteman III line open in fiscal year 1977.

It would be shortsighted in the extreme to close this production line as we approach the end of the 5-year lifetime of the Interim Agreement on Offensive Weapons entered into with the Soviets in 1972. With no new SALT agreement assured, and indeed, the talks are going poorly, and with the Soviets vigorously continuing production of a number of strategic missile systems, including some newer missiles, termination of our only production facility will appear to the world as a sign of weakness and uncertainty.

In addition, many of the Minuteman missiles now in the inventory are considerably older than their originally projected lifetime; and although we have an inventory of practice and replacement missiles for a number of years, there will inevitably be a need for further production capability.

The U.S.S.R. has four ICBM's presently in production; they are producing far more missiles than we are at the present time and they tend to be larger with a greater payload capacity. While the Minuteman III remains the most reliable and accurate missile ever made, the Russians' accuracy is getting better and better.

In other words, my colleagues, the technological gap between our ICBM's and those of the Soviet Union is decreasing. Yet this amendment would stop production of the Minuteman III and if we have to start up production anew, replacement could not begin until the mid-1980's.

The Vladivostok agreement limiting the number of MIRV'ed missiles on each side gives the United States a maximum of 1,320 such missiles. The Pentagon's plan is to develop our strategic arsenal up to 1,286 MIRV'ed missiles by 1987, with three basic components of it. One component is the Poseidon submarine-based missile. Another is the Minuteman III. The third is the Trident missile, still under development and not scheduled for deployment until 1979. Our experience in the past is that schedules like these tend to slip.

The Poseidon is scheduled to reach 496 missiles by 1978, up only slightly from its 1977 total of 464. The Minuteman III is scheduled to remain at its present level—550. And the Trident, beginning with 24 missiles in 1979, is scheduled to grow to a total of 240.

Our overall strategic forces are composed of these MIRV'ed missiles and other components, including the older, non-MIRV'ed Minuteman II ICBM's and nuclear weapons carried by B-52 and FB-111 bombers. It is not irrelevant to note that the Minuteman II missiles, capable as they are, were designed to 1960 standards and average nearly 15 years old.

The Minuteman III is a modern weapon still unexcelled in terms of its accuracy, its reliability, or its cost effectiveness. And its production line contains literally thousands of very highly skilled and trained people, who, if the line should stop, would go their separate ways. I need not point out how difficult it would be, and how time consuming, to try to put such a team back together again.

In the absence of another SALT agreement, and right now it looks most doubtful to me, it makes much more sense to keep the Minuteman III production line going at this time. The older Minuteman II's can be replaced with the III's while the development problems of the Trident are solved and while research into our strategic needs in the 1980's continues.

That seems so obvious to me that I do not know how anyone could deny its logic.

Further, the numbers I cited earlier can be a little misleading, for they might imply that our dependence on the Minuteman III is only equivalent to that missile's share of the total number of strategic weapons. But that is not really true. The Minuteman III has an "alert status" of 98 percent. In other words, 98 out of each 100 Minuteman III's are ready to use at any given point in time. Submarine-based missiles, because of range limitations, ship maintenance, and so forth, achieve an alert status of only 53 percent. And the bomber-based weapons are even less—40 percent for the FB-111 and 30 percent for the B-52.

The result is that we rely on the Minuteman III far more than may be apparent from looking only at the number of such missiles. Taking the Pentagon's proposed MIRV mix for 1978, for example, we would have 550 Minuteman III's which, with an alert status of 98 percent, would mean an average of 539 operational missiles on alert at a given point in time. We would have 496 Poseidon missiles which, with an alert status of 53 percent, means only 253 submarine-based missiles are operational at that same point in time. Thus, the Minuteman force constitutes almost 70 percent of our MIRV capacity in operational terms—the terms that count. This amendment, however, would reduce this percentage by increasing our reliance on the submarine.

Given our present reliance on the Minuteman III, along with the uncertainty of success with the Trident, the time frame needed to research and develop a new ICBM, and the presently doubtful status of the SALT talks, I think it would be folly to shut down this proven part of our military preparedness.

It seems to me, my colleagues, that there is only one prudent course for us to take, defeat this amendment.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

The Chair recognizes the gentleman from New York (Mr. DOWNEY).

Mr. DOWNEY of New York. Mr. Chairman, I am quoting once again from Secretary Rumsfeld's statement.

> Since Minuteman will become more vulnerable in the future, any additional resources should be invested in the deliberate development of a new, larger, and more survivable ICBM.

I say to the committee positively that it will make a lot more sense to invest money in the mobile land system or in increasing the accuracy of the Minuteman II, using the means which will give the Minuteman II more flexibility. There are ways to increase our capability rather than by this hopelessly cosmetic gesture.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Texas (Mr. MAHON).

Mr. MAHON. Mr. Chairman, again I rise in opposition to the amendment.

I ask for a vote against the amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. ADDABBO).

The question was taken; and on a division (demanded by Mr. ADDABBO) there were—ayes 27, noes 54.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY

For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $2,325,543,000, to remain available for obligation until September 30, 1978.

AMENDMENT OFFERED BY MR. EDWARDS OF ALABAMA

Mr. EDWARDS of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows: ,

Amendment offered by Mr. EDWARDS of Alabama: On page 24, line 16, strike $2,325,543,000; and insert in lieu thereof $2,284,948,000;

Mr. EDWARDS of Alabama. Mr. Chairman, in line with the comments I made earlier on the subject of the lack of authorization, this is simply a reduction of $40,595,000, for research, development, test, and evaluation for the Army, which is a figure over and above that which is authorized or the higher of two figures of the bills between the House and the Senate. I do not know that it needs any further discussion and I would ask for a vote.

Mr. MAHON. Mr. Chairman, I rise to support the amendment offered by the gentleman from Alabama.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. EDWARDS).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $3,839,204,000, to remain available for obligation until September 30, 1978.

AMENDMENT OFFERED BY MR. EDWARDS OF ALABAMA

Mr. EDWARDS of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDWARDS of Alabama: On page 24, line 23, strike $3,839,204,000; and insert in lieu thereof $3,715,125,000;

Mr. EDWARDS of Alabama. Mr. Chairman, in keeping with my earlier remarks concerning the lack of authorization, this amendment strikes out $124,079,000 from the research, development, test, and evaluation section of the Navy because it failed to get authorization.

AMENDMENT OFFERED BY MR. ROBINSON TO THE AMENDMENT OFFERED BY MR. EDWARDS OF ALABAMA

Mr. ROBINSON. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. ROBINSON to the amendment offered by Mr. EDWARDS of Alabama: On page 24, line 23, strike $3,715,125,000 and insert in lieu thereof "$3,765,125,000".

Mr. ROBINSON. Mr. Chairman, this is the second portion of the proposal which I made with respect to the Trident missile program, the first part of which was earlier adopted. This would restore $50 million for R. & D. in the Trident II missile of the amount which was stricken from the amount that was originally proposed for procurement of this missile. It would make the amount that is stricken from the bill, $115 million in total, as a deduction from the total Trident II program.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, under the circumstances, I feel we have no alternative other than to approve the gentleman's amendment.

Mr. DELLUMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, due to the lateness of the hour I will not prolong this discussion. I find myself in a rather uncharacteristic posture and that is to be concerned about an item that has been cut from this extraordinary budget.

This particular cut has a symbolic importance that will tell us a lot about the priorities of the committee, and for this reason I wish to take some time in discussing it with my colleagues. What is at issue is the deletion of the entire Army human relations research program. I would like to give you some background on the program, and then ask some questions about the legislative procedures used in making the cut.

For the last 4 years the House Appropriations Committee has consistently reduced the military budget for human relations programs, cutting approximately $1.25 million in fiscal year 1974 and $1.5 million in fiscal year 1976. Each year we have heard new and conflicting arguments to justify this attempted destruction of the race relations/equal opportunity programs. This year, the committee seeks to eliminate $500,000 requested by the Army for its "contemporary issue development program." If allowed to stand, this cut will eliminate all funds budgeted for research for the Army for human relations areas dealing with racism, sexism, and ethnic identity.

Despite the claim in the committee report, there are no other research programs in this area so that if this reduction is approved, the Army will be deprived of solid information on important motivational factors that influence readiness. Recent reports and news accounts indicate that the Defense Manpower Commission discovered pervasive racism and discrimination and recent House Armed Services Committee hearings revealed that the Marine Corps had instituted racial quotas for recruiters. We have been fortunate that there have been no recent outbursts within the military but if they ever do happen again the military may well be as unprepared now as it was 4 to 5 years ago and unable to react effectively.

The Army realizes that lack of morale within our forces may be one of our greatest weaknesses and that lack of morale grows in part from persistent discrimination practices. This program attempts to address motivational factors and analyze data collected in earlier years. This research effort seeks to answer perplexing problems that are exacerbated beyond the normal range of civilian society because of problems connected directly to the military context. This research is essential to provide the basis for informed policy decision in the race relations/equal opportunity field.

I believe this is a worthy program and no doubt there may be Members who feel it to be a waste of money, and the usual method for making a decision when these kinds of differences arise is through careful, open hearings and investigations. But in this case, not only have the hearings not been careful or public, indeed there have been no hearings at all, by either the Appropriations Committee or the Armed Services Committee on which I serve.

I have been trying to find information on which the committee based its position, but this is harder than it sounds. In fact, I cannot find answers to the following questions:

First. What data was collected and used by the committee to document its charge that there is duplication of research effort in this area?

Second. Where else is the research being done, if this is the case?

Third. Did the subcommittee hear any testimony from anyone? If so, who?

Fourth. Where can an interested Member go if he is interested in the pros and cons of this issue?

Fifth. Has the committee published any information at all anywhere? The few hasty justifications given in the report itself are demonstratably not accurate.

These few questions show that regular legislative procedures were ignored in making a decision to cut this program. What I have been able to learn of the procedures actually used point to a different motive than can be termed "impartial" judgment of facts. For the last 2 years this program has been part of the larger programs budget of the Army Research Institute. This year the committee went to some trouble to ask the institute to separate the request for the program. It turns out this request was made for the specific purpose of targeting this one program on race relations and eliminating it, because that one item was cut in its entirety.

In trying to find out why this sudden and unexpected move was made, I have asked around and discovered that members of the committee were not even aware of the cut.

Several colleagues here can give you further insights into the meaning of this cut, and I will defer to them . . . but I ask you to reflect, for a second on the instincts of the committee, who when asked to make some sort of cut, no matter how small or token, immediately reached to throttle the human relations programs. But first, I would like to engage the chairman of the subcommittee in a colloquy around two specific questions.

Question No. 1, Mr. Chairman, is the committee attempting to prohibit the Army from continuing its research in the area of human relations by cutting $500,000 from its research money in this important and critical area?

Mr. MAHON. Mr. Chairman, if the gentleman will yield, the answer would be a categorical "no."

Mr. DELLUMS. Mr. Chairman, I thank the distinguished gentleman.

Mr. Chairman, one final question. If the Army decides in their determination of priority that it is important that a portion of the budget of the Army Research Institute be allocated to the area of human relations research, can those funds, indeed, be spent by the Army in this area?

Mr. MAHON. Mr. Chairman, if the gentleman will yield further, I would say that the Army could spend the funds for these purposes.

Mr. DELLUMS. Mr. Chairman, I thank the distinguished chairperson and yield back the balance of my time.

Mr. MAHON. I wish to emphasize that the committee fully supports research on human resources and manpower effectiveness. The bill carries about $20 million for such purposes specifically. There are many other projects and activities in which funds for human resources research are available if the Defense Department feels that a part of the funds should be spent in this way. The committee did make a reduction of $500,000 in the contemporary issue development program, not because it is against such research, but because of the funds available in other programs.

We do not need great numbers of paper studies in the area of human resources. While some studies are useful, too often studies are made and filed away, thus having no impact on real human problems.

Needed research in human resources is supported by the committee. We just want to be sure that the taxpayers get their money's worth in this area.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Virginia (Mr. ROBINSON) to the amendment offered by the gentleman from Alabama (Mr. EDWARDS).

The amendment to the amendment was agreed to.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Alabama, as amended.

The amendment, as amended, was agreed to.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE

For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; $3,805,300,000, to remain available for obligation until September 30, 1978.

AMENDMENT OFFERED BY MR. EDWARDS OF ALABAMA

Mr. EDWARDS of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDWARDS of Alabama:

On page 25, line 6, strike $3,805,300,000; and insert in lieu thereof $3,773,430,000.

Mr. EDWARDS of Alabama. Mr. Chairman, this is the last in a series of amendments about which I spoke earlier. This takes $31,870,000 out of the account for research and development, test and evaluation for the Air Force because of the failure of authorization in line with my statement earlier today. I ask for a vote on this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama (Mr. EDWARDS).

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 701. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

AMENDMENT OFFERED BY MR. ADDABBO

Mr. ADDABBO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADDABBO: On page 27, immediately following section 701 add the following new section beginning on line 8 and renumber all succeeding sections.

"SEC. 702. Notwithstanding the foregoing provisions of this Act, the aggregate amount to be appropriated by this Act shall not exceed $103,560,307,000".

Mr. ADDABBO. Mr. Chairman, my colleagues, this is my conservative amendment for the day. It is not the amendment which is usually offered for a 5-percent reduction, but a reduction of 3 percent in the overall spending. When I had offered this amendment in the full committee, it was voted down by a very large majority, and I have not received too much support for it. It is a cut of $3.2 billion.

In spite of this I would tell my colleagues that here, this afternoon, by simple amendments and agreements within the Committee, we have cut from this unconscionably large defense budget close to $600 million, cut from this budget which is called the great defense security budget which we need to fight the Russians. But, the Committee itself has seen fit to cut the budget this afternoon by $600 million. So, can the Members imagine how much more fat there is in this budget of $105 billion?

My cut of 3 percent, of $3 billion 200 million, is now down to a cut of only about $2 billion 500 million because, as I said before, we have cut already, here this afternoon, $600 million.

Would it be a real cut of $2 billion 500 million? No. The Defense Department has stated that their unobligated balance, money that they cannot even earmark in this fiscal year, will increase by $3 billion. If the Members will look at the chart that I have had out in the Speaker's lobby, they will see that the unobligated balances have been steadily increasing. In 1975, the unobligated balance was $11 billion. Then, when this committee last year cut the defense budget—slashed it, so to speak—by $7 billion, we finally saw the unobligated balance go down to $9 billion. Now, the committee itself in its report states, speaking of unobligated balances,

> Of the unobligated funds which will total over $11 billion at the end of fiscal year 1977, all that can be earmarked is $8 billion.

This means that we are just going to give another slush fund to the Pentagon.

What has happened to those unobligated funds? The Defense Department can reprogram any program money under $5 million without the consent of the committee or the Congress. We can only control in this budget that which we have appropriated. Any prior year moneys become the sole property of the Defense Department. If we should in a defense appropriation bill put a limitation on it that none of these funds shall be spent for a particular purpose, do the Members know what the Defense Department can do? They can take prior year moneys and use them for the same purpose we tell them they cannot use them for, because it is not controlled by us.

So I am asking for this minimal cut which now totals around $2.5 billion. I have heard it before, and I heard it on the B–1 debate, "Let the Congress be responsible." Let the Congress be responsible and let us not give the Department of Defense an additional $3 billion slush fund which they have testified to, which they have admitted to.

In this Defense budget this is the only appropriation that includes an inflation factor. There is $7 billion built in for inflation. Last year, when we gave them the tremendous slash of $7 billion, they had overestimated the inflation factor by $2 billion, $2 billion additional that they could play around with as they see fit.

As I said before, this is a very conservative amendment. This will not lay a glove on them. We know the Defense Department builds into every budget a little fat, and especially this particular budget.

The limitation imposed by my amendment would encourage the Department to establish better priorities for true defense needs and curtail those programs not essential at this time for the defense of the Nation. It would remove some of the "political expediency" from the budget, and more importantly, it would force the Department to utilize some of the unobligated and unexpended balances. The Pentagon estimates it will have the highest unexpended balance at the end of fiscal year 1977 than it has enjoyed in 20 years, a total of $58.3 billion. In fact, the estimated unexpended balance is about $10 billion more than the unexpended balance of the previous highest year, which was fiscal year 1976 when Congress made a "deep savage and arbitrary" cut of $7 billion in the Defense budget.

We must avoid appropriating more funds than the Pentagon can reasonably and prudently spend. We have little or no control over the use of prior year funds. Essentially, we can only effectively control funds appropriated this coming fiscal year. My amendment will directly change priorities for this coming year and indirectly cause a change in priorities for the current fiscal year and previous fiscal years. It will help reduce the serious inflationary impact of this massive defense budget.

Mr. Chairman, I urge adoption of my amendment.

Mr. CHAPPELL. Mr. Chairman, I rise reluctantly to oppose the amendment offered by my good friend, the gentleman from New York (Mr. Addabbo).

Mr. Chairman, the bill which we have under consideration at this time is the product of a lot of hard work on the part of the committee. It has involved many hearings and deliberations by the Members and the staff and many expert witnesses. The bill as reported represents the committee's best judgment on a vast array of national security issues. It would seem unwise to short circuit or overrule this process by imposing an arbitrary ceiling arrived by some percentage formula. If this course is to be followed, if it were wise to do so, we could have imposed the percentage cutback before we started the hearings; and certainly all of us would agree that would be unwise.

There is simply no justification for making a general cut in this bill. The force levels, personnel strength and weapons provided by this bill are urgently needed. These requirements were justified by the administration and they were considered by the committee for several months. If there were some sound reason to further reduce this bill, it would have come to light before this time during the course of our considerations.

With respect to the estimated $53.4 billion in unexpended balances for fiscal year 1977, a total of $42.1 billion, or about four-fifths of the total, will be obligated under contract during the year. The remaining $11.3 billion are necessary to complete approved programs. For example, only about one-half of the cost of a ship is obligated on contract the first year. The remainder is obligated on contract for the next 4 years. Similar situations occur in aircraft, missiles, and other weapons which take several years to build. This is a matter of sound contracting and management practices. Nevertheless, these uncontracted amounts show as not obligated balances, and they are not and should not be considered free balances with which we can play with this kind of cut.

Finally, there are serious questions about delegating to the Executive the making of decisions that are the prerogative of the Congress.

A general reduction tells the President to cut x billion dollars out of this budget total, leaving it up to him to determine where. That would be tantamount to a dereliction of congressional responsibility in my view and a huge blanket grant of authority to the President.

Mr. Chairman, I think we have the responsibility to set these spending levels. I do not think these spending cuts would be at all justified, and this is not the kind of amendment we should adopt on this appropriation bill. I urge its defeat.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. CHAPPELL. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, it does not seem to me that the reductions we propose should be made in this manner, and we should not delegate our authority and responsibility to the Department of Defense in making the decisions that relate to the funds which are provided. Therefore, I want to commend the gentleman from Florida (Mr. Chappell) for his statement, and I join him in calling for a defeat of the amendment.

I recognize the good faith, diligence, and the value of the work of the gentleman from New York (Mr. Addabbo) on the amendment offered in committee. He does do good work, he does his homework, but I think under the circumstances it would be unwise to approve the amendment, and I hope it will be defeated.

AMENDMENT OFFERED BY MR. MILLER OF OHIO TO THE AMENDMENT OFFERED BY MR. ADDABBO

Mr. MILLER of Ohio. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

> Amendment offered by Mr. Miller of Ohio to the amendment offered by Mr. Addabbo: In the Addabbo amendment, strike all after "Sec. 702." And insert in lieu thereof: "Of the total budget authority provided in this Act for payments not required by law, five per centum shall be withheld from obligation and expenditure: *Provided*, That of the amount provided for each appropriation account, activity, and project, for payments not required by law, the amount withheld shall not exceed ten per centum."

Mr. MILLER of Ohio. Mr. Chairman, I am not going to take 5 minutes, due to the lateness of the hour, to explain this amendment. I am sure we are all ready to leave for the day.

By the same token, I just want to convey one thought. This is the 5-percent reduction amendment I have offered in every appropriation bill we have had before us this week. I feel there are no "sacred cows." Every item that is not mandatory would be cut 5 percent, with the maximum amount to any line item being 10 percent.

Mr. Chairman, I hope that we can have a vote on the amendment very quickly.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. MILLER of Ohio. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I just want to commend the gentleman from Ohio (Mr. Miller). I am glad to see that some bipartisan consensus may be developing.

I say that because Mr. Carter, the expected nominee of the Democratic Party for the office of the Presidency, has announced that he believes the Defense budget can be cut from $5 billion to $7 billion without impairing our defenses in any significant way, and the gentleman's amendment goes a long way toward that goal. I commend the gentleman for offering the amendment.

Mr. MILLER of Ohio. Mr. Chairman, I thank the gentleman for his remarks.

Mr. EDWARDS of Alabama. Mr.

Chairman, I move to strike the requisite number of words.

Mr. Chairman, we had better cut this off before we get out of hand here. We have had a 3-percent amendment, and now we have a 5-percent amendment. We are told now also that one of the nominees for the presidency wants us to cut out $5 billion to $6 billion to $7 billion, and it kind of gets back to that old B-1 argument about what somebody is going to do on February 1.

If Mr. Carter is the nominee, he has an awful lot to learn about the defense of this country and about this bill before he comes around making recommendations and sending us suggestions.

Mr. Chairman, we cannot cut 5 percent or 3 percent from this bill. If ever there was a year when we need to hold the Defense budget, as the subcommittee has tried to do, it is this year. If ever there was a year when we need to try to reverse the downhill slide we have been in vis-a-vis the Soviet Union, this is the year, and we ought not to be standing here today talking about taking a lump sum or an across-the-board figure out of this bill. This subcommittee has worked hard on this bill, and I think that we have cut where we could. I do not think that the Members should be here at this time trying to take an across-the-board, meat-axe approach to this bill.

Mr. Chairman, I urge that both amendments be defeated.

Ms. ABZUG. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the amendment. I believe a 3-percent reduction is possible to achieve without weakening our national defense or our ability to defend vital interests, such as in the Middle East.

I cannot recall a more strained debate on the military budget during my years in Congress than the one we are having now. The gargantuan size of this bill—over $106 billion—creates a sense of unreality. Why do we need such a bloated military budget when the country is at peace? Why have military expenditures increased since the end of the Vietnam War? These are some of the real questions we should be discussing today.

There are many areas where this budget could be safely cut without in any way injuring our national defense. The Ford administration itself added $3 billion in "cut insurance." There are excessive costs in support functions and manpower. There are unwarranted weapons systems such as the B-1, the sea-launched cruise missile, and "first strike" nuclear warheads which should not be funded.

If responsible controls were placed on military spending, I am convinced that substantial reductions could be achieved. I am speaking not just of a cost overrun here or a white elephant there, but rather of a hard-headed examination of our force structure, weapons policy, and world role. Recently, the members of Congress for Peace Through Law, an organization which I am a member of, estimated that $8.5 billion in "soft spots" could be eliminated from the fiscal year 1977 defense budget without appreciable loss of military strength. This "economy budget" could be achieved even without changes in present U.S. foreign policy.

The center for defense information examined the defense budget and concluded that at least $7 billion could be saved without injuring our ability to defend the country or deter war, and indeed this cut is now part of the Democratic Party platform.

Why have not we been able to address ourselves to cuts of this magnitude this year? The answers disturb me. First, this is a Presidential election year military budget intended more to protect incumbencies in conventions than to protect our country from potential adversaries. The Minuteman III missile request apparently did not win the White House any votes in the Texas primary, but there seems little doubt that this was the President's purpose.

Second, this is a budget funded on scare tactics, not rational debate. I have never witnessed such an effective public relations campaign by the Pentagon as it has apparently, won this year on the Soviet threat. A real danger from this scare campaign has been to belittle America's military position, creating false doubts among our allies.

And finally, this budget is an attempt to prevent the post-Vietnam debate over foreign policy which has yet to happen. We are voting for weapons systems and military concepts which were first developed during the cold war and were perfected further in the era of American interventions in Vietnam, the Dominican Republic, and elsewhere. Do we still need massive aircraft carriers to project American power offshore future Vietnams? Do we still need massive overkill in nuclear deterrents reminiscent of the John Foster Dulles era? Do we still need to station troops in Asia to contain China?

My point is that world relationships have changed. America needs a new foreign policy in the wake of the Vietnam war. Yet this military budget is both a cause and an effect of our failure to carry out this reexamination.

I commend the gentleman from Ohio and support his amendment to increase the cut to 5 percent as well.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Ohio (Mr. Miller) to the amendment offered by the gentleman from New York (Mr. Addabbo).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. SEIBERLING. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment to the amendment was rejected.

Ms. HOLTZMAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Addabbo amendment.

Mr. Chairman, I know the hour is late, and I will talk very briefly.

The Addabbo amendment, which calls for a 3-percent cut in the $106 billion Defense Department appropriation, is a very moderate amendment. It says to this House of Representatives that we should moderate the enormous growth that this appropriation contains for the Pentagon, the military budget. It does so, I think at precisely the right moment, because at this time the country is still caught up in the heated rhetoric of Presidential primaries, rhetoric that has inflamed the public, by exaggerating the alleged military threat to this country.

Mr. Chairman, by moderating the growth of the budget at this time, we can at a later time, when passions are cooler and people more reasonable, examine what our military needs really are and what the defense of this country actually requires. We should not permit politically motivated rhetoric to lock us into unwarranted military extravagance for the future.

Mr. Chairman, let me remind my colleagues that in 1965, when we were at war, the defense budget was $51 billion. Today, 12 years later, we are at peace, but we are facing a $106 billion defense budget. There is no rational justification for continuing this trend and wasting additional taxpayers' dollars.

I think the amendment of the gentleman from New York (Mr. Addabbo) is an important step forward. I urge its support.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. Addabbo).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. ADDABBO. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore. The Chair will count. One hundred and three Members are present, a quorum.

The pending business is the demand of the gentleman from New York (Mr. Addabbo) for a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN pro tempore. The Clerk will read.

The Clerk read as follows:

Sec. 717. Vessels under the jurisdiction of the Department of Commerce, the Department of the Army, Department of the Air Force, or the Department of the Navy may be transferred or otherwise made available without reimbursement to any such agencies upon the request of the head of one agency and the approval of the agency having jurisdiction of the vessels concerned.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. GIBBONS. Mr. Chairman, reserving the right to object, I want to raise a point of order against section 723 and I want to make sure that my point of order is protected. I also believe the gentleman from Minnesota (Mr. Frenzel) has a point of order.

The CHAIRMAN pro tempore. The gentleman from Florida (Mr. Gibbons) reserves a point of order against section 723.

Is there objection to the request of the gentleman from Texas that the remainder of the bill be considered as read and open to amendment at any point and subject to any points of order that may be raised to further sections of the bill?

There was no objection.

The Chairman pro tempore. Are there any points of order?

POINT OF ORDER

Mr. FRENZEL. I raise a point of order against section 723.

(The portion of the bill to which the point of order relates is as follows:)

SEC. 723. No part of any appropriation contained in this Act shall be available for the procurement of any article of food, clothing, cotton, woven silk or woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, or wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles), or speciality metals including stainless steel flatware, not grown, reprocessed, reused, or produced in the United States or its possessions, except to the extent that the Secretary of the Department concerned shall determine that a satisfactory quality and sufficient quantity of any articles of food or clothing or any form of cotton, woven silk and woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, wool, or specialty metals including stainless steel flatware, grown, reprocessed, reused, or produced in the United States or its possessions cannot be procured as and when needed at United States market prices and except procurements outside the United States in support of combat operations, procurements by vessels in foreign waters, and emergency procurements or procurements of perishable foods by establishments located outside the United States for the personnel attached thereto: *Provided*, That nothing herein shall preclude the procurement of foods manufactured or processed in the United States or its possessions: *Provided further*, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations: *Provided further*, That none of the funds appropriated in this Act shall be used except that, so far as practicable, all contracts shall be awarded on a formally advertised competitive bid basis to the lowest responsible bidder.

Mr. FRENZEL. Mr. Chairman, I raise a point of order against section 723 which includes lines 18 to 24 on page 39 and lines 1 through 24 on page 40 because it contains language in violation of clause 2, rule 21, involving legislation on an appropriation bill.

Mr. Chairman, the governing language begins on page 40 where the Secretary of the department concerned is forced to make a determination of the satisfactory quality and sufficient quantity of a long list of goods grown and processed or used in the United States, that cannot be procured, and so forth.

This clearly gives the Secretary of Defense additional duties and constitutes legislation in an appropriation bill.

I ask that the point of order be sustained.

The CHAIRMAN pro tempore. Does the gentleman from Florida (Mr. GIBBONS) desire to be heard on the point of order?

Mr. GIBBONS. Mr. Chairman, I only wish to add to the point of order that the gentleman from Minnesota has raised, to also include lines 8 through 11 and lines 18 through 24 on page 40, being language which also constitutes legislation in an appropriation bill as proscribed by the rule.

Mr. MAHON. Mr. Chairman, I desire to be heard on the point of order.

The CHAIRMAN pro tempore. The gentleman from Texas will proceed.

Mr. MAHON. Mr. Chairman, the administration does not necessarily have to take on additional duties because this is a limitation on expenditure of funds.

The CHAIRMAN pro tempore (Mr. HUNGATE). The Chair is prepared to rule.

The Chair would state that while section 723, lines 18 through 24 on page 39 would seem to be a limitation, in the opinion of the Chair, the arguments stated by the gentleman from Minnesota (Mr. FRENZEL) and the gentleman from Florida (Mr. GIBBONS) are in line with the ruling yesterday of the Chair on the agriculture appropriations bill. For the reasons stated therein, the exception to the limitation permitting the exercise of discretion and requiring determinations by the Secretary of the Department on page 40, lines 2 through 24, would seem to the Chair to constitute legislation in an appropriation bill. Therefore, accordingly, the point of order is sustained against the entire section.

Are there further points of order?

AMENDMENT OFFERED BY MR. QUILLEN

Mr. QUILLEN. Mr. Chairman, I offer an amendment.

(The portion of the bill to which the amendment related is as follows:)

SEC. 745. Effective October 1, 1976, no appropriation contained in this Act shall be available to fund any costs of a Senior Reserve Officers' Training Corps unit, except to complete training of personnel enrolled in Military Science 4, which in its junior year class (Military Science 3) has for the four preceding academic years, and as of September 30, 1976, enrolled less than (a) twenty students where the institution prescribes a four-year or a combination four- and two-year program; or (b) fifteen students where the institution prescribes a two-year program.

The Clerk read as follows:

Amendment offered by Mr. QUILLEN: On page 48: "Strike out lines 16 through 25."

Mr. QUILLEN. Mr. Chairman, the effect of this amendment would be to strike out section 745 of the bill, and keep the ROTC program as it exists today. Section 745 would prohibit the use of funds for ROTC units having less than 20 students in a 4-year program, or less than 15 students in a 2-year program.

Presently the minimum enrollment standards are drawn up by the service Secretaries with the approval of the Secretary of Defense, which provide for some flexibility. The rules now provide for 17 to 20 students in a 4-year program, and 12 to 15 students in a 2-year program, with a relatively short probationary period permitted to achieve those standards in certain cases. To arbitrarily pick the higher figure of the minimum enrollment standard, and rigidly lock it into law, as was done in section 745, is not justified, particularly since there were no hearings, and no congressional investigation into this matter.

I am informed by the Department of Defense, which opposes section 745, that approximately 100 ROTC units are likely to be eliminated if the rigid and inflexible language of section 745 is not stricken from the bill, as my amendment would do.

Section 745 would eliminate these 100 or so ROTC units at universities and colleges throughout the country located in many Members' districts, and I do not believe we should take this arbitrary and irreversible action until the appropriate committees have studied the question, held hearings, and reported their findings.

Mr. Chairman, I urge the adoption of my amendment, so that we do not harm the ROTC program by hasty and ill-advised action which is clearly not justified at this time.

Mr. Chairman, the universities affected by section 745 are as follows:

University of Alaska.
Bishop College.
Bucknell University.
University of California, Santa Barbara.
Campbell College.
Carson-Newman College.
Central Michigan University.
Central State University.
University of Cincinnati.
Creighton University.
DePaul University.
University of Detroit.
Dickinson College.
East Central University.
University of Michigan.
Michigan Technological University.
Missouri Western State College.
University of Montana.
Nicholls State University.
University of North Alabama.
North Dakota State University.
Northern Illinois University.
Northern Michigan University.
Northwestern State College.
University of Oregon.
Panhandle State College of A. & A.S.
Polytechnical Institute of New York.
Princeton University.
Rensselaer Polytechnical Institute.
University of Rhode Island.
Rider College.
Ripon College.
Rochester Institute of Technology.
Saint Augustine's College.
Saint Lawrence University.
Saint Norbert College.
Saint Peters College.
Sam Houston State University.
San Jose State University.
University of Santa Clara.
Seattle University.
Seton Hall University.
Southeastern Louisiana University.
Southern State College.
Southwestern Oklahoma State University.
Stephen F. Austin State University.
Tarleton State University.
Tulane University.
Washington & Jefferson College.
West Texas State University.
West Virginia State College.
Western Michigan University.
Westminster College.
Wheaton College.
Wichita State University.
William Marsh Rice University.
University of Wisconsin, Stevens Point.
University of Wisconsin, Whitewater.
University of Wyoming.
Xavier University.

CONSORTIUMS

Georgia State University.
Carnegie-Mellon University.
Duquesne University.
Florida Southern College.

AIR FORCE ROTC UNITS WHICH WOULD BE ELIMINATED BY SECTION 745

Valdosta State.
Illinois Institute of Technology.
Grambling State University.
Tulane University.
Massachusetts Institute of Technology.
Michigan Tech
University of Mississippi.
Stevens Institute.
Rutgers University.
Cornell University.
Rensselaer.
University of North Dakota.
Capital University.
University of Cincinnati.
University of Portland (Ore.)
Wilkes-Barre.
University of Puerto Rico (2 campuses).
Baptist College (S.C.)
North Texas State.
Lamar University.

NAVY ROTC UNITS WHICH WOULD BE ELIMINATED BY SECTION 745

Massachusetts Institute of Technology.
University of Nebraska.
Northwestern.
University of Pennsylvania.
Rice University.

Mr. RONCALIO. Mr. Chairman, I rise in support of the amendment.

Some Members may recall the debate earlier this morning when I commented on this and the effect it would have on the list the gentleman from Tennessee just read from. It was my intention to have an amendment which would merely state that the provisions of section 745 should not apply to land-grant colleges and universities. It would save millions of dollars.

However, if it is the will of the House to strike all of the section, that is all right with me. I will support the amendment without prejudice to offering my own amendment, should the amendment offered by the gentleman from Tennessee (Mr. QUILLEN) fail.

Mr. Chairman, I urge adoption of the amendment.

Mr. BURLISON of Missouri. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the Department of Defense has a directive on this subject which is more restrictive than the legislation we here propose. The problem is that the Department fails and refuses to enforce the directive so we feel that it is appropriate and necessary that we take legislative action.

Let me mention to the House how the costs escalate for these programs as enrollment diminishes. If we have 10 to 17 students we can expect the cost to be about $30,000 to $50,000 a student. If we have 5 to 10 students we can look for the costs to be from $40,000 to $70,000. If we have 5 students or less the costs can run up to $100,000.

It costs only $80,000 to educate our academy graduates, so we can see how ridiculous it gets if we try to fund these programs when there are so few students enrolled.

It has been pointed out that there were no hearings on this subject and it seems to come as something out of the sky. The fact is that this subcommittee has been questioning the Department of Defense witnesses for years on this point.

There is a Library of Congress study which goes into considerable detail on this very issue. This is nothing new. It has been around for a long time and the action needs to be taken now.

Mr. Chairman, certainly the committee is not wedded to the particular wording of section 745 but I am in favor of some action similar to that agreed to by the Congress in order to stop this unnecessary waste of resources. When the subcommittee discussed inclusion of this provision in the bill, we were well aware of the fact that Members who had colleges or universities where ROTC detachments might be affected would desire to amend the language either striking it in its entirety or adding certain loopholes which would protect their particular school.

For example, in marking up this bill, the committee gave consideration to including a provision which would have insured that each State had at least one Air Force, Army, and Navy ROTC detachment in that State. Other changes to the language which were not discussed in marking up the bill, but which could be proposed as amendments, include insuring that institutions which have more than one ROTC detachment do not have both detachments closed at the same time. This would allow students to transfer from an Air Force ROTC to an Army ROTC, or vice versa at these particular schools.

Consideration could also be given allowing schools which do not meet the minimum enrollment criteria as established in this section, but whose overall cost is still below the median cost for all ROTC units to remain in operation.

Also consideration could be given to continuing the ROTC program for those students who are entering their junior year and who have a scholarship commitment from the Department of Defense, even though the school does not meet the minimum enrollment criteria. These are just a few of the numerous exceptions and adjustments which could be made to section 745.

Obviously, if all of these adjustments and exceptions were written into the law, the entire intent of the committee would be destroyed and the taxpayer would continue to foot an unnecessarily high bill for the training of future military officers.

Yesterday, Senator MCCLELLAN, chairman of the Senate Committee on Appropriations, released a statement on actions taken by his Defense Subcommittee on the fiscal year 1977 Defense appropriations bill. The Senate committee has rejected section 745. In view of this, the committee would hope that the House would retain section 745 without amendment and that in conference and in further discusions with the Department of Defense a reasonable alternative can be arrived at which will provide savings for the taxpayer and be equitable to the schools concerned.

Leaving section 745 in the bill will also have the healthy effect of encouraging professors of military science and tactics at these schools and the presidents and other officials to improve enrollments in ROTC through a concerted recruiting effort during the summer months.

Mr. SHRIVER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment.

Section 745, which would be stricken by this amendment, is arbitrary and overly restrictive. To set rigid legal requirements on the size of all ROTC units, effective this coming October, would eliminate probationary periods which some units have been counting on for the coming school year in order to upgrade and enlarge their ROTC programs. Such probationary periods serve a very useful purpose—one with which the committee surely agrees—to get these programs going in a more active and productive effort.

Eliminating this probationary period works a special hardship on some institutions, one of which is Wichita State University. Wichita State has just lost its Air Force ROTC unit, effective July 30, 1976. School officials are now working to encourge larger enrollment in the Army ROTC unit, including enrollees previously active in the Air Force unit. They were counting on the coming school year, during which the Army unit was to be on probationary status, to bring the Army unit up to the strength required by the Department of Defense.

I might add that these moves to upgrade this Army unit were initiated without the arbitrary requirements which would be written into the law by section 745.

The money to be saved by strict enforcement of section 745 would be minimal, especially when compared to the billions of dollars the United States spends year after year stationing our own troops in well-to-do European countries—30 years after World War II. We are, in effect, continuing a very expensive foreign aid program for our European allies, while the committee is saying let us save a few dollars by cutting back on this campus-based education and training program.

I believe the ROTC program has proven itself time and again as a useful and effective tool in providing well-trained military leaders for our Nation. In looking over the figures for this one institution, Wichita State, they show that for a very moderate cost of paying the military salaries and benefits of a half dozen administrators and teachers, 640 commissions have been given—just in the Air Force program alone.

We should all understand the reasons for lower ROTC enrollment in recent years, and we should look at sound reasons why the program can be expected to attract additional participants in the future if these units are allowed to remain in operation. The unpopularity of the war in Vietnam among students obviously hurt enrollment; the increased pay and benefits of military service enacted as part of the goal of a voluntary Army will attract a growing number of enrollees in the future.

We must not curtail these units without even a probationary year for rebuilding if they are to be in place when additional interest is shown by students. As geographically dispersed as they are, they serve our Nation well in providing an educated and trained military.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. SHRIVER. I am pleased to yield.

Mr. MAHON. I recognize the point that the gentleman from Kansas has raised.

No, the gentleman is not correct, since the language in section 745 is very specific. However, I am certain that the committee would have no objection to making an exception under the circumstances, such as the one described here by our friend, the gentleman from Kansas. Some discretion must be allowed if a temporary delay of not more than one school year in the termination of an ROTC unit could be reasonably expected to result in adequate enrollment in the program of a particular school due to the termination of another ROTC unit at the same institution. That seems to me to make sense. That discretion could be included in a provision which could be reached in a conference with the Senate and I myself would approve it.

Mr. SHRIVER. That would be very well; but it is a hardship on institutions that have already lost one program, because it complies with this kind of ruling. I would hope something could be worked out.

Mr. SKUBITZ. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I recognize the good intent of the House Appropriations Committee, to improve the management of the ROTC program through section 745 of the general provisions.

However, the language of this section is unduly restrictive, so much so that it should be deleted.

As an example of how unduly restrictive this section is—that should it be a part of the final legislation, the college which I attended and graduated from, Kansas State College of Pittsburg, may lose its ROTC program.

The college authorities have informed me that the ROTC programs throughout the Nation are only now recovering in popularity which was lost during the Vietnam war.

I believe that we should have more confidence in the ROTC program and strike this section.

Improving the management and thus the cost effectiveness of ROTC is a worthy goal, and one that the Department of Defense has in the past apparently not given high enough priority.

However, within the past year there has been a dramatic reversal of this situation, particularly in what has been by far the most vexing area, Army ROTC.

Faced with a need to nearly double its present ROTC production by 1980, the Army has worked intensively to increase its enrollment in all of its units and, particularly, in those which have had low production over the last several years.

The result of this effort is expected to be apparent in fiscal year 1977, wherein the Army forecasts adequate enrollment in virtually all of its presently substandard units.

In addition, the limits imposed in the appropriation bill would remove some of the schools from which our country's best technical talent comes.

Therefore, I urgently recommend that Congress wait for a year before approving the restrictive language of section 745, or any similar legislation affecting ROTC.

If the Army is unable to demonstrate a marked improvement in enrollment at the end of this period, then I believe that further steps should be taken by Congress to correct the situation.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Chairman, I want to say that I, too, support the Quillen amendment. It happens that Tennessee is called the Volunteer State, the home of Alvin C. York, the greatest war hero we have ever had. I do not want to deny the State the right to train its youngsters for the armed services, neither would I deny that to the State of Kansas. I think we are getting a little slack in this. We have got to be prepared.

Mr. Chairman, I thank the distinguished gentleman from Kansas for yielding.

Mr. MAHON. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. Chairman, I believe that there is some misunderstanding as to what section 745 really means. It provides that an ROTC unit in a college, if it does not have as many as 20 students in at least 1 year in its junior class over a 5-year period—one of those years in 5 years—that it would not be supported beyond that point. In determining the 5-year period, the school year which begins in September of this year would be included. So, all the schools would be advised that if they increase their enrollment for the school year which begins in September to 20 members, they will be out of the woods. There will then be no threat to the continuation of the ROTC unit.

Certainly, it is not an unreasonable requirement, that they have in one of the 5 years, including the forthcoming school year, as many as 20 students in the junior class of the ROTC program. As has been pointed out here, the other body in its version of the bill has knocked this section out, so some kind of accommodation, some sort of agreement or compromise will have to be worked out in conference. Something ought to be done about this intolerable and indefensible situation where we are paying as much as $100,000 in some extreme instances to commission one officer. Perhaps $50,000 would be a better estimate of the average cost.

Certainly, this situation is not what it ought to be. If the schools really want these units they could do much better. They ought to have at least once, in a 5-year period, as many as 20 students enrolled.

Mr. RONCALIO. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Wyoming.

Mr. RONCALIO. Mr. Chairman, I should only like to add that there is considerably more for these agents of the Armed Forces to do on the campuses of America than just turning out officers. They are the representatives of the Army on our campuses, with tens of thousands of other people. They are the spokesmen of the Army. There can be as high as 136 members of a freshman class, but if only 16 get to the junior class, then the detachment is not considered viable and is cut out under section 745.

Mr. MAHON. Let me pursue this a little further. We have a highly paid officer who often has received special training to do this, and that adds to the expense and waste of manpower.

Mr. QUILLEN. Mr. Chairman, will the gentleman yield?

Mr. MAHON. I yield to the gentleman from Tennessee.

Mr. QUILLEN. I thank the distinguished chairman for yielding to me.

In reading the language of section 745, Mr. Chairman, it says:

> SEC. 745. Effective October 1, 1976, no appropriation contained in this Act shall be available to fund any costs of a Senior Reserve Officers' Training Corps unit, except to complete training of personnel enrolled in Military Science 4, which in its junior year class (Military Science 3) has for the four preceding academic years, and as of September 30, 1976, enrolled less than (a) twenty students where the institution prescribes a four-year or a combination four- and two-year program; or (b) fifteen students where the institution prescribes a two-year program.

Mr. MAHON. We have this school year, which begins generally in September. This provision would not take effect until October 1 so if they have 20 students at that time, even if they had only 10 or 15 the preceding 4 years, they would not be closed. This is the intent of the language. I realize it is a little obscure, but that is the best language we could draw up which would not be subject to a point of order.

Mr. QUILLEN. If the gentleman will yield further, it says for the 4 preceding years. What the gentleman is saying might be the intent, but it is not what the law says.

The Assistant Secretary of Defense, in a letter of June 11, says: "I feel that the prohibitions in section 745 are too restrictive," and he requests that this provision be deleted.

Mr. MAHON. I think that statement was made as a result of a misunderstanding and of an improper interpretation of the language.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 6 minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. McEWEN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. MAHON. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN pro tempore. Is there

objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN pro tempore. Members standing at the time the unanimous-consent request was granted will be recognized for 40 seconds each.

The Chair recognizes the gentleman from New Jersey (Mr. PATTEN).

Mr. PATTEN. Mr. Chairman, I rise in support of this amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. Mr. Chairman, the Armed Services Committee did not hold hearings on this measure. I think it is important to hold hearings and, therefore, I ask my colleagues to accept the amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Kansas (Mr. SKUBITZ).

Mr. SKUBITZ. Mr. Chairman, I shall not use my 40 seconds. I just want to remind the chairman of this committee that it seems rather absurd to think that some time ago we fought, bled and died here for ROTC programs on high school campuses, and now we are trying to close down programs on college campuses.

(By unanimous consent, Mr. BURLISON of Missouri yielded his time to Mr. EDWARDS of Alabama.)

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Wyoming (Mr. RONCALIO).

Mr. RONCALIO. Mr. Chairman, I yield back my time, and I hope for a vote for the amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from New York (Mr. MCEWEN.)

Mr. MCEWEN. Mr. Chairman, if I understand the thrust of this amendment, it is going to be based on the last 4 years of experience. I will say to the Members that I have an independent college in my district that has produced fine officers for our Army. It is a small college. They got caught in the backlash of Vietnam. The enrollment has fallen off. They are now moving up. If this section stays in, I think it will terminate ROTC in a fine college which has produced fine officers for our Army.

Mr. Chairman, I support this amendment.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, I rise in strong support of this amendment. The college I graduated from, the University of California at Santa Barbara, is one of those colleges that will be affected. It was one of the universities that went through a severe and traumatic experience during the Vietnam war. The ROTC unit was closed down. It is clawing its way back. They are now on probation. If this amendment is not adopted, that university will not have an ROTC unit, and I think that will be a tragic situation for a university with 14,000 students.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Chairman, there is obviously some confusion as to whether or not section 745 says what it says, means what it says, or means what the chairman of the Committee on Appropriations says it means. I am frankly not inclined to take a chance. I think section 745 ought to be stricken and the Quillen amendment should be adopted.

In my State there is a school, Ripon College, which has had an ROTC program since 1919. We went through the fight during the late 1960's when the Congress was trying to take away programs for colleges and universities that had ROTC programs. Some dropped their ROTC programs, but Ripon College did not. They stayed with ROTC as they have since 1919.

Mr. Chairman, I think it would be unfair for colleges such as Ripon College and the University of Wisconsin at Oshkosh to adopt this hastily drawn and obviously unclear section, and I hope that the amendment to strike section 745 is adopted.

I want to quote at this point from two messages I received which indicate why this provision should be stricken. The first is from Dr. Bernard Adams, the president of Ripon College:

> Ripon's ROTC enrollment the last several years has been such as to place our unit in "evaluation status." Next fall's freshmen and sophomore classes, however, will have substantially increased numbers of ROTC students—our shortfall being in the critical junior year (we currently project fifteen students) and in the senior year (we currently project only seven). In one more year, in other words, we'll be in good shape. The real point, however, has to do with our long tradition (since 1919) of quality ROTC training and the really significant contributions which Ripon, as one of the smallest ROTC colleges over the years, has made to the development of the officer corps. There was no opportunity, I have been told, to give testimony before the House Appropriations Committee regarding Section 745—indeed, it appears that no one from the Department of the Army even knew that this section was in the bill. Should H.R. 14262 become law, without a change in Section 745, our and a good many other ROTC units would disappear with advance notice of little more than a month. I am absolutely convinced that this action would be contrary to the best interest of a number of strong colleges, of the Department of the Army, and of the nation as a whole.

The second is from Dr. William White, the assistant chancellor at the University of Wisconsin in Oshkosh:

> Students, faculty, and administrators at the University of Wisconsin—Oshkosh were stunned to discover the immediate and unfortunate effect of House Bill H.R. 142-62, Section 745, which we understand is to be voted on by the committee on June 17. It is our considered opinion that the impact of section 745 would be to eliminate without review the senior ROTC unit at UW Oshkosh and at a number of other institutions as well.
>
> We urge you to support actively the deletion of section 745 of House bill H.R. 142-62 as it is now written, to recommend passage in its present form would be detrimental to a large number of students at this and other institutions and would be disastrous to any future attempt to establish senior ROTC programs, it would be viewed as an indication of the Federal Government, and in this specific case the U.S. Army, of breaking faith by unilaterally withdrawing support from a program urged on UW Oshkosh by the Army itself. We urge deletion of section 745 for the following reasons:
>
> 1. A matter of faith and credibility. This campus voted to establish an ROTC unit during the period of the late 1960's when many other campuses were eliminating ROTC units. Retention of the senior ROTC unit on this campus therefore ought to take precedence over the reestablishment of a unit on a campus which "threw it out" earlier. Both faculty and students at this institution strongly support the program and oppose its elimination;
>
> 2. The State of Wisconsin and the University of Wisconsin Oshkosh have made a substantial investment in the physical facilities required for an effective ROTC program which are considered to be outstanding in the midwest and among the best in the Nation. It would be short sighted and wasteful to renew arbitrarily the ROTC unit on short notice without permitting this institution a reasonable time to meet new quotas;
>
> 3. It is grossly unfair to the present sophomores who would be disadvantaged by the elimination of ROTC, in that they would not be able to complete a program which at the urging of Army representatives they undertook in good faith and chose as a possible career;
>
> 4. The University submits that given a reasonable time, it can meet the quota established. A new innovative calendar is in its second year of testing at this institution, and the prospect of increasing ROTC enrollments is exceptionally good;
>
> 5. The termination dates as set forth in H.R. 142-62 are too short to permit an orderly phase-out of the unit and the readjustment of the use of the facilities presently occupied by the ROTC program. Provision should be made to permit the upcoming sophomore class to finish the program for which they enrolled in good faith and to determine whether or not, under the new calendar, the established quotas can be met.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Alabama (Mr. EDWARDS).

Mr. EDWARDS of Alabama. Mr. Chairman, this is not something new. We have been talking about this in our committee for some years, and we have been on the backs of the military over this for some time.

The most amazing thing to me is that the Air Force can fly off into the wild blue yonder and get into shooting matches with the enemy and come back aces and the Navy can cruise the seas and blast submarines out of the water and the Army can go to battle and fight the enemy, but they all turn to jelly when they have to come here to tell the Congress about the deplorable enrollments of ROTC units in some colleges and universities.

The reason we have been concerned about this matter is because we have had colleges that have not kept up their ROTC programs. Then they go and say, "Well, we are going to have to close you down," and the first thing the college does is try to have its Congressman try to keep it open, and so we keep sending graduates out into the military branches from those schools at $70,000, $80,000, or

$100,000 a graduate. That is why we find ourselves in the situation we are in. All this amendment says is, if, in the last 4 years you have not reached 20 enrollees in one of those 4 years, you do not meet the criteria specified as necessary in the bill.

Mr. Chairman, I think the gentleman from Missouri (Mr. BURLISON) put his finger on it. The Senate did knock this provision out. I think the smart thing to do is to leave it in in the House bill, go to conference, and try to pinpoint these areas and work it out.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Indiana (Mr. HILLIS).

Mr. HILLIS. Mr. Chairman, I am a member of the Subcommittee on Military Personnel of the Committee on Armed Services, and to the best of my knowledge and recollection, no hearings were held before the authorizing committee on this important matter.

ROTC produces the basic number of officers outside the academies for the Army, the Navy, and the Air Force, and it produces them on a nationwide basis. I think it would be a terrible mistake to move quickly here without hearings and cut down on what is probably a great source for the production of these officers. It could particularly hit one section of the country, and it would not give representation to the officer corps or the representation for certain sections of the country in the services that they should have.

Mr. Chairman, for this reason I support the amendment.

Mr. HÉBERT. Mr. Chairman, I support the move of the gentleman from Tennessee (Mr. QUILLEN) with regard to eliminating section 745 of the bill which would attempt to establish statutory enrollment criteria for the ROTC program. The provision would require a minimum of 20 students in the junior class for the combined 4 and 2-year program and 15 students in the 2-year program. If those classes had less than the prescribed number of students enrolled for the 4 preceding years as of September 1976 the units would be disestablished.

Mr. Chairman, these provisions are too restrictive at the present time and would effectively inhibit the efforts of all of the services to restructure their ROTC programs following the difficult times and experiences during the Vietnam war. The widespread and sometimes violent anti-ROTC attitudes have pretty much disappeared and indications are that college students are more interested in ROTC than at any time in recent years. Actually, many of the schools where ROTC was discontinued have applied to reestablish units on campus.

We are advised that the Army, which would be most severely affected by the proposal in section 745, currently has 81 schools on probation because of enrollment deficiencies. However, we are also advised that the current program to revitalize these units is going well and that by 1978 few, if any, schools would be expected to remain in a probation status. We believe the services deserve this opportunity to continue their program. Congress in its wisdom has not seen fit to set minimum enrollment figures for the college ROTC program, leaving it to the Department of Defense to set those standards and to maintain them. Further, there are always exceptions which can be handled administratively and without the necessary rigidity created by statutory enactments of this type. Indeed, the report of the Appropriations Committee recognizes that situation in the case of Alaska, where maintaining minimum enrollments may be difficult. Also, the report recognizes the desirability of having an ROTC unit in at least one State university in each State, where in some instances, strict enrollment criteria may be difficult to maintain.

Mr. Chairman, before any statutory language of this type is enacted, I would consider it highly desirable and indeed necessary to conduct in-depth hearings on all aspects of the proposal in the proper oversight committee.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Tennessee (Mr. QUILLEN).

The question was taken; and on a division (demanded by Mr. ADDABBO) there were—ayes 72, noes 48.

So the amendment was agreed to.

Mr. MAHON. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. O'NEILL) having assumed the chair, Mr. HUNGATE, Chairman pro tempore of the Committee on the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 14262) making appropriations for the Department of Defense for the fiscal year ending September 30, 1977, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER pro tempore. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. FORSYTHE

Mr. FORSYTHE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. FORSYTHE. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FORSYTHE moves to recommit the bill H.R. 14262 to the Committee on Appropriations

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. EDWARDS of Alabama. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 331, nays 53, not voting 47, as follows:

[Roll No. 401]

YEAS—331

Abdnor
Adams
Addabbo
Alexander
Allen
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Bafalis
Baucus
Bauman
Beard, Tenn.
Bennett
Bergland
Bevill
Biaggi
Biester
Blanchard
Boggs
Boland
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Corman
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Ala.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fary
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harris
Harsha
Hayes, Ind.
Hébert
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lundine
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Meyner

Michel
Miller, Ohio
Mineta
Minish
Mitchell, N.Y.
Moakley
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nix
Nowak
O'Brien
O'Neill
Passman
Patten, N.J.
Patterson, Calif.
Paul
Pepper
Perkins
Pettis
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Roush
Rousselot
Ruppe
Russo
Ryan
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Steed
Steiger, Wis.
Stephens
Stratton
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wylie
Yates
Yatron
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—53

Abzug
Aspin
AuCoin
Baldus
Beard, R.I.
Bedell
Bingham
Blouin
Brown, Calif.
Burton, John
Burton, Phillip
Carr
Collins, Ill.
Conyers
Cornell
Dellums
Drinan
Early
Forsythe
Fraser
Harkin
Harrington
Hechler, W. Va.
Holtzman
Kastenmeier
Koch
McHugh
Maguire
Mezvinsky
Mikva
Miller, Calif.
Mitchell, Md.
Moffett
Mosher
Nedzi
Nolan
Oberstar
Obey
Ottinger
Pattison, N.Y.
Rangel
Reuss
Richmond
Rosenthal
Roybal
St Germain
Seiberling
Solarz
Stark
Stokes
Thompson
Tsongas
Weaver

NOT VOTING—47

Badillo
Bell
Bolling
Brooks
Chisholm
Clay
Daniels, N.J.
Edwards, Calif.
Eshleman
Hawkins
Hays, Ohio
Helstoski
Hinshaw
Howe
Ichord
Karth
Landrum
Lujan
McClory
Matsunaga
Metclafe
Milford
Mills
Mink
O'Hara
Peyser
Rees
Riegle
Roberts
Rostenkowski
Runnels
Stanton, James V.
Steelman
Steiger, Ariz.
Stuckey
Studds
Sullivan
Talcott
Udall
Ullman
Vanik
Waxman
Wilson, Bob
Wirth
Wydler
Young, Alaska
Young, Ga.

The clerk announced the following pairs:

On this vote:

Mr. Hawkins for, with Mr. Clay against.

Mr. Dominick V. Daniels for, with Mr. Young of Georgia against.

Mr. Ullman for, with Mr. Badillo against.

Mr. Roberts for, with Mr. Studds against.

Mr. Rostenkowski for, with Mrs. Chisholm against.

Until further notice:

Mr. Edwards of California with Mr. Bell.

Mr. Waxman with Mr. McClory.

Mrs. Sullivan with Mr. Eshleman.

Mr. Wirth with Mr. Peyser.

Mr. Runnels with Mr. Talcott.

Mr. Riegle with Mr. James V. Stanton.

Mr. Helstoski with Mr. Karth.

Mr. Brooks with Mr. Steelman.

Mr. Ichord with Mr. Steiger of Arizona.

Mr. Landrum with Mr. Udall.

Mr. Matsunaga with Mr. Bob Wilson.

Mr. Stuckey with Mr. Lujan.

Mr. Vanik with Mr. Rees.

Mr. O'Hara with Mr. Wydler.

Mr. Milford with Mr. Young of Alaska.

Mrs. Mink with Mr. Hays of Ohio.

Mr. Metcalfe with Mr. Mills.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MAHON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in connection with the Addabbo amendment involving the B-1 bomber.

The SPEAKER pro tempore (Mr. McFall). Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING CLERK TO MAKE CORRECTIONS IN NUMBERING OF SECTIONS IN ENROLLMENT OF H.R. 14262

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the clerk may be authorized to make corrections in the numbering of the sections in the enrollment of the bill (H.R. 14262), the defense appropriation bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ACTION ANNUAL REPORT FOR FISCAL YEAR 1975—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore (Mr. McFall) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Education and Labor and to the Committee on International Relations:

To the Congress of the United States:

I herewith transmit the ACTION Annual Report for fiscal year 1975 as required by section 407 of the Domestic Volunteer Service Act of 1973.

Gerald R. Ford.

The White House, *June 17, 1976.*

ANNUAL REPORT OF THE NATIONAL ADVISORY COUNCIL ON ADULT EDUCATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore (Mr. McFall) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Education and Labor:

To the Congress of the United States:

I transmit herewith the Annual Report of the National Advisory Council on Adult Education for Fiscal Year 1976, as required by Section 311(d) of the Adult Education Act of 1966 (Public Law 89-750), as amended.

Gerald R. Ford.

The White House, *June 17, 1976.*

PROPOSAL TO CORRECT SOCIAL SECURITY PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94-534)

The SPEAKER pro tempore (Mr. McFall) laid before the House the following message from the President of the United States; which was read and, without objection, referred to the Committee on Ways and Means and ordered to be printed:

To the Congress of the United States:

I am today submitting to the Congress a legislative proposal that will correct a serious law in the Social Security system. This proposal is one of three components of my 1977 budget and legislative program intended to insure a secure and viable Social Security system. My strong personal commitment to Social Security embraces both a genuine concern for the 32 million persons who currently depend on Social Security benefits for income, and an unyielding dedication to protect the financial integrity of the system for the million of workers who will depend on it in the future.

My program to insure the integrity of the Social Security system, as outlined in January of this year, includes:

First, a full cost-of-living increase for all beneficiaries, scheduled to take effect in checks sent out in July of this year.

Second, an increase in Social Security payroll contributions by three-tenths of one percent for both employees and employers. This increase would remedy the immediate, short-term financing problem facing Social Security. It would stop the drain on the trust funds—which are now expected to pay out about $4 billion more in benefits each year than they take in. This correction would cost no employee more than $1 per week in additional contributions.

Third, legislation to correct a serious flaw in the Social Security benefit structure which, if left unchanged, would undermine the principles of Social Security and create severe long-range financial pressures on the system. My proposal would eliminate this flaw and be a major step towards resolving the long-range financial problem. It would help stabilize the system and permit sufficient time for careful and thorough analysis of the remaining future financial pressures.

What is the status of these items? I am happy to report that the full cost-of-living increase will be included in July Social Security checks. Unfortunately, the Congress has so far avoided its responsibility to provide a means of paying for the full cost of the system.

The proposal I am submitting today corrects an inadequate method of adjusting benefit payments which, over time, could mean that many new retirees would receive Social Security benefits in excess of the highest earnings they ever received. Such a result was never intended and is clearly undesirable, both from the standpoint of the individual and the excessive costs to the system.

My proposal would correct this defect by ensuring that future retirement benefits are a constant share of preretirement earnings. This produces three important improvements:

—It eliminates the long-term financial deficiency associated with the flaw (about half the projected long-range deficit), and moves more closely to the system which Congress intended to create in 1972;

—It helps to stabilize the system despite variations in the economy; and

—It makes individual benefits more predictable than under the current system.

To insure fairness to those approaching retirement as these proposals are implemented, I am suggesting a 10-year phase-in period during which those persons retiring will be assured that their benefits are no lower under the new formula than they would have been under the old formula at the time the law goes into effect.

The correction of the flaw will be a major step toward bringing the system back into financial balance over the long term. But it is not the complete solution and we should not pretend that it is. The Social Security Trustees estimate that even with this legislation, sizable long term financial pressures remain.

There is sufficient time, however, to analyze this situation and to correct it. If action is taken promptly on my proposals the system will not be in jeopardy. But this should not delay our efforts to identify the further steps needed to protect the system's permanent financial integrity.

Over the next few years I intend to work with the Congress in resolving these problems. But the time to begin is now. We must begin immediately to solve both the short- and long-range problems. The corrected benefit formula that I am submitting today would eliminate more than half of the estimated long-range financial problem. The 0.3% increase in employee and employer contributions which I proposed earlier this year would bring the system into current balance.

In order to protect both those who currently receive benefits and those who are contributing to the system towards their future retirement, I urge the Congress to move immediately to enact these two vital proposals into law.

GERALD R. FORD.

THE WHITE HOUSE, *June 17, 1976.*

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

The SPEAKER pro tempore (Mr. MCFALL) laid before the House the following communication from the chairman of the Committee on Public Works and Transportation, which was read and together with accompanying papers, without objection, referred to the Committee on Appropriations:

WASHINGTON, D.C.,
June 15, 1976.

Hon. CARL ALBERT,
Speaker of the House of Representatives, Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 201 of Public Law 89-298, the Committee on Public Works and Transportation of the House of Representatives on June 9, 1976, adopted Committee resolutions authorizing the following water resources development projects:

Savannah Harbor, Georgia.

Saw Mill River at Elmsford and Greenburgh, New York.

Wildcat and San Pablo Creeks, California.

Copies of the resolutions are enclosed.

With warm personal regards, I am,

Sincerely,

ROBERT S. JONES.

STATEMENT OF CHAIRMAN AL ULLMAN WITH RESPECT TO THE RULE TO BE REQUESTED FOR CONSIDERATION OF AMENDMENTS OF THE COMMITTEE ON WAYS AND MEANS TO H.R. 12112

(Mr. FISHER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FISHER. Mr. Speaker, on June 15, 1976, the Committee on Ways and Means favorably acted on committee amendments to those provisions of H.R. 12112 which are within the jurisdiction of the Committee on Ways and Means. As will be recalled, H.R. 12112 was reported by the Committee on Science and Technology and was sequentially referred to the Committee on Ways and Means.

I take this occasion to advise my Democratic colleagues in the House as to the type of rule which I will request for consideration of the amendments of the Committee on Ways and Means to H.R. 12112.

The committee instructed me to request the Committee on Rules to grant a closed rule for the consideration of the amendments of the Committee on Ways and Means to H.R. 12112, which such amendments would not be subject to amendment.

We intend to file the committee report on the amendments of the Committee on Ways and Means to H.R. 12112, Friday, June 18, 1976. It is our intention to request a hearing before the Committee on Rules concurrently with the Committee on Science and Technology.

PRODUCTION OF PRIME FIGHTING TANKS

(Mr. NICHOLS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NICHOLS. Mr. Speaker, over the past several years the Army's acute shortage of prime fighting tanks has been well known to many Members of this body. However, what is not generally known is the remarkable way the Army, with the responsive cooperation of American industry, has picked itself up by the bootstraps and moved to eliminate this shortage, thereby strengthening our national defense posture.

Since July 1974, with the full aid and support of the Congress, 1,246 new, first line M60A1 tanks were produced at the U.S. Army tank plant in Warren, Mich., putting tank production ahead of the ambitious, self-imposed target schedule. During this 2-year period tank production increased from a token rate of 30 per month to over 70 per month in May 1976 which is the fifth month in a row that 70 or more tanks have been produced at the tank plant. The production rate will increase to over 100 per month beginning in February 1977 and to 120 per month in January 1978.

At the same time the Army saw the need to rapidly build up its prime tank inventory in the near term, and therefore, developed a plan for Alabama's Anniston Army Depot to convert obsolete M48 model tanks into diesel engined M48A5's, equipped with the latest 105 millimeter gun. Anniston Depot is now up to a 40 per month conversion rate, and to date has reworked 303 M48A5's, which is also ahead of the target schedule. These tanks are now being delivered to National Guard units across the country—dramatically improving their combat readiness. Approximately 2,600 M48's will be converted to prime M48A5 tanks by the time this conversion draws to a close.

In order to rapidly facilitate tank production, the industrial base for tanks has had to be significantly expanded. With the improvement of an existing foundry and the buildup of a second casting plant, hull and turret capacity will be raised to 120 sets per month by the fall of 1977. The use of large multiyear contracts will guarantee fire control availability to meet contemplated program needs. Further, expansion and dual sourcing has permitted the stockpiling of a 60-day level of components which minimizes the impact of technical production line problems and vendor strikes as well as maximizes the effectiveness and efficiencies of the tank assembly line.

Mr. Speaker, many individuals from the assembly line worker to the top management levels of the Army have worked hard to achieve these remarkable production rates, but one individual who should be singled out for recognition is the Honorable Harold Brownman, the Assistant Secretary of the Army for Installations and Logistics. During the past 2 years he has been the No. 1 proponent in the Department of the Army for expanding our tank production capacity and increasing tank inventories. As a result of his efforts, the production of prime M60A1 and M48A5 tanks has increased the free world's tank inventory by 29 tank battalions or almost 5 armored divisions.

THE GREAT GOLD ROBBERY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona (Mr. CONLAN) is recognized for 15 minutes.

Mr. CONLAN. Mr. Speaker, lost in the news coverage of the Presidential primaries and the furor over the extracurricular activities of some of our colleagues was an action by the International Monetary Fund that may come to be known by many Americans as "the great gold robbery."

Buried in section C, page 13 of the Washington Post for June 3 was an article titled "Price Placed at $126 an Ounce in IMF's First Auction of Gold." The news story written by Hobart Rowen opened with this paragraph, and I quote:

> The International Monetary Fund yesterday announced it had auctioned off 780,000 ounces of gold, the entire amount it had offered at $126 an ounce, the first installment of a projected liquidation of 25 million ounces for the benefit of poor nations.

Further on in the story Rowen reported that—

> If yesterday's price were to hold on the average for the sale of the entire 25 million ounces, the IMF would accumulate nearly $2.2 billion, to be used for the benefit of poor countries.

"For the benefit of poor countries," now who can be against that?

The answer it seems to me would be the American people if they knew they were being ripped off. What is happening, seemingly with the approval of the President and Secretary of Treasury and the acquiescence of too many Congressmen, is the "legal" theft of hundreds of millions of American taxpayer dollars by an international agency imbued with grandiose ideas of "helping" nations it defines as underprivileged, developing, or just plain "poor."

Technically what is happening is that the IMF has decided to phase gold out of the international monetary system. The first step in the process is the disposition of one-third or 50 million ounces of the IMF's present gold holdings. Of the 50 million ounces, 25 million ounces will be sold at public auction over a 4-year period with the profits to be used to finance a trust fund that will in turn provide what is described by the IMF as "urgently needed balance-of-payments financing to the poorest developing countries on concessional terms." The profit from the sale of the gold stems from the fact that the IMF bought the gold at the official price—around $42 and the trust fund will be able to sell the gold at the going market price of currently about $126 an ounce.

The other 25 million ounces of the first third of the IMF's gold holdings will be distributed to members, at the present official price, in proportion to their original contribution to the IMF. The remainder of the IMF gold—approximately 103 million ounces—will be held for future disposition upon a decision by an 85-percent majority vote of the IMF membership.

Since the United States subscribed 25 percent of the gold "owned" by the IMF, American taxpayers will actually be robbed of over $500 million. Even worse is the strong possibility that a substantial part of the trust fund's "foreign aid" will go to countries who are unfriendly to the United States and will use the money in ways that are detrimental to the American people.

Quite frankly, Mr. Speaker, it was never the function of the IMF to act as an economic development agency. Nor was it ever the intention of Congress that the IMF serve as a conduit for foreign aid.

The most important question that comes to mind at this point is, does the Board of Governors of the IMF have the authority under their articles of incorporation (article VII, section 2) to do this act, without seeking ratification by member countries?

A careful reading of article VII, section 2 does not, it seems to me, give the specific or implied power for the proposed position. It merely provides for two steps that the fund can take institutionally as it deems appropriate to "replenish its holdings of any member's currency." The American Law Division of the Library of Congress has rendered an independent opinion confirming my view that there is no authority, either directly or indirectly, outside of a scarce currency situation, for the IMF to sell gold on and for its own account under that clause. In particular this would seem to be the case for the use of proceeds to set up a trust fund for the developing nation members. There are no provisions in the articles of agreement that draw a distinction between developed and developing countries, and there is a legal principle that governs the activities of the IMF known as the principle of uniformity. That principle establishes the same rights and obligations for all member countries of the fund and establishes that the policies of the fund apply equally to all members.

In other words, the principle is one that prevents discrimination in favor of, or against, particular members, without regard to their economic strength or weakness or any other characteristic.

Again, the IMF was set up to promote international monetary cooperation and not to serve as a conduit for foreign aid, a point underscored by Mr. Arthur Laffer before the Subcommittee on International Trade a few weeks ago. Mr. Laffer noted that—

> As a method of helping poor nations develop, this method is noted for its inefficiency. Far preferable schemes exist, some of which even benefit the U.S. directly. Examples of these include tariff cutting, reduction of quotas and the removal of other artificial trade barriers. These measures provide direct incentives to development. By working harder and more efficiently, less developed countries would be able to sell more goods to developed nations.

Mr. Speaker, it is not too late for Congress to take the leadership in letting the American people know that an international agency intends to use billions of their tax dollars without their approval to finance foreign aid projects in "underdeveloped" nations, many of whom openly sneer at the American way of life. Nor is it too late for Congress to take the leadership in informing the President and Secretary of the Treasury that the function of the IMF is international monetary cooperation and not covert foreign aid.

I have sent a letter to the Secretary setting forth the conclusions of my study of this matter and expressing to him my opposition to the disposition of IMF gold hearings by any method other than restitution to member countries in proportion to their subscription of that gold. The text of the letter follows:

WASHINGTON, D.C.,
June 16, 1976.

HON. WILLIAM E. SIMON,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: For some time, my attention has been absorbed by the proposed amendments to the International Monetary Fund Articles of Agreement, particularly the proposals for disposition of the IMF gold holdings. I was quite surprised to discover that there was to be no Congressional review of what would seem to be an important innovation, namely the provision for effectively giving profits on gold sales to a new trust fund, for the benefit of less developed countries. But in response to inquiries, everyone nodded their heads and said that the IMF already had the authority to dispose of the gold this way. In testimony before the Subcommittee on International Trade several weeks ago, you yourself said that the IMF "owns" the gold and has "title" to it. Since these pronouncements surprised me, I decided to research the matter most carefully.

Having done that research, Mr. Secretary, I have come to the conclusion that the IMF does "own" the gold in the sense that we cannot simply demand its return. Nonetheless, that ownership is limited by the IMF Articles of Agreement, and does not include legal authority to dispose of gold for the benefit of less developed nations. I am convinced that the sole method of gold disposal that has ever been contemplated within the IMF Articles of Agreement as agreed to by the signatory countries is the reversion of gold to subscribers in exchange for their currencies, at the "official price" of gold.

Section (2) (ii) of Article VII is claimed as legal authority for the current proceedings. This is the so-called "scarce currency clause" and does indeed encompass the technical machinery being used. However, use of the clause is clearly limited to situations in which a replenishment of a currency or currencies is required for IMF operations.

In answer to this, it is said that the IMF Board of Governors are vested by the Articles of Agreement with the sole and complete authority to interpret the Articles, so that the scarce currency clause can be just as elastic as is necessary to accomplish the proposed disposition.

This answer, however, ignores two important considerations. The first is that the IMF Articles of Agreement are governed by what is called a principle of uniformity, which means that in all matters there will be no distinction made among countries except in the matter of quotas and consequent voting power. It is impossible to read this as being consistent with setting up a trust fund to channel money on concessional terms to a particular group of countries.

Secondly, the Governors, in their interpretations, are specifically bound by the Purposes of the Fund stated in Article I. There is not the slightest indication in that Article that the IMF is to engage in anything like foreign aid, even if it be called "balance of payments financing on concessional terms."

The Governors of the IMF do indeed have wide latitude in interpreting the Articles of Agreement; but they are certainly limited at least by the Articles themselves. Within those Articles, there is no room for foreign aid.

Mr. Secretary, I am no longer surprised that this one particular part of the proposed amendments to the IMF Articles of Agreement is not being presented to Congress for its ratification. It is my firm opinion that the scheme has been withheld from debate and vote in Congress precisely because it is perceived that Congress would never permit the sale of American-subscribed gold at below-market prices for the profit of others, and especially that Congress would never allow this to be done for the provision of foreign aid disbursed by foreign powers.

Mr. Secretary, it is of the utmost importance that you put an immediate stop to any further disposition of IMF gold, pending Congressional determination of whether it approves of this fundamental change in the operations and purposes of the International Monetary Fund. The worst that could occur would be a short delay in fulfilling the IMF plan; in return for the small cost, we can obtain a review of this conversion of gold to purposes never contemplated by Congress when it agreed to IMF participation.

Cordially,

JOHN B. CONLAN,
Member of Congress.

Mr. Speaker, the proper role of gold in the International Monetary System and the question of the level of aid to be given by the United States to the developing nations are separate and distinct questions; it is not the function of the IMF to act as a development agency; and the United States should determine its foreign aid policies through the legislative process after study and debate. Therefore, I would hope this Congress would take a strong stand for the restitution of all IMF gold at the official price. I can think of a great many things that we can do with the hundreds of millions of dollars involved that would better serve the taxpayer than "foreign aid" to countries that may well use it against us.

Mr. Speaker, it is not too late to stop the great gold robbery. But we must act now.

THE ENERGY CRISIS IN PERSPECTIVE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PAUL) is recognized for 15 minutes.

Mr. PAUL. Mr. Speaker, on Tuesday the House Committee on Banking, Currency and Housing approved H.R. 12112, a bill to guarantee loans for the production of synthetic fuel. I believe that this is entirely the wrong approach to take regarding our Nation's energy problem. I, therefore, commend to my colleagues the following article by Prof. W. Philip Gramm from the Wall Street Journal of November 30, 1973:

THE ENERGY CRISIS IN PERSPECTIVE

(By W. Philip Gramm)

Much of the prevailing rhetoric on the "energy crisis" expresses this kind of logic: Since there is just so much oil, coal, natural gas and other energy sources, sooner or later we are going to run out. We must, therefore, begin to ration these resources not only to meet the current crisis but to conserve energy in our time and move the day of reckoning further into the future. Americans have been "energy pigs," according to Stewart Udall, and have been operating on the misguided assumption that there is no limit to the quantity of energy. Since we are at the end of the era of cheap fuel and dealing with a problem without precedent, strong and previously unacceptable policies are called for: government regulation of the production and distribution of energy.

Ignored is the fact that mankind has frequently experienced instances of increasing scarcity, and by ingenuity and free action has solved all of them. In fact, we are currently experiencing the *second* major energy crisis in American history.

From the colonization period until the Civil War the major source of artificial lighting in the U.S. and Europe was whale and sperm oil. Since there were no good substitutes for these oils as sources of light, the world's supply of artificial light depended almost exclusively on the whaling industry. People did not need computers to project that the supply of whales could not keep pace with the rapid expansion in demand.

Sperm oil rose from 43 cents per gallon in 1823 to $2.55 a gallon in 1866. Whale oil rose from a low of 23 cents in 1832 to $1.45 a gallon in 1865. As prices rose, gas distilled from coal became an economically feasible substitute causing whale oil demand to fall off sharply in Europe.

In 1859 sperm oil was over $1.36 a gallon. But that same year, an event which in nine years would end the whale oil crisis forever occurred: petroleum was discovered in Pennsylvania. In the meantime, the demand of the Civil War boomed whale oil prices. Not only was there increased demand, the war disrupted production. Conscription of whaling vessels as freight ships and the capture or destruction of ships by Southern privateers caused a decline of more than 50% in the number of U.S. ships in whaling and a 60% decline in tonnage. By 1866, sperm oil had reached a high of $2.55 a gallon.

The high prices for whale and sperm oil between 1849 and 1867 provided a growing profit incentive to develop an efficient refining process for crude petroleum and induced the investment required for the production of kerosene. Beginning in 1867, kerosene broke the sperm and whale oil market and prices tumbled. By 1896, sperm oil was cheaper than it had been in any recorded period—40 cents a gallon—but whale oil lamps were no more than relics for succeeding generations.

TWO VITAL FUNCTIONS

Aside from providing an incentive for the development of petroleum products rising whale and sperm oil prices performed two other vital functions. Rising prices caused consumers to act out of their own self interest to economize the use of oil. Rising prices gave an inducement for producers to increase output of whale and sperm oil through increases in investment, improvements in technology, and increased labor input. The rise in prices from 1820–1847 induced a rise in the tonnage of whaling vessels of almost 600% and produced numerous technological improvements in the whaling industry. It appears that rising prices caused output to increase perhaps by 1,000% or more. Had government possessed the power and volition to ration whale and sperm oil to hold its price down or to levy a tax on oil to reap the gains from the price rise, the shortage would have been catastrophic, and the advent of kerosene and other petroleum products might have been delayed for decades.

The whale oil crisis is a case study of how the free-market system solves a scarcity problem. The end product of this process of discovery and innovation is the Petroleum Age in which we live. We owe the benefits and comforts of the present era to free enterprise and the scarcity of whales.

The history of our first "energy crisis" demonstrates that there is no reason to believe that we face long-term doom. If technology were suddenly frozen, some of the dire projections being made now might be realized in several hundred years or less, depending on which "expert of the week" one believes. But technology is *not* frozen. It is instead progressing at a rate unprecedented in history. The Petroleum Age will pass as did the Stone Age (and the Whale Oil Era). The real danger is that we may foolishly restrict the exploitation of current energy sources and allow them to become valueless. Only if we eliminate the market incentives for innovation and investment will we face a real, long-term "energy crisis."

Though there is no long-term "energy crisis" there is a short-term problem. Economic science teaches that shortages cannot exist in free markets. In free markets prices rise in order to eliminate shortages. "Crisis" as opposed to simple scarcity, results from market disruptions; and the *only* sector of society which possesses the power to disrupt a large market is the government. Government price ceilings on natural gas at the well-head have been one of the most disruptive public policies. By setting the price of natural gas artificially low, the government has stifled the incentive of producers to increase supplies, while the artificially low price has stimulated demand. Furthermore, since profits are low at these artificially low ceiling prices, investment and exploration have fallen off sharply.

Price controls have also had a detrimental impact on the supply of petroleum products and the construction of refinery capacity, essential to increasing domestic energy supplies. Due to the pressure to keep prices below what the free market would specify, shortages of petroleum products have occurred at both the retail and wholesale levels. Had prices been allowed to rise, the quantity supplied would have expanded to meet the quantity demanded; and each consumer would have had direct incentive to economize on usage. We are only now beginning to realize the distorting impact on the production of inputs essential for fuel production (drilling equipment, tubular steel, etc.) which four phases of price controls have produced.

Environmental legislation and court action also have had a significant impact on the supply and demand for energy. Injunctions against atomic and conventional power plants have prevented the supply of electricity from keeping up with the demand. The injunction against the Alaskan pipeline has impeded the growth of oil supplies. Pollution control devices on automobiles have increased fuel consumption and, thereby, increased the demand for gasoline. Mass conversion from high sulphur to low sulphur fuels in order to comply with EPA regulations to abate pollution has caused a change in the composition of energy demand from plentiful, cheap sources of energy to scarcer more expensive ones.

The energy crisis has made it clear that pollution abatement has a definite cost to society. Only by understanding the costs involved in various forms of pollution abatement can we choose how much environmental protection is optimal.

The bureaucratic method of looking at the supply and demand for energy products differs substantially from the market-directed approach. The bureaucrat presumes first of all that the supply of the product is absolutely fixed. Price does not matter. A price rise, he argues, will not put more oil in the pipelines—at least not before the next election. People "need a certain amount" of the product, and they will always buy the same quantity regardless of price unless they are too poor to afford it at all.

These views are, of course, economic nonsense. In weighing the various courses of action which might be followed in minimizing the cost of dealing with the current energy problem it is useful to make a ball park estimate of the price level that the free market would yield in the shortage period.

ESTIMATING OUTPUT AND DEMAND

Estimates of how much the demand for energy sources would decline in a period less than a year, if prices rose by 1%, range from roughly 0.2% to 1.2%. Estimates of how much the quantity supplied would rise in the same period, if prices rose by 1%, vary from roughly 0.6% to 2%. A reasonably conservative estimate is that a price rise of 1% will provoke a decline in the quantity demanded of 0.5% and a rise in the quantity supplied of 1%.

The practical importance of these estimates is that a 10% shortage in the supply of fuel at current prices would yield a free market rise in price of less than 7%! If we are more pessimistic about the shortage and assume that demand exceeds supply by 20% at the current price, we might expect a price rise of less than 14%.

The above estimates, though conservative, do not take account of the disruption produced by the crisis atmosphere that surrounds this issue. Since the magnitude of the crisis has been blown out of all reasonable proportions and people fear shortages and rationing, hoarding by both the supplier and demanders is a genuine possibility. In the very short run (up to three months) we might expect prices to rise above the long-term market price. After roughly one to three months we should expect the crisis mania to pass and a general dishoarding to occur so that prices would fall to a level below the above estimates. These estimates are of course based on the assumption of unhampered market adjustments. Government attempts to interfere with this market process would tend to shift the estimates upwards.

The first step in solving the energy shortage is to allow the free market system to work. *All price ceilings and government controls should be eliminated.* Such action would greatly stimulate the supply of energy sources and eliminate shortages. Prices would rise but the expansion of output would hold prices to the minimum which current conditions dictate. Furthermore, the free market will insure that energy will be allocated to the highest priority users. Price increases are not pleasant, but they are better than low prices and no energy. If these higher prices work hardships on the less fortunate among us, special provisions which would be preferable to the distortions and waste of rationing, could be provided for this small minority.

There is an additional advantage of allowing domestic prices to rise. As prices rise in the U.S., the cost to the Arabs of maintaining the restriction on sales to the U.S. will get higher. If we simply allow the market to work, the agreement to restrict sales to the U.S. will break and with it Arab unity will break. The Arabs are playing a dangerous game. If we allow prices to rise we can expect the development of new domestic sources such as oil shale and domestically produced substitutes for petroleum.

COSTS AND CLEAN AIR

Another step in solving the energy problem is to *inform society of the cost of environmental and ecological programs and allow the people to choose*. If people want the end products of such programs, they will have to pay the cost in higher energy prices. Without adequate information, society will not be able to decide which programs are worth the cost and which are not. If people prefer cleaner air to lower fuel cost they can choose to convert from coal to oil. If they choose lower fuel cost they can burn cheaper and dirtier fuels. Such a system seems preferable to allowing a bureaucrat to decide for them.

To increase supplies we should *open the continental shelf for drilling* but make firms liable for oil spills and other forms of ecological disturbances. Most oil spills are not from drillings but from tankers. But employing the Naval oil reserves, the continental shelf and areas which will become economically feasible at higher prices, output could be greatly expanded.

We should *institute peak-load pricing for electricity in shortage areas*. Brownouts and blackouts occur because in peak use periods overloads occur. By charging more for power in peak use periods, nonessential use would occur in nonpeak load periods when power is cheaper. Under the current system there is no incentive to spread out power use. Peak load pricing could minimize overloads in the current system and allow time for supply sources to catch up to peak load demands.

In a free market, when the price of a good starts to rise, three simultaneous forces are produced. First, people start to use the good more judiciously, second, producers and consumers who use the product begin to search for cheaper substitutes, and third, producers of the product attempt to expand output by using and developing technology to meet the demand. It is this process which has always forestalled doom. We will run out of energy *only* if we prevent the free market from working. Herein lies the real danger of the "energy crisis."

QUINCENTENNIAL CELEBRATION OF AMERICA'S DISCOVERY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, on June 14, my colleague from Illinois, Congressman ROBERT MCCLORY, joined me in introducing House Joint Resolution 985 to designate the State of Illinois and the city of Chicago as hosts for the official celebration of the 500th anniversary of the discovery of America.

In 1892, the State of Illinois had the honor to host the official celebration for the 400th anniversary of America's discovery and did an admirable job in presenting the highly successful World Columbian Exposition which more than 27 million people attended. It is entirely appropriate, therefore, that Illinois, and Chicago, be given the honor of leading the 500th anniversary celebration of this important event in 1992.

The members of the Sixth Illinois Constitutional Convention, who met in 1970 in Springfield, Ill., unanimously adopted Constitutional Convention Resolution No. 68 encouraging the General Assembly of the State of Illinois to make appropriation plans for the 500th anniversary celebration of America's discovery, and further, encouraging the Congress of the United States to recognize the State of Illinois as host to the official celebration of this anniversary.

The text of that resolution follows:

RESOLUTION CONCERNING THE 500TH ANNIVERSARY OF THE DISCOVERY OF AMERICA

Whereas the Constitution of Illinois, as amended, proposed appropriate assistance for the World's Columbian Exposition held in Chicago pursuant to an Act of the United States Congress; and

Whereas the official celebration for the 400th anniversary of the discovery of America was held in the State of Illinois and the City of Chicago; and

Whereas plans should soon be made for the 500th anniversary of the discovery of America; and

Whereas the delegates to this Convention are proud of the Columbian heritage of our State and Nation;

Now, therefore, be it resolved by the Sixth Illinois Constitutional Convention in Convention assembled that:

Article 1. The General Assembly of the State of Illinois be encouraged to make appropriate plans for the celebration of the discovery of America; and

Article 2. The members of the Illinois Congressional delegation in the United States Congress be encouraged to have the State of Illinois designated to host the official celebration of the 500th anniversary of the discovery of America.

Indeed, when the great Italian navigator discovered America in 1492, he not only achieved the most spectacular and important geographical discovery in the history of our planet, but he opened the door to development of the Western Hemisphere. His discovery, therefore, marked the actual beginning of our culture and country, as well as the other countries in both North and South America. Today the greatest democracy known to man is flourishing in America, and the indomitable spirit of Columbus has become part of us and our way of life.

As one of the early cosponsors of legislation to establish Columbus Day as a national legal holiday, I was certainly gratified when the U.S. Congress, in 1968, finally passed the Monday holiday bill which accomplished this objective. The proper quincentennial observance of Columbus' epic voyage and discovery is the right and privilege of all Americans, and Illinois, having hosted the celebration once before, is seeking recognition for that honor once again.

Mr. Speaker, the great State of Illinois, and Chicago, the "hub of America," would be the ideal choice for hosting this celebration. First of all, Chicago is centrally located in relation to all portions of the country, and additionally is the approximate center of our Nation's population. Many airlines and railroads operate into Chicago, and these facilities provide easy access not only to Chicago but to the entire State as well, and thus, a greater potential exists for drawing together visitors from all parts of the Nation, as well as from abroad. Furthermore, Illinois has developed an interstate and intrastate highway system that is unexcelled and provides modern, rapid access to the city of Chicago and to Illinois via automobiles and buses.

Additionally, I want to point out that hotel, motel, and restaurant facilities in Chicago are among the most outstanding in our country. Chicago has long been recognized as the convention city and as such has established a fine record of meeting the needs of countless visitors to the heartland of America.

By selecting Illinois as the official host for this celebration, Americans residing on the East and West coasts would be given the opportunity to become better acquainted with the marvelous development of America's great Midwest area. The tremendous growth of commercial, industrial, and cultural activities in the hub of America I feel best typifies the progress of civilization that has been made in the New World, the discovery of which the proposed quincentennial celebration is to commemorate.

For these reasons, Mr. Speaker, and for countless others too numerous to list, Illinois, and the city of Chicago, would be the ideal choice to act as official host for the quincentennial celebration. Therefore, in order that ample time may be set aside to make appropriate arrangements for this 500th anniversary observance of America's discovery, I urge that my colleagues join together to insure the early enactment of House Joint Resolution 985 recognizing Illinois as the host for this official celebration.

The text of this resolution follows:

H.J. Res. 985

Joint resolution recognizing the State of Illinois and the city of Chicago as hosts in 1992 of the official quincentennial celebration of the discovery of America

Whereas the four hundredth anniversary celebration of the discovery of America was held in the State of Illinois and the city of Chicago in 1892; and

Whereas the General Assembly of the State of Illinois has been encouraged to make appropriate plans for the five hundredth anniversary celebration of this event; and

Whereas the delegates to the Sixth Illinois Constitutional Convention have unanimously adopted a resolution urging selection of the State of Illinois as host for the official celebration of the five hundredth anniversary of the discovery of America; and

Whereas the State of Illinois and the city of Chicago, the hub of America, would be the ideal choice to host this observance; and

Whereas plans should soon be made for the five hundredth anniversary observance of Christopher Columbus' discovery of America: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the sense of Congress that the State of Illinois and the city of Chicago should host in 1992 the official celebration of the five hundredth anniversary of the discovery of America; and be it further

Resolved, That the President is authorized and requested to issue a proclamation calling on the people of the United States to join with the people of Illinois in observance of this quincentennial celebration of Christopher Columbus' discovery of America.

SOCIAL SECURITY REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. AuCoin) is recognized for 5 minutes.

Mr. AuCOIN. Mr. Speaker, many Oregonians share my concern about protecting the long-term fiscal soundness of our social security system. Today I am introducing three bills which I believe offer an important first step toward reforming our social security system to give it a sound lease on life.

These bills will: First, provide for long-term fiscal stability without placing added burdens on those unable to afford it; Second, broaden participation to strengthen the program; and Third, permit low-income social security recipients to increase their outside earnings without suffering a loss of benefits.

I want to begin by taking a brief look at just what our social security system was created to do and how this translates into actual results.

The basic purpose of social security is described in a 1969 HEW memorandum: "Social security is a social insurance system under which workers and their dependents are insured against the loss of work income resulting from the workers' death, disability or retirement." Social security was created to assure that retirement unforeseen accidents or tragic illnesses do not leave an individual or family without the basic needs of life.

Social security protects retired workers from an excessive drop in income. Out of every dollar spent by the Social Security Administration in fiscal year 1975 for nonhealth benefits, 62.5 cents went to retired workers for their dependents.

Social security protects disabled workers from an excessive drop in income. Nearly 12 cents of the 1975 social security nonhealth dollar went to disabled workers and their families.

Social security protects widows and orphans from an excessive drop in income. Nearly 23 cents of the 1975 dollar went for this purpose.

Slightly less than one cent went for other special benefit programs, and only about 1.6 cents went for administrative costs.

That is why it is not fair to compare social security to a private pension plan—they are two very different things created for different purposes.

Social security gives a lesser pension return because it gives greater protection against disability and death. And social security is one of the few income insurance programs providing guaranteed cost of living increases to help those receiving benefits keep up with the cost of living rather than see their benefits eroded by inflation.

I feel confident that social security can be compared with any other income protection plan in either the private or public sector in terms of benefits paid out for each dollar paid in.

Under the social security funding system, working Americans and employers pay into the system by payroll taxes, and nonworking retired persons, disabled workers, and widows with orphans receive benefits. The trust fund assures a reasonable cushion to protect against unexpected changes in income, such as the present drain that is being caused by exceptionally high unemployment. When the number of jobs goes down, payroll deductions for social security go down, even though claims remain constant.

Social security does have problems. But these problems are not in the immediate future. As our economy recovers, payrolls will increase more than enough to meet immediate needs. The really serious problem is long term, and we must begin to plan for it now. The long-range increase in the number of people who will qualify for benefits is far larger than the increase in the number who will be paying into the system.

Because of the postwar bulge in the birth rate that extended from 1945 until about 1960, the population of retired Americans will increase 55 percent during the 15-year period beginning in 2010. Clearly, we must begin now to plan for this.

To understand where changes might be made, let me comment on present benefit levels.

Under the present system, it is possible for a family receiving the maximum social security payment of $914.80 per month to earn $2,760 without reduction in benefits. Should husband and wife both work, each can earn $2,760 without reduction in benefits. Above that level, benefits are reduced at the rate of $1 for each $2 earned.

Under these rules, total family income can be as high as $27,475.20 before social security benefits are completely lost. I think we need to ask whether the higher levels of benefit payments are not somewhat higher than the system can afford to pay in order to provide an assured minimum level of income for all.

Even more distressing is the lack of any limit whatsoever on income from investments. It bothers me that C. Arnholt Smith and Clement Stone could receive literally millions of dollars from investment income each year without endangering their full social security benefits, as long as they receive no income from salaries. On the other hand, one of my constituents having no investments and receiving the minimum benefit of $107.90 each month begins losing benefits after earning $2,760 in any year.

Consider a retired couple receiving 1½ times the average old age social security benefit of $207.85—there is an additional 50 percent to help support the spouse. Even if only the husband has earned income, their total income can reach $6,500 before the earned income begins to reduce benefits, and can reach $10,240 before benefits are completely lost.

The retired couple with social security 1½ times the maximum individual benefit of $387.30 per month can add $2,760 in earnings, assuming only the husband works, to total $9,731 annually without any loss of benefits. If you assume the breadwinner's final preretirement income was $15,300 and that he had participated in a private pension plan, the total income would actually be higher than before retirement—and yet full social security benefits would be received.

These generous benefit levels, coupled with the increase in the percentage of Americans who are retired, form a time bomb that can destroy the security of millions of Americans—unless we act now to develop a realistic plan for our next generation of retirees.

Does this mean we must disrupt the plans of those already retired? Does it mean we must raise social security taxes for our lowest earning citizens; those least able to pay? I believe the answer to both these questions must be no.

Does it mean we can promise higher and higher benefits for all with increased taxes for none? Clearly the answer to that must also be no.

We have no right to take benefits from those too old to make alternative arrangements. But we can begin now to exercise discipline for the long term, in planning for the tremendous expansion in the number of retired persons that lies ahead.

First, we must absolutely resist dipping into the general fund to pay social security benefits. If we cannot protect the integrity of this important program now, we ve no way of knowing what will happen in the future. By relying on the trust fund and social security tax, we are forcing a discipline that is needed to protect the system from political pressures and assuring long-term, sound financing.

I do not favor raising the tax rate above the present 5.85 percent. It is already very, very difficult for a worker earning the minimum wage—only $4,600 per year—to pay $269.10 or 5.85 percent. Particularly when the worker earning $30,000 is paying only about 3 percent.

Rather than raise the tax rate to 6.15 percent, as the President proposes, I favor raising the income level subject to the social security system from $15,300 to $22,000. This would mean not a penny more in taxes for four out of every five Americans—those least able to pay. Even for those paying higher taxes, their weekly paycheck will not be reduced. Their added bite will only be felt toward the end of the year, when they normally get an added "bonus" once their social security contribution has been paid. It will be this extra bonus that will be delayed or lost.

Second, while there is no need to reduce benefits now, or to even eliminate full cost of living increases, we must establish a long-term schedule to phase down some of the most generous benefits for high-income workers, so that we can afford to give a better standard of living to those on the lowest end of the scale. By gradually—over 35 years—reducing maximum benefits we can assure a decent standard of living for all and yet return social security to its primary, and original, purpose—income insurance.

By replacing the earned income limit with a total income limit, we will be able to give low income retired Americans the same fair opportunity to earn a decent living without losing benefits that high income retirees enjoy. Over the long term, I suggest phasing into a system assuring that total income—social security plus earnings plus investment and pension income—is the controlling factor. In this way we can work for the goal that no American should be cut off from social security until his income is double the poverty level.

Let me summarize my proposals for the long term. First, I believe we should shoot straight with the American public. The social security system does compare to private pension programs when the broader protections received are taken into account. But at the same time, workers should be encouraged to supplement their income through participation in private pension plans.

Second, we can hold benefits to reasonable levels to assure adequate protection at a cost all can afford to pay.

Third, we can base income limits on total income, not on a particular category of income, and thus raise the ability of the low income retired to earn additional funds without losing benefits.

And fourth, we can encourage the widest possible participation in social security to spread the cost of supporting the retired, the disabled, and the bereaved as widely as possible among all Americans with adequate incomes.

Mr. Speaker, the three bills I am now introducing offer a first step toward accomplishing these reforms. The first step toward accomplishing these reforms will assure the short-term fiscal soundness of the system by raising income levels subject to social security taxes from $15,300 to $22,000. This will place the burden on those most able to pay.

The second will raise outside earning limitations to $3,800, but extends the limits to all income rather than only earned income. This will allow each retired person to increase his earnings by about $1,000 without further strains on the system.

The third expands the system by including all Federal employees, including Members of Congress, to better distribute the responsibility of providing income to our retired, our disabled, and our widows and children.

These three bills are only a start in the direction that I believe the social security system should move. But I believe that it is an important start, and a responsible start, toward assuring long-term fiscal soundness of the social security system, and basic financial protection of our citizens.

CLYDE M. WEBBER'S DEATH BRINGS SADNESS TO MANY FRIENDS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. McFALL) is recognized for 5 minutes.

Mr. McFALL. Mr. Speaker, I rise today to express my sadness at the death of Clyde M. Webber, the national president of the American Federation of Government Employees, AFL–CIO.

This highly respected and well liked man, known to many of us in the Congress professionally and personally, died June 15 from cancer.

Mr. Webber, at age 56, had held the trust of the AFGE national presidency for less than 4 years, having succeeded the late John F. Griner who retired due to ill health in 1972.

I know we deeply share the sense of loss sustained by his fellow AFGE officers and the 325,000 members of AFGE, many of whom reside in my congressional district. My deepest sympathy at this time is extended to his wife, Marie, their son, Robert, and their two grandchildren.

We cannot know why God has chosen to bring His servant home, Mr. Speaker. We can only accept His will and trust in His mercy which we know surpasses all human understanding.

I am grateful and feel privileged to have known Clyde M. Webber as a friend and as a man who devoted his life to the dedicated service of government employees from whose ranks he emerged ultimately to be their chief spokesman and laborer in the sustained effort to achieve equity and justice as employees of the people.

Mr. Webber became a member of the AFGE in 1949. While employed by the U.S. Department of Labor, he was elected national vice president representing the AFGE 13th district encompassing Colorado, Wyoming, New Mexico, Arizona and his home State of Utah. As a national vice persident, Mr. Webber joined his colleagues across the Nation in service on the AFGE national executive council.

After two terms of service as a national vice president, Mr. Webber, in 1966, was elected to the full-time office as executive vice president, serving in the national AFGE headquarters here in Washington, D.C.

I came to know Clyde Webber during this period. As a close associate of John Griner, Mr. Webber was a familiar figure on Capitol Hill as the two men carried the AFGE program to Members and committees of the Congress.

As executive vice president he also shared responsibilities for national representative of AFGE members on various official Federal labor-management committees and supervised the operation of several staff departments.

Mr. Webber was a member of the Industrial Union department executive board and served on the organization and civil rights committees of the AFL–CIO.

As national president, Mr. Webber's responsibilities offered him the opportunity to serve the Nation and he did it as a responsible advocate of the position held by the AFGE.

He was a member of the Federal Pay Council which participates with the President's representatives in establishing pay for classified Federal employees. Mr. Webber also represented AFGE in setting the policy for payment of wages to Federal wage grade employees as a member of the Prevailing Rate Advisory Committee. In addition, Mr. Webber served on wage committees of the Department of Defense, Veterans' Administration, and the National Aeronautics and Space Administration.

Mr. Webber was born December 9, 1919, in Siloam Springs, Ark., and attended schools in Green River, Wyo., and Ogden, Utah, where he was graduated from high school.

This evening, Masonic rites will be held for Mr. Webber at 8 o'clock in the Convess B. Deen Memorial Lodge, and funeral services will be held at 10:30 a.m., June 18, at the Collins Funeral Home in Silver Spring.

Mr. Webber will be taken home for burial Monday in the Ogden City Cemetery.

We who have been privileged to know Clyde M. Webber, feel a deep loss and pray that he will lie in peace in the city of his home.

TRAGEDY IN BEIRUT

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MORGAN) is recognized for 5 minutes.

Mr. MORGAN. Mr. Speaker, America's Ambassador to Lebanon, Francis E. Meloy, Jr., Economic Counselor Robert O. Waring, and their driver were killed in Beirut yesterday in a shocking and senseless act of murder.

Ambassador Meloy was one of the Nation's most outstanding diplomats. Counselor Waring also was a distinguished member of our Foreign Service.

These men devoted their professional lives to the service of their country, and they died in the performance of it as a result of this outrageous assassination.

I join in the sorrow of their families, and of the Nation. And in the hope that the murderers will quickly be brought to justice and that the safety of other Americans in Lebanon will be assured.

Our representatives in Lebanon were working for peace when they died. I feel certain that they would want the Nation to continue our efforts in this cause.

SUFFOLK UNIVERSITY HONORS CONGRESSMAN FERNAND J. ST GERMAIN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Burke) is recognized for 10 minutes.

Mr. BURKE of Massachusetts. Mr. Speaker, it is my distinct privilege and pleasure to advise the House of a high honor paid to my good friend and neighbor, our distinguished colleague, the chairman of the Subcommittee on Financial Institutions Supervision, Regulation and Insurance, Congressman Fernand J. St Germain, by the conferring of an honorary degree of doctor of juridical science on the occasion of the law school commencement exercises, held last Sunday, June 13.

We in Massachusetts are understandably proud of the fine record the Suffolk University Law School has established through the over half century that it has been in existence. The student population of this outstanding law school is made up of graduate students from over 300 undergraduate schools, representing 35 States and several foreign countries who have gone on to establish outstanding records at the bar, in the business community, and in public service through the years, not only in Massachusetts but, indeed, throughout the United States. Suffolk University honored Joseph A. Bevilacqua, chief justice of the Supreme Court of the State of Rhode Island; Edward Joseph Bushell, noted trial practitioner; Raymond J. Pettine, chief justice of the U.S. District Court for the District of Rhode Island; Justin A. Stanley, president-elect of the American Bar Association; Herbert Putnam Wilkins, associate justice of the Supreme Judicial Court of the Commonwealth of Massachusetts; and our colleague, Congressman Fernand J. St Germain, by the awarding of honorary degrees.

Thus, Mr. Speaker, I know my colleagues will join me in expressing congratulations and the great pride that we feel in this public recognition of the gentleman from Rhode Island for his outstanding legislative accomplishments which those of us who have been privileged to serve with him during his nearly 16 years in Congress have come to take for granted.

At this point, Mr. Speaker, I would like to place in the Record Suffolk University's citation accompanying the award of the honorary degree of doctor of juridical science to Fernand J. St Germain:

Fernand J. St Germain

Conscientious and committed public servant, stalwart champion of consumer interests, your legislative achievements as a member of the House of Representatives from the First Congressional District of Rhode Island have enhanced the quality of life in your district, your state, your region, and your nation. Suffolk's salute to you today is one more evidence of the fact that respect for your exemplary citizenship and effective legislative leadership are by no means confined to Rhode Island, but are in fact nationwide. By virtue of the authority delegated to me, I confer on you the honorary degree of Doctor of Juridical Science.

THE LATE HON. TORBERT MACDONALD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Drinan) is recognized for 5 minutes.

Mr. DRINAN. Mr. Speaker, I met Torby Macdonald for the first time on the floor of the House in January 1971. He congratulated me on my election in November 1970. He did so in a most gracious manner with an open reference to the Democrat whom I had defeated whom Torby had talked with virtually every day over the past 15 years.

Somehow I considered Torby to be a friend from that day forward. I saw him somewhat less than other members of the Massachusetts congressional delegation. But always I felt that Torby had an interest in what I was doing and the political waves in my congressional district.

Torby was a profoundly private man. His close friends frequently stated that he was a changed person after the assassination of his college classmate and good friend, President John Kennedy. I sometimes wanted to ask Torby about things like that, but one knew instinctively that Torby's modesty made questions about himself actually painful for him.

Of all of the countless contacts which I had with Torby Macdonald, the one that remains in my mind with the greatest vividness is our participation totogether in an event in Torby's congressional district. Both of us spoke at a civic event honoring the birthday of Israel as a nation. Torby's health had begun to fail shortly before this time, but on that afternoon he spoke eloquently and beautifully. He went out of his way to say flattering things about me and my work in the Congress. Two days after this event, Torby went out of his way on the floor of the House to bring me newspaper clippings of the event. He gave them to me stating quietly that "You were great on Sunday."

At the funeral mass for Torby Macdonald I reflected that the thousand people in the overcrowded church had all had their own friendships with Torby and that at one time or another he had extended to them that quiet graciousness and encouragement which he gave to me with the words "You were great on Sunday."

INSTITUTE FOR CONGRESS—A REMARKABLE ORGANIZATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. O'Neill), is recognized for 5 minutes.

Mr. O'NEILL. Mr. Speaker, I am very pleased to note the remarkable progress which has been made in forming the Institute for Congress, a private, nonpartisan organization which will be devoted exclusively to aiding Congress in anlyzing complex policy problems. On the basis of numerous consultations with Members of both parties and both Houses of Congress, the institute's board of trustees has now begun active discussions with a number of private foundations to raise the necessary funds for an experimental period of operations. All across the country columns and editorials in leading journals, from the Washington Star to the Los Angeles Times, from the Chicago Tribune to the Houston Chronicle, from the Detroit Sunday News to the New York Daily News, have applauded this creative effort to strengthen congressional decisionmaking.

Having followed the plans for the institute from their inception, I am especially impressed by the deliberate manner in which the project has been conducted and by the composition of its broadly based board. Support for the effort on both sides of the aisle in Congress is quite evidently wide and growing.

It is my pleasure to report that the institute's board and a number of major foundations came together on Capitol Hill on April 28 to explore arrangements for funding the institute's initial years of work. This was an extraordinary occasion in the history of private philanthropy and public service. Exchanges with a number of senior Members of the House and Senate enabled the foundation community to gain a clear sense of the need for the special institution which the institute promises to be.

The lengthy discussions also testified to the genuine concern of foundations to help Congress meet its high responsibilities to shape public policy in light of the most objective and most competent analysis available. I want particularly to commend the participating foundations from several areas of the country. Their representatives included:

William H. Baldwin of the Kresge Foundation.

Robert J. Blendon of the Robert Wood Johnson Foundation.

Harcourt R. Dodds of the Ford Foundation.

Eli N. Evans of the Carnegie Corp. of New York.

Kenneth A. Klivington of the Alfred P. Sloan Foundation.

Walsh McDermott of the Robert Wood Johnson Foundation.

Thomas Moloney of the Robert Wood Johnson Foundation.

Gordon St. Angelo of the Lilly Endowment, Inc.

Laurence D. Stifel of the Rockefeller Foundation.

George H. Taber of the Richard King Mellon Foundation.

Thomas Wahman of the Rockefeller Brothers Fund.

In addition to those present for the April 28 conference, I am glad to learn that Dr. Walter Orr Roberts of the Fleischmann Foundation and Mr. James Henry of the Edna McConnell Clark Foundation have taken an active role in considering suitable approaches to launching the institute's work, hopefully in time to contribute to the deliberations of the 95th Congress in 1977–78. It is indeed encouraging to know that outstanding leaders in the foundation world recognize the opportunity to serve the Nation by joining in this unique collaboration with Congress and the institute. As the distinguished Speaker of the House and other ranking Members of both parties stressed to the foundations and the institute board, the need for the institute is very great and the initiative is very welcome.

It is a particular pleasure to inform the House that the Fleischmann Foundation has now made an initial commitment of $750,000 to the institute. With this substantial contribution as a building block, the institute is now in negotiations with the other foundations to complete arrangements to begin operations at the outset of the 95th Congress.

Under the chairmanship of our respected former colleague, the Honorable Martha W. Griffiths, the institute has assembled a bipartisan board of trustees whose members, individually and collectively, represent an unparalleled assembly of private citizens with long experience and deep dedication to building an effective Congress. They include:

Martha W. Griffiths, chairman; William D. Ruckelshaus, vice chairman; James R. Killian, Jr., honorary chairman; Lucy Wilson Benson, William T. Coleman, Jr., on leave for Government service, William D. Eberle, Alton Frye, Ben W. Heineman, Craig Hosmer, Leon Jaworski, Gordon J. F. MacDonald, Harry C. McPherson, Jr., Clarence Mitchell, Jr., Richard B. Ogilvie, William B. Spong, Jr., and Cyrus R. Vance.

We look forward to working closely with them in the coming years.

FINANCIAL DISCLOSURE OF REPRESENTATIVE ELIZABETH HOLTZMAN FOR 1975

The **SPEAKER** pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. Holtzman) is recognized for 15 minutes.

Ms. HOLTZMAN. Mr. Speaker, I believe deeply that elected officials must observe the highest standards of honesty.

One of the best ways of insuring integrity in Government is to provide the voters with the facts regarding each Representative's financial dealings—so that the voters can prevent dishonesty and conflict of interest when they go to the polls.

For this reason, I am making the following financial disclosure which I believe will enable the voters of my district to judge how I have discharged my public trust.

I have made similar disclosures for each of the last 2 years.

I also wish to add that I resigned from my law practice before I took my seat in Congress. I have not resumed law practice since that time and will not do so while I am a Representative.

FINANCIAL STATUS

NONCONGRESSIONAL INCOME

In 1975, my income from noncongressional sources was as follows:

Lecture fees, $13,350.00: Connaissance, Philadelphia; Concerned Democrats, Miami; Student Bar Association, NYU School of Law; Community College of Philadelphia; Temple B'nai Abraham, Livingston, N.J.; Swarthmore College; Sisterhood Temple Israel, N.Y.; Student Bar Association, Buffalo Law School, SUNY; Merrick Film Forum; Five Towns Forum.

Baldwin Freeport Jewish Community Council; State University of N.Y. at Stony Brook, Sarah Lawrence College; Wells College; Rhodes School; Delta Kappa Gamma Society, Valley Stream, N.Y.; Temple Beth El, Patchogue, N.Y.; University of Rochester; University of Kentucky Law School; Women's American ORT; Princeton University.

UNSECURED LOANS

I had no unsecured debts in 1975.

NONCONGRESSIONAL REIMBURSEMENTS

Reimbursements to me for expenditures other than from the U.S. Government in 1975 totalled $773.22. These reimbursements were for out-of-pocket expenses incurred in connection with speaking engagements and, in one instance, with a university visiting committee. The sources of these reimbursements are:

Connaissance, Philadelphia; Concerned Democrats, Miami; Community College of Philadelphia; Swarthmore College; Student Bar Association, Buffalo Law School (SUNY); Wells College; University of Rochester; University of Kentucky Law School; Harvard Board of Overseers; Harvard Club of Rochester.

SECURITIES

I own no stocks and bonds with a value of more than $25.00.

INCOME TAXES

The personal income taxes I paid for 1975—contained in my tax returns as filed on June 15, 1976—totalled $17,459.00 and are divided as follows: U.S. Government, $11,746; New York State $4,640; New York City, $1,073.

BUSINESS AFFILIATES

During 1975, I did not serve as a director, officer or partner—or adviser or manager—of any business entity, foundation or professional organization of a noneleemosynary nature.

HALE BOGGS FEDERAL BUILDING DEDICATED IN NEW ORLEANS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Louisiana (Mr. Long) is recognized for 15 minutes.

Mr. LONG of Louisiana. Mr. Speaker, on Tuesday, June 8, I had the honor of attending the dedication of the Hale Boggs Federal Building and the U.S. Courthouse, a tribute to our late colleague, Representative Hale Boggs. This event held special meaning for me, because Hale was a dear friend as well as a respected and admired colleague in the House. His death in 1972 brought me a deep sense of personal loss, which continues to this day. I considered it an honor to be present at this dedication to an outstanding human being and national leader.

The ceremonies were held on the south plaza of the new Federal complex, consisting of the four-story Boggs office tower and the adjacent U.S. Courthouse. Many distinguished guests were present, all of whom shared my high regards for Hale. Among those who delivered speeches were the Honorable Robert A. Ainsworth, Jr. of the U.S. Fifth Circuit Court of Appeals, and two of our colleagues, Representative Thomas P. O'Neill and Representative Lindy Boggs. Lindy gave a beautiful speech expressing her appreciation of the tribute to her husband. Her speech was followed by the unveiling of a portrait of Hale, which will hang in the lobby of the Boggs building. The benediction was delivered by Hale's brother, the Reverend Robert Boggs, S.J.

I would like to share the program of the ceremony and the very moving speeches with my colleagues in the House.

The articles follow:

Dedication Ceremony, Hale Boggs Federal Building and U.S. Courthouse, New Orleans, La., June 8, 1976

PROGRAM

Prelude Music—Eighth Naval District Navy Band, CWO Jerry Clements, Director; Fourth Marine Wing Drum and Bugle Corps, SSGT Welter Hardy, USMC, Director.

Master of Ceremonies—The Honorable Jack Eckerd, Administrator of General Services.

Presentation of Colors—Eighth Naval District Bicentennial Color Guard.

The National Anthem.

Invocation—The Most Reverend Philip M. Hannan, Archbishop of New Orleans.

Welcoming Remarks—The Honorable Moon Landrieu, Mayor, City of New Orleans; The Honorable James E. Fitzmorris, Jr., Lt. Governor, State of Louisiana.

Introduction of Distinguished Guests.

Remarks—The Honorable Thomas P. O'Neill, Jr., Majority Leader, U.S. House of Representatives.

Address—The Honorable Robert A. Ainsworth, Jr., Judge, U.S. Court of Appeals, Fifth Circuit.

Response—The Honorable Lindy Boggs, Member of Congress, Second District of Louisiana.

Portrait Unveiling.

Benediction—The Reverend Robert Boggs, S.J., Holy Name of Jesus Rectory.

Closing Music.

Hale Boggs, the son of William Robertson Boggs and Claire Josephine Hale, was born February 15, 1914, in Long Beach, Mississippi. A Phi Beta Kappa graduate of Tulane University, he became a newspaper correspondent in New Orleans where he met and married Corinne (Lindy) Morrison Claiborne in 1938. They had four children, Barbara (Mrs. Paul E. Sigmund), Thomas Hale, Jr., Corinne (Mrs. Steven V. Roberts), and William Robertson, and eight grandchildren. During World War II, Boggs served in the United States Navy and Maritime Service.

At 26, Boggs was the youngest member of the House of Representatives. He served on the Banking and Currency and the powerful Ways and Means Committees and was chairman of the subcommittee on Foreign Economic Policy. He rose from deputy whip in 1955 to House Majority Whip in 1962. In 1971 he was elected House Majority Leader. Boggs disappeared in October 1972, when his aircraft was lost during a flight in Alaska.

As a leader in Congress and articulate spokesman on economics and public works, Boggs was a friend and advisor to Presidents Kennedy and Johnson. As a Southerner who became a national leader, Boggs practiced what he called "the art of the possible"—a positive approach to resolving difficult issues which reflected his confidence in American democracy and his deep hope that it would attain justice and peace for all mankind.

The Hale Boggs Federal Building and United States Courthouse is the most recent addition to the Federal complex in New Orleans. Located at 500 Camp Street, the new structure houses the U.S. District Courts, local Federal Agencies, and the district offices of Senator J. Bennett Johnston and Congresswoman Lindy Boggs.

Named for the distinguished late Congressman Hale Boggs, the building was designed by Mathes, Bergman and Associates, Inc., and August Perez and Associates, Inc., and was built by Pittman Construction Company, all local firms. The total cost of construction was $27,200,000.

The fourteen-story office building and six-story courts building are separated by an open plaza extending along the north and south sides of the structure. A pedestrian bridge connects the two buildings at the second and third floor levels. The common basement contains parking spaces for 124 vehicles and a modern cafeteria for employees.

The exterior finish of white precast architectural panels provides a pleasing contrast to the bronzed windows and doors. A total of 1,473 employees occupy the two buildings, which comprise a total of 687,300 square feet.

Congressman Thomas P. "Tip" O'Neill's Remarks at Dedication

Right Reverend Archbishop, Your Honor the Mayor, distinguished Lt. Governor, my colleague in Congress, Gillis Long, Lindy Boggs, the Boggs family and all friends assembled today. I am indeed honored to represent the Congress of the United States at this dedication. Hale Boggs, who represented you so ably and so well in Washington, will always be remembered for his effervescent personality, his beautiful articulation of any matter that came before the House, the extreme knowledge that he had in parliamentary procedures, the individual he was, the life that he made for all human beings, both locally and nationally. Hale Boggs was truly a great man and this is truly a great and impressive building—yet, how inadequate is this stone and steel ingot in glass when compared with the life of one person who spends his life in the service of his fellow human beings. That, in essence, is what Hale Boggs did. A poor boy—local—went to college—made it to the hierarchy in America and yet never lost the common touch. Early in his career he led reform in this city to clean up the government and this propelled him as a boy of twenty-six to the hallowed halls of the Congress of the United States. And after laboring on Ways and Means for so many years he joined the leadership of the Congress of the United States. Eighteen years he served in that leadership; first, as Deputy Whip; then as Whip and then as Majority Leader. His capacity to serve his fellow humans in the nation as well as his beloved State and Congressional District is known by all.

No honor is greater than having been elected by your peers—such as Hale was as the Majority Leader. I know, because I have had the same opportunity. And yet, probably other than his family, nobody owes as much to Hale Boggs as I do. History says that I could be on the threshold of being the next Speaker of the United States Congress. And yet it was Hale Boggs as Majority Leader that named me the Whip of the House and had me portray the abilities that I hope I have that influenced my colleagues. I cannot help but feel very humble standing here today under these present circumstances, because Hale would be standing in the very threshold of the Speakership of the House rather than me if God and fate had not taken him from this world. But somehow, I feel that Hale is smiling at us right now (you know that all-knowing, winning smile of his). After all, he is at peace and we must continue life's struggle. So let us think about him in his prime and let us rededicate ourselves to the principle which he stood for and he held the highest. Let us work with the zeal of a Hale Boggs to make our institutions better to serve the people. Let us keep his deep concern for the common man. Let us show the courage that he showed for all his brothers and sisters during a period of the Civil Rights controversies in the sixties. Let us be willing as he did to see the other person's point of view. Let us (as one of Hale's favorites) "Learn to disagree without being disagreeable". Let us accept the challenges of our complex life with an open mind and a great heart. And, above all, let us do all these serious things while keeping a sense of humor. Many people will go through the portals of the Hale Boggs Building, whether you're an officer in the Government of the United States, whether you're an employee of the Federal Government, or whether you're a citizen. Let the name of Hale Boggs always ring out into your mind as one who loved his fellow man and "do unto others as you would have them do unto you". I know that Hale is smiling down at us today. I know that he feels a warmth because he's appreciated for the many things that he did.

Thank you.

Remarks of Hon. Robert A. Ainsworth, Jr.

We are here today to participate in the dedication of a magnificent new federal complex consisting of the Hale Boggs Federal Building and the United States Courts Building. It is noteworthy that the prominent Administrator of the General Services Administration, Mr. Jack Eckerd, is here to preside over these exercises and that he has brought with him the high regional officers of GSA including Mr. Karl Merrill, the new Regional Administrator, and Mr. Nick Stewart, Regional Commissioner of Public Buildings Service, who has done such important work in the development of these buildings and in the renovation of the adjacent Court of Appeals facility. To Mr. Eckerd and all of the people of GSA here, our sincere congratulations and profound compliments on the completion of these beautiful buildings. We of the judiciary particularly express our appreciation to GSA and its employees for many services and courtesies to the judges. Mr. Louis Gay has been the able and efficient Area Manager until his recent retirement and he is due our deep appreciation as is Mr. John Atwood, now the Area Manager, who is highly regarded and doing an outstanding job for GSA in Louisiana.

In these dedication ceremonies we pay special tribute to the memory of Hale Boggs, outstanding American and devoted public servant. Three and one-half years have now passed since Hale disappeared on October 16, 1972, while on a campaign flight in Alaska. It seems only yesterday. A deep sense of loss continues for a tragedy of this magnitude is not soon forgotten.

Hale Boggs was a graduate of Tulane University Law School where he earned his Phi Beta Kappa key for outstanding scholarship and where, among numerous campus activities, he was editor of the Tulane school newspaper.

Hale spent practically his entire adult life in public office as a Member of Congress, having been first elected in 1940 when he was only 26 years old. Except for a four-year period thereafter in military service, Hale served continuously in the Congress of the United States until his ill-fated Alaska flight in 1972. For many years he was a member of the powerful Ways and Means Committee of the House and rose to the position next to the chairman of that committee.

He began active participation in the Democratic leadership of the House when he was named Deputy Whip in 1955, a position created at the time by Speaker Sam Rayburn. Later Hale became House Majority Whip and then House Majority Leader, the second highest position in the United States House of Representatives. In that capacity he was floor leader and spokesman for the Democratic Party in the House. He was noted for tremendous ability, great personal drive, high integrity, and natural leadership.

Memorials and eulogies delivered about Hale after his disappearance refer to many admirable characteristics. His colleagues said of him that he loved people, that he was a man of conscience and indomitable courage, of deep compassion for his fellowman, buoyant, optimistic, a great public servant with a vigorous and powerful personality. Fellow members referred to his zest for living, his keen and probing intellect; that he was loyal, warm and responsive, wholeheartedly dedicated to the needs of the people; that he had a good sense of humor; and that he served the people of Louisiana well—indeed, of the entire nation. Reference was made to the tremendous admiration and respect which they held for him, and that they miss him and his leadership.

The brilliant record which Hale accomplished in public office was achieved by unselfish devotion to the common good. He always gave his best efforts in his political and personal life for the benefit of mankind.

No greater tribute can be paid to the memory of a fine and dedicated man than this. It is therefore most appropriate that the government which he served so well and so long has now seen fit to honor his memory by naming this impressive building the Hale Boggs Federal Building.

Hale had the good fortune to be married to Lindy Boggs and it is pleasant to realize that Lindy has succeeded him as a Member of Congress, the first woman member ever elected in Louisiana. Congresswoman Lindy Boggs is a truly lovely and remarkable woman and is a distinct credit to her congressional district. We are extremely proud of her accomplishments and of the high elective position which she holds.

As we gather here today to commemorate the life of Hale Boggs and to memorialize his great career in public life, our fervent desire is that his memory may continue to be an inspiration to all who knew and loved him during his lifetime.

We shall never forget him.

Congresswoman Lindy Boggs' Remarks at Dedication

Thank all of you so very much. Thank all of you, the Congressional sponsors that made this building a reality, the President who signed the bill, the G.S.A. for their remarkable work, and their dear patience and for their generosity to all of us, to the architects, to the contractors, to the men and women whose minds and hands have built this beautiful edifice, and especially to the widow of one of them, to Mrs. M. J. Astugue, whose husband died while working on the Hale

Boggs Building and who has donated a flag that flies over this building in his memory.

My thanks to all the platform guests—particularly to our Master of Ceremonies, and to the speakers, to His Excellency who gave the invocation, to Hale's brother, Robert, who will give the benediction, and I would like to thank my children—Barbara and her son, Paul and Tom and his wife Barbara and their son, Hale, for being with us today. Cokie, as all of you know, with her family lives in Greece; she's here in spirit, and Billy is in heaven with Hale smiling down on all these proceedings.

Hale would be so pleased that this building was named for him. He would be pleased especially at its location. For very sentimental reasons he would be pleased about this. It's a stone's throw from St. Patrick's, where he worshipped and where he and Chep often picked up the collections. (Some of you can remember being "hit" a couple of times, I'm sure!) It is right near the Federal Building where he labored for many years. Up the street farther was his great-great grandfather's house that became the first Newcomb College. Unfortunately, we didn't keep our beautiful old buildings at that time and so it is now gone.

And then there's the Times Picayune and States Building where he had the opportunity of working during his school years to help to pay for his schooling. So it's a very sentimental place to have this building named in his honor. But, more especially, he would be so delighted at the revitalization—with the preservation in this central business district. He would be so proud of the way that the street—Poydras Street—is shaping up. He would glory in the fact that the Dome is out at the other end, saying that New Orleans is a forward looking city that invites the future as well as respects the past. He would be most especially interested in the fact that you can see the river from his building because he knew that it was the trade and commerce that went through this port that keeps New Orleans as the Queen City of his beloved south whose destiny he knew was one of excellence.

And he would be very pleased that we would be dedicating this building in the Bicentennial Year when we are articulating our rededication to the old values and principles of our founding fathers and of the visions of aspirations for our third century and beyond. If Hale were only here to use his magnificent talent of summarizing everything and focusing it on the most important aspects as an advocate or as an opponent, then he would tell you as a great advocate of this government of ours that he is pleased it's a Federal building that is named in his honor, and he would remind you that Washington is the Capital of our nation; that the U.S. House of Representatives is WE, and that we are they, the U.S. is us and he would be so pleased to say that it is a continuing American revolution for social and economic justice, for individual rights, for expanding opportunities in the arts and humanities and for the constant search for peace for all mankind.

He would ask you to believe in your government. He would invite your vigilance to keep it clean and your participation to make it work. And then he would know that when the third century of our country's freedom is over, that those American citizens in 2076 would be able to look back and say as George Washington did—"This Government, the instrument of our own choice, unawed and uninfluenced, has a just claim to your confidence and support."

Thank all of you so much.

A SECOND TRIDENT IN FISCAL 1977

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. Dodd) is recognized for 15 minutes.

Mr. DODD. Mr. Speaker, due to my interest in naval affairs especially the American-Soviet naval competition, I wrote in May to the full membership of the House Defense Appropriations Subcommittee urging them to support addition of a second Trident nuclear, ballistic missile submarine to the Navy shipbuilding program as proposed by the Department of Defense for fiscal 1977.

The addition of this Trident, the sixth of its class, was suggested by the House Armed Services Committee and approved overwhelmingly by the full House of Representatives, when it voted in April on the fiscal 1977 Department of Defense Authorization Act.

The other changes the House approved to the proposed, fiscal year 1977 Navy shipbuilding program have sparked a new debate over the issue of what "mix" of U.S. Navy vessels in the future should be nuclear—or conventional—powered. It is a question with important implications for the size and capabilities of our future Navy.

However, the great value and utility of nuclear-powered submarines has been demonstrated, and accepted by even the most vocal of congressional critics. So in May, I urged the subcommittee to retain the separateness of this question when considering the second Trident in the fiscal year 1977 program.

Indeed, I was informed by staff that a central consideration regarding inclusion of the second Trident for fiscal year 1977 is the capability and capacity of the shipbuilders to actually construct this submarine, given the backlog of other ship construction at the yards. In that regard, I and my staff developed new information, which I submitted to the committee for its deliberations.

I believe this information, the latest available from official Navy and industry sources, fully supports addition of this second Trident. I further believe this information shows conclusively that authorization of this second Trident for fiscal 1977 is in the best fiscal and defense interests of the United States.

Due to the detailed nature of this information, I submitted it to the subcommittee in the form of a memorandum which I shall include in the Record after my remarks. The memo has been updated slightly since May to give my colleagues now the benefit of latest information.

Since the Navy has received firm indications that only one shipyard, electric boat division—EB—of General Dynamics Corp., will be bidding for any additional Tridents, this information focuses on the ability of this shipyard to construct two Tridents for fiscal year 1977. Information as to the fiscal, time delay and strategic deterrence costs of reducing the program to one Trident for fiscal year 1977 also is provided.

Naturally, Mr. Speaker, I was disappointed that the subcommittee decided against funding the second Trident for fiscal year 1977. I do understand the concerns of its members to stay within an overall budget figure.

Yet I cannot help but wonder if, in the case of this part of our shipbuilding program, we are not being a little bit "pennywise and pound foolish?" I fear a decision to fund only one Trident in fiscal year 1977 will cost our taxpayers more money in the long run, and deprive the Navy of the funds to build a needed, "low mix" platform in the future.

It is clear that the full House would not be wiling at this time to accept an amendment to the measure before us to add this second Trident. I think that is unfortunate.

But I think that the subject should be included for consideration in this debate, which is why I have made this statement. The memorandum I referred to follows:

MEMORANDUM

From: U.S. Representative Christopher J. Dodd (Connecticut).

Re: Ability of electric boat (EB) to construct two Tridents in fiscal year 1977 and costs of reducing program to one ship in fiscal year 1977.

I. SHIPYARD CAPACITY AND RELATIONSHIPS TO SSN 688 PROGRAM

Current, 17-month average delay in delivery of 18 SSN 688 attack submarines at EB, Groton, should not be construed to mean EB does not have shipyard capacity to construct two Tridents for FY 77. Navy testified before Senate Armed Services Committee on March 14, 1975 on FY 76–7T budget that with its new construction facilities, EB would have sufficient capacity to build two Tridents and three SSN 688's each fiscal year. Just last week, May 4, 1976, Navy re-affirmed to me this estimate; also on May 28, 1976.

The reasons for this sufficient shipyard capacity are as follows:

1. Trident and SSN 688 are separate and distinct programs in terms of planning, procurement and construction, especially with regard to construction facilities.

2. EB's new land level submarine construction facility (LLSCF) was built especially for Trident work, and already is in use. Completion of LLSCF is on schedule (See Attachment "A.") and expected in December, 1976—one year before first Trident is to be launched from it. Trident construction, such as welding together hull cylinders, already is underway in new LISCF.

LLSCF consists of a new, steel building (486′ × 260′ × 137′) with four large construction bays; an outside assembly platform; and a Trident launching and drydock platform. Necessary railroad-type tracking inside entire building to move Trident hull cylinders, all electrical power for production and all mechanical utilities for production already available. Testimony by Navy before House Armed Services Committee on February 18, 1976 on FY 77 budget reported the following about EB's new facilities:

"Progress is excellent. The inboard erection area (the building) is almost complete and is in use. The 100-ton hammerhead crane and both 280-ton bridge cranes are in operation. . . ."

Outside platform under construction with tracking begun; excavation for launching-drydock well underway.

No delays anticipated in completion of LLSCF, shortly after FY 77 begins.

3. SSN 688 work will not interfere with Trident construction in LLSCF because only 3 of 18 attack submarines contracted to EB are to be built in the new facility. Rest are to be constructed at four other EB ways. Trident has priority for LLSCF, and EB will allow SSN 688 work there only on space available basis when it is not required for Trident.

4. Trident program has Nation's highest Defense Department and private industry production priority rating on the "master urgency listing"—*"Brick-Bat –DX."* SSN 688 program does not have this priority. Therefore, Defense Department and EB are com-

mitted by regulations and by contact to give Trident highest priority over all but a very few other procurement programs, and definitely above SSN 688 program, in terms of allocating workspace, materials, equipment and manpower.

According to Defense Department Instructions S. 4410.3, dated February 10, 1976, and for official use only, Brick-Bat priority is defined as:

"Programs, projects and items of highest national priority and above all others as directed by the President, because of key political, scientific, psychological or military objectives."

On page 3 of these instructions, subparagraph IV.C.—"Resource Utilization" states:

"For items included in the Brick-Bat category of the master urgency listing, the responsible participant will plan its entire program to attain the stated objectives so that:

(1) All available resources under the control of the responsible participant will be employed for Brick-Bat items *at the expense of all other items* other than those designated Brick-Bat, provided that this is the only course of action open." (Emphasis added.)

Subparagraph IV.D.—"Conflicts" states:

"Conflicts among participants for resources will be resolved based on realistic needs to meet approved schedules, *in favor of the item of higher urgency.*" (Emphasis added.)

5. New steel fabrication facilities at EB at Quonset Point, R.I., contribute to EB's increased ability to build Tridents. Trident hull cylinders and equipment deck "packages" are built at Quonset Point. In fact, 32 of 41 hull cylinders for first Trident already are finished; remaining cylinders are 54–90 percent complete.

Quonset Point facility is not even being taxed to capacity, which is about 5,000 workers. Current work force is about 3,100, with hiring continuing and about 15,000 unsolicited work applications received by EB; 4,000 workers at Quonset expected by end of 1976.

6. New construction-assembly techniques make Trident work more efficient than SSN 688 methods. Tridents are constructed in separate cylinders with decks and internal equipment inserted before entire hull is enclosed and connected.

7. GAO report to me (March 16, 1976) on reason for change in Trident program clearly indicates Navy did not challenge EB's shipyard capacity.

II. EFFECTS OF METAL TRADES COUNCIL (MTC) STRIKE ON TRIDENT PROGRAM

A. Little, if any, effects on Trident program are expected from the MTC strike, for the following reasons:

1. Fabrication workers (2,600) at Quonset Point, R.I., and design workers (2,500) at Groton, do not belong to the MTC and did not go out on strike. Trident work continued at both locations during the strike by these personnel.

2. Strike actually had a beneficial effect in one respect. It allowed construction work on LLSCF to progress without possible hindrance from other personnel building vessels nearby.

B. The Navy's latest Point Paper on slippage in the Trident schedule (April 14, 1976) attributes the major source of the short slippage to problems in procurement of one part and in design of another item. If there is any slippage due to MTC strike, it would be included in the short slippage period reported already to Congress by the Navy. Slippage from the strike, if any, is so minimal that the Navy reported it is unable to isolate it from the minor slippage caused by the aforementioned procurement-design problems. (Navy also indicates on June 1, 1976 that both parts problems well on way to solution.)

III. FINANCIAL COSTS, FURTHER DELAYS AND STRATEGIC DETERRENCE IMPLICATIONS OF REDUCING PROGRAM FROM TWO TO ONE TRIDENT IN FY 1977

A. Costs: Trident Project Office, after further refinements, now estimates that overall savings over life of a 10-ship program would be between $150 million and $180 million. This is a reduction from Navy's previous estimate of $224.9 in additional costs due to program stretchout. (Statistics not available for savings during an 11-ship program, but I would not expect those adjustments in savings to appear until later FY budgets. Conceivably, with quantity buys, the actual savings by adding a second Trident in FY 77 might be somewhat less for an overall, 11-ship program.

Navy says that numerous changes in economic and competitive conditions since original $224.9 estimate have resulted in the lowered savings estimate for entire 10-ship program. If the second Trident, actually the sixth in the program, is added in FY 77, however, Navy says savings will be about $50 million on this ship alone.

With shipbuilding funds increasingly hard to come by, and with such budget difficulties likely to continue in the future, going ahead with a second Trident in FY 77 would mean money saved. The amount saved would still pay for at least one more "low mix" platform for the Navy, which also needs the less-expensive platforms in more numbers to counter declining force levels.

B. Time delays, and strategic deterrence:

Deferring sixth Trident to FY 78 would delay this ship and all others in the program by four months each, Navy estimates. (If two Tridents are in FY 77 budget, contract would be let in December, 1976, construction on first ship could begin about July, 1977, with second Trident begun in March, 1978. If sixth Trident is first ship in FY 78 budget, Navy probably would let an option for it in December, 1977, with construction beginning about six months after that, July, 1978—thus a four month slippage.)

The four month slippage for the sixth Trident also would upset the Navy's programed intervals established for Tridents of eight months between each ship after the first two deliveries. The interval between the fifth and sixth Tridents would become 12 months instead of eight—which the Navy feels could cause a problem with planning for optimum labor force levels.

The four month slip in each ship's delivery due to deferring one Trident from FY 77 to FY 78 also must be added to the slip caused by the procurement-design problems mentioned in section II.(B) of this memorandum.

While a four month slip by itself might not be a cause for undue alarm, its incremental value becomes more serious when added to an already existing delay in the program and in terms of timely introduction of Tridents into the fleet and maintenance of a credible submarine-launched, strategic ballistic missile launcher level in the future.

IV. FINAL THOUGHTS

Authorization of two Tridents for FY 77 would restore the program to its planned schedule projected by the Navy during FY 76–7T hearings to be "The minimum we require to sustain an effective SSBN force to meet the national commitments." (Testimony before House Appropriations Defense Subcommittee—July 6, 1975.)[1]

In reducing the Trident building schedule to three every two years to arrive at two Tridents in FY 77 and one Trident in FY 78, Navy further testified on the same date to this subcommittee that—

"We feel that this is the *minimum rate* that we can build and still feel that we have an effective sea-based deterrent." (Emphasis added.)

To the House Armed Services Seapower Subcommittee, the Navy testified on March 10, 1975 that:

"In going to this building rate of three every two years we feel we have slowed the program as much as is safely possible. Any further reductions would severely degrade the viability of our SSBN deterrent force as our Polaris/Poseidon submarines retire due to age." (Emphasis added.)

Therefore, two Tridents in FY 77 do not represent an egregious addition to the defense budget, but actually mean a re-constitution of the shipbuilding program determined by the Navy to be the best for this country to meet its national commitments.

Attachment A

LLSCF Completion Schedule—April 22, 1976 (Supplied by EB)

Event and date:

Building 260 (Covered Area)—

All tracking concrete completed, April 4, 1976 (A).

All electrical power available for production (including welding, lighting, etc.), Jan. 19, 1976 (A).

All mechanical utilities available for production Dec. 15, 1975 (A).

Trade support building ready for occupancy, April 1976.

First (2) 25 ton cranes operational, Jan. 26, 1976 (A).

Second (2) 25 ton cranes operational, June 1976.

East end closure completed, Jan. 31, 1976 (A).

Building 263 (Outboard Portion and Launch Complex—

Start tracking, Mar. 8, 1976 (A).

North wall tracking: Bays 4 and 5, Zones E thru I except present portal crane site complete, June 1976. Bay 3, Zones E thru I and present portal crane site, September 1976.

South wall tracking including railroad complete, December 1976.

Dock gate operational (graving dock use restricted to installation and testing of pontoon), October 1976.

Pontoon operational, December 1976.

Utilities available, December 1976.

Relocate 300 ton portal crane from Bay 5, Zone E to Bay 5, Zone I/H position, October 1976.

Launch first Trident, November 1977.

Code: (A)—achieved.

PERSONAL EXPLANATION

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, I insert in the Record at this point a statement regarding several recorded votes I missed on Friday, June 11, 1976, and an indication of how I would have voted had I been present.

Rollcall No. 361, a vote on an amendment to H.R. 11804, railroad safety authorization, to give the Secretary of Transportation the discretion to allow the railroads to use the penalties for improving safety features. The amendment was rejected by a vote of 37 to 298. Had I been present, I would have voted against this amendment.

Rollcall No. 362, a vote on final passage of H.R. 11894, railroad safety authorization. The bill was passed by a vote of 332 to 11. I was paired for this bill and had I been present, would have voted in favor of it.

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[1] This minimum schedule was: fiscal year 1976, 1; fiscal year 1977, 2; fiscal year 1978, 1; fiscal year 1979, 2; fiscal year, 1980, 1. DoD's proposal now: fiscal year 1976 1; fiscal year 1977, 1; fiscal year 1978, 2; fiscal year 1979, 1; fiscal year 1980, 2.

Rollcall No. 363, a vote on final passage of H.R. 13490, authorizing appropriations for the 1980 Olympic winter games at Lake Placid, N.Y. The bill was passed by a vote of 179 to 147. I was paired for this bill and had I been present, would have voted in favor of it.

Rollcall No. 364, a vote on House Resolution 1277, providing for consideration of H.R. 9291, national traffic and motor vehicle safety authorization. The resolution was agreed to by a vote of 318 to 1. I was paired for this resolution and had I been present, would have voted in favor of it.

MCPL EDUCATION FUND SPEAKER SERIES—TALK OF DR. MARSHALL SHULMAN ON "UNITED STATES-SOVIET RELATIONS: A REPORT ON THE 25TH PARTY CONGRESS, COMMUNIST PARTY OF THE SOVIET UNION"

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, today I am placing in the Record a summary of the introductory remarks of a discussion meeting on March 10, 1976, when Dr. Marshall Shulman discussed with Members of the Congress and their staffs the subject of "United States-Soviet Relations: A Report on the 25th Party Congress, Communist Party of the Soviet Union."

Dr. Shulman is a well-known Soviet expert and director of the Russian Institute at Columbia University. He has been a very active scholar in the area of international affairs.

Dr. Shulman's talk on United States-Soviet relations comes at a time when détente has become controversial. His summary of the Soviet leaders' remarks at the 25th Party Congress of the CPSU is useful in trying to assess their intentions and possible future policy directions.

Dr. Shulman's talk is one of a series of MCPL Education Fund sponsored talks dealing with "New Directions in Foreign Policy, Defense Policy, and Arms Control Policy." In response to requests from Members of Congress and the public who desire to study these remarks at length, I am putting this in the Record, as I will do with future summaries of other such talks after the speakers have completed reviewing them for accuracy. The text of Dr. Shulman's remarks follow:

U.S.-SOVIET RELATIONS: A REPORT ON THE 25TH PARTY CONGRESS

In the Soviet Union, a Party Congress is a big event, and through recent Soviet history, the successive party congresses are "pylons" between which policy is suspended. The main event in this Congress was Soviet party leader Brezhnev's speech, a marathon five hour affair.

The speech was written by a group of 35 to 40 people, who were sent off to a villa—they called it "being imprisoned"—to write it. Some paragraphs were terribly fought over: As in a presidential speech, it can become a form of administrative legislation. In the speech-writing process, all kinds of internal negotiations up and down the economic, foreign policy, and party apparatus must be resolved. You can read into this speech the "chisel marks" of the contending points-of-view within the government.

On the foreign policy side, this was a very carefully crafted speech and one which showed a sensitivity to the internal debate in the United States. It was clearly intended to be an upbeat speech. Detente remains the policy in the Soviet Union, just as the word is going out of use in the United States.

However, there are indications of a "hard-line" criticism of Brezhnev's policy. There are people saying: "Look, we haven't got the trade benefits you promised, we've been crowded out of the Mid East, you lost Portugal, you didn't take advantage of the recession in the West, and the United States is pulling ahead in the arms race." "Not only are there no benefits in this policy, but it may make the Party lose control." How can the Soviet people be mobilized when their leader goes on television toasting the leader of the imperialist camp with champagne? Their people argue that all the benefits of detente are on the U.S. side. Also, the central strategic balance looks different on the Soviet side.

Even so, Brezhnev's announcement was that the program of the 24th Party Congress, the so-called "Peace Program," was continuing.

There were some specifics in arms control. He argued in favor of the SALT treaty, and, looking beyond the Vladivostok agreement, he indicated that they had an interest in limiting new weapons. He said that they had sought limits on our B-1 and TRIDENT programs, but that we had not responded.

Also, Brezhnev made a proposal for a treaty on the reciprical nonuse of force. This looks as if it may be the subject of a large campaign in the U.N. and elsewhere.

Brezhnev talked about the MBFR negotiations in Europe. He said the new proposals that the Soviets will introduce may go part way towards meeting NATO positions. He indicated that while they still want a comprehensive agreement, that they may be willing to take the matter in two bites, with withdrawals of U.S. and Soviet troops first, and more comprehensive agreements later. They also expressed an interest in trading a withdrawal of a Russian Tank Army in exchange for an American withdrawal of tactical nuclear weapons. But the Soviet negotiating position is still predicated on maintaining the present balance—that is, symmetrical reductions. The NATO position is for equality of forces—that is asymmetric reductions.

Brezhnev also threw out what may be a signal on the Indian Ocean. He indicated knowledge of the Culver Resolution and an interest in exploring the issue. But he didn't go very far: He said they have no intention of putting any bases in the Indian Ocean and are ready to sign an agreement to that effect. We don't know quite what they mean. My guess, after talking to Soviet Ambassador Dobrynin, is that it is meant as a signal.

Then Brezhnev addressed himself to the subject tof the Soviet military build-up. He said that there wasn't one, but they haven't increased their defense budget, that they weren't going to attack anyone, but there were no specifics.

On the economic front, he broke with precedent. Dobrynin had explicit instructions not to raise the subject of further negotiations on the subject of the Trade Reform Act of 1974. Brezhnev went ahead and said that they would like to see a change in the American policy on the basis of non-discrimination, i.e., Most Favored Nation Status. He made no bones about their strong interest in trade.

Behind all these foreign policy discussions there was an extensive discussion of the Soviet economy. In the 10th Five Year Plan, it has become evident that there are serious structural problems in the Soviet economy. They have the problem of raising productivity, there are clearly problems in agriculture, and there are chronic organizational problems. These are structural problems. Every time they've set out to make reforms, they've run into resistance by the party and the economic planning bureaucracy. The resistance by the party centers on the issue of decentralization. This is a very sensitive issue. They worry that any easing will endanger the leading role of the party.

To put their economy in order, they must have an influx of capital goods, food grains, technology, and management expertise from the West.

Brezhnev was very careful to reaffirm the primacy of class struggle, and to assert that it was not contradictory with detente. His position could be summed up: This is an era of radical change. There will be many occasions when there will be people fighting for independence, and we will line up with them. Angola was an instance of this. But we don't have any self-interest, we're not seeking any advantages, or bases.

He also referred to internal debates within the Communist movement. The leaders of the French and Italian Communist Parties spoke very bluntly about wanting to follow an independent path. They were sometimes quite explicit about the issue of human rights in the Soviet Union, and obliged Brezhnev to answer them.

His answer was, in effect, that if you think you can cut yourself off from the world movement, you're wrong. He was in favor of a "popular front from below," aligning with other groups on specific issues, to try to get mass support, but he was openly skeptical about a "popular front from above" a formal alliance with Socialist and Social Democratic parties. (The quoted phraseology is Dr. Shulman's not Brezhnev's.)

Some Brezhnev comments on capitalism: It is true in a general sense, that capitalism is in a state of crisis, but we don't expect an imminent collapse. In the long run, though, it is a society without a future.

With regard to the Chinese, Brezhnev said that Russia would be willing to normalize relations on the basis of "peaceful co-existence." This is interesting, because "peaceful co-existence" is something that you have with the "other side." For years, the Chinese used to infuriate the Russians by proposing that their relations be normalized on the basis of "peaceful co-existence." Now, the Russians have swung around to the same point-of-view. This indicates that their expectations are somewhat limited.

Essentially, the Russians are waiting out the present period in American politics. A lot of what has happened has alarmed them, and there is much that they don't really understand, but it is clear that they have decided not to respond, for the moment.

SELECTED QUESTION AND ANSWERS

(All questions and answers have been paraphrased and condensed.)

Q: What do you think the possibilities are for some kind of tradeoff between trade and Jewish emigration?

A: There's no chance at all of doing it the way we tried to do it, with all the publicity. The issue is very sensitive politically for Brezhnev, and if he were to agree in public to any sort of deal he would be in real trouble at home.

What is possible is some sort of quiet arrangement, whereby they might raise emigration to about 2000 people per month, up from the 1000–1200 currently, and the Congress could give the President, in effect, the authority to grant MFN on a period-by-period basis, subject to oversight.

They need both MFN and Exim Bank credits, but for different reasons. The Soviets are in a bind for foreign exchange, so they need the credits. MFN is more psychological, although it does have some practical value. They want to develop a long-term capacity to export manufactured goods, and they need MFN for that.

Q: If Kissinger is to be believed, they indicated a willingness to go as far as 5000 people per month.

A: That is a popular misunderstanding. That number originated with Senator Jackson. The Russians never committed themselves to any figure at all, in part because they don't know themselves what the emigration figure would be. They think they're looking at a curve which looks something like this: From emigration impossible to no barriers to emigration.

Their calculation is that the number of people applying is sensitive to the kind of treatment they receive. They think that under optimum conditions, perhaps as many as 500,000 people might want to leave, but it is difficult to know what the number would be.

In some of the individual cases of harsh treatment they are clearly interested in the deterrent effect, to discourage others from attempting to leave. They did agree to ease up on the harsh treatment of applicants, and to ease up on their interpretation of the national security clause. Now, of course, they are being very restrictive. I should add that people administering this thing are tough cookies and have a lot of autonomy.

Q: Is Brezhnev skeptical about the "historic compromise" in Italy and France?

A: Yes. They're more worried about losing their hold on these parties than we are about losing our allies.

Q: Would you elaborate on the argument that a "hard-liner" would make about the failure of detente?

A: Sure. The Soviet Union has been elbowed out of the Middle East; in Portugal an opportunity was lost; the anticipated economic benefits of detente have not materialised. Also, this has been a period of recession, monetary crisis, and disarray in the West, but instead of taking advantage of it, you've made speeches about our involvement in the world economy, and moved away from our traditional position of autarky.

There are also nationalist overtones. In addition to the various other nationalisms in the Soviet Union, Great Russian nationalism is hostile to deals with Western countries. There are charges that Brezhnev is selling off the national patrimony to the capitalists. There are memories of the British and French before World War I as well as traditional xenophobic attitudes.

Also, there is the question of internal security, the fear that having people involved in all these cultural exchanges will weaken the muscle tone of the state. There are people who feel the gut issue is the central position of the party.

Also, the Russians are looking at, not a potential future threat, but a realized position of American technological superiority. This looms larger than things like throw-weight. And the hard-liners argue that the American technological lead is widening.

Q: Could you comment on the role of the military in the Soviet power structure?

A: The military ethos is very strong in the party and government. A lot of top military people have served in the military and they are the heroes of World War II.

Also, the first rule for any Soviet leader is never to get both the military and the KGB lined up against him, because they are the people who have the power to remove him. He is also careful with the Ground Forces and the Rocket Forces. The Navy has been complaining that they haven't been getting enough money and that they don't have enough of a role in the strategic forces.

In the SALT talks the military appear to have a veto. This is one reason SALT hasn't gone too far. On the other hand, we have a similar situation here. Imagine trying to get a SALT agreement if you knew that the Joint Chiefs would testify against it.

In the SALT negotiating process (Soviet proposals generally originate in an office of the General Staff.

Q: If American trade and technology are so important to the Russians, wasn't their intervention in Angola a high-risk policy?

A: They didn't see it as such. The Russians have been in Angola at a low level since 1961. Their aid began to go up a little in late 1974, and then a big jump in March 1975. I don't know whether or not this was a reaction to our January 1975 move, but when they were making the decision, they didn't see it as a confrontation issue, and they didn't think it would cost them very much, until it suddenly blew up in their faces, without any advance warning. They probably had three major reasons for their policy:

In the face of hard-liner attacks, this was a chance to show some machismo. They were showing muscle, showing that they weren't lying down and playing dead.

The Chinese were involved in training troops for Holden Roberto. When the South Africans came in on the side of UNITA, the Russians were able to plaster the Chinese all over Africa for being on the same side as the South Africans.

Beyond Angola, there lies the larger issue of Rhodesia and South Africa. The Russians are in a position of siding with the Africans against the U.S., which is faced with a terrible dilemma vis-a-vis South Africa. This is a very good situation from their point-of-view.

Q: Now that Brezhnev has used the term "peaceful co-existence" in describing the Chinese, does that indicate a substantial change in policy?

A: Possibly. The Russians have been trying to wait out Mao, hoping that when he passed from the scene there would be a coalition with which they could have at least a modus vivendi. In the meantime, they tried to dampen down the level of Sino-Soviet rhetoric.

Since the U.S. has withdrawn from Vietnam last year, there has been an intensification of the diplomatic struggle in both Asia and Africa, which has been reflected in a higher decibel rating in the polemics.

In the background, there is the frontier issue, which has been going on since 1969. It is on the back burner now, but the Soviets still have a huge army on the border.

Also, there is a general feeling in Russia that when China gets a nuclear delivery capability, that this will be a very scary situation. This feeling is very emotional and goes across the board; no matter whom you talk to, the question is not if there will be war with China, but when.

Another function of Angola was to demonstrate to the Chinese that the U.S. was a weak reed to lean on. The Chinese have been cheerleading the U.S. and NATO. The Russians can now say: You see, this is what happens when you depend on the United States.

Q: It is difficult to believe that the French Communist Party is really out of control, given the history of the Party.

A: It is reasonable to be suspicious, because this has happened very suddenly. The French have been the most loyal servants of Moscow. However, in their negotiations with other French parties, they found out that the Moscow connection was an albatross around their necks. Also, the rise and fall of Cunhal in Portugal scared them, and precipitated a debate about what they should be doing.

Also, there has been a substantial flow of Russian emigres through Paris, and there is a small Russian community there. Soviet violations of human rights have received a lot of play in the French press, and had a major impact. So, all three factors moved them.

They started out very delicately, but the situation got out of hand and they ended up criticizing Soviet violations of human rights. If this were a mere tactic, they never would have criticized the Russians in such fashion.

Q: If it is in the U.S. national interest to minimize the role of the hard-liners, does it make sense to fashion a policy of detente? Any concessions we offer will be taken as a sign of weakness, and a firm position will simply exacerbate relations. By the same token, the hard-liners would simply capitalize on our failure to respond to Soviet initiatives. What can we do?

A: Politics will go on in the Soviet system for a long time. The most critical question in U.S. foreign policy is not the Soviet Union. We live in a word which has very strong disintegrative tendencies, moving in the direction of anarchy and violence. In dealing with these problems, it will be infinitely more difficult if the Soviet Union and the United States are locked in a high-tension relationship.

It makes sense, if possible, to:

Attempt to stabilize the military competition.

To the extent that future Soviet leaders see their self-interest in normalizing relations with the United States, to hold open that option.

Beyond that, I am really not sure we can influence the future course of Soviet internal politics. There are so many chance elements and decisive factors that we cannot affect.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mrs. CHISHOLM (at the request of Mr. O'NEILL), for today, on account of illness.

Mr. HELSTOSKI (at the request of Mr. O'NEILL), for today on account of official business.

Mr. MATSUNAGA (at the request of Mr. O'NEILL), for June 17 and 18, on account of official business.

Mr. STUDDS (at the request of Mr. O'NEILL), for today, on account of illness in the family.

Mr. YOUNG of Alaska (at the request of Mr. MICHEL), for today and the remainder of the week, on account of offical business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. GRADISON) to revise and extend their remarks and include extraneous material:)

Mr. CONLAN, for 15 minutes, today.

Mr. PAUL, for 15 minutes, today.

(The following Members (at the request of Mr. SOLARZ) and to revise and extend their remarks and include extraneous matter:)

Mr. GONZALEZ, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. ALEXANDER, for 30 minutes, today.

Mr. AuCOIN, for 5 minutes, today.

Mr. BAUCUS, for 10 minutes, today.

Mr. MCFALL, for 5 minutes, today.

Mr. MORGAN, for 5 minutes, today.

Mr. BURKE of Massachusetts, for 10 minutes, today.

Mr. KOCH, for 10 minutes, today.

Mr. DRINAN, for 5 minutes, today.

Mr. O'NEILL, for 5 minutes, today.

Ms. HOLTZMAN, for 15 minutes, today.

Mr. LONG of Louisiana, for 15 minutes, today.

Mr. DODD, for 15 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. FLYNT to include remarks during general debate on defense appropriation bill.

Mr. LEGGETT, to revise and extend his remarks immediately before the vote on the Burlison of Missouri amendment.

Mr. ALLEN, immediately following the vote on the Addabbo amendment.

Mr. SEIBERLING, and to include extraneous material notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $715.

(The following Members (at the request of Mr. GRADISON) and to include extraneous matter:)

Mr. WIGGINS.
Mr. SHRIVER.
Mr. FINDLEY.
Mr. CRANE.
Mr. BOB WILSON in two instances.
Mr. HYDE.
Mr. CONLAN.
Mr. BROYHILL.
Mr. WYDLER in two instances.
Mrs. HOLT.
Mr. ESCH.
Mr. BEARD of Tennessee.
Mr. EMERY.
Mr. RAILSBACK.
Mr. HARSHA.
Mr. BUTLER.
Mr. DU PONT.
Mr. ABDNOR.
Mr. ASHBROOK in two instances.

(The following Members (at the request of Mr. SOLARZ) and to include extraneous material:)

Mr. AUCOIN.
Mr. VANDER VEEN.
Mr. GONZALEZ in three instances.
Mr. LEGGETT.
Mr. MURPHY of New York in two instances.
Mr. YATRON.
Mr. SYMINGTON.
Mr. MCDONALD in three instances.
Mr. BLANCHARD.
Mr. BRECKINRIDGE.
Mr. NIX.
Mr. BLOUIN.
Mr. BALDUS.
Mr. RANGEL.
Mr. KASTENMEIER.
Mr. HEFNER.
Mr. BOLAND in two instances.
Mr. VANIK.
Mr. WOLFF.
Mr. FLOWERS in three instances.
Mr. ROGERS in five instances.
Mr. OBEY.
Mr. PATTISON of New York.
Mr. DODD.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 2477. An act to provide more effective disclosure to Congress and the public of certain lobbying activities to influence issues before the Congress, and for other purposes; to the Committees on the Judiciary and Standards of Official Conduct.

S. 3380. An act for the relief of Miss Mary Vance Trent; to the Committee on the Judiciary.

S.J. Res. 179. Joint resolution to authorize the President to issue a proclamation designating July 2, 1976, a "National Bicentennial Day of Prayer of Thanksgiving and Guidance"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. SOLARZ. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 38 minutes p.m.), under its previous order, the House adjourned until tomorrow, Friday, June 18, 1976, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

3509. A letter from the Chairman of the Board of Governors, Federal Reserve System, transmitting the Board's 62d annual report, covering calendar year 1975, pursuant to section 10 of the Federal Reserve Act, as amended; to the Committee on Banking, Currency and Housing.

3510. A letter from the Assistant Secretary of State for Congressional Relations transmitting notice of the intention of the Department of State to consent to a request by the Government of Jordan for permission to transfer certain U.S. origin defense articles to Morocco, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

3511. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate James J. Blake and his family, pursuant to section 6 of Public Law 93-126; to the Committee on International Relations.

3512. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to permit the United States to provide indemnification against claims for injury related to inoculation with vaccine under a comprehensive nationwide influence immunization program; to the Committee on Interstate and Foreign Commerce.

3513. A letter from the Administrator, Federal Energy Administration, transmitting a report covering the period January–March 1976, on imports of crude oil, residual fuel oil, refined petroleum products, natural gas, and coal; reserves and production of crude oil, natural gas, and coal; refinery activities; and inventories, pursuant to section 11(c)(2) of Public Law 93-319; to the Committee on Interstate and Foreign Commerce.

3514. A letter from the Executive Director, National Commission on Water Quality, transmitting a copy of the final staff report to the Commission; to the Committee on Public Works and Transporation.

3515. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Social Security Act to reduce the effect of wage and price fluctuation on old-age, survivors, and disability insurance benefits; to the Committee on Ways and Means.

RECEIVED FROM THE COMPTROLLER GENERAL

3516. A letter from the Comptroller General of the United States, transmitting a report on problems in the development of the Air Force's Advanced Logistics System; jointly, to the Committees on Government Operations, and Armed Services.

3517. A letter from the Comptroller General of the United States, transmitting a report on the problems of Federal agencies in trying to protect the public from cancer-causing chemicals; jointly, to the Committees on Government Operations, and Interstate and Foreign Commerce.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HENDERSON: Committee on Post Office and Civil Service. Report on allocation of budget authority and outlays (Rept. No. 94-1273). Referred to the Committee of the Whole House on the State of the Union.

Mrs. SCHROEDER: Committee on Post Office and Civil Service. Senate Joint Resolution 196. Joint resolution providing for the expression to Her Majesty, Queen Elizabeth II, of the appreciation of the people of the United States for the bequest of James Smithson to the United States, enabling the establishment of the Smithsonian Institution (Rept No. 94-1274). Referred to the House Calendar.

Mr. SISK: Committee on Rules.

H. Res. 1321. Resolution waiving certain points of order against the conference report on S. 3201. A bill to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes (Rept. No. 94-1275). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Massachusetts (by request) (for himself and Mr. ARCHER):

H.R. 14429. A bill to amend the Social Security Act to authorize international agreements with respect to social security benefits; to the Committee on Ways and Means.

H.R. 14430. A bill to amend the Social Security Act to reduce the effect of wage and price fluctuation on old-age, survivors, and disability insurance benefits; to the Committee on Ways and Means.

By Mr. DELANEY (for himself, Mr. DAN DANIEL, Mr. BEARD of Rhode Island, and Mr. DODD):

H.R. 14431. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for amounts paid by a taxpayer for tuition to provide an education for himself or for his dependents; to the Committee on Ways and Means.

By Mr. GUDE (for himself and Mr. CHAPPELL):

H.R. 14432. A bill to require the payment of interest by Federal agencies on overdue contract payments, to amend the Office of Federal Procurement Policy Act, and for other purposes; to the Committee on Government Operations.

By Mr. LEGGETT:

H.R. 14433. A bill to amend title 10, United States Code, so as to provide that the Chief of the Biomedical Sciences Corps of the Air Force shall be a brigadier general, and for other purposes; to the Committee on Armed Services.

By Mr. MEEDS:

H.R. 14434. A bill to reaffirm the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce; to reaffirm the authority of the States to regulate terminal and station equipment used for telephone exchange service; to require the Federal Communications Commission to make certain findings in connection with Commission actions authorizing specialized carriers; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PRESSLER:

H.R. 14435. A bill to amend title 38 of the United States Code in order to extend under certain circumstances the delimiting period for completing veterans' education programs and to provide a teach-down period for veterans who have committed themselves to furthering their education; to the Committee on Veterans' Affairs.

By Mr. PRICE:

H.R. 14436. A bill to amend title XVIII of the Social Security Act to authorize payment under the medicare program for certain services performed by chiropractors; to the Committee on Ways and Means.

By Mr. STAGGERS (for himself and Mr. Devine) (by request):

H.R. 14437. A bill to permit the United States to provide indemnification against claims for injury related to inoculation with vaccine under a comprehensive nationwide influenza immunization program; to the Committee on Interstate and Foreign Commerce.

H.R. 14438. A bill to amend the Social Security Act to improve State medical assistance utilization control programs; to the Committee on Interstate and Foreign Commerce.

By Mr. SYMINGTON (for himself and Mr. Mosher):

H.R. 14439. A bill to establish a materials policy for the United States, to create a materials research and development capability, and to provide an organizational structure for the effective application of such research capability, and for other purposes; jointly, to the Committees on Science and Technology, the Judiciary, and Rules.

By Mr. ARCHER (for himself, Mr. Schneebeli, Mr. Conable, Mr. Steiger of Wisconsin, and Mr. Crane):

H.R. 14440. A bill to amend the Social Security Act to authorize international agreements with respect to social security benefits; to the Committee on Ways and Means.

By Mr. AuCOIN:

H.R. 14441. A bill to provide coverage under the Federal old-age, survivors, and disability insurance system for all officers and employees of the United States and its instrumentalities; to the Committee on Ways and Means.

H.R. 14442. A bill to amend title II of the Social Security Act, and the Internal Revenue Code of 1954, to increase to $22,000 in 1977 the amount of annual earnings which (subject to future automatic adjustments) may be taken into account for benefit and tax purposes under the social security program; to the Committee on Ways and Means.

H.R. 14443. A bill to amend title II of the Social Security Act to increase to $3,800 the amount of outside income which (subject to further increases under the automatic adjustment provisions) is permitted each year without deductions from benefits, and to provide that income of all types and from all sources shall be included in determining whether an individual's benefits are subject to such deductions; to the Committee on Ways and Means.

By Mr. BEARD of Tennessee:

H.R. 14444. A bill to provide that in civil actions brought under the Occupational Safety and Health Act of 1970 where the United States is a plaintiff, a prevailing defendant may recover a reasonable attorney's fee and other reasonable litigation costs; to the Committee on Education and Labor.

By Mr. CARNEY:

H.R. 14445. A bill to name the new post office in Youngstown, Ohio, the Michael J. Kirwan Post Office; to the Committee on Public Works and Transportation.

By Mr. EDGAR (for himself, Mr. Aspin, Mr. Carney, Mr. Dent, Mr. McCloskey, Mr. Mikva, Mr. Murphy of New York, Mr. Patterson of California, Mr. Rose, and Mr. Rosenthal):

H.R. 14446. A bill to amend title 38 of the United States Code in order to extend under certain circumstances the delimiting period for completing veterans' education programs and to provide a teach-down period for veterans who have committed themselves to furthering their education; to the Committee on Veterans' Affairs.

By Mr. FISH:

H.R. 14447. A bill to authorize the creation of a record of admission for permanent residence in the cases of certain refugees from the Republic of Vietnam, Laos or Cambodia; to the Committee on the Judiciary.

By Ms. KEYS:

H.R. 14448. A bill to amend title XVIII of the Social Security Act to authorize payment under the medicare program for occupational therapy services, whether furnished as a part of home health services or otherwise; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. HUGHES:

H.J. Res. 991. Joint resolution proposing an amendment to the Constitution of the United States to provide that Members of the House of Representatives shall serve for terms of 4 years and that such Members may not serve more than three consecutive terms; to the Committee on the Judiciary.

By Mr. KETCHUM (for himself, Mr. Anderson of California, Mr. Badillo, Mr. Breckinridge, Mr. Cochran, Ms. Chisholm, Mr. Clancy, Mr. Eilberg, Mr. Eshleman, Mr. Flood, Mr. Gilman, Mr. Grassley, Mr. Gude, Mr. Hannaford, Mr. Hughes, Mr. LaFalce, Mr. Lagomarsino, Mr. Patterson of California, Mr. Roe, Mr. Steiger of Wisconsin, Mr. Charles Wilson of Texas, and Mr. Winn):

H.J. Res. 992. Joint resolution designating the month of October 1976 as National Youth Volunteer Month; to the Committee on Post Office and Civil Service.

By Mr. BOLAND:

H. Res. 1314. Resolution to insure that the quality and quantity of free broadcasting service not be impaired; to the Committee on Interstate and Foreign Commerce.

By Mr. CONTE:

H. Res. 1315. Resolution to insure that the quality and quantity of free broadcasting service not be impaired; to the Committee on Interstate and Foreign Commerce.

By Mr. HECHLER of West Virginia:

H. Res. 1316. Resolution to require the adoption of a resolution by the House of Representatives to carry out the establishment or adjustment of certain allowances to Members, officers, and standing committees of the House of Representatives; to the Committee on House Administration.

By Mr. KETCHUM (for himself, Mr. Burgener, Mr. Cohen, Mr. Conyers, Mr. Fisher, Mr. Guyer, Mr. Hamilton, Mr. Kindness, Mr. Krueger, Mr. Lott, Mr. Mottl, Mr. Ottinger, Mr. Pritchard, Mr. Regula, Mr. Richmond, Mr. Rinaldo, Mr. Russo, Mr. Steiger of Wisconsin, Mr. Vander Veen, Mr. Weaver, Mr. Whitehurst, and Mr. Young of Florida):

H. Res. 1317. Resolution to amend rule XXII of the Rules of the House of Representatives to remove the limitation on the number of Members who may introduce jointly any bill, memorial, or resolution; to the Committee on Rules.

By Mr. LENT (for himself, Mr. Bingham, Mr. Flood, and Mr. Frenzel):

H. Res. 1318. Resolution condemning the Soviet Union's failure to observe the spirit of existing international conventions to which it is a party, especially the nowest restriction respecting the delivery of parcels from the United States; to the Committee on International Relations.

By Mr. HANLEY (for himself, Mr. Ambro, Mr. Beard of Tennessee, Mr. Conte, Mr. Carter, Mr. Evins of Tennessee, Mr. Johnson of Pennsylvania, Mr. Jones of Oklahoma, Mr. McClory, Mr. McCollister, Mr. Moorhead of Pennsylvania, Mr. Matsunaga, Mr. Runnels, Mr. Scheuer, Mr. Symms, Mr. James V. Stanton, Mr. Randall, and Mr. Thornton):

H. Res. 1319. Resolution expressing the sense of the House regarding the closing of post offices; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mrs. BURKE of California:

H.R. 14449. A bill for the relief of Chen Chuan-Huang; to the Committee on the Judiciary.

By Mr. GUDE:

H.R. 14450. A bill for the relief of Philip G. Kemp; to the Committee on the Judiciary.

H. Res. 1320. A resolution to refer the bill (H.R. 14450), for the relief of Philip G. Kemp to the Chief Commissioner of the Court of Claims; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 6218

By Mr. DINGELL:

On page 113, after line 5, insert the following new subsection (j):

"(j) If any development and production plan submitted to the Secretary pursuant to this section provides for the production and transportation of natural gas, the lessee shall contemporaneously submit to the Federal Power Commission that portion of such plan which relates to production of natural gas and the facilities for transportation of natural gas. The Secretary and the Federal Power Commission shall agree as to which of them shall prepare an environmental impact statement pursuant to the National Environmental Policy Act of 1969 applicable to such portion of such plan, or conduct studies as to the effect on the environment of implementing it. Thereafter, the findings and recommendations by the agency preparing such environmental impact statement or conducting such studies pursuant to that agreement shall be adopted by the other agency, and such other agency shall not independently prepare another environmental impact statement or duplicate such studies with respect to such portion of such plan, but the Federal Power Commission, in connection with its review of an application for a certificate of public convenience and necessity applicable to such transportation facilities pursuant to section 7 of the Natural Gas Act (15 U.S. Code 717), may prepare such environmental studies or statement relevant to certification of such transportation facilities as have not been covered by an environmental impact statement or studies prepared by the Secretary. The Secretary, in consultation with the Federal Power Commission, shall promulgate rules to implement this subsection, but the Federal Power Commission shall retain sole authority with respect to rules and procedure applicable to the filing of any application with the Commission and to all aspects of the Commission's review of, and action on, any such application."

By Mr. STUDDS:

Amendment No. 1: On page 132, strike line 25 and all that follows through the end of line 16 on page 133, and insert in lieu thereof the following:

"(e)(1) To the extent that liability is not imposed, pursuant to subsection (d)(2) of this section, on the owner or operator of an offshore facility or vessel for cleanup costs or damages resulting from a discharge of oil from such facility or vessel, the damaged party or third party whose negligent or intentional act caused such discharge or any damages resulting from such discharge shall, if such damaged party or third party is also an offshore facility or vessel, be liable for such cleanup costs or damages to the same extent as if such discharge had occurred from the offshore facility or vessel of such damaged party or third party.

"(2) Payment of cleanup costs or damages by the owner or operator of any offshore facility or vessel to any person pursuant to this title shall be subject to such owner or operator acquiring by subrogation all rights of such person to recover such cleanup costs or damages from any other person."

Amendment No. 2: On page 133, add a new subsection after line 21 to read as follows:

"(f) Notwithstanding any other provision of this title, no person shall be liable under this title for payment of cleanup costs or damages to any government of a foreign country, or any citizen of a foreign country not a resident of the United States, unless (1) such payment is authorized by a treaty or executive agreement between such country and the United States, or (2) the Secretary of State, in consultation with the Attorney General, certifies that such country provides an adequate and substantially similar remedy for United States claimants for cleanup costs and damages related to discharges of oil produced from the Continental Shelf of such country."

Amendment No. 3: On page 133, after line 21 and after the subsection inserted by previous amendment, insert the following additional new subsection:

"(g) Any owner or operator of any offshore facility or vessel liable for damages to any person pursuant to subsection (b), (c), or (e)(1) of this section shall also be liable to such person for interest on the amount of such damages for which such owner or operator is liable, at the existing commercial interest rate, from the date the claim or amended claim including such damages was presented to the date on which the damages are paid. Such interest shall not be subject to any limitation of liability specified in subsection (b) or (c) of this section."

Amendment No. 4: On page 151, line 2, strike "provided in section 311(f) of" and insert in lieu thereof "otherwise provided in".

Amendment No. 5: On page 134, line 20, insert "(1)" after "pay", and on page 134, line 21, strike the word "negligence" and all that follows through the end of line 22 and insert in lieu thereof "discharge of oil or any damages resulting from such discharge were caused by the negligent or intentional act of the damaged party, or (2) damages of any claimant to the extent that the discharge of oil or any damages resulting from such discharge were caused by an act of war."

Amendment No. 6: On page 150, after line 25 add the following new subsection:

"(d) There are hereby authorized to be appropriated to the Fund such sums as may be necessary to reimburse the Fund for amounts paid for cleanup costs and damages in connection with discharges of oil caused by the negligent or intentional act of any agency of the United States."

Amendment No. 7: On page 139, line 19, strike "Secretary" and insert in lieu thereof "President".

Amendment No. 8: On page 148, line 22, strike "in order to" and insert in lieu thereof "relevant to the administration of this title, and shall" and on page 149, line 2, strike "and" and insert in lieu thereof "relevant to the administration of this title, and to all books, documents, papers, records, and other information".

Amendment No. 9: On page 135, line 3, strike "and" and on page 135, line 7, strike the period and insert in lieu thereof ", and (3) all reasonable and actual administrative costs incurred by the Secretary and disbursed by the Fund in connection with such claim or action, including costs of investigation, processing, hearings, appeals, and collection. Costs recovered pursuant to clause (3) of this subsection shall not be subject to any limitation of liability applicable to such owner, operator, or person providing financial responsibility, under the provisions of subsection (b) or (c) of section 308 of this title."

Amendment No. 10: On page 131, lines 3 and 4, strike the first comma and the words "royalty, rental, or net profit share".

Amendment No. 11: On page 139, line 3, strike "increase" and insert in lieu thereof "adjust" and on page 139, line 6, strike "increase" and insert in lieu thereof "change".

Amendment No. 12: On page 137, line 10, strike "except" and all that follows through "receipts" on line 14.

Amendment No. 13: On page 147, line 4, after "group" insert ", except that the reasonable and actual costs incurred by the Attorney General in representing such class shall be paid out of such sums recovered, and shall be deposited in the Treasury of the United States, and credited to miscellaneous receipts".

Amendment No. 14: On page 147, at the end of line 4 add a new sentence to read as follows: "The Attorney General shall not commence any action under this subsection against the Fund or any other agency of the United States."

Amendment No. 15. On page 130, line 16, strike "one year" and insert in lieu thereof "five years".

Amendment No. 16: On page 136, line 13, after "and" insert "the Secretary of the Treasury shall" and on page 136, line 16, strike "transferred" and all that follows through "subsection" on page 136, line 19, and insert in lieu thereof "produced".

Amendment No. 17: On page 144, line 20, strike "title" and insert in lieu thereof "section".

Amendment No. 18: On page 148, line 20, insert "in" after "and".

Amendment No. 19: On page 132, line 23, insert a comma after the word "exceptional".

H.R. 16336

By Mr. BIAGGI:

Page 35, immediately after line 25, insert the following:

ASSISTANCE TO PREVENT POLICE LAYOFFS CAUSED BY BUDGETARY PROBLEMS

Sec. 116. Title I of the Omnibus Crime Control and Safe Streets Act of 1968 is further amended by adding at the end the following:

"PART J—ASSISTANCE TO PREVENT POLICE LAYOFFS CAUSED BY BUDGETARY PROBLEMS

"Sec. 680. The Administration is authorized to make grants under this part to eligible units of general local government to enable such units to retain in employment essential law enforcement and criminal justice personnel whom it otherwise would have to release due to such unit's budgetary problems.

"Sec. 681. A unit of general local government is eligible for grants under this part if the Administration determines, upon such application as the Administration shall by regulation require, that—

"(1) the personnel who, during the Federal fiscal year for which assistance under this part is sought, would be released but for such assistance would equal or exceed 5 percent of the total law enforcement and criminal justice workforce employed by that unit; and

"(2) the release of such personnel would result from bona fide budgetary problems of such unit.

"Sec. 682. (a) The amount of assistance under this part to a unit of general local government during a Federal fiscal year shall equal that percentage of the sum needed to avoid releasing the essential law enforcement and criminal justice personnel referred to in section 680 which is—

"(1) 100 percent, if such unit's rate of reported crime is equal to or greater than the national average of such rates; or

"(2) that percent which is equivalent to the ratio of such unit's rate of reported crime to such national average, if such unit's rate of reported crime is less than such national average.

"(b) Percentage determinations under this section, and the rates of reported crime upon which such determinations are based, shall be ascertained by the Administration. The Administration is authorized to monitor crime reporting in units of general local government seeking or receiving assistance under this part in order to verify the accuracy of such reported rates.

"Sec. 683. The Administration shall, not less frequently than annually, review the budgetary circumstances of each unit of general local government receiving assistance under this part to ascertain whether such unit continues to be eligible for assistance under this part."

Page 35, immediately after line 17, insert the following new section:

Law Enforcement Officers' Bill of Rights

Sec. 115. Title I of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by redesignating parts G, H, and I as parts H, I, and J, respectively, and by inserting immediately after part E the following new part:

"PART F—LAW ENFORCEMENT OFFICERS BILL OF RIGHTS

"Sec. 471. Beginning with the first fiscal year commencing not less than two years after the date of the enactment of this part, no grant under parts B, C, or E of this title shall be made, directly or indirectly, to any State, unit of general local government, or public agency, unless there is in effect with respect to such State, unit of general local government, or public agency, a law enforcement officers' bill of rights which substantially provides as a minimum the following rights for the law enforcement officers of such State, unit of general local government, or public agency:

" 'Bill of Rights

" 'POLITICAL ACTIVITY OF LAW ENFORCEMENT OFFICERS

" 'Section 1. Except when on duty or acting in his official capacity, no law enforcement officer shall be prohibited from engaging in political activity or be denied the right to refrain from engaging in such activity.

" 'RIGHTS OF LAW ENFORCEMENT OFFICERS WHILE UNDER INVESTIGATION

" 'SEC. 2. Whenever a law enforcement officer is under investigation for alleged malfeasance, misfeasance, or non-feasance of official duty, with a view to possible disciplinary action, demotion, dismissal, or criminal charges, the following minimum standards shall apply:

" '(1) No adverse inference shall be drawn and no punitive action taken from a refusal of the law enforcement officer being investigated to participate in such investigation or be interrogated other than when such law enforcement officer is on duty, or when exigent circumstances otherwise require.

" '(2) Any interrogation of a law enforcement officer shall take place at the offices of those conducting the investigation, the place where such law enforcement officer reports for duty, or such other reasonable place as the investigator may determine.

" '(3) The law enforcement officer being investigated shall be informed, at the commencement of any interrogation, of the nature of the investigation, the names of any complainants, and the identity and authority of the person conducting such investigation, and at the commencement of any interrogation of such officer in connection with any such investigation shall be informed of all persons present during such interrogation. All questions asked in any such interrogation shall be asked by or through a single interrogator.

" '(4) No formal proceeding which has authority to penalize a law enforcement officer may be brought except upon charges signed by the persons making those charges.

" '(5) Any interrogation of a law enforcement officer in connection with an investigation shall be for a reasonable period of time, and shall allow for reasonable periods for the rest and personal necessities of such law enforcement officer.

" '(6) No threat, harassment, promise, or reward shall be made to any law enforcement officer in connection with an investigation in order to induce the answering of any question, but immunity from prosecution may be offered to induce such answering.

" '(7) All interrogations of any law enforcement officer in connection with the investigation shall be recorded in full.

" '(8) The law enforcement officer shall be entitled to the presence of his counsel or any other one person of his choice at any interrogation in connection with the investigation.

" 'REPRESENTATION ON COMPLAINT REVIEW BOARDS

" 'SEC. 3. Whenever a police complaint review board has been established which includes in its membership persons other than law enforcement officers of the agencies under the jurisdiction of such board, such board shall also include a fair representation of such officers.

" 'CIVIL SUITS OF LAW ENFORCEMENT OFFICERS

" 'SEC. 4. Any law enforcement officer shall have the right, and shall receive public legal assistance when requested, to recover pecuniary and other damages from persons violating any of the rights established under the law enforcement officer's Bill of Rights.

" 'DISLOSURE OF FINANCES

" 'SEC. 5. No law enforcement officer shall be required to disclose, for the purposes of promotion or assignment, any item of his property, income, assets, debts, or expenditures or those of any member of such officer's household.

" 'NOTICE OF DISCIPLINARY ACTION

" 'SEC. 6. Whenever a personnel action which will result in any loss of pay or benefits, or is otherwise punitive is taken against a law enforcement officer, such law enforcement officer shall be notified of such action and the reasons therefor a reasonable time before such action takes effect.

" 'RETALIATION FOR EXERCISING RIGHTS

" 'SEC. 7. There shall be no penalty nor threat of any penalty for the exercise by a law enforcement officer of his rights under this Bill of Rights.

" 'LAW ENFORCEMENT OFFICERS' GRIEVANCE COMMISSION

" 'SEC. 8. (a) There shall be a commission composed of an equal number of—

" '(1) representatives of the general public,

" '(2) of law enforcement agencies of the jurisdiction, and

" '(3) of other public agencies;

with the authority and duty to receive, investigate, and determine grievances of any law enforcement officer. Grievances considered by the commission shall be limited to those alleging violations of rights under this Bill of Rights.

" '(b) A duly certified or recognized employee organization representing law enforcement officers, when requested by a law enforcement officer in writing, may act on behalf of such law enforcement officer before the commission with respect to any grievance. Such an organization may itself initiate the grievance procedure on behalf of two or more law enforcement officers.

" '(c) The commission shall have authority to require testimony under oath and the production of documents, to issue orders to protect the rights of law enforcement officers and to institute appropriate actions in court to enforce such orders.

" 'OTHER REMEDIES NOT DISPARAGED

" 'SEC. 9. Nothing in this Bill of Rights shall disparage or impair any other legal remedy any law enforcement officer shall have with respect to any rights under this Bill of Rights.'.

"SEC. 472. As used in this part—

"(1) 'law enforcement officer' means any officer or employee of a public agency, if the principal official function of such officer or employee is to investigate crimes, or to apprehend or hold in custody persons charged or convicted of crimes, and include police, sheriffs, bailiffs, and corrections guards;

"(2) 'complainant' means the person whose information was the basis for the initiation of an investigation; and

"(3) 'complaint review board' means any public body with specific lawful authority to investigate and take public action, including making reports, on charges of improper conduct by law enforcement officers, but is not a law enforcement agency, a grand jury, or other entity similar to a grand jury; and

"(4) 'law enforcement agency' means any public agency charged by law with the duty to investigate crimes, apprehend and hold in custody persons charged with crimes.".

Redesignate succeeding sections accordingly.

H.R. 14238

By Mrs. SCHROEDER:

Page 35, immediately after line 11, insert the following new section:

SEC. 1105. None of the funds appropriated under this Act may be obligated or expended for payment or reimbursement for any transportation expenses incurred by any Member of the House of Representatives in connection with travel outside the United States after the adjournment sine die of the last session of a Congress, if such Member is not a candidate for reelection to the next Congress, or is defeated, in any primary or regular election, as a candidate for nomination or election to the next Congress. Nothing in this section shall be construed to affect the availability of Federal funds provided by law for travel of a Member of the House of Representatives between Washington, District of Columbia, and the district represented by such Member. For purposes of this section—

(1) the term "United States" means the fifty States and the District of Columbia; and

(2) the term "Member of the House of Representatives" or "Member" means each Representative in the Congress, the Delegates from the District of Columbia, Guam, and the Virgin Islands, and the Resident Commissioner from Puerto Rico.

Page 35, immediately after line 11, insert the following new section:

SEC. 1105. None of the funds appropriated under this Act may be obligated or expended for payment or reimbursement to any Member of the House of Representatives, or to any employee of any Member or committee of the House of Representatives, for the difference between the cost of first-class air transportation accommodations and the cost of any other less expensive air transportation accommodations, unless—

(1) no accommodations other than first-class are available;

(2) first-class accommodations are necessary because of the health of the Member or employee involved;

(3) in the case of foreign travel, only first-class accommodations meet satisfactory standards of sanitation, health, or comfort; or

(4) the cost of first-class accommodations provided by the air carrier involved does not exceed the cost of other accommodations provided by other air carriers.

For purposes of this section, the term "Member of the House of Representatives" or "Member" means each Representative in the Congress, the Delegates from the District of Columbia, Guam, and the Virgin Islands, and the Resident Commissioner from Puerto Rico.

H.R. 14239

By Mr. DRINAN:

On page 34, immediately after line 21, insert the following:

"SEC. 305. No part of any appropriation contained in this title shall be used to promote or solicit a commercial transaction with any foreign country or concern if the Secretary has reason to believe that any domestic concern participating in such transaction would be required by that foreign country or concern to take any action, including the furnishing of information or the signing of agreements, which has the effect of furthering or supporting restrictive trade practices or boycotts fostered or imposed by any foreign country against another country friendly to the United States."

On page 25, immediately after line 16, insert the following:

"SEC. 208. None of the funds appropriated by this title may be used to pay any reward, fee, or other compensation to any person for furnishing information to the Department of Justice (or any officer or employee thereof) relating to a violation of Federal law, except if such reward, fee, or compensation is expressly authorized by law."

By Mr. SNYDER:

On page 14, line 11, strike the words: "It is the sense of the Congress that" and insert in lieu thereof: "None of the funds appropriated by this Act shall be used to negotiate"

On lines 12 and 13 strike the words: "must protect the vital interests" and insert in lieu thereof: "that does not perpetuate the sovereignity and control".

On page 14 strike all of section 104 appearing on lines 11 through 15 and insert in lieu thereof the following:

"None of the funds appropriated in this Act shall be used for the purpose of negotiating the surrender or relinquishment of the Canal Zone or the Panama Canal."

On page 14 strike all of section 104 appearing on lines 11 through 15 and insert in lieu thereof the following:

"None of the funds appropriated in this Act shall be used for the purposes of negotiating the surrender or relinquishment of any U.S. rights in the Panama Canal Zone."

On page 14 strike all of section 104 appearing on lines 11 through 15 and insert in lieu thereof the following:

"No funds appropriated in this Act shall be utilized for negotiating or entering into any treaty which would ultimately yield United States control over the Canal Zone or the Panama Canal that does not contain a provision requiring implementing legislation by both Houses of Congress."

On page 14 strike all of section 104 appearing on lines 11 through 15 and insert in lieu thereof the following:

"No funds appropriated in this Act shall be utilized for negotiating or entering into any treaty which would ultimately yield United States control over the Canal Zone or the Panama Canal that does not contain a provision requiring implementing legislation by both Houses of Congress in accordance with Article IV, Section 3, Paragraph 2 of the Constitution."

On page 14 strike all of section 104 appearing on lines 11 through 15 and insert in lieu thereof the following:

"No funds appropriated in this Act shall be utilized for negotiating or entering into any treaty which would ultimately yield United States control over the Canal Zone or the Panama Canal that does not contain a provision requiring implementing legislation by both Houses of Congress in accordance with Article IV, Section 3, Paragraph 2 of the Constitution which states: 'The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States;' "

On page 14, line 12, strike the word: "protect" and insert in lieu thereof the word: "perpetuate".

On page 14 strike all of section 104 appearing on lines 11 through 15 and insert in lieu thereof the following:

"It is the sense of the Congress that any new Panama Canal treaty or agreement must perpetuate the vital interests of the United States in the Canal Zone and in the operation, maintenance, property and defense of the Panama Canal."

On page 14 strike all of section 104 appearing on lines 11 through 15 and insert in lieu thereof the following:

"None of the funds appropriated in this Act shall be used for the purpose of negotiating or entering into any treaty or other agreement that would ultimately yield United States control over the Canal Zone and Panama Canal as long as the United States remains a High Contracting Party to the Hay-Pauncefote Treaty of 1901 in force with Great Britain, which imposes upon this country the obligation to uphold 'the general principle of neutralization' of the canal; to maintain it 'free and open to the vessels of commerce and of war of all nations observing these Rules, on terms of entire equality, so that there shall be no discrimination against any nation, or its citizens or subjects, in respect to the conditions or charges of traffic, or otherwise'; to insure that 'the canal shall never be blockaded, nor shall any right of war be exercised nor any act of hostility be committed within it'; and 'to protect it against lawlessness and disorder.' "

On page 14, after line 10, insert a new section 104 as follows:

"None of the funds appropriated by this Act shall be used to negotiate any new Panama Canal treaty or agreement that does not perpetuate the sovereignty and control of the United States in the Canal Zone and in the operation, maintenance, property and defense of the Panama Canal."

And redesignate the subsequent section accordingly.

On page 14, after line 10, insert a new section 104 as follows:

"None of the funds appropriated in this Act shall be used for the purpose of negotiating the surrender or relinquishment of the Canal Zone or the Panama Canal."

And redesignate the subsequent section accordingly.

On page 14, after line 10, insert a new section 104 as follow:

"None of the funds appropriated in this Act shall be used for the purposes of negotiating the surrender or relinquishment of any U.S. rights in the Panama Canal Zone."

And redesignate the subsequent section accordingly.

On page 14, after line 10, insert a new section 104 as follows:

"No funds appropriated in this Act shall be utilized for negotiating or entering into any treaty which would ultimately yield United States control over the Canal Zone or the Panama Canal that does not contain a provision requiring implementing legislation by both Houses of Congress."

And redesignate the subsequent section accordingly.

On page 14, after line 10, insert a new section 104 as follows:

"No funds appropriated in this Act shall be utilized for negotiating or entering into any treaty which would ultimately yield United States control over the Canal Zone or the Panama Canal that does not contain a provision requiring implementing legislation by both Houses of Congress in accordance with Article IV, Section 3, Paragraph 2 of the Constitution."

And redesignate the subsequent section accordingly.

On page 14, after line 10, insert a new section 104 as follows:

"No funds appropriated in this Act shall be utilized for negotiating or entering into any treaty which would ultimately yield United States control over the Canal Zone or the Panama Canal that does not contain a provision requiring implementing legislation by both Houses of Congress in accordance with Article IV, Section 3, Paragraph 2 of the Constitution which states: 'The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States;' "

And redesignate the subsequent section accordingly.

On page 14, after line 10, insert a new section 104 as follows:

"It is the sense of the Congress that any new Panama Canal treaty or agreement must perpetuate the vital interests of the United States in the Canal Zone and in the operation, maintenance, property and defense of the Panama Canal."

And redesignate the subsequent section accordingly.

On page 14, after line 10, insert a new section 104 as follows:

"None of the funds appropriated in this Act shall be used for the purpose of negotiating or entering into any treaty or other agreement that would ultimately yield United States control over the Canal Zone and Panama Canal as long as the United States remains a High Contracting Party to the Hay-Pauncefote Treaty of 1901 in force with Great Britain, which imposes upon this country the obligation to uphold 'the general principle of neutralization' of the canal; to maintain it 'free and open to the vessels of commerce and of war of all nations observing these Rules, on terms of entire equality, so that there shall be no discrimination against any nation, or its citizens or subjects, in respect to the conditions or charges of traffic, or otherwise; to insure that 'the canal shall never be blockaded, nor shall any right of war be exercised nor any act of hostility be committed within it'; and 'to protect it against lawlessness and disorder.' "

And redesignate the subsequent section accordingly.

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the Congressional Record of June 16, 1976, page 18749:

HOUSE BILLS

H.R. 13871.—May 18, 1976. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare to establish a program under which life insurance with a face value of not less than $5,000 shall be made available at affordable rates to individuals who have cancer.

Specifies the percentage of the face value of the policy to be paid beneficiaries of insureds who die from cancer within four years of having obtained the policy.

H.R. 13872.—May 18, 1976. Interstate and Foreign Commerce. Amends the Regional Rail Reorganization Act to require the Consolidated Rail Corporation to maintain and preserve for the period of one year after conveyance all rail properties designated in the final system plan for conveyance to a profitable railroad and subsequently conveyed to the Corporation.

Authorizes States to purchase such rail properties during such period.

Authorizes an acquiring railroad to enter into a purchase agreement for rail properties in the absence of an employment offer to the employees of the selling railroad.

H.R. 13873.—May 18, 1976. District of Columbia. Requires that studies conducted by the District of Columbia, of compensation paid teachers, police officers, and firefighters in other jurisdictions, include information regarding working conditions.

Restricts negotiations between the District and representatives of the members of the Metropolitan Police and Fire Department and between the District and representatives of public school teachers to adjustments to take effect only at the start of the next fiscal year.

Permits the District of Columbia Council to reject any ensuing bargaining agreement, or to recommend adjustments where no agreement is reached.

Sets forth procedures to be implemented following any such council action.

H.R. 13874.—May 18, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13875.—May 18, 1976. Interstate and Foreign Commerce. Prohibits any person from accepting any interstate off-track wager on the outcome of a horse race. Provides civil penalties for violations of the prohibition.

H.R. 13876.—May 18, 1976. Banking, Currency and Housing. Amends the Bank Holding Company Act, the Federal Deposit Insurance Act, and the Federal Reserve Act to regulate, through the Secretary of the Treasury and the Comptroller of the Currency, foreign banks establishing, operating, or controlling branches in the United States.

H.R. 13877—May 18, 1976. Interstate and Foreign Commerce. Amends the Securities Exchange Act of 1934 to establish a Division of Consumer Affairs within the Securities and Exchange Commission. Specifies the duties of such Division.

H.R. 13878.—May 18, 1976. Interstate and Foreign Commerce. Authorizes the Secretary of Commerce to assist the Lake Placid 1980 Olympic Games, Inc. or any appropriate public authority in planning, designing, or constructing the permanent sports facilities necessary for the 13th winter Olympic games. Authorizes appropriations of sums necessary to carry out this Act.

H.R. 13879.—May 18, 1976. Banking, Currency and Housing. Amends the National Housing Act to extend and modify provisions relating to Federal expenditures to correct or compensate for structural defects present in homes purchased with federally insured mortgages.

H.R. 13880.—May 18, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13881. May 18, 1976. Judiciary. Increases the salaries of justices, judges, and other judicial officers of the United States.

H.R. 13882. May 19, 1976. Ways and Means. Amends the Medicare program of the Social Security Act to authorize payment for the service of clinical psychologists under the supplementary medical insurance benefits program of the Medicare program.

H.R. 13883. May 19, 1976. Merchant Marine and Fisheries. Amends the Marine Mammal Protection Act of 1972 to modify regulations with respect to the taking of marine mammals incidental to commercial fishing.

Directs the Secretary of the Treasury to ban the importation of commercial fish or fish products which have been caught with technology which results in the death or serious injury of ocean mammals in excess of United States standards.

H.R. 13884. May 19, 1976. Post Office and Civil Service. Amends the Postal Reorganization Act to direct the United States Postal Service to hold a public hearing prior to deciding whether to close or consolidate any post office.

Permits any person served by any post office which the Postal Service has decided to close or consolidate to appeal such decision to any court of appeals of the United States.

Empowers a court of appeals to set aside or affirm an appealed determination but prohibits the court from modifying it.

H.R. 13885. May 19, 1976. Ways and Means. Amends the Internal Revenue Code to increase the estate tax exemption, and to increase the estate tax marital deduction.

Permits the executor of an estate to elect an alternate valuation of certain lands used for farming, woodland or scenic open space.

H.R. 13886. May 19, 1976. Ways and Means. Amends the Tariff Schedules of the United States to increase for a five-year period the customs duty on certain hand tools.

H.R. 13887. May 19, 1976. Ways and Means. Amends the Social Security Act to authorize payment under the Medicare program for specified services performed by chiropractors, including X-rays, and physical examination, and related routine laboratory tests.

H.R. 13888. May 19, 1976. Ways and Means. Amends the Medicare program of the Social Security Act to authorize payment for the service of clinical psychologists under the supplementary medical insurance program.

H.R. 13889. May 19, 1976. Ways and Means. Amends the Social Security Act by including the services of optometrists under the Medicare supplementary medical insurance program.

H.R. 13890. May 19, 1976. Ways and Means. Amends the Internal Revenue Code to allow as a credit against the personal income tax an amount equal to a specified percentage of the rental payments made by a tax payer for his principal residence.

H.R. 13891. May 19, 1976. Post Office and Civil Service. Revises the regulatory and investigatory powers of the Civil Service Commission and the General Accounting Office.

Requires any Federal officers or employee who takes, directs others to take, recommends or approves any personnel action to do so solely on the basis of merit. Prohibits, with limited exceptions, the solicitation of, and submission of recommendations by, any individual or organization.

Revises provisions relating to disciplinary actions against Federal employees and the procedural rights of employees against whom disciplinary actions are being sought.

Establishes the Board on Federal Employee Appeals to review discriminatory complaints.

H.R. 13892. May 19, 1976. Post Office and Civil Service. Requires the United States Postal Service to hold a public hearing prior to closing any post office.

Lists factors which the Postal Service must consider and evaluate in making a determination with respect to any such closing.

H.R. 13893. May 19, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Grants additional authority to the Federal Communications Commission to authorize mergers of carriers when deemed to be in the public interest. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13894. May 19, 1976. Interstate and Foreign Commerce. Reaffirms the intent of Congress with respect to the structure of the common carrier telecommunications industry rendering services in interstate and foreign commerce. Reaffirms the authority of the States to regulate terminal and station equipment used for telephone exchange service. Requires the Federal Communications Commission to make specified findings in connection with Commission actions authorizing specialized carriers.

H.R. 13895. May 19, 1976. Judiciary. Replaces Federal criminal statutory provisions penalizing "rape" and "carnal knowledge of females under 16" with provisions penalizing "sexual assault." Designates guilty of sexual assault any person who knowingly engages in sexual contact or penetration of another person without such person's consent.

H.R. 13896. May 19, 1976. Interior and Insular Affairs. Directs the Secretary of Agriculture to review for suitability as wilderness specified lands in the Sam Houston National Forest, the Saline National Forest, and the Davy Crockett National Forest, Texas.

H.R. 13897. May 19, 1976. Interstate and Foreign Commerce. Repeals the regulation promulgated by the Federal Trade Commission which subjects purchasers of notes of consumers to defenses such consumers have against the seller of goods or services to whom such consumer issued such note, and prohibits holder in due course protection for such purchasers. Prohibits the Commission from repromulgating such a rule in the future.

H.R. 13898. May 19, 1976. Ways and Means. Amends the Tariff Schedules of the United States (1) to reorganize the classification of certain iron or steel pipes and tubes, and blanks therefor, and (2) to revise the customs duties imposed on such products.

H.R. 13899. May 19, 1976. Judiciary, Delays the effective date of specified rules and amendments to the Federal Rules of Criminal Procedure promulgated by the Supreme Court.

H.R. 13900. May 19, 1976. Education and Labar; Post Office and Civil Service. Amends the Vocational Rehabilitation Act of 1973 to provide for the convening of Arbitration Panels to resolve complaints that handicapped individuals have been discriminated against in hiring by any Federal agency, Federal contractor, or program receiving Federal financial assistance.

Establishes within the Department of Health, Education, and Welfare an office to assist handicapped individuals in obtaining employment.

EXTENSIONS OF REMARKS

A TRIBUTE TO WEBSTER L. WALKER

HON. GARNER E. SHRIVER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. SHRIVER. Mr. Speaker, Webster L. Walker, of Wichita, recently earned his bachelor's degree from Wichita State University. Mr. Walker is 88 years young. He knows no generation gap. He provides a good example for young and old alike. Mr. Walker worked hard to educate his six children—but he has not neglected his own education. Commencement 1976 is just that for Webster Walker. He plans to continue his education and to begin work on a master's degree. He is a modest man but he deserves the congratulations and plaudits of all of us.

Under leave to extend my remarks in the RECORD, I include a feature article from the Wichita Times, published by Mr. Jack Hudson, which discusses the achievement of Mr. Walker:

WALKER, AT 88 GRADUATES FROM WSU

Eighty years ago, Webster Louverture Walker remembers figuring arithmetic problems in the dirt of a Mississippi school yard and learning vocabulary words from a blue back speller he still owns. This past Sunday at the age of 88, Walker graduated from Wichita State University with a major in philosophy.

Not that anyone present at the graduation ceremony could have guessed Walker's age. His body is trim, his feet are still nimble, and certainly his wit is death defyingly intact. As sober and meditative as he seems in his ripe maturity, it is still not hard to imagine him in a younger, crazier day, as he describes himself, yearning to go to a hobo convention, or agilely maneuvering his body under fast moving freight trains and atop passenger cars for a free if precarious ride to Chicago. Those days, Walker is quick to point out, are long gone.

Of more enduring importance to the man are his spiritual and mental journeys via books through the great ideas of the past, and these travels have increased with age. A Wall Street Journal lies folded on Walker's table as he talks, amid a clutter of other books and newspapers, all emblems of the man's continuing effort to be profoundly aware of what is happening around him.

His desire to be aware of what is happening in the minds of young people today in part drove him back to school last September, after a lapse of twenty years since he was forced to interrupt his studies in 1956. "I love young people," Walker says, and it is easy to believe that his affections would be reciprocated by them.

What else prompted Walker to resume his own formal education after years of selling life insurance to put five of his six children through college? Walker is quick to deflect all credit for this rather rare achievement away from himself, but ascribes his persistence to his strong religious faith. "We run the Pronoun 'I' into the ground," Walker says, "but I is nothing compared to the being of God."

The irreligious and materialistic aspects of American life Walker frankly indicts, and although he himself votes, he admits that "the system is rotten." Martin Luther King is one of his heroes, and the lives of the people oppressed by the system (Blacks, poor Whites, Indians, and women) one of his chief concerns. It is not surprising, in view of the fact that his father was a teacher, he himself taught for a time, and four of his children teach, that Walker is passionately concerned about the quality of education available to all children, and especially Black children.

As a counterpoint to his hours spent thinking and reading, Walker cultivates a garden: mustard, beans, beets, cabbage, swiss chard, okra, watermelons, cucumber, and lettuce; and he raises fish worms for bait. Each day he walks three miles from his home to the Medicenter of America to see his wife of sixty years, Alice Walker, who is cared for there. His vigorous physical activity, Walker believes, is one of the reasons for his long and healthy life. He does not drink or smoke and never has, and he makes his own medicines.

What are the new college graduate's plans? To return to campus as soon as possible this summer, in order to start work on a master's degree. Like one of his sons, Walker might even work toward a doctorate, given time and health to do so. "We never graduate," Walker says, with a smile.

RENEWED FAITH

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BOB WILSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following article from the Mobile Register of June 17, 1976, by James J. Kilpatrick:

RENEWED FAITH

(By James J. Kilpatrick)

SAN FRANCISCO.—Now and then—not often, but only now and then—one's simple faith in the ultimate wisdom of the people gets reaffirmed. This faith was pleasantly reaffirmed in California a week ago.

It was especially pleasant because you rarely expect to encounter common sense in California. If you ran a mile-and-a-half race to determine the looniest state in the Union, California would win by a mile and a quarter. This marvelous part of the country often seems to be populated chiefly by giddy starlets, crazy professors, hippies, yippies, food nuts, nudists, cultists, beach boys and the "Sons and Daughters of I will Arise." At any given daylight moment, more people are in their cars than are in their homes. To contemplate lunacy, contemplate San Francisco: Nobody in his right mind would have built a city on these precipitous hills.

In view of this cheerful madness, it was therefore all the more encouraging that California's voters last week rejected "Proposition 15" by a margin of two to one. This was a referendum on the future of nuclear power. Those who supported the proposition made no bones about it: Their purpose was to halt the construction of nuclear plants. Ralph Nader said he would rather see the people go back to candles than have their lamps lighted by electricity from nuclear generation. The proponents painted pathetic pictures of the horrible risks involved in production of atomic power.

In the fertile fields of California, such horror stories are easily rooted. Hereabouts, the world ends in every public park; apostles of Armageddon outnumber the purveyors of porn. Somewhere beneath these sunny hills, the San Andreas fault lies sleeping, and the thought of disaster is seldom far away. The opponents of Proposition 15 thus had a formidable task of talking sense to the people.

Thankfully, the opponents did talk sense, and the people listened. Big business teamed with big labor to fight the paranoid environmentalists. In Sacramento, the legislature helped out by passing three relatively rational acts in the name of atomic safety. The opponents mounted a sober, rational campaign, and in the final three weeks virtually all of those who had been "undecided" made a wise decision: They voted "no."

The big issue was safety. A neutral observer, having no predispositions, may be inclined to wonder how it got to be an issue at all. These nuclear electric power plants cannot "blow up" in some holocaustic atomic explosion. No way. The risk of a catastrophic "meltdown" is almost immeasurably small. The prospect of some terorists' overpowering the guards and stealing the fissionable material is demonstrably absurd; you don't just bust into one of these plants, point a pistol, put plutonium in a suitcase, and run to a getaway car.

Yes, there is a problem in transporting and disposing of atomic waste, but it is not an insurmountable problem. In any event, the risk to the public health and safety of nuclear power is miniscule compared to the risks of pollution that accompany coal and oil-burning plants. If we are to have electric power at all—and how many Americans truly want to join Mr. Nader in a candle-lit world?—we must assume certain risks. Nothing can be made absolutely safe, but on the record, and in the view of thousands of reputable scientists, the nuclear plants are as close to perfect safety as we are likely to get until we harness the wind and the sun.

Other nations know this truth. On the day that Californians were voting on Proposition 15, the Edison Institute was meeting here. Members of the institute heard reports from all over. Germany now gets nine per cent of its electric energy from nuclear plants; by the late 1980s, the figure will be 45 per cent. France expects to get 68 per cent of its power from nuclear plants by 1985. In Japan, which might be expected to shudder at the very idea of atomic fission, almost half the generating capacity will be nuclear by 1990.

The case in favor of nuclear power suffers from this inescapable handicap: It is not as sensational as the case against it. The thought of Armageddon gives us the nice goose bumps. But the thought of simply turning on the living room lights is not a thought that merits time on the evening news. Californians talked the whole thing over last week; and they provided a fine example for other states to follow in referenda of their own.

UNITED STATES-CUBA HEALTH EXCHANGE: CUBA'S AD HOC LOBBYISTS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. McDONALD. Mr .Speaker, among those active in propagandizing on behalf of Fidel Castro's regime in this country is the United States-Cuba Health Exchange—US–CHE, whose mailing address is P.O. Box 342, Planetarium Station, New York, N.Y. 10024.

Operating under the clumsy and meaningless slogan, "Cuba—Land of Socialized Health Care, where hospitals are going up instead of closing down," US–CHE provides speakers to leftist activist seminars and lobbies in Washington to influence administration officials and legislators.

The US–CHE group is actually run by its cochairwoman, Margaret Gilpin, a social worker who traveled to Cuba on the second Venceremos Brigade contigent. Other US–CHE officers and sponsors are drawn largely from the ranks of the Medical Committee for Human Rights—MCHR, a front group for Marxist physicians, nurses, and others in the health fields, by the Communist Party, U.S.A.—CPUSA, originally to provide medical treatment for northern radicals working in the southern civil rights movement, a considerable number of whom developed what may be delicately termed social diseases. MCHR soon expanded to provide instant first aid for antiwar rioters in mass demonstrations and to organize support among the medical profession for the Vietcong, North Vietnamese and Cubans. It is also noted that a considerable number of US–CHE and MCHR supporters also turn up on the executive of the National Emergency Civil Liberties Committee, another Communist front.

Other US–CHE officers besides Ms. Gilpin include Eric Holtzman, cochairman, a member of Columbia University's biology department; David B. Kimmelman, M.D., another US–CHE cochairman, New York Eye and Ear Infirmary, and now chairman of an MCHR/US–CHE offshoot, medical aid for Angola; old-time CPUSA recruiter Sidney J. Gluck, treasurer—Gluck, also treasurer of CPUSA's National Emergency Civil Liberties Committee, is reported by his comrades as becoming lazier, more overweight and less active in his responsibilities each year; Lottie Gordon, executive secretary; and Lewis M. Fraad, M.D., of Albert Einstein College of Medicine, honorary chairman.

US–CHE is among the groups organizing with the Venceremos Brigade and its committee for July 26 to celebrate Cuba's chief holiday, and the wealthy radical physicians and professors are expected to be putting up a proportion of the July 26 expenses.

Next week on June 24, 1976, US–CHE will hold a meeting at the New York Ethical Culture Society, 2 West 64th Street, at which those with "health curiosity" may hear Milton Terris, M.D., chairman of the department of community and preventive medicine at New York Medical College speak on "How Cuba Keeps Improving Its System of Free Health Care for Everybody," which perhaps could be better entitled "Veterinary Medicine for Slave Laborers"; Margaret Gilpin, US–CHE head and member of the faculty of the residency program in social medicine at Montefiore Hospital, on "How Cuba's Community Organizations Bring the Public into Public Health"; and Irwin Kaiser, M.D., of the gyneocology and obstetrics department at Albert Einstein College of Medicine, on "How Cuba Cares for the Health of Women: A Revolution in Social Priorities."

An hour of the meeting will be devoted to a question and answer period with "a panel of doctors and health workers who have recently visited or worked in Cuba." These include Evelyn Bouden, M.D., pediatrics director, Lincoln Hospital; Desmond Callan, M.D.; Sally Guttmacher, Columbia University anthropologist; Eric Holtzman; David Kimmelman; Eli Messinger, M.D.; William J. Nute, Jr., M.D.; and Manolo Verde, "health worker."

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SMALL POST OFFICE PRESERVATION ACT

HON. ROBERT W. KASTENMEIER

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. KASTENMEIER. Mr. Speaker, while I was home in Wisconsin last weekend, I was pleased to learn that the supervisors of the Dane County Board, representing the people of the State's second largest county, had gone on record in support of "The Small Post Office Preservation Act" which I and a number of our colleagues introduced this spring.

I would like to take this opportunity to share the county board's resolution with the House and urge, once again, that we take immediate positive legislative action to prevent wholesale closings of small post offices and to force the Postal Service to consider the service needs of the patrons in our rural communities.

The resolution follows:

RESOLUTION No. 21

(Support of the Small Post Office Preservation Act of 1976)

Whereas, the U.S. Postal Service has critical financial problems,

Whereas, the Postal Service is attempting to close the revenue gap by the closing of increasing numbers of small post offices following the Service's anouncement last fall that it was changing the criteria it used to evaluate post offices, making closings easier to effect,

Whereas, Congressman Bob Kastenmeier on May 4, 1976 urged a House Post Office Subcommittee to take immediate action to meet the problems created for small towns and rural areas as a result of the wholesale closing of small post offices across the country. Kastenmeier testified before the Subcommittee on the Postal Service on behalf of his bill known as the Small Post Office Preservation Act of 1976. "The situation facing rural Americans and their right to postal service is critical," Congressman Kastenmeier noted in his testimony. "Further moratoriums, studies and surveys will not solve this problem,"

Whereas, Mr. Kastenmeier's bill would require the U.S. Postal Service to provide equivalent or improved alternate postal service to a community as a condition for closing its third or fourth class post office,

Whereas, Congressman Kastenmeier told the Postal Subcommittee "we all realize the Postal Service has dire financial problems and given this fact, it would seem unreasonable for Congress to try to prevent the Postal Service from ever closing a post office. On the other hand, we must insure that the needs of the local partons are not only taken into account, but met."

Therefore, be it resolved, the Dane County Board of Supervisors support the Small Post Office Preservation Act of 1976 that would protect small rural post offices or require the Postal Service to provide suitable alternatives.

Be it further resolved, that a copy of the resolution be forwarded to U.S. Congressmen representing Wisconsin.

THE CHALLENGE TO AMERICA

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. FINDLEY. Mr. Speaker, recently more than 100 of our colleagues from some 30 States gathered for the sixth annual spring meeting of former Members of Congress.

An excellent address was given to the assemblage by our former colleague and former Ambassador to NATO, Robert Ellsworth of Kansas, who is presently serving as the Deputy Secretary of Defense. These cogent remarks outline the substantial challenges to our defense posture. I think that all thoughtful Americans should be aware of the reality of these challenges and wish to commend these remarks to the attention of my colleagues.

REMARKS OF HONORABLE ROBERT ELLSWORTH

I. At the end of World War II, the United States had unprecedented prestige, power and influence. That recollection is powerful grist for the nostalgia mill, but it may never be duplicated. We had the atomic monopoly. We held all the gold. Our industrial and agricultural production capabilities were intact—neither obsolete nor destroyed, as everyone else's were. And the American spirit, the spirit of triumph over evil, was the hope of the whole world.

Accordingly—though not necessarily by intention or design—we created an international system; and for that system we established the rules of the game. One should re-read Dean Acheson's *Present at the Creation* for a sense of what was accomplished. We restored Europe, with trade and with aid through the Marshall Plan. We rebuilt Japan and stabilized Northeast Asia. With regard to the underdeveloped world, we had Point IV and PL 480 and, at a certain point, the Peace Corps. We dominated the United Nations and we set up the World Bank and the IMF and the OECD and the GATT. The Soviet Union and the Peoples Republic of China were hardly part of this new international system; but there was in fact a new world system, and there were rules of the global game, and within that system and within those rules, over a period of 25 years or so, there has been real progress and there have been very great changes in relations among nations. Indeed, under the accepted rules of the game, there have been greater changes in relations among nations over the last 25 or 30 years than there have ever been before in the history of the world, without major war.

Today new forces and power centers are pushing to change the rules of the game. Today the world is going through an upheaval which is even more tumultuous than that which has marked the first 75 years of the 20th century.

A. The underdeveloped nations are clamouring for radical changes in the rules of the game of the international system, aimed at creating (as President Marcos of the Philippines said in Nairobi on May 6th) a powerful new "third-world economic system: to serve as a vehicle for the coordination of development aid." I think it does President Marcos' language no injustice to say that he was speaking euphemistically about redistributing large amounts of real wealth from the developed world to the underdeveloped world. Also at Nairobi, Secretary Kissinger proposed a somewhat different set of rules for a new international economic system which would be aimed at the same end but would employ somewhat different means, with heavy stress on free enterprise and private initiative. Meanwhile, the OPEC nations in the winter of 1973–74 unilaterally imposed on the industrial world a gargantuan transfer of real resources through the instrument of a 400 percent increase in the price of crude oil.

B. And at New York this summer and fall, some 156 nations are concluding negotiations, which have been underway for several years, aimed at a whole new regime of legal, economic, and military rules of the game in relation to the seas and oceans of the world: the Conference on the Law of the Sea.

C. Simultaneously the two superpowers, in SALT negotiations, and the two principal military pacts, in MBFR negotiations, are attempting to work out new rules of the game in terms of their central military and political relationships.

D. And as the whole world struggles to improvise changes in the economic, political and military rules of the global game, the Soviet Union has been expanding the weight and the far-distant reach of all of its military forces—strategic nuclear, naval, land and air—and to define its interests and objectives in global terms. The outreach of the Soviet Union is now based upon real military power, in Europe, in Asia, in the Middle East, in Africa—rather than upon propaganda about their ideology which in fact has had very little validity or appeal.

As Secretary Rumsfeld said in his Defense Report to the Congress, within agreements and wihout them, with detente and without it, with restraint on our part and without it, the Soviets have pressed forward with the development of their military forces. The momentum of this buildup shows no sign of diminishing.

This expansive thrust has been evident not only in their strategic forces, but also in virtually every aspect of the Soviets' general purpose forces. Soviet divisions have increased from 141 to 168 since the early 1960s, and additional personnel, tanks, artillery and armored infantry combat vehicles have been added to the divisions. In addition to the ZSU–23/4 anti-aircraft gun, for example, the Soviets have developed and deployed since the mid-1960s five new surface-to-air missile systems.

Artillery improvements include a new 40-barrel rocket launcher for delivery of mass fire, and armored self-popelled vesions of 122 mm and 152 mm guns.

In addition to a new tank, the T–72, which incoporates improvements in armor protection and mobility, an impressive new armored infantry combat vehicle has been developed. Called the BMP, this vehicle includes a 73 mm gun system, a semi-automatic loader, a separate antitank guided missile system, individual firing ports from which the infantry squad can shoot while inside the vehicle, and protection against chemical, biological and radiological effects.

The significance of these important qualitative improvements is underscored by the fact that over the past four years, for example, the Soviets have produced seven times as many tanks, two and a half times as many armored personnel carriers, and five times as many artillery pieces as the United States.

Nearly 2,000 additional tactical aircraft have been added to Soviet forces over the period, and the newer versions are more sophisticated and more capable than their predecessors. For the first time, for example, Soviet tactical air forces possess a genuine close air support capability. And over the past four years Soviet production of tactical aircraft has exceeded ours by fifty percent.

Soviet naval forces, while being modernized through replacement and phasing out of older vessels, have added greater missile firepower, extended fleet range and underway replenishment support, additional nuclear-powered attack submarines, and construction of three small aircraft carriers.

Over the past decade, Soviet resources devoted to defense have steadily increased by an average four to six percent per year, while their military establishment has grown by a million men. The pace, thrust and scope of their research and development and procurement efforts to equip and support these forces, and the increased capability that is the result, are evident. One can only speculate as to the uses to which they may be put.

Coping with the implications of this emerging military superpower is the central problem, not just of the United States, but of the whole world. One of our most distinguished historians, who in his later days has become a statesman of world renown, has said:

"The emergence of ambitious new powers into an existing international structure is a recurrent phenomenon. Historically, the adjustment of an existing order to the arrival of one or more new actors almost inevitably was accompanied by war—to impede the upstart, to remove or diminish some of the previously established actors, to test the balance of forces in a revised system." (The Honorable Henry A. Kissinger, Secretary of State, San Francisco, February 3, 1976)

II. The political utility of military forces: is it declining or growing?

In Angola, the use of large amounts of Soviet military equipment together with some 15,000 Cuban troops clearly had high political utility to the MPLA. In Indochina in the spring of 1975, Hanoi was able to establish its political sway over all of Vietnam by means of a smashing military victory. The Egyptians in October 1973 were able to achieve very substantial strategic and political gains through the initial successes of their military attack. For that matter, it was the miliary forces of the allies which enabled us and our political values to prevail over the Nazi's and their political purposes in World War II. It seems clear that military forces do indeed have continuing utility, in the attainment of political goals. So also does the very existence of ready military forces, with the implied threat of possible use.

A. For example, the United States strategic nuclear forces have been extraordinarily successful in deterring a wide range of possible hostile acts—hostile to the interests of the United States, and of our friends and allies. For example, the Cuban missile crisis of 1962. The Soviets, through Deputy Foreign Minister Kuznetsov, told President Kennedy, through Mr. John McCloy, that Moscow would observe the agreement to remove Soviet missiles and bombers from Cuba, but warned, "never will we be caught like this again."

Over the years, while keeping up with advances in technology, the United States has maintained a stable strategic nuclear force in both size and structure. As a matter of fact, in terms of real spending for strategic forces, the United States has been on a down curve for at least seven or eight years. On the other hand, Soviet strategic programs have been characterized by energetic growth, ever since the mid-1960s. The Soviets achieved parity with the United States several years ago, but their strategic nuclear growth has continued and it is not clear why. The Soviets may be striving for some visible and therefore politically useful advantage over the United States, in the strategic nuclear balance, although it is hard to imagine that the American people would permit our forces to remain at their present levels if the Soviets were seen to be pursuing such an end.

The danger is that each particular marginal add-on to the Soviet edge in the net nuclear balance with the United States may be discounted, as being without much political utility or value, in our minds. But the Soviets themselves, not to mention other states and other peoples, less secure than the Americans and less sophisticated, could measure the cumulative effect of marginal increments in a different way. It is virtually impossible to calculate the future—it is even foolhardy to speculate very much about it—but in this era of upheaval, and of changes in the rules of the game, there is little doubt that the Soviet Union's strategic nuclear program, characterized as it is by breadth and scope as well as weight and growth, will continue to be a very considerable factor in the world picture.

B. Similarly, the conventional forces of the USSR will continue to weigh heavily in the world picture. I have already sketched, in some detail, the prime elements of Soviet conventional military program growth: land forces deployed in Central Europe and on the Sino-Soviet border, air and sea lift capability to project power at a distance and the growth of a blue ocean naval capability.

U.S. conventional forces, while kept up-to-date with the introduction of modern equipment and the adaptation of new doctrine and strategy to changes in technology, have been shrinking in size compared with pre-Vietnam levels. After four straight years of zero program growth in defense, that is why President Ford has proposed for fiscal year 1977 $7.4 billion worth of real program growth. Frankly I believe the American people have a correct sense of the need for President Ford's program, and I believe that is why we see Congress responding relatively favorably, so far, in the authorizing and appropriating cycle.

Without that defense program growth we would run two risks: first, the risk of permitting recent trends to continue unabated—steadily expanding for the Soviet Union and steadily shrinking for the United States. If the trends were to continue, there would be a crossover point a few years hence and we would be left standing without prudent hedges against the military and political uncertainties of Soviet capabilities and intentions in the early 1980's.

And the other risk we run is the risk of failing to influence events before our security is seriously affected, and then over or underreacting. Of course this latter risk is as much a matter of political will in the United States as it is of military capability, but the two are not entirely unrelated.

III. U.S.-Soviet relations: a rose by any other name.

For the past few years we have characterized U.S.-Soviet relations by the word "detente." Whatever the word or words, the future course of Soviet-American relations will continue to be extremely important for both nations, for their friends and allies, and for the whole world. The stakes are both enormous and precious: the future of the opportunity for freedom in the world.

History will measure our success or failure in handling U.S.-Soviet relationships according to the success or failure of the United States (and the other liberal industrial democracies, and those who share our values) in dealing with the gradual and purposeful surge of the Soviet Union's world power and influence, which seems to be based largely on the growth of Soviet military strength. Our own military posture must be strong enough to insure that we are not confronted with the necessity of giving in to pressure from the Soviets, as we improvise changes to the rules of the global game.

IV. Mao Tse-tung: Political power grows out of a barrel of a gun.

I do not want to be understood as subscribing to this false and pernicious slogan.

The United States itself seemed mesmerized, in the early years of our Vietnam engagement, by this notion. If we would apply a little more force, backed up with the potential of our full military might, Hanoi would surely quit. So the thinking ran. The criteria we used then were too narrowly economic and technical. There was too much emphasis on behaviorism, too little understanding of intentions and motivations, of values and purposes.

And the Israelis, from 1967 to 1973, seemed utterly convinced that their military strength alone, deloyed in forward geographic positions, could give them national security. In reality, they sustained greater casualties and greater losses in materiel in October 1973, even though they had greater military superiority, deployed further forward, than they had in 1967.

To use a homely example: if there were in fact no greater power than that which grows out of the barrel of a gun, then it would be difficult to say in which way the effect of a policeman in your neighborhood is different from that of a gunman. On the international scene, the comparison could be cast in terms of, say, US-Japanese relations (in which US military force is a source of security) versus Soviet-Japanese relations (in which Soviet military force is felt as a threat).

There are, after all, certain rules which govern the game of international relations, and these rules certainly are not primarily determined by the power which grows out of the barrel of a gun. The point of such rules is not that anyone submits to them because of the fear of military force being applied to back them up. The point is that, in practice, states cannot enter the game fully unless they conform to the rules of the game.

V. Conclusion.

The rules of the game are changing in the world, and we cannot always have our way everywhere, but America still stands for peace, and hope, and progress toward justice, nearly everywhere in the world. True, we have suffered setbacks in Southeast Asia and Angola, and our national flexibility has been diminished by a tendency towards selective involvement and by the episodic efforts of Congress to assert an executive role. But President Ford has moved our country out of what he himself has called "our long national nightmare" in pretty good shape. We are more closely linked today than we were a few years ago with our friends and allies and those who share our values.

Our values, and those of our friends and allies, will need weight in the years ahead, as the rules of the game are changed. Part of that weight—only part, but an important part—will continue to come from our military posture.

LITHUANIA INDEPENDENCE

HON. RICHARD F. VANDER VEEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. VANDER VEEN. Mr. Speaker, June 15 was the commemoration of the forcible annexation of Lithuania by the Soviet Union 36 years ago. It is a hapless anniversary for Lithuanians and Americans alike. Yet, it is a time to rise and commend the dogged, brave spirit of the Lithuanian people, for their history indeed has been an unending struggle for freedom. I would like to take a moment to review this history with you.

The end of World War I marks Lithuania's first glimmer of hope as a free nation. Prior to this time, it had been under first, Russian, and then German control. With the defeat of Germany, Lithuania was able to declare its independence of February 15, 1918. For 22 years Lithuania prospered, achieving in the arts, building institutions of learning, and excelling in agriculture as its primary occupation. In just a relatively short period of time Lithuania had developed its own political, economic, and cultural life.

With the onset of World War II, Lithuania's glimpse of freedom quickly vanished. Lithuania tried to remain neutral, but it was one of the first countries to experience the aggression of Hitler and Stalin. This extensive land grab by the Soviets was stoutly resisted by Lithuanian freedom fighters who, defending their homeland, dared to take on the Soviet occupation army of 140,000 men. Even though 30,000 Lithuanians were lost, such guerilla resistance provided the basis for a continuing tradition of anti-Soviet sentiment still clear today.

Lithuania shifted again to German hands for a short time, but with Germany's retreat in the closing days of the war, it fell into the Soviets' power again. This time Lithuania was completely occupied. Its borders and those of Latvia and Estonia were sealed against the outside world and each other.

Today freedom of thought and expression is still restricted. Nonconformist behavior encounters harassment, freedom of movement inside the country is severely restricted, and religious freedom is nonexistent. Despite this total deprivation of basic human rights, the undaunted Lithuanian spirit perseveres. Both individuals and organization such as the National People's Front continue to proclaim the efforts of the Lithuanian nation for freedom.

No country should be forced to subjugate its own language, beliefs, religion, and culture to ruthless imperialistic forces. On July 22, 1922, the United States recognized Lithuania as an independent government. Last year, Congress reaffirmed this policy in House Resolution 864, which passed unanimously. History has proven that no dictatorship has ever succeeded in holding a people in bondage forever. The time will come once again when Lithuania will be a free nation.

For this to happen, America has a responsibility to support and work for the time when justice and freedom will prevail in Lithuania. We must do everything we can to assure Soviet compliance with the Helsinki accord, particularly with regard to the provision on basic human rights. This will be a firm beginning in helping Lithuania regain a measure of the freedom lost 36 years ago.

BICENTENNIAL WAGON TRAIN PILGRIMAGE TO ENTER MARYLAND

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BYRON. Mr. Speaker, at this time wagon trains from all over the country are headed toward Valley Forge, Pa. for a gigantic encampment and Fourth of July celebration as part of the Bicentennial Wagon Train Pilgrimage to Pennsylvania. On June 23, the wagon trains will cross the Potomac River into Maryland at Williamsport. The Washington County Bicentennial Committee will join the wagon train with local riders providing outrider services and assistance. The wagon train will camp at two locations in Washington County before leaving Maryland into Pennsylvania.

I want to congratulate all those people working with the Washington County Bicentennial Committee on the arrangements and assistance to the wagon train. The pilgrimage is a national program involving coordination with many States and communities. The activities in Washington County, Md., should add an exciting dimension to the reliving of history for local people as well as the participants in the wagon train.

I wish everyone involved success with this outstanding Bicentennial program. The old National Road played an important part in opening up the Appalachians to settlement. The Bicentennial Wagon Train Pilgrimage's progress through Maryland is, in part, recognition of Maryland's role.

THE "SUNNERS": NEW WORLD TRICHAMPIONS

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. YATRON. Mr. Speaker, the Rising Sun Hotel, a tavern in Reading, Pa., has given the United States an added feather in its Bicentennial cap by sharing the Amateur Softball Association World Softball Championship in Lower Hutt, New Zealand, with Canada and New Zealand.

The Sunners, under the supervision of John Kramer and manager Rocco Santilli, and now sponsored by Manson-Billard, Inc., of Reading, finished the world championships with an 11–2 record and had reached the championship game when a tropical storm forced the cancellation of the remaining games.

The Sunners scored victories over Japan, South Africa, New Zealand, Guam, Taiwan, and Canada. Their only two defeats were to Canada during the qualifying round. In the first game of the finals, however, Rising Sun topped Canada, 1–0.

Rising Sun pitching ace Ty Stofflet established six world records, tied another and drove in the winning run in two games and was named the tournament's most valuable player.

Stofflet set records for innings pitched 59, strikeouts 97, and tied the mark for the lowest earned run average 0.00. His game records included innings pitched, 20, longest no-hitter, 20, strikeouts, 32, and consecutive batters retired, 56.

Stofflet was named the most valuable player in the national tournament for the third time and catcher Carl Solarek, shortstop Gary Distasio, and utility player Art Weida were first team All-Americas. Utility player Bob Yoder and second baseman Joe Lalli were named to the second team.

The team's 1975 accomplishments were: Atlantic Seaboard Major Softball League Champions; Central Atlantic Regional Softball Tournament Champions; and National Fastpitch Softball Tournament Champions.

In 1976 the team was the Amateur Softball Association World Softball Championships trichampions and finished the season with a 66–13 record.

The members of the Sunners are: Ty Stofflet, Larry Bergh, George Ulmer, John Erney, Carl Solarek, Greg Radka, Robert Yoder, Joe Lalli, Gary Distasio, Rennie Petre, and Paul Troika. Also, Art Weida, Gordy Frack, Ralph Kerschner, Richard DeLong, Barry Distasio, Paul Price, Ralph Kerschner, John Snyder, Rocco Santilli, Carl Walker, Jerry Defiglio, John Kramer, and Denny Marchalonis.

ALTERNATES TO INSTITUTIONALIZATION

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. MURPHY of New York. Mr. Speaker, I would like to bring to the attention of my colleagues a report entitled "Alternates to Institutionalization: Keeping the Elderly Outside of the Nursing Home," written by Joseph Langer, the executive director of the United Jewish Council of the East Side and a consultant for the New York State Assembly Committee of the Aging. Portions of the report were originally presented to the New York State Senate Committee on Health, and I think you will find Rabbi Langer's words thought-provoking:

ALTERNATES TO INSTITUTIONALIZATION: KEEPING THE ELDERLY OUTSIDE OF THE NURSING HOME

(By Joseph Langer)

"If there is a poor person of thy brethren within thy gates in the land which God giveth thee; thou shall not harden thy heart nor shut thy hand from thy poor brethren". (Deuteronomy)

Democracy is one of the root causes of the plight of the Aging in America as we celebrate our historical bicentennial year.

The evolution of families took thousands of years—the development of the radically different American family system less than two hundred years. Our founding father, Thomas Jefferson claimed in the first draft of the Declaration of Independence that "all men are created equal and independent." This principle of independence was immediately extended to family relationships.

Independence in a democratic society is seen as the greatest possible good—even justifying discriminatory treatment to those who don't practice it. The ideals of independence have been celebrated in prose, poetry, language, drama, music, art and philosophy in the United States.

Who have been the American folk heroes? The independent pioneer, always moving, performing daring feats, the lonesome cowboy with no family ties . . . the Horatio Algers who rose by their own bootstraps. Even contemporaries such as Secretary of State Kissinger still envisaged themselves as the lonesome cowboy in twentieth century America.

Dr. Lawrence H. Fuchs of Brandeis University has said that "the family not only exemplifies the dominant values of a culture, but it carries and impresses them on the young. There is a dilemma. With its emphasis on personal independence and equality, American ideology is at war with the very nature of family life as it has been known through the ages."

Dr. Fuchs traces how the American family systems emerged, based on the search of individual members for personal independence. He has divided this into ten steps:

1. Rejection of Family Orientation
2. Idealization of the Family Procreation
3. Precocity and Aggressiveness of Small Children
4. Intense and Open Competition among Siblings
5. Prolonged Adolescent Rebellion
6. Extraordinary Freedom of Unmarried Females
7. Ambiguity of Males' Authority
8. Power and Assertiveness of Married Women
9. The Anxieties of Mothering
10. The Embarrassments of Growing Old

Growing old in America brings no distinctions, favors or power. In an independent society of youth and beauty, growing old is an embarrassment.

The pain of growing old is actually more psychological than physical. During the 20th century, with an ever growing medical technology, much has been done to help people live longer. But so little has been done to help them live their later years with dignity and respect.

In a society that celebrates youth, the old are not only cut off from power and privilege, but even from the pleasure which comes when young men and women openly appreciate how much they owe to past generations. Their contributions, impact and success fall by the wayside. As we see it, the main crime of getting old is becoming dependent and no longer productive. In historical society the knowledge of traditions and wisdom makes the aged a valuable contribution to society until death. With the American family this is not true.

Their plight then, is having been raised in an independent society, and now the old are not in the position to turn from it when they most need help.

As the ancient psalmist said, "Cast me not off at the time of my old age; when my strength fails, forsake me not."

II

Independence led to the creation of the nursing home phenomenon . . . homes are no longer restricted to the chronically or critically ill patient. Now there are one million patients in 25,000 institutions throughout the United States. In New York State there are 70,000 patients in skilled nursing facilities and 20,000 in health related facilities. During this year $10 million in Medicaid funds will be used to support their care. Laws no longer impose responsibility on close relatives for care to the aged. Medicaid and Medicare make nursing home care available to almost every elderly person, paying 75% of the funds for all custodial care in this country.

Nursing homes become an easy, costless, morally correct panacea to the burden of aged parents or relatives.

III

The extremity of nursing home abuses has vividly been brought to the general public's attention in the last year. The catalyst for the recent investigative exposes in the New York Times and the Village Voice by John Hess and Jack Newfield were little read reports such as: The Last Resort, by the American Jewish Congress; Old Age: The Last Segregation, by the Ralph Nader Study Group on Nursing Homes; Tender Loving Greed, by Mary Adelaide Mendelson and Reports of the Senate Committee on the Aging.

On the State level, recent investigation by the Temporary Commission on Living Costs and the Economy and the Moreland Act Commission on Nursing Homes and Residential Facilities have begun the long process of reform and rethinking of the entire concept of care for the aged.

IV

A study in 1971 of New York Medicaid patients in nursing homes, by New York State Controller Arthur Levitt, found that from 53 to 61 percent of the patients did not need to be there. Dr. John T. Gentry, Director of Medicaid Services for the New York City Department of Social Services in 1975, assigned a staff of physicians to perform a survey to judge the amount of nursing care needed by a patient. That study concluded that the city wastes $126 million yearly by keeping patients in the wrong facilities for the wrong lengths of time. The Department of Health, Education and Welfare estimate it costs $50 per day or $1,500 per month to maintain a patient in a nursing home.

There are effective alternates to long-term institutionalization that will help make the older years, years of dignity and personal productivity.

1. Home health care

Caring for the aged can take the form of making extensive preventive and rehabilitative services available to the functional and homebound individual.

By using the following sources for referrals: Social Service Agencies, Hospital In and Out Patient Departments, Private Physicians, potential clients for home health care can be found and provided with a number of services depending on their needs. In many areas, door-to-door canvassing is necessary to locate many of the isolated elderly individuals. A 1972 Report of the New York City Budget Bureau indicated that home health care averages $110 per month and nursing home care costs $592.

The concept of screening techniques such as Geriatric Mobile Screening Teams initiated by the New York State Board of Mental Hygiene to try to reduce unnecessary admissions to Mental Institutions, can be applied to averting unnecessary placement in nursing homes. The screening concept can work through places where elderly individuals congregate or visit for services: community centers, senior centers, Y's, settlement houses and others.

Home Health Care to date is enacted on a piece-meal basis with referrals being done to separate agencies for each service required: Physical Therapy, Speech Therapy, Visiting Nurse Services, Homemaking and Housekeeping Services, Counselling and Social Services. All of these services are Medicaid reimbursable.

A coordinated approach to Home Health Care is in operation at Montefiore Hospital in the Bronx. Their Home Care and After Care Programs offer these types of services emanating from a central office with case evaluation being done on a regular basis.

Their research and experience has demonstrated that many individuals benefit physically and psychologically from having a regular visit by members of the Home Health Team for supervision and support. Individuals who have had a history of repeated confinement in the hospital have been able to maintain themselves at home for much longer periods of time, and the home visitors have observed marked improvements in the overall well-being and attitude of their charges.

Senator Frank Church has introduced a bill which would liberalize the coverage of Part B Medicare for Posthospital home health services. S. 2713, the Medicare Home Health Improvements Act would remove the requirements that only "skilled" nursing care or physical or speech therapy is reimbursable; would provide reimbursement for intermittent nursing care or other home health services; would eliminate the requirement that home health services be for treatment of conditions for which the patient was institutionalized; would broaden coverage to include homemaker services; and would increase the number of reimbursable home health visits from 100 to 200. In introducing the bill, the Senator stated that the expansion of reimbursable home health services would prevent or delay institutionalization and thus would save money and the Bill has been referred to the Finance Committee. Representative Edward Koch has proposed a similar bill in the House.

However, it must be noted that although this method of caring for the aged outside institutions is successful from many standpoints, the need for socialization and rejuvenation of self-esteem is not met by this plan. The isolation experienced by the frail elderly can most effectively be relieved by encouraging them to venture outside the home. This can be accomplished by providing reliable transportation to special programs designed to bring out these individuals, many of whom have no telephone and no contact with the world outside. To this end we have explored the concept of Geriatric Day Care.

2. Geriatric day care

Limited efforts in the Day Care Arena are the various Meal on Wheels, Title VI, and Title VII feeding and recreation programs for the aged.

The luncheon program provides one hot meal daily and various recreational socialization activities during the afternoon hours. Title VI programs are more extensive in their programming efforts which include outings and workshops as well as the usual gamut of activities and programming.

The concept of Geriatric Day Care Center incorporates these types of programs into a comprehensive full-day program, which would include supportive counseling, resident health services, two or three nutritionally balanced meals daily, shopping and escort services when necessary, home-nursing when necessary, and a carefully designed recreational and therapeutic socialization program. Community resources should be utilized for programming. The Center would operate on a 5 day week. A nurse would be on duty as a full-time employee with physicians present two days a week.

Regular screening for medical problems common to the aged could take place monthly for all participants (i.e. blood pressure readings, urinanalysis, etc.) with screenings for other problems such as vision and hearing taking place on a less frequent but regular basis. A bi-weekly visit with a social worker would also increase the monitoring function of the center and provide support during the difficult transitions in the aging process. Physical therapy, speech therapy, psychotherapy would all be available in conjunction with a cooperating hospital and mental health clinic. Outings for participants would also be a significant part of the programming effort, particularly during the summer months.

Transportation specifically designed to suit the needs of elderly and disabled individuals would be available daily to end from the center, as well as special trips during the day to area hospitals and health facilities for medical appointments.

3. Housing for the elderly

Housing plays a more critical role in the life of the elderly because they are tied more closely to their immediate environment by decreased mobility and the constraints of economic conditions. Researchers have repeatedly pointed out that elderly persons' satisfaction with their living arrangement is highly important to their feelings about themselves and their relationship to others. With diminishing physical and economic capability, feelings of self esteem and worth become highly important. Aging naturally results in people having to call upon resources outside of themselves. The critical test of the elderly housing environment is how successfully it enables people to remain independent as they grow older.

Housing projects for the elderly is one approach to these problems. Providing special fixtures and equipment for the elderly within the housing unit, in addition to providing as many of the essential services through a central coordination body, are some of the objectives now being articulated by sponsors of housing for the elderly. Community rooms, where regular socialization takes place are an essential feature. Providing for at least one health professional to be "on call" at all times or having a special arrangement with a health facility is another possibility.

Jewish tradition has always addressed itself to dealing with the poor and the elderly, however, there has fundamentally been an emphasis on the selection of the proper mode of care for the afflicted individual. As Maimonides indicated in the Mishnah Torah, "a poor person not known to the community agency comes and says, 'I am hungry, feed me', we do not investigate but feed him immediately. If he is naked we investigate his background, since he may be lying and determine how to assist him properly."

SLOVAK FESTIVAL

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BLANCHARD. Mr. Speaker, the city of Detroit, Mich. has been chosen as the site of the Slovak American National Bicentennial Celebration, which begins today and will last through July 4.

This celebration will be an extremely fitting observance, for not only do the Slovak people share our love of freedom, but like so many other nations, they played their part in our own revolution and subsequent fight for independence.

The list of Slovak Americans who fought in the Revolutionary War includes Gen. Maurice Benyovsky, a native of the city of Vrbove in Slovakia, and Maj. Jan Ladislav Polerecky, who, after the defeat of the British at Yorktown, was assigned the duty of accepting the arms of surrender.

From that day to the present, the Slovaks have added their rich cultural and artistic contributions to our national heritage.

During the latter part of the 18th century, many thousands of them came to the mining and industrial districts of Pennsylvania, where almost half of America's Slovaks reside today.

All in all, perhaps 2 million Americans today are of Slovak heritage. Among them are numbered such well-known individuals as writer and theologian Michael Novak, author of "The Rise of the Unmeltable Ethnics"; Eugene Cernan, astronaut who flew on the Gemini IX and Apollo X missions and set foot on the Moon as a member of the Appollo XVII mission in 1972; George Blanda, the famous "iron man" of the Oakland Raiders football team; and Stan Mikita, ice hockey star of the Chicago Black Hawks.

On June 23, one of the high points of the celebration will be the Bicentennial banquet in Dearborn, Mich., featuring Captain Cernan as speaker.

I would like to take this opportunity to extend my best wishes to all who will be attending, and to assure them that there are those of us in Congress who take pride in the ethnic heritage of America, who know of the part that the Slovaks have played in our country's history, and who look forward with them to the day when Slovakia will be free from foreign domination.

GOOD SENSE FROM GEN. MAXWELL TAYLOR

HON. ROBERT L. LEGGETT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. LEGGETT. Mr. Speaker, in many respects the year 1976 has marked a low point in the ongoing national defense debate. The most simplistic numerical comparisons of military capability have predominated in the news media, the congressional debates, and to some extent, the Presidential primaries.

Against this background, the voices of reason have been few and far between. But I am encouraged to see that Maxwell Taylor, a former Chairman of the Joint Chiefs of Staff, has written a very intelligent piece on the difference between the substance and the image of national security, and the National Association for Uniformed Services has printed it in their bimonthly newsletter.

General Taylor makes essentially two points. First, he argues the simple numbers are a poor measure of military strength. Second, he argues that military strength alone is a poor measure of national security if we do not also consider political, economic, and spiritual factors.

In criticism, I wish General Taylor had gone further. If numerical comparisons are invalid, and I believe they are, what are the better measures of military strength? And if we must consider nonmilitary factors, what can we do about them? The general did suggest that we need new creative effective national leadership. I agree.

General Taylor has done a fine job of defining the problem, and the National Association for Uniformed Services has done the Nation a service by printing his article.

I insert "The United States—A Military Power Second to None?" by Gen. Maxwell Taylor, from the June–July 1976 National Association for Uniformed Services Newsletter, in the Record at this point:

The United States—A Military Power Second to None?

(By Gen. Maxwell Taylor)

While public debates on national defense are never unusual, in this election year we can expect them in unusual abundance. One theme already on the agenda in early political warmups concerns the relative military strength of the United States and the USSR. Are we still the number one military power, are we tied for first place, or have we fallen definitely behind our principal rival? Right wing critics of the administration contend that we are allowing ourselves to become dangerously inferior to the USSR, whereas administration supporters hotly deny the charge, asserting that we are second to none today and that they intend to keep us so indefinitely.

As an old soldier of hawkish persuasion, I would instinctively rally to the side of those who insist on being at least second to none if I were sure of what that slogan means in practical terms. The concern of its vocalizers is clear enough—an apparent imbalance to our disadvantage developing between the warmaking potential of the United States and that of the USSR—but how can such a difference in potential be measured?

I find that most of those who debate this issue base their views on comparative tabulations of manpower and weaponry expressed in units which in the past have been used to measure military strength. For strategic forces, the yardsticks are normally numerical estimates of longrange bombers, land-based and submarine-launched ballistic missiles, and the warheads associated with the missiles. For conventional forces, the analagous measures are numbers of men under arms, army divisions, tanks, ships, and aircraft. While there is no generally accepted calculus for determining net superiority from these tabulations, the side is usually conceded superiority which has the numerical advantage in the most line items.

Obviously, such a method for determining superiority has serious shortcomings. For one thing, it makes the Soviets look deceptively good since they generally lead the United States in most of these categories, the notable exceptions of U.S. superiority being in numbers of bombers, aircraft carriers, and missile warheads. So unless we add to our computations additional factors such as the presumptive superiority in quality of our men and weapons, we shall turn out decisively number two.

Furthermore, the item count is plagued by the same difficulty encountered in our negotiations with the USSR over the limitations of strategic weapons—the assymetries between force structures and the difficulties of equating dissimilar elements. How does one devise a common notation system for evaluating units of military strength as different as an army division, a naval task force, a strategic bomber squadron, or a Poseidon submarine? Although we might cut through the knot by taking the position that the United States should be superior in every category of military force, the exorbitant cost of such an effort for the primary purpose of keeping up with the Soviet Joneses should be sufficient to dampen enthusiasm for it.

Another objection to comparison by military line items is the omission from consideration of intangible values which throughout history have been major determinants of victory or defeat. The latter include the quality of the contending political and military leadership, the organization and training of the opposing forces, the comparative state of national morale and stamina, and the war-sustaining capabilities of the national economies. No such items appear in force tabulations or military budgets, yet are indicators of strength or weakness fully as significant as the size and structure of the armed forces of a nation.

So before taking a final position regarding our relative strength to the Soviets, we should make an earnest effort to find a better method for determining what military superiority entails. I would favor one which measures the strength of our forces against the tasks which they are expected to perform.

It would appear that we can claim equivalence of power in strategic weapons but that, in conventional warfare, any statement on the subject must be carefully qualified in terms of where, when, and for how long. Unfortunately, if the time is the present or the near future and the place is Europe, the Mediterranean-Mideast, or Northeast Asia, the qualifying footnotes would amount to a concession of probable superiority to the Soviets and their allies.

If an excuse were needed for this unsatisfactory outcome, one might argue that the question of relative superiority was posed in too narrow terms. What we should want to know is whether our aggregated national power, made up of political, economic, military and spiritual components, is adequate to assure our security and well-being despite the opposition to be expeced from the Soviets and other unfriendly forces in a turbulent world. While Soviet malevolence backed by increasing military strength is likely to remain a primary obstacle, it is only one of several.

We shall be exposed to many dangers for which we cannot blame the Soviets—the global consequences of excessive population growth; a mounting resentment of have-not nations against the international affluent clique of which the United States is the most notorious member; increasing scarcities of raw materials retarding our economy; and progressive degeneration of the democratic governments to which we are allied. We ourselves have serious internal weaknesses which the Soviets exploit but did not cause—inadequacies of government and leadership, national disunity, self-destructive political and decadent social practices.

We would be ignoring the essential needs of national security if we focused our concern exclusively on our military strength in relation to that of the USSR. There is no way of achieving unqualified military superiority regardless of the effort expended. Even if the impossible were achieved, it would still not assure our overall objective of national security and well-being.

Internal weaknesses alone if unrestrained would be sufficient to invalidate a major effort to improve our military posture in relation to the Soviets. After all, unlimited military force is of little avail without a trusted national leader to direct it and a united people to support him in its use. Heavily armed but divided, we would run the danger of feeling superior to all but being in fact second to many in the effectual power which counts.

ONLY HAVE FUNDS FOR OUR ENEMIES

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BOB WILSON. Mr. Speaker, under the leave to extend my remarks in the Record, I include the following article from the Mobile Register of Thursday, June 17:

Only Have Funds for Our Enemies

U.S. Senate passage this week of a $6.7 billion authorization bill sets the stage for a conference committee showdown on the issue of United States policy in Southern Africa—a seemingly minor but highly significant part of the aid spending legislation.

The Senate-House conferees must hammer out a compromise between the authorizations passed by both houses and the requests made by the Ford Administration through Secretary of State Henry Kissinger.

Dr. Kissinger, in line with his outrageous policy statement delivered in Africa earlier this year, had requested $85 million for the nations such as Mozambique, Zaire and Zambia which are trying to topple the white regime in Rhodesia.

Alabama Sen. Jim Allen appropriately described this as an attempt "to bribe African nations to get them to join in an effort to topple the Rhodesian government which is one of the few stable governments in a continent of chaos."

Through the efforts of Senator Allen and some others who retain some common sense in such matters, the Senate approved a plan to give $25 million each to Zaire and Zambia, none to the dictatorial regime in Mozambique and with no U.S. aid funds to be used in support of military or guerrilla activities.

While this was a move in the right direction, it should offend all sensible Americans who believe in fair play, treasure democracy and fear communism.

What is to prevent the backward African nations using the millions in U.S. taxpayer dollars for military actions against Rhodesia or South Africa?

Simple shifts in budgetary allocations would accomplish such a purpose and finance armed attacks against the only nations on the huge continent which have always been friendly with this country.

This under-the-counter military financing is made all the more repugnant because the same U.S. Congress earlier denied assistance to help Angola fight communist-led forces.

Denial of assistance to Angolan nationalists friendly to the west allowed Russia and Cuba to gain yet another puppet government in Africa, and now Congress is doing an aboutface by saying we will send money to be used to fight against our friends.

Not even the ultra-liberal Washington Post could go along with such a proposal and editorially endorsed Allen's challenge of U.S. aid to those nations trying to gain black rule in all of southern Africa.

Although our plea probably falls on deaf ears, we much ask the Senate-House conferees to recognize that any funds sent to the southern Africa nations will ultimately be changed into guns and ammunition to harm a friendly nation.

And our dollars are not about to buy us any new friendships in those emerging nations where communist-trained leaders are not about to allow creation of democratic governments.

ARIZONANS EXCEL IN SOLAR ENERGY DEVELOPMENT

HON. JOHN B. CONLAN

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. CONLAN. Mr. Speaker, the Phoenix Athletic Club of 4843 North 8th Place, Phoenix, is the first U.S. health club to harness the power of the Sun for diverse heating purposes, and the impressive success of its dual solar energy systems have added prestige to Arizona's credentials as the foremost solar energy State.

During their first month of operation, the two rooftop PAC solar energy systems far surpassed efficiency levels predicted by Arizona designers, Bob and John Carter. Designed to furnish 50 percent of the club's hot water needs, the systems have heated an incredible 86 percent of hot water needed for showers, washing machines, a dishwasher, and an outdoor pool.

The outstanding success of the PAC, managed by John Norris of Phoenix, proves that solar energy is indeed a viable solution to America's energy needs, and should spur Federal experimentation and development of solar energy throughout the Nation.

At a time when America desperately needs to develop energy independence, Arizona offers great hope to the entire Nation. By locating Federal solar laboratories in the solar energy State, America will gain the finest opportunity possible to develop and utilize the power of the Sun for endless energy needs.

MATERIALS POLICY BILL

HON. JAMES W. SYMINGTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. SYMINGTON. Mr. Speaker, this Nation has no established, nor even an informal, materials policy. It never has had. National materials policy has remained the subject of consideration by the President and Congress since at least 1950, but there has been little action.

What do we mean by materials? For current purposes the answer is: just plain stuff to make things with.

And why do we need a national policy for our management of materials? Because we cannot survive without them; because more people are using more and more of them—so that prices are going up and reserves are dwindling, and because we really have never had to learn how to manage and care for them. The danger is less that we will run out of "stuff" than that mismanagement of world supplies will cause, as indeed it already is causing, serious economic, social, and technological damage.

As a result, we have an energy crisis, inflation, price fluctuations, food shortages in many places, housing problems, land-use difficulties, pollution of all kinds, and so on. All of these stem from the fact that we—and other nations around the globe—have paid little heed to skillful management, use and consumption of the stuff—materials—that man has discovered on this planet and converts into useful things.

Successive failures to define the goals of this policy, and to win aceptance of a plan of operation to move toward these goals, should not be taken to imply that consensus is impossible.

On the contrary, the national materials policy proposed by the Paley Commission of 1952 is essentially the same as that urged by the National Commission on Materials Policy in 1973, as well as the agenda of the National Commission on Supplies and Shortages which is now wrestling with the same problems which went unresolved in 1952.

Mr. Speaker, in collaboration with the gentleman from Ohio (Mr. Mosher), the ranking minority member of the Subcommittee on Science, Research, and Technology, I have today introduced a bill—the National Materials Policy, Research and Organization Act—which is designed to promote some serious thinking about where we go from here with the remainder of Earth's resources. What are we going to do with the stuff which still remains accessible to us? How can we best use it?

Fundamentally, the bill addresses four components of the materials arena: An articulated policy, systematic research into a basic and thorough understanding of the materials syndrome—in other words, what is likely to go wrong, efficient flow of new scientific and technological information arising from materials research, and organizational structuring through which Federal efforts to implement policies and research may be directed.

I do not wish to go into details here, but I do want to stress that the bill—which follows several years of study by the Science, Research, and Technology Subcommittee, I serve as chairman—is primarily for the purpose of stimulating discussion on what is probably the most widespread and serious problem facing modern civilization—lack of any cohesive policy to govern, or at least to guide, the use of materials.

Such a policy, it now seems clear, is:

First. Central to any modern technological society;

Second. A prime source of opportunity for energy conservation; and

Third. A basis for materials management, which equates with environmental quality—whether that quality applies to land, sea or air.

In conjunction with the foregoing, it is noteworthy that every commission, committee, group, study, or other effort which has surveyed the materials issue since 1950 has indicated the need for restraints, planning, and forethought on the use of materials. Yet no Federal administration has ever seriously considered a genuine policy to put restraints into effect.

It is easy to see why. Policies which encourage restraints immediately come into conflict with the private enterprise concept and with the production of things people like and have become accustomed to having. Such policies, therefore, are not likely to be popular and, politically speaking, are just plain, bad medicine.

Up to this time, our system of government resists such restrictive ideas until confronted with a crisis, and even then, we tend to grasp at halfway measures. I am suggesting here that perhaps, as a nation, we should adopt a new mood—one a bit more frugal and a bit less hedonistic than society has been prone to follow, especially in the past half century. If we do not, it seems likely that before too long we shall be confronted with a series of crises involving shortages, crises so severe as to defy any peaceful solution.

This is not a palatable thing to say or even think about, and I do not like to say it. Unfortunately, I think it is true.

Mr. Speaker, as a practical matter a materials policy cannot and should not be a fixed formula. But if we can develop a national policy which is reasonably flexible, responsive to both national and international needs, which aids in balancing global supply and demand, which concentrates attention and effort on materials central to living standards, which fosters understanding and realistic management of the materials cycle within the context of global balance, and which brings knowledgeable people and technological capability into the process of adapting to the changing materials scene—we shall have, in my view, a good chance to win the game. Above all, I urge the concept of gradual improvement: a step by step approach toward better global and national management of our resources.

Nonetheless, we shall all have to understand that if we develop truly efficient management of materials and their use—some tradeoffs with individual freedoms are inescapable. The irony of this situation is that such tradeoffs are also unavoidable if we do not plan ahead. We need only look back to the long lines at dry gas stations for confirmation of this point. We shall also need to understand that every generation makes its own findings and policies to accommodate the lifestyles it seeks. The present generation must also make a determination on the very thorny question of how much weight it, today, should give to the welfare of generations yet to come.

These are not easy matters to handle particularly since so many of the "choices" in the materials field are, once made, irreversible. Strip mining is an example. So is large scale shale oil production. So is the use of oil for fuel as against its petrochemical and other uses. Similar examples are readily found in all materials areas: metals, wood, glass, soil, water—whatever.

In any event, I am persuaded that there is no easy way out; we shall waste our time, effort and substance if we insist on looking for one.

The basic facts of the situation are unchallenged; the differences center on, first, the need for urgency of action; second, the need for comprehensiveness of action; and third, achievement of explicit compatibility between Government action and prevailing and historic theories relegating materials almost exclusively to nongovernmental decisionmaking. In other words, how do we balance Government intervention with decisionmaking by the marketplace?

We should not, I suggest, be too arbitrary about this. Dislocations in the global pattern of distribution and pricing of fossil fuels and energy materials have already placed the Federal Government squarely in the position of the need to act to protect the consumer, the industrial system, and the national economy itself. We have also seen repeated demonstration, in the recent speeches and programs of the Secretary of State, that the interaction of trade and technology in the production and shaping of materials is a dominant consideration of the developing world today. And at home, we have observed the vital importance of a smoothly operating industrial economy for employment and price stability. The role of the materials cycle in support of that economy tends to be neglected, but it is critical and dynamic. It cannot be taken for granted any longer. The nature and extent of Government intervention should be carefully reviewed. There are dangers in going too far but there are also dangers in not going far enough.

Mr. Speaker, to my way of thinking it is imperative that we begin now to develop a genuine materials policy and the necessary research capability to implement it. But we must possess certain tools in order to start, including:

First. Motivations toward right behavior; for example, concern for the welfare of others—and a general sense of good management of the wealth we possess;

Second. Ability to isolate and define the critical problem areas needing first attention;

Third. Factual data on the character and performance of materials, their location and supply, their possible uses, amounts in flow, et cetera; and

Fourth. A determination of how much waste can be eliminated and how much is inevitable.

Armed with these tools, there is much we can do; it is my hope that the bill Mr. MOSHER and I have introduced today, and any subsequent inquiry generated by it, will lead toward their crystallization.

The proposition we are advancing at this time is that our need is greater and more urgent than in the past for the Nation to formulate and adhere to a well-designated policy for materials. The rationale goes like this:

First. In the national effort to balance jobs and inflation, a vital element is that the materials cycle flow smoothly and that materials prices maintain an orderly market structure. These conditions do not come about by accident; they require comprehensive forethought, reliable information, and a cooperative relationship between Government and industry. The get-rich-quick spasms of freebooting capital in some areas, we now know, can create a cycle of boom and bust inflation and unemployment, which tends to defeat the national purpose of a smoothly functioning industrial economy. Scarcities and fluctuations of materials supply cause waste, mismanagement, and loss of jobs.

Second. It is obvious that national energy policy presents the United States with some very difficult future choices. Our plight seems to be worsening; many of the signs suggest disaster ahead; yet we remain indecisive. No matter what policies we finally adopt, there will be hard times ahead. So we must make every effort to alleviate future shocks of energy dislocation through good management of our national resources of materials and industrial technology; that is, economy of energy in the manufacture, design, and operation of our products; advances in applied research to extend the efficiency of these operations; and every application of materials science toward the capture and use of energy available to us in nature—from whatever source.

Third. In our efforts to improve the environment, we have pushed singlemindedly toward regulation of those ecological impacts that cause measurable injury to mankind and nature. In the quest for environmental quality, however, we have come to recognize that closing down dirty industries creates unemployment. Uncertainties caused by regulating arbitrary standards of industrial effluents eat into working capital and prevent investment in the corrective we seek to impose. In principle, we know that materials management—the failure of our national materials policy—is the literal cause of all environmental pollution. But we continue to regulate symptoms instead of addressing directly the problem of materials management through national policy.

Fourth. The precise ways in which flows of materials in world trade impact on the economic health of the United States and other trading nations—have long been the subject of debate. This, I think, is something we should get away from. It is of little practical consequence whether cartels could be formed to exploit monopoly positions in bauxite, chrome, manganese, cocoa, bananas, or whatever. The fact remains that the United States and other trading nations share a stake in the efficient operation of a global system of supply and demand, of production, and management, and of exchange of materials and products. Unless we have cooperation, mutual acceptance of trading terms and a ready flow of both knowledge and goods, our world may recede into economic fiefdoms, each highly inefficient and wasteful of manpower, capital, energy, and intellectual values.

The technology of materials recovery from nature—or from the wastes of our manufacturing and consuming society—needs to be developed and shared with other countries. In so doing, we will be conserving both energy and the environment, as will those who use our techniques abroad. Nor should we neglect the opportunity to learn advanced technology produced abroad.

In conclusion, Mr. Speaker, I would hope that the task I have outlined can be approached in the same healthy, bipartisan way that our Committee on Science and Technology dealt with the broader question of national science and technology policy. The two subjects do in fact bear a considerable resemblance. Both contribute to a dynamic economy, employment, enlarged technological opportunity, better use of resources, and increased capability of society to manage its environment.

Accordingly I would hope that we can move together systematically, step-by-step, toward a consensus in the area of national materials policy. Each agreed point in the evolving discussion will provide further hope for concurrence, looking toward a total structure of policy that can adapt sensitively to changes and meet the challenges of the future.

NEWLY NATURALIZED CITIZENS OF UNITED STATES

HON. ALVIN BALDUS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BALDUS. Mr. Speaker, I would like to take this opportunity to note in the Record the names of persons naturalized from my congressional district in Wisconsin. During the month of May, the following persons became naturalized citizens of the United States: Mrs. Myong Suk Bachman, Mrs. Setsuko Brown, Mrs. Kye Sun Gmach, Mrs. Hazel May Jacques, Mr. Peter K. Kang, Mr. Brian J. Kang, Miss Susan K. Kang, Mr. Henry J. Kohnle, Miss Norma-Jean B. Kohnle, Mrs. Rose J. Kohnle, Mrs. Alice I. Krahn, Mr. Gerd Dieter Kuhrt, Mr. Jimmie S. Kung, Mrs. Kyong R. Kushava, Mrs. Jim Wha Lee, Mr. Young K. Lee, Mrs. Hannelore Loema, Mr. Rab N. Malik, Mrs. Editha I. McKenzie, Mrs. Marion E. Medina, Mrs. Adelheid G. Mensing, Miss Johanna C. Mensing, Miss Hedy Migally, Mrs. Yvonne M. Nelson, Mr. Sigurd O. Nordin, Mr. Thae Soo Park, Mrs. Sarah Jane Phillips, Mr. Indarjit Ramnarine, Mrs. Maria A. Reiland, Mrs. Anneliese Wetzel, Mrs. Efthalia Zaimis, Mrs. Biljana Zeisler, and Miss Jane Laura Stoker. It is with a great deal of pleasure that I join with my colleagues in welcoming them and extending our congratulations on their citizenship.

OPERATION UNDERSTANDING

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. ROGERS. Mr. Speaker, several weeks ago, the National Council on Alcoholism, the largest voluntary organization in this country in the field of alcoholism, held its highly successful national forum here in Washington, D.C. More than 2,000 delegates attended this meeting, and I was privileged, along with several of my colleagues in the Congress, to address the forum.

A highlight of the forum activities was the banquet at which more than 50 of America's most famous people identified themselves as recovered alcoholics. It was a deeply moving occasion and, in my opinion, it will go a long way toward removing the stigma which has surrounded this disease for so many decades.

At this point in my remarks, I would like to include a description of the event prepared by the National Council on Alcoholism:

Operation Understanding

More than 50 notables identified themselves as recovered alcoholics here tonight at an "Operation Understanding" banquet which John MacIver, President of the National Council on Alcoholism, described as "an event which will do more to reduce alcoholism stigma than anything ever attempted."

Mr. MacIver pointed out that until now only a few public figures have ever stated that they are recovered alcoholics.

"Tonight, for the first time, famous entertainers, an astronaut, a surgeon, an airline captain, a member of the Congress of the United States, the chief of an Indian Nation, a member of Great Britain's House of Lords, sports luminaries and leaders from the worlds of business, finance, labor, religion, politics, philanthropy, public affairs, health, journalism, literature and the armed forces are standing together as recovered alcoholics to demonstrate that alcoholism is a treatable disease and presenting a united front to eliminate the stigma which is killing people needlessly," he said.

Mr. MacIver stated that the National Council on Alcoholism organized and sponsored tonight's function "to dispel once and for all the myth that alcoholism is something which does not happen to 'nice' people."

"This disease affects people from all walks of life," he said. "There are an estimated 10,000,000 alcoholics in the United States, less than 3% of whom are in a skid row situation. The balance comes from all walks of life."

He added: "We view this as a turning point in NCA's 30-year campaign to remove the stigma attached to alcoholism. It is an historic occasion for us."

The celebrities participating in tonight's event were:

Entertainment: Dana Andrews, star of stage, TV and movies including the memorable "Laura"; Jan Clayton, star of Broadway's "Carousel" and TV's "Lassie"; Tom Ewell, star of TV's "Baretta"; Johnny Grant, KTLA (Los Angeles) personality; Mercedes McCambridge, Academy Award winner; Guy Mitchell, movie and recording star; Garry Moore, star of TV's "To Tell the Truth"; Walter O'Keefe, pioneer radio star and lecturer; Dick Van Dyke, star of movies and TV's "The Dick Van Dyke Show."

Astronaut: Edwin E. "Buzz" Aldrin, Jr., Sc.D., second man to set foot on the moon.

Airline Captain: Charles F. Gibian, career jet pilot.

Surgeon: William W. Daniel, M.D.

Sports: Ryne Duren, former New York Yankees and Los Angeles Angels star pitcher; Edward "Moose" Krause, Director of Athletics, University of Notre Dame and member of the Basketball Hall of Fame; Don Newcombe, first Cy Young Award winner and former Brooklyn Dodgers star pitcher.

Political Leaders: Former United States Senator Harold E. Hughes; The Earl of Kimberley, member of Great Britain's House of Lords; Congressman Wilbur D. Mills.

Clergy: The Very Reverend Joseph Kerins, C.SS.R., Provincial, the Redemptorist Fathers (Father Kerins' position in the Catholic Church is parallel to that of Bishop) and Dr. Hannibal A. Williams, Pastor, New Liberation Presbyterian Church.

Indian Chief: Sylvester J. Tinker, Chief of the Osage Nation.

Judge: Yvonne Sparger, Oklahoma Industrial Court.

Labor Leader: Louis B. Knecht, Secretary-Treasurer, Communications Workers of America, AFL–CIO.

Journalists and Authors: Rowland Barber, TV Guide editor and author of "Harpo Speaks!" and other books; Molly Barnes, art critic; Elizabeth Kaye, non-fiction writer and contributor to magazines; Virgil Mitchell, President, Mitchell Group; Adela Rogers St. Johns, author of novels, screenplays and non-fiction works; Robert Thomsen, author of "Bill W."; Jack Weiner, author of "The Morning After;" Maurice Zolatow, magazine writer and author of "Shooting Star."

Movie Producers: William Borchert, producer of forthcoming "Bill W." movie and Harold Hecht, Hecht-Mill-Lancaster Productions.

Philanthrophy and Public Affairs: Clancey Imislund, Director, Midnight Mission; Marty Mann, Founder, National Council on Alcoholism; R. Brinkley Smithers, President, Christoper D. Smithers Foundation; Jeanette Spencer, President, The Fortune Society.

Health: Vincent Groupe, Ph.D., President, Life Sciences Research Foundation; Helen Holmes, Ph.D., Clinical Psychologist; Donald G. Mackay, M.D., Attending Physician, Montreal General Hospital; John Mooney, Jr., M.D., Director, Willingway Hospital; Lewis K. Reed, M.D., Medico-Legal Specialist; Katherine P. Tanzola, R.N., Joint Commission on Accreditation of Hospitals.

Military: Rear Admiral Albert B. Scoles, U.S.N., Retired and Lt. General John Stewart, U.S.A.F., Retired.

Business/Financial: Bruce Mansfield, Former President, Ohio Edison Company, Albert C. Meyer, Former President, Pike Corporation of America; Malcolm Meyer, Retired Chairman and Director, Certain-Teed Products Corporation; Willard Morton, President, Morton Pet Food Company; Thomas P. Pike, Honorary Vice Chairman, Fluor Corporation and Chairman of the Board, National Council on Alcoholism; Louis R. Rowan, President, R. A. Rowan and Company; Adolph H. Sullivan, Standard Oil Company of California.

All of the above, plus the following who are also recovered alcoholics, served on the Planning Committee:

Right Reverend Abbot Hillary Dreaper, O.S.B., Chancellor, St. Bernard College; Anthony H. Forbes, Ph.D., Dean, College of Letters and Science, University of Wisconsin-Superior; Dan Frazer, star of TV's "Kojak"; Shecky Greene, comedy star; Joe Harnel, composer; Hon. Joseph W. Henry, Associate Justice, Tennessee Supreme Court; James S. Kemper, Jr., President, Kemper Insurance Companies; Hon. W. B. Lewallen, Judge, Tennessee Trial Court; Sy Oliver, composer; Patrick O'Neal, star of TV, movies, and stage; Jason Robards, Jr., stage, TV and movie star; Del Sharbutt, radio newscaster; Jack Thayer, President, NBC Radio Network; Ralph Waite, star of TV's "The Waltons" and Robert Young, star of TV's "Marcus Welby, M.D."

Thomas P. Pike, R. Brinkley Smithers and Thomas J. Swafford were Committee Chairmen.

"Operation Understanding" was coordinated by Debbie Murphy and Walter J. Murphy.

BALTIC STATES FREEDOM DAY

HON. JOHN W. WYDLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. WYDLER. Mr. Speaker, this week we commemorate the 35th anniversary of the deportation of over 34,000 Lithuanians to Siberia. In doing so we recall the many injustices suffered by the Lithuanian people at the hands of the Soviet Union in 1940 and 1941. In 1940, Lithuania lost her independence to the Soviet Union. In 1941, thousands of her people were dispersed to the cold, empty lands of Siberia. Many died along the way. The birth of Soviet Lithuania was marked by cruelty and suffering which will never be forgotten by Lithuanians.

Soviet domination of Lithuania, accomplished by invasion and maintained by force of arms, was vigorously resisted by the Lithuanian people. Opposition to Soviet rule grew quickly only to be answered by the Soviet Union's cruel policy of deportation in 1941. Families, indeed whole villages, were loaded into rail cars and shipped like cattle to the distant land of Siberia. The long, arduous trip took its toll. A scarcity of food, cramped cars, and cold weather soon combined to claim the lives of the weak, elderly, and the very young. The unmarked graves of the victims of the 1941 deportation still stand as mute testimony to the inhuman and cruel treatment by the Soviet Union of the Lithuanian people.

Therefore, it is not surprising that Lithuanians have never accepted the Soviet yoke. Strong undercurrents of opposition to both Soviet rule and Soviet policies of russification characterize the relationship between the Soviet Union and modern-day Lithuania. Soviet rule is still very harsh. Secret police, mock trials, and prisons are still the main elements of the Soviet Union's repressive policy toward all opposition.

The reasons for this opposition are quite clear.

Political freedoms in Lithuanian are still largely circumscribed by a Soviet-style government apparatus which is meant to control the people instead of serving them. Political elections are still farcical with candidates "elected" not because they are the people's choice but because they are supporters of the Soviet regime.

Religion is another important source of opposition. Lithuanians, a very religious people, refuse to accept the atheistic dictates of the Soviet state. Despite an extensive antireligious campaign by Soviet authorities involving persecution and imprisonment, religion still flourishes in Lithuania, serving as an important vehicle for fighting communism as well as helping to preserve the Lithuanian culture.

Therefore, when we consider the past sufferings of the Lithuanian people, we must also remember that their suffering has continued to this very day. Opposition to Soviet rule is still very strong. The desire for independence and true freedom has not died in Lithuania and should not be forgotten by those of us in the West who are more fortunate.

Despite the fact that we are commemorating events which transpired 35 years ago, we must realize that the basic cause of these injustices still remains the same, Soviet domination of Lithuania. And just as 35 years ago the Lithuanian people struggled against the Soviet behemoth, today in modern-day Lithuania this struggle still continues unabated. The Lithuanian people have not abandoned their struggle for freedom, and it is imperative that we not abandon our support for them in this struggle.

AMERICA'S 200TH YEAR

HON. PAUL G. ROGERS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. ROGERS. Mr. Speaker, it gives me great pleasure to acknowledge the efforts of my constituent, Mrs. Harry V. Fox of Palm Beach, Fla., who has found her own way to celebrate and acknowledge the 200th birthday celebration of this country.

Mrs. Fox has distributed bumper stickers which read: "America's 200th Year—In God We Trust—In Christ We Must." It is important that we all remember our dependence upon God as we join in celebrating this Nation's Bicentennial.

CUBAN COMMUNISTS TO ATTEND U.S. JULY 26 PROPAGANDA FEST

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. McDONALD. Mr. Speaker, plans for this year's 26th of July propaganda festival to celebrate the chief Cuban Communist holiday—the 23d anniversary of Fidel Castro's attack on the Moncada barracks—have now been announced. The Communist Party, U.S.A., reports that this year's main attraction is to be two Cuban Communist musical groups, Los Papinos and the ICAIC Experimental Sound Group.

The principal U.S. event will be held in New York City, but other July 26 actions are being organized in 15 cities by the Committee for July 26—CJ-26, operating from P.O. Box 724, Old Chelsea Station, New York, N.Y. 10011—212/675-8069. The Committee for July 26th is an annual project of the Venceremos Brigade—VB—which states its "first responsibility is to educate ever greater numbers of the U.S. people about Cuba's example and ideas in the construction of socialism and in anti-imperialist solidarity." The construction of "anti-imperialist solidarity" the VB supports is exemplified by the Cuban invasion of Angola organized by Russia in support of Soviet-backed MPLA, and by the Cuban-directed terrorist movements operating in Latin America.

The CJ-26, which is a coalition of the Venceremos Brigade, other groups of Castroite Marxist-Leninists in the United States, the Communist Party, U.S.A., and other revolutionaries who link themselves with the Cuban revolution, comes out four-square in defense of the Cuban military intervention in Angola and southern Africa, stating their purpose is "exposing the purposeful lies and distortions of Cuba's internationalist support for the people of Angola, southern Africa, and other movements of national liberation."

Under the slogan, "In Concert With Cuba: Break the Blockade," the New York affair will be an evening of speeches, music, song, and dance to be held Saturday, July 24, 1976, at the Academy of Music, 126 East 14th Street. In addition to the Cuban Communist representatives, American performers are being chosen who "best exemplify the spirit of tribute to Cuba by their own identification with the same values of freedom, justice, equality, and internationalism."

For the Committee for July 26th, the continued existence of Castro's blood-stained regime is the first crack in the walls defending U.S. freedom. They write:

> The triumph of the Cuban revolution only 90 miles from our shores and the creation of the first socialist state in the Americas was and continues to be a defeat for U.S. imperialism.

Day-to-day CJ-26 organizing is being coordinated by an executive committee whose members include Gerrie Casey of the Communist Party's youth group, the Young Workers Liberation League—

YWLL; Terry Santana, a writer for CPUSA's Daily World; Eddie Demmings, Gail Reed, and Ann Sparanese of the VB; Martin Perez of the Cuban-controlled Puerto Rican Socialist Party—PSP; and Gloria Weinberg, a VB member representing the Center for Cuban Studies—CCS, an outlet for Cuban propaganda in New York.

Among the initiating sponsors of the CJ–26 "In Concert With Cuba" meeting are:

Charles Allen, former editor, The Nation.

Rev. Lee Ball, Methodist Federation for Social Action [one of the oldest identified CPUSA fronts].

Vernon Bellecourt, American Indian Movement.

Eddie Boorstein [the Castroite author of "The Economic Transformation of Cuba"].

Anne Braden, Southern Institute for Propaganda and Organizing [identified CPUSA organizer].

Hon. John Carro [attended the Soviet-sponsored World Peace Council meeting to promote the Puerto Rican Socialist Party as the leader of the Puerto Rican independence movement in Havana in 1975. Carro is a N.Y. Criminal Court judge who was once the young Lee Harvey Oswald's social worker; later he was the law partner of attorney Mark Lane].

June Jackson Christmas, M.D.

Ruth Gage-Colby, Fellowship of Reconciliation [an inveterate supporter of CPUSA fronts and causes; previously her sponsorship identifications were generally as leader of the Chelsea (N.Y.C.) Women's International League for Peace and Freedom chapter].

Ernie DeMaio, U.S. Representative, World Federation of Trade Unions, United Nations [Ernest DeMaio, long active with the CPUSA, is UN representative of the WFTU, an international, Soviet communist front and arm of the KGB. His brother, Tony DeMaio, was a security commisar and assassin in the Abraham Lincoln Brigade where his specialty was killing Trotskyists and anarchists].

Carlos Feliciano [a vice-president of the violent and terroristic Puerto Rican Nationalist Party who pleaded guilty to possession of explosives charges in New York in connection with bombings attributed to the MIRA. Feliciano is one of the few Nationalist Party members on good terms with the Castroites of the Puerto Rican Socialist Party].

Henry Foner, President, Joint Board, Fur, Leather & Machine Workers Union.

Rev. David Garcia.

Mike Glick [Folksinger, member of CPUSA's Young Workers Liberation League and Venceremos Brigade member].

Bill Goodman, president, National Lawyers Guild.

Corky Gonzalez, Crusade for Justice [a Denver-based violence-prone, Mexican-American organization].

Lennox Hinds, National Director, National Conference of Black Lawyers [U.S. representative of the Soviets International Association of Democratic Lawyers (IADL) and representative of both the NCBL and National Lawyers Guild at the 1975 IADL convention in Algeria].

Lee Johnson, Coalition of Black Trade Unionists.

Florynce Kennedy [attorney].

Arthur Kinoy, Mass Party Organizing Committee.

Denise Levertov.

Nativo Lopez, CASA, General Brotherhood of Workers.

Antar M'Beri, W.E.B. DuBois Harlem Community Center [CPUSA].

Magda Moyano.

Gil Noble.

Bernardo Palombo, [a leader of the Dominican Center for Social Assistance and Orientation (CEDOAS) active with the Center for Cuban Studies].

Suni Paz [singer and fundraiser for the Puerto Rican Socialist Party].

Florence Siegel, Jamaica Art Mobilization.

Dorothy Steffens, Executive secretary, Women's International League for Peace and Freedom (WILPF).

Helen Rodriguez-Trias, M.D., [active in numerous Castroite projects including the U.S.-Cuba Health Exchange (US–CHE) and the Committee to End Sterilization Abuse].

Joe Walker, N.Y. Bureau Chief, *Bilalian News* (formerly *Muhammad Speaks*, official newspaper of the Nation of Islam or Black Muslims). Walker, active in numerous CPUSA-fronts, was first president of U.S. section of the International Organization of Journalists (IOJ), an international Soviet-controlled front.

Cora Weiss [a leader of Women Strike for Peace currently organizing for the July 4 Coalition in planning disruptions of the Bicentennial in Philadelphia].

Howard Williams, Local 1199 [Drug and Hospital Workers Union, controlled by the CPUSA].

Jane Wood, Chelsea Coalition on Housing [and the oldest person to go to Cuba on the Venceremos Brigade].

William Worthy.

Quentin Young, M.D., [who evaded answering under oath whether or not he was a member of a CPUSA doctors club in Chicago].

Sponsoring organizations include: Casa de las Americas; Center for Cuban Studies; Centro Dominicano de Asistencia Social—CEDOAS; El Comite, MINP; Communist Party, U.S.A.—CPUSA; Cuba Resource Center, a church-financed Cuban propaganda outlet; Federacion de Universitarios Socialistas Puertorriquenos—Federation of Socialist Puerto Rican University Students; Fightback; Mass Party Organizing Committee; MASA; National Conference of Black Lawyers; North American Congress on Latin America—NACLA; Partido Comnista Dominiciana (PRD)—the Communist Party of the Dominican Republic which is active among extremist members of the Dominican community in the New York area; the Weather Underground's Prairie Fire Organizing Committee; Puerto Rican Socialist Party; Puerto Rican Solidarity Committee; Tricontinental Film Center; U.S.-Cuba Health Exchange; Venceremos Brigade; Workers World Party and its Youth Against War and Fascism youth front; and the CPUSA's Young Workers Liberation League.

The Venceremos Brigade and the Castroite terrorist supporters of Prairie Fire and the Puerto Rican Socialist Party intend to celebrate July 26 in a peaceful manner, unlike what they are planning for America's Bicentennial on the Fourth of July. They are hoping to present an image of contented communism—a communism that only wants to do good and profitable business with American companies who are even now being intensely courted and encouraged to put pressure on Congress and the administration to end the economic embargo of Cuba.

Let us remember the enslaved people of Angola, the peasant farmers, and working people of Latin America murdered by Castro's terrorists to enforce obedience, and the innocent victims of the FALN terrorists in New York and Chicago who have seen the true face of Fidel Castro and his minions. No visas and no deal with Castro.

DRUG ABUSE ASSISTANCE PROGRAMS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. RANGEL. Mr. Speaker, I periodically review for myself the status of Federal assistance to drug law enforcement and drug addict treatment and prevention programs. The May 1976 edition of Focus, a publication of the Joint Center for Political Studies, looks at the current Federal effort compared to the need. Mr. Speaker, for the edification of my colleagues, I am incorporating into the RECORD the article by Gloria Cousar and Joan Harris from the May edition of Focus. The article follows:

DRUG ABUSE: ASSISTANCE PROGRAMS

(By Gloria Cousar and Joan Harris)

(The authors are members of a team of researchers, under the direction of JCPS research director Herrington J. Bryce, currently conducting a survey to assess elected officials' perceptions of drug abuse problems and to determine their awareness of funding sources available to their communities. The study is being conducted with support from the Drug Abuse Council, Inc.)

Drug abuse is now a common phrase used in our society. Broadly defined, drug abuse refers to the dependency developed through addition or habituation to the use of certain substances. These substances, for the most part, fall into three classifications: depressants, psychedelics, and stimulants. Generally, society considers narcotics (depressants) as the substance that is most often abused.

When mood-altering substances, or drugs, are used in ways acceptable to society, they do not cause social or governmental concern. However, when drugs are used in a way that results in individual or social harm, societies intervene with a variety of measures to regulate their use.

The effects of drug abuse on individual, family and community life cannot be measured in dollar values. But these societal costs of drug abuse are borne by both the user and nonuser of drugs.

The measurable costs of drug abuse are divided into five categories:

Property losses as a result of drug related crime are estimated at $6.3-billion per year.

Loss of productivity on the job and morbidity (days lost at work) is estimated at $1.5-billion per year.

Health costs, which are measured in terms of consumption of health services directly attributable to drug abuse, are estimated at nearly $200-million per year.

The total criminal justice system costs with regard to drug abuse are estimated at $620-million per year.

Direct drug abuse program costs from federal, state, local, and private sources are estimated at $1.2-billion per year.

The federal strategy for dealing with the drug problems is to provide funding to alleviate the personal and social costs of drug abuse. It is therefore important for elected officials to be aware of the actual programs available to them in their efforts to control drug abuse in their respective communities.

FEDERAL AGENCY ASSISTANCE

The National Institute on Drug Abuse (NIDA), the National Institute of Mental Health (NIMH) and the National Institute on Alcohol Abuse and Alcoholism (NIAAA) are three major sources of categorical assistance located within the Department of Health, Education, and Welfare (HEW). These three agencies are coordinated through HEW's Office of the Assistant Secretary for Health under an umbrella unit called the Alcohol, Drug Abuse and Mental Health Administration (ADAMHA). ADAMHA can provide funding assistance for the rehabilitation of individual drug users charged with criminal offenses. In addition, ADAMHA administers much of the funding to states and handles a variety of non-financial services.

NIDA has control over the greatest amount of direct financial assistance for community drug abuse research, training, treatment and education. In addition, new legislation to amend the Drug Abuse Office and Treatment Act of 1972 has given NIDA responsibility for providing programmatic technical assistance to states and local governments. It furthermore makes NIDA responsible for reviewing and approving state plans for drug abuse treatment and prevention, a procedure which NIDA must complete by September 15 of the fiscal year or 60 days after states submit their plans—whichever is longest.

Assistance for the establishment of community health centers in which drug addicts may be treated is handled by NIMH, while NIAAA deals broadly with assistance for alcoholics, problem drinkers and their families. Activities supported by NIAAA include comprehensive medical services, preventive demonstration programs, research and training of program staff. Other HEW agencies involved with drug-related activities include the Social and Rehabilitation Service, the National Institutes of Health and the Office of Health Development, although to a lesser extent than NIDA.

Within the Department of Justice, direct law enforcement support including laboratory analysis, training of personnel and public education information, may be obtained from the Drug Enforcement Administration (DEA). The majority of DEA assistance is either technical or service-oriented, rather than of a financial nature. Indirect support for drug abuse control is available from the Law Enforcement Assistance Administration (LEAA) as part of its bloc grants program. Additional laboratory analyses and training services are offered by the Bureau of Alcohol, Tobacco and Firearms which is a unit of the Treasury Department.

Designating a portion of bloc grant funds for local drug abuse programming is one way to receive financial assistance. For example, communities may elect to devote a portion of federal revenue sharing funds for planning and implementing a local drug program. This is a realistic approach for a local effort, especially for communities in states which do not consider funding of drug prevention and treatment activities a high priority.

FEDERAL FUNDING STATUS

Recent activity within the House Appropriations Labor—Health, Education, and Welfare Subcommittee indicates that existing federal support for drug abuse prevention will be sustained through the three-month transition quarter between fiscal years 1976–77. Transitional appropriations by Congress in the amount of $29-million represents a $17-million increase over the amount originally requested by the administration.

Despite continued federal support for drug abuse prevention, many local programs are underfunded. A significant portion of project and formula grants to local recipients was distributed under multi-year funding plans in which the Federal share of financing is scheduled to decline substantially over the term of a program operation. In some instances, an initial Federal share of 80 percent of program costs will dwindle down to as little as 40 percent, thus pressuring local communities to increase their contribution, seek private or state funding or cancel the program altogether. Reliance on bloc grant funds to bail out programs will only sustain a few community efforts.

Drug treatment programs offered by Federal agencies are in a particular bind as fiscal year 1977 comes into view. During the last three fiscal periods. HEW policy has been to withdraw support for the establishment of new community facilities, and to cut back the number of grants for new services. Much of the funding available through the Drug Abuse Community Service Program, the Narcotic Addicts Rehabilitation Act and the Community Mental Health Centers Program has been limited to the support of existing operations. Likewise, special program funding for the treatment of alcoholics is not expected to increase during fiscal year 1976.

The declining trends in drug treatment support are also based on an assumption by the administration that insurance companies, Medicaid and "third party" payments will become major sources of financial aid. However, legislation to enact a National Health Insurance System has not been passed. Moreover, traditional models of health insurance have not advanced to the point where all costs associated with the treatment and rehabilitation of drug addicts can be covered.

SINGLE STATE AGENCIES

Public Law 92–255 requires states desirous of federal assistance to establish single state agencies for the purpose of coordinating the overall state effort in drug abuse prevention and treatment. In line with this mandate, single state agencies are responsible for planning and for reviewing the applications from substate governments, institutions and nonprofit agencies for federal assistance. Other functions handled by single state agencies include the collection of comprehensive data and preparation of the state plan, the licensing of facilities, personnel certification, the accreditation of training programs and the coordination of law enforcement activities pertinent to drug abuse prevention. Thus, single state agencies are primary vehicles for shaping statewide drug abuse treatment and rehabilitation policy, assessing state needs, determining priorities for the distribution of state and federal funding, administering program planning, licensing and evaluation.

Earlier this year, evidence provided at hearings before the Senate Labor and Public Welfare Committee revealed the existence of numerous problems regarding biased implementation and coordination of both state and federal agency functions. The committee issued a report stating that systems of substate planning must assure equitable allocation of resources throughout the state. Furthermore, federal requirements now provide that state plans which do not indicate treatment and prevention programs commensurate with the extent of drug abuse problems may not be approved by NIDA.

NEED FOR MINORITY ADVOCACY

The history of civil rights and equal opportunity legislation provides two good examples of the impact which minority elected officials and organizations can have on the direction of social programs at the national level. Clearly, there is a need for state and federal policies to assure a more sensitive posture regarding the problems of low-income and minority communities with drug abuse problems. Elected officials, particularly, can work toward developing specific mechanisms within the existing array of public task forces, regional planning bodies and other drug abuse policy-making bodies.

The importance of single-state agencies, along with legislation to deal with program implementation and evaluation, can be the foundation for greater involvement by those concerned with drug abuse problems in disadvantaged areas. Local program sponsors and elected officials need to develop an accurate and on-going assessment of community needs. In addition, they must be able to determine drug abuse programs as an area of priority need, given recognition of the incidence of drug abuse and related social problems occurring wtihin their communities. The formation of local plans to address these considerations is a solid basis for participation within regional task forces and for impact on the state and federal governments which determine where funding will be distributed. Knowledge gained in such participation is extremely helpful in generating funding support for drug programming from private sources.

The need for minority elected officials to be well informed about the problem of drug abuse and the various assistance programs available to them in dealing with the problem in their communities, cannot be over emphasized. Indeed, it is a must, if available resources, which are threatened by the rising costs associated with drug abuse, are to be equitably distributed among all elements of society.

THE BALANCE(S) OF POWER: III (iii)—STRATEGIC OFFENSIVE BALANCE

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BRECKINRIDGE. Mr. Speaker, as part of my series on "The Balances of Power," I inserted an article in the June 2 CONGRESSIONAL RECORD whose author stated the case against counterforce capability in U.S. strategy.

Today I wish to insert argument in favor of counterforce stated in Strategic Review, volume III, No. 4, fall 1975, by Amoretta M. Hoeber and Francis P. Hoeber. Amoretta Hoeber has been employed in the strategic military research field since 1963 at the Stanford Research Institute's Strategic Studies Center, the strategic branch of Analytical Services, Inc., the Rand Corp., as head of the Military Policy Analysis Department of General Research Corp. and recently at System Planning Corp. Francis Hoeber has been employed since 1953 as head of costing at the operating research office, at Borg-Warner Corp., as a partner of Williams, Hoeber, Fox & Senderling, at Stanford Research Institute and the E. P. Hoeber Corp., economic and defense consultants.

The article follows:

STRATEGIC OFFENSIVE BALANCE

One school of American strategic theorists believes that the threat of assured destruction of urban-industrial targets as a deterrent is forever adequate and can be achieved with a nuclear strategic force that is not—and should not be—capable of war-fighting. This school has been focusing in recent months on attacking the development of U.S. strategic nuclear counterforce doctrine and, in particular, the development of those technological advances that would support such a doctrine . . .

On the contrary, we believe that there are numerous potential advantages, worth continuing analysis and debate, in *not* placing sole strategic reliance on countervalue doctrines and that the U.S. should therefore not now foreclose counterforce alternatives.

Three categories of doctrine come under attack:

Disarming first strike counterforce;
Damage-limiting counterforce;
Restrained counterforce.

Disarming first strike is usually defined as a counterforce attack effective enough so that whatever forces remain to the attacked party will not be able to inflict an intolerable degree of damage on the attacker. Not only is the U.S. not seeking to achieve a disarming first strike capability but, assuming that sea-launched nuclear weapons are now—and will be for the foreseeable future—essentially invulnerable at sea, and given that these forces comprise a large portion of each side's nuclear weapons, it is clear that a disarming first strike by either the U.S. or the USSR is impossible. This is a matter on which there is wide agreement. However, this consensus does not extend to the questions of the capability for, or the value of, a partially disarming attack—that is, a capability to destroy one or two of the elements of the strategic forces, for example, the ICBM forces.

Opponents of the development of U.S. counterforce capability often argue that it could do neither side any good to destroy the other's ICBMs on an initial strike, only to have the victim retaliate by destroying the aggressor's society with SLBMs and manned bombers. This logic is, of course, valid. It hides, however, a number of important assumptions. First, it assumes implicitly that weapons are useful only in terms of their military capabilities, not in terms of their political impact. Can one really assume that there would be no political impact among nations if one of the powers had a markedly and perceivably greater disarming capability than the other, even if it were still only partial? . . . Military force can be used for coercive purposes in ways that the threat of massive city attack is totally incapable of counteracting. Secondly, can one confidently assume that submarines at sea will forever remain wholly invulnerable? One might well be cautious about the absolute assurance on this score offered by those who subscribe to the above logic. . .

Furthermore, the assumption is implicit that an incomplete disarming strike would certainly and inevitably be met by countervalue retaliation. It is not at all clear that this is true, particularly in the case of a possible Soviet first strike against Minuteman. If after the first strike, the receiving side indeed had remaining capabilities to do substantial damage to the other, but the side striking first also had such remaining capability, then the supposedly inevitable retaliation would be a suicidal move. Negotiations, and conceivably even surrender, might appear much more attractive options, to say nothing of limited noncountervalue responses.

But if the U.S. were then deterred from a countervalue response by residual Soviet forces threatening countervalue retaliation to that response, and self-deterred from any noncountervalue response because of choices in doctrine and capability made in the past, would not the Soviets have gained a great deal in bargaining power from this partial counterforce first strike? Might they not have the option of following up with a second counterforce strike against other military targets in a United States which had foresworn counterforce attacks of its own?

In addition to the claim that a capability for a partially disarming first strike has no value, it is often argued that such a strike by the USSR against the U.S. Minuteman force is impossible because fratricide constraints will allow the U.S. to launch on first detonation. That is, since the possibility of fratricide will force the attacker to allocate his RVs so that they detonate over a considerable period of time, the U.S. would have time to launch most of its Minuteman missiles before they were attacked. Launch on warning, or launch "out from under," is, of course, an extremely dangerous proposition. In peacetime, launch-on-warning doctrine may make a contribution to deterrence, and indeed may be difficult to eliminate, since the capacity is to some extent inherent in any force that is capable of quick response. Once an attack is underway, however, deterrence has failed and the question becomes one of whether the implementation of a launch-on-warning doctrine makes any sense at all. With almost zero decision-making time available, the policy question would arise, launch-on-warning against what? A case might possibly be made that it would be useful to launch against Soviet force targets, thus preserving a better balance of forces than if we simply permit Minuteman to be lost; but certainly we should not launch against Soviet value targets, i.e., immediately escalate the war to attempts by each side to destroy the other. To the writers, the arguments against countervalue launch-on-warning are overwhelming, not only in peacetime, but precisely when it is certain that an attack is underway.

A good deal of the common argumentation against counterforce doctrine and capabilities implies or states that it is inappropriate for U.S. strategic forces to be targeted against Soviet military targets and that this would be a departure from the past practice of targeting cities. Of course this is not true, since U.S. (and Soviet) doctrine has always provided for attacks against forces, both nuclear and nonnuclear, of the other side. The new element in evolving U.S. strategy is that the new technology will permit truly effective hard-target attacks, attacks which could provide severe retaliatory punishment to aggression while retaining many targets unhit and thus hostage to future attacks and while sparing innocent population. One wonders if there is any historical precedent for a war in which the military forces of the opposing sides were immune from attack? How strange it would be in the nuclear age to initiate such a practice, making millions of innocents the prime if not the sole target system.

Prior to the question of what to launch against is, of course, whether or not the U.S will have any Minuteman missiles to launch at all. The assumption that there will be considerable numbers of missiles to launch in the short time between the beginning and the end of the attack on the Minuteman fields is critically dependent on details of the fratricide problem.

Fratricide is little understood; there is no empirical data. It is the belief of many experts that there is a large variety of ways of optimizing an attack in the face of the fratricide effects. (One of these is a high degree of simultaneity, while it is agreed is difficult to achieve but is not impossible.) Furthermore, if the effects of fratricide apply, an attacker might be able to make use of the reciprocal of fratricide, namely pin-down, the mechanism by which the explosion in the proper position of an attacker's first weapons may prevent for a significant length of time the fly-out of the attacked ICBMs. Thus, launch-on-warning may be infeasible as well as inadvisable.

We turn now to the second postulated category of counterforce, damage-limiting. This is usually defined as strategy under which, after a Soviet first strike, U.S. counterforce capability would be applied against remaining Soviet nuclear forces in order to reduce the further damage that could be done to the United States. The argument against this capability or doctrine is usually based on the assumption that damage-limiting is a technological impossibility, since if a weapon is threatened with destruction it will be used before it can be destroyed—the obverse of the argument for U.S. launch-on-warning. Despite the utter lack of experience and precedent, this line of argument assumes that the behavior of states during nuclear war is fully predictable and that it will be nonrational. The incentives to escalate to a countervalue attack are oversimplified and treated as certain and total. Incentives to pause, to de-escalate, are nonexistent. Neither side has any incentives to save its people or to seek war termination short of holocaust.

These seem to us to be among the most basic political issues that could face national decision-makers, and yet we are told that their decision-making is so predictable that the whole matter is one of technological feasibility. It really is not that simple; deterrence is a state of mind, in and of itself a complex phenomenon, apparently often not recognized by those who argue against counterforce capability. There are two schools of thought about maximizing nuclear deterrence: (1) the belief that deterrence is maximized by threatening massive destruction of cities with the killing of millions of innocent men, women and children in response to any, or at least a very wide range of, military aggressions; and (2) the belief that deterrence is maximized by the capacity to apply force, including but not exclusively nuclear force, in a measured fashion, against a wide range of targets, consistent with the nature of the transgression and designed to avoid the deaths of innocents while maximizing the incentive to cease aggression and seek a peaceful resolution before suicidal destruction results. While neither school can lay claim to divine revelation, there are arguments, often totally ignored, which lend credence to the latter concept. Some of these are discussed in the next section.

The third variety of counterforce is variously termed Restrained Counterforce, Limited Strategic Operations, Flexible Options, Crisis Control Strategy, and so on. This type of counterforce, in contrast to either disarming first strike or damage-limiting counterforce, does not have as its primary purpose the major reduction of the other side's capability. Rather it focuses on the dual objective of performing a military task, which may be rather limited in scope but is still of significant importance, and demonstrating resolve to discourage further escalation of the conflict.

No rational statesman is ever likely to utilize even one nuclear weapon casually. Nor do those who support a more flexible nuclear capability claim that this will make the use of nuclear weapons a trivial matter which somehow conveys a hidden blessing upon aggressor or defender. But by the same token, in a dire situation, one in which the deterrent to war has already collapsed, perhaps one where a conventional military defeat of profound proportions may face the Western Alliance, a selective, discriminate use of nuclear weapons may force an aggressor to cease his military attack for fear of still graver consequences to follow. This is not a hollow message or a game of chicken. Such an attack could in and of itself impair the capacity of an enemy to pursue his attack, but more important, it provides an incentive to seek a political settlement before the war goes further. The logic of this approach, supported by technology that would permit its implementation, lends credibility to its possible application, thereby enhancing deterrence.

TWO HUNDRED YEARS AGO TODAY

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. WIGGINS. Mr. Speaker, 200 years ago, on June 19, 1776, responding to a letter from New Jersey authorities, the Continental Congress advised those officials that they should proceed with their inquiry to determine if deposed Gov. William Franklin, natural son of Benjamin Franklin, should be imprisoned because of his loyalist sympathies. Imprisoned at East Windsor, Conn., where he was harshly treated, he was released in 1778 in an exchange for John McKinley, Governor of Delaware. In 1782 William Franklin left for England where he remained until his death.

Until the Revolution, William had been close to his famous father. However, his adherence to the royal cause estranged him from his father, who, after failing to win him over to the side of the patriots, characterized his son as "a thorough government man."

THE CRISIS IN RURAL AND SPECIALIZED TRANSPORTATION

HON. MICHAEL T. BLOUIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BLOUIN. Mr. Speaker, earlier today, I had the distinct honor to testify before the Subcommittee on Surface Transportation of the House Public Works and Transportation Committee and to present to the subcommittee the viewpoints of the House Select Committee on Aging relevant to legislation before the subcommittee which would authorize Federal assistance to nonurban transportation systems for operating expenses.

The Select Committee on Aging considers this type of legislation essential to the eventual provision of adequate transportation services for elderly and handicapped people.

Because the issue is one which should be of special importance to every Member of this body, and because the Select Committee wishes to share its recommendations with the House, I include the full text of my testimony in the RECORD:

Good morning, Mr. Chairman and members of the subcommittee. I want you to know that I consider it a distinct honor and pleasure to appear before the subcommittee today on behalf of the House Select Committee on Aging.

As you may know, the Select Committee and its Subcommittee on Federal, State, and Community Services have just completed an extensive and comprehensive study on the transportation problems of elderly people. It is an area in which members of the Select Committee have taken a special interest, simply because transportation is one of the most critical problems which face older people in America today. The subcommittee concluded that "older Americans are severely hampered in getting to and from places they need to travel." It said one recent survey showed that one-third of the poor elderly have serious transportation difficulties. "In many areas," the subcommittee reported, "there is no public transportation at all. Often when it exists, it goes to the wrong place at the wrong times for older Americans. Reduced fare programs help some persons, but leave many still unserved."

With that in mind, then, it is not surprising, Mr. Chairman, that the Select Committee on Aging has endorsed the type of legislation which your subcommittee has under consideration at the present time. This legislation, which would provide operating assistance to transportation projects in non-urban areas, is very crucial in rural areas and small towns—and absolutely imperative for the elderly and the handicapped.

In its final report, issued only last month, the Select Committee's Subcommittee reported: "Virtually all rural persons are poorly served by public transit, and the rural elderly—between five and six million—are no exception. Distances are greater, populations less dense, and incomes among the elderly are generally lower than in urban areas. . . . In rural areas, with the exception of relatively infrequent inter-city bus or rail services, there is often no public transportation of any kind. If the elderly wish to make trips to clinics, go shopping or just socialize, they must either drive themselves or be driven. Furthermore there are no public programs for providing rural transportation that correspond to urban programs, with the exception of the Interstate Highway Program, which of course, is postulated on the assumption that a motor vehicle is available."

In our opinion, Mr. Chairman, nothing contributes more directly to the transportation problems of Older Americans than the absence of on-going operating funds for specializing transportation programs which could, at least in part, alleviate their transportation handicap.

It is somewhat curious, and in small way disappointing, that among all the experts and non-experts alike who testified before the Aging subcommittee's recent series of public hearings, only one group seems unable to accept the need for operating assistance to rural and specialized transportation programs. That one exception is the Department of Transportation.

Spokesmen for the Department, in a variety of forums, have repeatedly asked for a delay in any legislation which could authorize such assistance.

Testifying before this subcommittee on June 2nd, the administrator of the Urban Mass Transit Administration, Mr. Patricelli, claimed the Department needs those delays because there are, in its opinion, "substantial uncertainties about the scope and magnitude of the small town and rural transportation problem." Given the Department's logic, it is "premature to move at this time to provide operating assistance to non-urbanized areas" in the absence of results from the Rural Highway Public Transportation Demonstration Program, according to Mr. Patricelli's testimony.

In short, the Department seems to be saying that we don't have the facts yet. That the evidence is lacking. That we have not actually documented the need for operating assistance.

I submit to the contrary that we have the facts—and the facts are clear enough. "At the present time," the Select Committee's Subcommittee on Federal, State and Community Services reported, "the problem of continuity in project funding is one of the most serious faced by special transportation projects. Many projects have had to be discontinued because of difficulties in obtaining regularized funding."

No less an authoritative source than the U.S. Commissioner on Aging, Dr. Arthur Flemming, told the Subcommittee at one point during its hearings: "I think the more we can loosen up the funds . . . so they can be used not only for capital but also for operating purposes, the better off we will all be."

Based on testimony like that, the subcommittee's final report was very specific. It said: "Most of the major programs described in this report provide money only for capital expenses. Yet the subcommittee is convinced, from its hearings and other information available, that it is operating expenses that represent the greatest need. Estimates of the relative amounts needed for operation ranged upward from 75 percent of the total. Without assistance in meeting operating expenses, most transit services to the elderly cannot survive."

In my home state of Iowa, Mr. Chairman, we have had a particularly graphic—and, unfortunately, a very typical—example of what happens when on-going operating funds are not available for specialized transportation projects.

Local governments in a seven-county area around Cedar Rapids, Iowa, developed a coordinated and highly effective transportation program for older people called S.E.A.T.S. (States Elderly Area Transportation System) with funding from Title 3 of the Older Americans Act. The initial funding was for start-up costs and an 18-month pilot program which proved to be well received and well used. However, it proved to be just enough to get things going. It gave elderly residents in that part of the state a taste of the kind of transportation services which could be provided if local governments worked together and had the funding they needed to do a reasonable job.

Tragically, this program was forced to shut down entirely about a year ago because its initial start-up funding ran out and additional, on-going support was not available. Local governments have been struggling as best they can to patch up a substitute system, but they have faced almost insurmountable problems of logistics and financing. They have been able so far to retain the skeleton of a regional transportation program for elderly people, but it is a highly disjointed system. The unity and coordination which marked the original, multi-county joint program is necessarily missing in its descendent because each county is left on its own to find the funding needed to operate the program.

For the 30,000 area elderly residents who once enjoyed a relatively sophisticated and integrated transportation system, the collapse of the S.E.A.T.S. program has been a very real tragedy. It need never have happened if adequate funding had been available to continue the program once start-up funds ran out. It need not have happened if the kind of on-going operating assistance envisioned by the legislation before you today had been available.

The collapse of the S.E.A.T.S. program was very much on the minds of the participants in a state-wide, intergovernmental conference on Rural Transportation Problems of the Elderly and Handicapped which my office organized last January in Iowa.

That Iowa conference summarized its conclusions in a series of nine policy recommendations which I presented to the Aging Committee's Subcommittee on Federal, State and Community Services earlier this year. One of those recommendations, which the conference placed high on its priority list, urged "that a program be established to insure Federal support of operational deficits and that the share of Federal funding of the operational costs be set at a maximum of 50 percent of such deficits."

In its report, the Iowa conference explained:

"The concensus of the conference was that current legislation providing for reimbursement of capital expenditures with little or no support of operational costs unduly handicaps rural areas in developing transportation systems. Indications are that operational costs typically comprise approximately 80 percent of the total expenditures of a transportation system. Securing funds for such operational expenses in advance of any indication as to the relative success of the system is extremely difficult. Therefore, the Federal government should pass enabling legislation to assume a greater fiscal responsibility in the operational costs of a system, to assure continuance of the programs urgently operated in lieu of their demise due to lack of funding.

"This motion should not be construed to mean that the conference participants suggest a capital expenditure program be deleted from the Federal legislation. Assistance with the initial start-up cost remains a primary consideration.

"Additionally, conference participants discussed at length the percentage which might be applied to State and local sources but concluded that such percentages were neither germane to the Federal legislation nor necessarily constant in all State and local situations. State and local governments vary greatly as to the degree of support they may be capable of providing and the conference participants felt that such determination should be handled at the appropriate government level."

Following our conference in Iowa last January, I had the opportunity to present its recommendations to the Aging subcommittee. In its final report, that subcommittee agreed with the conclusions we had reached back in Iowa; it, too, placed a high priority on operating assistance for specialized transportation programs. The subcommittee's report, which was later endorsed by the full House Select Committee, called in part for the type of legislative remedy which the legislation before you today proposes.

The problem with present programs of assistance, as we see it, is that there is a sharp difference between the availability of funding for operating expenses and for capital expenses, with a very definite (and, as I believe the record shows, a very devastating) bias in favor of capital funding alone.

This condition is particularly obvious in funding provided by the Urban Mass Transportation Administration (UMTA). For example, of the $11.3 billion, six-year program established by Congress under the National Mass Transportation Assistance Act as amended in 1974, $7.3 billion (about two-thirds of the total) is restricted to capital expenditures on a categorical basis. The remaining $4 billion is available for operating costs at the option of the local recipient—and even that small amount goes only incidentally to benefit the elderly who obviouly have very special transportation needs which, by their very nature, are costly and cannot be self-supporting.

Our concern, Mr. Chairman, is that the $450 million remaining to be spent under Section 3 of that legislation, which is reserved for transportation assistance to non-urban areas, should be available for on-going operating expenses as well as capital expenses. Obviously, that amount of federal assistance authorized under Section 3 for nonurban areas ($500 million over a six-year period) is small, but it is a start and it could prove to be a particularly effective start if those funds were available to support (and in many cases, no doubt, to rescue) rural specialized transportation programs which might otherwise close down because operating assistance is not available to keep them going.

As you may be well aware, Congress recognized the need for operating assistance to urban transit systems in 1974, when it amended the present law. At that time, the Senate's Banking, Currency and Urban Affairs Committee reported: "It has become evident to the committee that increasing passenger revenues cannot meet operating expenses; that the problem is national in its dimensions; and that if mass transit is to perform an essential public service. Federal support for operating expenses is a prerequisite."

I can assure the members of the subcommittee that the need is no less urgent for rural, small town and specialized transportation programs. If anything, the need is even greater. Because specialized transportation programs serve a smaller constituency, often dispersed over a wide area, and must by their very nature provide a more customized service, it is even less likely that passenger revenues can ever support such systems entirely. As the Aging Committee's Federal, State and Community Services Subcommittee noted in its final report,

"Since all regular transit operators in 1975 experienced operating deficits totalling $1.7 billion, we cannot expect systems serving a specialized public in a specialized way to meet their operating costs from the farebox."

In fact, the subcommittee added, "No fares are permitted on many special systems serving the elderly."

Mr. Chairman, and members of the subcommittee, in summary I would like to touch briefly on three points.

On behalf of the Select Committee on Aging and myself, I want to urge the subcommittee to act positively on the legislation before you today which would permit the expenditure of Section 3 National Mass Transportation Act funds for non-urban areas for operating expenses.

Secondly, I think it would be very helpful, in view of the fact that very little planning has been done in relation to either Section 3 of the Mass Transportation Act or Section 147 of the Federal Aid to Highways Act, that language be included in the final committee report urging the Department of Transportation and UMTA to develop a comprehensive plan by which rural transportation moneys can be spent and that they develop a methodology for meaningful evaluation of rural and specialized transportation programs. Without these procedures, there is very little guarantee that Federal assistance to non-urban transportation programs will ever achieve its goals in an effective and meaningful way.

Finally, I want to stress what we consider to be the uniqueness of the rural or specialized transportation handicap. It is my hope that we would not confuse Federal assistance to non-urban and specialized transportation programs with the partisan arguments over assistance to urban mass transit operating expenses. While there are obvious similarities between urban mass transit and non-urban transportation programs, there are some very important differences. In the case of elderly transportation programs, for instance, we should remember that Older Americans are dependent on adequate transportation services for the wide range of social and medical services which are so important in their lives. Without adequate access to these services, without adequate transportation systems which provide that access, the elderly are left literally isolated in their homes, deprived and denied a full participation in the social, political and economic affairs of their communities.

Mr. Chairman, I want to thank you and the members of the subcommittee for your invitation to be here and for your attention here this morning. On behalf of the Select Committee on Aging, I want to reiterate our support for the legislation before you today and assure you that we stand willing and anxious to assist you in any way we can.

GREAT LAKES WATER LEVELS CONTINUE ANNUAL RISE

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. VANIK. Mr. Speaker, the monthly bulletin of lake levels for the Great Lakes for May 1976 is now available. Its figures show that extremely high water levels continue—some are within only several inches of the historical highs of 1972–73. The Corps of Engineers' water levels newsletter states matter of factly that levels are expected to be above the long-term averages during the next 6 months.

Starting with the worst, Mr. Speaker, Lake St. Clair was 27 inches above its long-term average for the month of May. My own district's Lake Erie, along with Lakes Michigan-Huron—treated as a single hydrological unit—are both 25 inches over long-term averages. Lake Ontario is 23 inches over its long-term average. Lake Superior is 8 inches over its long-term average.

All the Great Lakes have steadily risen since winter and the Corps of Engineers' summary forecasts that the "lakes should peak this summer at about 3 or 4 inches below all-time records." While there may be some reason for long-term optimism, current conditions remain disastrous to too many Great Lakes property owners.

Spring and early summer is an especially crucial period for Great Lakes shoreline property owners. Spring rains coupled with snow meltoff usually put more water into watersheds than at any other time. Spring storms then whip up these extra-high waters and batter defenseless shorelines. Beaches that previously helped break the terrific force of storm-driven waves have since been covered with at least 2 feet of water. Consequently, shores are hit with the full fury of the powerful waves.

The Ohio shore of Lake Erie, because of geology and prevailing winds, has some of the worst shoreline erosion of all of the Great Lakes. Corps of Engineer officials, for example, last year showed me documents that rated the city of Willowick, Ohio, a city in my congressional district east of Cleveland, as the worst erosion site on the Great Lakes. Entire homes, cottages and garages, and huge amounts of valuable land have all been dumped into the lake below.

The most excruciating part of watching one's home or property being eaten up by high water erosion is its slowness. A house and a hundred feet of green lawn does not disappear overnight, but bit by bit, a foot here and a foot there. Each high wind or storm sees the waters whipped up to erode more supporting soil.

Additionally, there is little that most people can afford to do to stop the relentless erosion that high water levels cause. Last ditch landfills of automobile tires, scrap metal, and loose fill all end up defeated. Even expensive protection devices of rock and steel or interlocking cement barriers eventually wind up reduced to rubble and visual pollution by the fury of storm-driven water.

Although a 10-year comprehensive water levels study was completed in 1974, the International Joint Commission has yet to put any of the alternative regulation plans into effect. Each of the plans is capable of reducing the enormous water level fluctuations that plague the Great Lakes. The IJC is currently in the process of printing the final recommendations for report to the governments. I hope that it will be available to the public within 3 weeks.

MAYOR SNOW HINTON OF TUSCALOOSA, ALA.

HON. WALTER FLOWERS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. FLOWERS. Mr. Speaker, last month my home town of Tuscaloosa, Ala., suffered a tremendous loss when our Mayor Snow Hinton passed away at the age of 57. Snow had been mayor of Tuscaloosa for the past 7 years and before that was a member of our city commission. His life and long years of public service exemplified well what all of us should aspire to.

My years in Congress closely approximate the time he served as Tuscaloosa's mayor. In a true sense then, we were each other's constituent and representative and we worked together on many important projects and issues. He was an effective and able ally, but above and beyond everything else, he was a close and valued friend. We will miss him greatly, and to his entire family and especially his lovely wife, Marilyn, we extend our deepest sympathy.

In order to acquaint my colleagues and others with the life and accomplishments of my friend, I offer the following editorials from the Tuscaloosa News and Graphic, our hometown newspaper, for inclusion in the RECORD:

[From the Tuscaloosa News, May 17, 1976]

HINTON RESPECTED AS MAN AND LEADER

Mayor C. Snow Hinton had a finger on the pulse of every department in Tuscaloosa's municipal government structure. Hinton's easy way with people, his ability to communicate with fellow human beings from all walks of life, were the oil on troubled waters many times.

Hinton died Sunday at Druid City Hospital.

His passing leaves an emptiness on the third floor at City Hall where the constant traffic passed through his office—and among his wide circle of family, friends and acquaintances out in the community.

His roots in Tuscaloosa County life were deep. And he cared deeply about his native city and area.

That attitude showed through clearly in the way he administered his public duties.

Hinton often said it was concern for problems in the public schools that prompted him to seek the office of finance and water commissioner in 1961.

As a man and as a political leader, Snow Hinton was universally respected. But few ever realized how deeply his contributions were involved in making this a better community by solving seemingly insoluble problems.

He was the last official still in office who was in power during the time this city saw its greatest social upheaval—the turbulent early to mid-1960s.

Hinton was a balancing factor in a city torn by racial and cultural unrest during those critical years.

Many were the times then and later when a potentially explosive situation just seemed to dissolve, to go away. Quite often Snow Hinton was at the root of the solution—beginning with his quiet, calm and friendly approach to the various factions involved, using his talent at getting people of strongly differing views together and finding grounds for an acceptable resolution.

Such instances were numerous, some major and some minor.

The days of student unrest at the University of Alabama were a major instance. Snow Hinton was a vital key in resolving the problems of that moment.

He was the foundation cityside in building this community's excellent relationship with the University.

Long before he had a personal stake in the fortunes and problems of Central Foundry, Hinton worked hard with labor and management to find answers to problems that were fast becoming a danger to the well-being of the community.

Hinton had a way with people.

It was natural in that he genuinely liked and enjoyed members of the human species—and understood them. But he also earned their respect and trust by his concern and by telling them exactly what he thought.

He was a man of his word.

Hinton used the combination of these attributes to work for this community time and time again.

The water department of the city saw many improvements under his administration. Lake Tuscaloosa, a municipal water supply and recreational bonanza, in a way could be considered a monument to Hinton. The project was begun during his tenure as finance and water commissioner.

When he talked about the lake, the pride always came through in his voice.

As mayor, in addition to overall responsibilities for city operation, he was direct supervisor for the garbage and trash collection and street departments of Tuscaloosa.

He kept these fundamental but somewhat unromantic sounding services running well despite the multitudinous problems that have afflicted all American cities during the last decade.

Hinton always looked at the services from the angle of the city customer, the taxpayer who footed the bill.

He was touched when the Park and Recreation Authority (PARA) named the park at the intersection of McFarland Boulevard and Hargrove Road for him. But it was indeed largely Hinton's skill at negotiation that brought the land into local hands.

As a husband, father and grandfather, there was none prouder nor who enjoyed his family more.

He was a busy, busy man. Yet it was not uncommon to see him with a much prized grandchild in tow.

The feeling toward him within his family was mutual.

The family suggests that persons wishing to make memorial gifts may contribute to a memorial fund to be administered by PARA for use in development of Snow Hinton Park, to the Cancer Society, the Heart Fund or any other charitable or memorial fund that they may feel is beneficial to this community or to humanity.

The mayor's mark on his city will be lasting and those who maintained even a casual acquaintance with him will not soon forget him.

He loved his family, his city and his job as mayor of that city.

These were qualities that were apparent in almost everything he said or did. He was a rare individual.

[From the Tuscaloosa Graphic]

TUSCALOOSA'S GREAT MAYOR

Tuscaloosa has suffered grievously in the loss of Mayor Clarence Snow Hinton. His tragic death at the age of 57 comes as a severe blow to our city. Aside from the public loss of a diligent and foresighted mayor, many Tuscaloosans feel his death in a close personal way.

Snow Hinton was a man of many friends in all walks of life. He had a way of reaching people. It was an innate ability which enabled him to win the respect and friendship of people of widely divergent views, background and economic position.

As a longtime reporter of City Hall and observer of local government, this editor marveled at the mayor's skill in winning over the young, the elderly, students, business and professional people, men and women, blacks and whites.

He was deeply interested in everything that affected Tuscaloosa, its government, its people, its economic future, its culture, its welfare—anything that meant something to Tuscaloosans. His knowledge of the city and all facets of its governmental operations was vast. His love for Tuscaloosa was intense and his dreams for its future were brilliant.

He gave all who approached him a courteous and sympathetic hearing. Many a time this editor had watched Snow Hinton listen quietly and attentively to often boring and sometimes outrageous and preposterous proposals or complaints. Yet he managed to keep his cool through many a trying session of the City Commission. He had a keen wit and this helped soothe feelings and lead to constructive discussion.

Snow Hinton was a vigorous and dedicated municipal executive and Tuscaloosa is the poorer because of his death. He was the kind of mayor who was on call 24 hours a day, seven days a week. Anyone who wanted to reach him could, and did. We never knew him to take off for a vacation.

We recall he once had a vacation home on Lake Tuscaloosa—a longtime municipal dream of Mayor Hinton's which he saw become a reality. But it was not a place of rest for the mayor. By boat and car citizens went to him to talk about some concern of theirs. As usual, he gave them a respectful hearing.

Mayor Hinton had a broad understanding of all that went on in city government. He kept abreast of important developments effecting the community, whether economic or political. We doubt if any Tuscaloosan was more knowledgeable about various aspects of community activity.

Snow Hinton demonstrated intelligent foresight in his leadership of city affairs. His grasp of what city government was all about was comprehensive.

Mr. Hinton was first elected to the City Commission in 1961 as finance and water works commissioner. He was re-elected to this position in 1965. In 1969 he was elected mayor and re-elected in 1973.

He loved his city and wanted to go on serving it as long as he thought he could give it the 100 per cent effort that he gave throughout his nearly 15 years on the City Commission. Not long ago we talked to him one sunny afternoon about whether he would be running again in 1977. He spoke to us privately and in confidence.

He was obviously tired and even then was not feeling the best. But he replied, "I can't say, now, of course, what will happen that far ahead. But the way I feel now, I will run if I think I can be of real service and if my supporters want me."

We would not attempt to set forth here all the city's accomplishments during Mayor Snow Hinton's enlightened and productive tenure. We have mentioned his great love, Lake Tuscaloosa. The efficiency of the water, garbage and street departments is a tribute to him. It is a fact that city finance has always been sound and prudent. Mayor Hinton was a businessman who was as scrupulous in watching the public's tax dollar as he was in looking after his own. He insisted that outgo always balance with income.

In the area of consolidated government and services he exhibited understanding and leadership. He knew that the taxpayer's money would go farther through elimination of duplication of effort and multiple buying, and he made every effort to push consolidation. The county-wide recreation program, solid waste collection and disposal system, and jail consolidation are examples of his vision and his ability to get things done.

He was successful in his own business and happy in his personal life. Snow Hinton was always a worker. As a youth he delivered newspapers, even while playing football at Tuscaloosa High. He always had a job, earning his own money. Later he ushered at the local movie theatres, a position which in those days carried a certain esteem in the eyes of young people. In his school days he was exhibiting the qualities of leadership which made him a great mayor.

There is no way for us to put in words how much we and the City of Tuscaloosa will miss C. Snow Hinton. He was the caliber of man we see all too rarely in public life.

ECONOMIC EFFECTS OF THE HUMPHREY-HAWKINS BILL

HON. MARVIN L. ESCH

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. ESCH. Mr. Speaker, one of the more articulate and profound discussions of the Humphrey-Hawkins bill was published 3 weeks ago in the editorials of the Wyoming State Tribune. The editors had the good sense to go to one of the best possible sources of analysis on this bill, the distinguished Senator from Ohio (Senator Taft). The Wyoming paper points out that the Humphrey-Hawkins proposal does nothing more than "share the wealth" by resorting to the old WPA idea of providing make-work jobs for the unemployed, and taxes the producers on behalf of the non-producers. Senator Taft correctly termed the bill "an exercise in myopic pseudo-economics and mutual backslapping among those who still think that we can spend our way out of an inflationary recession." His discussion of taxation, private saving and consumption, capital spending, and productivity is extremely important. Too often, only the inflationary impact of the bill—of course bad enough in itself—is discussed in analyzing the economic effects of H.R. 50, and the points made in this column are equally important and need special emphasis. The article is herewith inserted for the benefit of all Members, and I strongly urge all to give it careful scrutiny:

Here We Go Again

One of the probable issues of the 1976 presidential campaign is the Humphrey-Hawkins Bill, the dream child of Sen. Hubert H. Humphrey and Congressman Augustus Hawkins of California.

It also is known as "The Full Employment and Balanced Growth Act of 1976," and has been designated as S. 50. What it principally purports to do is give every unemployed person a job, at government expense, at a cost which has been estimated at $12 billion a year but which may be considerably greater than that. Nobody really seems to know for sure.

What it will do in effect, however, is to share the wealth by resorting to the old WPA principle of the New Deal Depression days of providing make-work jobs for the unemployed. It also will tax the producers in behalf of the non-producers by putting the latter on government payrolls.

Some thoughts on the Humphrey-Hawkins Bill were voiced recently by Sen. Robert Taft Jr., R-Ohio, a member of the Joint Economic Committee, which held a long series of hearings on this proposal. It is perhaps fitting that the chairman of the Joint Economic Committee is Senator Humphrey and its membership includes such distinguished liberal luminaries as William Proxmire, Wisconsin; Abraham Ribicoff, Connecticut; and Edward M. Kennedy, Massachusetts, all senators and Democrats; Jacob K. Javits, New York, and Charles H. Percy, Illinois, both Republicans; and Congressman Henry Reuss of Wisconsin, a Democrat.

In his assessment of the hearings and the committee's apparent reaction as Taft viewed it, the Ohioan in remarks prepared for presentation at other hearings on the bill which were reprinted in The Wall Street Journal last week called it "a depressing experience, perhaps the most frustrating I have faced in all my years in Washington."

"It has been," wrote Senator Taft, "an exercise in myopic pseudo-economics and mutual backslapping among those who still think that we can spend our way out of an inflationary recession."

Taft said there seemed little doubt that most of the members of the committee "went into the hearings with the preconceived notion, totally unsubstantiated by either economic theory or historical experience, that public spending is a faster way to create jobs, especially permanent jobs of a worthwhile nature, than cutting taxes to stimulate private spending on consumption and investment."

Said Taft: "A public jobs program is almost entirely service-oriented. It does little to create economic growth and future job creation."

Taft then propounds some questions to support his own theory that make-work government job programs not only do not aid the economy in the longrun but may actually be deleterious to its health. For example, he asks what happens when taxes are cut for consumers; the answer is, of course, the individual consumer is left with more take-home pay to spend on consumer goods or to put into the bank, into savings, which in turn go into other productive channels such as home-building loans.

When taxes are cut for business, a business is able to retain more of its income and put it into expanded operations; capital spending thus creates more productivity and more jobs in building trades or machinery production or whatever.

Noting that the hearings held by the Joint Economic Committee on the Humphrey-Hawkins Bill coincided with the 30th anniversary of the Employment Act of 1946, Taft concluded with another question.

"Where will it all end?" he asked. "Probably with a new committee, holding a new set of hearings on the 30th anniversary of S. 50 (still) trying to write a new bill to get the government still more deeply involved in picking up the pieces of an economy it shattered in the first place."

DON BOLLES

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. RHODES. Mr. Speaker, last Sunday, I lost a personal friend and the city of Phoenix, Ariz., lost one of its most devoted citizens when Don Bolles, a reporter for the Arizona Republic, passed away. Don was the victim of a brutal gang-like slaying and sustained his fatal injuries while working on an investigative piece on organized crime in Phoenix. During his career, Don had proven to be a gifted and dedicated journalist, a determined digger who turned in some of the most revealing and important exposés of organized crime's activities in Arizona ever developed.

Don Bolles was a premier journalist as well as a courageous and concerned citizen of Arizona. This is a time of genuine grief for his fine family and all those who knew him. It must also be a time of renewed resolution for those of us who are aware of organized crime's pervasive influence within our society and recognize the ominous threat which it represents. We cannot, we will not, turn our backs on this tragic event.

Mr. Speaker, the Washington Post editorialized this morning about the meaning of Don Bolles' death to the profession of journalism:

The article follows:

The Murder of a Reporter

It has been a long time since a reporter was murdered in this country as a direct consequence of the information his reporting turned up. But that is what happened to reporter Don Bolles of the Arizona Republic of Phoenix who was fatally injured by a remote control bomb placed under his car. Mr. Bolles was reporting on the connections of organized crime to the land sale business when he apparently got close to some sensitive truth. He paid for his resolute devotion to his job with his life, and today we would like to salute him as a colleague, to deplore the brutal act by which he died, and to say a few words about the line of work that lead to his killing.

Don Bolles was an investigative reporter—

by all accounts, an extremely good one—and this is the highest form of journalism in the sense that, when it is well done, it is capable of producing the greatest public good. And that is why it is also the riskiest, toughest form of journalism; because it usually addresses itself to wrong-doing of one kind or another, the subject matter is almost always controversial, and the objects of such inquiries are inclined to be somewhat more than usually sensitive.

Assassination, of course, is not the usual resort of those under investigation by the press. And we would not wish even to suggest that this criminal act might mark the beginning of some sort of pattern of violent reprisal. But the fact remains that there has developed in recent years an ugly intolerance of the concept, so basic to the First Amendment, of a free-functioning, adversary press. So that while nobody, of course, is actually advocating violence, we do not believe it is too far-fetched to relate the murder of Mr. Bolles in a very particular way to the general atmosphere of hostility now confronting the news media. To those who are concerned about the difficulties already standing in the way of investigative journalism, and the danger of more being imposed, this tragic act, coming at a time when it is fashionable to inveigh against the press and to call, unthinkingly, for new restrictions on its freedom, serves as a grim reminder that the investigative press, for all of its supposed great power and unfettered freedom, already is operating in an area of high risk, and against heavy odds.

We are not talking about the Spiro Agnews of the world, although the former Vice President did his reckless bit to create an atmosphere in which others have been encouraged to bring forth a variety of measures to curb the media. There has, for example, been a rash of gag orders against publication of information that developed in public trials. Reporters have been exposed increasingly to the threat of jail for refusing to reveal their sources. The press has lost court cases that limited its access to prisons and it has had to fight back attempts by government in such legislation as S. 1 to keep the reporters away from certain kinds of secrets, many of them very much the people's business.

We are well aware, when we express our opposition to such measures, that we have a vested interest in this matter—a vested interest, you might say, in the inviolability of the press freedoms that we think the First Amendment quite properly guarantees. Nevertheless, the case of Mr. Bolles strikes us as a perfect example of why these First Amendment protections should not be tampered with. He was one of many reporters working on various aspects of a very serious social and legal problem in the United States. That problem is that organized crime, once a separate segment of our society, has crept into so-called legitimate activities, using its enormous excess capital and well-known muscle to buy into businesses which then become fronts for crime of all sorts. Arizona, a place where excess capital is more abundant than in many other parts of the country, was particularly vulnerable to organized crime. Mr. Bolles had proved that point in his reporting before his latest inquiry began.

His newspaper has declared its intention to finish the work its slain staffer began. Other newspapers around the country have sent reporters into Arizona to work on the story. In the end, that is exactly the right response of a free press to a brutal attempt at intimidation. And the best response of a free people, in turn, is to give reporters like Don Bolles and those who will come after him their encouragement and support. To impose new burdens on the investigative reporter is simply to play into the hands of those who felt sufficiently threatened by Mr. Bolles' investigations to take his life.

PRESENT SITUATION IN CAMBODIA

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. HYDE. Mr. Speaker, when I recently spoke in favor of continued military aid to the Republic of Korea, I reminded our colleagues that very little has been said in this House or in the press regarding the present situation in Cambodia. The basic reason for this, of course, is that an American ally such as South Korea which places some restrictions on civil liberties in an attempt to survive, permits reporters to write about all the faults they may find but a totalitarian state such as Cambodia's Communist regime has expelled all foreign journalists.

The Washington Post, however, recently published a letter—in its June 16 issue—from a journalist who had pieced together information on that country from various sources. He notes that the present rulers there are more bloodthirsty than even Hitler or Stalin. I should like to insert this letter in the RECORD at this time:

CAMBODIA: WORSE THAN HITLER'S GERMANY?

Some weeks ago there appeared in Letters to the Editor a letter by a G. C. Hildebrand of the Indochina Resource Center in reference to a story carried by The Post on Cambodia. Mr. Hildebrand has evidently become an apologist for the present Cambodian government, since our office, based on direct information from within Cambodia, as well as a very careful investigation on the many stories concerning Cambodia as circulated abroad in the past year, has determined that the evidence substantially establishes the present Cambodian government as one of the most oppressive, despotic regimes in modern history and that proportionately, the deaths traceable to the present action of the Cambodian government exceed those of the concentration camps of Hitler's Germany, and of the Soviet regime between 1919 and 1954, that the present Cambodian government is systematically destroying the family unit, has torn the economy assunder and has survived by terror and oppression. Therefore, Mr. Hildebrand should be a bit more objective and less inclined to parrot the propaganda of the Communist rulers of Cambodia.

DUARTE DE MARTINAU,
Associate Editor, Trans-World News Service.
WASHINGTON.

CLYDE M. WEBBER

HON. ROBERT N. C. NIX

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. NIX. Mr. Speaker, during the past 4 years, Clyde M. Webber had done an incomparable job as president of the largest union among Federal personnel, the American Federation of Government Employees. His task was the more difficult in that he replaced an extraordinary and indefatigable leader in the person of John Griner.

I had talked with Clyde Webber recently on personal matters with no hint of his state of ill-health. Thus it was most shocking to me to hear of his death last Tuesday.

Clyde lived a life of dedication, from the days of his earliest employment, to the cause of advancement and the welfare of his union members. I feel certain he was thankful he had the capacities of carrying on in that goal until the very end.

Though I worked with Clyde and the officers of his fine organization on many legislative matters, it always amazed me that with the many burdens that go with the leadership and management of such a large union, he still found time to be helpful to me in personal and political areas.

With his death, the membership of the AFGE has lost an articulate and effective advocate, not only in the legislative halls, but among the hierarchy of the labor movement where he served on the highest councils. He devoted much time and effort, too, to Federal labor-management relations programs, including the Pay Council, the Prevailing Rate Advisory Committee, and the wage committees of Defense, Veterans Administration and the National Aeronautics and Space Administration.

Mr. Speaker, it is with deepest regret that I mark the passing of a good friend of many of us here in the House. I am confident his successors will endeavor to continue and expand the policies and goals of Clyde Webber, whose memory I shall cherish always.

PRIVATE POSTMEN SUCCEED WHERE GOVERNMENT FAILS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. CRANE. Mr. Speaker, there is now little doubt that the Government-run postal system is hardly more than a costly extravagance and a failure. Only 6 years ago, Congress felt that increasing costs, rising subsidies and declining service justified the creation of a quasi-governmental corporation to oversee the delivery of the mail. That corporation, as was inevitable with any form of bureaucratic management, was even worse.

Instead of correcting the evils of the past, there has been a 117 percent increase in the first class postal rates, a

6 percent increase in the letter sorting error rate, and, rather than self-sufficiency by 1977 as was envisioned, a continuing increase in taxpayer subsidization.

Yet, while Government cannot even conduct a mail delivery system at a break-even point, private carriers are making significant profits—delivering those classes of mail which the law at this time permits them to handle.

Consider the New Jersey-based Purolator company, the biggest in the courier business. Revenues from Purolator's carrier division was up 24 percent to $124 million last year. In Seattle, Loomis Corp. reports its courier sales increased 35 percent. Such businesses as Greyhound Corp. and Baker Industries are up around 12.5 percent.

What the Nation clearly needs is free and open competition in the delivery of first class mail as well as in the delivery of second and third class material. If private companies can make a profit on those classes of mail which produce a deficit for the U.S. Post Office, imagine the benefits to be derived from competition in the first class area.

What is needed at this time is elimination of the Private Express Statutes which provide the U.S. Postal Service with a monopoly on the carriage of first class mail. Without competition, there is no incentive to improve, to cut costs, to provide better service, to innovate and ultimately to satisfy the postal consumer.

In a recent article in Forbes magazine, it is written that,

> The trouble is that the Post Office is still more featherbed and pork barrel than it is business. "Our customers," Postmaster General Benjamin F. Bailar recently warned Congress, "are turning to alternative, less expensive means of communication. As rates go higher, public resistance grows firmer and volume drops even more." And, he might have added, creates new opportunities for alert businessmen.

Only if this Government monopoly is ended will the American people find themselves the beneficiaries of a more efficient and economical mail system.

I wish to share with my colleagues the article, "The Pony Express Rides Again," as it appeared in Forbes magazine of April 15, 1976 and insert it into the RECORD at this time:

THE PONY EXPRESS RIDES AGAIN

THERE's a silver lining in every cloud, and the U.S. Postal Service's red ink is no exception. Facing a fiscal 1976 deficit of $1.5 billion, the USPS is trying urgently to get more subsidies and fees and cut services.

And now the good news: The private courier companies are making more money than ever.

Look, for example, at New Jersey-based Purolator (1975 sales: $298 million), the biggest in the courier business. Revenues from Purolator's old-line filters and gasoline caps businesses were down 9% last year. But sales from its courier division were up some 24%, to $124 million. Including armored car services, Purolator Service provided nearly 60% of Purolator's revenues and 73% of profits.

In Chicago, the American Stock Exchange-traded International Couriers Corp.'s revenues climbed some 30%, to $37 million. And in Seattle, Loomis Corp. reports its courier sales increased 35%. (Both companies enjoyed a windfall from Canada's two-month postal strike.) Such businesses as Greyhound Corp. and Baker Industries are up around 12.5%.

The courier companies play down the extent to which they compete directly with the USPS. No one but the Government can charge to deliver first-class mail; the private express statutes see to that. Moreover, couriers' services can no more be compared with government mail delivery than a Bugatti could be compared with a Model T. Couriers offer a personal, handmade and very expensive product. Suppose you want a 2½ pound legal brief delivered across town in New York. A courier employee will pick it up at your office, hop on a bus or subway and take it to the ultimate receiver. That will cost you $5.85 as against $2.05 cents in stamps. If the document goes cross-country, the courier in New York puts it on a plane; his counterpart in essence meets the plane in Los Angeles and takes the document to whomever is to receive it. Cost: approximately $32.

For the extra cost you get extra value. The government mailmen require you to put the communication in a mail drop, from which it is eventually picked up and taken to a central sorting terminal. If the delivery is across town, the document is sent to a local postal branch, then goes into the postal route, and finally is delivered. In New York, that can take two or three days, or even longer.

Their high fees notwithstanding, the couriers are being used more and more. Part of the reason is economic: Time is money.

Another apparent reason is psychological, a kind of rising expectation as to the speed with which things should move. Says Purolater Vice President Jack Milne: "A major reason behind the 20%-to-30% annual growth in this business is that everything is moving faster today. You can leave New York this afternoon and have dinner in Los Angeles. You expect the same for your communications."

ELECTRONIC COMPETITORS

For this very reason, couriers themselves face stiff competition from rapidly advancing electronic delivery systems. The Federal Reserve System-backed electronic funds transfer is beginning to limit the importance to the couriers of their old-line canceled check delivery business. Dollar volume on that business is still growing. But while some 90% of Purolator's courier revenues were accounted for by canceled check deliveries in 1969, 42% were last year. Purolator's Jack Milne sees the figure dropping to 25% or less within five years.

And there are the electronic message transmittal systems of Xerox, International Business Machines, Minnesota Mining & Manufacturing and even Exxon—part of the office equipment revolution (FORBES, Dec. 15, 1975). These systems can deliver the written (or computered) word in minutes, not hours. Until last year, a Xerox telecopier required at least 120 minutes to send a 30-page document. Now the document can be sent in 60 minutes on Xerox' new Telecopier 200. "We're finding that people are considering these machines for their mailrooms to send many documents," says Xerox product marketing manager James Clark.

The U.S. Postal Service is trying to compete via its new "express mail" service. The government postmen are even trying to join the electronic revolution. They are already there with Western Union's Mailgrams. And the USPS recently signed a $2.3-million contract with Pitney-Bowes to work on an electronic system.

However, as the electronic transmission of messages grows, there remain many items that can't be reduced to an electronic impulse: eye-glasses, dental plates, computer replacement parts, signed documents and many more.

Meanwhile, given the nature of bureaucracy, postal rates will continue to go up and service down. The USPS has recently announced it will cut business mail deliveries from thrice to twice daily in New York City, and from twice to once in nine other Eastern cities. Cuts from twice to once in the South and Southwest are under consideration.

The trouble is that the Post Office is still more featherbed and pork barrel than it is business. "Our customers," Postmaster General Benjamin F. Bailar recently warned Congress, "are turning to alternate, less expensive means of communication. As rates go higher, public resistance grows firmer and volume drops even more." And, he might have added, creates new opportunities for alert businessmen.

THE FLAG: OUR PROUD SYMBOL

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BOLAND. Mr. Speaker, in the last line of her essay on the American flag, Springfield eighth grader Theresa Dougal says,

> I am thankful that I am an American.

I, too, am thankful to be an American. I am also very thankful to see essays like hers, which recently won first prize in the Massachusetts Flag Essay Contest sponsored by the Massachusetts Society of Daughters of the American Revolution.

In her essay, Theresa reaffirms the finest values that America is founded upon: freedom, trust, loyalty, pride and courage. She points to the flag as a symbol of these virtues. To quote her fine essay,

> When I look up to the red, white and blue, the stars and stripes, I look up with pride. Not a selfish pride, but a loyal, thankful pride, that I hope all of my fellow Americans feel.

Mr. Speaker, I commend Theresa on her Patriotic and eloquent essay. She has touched upon all the things that make us proud to be Americans and I recommend her words to my colleagues and all Americans.

The full text of the essay follows:

[From the Springfield (Mass.) Daily News, June 14, 1976]

ON FLAG DAY: STUDENT SEES A 'MESSAGE OF TRUST'

Our nation has a symbol. It is the American flag. This symbol has a meaning for each American citizen.

To me, the flag of the United States of America is a reminder. My ancestors fought to make our country free. Loyal Americans shed their blood so that we might be called independent.

When I look up to the red, white and blue, the stars and stripes, I look up with pride. Not a selfish pride, but a loyal thankful pride, that I hope all of my fellow Americans feel.

To me, the flag of the United States of

America is a living memory of numerous hardships, famine and destruction, victory and defeat, prayers to God and trust in fellow men. Through all this we were able to safeguard our independence as a democratic nation.

I look up to our flag as other countries look up to the United States. Over all the struggles we remained, and will remain firm. Despite our own hardships, we helped lessen the hardships of other countries. We were described as "the American melting pot." Immigrants from many foreign nations, seeking refuge on American soil, contributed to the efforts of keeping this a respected nation.

Even though we have faced crisis and criticisms, these good people stand strong, under the American flag, and strive to correct the errors of the past and to ensure a happier future.

To me, the flag of the United States is a message of trust. Trust in the ability of the country it portrays; trust in the knowledge that while I live in my native country, I'll be free to do as I please under its protective laws; trust in the conviction that I won't be discriminated against and I'll have the same rights as my fellow citizens; trust that if our nation encounters hard times, my family will be protected by our local and federal leaders.

In turn, I will emulate my forefathers of 1776 with loyalty and trust in God and country.

As I look up at our flag, stars and stripes floating in the free breeze, I am thankful that I am an American.

THERESA DOUGAL,
46 Primrose St., Indian Orchard.

This letter won first prize in the statewide Flag Essay Contest sponsored by the Massachusetts Society of Daughters of the American Revolution. The author, Theresa Dougal, is an 8th grade student at Immaculate Conception School, Indian Orchard. Her entry was sponsored by Springfield's Mercy Warren Chapter, DAR.—The Daily News is pleased to print this essay to coincide with today's observance of Flag Day. Ed.

"THE GREAT WHITE ELEPHANT OF THE SKY"

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. WOLFF. Mr. Speaker, it is not often that we really have a legitimate reason for saying "I told you so." And, it probably is not a very good idea, in terms of unduly tempting the gods, to avail ourselves of the chance when it does come along. Resisting temptation is, after all, something of an act of grace.

But every once and a while, there comes an opportunity which transcends mere temptation, a chance which cries, begs, and simply demands a resounding "I told you so."

The Anglo-French Concorde SST, Mr. Speaker, is the very incarnation of that opportunity.

A year-and-a-half ago, when the executive branch of our Government was first revealed to be backing Concorde, regardless of the cost to the American environment, the people of New York, and, indeed, the U.S. taxpayer, I raised the issue of the tragic waste of limited resources that the Concorde represented for our very good allies, the British and French.

I noted that while it was perhaps not the business of Congress to worry about the business of Great Britain, in particular, nevertheless the close ties of our two nations dictated more than superficial concern for the economic well-being of England.

I suggested that we in the United States should not aid this folly not only out of concern for our Allies, but also because Concorde makes a mockery of U.S. law.

Unfortunately, the concern of myself and others has been fully borne out in the past year. The reason I have offered these brief remarks on the Concorde is that a distinguished economic analyst, Mr. Eliot Janeway, has reached much the same conclusion I prophesied last year—that Concorde is a symbol of things gone wrong.

I commend his recent column in the Washington Star to the attention of the House:

CONCORDE PROJECT DISASTER SYMBOL

(By Eliot Janeway)

The collapse of the once-proud British pound has not been a fluke. A good deal of creative thought, hard work and political face-saving have gone into the operation responsible for the fiasco.

Nor does the failure of the pound dramatize an isolated case of British inefficiency.

The related miscalculation on the Concorde is even more revealing of the inertia and inflexibility at the root of the all-pervasive weakening of the Western European economy.

The Concorde itself is more than just a British project. The French are their partners in this pathetic casualty of the transatlantic air race that needs three times as much fuel as a Boeing 747 to cross the Atlantic, and carries only one-third the payload. If France is not as busted as Britain, it's not for lack of trying.

Britain's more acute distress goes back to the nature of her previous prosperity as a financial power.

Much of her affluence depended upon the willingness of foreign money to trust sterling with its bank accounts. The loss of this confidence has sent sterling plummeting.

While the French franc was never exposed to this jeopardy, France and Britain share a common catastrophe-prone characteristic. The government is far and away the biggest factor in the economy of each country; and in neither country is an official mistake possible.

The formative case history of the Concorde shows what happens to a government that is not free to admit being on a wrong course. It cannot avoid engineering a disaster.

The present disaster is a 20-year hand-me-down from one generation of civil servants to the next. Both governments still pay lip service to the fiction that the elected representatives who make it to the cabinet play a part in the decisionmaking process; but cabinet ministers are no more than face cards played by the civil servants supposedly subject to their direction.

No cabinet officer in either London or Paris dared to veto the commitment made by the respective bureaucracies in going for broke on the Concorde.

Mrs. Mary Goldring, a respected economic writer in London, published a pragmatic post-mortem on the death of the Concorde a few months ago. She noted that the British and French governments felt no pressure to satisfy independent customers that the Concorde was a good buy. They shared two captive customers: British Airways and Air France.

But captive or not, Goldring reports, neither airline was a willing buyer. Even more shocking was the fact that the Anglo-French governments were unable to peddle the Concorde even as a gift.

Pan American World Airways refused to take the planes on an indefinite loan, and as far back as 1973 canceled its option to buy them. Coming from Pan Am of all transoceanic carriers, this refusal was an early warning signal that the plane would prove unsalable.

Pan Am's special problems would argue for its receptivity to such gifts. The airline is vulnerable to blackmail from government-subsidized competitors; and it has no domestic business.

It had the most to gain from getting the use of an economic plane for nothing; it also had the most to lose if its competitors proved able to use the Concorde to cut into its business.

It is the measure of the Concorde's hopeless inefficiency that Pan Am refused to touch it with its competitor's money.

It is the measure of institutionalized lunacy in London and Paris that the marketplace sent a clear message, and the nabobs in charge refused to receive it.

Now, the biggest open secret in London and Paris is that the Concorde has been abandoned as a lost cause. To break even on the project, a minimum of 120 planes had to be sold—before reckoning on any cost inflation in manufacturing or in operations since the fuel gouge.

The announcement limiting the production schedule to 16 planes is a death sentence. The on-going charade of the Concorde's serviceability is for foreign consumption only.

The Concorde disaster has left the American manufacturers the winners of the air race by default; and Goldring's version of a coroner's verdict explains how: "The Americans put the cart in front of the horse and set out to find out what the airlines did want."

It is unfortunate that the makers of the Concorde did not do the same.

EIGHTH DISTRICT CONFERENCE ON FEDERAL PAPERWORK

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. HEFNER. Mr. Speaker, on February 6, 1976, I had the honor and privilege of speaking in Salisbury, N.C. before the Eighth Congressional District's first annual Chamber of Commerce Congressional Review and Preview Conference.

During my speech on the important matters and legislation which had come before us during the 94th Congress, I spent some time discussing a matter which is of great concern to every small businessman and many Members of Congress—the ever-increasing burden of Federal paperwork faced by all businessmen. I would like to share those remarks with my colleagues:

THE BURDEN OF FEDERAL PAPERWORK

I want to get into a matter which, as a small businessman I am very much concerned about, as I am sure you are. The ever-increasing Federal paperwork burden on small businesses has reached monumental proportions. It is beginning to have a detrimental effect on the health of America's small businesses. Furthermore, it is my feeling that much Federal paperwork is unrelated to the actual business being conducted.

Many small businessmen have said that the only alternative to meeting expanding Federal reporting requirements is either to go out of business or merge with larger firms which have the staff capacity for coping with mandatory requirements.

The House Subcommittee on Small Business Administration and Small Business Investment Companies, as well as the Senate Select Committee on Small Business, have conducted hearings on paperwork requirements.

I believe you will be interested to know some of the facts brought out during the hearings.

The average one-man business spends more than two weeks of work time each year to comply with Federal reporting rules.

A "mom and pop" store with an annual gross income of less than $30,000 is required to file 52 tax forms in just one year.

One estimate is that it costs the government nearly $20 billion yearly to print, distribute and store all the small business forms, and that it costs small businessmen about the same to complete the forms—costs which are ultimately passed on to the consumer.

It goes without saying that this is very alarming information. The Congress has pledged to encourage small business—the Federal bureaucracy is smothering it instead, and this cannot be permitted to continue.

The Federal bureaucracy has evolved into a fourth branch of government, with a thick tangle of regulations carrying the force of law without benefit of legislative consideration. In 1974 alone, 67 Federal agencies, departments and bureaus adopted 7,406 new and amended regulations while, during the same period of time, Congress enacted 404 public laws—a ratio of more than 18 to one! Individual rights, consumer and environmental concerns, as well as business realities are ignored or run roughshod over by frequently insensitive or unresponsive bureaucracy.

Administrative rules and regulations have the force of law equal to an Act of Congress. I think we elected Representatives must recognize our responsibility to the American people by retaining control over the "laws" passed by an unelected bureaucracy. Two hundred years ago, our Founding Fathers recognized a similar situation and addressed it in the Declaration of Independence: "(King George) has erected a Multitude of new Offices and sent hither Swarms of Officers to harass our People and eat out their Substance."

As the size and reach of Federal bureaucracy has grown, the need to reexamine its force and power has come upon us. Curbs on "administrative legislation," which may have not been needed in years gone by, are needed today. We have too many examples of administrative excess and zeal, going far beyond any Congressional intent. Congress now has the responsibility of facing up to a re-examination of the necessity of Congressional control over the administrative process.

With a number of other Members of Congress, I have cosponsored a bill which has generated much interest in Washington and around the country. This legislation, the Administrative Rulemaking Control Act, would give Congress a procedure to curb abuses of the rulemaking activities of federal agencies. It provides that any rule or regulation carrying the force of law and subjecting violators to criminal penalties will be subject to Congressional review for a specified period of time before it can become effective. A resolution of disapproval passed by a majority of either House will have the effect of preventing the rule or regulation from taking effect.

Congress itself must also share the blame for excessive paperwork requirements. Congress often passes legislation, which may be well intended, but which does not take note of the amount of paperwork it may generate. In an effort to address this problem, I have cosponsored a second bill, which would require Congressional committee reports on proposed legislation to contain statements of the reporting and record keeping requirements which will be imposed on private business as a result of the enactment of such proposed legislation.

I believe that if Congress is forced by its own rules to look at specific evidence of the paperwork burden it would generate with any new legislation, then we will be more careful in passing laws than we have been in the past.

Finally, Congress has enacted legislation which created the Commission on Federal Paperwork. Now if this Commission was just another effort by Congress to sidestep another issue by making a study, then we would be deserving of criticism. The purpose of the Commission, however, is to investigate the paperwork requirements of the federal government and to make specific recommendations to the Congress. Already the Commission's work has resulted in legislation which has reduced unnecessary paperwork and saved the government as well as business several million dollars.

Many of you may be acquainted with IRS Form 941A, which employers have been required to file quarterly giving the name, Social Security number, wage, and Federal taxes withheld for each of his employees. As a result of the Commission's investigation and recommendation to the Congress, legislation was passed last December which eliminates Schedule A of this form. When this change becomes effective in 2 years, employers will only have to file this form annually. While this may appear an insignificant step in a long and needed journey, it is estimated that this alone will save the government $20 million, and employers, particularly small businessmen, $250 million.

No one knows the burden of the voluminous paperwork requirements better than you. If enough of you are interested, I propose, at a mutually convenient time, to hold Congressional hearings in the 8th District in order to give you an opportunity to let me know what you consider unreasonable and unnecessary government paperwork requirements. I plan to have with me staff members from the Federal Commission on Paperwork.

The information obtained at these hearings will be compiled and made available, not only to the Commission, but to the appropriate Committees of the Congress.

I would appreciate hearing from you if you would think this to be worthwhile and would like to participate.

Mr. Speaker, since I made that speech I have been contacted by a great number of people asking that such a conference be held.

Because of this interest, I am announcing a Conference on Federal Paperwork to be held in Salisbury, North Carolina on July 26, 1976.

Attending with me will be representatives of the Federal Paperwork Commission. I am especially fortunate that the Honorable Gilbert Barrett will attend the Conference. Mr. Barrett is a member of the Federal Paperwork Commission and also a member of the Daugherty County, Georgia, Board of Commissioners. In addition, Commissioner Barrett is a former President of the National Association of County Commissioners.

Representatives of small business and industry, chamber of commerce members and local government officials will be invited to attend and participate in the Conference. I believe these people have good advice to give us on what can be done to solve the problems of excessive paperwork and government regulation. I intend to take their advice, and I am instructing the participants to be specific in their objections and suggestions.

I plan to use this specific information constructively to evaluate the performance of the federal agencies involved and to suggest courses of action to the Congress. I hope to share wtih my colleagues the results and findings of this conference at a later date.

PERSONAL EXPLANATION—MISSED VOTES

HON. PIERRE S. (PETE) du PONT

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. DU PONT. Mr. Speaker, yesterday I was absent on business in Delaware, and missed several recorded votes in the House. Had I been present, I would have voted in the following manner:

Rollcall No. 386, "aye."
Rollcall No. 387, "no."
Rollcall No. 388, "aye."
Rollcall No. 389, "aye."
Rollcall No. 390, "aye."
Rollcall No. 392, "aye."
Rollcall No. 393, "aye."

WOMEN IN THE WORKPLACE

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. OBEY. Mr. Speaker, today and tomorrow the Society for Occupational and Environmental Health is hosting an international conference at the Mayflower Hotel here in Washington on the problems of women in the workplace.

This conference comes on the heels of action taken by the Appropriations Committee providing $1 million which had not been requested by the President to initiate a program on the problems of women in the workplace at the National Institute for Occupational Safety and Health.

If there is anything more frightening than what we are doing to our own health through the use of untested chemicals in the work environment, it is what we may be doing to the health of our children.

Industry is now beginning to recognize

this problem and the response, at least in some instances, has been to ban women of childbearing age from various types of employment.

The following article appeared in the Wall Street Journal this morning describing a report on this problem which was just released by the University of California's Labor Occupational Health Program and the Health Research Group:

[From the Wall Street Journal, June 17, 1976]

FIRMS WON'T HIRE, RETAIN SOME FEMALES DUE TO HEALTH HAZARDS, NEW REPORT SAYS

WASHINGTON.—Women of child-bearing age face a new form of job discrimination because employers don't want to expose them to health and safety hazards, a new report said.

Employers have begun to refuse to hire, or continue to employ, fertile and pregnant women workers, according to the report, issued jointly by the University of California's Labor Occupational Health Program and the Health Research Group, which is supported by Ralph Nader's Public Citizen organization.

The companies fear that substances used on the job can cause birth defects and miscarriages. But the report said such decisions disregard an employer's "legal obligation to provide a safe and healthful workplace to all workers." And it said the approach also ignores evidence that the male reproductive system also can be damaged by hazards at work. Thus, "women don't get jobs and men don't get protection," according to the report, issued on the eve of a conference here examining the issues surrounding the health of working women.

Pregnant workers are no longer an oddity, the report declared. It estimated that the majority of women workers are in their child-bearing years and that more than 1.5 million women workers have babies every year.

GENETIC DAMAGE

The report said job exposures can result in infertility, in genetic damage in men and women that can be passed on to offspring, damage by chemicals reaching the fetus or damage to a newborn baby caused by chemicals in a mother's breast-milk. "Unfortunately, no one has ever systematically analyzed data on the 250,000 babies born every year with birth defects in this country to determine whether the abnormalities might result from their parents' work exposures," the report said.

Citing possible work hazards, the report said that exposure to lead is associated with stillbirths and miscarriages in women and with sperm abnormalities in men, and that vinyl chloride causes cancer in the offspring of exposed pregnant rats and "is linked to stillbirths and miscarriages in the wives of workers exposed to it."

Anesthetic gases have been linked to cancer, birth defects and miscarriages in exposed female operating room personnel and to miscarriages in wives of dental surgeons and birth defects in wives of exposed male operating room personnel, the study said. Carbon disulfide used in the manufacture of viscose rayon can cause miscarriages and sperm abnormalities. And exposure to high levels of estrogens can cause female menstrual difficulties and male impotence, the report warned.

HASN'T WRITTEN STANDARDS

Such dangers still are relatively unknown and unresearched, the report said, and the Labor Department's Occupational Safety and Health Administration so far hasn't written standards in a way designed to prevent harm to unborn children.

The report said women in Idaho, Pennsylvania and Canada have been refused jobs in hazardous areas of plants unless they can prove that they are no longer able to bear children.

In one instance, fertile women at an Idaho lead smelter were transferred to safer jobs, some at lower rates of pay. And a mother of four working in a Canadian lead storage battery plant had herself sterilized in order to keep her job.

The report called for job safety and health standards to be developed "to protect all workers who are exposed to hazards, regardless of their sex." It urged that women workers be given the opportunity to transfer to another job during pregnancy without loss of pay, seniority or other benefits. And it said women shouldn't lose seniority and other benefits if they leave work temporarily for childbirth.

A COMMENDATION TO A LEADER IN HIS FIELD—IVAN BULL

HON. TOM RAILSBACK

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. RAILSBACK. Mr. Speaker, I would like to take this opportunity to inform my colleagues of an honor received by a resident of the 19th district of Illinois. Ivan Bull, a managing partner of McGladfrey, Hansen, Dunn & Co., a Moline, Ill., firm of certified public accountants, was elected chairman of the American Institute of Certified Public Accountants. He served previously as the institute's vice chairman and as a member of the board of directors and planning and finance committee. Earlier involvement in the AICPA also includes a role in drafting the restatement of the code of professional ethics.

I believe that the dedication and hard work involved with the exercise of such leadership deserves commendation. I join with Mr. Bull's colleagues in congratulating him and in expressing confidence in his ability to effectively fulfill the responsibilities of this position.

DISSENTING VIEWS ON H.R. 12112

HON. JAMES T. BROYHILL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BROYHILL. Mr. Speaker, on Tuesday of this week the Committee on Banking and Currency completed its consideration of H.R. 12112, the Synthetic Fuels Loan Guarantee legislation which was reported by the Committee on Science and Technology on May 15. The legislation has also been sequentially referred to the Committees on Interstate and Foreign Commerce, on which I serve, and to the Ways and Means, in addition to the Banking Committee.

In my view, The Banking Committee has not faced up to some of the broad philosophical issues contained in this bill and has unwisely reported favorably on this vast new program for the Energy Research and Development Administration. That program is to provide billions of dollars of loan guarantees for energy development so questionable that the private sector has, so far, chosen not to involve itself. Down the road, according to ERDA, we can expect to be asked—in addition to the loan guarantees—for construction grants and price supports! Indeed, this is virtually the same program the House so resoundingly defeated last December.

Fortunately, one alert member of the Banking and Currency Committee—probably to be joined by others of his committee colleagues who see this program for what it realy is—has prepared dissenting views for the committee's report. My colleague from Texas, Dr. RON PAUL has prepared some very persuasive dissenting views, and I would like to take this opportunity to call these views to the attention of my colleagues:

DISSENTING VIEWS ON H.R. 12112

(By Dr. RON PAUL)

H.R. 12112 seeks to establish a Federal loan guarantee and price support system for the manufacture of synthetic fuel. We are told that world reserves of petroleum and natural gas are declining at a rapid rate and that the United States is dangerously dependent on foreign sources for such fuel. With ample quantities of coal and oil shale available, therefore, it would seem that the production of synthetic fuel derived from such sources is a logical and necessary step toward "energy independence." No one disputes the necessity of obtaining additional sources of energy for the future. The question is simply why must the government become involved in such a program? Why aren't private incentives sufficient?

We are told that the risks involved in the manufacture of synfuels are so great that private investors will not undertake them. Mr. W. T. Slick, senior vice-president of Exxon, listed four primary reasons why they are not already being manufactured, though the technology for synfuels already exists:

"1. *Legislative and regulatory uncertainties*. Oil price controls, gas price regulation, threatened divestiture legislation, accessibility of federal resources, unreasonable environmental regulations, and uncertain fiscal policy.

"2. *Financial uncertainty*. Synthetics plants are inherently capital intensive. Costs in the process construction industry have doubled since 1972, resulting in a significant increase in financial risk. In addition, investors may be unwilling to provide capital because the uncertain legislative and regulatory environment may jeopordize the completion or profitability of the project.

"3. *Technological uncertainties*. Although the process technology has been proven in laboratory or even pilot-scale operations, substantial uncertainties remain about the commercial-scale operations. These questions can be answered only by building and operating large-scale "pioneer" plants to provide field information.

"4. *Timing uncertainties*. Abnormally long lead times complicated by delays in approvals, environmental reviews, and litigation."

Of these four reasons, three are wholly or in part the result of previous government intervention in the market. Mr. Slick's opinion is supported by other testimony as well. Charles H. Brown, vice-president of the Oil Shale Corporation, for example, told the Subcommittee on Economic Stabilization:

> "Big companies, like financial institutions, can take such huge risks only for investments of "impeccable quality." And, let's face it, a pioneer synthetic fuels plant using brand new technology producing oil in a political climate of price controls, allocations, environmental lawsuits and changing regulations is not exactly an investment of "impeccable quality."

Thus the loan guarantee program really comes down to a government subsidy to pay for government regulations. The fact that this is true was even admitted by the chairman of the Science and Technology Committee, the Honorable Olin Teague:

> In addition to the financial risks and capital costs, there are numerous environmental uncertainties because of regulations that must be met as well as questions concerning the adequacy of available labor and materials. Our bill provides a means for the Government to reduce the risks sufficiently to allow these projects to proceed.

It has reached the point, in fact, where investors are so wary of government regulations that even a pledge to exempt present projects from future price controls would probably not be believed. This fact was pointed out by Mr. J. E. Bixby, vice-president of Texas Eastern Transmission Corporation,:

> It has been suggested that if appropriate regulatory actions were taken to assure investors that the total costs would ultimately be paid for by consumers, capital would be forthcoming to finance such projects without involving the government at all. Such views may be more wishful thinking than realistic analysis, because the existence of regulation is simply not an adequate base on which to finance on a true "project basis" capital requirements of the magnitude involved. On the contrary, investors are well aware that the Federal Power Commission, for example, cannot bind its successors on future rate treatment and they are wary of the rules being changed while the game is still in progress."

Thus it is not simply the fact that the energy industry is over-regulated—although that would be bad enough—but that the regulations are not stable. If the legal framework is constantly changing, then uncertainty becomes unavoidable. Law must be stable, not fluctuating. And the jurisdiction of the law must be limited, not comprehensive. Only a limited constitutional legal system can credibly create the sort of expectations that are necessary for long-term, high risk investment to occur. The instability and unpredictability of our laws have created a situation in which the government must propose new laws to counter past laws. This is not the solution. If past laws, regulations, and decrees are harmful, they should be repealed and not simply mitigated by new ones.

Furthermore, there is no reason to believe that the loan guarantee program will really accomplish what it is supposed to anyway. The idea of setting up large, full scale synthetic fuel projects, primarily for high BTU coal gasification, is to test their commercial viability, as well as to determine their environmental impact. However the use of guaranteed loans will inevitably give a distorted picture of the project's true costs. As it was put by Professor Henry Jacoby of M.I.T.:

> "The problem with loan guarantees is that they tend to hide the true cost of the technology that is being demonstrated. Loan guarantees give the illusion of bearing no cost, since no immediate budgetary expense is involved, and it is often assumed—we don't know if correctly—that the costs of default will not arise. In fact, loan guarantees do involve a cost to the economy as a whole, for they subsidize the flow of capital into the guaranteed investment . . . Thus the guarantee carries a hidden subsidy which masks the real economic cost of the energy produced—or saved—and clouds the issue of what the 'commercial' status of the technology would be without the guarantee."

There are also serious questions about the kind of technology these loans will be subsidizing. Particularly in the area of high BTU coal gasification, these are first-generation projects, little advanced over the original Lurgi process invented by the Germans during World War II. There will be available within a very short time, however, second-generation technology which is not only simpler, but cheaper and more efficient. In fact, it is estimated that plants utilizing the more advanced processes will be able to produce usable energy for 20 to 25 per cent less cost to the consumer. In addition, part of the high cost of the Lurgi process is a result of the fact that it is much more damaging to the environment than burgeoning second-generation processes. Should this new technology develop as expected, therefore, huge amounts of capital will have been wasted on projects which are essentially obsolete.

Investors are fully aware of these facts and that is another reason why money has not been forthcoming for synthetic fuel projects already. There are, however, some companies that have already committed themselves heavily to synfuel projects. It is to their advantage, therefore, to press strongly for immediate loan guarantees so that the government will not only assume their normal business risks for them but have a continued vested interest in supporting them afterwards. Consequently, rather than promoting new energy production in this manner, it would be better to consider another alternative. As Professor Murray Weidenbaum argued:

> "A natural and more straightforward state of affairs would be to eliminate the special price controls on existing conventional fuels. Such action would both encourage further exploration and simultaneously promote greater conservation. As the price of conventional fuel rises to the cost of synthetics, there will be an automatic incentive for private companies to move ahead. But given the normal desire to minimize risk, private investments will be deterred if there is a strong possibility that the government will step in and assume risk."

An additional side-effect of the loan guarantee program will be to increase greatly the demand for capital on the financial markets. This fact and its consequences were noted in testimony by the Honorable Gerald L. Parsky, Assistant Secretary of the Treasury:

> "Any type of federal financial assistance resulting in the undertaking of energy projects which would not otherwise have been undertaken will lead to some redirection of resources in our capital markets. Such incentives increase the demand for capital while having little or no effect on the overall supply of capital. They tend to cause interest rates to rise and channel capital away from more economic uses to less economic uses. In short, the proposed program of Federal incentives will direct capital away from other areas of our economy into synthetic fuels production."

Thus we are faced with the fact that the Congress is being asked to underwrite synthetic fuel projects of dubious technological and economic value at the expense of those areas of the economy most in need of capital. This is bad enough, but it is compounded by the Congress's unwillingness to address itself to the fundamental cause of our energy dilemma, which is government interference with the free market.

The Congress has been faced with the question of decontrolling oil and natural gas for many years now and always sidestepped the issue Demagogues have made it seem that the only thing to be gained from decontrol is windfall profits for the oil companies. Then they imply that the energy crisis was actually manufactured by the oil companies just so they can get decontrol. Yet these same people are some of the most vocal in pushing for synthetic fuels. The question thus seems to be, is the energy crisis real or not? If it is real, then we need to provide every possible incentive and assistance for the discovery and exploitation of new energy sources. If it is not, why do we need to have synthetic fuels?

Genuine decontrol, though it would indeed increase the price of oil dramatically, would actually set in motion powerful forces which would guarantee that the United States never runs out of energy. These were outlined very succinctly by economist W. Philip Gramm:

> "In a free market, when the price of a good starts to rise, three simultaneous forces are produced. First, people start to use the good more judiciously, second, producers and consumers who use the product begin to search for cheaper substitutes, and third, producers of the product attempt to expand output by using and developing technology to meet the demand. It is this process which has always forestalled doom. We will run out of energy *only* if we prevent the free market from working. Herein lies the real danger of the energy crisis."

The capital requirements of the energy industry are enormous. The synthetic fuel plants to be funded under this program are already budgeted at one billion dollars each for two high BTU coal gasification plants. Given the present inflation rate, however, and the propensity of firms working on government projects to have cost-overruns, we can expect this price tag to rise much higher; particularly if there is extended litigation by environmental groups opposed to them. This will undoubtedly raise still further the projected price of the gas to be produced, which is already 8 to 10 times higher than the controlled price of natural gas.

The Congress is being pressed very hard by the press and the Administration to "do something" about energy. It must decide whether to do something fundamental which will permanently help, or to do something hasty which may do more harm than good in the long-run. We believe that decontrol is the only answer and that H.R. 12112 is ignoring this issue while wasting valuable capital resources on projects of dubious benefit.

H.R. 14114, INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. ASHBROOK. Mr. Speaker, I opposed H.R. 14114, which would increase the limit on the public debt by an additional $73 billion over the next 15 months. The reckless Federal spending exhibited by this and other recent debt increases cannot be tolerated.

If H.R. 14114 is enacted into law, this will be the fifth time the 94th Congress has increased the debt limit. In less than 18 months the Congress will have voted debt ceiling increases totaling $205 billion $169 billion of this in the last year. Following is the sad legislative history of how an authorized debt limit of $495 billion at the start of the 94th Congress has already swollen to $627 billion:

[In billions of dollars]

Feb. 19, 1975: 89 Stat. 5, temporarily increasing the temporary debt limit by $131 billion for the period from Feb. 19, 1975, through June 30, 1975, to make the limit for such period------	531
June 30, 1975: 89 Stat. 246, temporarily increasing the temporary debt limit by $177 billion for the period from June 30, 1975, through November 15, 1975, to make the limit for such period-------	577
November 14, 1975: 89 Stat. 693, temporarily increasing the temporary debt limit by $195 billion for the period from November 14, 1975, through March 15, 1976, to make the limit for such period--------------------------	595
Mar. 15, 1976: 90 Stat. 217, temporarily increasing the temporary debt limit by $227 billion for the period from March 15, 1976, through June 30, 1976 to make the limit for such period-----	627

Apparently this Congress believes the sky is the limit for Federal spending. Fiscal integrity has been thrown out the window by the liberal majority. Rather than taking the steps necessary to cut spending and hold down the debt, the liberal majority simply raises the ceiling to fit the debt.

Frankly, I think the reckless fiscal policies followed by the majority are out of step with the mood of the country. The American people are tired of the spend, spend, spend mentality so prevalent in Washington, D.C. Americans want to halt the incessant growth in the cost, size and power of the Federal Government.

It is time that the Congress brought Federal spending into line with income. H.R. 14114 and the reckless spending policies it represents is the coward's way out. As long as Congress takes the debt increase route, it will never stop its liberal, free spending ways.

LFM—A PROPOSAL TO INCREASE EFFECTIVENESS AND PRODUCTIVITY—AT NO ADDITIONAL COST

HON. EDWARD W. PATTISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. PATTISON of New York. Mr. Speaker, at present, 435 Member of Congress function in approximately the same manner as 435 lawyers practicing individually. Each Member is granted a variety of tools to accomplish his legislative and constituent functions. Such tools include office space, equipment allowances, clerk hire allowances, stationery allowances, and travel allowances, to name the major items. Over the years as the function of the Congressman has changed and his responsibilities increased, these tools have been expanded and the allowances expanded and yet, it is clear that Members are increasingly unable to fulfill their responsibilities in a satisfactory manner.

Over the years, in response to the increasing complexity of the problems of a complex technological society, specialization by members has become more and more the rule. It is becoming more and more rare that the generalist is able to function; the very technical nature of proposed legislation renders any nonspecialist virtually impotent in an increasing amount of legislation.

Virtually, the same phenomenon has occurred in every area of modern endeavor, be it law, medicine, or science.

In response to this phenomenon, other professions have reacted by an increasing amount of joint endeavor. Law firms, medical group practice and similar modes of combinations are more and more replacing the single practitioner. This movement has allowed for practitioners with different specialities to join together to both better serve their varied clients and to advise each other. Further, such combinations have allowed for economies of scale providing for increased productivity and increased effectiveness. Combinations can afford to rent or purchase equipment, books, and services that would be unavailable by virtue of their cost to the Members acting alone.

This proposal merely seeks to recognize the above-stated circumstances and to provide for the mechanisms necessary to allow individual Congressmen to the extent they see fit to do so, to arrange their affairs in a manner similar to that followed by other professions.

The proposal which I choose to call the law firm mode—LFM—would allow the following:

First. Members would be allowed to combine their physical offices by mutual agreement.

It may be wise to limit the number of Members who may choose to form an LFM to a maximum of some number; for example, no more than 10.

We are all aware of the space constraints that presently exist. Almost every office is overcrowded. There is no hope that the problem will be solved by the building of new space in the near future. Indeed, it can be argued that, until we have fully and efficiently utilized the present space available, any such building program would be unresponsible. A closer look at present offices reveals not only obvious overcrowding of staff but also the wasted space in Members' personal offices.

Members are rarely in their personal offices. Most Members' time is spent in committee or other meetings or on the House floor. On the other hand, when a Member utilizes his office for a meeting involving others, the space is frequently inadequate.

With LFM, six Members could combine their office. Two of the offices could provide desk space for all six. Three of the remaining four offices could be used for staff space, and the remaining office could be converted to an adequate conference room/work space/library.

Second. Members would be allowed to pool their equipment allowances.

Today, each office has its own repography equipment. A six-man firm could probably do with two machines. No other examples need be mentioned—the list would be endless.

Third. Members would be allowed to pool their clerk-hire allowances.

A six-man office would probably employ one or two receptionists rather than six; one CPA with an assistant bookkeeper and one secretary would more competently and less expensively handle the management of the entire office; a firm might employ one legislative assistant to supervise a team of assistants to handle all legislative mail; a legislative team, rather than a legislative assistant for each Member, might be far more productive and expert; this list also could be endless. It is quite conceivable that such a system could result in more complete use of buildings and equipment. There would be no reason why the legislative mail team, mimeography or robo operators, and so forth, could not work from 7 p.m. to midnight, particularly if part-time help were utilized.

Fourth. Members would be allowed to use a percentage of their clerk-hire allowance—say 10 or 15 percent—for the hiring on contract of consultants.

Presently, if a Member or several Members feel the need for some expert advice on a certain matter—say on energy—they must each put the expert on their respective payrolls. This is complicated, time consuming, and expensive. A firm would, by mutual consent, be able to engage the services of an expert for the limited time his advice is needed and define the services to be rendered by contract. In the case of a firm, one can envision using the services of a military expert when the military budget is on the floor, an agricultural expert when agricultural programs are proposed, an economist to examine unemployment programs, and so forth.

CONCLUSION

The LFM system would require a good deal of change in a variety of existing practices and systems. The present office assignment system would have to be drastically altered, for example. However, it would seem that the obvious benefits to the Members and the institution would overwhelmingly outweigh any disadvantages.

HONORING FRANK B. PEEBLES, OF SAN RAFAEL, CALIF., UPON HIS RETIREMENT

HON. WILLIAM H. HARSHA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. HARSHA. Mr. Speaker, I think it appropriate in this Bicentennial Year of our country's independence that we honor with gratitude and affectionate admiration those of our citizens who have dedicated a lifetime of service to community, country, and the constitutional principles that have made this Nation strong and which assure that it will endure in the centuries to come.

Such a citizen is Frank B. Peebles of San Rafael, Calif., Regional Counsel for the Federal Highway Administration in San Francisco, who will retire this summer after many years of dedicated and loyal service to these United States and to his fellow Americans, whenever, wherever, and however he has been needed.

Frank Peebles has executed his Government lawyer duties faithfully and well since 1958, when he first began his Government employment as an attorney with the Federal Highway administration, then the Bureau of Public Roads. He brought with him to the Government service his years of experience in private law, but more importantly, he brought to us his keen sense of justice and fairness for all members of society. And over the years his contributions to the Federal highway program have been numerous and splendid, and all who have dealt with him—professional associates, engineers, State and local government officials, and the public at large—have always found him to be forthright, knowledgeable, courteous, and helpful. He exemplifies the term integrity. In his retirement his advice and friendship will be sorely missed by those who have had the benefit of a daily working relationship with him.

Before his years of civilian service, Frank was mindful of the duty owed to his country. In 1937 he joined Troop B—the Bay Horse Troop—of the 107th Cavalry in Cleveland, Ohio. Following December 7, 1941, he served as troop commander in the 107th Cavalry, participating in the patrol of the Pacific coastal region from Santa Maria, Calif., north to the Oregon border. After the war, he was separated from active duty with the rank of lieutenant colonel, but remained active in the U.S. Army Reserve, serving as Director of Command and General Staff Branch of the 6227th USAR School at the Presidio of San Francisco and later as commandant of the school. He was transferred to the Retired Reserve in 1970, in the rank of colonel, after more than 30 years of Active and Reserve service which he started as a private in Cleveland so many years ago.

Now, in 1976, Frank Peebles will retire from his country's service, and on June 26 the people of the San Francisco Bay area will express their affection for him at a retirement dinner. I ask the Members of the House to join with me in congratulating this outstanding member of our community and government, and wish him continued happiness, good health, and personal success in his retirement. His wife of 37 years, Betty, his daughters, Mrs. Sharon Archer and Mrs. Carol Smith, and his grandchildren, Lisa and David Smith, must be very, very proud of his many accomplishments. He has served his country well.

LOOKING AT OUR ROOTS AND OUTREACH

HON. JAMES ABDNOR

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. ABDNOR. Mr. Speaker, this Bicentennial Year has prompted far-ranging research into our history and heritage. States, counties, communities, and families have undertaken projects researching our roots and the outreach of these roots across the length and breadth of the land.

Such a project in Brule County, S. Dak., has shown the outreach of South Dakota roots into Louisiana and the birth and flourishing of the famed Ochsner Medical Clinic in New Orleans. Dr. Alton Ochsner, its founder, is a native South Dakotan, and his story is another fine example of success through the exercise of the freedom of opportunity which has been the American heritage through 200 years.

The article follows:

ANOTHER EXAMPLE OF SUCCESS THROUGH THE FREEDOM OF OPPORTUNITY

Dr. Ochsner considers himself "the most fortunate individual" in the world—first, in that his parents were rugged stock who homesteaded in South Dakota before Kimball was a town. It had been chosen as a site for a railroad stop, but when the parents drove a team of oxen there, there was no town.

He grew up in a Christian home under very strict discipline which he came to appreciate more through the years. "I am convinced that the reason we are having so much trouble in the United States today is that we have a whole generation of young people who do not know what discipline is," he recently commented. He says he was also "fortunate that I had to struggle to get by" because his parents were not affluent, and he had to work his way through college.

After finishing at the schools in Kimball, he attended the University of South Dakota at Vermillion in 1914 taking the combined course of B.A. and two years of medicine, graduating in 1918. His father's cousin, Dr. A. J. Ochsner, an internationally known surgeon, then took him under his wing.

The senior Ochsner's son did not study medicine, and thus the opportunity of the family name continuing in medicine fell to Alton.

Alton spent the summers of 1917 and 1918 as an intern in the Augustana Hospital in Chicago, where the senior man was chief surgeon. In 1918, he transferred to Washington University, considered by many as the best medical school at that time.

Alton Ochsner finished two years of medicine at Washington University, receiving an M.D. degree in 1920. During his senior year he was chosen as a student intern. It was at a time when they were having a great deal of difficulty in Russia, and Hoover, who subsequently became President, took a mission to Russia and several of the interns from Barnes Hospital, where he was interning, were chosen. This left a vacancy in the hospital so that in his senior year, he was an intern in medicine.

Upon graduating from medicine, he stayed on at the hospital for an additional year as an Assistant Resident in Medicine. "Although I was going into surgery, I would not have had the foresight to take two years of medicine at a time when many graduates of medicine did not even get an internship but went right out into practice, but Dr. A. J. Ochsner insisted upon my taking the two years of medicine," he said later.

After finishing a second year of graduate medical training, he went to Augustana Hospital in Chicago and trained directly under his mentor. Then he came to Europe as an exchange surgical resident: first for a year in Zurich at the University of Zurich under Professor Clairmont. While there he was married in 1923 to a girl he had met in Chicago at the Augustana Hospital when her sister was there for an operation. At Frankfurt-am-Main, Germany, he was an exchange surgical resident for two years at the University Hospital under Professor Schmieden, returning to the United States at the end of 1925. The Ochsners went to Chicago for a year where he was associated with a surgeon who had a large practice and was on the pathology faculty of Northwestern University. "Although it was a great opportunity to do this, I was unhappy because I had had such a superb training and was spending my time assisting at operations and seeing patients, and not being able to do the things I wanted to do, namely, to teach and to do research."

In 1926, the opportunity came to go to the University of Wisconsin as Associate Professor of Surgery, a full-time job, with much less pay, but the opportunity to do the work that he wanted to do.

In January of 1927, he was offered the Chair of Surgery at Tulane University in New Orleans, which had been held by one of the most venerable surgeons in the United States, Dr. Rudolph Matas. At the time he was only thirty years of age and did not think he would be considered: "I did not even consider it seriously when I first came to New Orleans to be looked over and to look the place over. Before I left New Orleans, I was asked to give one of Dr. Matas' diagnostic clinics. Dr. Matas was one of the best educated men in the world according to Dr. Will Mago, and I was not about to hold one of his clinics. They insisted upon my doing it. I said I would do it and would talk about some work I had been doing and would demonstrate the technique before about 250 students and about 50 faculty members. They had been looking for a professor for about two years and had not been able to agree upon one. The technique that I demonstrated ended in absolute failure, the reason for which I did not know at the time. It happened, however, that the cocaine I was using was old and had lost its efficiency. I knew after this failure that I would never be considered for the place. When the technique did not work, I simply said that I did not know what happened and did not try to make any excuses." One week later, he was offered the job and they said the reason they did was that he did not make any excuses when this failure had occurred. He went to New Orleans the first of July, 1927, as Chairman and Professor of Surgery at Tulane University. A son, John, who later became a great heart surgeon and associated with his father, was born shortly before the move to New Orleans. With the exception of two years, he continued his teaching and research at Tulane through 1941.

On January 1, 1942, four other professors joined Dr. Ochsner in the clinic, which bears his name. The choice of a name for the clinic was made by his colleagues while Dr. Ochsner was out of town. The clinic has grown considerably through the years, earning a reputation as one of the best in the United States, with a dedicated staff and a fine teaching program.

"We are very proud of our educational program, training doctors to act as our best competitors. We have trained about 1200 such individuals at considerable expense to us, but we feel that this is one of our real contributions. We are proud of the service we give to the patients we take care of, but the number we can take care of is limited. However, the number of individuals we can influence through the medium of those we have trained is unlimited," he recently commented.

REFLECTIONS ON RICHARD HENRY LEE

HON. M. CALDWELL BUTLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. BUTLER. Mr. Speaker, I am pleased to bring to the attention of my colleagues the remarks of my fellow Virginian, Armistead Mason Lee, president of the Society of Lees of Virginia, at the ceremony commemorating the 200th anniversary of the introduction of Richard Henry Lee's resolution of independence in the Continental Congress.

Mr. Armistead Lee made his remarks at a June 7 press conference, jointly sponsored by the Joint Committee on Arrangements for the Commemoration of the Bicentennial and the Philadelphia chapter of the Federal Bar Association, at Congress Hall in Philadelphia. I joined my colleagues Hon. LINDY (Mrs. HALE) BOGGS and Hon. J. J. PICKLE in representin the joint committee at the ceremony.

At the instructions of the Virginia House of Burgesses, Richard Henry Lee introduced a resolution of independence in the Continental Congress on June 7, 1776. A committee, which included another distinguished Virginian, Thomas Jefferson, was immediately appointed to draft a Declaration of Independence in the event that the resolution was ultimately adopted. Mr. Lee's resolution passed on July 2, 1776, and the Declaration of Independence quickly followed.

Mr. Lee's resolution framed one of the most crucial debates in the history of the United States so it is entirely appropriate that we reflect upon its significance during this Bicentennial Year. The remarks of Mr. Armistead Mason Lee follow:

REFLECTIONS ON RICHARD HENRY LEE

(By Armistead Mason Lee)

Just two hundred years ago, Richard Henry Lee, on instructions from the Virginia Assembly, introduced in this place the resolution that the Continental Congress declare, "That these united Colonies are, and of right ought to be, free and independent States."

It was a strange odyssey which brought Richard Henry to this podium. Many years before, when he was a member of the House of Burgesses (together with three brothers and a first cousin all in the colonial legislature) no one seemed more fulsome than he in professing loyalty to the Crown and in drafting messages of congratulation to the King on the successful outcome of the war with France. But the adoption of the Stamp Act and other measures for taxation without representation transformed him into one of the earliest and most impassioned leaders of the colonial protest movement. He was the author of the Westmoreland Resolves of 1776, which bound the 115 brave signers of Westmoreland County to "stand by, and with our lives and fortunes to support, maintain and defend each other" in refusing to comply with the Stamp Act and in trying to prevent its execution in Virginia. Henceforth, Richard Henry Lee was to be regarded by the British Court as one of the most dangerous agitators of sedition in the colonies, quite in the same league as Patrick Henry and Samuel Adams. Had the Americans lost, they would have been the first candidates for the scaffold.

Richard Henry Lee, who was later to be elected president of the Congress and the last chief executive before the adoption of the Constitution, was the most prominent of five remarkable brothers who labored for the patriot cause. A month before the date we now commemorate, his brother, Arthur, as the secret agent of the Congress in London, had received Beaumarshais' promise of covert military aid from France, together with instructions as to how the arms were to be picked up from the West Indies. As a member of the Committee of Correspondence, later to be the Committee on Foreign Affairs, Richard Henry received this news. And although he had long insisted that Congressional debates should be open to the press and public, he agreed with Franklin and Morris that this intelligence on French aid was far too sensitive to be even shared with their fellow legislators.

Shortly afterwards, Arthur Lee, as co-commissioner in Paris with Franklin and Deane, was to negotiate sucecssfully for covert aid from Spain. Another brother, William, abandoned a prosperous position as a merchant, alderman and sheriff of London to become American minister to Berlin and Vienna. Back in Williamsburg, as a member of the Virginia Assembly, brother Thomas Ludwell Lee had worked effectively to win approval of instructions to the Virginia delegation in Philadelphia to move for independence. Here in Philadelphia, brother Francis Lightfoot Lee, also a delegate from Virginia, exerted his talents at persuasion to help win votes for the resolution, and for the resultant declaration, which as the only two brothers in the Congress, they were both to sign. Finally, we should not forget their sister Alice who, as the wife of Dr. William Shippen, made of her home here in Philadelphia an agreeable center of hospitality for this close-knit band of brothers and their allies when they were in this city, our nation's capital.

A lifelong friend and neighbor of George Washington, born in the same year on neighboring plantations, Richard Henry Lee chaired the commission which drafted Washington's first orders as commander in chief. Years later they were to differ, as Richard Henry insisted that the Constitution should not be ratified until a bill of rights had first been adopted. Born to privilege, in a family with the largest land holdings in Virginia, Richard Henry Lee, like his friend, Thomas Jefferson, was a staunch believer in democracy and was, in consequence, disdained by many as a "traitor to his class". Of such men, Richard Henry Lee was to write that he was "aggrieved to see too many people look at the rights of the people as a miser examines a security, to find a flaw in it."

Surely this enlightened man deserves to be honored today as one of the founders of our free society.

PERSONAL EXPLANATION

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mr. DODD. Mr. Speaker, I regret that I was unavoidably absent for the rollcall vote in the House on the amendment by our colleague from Missouri to delete $350 million in long-lead procurement funds for the huge, *Nimitz* class aircraft carrier.

Had I not been absent, I would have voted in favor of the amendment to delete these funds.

CAPTIVE BALTIC NATIONS

HON. MARJORIE S. HOLT

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 17, 1976

Mrs. HOLT. Mr. Speaker, 36 years ago, the Soviet Union occupied the Baltic nations of Estonia, Latvia, and Lithuania, and began a brutal oppression of those brave peoples that continues even today.

We must never lose our sense of moral outrage at what has occurred in these captive nations. We must never recognize the legitimacy of the Soviet occupation of those Baltic countries.

Only recently, I learned of a bereaved Latvian mother who is still trying to learn the fate of her son, who was arrested in 1940 when he was a high school student, and who, she thinks, was deported to a Siberian slave labor camp. I offer this letter for the sober reflection of the House, Mr. Speaker:

(The following is a translation and condensation of a letter to Mr. J. Bilmanis 3910 Ingomar St., N.W. Washington, D.C. from Mrs. Marta Osenieks Birgers, Fassbenderstrasse 3, 87 Wurzburg, West Germany.)

MAY 2, 1976.

. . . My son [Olgerts Osenieks] was a serious, quiet boy and the first in his high school class in Jelgava, Latvia. He didn't get to college because he and 13 other high school students were arrested October 25, 1940. That night, at 2:00 AM, we heard a terrible ringing at the gate of our house. They made a search of his room, but although they found nothing, they said they [police] were taking him for questioning.

I later found out that there was no hearoned until June 1941, when all the arrested were deported to Siberia. Since then, I have not heard from my son. The other boys' parents were also deported. Fortunately, I was ing or trial and that the boys were imprisnot at home June 14, 1941, the date of the deportation of my husband, who was an officer in the Latvian army.

I know that the boys did not participate in any anti-communist demonstration or protest. The only thing they may be guilty of is loving their fatherland or being in a better social class. No official charge or warrant was made. All I know is that the students had laughed when a "political teacher" had stated that during Latvia's independence there was famine, workers were arbitrarily arrested and their fingernails torn off. The students laughed and said that was not true. . . .

For many years I have not known about my son. Once in 1967, someone told me he was in a labor camp in Potma. When I tried to write, my letter came back because the address was supposedly incomplete. . . .

Please understand, how much it hurts me that my son is suffering so much. How can I help him? Where do I write? How can I get his address? From whom? . . . I need the answers soon, for I am sick and weak and will soon go to my eternal rest.